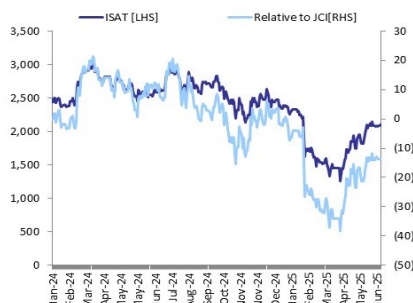


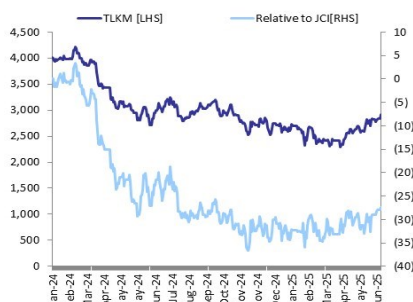
# Overweight

(Maintained)

## ISAT relative to JCI Index



## TLKM relative to JCI Index



Source: Bloomberg

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# Telco

## Progressing Toward Price Repair; Re-initiate Coverage with Overweight Rating

- We expect gradual ARPU recovery to start in 2H25, supported by implementation of starter pack price floor and product simplification.
- We believe ISAT is best positioned to lead ARPU growth on network gains and pricing upside; TLKM may continue to see drag from legacy.
- Despite our modest 3.7% FY25F EPS growth forecast, we see that price improvement prospect is underappreciated. Reinitiate with OW.

### Momentum for price repair from industry consolidation

The sector's revenue contraction of -3.0% y-y in 1Q25 reflects the impact of weak consumer purchasing power, further exacerbated by industry-wide price competition. We believe the industry's aggressive pricing practice should gradually subside as MNOs shift toward a more rational strategy aimed at restoring revenue growth and improving profitability. The momentum for price repair in 2H25 should also be supported by ongoing industry consolidation, which should ease competitive pressure and enhance pricing discipline.

### Potential ARPU recovery from starter pack pricing and simplification

We believe the industry is moving toward price repair in 2H25 which should lead to a gradual recovery in ARPU. First, the industry-wide starter pack rationalization to Rp35k for 3GB (implemented starting in Mar25) should reduce churn by making SIM card switching less economical. In parallel, operators have also begun product simplification through reduction in the number of SKUs, aiming to minimize internal price cannibalization and support better monetization. In Jun25, Telkomsel streamlined its prepaid portfolio by retaining only Simpati and By.U and discontinuing Telkomsel Lite and Telkomsel Prabayar. As legacy starter packs are phased out and the new pricing structure becomes the standard, Telkomsel also aims to simplify its reload product lineup by phasing out high-volume data packages that have significantly compressed data yields.

### A modest but improving earnings outlook; ISAT to lead organic growth

We forecast FY25 earnings for the telco sector to grow by 3.2% (see Exhibits 15 & 16), supported by fixed broadband and ongoing cost optimization, despite still muted revenue growth (-3.1%) in the mobile segment. We expect earnings growth to improve to 6.7% in FY26, driven by improving ARPU mobile. We project ISAT to lead organic revenue growth in FY25 at 6% yoy, driven by ARPU uplift potential. EXCL's 7.7% yoy growth is largely attributed to the contribution from Linknet subscribers, consolidated starting in 4Q24. Meanwhile, we expect TLKM to post a modest +1% yoy earnings growth, following a weak 1Q25 marked by -6.4% yoy ARPU decline and continued drag from legacy revenue streams.

### Reinitiate sector with Overweight as better outlook is yet to be priced in

We believe the prospect for gradual improvement in pricing and revenue growth is underappreciated, as the sector trades at 4.3x EV/ EBITDA (-1.3x to 5-year mean) with light positioning by domestic funds. We retain our Buy ratings across the three operators with pecking order of: ISAT (TP Rp2,600) > TLKM (TP Rp3,500) > EXCL (TP Rp2,800).

| Company   | Ticker  | Rec | Target Price (Rp) | Market Cap. (RpBn) | P/E (x) 2025F | P/E (x) 2026F | P/BV (x) 2025F | ROE (%) 2025F | ROE (%) 2026F |
|-----------|---------|-----|-------------------|--------------------|---------------|---------------|----------------|---------------|---------------|
| IOH       | ISAT IJ | BUY | 2,600             | 68,049.2           | 11.8          | 10.2          | 1.9            | 1.7           | 17.6          |
| Telkom    | TLKM IJ | BUY | 3,500             | 288,271.1          | 12.1          | 11.6          | 2.0            | 2.0           | 17.0          |
| XL Axiata | EXCL IJ | BUY | 2,800             | 28,496.8           | 15.4          | 13.2          | 1.1            | 1.0           | 8.0           |

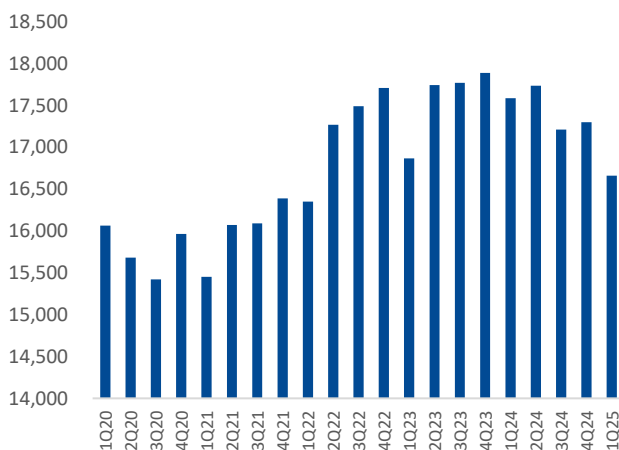
## Progressing Toward Price Repair; Re-initiate Coverage with OW

### Momentum for price repair from industry consolidation

The sector's revenue contraction of -3.0% y-y in 1Q25 reflects the impact of weak consumer purchasing power, further exacerbated by industry-wide price competition. We believe the industry's aggressive pricing practice should gradually subside as MNOs shift toward a more rational strategy aimed at restoring revenue growth and improving profitability. The momentum for price repair in 2H25 should also be supported by ongoing industry consolidation, which should ease competitive pressure and enhance pricing discipline.

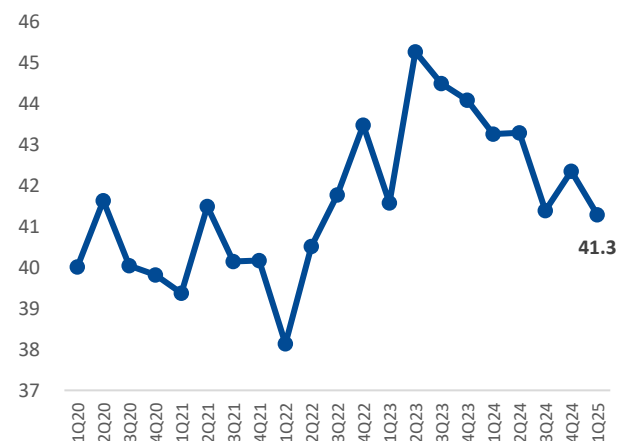
By 1Q25, industry ARPU came under pressure, declining -2.5% qoq and -4.6% yoy, largely due to weak consumer purchasing power and the lingering impact of low-priced starter pack inventories still being absorbed by the market. However, we view recent operator actions as early signs of pricing normalization expected in 2H25, as the industry begins converging around a higher standard starter pack price of Rp35k for 3GB. We believe this starter pack simplification will support higher renewal rates, as users are less incentivized to churn given the reduced appeal of new SIMs with high data yields (Rp11.6k/GB vs. the industry average renewal yield of Rp2.8k/GB).

Exhibit 1. Industry quarterly cellular revenue (Rpbn)



Source: Company, BRIDS


Exhibit 2. Industry ARPU (Rp '000)





Source: Company, BRIDS

In 2Q25, all three MNOs are signaling a positive strategic shift toward product simplification as part of their near-term focus. TLKM has streamlined its prepaid portfolio to just Simpati and By.U, discontinuing Telkomsel Lite and Telkomsel Prabayar, while also phasing out high-volume data packages that have diluted yields. Similarly, ISAT has reduced its SKU count significantly—from over 300 to around 70. EXCL is taking a comparable approach, simplifying its product lineup and emphasizing digital discovery. Across the board, these moves are aimed at minimizing internal price cannibalization and limiting customer exposure to low-ARPU, margin-dilutive products

Exhibit 3. Simpati starter pack

|   |                 |
|---|-----------------|
|  SIMPATI |                 |
| <b>Perdana SIMPATI</b>  | Rp15.000        |
| eSIM (Regular)  |                 |
| <b>Paket Utama</b>  | Rp20.000        |
| Paket Internet 3GB  |                 |
| <b>Subtotal</b>   | <b>Rp35.000</b> |


Total  
**Rp35.000** 



Source: Company


Exhibit 4. ByU starter pack

Cuman buat U

**Super Kaget**  
**3 GB** | 30 Hari  
 Termasuk SIM Card  
[Lihat Detail](#)  
**Rp 35.000**



Source: Company

Exhibit 5. IM3 starter pack



**Freedom Internet**  
**3GB**  

- ✓ 3GB Kuota Utama 24 Jam 30 Hari
- ✓ Nelpun 5000 Menit ke IM3 dan Tri
- ✓ Batas Registrasi Kartu 45 Hari Setelah Pembelian



**Rp 35.000**

Source: Company

Exhibit 6. Tri starter pack



**Favorite**  
**SP Happy 3 GB**  
**Rp35,000**  

- ✓ Kuota Utama 3GB
- ✓ Masa Aktif 30 Hari
- ✓ Ekstra Nelpun 5000 menit ke nomor Tri & IM3
- ✓ Kuota Utama berlaku Nasional, di seluruh jaringan IOH.
- ✓ Berlaku perpanjangan otomatis selama pulsa mencukupi

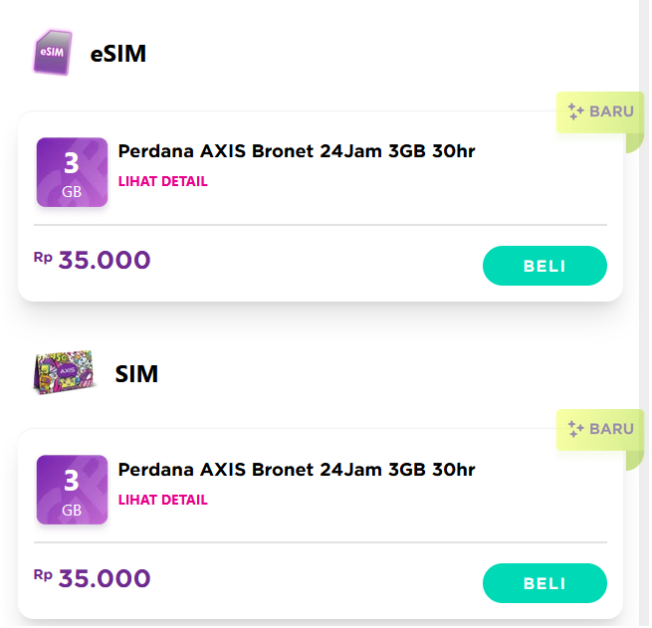
Source: Company

Exhibit 7. XL starter pack



Source: Company

Exhibit 8. Axis starter pack



Source: Company

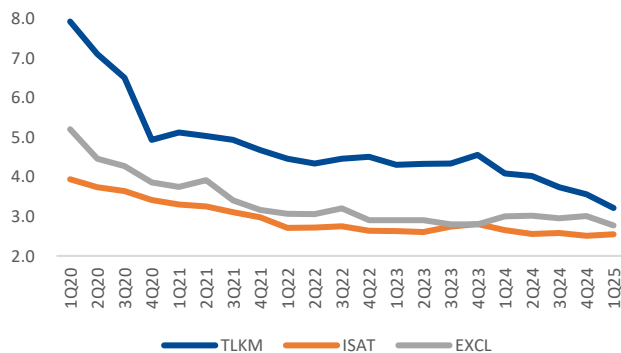
## Starter Pack Pricing and Product Simplification to Lead to ARPU Recovery

### Data yield recovery underway, with manageable impact on traffic growth

The mobile data yield across 3 MNOs has remained structurally deflationary, with a 3-yr industry CAGR of -9% (TLKM: -10%, ISAT: -2%, EXCL: -3%), reflecting aggressive pricing and competitive churn dynamics. Conversely, data traffic has continued to expand steadily, growing at an industry CAGR of +13% (TLKM: +15%, ISAT: +10%, EXCL: +15%) over the same period. We expect 1H25 to mark the trough in data yield, with scope for sequential improvement starting in 2H25 as market repair and product simplification strategies gain traction across all major MNOs.

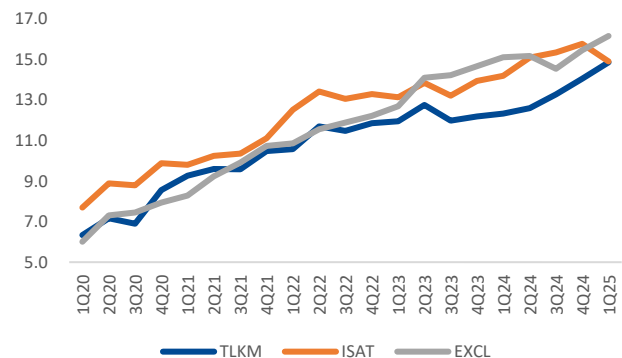
While data yield and data traffic historically exhibit an inverse correlation, we argue that data usage is no longer purely price-driven. Instead, it is increasingly underpinned by structural behavioral trends such as widespread adoption of video streaming and live commerce, which should support traffic resilience despite modest price increases. Although 5G monetization may remain muted in the near term due to limited coverage (~26% population coverage as of 2024), we expect data traffic to sustain positive growth, albeit at a more moderate pace. Note that Indonesia, with consumption of ~15GB/subscriber/month, still lags behind regional and global benchmarks (~19GB), suggesting further headroom for growth.

