BRI Danareksa Sekuritas

Buy

(Maintained)

Tactical (3M): **OW**

Last Price (Rp)	**2,560**
Target Price (Rp)	**3,600**
Previous TP (Rp)	▼ ***3,700***
Upside/Downside	**+40.6%**
No. of Shares (mn)	**18,200**
Mkt Cap (Rpbn/US$mn)	**43,862/2,459**
Avg, Daily T/O (Rpbn/US$mn)	**43.3/2.4**
Free Float (%)	**65.2**
Major Shareholder (%)	
Axiata Investments Indonesia Sdn. Bhd.	**34.7**
PT Bali Media Telekomunikasi	**24.6**

EPS Consensus (Rp)

	2026F	**2027F**	**2028F**
BRIDS	(71.3)	179.1	301.9
Consensus	(110.2)	162.6	230.9
BRIDS/Cons (%)	**(35.3)**	**10.2**	**30.7**

EXCL relative to JCI Index

Source: Bloomberg

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XLSmart Telecom Sejahtera (EXCL IJ)

2Q26 Earnings: In-line; Muted ARPU As Growth Led by Non-Data; 5G Build-Out Continues

- **Inline 2Q26: strong revenue growth but led by enterprise segment amid weaker data yield; softer ARPU drove flat EBITDA margin.**
- **Merger costs rolling off (acc. depreciation cut to Rp4.5-5tr; integration cost Rp300bn) lift our FY26F EPS est. by +32%.**
- **Maintain Buy rating on FY27 turnaround prospect supported by 5G monetization edge; cut TP to Rp3,600 on higher capex guidance.**

ARPU slightly declined to Rp46.9k; growth was more on non-data

EXCL booked robust revenue growth of +3.3% qoq in 2Q26, but the growth was driven more by enterprise projects rather than data revenue, which declined -1.9% qoq. This led to a relatively muted ARPU which declined -0.8% qoq to Rp46.9k, largely driven by softer yield. Management attributed this to change in portfolio mix, while traffic still grew robustly at +5.2% qoq. On the back of this, EBITDA margin only improved +20bps qoq to 45.9%, driving 1H26 EBITDA to Rp10.9tr (inline at 48/51% of our/ cons. FY26F). We maintain our FY26-28F revenue growth projection of +11.6%/ +5.0%/ +4.8% yoy. We see the execution of monetization in aggressive 5G deployment as a key support for the long term, backed by 23% 5G coverage and 27% 5G traffic contribution.

Merger-related cost was largely behind us

EXCL lowered its accelerated depreciation guidance for FY26F from Rp5-6tr to Rp4.5-5tr, with Rp3.7tr already absorbed in 1H26 and the remainder mostly to be booked in 3Q26, with some spillage into 4Q26. Integration cost is guided at only Rp300bn this year (Rp79bn in 1H26), as 90% of the network has already been integrated, while synergies remain on track at US$250–300mn, with US$153mn achieved in 1H26. On spectrum, the annual payment is Rp450bn in FY26F stepping up to Rp990bn p.a. going forward, partly offset by an estimated Rp1.1tr saving from the 900MHz return. We lift our FY26F net profit forecast by +32% to -Rp1.3tr largely on lower depreciation exp (from Rp6tr to Rp5tr), while keeping our EBITDA forecast largely unchanged.

