



NOT RATED

Stock Data

Current Price	:	IDR 71
52wk Range H-L	:	IDR55-105
Share Outstanding	:	67,767 mn
Free Float (%)	:	67.37
Mkt Capitalization (IDR bn)	:	4,811.48

Major Shareholders

HT Investment Development LTD	:	19.74%
DBS Bank LTD S/A Caravaggio Holdings Limited	:	12.41%
DBS Bank LTD S/A New Ascend Limited	:	11.19%
Bhakti Panjiwira PT	:	7.85%
Hary Tanoesoedibjo	:	5.02%
Public	:	43.79%

*as of September 30, 2019

Research

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PT MNC Investama Tbk (BHIT)

Trade, Services and Investment Sector

Tendering Exceptional Investments

Financial Highlight: Staggering Net Profit Growth!

BHIT recorded a revenue of IDR11.89 trillion, growing 9.55% YoY on 9M19 (vs IDR10.85 trillion on 9M18). Media business grew significantly by 11.35% YoY which contributed 81% towards the total consolidated revenue. Meanwhile, BHIT's operating income elevated to IDR3.12 trillion with operating profit margin (OPM) maintained at 26.27% level. EBITDA also successfully grew by 7.81% YoY to IDR4.36 trillion with an EBITDA margin of 36.69% on 9M19. BHIT achieved to increase their net profit by a staggering 839.25% YoY to become IDR1.53 trillion on 9M19 whereas previously on 9M18 it was merely IDR162.55 billion.

Media Sector: Business Model Revamp!

A) Continuing its Successful Programming Lineup

Meanwhile, PT Media Nusantara Citra Tbk (MNCN) through its FTA channel will continue its successful programming lineup in 4Q19 as follows: 1) RCTI-Indonesian Idol, Konser Padi, AFC U19, AMI Awards, Sea Games, Masterchef Indonesia, Billboard Music Awards, and Publicity Stunt Magician; 2) GTV- The Great Magician, Bedah Rumah Special Episode ke 500 and Studio Impian; 3) MNCTV- Anugrah Dangdut, Sea Games, Road to Kilau Raya, Kilau DMD and Dangdut In. MNCN's production market share for its in-house programming genres remains strong with 41% for drama, more than 80% for animation and another 80% for talent search. In addition, the newly introduced RCTI+ which was launched on 8M19, has reached 3.7 million MAU and is targeting 8-10 million MAU by FY19E. Furthermore, MNCN's Youtube performance has remained to be the largest in Indonesia in terms of subscribers and the number of views. As of 9M19, MNCN's Youtube channel has attracted over 47 million subscribers and 21 billion views in total. As upon operating as a Multi-Channel Network (MCN) in 9M19, MNCN'S MCN reached 15 million subscribers and 2 billion views in merely 3 months. This impressive growth proves MNCN's strong performance in FY19.

B) IPTV's Strategic Corporate Action to Acquire K-Vision

Through PT MNC Vision Networks Tbk (IPTV), the company executed a strategic corporate action in 8M19 by acquiring K-Vision, a DTH prepaid Pay-TV that targets on the middle to low market segment. We believe that this would significantly increase IPTV's revenue because currently K-Vision is gaining more than 5,000 subscribers daily as it will elevate, strengthen, and complete the offering of the TV packages. In addition, IPTV through MNC Vision will implement a DTH post-aid PayTV that utilizes the S-band weatherproof satellite technology. The management decided to innovate MNC Vision's business model from lending STB/equipment to selling it outright to customers because it will drive higher revenue, healthier cash flow and result in less overhead costs.

C) Agreement Between MNC Play and ICON+

MNC Play (IPTV and Broadband), a wholly owned subsidiary of the Company, has 262,856 subscribers with ARPU of Rp 289,763 as of Sep-19 with close to 1.5 mio home pass (51% ready for sale and 49% in the feeder phase). MNC Play entered an agreement with ICON+, a subsidiary of PT PLN to rollout FTTH networks throughout the country. MNC Play is given the rights to use ICON+ network to offer high speed internet and IPTV services.

Key Financial Highlight (IDR Bn)	2015	2016	2017	2018	9M19
Revenue	12,878.19	12,894.52	13,580.26	14,725.85	11,892.38
Operating Profit	2,039.04	2,144.91	2,241.12	3,763.43	3,123.91
Operating Profit Margin (%)	15.83%	16.63%	16.50%	25.56%	26.27%
Net Profit	(570.32)	847.93	524.70	945.19	1,526.70
Net Profit Margin (%)	-4.43%	6.58%	3.86%	6.42%	12.84%
ROA (%)	-1.07%	1.53%	0.93%	1.68%	2.51%
ROE (%)	-2.50%	3.51%	2.18%	3.86%	4.93%

Source: Bloomberg, BHIT

Property Sector: Soft Launching of Trump Residences Lido and Bali

On August 12th, 2019, PT MNC Land Tbk (KPIG) successfully soft launched Trump Residences Lido and Bali. Trump Residences Bali features a total of 144 ultra-luxurious residences is followed by a Grand Opening of Oakwood Hotel Surabaya on Sep-19. This hotel proves KPIG's strong presence in the Indonesian hospitality business as an award-winning and the largest service apartment operator in the world. Meanwhile the company also held the soft opening of MNC x Koléga, its very first co-working space located at Park Tower Jakarta on Sep-19, followed by its Grand Opening on Oct-19. Park Hyatt Jakarta, the first and the only Park Hyatt in Indonesia which is currently in the interior finalization stage, is still on track to be fully commenced by the end of 2019.

