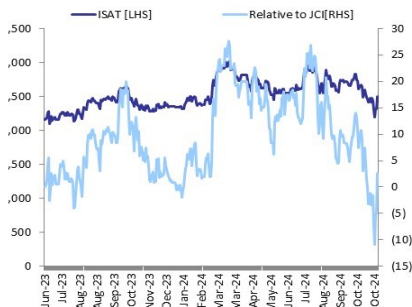


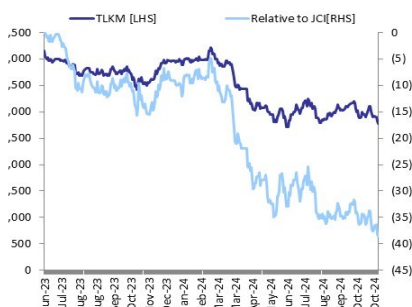
# Overweight

(Maintained)

## ISAT relative to JCI Index



## TLKM relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

### Niko Margaronis

(62-21) 5091 4100 ext. 3512  
niko.margaronis@brids.co.id

### Kafi Ananta

(62-21) 5091 4100 ext. 3506  
kafi.azhari@brids.co.id

## Telco

### Positive dynamics in mobile pricing and M&A catalysts to enhance execution in fixed BB

- IOH monetization tweaks will drive a 6–7% turnover increase in its tactical Hot Promo packs.
- TSEL's data payload spike during elections and Smartfren price hikes confirm our expectations for positive momentum in 4Q24/1Q25.
- We maintain sector OW rating as the imminent EXCL-FREN merger will improve competition and enhance confidence in fixed BB execution.

**IOH improves monetization outlook with tweaks in 30-day packs and VAT**  
IOH has made strategic improvement to its offerings by shortening the validity period of its 30-day Hot Promo to 28 days. This adjustment is expected to encourage users to reload more frequently, potentially increasing turnover by 6-7%. Additionally, IOH has recently begun passing on VAT charges onto consumers, starting with smaller denomination packages of Rp5k and Rp10k. The plan includes extending this pricing strategy to more packages over time. By doing so, IOH aims to nudge users towards migrating to higher-value packs and encourage more spending.

### Confirming positive trends: TSEL spike in traffic and FREN raising prices

TSEL experienced spike in data payload reaching 62Pb during regional elections (+10% vs. average 56Pb in 3Q24). This is inline with our thesis for positive seasonality in 4Q/1Q25. Meanwhile, Smartfren raised prices in its Kuota series by +2-6%. It also raised its Unlimited Non-Stop prices by +3-14% in exchange for higher local quota. As per Smartfren, it sees positive pricing trends in the market and room to deliver stronger value proposition.

### Fixed Broadband Expansion is the key growth driver in 2025

We expect fixed broadband (Fixed BB) to become a pivotal strategic growth area for telcos in 2025, with subscriber acquisition largely hinging on their ability to deliver more competitive and economically attractive pricing for end users. (pls see: [Telco FY25 Outlook](#)). Kominfo data identifies 1,209 registered ISPs, 770 of which have entered the market in the past four years (often identified as 'RT-RW net'), operating under minimal regulatory oversight. We estimate these ISPs collectively serve over 1.2mn households, with approx. ARPU ~Rp150k. This fragmented market presents a low hanging fruit opportunity for telcos to capture new subscriptions by leveraging pricing and service quality differentiation to outcompete smaller players.

