

**BUY**
**Target Price** **Rp1,900**

 Share Price Rp1,620  
 Upside (%) +17.0

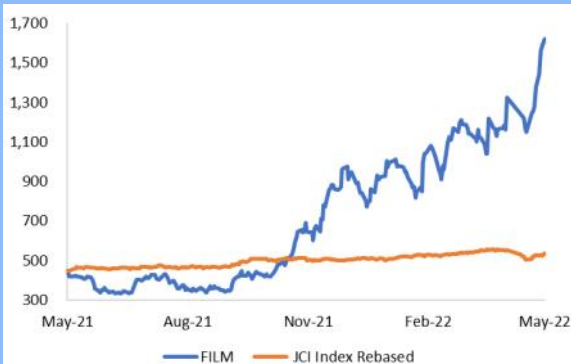
**Description**

 Sector Consumer Cyclical  
 Subsector Media & Entertainment  
 Shares Outstanding (bn) 9.51  
 Market Cap (Rpt) 15.4

**Shareholders Composition**

 PT MD Global Investment 50.50%  
 Manoj Dhamoo Punjabi 22.23%  
 Morgan Stanley and Co Intl 14.62%  
 Public 12.65%

**Share Price Performance**

 52 week High/Low 1,620/332  
 1 month 39.7%  
 3 month 55.0%  
 6 month 151.2%  
 1 year 263.2%  
 YTD 71.4%

**Analyst**

 Raphon Prima  
 raphon.prima@sfsekuritas.co.id

 Roy Passtan  
 roy.passtan@sfsekuritas.co.id

## MD Pictures (FILM)

### Cinema Euphoria and Economic Reopening

FILM recorded a revenue growth of 108% yoy in 2021. Despite of the pressure in the cinema segment, FILM's performance was boosted by the digital segment. With the massive easing, the business performance in cinema segment will be excited again. One of the FILM's movies with title KKN Di Desa Penari, has managed to record a total audience of 8 million since its premiere on April 30, 2022. We estimate the revenue in 2022 will grow by 61% yoy and reflected into net profit growth of 401% yoy.

**The digital segment increased significantly by 224% in 2021.** Revenue from the digital segment increased significantly in 2021, when the impact of the Covid Pandemic was still strong. We estimate that revenue from the digital segment will still dominate by 91% of total FILM revenue. On the other hand, we estimate that revenue from the cinema segment will also experience growth, although not as high as the digital segment. Ease of access and time makes the digital segment will still be the main source of FILM revenue.

**Audience potential growth in digital segment.** Several FILM movies have managed to record the most viewers in Indonesia and have an impact on revenue performance. Moreover, the existence of the digital segment will open up even greater potential. Those who were not able to watch in the movie theater can watch it via FILM's digital channel called WETV. With the large number digital population in Indonesia, the digital growth is still wide open.

**Expecting net profit growth of 401% yoy in 2022.** We expect FILM to record a net profit of Rp168.7 billion in 2022, increase by 401% yoy. The digital and cinema segments will be the biggest contributors especially with the easing of the pandemic. We estimate that the FILM movies production will be even more massive in the future as movie theaters will be allowed at maximum.

**Recommend BUY with target price of Rp1,900.** We recommend BUY for FILM with target price of Rp1,900. Our target price derives from discounted cash flow method assuming 7.9% WACC and 5% of terminal growth. Our target price implies 2023F 45.6x P/E.

Rp million	2021	2022F	2023F	2024F	2025F
Sales	255,041	410,398	710,267	846,133	1,008,864
Gross Profit	144,278	256,806	519,050	632,262	768,128
Operating Profit	67,714	183,343	438,697	549,067	681,879
EBITDA	192,792	341,174	633,311	765,683	924,707
Net Profit	33,670	168,664	396,671	495,540	614,183
EPS	3.5	17.7	41.7	52.1	64.6
P/E (x)	266.9	91.4	38.8	31.1	25.1
P/B (x)	7.2	10.8	8.8	7.6	6.4
Gross Margin	56.6%	62.6%	73.1%	74.7%	76.1%
Net Margin	13.2%	41.1%	55.8%	58.6%	60.9%
ROE (%)	2.7%	11.8%	22.8%	24.3%	25.5%
ROA (%)	2.6%	11.5%	22.3%	23.8%	25.1%

