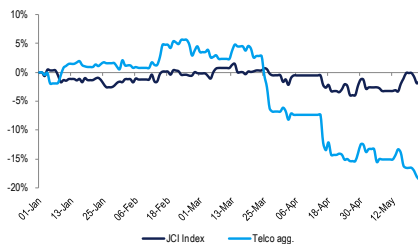


Sector Update | 23 June 2024

Sector Index Performance

	3M	6M	12M
Absolute	-20.7%	-18.0%	-16.6%
Relative to JCI	-15.1%	-14.1%	-20.7%



Summary Valuation Metrics

EV/EBITDA (x)	2024F	2025F	2026F
ISAT IJ	5.1	4.7	4.3
TLKM IJ	4.7	4.6	4.4
EXCL IJ	4.4	4.1	3.8

P/E (x)	2024F	2025F	2026F
ISAT IJ	17.5	15.6	13.7
TLKM IJ	12.4	11.9	11.3
EXCL IJ	16.3	13.9	11.8

Div. Yield	2024F	2025F	2026F
ISAT IJ	2.0%	2.3%	3.2%
TLKM IJ	6.0%	6.5%	6.7%
EXCL IJ	2.0%	3.4%	4.7%

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Jun24 survey: major adjustments on FTTH packages; Tsel launched EZnet

- No price adjustments from Tsel, EXCL, ISAT, and FREN in Jun24.
- Although price adjustments trend varies across FTTH packs, price cuts for some value packs likely signal that competition remains intense.
- Tsel recently launched EZnet, a sub-brand for its FTTH. Cannibalization risk is likely to be limited; thus, a net-positive for TLKM.

All telcos are maintaining their products' prices in Jun24

Based on our discussions with the companies, all telcos (i.e. Tsel, EXCL, ISAT, and FREN) did not adjust their product prices in Jun24. We continue to believe that monetization should continue in the coming months, as: 1) price hikes are still within the tolerable level; 2) data consumption growth remains robust; 3) Tsel Lite is generally ARPU-accretive (see our previous [note](#)); and 4) we see limited incentives for telcos to resort to aggressive pricings in a bid to capture near-term market share (see our previous [note](#)). Further industry consolidation could also potentially allow for an even better industry pricing discipline in the coming quarters (see our previous [note](#)).

FTTH: price cuts across some value packages

Six FTTH providers adjusted their prices this month. However, we noticed that the trend varies across providers: 1) IndiHome cut the prices of its value packages, but increased the price for one of its more-premium packages; 2) MyRepublic increased its value package's price, but cut the prices for its premium packages; 3) Biznet cut the price for one of its value packages; 4) Oxygen increased the prices for its premium packages; 5) ICON+ increased its value packages' prices, but cut its premium packages' prices; and 6) Bali Fiber cut its prices across-the-board. Although we noted some price hikes for the premium packages, many popular value packages (<50Mbps), are generally seeing price cuts; thus, we believe that FTTH competition remains intense, especially considering the launching of EZnet.

Tsel launched EZnet, a sub-brand for its FTTH business

Tsel recently launched EZnet, a sub-brand for its FTTH segment. Currently, it only offers 10Mbps packages, at Rp150k/month (Java and Bali), Rp170k/month (Sumatra), and Rp200k/month (Sulawesi, Kalimantan, Nusa Tenggara, Maluku, and Papua). However, EZnet is only available in select regions (c.147 out of c.381 clusters). Its cheapest package headline price is at c.43/36% discount to the cheapest packages of IndiHome/other providers, but its Rp/Mbps is at c.70/106% premium. While this could add further competitive pressure, the next leg of growth for FTTH (c.10mn households) comes from the less affluent segment (ARPU of Rp150-200k; vs. IndiHome's 1Q24 ARPU of Rp243k), which means that the launchings of more-affordable packages are inevitable (see our previous [note](#)). Thus, EZnet is likely to be a net-positive for TLKM, in our view. Cannibalization risk should also be limited, as: 1) it adopts a dual-brand strategy (EZnet for value and IndiHome for premium); 2) EZnet is only available in select regions; and 3) EZnet only offers 10Mbps (targeted at less affluent).

Maintain Overweight

We reaffirm our Overweight stance on the telco sector, as we think competitive dynamics are generally moving in the right direction and thus, continue to expect to see further monetization in the coming months. Risks: 1) competition; 2) higher rates; and 3) weak purchasing power.

