

## BUY (Maintain)

**Target Price (IDR)** 900 (from 1,400)  
**Potential Upside (%)** 3.8

### Price Comparison

**Cons. Target Price (IDR)** 1,263  
**SSI vs. Cons. (%)** 71.3

### Stock Information

**Last Price (IDR)** 580  
**Shares Issued (Mn)** 15,050  
**Market Cap. (IDR Bn)** 8,879  
**52-Weeks High/Low (IDR)** 1,100/550  
**3M Avg. Daily Value (IDR Bn)** 18.7  
**Free Float (%)** 41.5

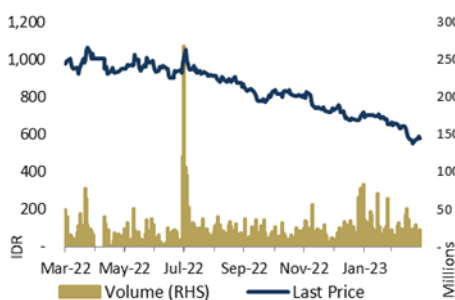
**Shareholder Structure:**

Global Mediacom (%) 52.6  
Publik (%) 47.3

### Stock Performance

| (%)        | YTD    | 1M    | 3M     | 12M    |
|------------|--------|-------|--------|--------|
| Absolute   | (20.3) | (9.2) | (19.2) | (39.5) |
| JCI Return | (0.7)  | (0.5) | (0.8)  | (2.9)  |
| Relative   | (19.6) | (8.7) | (18.4) | (36.6) |

### Stock Price & Volumes, 12M



### Company Background

Media Nusantara Citra (MNCN) memiliki empat stasiun televisi yaitu: RCTI, GTV, MNCTV, dan iNews. Selain itu, MNCN juga memiliki bisnis produksi konten yang terintegrasi vertikal, dengan total konten lebih dari 300 ribu jam, dan talent management terbesar di Indonesia dengan lebih dari 400 talent.

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## All Hail Digital

**Kuartal yang lesu.** MNCN melaporkan laba bersih sebesar IDR 400 miliar pada 4Q22 (-12% qoq) dengan pendapatan sebesar IDR 1.7 triliun (-0.16% qoq; pendapatan kuartalan terburuk dalam 4 tahun). Dua dari tiga segmen bisnis utama MNCN mencatatkan penurunan kinerja secara kuartalan; pendapatan FTA turun -14% qoq menjadi IDR 862 miliar (45% dari pendapatan 4Q22 MNCN) dan pendapatan konten turun -27% qoq menjadi IDR 630 miliar (21% dari pendapatan 4Q22 MNCN). Sementara itu, pendapatan iklan digitalnya naik +12% (33% dari pendapatan 4Q22 MNCN). Secara keseluruhan, di FY22, MNCN membukukan laba bersih sebesar IDR 2.1 triliun (-15.4% yoy) dan EBITDA IDR 3.7 triliun (-8.5% yoy), sedikit di bawah estimasi kami (91%) dan di bawah konsensus (88%).

**Saatnya digital.** Menurut kami, sektor media akan menghadapi tahun yang sulit di tahun 2023, karena perusahaan konsumen dan teknologi mungkin akan memangkas anggaran iklan mereka mengingat kondisi ekonomi makro yang tidak menentu. Riset kami menunjukkan bahwa pada FY22, perusahaan FMCG memangkas anggaran iklan mereka sebesar -624 bps, dan perusahaan teknologi memangkas sebesar -1.123 bps. Kami memperkirakan akan lebih banyak pemangkasan anggaran di masa depan, yang berpotensi menyebabkan penurunan rate iklan dan menekan kinerja perusahaan media. Bahkan dengan tahun pemilu yang akan datang (yang diperkirakan akan mendorong permintaan iklan FTA dari partai politik), karena keterbatasan anggaran, kemungkinan tidak akan cukup untuk mendukung pasar FTA di 2023. Namun, masih ada harapan untuk media digital; menurut Statista, belanja iklan di Indonesia berpotensi naik menjadi USD 5.9 miliar (+6.5% yoy) pada tahun 2023, dengan potensi pertumbuhan lebih lanjut menjadi USD 6.6 miliar di tahun 2027. Meskipun angka tersebut sebagian besar masih disumbang oleh FTA (61%), kami meyakini media digital akan menjadi pendorong pertumbuhan utama, karena media digital diproyeksikan menyumbang sekitar USD 2.3 miliar (+12% yoy). MNCN, dengan bisnis media digitalnya yang solid, akan diuntungkan oleh situasi tersebut karena bisnis media digitalnya berpotensi mencetak lebih banyak keuntungan.

