

Kenneth Leong

(603) 7890 8888 (ext 2093)

kenneth.leong@apexsecurities.com.my

Recommendation: Not Rated

Current Price: RM 0.505

Previous Target Price: -

Target Price: RM 0.74

Upside/Downside: 46.5%

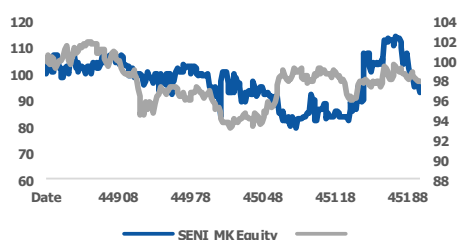
Stock information

Board	MAIN
Sector	Telco & Media
Bursa / Bloomberg Code	9431 / SENI MK
Syariah Compliant	Yes
FTSE4Good Index	No
FTSE ESG Rating	N/A
Bloomberg ESG Rating	N/A
Shares issued (m)	213.5
Market Cap (RM' m)	107.8
52-Week Price Range (RM)	0.665-0.445
Beta (x)	0.2
Free float (%)	39.0
3M Average Volume (m)	0.5
3M Average Value (RM' m)	0.3

Top 3 Shareholders (%)

Lee Yee Nai	12.0
KENANGA ASNITABOND	7.7
Lee Chin Cheh	6.2

Share Price Performance



	1M	3M	12M
Absolute (%)	-19.8	6.3	-9.8
Relative (%)	-19.9	6.8	-8.1

Seni Jaya Corporation Berhad

Redefining advertising industry

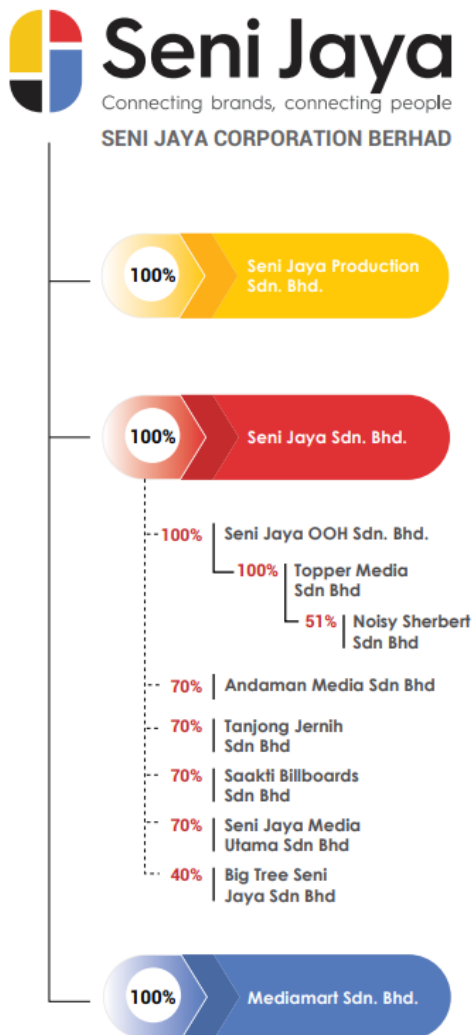
Summary

- Offers comprehensive OOH media solutions such as provision of advertising services of static billboard (OOH), digital billboard (DOOH), mobile DOOH, ambient advertising, localise advertising (street buntings) and LRT (outdoor advertising).
- Core earnings to accelerate from on-going business expansions within the advertising segment together with new revenue stream from the entertainment segment.
- SJC is valued by pegging its FY25F core EPS of 6.1 sen to PE of 12.0x, leading to a FV of RM0.74 (46.5% potential upside from current price).

Company Background

- Seni Jaya Corporation Berhad (SJC) history traces back to 1983 and has now evolved into one of the leading providers of outdoor advertising services in Malaysia. The group is now positioned as a comprehensive Out-Of-Home (OOH) media specialist and leader in the advertising space.
- Several services offered include provision of advertising services of static billboard (OOH), digital billboard (DOOH), mobile DOOH, ambient advertising, localise advertising (street buntings) and LRT (outdoor advertising).
- After embarking onto a transformation plan since May 2021 which revolves a change in management as well as asset consolidation through strategic collaboration and acquisition, SJC now operates more than 500 billboards nationwide in Malaysia.
- SJC has been managing one of the busiest urban highway concessions, namely LDP Highway, since its inception in 2005. In 2016, through Big Tree Seni Jaya Sdn Bhd (BTSJ), the group has secured the outdoor advertising concession from MRT Corp for SBK Line.
- The group also marked a historical milestone and pride themselves with penning their names in the Malaysia Book of Records for the launch of Malaysia's first digital gantry in August 2022, located at Lebuhraya Damansara Puchong (LDP) Expressway, Petaling Jaya.

