

M Cash Integrasi

Moving in Moderation

BUY (Maintain)

Target Price IDR8,700 (+34.4% ups.)
 Previous TP IDR9,300
 Current Price IDR6,475

3Q23 Results

- M Cash Integrasi (MCAS) recorded a revenue of IDR2.7tn in 3Q23 (-11.5% QoQ/-9.0% YoY), making up 9M23 revenue of IDR9.3tn (+0.1% YoY). The primary factor behind this decline is the notable drop in sales for the Digital Product Aggregator (-13.2% QoQ/-7.8% YoY), indicating a weakening trend in modern channel sales. We believe that this issue more to supply-side challenges, as telecom operators are prioritizing the establishment of their distribution channels.
- On a positive note, higher-margin segments like digital cloud advertising witnessed a significant upturn, reaching IDR54.1bn in 3Q23, reflecting a 9.0% increase QoQ and 74.9% growth YoY. The total 9M23 amounted to IDR167.2bn, indicating a substantial 51.0% YoY increase. This boost can be attributed to the addition of more screens and advertising points, driven by higher demand for infrastructure as a service.
- It's worth noting that the discontinuation of audiovisual technology products and services, stemming from the loss of control of PT Meta Priva Digital since 4Q22, has impacted the overall gross profit of the Company. In 9M23, the gross profit recorded a decrease of 23.5% YoY to be at IDR165bn.

Volta gained positive traction

- In the realm of clean energy, the Company has successfully sold 8,200 units of Volta in 9M23, generating sales amount to IDR114.9bn, marking an impressive 473.5% YoY growth. It is noteworthy that all these units were sold directly to end customers, with no contributions from SiCepat. While SiCepat remains an easily attainable opportunity for the Company, there is a strategic focus on diversifying the customer portfolio.
- We project that the Company will sell 10,000 units in 2023 and 10,500 units in 2024. This projection translates to an estimated revenue of ~IDR139bn (+141% YoY) in 2023 and ~IDR149bn (+7% YoY) in 2024 for the clean energy segment. Additionally, the Company's battery swap (SGB) stations experienced a remarkable surge, recording 2.5mn battery swaps in 9M23, a substantial 629% increase compared to 9M22.
- In a strategic move to boost electric vehicle (EV) adoption and sales, the Company has ventured into electric motorcycle (E2W) rental services through "Semolis", garnering 7,011 active users as of 3Q23.

Maintain Buy with a lower TP of IDR8,700 (+34.4% ups)

We maintain our Buy rating on MCAS, but with a lower target price of IDR8,700/share (0.7x 2024F EV/Sales), reflecting a 25% discount to its peers due to the weaker short-term growth outlook. We expect a normalization of growth in digital products, while growth in high margin businesses such as clean energy product and services (Volta) and digital cloud advertising will continue to be MCAS's focus and the engine for the company's future growth. Risks to our call include poor field execution and slower-than-expected growth in the digital products and EV businesses.

Company data

Year end Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Revenue (IDR bn)	12,675	12,315	12,315	12,744	13,190
Net Profit (IDR bn)	63	25	7	7	7
EPS (IDR)	73	29	8	8	8
EPS Growth (%)	146%	-61%	-72%	6%	-6%
P/E (x)	89.1	226.5	813.2	767.3	820.1
P/BV (x)	3.7	4.3	4.7	4.6	4.5
EV/EBITDA (x)	41.6	50.7	55.0	49.5	48.1
ROAE (%)	3.2%	1.2%	0.4%	0.4%	0.3%



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Stock Data & Indices

Bloomberg Code	MCAS.IJ
JCI Group	IDXTECH
MSCI Small Caps	No
JII	No
LQ45	No
Kompas 100	No

Key Data

Share Price (IDR)	6,575
Issued Shares (mn)	867.9
Free Float (est in %)	61.0
Mkt. Cap (IDRbn)	5,619.9
Mkt. Cap (USDmn)	358.0
ADTV 6M (IDRbn)	1.2
52 Wk-range	10,825/5,300

Performance (%)

	YTD	1m	3m	12m
Absolute	-19.3	-7.5	-10.1	-39.8
Relative to JCI	-18.7	-5.9	-8.9	-37.5

