

Surya Citra Media Tbk (SCMA)

Menuai Kesuksesan Program TV

Company Report | Jun 26, 2018

Buy

Dec 2018 TP (IDR)	2,700
Consensus Price (IDR)	2,885
TP to Consensus Price	-6.4%
vs. Last Price	+21.6%

Shares data

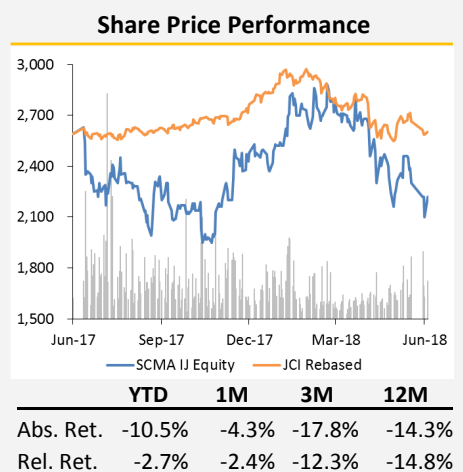
Last Price (IDR)	2,220
Price date as of	Jun 25, 2018
52 wk range (Hi/Lo)	2,880 / 1,950
Free float	39.1%
Outstanding sh.(mn)	14,622
Market Cap (IDR bn)	32,460
Market Cap (USD mn)	2,291
Avg. Trd Vol - 3M (mn)	9.2
Avg. Trd Val - 3M (bn)	22.3
Foreign Ownership	20.7%

Trade, Services & Investment Media, Television

Bloomberg	SCMA.IJ
Reuters	SCMA.JK

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Kinerja Keuangan yang Spektakuler

SCMA membukukan kinerja yang luar biasa pada 1Q18. **Pendapatan iklan yang tumbuh sebesar 15,1%** secara tahunan pun menaikkan pendapatan bersih 1Q18 menjadi Rp1,16 triliun (+15,0% y-y). Alhasil, **laba bersih pun turut melonjak menjadi Rp359 miliar (+19,3% y-y)**.

Di sisi lain, lonjakan beban materi program sebesar 21,9% menyebabkan penurunan kinerja margin kotor menjadi 58,2% pada 1Q18 dari 59,4% pada 1Q17. Namun, biaya tersebut akan menurun pada 2Q18 seiring dengan berakhirnya ajang Liga Champions.

Bergantung pada Audience Share

Pertumbuhan pendapatan iklan pada 1Q18 tak terlepas dari **audience share yang mencapai posisi tertinggi dari Desember hingga April 2018**. Hal tersebut didorong oleh 3 program sinetron SCMA yang menduduki posisi teratas periode Januari– pertengahan Mei 2018.

Penurunan *audience share* SCMA pada Mei menunjukkan bahwa program-program Ramadhan yang diproduksi oleh MNCN lebih diminati. Selain itu, ajang Piala Dunia 2018 yang disiarkan oleh Trans Media turut menekan *audience share* SCMA hingga akhir 2Q18. Meskipun demikian, ajang **Asian Games yang diselenggarakan pada pertengahan Agustus** akan meningkatkan kinerja SCMA (pemegang hak siar Asian Games) pada 3Q18.

Target Harga Rp2.700

Kami menetapkan target harga di Rp2.700 **dengan estimasi forward P/E sebesar 25,3x** (1 SD di bawah rata-rata 4 tahun). Target harga ini mengimplikasikan P/E 2018E sebesar 27,4x. Saat ini, SCMA diperdagangkan pada P/E 2018E sebesar 22,6x.

Surya Citra Media Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Net Revenues	4,524	4,454	4,987	5,412
<i>Net Revenues growth</i>	6.7%	-1.6%	12.0%	8.5%
EBITDA	2,140	1,969	2,173	2,391
Net profit	1,503	1,331	1,582	1,721
EPS (IDR)	103	91	98	107
<i>EPS growth</i>	-1.6%	-11.4%	8.0%	8.8%
BVPS (IDR)	253	301	305	335
EBITDA margin	47.3%	44.2%	43.6%	44.2%
Net Profit Margin	33.2%	29.9%	31.7%	31.8%
ROE	42.2%	32.8%	34.0%	33.4%
ROA	32.0%	26.1%	28.1%	28.0%
ROIC	39.0%	31.2%	32.3%	33.9%
P/E	27.2x	27.2x	22.6x	20.7x
P/BV	11.0x	8.2x	7.3x	6.6x
EV/EBITDA	19.0x	18.3x	16.3x	14.7x
DPS (IDR)	83	58	72	74
<i>Dividend yield</i>	3.0%	2.3%	3.3%	3.3%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Sekilas tentang SCMA

SCMA kini merupakan salah satu pemimpin pasar dalam industri *free-to-air* TV di Indonesia. SCMA memiliki dua stasiun TV terkemuka, yaitu SCTV dan Indosiar. *Audience share* SCTV mayoritas dikontribusikan oleh program sinetron, sedangkan *audience share* Indosiar mayoritas dikontribusikan oleh program *talent show*. Selain segmen bisnis *free-to-air* TV, SCMA juga memiliki segmen pendukung seperti *production house* dan manajemen artis.

