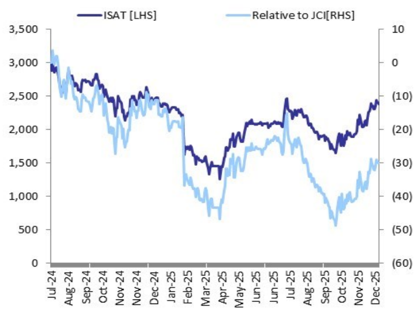
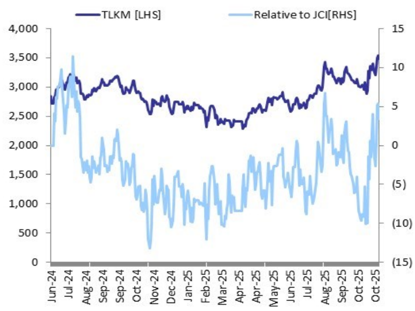
Overweight

(Maintained)

ISAT relative to JCI Index



TLKM relative to JCI Index



Source: Bloomberg

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Telco

FY26 Outlook: Sustained Mobile Momentum and Upside from Fiber Transformation

- **We forecast FY26 sector revenue/ EBITDA growth of 5.8%/7.1% yoy, led by mobile amid continued price-repair execution by MNOs.**
- **We see fiber asset restructuring as an additional catalyst, aimed at improving FCF, enhancing asset utilization, and unlocking value.**
- **We maintain an Overweight on the sector, supported by resilient mobile momentum and selective catalysts from ongoing fiber transformation.**

FY26: Entering the sustainable yield upcycle phase

We expect MNOs to enter a more rational growth phase post-consolidation in FY26, with lower churn following starter-pack rationalization and further ARPU improvement (following +6.1% qoq lift in 3Q25). We expect price-repair efforts to continue through 4Q25-2026F as operators shift focus from subscriber acquisition to renewal monetization. With data yields still 9-15% below their 3-yr average and Indonesia's data cost remaining highly affordable, we believe the sector has clear headroom for yield uplift. Meanwhile, upcoming 700 MHz and 2.6 GHz spectrum auctions and rising 5G investment needs should further reinforce pricing discipline in 2026F.

Traffic may moderate amid price repair and FWA adoption

We expect 2H25-2026F to represent a turning point for the industry as MNOs begin to restore data yields through deliberate pricing actions. On the flip side, we expect mobile data traffic growth to ease to ~6% yoy in FY26, reflecting a natural elasticity response as prices normalize. Evidence from India shows a similar pattern, where data consumption remained resilient but grew at a slower pace following tariff adjustments. The introduction of low-cost 5G FWA solutions may also divert some high-bandwidth usage from mobile networks, adding to the moderation in traffic growth.

Entering the fiber restructuring phase

We see MNOs to be pursuing different fiber-restructuring strategies but with a common objective: lowering capital intensity, enhancing network reach, improving cash flow, and unlocking value. TLKM is taking an ecosystem-driven approach by spinning off InfraCo and selling a 20-30% minority stake at 9-12x EV/EBITDA. ISAT is targeting a value-unlocking transaction through the planned sale of a 70% stake in its ~92,000km fiber at an estimated US$1bn (~12.7x EV/EBITDA). Meanwhile, EXCL is progressing toward a full exit from fiber infrastructure following the ServiceCo–InfraCo split of LINK and recent divestments in MORA.

Maintain OW: Mobile-led re-rating with selective fiber catalysts

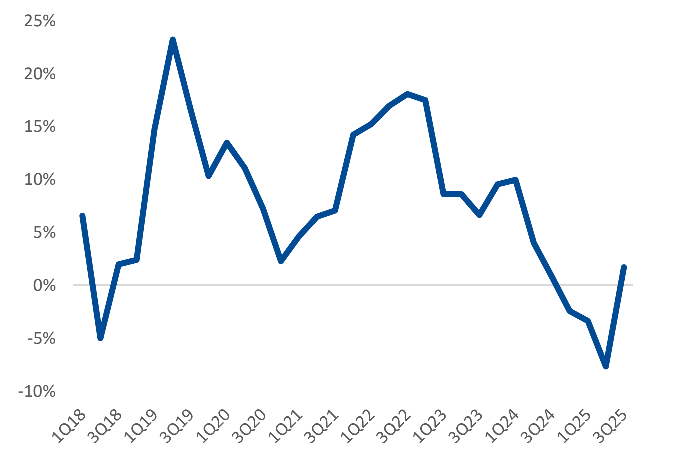
We maintain Overweight rating on the sector at the current 5.3x EV/EBITDA (+0.4 vs. 5-yr mean) with projected 7.1% EBITDA growth, supported by solid mobile momentum as MNOs prioritize ARPU monetization. Fiber restructuring offers selective catalysts, with ISAT offering tactical upside from potential dividend proceeds, while TLKM presents a more structural opportunity through utilization-driven EBITDA growth over the medium term. Key risks are: renewed price war and pressure on FTTH's ARPU.

Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x) 2025F	P/E (x) 2026F	P/BV (x) 2025F	P/BV (x) 2025F	ROE (%) 2026F
IOH	ISAT IJ	BUY	3,000	62,082.8	13.4	12.3	1.7	1.7	13.7
Telkom	TLKM IJ	BUY	4,000	344,736.5	16.5	15.5	2.4	2.4	15.4
XL Axiata	EXCL IJ	BUY	4,100	67,339.5	n/m	n/m	2.3	2.4	(4.8)

Entering the Sustainable Yield Upcycle Phase

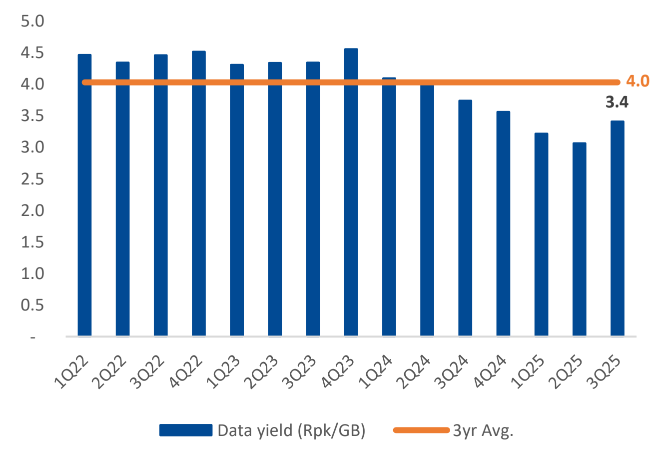
Structural upside from pricing repair
2H25 marked the period when MNOs began adjusting their data yields after the price pressures seen in late FY24 and early FY25. Based on 3Q25 results, MNOs undertook several structural actions, which supported a +7% qoq rebound in mobile revenue. TLKM focused on product simplification and discounts removal, EXCL reduced freebies and shortened validity periods, while ISAT maintained flat data yields but pushed for better traffic. We expect these trends to continue through 4Q25 and 2026F as the industry enters a monetization phase post-consolidation. As of 3Q25, MNOs' data yields remain 9-15% below their 3-yr avg., indicating room for further normalization. In addition, GSMA's 2025 affordability survey shows that data cost in Indonesia is not a barrier to mobile internet, highlighting affordability headroom for MNOs to lift yields.

Exhibit 1. Mobile revenue growth yoy



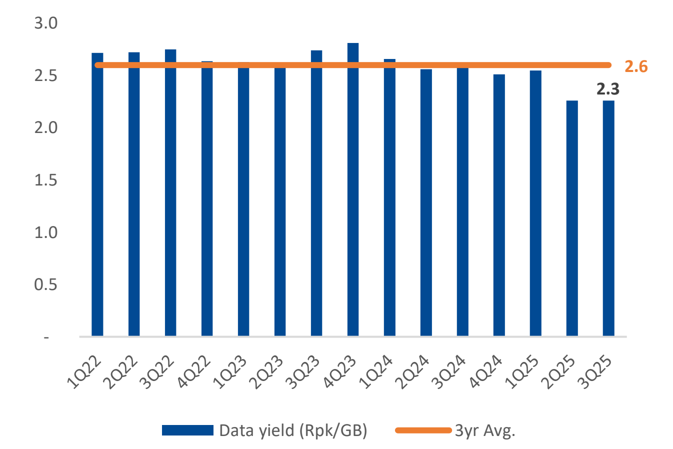
Source: Company, BRIDS

Exhibit 2. TLKM data yield



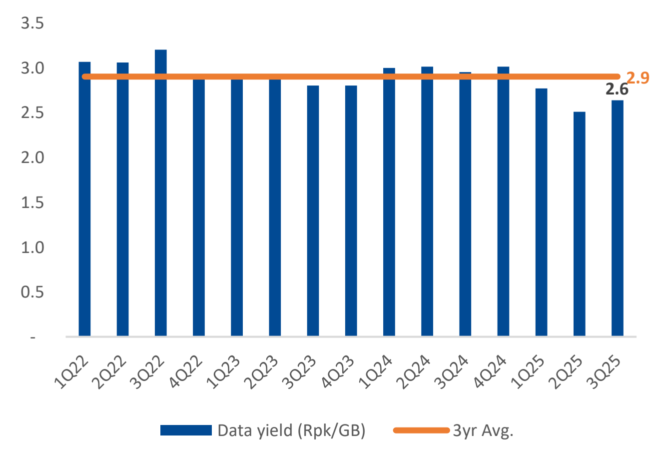
Source: Company, BRIDS

Exhibit 3. ISAT data yield



Source: Company, BRIDS

Exhibit 4. EXCL data yield



Source: Company, BRIDS

Exhibit 5. Barriers to further mobile internet use across Low-and-Middle Income Countries (LMICs)

