



PT MNC Vision Networks Tbk (“IPTV”) BUSINESS UPDATE

Jakarta, Indonesia – 30 November 2020

Summary of Q3-2020 & 9M-2020 Results:

PT MNC Vision Networks Tbk (“IPTV” or “the Company”) recorded a net income increase of 51% YoY in 9M-2020, securing Rp236.1 billion in net profit compared to Rp156.8 billion in the previous year. Net profit margin also expanded to 9% as opposed to 6% in the same prior-year period.

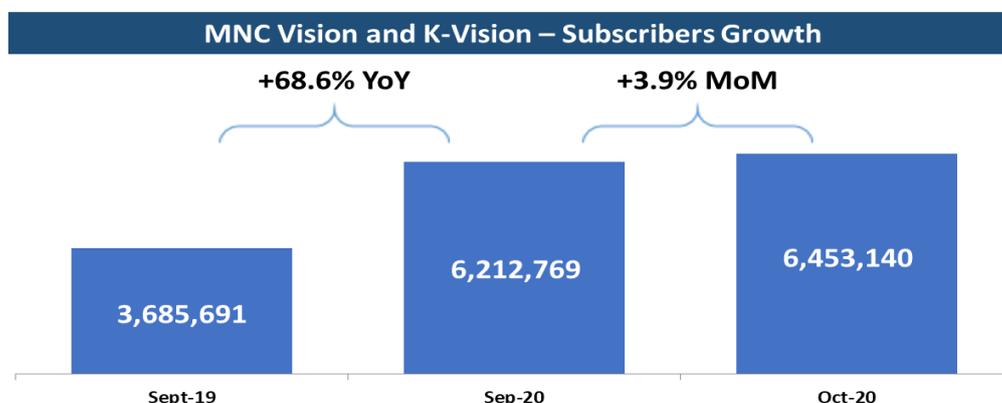
Consolidated Revenue

IPTV booked a consolidated revenue of Rp2,686 billion in 9M-2020, an increase of 6% YoY from the previous year at Rp2,527 billion. While in Q3-2020, revenue declined slightly by 3% YoY to Rp952.6 billion from Rp977.8 billion in the same period last year.

Satellite Services Revenue

Satellite services revenue, which consists of the Company’s two DTH units, MNC Vision (post-paid) and K-Vision (pre-paid), went up by 5% YoY in 9M-2020 to Rp1,829 billion compared to Rp1,749 billion in 9M-2019. The increase in satellite services revenue was caused by strong subscribers’ acquisition throughout the year by K-Vision, where it reached its peak in the month of July, where there was 382,000 new subscribers acquisition.

Meanwhile, satellite services revenue in Q3-2020 was down by 8%YoY to Rp585.7 billion from Rp634.6 billion in the same prior-year period. This is mainly attributed by various promotion handed to subscribers of MNC Vision during the pandemic in the quarter.



Digital, IPTV, and Broadband Services Revenue

The Company's digital, IPTV, and broadband services revenue grew significantly to Rp766.2 billion in 9M-2020 from Rp669.1 billion previously, this represents 15% YoY growth. Furthermore, in Q3-2020, digital, IPTV, and broadband services revenue was up by 11% YoY to Rp336 billion from Rp301.6 in the same period last year.

To date, MNC Play (IPTV and Broadband) and Vision+ (OTT Video Service) have performed exceptionally well. MNC Play is the third largest broadband and IPTV operator in Indonesia with more than 300,000 subscribers & 1.5 million homepass, and recently launched Playbox in mid-year to expedite video service subscribers' penetration, which allows it to operate on any broadband network.



Vision+ has grown to be the biggest video OTT operator in Indonesia, with 1.5 million paid subscribers and its monthly active users (MAU) reached 33.1 million in Q3-2020. It provides premium TV Channel (up to 120 channels) and Video on Demand content (more than 10,000 hours) from various genres, including access to Vision+ original productions.



There is a potential Special Purpose Acquisition Company (SPAC) transaction involving MNC Play, Playbox and Vision+ in the near future with a valuation of around \$400 million. A SPAC is a company that initially has no commercial operations and is formed solely to raise capital through an initial public offering (IPO) and typically has a certain period to make an acquisition. Provided that the deal goes through, the two units will serve as the two main operating entity under the SPAC listed on NASDAQ.

