PT Metrodata Electronics Tbk (MTDL)

Computer and Services

Not Rated

Stock Data

Curent Price	:	IDR1.835
52wk Range H-L	:	IDR775-1.885
Share Outstanding	:	2,455.4 million
Free Float (%)	:	34.33%
Mkt Capitalization (IDR bn)	:	4,505.6

Major Shareholders

PT Ciputra Corpora	:	35.83%
Hiskak Secakusuma	:	16.21%
Sukarto Bujung	:	7.23%
DB Singapore	:	6.02%
Public		34.71%

Speeding up the Innovation!

Provides Integrated ICT Solution in Indonesia

PT Metrodata Electronics Tbk (MTDL) is a renowned Information Technology and Communications company in Indonesia which consists of Business Distribution, Solution and Information Technology Consultation Units. Aligned with the growth of the business, MTDL partnered with world class IT companies to innovate through developing subsidiaries and even joint ventures which includes 7 main business units. Currently, MTDL has 4,000 customers from the business distribution unit which are the dealers and master dealers with a distribution scope of 7 full branches, 14 warehouses and several sales representatives across Indonesia. The business solution unit has more than 1.700 customer bases which consist of Small Medium Enterprises.

MTDL's Innovation in Welcoming the Digital Industry Transformation 4.0

Realizing the ever-changing condition of the market from digital transformation, MTDL focuses on the development of strategies as well as diversification in all business segments. One of its strategies is to launch the company's own do-it-yourself (DIY) PC which will optimize and enable the customer's creativity to customize their own computers such as gaming products through its subsidiary, PT Synnex Metrodata Indonesia (SMI). Currently SMI's distribution for gaming products has dominated the market share by 50%. In FY19E, SMI developed new gaming products with top of the line technology, such as notebook and PC in the Nvidia RTX Series which includes Intel i9, GTX 16 series graphic card, ROG phone and the newest gaming accessories.

Solid Performance in 9M19: Net Profit grew by +35.47% YoY

Revenue grew by 12.80% YoY to IDR10.22 trillion in 9M19 (vs IDR9.06 trillion in 9M18) driven by the Business Distribution Unit, specifically by the sales of hardware as it contributed 78.13% YoY towards the total sales in 9M19 and another 13.36% YoY from the sales of software. The net profit grew by 35.47% YoY to IDR258,78 billion in 9M19. On this year, the company budgeted their capital expenditure for FY19E as much as IDR200 billion, with a portion of IDR190 billion used for buying ICT products which will be rented out to customers and the remaining IDR10 billion for upgrading the ICT for internal purposes. The company set a quite optimistic target for revenue growth at 12% and the net profit also targeted to grow by 12.5% FY19E.

Valuation and Recommendation: NOT RATED

MTDL is currently trading at the level of +2STD PE (3 years average). MTDL's shares grew by 106.36% YTD with PE at 12,38x. We believe that the development of product innovation strategy that is supported by massive expansions in the upcoming years will potentially increase Company's performance.

Key Financial Highlight

In billion IDR	FY16	FY17	FY18	9M19
Revenue	10,048.15	10,817.14	12,713.41	10,223.64
Operating Profit	442.62	464.77	575.83	474.80
Operating Profit Margin (%)	4.41%	4.30%	4.53%	4.64%
Net Profit	220.66	247.41	288.04	258.78
Net Profit Margin (%)	2.20%	2.29%	2.27%	2.53%
ROA (%)	5.69	5.79	5.94	4.57
ROE (%)	11.93	11.24	11.08	8.97

