

HOLD | TP : IDR4,100
Stock Price Data

Last Price	:	IDR3,900
52wk High	:	IDR4,770
52wk Low	:	IDR3,570
Share Out	:	99.06 bn
Market Cap	:	IDR386.34 tn

Stock Price Performance

1-Day	:	+1.04%
1-Week	:	-0.76%
1-Month	:	-2.26%
3-Month	:	-3.94%
Year-to-Date	:	+4.00%

Shareholders

Government of Indonesia	:	52.09%
Public	:	47.91%

PT Telkom Indonesia Tbk (TLKM IJ)
Chasing the Era of Digitalization
Swerving through the Integration

On July 1, 2023, TLKM finalized IndiHome's spin-off and its integration into Telkomsel, which is valued at IDR319.4 tn. The process involved Telkomsel issuing 34,581 new shares, diluting Singtel's stake from 35.0% to 30.1%, while raising TLKM's stake from 65.0% to 69.9%. The shares were converted at IDR1.8 bn each, placing IndiHome's worth at IDR58.3 tn or 14.9% of TLKM's market cap, while Singtel injected IDR2.7 tn into TLKM, thereby strengthening its balance sheet. As part of the deal, Telkomsel and TLKM entered a IDR18.8 tn Wholesale Agreement (WSA) for connectivity services, including Fiber-to-the-Home (FTTH). As a result, IndiHome's EBITDA dropped to IDR4.6 tn (vs IDR14.0 tn previously), indicating a 16.4% margin through the utilization of TLKM's backbone access. Through Telkomsel One, the integration of Telkomsel and IndiHome could boost Telkomsel's revenue particularly with the higher ARPU due to more premium plans. Additionally, the merger expanded both businesses' customer base through the implementation of cross-selling strategies.

Transacted at Fair Value

IndiHome's financial results for FY22 showed a revenue increase of +6.4% YoY, amounting to IDR28.0 tn. EBITDA margin was ~50%, resulting in an EBITDA of IDR14.0 tn (+14.0% YoY). Moreover, with a cash balance of IDR211 bn and a total debt of IDR1.2 tn in FY22, IndiHome's market cap was at IDR58.3 tn. Consequently, the company's EV/EBITDA ratio was 4.2x, which is lower than the global average of 6.4x. However, following the WSA, IndiHome's EBITDA fell to IDR4.6 tn with a margin of 16.4%, resulting in the EV/EBITDA of 12.9x. On the other hand, the integration of Telkomsel and IndiHome caused the valuation of Telkomsel to be fair-valued. This can be seen from Telkomsel's market valuation of IDR320.5 tn in FY22, which constituted 81.9% of TLKM's market cap. With cash reserves of IDR6.4 tn, its EV/EBITDA was 6.2x, higher than the national average of 5.8x. However, after the integration, its EV/EBITDA decreased to 5.8x, aligning with the domestic average.

Profit by Divestment

As reported by Bloomberg, TLKM considered to sell its fintech platform, PT Finnet Indonesia (Finpay), for an estimated value of USD100-150 mn or IDR1.5-2.2 tn (using IDR14,950/USD) to strategic partners, but plans to retain a minority stake. This suggests a P/S ratio of 0.1x, significantly below the average global P/S ratio of 15.5x and GOTO's P/S ratio of 10.2x. Currently, TLKM indirectly owns a 60% stake in Finnet via PT Telkom Metra, with the remaining 40% owned by PT Mekar Prana Indah, a subsidiary of Bank Indonesia's employee welfare foundation. Established on December 31, 2005, Finnet offers three primary services: bill payment aggregation, bill payment transfers, and online payment solutions. This divestment aims to improve Finnet's financial performance, where as of FY21, it accounted for 61.4% of PT Telkom Metra's revenue, presenting TLKM with a potential one-time gain and bolstering its net profit and balance sheet. However, additional details about this corporate action have not been disclosed yet by the management.

Recommendation: HOLD with TP IDR4,100/share

We recommend HOLD with TP: IDR4,100 (+5.1% upside), implying FY23E EV/EBITDA of 5.3x. We see that the IndiHome spin-off could boost Telkomsel's earnings in the future through the addition of IndiHome's subscribers and higher ARPU. Meanwhile, TLKM's potential divestment of Finnet could enhance TLKM's earnings and Finnet's stance in the fintech industry. Downside risks: 1) GOTO investment; 2) high interest rate; 3) WSA agreement; 4) higher churn rate.