Industri Media Indonesia di negara berkembang Asia Pasifik

Indonesia merupakan salah satu tempat yang menguntungkan bagi bisnis media, khususnya media televisi. Jumlah penduduknya yang besar membuat para pegiat industri *fast moving consumer goods*, rokok, dan *e-commerce* memanfaatkan media televisi sebagai sarana utama program pemasaran. Namun, tren pergeseran sarana *marketing* ke media digital juga perlu diwaspadai.

Selain besarnya jumlah penduduk Indonesia, biaya produksi dan beban usaha yang relatif murah merupakan faktor yang membuat perusahaan media di Indonesia memiliki rasio margin yang lebih baik dibandingkan negara-negara berkembang lainnya di Asia Pasifik.

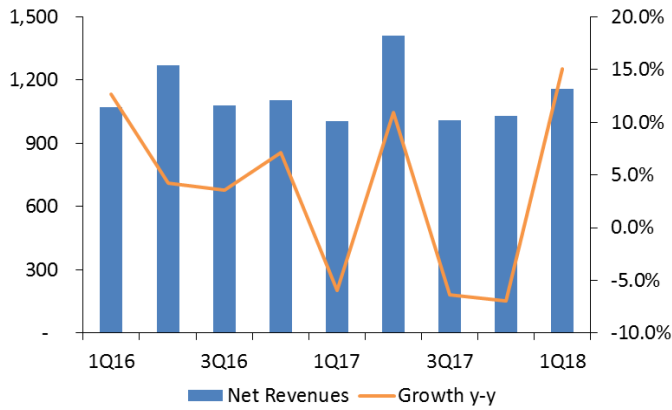
Asia Pacific Media Firms

Company	Market Cap (USD mn)	Total Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	EBITDA Margin	ROE	P/E	Dividend Yield
SCMA	2,291	396	-1.55%	58.8%	39.8%	44.4%	34.8%	23.4x	2.6%
MNCN	957	1,108	4.79%	62%	37.8%	44.2%	14.3%	9.4x	4.4%
VIVA	244	569	3.32%	N/A	25.4%	50.5%	1.6%	104.3x	N/A
Malaysia									
Astro Malaysia Hold-	2,048	1,756	-1.46%	41%	21%	39.9%	113.1%	11.0x	5.7%
Thailand									
BEC World PCL	480	440	-10.03%	17%	2%	32.0%	-4.7%	N/A	1.3%
MCOT PCL	190	214	-2.61%	-75%	-104%	-68.3%	-48.8%	N/A	N/A
Philippines									
ABS-CBN Corp	412	1,503	-2.24%	39%	10%	23.9%	10.6%	6.3x	3.6%
GMA Network Inc	340	296	-7.97%	58%	23%	24.1%	20.2%	12.4x	9.3%
Manila Broadcasting	141	35	-14.82%	41%	16%	19.2%	13.6%	58.3x	1.6%
India									
TV18 Broadcast Ltd	1,418	1,040	50.62%	N/A	-1%	3.9%	0.3%	1127.0x	N/A
China									
Hubei Broadcasting	822	1,454	5.05%	46%	13%	N/A	5.8%	15.8x	0.9%

