



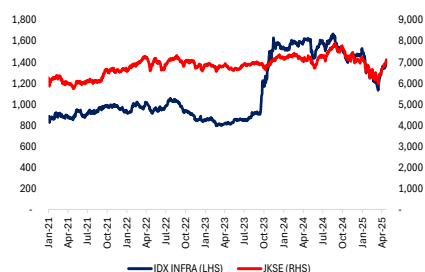
## OVERWEIGHT

Index (May 16 <sup>th</sup> , 25)	1,422.71
Number of Companies	67
Market Cap	1,973 T
52w Lo/Hi	1,420/1,432
6 Months Changes	-0.47%
YTD Changes	-2.70%

Source : IDX | Phintraco Sekuritas Research

| as of May 16<sup>th</sup>, 2025

## IHSG vs IDX INFRASTRUCTURES



Source : IDX

Stock	Fair Value	Potential Upside
ISAT	2,200	10.90%
TLKM	2,950	12.24%
EXCL	2,900	34.26%

as of May 16<sup>th</sup>, 2025

Research Analyst

Aditya Prayoga

+62 21 255 6138 Ext. 8302

adit@phintracosekuritas.com

## Infrastructure : Telecommunications

## Navigating Pricing Gains and Spectrum Bids in 2H25F

## All telecommunications issuers under our coverage faced pressure in 1Q25.

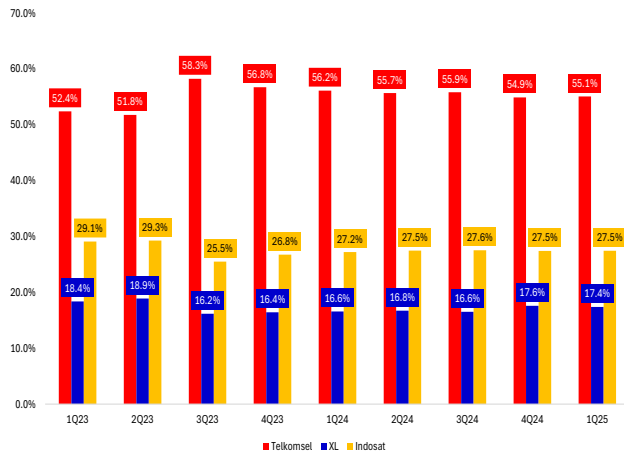
ISAT reported revenue of IDR13.58 trillion (-3.53% QoQ), mainly driven by a 2.94% QoQ contraction in its data segment. Although blended ARPU posted a modest increase of 0.77% QoQ, deeper pressure was reflected in the 3.93% YoY decline in subscriber base and a 4.78% QoQ contraction in data consumption. EXCL experienced even greater pressure, recording revenue of IDR8.60 trillion (-4.75% QoQ), primarily due to the contraction in data and digital services (-3.83% QoQ). While EXCL managed to grow its subscriber base by 2.08% YoY and increase data traffic by 4.55% QoQ, its blended ARPU weakened by 2.44% QoQ. TLKM, as the market leader, was not immune to similar challenges, with revenue declining by 2.94% QoQ to IDR36.64 trillion, driven by a contraction in the Data, Internet & IT Services segment (-2.44% QoQ). Despite recording a 5.36% QoQ increase in data consumption, TLKM saw its blended ARPU fall by 3.64% QoQ, along with a slight YoY decline in its subscriber base (-0.54% YoY). In terms of margins, ISAT booked an improvement in EBITDA margin to 47.25% (vs 45.29% in 4Q24), supported by efficiencies in employee and marketing expenses. EXCL maintained its EBITDA margin at ~50% (50.24% in 1Q25 vs 50.75% in 4Q24), while TLKM also improved its margin to 49.76% (vs 48.75% in 4Q24). ISAT's margin improvement translated into a net profit growth of +26.96% QoQ to IDR1.31 trillion. Meanwhile, TLKM posted a net profit of IDR5.81 trillion (-2.75% QoQ), pressured by rising operating expenses that were not offset by topline support. EXCL recorded the steepest decline, with net profit falling significantly by 23.44% QoQ to IDR385 billion, due to higher personnel and interconnection costs.

