3QFY22 Results Review (Below) | Wednesday, 30 November 2022

Media Prima Berhad

(4502 | MPR MK) Telecommunications and Media | Media

***Maintain* BUY**

Resilient Performance

***Lower* Target Price: RM0.60**

(Previously: RM0.71)

KEY INVESTMENT HIGHLIGHTS

- **Weaker home shopping sales and publishing segments**
- **Recorded quarterly profit for ninth consecutive quarter**
- **Downward revision on earnings forecast**
- **Maintain BUY with lower TP of RM0.60**

Quarterly. Media Prima Berhad's (MPB) 3QFY22 normalised PATAMI was recorded at RM4.4m (+68.2%yoy) vs RM2.6m in 3QFY21 on the back of increase growth in advertising income and cost saving initiatives. However, revenue fell by -7.8%yoy to RM237.2m in the 3QFY22 due to weaker sales primarily in the home shopping and publishing segments.

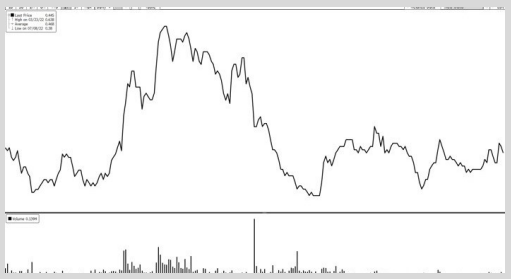
Cumulatively. MPB experienced flat growth (-0.6%yoy) in 9MFY22 normalised PATAMI recorded at RM22.6m, compared to the normalised net profit of RM22.7m the previous year. Earnings marginally declined due to lower newspaper readership and printing throughout the period, as well as a smaller contribution from the home shopping segment. Overall, the Group maintained quarterly profit momentum for the ninth consecutive quarter from the 3QFY20. Yet, the 9MFY22 outcome fell short of our and consensus projections at 56% and 62% 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 due to reopening of economy.

Earnings estimates. We revised our revenue and earnings forecasts downward for FY22/23F, lower by -17.2% to -14.7% due to earnings falling short of our expectations. As a result of the earnings downgrade, our target price has been trimmed from RM0.71 to **RM0.60**. This is based on an unchanged PER of 14.2x and its revised FY23 EPS of 4.29sen. 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 remain optimistic about the company's overall prospects since we anticipate advertising revenue to rise in the future quarters due to the reopening of the economy and encouraging economic activities. We think businesses would spend more on advertising activities which consequently propelled advertising expenditure (ADEX) to move uptrend. Overall, we continue our **BUY** recommendation on MPB with a +33.3% potential.

RETURN STATISTICS	
Price @ 29th November 2022 (RM)	0.45
Expected share price return (%)	+33.3
Expected dividend yield (%)	0.0
Expected total return (%)	**+33.3**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	4.7	2.7
3 months	9.9	-0.6
12 months	-4.3	-1.9

KEY STATISTICS	
FBM KLCI	1476.96
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	0.38 – 0.67
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	1,096.6	1,136.9
EBIT (RM'm)	(164.4)	2.3	99.3	51.2	68.9
Pre-tax Profit (RM'm)	(173.0)	(5.8)	90.2	44.3	62.5
PATAMI (RM'm)	(185.5)	(18.4)	55.2	33.7	47.5
Normalised PATAMI (RM'm)	(62.8)	(17.4)	53.1	33.7	47.5
EPS (sen)	n.a.	n.a	4.8	3.0	4.3
PER (x)	n.a.	n.a	16.6	16.5	11.7

Source: Company, MIDFR

MEDIA PRIMA BERHAD: 3QFY22 RESULTS SUMMARY

RM'm unless otherwise stated	3Q22	QoQ	YoY	9M22	YoY
Revenue	237.2	-9.0	-7.8	745.2	>100
EBITDA	36.2	-22.4	2.9	118.6	>100
Depreciation and amortisation	-19.9	3.1	2.0	-58.9	-65.6
EBIT/(LBIT)	16.3	-37.7	9.6	59.7	50.1
Finance costs	-4.9	-5.8	-84.1	-13.7	-11.7
Finance income	2.0	25.0	31.9	5.1	4.4
Associates income	0.0	821.1	>100	0.0	-0.2
PBT/(LBT)	13.5	-41.8	-1.5	51.1	42.7
Taxation	-7.4	2.7	-3.3	-24.2	-19.3
PAT/LAT	6.1	-60.8	-6.8	27.0	23.4
MI	-1.0	-431.1	1.5	-2.0	-2.9
PATAMI/(LATAMI)	5.1	-67.1	-33.4	26.5	26.3
Normalised PATAMI/(LATAMI)	4.4	-57.9	68.2	22.6	22.7
Normalised EPS/(LPS) (sen)	0.40	-5.2	6.1	2.04	2.0
		+/- ppts	+/- ppts		
EBITDA margin (%)	15.3	-14.7	0.1	15.9	14.4
EBIT margin (%)	6.9	-31.5	0.2	8.0	6.2
Normalised PATAMI margin (%)	1.9	-53.8	0.8	3.0	2.8
Effective tax rate (%)	-54.7	-67.2	0.0	-47.2	-45.2

Source: Company, MIDFR

3QFY22 SEGMENTAL BREAKDOWN

Platforms	3Q22	QoQ	YoY	9M22	YoY
Omnia	174.7	-10.8	4.0	543.5	17.9
Broadcasting	17.0	64.3	>100	45.6	>100
Out-of-home	0.7	-10.1	-12.4	2.3	-95.4
Publishing	10.5	5.0	-24.1	31.7	-28.0
Digital media	0.9	-9.6	1.0	3.5	69.7
Home shopping	32.7	-21.8	-49.8	117.1	-46.0

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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