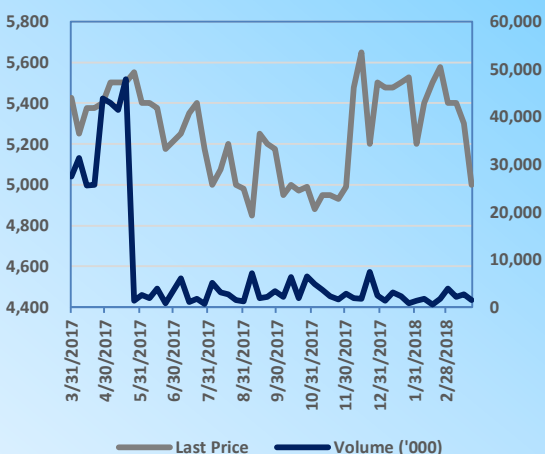


3<sup>rd</sup> April 2018

Trading, Advertising Printing and Media

Price IDR 5,200  
 Target Price IDR 6,740  
 JKSE Index 6,240.571



## Stock Information

Bloomberg Code LINK IJ  
 Market Cap (IDR bn) 15,821.78  
 52-week high (IDR) 6,000  
 52-week low (IDR) 4,460  
 Shares issued (mn) 3,042.6  
 6-m avg. daily Val (IDR) 5,238  
 Free float (%) 30.74%

Major share holders (%)  
 PT First Media, Tbk 34.82%  
 Asia Link Dewa Pte. Ltd 34.44%  
 Public 30.74%

USD/ IDR – YE (IDR)  
 2017 13,480  
 2018F (6m-avg) 13,555

## Investment Consideration

### Double Digit growth in 2017FY

- During 2017, LINK booked double-digit revenue growth of 15.25% from IDR. 2.95 trillion in 2016 to IDR 3.40 trillion, as expected with our forecast for 2017F of IDR. 3.40 trillion. In the previous year the company also posted a double-digit revenue growth of 15.2% from IDR 2.56 trillion in 2015 to IDR. 2.95 trillion in 2016.
- EBITDA also grew double digits from IDR. 1.73 trillion to IDR. 2.0 trillion with an improved margin from 58.4% in 2016 to 58.9% in 2017. Net income increased 23.1% to IDR 1.01 trillion from IDR 818.6 billion in the previous year, higher than our forecast 2017F of IDR. 972 billion.
- We estimate the company will maintain their double digit growth and revenue will reach IDR. 3.85 trillion or 13% growth and net income will reach IDR. 1.14 trillion in 2018.

### 2 Million Homes Passed

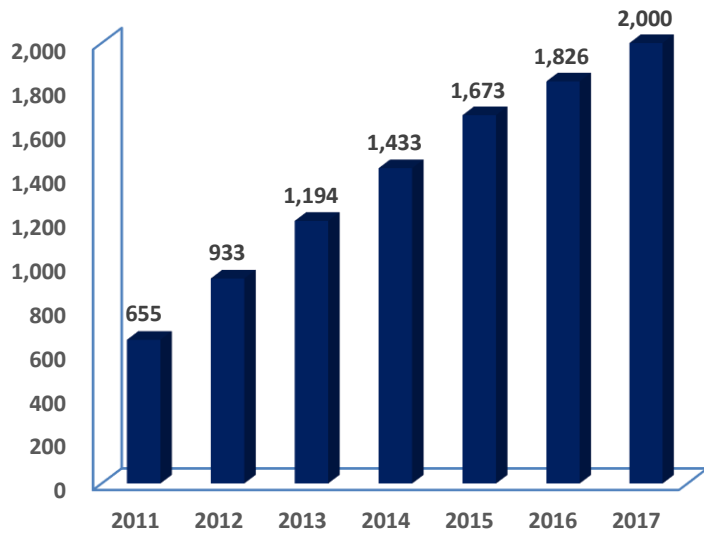
- Homes passed in 2017 reached 2 million, and increased 174,000 from the previous year's 1.83 million. The penetration rate reached 28.5% less than 29% in 2016. ARPU increased to IDR 421,000 / month compared to IDR. 407,000 / month in 2016. And up sell transactions increased from 329,031 in 2016 to 386,344 in 2017.
- Assuming homes passed will continue growing at a double digit rate, we are expecting the company will reach their 2021 homes passed target of 2.8 million.

