

## Team Coverage

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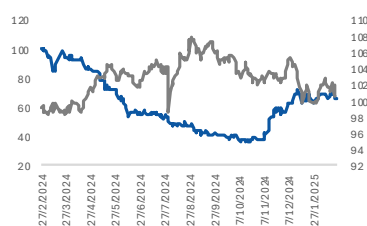
<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM0.33
Previous Target Price:	-
Target Price:	RM0.50
Capital Upside/ Downside:	51.5%
Dividend Yield (%):	0.0%
<b>Total Upside/ Downside:</b>	<b>51.5%</b>

## Stock information

Board	MAIN
Sector	Telco & Media
Bursa/ Bloomberg Code	9431/ SENI MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	213.5
Market Cap (RM' m)	70.5
52-Week Price Range (RM)	0.485-0.155
Beta (x)	0.3
Free float (%)	35.0
3M Average Volume (m)	0.4
3M Average Value (RM' m)	0.1

<b>Top 3 Shareholders</b>	<b>(%)</b>
Lee Yee Nai	12.0
Kenanga Asnit abond	7.7
Ong Kah Hoe	6.2

## Share Price Performance



	1M	3M	12M
Absolute (%)	10.0	88.6	-30.5
Relative (%)	7.9	89.5	-32.1

## Seni Jaya Corporation Berhad

## Revolutionsing Advertising

## Executive Summary

- Seni Jaya Corporation Berhad is one of the leading OOH players in Malaysia equipped with more than 500 billboards across major cities in the country.
- We project future core earnings growth will be driven by (i) expansions of adex spending, particularly in the digital OOH segment (ii) rollout of additional sites and assets to beef up their presence, and (iii) potential stability in bottomline in absence of entertainment business contribution that dragged earnings in recent years.
- We initiate coverage on Seni Jaya Corporation Berhad with a BUY recommendation and TP of RM0.50 by ascribing a P/E multiple of 8.0x to their projected EPS of 6.4 sen, along with three-star ESG rating.

## Key Investment Highlights

**Reputable OOH advertising player.** SJC's position as the second largest OOH advertising player in Malaysia and their well-established presence with c.40 years of track record has developed a solid reputation for reliability and business acumen in the respective industry. Their billboards are well within nationwide reach located along major highways, train stations, airports, etc enables mass market penetration.

**Expansions underway.** SJC intends to spend RM10.0m across eight key projects in 2025 in bid to beef up their presence in the OOH advertising industry in 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.

**Initiation Coverage.** We initiate coverage on Seni Jaya Corporation Berhad with a BUY recommendation and a target price of **RM0.50** based on assigned P/E multiple 8.0x to FY26F EPS of 6.4 sen and three-star ESG rating. The ascribed P/E multiple represents -1.0 SD of 1-year historical mean average to reflect the Group's smaller market capitalisation against Bursa Malaysia Telecommunication & Media sector.

## Earnings Summary

FYE Jun (RM m)	FY22	FY24*	FY25F	FY26F	FY27F
Revenue	37.9	72.5	80.9	89.0	97.9
EBITDA	11.4	21.6	29.9	26.7	29.4
Pre-tax profit	6.7	10.4	16.6	13.1	14.2
Net profit	6.6	10.9	16.1	13.6	14.8
Core net profit	3.2	8.9	11.1	13.6	14.8
Core EPS (sen)	1.5	4.2	5.2	6.4	6.9
P/E (x)	22.1	7.9	6.4	5.2	4.8
P/B (x)	1.4	1.0	0.8	0.7	0.6
EV/EBITDA (x)	6.7	2.8	2.3	2.8	2.4
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Net Gearing (%)	Net Cash	12.8%	1.5%	Net Cash	Net Cash

\*Denotes 18 months data due to change in FYE

Source: Company, Apex Securities

## Business Overview

**OOH advertising.** SJC is the ONLY out-of-home (OOH) media company listed on the Main Board of Bursa Malaysia Securities Berhad that offers comprehensive OOH media solutions. Since undertaking major transformation in 2021 with less than 150 assets and products, the number of advertising assets and products rose exponentially operate over 500 billboards across prime locations nationwide and also provide advertising solutions leveraging on rail transit & e-hailing cars in 2024.

