



Evolve
Capital Partners

PT M Cash

November 2017

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

PT M Cash IPO – Executive Summary

Initial Public Offering Overview



IDX: MCAS



Description

PT M Cash Integrasi Tbk is engaged in the distribution of digital and e-commerce products. The company manufactures kiosks, which are used for issuing various types of physical cards, including mobile SIM and e-money. Kiosks are also used for top up telephone pulses and regular bill payments, enabling both consumers and corporations to switch to a digital form of transaction. PT M Cash Integrasi Tbk was founded in 2010 and is headquartered in Jakarta, Indonesia.



Use of Proceeds

The company plans to use 60% of the proceeds as working capital. 30% of the proceeds will be used to purchase machines, software, and IT infrastructure, while the remaining 10% will be used for human resources.

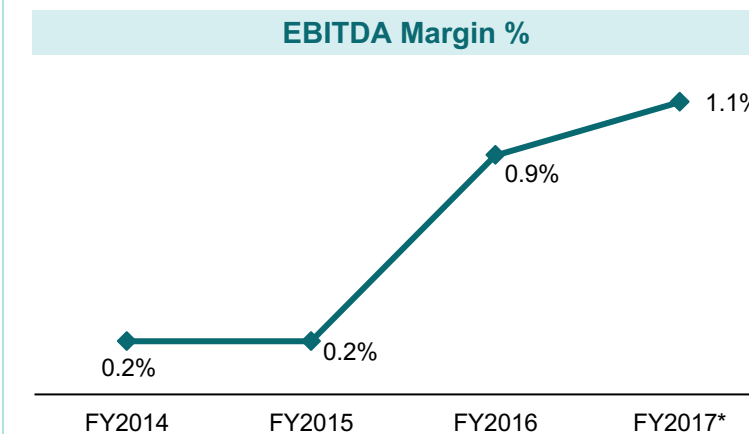
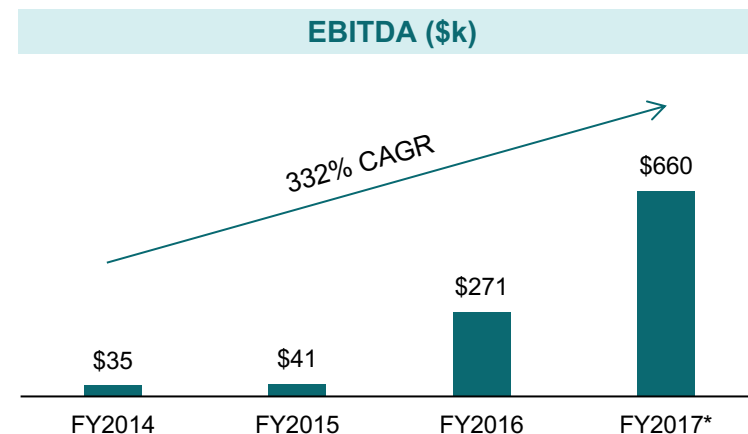
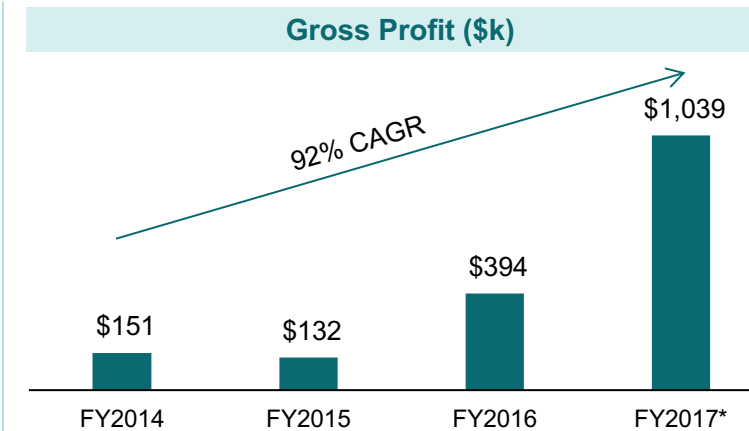
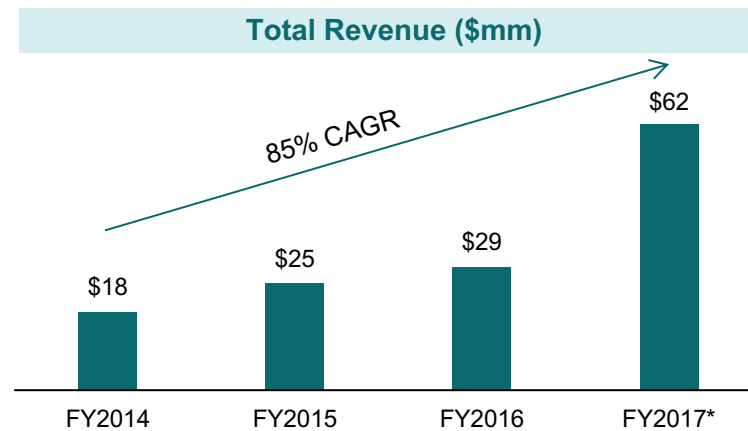
Source(s): Company website, Capital IQ, Company Prospectus

