

SYAILENDRA 

MARKET INSIGHT

June 29th, 2021



Riding on Telco Consolidation

Telco is the Backbone of New
Economy Sector Growth

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Telco is the Backbone of New Economy Sector Growth

- ▲ **Sektor telekomunikasi mengalami pertumbuhan signifikan dalam 10 tahun terakhir seiring terjadinya transformasi *digital*.** Trafik data seluler dan jumlah *base transceiver station (BTS)* ketiga operator terbesar terus tumbuh seiring meningkatnya penggunaan.
- ▲ **Meski mengalami pertumbuhan pesat, kapitalisasi pasar tiga operator terbesar di Indonesia cenderung stagnan.** Persaingan yang ketat antar operator berakibat pada tertekannya profitabilitas operator dalam negeri.
- ▲ **UU Cipta Kerja membuka jalan operator untuk melakukan konsolidasi yang juga direspon positif oleh pasar modal.** Hal ini menjadi peluang tersendiri bagi investor di pasar modal seiring kemungkinan membaiknya profitabilitas dan arus kas setelah terjadinya konsolidasi mengingat masih tingginya tingkat pertumbuhan di sektor telekomunikasi.

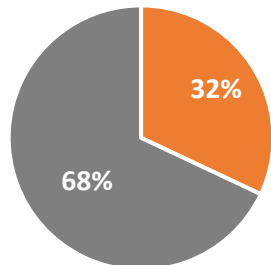
Our View

Kami melihat pergerakan pasar modal masih akan dipengaruhi oleh perkembangan penyebaran COVID-19 di dalam negeri dan tren makro global terutama dari sentimen pergerakan suku bunga bank sentral.

Namun demikian, masih terdapat peluang di pasar, seperti dari sektor "*new economy*" dan telekomunikasi, yang dapat memberikan *return* menarik. Investor dapat memperoleh eksposur ke sektor-sektor ini dengan pilihan produk yang tepat.

Syailendra Balanced Opportunity Fund

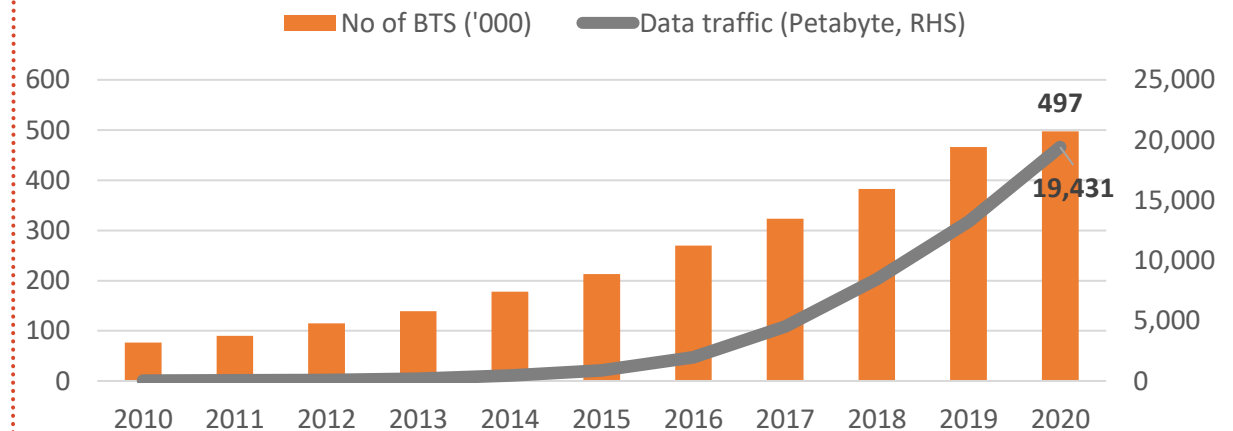
■ Telco Consolidation Related Holding ■ Others



Syailendra Balanced Opportunity Fund (SBOF) memberikan investor eksposur pilihan bagi investor pada konsolidasi sektor telekomunikasi Indonesia.

Telco Enjoyed High Growth as Digital Transformation Took Hold

Top 3 operators' data traffic and BTS numbers surge as usage increased



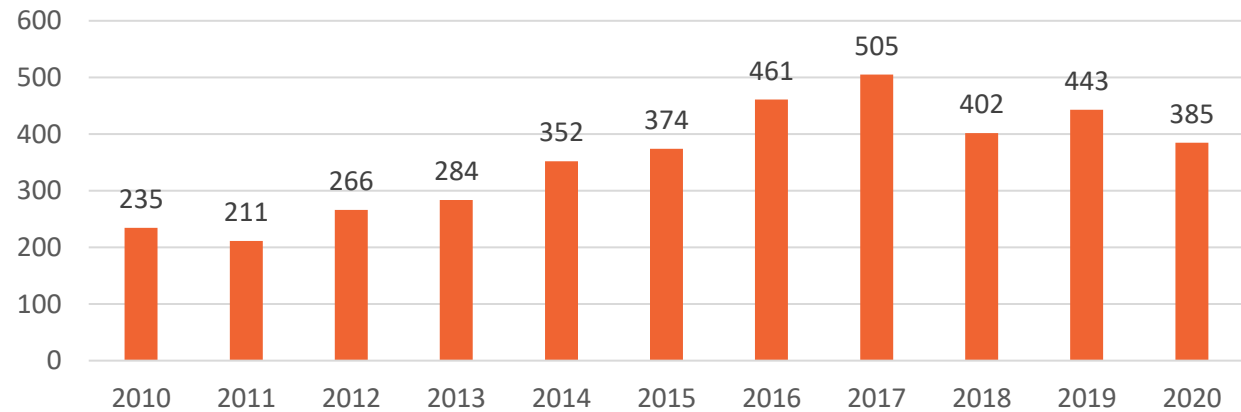
Source : Syailendra Research, company

Competition Hurts the Industry

Meski mengalami pertumbuhan yg pesat, kapitalisasi pasar ketiga operator di Indonesia cenderung stagnan. Hal ini terutama disebabkan oleh persaingan ketat yang berdampak negatif pada profitabilitas operator dalam negeri. Persaingan mengharuskan operator untuk menurunkan harga demi mempertahankan pengguna.

Despite Significant Growth Telco Market Cap Stagnated

Top 3 operators market cap (in IDR tn)



Source : Bloomberg, Syailendra Research

M&A is a Way Out to Healthier Sector

UU Cipta Kerja membuka peluang bagi operator untuk melakukan konsolidasi. Hal ini penting untuk mengurangi jumlah operator dalam negeri agar persaingan yang lebih sehat dapat tercapai. Pasar modal juga merespon positif aktifitas merger telekomunikasi seperti yang dilakukan oleh Indosat Ooredoo dan Tri Indonesia.

UU Cipta Kerja Created Opportunity for Both Telco and Investors

5 year return of government vs corporate bonds

	Old Regulation	UU Cipta Kerja
Spectrum Transfer	No Regulation	Allowed with Approval from Ministry
Telco Operator Foreign Ownership	Max 67%	No Limit
Broadband Co Foreign Ownership	Max 67%	No Limit
Tower Co Foreign Ownership	Not Allowed	No Limit

Source : Syailendra Research

Indosat Ooredoo (ISAT) and Tri Indonesia announced exclusive discussion for potential M&A in late 2020



ISAT stock price has increased **170%** since the announcement

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