2QFY22 Results Review (Below) | Thursday, 25 August 2022

Media Prima Berhad

(4502 | MPR MK) Telecommunications and Media | Media

***Maintain* BUY**

Continue Profit Momentum

***Revised* Target Price: RM0.71**

(Previously: RM 0.82)

KEY INVESTMENT HIGHLIGHTS

- **Weaker home shopping sales**
- **Lower OPEX, higher advertising income**
- **Recorded quarterly profit for eighth consecutive quarter**
- **Downward revision on earnings forecast**
- **Maintain BUY with revised TP of RM0.71**

Quarterly. Media Prima Berhad's (MPB) 2QFY22 PAT was RM15.6m (+23.5%yoy). This was due to an increase in advertising income and fewer operating expenditures. However, revenue fell by -10.9%yoy to RM260.6m in the 2QFY22. This was mostly due to weaker sales in the home shopping and publishing segments. The group's advertising revenue climbed by +4%yoy, owing to increasing advertising income from the majority of its business sectors except home shopping.

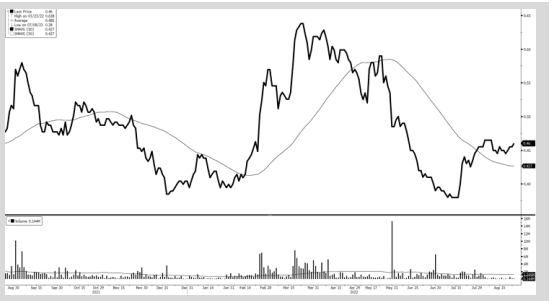
Cumulatively. MPB maintained its profitability in 1HFY22, reporting a normalised PATAMI of RM18.2m compared to the normalised net profit of RM19.9m the previous year. Earnings fell mostly due to a decline in newspaper readership and printing throughout the period, as well as a smaller contribution from the home shopping segment. Overall, the Group maintained quarterly profit momentum for the eighth consecutive quarter from the 3QFY20. Nonetheless, the 1HFY22 outcome fell short of our and consensus projections at 39% and 29% of FY22 full-year projections, respectively. The negative divergence was most likely caused by a lower-than-expected revenue increase in house shopping product sales as customers reverted to traditional shopping.

Earnings estimates. We revised our revenue and earnings forecasts for FY22/23F lower by -13.0% to -15.3% due to earnings falling short of our expectations. As a result of the earnings downgrade, our target price has been trimmed from RM0.82 to **RM0.71**. This is based on an unchanged PER of 14.2x and its revised FY23 EPS of 5.0sen. We believe that the reopening of the economy and the restart of commercial activity will offer a catch-up in demand for advertising on other platforms that were previously disrupted by the Movement Control Orders.

Maintain BUY. We are optimistic about the company's overall prospects since we anticipate more advertising revenue in the future quarters. As GE15 will be held within the next one year, this might be a stimulant for the operations of MPB's conventional media companies, such as television and newspapers, because election years typically result in greater traditional media buys. Overall, we continue our **BUY** recommendation on MPB with a +47.9% potential.

RETURN STATISTICS	
Price @ 24th August 2022 (RM)	0.48
Expected share price return (%)	+47.9
Expected dividend yield (%)	0.0
Expected total return (%)	**+47.9**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	7.0	6.6
3 months	17.9	-18.8
12 months	-6.1	-0.9

KEY STATISTICS	
FBM KLCI	1467.26
Syariah compliant	No
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆☆
Issue shares (m)	119.20
Estimated free float (%)	35.74
Market Capitalisation (RM'm)	510.23
52-wk price range	RM0.38 – RM0.67
Beta vs FBM KLCI (x)	1.50
Monthly velocity (%)	76.06
Monthly volatility (%)	37.72
3-mth average daily volume (m)	1.18
3-mth average daily value (RM'm)	0.53
Top Shareholders (%)	
Aurora Mulia Sdn Bhd	31.90
JAG Capital Holdings Sdn Bhd	20.08
Morgan Stanley	10.18

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INVESTMENT STATISTICS

Income Statement	FY19A	FY20A	FY21A	FY22F	FY23F
Revenue (RM'm)	1,106.0	1,041.6	1,120.2	1,159.9	1,204.21
EBIT (RM'm)	-164.4	2.3	99.3	60.4	79.7
Pre-tax Profit (RM'm)	-173.0	-5.8	90.2	53.5	73.3
PATAMI (RM'm)	-185.5	-18.4	55.2	40.7	55.7
Normalised PATAMI (RM'm)	-62.8	-17.4	53.1	40.7	55.7
EPS (sen)	n.a.	n.a	4.79	3.7	5.0
PER (x)	n.a.	n.a	16.6	13.6	10.0

Source: Company, MIDFR

MEDIA PRIMA BERHAD: 2QFY22 RESULTS SUMMARY

RM'm unless otherwise stated	2Q22	QoQ	YoY	1H22	YoY
Revenue	260.6	5.3%	-10.9%	508.1	-7.1%
EBITDA	46.7	31.2%	6.1%	82.3	2.3%
Depreciation and amortisation	(20.5)	-11.2%	1.7%	(39.0)	13.8%
EBIT/(LBIT)	26.2	52.9%	13.3%	43.3	23.1%
Finance costs	(4.6)	-10.8%	10.0%	(8.8)	2.4%
Finance income	1.6	11.9%	15.7%	3.1	7.9%
Associates income	0.0	480.0%	106.0%	0.0	102.5%
PBT/(LBT)	23.2	61.0%	20.0%	37.6	29.9%
Taxation	(7.6)	17.4%	-13.5%	(16.8)	-38.1%
PAT/LAT	15.6	198.9%	23.5%	20.8	24.0%
MI	(0.2)	75.5%	74.4%	(1.0)	46.1%
PATAMI/(LATAMI)	15.4	155.9%	15.0%	21.5	15.0%
Normalised PATAMI/(LATAMI)	10.5	36.5%	-28.2%	18.2	-8.6%
Normalised EPS/(LPS) (sen)	0.95	0.03	(0.03)	1.64	(0.01)
EBITDA margin (%)	17.9%	0.2	0.2	16.2%	0.1
EBIT margin (%)	10.1%	0.5	0.3	8.5%	0.3
Normalised PATAMI margin (%)	4.0%	0.3	-0.2	3.6%	0.0
Effective tax rate (%)	-32.7%	0.5	0.1	-44.6%	-0.1

Source: Company, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology