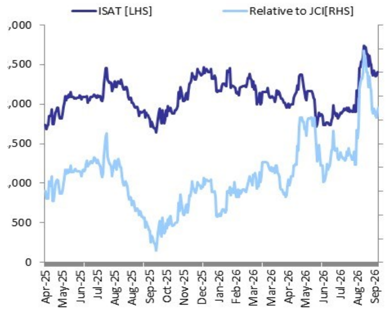
Overweight

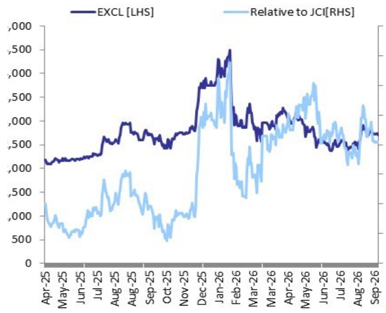
(Maintained)

Tactical (3M): **OW**

ISAT relative to JCI Index



EXCL relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Kafi Ananta
(62-21) 5091 4100 ext. 3505
kafi.azhari@brids.co.id

Erindra Krisnawan, CFA
(62-21) 5091 4100 ext. 3509
erindra.krisnawan@brids.co.id

Data Center

KTAs from Meeting with JLL: Demand Spillover Thesis Supported; Land, Power, Water are Key

- **Our demand spillover thesis is further supported by project pipelines and potential moratoriums in Malaysia and Thailand.**
- **Indonesia's power supply is ample, but substation remains the bottleneck, prompting PLN's 2GW substation plan by FY28-29.**
- **Power and water remain key site-selection factors; Price in key industrial land has also re-rated sharply due to DC-driven demand.**

Opportunity exists, but bottlenecks remain

JLL flagged demand inquiries of up to 2GW for Indonesia's Data Center (DC) industry, against Greater Jakarta's live operational capacity of just 400MW as of 2025. On the other hand, the spillover thesis is further supported by potential moratoriums in Malaysia and Thailand. Notably, JLL was explicit that the binding constraint is not raw power generation but substation connection/distribution, prompting PLN's plan for new substations in Karawang, Purwakarta, and Subang (2GW combined), targeting RFS by FY28-29. Looking ahead, site selection should extend beyond Greater Jakarta toward Central and East Java to diversify blackout risk, though power distribution remains the key risk.

Power and water are also key considerations

Rising AI workload is pushing power rack density sharply higher, from 5-10kW/rack in traditional colocation to 30-40kW for GPU and 60-100kW for liquid-cooled AI racks. This has fueled discussion around a potential PLN tariff hike for DCs, though Indonesia's electricity cost is still expected to remain competitive against regional peers, with the >30MW tariff at Rp997/kWh vs. US$0.11/kWh in Malaysia and US$0.18/kWh in Singapore. On water, a single AI DC can require 6,000-15,000m^3/day, which is the core reason AI hyperscale sites cluster inside industrial estates operating their own water treatment plant (WTP).

Land price re-rated; Power remains the feasibility driver

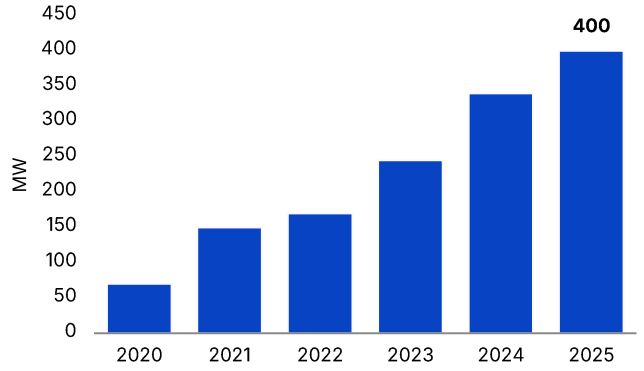
Strong demand from DCs has also pushed up land prices, with Deltamas land reportedly rising from Rp4.2mn/sqm to Rp8.5mn/sqm within roughly a year, underpinned by investment in switchgear and substation infrastructure. Industrial estates remain the preferred location given plug-and-play power access and estate-owned WTP, while proximity to the sea, embassies, fuel stations, and flight paths remain key site exclusions. That said, land still accounts for only a small share of total investment cost (~10-15% of a DC's capex) at AI-hyperscale scale, meaning power access, remains the true determinant of project feasibility and scale.

