LOCAL NEWS
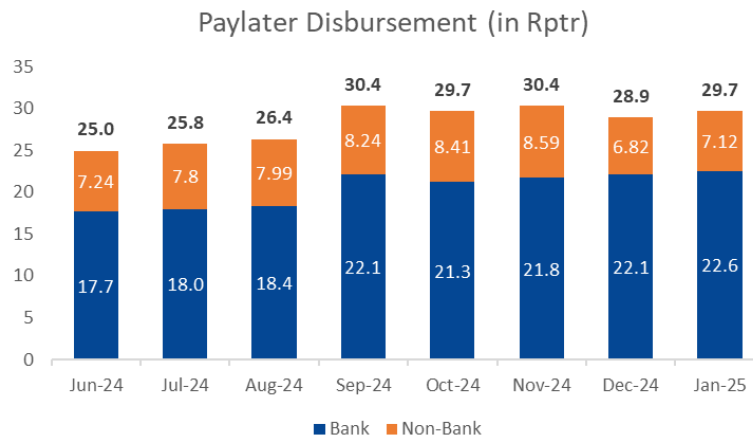
Paylater or BNPL Expected to Rise Ahead of Eid

Paylater disbursement through financing companies surged 41.9% to Rp7.12tr in January 2025, while bank-issued paylater grew 46.4% to Rp22.5tr. However, NPLs in paylater financing have also increased. Meanwhile, outstanding fintech lending reached Rp78.5tr, marking a 29.9% growth. The Financial Services Authority (OJK) predicts this upward financing trend will continue ahead of Eid but warns that it must remain under control. *(Katadata)*

Paylater Disbursement (in Rptr)

Month	Bank	Non-Bank	Total
Jun-24	17.7	7.24	25.0
Jul-24	18.0	7.8	25.8
Aug-24	18.4	7.99	26.4
Sep-24	22.1	8.24	30.4
Oct-24	21.3	8.41	29.7
Nov-24	21.8	8.59	30.4
Dec-24	22.1	6.82	28.9
Jan-25	22.6	7.12	29.7

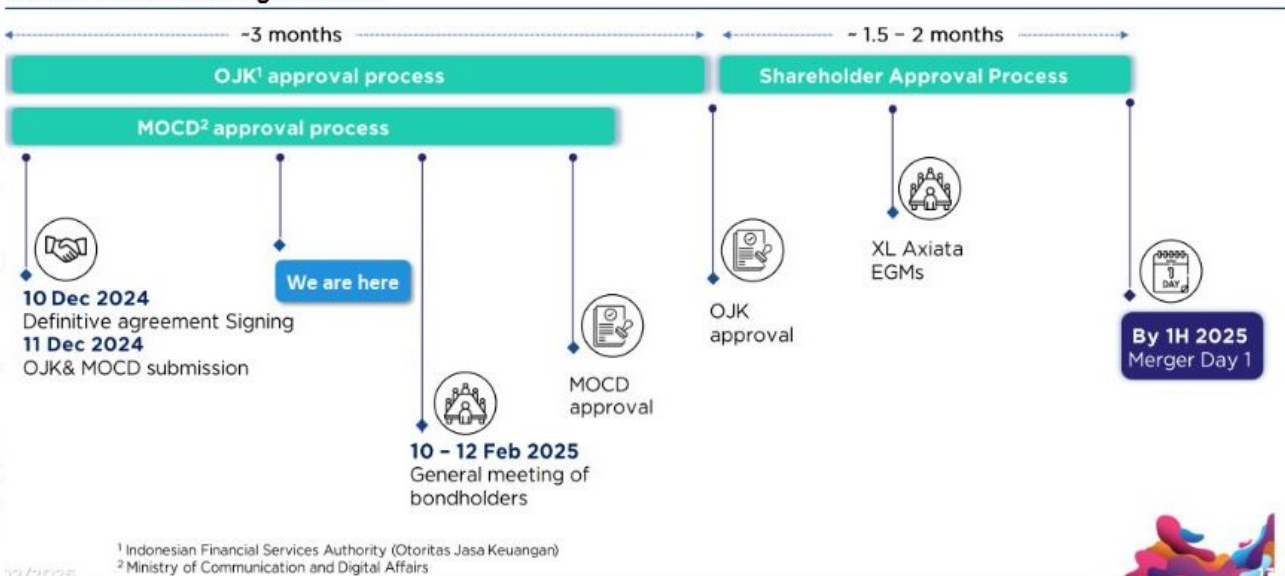### Komdigi approves the EXCL-FREN merger; issues principle permit

Komdigi has approved the merger of XL Axiata, Smartfren, and Smart Telecom, issuing a principle permit. The final Ministerial Decree will only be issued once XLSmart fulfills certain requirements. Each company will hold RUPSLB on March 25, 2025. Smartfren's PresDir Merza Fachys, expects XLSmart to be officially launched after Eid.