**Key milestone.** SJC’s digital gantry on the Lebuhraya Damansara-Puchong (LDP) was recognised as the "First Digital Gantry in Malaysia" by the Malaysia Book of Records. This is a testament to the Group’s strength as one of the leading OOH players in Malaysia.

**Present operations.** The group operates (i) more than 500 static outdoor billboards, (ii) 31 digital outdoor billboards (iii) 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 transport concessionaires across c.4,800 locations in Peninsular Malaysia. The Group also operates the longest curve lightbox in Malaysia, located at Jalan Tebrau, Johor Bahru.

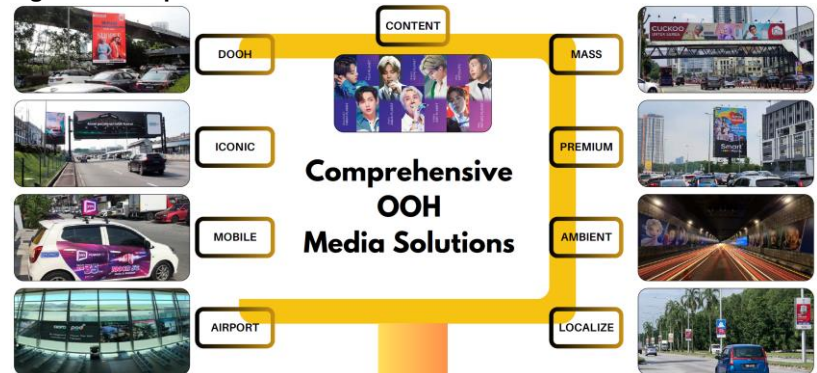
**Key player in OOH advertising services provider.** Consequently, this position SJC as the second largest OOH advertising services provider in Malaysia. A present, digital OOH and static OOH advertising assets boast c.80% and c.65% of occupancy rate respectively. Revenue contribution from digital has been on the rise, jumping from 30% of total revenue contribution in CY23 to 50% of total revenue in CY24.

Figure 1: Operating Brands



Source: Company

Figure 2: Comprehensive OOH media solutions



Source: Company

Going forward, SJC has set aside an estimated CAPEX of RM10.0m for CY25 to undertake a total of more than a handful of projects. The move aims to expand their presence and establish their footprint in the OOH advertising space. 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. Expansion of digital OOH advertising that yields better margins vis-à-vis static OOH advertising will be a key focal point, going forward.