Region	Country	AFFORDABILITY: Handset cost U	Handset cost R	Data cost U	Data cost R	LITERACY AND DIGITAL SKILLS: Reading/ writing difficulties U	Reading/ writing difficulties R	Difficulties using a mobile in general U	Difficulties using a mobile in general R	Not confident using mobile internet U	Not confident using mobile internet R	Not sufficient support in learning to use the internet U	Not sufficient support in learning to use the internet R	RELEVANCE: Internet is not relevant for me U	Internet is not relevant for me R	Insufficient content in local language U	Insufficient content in local language R
AFRICA	Egypt	2%	5%	12%	23%	5%	4%	0%	1%	2%	0%	1%	1%	4%	1%	1%	0%
AFRICA	Ethiopia	22%	14%	12%	10%	0%	4%	0%	1%	1%	2%	0%	0%	2%	2%	4%	1%
AFRICA	Kenya	13%	11%	29%	26%	1%	0%	0%	0%	1%	0%	1%	2%	1%	0%	0%	1%
AFRICA	Nigeria	10%	14%	19%	17%	9%	3%	0%	1%	3%	1%	0%	0%	2%	2%	1%	2%
AFRICA	Rwanda	27%	30%	15%	13%	2%	1%	0%	1%	0%	1%	0%	4%	1%	1%	1%	1%
AFRICA	Senegal	9%	7%	17%	30%	11%	5%	1%	0%	1%	0%	0%	0%	1%	0%	1%	0%
AFRICA	Tanzania	14%	15%	32%	31%	1%	1%	2%	2%	0%	0%	1%	2%	2%	3%	1%	2%
AFRICA	Uganda	19%	28%	30%	26%	2%	2%	0%	0%	2%	1%	0%	1%	2%	0%	0%	1%
ASIA	Bangladesh	5%	4%	17%	19%	1%	3%	5%	1%	3%	6%	2%	3%	4%	1%	0%	0%
ASIA	India	4%	3%	10%	12%	3%	4%	4%	2%	3%	3%	2%	2%	3%	3%	2%	2%
ASIA	Indonesia	4%	4%	5%	7%	2%	1%	2%	1%	0%	0%	0%	1%	0%	0%	1%	1%
ASIA	Pakistan	5%	4%	16%	8%	15%	10%	1%	1%	1%	1%	0%	3%	2%	3%	2%	2%
ASIA	Philippines	3%	6%	4%	6%	0%	1%	0%	0%	0%	1%	0%	1%	0%	1%	1%	0%
LATIN AMERICA	Guatemala	7%	11%	3%	9%	5%	7%	0%	2%	2%	2%	2%	0%	1%	2%	1%	2%
LATIN AMERICA	Mexico	5%	9%	5%	4%	1%	0%	1%	1%	1%	0%	1%	0%	1%	0%	1%	0%

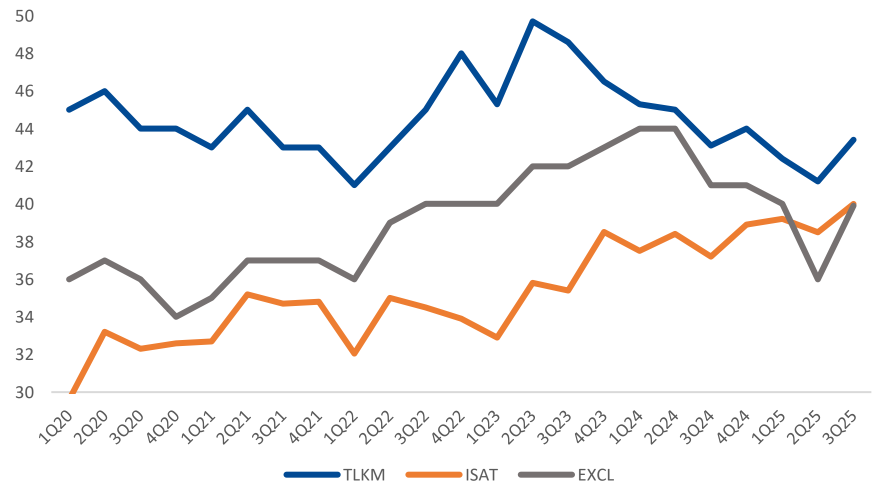
Region	Country	SAFETY AND SECURITY: Strangers contacting me U	Strangers contacting me R	Harmful content (self/family) U	Harmful content (self/family) R	Information security U	Information security R	Do not trust information on websites or apps U	Do not trust information on websites or apps R	Scams or fraud U	Scams or fraud R
AFRICA	Egypt	4%	5%	5%	3%	8%	3%	2%	2%	6%	6%
AFRICA	Ethiopia	2%	1%	1%	2%	0%	1%	1%	0%	2%	1%
AFRICA	Kenya	8%	4%	4%	4%	3%	7%	3%	2%	10%	8%
AFRICA	Nigeria	6%	5%	2%	1%	0%	3%	3%	1%	9%	10%
AFRICA	Rwanda	3%	1%	6%	7%	13%	9%	3%	3%	5%	6%
AFRICA	Senegal	6%	3%	3%	2%	5%	5%	3%	1%	12%	9%
AFRICA	Tanzania	3%	5%	3%	4%	2%	3%	1%	2%	8%	3%
AFRICA	Uganda	4%	1%	1%	1%	1%	2%	1%	0%	6%	3%
ASIA	Bangladesh	2%	2%	8%	4%	7%	4%	2%	4%	4%	4%
ASIA	India	5%	5%	3%	4%	4%	7%	2%	3%	11%	14%
ASIA	Indonesia	7%	7%	8%	8%	15%	10%	2%	2%	24%	12%
ASIA	Pakistan	3%	2%	2%	4%	6%	6%	1%	2%	4%	4%
ASIA	Philippines	11%	9%	8%	6%	12%	10%	7%	4%	32%	28%
LATIN AMERICA	Guatemala	5%	6%	7%	5%	14%	8%	2%	2%	20%	15%
LATIN AMERICA	Mexico	10%	8%	15%	16%	20%	15%	3%	5%	18%	21%

Region	Country	ACCESS: Inconsistent/ no coverage U	Inconsistent/ no coverage R	Slow connection speeds U	Slow connection speeds R	Internet drains my battery U	Internet drains my battery R	Access to agent support U	Access to agent support R	Do not have time to use mobile internet U	Do not have time to use mobile internet R	Shared phone access U	Shared phone access R	Family does not approve U	Family does not approve R	Only allowed to use mobile internet for specific reasons U	Only allowed to use mobile internet for specific reasons R	Only allowed to use mobile internet for a limited amount of time or at certain times of the day U	Only allowed to use mobile internet for a limited amount of time or at certain times of the day R
AFRICA	Egypt	16%	32%	7%	4%	10%	2%	1%	0%	10%	8%	0%	0%	1%	1%	0%	2%	2%	0%
AFRICA	Ethiopia	23%	22%	11%	16%	3%	9%	0%	0%	13%	6%	1%	5%	1%	3%	0%	0%	3%	1%
AFRICA	Kenya	7%	10%	4%	7%	5%	7%	1%	1%	4%	5%	3%	3%	0%	0%	2%	1%	2%	1%
AFRICA	Nigeria	12%	7%	2%	3%	9%	9%	1%	1%	6%	11%	1%	2%	1%	0%	1%	2%	3%	2%
AFRICA	Rwanda	10%	12%	4%	6%	0%	1%	0%	0%	3%	1%	4%	1%	0%	2%	0%	0%	2%	0%
AFRICA	Senegal	9%	17%	4%	5%	8%	3%	1%	0%	7%	9%	1%	2%	0%	1%	0%	0%	0%	1%
AFRICA	Tanzania	11%	5%	2%	8%	6%	6%	1%	0%	4%	3%	0%	1%	2%	2%	2%	1%	1%	1%
AFRICA	Uganda	12%	19%	4%	3%	8%	3%	0%	1%	5%	3%	4%	3%	0%	1%	0%	0%	0%	0%
ASIA	Bangladesh	1%	1%	12%	18%	7%	8%	0%	0%	4%	4%	1%	1%	7%	5%	3%	2%	3%	5%
ASIA	India	4%	5%	5%	8%	10%	7%	3%	2%	6%	5%	3%	3%	1%	3%	6%	2%	5%	3%
ASIA	Indonesia	12%	19%	4%	6%	4%	2%	1%	1%	2%	7%	3%	4%	0%	0%	1%	3%	1%	3%
ASIA	Pakistan	3%	9%	7%	23%	6%	4%	0%	1%	11%	4%	6%	1%	1%	2%	3%	3%	4%	3%
ASIA	Philippines	6%	9%	6%	8%	2%	3%	0%	1%	2%	3%	3%	2%	1%	1%	1%	1%	1%	1%
LATIN AMERICA	Guatemala	14%	14%	3%	4%	3%	1%	1%	1%	4%	4%	2%	1%	0%	0%	1%	1%	2%	3%
LATIN AMERICA	Mexico	4%	13%	2%	1%	2%	0%	2%	1%	2%	1%	1%	2%	0%	0%	2%	1%	2%	3%