Corporate Structure

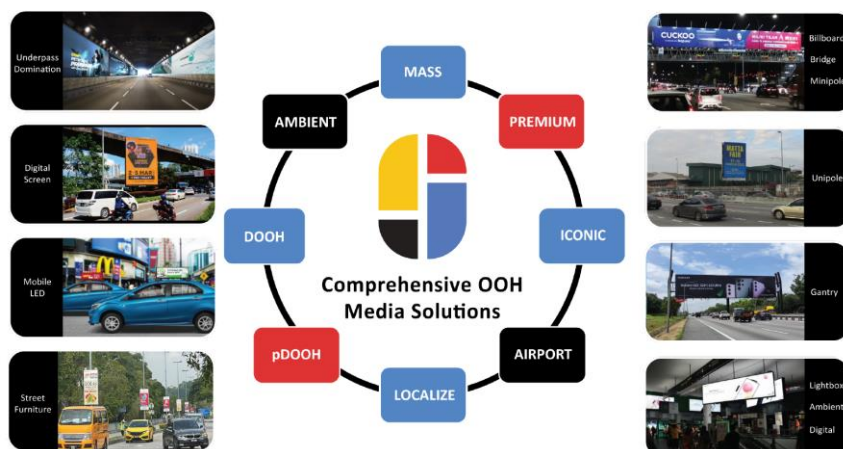


Source: Company

Business Overview

- SJC offers comprehensive OOH media solutions. Since undertaking major transformation in 2021, the group number of advertising assets and products rose exponentially till to-date.
- Presently, the group operates (i) more than 500 static outdoor billboards, (ii) 29 digital outdoor billboards (iii) more than 400 transit pillars, (iii) established advertisements in airports, (iv) partnerships with e-hailing through the acquisition of ENOMAD and (v) ramping up concession through partnership with MRT, LRT, Malaysia Airport Holdings and KLIA2.

Comprehensive OOH media solutions



Source: Company

- Going forward, SJC has set aside an estimated CAPEX of RM20.8m for 2024F to undertake a total of 9 projects. The move aims to expand their presence and establish their footprint at Kota Kinabalu. We expect the move to be earnings accretive over the long run as the group aims to replicate their success in penetrating into other geographical markets in recent years.

2024 Projected CAPEX

Project	Status	Estimated Commencement				Estimated CAPEX (RM' m)
		1Q24	2Q24	3Q24	4Q24	
Subang Digital Series	Pending					1.5
Melaka Digital Series	Approved					1.5
LRT - Ampang Line (Phase 2)	Approved					3.1
Federal Highway Digital Gantry	Approved					4.2
Jalan Sungai Besi Digital Gantry	Approved					3.0
SPRINT Highway Digital Gantry	Approved					3.0
Kota Kinabalu Digital Series A	Pending					1.5
Kota Kinabalu Digital Series B	Pending					1.5
Kota Kinabalu Digital Series C	Pending					1.5
TOTAL						20.8

Source: Company, Apex Securities

- Apart from expansion of the group advertising business, SJC has embarked into the entertainment business in bid to diversify the group income stream. The group is hosting the world's first "B★ Verse" (BTS, Singing the Stars) Exhibition from 1st December 2023 till 10th March 2024 at Pavilion Bukit Jalil. Thereafter, the group will host the aforementioned event through a joint-venture with 50% share in Singapore from April till June 2024 and consequently a one-off disposal of rights from October 2024 till December 2024.
- We opine the move will be a key revenue driver for 2024, leveraging onto the popularity of Kpop artist. Already, we gather that response for ticket sales has been outstanding with early bird ticket prices between RM78-88 fully sold out. Prices of tickets are ranged between RM68 (for children age 6-12) to RM148 for walk-in non-Malaysian.