Exhibit 9. Data Yield (Rp'000/GB)



Source: Company, BRIDS

Exhibit 10. Data traffic (GB) / subs / month



Source: Company, BRIDS

Exhibit 11. 3yr CAGR Data traffic &amp; Data yield across MNOs

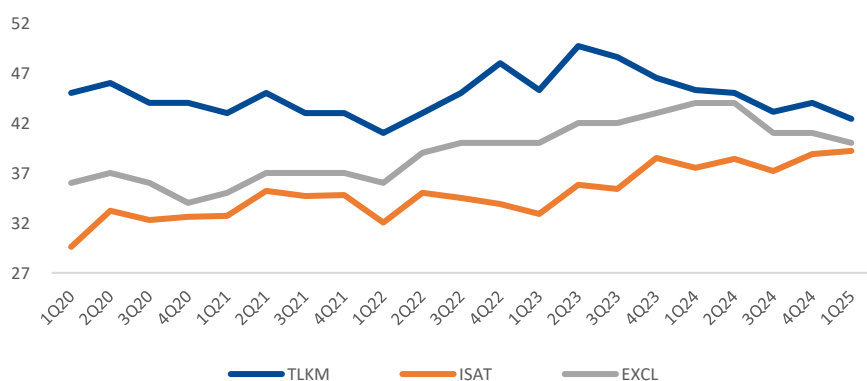
| 3yr CAGR     | TLKM   | ISAT  | EXCL  | Industry |
|--------------|--------|-------|-------|----------|
| Data Traffic | 15.0%  | 10.0% | 15.3% | 13.4%    |
| Data Yield   | -10.4% | -2.1% | -3.3% | -8.9%    |

Source: Company, BRIDS

### ISAT to lead ARPU uplift on improving network and pricing room

We view ISAT as best positioned to lead ARPU growth in FY25 with a projected +5.2% yoy increase, supported by improving network quality and greater pricing headroom, particularly in rural markets. ISAT's data yield is still positioned at a ~20% discount to TLKM (vs. ~14% for EXCL), offering upside as pricing converges. Mgmt remains optimistic about raising renewal package prices in upcoming quarters. In contrast, we think TLKM is likely to post a -1% yoy ARPU decline, weighed down by weak 1Q25 results and continued legacy revenue drag. For EXCL, we take a conservative view, projecting +2.5% ARPU growth, backed by product simplification and digital-first initiatives.

Exhibit 12. Reported ARPU



Source: Company, BRIDS

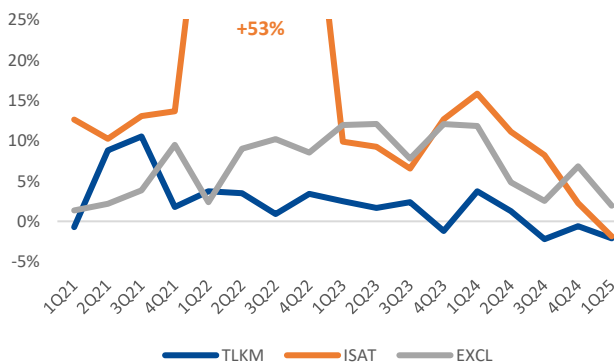
## Earnings Outlook

**Estimate industry revenue grow +3.2% yoy, but mobile declining -3.1% yoy in FY25.**

We estimate the sector's total revenue to grow modestly by +3.2% yoy in FY25. We project industry mobile revenue to contract by -3.1% yoy, with divergent performances across key players: (ISAT +3.3%/EXCL +1.9%/TLKM -8.5%). Our projection for TLKM's mobile revenue decline stems from the ongoing erosion of legacy services, which are anticipated to comprise 10% of mobile revenue in FY25, with a target reduction to 5% by FY27, in our estimation. We view ISAT as best positioned to deliver ARPU growth in FY25, having outperformed peers during 1Q25 price war and currently trading at the steepest discount in data yield. While FY25 is expected to be a muted year reflecting recovery from starter pack price pressures, **FY26 should see a more positive outlook** as MNOs shift towards a rationalized strategy focused on value over volume, supported by ongoing industry consolidation. Accordingly, we forecast mobile sector revenue to rebound with +3.7% yoy in FY26.

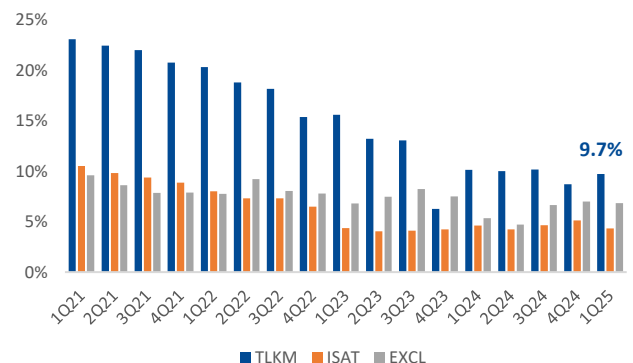
Beyond mobile, we believe fixed broadband (FBB) shall be the key driver of industry growth. EXCL adding 750k subs from Linknet, which was fully integrated in 4Q24, while TLKM is on track to add 1mn subscribers annually, supported by its expanding EZnet footprint. Absent of specific data for Indosat HiFi, we expect its MIDI segment to make a new contribution by AI services, with projected revenue of US\$35mn in FY25 and expected to grow to US\$65mn by 2026-2027.

**Exhibit 13. MNOs total revenue growth yoy**



Source: Company, BRIDS Estimates

**Exhibit 14. Legacy contribution to mobile revenue**



Source: Company, BRIDS Estimates



### Diverging profitability trends among MNOs

We expect EBITDA performance to diverge across MNOs in FY25, with industry growing +4.1% yoy and margins remaining stable at 50.1%. We expect TLKM to maintain EBITDA margins above 50%, supported by its control over last-mile infrastructure. In contrast, EXCL and ISAT continue to outsource fixed broadband capex, pressuring opex. EXCL's consolidation of Link subs is expected to raise leased line and home broadband expenses, leading to an estimated -3.5% yoy EBITDA decline in FY25 before stabilizing in FY26–27F. Meanwhile, ISAT guides for +10% yoy EBITDA growth in FY25, which we view as achievable given its above-industry mobile momentum, continued cost discipline in G&A and marketing, and efficiency gains from AI integration; already evident in 1Q25, with opex down -7.8% qoq and EBITDA margin improving 190bps to 47.2%.

Another near-term event to watch is the upcoming spectrum auction, which is expected to include the 700MHz, 2.6GHz, 1.4GHz, and 26GHz bands in 2025. While the exact timeline remains unclear, Komdigi is likely to prioritize the 1.4GHz band to support BWA rollout. We expect spectrum fees to be more moderate compared to previous auctions, as the government plans to maintain the spectrum fee-to-revenue ratio below 10%. Currently, TLKM, ISAT, and EXCL hold this ratio at 7%/12.5%/12.6%, respectively. Any upside surprise in spectrum pricing poses a downside risk to opex.

Exhibit 15. BRIDS telco forecasts 2024-27F

| (Rp bn)                     | FY24           | FY25F          | FY26F          | FY27F          |
|-----------------------------|----------------|----------------|----------------|----------------|
| EXCL Revenue                | 34,392         | 37,026         | 38,951         | 40,987         |
| ISAT Revenue                | 55,887         | 59,251         | 63,926         | 68,668         |
| TLKM Revenue                | 149,967        | 151,704        | 158,527        | 165,558        |
| <b>Telco sector Revenue</b> | <b>240,245</b> | <b>247,981</b> | <b>261,405</b> | <b>275,212</b> |
| EXCL Mobile Revenue         | 31,332         | 31,933         | 32,911         | 34,112         |
| ISAT Mobile Revenue         | 47,036         | 48,577         | 50,652         | 53,994         |
| TLKM Mobile Revenue         | 83,400         | 76,311         | 79,110         | 81,884         |
| <b>Telco Mobile Revenue</b> | <b>161,768</b> | <b>156,821</b> | <b>162,673</b> | <b>169,990</b> |
| EXCL EBITDA                 | 17,879         | 17,936         | 18,761         | 19,719         |
| ISAT EBITDA                 | 26,375         | 28,777         | 31,027         | 32,926         |
| TLKM EBITDA                 | 75,029         | 77,514         | 81,003         | 85,097         |
| <b>Sector EBITDA</b>        | <b>119,283</b> | <b>124,227</b> | <b>130,791</b> | <b>137,742</b> |
| EXCL EBITDA margin          | 52.0%          | 48.4%          | 48.2%          | 48.1%          |
| ISAT EBITDA margin          | 47.2%          | 48.6%          | 48.5%          | 47.9%          |
| TLKM EBITDA margin          | 50.0%          | 51.1%          | 51.1%          | 51.4%          |
| <b>Sector EBITDA margin</b> | <b>49.7%</b>   | <b>50.1%</b>   | <b>50.0%</b>   | <b>50.0%</b>   |
| EXCL Net profit             | 1,818          | 1,853          | 2,163          | 2,541          |
| ISAT Net profit             | 4,911          | 5,786          | 6,655          | 7,060          |
| TLKM Net profit             | 23,649         | 23,866         | 24,804         | 26,021         |
| <b>Sector Net Profit</b>    | <b>30,378</b>  | <b>31,504</b>  | <b>33,622</b>  | <b>35,622</b>  |

Source: Company, BRIDS Estimates

Exhibit 16. BRIDS telco growth projections 2024-27F

| (Rp bn)                     | FY25F/<br>FY24E Δ | FY26F/<br>FY25F Δ | FY27F/<br>FY26F Δ | CAGR 25-<br>27F |
|-----------------------------|-------------------|-------------------|-------------------|-----------------|
| EXCL Revenue                | 7.7%              | 5.2%              | 5.2%              | <b>5.2%</b>     |
| ISAT Revenue                | 6.0%              | 7.9%              | 7.4%              | <b>7.7%</b>     |
| TLKM Revenue                | 1.2%              | 4.5%              | 4.4%              | <b>4.5%</b>     |
| <b>Telco sector Revenue</b> | <b>3.2%</b>       | <b>5.4%</b>       | <b>5.3%</b>       | <b>5.3%</b>     |
| EXCL Mobile Revenue         | 1.9%              | 3.1%              | 3.7%              | <b>3.4%</b>     |
| ISAT Mobile Revenue         | 3.3%              | 4.3%              | 6.6%              | <b>5.4%</b>     |
| TLKM Mobile Revenue         | -8.5%             | 3.7%              | 3.5%              | <b>3.6%</b>     |
| <b>Telco Mobile Revenue</b> | <b>-3.1%</b>      | <b>3.7%</b>       | <b>4.5%</b>       | <b>4.1%</b>     |
| EXCL EBITDA                 | 0.3%              | 4.6%              | 5.1%              | <b>4.9%</b>     |
| ISAT EBITDA                 | 9.1%              | 7.8%              | 6.1%              | <b>7.0%</b>     |
| TLKM EBITDA                 | 3.3%              | 4.5%              | 5.1%              | <b>4.8%</b>     |
| <b>Sector EBITDA</b>        | <b>4.1%</b>       | <b>5.3%</b>       | <b>5.3%</b>       | <b>5.3%</b>     |
| EXCL EBITDA margin          | -3.5%             | -0.3%             | -0.1%             |                 |
| ISAT EBITDA margin          | 1.4%              | 0.0%              | -0.6%             |                 |
| TLKM EBITDA margin          | 1.1%              | 0.0%              | 0.3%              |                 |
| <b>Sector EBITDA margin</b> | <b>0.4%</b>       | <b>-0.1%</b>      | <b>0.0%</b>       |                 |
| EXCL Net profit             | 1.9%              | 16.7%             | 17.5%             | <b>17.1%</b>    |
| ISAT Net profit             | 17.8%             | 15.0%             | 6.1%              | <b>10.5%</b>    |
| TLKM Net profit             | 0.9%              | 3.9%              | 4.9%              | <b>4.4%</b>     |
| <b>Sector Net Profit</b>    | <b>3.7%</b>       | <b>6.7%</b>       | <b>5.9%</b>       | <b>6.3%</b>     |

Source: Company, BRIDS Estimates

## Valuations

### Reinitiate sector with Overweight: recovery prospect is yet to be priced in

We reinitiate coverage on the telco sector with an Overweight stance. We believe the prospect for gradual improvement in pricing and revenue growth is underappreciated, as the sector trades at 4.3x EV/ EBITDA (-1.3SD to 5-year mean) with light positioning by domestic funds

We apply a uniform valuation methodology that combines DCF and -1SD EV/EBITDA multiples to derive target prices. We maintain a conservative multiple for our TPs to account for the gradual nature of pricing normalization, the time required to execute product simplification strategies, and the lagging effects of the industry consolidation.

Our pecking order stands at ISAT > TLKM > EXCL, with target prices of Rp2,600 / Rp3,500 / Rp2,800, respectively. These targets imply EV/EBITDA valuations of -0.4x to -0.6x below their respective 5-yr averages, compared to the sector's current trading level of 4.3x, or -1.3SD. We prefer ISAT given its stronger upside potential in ARPU uplift, while TLKM provides greater visibility on its pricing repair strategy relative to EXCL, which has yet to offer clear guidance.

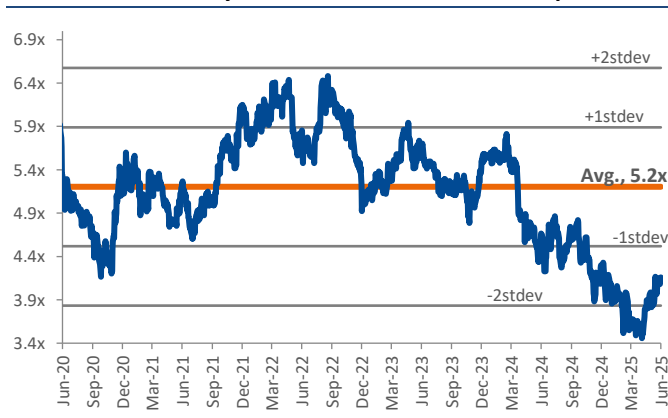
We believe macroeconomic headwinds (i.e., weak purchasing power) remain a key risk to sustain yield recovery across the board.

