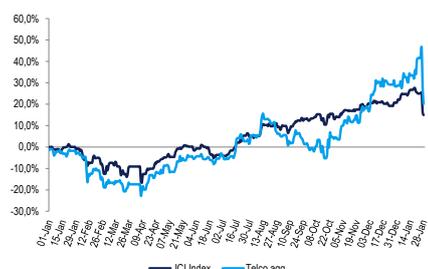


Sector Index Performance

	3M	6M	12M
Absolute	10.2	12.0	22.6
Relative to JCI	11.7	3.2	7.8



Summary Valuation Metrics

Adjusted	2025F	2026F	2027F
EV/EBITDA (x)			
TLKM IJ	5.6	5.2	5.0
ISAT IJ	4.8	4.8	4.7
EXCL IJ	5.9	5.4	4.3
P/E (x)			
TLKM IJ	16.1	16.1	14.0
ISAT IJ	14.4	14.7	13.3
EXCL IJ	-18.9	-18.5	20.3
P/B			
TLKM IJ	2.1	2.0	1.9
ISAT IJ	1.5	1.5	1.5
EXCL IJ	1.4	1.4	1.4

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Faster growth momentum in 2026

- We upgrade aggregate EBITDA growth to +7% yoy for FY26F and resulted in 4% CAGR FY24-27F amid stronger mobile ARPU outlook.
- Indonesia’s growth and dividend yield are catching up with regional peers while still trading at a discount, supporting further re-rating potential.
- We retain our Overweight rating, with EXCL as our top pick for its fastest growth and strongest operating leverage.

Improved FY26F EBITDA growth on better mobile ARPU

We upgrade our FY26F aggregate EBITDA estimate by 3%, now forecasting 7% yoy growth (vs. 5% previously), driven by improving mobile ARPU amid a tad stronger household consumption (5.2% yoy in FY26F vs. 5.0% in FY25F), faster data usage growth and better data yield. Meanwhile, FTTH growth remains muted. Through 9M25, average monthly mobile data usage rose 11% yoy - 3% above our prior estimate, supported by improving network performance (download speeds of 28.5 Mbps, +22% yoy as of Dec25). In FY26F, we expect data usage growth of 9% yoy with data yield improving but still declining by 2% yoy. Overall, we raise our FY25–27F EBITDA estimates by 1–3%, lifting the sector’s FY24–27F EBITDA CAGR to 4% (from 3%), with EBITDA margins gradually improving from 48% in FY25F to 50% in FY27F.

Costs highlight - pick-up due to EXCL’s integration cost

In FY26/27F, we estimate aggregate opex growth of 5%/0% yoy. Flat opex growth in FY27F reflects no additional integration costs or accelerated depreciation expected at EXCL. For EXCL, we assume integration costs of Rp2tr/Rp1.5tr and accelerated depreciation of Rp4/5.5tr in FY25/26F. For TLKM, we have not factored-in potential gain from efficiency pending management clarity. We also have yet included potential second ERP accruals by 4Q25F and any accelerated depreciation from the InfraCo spin-off, both of which shall have no impact to dividend. For ISAT, we assume normalized employee and marketing cost unless additional provision is booked in 1H26F.

Potential upside risks: M&A, restructuring, and additional dividend

For TLKM, the anticipated InfraCo spin-off (by end of 1H26), followed partial stake divestment, and potential asset disposals (e.g., AdMedika with a book value of Rp790bn and a 2% stake in GoTo acquired at c.Rp6tr) could support higher long-term dividends. For ISAT, guidance for a higher FY26F DPR of up to 70% (vs. our 55% assumption), together with a potential sale of a 55% stake in its fiber assets, presents dividend upside risks. For EXCL, faster-than-expected integration progress and potential new collaborations could lift earnings and dividends.

Our OW rating is maintained; room for further re-rating

Indonesian telco operators trade at 5.1x EV/EBITDA FY26F with an FY24–27F EBITDA CAGR of 4% and dividend yield of 4%. Regional peers (India, Malaysia, Thailand) trade at 7.6-14.3x EV/EBITDA FY26F with -5% to 12% EBITDA CAGR and 0-4% dividend yields, suggesting rerating scope for Indonesian operators and narrow the valuation gap. Our top picks remain **EXCL > TLKM > ISAT**. EXCL preferred for its fastest EBITDA growth (9% CAGR FY24-27F) and strongest operating leverage. Our target prices are based on 7-9x EV/EBITDA FY26F, implying 47-64% upside from last close price. Key downside risk is slower-than-expected mobile performance.

Improved FY26F growth on better mobile ARPU

We upgrade our FY26F aggregate EBITDA estimate by 3%, now forecasting +7% yoy growth (vs. +5% yoy previously), supported by mobile ARPU improvement amid stronger household consumption growth of +5.2% yoy in FY26F (vs. +5.0% in FY25F), faster mobile data usage, and better data yield. In FY26F, we expect data usage to grow by 9% yoy (vs. FY25F of +11% yoy), while data yield improves but still declines by -2% yoy (vs. FY25F of -12% yoy).

Overall, we upgrade our FY25–27F EBITDA estimates by 1-3%, lifting the sector's FY24–27F EBITDA CAGR to +4% above our previous of +3%, with EBITDA margins gradually improving from 48% in FY25F to 50% in FY27F.

Fig. 1: We upgrade FY25-27F aggregate EBITDA estimates by 1-3%

Financial data	Prev. Adj.			After adj.			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue (Rp bn)	245,020	255,220	264,085	247,369	261,488	269,318	1%	2%	2%
ISAT	55,162	57,365	59,910	55,956	58,633	61,185	1%	2%	2%
TLKM	147,302	151,395	155,980	148,464	156,356	161,597	1%	3%	4%
EXCL	42,556	46,460	48,195	42,950	46,500	46,536	1%	0%	-3%
EBITDA (Rp bn)	117,617	123,862	131,796	118,550	127,409	134,228	1%	3%	2%
ISAT	25,967	27,192	28,610	26,333	27,554	28,954	1%	1%	1%
TLKM	72,915	75,994	78,712	73,594	78,707	82,003	1%	4%	4%
EXCL	18,735	20,675	24,475	18,623	21,148	23,271	-1%	2%	-5%
Core net profit (Rp bn)	22,730	24,488	33,781	23,719	26,725	34,582	4%	9%	2%
ISAT	4,602	4,498	5,054	4,982	4,885	5,380	8%	9%	6%
TLKM	21,202	22,897	24,304	21,538	24,698	26,592	2%	8%	9%
EXCL	(3,074)	(2,906)	4,423	(2,801)	(2,859)	2,609	9%	2%	-41%
Growth, yoy	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	2%	4%	3%	3%	6%	3%	0.98	1.54	(0.48)
ISAT	-1%	4%	4%	0%	5%	4%	1.42	0.79	(0.08)
TLKM	-2%	3%	3%	-1%	5%	3%	0.77	2.54	0.32
EXCL	24%	9%	4%	25%	8%	0%	1.14	(0.91)	(3.66)
EBITDA	-1%	5%	6%	-1%	7%	5%	0.78	2.16	(1.05)
ISAT	-2%	5%	5%	0%	5%	5%	1.39	(0.08)	(0.13)
TLKM	-3%	4%	4%	-2%	7%	4%	0.91	2.72	0.61
EXCL	5%	10%	18%	4%	14%	10%	(0.63)	3.20	(8.34)
Core net profit	-24%	8%	38%	-20%	13%	29%	3.33	4.93	(8.55)
ISAT	-5%	-2%	12%	2%	-2%	10%	7.83	0.31	(2.23)
TLKM	-9%	8%	6%	-8%	15%	8%	1.44	6.68	1.52
EXCL	-304%	5%	252%	-286%	-2%	191%	18.08	(7.50)	(60.91)
Margin	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
EBITDA	48%	49%	50%	48%	49%	50%	(0.08)	0.19	(0.07)
ISAT	47%	47%	48%	47%	47%	47%	(0.01)	(0.41)	(0.43)
TLKM	50%	50%	50%	50%	50%	51%	0.07	0.14	0.28
EXCL	44%	45%	51%	43%	45%	50%	(0.66)	0.98	(0.78)
Core net profit	9%	10%	13%	10%	10%	13%	0.31	0.63	0.05
ISAT	8%	8%	8%	9%	8%	9%	0.56	0.49	0.36
TLKM	14%	15%	16%	15%	16%	16%	0.11	0.67	0.87
EXCL	-7%	-6%	9%	-7%	-6%	6%	0.70	0.11	(3.57)

