



NOT RATED

Stock Data

| | |
|----------------------------------|-----------------|
| Curent Price | : IDR189 |
| 52wk Range H-L | : IDR210-110 |
| Share Outstanding | : 42.62 billion |
| Free Float (%) | : 32.87 |
| Mkt Capitalization (IDR billion) | : 7,841 |

Major Shareholders

| | |
|------------------------------|----------|
| PT MNC | : 49.77% |
| Investama Tbk | |
| Jalan Pantai Limited | : 9.15% |
| UOB Kay Hian (Hongkong) Ltd | : 8.31% |
| HT Invesment Development Ltd | : 7.93% |
| Public | : 24.84% |

*As of Jan 18, 2021

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PT MNC Kapital Indonesia Tbk (BCAP IJ)

Financial Sector

Future Game-Changer

Accelerating International Expansion: acquired 75% stake of AGCO

- BCAP IJ has acquired a controlling stake of Auerbach Grayson & Company LLC (AGCO), a New York-based brokerage firm previously owned by Egypt's Beltone Financial Holding, specializing in global trade execution and exclusive in-depth research for U.S. institutional investors.
- By acquiring a 75% stake of AGCO, BCAP will benefit from AGCO's strong international network and access to its 126 local partners around the world.
- AGCO is expected to be a distribution network of MNC Group for placement and fundraising in the U.S. as well as Europe.
- The acquisition aims to complement MNC Sekuritas' distribution network for its services in the equity capital market (placement and stockbroking), debt capital market, investment banking, research and online trading, for reaching global investment communities, particularly in the USA, UK and Europe regions as well as expanding MNC Sekuritas' research distribution network among international fund managers. MNC Sekuritas will also cover all AGCO's transactions in Indonesia.

The Rise of "Influencer" Mology

- "Influencer" Mology began with the new investor wave. Based on KSEI data, the number of securities sub-accounts at C-BEST has increased from 1.37 million in 12M19 to 2.18 million in 12M20.
- Coincidentally, the rise of retail investors has been accompanied by the growing prominence of so-called "stock influencers" which carried weight in the decision-making of retail investors.

Flash Mobile: All-Round Payment Gateway

- Flash Mobile, a new payment system service provided by BCAP, has obtained a license from Bank Indonesia through PT MNC Teknologi Nusantara. Flash Mobile is an all-round payment gateway and biller aggregator with Fraud Detection System and invoicing services features.
- Flash Mobile can serve all transactions within MNC Group Ecosystem such as MNC Vision, MNC Play, Vision+ and Hario bills, to shopping at The F Thing, Mister Aladin, MNC Shop and a collaboration for payments with external partners will be carried out later.

9M20 Performance: Interest and Dividends still became the largest contributor

- BCAP posted revenue of IDR1.77 trillion -13.25% YoY in 9M20.
- The largest contribution came from interest and dividends of IDR906 billion (-2.8% YoY), followed by net premium income of IDR364 billion (-13.5% YoY).
- Operating cost decrease by -10.9% YoY or by IDR1.76 trillion in 9M20.
- Operating Profit Margin was recorded at 34.46%, and Net Profit Margin decrease to 0.95%.
- BCAP managed to record a net profit of IDR16.8 billion in 9M20

Valuation and Recommendation

PT MNC Sekuritas is affiliated with PT MNC Kapital Indonesia Tbk, therefore MNC Sekuritas Institutional Research Team does not recommend anything related to the prospect of the Company - **NOT RATED**