Income Statement

Year end Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Revenue	12,675	12,315	12,315	12,744	13,190
Gross profit	222	213	219	229	240
Operating profit	97	54	47	46	44
EBITDA	130	107	101	113	116
Interest income (expense)	(11)	(11)	(9)	(11)	(11)
Other income (expense)	73	(2)	(6)	-	-
Pretax profit	158	41	33	35	32
Income tax expense	(17)	(15)	(11)	(12)	(11)
Minority interest	78	16	15	16	15
Net profit	63	25	7	7	7
Core profit	29	17	14	11	10

Balance Sheet

Year end Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Cash	360	296	215	209	206
Other current asset	1,266	1,030	1,100	1,123	1,164
Net fixed asset	352	366	389	388	384
Other non-current asset	157	219	285	285	285
Total assets	2,135	1,911	1,989	2,006	2,039
Short-term debt	94	93	78	78	78
Long-term debt	57	25	102	102	103
Other liabilities	466	499	610	604	615
Total liabilities	618	617	790	784	796
Minority interest	1,011	990	1,005	1,021	1,035
Shareholder's equity	1,517	1,294	1,199	1,222	1,243
Net debt (cash)	(208)	(178)	(35)	(29)	(25)

Cash Flow

Year end Dec (IDRbn)	2021A	2022A	2023F	2024F	2025F
Net profit	63	25	7	7	7
Depreciation	33	49	54	67	73
Changes in working capital	(41)	267	42	(31)	(30)
Operating cash flow	55	341	103	44	50
Capital expenditure	(65)	(63)	(78)	(66)	(69)
Others	(46)	(61)	(65)	0	0
Investing cash flow	(111)	(124)	(143)	(66)	(68)
Net change in debt	(22)	(33)	62	0	0
Others	122	(247)	(103)	16	15
Financing cash flow	100	(281)	(41)	16	15
Net cash flow	45	(64)	(80)	(6)	(4)
Cash at BoY	315	360	296	215	209
Cash at EoY	360	296	215	209	206
Free cash flow	120	404	180	110	118

Ratio Analysis

Year end Dec	2021A	2022A	2023F	2024F	2025F
Profitability					
Gross margin	1.8%	1.7%	1.8%	1.8%	1.8%
Operating margin	0.8%	0.4%	0.4%	0.4%	0.3%
EBITDA margin	1.0%	0.9%	0.8%	0.9%	0.9%
Net margin	0.5%	0.2%	0.1%	0.1%	0.1%
ROE	12.8%	6.1%	2.8%	3.7%	3.4%
ROA	3.2%	1.2%	0.4%	0.4%	0.3%
Stability					
Net debt to equity (x)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
Net debt to EBITDA (x)	(1.6)	(1.7)	(0.3)	(0.3)	(0.2)
Interest coverage (x)	5	3	3	3	3
Efficiency					
Receivable days	4	5	6	5	6
Inventory days	13	12	12	12	12
Payable days	4	5	9	9	9

Company Background

MCAS is a holding company for many digital-based businesses. It owns platforms offering top up vouchers, transportation tickets, payment points, and others. Other lines of businesses include a food-delivery app (DigiResto), digitalized Kios Warga, an influencer marketplace, EV business, etc.

Major Shareholders

PT 1 Inti Dot Com	11.42%
Abell Technology Global Pte. Ltd.	11.40%
PT Quantum Clovera Investama Tbk	8.33%
Martin Suharlie	7.92%
Bank of Singapore Limited	6.44%
PT Karya Karunia Persada	5.09%
Public	49.40%

SWOT Analysis

Strength	Weakness
Synergy within subsidiaries and ability to secure strong partners	Execution risk with the company's newer ventures
Opportunity	Threat
Customers seeking for offline-to-online experience in the digital era	A large retail chain may develop its own offline-to-online system

