

Telco Sector – Initiation

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Subscriber Losses and Price Hikes Ahead

In 3Q24, the Indonesian telecom sector experienced a decline in ARPU, primarily due to weak demand and heightened competition. The sector's ARPU dropped to IDR40.9k, reflecting a 4% QoQ and a 5% YoY decrease. EXCL saw the steepest decline, with ARPU falling by nearly 7% QoQ to IDR41k, largely driven by a 4% drop in data usage. TSEL' ARPU fell 4% QoQ to IDR43.1k, despite a 4.4% increase in data usage, as declines in legacy services outside Java offset the gains. ISAT' ARPU decreased by 3% QoQ to IDR37.2k, attributed to weak consumer spending during the government transition period. Mobile subscriber numbers were also impacted, with ISAT losing 2.2 million subscribers and TSEL losing 1.5 million, while EXCL gained 100k subscribers. Despite price hikes by EXCL and ISAT, the competitive landscape in mobile pricing is expected to persist, with industry-wide price hikes likely to remain limited to once per year through FY25/26F. TLKM saw a sharp rise in operational costs, including a 7% increase in operational and maintenance expenses and a 23% surge in marketing costs, as it worked to protect its market share in Java. In contrast, ISAT and EXCL showed more effective cost management, with ISAT' costs rising by only 1.5% QoQ and EXCL reducing expenses by 3.4%. TSEL' Indihome reached 10.7 million subscribers, ISAT added 350k, and EXCL saw a significant increase of 1 million subscribers, mainly due to its acquisition of LinkNet. TSEL focused on attracting lower-ARPU customers, while ISAT positioned its broadband offering as premium. Due to ongoing competition and weak consumer purchasing power, we initiate a **NEUTRAL** outlook for the sector. EXCL, ISAT, and TLKM each received **BUY** ratings, with TP of IDR 2,800, IDR 2,900, and IDR 3,300, respectively, reflecting significant upside potential based on FY25F EV/EBITDA.

Subscriber Losses and Price Hikes Ahead

In 3Q24, the Indonesian telecom sector experienced a notable decline in ARPU, driven by weak demand and increased competition. The sector's ARPU fell to IDR40.9k, marking a 4% QoQ and a 5% YoY decrease. EXCL saw the largest ARPU drop, falling nearly 7% QoQ to IDR41k, largely due to a 4% decrease in data usage. TSEL' ARPU dropped 4% QoQ to IDR43.1k, despite a 4.4% increase in data usage, as declines in legacy services outside Java offset these gains. ISAT' ARPU fell by 3% QoQ to IDR37.2k, primarily due to weak consumer spending during the government transition.

Subscriber Shifts

In terms of mobile subscribers, ISAT lost 2.2 million, while TSEL lost 1.5 million. EXCL gained 100k subscribers. Despite recent price hikes from EXCL and ISAT, intense competition in the mobile pricing space is expected to continue, with industry-wide price hikes anticipated to be limited to once per year through FY25F and FY26F. TLKM saw a significant rise in operational costs, including a 7% QoQ increase in operational and maintenance expenses and a 23% increase in marketing costs, as it worked to maintain market share in Java. ISAT and EXCL, on the other hand, displayed more efficient cost management, with ISAT' costs rising just 1.5% QoQ and EXCL reducing expenses by 3.4%. Overall, sector-wide operational expenses grew by 9% in 4Q24 compared to the first three quarters of 2023, mainly driven by higher infrastructure investments.

Telecoms Target Different Markets

In the fixed broadband segment, growth remained sluggish. TSEL' Indihome reached 10.7 million subscribers, ISAT added 350k subscribers, and EXCL saw a significant increase of 1 million subscribers, mainly from its LinkNet acquisition. TSEL' focus was on attracting lower-ARPU customers, while ISAT marketed its broadband as a premium offering. Due to ongoing competition and weak consumer purchasing power, we initiate a **NEUTRAL** outlook for the sector. EXCL, ISAT, and TLKM all received **BUY** ratings, with TP of IDR 2,800, IDR 2,900, and IDR 3,300, respectively, offering significant upside potential based on FY25 EV/EBITDA.