Key Financial Highlight

| In Billion IDR | 2016 | 2017 | 2018 | 2019 | 9M20 |
|-------------------------|----------|----------|--------|--------|--------|
| Operating Profit Margin | 46.06% | 41.17% | 46.21% | 45.87% | 34.46% |
| Net Profit Margin | (1.70%) | (30.91%) | 5.78% | 2.06% | 0.95% |
| EPS (IDR) | (1.32) | (8.74) | 3.13 | 1.21 | 0.40 |
| PER (x) | (160.17) | (25.50) | 48.24 | 123.97 | 358.97 |
| BVS (IDR) | 137.38 | 127.52 | 130.45 | 126.33 | 128.03 |
| PBV (x) | 1.54 | 1.74 | 1.16 | 1.19 | 1.63 |
| ROA (%) | (0.18%) | (3.71%) | 0.82% | 0.31% | 0.10% |
| ROE (%) | (0.61%) | (13.11%) | 2.68% | 1.02% | 0.33% |

Sources: Bloomberg, BCAP (Notes: Presentation has been adjusted to reflect influence of distribution of bonus shares in 2018)

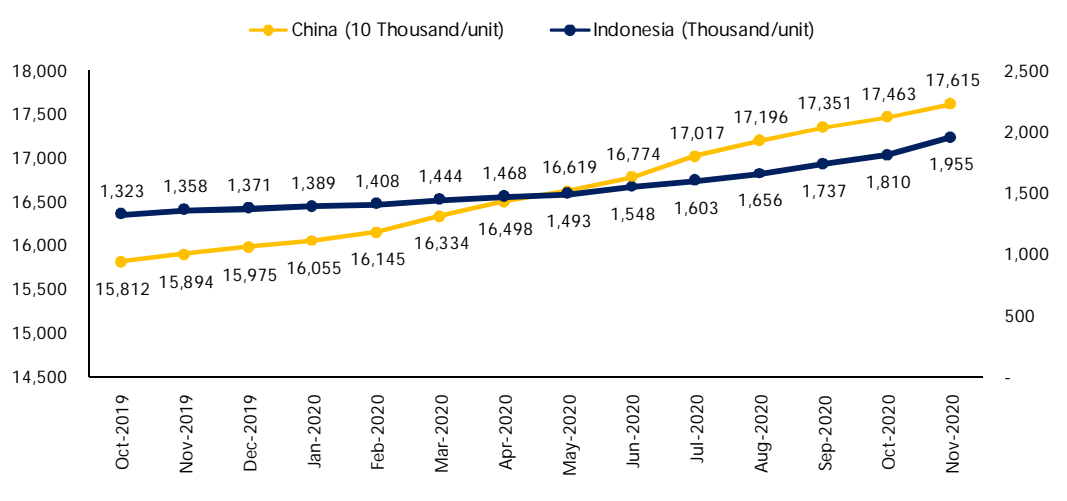
Accelerating International Expansion: acquired 75% stake of AGCO

BCAP IJ has acquired a controlling stake of Auerbach Grayson & Company LLC (AGCO), a New York-based brokerage firm previously owned by Egypt's Beltone Financial Holding, specializing in global trade execution and exclusive in-depth research for U.S. institutional investors. By acquiring a 75% stake of AGCO, BCAP will benefit from AGCO's strong international network and access to its 126 local partners around the world. This investment will allow MNC Sekuritas, a subsidiary of BCAP specializing in the capital market services to expand its international reach going forward. AGCO uniquely offers local insight, corporate access, capital raising and cross border merger and acquisition as well as allows the clients' orders to move freely and anonymously, securing best execution. Moreover, AGCO is expected to be a distribution network of MNC Group for placement and fundraising in the U.S. as well as Europe.

The Rise of "Influencer" Mology

With PSBB and WFH implementation, many people get an extra free time which resulted in finding beneficial activities such as investing in the stock market. Based on KSEI data, the number of securities sub-accounts at C-BEST has increased from 1.37 million in 12M19 to 2.18 million in 12M20. The average trade value on the IDX also grew significantly from normally at IDR7 - 8 trillion to IDR18 - 20 trillion. Coincidentally, the rise of retail investors has been accompanied by the growing prominence of so-called "stock influencers" which carried weight in the decision-making of retail investors. Ample liquidity, coupled with domestic economy recovery should drive the equity market, including BCAP. In one side, we see this as a very good achievement in increasing penetration of the capital market. But on the other side, if it is not accompanied by good education, this phenomenon can encourage irrationality of retail investors who can eventually become victims when there is a significant decline in the shares invested.

