



**Not Rated**

## Stock Data

Curent Price	: IDR1,255
52wk Range H-L	: IDR1,495-675
Share Outstanding	: 14.28 Billion
Free Float (%)	: 43.32
Mkt Capitalization (IDR bn)	: 17,916.50

## Major Shareholders

PT Global	: 56.60%
Mediacom Tbk	
Public	: 43.4%

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## PT Media Nusantara Citra Tbk (MNCN)

### Advertising, Printing and Media

### 1H19 Results: Stellar Performance, Yet Innovative

#### 1H19 Performance: Exceeded Expectation with 81.88% YoY Growth in Net Profit

MNCN booked net profit attributed to the owner of its parent entity of IDR1.16 trillion or increased by 81.88% YoY in 1H19 with 27.23% NPM (vs. 17.25% in 1H18). MNCN's revenue reached IDR4.25 trillion in 1H19, growing 15.24% YoY from IDR3.69 trillion in 1H18. The increase was attributed to growth across all lines of business in which advertising revenue grew by 13.80% YoY to IDR4.03 trillion, most of which coming from a 318.95% YoY upsurge in digital advertising revenue. Additionally, conventional advertising revenue rose 6.97% YoY to IDR3.70 trillion in 1H19 (vs. IDR3.46 trillion in 1H18). Meanwhile, content-derived revenue increased by 19.98% YoY to IDR912.89 billion, altogether leading to an increased GPM of 62.86% in 1H19 (vs. 59.62% in 1H18).

#### MNCN was Able to Maintain Its Position as Market Leader

MNC Group is the market leader in Indonesia based on advertising, with a market share of 43% as the result of several strategies implemented through: 1) Conventional TVC spanning 15-30 seconds; 2) Creative Advertising including Built-In Ads, Virtual Ads and Squeeze Frames; as well as 3) Digital Advertising including Digital Broadcasts, Social Media and Online Portals. MNCN was able to provide superior contents, with Talent Search Programs being featured productions that contributed to most of MNC Group's revenue. Moreover, MNC Studio as a production house under MNCN owned 39% of the drama series production market share in Indonesia. MNCN was also the market leader based on the number of viewers, holding a market share of 35.10% in FY2018 and predicted to own 39.20% in FY19E.

#### MNCN's Innovations in the Digital Era: RCTI+ and Web Series

MNCN continues to strive to innovate in the current digital era. Therefore, MNC Group produced web series contents for MNCN's YouTube channel with a subscriber count of 37.60 million in order to increase awareness of MNC Group's contents and brand. For the same purpose, MNCN will launch a mobile application named RCTI+ on August 2019 which will allow consumers to live-stream MNC Group's four FTA (Free-To-Air) stations (RCTI, MNCTV, GTV and iNews) through their smartphones. The application will be equipped with various features such as catch-up TV and creative contents produced by MNC Group.

#### Valuation and Recommendation: NOT RATED

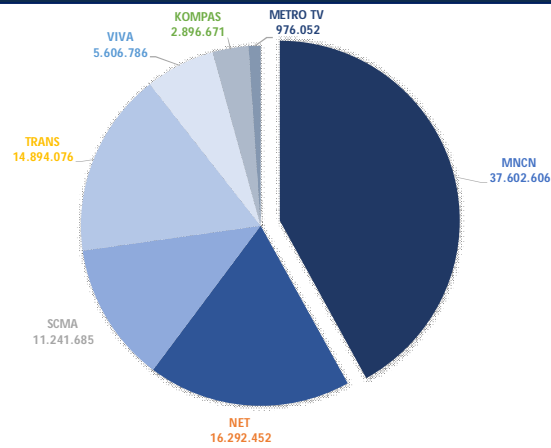
Due to affiliation, MNCS does not offer any recommendations regarding the prospects of the Company. **Recommendation: NOT RATED.**