**Looking ahead to a potential recovery in industry performance in 2Q25F**, we view the agreement among operators to raise starter-pack prices as a move that could support improvements in ARPU and data yield. However, this strategy may also carry the risk of subscriber attrition, particularly among price-sensitive users. As of 1Q25, the industry's average data yield stood at IDR8.2k/GB, with XL posting the highest yield among peers at IDR2.77k/GB (vs TSEL: IDR2.71k/GB; ISAT: IDR2.69k/GB). XL's higher yield underscores its ability to price data at a relative premium while maintaining a productive subscriber base. This is also reflected in XL's data revenue per subscriber, which reached IDR134.13k/sub (vs TSEL: IDR98.72k/sub; ISAT: IDR110.71k/sub). Going forward, we project a moderate industry yield increase of 3-5%, potentially pushing the average yield to around IDR8.4k-IDR8.6k/GB. This improvement is expected to contribute to a rise in data revenue per subscriber across the industry to approximately IDR353.87k-IDR360.74k/sub.

**The government is preparing to auction the 1.4 GHz spectrum band with a total allocation of 80 MHz, planned for later this year.** The 1.4 GHz band is designated for high-speed wireless internet services and does not require physical cabling. We believe Telkom stands a strong chance of securing the spectrum in the upcoming auction. The 1.4 GHz spectrum would provide Telkom with a strategic opportunity to reinforce its position in the fixed broadband market. According to [OpenSignal's](#) latest survey, IndiHome's service quality currently ranks 5th, significantly behind its peers (XLHOME: #1; Indosat HI-FI: #2). This decline in quality aligns with the relatively dense spectrum-to-subscriber ratio (0.98 MHz/sub), combined with accelerating digitalization that continues to drive up data traffic. We view the utilization of the 1.4 GHz band as a potential catalyst to restore IndiHome's position as the market leader in Indonesia's fixed broadband segment. Telkom's solid infrastructure, healthy balance sheet (1Q25 DER: TLKM at 0.77x vs ISAT: 1.77x; EXCL: 1.71x), and robust interest coverage ratio (FY25A: TLKM at 7.97x vs ISAT: 2.57x; EXCL: 1.63x) will also provide the financial flexibility needed to actively participate in the auction process.

**We assign an Overweight rating to the telecommunications sector,** considering the potential industry improvements that we believe will foster a healthier competitive environment. This recovery is expected to positively impact ARPU growth, encourage a more productive subscriber base, and shift focus towards long-term profitability. Our top pick is **ISAT (BUY, TP: IDR 2,200)**, supported by its cost-efficiency capabilities reflected in improved EBITDA margins and a solid market position. According to the latest [OpenSignal survey](#), the Tri brand is recognized as the operator with the most consistent performance and best customer experience. TLKM (**BUY, TP: IDR 2,950**) is ranked second, backed by a strong balance sheet, attractive valuation with a ~22% discount on EV/EBITDA compared to the 5-year average, plans for a buyback, and dividend payout expectations. Additional positive catalysts stem from the fixed broadband segment, supported by the company's opportunity to win the 1.4 GHz spectrum auction. Meanwhile, EXCL (**BUY, TP: IDR 2,900**) is our third choice. EXCL is currently focused on its merger process with FREN and recognizes the potential synergies it offers. Management targets pre-tax synergies of USD 200–300 million from the combined entity, with an estimated realization of around USD 100 million this year. Moreover, EXCL presents a relatively attractive valuation. **Downside Risks:** 1) Continued aggressive price competition may pressure margins and hinder ARPU growth. 2) Macroeconomic uncertainties and currency fluctuations could increase operational costs, especially for issuers with foreign currency debt. 3) Potential delays or uncertainties in new spectrum auctions that could impede service expansion.

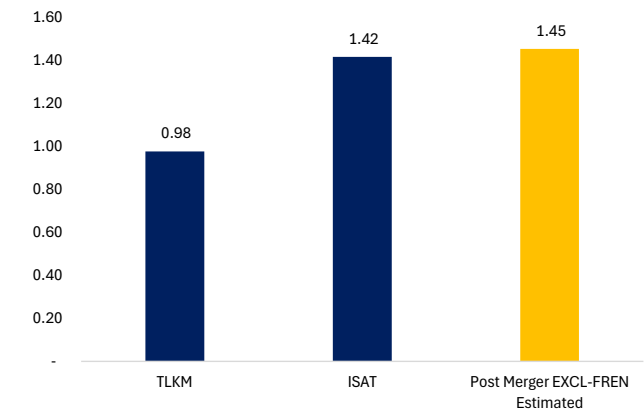
Figure 1. Revenue Market Share Telco's Company



