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Seni Jaya acquires three out-of-home advertising companies to expand asset footprint

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Seni Jaya

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KUALA LUMPUR (Jan 28): Seni Jaya Corp Bhd is buying a 55% stake in each of the three advertising companies Andaman Media Sdn Bhd, Saakti Billboards Sdn Bhd and Tanjong Jernih Sdn Bhd for a total cash consideration of RM8.5 million.

The group, via its unit Seni Jaya Sdn Bhd, signed an agreement with the shareholder/director of the three companies Sooria Narayanan on Thursday (Jan 27).

In a statement, Seni Jaya said the exercise will be funded through a combination of internally generated funds as well as proceeds raised from its private placement exercise.

Seni Jaya chief executive officer Cheah See Heong said the proposed acquisition is in line with the group's three-year plan to become a leading out-of-home (OOH) advertising services provider in Malaysia by improving the quantity, quality and diversity of its portfolio.

“The horizontal expansion is synergistic in nature given the type of assets owned by the targets. With the addition of mega billboard structures, we will possess even more premium-end OOH assets with advertising space of higher price points.

“Apart from that, the companies also have marketing rights for street bunting by local municipals of Subang Jaya, Ampang, and Selayang. Overall, the exercise will boost our already comprehensive portfolio quite significantly. The mega billboard structures will afford us more locational options for our big-brand-name clients. Whereas street buntings cater to the masses. All in all, we believe the proposed acquisition will bring positive contributions to the future earnings of Seni Jaya,” he said.

The group expects OOH to make a strong comeback as the medium of choice among advertisers after movement restrictions are eased, Cheah said.

“Hence, this is the perfect time to accumulate high-quality assets as we set ourselves up to capitalise on the sector’s revival. In line with the increase in foot and car traffic lately, we are already witnessing a jump in sales orders for advertisement space. On the whole, we are positive with the sustainability of the recovery trend over the course of 2022 and beyond,” he added.

Barring any unforeseen circumstances, the exercise is expected to be completed within six months from the date of the agreement.

Seni Jaya shares went down seven sen or 2.59% to RM2.63 as at the time of writing, giving the leading provider of outdoor advertising services a market value of RM127.64 million.

Edited by Lam Jian Wyn

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