Exhibit 17. Telco peers valuation

| Company          | Rec. | Target Price (Rp) | Market Cap. (RpBn) | P/E (x) |      | EV/ EBITDA (x) |      | P/BV (x) |      | ROE % |      | Dividend yield % |      |
|------------------|------|-------------------|--------------------|---------|------|----------------|------|----------|------|-------|------|------------------|------|
|                  |      |                   |                    | '25F    | '26F | '25F           | '26F | '25F     | '26F | '25F  | '26F | '24A             | '25F |
| EXCL             | BUY  | 2,800             | 28,497             | 15.3    | 13.0 | 4.2            | 4.0  | 1.1      | 1.0  | 7.1   | 8.1  | 3.9              | 4.6  |
| ISAT             | BUY  | 2,600             | 68,049             | 11.5    | 10.2 | 4.1            | 3.8  | 1.9      | 1.8  | 17.0  | 17.7 | 4.0              | 6.1  |
| TLKM             | BUY  | 3,500             | 288,271            | 11.8    | 11.6 | 4.2            | 4.1  | 2.0      | 1.9  | 16.8  | 16.5 | 7.3              | 7.0  |
| Weighted average |      |                   |                    | 12.2    | 11.5 | 4.2            | 4.0  | 1.8      | 1.7  | 15.5  | 15.6 | 6.1              | 6.4  |

Source: Company, Bloomberg, BRIDS Estimates

Exhibit 18. TLKM 5-year forward EV/EBITDA multiple band



Source: Company, BRIDS

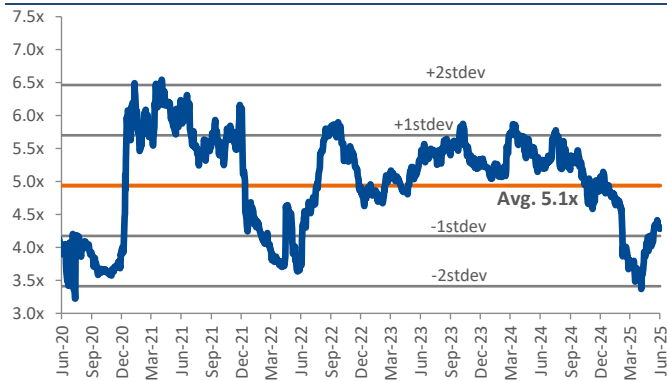
Exhibit 19. TLKM 3-year forward EV/EBITDA multiple band



Source: Company, BRIDS

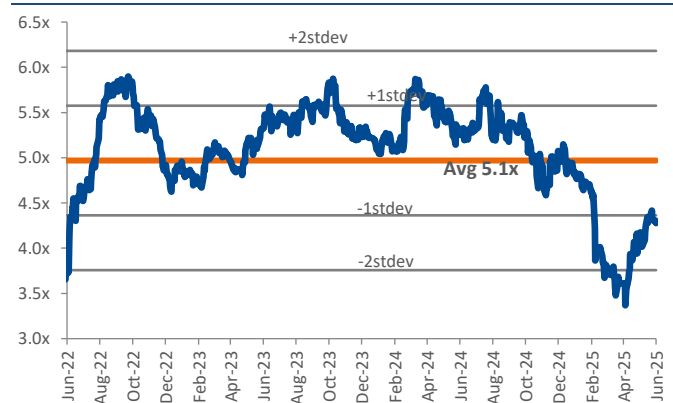


**Exhibit 20. ISAT 5-year forward EV/EBITDA multiple band**



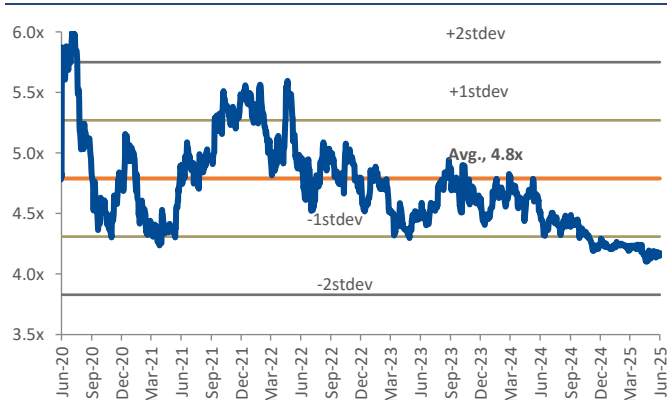
Source: Company, BRIDS

**Exhibit 21. ISAT 3-year forward EV/EBITDA multiple band**



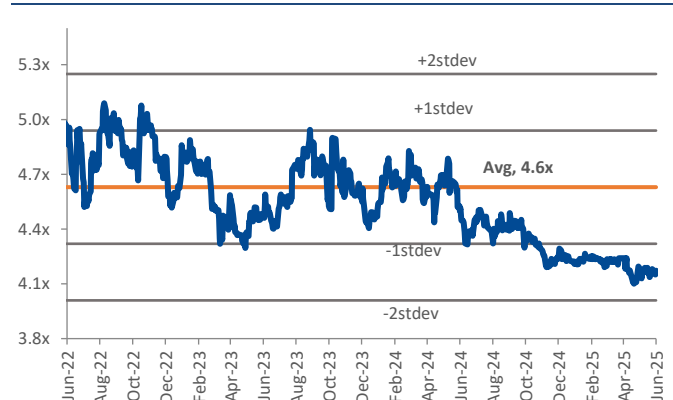
Source: Company, BRIDS

**Exhibit 22. EXCL 5-year forward EV/EBITDA multiple band**



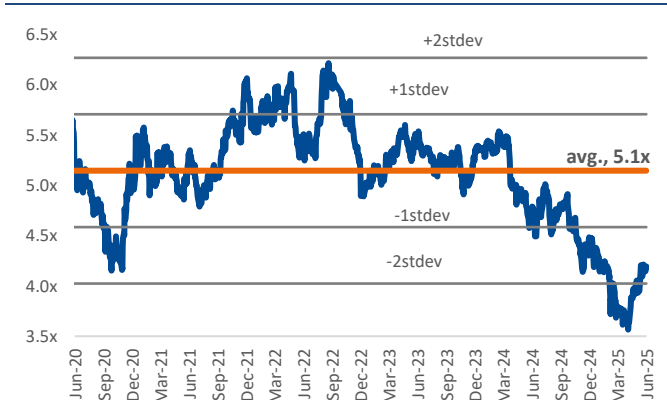
Source: Company, BRIDS

**Exhibit 23. EXCL 3-year forward EV/EBITDA multiple band**



Source: Company, BRIDS

**Exhibit 24. Sector 5-year forward EV/EBITDA multiple band**



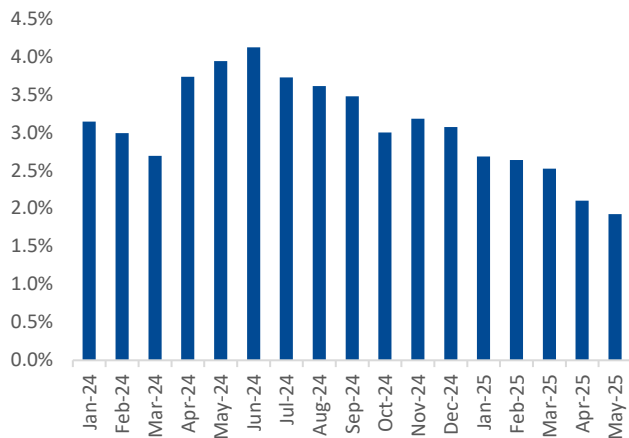
Source: Company, BRIDS

**Exhibit 25. Sector 3-year forward EV/EBITDA multiple band**



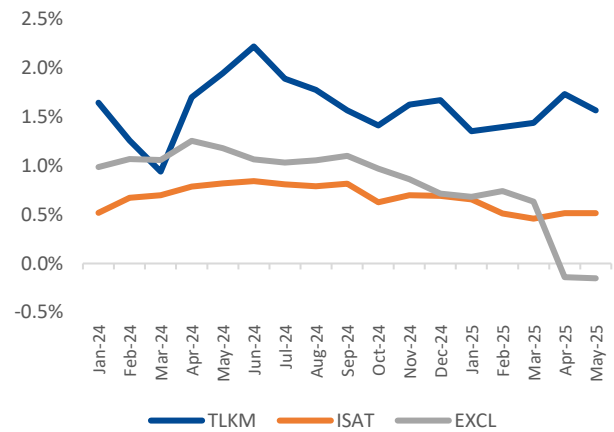
Source: Company, BRIDS

**Exhibit 26. Domestic fund positioning in telco sector**



Source: KSEI, BRIDS

**Exhibit 27. Domestic fund positioning in telco companies**



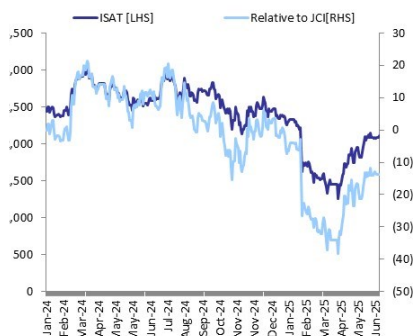
Source: KSEI, BRIDS

# Buy

(Maintained)

|                              |                   |
|------------------------------|-------------------|
| Last Price (Rp)              | 2,110             |
| Target Price (Rp)            | 2,600             |
| Previous Target Price (Rp)   | 3,200             |
| Upside/Downside              | +23.2%            |
| No. of Shares (mn)           | 32,251            |
| Mkt Cap (Rpbn/US\$mn)        | 68,049/4,182      |
| Avg, Daily T/O (Rpbn/US\$mn) | 44.0/2.7          |
| Free Float (%)               | 16.2              |
| Major Shareholder (%)        |                   |
| Ooredoo Asia Pte. Ltd.       | 65.6              |
| PPA Investasi Efek           | 9.6               |
| EPS Consensus (Rp)           |                   |
|                              | 2025F 2026F 2027F |
| BRIDS                        | 179.4 206.4 218.9 |
| Consensus                    | 172.1 197.1 215.7 |
| BRIDS/Cons (%)               | 4.3 4.7 1.5       |

## ISAT relative to JCI Index



Source: Bloomberg

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# Indosat Ooredoo Hutchison (ISAT II)

## Positioned to Outpace Industry Growth Through ARPU Uplift

- We believe ISAT has the biggest room for ARPU uplift driven by pricing, AI, and ex-Java growth while post-merger efficiencies support EBITDA.
- AlaaS monetization is progressing, with US\$35mn revenue targeted in 2H25, and US\$65mn by FY26-27.
- We lower our TP Rp2,600 (4.6x 25F EV/EBITDA), not yet factoring in the potential fiber carve-out, potentially valued at US\$1bn.

### ISAT holds the biggest potential to lead industry growth

While headline revenue declined in 1Q25, ISAT's ARPU outperformance reflects improved monetization quality, driven by AI-based personalization and growing usage in ex-Java. Beyond the Rp35k starter pack floor, ISAT also plans to gradually raise renewal package pricing to enhance user yield. Product simplification continues post-merger, with SKUs cut from over 300 to ~70, reducing churn and limiting price cannibalization. We forecast ARPU to grow by +4.6% yoy in FY25, positioning ISAT ahead of the industry.

### Organic efficiency in place; Capex signals continued network expansion

Cost optimization has shifted from merger-driven synergies to organic levers, reflected in a -7.8% qoq, -2.5% yoy decline in 1Q25 opex. Mgmt expects EBITDA to outpace revenue growth (~10% yoy) on the back of disciplined marketing spend, streamlined field operations, and tighter control over service and G&A costs. FY25 capex is guided at Rp13tn (+30% yoy), driven by deferred rollout from FY24 and continued investment in network and AI-driven deployment, with a focus on capital productivity and returns (capturing 22% of our 25F revenue forecast).

### AI monetization nearing inflection; Fiber divestment remains in play

ISAT is scaling its enterprise segment through AlaaS as NVIDIA's exclusive partner, targeting US\$35mn in revenue for 2H25 and recently expanding capacity with 30 GB200 chips. The company expects annual revenue to reach US\$65mn by FY26-27, with an estimated 60% EBITDA margin. In parallel, ISAT is progressing on a fiber carve-out plan targeted for completion in 2Q25, with proceeds potentially allocated toward upcoming 2.6 GHz and 3.5 GHz spectrum auctions, underscoring its intent to scale 5G network expansion.

### Maintain Buy rating with TP of Rp2,600

Our FY25 revenue and net profit projection of 6.0%/ 17.8% yoy growth is supported by ISAT's pricing power and room for further ARPU uplift. We lower our TP to Rp2,600 (implying 4.6x 25F EV/EBITDA, 5-yr avg SD) to reflect macro risks that could temper renewal price increases. Our model does not yet factor in fiber divestment, which is potentially valued at US\$1bn.

### Key Financials

| Year to 31 Dec    | 2023A  | 2024A   | 2025F   | 2026F   | 2027F   |
|-------------------|--------|---------|---------|---------|---------|
| Revenue (Rpbn)    | 51,229 | 55,887  | 59,251  | 63,926  | 68,668  |
| EBITDA (Rpbn)     | 23,938 | 26,375  | 28,777  | 31,027  | 32,926  |
| EBITDA Growth (%) | 23.0   | 10.2    | 9.1     | 7.8     | 6.1     |
| Net Profit (Rpbn) | 4,739  | 4,890   | 5,786   | 6,655   | 7,060   |
| EPS (Rp)          | 146.9  | 151.6   | 179.4   | 206.4   | 218.9   |
| EPS Growth (%)    | 0.3    | 3.2     | 18.3    | 15.0    | 6.1     |
| BVPS (Rp)         | 953.3  | 1,038.7 | 1,135.1 | 1,215.9 | 1,290.3 |
| DPS (Rp)          | 67.1   | 83.0    | 125.6   | 144.5   | 0.0     |
| PER (x)           | 14.4   | 13.9    | 11.8    | 10.2    | 9.6     |
| PBV (x)           | 2.2    | 2.0     | 1.9     | 1.7     | 1.6     |
| Dividen yield (%) | 3.2    | 3.9     | 6.0     | 6.8     | 0.0     |
| EV/EBITDA         | 4.9    | 4.5     | 4.1     | 3.8     | 3.6     |

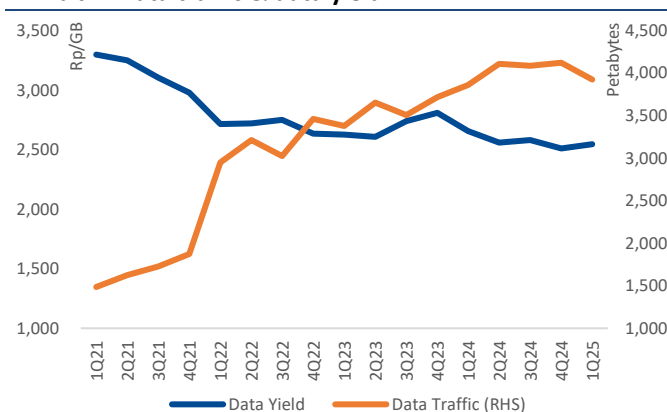
Source: ISAT, BRIDS Estimates

Exhibit 1. ISAT forecast revision summary

| Rp bn           | 2024A  | OLD    |        |        |  | BRIDS NEW |        |        | Δ%    |       |       |
|-----------------|--------|--------|--------|--------|--|-----------|--------|--------|-------|-------|-------|
|                 |        | 2025F  | 2026F  | 2027F  |  | 2025F     | 2026F  | 2027F  | 2025F | 2026F | 2027F |
| Revenue         | 55,887 | 59,913 | 64,556 | 69,630 |  | 59,251    | 63,926 | 68,668 | -1.1  | -1.0  | -1.4  |
| growth %        | 9.1    | 7.2    | 7.8    | 7.9    |  | 6.0       | 7.9    | 7.4    | -1.2  | 0.1   | -0.4  |
| EBITDA          | 26,375 | 28,951 | 31,055 | 33,070 |  | 28,777    | 31,027 | 32,926 | -0.6  | -0.1  | -0.4  |
| EBITDA margin % | 47.2   | 48.3   | 48.1   | 47.5   |  | 48.6      | 48.5   | 47.9   | 0.2   | 0.4   | 0.5   |
| EBIT            | 10,817 | 11,983 | 12,567 | 13,259 |  | 11,808    | 12,539 | 13,115 | -1.5  | -0.2  | -1.1  |
| EBIT margin %   | 19.4   | 20.0   | 19.5   | 19.0   |  | 19.9      | 19.6   | 19.1   | -0.1  | 0.1   | 0.1   |
| NPATMI          | 4,911  | 5,922  | 6,665  | 7,167  |  | 5,786     | 6,655  | 7,060  | -2.3  | -0.1  | -1.5  |
| NI margin %     | 8.8    | 9.9    | 10.3   | 10.3   |  | 9.8       | 10.4   | 10.3   | -0.1  | 0.1   | 0.0   |
| ROE             | 16%    | 17%    | 18%    | 18%    |  | 17%       | 18%    | 17%    | -0.5% | -0.2% | -0.4% |

