

M Cash Integrasi

Power On

Flash Note



Volta should benefit from the rise of electric vehicles.

Bloomberg reported that the energy ministry and finance ministry are discussing the incentive scheme and the amount for electric vehicles in Indonesia. We see this as a further potential catalyst for EVs in the country as EV prices will further be more competitive compared to ICE (Internal Combustion Engine) vehicles. The Indonesian government has taken initiatives to provide tax incentives for EV, such as charging 0% tax (vehicle tax & luxury tax). Speaking of the price difference between EV 2W and ICE 2W, currently, Volta 401 (including 1 battery and 1 external charger) costs IDR14.9mn, which is 1% cheaper than Revo X (the cheapest conventional bike). Additional incentives for EV 2W could potentially make it cheaper than ICE 2W, which we believe could increase the 2W EV market share. It is also worth noting that Volta is less expensive than its EV 2W counterpart, despite having comparable battery life, battery range (km/battery), and top speed (km/h), as shown in Figure 2. In terms of the EV sales, Volta has booked a sale of 10k units of Volta 401 from SiCepat in December 2021 of which 3k units have been delivered and the remaining will be delivered by the end of 2022. Volta targets to sell 50-60k units by 2023. Speaking of charging infrastructure, there are 234 Battery Replacement System (SGB) stations installed, of which 170 of them have operated, and Volta targets having 600 SGB stations by 2023. We believe that the government's support for EV, combined with an attractive price position and Volta's expansion plan, will have a positive impact on Volta. MCAS indirectly owns 51% of Volta through PT Energi Selalu Baru (ESB), which is owned by MCAS' subsidiaries (35% NFCX, 15% TFAS, and 5% DMMX).

More screens are being deployed for new customers.

PT Digital Mediatama Maxima Tbk (DMMX), a digital cloud advertising business which is 29.3% indirectly owned by MCAS through NFCX, has partnered with Trans F&B, for the usage of the cloud content management system. Trans F&B owns a total of ~500 Coffee Bean and Baskin Robbins outlets and DMM have distributed to 60 Coffee Bean outlet with each outlet utilizing 2-3 screens, equivalent to 120-180 screens in total, whilst the remaining ~900 screens serves as booster for future DMM's growth. Moreover, partnership with Indomaret Fresh will further add ~300 potential screens for DMM. Further growth will be driven through the new releases on digital content. Positive feedback from Sri Asih roadshow and the movie will be launched on 6 October, Virgo and the Sparkling to be launched end of this year or early next year, Tira Series (superhero from Bumi Langit) will be launched in Disney+ early next year and many more.

Q222 results recap, fine-tuning FY22F forecast

M Cash recorded a revenue of IDR3tn (+7.3% QoQ / +9.6% YoY), which made up 1H22 total revenue of IDR6tn (+0.7% YoY), reaching 45.0% of our estimate. The QoQ increase is mainly due to the Digital Products +113.2% QoQ / -17.5% YoY, showing a strong sales growth from the retail and SME segment. Operating expense increased by +31.3% QoQ/+85.2 YoY, mainly due to the significant increase in salaries and depreciation due to the acquisition of additional machine and content management equipment (rental of screens). Subsequently, EBITDA decreased to IDR26bn (-42.3% QoQ/-20.6% YoY) and EBITDA margin is thinner at 0.8%. MCAS booked a net profit of IDR2bn (-87.4% QoQ/-94.1% YoY), totalling IDR17bn in 1H22 (-65.2% YoY), reaching 41% of our FY22F estimates. A lower bottom line is due a significantly lower operating profit and the increase in non-core expenses (+76% QoQ). We fine-tuned MCAS's FY22F earnings by -36% given higher opex and finance cost. However, management expects a stronger performance in 2H22 due to a larger project pipeline and more working days.

Maintain TP of IDR18,300/share

We maintain our TP of IDR 18,300/share for MCAS, which is based on 1.0x 2023F EV/Sales. We are optimistic about the future of EVs, which we believe will benefit Volta, and we believe that the recovering economy will benefit MCAS's overall business portfolio, as evidenced by the additional growth pipeline from the digital cloud advertising business. Softer field execution, slower-than-expected growth in digital transactions, and EV business are all risks to our call.