Sumber: FILM, SF Sekuritas

### PT SURYA FAJAR SEKURITAS

 Satrio Tower Building Lt. 9, Jalan Prof. Dr. Satrio Blok C4/5, Kuningan, DKI Jakarta 12950, Indonesia  
 Phone : 021-2788-3989 | www.sfsekuritas.co.id

## Key Highlights

### Indonesian Movies Rank

2021			As of May 2022		
No.	Title	Viewers	No.	Title	Viewers
1	<b>Maklum 2 (FILM)</b>	<b>1,764,372</b>	1	<b>KKN Desa Penari (FILM)</b>	<b>8.378.359</b>
2	Nussa	446,482	2	<b>Kukira Kau Rumah (FILM)</b>	<b>2.220.180</b>
3	Yowis Ben 3	418.526	3	Kuntilanak 3	1.311.072
4	Yowis Ben Finale	369.211	4	Dear Nathan: Thank You Salma	754.744
5	Tarian Lengger Maut	222.062	5	Gara-gara Warisan	564.334
6	Teka-teki Tika	173.017	6	Menjelang Magrib	556.193
7	Backstage	138.258	7	Teluh	500.039
8	Kuyang The Movie	126.108	8	Iblis dalam Kandungan	494.896
9	Losmen Bu Broto	120.413	9	Merindu Cahaya de Amstel	401.419
10	Yuni	117.16	10	Garis Waktu	325.8

Source: SF Sekuritas

### MD Pictures Movies in 2022

No.	Title	Release Date
1	The Watcher	24/09/2022
2	Devil On Top	25/06/2022
3	Naga Naga Naga	16/06/2022
4	KKN Di Desa Penari	30/04/2022
5	Adit Sopo Jarwo The Movie	30/04/2022
6	Surga Yang Tak Dirindukan 3	16/04/2022
7	Garis Waktu	22/02/2022
8	Kukira Kau Rumah	03/02/2022

Source: FILM

## Valuation

### Free Cash Flow to the Firm Valuation (FCFF)

Rp million	2022F	2023F	2024F	2025F	2026F
<b>Free Cash Flow:</b>					
EBIT(1-t)	146,675	350,957	439,253	545,503	678,155
Depreciation	157,831	194,615	216,616	242,829	268,032
Chg in Working Capital	(85,711)	602	(59,099)	(10,987)	(73,505)
Chg in Investment	(135,520)	(142,053)	(169,227)	(171,507)	(180,572)
<b>Free Cash Flow</b>	<b>266,618</b>	<b>842,817</b>	<b>976,611</b>	<b>1,287,717</b>	<b>1,539,803</b>
<b>Terminal Value (assumption % growth 5.0%)</b>					<b>20,465,735</b>
Risk free rate	7.0%		Cost of Debt		0.0%
Beta	0.3		Tax rate		20%
Risk premium	3.0%		<b>Free-tax cost of debt</b>		<b>0.0%</b>
<b>Cost of Equity</b>	<b>7.9%</b>				
Portion of Equity	100%				
Portion of Debt	0%				
<b>WACC</b>	<b>7.9%</b>				
PV of Free Cash Flow	3,751,293				
PV of Terminal Value	13,993,300				
<b>(less debt)</b>	<b>(0)</b>				
Equity Value	17,744,592				
<b>Equity Value per share (Rp)</b>	<b>1,900</b>				
Implied 2023F P/B	45.6x				
Implied 2023F P/E	10.4x				
Implied 2023F EV/EBITDA	28.0x				