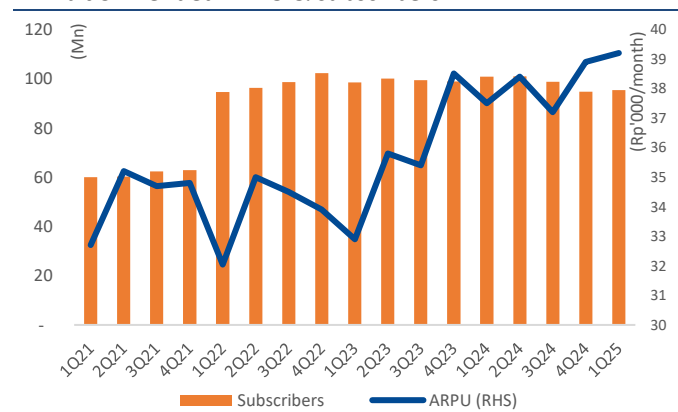
Source: Company, BRIDS Estimate

Exhibit 2. Data traffic &amp; data yield



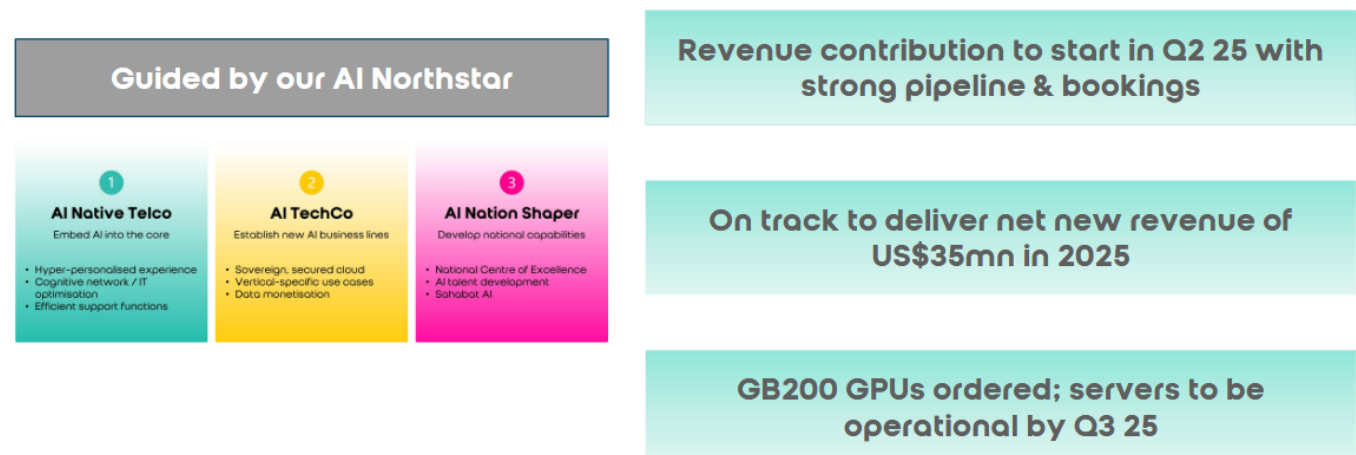
Source: Company, BRIDS

Exhibit 3. Blended ARPU &amp; subscribers



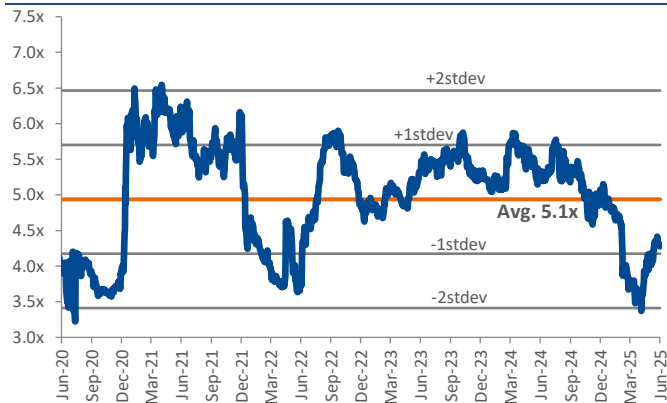
Source: Company, BRIDS

Exhibit 4. GPU-as-a-Service / AlaaS is set to deliver US\$35mn in revenue this year



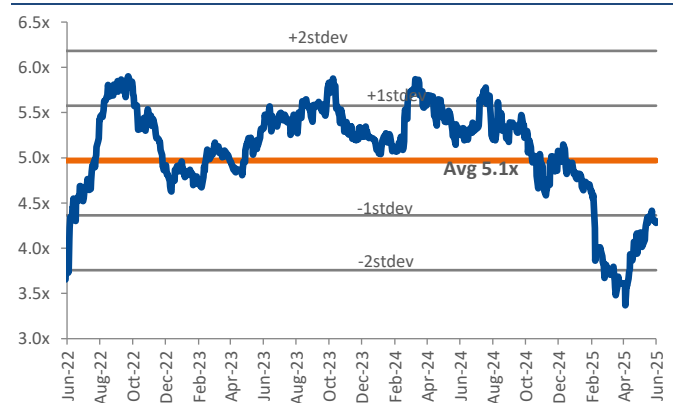
Source: Company

**Exhibit 5. ISAT IJ forward 5-yr EV/EBITDA band**



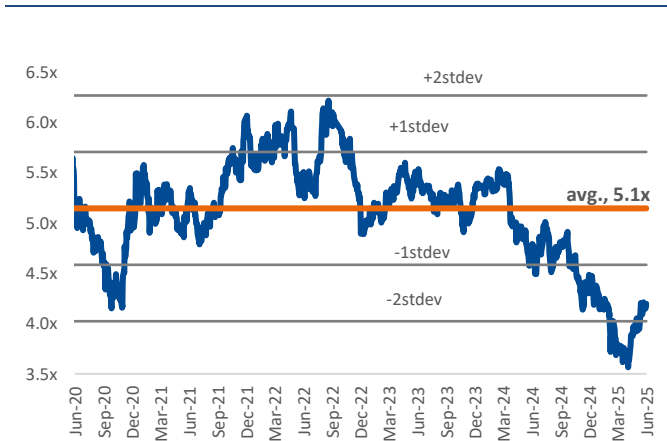
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 6. ISAT IJ forward 3-yr EV/EBITDA band**



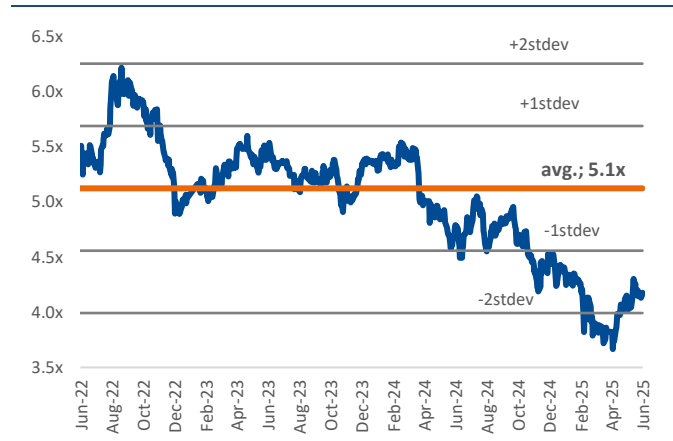
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 7. Sector forward 5-yr EV/EBITDA band**



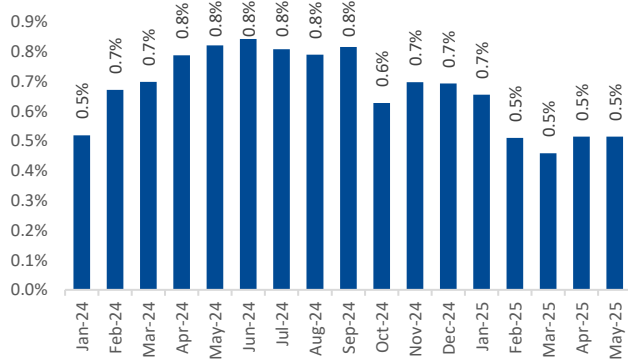
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 8. Sector forward 3-yr EV/EBITDA band**



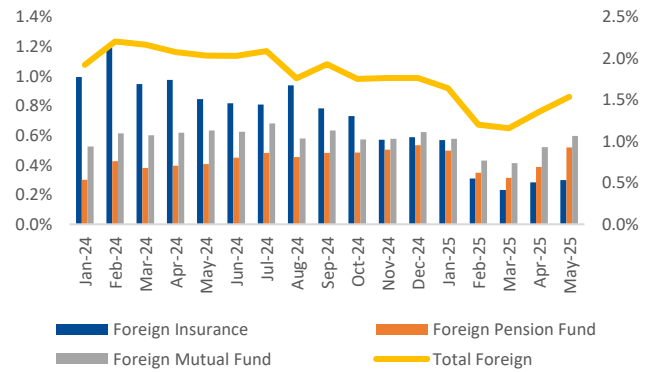
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 9. ISAT's Domestic Fund Positioning**



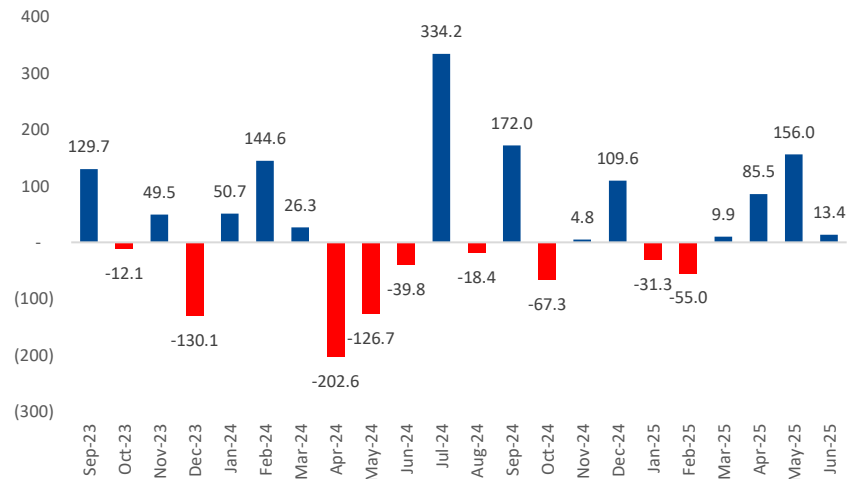
Source: KSEI, BRIDS

**Exhibit 10. ISAT's Foreign Ownership**



Source: KSEI, BRIDS

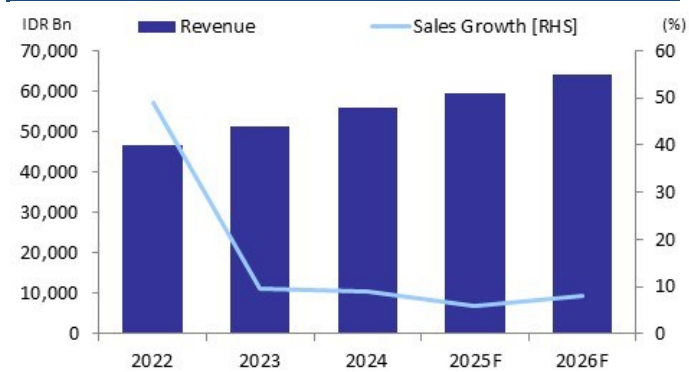
**Exhibit 11. ISAT's Monthly Foreign Flow (Rpbn)**



Source: IDX, Bloomberg, BRIDS

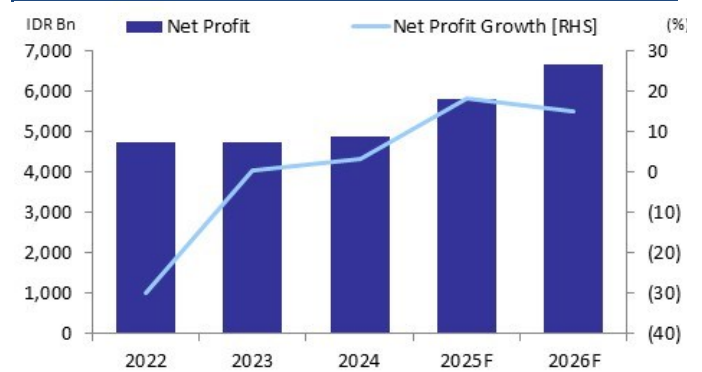


**Exhibit 12. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 13. Net Profit and Growth**



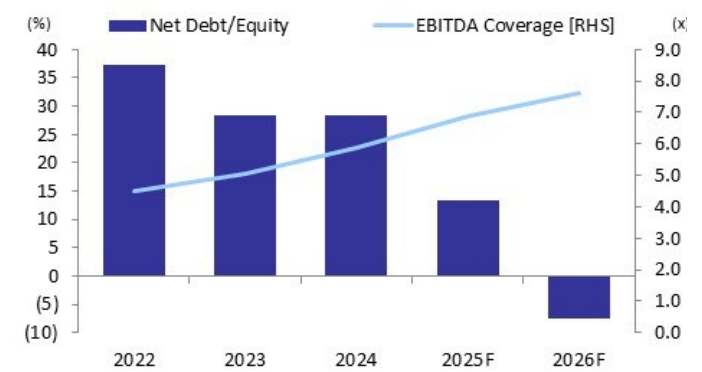
Source: Company, BRIDS Estimates

**Exhibit 14. Margins**



Source: Company, BRIDS Estimates

**Exhibit 15. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 16. Income Statement**

| Year to 31 Dec (Rpbn)   | 2023A         | 2024A         | 2025F         | 2026F         | 2027F         |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>          | <b>51,229</b> | <b>55,887</b> | <b>59,251</b> | <b>63,926</b> | <b>68,668</b> |
| COGS                    | (39,007)      | (41,751)      | (44,313)      | (48,038)      | (51,914)      |
| <b>Gross profit</b>     | <b>12,222</b> | <b>14,136</b> | <b>14,938</b> | <b>15,889</b> | <b>16,754</b> |
| <b>EBITDA</b>           | <b>23,938</b> | <b>26,375</b> | <b>28,777</b> | <b>31,027</b> | <b>32,926</b> |
| <b>Oper. profit</b>     | <b>9,317</b>  | <b>10,817</b> | <b>11,808</b> | <b>12,539</b> | <b>13,115</b> |
| Interest income         | 331           | 363           | 313           | 625           | 390           |
| Interest expense        | (4,725)       | (4,478)       | (4,193)       | (4,071)       | (3,836)       |
| Forex Gain/(Loss)       | (103)         | 9             | 0             | 0             | 0             |
| Income From Assoc. Co's | 0             | 0             | 0             | 0             | 0             |
| Other Income (Expenses) | 1,343         | 0             | 0             | 0             | 0             |
| <b>Pre-tax profit</b>   | <b>6,164</b>  | <b>6,711</b>  | <b>7,928</b>  | <b>9,094</b>  | <b>9,669</b>  |
| Income tax              | (1,156)       | (1,460)       | (1,744)       | (2,001)       | (2,127)       |
| Minority interest       | (269)         | (362)         | (398)         | (438)         | (481)         |
| <b>Net profit</b>       | <b>4,739</b>  | <b>4,890</b>  | <b>5,786</b>  | <b>6,655</b>  | <b>7,060</b>  |
| <b>Core Net Profit</b>  | <b>4,841</b>  | <b>4,880</b>  | <b>5,786</b>  | <b>6,655</b>  | <b>7,060</b>  |

