

25 May 2018 | 1QFY18 Results Review

## Media Prima Berhad

*On path to recovery*

### INVESTMENT HIGHLIGHTS

- 1QFY18 normalised loss narrow down to –RM21.1m
- Better performance across all business platforms with the exception of television networks and outdoor media
- Gradually reducing its reliance on advertising income
- Upgrade to **TRADING BUY** with a revised target price of **RM0.41**

**Improvement seen in 1QFY18 results.** Media Prima Bhd (MPB) 1QFY18 normalised loss narrowed down to –RM21.1m. This was an improvement from a loss of –RM39.0 observed in 1QFY17. The recovery in the financial performance was mainly supported by higher contributions from almost all the business platforms with the exception of television networks and outdoor media (*refer to table 1*).

**Table 1: Profit or loss after tax by media platform**

Platform	1QFY18 (RM'm)	1QFY17 (RM'm)	Remarks
Television networks	-34.7	-23.0	Lower adex take up in the free-to-air television segment
Print media	-2.2	-17.0	Lower production cost and administrative expenses
Outdoor media	4.5	7.1	Higher site and authority fees
Radio	5.7	2.1	Higher Radio adex
Digital media	3.4	0.2	Digital advertising revenue from Rev Asia
Content creation	6.3	1.3	Lower administrative expenses
Home shopping	-1.6	-4.2	Improvement in net sales


Source: Company, MIDFR

**Target price.** We are rolling forward our valuation base year to FY19 and derive a new target price of **RM0.41** (previously RM0.52) based on forward price-to-book ratio of 0.75x. This is the three year historical rolling average.

**Upgrade to TRADING BUY**  
(previously SELL)  
**Revised Target Price (TP): RM0.41**  
(previously RM0.52)

RETURN STATS	
Price (24 May 2018)	RM0.36
Target Price	RM0.41
Expected Share Price Return	+13.9%
Expected Dividend Yield	0.0%
<b>Expected Total Return</b>	<b>+13.9%</b>

STOCK INFO	
KLCI	1,75.66
Bursa / Bloomberg	4502 / MPR MK
Board / Sector	Main/ Media
Syariah Compliant	No
Issued shares (mil)	1,109.2
Market cap. (RM'm)	399.3
52-wk price Range	RM0.25 – RM1.13
Beta (against KLCI)	1.38
3-mth Avg Daily Vol	4.0m
3-mth Avg Daily Value	RM1.5m
Major Shareholders (%)	
Morgan Stanley	12.54
EPF	11.99
Amanah Raya Bhd	11.09
PNB and associated funds	9.42
Altima Inc	7.96

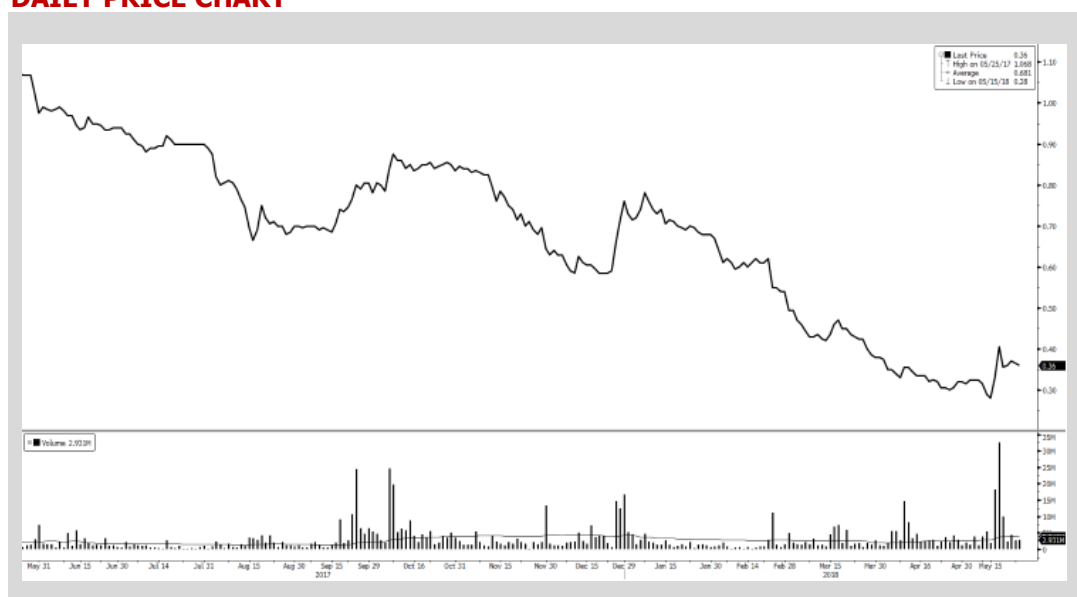
**Upgrade to TRADING BUY.** MPB's traditional core businesses continue to impact the group's overall financial performance which has severely impact its retained earnings position. This has led the company to rethink about its business models in entirety via the execution of its "odyssey strategy". The group is now aiming to grow its revenue in non-advertising, non-TV/print, international and digital segments. Coupled with continuous cost management, notable improvement has been seen in the latest quarterly earnings. Premised on this, we are expecting the losses to narrow down further in the coming quarters. All factors considered, we are upgrading our recommendation to **TRADING BUY** from SELL previously. 