Sources : IPTV

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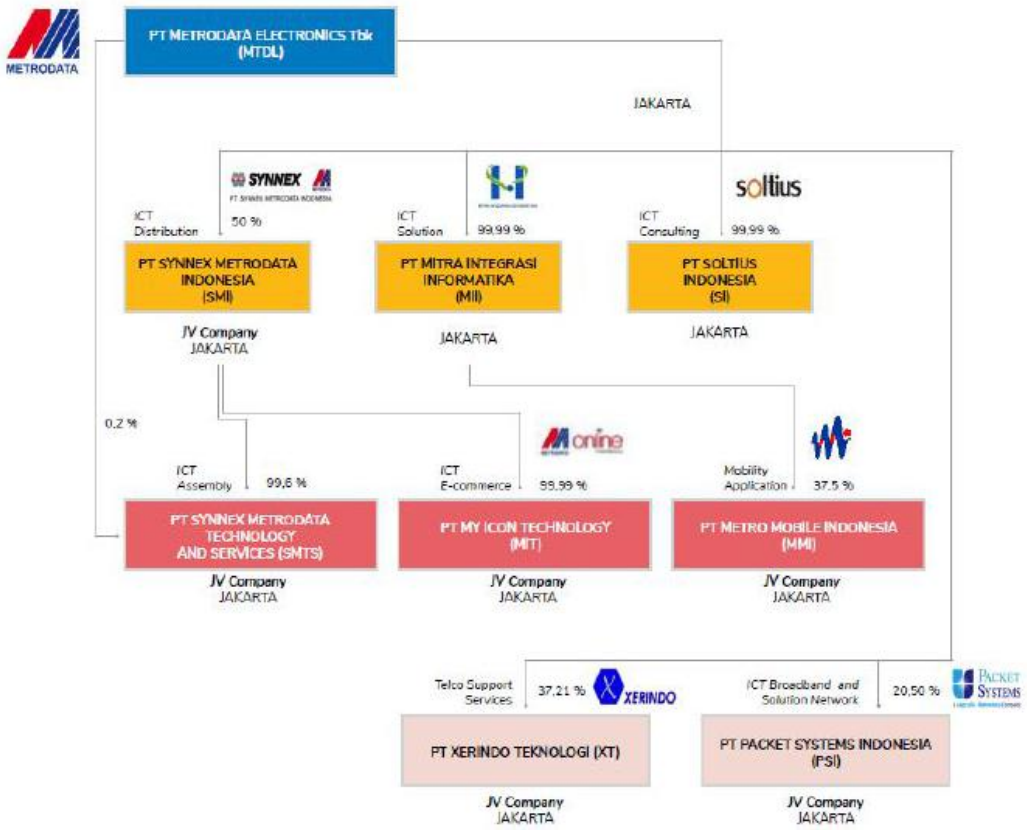
The Provider of the Most Integrated ICT Solution in Indonesia

PT Metrodata Electronics Tbk (MTDL) is a renowned Information Technology and Communications company in Indonesia which consists of Business Distribution, Solution and Information Technology Consultation Units. Aligned with the growth of the business, MTDL partnered with world class IT companies to innovate through developing subsidiaries and even joint ventures which includes 7 main business units such as: 1) Business Distribution (PT Synnex Metrodata Indonesia); 2) Business Solution (PT Mitra Integrasi Informatika); 3) Consultation Business (PT Soltius Indonesia); 4) E-Commerce/Retail Business (PT My Icon Technology); 5) Network Solution Business (PT Packet System Indonesia); 6) Telco Support Services (PT Xerindo Technology); 7) Mobility Application for Sales and Distribution Business (PT Metro Mobile Indonesia).

Currently, MTDL has 4,000 customers from the business distribution unit which are the dealers and master dealers with a distribution scope of 7 full branches, 14 warehouses and several sales representatives across Indonesia. The business solution unit has more than 1.700 customer bases which consist of Small Medium Enterprises. The large mixed customer bases are surely beneficial for the company in maintaining business growth in the future.

Exhibit 01. MTDL Subsidiaries and Associate



Source : MTDL, 31 Dec 2018

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The Company's Innovation in Welcoming the Digital Industry Transformation 4.0

The progress of digital technology brings about the industrial revolution to the 4th stage or the Industry 4.0 with supporting technology such as the Internet of Things (IoT) and Big Data which can be executed through predictive analysis. Realizing the ever-changing condition of the market from digital transformation, MTDL focuses on the development of strategies as well as diversification in all business segments. The implementation of a more innovative business model and also supporting the digital transformation are some of the strategies of the company.

Through the Business Distribution Unit, MTDL diversified their products and focuses on : 1) The growth of product sales, specifically the Notebook, PC, printers, servers and storage; 2) The growth of computer gaming and ICT sales such as hard disks, CPU, memory cards, surveillance and CCTV; 3) The development of an application channel, "Electronic Software Distribution", for sales through B2B platforms because of the rise of E-Commerce and the Cloud; 4) The expansion of business networks with ~100 partner principal; 5) The exploration of household items such as power tools and vacuum cleaners.

