INDOPREMIER

XLSmart Telecom Sejahtera

BUY *(unchanged)*

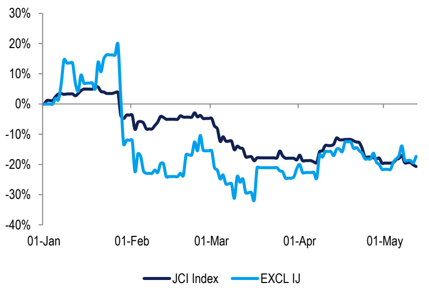
Company Update | Telecommunications | EXCL IJ | 12 August 2026

Stock Data

Target price	**Rp5,300**
Prior TP	*Rp5,200*
Current price	Rp2,560
Upside/downside	107%
Shares outstanding (mn)	18,200
Market cap (Rp bn)	45,500
Free float	65%
Avg. 6m daily T/O (Rp bn)	44

Price Performance

	3M	6M	12M
Absolute	-18.0	-13.8	-5.3
Relative to JCI	-9.4	-7.9	10.2
52w low/high (Rp)			2,090-4,490



Major Shareholders

Axiata Investments Singapore Ltd.	34.7%
Bali Media Telekomunikasi	24.6%

Aurelia Barus

PT Indo Premier Sekuritas

aurelia.barus@ipc.co.id

+62 21 5088 7168 ext. 719

Belva Monica

PT Indo Premier Sekuritas

belva.monica@ipc.co.id

+62 21 5088 7168 ext. 716

2Q26: beat with EBIT turned +ve

- 2Q26 EBITDA rose +3% qoq, bringing 1H26 EBITDA to Rp11tr (+25% yoy), in-line with ours but ahead of cons. EBIT turned +ve in 2Q26.
- Mobile ARPU declined slightly by -1% qoq, while subscribers remained stable, keeping mobile performance in-line.
- We revise FY26–28F EBITDA by -3% to +1%, now expecting 12% EBITDA CAGR FY25-28F. Retain BUY call.

2Q26 results: in-line with ours but above consensus; EBIT turned +ve
2Q26 EBITDA came at Rp5.6tr (+3% qoq), bringing 1H26 EBITDA to Rp11tr (+25% yoy), in-line with our FY26F (49%) but ahead of cons (52%; 3-year mean: 49%). 2Q26 revenue also rose +3% qoq, with 1H26 revenue at Rp24tr (+26% yoy), in-line. 2Q26 marked the first positive EBIT of Rp386bn since the merger. Core net loss narrowed to Rp392bn from Rp882bn in 1Q26 with 1H26 core net loss at Rp1.3tr.

Mobile ARPU slightly declined qoq, but still expect improvement ahead
2Q26 mobile ARPU declined 1% qoq to Rp46.9k vs. 1.8-2% qoq growth at peers. Management noted this was within expectation given the lack of festive momentum and still expects LT improvement. 1H26 ARPU stood at Rp47.1k (+24% yoy), in-line with our FY26F est. of Rp47.9k. We maintain our FY26F ARPU assumption, implying 3% hoh growth in 2H26F, while lowering FY27-28F ARPU growth to 4% yoy p.a from 8-9% previously.

Stable mobile subscribers, with potential upside from expansion
Mobile subscribers were stable qoq at 69.4mn in 2Q26 vs. 0.1–0.6% qoq declines at peers, and slightly above our FY26F estimate. While management remains focused on customer value over subscriber growth, expansion into new areas could drive growth ahead. We raise our FY26-28F assumptions and maintain a stable FY27–28F outlook. Faster subscriber growth offers upside to our estimates by 1-2% (see Fig. 3).

Lower integration costs, on track synergies, but higher capex for 5G
Management now targets lower FY26F integration costs of Rp300bn, while maintaining Rp4.5-5tr accelerated depreciation and US$250–300mn gross synergy savings. Integration and accelerated depreciation should largely complete by 3Q26F. Capex is now higher at Rp20tr (41% capex/revenue), up by Rp5tr from previous guidance of Rp15tr, mainly for 5G-related equipment upgrades and modernization.

