Media

CY25 Adex: Ends the Year with a Whimper

UNDERWEIGHT

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

CY25 adex of RM4.74b came in within our expectations. The weakness was broad-based, led by the free-to-air (FTA) TV segment, driven by softer adex at NTV7. This was further compounded by a sharp contraction in digital adex, as advertising spend on youtube.com continued its free fall, while paultan.org reported subdued adex despite a year-end uplift from new car model launches.

Adex declined across the board as reflected by: (i) MEDIA: driven by weaker contributions from NTV7, TV9, Harian Metro and New Straits Times, (ii) STAR: due to weakness across both thestar.com.my and The Star newspaper, and (iii) MEDIAC: primarily weighed by Sin Chew Daily.

The ongoing bidding war between Netflix and Paramount Global for assets of Warner Bros. Discovery offers two key takeaways for Malaysian incumbents that: (1) IP ownership is the primary source of long-term value, and (2) scale is critical for survival. As digital platforms continue to dominate and as traditional media adex declines, legacy players must rely on proprietary content and cost efficiencies to remain relevant. For MEDIA and ASTRO, building and monetising IP should be prioritised, as it is a valuable asset that attracts opportunities for future consolidation.

We forecast FY26F adex of RM4.24b (-9.5% YoY), reflecting broad-based declines across FTA TV (-9% YoY), newspapers (-6% YoY), magazines (-7% YoY), radio (-9% YoY), cinema (-23% YoY), and digidex (-17% YoY). Despite the projected decline, we expect a milder YoY contraction, supported by a low base effect and an uptick in marketing activity around major 2026 sporting events, including: (i) SUKMA Selangor, (ii) FIFA World Cup, and (iii) Winter Olympics.

We maintain an UNDERWEIGHT stance on the sector, as legacy media players continue to face structural adex share losses amid persistent cost pressures.

In line with expectations, as prior weak quarterly trends foreshadowed a soft 4Q. CY25 adex of RM4.74b (-22% YoY) came in broadly in-line with our expectations, representing 97% of our full-year adex assumption of RM4.72b (-23% YoY).

Weaker adex in CY25 was broad-based, led by the free-to-air (FTA) TV segment (-19% YoY), where adex declined sharply at NTV7 (-44% YoY) and Awesome TV (-82% YoY). The latter was likely impacted by the cessation of its broadcast on one of Malaysia's major distribution platforms, ASTRO, since Aug 2024. In addition, we note that in Aug 2025, the network was embroiled in legal actions and public disputes related to alleged unpaid obligations to local content producers and artistes. These recent developments may have weighed on advertiser sentiment toward the network.

Web-based youtube.com gradually losing its appeal. Overall adex weakness in CY25 was further compounded by a sharp contraction in digital adex (digidex: -39% YoY), in line with weaker advertising spend on youtube.com (-39% YoY). This likely reflects intensifying competition from other digital platforms, including social media, search engines and live commerce. In addition, we believe YouTube's ad inventory has gradually shifted toward mobile and smart TV applications, to align with user consumption preferences. For context, Nielsen Malaysia's digidex tracking captures only display and video advertisements on desktop and mobile web pages (excludes in-app placements). youtube.com's adex continued its rout for the 9th consecutive quarter, falling to RM95.5m in 4QCY25 (c.25% of its peak in 4QCY23).

YTD adex at leading auto site also tumbles. To a lesser extent, industry digidex was impacted by reduced ad revenue on paultan.org. This was in spite of a 19% QoQ spike in 4QCY25 (YoY: -24%) adex for the site, likely fuelled by increased promotional spend by automakers for new model launches. This includes Perodua QV-E, Proton e.MAS 5, the updated Proton Saga, iCAUR V23, Suzuki Fronx, etc. Notably, 4Q accounted for a significant 30% of the site's total annual adex receipts. However, this boost was insufficient to offset the YTD decline (-51% YoY), likely reflecting subdued consumer sentiment, which restrained automakers' advertising budgets.

Sustained YTD weakness for newspapers. CY25 newspaper adex slipped 12% YoY, with the bulk of the decline emanating from The Star (-42% YoY). The weakness was broad-based across: (i) MEDIAC (-40% YoY): primarily weighed by Sin Chew Daily (-44% YoY), and (ii) MEDIA: (-8% YoY): dragged by Harian Metro (-22% YoY) and, to a lesser extent, the New Straits Times (-8% YoY).

Sector-wide adex pull-back. Meanwhile, adex for MEDIA's FTA channels softened in CY25 (-7% YoY), largely driven by weaker ad revenue from NTV7 and TV9 (-7% YoY). When combined with the group's softer print segment adex, this resulted in an overall 7% YoY decline in MEDIA's total adex, as tracked by Nielsen.

A similar pattern was observed for STAR, where weaker adex across both thestar.com.my (-22% YoY) and The Star newspaper contributed to an overall 23% YoY drop in the group's total adex.

