

## SELL (From HOLD)

Target Price (IDR) **130 (from 220)**

Potential Upside (%) **(18.8)**

### Price Comparison

Cons. Target Price (IDR)	313
SSI vs. Cons. (%)	41.5

### Stock Information

Last Price (IDR)	160
Shares Issued (Mn)	73,971
Market Cap. (IDR Bn)	11,390
52-Weeks High/Low (IDR)	278/154
3M Avg. Daily Value (IDR Bn)	12.4
Free Float (%)	24.3

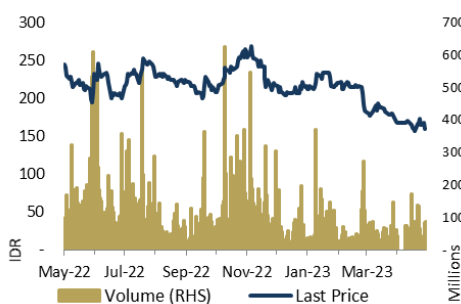
### Shareholder Structure:

Elang Mahkota Teknologi (%)	61.1
Publik (%)	24.5
Saham Treasuri (%)	14.4

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(25.2)	(8.9)	(30.0)	(37.4)
JCI Return	(2.5)	(2.1)	(3.2)	1.2
Relative	(22.7)	(6.8)	(26.8)	(38.6)

### Stock Price & Volumes, 12M



### Company Background

PT Surya Citra Media Tbk memiliki dua stasiun televisi FTA berskala nasional; SCTV dan IVM. Selain itu, SCMA juga memegang kepemilikan di platform OTT Vidio yang diakuisisi sejak 2019. SCMA pun memiliki bisnis media lainnya, berupa OOH (Out-Of-Home) yang bernama EYE, rumah produksi konten Sinemart, dan portal berita bernama KLY (Kapan Lagi Youniverse)

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## It's All Downhill From Here

**Review 1Q23: Jauh di bawah estimasi.** SCMA membukukan pendapatan yang cenderung flat sebesar IDR 1.5 triliun di 1Q23 (-0.4% yoy), salah satunya akibat penurunan pendapatan FTA (IDR 1.2 triliun, -6% yoy). Di samping itu, SCMA juga membukukan GPM yang lebih rendah dibandingkan 1Q22 (37%, -1,100 bps), dan OPM-nya turut anjlok ke 4% (-2.000 bps) karena lonjakan opex sebesar +36% yoy menjadi IDR 495 miliar dan kembali masuknya pengeluaran terkait nilai tukar ke dalam opex-nya. Terakhir, SCMA membukukan EBITDA sebesar IDR 122.7 miliar (-72% yoy) dan bottom line sebesar IDR 63 miliar (-78% yoy), 10% dari estimasi kami dan 5% dari konsensus.

**FTA mungkin menurun lebih jauh di tengah lemahnya situasi makro dan analog switch-off (ASO).** Menurut Nielsen, SCMA memiliki pangsa pasar yang tinggi, dengan pangsa pemirsa sebesar 30.3% pada April 2023 (pasca-ASO). Terlepas dari pangsa pemirsa yang besar, kami percaya angka tersebut tidak mencerminkan pendapatan iklan, karena sebagian besar perusahaan media akan mendapat tekanan karena lemahnya situasi makro dan peralihan ke media digital. Selain itu, hampir 78% pendapatan SCMA berasal dari pendapatan FTA, sementara segmen digital dan OOH hanya menyumbang 16% dari total pendapatannya (sebagai perbandingan, segmen digital MNCN [pesaing langsung SCMA] menyumbang 26% dari pendapatan utama perusahaan, khususnya melalui RCTI+). Saat ini, SCMA banyak mengandalkan Vidio (portal OTT); namun, mengingat tingginya biaya produksi untuk OTT, menurut kami margin perseroan akan menurun di kuartal mendatang menjadi sekitar 35% (GPM). Selain itu, amortisasi biaya lisensi Piala Dunia juga berpotensi menekan margin EBITDA di kuartal mendatang.

**Revisi proyeksi.** Mengingat potensi penurunan pendapatan FTA (karena retensi pemirsa yang lebih rendah setelah Piala Dunia 2022) dan kemungkinan penurunan margin lebih lanjut akibat kenaikan biaya penyiaran dan produksi program, kami menurunkan perkiraan laba SCMA di 2023 menjadi IDR 325 miliar (-71.4%) dan di 2024 menjadi IDR 364 miliar (-72,9%). Prakiraan GPM kami adalah 36%, relatif sama dengan angka 4Q22, ketika pendapatan media mulai turun sementara biaya penyiaran dan produksi program melonjak karena ASO. Sejalan dengan perkiraan laba, kami juga menurunkan perkiraan EBITDA sebesar 61.9% menjadi IDR 705 miliar (2023) dan 60.5% menjadi IDR 762 miliar (2024).