Company data

Year end Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Revenue (IDR bn)	11,334	12,675	14,047	16,958	20,002
Net Profit (IDR bn)	26	63	40	73	86
EPS (IDR)	30	73	46	85	100
EPS Growth (%)	-72%	146%	-36%	18%	18%
P/E (x)	401.2	163.1	256.6	140.0	119.1
P/BV (x)	7.7	6.8	6.4	5.8	5.2
EV/EBITDA (x)	77.0	77.5	63.7	41.2	35.5
ROE (%)	4.5	12.8	7.6	12.6	13.0

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Stock Data & Indices

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

Key Data

Share Price (IDR)	11,850
Issued Shares (mn)	867.9
Free Float (est in %)	58.6
Mkt. Cap (IDRbn)	10,285.0
Mkt. Cap (USDmn)	683.8
ADTV 6M (IDRbn)	3.9
52 Wk-range	14,975/8,000

Performance (%)

	YTD	1m	3m	12m
Absolute	24.4	3.0	-6.5	21.5
Relative to JCI	22.8	3.3	-7.3	7.1

Income Statement

Year end Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Revenue	11,334	12,675	14,047	16,958	20,002
Gross profit	223	222	325	396	475
Operating profit	116	97	122	201	235
EBITDA	132	130	161	247	288
Interest income (expense)	(1)	(11)	(16)	(8)	(8)
Other income (expense)	(19)	73	-	-	-
Pretax profit	95	158	105	193	227
Income tax expense	(23)	(17)	(25)	(46)	(55)
Minority interest	47	78	40	73	86
Net profit	26	63	40	73	86
Core profit	36	29	40	73	86

Balance Sheet

Year end Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Cash	315	360	179	242	200
Other current asset	1,089	1,266	1,473	1,614	1,867
Net fixed asset	320	352	377	408	443
Other non-current asset	112	157	139	140	141
Total assets	1,835	2,135	2,168	2,404	2,652
Short-term debt	85	94	78	64	65
Long-term debt	88	57	66	66	67
Other liabilities	330	466	428	485	559
Total liabilities	503	618	571	616	690
Minority interest	854	1,011	1,051	1,147	1,233
Shareholder's equity	1,332	1,517	1,597	1,789	1,961
Net debt (cash)	(142)	(208)	(36)	(112)	(69)

Cash Flow

Year end Dec (IDRbn)	2020A	2021A	2022F	2023F	2024F
Net profit	26	63	40	73	86
Depreciation	15	33	39	46	53
Changes in working capital	319	(41)	(245)	(84)	(180)
Operating cash flow	360	55	(166)	35	(40)
Capital expenditure	(164)	(65)	(65)	(76)	(88)
Others	(25)	(46)	19	(1)	(1)
Investing cash flow	(189)	(111)	(46)	(77)	(89)
Net change in debt	40	(22)	(8)	(13)	1
Others	(412)	122	40	73	86
Financing cash flow	(372)	100	32	61	87
Net cash flow	(201)	45	(180)	18	(42)
Cash at BoY	516	315	360	224	242
Cash at EoY	315	360	179	242	200
Free cash flow	524	120	(101)	112	48

Ratio Analysis

Year end Dec	2020A	2021A	2022F	2023F	2024F
Profitability					
Gross margin	2.0%	1.8%	2.3%	2.3%	2.4%
Operating margin	1.0%	0.8%	0.9%	1.2%	1.2%
EBITDA margin	1.2%	1.0%	1.1%	1.5%	1.4%
Net margin	0.2%	0.5%	0.3%	0.4%	0.4%
ROE	4.5%	12.8%	7.6%	12.6%	13.0%
ROA	1.3%	3.2%	1.9%	3.2%	3.5%
Stability					
Net debt to equity (x)	(0.1)	(0.1)	(0.0)	(0.1)	(0.0)
Net debt to EBITDA (x)	(1.1)	(1.6)	(0.2)	(0.3)	(0.1)
Interest coverage (x)	6	5	6	18	21
Efficiency					
Receivable days	8	4	6	5	6
Inventory days	16	13	14	13	14
Payable days	6	4	5	5	5

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

Abell Technology Global Pte. Ltd.	11.40%
PT 1 Inti Dot Com	11.09%
PT Kresna Graha Investama Tbk	8.52%
Martin Suharlie	8.49%
Bank of Singapore Ltd.	7.31%
PT Hero Intiputra	6.43%
PT Karya Karunia Persada	6.17%
Public	40.59%