Lido Lake's Development Progress and the New Bodogol National Park

KPIG is planning to revitalize and develop the Lido Lake into various tourist attractions. One of which is the Soekarno Park which will include a restaurant, retail establishments, a food court, a coffee shop, a lakeside pool and the Soekarno Villa Preserved Building. Besides on developing the Soekarno Park, KPIG plans to develop the biggest outbound facility in Southeast Asia called the Lido Adventure Park which will be located near the Soekarno Park, Lido Lake Hotel and the Lido Lake Resort Extension. Furthermore, the development of the Bodogol National Park is in Phase 1. With the total area of 431 ha, the Park will be a perfect destination for outdoor activities. A tourist center and a forest restaurant are planned to be built along with a camping ground, forest hut, observe tower and tree houses. The Bodogol National Park will be easily accessible by car from MNC Lido City.

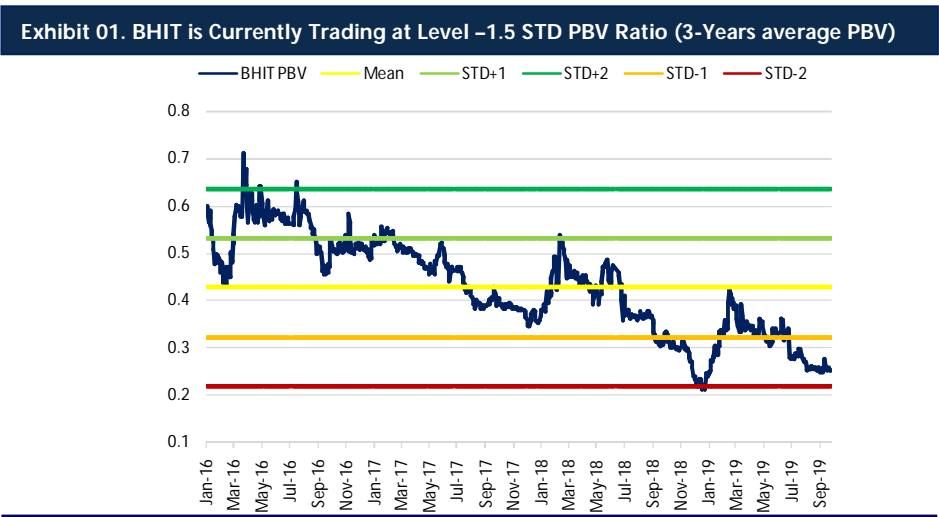
Financial Services Sector: Launching SPIN and Hario Apps

Through MTN (PT MNC Teknologi Nusantara), PT MNC Kapital Indonesia Tbk (BCAP) was able to launch a digital platform called SPIN (Smart Payment Indonesia), a super app that brings together the digital capabilities from all BCAP's subsidiaries and access to MNC Group's diverse range of products. SPIN will accommodate MNC Group's ecosystem, such as: 1) Pay TV subscription MNC Vision; 2) MNC Play, and 3) OTT Platform MNC Now. SPIN will also be used for MNC Group's e-commerce and online travel payments, theFthing, MNCshop.com, MisterAladin and other digital payments within the Group. The general public can also use SPIN to top up mobile credit, as well as pay electricity and water bills. We believe that SPIN will be an essential source as a driver of BHIT's digital revenue growth. Furthermore, BCAP along with MNC Life has just launched its digital-based insurance, Hario Apps, in Oct-19. Through this app, users can apply for accident, health and life insurance. The target market are millennials, a generation who has better understanding about insurance. This fact would lower the cost of acquisition of new clients and prepare for more acquisitions in the future.

Valuation and Recommendation

BHIT is trading at 0.16x of trailing PBV in 9M19. 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.



