



NOT RATED

Stock Data

Curent Price	: IDR945
52wk Range H-L	: IDR1,320-780
Share Outstanding	: 15.05bn
Free Float (%)	: 53.63
Mkt Capitalization (IDR tn)	: 14.22

Major Shareholders

PT Global	: 52.67%
Mediacom Tbk	
Public	: 47.33%

PT Media Nusantara Citra Tbk (MNCN IJ) Advertising, Printing and Media

9M21 Financial Results: Everything is New Record High

Solid Performance in 9M21

- MNCN revenue increased by +18.62% YoY to IDR7.07 trillion in 9M21 (vs IDR5.96 trillion in 9M20) implying 78% of FY21E target consensus. The increase in revenue was driven by revenue from advertising, which was 95.35% of total revenue or IDR6.74 trillion (vs IDR5.52 trillion in 9M20).
- Digital advertising revenue increased significantly by +111.13% YoY to IDR1.43 trillion (vs IDR675.94 billion in 9M20). Digital advertising contributes 20.18% of total revenue in line with increasing digitization in the media sector.
- COGS increased by +31.04% YoY to IDR3.03 trillion in 9M21 (vs IDR2.31 trillion in 9M20) due to increased program and content expenses. On the other hand, MNCN recorded a gross profit increase of +10.76% YoY to IDR4.04 trillion in 9M21 (vs IDR3.65 trillion in 9M20).
- Net profit increased by +22.50% YoY to IDR1.68 trillion in 9M21 (vs IDR1.37 trillion in 9M20), implying 81% of FY21E target consensus.

FTA Business Remain Strong

- Advertising revenue increased significantly by +22.07% YoY to IDR6.74 trillion in 9M21. The non-digital segment is still the main contributor to the company's advertising revenue, which increased by +9.65% YoY. The Company maintains its strong growth by enhancing and focusing on its owned digital platform, RCTI+, along with the Company's social media monetization and portals. It is expected that contribution from digital advertisement will look to grow exponentially from 2022 onwards, with the incremental addition of revenue from gaming.
- MNCN was able to maintain its performance despite the second wave of the Covid-19 pandemic, with an overall audience share of 53.6% in prime time slots and 40.8% in non prime time. MNCN managed to dominate the market share of FTA advertising spending in 3Q21 by controlling 51% market share in the industry. In terms of content programming, MNCN managed to get 18 out of 20 best programs until October-21. Management believes the company will continue to book a strong performance of their FTA TV throughout the year.
- As a strategic move, MNCN closed access to watch its programs via streaming or third-party OTT. The aim is to ensure RCTI's FTA channel as the exclusive and most watched channel in Indonesia.

Capturing a Vibrant Digital Opportunity

- As the largest media company, MNCN seeks to optimize the online portal business line, which in 9M21 contributed 20.18% to total revenue. Going forward, MNCN expects digital revenue to be able to contribute 50% in FY24E. The growth of MNC's social media increased significantly, Youtube and Facebook viewers increased to 51.5 billion in 10M21 (vs 38 billion in FY20)
- Furthermore, MNCN tries to expand by entering the world of e-sports in Indonesia by collaborating with the leading online game developer Garena who has 4.95mn YouTube subscribers. As an initial step in the agreement, MNCN and Garena have already organized the 4th season of the Free Fire Master League.
- Through its subsidiary, MNCN will release its first game entitled Rapid Fire in 4Q21. Currently, Rapid Fire is undergoing Close Beta Testing (CBT) before it is officially released. On the other hand, the company also cooperates with Moonton and Garena (Free Fire Indonesia) and shows a promising result. Revenue in the gaming industry is expected to exceed USD2 billion in FY21E.
- MNCN's strategy in the gaming industry is their huge social media and extraordinary business ecosystem to promote, Artificial Intelligence (AI) support from India and an online game & developer team from Korea. Currently, MNCN is also developing another game similar to Mobile Legend, namely Battle of Legend which is expected to launch in 1Q22-2Q22.
- MNCN successfully launched BuddyKu, a digital platform whose content is from 3 different sources: MNC, other publisher content, and UGC (User Generated Content). MNCN uses AI in every digital platform including BuddyKu which is expected to have traffic due to it being the first in Indonesia.