Key Financial Highlight				
In billion IDR	FY16	FY17	FY18	1H19
Revenue	6,730.28	7,052.69	7,443.91	4,251.97
Gross Profit	3,855.53	4,382.22	4,618.90	2,672.98
Gross Profit Margin (%)	17.38	19.81	62.05	62.86
Net Profit	1,368.68	1,453.32	1,532.33	1,157.70
Net Profit Margin (%)	7.67	20.61	20.59	27.23
ROA (%)	11.08	13.87	9.38	6.75
ROE (%)	18.52	29.69	14.40	10.15

Source: MNCN

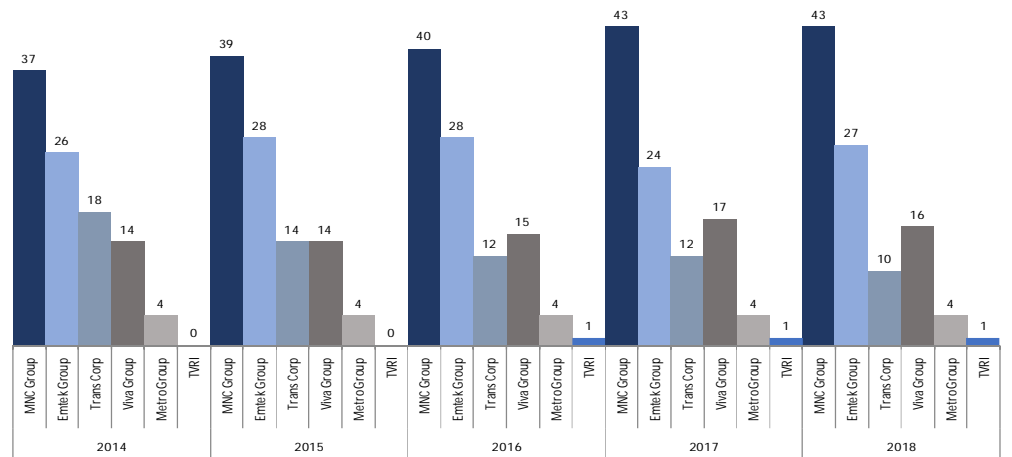
Kinerja Operasional MNCN

Exhibit 01. MNC Media vs Competitors Social Media Subscribers



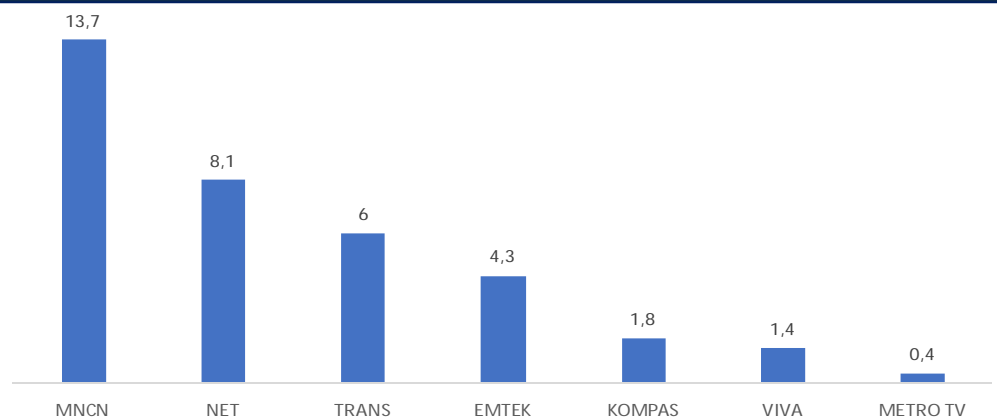
Source: MNCN

Exhibit 02. Indonesia Advertising Market Share



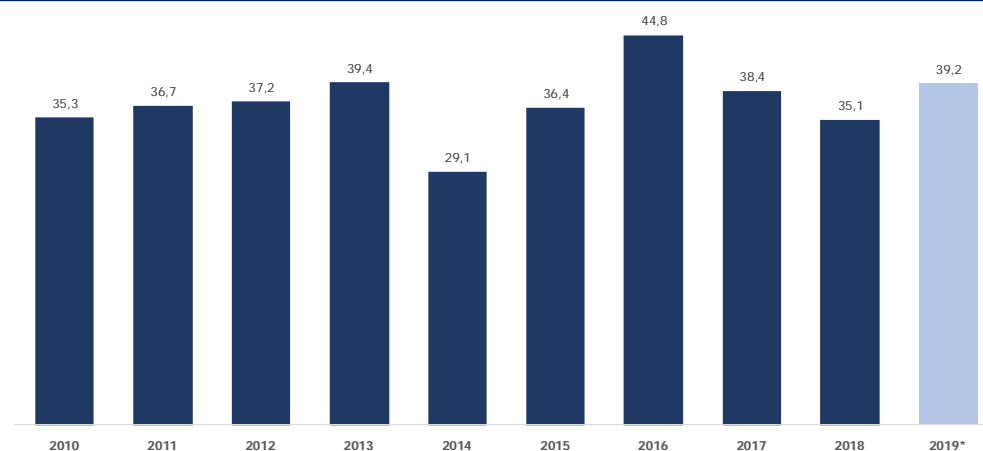
Source: MNCN

Exhibit 03. MNC Media vs Competitors Views (in Billion)



Source: MNCN

Exhibit 04. MNCN Audience Share 2008-2019\*



Source: MNCN

Exhibit 05. Financial Performance 1H19

IDR Miliar	1H18	1Q19	1H19	QoQ	YoY
<b>Sales</b>	3,689.54	1,886.355	4,251.97	25.41%	15.24%
<b>COGS</b>	(1,489.85)	-701.053	(1,579.00)	25.23%	5.98%
<b>Gross Profit</b>	2,199.70	1,185.302	2,672.98	25.51%	21.52%
Gross Profit Margin	59.62%	62.84%	62.86%		
<b>Operating Profit</b>	1,188.26	644.945	1,485.56	30.34%	25.02%
Operating Profit Margin	32.21%	34.19%	34.94%		
<b>Net Profit</b>	636.48	547.679	1,157.70	11.38%	81.89%
Net Profit Margin	17.25%	29.03%	27.23%		

Source: MNCN

Exhibit 06. Financial Performance of MNCN

Profit/Loss Statement					Balance Sheet Statement				
Rp Miliar	FY16	FY17	FY18	1H19	Rp Miliar	FY16	FY17	FY18	1H19
<b>Revenue</b>	<b>6,730.28</b>	<b>7,052.69</b>	<b>7,443.91</b>	<b>4,251.97</b>	Cash and Cash Equivalents	499.17	468.99	720.25	729.60
Cost of sales	(2,874.75)	(2,670.47)	(2,825.00)	(1,579.00)	Trade Receivables	2,923.91	2,880.93	2,785.63	2,841.14
<b>Gross Profit</b>	<b>3,855.53</b>	<b>4,382.22</b>	<b>4,618.90</b>	<b>2,672.98</b>	Inventory	1,950.30	2,358.90	2,756.91	2,717.94