Key Financial Highlight (IDR bn)	FY20	FY21	FY22	FY23E	FY24F
Revenue	136,462.0	143,210.0	147,306.0	154,102.9	163,933.7
Net Income	20,804.0	24,760.0	20,753.0	29,431.6	29,466.4
EPS (IDR)	210.0	249.9	209.5	278.7	297.5
P/E (x)	18.3	15.4	18.4	13.8	12.9
BVS (IDR)	1,035.0	1,228.0	1,304.8	1,392.3	1,474.4
P/B (x)	3.7	3.1	3.0	2.8	2.6
EV/EBITDA (x)	5.9	6.3	5.8	5.3	4.8
ROA (%)	8.9	9.4	7.5	10.0	10.6
ROE (%)	20.6	22.1	16.5	20.7	20.8

Source : MNCS


Research Analyst

 Andrew Sebastian Susilo
 andrew.susilo@mncgroup.com

Singtel's Diluted Ownership

On July 1, 2023, TLKM finalized IndiHome's spin-off and its integration into Telkomsel, which is valued at IDR319.4 tn. Meanwhile, the first day of operation for the integration is set on August 1, 2023 according to the management. The process involved Telkomsel issuing 34,581 new shares, diluting Singtel's stake from 35.0% to 30.1%, while raising TLKM's stake from 65.0% to 69.9%. The shares were converted at IDR1.8 bn each, placing IndiHome's worth at IDR58.3 tn or 14.9% of TLKM's market cap, while Singtel injected IDR2.7 tn into TLKM, boosting TLKM's total assets and equity by the same amount.

Expect Cost Efficiency in the Long-Run

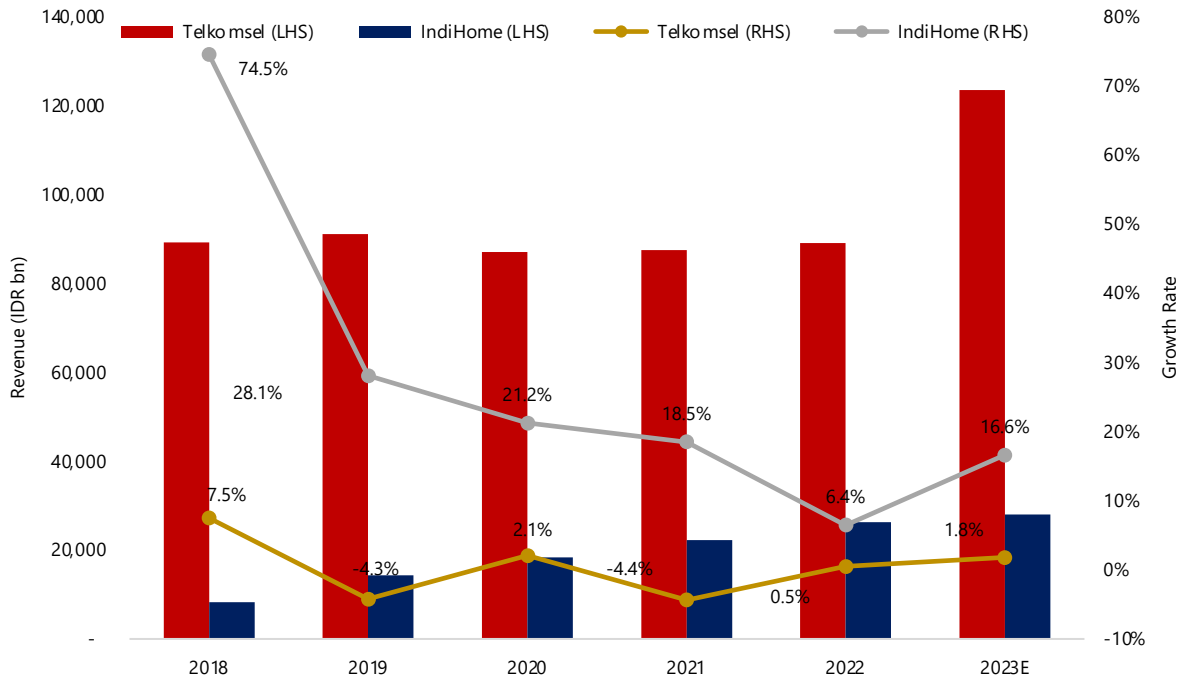
The management noted that while the integration may not significantly impact TLKM's short-term earnings, by FY27F, the revenue could potentially rise by ~1.3% due to the spin-off. The company also expects cost savings by streamlining marketing costs, consolidating call centers, enhancing IT applications, boosting content delivery network (CDN) capacity, and sharing assets. This results in expected increase of EBITDA by IDR5-7 tn per year up to FY27F as told by the management. As part of the deal, Telkomsel and TLKM entered a IDR18.8 tn Wholesale Agreement (WSA) for connectivity services, including Fiber-to-the-Home (FTTH). As a result, IndiHome's EBITDA dropped to IDR4.6 tn (vs IDR14.0 tn previously), indicating a 16.4% margin through the utilization of TLKM's backbone access, including fixed broadband core and IT system for 2-5 years. Furthermore, the merger potentially expands IndiHome's customer base, which holds 75% of total fixed broadband users, through cross-selling strategies, increasing the subscribers of both businesses. The management projects to gain 600k up to 1 mn IndiHome subscribers by FY23E, while aiming to reach 5 mn FMC subscribers within five years. Moreover, with the increasing trend of convergence penetration rate, we see that TLKM could reach >35% of penetration rate through the integration of IndiHome and Telkomsel.

