



RESEARCH NOTE

Debut Broadcasting Corporation

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Symbol (OTCBB)	DBTB	Fiscal Year Ending: December	EPS	P/E	REVS	PSR
Industry:	Publishing & Media	Year				
Recent Price:	\$0.27	2006 N/A	---	---	---	---
52-week Price Range:	\$0.20 - \$2.45	2007 A	\$-0.08	---	\$2.97	1.8
Target Price (12 Months):	\$2.70	2008 E	\$0.03	9.0	\$10.1	0.5
Avg. Daily Vol. (3 mo.):	7,397	2009 E	\$0.15	1.8	\$29.28	0.2
		2010 N/A	---	---	---	---

Balance Sheet Data (mil)	09/30/08	Ownership and Valuation (mil)	Current Rating History
Cash Equivalent:	\$0.1	Shares Outstanding:	19.79 Date Assigned: 2/28/2008
Working Capital:	\$-0.9	Inside Ownership:	47.24% Price at Rating: \$1.02
Long-Term Liability:	\$1.5	Institutional Ownership:	N/A Initiating Price Target: \$2.88
Shareholder's Equity:	\$0.2	Equity Market Value:	\$5.3 Time Frame: 12 Months

Rating: Strong Speculative Buy

11/24/2008

Debut Broadcasting Corporation Inc. Reports Third Quarter of Fiscal 2008

Debut Broadcasting Corporation Inc. (OTCBB: DBTB) recently reported its third quarter of fiscal 2008, ended September 30, 2008. Net revenue for Q3-2008 totaled \$741,074, an increase of \$476,544 or 180%, compared to \$264,530 for Q3-2007. Approximately \$220,000 of the increase is attributed to improved performance in Debut's Greenville, Mississippi radio stations and the acquisition of WBBV-FM in Vicksburg, Mississippi, and approximately \$256,544 of the increase is attributed to growth in core syndication business. The Company continues to see an increase in net revenue from its radio syndication arm (Impact Radio Networks) and expects to continue adding radio stations under the Debut Broadcasting umbrella to drive revenue growth. For the nine-month period ending September 30, 2008, Debut generated net revenue of \$1,918,857, an increase of \$1,390,252, or 263%, compared to \$528,605 for the nine months ended September 30, 2007. Approximately \$713,000 of this increase is attributed to the six Mississippi radio station acquisitions, and approximately \$677,000 of the increase is attributed to growth in core syndication business. Debut narrowed their overall net loss to \$70,767 in Q3-2008 from \$524,116 in Q3-2007. Overall net loss for the nine-month period ending September 30, 2008 and September 30, 2007 was \$594,848 and \$1,235,971, respectively.

Debut Broadcasting achieved positive EBITDA cash flow in Q3-2008 as we had expected. Net revenue of \$741,074 in Q3-2008 was up sequentially from \$726,438 in Q2-2008. Although net revenue was only slightly ahead of Q2-2008 revenue, the Company swung from negative EBITDA of (\$263,285) in Q2-2008 to positive EBITDA of \$78,606 in Q3-2008. The achievement of positive EBITDA cash flow is a huge accomplishment for Debut. We believe the Company remains on track to become profitable on a net income basis in Q4-2008, which has traditionally been a strong quarter for the Company.

Due to market conditions, Debut Broadcasting has experienced lack of access to capital to the degree the Company first forecast, and this has hampered radio station acquisition efforts. To cope with diminished access to large capital resources resulting from current market conditions, the Company has pursued lease options to grow without access to as much capital. We expect the Company's capital access should increase over time as capital markets recover, and we also believe Debut has multiple acquisition targets in mind that they can quickly act upon when capital again becomes available at a reasonable cost. While the current economic slowdown is having an impact on Debut's access to capital, it has also had the positive impact of creating a buyer's market for smaller stations.

Debut's management team has been very creative and has continued to generate strong revenue growth and expense reductions. Debut's sales force is also outperforming in a tough economy by building annual agreements with advertisers and increased localization of radio stations to grow both listenership and advertising revenue. The Company realized growth in their markets during Q3-2008 while the industry as a whole declined. Debut's management believes that local market advertisers and automotive dealerships are advertising more in the Company's markets in order to compete during the economic slowdown.

Debut Broadcasting's Super-Regional Cluster approach to radio station ownership continues to be a key differentiator between Debut and the competition. The Super-Regional Cluster strategy extends the traditional radio station concept of clustering (networking stations in the same market to lower over all expenses) and links together clusters of stations from neighboring markets into a large Super-Regional Cluster. Debut's Mississippi Super-Regional Cluster currently consists of seven Debut Broadcasting owned or operated (O&O) radio stations. Debut purchased five Greenville, Mississippi radio stations in 2007 that have been profitable and have proven the traditional cluster strategy to be successful. In March 2008, Debut acquired the rights to manage and operate two Vicksburg, Mississippi radio stations, growing its radio properties by 40 percent.

Debut's experience thus far validates the multiple benefits and synergies of the Super-Regional Cluster strategy including increased cost efficiencies and increased localization of stations to make them vital to the communities they serve. These initiatives further drive increases in listenership and growth in advertising revenues. Debut's management believes that they have potentially identified eleven more radio

stations that can be added to the Mississippi Super-Regional Cluster. The Company also has plans to expand the Super-Regional Cluster concept to other regions in the southeastern United States when capital resources can be accessed again at reasonable cost. Debut has chosen to focus initially on targeted turnaround opportunities in the southeastern United States, but this strategy could be extended to other regions if desired.

We reiterate our Strong Speculative Buy rating on the Company's stock with a one-year price target of \$2.70 per share.

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