**Exhibit 17. Balance Sheet**

| Year to 31 Dec (Rpbn)                 | 2023A          | 2024A          | 2025F          | 2026F          | 2027F          |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash & cash equivalent                | 5,207          | 4,472          | 8,934          | 16,255         | 23,279         |
| Receivables                           | 3,144          | 3,282          | 3,479          | 3,754          | 4,032          |
| Inventory                             | 226            | 72             | 75             | 82             | 88             |
| Other Curr. Asset                     | 6,902          | 7,052          | 7,580          | 8,151          | 8,757          |
| Fixed assets - Net                    | 72,861         | 74,143         | 63,006         | 56,228         | 49,359         |
| Other non-curr.asset                  | 26,382         | 25,366         | 30,277         | 30,610         | 30,955         |
| <b>Total asset</b>                    | <b>114,722</b> | <b>114,387</b> | <b>113,352</b> | <b>115,079</b> | <b>116,470</b> |
| ST Debt                               | 2,487          | 3,869          | 4,001          | 4,149          | 4,313          |
| Payables                              | 11,460         | 9,321          | 9,625          | 10,132         | 10,710         |
| Other Curr. Liabilities               | 20,188         | 17,818         | 19,080         | 20,889         | 22,180         |
| Long Term Debt                        | 12,295         | 11,030         | 9,993          | 9,060          | 8,219          |
| Other LT. Liabilities                 | 34,584         | 35,696         | 32,491         | 29,927         | 27,550         |
| <b>Total Liabilities</b>              | <b>81,013</b>  | <b>77,735</b>  | <b>75,191</b>  | <b>74,156</b>  | <b>72,972</b>  |
| Shareholder's Funds                   | 30,746         | 33,498         | 36,608         | 39,213         | 41,614         |
| Minority interests                    | 2,963          | 3,153          | 1,554          | 1,710          | 1,883          |
| <b>Total Equity &amp; Liabilities</b> | <b>114,722</b> | <b>114,387</b> | <b>113,352</b> | <b>115,079</b> | <b>116,470</b> |

**Exhibit 18. Cash Flow**

| Year to 31 Dec (IDRbn)     | 2023A           | 2024A           | 2025F           | 2026F           | 2027F           |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net income                 | 4,739           | 4,890           | 5,786           | 6,655           | 7,060           |
| Depreciation and Amort.    | 14,621          | 15,558          | 16,968          | 18,487          | 19,811          |
| Change in Working Capital  | (1,064)         | 194             | (170)           | (194)           | (198)           |
| Other Oper. Cash Flow      | 4,538           | (259)           | 4,135           | 4,959           | 4,477           |
| <b>Operating Cash Flow</b> | <b>22,834</b>   | <b>20,383</b>   | <b>26,720</b>   | <b>29,907</b>   | <b>31,150</b>   |
| Capex                      | (10,779)        | (8,823)         | (5,322)         | (11,200)        | (12,432)        |
| Others Inv. Cash Flow      | (7,556)         | (6,639)         | (5,108)         | (216)           | (464)           |
| <b>Investing Cash Flow</b> | <b>(18,335)</b> | <b>(15,462)</b> | <b>(10,430)</b> | <b>(11,417)</b> | <b>(12,896)</b> |
| Net change in debt         | (2,113)         | 995             | (3,499)         | (3,110)         | (2,807)         |
| New Capital                | (351)           | 196             | (1,600)         | 156             | 173             |
| Dividend payment           | (2,062)         | (2,164)         | (2,677)         | (4,050)         | (4,659)         |
| Other Fin. Cash Flow       | (4,042)         | (4,705)         | (4,052)         | (4,166)         | (3,936)         |
| <b>Financing Cash Flow</b> | <b>(8,567)</b>  | <b>(5,678)</b>  | <b>(11,828)</b> | <b>(11,170)</b> | <b>(11,229)</b> |
| <b>Net Change in Cash</b>  | <b>(4,068)</b>  | <b>(757)</b>    | <b>4,462</b>    | <b>7,321</b>    | <b>7,025</b>    |
| Cash - begin of the year   | 9,508           | 5,207           | 4,472           | 8,934           | 16,255          |
| Cash - end of the year     | 5,207           | 4,472           | 8,934           | 16,255          | 23,279          |

**Exhibit 19. Key Ratios**

| Year to 31 Dec           | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------------|-------|-------|-------|-------|-------|
| <b>Growth (%)</b>        |       |       |       |       |       |
| Sales                    | 9.6   | 9.1   | 6.0   | 7.9   | 7.4   |
| EBITDA                   | 23.0  | 10.2  | 9.1   | 7.8   | 6.1   |
| Operating profit         | 61.6  | 16.1  | 9.2   | 6.2   | 4.6   |
| Net profit               | 0.3   | 3.2   | 18.3  | 15.0  | 6.1   |
| <b>Profitability (%)</b> |       |       |       |       |       |
| Gross margin             | 23.9  | 25.3  | 25.2  | 24.9  | 24.4  |
| EBITDA margin            | 46.7  | 47.2  | 48.6  | 48.5  | 47.9  |
| Operating margin         | 18.2  | 19.4  | 19.9  | 19.6  | 19.1  |
| Net margin               | 9.2   | 8.7   | 9.8   | 10.4  | 10.3  |
| ROAA                     | 4.1   | 4.3   | 5.1   | 5.8   | 6.1   |
| ROAE                     | 16.0  | 15.2  | 16.5  | 17.6  | 17.5  |
| <b>Leverage</b>          |       |       |       |       |       |
| Net Gearing (x)          | 0.3   | 0.3   | 0.1   | (0.1) | (0.2) |
| Interest Coverage (x)    | 2.0   | 2.4   | 2.8   | 3.1   | 3.4   |

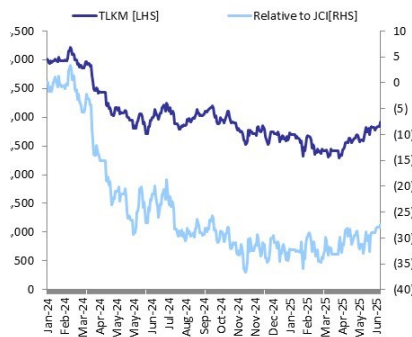
Source : ISAT, Danareksa Estimates

# Buy

(Maintained)

|                              |                   |
|------------------------------|-------------------|
| Last Price (Rp)              | 2,910             |
| Target Price (Rp)            | 3,500             |
| Previous Target Price (Rp)   | 3,900             |
| Upside/Downside              | +20.3%            |
| No. of Shares (mn)           | 100,800           |
| Mkt Cap (Rpbn/US\$mn)        | 293,328/18,025    |
| Avg, Daily T/O (Rpbn/US\$mn) | 310.2/19.1        |
| Free Float (%)               | 47.8              |
| Major Shareholder (%)        |                   |
| Indonesia Govr               | 52.1              |
| EPS Consensus (Rp)           |                   |
|                              | 2025F 2026F 2027F |
| BRIDS                        | 240.9 250.4 262.7 |
| Consensus                    | 240.7 252.3 262.3 |
| BRIDS/Cons (%)               | 0.1 (0.8) 0.1     |

## TLKM relative to JCI Index



Source: Bloomberg

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# Telkom Indonesia (TLKM IJ)

## Room for Re-rating Amid Price Repair Prospect

- Telkomsel Lite's phasing out, starter pack pricing rationalization, and product simplification signal the onset of pricing repair.
- We forecast mobile ARPU -1% yoy in FY25, driven by weak 1Q25 and legacy erosion, and expect IndiHome ARPU to reach a new equilibrium.
- We maintain Buy rating amid prospect of industry-wide price repair which is yet to be reflected in current valuation discount.

### Pathways to pricing repair from product streamlining

In Jun25, TLKM streamlined its prepaid portfolio by retaining only Simpati and By.U, while discontinuing Telkomsel Lite and Telkomsel Prabayar. This move marks a critical step in phasing out dilutive products and improving data monetization. Following the launch of Telkomsel Lite in March 2024, data yields fell by 860bps (from Rp4.1k in 1Q24 to Rp3.7k in 3Q24) further dragged down by By.U's discounted starter packs. The new industry-wide Rp35k-for-3GB starter pack standard, implemented in 1H25, is expected to increase switching costs and shift market focus toward higher-margin renewals. TLKM also aims to simplify its reload products by eliminating high-volume data packages, which should further support data yield recovery. Assuming legacy inventory clears by mid-year, we expect a gradual recovery in 2H25.

### ARPU challenges may limit growth in mobile and fixed broadband

Despite price repair efforts, we expect TLKM to continue to face challenges from the decline in its legacy revenue, which we estimate to account for 5% of revenue by FY27 (vs. 1Q25: 9.7%). Following weak 1Q25 results, we estimate mobile FY25 ARPU to decline -1% yoy. In fixed broadband, TLKM aims for annual net-adds of 800k-1mn subscribers (9.8mn as of 1Q25). Despite the launch of EZNet, which pressures ARPU, TLKM mitigates margin pressure through reduced capex per line and 50-60% cheaper CPE procurement. We expect IndiHome ARPU to reach a new equilibrium of Rp200k–220k (from Rp224k in 1Q25) due to the growing EZNet mix, heightened low-end competition, and ongoing RT-RW Net risks.

### Maintain Buy rating with TP of Rp3,500

We maintain Buy rating on TLKM amid the prospect of industry-wide price repair and cheap valuation of 4.2x EV/EBITDA (-1.4SD from 5-year mean). We forecast a conservative FY25 revenue growth forecast of 1.2% yoy and stable EBITDA margin of 51%, leading to our FY25F net profit forecast of +0.9% yoy. We believe resilient margin will be supported by cost efficiencies from product simplification and convergence-driven synergies. Additionally, reduced capex guidance of 17-19% of revenue should support stronger FCF generation. We arrive at a slightly lower TP of Rp3,500 (implying 4.9x EV/EBITDA or -0.4 SD 5yr avg), as we combine DCF and -1SD EV/EBITDA target multiple. Key risks include persistent macroeconomic headwinds.

### Key Financials

| Year to 31 Dec    | 2023A   | 2024A   | 2025F   | 2026F   | 2027F   |
|-------------------|---------|---------|---------|---------|---------|
| Revenue (Rpbn)    | 149,216 | 149,967 | 151,704 | 158,527 | 165,558 |
| EBITDA (Rpbn)     | 77,579  | 75,029  | 77,514  | 81,003  | 85,097  |
| EBITDA Growth (%) | (1.8)   | (3.3)   | 3.3     | 4.5     | 5.1     |
| Net Profit (Rpbn) | 24,560  | 23,649  | 23,866  | 24,804  | 26,021  |
| EPS (Rp)          | 247.9   | 238.7   | 240.9   | 250.4   | 262.7   |
| EPS Growth (%)    | 18.3    | (3.7)   | 0.9     | 3.9     | 4.9     |
| BVPS (Rp)         | 1,370.3 | 1,434.4 | 1,461.5 | 1,489.5 | 1,517.6 |
| DPS (Rp)          | 181.9   | 178.5   | 212.5   | 223.1   | 234.2   |
| PER (x)           | 11.7    | 12.2    | 12.1    | 11.6    | 11.1    |
| PBV (x)           | 2.1     | 2.0     | 2.0     | 2.0     | 1.9     |
| Dividen yield (%) | 6.2     | 6.1     | 7.3     | 7.7     | 8.0     |
| EV/EBITDA         | 4.3     | 4.4     | 4.3     | 4.1     | 3.9     |

Source: TLKM, BRIDS Estimate

See important disclosure at the back of this report

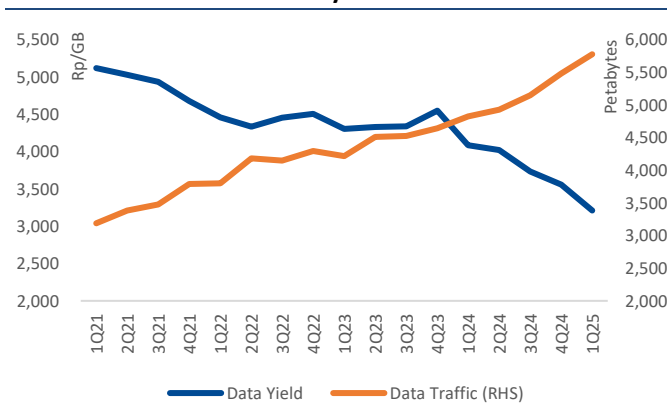
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Exhibit 1. TLKM forecast revision summary

| (Rp bn)                        | Previous BRIDS |         |         |         | New BRIDS |         |         | Δ% of BRIDS |        |        |
|--------------------------------|----------------|---------|---------|---------|-----------|---------|---------|-------------|--------|--------|
|                                | 2024           | 2025F   | 2026F   | 2027F   | 2025F     | 2026F   | 2027F   | 2025F       | 2026F  | 2027F  |
| Telkom Revenue                 | 149,967        | 154,404 | 159,208 | 164,018 | 151,704   | 158,527 | 165,558 | -1.7        | -0.4   | 0.9    |
| growth (%)                     |                | 3.0     | 3.1     | 3.0     | 1.2       | 4.5     | 4.4     | -1.8        | 1.4    | 1.4    |
| Telkomsel revenue              | 113,339        | 115,712 | 117,921 | 119,591 | 112,868   | 117,275 | 121,326 | -2.5        | -0.5   | 1.5    |
| growth (%)                     |                | 2.1     | 1.9     | 1.4     | -0.4      | 3.9     | 3.5     | -2.5        | 2.0    | 2.0    |
| Telkomsel EBITDA               | 51,336         | 54,565  | 56,786  | 58,786  | 53,224    | 56,475  | 59,639  | -2.5        | -0.5   | 1.5    |
| EBITDA margin (%)              | 45.3           | 47.2    | 48.2    | 49.2    | 47.2      | 48.2    | 49.2    | 0.0         | 0.0    | 0.0    |
| Telkom EBITDA                  | 75,029         | 78,693  | 81,299  | 84,408  | 77,514    | 81,003  | 85,097  | -1.5        | -0.4   | 0.8    |
| EBITDA margin (%)              | 50.0           | 51.0    | 51.1    | 51.5    | 51.1      | 51.1    | 51.4    | 0.3         | 0.1    | -0.1   |
| Telkom PATMI                   | 23,649         | 24,367  | 24,792  | 25,492  | 23,866    | 24,804  | 26,021  | -2.1        | 0.0    | 2.1    |
| PATMI margin (%)               | 15.8           | 15.8    | 15.6    | 15.5    | 15.7      | 15.6    | 15.7    | -0.3        | 0.5    | 1.1    |
| Telkom Core PATMI              | 24,113         | 24,367  | 24,792  | 25,492  | 23,866    | 24,804  | 26,021  | -2.1        | 0.0    | 2.1    |
| Core PATMI margin (%)          | 16.1           | 15.8    | 15.6    | 15.5    | 15.7      | 15.6    | 15.7    | -0.3        | 0.5    | 1.1    |
| Cellular Subscribers ('000)    | 159,389        | 159,438 | 159,487 | 159,487 | 159,389   | 159,389 | 159,389 | (0.03)      | (0.06) | (0.06) |
| growth (%)                     |                | 0.0     | 0.0     | -       | -         | -       | -       |             |        |        |
| Mobile Data Subscribers ('000) | 130,191        | 131,494 | 132,809 | 134,137 | 130,192   | 130,192 | 130,192 | (0.99)      | (1.97) | (2.94) |
| growth (%)                     |                | 1.0     | 1.0     | 1.0     | 0.0       | -       | -       |             |        |        |
| Mobile Blended ARPU            | 44.4           | 45.9    | 46.3    | 46.8    | 44.9      | 46.6    | 48.2    | -2.2        | 0.6    | 3.1    |
| Indihome B2C Subscribers       | 9,842          | 10,812  | 11,812  | 12,612  | 10,612    | 11,612  | 12,412  | -1.8        | -1.7   | -1.6   |
| Indihome ARPU                  | 237.6          | 227.1   | 215.8   | 205.0   | 222.4     | 211.2   | 201.7   | -2.1        | -2.1   | -1.6   |