Meanwhile, through the Business Solution Unit, the company focuses their strategy for aiding corporations through technology transformations such as: 1) Connecting the customer core system with external applications like e-commerce (Application Programming Interface); 2) Helping customers to perform data analysis through a big data application; 3) Prepare security managed service for ensuring the safety of the customer IT system against viruses, threats through remote monitoring in Metrodata's office (24 hours) 4) Meet the needs of programmers (developers) for their customers.

On the other hand, the Business Consultation Unit will be focusing on: 1) Software sales; 2) Implementation of the Enterprise Resource Planning; 3) Offering end to end services such as Human Capital Management (HCM), Business Intelligence (BI), Customer Relationship Management (SRM) and Supply Chain Optimization.

MTDL's Endeavor in Product Diversification

The company's goal is to diversify its product portfolio specifically in products related to improve cyber security and big data. One of its strategies is to launch the company's own do-it-yourself (DIY) PC which will optimize and enable the customer's creativity to customize their own computers. This specific idea was generated from the sturdy growth of the gaming products sales which accounted for 7.7% of MTDL's top line in FY18. Currently SMI's distribution for gaming products has dominated the market share by 50%. In FY19E, SMI developed new gaming products with top of the line technology, such as notebook and PC in the Nvidia RTX Series which includes Intel i9, GTX 16 series graphic card, ROG phone and the newest gaming accessories.

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Exhibit 02. MTDL New Gaming Products

Source : Metrodataonline, Synexx Metrodata Indonesia

Robust Performance in 9M19: Net Profit grew by +35.47% YoY

The Company's revenue grew by 12.80% YoY which became IDR10.22 trillion in 9M19 (vs IDR9.06 trillion in 9M18). The growth of sales is driven by the Business Distribution Unit, specifically by the sales of hardware as it contributed 78.13% YoY towards the total sales in 9M19 and another 13.36% YoY from the sales of software. The net profit grew by 35.47% YoY to IDR258,78 billion in 9M19. On this year, the company budgeted their capital expenditure for FY19E as much as IDR200 billion, with a portion of IDR190 billion used for buying ICT products which will be rented out to customers and the remaining IDR10 billion for upgrading the ICT for internal purposes. The company set a quite optimistic target for revenue growth at 12% and the net profit also targeted to grow by 12.5% FY19E.

Exhibit 03. Financial Highlight 9M19

IDR billion	9M18	2Q19	9M19	3Q19	QoQ	YoY
Sales	9,063.35	2,925.04	10,223.64	4,063.02	38.90%	12.80%
COGS	8,359.84	2,684.20	9,390.01	3,740.57	39.36%	12.32%
Gross Profit	703.51	240.84	833.63	322.45	33.89%	18.50%
Gross Profit Margin	7.76%	8.23%	8.15%	7.94%		
Net Profit	191.03	66.89	258.78	106.26	58.86%	35.47%
Net margin	2.11%	2.29%	2.53%	2.62%		
EBITDA	406.36	123.03	489.1	207.19	68.41%	20.36%
EBITDA Margin	4.48%	4.21%	4.78%	5.10%		

Source : Bloomberg

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Insight Story from Site Visit

On September 2019, the MNCS team visited Synnex Metrodata Indonesia's (SMI) logistics center, a subsidiary of Metrodata Electronics (MTDL), which is located at the MM2100 Industrial Estate in Cibitung, West Java. The site visit was commenced by an opening speech and business profile presentation by Mr Randy Kartadinata, MTDL CFO, as well as the director of SMI, Mr Lie Heng. Afterwards, our team was taken on a warehouse tour led by Mr Rudy Juanda, SMI's logistics division manager.