More Premium Price, Combined with Various Deals

Domestically, there are some mobile network operators (MNOs) who have undergone full FMC, like EXCL (XL Satu) or are planning for and/or undergoing semi-FMC through bundling, such as FREN (MyRepublic), and ISAT (Hi-Fi). In 1Q23, Telkomsel's ARPU was recorded at IDR45k, while IndiHome's ARPU was at IDR264k. Meanwhile, if we consolidate Telkomsel and IndiHome total revenue and subscribers, the consolidated ARPU was at IDR66k, higher than Telkomsel's ARPU yet far lower than IndiHome's ARPU. Thus, we justify the higher ARPU for the Telkomsel IndiHome FMC plan, Telkomsel One, for setting its monthly plan price higher than average Telkomsel's plan.

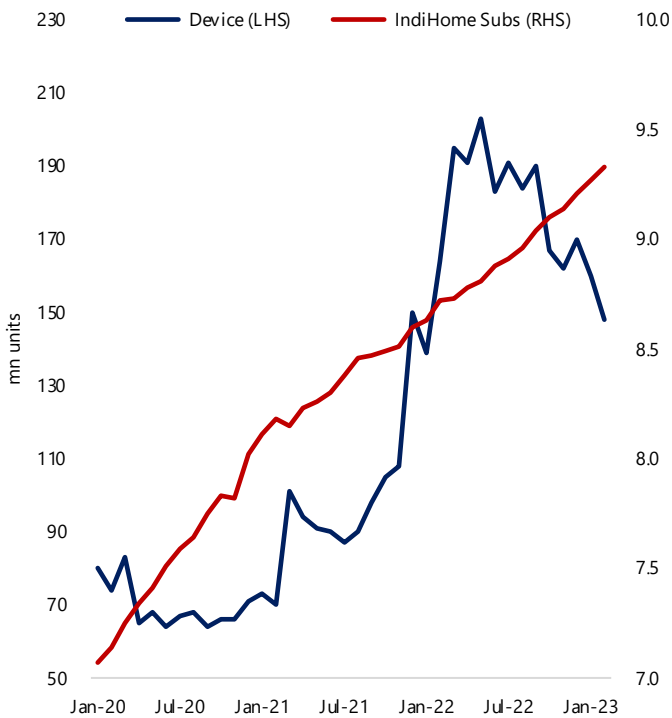
Released on July 21, 2023, Telkomsel One plan starts with price ranging from IDR120k-1.5 mn/month with average monthly price of IDR836k, which is higher than Telkomsel's average mobile plan of IDR148k/month and IndiHome's average broadband plan of IDR463k/month. However, this premium plan price is justified with speed up to 1 Gbps for 6 Telkomsel numbers and free Orbit plan as backup for 40 Gb/month. Comparing it with peers, in the domestic market, XL Satu data plan has an average monthly price of IDR400k, between EXCL's average monthly mobile plan price of IDR103k and XL Home average monthly data plan of IDR616k. In terms of deals, XL Satu has slower speed than Telkomsel One up to 300 Mbps however it can be connected to up to 20 devices and free subscription of Vidio platform. Similarly, in the global market, the FMC plan is set to have a higher plan price than the mobile and broadband plans. For instance, Maxis from Malaysia launched MaxisONE Prime with price range of MYR187-487/month or IDR617k-1.6 mn/month (using IDR3,300/MYR) (vs broadband: MYR177 or IDR584k; mobile: MYR138 or IDR455k) yet with various deals such as unlimited data, call and SMS to any ASEAN countries. Additionally, XL Satu has managed to achieve an additional 7% in the convergence penetration rate QoQ by 1Q23. This growth demonstrates the potential of the FMC industry within the domestic market, in which we anticipate that TLKM will benefit significantly from this momentum. Therefore, an increase in the FMC plan price could potentially boost the company's earnings, particularly as it elevates the ARPU through increased subscriber numbers.