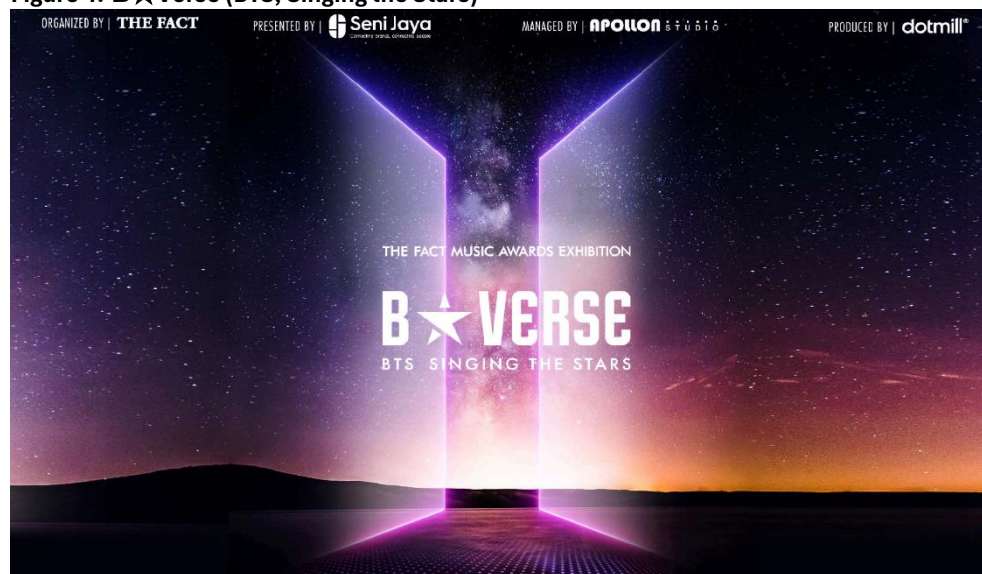
**Figure 3: Future Expansion Plans**

Project	Status	Estimated Completion				Details
		1QCY25	2QCY25	3QCY25	4QCY25	
Digital Unipole @ MRR2	Completed					1 panel digital (onsite) + 1 panel static (offsite)
LRT – Masjid Jamek	On-going					8 units Digital Pillars
Digital Screens @ Jalan Telawi, Bangsar	On-going					Tenancy Agreement signed for 2 years + 3 years
Rooftop: PLUS Duta Toll Plaza & Juru Toll Plaza	On-going					Conditional Approval received from the Malaysian Highway Authority (MHA) on 11 Nov
Digital Gantries @ Sg Besi	On-going					2 sites - towards KL and towards Seremban
Digital Screen @ Terengganu	On-going					Tenancy Agreement signed
PLUS Highway	On-going					Tenancy Agreement signed
MRT Advertising Tender	On-going					Tender evaluation process on going. Concession period = 5 + 5 years

Source: Company

**Ventured into entertainment.** Apart from expansion of the OOH advertising business, SJC has ventured into the entertainment business in bid to diversify income stream. The Group hosted the world’s first “B★Verse” (BTS, Singing the Stars) Exhibition from 1 Dec 2023 till 10th March 2024 at Pavilion Bukit Jalil.

**Figure 4: B★Verse (BTS, Singing the Stars)**



Source: Company

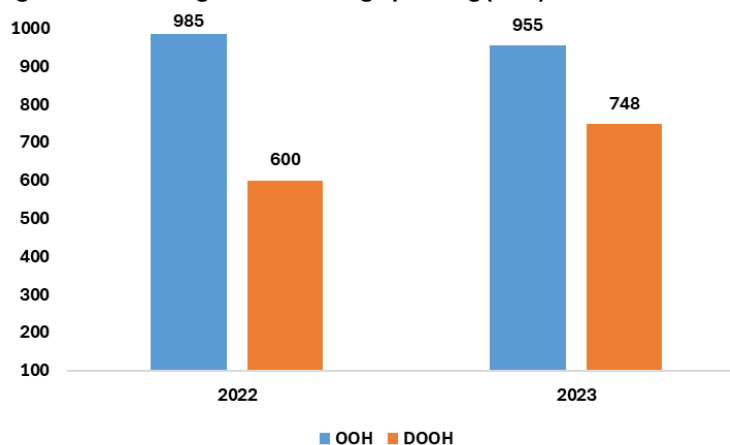
To fund the Group expansion plans, SJC undertook a private placement that entails the issuance of 19.4m shares to raise RM10.8m. While we gather that contribution from the entertainment business has been lacklustre (FY24 pre-tax loss of RM4.1m), we believe the move has indirectly beef up SJC’s brand presence among the mass, leveraging onto BTS popularity. Looking ahead, we do not foresee any contributions from the entertainment segment over the foreseeable future as the Group aims to focus onto building its bread-and-butter business.

## Industry Overview

Media-centric world is rapidly evolving over the years with growing demand for faster access and engagement with media owners. With a 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.

While total advertising spending (adex) for OOH declined 3% yoy to RM985m in 2023, digital advertising OOH (DOOH) jumped 25% yoy to RM748m during the same period, underscoring the shift in dynamics of OOH advertising market in Malaysia.

**Figure 5: Global Digital Advertising Spending (US\$)**



Source: Outdoor Advertising Association of Malaysia (OAAM)

Looking ahead, OOH is expected to demonstrate marginal decline, while DOOH market may continue to expand exponentially through improving demand as well as cannibalism of market share from OOH. Growth in DOOH is expected to be driven by additions of large-scale digital gantries as well as upgrade and/or introduction of DOOH unipoles across the nation. We believe SJC's focus onto DOOH expansion will yield positive results in the long run.

