

Monday, 12 September 2022

BUY
Maintain

Last price (IDR)	11,575
Target Price (IDR)	17,800
Upside/Downside	+53.8%
Previous Target Price (IDR)	17,800

Stock Statistics

Sector	Technology
Bloomberg Ticker	MCAS JJ
No of Shrs (mn)	10,420
Mkt. Cap (IDRbn/USDmn)	120,612/8,133
Avg. daily T/O (IDRbn/USDmn)	4.0/0.3

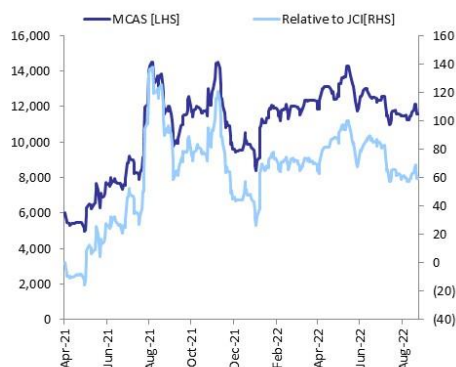
Major shareholders (%)

Abell Technology Global	11.4
Inti Dot Com	11.1
Estimated free float	84.7

EPS Consensus (IDR)

	2022F	2023F	2024F
Danareksa	127.9	226.1	355.5
Consensus	64.5	100.5	136.0
Danareksa/Cons	98.5	124.9	161.5

MCAS relative to JCI Index



Source : Bloomberg



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M Cash Integrasi(MCAS JJ)

Adding stakes in NFCX and DMMX

We distinguish two tangible growth plays in MCAS to enlarge and improve network sustainability, namely the physical goods GMV and the Volta EV ecosystem. At the same time, DMMX-MCAS continues to enrich the ecosystem with V2 audiovisual capabilities and creating revenues and GP. The appeal of MCAS has led shareholders to add stakes in NFCX and DMMX.

Opposing effects across revenue streams from 2Q22 seasonality. MCAS' 2Q22 revenues came in at Rp3.27tn (+7.3%qoq, +9.6%yoy). The incremental revenues mainly owed to the recovery of digital products (following the 2Q22 tailwinds of the telco sector, we presume). Moreover, we are more confident on its new revenue streams in 2Q22 in underdeveloped but highly promising markets: a) EV (Volta & battery) and b) the Audio visual V2 biz currently being pursued. On the other hand, we reckon that seasonality and Eid had a negative impact on: a) the Mom & Pops aggregator, b) cloud services, c) digital wholesale with physical products and d) SaaS (Waba).

MCAS' 2Q22 GP came in at Rp64bn (-10.9%qoq) with a GP margin of 2.0% (-40bps qoq). V2 and EV offered absolute GP and margin upside while SaaS underperformed in 2Q22 affecting the entire MCAS 2Q22 GP. 2Q22 OPEX increased as MCAS spent more on G&A and marketing, aiming to drive awareness and take-up of its new services (V2, EV, logistics, physical goods O2O ecommerce). Consequently, MCAS' 2Q22 net profits came in lower at Rp2bn.

New revenues mix with a higher GP and margin. On a 1H22 YTD basis, MCAS recorded steady revenues Rp6.3tn in 1H22 (+0.7%yoy). Revenue streams EV, V2 and digital wholesale showed sturdy traction YTD compensating for the shortcomings of digital products. Moreover, the change in the revenues mix was accompanied by higher GP of Rp135bn (+25.1%yoy) and a better GP margin of 2.1% (+40bps yoy). Marketing expenses more than doubled, and the salary expenses were higher by 44% as MCAS drove awareness. MCAS' YTD revenues and GP formed 37.6%/35.8% of our FY22F, trending behind and we attribute this (to a large degree) to seasonality. YTD operating profits and net earnings are 18.7%/11.2% of FY22F mainly due to higher OPEX.