**Proyeksi 2023.** Kami mempertahankan proyeksi kami bahwa MNCN akan membukukan laba bersih sebesar IDR 2.2 triliun (+10% yoy), dan EBITDA sebesar IDR 3.7 triliun (+11% yoy) pada 2023. Proyeksi pertumbuhan yang cenderung kecil didasarkan pada tesis kami bahwa sektor FTA akan menghadapi tahun yang sulit, sementara media digital akan berjaya dan menjadi motor penghasil keuntungan.

**BUY, TP IDR 900.** Kami mempertahankan rating BUY kami untuk MNCN, meskipun dengan TP yang lebih rendah (IDR 900), mencerminkan P/E FY23F sebesar 4.98x (-0.5 SD). **Risiko Utama:** Pendapatan iklan digital dibawah ekspektasi, penurunan rate iklan, ketidakstabilan situasi politik.

### Forecast and Valuations (@ IDR 580 per share)

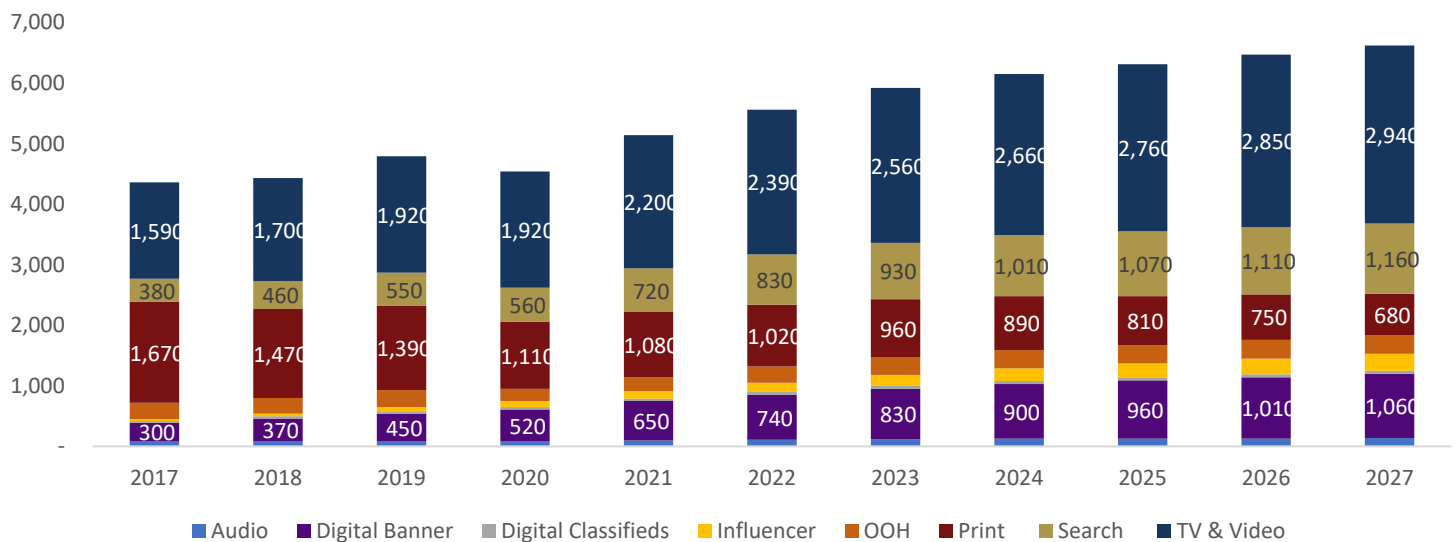
| Y/E Dec               | 21A    | 22A   | 23F   | 24F    | 25F    |
|-----------------------|--------|-------|-------|--------|--------|
| Revenue (IDR Bn)      | 10,013 | 9,065 | 9,775 | 10,716 | 11,851 |
| EBITDA (IDR Bn)       | 4,555  | 3,400 | 3,771 | 4,145  | 4,589  |
| EV/EBITDA (x)         | 2.2    | 2.6   | 2.3   | 2.1    | 1.8    |
| Net Profit (IDR Bn)   | 2,768  | 2,056 | 2,265 | 2,512  | 2,813  |
| EPS (IDR)             | 217    | 161   | 178   | 197    | 220    |
| EPS Growth (%)        | 58.4   | -25.7 | 10.2  | 10.9   | 12.0   |
| P/E Ratio (x)         | 2.7    | 3.7   | 3.3   | 3.0    | 2.7    |
| BVPS (IDR)            | 1,392  | 1,560 | 1,742 | 1,944  | 2,170  |
| P/BV Ratio (x)        | 0.4    | 0.4   | 0.3   | 0.3    | 0.3    |
| DPS (IDR)             | 54     | 14    | 12    | 13     | 15     |
| Dividend Yield (%)    | 9.1    | 2.4   | 2.0   | 2.2    | 2.5    |
| ROAE (%)              | 17.2   | 10.9  | 10.8  | 10.7   | 10.7   |
| ROAA (%)              | 13.9   | 9.5   | 9.7   | 9.8    | 10.1   |
| Interest Coverage (x) | 17.4   | 25.4  | 31.3  | 39.0   | 50.8   |
| Net Gearing (%)       | 0.2    | 0.1   | 0.1   | 0.0    | 0.0    |