Exhibit 01. Telkomsel and IndiHome Revenue and YoY Growth



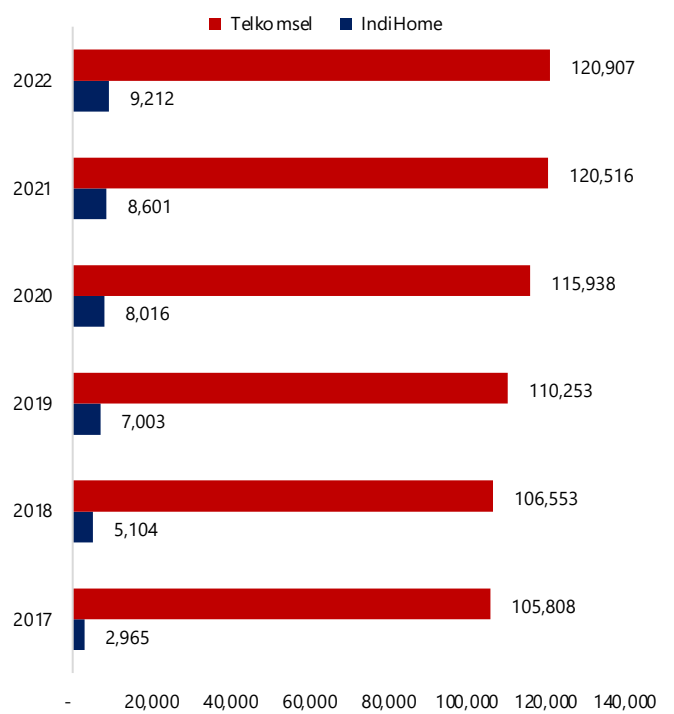
Sources: Company, MNCS

Exhibit 02. Number of Devices Connected to IndiHome



Sources : Company, MNCS

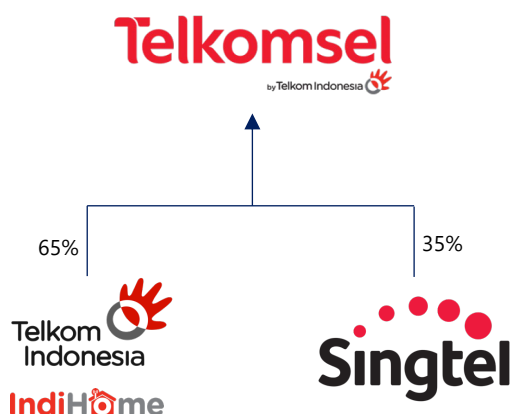
Exhibit 03. Telkomsel and IndiHome Total Subscribers ('000)



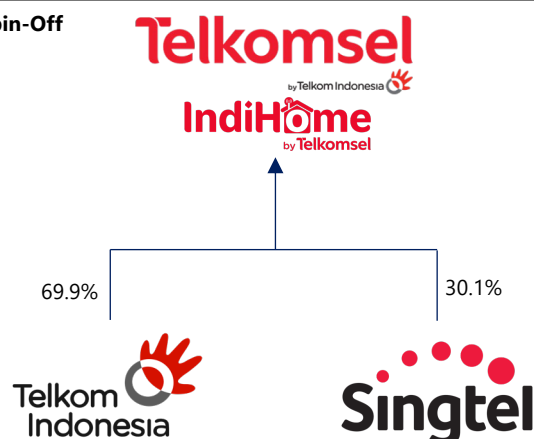
Sources : Company, MNCS

Exhibit 04. Spin-Off Transaction Structure

Before Spin-Off



After Spin-Off



Sources : Company, MNCS

Exhibit 05. Telkomsel and IndiHome Financial Results FY20-FY22 (IDR bn)