Comment:
This is a breakthrough decision for the merger to proceed. Komdigi's approval is principle-based and subject to specific requirements, likely related to spectrum holdings optimization. The next key milestone is the OJK approval. If OJK approves the merger, it will be followed by the RUPSLB of the companies.
We estimate XLSmart will be launched after the dividend payment around April 24, 2025, aligning with EXCL's dividend distribution. This timeline is also in line with Smartfren's President Director's expectation for a post-Eid launch. (Detik.com)

Exhibit 1. Indicative merger timeline

Source: Company

Telco: Indonesia Loses Out on Data Center Investments as Foreign Firms Favor Malaysia and Thailand

Despite having the highest number of TikTok users globally, Indonesia is being bypassed for major data center investments, with ByteDance opting to spend US$8.8bn in Thailand and US$2.13 bn in Malaysia's Johor region. While Indonesia has a mature data center market, it lags behind regional hubs like Malaysia, where Johor alone accounts for 774 MW of capacity—19% more than Indonesia's total. One of the key deterrents is the country's monopolistic internet service industry, dominated by Telkom Indonesia, Indosat Ooredoo Hutchison, and XL Axiata, which control 80% of the market. Telkom Indonesia alone generates around 60% of industry revenue, with firms like Cloudflare openly criticizing unfair practices that hinder foreign operators.

Indonesia's efforts to attract investment, including the Danantara Sovereign Wealth Fund's push for AI-focused data centers, are undermined by restrictive policies that prioritize national interests over market liberalization. This creates an investment climate that is less attractive than even Vietnam, despite Indonesia's strong digital economy potential. As a result, global tech firms are turning to neighboring countries with more favorable regulatory environments and infrastructure, solidifying Malaysia and Thailand as the preferred data center hubs in the region. (SosMed)

WIFI and OREX SAI Partner to Deliver Affordable Internet Across Indonesia

WIFI has signed a multi-year commercial agreement with OREX SAI, Inc. to accelerate the deployment of affordable internet solutions in Indonesia using Open RAN-based FWA technology. Under this partnership, WIFI will oversee the provisioning of internet services and infrastructure for FWA implementation, while OREX SAI will supply its advanced Open RAN-based 5G FWA solutions. This collaboration aims to establish a cost-efficient, scalable, and high-performance network across the country.

Strategic Milestones for Commercial Deployment

1. Field Trial Phase: Set to launch in the second half of 2025, with initial site deployments to test system functionality and performance.
2. Pre-Commercialization Phase: Expected to begin in late 2025, rolling out hundreds of sites to refine user experience and network efficiency.
3. Full-Scale Commercialization: Starting in early 2026, targeting the deployment of over 20,000 sites by 2030 and beyond. (IDX)

IOH's strategic collaboration with Ericsson and Google Cloud to consolidate its BSS onto a single cloud-based platform.

Indosat collaborates with Ericsson and Google Cloud to integrate its (BSS) Business Support System into a unified cloud-based platform. With Ericsson support, Indosat will migrate fully its BSS to Google Cloud, integrating various cloud solutions from Ericsson's OSS/BSS portfolio. This transformation will allow IOH to have a more intelligent BSS ecosystem and accelerate AI Adoption at scale. (IOH)

IOH joins the AI-RAN club

Nokia highlighted its AI-RAN advances with T-Mobile US and KDDI on the eve of the MWC25 show and now has added IOH to that list. IOH is working with Nokia and Nvidia to deploy what it calls "a unified accelerated computing infrastructure for hosting both AI and RAN workloads". The three companies have agreed to develop, test and deploy an AI-RAN solution with an initial focus on managing AI inference workloads using Nvidia's AI Aerial system and then, later on, to integrate radio access network (RAN) workloads on the same platform. IOH, Nokia and Nvidia will collaborate with leading Indonesian universities and research institutions to drive AI-RAN development. (Telecom.TV)

Indosat Expands 5G Network to Eastern Indonesia

IOH is set to expand its 5G network in Eastern Indonesia, covering Kalimantan, Sulawesi, Maluku, and Papua (Kalisumapa) starting in 2025. The first three cities targeted for 5G deployment are Makassar, Balikpapan, and Pontianak, identified as having high potential for 5G ecosystem development due to strong user growth in the region. IOH is mapping out demand and assessing ecosystem readiness before proceeding with a broader rollout. Indosat has already deployed 5G sites in select locations, such as its Makassar office and China Town Makassar, with plans to expand further into Central Sulawesi (Sulteng) and North Sulawesi (Sulut). Morowali's mining area (IMIP) is already fully covered with 5G, and further expansion is expected including Manado. (Bisnis.com)