Figure 1. EPS Growth Forecast

| PT. Media Nusantara Citra Tbk. (MNCN IJ) |       |       |       |          |          |        |       |          |
|--|-------|-------|-------|----------|----------|--------|-------|----------|
| (IDR Bn)                                 | 4Q21  | 3Q22  | 4Q22  | QoQ (%)  | YoY (%)  | FY21A  | FY22A | YoY      |
| Revenue                                  | 2,940 | 2,061 | 1,730 | (16.0)   | (41.2)   | 10,013 | 9,065 | (9.5)    |
| Operating Profit                         | 985   | 672   | 447   | (33.6)   | (54.6)   | 3,505  | 2,918 | (16.8)   |
| EBITDA                                   | 1,105 | 879   | 650   | (26.0)   | (41.1)   | 4,075  | 3,727 | (8.5)    |
| Net Profit                               | 748   | 454   | 400   | (11.9)   | (46.5)   | 2,430  | 2,056 | (15.4)   |
| EBITDA Margin                            | 37.6  | 42.7  | 37.6  | (507) bp | 2 bp     | 40.7   | 41.1  | 42 bp    |
| Operating Margin                         | 33.5  | 32.6  | 25.8  | (681) bp | (766) bp | 35.0   | 32.2  | (283) bp |
| Net Margin                               | 25.4  | 22.0  | 23.1  | 110 bp   | (231) bp | 24.3   | 22.7  | (159) bp |