Exhibit 01. Growth of the number China and Indonesian Retail Investor

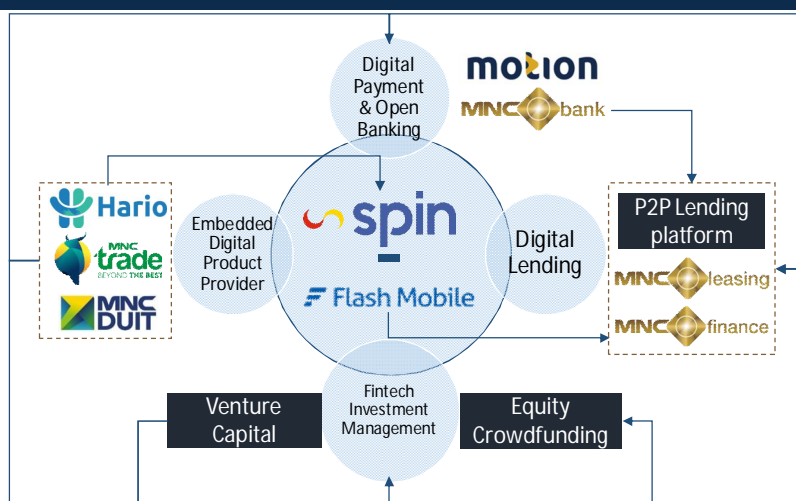


Sources: Bloomberg, KSEI, MNCS

Flash Mobile: All-Round Payment Gateway

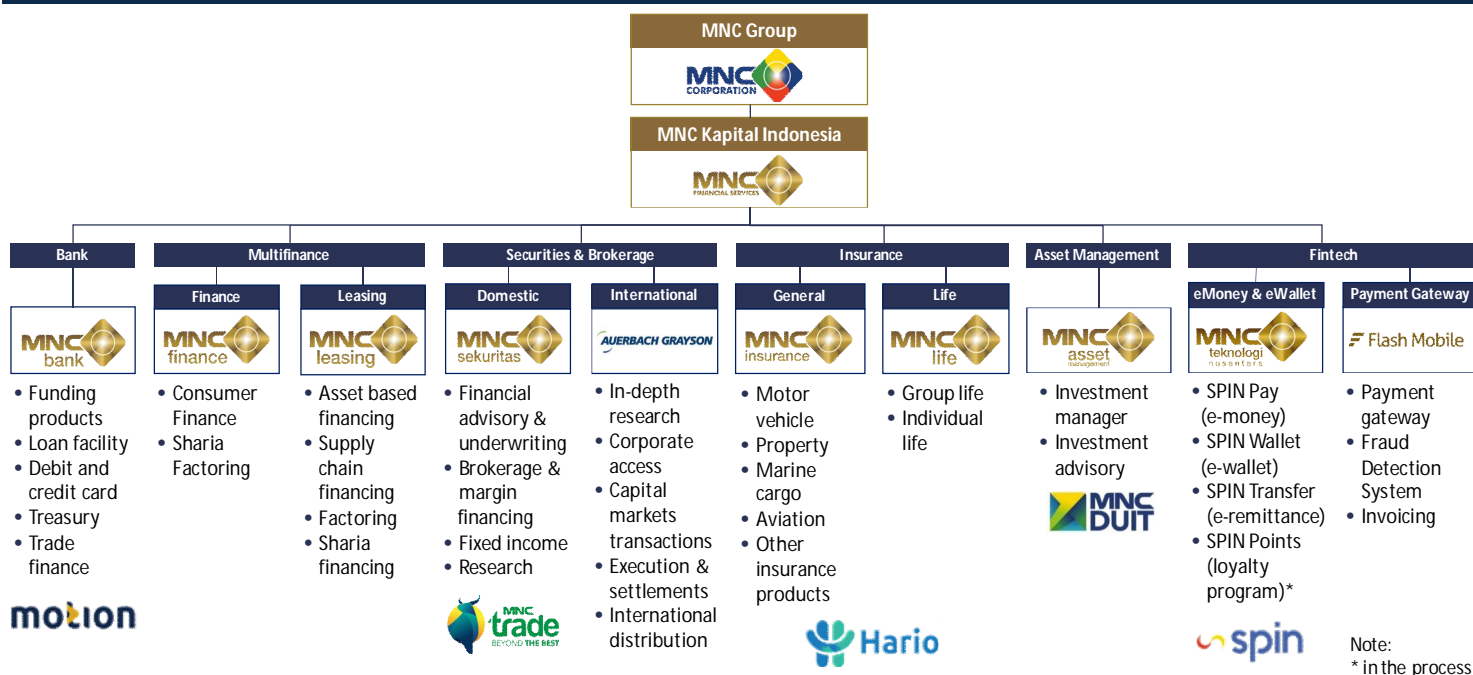
BCAP will provide a new payment system service called Flash Mobile, which has obtained a license from Bank Indonesia through PT MNC Teknologi Nusantara. Flash Mobile is a payment gateway and biller aggregator that will complement BCAP's fintech ecosystem. Furthermore, Flash Mobile is equipped with the highest security standard certification PCI DSS (Payment Card Industry Data Security Standard), while additional services such as Fraud Detection System and invoicing services. Currently, Flash Mobile serves all transactions within MNC Group Ecosystem such as MNC Vision, MNC Play, Vision+ and Hario bills, to shopping at The F Thing, Mister Aladin, MNC Shop and more. Subsequently, a collaboration for payments with external partners will be carried out soon. The new payment gateway is quite befitting as MNC Group aims to consolidate all its paid services and billing into one coherent system, and Flash Mobile will support it.

