

21 July 2025

Media

1HCY25 Adex: Web Digidex Losing Favour

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UNDERWEIGHT



1HCY25 adex (-28% YoY) was below our expectation - primary due to the unanticipated exclusion of RTM TV channels from Nielsen's coverage. Adjusting for this data gap, the adex decline would have been a milder 15% YoY - aligning closer to our forecasts. The weakness in 1HCY25 adex was broad-based, but largely driven by a sharp 43% YoY plunge in digital adex (digidex) from webpage-based advertising. This decline likely reflects: (i) heated competition from more modern digital alternatives such as social media platforms and search engine marketing, and (ii) a shift in ad inventory towards mobile and smart TV apps, (which are not tracked by Nielsen). Looking ahead, we expect sustained adex traction in social media, while momentum will accelerate in more interactive digital formats - particularly live stream commerce. We lower our FY25F adex assumption to RM4.72b (from RM5.91b previously), primarily to account for the exclusion of RTM channels from Nielsen's tracking. We maintain our UNDERWEIGHT call on the sector - reflecting ongoing adex headwinds faced by traditional media players.

Tracking gap at RTM FTA channels clouds adex picture. 1HCY25 adex of RM2.3b (-28% YoY) missed our expectations - accounting for only 39% of our full-year adex assumption of RM5.9b (-2.8% YoY). The variance was largely due to the unanticipated exclusion of RTM TV channels (TV1, TV2, TV OKEY, BERITA RTM, SUKAN RTM, TV6) from Nielsen's monitoring - which collectively contributed 21% of 1HCY24 FTA TV adex. Adjusting for this, 1HCY25 adex decline would have been milder at 15% YoY - aligning closer to our expectations. Additionally, a 45-day data gap (from 21 Apr to 5 Jun) for Awesome TV further weighed on the reported figures.

Webpage ad slowdown weighs on digidex. The weakness in 1HCY25 adex was primarily driven by the plunge in digital adex (digidex: -43% YoY), and to a lesser extent, contractions in: (i) adjusted FTA (excluding RTM channels): -8% YoY, (ii) newspapers: -12% YoY, and (iii) radio: -24% YoY. The dip in digidex was largely due to a sharp 44% YoY decline in advertising at youtube.com - likely a result of heated competition from social media platforms and search engine marketing. Additionally, it is possible that a greater share of ad inventory has shifted to YouTube's mobile and smart TV apps - which are not captured by Nielsen. Recall that Nielsen Malaysia only tracks display and video ads served on digital publishers' desktop and mobile webpages, excluding in-app environments. Adex on youtube.com continued its downward trajectory, falling for the seventh consecutive quarter to RM127.2m in 2QCY25 - just 33% of its peak in 4QCY23. Similarly, in 2QCY25, thestar.com.my continued its precipitous decline in adex to RM1.6m - marking its ninth straight quarterly decline since peaking at RM4.5m in 2QCY23.

Broadcast up, press down. Meanwhile, the fall in FTA TV and newspaper adex was largely driven by steep declines at Awesome TV (-91% YoY) and The Star (-25% YoY) respectively. 1HCY25 newspaper adex declined for both publishers under our coverage, comprising: (i) MEDIAAC (-17% YoY): mainly due to weak adex at its flagship publication, Sin Chew Daily (-22% YoY), and (ii) STAR (-25% YoY): as The Star's adex plunged. Conversely, total FTA TV and newspaper adex for MEDIA's key channels and publications expanded 2.8% YoY in 1HCY25 - supported by a 3.2% YoY expansion in the FTA TV segment, which more than offset a 3.3% YoY decline in newspapers. This growth was driven by strong gains at TV3 (+13% YoY) and TV9 (+39% YoY), which more than compensated for weaknesses at NTV7 (-26% YoY) and Harian Metro (-25% YoY).

Modern digital media adex (especially social media) is growing and wresting market share. According to Providence, digital media advertising in Malaysia which mainly comprises: (i) ads on social media, podcasts as well as video and audio streams, (ii) sponsored content, (iii) website and blog banners, and (iv) search engine results, recorded a CAGR of 11% from 2019-23. During this period, its share of Malaysia's total adex rose from 23% in 2019 to 31% in 2023. In contrast, traditional media experienced a decline of 0.2% in CAGR and saw its adex share eroding from 77% to 69% in 2019-23. Looking ahead, the digital media advertising industry is projected to grow at a CAGR of 7.4% in 2024-27, reaching RM3.1b by 2027.