Valuation and Recommendation: NOT RATED

MNCN is currently traded at 6.26x PE, close to its -1STD (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

In billion IDR	FY18	FY19	FY20	9M21
Revenue	7,443.91	8,353.37	7,956.24	7,072.76
Gross Profit	4,618.90	5,322.88	4,905.57	4,043.90
Gross Profit Margin (%)	62.05	63.72	61.66	57.18
Net Profit	1,531.40	2,233.32	1,747.52	1,682.64
Net Profit Margin (%)	20.57	26.74	21.96	23.79
ROA (%)	9.37	12.52	9.23	8.36
ROE (%)	14.39	17.83	12.08	10.04

Source: Bloomberg, MNCS

MNCS Team Coverage

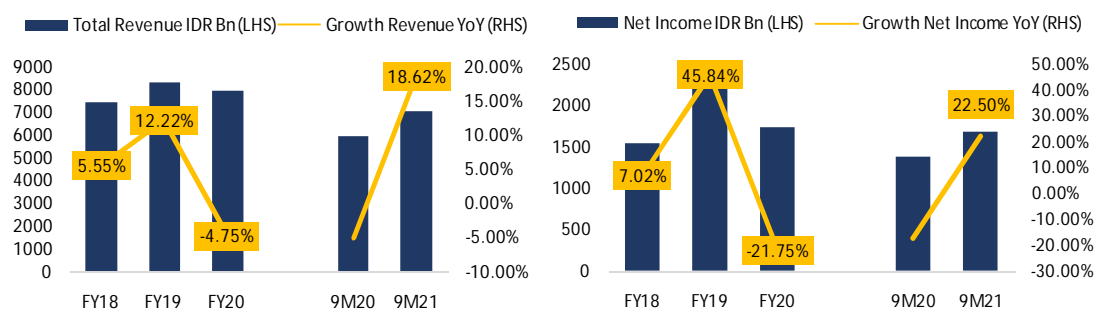
msec.research@mncsekuritas.id
(021) 2980 3111

Exhibit 01. Financial Summary on 9M21

IDR bn	9M20	9M21	% YoY	FY21E Consensus	% Consensus Target
Revenue	5,962.35	7,072.76	18.62%	9,049.70	78.15%
Direct Cost	(2,311.37)	(3,028.86)	31.04%		
Gross Profit	3,650.98	4,043.90	10.76%		
EBITDA	2,591.37	2,970.03	14.61%	3,806.38	78.03%
EBITDA Margin	43%	42%			
Net Profit Attributable to Parent Company	1,373.58	1,682.64	22.50%		
Net Profit Margin	23.04%	23.79%			
Gain (Loss) on FX	-92.57	-29.67			
Net Profit-exclude FX	1,281.02	1,652.97	29.04%	2,275.23	72.62%