Source : Company | Phintraco Sekuritas Research

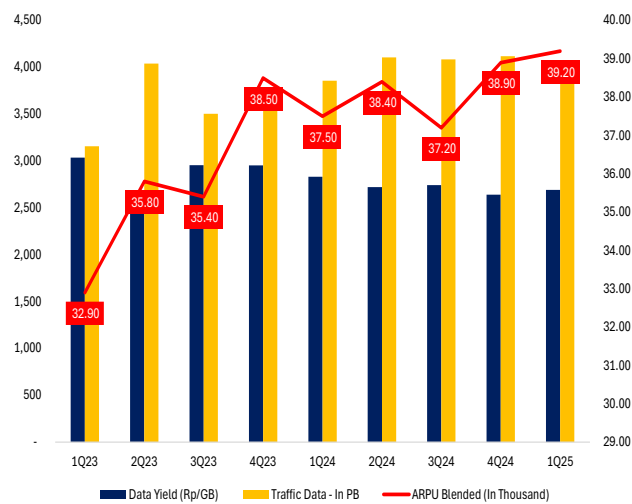
Figure 2. Spectrum Allocation per Subscriber

(Mhz/Subs)



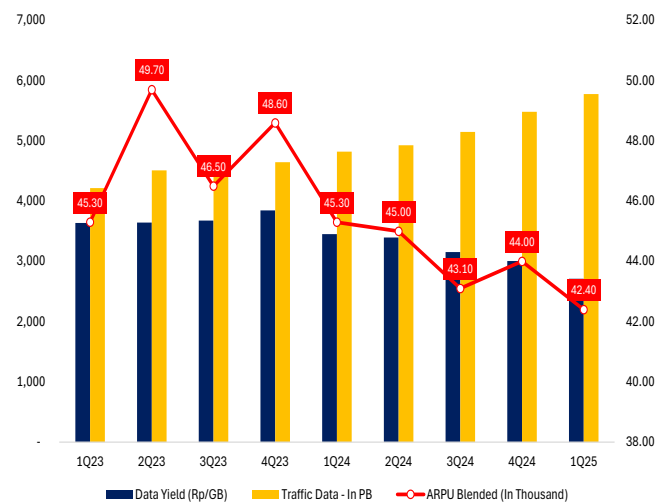
Source : Company | Phintraco Sekuritas Research

Figure 3. ISAT: Data Yield, ARPU, and Data Traffic



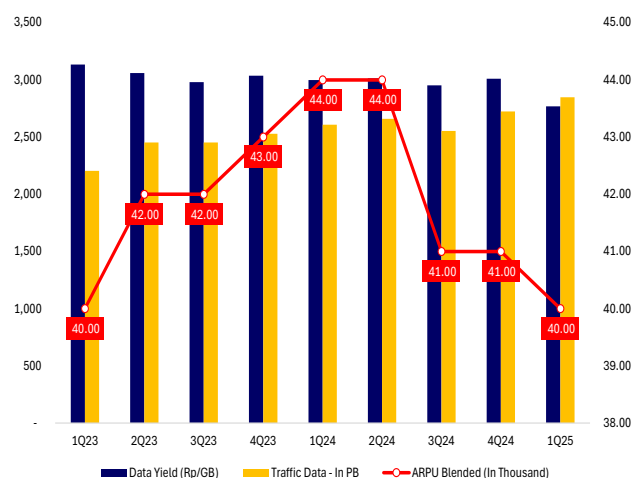
Source : Company | Phintraco Sekuritas Research

Figure 4. TLKM: Data Yield, ARPU, and Data Traffic



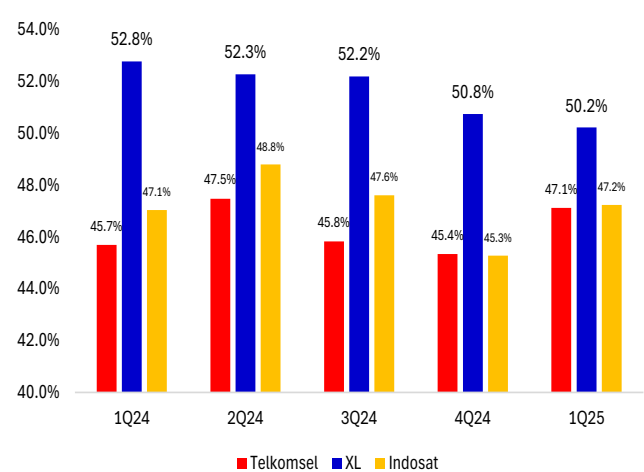
Source : Company | Phintraco Sekuritas Research