Maintain Buy rating with lower TP; Capex guidance raised to Rp20tr

EXCL raised its FY26F capex guidance to Rp20tr from Rp15tr on the back of the spectrum acquisition and accelerated network deployment, which drives our FY26F FCF forecast to -Rp3.5tr. Accordingly, we cut our DCF-based TP to Rp3,600 (implying 5.5x FY26F EV/EBITDA). We keep our 3M tactical **OW** as merger-related costs continue to taper, setting up a turnaround in FY27F. Our price tracker and Opensignal observations point to EXCL leading on 5G implementation and best positioned among peers to monetize its 5G premium. Key risk is absence of incremental uplift from 5G monetization, given front-loaded and sizeable investment.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (IDRbn)	34,392	42,446	47,365	49,709	52,074
EBITDA (IDRbn)	17,879	17,352	22,640	24,357	26,162
EBITDA Growth (%)	12.6	(2.9)	30.5	7.6	7.4
Net profit (IDRbn)	1,818	(4,427)	(1,297)	3,260	5,495
EPS (IDR)	99.9	(243.2)	(71.3)	179.1	301.9
EPS growth (%)	44.7	(343.4)	(70.7)	(351.4)	68.6
BVPS (IDR)	1,431.9	1,639.3	1,568.0	1,747.1	1,959.5
DPS (IDR)	35.5	220.9	0.0	0.0	89.6
PER (x)	25.6	n/m	n/m	14.3	8.5
PBV (x)	1.8	1.6	1.6	1.5	1.3
EV/EBITDA (x)	5.9	6.1	4.7	4.3	4.0

Source: EXCL, BRIDS Estimates

Exhibit 1. EXCL 2Q26 financial results

Rp bn	2Q25	1Q26	2Q26	QoQ, %	YoY, %	1H25	1H26	yoy, %	2026F BRIDS	A/F, %	2026F Cons	A/C, %
Net revenues	**10,494**	**11,819**	**12,207**	***3.3***	***16.3***	**19,095**	**23,993**	***25.6***	**47,394**	***50.6%***	**46,521**	***51.6%***
Data & Digital services	9,577	10,864	10,663	*(1.9)*	*11.3*	*17,464*	*21,527*	*23.3*				
Other (legacy, Interconnect, other)	787	836	1,413	*69.1*	*79.7*	*1,375*	*2,250*	*63.6*				
Managed & IT Services	130	119	131	*9.8*	*0.5*	*256*	*250*	*(2.4)*				
Total expenses	**(11,328)**	**(11,711)**	**(11,645)**	***(0.6)***	***2.8***	**(18,570)**	**(23,356)**	***25.8***	**(45,628)**	***51.2%***		
Cash OPEX	**(6,007)**	**(6,417)**	**(6,604)**	***2.9***	***9.9***	**(10,287)**	**(13,021)**	***26.6***				
Infrastructure costs (O&M)	(3,024)	(3,415)	(3,298)	*(3.4)*	*9.1*	(5,366)	(6,713)	*25.1*	(12,769)	*52.6%*		
D&A	(4,542)	(5,506)	(5,183)	*(5.9)*	*14.1*	(7,513)	(10,688)	*42.3*	(21,047)	*50.8%*		
Personnel	(1,103)	(877)	(813)	*(7.4)*	*(26.3)*	(1,618)	(1,690)	*4.5*	(3,885)	*43.5%*		
Interconnect/USO/bundle/SP	(1,173)	(1,180)	(1,607)	*36.2*	*37.0*	(2,123)	(2,787)	*31.3*	(4,910)	*56.8%*		
Marketing and selling	(527)	(782)	(684)	*(12.6)*	*29.8*	(916)	(1,465)	*59.9*	(2,568)	*57.1%*		
General & Admin. (Supplies & Overhead)	(181)	(163)	(203)	*24.8*	*12.2*	(265)	(366)	*38.2*	(594)	*61.7%*		
Other	(779)	211	142	*(32.6)*	*(118)*	(770)	353	*(145.9)*	(145)			
EBITDA	**4,487**	**5,402**	**5,603**	***3.7***	***24.9***	**8,808**	**10,971**	***24.6***	**22,669**	***48.4%***	**21,160**	***51.8%***
Ebitda margin (%)	*42.8*	*45.7*	*45.9*	*0.2*	*3.1*	*46.1*	*45.7*	*(0.4)*	*47.8*		*45.5*	
Operating profit	**(834)**	**108**	**562**	***421.3***	***(167.4)***	**525**	**636**	***21.2***	**1,766**	***36.0%***		
OP margin (%)	*(7.9)*	*0.9*	*4.6*	*3.7*	*12.6*	*2.8*	*2.7*	*(0.1)*	*3.7*			
Other income (expense)	(1,031)	(1,025)	(924)	*(9.9)*	*(10.3)*	(1,867)	(1,950)	*4.4*	(4,198)	*46.4%*		
Pre-tax profit	**(1,865)**	**(917)**	**(362)**	***60.6***	***80.6***	**(1,342)**	**(1,313)**	***2.1***	**(2,432)**	***46.0%***	**(1,736)**	***24.4%***
Reported net profit	**(1,608)**	**(717)**	**(243)**	***66.1***	***84.9***	**(1,224)**	**(994)**	***18.7***	**(1,906)**	***47.8%***	**(1,846)**	***46.1%***
Book Capex	747	2,253	8,018	*255.9*	*973.4*	2,331	10,271		15,000	***68.5%***		
Capex Intensity (%)	*7.1*	*19.1*	*65.7*	*46.6*	*58.6*	*12.2*	*42.8*		*31.6*			
Net debt / ann. EBITDA (x)	*1.2*	*0.9*	*0.8*	*(0.0)*	*(0.4)*							
Net debt incl. lease / ann. EBITDA (x)	*3.5*	*2.8*	*2.6*	*(0.2)*	*(0.9)*							