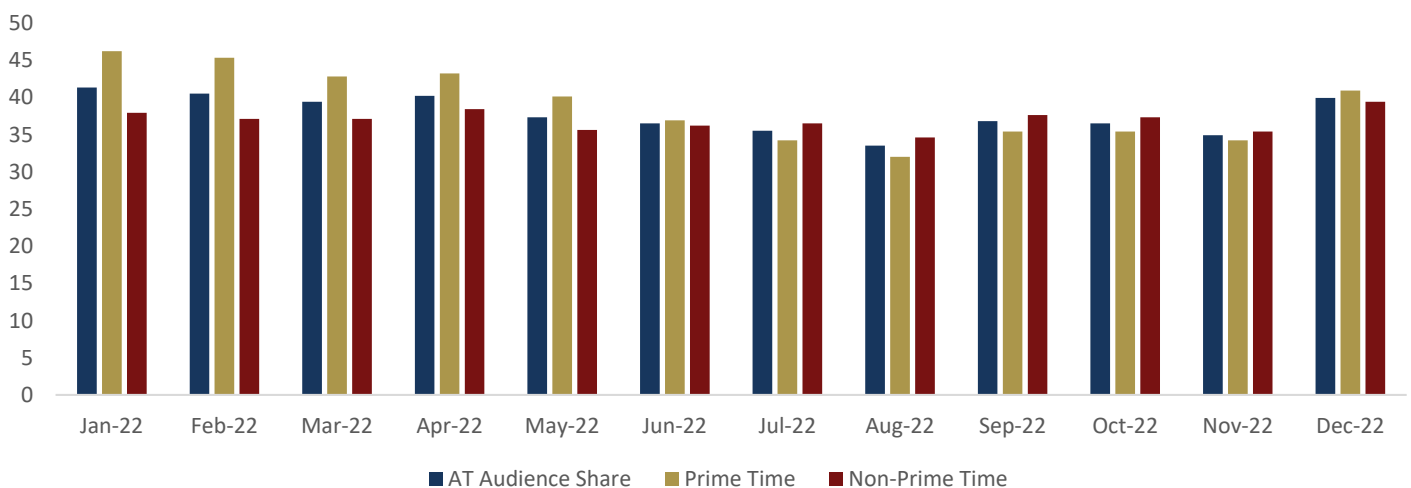
Source: Company, SSI Research

Figure 2. Advertising Expense Market Forecast



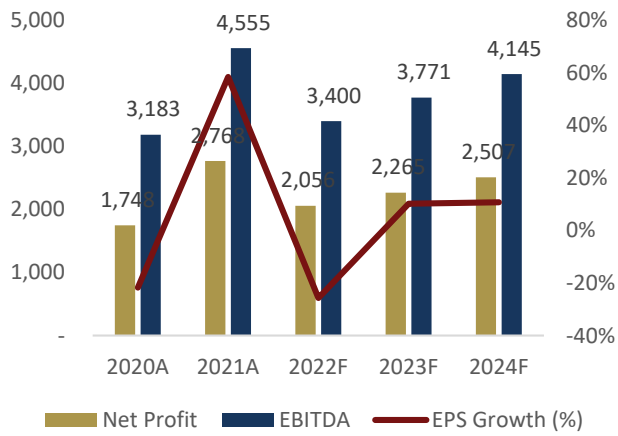
Source: Statista, SSI Research

Figure 3. MNCN's Monthly Audience Share



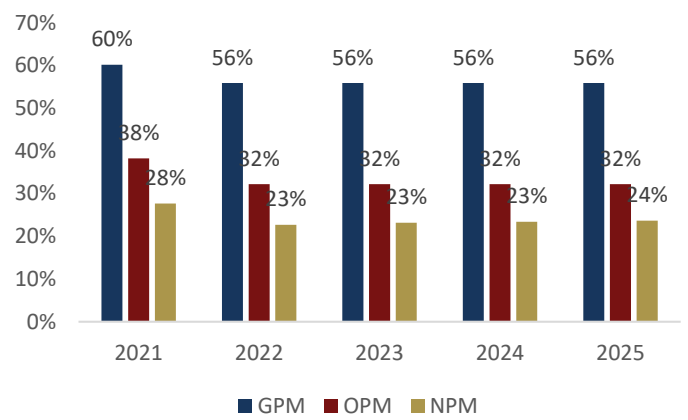
Source: Nielsen

Figure 4. EBITDA & EPS Growth



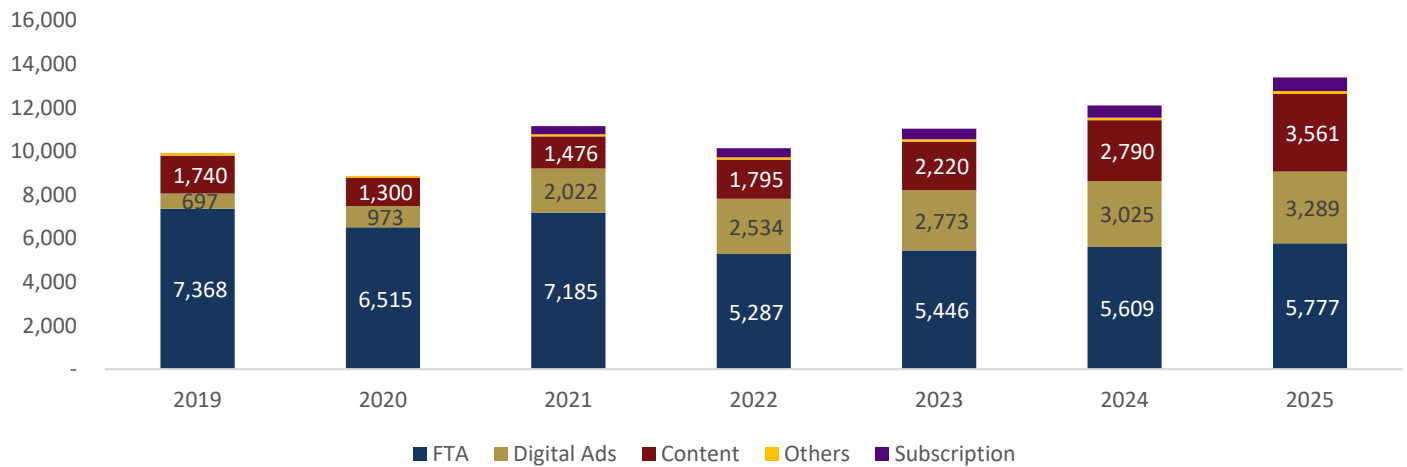
Source: Company, SSI Research

Figure 5. Profitability Margins



Source: Company, SSI Research

Figure 6. Revenue Segmental Breakdown



Source: Company, SSI Research

Figure 7. 5-Year P/E Band



Source: Bloomberg, SSI Research

## Key Financial Figures

| Profit and Loss          |              |              |              |              |              |
|--------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E Dec (IDR Bn)         | 21A          | 22A          | 23F          | 24F          | 25F          |
| Revenue                  | 10,013       | 9,065        | 9,775        | 10,716       | 11,851       |
| Cost of revenue          | (4,000)      | (4,313)      | (4,728)      | (5,229)      | (5,847)      |
| <b>Gross Profit</b>      | <b>5,065</b> | <b>5,462</b> | <b>5,987</b> | <b>6,622</b> | <b>7,405</b> |
| SGA Expense              | (2,148)      | (2,316)      | (2,539)      | (2,808)      | (3,140)      |
| <b>Operating Profit</b>  | <b>2,918</b> | <b>3,146</b> | <b>3,449</b> | <b>3,814</b> | <b>4,265</b> |
| <b>EBITDA</b>            | <b>4,555</b> | <b>3,400</b> | <b>3,771</b> | <b>4,145</b> | <b>4,589</b> |
| Other Income (Expense)   | (4)          | (44)         | (3)          | (10)         | (7)          |
| Finance Expense          | (262)        | (134)        | (121)        | (106)        | (90)         |
| <b>Pre-tax profit</b>    | <b>3,603</b> | <b>2,782</b> | <b>3,065</b> | <b>3,398</b> | <b>3,805</b> |
| Income Tax               | (636)        | (538)        | (592)        | (657)        | (735)        |
| <b>Profit for Period</b> | <b>2,968</b> | <b>2,244</b> | <b>2,472</b> | <b>2,741</b> | <b>3,070</b> |
| Minority Interest        | (199)        | (188)        | (207)        | (229)        | (257)        |