Exhibit 02. Digital MNC Financial Services Blueprint



Sources: BCAP

Exhibit 03. BCAP's Company Structure



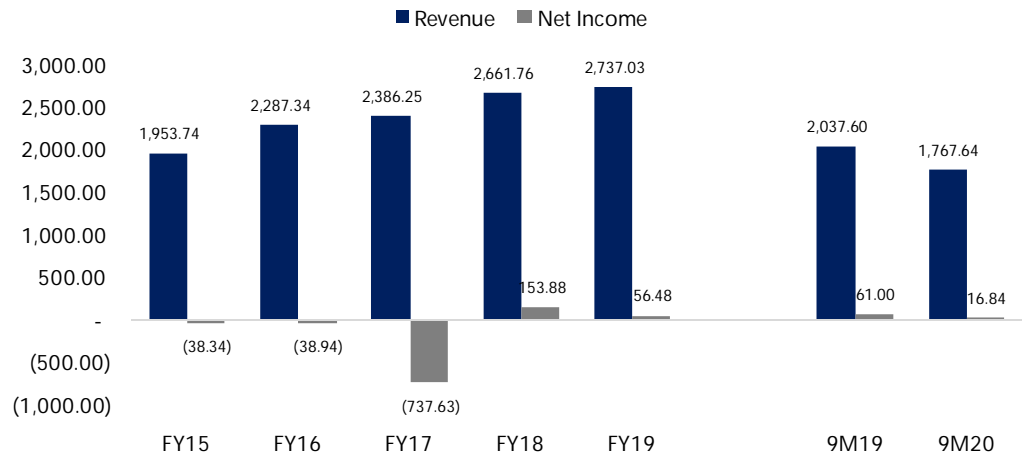
Note: * In the process

Sources: BCAP

9M20 Performance: Interest and Dividends still became the largest contributor

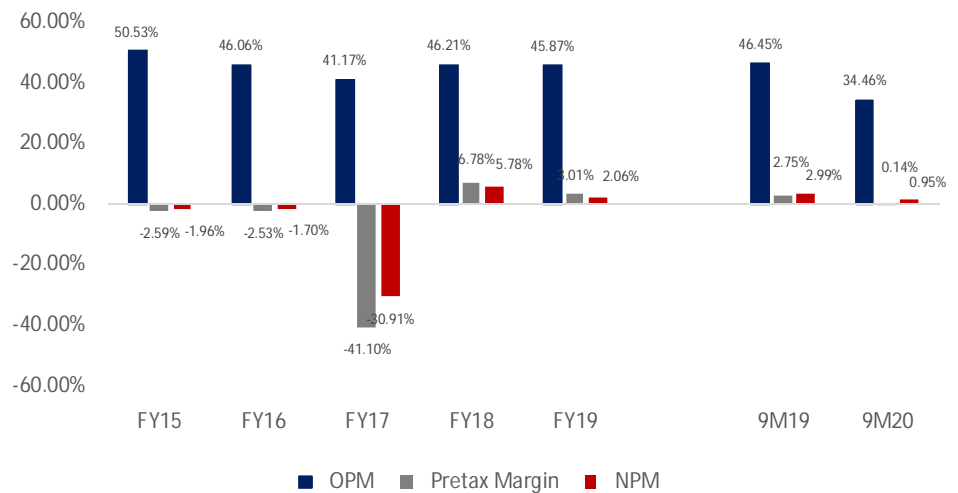
BCAP IJ posted revenue of IDR1.77 trillion (-13.25% YoY) in 9M20. The largest contribution came from interest and dividends of IDR906 billion (-2.8% YoY), followed by net premium income of IDR364 billion (-13.5% YoY). There was a good performance from the securities brokerage commission to IDR37 billion (+2.6% YoY) amidst the conditions of the pandemic, stock trading has become a new trend for people to keep their activities at home.

Exhibit 04. BCAP Revenue and Net Income trend (IDR bn)



Sources: BCAP, MNCS

Exhibit 05. BCAP Operating Profit Margin and Net Profit Margin

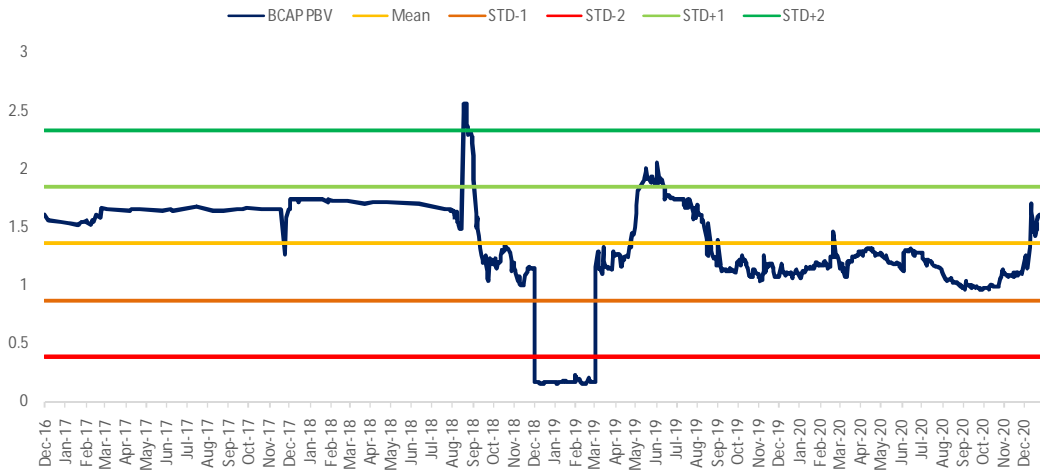


Sources: BCAP, MNCS

Furthermore, Operating Profit Margin was recorded at 34.46% in 9M20 (vs 46.45% in 9M19). Operating cost decrease by -10.9% YoY. BCAP managed to record a net profit of IDR16.8 billion in 9M20 while total net income attributable to owners of the company stood at IDR15.7 billion.

