



**NOT RATED**

## Stock Data

Current Price	:	IDR 71
52wk Range H-L	:	IDR55-111
Share Outstanding	:	67,767 mn
Free Float (%)	:	44.36
Mkt Capitalization (IDR bn)	:	4,879.25

## Major Shareholders

HT Investment Development LTD	:	19.54%
DBS Bank LTD S/A Caravaggio Holdings Limited	:	12.28%
DBS Bank LTD S/A New Ascend Limited	:	11.08%
Bhakti Panjiwira PT	:	7.77%
Hary Tanoesoedibjo	:	4.97%
Public	:	44.36%

\*as of August 31, 2019

## Research

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## PT MNC Investama Tbk (BHIT)

Trade, Services and Investment Sector

### Offering Sustainable Investment

#### Financial Highlight: Strong Margin Expansion!

BHIT recorded a revenue of IDR7.83 trillion, growing 9.24% YoY on 1H19 (vs IDR7.17 trillion on 1H18). Media business grew significantly by 12.01% YoY which contributed 81.27% towards the total consolidated revenue. Meanwhile, BHIT's operating income elevated 8.76% YoY to IDR1.95 trillion with operating profit margin (OPM) maintained at 24.94% level. EBITDA also successfully grew 7.62% YoY to IDR2.78 trillion with a EBITDA margin of 36% on 1H19. BHIT achieved to increase their net profit by a staggering 1,056.53% YoY to become IDR1.03 trillion on 1H19 whereas previously on 1H18 it was merely IDR89.10 billion. Thanks to its general and administration efficiency as much as 2.48% YoY and also the profit earned in the amount of IDR193.41 billion through foreign exchange on 1H19.

#### Media Sector: Investing, the way up!

##### A) Launching RCTI+

Through MNCN (PT Media Nusantara Citra Tbk), BHIT was able to launch a digital platform called RCTI+, a streaming application from 4 FTA (Free to Air) televisions such as RCTI, MNCTV, GTV and iNews. It includes a variety of catch up TV features as well as creative contents (web series, bloopers, behind the scenes, auditions, quizzes, news clips, radios, etc.). We believe that RCTI+ will be an important source to strengthen BHIT's digital revenue growth.

##### B) JV with iQIYI to Create the Biggest Quality Asian/China & Indonesia Video Streaming

Meanwhile, MNCN and iQIYI amongst themselves created a joint venture (JV) to develop OTT (Over the Top) in Indonesia, in which their contribution is 51% and 49% respectively. iQIYI is the largest OTT company in China which integrated modern technology and quality content that operates under their parent company Baidu, the largest search engine in China. Together, iQIYI supports its joint venture through providing the newest technology whereas MNCN is responsible for marketing and promotion as well as regulatory matters.

##### C) MNCN has agreed terms to exclusively broadcast Euro 2020

MNCN has secured an agreement to exclusively broadcast EURO 2020 on its FTA television. MNCN forecasted the potential earnings on the competition will contribute at least 7-8% of RCTI advertising revenue from pre-event to post event activities. The event will also be available to be consumed through RCTI+.

##### D) Acquisition K-Vision to Capture Mid-Low Customers

IPTV (PT MNC Vision Networks Tbk) along with K-Vision signed an exclusive agreement for the acquisition of major shares up to 60%. This acquisition will elevate, strengthen, and complete the offering of the TV packages. Furthermore, more opportunities would be available for the middle lower class of the market. To this date, K-Vision owns 3,000 dealers island-wide and this fact would strengthen the multi sales network channel and prepare for more acquisitions in the future.

##### E) IPTV signed MoU with ICON+

IPTV signed MoU with ICON+, a subsidiary of PT PLN. ICON+ will rollout FTTH networks throughout Indonesia. MNC Play is given the exclusive rights to use ICON+ network to offer high speed internet and IPTV services of up to 120,000 homepasses/year. Beyond this limit, MNC Play has the right to offer IPTV services only.

