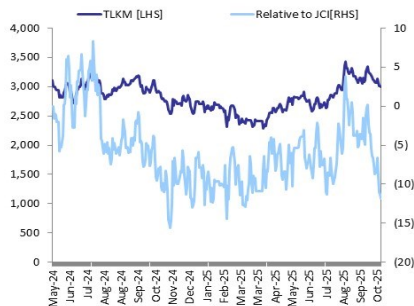


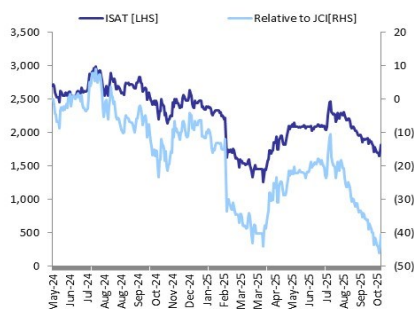
Overweight

(Maintained)

TLKM relative to JCI Index



ISAT relative to JCI Index



Source: Bloomberg

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Telco

3Q25 Preview: Weak Pricing Signals Point to Potential Earnings Downside Risk

- Our price tracker suggests limited yield recovery, led by ISAT's weakness, flattish in TLKM, and mixed across EXCL's three brands.
- We see potential downside to EBITDA, with ISAT facing the highest risk, while TLKM's muted 3Q25 outlook appears largely anticipated.
- We maintain Overweight on Telco, expecting pricing recovery to follow improving consumer spending and a softer competitive landscape.

Muted yield recovery in 3Q25; ISAT still lagging behind

Our Jun-Sep25 price tracker shows a mixed trend across the three MNOs. Assuming 72% of subscribers are on monthly packages and 19% on weekly plans (based on APJII's 2025 survey), data yield improvement appears muted, with Indosat emerging as the weakest performer. Our blended weighted estimate indicates flattish movement for Telkomsel (-0.5% qoq), mixed trends for EXCL's brands — XL (+5.6% qoq), Axis (-7.6% qoq), and Smartfren (+1.2% qoq) — while ISAT's IM3 and Hutch recorded the steepest declines (-5.5% qoq and -8.2% qoq, respectively). This suggests pricing recovery has yet to emerge in 3Q25, reflecting the still-subdued momentum in consumer spending and data demand.

Potential downside as price repair remains delayed and unclear in 3Q25

Our current forecast still assumes a gradual improvement in mobile revenue across all MNOs in 2H25 (TLKM +1.9% yoy, ISAT +5.7% yoy, EXCL +25.2% yoy). However, muted data yield recovery from our price tracker suggests downside risk to these estimates, although we have yet to incorporate any revision pending 3Q25 results. Assuming flattish qoq data yield in 3Q25, we see potential FY25 EBITDA downside of around 0.2-3.5% relative to our estimates. ISAT appears most exposed to earnings risk given its relatively high FY25 EBITDA forecast of +3.4%/+2.6% yoy (our/cons.) and its weaker blended yield performance, while TLKM is expected to deliver more muted mobile growth. We think ISAT shows the highest risk of 3Q25 softness, reflecting its weakest blended yield performance.

Maintain Overweight; TLKM top pick, ISAT offers attractive valuation

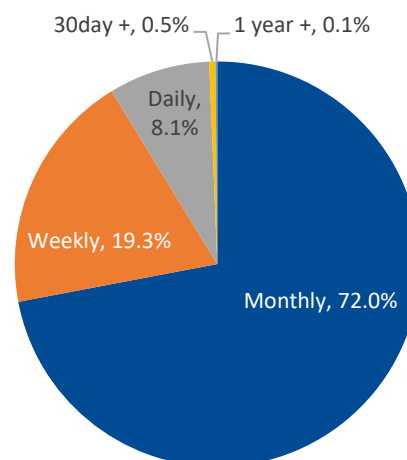
The current valuation across the three MNOs shows that ISAT has moved anomalously compared to TLKM and EXCL, now trading at 4.1x FY25F EV/EBITDA versus TLKM and EXCL at 5.1x and 4.8x, respectively. We believe this divergence reflects ISAT's weaker blended data yield performance, as captured in our price tracker, which falls short of earlier expectations for a price repair in 2H25. We maintain our Overweight stance on the telco sector, with TLKM (TP: Rp3,500) as our top pick, supported by stable yield performance and potential re-rating catalysts from the upcoming InfraCo spin-off. ISAT remains our secondary pick given its limited downside and attractive valuation (trading at -1.7x 3-yr SD), while EXCL remains a wait-and-see case pending clearer merger synergy realization and potential integration cost impact.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		P/BV (x)		ROE (%)
					2025F	2026F	2025F	2026F	
Telkom	TLKM IJ	BUY	3,500	296,196.0	14.2	13.4	2.1	2.0	15.3
IOH	ISAT IJ	BUY	2,600	58,696.5	10.8	8.9	1.6	1.5	17.5
XLSmart Telecom Sejahtera	EXCL IJ	BUY	3,310	45,328.7	n/m	85.3	1.9	1.8	2.2