Retain BUY call with a slightly higher TP of Rp5,300
We adjust FY26–28F EBITDA by -3% to +1%, pricing in higher mobile subscribers, new spectrum fee, higher capex, while lowering FY27-28F ARPU growth. Retain BUY call with a TP of Rp5,300 (8x 12M fwd EV/EBITDA). Completion of integration and monetization are the catalysts.

Financial Summary (Rp bn)	2024A	2025A	2026F	2027F	2028F
Revenue	34,392	42,446	47,858	49,447	51,156
EBITDA	17,880	17,781	22,176	24,220	25,052
EBITDA growth	12.6%	-0.6%	24.7%	9.2%	3.4%
Core net profit	1,508	(4,544)	(2,457)	3,681	4,880
Core EPS	115	(250)	(135)	202	268
Core EPS growth	64.6%	-316.5%	-45.9%	-249.8%	32.5%
ROE	7.0%	-14.7%	-9.5%	11.0%	13.6%
PER (x)	22.2	(10.3)	(19.0)	12.7	9.5
Adjusted EV/EBITDA (x)	4.2	7.7	5.5	4.5	4.1
Dividend yield	1.9%	8.6%	0.0%	0.0%	3.6%
Forecast change - EBITDA			-1%	1%	-3%

Source: Company, Indo Premier *Share price closing as of: 12 August 2026*

Fig. 1: 2Q26 operational and financial results

EXCL results (in Rp bn)	2Q26	2Q25	% YoY	1H26	1H25	% YoY	1Q26	% QoQ	IPS FY26F	% of IPS	Cons est.	% of Cons	3Y-mean
Revenue	**12,173**	**10,494**	**16%**	**23,993**	**19,095**	**26%**	**11,819**	**3%**	**47,008**	**51%**	**46,521**	**52%**	**49%**
Operating expenses	(11,787)	(10,549)	12%	(23,710)	(17,800)	33%	(11,923)	-1%					
Operating profit	**386**	**(55)**	**-800%**	**283**	**1,295**	**-78%**	**(103)**	**-474%**					
EBITDA	**5,569**	**4,487**	**24%**	**10,971**	**8,808**	**25%**	**5,402**	**3%**	**22,324**	**49%**	**21,160**	**52%**	**49%**
Other income/(expense)	(782)	(1,810)	-57%	(1,596)	(2,637)	-39%	(814)	-4%					
Pre-tax profit	**(396)**	**(1,865)**	**-79%**	**(1,313)**	**(1,342)**	**-2%**	**(917)**	**-57%**					
Taxes	114	258	-56%	315	123	156%	201	-43%					
Net profit	**(281)**	**(1,608)**	**-83%**	**(998)**	**(1,224)**	**-18%**	**(717)**	**-61%**					
Core net profit	**(392)**	**(1,644)**	**-76%**	**(1,274)**	**(1,283)**	**-1%**	**(882)**	**-56%**	**(2,171)**	**59%**	**(1,846)**	**69%**	**54%**
Margin (%)													
EBITDA margin	45.7%	42.8%	299	45.7%	46.1%	(40)	45.7%						
Net margin	-2.3%	-15.3%	1,301	-4.2%	-6.4%	225	-6.1%						
Core net margin	-3.2%	-15.7%	1,244	-5.3%	-6.7%	141	-7.5%						
Operational data - mobile													
Data traffic (PB)	4,067	3,817	7%	7,934	6,665	19%	3,867	5%	15,767	50%			
Data yield (Rp/MB)	2.3	2.3	0%	2.4	2.4	2%	2.5	-7%	2.5	98%			
Blended ARPU (Rp k/month) - implied	46.9	35.5	32%	47.1	38.0	24%	47.3	-1%	47.9	98%			
Mobile subs (mn people) - implied	69.4	82.6	-16%	69.4	82.6	-16%	69.4	0%	68.0	102%			
Fixed broadband subs	960.0	980.0	-2%	960.0	980.0	-2%	940.0	2%	990.0	97%			

