



NOT RATED

Stock Data

Current Price	: 585
52wk Range H-L	: 1,100 – 550
Share Outstanding	: 15.05 Bn
Free Float	: 41.54%
Mkt Capitalization	: 8.80 (IDR tn)

Major Shareholders

PT Global Mediacom Tbk.	: 52.67%
Public	: 47.33%

MNCS Team Coverage
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PT Media Nusantara Citra Tbk (MNCN IJ)

Advertising, Printing and Media

Attractive Valuation Underlines Potential

Digitalization Deems to be Promising

MNCN recorded a FY22 revenue of IDR9.1 tn (-9.5% YoY). The Analog Switch Off (ASO) implementation in Jabodetabek during 4Q22 was the primary factor that affected the company's non-digital ads revenue, which fell from 71.8% to 58.3% of the overall revenue. However, MNCN's focus on the digital ecosystem has resulted in positive results on RCTI+'s growth in market share to 13% from 11% in FY21, thus reflecting in the digital revenue growth to IDR2.5 tn (+25.3% YoY). Meanwhile, the content & IP segment contributed IDR1.8 tn (+21.7% YoY), and subscription revenue grew to IDR422.5 bn (+12.2% YoY). In addition, aligning with MNCN's objective to expand its network beyond Indonesia, the company is anticipated for a collaboration with Panorama TV Asia Broadcast Sdn Bhd, a subsidiary of Digistar Corporation Berhad in Malaysia in FY23E.

Efficiency Initiatives Uplift Company's Profitability

Gross profit was booked at IDR5.1 tn (-12.2% YoY). Yet, the company has reduced its direct costs by -8.1% YoY through efficient management of two studio facilities, partial initiation of content production in Movieland, and reduced reliance on third-party licensing deals with foreign content studios. Additionally, EBITDA was booked at IDR3.7 tn (-11.2% YoY), resulting in a margin of 41.1% (vs 41.9% YoY). Meanwhile, its net profit was booked at IDR 2.2 tn (-14.7% YoY), translating to a net margin of 24.8% (vs 26.3% in FY21).

Uncovering Opportunity of the Digital Segment

In Feb-2023, RCTI+ MAU grew to 67.6 mn, up by 700,000 from the previous month. While MAU growth has slowed in recent quarters, the company plans to increase the average time spent on the platform. Thus, it results in the increase of RCTI+ ad revenue from IDR1.3 tn in FY22 to IDR1.8-1.9 tn in FY23E. In the meantime, MNCN is making efforts to expand its gaming business following the successful release of its first mobile game, 'Fight of Legends,' which has already surpassed 100,000 downloads on Google Play.

En Route to be the Largest Southeast Asia's Largest Film Hub

With the successful production of its first sinetron (soap opera) in Dec-2022 at Movieland, a massive 21-hectare creative economy hub situated in MNC Lido City, MNCN achieved a significant milestone. This facility is aimed to be the largest film and drama series (TV & OTT) center in Southeast Asia, complete with international standard facilities and equipment. By integrating all stages of production from pre-production to production, we believe that Movieland will increase the efficiency of Indonesian film production, resulting in a higher GPM and better production control. Furthermore, with reduced costs for renting new locations and transportation for sinetron production, we anticipate higher margins for MNCN.

Valuation and Recommendation: NOT RATED

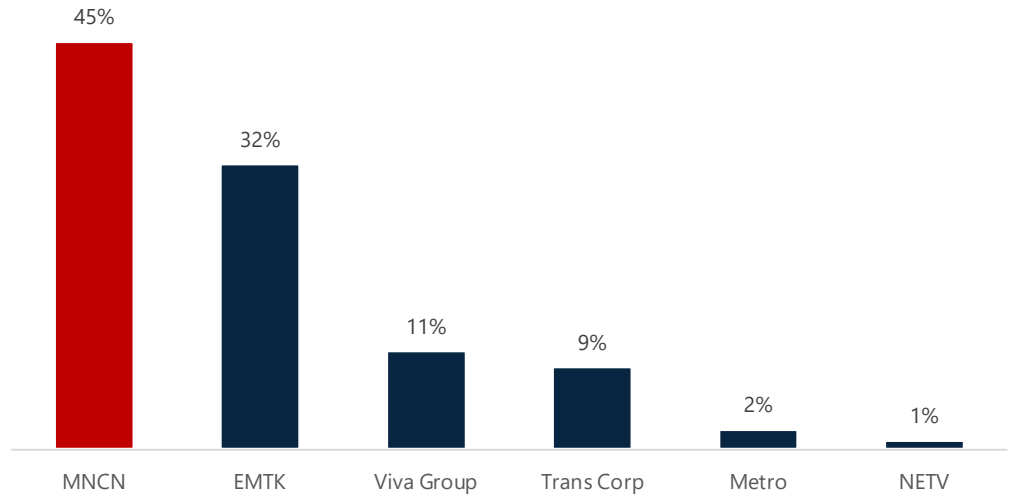
MNCN is currently traded close to STD-2 of its 5-years P/E average. However, MNCN is affiliated with the Company, so we do not offer any recommendation related to company prospects. **Recommendation: NOT RATED.**

