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ANCHOR REPORT

Global Markets Research

18 September 2026



Indonesia data center: in the early innings of growth

Initiating coverage of TOTL at Buy

Indonesia's colocation data center market likely to grow six-fold by 2030F

Currently, the Indonesia data center industry is running on about 470 megawatts of power. If all 27 projects we track become operational as planned, that capacity should rise to 2.6 gigawatts by 2030F. Our base case is for the capacity to hit 2.0 gigawatts – or 1.3 gigawatts if the market slows down. Total capex plus AI chips will cost around USD56bn. But the value, from our perspective, lies in the steady cash the built capacity generates. We are looking at USD34bn in total recurring revenue between 2026F and 2030F, eventually settling into a **USD13.9bn-a-year business.** That money gets split three ways: to the people who own the chips, the landlords who own the buildings, and the companies selling the power.

Stock picks: ISAT and TOWR (both Buy), and initiate coverage of TOTL at Buy

ISAT owns 36% of Zankore (unlisted), a significantly large AI data center project with partners including NVIDIA (NVDA US, NR). The first phase opens in late 2027 – venturing ISAT into the neo-cloud business. TOWR supplies fiber cables that connect to data centers. TOWR's non-tower business grew to 43% of revenue in 2Q26, and capex has slowed down for three straight years. TOTL generates revenue from constructing actual building, and its data center construction pipeline reached IDR5.8tn by 1H26 (vs. IDR3.3trn in 1H25 and IDR4tn yearly revenue). Since TOTL gets paid just to build the facilities, the relative risk is less than primary data center players, i.e. owners of GPU and data center buildings.

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See Appendix A-1 for analyst certification, important disclosures and the status of non-US analysts.

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Nomura Securities Malaysia Sdn Bhd
18 September 2026

Indonesia data center

EQUITY: TECHNOLOGY

In the early innings of growth

Initiating coverage of TOTL at Buy; maintain Buy on ISAT and TOWR

Bottom-up analysis on capacity growth

We conduct a bottom-up analysis of Indonesia's colocation data center capacity growth. Two companies —DCI (DCII IJ, Not rated) and Digital Edge (unlisted)—will likely control 46% of the significant 4.8 gigawatt planned capacity after 2030F. These companies have already started a major building phase: DCI has finished 132 Megawatts of capacity, Digital Edge is opening its first building in Cikarang in late-2026, and Ooredoo (ORDS QS, Not rated) has invested USD800mn in Zankore's AI program. Because construction timelines can slip, we base our estimates on what will realistically be finished rather than what has been announced. Even with this conservative approach, we still expect the market to grow six times between 2026F and 2030F.

Understanding the economic supply chain of capex

Currently, we estimate it costs about USD33mn to build one megawatt of AI data center capacity, and we expect that cost to rise to USD44mn by 2030F as computer chips become more advanced. The USD33mn estimated cost breaks down to about USD25mn for computer chips and servers, and USD8mn for actual building and physical equipment, according to our analysis. In Indonesia, we expect the companies providing the physical construction and the power supply to start making profit earlier than the other part of value chain; indeed, we have seen few companies in Indonesia getting the uplift from data center projects

Positive on Indonesia ecosystem: neocloud, construction and recurring revenue

We estimate the income from selling electricity to these centers will jump from USD0.4bn in 2026F to USD3.2bn by 2030F, growing by 65% p.a. Renting out physical building space should bring in revenue of USD2.2bn, and renting out AI chips (GPUs) should generate USD8.5bn in 2030F, on our estimates. Combined, we estimate these steady and repeating income streams will reach USD13.9bn a year by 2030F, totaling USD34bn over a five-year period. Breaking it down to per one megawatt, it generates about USD16mn a year, with the chip owner taking the biggest proportion at USD13.3mn, the data center landlord at USD1.2-1.6mn, and the electricity provider taking USD1.1mn. As Indonesia builds its AI infrastructure, we favor utility companies because we believe they will lock in these reliable and ongoing revenue streams.

Positive on ISAT and TOWR; initiate coverage on TOTL

Indonesia's data center growth will be one of the fastest globally, in our view, considering its low base from 470MW in 2026F to 2.0GW by 2030F, representing a 34% CAGR during this period. This far outstrips the global data center capacity CAGR of 14% during the same period, according to Structure Research. Our top picks are: 1) Indosat (ISAT IJ, Buy) with an unchanged TP of IDR3,700 derived from DCF assuming a risk-free rate of 6.2%, an equity risk premium of 7.4%, beta of 1.2x and a terminal growth rate of 2.5%; 2) Sarana Menara Nusantara (TOWR IJ, Buy) with an unchanged TP of IDR950, derived from a DCF-based model assuming a risk-free rate of 6.2%, discount rate of 7.4%, terminal growth rate of 1.0%, beta of 1.0x and WACC of 8.7%; and 3) Total Bangun Persada (TOTL IJ, Buy) which we initiate coverage at a Buy with a target price of IDR2,000, based on a 14x target multiple on FY26F P/E vs 10x currently and global peers' 18x (*Fig. 26*). Risks to our investment views include: 1) regulation and policy uncertainties; 2) potential protests from local communities as seen in other countries; 3) global AI adoption; and 4) energy and infrastructure readiness to capture growth.

