

## BUY (Maintain)

**Target Price (IDR)** 3,800 (from 2,500)  
**Potential Upside (%)** 20.3

### Price Comparison

Cons. Target Price (IDR)	3,800
SSI vs. Cons. (%)	557.6

### Stock Information

Last Price (IDR)	3,160
Shares Issued (Mn)	9,511
Market Cap. (IDR Bn)	30,055
52-Weeks High/Low (IDR)	4,020/610
3M Avg. Daily Value (IDR Bn)	49.7
Free Float (%)	21.7

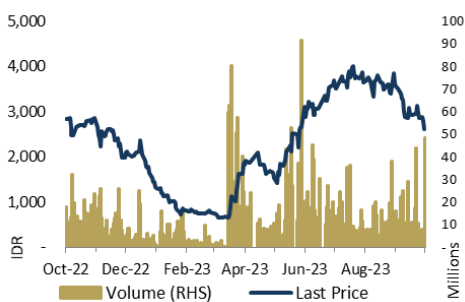
### Shareholder Structure:

MD Global Investment (%)	50.5
Morgan Stanley & Co Intl (%)	14.62
Public (%)	7.11

### Stock Performance

(%)	YTD	1M	3M	12M
Absolute	65.4	(11.2)	(11.0)	11.7
JCI Return	1.2	0.0	1.9	0.4
Relative	64.2	(11.3)	(12.9)	11.3

### Stock Price & Volumes, 12M



### Company Background

MD Pictures Tbk. engages in the film studio business. Currently, MD Pictures' business activities are producing movies, either by itself or in collaboration with other production houses. It also conduct marketing and sales activities through a network of cinemas, free to air TV, home video and digital media.

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## Full Steam Ahead

**2H23 Preview.** We expect FILM to produce better results in 2H23 than the previous semester. Our analysis stems from FILM's ambitious projects scheduled for release in 2H23, such as including Kisah Tanah Jawa, Do You See What I See, and Danur 4, while several highly anticipated titles, like KKN di Desa Penari 2 dan Layangan Putus the Movie, are scheduled for release in 2024. We expect these projects to become positive catalysts for FILM in the future, and we believe market players will react positively to them. In addition, FILM's margins from cinema movies have improved considerably, as was shown by its margin from KKN di Desa Penari (>70%). Therefore, we expect FILM to book an FY23F net profit of IDR 145 billion and an EBITDA of IDR 274 billion, reflecting a 74.3% EBITDA margin.

**Expect better things from FILM.** FILM managed to book positive QoQ revenue growth in 2Q23 (+36% qoq to IDR 144 billion) thanks to the success of Sewu Dino, the best-selling Indonesian movie in 2023, with 4.8 million viewers. Also, it is worth noting that the YoY drop was mainly caused by the high base effect from KKN di Desa Penari's success last year. This year, FILM is focusing its efforts on rebuilding its cinema business; hence, the bulk of its revenue comes from cinema. However, we noticed that FILM might receive substantial gains from IP monetization as FILM plans to produce even more IPs in the future. We included this potential in our forecast and revised our projections of FY24F revenue to IDR 723 billion, EBITDA to IDR 489 billion, and net profit to IDR 276 billion.

**BUY, TP IDR 3,800.** As we rollover our valuation to FY24F, we reiterate our BUY rating on FILM with a higher TP of IDR 3,800 (DCF based; 9.5% WACC, 5% Tg). We have taken into account FILM's ability to generate significant cash flow from its IP in making our valuation. **Risks:** Lower-than-expected ticket sales and digital revenue.