Telkomsel				IndiHome			
	2020	2021	2022		2020	2021	2022
Current Assets	19,488	12,288	16,290	Current Assets	225	351	364
Non-current Assets	84,165	89,014	84,701	Non-current Assets	5,264	5,676	5,402
Total Assets	103,653	101,302	100,991	Total Assets	5,489	6,027	5,766
Current Liabilities	28,996	31,654	32,241	Current Liabilities	800	576	331
Non-current Liabilities	23,568	30,205	38,708	Non-current Liabilities	653	827	903
Total Liabilities	52,564	61,859	70,949	Total Liabilities	1,453	1,403	1,234
Total Equity	51,088	39,444	30,042	Total Equity	4,036	4,624	4,532
Revenue	87,102	87,506	89,039	Revenue	22,214	26,325	28,020
EBITDA	51,094	50,021	50,488	EBITDA	8,641	12,294	14,010
<i>EBITDA margin</i>	<i>58.7%</i>	<i>57.2%</i>	<i>56.7%</i>	<i>EBITDA margin</i>	<i>38.9%</i>	<i>46.7%</i>	<i>50.0%</i>
EBIT	33,103	34,982	26,212	PBT	17,296	20,730	21,960
<i>EBIT margin</i>	<i>38.0%</i>	<i>40.0%</i>	<i>29.4%</i>	<i>PBT margin</i>	<i>77.9%</i>	<i>78.7%</i>	<i>78.4%</i>
Net Income	25,062	26,160	18,367	Net Income	12,302	14,849	15,655
<i>Net margin</i>	<i>28.8%</i>	<i>29.9%</i>	<i>20.6%</i>	<i>Net margin</i>	<i>55.4%</i>	<i>56.4%</i>	<i>55.9%</i>

Sources : Company, MNCS

Exhibit 06. Telkomsel's Ownership Composition after the Issuance of New Shares

Pre Spin-off			
IDR bn	Total shares	Nominal	%
TLKM	118,677	118.68	65.0%
Singtel	63,893	63.89	35.0%
Total	182,570	182.57	100.0%

Post Spin-off					
IDR bn	New Shares	Total shares	Transaction	Nominal	%
TLKM	+33,300	151,977	58,250	151.98	69.9%
Singtel	+1,551	65,444	2,713	65.44	30.1%
Total	+34,851	217,421	60,963	217.42	100.0%

Source : MNCS

Exhibit 07. Spin-Off Transaction Structure

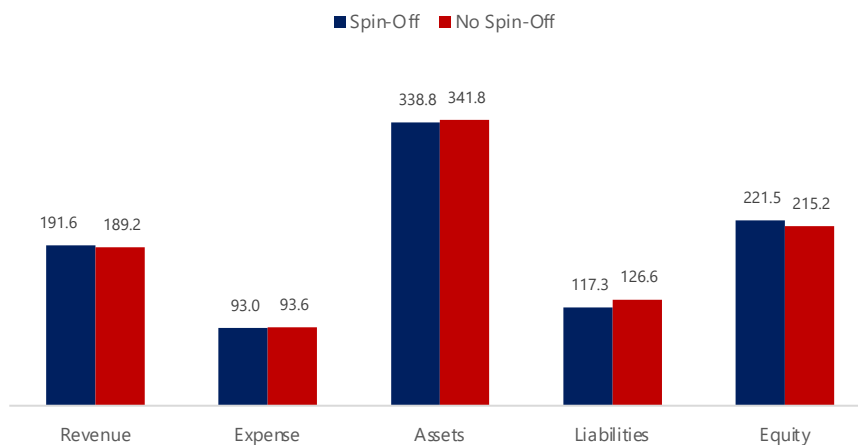
IDR bn	Fee	Period
WSA agreement	18,747	5 years
TSA1	496	2 years
TSA2	489	2 years
Total	19,733	
IndiHome Transaction Value	58,250	
Overall Transaction Cost	77,982	
TLKM Equity	129,258	
% Equity	60.3%	

Sources : Company, MNCS

Exhibit 08. Consolidated ARPU as of 1Q23

IDR bn	Telkomsel	IndiHome	Consolidated
Revenue	18,150	7,192	25,342
Subscribers ('000)	117,724	9,352	120,076
ARPU	265	51	66

Sources : MNCS

Exhibit 09. FY27F Projections by KJPP RSR, An Independent Appraiser, for TLKM (IDR bn)