Direct Cost

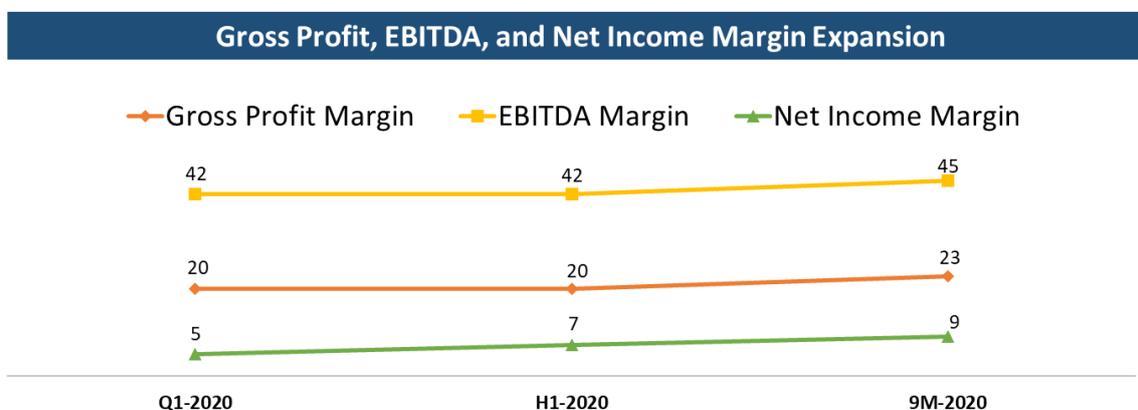
IPTV direct cost in Q3-2020 decreased by 1% YoY to Rp423.3 billion from Rp427.2 billion in the same period last year. While in 9M-2020, direct cost increased slightly by 4% YoY from Rp1,268 billion to Rp1,316 billion. The Company has started to produce exclusive original content for Vision+ in mid-year to ramp up its VOD content offering. By consistently providing subscribers with fresh local originals on a timely basis would give Vision+ the edge to further capitalize on its strength, hence causing the modest increase in direct cost.

Gross Profit

In 9M-2020, gross profit increased significantly by 34% YoY to Rp621.8 billion from Rp464.8 billion in the same period last year. Gross profit margin also expanded to 23% in 9M-2020 from 18% last year.

EBITDA

EBITDA for Q3-2020 was up by only 1% YoY to Rp482.3 billion from Rp479.8 billion in the same prior-year period. However, in 9M-2020, EBITDA grew substantially by 10% YoY from Rp1,097 billion to Rp1,203 billion, with EBITDA margin of 45% from previously 43% in 9M-2019.



Business Update

- Liabilities in 9M-2020 has decreased significantly by 27% YoY to Rp3,401 billion from Rp4,634 billion in 9M-2019. The Company intends to further decrease its liabilities in Q4-2020 and beyond. Moving forward, further margin expansion will take place from hereon.
- Subscribers' acquisition for K-Vision has grown rapidly on a month on month basis since it was acquired back in August last year. Currently, the pre-paid DTH unit has amassed more than 4.4 million subscribers as of October 2020. A number of upselling strategies have been planned for K-Vision to obtain recurring revenue through top-up voucher sales. Various initiatives such as QR link transaction (on screen transaction) and dedicated K-Vision self-care page on Vision+ to perform content package upgrade will soon be introduced to K-Vision's subscribers. Top-up voucher sales target once the 2 features have commenced is Rp50 billion per month from Rp15 billion level in the past 6 months.
- In line with the Company's strategy to reduce capital expenditure requirements, MNC Play will continue to lease excess capacity from third party neutral network providers, such as ICON+ and Fibrestar, as a way to expand its subscribers' penetration moving forward. Furthermore, MNC Play is expected to enter into exclusive talks to monetize its homepass and start a sale and lease back model.
- As previously disclosed, In May 2020, MVN has completed its first LCO acquisition located in Kepulauan Riau. There are 2 more potential LCO acquisitions in the pipeline to further expand IPTV reach in tier 2 and tier 3 cities. The Company is expecting the deal to be concluded in Q4-2020 or Q1-2021.
- The online video landscape in Indonesia has come to a time where subscribers acquisition is heating up. By consistently providing subscribers with fresh local originals on a timely basis would give Vision+ the edge to further capitalize on its local content strength. The Company started to produce 10 – 20 hours of exclusive local original content per month, and net addition to subscribers' have shown encouraging attainment.
- The Company's content arms, MNC Channels, has also performed well in October 2020, the 13 pay-channels (excl FTA) have collectively recorded an audience share of 26.1%. These suited local pay channels, which are produced by the Company are exclusive for MNC Vision, K-Vision, LCO, MNC Play, Playbox and Vision+ subscribers, being one of the reasons that attracts audience to subscribe into the Company's video service platforms.