### Valuation: Maintain BUY with TP 6,740 represent 30% upside

- We have a one year target price for LINK of IDR. 6,740, offering investors a potential return of 30%.
- This would mean the stock trading at 18x 2018F PE with EV/EBITDA at 8.8x.
- We recommend BUY.

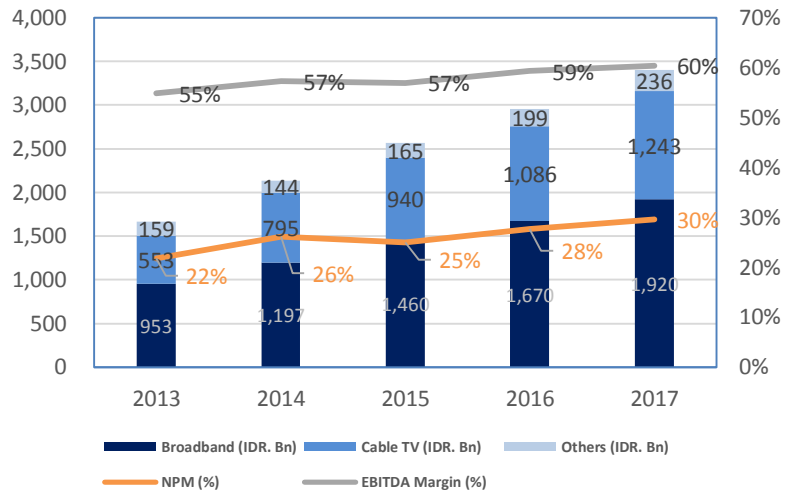
Financial Summary	2014A	2015A	2016A	2017A	2018F	2019F
Revenue (IDR. tn)	2.14	2.56	2.95	3.40	3.85	4.41
EBITDA (IDR. tn)	1.23	1.46	1.73	2.00	2.21	2.58
Net Profit (IDR. tn)	0.56	0.64	0.82	1.01	1.14	1.31
EPS (IDR)	183	210	269	331	375	429
EBITDA / shares	404	480	569	657	728	849
ROA	17%	17%	18%	20%	20%	19%
ROE	18%	17%	21%	22%	21%	20%
Tot. Debt / Equity (x)	0.23	0.21	0.28	0.27	0.24	0.24

