

# Surya Citra Media Tbk (SCMA)

## Sambut *Rebound* Kinerja

Company Report | Apr 16, 2018

### Buy

<b>Dec 2018 TP (IDR)</b>	<b>3,200</b>
Consensus Price (IDR)	2,897
TP to Consensus Price	+10.5%
vs. Last Price	+18.1%

#### Shares data

Last Price (IDR)	2,710
Price date as of	Apr 12, 2018
52 wk range (Hi/Lo)	2,910 / 1,950
Free float	39.1%
Outstanding sh.(mn)	14,622
Market Cap (IDR bn)	39,040
Market Cap (USD mn)	2,839
Avg. Trd Vol - 3M (mn)	10.7
Avg. Trd Val - 3M (bn)	28.7
Foreign Ownership	21.4%

#### Trade, Services & Investment Media, Television

Bloomberg	SCMA.IJ
Reuters	SCMA.JK

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#### 2017 yang Diwarnai Penurunan Kinerja

SCMA mencatatkan laba bersih sebesar Rp1,3 triliun atau turun 11,4% y-y pada 2017. Menurunnya pendapatan iklan pada kuartal I, III dan IV secara *year on year* membuat pendapatan 2017 juga turun 1,6% y-y. Selain itu, kenaikan beban usaha pada 4Q17—beban amortisasi, beban tenaga ahli dan cadangan piutang tak tertagih—juga turut menggerus EBIT margin 4Q17 menjadi 27%.

#### Rencana Ekspansi Konten dan Program

Sesuai persetujuan para pemegang saham, SCMA akan menerbitkan 1,46 miliar saham baru dengan **target perolehan dana Rp3,57 triliun** melalui *private placement*. Jumlah tersebut setara dengan 10% dari jumlah modal ditempatkan dan disetor penuh. Selain memperkuat struktur permodalan, dana tersebut juga akan digunakan untuk **ekspansi berupa akuisisi atau kerja sama dengan perusahaan yang terkait dengan konten dan media**.

#### 2018 yang Menjanjikan

Beberapa acara khusus seperti pilkada serentak akan menjadi katalis positif bagi industri media pada 2018. Khusus bagi SCMA, **hak eksklusif penyiaran Asian Games** dan tingginya *all-time* dan *prime-time audience share* sejak Desember 2017 juga akan meningkatkan pendapatan dan kinerja keseluruhan pada 2018.

#### Target Harga Rp3.200

Kami menetapkan target harga sebesar Rp3.200 dengan estimasi *forward P/E sebesar 30,0x* (rata-rata 4 tahun). Target harga ini mengimplikasikan P/E 2018E sebesar 34,3x. Saat ini, SCMA diperdagangkan pada P/E 2018E sebesar 29,1x.

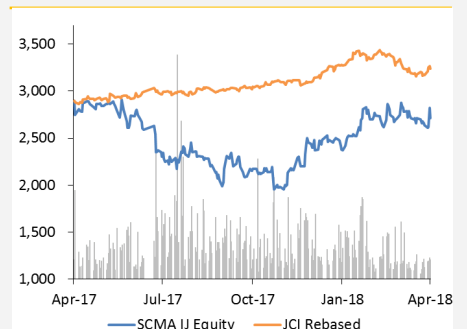
#### Surya Citra Media Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Revenue	4,524	4,454	4,829	5,282
<i>Revenue growth</i>	6.7%	-1.6%	8.4%	9.4%
EBITDA	2,140	1,969	2,108	2,439
Net profit	1,503	1,331	1,499	1,717
EPS (IDR)	103	91	93	107
<i>EPS growth</i>	-1.6%	-11.4%	2.4%	14.6%
BVPS (IDR)	253	301	537	586
EBITDA margin	47.3%	44.2%	43.6%	46.2%
Net Profit Margin	33.2%	29.9%	31.0%	32.5%
ROE	42.2%	32.8%	23.0%	19.0%
ROA	32.0%	26.1%	20.0%	17.2%
ROIC	39.0%	31.2%	22.2%	19.3%
P/E	27.2x	27.2x	29.1x	25.4x
P/BV	11.0x	8.2x	5.0x	4.6x
EV/EBITDA	19.0x	18.3x	19.4x	17.0x
DPS (IDR)	83	58	50	61
<i>Dividend yield</i>	3.0%	2.3%	1.8%	2.2%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

#### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	9.3%	-1.5%	14.3%	-6.6%
Rel. Ret.	10.0%	1.5%	15.3%	-18.4%

### Sekilas tentang SCMA

SCMA kini merupakan 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 perkembangan 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 banyaknya jumlah penduduk di Indonesia, biaya produksi dan beban usaha di Indonesia yang relatif murah merupakan faktor yang membuat perusahaan media Indonesia memiliki rasio margin yang lebih tinggi dibandingkan negara-negara berkembang di Asia Pasifik lainnya.

