

Overweight

Telecommunications

Telco sector deserves more faith

Telco Challenges – New devices are coming to town – IoT will very soon be here

Riding on Moore's law, chip performance would double every 18 months owed to evolution of technology with equipment makers eyeing 5G and Internet of Things (IoT). Being a telco is a blessing in disguise as new devices should mean more growth. Data adoption and GB consumption offers the logical pathway for telcos to becoming a digital telco subject to many factors including improvements in the telco sector. Ideally in any market it should have 3 players with 3rd one struggling on capital returns. Telkom seems to be a clear leader due to its financial prowess and nationwide network coverage but still with a lot to accomplish to becoming a digital telco. In Indo space we think there is a lot of competition between telcos for 2nd and 3rd place.

Booming online and sharing economy – Telcos barely touching any of that

A great deal of data monetization is leaking away to digital services and disruption from digital platforms. Telcos are lacking the expertise and financial capacity to monetize data, giving way to emergence of digital startups. The digital startups such as Go-Jek and Grab gather strength from their digital breadth, and leveraging on telcos network and existing assets. Telcos ought to at least leverage their inherent qualities and get some additional valuation they deserve from the digital evolution. But there are still more digital opportunities for telcos and new Go-Jeks waiting to be born. IoT promises many devices to come, about 6 devices per person with Samsung devices to be IoT ready by 2020. Indonesia's telcos are lagging in terms of valuations compared to regional peers. IDX market does not have much representation from companies in the online space and we believe Telcos can work as a potential proxy for the digital space in IDX.

Telcos can build their own identity, improve financial health and avoid price war

We have seen telcos being very cost-focused, keen to cut down costs to offer low data prices. That is one way to build a unique identity. Unfortunately majority of Indonesian telcos is following this approach due to lack of resources, with exception of Telkom and Link Net from the telco space. Telco consolidation would help a lot at this point with synergies in network efficiencies and tower lease payments. Sim re-registration and new spectrum for ISAT and Hutch 3 can be positive or negative catalysts depending on how we see it. Sim-card re-registration is an opportunity to secure and book more subs for telcos. The new spectrum for ISAT and Hutch will provide the momentum on their network and attack the market prolonging intensity in 1H18. But we are positive on sim registration process too as it offers another pathway to consolidation. We are also positive on the sector due to operators continued efficiencies which can come from new spectrum and good margins. We also see pathway for data prices getting more inelastic in the near term.

Remain overweight on Indo telco - valuations encapsulate only part of the story

We think telco valuations, do not incorporate any digital upside. Even from that perspective telcos are still managing mid-single digit revenue growth despite the current migration to data from voice+SMS. On top of that Indo telcos have made efficiency gains, and telcos and guiding for more upside in the near term maintaining EBITDA performance compared to regional peers. In terms of EV/EBITDA valuation Indo telcos seem to trade on discount to regional peers. We are still positive even at this juncture on the sector with TLKM as top pick. TLKM is ahead from local peers in terms of scale and digital transformation. The second pick is Link for its well managed model, execution and growth upside followed by EXCL for gradually becoming the 2nd best network in Indonesia.

Exhibit 1: Telco Sector Valuations and key metrics

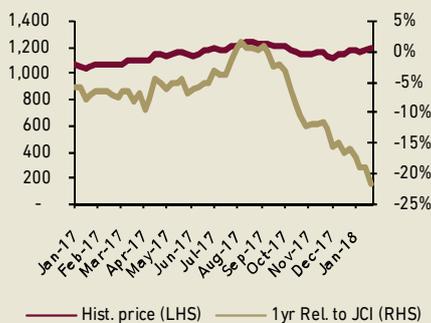
Ticker	Rating	Mkt Cap (Rp tn)	Last Price (Rp)	TP (Rp)	Upside pot. (%)	EV/EBITDA (x)		EPS gr (%)		PER (x)		ROE (%)		Yield (%)	
						17F	18F	17F	18F	17F	18F	17F	18F	17F	18F
TLKM	Buy	399.2	3,960	5,300	34	6.4	6.0	19.9	6.2	17.2	16.2	25	24	3.5	3.8
EXCL	Buy	32.3	3,020	3,800	26	5.5	5.0	-4.8	60.9	90.3	56.1	2	3	0.0	0.0
ISAT	Buy	31.2	5,750	7,850	37	3.7	3.5	38.7	26.1	20.4	16.2	11	12	1.5	2.2
LINK	Buy	17.2	5,650	6,300	12	8.4	7.4	16.7	12.0	18.0	16.1	20	20	0.8	1.7
TBIG	Hold	28.2	6,225	6,500	4	14.4	12.8	-16.6	43.6	26.2	18.3	55	52	2.4	1.9
TOWR	Buy	40.0	3,920	4,400	12	10.2	9.4	-17.5	10.2	15.9	14.5	20	19	1.8	1.9
Sector	OW	548.1			21	8.1	7.4	6.1	26.5	31.3	22.9	22	22	1.6	1.9

