



NOT RATED

Stock Data

Current Price	: 905
52wk Range H-L	: 1,100 – 800
Share Outstanding	: 15.05 Bn
Free Float	: 53.63%
Mkt Capitalization	: 13.62 (IDR tn)

Major Shareholders

PT Global Mediacom Tbk	: 52.67%
Hary Tanoesoedibjo	: 0.05%
Public	: 47.25%

PT Media Nusantara Citra Tbk (MNCN IJ)

Advertising, Printing and Media

Rapid Growth in the Digital Business

Digital Advertisements Stole the Show

- In 1H22, MNCN IJ recorded an increase in revenue to IDR5.3 tn (+8% YoY), in-line with the FY22E Bloomberg consensus, achieving 49.8%. The biggest contributor being the advertisement on both digital and non-digital platforms with IDR4.8 tn (+4% YoY).
- In the digital segment, MNCN managed to book an exceptional rise of top-line by 51.0% YoY to IDR1.3 tn, mainly driven by RCTI+ higher number of monthly active users to 65.3 mn (+1% QoQ/+102% YoY).
- With the shifting of media towards digital ecosystem, based on a research by Media Partners Asia, the media industry was targeted with a 19% CAGR on the digital industry from FY20-FY24F, thus increasing the business' digital ads market to USD1.7 bn in FY24F. Additionally, the online video revenue in the digital industry is projected to reach USD1.5 bn by FY24F from USD482.0 mn in FY20.
- Meanwhile, in the non-digital segment, MNCN booked a lower top-line to IDR3.4 tn (-8% YoY).
- MNCN still managed its status as the market leader of Free-to-Air (FTA) audience with 44%.
- MNCN had also managed to book a content & IP revenue of IDR835.8 bn in 1H22 (+15% YoY) as it continued in expanding its content distribution and licensing by IDR201.0 bn from third-party sales.
- In addition, its 2Q22 subscription revenue was booked at IDR138.7 bn (+12% QoQ) as Vision+ gained an increase in its subscribers to 2.3 mn (vs 2.2 mn in 1Q22).

Development of Contents Weighed on the EBITDA

- EBITDA was booked at IDR2.2 tn in 1H22 (+4% YoY), which is in-line with the FY22E Bloomberg Consensus, reaching 50% of the consensus. This implies the EBITDA margin of 42% (vs 43% in 1H21).
- The slight decrease in the margin was driven by an increase in the direct cost by 14% YoY to IDR2.1 tn from the continuing development of Vision+ as well as content production output in multiple FTA channels and distribution platforms.
- Additionally, the company's net income recorded a slight increase at IDR1.3 tn (+6% YoY), which translates to margin of 25% (vs 26% in 1H21).

Valuation and Recommendation: NOT RATED

MNCN is currently traded at 4.98x PE, close to its STD-1 (5-years average). However, MNCN is affiliated with the Company, so we do not offer any recommendation related to company prospects. **Recommendation: NOT RATED.**

Key Financial Highlight

Billion IDR	FY18	FY19	FY20	FY21	1H22
Revenue	7,443.91	8,353.37	7,956.24	9,621.84	5,274.31
Net Income	1,531.40	2,233.32	1,747.52	2,377.38	1,202.75
EPS (IDR)	123	180	132	180	159.84
PE (x)	8.12	5.52	7.53	5.54	5.66
BVS (IDR)	851.70	1,011.75	1,093.18	1,324.45	1,246.38
PBV (x)	1.17	0.98	0.81	0.75	0.73
EV/EBITDA (x)	10.24	8.76	9.78	7.99	6.85
ROA (%)	9.37	12.52	9.23	11.13	5.48
ROE (%)	14.39	17.83	12.08	13.57	6.41

