

26 February 2021

Media Chinese International

9MFY21 Within Expectations

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9MFY21 LATAMI came in at RM14.1m which is within our/consensus full year LATAMI expectation. PATAMI rose 71% QoQ on the back of higher publication and printing revenue. That said, the travel segment is expected to remain a drag. We maintain our FY21E/FY22E earnings and call and TP of RM0.155. No dividends were declared, as expected.

9MFY21 within expectations. 9MFY21 LATAMI of RM14.1m is within our/consensus full year LATAMI expectation of RM7.5m and RM3.5m, respectively. As anticipated, no dividends were declared.

YoY, 9MFY21 revenue fell by 57% from RM806.5m in 9MFY20 to RM345.7m as revenue from all fronts diminished. The steepest decline can be seen in its travel segment which plunged by 99% due to the worldwide travel restrictions inhibiting consumers from traveling. The travel segment which used to contribute c.35% to the group's revenue, now only contributes c.0.12%. Due to the weak publishing and printing and travel segments, MEDIAC recorded a LATAMI of RM14.1m compared to a PATAMI of RM35.5m in 9MFY20.

QoQ, revenue rose by 3.6% mainly due to an increase in publishing and printing segment, Malaysia and other Southeast Asian segment increased by 6% whereas North America by 12%. We believe the increase may be due to easing of restrictions in the respective region. Despite the Hong Kong segment falling by 2%, the segment managed to post a PBT of RM1.4m as the group's cost rationalisation exercises and wage subsidies received by the Hong Kong government helped to improve its PBT. The group recorded a core PATAMI of RM5.6m up by 71% from RM3.3m in 2QFY21.

Travel segment to remain muted. YTD, the travel segment has recorded a sharp decline in revenue (-99.9% YoY) and we anticipate the recovery to take place slowly as many countries have ongoing travel restrictions and are still enforcing tight movement controls.

Strategies in place. While the group is heavily involved in implementing cost management initiatives such as reducing staff force, the group is continuing to seek ways to grow its digital audience and revenue to adjust to the new norm. Notably, the group organised a virtual expo and webinar last year whereas its Hong Kong segment launched an e-commerce platform, Power Up Store, in 2020.

Post-results, we made no changes to our earnings estimates.

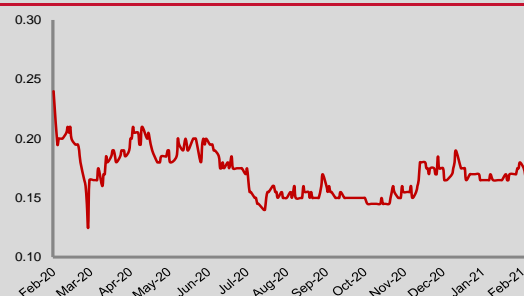
Maintain UNDERPERFORM with a TP of RM0.155, based on FY22E P/NTA of 0.4x (in-line with 1 SD below its 3-year mean). We leave our valuations unchanged for now as the group's travel segment may take time to recover and thus the group will depend on its adex and digital revenue to post positive earnings. Should the need to capitalize on attractive investment opportunities arise, the group is backed by a solid cash pile which stands at 14.0 sen cash per share.

Key risks to our call include: (i) higher/lower-than-expected adex revenue, (ii) higher/lower-than-expected travel services business, and (iii) higher/lower-than-expected operating expenses.

UNDERPERFORM ↔

Price : **RM0.170**
Target Price : **RM0.155** ↔

Share Price Performance



KLCI	1,581.54
YTD KLCI chg	-2.8%
YTD stock price chg	-10.5%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MCIL MK Equity
Market Cap (RM m)	286.8
Shares Outstanding	1,687.2
52-week range (H)	0.23
52-week range (L)	0.12
3-mth avg daily vol	5,012,647
Free Float	40%
Beta	0.6

Major Shareholders

Tiong Toh Siong Hold	22.5%
Conch Co Ltd	15.1%
Kinta Hijau Sdn Bhd	7.7%

Summary Earnings Table

FY Mar (RM m)	2020A	2021E	2022E
Turnover	1,031.7	649.4	756.2
EBIT	36.5	-14.3	10.8
PBT	40.0	-10.5	14.6
PATAMI	30.4	-7.5	10.5
Core PATAMI	30.4	-7.5	10.5
Consensus (NP)		-3.5	-1.3
Earnings Revision	-	0%	0%
Core EPS (sen)	1.8	-0.4	0.6
Core EPS growth (%)	10.6	-124.7	+238.8
NDPS (sen)	1.1	-	-
BV/Share (sen)	41.5	39.9	40.5
NTA/Share (sen)	39.1	37.6	38.3
PER (x)	9.4	-38.1	27.4
PBV (x)	0.41	0.43	0.42
P/NTA (x)	0.43	0.45	0.44
Net Gearing (x)	-0.34	-0.32	-0.35
Net Div. Yield (%)	6.6	0.0	0.0