### Forecast and Valuations (@ IDR 2,331 per share)

Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	255	437	431	723	1,081
EBITDA (IDR Bn)	199	321	274	489	792
EV/EBITDA(x)	137	84	98	54	33
Net Profit (IDR Bn)	34	160	145	276	470
EPS (IDR)	4	17	15	29	49
EPS Growth (%)	na	375	(10)	90	70
P/E Ratio (x)	813	171	189	99	58
BVPS (IDR)	132	162	176	204	251
P/BV Ratio (x)	21.8	17.8	16.3	14.1	11.5
DPS (IDR)	-	-	-	-	-
Dividend Yield (%)	-	-	-	-	-
ROAE(%)	2.6	11.4	9.0	15.3	21.7
ROAA (%)	2.5	10.9	8.6	14.7	21.0
Interest Coverage (x)	-	-	-	-	-
Net Gearing (x)	-	-	-	-	-

**Figure 1. Top 10 Best-Selling Indonesian Movies (Ticket Sales)**

No	Movie Title	Viewers	Production House	Year	Director
1	KKN di Desa Penari	10,061,033	MD Pictures Pichouse Films	2022	Awi Suryadi
2	Warkop DKI Reborn: Jangkrik Boss! Part 1	6,858,616	Falcon Pictures Rapi Films Sky Media Brown	2016	Anggy Umbara
3	Pengabdian Setan 2: Communion	6,391,982	Entertainment Legacy Pictures Come and See Pictures	2022	Joko Anwar
4	Dilan 1990	6,315,664	Max Pictures	2018	Fajar Bustomi Pidi Baiq
5	Miracle in Cell No 7	5,852,916	Falcon Pictures	2022	Hanung Bramantyo
6	Dilan 1991	5,253,411	Max Pictures	2019	Fajar Bustomi Pidi Baiq
7	Sewu Dino	4,863,533	MD Pictures	2023	Kimo Stamboel
8	Laskar Pelangi	4,719,453	Miles Films Mizan Productions SinemArt Pictures	2008	Riri Riza
9	Habibie & Ainun	4,601,249	MD Pictures	2012	Faozan Rizal
10	Pengabdian Setan	4,206,103	Rapi Films	2017	Joko Anwar

Source: [Filmindonesia.or.id](http://Filmindonesia.or.id), SSI Research

**Figure 2. DCF Valuation Method**

DCF Valuation (IDRbn)	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	Terminal Value
EBIT	523	688	1,070	1,511	1,794	2,286	2,639	3,167	3,591	4,043	
EBIT (1-T)	408	536	835	1,179	1,399	1,783	2,059	2,470	2,801	3,154	
D&A	191	218	261	314	376	440	514	598	694	801	
Chg. In WC	(25)	(23)	(53)	(31)	(42)	(48)	(54)	(60)	(67)	(75)	
Capex	(175)	(233)	(367)	(453)	(539)	(564)	(652)	(750)	(849)	(955)	
<b>Net FCF</b>	<b>400</b>	<b>499</b>	<b>676</b>	<b>1,009</b>	<b>1,194</b>	<b>1,610</b>	<b>1,867</b>	<b>2,259</b>	<b>2,579</b>	<b>2,926</b>	<b>66,416</b>
Discount Factor	0.9	0.8	0.8	0.7	0.6	0.6	0.5	0.5	0.4	0.4	0.4
<b>PV of FCF</b>	<b>365</b>	<b>416</b>	<b>514</b>	<b>701</b>	<b>757</b>	<b>933</b>	<b>987</b>	<b>1,090</b>	<b>1,136</b>	<b>1,177</b>	<b>26,718</b>
<b>Sum of FCF</b>	<b>34,793</b>										
Less: Total Debt	-										
Less: Minority Interest	(2)										
Plus: Cash	885										
<b>Equity Value</b>	<b>35,677</b>										
<b>Equity Value (IDRbn)</b>	<b>35,677</b>										
Shares Outstanding (bn shares)	10										
<b>Price per Share (IDR)</b>	<b>3,800</b>										

