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## A.M. Research Spotlight

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### **JumpTV Inc. (JTV-TSX)<sup>2,3</sup>**

Buy – Target \$18.00

May 15/07 closing price: \$6.90

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**JumpTV Reports Q1 Results:** For the first time, the Company had revenues of more than \$1M – the \$1.003M figure is 34% higher than Q406. With this in mind, the company noted a 22.4% increase in subscribers quarter over quarter to 30,062.

The Average Revenue per User (ARPU) improved to \$11.52, which indicates a move to channel packages from à la carte channels (which cost \$9.99 each). The Company estimated today at the AGM, that 25-30% of new subscribers are signing up for channel packages. JTV further noted that existing subscribers are also moving up from a la carte single channels to channel packages. A net loss of (\$7.085M - \$0.18 per share) was noted, a 78% larger loss than this time last year. This loss can be attributed to continued business development and subscriber acquisition costs (which were \$51.72 compared to \$39.21 Q/Q). JTV currently spends about \$2.6M per month, but aims to reduce this to \$1.6M after June (not including costs to sign up sports/premium properties). This decrease may be driven by the fact that the Company will be looking to have its online television content supported by advertising revenues. In June, the Company intends to have 86 channels in the US become available free to users, which will then help attract advertising revenue. JTV will sell advertising in house as well as use agencies to sell ad inventory. As has been noted before, impressive viewer numbers results when the service is made available at no charge, and the company believes that it can make a move to advertising supported channels sooner than originally thought. Premium content (sporting properties and extremely niche audience channels) will continue to be offered on a subscription basis for the foreseeable future. Going forward, key portals will continue to be used to help acquire subscribers, as well as smaller portals that will use JTV's 'Jumper' applet.

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