Source: Company, Indo Premier

Fig. 2: Financial forecast changes

In Rp bn, unless otherwise stated	Previous			Current			Change, %		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Profit & Loss									
Revenue	47,008	49,028	52,949	47,858	49,447	51,156	2%	1%	-3%
Operating expenses - cash	(24,685)	(25,108)	(44,965)	(25,682)	(25,227)	(44,293)	4%	0%	-1%
Depreciation and amortization	(22,886)	(17,842)	(17,805)	(23,072)	(18,239)	(18,188)	1%	2%	2%
EBIT	(563)	6,078	7,984	(896)	5,981	6,864	59%	-2%	-14%
EBITDA	22,324	23,920	25,788	22,176	24,220	25,052	-1%	1%	-3%
Other income/(expense)	(2,190)	(1,631)	(1,026)	(2,203)	(1,638)	(998)	1%	0%	-3%
Pre-tax profit	(2,753)	4,447	6,958	(3,099)	4,343	5,866	13%	-2%	-16%
Taxes	444	(978)	(1,531)	500	(955)	(1,291)	13%	-2%	-16%
Net profit	(2,342)	3,434	5,390	(2,634)	3,353	4,540	12%	-2%	-16%
Core profit	(2,171)	3,760	5,741	(2,457)	3,681	4,880	13%	-2%	-15%
EPS	(129)	189	296	(145)	184	249	12%	-2%	-16%
Core EPS (Rp)	(119)	207	315	(135)	202	268	13%	-2%	-15%
Annual growth, %									
Revenue	11%	4%	8%	13%	3%	3%			
Operating expense	0%	2%	79%	4%	-2%	76%			
EBIT	141%	-1180%	31%	284%	-767%	15%			
EBITDA	26%	7%	8%	25%	9%	3%			
Other income/(expense)	-56%	-26%	-37%	-56%	-26%	-39%			
Pre-tax profit	-48%	-262%	56%	-41%	-240%	35%			
Taxes	-48%	-320%	56%	-41%	-291%	35%			
Net profit	-47%	-247%	57%	-41%	-227%	35%			
Core profit	-52%	-273%	53%	-46%	-250%	33%			
EPS	-47%	-247%	57%	-41%	-227%	35%			
Core EPS (Rp)	-52%	-273%	53%	-46%	-250%	33%			
Profitability, %									
EBIT margin	-1%	12%	15%	-2%	12%	13%			
EBITDA margin	47%	49%	49%	46.3%	49.0%	49.0%			
Net profit margin	-5%	7%	10%	-6%	7%	9%			
Core net profit margin	-5%	8%	11%	-5%	7%	10%			

Operational data	Previous			Current			Change, %		
	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F	FY26F	FY27F	FY28F
Mobile									
Blended ARPU (Rp k/month)	47.9	51.5	56.1	47.9	49.9	52.1	0%	-3%	-7%
Mobile subs (mn people)	68.0	66.6	67.0	69.4	69.4	69.4	2%	4%	4%
Data traffic (PB)	15,766.95	16,996.77	18,783.43	16,683.0	18,351.3	20,186.4	6%	8%	7%
Data traffic /user	20.43	22.47	24.71	21.2	23.3	25.6	4%	4%	4%
Data yield (Rp/MB)	2.5	2.4	2.4	2.4	2.3	2.1	-4%	-6%	-10%
	6%	4%	4%	6%	4%	4%			
Annual growth, %									
Blended ARPU (Rp k/month)	21%	8%	9%	21%	4%	4%			
Mobile subs (mn people)	-7%	-2%	0%	-5%	0%	0%			

Source: Company, Indo Premier

Fig. 3: Subscriber sensitivity to top-line and EBITDA, assuming 500k additional subscribers p.a.

