Media

Eclipsed by Digital Media's Domination

UNDERWEIGHT

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By Kylie Chan Sze Zan I kyliechan@kenanga.com.my

Advertisers in Malaysia continue to gravitate toward digital channels, driven by rising social media engagement and growing preference for programmatic, data driven ad buying across search engine platforms. As a result, legacy media continues to cede market share, a trend we do not expect to reverse anytime soon.

While MAGNA forecasts Malaysia's total adex to grow 6.4% YoY in 2025, this expansion is driven entirely by digital formats, particularly social media and search. Ongoing declines in TV, print, and radio mean that headline industry growth does not translate into recovery for traditional media players.

Traditional media companies in Malaysia have made only modest inroads in digital advertising, with monetisation largely limited to low-value display and embedded video placements on their respective websites. Digital marketing arms set up by MEDIA (MP; TP: RM0.37) and ASTRO (UP; TP: RM0.125) such as REV Media and KULT signal strategic intent. However, digital adex contributions for these players remain subdued (YTD: 2%-11% of revenue), underscoring a significant execution and monetisation gap versus digital-native competitors such as FOODIE (NOT RATED).

We reiterate our FY25 adex forecast of RM4.86b (–20% YoY), implying broad-based contraction across both traditional media and web-based digital inventory. We maintain our UNDERWEIGHT rating on the sector, as earnings headwinds persist amid intense competition and bloated legacy cost bases. In our view, a sector re-rating requires more transformative strategic actions (eg. M&A, asset divestments, or a decisive pivot toward scalable digital IP ownership). We do not have any stock picks within the sector.

Adex growth leaves traditional media behind. Malaysia's adex landscape continues to shift decisively toward digital channels, underpinned by rising social media engagement and advertisers' increasing preference for programmatic, data driven ad buying across internet search platforms. According to MAGNA, digital media accounted for 77% of total Malaysian adex in 2024, led by social media (41%), search (24%), and other digital channels (12%).

Looking ahead, MAGNA forecasts Malaysia's total ad revenue to rise 6.4% YoY in 2025 to RM9.54b (2024: 8.4%), driven by continued strength in social media (+11%) and search advertising (+8%). These gains are expected to offset ongoing declines in traditional media (TV: –3%, print: –7%, radio: –6%). Over the longer term, by 2029, MAGNA expects digital media to expand its market share to 85% of total adex (2024: 76%), while television's share narrows to 5% (2024: 8%).

We believe this reflects digital media's superior reach, engagement, and targeting precision. Social media enables brands to deliver personalised, interactive, and emotionally resonant content. Meanwhile, search advertising captures high-intent demand at the point of purchase decision, resulting in superior conversion efficiency. Moreover, AI-driven programmatic tools and real-time analytics further enhance campaign optimisation and ROI, reinforcing digital media's structural advantage over traditional media's broad but largely passive reach.

Legacy media unable to penetrate digidex. Traditional media operators in Malaysia continue to have a relatively small footprint in digital advertising. Their digital monetisation offerings are largely confined to basic display formats, such as banner advertisements and video placements on their respective websites. This highlights a lag amongst traditional operators in offering more sophisticated digital advertising solutions vis-à-vis digital native players such as FOODIE (NOT RATED). Please refer to our IPO report on FOODIE dated 18 Nov 2025.

We commend **MEDIA**'s progress in broadening its digital presence, via REV Media group, relative to other traditional media players. The group commands a sizeable digital audience, comprising 140m social media followers and has amassed 3.5b video views. Nonetheless, digital adex remains modest, accounting for just 11% of 1QFY26 revenue. This reflects substantial untapped potential and a significant gap versus digital-native competitors.