Source: Indo Premier

Fig. 2: Mobile segment operational estimate changes – we estimate the sector’s average mobile ARPU estimates to improve by +3% to +5% in FY25-27F compared to our previous estimates; mobile revenue CAGR in FY24-27F is expected to be +4% (vs. +3% previously)

Operational data	Prev. Adj.			After adj.			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Data yield (Rp/MB)*	2.70	2.66	2.62	2.74	2.70	2.65	1%	1%	1%
ISAT	2.48	2.44	2.39	2.45	2.40	2.35	-2%	-2%	-2%
TLKM	3.19	3.12	3.06	3.29	3.26	3.20	3%	4%	4%
EXCL	2.43	2.44	2.42	2.49	2.44	2.39	2%	0%	-1%
Data usage/Subs/month (GB)*	15.79	17	18	16.38	18	19	4%	5%	5%
ISAT	16	17	18	17	18	19	4%	4%	4%
TLKM	15	16	17	15	17	18	-1%	2%	3%
EXCL	16	18	18	17	19	20	8%	8%	8%
Subscribers (mn)**	332.59	333.14	333.51	330.60	329.03	327.51	-1%	-1%	-2%
ISAT	95.40	95.60	95.60	95.00	95.00	95.00	0%	-1%	-1%
TLKM	157.59	157.59	157.59	157.59	157.59	157.59	0%	0%	0%
EXCL	79.60	79.96	80.33	78.01	76.45	74.92	-2%	-4%	-7%
ARPU (k)*	39.66	41.73	43.37	40.77	44.00	45.61	3%	5%	5%
ISAT	39.00	40.31	41.84	39.50	41.21	42.75	1%	2%	2%
TLKM	42.59	43.81	45.56	43.25	46.40	48.47	2%	6%	6%
EXCL	37.40	41.08	42.72	39.55	44.40	45.61	6%	8%	7%
Mobile data revenue (Rp bn)**	162,731	170,583	177,470	166,148	178,020	184,087	2%	4%	4%
ISAT	42,651	44,384	46,058	43,456	45,393	47,078	2%	2%	2%
TLKM	84,357	86,786	90,234	85,671	91,899	96,003	2%	6%	6%
EXCL	35,724	39,414	41,178	37,020	40,728	41,006	4%	3%	0%

Operational data, growth yoy	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Data yield	-13%	-1%	-2%	-12%	-2%	-2%	1.28	(0.14)	(0.39)
ISAT	-9%	-2%	-2%	-10%	-2%	-2%	(1.38)	0.00	-
TLKM	-17%	-2%	-2%	-14%	-1%	-2%	2.64	1.20	-
EXCL	-13%	0%	-1%	-11%	-2%	-2%	2.03	(2.07)	(1.27)
Data usage/Subs/month	7%	8%	6%	11%	9%	6%	4.01	1.13	0.14
ISAT	6%	6%	6%	10%	6%	6%	4.25	-	-
TLKM	16%	6%	7%	15%	10%	7%	(0.94)	3.50	0.50
EXCL	0%	10%	5%	8%	10%	5%	7.89	-	-
Subscribers	6%	0%	0%	6%	0%	0%	(0.64)	(0.64)	(0.57)
ISAT	1%	0%	0%	0%	0%	0%	(0.42)	(0.21)	-
TLKM	-1%	0%	0%	-1%	0%	0%	-	-	-
EXCL	35%	0%	0%	33%	-2%	-2%	(2.71)	(2.45)	(2.46)
ARPU	-5%	5%	4%	-2%	8%	4%	2.64	2.72	(0.27)
ISAT	3%	3%	4%	4%	4%	4%	1.31	0.98	(0.06)
TLKM	-4%	3%	4%	-3%	7%	4%	1.49	4.39	0.49
EXCL	-13%	10%	4%	-8%	12%	3%	5.00	2.43	(1.26)
Mobile data revenue	-1%	5%	4%	1%	7%	3%	2.08	2.32	(0.63)
ISAT	-5%	4%	4%	-4%	4%	4%	1.79	0.39	(0.06)
TLKM	-5%	3%	4%	-4%	7%	4%	1.48	4.39	0.49
EXCL	18%	10%	4%	22%	10%	1%	4.27	(0.31)	(3.79)

Source: Indo Premier

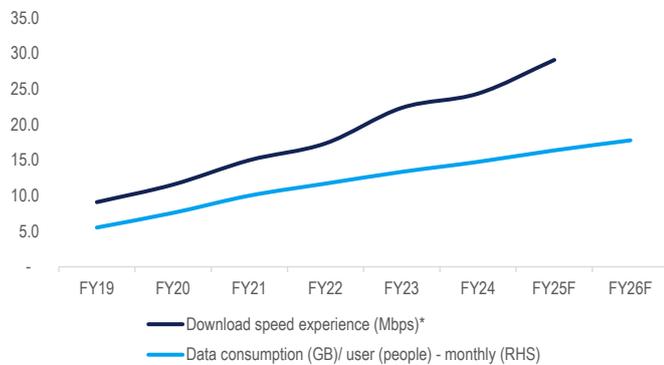
Notes: (*) for simple average, (**) for aggregate

Faster speed leads to data usage acceleration

Indonesia's average download speed improved faster than data usage, suggesting that usage still has room to catch up with speed improvements. The correlations between download speed growth and data usage growth are at 64%. Indonesia's data usage remains significantly lower than regional peers, despite substantial improvement in speed.

