PT NFC Indonesia Tbk.

The Birth of Big Data Company

BUY (TP: IDR 3,300)

15 August 2018

Capturing the rising needs and interest towards digital exchange industry, PT NFC Indonesia Tbk. (NFC/the company) came up with some breakthroughs that surely will be able to leverage the digital market. The company introduces NFC Phone Credit Exchange (NFCXC) and Oona TV as its core business, along with e-commerce as the supporting business line. Not only limited to that, NFC Indonesia also has various promising products which are based on digital exchange technology within its pipeline.

Taking phone credit distribution to the next level. Considering the breadth of digital exchange products circulated in the market, many of which have yet truly solved the primary existing issues. However, through the carefully developed products that are incubated over years before finally launched to public, we believe NFC would be able to place itself as leading digital hub exchange company. It is the first one to introduce phone credit exchange to settle the common excess and shortage supplies in the industry. Within the exchange also lies the solution for phone credit distributors to be able to manage their working capital and inventories better. Given the importance of the product, NFC receives considerable amount of initial allocation from telco providers, allowing the company to provide much more supply and multiply its earnings.

Catching the falling stars. Secondly, Indonesia media industry is generally known for its free-to-air TV as the main platform for advertisers to broadcast their messages. Recently, the trend has been disrupted by the entrants of digital media and OTT platforms. As a second business line, NFC is partnering with a global digital media player to present Oona TV, a free subscription streaming service with top contents aired through the platform. Both parties entered into revenue sharing agreement with content providers and other supporting parties, where money is coming from advertisers on cost per completed view (CPCV) basis. This saves the company from spending billions on contents and other capex. Oona implements artificial intelligence to address ads to their most potential viewers, enabling advertisers to receive feedback on their ads effectiveness as well. Challenge is, some viewers tend to be reluctant to watch ads, the company thus offers benefit to raise ads attractiveness by granting them tcoins which can be redeemed into certain rewards every single time they decide to click on ads.

Big and deep data soon-to-be in hand. Lastly, incorporating all the synergy that NFC has with its innovative business model, we believe that this company is the next big thing in digital exchange industry. In few coming years, NFC will be able to acquire deep data from its in-house developed AI (Artificial Intelligence) that could be very beneficial for media advertisers; at this point in time we will not be talking about valuations as NFC will be the go-to solution for media advertisers.

Therefore, acknowledging the robust growth potential empowered by innovative and relevant business model NFC Indonesia has, **we value the company at 22x FY2019F EV/EBITDA which implies equity value range of IDR 1.9tn.** By buying the shares, we view investors are essentially buying a big data company at aforementioned valuations.

Several risks that are associated with the company's performance include highly competitive phone credit distribution market, numerous free contents from unlicensed online platform, contents availability or contents withdrawal, and execution risk.

Paulina
Equity Analyst
+62 21 392 5550 ext. 610
paulina@sinarmassekuritas.co.id

Richard Suherman
Equity Analyst
+62 21 392 5550 ext. 610
richard.suherman@sinarmassekuritas.co.id

Evan Lie Hadiwidjaja
Head of Research
+62 21 392 5550 ext. 623

Stock Information	
Sector	Digital
Bloomberg Ticker	NFCX
Market Cap. (IDR tn)	1.9
Share Out./Float (mn)	666.7/166.7
Current Price	2,770
FY19F Target Price	3,300
Upside (%)	19.2%

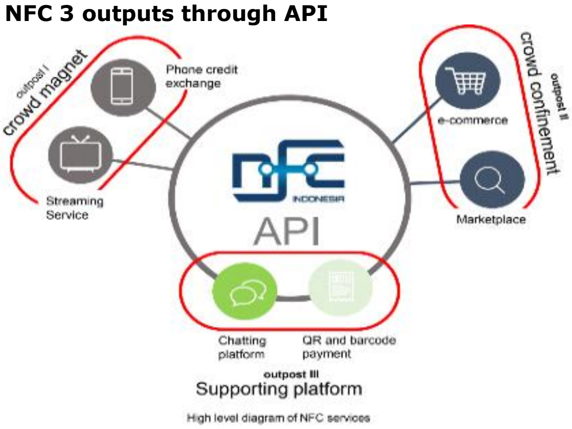
Share Price Performance	
52W High (07/13/17)	3,100
52W Low (07/11/18)	1,850
52W Beta	0.7
YTD Change (%)	49.7%

Relative Valuations	
Forward P/E	37.8x
P/BV	6.1x
EV/EBITDA	22.0x

Company Background

PT NFC Indonesia was first established in August 2013, with its main engagement in the exchange platform for phone credits distribution business. NFC provides an easy-to-use and secure distribution platform that enables distributors to get products according to what they need. The company envisions to be the biggest digital exchange hub in Indonesia by establishing three business pillars.

NFC 3 outputs through API



Source: Company Presentation, Sinarmas Investment Research

Within the omni-channel, NFC runs two unique business models with crowd magnets in each business line: phone credit exchange (NFCXC) and streaming service app (Oona TV). These two services will then be supported by giving a chatting platform as well as e-commerce support and marketplace platform to help retain customers via QR codes or dedicated payment methods to ensure the most fulfilled and streamlined experience. NFC establishes two e-commerce platforms: SelaluAda.com and Tawarin.com which focuses on serving daily needs of customers, point of sales for airtime products and secondhand/used goods marketplace. However, the e-commerce is still forecasted to contribute modest portion of company's revenue. Next in the pages is further description of NFC's primary business lines and how they differentiate from other digital players.