Demand-driven factors that may fuel future growth include Malaysia urbanisation and increasing traffic congestions in major cities, expansion of public transportation system and e-hailing and rising population, which is expected at 34.1m at end-2024, providing a larger audience for advertisers to target. The shift toward digital billboards has also been significant, as these platforms allow for real-time content updates, lower production costs, and the ability to display multiple ads in one location.

## Investment Highlights

**Reputable OOH advertising player.** SJC's position as the second largest OOH advertising player in Malaysia and their well-established presence with c.40 years of track record has developed a solid reputation for reliability and business acumen in the respective industry. Their billboards are well within nationwide reach located along major highways, train stations, airports, etc enables mass market penetration.

**Expansions underway.** SJC intends to spend RM10.0m across eight key projects in 2025 in bid to beef up their presence in the OOH advertising industry in 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.

## Financial Highlights

In FY22, SJC revenue and core net profit stood at RM37.9m and RM3.2m respectively. This was a turnaround against core net losses recorded in the previous corresponding financial year, reaping the fruits of labour from the Group on-going transformation plan.

Going into FY24 (18 months data due to change in FYE to Jun), SJC recorded a core net profit of RM8.9m on the back of revenue of RM72.5m. Despite on-going expansion plans, it is noteworthy that the Group is operating to close a net positive operating cash flow during the period. We also gathered that SJC cash position has improved from RM6.4m in FY22 to RM18.5m in FY24.

In 6MFY25, core net profit stood at RM5.5m and the Group is operating in a positive net operating cash flow position. Meanwhile, balance sheet is fairly healthy with cash and bank balances as well as other investments rose to RM27.8m vs. RM18.5m recorded in FY24.

**Earnings Outlook.** Moving forward, we forecast core net profit to record at RM11.1m/RM13.6m/RM14.8m in FY25F/FY26F/FY27F respectively. The expected sequential growth projections 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.

## Valuation & Recommendation

**Initiation Coverage.** We initiate coverage on Seni Jaya Corporation Berhad with a **BUY** recommendation and a target price of **RM0.50** based on assigned P/E multiple 8.0x to FY26F EPS of 6.4 sen and three-star ESG rating. The ascribed P/E multiple represents -1.0 SD of 1-year historical mean average to reflect the Group's smaller market capitalisation against Bursa Malaysia Telecommunication & Media sector.

We like SJC for their (i) solid turnaround plan that was justified by improved fundamental standings in recent years, (ii) efforts to cement their position in the OOH advertising space via strategic expansionary plans in addition of new assets/sites, (iii) leveraging onto exponential growth of DOOH in recent years and (iv) higher adex spending as corporates places greater emphasis onto marketing activities in bid to boost their market presence.

## Peers Comparison

Figure 6: Selected peers engage in OOH industry listed on Bursa Malaysia

Company	FYE	Price (RM) as at 27Feb25	P/E (x)		P/B (x)		Dividend Yield (%)	Target Price (RM)	Capital Upside/Downside	ESG Rating
			2024	2025F	2024	2025F				
Seni Jaya Corporation Bhd	Dec	0.33	7.9	6.4	1.0	0.8	0.0%	0.50	51.5%	★★★
Media Prima Bhd*	Dec	0.475	19.6	17.6	0.6	N/A	2.1%	0.39	-17.9%	N/A
MMM Group Bhd*	Mar	0.095	N/A	N/A	0.0	0.0	0.0%	N/A	N/A	N/A
<b>Average</b>			<b>13.8</b>	<b>12.0</b>	<b>0.6</b>	<b>0.4</b>	<b>0.0</b>			

\*Forecast data denotes Bloomberg consensus estimates

Source: Bloomberg, Apex Securities Bhd

## Investment Risk

**Slower-than-expected roll-out in expansion plan.** Any pullback in corporates budget over adex may dent progressive expansion.