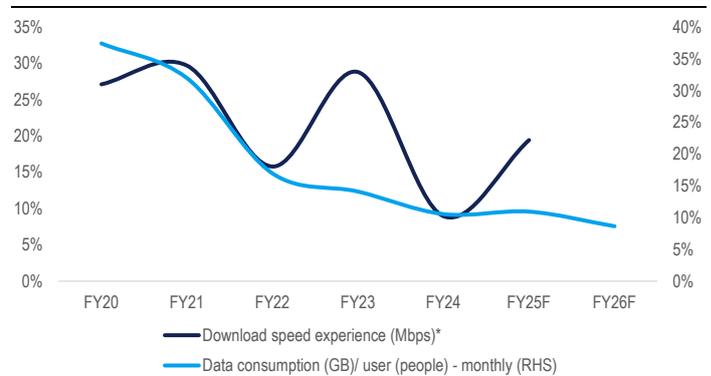
Through 9M25, average monthly mobile data usage rose by +11% yoy, exceeding our prior estimate by c.3%, and is expected to reach +11% yoy in FY25F. This is supported by improved network performance, with download speeds at 28.5Mbps (+22% yoy as of Dec25).

Fig. 3: Indonesia's average download speed improved faster than data usage, suggesting that usage still has room to catch up with speed improvements



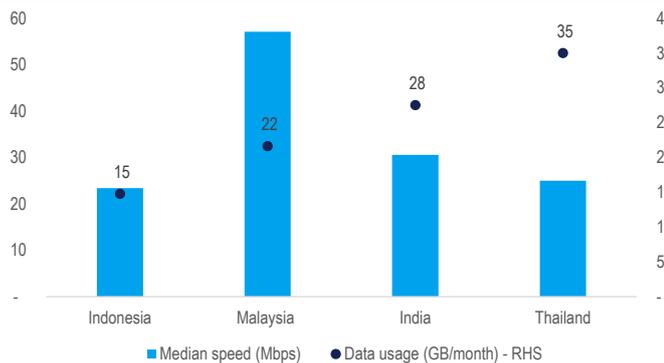
Source: OpenSignal, Indo Premier
Notes: (*) based on Dec25 survey

Fig. 4: The correlation between download speed growth and data usage growth is positive at 64%



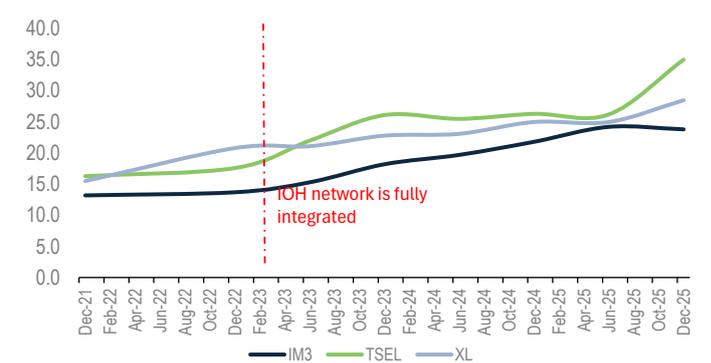
Source: OpenSignal, Indo Premier
Notes: (*) based on Dec25 survey

Fig. 5: Indonesia's data usage remains significantly lower than regional peers, despite substantial improvements in speed (as of 2024)



Source: various sources, Indo Premier

Fig. 6: OpenSignal - download speed experience by provider



Source: OpenSignal, Indo Premier

FTTH segment growth remains muted

We estimate that FTTH segment revenue growth to remain muted by +0-2% yoy p.a. in FY25-27F. In FY26-27F, this assumes for growing active subscribers by +6-7% yoy p.a., while anticipating for lowering ARPU by -5% yoy p.a. due to rising competition from lower-priced packages.

Fig. 7: Fixed broadband operational changes

Operational data	Prev. Adj.			After adj.			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Subscribers (K)**	12,705	13,607	14,463	12,611	13,461	14,311	-1%	-1%	-1%
TLKM - Indihome	11,678	12,478	13,278	11,661	12,461	13,261	0%	0%	0%
EXCL - XLSatu and FirstMedia	1,027	1,129	1,185	950	1,000	1,050	-8%	-11%	-11%
ARPU (k)*	251	246	241	225	214	203	-11%	-13%	-16%
TLKM - Indihome	210	200	190	214	203	193	2%	2%	2%
EXCL - XLSatu and FirstMedia	292	292	292	236	224	213	-19%	-23%	-27%
FBB revenue (Rp bn)	41,535	42,637	43,484	40,464	41,209	41,852	-3%	-3%	-4%
TLKM - Indihome	37,930	38,674	39,324	37,778	38,523	39,173	0%	0%	0%
EXCL - XLSatu and FirstMedia	3,606	3,962	4,160	2,686	2,686	2,679	-26%	-32%	-36%
Operational data, growth yoy	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Subscribers	7%	7%	6%	6%	7%	6%	(0.80)	(0.36)	0.02
TLKM - Indihome	8%	7%	6%	8%	7%	6%	(0.16)	0.01	0.01
EXCL - XLSatu and FirstMedia	0%	10%	5%	-7%	5%	5%	(7.55)	(4.63)	0.00
ARPU	22%	-2%	-2%	9%	-5%	-5%	(12.84)	(2.91)	(2.97)
TLKM - Indihome	-12%	-5%	-5%	-10%	-5%	-5%	1.68	-	(0.00)
EXCL - XLSatu and FirstMedia	68%	0%	0%	36%	-5%	-5%	(32.70)	(5.00)	(5.00)
FBB revenue	2%	3%	2%	0%	2%	2%	(2.64)	(0.81)	(0.43)
TLKM - Indihome	-2%	2%	2%	-2%	2%	2%	(0.39)	0.01	0.01
EXCL - XLSatu and FirstMedia	69%	10%	5%	26%	0%	0%	(43.05)	(9.89)	(5.25)

Source: Indo Premier

Operating leverage sensitivity: EXCL > ISAT > TLKM

Our sensitivity analysis suggests that every 1% change in mobile revenue leads to 1.1-1.9% change in EBITDA estimates of three operators in FY25-27F. EXCL has the strongest operating leverage, followed by ISAT and TLKM.

Fig. 8: Assuming a 1% increase in mobile revenue while maintaining costs, EXCL delivers the strongest operating leverage

Sensitivity	Current calc.			After +1% changes in mobile revenue			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue (Rp bn)	247,369	261,488	269,318	248,911	263,156	271,047	0.6%	0.6%	0.6%
ISAT	55,956	58,633	61,185	56,361	59,056	61,625	0.7%	0.7%	0.7%
TLKM	148,464	156,356	161,597	149,238	157,201	162,482	0.5%	0.5%	0.5%
EXCL	42,950	46,500	46,536	43,313	46,900	46,939	0.8%	0.9%	0.9%
EBITDA (Rp bn)	118,550	127,409	134,228	120,092	129,077	135,957	1.3%	1.3%	1.3%
ISAT	26,333	27,554	28,954	26,738	27,977	29,394	1.5%	1.5%	1.5%
TLKM	73,594	78,707	82,003	74,368	79,551	82,888	1.1%	1.1%	1.1%
EXCL	18,623	21,148	23,271	18,986	21,548	23,675	1.9%	1.9%	1.7%
Growth, yoy	-1%	7%	5%	1%	7%	5%			
ISAT	0%	5%	5%	1%	5%	5%			
TLKM	-2%	7%	4%	-1%	7%	4%			
EXCL	4%	14%	10%	6%	13%	10%			

Source: Indo Premier

EXCL – key assumptions, highlights, and changes

We upgrade FY26F EBITDA by 2% while cutting FY25/27F EBITDA by 1%/5%. The revisions mainly reflect a shift in integration costs, now estimated at Rp2tr/Rp1.5tr in FY25/26F versus Rp1.5tr/Rp2tr previously. The lower FY27F EBITDA also reflects a 3% revenue reduction driven by declining FBB revenue, as we conservatively expect ARPU to decline due to competition and slower subscriber additions. Faster-than-expected integration progress and potential new collaborations could provide upside to earnings and dividends.