Observations from Netflix-Paramount-Warner Bros saga. The ongoing bidding war between Netflix and Paramount Global for assets of Warner Bros. Discovery offers two critical lessons for traditional Malaysian media companies. First, deep value lies in owning high-quality intellectual property (IP), such as film and TV series libraries. This is clear from Netflix's interest in acquiring Warner Bros.' film and television studios (including HBO), while excluding its linear TV networks (which are primarily distribution platforms). Second, for legacy players, achieving scale and extracting cost synergies through consolidation is essential for long-term viability. This strategy is demonstrated by Paramount's (also a legacy player) counter bid for Warner Bros.' television broadcasting assets.

Value mainly lies in IP and content. For local incumbents such as MEDIA and ASTRO, we believe these trends offer a critical roadmap. While outright M&A is unlikely in the near term, strategic emphasis should be placed on the expansion of proprietary IP portfolios and strengthening brand franchises. This can be achieved through the consistent production of commercially successful series and films that can be monetized across multiple windows—including linear TV, digital platforms, regional syndication, and international streaming partnerships.

Looking ahead, we believe IP ownership should not merely be ancillary revenue streams for Malaysian players, but as a fundamental balance-sheet asset that underpins enterprise value and creates opportunities for future consolidation. In our view, players that successfully transition from content distributors to scalable IP owners will be best positioned to remain relevant in a digital era dominated by global streaming platforms. However, at this stage, IP monetisation remains nascent, contributing only c.5% to MEDIA's FY25A revenue, while ASTRO's FY25A gross box-office collections of RM121m (+10% YoY) accounted for 4% of group revenue.

Growing revenue traction from domestic films and TV series. In cognisance of these trends, MEDIA and ASTRO have been stepping up investments in homegrown content via their in-house production and distribution arms—Primeworks Studios and Astro Shaw, respectively. These studios have anchored several of Malaysia's recent box-office hits, including the *Polis Evo* franchise and *Ejen Ali*. More recently, *Papa Zola The Movie* has continued to demonstrate strong audience traction, grossing approximately RM60m at the Malaysian box office (as at 15 Jan), and maintaining the No.1 position after five weeks in cinemas—surpassing *Ejen Ali The Movie 2* (total collection: RM58.5m).

In particular, Astro Shaw's strong performance in 2024, where it captured a dominant 71% share of the Malaysian box office - underscores the commercial potential of local content. The studio, generating in GBO revenue for this success highlights Astro Shaw's structural advantage over global studios (e.g. 20th Century Studios, Warner Bros.) and international OTT platforms (e.g. Netflix, HBO Max, Apple TV) in the Malaysian market. This is underpinned by its deep understanding of local cultural nuances, social dynamics and vernacular. By embedding local authenticity into narratives and character development, Astro Shaw is able to produce content that resonates strongly with domestic audiences—an area where global players often struggle to execute.

Looking ahead, we believe a sizeable and well-curated library of local IP could emerge as a key revenue anchor for Malaysian media companies, particularly as adex for traditional media continues to structurally decline. However, while recent successes are encouraging, efforts to scale IP assets into sustainable and recurring revenue streams remain as work in progress.

Traditional media struggles under digital disruption and legacy costs. We forecast FY26F adex of RM4.24b (-9.5% YoY), reflecting broad-based declines across FTA TV (-8.6% YoY), newspapers (-5.6% YoY), magazines (-6.6% YoY), radio (-8.7% YoY), cinema (-23% YoY), and digidex (-17.3% YoY). Despite the projected decline, we expect a milder YoY contraction, supported by a low base effect and an anticipated uptick in marketing activity around major 2026 sporting events, including: (i) SUKMA Selangor, (ii) 2026 FIFA World Cup, and (iii) the 2026 Winter Olympics.

We reiterate our **UNDERWEIGHT** call on the media sector, as earnings remain under sustained pressure from long-standing structural headwinds. Competitive intensity continues to tilt in favour of digital-native platforms, which operate with more advanced technology stacks and lighter cost bases. Conversely, traditional media players remain encumbered by sizeable fixed costs tied to legacy assets (eg. broadcast infrastructure, satellite capacity, printing operations and physical distribution fleets) which continue to dilute profits.