Source: SF Sekuritas

## Financial Statement

Income Statement	2021	2022F	2023F	2024F
<b>Sales</b>	<b>255,041</b>	<b>410,398</b>	<b>710,267</b>	<b>846,133</b>
Cost of Sales	(110,763)	(153,592)	(191,217)	(213,871)
<b>Gross Profit</b>	<b>144,278</b>	<b>256,806</b>	<b>519,050</b>	<b>632,262</b>
Sales & GA Expenses	(76,564)	(73,462)	(80,353)	(83,195)
<b>Operating Profit</b>	<b>67,714</b>	<b>183,343</b>	<b>438,697</b>	<b>549,067</b>
Depreciation	125,078	157,831	194,615	216,616
<b>EBITDA</b>	<b>192,792</b>	<b>341,174</b>	<b>633,311</b>	<b>765,683</b>
Finance Expenses	-	-	-	-
Other Income (Exp.)	(17,263)	5,356	5,095	5,338
<b>Pre-tax Profit</b>	<b>50,451</b>	<b>188,699</b>	<b>443,791</b>	<b>554,405</b>
Tax Expenses	(20,315)	(37,740)	(88,758)	(110,881)
Non-Controlling	3,534	17,704	41,638	52,016
<b>Net Profit</b>	<b>33,670</b>	<b>168,664</b>	<b>396,671</b>	<b>495,540</b>

Balance Sheet	2021	2022F	2023F	2024F
Cash	83,005	171,494	542,534	836,648
Receivables	68,229	159,770	155,904	220,155
Inventories	-	-	-	-
Other Current Assets	32,767	38,902	39,513	37,061
<b>Total Current Assets</b>	<b>184,001</b>	<b>370,165</b>	<b>737,951</b>	<b>1,093,863</b>
Net Fixed Assets	752,589	756,631	775,282	800,034
Intangible Assets	194	115	391	665
Other Non-Current Assets	99,111	92,980	86,850	80,720
<b>Total Non-Current Assets</b>	<b>1,125,714</b>	<b>1,097,193</b>	<b>1,038,778</b>	<b>985,531</b>
Trade Payables	3,770	9,599	6,336	11,487
ST Bank Loan	-	-	-	-
Curr. Portion of LT Debt	-	-	-	-
Other Current Liabilities	38,122	18,895	18,895	18,895
<b>Total Current Liabilities</b>	<b>41,892</b>	<b>28,494</b>	<b>25,231</b>	<b>30,382</b>
LT Debt	-	-	-	-
Other Non-Current Liabilities	9,604	3,600	3,600	3,600
<b>Total Non-Curr. Liab.</b>	<b>9,604</b>	<b>3,600</b>	<b>3,600</b>	<b>3,600</b>
Share Capital	951,122	951,122	951,122	951,122
Add. Paid in Capital	153,685	153,685	153,685	153,685
Retained Earnings	172,925	324,754	637,093	934,297
Other Equity	(25,135)	(200)	(200)	(200)
<b>Shareholders Equity</b>	<b>1,252,597</b>	<b>1,429,361</b>	<b>1,741,700</b>	<b>2,038,904</b>
Minority Interest	5,622	5,903	6,199	6,508

Cash Flow	2021	2022F	2023F	2024F
Net Profit	33,670	168,664	396,671	495,540
Depreciation	125,078	157,831	194,615	216,616
Chg in Working Capital	(46,681)	(85,711)	602	(59,099)
Others	(60,267)	(25,362)	(611)	2,452
<b>CFO</b>	<b>51,800</b>	<b>215,422</b>	<b>591,277</b>	<b>655,509</b>
Capex	(122,080)	(135,520)	(142,053)	(169,227)
Other	135,594	206	5,854	5,857
<b>CFI</b>	<b>13,514</b>	<b>(135,314)</b>	<b>(136,200)</b>	<b>(163,370)</b>
Debt Issuance (Repayment)	-	-	-	-
Dividend	(103,007)	(16,835)	(84,332)	(198,335)
Others	64,604	25,216	295	310
<b>CCF</b>	<b>(38,403)</b>	<b>8,381</b>	<b>(84,037)</b>	<b>(198,026)</b>
<b>Net Cash Increase</b>	<b>26,911</b>	<b>88,489</b>	<b>371,041</b>	<b>294,114</b>

