LOCAL NEWS

Ministry of Manpower proposes cash THR for online motorcycle taxi (ojol) drivers

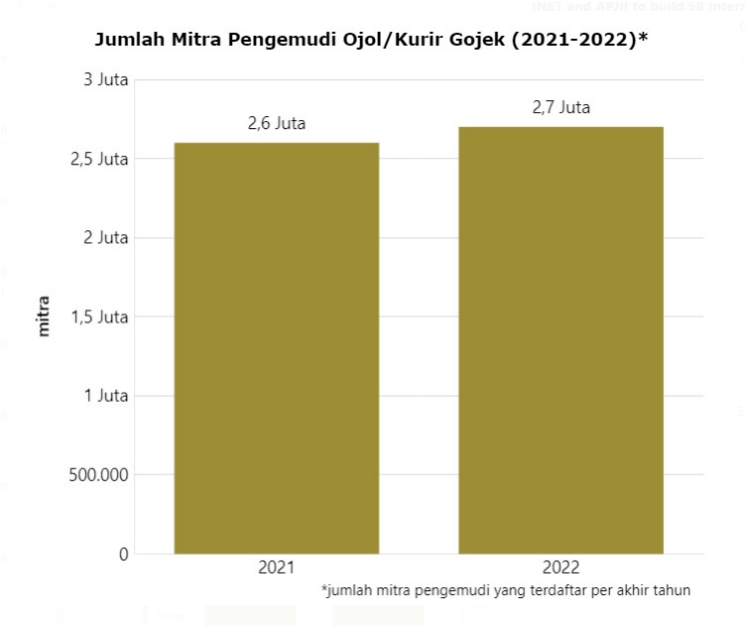
Kemenaker, together with ride-hailing platforms, is designing a THR scheme for ojol drivers in the form of incentives/bonuses. The ministry is finalizing the formula, considering parameters such as transportation type, services, and working hours, which is why the process takes time. Kemenaker aims to issue the circular letter today, ensuring THR is available by the weekend. The government has also confirmed that THR will be in cash, not in basic necessities (sembako).

Additionally, discussions between the government and DPR on the RUU LLAJ (Traffic and Road Transport Bill) continue, particularly on the employment status of ojol drivers. Kemenaker is reviewing models from several European countries, where taxi and ride-hailing drivers are classified as workers, aligning with ILO principles that governments must prevent worker exploitation.

Maxim has argued that the RUU LLAJ should maintain the partnership model, emphasizing flexibility and job protection. Meanwhile, DPR is focused on safety, urging platforms to ensure their drivers have roadworthy vehicles and adequate driving skills. DPR also stresses that ride-hailing platforms must comply with government-set tariffs and take-rate regulations. (Katadata, Kontan)

Comment:

THR has historically been at the discretion of ride-hailing platforms. A circular letter and subsequent regulations will improve transparency in the annual THR process, with eventual input and support from platforms. The government is still weighing the partner vs. worker status, focusing on safety, exploitation risks, and fair tariffs. We believe the government is strengthening its bargaining position to ensure key driver concerns are addressed. (Niko Margaronis & Kafi Ananta – BRIDS)



ISAT Partners with Nokia and Nvidia to Develop Indonesia's First AI-RAN radio access network

ISAT has formed a strategic partnership with Nokia and Nvidia to introduce Artificial Intelligence Radio Access Network (AI-RAN) across Indonesia. The collaboration combines Nokia's cutting-edge 5G Cloud RAN solutions with NVIDIA's Aerial AI platform, creating an advanced computing infrastructure capable of simultaneously operating AI and RAN. A small-scale commercial trial for AI inferencing workloads on NVIDIA's AI-RAN infrastructure is scheduled for the second half of 2025, with further development planned for 2026. IOH CEO Pak Vikram siad that by embedding AI into its radio access network, is not just enhancing connectivity, but Indosat also builds a nationwide AI-powered ecosystem that will fuel innovation across industries. (Indosat, Bisnis)

INET and APJII to build 58 Internet Exchange Nodes in Java

INET in collaboration with the Indonesian Internet Service Providers Association (APJII), is working to establish 58 Internet Exchange (IIX) nodes across Java. The construction of these nodes will continue and is targeted for completion by 3Q25. Currently, the project has already covered around 10 cities. This initiative aims to boost internet speed for network users in smaller cities, reducing dependence on interconnection from Jakarta. (Kontan)

