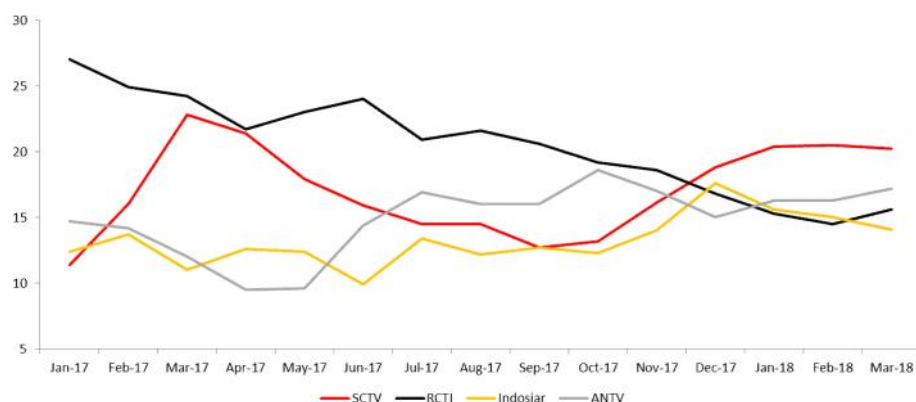


FY17 Conference Call. From the conference call, we see that the management is more optimistic in their performance this year. SCTV's audience share rating on prime time has been on uptrend since November 2017, increasing from 13.2% in October 2017 to 20.2% in March 2018. However, 4Q17 revenue had not reflected higher share rating as it was seen starting on the last week of November 2017. The impact, however, should be fully reflected on 1Q18 where the company expects a double digit growth of 12-15% in revenue supported by higher rate card, advertisement spending and audience share rating. Worth to note, the company mention a probability of a higher actual result than estimates. The company also mentioned that out of top 23 advertisers, only 4 companies has a lower advertising expense in 1Q18, while the remaining shows a strong growth in their spending. Going forward, management is still optimistic to maintain double digit growth for the remaining quarters, where the management is guiding a 10% increase in 2Q18 and 15% increase in 3Q18 coming from Asian Games in August. Meanwhile, on the cost side, the company expect margin to slightly decline due to higher programming cost as well as higher opex contributed from an increase in salary expense. Furthermore, amortization cost of IDR 42 bn related to sinemart acquisition in 4Q17 will reoccur in every last quarter of the year. Currently, we are reviewing our estimate and target price. However, given the optimism from the management, we expect a strong recovery for SCMA this year. Referring back to our previous report, we also have mentioned our optimism on media sector this year supported by several big event such as World Cup, Asian Games as well as regional and presidential election campaign this year.

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Audience share rating (prime time)


Source: Company data, Sinarmas Investment Research

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