For FY26–27F, we assume zero dividend payout, as the company is expected to remain loss-making in FY25–26F, with a potential return to profitability by FY27F.

Fig. 9: EXCL – P/L forecast changes

In Rp bn, unless otherwise stated	Previous			Current			Change, %		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Profit & Loss									
Revenue	42,556	46,460	48,195	42,950	46,500	46,536	1%	0%	-3%
Operating expense	(42,150)	(46,700)	(40,998)	(42,248)	(46,676)	(40,953)	0%	0%	0%
EBIT	406	(240)	7,197	701	(177)	5,582	73%	-26%	-22%
EBITDA	18,735	20,675	24,475	18,623	21,148	23,271	-1%	2%	-5%
Other income/(expense)	(4,567)	(3,541)	(1,332)	(4,565)	(3,541)	(2,106)	0%	0%	58%
Pre-tax profit	(4,161)	(3,781)	5,864	(3,863)	(3,718)	3,477	-7%	-2%	-41%
Taxes	558	907	(1,407)	525	892	(834)	-6%	-2%	-41%
Net profit	(3,635)	(2,906)	4,423	(3,362)	(2,859)	2,609	-7%	-2%	-41%
Core profit	(3,074)	(2,906)	4,423	(2,801)	(2,859)	2,609	-9%	-2%	-41%
EPS	(200)	(160)	243	(185)	(157)	143	-7%	-2%	-41%
Core EPS (Rp)	(169)	(160)	243	(154)	(157)	143	-9%	-2%	-41%
Annual growth, %									
Revenue	24%	9%	4%	25%	8%	0%			
Operating expense	46%	11%	-12%	47%	10%	-12%			
EBIT	-93%	-159%	-3100%	-87%	-125%	-3258%			
EBITDA	5%	10%	18%	4%	14%	10%			
Other income/(expense)	44%	-22%	-62%	44%	-22%	-41%			
Pre-tax profit	-271%	-9%	-255%	-259%	-4%	-194%			
Taxes	-196%	63%	-255%	-191%	70%	-194%			
Net profit	-300%	-20%	-252%	-285%	-15%	-191%			
Core profit	-304%	-5%	-252%	-286%	2%	-191%			
EPS	-244%	-20%	-252%	-233%	-15%	-191%			
Core EPS (Rp)	-247%	-5%	-252%	-234%	2%	-191%			
Profitability, %									
EBIT margin	1%	-1%	15%	2%	0%	12%			
EBITDA margin	44%	45%	51%	43%	45%	50%			
Net profit margin	-9%	-6%	9%	-8%	-6%	6%			
Core net profit margin	-7%	-6%	9%	-7%	-6%	6%			

Source: Indo Premier

ISAT – key assumptions, highlights, and changes

We upgrade our FY25–27F EBITDA estimates by 1%, driven mainly by higher mobile ARPU on the back of stronger data usage assumptions, and now expect FY26F EBITDA to grow by +6% yoy (Fig. 10).

In our forecasts, we conservatively assume GPU revenue of Rp327/Rp331/Rp336bn (US\$20mn p.a) in FY25-27F. Upside risks remain should GPU revenue exceed our assumptions, as management guides for higher GPU revenue of \$70/80mn in FY25/26F. Our conservative stance reflects the relatively slow realization through 3Q25.

On operating costs, we assume a normalized growth trend of 4% yoy in FY26–27F, following a modest 1% yoy increase, mainly due to salary provisions and lower marketing expenses.

Fig. 10: ISAT – P/L forecast changes

In Rp bn, unless otherwise stated	Old			New			Change		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Profit & Loss									
Revenue	55,162	57,365	59,910	55,956	58,633	61,185	1%	2%	2%
Cellular	45,620	47,144	48,941	46,669	48,686	50,512	2%	3%	3%
MIDI	8,721	9,442	10,228	8,491	9,192	9,956	-3%	-3%	-3%
Fixed telecommunication	821	780	741	795	755	718	-3%	-3%	-3%
Operating expenses	(45,258)	(46,808)	(48,544)	(45,693)	(47,564)	(49,285)	1%	2%	2%
Operating profit	9,904	10,557	11,366	10,263	11,068	11,901	4%	5%	5%
EBITDA	25,967	27,192	28,610	26,333	27,554	28,954	1%	1%	1%
Other operating expense	(3,818)	(4,236)	(4,277)	(3,655)	(4,266)	(4,410)	-4%	1%	3%
Pretax profit	6,086	6,321	7,090	6,608	6,802	7,490	9%	8%	6%
Net profit	4,462	4,498	5,054	4,970	4,885	5,380	11%	9%	6%
Core net profit	4,602	4,498	5,054	4,982	4,885	5,380	8%	9%	6%
EPS (Rp)	138	139	157	154	151	167	11%	9%	6%
Core EPS (Rp)	143	139	157	154	151	167	8%	9%	6%
Annual growth, %									
Revenue	-1%	4%	4%	0%	5%	4%			
Cellular	-3%	3%	4%	-1%	4%	4%			
MIDI	9%	8%	8%	6%	8%	8%			
Fixed telecommunication	-5%	-5%	-5%	-8%	-5%	-5%			
Operating profit	-8%	-10%	-12%	-5%	12%	13%			
EBITDA	-2%	-2%	-3%	0%	6%	6%			
Pretax profit	-10%	-17%	-22%	-2%	12%	18%			
Net profit	-9%	-20%	-25%	1%	10%	20%			
Core net profit	-5%	-22%	-25%	2%	6%	20%			
EPS (Rp)	-9%	-20%	-25%	1%	10%	20%			
Core EPS (Rp)	-5%	-22%	-25%	2%	6%	20%			
Profitability, %									
Operating profit margin	18%	18%	19%	18%	19%	19%			
EBITDA margin	47%	47%	48%	47%	47%	47%			
Net profit margin	8%	8%	8%	9%	8%	9%			
Core net profit margin	8%	8%	8%	9%	8%	9%			

Source: Indo Premier

In our model, we now assume a final dividend payout of 55%/55% in FY26/27F, which remains well below the company's guidance of up to a 70% DPR by FY27F. Our sensitivity analysis shows that for every 5% increase in DPR in FY26–27F, the dividend yield could rise by 0.3–1% from the last closing price of Rp2,200/share (as of 03 Feb26).