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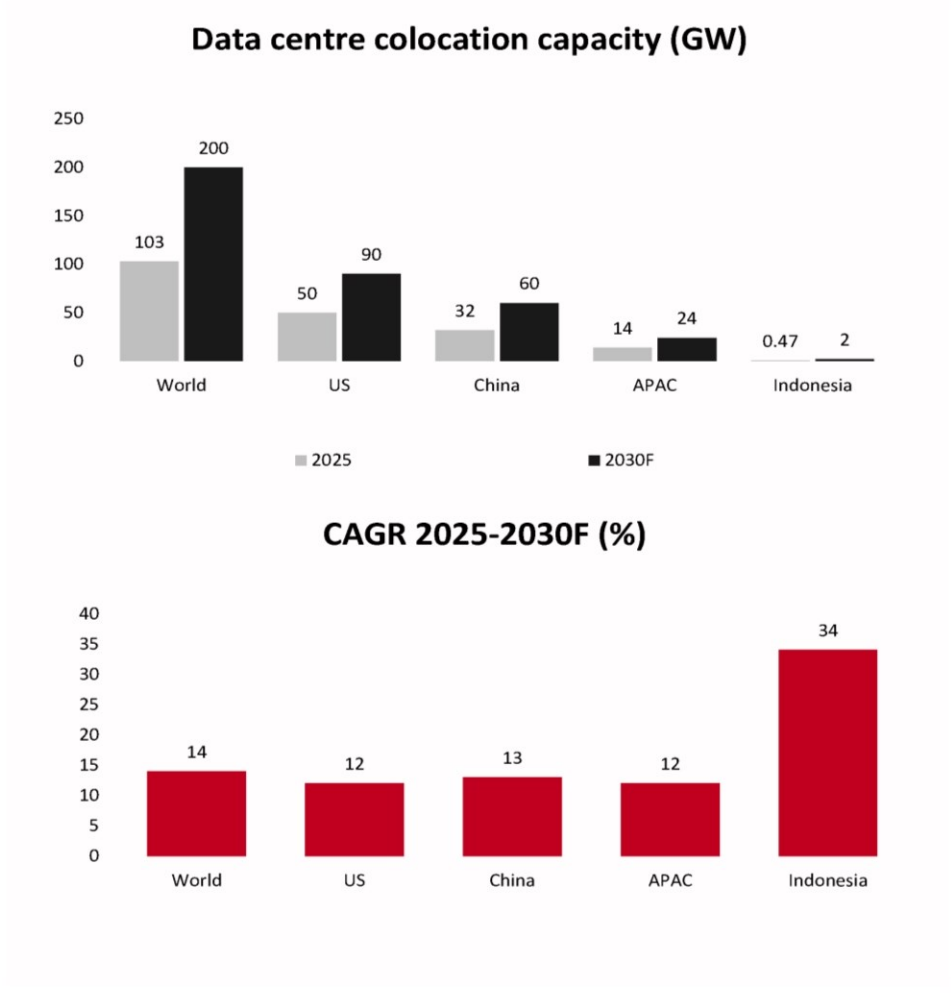
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1. Capacity growth

Currently, Indonesia operates about 470MW of live data center capacity, compared to the US at 50GW and China at 32GW. Our base-case scenario assumes the colocation data center market would grow to 2.0GW by 2030F, a 34% 2025-30F CAGR. The US, China and APAC would likely record CAGRs of 12-14% over the same period.

Fig. 1: Data centre capacity, Indonesia against the world (GW)



Source: Jones Lang Lassale, Rystad, C&W, FERC, Nomura estimates

Listed companies in the Indonesia data center supply chain

Fig. 2: Indonesia listed companies exposed to the AI and data center theme

1. Power	Cikarang Listrindo (POWR IJ)
2. Land	Puradelta Lestari (DMAS IJ) · Surya Semesta Internusa (SSIA IJ) · Kawasan Industri Jababeka (KIJA IJ)
3. Build	**Total Bangun Persada (TOTL IJ) [BUY]** · Pembangunan Perumahan (PTPP IJ)
4. IT and integration	Metrodata Electronics (MTDL IJ) · Mastersystem Infotama (MSTI IJ) · Multipolar Technology (MLPT IJ)
5. Own and run halls	DCI Indonesia (DCII IJ) · Indointernet - EDGE DC (EDGE IJ) · Telkom - NeutraDC (TLKM IJ) · **Indosat - BDx (ISAT IJ)** [BUY] · Dian Swastatika - SMX01 (DSSA IJ) · NexAI Digital Infrastruktur (MGLV IJ)
6. Connect	Telkom - Telin (TLKM IJ) · Mora Telematika (MORA IJ) · Ketrosden Triasmitra (KETR IJ) · XLSmart (EXCL IJ) · **Indosat (ISAT IJ) [BUY]**
7. Rent out GPUs	**Indosat - Zankore (ISAT IJ) [BUY]**

Source: Nomura research

Bottom-up data center colocation analysis

Our analysis compiles 27 named colocation projects, each with an announced size and year-by-year data center capacity ramp-up plans. If the projects materialize, we estimate the market will reach 2.6GW by 2030F. Our base case (see assumptions below) is at 2.0GW, and our bear case is 1.3GW, nearly three times of the current market size.