## INVESTMENT STATISTICS

FYE 31 <sup>st</sup> Dec	FY16	FY17	FY18F	FY19F
Revenue (RM'm)	1,289.0	1,195.7	1,175.6	1,200.2
Reported EBIT (RM'm)	-56.9	-595.1	-63.9	-26.6
Reported Pretax Profit (RM'm)	-65.9	-605.5	-69.7	-33.2
Reported Net Profit after MI (RM'm)	-59.2	-650.6	-63.6	-27.2
Normalised Net Profit after MI (RM'm)	82.2	-157.4	-63.6	-27.2
Normalised EPS (sen)	7.4	-58.7	-5.7	-2.5
Normalised EPS growth (%)	-41.4	n.m.	n.m.	n.m.
PER(x)	4.9	n.m.	-6.3	-14.7
Net Dividend (sen)	8	0	0	0
Net Dividend Yield (%)	22.2	0.0	0.0	0.0

Source: Company, MIDFR

## DAILY PRICE CHART



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## MEDIA PRIMA: 1QFY18 Results Summary

<i>(All in RM'm unless stated otherwise)</i>	Quarterly				
FYE 31 <sup>st</sup> Dec	1QFY18	1QFY17	% YoY	4QFY17	% QoQ
Revenue	280.7	272.2	3.1	306.2	-8.3
EBITDA	0.3	-10.7	-103.1	-297.6	-100.1
Depreciation and amortisation	-18.9	-26.1	-27.6	-28.8	-34.4
EBIT	-18.6	-36.8	-49.6	-326.4	-94.3
Finance costs	-5.9	-3.3	76.6	-4.4	32.0
Finance income	1.9	2.7	-29.9	2.1	-8.7
Associates income	0.0	-1.9	n.m.	0.0	n.m.
PBT	-22.5	-39.4	-42.7	-328.8	-93.1
Taxation	-0.5	-2.0	-77.3	-56.0	-99.2
PAT	-23.0	-41.4	-44.4	-384.7	-94.0
MI	1.2	2.9	-59.5	6.6	-82.2
PATAMI	-21.8	-38.5	-43.3	-378.2	-94.2
Normalised PATAMI	-21.1	-39.0	-46.1	-76.4	-72.4
Normalised EPS (sen)	-1.9	-3.5	-46.1	-6.9	-72.4
			+/- ppts		+/- ppts
EBITDA margin (%)	0.1	-3.945	4.1	-97.2	97.3
Normalised PATAMI margin (%)	-7.5	-14.3	6.8	-25.0	17.4
Effective tax rate (%)	-2.0	-5.084	3.1	-17.0	15.0

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 <i>rise</i> 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 <i>fall</i> 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.