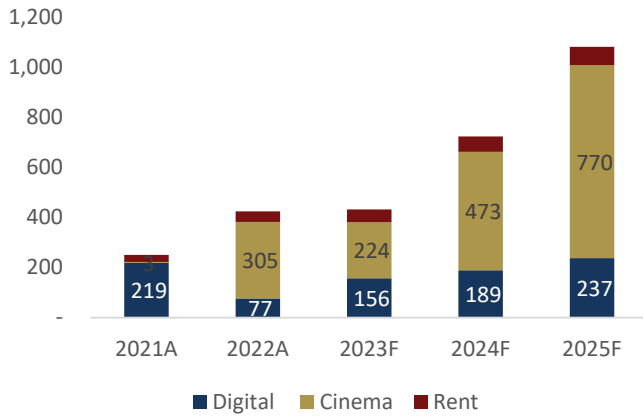
Source: SSI Research

**Figure 3. Peers Comparison**

Ticker	Name	Market Cap (USDbn)	EV/EBITDA		P/E		P/BV	
			2023	2024	2023	2024	2023	2024
FILM IJ Equity	MD PICTURES TBK PT	1,748	97.9	54.2	189.2	99.3	16.3	14.1
SCMA IJ Equity	Surya Citra Media PT	751	10.9	7.9	15.2	10.7	1.3	1.2
MNCN IJ Equity	MEDIA NUSANTARA CITRA PT	475	2.7	2.2	3.9	3.3	-	-
	<b>Local Average</b>		<b>60.7</b>	<b>34.2</b>	<b>115.7</b>	<b>61.6</b>	<b>9.9</b>	<b>8.6</b>
NFLX US Equity	NETFLIX INC	171,032	24.0	18.9	31.9	24.9	7.1	6.0
DIS US Equity	WALT DISNEY CO/THE	154,982	13.4	11.2	23.2	17.6	1.6	1.5
CMCSA US Equity	COMCAST CORP-CLASS A	181,877	7.3	6.9	11.7	10.6	2.1	2.0
PGRE US Equity	PARAMOUNT GROUP INC	939	13.2	12.9	-	-	0.3	0.3
IQ US Equity	IQIYI INC-ADR	4,504	12.4	9.7	14.5	10.3	4.0	2.8
WBD US Equity	WARNER BROS DISC	25,666	6.6	6.1	-	43.3	0.6	0.5
LGF/A US Equity	LIONS GATE ENTERTAINMENT CORP	1,802	13.0	10.9	26.5	11.2	2.4	2.3
CNK US Equity	CINEMARK HOLDINGS INC	2,319	7.0	6.8	16.1	15.5	7.8	6.0
	<b>Global Average</b>		<b>14.3</b>	<b>11.9</b>	<b>20.9</b>	<b>18.6</b>	<b>3.5</b>	<b>3.1</b>