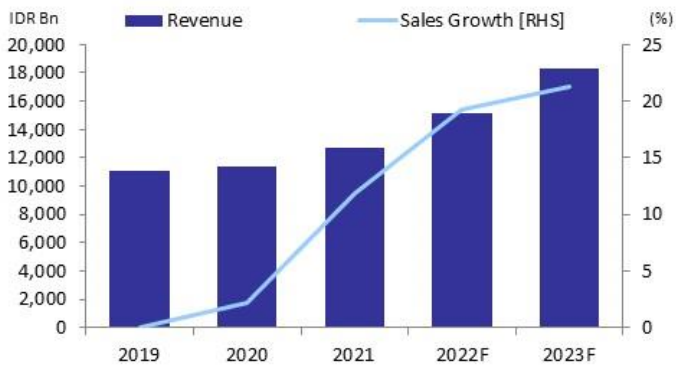
MCAS' growing ecosystem is increasingly attractive. After Inficom bought an 11.4% stake in MCAS in late April 22, Bank of Singapore added a direct stake in MCAS, whilst it bought a 5.92% direct stake in NFCX, presumably increasing exposure on a EV promising business outlook. At the same time, although TFAS' free float increased to 19.93% from 17.68%, we still believe TFAS remains central. Tech logistics comps incl. Sicepat continue to add drop points (#8,898 in 2Q22, +197%yoy) in the TFAS-MCAS network. Moreover, DMMX intends to drive cloud signage expansion into the wet markets using second hand screens, working closely with regional authorities.

Diving into EV to drive the ecosystem. NFCX already provides Volta EV 2 and 3-wheelers with 2,500+ sold mostly to Sicepat with outstanding order of 7,500 units. Moreover, NFCX has also deployed 200 battery swapping stations with 180 already connected with electricity (aiming at a total of 250 stations in 2022). NFCX-MCAS works closely with PLN's public power comp to provide more electricity connections and drive the EV battery ecosystem as per Volta standards. To that effect and being competitive NFCX provides a free EV battery charger.

Key Financials

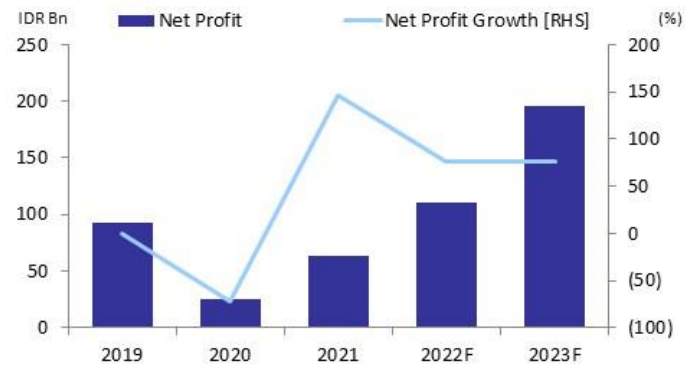
Year to 31 Dec	2020A	2021A	2022F	2023F	2024F
Revenue (IDRbn)	11,334	12,675	15,117	18,339	21,036
EBITDA (IDRbn)	132	130	227	349	490
EBITDA Growth (%)	(13.9)	(1.3)	74.5	53.8	40.4
Net profit (IDRbn)	26	63	111	196	309
EPS (IDR)	29.5	72.7	127.9	226.1	355.5
EPS growth (%)	(72.4)	146.0	76.0	76.7	57.3
BVPS (IDR)	550.5	583.1	977.9	1,204.0	1,559.5
DPS (IDR)	0.0	0.0	0.0	0.0	0.0
PER (x)	406.2	165.1	93.8	53.1	33.8
PBV (x)	21.8	20.6	12.3	10.0	7.7

Exhibit 1. Revenues and Growth



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



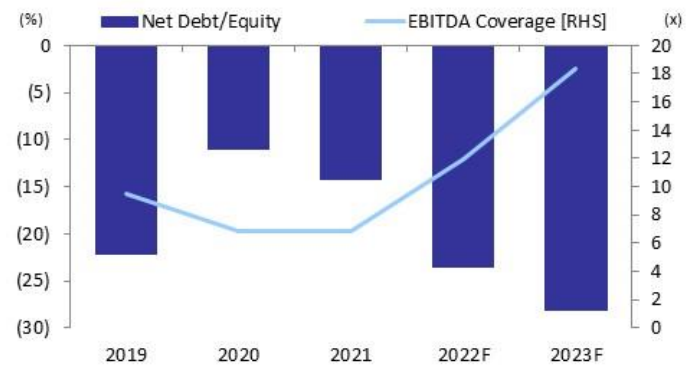
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 3. Margins



