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Research

# Indonesian Telcos

Q2 24 review: Continued margin expansion from XL and Indosat; trimmed target price for TLKM

2<sup>nd</sup> September 2024

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**What's new:** Indonesian telcos returned to a more sustainable pace of revenue growth, with EBITDA ahead of topline for XL and Indosat again. As a result, Indosat recorded its highest ever EBITDA margin whilst XL's margin remained well ahead of guidance. For Telkomsel, enterprise accelerated with strong Indihome net additions but was marred by continued mobile revenue share dilution (although easing) as peers grabbed shares in ex-Java.

**Thesis:** [Market repair continues](#) in our view. Given [Indonesia's low ARPU as % of income](#), we believe there is further room for price increases over time, and we see Telkomsel Lite as tactical rather than indicative of a return to more aggressive price competition. The proposed merger between [XL and Smartfren is also positive to the market repair story although less so for Towers](#). IndiHome/Telkomsel integration has led to better net additions though ARPU is under pressure. Other levers in Indonesia include i) [Enterprise given that penetration is still low](#) and ii) broadband where penetration is around 20% although there is the worry of competition as capital flows in. For Indosat, the company continues to execute well, and we think [medium term EBITDA would rise to US\\$2bn](#) through a combination of organic growth and opex and capex synergies per year, which has already reached the upper end of the US\$350-400m range. There is also still top line upside we think, considering its mobile service revenue share is 28%, as opposed to its 31% spectrum share. In addition, we augment higher broadband revenue following its acquisition of MNC Play 4Q23 and its target for 8-10% broadband share by 2026. For XL, we think a merger with Smartfren makes sense to improve its ROIC, but the stock is riskier than others in our view.

**Valuation:** On paper, Telkom looks [well positioned against numerous positive themes: consolidation](#), broadband (and [FWA](#)) and [Enterprise](#) but has underperformed YTD as it has failed to deliver. As a result, the stock is trading more cheaply than in the past and is near Covid19 lows; TLKM, ISAT and EXCL trade at 5.4x, 4.5x and 3.9x FY24E EV/EBITDA respectively. On that basis, we retain our Buy call on PT Telkom but cut our target to IDR 4,500 from IDR 5,000. Our price targets remain unchanged for: Indosat (IDR 12,500) and XL Axiata (IDR 5,000).

## Key developments

01

### **XL and Smartfren merger**

Non-binding agreement between Axiata and Sinar Mas was first entered in May 2024. Due diligence work are under way and a binding agreement may be signed as early as September/October as per TMT Finance. Given Axiata and Sinar Mas' intention to remain joint controlling shareholders, a share swap deal is likely. If successful, we believe this would benefit the wider mobile industry; negative for Towers. Our detailed take [HERE](#).

02

### **5G spectrum auction delayed until 2025**

Originally slated for the second half of this year, the 5G spectrum auction (700MHz and 26GHz) is said to be postponed to 2025. Thereafter, the investment cycle for 5G is likely to begin from 2026 based on commentary from Indosat. Delay is positive in our view.

03

### **Transfer of Link Net's FBB customer base to XL still in process; Indosat set to scale from Q4 onwards**

Back in May, XL (currently 19.2% in Link Net) has planned to pay Link Net IDR 1.875tn (USD 120m) for its B2C customers. This will add another 750k FBB customers to its base, totalling c.1m. Meanwhile, Indosat expects its broadband additions to scale from Q4 once it has consolidated its billing system post the MNC Play acquisition. We continue to believe IndiHome is well positioned given its unmatched scale (>35m homes passed out of 70m households), compared with >3m for the next highest (Link Net).

04

### **Indosat's 4:1 share split to improve liquidity**

In a bid to improve its liquidity, Indosat has also announced a 4:1 share split, subject to approval on its shareholder meeting in end September.

## Guidance for 2024

01

### **Telkom Indonesia/Telkomsel**

#### **Telkom Indonesia**

- Revenue: Downgraded to LSD from MSD
- EBITDA margin: 50-52%
- Capex/sales: 22-24%

#### **Telkomsel**

- Revenue: Mid to high teens
- EBITDA margin: 46-48%
- Capex/sales: 14-15%

02

### **XL Axiata**

- Revenue: HSD
- EBITDA margin: 50%, continued optimisation in sales channels
- Capex: IDR 8tn
- Mobile ARPU: IDR 45k ARPU

03

### **Indosat**

- Home broadband: Target 8% to 10% market share by 2026, currently at 2.5%
- Mobile: IDR 40k ARPU for 2024 (likely seen as medium-term target)



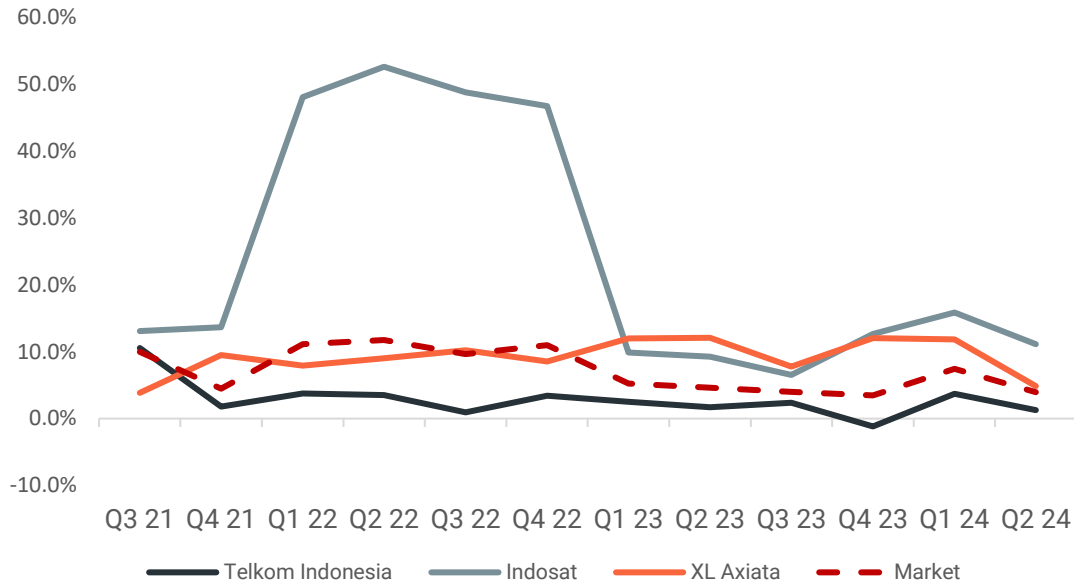
## Section 1: Consolidated

# Consolidated Revenue: Return to a more sustainable pace with Indosat still ahead

Industry reverted to a more sustainable pace, up by 3.9% YoY from 7.4% prior. Indosat remained in the lead as mobile and fixed continue to perform. XL slowed partly on a larger comparable base. Telkom was weaker off a decline from Telkomsel as the Legacy decline offset its Digital growth.

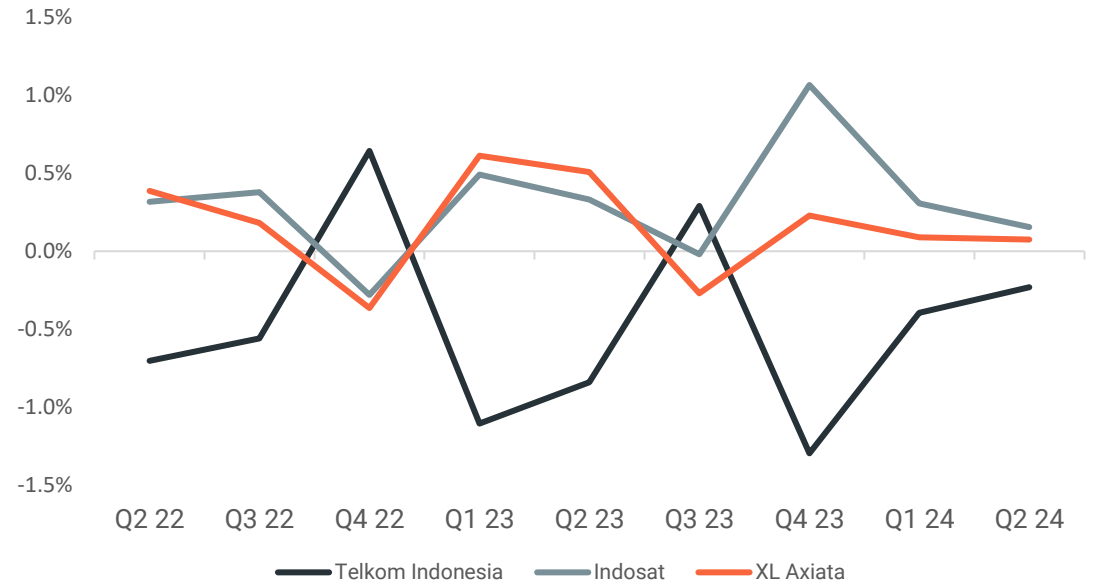
## Indosat, XL and Telkom were up by 11%, 4.8% and 1.3% YoY respectively

Consolidated revenue\* – YoY growth, %



## Both XL and Indosat continue to gain share, albeit at a slower pace

Consolidated revenue share, %



Source: New Street Research analysis  
 \*Post-merger of Indosat-Hutchison from Q1 2022 onwards; no underlying trend was reported