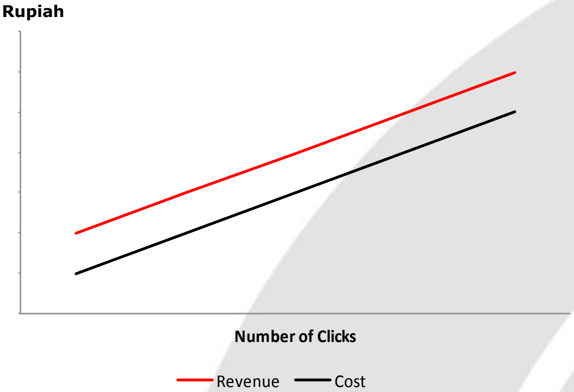
1. Phone credit exchange

NFC is creating a phone credit exchange platform as a marketplace to gather and help phone credit distributor exchanging the products that they need using a real time bid offer system. This system allows distributor to better optimize their inventories and working capital. Any excess and shortage of certain phone credit products that they need can be found in this exchange platform. NFC, on the other hand, will have two main sources of revenue stream; internal and external. On internal side, NFC will be supported by Indonesian telco providers to supply the exchange with an agreed amount of credit allocation. Credits will then be distributed through NFC's platform as the initial supply where NFC monetizes from the spread of cost and selling price. Meanwhile, on external side, we assume NFC will charge 0.5-1% commission fees for every transaction order through the platform. Hence, any gain from external sales will directly impact bottom line numbers whilst top line growth will be supported from internal sales. This business model allows a solid margin growth as transaction volume increases.

2. Streaming online apps (Oona TV)

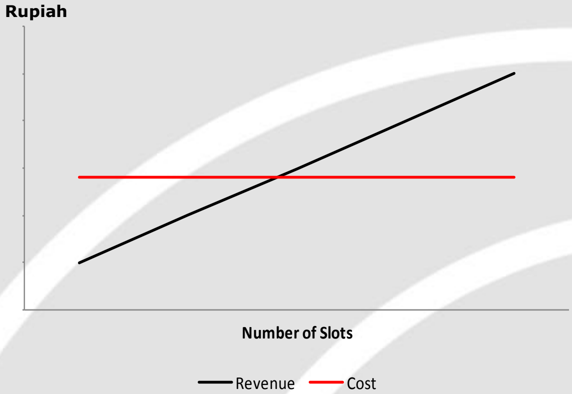
Oona TV is a streaming online platform on top of OTT where people can watch television or movies on phone anywhere and anytime without charging any cost. Oona TV emphasizes on convenience and flexibility by combining TV and video entertainment in one platform. Oona TV will partner up with several top media players as their content provider such as Indonesia FTA channels, global Pay-TV channels (Bloomberg, fashion TV) and global OTT players (Netflix, Iflix). Oona TV business model focuses on core DNA for consumers by providing free subscription and rewarding system to attract audience. By watching advertisement, audience can collect T-coins which can be converted into local loyalty program and redeemed at local merchant partners. Advertising and promotion will be the main sources of revenue for Oona TV, where they are paid based on number of click basis. We forecast the ad costs are ranging from USD 5-7 per 1,000 clicks. However, the figures could be much higher once the company has started to utilize deep data analysis to ensure that ads are effective and selectively targeting the right person. On the cost side, Oona TV applies a revenue sharing scheme with content providers, telco providers and other external parties which allows them to minimize cost and capital expenditure. Note that due to the revenue sharing scheme, all cost borne by Oona TV will be variable costs. This allows Oona to incur zero cost of revenue, ensuring positive gross profit. Currently, Oona TV already has approximately 70 contents from FTA and several paid channels within the platform. We assume the number of contents to reach 300 by the end of 2019.