Fig. 3: Indonesia data center colocation market size

Colocation data center market size (MW)	2025A	2026F	2027F	2028F	2029F	2030F	CAGR 2026-2030F
Announced	383	587	925	1,384	1,943	2,581	45%
Base - delivery-adjusted	321	470	673	967	1,391	2,000	44%
Bear - slower delivery	345	470	629	831	1,068	1,343	30%

Source: Jones Lang Lassale, Rystad, Nomura estimates

Data center players' breakdown

Data center players that sell colocation data centers (i.e.buildings, power and cooling) are DCI (DCII IJ, Not rated), Digital Edge (Unlisted), Princeton (Unlisted), BDx (Unlisted), and EdgeConneX (Unlisted), among others. The ultimate combined capacity target of each of the data center players is 4,838MW, but we estimate 2,581MW would be realised by 2030F, considering the companies' announced or secured data center capacity commitments.

Fig. 4: Data center players – bottom-up analysis – based on announced capacity commitments

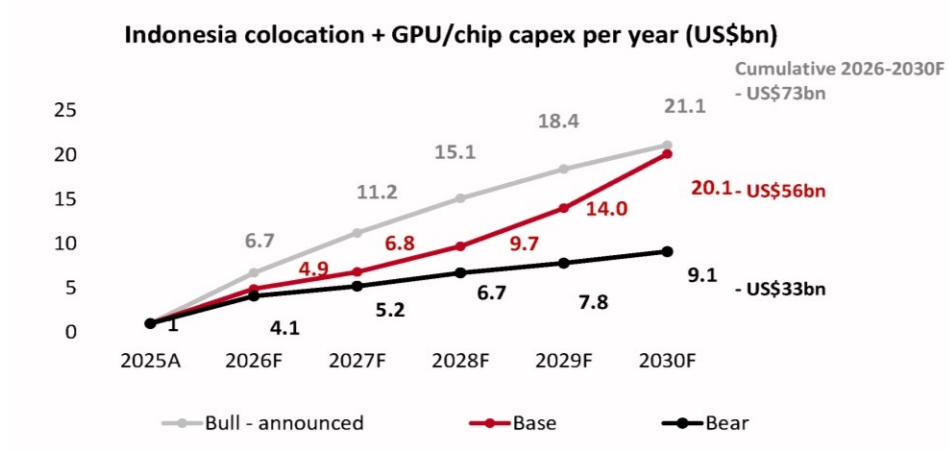
Company	2025A	2026E	2027E	2028E	2029E	2030E	Ult. MW
DCI Indonesia (DCII)	78	96	120	173	279	453	1,673
Digital Edge	30	54	96	146	206	271	546
Princeton Digital Group	65	89	130	182	240	301	480
BDx Indonesia	29	51	110	189	275	349	440
EdgeConneX	0	4	12	30	54	84	200
Ten smaller players + plugs	182	294	457	664	888	1,123	1,499
Data centre players - total (the colocation market) (in MW)	**383**	**587**	**925**	**1,384**	**1,943**	**2,581**	**4,838**

Source: Company data, Nomura research

Cumulative spending to reach USD55bn by 2030F

Under our base-case scenario, the capex would reach USD4.9bn in 2026F and USD20.1bn in 2030F – USD56bn over five years and would be USD73bn if every announced projects materialize. We assume two-thirds of the five-year capex would be spent in the last two years. Building contractors and property estate companies are the first parties to work on the projects, because land and concrete need to be secured before purchasing advanced AI chips. The USD33m per megawatt will have two bills, on our estimates, USD25m for GPUs and chips, paid by tenants including neocloud providers hyperscalers and enterprises that fill the halls, and USD8m of building and power paid by data center players. We assume each of the companies would incur capex of about USD18bn of the announced USD73bn.

Fig. 5: Indonesia colocation + GPU/chip capex per year, three scenarios

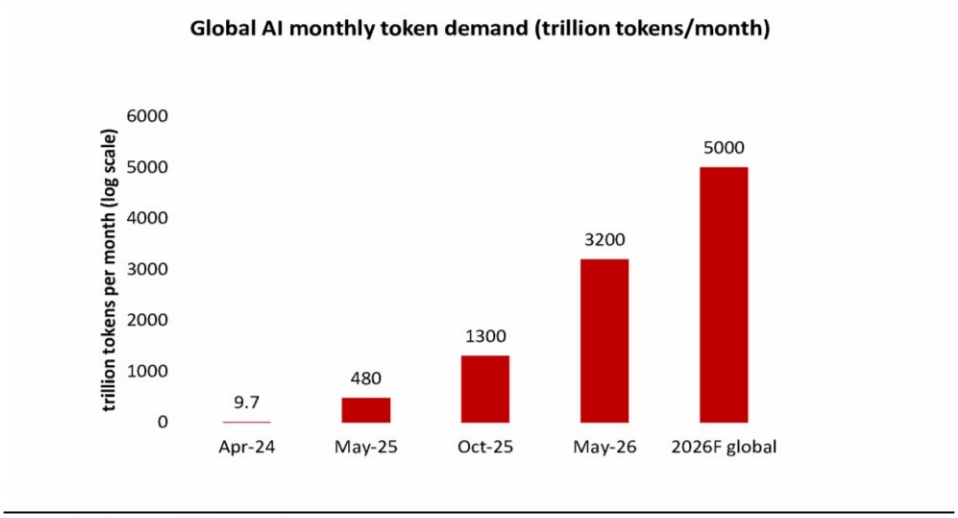


Source: Cushman & Wakefield, Tom's, SemiAnalysis, Nomura estimates

The demand behind the data center buildout is global, and it is growing fast

Google served 9.7tn tokens in April 2024. By May 2026 it served 3,200tn. That is the demand curve every operator is building against. Indonesia captures a small share of it, but the direction sets the pace of the build here.