Fig. 11: ISAT dividend sensitivity

Dividend sensitivity - FY26F	Base case	+5%	+5%	+5%
DPR at	55%	60%	65%	70%
Dividend per share	84.76	92.46	100.17	107.87
Dividend yield	3.9%	4.2%	4.6%	4.9%

Dividend sensitivity - FY27F	Base case	+5%	+5%	+5%
DPR at	55%	60%	65%	70%
Dividend per share	83.31	90.89	98.46	106.04
Dividend yield	3.8%	4.1%	4.5%	4.8%

Source: Indo Premier

Another potential upside in dividend could be attributed from the proceeds of dark fiber asset sale with details as follows:

On 23rd Dec25, Indosat, Lintasartha, and Ainfrastruktur Indonesia Raya (the investors) signed an investment agreement for the acquisition of dark fiber infrastructure. Under the proposed structure, the investors will indirectly acquire a private company through an IDX-listed public company. The transaction involves a series of steps, including the transfer of assets into the target company, followed by its acquisition by the listed company through a combination of debt, in-kind contributions, and cash raised via a rights issue. As a result, the investors will hold shares directly in the listed company, which will in turn own a majority stake in the target company. The enterprise value of the transaction is Rp14.6tr (implying a valuation of c.8x EV/EBITDA). Post-transaction, Indosat will retain a 45% stake in the asset and receive cash proceeds upon completion.

TLKM – key assumptions, highlights, and changes

We upgrade our FY25–27F EBITDA estimates for TLKM by 1-4%, mainly driven by a stronger mobile outlook, with ARPU revised up by 2-6% versus our previous estimates. We now expect FY25-27F ARPU to grow by -3 to +7% yoy. (Fig. 2)

Our discussions with management indicate plans for another round of employee redundancy programs (ERP) with a budget of up to c.Rp3tr. We estimate this could involve up to c.3,000 employees, based on the 2024 realisation (15.6% of the current workforce as of 9M25). Previously, TLKM conducted an ERP in FY24 covering ~1,000 employees at a cost of c.Rp1.2tr.

The company plans to book the accrual for the new ERP by 4Q25, which would weigh on reported profitability, while cash outflows are expected in FY26F. We view this as net positive, as it should enhance efficiency and provide upside to the EBITDA outlook. Despite potentially lower reported profit, management has indicated that the dividend outlook remains intact, as the ERP is a non-cash item in FY25F. We have yet to reflect this potential accrual in our FY25F forecasts.

In addition, as TLKM continues to progress with the InfraCo asset spin-off, there may be accelerated asset depreciation not yet captured in our model. If realized, this would also be dividend-neutral given its non-cash nature.

Our FY25–27F opex forecasts currently grow by 1–3% p.a. We have not yet factored in potential efficiency gains from the ERP, pending further clarity from management; any such efficiencies would pose upside risks to EBITDA.

Fig. 12: TLKM – P/L forecast changes

	FY24	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	Change, %		
								FY25F	FY26F	FY27F
Profit & Loss										
Revenue	149,967	147,302	151,395	155,980	148,464	156,356	161,597	0.8%	3.3%	3.6%
Operating expense	(107,581)	(108,383)	(109,699)	(112,996)	(108,873)	(111,983)	(115,410)	0.5%	2.1%	2.1%
EBIT	42,386	38,919	41,695	42,983	39,591	44,373	46,187	1.7%	6.4%	7.5%
EBITDA	75,029	72,915	75,994	78,712	73,594	78,707	82,003	0.9%	3.6%	4.2%
Other income/(expense)	(3,233)	(3,423)	(3,803)	(3,009)	(3,908)	(3,803)	(2,863)	14.2%	0.0%	-4.9%
Pre-tax profit	39,153	35,496	37,893	39,974	35,683	40,571	43,324	0.5%	7.1%	8.4%
Taxes	(8,410)	(7,809)	(8,336)	(8,794)	(7,864)	(8,926)	(9,531)	0.7%	7.1%	8.4%
Net profit	23,649	21,348	23,043	24,451	21,364	24,845	26,739	0.1%	7.8%	9.4%
Core profit	23,396	21,202	22,897	24,304	21,538	24,698	26,592	1.6%	7.9%	9.4%
EPS	239	216	233	247	216	251	270	0.1%	7.8%	9.4%
Core EPS (Rp)	236	214	231	245	217	249	268	1.6%	7.9%	9.4%
Annual growth, %										
Revenue		-2%	3%	3%	-1%	5%	3%			
EBIT		-8%	7%	3%	-7%	12%	4%			
EBITDA		-3%	4%	4%	-2%	7%	4%			
Pretax profit		-9%	7%	5%	-9%	14%	7%			
Net profit		-10%	8%	6%	-10%	16%	8%			
Core net profit		-9%	8%	6%	-8%	15%	8%			
EPS		-10%	8%	6%	-10%	16%	8%			
Core EPS (Rp)		-9%	8%	6%	-8%	15%	8%			
Profitability, %										
EBIT margin		26%	28%	28%	27%	28%	29%			
EBITDA margin		50%	50%	50%	50%	50%	51%			
Net profit margin		14%	15%	16%	14%	16%	17%			
Core net profit margin		14%	15%	16%	15%	16%	16%			

Source: Indo Premier

In our models, we have yet to include any potential additional dividend from the planned InfraCo spin off and stake sale, and also potential stake divestment in non-strategic subsidiaries or investment. Below charts show the potential proceeds could be garnered from these transactions.

Fig. 13: TLKM's potential asset divestment

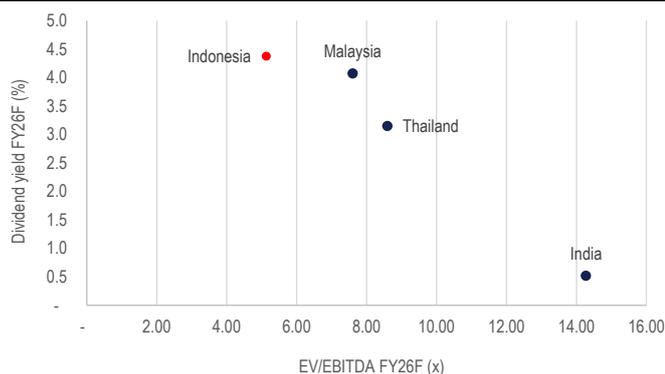
TLKM's assets	Remarks	Rp tr
Infra co	At 8.75x EV/EBITDA (30-40% stake sale)	18.8-25
PT Ad Medika	At book value as of Sep25	0.8
PT Graha Yasa Selaras	At book value as of Sep25	0.3
Other buildings (exc. Landmark tower)	At book value as of Sep25	18.9
GoTo	At cost	6.0
Total		44.7-51.0

Source: Company, Indo Premier

Further room for rerating with improved growth and dividend yield

The telco operator sector currently trades at 5.1x EV/EBITDA FY26F, at a discount to regional peers, despite delivering an improved FY24–27F EBITDA CAGR of 4% and a dividend yield of 4%. Regional peers (India, Thailand, and Malaysia) offer FY24–27F EBITDA CAGRs of -5 to 12% and dividend yields of 0-4%, while trading at 7.6-14.3x EV/EBITDA FY26F. This suggests further room for re-rating for Indonesian telco operators.