Exhibit 1. Price Tracker – All Operators (Jun25–Sep25)

	Normalized GB (Jun25)	Normalized GB (Sep25)	Δ %	Normalized Price (Jun25)	Normalized Price (Sep25)	Δ %	Data yield/gb Jun25	Data yield/gb Sep25	Δ %
Telkomsel									
Monthly Package	80.4	71.7	-10.9%	145,403	132,321	-9.0%	1,808	1,846	2.1%
Weekly Package	10.2	20.3	99.8%	37,878	47,168	24.5%	3,730	2,325	-37.7%
Blended (weighted est.)	59.4	56.3	-5.2%	113,146	106,775	-5.6%	1,906	1,898	-0.5%
By.U									
Monthly Package	43.2	54.5	26.2%	91,538	107,681	17.6%	2,121	1,977	-6.8%
Weekly Package	17.3	17.9	3.8%	32,807	29,430	-10.3%	1,899	1,641	-13.6%
Blended (weighted est.)	35.4	43.5	22.9%	73,919	84,206	13.9%	2,089	1,936	-7.3%
Hutch									
Monthly Package	60.5	64.1	5.9%	101,769	100,316	-1.4%	1,681	1,565	-6.9%
Weekly Package	18.9	22.6	19.4%	42,422	42,003	-1.0%	2,239	1,857	-17.1%
Blended (weighted est.)	48.1	51.7	7.5%	83,965	82,822	-1.4%	1,747	1,603	-8.2%
IM3									
Monthly Package	77.8	65.4	-15.9%	122,807	95,583	-22.2%	1,579	1,462	-7.4%
Weekly Package	22.1	34.2	54.8%	56,768	74,681	31.6%	2,568	2,181	-15.0%
Blended (weighted est.)	61.1	56.0	-8.2%	102,995	89,313	-13.3%	1,686	1,593	-5.5%
Axis									
Monthly Package	32.0	41.1	28.5%	48,639	58,155	19.6%	1,520	1,414	-7.0%
Weekly Package	4.0	4.0	0.0%	13,660	13,660	0.0%	3,415	3,415	0.0%
Blended (weighted est.)	23.6	30.0	27.1%	38,145	44,806	17.5%	1,616	1,494	-7.6%
XL									
Monthly Package	73.8	70.9	-3.9%	168,882	171,819	1.7%	2,287	2,422	5.9%
Weekly Package	9.4	9.4	0.0%	20,619	20,619	0.0%	2,205	2,205	0.0%
Blended (weighted est.)	54.5	52.5	-3.7%	124,403	126,459	1.7%	2,283	2,410	5.6%
Smartfren									
Monthly Package	129.7	120.9	-6.8%	156,333	147,385	-5.7%	1,205	1,219	1.2%
Weekly Package	27.7	27.7	0.0%	40,022	40,022	0.0%	1,443	1,443	0.0%
Blended (weighted est.)	99.1	92.9	-6.2%	121,440	115,176	-5.2%	1,225	1,240	1.2%

Source: Company, BRIDS Estimates

Exhibit 2. APJII 2025 Survey – Monthly Package Dominates, Followed by Weekly Plans