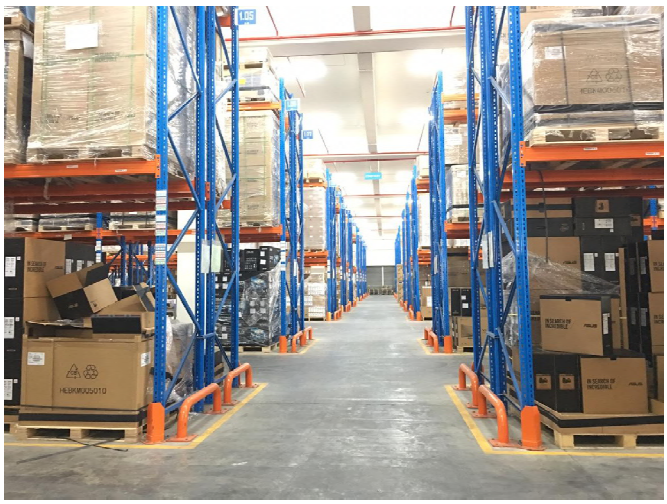
Exhibit 04. Presentation by Management

Source : MTDL

MTDL's Effort to Support the Distribution Business

The SMI logistics center manages more than 3,000 store keeping units (SKU) in the warehouse and the center is expected to accommodate MTDL's positive business growth over the next five years. Furthermore, the warehouse predicted to save around 35% in logistics costs for the Jabodetabek area. Modern Logistic Center located in a 22,000 sqm land is operational with 4 floors as SMI is the largest of Metrodata's total of 14 warehouses across Indonesia. Its complete end-to-end logistics process and inventory system is linked with SAP, product's slot allocations, a warehouse management solution (WMS) and a transport management system (TMS) include tracking position, fleet information and delivery status.

Exhibit 05. Synnex's Storage Area



Source : MNCS

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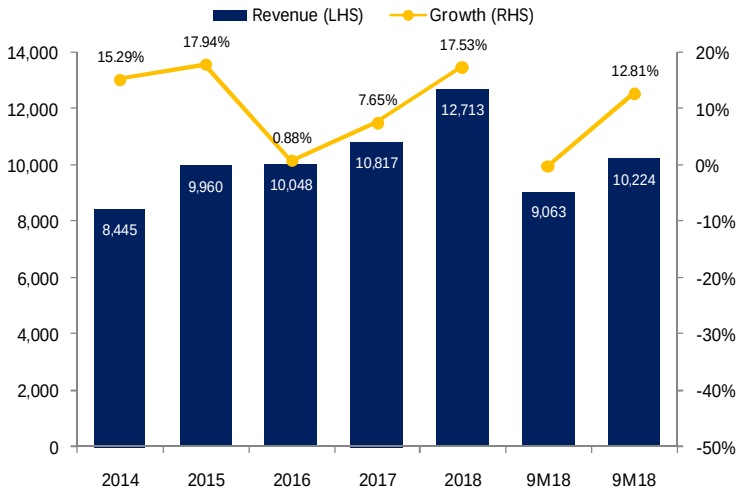
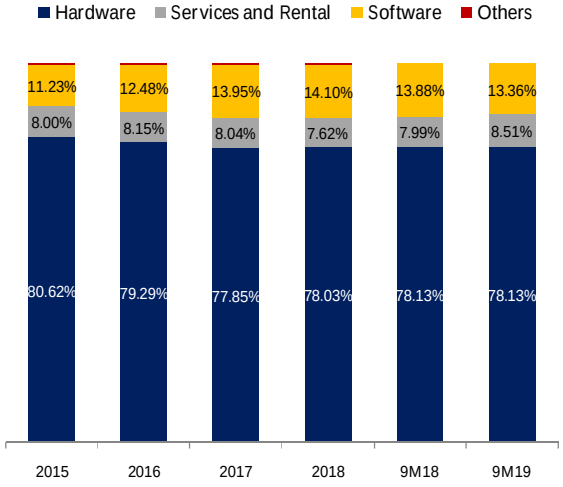
Exhibit 06. Installation of 21,000 notebooks for the Government Project (Ministry of Education)

Source : MTDL

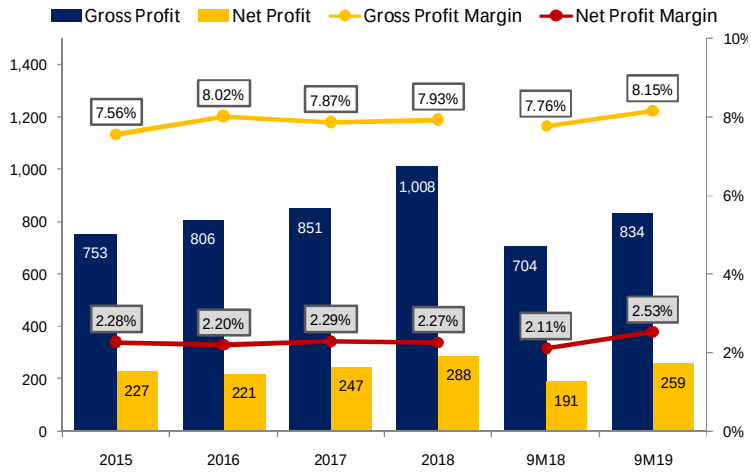
Exhibit 07. Revenue Trend and Breakdown (IDR billion)

