



JumpTV Inc.

(JTV-T C\$1.32)

Narrowing Focus – Hispanic and Sports

(YE - Dec)	Revenue	EBITDA	EPS	Subscribers	
				Average	Ending
FY06	2.1	(26.0)	(0.99)	20k	28k
FY07e	8.8	(26.0)	(0.55)	45k	90k
FY08e	30.0	(8.0)	(0.20)	115k	135k
FY09e	52.6	3.8	0.05	150k	165k

Financial Summary (US\$ unless otherwise noted)

- JumpTV has narrowed its strategic focus onto Hispanic Content and Sports; its two highest value product offerings.
- New CEO Jordan Banks has laid out a plan which includes the likely sale of JumpTV's content delivery network, as well as consolidating the company's offices into a Toronto centric head office.
- The changes announced should save the company a significant amount of money on a monthly basis. Although no estimate was provided in the company's announcement, we estimate the total savings could be a few hundred thousand dollars a month or more.

Narrowing Focus – Driving Profits

JumpTV announced yesterday that it is narrowing its focus onto Hispanic language content and Sports. It appears that these two verticals deliver the highest value content for JumpTV. The balance of the content will likely be shared, sold or discontinued. This shift should yield very significant cost savings almost immediately. Management had no comment in the release on the expected savings but we estimate that they could be at least a few hundred thousand dollars per month.

JumpTV made a definite commitment to Sports content when it purchased XOS Technologies. Over the last quarter, JumpTV streamed more than 5,500 sporting events including both live and on-demand. These events totaled in excess of 10,000 hours of content. JumpTV has developed partnerships, both itself and with the acquisition of XOS, of over 200 sporting properties comprising over 150 U.S. Colleges and Universities. We believe that access to premium sports content is very valuable and completely support a focus on this vertical.

JumpTV has built an enviable collection of Spanish language properties, including roughly 80 Latin American television stations as content partners. JumpTV's partner television stations provide over 1,000 hours per day of live streaming content as well as providing extensive libraries of on-demand content.

Stock Rating:

Buy

12-month target C\$6.00

Potential ROR 350%

Company Profile

Sector Entertainment

Ticker JTV-T, JTV-LN

Shares O/S (m) 34.0

Shares O/S FD (m) 48.4

Mkt cap (\$m) 66

Next event Q4/FY07 results

Key Metrics

Cash/sh (\$) \$1.06

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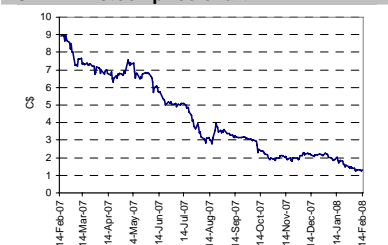
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JTV 1-Yr stock price chart



10/16/07 Target lowered (\$6.00)

01/08/07 Initiating target price (\$15.00)

Source: Bloomberg



8 Point Strategy as Laid Out by Jordan Banks, CEO

Below we highlight the changes as stated by Jordan Banks:

1. Become laser-focused on acquiring top-tier content to attract sports fans and Hispanic audiences
2. Reduce costs related to acquiring and streaming all non-Latin American international content by creating partnerships with complementary media companies
3. Explore the sale of the JumpTV content delivery network to maximize the value of the asset while minimizing the related ongoing operational cost to JumpTV
4. Continue to build its advertising sales team
5. Heighten focus on the JumpTV service layer to increase monetization of NCAA and international sports properties
6. Increase engagement and interactivity for JumpTV users by immediately integrating a robust set of social media tools
7. Consolidate offices and reconstitute a new executive team in Toronto to realize operational efficiencies and related savings from previous M&A activities
8. Continue to cull non-performing channels.

We believe that as JumpTV continues to evolve, it has identified the high growth, high margin business lines that it wants to target.

Recall Q3 – Advertising revenue sees 100%+ growth

We have included the following table to recap its last quarterly results. We expect JumpTV to report Q4 results in mid-march.

	Q3 07	Q2 07	Q1 07
Revenue	\$2,004,056	\$ 1,175,924	\$ 1,003,146
Subscriptions	86,000	34,148	34,496
Channels	305	302	280
Average Monthly Revenue per User	\$ 11.54	\$ 11.42	\$ 11.52
Subscriber Acquisition Costs	\$ 14.49	\$ 33.69	\$ 51.72
Monthly Churn	13.2%	13.3%	12.5%

Revenue's were generated from monthly subscriptions and advertising (\$287k). Advertising revenue grew by 130% quarter over quarter. The company is continually adding channel bundles as a way of enhancing the consumer offering as well as increasing ARPU.

Looking to the balance sheet, JumpTV announced that it finished December 2007 with US\$51m cash on hand.

