Media Chinese International

Adex Slump Deepens Losses

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UNDERPERFORM ↔

Price : **RM0.095**
Target Price : **RM0.085** ↓

MEDIAC's 1HFY26 results underperformed due to higher-than-expected operating costs at its travel segment. Core net loss widened due to weak advertising revenue, higher operating expenses, and adverse FX movements. Its Hong Kong operations continued to be weighed down by sluggish ad spend from the recruitment market and property sector. We widened our FY26F/FY27F losses to RM45.0m/RM39.5m (from RM39.6m/RM35.0m), cut our TP to RM0.085 (from RM0.09), while maintaining our UNDERPERFORM call.

Disappointed due to rising costs at the travel division. 1HFY26 core net loss of RM23m fell short of our full-year net loss forecast of RM40m. The deviation primarily stemmed from higher-than-expected operating costs at the travel segment.

Advertising revenue remain weak. 1HFY26 topline contraction of 8% YoY was primarily driven by lower advertising revenue (-13% YoY). In particular MEDIAC's Hong Kong operation was affected by subdued adex spend from the recruitment and property sectors. The slowdown reflects Hong Kong's challenging economic environment, which has led to both private and government sectors scaling back recruitment activities. Additionally, lower print circulation at MEDIAC's Malaysia operation added further pressure to revenue.

Losses exacerbated by unfavourable FX and higher overheads. 1HFY26 LBITDA widened significantly to RM20.8m (1HFY25: RM0.4m), largely due to weaker revenue, higher opex and unfavourable USD/MYR movements. That said, the more than 3-fold increase in YoY core net loss was partially offset by lower depreciation charges and cost savings at MEDIAC's North American print operations.

Print segment impacted by accelerating digital shift. As reported by Nielson, cumulative adex for MEDIAC's key newspapers (i.e. China Press, Guang Ming, and Nanyang) collapsed by 85% from RM183m in 1QCY16 to just RM26m in 3QCY25. Sin Chew, once the dominant title, saw its adex plunging from RM101m to RM15m over this period, signalling a severe erosion of its prior market dominance. This dramatic fall underscores the rapid diversion of adex to modern digital platforms and the resulting pressure on MEDIAC's advertising revenues.

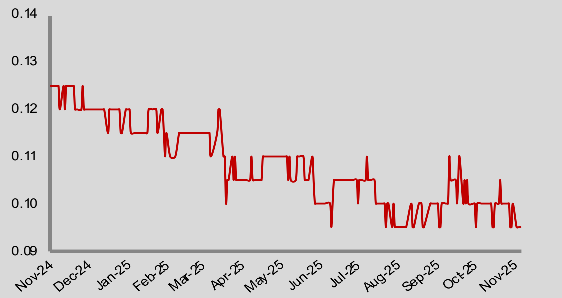
Forecasts. We widened our FY26F/FY27F losses to RM45.0m/RM39.5m (from RM39.6m/RM35.0m) to reflect higher overheads at the travel business.

Valuations. We cut our TP to RM0.085 (from RM0.09) based on unchanged 0.3x FY26F P/NTA. There is no adjustment to our TP based on ESG given a 3-star rating as appraised by us (see page 4).

Investment case. We remain downbeat on MEDIAC due to: (i) sustained adex market share erosion to AI-powered digital platforms (e.g. social media, search engines), (ii) lacklustre travel segment as Hong Kong residents limit their travelling to cities in mainland China, and (iii) legacy high-cost structure tied to printing plants and physical distribution networks weigh on earnings.

Key risks to our call include: (i) sustained and strong recovery in adex for Chinese newspapers, (ii) additional cost cutting measures or tech-driven productivity improvements that materially lower fixed costs lower without reducing output, and (iii) successful diversification into synergistic or adjacent businesses that deliver near-term earnings accretion.

Share Price Performance



KLCI	1,617.46
YTD KLCI chg	-1.5%
YTD stock price chg	-20.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	MCIL MK EQUITY
Market Cap (RM m)	154.1
Shares Outstanding	1,621.8
52-week range (H)	0.13
52-week range (L)	0.09
3-mth avg. daily vol.	538,949
Free Float	42%
Beta	0.8

Major Shareholders

Tiong Toh Siong Hold	23.4%
Conch Co Ltd	15.7%
Kinta Hijau Sdn Bhd	8.0%

Summary Earnings Table

FY Mar (RM m)	2025	2026F	2027F
Revenue	698.2	683.5	695.4
EBITDA	-13.0	-38.6	-31.9
EBIT	-31.4	-54.6	-46.7
PBT	-33.1	-50.3	-45.6
Net Profit	**-33.8**	**-45.0**	**-39.5**
Core Net Profit	**-27.5**	**-45.0**	**-39.5**
Consensus (NP)	-	-	-
Earnings Revision (%)	-	>-100	>-100
Core EPS (sen)	1.66	-2.67	-2.34
Core EPS Growth (%)	-200	-260.7	-12.2
DPS (sen)	0.4	0.0	0.0
BV/Share (sen)	32.8	29.2	26.8
NTA/Share (sen)	32.7	29.0	26.7
PER (x)	5.7	-3.6	-4.1
PBV (x)	0.29	0.33	0.35
P/NTA (x)	0.29	0.33	0.36
Net Gearing (x)	-0.57	-0.54	-0.52
Div. Yield (%)	4.7	0.0	0.0

