▶ MEDIA PRIMA BHD				
	2009	2010F	2011F	2012F
REVENUE (RM mil)	744.0	1,426.1	1,472.7	1,521.5
NET PROFIT (RM mil)	73.8	145.4	160.8	181.1
EPS (sen)	8.6	13.5	14.9	16.8
P/E (x)	24.9	15.8	14.3	12.8

Media Prima records higher core tax rate of 40% in 2Q

▶ **Recommendation: Buy**
Target Price: RM2.68
By ECMLibra Investment Research (Aug 24)

Within Expectations

MEDIA Prima Bhd (MPR) recorded 2QFY10 core net profit of RM31.2 million (+74% YoY, +12% QoQ) bringing 6MFY10 core net profit to RM59.3 million (+638% YoY), which was marginally below expectations at 41% of our full-year estimate and 38% of consensus estimates. This was due to 2QFY10 core tax rate of 40%.

Its 6MFY10 revenue of RM718.6 million (+125% YoY) and EBITDA of RM161.1 million (+247% YoY) was, however, marginally above expectations at 50% and 49% of our 2010 estimates respectively (historically: 40% to 45%).

As expected, no dividends were declared in the current quarter.

Earnings from TV, NSTP

MPR's 2QFY10 EBITDA of RM88.3 million was 21% higher QoQ due to seasonally higher adex spending reflected in sequentially better earnings contributions from all segments except for new media.

Its 2QFY10 EBITDA was 137% higher YoY driven by television adex, which grew 24% YoY, and maiden earnings contributions from New Straits Times Press (M) Bhd (NSTP) and Kurnia Outdoor Sdn Bhd.

Its 6MFY10 EBITDA of RM161.1 million surged 247% YoY due to the same reasons.

Maintain 'Buy'

We maintain our earnings estimates for now as forward bookings remain healthy at one month.

It may record higher tax rate than the statutory 25% due to non-deductible expenses between subsidiaries but will endeavour to keep rates close to 25%, which we are assuming.

We maintain our 'Buy' call and RM2.68 TP. Our TP is premised on 18x 1-year forward PE, the average since relisting in October 2003.

We continue to like MPR for its cheap valuations at this stage of the adex cycle and potential for positive earning surprises going forward.