### Sector OW: Positive dynamics with Fixed BB and M&A catalysts

The latest developments in mobile and fixed BB reinforce in the sector's positive trajectory. TSEL is actively promoting By.U as part of broader strategy to cross-sell to IndiHome and maximize network utilization. Additionally, the EXCL-Smartfren merger appears imminent, indicated by the resignation of EXCL's CEO and the rescheduling of Axiata's analyst day. These dynamics create an opportunity for market stabilization and focus on fixed broadband. These dynamics create an opportunity for market stabilization and refocus on fixed BB priorities. We maintain Sector Overweight rating, with preferred pick on ISAT (Buy, TP Rp3,800). Key risks are heightened competition and payload uncertainty linked to online gambling.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%) 2025F
					2024F	2025F	2024F	2025F	
Indosat Ooredoo Hutchison	ISAT IJ	BUY	3,800	78,369.5	14.8	12.5	2.3	2.1	17.4
Telkom Indonesia	TLKM IJ	BUY	4,250	275,393.0	12.4	11.4	2.0	1.9	16.9
XL Axiata	EXCL IJ	BUY	3,500	30,065.5	13.8	10.8	1.1	1.1	9.8

Exhibit 1. Tracking Indosat data plans – 4 Dec'24

Indosat Data Plans -							
Indosat Data Plans - DKI Jakarta - (selected)	Total GB (Nov'24)	Total GB (4 Dec'24)	Prices Nov'24	Prices (4 Dec'24)	Δ %	yield/gb Nov'24	yield/gb 4 Dec'24
<b>Hot Promos (One-time)</b>							
Internet 1GB, 1 day	1.0	1.0	1,000	5,000	400%	1,000	5,000
Internet 2GB, 2 day		2.0		8,000			4,000
Internet 2.5GB, 3 day	2.5	2.5	10,000	10,000		4,000	4,000
Internet 3.5GB, 3 day	3.5	3.5	12,000	12,000		3,429	3,429
Internet 4.5GB, 5 day	4.5	4.5	15,000	15,000		3,333	3,333
Internet 6.5GB, 5 day	6.5	6.5	20,000	20,000		3,077	3,077
Internet 4.5G, 7 day		4.5		15,000			3,333
Internet 8GB, 7 day	8.0	8.0	25,000	25,000		3,125	3,125
Internet 15GB, 7 day	15.0	15.0	30,000	30,000		2,000	2,000
Internet 5GB, 28 day		5.0		25,000			5,000
Internet 8GB, 28 day		8.0		20,000			2,500
Internet 9GB, 30 28 day	9.0	9.0	40,000	30,000	-25%	4,444	3,333
Internet 14GB, 28 day		14.0		30,000			2,143
Internet 12 11GB, 30 day	11.0		20,000			1,818	
Internet 18GB, 30 day	18.0		50,000			2,778	
Internet 20GB, 30 day	20.0		30,000			1,500	
Internet 25GB, 28 day		25.0		50,000			2,000
Internet 30GB, 30 day	30.0		60,000			2,000	
Internet 40GB, 28 day		40.0		80,000			2,000
Internet 50GB, 30 day	50.0	50.0	85,000	120,000	41%	1,700	2,400
Internet 60GB, 28 day		60.0		100,000			1,667
Internet 70GB, 30 day	70.0	70.0	140,000	140,000		2,000	2,000
Internet 100GB, 30 28 day	100.0	100.0	125,000	125,000		1,250	1,250
Internet 150GB + Tiktok, 30 day	150.0	150.0	150,000	150,000		1,000	1,000

