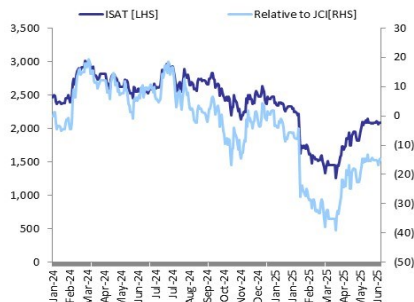


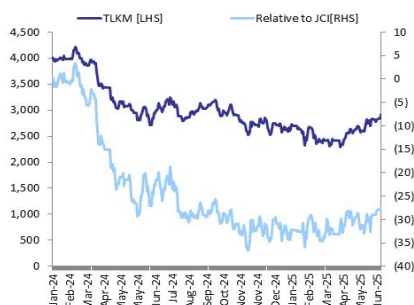
Overweight

(Maintained)

ISAT relative to JCI Index



TLKM relative to JCI Index



Source: Bloomberg

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Telco

1H25 OpenSignal Results: Two-Horse Race Intensifies, One Defends, One Advances

- IM3 narrows the download speed gap at 24.2 Mbps, closing in on XL and TSEL; progressively asserting network leadership in non-core regions.
- TLKM's lower capex reflects network maturity; XL's network growth moderates amid merger process.
- Maintain Overweight; Competitive intensity rising, with ISAT well-positioned through balanced data supply and network capacity.

IOH narrows the gap and strengthens regional expansion

IM3 closes the gap in Download (DL) speed vs. peers, thus improving again in 1H25 and demonstrating that its network is becoming more consistent and reliable. IOH's capacity improvement appears to be driven by site optimization efforts and prudent management of data quota offerings. As such, we believe IOH should maintain a competitive network as it continues to expand in rural areas / ex-Java. IOH's improving OpenSignal scores across non-core regions, such as Nusa Tenggara (29.2mbps DL speed), Sumatera (top in DL, video and gaming), and East Java, signal a strategic shift beyond its traditional Java strongholds. While TSEL retains dominance in Greater Jakarta, IOH has begun capturing user experience leadership in underpenetrated provinces, supported by network gains post-merger.

TSEL defends network leadership amid capex optimizations

TSEL DL speed is resilient (-0.4% vs. last period) despite their emphasis on growing data usage in recent quarters. While IOH and XL improved their video experience, TSEL was only marginally better. Despite TLKM's downward revision in capex guidance may imply underinvestment risk, management maintains that the capex can be optimized with more efficient topologies (looping vs. star), reusing existing fiber for FTTH, and better vendor pricing. Additionally, TSEL showed more improvement vs. peers in voice, coverage and gaming network KPIs.

XL's consolidation mode; Network KPIs held flat

XL Axiata DL speed is also flattish compared to the previous period, but it has opportunistically caught up with peers in Upload and Reliability KPIs. We noted XL's deliberate capex slowdown ahead of its merger with capex intensity dropping to 18% starting 3Q24 through 1Q25, as it adopted a wait-and-see approach during the integration phase.

Reiterate Overweight: ISAT's network balance intact

We believe IOH's well-balanced approach to data demand and network capacity should favorably position the company for continued network performance improvements in upcoming quarters. This contrasts with flattish download speed trends observed in both TSEL and XL, indicating potential capacity saturation or softer investment momentum. We reiterate our Overweight rating on the telco sector amid prospect of industry price repair and attractive valuation of 4.2x EV/EBITDA. ISAT (Buy, TP: Rp2,600) remains our top pick on the back of its potential higher ARPU uplift.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x) 2025F	P/E (x) 2026F	P/BV (x) 2025F	P/BV (x) 2026F	ROE (%) 2026F
IOH	ISAT IJ	BUY	2,600	67,404.2	11.6	10.1	1.8	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	29,281.2	15.8	13.5	1.1	1.1	8.0