Source :Bloomberg, Ciptadana Sekuritas

Sector Telecommunication
Bloomberg Ticker JAKINFR

Share Price Performance

Last price	1,162.5		
52w High/Low price	1,254.9/1,047.9		
Mkt. Cap (Rpbn/USDmn)	801,766/59,896		
	3m	6m	12m
Absolute (%)	2.0	-3.8	-1.8
Relative to JCI (%)	8.0	-16.9	-5.7



Niko Margaronis

+62 21 2557 4800 ext. 734
margaronisniko@ciptadana.com

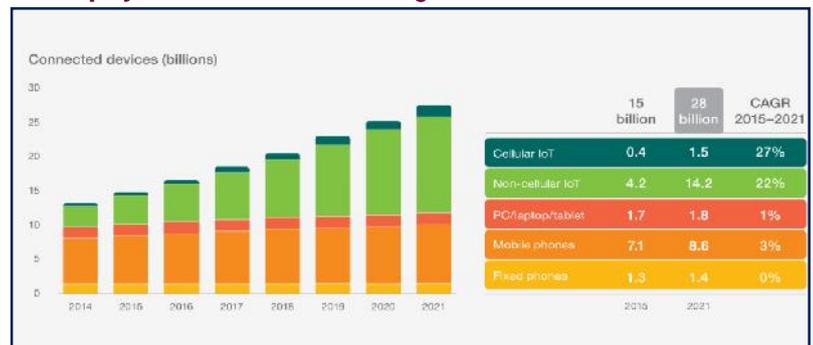
<http://www.ciptadana.com>

Telco Sector review

New devices are coming to town

There is pressure from equipment makers to adopt even faster technologies. IoT promises many devices to come, about 6 devices per person. All Samsung devices will be IoT ready by 2020. Samsung is completing several devices such as televisions, fridges, laptops, wearables, and smart board devices that can be interconnected with each other. Some of these devices will be ready to enter the global market by 2018. Ericsson suggests by 2022 Indonesia will be 5G ready and mature enough for IoT. We believe IoT will have immense applicability on many industries too. Secular decline in telco (ARPU) and smartphone market only expected to grow by 5% in the coming years, Softbank's Son stressed the need for mobile operators to invest in new technology. Satya Nadella CEO of Microsoft says developers will center focus on developing software applications for Internet of Things and Artificial Intelligence AI.

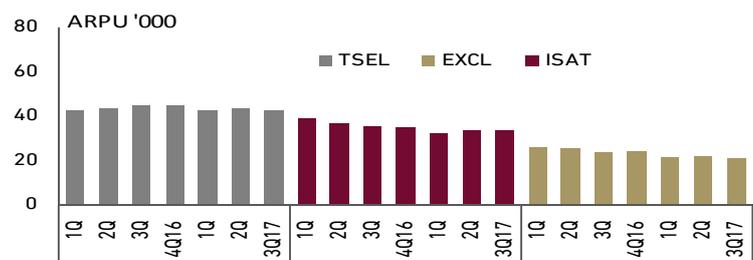
Exhibit 2: New devices projections – IoT to drive their growth



Source : Ericsson

Consequently, telcos have only data adoption and GB consumption to be the logical and viable pathway towards a digital model. But the indo telco industry is not yet structured for growth. It is hampered by tight competition and perennial low willingness to pay consequently driving ARPU lower.

Exhibit 3: Big3 blended ARPU trends



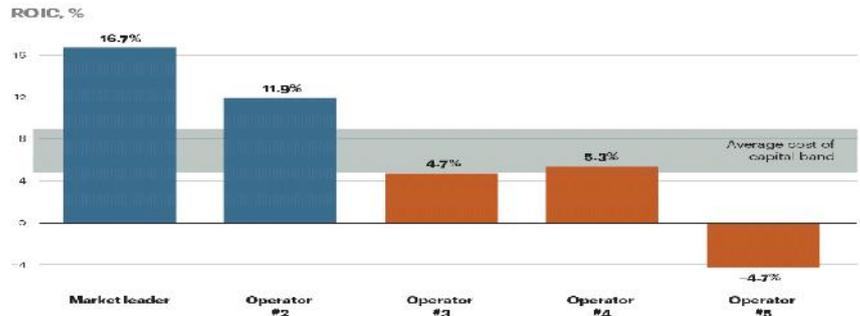
Source : Telco disclosures

Ideally the market should have 3 players with 3rd one struggling on capital returns

According to AT Kearney report sponsored by Axiata group, only two telco operators in a given telco landscape can deliver consistent returns above WACC. In Indo space we think there is a lot of competition for 2nd-4th place in AT Kearney's graph at least for now. EXCL still finds challenging to produce capital returns but we believe they have been well positioning in data market by rolling out aggressively 3G/4G BTS to gain revenue share in Ex-Java and densifying network in more coverage. In every case this strategy should pay-off soon or later for EXCL. ISAT has been operating in lower gear waiting for capex prices to cool down before rolling out capex aggressively. We think Indosat's fairly new "Yellow" data market campaigning should be viewed as a prelude for better data performance being equipped now with new spectrum. We have limited view on Hutch 3 and Smartfren, but Hutch 3 has rather large subscriber base to cater so far, which with the new 5Mhz spectrum can accommodate better. Smartfren has a lot of spectrum capacity with mere 12mn subscriber base to support but according to press it is ready to launch unlimited type of data packages too.