Fig. 6: Token demand: strong growth



Source: Google, OpenAI,Nomura estimates

2. Profitability

Fig. 7: Revenue flows of AI business



Source: CoreWeave, Lambda, DCII, PLN, iCapital, Nomura estimates

The customer pays first. For example, a person or a company **pays an AI lab USD20-USD200 a month for ChatGPT or Claude,** or USD1-10 per million tokens on the API. Averaging this across everything sold, a lab would earn about USD2 per million tokens. One megawatt of GB300 chips can serve about 25.6trn tokens a year, so each megawatt brings the lab about USD51mn per year.

The lab does not own the advanced AI chips. **AI labs will commit compute spending to hyperscalers:** Anthropic (Unlisted) has committed USD30bn to Microsoft (MSFT US, Not rated) Azure plus up to one million Google (GOOGL US, Not Rated) TPUs, and OpenAI (Unlisted) has booked about USD300bn over five years to Oracle.

The revenue generated by an AI lab then flows to different providers (i.e. 'layers'), and the amount gets smaller at each 'layer'. A lab, or its cloud, **rents GPUs using long-term contracts at about USD2.85 per GPU per hour,** based on our findings, **or USD13.3mn a year for one megawatt.** Renting without a contract costs USD15.36 per hour, which is five times more.

The GPU owner then pays the data center USD100-135k a month per megawatt for the space, or USD1.2-1.6mn a year, and about USD1.1mn a year for electricity. The chipmakers would be paid upfront once – about USD25m per megawatt.

Vera Rubin (which will be launched in 2028, according to NVidia (NVDA US, Not rated)) will cost about the same per megawatt – the rack costs twice as much because, according to our estimate, it uses twice the power - but it makes nine times the tokens. So one megawatt is paid four times: USD51m by the customer, USD13.3m in GPU rent, USD2.7m for space and power, and USD25m for the chips. **The space and the power earn steady margins and these two are what Indonesia sells.**

Fig. 8: Data center supply chain and how do they generate revenue

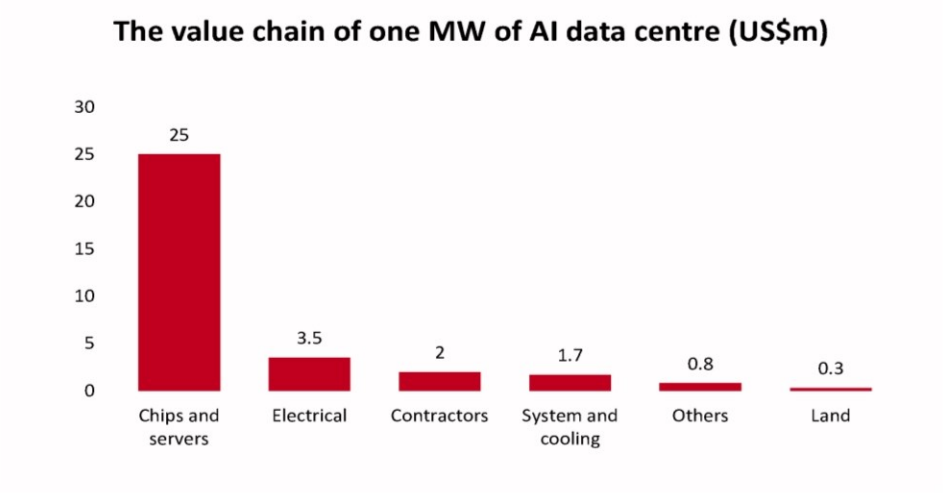
Supply chain	Earns at the level of	Profitable today?	When the profit arrives
Chips - NVIDIA, TSMC, SK hynix	The sale - cash on delivery	Yes. NVIDIA ~75% gross, TSMC 56-59% operating	Now. First and safest in the chain
Hyperscaler clouds	Rental markup on compute; own products; equity in the labs	Yes at the operating line (33-40%); free cash flow shrinking	Cash returns over 5-6 years of depreciation, and only at high utilisation
AI labs - OpenAI, Anthropic	Subscriptions and API tokens, minus the compute bill	No. OpenAI lost US$38.5bn in 2025	When revenue outruns US$1.4trn of commitments; revenue does double each year
Neoclouds - CoreWeave, Zankore (ISAT IJ)	GPU hours by the month	No. Operating margins -32% to -8%	Only if utilisation and rates hold through a 4-6 year chip refresh
DC landlords - DCII	Rent per kW-month	Yes. 15-23% operating	Now, if the building is full. Jakarta is 22-25% empty
Power - POWR	The tariff per kWh, under license	Yes. POWR 19-21% operating, audited	Now, and in every scenario