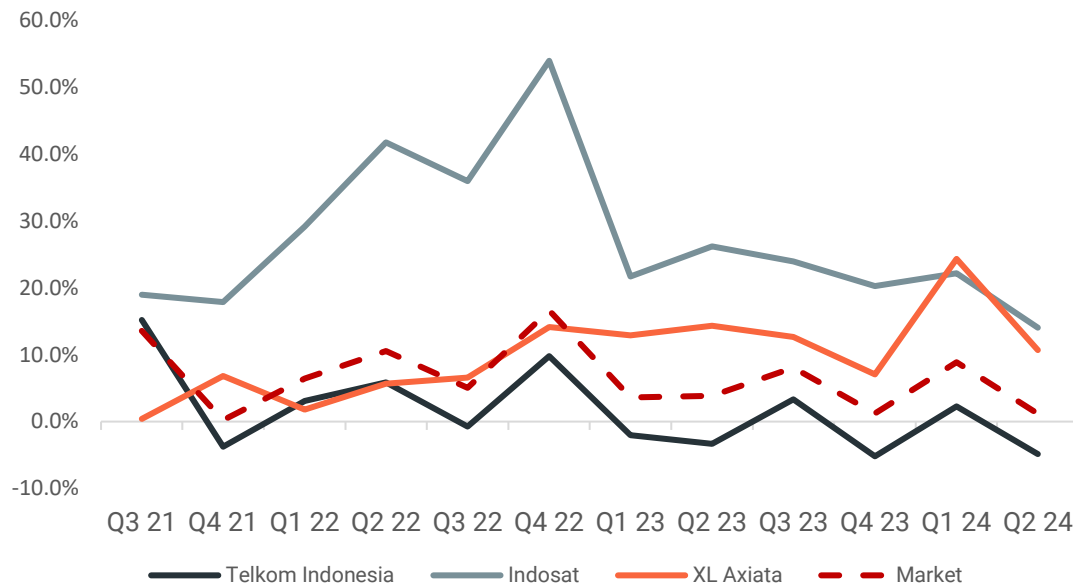


## Consolidated EBITDA: Telkom weaker on one-off retirement fee while peers improved margins

Industry EBITDA was weaker at 1.2% YoY from 8.9% last quarter, dragged by IDR1.24tn of early retirement fees at Telkom. The initiative is aimed at streamlining its workforce and to attract younger talents. Underlying would have grown in the 5% range. Both XL and Indosat continued to grow ahead of topline with margins up YoY.

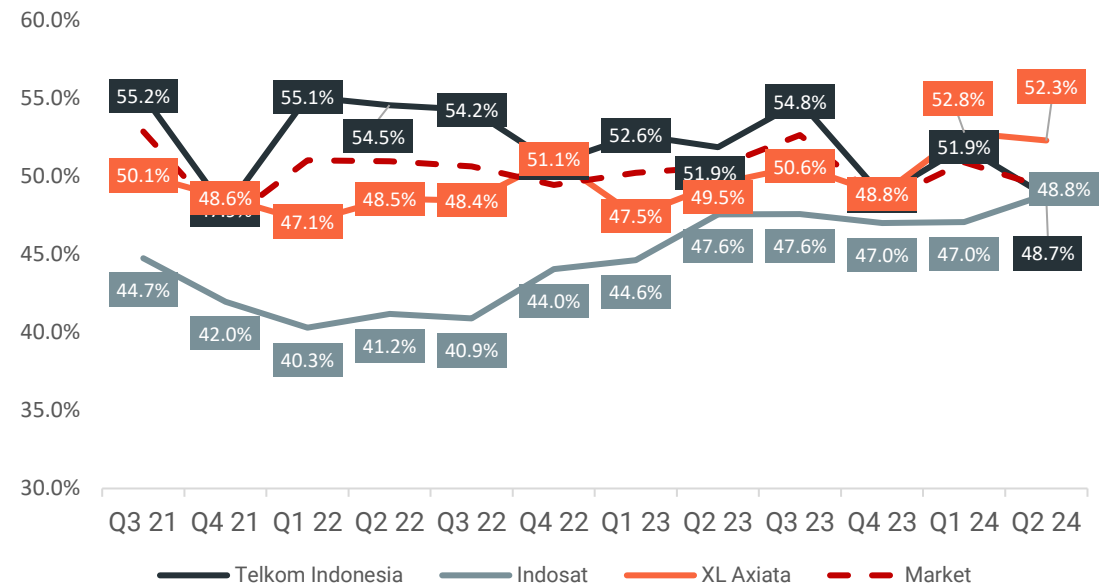
### Indosat and XL were up 14% and 10.7% YoY respectively; Telkom down 4.9% but up 1.5% on underlying basis

EBITDA\* – YoY growth, %



### YTD XL margin (52.5%) ahead of its 50% guidance; Indosat reached its record high EBITDA margin

EBITDA margin, %

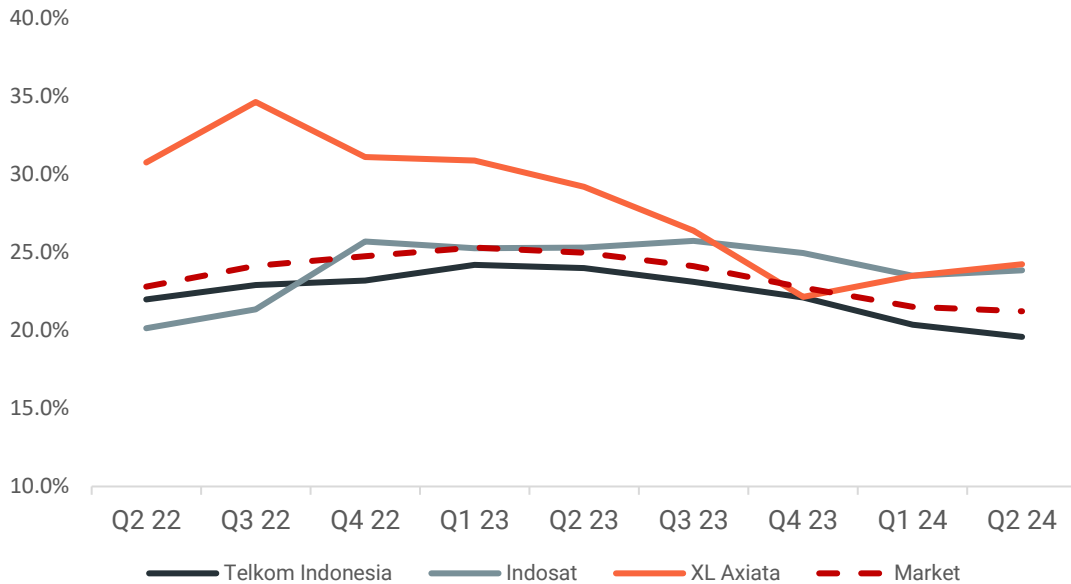


Source: New Street Research analysis  
\*Post-merger of Indosat-Hutchison from Q1 2022 onwards; no underlying trend was reported

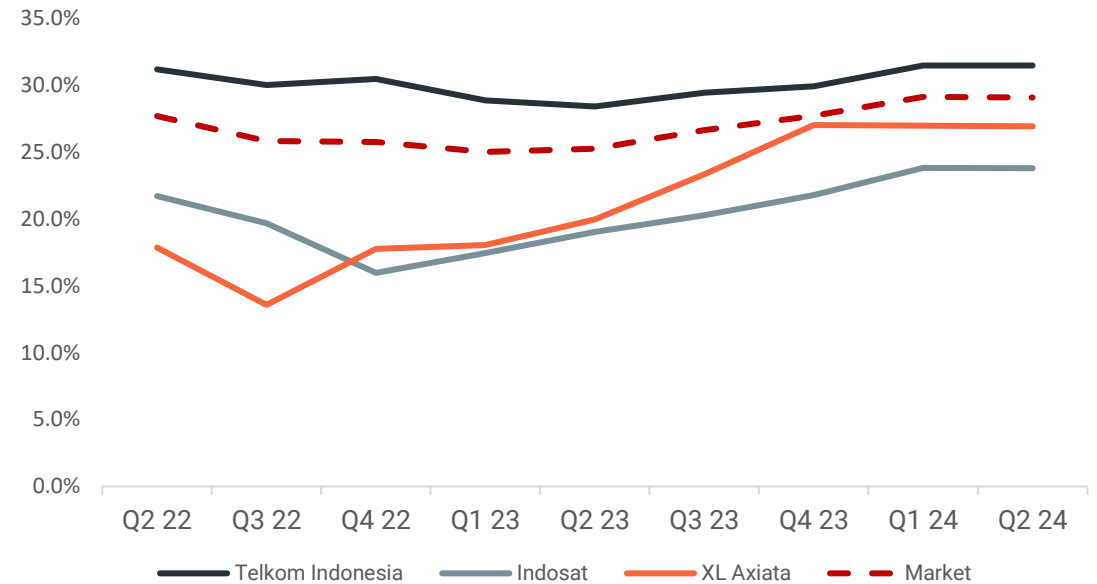
## Group Capex and OpFCF: Continuing in the right direction

Despite Indosat and XL expanding into ex-Java, capex spend remained under control; overall capex intensity continues to improve. 5G investments are likely to only begin from 2026 after the spectrum auction which has been postponed to next year.