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 2Q22 Results

MCAS 2Q22 Results:									
(in IDR bn)	2Q21	1Q22	2Q22	QoQ	YoY	6M21	6M22	YoY	% TRIM
Revenue	2,980	3,044	3,266	7.3%	9.6%	6,268	6,311	0.7%	44.9%
<i>Digital Product Aggregator</i>	1,953	2,504	2,319	-7.4%	18.7%	4,041	4,823	19.4%	
<i>Digital Products</i>	969	375	800	113.2%	-17.5%	2,110	1,175	-44.3%	
<i>Digital Cloud Advertising</i>	39	44	36	-18.4%	-7.3%	79	80	0.5%	
<i>SaaS</i>	18	28	16	-44.1%	-14.5%	37	44	19.3%	
<i>Clean energy product and services</i>	1	1	5	331.4%	427.6%	1	7	549.9%	
<i>Digital wholesale</i>	-	74	57	-23.2%	n.a	-	131	n.a	
<i>Content and entertainment</i>	-	1	0	-73.6%	n.a	-	2	n.a	
<i>Audio visual technology product and services</i>	-	16	34	104.6%	n.a	-	50	n.a	
Gross profit	52	72	64	-10.9%	21.4%	108	135	25.1%	41.6%
EBITDA	32	45	26	-42.3%	-20.6%	68	70	2.8%	43.8%
Operating profit	25	33	14	-59.4%	-46.7%	55	47	-14.8%	38.5%
Net profit	31	15	2	-87.4%	-94.1%	48	17	-65.2%	41.3%
Gross margin	1.8%	2.4%	2.0%			1.7%	2.1%		
EBITDA margin	1.1%	1.5%	0.8%			1.1%	1.1%		
Operating margin	0.9%	1.1%	0.4%			0.9%	0.7%		
Net margin	1.0%	0.5%	0.1%			0.8%	0.3%		
Cash	361	336	362			361	362		
Debt	104	107	97			104	97		
Equity	1,486	1,369	1,369			1,486	1,369		
Debt to equity (x)	0.1	0.1	0.1			0.1	0.1		
Net debt to equity (x)	-	-	-			-	-		

Source: Company, Trimegah Research

Figure 2. Volta Comparison to other EVs and Conventional Motor Bikes

	Price		Performance		
	Bike Price (IDR mn)	Battery Price (IDR mn)	Battery Life (Years)	Battery Range (km/battery)	Max Speed (km/h)
Volta 401	14.9	6.5	3-4	60	60
Viar Q1	16.2	7.5	3-5	60	60
Viar Stroom	22.5	7.5	3-5	60	70
Gesits G1	28.7	5.0	5	50	60
Alva One	35.0	10.0	N/A	70	90
Conventional Bikes					
Revo X	15.1				
BeAT CBS	17.6				
BeAT with ISS	18.3				
Vario 160	26.3				
Vario 125 ISS	22.9				
PCX CBS 160	32.1				
Nmax	35.3				

Source: Company, Trimegah Research

Figure 3. Earnings Revision

Earnings Revision									
Financial Figures (IDRbn)	Current				Previous			Changes	
	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F	FY22F	FY23F	FY24F
Revenue	14,047	16,958	20,002	14,047	16,958	20,002	0%	0%	0%
Gross profit	325	396	475	325	396	475	0%	0%	0%
Operating profit	122	201	235	171	201	235	-29%	0%	0%
EBITDA	161	247	288	210	247	288			
Net profit	40	73	86	62	73	86	-36%	0%	0%
Gross margin	2.3%	2.3%	2.4%	2.3%	2.3%	2.4%	0.0%	0.0%	0.0%
Operating margin	0.9%	1.2%	1.2%	1.2%	1.2%	1.2%	-0.4%	0.0%	0.0%
EBITDA margin	1.1%	1.5%	1.4%	1.0%	1.3%	1.9%	0.1%	0.2%	-0.5%
Net margin	0.3%	0.4%	0.4%	0.4%	0.4%	0.4%	-0.2%	0.0%	0.0%

Source: Company, Trimegah Research

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MCAS	-

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