Sources: Bloomberg, MNCN

MNCS Team Coverage
research@mncsekuritas.id
 (021) 2980 3111

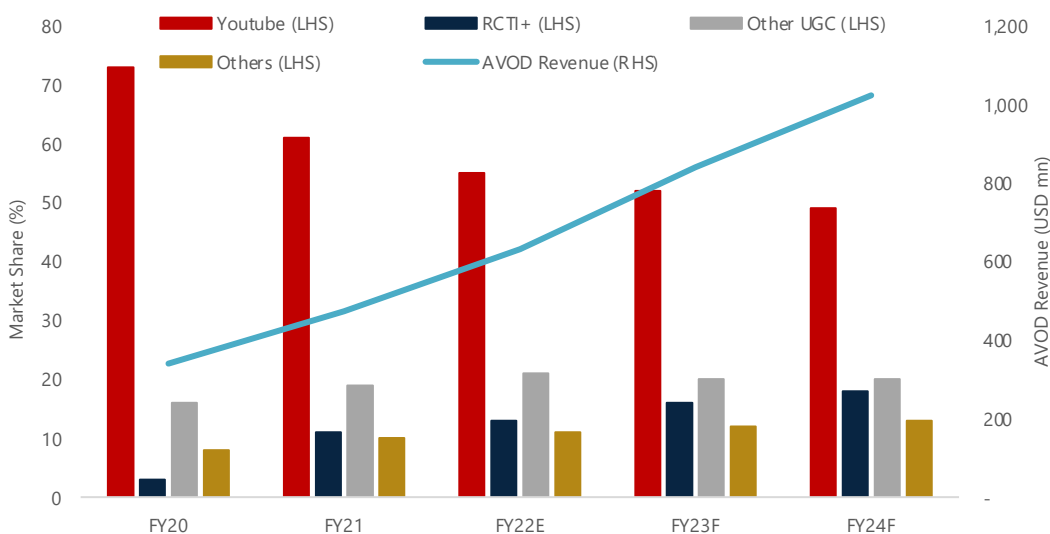
Exhibit 01. MNCN 1H22 Result vs Bloomberg Consensus

	2Q21	1Q22	2Q22	1H22	% QoQ	% YoY	FY22E Consensus	% Consensus
Revenue	2,723	2,605	2,670	5,274	2.50%	-1.95%	10,594	49.79%
Operating Expense	519	602	558	1,160	-7.26%	7.43%		
EBITDA	1,155	971	1,226	2,197	26.30%	6.17%	4,439	49.50%
EBITDA Margin	42.43%	37.28%	45.94%	41.66%				
Operating Profit	1,003	936	862	1,798	-7.92%	-14.05%	3,997	44.99%
Operating Margin	36.84%	35.95%	32.29%	34.10%				
Pre-tax Profit	1,076	874	800	1,675	-8.48%	-25.64%	3,746	44.71%
Net Profit	793	619	584	1,203	-5.73%	-26.42%		
Net Margin	29.13%	23.77%	21.86%	22.80%	24.52%			

Source : Bloomberg, MNCS

MNCN's 1H22 Revenue and EBITDA were in line with the FY22E Bloomberg Consensus. However, operating profit and pre-tax profit performed below the consensus.

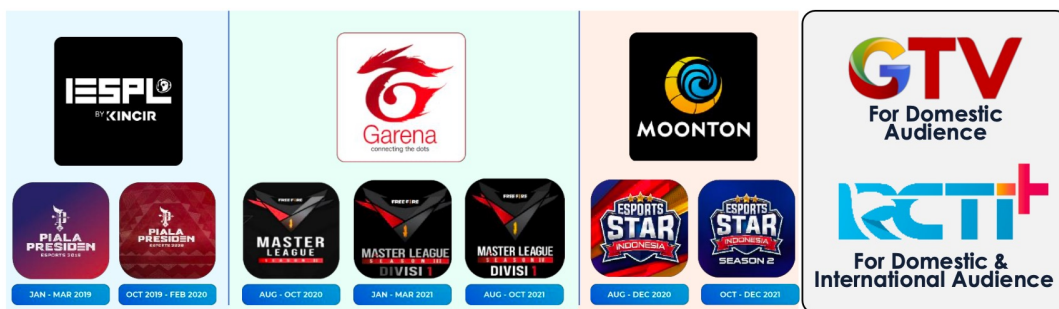
Exhibit 02. AVOD Market Share vs Revenue



Source : Company

MNCN is projected to have 18% of the AVOD market share by FY24F.

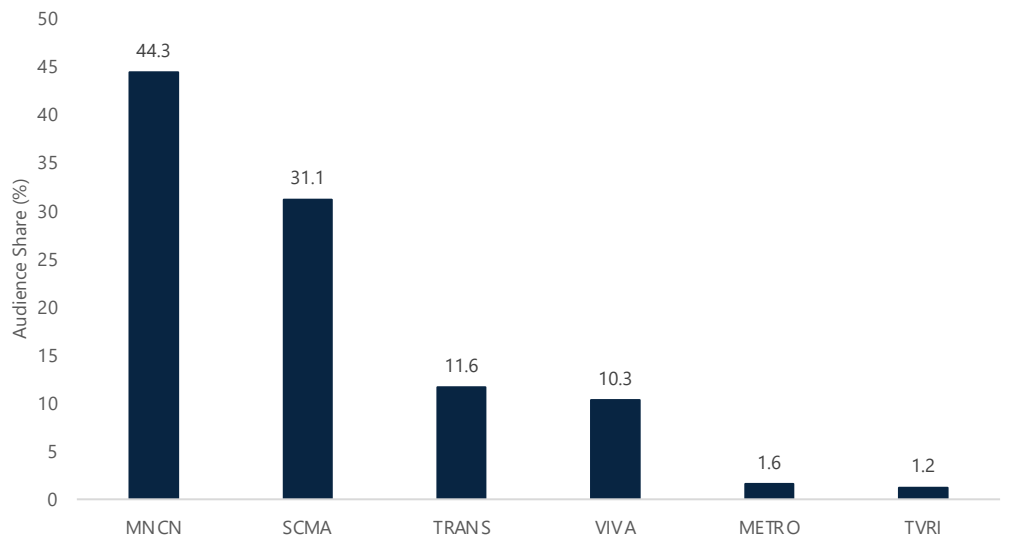
Exhibit 03. MNCN's Producers and Broadcasters on its Expansion to E-Sport Industry