U = URBAN; R = RURAL. Least frequently cited barrier in that country — Most frequently cited barrier in that country

Source: GSMA

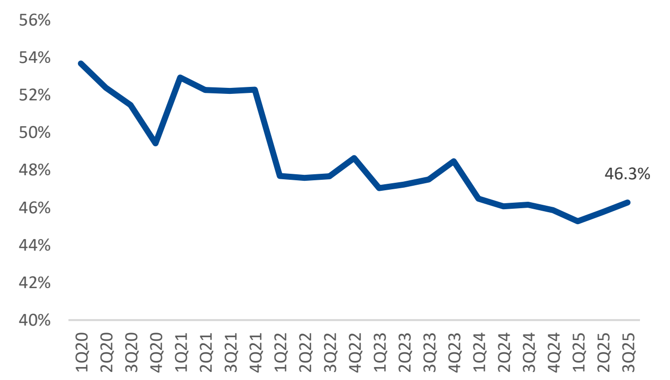
Exhibit 6. Reported ARPU (Rp '000)



Source: Company, BRIDS

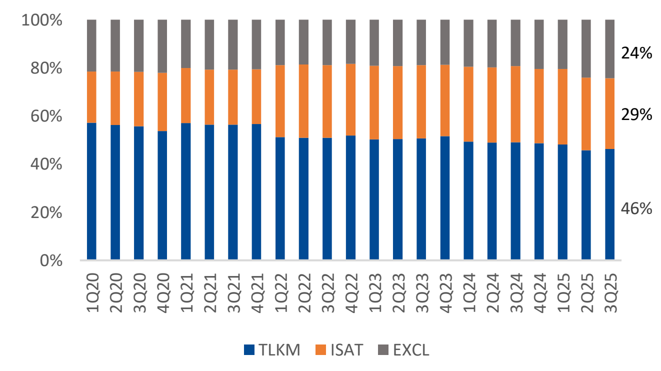
Reduced probability of pricing reversal
We believe the starter-pack rationalization to 35k 3GB materially lowers the likelihood of price war. With churn decreasing, MNOs are shifting away from subscriber-acquisition games toward optimizing renewal packages. This phenomenon was captured in 3Q25, when MNOs simultaneously reported subscriber contractions (TLKM: -800k, ISAT: -400k, EXCL: -3mn qoq). At the same time, TLKM, as the market leader, has demonstrated positive results from its price repair efforts, with mobile revenue market share rising to 46.3% (+50bps) in 3Q25. This removes the risk factor that could historically trigger defensive price cuts. With ISAT and EXCL also maintaining rational pricing behavior and SIM-based churn structurally declining, we believe the industry now has very limited incentives to re-enter price competition.

Exhibit 7. TLKM mobile market share



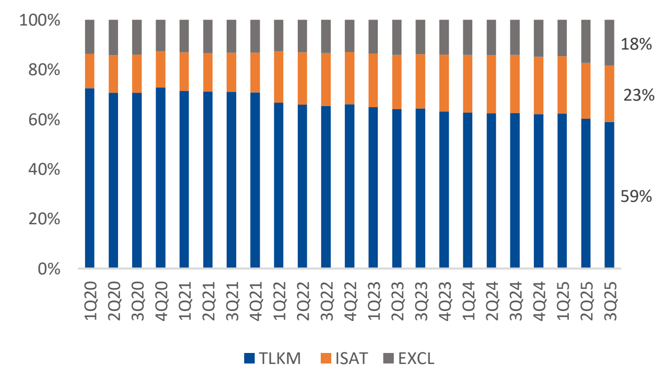
Source: Company, BRIDS

Exhibit 8. Mobile revenue market share



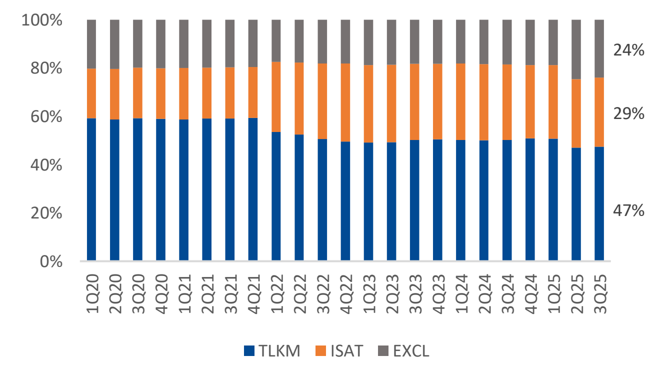
Source: Company, BRIDS

Exhibit 9. Total revenue market share



Source: Company, BRIDS

Exhibit 10. Subscribers market share



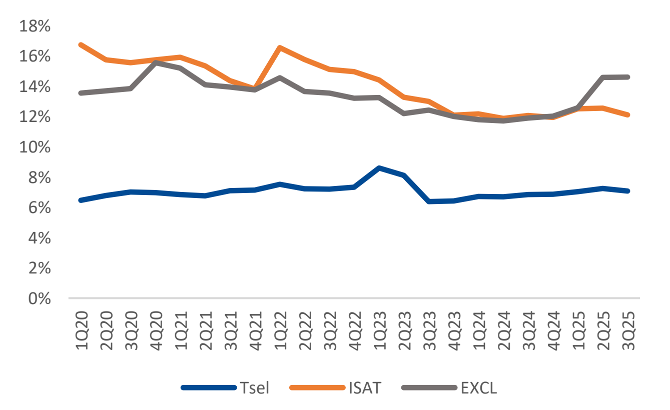
Source: Company, BRIDS

Heavy spectrum & 5G investment needs

The delay of the 700 MHz and 2.6 GHz spectrum auctions from FY25 to FY26 further reinforces the need for MNOs to preserve pricing discipline and sustain yield improvement. We believe operators will participate actively in these auctions to secure the necessary resources for 5G rollout. 5G investment is structurally higher than 4G, mainly because shorter-range bands require denser site deployment. In addition to higher capex, operators will also face new regulatory costs from spectrum payments, which typically include a one-off upfront fee and recurring annual spectrum fee.

Historically, Indonesia's spectrum cost has averaged Rp36.8bn/MHz, pushing the industry's regulatory cost burden to 10% of revenue, well above the government's desired level of ~5%. This implies that future assignments may come with pricing incentives to restore affordability. The government's digital roadmap further guides that 5G frequency fees should not exceed 50% of 4G fees, supporting expectations of a more sustainable fee structure. Under these assumptions, we estimate that the FY26 auction of the 700 MHz and 2.6 GHz bands would imply upfront payments of roughly Rp1.7tr and annual spectrum fee of Rp858bn per MNOs, assuming equal spectrum allocation across the three MNOs. Incorporating these assumptions into our pro-forma analysis suggests a potential earnings decline of 3.2%-83.8% in FY26F.