Source: Bloomberg, NHKS research

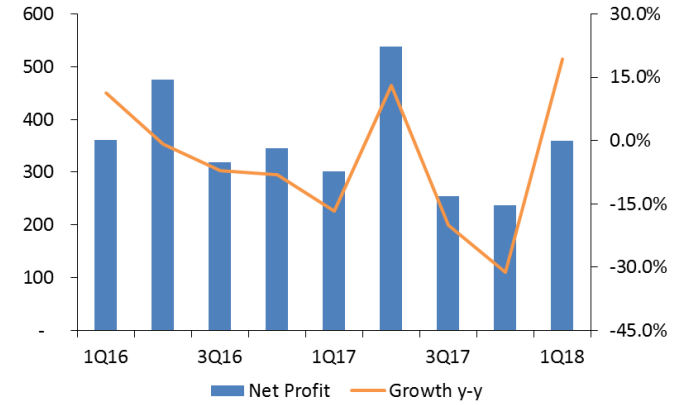
Operational Performance

Net Revenues (IDR bn) | 1Q16 - 1Q18



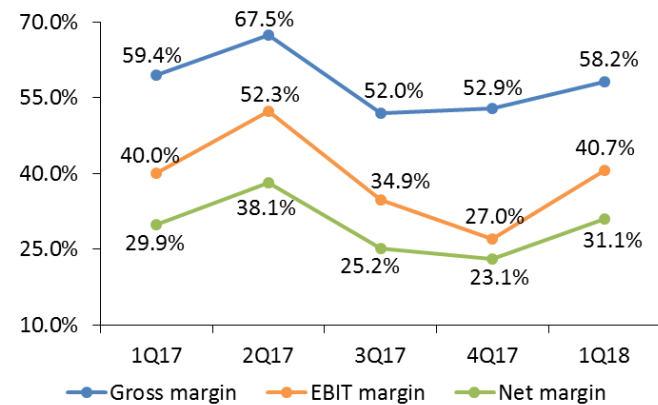
Source: Company, NHKS research

Net Profit (IDR bn) | 1Q16 - 1Q18



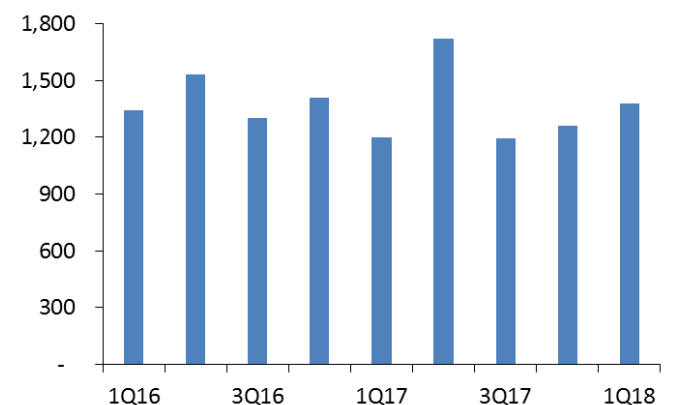
Source: Company, NHKS research

Margin Ratios | 1Q17 - 1Q18



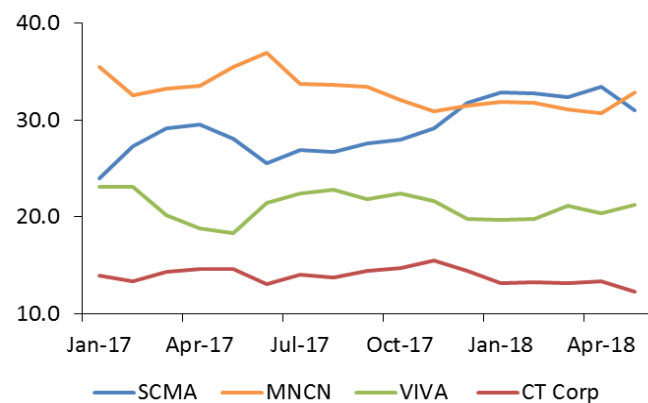
Source: Company, NHKS research

Revenue from Advertising (IDR bn) | 1Q16 - 1Q18



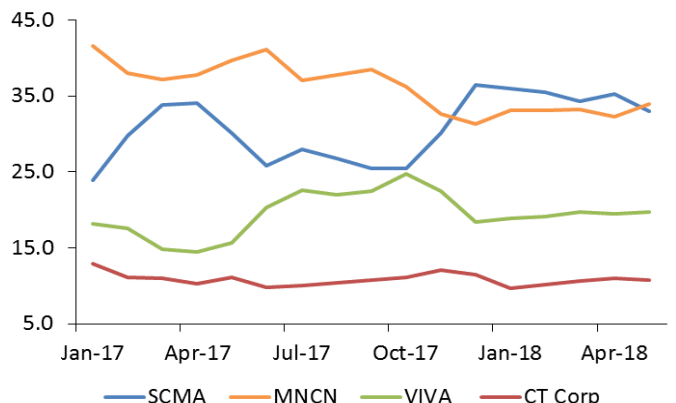
Source: Company, NHKS research

All Time Audience Share by Group | Jan '17 - May '18



Source: Company, NHKS research

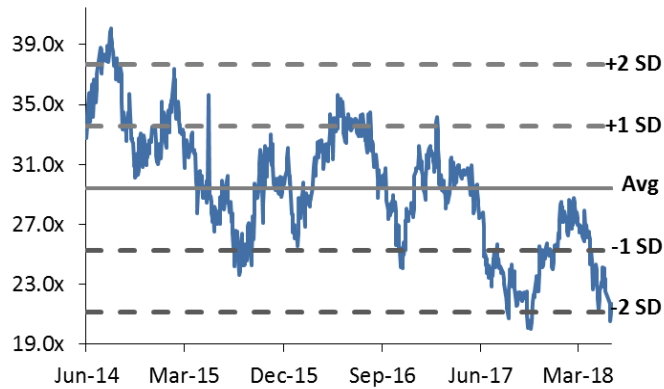
Prime Time Audience Share by Group | Jan '17 - May '18



Source: Company, NHKS research

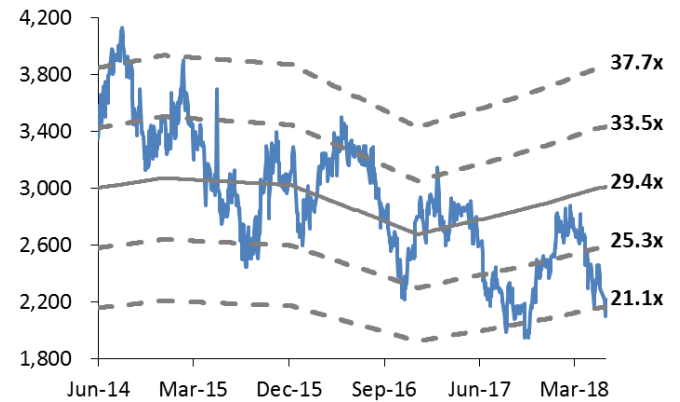
Multiple Valuation

Forward P/E band | Last 4 years



Source: NHKS research

Dynamic Forward P/E band | Last 4 years



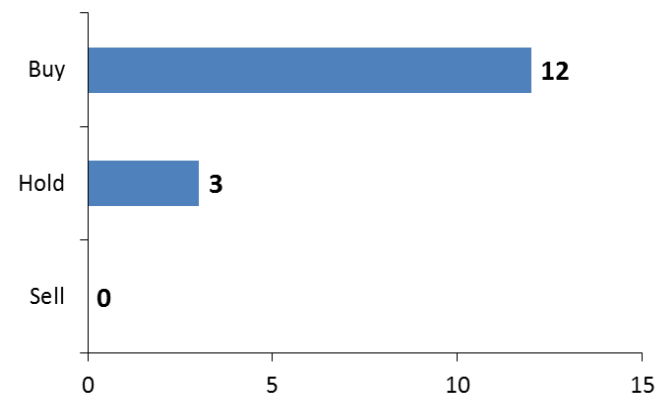
Source: NHKS research

