PT Media Nusantara Citra Tbk (MNCN)

Media Industry

KB Valbury Sekuritas

Heading toward trend of digital ads

22 April 2022

Recommendations	: BUY

Stock	
Price on 21/04/2022 (Rp)	1,065
12M target price (Rp)	1,295
Capital gain potential	22%

Stock Data	
Outstanding shares	13,227,161,510
Market cap (Rp)	16,028,023,911,150
Weight VS IHSG (%)	0.31

Shareholders	(%)
Global Mediacom	52.67%
BoD and Commissioners	0.08%
Public	47.25%
Outstanding Shares (unit)	13,227,161,510
Treasury stocks	1,822,626,200

Price Performance	
52-week high/low	Rp1,080 /Rp780

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
17.03	20.34	15.76	9.23	18.33

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	9,622	10,097	10,873
Operating Income	3,438	3,678	4,069
OPM (%)	35.73%	36.42%	37.42%
EBITDA	4,075	4,127	4,489
EV to EBITDA (x)*	3.47	4.05	3.79
Net Income	2,377	2,577	2,853
NPM (%)	24.71%	25.52%	26.24%
EPS (Rp)	180	195	216
EPS Growth (%)	36.1%	8.4%	10.7%
Price Earnings (x)*	5.01	5.47	4.94
Price to Book (x)*	0.70	0.74	0.67
Price to Sales (x)*	1.24	1.40	1.30
Return on Equity (%)	14.02%	13.54%	13.53%
Return on Assets (%)	11.13%	10.83%	10.91%
Tot Debt/Equity (x)	0.21	0.20	0.20

**) based on market price (21/04/2022) at Rp1,065*
Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
Alfiansyah
Devi Harjoto

Laba bersih MNCN tumbuh 36,0% YoY pada 2021 menjadi Rp2,4 triliun
Pendapatan iklan digital menjadi motor pertumbuhan jangka panjang
Rekomendasi "BUY" dengan target harga Rp1.295 per saham

Margin yang stabil dan performa QoQ yang kuat

Laba bersih MNCN tumbuh 36,0% YoY pada 2021 menjadi Rp2,38 triliun (+41,7% QoQ), ditopang dari pertumbuhan pendapatan sebesar 20,9% YoY menjadi Rp9,62 triliun (+15,4% QoQ). Namun, beban langsung meningkat lebih tinggi 30,9% YoY pada 2021 ditengah kenaikan beban program. Sehingga, GPM MNCN turun dari 61,7% pada 2020 menjadi 58,2% pada 2021. Kemudian, beban umum dan administrasi meningkat 5,10% YoY pada 2021 dari beban iklan, juga depresiasi. Akan tetapi, margin operasional stabil pada 35,7% pada 2021 dibandingkan 35,5% pada 2020. Kemudian, beban keuangan turun 37,9% YoY pada 2021 menjadi Rp262,2 miliar, juga pembalikan dari beban lain-lain menjadi pendapatan lain-lain Rp10,7 miliar dari bagian keuangan yang belum direalisasi dari investasi keuangan FVTPL. Dari segi neraca, net gearing membaik dengan 0,11x pada 2021.

Harapan dari pertumbuhan iklan digital

Pertumbuhan pendapatan MNCN pada 2021 didorong oleh pendapatan dari pendapatan iklan digital yang meningkat 106,2% YoY menjadi Rp2,00 triliun (7,8% QoQ). Sehingga, kontribusi pendapatan iklan digital meningkat signifikan dari 11,0% pada 2020 menjadi 18,7% pada 2021. Sedangkan, pendapatan iklan non-digital hanya tumbuh 10,3% YoY pada 2021 menjadi Rp7,18 triliun atau naik 16,0% QoQ. Namun, pendapatan iklan non-digital masih berkontribusi terbesar 66,8% pada 2021 tetapi turun dari 73,5% pada 2020. Adapun, audience share prime time pada Agustus 2021 dibandingkan dengan 2Q21 cenderung flat pada 54,0. Audience share secara dominan dikontribusikan oleh acara e-commerce seperti Lazada, Shopee dan sinetron "Ikatan Cinta".