Exhibit 4: A.T. Kearney analysis – only two players consistently recover WACC and deliver value

Figure 17
Top four operators generate positive returns; top two consistently generate returns over their cost of capital



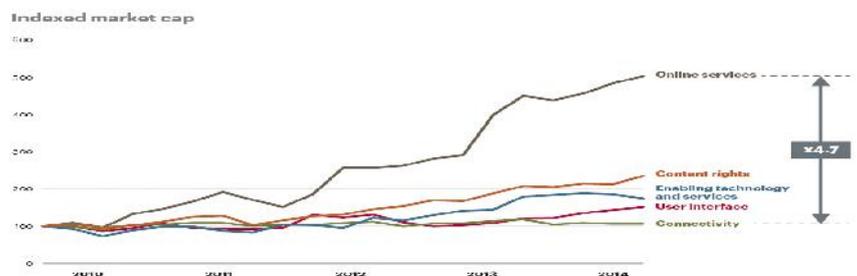
Note: Based on study of 54 operators worldwide; return on invested capital (ROIC) metrics include last three-year average.
Sources: Bloomberg, GSM/Wireless Intelligence, operator websites, A.T. Kearney analysis.

The sharing economy is booming in Indonesia with limited capex requirement

A great deal of data monetization is passed on to digital services providers and disruption from sharing economy platforms such as ride hailing services GO-JEK, Grab. Over-the-top (OTT) players, offer apps and streaming content directly to consumers through the Internet, have increased their dominance, even in core communication services such as messaging and voice like WhatsApp, Line. We choose as the one of most success stories in Indonesia's digital scene which is GO-JEK. GO-JEK valuation was reported USD1.0 bn in August 2016 and in May 2017 Chinese internet giant Tencent led investment of USD1.2 bn in GO-JEK on post money valuation of USD3-4.0 bn. In previous week, Temasek and Meituan-Dianping are reported to lead another round of investment of USD1.2 bn on the back of projected increase in its market size, and derive valuation north of USD4 bn closing the gap vs. Grab operating in 8 countries and alleged to be valued ~USD6 bn. Both GO-JEK and Grab intrinsically rely on connecting workers and/or sellers with consumers offering them a platform to communicate and transact. This is very intuitive given the fact because GO-JEK relies on the individual workers and sellers to get the assets. In the case of ride-hailing, motorcyclists and cab-drivers use their own assets for GO-JEK to derive value. Thus GO-JEK utilizes existing capacity without incurring incremental capex.

Exhibit 5: A.T. Kearney – online services get the lion's share in valuation during digital disruption

Figure 3
In the past five years, online services have created close to five times the value of connectivity

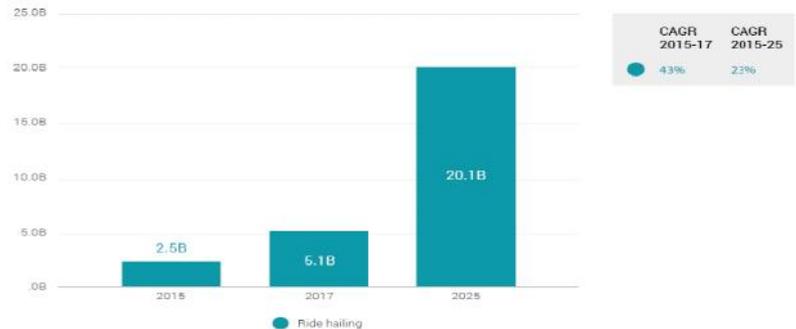


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User interface: Microsoft, Lenovo, Apple, and Acer.
Source: A.T. Kearney analysis.

Indonesia's telcos are lagging in terms of valuations compared to regional peers. IDX market does not have much representation from companies in the online space. We believe Telcos can and should work as a proxy for the digital revolution in the IDX market. If the market had been more growth conducive, perhaps we would have seen the prospects in the market for digital and apportion a share of that to the telcos by recognizing the inherent qualities they have.