Chart: Homes Passed YoY



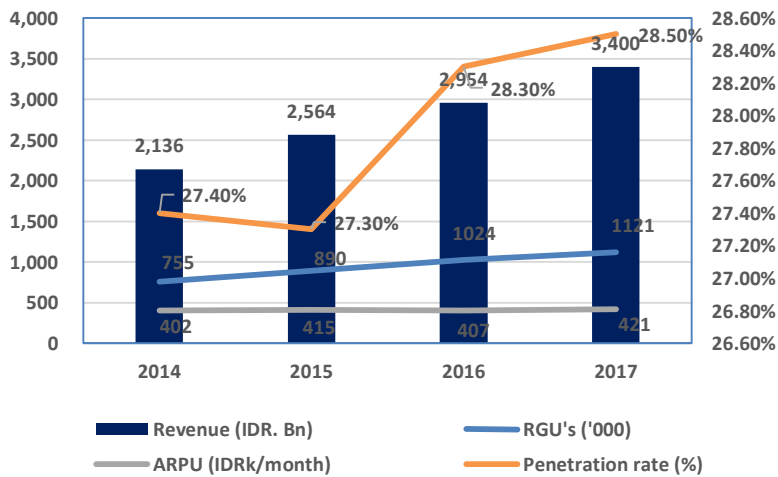
Sources: Company

Chart: Revenue Breakdown, NPM, and EBITDA Margin YoY



Sources: Company

Chart: Revenue, RGU's, ARPU, and Penetration Rate YoY



Sources: Company

**Table: Income Statement in IDR Million YoY**

Income Statement (IDR. Mn)	2014A	2015A	2016A	2017A	2018F	2019F
Revenue	2,135,958	2,564,315	2,954,161	3,399,060	3,846,472	4,409,934
Cost of revenue	(1,298,703)	(1,629,555)	(1,832,410)	(2,042,122)	(2,307,883)	(2,645,960)
<b>Operating Profit</b>	<b>837,255</b>	<b>934,760</b>	<b>1,121,751</b>	<b>1,356,938</b>	<b>1,538,589</b>	<b>1,763,974</b>
Others income/ (Expense)	(81,351)	(78,359)	(32,688)	(17,517)	(19,232)	(22,050)
<b>Profit Before Tax</b>	<b>755,904</b>	<b>856,401</b>	<b>1,089,063</b>	<b>1,339,421</b>	<b>1,519,356</b>	<b>1,741,924</b>
Taxes	(198,017)	(216,729)	(270,499)	(332,143)	(379,839)	(435,481)
<b>NIAT</b>	<b>557,887</b>	<b>639,672</b>	<b>818,564</b>	<b>1,007,278</b>	<b>1,139,517</b>	<b>1,306,443</b>
Non-controlling Interest	(180)	(147)	(1)	(1)	(1)	(1)
<b>Net Income</b>	<b>557,707</b>	<b>639,525</b>	<b>818,563</b>	<b>1,007,277</b>	<b>1,139,516</b>	<b>1,306,442</b>
EPS (in IDR)	183	210.2	269.0	331.1	374.5	429.4
<b>EBITDA</b>	<b>1,230,000</b>	<b>1,459,968</b>	<b>1,730,000</b>	<b>2,000,000</b>	<b>2,213,687</b>	<b>2,584,716</b>

Sources: Company and Binaartha

**Table: Cash Flow in IDR Million YoY**

Cash Flow (In IDR Mn)	2014A	2015A	2016A	2017A	2018F	2019F
Net Income	557,707	639,525	818,563	1,007,277	1,139,516	1,306,442
Depreciation	377,240	491,720	576,884	611,400	611,400	702,187
Change in WC	67,038	33,356	121,817	57,763	(33,255)	184,872
<b>Cash From Operating Activities</b>	<b>1,001,985</b>	<b>1,164,601</b>	<b>1,517,264</b>	<b>1,676,440</b>	<b>1,717,661</b>	<b>2,193,501</b>
Capex	(881,514)	(1,157,953)	(891,435)	(996,119)	(1,277,448)	(1,473,197)
<b>Cash From Investing Activities</b>	<b>(881,514)</b>	<b>(1,157,953)</b>	<b>(891,435)</b>	<b>(996,119)</b>	<b>(1,277,448)</b>	<b>(1,473,197)</b>
Long-term Debts	(103,791)	(59,891)	(31,383)	0	64,836	(62,492)
Others Noncurrent Liabilities	13,975	26,974	149,611	(14,883)	42,943	39,442
Equity	(42,017)	(6,960)	(522,806)	(446,170)	(182,254)	(209,001)
<b>Cash From Financing Activities</b>	<b>(131,833)</b>	<b>(39,877)</b>	<b>(404,578)</b>	<b>(461,053)</b>	<b>(74,476)</b>	<b>(232,051)</b>
<b>Net Changes in Cash</b>	<b>(11,362)</b>	<b>(33,229)</b>	<b>221,251</b>	<b>219,268</b>	<b>365,737</b>	<b>488,253</b>
<b>Beginning Balance</b>	<b>370,020</b>	<b>358,658</b>	<b>325,429</b>	<b>546,680</b>	<b>765,948</b>	<b>1,131,685</b>
<b>Ending Balance</b>	<b>358,658</b>	<b>325,429</b>	<b>546,680</b>	<b>765,948</b>	<b>1,131,685</b>	<b>1,619,938</b>

