

# Buy

Last Price (Rp)	2,750
Target Price (Rp)	3,310
Upside/Downside	+20.4%
No. of Shares (mn)	17,105
Mkt Cap (Rpbn/US\$mn)	47,039/2,812
Avg, Daily T/O (Rpbn/US\$mn)	32.2/1.9

## Key Financials:

	2025F	2026F	2027F
EPS (Rp)	(22.1)	31.1	45.6
PER (x)	n/m	85.3	58.1
PBV (x)	1.9	1.8	1.8
EV/EBITDA (x)	5.6	4.8	4.3
Dividend yield (%)	3.2	0.0	0.6
ROAE (%)	(1.5)	2.2	3.1

## XLSmart Telecom Sejahtera (EXCL IJ) 3Q25 Results: Mobile Recovery In-line With Industry; Merger-Related Cost Remain Fluctuate

- 3Q25 mobile revenue +7.4% qoq supported by stronger yields (+5.1% qoq) ; Subscribers fell 3mn due to SIM consolidation.
- Integration cost Rp544bn in line; Accelerated depreciation surged at Rp1.8tr (+146% qoq) driven by merger-related asset write-downs.
- We maintain Buy on EXCL (TP Rp3,310) on improving mobile momentum and network benefits post-integration.

### Mobile in line with peers, with normalized qoq growth of +5%.

EXCL delivered a recovery in its mobile, with Data & digital revenue rising +7.4% qoq (normalized +5% qoq), lifting total revenue to Rp11.4tr (+9.1% qoq). Growth was also supported by a +39% qoq increase in interconnection. This strong mobile translated into a notable uplift in ARPU, which reached Rp39.9k (+10.8% qoq), driven by a +6.1% qoq increase in data yield alongside modest +2.3% traffic growth. Subscriber base contracted by 3mn due to SIM consolidation. EXCL actively removed freebies, reduced discounts, and raised minimum prices. Management guided for significant price increases across all three brands in 4Q25, which should further support ARPU momentum.

### One-off integration cost continue; Accelerated depreciation spikes

3Q25 net loss of Rp-1.4tr (+14.2% qoq), still weighed down by integration-cost and accelerated depreciation. Normalized net profit improved sharply to Rp1.1tr (+277.8% qoq). Integration cost reached Rp544bn, broadly in-line with the company's guidance of Rp1.5tr for FY25, with expecting a similar magnitude of integration cost to recur in FY26. Accelerated depreciation surged +146.3% qoq to Rp1.8tr, marking the peak impact this quarter as the company wrote down a significant portion of network assets—primarily equipment tied to the 900 MHz spectrum and legacy vendor equipment. Management estimates FY25 accelerated depreciation to total ~Rp4tr, (Rp1.4tr will be recognized in 4Q25), and notes that accelerated depreciation will persist through FY26 until the network integration completed.

### More clarity on capex guidance: FY25 capitalized capex set at Rp10tr.

EXCL recorded Rp4.2tr of capex in 9M25 and guided capitalized capex of Rp10tr for FY25. Management clarified that the earlier Rp20-25tr guidance referred to PO issuance, not capitalized capex. Only Rp10tr of these orders will be capitalized this year, while the remaining portion will be capitalized in FY26. Funding for this capex will be supported by internal operating cash flow and vendor-supported soft payment terms, which help limit near-term cash outflows.

### EXCL to distribute a special dividend; Announcement at 21 Nov EGMS

Management clarified that the decision to distribute a dividend this year is unrelated to the recent treasury share sale. Rather, the distribution reflects the company's intent to utilize its remaining regulatory window to pay dividends, given that next year's full-year net profit is projected to be negative. The dividend will be funded from retained earnings as of FY24, and the final amount will be announced at the EGMS on 21 November 2025.