Source : Bloomberg, MNCS

Exhibit 02. Financial Summary FY15-9M19

Income Statement						Balance Sheet					
IDR Billion	2015	2016	2017	2018	9M19	IDR Billion	2015	2016	2017	2018	9M19
Revenue	12,878.19	12,894.52	13,580.26	14,725.85	11,892.38	Cash and cash equivalents	4,024.81	3,608.81	2,700.51	2,272.91	1,648.13
Cost of sales	8,222.93	7,763.59	7,823.07	7,561.95	6,306.03	Financial Assets	4,298.34	5,068.32	4,620.47	4,712.73	4,994.89
Gross Profit	4,655.26	5,130.93	5,757.19	7,163.90	5,586.35	Trade Receivables	3,552.58	3,221.03	3,359.62	3,137.06	3,170.94
Operating Expenses	2,616.22	2,986.02	3,516.07	3,400.47	2,462.44	Other Current Assets	9,465.95	8,634.42	9,515.17	9,062.47	9,577.42
Operating Profit	2,039.04	2,144.91	2,241.12	3,763.43	3,123.91	Total Current Assets	21,341.68	20,532.58	20,195.77	19,185.17	19,391.38
Interest Income	62.69	32.37	12.46	20.60	8.23	Fixed Assets-net	9,496.46	9,925.62	12,801.85	14,211.19	14,614.21
Foreign Exchange(loss)	(1,407.16)	370.47	(160.59)	(899.59)	79.36	Other Non-Current Assets	22,461.13	24,834.75	23,526.19	23,025.61	26,800.55
Other income (expenses)	(1,121.68)	(948.92)	(887.54)	(1,362.16)	(1,245.88)	Total Non-Current Assets	31,957.59	34,760.37	36,328.04	37,236.80	41,414.76
Profit Before Tax	(427.11)	1,598.83	1,205.45	1,522.28	1,965.62	TOTAL ASSETS	53,299.27	55,292.95	56,523.81	56,421.97	60,806.14
Tax Expenses	(143.21)	(750.90)	(680.75)	(577.09)	(438.92)	Trade Payables	1,832.09	1,413.07	1,482.79	1,176.47	1,065.93
Net Income	(570.32)	847.93	524.70	945.19	1,526.70	Short-term Debt	4,592.96	5,305.00	3,185.40	5,610.89	4,879.13
EPS (full amount)	(22.02)	5.50	3.14	1.78	6.48	Other current liabilities	12,706.38	12,278.92	16,023.92	10,384.48	11,401.18
						Total Current Liabilities	19,131.43	18,996.99	20,692.11	17,171.84	17,346.24
						Long-term Debt	10,397.45	9,440.37	10,578.86	12,027.92	11,198.68
						Other Long-term liabilities	936.04	2,692.10	1,166.65	2,725.45	1,271.24
						Total Long-term Liabilities	11,333.49	12,132.47	11,745.51	14,753.37	12,469.92
						Total Equity	22,834.35	24,163.49	24,086.19	24,496.76	30,989.98
						TOTAL LIABILITY AND EQUITY	53,299.27	55,292.95	56,523.81	56,421.97	60,806.14

Cash Flow						Ratios					
IDR Billion	2015	2016	2017	2018	9M19	Ratio	2015	2016	2017	2018	9M19
Net Income	(570.32)	847.94	524.70	945.20	1,526.71	Growth Year on Year					
Depreciation	1,399.35	1,477.40	1,506.27	1,565.93	1,239.53	Revenue Growth (%)	3.58%	0.13%	5.32%	8.44%	9.55%
Change in Working Capital	(4,920.39)	(674.65)	(2,031.94)	2,509.66	31.82	Gross Profit Growth (%)	-10.53%	10.22%	12.21%	24.43%	3.85%
Change in others	7,824.95	(2,008.44)	514.69	(2,275.06)	(1,010.19)	EBITDA Growth (%)	-21.11%	5.35%	3.45%	42.22%	7.81%
CFO Total	3,733.59	(357.75)	513.72	2,745.73	1,787.87	Net Income Growth (%)	-148.77%	248.68%	-38.12%	80.14%	839.25%
Capital Expenditure	(3,067.53)	(1,615.14)	(2,816.39)	(2,700.01)	(1,424.52)	Current Ratio (x)	1.12	1.08	0.98	1.12	1.12
Others	(352.34)	(359.98)	806.67	(930.48)	(802.88)	Quick Ratio (x)	0.93	0.90	0.77	0.84	0.80
CFI Total	(3,419.87)	(1,975.12)	(2,009.72)	(3,630.49)	(2,227.40)	Asset/Liabilities (x)	1.75	1.78	1.74	1.77	2.04
Dividend Paid	(116.25)	0.00	0.00	0.00	0.00	Liabilities/Equity (x)	1.33	1.29	1.35	1.30	0.96
Net Change in Debt	1,978.95	354.62	3,175.33	(1,057.64)	(1,561.00)	GPM (%)	36.15%	39.79%	42.39%	48.65%	46.97%
Equity Fund Raised	64.71	1,690.52	0.00	446.44	413.55	OPM (%)	15.83%	16.63%	16.50%	25.56%	26.27%
Others	(1,877.42)	(128.27)	(2,587.63)	1,068.36	962.20	EBITDA Margin (%)	26.70%	28.09%	27.59%	36.19%	36.69%
CFF Total	49.99	1,916.87	587.70	457.16	(185.25)	NPM (%)	-4.43%	6.58%	3.86%	6.42%	12.84%
Net Cash Increase	363.71	(416.00)	(908.30)	(427.60)	(624.78)	ROA (%)	-1.07%	1.53%	0.93%	1.68%	2.51%
Closing Balance	4,024.81	3,608.81	2,700.51	2,272.91	1,648.13	ROE (%)	-2.50%	3.51%	2.18%	3.86%	4.93%

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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