Exhibit 11. Frequency fee % of revenues



Source: Company, BRIDS

Exhibit 12. TLKM pro-forma 2026F impact from 700 MHz & 2.6 GHz spectrum costs

	TLKM				
	2024	2025F	2026F	2026F Pro-forma	Δ%
Revenue	**149,967**	**145,551**	**152,547**	**152,547**	-
Growth (%)		(2.9)	4.8	4.8	-
EBITDA	**75,029**	**73,159**	**77,410**	**76,551**	**(1.1)**
EBITDA margin (%)	50.0	50.3	50.7	50.2	(0.6)
Growth (%)		(2.5)	5.8	4.6	(1.2)
EBIT	**42,991**	**39,350**	**42,275**	**41,335**	**(2.2)**
EBIT margin (%)	28.7	27.0	27.7	27.1	(0.6)
Growth (%)		(8.5)	7.4	5.0	(2.4)
Net profit	**23,649**	**20,884**	**22,180**	**21,468**	**(3.2)**
NP margin (%)	15.8	14.3	14.5	14.1	(0.5)
Growth (%)		(11.7)	6.2	2.8	(3.4)
ND/EBITDA	**0.56**	**0.36**	**0.28**	**0.32**	**0.03**

Source: Company, BRIDS

Exhibit 13. ISAT pro-forma 2026F impact from 700 MHz & 2.6 GHz spectrum costs

	ISAT				
	2024	2025F	2026F	2026F Pro-forma	Δ%
Revenue	**55,887**	**56,001**	**58,931**	**58,931**	-
Growth (%)		0.2	5.2	5.2	-
EBITDA	**26,375**	**26,547**	**28,069**	**27,211**	**(3.1)**
EBITDA margin (%)	47.2	47.4	47.6	46.2	(1.5)
Growth (%)		0.7	5.7	2.5	(3.2)
EBIT	**10,817**	**10,417**	**11,327**	**10,469**	**(7.6)**
EBIT margin (%)	19.4	18.6	19.2	17.8	(1.5)
Growth (%)		(3.7)	8.7	0.5	(8.2)
Net profit	**4,911**	**4,743**	**5,609**	**4,922**	**(12.2)**
NP margin (%)	8.8	8.5	9.5	8.4	(1.2)
Growth (%)		(3.4)	18.3	3.8	(14.5)
ND/EBITDA	**1.91**	**1.65**	**1.27**	**1.39**	**0.12**

Source: Company, BRIDS

Exhibit 14. EXCL pro-forma 2026F impact from 700 MHz & 2.6 GHz spectrum costs

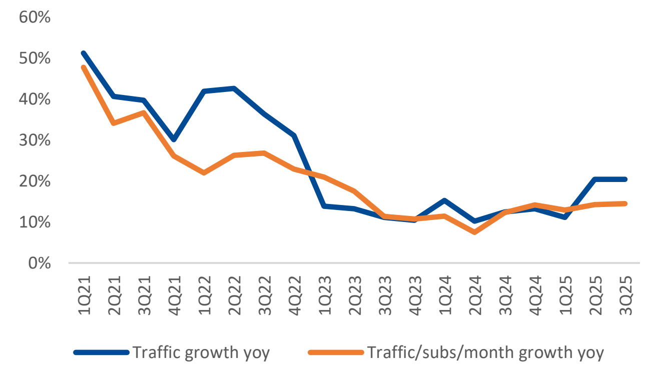
	EXCL				
	2024	2025F	2026F	2026F Pro-forma	Δ%
Revenue	**34,392**	**42,567**	**46,820**	**46,820**	-
Growth (%)		23.8	10.0	10.0	-
EBITDA	**17,863**	**18,916**	**21,508**	**20,650**	**(4.0)**
EBITDA margin (%)	51.9	44.4	45.9	44.1	(1.8)
Growth (%)		5.9	13.7	9.2	(4.5)
EBIT	**5,757**	**(208)**	**2,332**	**1,517**	**(35.0)**
EBIT margin (%)	16.7	(0.5)	5.0	3.2	(1.7)
Growth (%)		(103.6)	(1,220.8)	(829.0)	391.8
Net profit	**1,818**	**(3,674)**	**(1,383)**	**(2,542)**	**(83.8)**
NP margin (%)	5.3	(8.6)	(3.0)	(5.4)	(2.5)
Growth (%)		(302.0)	(62.4)	(30.8)	31.6
ND/EBITDA	**2.50**	**3.04**	**2.75**	**2.82**	**0.06**

Source: Company, BRIDS

Traffic tends to moderate amid price repair and FWA adoption

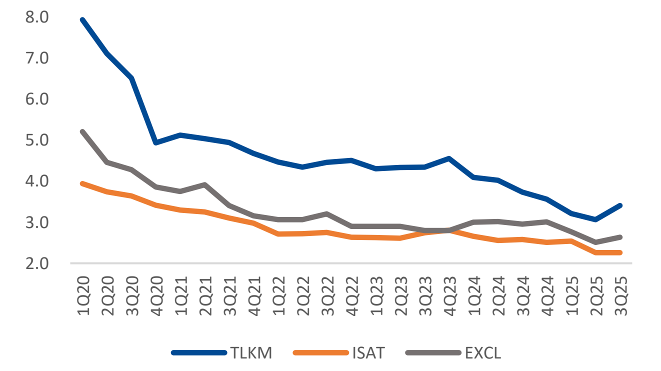
Telcos' data yield has fallen 42.4% over the past five years, but we expect 2H25 and FY26 to mark an inflection point as MNOs implement intentional price hikes that historically have been rare. Given this backdrop, we also expect data traffic growth to moderate in 2026F (6% yoy on our estimate), driven by elasticity response to higher effective prices. We base this view in part on our observations of the Indian market, where traffic growth consistently moderated following tariff increases. The rollout of low-cost 5G FWA in Indonesia is also likely to shift a portion of heavy-usage traffic away from mobile, reinforcing this moderation trend.

Exhibit 15. Data traffic growth yoy (%)



Source: Company, BRIDS

Exhibit 16. Data Yield (Rp'000/GB)

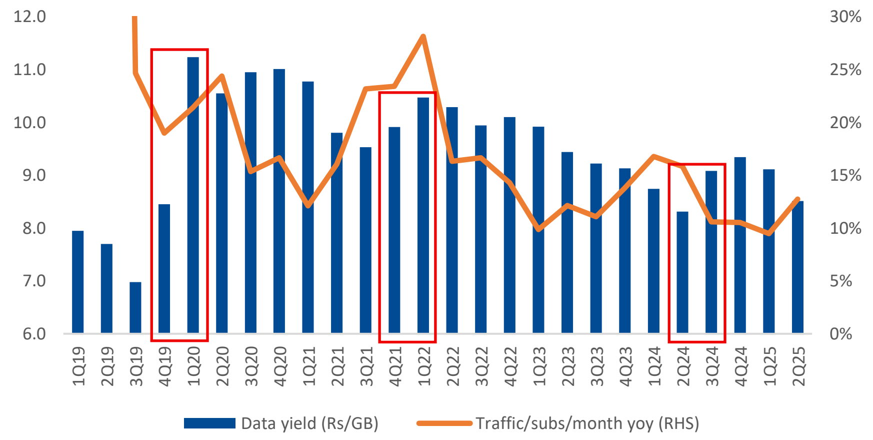


Source: Company, BRIDS

Historical lessons from India's three tariff hikes

India's telco market has undergone three major tariff hikes—in Dec19, Nov21, and Jul24, each showing a consistent pattern of how pricing affects data demand. Following the first hike, data yield jumped +21/+33% qoq in 4Q19/1Q20 and traffic growth subsequently moderated to 12-15% yoy. The second cycle saw yields rise +4/+6% qoq in 4Q21/1Q22, with traffic easing to 10-16% yoy, while the most recent hike lifted yields +9/+3% qoq in 3Q24/4Q24 and traffic growth normalized to 9-11% yoy. Across all episodes, higher yields reduced the rate of traffic growth but failed to cause demand contraction, reflecting the inherently inelastic nature of data consumption, where core usage remains resilient and discretionary usage adjusts. Notably, traffic moderation consistently appeared with a 1-2 quarter delay, driven by renewal-cycle timing. We expect Indonesia to follow a similar pattern, with the 2H25 deliberate price hikes likely to translate into softer traffic growth. The trend is already observable in TLKM where 3Q25 traffic growth moderated to 12.4% yoy from 18-20% yoy in the preceding three quarters following initial pricing adjustments.

Exhibit 17. India telco's data yield and traffic per subscribers



Source: Telecom Regulatory Authority of India, BRIDS

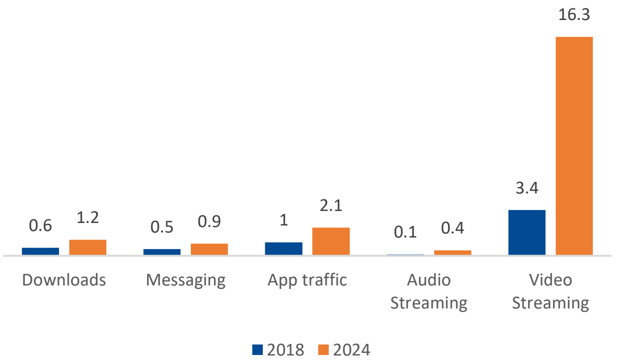
Affordable 5G FWA could put downward pressure on mobile traffic

The commercial rollout of 5G FWA by WIFI and MyRepublic is expected to begin in early FY26, coinciding with the activation of the 1.4 GHz spectrum. We believe the launch of this FWA could reshape competition across FBB and mobile, as it directly addresses key barriers to low FBB penetration namely high prices and limited coverage. We believe risks to incumbent FTTH should remain limited if zoning is properly enforced, while mobile could face greater exposure given FWA's much lower effective cost/GB.