B★Verse (BTS, Singing the Stars)



Source: SJC

B★Verse Business Model



When	Dec 23 to Mar 24	Apr 24 to Jun 24	Oct 24 to Dec 24
Business Model	Ownership	JV on profit share	Disposal of rights
Revenue	100%	50%	One off

Source: SJC

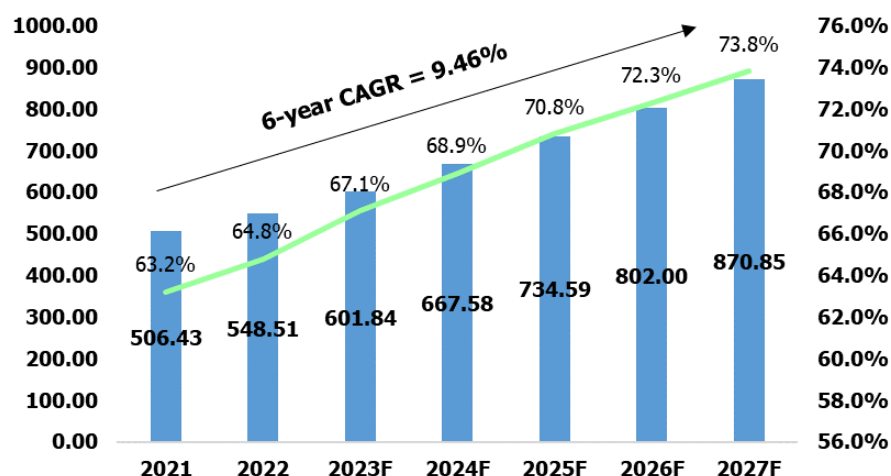
- In bid to fund the group expansion plans, SJC undertook a private placement that entails the issuance of 19.4m shares to raise RM10.8m. Bulk of the proceeds will be utilise for (i) B★Verse exhibition project (RM4.2m), (ii) expenditures in relation to LRT Ampang Line project and upgrading of existing static billboards to digital billboards (RM5.6m), (iii) working capital (RM0.3m) and (iv) expenses in relation to proposed private placement exercise (RM0.4m).

Industry Overview

- With growing and young population in the Asia Pacific market, we believe that SJC plays a vital role in the development OOH advertising market in Malaysia. Recently, a study from World Out of Home Organization (WOO) highlights that Asia Pacific OOH commands 7% of market share against 5% recorded globally and OOH market is expected to grow on a gradual manner towards 10% over the long run. The move will be supported by advancement in technology and creative innovations in the digital advertising industry.
- While the traditional media advertising expenditure experienced a decline in 1H23, OOH advertising saw positive growth at +4.7% yoy in 1H23, highlighting the change of advertising landscape. Moving forward, Advertising Association is projecting OOH advertising is expected to deliver +7.7% yoy improvement in 2023F and to expand further by +5.0% yoy in 2024F.

- At present, digital screens, interactive displays, and programmatic advertising have transformed traditional static billboards into dynamic and engaging platforms. This allows the rollout for more targeted and personalised advertising campaigns. Looking ahead, we reckon that gradual upgrade of static billboards to digital billboards presents vast opportunities for SJC.
- We gather that advertising spending in the OOH advertising market is projected to reach US\$601.84b in 2023F, making up 63.2% market share against total media advertising spending. From that, growth is expected to see sequential and gradual improvement to hit US\$870.85b in 2027F (73.8% market share of total media spending), representing six-year cumulative annual growth rate (CAGR) of 9.46%. We reckon that growth will emanate from higher time spent on social media platforms, apps, retail media and gaming environments.

Global Digital Advertising Spending (US\$)



Source: eMarketer, Apex Securities

Investment Highlights

- **Expansion on the cards.** SJC intends to spend RM20.8m across 9 projects in 2024. The move aims to expand their presence and establish footprint across Malaysia. This allows the group to raise brand visibility and recognition, while potentially enlarging customer base. We reckon that the move will cement the group position as one of the leading advertising companies in Malaysia will be earnings accretive over the long run.
- **Leveraging onto solid DOOH industry outlook.** The traditional out-of-home advertising industry has been transitioning into digital formats. Digital screens provide the flexibility to display dynamic and interactive content, including videos, animations, and real-time updates. This captivates viewers' attention and creates a more engaging advertising experience. In addition, the deployment of DOOH is accompanied by the revolution of digital infrastructure and increasing sustainability through usage of LED displays.

- **Penetrating into entertainment industry.** We are sanguine over SJC move stepping into the entertainment industry. Apart from reducing the risk of reliance onto single income stream, both the advertising and entertainment segment will complement each and establish a symbiotic relationship. Key areas of business relationship can be established through product placement, sponsorships and partnerships, cross-promotion and development of branded content.

