

Mossberg's Investor Digest

Best Idea Profile:

DESCRIPTION:

Headquartered in Vancouver, British Columbia (Canada); Destiny Media develops services for the secure distribution of digital media content over the internet. Destiny's services are based around proprietary security, watermarking and playerless streaming media technologies. The Company's offerings include the Play MPE® secure distribution network, which the recording industry uses to distribute new pre-release music, and the Clipstream® instant play streaming media solutions. Over 90% of the Company's revenues come from the Play MPE® digital distribution service. The remaining revenue is derived from recurring revenues for secure Clipstream® powered market research video questionnaires and legacy Clipstream® licenses.

KEY INVESTMENT CONSIDERATIONS:

De-facto monopoly position in the secure electronic delivery of music – Play MPE® is a digital delivery service for securely moving entertainment media and other digital content through the internet. Play MPE currently serves the recording industry by transferring pre-release broadcast quality music, radio shows, and music videos to trusted recipients such as radio stations, media reviewers, VIP's, DJ's, film and TV personnel. MPE gives patented material a copy lock for delivery with a watermark that subsequently expires. Play MPE, is the alternative to the historical method of delivering pre-release music via CD, which is slower, far less secure, and less efficient. With more than 1,000 independent and major labels, including all four major labels (Universal Music Group, Warner Music Group, EMI and Sony) regularly using Play MPE® to deliver their content to radio, Destiny enjoys the de-facto monopoly position in the market. Over time, this market should become the standard and growth to more than \$70 million annually.

ClipStream – The Clipstream® software suite enables audio and video content streaming so that the media plays instantly and automatically when the user initiates Playback. According to Nielsen, 136.2 million Americans viewed 10.2 billion video streams in June 2010; an average of 74.9 streams per viewer. Destiny is focusing on marketing into niche opportunities that value quality and functionality such as the market research industry where higher play rates and security is required, while developing new high margin recurring revenue services which are based offerings built around the Clipstream® feature set.

Destiny Media Technologies (OTCBB: DSNY.OB)

New Clipstream - Destiny has developed new technology (<http://tv.clipstream.com>) that enables users to remotely access their own video or IPTV signal through any web browser without installing player software. This new technology negates the need for permissioning from device manufacturer's and can be used in a sling box, internet radio or asset management system (like research). Destiny plans to roll the product out next year.

Growth - For Q3FY2011 Destiny reported year-over-year revenue growth of 24% and a return to profitability with a pre-tax profit of \$325k.

VALUATION:

Destiny has all the growth potential of a new technology venture with the security of recurring revenues, solid cash flow and profitability. With a market cap of \$18 million the Company is "under the radar" screen of analysts and institutional investors. In the past year the CEO has spent about \$175K to purchase nearly 0.5 million shares in the open market. Considering the CEO's salary was less than \$150K last year, clearly he must be excited about the company's prospects. A continuation of revenue growth and earnings, combined with the successful launch of new ClipStream software, should drive more investor interest and higher valuations.

Destiny Media, Inc. (OTCBB:DSNY.OB)

Investment Data (as of 10/14/11)

Recent Price	\$0.35
52-Week Range	\$0.30 - \$0.48
Fiscal Year End	Aug
Dividend	NA
Yield	NA
Shares Outstanding	50MM
Average Trading Volume (3 mos)	40k
Market Capitalization	\$18MM
Cash	\$491k
Long Term Debt	\$7k
Enterprise Value (EV)	\$17.5MM
BV/ Share	\$0.04
TTM Revenue	\$4MM
P/ Revenue	4.7x
TTM EPS	\$0.03
P/ EPS	12x
TTM EBITDA	\$500k
EV/ EBITDA	35x

We attempt to provide subscribers with reasoned opinions based on our analysis of publicly available information from sources believed to be reliable, but make no representations as to its accuracy or completeness. Best Idea profiles are not based upon individual needs of subscribers nor are they an offer to buy or sell securities. Additional disclosures can be found under the Disclosures portion of the Mossberg's Investor Digest website.