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Seni Jaya Corporation Bhd

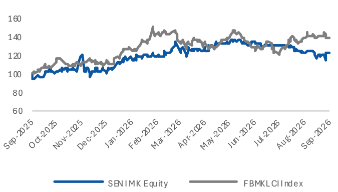
Below Expectations

Recommendation:		BUY
Current Price:		RM 0.50
Previous Target Price:		RM 0.67
Target Price:	↓	RM 0.54
Capital Upside/Downside:		8.0%
Dividend Yield (%):		2.6%
Total Upside/Downside:		10.6%

Stock information	
Board	MAIN
Sector	Telecommunications & Media
Bursa / Bloomberg Code	9431/SENI MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	416.3
Market Cap (RM' m)	208.2
52-Week Price Range (RM)	0.37-0.57
Beta (x)	0.9
Free float (%)	52.9
3M Average Volume (m)	3.4
3M Average Value (RM' m)	1.8

Top 3 Shareholders	(%)
Ong Kah Hoe	24.0
Lee Yee Nai	6.2
Chong Yan Moy	3.5

Share Price Performance



	1M	3M	12M
Absolute (%)	0.0	-9.1	22.0
Relative (%)	-0.1	-11.3	11.3

Earnings summary

FYE Jun (RM m)	FY26	FY27F	FY28F
Revenue (RM'm)	81.8	88.3	98.9
PATAMI (RM'm)	-8.6	14.7	16.0
CNP (RM'm)	7.0	14.7	16.0
EPS - core (sen)	3.1	6.5	7.1
P/E (x)	16.0	7.6	7.0

- **SJC's 4QFY26 core net loss came in at RM2.3m (vs core net loss of RM1.1m in 4QFY25), bringing FY26 core net profit to RM7.0m, down 26.6% YoY and accounting for only 53% of our full-year forecast.**
- **We remain constructive on SJC's medium-term prospects, underpinned by the completion of the Unilink and Vision acquisitions and a growing concession pipeline (RTS Link, MRT Kajang & Putrajaya Line, PLUS Iconic).**
- **We cut our FY27F/FY28F core net profit forecasts by 15.7%/21.5% to RM14.7m/RM16.0m respectively, and introduce FY29F core net profit of RM19.3m.**
- **We maintain our BUY recommendation with a lower TP of RM0.54 (from RM0.67 previously), based on an unchanged 8.3x P/E multiple applied to our revised FY27F Core EPS of 6.54 sen.**

Below Expectation. After excluding exceptional items which consist of a non-cash goodwill impairment arising from the Vision OOH acquisition (+RM13.6m), inventory write-down (+RM0.5m), fair value loss on quoted shares (+RM0.2m), PPE written off (+RM0.01m) and gain on termination of lease (-RM0.01m), SJC reported a 4QFY26 core net loss of RM2.3m, swinging from a core net profit of RM1.1m in 4QFY25. This brings FY26 core net profit to RM7.0m, down 26.6% YoY from a revised RM9.6m in FY25 (previously RM10.6m, following a more granular reconciliation of exceptional items across the Group's quarterly disclosures), and accounting for only 53% of our full-year forecast. We deem the results below our expectations, as the weaker showing was mainly attributable to the soft 4Q performance.

QoQ. SJC registered a 17.2% QoQ decline in revenue to RM16.7m, with core net profit swinging to a loss of RM2.3m from a core net profit of RM0.8m in 3QFY26. The weaker showing was mainly attributable to the cyclical and seasonal softness typically experienced by the advertising industry during the third and fourth quarters of the financial year, compounded by heightened geopolitical uncertainties which led clients to adopt a cautious, wait-and-see approach and defer or withhold the deployment of advertisement expenditure during the quarter.

YoY. SJC recorded a 5.7% YoY increase in revenue to RM16.7m, driven by stronger demand for digital billboards which grew by 35%, partly offset by a 49% decline in production income. Despite the higher top-line, core net profit swung to a loss of RM2.3m from a core net profit of RM1.1m in 4QFY25, weighed down by higher depreciation and finance costs following the Group's expanded asset base post-acquisitions, alongside higher administrative expenses from the enlarged corporate structure.

FY26. For the 12-month period, SJC recorded revenue of RM81.8m, up 17.3% YoY, driven by continued strength in digital billboard demand. Core net profit came in below expectations at RM7.0m, down 26.6% YoY. On a reported basis, the Group swung to a net loss of RM8.6m for FY26, from a net profit of RM10.6m in FY25, as the RM13.6m non-cash goodwill impairment more than offset the underlying core profitability.

Outlook. We remain constructive on SJC's medium-term prospects, underpinned by the completion of the Unilink and Vision acquisitions, which are expected to widen the Group's geographic coverage and improve profit margins through the elimination of collaboration fees previously paid under the revenue-sharing arrangement. The Bukit Bintang iconic digital screen remains on track, with construction slated to complete in October 2026 ahead of its 2QFY27 revenue contribution. Both the Sqkii gamification collaboration and Seni Jaya Digital are set to launch in early October 2026, with revenue recognition from the Digital segment having already commenced in July 2026; the first annual Sqkii hunt is targeted for 1Q2027.