LTM Capex/sales, %



LTM OpFCF margins, %





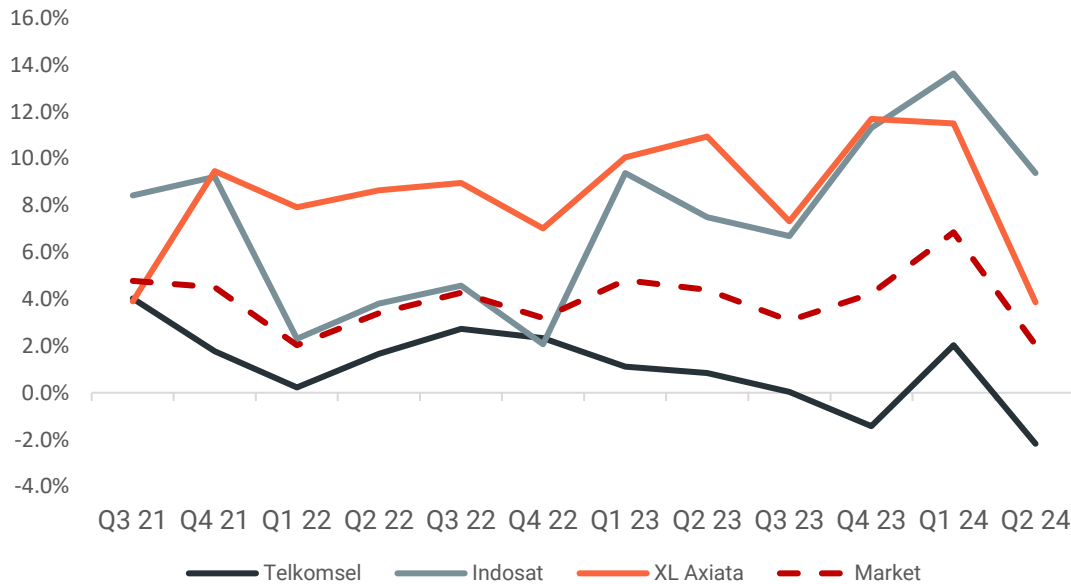


## Section 2: Mobile

# Mobile service revenue

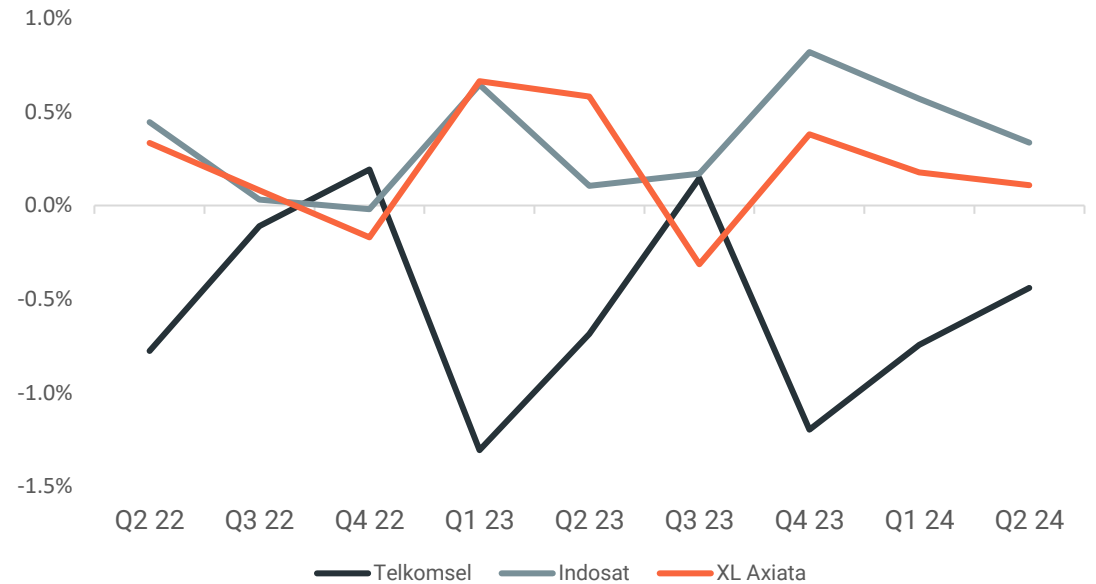
Industry slowed to 2% YoY from 6.9%, attributed to Telkomsel’s decline as Legacy decline offset its Digital growth. Peers continue to gain revenue share, mostly from ex-Java area where ARPU are typically higher relative to Java.

Mobile service revenue\* – YoY growth, %



## Share gains by XL and Indosat mostly from ex-Java region

Sequential mobile service revenue share changes, %



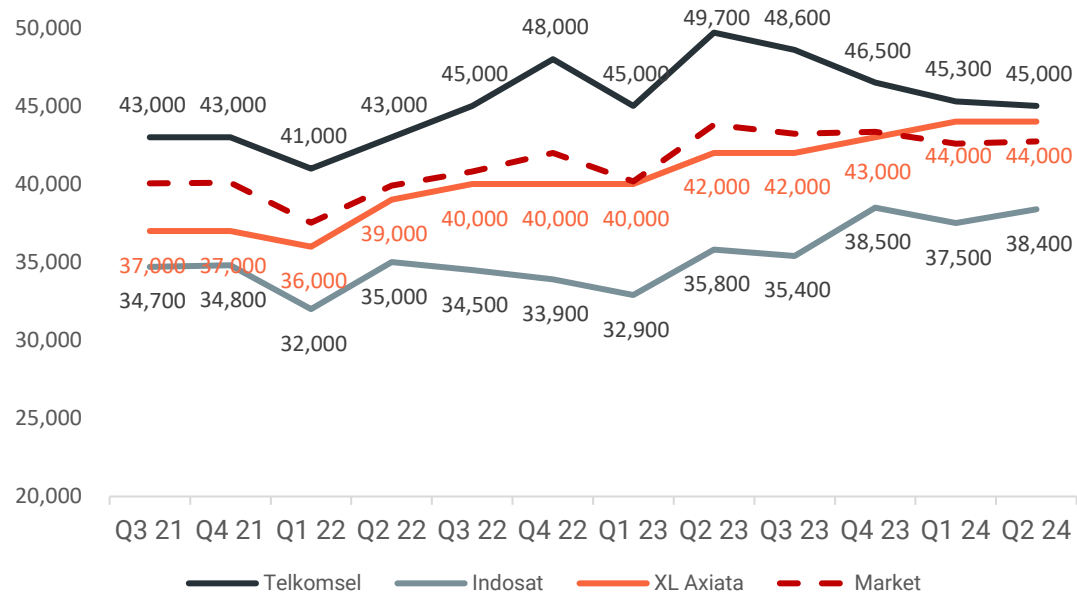
Source: New Street Research analysis  
 \* Estimated underlying trend in 2022 for Indosat post the merger; For Telkomsel, we excluded IndiHome B2C; For XL, we used mobile + IC - discounts

# Mobile ARPU

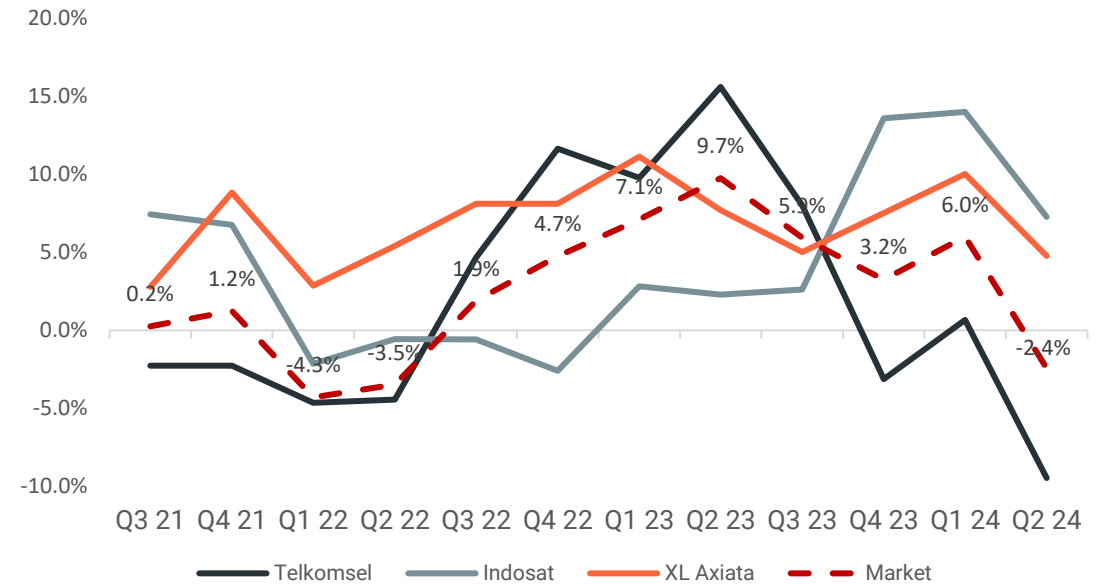
Industry ARPU fell by 2.4% YoY, dragged by Telkomsel. Selective price increases continue to support ARPU growth for Indosat and XL, which were up 7% and 4.8% YoY respectively.