Normalized EBITA and Net Profit	2Q25	1Q26	2Q26	QoQ, %	YoY, %	1H25	1H26	yoy, %	2026F BRIDS	A/F, %
Reported EBITDA	**4,487**	**5,402**	**5,569**	***3.1***	***24.1***	**8,808**	**10,971**	***24.6***		
Integration costs (Opex)	475	28	51	*82.1*	*(89.3)*	*486*	*79*			
Normalized EBITDA	**4,962**	**5,430**	**5,620**	***3.5***	***13.3***	**9,294**	**11,050**	***18.9***		
Normalized EBITDA margin	*47.3*	*45.9*	*46.0*	*0.1*	*(1.2)*	*48.7*	*46.1*	*(2.6)*		
Reported net profit	**(1,607)**	**(716)**	**(282)**	***(60.6)***	***(82.4)***	**(1,218)**	**(998)**	***(18.1)***		
Integration cost (Opex)	371	22	39	*77.3*		*371*	*61*			
Accelerated depreciation	739	2,069	1,597	*(22.8)*		*739*	*3,666*			
Asset impairment	802	-				*802*	-			
Normalized net profit	**305**	**1,375**	**1,354**	***(1.5)***	***343.4***	**694**	**2,729**	***293.5***		

Source: Company, BRIDS, Bloomberg

Exhibit 2. EXCL 2Q26 operational KPIs

Operational Data	2Q25	1Q26	2Q26	qoq, %	yoy, %	1H25	1H26	yoy, %
No. of Subscriber (mn)	**82.6**	**69.4**	**69.4**	***0.0***	***(16.0)***	**82.6**	**69.4**	***(16.0)***
Prepaid	80.7	67.4	67.3	*(0.1)*	*(16.6)*	80.7	67.3	*(16.6)*
Postpaid	1.9	2.0	2.1	*5.0*	*10.5*	1.9	2.1	*10.5*
Mobile ARPU (Rp. '000)	**36.0**	**47.3**	**46.9**	***(0.8)***	***30.3***	**38.0**	**47**	***23.9***
Data Traffic (Petabytes)	3,817	3,867	4,067	*5.2*	*6.5*	6,665	7,934	*19.0*
Effective Data yield (Rp'000/GB)	2.5	2.8	2.6	*(6.7)*	*4.5*	2.6	2.7	*3.6*
	2.5							
FBB Subs (mn)	**0.98**	**0.94**	**0.96**	***2.1***	***(2.0)***	**0.98**	**0.96**	***(2.0)***
Network BTS (# '000)	**210.6**	**253.8**	**265.6**	***4.7***	***26.1***	**210.6**	**209.4**	***(0.6)***
2G	49.5	57.6	56.8	*(1.5)*	*14.8*	49.5	56.8	*14.8*
3G	0.8	0.0	0.0			0.8	0.0	
4G	160.3	183.5	194.0	*5.7*	*21.0*	160.3	194.0	*21.0*
5G		12.6	14.9	*17.9*			14.9	