Oona TV business model



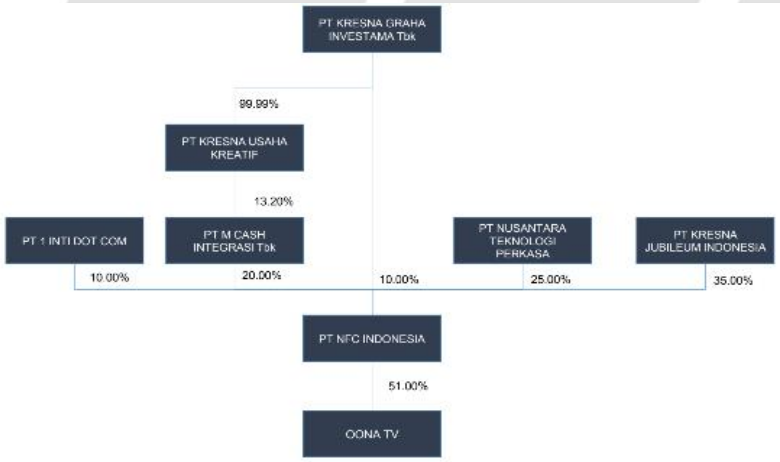
Source: Sinarmas Investment Research

Traditional TV business model



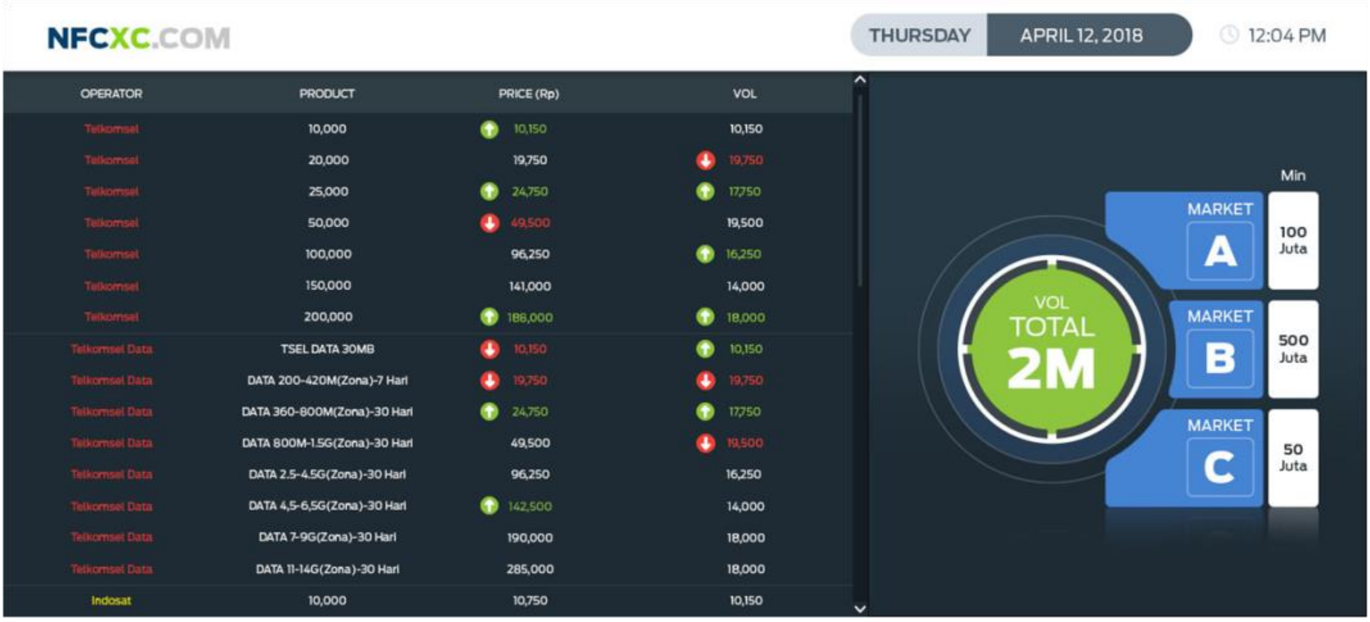
Source: Sinarmas Investment Research

PT NFC Indonesia Tbk. pre-IPO corporate structure



Source: Company Data, Sinarmas Investment Research

NFC phone credit exchange display



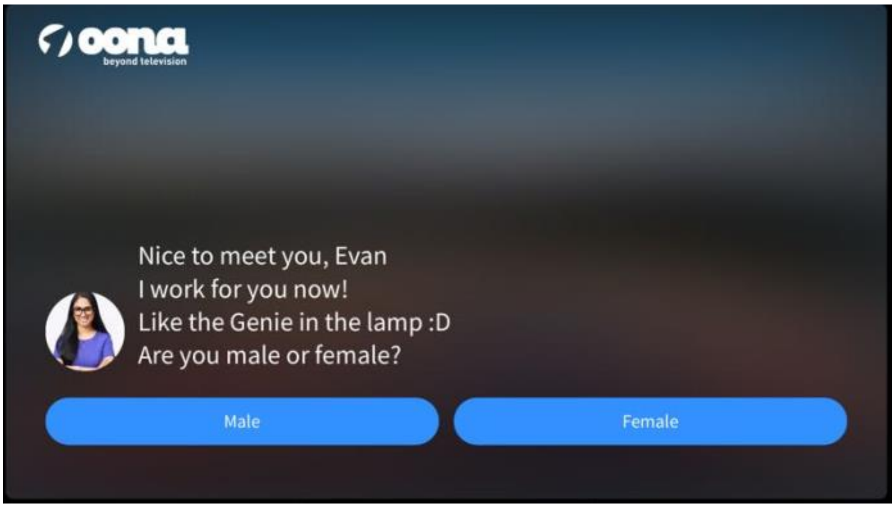
OPERATOR	PRODUCT	PRICE (Rp)	VOL
Telkomsel	10,000	10,150	10,150
Telkomsel	20,000	19,750	19,750
Telkomsel	25,000	24,750	17,750
Telkomsel	50,000	49,500	19,500
Telkomsel	100,000	96,250	16,250
Telkomsel	150,000	141,000	14,000
Telkomsel	200,000	188,000	18,000
Telkomsel Data	TSEL DATA 30MB	10,150	10,150
Telkomsel Data	DATA 200-420M(Zona)-7 Hari	19,750	19,750
Telkomsel Data	DATA 360-800M(Zona)-30 Hari	24,750	17,750
Telkomsel Data	DATA 800M-1.5G(Zona)-30 Hari	49,500	19,500
Telkomsel Data	DATA 2.5-4.5G(Zona)-30 Hari	96,250	16,250
Telkomsel Data	DATA 4,5-6,5G(Zona)-30 Hari	142,500	14,000
Telkomsel Data	DATA 7-9G(Zona)-30 Hari	190,000	18,000
Telkomsel Data	DATA 11-14G(Zona)-30 Hari	285,000	18,000
Indosat	10,000	10,750	10,150

Source: Company Data, Sinarmas Investment Research

Oona TV contents

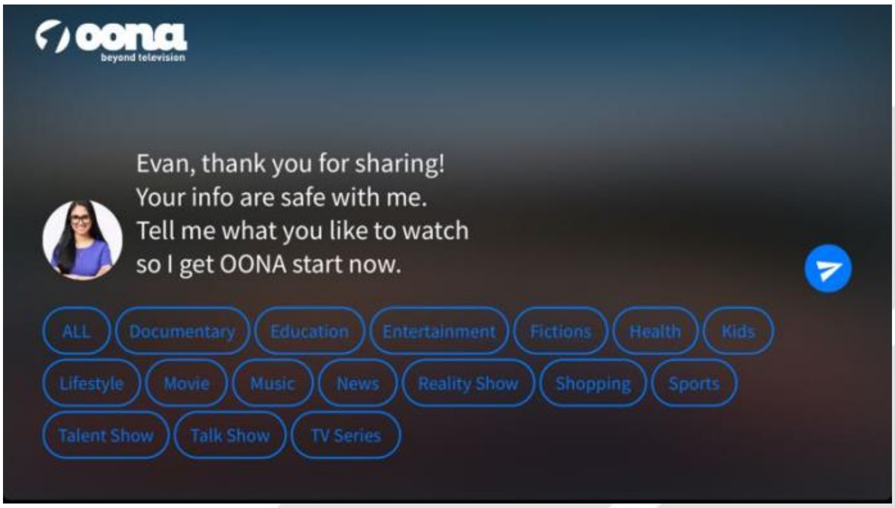
Source: Company Data, Sinarmas Investment Research