**Downgrade ke SELL, TP IDR 130.** Melihat kemungkinan penurunan pendapatan FTA dan potensi penurunan margin lebih lanjut, serta upside dari Vidio yang cukup terbatas, kami menurunkan rating SCMA menjadi JUAL dengan TP IDR 130, mencerminkan 29.8x P/E FY23F (+ 0.5 SD dari P/E 5 tahun, 7x lebih premium dari pesaing terdekatnya, MNCN). **Upside:** Pertumbuhan FTA yang lebih tinggi dari perkiraan. margin yang lebih baik.

### Forecast and Valuations (@ IDR 160 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	5,930	7,133	6,410	6,948	7,527
EBITDA (IDR Bn)	1,913	1,300	702	762	827
EV/EBITDA (x)	6.5	9.3	17.3	15.9	14.7
Net Profit (IDR Bn)	1,347	846	325	364	403
EPS (IDR)	18	11	4	5	5
EPS Growth (%)	17.4	(37.2)	(61.7)	12.0	10.9
P/E Ratio (x)	8.8	14.0	36.5	32.5	29.3
BVPS (IDR)	101	118	122	127	133
P/BV Ratio (x)	1.6	1.4	1.3	1.3	1.2
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE (%)	23.7	10.5	3.7	3.9	4.2
ROAA (%)	16.2	8.1	2.9	3.2	3.4
Interest Coverage (x)	37.3	32.7	36.0	39.0	42.3
Net Gearing (%)	NC	NC	NC	NC	NC

Figure 1. EPS Growth Forecast

PT Surya Citra Media Tbk. (SCMA IJ)								
(IDR Bn)	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	3M22	3M23	YoY (%)
Revenue	1,535	2,181	1,529	-30%	0%	1,535	1,529	0%
Operating Profit	361	36	65	81%	-82%	361	65	-82%
EBITDA	403	141	114	-19%	-72%	403	114	-72%
Net Profit	285	16	63	294%	-78%	285	63	-78%
Operating Margin (%)	24%	2%	4%	260	-1,927	24%	4%	-1,927
EBITDA Margin (%)	26%	6%	7%	99	-1,880	26%	7%	-1,880
Net Margin (%)	19%	1%	4%	339	-1,445	19%	4%	-1,445