Financial Highlights

- In FY23, SJC revenue and core net profit stood at RM21.5m and RM1.5m respectively. This was a turnaround against core net losses recorded in the previous two corresponding financial year (FY21 & FY22), reaping the fruits of labour from the group on-going transformation plan.
- Moving forward, we forecast core net profit to record at RM11.7m and RM13.1m for FY24F and FY25F respectively. The said growth will be anchored by the on-going business expansions within the advertising segment together with new revenue stream from the entertainment segment. Meanwhile, we gather that the group continues to pare down gearing level over the years and we expect the aforementioned trend to extend over the next couple of years.

FYE Jun (RM m)	FY21	FY22	FY23	FY24F	FY25F
Revenue	8.7	37.9	21.5	75.8	85.8
EBITDA	-10.5	12.1	11.3	26.5	17.2
Pre-tax Profit	-17.0	7.5	9.8	22.7	15.4
Profit After Tax	-17.2	7.6	9.3	21.6	13.1
Net Profit	-17.2	7.3	9.3	21.6	13.1
Core Net Profit	-17.2	0.0	1.5	11.7	13.1
Core EPS (sen)	-8.1	0.0	0.7	5.5	6.1
Core P/E (x)	-	-	69.7	9.2	8.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
P/B (x)	2.3	2.1	1.8	1.6	1.4
ROE (%)	-37.1	0.0	2.5	17.1	17.2
Gearing (%)	7.7	6.1	3.7	2.8	1.9

Source: Company, Apex Securities

FY21 & FY22 based on FYE December

FY23 based on 6 months data due to change in financial year end to June

FY24 based on 18 months data due to change in financial year end to June

Valuation & Recommendation

- We favour SJC for its established position in the advertising industry and are sanguine over the longer-term business prospects, riding onto the revolution of DOOH industry and marking their presence into the entertainment industry which will create a synergistic effect.
- Our target price at RM0.74 is derived by pegging P/E multiple of 12.0x to FY25F EPS of 6.1 sen. The assigned P/E represents a discount to Bursa Malaysia's telecommunication & media forward P/E in 2024F at 20.6x, owing to the group's smaller market capitalisation.

- We reckon that at RM0.505, SJC is trading at undemanding valuations with prospective single P/E multiples of 9.2x and 8.2x for FY24F and FY25F respectively. The aforementioned figures hovers at the lower end against selected media & advertising peers forward averages listed on Bursa Malaysia, representing potential upside, in our view.

Peers Comparison

Company	Market Group	FYE	Price (RM)	Market Cap (RM 'm)	P/E (x)		Gross DY (%)	Revenue RM 'm	Net Income RM 'm
					FY23F	FY24F			
Seni Jaya Corporation Bhd	MAIN	Jun	0.520	111.0	71.8	9.5	-	75.8	11.7
Astro Malaysia Bhd	MAIN	Jan	0.370	1931.0	9.2	8.1	2.7	3581.1	238.5
Media Prima Bhd	MAIN	Dec	0.410	454.7	10.1	13.8	3.7	1111.4	32.9
Star Media Group Bhd	MAIN	Jul	0.430	317.6	113.4	59.9	-	217.8	2.8
Avg ex-Seni Jaya Corporation Bhd					44.2	27.3	3.2	1636.8	91.4

Source: Bloomberg, Apex Securities

Investment Risk

- Slower-than-expected rollout of planned expansions may impact revenue and earnings growth contribution.
- Weaker-than-expected ticket sales for B★Verse exhibition project may slow earnings contribution from the entertainment segment.
- Economic sensitivity whereby slowdown in global economic growth may result in businesses reducing advertising budgets.

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
Head Office: 6th Floor, Menara Apex, Off Jalan Semenyih, Bukit Mewah 43000 Kajang, Selangor Darul Ehsan, Malaysia General Line: (603) 8736 1118 Mutiara Damansara Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia General Line: (603) 7890 8899	Head Office: Kong Ming Ming (ext 2002) Shirley Chang (ext 2026) Norisam Bojo (ext 2027) Ahmad Mujib (ext 2028) Institutional Dealing Team: Siti Nur Nadhirah (ext 2032) PJ Office: General Line: (603) 7620 1118 Azfar Bin Abdul Aziz (Ext 822)	Mutiara Damansara Office: Kenneth Leong (ext 2093) Lee Cherng Wee (ext 2067) Steven Chong (ext 2068) Jayden Tan (ext 2069)

RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.

HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.

SELL: Total returns* are expected to be below -10% within the next 12 months.

TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.

TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.

NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.

UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

DISCLAIMER

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.