Oona TV's chatbot personal assistant



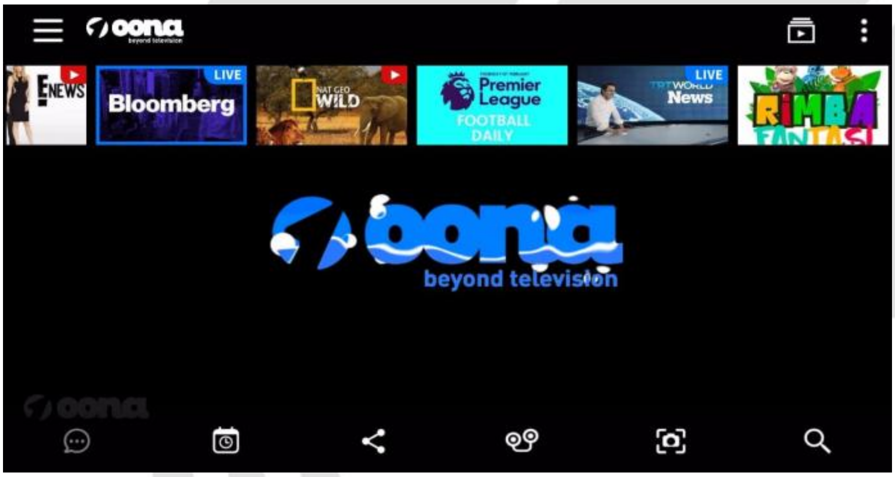
Source: Oona TV mobile app, Sinarmas Investment Research

Oona TV's chatbot personal assistant



Source: Oona TV mobile app, Sinarmas Investment Research

Oona TV contents display

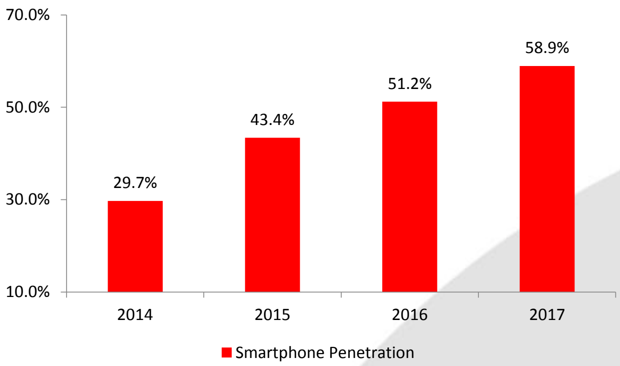


Source: Oona TV mobile app, Sinarmas Investment Research

Industry Overview

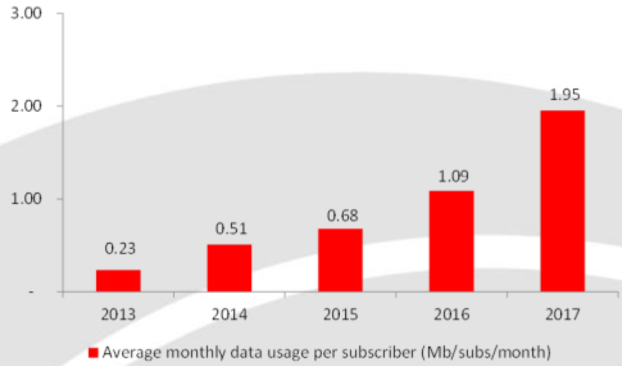
Lucrative market. Being the fourth largest population and mobile users in the world, Indonesia poses a lucrative market for mobile and internet usage. According to GSMA Intelligence's Mobile Economy 2017, mobile penetration has reached over 73% of Indonesia total population, higher than global average at 66% which means that almost three out of four people in the country have their own mobile devices. Those figures show an extremely rapid growth compared to 41% in 2015. Moreover, by 2025, it is forecasted that mobile penetration in Indonesia will reach 77%. On the other hand, smartphone penetration or internet subscribers is also growing at a fast pace, rising to 59% of total mobile user in 2017 (vs 51% in 2016). In line with the smartphone user growth, total data traffic has also increased by an average of 116% YoY in the last 4 years. As a result, average monthly internet data usage per subscriber in Indonesia has risen to 2.0 Mb per month and current growth will remain robust in the next few years. Taking everything into consideration, we see higher mobile and smartphone penetration as well as rising data consumption growth will be positive catalyst to phone credit industry and online streaming business.

Smartphone penetration



Source: Company Data, Sinarmas Investment Research

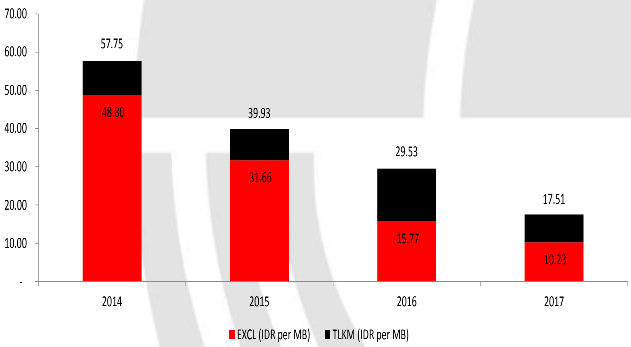
Average monthly data usage per subscriber



Source: Company Data, Sinarmas Investment Research

Low data pricing. Despite higher penetration and data traffic growth, data pricing keeps on falling, mainly due to tighter competition in data market as well as deadline pressure for SIM registration. In 2017, data yield fell as low as Rp 17.5 per MB (-40.7% YoY) for PT Telekomunikasi Indonesia Persero Tbk. (TLKM) and Rp 10.2 per MB (-35.1% YoY) for PT XL Axiata Tbk. (EXCL). Despite slower yield compression post SIM registration deadline, data pricing in Indonesia has been one of the cheapest yield in the world. Nevertheless, such affordable data pricing should be supportive for future data consumption, especially for online streaming business.