| <b>Net Profit</b>        | <b>2,768</b> | <b>2,056</b> | <b>2,265</b> | <b>2,512</b> | <b>2,813</b> |

| Balance Sheet                  |               |               |               |               |               |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| Y/E Dec (IDR Bn)               | 21A           | 22A           | 23F           | 24F           | 25F           |
| Cash & equivalents             | 1,288         | 1,308         | 2,027         | 2,722         | 3,453         |
| Receivables                    | 3,054         | 3,523         | 3,799         | 4,165         | 4,606         |
| Others                         | 5,182         | 4,882         | 5,171         | 5,554         | 6,016         |
| <b>Total Current Asset</b>     | <b>9,524</b>  | <b>9,713</b>  | <b>10,997</b> | <b>12,440</b> | <b>14,074</b> |
| Net Fixed Asset                | 5,843         | 6,349         | 6,674         | 7,045         | 7,472         |
| Other Non-Current Asset        | 4,028         | 4,514         | 4,514         | 4,514         | 4,514         |
| <b>Total Asset</b>             | <b>19,395</b> | <b>20,576</b> | <b>22,184</b> | <b>23,999</b> | <b>26,060</b> |
| ST. Bank loan                  | 2,128         | 1,071         | 966           | 850           | 723           |
| Payables                       | 165           | 151           | 163           | 179           | 198           |
| Other current Liability        | 42            | 836           | 836           | 836           | 836           |
| <b>Total Current Liability</b> | <b>2,334</b>  | <b>2,058</b>  | <b>1,965</b>  | <b>1,865</b>  | <b>1,756</b>  |
| LT. Debt                       | 551           | 268           | 241           | 212           | 180           |
| Other LT Liabilities           | 231           | 187           | 187           | 187           | 187           |
| <b>Total Liabilities</b>       | <b>3,117</b>  | <b>2,513</b>  | <b>2,393</b>  | <b>2,264</b>  | <b>2,124</b>  |
| Minority Interest              | 503           | 797           | 797           | 797           | 797           |
| <b>Total Equity</b>            | <b>15,775</b> | <b>17,266</b> | <b>18,995</b> | <b>20,938</b> | <b>23,140</b> |