AdMedika Partners with Great Eastern Life Indonesia to launch AdClaim

AdMedika, a subsidiary of PT Telkom Indonesia (Persero) Tbk, has partnered with Great Eastern Life Indonesia to introduce AdClaim, an integrated solution aimed at enhancing efficiency in claims management between BPJS Kesehatan and private insurance. AdClaim optimizes BPJS benefits by calculating them as the first payor, ensuring that any uncovered costs due to room class upgrades are covered by insurance. This collaboration enables Great Eastern Life Indonesia to provide a more seamless healthcare experience, allowing policyholders easier and more convenient access to medical services. (Liputan6)

Telkomsel and ZTE expand strategic collaboration in AI adoption and cutting-edge network solutions

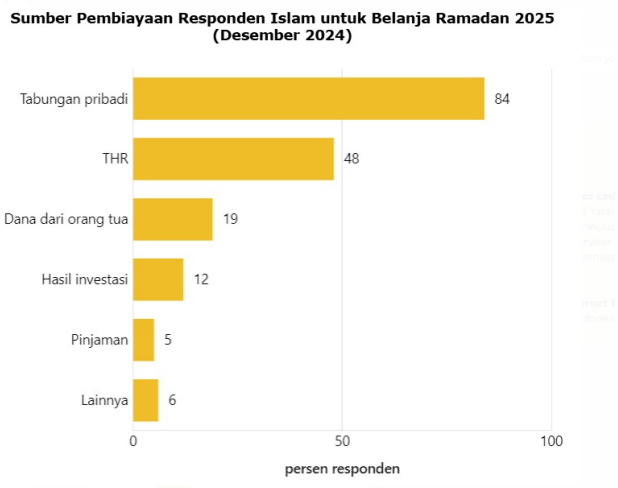
The strategic collaboration between Telkomsel and ZTE focuses on implementing AI-based technology, 5G-LAN, and ultra-compact solutions for private networks. This partnership aims to enhance broadband service quality and accelerate digital transformation across various industries in Indonesia. Through this MoU, Telkomsel and ZTE introduce the industry's first native AI baseband to improve energy efficiency, ensure service quality at the individual user level, and enable AI-driven network maintenance. Additionally, both companies will modernize 5G-LAN and FTTR-B (Fiber to the Room-Business) solutions to deliver faster, more stable, and flexible enterprise connectivity. (Company)

Telkomsel and Huawei forge strategic partnership in 5G, Cloud, and Enterprise Solutions

Telkomsel and Huawei have established a strategic partnership to advance 5G, cloud, and enterprise solutions in Indonesia. This collaboration focuses on expanding network coverage, optimizing 5G infrastructure, enhancing digital services, and integrating digital technology in industries and agriculture to boost productivity. Additionally, both companies will strengthen Indonesia’s telco workforce through training programs, knowledge transfer, and skill development in digital infrastructure, equipping talent for the evolving telecom industry. (Company)

Survey Questionnaire: Funding Sources for Ramadan 2025 Expenses

The majority of respondents (84%) rely on personal savings as their primary source of funding for Ramadan expenses. Additionally, THR (Tunjangan Hari Raya) plays a significant role, with 48% of respondents utilizing their holiday bonuses. Some individuals (19%) receive financial support from their parents, while investment returns contribute to the spending of 12% of respondents. Meanwhile, only 5% resort to loans, indicating minimal reliance on borrowing, and 6% use other sources. Overall, self-financing dominates, with THR serving as an important supplementary source. (Katadata)



OTHER FOREIGN TRENDS

Trump calls for repeal of Chips Act to cut national debt

Donald Trump urged lawmakers to repeal the Chips and Science Act, using its unspent funds to reduce the national debt. Enacted in 2022 with bipartisan support, the law allocated US$52.7bn to strengthen U.S. semiconductor manufacturing, including US$39bn in subsidies and US$75bn in government loans. It aimed to reduce security risks by encouraging domestic chip production, but critics, including Trump, have questioned its effectiveness. Meanwhile, the Commerce Department has already distributed over US$33bn in awards to chipmakers. (Tech in Asia)

Malaysia's data center boom raises water crisis concerns

Malaysia has emerged as Southeast Asia's second-largest data center hub after Singapore, attracting US$31.8 bn in investments in the first 10 months of 2024 and creating over 41,000 jobs. However, the rapid expansion is straining the country's clean water supply, essential for both residents and data center cooling. Despite high annual rainfall, much of Malaysia's water is unsuitable for cooling systems, raising concerns about future shortages. Former lawmaker Charles Santiago urges the government to conduct long-term environmental impact assessments and explore water reclamation methods like rain harvesting and seawater desalination. Authorities are also considering a new tax on AI companies to manage the sector's resource demands, with most data centers concentrated in Cyberjaya and Johor, benefiting from proximity to Singapore.