Valuation and Recommendation

Exhibit 06. BCAP is currently trading at 1.61x PBV, close to its +1STD (5-years average).



Sources: Bloomberg, MNCS

BCAP is currently trading at 1.61x PBV, close to its +1STD (5-years average). While MNCS is affiliated with the Company, it does not offer any recommendation related to company prospects. Recommendation: **NOT RATED**.

Exhibit 07. Financial Summary

| Income Statement | | | | | | Balance Sheet | | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| IDR Billion | FY16 | FY17 | FY18 | FY19 | 9M20 | IDR Billion | FY16 | FY17 | FY18 | FY19 | 9M20 |
| Total Revenue | 2,287.34 | 2,386.25 | 2,661.76 | 2,737.03 | 1,767.64 | Cash & Cash Equivalents | 3,245.48 | 1,780.67 | 1,925.70 | 1,177.40 | 1,832.96 |
| Operating Expenses | (1,233.81) | (1,403.85) | (1,431.83) | (1,481.52) | (1,158.58) | ST And LT Investments | 4,496.83 | 4,268.63 | 4,206.00 | 4,021.81 | 3,081.28 |
| Operating Income | 1,053.53 | 982.40 | 1,229.93 | 1,255.51 | 609.07 | Net Receivables | 5,038.29 | 4,772.78 | 3,317.22 | 2,953.98 | 2,579.88 |
| Non-Operating Loss | (1,111.33) | (1,963.12) | (1,049.44) | (1,173.20) | (606.59) | Net Loans | 7,863.04 | 6,724.94 | 7,246.89 | 7,298.66 | 6,927.43 |
| Pretax Income (Loss) | (57.80) | (980.72) | 180.49 | 82.31 | (2.48) | Net Fixed Assets | 224.30 | 263.44 | 262.71 | 236.19 | 187.86 |
| Income Tax Benefit (Expenses) | 18.85 | 243.09 | (26.61) | (25.83) | 14.36 | Other Assets | 1,348.08 | 2,072.80 | 1,804.20 | 2,696.97 | 2,876.60 |
| Net Income (Loss) | (38.94) | (737.63) | 153.88 | 56.48 | 16.83 | Total Assets | 22,216.02 | 19,883.26 | 18,762.72 | 18,385.01 | 17,486.02 |
| Owners of the Company | (45.71) | (334.65) | 119.84 | 46.79 | 15.70 | Deposits | 10,175.82 | 8,977.05 | 8,428.07 | 8,304.73 | 8,364.73 |
| Non-Controlling Interest | 6.77 | (402.98) | 34.04 | 9.69 | 1.13 | Deposits from other banks | 507.32 | 197.26 | 740.09 | 393.71 | 231.17 |
| EPS (full amount) | (1.32) | (8.74) | 3.13 | 1.21 | 0.40 | Other Liabilities | 5,127.60 | 5,081.44 | 3,847.24 | 4,140.58 | 3,799.55 |
| BVS (full amount) | 137.38 | 127.52 | 130.45 | 126.33 | 116.16 | Total Liabilities | 15,810.74 | 14,255.74 | 13,015.40 | 12,839.02 | 12,395.46 |
| | | | | | | Share Capital & APIC | 4,937.75 | 4,937.75 | 4,987.75 | 5,041.37 | 5,161.00 |
| | | | | | | Retained Earnings | 404.33 | 69.68 | 189.51 | 236.30 | 228.21 |
| | | | | | | Other Equity | (79.02) | (122.14) | (150.79) | (362.46) | (770.62) |
| | | | | | | Non-Controlling Interest | 1,142.22 | 742.24 | 720.86 | 630.78 | 471.97 |
| | | | | | | Total Equity | 6,405.28 | 5,627.52 | 5,747.33 | 5,545.99 | 5,090.56 |
| | | | | | | Total Liabilities & Equity | 22,216.02 | 19,883.26 | 18,762.72 | 18,385.01 | 17,486.02 |