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 5. M Cash Integrasi 2Q/1H22 financial results

In IDR bn	2Q21	1Q22	2Q22	Δqoq %	Δyoy %	1H21	1H22	Δyoy %	2022F	%2022F
MCAS Revenue	2,980	3,044	3,266	7.3	9.6	6,268	6,311	0.7	16,767	37.6%
Digital product and service	968	375	800	113.2	(17.4)	2,110	1,175	(44.3)		
Digital product aggregator	1,953	2,504	2,319	(7.4)	18.7	4,041	4,823	19.4		
Digital cloud advertising	39	44	36	(18.4)	(7.3)	79	80	0.5		
Audio visual technology	-	16	34	104.6	n/a	-	50	n/a		
Software as a service	19	28	16	(44.1)	(17.7)	37	44	17.0		
Clean energy	1	1	5	331.6	427.6	1	7	549.9		
Digital wholesale	-	74	57	(23.2)	n/a	-	131	n/a		
Content and entertainment	-	1	0	(73.6)	n/a	-	2	n/a		
MCAS COGS	(2,928)	(2,973)	(3,203)	7.7	9.4	(6,160)	(6,175)	0.3		
MCAS Gross profit	52	72	64	(10.9)	21.4	108	135	25.1	378	35.8%
Digital product and service	16	13	14	4.9	(11.9)	34	27	(20.1)		
Digital product aggregator	13	13	16	18.6	26.3	27	29	10.0		
Digital cloud advertising	13	16	13	(19.6)	3.8	25	30	17.4		
Audio visual technology	-	9	16	81.8	n/a	-	24	n/a		
Software as a service	11	18	0	(98.0)	(96.7)	21	18	(15.8)		
Clean energy	0	0	4	1,750.5	1,075.5	0	4	1,139.0		
Digital wholesale	-	0	0	(76.0)	n/a	-	1	n/a		
Content and entertainment	-	1	0	(89.8)	n/a	-	1	n/a		
EBITDA	38	54	34	(36.9)	(11.2)	77	86	11.2	273	31.4%
Operating profit	25	33	14	(59.4)	(46.7)	55	47	(14.8)	251	18.7%
Total Other Income (Expense)	38	(5)	(6)	22.2	n/m	55	(12)	n/m		
EBT	63	28	7	(74.8)	(88.9)	110	35	(68.0)	240	14.6%
Net Income	59	21	4	(79.7)	(92.7)	100	26	(74.2)		
Minority Interest	28	7	3	(61.7)	(90.9)	52	9	(82.4)		
Net Income to Controlling	31	15	2	(87.8)	(94.2)	48	16	(65.4)	148	11.2%
Margins										
Gross margin %	1.8	2.4	2.0	(0.4)	0.2	1.7	2.1	0.4	2.3	95.0
Digital product and service	1.6	3.6	1.8	(1.8)	0.1	1.6	2.3	0.7		
Digital product aggregator	0.6	0.5	0.7	0.2	0.0	0.7	0.6	(0.1)		
Digital cloud advertising	32.8	37.2	36.7	(0.5)	3.9	31.7	37.0	5.3		
Audio visual technology	n/a	52.5	46.6	(5.9)	n/a	n/a	48.5	n/a		
Software as a service	57.0	63.3	2.3	(61.1)	(54.8)	57.6	41.4	(16.2)		
Clean energy	34.7	18.0	77.3	59.3	42.6	34.7	66.2	31.5		
Digital wholesale	n/a	0.6	0.2	(0.4)	n/a	n/a	0.4	n/a		
Content and entertainment	n/a	96.5	37.1	(59.3)	n/a	n/a	84.1	n/a		
EBITDA Margin %	1.3	1.8	1.0	(0.7)	(0.2)	1.2	1.4	0.1	1.6	83.4
Operating margin %	0.9	1.1	0.4	(0.7)	(0.4)	0.9	0.7	(0.1)	1.5	49.6
Net profit margin %	1.0	0.5	0.1	(0.4)	(1.0)	0.8	0.3	(0.5)	0.9	29.6

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 6. M Cash Integrasi 2Q/1H22 main KPIs