Valuation Metrics

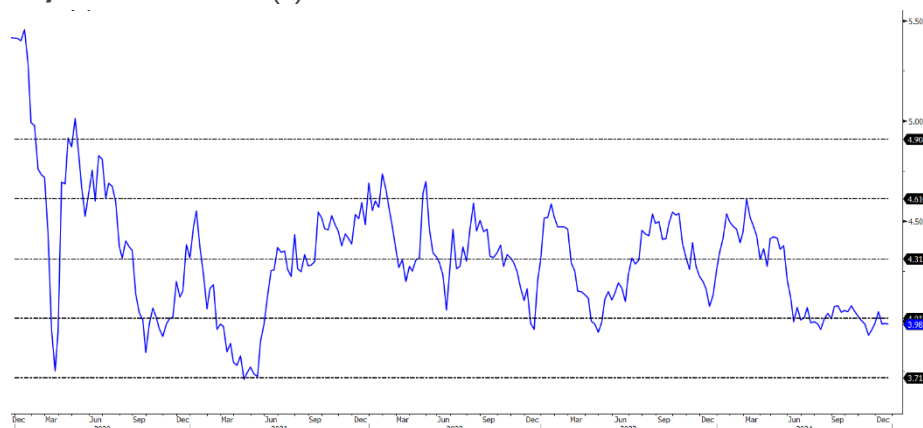
Companies	Ticker	Market Cap (IDR tn)	Last Price	Target Price	Up/ Down Side	Rating	EV/EBITDA	NPM
XL Axiata	EXCL	29.6	2,230	2,800	26%	BUY	4.9	6.0%
Indosat	ISAT	76.1	2,380	2,900	22%	BUY	5.5	11.0%
Telkom Indonesia	TLKM	265.5	2,680	3,300	23%	BUY	5.0	16.0%

Source: Bloomberg, INAS Research

EXCL: Mega Merger and Strategic Acquisition

EXCL has announced detailed plans for its merger with SmartFren and Smart Telecom. Under the agreement, EXCL will emerge as the surviving entity, while SmartFren and Smart Telecom will be dissolved. Initially, Sinarmas will hold a 21.7% stake in the merged entity, XLSmart, and Axiata will own 47.9%. Sinarmas plans to acquire an additional 13.1% stake from Axiata for USD475 mn, with USD400 mn paid upfront and USD75 mn deferred for one year under specific conditions. Once completed, Axiata and Sinarmas will each hold 34.8%, with the remaining 30.4% owned by public investors. Ahead of the merger, EXCL plans to distribute a dividend of IDR85/share and repurchase up to 10% of its shares from dissenting shareholders at IDR2,350/share, with a maximum allocation of IDR3.1 tn.

EV/EBITDA Ratio (x)



Source: Bloomberg, INAS Research

Power Play

The merger is projected to generate annual synergies of USD300–400 mn over the next 4 years, primarily through network optimization. This includes the decommissioning of up to 30% of overlapping sites among 68,000 towers. Additional efficiencies are expected in channel optimization and cost savings from economies of scale in network expansion and procurement. XLSmart aims to drive growth by leveraging group ecosystems in sectors such as data centers and analytics. The combined entity will retain the XL, Axis, and Smartfren brands to serve different market segments. Management has implemented proactive strategies to address potential subscriber churn during integration. Governance will feature equal representation from Axiata and Sinarmas on the Board of Commissioners and Directors, with an Axiata representative as CEO. Discussions with the Ministry of Communication and Informatics regarding spectrum retention are ongoing, with management optimistic about retaining the current spectrum allocation.

The merger focuses on mobile operations, with non-mobile businesses like fixed-mobile convergence (FMC) and ICT solutions continuing as planned. While synergy execution is expected to proceed smoothly, full realization of benefits may take time and could fall short of projections. In the near term, EXCL' share price is expected to hover near the buyback price. ISAT, however, remains the preferred telecom sector pick due to improved competitive dynamics from the merger.

Expands with Strategic Link Net Acquisition

On May 22, 2024, EXCL announced the acquisition of Link Net's residential business unit for IDR1.8 tn. As of December 31, 2023, Link Net had 750,000 fixed broadband (FBB) and cable TV subscribers. The deal, valued at IDR2.5 mn per subscriber, is considered favorable compared to the ISAT-MNC Play deal (IDR2.8 mn) and TSEL-IndiHome (IDR6.3 mn). The acquisition includes a 10-year lease agreement for access to 3.3 million home passes, with a possible 5-year extension. This transaction is expected to boost EXCL' FY24F EBITDA by 2.5–4.5% and increase net profit by up to 40%. However, challenges such as declining cable TV subscriptions and the impact of debt financing could pose risks. In response, EXCL has confirmed its earnings forecast and initiated a **BUY** rating, setting a TP of IDR 2,800, offering a 26% upside potential based on a FY25F EV/EBITDA of 4.9x.

