

The End of the “Last Good Telco Market”?

By Chris Hoare | November 3, 2018

DoCoMo’s announcement on Wednesday evening that the Japanese market leader intends to give back up to ¥400bn in discounts to consumers, offering cheap plans at a 20-40% price cut to existing levels has derailed what until this week had been perceived as the last large good market for telco investors, where all three operators generate a return well above their cost of capital. The response in share price terms was savage: at the low point of trading on Thursday, DoCoMo’s share price had lost 44% of all the gains made over its 6 year bull run from 2012 to its recent high. So, what should investors in Japanese telcos do from here? Is Japan over? Are, as we heard a number of investors say in the last 2-3 days, Japanese telcos headed to multiples similar to those the Chinese operators trade on?

(more...)

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