Exhibit 6: Google, Temasek – ride hailing abundant valuations based on 43% and 23% CAGR 2015-17, and 2015-25 respectively

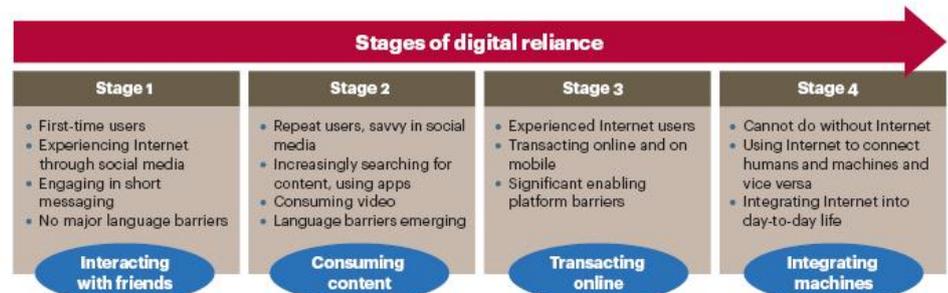
Exhibit 5: SEA ride hailing market size (\$B)



Being a telco is a blessing in disguise

Operators provide a critical function that goes to the heart of digital solutions; it's the communication network, and the direct access to the customers. Telcos can provide branded content, financial services, lifestyle, e-commerce services and fintech over as an additional business over its existing network. EXCL and ISAT have abandoned Elevenia and Cipika e-commerce sites, and have less focus on e-wallet services, we understand due to lack of resources. But they do maintain personalized services such XL content streaming or myIM3 appstore with prospect to expand again should there be more financial flexibility. However TLKM seems to be renewing its effort on T-Cash payment service with intentions to spin-off its operations, and we still need to hear developments for Blanja.com marketplace. Telkom is readying also to make a greater opening to e-wallet services via acquisition of Cellum through Mitranet.

Exhibit 7: A.T. Kearney – roadmap for digital adoption



Source: A.T. Kearney analysis

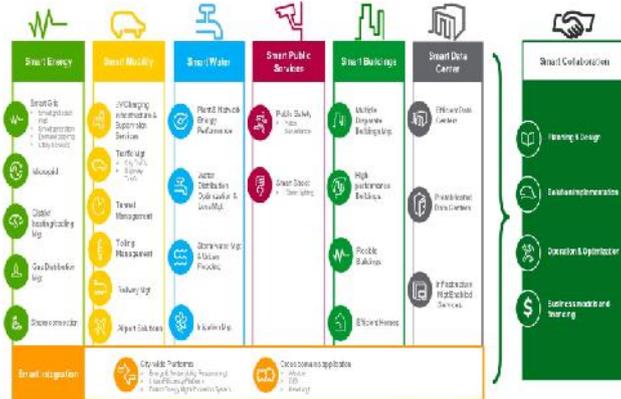
Users very soon will not be able to do without internet

A.T. Kearney presents the roadmap stages towards digital reliance that telcos currently traverse. Based on stage 4, users cannot do without internet. We see similarities with people cannot do without electricity at this day and age, which leads to final point that eventually telcos can command pricing power over their subscribers, due to data necessity. This should mean soon or later data prices should start trending upwards. That is why regardless of how much of that digital pie they get, data connectivity should have upside also by itself.

Telcos still have more opportunities in the digital space

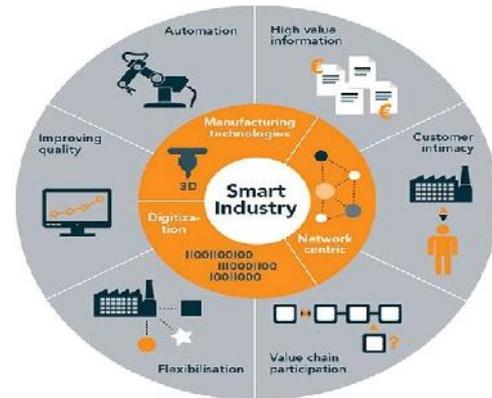
As discussed, Telcos continuously upgrade with fiber and latest G technologies dictated by equipment and network vendors. On that basis more sophisticated digital platforms and applications come to fore such as machine-to-machine (M2M) communications, telematics systems, payment services and support the Internet of Things (IoT). IoT has numerous applications for the consumer and the industry. The customer base for these services is wide and potentially lucrative: utilities, industrial supply chains, smart cities and smart homes, among many others.

Exhibit 8: Smart City framework based on IoT



Source : Schneider-Electric

Exhibit 9: Industrial IoT



Source :Smart Industry

According to CFO of German integrated telco Deutsche Telekom (DT), there are new services and revenue models providing dedicated software platforms from auto to healthcare to benefit from revenue sharing agreements. The Telco will get a cut from the sales. DT will not be selling data packages alone but will be participating in the solution space as well. DT sees the average person owning six services hooked to the internet by 2020. It sees millions of sim cards making into the cars, factories and machines across Germany.

Telcos can build their own identity expand and avoid price war

We have seen telcos being very cost-focused, keen to cut down costs to be able to offer low data prices. That is one way to build a unique identity and get some sort of differentiation edge. Unfortunately majority of Indonesian telcos is doing this, with exception of Telkom and Link Net.