EXCL Financial Highlights

Income Statement

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Revenue	29,142	32,323	34,139	37,590	39,816
COGS	-	-	-	-	-
Gross Profit	29,142	32,323	34,139	37,590	39,816
Operating Expenses	13,508	14,360	15,167	16,700	17,689
Selling & Marketing	2,618	2,455	2,593	2,855	3,024
G&A	300	309	326	359	381
D&A	10,590	11,597	12,248	13,486	14,285
Operating Income	4,069	4,709	5,371	5,914	6,264
Interest Expense	2,741	2,899	2,899	2,899	2,899
Interest Income	-	-	-	-	-
Forex gain/loss	61	(13)	24	6	15
Others	-	-	-	-	-
Pretax Income	1,353	1,705	2,448	3,010	3,351
Income Tax Expense	232	420	603	742	826
Income Before XO Items	1,114	1,270	1,845	2,268	2,525
Minority Interests	12	13	13	13	13
Net Income	1,109	1,271	1,832	2,255	2,512

Source: Bloomberg, INAS Research

Balance Sheet

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Accounts Receivable	738	1,386	1,464	1,612	1,707
Inventory	408	378	399	439	465
Other Current Assets	4,078	4,444	4,261	4,352	4,307
Total Current Assets	10,408	7,174	7,153	7,465	7,161
Gross Fixed Assets	161,499	174,230	191,653	210,818	231,900
Accumulated Depreciation	101,017	110,333	120,580	131,852	144,251
Net Fixed Assets	60,482	63,897	71,073	78,966	87,649
Other Long-Term Assets	16,396	16,624	16,624	16,624	16,624
Total Long-Term Assets	76,877	80,521	82,269	84,293	86,622
Total Assets	87,286	87,695	89,422	91,758	93,783
Accounts Payable	11,337	9,383	9,910	10,911	11,557
Short-Term Borrowings	10,919	6,877	6,877	6,877	6,877
Other Short-Term Liabilities	4,115	3,914	3,914	3,914	3,914
Total Current Liabilities	26,371	20,173	20,700	21,702	22,348
Long-Term Borrowings	33,041	39,041	39,041	39,041	39,041
Other Long-Term Liabilities	2,120	2,010	2,010	2,010	2,010
Total Long-Term Liabilities	35,161	41,051	41,051	41,051	41,051
Total Liabilities	61,532	61,225	61,752	62,753	63,400
Capital Stock	18,227	18,227	18,227	18,227	18,227
Retained Earnings	7,395	8,098	9,298	10,633	12,012
Other Equity	131	144	144	144	144
Total Equity	25,754	26,470	27,670	29,005	30,384
Total Liabilities & Equity	87,286	87,695	89,422	91,758	93,783

Source: Bloomberg, INAS Research

Ratios

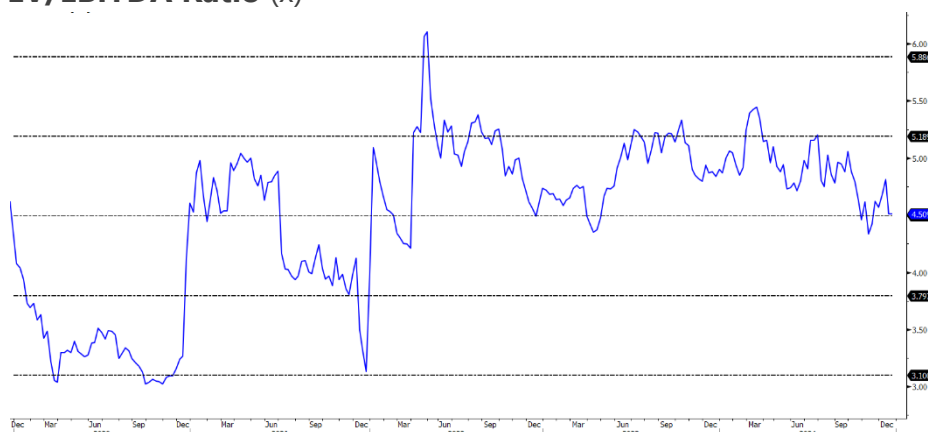
Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Growth					
Revenue	9%	11%	6%	10%	6%
Operating Income	2%	16%	14%	10%	6%
Net Income	-14%	15%	44%	23%	11%
Profitability					
Operating Margin	14%	15%	16%	16%	16%
Net Margin	4%	4%	5%	6%	6%
ROA	1%	1%	2%	2%	3%
ROE	4%	5%	7%	8%	8%
Liquidity (x)					
Current Ratio	0.4	0.4	0.3	0.3	0.3
Quick Ratio	0.4	0.3	0.3	0.3	0.3