Sources: Company and Binaartha

**Table: Statement of Financial Position in IDR Million YoY**

Statement of Financial Position (In IDR Mn)	2013A	2014A	2015A	2016A	2017A	2018F	2019F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	370,020	358,658	325,429	546,680	765,948	1,131,685	1,619,938
Trade Accounts Receivable	108,893	176,842	242,072	324,402	398,927	388,848	465,985
Others Current Assets	83,466	39,406	37,283	36,071	68,749	88,904	78,089
<b>Total Current Assets</b>	<b>562,379</b>	<b>574,906</b>	<b>604,784</b>	<b>907,153</b>	<b>1,233,624</b>	<b>1,609,438</b>	<b>2,164,012</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	2,295,036	2,693,597	3,492,811	3,807,397	4,117,430	4,728,830	5,431,017
Long-term prepayment	125,400	114,000	102,600	95,533	83,800	94,830	108,722
Other Noncurrent Assets	242,389	359,502	237,921	244,953	331,372	374,990	429,921
<b>Total Noncurrent Assets</b>	<b>2,662,825</b>	<b>3,167,099</b>	<b>3,833,332</b>	<b>4,147,883</b>	<b>4,532,602</b>	<b>5,198,650</b>	<b>5,969,661</b>
<b>TOTAL ASSETS</b>	<b>3,225,204</b>	<b>3,742,005</b>	<b>4,438,116</b>	<b>5,055,036</b>	<b>5,766,226</b>	<b>6,808,088</b>	<b>8,133,672</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Short-term Bank Loans	81,393	90,651	69,832	30,566	40,786	0	31,434
Trade Payables	178,753	112,746	177,204	232,937	302,521	322,819	381,299
Accruals	118,727	169,668	287,792	407,624	375,088	423,109	518,787
Others Current Liabilities	81,565	178,300	113,000	179,636	297,334	246,622	312,223
<b>Total Current Liabilities</b>	<b>460,438</b>	<b>551,365</b>	<b>647,828</b>	<b>850,763</b>	<b>1,015,729</b>	<b>992,550</b>	<b>1,243,743</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term bank	195,065	91,274	31,383	0	0	64,836	2,343
Others Noncurrent Liabilities	50,633	64,608	91,582	241,193	226,310	269,253	308,695
<b>Total Noncurrent Liabilities</b>	<b>245,698</b>	<b>155,882</b>	<b>122,965</b>	<b>241,193</b>	<b>226,310</b>	<b>334,089</b>	<b>311,039</b>
<b>TOTAL LIABILITIES</b>	<b>706,136</b>	<b>707,247</b>	<b>770,793</b>	<b>1,091,956</b>	<b>1,242,039</b>	<b>1,326,639</b>	<b>1,554,782</b>
Non-controlling interest	0	1	148	1	2	70	100
<b>EQUITY</b>	<b>2,519,068</b>	<b>3,034,757</b>	<b>3,667,175</b>	<b>3,963,079</b>	<b>4,524,185</b>	<b>5,481,379</b>	<b>6,578,790</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>3,225,204</b>	<b>3,742,005</b>	<b>4,438,116</b>	<b>5,055,036</b>	<b>5,766,226</b>	<b>6,808,088</b>	<b>8,133,672</b>

Sources: Company and Binaartha

**Table: Ratio Highlights YoY**

<b>Growth (% YoY)</b>	<b>2014A</b>	<b>2015A</b>	<b>2016A</b>	<b>2017A</b>	<b>2018F</b>	<b>2019F</b>
Sales	28%	20%	15%	15%	13%	15%
OP	41%	12%	20%	21%	13%	15%
EBITDA	35%	19%	18%	16%	11%	17%
NP	54%	15%	28%	23%	13%	15%
EPS	54%	15%	28%	23%	13%	15%

<b>Profitability</b>						
Operating Margin(%)	39%	36%	38%	40%	40%	40%
EBITDA margin(%)	58%	57%	59%	59%	58%	59%
NET Profit margin(%)	26%	25%	28%	30%	30%	30%
ROA(%)	17%	17%	18%	20%	20%	19%
ROE(%)	18%	17%	21%	22%	21%	20%

<b>Stability</b>						
Tot debt/ equity (x)	0.2	0.2	0.3	0.3	0.2	0.2
Current Ratio (X)	1.0	0.9	1.1	1.2	1.6	1.7

<b>Per Share data (IDR)</b>						
EPS	183	210	269	331	375	429
EBITDA/share	404	480	569	657	728	849

Sources: Company and Binaartha

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**Stock Ratings:**

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

**RESEARCH TEAM**  
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