Noted: Presentation has been adjusted to reflect influence of distribution of bonus shares in 2018

| Cash Flow | | | | | | Ratios | | | | | |
|---|-------------------|-------------------|-----------------|-----------------|-------------------|------------------------------------|---------|-------------|----------|----------|----------|
| IDR Billion | FY16 | FY17 | FY18 | FY19 | 9M20 | Ratio | FY16 | FY17 | FY18 | FY19 | 9M20 |
| Net before chg. in op. assets & liabilities | (658.01) | 241.79 | 684.24 | 460.88 | 822.04 | Growth Year on Year | | | | | |
| Net in operating assets & liabilities | (360.22) | (1,981.31) | (594.43) | (854.85) | 563.04 | Revenue Growth (%) | 17.08% | 4.32% | 11.55% | 2.83% | (13.25%) |
| OCF | (1,018.23) | (1,739.52) | 89.81 | (393.97) | 1,385.08 | Net Income Growth (%) | (1.58%) | (1,794.22%) | 120.86% | (63.29%) | (72.40%) |
| Dividends Received | 2.05 | 1.06 | 0.48 | 0.32 | 0.03 | Loan Growth (%) | 32.86% | 6.74% | (24.44%) | (15.89%) | 342.89% |
| Net Change in Fixed Assets | (57.79) | (53.44) | (39.38) | (28.56) | 5.17 | Deposits Growth (%) | 5.73% | (11.78%) | (6.12%) | (1.46%) | (5.74%) |
| Others | (1,118.44) | 290.60 | 533.78 | (58.63) | 306.64 | EPS Growth (%) | 10.75% | (563.56%) | 135.81% | (61.34%) | (72.79%) |
| ICF | (1,174.18) | 238.22 | 494.88 | (86.87) | 331.83 | BVS Growth (%) | 8.68% | (7.18%) | 2.30% | (3.16%) | (11.01%) |
| Borrowings Net | 697.22 | 395.92 | (178.25) | 33.89 | (705.07) | Profit Margin | | | | | |
| Interest Payment | (169.60) | (359.42) | (314.25) | (289.16) | (326.13) | OPM (%) | 46.06% | 41.17% | 46.21% | 45.87% | 34.46% |
| Others | 1,227.67 | - | 52.36 | 0.89 | | Pretax Margin (%) | (2.53%) | (41.10%) | 6.78% | 3.01% | 0.14% |
| FCF | 1,755.29 | 36.50 | (440.14) | (254.38) | (1,031.20) | NPM (%) | (1.70%) | (30.91%) | 5.78% | 2.06% | 0.95% |
| Net Cash Increase (Decrease) | (437.13) | (1,464.81) | 144.55 | (735.22) | 665.71 | Other Ratio | | | | | |
| Net in foreign exchange different | - | - | 0.49 | (13.08) | (10.15) | Total Liabilities/Equity (x) | 2.47 | 2.53 | 2.26 | 2.32 | 2.43 |
| CF Beginning Balance | 3,682.61 | 3,245.48 | 1,780.67 | 1,925.70 | 1,177.39 | Total Liabilities/Total Assets (x) | 0.71 | 0.72 | 0.69 | 0.70 | 0.71 |
| CF Ending Balance | 3,245.48 | 1,780.67 | 1,925.70 | 1,177.40 | 1,832.96 | ROA (%) | (0.18%) | (3.71%) | 0.82% | 0.31% | 0.10% |
| | | | | | | ROE (%) | (0.61%) | (13.11%) | 2.68% | 1.02% | 0.33% |

Sources: Bloomberg, MNCS

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MNC Research Investment Ratings Guidance

BUY : Share price may exceed 10% over the next 12 months

HOLD : Share price may fall within the range of +/- 10% of the next 12 months

SELL : Share price may fall by more than 10% over the next 12 months

Not Rated : Stock is not within regular research coverage

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