Key Financial Highlight (IDR Bn)	2015	2016	2017	2018	1H19
Revenue	12,878.19	12,894.52	13,580.26	14,725.85	7,827.11
Operating Profit	2,039.04	2,144.91	2,241.12	3,763.43	1,952.30
Operating Profit Margin (%)	15.83%	16.63%	16.50%	25.56%	24.94%
Net Profit	(570.32)	847.93	524.70	945.19	1,030.52
Net Profit Margin (%)	-4.43%	6.58%	3.86%	6.42%	13.17%
ROA (%)	-1.07%	1.53%	0.93%	1.68%	1.72%
ROE (%)	-2.50%	3.51%	2.18%	3.86%	3.66%

Source: Bloomberg, BHIT

### Property Sector: Pre-Launch the Trump Luxurious Resorts & Residences and Finalizing the Ongoing Project

KPIG is pleased to introduce Trump Residences Bali and Trump Residences Lido, the first integrated luxury resorts and residences in Indonesia. Trump Residences Bali is tucked away on the 102 ha grounds of Trump International Resort, Golf Club & Residences at MNC Bali Resort. The 144 ultra-luxurious residences offer an unparalleled exclusive lifestyle, the impeccable standard of excellence, lavish facilities and state-of-the-art services. Moreover, Trump Residences Lido sits on a 350 ha expanse of MNC Lido City, a 3,000 ha integrated entertainment and lifestyle destination located in Lido, West Java. Conveniently situated just outside of Jakarta, Trump Residences Lido can be accessed directly through the newly opened Bocimi Toll Road (Bogor-Ciawi-Sukabumi), in only a one hour drive. Furthermore, several KPIG's projects have reached a stage of finalization, including Park Hyatt Jakarta as the first and the only Park Hyatt in Indonesia which is currently in the interior finalization stage with soft opening planned in 4Q19E. Meanwhile in MNC Lido City, KPIG continues to develop macro infrastructure around the area and its supporting facilities including national park and the largest outbound facilities in Indonesia. Furthermore, an 18-hole PGA standard golf course designed by Ernie Els has reached 70% completion while MNC Park is currently in the process of selecting rides and site preparation. Besides that, KPIG also following the concept of co-working by building a co-working space with an area of around 5,800 sqm, located in Park Tower Jakarta and BEI Building Surabaya.

### Financial Services Sector: Innovation through Digital Technology

BHIT through BCAP (PT MNC Kapital Indonesia Tbk) following the rapid growth of digital economy market, MNC Teknologi Nusantara (MTN) opened a new business unit in financial technology (fintech) area under the name SPIN (Smart Payment Indonesia). Supported by 10 million captive databases primarily from MNC Media subscribers and financial services customer, MTN is creating a "centralized" single customer ID for it's customers across all the business units. All of the data will be stored and processed by Big Data Analytics. This aims to unite the digital capabilities of all BCAP subsidiaries and has access to MNC Group's diverse range of products. Meantime, MTN is currently developing the fintech infrastructure and looking for merchant platform to work with.

### Enlarging it's Capital to Deleverage

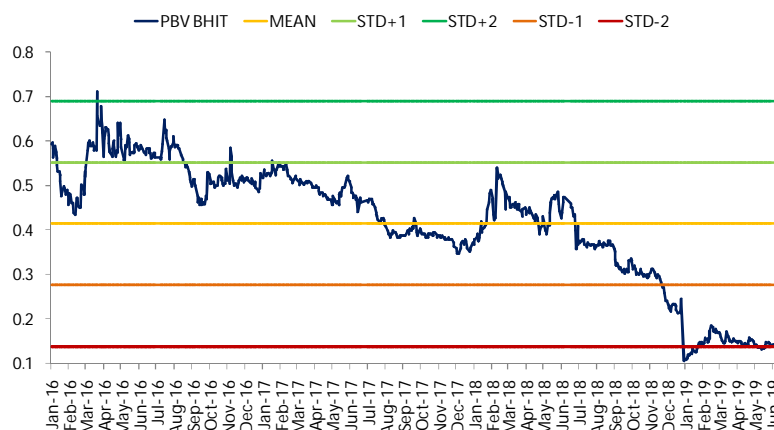
On 24 July 2019, BHIT has completed its Rights Issuance which represented 15.83 billion of new shares of its common stock, generating a capital increase of IDR 1.58 trillion or 23.36% of the Company's issued and fully paid capital post-Rights Issue. Following the completion of the Rights Issue, BHIT's total equity increased to IDR26.57 trillion. BHIT standalone debt reduced by USD115 million to IDR3.31 trillion.