Figure 5. EXCL: Data Yield, ARPU, and Data Traffic



Source : Company | Phintraco Sekuritas Research

Figure 6. EBITDA Margin Telco Companies

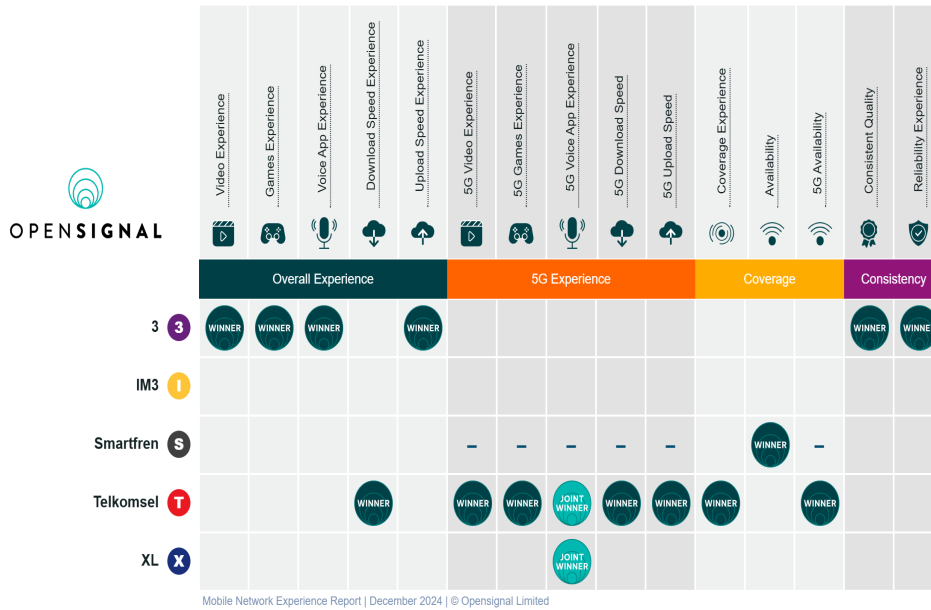


Source : Company | Phintraco Sekuritas Research

Figure 8. OpenSignal Survey on Mobile Network Performance

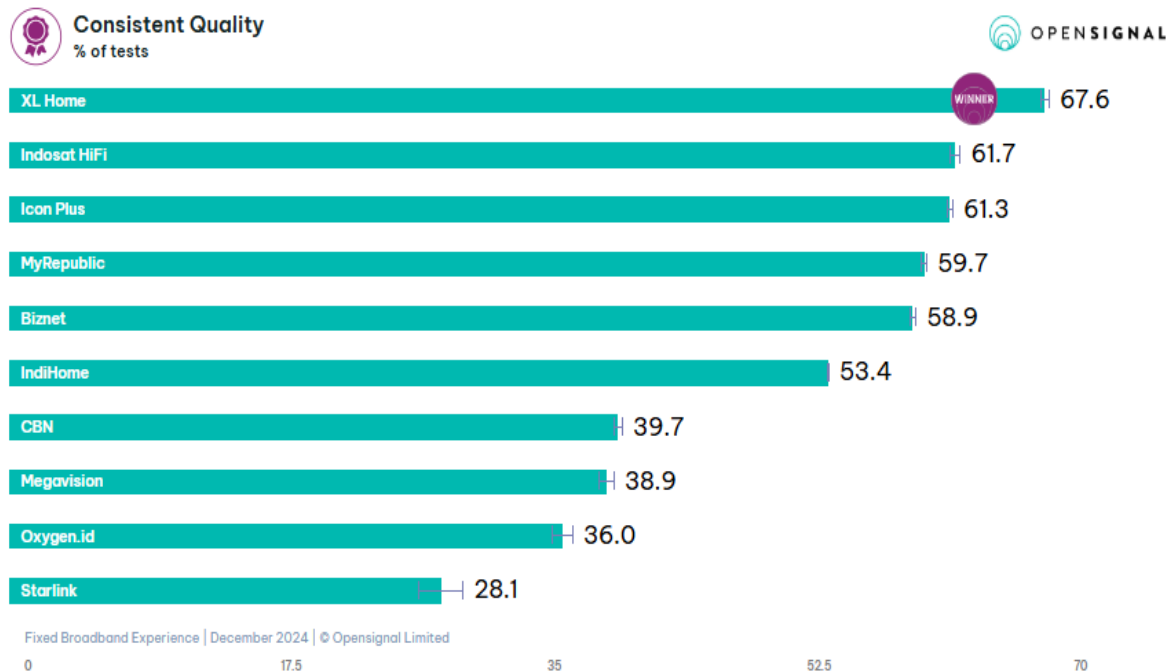
### Mobile Experience Awards

DECEMBER 2024, INDONESIA REPORT



Source : Opensignal

Figure 9. OpenSignal Survey on Top Fixed Broadband Providers



Source : Opensignal

Table 1. Peers Comparison

Company Name	Ticker	*Last Price	Market Cap (In IDR Bn)	P/E (x)	P/BV (x)	EV / EBITDA (x)	ROE (%)	Dividend Yield (%)
PT Telkom Indonesia (Persero) Tbk	TLKM.IJ	2,660	263,506	12.94x	0.96x	4.46x	8.19%	3.33%
PT Indosat Tbk	ISAT.IJ	1,960	63,212	11.04x	1.73x	4.14x	15.32%	4.88%
PT XLSMART Telecom Sejahtera Tbk	EXCL.IJ	2,160	39,312	10.25x	1.70x	4.00x	16.60%	7.47%
<b>Weighted Average</b>				<b>12.32x</b>	<b>1.17x</b>	<b>4.36x</b>	<b>10.32%</b>	<b>4.04%</b>

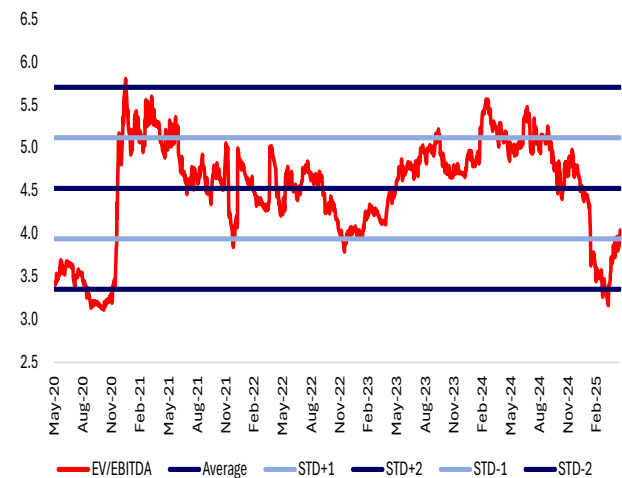
Source : Bloomberg | Phintraco Sekuritas Research | \*as of May16th

Figure 10. EV EBITDA TTM EXCL



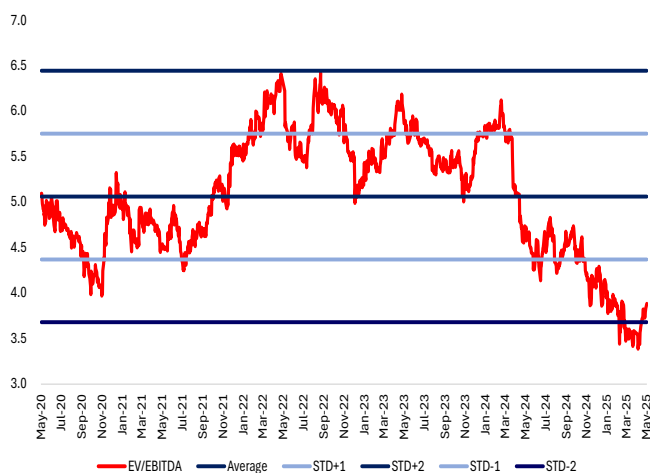
Source : Bloomberg | Phintraco Sekuritas Research

Figure 11. EV EBITDA TTM ISAT



Source : Bloomberg | Phintraco Sekuritas Research

Figure 12. EV EBITDA TTM TLKM



Source : Bloomberg | Phintraco Sekuritas Research

## Glossarium

CFFO	: <i>Cash Flow from Operating</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFF	: <i>Cash Flow from Financing</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation &amp; Amortization</i>
EBIT	: <i>Earning Before Interes &amp; Tax</i>
EBT	: <i>Earning Before Tax</i>
OPM	: <i>Operating Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>
EPS	: <i>Earning per Share</i>
BVPS	: <i>Book Value per Share</i>
RPS	: <i>Revenue per Share</i>
PER	: <i>Price to Earning Ratio</i>
PBV	: <i>Price to Book Value</i>
DPS	: <i>Dividend per Share</i>
DPR	: <i>Dividend Payout Ratio</i>
EV	: <i>Enterprise Value</i>



# PHINTRACO SEKURITAS

## Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of  $> +10\%$  over the next 12 months.
- Hold : The stock is expected to give total return of  $> 0\%$  to  $\leq +10\%$  over the next 12 months.
- Sell : The stock is expected to give total return of  $< 0\%$  over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

**PHINTRACO SEKURITAS**

**Kantor Cabang & Mitra GI BEI**



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