Source: Company data, Nomura research

Margins across the value chains

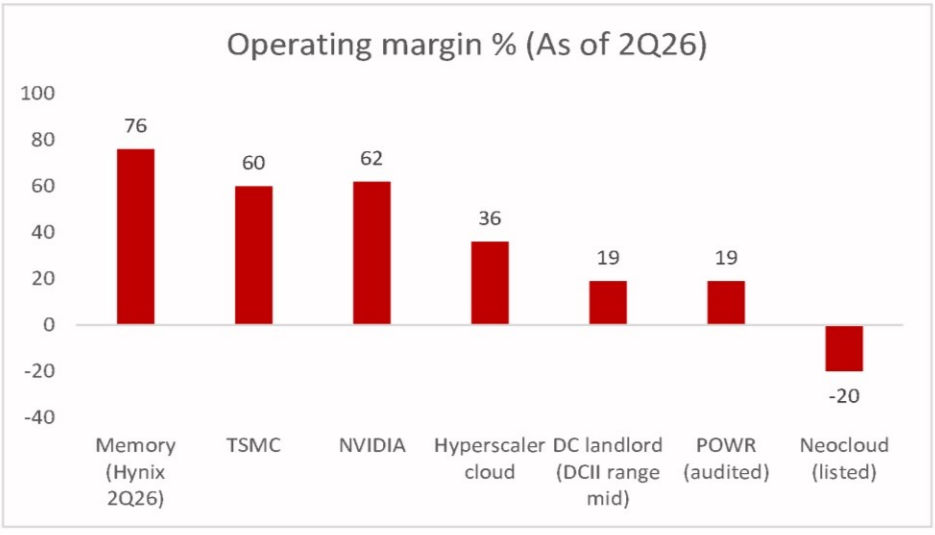
Memory makers typically have 43-70% operating margins. TSMC's OP (2330 TT, Buy) is 56-59%, according to the company. Indonesia hosts two 'layers' that can benefit - power and data centre property, in our view. Cikarang Listrindo's (POWR IJ, Not rated) operating margin was 22% in 1H26. POWR sells electricty and power supply at benchmarked tariffs.

Fig. 9: The value chain of one MW of AI data centre in Indonesia – construction phase



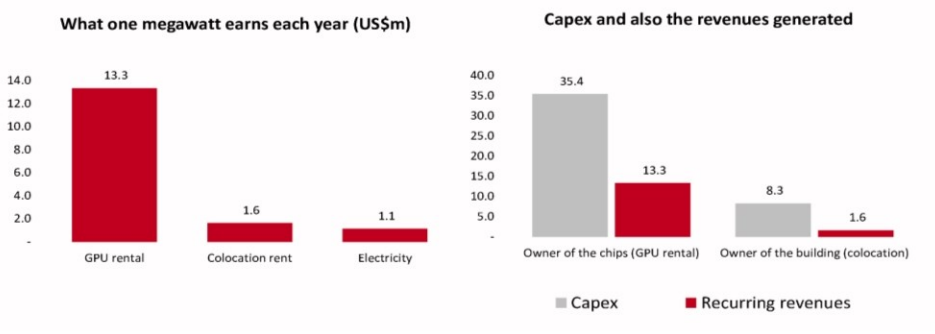
Source: ,Nomura estimates

Fig. 10: Margins across the AI value chain



Source: Company data, Nomura research

Fig. 11: Recurring revenue – per one megawatt



Source: Nomura estimates

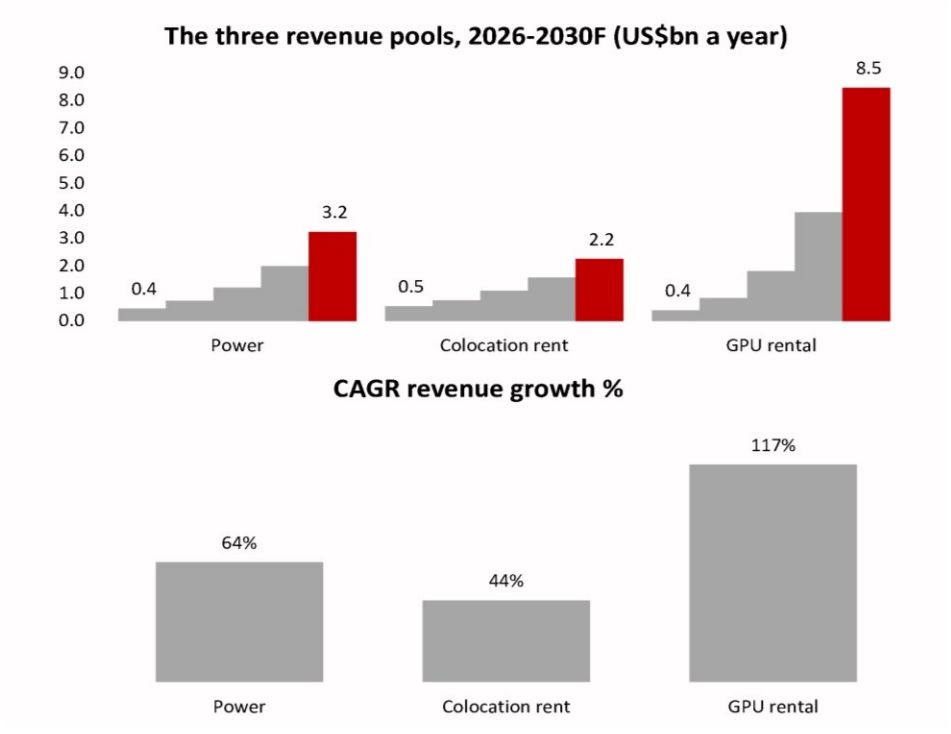
One megawatt, three sellers

According to our analysis, currently a megawatt earns about USD16mn a year. The chip owner takes USD13.3mn, the landlord USD1.2-1.6mn, and the power seller USD1.1mn. These are three businesses, not one market. Parties renting GPU in data centres need to pay for trental and power usage.

Fast growth in the recurring segment

We expect power revenue to compound at 65% a year to USD3.2bn heading into 2030F. Likewise, we expect colocation rent to compound at 44% a year to USD2.2bn, and GPU rental to compound at 118% a year to USD8.5bn. The stack would reach USD13.9bn a year by 2030F. Broadly speaking, the biggest pool carries the thinnest margin.