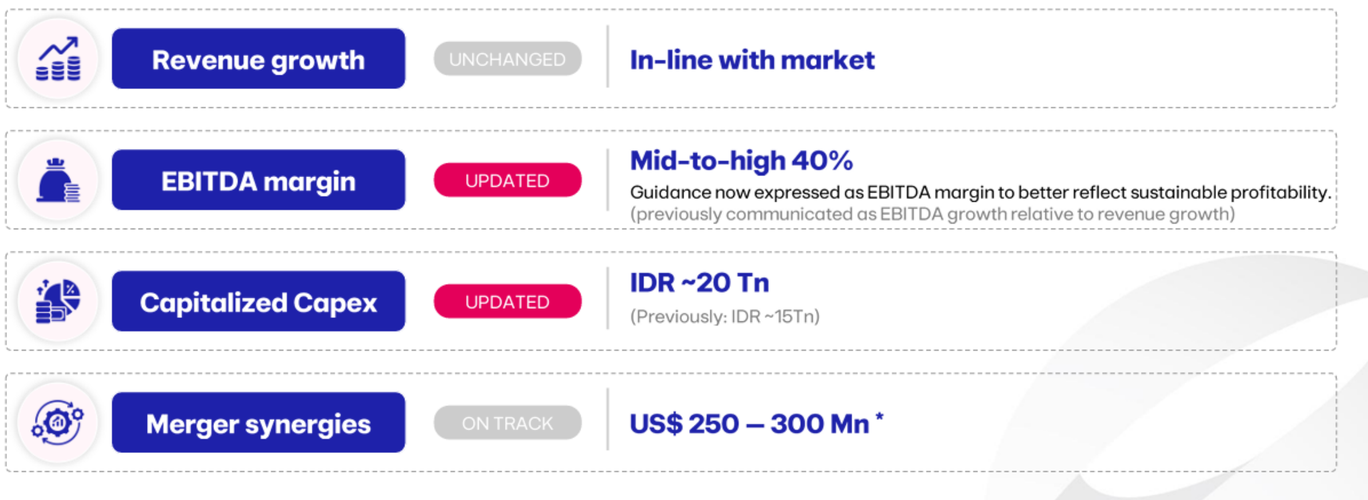
Source: Company, BRIDS, Bloomberg

Exhibit 3. EXCL forecast revision summary

Rp bn	OLD				BRIDS NEW			Δ%		
	2025A	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	**42,446**	**47,394**	**49,754**	**52,137**	**47,365**	**49,709**	**52,074**	***(0.1)***	***(0.1)***	***(0.1)***
growth %	*23.4*	*11.7*	*5.0*	*4.8*	*11.6*	*5.0*	*4.8*	*(0.1)*	*(0.0)*	*(0.0)*
Data & Digital services	*39,306*	*44,228*	*46,560*	*48,913*	*42,760*	*45,076*	*47,412*	*(3.3)*	*(3.2)*	*(3.1)*
Reported EBITDA	**17,352**	**22,669**	**24,326**	**25,940**	**22,640**	**24,357**	**26,162**	***(0.1)***	***0.1***	***0.9***
EBITDA margin %	*40.9*	*47.8*	*48.9*	*49.8*	*47.8*	*49.0*	*50.2*	*(0.0)*	*0.1*	*0.5*
EBIT	**(1,139)**	**1,766**	**8,666**	**11,208**	**2,114**	**8,448**	**11,182**	***19.7***	***(2.5)***	***(0.2)***
EBIT margin %	*(2.7)*	*3.7*	*17.4*	*21.5*	*4.5*	*17.0*	*21.5*	*0.7*	*(0.4)*	*(0.0)*
Net Income	**(4,427)**	**(1,906)**	**3,374**	**5,482**	**(1,297)**	**3,260**	**5,495**	***32.0***	***(3.4)***	***0.2***
NI margin %	*(10.4)*	*(4.0)*	*6.8*	*10.5*	*(2.7)*	*6.6*	*10.6*	*1.3*	*(0.2)*	*0.0*
Mobile Subscribers (mn)	**73.0**	**68.9**	**68.9**	**68.9**	**68.9**	**68.9**	**68.9**	-	-	-
growth %	*24.1*	*(5.6)*	-	-	*(5.6)*	-	-	-	-	-
Fixed BB Subscribers (mn)	***0.9***	***1.1***	***1.2***	***1.2***	***0.9***	***1.0***	***1.1***	***(17.8)***	***(16.7)***	***(15.7)***
growth %	*(6.0)*	*16.5*	*6.8*	*6.4*	*(4.3)*	*8.3*	*7.7*	*(20.7)*	*1.5*	*1.3*
Data traffic (PBs)	**14,566**	**14,851**	**15,538**	**16,226**	**14,851**	**15,538**	**16,226**	-	-	-
growth %	*38.1*	*2.0*	*4.6*	*4.4*	*2.0*	*4.6*	*4.4*	-	-	-
Data yield (Rp k.)	**2.6**	**2.7**	**2.7**	**2.8**	**2.6**	**2.7**	**2.7**	***(2.2)***	***(2.2)***	***(2.2)***
growth %	*(9.4)*	*3.4*	*1.1*	*1.1*	*1.1*	*1.1*	*1.1*	*(2.3)*	*0.0*	*0.0*