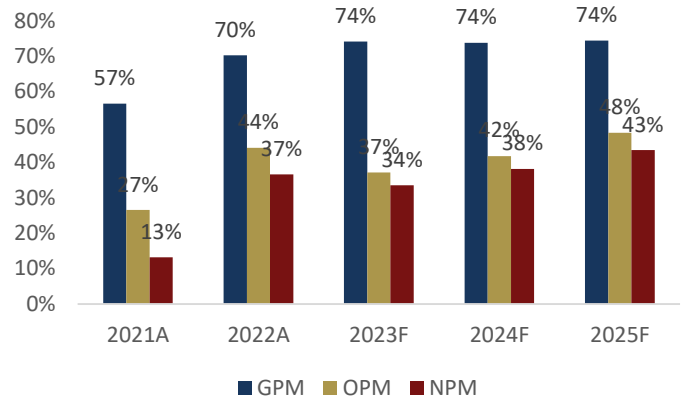
Source: Bloomberg, SSI Research

**Figure 4. Revenue Breakdown**



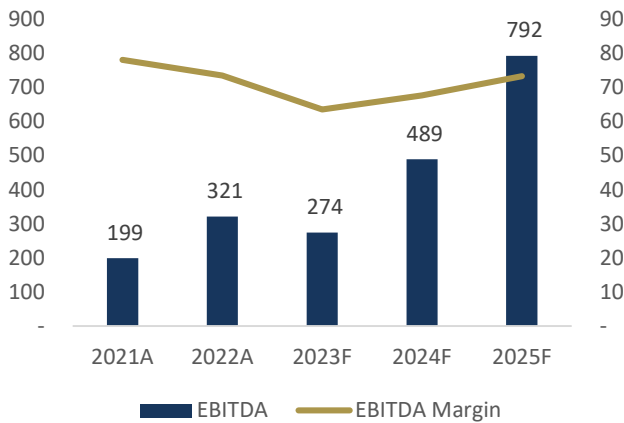
Source: Company, SSI Research

**Figure 5. Profitability Margins**



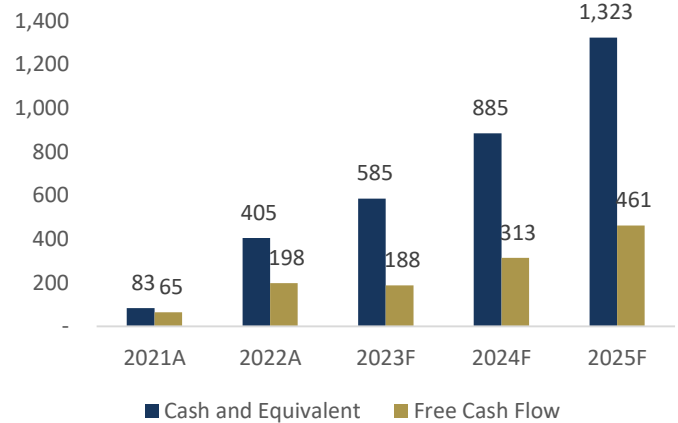
Source: Company, SSI Research

**Figure 6. EBITDA & EBITDA Margins**



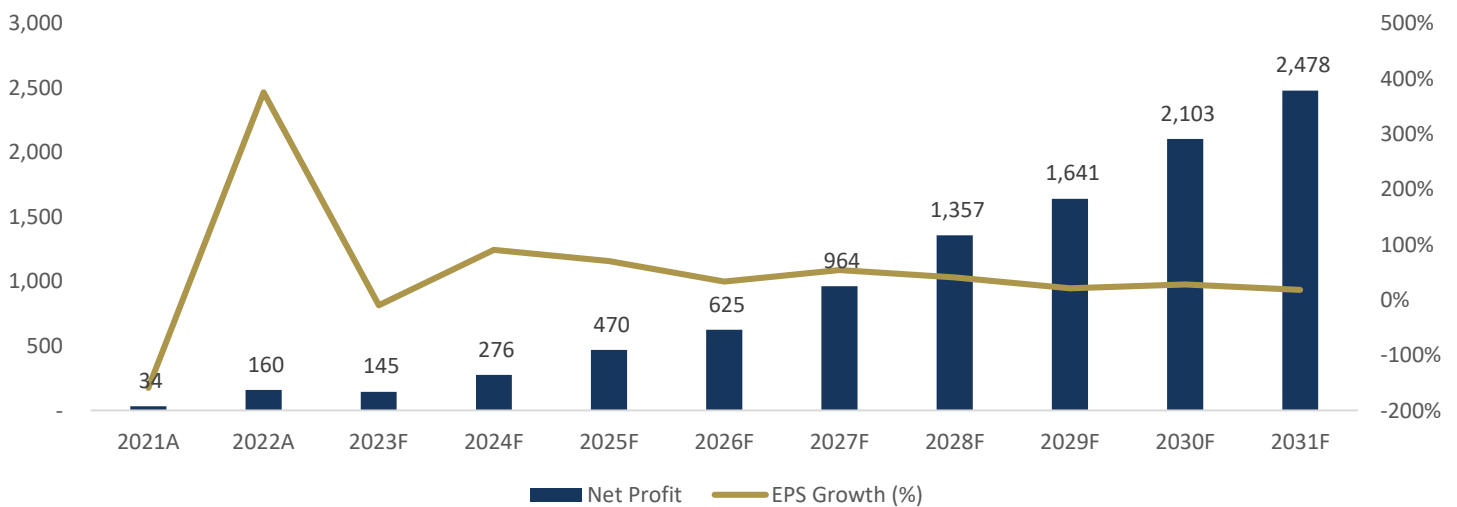
Source: Company, SSI Research

**Figure 7. Cash and Free Cash Flow Level**



Source: Company, SSI Research

**Figure 8. 10 Year Net Profit Forecast**



Source: Company, SSI Research

## Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
<b>Revenue</b>	255	437	431	723	1,081
Cost of revenue	(111)	(130)	(111)	(189)	(277)
<b>Gross Profit</b>	<b>144</b>	<b>307</b>	<b>320</b>	<b>534</b>	<b>804</b>
SGA Expense	(77)	(114)	(160)	(231)	(281)
<b>Operating Profit</b>	<b>68</b>	<b>193</b>	<b>160</b>	<b>302</b>	<b>523</b>
<b>EBITDA</b>	<b>199</b>	<b>321</b>	<b>274</b>	<b>489</b>	<b>792</b>
Net Interest Income	8	5	24	35	53
Other Income (Expense)	(25)	6	0	8	12
<b>Pre-tax profit</b>	<b>50</b>	<b>204</b>	<b>185</b>	<b>345</b>	<b>588</b>
Income Tax	(20)	(48)	(44)	(76)	(129)
<b>Profit for Period</b>	<b>30</b>	<b>156</b>	<b>141</b>	<b>269</b>	<b>458</b>
Minority Interest	4	4	4	7	11
<b>Net Profit</b>	<b>34</b>	<b>160</b>	<b>145</b>	<b>276</b>	<b>470</b>

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash & equivalents	83	405	585	885	1,323
Receivables	68	53	44	74	111
Others	33	46	46	46	46
<b>Total Current Asset</b>	<b>184</b>	<b>504</b>	<b>676</b>	<b>1,006</b>	<b>1,481</b>
Net Fixed Asset	753	714	694	681	676
Other Non-Current Asset	373	397	363	320	308