Exhibit 1. Nationwide Mobile Network KPIs

Period	Operator	Download speed: Overall	Upload speed	Video Experience	Voice App. Experience	Gaming experience	Coverage Availability	5G Coverage Availability	Coverage experience	Reliability Experience	Consistent Quality	
Nationwide KPIs		(mbps)		scale 0-100			(%)	(%)	scale 1-10	scale 100 - 1000	%	Leading
Feb 01 - Apr 30 2024	IM3	19.7	8.8	60.1	79.7	78.7	97.4	-	4.9	854	67.0	
	XL Axiata	23.1	8.2	56.8	79.3	78.8	97.0	-	4.6	808	62.1	
	Smartfren	13.7	2.0	48.2	77.9	72.3	98.7	-	2.2	668	33.1	
	Telkomsel	25.5	10.0	61.9	79.3	79.4	95.6	-	8.6	802	63.2	
	Hutchison 3	19.9	9.0	62.1	80.5	80.9	97.1	-	4.9	863	65.1	
	average	20.4	7.6	57.8	79.3	78.0	97.2		5.0	799	58.1	
Aug 01 - Oct 29, 2024	IM3	21.8	10.5	64.5	80.4	80.5	97.6	0.9	5.0	875	68.5	
	XL Axiata	25.0	9.5	60.5	80.0	79.2	97.4	0.6	4.6	840	66.8	
	Smartfren	14.9	2.0	51.4	79.3	77.6	98.7	0.0	2.2	687	36.0	
	Telkomsel	26.3	10.4	63.7	79.6	80.1	96.0	2.2	8.6	825	66.5	
	Hutchison 3	22.0	11.0	65.1	80.9	82.2	97.2	0.7	5.0	884	68.8	
	average	22.0	8.7	61.0	80.0	79.9	97.4	0.9	5.1	822.2	61.3	
Feb 01 - May 01 2025	IM3	24.2	10.7	66.3	80.6	83.3	97.8	0.8	5.1	878	71.8	
	XL Axiata	25.0	10.5	63.9	80.0	79.9	97.3	0.7	4.7	857	69.0	
	Telkomsel	26.2	10.7	64.1	79.8	83.1	96.6	3.9	8.7	827	66.2	
	average	25.1	10.6	64.8	80.1	82.1	97.2	1.8	6.2	854	69.0	

Source: OpenSignal

Exhibit 2. KPIs performance change (Feb-May 2025 vs Aug-Oct 2024)

Period	Operator	Download speed: Overall	Upload speed	Video Experience	Voice App. Experience	Gaming experience	Coverage Availability	5G Coverage Availability	Coverage experience	Reliability Experience	Consistent Quality
Periodic Change (Feb - May, 2025 vs. Aug - Oct 2024)											
periodic Δ last testing period	IM3	2.4	0.2	1.8	0.2	2.8	0.2	-0.1	0.1	3.0	3.3
	XL Axiata	0.0	1.0	3.4	0.0	0.7	-0.1	0.1	0.1	17.0	2.2
	Telkomsel	-0.1	0.3	0.4	0.2	3.0	0.6	1.7	0.1	2.0	-0.3
	average	0.8	0.5	1.9	0.1	2.2	0.2	0.6	0.1	7.3	1.7
periodic Δ, %	IM3	11.0	1.4	2.8	0.2	3.5	0.2	-11.1	1.8	0.3	4.8
	XL Axiata	0.0	10.6	5.6	0.0	0.9	-0.1	16.7	1.3	2.0	3.3
	Telkomsel	-0.4	3.3	0.6	0.3	3.7	0.6	77.3	0.9	0.2	-0.5
	average	14.2	22.5	6.1	0.1	2.7	-0.2	104.5	20.9	3.9	12.5