MNC Channels Performance – October 2020

Rank	Channel	Share	Rank	Channel	Share	Rank	Channel	Share
1	S-ONE	7,80	21	MUSIC TV	1,86	41	AXN	0,64
2	KIDS TV	5,86	22	BABY TV	1,86	42	BEIN SPORTS 1	0,60
3	TOONAM	5,45	23	INFOTAINMENT	1,75	43	THRILL	0,57
4	NICK JUNIOR	5,40	24	NATIONAL GEOGRAPHIC CHANNEL	1,72	44	ANIMAL PLANET	0,56
5	CNN INDONESIA	4,91	25	FOX SPORTS 2	1,69	45	NGC PEOPLE	0,50
6	CARTOON NETWORK	4,00	26	MUSLIM TV	1,68	46	MNC SHOP TRENDY	0,44
7	FOX MOVIES	3,93	27	FOX CHANNEL	1,62	47	ASIAN FOOD NETWORK	0,37
8	VISION PRIME	3,86	28	HBO FAMILY	1,48	48	CNN INTERNATIONAL	0,30
9	MNC NEWS	3,43	29	FOX CRIME	1,37	49	SOCCER CHANNEL	0,29
10	CINEMAX	2,72	30	ZEE BIOSKOP	1,22	50	ANIMAX	0,25
11	HBO	2,68	31	LIFE CHANNEL	1,10	51	BESMART	0,18
12	FOX ACTION MOVIES	2,59	32	LIFESTYLE AND FASHION	0,87	52	CHANNEL V	0,11
13	NICKELODEON	2,55	33	DISCOVERY CHANNEL	0,86	53	TRAVEL LIVING CHANNEL	0,09
14	NGC WILD	2,39	34	MNC SPORTS	0,85	54	IDX CHANNEL	0,08
15	ENTERTAINMENT	2,32	35	CELESTIAL MOVIES	0,81	55	CNBC ASIA	0,03
16	BERITA SATU	2,27	36	FOX LIFE	0,78	56	AMC	0,00
17	FOX SPORTS	2,21	37	CCM	0,74	57	GEM	0,00
18	DISNEY CHANNEL	2,12	38	FOX FAMILY MOVIES	0,73	58	DIVA	0,00
19	OK TV	2,08	39	DISNEY JUNIOR	0,72	59	DMAX	0,00
20	HBO HITS	2,06	40	HBO SIGNATURE	0,64	60	E! ENTERTAINMENT	0,00

Comments from Ade Tjendra, President Director of IPTV:

“We are happy to record another strong results in 9M-2020. We are fortunate that there was a rise in demand for quality video entertainment as there are more people who are spending their time at home. Our strategy moving forward is to solidify the Company’s brand in every city (all tiers) all over Indonesia, and further competing in the video OTT market by aggressively producing exclusive original content for Vision+.”

Table 1. Summary of Key Financial Performances 9M-2020

Income Statements In IDR mio	9M-2020	9M-2019	Variance	Q3-2020	Q3-2019	Variance
			%			%
Revenues	2.686.226	2.527.444	6%	952.630	977.775	-3%
Satellite Services	1.829.347	1.749.049	5%	585.719	634.565	-8%
Digital, IPTV and Broadband Services	766.204	669.140	15%	336.008	301.570	11%
Others	90.675	109.255	-17%	30.903	41.640	-26%
Direct Cost*)	1.316.030	1.267.640	4%	423.266	427.218	-1%
Depr & amort in Direct Cost	748.410	794.991	-6%	248.398	256.756	-3%
Gross Profit	621.786	464.813	34%	280.966	293.801	-4%
<i>Gross profit margin</i>	<i>23%</i>	<i>18%</i>		<i>29%</i>	<i>30%</i>	
General & Administrative expense*)	167.665	162.446	3%	47.057	70.717	-33%
Depr & amort in Gen&Admin	12.301	9.272	33%	(16.842)	196	-8693%
EBITDA	1.202.531	1.097.358	10%	482.307	479.840	1%
<i>EBITDA Margin</i>	<i>45%</i>	<i>43%</i>		<i>51%</i>	<i>49%</i>	
Net Income (Loss)	236.108	156.766	51%	110.316	133.863	-18%
<i>Net income margin</i>	<i>9%</i>	<i>6%</i>		<i>12%</i>	<i>14%</i>	

*): excluding depreciation and amortization

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