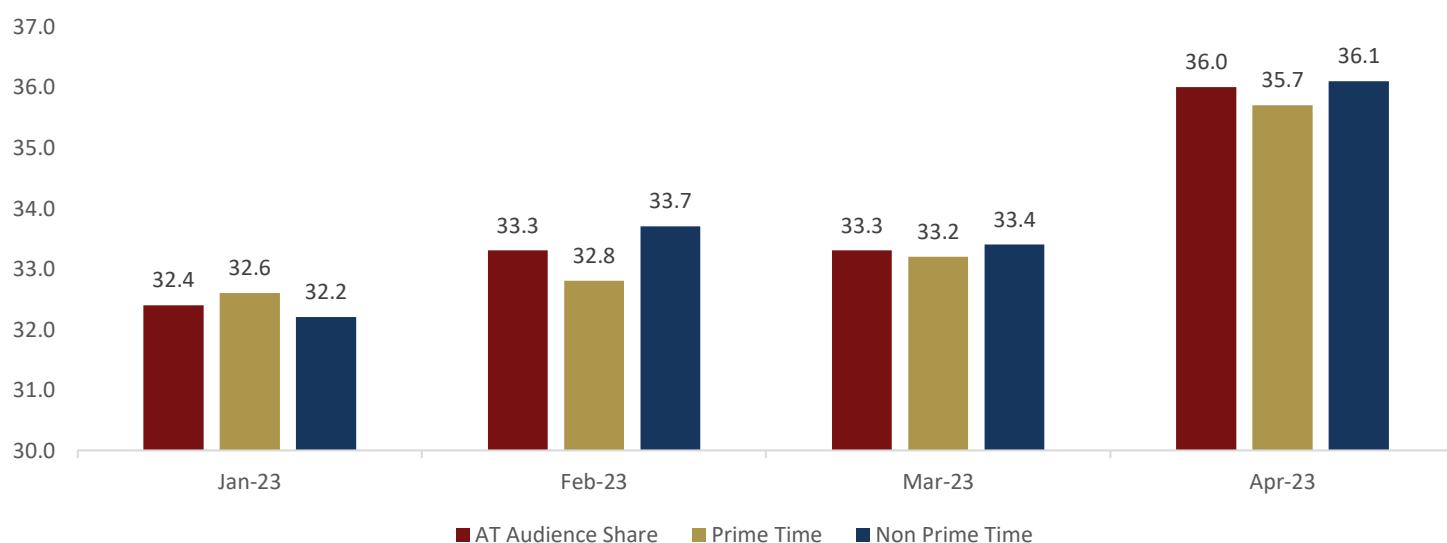
Source: Company, SSI Research

Figure 2. Profitability Margins

	New		Old		Change (%)	
	23F	24F	23F	24F	22F	23F
Revenue (IDR Bn)	6,410	6,948	6,914	7,463	(7.3)	(6.9)
Operating Profit (IDR Bn)	500	556	2,408	2,862	(79.2)	(80.6)
EBITDA (IDR Bn)	702	762	1,844	1,927	(61.9)	(60.5)
Net Profit (IDR Bn)	325	364	1,133	1,343	(71.4)	(72.9)
BVPS (IDR)	122	127	121	133	1.0	(4.4)
EV/EBITDA (x)	18.5	17.1	8.6	8.2	115.6	108.3
P/E Ratio (x)	39.2	35.0	11.0	9.3	257.3	278.0
P/BV Ratio (x)	1.4	1.4	1.4	1.3	(0.4)	5.3

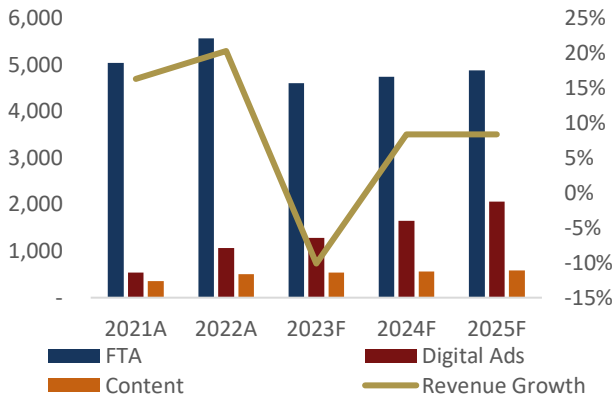
Source: Company, SSI Research

Figure 3. SCMA's Monthly Audience Share (Post Restated)