Operating Expenses	1,717.34	1976.5	2231.861	1,187.41	Other Current Assets	1,264.63	1,009.62	1,074.07	1,119.05
<b>Operating Profit</b>	<b>2,138.19</b>	<b>2405.716</b>	<b>2387.042</b>	<b>1,485.56</b>	<b>Total Current Assets</b>	<b>6,638.01</b>	<b>6,718.44</b>	<b>7,336.85</b>	<b>7,407.72</b>
Other Income	80.26	51.126	29.211	89.43	Fixed Assets-net	4,824.37	5,306.99	5,541.77	5,604.83
Other Expenses	(65.52)	(41.19)	(311.75)	(39.13)	Other Non-Current Assets	2,777.49	3,031.87	3,460.94	4,139.54
Other income (expenses)-net	0	0	0	-	<b>Total Non-Current Assets</b>	<b>7,601.86</b>	<b>8,338.86</b>	<b>9,002.70</b>	<b>9,744.37</b>
<b>Profit Before Tax</b>	<b>2152.93</b>	<b>2415.65</b>	<b>2104.50</b>	<b>1535.86</b>	<b>TOTAL ASSETS</b>	<b>14,239.87</b>	<b>15,057.29</b>	<b>16,339.55</b>	<b>17,152.09</b>
Tax Expenses-net	(669.98)	(848.10)	(497.95)	(315.91)	Trade Payables	349.27	586.06	311.63	210.66
<b>Profit of the year</b>	<b>1482.955</b>	<b>1567.549</b>	<b>1606.555</b>	<b>1,219.95</b>	Short-term Debt	3,428.89	320.24	1,387.13	1,446.44
Minority Interest	114.28	114.23	74.23	62.25	Other current liabilities	420.57	552.99	454.96	474.93
<b>Net Income</b>	<b>1,368.68</b>	<b>1,453.32</b>	<b>1,532.33</b>	<b>1,157.70</b>	<b>Total Current Liabilities</b>	<b>4,198.74</b>	<b>1,459.29</b>	<b>2,153.72</b>	<b>2,132.03</b>
					Long-term Debt	324.211	3,497.78	3,240.95	3,328.91
					Other Long-term Liabilities	229.819	299.14	302.58	284.04
					<b>Total Long-term Liabilities</b>	<b>554.03</b>	<b>3,796.92</b>	<b>3,543.53</b>	<b>3,612.95</b>
					<b>Total Equity</b>	<b>9487.098</b>	<b>9,801.08</b>	<b>10,642.35</b>	<b>11,407.12</b>
					<b>TOTAL LIABILITY AND</b>	<b>14,239.87</b>	<b>15,057.29</b>	<b>16,339.60</b>	<b>17,152.09</b>

