

26 November 2021

Media Prima Bhd

9MFY21 Below Expectations

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9MFY21 registered a core PATAMI of RM26m (+201% YTD) which came below our/consensus full-year expectations. Despite the poor QoQ performance as a result of the nationwide lockdown in 3QCY21, the group managed to remain profitable, thanks to better PAT margin in the broadcasting segment as a result of effective cost streamlining in the segment in FY20. Overall, we continue to remain positive on the group's outlook due to the group's recent partnerships. Maintain OP with a lower TP of RM0.560 (previously RM0.690).

9MFY21 below expectations. The group registered a PATAMI of RM26.3m which came in below our and consensus full-year PATAMI expectations of RM40.6m (65%) and RM37.5m (70%), respectively. We believe the negative deviation is due to an overestimation of advertising sales. No dividend was declared as expected.

YoY, 9MFY21 revenue rose by 8% to RM804.3m from RM743.5m as an increase of 114% in the Omnia segment further bumped up the group's revenue. Home-shopping saw a decline of 6% mainly due to lower consumer spending in the current quarter which we believe was due to consumers preferring to preserve cash during the nationwide lockdown in 3QCY21 as only certain sectors were allowed to operate during that period. The out-of-home segment continued to see a decline YTD by 22%. Moreover, as a result of lower advertising and printing revenue, the publishing segment saw a 15% decrease YoY (RM32.4m in 3QFY21 vs RM38.1m in 3QFY20). All in, the group registered a core PATAMI of RM26.3m, up by 201% from a core LATAMI of RM26m in 9MFY20.

QoQ, revenue dropped by 12% as 2QFY21 performance was mainly driven by higher advertising and home shopping revenue due to the Hari Raya festival. The broadcasting segment dropped by 6% which is in line with the data gathered by Nielsen showing a mere 0.2% decline in FTA TV adex and 29% drop in radex. Lower revenue along with higher ETR (52% in 3QFY21 vs. 35% in 2QFY21) resulted in core PATAMI declining 43% to RM7.6m.

Outlook. We continue to remain positive on the group's outlook as we see that MEDIA's various partnerships have boosted the group's advertising revenue and continue to support the content creation segment. Recall that the content creation segment was loss making in FY20; however, since the formation of various partnerships in 2021, this segment has been profitable for three consecutive quarters, registering a PAT margin of 74% in 9MFY21 (vs. -11% in 9MFY20). Moreover, following the rebranding of NTV7 to Didik TV after a collaboration with the Ministry of Education, the adex for this channel jumped by 62% to RM76.0m from RM46.7m in 1QFY21 resulting in 3QCY21 registering the highest adspend since 1QCY19 based on data provided by Nielsen. Last but not least, the launching of Omnia has drove higher advertising revenue for the group, demonstrating the group's strong ability in selling advertising space and providing sales solutions to clients.

Post results, we cut our FY21E/FY22E earnings by 12% /8%, respectively, to account for the drop in earnings.

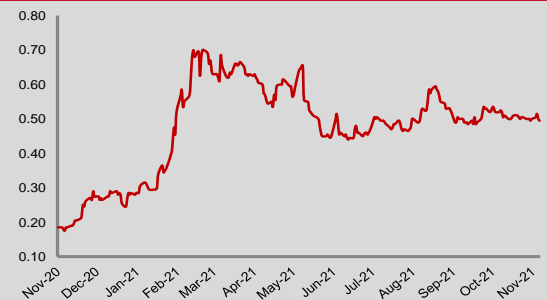
Maintain OUTPERFORM with a lower TP of RM0.560 (previously RM0.690) based on a 2.0x FY22E P/NTA (0.5SD above the group's 3-year mean). Despite the nationwide lockdown in 3QCY21, the group continued to remain profitable thanks to better PAT margins in the broadcasting segment as a result of the effective cost streamlining in the segment in FY20. Thus, we continue to give above-mean valuation which is also premised on the group's resiliency and optimistic earnings growth expectations of c.861-45% for FY21-22.