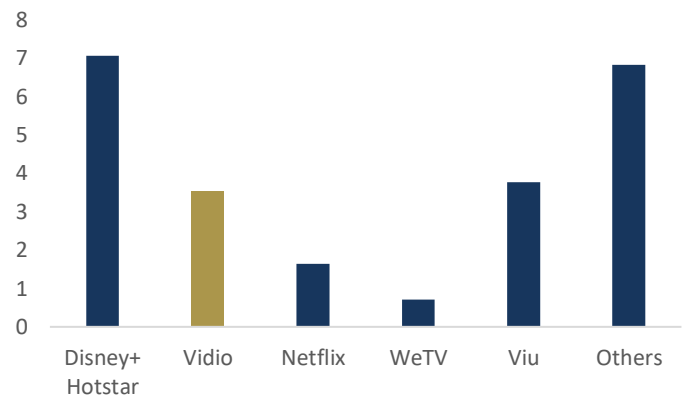
Source: Nielsen

Figure 4. Revenue Mix and Growth



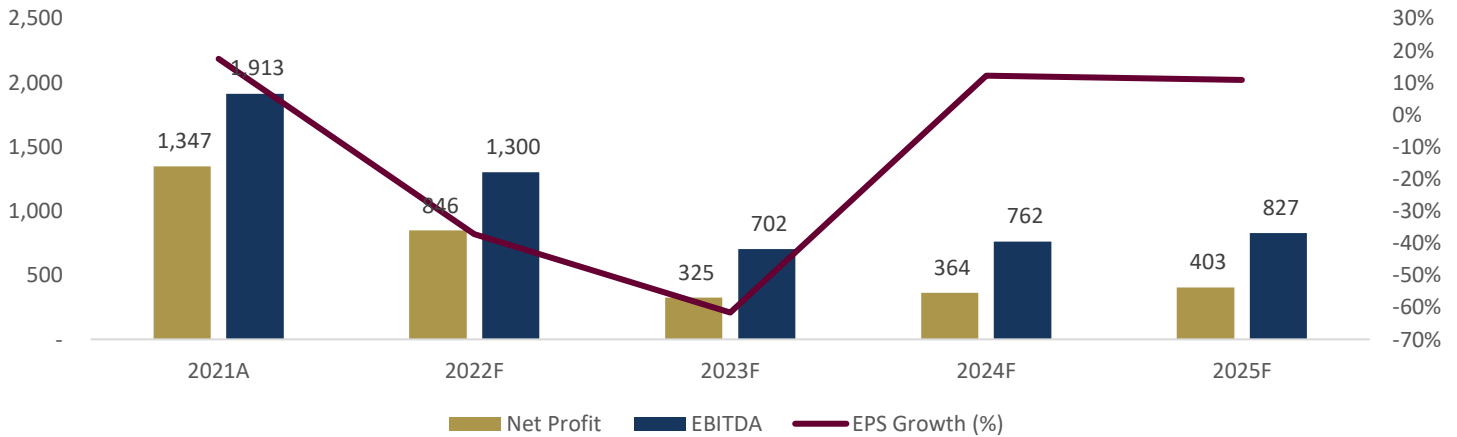
Source: Company, SSI Research

Figure 5. OTT Users Comparison (in millions)



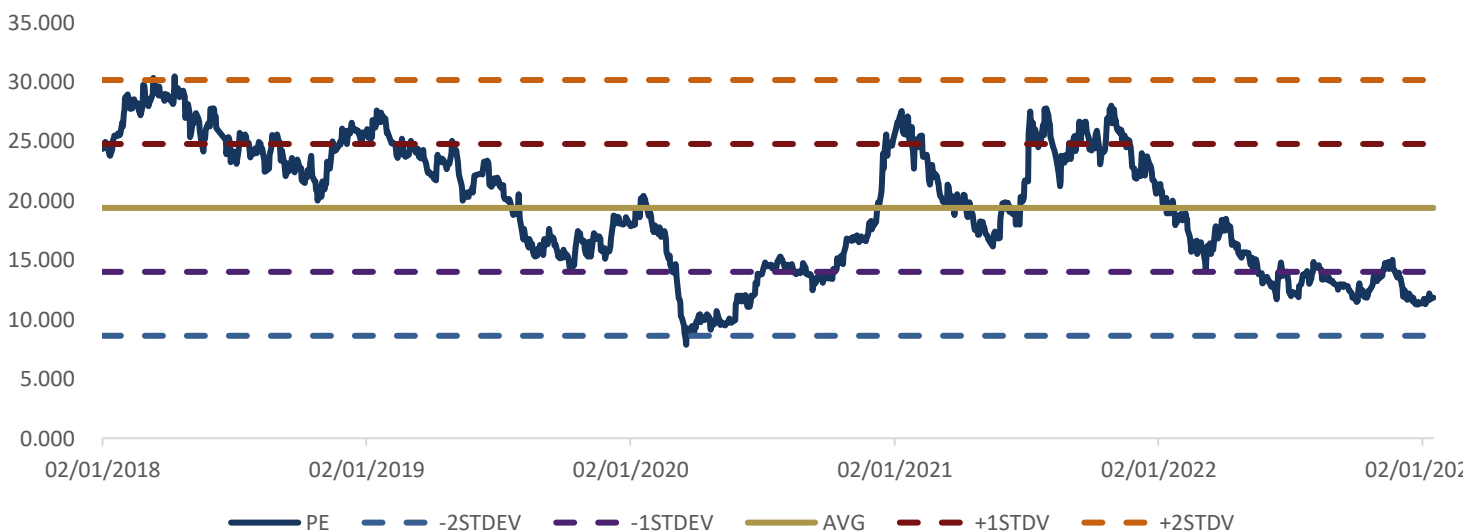
Source: Company, SSI Research

Figure 6. Net Profit Forecast



Source: Nielsen

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	5,930	7,133	6,410	6,948	7,527
Cost of revenue	(2,887)	(4,430)	(4,076)	(4,404)	(4,758)
<b>Gross Profit</b>	<b>3,044</b>	<b>2,702</b>	<b>2,334</b>	<b>2,544</b>	<b>2,769</b>
SGA Expense	(1,291)	(1,600)	(1,834)	(1,988)	(2,154)
<b>Operating Profit</b>	<b>1,752</b>	<b>1,102</b>	<b>500</b>	<b>556</b>	<b>616</b>
<b>EBITDA</b>	<b>1,913</b>	<b>1,300</b>	<b>702</b>	<b>762</b>	<b>827</b>
Other Income (Expense)	-	-	-	-	-
Finance Expense	(51)	(40)	(20)	(20)	(20)
<b>Pre-tax profit</b>	<b>1,726</b>	<b>1,095</b>	<b>508</b>	<b>571</b>	<b>634</b>
Income Tax	388	415	193	216	241
<b>Profit for Period</b>	<b>1,338</b>	<b>680</b>	<b>315</b>	<b>354</b>	<b>394</b>
Minority Interest	9	166	9	9	9
<b>Net Profit</b>	<b>1,347</b>	<b>846</b>	<b>325</b>	<b>364</b>	<b>403</b>