Fig. 1: Indo Premier's Jun24 mobile data package price survey

Carrier/brand	Products	Period (days)	Price and/or quota adjustments (MoM)	Data yield impact (MoM)
Tsel	All packages		No adjustments	N/A
by.U	All packages		No adjustments	N/A
XL Axiata	All packages		No adjustments	N/A
Axis	All packages		No adjustments	N/A
Indosat	All packages		No adjustments	N/A
Tri	All packages		No adjustments	N/A
Smartfren	All packages		No adjustments	N/A

Source: Indo Premier Survey

Fig. 2: Indo Premier's Jun24 fixed-broadband package price survey

FTTH provider	Products	Price and/or speed limit adjustments (MoM)	Rp/Mbps impact (MoM)
Indihome	All packages	No adjustments	N/A
	1P package 40Mbps	Price point low ered to 325k from 350k	Rp/Mbps increases to 7,400 from 7,000
	1P package 100Mbps	Price point increased to 449k from 425k	Rp/Mbps increases to 4,490 from 4,250
	2P package 50Mbps	Price point low ered to 350k from 360k	Rp/Mbps decreased to 7,000 from 7,400
MyRepublic	All packages	No adjustments	N/A
	Value	Price point increased to 261k from 222k	Rp/Mbps increases to 8,695 from 7,400
	Fast	Price point low ered to 278k from 330k	Rp/Mbps decreased to 5,550 from 6,660
	Nova	Price point low ered to 388k from 416k	Rp/Mbps decreased to 3,885 from 4,163
	MyGamer	Price point low ered to 555k from 638k	Rp/Mbps decreased to 2,220 from 2,553
First Media	All packages	No adjustments	N/A
Biznet	All packages	No adjustments	N/A
	Internet OAS	Price point low ered to 175k from 250k	Rp/Mbps decreased to 8,750 from 12,500
XL Axiata	All packages	No adjustments	N/A
CBN	All packages	No adjustments	N/A
MNC Play	All packages	No adjustments	N/A
Oxygen	All packages	No adjustments	N/A
	Stream 100	Price point increased to 609k from 576k	Rp/Mbps increases to 6,090 from 6,600
	Stream + 50	Price point increased to 511k from 432k	Rp/Mbps increases to 10,220 from 8,640
	Stream + 75	Price point increased to 613k from 515k	Rp/Mbps increases to 8,173 from 6,867
	Stream +100	Price point increased to 699k from 595k	Rp/Mbps increases to 6,990 from 5,950
ICON+	All packages	No adjustments	N/A
	Iconnet 35 Java and Bali	Price point increased to 239k from 230k	Rp/Mbps increases to 6,829 from 6,571
	Iconnet 50 Java and Bali	Price point low ered to 299k from 330k	Rp/Mbps decreased to 5,980 from 6,600
	Iconnet 100 Java and Bali	Price point low ered to 399k from 560k	Rp/Mbps decreased to 3,990 from 5,600
	Iconnet 20 Sumatera and Kalimantan	Price point increased to 259k from 250k	Rp/Mbps increases to 12,950 from 12,500
	Iconnet 35 Sumatera and Kalimantan	Price point increased to 269k from 260k	Rp/Mbps increases to 7,686 from 7,429
	Iconnet 50 Sumatera and Kalimantan	Price point low ered to 319k from 390k	Rp/Mbps decreased to 6,380 from 7,800
	Iconnet 100 Sumatera and Kalimantan	Price point low ered to 499k from 630k	Rp/Mbps decreased to 4,990 from 6,300
	Iconnet 20 Eastern Indonesia	Price point low ered to 279k from 280k	Rp/Mbps decreased to 13,950 from 14,000
	Iconnet 35 Eastern Indonesia	Price point increased to 319k from 290k	Rp/Mbps increases to 9,114 from 8,286
	Iconnet 50 Eastern Indonesia	Price point increased to 449k from 410k	Rp/Mbps increases to 8,980 from 8,200
	Iconnet 100 Eastern Indonesia	Price point low ered to 669k from 680k	Rp/Mbps decreased to 6,690 from 6,800
BaliFiber	All packages	No adjustments	N/A
	Ubud - Basic	Price point low ered to 250k from 279k	Rp/Mbps decreased to 8,333 from 9,300
	Legian - Basic	Price point low ered to 275k from 379k	Rp/Mbps decreased to 4,583 from 6,317
	Kintamani - Basic	Price point low ered to 390k from 479k	Rp/Mbps decreased to 3,250 from 3,992
	Ubud Combo Xstream	Price point low ered to 370k from 379k	Rp/Mbps decreased to 12,333 from 12,633
	Legian Combo Xstream	Price point low ered to 395k from 479k	Rp/Mbps decreased to 6,583 from 7,983
	Kintamani Combo Xstream	Price point low ered to 510k from 579k	Rp/Mbps decreased to 4,250 from 4,825
Indosat Hifi	All packages	No adjustments	N/A

Source: Indo Premier Survey

Fig. 3: Indo Premier's Jun24 FMC package price survey

Carrier/brand	Products	Price and/or FUP adjustments (MoM)	Data yield impact (MoM)
EXCL-LINK	All packages	No adjustments	N/A
XL Satu Lite	All packages	No adjustments	N/A
Indihome- Smooa	All packages	No adjustments	N/A
Tsel-IndiHome	All packages	No adjustments	N/A