Rating and target price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
04/12/2018	Buy	3,200	2,710	2,897	+18.1%	+10.5%
06/25/2018	Buy	2,700	2,220	2,885	+21.6%	-6.4%

Source: Bloomberg, NHKS research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

SCMA Summary

Last Price (IDR)	June 25, 2018	2,220
Target Price (IDR)	Dec 2018	2,700
Analyst: Michael Tjahjadi	Rating:	Buy

INCOME STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Revenues	4,524	4,454	4,987	5,412
Growth (% y/y)	6.7%	-1.6%	12.0%	8.5%
COGS	(1,782)	(1,835)	(2,060)	(2,239)
Gross Profit	2,742	2,619	2,927	3,173
Gross Margin	60.6%	58.8%	58.7%	58.6%
Operating Expenses	(752)	(863)	(891)	(931)
EBIT	2,003	1,770	2,057	2,267
EBIT Margin	44.3%	39.7%	41.2%	41.9%
Depreciation	137	199	116	124
EBITDA	2,140	1,969	2,173	2,391
EBITDA Margin	47.3%	44.2%	43.6%	44.2%
Interest Expense	(23)	-	-	-
EBT	2,024	1,782	2,099	2,314
Income Tax	(510)	(464)	(548)	(604)
Minority Interest	(10)	14	31	11
Net Profit	1,503	1,331	1,582	1,721
Growth (% y/y)	-1.6%	-11.4%	18.8%	8.8%
Net Profit Margin	33.2%	29.9%	31.7%	31.8%

