

25 November 2021

Media Chinese International

1HFY22 Below Our Expectation

By Pritika Modhgil | pratika@kenanga.com.my

1HFY22 core LATAMI of RM2.1m came in below our expectation but above consensus full-year LATAMI expectation (10%). 1HFY22 revenue increased by 8% as a result of the better performance achieved in 1QFY22. The Malaysian market fell by 4.5% QoQ which we believe is due to the negative impact of the nationwide lockdown in 3QCY22. With international travel restrictions easing up for fully vaccinated individuals, we believe this will act as a catalyst to drive earnings in the later part of 2HFY22. We maintain MARKET PERFORM with a lower TP of RM0.175.

1HFY22 came below expectations. 1HFY22 recorded a core LATAMI of RM2.1m which came in below our full-year PATAMI expectation of RM2.1m but above consensus' expectation of a full-year LATAMI of RM21m (10%). We believe the negative deviation is due to an overestimation of the publishing and printing segment in the Malaysian market as well as sales in the travel segment. No dividend was declared as expected.

YoY, 2QFY22 revenue remained flattish (-1%) at RM126m in 2QFY22 from RM127m in 2QFY21 which was due to a 13% decline in the publishing and printing segment in the Malaysian market. Despite the marginal drop in revenue, the group's core PATAMI grew by 78% thanks to group's continuing cost reduction efforts that offset the decrease in revenue and government subsidies in 2QFY22. On the other hand, YTD, the revenue improved by 8% thanks to higher revenue achieved in 1QFY22 (+19% YoY). With that said, overall publishing and printing segmental revenue rose by 6.8% YTD. The travel segmental revenue improved by 689% to RM2.0m from RM0.3m in 1HFY21; however, despite the huge surge YTD the segment only contributed 1.6% to the group's revenue compared to c.30% pre-Covid. All in, the group registered a core LATAMI of RM2.1m up by 90% from a LATAMI of RM20.3m in 6MFY21.

QoQ, revenue improved by 5.7% due to an increase in revenue from its Hong Kong and Taiwan publishing and printing segment and travel segment. The Malaysian market dropped by 4.5% which we believe was due to the nationwide lockdown in 3QCY21. In line with higher revenue, core PATAMI rose by 174% to RM5.8m from a LATAMI of RM8m in 1QFY22.

Outlook. The group is working on improving their digital content and therefore are developing more cross-platform advertising solutions for their clients and are also leveraging on their existing resources. This is in line with advertisers shifting their preference to digital platforms for better reach to consumers. Moreover, the group is beginning to experience increase in costs such as paper costs as well as the discontinuation of government subsidies in most of its markets which may affect the group's margins moving forward. Thus, MEDIAC will continue monitoring its costs and is strategizing to increase revenue by introducing more cross platform activities.

Post results, we cut earnings by 153%/65% for FY22E/FY23E, respectively, to account for poor performance in publishing and printing segment and travel segment.

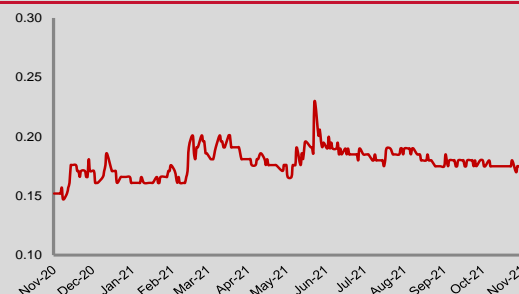
Maintain MARKET PERFORM with a lower TP of RM0.175 (previously RM0.185) based on FY22E P/NTA of 0.45x (in-line with its 3-year mean). As the Malaysian market is one of the biggest contributors to the group's revenue, we see the gradual reopening of the economy in 4QCY21 to benefit the group's publishing and printing segment moving forward which we believe may help with the group's margins. As for the travel segment, we continue to expect positive recovery in 2HFY22 as countries worldwide relax their international border restrictions for fully vaccinated individuals.

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

MARKET PERFORM ↔

Price : RM0.170
Target Price : RM0.175 ↓

Share Price Performance



KLCI 1,522.27
YTD KLCI chg -6.4%
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)	0.24
52-week range (L)	0.15
3-mth avg daily vol	1,107,395
Free Float	44%
Beta	0.7

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)	2021A	2022E	2023E
Turnover	479.6	491.7	560.9
EBIT	-16.8	-3.5	1.0
PBT	-14.5	-1.4	2.8
PATAMI	-5.4	-1.1	2.2
Core PATAMI	-14.3	-1.1	2.2
Consensus (NP)		-20.8	-6.1
Earnings Revision		-153%	-65%
Core EPS (sen)	-0.8	-0.1	0.1
Core EPS growth (%)	-146.9	92.3	301.2
NDPS (sen)	0.4	0.4	0.4
BV/Share (sen)	40.8	40.8	40.1
NTA/Share (sen)	38.7	38.7	38.4
PER (x)	N.M.	N.M.	128.9
PBV (x)	0.42	0.42	0.42
P/NTA (x)	0.44	0.44	0.44
Net Gearing (x)	-0.38	-0.33	-0.32
Net Div. Yield (%)	2.4	2.5	2.4