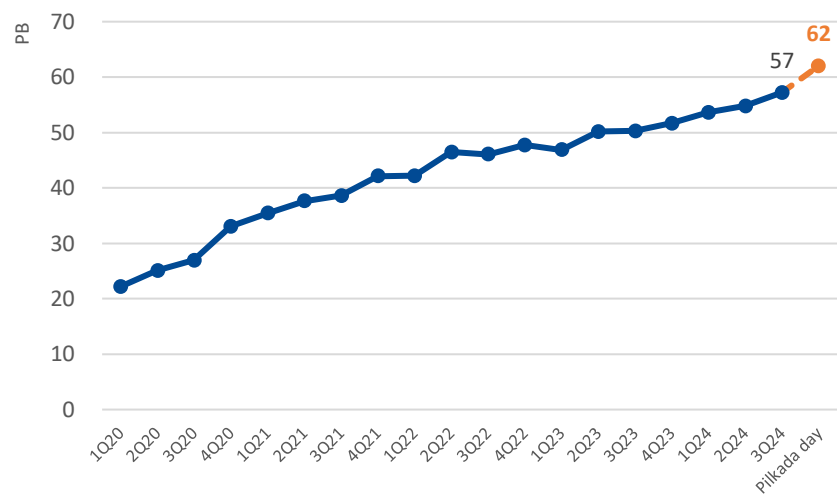
Source: Company, BRIDS Estimates

Exhibit 2. Tracking Smartfren data plans – 4 Dec'24

Smartfren data plans PREPAID (selected) - DKI Jakarta	Total GB (Oct'24)	Total GB (Nov'24)	Total GB (4 Dec'24)	Prices Oct'24	Prices Nov'24	Prices (4 Dec'24)	Δ %	yield/gb Oct'24	yield/gb Nov'24	yield/gb 4 Dec'24
<b>"Internet Malam"</b>										
Unlimited Malam 7Day (01:00-05:00)	UL	UL	UL	5,000	5,000	5,500	10.0%			
Unlimited Malam 28Day (01:00-05:00)	UL	UL	UL	10,000	10,000	11,000	10.0%			
<b>"Super 4G Social"</b>										
Unlimited Social 1day	1.0	1.0	1.0	5,000	5,000	5,000	0.0%	5,000	5,000	5,000
Unlimited Sepuasnya 7day	7.0	7.0	7.0	10,000	10,000	10,000	0.0%	1,400	1,400	1,429
Unlimited Social 30day	30.0	30.0	30.0	25,000	25,000	25,000	0.0%	800	800	833
<b>Unlimited NONSTOP - Remain online if run out of quota</b>										
Unlimited Nonstop 2GB 10day	2.0	2.0	2.0	11,000	11,000	12,500	13.6%	5,500	5,500	6,250
Unlimited Nonstop 3GB 14day	6.0	6.0	3.0	16,500	16,500	17,500	6.1%	2,800	2,800	5,833
Unlimited Nonstop 6GB 30day	10.0	10.0	21.0	38,500	38,500	40,000	3.9%	3,900	3,900	1,905
Unlimited Nonstop 12GB 30day	18.0	18.0	30.0	55,000	55,000	56,500	2.7%	3,100	3,100	1,883
Unlimited Nonstop 30GB 30day	30.0	30.0	45.0	77,000	77,000	79,500	3.2%	2,600	2,600	1,767
Unlimited Nonstop 45GB 30day	45.0	45.0	70.0	110,000	110,000	115,000	4.5%	2,400	2,400	1,643
Unlimited Nonstop 60GB 30day	60.0	60.0	90.0	137,500	137,500	142,000	3.3%	2,300	2,300	1,578
<b>Kuota</b>										
Paket Data Kuota M	21.0	21.0	15.0	42,000	42,000	44,000	4.8%	2,000	2,000	2,933
Paket Data Kuota L	40.0	40.0	30.0	60,500	60,500	62,000	2.5%	1,500	1,500	2,067
Paket Data Kuota 2L	65.0	65.0	48.0	90,500	90,500	92,000	1.7%	1,400	1,400	1,917
Paket Data Kuota 3L	100.0	100.0	75.0	126,500	126,500	130,000	2.8%	1,300	1,300	1,733
Paket Data Kuota 4L	125.0	125.0	90.0	151,000	151,000	155,000	2.6%	1,200	1,200	1,722
Paket Data Kuota 100GB	100.0	100.0	100.0	100,000	100,000	100,000	0.0%	1,000	1,000	1,000
Paket Data Kuota 200GB	200.0	200.0	200.0	200,000	200,000	200,000	0.0%	1,000	1,000	1,000
Paket Data Kuota 300GB	300.0	300.0	300.0	300,000	300,000	300,000	0.0%	1,000	1,000	1,000
Paket Data Kuota 500GB	500.0	500.0	500.0	500,000	500,000	500,000	0.0%	1,000	1,000	1,000
Paket Data Kuota 3GB	3.0	3.0	3.0	16,500	16,500	17,500	6.1%	5,500	5,500	5,833
Paket Data 40 12 Plus	12.0	12.0	12.0	19,000	19,000	20,000	5.3%	1,600	1,600	1,667
Paket Data 45 18 Plus	18.0	18.0	18.0	25,000	25,000	26,000	4.0%	1,400	1,400	1,444
Paket Data 25 30 Plus	30.0	30.0	30.0	36,000	36,000	37,000	2.8%	1,200	1,200	1,233
Paket Data 50 60 Plus	60.0	60.0	60.0	67,000	67,000	67,000	0.0%	1,100	1,100	1,117