Operational KPIs	2Q21	1Q22	2Q22	Δqoq %	Δyoy %	1H21	1H22	Δyoy %
Total Advertising points	236,721	285,651	300,289	5.1	26.9	236,721	300,289	26.9
Aggregator platform members	145,024	192,197	203,531	5.9	40.3	145,024	203,531	40.3
NFCX Merchant members	54,835	66,241	71,338	7.7	30.1	54,835	71,338	30.1
Aggregator platform members (DMMX)	99,189	125,956	132,193	5.0	33.3	99,189	132,193	33.3
Advertising points/sites (DMMX)	10,988	12,190	12,390	1.6	12.8	10,988	12,390	12.8
Logistics Drop points	3,000	7837	8,898	13.5	196.6	3,000	8,898	196.6
Packages ('000)	896	8,633	19,505	125.9	2,076.9	914	28,138	2,978.6

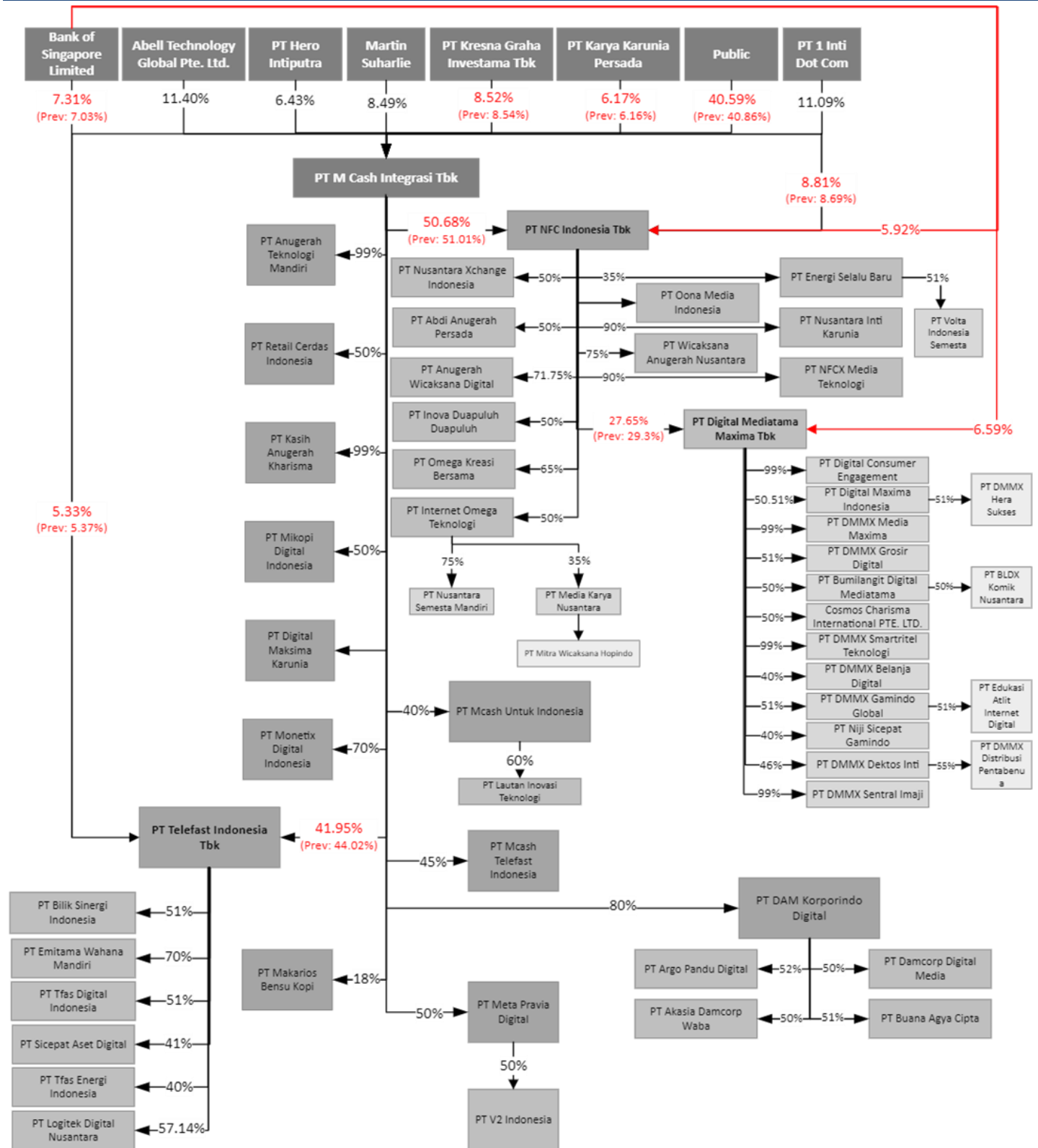
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 7. NFCX 2Q/1H22 key financials