Telkomsel to enhance its 5G Network Performance with Far Edge Core Solutions and AI & 5G Talent Development

Telkomsel and Ericsson signed an MoU at MWC 2025 to collaborate on Far Edge Core Solutions and talent development in 5G, AI-driven networks, and cloud-native architecture. The partnership focuses on implementing Cloud Native Infrastructure (CNIS) for enhanced network performance, exploring Cloud-Native Network Functions (CNFs) for scalable service deployment, and providing training to equip Telkomsel's workforce with the latest telecom innovations. (Telkomsel)

EMTK Acquires 74.2mn SCMA Shares Amid Price Decline

EMTK has increased its stake in SCMA by acquiring 74,263,900 shares, equivalent to 0.10% of SCMA's total outstanding shares. The shares were purchased at an average price of IDR 202 per share. Following this acquisition, EMTK's ownership in SCMA has risen to 62.82%. (Emitennews)

Financially challenging for Maxim to offer THR to drivers

Maxim refuses to provide THR to drivers, citing that their relationship with drivers is a partnership and not an employer-employee relationship. Maxim emphasized that THR does not align with existing labor and transportation regulations, including the Minister of Manpower Regulation (2021) and Minister of Transportation Regulations (2019 & 2018). Maxim says is financially constrained and that it has insufficient time for proper formulation for THR. Maxim offers a Holiday Assistance Program, which includes, basic food aid for drivers and communities in need, commission reductions for drivers completing orders, Compensation for accidents or disasters. Menaker insists however the ridehailers should provide THR in cash and is working on a finalized regulation, considering factors such as transportation type, service model, and working hours. (CNBC Indonesia)

Indonesian Lawmakers Question Gojek, Grab, and Maxim Over Alleged 50% Commission Cut

Indonesia's House of Representatives (DPR) has questioned ride-hailing platforms Gojek, Grab, and Maxim over allegations of taking up to 50% commission from drivers, exceeding the 20% cap set by the Ministry of Transportation. Reports suggest that app operators deduct 30%-50% of drivers' earnings. However, Gojek, Grab, and Maxim claim compliance with regulations, stating that they only take a maximum 20% cut—15% for revenue sharing and 5% for additional fees. Drivers have criticized Gojek's Aceng program (Argo Goceng, drivers receive a flat fare of Rp 5,000 for short-distance deliveries), and Grab's Slot program (predetermines the area and time of orders but allegedly reduces driver earnings). (Katadata)

Indonesian startups Qoala, Julo, Arkademi slash headcount

Indonesian startups Qoala, Julo, and Arkademi have reduced their workforce as part of a strategy shift toward profitability. Qoala (insurtech) and Julo (P2P lending) reportedly laid off around 10% of their employees, while Arkademi (edtech) offered voluntary resignations as it phases out its Prakerja Program. These layoffs reflect broader adjustments within Indonesia's startup ecosystem as companies recalibrate their business strategies. (DealStreetAsia)

SinarMas-Owned Data Center Targeted for Completion in 2Q26

SM+, a digital infrastructure and services company backed by Sinar Mas, aims to complete the construction of its SMX01 data center by 2Q26. Located in Jakarta's central business district, the data center is being developed in collaboration with Korea Investment Real Asset Management (KIRA) with an investment exceeding US$300mn. SMX01 is designed with an initial capacity of 18 MW, scalable up to 60 MW. (Kontan)

OTHER FOREIGN TREND

Microsoft Launches AI Lab in Malaysia to Drive Innovation

Microsoft has introduced the Microsoft Malaysia AI Lab, a key initiative to accelerate AI transformation and innovation for local businesses and developers. The lab serves as a hub for creativity and development, enabling organizations to leverage AI-powered solutions. In the era of agentic AI, Microsoft showcased its AI Agents, which autonomously handle tasks from simple interactions to complex business processes while recognizing when human intervention is required. This initiative comes ahead of the launch of Microsoft's new data center region in Malaysia, which will further enhance Azure's AI and cloud capabilities, driving innovation in the country. (SosMed)