Ratios	2021	2022F	2023F	2024F
Gross Margin	56.6%	62.6%	73.1%	74.7%
Operating Margin	26.6%	44.7%	61.8%	64.9%
EBITDA Margin	75.6%	83.1%	89.2%	90.5%
<b>Net Margin</b>	<b>13.2%</b>	<b>41.1%</b>	<b>55.8%</b>	<b>58.6%</b>
<b>Return on Equity</b>	<b>2.7%</b>	<b>11.8%</b>	<b>22.8%</b>	<b>24.3%</b>
Return on Asset	2.6%	11.5%	22.3%	23.8%
Receivable Turnover	5.6x	3.6x	4.5x	4.5x
Inventory Turnover	0.0x	0.0x	0.0x	0.0x
Payable Turnover	26.3x	23.0x	24.0x	24.0x
Days in Receivable	64.0	100.0	80.0	80.0
Days in Inventory	-	-	-	-
Days in Payable	13.7	15.7	15.0	15.0
<b>Cash Conversion Cycle</b>	<b>50.3</b>	<b>84.3</b>	<b>65.0</b>	<b>65.0</b>
<b>Current Ratio</b>	<b>439.2%</b>	<b>1299.1%</b>	<b>2924.8%</b>	<b>3600.4%</b>
Quick Ratio	439.2%	1299.1%	2924.8%	3600.4%
Interest Coverage Ratio	N/A	N/A	N/A	N/A
<b>Debt/Equity</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Asset/Equity	104.6%	102.7%	102.0%	102.0%
<b>EPS</b>	<b>3.5</b>	<b>17.7</b>	<b>41.7</b>	<b>52.1</b>
BVPS	131.7	150.3	183.1	214.4
<b>P/E</b>	<b>266.9x</b>	<b>91.4x</b>	<b>38.8x</b>	<b>31.1x</b>
P/B	7.2x	10.8x	8.8x	7.6x
EV/EBITDA	47.1x	45.7x	25.3x	21.3x



# SEKURITAS

## PT SURYA FAJAR SEKURITAS

Satrio Tower Building Lt. 9  
Jalan Prof. Dr. Satrio Blok C4/5  
Kuningan, DKI Jakarta 12950, Indonesia  
Phone : 021-2788-3989 | [www.sfsekuritas.co.id](http://www.sfsekuritas.co.id)

### DISCLAIMER

All the information contained herein is based upon publicly available information and has been obtained from sources that PT Surya Fajar Sekuritas ("SFS") believes to be reliable and relevant at the time this report is issued. However, such sources have not been independently verified by SFS and/or its affiliates, and this report does not purport to contain all information that a prospective investor may require.

The opinions expressed herein are SFS' present opinions only and are subject to change without prior notice. SFS is not under any obligation to update or keep current the information and opinions expressed herein, or to provide the recipient with access to any additional information. Consequently, SFS does not guarantee, represent or warrant, expressly or impliedly, as to the adequacy, accuracy, reliability, fairness or completeness of the information and opinion contained in this report. Neither SFS (including its officers, directors, associates, connected parties, and/or employees) nor does any of its agents accept any liability for any direct, indirect or consequential losses, loss of profits and/or damages that may arise from the use or reliance of this research report and/or further communications given in relation to this report. Any such responsibility or liability is hereby expressly disclaimed.

This report may further consist of, whether in whole or in part, summaries, research, compilations, extracts or analysis that has been prepared by SFS' strategic, joint venture and/or business partners. No representation or warranty (express or implied) is given as to the accuracy or completeness of such information and accordingly investors should make their own informed decisions before relying on the same.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulations. By accepting this report, the recipient hereof (i) represents and warrants that it is lawfully able to receive this document under the laws and regulations of the jurisdiction in which it is located or other applicable laws and (ii) acknowledges and agrees to be bound by the limitations contained herein. Any failure to comply with these limitations may constitute a violation of applicable laws.