## Industry ARPU has been steadily rising since 2022, post the consolidation

Reported mobile ARPU, IDR/month/sub



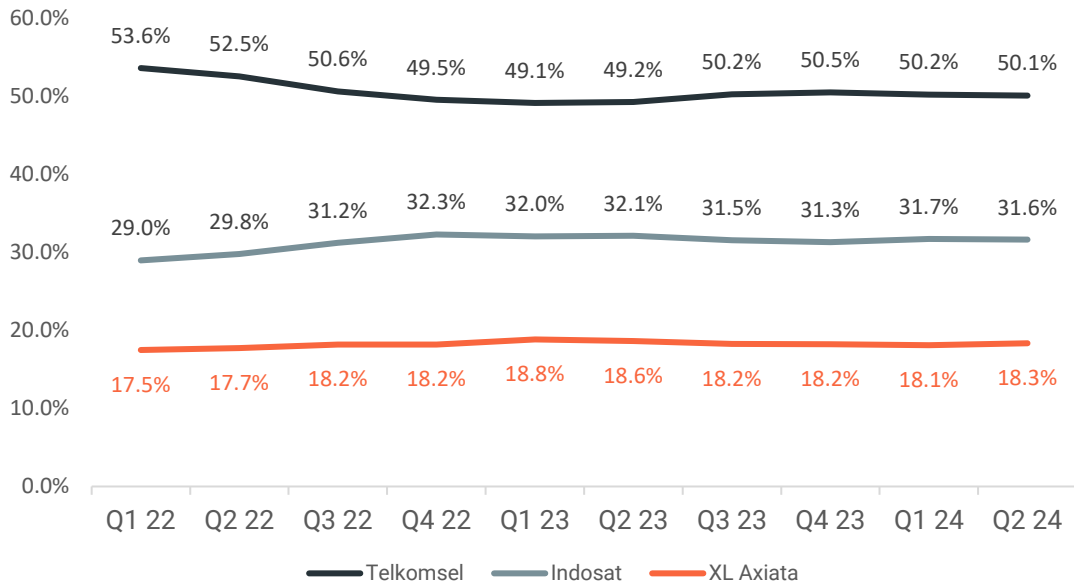
Mobile ARPU – YoY growth, %



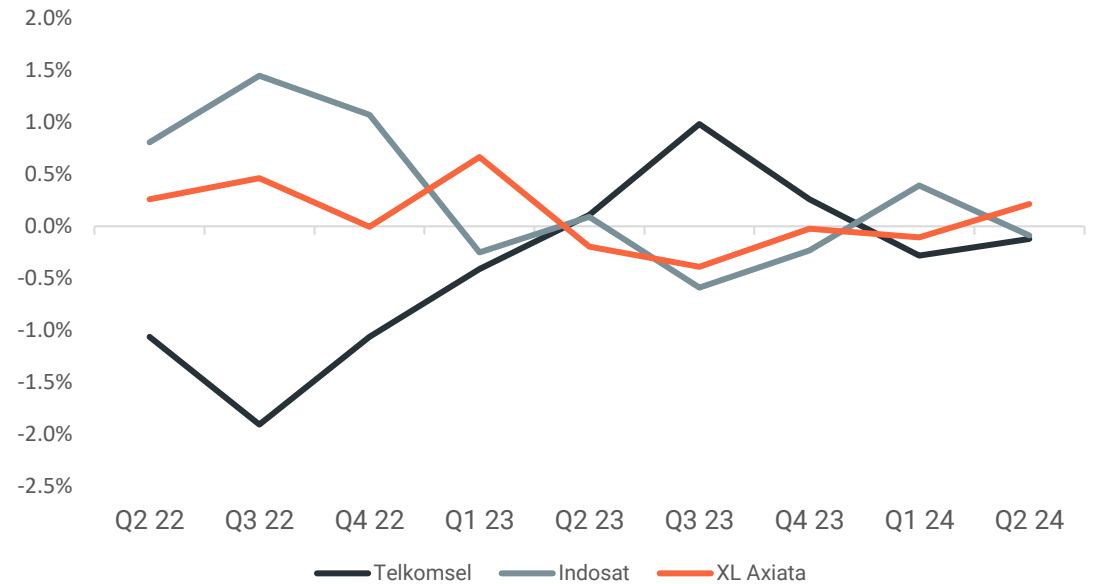
# Mobile subscribers

Subscribers rose by 2.6% YoY and was up by 1.2m sequentially. Meanwhile, XL gained 0.2pp share from peers, mostly from prepaid net additions.

Mobile subscriber share\*, %



Sequential change in mobile subscriber share, %

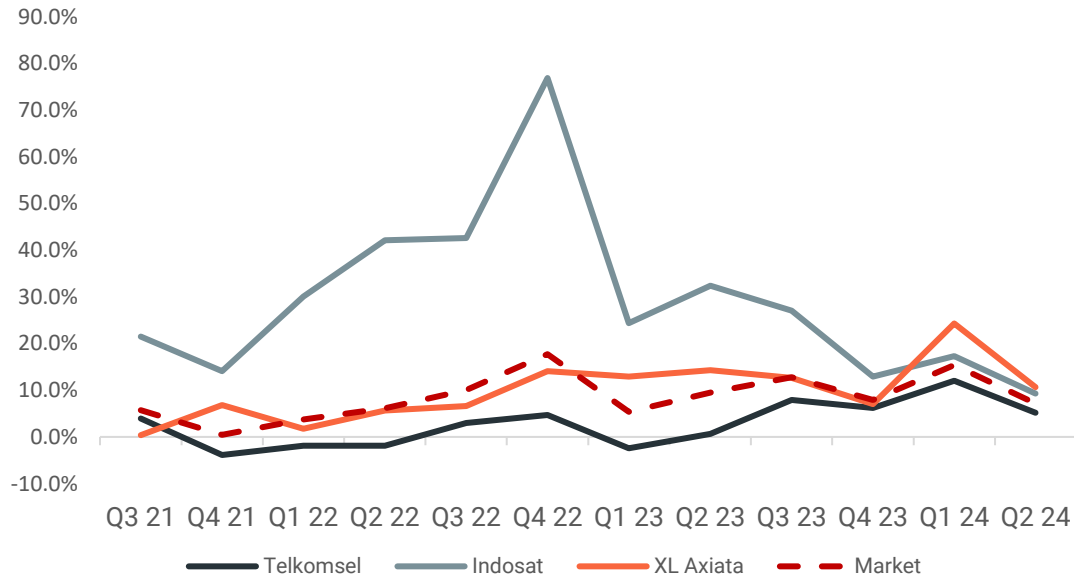


Source: New Street Research analysis  
 \*Share losses by Telkomsel in 2022 were a combination of SIM consolidation and losses to peers.

# Mobile EBITDA

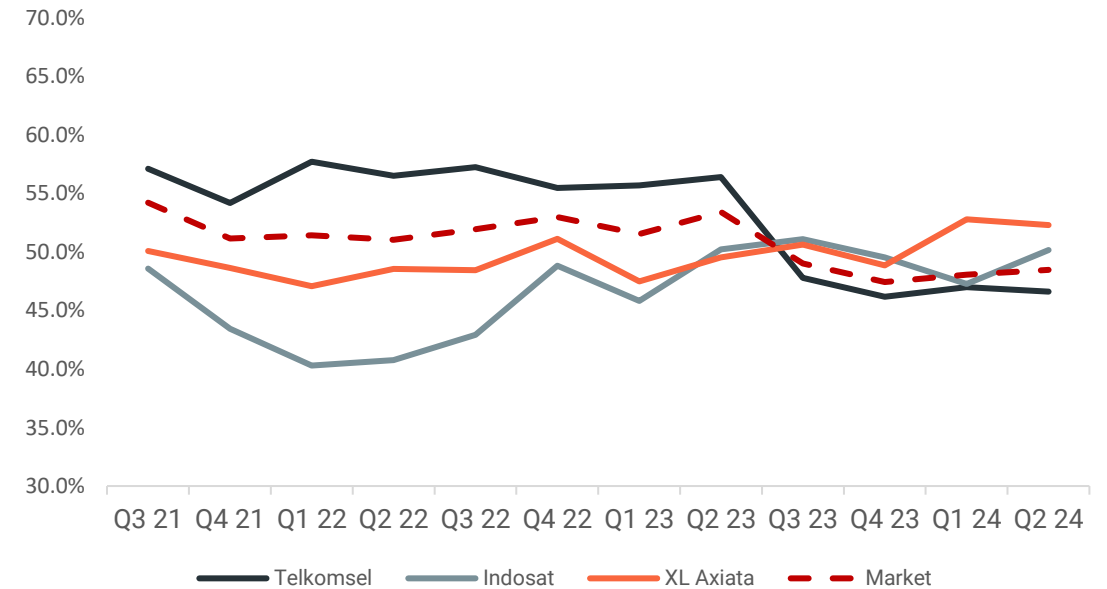
Industry EBITDA was up 7.2% YoY led by XL and Indosat and partly driven by Telkomsel's IndiHome integration since Q3 23.

EBITDA\* – YoY growth, %



## XL seeing good margin uplift

EBITDA margin\*, %



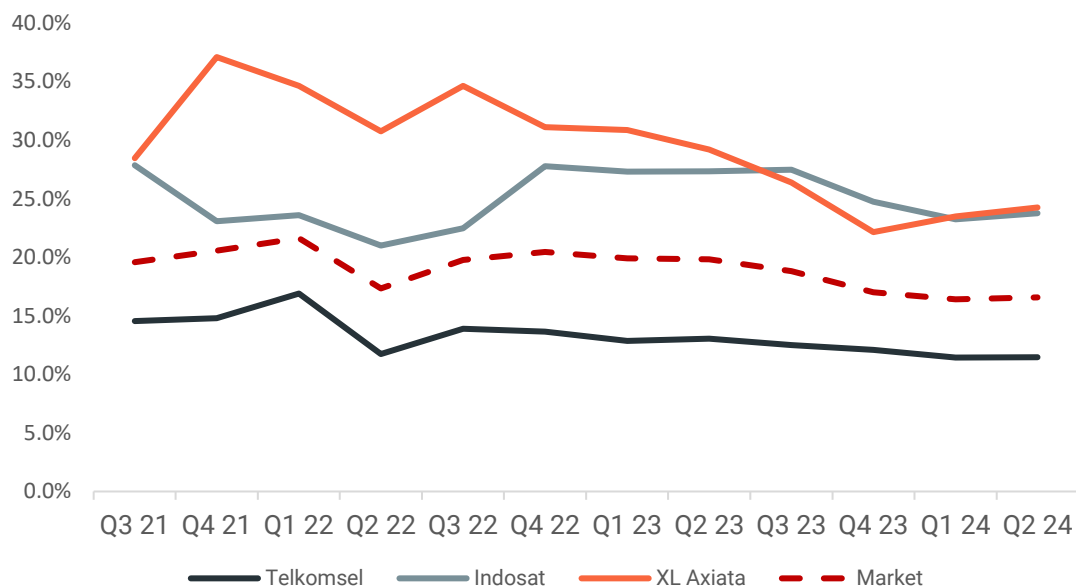
Source: New Street Research analysis  
 \*Post-merger of Indosat-Hutchison from Q1 2022 onwards; no underlying trend was reported; Telkomsel EBITDA includes IndiHome B2C from Q3 23 onwards; XL EBITDA includes managed services

