



## Company report

AmInvestment Bank  
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02-2036 2333

# MEDIA PRIMA

(MPR MK EQUITY, MPRM.KL)

30 June 2020

*Next round of job cuts confirmed*

**HOLD**

Price: RM0.15  
Fair Value: RM0.22

**Rationale for report: Company update**

YE to Dec	FY19	FY20F	FY21F	FY22F
FD Core EPS (sen)	(5.7)	(7.2)	(5.3)	(2.6)
PE (x)	(2.6)	(2.1)	(2.8)	(5.8)

Source: AmInvestment Bank Bhd

Quick Take

- **Media Prima (MPR) has released a press statement confirming its next phase of its business transformation plan announced on 4 June 2020. MPR said 300 of its employees would be affected by its latest round of manpower rationalization exercise amid its challenging operating environment which has been worsened by Covid-19 effects. This would be MPR's second retrenchment exercise this year after laying off 543 New Straits Times Press employees in March 2020, according to *The Edge Markets* website.**
- **Based on MPR's FY19 annual report, it currently has 3,689 employees. Assuming 300 staff would be retrenched (8% of its current workforce) and accounting for the group's manpower rationalization exercises in the past, the group would have to pay out RM22mil to RM48mil in termination benefits for the exercise.**
- **We estimate that roughly RM27.5mil in cost savings would be realised moving forward, based on the group's FY19 average staff cost ex termination benefits of RM92mil. As termination benefits are considered an exceptional item, we make no changes to our earnings forecast.**
- **Maintain HOLD on Media Prima with unchanged fair value of RM0.22/share, pegged to a PB ratio of 0.4x. Its outlook remains lacklustre amid a challenging operating environment weighed down by the anticipation of softer adex amid Covid-19 uncertainties although its cost-optimization initiatives would help to cushion decline in earnings.**

TABLE 1 : VALUATION MATRIX

YE 31 Dec	FY18	FY19	FY20F	FY21F	FY22F
Revenue (RM mil)	1,185.7	1,106.0	1,165.4	1,228.9	1,339.7
Core net profit (RM mil)	(101.1)	(63.0)	(79.9)	(58.5)	(28.9)
FD Core EPS (sen)	(9.1)	(5.7)	(7.2)	(5.3)	(2.6)
FD Core EPS growth (%)	(42.9)	(37.7)	26.7	(26.8)	(50.5)
Consensus Net Profit (RM mil)	-	-	(86.0)	(48.8)	(27.1)
DPS (sen)	-	-	-	-	-
PE (x)	(1.6)	(2.6)	(2.1)	(2.8)	(5.8)
EV/EBITDA (x)	3.1	(1.2)	5.6	3.7	2.4
Div yield (%)	-	-	-	-	-
ROE (%)	7.4	(25.3)	(14.3)	(12.0)	(6.5)
Net Gearing (%)	nm	nm	nm	nm	-

Source: Company, AmInvestment Bank Bhd estimates

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