Source: OpenSignal

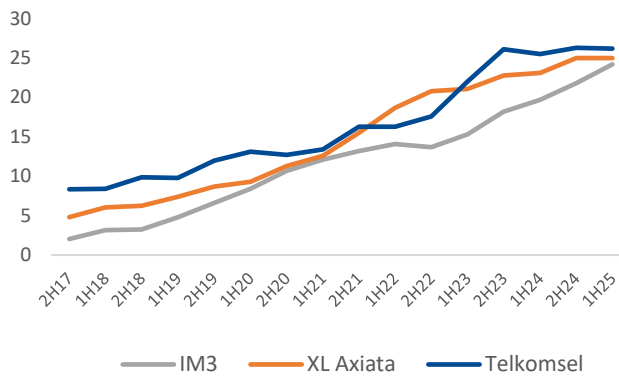
Exhibit 3. Mobile network ranking (Feb-May 2025)

NETWORK RANKING (1-3) 1 being the worst, 3 being the best											
Period: Feb 01 - May 01 2025		Download speed: Overall	Upload speed	Video Experience	Voice App. Experience	Gaming experience	Coverage Availability	5G Coverage Availability	Coverage experience	Reliability Experience	Consistent Quality
Network Performance	IM3	1	2	3	3	3	3	2	2	3	3
	XL Axiata	2	1	1	2	1	2	1	1	2	2
	Telkomsel	3	3	2	1	2	1	3	3	1	1
Network Improvement	IM3	3	1	2	2	2	2	1	3	2	3
	XL Axiata	2	3	3	1	1	1	2	1	3	2
	Telkomsel	1	2	1	3	3	3	3	2	1	1

*Simple average of the network KPI categories

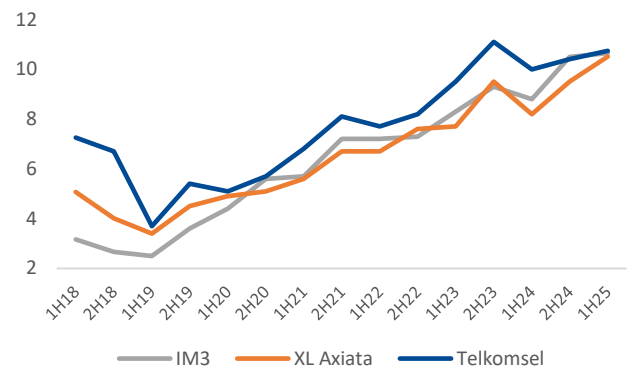
Source: OpenSignal

Exhibit 4. Download speed (in Mbps)



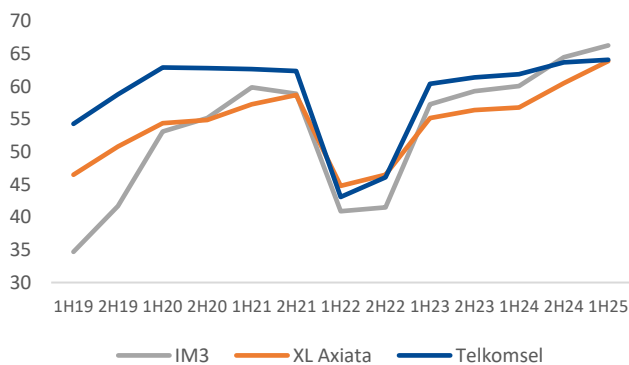
Source: OpenSignal

Exhibit 5. Upload speed (in Mbps)



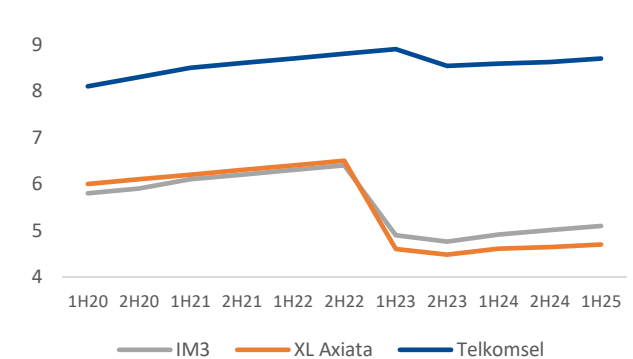
Source: OpenSignal

Exhibit 6. Video experience (in 0-100 points)



