

Media

4QCY21 Adex Review

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OVERWEIGHT



4QCY21 total gross adex compiled by Nielsen shows a 27% QoQ rise and closed with a 18% improvement on a full-year basis. QoQ, we note that digital adex jumped by 37% mainly due to a 46% rise in Youtube adex which we believe was boosted by year-end holiday ads. Moreover, the newspaper adex rebounded sharply QoQ from a low of RM185m to a 1-year high of RM281m (+52%), thanks to the relaxation of SOPs and lockdowns in the last quarter of CY21. Moreover, FTA TV continued to remain as the largest contributor to total gross adex followed by digital adex as shown in Figure 5. Moving into 2022, with the Malaysian economy expected to recover by 5.5%-6.0%, we believe the adex industry will follow suit, thus, benefiting the media players greatly especially MEDIA which holds c.71% of the adex market in the FTA-TV platform. We maintain OVERWEIGHT on the sector with ASTRO (OP; TP: RM1.07) and MEDIA (OP; TP: RM0.560) as our top picks due to Astro's attractive dividend yield of 7.7% and competitive advantage over other internet service providers (ISP) as the group can bundle Astro-branded internet service with their contents, and MEDIA for its strong hold in overall adex and improved margins.



Digital adex trending upwards. Based on the data gathered by Nielsen, CY21 total gross adex grew by 18% from RM5.0b to RM5.9b attributed to a 39% increase in the FTA-TV adex platform which is still maintaining its top spot as the largest contributor to total adex (CY21: 59% vs CY20: 51%). No surprise that the continuous lockdowns and movement restrictions in CY21 took a toll on the remaining traditional platforms such as newspaper adex which was down by 15% YoY, magazines by 12% and cinema by 46%. On the other hand, digital adex rose by 10% to RM1.0b. Putting digital adex aside, 4QCY21 total gross adex would have fallen by 4.5ppt to 14.9% from 19.4%.

Sharp QoQ rebound in newspaper adex. Total gross adex rose by 27% to RM1.8b from RM1.4b in 3QCY21 as all traditional and non-traditional segments increased QoQ. With the relaxation of SOPs and lockdowns in 4QCY21, radex and newspaper adex rose by 81% and 52%, respectively, each contributing a higher adex percentage to overall adex (+2ppt in radex and +2.6ppt in newspaper adex). Moreover, digital adex jumped by 37% which contributed a rise of 7% in total gross adex, thanks to a 46% rise in Youtube adex which we believe was boosted by the year-end holiday ads. We note digital adex, which surpassed newspapers in 3QCY21, has successfully continued to stay above the newspaper platform indicating a strong preference for digital platforms by advertisers due to ease of use and outreach.

Moving into 2022. The Malaysian economy is set to recover by 5.5%-6.0% in 2022, as per our in-house expectations, which will be boosted by strong domestic demand and continued growth in exports. As the adex industry moves in line with the economy's health, we believe the media players are set to benefit from strong economic recovery moving into 2022. With domestic demand expected to rise, businesses will follow suit in expanding their marketing budget, thus, greatly benefiting media players like Media Prima due to the group's integrated marketing approach that makes advertising convenient via their OMNIA segment.

Sector call is maintained at OVERWEIGHT. Moving into 2022, we expect a better adex outlook as businesses return to operating at optimal levels coupled with the strong domestic demand which would encourage more advertising activities. All in, we continue to like **ASTRO (OP, TP: RM1.07)** for its attractive dividend yield of 7.7% and staying on track with to becoming an OTT aggregator of 15 SVODs and ISP by FY23 and **MEDIA (OP, TP: RM0.560)** for improved margins thanks to the recent cost optimisation exercises.

Appendix

Statistics in this report are correct at time of printing. Nielsen measures advertising spending based on published rate cards for traditional media. Digital ad spend is based on industry agreed "cost-per-mille" (CPM) rates.

Figure 1: Quarterly gross adex by medium

Media Type	4Q21 (RM'm)	4Q20 (RM'm)	YoY Chg	3Q21 (RM'm)	QoQ Chg
FTA Television	978.9	842.7	16.2%	874.9	11.9%
Newspapers	280.7	271.3	3.5%	185.1	51.7%
Magazines	8.3	6.6	25.0%	5.0	65.3%
Radio	120.8	101.8	18.7%	66.9	80.7%
Cinema	23.6	4.0	486.0%	-	N.A.
In-Store Media	16.9	17.0	-0.2%	13.7	24.0%
Digital*	332.1	231.6	43.4%	243.1	36.6%
Total	1,761.2	1,474.9	19.4%	1,388.6	26.8%
Total (ex-Digital)	1,429.2	1,243.3	14.9%	1,145.5	24.8%