Alibaba's AI reasoning model drives shares higher

Alibaba just released the QwQ-32B, a new reasoning model with only 32 billion parameters. It said to rival cutting-edge reasoning model DeepSeek's R1, driving BABA shares 8%+ higher on Thursday. The QwQ-32B or Qwen, can achieve performance comparable to DeepSeek's R1 model that has 671 billion parameters. Qwen is open-source and so is DeepSeek as opposed to Llama, Gemini, openAI, Claude for comparable number of parameters. As the world races to adopt AI models, the Chinese government on Wednesday pledged increased support for industries including AI, humanoid robots and 6G telecom. (Reuters, Sosmed)
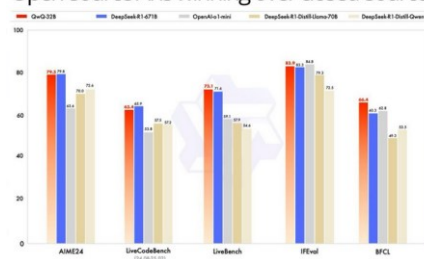
MWC25: Key Takeaways by a partner in McKinsey

MWC25 showcased major trends shaping the telecom industry, but the real value creation remains in its early stages. The key opportunities and challenges for investors include:

- AI – Long-Term Impact, Short-Term Hype. AI excitement is high, but real monetization beyond basic automation (call centers, coding) is still years away. The focus is on infrastructure, data readiness, and model training—expect ROI in 2026–2027.
- Direct-to-Satellite – A Transformational Play. Once a concept, now commercially live, but limited in speed and use cases (e.g., texting). The real value lies in expanding coverage in large, underserved markets..
- Network APIs – Gaining Traction, But Business Model Unclear. Adoption is increasing with API aggregators, especially in fraud prevention and Quality on Demand (QoD). Revenue is still low—the real question is how telcos will monetize APIs at scale. Check back in 2026.
- Telcos at a Crossroads – Defensive vs. Growth Strategies Some telcos remain trapped in regulation, CAPEX cycles, and pricing wars. The real value is in the disruptors—those leveraging FinTech, AI, B2B, and data centers to diversify revenue streams.
- Key trends to watch: AI-powered logistics (e.g., delivery vans), GPU clusters for sovereign clouds, and enterprise network solutions. (SosMed)

**Hyperscalers to exceed Telcos annual capex worldwide**

Hyperscalers are surpassing telecom companies in infrastructure investment, signaling a major power shift in global connectivity. Cloud giants Amazon, Google, Microsoft, and Meta are set to spend US$325bn on capex in 2025, 13 times their 2015 levels. while global telco capex is projected to decline to US$297bn in 2024. For the first time, these four tech firms are outspending over 1,150 telecom operators, driven by AI, cloud expansion, and data control. While telcos focus on 5G and fiber, hyperscalers are building AI supercomputers and global cloud networks, reshaping the future of digital infrastructure. If trends persist, hyperscaler investments could double telco spending by the decade's end, shifting the battleground from connectivity to control. (SosMed)
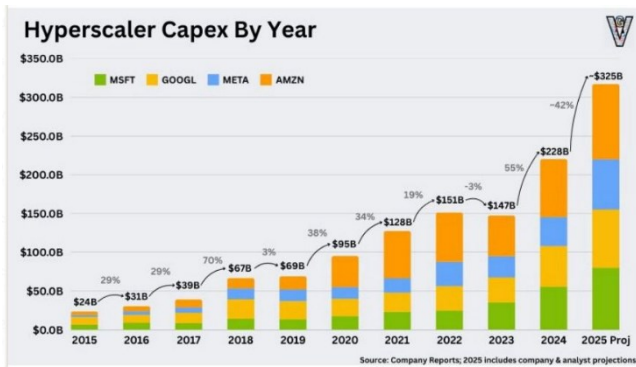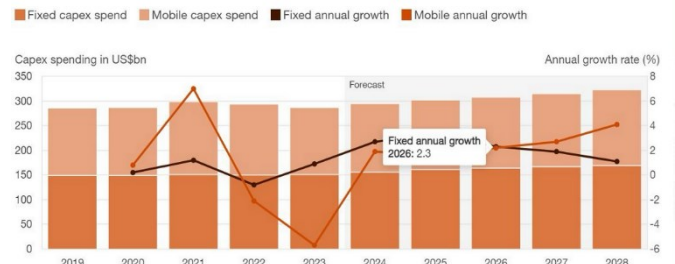
Valuation Table