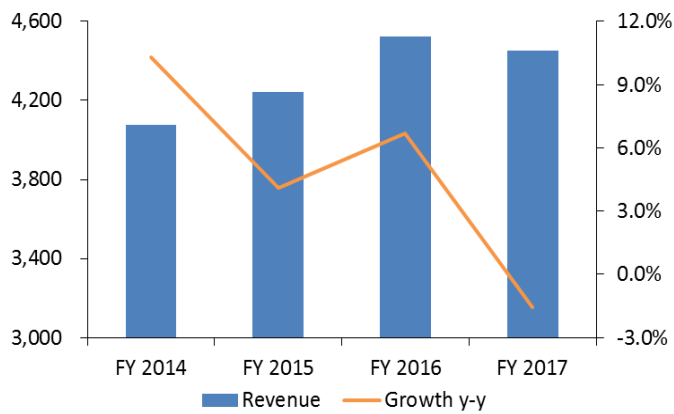
### Asia Pacific Media Firms

Company	Market Cap (USD mn)	Total Asset (USD mn)	Sales Growth	Gross Margin	Operating Margin	EBITDA Margin	ROE	P/E	Dividend Yield
SCMA	2,839	396	-1.55%	58.8%	39.8%	44.2%	36.3%	29.3x	2.2%
MNCN	1,484	1,108	4.79%	62%	37.8%	43.9%	16.3%	13.1x	2.9%
VIVA	462	569	3.32%	N/A	25.4%	52.7%	7.0%	41.9x	N/A
<b>Malaysia</b>									
Astro Malaysia Hold-	2,662	1,756	-1.46%	41%	21%	40.0%	120.7%	13.4x	4.8%
<b>Thailand</b>									
BEC World PCL	738	440	-10.03%	17%	2%	35.3%	0.9%	356.5x	2.2%
MCOT PCL	234	214	-2.61%	-75%	-104%	-64.9%	-48.0%	N/A	N/A
<b>Philippines</b>									
ABS-CBN Corp	480	1,503	-2.24%	39%	10%	23.6%	10.4%	7.1x	3.2%
GMA Network Inc	413	324	21.46%	61%	30%	29.2%	24.0%	10.9x	11.4%
Manila Broadcasting	155	27	15.8%	40.2%	21.2%	24.6%	18.2%	46.3x	1.5%
<b>India</b>									
TV18 Broadcast Ltd	1,770	612	-61.88%	N/A	-2.6%	3.2%	0.5%	612.3x	N/A
<b>China</b>									
Hubei Broadcasting	1,019	1,454	5.05%	46%	12.7%	N/A	5.9%	19.1x	0.8%