BALANCE SHEET

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	455	234	434	611
Other Current Assets	2,497	2,475	2,757	3,033
Total Current Assets	2,952	2,709	3,190	3,644
Net Fixed Assets	967	1,029	1,050	1,073
LT Investments	99	99	101	101
Other Non Current Assets	803	1,549	1,538	1,583
Total Assets	4,821	5,386	5,879	6,401
Payables	246	298	359	355
ST debt	207	65	37	41
Other current liabilities	538	381	402	436
Total Current Liabilities	990	743	797	831
LT Debt	0	2	5	5
Other Non Current Liab.	124	235	171	171
Total Liabilities	1,115	980	974	1,007
Shareholders' Equity	3,705	4,405	4,905	5,394

CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	1,501	1,331	1,582	1,721
Deprec & Amortization	137	199	109	124
Chg. In Working Capital	(253)	(280)	(199)	(246)
CFO	1,385	1,251	1,492	1,600
Capex	(149)	(171)	(129)	(148)
CFI	(250)	(526)	(184)	(194)
Dividends Paid	(1,214)	(848)	(1,164)	(1,186)
Net Borrowing (PMT)	(152)	(3)	(25)	4
CFB	(1,368)	(1,000)	(1,107)	(1,228)
Net Changes in Cash	(233)	(276)	200	177

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	79.4	PT Elang Mahkota 60.8
United States	11.9	Capital Group 3.9
Luxembourg	2.5	Matthews Internationa 2.5
Norway	2.0	Norges Bank 1.5

PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	42.2%	32.8%	34.0%	33.4%
ROA	32.0%	26.1%	28.1%	28.0%
ROIC	39.0%	31.2%	32.3%	33.9%
EBITDA/Equity	60.1%	48.6%	46.7%	46.4%
EBITDA/Assets	45.6%	38.6%	38.6%	38.9%
Cash Dividend (IDR bn)	1,214	848	1,164	1,186
Dividend Yield (%)	3.0%	2.3%	3.3%	3.3%
Payout Ratio (%)	0.0%	0.0%	0.0%	75.0%
DER	6%	2%	1%	1%
Net Gearing	28%	9%	6%	6%
LT Debt to Equity	0%	0%	0%	0%
Capitalization Ratio	5%	1%	1%	1%
Equity Ratio	77%	82%	83%	84%
Debt Ratio	4%	1%	1%	1%
Financial Leverage	132%	126%	121%	119%
Current Ratio	3.0x	3.6x	4.0x	4.4x
Quick Ratio	2.3x	2.6x	2.9x	3.2x
Cash Ratio	0.5x	0.3x	0.5x	0.7x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	14,622	14,622	16,082	16,082
Share Price (IDR)	2,800	2,480	2,220	2,220
Market Cap (IDR tn)	40.9	36.3	35.7	35.7

VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	27.2x	27.2x	22.6x	20.7x
Price /Book Value	11.0x	8.2x	7.3x	6.6x
Price/Sales	9.0x	8.1x	7.2x	6.6x
PE/EPS Growth	-16.6x	-2.4x	2.8x	2.3x
EV/EBITDA	19.0x	18.3x	16.3x	14.7x
EV/EBIT	20.3x	20.4x	17.2x	15.5x
EV (IDR bn)	40,693	36,095	35,309	35,136
Sales CAGR (3-Yr)	7.0%	3.0%	5.5%	6.2%
EPS CAGR (3-Yr)	4.7%	-3.1%	-2.0%	1.4%
Basic EPS (IDR)	103	91	98	107
Diluted EPS (IDR)	103	91	106	107
BVPS (IDR)	253	301	305	335
Sales PS (IDR)	309	305	310	337
DPS (IDR)	83.0	58.0	72.4	73.8

DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
DCF (IDR bn)				
NOPAT	1,498	1,309	1,520	1,676
+Depr./Amor.	137	199	109	124
-CAPEX	(149)	(171)	(129)	(148)
-Incr. (Decr.) in Working Cap.	(253)	(280)	(199)	(246)
(Unlevered) FCFE	1,233	1,057	1,301	1,406
WACC				
Cost of Debt (Tax Adj.)	7.2%	5.4%	7.2%	6.5%
Cost of Equity (COE)	9.9%	10.1%	10.6%	10.6%
WACC (%)	9.9%	10.1%	10.6%	10.6%
RIM				
Spread (FROE-COE) (%)	34.1%	25.8%	25.3%	24.5%
Residual Income (IDR)	1,164	956	1,114	1,200
Equity Charge	340	375	468	522
EVA				
Invested Capital (IDR bn)	3,770	3,913	4,472	4,947
ROIC-WACC (%)	29.8%	23.3%	23.4%	23.2%
EVA (IDR bn)	1,124	913	1,045	1,149

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