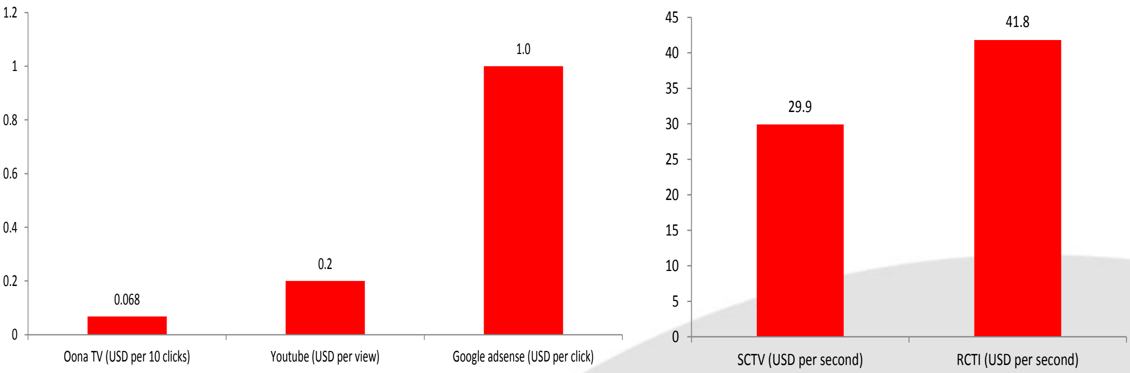
Data pricing for TLKM and EXCL



Source: Company Data, Sinarmas Investment Research

Finding alternatives. In 2017, total advertising expenditure in Indonesia reached Rp 145,5 tn (+7.9% YoY), dominated by free-to-air TV as it accounts for 80% of advertising market share. However, since internet has become the primary means of doing business and entertainment, online advertising has grown interest as an alternative for advertising platform. Moreover, online advertising owns several benefits which traditional advertising such as television, newspaper and tabloid lacks. Aside being more affordable, internet advertising can have broader access to audience across countries. It also may improve advertising effectiveness by targeting specific audience using big data analysis. We also see the growing younger generation population to support the shifting of traditional-go-to advertisers solution into online-based advertisement. Overall, we see a growing demand on internet advertising which should benefit Oona TV.

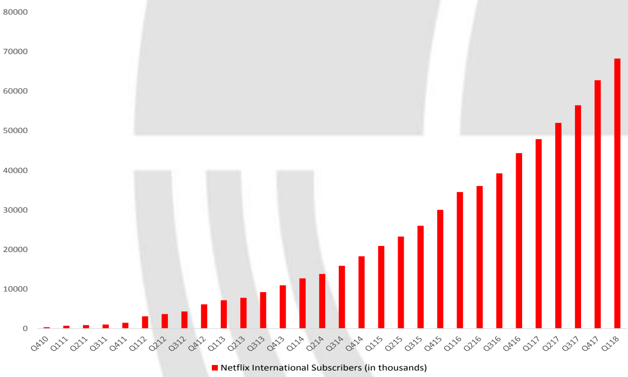
Digital advertising cost vs traditional advertising cost



Source: Channel Check, Sinarmas Investment Research

What makes Netflix so popular? And so will Oona. In this digital era, people are shifting their habit to watch TV from the couch to their phones, making the activity more mobile. The trend is captured by Netflix as it provides the viewers a paid entertainment services (movies and drama series) for TV and mobile gadgets (such as in smart phones, tablets and laptops). Netflix not only offers the subscribers a vast range of genre, but also gives them freedom to choose what they want to watch base on their preferences. In the international market, Netflix is publicly well accepted by noting the rapid increase (with an average of 22% QoQ) in number of paid subscribers since it expanded the business internationally in 4Q10. Therefore, if Oona adopts Netflix, we expect that Oona will follow Netflix trend; it becomes popular as Netflix getting more popularity as well. Moreover, by adopting local customization business model from subscription based to free and rewarding OTT platform, it will easily gain popularities among Indonesian people.

Netflix international subscriber growth



Source: Company Data, Sinarmas Investment Research

Investment Thesis

NFC Indonesia is a digital hub exchange company, connecting a variety of business units and digital style products. The company possesses its very own business model to cater with various digital needs. It introduces brand new way of phone credit distribution and provides an attractive streaming service platform. Both products are going to pool massive traffic of users, multiplying revenue, and enabling the company to acquire rapid growth.

Revolutionize phone credit distribution. At current situation, phone credit distributors should commit with their agreed amount of credit allocation distributed weekly as the prerequisite in joining the business. Should the allocation has not been fully sold or are sold out before the assigned day to begin the week, the distributors are still required to pay according to the agreed allocation. In cases where the distributors are not able to fully sell the credits, they will likely to sell the remaining phone credit for the week at discounts in order to cover their working capital. On the other hand, supposed the demands are good and distributors are out of credits, they are going to look for excess inventories from other players which mostly are offered at more premium prices. The complexity is also added by the fact that phone credits are not sold in bulk, but rather are already divided into certain portion of allocation for each denomination. Given the issue of frequent excess and shortage supply of phone credits, multiple layers of supply chain, and different allocation for different denomination, the condition creates inefficiency in phone credit market. Therefore, NFC Indonesia becomes an essential solution with its phone credit exchange to serve as phone credit supplier and the intermediary of phone credit distributors. The exchange provides transparency, and enables distributors to purchase credits supplied by NFC or other distributors as well as putting their credits into offer every working day. The distributors will then be able to manage their essential business elements: working capital and inventory better through the exchange. This we believe will turn NFC Phone Credit Exchange (NFCXC) into a vital element within phone credit supply chain as it offers flexibility and efficiency towards the industry.

Enjoying favorable phone credit denomination. It is also worth to note that NFC is the subsidiary of PT M Cash Integrasi Tbk. (MCAS), the leading digital phone credit distributor in Indonesia. NFC thus has the capability to leverage the good relationship from the parent company with telco providers, which does not come easy for newcomers. The company is benefited through more various phone credit denomination and the capability to enjoy larger portion of allocation appointed to smaller denomination credits (2k, 5k, 10k, 15k, 25k). Highest margin occurs in smaller denomination ones, with margin declines along with the increment in the denomination. This advantage should lead NFC to focus on higher margin products in phone credit distribution business, while still maintaining a sizeable portion of inventory. It should result in better profitability over other B2B phone credit distributors since the smaller denomination credits carry higher margin and are more popular amongst middle-to-lower end market segment. As the sweetest target market in phone credit business, middle-to-lower end segment has the largest target market in phone credit business and possess higher turnover of phone credit top-up. To add, NFC's phone credit supplies would also be able to be utilized by the growing MCAS, thus securing some parts of its revenue.