Source: Company, BRIDS Estimates

Exhibit 3. TSEL average Payload per day



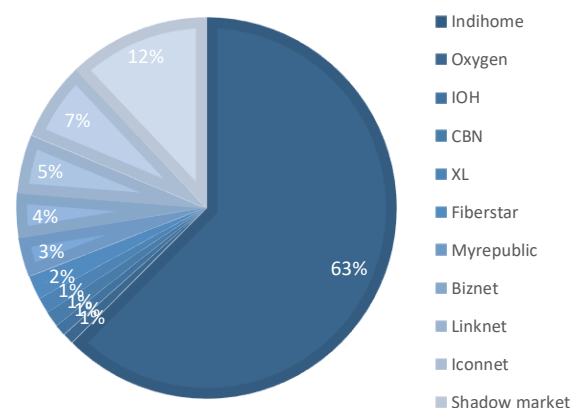
Source: Company, BRIDS Estimates

Exhibit 4. Mobile service revenue market share 9M24

(# millions)	total
mobile subscribers	352
Population	278
middle class & above	48
Aspiring middle class	138
Vulnerable class	68
Poor class	25
Mobile Penetration	126%
Reported Fixed BB connections	13
No. of total subscriptions, major providers & shadow*	15
No. of people per Indonesian household	3.8
Total households	73
Penetration rate to total Households	20%
Addressable households	67
Penetration rate to TAM	23%
Total PLN residential connections 2023	82
Penetration rate to PLN residential connections	18%