Among the various types of digital advertising, social media led adex growth with a strong 24% CAGR from 2019-23, followed by sponsored content (10.9%) and video streams (10.8%). The only category that declined was online banners which contracted at a CAGR of 3.1% - reflecting their waning effectiveness due to lower audience engagement and limited targeting capabilities. As of Jan 2025, Meltwater reports that 70% of Malaysians are active social media users - surpassing the global average of 64%. On average, Malaysians spend 2 hours and 46 mins daily on social platforms, the third-highest in Southeast Asia (SEA) lagging the Philippines and Indonesia.

Watch out for live stream sales attracting marketing budgets. Looking ahead, we believe momentum is building up in more interactive digital formats, particularly live stream sales on social media (e.g. Facebook and TikTok Live) and e-commerce platforms (e.g. Shopee Live and LazLive).

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Correspondingly, Providence estimates that SEA's live commerce market would have surged from just USD1b in 2019 to USD26.4b in 2024. Moreover, according to Milieu Insight, Malaysians are among the top three nationalities in SEA that frequently view live shopping sessions - trailing behind Vietnam and Thailand. Product categories commonly featured in live stream sales are among the top contributors to digital media adex in Malaysia. Collectively, they trailed behind only the food & beverage services segment which accounted for 20.1% of total spending in 2023. These product categories include retail (16.7%), personal care (16.4%), and technology & electronics (16.3%). Given that these segments are also likely dominant spenders in traditional media, their pivot toward live commerce may further cannibalise adex share from legacy media channels.

Traditional media still has significant ground to cover in the modern digital realm. At this stage, traditional media players in Malaysia have minimal exposure to modern digital media adex which is likely limited primarily to online banners and video ads on their news websites. However, among its Malaysia peers, MEDIA stands out with the highest digital presence – with 9.3m unique viewers across its digital publishing platforms, behind only Google (12.9m) and Microsoft (10.5m). MEDIA also boasts 124m social media followers across various platforms and a total digital radio listenership of 208m. Despite its growing modern digital media reach, its digital segment accounts for only 12% of MEDIA's YTD revenue at this stage.

Structural challenges outweigh cost optimization measures. We lower our FY25F adex assumption to RM4.72b (-23% YoY) as we omit adex from RTM channels and account for lower digidex. We reiterate our **UNDERWEIGHT** stance on the sector, given persistent structural headwinds and intensifying competition from digital disruptors. Legacy players remain burdened by high fixed costs tied to outdated infrastructure such as broadcasting towers, printing facilities and physical distribution networks. Furthermore, the skillsets of their ageing workforce may no longer align with evolving market trends and digital demands.

While recent initiatives such as staff rationalisation, AI-driven operational enhancements, and asset impairments have partially eased losses, profitability remains strained. In our view, incremental cost-cutting is inadequate to resolve secular decline. For long-term viability, the sector requires transformative change such as regional expansion, diversification into adjacent verticals, value-creating mergers and acquisitions, or even full-scale divestments. Without bold strategic shifts, traditional media players risk further irrelevance in a digital-first media landscape.

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	2Q25 (RM m)	2Q24 (RM m)	YoY Chg	2Q24 (RM m)	QoQ Chg
FTA TV	673	943	-29%	715	-6%
Newspaper	172	192	-10%	187	-8%
Magazines	6	7	-15%	5	18%
Radio	71	100	-29%	89	-20%
Cinema	14	30	-51%	19	-26%
In-Store Media	155	251	-38%	188	-17%
Digital*	1,092	1,523	-28%	1,204	-9%
Total	936	1,272	-26%	1,016	-8%
Total (ex-Digital)	673	943	-29%	715	-6%

Notes:

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

Source: Nielsen, Kenanga Research

Figure 2: YoY Adex Change

Media Type	1HFY25 (RM m)	1HFY24 (RM m)	YoY % Chg
FTA TV	1,388	1,903	-27.1%
Newspaper	359	410	-12.4%
Magazines	12	13	-10.0%
Radio	159	210	-24.1%
Cinema	34	64	-46.8%
Digital*	343	601	-42.9%
Total	2,295	3,201	-28.3%
Total (ex-digital)	1,952	2,600	-24.9%