On the concession front, management confirmed the RTS Link agreement will be dated 1 September 2026, with a three-month capex installation period keeping revenue recognition on track to commence as early as December 2026. The MRT Kajang & Putrajaya Line tender submission was extended to 15 August 2026, with SJC having submitted its bid and a tentative award decision expected by 15 September 2026. The PLUS Iconic project is pending an unconditional approval letter from MHA (LLM), targeted for 4Q2026, with rollout to follow in the same quarter.

On demand, management noted slight improvement in advertiser sentiment since July 2026, consistent with the seasonally stronger 2H of the calendar year, though we expect a more meaningful recovery only in 1HFY27 as geopolitical uncertainties gradually ease.

Separately, we highlight the risk of a similar non-cash goodwill impairment on the pending Unilink acquisition, given its consideration structure mirrors that of Vision. Management indicated the impact is expected to be less material given the independent adviser's purchase price allocation range of RM37m-RM55m, though this remains a swing factor to watch for 1QFY27 earnings.

Earnings Revision. Following the FY26 miss, we cut our FY27F/FY28F core net profit forecasts by 15.7%/21.5% to RM14.7m/RM16.0m respectively, and introduce FY29F core net profit of RM19.3m. The downward revision reflects a slower pace of margin recovery from the Unilink and Vision consolidation, alongside more gradual advertiser demand recovery. Our forecasts continue to exclude any contribution from RTS Link, the pending MRT tender, and the Sqkii/Seni Jaya Digital initiatives.

Valuation & Recommendation. We maintain our **BUY** recommendation with **a lower TP of RM0.54** (from RM0.67 previously), based on an unchanged 8.3x P/E multiple applied to our revised FY27F Core EPS of 6.54 sen, along with an unchanged three-star ESG rating. While near-term earnings visibility remains clouded by integration costs and cautious advertiser sentiment, we believe the completion of the Unilink and Vision acquisitions, together with the Group's growing concession pipeline, continue to support a constructive medium-term outlook.

Risks. (i) Slower-than-expected recovery in advertiser sentiment; (ii) further non-cash goodwill impairment from the pending Unilink acquisition; (iii) failure to secure the MRT Kajang & Putrajaya Line tender; and (iv) slower-than-expected integration synergies from the Unilink and Vision acquisitions.

Results Comparison

FYE Jun (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue	16.7	15.8	*5.7*	20.2	*(17.2)*	81.8	69.7	*17.3*
EBITDA	4.0	5.8	*(29.9)*	7.7	*(47.7)*	30.2	26.7	*13.1*
Pre-tax profit	(15.1)	2.3	*nm*	4.8	*nm*	(4.1)	13.4	*nm*
Net profit	(16.6)	(0.6)	*2,907.1*	3.2	*nm*	(8.6)	10.6	*nm*
Core net profit	(2.3)	(1.1)	*106.7*	0.8	*nm*	7.0	9.6	*(26.6)*
Core EPS (sen)	(1.0)	(0.5)	*106.7*	0.4	*nm*	3.1	4.3	*(26.6)*
EBITDA margin (%)	24.2	36.4		38.2		36.9	38.3	
PBT margin (%)	(90.4)	14.6		23.8		(5.0)	19.2	
Core net profit margin (%)	(13.9)	(7.1)		4.0		8.6	13.7	

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	**69.7**	**81.8**	**88.3**	**98.9**	**109.8**
Gross Profit	**28.9**	**32.9**	**35.3**	**41.5**	**47.2**
EBITDA	**26.7**	**30.2**	**37.3**	**43.2**	**49.4**
Depreciation & Amortisation	9.9	12.0	17.7	19.8	22.0
EBIT	**16.8**	**18.2**	**19.7**	**23.4**	**27.5**
Net Finance Income/ (Cost)	-1.4	-2.4	-1.7	-3.6	-3.5
Associates & JV	0.0	0.0	0.0	0.0	0.0
Other Income/(Cost)	-2.1	-19.9	0.0	0.0	0.0
Pre-tax Profit	**13.4**	**-4.1**	**17.9**	**19.9**	**23.9**
Tax	-3.3	-4.4	-4.3	-4.8	-5.7
Profit After Tax	**10.1**	**-8.5**	**13.6**	**15.1**	**18.2**
Minority Interest	0.5	-0.1	1.0	0.9	1.1
Net Profit	**10.6**	**-8.6**	**14.7**	**16.0**	**19.3**
Exceptionals	-1.0	15.7	0.0	0.0	0.0
Core Net Profit	**9.6**	**7.0**	**14.7**	**16.0**	**19.3**