Risks to our call include: (i) lower-than-expected advertising revenue, (ii) higher-than-expected operating expenses, and (iii) changes in the regulatory environment.

OUTPERFORM ↔

Price: RM0.495
Target Price: RM0.560 ↓

Share Price Performance



KLCI 1,517.60
YTD KLCI chg -6.7%
YTD stock price chg 73.7%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	MPR MK Equity
Market Cap (RM m)	549.1
Share Outstanding	1,109.2
52-week range (H)	0.75
52-week range (L)	0.18
3-mth avg daily vol:	1,452,921
Free Float	42%
Beta	1.3

Major Shareholders

Aurora Mulia Sdn Bhd	31.9%
Jag Capital Holdings Sdn Bhd	15.2%
Morgan Stanley	11.7%

Summary Earnings Table

FYE Dec (RM m)	2020A	2021E	2022E
Turnover	1,042	1,319	1,455
EBIT	2	55	72
PBT	-6	40	59
PATAMI/(LATAMI)	-18	36	52
Core PATAMI/(LATAMI)	-5	36	52
Consensus (NP)		38	50
Earnings Revision		-12%	-8%
Core EPS (sen)	-0.4	3.2	4.7
Core EPS growth (%)	-92.4	-860.9	45.3
DPS (sen)	0.0	0.0	0.0
NTA/Share (sen)	17.3	23.2	27.9
PER (x)	-116.8	15.4	10.6
P/NTA (x)	1.0	0.9	0.8
Net Gearing (x)	-0.3	-0.5	-0.8
Dividend Yield (%)	0.0	0.0	0.0

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Result Highlight

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
	FY21	FY21	Chg	FY20	Chg	FY21	FY20	Chg
FYE Dec (RM m)								
Revenue	257.3	292.4	-12.0%	268.8	-4.3%	804.3	743.5	8.2%
EBITDA/(LBITDA)	35.2	44.0	-20.0%	51.8	-32.0%	115.7	68.1	70.0%
Core EBITDA/(LBITDA)	35.2	44.0	-20.0%	51.8	-32.0%	115.7	81.6	41.8%
PBT/(LBT)	13.7	19.3	-29.1%	18.9	-27.3%	42.7	-26.9	258.5%
Taxation	-7.1	-6.7	-6.9%	-7.1	-1.1%	-19.3	-9.3	-107.4%
Minority Interest	1.1	0.8	38.2%	0.6	64.1%	2.9	-1.0	392.1%
PATAMI/(LATAMI)	7.6	13.4	-43.1%	12.4	-38.6%	26.3	-37.2	170.6%
Core PATAMI/(LATAMI)	7.6	13.4	-43.1%	12.4	-38.6%	26.3	-25.9	201.4%
EPS (sen)	0.7	1.2	-43.1%	1.1	-38.6%	2.4	-2.3	201.4%
DPS (sen)	0.0	0.0		0.0		0.0	0.0	
EBITDA/(LBITDA) margin	13.7%	15.1%		7.0%		14.4%	9.2%	
PBT/(LBT) margin	5.3%	6.6%		4.6%		5.3%	-3.6%	
Core PATAMI/(LATAMI) margin	3.0%	4.6%		37.5%		3.3%	-3.5%	
Effective Tax Rate	52.1%	34.6%		37.5%		45.2%	-34.5%	

* Core adjustments account for: (i) termination benefits (RM11.3m) in 2QFY20 and (ii) termination benefits (RM11.3m) in 9MFY20