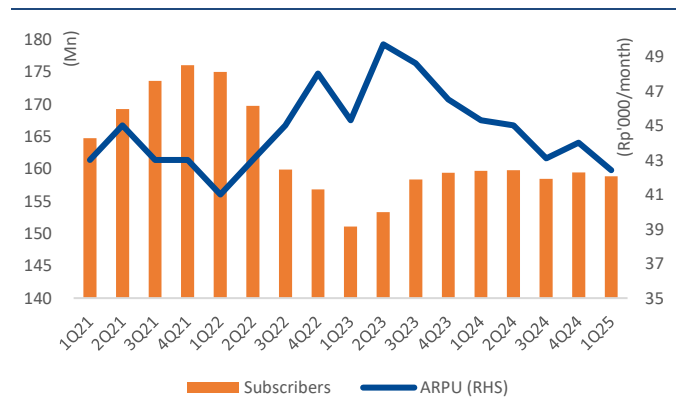
Source: Company, BRIDS Estimates

Exhibit 2. Data traffic &amp; data yield



Source: Company, BRIDS

Exhibit 3. Blended ARPU &amp; subscribers



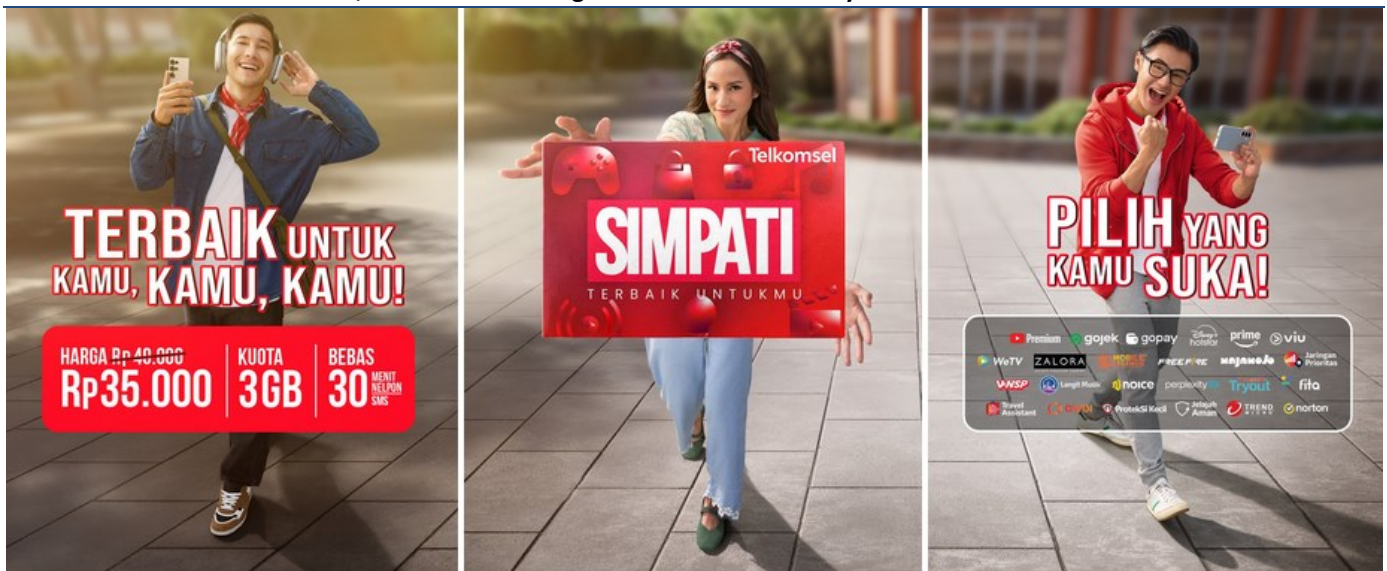
Source: Company, BRIDS

Exhibit 4. Tsel lite starter pack vs current starter pack offerings

| Telkomsel lite starterpack | Total GB | Prices | yield/gb     | Current tsel starterpack offerings | Total GB | Prices | yield/gb      |
|----------------------------|----------|--------|--------------|------------------------------------|----------|--------|---------------|
| 6GB 30 Hari                | 6        | 25,000 | 4,167        | Simpati 3GB 30 Hari                | 3        | 35,000 | 11,667        |
| 10GB 30 Hari               | 10       | 28,000 | 2,800        | by.U Cuman Buat U 30 Hari          | 3        | 35,000 | 11,667        |
| 15GB 30 Hari               | 15       | 35,000 | 2,333        | <b>Average Data Yield</b>          |          |        | <b>11,667</b> |
| 24GB 30 Hari               | 24       | 50,000 | 2,083        |                                    |          |        |               |
| 40GB 30 Hari               | 40       | 75,000 | 1,875        |                                    |          |        |               |
| 60GB 30 Hari               | 60       | 90,000 | 1,500        |                                    |          |        |               |
| <b>Average Data Yield</b>  |          |        | <b>2,460</b> |                                    |          |        |               |

Source: Company, BRIDS

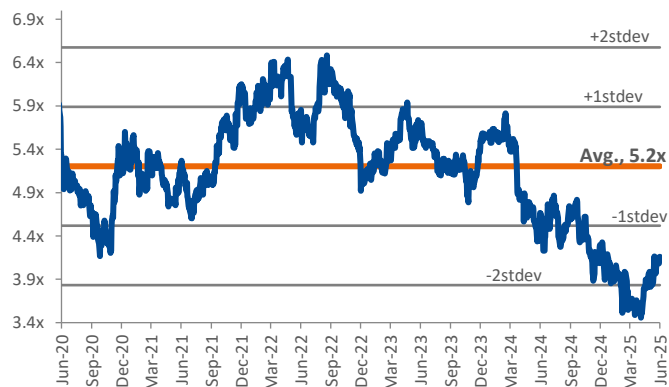
Exhibit 5. Tsel relaunch SIMPATI, while discontinuing Tsel Lite and Tsel Prabayar



Source: Company



**Exhibit 6. TLKM IJ forward 5-yr EV/EBITDA band**



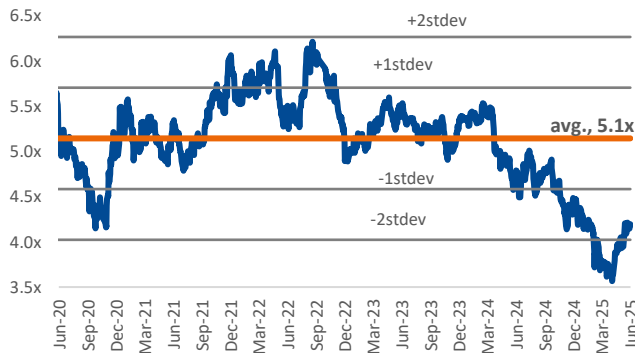
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 7. TLKM IJ forward 3-yr EV/EBITDA band**



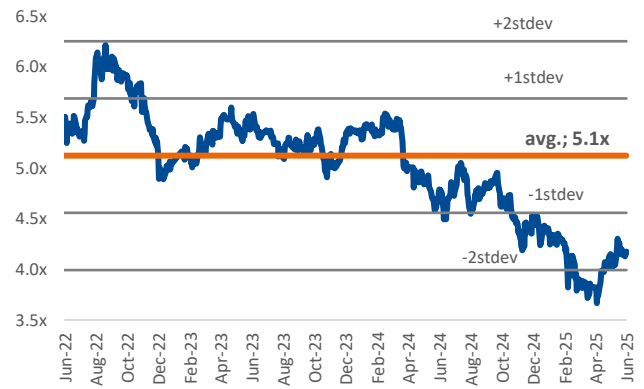
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 8. Sector forward 5-yr EV/EBITDA band**



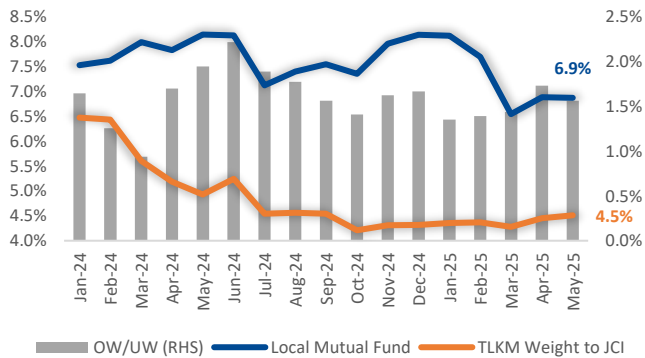
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 9. Sector forward 3-yr EV/EBITDA band**



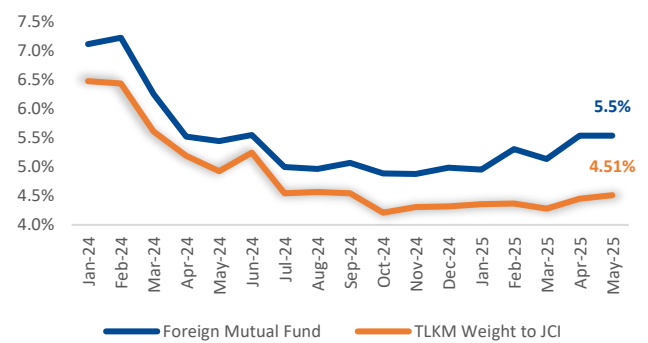
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 10. TLKM's Domestic Fund Positioning



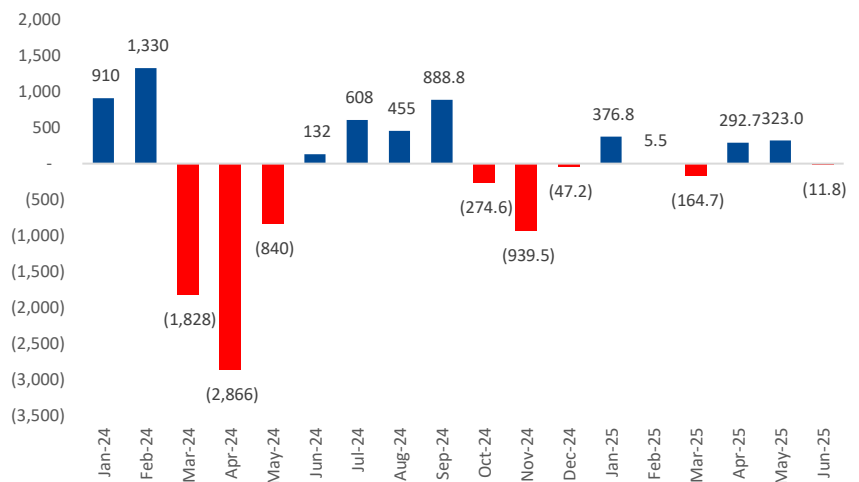
Source: KSEI, BRIDS

Exhibit 11. TLKM's Foreign Ownership



Source: KSEI, BRIDS

Exhibit 12. TLKM's Monthly Foreign Flow (Rpbn)



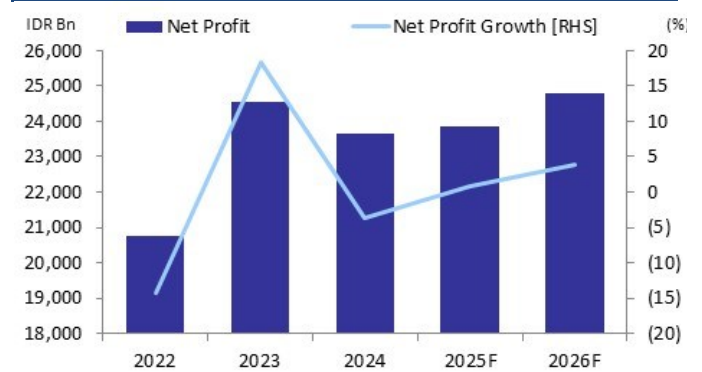
Source: IDX, Bloomberg, BRIDS

**Exhibit 13. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 14. Net Profit and Growth**



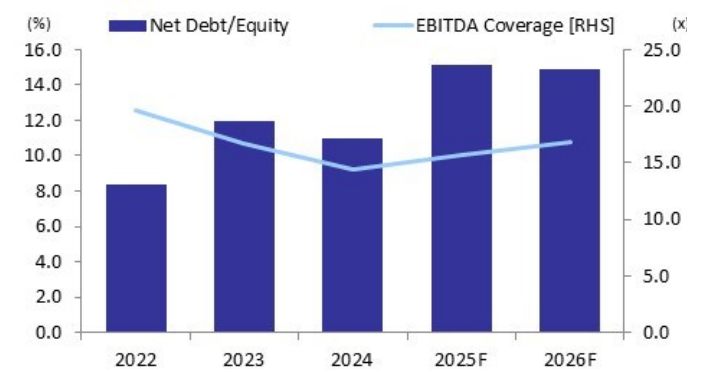
Source: Company, BRIDS Estimates

**Exhibit 15. Margins**



Source: Company, BRIDS Estimates

**Exhibit 16. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 17. Income Statement**

| Year to 31 Dec (Rpbn)   | 2023A          | 2024A          | 2025F          | 2026F          | 2027F          |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenue</b>          | <b>149,216</b> | <b>149,967</b> | <b>151,704</b> | <b>158,527</b> | <b>165,558</b> |
| COGS                    | (91,918)       | (94,627)       | (94,927)       | (99,157)       | (102,951)      |
| <b>Gross profit</b>     | <b>57,298</b>  | <b>55,340</b>  | <b>56,777</b>  | <b>59,370</b>  | <b>62,607</b>  |
| <b>EBITDA</b>           | <b>77,579</b>  | <b>75,029</b>  | <b>77,514</b>  | <b>81,003</b>  | <b>85,097</b>  |
| <b>Oper. profit</b>     | <b>44,384</b>  | <b>42,991</b>  | <b>43,508</b>  | <b>45,402</b>  | <b>47,819</b>  |
| Interest income         | 1,061          | 1,367          | 1,300          | 1,260          | 1,320          |
| Interest expense        | (4,652)        | (5,208)        | (4,952)        | (4,801)        | (5,031)        |
| Forex Gain/(Loss)       | 0              | 0              | 0              | 0              | 0              |
| Income From Assoc. Co's | 1              | 3              | 0              | 0              | 0              |
| Other Income (Expenses) | 0              | 0              | 0              | 0              | 0              |
| <b>Pre-tax profit</b>   | <b>40,794</b>  | <b>39,153</b>  | <b>39,856</b>  | <b>41,862</b>  | <b>44,109</b>  |
| Income tax              | (8,586)        | (8,410)        | (8,561)        | (8,992)        | (9,475)        |
| Minority interest       | (7,648)        | (7,094)        | (7,429)        | (8,066)        | (8,614)        |
| <b>Net profit</b>       | <b>24,560</b>  | <b>23,649</b>  | <b>23,866</b>  | <b>24,804</b>  | <b>26,021</b>  |
| <b>Core Net Profit</b>  | <b>24,560</b>  | <b>23,649</b>  | <b>23,866</b>  | <b>24,804</b>  | <b>26,021</b>  |