Results Highlights								
	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
FYE Mar (RM m)	**FY26**	**FY26**	**Chg**	**FY25**	**Chg**	**FY26**	**FY25**	**Chg**
Revenue	171.6	180.6	-5.0%	179.1	-4.2%	352.2	383.7	-8.2%
EBITDA	**(12.5)**	**(8.3)**	51.3%	**(0.1)**	>100%	**(20.8)**	**(0.4)**	>-100%
Depreciation	(3.5)	(3.5)	-0.1%	(4.0)	-11.3%	(7.0)	(8.3)	-15.7%
Net Finance Costs	1.5	1.4	7.5%	1.2	28.4%	3.0	2.3	29.3%
JV and Associates	(0.0)	(0.0)	-16.8%	(0.0)	-14.9%	(0.0)	(0.1)	-12.7%
EI	(2.4)	2.0	>-100%	(1.2)	>100%	(0.5)	(1.7)	-73.6%
PBT	**(16.9)**	**(8.4)**	>-100%	**(4.0)**	>-100%	**(25.4)**	**(8.2)**	>-100%
Taxation	(0.1)	0.2	>-100%	(1.3)	-94.8%	0.2	(2.0)	>-100%
Minority Interest	1.0	0.8	25.0%	0.9	12.4%	1.8	1.8	0.8%
Reported Net Profit	**(16.0)**	**(7.4)**	>-100%	**(4.5)**	>-100%	**(23.4)**	**(8.4)**	>-100%
Core Net Profit	**(13.6)**	**(9.4)**	45.1%	**(3.3)**	>-100%	**(22.9)**	**(6.7)**	>-100%
Core EPS (sen)	(0.82)	(0.59)	40.5%	(0.2)	>-100%	(1.41)	(0.42)	>-100%
DPS (sen)	0	0	nm	0	0	0	0	nm
EBITDA margin	-7.3%	-4.6%		0.0%		-5.9%	-0.1%	
PBT Margin	-9.9%	-4.7%		-2.3%		-7.2%	-2.1%	
Core Net margin	-7.9%	-5.2%		-1.8%		-6.5%	-1.7%	
Effective Tax Rate	-0.4%	2.6%		-32.3%		0.6%	-24.9%	
Exchange Rate (RM/USD)	4.21	4.21		4.12				

Source: Company, Kenanga Research

Segmental Highlights								
	2Q	1Q	QoQ	2Q	YoY	6M	6M	YoY
FYE Mar (RM m)	**FY26**	**FY26**	**Chg**	**FY25**	**Chg**	**FY26**	**FY25**	**Chg**
Geographical Revenue								
Malaysia & Other S.E. Asian	62.8	58.3	7.7%	69.8	-10.0%	121.2	138.3	-12.4%
HK & Mainland China	31.5	33.7	-6.7%	34.7	-9.4%	65.2	78.3	-16.8%
North America	5.0	5.6	-10.4%	6.0	-16.8%	10.5	13.2	-20.2%
Travel & Related Services	72.3	82.9	-12.8%	68.6	5.4%	155.3	153.8	1.0%
Total	**171.6**	**180.6**	-5.0%	**179.1**	-4.2%	**352.2**	**383.7**	-8.2%

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	0.110	0.125	13.6%	574.8	N	01/2026	0.3	0.7	-76.7%	127.3%	37.3	16.4	0.5	3.1%	0.0	0.0%
MEDIA CHINESE INTERNATIONAL	UP	0.095	0.085	-10.5%	154.1	Y	03/2026	(2.7)	(2.3)	-63.6%	12.2%	N.A.	N.A.	0.3	-8.8%	0.0	0.0%
MEDIA PRIMA BHD	MP	0.370	0.370	0.0%	410.4	N	06/2026	1.2	1.8	-39.4%	53.0%	30.6	20.0	0.6	2.0%	1.5	4.1%
STAR MEDIA GROUP BHD	UP	0.365	0.330	-9.6%	264.5	Y	12/2025	(0.8)	0.8	-153.5%	198.4%	N.A.	44.1	0.4	-0.9%	0.0	0.0%
SECTOR AGGREGATE					**1,403.9**					**-130.9%**	**-198.7%**	**-63.0**	**63.8**	**0.4**	**-0.7%**		**1.0%**

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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