In IDR bn	2Q21	1Q22	2Q22	Δqoq %	Δyoy %	1H21	1H22	Δyoy %
NFCX Revenue	1,993	2,630	2,428	(7.7)	21.9	4,121	5,058	22.8
Digital product aggregator	1,954	2,504	2,319	(7.4)	18.7	4,041	4,823	19.4
Digital cloud advertising	38	44	36	(18.2)	(5.3)	79	80	0.5
Clean Energy	1	7	16	143.3	1,530.0	1	23	2,146.3
Digital wholesale	-	74	57	(22.7)	n/a	-	131	n/a
Content and entertainment	-	1	0	(85.2)	n/a	-	1	n/a
NFCX COGS	(1,967)	(2,598)	(2,396)	(7.8)	21.8	(4,068)	(4,994)	22.7
NFCX Gross profit	26	32	33	0.5	26.6	52	65	24.0
Digital product aggregator	13	13	15	14.6	22.0	27	29	7.9
Digital Cloud advertising	13	16	13	(19.3)	4.1	25	30	17.6
Clean Energy	0	1	4	353.1	915.0	0	4	1,139.0
Digital wholesale	-	0	0	(76.3)	n/a	-	1	n/a
Content and entertainment	-	1	0	(89.8)	n/a	-	1	n/a
Margins								
Gross margin %	1.3	1.2	1.3	0.1	0.0	1.3	1.3	0.0
Digital product aggregator	0.6	0.5	0.7	0.1	0.0	0.7	0.6	(0.1)
Digital Cloud advertising	33.4	37.2	36.7	(0.5)	3.3	31.8	37.0	5.1
Clean Energy	35.9	12.0	22.4	10.3	(13.5)	35.9	19.3	(16.6)
Digital wholesale	n/a	0.6	0.2	(0.4)	n/a	n/a	0.4	n/a
Content and entertainment	n/a	97.6	67.2	(30.4)	n/a	n/a	93.6	n/a