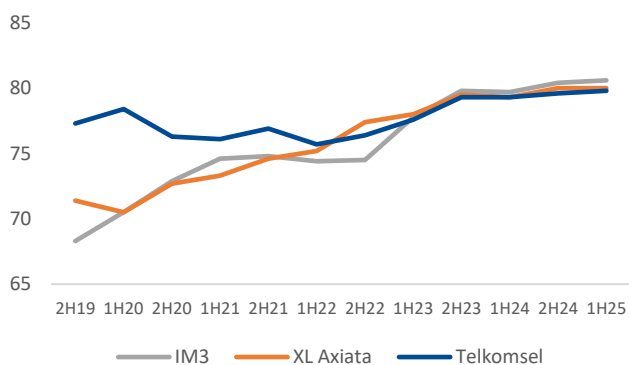
Source: OpenSignal

Exhibit 7. Coverage experience (in 0-100 points)



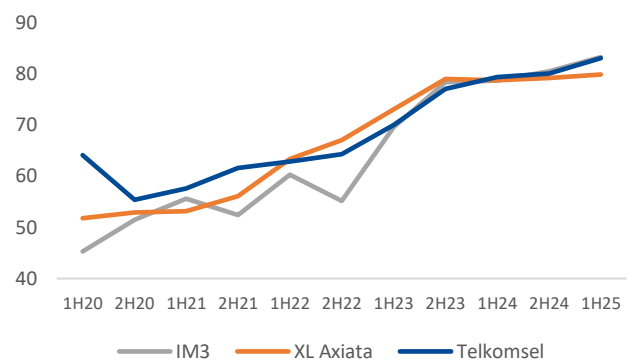
Source: OpenSignal

Exhibit 8. Voice app experience (in 0-100 points)



Source: OpenSignal

Exhibit 9. Games experience (in 0-100 points)



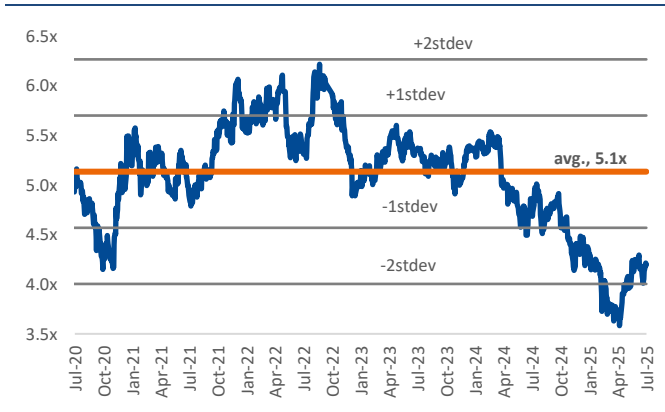
Source: OpenSignal

Exhibit 10. 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	29,543	15.9	13.7	4.1	4.0	1.1	1.1	7.1	8.0	3.9	4.6
ISAT	BUY	2,600	67,404	11.6	10.1	4.1	3.8	1.8	1.7	16.5	17.6	4.0	6.1
TLKM	BUY	3,500	275,393	11.5	11.1	4.0	3.8	1.9	1.9	16.6	17.0	7.6	7.0
Weighted average				12.2	11.3	4.0	3.8	1.8	1.7	15.2	15.8	6.2	6.4

Source: Bloomberg, BRIDS Estimates

Exhibit 11. Sector 5-year forward EV/EBITDA multiple band



Source: Bloomberg, BRIDS Estimates

Exhibit 12. Sector 3-year forward EV/EBITDA multiple band



Source: Bloomberg, BRIDS Estimates

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INVESTMENT RATING

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

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