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	1,829.4	15.6	12.7	11.1	1.1	1.0	0.9	4.2	4.0	3.8	6.7	8.0	9.0
ISAT IJ	3,128.1	9.5	8.4	7.2	1.5	1.3	1.0	3.9	3.6	3.4	15.9	15.8	17.0
TLKM IJ	14,898.9	10.0	9.3	8.8	1.7	1.6	1.5	3.9	3.7	3.6	17.0	17.3	17.4
Weighted average		**10.4**	**9.5**	**8.8**	**1.6**	**1.5**	**1.4**	**3.9**	**3.7**	**3.6**	**15.9**	**16.2**	**16.5**
Median		**10.0**	**9.3**	**8.8**	**1.5**	**1.3**	**1.0**	**3.9**	**3.7**	**3.6**	**15.9**	**15.8**	**17.0**
Tower													
TOWR IJ	1,706.8	8.2	7.5	7.0	1.4	1.3	1.1	7.3	7.0	6.6	18.6	17.7	17.2
TBIG IJ	3,046.0	31.3	29.1	27.8	4.0	3.8	3.7	13.6	13.1	12.7	13.1	13.4	13.3
MTEL IJ	3,231.6	23.9	21.7	20.4	1.5	1.5	1.4	9.2	8.7	8.2	6.3	6.8	7.1
Weighted average		**23.4**	**21.5**	**20.4**	**2.4**	**2.3**	**2.2**	**10.5**	**10.0**	**9.6**	**11.5**	**11.6**	**11.7**
Median		**23.9**	**21.7**	**20.4**	**1.5**	**1.5**	**1.4**	**9.2**	**8.7**	**8.2**	**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	5,995.94	5.22	4.63	4.10	6.45	5.73	5.07
BELI IJ	3,345.38	2.63	2.92	2.55	2.65	2.94	2.57
BUKA IJ	854.60	(0.87)	(0.85)	(0.81)	2.89	2.81	2.69
Weighted average		**3.9**	**3.6**	**3.2**	**4.9**	**4.6**	**4.0**
Median		**2.6**	**2.9**	**2.6**	**2.9**	**2.9**	**2.7**

Foreign & Local Positioning

Exhibit 1. TLKM's Domestic Fund Positioning
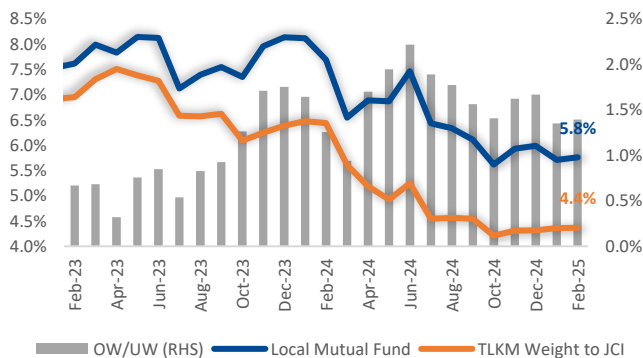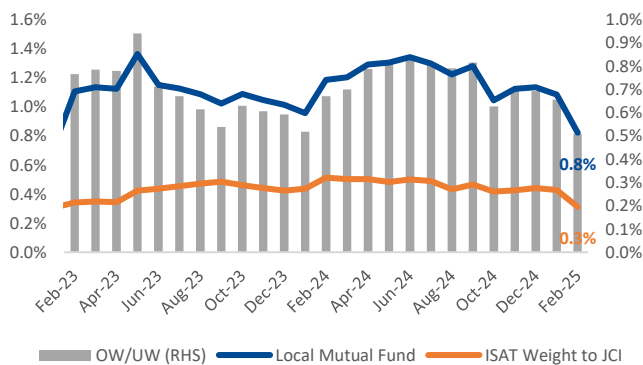

Source: KSEI, BRIDS

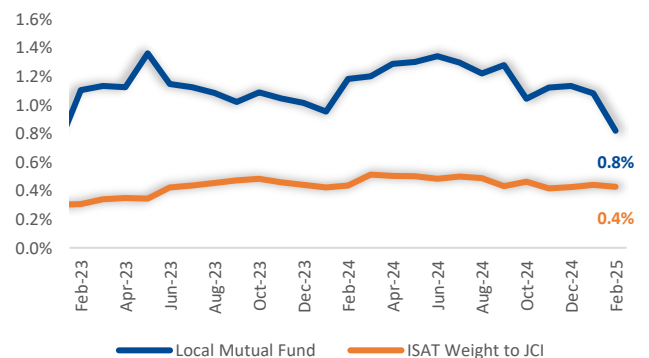### Exhibit 2. TLKM's Foreign Ownership
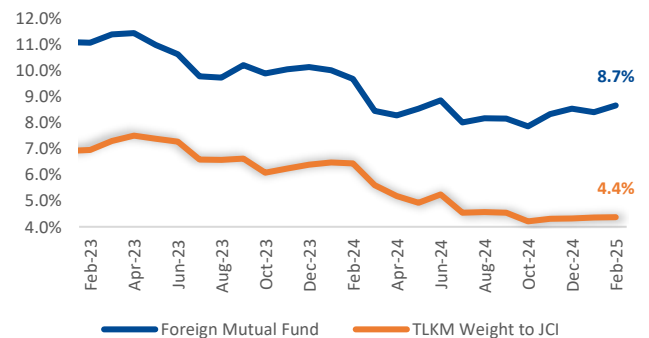
Source: KSEI, BRIDS