Source: Bloomberg, INAS Research

ISAT: AI, Rural Growth, and Mobile Leadership

The mobile sector in 3Q24 faced challenges due to seasonality and macroeconomic factors, but a stronger performance is expected in 4Q24. ISAT ended the quarter with 98.7 million subscribers, experiencing a net churn of 2.2 million, primarily from typical rotational losses involving lower-value subscribers. Despite this decline, ISAT saw improvements in daily active users and data consumption productivity, with data yield rising by 0.8% to IDR2.7/MB. This stability in competition indicates that no price hikes were implemented during the quarter. Although the 3Q24 results were affected by macroeconomic pressures, revenue trends showed signs of recovery in September, and management expects even stronger results in November and December, driven by seasonality and regional elections.

EV/EBITDA Ratio (x)



Source: Bloomberg, INAS Research

EBITDA Margin and ARPU Surge

ISAT has reaffirmed its target to achieve an EBITDA margin close to 50% for 4Q24, supported by higher revenue and cost-saving measures. Additionally, the company aims to increase its ARPU to IDR40K in the short to medium term, up from IDR37.7K in 9M24. This target is set against competitors like TSEL and EXCL, whose ARPUs stand at IDR44.5K and IDR44K, respectively. Rural areas remain a key growth driver for ISAT, with significant investments in network infrastructure and distribution channels in non-Java areas. As of 9M24, ISAT had 193.7K 4G/5G BTS, reflecting a 12.5% YoY increase. The company is also expanding into fixed broadband, with 1.5 million home passes and 355K Home-connect customers, targeting 450K fixed broadband customers by year-end.

ISAT is expanding into AI-related services, securing approximately 10 contracts with corporate and institutional clients since launching in August. The company expects AI-related revenue to reach around USD6 mn in FY24, with further growth anticipated in FY25F. Additionally, ISAT is in discussions to divest its fiber and subsea cable assets, with potential buyers identified, expecting the transaction to conclude by 1H25. At its current price, ISAT trades at 4.5x EV/EBITDA (in line with its 5-year average), presenting an attractive entry point. We initiate a **BUY** rating with a TP of IDR2,900, offering a 22% upside based on a 5.5x EV/EBITDA multiple for FY25F. Risks to our forecast include slower revenue growth, lower margins, and higher-than-expected churn rates.

Eyes Premium Valuation

ISAT held its first capital market day, focusing on AI as a key growth driver. ISAT plans to double its EBITDA by FY28F, with AI's contribution increasing from 15% to 25% of total revenue. The company introduced the Indosat AI Northstar concept, aimed at integrating AI into telecom operations and advancing AI development in Indonesia. In partnership with Nvidia, ISAT will offer GPU as a service, while its data center partner BDx plans over USD1 bn in AI data center investments. After its merger with Hutchison 3 Indonesia, ISAT has become the second-largest telecom operator in Indonesia, with the largest spectrum allocation. This merger is expected to improve EBITDA margins and industry revenue share. ISAT faces risks such as subscriber churn, as its customer base is price-sensitive. To address this, ISAT is investing IDR952 bn in new distribution strategies, including partnerships with Mitra IM3 and 3Kiosk. The company's 9M24 revenue and EBITDA align with forecasts, providing stability. Despite concerns over illegal SIM card activations, ISAT's subscriber base may fluctuate, with around 10% churn. ISAT expects 6% YoY revenue growth in FY25 and 7% in FY26, with EBITDA margins of around 50%, respectively.

