New media Foodie trades below its growth story

BY **JOHN LAI**

Foodie Media Bhd (KL:FOODIE) has delivered almost everything investors hoped for since its listing — strong earnings growth, improving profitability and a rapidly scaling business. Yet its share price tells a different story.

After climbing from its 30 sen initial public offering (IPO) price to a peak of 57 sen in early January, the stock has since retreated to a low of 27 sen before recovering to around 36.5 sen, even as the company continued reporting record financial results.

The disconnect between share price performance and fundamentals raises an obvious question: Has the market become overly pessimistic or is it still struggling to value Foodie correctly?

For the first nine months of its financial year ending Aug 31, 2026 (FY2026), Foodie generated RM39.7 million in revenue, exceeding its full-year FY2025 revenue of RM37.1 million. Net profit reached RM11.12 million, surpassing the previous financial year's earnings of RM9.34 million.

Yet at around 36.5 sen, Foodie trades at forward price-earnings ratio (PER) of about 17.5 times, almost half the valuation it commanded at its January peak, while analysts continue to forecast earnings growth of about 30% annually over the next few years.

That raises another question: if the business continues to outperform expectations while its valuation has compressed significantly, is the market viewing Foodie through the wrong lens?

That is precisely the view taken by Maybank Investment Bank Research, which argues that Foodie should not be compared with traditional media companies at all. Instead, the brokerage sees the company as a digital-first, asset-light consumer platform that monetises audience engagement.

(It is worth noting that Maybank Investment Bank served as the principal adviser, sponsor, underwriter and placement agent for Foodie's IPO.)

Foodie's most valuable assets are neither printing presses nor broadcast licences but an audience of more than 44.2 million followers across 34 digital brands spanning food, lifestyle, travel and entertainment — making it Malaysia's largest lifestyle-focused digital publisher.

Although Foodie is categorised within the media subsector on the ACE Market, its economics look very different from those of the country's incumbent media companies.

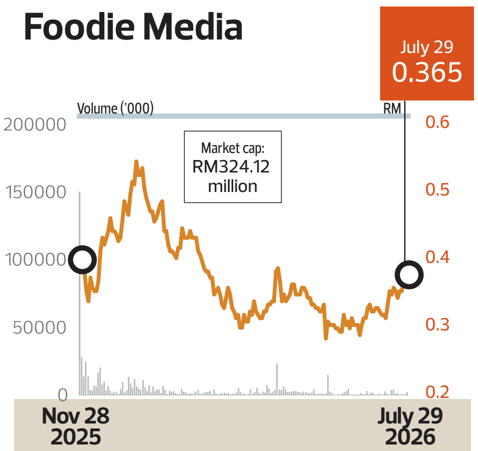
Media Prima Bhd (KL:MEDIA) and Star Media Group Bhd (KL:STAR) continue to operate newspapers, television networks and radio stations, businesses that require substantial investments in printing presses, broadcasting infrastructure and distribution networks.

Foodie has no such legacy assets.

Its principal investments are content creators, production equipment, software and social media technology. Even as the company expands, Maybank estimates annual capital expenditure of only about RM2 million over FY2026 to FY2028, underscoring the group's asset-light business model and ability to remain free cash flow generative.

The company also enjoys a significantly larger digital audience than its listed peers.

According to Providence Strategic Partner Sdn Bhd's independent market research cited by Maybank, Foodie commands about 44.2 million followers across Facebook, Instagram, TikTok, Threads and YouTube, nearly double Media Prima's digital portfolio of 23.7 million followers and well ahead of Catcha Digital Bhd's (KL:CATCHA) 12.7 million followers.



More importantly, the company monetises those audiences differently. Traditional media primarily generates revenue by selling advertising inventory. Foodie monetises consumer engagement itself.

Brands initially engage the company for sponsored content before expanding campaigns into influencer marketing, affiliate commerce, live-streaming sales and physical events.

As customer relationships deepen, revenue per client rises without necessarily increasing the number of advertisers.

That trend is already evident.

Average revenue generated per client has doubled from RM13,400 in FY2022 to RM27,400 during the first nine months of FY2026, suggesting advertisers are allocating larger portions of their marketing budgets to Foodie rather than merely testing its services.

According to management, more than 80% of group revenue comes from returning clients, underscoring the company's emphasis on deepening existing customer relationships rather than relying solely on acquiring new advertisers.

The newer business segments are also becoming meaningful contributors.

Combined revenue from Creator, Commerce and Community has grown from just RM0.6 million in FY2023 to RM16.4 million during the first nine months of FY2026, highlighting management's success in cross-selling complementary services into existing customer relationships.

Building a digital marketing ecosystem

Foodie's origins lie in food discovery platforms such as KL Foodie and Penang Foodie. Over the years, management has transformed the company into what is effectively a full-service digital marketing ecosystem.

Its business now revolves around four complementary segments known internally as the "4Cs" — Content, Creator, Commerce and Community.

Content remains its core business, contributing about 64% of FY2025 revenue through sponsored content, branded videos, advertisement breaks and short-form dramas. Creator covers key opinion leader (KOL) marketing, Commerce focuses on affiliate marketing and live-streaming sales while Community manages campaigns, activations and offline events.