Exhibit 3. ISAT's Domestic Fund Positioning
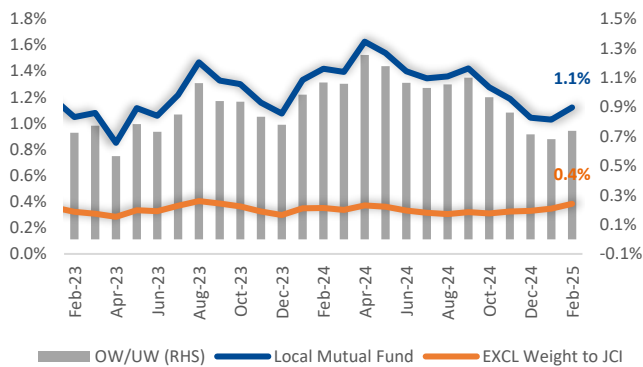

Source: KSEI, BRIDS

Exhibit 4. ISAT's Foreign Ownership
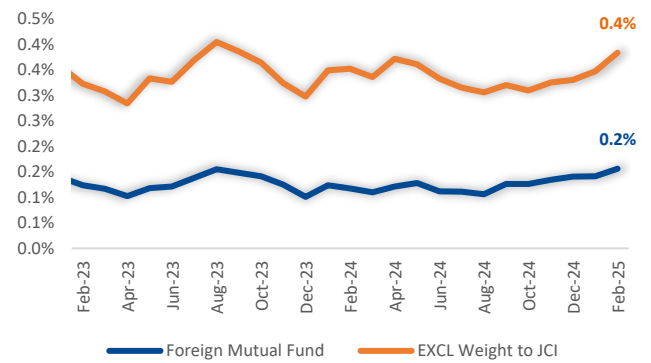

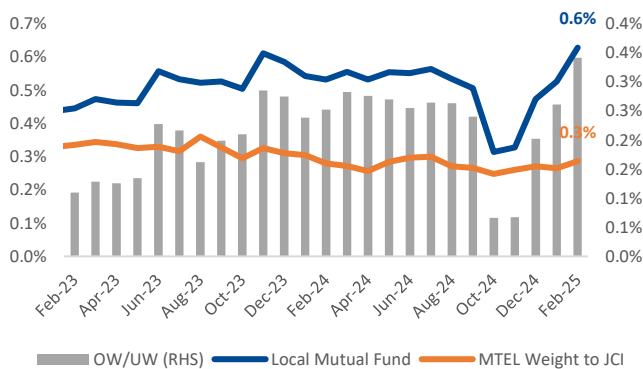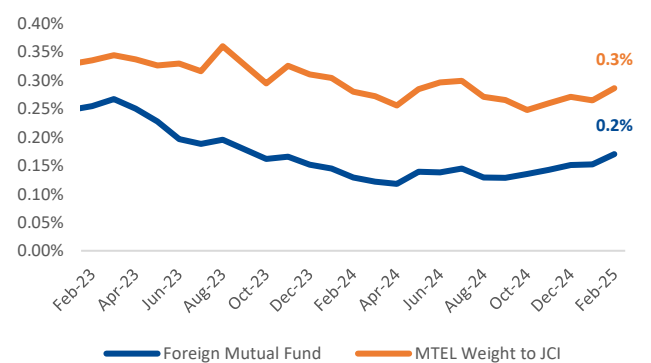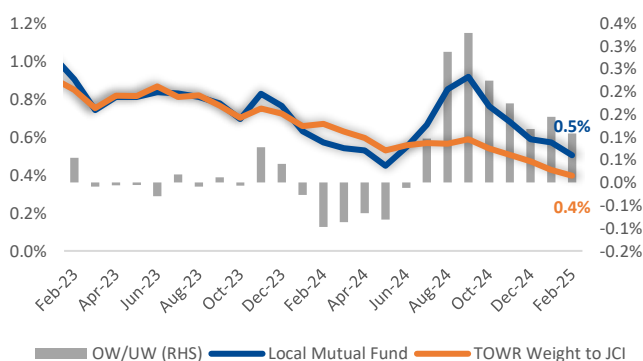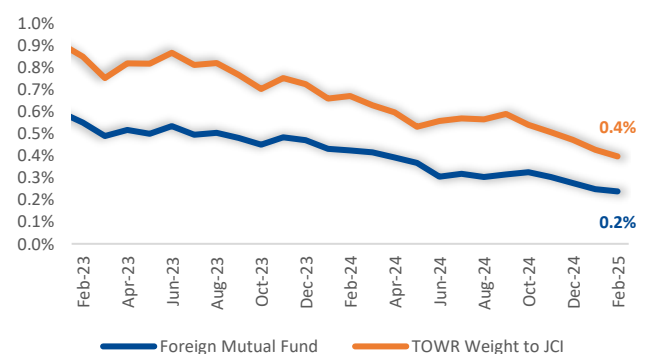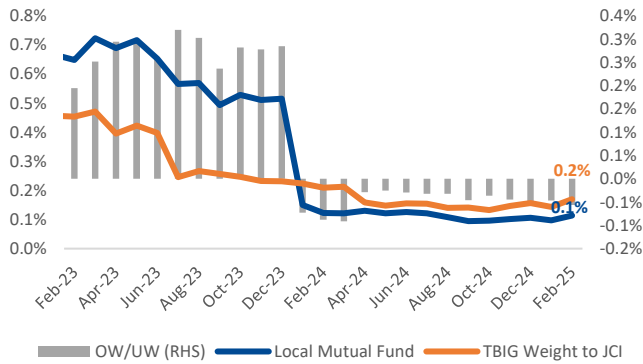*Source: KSEI, BRIDS*