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	4Q25 (RM m)	4Q24 (RM m)	YoY Chg	3Q25 (RM m)	QoQ Chg
FTA TV	786	854	-8%	813	-3%
Newspapers	180	200	-10%	173	4%
Magazines	6	8	-18%	5	36%
Radio	101	117	-14%	82	22%
Cinema	20	50	-59%	18	16%
Digital*	120	184	-35%	138	-13%
Total	**1,214**	**1,413**	**-14%**	**1,229**	**-1%**
Total (ex-Digital)	**1,094**	**1,229**	**-11%**	**1,091**	**0%**

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

Figure 2: YoY Adex Change

Media Type	12MFY25 (RM m)	12MFY24 (RM m)	YoY Chg
Free-to-air television	2,988	3,697	-19.2%
Newspapers	713	814	-12.4%
Magazines	23	27	-14.7%
Radio	342	425	-19.4%
Cinema	72	147	-51.0%
Digital*	601	977	-38.5%
Total	**4,738**	**6,086**	**-22.1%**
Total (ex-Digital)	**4,138**	**5,110**	**-19.0%**

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

Source: Nielson, Kenanga Research

Figure 3: Quarterly Key Newspaper Languages Gross Adex

Newspaper Language	4Q25 (RM m)	4Q24 (RM m)	YoY Chg	3Q25 (RM m)	QoQ Chg
West Msia					
BM	151	173	-13%	113	34%
Chinese	62	71	-12%	58	6%
English	261	304	-14%	192	35%
Others	-293	-349	-16%	-191	54%
Total	**180**	**200**	**-10%**	**173**	**4%**

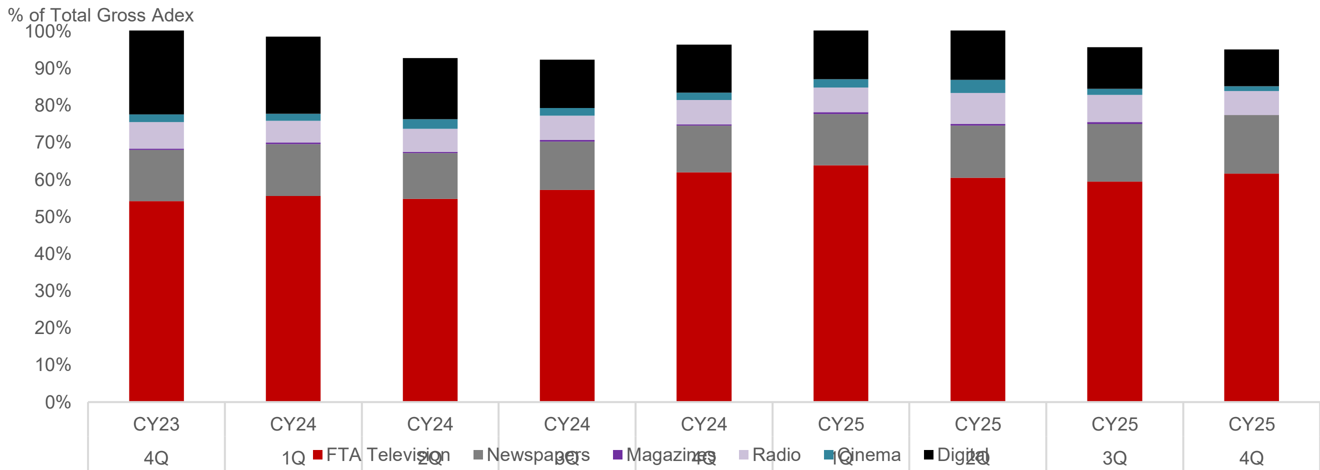
Notes:
** Others includes East Malaysian and tamil language papers*
Source: Nielson, Kenanga Research

Figure 4: YTD Key Newspaper Languages Gross Adex

Newspaper Language	12MFY25 (RM m)	12MFY24 (RM m)	YoY Chg
West Msia			
BM	151.1	173.4	-13%
Chinese	61.9	70.7	-12%
English	260.5	304.2	-14%
Others	239.3	265.8	-10%
Total	**712.8**	**814.1**	-12%

Source: Nielson, Kenanga Research

Figure 5: Quarterly Gross Adex



Source: Nielsen, Kenanga Research

Peer Comparison – Media

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen) 1-Yr. Fwd.	Core EPS (sen) 2-Yr. Fwd.	Core EPS Growth 1-Yr. Fwd.	Core EPS Growth 2-Yr. Fwd.	PER (x) - Core Earnings 1-Yr. Fwd.	PER (x) - Core Earnings 2-Yr. Fwd.	PBV (x) 1-Yr. Fwd.	ROE 1-Yr. Fwd.	Net Div. (sen) 1-Yr. Fwd.	Net Div. Yld. 1-Yr. Fwd.
MEDIA																	
ASTRO MALAYSIA HOLDINGS BHD	UP	0.095	0.125	31.6%	496.5	N	01/2026	0.3	0.7	-76.7%	127.3%	32.2	14.2	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	0.290	0.370	27.6%	321.7	N	06/2026	1.2	1.8	-39.4%	53.0%	24.0	15.7	0.4	2.0%	1.5	5.2%
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					**1,215.0**					**-130.9%**	**-198.7%**	**-54.5**	**55.2**	**0.4**	**-0.7%**		**1.3%**

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