Sources : Company, MNCS

Exhibit 10. FMC Plans in Indonesia and Malaysia

Telkomsel One	Price (IDR)	Broadband	Mobile	Notes
Easy Silver Lite	120,000	25 Gb (Orbit)	10 Gb	50 Telkomsel points
Dynamic Silver 1P	888,000	300 Mbps	15 Gb	30 minutes call within operator, 30 SMS within operator, free video streaming subscription (MAXsteam, Disney+ Hotstar, IndiHome TV)
Dynamic Gold 2P	1,499,000	1 Gbps	35 Gb	50 minutes call within operator, 50 SMS within operator, free video streaming subscription (MAXsteam, Disney+ Hotstar, Vidio Diamond, IndiHome TV), free IPTV subscription (IndiHome TV Entry, IndiMovie 2), 40GB backup Orbit

Note: Include 50k minutes call within member, 50k SMS within member

XL Satu Fiber	Price (IDR)	Broadband	Mobile	Notes
Value	259,250	50 Mbps	15 Gb	Ideal for 5 devices
Smart	303,200	100 Mbps	25 Gb	Ideal for 10 devices
Super User	577,150	300 Mbps	100 Gb	Ideal for 20 devices

Note: Free 2 XL Prabayar numbers, unlimited broadband data, free call and SMS within XL & Axis users, free 12 months Vidio Platinum, Vidio Premier League and Catchplay

XL Satu Lite	Price (IDR)	Broadband	Mobile	Notes
Value	129,000	FUP 30 Gb	15 Gb	Mobile data for 2 numbers
Smart	199,000	FUP 60 Gb	25 Gb	Mobile data for 2 numbers
Family	299,000	FUP 120 Gb	50 Gb	Mobile data for 3 numbers

Note: Free 2 XL Prabayar numbers, unlimited broadband data, free call and SMS within XL & Axis users

MaxisONE (Malaysia)	Price (MYR)	Broadband	MaxisONE (Malaysia)	Price (MYR)	Mobile
	89	30 Mbps		98	
	129	100 Mbps		128	
MaxisONE Home Fibre	149	300 Mbps	MaxisONE Principle Line	158	Unlimited
	219	500 Mbps		188	
	299	800 Mbps			

Note: Unlimited data, free unlimited data, SMS & call to any ASEAN countries for all family lines, when one family member activates the MaxisONE World pass for MYR38 a day.

Sources : Company, MNCS

Exhibit 11. Finnet FY19-FY21 Financial Results

IDR bn	2019	2020	2021	CAGR
Revenue	13,737	15,976	17,725	13.6%
EBITDA	177	213	230	13.9%
<i>EBITDA Margin</i>	1.3%	1.3%	1.3%	
Net Income	92	104	111	9.9%
<i>Net Margin</i>	0.7%	0.7%	0.7%	
Number of Subs				
Bill Payment Aggregator	497,291	564,542	734,433	21.5%
Electronic Payment Platform	6,461	6,960	252,760	525.5%
Online Payment Solution	9,889	32,754	44,847	113.0%

Sources : Company, MNCS

Exhibit 12. Finnet Potential Divestment Valuation

	Lower	Higher
Value (USD mn)	100	150
USD/IDR		14,950
P/S (x)	0.08	0.13
P/E (x)	13.46	20.19

Source : MNCS

Exhibit 13. Bloomberg Screenshot of TLKM's Potential Divestment on Finnet

Telkom Indonesia Is Said to Weigh Sale of Payments Unit Stake

- Sale of stake in Finnet could boost fintech unit's growth
- A deal may value unit at \$100 million to \$150 million

By Manuel Baigorri, Elffie Chew and Fathiya Dahrul

(Bloomberg) -- PT Telkom Indonesia is considering selling a stake in PT Finnet Indonesia that could value the state-owned telecommunications firm's fintech unit at about \$100 million to \$150 million, according to people familiar with the matter.

The Jakarta-based giant may introduce a new investor to help raise cash for Finnet while boosting its growth, the people said, asking not to be identified as the information is private. PT Mekar Prana Indah, a subsidiary of Bank Indonesia's employee welfare foundation which owns a minority stake in Finnet, could also join the stake sale, one of the people said.

The stake may draw interest from other companies in the industry as well as investment funds, the people said.

Discussions are ongoing, details such as valuation could change and Telkom could decide not to go ahead with the stake sale, the people said. A representative for Telkom didn't respond to requests for comment, while MPI representatives couldn't immediately be reached.

Southeast Asian firms have been courting investors for fintech businesses, lured by the prospect of tapping into the region's growing economy. PLDT Inc.-backed Philippines firm Maya was considering raising about \$150 million, people familiar with the matter told Bloomberg News in February. Boost Holdings Sdn., a unit of Malaysian wireless giant Axiata Group Bhd., was weighing raising \$50 million to \$100 million in a new funding round, people familiar with the matter said in April.