Exhibit 5. EXCL's Domestic Fund Positioning

Legend: OW/UW (RHS), Local Mutual Fund, EXCL Weight to JCI

Values shown: 1.1%, 0.4%

Source: KSEI, BRIDS

Exhibit 6. EXCL's Foreign Ownership

Legend: Foreign Mutual Fund, EXCL Weight to JCI

Values shown: 0.4%, 0.2%

Source: KSEI, BRIDS

Exhibit 7. MTEL's Domestic Fund Positioning

Legend: OW/UW (RHS), Local Mutual Fund, MTEL Weight to JCI

Values shown: 0.6%, 0.3%

Source: KSEI, BRIDS

Exhibit 8. MTEL's Foreign Ownership

Legend: Foreign Mutual Fund, MTEL Weight to JCI

Values shown: 0.3%, 0.2%

Source: KSEI, BRIDS

Exhibit 9. TOWR's Domestic Fund Positioning

Legend: OW/UW (RHS), Local Mutual Fund, TOWR Weight to JCI

Values shown: 0.5%, 0.4%

Source: KSEI, BRIDS

Exhibit 10. TOWR's Foreign Ownership

Legend: Foreign Mutual Fund, TOWR Weight to JCI
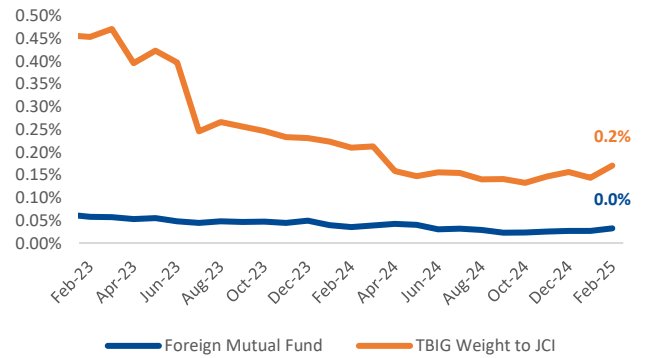
Values shown: 0.4%, 0.2%

Source: KSEI, BRIDS

Exhibit 11. TBIG's Domestic Fund Positioning
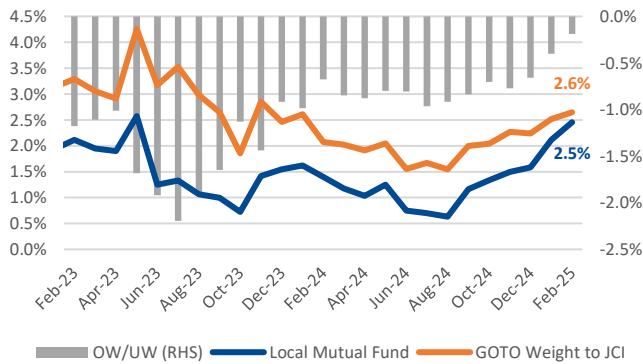