### Valuation and Recommendation

BHIT is trading at 0.15x of trailing PBV in 1H19. Seeing the development that made by the company in their integrated business model, this catalyst is expected to improve the company's abilities to compete globally. However, MNCS doesn't give any recommendation related to company prospect.

**Recommendation: NOT RATED.**

**Exhibit 01. BHIT is Currently Trading at Level -2 STD PBV Ratio (3-Years average PBV)**



Source : Bloomberg, MNCS

**Exhibit 02. Financial Summary FY15-1H19**

Income Statement						Balance Sheet					
IDR Billion	2015	2016	2017	2018	1H19	IDR Billion	2015	2016	2017	2018	1H19
<b>Revenue</b>	<b>12,878.19</b>	<b>12,894.52</b>	<b>13,580.26</b>	<b>14,725.85</b>	<b>7,827.11</b>	Cash and cash equivalents	4,024.81	3,608.81	2,700.51	2,272.91	1,876.28
Cost of sales	8,222.93	7,763.59	7,823.07	7,561.95	4,179.22	Financial Assets	4,298.34	5,068.32	4,620.47	4,712.73	4,837.44
<b>Gross Profit</b>	<b>4,655.26</b>	<b>5,130.93</b>	<b>5,757.19</b>	<b>7,163.90</b>	<b>3,647.89</b>	Trade Receivables	3,552.58	3,221.03	3,359.62	3,137.06	3,174.49
Operating Expenses	2,616.22	2,986.02	3,516.07	3,400.47	1,695.59	Other Current Assets	9,465.95	8,634.42	9,515.17	9,062.47	9,307.06
<b>Operating Profit</b>	<b>2,039.04</b>	<b>2,144.91</b>	<b>2,241.12</b>	<b>3,763.43</b>	<b>1,952.30</b>	<b>Total Current Assets</b>	<b>21,341.68</b>	<b>20,532.58</b>	<b>20,195.77</b>	<b>19,185.17</b>	<b>19,195.27</b>
Interest Income	62.69	32.37	12.46	20.60	5.16	Fixed Assets-net	9,496.46	9,925.62	12,801.85	14,211.19	14,292.19
Foreign Exchange(loss)	(1,407.16)	370.47	(160.59)	(899.59)	193.41	Other Non-Current Assets	22,461.13	24,834.75	23,526.19	23,025.61	26,282.06
Other income (expenses)	(1,121.68)	(948.92)	(887.54)	(1,362.16)	(806.17)	<b>Total Non-Current Assets</b>	<b>31,957.59</b>	<b>34,760.37</b>	<b>36,328.04</b>	<b>37,236.80</b>	<b>40,574.25</b>
<b>Profit Before Tax</b>	<b>(427.11)</b>	<b>1,598.83</b>	<b>1,205.45</b>	<b>1,522.28</b>	<b>1,344.70</b>	<b>TOTAL ASSETS</b>	<b>53,299.27</b>	<b>55,292.95</b>	<b>56,523.81</b>	<b>56,421.97</b>	<b>59,769.52</b>
Tax Expenses	(143.21)	(750.90)	(680.75)	(577.09)	(314.17)	Trade Payables	1,832.09	1,413.07	1,482.79	1,176.47	1,117.11
<b>Net Income</b>	<b>(570.32)</b>	<b>847.93</b>	<b>524.70</b>	<b>945.19</b>	<b>1,030.53</b>	Short-term Debt	4,592.96	5,305.00	3,185.40	5,610.89	4,361.98
EPS (fullamount)	(22.02)	5.50	3.14	1.78	5.10	Other current liabilities	12,706.38	12,278.92	16,023.92	10,384.48	11,483.42
						<b>Total Current Liabilities</b>	<b>19,131.43</b>	<b>18,996.99</b>	<b>20,692.11</b>	<b>17,171.84</b>	<b>16,962.51</b>
						Long-term Debt	10,397.45	9,440.37	10,578.86	12,027.92	11,863.76
						Other Long-term liabilities	936.04	2,692.10	1,166.65	2,725.45	2,811.50
						<b>Total Long-term Liabilities</b>	<b>11,333.49</b>	<b>12,132.47</b>	<b>11,745.51</b>	<b>14,753.37</b>	<b>14,675.26</b>
						<b>Total Equity</b>	<b>22,834.35</b>	<b>24,163.49</b>	<b>24,086.19</b>	<b>24,496.76</b>	<b>28,131.75</b>
						<b>TOTAL LIABILITY AND EQUITY</b>	<b>53,299.27</b>	<b>55,292.95</b>	<b>56,523.81</b>	<b>56,421.97</b>	<b>59,769.52</b>

