News (NWS: $A38.44)

News drops 1.2% on slipping relative strength, hits 86-day low

Friday April 19, 2024 16:00 AEST

News Corporation's (ASX: NWS $A38.44) stock price dropped 48.0c (1.2%) from its previous trading session to close at $A38.44.

Compared with the All Ordinaries Index which fell 81.5 points (1%) in the day, the relative price change was -0.2%.

News Corporation is Australia's 4th largest Media company by market cap.

In the Australian market, the stock's relative price strength percentile is slipping at 58 for 6 months, 57 for 3 months, and 31 for 30 days. A price fall combined with a slipping relative strength is a bearish signal.

There were 54,781 shares worth $A2.1 million traded today. The volume was 0.4 times the average daily trading volume of 154,538 shares.

QUARTERLY REPORT
News (ASX:NWS) announced net profit for the quarter-ended 31 December 2023 [Q2/2023] of $A156m.

Quarterly Report
<table>
<tr><td>December 31</td><td>2023</td><td>2022</td><td>2023</td><td>2022</td><td>Change</td></tr>
<tr><td>Description</td><td>$A m</td><td>$A m</td><td>$ m</td><td>$ m</td><td>(%)</td></tr>
<tr><td>Depreciation</td><td>(179)</td><td>(174)</td><td>(121.8)</td><td>(118.5)</td><td>Deterioration 2.9</td></tr>
<tr><td>EBIT</td><td>277</td><td>155</td><td>188.5</td><td>105.6</td><td>Up 78.7</td></tr>
<tr><td>Pre Tax Profit/(Loss)</td><td>277</td><td>155</td><td>188.5</td><td>105.6</td><td>Up 78.7</td></tr>
<tr><td>Profit/(Loss) after Tax</td><td>156</td><td>67</td><td>106.2</td><td>45.6</td><td>Up 132.8</td></tr>
<tr><td>Net Assets</td><td>9,102</td><td>13,292</td><td>6,193.6</td><td>9,056</td><td>Down 31.5</td></tr>
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Figure 1: Stock Identifiers

ISIN	AU000000NWS2
PermID	5039926532

Fig 2: Stock Summary

Market Cap	$A1.1 billion
EPS Growth % (y.o.y)	125.0
Shares Outstanding	28,822,366
Relative Strength (3 mo)	57

Fig 3: Technical Indicators

Name	Value	Comment
CCI	-126.1	Sell
MFI	32.0	Neutral

Fig 4: Moving Averages

Name	Value	Comment
P/MAP10	0.97	Price/MAP10 below 1 and falling
P/MAP20	0.96	Price/MAP20 below 1 and falling
P/MAP50	0.95	Price/MAP50 below 1 and falling

Fig 5: Financials Summary

Year ended Jun	FY2023	FY2022	FY2021
Sales ($ B)	6.4	6.7	8
Pretax ($ M)	212.4	522.7	386.5
Net ($ M)	95.9	401	283.4
EPS (AUD)	0.26	1.06	-

EPS down 75.5% to 26.0c in FY2023 [y.e. 30 Jun 2023]
Net profit was down 76.1% from $401 million in FY2022 to $95.9 million in FY2023. Earnings Per Share (EPS) was down 75.5% from $A1.06 in FY2022 to 26.0c in FY2023.

Bearish Signals

Downtrend

Price/Moving Average Price:

- The price to 50-day EMAP ratio is 0.9, a bearish indicator. The 50-day EMAP has decreased to $A40.33. A decrease is another bearish indicator.

Past Week:

- In the past week, volume was 0.5 times average and the shares were down 2.3%. Friday's close price is at a 0.7% discount to its 5-day Volume Weighted Average Price (VWAP) of $A38.73.

Past Month:

- The present value of AUD1,000 (PV1000) invested one month ago in News is $A933, for a capital loss of $A67.

Slipping Relative Strength (1mo, 3 mo):

- In the Australian market of 1,539 stocks and 13 units traded today, the stock has a 6-month relative strength of 58 which means it has outperformed 58% of the market.
- Also, the relative strength percentile is slipping at 57 for 3 months and 31 for 1 month.

Overvaluation [compared with sector average]

Price/Earnings and Earnings Yield:

- Price/Earnings of 147.8 [32.3]. We estimate News stock is trading at a current year P/E of 8.1 and a forward year P/E of 8.9.
- Earnings yield of 0.7% is below the 10-year bond yield of 4.39%.

Dividend Yield:

- The relative yield of NWS, defined by its yield of 0.6%, divided by average yield of dividend yielding stocks in the All Ordinaries Index of 4.1% is 13.6%. This suggests News stock is overvalued in dividend yield terms.

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