**Weaker-than-expected occupancy rate.** A weaker-than-expected occupancy rate in both digital and static OOH may lead to slower revenue recognition.

# Initiation Coverage

Friday, 28 Feb, 2025

## Financial Highlights

### Income Statement

FYE Jun (RM m)	FY22	FY24*	FY25F	FY26F	FY27F
<b>Revenue</b>	<b>37.9</b>	<b>72.5</b>	<b>80.9</b>	<b>89.0</b>	<b>97.9</b>
<b>Gross Profit</b>	<b>12.8</b>	<b>17.0</b>	<b>32.4</b>	<b>35.6</b>	<b>39.2</b>
<b>EBITDA</b>	<b>11.4</b>	<b>21.6</b>	<b>29.9</b>	<b>26.7</b>	<b>29.4</b>
Depreciation & Amortisation	-4.2	-10.0	-12.0	-12.2	-13.7
<b>EBIT</b>	<b>7.2</b>	<b>11.6</b>	<b>18.0</b>	<b>14.5</b>	<b>15.7</b>
Net Finance Income/(Cost)	-0.2	-1.2	-1.4	-1.4	-1.5
Associates & JV	-0.3	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>6.7</b>	<b>10.4</b>	<b>16.6</b>	<b>13.1</b>	<b>14.2</b>
Tax	0.2	-1.9	-3.3	-2.6	-2.8
<b>Profit After Tax</b>	<b>7.0</b>	<b>8.4</b>	<b>13.3</b>	<b>10.5</b>	<b>11.4</b>
Minority Interest	0.3	-2.5	-2.8	-3.1	-3.4
<b>Net Profit</b>	<b>6.6</b>	<b>10.9</b>	<b>16.1</b>	<b>13.6</b>	<b>14.8</b>
Exceptionals	3.4	2.1	5.0	0.0	0.0
<b>Core Net Profit</b>	<b>3.2</b>	<b>8.9</b>	<b>11.1</b>	<b>13.6</b>	<b>14.8</b>

### Key Ratios

FYE Jun	FY22	FY24*	FY25F	FY26F	FY27F
EPS (sen)	1.5	4.2	5.2	6.4	6.9
P/E (x)	22.1	7.9	6.4	5.2	4.8
P/B (x)	1.4	1.0	0.8	0.7	0.6
EV/EBITDA (x)	6.7	2.8	2.3	2.8	2.4
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	30.0%	29.7%	37.0%	30.0%	30.0%
EBIT margin (%)	18.9%	15.9%	22.2%	16.3%	16.0%
PBT margin (%)	17.8%	14.3%	20.5%	14.7%	14.5%
PAT margin (%)	18.3%	11.6%	16.4%	11.8%	11.6%
NP margin (%)	17.4%	15.1%	19.9%	15.3%	15.1%
CNP margin (%)	8.4%	12.3%	13.7%	15.3%	15.1%
ROE (%)	6.2%	12.6%	12.8%	13.5%	12.8%
ROA (%)	4.4%	7.3%	8.1%	8.8%	8.5%
Gearing (%)	6.1%	39.1%	34.7%	32.7%	31.1%
Net gearing (%)	Net Cash	12.8%	1.5%	Net Cash	Net Cash

### Valuations

	FY26F valuation methodology	
EPS (RM)	0.06	8x P/E
<b>Fair Value (RM)</b>	<b>0.50</b>	