<b>Total Asset</b>	<b>1,310</b>	<b>1,615</b>	<b>1,733</b>	<b>2,006</b>	<b>2,465</b>
ST. Bank loan	-	-	-	-	-
Payables	9	35	15	26	38
Other current Liability	33	33	33	33	33
<b>Total Current Liability</b>	<b>42</b>	<b>68</b>	<b>49</b>	<b>59</b>	<b>72</b>
LT. Debt	-	-	-	-	-
Other LT Liabilities	10	9	9	9	9
<b>Total Liabilities</b>	<b>51</b>	<b>77</b>	<b>57</b>	<b>68</b>	<b>80</b>
Minority Interest	6	2	2	2	2
<b>Total Equity</b>	<b>1,258</b>	<b>1,539</b>	<b>1,676</b>	<b>1,938</b>	<b>2,385</b>

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
<b>Net Profit</b>	34	160	145	276	470
D&A	124	128	157	171	191
Changes in Working Capital	-	-	-	-	-
<b>Operating Cash Flow</b>	<b>52</b>	<b>188</b>	<b>291</b>	<b>427</b>	<b>636</b>
Capital Expenditure	(12)	11	(8)	(15)	(24)
Others	26	(1)	(95)	(99)	(151)
<b>Investing Cash Flow</b>	<b>14</b>	<b>10</b>	<b>(103)</b>	<b>(114)</b>	<b>(175)</b>
Net - Borrowing	-	-	-	1	2
Other Financing	(104)	124	(7)	(14)	(23)
<b>Financing Cash Flow</b>	<b>(104)</b>	<b>124</b>	<b>(7)</b>	<b>(14)</b>	<b>(23)</b>
<b>Net - Cash Flow</b>	<b>(38)</b>	<b>322</b>	<b>180</b>	<b>300</b>	<b>438</b>
Cash at beginning	121	83	405	585	885
Cash at ending	83	405	585	885	1,323

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	56.6	70.3	74.2	73.8	74.4
Operating Margin (%)	26.6	44.2	37.2	41.8	48.4
EBITDA Margin (%)	78.0	73.4	63.5	67.7	73.3
Pre-Tax Margin (%)	19.8	46.8	42.9	47.7	54.4
Net Profit Margin (%)	13.2	36.6	33.6	38.2	43.5
Debt to Equity (%)	-	-	-	-	-
Net Gearing (%)	-	-	-	-	-

Major Assumptions					
	21A	22A	23F	24F	25F
Digital Growth	224%	-65%	104%	21%	26%
Movies Volume	1	6	8	9	14
Sponsorship Revenue	1.5	50.0	55	61	67

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