Source: Kenanga Research

Result Highlight

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
	FY21	FY21	Chg	FY20	Chg	FY21	FY20	Chg
Revenue (RM'm)								
- Omnia*	168.1	163.1	3.1%	124.3	35.2%	460.9	215.9	113.5%
- Broadcasting (TV and radio)	113.2	120.3	-5.9%	97.5	16.1%	326.0	246.4	32.3%
- Out-of-Home	19.3	25.8	-25.1%	25.6	-24.5%	68.8	88.1	-21.9%
- Publishing	32.4	34.3	-5.6%	38.1	-15.0%	98.5	106.9	-7.9%
- Digital Media	24.9	22.4	11.3%	22.9	8.9%	66.6	60.6	9.9%
- Content Creation	0.5	6.2	-92.5%	10.6	-95.6%	15.9	52.0	-69.5%
- Home Shopping	65.2	75.2	-13.3%	78.2	-16.6%	217.0	230.9	-6.0%
- Corporate & Interco Elimination	-166.3	-154.9	-7.4%	-128.8	-29.1%	-449.3	-257.4	-74.6%
Total Revenue	257.3	292.4	-12.0%	268.5	-4.2%	804.3	743.5	8.2%
Profit After Tax (RM'm)								
- Omnia*	0.2	1.3	-87.5%	-2.5	106.4%	0.2	-6.1	103.7%
- Broadcasting (TV and radio)	14.1	16.2	-12.9%	26.1	-46.0%	41.0	17.1	139.0%
- Out-of-Home	-5.4	-2.0	-176.3%	-0.4	-1241.5%	-9.6	0.4	-2297.0%
- Publishing	-0.2	1.1	-119.2%	-0.7	70.6%	0.5	-26.9	102.0%
- Digital Media	3.4	2.3	44.8%	3.3	3.2%	6.3	9.0	-30.0%
- Content Creation	3.6	1.6	121.4%	-0.6	715.9%	11.7	-5.5	310.9%
- Home Shopping	0.7	2.0	-63.3%	3.2	-77.4%	5.2	9.5	-45.5%
- Corporate & Interco Elimination	-9.7	-9.8	1.6%	-16.6	41.8%	-31.9	-33.8	5.6%
Total Profit After Tax	6.6	12.7	-48.1%	11.8	-44.2%	23.4	-36.2	164.6%
PAT Margin								
- Omnia*	0.1%	0.8%		-2.0%		0.0%	-2.8%	
- Broadcasting (TV and radio)	12.5%	13.5%		26.8%		12.6%	7.0%	
- Out-of-Home	-28.1%	-7.6%		-1.6%		-14.0%	0.5%	
- Publishing	-0.7%	3.2%		-1.9%		0.5%	-25.2%	
- Digital Media	13.5%	10.3%		14.2%		9.4%	14.8%	
- Content Creation	757.8%	25.8%		-5.4%		73.6%	-10.7%	
- Home Shopping	1.1%	2.6%		4.1%		2.4%	4.1%	
Total PAT Margin	5.8%	6.4%		12.9%		7.1%	13.1%	

* Omnia relates to the reclassified advertising-related solutions, marketing and sale of advertisements across the Group's main media platforms effective 1 April 2020 covering Broadcasting, Publishing, Digital Media and Branded Content under Content Creation

Source: 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	0.955	4,979.9	N	01/2022	17.0%	-1.4%	1.9%	14.9%	9.3	9.2	8.0	4.3	3.9	44.9%	8.4%	1.22	OP
MEDIA CHINESE INTERNATIONAL	0.170	286.8	Y	03/2022	2.5%	14.1%	92.3%	300.0%	N.A.	N.A.	130.4	0.4	0.4	-0.2%	2.4%	0.175	MP
MEDIA PRIMA BHD	0.495	549.1	N	12/2021	26.7%	10.3%	861.7%	45.3%	N.A.	15.3	10.6	1.0	0.9	6.1%	0.0%	0.560	OP
STAR MEDIA GROUP BHD	0.335	242.8	Y	12/2021	3.3%	5.2%	51.5%	83.7%	N.A.	N.A.	N.A.	0.3	0.3	-3.7%	0.0%	0.285	UP
Simple Average					12.4%	7.0%	251.8%	111.0%	9.3	12.2	49.6	1.5	1.4	11.8%	2.7%		

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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