Source: Company, BRIDS Estimates

Exhibit 4. EXCL FY26F guidance



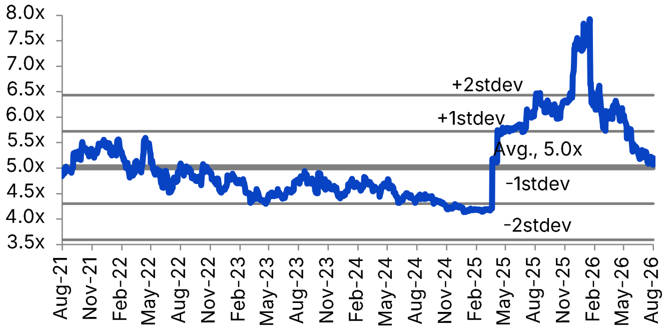
Source: Company

Exhibit 5. Telco peers valuation

Company	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/EBITDA (x)		PBV (x)		ROE (%)	
				'26F	'27F	'26F	'27F	'26F	'27F	'26F	'27F
EXCL	BUY	3,600	46,592	n.a	14.3	4.7	4.3	1.6	1.5	-4.4	10.8
ISAT	BUY	2,500	79,337	13.8	15.4	4.6	4.1	2.1	2.0	15.3	13.0
TLKM	BUY	3,500	256,571	13.3	12.1	3.9	3.7	2.0	2.0	15.0	16.8
Weighted average				**10.5**	**13.2**	**4.2**	**3.9**	**1.9**	**1.9**	**11.0**	**14.7**