Rather than selling a single advertising placement, Foodie wins customers through content before cross-selling creator campaigns, live commerce and event management. This ecosystem enables the company to deepen relationships with existing customers while increasing wallet share over time.

Supporting the model is a constant pipeline of original content.

Foodie produces some 15 to 20 pieces of organic, non-sponsored content every day across its digital brands. While these posts generate little direct revenue, they continuously attract new followers, maintain audience engagement and strengthen consumer trust — creating an increasingly valuable platform that the company can monetise later through advertising, commerce and influencer campaigns.

Its customer profile has also improved.

Between FY2022 and FY2024, revenue from advertising agencies expanded at a compound annual growth rate of 73% while revenue from large corporate customers increased at a 20% CAGR. At the same time, the number of agency and corporate clients rose steadily, indicating that the company is winning larger and higher-quality advertising contracts.

Maybank views this as an important indicator because agencies and multinational corporations typically conduct far more stringent vendor selection processes than smaller businesses.

The brokerage also expects Foodie's multi-brand, multi-service ecosystem to deepen wallet share as existing clients purchase additional marketing services across its platforms.

The diversification of its customer base further strengthens the investment case.

Although the company built its reputation through food-related content, almost half of the group's revenue now comes from non-food industries including technology, automotive, financial services, home living and travel. Non-food sectors contributed 48.8% of revenue during the first nine months of FY2026, significantly reducing dependence on restaurant and food advertisers.

A structural beneficiary of digital advertising

Foodie's growth also coincides with a structural transformation within Malaysia's advertising industry.

According to Providence's industry research, digital advertising expenditure expanded at an 11% CAGR between 2019 and 2023 while spending on traditional media remained broadly stagnant. Digital advertising is forecast to continue growing at a 7.4% CAGR through 2027 as advertisers increasingly prioritise social media, online video and affiliate marketing.

The country's social media penetration reached 70.2% in January 2025, above the global average of 63.9% while Malaysians spend an average of almost three hours a day on social media.

As consumer attention shifts online, advertisers are increasingly following those audiences. Foodie, Maybank argues, is positioned squarely in the middle of that migration.

Foodie is also investing in live commerce, one of Southeast Asia's fastest-growing digital advertising segments. The company has laid out plans to expand its live-streaming capacity, launch additional lifestyle brands and bring short-form drama production in-house to improve margins over time.

Foodie's balance sheet provides ample flexibility to fund its expansion. As at end-May, the company held RM49.5 million in cash and short-term deposits with no bank borrowings.

Against this backdrop, Maybank forecasts revenue will more than double from RM37.1 million in FY2025 to RM83.2 million by FY2028, representing a three-year CAGR of 31%. Core net profit is projected to grow from RM11.9 million to RM27.1 million over the same period, implying a 32% CAGR.

The brokerage also expects Foodie's share of the digital advertising market to increase from about 1.4% today to 2.5% by FY2028 as it deepens relationships with agencies and large corporate customers while expanding its suite of marketing services.

The investment debate ultimately centres less on Foodie's earnings than on how investors see its business. If it is viewed as another media stock, comparisons with legacy operators may continue to constrain its valuation.

But if investors increasingly recognise Foodie as a digital consumer platform that monetises attention through content, creator marketing, commerce and community engagement, its earnings profile begins to resemble that of higher-growth consumer companies rather than traditional publishers.

That explains why Maybank, which has a target price of 51 sen for Foodie, values it at 17 times CY2027 earnings, in line with Malaysian consumer sector peers instead of media companies. Another research house, Rakuten Trade, also has a "buy" recommendation with a target price of 52 sen. Together, the two target prices imply an upside of nearly 40% from the current share price.

Management's confidence also appears reflected in insider buying.

CEO Nicholas Lim Pinn Yang, who owns a 21.9% stake in the company, acquired 300,000 shares in March and another 500,000 shares in June. His wife, Ang Rui Mei, who co-founded Foodie with him and now serves as chief operating officer, remains the company's second largest shareholder with a 15.07% stake.

Despite its strong growth prospects, Foodie faces several risks. Its business relies heavily on third-party platforms such as TikTok, Facebook, Instagram and YouTube, making it vulnerable to algorithm or policy changes that could reduce audience reach and advertising effectiveness. As a people-driven business, sustained growth also depends on attracting and retaining creative talent while advertising budgets remain cyclical and could weaken during economic downturns.

The group must also successfully scale its newer Creator, Commerce and Community segments to sustain revenue diversification and cross-selling. Meanwhile, intensifying competition from influencers, multi-channel networks (MCNs), digital agencies and social commerce platforms could increase pricing pressure and customer acquisition costs.

Foodie's regional listed peers include Hong Kong-listed Be Friends Holdings Ltd, which trades at a trailing PER of 10.5 times, and East Buy Holdings Ltd, at 59.2 times. Both have delivered strong revenue growth but exhibited volatile earnings, reflecting the challenges of operating in China's highly competitive live-commerce and digital content landscape.

Although Malaysia's digital content market differs markedly from China's in terms of scale, competition and consumer behaviour, the experience of these companies illustrates that rapid top-line growth does not always translate into stable earnings. E