Remain positive on the theme, but key risks will separate the winners

We remain positive on the data center theme (our pick **ISAT, Buy, TP3,430)** given its structural and visible demand progression, though several critical risks must be carefully assessed to determine the clear winners. Key risks are rapid GPU technology obsolescence and evolving regulatory risks, which warrant close monitoring.

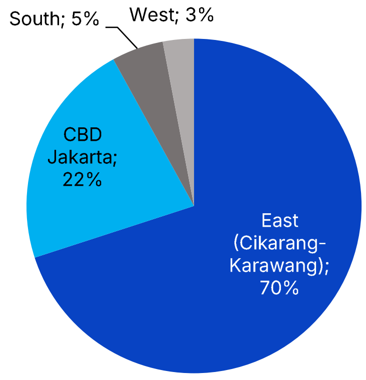
Company	Ticker	Rec	Target Price (Rp)	Market Cap. (RpBn)	P/E (x) 2026F	P/E (x) 2027F	P/BV (x) 2026F	P/BV (x) 2027F	ROE (%) 2027F
Telkom	TLKM IJ	BUY	3,500	260,533.6	13.5	12.3	2.1	2.1	16.8
IOH	ISAT IJ	BUY	3,430	77,401.9	13.5	15.1	2.0	1.9	13.0
XLSmart Telecom Sejahtera	EXCL IJ	BUY	3,600	49,139.6	n/m	15.1	1.7	1.5	10.8

Exhibit 1. Total live operational capacity in Greater Jakarta



Source: JLL, BRIDS

Exhibit 2. Greater Jakarta distribution of live capacity



Source: JLL, BRIDS

Exhibit 3. Land asking prices per sqm (by sub-region)

Area	Price/sqm
Jakarta CBD area	Rp50-60mn/sqm
Jakarta	Rp5-12mn/sqm
Airport Area	Rp8-12mn/sqm
Tangerang	Rp5-11mn/sqm
Bekasi-Cikarang	Rp3-8.5mn/sqm
Depok-Bogor	Rp2.5-8.5mn/sqm
Karawang	Rp2.5-5.6mn/sqm

Source: JLL, BRIDS

Exhibit 4. Site requirements for AI colocation and AI hyperscale

Requirement	AI Colocation	AI Hyperscale
Location	Greater Jakarta, followed by Batam	Greater Jakarta (Bekasi-Karawang Area)
Land size	-	10-20 Ha
Power	5 MW to 50 MW, day 1 requirement of 1.5-2 MW	200-300 MW, sourced from min. 2 different substations
Water	-	Up to 15,000 m3/day, day 1 approx. 5,000 m3/day
Cooling system	Liquid cooling	-
Rack density	60-100 kW	-
Tier	Tier III/IV	-
Fiber optics	-	Minimum 3 lines fiber optics

Source: JLL, BRIDS

BRI Danareksa Equity Research Team		
Erindra Krisnawan, CFA	Head of EQR, Strategy, Automotive, Coal	erindra.krisnawan@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Christy Halim	Consumer, Retailers	christy.halim@brids.co.id
Andhika Audrey Eko Nugroho	Metal Mining, Oil & Gas	andhika.nugroho@brids.co.id
Kafi Ananta Azhari	Telco, Technology	kafi.azhari@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Nataniella Eva Kezia	Research Associate	nataniella.kezia@brids.co.id

BRI Danareksa Economic Research Team		
Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Relindya Yuriswari S.	Economist	relindya.salehaningtyas@brids.co.id
Ebenezer Mesotuho Harefa	Junior Economist	ebenezer.harefa@brids.co.id

BRI Danareksa Institutional Equity Sales Team		
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id

BRI Danareksa Sales Traders		
Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

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