Based on the International Telecommunication Union (ITU), Indonesia's average monthly FBB traffic/subs reached 522GB, implying ~137GB/person, higher than mobile data usage of ~14GB across the three major MNOs. At a Rp100k monthly plan, FWA would deliver an effective data yield of ~Rp728/GB, or 4× cheaper than the mobile (Rp2,917/GB). While this creates an attractive value proposition for households, affordability constraints remain, as Indonesian consumers allocate only 3% of their expenditure toward internet & communication. We believe the introduction of affordable FWA in underserved fiber areas may provide an appealing alternative and partially impact the mobile segment, as high bandwidth activities (e.g., streaming, gaming, and video consumption) are likely to shift from mobile networks to FWA connections.

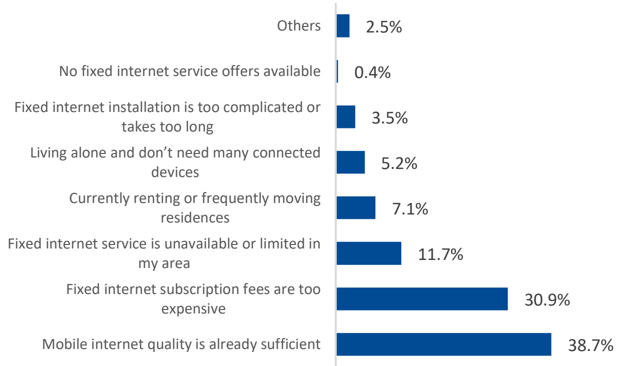
We view the moderation in traffic growth following price increases as healthy normalization. Potential traffic diversion to FWA is a largely unavoidable risk, but we believe its impact will remain limited, as FWA adoption is primarily concentrated in fiber-underserved areas and focused on home-based, high-bandwidth usage. Meanwhile, the rollout of 5G allows MNOs to reposition mobile connectivity toward mobility-driven and premium use cases, while improving overall network efficiency.

Exhibit 18. World average data consumption (GB/month)



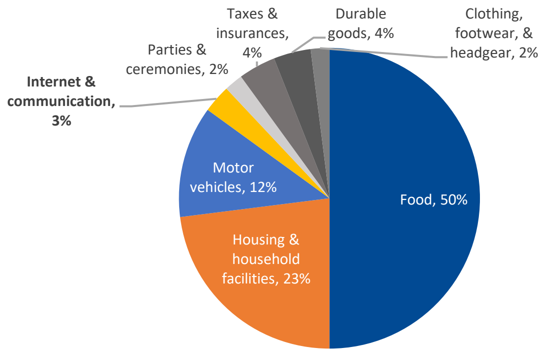
Source: Ericsson

Exhibit 19. Reasons for not subscribing to fixed broadband



Source: APJII

Exhibit 20. Monthly average expenditure per capita



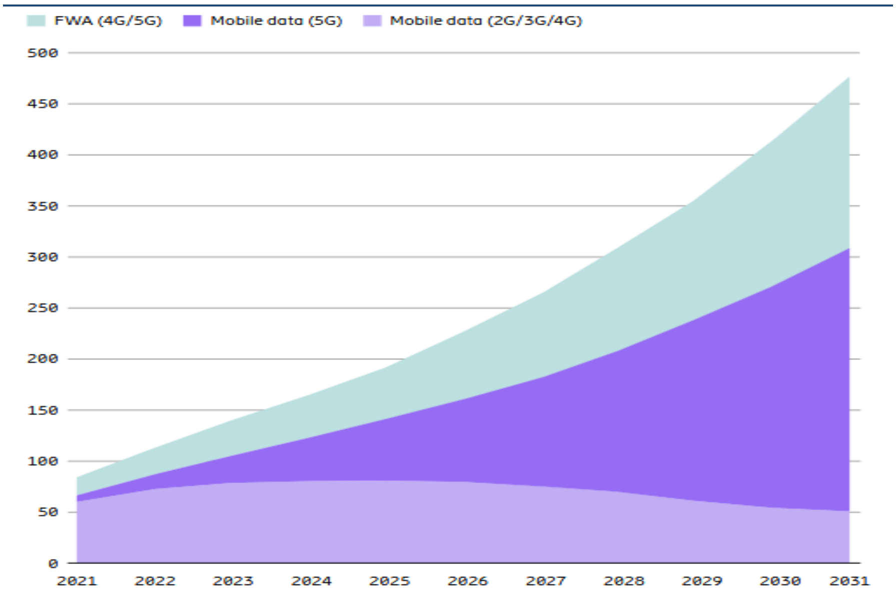
Source: BPS

Exhibit 21. Data yield comparison between FWA & mobile

	Fixed Broadband (FWA Proxy)	Mobile data
Monthly traffic per subs (GB)	522.3	14.2
No. of people per Indonesian Household	3.8	-
Traffic per person (GB)	137.4	14.2
Effective price plan (Rp/ month)	100,000	41,549
Effective cost/ GB (Rp)	728	2,917

Source: ITU, BPS, Company, BRIDS Estimates

Exhibit 22. Global mobile network data traffic (EB per month)



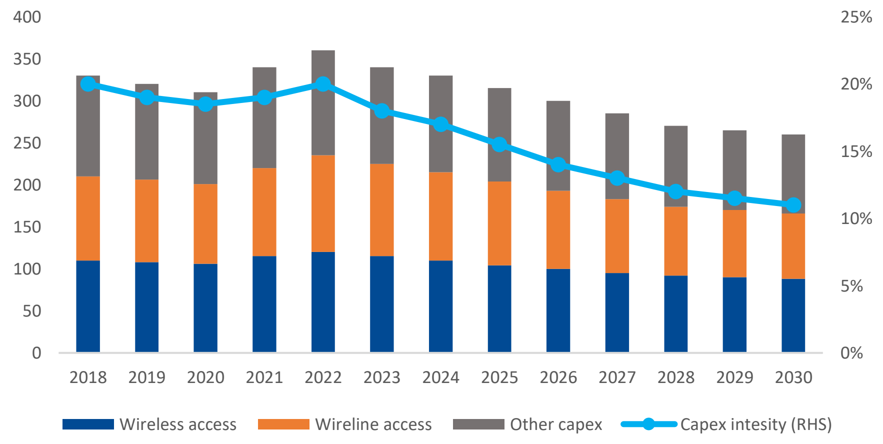
Source: Ericsson

Entering the Fiber Restructuring Phase

Fiber restructuring should drive more rational investment, unlock value, and enhance penetration

Indonesia's MNOs are entering a structural shift toward asset-light models through fiber restructuring. Although each MNOs is pursuing a different strategic route, the underlying rationale is broadly aligned: lowering capital intensity, expanding penetration, improving free cash flow, and unlock value. Wireline access typically accounts for ~30% of total telco capex. However, wireline capex is expected to contract at a faster pace, with a projected -6% CAGR in 2025-30F vs. -4.1% for both wireless and other capex categories, according to Analysys Mason. This decline is driven by a transition of investment from MNOs to FiberCo and the approaching maturity of large-scale fiber rollouts. While Indonesia's relatively low FTTH penetration (~20%) still provides runway for incremental deployment, we expect the structural migration of capex from MNOs to FiberCo to be the dominant factor behind the sector's steadily moderating capex profile.

Exhibit 23. Telco capex worldwide (US$bn)



Source: Analysys Mason

TLKM is taking the most ecosystem-driven approach by spinning off its InfraCo and divesting a 20-30% minority stake, allowing it to retain strategic control and build a long-term wholesale fiber platform with targeted valuations of 9-12x EV/EBITDA. The transaction is intended to unlock value through improved asset utilization and risk sharing, while preserving majority ownership of core infrastructure. Potential proceeds are expected to support shareholder returns through dividends and share buyback.

ISAT is pursuing a portfolio optimization strategy by divesting a 70% majority stake in its ~92,000 km fiber network—primarily consisting of backbone assets—at an estimated valuation of US$1bn (~12.7x EV/EBITDA). We believe ISAT is seeking a strategic partner with strong FiberCo capabilities to enhance asset monetization and drive enterprise network uplift, similar to the value creation achieved through its data-centre partnership with BDx. This approach enables ISAT to focus on strengthening its core mobile business.

EXCL is fully exiting its fiber infrastructure, following the 2024 ServiceCo, FiberCo carve-out of LinkNet, the ongoing evaluation of a complete divestment of LINK, and the recent sale of MORA, which housed backbone assets. This repositioning effectively establishes EXCL as a pure mobile operator with minimal structural exposure to fiber-related capex, even though near-term investment requirements remain elevated due to merger-related network, modernization initiatives, and the initial rollout of 5G.