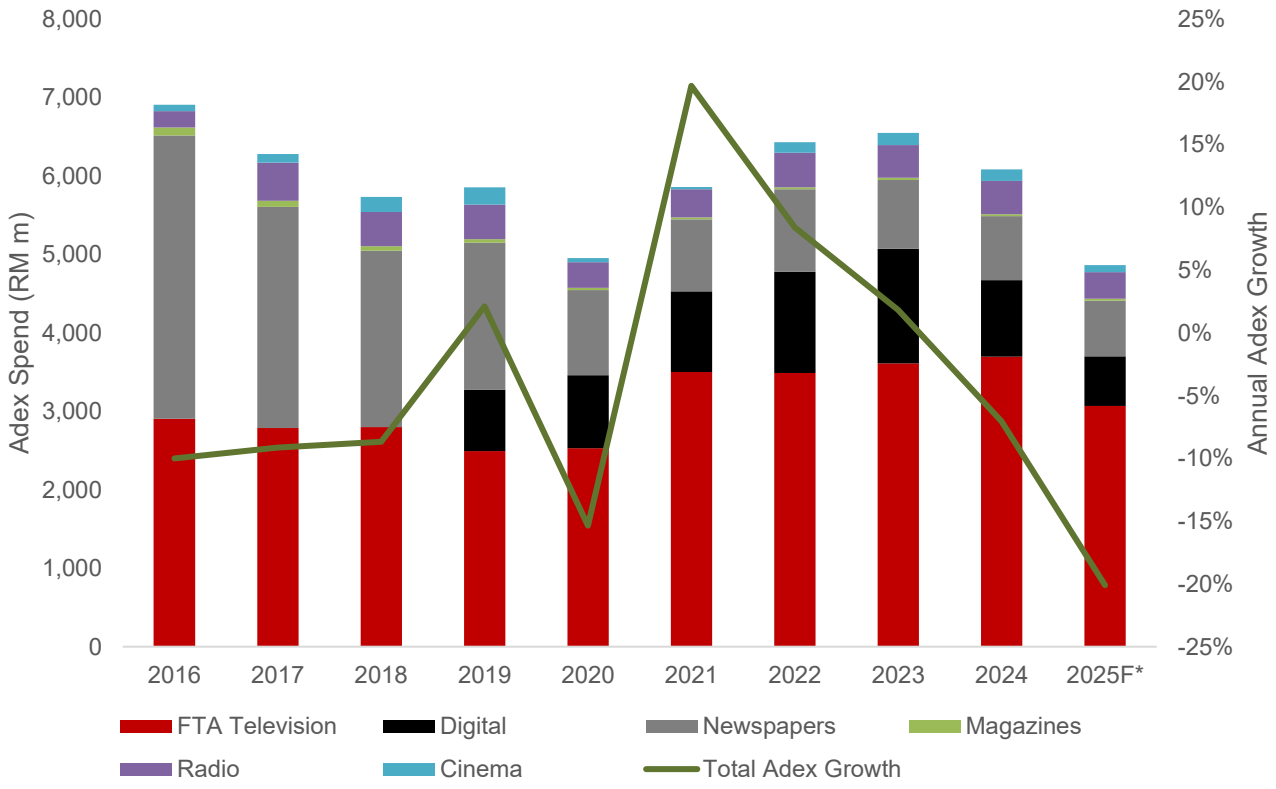
Meanwhile, **ASTRO** has recently invested in a newly launched digital marketing venture, KULT. While still in its early stages, KULT is intended to re-engage previously lapsed advertisers seeking digital-first solutions, thereby extending

ASTRO's relevance beyond traditional broadcasting. At present, however, digital adex remains immaterial, contributing only 2% of the group's total adex in 9MFY26.

Underweight as we expect traditional adex downcycle to sustain. We reiterate our FY25 adex forecast of RM4.86b (-20% YoY), which reflect broad-based contraction across free-to-air TV (-17% YoY), digital media (-35% YoY), newspapers (-13% YoY), magazines (-13% YoY), and cinema (-40% YoY). Note that digital media in this context is limited to ad inventory on websites such as digital banners and embedded video spots on desktop and mobile web pages (excludes in-app placements).

We reiterate our **UNDERWEIGHT** rating on the media sector, as profitability continues to be eroded by rising competition from digital-native players and cost drag from legacy infrastructure such (e.g. broadcast towers, satellite transponder leases, printing facilities, and physical distribution networks). Although recent initiatives such as workforce optimization, AI-led efficiency improvements, and selective asset impairments have helped cushion losses, these measures have not resulted in sustainable turnaround of losses or earnings recovery. In our view, the sector requires more transformative or radical shifts, including regional expansion, mergers and acquisitions, divestiture of non-core businesses, or a holistic pivot toward scalable IP ownership. We do not have any stock picks for the sector.

Annual Adex



Source: Nielsen, Kenanga Research

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	0.105	0.125	19.0%	548.7	N	01/2026	0.3	0.7	-76.7%	127.3%	35.6	15.7	0.4	3.1%	0.0	0.0%
MEDIA CHINESE INTERNATIONAL	UP	0.095	0.085	-10.5%	154.0	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	0.340	0.370	8.8%	377.1	N	06/2026	1.2	1.8	-39.4%	53.0%	28.1	18.4	0.5	2.0%	1.5	4.4%
STAR MEDIA GROUP BHD	UP	0.335	0.330	-1.5%	242.8	N	12/2025	(0.8)	0.8	-153.5%	198.4%	N.A.	40.5	0.3	-0.9%	0.0	0.0%
SECTOR AGGREGATE					**1,322.7**					**-130.9%**	**-198.7%**	**-59.3**	**60.1**	**0.4**	**-0.7%**		**1.1%**

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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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