(in Rp bn, unless otherwise stated)	2026F	2027F	2028F
Subscriber (in mn; +500k p.a)	69.87	70.34	70.80
Revenue	48,145	50,046	52,094
vs. our current estimate	1%	1%	2%
EBITDA	22,326	24,512	25,497
vs. our current estimate	1%	1%	2%

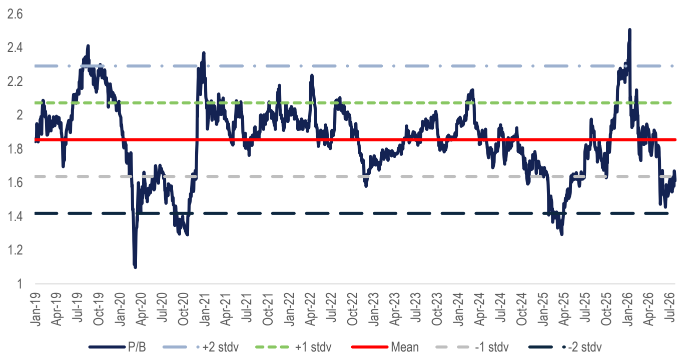
Source: Indo Premier

Fig. 4: Our target price is Rp5,300/sh, based on 8x adj. EV/EBITDA (at +2 std. above its LT-mean)

Adjusted EV/EBITDA valuation	12M
Debt (Rp bn)	32,279
Market cap (Rp bn)	96,462
Cash (Rp bn)	3,706
Minority interest (Rp bn)	174
Adj. EBITDA (Rp bn)	15,651
Implied EV (Rp bn)	125,210
EV/EBITDA (x)	8
TP/sh (Rp)	5,300
Last px (Rp) - as of 12 August 2026	2,560
Potential upside/downside	107%

Source: Indo Premier

Fig. 5: Sector's forward P/B band

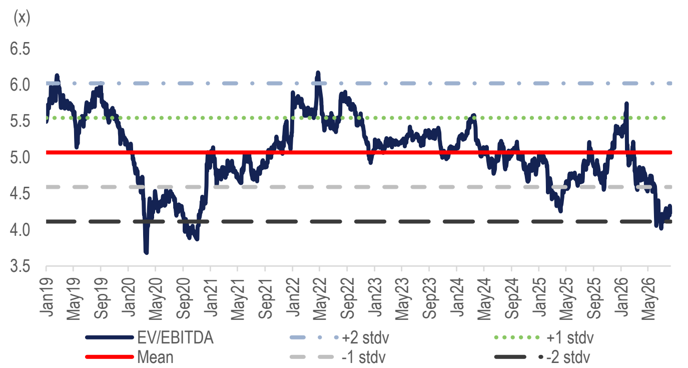


Source: Indo Premier

Fig. 6: Sector's forward adjusted EV/EBITDA band

Source: Indo Premier

Fig. 7: Sector's forward EV/EBITDA band



Source: Indo Premier

Fig. 8: EXCL's forward PB band

Source: Indo Premier

Fig. 9: EXCL's forward adjusted EV/EBITDA band

Source: Indo Premier

Fig. 10: EXCL's forward EV/EBITDA band

Source: Indo Premier

Income Statement (Rp bn)	2024A	2025A	2026F	2027F	2028F
Net revenue	34,392	42,446	47,858	49,447	51,156
Opex	(28,803)	(42,679)	(48,754)	(43,466)	(44,293)
Operating profit	**5,589**	**(233)**	**(896)**	**5,981**	**6,864**
EBITDA	**17,880**	**17,781**	**22,176**	**24,220**	**25,052**
Net interest	(3,033)	(3,918)	(3,624)	(3,253)	(2,585)
Forex gain (loss)	(16)	9	-	-	-
Others	(112)	(1,121)	1,420	1,615	1,587
Pre-tax income	**2,427**	**(5,263)**	**(3,099)**	**4,343**	**5,866**
Income tax	(580)	849	500	(955)	(1,291)
Minority interest	(29)	(13)	(34)	(35)	(36)
Net income	**1,819**	**(4,427)**	**(2,634)**	**3,353**	**4,540**
Core net profit	**1,508**	**(4,544)**	**(2,457)**	**3,681**	**4,880**