Source: Company, BRI Danareksa Sekuritas estimates

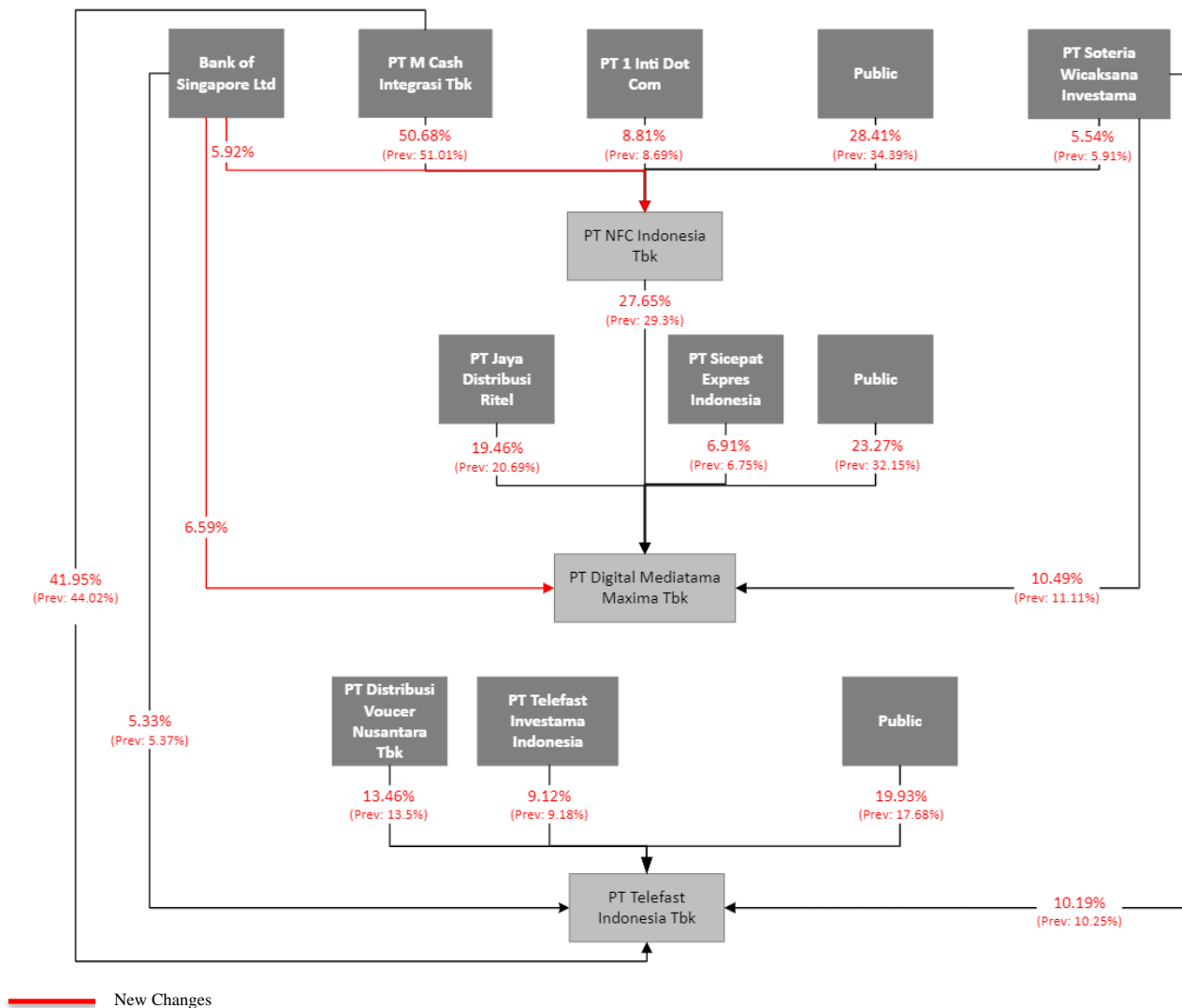
Exhibit 8. MCAS Conglomerate Structure



New Changes

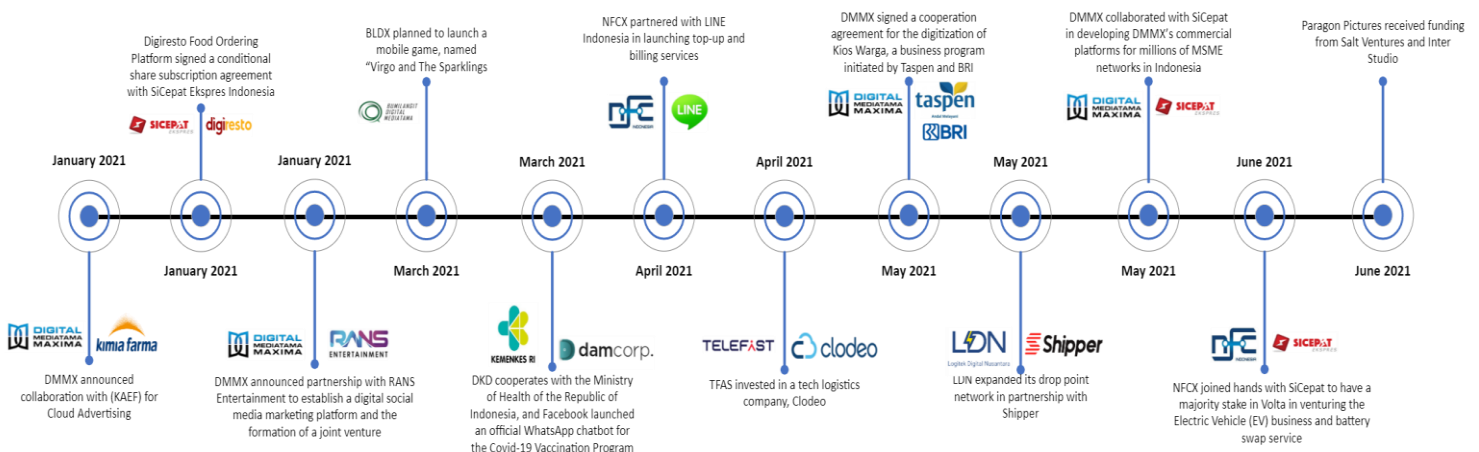
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 9. MCAS Shareholders Direct Stake in MCAS subsidiaries



