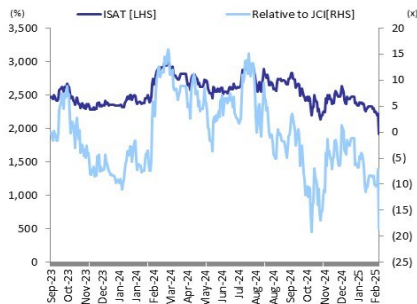


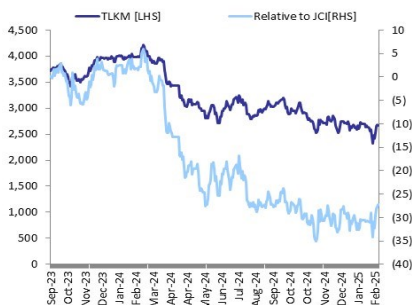
# Overweight

(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

## Meeting with Komdigi: Pressing on new auctions; Pending Regulations and Vendors' Response

- We hosted Komdigi representatives, who shared updates on pending 1.4GHz regulation as vendors finalize 5G TDD compatibility and costs.
- Komdigi plans to hold 2.6GHz and 700MHz auctions in 2025, prioritizing 2.6GHz for 5G, while 3.5GHz remains unavailable until 2028.
- We believe MNOs currently hold greater strengths than future BWA players and maintain our view on MNOs' growth through FMC strategies.

### Finalizing 1.4GHz spectrum regulation awaiting hardware equipment

Komdigi expects the 1.4GHz spectrum tender to take more time as it finalizes regulations on spectrum use, the number of licenses, pricing, and technical standards for BWA before moving into the provider selection process. Hardware vendors still need to complete 5G TDD compatibility in 1.4GHz (no benchmarks available) and assess costs for BTS, antennas, and modem/CPEs, with a target CPE price of ~Rp200k (we reckon with scale). Five providers have expressed interest, confirming the auction process. Tests show that a BTS serving 300 users within a 1km radius delivers speeds of ~10Mbps/ user, while an individual user can achieve up to 1.7Gbps on an 80MHz bandwidth.

### Defining boundaries in 1.4GHz usage and ensuring providers open access

Komdigi aims to accelerate fixed internet deployment in Indonesia, with BWA complementing fixed BB to drive faster expansion. It requires eligible parties to hold a packet-switched Fixed Connectivity license without numbering, meaning providers cannot use it for cellular services. To further prevent mobile usage, Komdigi mandates that CPE devices must rely on electricity without battery support. Additionally, providers must share both the spectrum and available fiber backhaul (FO) with third parties through wholesale, ensuring fixed internet availability for households via spectrum sharing and FO open access. In the case of MNOs, they can join the 1.4GHz auction since they already hold a license to serve BWA.

### Komdigi 5G cellular spectrum rollout plans within 2025

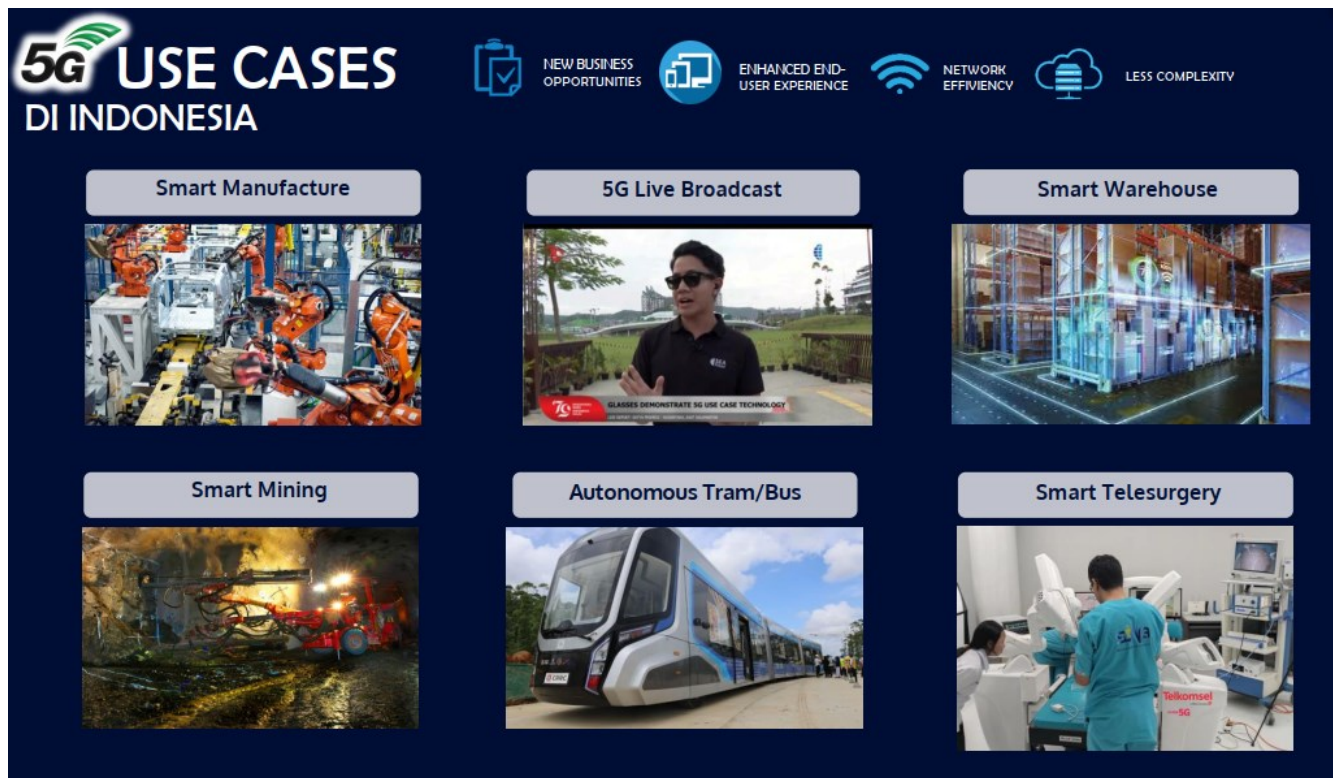
Komdigi supports the rollout of 5G TDD, recognizing its OPEX and CAPEX efficiency as well as its potential for industrial use cases (Exh.1). To enable this, it plans to auction off the 2.6GHz and 700MHz in 2025. The 2.6GHz spectrum can be finalized in 2025 for mobile services, pending resolution of a legal case. MNOs will likely prioritize 2.6GHz to maximize 5G advantages before turning to 700MHz, which is less ideal for 5G but can provide additional capacity. The 3.5GHz spectrum will only become available in 2028 (Exh.2). To support demand for new spectrum, Komdigi offers flexible payment terms by removing the initial double spectrum fees and allowing payments over an extended timeframe.