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## Exhibit 1. EXCL 3Q25/9M25 financial results

Rp bn	3Q24	2Q25	3Q25	QoQ, %	YoY, %	9M24	9M25	YoY, %	2025F BRIDS	A/BRIDS, %	2025F Cons	A/C, %
<b>Net revenues</b>	<b>8,310</b>	<b>10,494</b>	<b>11,453</b>	<b>9.1</b>	<b>37.8</b>	<b>25,361</b>	<b>30,547</b>	<b>20.4</b>	<b>42,898</b>	<b>71.2%</b>	<b>41,694</b>	<b>73.3%</b>
Data & Digital services	7,539	9,577	10,289	7.4	36.5	23,377	27,753	18.7	36,461			
Other (legacy, Interconnect, other)	553	787	1,023	30.0	85.1	1,408	2,398	70.3	2,922			
Managed & IT Services	218	130	141	8.3	(35.6)	576	396	(31.2)	516			
<b>Total expenses</b>	<b>(7,029)</b>	<b>(11,328)</b>	<b>(11,946)</b>	<b>5.5</b>	<b>70.0</b>	<b>(21,132)</b>	<b>(30,516)</b>	<b>44.4</b>	<b>(39,815)</b>	<b>76.6%</b>		
<b>Cash OPEX</b>	<b>(3,971)</b>	<b>(6,007)</b>	<b>(6,595)</b>	<b>9.8</b>	<b>66.1</b>	<b>(12,065)</b>	<b>(16,882)</b>	<b>39.9</b>	<b>(22,130)</b>	<b>76.3%</b>		
Infrastructure costs (O&M)	(2,225)	(3,024)	(3,310)	9.5	48.8	(6,626)	(8,675)	30.9	(11,044)	78.5%		
D&A	(3,065)	(4,542)	(5,172)	13.9	68.7	(9,239)	(12,684)	37.3	(15,528)	81.7%		
Personnel	(439)	(1,103)	(1,050)	(4.8)	139.3	(1,257)	(2,667)	112.2	(3,164)	84.3%		
Interconnect/USO/bundle/SP	(693)	(1,173)	(1,386)	18.2	100.1	(2,279)	(3,509)	53.9	(4,701)	74.6%		
Marketing and selling	(510)	(527)	(591)	12.2	15.9	(1,589)	(1,507)	(5.2)	(2,574)	58.6%		
General & Admin. (Supplies & Overhead)	(105)	(181)	(258)	42.6	145.9	(313)	(524)	67.0	(646)	81.0%		
Other	7	(779)	(179)	(77.0)	(2,671.4)	171	(949)	(655.0)	(2,157)	44.0%		
<b>EBITDA</b>	<b>4,339</b>	<b>4,487</b>	<b>4,857</b>	<b>8.3</b>	<b>12.0</b>	<b>13,297</b>	<b>13,665</b>	<b>2.8</b>	<b>20,768</b>	<b>65.8%</b>	<b>19,062</b>	<b>71.7%</b>
Ebitda margin (%)	52.2	42.8	42.4	(0.3)	(9.8)	52.4	44.7	(7.7)	48.4		45.7%	
<b>EBIT</b>	<b>1,274</b>	<b>(55)</b>	<b>(314)</b>	<b>(469.7)</b>	<b>(124.7)</b>	<b>4,058</b>	<b>981</b>	<b>(75.8)</b>	<b>5,240</b>	<b>18.7%</b>		
Ebit margin (%)	15.3	-0.5	-2.7	(2.2)	(18.1)	16.0	3.2	(12.8)				
<b>Operating profit</b>	<b>1,281</b>	<b>(834)</b>	<b>(493)</b>	<b>40.8</b>	<b>(138.5)</b>	<b>4,229</b>	<b>32</b>	<b>(99.2)</b>	<b>3,083</b>	<b>1.0%</b>		
OP margin (%)	15.4	(7.9)	(4.3)	3.6	(19.7)	16.7	0.1	(16.6)				
<b>Other income (expense)</b>	<b>(865)</b>	<b>(1,031)</b>	<b>(1,162)</b>	<b>12.7</b>	<b>34.3</b>	<b>(2,475)</b>	<b>(3,029)</b>	<b>22.4</b>	<b>(3,441)</b>	<b>88.0%</b>		
<b>Pre-tax profit</b>	<b>416</b>	<b>(1,865)</b>	<b>(1,655)</b>	<b>11.2</b>	<b>(498.3)</b>	<b>1,754</b>	<b>(2,997)</b>	<b>(270.9)</b>	<b>(357)</b>	<b>839.1%</b>	<b>(1,555)</b>	<b>192.7%</b>
<b>Reported net profit</b>	<b>292</b>	<b>(1,608)</b>	<b>(1,380)</b>	<b>14.2</b>	<b>(572.8)</b>	<b>1,317</b>	<b>(2,603)</b>	<b>(297.7)</b>	<b>(378)</b>	<b>688.4%</b>	<b>(689)</b>	<b>377.7%</b>
Book Capex	1,504	747	1,929	158.2	11.3	5,649	4,260	(24.6)				
Capex Intensity (%)	18.1	7.1	16.8	9.7	(2.3)	22.3	13.9	(8.3)				
Net debt incl. lease / ann. EBITDA (x)	2.7	3.5	3.1	(0.4)	0.6	2.7	3	0.5				
Net debt/Equity (x)	0.4	0.7	0.6	(0.0)	0.2	0.4	1	0.2				
oFCF	2,835	3,740	2,928	(21.7)	2.7	7,648	9,405	23.0				
<b>Normalized EBITA and Net Profit</b>												
<b>Reported EBITDA</b>	<b>4,339</b>	<b>4,487</b>	<b>4,857</b>	<b>8.3</b>	<b>12.0</b>	<b>13,297</b>	<b>13,665</b>	<b>2.8</b>				
Integration costs (Opex)		475	544				1,019					
<b>Normalized EBITDA</b>	<b>4,339</b>	<b>4,962</b>	<b>5,401</b>	<b>8.9</b>	<b>24.5</b>	<b>13,297</b>	<b>14,684</b>	<b>10.4</b>				
Normalized EBITDA margin	52.2	47.3	47.2	(0.1)	(5.0)	52.4	48.1	(4.4)				
<b>Reported net profit</b>	<b>298</b>	<b>(1,607)</b>	<b>(1,377)</b>	<b>(14.3)</b>	<b>(562.5)</b>	<b>1,335</b>	<b>(2,596)</b>	<b>(294.4)</b>				
Integration cost (Opex)	-	371	424				795					
Accelerated depreciation	-	739	1,820				2,559					
Asset impairment	-	802	287				1,089					
<b>Normalized net profit</b>	<b>298</b>	<b>305</b>	<b>1,154</b>	<b>277.8</b>	<b>287.5</b>	<b>1,335</b>	<b>1,847</b>	<b>38.4</b>				

Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 2. EXCL 3Q25/9M25 operational data**

Operational Data	3Q24	2Q25	3Q25	qoq, %	yoy, %	9M24	9M25	yoy, %
<b>No. of Subscriber (mn)</b>	<b>58.6</b>	<b>82.6</b>	<b>79.6</b>	<b>(3.6)</b>	<b>35.8</b>	<b>58.6</b>	<b>79.6</b>	<b>35.8</b>
Prepaid	56.9	80.7	77.7	(3.7)	36.6	56.9	77.7	36.6
Postpaid	1.7	1.9	1.9	0.0	11.8	1.7	1.9	11.8
<b>MyXL &amp; Axisnet MAU</b>	<b>32.2</b>	<b>41.4</b>	<b>39.0</b>	<b>(5.8)</b>	<b>21.0</b>	<b>32.2</b>		<b>(100.0)</b>
<b>Mobile ARPU YTD (Rp. '000)</b>	<b>41</b>	<b>36.0</b>	<b>39.9</b>	<b>10.8</b>	<b>(2.7)</b>	<b>43</b>	<b>38</b>	<b>(12.1)</b>
<b>FBB Subs (mn)</b>		<b>0.98</b>	<b>0.95</b>	<b>(3.1)</b>				
<b>Data Segment</b>								
Data Traffic (Petabytes)	2,554	3,817	3,903	2.3	52.8	7,823	10,568	35.1
Effective Data yield (Rp'000/GB)	3.0	2.5	2.6	5.1	(10.7)	3.0	2.6	(12.1)
<b>Network BTS (# '000)</b>	<b>165.1</b>	<b>210.6</b>	<b>209.4</b>	<b>(0.6)</b>	<b>26.8</b>	<b>165.1</b>	<b>209.4</b>	<b>26.8</b>
2G	54.4	49.5	49.5	0.1	(9.0)	54.4	49.5	(9.0)
3G	0.4	0.8	0.0			0.4	0.0	
4G	110.3	160.3	159.9	(0.3)	45.0	110.3	159.9	45.0

Source: Company, BRIDS

**Exhibit 3. EXCL FY25 guidance**

1	Revenue growth	in-line with the market (As reported: 20% - 25% growth*)
2	EBITDA margin	Low to mid 40%
3	Capitalized Capex	~ IDR 10 Tn
4	Merger synergies	US\$ 150 – 200 Mn **

\*vs legacy XL Axiata (pre-merger) 2024 performance

\*\*Gross synergies

Source: Company

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**INVESTMENT RATING**

<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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