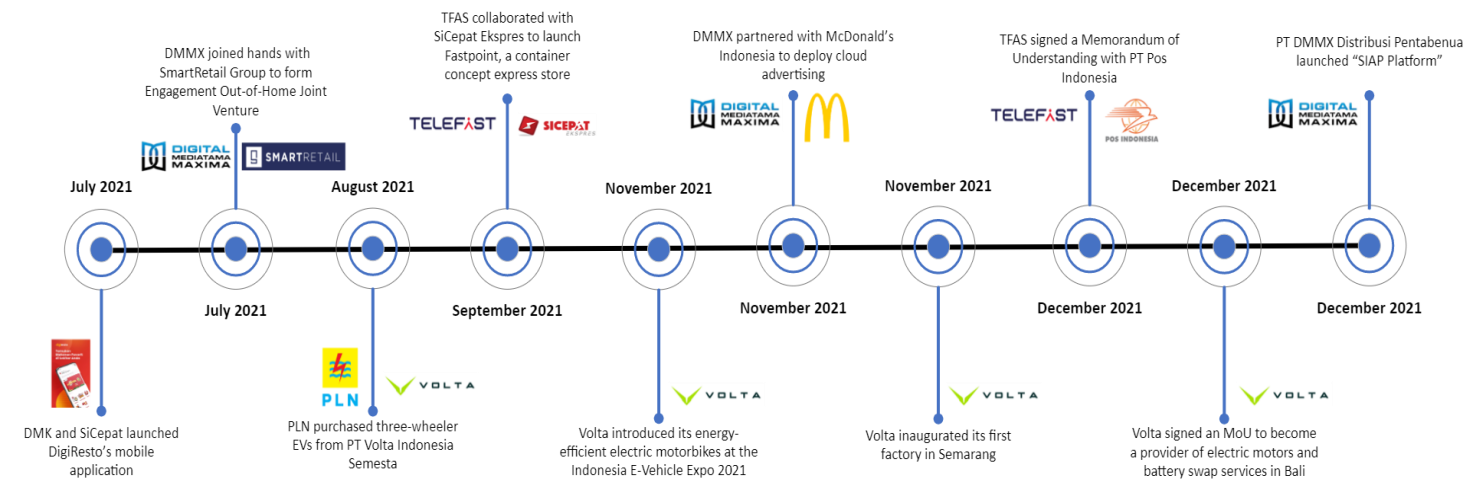
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 10a. 1st semester 2021 MCAS corporate developments – business highlights



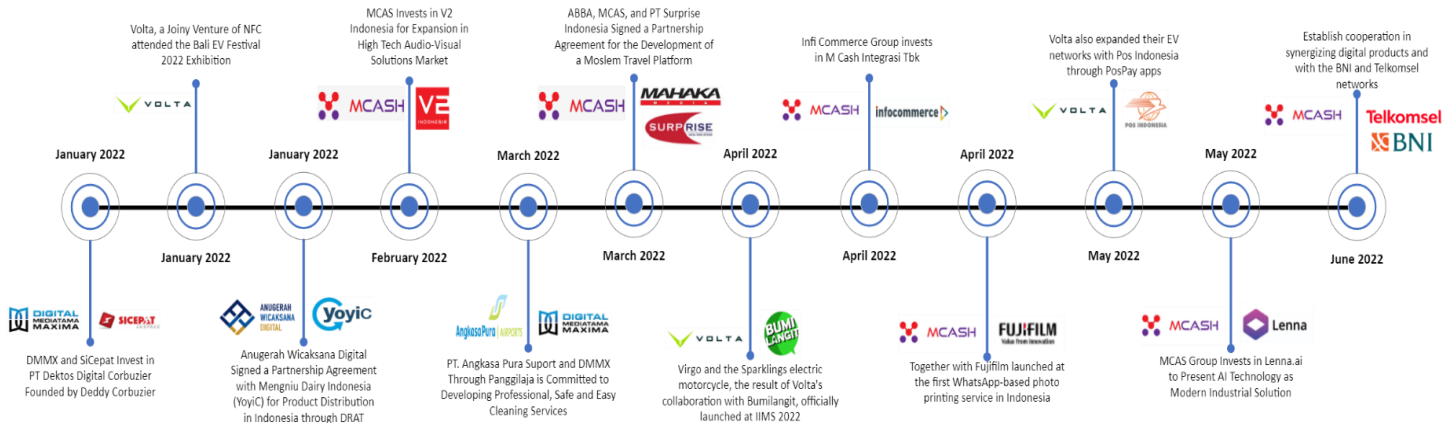
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 10b. 2nd semester 2021 MCAS corporate developments – business highlights



