

May 22, 2013

Company Visit Note

Distributor & Retailer

Trikomsel Oke

Not Rated

Well-placed in a growing demand

Current Price Rp1,830
Target N/A
Upside potential (%) N/A

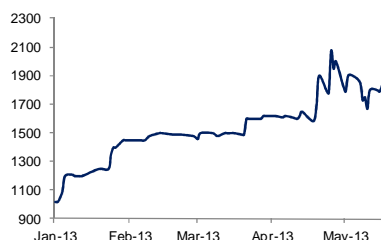
Stock Data

Bloomberg Ticker TRIO IJ
 Outstanding share (mn) 4,761
 Market Cap (Rp bn) 8,713
 52 week range (Rp) 760-2,075
 Avg Value(Rp bn) 0.2
 YTD Return (%) 83
 Beta (x) 0.5

Major Shareholders (%)

JPMorgan Bank Luxemb. 51.7
 Canopus Finance 25.7
 Standard Chartered 13.5

Share Price Performance



Share Performance (%)

Month	Absolute	Relative
3m	20.8	9.0
6m	84.8	55.5
12m	123.6	74.5

Arief Budiman

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Number one retailer and leading distributor of mobile product

According to Frost & Sullivan market analysis, Trikomsel (TRIO) is ranked No. 1 retailer and prominent distributor of mobile communication devices for five leading International brand (Nokia, Blackberry, Samsung, HTC and Sony in Indonesia with 30% market share) and services in Indonesia. TRIO is also an authorized distributor of reload vouchers, SIM starter packs and other products for all major Indonesian mobile network operators such as Telkomsel, XL, Indosat, Axis, Smartfren and Three. The company generates revenue through its distribution networks and retail shops, under 707 units of "Oke Shop" and 320 units of "Global Teleshop" stores brand across 175 cities in 33 provinces in Indonesia. Global Teleshop stores are run by its listed subsidiary Global Teleshop (GLOB). TRIO just recently increased its stake in GLOB from 72% to around 90%.

Enjoying mobile data growth

We believe TRIO's leading position puts it in the sweet spot in the Indonesian handset market. Mobile data penetration Indonesia is still relatively low (59%) and we expect to continue to rise rapidly over the next few years as: 1) The familiarity of Indonesians on the useful information and content from internet has been extensively increasing 2) Indonesia is one of the largest social networking markets in the world (4th highest number of Facebook user globally) and 3) Smartphone's and tablets are really taking off here and internet or data need would be met by wireless networks as the fixed line penetration in Indonesia is still considered small. On the supply side, high-speed networks, affordable data pricing and intuitive-to-use smart devices make it easy for consumers to access the internet on the go. Additionally, Frost & Sullivan data revealed that on average, Indonesians replaced their mobile communication device every 7.6 months in 2011, a significant decline from 12.4 months in 2008. This is also an indication that mobile devices have become a lifestyle product.

GLOB is more attractive to invest

Among all listed handset distributors and retailers in Indonesia, we found that GLOB displays strongest profitability metrics, most attractive valuation, and also a robust earning growth. GLOB's profits leap out growing by 69% yoy in 1q13, beating all its peers versus ERAA's of -5.3% and TELE's of +32.7%. In terms of gross margin, GLOB was a creditable 11.4% - the second highest after TRIO's 14.1% - and ahead of ERAA 8.9% and TELE's 5.5%. GLOB's ROE also outclassed its peers with a 38% vs TRIO's of 24.6%, ERAA's of 15.3% and TELE's of 25.5%. Valuation wise, GLOB is also the cheapest counter with 2013 PER of 9x (annualizing 1q13 profit) compared to average peers (excluding GLOB) of 15.3x.

Indonesian handset distributors comparables

Ticker	Last Price	M Cap (Rp bn)	PER (x)		EPS-13F Gr (%)	Gross Margin (%)	EBITDA Margin (%)	ROE (%)
			2012	2013				
GLOB	1,560	1,733	15.1	9.0	68.5	11.4	5.4	38.0
TRIO	1,790	8,523	22.4	17.9	25.0	14.1	7.6	24.6
ERAA	3,300	9,570	22.1	15.8	40.3	8.9	4.7	18.4
TELE	690	690	18.2	12.3	47.4	5.5	3.4	25.5

Source: Bloomberg . GM , EBITDA GM and ROE are using 2012 figures

Sucorinvest rating definition, analysts certification, and important disclosure**Ratings for Sectors**

- Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.
Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.
Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months.

Ratings for Stocks

- Buy : We expect this stock to give return (excluding dividend) of above 10% over the next 12 months.
Hold : We expect this stock to give return of between -10% and 10% over the next 12 months.
Sell : We expect this stock to give return of -10% or lower over the next 12 months.

Analyst Certification

The research analyst(s) primarily responsible for the preparation of this research report hereby certify that all of the views expressed in this research report accurately reflect their personal views about any and all of the subject securities or issuers. The research analyst(s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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