Exhibit 24. Valuation comparison of global fiber infrastructure peers

Companies	Code	Market Cap (US$mn)	EV/EBITDA (x)		PBV (x)		P/E (x)		ROE (%)
			25F	26F	25F	26F	25F	26F	
Chorus Limited	CNU NZ	2,303	10.0	9.6	10.1	17.7	62.5	46.4	0.6
NetLink NBN Trust	NETLINK S	2,868	15.2	15.0	1.6	1.7	39.8	28.2	3.9
Koninklijke KPN N.V.	KPN NA	17,386	8.8	8.5	4.3	4.2	17.4	15.5	34.8
Lumen Technologies, Inc.	LUMN US	8,585	7.2	7.1	-	-	-	-	(12.5)
Corning Incorporated	GLW US	75,679	19.4	16.4	6.4	5.9	35.0	28.8	4.6
Yuexiu Telecom Infrastructure	6869 HK	6,817	-	43.5	2.1	1.9	31.2	18.3	5.9
NTT, Inc.	9432 JT	89,262	7.7	7.5	1.3	1.2	11.6	11.0	10.0
Simple Average			**9.8**	**15.4**	**3.7**	**4.7**	**28.2**	**21.2**	**6.7**
Weighted Average			**12.0**	**12.2**	**3.5**	**3.4**	**22.0**	**18.4**	**8.8**

Source: Bloomberg, BRIDS

Financial Outlook

Mobile to remain the core growth engine in FY26
We forecast telco sector revenue to grow +5.8% yoy in FY26, underpinned by continued recovery in the mobile segment, which we expect to expand +5.5% yoy. The industry has entered a more rational competitive phase post-consolidation, with churn declining following starter-pack rationalization and MNOs consistently executing price-repair initiatives. Although ISAT's data yield was flat qoq in 3Q25 (vs. TLKM/EXCL, which recorded +11.2%/+5.1% qoq) management indicated that pricing adjustments began in 4Q25, implying yield uplift will materialize and continue in FY26.

We project sector EBITDA to grow +7.1% yoy, with EXCL as the notable outlier at +13.7% yoy due to merger synergies. EBITDA margins for ISAT and TLKM are expected to remain relatively stable at ~47% and ~50%, respectively.

Exhibit 25. BRIDS Telco forecasts 2025-27F

(Rp bn)	FY24	FY25F	FY26F	FY27F
EXCL Revenue	34,392	42,567	46,820	49,343
ISAT Revenue	55,887	56,001	58,931	61,320
TLKM Revenue	149,967	145,551	152,547	158,419
Telco sector Revenue	**240,245**	**244,119**	**258,298**	**269,081**
EXCL Mobile Revenue	31,332	36,381	40,145	42,588
ISAT Mobile Revenue	47,036	46,815	48,520	50,247
TLKM Mobile Revenue	86,733	84,171	87,871	90,008
Telco Mobile Revenue	**165,101**	**167,367**	**176,536**	**182,843**
EXCL EBITDA	17,879	18,916	21,508	24,195
ISAT EBITDA	26,375	26,547	28,069	29,303
TLKM EBITDA	75,029	73,159	77,410	81,039
Sector EBITDA	**119,283**	**118,622**	**126,986**	**134,538**
EXCL EBITDA margin	52.0%	44.4%	45.9%	49.0%
ISAT EBITDA margin	47.2%	47.4%	47.6%	47.8%
TLKM EBITDA margin	50.0%	50.3%	50.7%	51.2%
Sector EBITDA margin	**49.7%**	**48.6%**	**49.2%**	**50.0%**
EXCL Net profit	1,818	(3,674)	(1,383)	1,932
ISAT Net profit	4,911	5,026	5,609	6,069
TLKM Net profit	23,649	20,884	22,180	23,520
Sector Net Profit	**30,378**	**22,237**	**26,406**	**31,521**

Source: Company, BRIDS

Exhibit 26. BRIDS Telco growth projections 2025-27F

(Rp bn)	FY25F/ FY24E Δ	FY26F/ FY25F Δ	FY27F/ FY26F Δ	CAGR 25-27F
EXCL Revenue	23.8%	10.0%	5.4%	**7.7%**
ISAT Revenue	0.2%	5.2%	4.1%	**4.6%**
TLKM Revenue	-2.9%	4.8%	3.8%	**4.3%**
Telco sector Revenue	**1.6%**	**5.8%**	**4.2%**	**5.0%**
EXCL Mobile Revenue	16.1%	10.3%	6.1%	**8.2%**
ISAT Mobile Revenue	-0.5%	3.6%	3.6%	**3.6%**
TLKM Mobile Revenue	-3.0%	4.4%	2.4%	**3.4%**
Telco Mobile Revenue	**1.4%**	**5.5%**	**3.6%**	**4.5%**
EXCL EBITDA	5.8%	13.7%	12.5%	**13.1%**
ISAT EBITDA	0.7%	5.7%	4.4%	**5.1%**
TLKM EBITDA	-2.5%	5.8%	4.7%	**5.2%**
Sector EBITDA	**-0.6%**	**7.1%**	**5.9%**	**6.5%**
EXCL EBITDA margin	-7.5%	1.5%	3.1%	
ISAT EBITDA margin	0.2%	0.2%	0.2%	
TLKM EBITDA margin	0.2%	0.5%	0.4%	
Sector EBITDA margin	**-1.1%**	**0.6%**	**0.8%**	
EXCL Net profit	-302.0%	62.4%	239.7%	**n.a.**
ISAT Net profit	2.4%	11.6%	8.2%	**9.9%**
TLKM Net profit	-11.7%	6.2%	6.0%	**6.1%**
Sector Net Profit	**-26.8%**	**18.7%**	**19.4%**	**19.1%**

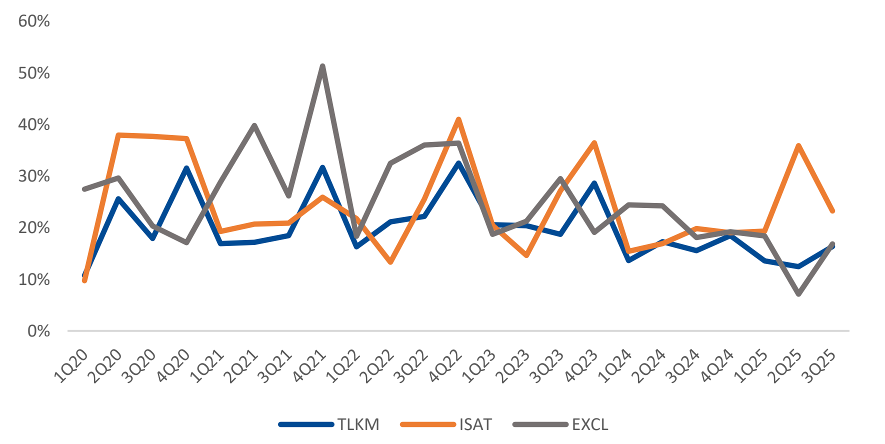
Source: Company, BRIDS

Balancing capex amid fiber restructuring and network rollout

The shift in capex allocation following fiber restructuring into FiberCo should benefit mobile-centric operators, particularly EXCL and ISAT, by reducing fixed-network burdens and allowing greater focus on mobile investments. However, the commencement of 5G rollout, following the delay of the 700 MHz and 2.6 GHz spectrum auctions from FY25 to FY26, will likely increase capex. The shorter propagation range of higher-frequency spectrum, especially 2.6 GHz, requires denser site deployment, adding incremental network investment needs. In addition, MNOs must prepare for the upfront spectrum payments, which we estimate at ~Rp1.7tr per MNOs, assuming equal spectrum allocation among the three MNOs.

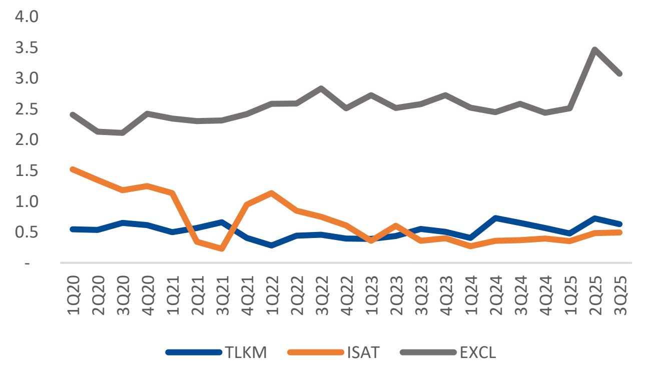
We expect **TLKM** to sustain a disciplined capex profile, with capex intensity guided lower toward 17-19%, supported by its already extensive nationwide coverage and a head start in selective 5G investments. **ISAT** guides for relatively stable capex at ~Rp13tr (~22% of revenue), reflecting a balance between reduced fiber-related investment post-divestment, early-stage 5G rollout, ex-Java expansion, and incremental spending on GPUaaS. Meanwhile, **EXCL** is forecast to allocate Rp10-12tr (21-26% of revenue) in FY26F, driven by ongoing network integration, modernization initiatives, and capacity enhancements following the Smartfren merger.