ISAT Financial Highlights

Income Statement

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Revenue	46,752	51,229	55,749	59,348	63,790
COGS	21,149	21,085	25,219	26,847	28,857
Gross Profit	25,603	30,144	30,530	32,501	34,933
Operating Expenses	15,035	19,643	18,566	19,764	21,244
Selling & Marketing	1,397	1,677	1,825	1,942	2,088
G&A	802	763	830	883	950
D&A	13,618	14,621	15,911	16,938	18,206
Operating Income	10,568	10,501	11,964	12,736	13,690
Interest Expense	4,338	4,718	4,718	4,718	4,718
Interest Income	118	331	224	278	251
Forex gain/loss	(167)	104	(31)	36	2
Others	(256)	(584)	57	(386)	(584)
Pretax Income	6,536	5,932	6,996	8,090	9,302
Income Tax Expense	1,166	1,156	1,363	1,576	1,813
Income Before XO Items	5,370	4,776	5,633	6,514	7,489
Minority Interests	647	269	269	269	269
Net Income	4,723	4,506	5,363	6,244	7,220

Source: Bloomberg, INAS Research

Balance Sheet

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Cash & Near Cash Items	9,508	5,190	3,181	3,410	3,299
Accounts Receivable	2,333	3,139	3,417	3,637	3,909
Inventory	73	226	271	288	310
Other Current Assets	6,769	6,924	6,847	6,885	6,866
Total Current Assets	18,683	15,480	13,715	14,220	14,385
Gross Fixed Assets	186,081	196,860	216,546	238,200	262,021
Accumulated Depreciation	116,899	123,999	131,809	140,400	149,849
Net Fixed Assets	69,182	72,861	84,737	97,801	112,171
Other Long-Term Assets	25,792	26,382	26,382	26,382	26,382
Total Long-Term Assets	94,974	99,243	104,430	107,833	112,172
Total Assets	113,657	114,722	118,145	122,053	126,556
Accounts Payable	850	746	812	864	929
Short-Term Borrowings	11,375	9,457	9,457	9,457	9,457
Other Short-Term Liabilities	23,650	23,932	23,932	23,932	23,932
Total Current Liabilities	35,874	34,134	34,200	34,253	34,317
Long-Term Borrowings	44,609	44,414	44,414	44,414	44,414
Other Long-Term Liabilities	1,806	2,465	2,465	2,465	2,465
Total Long-Term Liabilities	46,415	46,879	46,879	46,879	46,879
Total Liabilities	82,289	81,013	81,079	81,132	81,196
Capital Stock	18,520	18,520	18,520	18,520	18,520
Retained Earnings	9,823	12,226	15,583	19,438	23,877
Other Equity	3,026	2,963	2,963	2,963	2,963
Total Equity	31,369	33,709	37,065	40,921	45,360
Total Liabilities & Equity	113,657	114,722	118,145	122,053	126,556

Source: Bloomberg, INAS Research

Ratios

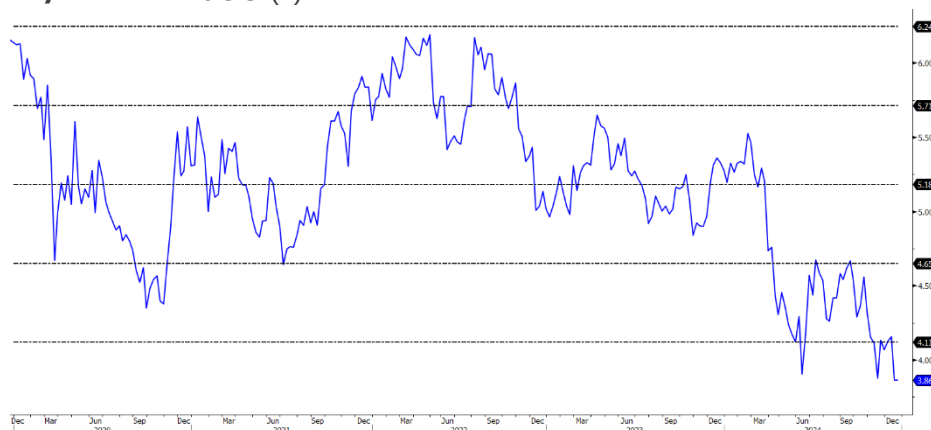
Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Growth					
Revenue	49%	10%	9%	6%	7%
Operating Income	3%	-1%	14%	6%	7%
Net Income	-30%	-5%	19%	16%	16%
Profitability					
Gross Margin	55%	59%	55%	55%	55%
Operating Margin	23%	20%	21%	21%	21%
Net Margin	10%	9%	10%	11%	11%
ROA	4%	4%	5%	5%	6%
ROE	15%	13%	14%	15%	16%
Liquidity (x)					
Current Ratio	0.5	0.5	0.4	0.4	0.4
Quick Ratio	0.5	0.4	0.4	0.4	0.4