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Results Highlight

	3Q FY21	2Q FY21	QoQ Chg	3Q FY20	YoY Chg	9M FY21	9M FY20	YoY Chg
FYE Mar (RM'm)								
Revenue	126.4	126.3	0.1%	225.9	-44.0%	345.7	806.5	-57.1%
EBIT	6.0	3.0	99.0%	20.1	-70.2%	-14.4	45.6	-131.5%
PBT	5.6	2.5	126.2%	19.4	-71.3%	-16.0	43.5	-136.7%
Taxation	-0.2	0.2	-208.2%	-5.8	-96.1%	0.2	-9.3	-102.6%
Minority Interest	0.2	0.6	-58.3%	0.1	115.2%	1.6	1.3	19.7%
PATAMI	5.6	3.3	71.2%	13.7	-59.2%	-14.1	35.5	-139.7%
Core PATAMI	5.6	3.3	71.2%	13.7	-59.2%	-14.1	35.5	-139.7%
Core EPS (sen)	0.33	0.2	71.2%	0.81	-59.2%	-0.84	2.11	-139.7%
NDPS (sen)	0.00	0.0		0.0		0.0	0.7	
EBIT Margin	4.7%	2.4%		8.9%		-4.2%	5.7%	
PBT Margin	4.4%	1.9%		8.6%		-4.6%	5.4%	
Core PATAMI Margin	4.4%	2.6%		6.0%		-4.1%	4.4%	
Effective Tax Rate	4.0%	-8.5%		30.0%		1.5%	21.3%	
Exchange Rate (RM/USD)	4.02							

Note:

* Results from subsequent periods are converted against the most recent period's forex rate

Source: Company, Kenanga Research

Segmental Breakdown

	3Q FY21	2Q FY21	QoQ Chg	3Q FY20	YoY Chg	9M FY21	9M FY20	YoY Chg
Revenue (USD m)								
Malaysia & Other S.E. Asian	19.9	18.8	5.7%	28.1	-29.2%	53.0	82.8	-36.0%
HK & Mainland China	9.7	9.9	-2.0%	11.4	-15.5%	28.1	36.5	-23.0%
North America	1.9	1.7	12.0%	2.7	-29.2%	4.9	8.2	-40.5%
Travel & Travel Related Services	0.031	0.019	63.2%	14.0	-99.8%	0.1	73.3	-99.9%
Group Turnover	31.5	30.4	3.6%	56.2	-44.0%	86.1	200.8	-57.1%
PBT								
Malaysia & Other S.E. Asian								
HK & Mainland China	1.8	0.0	10241.2%	5.1	-65.8%	-1.9	9.7	-119.3%
North America	0.4	0.9	-62.0%	-0.5	-177.1%	-0.6	-2.1	-69.5%
Travel & Travel Related Services	0.1	0.2	-74.1%	0.1	-50.4%	0.4	-0.7	-158.2%
Group PBT (before unallocated expenses)	-0.6	-0.4	50.3%	0.2	-475.0%	-1.4	4.5	-132.3%
PBT Margin	1.5	0.8	102.2%	5.0	-69.3%	-3.5	11.4	-131.0%
Malaysia & Other S.E. Asian								
HK & Mainland China								
North America	8.8%	0.1%		18.3%		-3.5%	11.7%	
Travel & Travel Related Services	3.7%	9.5%		-4.0%		-2.2%	-5.6%	
Group PBT Margin	3.2%	13.7%		4.5%		8.5%	-8.7%	

Source: Company, Kenanga Research

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Peer Table Comparison

Name	Last Price (RM)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Revenue Growth		Core Earnings Growth		PER (x) - Core Earnings			PBV (x)		ROE (%)	Net Div Yld (%)	Target Price (RM)	Rating
					1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	2-Yr. Fwd.	Hist.	1-Yr. Fwd.	1-Yr. Fwd.			
Stocks Under Coverage																	
ASTRO MALAYSIA HOLDINGS BHD	0.935	4,875.6	N	01/2021	-3.9%	-0.3%	-16.5%	-12.4%	7.4	8.9	10.1	5.2	4.2	51.9%	6.4%	0.830	MP
MEDIA CHINESE INTERNATIONAL	0.170	286.8	Y	03/2021	-37.1%	16.4%	-124.7%	240.0%	9.4	N.A.	27.3	0.4	0.4	-1.1%	0.0%	0.155	UP
MEDIA PRIMA BHD	0.550	610.1	N	12/2021	19.2%	2.9%	1231.9%	16.7%	N.A.	11.5	9.8	1.1	1.0	8.9%	0.0%	0.365	UP
STAR MEDIA GROUP BHD	0.355	257.3	Y	12/2021	10.7%	10.4%	-116.8%	150.0%	N.A.	N.A.	52.8	0.3	0.3	-1.3%	0.0%	0.295	UP
Simple Average					-2.7%	7.4%	243.5%	98.6%	8.4	10.2	25.0	1.7	1.5	14.6%	1.6%		

Source: Kenanga Research

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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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