Media Chinese International

Smaller Losses from Cost Optimization

UNDERPERFORM ↔

Price :	RM0.11
Target Price :	RM0.10 ↓

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MEDIAC's 9MFY25 results disappointed due to higher-than-expected taxes. However, YTD losses more than halved, supported by tighter cost controls and lower depreciation (following 4QFY24 asset impairments). On a weaker note, travel segment revenue continued its QoQ decline in 3QFY25, reflecting seasonality (2Q is typically peak summer travel period). We widened our FY25F and FY26F losses to RM16.3m and RM12.3m, respectively (from RM12.5m and RM6.4m), lowered our TP to RM0.10 (from RM0.11) but maintain our UNDERPERFORM call.

Disappointed due to higher taxes. 9MFY25 results came below our expectation, with a core net loss of RM13.1m against our full-year net loss forecast of RM12.5m. The shortfall versus our forecast mainly emanated from higher-than-expected taxes.

Mild YTD revenue expansion driven by travel segment. 9MFY25 topline grew by 4% YoY, driven by stronger contribution from the travel segment. This more than offset weaker revenue (in USD terms) from: (i) adex (-4% YoY) and (ii) the publishing & printing business (i.e. newspapers, magazines, books, and digital content) (-6% YoY)

The travel segment's expansion was fuelled by sustained demand for MEDIAC's premium CEO-led luxury tour series, luxury cruises in Europe, and student tours.

Narrowed YTD losses due to lower depreciation and cost discipline. 9MFY25 LBITDA narrowed due to cost optimization measures across all business units. This, along with lower depreciation (due to 4QFY24 asset impairments) and net finance costs, more than halved 9MFY24 core net loss, despite increased taxes.

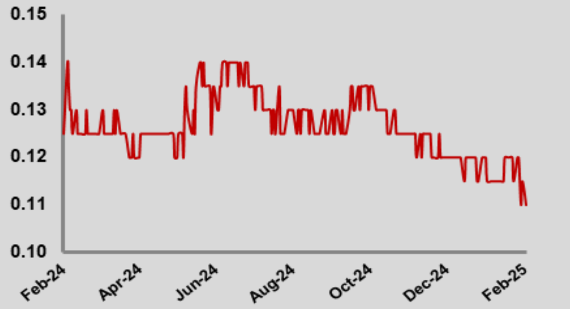
QoQ decline in travel segment due to seasonality. On a weaker note, the travel segment's revenue (in USD terms) continued its sequential decline in 3QFY25 (-7% QoQ) due to seasonality. This was because 2Q is typically peak summer travel period. Looking ahead, we remain cautious about potential weakness in this segment, which is currently MEDIAC's primary earnings driver.

Newspapers' fading relevance on sustained adex plunge. Based on Nielsen data, MEDIAC's total adex for its major publications has suffered a steep CAGR decline of 18% over 2016-24. The group's adex plunged from RM693m in CY16 to just RM137m in CY24—an alarming 80% collapse over eight years. This sharp decline mirrors the broader structural downturn in Malaysia's newspaper industry, which saw an 8-year CAGR decline of 17% from 2016-24. In stark contrast, total adex for the broader traditional media industry (excluding Pay-TV) contracted at a milder CAGR of just 2% over the same period, buoyed by resilient growth in free-to-air TV (2016-2024 CAGR: 3%) and digital websites (2019-2024 CAGR: 5%). With advertisers shifting budgets toward more interactive digital, electronic, and social media platforms, sustained adex erosion and market share loss for newspapers appear irreversible.

Forecasts. We widened our FY25F and FY26F losses to RM16.3m and RM12.3m, respectively (from RM12.5m and RM6.4m), to reflect higher taxes.

Valuations. We lower our TP to RM0.10 (from RM0.11) based on unchanged 0.3x FY25F P/NTA. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see page 5).

Share Price Performance



KLCI	1,586.60
YTD KLCI chg	-3.4%
YTD stock price chg	-8.3%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MCIL MK EQUITY
Market Cap (RM m)	179.9
Shares Outstanding	1,635.9
52-week range (H)	0.15
52-week range (L)	0.11
3-mth avg. daily vol.	596,556
Free Float	38%
Beta	0.8

Major Shareholders

Tiong TohSiong Holdings	23.2%
Conch Co. Ltd.	15.5%
Kinta HijauSdnBhd	7.9%

Summary Earnings Table

FY Mar (RM m)	2024	2025F	2026F
Revenue	695.4	735.0	789.5
EBITDA	-11.2	-5.7	-1.8
EBIT	-38.1	-24.2	-21.3
PBT	-64.3	-16.3	-15.4
Net Profit	**-61.1**	**-16.3**	**-12.3**
Core Net Profit	**-30.5**	**-16.3**	**-12.3**
Consensus (NP)	-	-34.5	-12.5
Earnings Revision (%)	-	>-100	>-100
Core EPS (sen)	-1.79	-0.97	-0.73
Core EPS Growth (%)	>100	-46.0	-24.6
DPS (sen)	0.7	0.7	0.7
BV/Share (sen)	36.0	32.5	31.8
NTA/Share (sen)	35.8	32.3	31.6
PER (x)	-6.1	-11.4	-15.1
PBV (x)	0.31	0.34	0.35
P/NTA (x)	0.31	0.34	0.35
Net Gearing (x)	-0.53	-0.60	-0.53
Div. Yield (%)	6.5	6.5	6.5

Investment case. We remain wary on MEDIAC due to: (i) sustained adex market share erosion, (ii) potential slowdown in travel segment as Hong Kong residents limit their travelling to cities in mainland China, and (iii) fierce competition from digital media, social media platforms, web messaging apps and KOLs given their competitive advantages (e.g. application of AI and technology, low barriers of entry, lean cost base, nimble operations).