Telcos aim adding digital elements to their skill-set and earn a reputation based on the brand they building. Telkom has the best track record for network performance and in term setting to becoming a digital hub in ASEAN in the near term with more fiber backbone, integrating Indonesia to international gateways from east and west of Indonesia. Link Net on the other hand has been able to maintain small cost structure with disciplined capex and same time address the market with premium services.

Exhibit 10: Telkom digital hub connecting Europe & US via IGG



Source : Telkom

Exhibit 11: IGG backbone network for Indonesia Archipelago



Source : NEC maker

Build skill via inorganic growth

Acquisitions can fast-forward digital transformation, which is precisely what Telkom is doing at the moment. It has completed 3 acquisitions already in FY17 one of which is TSGN Global Network satellite provider with cross-borders activities based in Malaysia. It has been reported that Telkom is in advance stages for more acquisition targets to help accelerate the process while also looking options for their financing such as Komodo bond.

Contender Telcos need to become financially sustainable and build scale

Contender operators need to take a leap to becoming a digital Telco. As discussed, they need to improve their skill in the digital realm, and foremost need to start overcoming financial challenges by making existing data business a bit more prospective. Finding new markets or gaining market share by expanding to “Ex-Java” is good step to this direction. EXCL and ISAT are doing this to a certain degree, but we are very far from knowing the outcome. Network sharing including spectrum sharing would have helped but this development seems dead in the water now.

Telco consolidation would really help a lot at this point

That is why consolidation comes into the picture and any such scenario would make sense at this point. The obvious synergies would be reduce costs by scrapping network duplication, and reduce lease payments to tower companies in total. Ultimately telco capex would be far more efficient overall. Kekominfo and its minister have been very positive to such development.

Enforcing sim-card re-registration – a potential pathway to consolidation

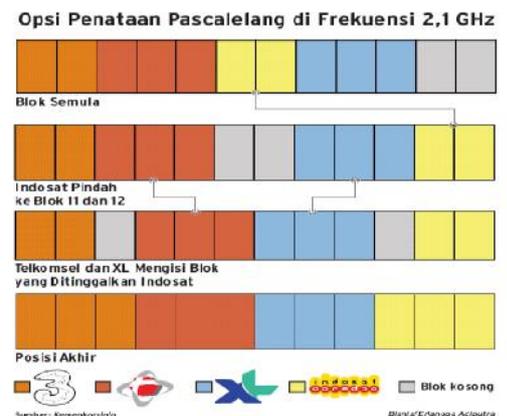
If network consolidation stumbles, data usage consolidation via sim-cards provides another route. Kekominfo enforces subscribers to register their sim numbers and every unique sub should own maximum 3 sim cards. We estimate there are about ~405 subscriptions based on regular disclosures from TLKM (185.9 mn), ISAT (95.8 mn), EXCL (51.9 mn) Hutch 3 (~59 mn) and Smartfren (~12 mn). Until 26th Jan 2018 there are 168mn re-registered subscribers or ~42% of total 9M17 subscriptions. The deadline of re-registration is at end of February. In the months of March and April we understand subscribers can still receive traffic, consume any quota left and keep the revenue flow normal. It is when they run out of quota, we are bit concerned and subscribers have to make conscious decisions which providers they should continue top-up with or postpone to save money and wait.

Kekominfo rationale is ultimately to reduce marketing and churn related costs of Telcos. We see this as an opportunity for Telcos to shift focus towards improvement in satisfaction rather than just incentivizing customers on pricing and quotas. We see this as time to consolidate data usage on 3 sim cards as subscribers have been switching from one operator to another. This should provide Telcos with time to plan thoroughly their network, marketing operations and optimize their offering. Owning 3 sim cards only, could mean ideally having 3-4 telcos operating, each with distinct unique advantages. It should also reduce competition going after each others subscribers in the foreseeable future.

The period after new spectrum re-arrangement

New spectrum in 2100MHz frequency is expected to become fully incorporated into operators network by end of April-18 following the re-arrangement process of spectrum. This is very tricky because the two operators ISAT and Hutch 3 need to justify the cost for spectrum acquisition of Rp423.08 bn on annual basis. ISAT and Hutch 3 may choose predatory pricing approach to increase revenues, or focus on building their digital identity as discussed on the premise of a better network now that they have more spectrum.

Exhibit 12: 2100MHz spectrum frequency re-arrangement process



Source : Bisnis Indonesia

The current data trends seem very potent with operators revealing data traffic growth of at rates of 150% for each of operators and 84% for Indosat. YoY during Christmas and New Year's eve. Current average selling price is Rp1.5 mn for ERAA retailer. Japanese Softbank semiconductor subsidiary ARM will deliver about 1 trillion chips designed for IoT in next 20 years. The influx of new devices due to new technologies should render existing technology cheaper with time.