## Mobile capex and capex share: Capex intensity remained at mid-teens

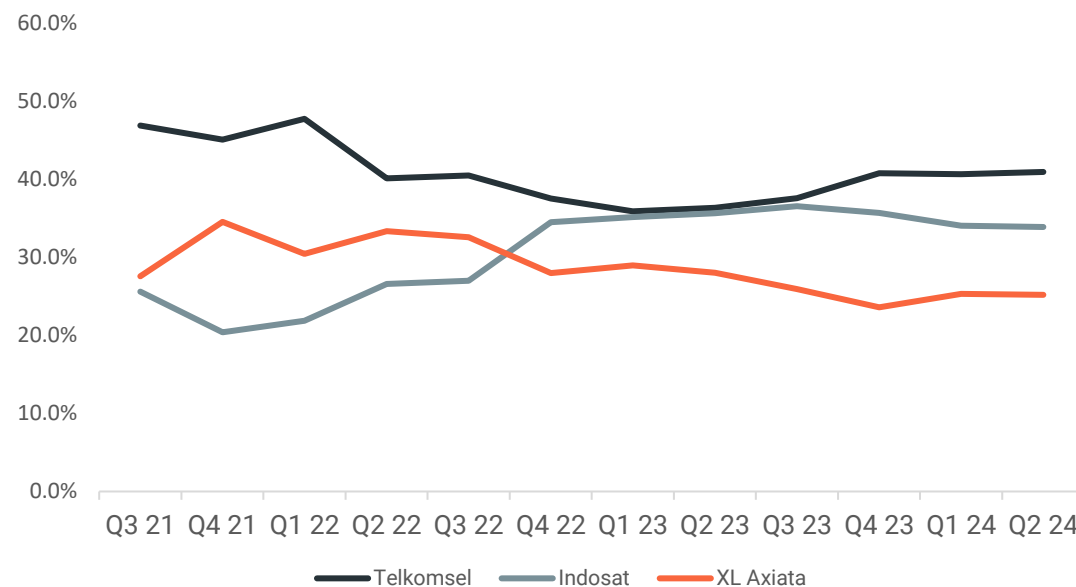
In terms of guidance, Telkomsel had guided 14-15% intensity, Indosat at IDR 12tn (FY23: IDR 12.7tn); XL is said to keep capex flat at IDR 8tn. At present, XL is tracking in line with guidance while Telkomsel and Indosat are expected to catch up their spend in 2H.

### Capex intensity continue to moderate, from 17% to 16.4%

LTM Mobile capex/sales\*, %



LTM Mobile capex share





## Section 3: Broadband & Enterprise

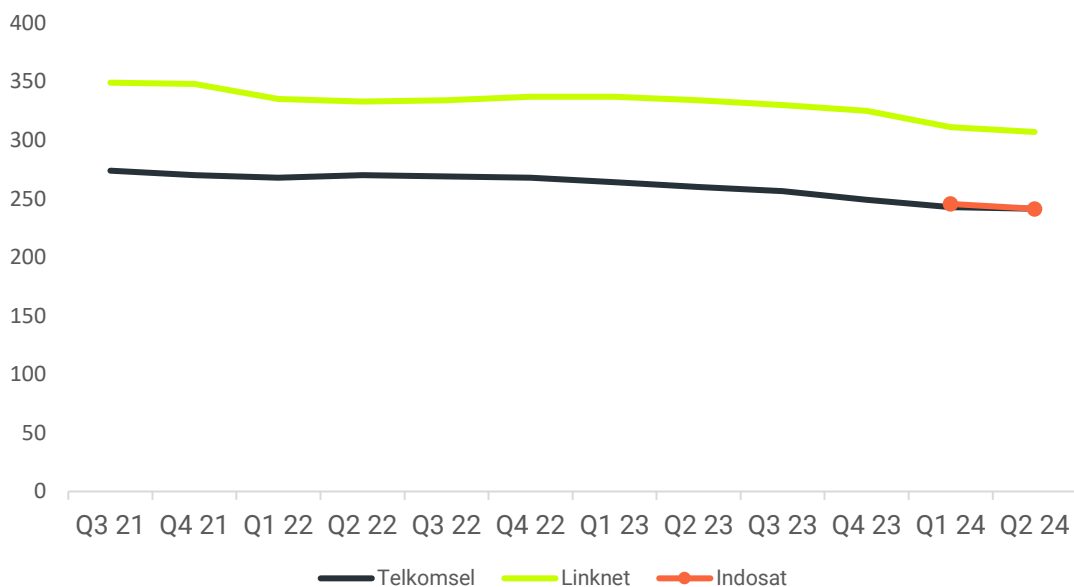


## Broadband ARPU

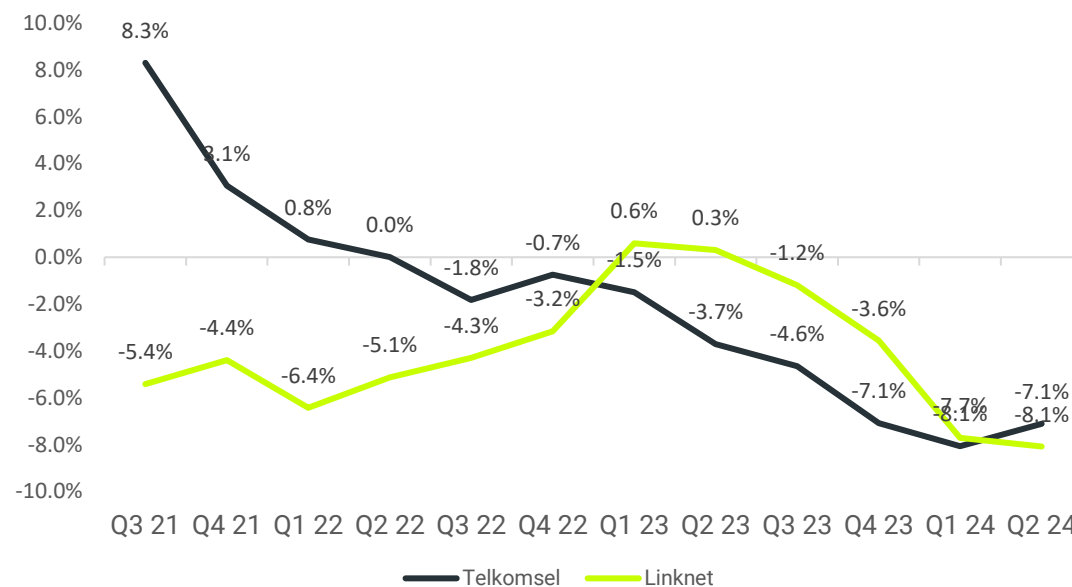
IndiHome ARPU trended lower again as Telkomsel expands into the low and mid value segments. To accelerate adoption in the low-mid segment, it launched a lower price product (Eznet) back in June, which starts from IDR 150k. For Indosat, we estimate that its broadband ARPU is in the IDR240k range, similar to Indihome.

### Broadband ARPU

Broadband APRU\*, IDR/month/subscriber



Broadband APRU – YoY growth, %

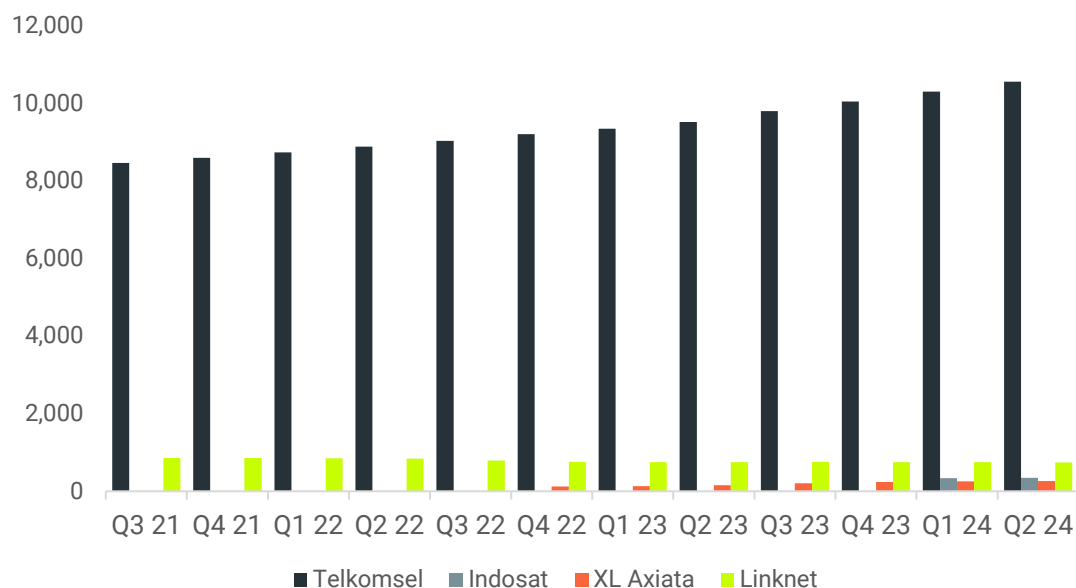


Source: New Street Research analysis  
 \*Implied broadband ARPU for Indosat based on newly disclosed broadband and home broadband subscribers. For Indihome, we referred to its B2C Indihome ARPU.  
 Note: Link Net restated its ARPU to reflect only broadband ARPU, previously included Enterprise