Exhibit 27. Capex to total revenue (%) trends



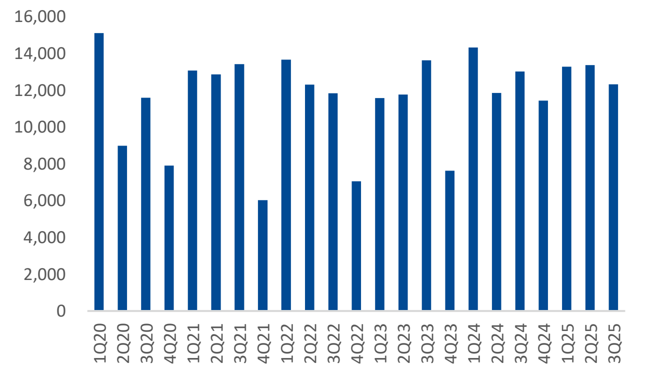
Source: Company, BRIDS

Exhibit 28. Net debt / EBITDA (x)



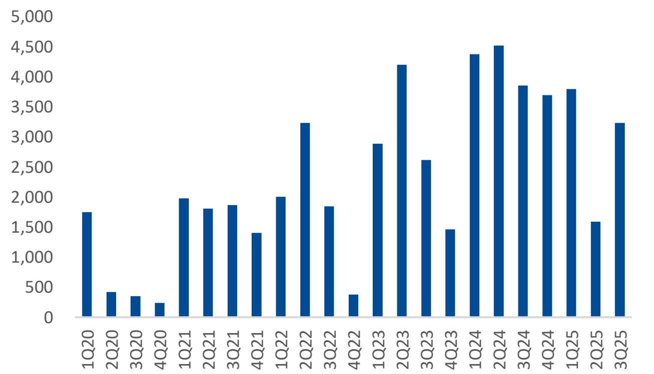
Source: Company, BRIDS

Exhibit 29. TLKM's OFCF (Rpbn)



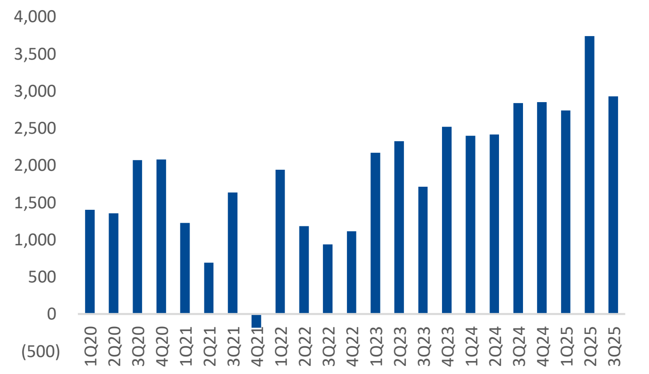
Source: Company, BRIDS

Exhibit 30. ISAT's OFCF (Rpbn)



Source: Company, BRIDS

Exhibit 31. EXCL's OFCF (Rpbn)



Source: Company, BRIDS

Valuation and Rating

Maintain Overweight: Mobile momentum remains intact, with selective catalysts from fiber transformation

We believe the sector trades at an undemanding valuation at current 5.3x EV/EBITDA FY26 (+0.3 SD to 3-yr mean), following evidence of a gradual recovery on improving pricing discipline. We see further re-rating potential as mobile outlook remains solid, with MNOs prioritizing ARPU monetization via renewal package over subscriber acquisition. We forecast 3.8% yoy ARPU growth in FY26 and see limited risk of a renewed price war amid ongoing starter-pack rationalization across MNOs.

Our top pick is **ISAT (Buy, TP: Rp3,000)**, underpinned by its attractive valuation at 4.6x EV/EBITDA 26F (-0.8 SD to 3-yr mean), which we attribute to a lag in the execution of deliberate price hikes that began to take effect in 4Q25. We view ISAT's fiber divestment as valuation-neutral, given the limited earnings dilution from fiber (c.4% of total EBITDA), offset by wireline capex relief. As total capex is expected to remain broadly flat amid ongoing 5G rollout and ex-Java expansion, we believe the transaction is unlikely to drive a material re-rating. Instead, upside is driven by monetization proceeds, which could enhance shareholder returns through dividends, supported by ISAT's low gearing profile with ND/EBITDA of ~0.5x.

The next on the pecking order is **TLKM (Buy, TP: 4,000)** supported by improving pricing discipline and solid execution in data yield monetization and product simplification. We forecast ARPU to rise to Rp45.0k/ Rp46.1k in FY26/27F (+4.4%/+2.4% yoy. We view the InfraCo spin-off as a medium-term operational value-unlocking opportunity rather than a near-term valuation catalyst, as efforts to improve utilization of currently underpenetrated at ~40% could drive EBITDA growth with strong operating leverage, thereby supporting a gradual re-rating over the longer term.

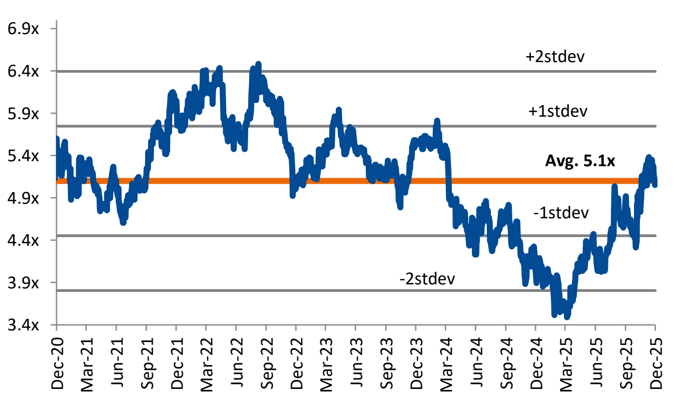
EXCL (Buy, TP:4,100), currently trades at a premium valuation of 6.4x EV/EBITDA 26F (+3.6 SD to 3-yr mean). However, we believe the market has yet to fully price in the benefits from post-merger integration and business simplification. We expect stronger free cash flow generation over FY27-30F (Rp8-10tr p.a.), driven by EBITDA margin recovery to ~49% by FY27F, supported by network integration and synergy cost savings across sites, spectrum, and workforce, alongside normalizing capex intensity after peaking in FY25-26F. The divestment of LINK could further accelerate EXCL's transition into a pure mobile operator, which we view primarily as a balance-sheet and leverage optimization exercise, although the loss of full access to LINK may gradually dilute certain FTTH-related advantages.

Exhibit 32. Telco peers valuation

Company	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)			EV/EBITDA (x)			PBV (x)			ROE (%)			Dividend yield (%)	
				'25F	'26F	'27F	'25F	'26F	'27F	'25F	'26F	'27F	'25F	'26F	'27F	'25F	'26F
EXCL	BUY	4,100	67,339	n.a	n.a	34.9	6.8	6.0	5.3	2.3	2.4	2.2	-13.6	-4.8	6.6	n.a	n.a
ISAT	BUY	3,000	74,822	16.1	13.3	12.3	4.8	4.5	4.3	2.1	2.0	1.9	13.4	15.2	15.6	4.7	5.2
TLKM	BUY	4,000	346,718	16.6	15.6	14.7	5.4	5.1	4.8	2.4	2.4	2.3	14.7	15.4	16.0	5.4	5.7
Weighted average				**13.2**	**12.1**	**11.3**	**5.5**	**5.1**	**4.8**	**2.3**	**2.3**	**2.2**	**8.9**	**11.4**	**14.0**	**4.2**	**4.5**

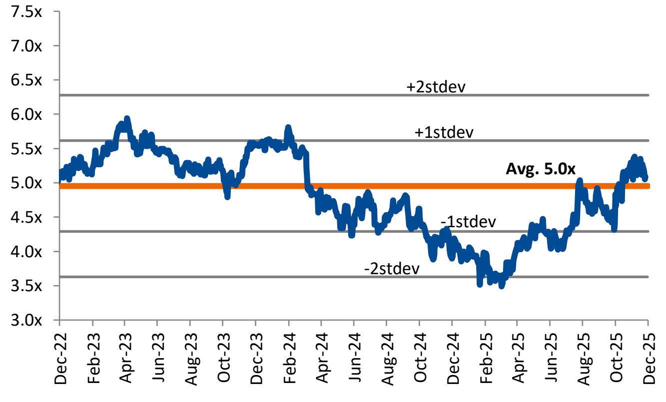
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 33. TLKM 5-year forward EV/EBITDA multiple band