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 10c. 1st semester 2022 MCAS corporate developments – business highlights



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 10d. 2st semester 2022 MCAS corporate developments – business highlights



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 11. Income Statement

Year to 31 Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Revenue	11,334	12,675	15,117	18,339	21,036
COGS	(11,112)	(12,454)	(14,786)	(17,874)	(20,424)
Gross profit	223	222	331	464	611
EBITDA	132	130	227	349	490
Oper. profit	116	97	207	321	453
Interest income	18	8	8	10	13
Interest expense	(19)	(19)	(19)	(19)	(19)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(4)	(2)	0	0	0
Other Income (Expenses)	(15)	74	0	0	0
Pre-tax profit	95	158	196	312	447
Income tax	(23)	(17)	(32)	(56)	(79)
Minority interest	(47)	(78)	(53)	(59)	(59)
Net profit	26	63	111	196	309
Core Net Profit	26	63	111	196	309

Exhibit 12. Balance Sheet

Year to 31 Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Cash & cash equivalent	315	360	557	705	837
Receivables	256	193	207	240	275
Inventory	475	433	514	621	710
Other Curr. Asset	323	379	381	384	387
Fixed assets - Net	295	330	367	313	407
Other non-curr.asset	136	179	177	175	171
Total asset	1,835	2,135	2,464	2,699	3,049
ST Debt	83	91	60	60	60
Payables	184	163	177	210	244
Other Curr. Liabilities	141	299	298	299	299
Long Term Debt	84	53	58	64	71
Other LT. Liabilities	12	11	11	11	11
Total Liabilities	503	618	605	643	684
Shareholder's Funds	478	506	849	1,045	1,354
Minority interests	854	1,011	1,011	1,011	1,011
Total Equity & Liabilities	1,835	2,135	2,464	2,699	3,049

Exhibit 13. Cash Flow

Year to 31 Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Net income	26	63	111	196	309
Depreciation and Amort.	16	33	20	28	36
Change in Working Capital	321	(39)	(83)	(111)	(92)
Other Oper. Cash Flow	(6)	(1)	11	9	6
Operating Cash Flow	357	56	59	123	260
Capex	(159)	(68)	(55)	28	(127)
Others Inv. Cash Flow	116	370	221	387	391
Investing Cash Flow	(42)	302	166	415	264
Net change in debt	167	144	118	124	130
New Capital	1,332	1,517	1,860	2,056	2,364
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	(19)	(19)	(19)	(19)	(19)
Financing Cash Flow	1,479	1,642	1,959	2,161	2,476
Net Change in Cash	1,794	1,999	2,183	2,699	2,999
Cash - begin of the year	516	315	360	557	705
Cash - end of the year	315	360	557	705	837

Exhibit 14. Key Ratios

Year to 31 Dec	2020A	2021A	2022F	2023F	2024F
Growth (%)					
Sales	2.2	11.8	19.3	21.3	14.7
EBITDA	(13.9)	(1.3)	74.5	53.8	40.4
Operating profit	(19.8)	(16.2)	113.6	55.0	41.5
Net profit	(72.4)	146.0	76.0	76.7	57.3
Profitability (%)					
Gross margin	2.0	1.8	2.2	2.5	2.9
EBITDA margin	1.2	1.0	1.5	1.9	2.3
Operating margin	1.0	0.8	1.4	1.7	2.2
Net margin	0.2	0.5	0.7	1.1	1.5
ROAA	1.3	3.2	4.8	7.6	10.7
ROAE	4.5	12.8	16.4	20.7	25.7
Leverage					
Net Gearing (x)	(0.1)	(0.1)	(0.2)	(0.3)	(0.3)
Interest Coverage (x)	6.0	5.1	10.9	16.9	23.8

Source : MCAS, Danareksa Estimates

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