## Broadband subscribers – IndiHome still well positioned given its scale

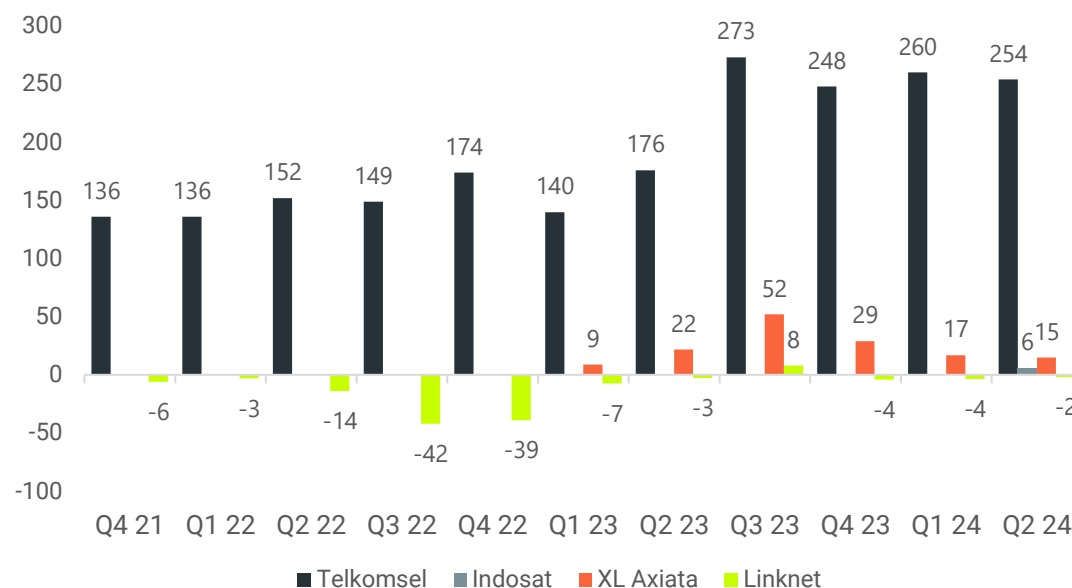
While we feel uneasy about the risk of fibre overbuild in the industry, we believe IndiHome is well positioned to win given its scale (>35m+ homes passed). For Indosat, it expects to scale up from Q4 onwards after building up its billing and sales system; longer term, Indosat is targeting 8-10% market share by 2026, up from 2% today. For XL, it is set to take on Linknet’s B2C customers (750k subs) to reach >1m customers once completed.

Broadband subscribers\*, '000



## IndiHome sustained strong net additions since its integration into Telkomsel back in Q3 23

Broadband subscribers – Net adds\*, '000



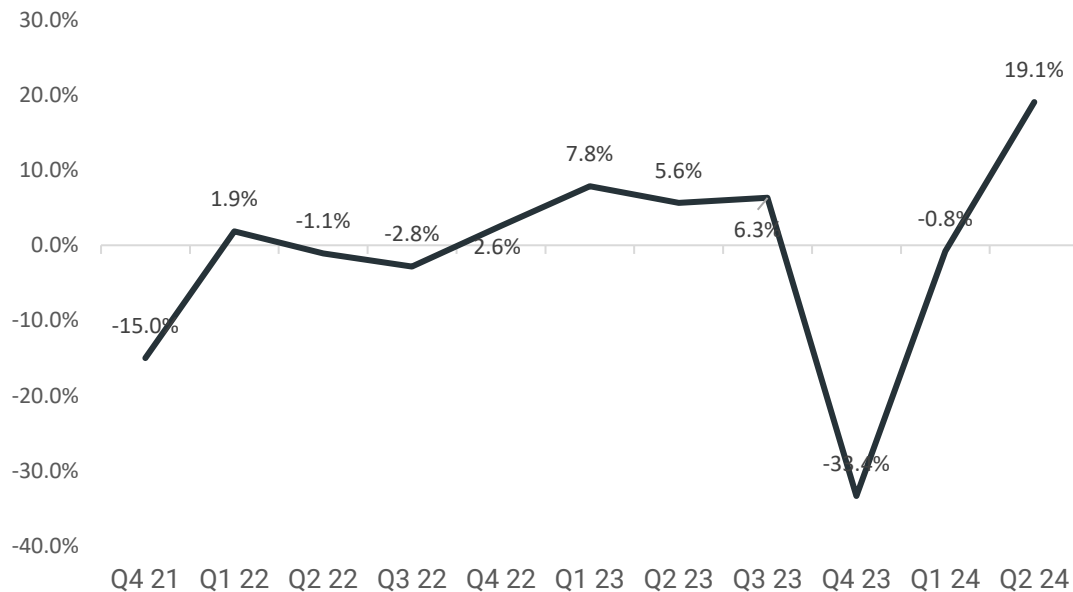
Source: New Street Research analysis

\*We include both retail and enterprise customers for Telkom’s IndiHome given limited historical disclosure on the split. XL only started reporting; XL home subscribers from Q1 22

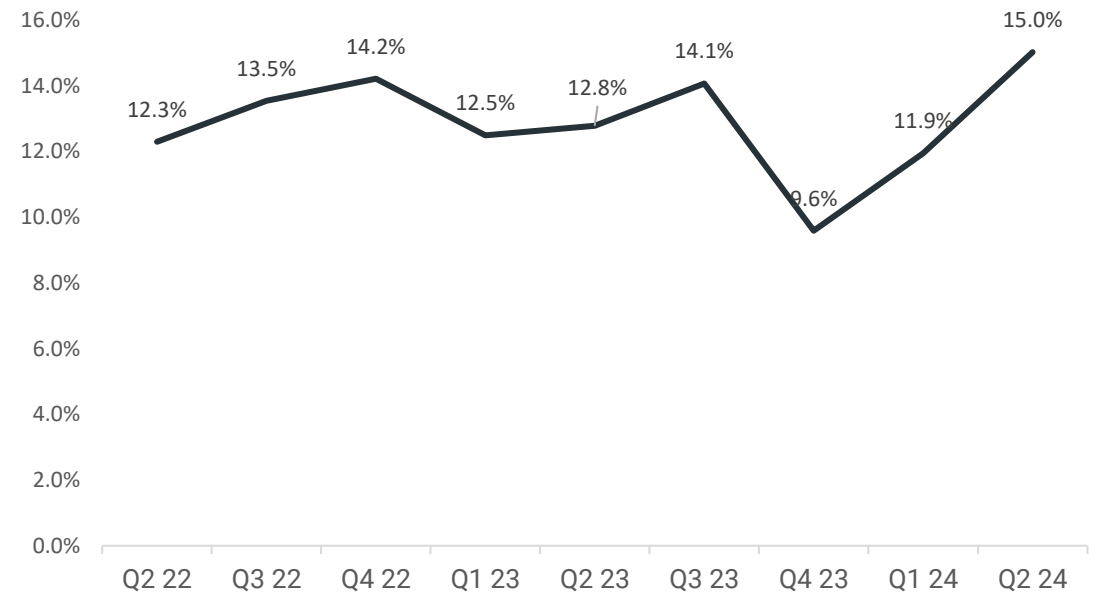
## Telkom' Enterprise revenue

Enterprise spiked to IDR 5.7tn as Telkom starts to strengthen its B2B expertise, with initiatives in place to build its cloud, digital and cybersecurity to target both large and SME enterprises. We believe Telkom is by far the most exposed to Enterprise relative to peers.

Enterprise revenue – YoY growth, %



Enterprise as % of revenue, %





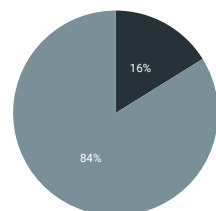
**Company slides**

# Telkom Indonesia, Buy, pt IDR 4,500 from IDR 5,000, +48%

EV CALCULATION (IDRbn)	2024E	2025E	2026E	2027E	CAGR 24E-27E
Share price, IDR	3,050				
Number of shares (bn)	99.06	99.06	99.06	99.06	
Market cap.	302,140	302,140	302,140	302,140	
Plus: Net debt (Cash)	28,682	17,809	7,247	-3,351	
Plus: Other financial liabilities	0	0	0	0	
Less: Associates	0	0	0	0	
Plus: Minorities	95,371	95,371	95,371	95,371	
Less: Cumulative dividends	0	20,286	42,731	67,299	
Less: NPV YE tax credit	0	0	0	0	
Enterprise Value	426,193	395,033	362,026	326,860	-8.5%

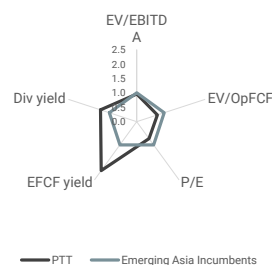
MULTIPLES & RATIOS	2024E	2025E	2026E	2027E	CAGR 24E-27E
EV/Revenue	2.8	2.4	2.1	1.8	4.8%
EV/EBITDA	5.4	4.8	4.2	3.6	4.9%
EV/OpFCF	9.1	7.7	6.6	5.6	7.5%
EV/FCF	11.9	10.1	8.7	7.3	7.5%
EV/Invested capital	2.1	2.0	1.8	1.6	-8.8%
EV/NFA	2.6	2.5	2.3	2.1	-6.7%
P/EFCF	10.6	9.6	8.8	8.2	9.2%
Adjusted P/E	12.6	11.2	10.1	9.2	11.0%
Dividend yield	5.9%	6.7%	7.4%	8.1%	11.0%
EFCF yield	9.4%	10.5%	11.3%	12.2%	9.2%
Net debt/EBITDA	0.4	0.2	0.1	0.0	-146.6%
OpFCF/Net interest	13.5	16.1	18.9	22.1	17.8%

## BREAKDOWN OF VALUE



■ Domestic wireline ■ Telkomsel

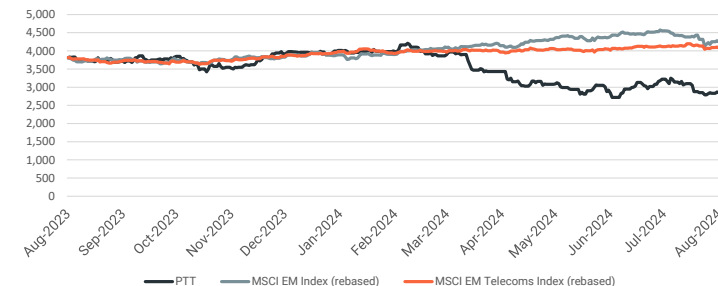
## RELATIVE VALUATION (2024E)