Balance Sheet (Rp bn)	2024A	2025A	2026F	2027F	2028F
Cash & equivalents	1,387	2,666	2,948	4,085	3,719
Receivables	1,863	5,017	5,583	5,769	5,968
Other current assets	5,187	7,337	7,407	7,395	7,411
Total current assets	**8,436**	**15,020**	**15,938**	**17,248**	**17,098**
Fixed assets	61,034	66,979	62,224	56,314	50,879
Other non-current assets	16,708	33,319	34,830	34,910	34,925
Total non-current assets	**77,743**	**100,298**	**97,054**	**91,224**	**85,804**
Total assets	**86,179**	**115,318**	**112,992**	**108,473**	**102,903**
Payables	8,251	14,024	14,897	13,281	13,534
Other current liab.	3,675	6,600	9,263	9,263	9,263
Lease liabilities	5,369	8,968	8,968	8,968	8,968
Current portion of LT loans	3,721	2,247	9,955	8,892	7,954
Total current liab.	**21,017**	**31,840**	**43,083**	**40,405**	**39,719**
Lease liabilities	28,226	30,197	17,430	12,555	5,671
Long term loans	8,772	21,415	23,245	22,926	22,062
Other LT liab.	1,942	1,859	1,859	1,859	1,859
Total liabilities	**59,956**	**85,310**	**85,617**	**77,745**	**69,312**
Equity	16,593	28,820	28,820	28,820	28,820
Retained earnings	9,467	1,014	(1,620)	1,733	4,596
Minority interest	162	174	174	174	174
Total SHE + minority int.	**26,222**	**30,009**	**27,375**	**30,728**	**33,591**
Total liabilities & equity	**86,179**	**115,318**	**112,992**	**108,473**	**102,903**

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2024A	2025A	2026F	2027F	2028F
Net income	1,819	(4,427)	(2,634)	3,353	4,540
Depr. & amortization	11,590	17,325	23,072	18,239	18,188
Changes in working capital	6,643	1,860	236	(1,789)	37
Others	-	-	-	-	-
Cash flow from operating	**20,052**	**14,758**	**20,675**	**19,802**	**22,764**
Capital expenditure	(9,259)	(29,973)	(19,828)	(12,409)	(12,768)
Others	(2,107)	(11,911)	2,664	-	-
Cash flow from investing	**(11,366)**	**(41,884)**	**(17,165)**	**(12,409)**	**(12,768)**
Loans	2,389	11,168	9,538	(1,381)	(1,802)
Leases	(2,219)	5,571	(12,767)	(4,875)	(6,884)
Equity	(1,447)	12,239	-	-	-
Dividends	(635)	(4,014)	-	-	(1,676)
Others	(6,361)	(95)	-	-	-
Cash flow from financing	**(8,273)**	**24,869**	**(3,229)**	**(6,257)**	**(10,362)**
Changes in cash	**414**	**(2,257)**	**282**	**1,137**	**(366)**

Key Ratios	2024A	2025A	2026F	2027F	2028F
Gross margin	16%	-1%	-2%	12%	13%
EBITDA margin	52%	42%	46%	49%	49%
Pre-tax margin	7%	-12%	-6%	9%	11%
Net margin	5%	-10%	-6%	7%	9%
Core net margin	4%	-11%	-5%	7%	10%
ROA	2%	-4%	-2%	3%	5%
ROE	7%	-15%	-9%	11%	14%

Source: Company, Indo Premier

SECTOR RATINGS

OVERWEIGHT	:	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
NEUTRAL	:	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
UNDERWEIGHT	:	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

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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