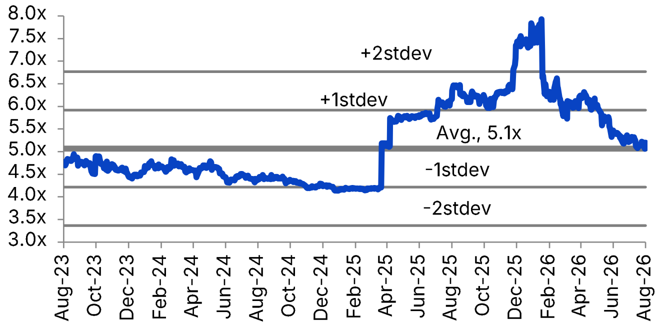
Source: Company, BRIDS Estimates

Exhibit 6. EXCL 5-year forward EV/EBITDA multiple band



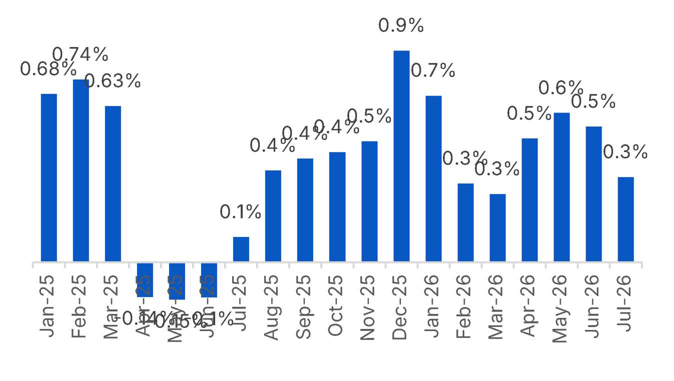
Source: Bloomberg, BRIDS Estimates

Exhibit 7. EXCL 3-year forward EV/EBITDA multiple band



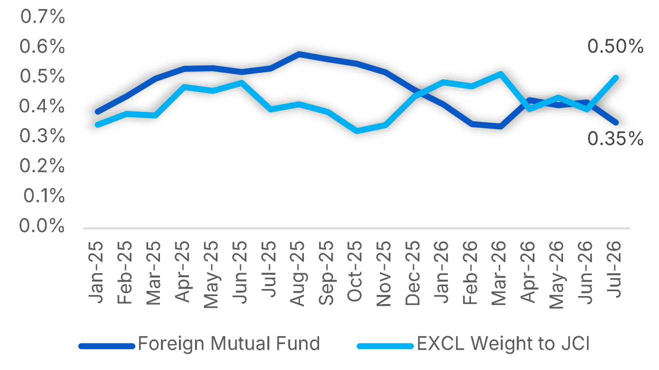
Source: Bloomberg, BRIDS Estimates

Exhibit 8. EXCL's domestic fund positioning



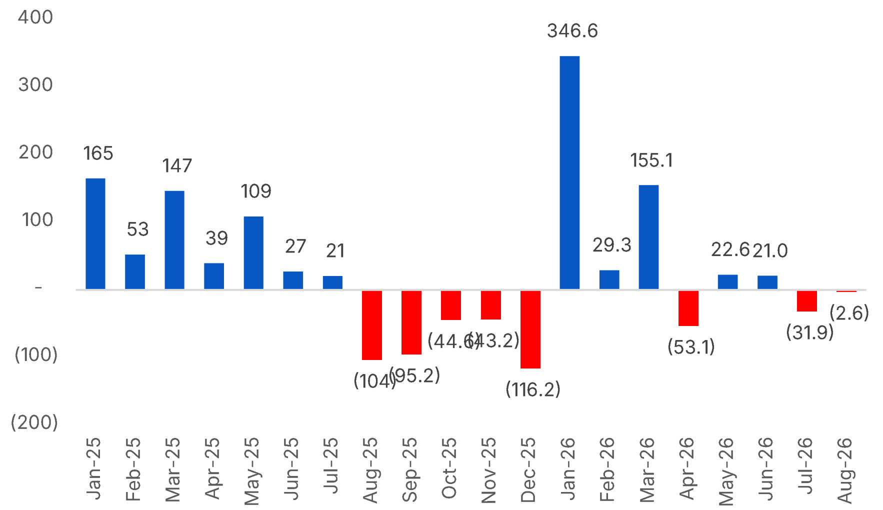
Source: KSEI, BRIDS

Exhibit 9. EXCL's foreign investor ownership



Source: KSEI, BRIDS

Exhibit 10. EXCL's monthly foreign flow (Rpbn)



Source: IDX, Bloomberg, BRIDS

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Exhibit 11. Income Statement

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Revenue	**34,392**	**42,446**	**47,365**	**49,709**	**52,074**
COGS	(24,518)	(34,822)	(37,984)	(34,302)	(34,008)
Gross profit	**9,873**	**7,623**	**9,381**	**15,407**	**18,065**
EBITDA	**17,879**	**17,352**	**22,640**	**24,357**	**26,162**
Oper. profit	**5,588**	**(233)**	**2,468**	**8,448**	**11,182**
Interest income	80	98	169	211	175
Interest expense	(3,113)	(4,016)	(4,071)	(4,356)	(4,115)
Forex Gain/(Loss)	(16)	9	0	1	2
Income From Assoc. Co's	(298)	(206)	0	0	0
Other Income (Expenses)	185	(914)	(353)	0	0
Pre-tax profit	**2,427**	**(5,263)**	**(1,788)**	**4,305**	**7,244**
Income tax	(580)	849	511	(1,028)	(1,730)
Minority interest	(29)	(13)	(21)	(17)	(19)
Net profit	**1,818**	**(4,427)**	**(1,297)**	**3,260**	**5,495**
Core Net Profit	**1,835**	**(4,435)**	**(1,297)**	**3,259**	**5,493**