Key Ratios

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
EPS (sen)	4.3	3.1	6.5	7.1	8.6
P/E (x)	11.7	16.0	7.6	7.0	5.8
P/B (x)	1.4	1.2	1.1	1.0	0.8
EV/EBITDA (x)	4.4	4.3	3.9	3.3	2.8
DPS (sen)	0.0	1.0	1.3	1.4	1.7
Dividend Yield (%)	0.0%	1.9%	2.6%	2.9%	3.4%
EBITDA margin (%)	38.3%	36.9%	42.3%	43.7%	45.0%
EBIT margin (%)	24.2%	22.2%	22.3%	23.7%	25.0%
PBT margin (%)	19.2%	-5.0%	20.3%	20.1%	21.8%
PAT margin (%)	14.5%	-10.4%	15.4%	15.3%	16.6%
NP margin (%)	15.2%	-10.6%	16.6%	16.2%	17.6%
CNP margin (%)	13.7%	8.6%	16.6%	16.2%	17.6%
ROE (%)	11.8%	7.3%	13.7%	13.6%	14.5%
ROA (%)	6.9%	4.0%	7.3%	7.5%	8.4%
Gearing (%)	26.5%	25.2%	47.5%	42.8%	37.2%
Net gearing (%)	8.9%	19.3%	33.5%	27.7%	19.0%

Valuations	**FY27F**
Core EPS (sen)	6.5
P/E Multiple (x)	8.3
Fair Value (RM)	**0.54**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.54**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash	14.3	5.7	15.0	17.7	24.2
Receivables	28.8	31.6	35.3	39.6	43.9
Inventories	1.6	0.0	2.1	2.3	2.5
Other current assets	23.1	19.6	19.4	19.2	19.0
Total Current Assets	**67.7**	**57.0**	**71.9**	**78.8**	**89.6**
Fixed Assets	61.9	88.8	96.0	102.0	107.6
Intangibles	7.8	30.8	30.7	30.6	30.5
Other non-current assets	0.6	0.8	1.0	1.2	1.4
Total Non-Current Assets	**70.4**	**120.4**	**127.7**	**133.8**	**139.5**
Short-term debt	4.9	3.8	3.8	3.8	3.8
Payables	22.9	30.3	23.5	25.5	27.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	**27.8**	**34.1**	**27.2**	**29.3**	**31.6**
Long-term debt	16.5	20.6	46.9	46.6	45.6
Other non-current liabilities	13.0	26.1	18.7	18.8	19.0
Total Non-Current Liabilities	**29.5**	**46.7**	**65.6**	**65.5**	**64.6**
Shareholder's equity	81.6	97.3	107.4	118.5	132.5
Minority interest	-0.8	-0.7	-0.7	-0.7	0.4
Total Equity	**80.8**	**96.6**	**106.7**	**117.9**	**132.9**

Cash Flow

FYE Jun (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	**13.4**	**-4.1**	**17.9**	**19.9**	**23.9**
Depreciation & amortisation	9.9	12.0	17.7	19.8	22.0
Changes in working capital	-0.4	19.3	-20.1	-2.2	-2.1
Others	-1.2	-1.5	-4.9	-5.5	-6.1
Operating cash flow	**21.6**	**25.7**	**10.6**	**32.0**	**37.7**
Net capex	-6.9	-23.0	-24.7	-25.7	-27.5
Others	0.0	-22.5	0.0	0.0	0.0
Investing cash flow	**-6.8**	**-45.5**	**-24.7**	**-25.7**	**-27.5**
Dividends paid	0.0	-2.1	-2.9	-3.2	-3.9
Others	-7.0	13.4	26.3	-0.3	0.1
Financing cash flow	**-7.0**	**11.3**	**23.4**	**-3.5**	**-3.8**
Net cash flow	**7.8**	**-8.6**	**9.3**	**2.7**	**6.4**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.5	0.0	0.0	0.0	0.0
Beginning cash	6.0	14.3	5.7	15.0	17.7
Ending cash	**14.3**	**5.7**	**15.0**	**17.7**	**24.2**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Traditional lighting has been replaced with LED lights and inverter-type air conditioners are introduced.
Waste & Effluent	★★★	Redesign billboards to allow for easy disassembly, reuse and recycling.
Energy	★★★	Transitions to energy-efficient LED screens, which consume less power and offer a longer lifespan.
Emissions	★★★	Optimise logistics and transport practices to minimize carbon emissions.

Social

Diversity	★★★	55% male and 45% female composition across all organizational levels.
Human Rights	★★	Enforce and adopts a workplace free from harassment, discrimination, enslavement, child, or forced labour..
Occupational Safety and Health	★★★	Engage qualified safety officers to be present on-site to ensure that all safety protocols are strictly adhered to.
Fair Compensation & Benefits	★★★	Continuously evaluates employee compensation and benefits to ensure fair remuneration.

Governance

CSR Strategy	★★★	Complies with principles and practices set out in the Malaysian Code on Corporate Governance (MCCG).
Management	★★★	The Board provides strategic oversight of the Group's overall sustainability direction.
Stakeholders	★★★	Major announcements and financial reports were announced in timely manner.

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 + 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.

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

As of **Tuesday, 01 Sep, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.