### Manageable risk from BWA, MNOs can leverage own strengths

We currently have an OW rating on the Telco sector and continue to evaluate risks from upcoming spectrum auctions. The clear separation between BWA and cellular services in 1.4GHz allows MNOs to launch FWA using other cellular spectrums. New BWA providers pose a real risk to MNOs' fixed market share, but MNOs can mitigate this with branding and FMC strengths. Additionally, BWA players must still prove their execution and service quality. A key risk remains the cost of the new spectrum.

Company	Ticker	Rec	Target Price	Market Cap.	P/E (x)		P/BV (x)		ROE (%)
			(Rp)	(RpBn)	2025F	2026F	2024F	2025F	2025F
IOH	ISAT IJ	BUY	3,200	61,921.6	10.5	9.3	1.7	1.6	17.7
Telkom	TLKM IJ	BUY	3,680	264,496.1	12.2	11.4	1.9	1.8	16.3
XL Axiata	EXCL IJ	BUY	2,800	29,673.3	15.9	13.6	1.1	1.1	8.1

Exhibit 1. 5G Use Cases in Indonesia



Source: Komdigi

Exhibit 2. Roadmap for Broadband Spectrum Allocation in Indonesia 2025-2029

2025	2026	2027	2028	2029
<b>MBB 3,5 GHz</b> <ul style="list-style-type: none"> <li>Finalisasi Kajian Teknis untuk mitigasi VSAT, TT&amp;C dan Gateway.</li> <li>Penyiapan kajian tahapan implementasi 5G berbasis kota pada pita 3,5 GHz.</li> </ul>	<b>MBB 3,5 GHz</b> <ul style="list-style-type: none"> <li>Penetapan KM tentang Petunjuk Teknis tentang Juknis koeksistensi 5G FSS di pita 3,5 GHz.</li> <li>Penetapan KM tentang Proses Refarming pita 3,5 GHz secara bertahap.</li> <li>Finalisasi Kajian Hukum penyediaan pita 3,5 GHz untuk IMT.</li> <li>Finalisasi Kajian Finansial sebagai opsi skema pembiayaan penyediaan pita 3,5 GHz untuk implementasi 5G.</li> <li>Penyiapan tim project management untuk proses migrasi layanan satelit keluar dari pita ext C-Band sekaligus mengawal penggelaran 5G secara bertahap pada pita frekuensi 3,5 GHz</li> </ul>	<b>MBB 3,5 GHz</b> <ul style="list-style-type: none"> <li>Penetapan PM terkait penggunaan pita 3,5 GHz.</li> <li>Pelaksanaan lelang pita frekuensi 3,5 GHz.</li> <li>Penetapan badan usaha mitra KPBU sebagai tim project management</li> <li>Pilot project implementasi 5G pada pita 3,5 GHz di sejumlah lokasi misalnya kota besar yang <i>High Traffic</i>.</li> </ul>	<b>MBB 3,5 GHz</b> <ul style="list-style-type: none"> <li>Dimulainya implementasi jaringan 5G menggunakan pita 3,5 GHz (tahap 1).</li> </ul>	<b>MBB 3,5 GHz</b> <ul style="list-style-type: none"> <li>Melanjutkan implementasi jaringan 5G menggunakan pita 3,5 GHz (tahap 2).</li> </ul>
<b>MBB 2,6 GHz</b> <ul style="list-style-type: none"> <li>Penetapan PM terkait penggunaan pita 2,6 GHz</li> <li>Pelaksanaan lelang pita 2,6 GHz.</li> </ul>			<b>MBB Upper 6 GHz</b> <ul style="list-style-type: none"> <li>Mengidentifikasi pita Upper 6 GHz (6425-7025 MHz) sebagai pita IMT di Indonesia pada WRC-27.</li> </ul>	<b>NTN</b> <ul style="list-style-type: none"> <li>Penetapan PM terkait penggunaan spektrum frekuensi radio untuk NTN yang menggunakan pita frekuensi IMT Terrestrial.</li> </ul>
<b>MBB 700 MHz &amp; 26 GHz</b> <ul style="list-style-type: none"> <li>Pelaksanaan lelang pita 700 MHz dan 26 GHz.</li> </ul>			<b>5G Private Network</b> <ul style="list-style-type: none"> <li>Kajian implementasi 5G <i>private network</i> di wilayah terbatas</li> </ul>	<ul style="list-style-type: none"> <li>Evaluasi dampak dari penyediaan spektrum frekuensi radio pada tahun 2025-2029</li> <li>Melakukan kajian <i>spectrum demand</i> untuk antisipasi layanan <i>broadband</i> tahun 2030-2034.</li> </ul>