Exhibit 12. Balance Sheet

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	1,387	2,666	2,393	1,805	8,046
Receivables	2,175	5,328	3,540	3,738	3,938
Inventory	194	190	211	223	235
Other Curr. Asset	4,680	6,836	6,836	6,836	6,836
Fixed assets - Net	61,035	66,980	75,977	73,824	71,772
Other non-curr.asset	16,708	33,319	33,319	33,319	33,319
Total asset	**86,179**	**115,318**	**122,276**	**119,745**	**124,146**
ST Debt	9,090	11,216	11,552	11,899	12,256
Payables	8,251	14,024	15,788	16,570	17,358
Other Curr. Liabilities	3,675	6,600	5,733	6,017	6,303
Long Term Debt	36,998	51,611	58,632	51,429	50,534
Other LT. Liabilities	1,942	1,859	1,859	1,859	1,859
Total Liabilities	**59,956**	**85,310**	**93,564**	**87,773**	**88,309**
Shareholder'sFunds	26,060	29,834	28,537	31,797	35,663
Minority interests	162	174	174	174	174
Total Equity & Liabilities	**86,179**	**115,318**	**122,276**	**119,745**	**124,146**

Exhibit 13. Cash Flow

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Net income	1,818	(4,427)	(1,297)	3,260	5,495
Depreciation and Amort.	12,291	17,586	20,172	15,909	14,981
Change in Working Capital	(2,212)	3,393	2,664	856	862
OtherOper. Cash Flow	1,964	3,229	(4,019)	1,170	2,327
Operating Cash Flow	**13,862**	**19,780**	**17,521**	**21,194**	**23,665**
Capex	(5,563)	(21,273)	(19,500)	(8,945)	(9,394)
Others Inv. Cash Flow	(4)	(16,513)	169	211	175
Investing Cash Flow	**(5,567)**	**(37,786)**	**(19,331)**	**(8,733)**	**(9,219)**
Net change in debt	112	16,656	7,357	(6,856)	(538)
New Capital	(1,499)	12,092	0	0	0
Dividend payment	(646)	(4,021)	0	0	(1,630)
Other Fin. Cash Flow	(5,892)	(5,436)	(5,821)	(6,192)	(6,038)
Financing Cash Flow	**(7,926)**	**19,291**	**1,536**	**(13,048)**	**(8,206)**
Net Change in Cash	**368**	**1,285**	**(274)**	**(587)**	**6,240**
Cash - begin of the year	956	1,387	2,666	2,393	1,805
Cash - end of the year	1,387	2,666	2,393	1,805	8,046

Exhibit 14. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	6.4	23.4	11.6	5.0	4.8
EBITDA	12.6	(2.9)	30.5	7.6	7.4
Operating profit	27.6	(104.2)	(1,158.4)	242.3	32.4
Net profit	44.7	(343.4)	(70.7)	(351.4)	68.6
Profitability (%)					
Gross margin	28.7	18.0	19.8	31.0	34.7
EBITDA margin	52.0	40.9	47.8	49.0	50.2
Operating margin	16.2	(0.5)	5.2	17.0	21.5
Net margin	5.3	(10.4)	(2.7)	6.6	10.6
ROAA	2.1	(4.4)	(1.1)	2.7	4.5
ROAE	6.9	(15.8)	(4.4)	10.8	16.3
Leverage					
Net Gearing (x)	1.7	2.0	2.4	1.9	1.5
Interest Coverage (x)	1.8	(0.1)	0.6	1.9	2.7

Source: EXCL, 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