Media Prima Berhad

(4502 | MPR MK) Telecommunications and Media | Media

***Maintain* BUY**

Resilient Quarter

***Unchanged* Target Price: RM0.60**

KEY INVESTMENT HIGHLIGHTS

- **The Group experienced lower FY22 normalised PATAMI, at RM41.5m.**
- **However, it beat expectation**
- **The Group recorded profit for the second year in a row**
- **Earnings forecast revised upward**
- **Maintain BUY with unchanged TP of RM0.60**

Media Prima recorded FY22 normalised PATAMI of RM41.5m. Note that we have excluded mainly RM10.6m Covid-19 related rent concessions in our normalized PATAMI calculations. The FY22 normalised PATAMI for Media Prima Berhad's (MPB) came in above our expectation, meeting 123% of our full year forecast. The positive divergence on the estimate was most likely due to higher-than-expected revenue from Out-of-Home and Digital Media platforms which offset the softer advertising revenue on the Group's broadcasting media platform.

Quarterly. On quarterly basis, MPB recorded 4QFY22 normalised PATAMI of RM18.9m (-37.7%yoy) vs RM30.4m in 4QFY21 mainly due to the exclusion of RM10.6m worth of Covid-19-related rent concessions. Alongside with that, MPB's topline dropped by -20.0%yoy to RM252.7m in the 4QFY22. This was due to decline in growth for non-advertising income.

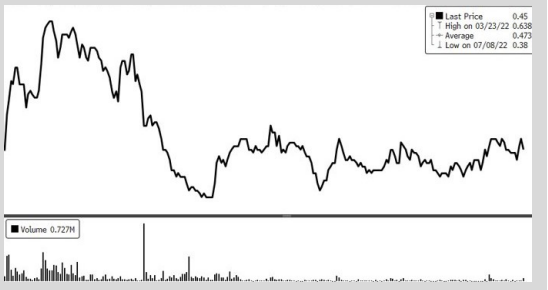
Cumulatively. MPB experienced lower FY22 normalised PATAMI, at RM41.5m or -21.9%yoy. Earnings declined due to lower revenue by -10.9%yoy coupled with the one off higher other operating income from the Covid-19-related rent concessions. Nonetheless, the Group managed to achieve a profit for the second year in a row. This was primarily driven by the elevated demand for Out-of-Home platform which get consolidated under Omnia segment from the third quarter of 2021.

Earnings estimates. As earnings beat our estimates, we revised our FY23F revenue and earnings forecasts upward by +1.1% and +11.2%. Nonetheless, we maintain our target price at **RM0.60** given the new EPS of 4.8sen is pegged against lower PER of 12.5x, which is in line with its two-year historical average PER. We think the current valuation of the company is reasonable given the short-term slowdown in ads spending due to compelling factors such as inflation and increased interest rates.

Maintain BUY. We have a positive outlook on the future of the company as we expect advertising revenue to increase in the upcoming quarters due to the increased economic activity coupled with the Group's initiated three years business plan that concentrates on three main objectives which are enhancing content, improving the quality of inventories, and exploring new avenues for revenue. We are of the opinion that these endeavors will create a solid base for MPB to attain consistent growth, gain a competitive advantage, attract valuable clients and projects, and achieve revenue diversification. All in all, we maintain our recommendation to **BUY** MPB, with a potential increase of 33.3%.

RETURN STATISTICS	
Price @ 22nd February 23, 2023 (RM)	0.45
Expected share price return (%)	+33.3
Expected dividend yield (%)	0.0
Expected total return (%)	**+33.3**