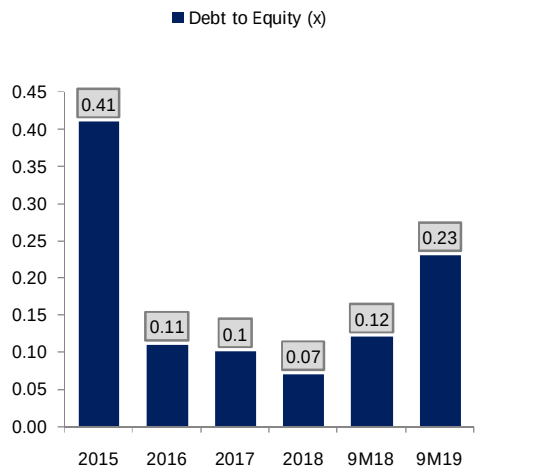




Source : Bloomberg, MNCS

Exhibit 08. Operational Margin and DER Trend





Source : Bloomberg, MNCS

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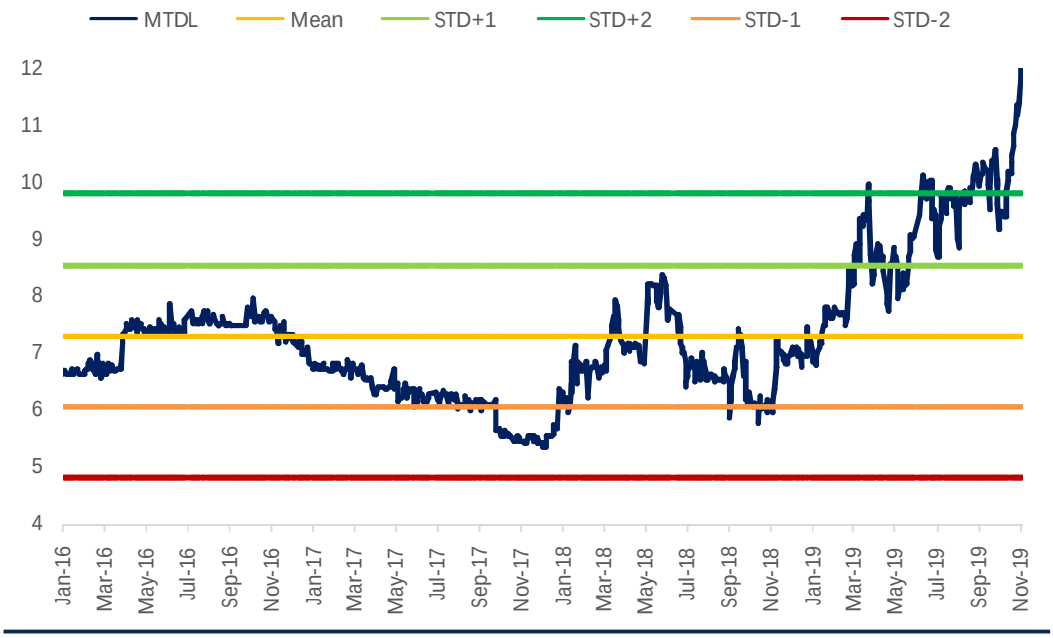
Exhibit 09. MTDL PE Band (x)



Source : Bloomberg, as of November 11, 2019

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Exhibit 10. Financial Summary

Income Statement				
IDR Billion	FY16	FY17	FY18	9M19
Revenues	**10,048.15**	**10,817.14**	**12,713.41**	**10,223.64**
COGS	**9,241.85**	**9,966.26**	**11,705.68**	**9,390.00**
Gross Profit	**806.30**	**850.88**	**1,007.74**	**833.64**
Operating Expense	**363.68**	**386.11**	**431.91**	**358.84**
Operating Profit	**442.62**	**464.77**	**575.83**	**474.80**
EBITDA	**457.84**	**483.21**	**595.35**	**489.77**
Interest Expense	43.44	17.64	19.19	7.53
Interest Income	9.65	8.96	12.12	14.95
Other	-	-	-	8.45
Profit Before Tax	**429.36**	**468.48**	**579.27**	**498.07**
Tax Expense	106.48	94.24	153.19	122.78
Net Income Before MI	322.88	374.24	426.08	375.29
Minority Interest	102.22	126.83	138.04	116.51
Net Income	**220.66**	**247.41**	**288.04**	**258.78**
EPS (IDR)	**89.87**	**100.76**	**117.31**	**43.28**