— PT — Emerging Asia Incumbents

FINANCIALS (IDRbn)	2023A	2024E	2025E	2026E	2027E	CAGR 24E-27E
Revenue	149,216	154,695	162,437	169,898	177,835	4.8%
EBITDA	77,579	78,952	83,109	87,070	91,192	4.9%
Capex	32,968	31,902	31,878	32,340	32,760	0.9%
OpFCF (EBITDA - capex)	44,611	47,050	51,230	54,730	58,432	7.5%
FCF (OpFCF * (1-tax rate))	35,222	35,839	39,023	41,689	44,508	7.5%
EFCF	28,247	28,436	31,576	34,176	37,004	9.2%
Adj net Income	25,092	23,942	27,048	29,927	32,757	11.0%
Clean EPS	253.30	241.69	273.04	302.10	330.67	11.0%
DPS	179	181	205	227	248	11.0%
Cash flow						
OpFCF	44,611	47,050	51,230	54,730	58,432	
Less: Interest payments	-3,591	-3,483	-3,177	-2,899	-2,644	
Less: Tax paid	-8,586	-9,935	-11,224	-12,418	-13,593	
Less: Change in WC	-3,803	230	511	432	456	
Less: Restructuring payments	0	0	0	0	0	
Less: Minority dividends paid	-5,354	-5,472	-6,182	-6,839	-7,486	
Sub total	23,277	28,391	31,159	33,006	35,165	
Less: Disposals/acquis.	-13,618	1	1	1	1	
Less: Dividends paid	-17,683	-17,957	-20,286	-22,445	-24,568	
Less: Share buyback/ special dividend	0	0	0	0	0	
Chg in Net debt/Cash	-8,023	10,435	10,874	10,562	10,598	
Net debt (Cash)	39,117	28,682	17,809	7,247	-3,351	

## PRICE PERFORMANCE, -1Y



— PT — MSCI EM Index (rebased) — MSCI EM Telecoms Index (rebased)

DIVISIONAL (IDRbn)	2023A	2024E	2025E	2026E	2027E	CAGR 24E-27E
Revenues						
Telkomsel	102,370	119,555	125,146	130,510	136,418	4.5%
Fixed	46,846	32,264	34,852	37,710	40,563	7.9%
Total	149,216	154,695	162,437	169,898	177,835	4.8%
% change		3.7%	5.0%	4.6%	4.7%	
EBITDA						
Telkomsel	52,078	55,655	58,550	61,352	64,436	5.0%
Fixed	25,501	19,458	21,160	22,827	24,440	7.9%
Total	77,579	78,952	83,109	87,070	91,192	4.9%
% change		1.8%	5.3%	4.8%	4.7%	
EBITDA margin	52.0%	51.0%	51.2%	51.2%	51.3%	
Capex						
Telkomsel	12,370	16,738	16,644	17,011	17,425	1.4%
Fixed	20,598	15,164	15,234	15,329	15,335	0.4%
Total	32,968	31,902	31,878	32,340	32,760	0.9%
% change		-3.2%	-0.1%	1.4%	1.3%	
Capex/sales	22.1%	20.6%	19.6%	19.0%	18.4%	
OpFCF						
Telkomsel	39,708	38,917	41,905	44,342	47,011	6.5%
Fixed	4,903	4,294	5,926	7,498	9,105	28.5%
Total	44,611	47,050	51,230	54,730	58,432	7.5%
% change		5.5%	8.9%	6.8%	6.8%	
OpFCF margin	29.9%	30.4%	31.5%	32.2%	32.9%	

# Indosat, Buy, pt IDR 12,500, 22%

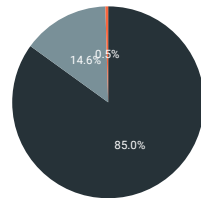
## EV CALCULATION (IDRbn) CAGR

	2024E	2025E	2026E	2027E	24E-27E
Share price, IDR	10,250				
Number of shares (bn)	8.06	8.06	8.06	8.06	
Market cap.	82,642	82,642	82,642	82,642	
Plus: Net debt (Cash)	40,479	29,698	17,809	4,918	
Plus: Other financial liabilities	0	0	0	0	
Less: Associates	0	0	0	0	
Plus: Minorities	0	0	0	0	
Less: Cumulative dividends	0	8,590	20,477	36,796	
Less: NPV YE tax credit	0	0	0	0	
Enterprise Value	123,122	103,751	79,975	50,764	-25.6%

## MULTIPLES & RATIOS CAGR

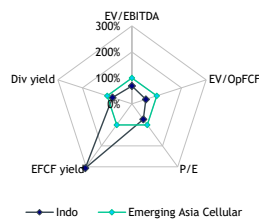
	2024E	2025E	2026E	2027E	24E-27E
EV/Revenue	2.2	1.7	1.2	0.7	9.3%
EV/EBITDA	4.5	3.4	2.4	1.4	9.9%
EV/OpFCF	8.0	5.8	4.0	2.3	12.6%
EV/FCF	11.5	8.2	5.7	3.3	12.6%
EV/Invested capital	1.6	1.4	1.2	0.8	-19.5%
EV/NFA	1.8	1.6	1.4	1.0	-18.6%
P/EFCF	8.5	6.6	5.7	4.9	19.7%
Adjusted P/E	14.0	11.3	9.3	7.9	21.0%
Dividend yield	2.9%	4.0%	5.4%	6.7%	32.5%
EFCF yield	11.8%	15.2%	17.7%	20.3%	19.7%
Net debt/EBITDA	1.5	1.0	0.5	0.1	-54.9%
OpFCF/Net interest	4.5	6.4	9.5	16.3	53.9%

## BREAKDOWN OF VALUE



■ Mobile ■ MIDI ■ Fixed services

## RELATIVE VALUATION (2024E)



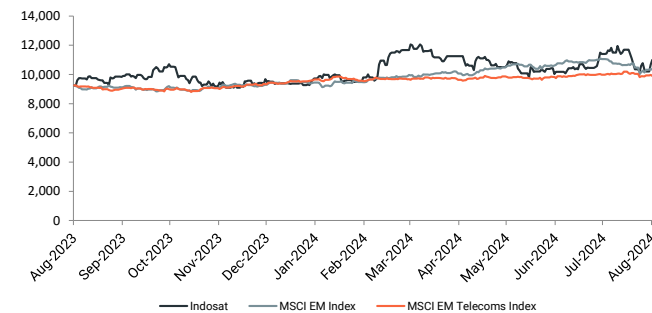
## FINANCIALS (IDRbn) CAGR

	2023A	2024E	2025E	2026E	2027E	24E-27E
Revenue	51,229	56,294	61,673	67,428	73,453	9.3%
EBITDA	23,938	27,554	30,377	33,409	36,604	9.9%
Capex	12,783	12,223	12,356	13,510	14,717	6.4%
OpFCF (EBITDA - capex)	11,155	15,331	18,021	19,899	21,888	12.6%
FCF (OpFCF * (1-tax rate))	7,808	10,732	12,615	13,929	15,321	12.6%
EFCF	6,344	9,767	12,574	14,599	16,751	19.7%
Adj net Income	4,506	5,923	7,328	8,864	10,503	21.0%
Clean EPS	559	735	909	1,099	1,303	21.0%
DPS	268	294	409	550	684	32.5%

## Cash flow

	2023A	2024E	2025E	2026E	2027E
OpFCF	11,155	15,331	18,021	19,899	21,888
Less: Interest payments	-4,394	-3,424	-2,800	-2,098	-1,342
Less: Tax paid	-1,156	-1,774	-2,195	-2,655	-3,146
Less: Change in WC	-38	216	124	40	-76
Less: Restructuring payments	0	0	0	0	0
Less: Other	-5,701	0	0	0	0
Sub total	-134	10,349	13,151	15,186	17,324
Less: Disposals/acquis.	0	0	0	0	0
Less: Dividends paid	-2,062	-2,164	-2,369	-3,298	-4,432
Less: Share buyback/ special	0	0	0	0	0
Chg in Net debt/Cash	-2,196	8,185	10,781	11,889	12,892
Net debt (Cash)	48,664	40,479	29,698	17,809	4,918

## PRICE PERFORMANCE, -1Y



## DIVISIONAL (IDRbn) CAGR

	2023A	2024E	2025E	2026E	2027E	24E-27E
Revenues						
MIDI	6,473	7,988	9,466	11,098	12,833	17.1%
Fixed	1,006	979	953	928	903	-2.6%
Mobile	43,750	47,327	51,254	55,402	59,716	8.1%
Total	51,229	56,294	61,673	67,428	73,453	9.3%
% change		9.9%	9.6%	9.3%	8.9%	

## EBITDA

	2023A	2024E	2025E	2026E	2027E
MIDI	2,295	2,951	3,498	4,101	4,742
Fixed	111	108	105	102	99
Mobile	21,533	24,495	26,775	29,207	31,763
Total	23,938	27,554	30,377	33,409	36,604
% change		15.1%	10.2%	10.0%	9.6%
EBITDA margin	46.7%	48.9%	49.3%	49.5%	49.8%

## Capex

	2023A	2024E	2025E	2026E	2027E
MIDI	1,936	1,438	1,704	1,998	2,310
Fixed	20	19	18	17	16
Mobile	10,828	10,766	10,635	11,495	12,390
Total	12,783	12,223	12,356	13,510	14,717
% change		-4.4%	1.1%	9.3%	8.9%
Capex/sales	25.0%	21.7%	20.0%	20.0%	20.0%

## OpFCF

	2023A	2024E	2025E	2026E	2027E
MIDI	359	1,514	1,794	2,103	2,432
Fixed	91	89	87	85	83
Mobile	10,705	13,729	16,140	17,711	19,373
Total	11,155	15,331	18,021	19,899	21,888
% change		37.4%	17.5%	10.4%	10.0%
OpFCF margin	21.8%	27.2%	29.2%	29.5%	29.8%