Figure 2: YTD adex change

Media Type	12M21 (RM'm)	12M20 (RM'm)	YoY Chg
FTA Television	3,503.2	2,528.6	38.5%
Newspapers	919.2	1,085.2	-15.3%
Magazines	25.4	28.9	-12.1%
Radio	358.4	325.3	10.2%
Cinema	29.2	54.5	-46.4%
In-Store Media	69.0	53.6	28.8%
Digital*	1,026.4	932.9	10.0%
Total	5,930.8	5,008.9	18.4%
Total (ex-Digital)	4,904.4	4,076.0	20.3%

Notes:
* Digital media does not account for adex from mobile in-app spend, social media, and search engines

Source: Nielsen, Kenanga Research

Figure 3: Quarterly key newspaper languages gross adex

Language	4Q21 (RM'm)	4Q20 (RM'm)	YoY Chg	3Q21 (RM'm)	QoQ Chg
West Msia					
-BM	75.6	65.7	15.2%	42.9	76.4%
-Chinese	77.9	65.1	19.7%	44.0	77.1%
-English	111.4	107.0	4.1%	73.1	52.3%
Others*	15.7	33.5	-53.0%	25.0	-37.1%
Total	280.7	271.3	3.5%	185.1	51.7%

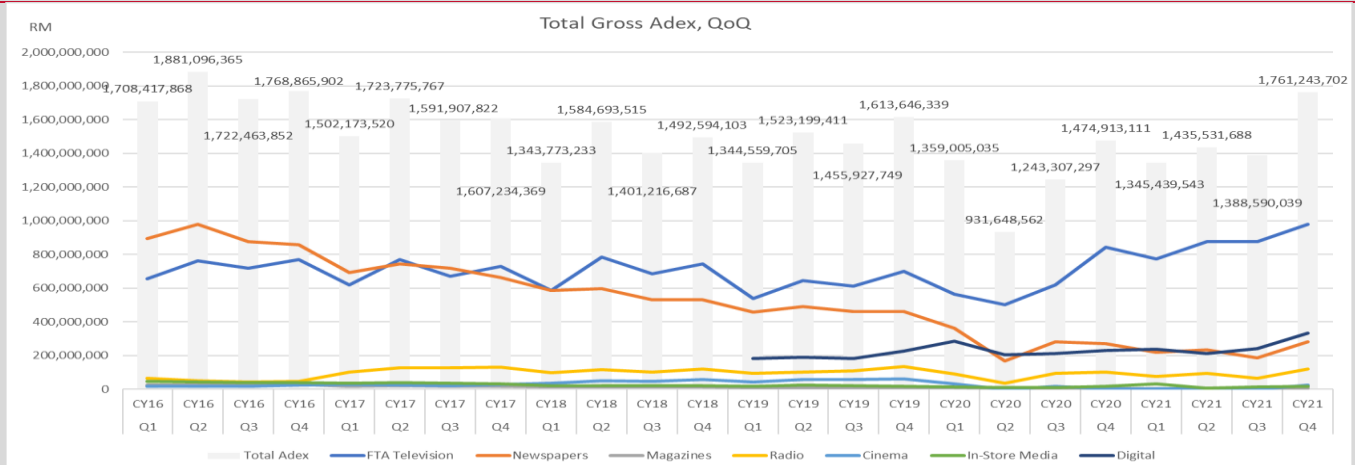
Figure 4: YTD Key newspaper languages gross adex

Language	12M21 (RM'm)	12M20 (RM'm)	YoY Chg
West Msia			
-BM	216.5	251.4	-13.9%
-Chinese	237.3	268.1	-11.5%
-English	350.6	405.3	-13.5%
Others*	114.8	160.5	-28.5%
Total	919.2	1,085.2	-15.3%

Notes:
* Others includes East Malaysian and tamil language papers

Source: Nielsen, Kenanga Research

Figure 5: Quarterly gross adex (%)



Source: Nielsen, Kenanga Research

20 January 2022

Peer Comparison - Media

Name	Last Price (RM)	Market Cap (RM'm)	Shariah Compliant	Current CYE	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	0.980	5,110.2	N	01/2022	1.6%	9.7%	-7.7%	10.7%	9.6	10.4	9.4	4.4	4.1	41.1%	7.7%	1.07	OP
MEDIA CHINESE INTERNATIONAL	0.160	270.0	Y	03/2022	2.5%	14.1%	92.3%	300.0%	N.A.	N.A.	122.7	0.4	0.4	-0.2%	2.5%	0.175	MP
MEDIA PRIMA BHD	0.425	471.4	N	12/2021	26.7%	10.3%	861.7%	45.3%	N.A.	13.2	9.1	0.8	0.8	6.1%	0.0%	0.560	OP
STAR MEDIA GROUP BHD	0.310	224.7	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					8.5%	9.8%	249.5%	109.9%	9.6	11.8	47.0	1.5	1.4	10.8%	2.5%		

Source: Bloomberg, 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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