

Media Prima Berhad

(4502 | MPR MK) Telecommunications and Media | Media

Maintain BUY

Stayed Profitable

KEY INVESTMENT HIGHLIGHTS

- **Advertising revenue across the Group's businesses improved, led by higher contributions from the Group's broadcasting business.**
- **Earnings estimates revised downwards**
- **Maintain BUY with revised TP of RM0.82**

Revised Target Price: RM0.82

(Previously: RM0.72)

Quarterly. Media Prima Berhad's (MPB) 1QFY22 normalised PATAMI came in at RM7.7m (+45.6%yoy). This was contributed by lower depreciation and amortization expenses together with higher other operating income. Additionally, revenue in 1QFY22 was flattish with a marginal decline of -2.8%yoy to RM247.5m. This was mostly attributed to the cyclically softer advertising expenditure. In totality, advertising revenue across the Group's businesses improved, led by higher contributions from the Group's broadcasting business.

Cumulatively. For FY22, MPB stayed profitable, posting a normalised PATAMI of RM7.7m against its normalized net profit of RM5.3m in the prior year. Broadcasting segment, represented by Media Prima Television Networks and Media Prima Audio, was the best performing business segment for the Group and recorded an increased in revenue by +31.9%yoy. Overall, the Group continued quarterly profit momentum for seventh consecutive quarter since 3QFY20. Yet, the FY22 result missed our and consensus expectations at 15% and 11% of FY22 full-year estimates respectively. The negative deviation was most likely due to lower than expected revenue growth in sales of home shopping goods as consumers returned to brick-and-mortar shopping.

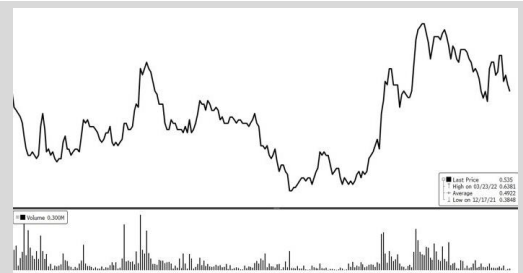
Earnings estimates. As earnings came in below our estimates, we revised our revenue and earnings estimates for FY22/23F downward between -1.5% to -4.0%. We rollover our valuation base year to FY23 and derived a target price of **RM0.82**. This is premised on PER 14.2x (previously 16x) pegged to its new FY23 EPS of 5.8sen. We opine that the reopening of economy and resumption of business activities will provide a catch up in demand for advertising in other platforms that have previously been impacted by the Movement Control Orders.

Maintain BUY. We are sanguine on the overall prospects of the company as we foresee stronger advertising revenue in the coming quarters. Should CY22 be an election year, this could be a catalyst for the operations of MPB's traditional media businesses ,i.e. television and newspapers as election years would typically garner higher traditional media buys. Overall, we maintain our **BUY** call on MPB with an upside of +53.5%.

RETURN STATISTICS

Price @ 30 th May 2022 (RM)	0.535
Expected share price return (%)	+53.3
Expected dividend yield (%)	0.0
Expected total return (%)	+53.5

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	-6.1	-2.6
3 months	-15.7	-0.4
12 months	-3.6	-1.1

KEY STATISTICS

FBM KLCI	1,543.02
Syariah compliant	No
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆☆
Issue shares (m)	1109.20
Estimated free float (%)	42.43
Market Capitalisation (RM'm)	593.42
52-wk price range	0.39 - 0.67
Beta vs FBM KLCI (x)	1.21
Monthly velocity (%)	0.00
Monthly volatility (%)	35.13
3-mth average daily volume (m)	1.74
3-mth average daily value (RM'm)	1.06
Top Shareholders (%)	
Aurora Mulia Sdn Bhd	31.90
JAG Capital Holdings Sdn Bhd	15.15
Morgan Stanley	10.18

INVESTMENT STATISTICS

Income Statement	FY19A	FY20A	FY21A	FY22F	FY23F
Revenue (RM'm)	1,106.0	1,041.6	1,120.2	1,226.3	1,272.9
EBIT (RM'm)	-164.4	2.3	99.3	70.0	90.7
Pre-tax Profit (RM'm)	-173.0	-5.8	90.2	63.1	84.3
PATAMI (RM'm)	-185.5	-18.4	55.2	48.0	64.1
Normalised PATAMI (RM'm)	-62.8	-17.4	53.1	48.0	64.1
EPS (sen)	n.a.	n.a	4.79	4.3	5.8
PER (x)	n.a.	n.a	16.6	11.6	8.7

Source: Company, MIDFR

MEDIA PRIMA BERHAD: 1QFY22 RESULTS SUMMARY

RM'm unless otherwise stated	1Q22	1Q21	4Q21	QoQ	YoY
Revenue	247.5	254.5	315.9	-21.7	-2.8
EBITDA	35.6	36.5	75.3	-52.7	-2.3
Depreciation and amortisation	-18.5	-24.3	-26.1	-29.4	-24.2
EBIT/(LBIT)	17.1	12.1	49.1	-65.1	41.6
Finance costs	-4.2	-3.9	-3.1	34.7	7.7
Finance income	1.5	1.5	1.6	-7.4	0.2
Associates income	0.0	-0.1	-0.1	-98.1	-98.0
PBT/(LBT)	14.4	9.6	47.6	-69.7	49.8
Taxation	-9.2	-5.5	-19.4	-52.6	68.2
PAT/LAT	5.2	4.2	28.2	-81.5	25.7
MI	-0.8	-1.1	-0.8	5.4	-26.3
PATAMI/(LATAMI)	6.0	5.2	28.9	-79.2	14.9
Normalised PATAMI/(LATAMI)	7.7	5.3	30.4	-74.7	45.6
Normalised EPS/(LPS) (sen)	0.69	0.48	2.74	-0.7	0.5
				pts	pts
EBITDA margin (%)	14.4	14.3	23.8	0.1	-9.4
EBIT margin (%)	6.9	4.8	15.6	2.2	-8.6
Normalised PATAMI margin (%)	3.1	2.1	9.6	1.0	-6.5
Effective tax rate (%)	-63.7	-56.8	-40.7	-7.0	-23.0

Source: Company, MIDFR

SEGMENTAL REVENUE BREAKDOWN

Platforms	1Q22	1Q21	4Q21	QoQ	YoY
Omnia*	172.9	129.7	232.8	-0.3	0.3
Broadcasting**	18.2	0.6	14.7	0.2	31.9
Out-of-home	0.8	23.7	0.6	0.5	-1.0
Publishing	11.2	15.2	13.0	-0.1	-0.3
Digital media	1.5	0.5	2.3	-0.4	1.9
Content creation	0.3	8.3	0.9	-0.6	-1.0
Home shopping	42.6	76.6	51.7	-0.2	-0.4

* Represents advertising revenue from the Group's Broadcasting, Publishing as well as Branded Content under Content Creation effective April 2020.

** Represents commercial television and radio broadcasting. Previously, Television Networks and Radio Networks were two separate operating segment.

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.

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