Source: Bloomberg, INAS Research

TLKM: Recovery and Strategic Moves Ahead

TLKM reported a slight decline in net income for 9M24, falling short of our expectations. The company posted revenue of IDR112.2 tn, marking a 0.9% YoY increase and meeting 74% of our forecast. The cellular data segment saw modest growth with IDR54.5 tn, contributing 49% of total revenue. However, performance fell below expectations, despite a 12% YoY rise in data traffic to 14,903PB. Data yield dropped by 9% YoY to IDR3,658/GB, signaling weakening premium pricing power as competitors improve their network quality. Legacy revenue, impacted by the rise of free OTT messaging services, fell 27% YoY to IDR7.9 tn, now contributing only 7% to total revenue. Despite this, legacy revenue achieved 86% of our forecast. IndiHome also faced challenges, with a 10% YoY revenue decline to IDR19.6 tn, meeting 75% of expectations due to competitive pressures and pricing issues.

EV/EBITDA Ratio (x)



Source: Bloomberg, INAS Research

Cost Efficiency, Data Center Expansion in Focus

Operating profit for the period was slightly below expectations, totaling IDR32.5 tn (-7.2% YoY), or 73% of our forecast. This decline was mainly due to higher operation, maintenance, interconnection expenses, and increased G&A costs. EBITDA, however, met expectations, amounting to IDR56.6 tn (-4.1% YoY), representing 73% of the forecast. Despite these challenges, TLKM remains focused on maintaining cost efficiency to sustain EBITDA margins above 50%. Net income reached IDR17.7 tn (-9.4% YoY), or 74% of expectations. However, adjusted net income, excluding unrealized losses on investments and forex, was IDR18.2 tn, meeting 73% of our expectation. We anticipate improved profitability in 4Q24, driven by seasonal demand during the holiday period.

Given these results, we initiate a **BUY** rating for TLKM with a TP of IDR3,300, offering a 23% upside based on a 5.0x EV/EBITDA for FY25F. Despite slower revenue growth, TLKM remains attractive due to its strong network, consistent profitability, and estimated dividend yield of 4%. The company is making progress with its non-mobile ventures, particularly its data center and subsea cable projects. TLKM aims to reach 500MW of data center capacity by FY30F and is actively seeking strategic partners for investment. Furthermore, TLKM is progressing with consolidating assets into InfraCo and expanding its subsea cable operations, which are expected to drive future growth.

Accelerating FMC and Data Center Growth

TLKM is progressing with several strategic initiatives, including its Five Bold Moves, data center expansion, and subsea cable projects. The company is focused on accelerating FMC and consolidating InfraCo, its fiber optic operations division, with asset transfers expected to be completed by mid-2025. In the mobile sector, TLKM plans to differentiate TSEL' services rather than compete on price. It has a substantial digital infrastructure, including 177,000 km of fiber optic and 250,000 km of subsea cables, setting it apart from competitors.

TLKM has revised its FY30F data center capacity target from 400MW to 500MW, expanding across Indonesia and ASEAN. The company is managing operating and maintenance costs effectively, which will reduce operating expenses by 1.5-6.5% for FY24/26F. However, increased competition in the mobile sector has led to downward revisions of ARPU forecasts by 3.5-4.0% for FY24/26F. As a result, core net profit forecasts for FY24/25F have been reduced by 1.9-2.2%, although a slight increase is expected for FY26F.