Source: Indo Premier Survey

Fig. 4: Eznet package prices

Operator	Products	Monthly Subscription Fee (in Rp)	Speed Limit (in Mbps)	Price/Mbps (in Rp/Mbps)
Eznet	Eznet Java Bali	150,000	10	15,000
	Eznet Sumatra	170,000	10	17,000
	Eznet Papua, Maluku, Sulaw esi, Kalimantan, Nusa Tenggara	200,000	10	20,000

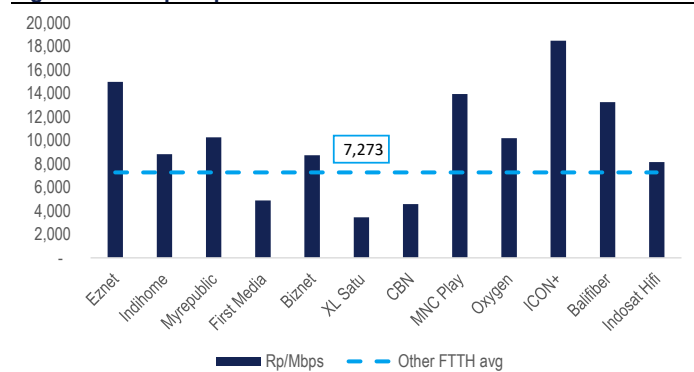
Source: Indo Premier Survey

Fig. 5: Eznet headline price vs. Indihome and other FTTH



Source: Bloomberg, Indo Premier

Fig. 6: Eznet Rp/Mbps vs. Indihome and other FTTH



Source: Bloomberg, Indo Premier

Fig. 7: Eznet available locations

Price	Province	Cities available
Rp150k/month		Denpasar, Badung, Buleleng, Karangasem, Sumenep, Gianyar, Serang, Tangerang, South Tangerang, Magelang, Semarang, Boyolali, Cilacap, Kebumen, Klaten, Ponorogo, Purw orejo, Kota Tebing Tinggi, Tegal, Yogyakarta, Labuhan Batu, Purbalingga, Lembata, Luw u, Kudus, Solo, Pekalongan, Temanggung, Banjarnegara, Surabaya, Blitar, Bojonegoro, Kediri, Lumajang, Majalengka, Malang, Mojokerto, Probolinggo, Rembang, Sidoarjo, Situbondo, Sumedang, Tebo, Rokan Hulu, Sampang, Tulungagung, Lamongan, Trenggalek, Bandung, Karaw ang, Garut, Madiun, Sragen, Sukabumi, Lombok Utara, Magetan, Bekasi, Bogor, Cirebon, Subang
	Bali, Central Java, East Java, West Java, Banten, Yogyakarta	
Rp170k/month		Gayo Lues, Jambi, Mempaw ah, West Tanjung Jabung, Wajo, Merangin, Mesuji, Lampung Utara, Lampung Timur, Pinrang, Tulang Baw ang, Lampung, Medan, Sibolga, Batu Bara, Humbang Hasundutan, Tasikmalaya, Lampung Tengah, Lampung Barat, Binjai, Pematang Siantar, Central Tapanuli, Asahan, Simalungun, Pekanbaru, Indragiri Hulu, Rokan Hilir, Siak, Lima Puluh Kota, Lingga, Palembang, Agam, Sijunjung, Solok
	Aceh, Jambi, Lampung, North Sumatra, Riau, Riau Islands, South Sumatra, West Sumatra	
Rp200k/month		Donggala, Palu, Gunung Kidul, Manggarai Barat, Balikpapan, Kupang, Ende, Mamuju Tengah, Sukoharjo, Lebong, South Timor Tengah, North Timor Tengah, Malaka, Sikka, Manggarai, Manggarai Timur, Sumba, Bone Bolango, Gorontalo Utara, Tabanan, Tana Tidung, Minahasa, Manado, Nias, Barito Kuala, Hulu Sungai Selatan, Hulu Sungai Tengah, Hulu Sungai Utara, Banjarmasin, Banjar Baru, Tabalong, Makassar, Bantaeng, Bone, Bulukumba, Gow a, Soppeng, Takalar, Kendari, Kolaka, Pontianak, Bengkayang, Ketapang, Sumbaw a Barat, Sumba Timur, Lombok Barat, Dompu, Way Kanan, Maros, Sumbaw a, Lombok, Mamuju, Majene
	Central Sulaw esi, East Kalimantan, East Nusa Tenggara, West Nusa Tenggara, Gorontalo, North Kalimantan, South kalimantan, South Sulaw esi, West Kalimantan, West Sulaw esi	

Source: Indo Premier Survey

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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The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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