

Asia Tour - Japanese Telcos and China Front of Mind

By [Chris Hoare](#) | December 8, 2018

The Asian tour in December each year is a great way to get to the bottom of the developing trends and embed our thinking as we head into the New Year. This year was no different as we met with the Japanese, Taiwanese, Chinese and Malaysian telecom operators. In Japan, we were pleasantly surprised by the confidence the operators had to lower costs to defend against any risk around tariff headwinds and we remain sanguine around the prospects of Rakuten's launch. With returns and shareholder returns unlikely to be impacted in 2019, we came away reassured that our preferred play (NTT) is likely to lead the market in return improvements. On our return, we upgraded China Tower to a Buy given the stock's lacklustre performance, but most importantly the ability to access 10mn 'social resources' assured us that future growth was unlikely to be as capital intensive as initially feared.

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Full 12-month historical recommendation changes are available on request

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