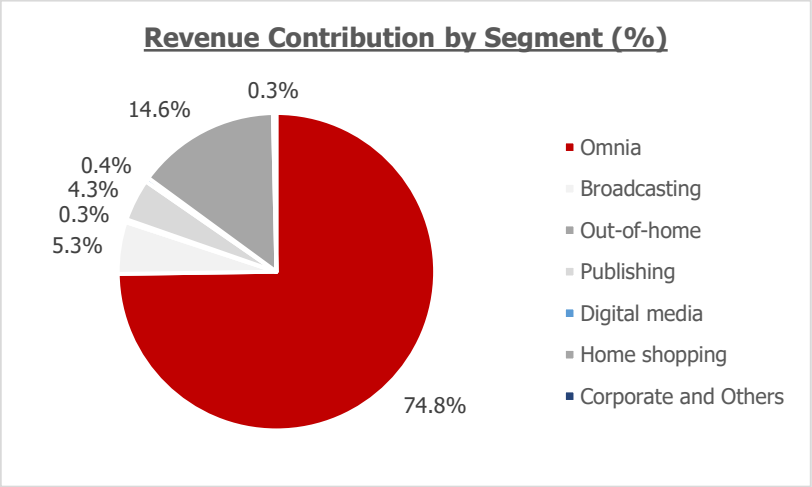
SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	4.7	7.2
3 months	7.1	3.2
12 months	-12.6	-5.3

KEY STATISTICS	
FBM KLCI	1,464.00
Syariah compliant	No
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆☆
Issue shares (m)	1109.20
Estimated free float (%)	35.74
Market Capitalisation (RM'm)	499.14
52-wk price range	RM0.38 - RM0.67
Beta vs FBM KLCI (x)	1.21
3-mth average daily volume (m)	0.22
3-mth average daily value (RM'm)	0.10
Top Shareholders (%)	
Aurora Mulia Sdn Bhd	31.90
JAG Capital Holdings Sdn Bhd	20.08
Morgan Stanley	10.18

MIDF Research
research@midf.com.my



Source: Company, MIDFR

INVESTMENT STATISTICS

Income Statement	FY20A	FY21A	FY22A	FY23F	FY24F
Revenue (RM'm)	1,041.6	1,120.2	997.9	1,149.4	1,207.7
EBIT (RM'm)	2.3	99.3	98.0	75.9	85.2
Pre-tax Profit (RM'm)	-5.8	90.2	87.5	69.5	81.4
PATAMI (RM'm)	-18.4	55.2	57.4	52.9	61.9
Normalised PATAMI (RM'm)	-17.4	53.1	41.5	52.9	61.9
EPS (sen)	n.a	4.8	3.7	4.8	5.6

Source: Company, MIDFR

MEDIA PRIMA BERHAD: 4QFY22 RESULTS SUMMARY

RM'm unless otherwise stated	4Q22	QoQ	YoY	FY22	YoY
Revenue	252.7	6.5	-20.0	997.9	-10.9
EBITDA	60.1	65.8	-20.2	178.6	-6.5
Depreciation and amortisation	-21.7	-9.1	16.9	-80.6	12.1
EBIT/(LBIT)	38.4	134.8	-21.9	98.0	-1.3
Finance costs	-4.1	15.7	-33.2	-17.9	-20.6
Finance income	2.2	6.1	37.4	7.3	21.8
Associates income	0.0	-77.1	114.8	0.0	119.1
PBT/(LBT)	36.4	169.6	-23.5	87.5	-3.0
Taxation	-9.5	-29.0	50.9	-33.7	12.9
PAT/LAT	26.9	339.1	-4.6	53.9	4.4
MI	4.0	487.4	630.7	2.0	154.4
PATAMI/(LATAMI)	30.9	508.4	6.8	57.4	4.0
Normalised PATAMI/(LATAMI)	18.9	328.8	-37.7	41.5	-21.9
		+/- ppts	+/- ppts		+/- ppts
Normalised EPS/(LPS) (sen)	1.71	3.3	0.2	3.74	-0.2
		+/- ppts	+/- ppts		+/- ppts
EBITDA margin (%)	23.8	0.6	0.0	17.9	59.2
EBIT margin (%)	15.2	1.2	0.0	9.8	11.6
Normalised PATAMI margin (%)	7.5	3.0	-0.2	4.2	200.2
Effective tax rate (%)	-26.2	0.5	0.4	-38.5	-431.6

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