Alibaba co-founder & chairman Joseph Tsai disagrees with US Big Tech's insane R&D and CapEx spend on AI:

"DeepSeek is significant because they demonstrated that you can use engineering innovation to drastically lower the cost of training and inference for LLMs. Up to this point, people have been massively investing in frontier models. But here's the problem: if you think about training frontier models as educating your kids to be the smartest - acquiring PhDs in multiple subjects like math, physics, biology, and psychology - there are only five or six rich parents who can afford that. What is the purpose of developing AI? Is it to have the smartest child to win Nobel Prizes, or is it something different - like solving real-world problems and making an economic impact? I think people will start shifting away from investing hundreds of billions into compute infrastructure for the smartest AI and instead focus on actual problems in the world and use AI to solve them" - (SosMed)

OpenAI Plans to Charge Up to US$20,000/Month for AI Research Agents

OpenAI is considering a tiered pricing model for its advanced AI agents, with PhD-level research agents potentially costing US$20,000/month. Other tiers include US$2,000/month for high-income knowledge workers and US$10,000/minth for software development agents. This marks a significant leap from the current ChatGPT Pro subscription, which costs US$200/month. CEO Sam Altman has emphasized the high costs of running these advanced AI systems, justifying the need for substantially higher pricing. OpenAI expects enterprise AI agents to contribute 20-25% of its future revenue. (The Information)

Valuation Table

Company	Mkt Cap (US$mn)	PER (x)			PBV (x)			EV/EBITDA (x)			ROE (%)		
		24F	25F	26F	24F	25F	26F	24F	25F	26F	24F	25F	26F
Telco													
EXCL IJ	1,774.8	15.7	12.8	11.2	1.1	1.0	1.0	4.3	4.0	3.8	6.7	8.0	9.0
ISAT IJ	3,083.3	9.8	8.7	7.4	1.5	1.4	1.0	3.9	3.7	3.5	15.9	15.8	17.0
TLKM IJ	14,356.8	10.2	9.6	9.0	1.7	1.6	1.6	4.0	3.8	3.7	17.0	17.3	17.4
Weighted average		**10.6**	**9.7**	**9.0**	**1.6**	**1.5**	**1.4**	**4.0**	**3.8**	**3.6**	**15.9**	**16.2**	**16.5**
Median		**10.2**	**9.6**	**9.0**	**1.5**	**1.4**	**1.0**	**4.0**	**3.8**	**3.7**	**15.9**	**15.8**	**17.0**
Tower													
TOWR IJ	1,662.0	8.4	7.7	7.1	1.4	1.3	1.2	7.4	7.0	6.7	18.6	17.7	17.2
TBIG IJ	3,007.7	31.0	28.8	27.5	4.0	3.8	3.6	13.5	13.1	12.6	13.1	13.4	13.3
MTEL IJ	3,256.5	24.7	22.4	21.1	1.5	1.5	1.5	9.4	8.9	8.4	6.3	6.8	7.1
Weighted average		**23.7**	**21.7**	**20.6**	**2.4**	**2.3**	**2.2**	**10.6**	**10.1**	**9.6**	**11.4**	**11.6**	**11.6**
Median		**24.7**	**22.4**	**21.1**	**1.5**	**1.5**	**1.5**	**9.4**	**8.9**	**8.4**	**13.1**	**13.4**	**13.3**

Company	Mkt Cap (US$mn)	EV/Net Revenue (x)			P/ Net Revenue (x)		
		24F	25F	26F	24F	25F	26F
Technology							
GOTO IJ	5,585.08	4.72	4.20	3.71	5.92	5.27	4.65
BELI IJ	3,430.17	2.70	2.99	2.62	2.72	3.01	2.63
BUKA IJ	835.17	(0.90)	(0.88)	(0.84)	2.82	2.75	2.63
Weighted average		**3.5**	**3.3**	**2.9**	**4.5**	**4.3**	**3.8**
Median		**2.7**	**3.0**	**2.6**	**2.8**	**3.0**	**2.6**