Fig. 12: Three revenue pools, 2026-2030F



Source: ,Nomura estimates

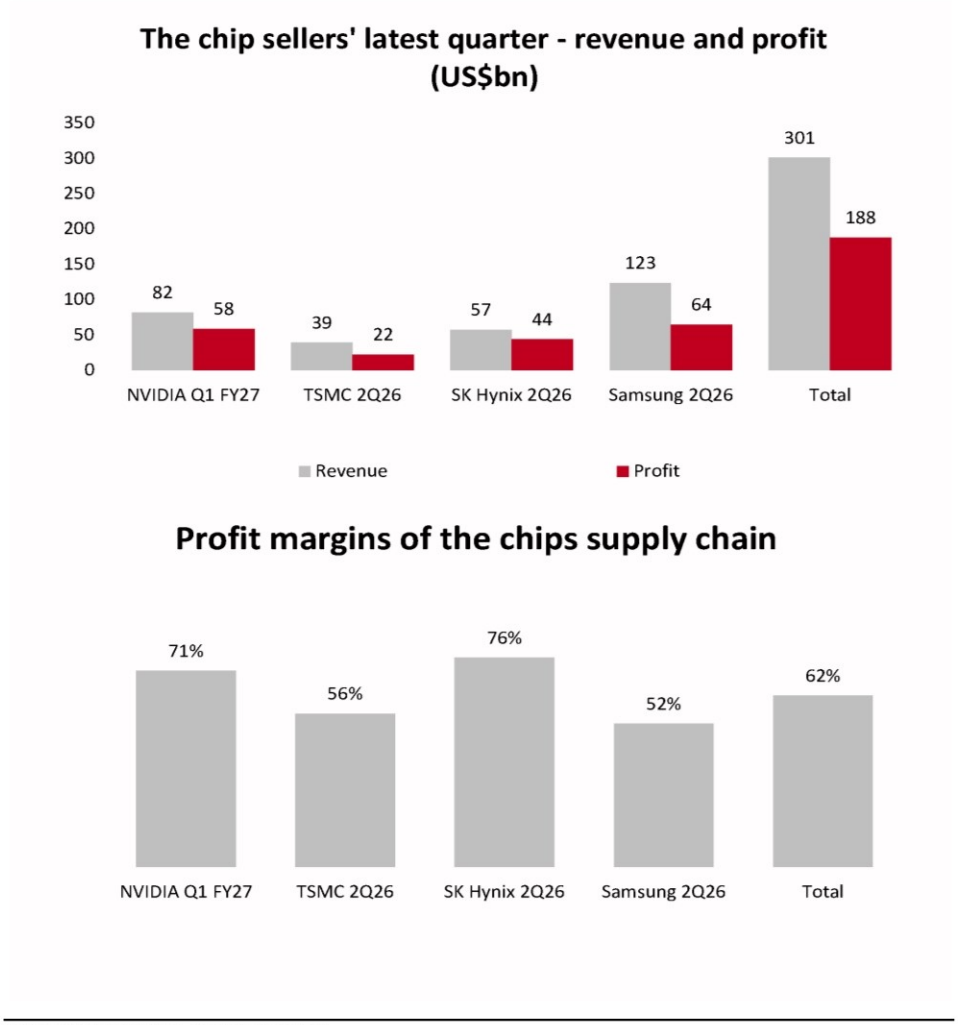
Payback differentiation between the recurring revenue streams

The GPU owner gets its money back in 2-3 years, if GPU rental rate remains unchanged, and this should benefit ISAT, in our view. The building takes about five to seven years. The power plant's income has no end date – it sells electricity under a tariff for as long as the customer keeps using power.

Globally, the chip sellers already make the money

The AI chain is split into chip sellers and chip buyers, and the sellers are already generating strong profitability. In their latest quarters, NVIDIA earned a 74.9% gross margin on USD81.6bn of revenue in 1Q27, whereas in 2Q26, TSMC recorded 67.7% gross margin and 60.3% operating profit, SK Hynix (000660 KP, Buy) 76% operating margin (very strong for a large manufacturer), and Samsung (005930 KP, Buy) generated KRW 89.5tn in operating profit (about USD64bn) on a record revenue of KRW171.5tn (about USD123bn), with semi margins near-70%. The four sellers' combined quarterly profit was about USD188bn in 2Q26, vs the big four buyers' (see *Fig. 14)* quarterly capex of USD130bn. One side's spending is the other side's margin.