Source: Bloomberg, NHKS research

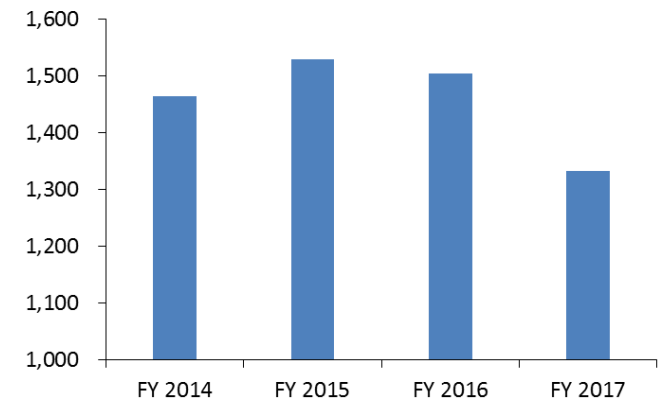
## Operational Performance

Revenue (IDR bn) | 2014 - 2017



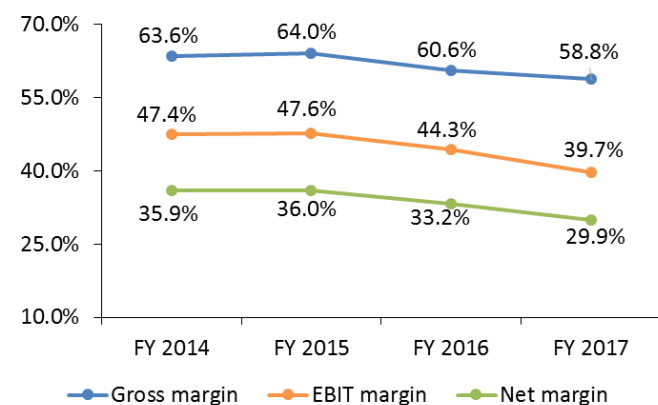
Source: Company, NHKS research

Net Profit (IDR bn) | 2014 - 2017



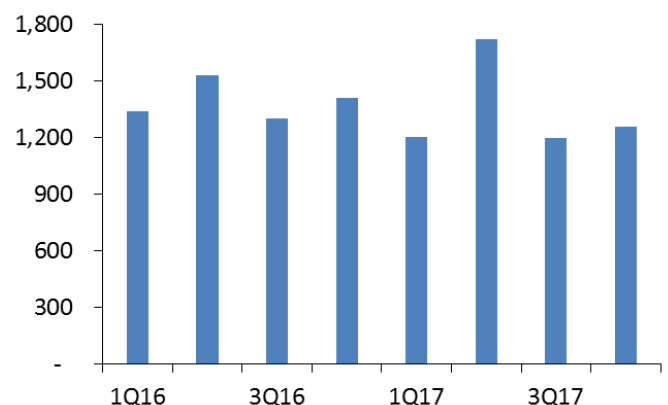
Source: Company, NHKS research

Margin Ratios | 2014 - 2017



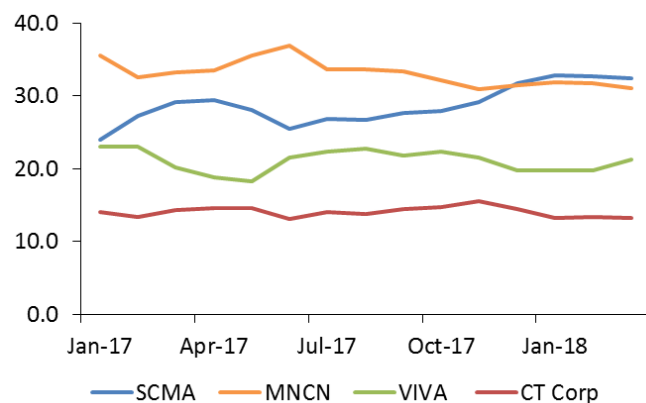
Source: Company, NHKS research

Revenue from Advertising (IDR bn) | 1Q16 - 4Q17



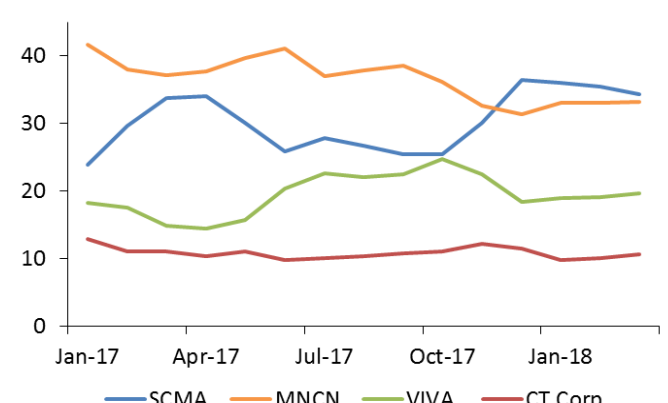
Source: Company, NHKS research

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



Source: Company, NHKS research

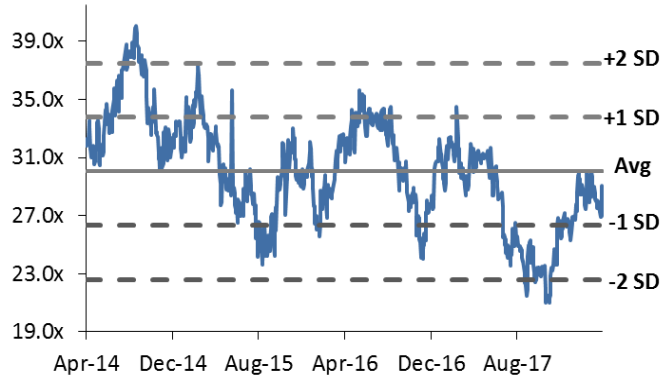
Prime Time Audience Share by Group | Jan '17 - Mar '18