The next darling streaming service. Oona TV taps into Indonesia's media and entertainment market with couples of renowned content providers (FTA channels, Netflix, Iflix) as its partners where contents are offered to the viewers without paying a penny. Oona offers flexibility and a solution that centralizes viewers, thereby providing a bigger audience and reach for channels and OTT company, wrapped in a user-friendly mobile application. It utilizes the recent shifting trend from traditional free-to-air TV to the digital ones as smart phone has become the main media and entertainment instrument. Recognizing the great potential of traffic into the apps, the company invites product sellers to advertise on Oona platform as the source of monetization where Oona is paid by the advertisers on number of clicks basis. While pricey content and infrastructure costs are the major challenges for pay TV, Oona TV applies revenue sharing scheme with the content providers, telco operators, and other supporting parties, thus allowing Oona to incur no expense on contents and very minimum capital expenditures.

On point advertising attempt. Traditional TV advertisers usually have to book an entire spot where ads are aired to all spectators and that costs are fixed. On the other hand, Oona TV implements artificial intelligence system to address ads to their most suitable viewers by analyzing their demographic attributes and preference, while advertisers are to obliged pay based on cost per completed view (CPCV). This grants advertisings to be much more effective, and advertisers to save significant amount of expense as well as to attain feedback on how their ads running.

Big and deep data acquisition. Through the establishment of phone credit exchange and Oona TV, NFC will be able to obtain valuable collection of data which pictures beneficial knowledge to both telecommunication and media industry. The information can be employed by the phone credit distributors to analyze the supply and demand of phone credits, allowing them to manage the timing and inventories. It helps advertisers along with content providers to acknowledge the behavior of viewers, to identify their preference, to diagnose the trend, and loads of other insight to be excavated as well. We believe that this aspect will be one of NFC's most important treasure as data intelligence has become more and more important for business to make their strategic decision.

Expanding wings through investment in digital cloud business. In prior month, NFC along with MCAS announced their investment in Indonesia's pioneer digital cloud-based technology advertisement firm, PT Digital Marketing Solution (DMS), with a respective 30% and 5% ownership stake in DMS. This investment is part of NFC's strategy to enrich its digital advertisement exchange, and MCAS's strategy to enlarge its digital distribution reach in Indonesia by utilizing DMS's digital cloud technology and massive advertisement penetration. Empowered with Artificial Intelligence (AI) and an end-to-end integrated service, with both online to offline communication channels, DMS' footprint currently covers more than 4,000 spots in 19 cities across Sumatra, Java, Bali, Kalimantan and Sulawesi. Major retail and fast-moving consumer goods (FMCG) businesses in Indonesia, including Djarum Group, Indomaret, Circle-K, Bodyshop, and Soekarno-Hatta International Airport are among DMS clients, operating through expansive business networks across Indonesia.

Key Risks

Risk from highly competitive phone credit distribution market. Phone credit market is enlivened with plentiful players, starting from the gigantic companies up to the smaller-scale ones. It forms a very tight competition in phone credit distribution game as everyone is competing for market share. It forces players to be as efficient as possible in managing their working capital and inventories. However, we believe that since NFC Credit Exchange comes to solve the current inefficiency in credit distribution and supported by MCAS digital distribution network, NFC should be able to conquer the market.

Risk from numerous free contents from unlicensed online platforms. Over the past few years, Indonesian government has seen striving to fight contents piracy. Nonetheless, several unlicensed content providers are still existing within the cyber world, creating the threat for Oona streaming service. Oona however possesses its own competitive advantage through its user-friendly and mobile-based platform, various contents from favorite content makers.

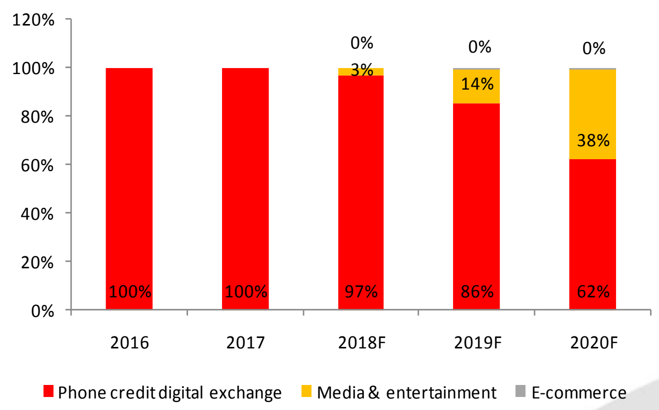
Risk from contents availability or contents withdrawal. As media industry's popularity heavily relies on how acceptable the contents, contents influence viewers stickiness towards the media platform. There occurs the risk of customers drawback supposed there are major content changes or exit.

Risk from execution. We see execution risk in regard to company's unique business model, be it from internal operation (platform, internet connectivity, contents) or issue from other supporting parties.

Financial Outlook

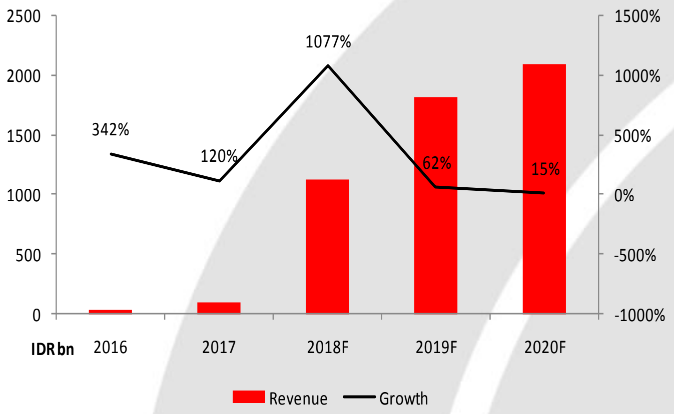
Promising outlook driven by significant sales growth. PT NFC Indonesia Tbk. will begin its comeback with abundant raise in its phone credit allocation distributed through NFC Credit Exchange (NFCXC), where we forecast the allocation received from telco providers might reach IDR 3tn per annum. As demand in digital phone credit has seen tremendous development in recent years, we believe that the ample of allocation should be able to translate into rapid sales growth. Going forward, we expect Oona TV to also play substantial role in NFC Indonesia's total revenue following the anticipated enlarging customers based.