Source: Company, Apex Securities

### Balance Sheet

FYE Jun (RM m)	FY22	FY24*	FY25F	FY26F	FY27F
<b>Cash</b>	<b>6.4</b>	<b>18.5</b>	<b>28.8</b>	<b>36.6</b>	<b>40.8</b>
Receivables	19.9	26.4	28.8	31.7	34.9
Inventories	0.0	4.4	6.7	8.0	8.9
Other current assets	5.3	2.7	3.2	3.6	3.9
<b>Total Current Assets</b>	<b>31.6</b>	<b>52.0</b>	<b>67.5</b>	<b>79.9</b>	<b>88.5</b>
Fixed Assets	21.3	38.6	38.6	42.8	48.4
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	18.9	31.2	31.2	31.2	36.4
<b>Total Non-Current Assets</b>	<b>40.2</b>	<b>69.8</b>	<b>69.8</b>	<b>74.0</b>	<b>84.8</b>
Short-term debt	2.0	5.3	5.6	5.9	6.2
Payables	13.6	16.5	12.7	13.5	15.1
Other current liabilities	2.8	6.5	6.5	6.5	6.5
<b>Total Current Liabilities</b>	<b>18.4</b>	<b>28.3</b>	<b>24.8</b>	<b>25.9</b>	<b>27.8</b>
Long-term debt	1.1	22.3	24.5	27.0	29.7
Other non-current liabilities	0.6	0.5	1.2	0.7	0.7
<b>Total Non-Current Liabilities</b>	<b>1.7</b>	<b>22.8</b>	<b>25.8</b>	<b>27.6</b>	<b>30.3</b>
Shareholder's equity	49.5	71.0	87.1	100.7	115.4
Minority interest	2.2	-0.3	-0.3	-0.3	-0.3
<b>Total Equity</b>	<b>51.7</b>	<b>70.7</b>	<b>86.8</b>	<b>100.4</b>	<b>115.2</b>

### Cash Flow

FYE Jun (RM m)	FY22	FY24*	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>6.7</b>	<b>10.4</b>	<b>16.6</b>	<b>13.1</b>	<b>14.2</b>
Depreciation & amortisation	4.2	10.0	12.0	12.2	13.7
Changes in working capital	3.5	-7.4	1.4	9.1	3.8
Others	-4.3	-13.2	-10.0	-10.0	-10.0
<b>Operating cash flow</b>	<b>10.2</b>	<b>-0.2</b>	<b>20.0</b>	<b>24.4</b>	<b>21.7</b>
Net capex	-2.2	-3.2	-0.2	3.0	3.8
Others	-11.6	-10.1	-16.2	-17.8	-19.6
<b>Investing cash flow</b>	<b>-13.8</b>	<b>-13.4</b>	<b>-16.4</b>	<b>-14.8</b>	<b>-15.8</b>
Dividends paid	0.0	0.0	0.0	0.0	0.0
Others	-2.2	15.8	4.2	-1.8	-1.6
<b>Financing cash flow</b>	<b>-2.2</b>	<b>15.8</b>	<b>4.2</b>	<b>-1.8</b>	<b>-1.6</b>
<b>Net cash flow</b>	<b>-5.8</b>	<b>2.3</b>	<b>7.8</b>	<b>7.8</b>	<b>4.2</b>
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	9.6	3.7	6.0	13.8	21.6
<b>Ending cash</b>	<b>3.7</b>	<b>6.0</b>	<b>13.8</b>	<b>21.6</b>	<b>25.8</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Committed to ongoing efforts aimed at enhancing energy utilisation and efficiency at office and project sites such as investing in energy-efficient LED screens
Waste & Effluent	★★★	Committed to implementing water conservation initiatives and raising employees' awareness on proper water management at all premises
Energy	★★★	Total electricity consumption from the grid recorded was 5,365 megawatt hour
Water	★★★	Water consumption stood at 1.37 megalitres
Compliance	★★★	In compliance with environmental regulations

### Social

Diversity	★★★	Committed to provide competitive wages that are equitable and free from any form of gender discrimination with male-to-female employee ratio at 56%-to-44% in FY24
Human Rights	★★★	Aligns business practices with the Employment (Amendment) Act 2022
Occupational Safety and Health	★★★	Adheres to occupational Safety and Health Act 1994 and Malaysia Employment Act 1955
Labour Practices	★★★	Practices are in strict accordance with regulations governing working hours as stipulated by the Employment (Amendment) Act 2022

### Governance

CSR Strategy	★★	Nil
Management	★★	2/6 female board composition, 2/6 Independent Directors
Stakeholders	★★★	Regularly engage with key internal and external stakeholders identified to understand needs and expectations with reference to material matters

Overall ESG Scoring: ★★★

### Recommendation Framework:

**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

### 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.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.