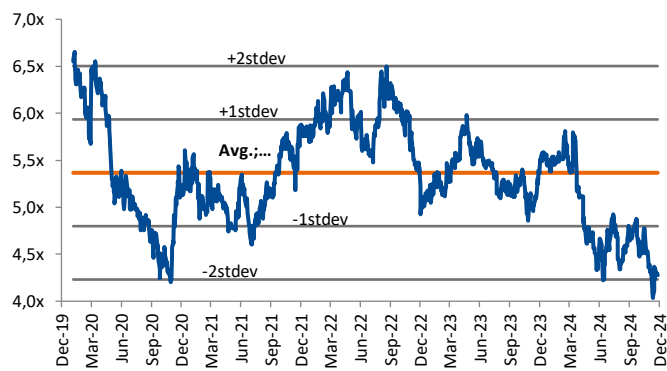
Source: Company, BRIDS Estimates

Exhibit 5. Market share in fixed BB subscriptions



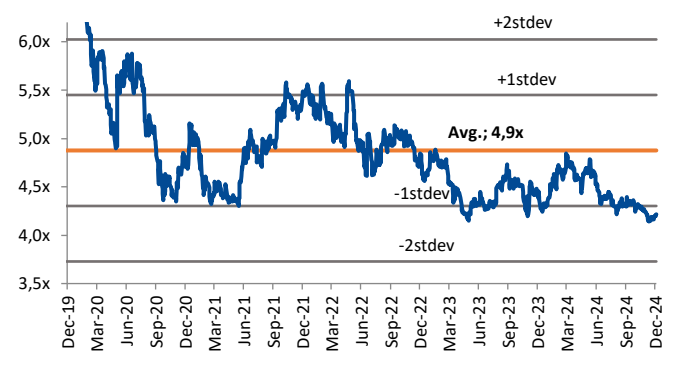
Source: Company, BRIDS Estimates

Exhibit 6. Telkom (TLKM IJ) forward 5-yr EV/EBITDA band



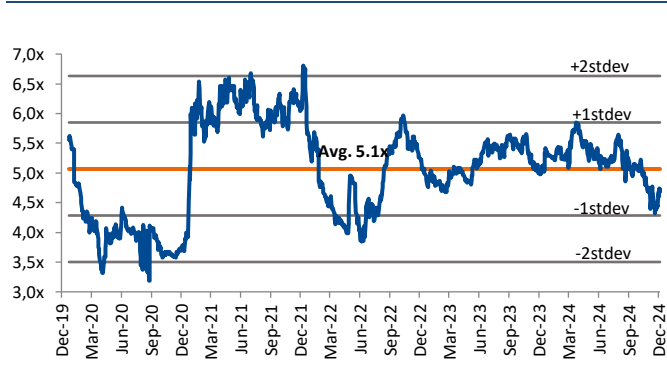
Source: Company, BRIDS Estimates

Exhibit 7. XL Axiata (EXCL IJ) forward 5-yr EV/EBITDA band



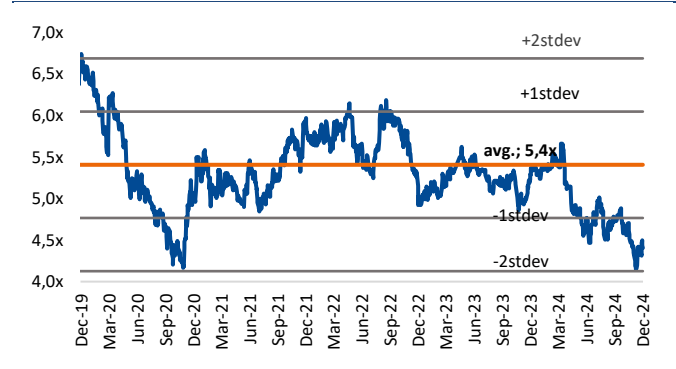
Source: Company, BRIDS Estimates

Exhibit 8. IOH (ISAT IJ) forward 5-yr EV/EBITDA band



Source: Company, BRIDS Estimates

Exhibit 9. Telco Sector forward 5-yr EV/EBITDA band



Source: Company, BRIDS Estimates

Exhibit 10. Telco valuation table

Company	Market Cap. (RpBn)	ND/ EBITDA (x)	ND/ equity (x)	P/E (x)		EV/EBITDA (x)		P/BV (x)		2026F	PEG (x)		ROAE %		NPM (%)		Asset Turnover (x)		Equity Multiplier (x)		ROAA %		Dividend yield %	
				'24F	'25F	'24F	'25F	'24F	'25F		24F	25F	'24F	'25F	24F	25F	24F	25F	24F	25F	24F	25F	'24F	'25F
XL Axiata	28,497	2.7	0.4	13.8	10.8	4.2	4.0	1.1	1.0	1.0	0.2	9.8	7.9	9.8	6.0	6.9	0.4	0.4	3.3	3.4	2.4	2.9	2.3	3.6
Indosat Ooredoo Hutchison	78,692	0.4	0.3	14.8	12.5	4.7	4.3	2.3	2.1	1.9	1.2	17.4	16.3	17.4	9.5	10.3	0.5	0.5	3.6	3.4	4.6	5.1	3.4	5.6
Telkom Indonesia	272,421	0.6	0.3	12.2	11.3	4.3	4.0	1.9	1.9	1.8	-1.3	1.3	16.1	16.9	14.6	15.2	0.5	0.5	2.1	2.1	7.7	8.1	6.4	6.7
<b>Average</b>				<b>13.6</b>	<b>11.5</b>	<b>4.4</b>	<b>4.1</b>	<b>1.8</b>	<b>1.7</b>	<b>1.6</b>	<b>0.0</b>	<b>9.5</b>	<b>13.4</b>	<b>14.7</b>	<b>10.0</b>	<b>10.8</b>	<b>0.5</b>	<b>0.5</b>	<b>3.0</b>	<b>3.0</b>	<b>4.9</b>	<b>5.4</b>	<b>4.0</b>	<b>5.3</b>