Fig. 13: AI chip sellers' latest quarter – revenue growth and margins

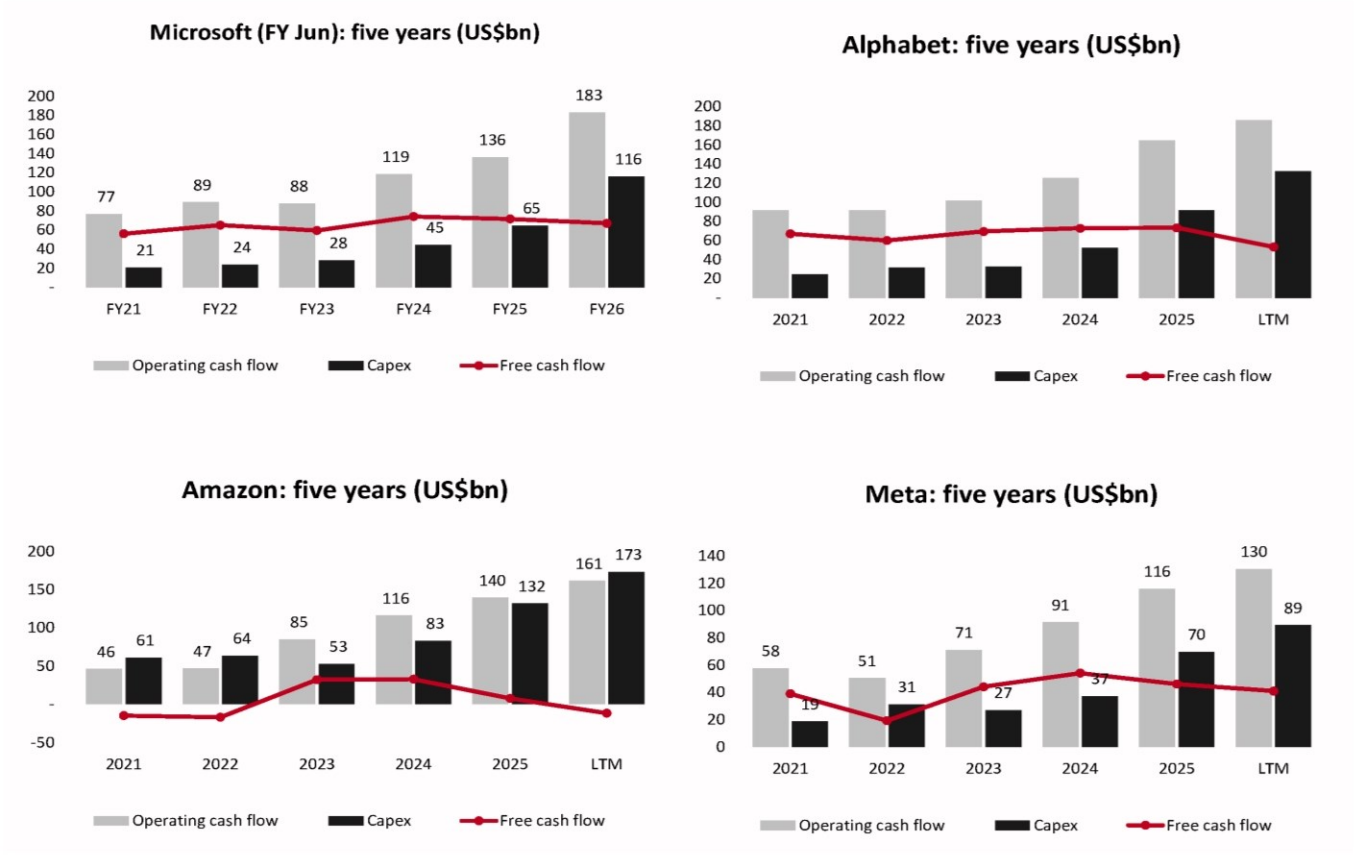


Source: Company data, Nomura research

The buyers make profit, but their cash flows shrink

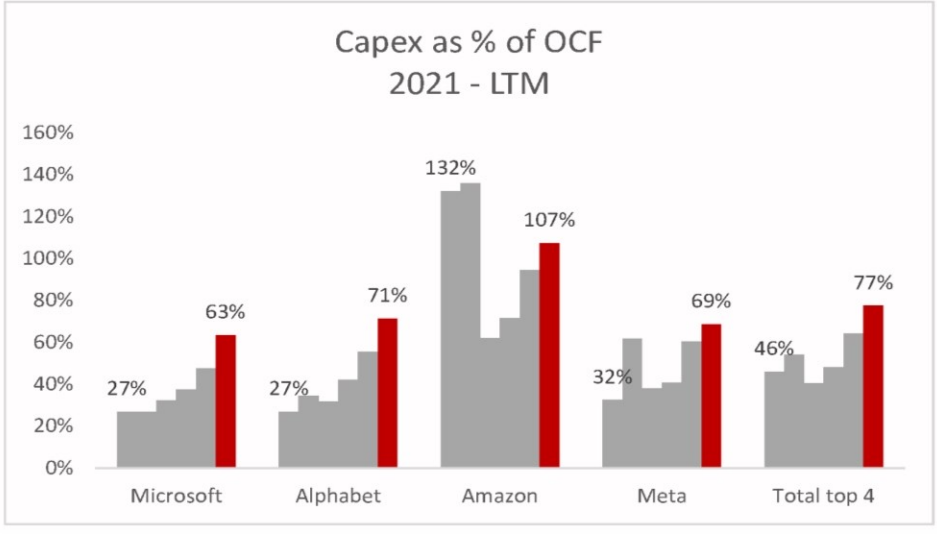
Microsoft, Alphabet, Amazon (AMZN US, Not rated) and Meta (META US, Not rated) make money from AI at the bottom line. Microsoft's AI business generated USD37bn revenue in FY26, up 123% yoy, and at the same gross margin level as its cloud business (66-67%). The cash line says something else: free cash flow to sales fell 22% at Microsoft, 46% at Alphabet and 95% at Amazon in FY26; Amazon's quarterly free cash flow is now negative, and all except for Microsoft now issue bonds to fund the build-out. The four have guided for about USD710bn of 2026E capex against USD187bn of trailing free cash flow – 3.8x. The growth rate in the past five years provides a clear picture: since 2021 their combined annual operating cash flow has more than doubled; capex has quadrupled to about USD511bn a year and combined free cash flow is unchanged at about USD150bn – all the operating profit growth has supported the build-out. They pay the sellers upfront and get the cash back over five to six years of depreciation, only at high utilisation.