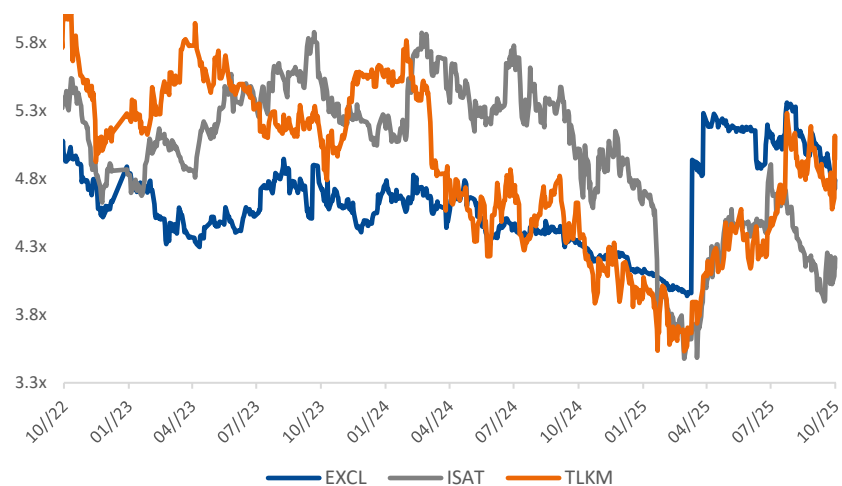
Source: APJII

Exhibit 3. FY25E Estimates for Telco Operators – Assuming Flattish qoq Data Yield in 3Q25

Rpbn	BRIDS Current Projection						Downside Estimate						Consensus Est.	
	2H24	2H25E	yoy %	2024	2025F	yoy %	2H25E	yoy %	Δ%	2025F	yoy %	Δ%	2025F	yoy %
Total Revenue														
TLKM	74,675	72,547	-2.8%	149,967	145,551	-2.9%	72,136	-3.4%	-0.6%	145,140	-3.2%	-0.3%	149,409	-0.4%
ISAT	27,911	30,099	7.8%	55,887	57,208	2.4%	28,360	1.6%	-5.8%	55,469	-0.7%	-3.0%	56,753	1.5%
EXCL	17,340	23,803	37.3%	34,392	42,898	24.7%	23,340	34.6%	-1.9%	42,435	23.4%	-1.1%	41,694	21.2%
Mobile Revenue														
TLKM	42,778	43,609	1.9%	86,733	84,171	-3.0%	43,166	0.9%	-1.0%	83,728	-3.5%	-0.5%		
ISAT	23,435	24,773	5.7%	47,036	47,523	1.0%	23,034	-1.7%	-7.0%	45,784	-2.7%	-3.7%		
EXCL	15,740	19,705	25.2%	31,332	37,169	18.6%	19,241	22.2%	-2.4%	36,705	17.1%	-1.2%		
EBITDA														
TLKM	37,161	37,058	-0.3%	75,029	73,159	-2.5%	36,884	-0.7%	-0.5%	72,985	-2.7%	-0.2%	74,653	-0.5%
ISAT	12,963	14,405	11.1%	26,375	27,261	3.4%	13,456	3.8%	-6.6%	26,311	-0.2%	-3.5%	27,067	2.6%
EXCL	8,922	9,804	9.9%	18,048	18,611	3.1%	9,505	6.5%	-3.0%	18,312	1.5%	-1.6%	19,062	5.6%

Source: Company, BRIDS Estimates

Exhibit 4. Forward EV/EBITDA Multiples Comparison of Telco Players



Source: Bloomberg, BRIDS Estimates

Exhibit 5. Telco Peers Valuation

Company	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/EBITDA (x)		P/BV (x)		ROE (%)		Dividend yield (%)		ROIC (%)	
				'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F
EXCL	BUY	3,310	41,395	n.a	77.9	5.3	4.5	1.7	1.7	-1.5	2.2	n.a	0.6	2.9	3.8
ISAT	BUY	2,600	59,825	11.0	9.1	4.1	3.8	1.7	1.5	15.5	17.5	5.3	6.5	11.1	13.3
TLKM	BUY	3,500	312,046	14.9	14.2	5.0	4.7	2.2	2.1	14.7	15.3	6.0	6.3	18.3	19.5
Weighted average				11.6	24.2	4.9	4.5	2.0	1.9	12.1	13.5	4.8	5.3	14.2	15.6

Source: Company, BRIDS Estimates

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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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