Sources: Bloomberg, MNCS

Exhibit 02. MNCN's Revenue and Net Income Trend



Source: MNCN

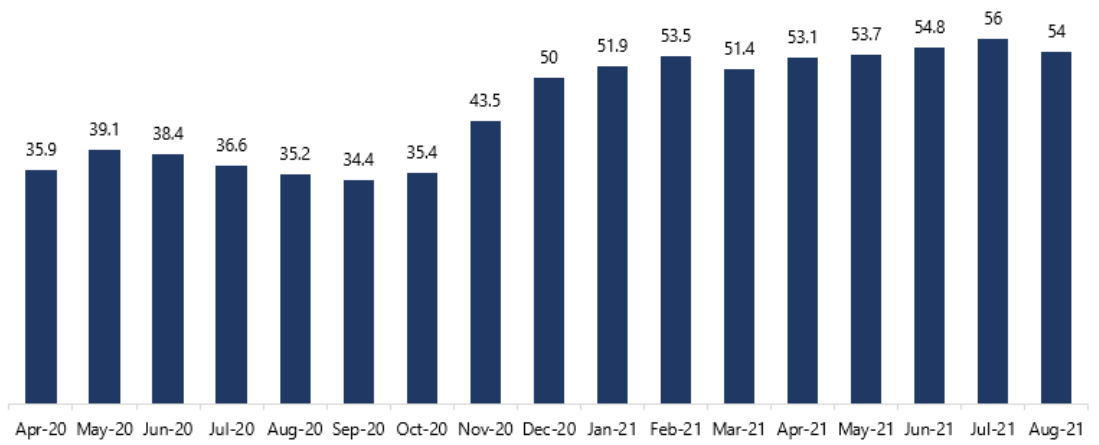
Exhibit 03. 30 Top Program YTD August 2021, Program from MNCN

No	Program Name	Channel	TVR	Share
1	Lazada panas! Promo Terpanas	RCTI	12.9	45.2
2	Ikatan Cinta	RCTI	12.8	48.1
3	Lazada panas! Lazada Ramadhan	RCTI	11.9	43.8
4	Lazada panas! Lazada 5.5 ramadhan	RCTI	11.9	44.7
5	Shopee 4.4 Mega D Day BSM Mama	RCTI	8.3	33.7
6	Telkomsel Awards 2021 26th Ann	RCTI	7.9	30.1
7	RCTI 32 Anniversary Celebration	RCTI	7.5	31.8
8	Ind Drama Series Awards 2021	RCTI	7.3	32.1
9	Gojek Tokopedia WIB TV Shov SP	RCTI	7.1	27.1
10	Tokopedia Waktu Indonesia B TV	RCTI	6.8	26.3

No	Program Name	Channel	TVR	Share
11	Shopee Big Ramadan Sale TV Show	RCTI	6.8	29.3
12	Gojek Tokopedia Waktu Indonesia	RCTI	6.7	26.3
13	Blibli 10th Bareng Kamu	RCTI	6.5	26.5
14	Piala M:PERSIB vs PERSIJA (L)	IVM	6.4	26.5
15	Piala M:PERSIJA vs PERSIB (L)	IVM	6.1	23.5
16	Tokopedia WIB TV Show SPS Rama	RCTI	5.9	26.3
17	Malam Keluarga Ruang Guru	RCTI	5.9	24.4
18	Euro 2020:Portugal vs German (L)	RCTI	5.5	43.7
19	Lamaran Lesti & Billar	IVM	5.4	36.6
20	Perjalanan Cinta Kiyut	IVM	5.3	25.9

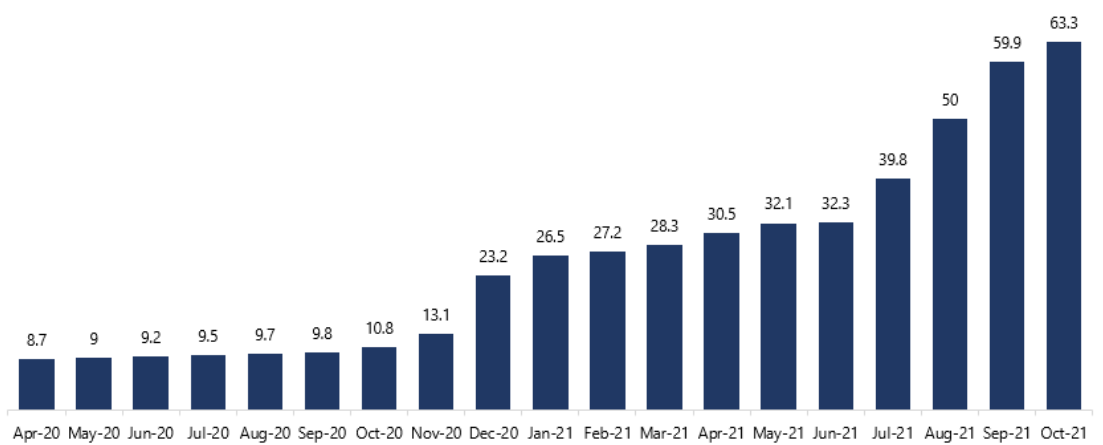
Source: MNCN

Exhibit 04. FTA TV Audience Share until August 2021 (Prime Time)