Source: Company, NHKS research

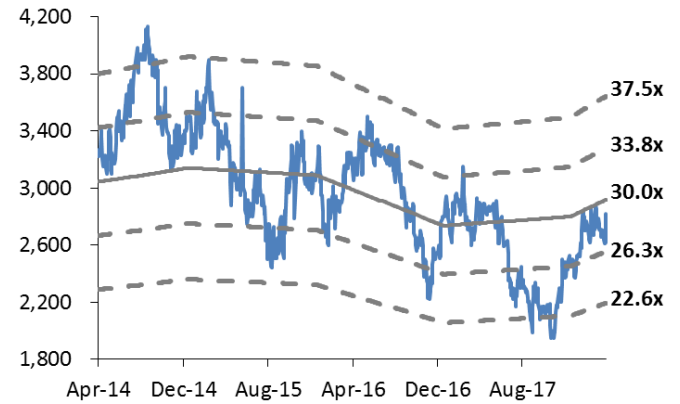
## Multiple Valuation

Forward P/E band | Last 4 years



Source: NHKS research

Dynamic Forward P/E band | Last 4 years



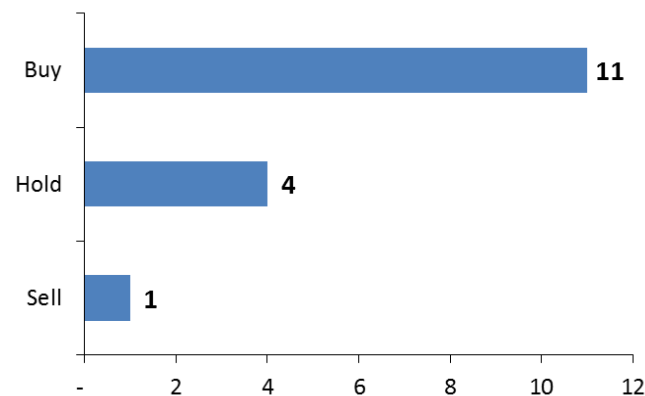
Source: NHKS research

## 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%

Source: Bloomberg, NHKS research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

### NH Korindo Sekuritas Indonesia (NHKS) stock ratings

- Period: End of year target price
- 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)	April 12, 2018	2,710
Target Price (IDR)	Dec 2018	3,200
Analyst: Michael Tjahjadi	Rating:	Buy

### INCOME STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Revenue	4,524	4,454	4,829	5,282
Growth (% y/y)	6.7%	-1.6%	8.4%	9.4%
COGS	(1,782)	(1,835)	(1,946)	(2,060)
Gross Profit	2,742	2,619	2,883	3,222
Gross Margin	60.6%	58.8%	59.7%	61.0%
Operating Expenses	(752)	(863)	(925)	(947)
EBIT	2,003	1,770	1,979	2,298
EBIT Margin	44.3%	39.7%	41.0%	43.5%
Depreciation	137	199	128	141
EBITDA	2,140	1,969	2,108	2,439
EBITDA Margin	47.3%	44.2%	43.6%	46.2%
Interest Expense	(23)	-	-	-
EBT	2,024	1,782	2,023	2,346
Income Tax	(510)	(464)	(527)	(631)
Minority Interest	(10)	14	3	3
Net Profit	1,503	1,331	1,499	1,717
Growth (% y/y)	-1.6%	-11.4%	12.6%	14.6%
Net Profit Margin	33.2%	29.9%	31.0%	32.5%

### BALANCE SHEET

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Cash	455	234	2,801	2,114
Other Current Assets	2,497	2,475	2,942	3,240
Total Current Assets	2,952	2,709	5,743	5,354
Net Fixed Assets	967	1,029	1,043	1,057
LT Investments	99	99	99	99
Other Non Current Assets	803	1,549	2,704	3,895
Total Assets	4,821	5,386	9,589	10,406
Payables	246	298	250	258
ST debt	207	65	50	55
Other current liabilities	538	381	493	496
Total Current Liabilities	990	743	794	809
LT Debt	0	2	-	-
Other Non Current Liab.	124	235	161	166
Total Liabilities	1,115	980	955	975
Shareholders' Equity	3,705	4,405	8,634	9,431

### CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
Net Income	1,501	1,331	1,499	1,717
Deprec & Amortization	137	199	128	141
Chg. In Working Capital	(253)	(280)	(402)	(287)
CFO	1,385	1,251	1,225	1,571
Capex	(149)	(171)	(142)	(155)
CFI	(250)	(526)	(1,371)	(1,342)
Dividends Paid	(1,214)	(848)	(802)	(974)
Net Borrowing (PMT)	(152)	(3)	(17)	5
CFF	(1,368)	(1,000)	2,713	(915)
Net Changes in Cash	(233)	(276)	2,567	(686)

### OWNERSHIP

By Geography	% Shareholders		%
Indonesia	78.6	PT Elang Mahkota Tek	60.8
United States	12.7	Capital Group Compan	3.7
Luxembourg	2.4	Matthews Intl Capital	2.0
Norway	2.0	Norges Bank	1.5

### PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	42.2%	32.8%	23.0%	19.0%
ROA	32.0%	26.1%	20.0%	17.2%
ROIC	39.0%	31.2%	22.2%	19.3%
EBITDA/Equity	60.1%	48.6%	32.3%	27.0%
EBITDA/Assets	45.6%	38.6%	28.2%	24.4%
Cash Dividend (IDR bn)	1,214	848	802	974
Dividend Yield (%)	3.0%	2.3%	1.8%	2.2%
Payout Ratio (%)	79.3%	56.5%	65.0%	65.0%
DER	6%	2%	1%	1%
Net Gearing	28%	9%	6%	7%
LT Debt to Equity	0%	0%	0%	0%
Capitalization Ratio	5%	1%	1%	1%
Equity Ratio	77%	82%	90%	91%
Debt Ratio	4%	1%	1%	1%
Financial Leverage	132%	126%	115%	111%
Current Ratio	3.0x	3.6x	7.2x	6.6x
Quick Ratio	2.3x	2.6x	6.1x	5.4x
Cash Ratio	0.5x	0.3x	3.5x	2.6x
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	2,710	2,710
Market Cap (IDR tn)	40.9	36.3	43.6	43.6

### VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price/Earnings	27.2x	27.2x	29.1x	25.4x
Price/Book Value	11.0x	8.2x	5.0x	4.6x
Price/Sales	9.0x	8.1x	9.0x	8.3x
PE/EPS Growth	-16.6x	-2.4x	12.3x	1.7x
EV/EBITDA	19.0x	18.3x	19.4x	17.0x
EV/EBIT	20.3x	20.4x	20.6x	18.1x
EV (IDR bn)	40,693	36,095	40,831	41,522
Sales CAGR (3-Yr)	7.0%	3.0%	4.4%	5.3%
EPS CAGR (3-Yr)	4.7%	-3.1%	-3.8%	1.3%
Basic EPS (IDR)	103	91	93	107
Diluted EPS (IDR)	103	91	100	107
BVPS (IDR)	253	301	537	586
Sales PS (IDR)	309	305	300	328
DPS (IDR)	83.0	58.0	49.9	60.6

### DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
<b>DCF (IDR bn)</b>				
NOPAT	1,498	1,309	1,464	1,680
+Depr./Amor.	137	199	128	141
-CAPEX	(149)	(171)	(142)	(155)
-Incr. (Decr.) in Working Cap.	(253)	(280)	(402)	(287)
(Unlevered) FCFE	1,233	1,057	1,048	1,378
<b>WACC</b>				
Cost of Debt (Tax Adj.)	7.2%	5.5%	5.8%	6.2%
Cost of Equity (COE)	9.9%	9.6%	9.4%	10.1%
WACC (%)	9.9%	9.6%	9.4%	10.1%
<b>RIM</b>				
Spread (FROE-COE) (%)	34.1%	26.4%	24.6%	9.8%
Residual Income (IDR)	1,164	977	1,085	849
Equity Charge	340	354	414	869
<b>EVA</b>				
Invested Capital (IDR bn)	3,770	3,913	4,472	8,684
ROIC-WACC (%)	29.8%	23.9%	23.3%	9.3%
EVA (IDR bn)	1,124	935	1,043	806

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