| Cash Flow                  |                |                |                |                |                |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| Y/E Dec (IDR Bn)           | 21A            | 22A            | 23F            | 24F            | 25F            |
| Net Profit                 | 2,768          | 2,056          | 2,265          | 2,512          | 2,813          |
| D&A                        | 726            | 483            | 625            | 696            | 775            |
| Changes in Working Capital | (726)          | 47             | (553)          | (733)          | (884)          |
| <b>Operating Cash Flow</b> | <b>2,769</b>   | <b>2,587</b>   | <b>2,338</b>   | <b>2,475</b>   | <b>2,704</b>   |
| Capital Expenditure        | (1,642)        | (1,204)        | (1,335)        | (1,468)        | (1,625)        |
| Others                     | 926            | 23             | -              | -              | -              |
| <b>Investing Cash Flow</b> | <b>(716)</b>   | <b>(1,181)</b> | <b>(1,335)</b> | <b>(1,468)</b> | <b>(1,625)</b> |
| Net - Borrowing            | (1,273)        | (1,340)        | (132)          | (144)          | (160)          |
| Other Financing            | (432)          | (46)           | (152)          | (168)          | (188)          |
| <b>Financing Cash Flow</b> | <b>(1,705)</b> | <b>(1,386)</b> | <b>(283)</b>   | <b>(312)</b>   | <b>(348)</b>   |
| Net - Cash Flow            | 348            | 20             | 719            | 695            | 731            |
| Cash at beginning          | 940            | 1,288          | 1,308          | 2,027          | 2,722          |
| Cash at ending             | 1,288          | 1,308          | 2,027          | 2,722          | 3,453          |

| Key Ratios              |      |      |      |      |      |
|-------------------------|------|------|------|------|------|
| Y/E Dec                 | 21A  | 22A  | 23F  | 24F  | 25F  |
| Gross Profit Margin (%) | 50.6 | 60.3 | 61.3 | 61.8 | 62.5 |
| Operating Margin (%)    | 29.1 | 34.7 | 35.3 | 35.6 | 36.0 |
| EBITDA Margin (%)       | 45.5 | 37.5 | 38.6 | 38.7 | 38.7 |
| Pre-Tax Margin (%)      | 36.0 | 30.7 | 31.4 | 31.7 | 32.1 |
| Net Profit Margin (%)   | 27.6 | 22.7 | 23.2 | 23.4 | 23.7 |
| Debt to Equity (%)      | 15.1 | 6.7  | 5.4  | 4.3  | 3.3  |
| Net Gearing (x)         | 0.2  | 0.1  | 0.1  | 0.0  | 0.0  |

| Major Assumption             |       |       |       |       |       |
|------------------------------|-------|-------|-------|-------|-------|
|                              | 21A   | 22A   | 23F   | 23F   | 25F   |
| Rate Card Hike               | 10%   | -26%  | 3%    | 3%    | 3%    |
| Digital Segment Growth       | 108%  | 25%   | 9%    | 9%    | 9%    |
| RCTI+ MAU                    | 64.4  | 96.6  | 144.9 | 217.4 | 326.0 |
| Vision+ Paid Subscriber (mn) | 2,081 | 2,398 | 2,710 | 3,008 | 3,279 |

## Peers Comparison

| Ticker         | Market Cap (IDR Tn) | YTD Chg. (%) | Total Equity (IDR Tn) FY22 | Total Assets (IDR Tn) FY22 | ROE (%)      |              | PBV (x)     |             | PE (x)       |             | EPS Growth (%) |              |
|----------------|---------------------|--------------|----------------------------|----------------------------|--------------|--------------|-------------|-------------|--------------|-------------|----------------|--------------|
|                |                     |              |                            |                            | 23F          | 24F          | 23F         | 24F         | 23F          | 24F         | 23F            | 24F          |
| SCMA           | 14.05               | -31.34       | 11.15                      | 12.16                      | 17.16        | 18.78        | 1.64        | 1.54        | 9.84         | 9.22        | 22.6           | 6.72         |
| FILM           | 7.66                | -38.66       | 2.11                       | 2.58                       | 10.3         | 12.2         | 2.12        | 1.73        | 22.36        | 15.6        | 98.06          | 43.34        |
| MNCN           | 8.73                | -36.9        | 19.09                      | 22.42                      | 13.52        | 12.91        | 0.38        | 0.35        | 2.95         | 2.79        | 26.6           | 5.63         |
| <b>Average</b> |                     |              |                            |                            | <b>14.39</b> | <b>15.44</b> | <b>1.40</b> | <b>1.25</b> | <b>11.01</b> | <b>8.98</b> | <b>42.73</b>   | <b>15.62</b> |

Source: SSI Research, Bloomberg (valuation at last price)

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