Source: KSEI, BRIDS

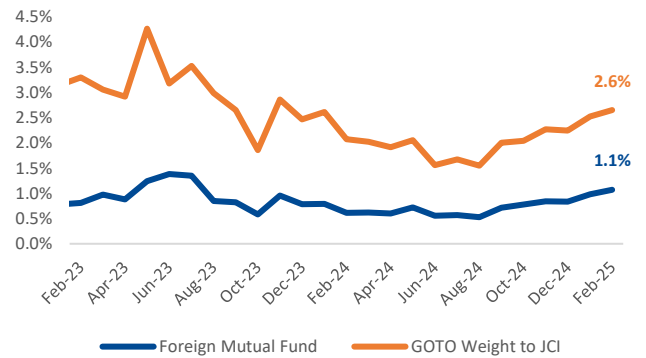**Exhibit 12. TBIG's Foreign Ownership**

Source: KSEI, BRIDS

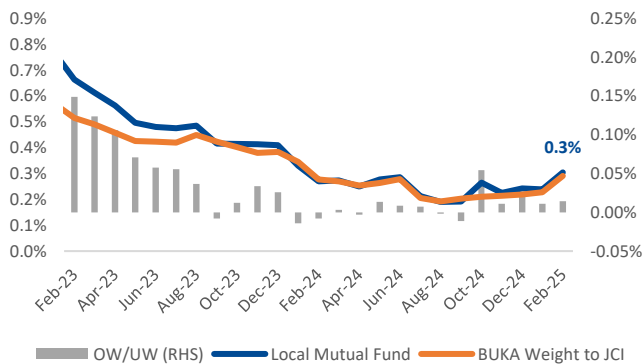**Exhibit 13. GOTO's Domestic Fund Positioning**

Source: KSEI, BRIDS

Exhibit 14. GOTO's Foreign Ownership
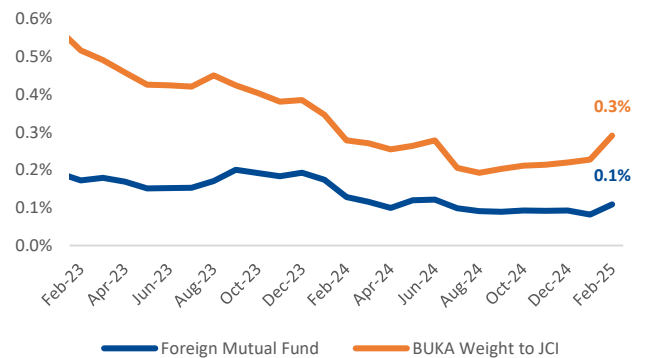

Source: KSEI, BRIDS

Exhibit 15. BUKA's Domestic Fund Positioning
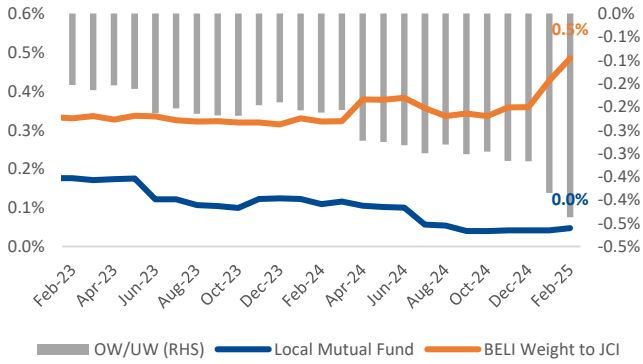

Source: KSEI, BRIDS

Exhibit 16. BUKA's Foreign Ownership
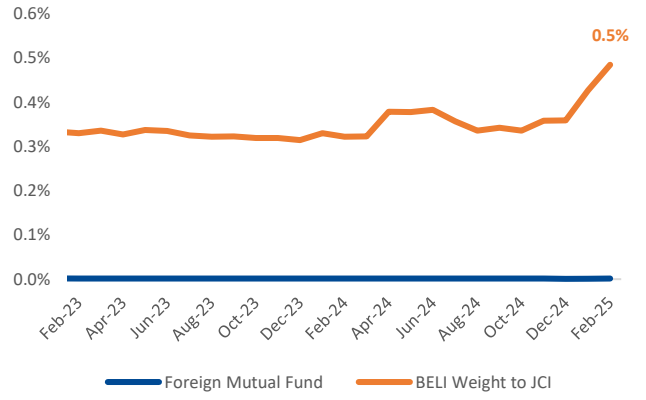

Source: KSEI, BRIDS

Exhibit 17. BELI's Domestic Fund Positioning

Source: KSEI, BRIDS

Exhibit 18. BELI's Foreign Ownership

Source: KSEI, BRIDS