Balance Sheet				
IDR Billion	FY16	FY17	FY18	9M19
Current Assets	**3,358.77**	**3,697.42**	**4,294.40**	**5,056.68**
Cash and Cash Equivalents	530.97	521.73	681.23	569.11
Trade Receivable	1,590.31	1,867.00	1,864.70	2,235.69
Inventories	925.49	1,058.61	1,330.86	1,913.97
Others current Assets	312.00	250.08	417.60	337.91
Non-Current Assets	**517.26**	**573.71**	**558.38**	**605.10**
Fix Asset - net	170.45	203.78	292.09	292.82
Other Non-Current Assets	346.80	369.93	266.29	312.28
TOTAL ASSETS	**3,876.02**	**4,271.13**	**4,852.78**	**5,661.78**
Current Liabilities	**1,812.43**	**1,851.16**	**2,095.38**	**2,628.18**
Account Payable	1,353.52	1,678.73	1,915.37	1,978.24
Short Term Debt	79.47	120.10	127.88	40.24
Other current liabilities	379.44	52.34	52.13	609.70
Non-Current Liabilities	**214.29**	**218.25**	**157.17**	**149.12**
Long-term Liabilities - Net	131.31	108.58	51.74	26.97
Other Non-Current Liabilities	82.98	109.67	105.43	122.15
TOTAL EQUITY	**1,849.30**	**2,201.72**	**2,600.23**	**2,884.46**
TOTAL LIABILITIES & EQUITY	**3,876.02**	**4,271.13**	**4,852.78**	**5,661.78**

Cash Flow				
IDR Billion	FY16	FY17	FY18	9M19
CFO Total	**669.05**	**(83.93)**	**106.52**	**108.24**
Net Income	220.66	247.41	288.04	258.78
Depreciation	15.21	18.44	19.52	(16.00)
Change in Working Capital	454.21	(84.61)	(33.30)	(222.54)
Change in others	(21.03)	(265.18)	(167.74)	56.00
CFI Total	**(168.99)**	**(74.90)**	**(4.19)**	**(16.92)**
Capex	(81.14)	(51.77)	(107.83)	31.13
Change in Others	(87.86)	(23.13)	103.64	(48.05)
CFF Total	**(234.74)**	**232.59**	**92.37**	**(203.48)**
Net Change in Debt	(416.94)	17.90	(49.06)	(218.20)
Equity financing	47.52	49.11	-	-
Dividend payment	12.71	13.07	24.55	(19.00)
Others	121.96	152.52	116.87	402.68
Net Cash Increase	348.68	530.97	521.73	(112.16)
Closing Balance	**530.97**	**521.73**	**681.23**	**569.11**

Ratios				
Ratio	FY16	FY17	FY18	9M19
Revenue Growth (%)	0.88	7.65	17.53	12.80
Gross Profit Margin (%)	8.02	7.87	7.93	8.15
Operating Profit Margin (%)	4.41	4.30	4.53	4.64
EBITDA Margin (%)	4.56	4.47	4.68	4.79
Net Profit Margin (%)	2.20	2.29	2.27	2.53
Current Ratio (%)	185.32	199.74	204.95	192.40
Quick Ratio (%)	117.04	129.04	121.50	106.72
Receivable Days	57.77	63.00	53.54	79.82
Inventory Days	36.55	38.77	41.50	74.40
Payable Days	53.46	61.48	59.72	76.90
Debt to Equity (x)	0.11	0.10	0.07	0.02
Debt to EBITDA (x)	0.46	0.47	0.30	0.14
EBITDA Coverage	10.54	27.40	31.02	65.04
ROA (%)	5.69	5.79	5.94	4.57
ROE (%)	11.93	11.24	11.08	8.97

Source: Bloomberg, MNCS

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