Katalis jangka panjang dari pengembangan media digital

Kami memperkirakan pendapatan MNCN dapat tumbuh 5% pada 2022, yang akan didominasi dari segmen iklan non-digital terutama dari televisi ditengah kuatnya audience share dengan sinetron pilihan. Kemudian, kami menilai peningkatan mobilitas, IKK yang secara konsisten berada di area optimistis dan datangnya puasa dan lebaran pada 2Q22 mendorong belanja FMCG juga adanya acara promosi dari *e-commerce*. Di sisi lain, kasus covid-19 yang cenderung terkendali dapat mendorong produktifitas produksi serial. Untuk segmen iklan digital, kami memperkirakan akan terus bertumbuh dan dapat mencapai 50% pada 2024 ditengah luasnya produk media digital MNCN, dan pertumbuhan dari RCTI+ yang telah mencapai 64 juta MAU pada Januari 2022 dan dari Vision+, ditengah pengembangan konten terutama olahraga bulutangkis. Akan tetapi, kami melihat kecenderungan peningkatan stasiun televisi yang semakin beragam seiring dengan peralihan analog ke digital dapat mendorong persaingan.

Rekomendasi BUY ditengah audience share yang kuat dari serial pilihan

Kami merekomendasikan BUY dengan target harga Rp1.295 per saham, yang merefleksikan valuasi 2022 PE pada 5,47x. Adapun, pertimbangan atas rekomendasi kami yakni 1) audience share yang kuat untuk MNC Group; 2) pertumbuhan pendapatan iklan dari segmen digital yang signifikan dari pertumbuhan aplikasi RCTI+ dan Vision+ juga portfolio yang luas untuk kanal digital lainnya; 3) perekonomian dan kepercayaan konsumen yang meningkat dapat mendorong belanja iklan TV dan 4) neraca yang kuat. Namun, kami menilai adanya resiko atas rekomendasi kami yakni 1) penurunan pendapatan iklan non-digital ditengah ketidakpastian ekonomi yang tinggi; 2) peningkatan biaya produksi konten; 3) persaingan dengan layanan streaming digital lain dan stasiun TV lainnya setelah perpindahan ke digital.

FINANCIAL OVERVIEW

Income Statement (Rp bn)	FY2020	FY2021	YoY Change	3Q2021	4Q2021	QoQ Change
Revenue	**7,956**	**9,622**	*20.9%*	2,210	2,549	*15.4%*
Cost of Revenue	(3,051)	(3,992)	*30.9%*	(1,013)	(963)	*(4.9%)*
Gross Profit	**4,906**	**5,630**	*14.8%*	**1,197**	**1,586**	*32.5%*
Gross Margin (%)	***61.7%***	***58.5%***		***54.2%***	***62.2%***	
Operating Expenses	(2,085)	(2,192)	*5.1%*	(484)	(669)	*38.2%*
Operating Profit	**2,820**	3,438	*21.9%*	**713**	**917**	*28.7%*
Operating Margin (%)	***35.5%***	***35.7%***		***32.3%***	***36.0%***	
Non-Operating Income (Losses)	(481)	(226)	*53.2%*	(37)	20	*(154.0%)*
Pretax Income	**2,340**	**3,212**	*37.3%*	**676**	**937**	*38.6%*
Income Tax (Expense)/ Benefit	(469)	(636)	*35.7%*	(130)	(171)	*31.2%*
Profit for This Year	**1,871**	**2,577**	*37.7%*	**546**	**766**	*40.4%*
Net Profit (Losses)	**1,748**	**2,378**	*36.0%*	**490**	**694**	*41.7%*
Profit Margin (%)	***22.0%***	***24.7%***		***22.2%***	***27.5%***	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Revenue	**7,956**	**9,622**	**10,097**	**10,873**	**11,792**
Revenue growth yoy	*(4.8%)*	*20.9%*	*4.9%*	*7.7%*	*8.5%*
- Cost of Goods Sold	(3,051)	(3,992)	(4,197)	(4,498)	(4,854)
Gross Income	**4,906**	**5,630**	**5,900**	**6,375**	**6,937**
- Operating Expenses	(2,085)	(2,192)	(2,222)	(2,306)	(2,643)
Operating Income	**2,820**	**3,438**	**3,678**	**4,069**	**4,295**
Op income growth yoy	(13.5%)	21.9%	7.0%	10.6%	5.6%
- Non Operating Gains (Losses)	*(481)*	*(226)*	*(186)*	*(202)*	*(207)*
EBITDA	**3,327**	**4,075**	**4,127**	**4,489**	**4,845**
Pretax Income	**2,340**	**3,212**	**3,492**	**3,866**	**4,087**
- Income Tax Expense	(469)	(636)	(698)	(773)	(817)
Profit for This Year	**1,871**	**2,577**	**2,794**	**3,093**	**3,270**
- Minority Interests	(124)	(199)	(216)	(240)	(253)
Net Income	**1,748**	**2,377**	**2,577**	**2,853**	**3,017**
Net income growth yoy	*(21.8%)*	*36.0%*	*8.4%*	*10.7%*	*5.7%*
EPS (IDR)	**132**	**180**	**195**	**216**	**228**
Dividends Per Share (IDR)	**8**	**27 ***	**39**	**65**	**91**