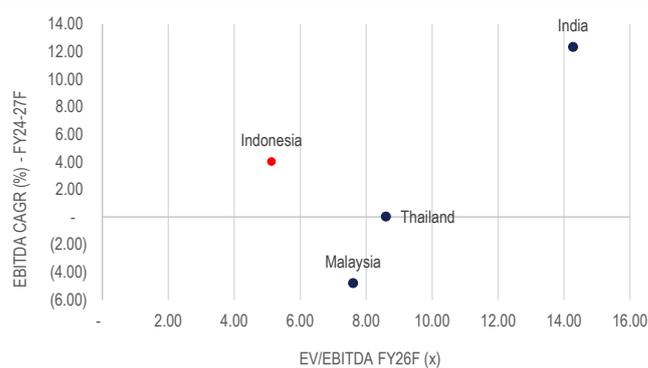
Fig. 14: Regional's dividend yield (%) vs EV/EBITDA (x) FY26F



Source: Bloomberg, Indo Premier

Notes: (*) Indonesia exc. EXCL

Fig. 15: Regional's EBITDA CAGR (%) FY24-27F vs EV/EBITDA (x) FY26F



Source: Bloomberg, Indo Premier

Fig. 16: Regional's dividend yield and EBITDA CAGR FY24-27F comparisons

	2021	2022	2023	2024	2025F	2026F	2027F	EBITDA CAGR FY24-27F
Indonesia	5.1%	6.3%	3.0%	3.3%	4.9%	4.4%	4.7%	4.0%
TLKM IJ Equity	4.8%	4.3%	4.8%	5.1%	6.1%	4.9%	5.7%	3.0%
ISAT IJ Equity	9.3%	13.2%	2.9%	3.0%	3.8%	3.8%	3.8%	3.2%
EXCL IJ Equity	1.1%	1.4%	1.4%	1.7%	7.6%	n.a	n.a	9.2%
Malaysia	3.4%	3.7%	4.2%	3.8%	3.1%	4.1%	4.3%	-4.8%
T MK Equity	1.7%	1.6%	2.1%	3.1%	3.9%	3.5%	3.7%	2.9%
AXIATA MK Equity	2.8%	4.0%	5.7%	4.0%	0.0%	4.0%	4.1%	-15.7%
CDB MK Equity	4.9%	4.6%	4.0%	4.0%	4.3%	4.4%	4.8%	1.7%
MAXIS MK Equity	4.1%	4.4%	5.1%	4.1%	4.4%	4.4%	4.5%	2.0%
India	0.1%	0.1%	0.2%	0.2%	0.4%	0.5%	0.7%	12.3%
BHARTI IN Equity	0.0%	0.0%	0.2%	0.4%	0.8%	1.1%	1.5%	20.6%
IDEA IN Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	10.0%
RELIANCE IN Equity	0.2%	0.3%	0.3%	0.3%	0.4%	0.5%	0.5%	8.2%
Thailand	1.1%	1.1%	1.2%	1.5%	3.1%	3.2%	3.7%	6.0%
ADVANC TB Equity	2.1%	2.1%	2.4%	2.9%	4.0%	4.3%	4.5%	6.3%
TRUE TB Equity	0.0%	0.0%	0.0%	0.0%	2.2%	2.0%	2.9%	5.7%

Source: Bloomberg, Indo Premier

Notes: (*) Indonesia exc. EXCL

Fig. 17: Regional's EBITDA margin comparison

EBITDA	2020	2021	2022	2023	2024	2025F	2026F	2027F
Indonesia								
TLKM IJ Equity	53%	53%	54%	52%	50%	50%	50%	51%
ISAT IJ Equity	41%	44%	42%	47%	47%	47%	47%	47%
EXCL IJ Equity	50%	50%	49%	49%	52%	43%	45%	50%
Malaysia								
T MK Equity	36%	37%	40%	38%	38%	39%	39%	38%
AXIATA MK Equity	46%	45%	43%	40%	49%	45%	45%	45%
CDB MK Equity	51%	49%	44%	47%	44%	45%	46%	46%
MAXIS MK Equity	42%	42%	40%	37%	39%	40%	39%	39%
India*								
BHARTI IN Equity	42%	45%	49%	51%	52%	54%	57%	57%
IDEA IN Equity	46%	42%	42%	40%	40%	42%	42%	45%
RELIANCE IN Equity	17%	18%	16%	16%	18%	17%	18%	19%
Thailand								
ADVANC TB Equity	52%	50%	48%	49%	52%	55%	55%	55%
TRUE TB Equity	N.A	N.A	38%	42%	41%	52%	57%	58%

Source: Bloomberg, Indo Premier

Notes: India's FY25 figure has been realized, not forecasted

Overweight retained; preference - EXCL > TLKM > ISAT

We retain our Overweight rating for the sector. Our target prices for the three telco operators are now based on 7–9x EV/EBITDA FY26F. While these multiples are above historical mean, we believe this is justified by the improved growth and dividend outlook.

Our stock preference is **EXCL > TLKM > ISAT**. We favor EXCL as our top pick due to its strongest EBITDA growth outlook (9% CAGR in FY24-27F) and having the highest operating leverage among its peers.

Fig. 18: Our TP for TLKM is Rp5,100/sh based on 7.5x adj. EV/EBITDA (at +2 std. above its LT. mean)

Adjusted EV/EBITDA valuation	FY26F
Debt (Rp bn)	44,879
Market cap (Rp bn)	503,761
Cash (Rp bn)	34,995
Minority interest (Rp bn)	20,396
Adj. EBITDA (Rp bn)	71,206
Implied EV (Rp bn)	534,041
Adjusted EV /EBITDA (x)	7.5
TP/sh (Rp)	5,085.30
Last px (Rp) - as of 03 Feb26	3,450
Potential upside/downside	47%

Source: Indo Premier

Fig. 19: Our TP for ISAT is Rp3,300/sh based on 7.0x adj. EV/EBITDA (at +2 std. above its LT. mean)

Adjusted EV/EBITDA valuation	FY26F
Debt (Rp bn)	20,584
Market cap (Rp bn)	106,441
Cash (Rp bn)	2,153
Minority interest (Rp bn)	3,936
Adj. EBITDA (Rp bn)	18,401
Implied EV (Rp bn)	128,808
Adjusted EV /EBITDA (x)	7.0
TP/sh (Rp)	3,300
Last px (Rp) - as of 03 Feb26	2,200
Potential upside/downside	50%

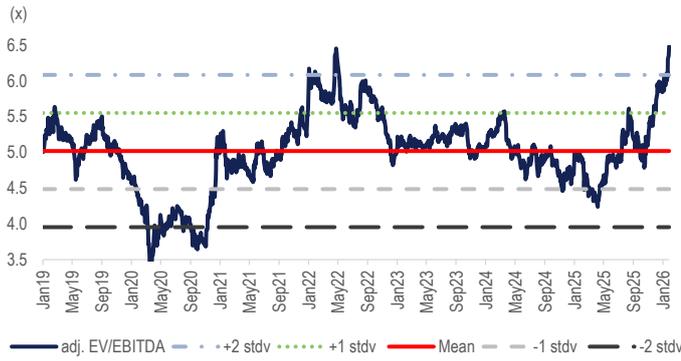
Source: Indo Premier

Fig. 20: Our TP for EXCL is Rp5,120/sh based on 9x adj. EV/EBITDA (at +2 std. above its LT. mean)