NFC Indonesia revenue breakdown



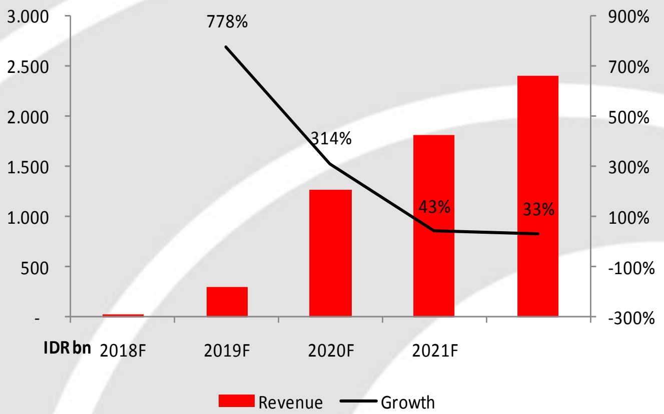
Source: Company Data, Sinarmas Investment Research

Phone Credit Exchange Revenue Growth



Source: Company Data, Sinarmas Investment Research

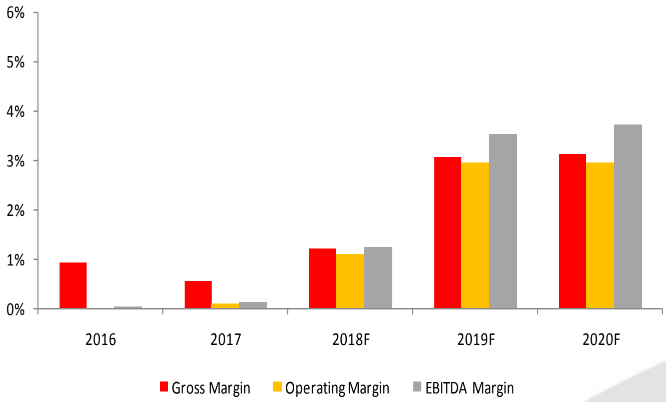
Oona TV Revenue Growth



Source: Company Data, Sinarmas Investment Research

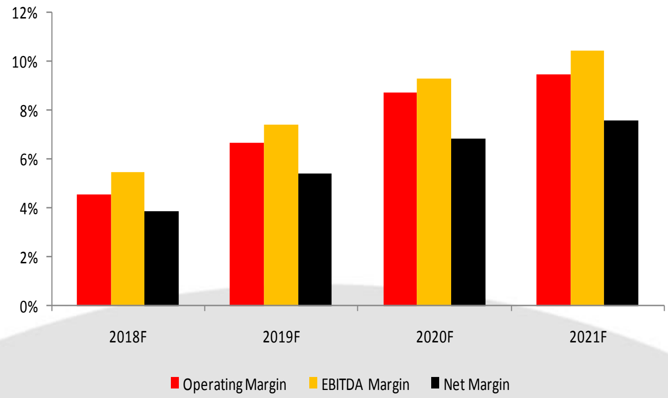
Expanding margin. Phone credit business segment contributes to NFC's top-line while gross margin from the segment was compressed due to the nature of phone credit industry where margin expansion is hardly achieved. However, we expect to see betterment in margin on the back of 1) bigger phone credit allocation from telco providers, allowing NFC to secure supply and to receive inventories with best prices, 2) Favourable phone credit denomination which helps to boost gross margin; and 3) Increasing revenue from credit exchange transactions fees that will directly translate into bottom-line numbers. Most importantly, Oona here plays as the margin enhancer for the company as the business model requires minimum amount of expense since majority of costs is carried through revenue sharing system.

Phone credit exchange margin



Source: Company Data, Sinarmas Investment Research

Oona TV Margin



Source: Company Data, Sinarmas Investment Research

Relative valuation. We use FY2019F EV/EBITDA at 10-13x, we arrive at IPO range of IDR 1,740-2,130 per share. We use FY2019F forecasted earnings since both primary business lines will begin effectively starting next year. We believe that the multiple is justified through NFC's business model which identifies key issues occurring within phone credit and media industry and innovatively coming with the proper solution. This also supported by 1) Accelerated growth in the coming years backed by large amount of phone credit allocation received, 2) Enormous potential from Oona TV, 3) Valuable big and deep data collected. In our view, we think that NFC Indonesia has all the needed engines to eventually transforming the company into a big data company.

1H18 performance result. NFC booked robust growth on its top-line numbers supported by larger amount of phone credit allocation. The company recorded IDR 265bn of sales, grew by 1475% on yearly basis. Bottom-line figure increased significantly as compared to last year, at IDR 2.5bn (vs IDR 70mn loss in 1H17). Given the improvement in phone credit business line, margins were seen expanding. Gross margin recorded at 1.9% (vs 0.5% in 1H17), operating margin was at 1.1%, and net margin was posted at 1%. Going ahead, we expect rising traction from Oona TV to be an additional booster for NFC's revenue which should complement the developing demand on NFC's digital exchange platform.

Income Statement (IDR mn)	2016	2017	2018F	2019F	2020F
Revenue	**43,507**	**95,555**	**1,159,993**	**2,126,846**	**3,364,292**
Cost of Revenue	43,111	95,033	1,111,500	1,764,000	2,028,600
Gross Profit	**396**	**522**	**48,493**	**362,846**	**1,335,692**
% growth	224.0%	31.9%	9189.8%	648.3%	268.1%
Operating Expenses	394	430	34,506	288,704	1,162,810
Opex to Sales (%)	0.9%	0.4%	3.0%	13.6%	34.6%
EBITDA	**18**	**103**	**15,675**	**86,831**	**196,054**
% growth	-107.7%	463.5%	15113.5%	454.0%	125.8%
EBT	**2**	**86**	**15,353**	**85,007**	**190,949**
% growth	-100.7%	5114.6%	17668.6%	453.7%	124.6%
Tax	1	21	3,497	18,535	43,221
Minority Interest	-	0	671	8,197	42,750
Net Profit for the Year	**0.2**	**65**	**11,186**	**58,274**	**104,979**
% growth	-100.1%	30323.8%	17080.8%	421.0%	80.1%