Effective data prices are too low. But we have a reasoning for that:

Data is the current source of growth, and since internet penetration has not surpass 55% yet, it provides telcos with land grab opportunity on new subscribers. Thus the priority is to grab as many subscribers they can for positioning at almost any cost they can bear to build scale we talked about earlier. This is primarily the reason why data prices and yields continue trending down. When the data connectivity market pie is shared it should reduce market intensity, provide better outlook in data monetization or opportunity to exit from the market. Going back to our previous references and considering the above, we believe intensity will still be prolonged. Sim-card re-registration scheme is an opportunity to secure and book more subs for telcos. The new spectrum for ISAT and Hutch will provide the impetus on their network and go after the market. The "Yellow" and "Unlimited" campaigns from ISAT are designed on these premises offering ample quotas at low nominal prices (at a glance offer Rp1,000/GB) with many add-ons and facilities. EXCL on the other hand, focuses on securing its customer base by rewarding with 30GB of usage for Rp10,000 launched end of January. We observe that a lot of telco packages offer data quota during midnight hours, which we think is a clever way to relieve network congestion during day time, if subscribers are willing.

Exhibit 13: Telkomsel selected monthly data packages

Selected 30-day data programs	Last Price (Rp)	Standard Pack depending on cluster area	Add-on (1)			Add-on (2)
Data 25,000	25,000	360 - 600 MB	-			1 GB Videomax Content
Data 50,000	50,000	1 - 2 GB	1 GB	any network	midnight	3 GB Videomax Content
Data 100,000	100,000	3 - 5 GB	2 GB	4G	midnight	5 GB Videomax Content
Data 150,000	150,000	5 - 7 GB	2 GB	4G	midnight	7 GB Videomax Content
Data 200,000	200,000	7 - 9 GB	2 GB	4G	midnight	7 GB Videomax Content
Data 300,000	300,000	11 - 14 GB	2 GB	4G	midnight	7 GB Videomax Content

Source : Tokopedia, Telkomsel

Exhibit 14 : Indosat selected monthly data packages

Selected 30-day Data Programs	Last Price (Rp)	Standard pack	Add-on (1)	Add-on (2)	Add-on (3)	facility	Legacy
Freedom Combo M 5GB	59,000	2 GB	3 GB 4G	5 GB Quota Malam	2 GB Stream on YouTube, Spotify, iflix, vidio	Data Rollover	Unlimited on-net
Freedom Combo L 12GB	99,000	4 GB	8 GB 4G	10 GB Quota Malam	4 GB Stream on YouTube, Spotify, iflix, vidio	Data Rollover	Unlimited on-net
Freedom Combo XL 20GB	139,000	8 GB	12 GB 4G	15 GB Quota Malam	6 GB Stream on YouTube, Spotify, iflix, vidio	Data Rollover	Unlimited on-net
Freedom Combo XXL 37GB	185,900	12 GB	25 GB 4G	20 GB Quota Malam	8 GB Stream on YouTube, Spotify, iflix, vidio	Data Rollover	Unlimited on-net
Freedom Internet Plus 1GB	35,950	1 GB	-	5 GB Quota Malam	2 GB YouTube , SoS Med	Data Rollover	
Freedom Internet Plus 2GB	53,050	2 GB	-	10 GB Quota Malam	4 GB YouTube , SoS Med	Data Rollover	
Freedom Internet Plus 4GB	72,950	4 GB	-	15 GB Quota Malam	6 GB YouTube , SoS Med	Data Rollover	
Freedom Internet Plus 5GB	110,950	5 GB	-	18 GB Quota Malam	8 GB YouTube , SoS Med	Data Rollover	
Unlimited 2GB	35,000	2 GB	-	-	-		
Unlimited 3GB	50,000	3 GB	-	-	-		
Unlimited 7GB	70,000	7 GB	-	-	Unlimited YouTube via MyIM3		
Unlimited 10GB	100,000	10 GB	-	-	Unlimited YouTube via MyIM3		
Unlimited 15GB	120,000	15 GB	-	-	Unlimited YouTube via MyIM3		
Unlimited Jumbo	165,000	Unlimited GB	-	-	Unlimited YouTube via MyIM3		
Additional Quota							
Paket Extra 2GB	40,000	2 GB					
Paket Extra 4GB	60,000	4 GB					
Paket Extra 6GB	71,950	6 GB					
Special Offers							
Yellow 1GB 1Hari	2,000	1 GB					
Yellow 1GB 3Hari	3,500	1 GB					
Yellow 1GB 7Hari	8,000	1 GB					
Yellow 1GB 10Hari	8,500	1 GB					
Yellow 1GB 15Hari	12,000	1 GB					