Cash Flow Statement					Ratio				
Rp Miliar	FY16	FY17	FY18	1H19	Ratio	FY16	FY17	FY18	1H19
Net Income	1,368.68	1,453.32	1,532.33	1,157.70	<b>Growth Year on Year</b>				
Depreciation	298.62	431.60	436.96	218.46	Revenue Growth (%)	4.43	4.79	5.55	15.24
Change in Working Capital	(422.32)	(128.84)	(577.13)	(90.85)	Operating Profit Growth (%)	6.98	12.51	(0.78)	25.02
Change in others	1,458.69	387.42	(162.48)	(505.87)	Net Income Growth (%)	15.43	6.18	5.44	81.89
<b>CFO Total</b>	<b>2,703.66</b>	<b>2,143.51</b>	<b>1,229.69</b>	<b>779.45</b>	Current Ratio (x)	1.58	4.60	3.41	3.47
Capital Expenditure	(678.87)	(482.62)	(234.78)	(190.76)	Quick Ratio (x)	1.87	0.89	2.13	2.20
Others	(175.28)	(254.38)	(429.07)	(1,073.44)	Asset/Liabilities (x)	120.9	2.86	2.87	2.99
<b>CFI</b>	<b>(854.15)</b>	<b>(737.00)</b>	<b>(663.85)</b>	<b>(1,264.20)</b>	Liabilities/Equity (x)	0.01	0.39	0.43	0.42
Dividend Paid	(587.05)	(592.05)	(209.24)	-	GPM (%)	17.38	19.81	62.05	62.86
Net Change in Debt	(44.80)	64.92	810.05	688.86	OPM (%)	10.27	14.12	32.07	34.94
Equity Fund Raised	103.91	13.02	(99.07)	(413.96)	NPM (%)	7.67	20.61	20.59	27.23
Others	(1,220.85)	(922.59)	(816.32)	(172.74)	ROA (%)	11.08	13.87	9.38	6.75
<b>CFF</b>	<b>(1,748.79)</b>	<b>(1,436.71)</b>	<b>(314.57)</b>	<b>102.15</b>	ROE (%)	18.52	29.69	14.40	10.15
<b>Net Cash Increase</b>	<b>100.72</b>	<b>(30.20)</b>	<b>251.27</b>	<b>(382.60)</b>					
<b>Closing Balance</b>	<b>499.18</b>	<b>468.98</b>	<b>720.25</b>	<b>729.60</b>					

Sumber: MNCN

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### 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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