Read More: [Axiata Eyes Unit Stake Sales as Debt Swells on Overseas Push](#)

Telkom indirectly owns 60% of Finnet through its network telecom services and multimedia arm, PT Telkom Metra, according to the parent's 2022 annual report. The fintech unit's Finpay brand began operating in 2006, and provides digital payment services including fund transfers, payment gateways and the country's standardized QR code payment system, or QRIS, its website shows. It is connected with around 90 banks, 800 online merchants and 100,000 outlets.

Read More: [A Barcode Unlocks Indonesia's Billion-Dollar Informal Economy](#)

TLKM IJ Equity
Graphic Dashboard»

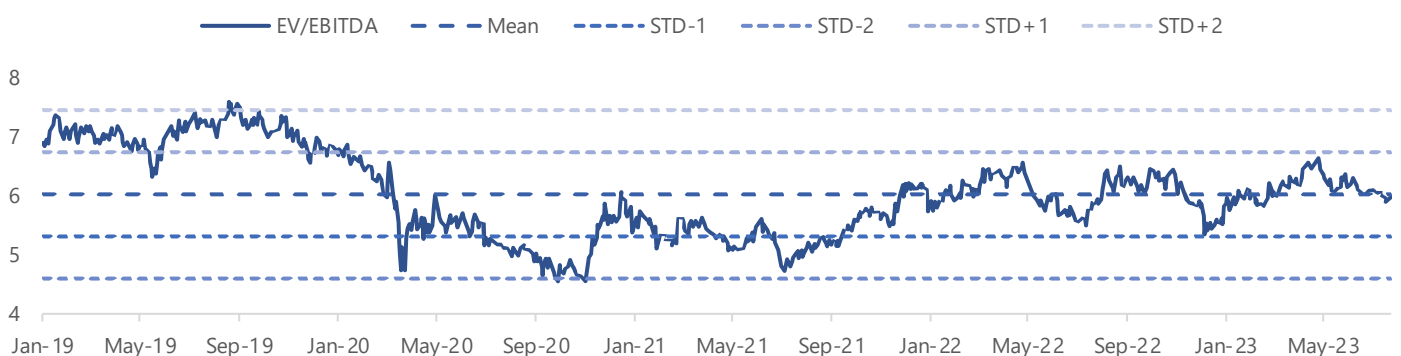
Price 2D
L 3910.00

News Chart 5D
Volume

Sentiment

Source : Bloomberg

Exhibit 14. TLKM is currently traded at the mean of 5-year EV/EBITDA



Sources : Bloomberg, MNCS

Exhibit 15. Financial Projections

Income Statement						Balance Sheet					
IDR bn	2020	2021	2022	2023E	2024F	IDR bn	2020	2021	2022	2023E	2024F
Revenues	136,462.0	143,210.0	147,306.0	154,102.9	163,933.7	Current Assets	46,503.0	61,277.0	55,057.0	58,887.6	67,764.1
Operating Expense	(64,065.0)	(63,831.0)	(74,470.0)	(70,927.2)	(73,617.1)	Cash & Cash Equivalents	20,589.0	38,311.0	31,947.0	40,966.9	47,588.8
EBIT	43,505.0	47,563.0	39,581.0	48,102.0	51,859.2	Account Receivable	11,553.0	8,705.0	8,879.0	5,211.0	7,258.0
EBITDA	72,080.0	78,992.0	75,723.0	82,042.1	87,796.5	Inventories	983.0	779.0	1,144.0	1,074.6	1,106.6
Interest Expense	(4,520.0)	(4,365.0)	(4,033.0)	(3,879.0)	(4,083.4)	Others current Assets	13,378.0	13,482.0	13,087.0	11,635.1	11,810.8
Other	799.0	558.0	878.0	807.1	824.8	Non-Current Assets	200,440.0	215,907.0	220,135.0	215,441.8	216,154.6
Profit Before Tax	38,775.0	43,678.0	36,339.0	44,933.7	48,504.4	Fixed Asset-net	160,923.0	165,026.0	173,329.0	169,213.1	170,346.7
Tax Expense (Benefit)	(9,212.0)	(9,730.0)	(8,659.0)	(10,254.7)	(11,069.6)	Other Non-Current Assets	39,517.0	50,881.0	46,806.0	46,228.7	45,807.9
Minority Interest	(8,759.0)	(9,188.0)	(6,927.0)	(7,074.0)	(7,968.4)	TOTAL ASSETS	246,943.0	277,184.0	275,192.0	274,329.4	283,918.7
Core Net Profit	20,675.0	21,328.0	27,191.0	27,605.0	29,466.4	Current Liabilities	69,093.0	69,131.0	70,388.0	65,952.2	66,395.4
Net Profit	20,804.0	24,760.0	20,753.0	29,431.6	29,466.4	Account Payable	16,999.0	17,170.0	18,457.0	16,886.8	17,578.7
EPS (full amount)	210.0	249.9	209.5	278.7	297.5	ST Debt	9,934.0	6,682.0	8,191.0	8,191.0	8,191.0
						Other current liabilities	42,160.0	45,279.0	43,740.0	40,874.5	40,625.6
