

# MD Entertainment (FILM): IDR 3,820 – BUY, SSI TP: IDR 5,500

## 2Q24 Results: 31 July 2024

(IDRbn )	2Q23	1Q24	2Q24	QoQ (%)	YoY (%)	6M23	6M24	YoY (%)	6M24/ SSI (%)
Revenue	144	54	163	200.9	13.2	205	217.4	5.9	44.6
Gross Profit	108	29	114	295.3	6.2	142	143.3	1.1	42.8
EBITDA	109	22	80	261.7	(26.8)	146	101.8	(30.2)	28.7
Operating Profit	73	(4)	81	n.a	10.8	78	76.6	(1.9)	38.5
Net Profit	59	5	73	1,480.0	22.7	62	77.2	24.4	44.4
<b>Key Ratios</b>									
GPM (%)	74.7	53.4	70.1	-	-	69.1	65.9	-	-
EBITDA Margin (%)	75.6	40.7	48.9	-	-	71.0	46.8	-	-
OPM (%)	50.4	(7.2)	49.4	-	-	38.0	35.2	-	-
NPM (%)	41.1	8.5	44.5	-	-	30.2	35.5	-	-

## Our take on the results (In-line)

- For FILM, the scenario dramatically improved in 2Q24 given exceptional EPS growth of +1,480% QoQ and +22.7% YoY, partly driven by a low base effect, but largely due to the success of the films "Ipar Adalah Maut" and "KKN di Desa Penari 2," which propelled top-line growth to IDR 54 billion (+200.9% QoQ, +13.2% YoY). "Ipar Adalah Maut" was on top 10 highest-grossing of all-time Indonesian movies, attracting 4.7 million viewers, while "Badarawuhi di Desa Penari" secured the 15th spot with 4 million viewers.
- Operating profit surged to IDR 81 billion (up from a negative IDR 4 billion in 1Q24), thanks to the success of blockbuster movies, allowing for promotional expenses as a percent of revenue to come down to 8.9% in 2Q24 from 21.3% in 1Q24. Subsequently, FILM's 1H24 net profit rose to IDR 77 billion, aligning with our full-year expectation (44.4%).
- Looking ahead, we anticipate the 2H24 movie pipeline, featuring titles like "Jurnal Risa" and "Laura Movie", will further enhance FILM's performance. We also expect digital revenues to remain strong in 2H24, as OTT players expand their presence in Indonesia. Given FILM's success in 1H24, OTT players are likely willing to pay premiums for leasing FILM's blockbusters.
- Backed by FILM's solid results, we maintain a positive outlook on the company, particularly considering the potential for strategic partnerships and expansion plans. Additionally, FILM's dividend distribution of IDR 25/share (DPR: 245.2%, Yield: 0.6%) on 1 August 2024 should help improve sentiment on the stock. That said, given recent market underperformance, we uphold our BUY recommendation on FILM with IDR 5,500 (DCF-based) target price, translating to 44% upside potential.

## Peer Comparables

Company Ticker	Last Price	Market Cap. (USDmn)	EV EBITDA (x)		P/E (x)		P/BV (x)	
			2024F	2025F	2024F	2025F	2024F	2025F
FILM IJ	IDR 3,820	2,233	97.0	70.6	202.9	142.7	19.6	17.3
SCMA IJ	IDR 140	636	14.1	13.0	28.7	25.9	1.1	1.1
MNCN IJ	IDR 334	309	1.3	1.1	1.7	1.5	0.2	0.2
<b>Local Average</b>			<b>71.1</b>	<b>52.3</b>	<b>148.5</b>	<b>105.6</b>	<b>14.0</b>	<b>12.4</b>
NFLX US	USD 623	267,189	23.9	22.7	35.4	25.0	11.2	9.4
DIS US	USD 94	170,983	13.9	13.4	22.2	20.4	5.6	4.3
CMCSA US	USD 41	158,037	6.5	6.8	17.9	8.9	2.0	1.9
WBD US	USD 9	21,514	6.2	6.4	36.3	21.8	0.4	0.4
IQ US	USD 3	3,100	9.1	2.3	8.4	7.5	1.9	1.6
CNK US	USD 23	2,799	7.9	7.5	28.7	11.2	6.0	4.5
LGF/A US	USD 9	1,917	14.7	10.9	26.5	12.7	2.4	2.3
PGRE US	USD 5	1,124	13.3	14.7	-	-	0.0	0.0
<b>Global Average</b>			<b>16.0</b>	<b>15.4</b>	<b>27.1</b>	<b>19.3</b>	<b>6.9</b>	<b>5.7</b>

## Relative Performance vs JCI