Source : Company

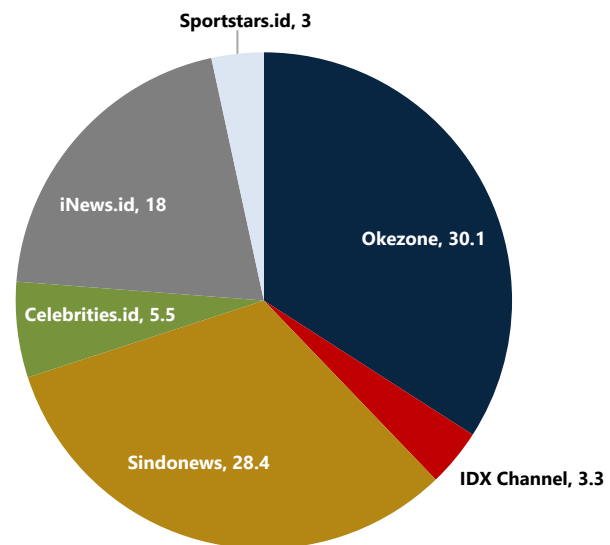
MNCN is currently the leading broadcasting group in the FTA industry.

Exhibit 04. Audience Share Prime Time FTA TV Jul-22



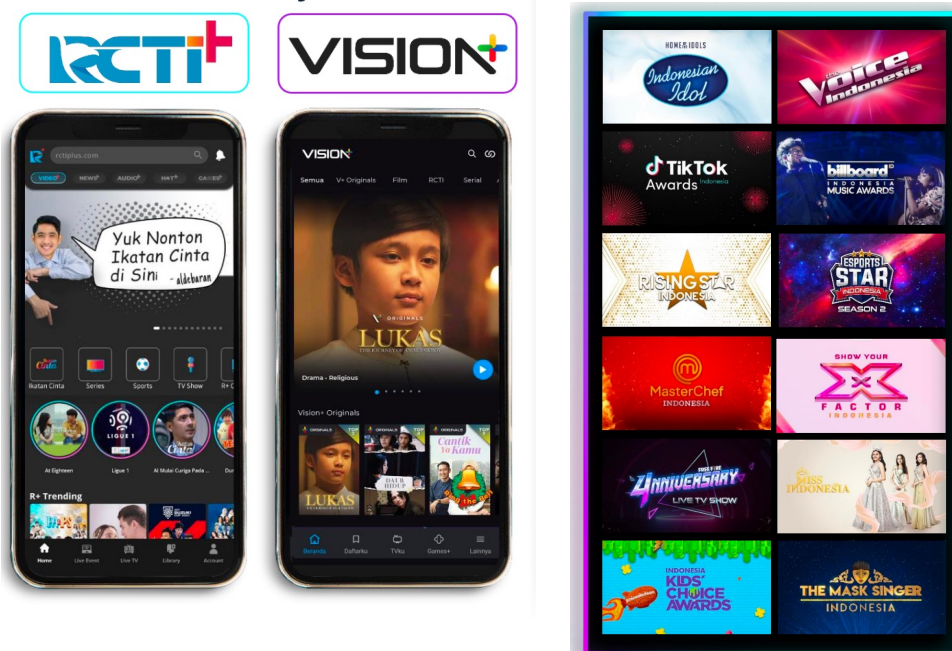
Source : Nielsen, Company

Exhibit 05. Monthly Active Users (MAU) of Online Portals as of Jul-22 (mn)



Source : Google Analytics, Company

Exhibit 06. RCTI+, VISION+ and MNCN's Special Programs



Source : Company

Exhibit 07. MNCN is currently traded at STD-1 (5-years average) on 4.98x PE



Source : Bloomberg, MNCS

MNC Research Industry Ratings Guidance

OVERWEIGHT: Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months

NEUTRAL: Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months

UNDERWEIGHT: Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discussed herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.