						Non-Current Liabilities	56,961.0	62,654.0	55,542.0	50,092.1	50,709.6
						LT Debt	30,561.0	36,319.0	27,331.0	19,882.7	16,288.1
						Other Non-Current Liabilities	26,400.0	26,335.0	28,211.0	30,209.4	34,421.5
						TOTAL EQUITY	102,527.0	121,646.0	129,258.0	137,927.4	146,057.6
						TOTAL LIABILITIES & EQUITY	246,943.0	277,184.0	275,192.0	274,329.4	283,918.7
Cash Flow						Ratios					
IDR bn	2020	2021	2022	2023E	2024F	IDR bn	2020	2021	2022	2023E	2024F
CFO Total	68,523.0	71,271.0	60,412.0	70,438.2	72,778.2	Revenue Growth (%)	0.7	4.9	2.9	4.6	6.4
Net Income	43,505.0	47,563.0	39,581.0	48,102.0	51,859.2	EBIT Growth (%)	2.6	9.3	(16.8)	21.5	7.8
Depr.	28,892.0	31,816.0	33,255.0	35,073.7	38,457.3	EBITDA Growth (%)	11.2	9.6	(4.1)	8.3	7.0
Change in Working Capital	2,543.0	4,123.0	23.0	753.5	(1,811.5)	Net Profit Growth (%)	11.5	19.0	(16.2)	33.0	6.7
Change in Others	(6,417.0)	(12,231.0)	(12,447.0)	(13,491.0)	(15,726.7)	Current Ratio (x)	0.7	0.9	0.8	0.9	1.0
CFI Total	(35,256.0)	(37,703.0)	(39,250.0)	(16,517.9)	(23,463.0)	Quick Ratio (x)	0.5	0.7	0.6	0.7	0.8
Capex	(29,436.0)	(30,341.0)	(34,156.0)	(17,095.2)	(23,883.8)	Receivable Days	30.9	22.2	22.0	12.3	16.2
Change in Others	(5,820.0)	(7,362.0)	(5,094.0)	577.3	420.8	Inventory Days	2.6	2.0	2.8	2.5	2.5
CFF Total	(27,753.0)	(12,986.0)	(40,837.0)	(44,900.4)	(42,693.4)	Payable Days	96.8	98.2	90.5	86.9	87.2
Net Change in Debt	(7,778.0)	(13,242.0)	(10,103.0)	(11,341.6)	(14,512.4)	Debt to Equity (x)	1.2	1.1	1.0	0.8	0.8
Equity financing	(15,262.0)	(16,643.0)	(14,856.0)	(21,648.7)	(21,336.1)	Debt to EBITDA (x)	1.7	1.7	1.7	1.4	1.3
Dividend payment	24,469.0	46,612.0	35,958.0	38,467.3	43,611.8	Operating Margin (%)	31.9	33.2	26.9	31.2	31.6
Others	(24,380.0)	(43,740.0)	(44,304.0)	(45,915.6)	(47,206.4)	EBITDA Margin (%)	53.1	55.4	49.4	54.0	55.1
Net Cash Increase	(4,802.0)	14,027.0	(7,532.0)	(4,461.8)	(3,250.2)	Net Margin (%)	15.2	17.3	14.1	17.9	18.0
Closing Balance	20,589.0	38,311.0	31,947.0	40,966.9	47,588.8	ROA (%)	8.9	9.4	7.5	10.0	10.6
						ROE (%)	20.6	22.1	16.5	20.7	20.8

Sources : Company, MNCS

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

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

PT MNC SEKURITAS

MNC Financial Center Lt. 14 – 16

Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340

Telp : (021) 2980 3111

Fax : (021) 3983 6899

Call Center : 1500 899

Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discusses herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.