<b>BWA 1,4 GHz &amp; 3,3 GHz</b> <ul style="list-style-type: none"> <li>Penetapan PM BWA pada pita 1,4 GHz dan 3,3 GHz</li> <li>Penetapan pemegang izin frek. 1,4 GHz untuk BWA.</li> </ul>		<b>NTN</b> <ul style="list-style-type: none"> <li>Penetapan PM terkait penggunaan spektrum frekuensi radio untuk NTN yang menggunakan pita frekuensi IMT-MSS.</li> </ul>		
<b>RLAN Lower 6 GHz (Wi-Fi-7)</b> <ul style="list-style-type: none"> <li>Penetapan revisi PM 2/2023 tentang Izin Kelas</li> <li>Penetapan KM standar teknis RLAN.</li> </ul>		<b>Sidang WRC-27</b> <ul style="list-style-type: none"> <li>Membahas kandidat pita frekuensi IMT &amp; NTN.</li> </ul>		

**Disclaimer:**  
Roadmap penyediaan spektrum untuk layanan *broadband* ini sifatnya adalah *rencana*, sehingga dapat terus berubah seiring dengan dinamika dalam setiap tahapan merealisasinya. Masukan konstruktif dari *stakeholder* terkait dipersilakan.

Versi 10 Februari 2025

Source: Komdigi

**Exhibit 3. Telco Peers Valuation**

Company	Ticker	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/ EBITDA (x)		P/BV (x)		ROAE %		Dividend yield %		
					'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'24F	'25F	'26F
EXCL	EXCL IJ	BUY	2,800	29,281	15.7	13.4	4.2	4.0	1.1	1.1	7.1	8.1	2.2	5.0	4.5
ISAT	ISAT IJ	BUY	3,200	52,085	8.8	7.8	3.5	3.3	1.4	1.3	17.0	17.7	5.9	8.0	9.0
TLKM	TLKM IJ	BUY	3,680	243,693	10.5	10.1	3.7	3.5	1.7	1.6	16.3	16.5	7.6	8.0	8.4
<b>Weighted average</b>					<b>11.0</b>	<b>10.1</b>	<b>3.7</b>	<b>3.5</b>	<b>1.5</b>	<b>1.5</b>	<b>15.0</b>	<b>15.4</b>	<b>6.4</b>	<b>7.5</b>	<b>7.9</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>

**INVESTMENT RATING**

<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

**Disclaimer**

The information contained in this report has been taken from sources which we deem reliable. However, none of PT BRI Danareksa Sekuritas and/or its affiliated and/or their respective employees and/or agents makes any representation or warrant (express or implied) or accepts any responsibility or liability as to, or in relation to, the accuracy or completeness of the information and opinions contained in this report or as to any information contained in this report or any other such information or opinions remaining unchanged after the issue thereof.

We expressly disclaim any responsibility or liability (express or implied) of PT BRI Danareksa Sekuritas, its affiliated companies and their respective employees and agents whatsoever and howsoever arising (including, without limitations for any claims, proceedings, action, suits, losses, expenses, damages or costs) which may be brought against or suffered by any person as results of acting in reliance upon the whole or any part of the contents of this report and neither PT BRI Danareksa Sekuritas, its affiliated companies or their respective employees or agents accepts liability for any errors, omissions or mis-statements, negligent or otherwise, in the report and any liability in respect of the report or any inaccuracy therein or omission therefrom which might otherwise arise is hereby expressly disclaimed.

The information contained in the report is not to be taken as any recommendation made by PT BRI Danareksa Sekuritas or any other person to enter into any agreement with regard to any investment mentioned in this document. This report is prepared for general circulation. It does not have regards to the specific person who may receive this report. In considering any investments you should make your own independent assessment and seek your own professional financial and legal advice.