Key risks to our call include: (i) recovery in adex for traditional Chinese newspapers, (ii) sustained traction in cost cutting initiatives drive fixed costs lower, and (iii) successful inroads into new media or synergistic businesses to diversify from legacy earnings.

Results Highlights

	3Q	2Q	QoQ	3Q	YoY	9M	9M	YoY
FYE Mar (RM m)	**FY25**	**FY25**	**Chg**	**FY24**	**Chg**	**FY25**	**FY24**	**Chg**
Revenue	169.1	179.1	-5.6%	166.9	1.3%	552.8	529.5	4.4%
EBITDA	**(3.9)**	**(0.1)**	>100%	**(2.6)**	46.8%	**(4.3)**	**(14.7)**	-71.0%
Depreciation	(4.3)	(4.0)	8.1%	(5.6)	-23.3%	(12.6)	(18.6)	-32.2%
Net Finance Costs	1.3	1.2	9.3%	0.9	42.8%	3.6	3.3	9.3%
JV and Associates	(0.0)	(0.0)	-9.5%	(0.0)	-18.7%	(0.1)	(0.1)	-4.5%
EI	(3.5)	(1.2)	>100%	1.5	>-100%	(5.2)	0.3	>-100%
PBT	**(10.3)**	**(4.0)**	>100%	**(5.8)**	78.5%	**(18.5)**	**(29.8)**	-37.8%
Taxation	(0.5)	(1.3)	-65.4%	0.1	>-100%	(2.5)	(0.8)	>100%
Minority Interest	0.9	0.9	1.6%	0.6	63.6%	2.7	2.5	6.3%
Reported Net Profit	**(9.9)**	**(4.5)**	>100%	**(5.1)**	93.9%	**(18.3)**	**(28.1)**	-34.8%
Core Net Profit	**(6.4)**	**(3.3)**	95.7%	**(6.6)**	-3.4%	**(13.1)**	**(28.3)**	-53.7%
Core EPS (sen)	(0.38)	(0.21)	78.0%	(0.4)	-9.8%	(0.79)	(1.28)	-38.0%
DPS (sen)	0.00	0.0	nm	0.00	nm	0.000	0.000	nm
EBITDA margin	-2.3%	0.0%		-1.6%		-0.8%	-2.8%	
PBT Margin	-6.1%	-2.3%		-3.5%		-3.3%	-5.6%	
Core Net margin	-3.8%	-1.8%		-4.0%		-2.4%	-5.4%	
Effective Tax Rate	-4.4%	-32.3%		2.4%		-13.4%	-2.8%	
Exchange Rate (RM/USD)	4.48	4.12		4.63				

Source: Company, Kenanga Research

Segmental Highlights								
FYE Mar (RM m)	3Q FY25	2Q FY25	QoQ Chg	3Q FY24	YoY Chg	9M FY25	9M FY24	YoY Chg
Geographical Revenue								
Malaysia & Other S.E. Asian	78.8	69.8	12.9%	73.9	6.7%	217.1	226.4	-4.1%
HK & Mainland China	37.6	34.7	8.3%	42.1	-10.6%	115.9	130.2	-11.0%
North America	6.3	6.0	6.0%	7.7	-17.6%	19.6	24.3	-19.7%
Travel & Related Services	46.4	68.6	-32.4%	43.3	7.1%	200.2	148.5	34.8%
Total	**169.1**	**179.1**	-5.6%	**166.9**	1.3%	**552.8**	**529.5**	4.4%
Geographical PBT								
Malaysia & Other S.E. Asian	4.6	3.9	16.9%	1.9	>100%	9.4	(2.1)	>100%
HK & Mainland China	(10.8)	(7.0)	53.2%	(4.6)	>100%	(23.1)	(19.2)	20.3%
North America	(3.7)	(3.9)	-4.0%	(4.2)	-10.9%	(12.1)	(13.0)	-7.1%
Travel & Related Services	0.4	3.7	-89.1%	1.7	-76.7%	9.5	6.8	40.6%
Other net expenses	0.0	0.0	Nm	(0.7)	Nm	0.0	(2.2)	nm

Source: Company, Kenanga Research

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	0.200	0.200	0.0%	1,043.8	N	01/2025	1.5	2.0	-64.2%	34.8%	13.5	10.0	0.9	12.7%	1.0	5.0%
MEDIA CHINESE INTERNATIONAL	UP	0.110	0.110	0.0%	179.9	Y	03/2025	(0.7)	(0.4)	59.0%	48.8%	N.A.	N.A.	0.3	-2.2%	0.7	6.4%
MEDIA PRIMA BHD	MP	0.475	0.460	-3.2%	526.9	N	06/2025	1.1	1.4	-65.7%	23.6%	42.8	34.7	0.7	1.7%	1.5	3.2%
STAR MEDIA GROUP BHD	MP	0.385	0.450	16.9%	279.0	Y	12/2025	1.6	1.2	1040.0%	-25.4%	24.5	32.8	0.4	1.7%	0.0	0.0%
SECTOR AGGREGATE					**2,029.7**					**-60.2%**	**37.3%**	**23.0**	**16.7**	**0.7**	**2.9%**		**3.6%**

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

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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