

MD Entertainment (FILM): IDR 3,130 – BUY, SSI TP:IDR 7,000

3Q24 Results: 31 October 2024

(IDRbn)	3Q23	2Q24	3Q24	QoQ (%)	YoY (%)	9M23	9M24	YoY (%)	9M24/SSI (%)
Revenue	88	163	131	(19.9)	48.0	294	348.1	18.6	71.0
Gross Profit	49	114	85	(25.4)	73.2	191	228.7	19.7	71.7
Operating Profit	23	81	45	(44.2)	91.9	102	121.5	19.7	75.1
EBITDA	63	131	88	(33.0)	40.6	208	242.7	16.5	76.6
Net Profit	24	73	26	(64.5)	5.7	86	103.0	19.1	76.1
Key Ratios									
GPM (%)	55.8	70.1	65.3	-	-	65.1	65.7	-	-
OPM (%)	26.5	49.4	34.4	-	-	34.6	34.9	-	-
EBITDA Margin (%)	70.8	80.4	67.3	-	-	71.0	69.7	-	-
NPM (%)	27.7	44.5	19.8	-	-	29.5	29.6	-	-

Our take on the results (SSI: In-line)

- ❑ FILM delivered solid 9M24 earnings of IDR 103 bn (+19.1% YoY; in line with our estimate) on the back of strong cinema sales and stable margins. Despite 3Q24 earnings decline of -64.5% QoQ due to high-base effect, FILM posted robust 3Q24 EBIT of IDR 45 bn (+91.9% YoY) with operating margin expansion to 34.4% (+790 bps YoY) on lower production costs.
- ❑ In terms of box office success, four of FILM's movies surpassed the 1-million-viewer mark in 9M24 with combined viewers of 11.4 mn, boosting the company's 9M24 cinema sales to IDR 259.9 bn (+102% YoY). The top two movie grossers were Badarawuhi di Desa Penari (4.1mn) and Ipar Adalah Maut (4.0mn), and we expect more blockbusters from FILM in 4Q24 and 2025F given ramp-up production efforts.
- ❑ Recent 81% stake acquisition of NETV, funded with combination of NPRs and cash, should continue to provide positive catalysts for FILM's growth, allowing entry into the cash-generating FTA business, with the goal of raising NETV's audience share.
- ❑ Further corporate expansions to be funded through 2nd NPR amounting to IDR 3 tn by end-2024; thus, FILM remains a BUY with TP of IDR 7,000 (DCF-based), particularly given its YTD market underperformance.

Peer Comparables

Ticker	Last Price (IDR)	Market Cap. (IDRtn)	Rating	Target Price (IDR)	2024F				
					P/E (x)	P/BV (x)	EV/EBITDA (x)	ROE (%)	Div. Yield (%)
FILM	3,130	123.6	BUY	7,000	217.5	19.4	112.0	7.6	-
SCMA	130	9.9	SELL	120	10.1	1.3	7.6	18.9	3.9
MNCN	320	5.0	HOLD	340	3.1	0.2	2.2	7.1	-
Sector		138.5			194.9	17.4	100.6	8.4	0.3

Relative Performance vs JCI