Adjusted EV/EBITDA valuation	FY26F
Debt (Rp bn)	34,116
Market cap (Rp bn)	93,108
Cash (Rp bn)	740
Minority interest (Rp bn)	162
Adj. EBITDA (Rp bn)	14,072
Implied EV (Rp bn)	126,647
EV/EBITDA (x)	9
TP/sh (Rp)	5,119
Last px (Rp) - as of 03 Feb26	3,130
Potential upside/downside	64%

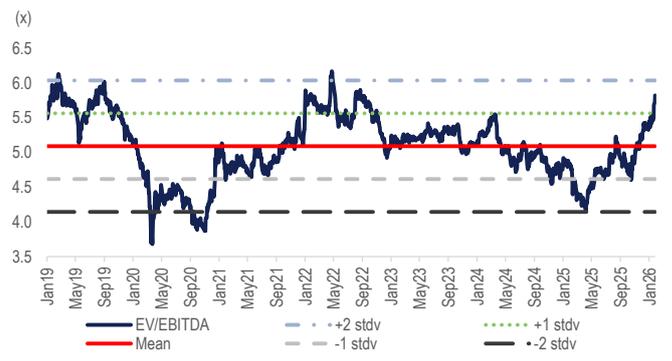
Source: Indo Premier

Fig. 21: Sector's forward adj. EV/EBITDA band



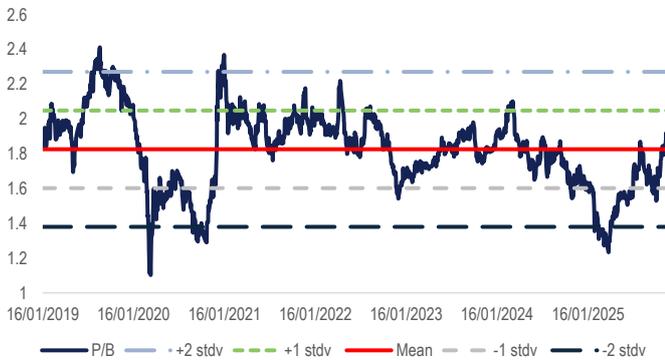
Source: Indo Premier

Fig. 22: Sector's forward EV/EBITDA band



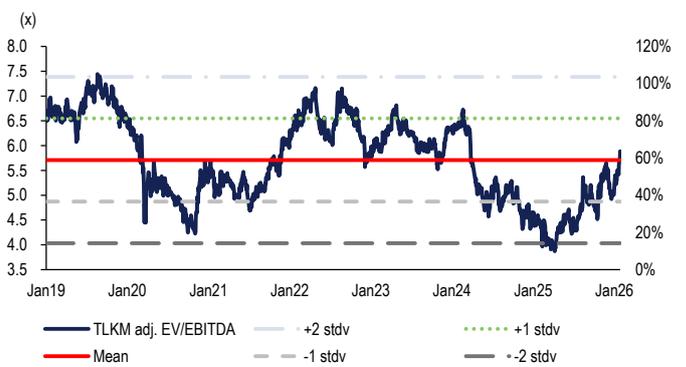
Source: Indo Premier

Fig. 23: Sector's forward P/B band



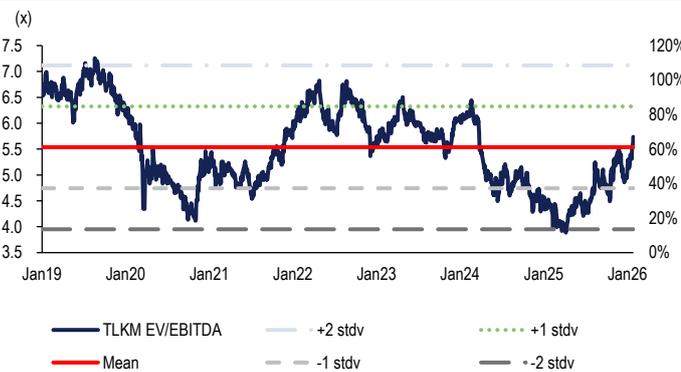
Source: Indo Premier

Fig. 24: TLKM's forward adj. EV/EBITDA band



Source: Indo Premier

Fig. 25: TLKM's forward EV/EBITDA band



Source: Indo Premier

Fig. 26: TLKM's forward P/B band



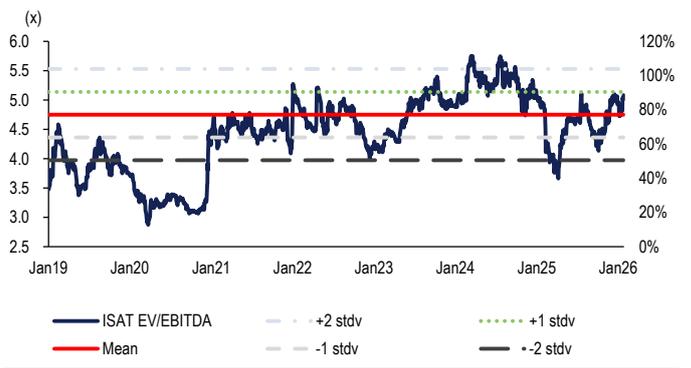
Source: Indo Premier

Fig. 27: ISAT's forward adj. EV/EBITDA band



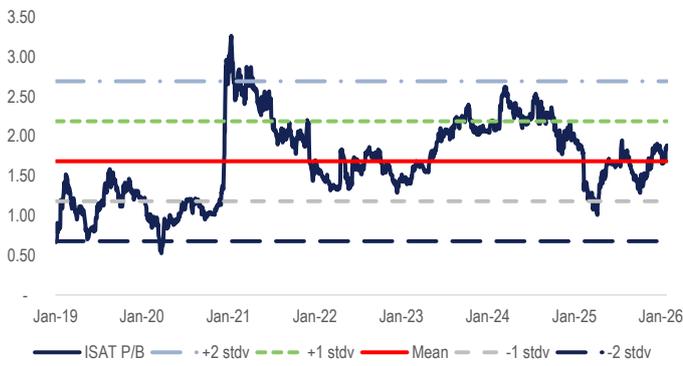
Source: Indo Premier

Fig. 28: ISAT's forward EV/EBITDA band



Source: Indo Premier

Fig. 29: ISAT's forward P/B band



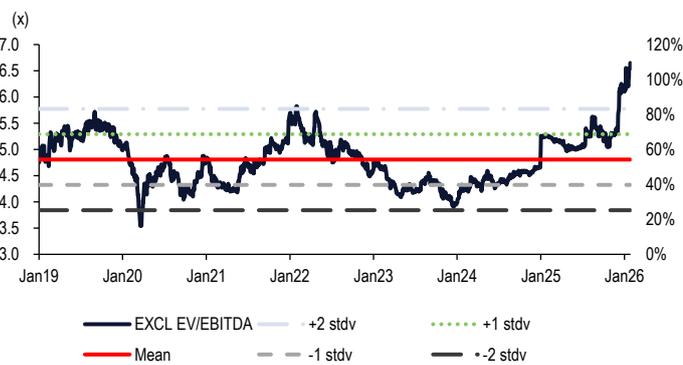
Source: Indo Premier

Fig. 30: EXCL's forward adj. EV/EBITDA band



Source: Indo Premier

Fig. 31: EXCL's forward EV/EBITDA band



Source: Indo Premier

Fig. 32: EXCL's forward P/B band



Source: Indo Premier

Fig. 33: Sector comparison

Company	Bloomberg Ticker	Market Cap (US\$m)	Last Price (local curr.)	Target Price	P/E (x)				P/B (x)				Adjusted EV/EBITDA (x)				EV/EBITDA (x)				Price to Cash Flow (x)				Net Gearing (%)				ROE (%)				EBITDA CAGR (%)
					2025F	2026F	2027F	2028F	2025F	2026F	2027F	2028F	2025F	2026F	2027F	2028F	2025F	2026F	2027F	2028F	2025F	2026F	2027F	2028F	2025F	2026F	2027F	2028F	2025F	2026F	2027F	2028F	
Indonesia																																	
Telkom Indonesia	TLKM IJ Equity	20,659	3,500	5,100	16.1	14.0	13.0	12.1	2.1	2.0	1.9	1.9	5.8	5.3	5.0	4.7	5.6	5.2	5.0	4.7	6.1	5.9	5.5	5.2	27.7	24.7	22.3	19.4	13.1	14.5	15.0	15.4	3.0
Indosat Ooredoo Hutchison	ISAT IJ Equity	4,266	2,220	3,300	14.4	14.7	13.3	11.5	1.5	1.5	1.5	1.5	5.1	5.1	5.0	4.9	4.8	4.8	4.7	4.6	4.4	5.0	4.7	4.1	35.8	136.0	136.3	131.5	12.7	11.7	12.0	12.7	3.2
XL Axiata	EXCL IJ Equity	3,156	2,910	5,120	(18.9)	(18.5)	20.3	13.4	1.4	1.4	1.4	1.4	6.6	6.1	4.6	3.7	5.9	5.4	4.3	3.4	1.6	2.7	1.6	1.5	184.7	216.8	151.9	97.4	(10.8)	(10.1)	8.6	12.0	9.2
Total		28,081																															
Simple average					3.9	3.4	15.5	12.4	1.7	1.6	1.6	1.6	5.8	5.5	4.9	4.4	5.5	5.1	4.7	4.2	4.0	4.5	3.9	3.6	82.7	125.8	103.5	82.8	5.0	5.4	11.9	13.4	4.0