Notes:

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

Source: Nielsen, Kenanga Research

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Figure 3: Quarterly Key Newspaper Languages Gross Adex

Newspaper Language	2Q25 (RM m)	2Q24 (RM m)	YoY Chg	2Q24 (RM m)	QoQ Chg
West Msia					
BM	76	89	-14%	37	104%
Chinese	61	66	-9%	35	75%
English	129	149	-13%	61	112%
Others	-93	-111	-16%	55	-271%
Total	172	192	-10%	187	-8%

Notes:

* Others includes East Malaysian and tamil language papers

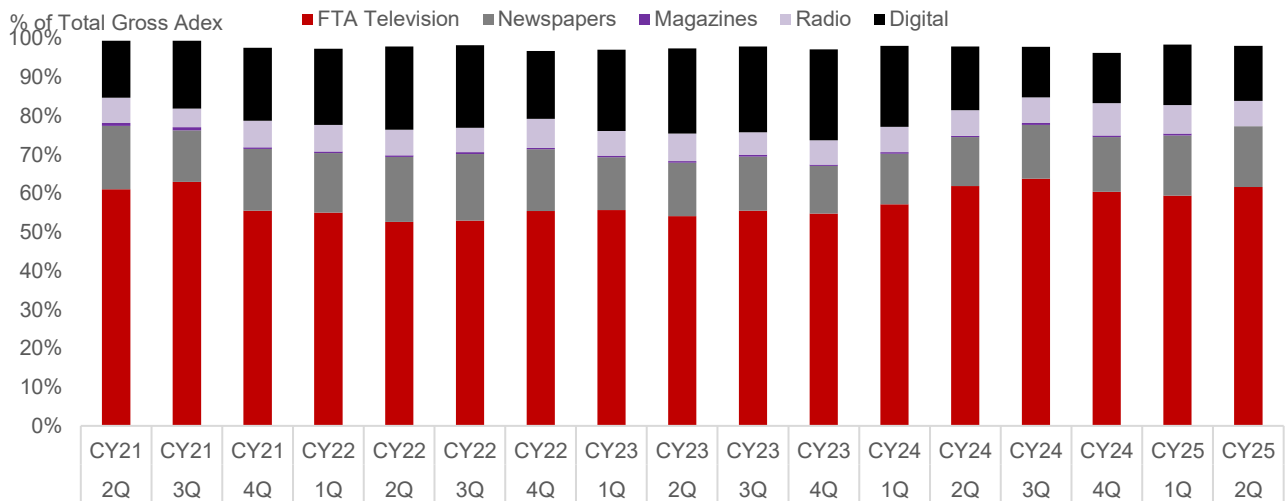
Source: Nielsen, Kenanga Research

Figure 4: YTD Key Newspaper Languages Gross Adex

Newspaper Language	1HFY25 (RM m)	1HFY24 (RM m)	YoY Chg
West Msia			
BM	76.0	88.6	-14%
Chinese	60.7	66.4	-9%
English	128.7	148.6	-13%
Others	94.0	106.7	-12%
Total	359.3	410.4	-12%

Source: Nielsen, Kenanga Research

Figure 5: Quarterly Gross Adex



Source: Nielsen, Kenanga Research

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Peer Comparison – Media

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	0.150	0.130	-13.3%	783.0	N	01/2026	0.5	0.8	-57.0%	49.3%	27.6	18.5	0.6	3.1%	0.0	0.0%
MEDIA CHINESE INTERNATIONAL	UP	0.105	0.094	-10.5%	174.0	Y	03/2026	(1.4)	(1.3)	11.6%	10.7%	N.A.	N.A.	0.3	-4.6%	0.0	0.0%
MEDIA PRIMA BHD	MP	0.360	0.340	-5.6%	399.0	N	06/2025	0.6	0.9	-81.1%	42.6%	58.7	41.2	0.6	0.9%	1.5	4.2%
STAR MEDIA GROUP BHD	MP	0.390	0.380	-2.6%	288.0	Y	12/2025	1.0	2.1	-35.1%	101.4%	38.2	19.0	0.4	1.0%	0.0	0.0%
SECTOR AGGREGATE					1,644.0					-78.7%	147.5%	89.8	36.3	0.5	0.6%		1.0%

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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