Figure 1. MCAS 3Q23 Results

MCAS 3Q23 Results								
(in IDR bn)	3Q22	2Q23	3Q23	QoQ	YoY	9M22	9M23	YoY
Revenue	2,941	3,025	2,677	-11.5%	-9.0%	9,251	9,259	0.1%
<i>Digital Product Aggregator</i>	2,232	2,372	2,058	-13.2%	-7.8%	7,054	7,223	2.4%
<i>Digital Products</i>	561	540	492	-8.9%	-12.4%	1,736	1,654	-4.8%
<i>Digital Cloud Advertising</i>	31	50	54	9.0%	74.9%	111	167	51.0%
<i>SaaS</i>	21	14	20	41.4%	-4.0%	65	51	-21.4%
<i>Clean energy product and services</i>	13	37	33	-11.1%	146.8%	20	115	473.5%
<i>Digital wholesale</i>	29	12	19	56.8%	-32.8%	160	48	-69.9%
<i>Content and entertainment</i>	0.4	0.2	0.2	17.1%	-49.3%	2	1	-56.2%
<i>Audio visual technology product and serv</i>	54	-	-	n.a	n.a	104	-	n.a
Gross Profit / (Loss)	80	56	55	-2.0%	-31.1%	215	165	-23.5%
EBITDA	35	26	32	25.1%	-6.7%	107	86	-19.0%
Operating Profit / (Loss)	22	10	13	33.6%	-39.5%	69	36	-47.7%
Net Profit / (Loss)	5	(0.1)	3	n.a.	-34.0%	21	5	-76.1%
Gross margin	2.7%	1.9%	2.1%	0.2%	-0.7%	2.3%	1.8%	-0.5%
EBITDA margin	1.2%	0.9%	1.2%	0.4%	0.0%	1.2%	0.9%	-0.2%
Operating margin	0.8%	0.3%	0.5%	0.2%	-0.3%	0.7%	0.4%	-0.4%
Net margin	0.2%	0.0%	0.1%	0.1%	0.0%	0.2%	0.1%	-0.2%
Cash	401	190	220			401	220	
Debt	87	117	122			87	122	
Equity	1,420	1,199	1,185			1,420	1,185	
Debt to equity (x)	0.06	0.10	0.10			0.06	0.10	
Net debt to equity (x)	net cash	net cash	net cash			net cash	net cash	

Source: Company, Trimegah Research

Figure 2. Peers valuation comparison

PASTE VALUE																
Company Name	Ticker	Country	Enterprise Value (USD bn)	Market cap (USD bn)	EV/Sales (x)			P/Sales (x)			ROE (%)			Rev Growth Y-Y		
					FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
LAKALA PAYMENT CO LTD-A	300773 CH Equity	China	7.68	1.92	1.32	1.20	1.04	2.41	2.19	1.89	10.3	24.1	23.3	-20.3%	3.4%	15.8%
YEAHKA LTD	9923 HK Equity	China	5.90	0.89	1.73	1.38	1.05	1.90	1.52	1.15	4.4	4.4	14.7	6.3%	18.5%	31.8%
NHN CORP	181710 KS Equity	Korea	577.19	0.61	0.27	0.25	0.22	0.38	0.35	0.31	1.0	3.8	4.7	6.6%	1.0%	12.1%
KGINICIS CO LTD	035600 KS Equity	Korea	716.91	0.24	0.60	0.54	0.50	0.26	0.23	0.22	13.4	NA	NA	15.4%	2.8%	8.3%
BUKALAPAK.COM PT TBK	BUKA IJ Equity	Indonesia	(1,641.48)	1.38	NA	NA	NA	6.18	4.67	3.77	4.8	(1.1)	1.4	71.8%	30.1%	23.8%
Average					0.98	0.84	0.70	2.23	1.79	1.47	6.8	7.8	11.0	16.0%	11.2%	18.3%
Average (excl. BUKA)					0.98	0.84	0.70	1.24	1.07	0.89	7.3	10.8	14.2	2.0%	6.4%	17.0%
M CASH INTEGRASI	MCAS IJ Equity	Indonesia	0.43	0.36	0.45	0.46	0.45	0.53	0.53	0.52	6.1	2.8	3.7	-2.8%	0.0%	3.5%

Source: Company, Bloomberg, Trimegah Research

Figure 3. MCAS's valuation

MCAS's valuation (IDR bn)	
FY24F Sales	12,744
EV/Sales	0.7
Enterprise value	8,507
Net cash	29
Minority - FY24F	1,021
Equity Value	7,515
Number of shares (bn)	0.9
Target Price (IDR/share)	8,658
Target Price - rounded (IDR/share)	8,700
Up/down	32.3%

Source: Company, Trimegah Research

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Company Ticker	Disclosure (as applicable)
MCAS	-

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