TLKM is working on expanding its subsea cable network, which spans 250,000 km, with several projects in the pipeline, including a second gateway in Manado. These initiatives are tied to data center growth and increasing data traffic. TLKM is also seeking a strategic partner for its data center and subsea projects, with finalization expected by FY25F. Despite ongoing challenges such as weak purchasing power and competition, TLKM remains confident in its ability to deliver solid returns.

TLKM Financial Highlights

Income Statement

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Revenue	147,306	149,216	151,910	156,349	162,222
COGS	-	-	-	-	-
Gross Profit	147,306	149,216	151,910	156,349	162,222
Operating Expenses	101,569	104,300	42,533	43,776	45,420
Selling & Marketing	3,929	3,530	3,594	3,699	3,838
G&A	5,179	5,586	5,687	5,853	6,073
D&A	33,255	32,663	33,253	34,224	35,510
Operating Income	39,325	44,420	45,222	46,543	48,292
Interest Expense	4,033	4,652	4,652	4,652	4,652
Interest Income	878	1,061	970	1,015	992
Forex gain/loss	(256)	36	(110)	(37)	(74)
Others	(6,499)	(495)	(250)	(495)	(373)
Pretax Income	36,339	40,794	39,961	41,408	43,093
Income Tax Expense	8,659	8,586	8,411	8,715	9,070
Income Before XO Items	27,680	32,208	31,550	32,693	34,023
Minority Interests	6,927	7,648	7,648	7,648	7,648
Net Income	20,753	24,560	23,902	25,045	26,375

Source: Bloomberg, INAS Research

Balance Sheet

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Accounts Receivable	8,634	10,667	10,860	11,177	11,597
Inventory	1,144	997	1,015	1,045	1,084
Other Current Assets	13,331	14,941	14,136	14,539	14,337
Total Current Assets	55,057	55,613	50,698	46,242	40,677
Gross Fixed Assets	383,474	407,473	448,220	493,042	542,347
Accumulated Depreciation	189,809	204,134	219,892	237,225	256,291
Net Fixed Assets	193,665	203,339	228,329	255,818	286,055
Other Long-Term Assets	26,470	28,090	28,090	28,090	28,090
Total Long-Term Assets	220,135	231,429	239,193	248,431	259,291
Total Assets	275,192	287,042	289,891	294,672	299,968
Accounts Payable	18,457	18,608	18,944	19,498	20,230
Short-Term Borrowings	21,974	25,501	25,501	25,501	25,501
Other Short-Term Liabilities	29,957	27,459	27,459	27,459	27,459
Total Current Liabilities	70,388	71,568	71,904	72,458	73,190
Long-Term Borrowings	41,067	42,623	42,623	42,623	42,623
Other Long-Term Liabilities	14,475	16,289	16,289	16,289	16,289
Total Long-Term Liabilities	55,542	58,912	58,912	58,912	58,912
Total Liabilities	125,930	130,480	130,816	131,370	132,102
Capital Stock	7,664	7,664	7,664	7,664	7,664
Retained Earnings	121,594	128,080	130,592	134,821	139,384
Other Equity	20,004	20,818	20,818	20,818	20,818
Total Equity	149,262	156,562	159,074	163,303	167,866
Total Liabilities & Equity	275,192	287,042	289,890	294,672	299,968

Source: Bloomberg, INAS Research

Ratios

Year to 31 Dec. (IDR bn)	2022	2023	2024F	2025F	2026F
Growth					
Revenue	3%	1%	2%	3%	4%
Operating Income	-17%	13%	2%	3%	4%
Net Income	-16%	18%	-3%	5%	5%
Profitability					
Gross Margin	100%	100%	100%	100%	100%
Operating Margin	27%	30%	30%	30%	30%
Net Margin	14%	16%	16%	16%	16%
ROA	8%	9%	8%	8%	9%
ROE	14%	16%	15%	15%	16%
Liquidity (x)					
Current Ratio	0.8	0.8	0.7	0.6	0.6
Quick Ratio	0.8	0.8	0.7	0.6	0.5

Source: Bloomberg, INAS Research

INAS Research Rating Guide

BUY	: Share price may rise by more than 15% over the next 12 months.
ADD	: Share price may range between 10% to 15% over the next 12 months.
NEUTRAL	: Share price may range between -10% to +10% over the next 12 months.
REDUCE	: Share price may range between -10% to -15% over the next 12 months.
SELL	: Share price may fall by more than 15% over the next 12 months.

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