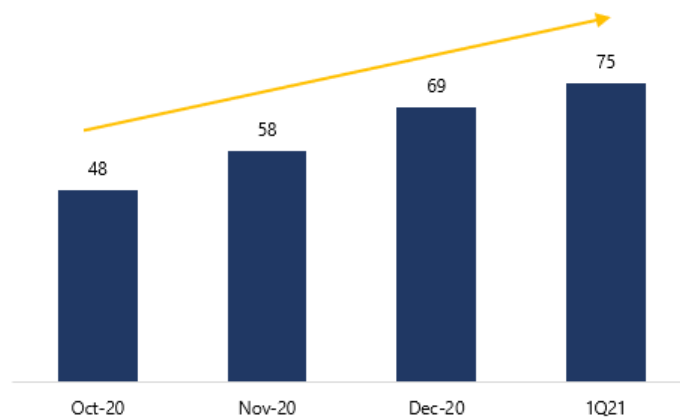
Source: MNCN

Exhibit 05. Super App RCTI+ October 2021 (MAU in million)



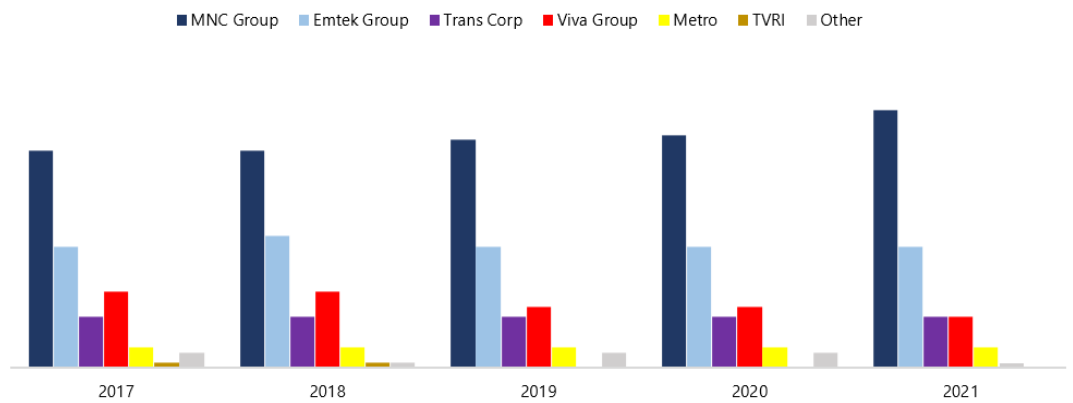
Sources: MNCN

Exhibit 06. Trend Online Portal (MAU in million)