**Exhibit 18. Balance Sheet**

| Year to 31 Dec (Rpbn)                 | 2023A          | 2024A          | 2025F          | 2026F          | 2027F          |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Cash & cash equivalent                | 29,007         | 33,905         | 21,354         | 23,159         | 24,336         |
| Receivables                           | 10,667         | 12,193         | 11,562         | 12,082         | 12,618         |
| Inventory                             | 997            | 1,096          | 1,059          | 1,106          | 1,155          |
| Other Curr. Asset                     | 13,281         | 14,601         | 14,102         | 14,737         | 15,390         |
| Fixed assets - Net                    | 212,070        | 216,918        | 225,017        | 231,910        | 238,492        |
| Other non-curr.asset                  | 19,359         | 19,677         | 19,518         | 19,598         | 19,558         |
| <b>Total asset</b>                    | <b>287,042</b> | <b>299,675</b> | <b>293,577</b> | <b>303,767</b> | <b>312,704</b> |
| ST Debt                               | 19,926         | 27,391         | 22,603         | 23,620         | 24,814         |
| Payables                              | 24,871         | 15,336         | 15,514         | 16,211         | 16,930         |
| Other Curr. Liabilities               | 26,771         | 34,040         | 30,758         | 32,141         | 33,567         |
| Long Term Debt                        | 27,773         | 24,392         | 24,084         | 25,168         | 26,440         |
| Other LT. Liabilities                 | 31,139         | 36,026         | 33,583         | 34,804         | 34,193         |
| <b>Total Liabilities</b>              | <b>130,480</b> | <b>137,185</b> | <b>126,540</b> | <b>131,945</b> | <b>135,944</b> |
| Shareholder's Funds                   | 135,744        | 142,094        | 144,783        | 147,553        | 150,337        |
| Minority interests                    | 20,818         | 20,396         | 22,253         | 24,270         | 26,423         |
| <b>Total Equity &amp; Liabilities</b> | <b>287,042</b> | <b>299,675</b> | <b>293,577</b> | <b>303,767</b> | <b>312,704</b> |

**Exhibit 19. Cash Flow**

| Year to 31 Dec (IDRbn)     | 2023A           | 2024A           | 2025F           | 2026F           | 2027F           |
|----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net income                 | 24,560          | 23,649          | 23,866          | 24,804          | 26,021          |
| Depreciation and Amort.    | 32,663          | 32,643          | 34,007          | 35,601          | 37,278          |
| Change in Working Capital  | (5,193)         | (4,835)         | (1,618)         | 668             | 927             |
| Other Oper. Cash Flow      | 3,591           | 3,841           | 3,652           | 3,541           | 3,710           |
| <b>Operating Cash Flow</b> | <b>55,621</b>   | <b>55,298</b>   | <b>59,906</b>   | <b>64,614</b>   | <b>67,936</b>   |
| Capex                      | (28,977)        | (18,388)        | (42,105)        | (42,494)        | (43,860)        |
| Others Inv. Cash Flow      | (130)           | 1,049           | 1,459           | 1,181           | 1,360           |
| <b>Investing Cash Flow</b> | <b>(29,107)</b> | <b>(17,339)</b> | <b>(40,647)</b> | <b>(41,313)</b> | <b>(42,500)</b> |
| Net change in debt         | 6,247           | 8,971           | (7,540)         | 3,323           | 1,855           |
| New Capital                | 0               | (401)           | 0               | 0               | 0               |
| Dividend payment           | (18,016)        | (17,683)        | (21,047)        | (22,099)        | (23,204)        |
| Other Fin. Cash Flow       | (3,896)         | (4,845)         | (3,224)         | (2,720)         | (2,910)         |
| <b>Financing Cash Flow</b> | <b>(15,665)</b> | <b>(13,958)</b> | <b>(31,811)</b> | <b>(21,496)</b> | <b>(24,259)</b> |
| <b>Net Change in Cash</b>  | <b>10,849</b>   | <b>24,001</b>   | <b>(12,551)</b> | <b>1,805</b>    | <b>1,177</b>    |
| Cash - begin of the year   | 31,947          | 29,007          | 33,905          | 21,354          | 23,159          |
| Cash - end of the year     | 29,007          | 33,905          | 21,354          | 23,159          | 24,336          |

**Exhibit 20. Key Ratios**

| Year to 31 Dec           | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------------|-------|-------|-------|-------|-------|
| <b>Growth (%)</b>        |       |       |       |       |       |
| Sales                    | 1.3   | 0.5   | 1.2   | 4.5   | 4.4   |
| EBITDA                   | (1.8) | (3.3) | 3.3   | 4.5   | 5.1   |
| Operating profit         | 12.1  | (3.1) | 1.2   | 4.4   | 5.3   |
| Net profit               | 18.3  | (3.7) | 0.9   | 3.9   | 4.9   |
| <b>Profitability (%)</b> |       |       |       |       |       |
| Gross margin             | 38.4  | 36.9  | 37.4  | 37.5  | 37.8  |
| EBITDA margin            | 52.0  | 50.0  | 51.1  | 51.1  | 51.4  |
| Operating margin         | 29.7  | 28.7  | 28.7  | 28.6  | 28.9  |
| Net margin               | 16.5  | 15.8  | 15.7  | 15.6  | 15.7  |
| ROAA                     | 8.7   | 8.1   | 8.0   | 8.3   | 8.4   |
| ROAE                     | 18.5  | 17.0  | 16.6  | 17.0  | 17.5  |
| <b>Leverage</b>          |       |       |       |       |       |
| Net Gearing (x)          | 0.1   | 0.1   | 0.2   | 0.1   | 0.2   |
| Interest Coverage (x)    | 9.5   | 8.3   | 8.8   | 9.5   | 9.5   |

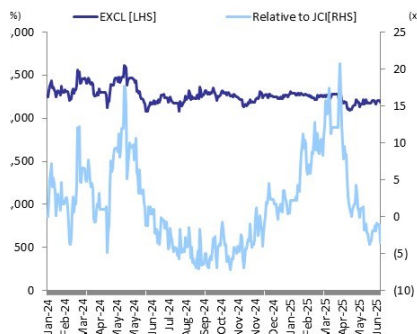
Source : TLKM, Danareksa Estimates

# Buy

(Maintained)

|  |                   |
|--|-------------------|
| Last Price (Rp)                        | 2,180             |
| Target Price (Rp)                      | 2,800             |
| Previous Target Price (Rp)             | 2,800             |
| Upside/Downside                        | +28.4%            |
| No. of Shares (mn)                     | 13,072            |
| Mkt Cap (Rpbn/US\$mn)                  | 29,497/1,751      |
| Avg, Daily T/O (Rpbn/US\$mn)           | 42.4/2.6          |
| Free Float (%)                         | 33.2              |
| Major Shareholder (%)                  |                   |
| Axiata Investments Indonesia Sdn. Bhd. | 66.3              |
| EPS Consensus (Rp)                     |                   |
|  | 2025F 2026F 2027F |
| BRIDS                                  | 141.7 165.5 194.4 |
| Consensus                              | 145.9 177.5 210.1 |
| BRIDS/Cons (%)                         | (2.9) (6.8) (7.5) |

## EXCL relative to JCI Index



Source: Bloomberg

## BRI Danareksa Sekuritas Analysts

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# XL Axiata (EXCL IJ)

## Near-Term Prospect of ARPU Bottoming, Long-Term Upside from Cost Synergies

- We expect ARPU to bottom in 1Q25; EXCL remains selective in FBB, avoiding low-ARPU pricing to protect margins.
- EXCL expects US\$100mn in merger synergy in FY25, alongside efforts to rationalize overlapping sites and return 15MHz of 900MHz spectrum.
- We maintain BUY with a TP of Rp2,800, taking a conservative view on ARPU growth while factoring in subscriber monetization from Linknet.

### Potential ARPU bottom in 1Q25

EXCL's ARPU declined -2.4% qoq in 1Q25 due to aggressive starter pack discounting (70–80% below regular pricing), which mgmt sees now as the trough, and expect to gradually recovery. Product simplification and digitalization remain core to EXCL's mobile strategy, with SKU reduction aimed at minimizing price cannibalization and improving monetization consistency. By shifting distribution toward digital channels, EXCL targets lower acquisition costs and greater pricing control, while features like XL Circle enhance stickiness.

### Staying selective amid mass-market Fixed Broadband (FBB) price pressures

In a competitive FBB landscape, particularly in the mass-market segment, EXCL maintains its stance through avoiding price-led competition and low-ARPU offerings. We see this as a prudent approach to protect margins, given FBB's higher fixed-cost base versus mobile. With its current network scale, EXCL has limited flexibility to negotiate infrastructure at scale, making premium/value positioning more suitable backed by 1mn subscribers (750k via Linknet) and a 6mn homepass reach.

### Unlocking cost synergies post-merger

Following the merger, EXCL is prioritizing cost and network synergies, with guidance for annual pre-tax savings of US\$300–400mn, including US\$100mn expected in FY25. The company retains all existing spectrum licenses through end-2026, with an agreement to return 15MHz of 900MHz spectrum by Dec26. On the network side, 15-20% of the combined ~68,000 towers are overlapping, with plans to decommission or redeploy to underserved areas.

### Maintain Buy, TP at Rp2,800; implying 4.5x EV/EBITDA 25F

We forecast 7.7% yoy revenue growth in FY25, primarily driven by Linknet subs, and 1.9% net profit growth. We reiterate our Buy rating with a TP of Rp2,800 (implying 4.5x FY25F EV/EBITDA), supported by a recovery outlook and potential for upside once merger synergies begin to materialize.

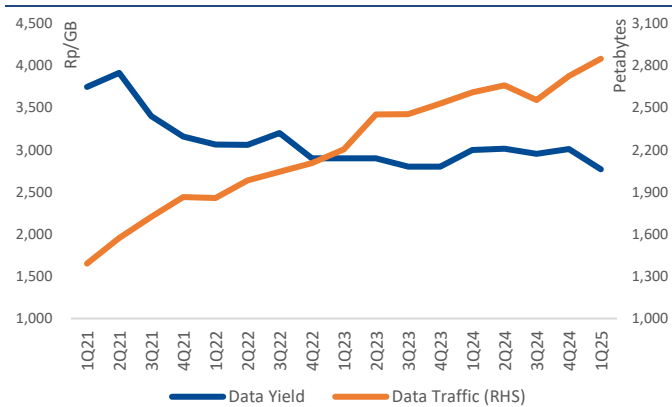
### Key Financials

| Year to 31 Dec     | 2023A   | 2024A   | 2025F   | 2026F   | 2027F   |
|--------------------|---------|---------|---------|---------|---------|
| Revenue (Rpbn)     | 32,323  | 34,392  | 37,026  | 38,951  | 40,987  |
| EBITDA (Rpbn)      | 15,885  | 17,879  | 17,936  | 18,761  | 19,719  |
| EBITDA Growth (%)  | 11.6    | 12.6    | 0.3     | 4.6     | 5.1     |
| Net Profit (Rpbn)  | 1,257   | 1,818   | 1,853   | 2,163   | 2,541   |
| EPS (Rp)           | 96.2    | 139.1   | 141.7   | 165.5   | 194.4   |
| EPS Growth (%)     | 14.0    | 44.7    | 1.9     | 16.7    | 17.5    |
| BVPS (Rp)          | 2,013.9 | 1,993.6 | 2,024.1 | 2,090.3 | 2,168.9 |
| DPS (Rp)           | 42.0    | 49.4    | 111.3   | 99.2    | 115.8   |
| PER (x)            | 22.7    | 15.7    | 15.4    | 13.2    | 11.2    |
| PBV (x)            | 1.1     | 1.1     | 1.1     | 1.0     | 1.0     |
| Dividend yield (%) | 1.9     | 2.3     | 5.1     | 4.6     | 5.3     |
| EV/EBITDA          | 4.7     | 4.2     | 4.2     | 4.0     | 3.8     |