Source: Company BRIDS Estimates

**BRI Danareksa Equity Research Team**

Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	<a href="mailto:erindra.krisnawan@brids.co.id">erindra.krisnawan@brids.co.id</a>
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	<a href="mailto:natalia.sutanto@brids.co.id">natalia.sutanto@brids.co.id</a>
Niko Margaronis	Telco, Tower, Technology, Media	<a href="mailto:niko.margaronis@brids.co.id">niko.margaronis@brids.co.id</a>
Timothy Wijaya	Metal, Oil and Gas	<a href="mailto:timothy.wijaya@brids.co.id">timothy.wijaya@brids.co.id</a>
Victor Stefano	Banks, Poultry	<a href="mailto:victor.stefano@brids.co.id">victor.stefano@brids.co.id</a>
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	<a href="mailto:ismail.suweleh@brids.co.id">ismail.suweleh@brids.co.id</a>
Richard Jerry, CFA	Automotive, Cement, Infrastructure	<a href="mailto:richard.jerry@brids.co.id">richard.jerry@brids.co.id</a>
Ni Putu Wilastita Muthia Sofi	Research Associate	<a href="mailto:wilastita.sofi@brids.co.id">wilastita.sofi@brids.co.id</a>
Naura Reyhan Muchlis	Research Associate	<a href="mailto:naura.muchlis@brids.co.id">naura.muchlis@brids.co.id</a>
Sabela Nur Amalina	Research Associate	<a href="mailto:sabela.amalina@brids.co.id">sabela.amalina@brids.co.id</a>
Kafi Ananta Azhari	Research Associate	<a href="mailto:kafi.azhari@brids.co.id">kafi.azhari@brids.co.id</a>

**BRI Danareksa Economic Research Team**

Helmy Kristanto	Chief Economist, Macro Strategy	<a href="mailto:helmy.kristanto@brids.co.id">helmy.kristanto@brids.co.id</a>
Dr. Telisa Aulia Falianty	Senior Advisor	<a href="mailto:telisa.falianty@brids.co.id">telisa.falianty@brids.co.id</a>
Kefas Sidauruk	Economist	<a href="mailto:kefas.sidauruk@brids.co.id">kefas.sidauruk@brids.co.id</a>

**BRI Danareksa Institutional Equity Sales Team**

Yofi Lasini	Head of Institutional Sales and Dealing	<a href="mailto:yofi.lasini@brids.co.id">yofi.lasini@brids.co.id</a>
Novrita Endah Putrianti	Institutional Sales Unit Head	<a href="mailto:novrita.putrianti@brids.co.id">novrita.putrianti@brids.co.id</a>
Ehrlicch Suhartono	Institutional Sales Associate	<a href="mailto:ehrliech@brids.co.id">ehrliech@brids.co.id</a>
Yunita Nababan	Institutional Sales Associate	<a href="mailto:yunita@brids.co.id">yunita@brids.co.id</a>
Adeline Solaiman	Institutional Sales Associate	<a href="mailto:adeline.solaiman@brids.co.id">adeline.solaiman@brids.co.id</a>
Andreas Kenny	Institutional Sales Associate	<a href="mailto:andreas.kenny@brids.co.id">andreas.kenny@brids.co.id</a>
Christy Halim	Institutional Sales Associate	<a href="mailto:christy.halim@brids.co.id">christy.halim@brids.co.id</a>
Jason Joseph	Institutional Sales Associate	<a href="mailto:jason.joseph@brids.co.id">jason.joseph@brids.co.id</a>

**BRI Danareksa Sales Traders**

Mitcha Sondakh	Head of Sales Trader	<a href="mailto:mitcha.sondakh@brids.co.id">mitcha.sondakh@brids.co.id</a>
Suryanti Salim	Sales Trader	<a href="mailto:suryanti.salim@brids.co.id">suryanti.salim@brids.co.id</a>

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<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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