Cash Flow						Ratios					
IDR Billion	2015	2016	2017	2018	1H19	Ratio	2015	2016	2017	2018	1H19
Net Income	(570.32)	847.94	524.70	945.20	1,030.52	<b>Growth Year on Year</b>					
Depreciation	1,399.35	1,477.40	1,506.27	1,565.93	831.53	Revenue Growth (%)	3.58%	0.13%	5.32%	8.44%	9.24%
Change in Working Capital	(4,920.39)	(674.65)	(2,031.94)	2,509.66	219.44	Gross Profit Growth (%)	-10.53%	10.22%	12.21%	24.43%	3.23%
Change in others	7,824.95	(2,008.44)	514.69	(2,275.06)	(727.87)	EBITDA Growth (%)	-21.11%	5.35%	3.45%	42.22%	7.62%
<b>CFO Total</b>	<b>3,733.59</b>	<b>(357.75)</b>	<b>513.72</b>	<b>2,745.73</b>	<b>1,353.62</b>	Net Income Growth (%)	-148.77%	248.68%	-38.12%	80.14%	1,056.53%
Capital Expenditure	(3,067.53)	(1,615.14)	(2,816.39)	(2,700.01)	(456.31)	Current Ratio (x)	1.12	1.08	0.98	1.12	1.13
Others	(352.34)	(359.98)	806.67	(930.48)	(1,004.54)	Quick Ratio (x)	0.93	0.90	0.77	0.84	0.86
<b>CFI Total</b>	<b>(3,419.87)</b>	<b>(1,975.12)</b>	<b>(2,009.72)</b>	<b>(3,630.49)</b>	<b>(1,460.85)</b>	Asset/Liabilities (x)	1.75	1.78	1.74	1.77	1.89
Dividend Paid	(116.25)	0.00	0.00	0.00	0.00	Liabilities/Equity (x)	1.33	1.29	1.35	1.30	1.12
Net Change in Debt	1,978.95	354.62	3,175.33	(1,057.64)	(1,413.07)	GPM (%)	36.15%	39.79%	42.39%	48.65%	46.61%
Equity Fund Raised	64.71	1,690.52	0.00	446.44	0.00	OPM (%)	15.83%	16.63%	16.50%	25.56%	24.94%
Others	(1,877.42)	(128.27)	(2,587.63)	1,068.36	1,123.67	EBITDA Margin (%)	26.70%	28.09%	27.59%	36.19%	35.57%
<b>CFF Total</b>	<b>49.99</b>	<b>1,916.87</b>	<b>587.70</b>	<b>457.16</b>	<b>(289.40)</b>	NPM (%)	-4.43%	6.58%	3.86%	6.42%	13.17%
Net Cash Increase	363.71	(416.00)	(908.30)	(427.60)	(396.63)	ROA (%)	-1.07%	1.53%	0.93%	1.68%	1.72%
Closing Balance	4,024.81	3,608.81	2,700.51	2,272.91	1,876.28	ROE (%)	-2.50%	3.51%	2.18%	3.86%	3.66%

Source: Company, MNCS

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### MNC Research Investment Ratings Guidance

**BUY** : Share price may exceed 10% over the next 12 months

**HOLD** : Share price may fall within the range of +/- 10% of the next 12 months

**SELL** : Share price may fall by more than 10% over the next 12 months

**Not Rated** : Stock is not within regular research coverage

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