Sources: MNCN

Exhibit 07. Indonesia FTA TV Advertising Market Share until 2Q21



Source: MNCN

Exhibit 08. MNCN is currently traded at -1STD (5-years average) on 6.26x PE



Sources: Bloomberg, MNCN

Exhibit 09. Financial Summary

Profit/Loss Statement					Balance Sheet Statement				
IDR Billion	FY18	FY19	FY20	9M21	IDR Billion	FY18	FY19	FY20	9M21
Revenue	7,443.91	8,353.37	7,956.24	7,072.76	Cash and Cash Equivalents	720.25	630.87	940.20	1,488.11
Cost of sales	(2,825.00)	(3,030.49)	(3,050.67)	(3,028.86)	Trade Receivables	2,785.63	2,916.88	2,935.36	2,960.35
Gross Profit	4,618.90	5,322.88	4,905.57	4,043.90	Inventory	2,756.91	2,794.39	2,867.03	2,894.19
Operating Expenses	2,231.86	2,063.88	2,085.37	(1,522.97)	Other Current Assets	1,074.07	1,294.41	1,573.22	1,325.65
Operating Profit	2,387.04	3,259.00	2,820.19	2,520.93	Total Current Assets	7,336.85	7,636.54	8,315.81	8,668.29
Other income	29.21	24.37	29.30	26.18	Fixed Assets-net	5,541.77	5,682.37	5,781.22	5,843.24
Other Expenses	(311.75)	(436.13)	422.21	(239.82)	Other Non-Current Assets	3,460.94	4,517.52	4,826.21	5,626.34
Other income (expenses)-net	-	-	(36.22)	(31.91)	Total Non-Current Assets	9,002.70	10,199.89	10,607.43	11,469.59
Profit Before Tax	2,104.50	2,847.23	3,235.49	2,275.38	TOTAL ASSETS	16,339.55	17,836.43	18,923.24	20,137.88
Tax Expenses-net	(497.95)	(586.59)	468.63	(464.97)	Trade Payables	311.63	204.79	124.78	102.50
Profit of the year	1,606.56	2,260.65	3,704.12	1,810.42	Short-term Debt	1,387.13	1,656.05	1,904.13	2,409.84
Minority Interest	74.23	119.21	(123.51)	(127.78)	Other current liabilities	454.96	278.65	130.26	107.89
Net Profit	1,531.40	2,233.32	1,747.52	1,682.64	Total Current Liabilities	2,153.72	2,139.49	2,159.17	2,620.24
					Long-term Debt	3,240.95	2,877.29	2,091.94	563.89
					Other Long-term Liabilities	302.58	294.16	210.22	192.90
					Total Long-term Liabilities	3,543.53	3,171.44	2,302.16	756.79
					Total Equity	10,642.35	12,525.50	14,461.91	16,760.85
					TOTAL LIABILITY AND EQUITY	16,339.60	17,836.43	18,923.24	20,137.88

Cash Flow Statement					Ratios				
IDR Billion	FY18	FY19	FY20	9M21	Ratio	FY18	FY19	FY20	9M21
Net Profit	1,531.40	2,233.32	1,747.52	1,682.64	Growth Year on Year				
Depreciation	436.96	454.41	407.66	383.60	Revenue Growth (%)	5.55	12.22	(4.75)	18.62
Change in Working Capital	(655.11)	(450.82)	(1,076.07)	(108.58)	Operating Profit Growth (%)	(0.78)	36.53	(13.46)	13.90
Change in others	694.59	(513.04)	300.16	228.96	Net Profit Growth (%)	5.37	45.84	(21.75)	22.50
CFO Total	2,007.84	1,723.87	1,379.27	2,186.62	Current Ratio (x)	3.41	3.57	3.85	3.31
Capital Expenditure	(648.61)	(570.60)	(588.64)	(551.33)	Quick Ratio (x)	2.13	2.26	2.52	2.20
Others	(976.84)	(761.53)	(583.05)	31.39	Asset/Liabilities (x)	2.87	3.36	4.24	5.96
CFI	(1,625.46)	(1,332.13)	(1,171.68)	(519.93)	Liabilities/Equity (x)	0.43	0.36	0.28	0.20
Dividend Paid	(209.24)	(214.14)	-	(120.39)	GPM (%)	62.05	63.72	61.66	57.18
Net Change in Debt	489.02	(1.82)	(1,302.68)	(1,022.34)	OPM (%)	32.07	39.01	35.45	35.64
Equity Fund Raised	(410.90)	(265.15)	661.50	-	NPM (%)	20.57	26.74	21.96	23.79
Others	-	-	742.92	23.96	ROA (%)	9.37	12.52	9.23	8.36
CFF	(131.12)	(481.11)	101.74	(1118.78)	ROE (%)	14.39	17.83	12.08	10.04
Net Cash Increase	251.26	(89.38)	309.33	547.91					
Closing Balance	720.25	630.87	940.20	1,488.11					

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

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

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 discusses 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.