

08 August 2024

Media Prima

Executing 3-year Plan to Prop Topline

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MEDIA is partnering with local production houses to expand Tonton's catalog. Meanwhile, progress to upgrade and digitalize Big Tree's OOH advertising sites are ongoing. Moving forward, we believe adex may soften as major advertisers are affected by recent mass brand boycotts. Lastly, future cost cutting measures are expected to yield limited savings as MEDIA's staff force has reached optimal state. We maintain our forecasts, TP of RM0.32 and UNDERPERFORM call.

3-year Biz Plan on track. According to MEDIA, progress on its 3-year Business Plan (launched: Feb 2023) is well on track. To recap, the plan consists of three strategic pillars: (i) content boost, (ii) inventories premiumization, and (iii) new revenue streams. To achieve content boost, MEDIA is establishing partnerships with local production houses, whose programs will be added to Tonton's catalog. In addition, MEDIA will provide marketing services for their new content across its broad range of platforms (ie. TV, radio, newspapers, OOH, digital). Moving forward, as Tonton's content library expands, MEDIA plans to re-launch this video streaming service on a large scale. Since its soft launch in 2011, Tonton has amassed c. 8m registered users and counting.

Digitalizing OOH's sites. Meanwhile, MEDIA continues to focus on premiumization of Big Tree's inventory by upgrading its existing out-of-home (OOH) advertising sites. Depending on market demand and approval of various permits, Big Tree will launch new sites and upgrade existing ones from static to digital. As at March 2024, its electronic sites consist of 33 digital locations and 105 digital screen panels. On the back of this, MEDIA expects to strengthen its leading market share, which is estimated at 40%-45% currently. In the OOH space, its largest competitor, Seni Jaya, trails at an estimated 12% market share.

Diversifying topline to cushion earnings. In terms of new revenue streams, MEDIA is monitoring its progress in various ventures, such as: (i) sale of original intellectual property (IP) household products (eg. Le Nona bedsheets, tableware) on WOWSHOP, (ii) printing services for other publications, (iii) data-driven digital marketing solutions via REV, and (iv) Omnia's customer diversification into the Small Medium Enterprises (SME) segment.

Brands boycott may drag adex. As MEDIA's business plans above unfold, we believe it may cushion earnings headwinds from a competitive adex market. Moreover, in the upcoming quarters, there are expectations of softer adex as advertisers are affected by recent mass boycotts of their brands. To recap, large companies in Malaysia (eg. McDonalds, KFC, Pizza Hut, Starbucks, PepsiCo, Nestle, Levi Strauss & Co.) were shunned due to their alleged support of Israel in the ongoing Gaza conflict. Consequently, we believe these major advertisers have reduced their marketing budgets to cope with revenue erosion and weak sentiment.

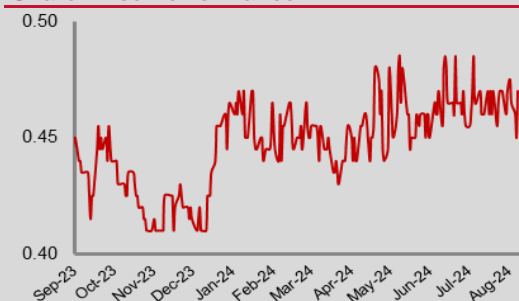
Cost optimization completed. Regarding cost management, MEDIA believes its cost base has reached an optimal and efficient state. This is after completion of group-wide streamlining and manpower right-sizing exercises since 2020. Therefore, its current (as at June 2023) staff of 2,410 employees reflect a leaner work force that multi-tasks across various roles. Hence, we believe that future cost cutting measures will yield limited savings, given that manpower expenses comprises the group's largest cost component,

Forecasts. Maintained.

UNDERPERFORM ↔

Price : RM0.47
Target Price : RM0.32 ↔

Share Price Performance



KLCI 1,591.87
YTD KLCI chg 9.4%
YTD stock price chg 1.1%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	MPR MK Equity
Market Cap (RM m)	521.3
Shares Outstanding	1,109.2
52-week range (H)	0.49
52-week range (L)	0.41
3-mth avg. daily vol.	175,959
Free Float	29%
Beta	0.6

Major Shareholders

Aurora MuliaSdnBhd	31.9%
Jag Capital Holdings	25.0%
Morgan Stanley	10.2%

Summary Earnings Table

FY	2023A**	2024F	2025F
Revenue	1,431.7	874.5	934.6
EBITDA	248.9	115.3	140.8
EBIT	125.2	42.9	72.5
PBT	114.0	54.2	60.0
Net Profit	64.6	36.7	35.1
Core PATAMI	61.7	22.5	35.1
Consensus (NP)		19.4	32.2
Earnings Revision		-	-
Core EPS (sen)	5.57	2.03	3.16
Core EPS Growth	14%	-64%	56%
DPS (sen)	2.0	1.5	1.5
NTA/Share (sen)	28.2	31.5	34.6
Core PER (x)	8.4	23.2	14.9
PBV (x)	0.8	0.8	0.7
Net Gearing (x)	-0.3	-0.2	-0.3
Div. Yield (%)	4.3	3.2	3.2

**FYE changed from Dec to Jun from FY23
*18-month period

08 August 2024

Peer Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RMm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
MEDIA																	
ASTRO MALAYSIA HOLDINGS BHD	UP	0.255	0.250	-2.0%	1,330.9	N	01/2025	2.3	2.9	-43.4%	25.4%	10.9	8.7	1.1	9.9%	1.0	3.9%
MEDIA CHINESE INTERNATIONAL	UP	0.130	0.110	-15.4%	215.1	Y	03/2025	(2.3)	(2.1)	-26.2%	6.8%	N.A.	N.A.	0.4	-6.7%	0.7	5.4%
MEDIA PRIMA BHD	UP	0.470	0.320	-31.9%	521.3	N	06/2024	2.0	3.2	-63.5%	56.0%	23.2	14.9	0.8	5.4%	1.5	3.2%
STAR MEDIA GROUP BHD	UP	0.435	0.314	-27.8%	315.3	Y	12/2024	(0.3)	(0.3)	33.3%	16.7%	N.A.	N.A.	0.5	-0.4%	0.0	0.0%
SECTOR AGGREGATE					2,382.6					-57.4%	45.0%	23.0	15.9	0.8	3.4%		3.1%

Source: Bloomberg, Kenanga Research

Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Community & Investment	★	★	★		
	Workforce Safety & Wellbeing	★	★	★		
	Corporate Governance	★	★	★		
	Anti-Corruption Policy	★	★	★		
	Emissions Management	★	★	★		
SPECIFIC	Content Management	★	★	★	☆	
	Digitalisation & Innovation	★	★	★	★	
	Cybersecurity/Data Privacy	★	★	★		
	Diversity & Inclusion	★	★	☆		
	Energy Efficiency	★	★	☆		
	Supply Chain Management	★	★	★		
OVERALL		★	★	★		

- ☆ denotes half-star
- ★ -10% discount to TP
- ★★ -5% discount to TP
- ★★★ TP unchanged
- ★★★★ +5% premium to TP
- ★★★★★ +10% premium to TP

08 August 2024

Stock Ratings are defined as follows:**Stock Recommendations**

OUTPERFORM	: A particular stock's Expected Total Return is MORE than 10%
MARKET PERFORM	: A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
UNDERPERFORM	: A particular stock's Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT	: A particular sector's Expected Total Return is MORE than 10%
NEUTRAL	: A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
UNDERWEIGHT	: A particular sector's Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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