Headquarters	Jakarta, Indonesia
Founded	2010
Employees	42
Listing Date	11/1/2017
Lead Underwriter	
Issue Price	\$0.10 (filing range of \$0.10 to \$0.11)
Shares Offered	216,983,300
Gross Proceeds	\$22 million

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Key Metrics – IPO

Shares Offered at the time of IPO	216,983,300
Issue Price	\$0.10
Total Shares Outstanding after IPO	867,933,000
Market Value at Issue Price**	\$86.8 million
Enterprise Value at Issue Price#	\$87.2 million
EV / 2017* Revenue	2.4x
Listing Date	11/1/2017
Market Closing Price	\$0.14



Source(s): Capital IQ, Company Prospectus, Company website

* Last Twelve Months as of 9/30/2017

** Market value has been calculated by multiplying Total Shares Outstanding with the Issued Price

Enterprise Value has been calculated by adding Net Debt as on 9/30/2017 to Market Value at Issue Price.





PT M Cash IPO – Executive Summary

Company Overview

PT M Cash is a provider of innovative digital self-service kiosks and IT solution services offering diverse digital products.

- PT M Cash has two product lines - Kiosks and Digital & Physical Products. Users can purchase digital and physical products, such as starter packs or SIM card phone service, through the company's kiosks.
- The company operates through two channels - Modern channel and Traditional Channel. Modern channels includes supermarkets, convenience stores and commercial establishments. Traditional channels include small shops and restaurants.
- PT M Cash operates an O2O (Online to Offline) platform and has four revenue arrangements:
 - **Full investment:** The costs of kiosk provision are fully borne by PT M Cash and revenue is fully absorbed by the company
 - **Franchise:** The partner leases the kiosk from PT M Cash and the revenue is shared between PT M Cash and the partner.
 - **Revenue sharing:** The costs of the kiosk provision and the revenue generated by the kiosk is shared between PT M Cash and the partner.
 - **Rental:** The partner hires the kiosks from PT M Cash and revenue is shared between PT M Cash and the partner.

Key Statistics

 Kiosks	Operates 210 kiosks spread across several cities in Indonesia.
 Revenue	\$62 million in the last twelve months (as of 9/30/17).
 Partnerships	Delivered contractual commitments for prominent business partners for kiosks, which is equivalent to 1,426 stores business partners in approximately 7 months (as of July 31, 2017).
 Revenue Growth	Revenue has grown at a CAGR of 92% from 2014 to 2017.

Source(s): Company website, Company Prospectus

PT M Cash IPO – Executive Summary

Revenue Arrangements



Full Investment

- In this arrangement, the kiosk provision is fully covered by PT M Cash.
- The cost of both leasing a location and the kiosk placement is fully borne by PT M Cash. The revenue generated from the kiosks is fully received by the company.
- This arrangement enables PT M Cash to increase the revenue due to the absorption of 100% of the kiosk revenue.



Franchise

- In this model, the cost of kiosk device procurement and the rental fees for the kiosk is borne by the partner. The kiosk kits are owned by the partner.
- The revenue generated by the kiosks is shared between PT M Cash and the partner.
- The advantage of this arrangement is that PT M Cash receives additional revenue in the form of rental income from the kiosks along with the franchise fees.