# XL Axiata, Buy, pt IDR 5,000, +124%

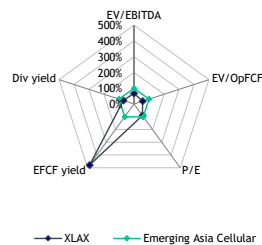
EV CALCULATION (IDRbn)	2024E	2025E	2026E	2027E	24E-27E	CAGR
Share price, IDR	2,230					
Number of shares (bn)	13.13	13.13	13.13	13.13		
Market cap.	29,276	29,276	29,276	29,276		
Plus: Net debt (Cash)	39,503	33,399	26,843	19,808		
Plus: Other financial liabilities	0	0	0	0		
Less: Associates	0	0	0	0		
Plus: Minorities	0	0	0	0		
Less: Cumulative dividends	0	1,060	2,382	3,977		
Less: NPV YE tax credit	0	0	0	0		
Enterprise Value	68,779	61,615	53,737	45,108		-13.1%

MULTIPLES & RATIOS	2024E	2025E	2026E	2027E	24E-27E	CAGR
EV/Revenue	2.0	1.7	1.4	1.1	4.8%	
EV/EBITDA	3.9	3.3	2.8	2.2	5.0%	
EV/OpFCF	7.2	6.0	4.9	3.9	6.4%	
EV/FCF	9.7	7.9	6.6	5.3	6.4%	
EV/Invested capital	1.0	1.0	1.0	0.9	-5.0%	
EV/NFA	1.1	1.1	1.1	1.0	-5.0%	
P/EFCF	4.9	4.2	3.8	3.5	12.1%	
Adjusted P/E	17.8	13.8	11.1	9.2	24.6%	
Dividend yield	2.8%	3.6%	4.5%	5.4%	24.6%	
EFCF yield	20.4%	23.8%	26.2%	28.8%	12.1%	
Net debt/EBITDA	2.2	1.8	1.4	1.0	-24.3%	
OpFCF/Net interest	-3.3	-4.1	-5.2	-6.8	27.0%	

## WACC CALCULATION

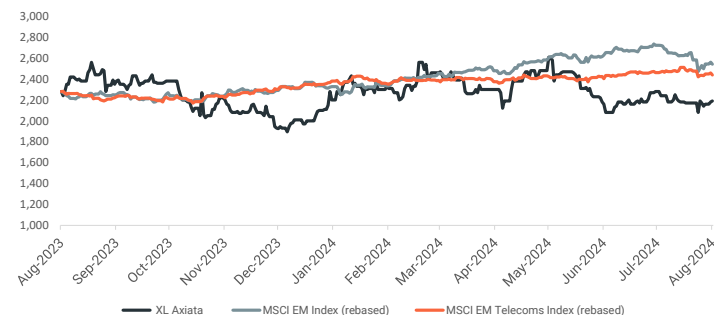
Risk free rate	7.1%
Tax rate	25.0%
Equity premium	5.0%
Debt Premium	3.0%
<b>Cost of Equity</b>	<b>12.1%</b>
<b>Cost of Debt</b>	<b>7.6%</b>
Debt/Equity	53.8%
<b>WACC</b>	<b>10.5%</b>
Terminal growth	2.0%

## RELATIVE VALUATION (2024E)



FINANCIALS (IDRbn)	2023A	2024E	2025E	2026E	2027E	24E-27E	CAGR
Revenue	32,323	34,832	36,525	38,258	40,036		4.8%
EBITDA	15,885	17,673	18,569	19,488	20,434		5.0%
Capex	7,158	8,185	8,218	8,608	9,008		3.2%
OpFCF (EBITDA - capex)	8,727	9,488	10,351	10,880	11,426		6.4%
FCF (OpFCF * (1-tax rate))	6,545	7,116	7,763	8,160	8,569		6.4%
EFCF	5,474	5,981	6,967	7,677	8,422		12.1%
Adj net Income	1,284	1,649	2,119	2,645	3,190		24.6%
Clean EPS	97.84	125.60	161.42	201.48	242.97		24.6%
DPS	48.6	62.8	80.7	100.7	121.5		24.6%
<b>Cash flow</b>							
OpFCF	8,727	9,488	10,351	10,880	11,426		
Less: Interest payments	-2,840	-2,844	-2,518	-2,111	-1,673		
Less: Tax paid	-420	-539	-693	-865	-1,043		
Less: Change in WC	-2,706	292	197	202	207		
Less: Restructuring payments	0	0	0	0	0		
Less: Other	-8,302	-123	-173	-227	-288		
<b>Sub total</b>	<b>2,761</b>	<b>6,397</b>	<b>7,337</b>	<b>8,106</b>	<b>8,917</b>		
Less: Disposals/acquis.	0	0	0	0	0		
Less: Dividends paid	-635	-824	-1,060	-1,323	-1,595		
Less: Share buyback/ special dividend	0	0	0	0	0		
<b>Chg in Net debt/Cash</b>	<b>-6,176</b>	<b>5,449</b>	<b>6,104</b>	<b>6,556</b>	<b>7,034</b>		
Net debt (Cash)	-44,952	-39,503	-33,399	-26,843	-19,808		

## PRICE PERFORMANCE, -1Y



DIVISIONAL (IDRbn)	2023A	2024E	2025E	2026E	2027E	24E-27E	CAGR
<b>Revenues</b>							
Revenue	32,323	34,832	36,525	38,258	40,036		4.8%
<b>Total</b>	<b>32,323</b>	<b>34,832</b>	<b>36,525</b>	<b>38,258</b>	<b>40,036</b>		4.8%
% change		7.8%	4.9%	4.7%	4.6%		
<b>EBITDA</b>							
EBITDA	15,885	17,673	18,569	19,488	20,434		5.0%
<b>Total</b>	<b>15,885</b>	<b>17,673</b>	<b>18,569</b>	<b>19,488</b>	<b>20,434</b>		5.0%
% change		11.3%	5.1%	4.9%	4.9%		
<b>EBITDA margin</b>	<b>49.1%</b>	<b>50.7%</b>	<b>50.8%</b>	<b>50.9%</b>	<b>51.0%</b>		
<b>Capex</b>							
Capex	7,158	8,185	8,218	8,608	9,008		3.2%
<b>Total</b>	<b>7,158</b>	<b>8,185</b>	<b>8,218</b>	<b>8,608</b>	<b>9,008</b>		3.2%
% change		14.4%	0.4%	4.7%	4.6%		
<b>Capex/sales</b>	<b>22.1%</b>	<b>23.5%</b>	<b>22.5%</b>	<b>22.5%</b>	<b>22.5%</b>		
<b>OpFCF</b>							
OpFCF	8,727	9,488	10,351	10,880	11,426		6.4%
<b>Total</b>	<b>8,727</b>	<b>9,488</b>	<b>10,351</b>	<b>10,880</b>	<b>11,426</b>		6.4%
% change		8.7%	9.1%	5.1%	5.0%		
<b>OpFCF margin</b>	<b>27.0%</b>	<b>27.2%</b>	<b>28.3%</b>	<b>28.4%</b>	<b>28.5%</b>		



# Additional Research

[XL Axiata – Q2 24 Quick Take: Slower but solid, good KPIs, guidance reiterated](#)

[Indosat – Q2 24 Quick Take: In-line, EBITDA margin reached record high](#)

[Telkom Indonesia – Q2 24 Quick Take: Frustrating again, but some bright spots](#)

[Launching SpectrumHub 2.0](#)

[Indonesian Telcos - Q1 24 review: Improvements across the board; final consolidation move imminent?](#)

[EM Telcos - EM Enterprise Revenues Continue to Grow Strongly](#)

[Indonesian Telcos – Final piece of the consolidation jigsaw? Proposed merger between XL and Smartfren. Our thoughts with implications for the telcos and the towers.](#)

[Indosat – Q1 24 Quick Take: Sustained profitable growth; ARPU trend reflective of healthy mobile dynamic in Indonesia so far](#)

[Indonesian Telcos - Q4 23 review: Strong execution from XL and Indosat; mobile fundamentals remain healthy](#)

[XL Axiata – Q1 24 Quick Take: Record quarter as ARPU tipped to a new high](#)

[Telkom Indonesia – Q1 24 Quick Take: A better quarter](#)

[5G FWA in EM - Rapidly falling CPE prices likely to accelerate adoption in EM](#)

[Telkom Indonesia – Thoughts after the call – Downgrade price target, but stay Buyer \(just\).](#)

[Telkom Indonesia – Q4 23 Quick Take: Missed on poor topline and higher staff costs](#)

[ASEAN Telcos - Outlook 2024; Continued market repair in Indonesia, Thailand, Malaysia](#)

[5G FWA in EM - Poor man's paradise; income and propensity to spend suggests 5G FWA affordability is high in EM](#)

[Indonesia Telcos & Towers – Feedback from Meetings in Jakarta](#)

[GEM Telcos—Are the price wars finally over?](#)

[5G FWA in Emerging Markets: Markets scaled and returns analysed](#)

[5G FWA in EM Telcos - Revenue & Returns Analysis: Focus on Africa, India, Indonesia](#)

[EM Telcos - Validating the Enterprise Thesis](#)

[PT Telkom – Telkomsel-IndiHome merger: Our Take](#)

[Telekom Indonesia \(Buy\) – Disappointing growth; cut target](#)

[Asian and EM Telcos – A snapshot of Data Center achievements, future developments and valuation](#)

[Jio's 5G FWA plans are game changing for the Fixed Wireless Access industry globally](#)

[Are EM Telcos likely to see ARPU pressure from food inflation?](#)

[The 5G FWA Opportunity for EM – Connecting a billion homes](#)

[Indosat \(Buy\) – \\$2bn EBITDA likely by 2024, stock should double](#)

[Global EM Telcos – The 12 year bear market is over, go long, outsized returns ahead \(open access\)](#)



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