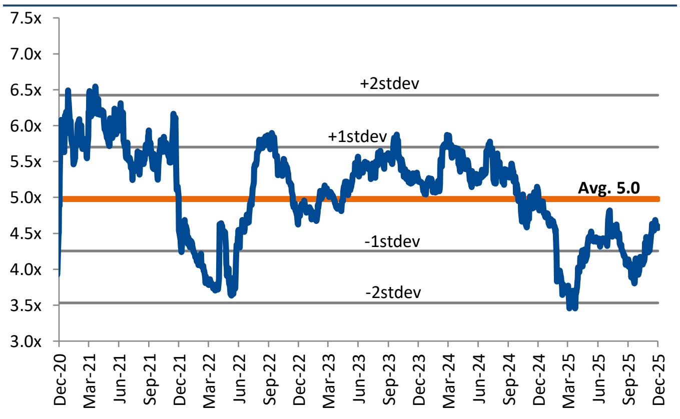
Source: Company, BRIDS

Exhibit 34. TLKM 3-year forward EV/EBITDA multiple band



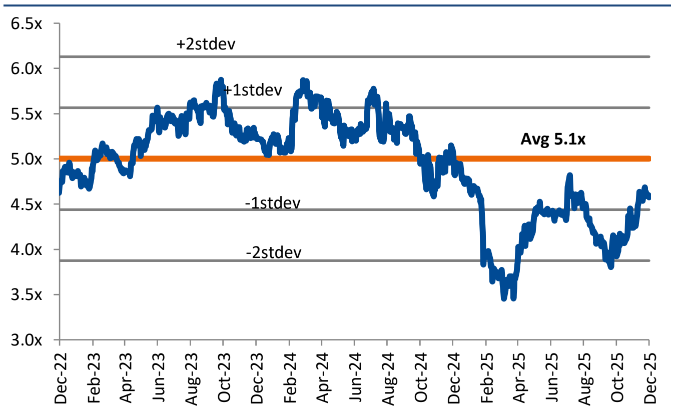
Source: Company, BRIDS

Exhibit 35. ISAT 5-year forward EV/EBITDA multiple band



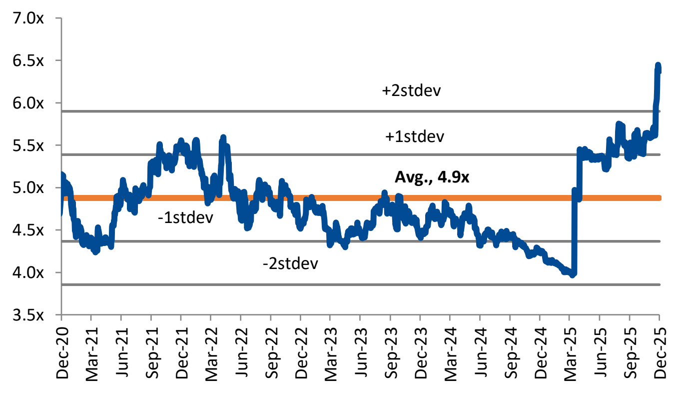
Source: Company, BRIDS

Exhibit 36. ISAT 3-year forward EV/EBITDA multiple band



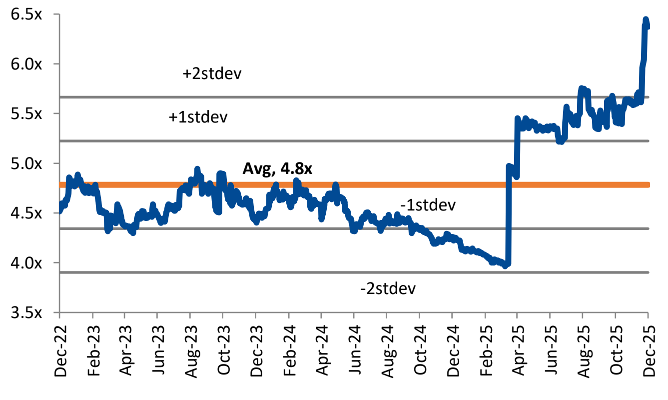
Source: Company, BRIDS

Exhibit 37. EXCL 5-year forward EV/EBITDA multiple band



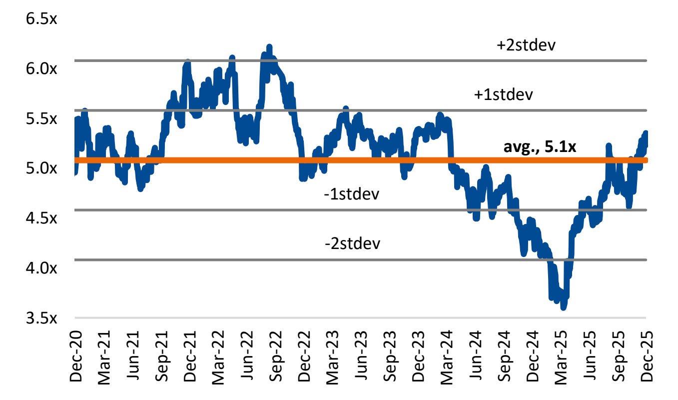
Source: Company, BRIDS

Exhibit 38. EXCL 3-year forward EV/EBITDA multiple band



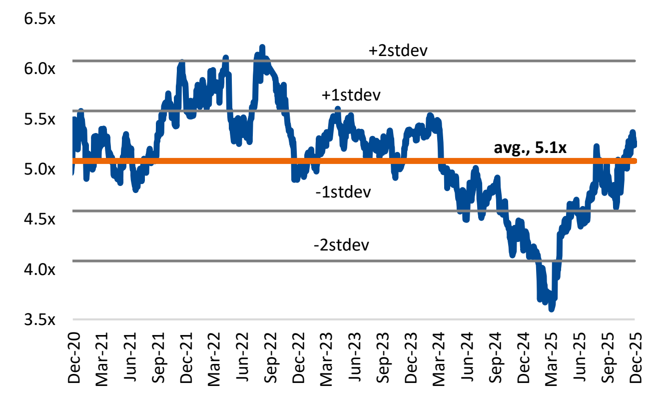
Source: Company, BRIDS

Exhibit 39. Sector 5-year forward EV/EBITDA multiple band



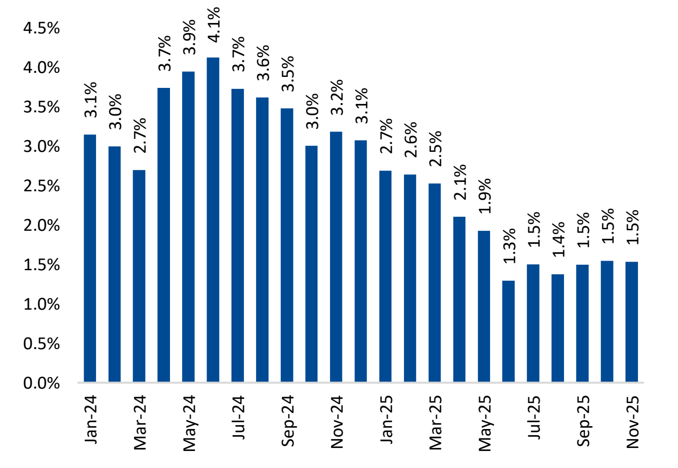
Source: Company, BRIDS

Exhibit 40. Sector 3-year forward EV/EBITDA multiple band



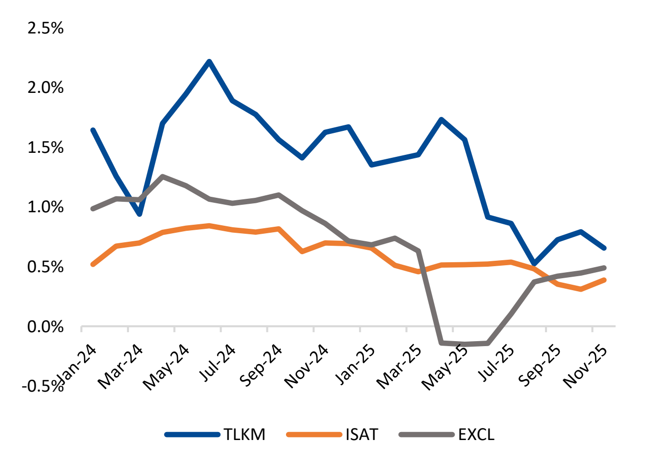
Source: Company, BRIDS

Exhibit 41. Domestic fund positioning in telco sector



Source: KSEI, BRIDS

Exhibit 42. Domestic fund positioning in telco companies



Source: KSEI, BRIDS

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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