Revenue Sharing

- This arrangement uses a cost sharing scenario.
- Provision of kiosk kits is covered entirely by PT M Cash but the cost of leasing a location is borne by the provider of the premises, i.e. modern channel partner or traditional channel partner. The revenue generated by the kiosks is shared between PT M Cash and the partner.
- The advantage of this arrangement is that the kiosk remains as a fixed asset of PT M Cash and the company does not have to bear the cost of renting the kiosk placement.



Rental

- In this model, the procurement costs of the kiosk are fully borne by PT M Cash. The partner hires the kiosk from PT M Cash and then places the kiosk on their premises.
- The revenue generated by this kiosk is shared between PT M Cash and the partner renting the kiosk.
- The advantage of this arrangement is that the kiosk remains as a fixed asset of PT M Cash and the company also receives additional revenue in the form of rental income from the kiosks.

Source(s): Company website, Company Prospectus

PT M Cash IPO – Executive Summary

Products



Kiosks

Kiosks are used by PT M Cash to distribute digital and physical products through the O2O (Online to Offline) platform. The company uses kiosks as a one-stop solution to facilitate consumer purchases. The company has three types of kiosks which are used to distribute the products:

- **MCash** - Corporate kiosk tool, MCash, is used to target traditional channel players so, with a relatively small tool, the company can distribute digital products.
- **MCard** - Company kiosk device, MCard, is used to target modern channel players so, with a relatively large tool, the company can distribute digital products. MCard can also distribute physical products such as SIM cards and electronic money cards.
- **MBill** - MBill Kiosk Device is used to target large modern channel players due to the dimensions of the MBill device requiring more physical space for placement.. MBill can accommodate functions of MCash and MCard machines. Additionally, bill acceptor is presented to facilitate mobility for consumers. Bill acceptor can receive physical sheet money from consumers when they make a purchase from a kiosk.








Digital Products and Physical Products

The company distributes digital products and physical products through kiosks. The products include - telco SIM cards, gift cards, e-money, telco electronic vouchers, concert and transportation tickets, biller & payment points, games vouchers, etc.

Source(s): Company website, Company Prospectus

PT M Cash IPO – Executive Summary

Growth Strategy

	Online Channel Strategy	Development of an online marketing channel via the "MCash" mobile app and chatbots on the messaging platform LINE and Telegram.
	Offline Channel Strategy	Development of offline distribution channels by focusing physical point of sales (POS). Plans to set up 10,000 kiosk units by 2020.
	Partnership Strategy	Strategic partnerships with major players in various industries such as finance, retail, telecommunications and technology to accelerate market control.
	Innovation Strategy	Digital kiosk machine with new features as well as various types of self-service technologies. Development of digital products related to digital lifestyle and IoT (Internet of Things).
	Inorganic Strategy	Acquired 51% of the shares of PT Telefast in April 2017 to strengthen its position in the pulse distribution market.

Source(s): Company website, Company Prospectus

PT M Cash IPO – Executive Summary

Market Opportunity

Growth Drivers

Evolution of digital lifestyle

The number of digital devices used by internet users in Indonesia reached **371.4 million**. According to Boston Consulting Group, consumer e-commerce spending in Indonesia will continue to grow with the number of people transacting through e-commerce platforms reaching 141 million by 2020.

Proliferation of online businesses and digital products in Indonesia

According to McKinsey, revenue of e-commerce in Indonesia amounted to **\$6 billion in 2016** and 78% of the country's Internet users made online purchases during the year. McKinsey predicts that digital technologies can achieve a total impact of approximately \$150 billion by 2025.

Digital kiosk relevance

Digital kiosk business is expected to grow rapidly in the future and support the self-service technology market. According to BCC Research, the self-service technology market (i.e. ATMs, kiosks, vending machines) is projected to reach **\$83.5 billion in 2021**.

3.2 billion	According to the UN, 3.2 billion of the world's population, or about 43.4% of the world's total population is projected to have internet access in 2020.
75%	According to McKinsey (2016), nearly 75% of online spending was made through mobile devices , making Indonesia a mobile-first nation in the world
53%	McKinsey predicts, by 2020, the estimated number of internet users in Indonesia will increase to 50 million people, with the internet penetration rate reaching 53% .
43,200	According to a survey conducted by Euromonitor, the number of modern retail grocery outlets is expected to reach 43,200 by 2020 in Indonesia.

Source(s): Company website, Company Prospectus

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