Sources: Company, Bloomberg and KB Valbury Sekuritas

**) Estimate*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	**8,316**	**9,750**	**10,124**	**10,474**	**10,908**
+ Cash & Near Cash Items	940	1,286	1,242	1,217	1,227
+ Short Term Investments	171	181	190	198	207
+ Accounts & Notes Receivable	2,935	3,054	3,205	3,341	3,494
+ Inventories	2,867	2,897	3,040	3,168	3,314
+ Other Current Assets	1,402	2,332	2,447	2,550	2,667
Total Long-Term Assets	**10,607**	**11,619**	**13,674**	**15,677**	**17,596**
+ Property, Plant & Equip, Net	5,863	6,699	8,191	9,098	10,319
Property, Plant & Equip	9,695	11,014	12,793	14,031	15,737
Accumulated Depreciation	3,831	4,315	4,602	4,933	5,418
+ Long Term Investments	1,344	1,198	1,251	1,673	2,047
+ Other Long Term Assets	3,401	3,722	4,232	4,906	5,231
Total Assets	**18,923**	**21,369**	**23,798**	**26,151**	**28,504**
Total Current Liabilities	**2,159**	**3,114**	**3,438**	**3,655**	**3,977**
+ Payables & Accruals	244	153	127	106	84
+ Short Term Borrowings	1,904	2,951	3,302	3,541	3,887
+ Other Short Term Liabilities	11	10	9	8	7
Total Long Term Liabilities	**2,302**	**736**	**736**	**783**	**905**
+ Long Term Borrowings	2,095	563	560	604	726
+ Other Long Term Borrowings	207	173	176	179	180
Total Liabilities	**4,461**	**3,850**	**4,175**	**4,438**	**4,882**
+ Share Capital & APIC	4,714	4,714	4,714	4,714	4,714
- Treasury Stock	2,972	2,974	2,974	2,974	2,974
+ Retained Earnings & Other Eq.	12,444	14,675	16,737	18,734	20,544
+ Other Equity	(28)	547	552	618	678
Total Shareholders Equity	14,158	16,962	19,029	21,092	22,962
+ Minority/Non Controlling Int.	304	557	595	621	660
Total Equity	**14,462**	**17,519**	**19,623**	**21,713**	**23,622**
Total Liabilities & Equity	**18,923**	**21,369**	**23,798**	**26,151**	**28,504**
Book Value Per Share (IDR)	**1,070**	**1,282**	**1,439**	**1,595**	**1,736**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (Rp bn)	2020A	2021A	2022E	2023F	2024F
Net Income	**1,748**	**2,377**	**2,577**	**2,853**	**3,017**
+ Depreciation & Amortization	507	636	587	632	685
+ Other Non-Cash Adjustments	(846)	(313)	(880)	(947)	(1,028)
Cash From Operating Activities	**1,409**	**2,701**	**2,284**	**2,538**	**2,674**
+ Disposal of Fixed Assets	6	12	14	15	17
+ Capital Expenditures	(589)	(652)	(845)	(910)	(987)
+ Other Investing Activities	(619)	(10)	(510)	(675)	(325)
Cash From Investing Activities	**(1,201)**	**(650)**	**(1,341)**	**(1,569)**	**(1,294)**
+ Dividends Paid	0	(120)	(515)	(856)	(1,207)
+ Change in long Term Borr.	(758)	(1,396)	(472)	(137)	(163)
+ Change in capital stock	784	2	0	0	0
Cash From Financing Activities	**102**	**(1,705)**	**(987)**	**(993)**	**(1,370)**
Net Changes in Cash	**309**	**346**	**(44)**	**(25)**	**10**