Source: EXCL, BRIDS Estimates

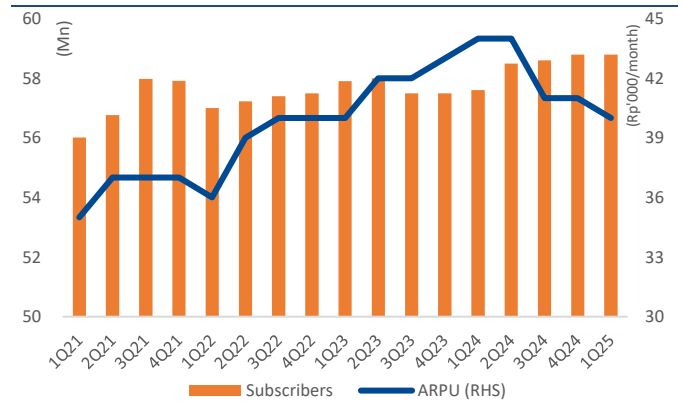


**Exhibit 1. Data traffic & data yield**



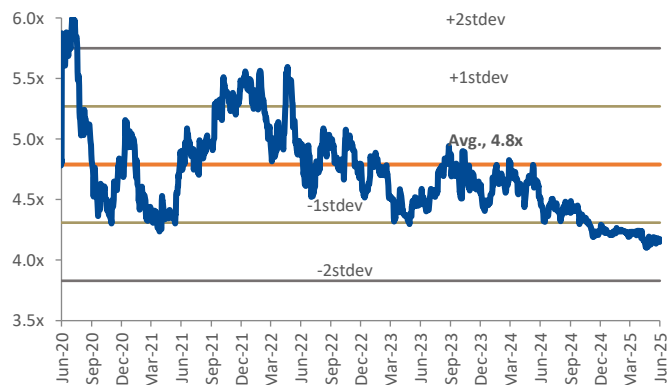
Source: Company, BRIDS

**Exhibit 2. Blended ARPU & subscribers**



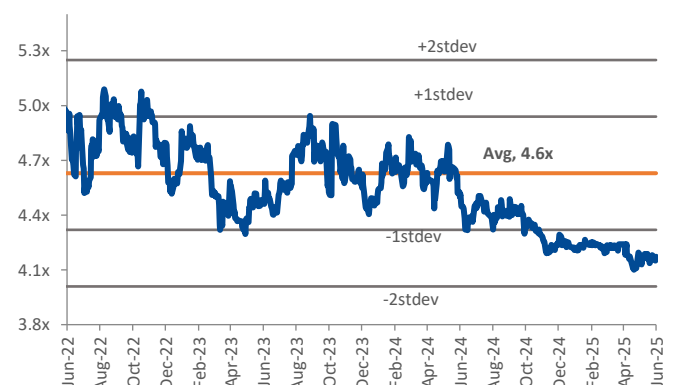
Source: Company, BRIDS

**Exhibit 3. EXCL IJ 5-year forward EV/EBITDA multiple band**



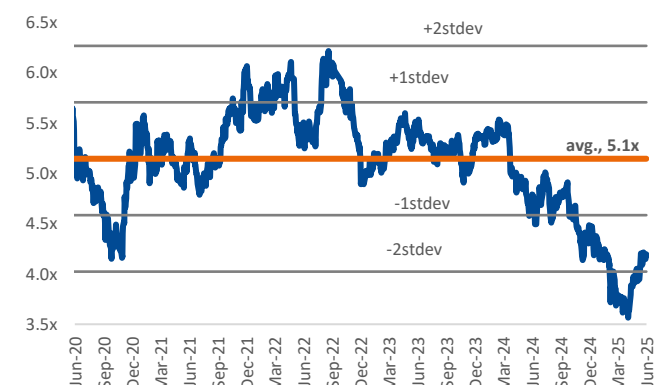
Source: Company, BRIDS Estimates

**Exhibit 4. EXCL IJ 3-year forward EV/EBITDA multiple band**



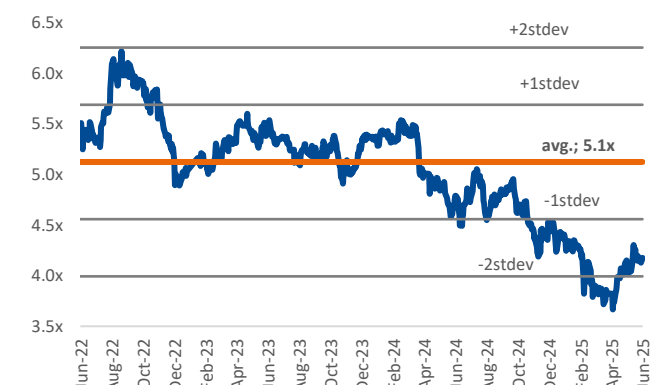
Source: Company, BRIDS Estimates

**Exhibit 5. Sector forward 5-yr EV/EBITDA band**



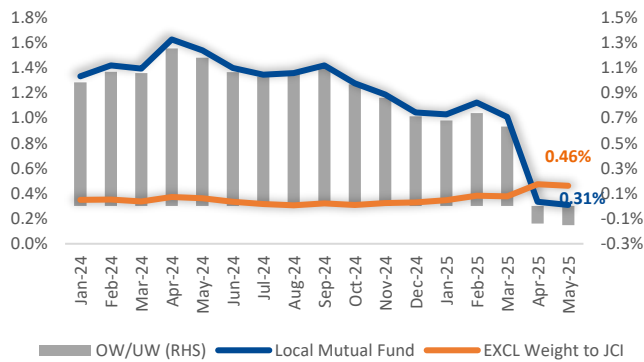
Source: Company, BRIDS Estimates

**Exhibit 6. Sector forward 3-yr EV/EBITDA band**



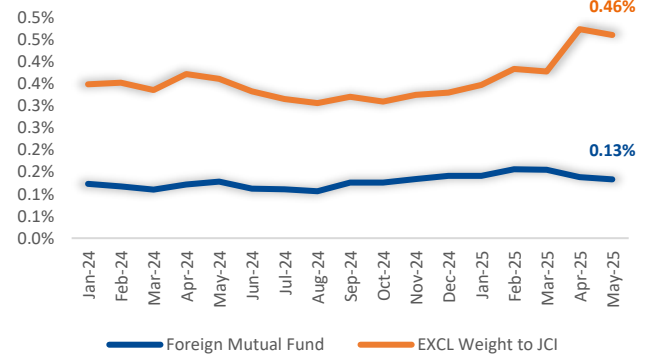
Source: Company, BRIDS Estimates

### Exhibit 7. EXCL's Domestic Fund Positioning



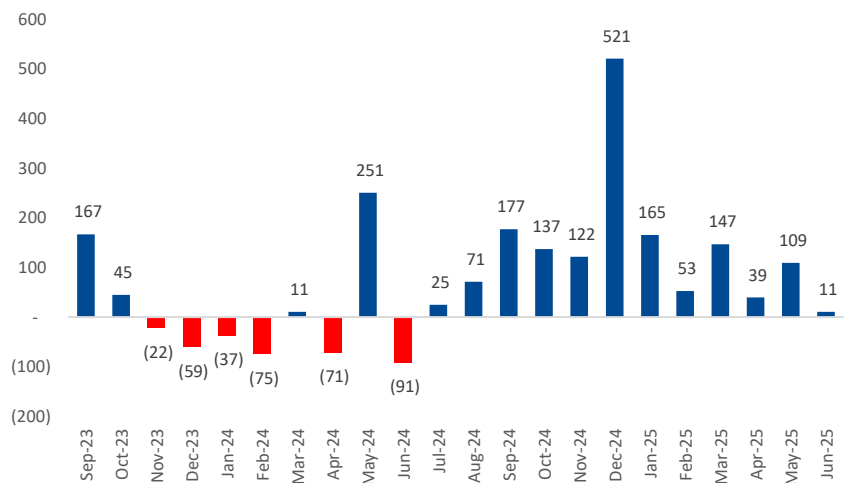
Source: Company, BRIDS Estimates

### Exhibit 8. EXCL's Foreign Ownership



Source: Company, BRIDS Estimates

### Exhibit 9. EXCL's Monthly Foreign Flow (Rpbn)



Source: IDX, BRIDS

**Exhibit 10. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 11. Net Profit and Growth**



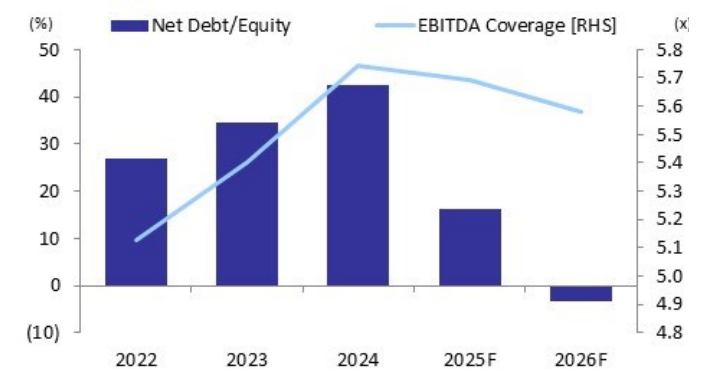
Source: Company, BRIDS Estimates

**Exhibit 12. Margins**



Source: Company, BRIDS Estimates

**Exhibit 13. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 14. Income Statement**

| Year to 31 Dec (IDRbn)  | 2023A         | 2024A         | 2025F         | 2026F         | 2027F         |
|-------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>          | <b>32,323</b> | <b>34,392</b> | <b>37,026</b> | <b>38,951</b> | <b>40,987</b> |
| COGS                    | (23,674)      | (24,518)      | (27,207)      | (28,270)      | (29,103)      |
| <b>Gross profit</b>     | <b>8,648</b>  | <b>9,873</b>  | <b>9,819</b>  | <b>10,681</b> | <b>11,884</b> |
| <b>EBITDA</b>           | <b>15,885</b> | <b>17,879</b> | <b>17,936</b> | <b>18,761</b> | <b>19,719</b> |
| <b>Oper. profit</b>     | <b>4,378</b>  | <b>5,588</b>  | <b>5,639</b>  | <b>6,190</b>  | <b>6,896</b>  |
| Interest income         | 100           | 80            | 65            | 74            | 81            |
| Interest expense        | (2,940)       | (3,113)       | (3,150)       | (3,361)       | (3,524)       |
| Forex Gain/(Loss)       | 13            | (16)          | 0             | 0             | 1             |
| Income From Assoc. Co's | (191)         | (298)         | (191)         | (128)         | (85)          |
| Other Income (Expenses) | 330           | 185           | 145           | 145           | 0             |
| <b>Pre-tax profit</b>   | <b>1,690</b>  | <b>2,427</b>  | <b>2,507</b>  | <b>2,920</b>  | <b>3,368</b>  |
| Income tax              | (420)         | (580)         | (634)         | (732)         | (804)         |
| Minority interest       | (13)          | (29)          | (21)          | (25)          | (23)          |
| <b>Net profit</b>       | <b>1,257</b>  | <b>1,818</b>  | <b>1,853</b>  | <b>2,163</b>  | <b>2,541</b>  |
| <b>Core Net Profit</b>  | <b>1,244</b>  | <b>1,835</b>  | <b>1,853</b>  | <b>2,163</b>  | <b>2,540</b>  |

**Exhibit 15. Balance Sheet**

| Year to 31 Dec (IDRbn)                | 2023A         | 2024A         | 2025F         | 2026F         | 2027F         |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|
| Cash & cash equivalent                | 956           | 1,387         | 8,073         | 12,440        | 19,160        |
| Receivables                           | 1,435         | 2,175         | 1,677         | 1,728         | 1,791         |
| Inventory                             | 378           | 194           | 420           | 433           | 449           |
| Other Curr. Asset                     | 4,395         | 4,680         | 4,788         | 4,734         | 4,761         |
| Fixed assets - Net                    | 63,898        | 61,035        | 58,929        | 56,598        | 54,065        |
| Other non-curr.asset                  | 16,623        | 16,708        | 16,665        | 16,687        | 16,676        |
| <b>Total asset</b>                    | <b>87,685</b> | <b>86,179</b> | <b>90,552</b> | <b>92,620</b> | <b>96,903</b> |
| ST Debt                               | 854           | 3,721         | 3,399         | 2,658         | 3,260         |
| Payables                              | 9,383         | 8,251         | 10,890        | 11,217        | 11,553        |
| Other Curr. Liabilities               | 9,937         | 9,044         | 9,256         | 9,738         | 10,247        |
| Long Term Debt                        | 9,251         | 8,772         | 9,011         | 8,892         | 9,070         |
| Other LT. Liabilities                 | 31,790        | 30,167        | 31,374        | 32,629        | 34,261        |
| <b>Total Liabilities</b>              | <b>61,215</b> | <b>59,956</b> | <b>63,931</b> | <b>65,133</b> | <b>68,390</b> |
| Shareholder's Funds                   | 26,326        | 26,060        | 26,458        | 27,325        | 28,351        |
| Minority interests                    | 144           | 162           | 162           | 162           | 162           |
| <b>Total Equity &amp; Liabilities</b> | <b>87,685</b> | <b>86,179</b> | <b>90,552</b> | <b>92,620</b> | <b>96,903</b> |

**Exhibit 16. Cash Flow**

| Year to 31 Dec (IDRbn)     | 2023A           | 2024A          | 2025F          | 2026F          | 2027F          |
|----------------------------|-----------------|----------------|----------------|----------------|----------------|
| Net income                 | 1,257           | 1,818          | 1,853          | 2,163          | 2,541          |
| Depreciation and Amort.    | 11,506          | 12,291         | 12,297         | 12,572         | 12,824         |
| Change in Working Capital  | (2,412)         | (2,866)        | 3,015          | 798            | 740            |
| Other Oper. Cash Flow      | 649             | 1,964          | 2,892          | 3,093          | 3,250          |
| <b>Operating Cash Flow</b> | <b>11,000</b>   | <b>13,208</b>  | <b>20,057</b>  | <b>18,626</b>  | <b>19,354</b>  |
| Capex                      | (3,994)         | (5,563)        | (7,200)        | (7,250)        | (7,300)        |
| Others Inv. Cash Flow      | (128)           | (4)            | 107            | 53             | 91             |
| <b>Investing Cash Flow</b> | <b>(4,123)</b>  | <b>(5,567)</b> | <b>(7,093)</b> | <b>(7,197)</b> | <b>(7,209)</b> |
| Net change in debt         | 1,112           | 766            | 1,124          | 394            | 2,411          |
| New Capital                | 0               | (1,499)        | 0              | 0              | 0              |
| Dividend payment           | (549)           | (646)          | (1,455)        | (1,297)        | (1,514)        |
| Other Fin. Cash Flow       | (11,663)        | (5,892)        | (5,948)        | (6,158)        | (6,322)        |
| <b>Financing Cash Flow</b> | <b>(11,101)</b> | <b>(7,272)</b> | <b>(6,278)</b> | <b>(7,061)</b> | <b>(5,425)</b> |
| <b>Net Change in Cash</b>  | <b>(4,223)</b>  | <b>368</b>     | <b>6,686</b>   | <b>4,368</b>   | <b>6,720</b>   |
| Cash - begin of the year   | 5,184           | 956            | 1,387          | 8,073          | 12,440         |
| Cash - end of the year     | 956             | 1,387          | 8,073          | 12,440         | 19,160         |

**Exhibit 17. Key Ratios**

| Year to 31 Dec           | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------------|-------|-------|-------|-------|-------|
| <b>Growth (%)</b>        |       |       |       |       |       |
| Sales                    | 10.9  | 6.4   | 7.7   | 5.2   | 5.2   |
| EBITDA                   | 11.6  | 12.6  | 0.3   | 4.6   | 5.1   |
| Operating profit         | 19.7  | 27.6  | 0.9   | 9.8   | 11.4  |
| Net profit               | 14.0  | 44.7  | 1.9   | 16.7  | 17.5  |
| <b>Profitability (%)</b> |       |       |       |       |       |
| Gross margin             | 26.8  | 28.7  | 26.5  | 27.4  | 29.0  |
| EBITDA margin            | 49.1  | 52.0  | 48.4  | 48.2  | 48.1  |
| Operating margin         | 13.5  | 16.2  | 15.2  | 15.9  | 16.8  |
| Net margin               | 3.9   | 5.3   | 5.0   | 5.6   | 6.2   |
| ROAA                     | 1.4   | 2.1   | 2.1   | 2.4   | 2.7   |
| ROAE                     | 4.8   | 6.9   | 7.1   | 8.0   | 9.1   |
| <b>Leverage</b>          |       |       |       |       |       |
| Net Gearing (x)          | 0.3   | 0.4   | 0.2   | 0.0   | (0.2) |
| Interest Coverage (x)    | 1.5   | 1.8   | 1.8   | 1.8   | 2.0   |

Source : EXCL, Danareksa Estimates

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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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