Source : Tokopedia, Indosat Ooredoo

Exhibit 15 : XL Axiata selected monthly data packages

Selected 30-day Data Programs	Last Price (Rp)	Standard Pack	add-on (1)	add-on (2)	Legacy
XTRA COMBO 5GB	59,000	5 GB 2G/3G/4G	2G/3G/4G	5 GB YouTube	20 Mins Calls anynet
XTRA COMBO 10GB	85,000	10 GB 2G/3G/4G	2G/3G/4G	10 GB YouTube	40 Mins Calls anynet
XTRA COMBO 15GB	125,000	15 GB 2G/3G/4G	2G/3G/4G	15 GB YouTube	60 Mins Calls anynet
XTRA COMBO 20GB	161,100	20 GB 2G/3G/4G	2G/3G/4G	20 GB YouTube	100 Mins Calls anynet
XTRA COMBO 35GB	215,100	35 GB 2G/3G/4G	2G/3G/4G	35 GB YouTube	140 Mins Calls anynet
HotRod 800MB	29,650	800 MB 2G/3G/4G	2G/3G/4G		
HotRod 3GB	58,750	3 GB 2G/3G/4G	2G/3G/4G		
HotRod 6GB	95,750	6 GB 2G/3G/4G	2G/3G/4G		
HotRod 8GB	125,750	8 GB 2G/3G/4G	2G/3G/4G		
HotRod 12GB	174,950	12 GB 2G/3G/4G	2G/3G/4G		
HotRod 16GB	212,950	16 GB 2G/3G/4G	2G/3G/4G		
Additional Quota					
XTRA QUOTA	10,000	1 GB	2G/3G/4G	14 GB iflix, XL content	Youtube 15GB 01:00 - 06:00

Source : Tokopedia, XL Axiata

Exhibit 16 : Tri 3 Hutchison selected monthly data packages

Selected 30-day data programs	Last Price (Rp)	Standard Pack		Add-on (1)		Legacy	facility
Kuota++1.25GB	32,350	1.25 GB	2G/3G/4G				Data Rollover
Kuota++2.25GB	48,950	2.25 GB	2G/3G/4G				DataRollover
Kuota++18GB	150,000	9 GB	2G/3G/4G	9 GB	4G		DataRollover
4G ON 24GB	90,000	4 GB	2G/3G/4G	20 GB	4G		
4G ON 30GB	100,000	8 GB	2G/3G/4G	22 GB	4G		
4G ON 38GB	110,000	8 GB	2G/3G/4G	30 GB	4G		
4G ON 85GB	199,000	15 GB	2G/3G/4G	70 GB	4G		
Nonstop 4G 32GB +30menit	60,000	2 GB	4G	30 GB	4G 1GB/hari	20 min	anynet
Nonstop 4G 35GB +30menit	80,000	5 GB	4G	30 GB	4G 1GB/hari	30 min	anynet
Nonstop 4G 38GB +30menit	125,000	8 GB	4G	30 GB	4G 1GB/hari	30 min	anynet
4G 10GB (2GB+8GB 4G) 30 Days	50,000	2 GB	2G/3G/4G	8 GB	4G		
2GB +20 menit Anynet	35,000	2 GB	2G/3G/4G			20 min	anynet
3GB +30 menit Anynet	45,000	3 GB	2G/3G/4G			30 min	anynet

Source : Tokopedia, Hutchison 3

Indo telco valuations encapsulate only part of the story

We think telco valuations, do not incorporate any digital upside as limit potential only on data connectivity performance. Even from that perspective telcos are still managing mid-single digit revenue growth despite the current migration to data revenue from voice+SMS services. Data trends in Indonesia are very potent mainly because penetration is still half way, (we deem to be 50-55% level). We also see that data GB consumption per subscriber still has a lot of upside if we compare to some ASEAN countries, and our colleague spoke with retailer ERAA which sees healthy take-up of about 13-14 new smartphone sales with ASP of Rp1.5 mn. The fixed broadband too is still at early stages. Telkom and Link Net see there are 60 mn households with TV sets, and a quarter of that are their low hanging fruits.

On top of that telcos have made a great deal of efficiency gains, and ISAT has guided more upside in the near term leading to good EBITDA performance compared to regional peers. In terms of EV/EBITDA valuation Indo telcos seem to trade on discount to regional peers.

Exhibit 17 : Key metrics and Valuations

Ticker	Rating	Mkt Cap (Rp tn)	Last Price (Rp)	Tp (Rp)	Upside pot. (%)	EBITDA margin		EV/EBITDA (x)		EPS gr (%)		PER (x)		ROE (%)		Yield (%)	
						18F	19F	17F	18F	17F	18F	17F	18F	17F	18F		
TLKM	Buy	399.2	3,960	5,300	34	50%	51%	6.4	6.0	19.9	6.2	17.2	16.2	25	24	3.5	3.8
EXCL	Buy	32.3	3,020	3,800	26	42%	44%	5.5	5.0	-4.8	60.9	90.3	56.1	2	3	0.0	0.0
ISAT	Buy	31.2	5,750	7,850	37	44%	45%	3.7	3.5	38.7	26.1	20.4	16.2	11	12	1.5	2.2
LINK	Buy	17.2	5,650	6,300	12	60%	60%	8.4	7.4	16.7	12.0	18.0	16.1	20	20	0.8	1.7
TBIG	Hold	28.2	6,225	6,500	4	88%	88%	14.4	12.8	-16.6	43.6	26.2	18.3	55	52	2.4	1.9
TOWR	Buy	40.0	3,920	4,400	12	89%	89%	10.2	9.4	-17.5	10.2	15.9	14.5	20	19	1.8	1.9
Sector	OW	548.1			21	62%	63%	8.1	7.4	6.1	26.5	31.3	22.9	22	22	1.6	1.9