Sources: Company, Bloomberg and KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	8.55	5.01	5.47	4.94	4.67
EV to EBIT*	6.38	4.11	4.72	4.41	4.20
EV to EBITDA*	5.41	3.47	4.05	3.79	3.61
Price to Sales*	1.88	1.24	1.40	1.30	1.19
Price to Book*	1.05	0.70	0.74	0.67	0.61
Dividend Yield*	0.7%	3.0%**	3.7%	6.1%	8.6%
Profitability Ratios					
Gross Margin	61.66%	58.51%	58.43%	58.63%	58.83%
EBITDA Margin	41.82%	42.35%	40.87%	41.29%	41.09%
Operating Margin	35.45%	35.73%	36.42%	37.42%	36.42%
Profit Margin	21.96%	24.71%	25.52%	26.24%	25.58%
Return on Assets	9.23%	11.13%	10.83%	10.91%	10.58%
Return on Equity	12.34%	14.02%	13.54%	13.53%	13.14%
Leverage & Coverage Ratios					
Current Ratio	3.85	3.13	2.94	2.87	2.74
Quick Ratio	2.52	2.20	2.06	2.00	1.91
Interest Coverage Ratio (EBIT/I)	6.68	13.11	16.43	16.40	17.27
Tot Debt/Capital	0.21	0.23	0.22	0.23	0.25
Tot Debt/Equity	0.28	0.21	0.20	0.20	0.20
Others					
Asset Turnover	0.42	0.45	0.42	0.42	0.41
Accounts Receivable Turnover	2.71	3.15	3.15	3.25	3.38
Accounts Payable Turnover	32.59	63.01	79.50	102.40	140.93
Inventory Turnover	2.78	3.32	3.32	3.43	3.56

**) based on market price (21/04/2022) at Rp1,065*

***) Estimate*

Sources: Company, Bloomberg and KB Valbury Sekuritas

KB Valbury Sekuritas

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed ot it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas

Headquarters

Menara Karya, 9th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav 1-2
Jakarta 12950, Indonesia
T +62 21 255 33 600
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading
Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah
Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit
Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung
Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87255888
T +62 22 - 87255800
F +62 22 - 87255811

Semarang
Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 3521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta
Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 623111
F +62 274 - 623222

Surabaya
Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955716

Denpasar
Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 255888
T +62 361 - 225229
F +62 361 - 225339

Banjarmasin
Jl.Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Solo
Jl. Ronggo Warsito no. 34
Solo 57118
T +62 271 632888
F +62 271 656988

Makasar
Ratulangi Points Lt. 3
Jl. Dr Sam Ratulangi No. 2 Kunjungmae, Mariso
Makassar, Sulawesi Selatan 90125
T +62 411 8955999

Malang
Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Medan
Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru
Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang
Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado
Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang
Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi

Padang
Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado
Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang
Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado
Universitas Prisma Manado
T 0431 8800850

Jakarta
Universitas Gunadarma
T +62 21 - 8727541