Profile of Jordan Banks, CEO

As announced in October, JumpTV has changed its executive leadership. G. Scott Paterson has become Executive Chairman, while handing over the CEO title to Jordan Banks, who was a member of the Board of Directors. Mr. Banks was most recently the managing director of eBay Canada. Under his leadership (he was employee number 2), eBay Canada has grown to have over 5m users and generates in excess of \$1b in annual revenue. This change is effective November 12th. Prior to eBay, Banks managed the Licensing & International Business Group for the NHL Players Association.



We believe Mr. Banks has the right skill set to lead JumpTV forward. He has considerable experience with Internet businesses, sports and advertising, all key aspects to the JumpTV growth strategy. This move will allow Mr. Paterson to focus on the strategic vision of the company.

Management and Board been Buyers of Shares

On November 21, 2007, two senior executives and two members of the Board of Directors acquired additional shares in JumpTV. Shares were acquired at prices of \$1.90 and \$1.95. Transactions were as follows:

		Bought	Total Holdings
G. Scott Paterson	Exec.Chairman	125,000	5,344, 990
Jordan Banks	CEO	125,000	125,000
Mark Amin	Director	50,000	320,000
James McNamara	Director	100,000	100,000

Key Assumptions Driving Forecast

FY08 – A year of Traction

- Average subscribers
 - 115,000
- Average revenue per subscriber / month
 - \$12.00
- Revenue contribution from advertising
 - \$9m

FY09 – A year of Continued Growth

- Average subscribers
 - 133,000
- Average revenue per subscriber / month
 - \$12.50
- Revenue contribution from advertising
 - \$25m

We are expecting advertising revenue to grow from near zero to \$9m next year. We believe that online advertising will continue to experience considerable growth as advertisers embrace online advertising more fully. We believe many advertisers are testing the waters of online advertising, and in the coming quarters, these tests are likely to yield a significant increase in dollars spent online. In our opinion, online advertising dollars are going to follow Internet traffic, specifically, well defined demographics. We believe that JumpTV's product offering is well suited for this business as the company is able to provide a detailed demographic breakdown of users to its advertising clients.



Figure 9: Highlights of Revenue Forecast

	2006	2007e	2008e	2009e
REVENUE				
Net Subscription Revenue	\$ 2,220,000	\$ 5,942,149	\$ 15,870,000	\$ 21,600,000
Advertising	\$ -	\$ -	\$ 9,000,000	\$ 24,750,000
Ancillary Services		\$ 2,933,333	\$ 5,000,000	\$ 6,250,000
Revenue	\$ 2,061,031	\$ 8,750,383	\$ 29,870,000	\$ 52,600,000

Source: Paradigm Capital

The share price of JumpTV has languished lately. The stock is down roughly 40% since the beginning of the year. A quick sum of the parts including only cash on hand and the recent acquisition of XoS technologies (now JumpTV sports) totals \$110m, the current market capitalization of the company is \$66m.

We are valuing JumpTV using a 5x EV/Sales multiple applies to our FY09e sales forecast of \$50m. This results in a target price of \$6.00. Buy.



Appendix 1: Income Statement

	2006	2007e	2008e	2009e
REVENUE				
Net Subscription Revenue	\$ 2,220,000	\$ 5,942,149	\$ 15,870,000	\$ 21,600,000
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Ancillary Services		\$ 2,933,333	\$ 5,000,000	\$ 6,250,000
Revenue	\$ 2,061,031	\$ 8,750,383	\$ 29,870,000	\$ 52,600,000
Costs				
Direct Operating Costs	\$ 2,569,648	\$ 9,897,041	\$ 12,744,000	\$ 23,107,500
SG&A	\$ 21,690,938	\$ 25,211,266	\$ 25,075,300	\$ 25,653,000
EBITDA	\$ (26,296,906)	\$ (26,357,924)	\$ (7,949,300)	\$ 3,839,500
Stock based Comp	\$ 4,097,351	\$ 3,322,065	\$ 3,322,065	\$ 3,322,065
Amortization	\$ 150,950	\$ 703,289	\$ 2,000,000	\$ 2,000,000
EBIT	\$ (26,447,856)	\$ (30,383,278)	\$ (13,271,365)	\$ (1,482,565)
Interest expense	\$ (1,083,050)	\$ (5,032,411)	\$ (3,775,705)	\$ (3,775,705)
fx	\$ 186,990	\$ 38,962		
Income Taxes	\$ 45,300	\$ 11,496	\$ -	\$ -
Net Income	\$ (25,597,096)	\$ (25,401,325)	\$ (9,495,660)	\$ 2,293,140
EPS				
Fully Diluted	\$ (0.99)	\$ (0.55)	\$ (0.20)	\$ 0.05

Source: Paradigm Capital



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