Source : Bloomberg, Ciptadana Sekuritas

PEER COMPARISON	EBITDA margin	
	2018	EV/EBITDA
TLKM IJ EQUITY *	50.2%	6.4x
ISAT IJ Equity *	43.5%	3.4x
EXCL IJ Equity *	41.6%	5.2x
LINK IJ Equity *	59.9%	7.2x
TOWR IJ EQUITY *	86.5%	9.5x
TBIG IJ EQUITY *	86.7%	13.0x
TEL PM Equity **	41.6%	6.9x
GLO PM Equity **	40.3%	6.5x
TRUE TB Equity **	26.6%	9.6x
AXIATA MK Equity **	38.5%	7.6x
DIGI MK Equity **	44.9%	13.9x
ADVANC TB Equity **	45.2%	9.7x
DTAC TB Equity **	34.4%	4.8x
T MK Equity **	31.5%	7.5x
MAXIS MK Equity **	51.9%	11.9x
M1 SP Equity **	27.8%	6.8x
ST SP EQUITY **	30.9%	13.4x
STH SP equity **	26.2%	9.2x
JAS TB Equity **	30.0%	13.2x
AVERAGE	44.1%	8.7x

* own estimate

** Bloomberg Consensus

EQUITY RESEARCH

HEAD OF RESEARCH

Arief Budiman

Strategy, Automotive, Heavy Equipment,
Construction, Shipping
T +62 21 2557 4800 ext 819
E budimanarief@ciptadana.com

ANALYST

Erni Marsella Siahaan, CFA

Banking
T +62 21 2557 4800 ext 919
E siahaanerni@ciptadana.com

ANALYST

Yasmin Soulisa

Property, Plantations
T +62 21 2557 4800 ext 799
E soulisayasmin@ciptadana.com

JUNIOR ECONOMIST

Imanuel Reinaldo

T +62 21 2557 4800 ext 820
E reinaldoimanuel@ciptadana.com

ANALYST

Niko Margaronis

Telecommunication, Tower, Healthcare
T +62 21 2557 4800 ext 734
E margaronisniko@ciptadana.com

ANALYST

Fahressi Fahalmesta

Cement, Toll Road, Poultry
T +62 21 2557 4800 ext 735
E fahalmestafahressi@ciptadana.com

ANALYST

Stella Amelinda

Consumer
T +62 21 2557 4800 ext 740
E amelindastella@ciptadana.com

ANALYST

Fransisca Maharani Putri

Media, Retail
T +62 21 2557 4800 ext 760
E putrifransisca@ciptadana.com

TECHNICAL ANALYST

Trevor Gasman

T +62 21 2557 4800 ext 934
E gasmantrevor@ciptadana.com

RESEARCH ASSISTANT

Sumarni

T +62 21 2557 4800 ext 920
E sumarni@ciptadana.com

EQUITY SALES

Co HEAD OF INSTITUTIONAL SALES

Dadang Mulyana

Plaza ASIA Office Park unit 2
Jl. Jend. Sudirman Kav. 59
Jakarta - 12190
T +62 21 2557 4800 ext 838
F +62 21 2557 4900
E mulyanadadang@ciptadana.com

Co HEAD OF INSTITUTIONAL SALES

The Fei Ming

Plaza ASIA Office Park unit 2
Jl. Jend. Sudirman Kav. 59
Jakarta - 12190
T +62 21 2557 4800 ext 807
F +62 21 2557 4900
E thefeiming@ciptadana.com

BRANCH OFFICES

JAKARTA - MANGGA DUA

Komplek Harco Mangga Dua
Rukan Blok C No.10
Jl. Mangga Dua Raya
Jakarta - 10730
T +62 21 600 2850
F +62 21 612 1049

JAKARTA - PURI KENCANA

Perkantoran Puri Niaga III
Jl. Puri Kencana Blok M8 No.2E
Kembangan
Jakarta - 11610
T +62 21 5830 3450
F +62 21 5830 3449

SURABAYA

Intiland Tower Surabaya
Ground Floor Suite 5 & 6
Jl. Panglima Sudirman 101-103
Surabaya - 60271
T +62 31 534 3938
F +62 31 534 3886

SEMARANG

Gedung Menara Suara Merdeka
6th Floor Unit 02
Jl. Pandanaran No.30
Semarang - 50134
T +62 24 7692 8777
F +62 24 7692 8778

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