Key Financial Highlight

IDR bn	FY18	FY19	FY20	FY21	FY22
Revenue	7,443.91	8,353.37	7,956.24	9,621.84	9,065.21
Net Income	1,531.40	2,233.32	1,747.52	2,377.38	2,244.17
EPS (IDR)	123	180	132	180	149
PE (x)	8.12	5.52	7.53	5.54	3.79
BVS (IDR)	851.70	1,011.75	1,093.18	1,324.45	1,322.86
PBV (x)	1.17	0.98	0.81	0.75	0.43
EV/EBITDA (x)	10.24	8.76	9.78	7.99	2.30
ROA (%)	9.37	12.52	9.23	11.13	10.01
ROE (%)	14.39	17.83	12.08	13.57	11.27

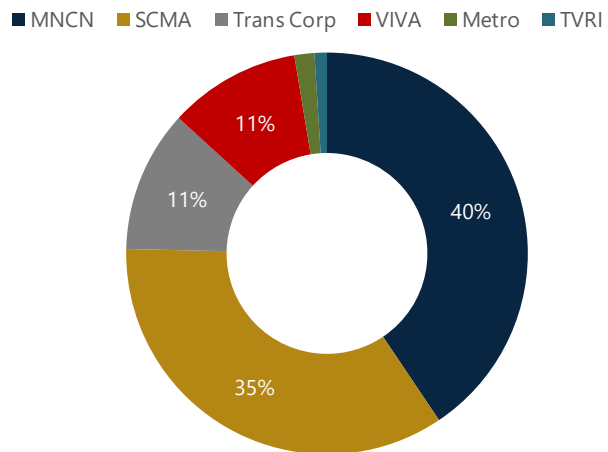
Sources: Bloomberg, MNCS

Exhibit 01. FY22 Ad Spend Share by Media Group



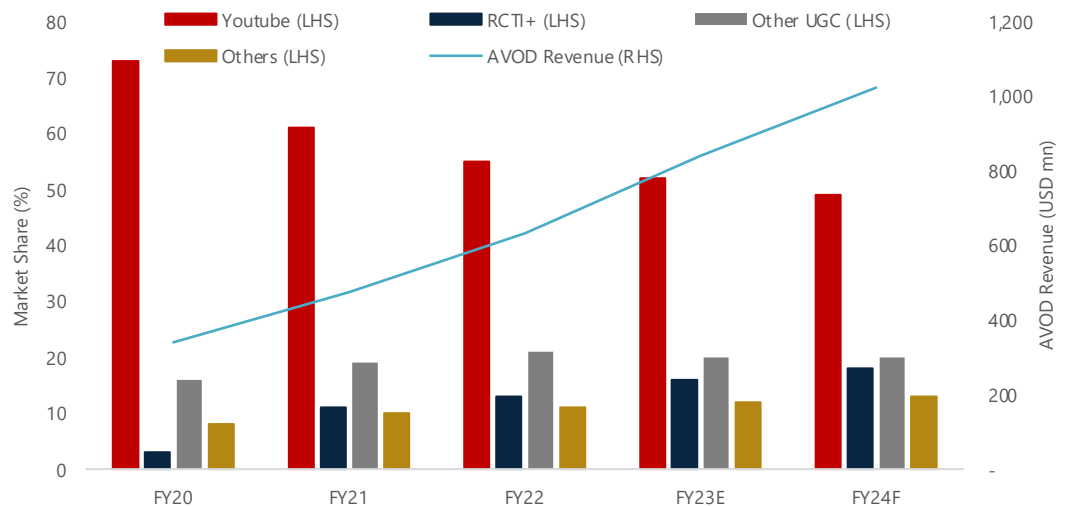
Sources : Marketing Corporate Analyst Data Source, Company, MNCS

Exhibit 02. FY22 Audience Share on Primetime FTA TV



Sources : Nielsen, Company, MNCS

Exhibit 03. Indonesia AVOD Revenue Market Share



Sources : Media Partners Asia, Company, MNCS

Exhibit 04. Movieland in MNC Lido City



MOVIE LAND
21 ha

- First Independent Movie Production Complex in Indonesia
- Large Range of background settings from nature to city
- Moviefest Package
- Family Movie
- Entertainment
- Monocast Access



Townhouses Backlot



Restaurant Backlot



Convenience Store



Rumah Menteng



Cafe Backlot



Elite House A Backlot

Source : Company

Exhibit 05. MNCN is currently traded close to STD-2 of 5-year P/E mean



Sources : 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

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