Median					14.4	14.0	13.3	12.1	1.5	1.5	1.5	1.5	5.8	5.3	5.0	4.7	5.6	5.2	4.7	4.6	4.4	5.0	4.7	4.1	35.8	136.0	136.3	97.4	12.7	11.7	12.0	12.7	
Malaysia																																	
Telekom Malaysia	T MK Equity	7,846	8		17.4	17.0	16.5	15.3	2.9	2.7	2.5	2.3					7.1	6.9	6.8	6.2	7.3	7.1	6.7	6.8	9.1	4.1	(1.4)	(22.1)	16.7	15.9	15.5	16.0	2.9
Axiata Group	AXIATA MK Equity	5,769	2		39.8	32.9	25.5	15.7	1.0	1.0	1.0	1.0					5.9	6.0	6.1	5.2	2.8	3.4	3.1	2.4	71.1	87.9	74.3	42.7	2.4	3.9	5.1	6.4	(15.7)
Celcomdigi Berhad	CDB MK Equity	9,665	3		23.5	20.8	18.9	15.4	2.4	2.3	2.4	2.3					8.8	8.5	8.3	7.9	8.2	7.7	7.5	7.5	75.4	72.3	69.1	65.0	10.5	11.7	12.7	12.9	1.7
Maxis Berhad	MAXIS MK Equity	7,770	4		19.9	18.8	18.1	15.9	4.9	4.8	4.6	4.2					9.1	8.9	8.8	8.3	8.5	8.3	8.2	8.4	136.5	123.2	110.5	99.6	25.4	25.7	25.7	27.2	2.0
Total		31,050																															
Simple average									2.8	2.7	2.6	2.6					7.7	7.6	7.5	6.9	6.7	6.6	6.4	6.3	73.0	71.9	63.1	46.3	13.8	14.3	14.8	15.6	(4.8)
Median									2.6	2.5	2.4	2.4					8.0	7.7	7.5	7.1	7.8	7.4	7.1	7.1	73.2	80.1	71.7	53.9	13.6	13.8	14.1	14.4	
India																																	
Bharti Airtel	BHARTI IN Equity	133,093	1,997		29.9	43.5	29.3	23.4	9.3	8.9	7.4	6.1					13.1	12.1	10.4	9.3	23.1	14.0	12.2	10.9	4.1	1.2	0.8	0.5	34.3	22.1	27.4	29.6	20.6
Vodafone Idea	IDEA IN Equity	13,696	11		n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a					18.7	18.4	15.4	13.1	n.a	27.8	40.5	42.3	(3.2)	(2.6)	(2.3)	(3.9)	-	30.7	21.7	16.8	10.0
Reliance Jio	RELIANCE IN Equity	215,473	1,437		24.8	24.0	21.8	19.6	2.0	2.1	1.9	1.8					11.5	12.3	10.9	9.9	11.2	13.9	12.6	11.2	0.2	0.2	0.2	4.9	8.5	8.9	8.9	9.3	8.2
Total		362,263																															
Simple average									5.7	5.5	4.6	4.0					14.4	14.3	12.3	10.8	17.2	18.6	21.8	21.4	0.4	(0.4)	(0.4)	0.5	14.3	20.6	19.3	18.6	12.3
Median									5.7	5.5	4.6	4.0					13.1	12.3	10.9	9.9	17.2	14.0	12.6	11.2	0.2	0.2	0.2	0.5	8.5	22.1	21.7	16.8	
Thailand																																	
Advanced Info Service	ADVANC TB Equity	34,040	361		21.8	20.7	19.5	18.5	9.9	9.5	10.0	9.7					10.0	9.8	9.6	9.4	9.7	9.4	n.a	n.a	1.3	1.1	0.8	0.8	46.9	48.1	48.9	50.0	6.3
True Corp.	TRUE TB Equity	13,036	12		27.2	18.6	15.8	12.7	5.2	4.2	3.6	3.6					8.0	7.4	7.2	7.0	5.3	4.7	4.4	4.2	4.1	4.6	3.5	1.0	15.2	24.7	23.8	22.6	5.7
Total		47,076																															
Simple average									7.6	6.9	6.8	6.6					9.0	8.6	8.4	8.2	7.5	7.1	4.4	4.2	2.7	2.9	2.2	0.9	31.0	36.4	36.3	36.3	6.0
Median									7.6	6.9	6.8	6.6					9.0	8.6	8.4	8.2	7.5	7.1	4.4	4.2	2.7	2.9	2.2	0.9	31.0	36.4	36.3	36.3	

Source: 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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