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	3,232	2,331	2,972	3,317	3,686
Receivables	1,953	2,292	2,060	2,233	2,419
Others	1,476	3,006	2,919	3,000	3,088
<b>Total Current Asset</b>	<b>6,660</b>	<b>7,629</b>	<b>7,951</b>	<b>8,550</b>	<b>9,193</b>
Net Fixed Asset	1,547	1,664	1,540	1,422	1,309
Other Non-Current Asset	1,707	1,666	1,666	1,666	1,666
<b>Total Asset</b>	<b>9,913</b>	<b>10,959</b>	<b>11,157</b>	<b>11,638</b>	<b>12,167</b>
ST. Bank loan	1	295	295	295	295
Payables	1,436	1,581	1,455	1,572	1,698
Other current Liability	261	207	207	207	207
<b>Total Current Liability</b>	<b>1,698</b>	<b>2,083</b>	<b>1,957</b>	<b>2,074</b>	<b>2,200</b>
LT. Debt	606	3	3	3	3
Other LT Liabilities	149	164	164	164	164
<b>Total Liabilities</b>	<b>2,452</b>	<b>2,250</b>	<b>2,123</b>	<b>2,240</b>	<b>2,367</b>
Minority Interest	1,073	1,166	1,166	1,166	1,166
<b>Total Equity</b>	<b>6,388</b>	<b>7,543</b>	<b>7,868</b>	<b>8,231</b>	<b>8,635</b>

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	1,347	846	325	364	403
D&A	161	198	202	206	211
Changes in Working Capital	(183)	(1,507)	193	(137)	(148)
<b>Operating Cash Flow</b>	<b>1,325</b>	<b>(462)</b>	<b>720</b>	<b>433</b>	<b>466</b>
Capital Expenditure	(231)	(302)	(78)	(88)	(98)
Others	(25)	(433)	-	-	-
<b>Investing Cash Flow</b>	<b>(256)</b>	<b>(736)</b>	<b>(78)</b>	<b>(88)</b>	<b>(98)</b>
Net - Borrowing	(715)	(309)	-	-	-
Other Financing	2,165	519	-	-	-
<b>Financing Cash Flow</b>	<b>1,450</b>	<b>209</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net - Cash Flow	2,519	(989)	642	345	369
Cash at beginning	677	3,232	2,331	2,972	3,317
Cash at ending	3,196	2,244	2,972	3,317	3,686

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	51.3	37.9	36.4	36.6	36.8
Operating Margin (%)	29.6	15.4	7.8	8.0	8.2
EBITDA Margin (%)	32.3	18.2	11.0	11.0	11.0
Pre-Tax Margin (%)	29.1	15.4	7.9	8.2	8.4
Net Profit Margin (%)	22.7	11.9	5.1	5.2	5.4
Debt to Equity (%)	8.1	3.4	3.3	3.2	3.0
Net Gearing (%)	(35.2)	(23.3)	(29.6)	(32.1)	(34.6)

Major Assumption					
	21A	22A	23F	24F	25F
AT Audience Share (%)	34.0	34.0	34.0	34.0	34.0
Vidio Subs Revenue (IDRbn)	476	774	1,173	1,540	1,944
Overall AdEx Growth (%)	12.5	6.3	6.4	4.4	4.0
Rate Card Hike (%)	26.4	10.5	2.0	3.0	3.0

## Peers Comparison

Ticker	Market Cap (IDR Tn)	YTD Chg. (%)	Total Equity (IDR Tn)		ROE (%)		PBV (x)		PE (x)		EPS Growth (%)	
			FY22	FY22	23F	24F	23F	24F	23F	24F	23F	24F
SCMA	11.8	-35.0	9	11	16.5	18.5	1.4	1.3	8.9	7.2	18.0	22.3
FILM	15.8	44.4	2	2	16.7	20.0	9.9	8.1	64.0	45.0	75.0	42.0
MNCN	9.0	-36.2	20	22	12.6	11.5	0.4	0.4	3.5	3.2	167.5	184.5
<b>Average</b>					<b>15.6</b>	<b>17.4</b>	<b>4.8</b>	<b>4.0</b>	<b>31.4</b>	<b>22.5</b>	<b>79.2</b>	<b>70.5</b>

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

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