25 November 2021

Results Highlight								
	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
FYE Mar (RM m)	FY22	FY22	Chg	FY21	Chg	FY22	FY21	Chg
Revenue	125.9	119.1	5.7%	127.2	-1.0%	245.1	227.7	7.6%
EBIT	7.8	-7.5	-204.6%	3.0	158.2%	0.3	-21.0	-101.6%
PBT	7.4	-8.0	-192.8%	2.5	196.6%	-0.6	-22.2	-97.4%
Taxation	-1.5	-0.6	169.6%	0.2	-839.2%	-2.1	0.5	-534.9%
Minority Interest	0.0	0.6	-100.0%	0.6	-100.0%	0.6	1.4	-56.2%
PATAMI	5.8	-7.9	-173.8%	3.3	77.9%	-2.1	-20.3	-89.8%
Core PATAMI**	5.8	-7.9	-173.8%	3.3	77.9%	-2.1	-20.3	-89.8%
Core EPS (sen)	0.35	-0.5	-173.8%	0.19	77.9%	-0.1	-1.2	-89.8%
NDPS (sen)	0.00	0.0		0.0		0.0	0.0	
EBIT Margin	6.2%	-6.3%		2.4%		0.1%	-9.2%	
PBT Margin	5.9%	-6.7%		2.0%		-0.2%	-9.8%	
Core PATAMI Margin	4.6%	-6.6%		2.6%		-0.8%	-8.9%	
Effective Tax Rate	20.9%	-7.2%		-8.4%		-369.0%	2.2%	
Exchange Rate (RM/USD)	4.19							

Note:
* Results from subsequent periods are converted against the most recent period's forex rate
** Core adjustments account for: (i) fair value gains on investment properties (RM8.9m) in 4QFY21
Source: Company, Kenanga Research

Segmental Breakdown								
	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
Revenue (USD m)	FY22	FY22	Chg	FY21	Chg	FY22	FY21	Chg
Malaysia & Other S.E. Asian	16.3	17.1	-4.5%	18.8	-13.2%	33.4	33.1	0.9%
HK & Mainland China	11.5	9.7	18.6%	9.9	16.1%	21.1	18.5	14.3%
North America	1.8	1.9	-3.7%	1.7	8.2%	3.7	3.0	25.1%
Travel & Travel Related Services	0.5	0.1	688.5%	0.0	2431.6%	0.5	0.1	697.1%
Group Turnover	30.1	28.7	4.8%	30.4	-1.0%	58.8	54.6	7.7%
PBT								
Malaysia & Other S.E. Asian	0.5	-0.1	-633.3%	0.0	2817.6%	0.4	-3.6	-111.1%
HK & Mainland China	1.8	-0.8	-309.0%	0.9	87.8%	0.9	-1.0	-193.1%
North America	-0.2	-0.3	-51.8%	0.2	-170.3%	-0.5	0.4	-240.7%
Travel & Travel Related Services	-0.1	-0.5	-71.0%	-0.4	-66.9%	-0.6	-0.8	-21.4%
Group PBT (before unallocated expenses)	1.9	-1.8	-210.7%	0.8	157.8%	0.2	-5.1	-103.7%
PBT Margin								
Malaysia & Other S.E. Asian	3.0%	-0.5%		0.1%		1.2%	-10.9%	
HK & Mainland China	15.4%	-8.7%		9.5%		4.3%	-5.3%	
North America	-8.9%	-17.8%		13.7%		-13.4%	11.9%	
Travel & Travel Related Services	-29.5%	-801.6%		-2258%		-116.4%	-1180.9%	
Group PBT Margin	6.5%	-6.1%		2.5%		0.3%	-9.3%	

Source: Company, Kenanga Research

25 November 2021

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	0.945	4,927.7	N	01/2022	17.0%	-1.4%	1.9%	14.9%	9.2	9.1	7.9	4.3	3.9	44.9%	8.5%	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	0.500	554.6	N	12/2021	28.3%	15.9%	963.8%	38.9%	N.A.	13.7	9.8	1.0	0.9	6.8%	0.0%	0.690	OP
STAR MEDIA GROUP BHD	0.340	246.4	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					12.8%	8.5%	277.4%	109.4%	9.2	11.4	49.4	1.5	1.4	12.0%	2.7%		

Source: Kenanga Research

This section is intentionally left blank

25 November 2021

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.**

This document has been prepared for general circulation based on information obtained from sources believed to be reliable but we do not make any representations as to its accuracy or completeness. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may read this document. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees. Kenanga Investment Bank Berhad accepts no liability whatsoever for any direct or consequential loss arising from any use of this document or any solicitations of an offer to buy or sell any securities. Kenanga Investment Bank Berhad and its associates, their directors, and/or employees may have positions in, and may effect transactions in securities mentioned herein from time to time in the open market or otherwise, and may receive brokerage fees or act as principal or agent in dealings with respect to these companies.

Published and printed by:

KENANGA INVESTMENT BANK BERHAD (15678-H)

Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my