Balance Sheet (IDR mn)	2016	2017	2018F	2019F	2020F
Cash and Cash Equivalent	728	3	142,315	310,413	442,372
Trade Receivables	-	12,216	113,629	120,247	289,131
Inventories	166	9,690	85,266	33,830	38,905
Other Current Assets	-	906	11,950	24,337	46,346
Total Current Assets	894	22,814	353,160	488,827	816,753
Fixed Assets	56	40	9,718	25,982	71,584
Other Non Current Assets	19	274	2,524	4,068	4,677
Total Assets	**969**	**23,127**	**365,402**	**518,878**	**893,014**
Trade Payables	28	2,184	49,967	131,970	344,046
Bank Loans	-	-	-	-	-
Other Current Liabilities	523	947	1,329	6,311	20,624
Total Current Liabilities	551	3,131	51,296	138,281	364,670
Other Non Current Liabilities	42	63	16	35	54
Total Liabilities	**593**	**3,194**	**51,312**	**138,317**	**364,724**
Share Capital	505	20,000	66,667	66,667	66,667
Paid-in Capital	92	92	225,925	225,925	225,925
Retained Earnings	(221)	(158)	11,027	69,302	174,281
Equity — Controlling Parties	376	19,933	303,619	361,893	466,872
Equity — Non Controlling Parties	-	-	10,471	18,668	61,418
Total Equity	**376**	**19,933**	**314,090**	**380,561**	**528,290**
Total Equity & Liabilities	**969**	**23,127**	**365,402**	**518,878**	**893,014**

Cash Flow (IDR mn)	2016	2017	2018F	2019F	2020F
Net Income	**0.2**	**65**	**11,186**	**58,274**	**104,979**
Chg. in Non Cash Adjustments	17	17	322	1,824	5,105
Chg. in NWC	(179)	20,068	129,398	(127,613)	(73,171)
CF from Operating	**196**	**(19,986)**	**(117,891)**	**187,712**	**183,255**
Capital Expenditure	(68)	-	(10,000)	(18,089)	(50,706)
Chg. in LT Assets	(4)	(255)	(2,250)	(1,544)	(609)
Chg in LT Liabilities	16	22	(47)	19	19
CF from Investing	**(56)**	**(234)**	**(12,297)**	**(19,614)**	**(51,296)**
Chg. in Share Capital & APIC	92	19,495	272,500	-	-
Dividends Paid	-	-	-	-	-
CF from Financing	**92**	**19,495**	**272,500**	**-**	**-**
Change in Cash	231	(725)	142,312	168,097	131,959
Beginning Cash	497	728	3	142,315	310,413
Ending Cash	**728**	**3**	**142,315**	**310,413**	**442,372**

Financial Ratio	2016	2017	2018F	2019F	2020F
Profitability					
ROE	-0.1%	0.3%	3.6%	15.3%	19.9%
ROA	0.0%	0.3%	3.1%	11.2%	11.8%
Operating Margin	0.0%	0.0%	1.2%	3.5%	5.1%
EBITDA Margin	0.0%	0.1%	1.4%	4.1%	5.8%
Liquidity & Solvency					
Current Ratio	1.6	7.3	6.9	3.5	2.2
Debt to Equity	-	-	-	-	-
Debt to Assets	-	-	-	-	-
Efficiency					
A/P Days	-	8	16	27	61
A/R Days	-	46	35	20	31
Inventory Days	1	37	28	7	7

Key Assumptions	2016	2017	2018F	2019F	2020F
NFCXC Transactions Fee (%)	-	-	0.5	0.5	0.5
Media Total Clicks per Year	-	-	511	3,294	12,878
Media CPCV Rate (USD)	-	-	5	7	7

sekuritas sinarmas

IPO Proceeds:

PT NFC Indonesia Tbk. expects to achieve IDR 250bn of IPO proceeds. The proceeds will be used for:

- 30% for investments in various digital initiatives, including IT improvements as well as purchase of hardware and software
- 60% for working capital
- 10% for human capital investments

DISCLAIMER

This report has been prepared by PT Sinarmas Sekuritas, an affiliate of Sinarmas Group.

This material is: (i) created based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such; (ii) for your private information, and we are not soliciting any action based upon it; (iii) not to be construed as an offer to sell or a solicitation of an offer to buy any security.

Opinions expressed are current opinions as of original publication date appearing on this material and the information, including the opinions contained herein, is subjected to change without notice. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. The analyst (s) responsible for the preparation of this publication may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, integrating and interpreting market information. Research will initiate, update and cease coverage solely at the discretion of Sinarmas Research department. If and as applicable, Sinarmas Sekuritas' investment banking relationships, investment banking and non-investment banking compensation and securities ownership, if any, are specified in disclaimers and related disclosures in this report. In addition, other members of Sinarmas Group may from time to time perform investment banking or other services (including acting as advisor, manager or lender) for, or solicit investment banking or other business from companies under our research coverage. Further, the Sinarmas Group, and/or its officers, directors and employees, including persons, without limitation, involved in the preparation or issuance of this material may, to the extent permitted by law and/or regulation, have long or short positions in, and buy or sell, the securities (including ownership by Sinarmas Group), or derivatives (including options) thereof, of companies under our coverage, or related securities or derivatives. In addition, the Sinarmas Group, including Sinarmas Sekuritas, may act as market maker and principal, willing to buy and sell certain of the securities of companies under our coverage. Further, the Sinarmas Group may buy and sell certain of the securities of companies under our coverage, as agent for its clients.

Investors should consider this report as only a single factor in making their investment decision and, as such, the report should not be viewed as identifying or suggesting all risks, direct or indirect, that may be associated with any investment decision. Recipients should not regard this report as substitute for exercise of their own judgment. Past performance is not necessarily a guide to future performance. The value of any investments may go down as well as up and you may not get back the full amount invested.

Sinarmas Sekuritas specifically prohibits the redistribution of this material in whole or in part without the written permission of Sinarmas Sekuritas and Sinarmas Sekuritas accepts no liability whatsoever for the actions of third parties in this respect. If publication has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this publication, which may arise as a result of electronic transmission. If verification is required, please request a hard-copy version.

Additional information is available upon request.

Images may depict objects or elements which are protected by third party copyright, trademarks and other intellectual properties.