Fig. 14: The buyers, five years – capex against operating profit and free cash flow



Source: Company data, Nomura research

Fig. 15: Capex as a % of OCF in the hyperscalers is increasing



Source: Company data, Nomura research

The four big buyers earn far more cash than five years ago but disbursed a bigger sum of money for capex, lowering their overall FCFF. Microsoft, Alphabet, Amazon and Meta together made USD272bn of operating cash in 2021 and USD660bn in the past twelve months. Capex grew four times over the same period, from USD125bn to USD511bn. So free cash flow is still about USD150bn, the same as in 2021, and for Amazon it is below zero: it spent USD11.6bn more than it earned. Every extra dollar AI brought in went into the next building and the next batch of chips.

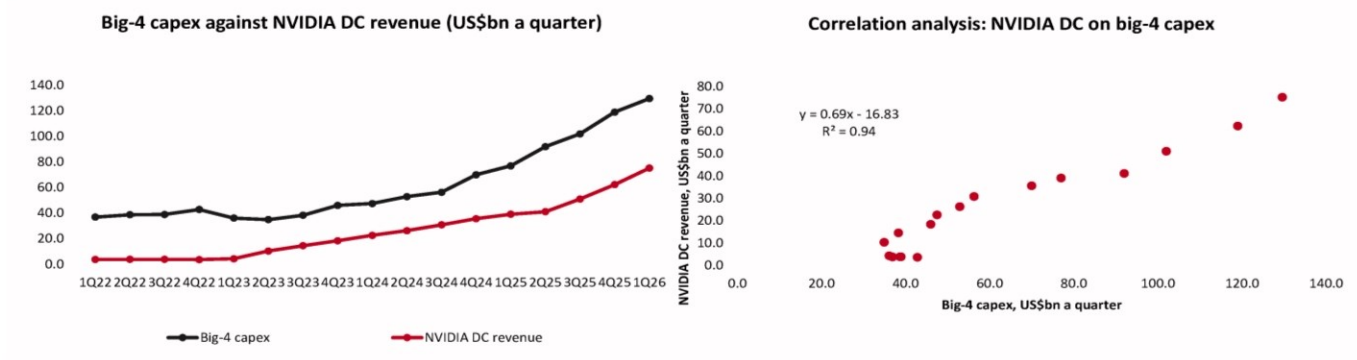
The share of cash generation going back into capex keeps rising: 46% of operating cash

in 2021, and 77% now. Microsoft went from 27% to 63%, Alphabet from 27% to 71%, Meta from 32% to 69%, and Amazon is at 107% – above 100%; hence, the extra cash needed for capex is borrowed. They can afford this while operating cash grows about 20% a year.

NVIDIA chips sales is one of the leading indicators

The capex of the Big-four and NVIDIA's data centre revenue have had a correlation of 0.94 over the past four years. Each extra USD1 of quarterly capex lines up with USD0.69 of NVIDIA data centre revenue (see *Fig. 16*) , and NVIDIA's data centre revenue grew from 10% of big-four capex in 2022 to 58% in 1Q26. NVIDIA's data-centre revenue moves about a year before the big four's capex – NVIDIA's growth peaked in 2023, then the big four's capex growth reached their peak levels in 2024 – so tracking NVIDIA would likely help to know how the big four will spend next year. **Hence, we believe NVIDIA's data centre line is a leading indicator for the whole chain.** For Indonesia, the order of payment carries over: power is paid in every case, construction is paid per contract, and a slowdown lands on the GPU owner first.

Fig. 16: Big-4 capex against NVIDIA data centre revenue, quarterly 1Q22-1Q26



Source: Company data, Nomura research



3. Risks

Growing potential for protests from local communities

In several countries, data centers have sparked protests from local communities. The reason is data centers consume significant amounts of land and power, but they typically create limited local employment opportunities.

In the US alone, 25 states have pushed back with 56 different policies, including 21 temporary bans and 6 flat-out rejections. In just a single three-month period in 2025, around USD100bn worth of projects were either put on hold or completely scrapped. Only 14% of Americans want one of these facilities in their hometowns (*link*).

A community's first major data center usually brings in only 100 to 200 permanent jobs, but generally it has not translated into increased local wages.

Meanwhile, residents have experienced a jump in their electricity bills by about 5%—and the tax breaks governments hand out to attract these companies can be very substantial, like the USD1.6bn it cost Virginia in just one year.

We think the growing potential for community protests represents a significant risk for Indonesia. While the country is currently enjoying a data center boom, these large projects will likely strain local power grids and water supplies. If developers do not balance these heavy demands with community needs, it is possible that local backlash and project delays could derail the projects.

Fig. 17: Local pushback in countries globally

Country / place	What happened	Why
United States	25 states have taken 56 actions against data centres: 21 building bans, 6 rejections, 25 projects on hold. 20 projects worth US$100bn were delayed or cancelled in one quarter of 2025. Only 14% of Americans want one in their own town.	Electricity bills, farmland, noise and water. Only 14% of Americans want a data centre in their own town (Reuters/Ipsos, Jun-2026); one third approve of the current build rate.
United States - votes	Port Washington, Wisconsin voted 66% to require a public vote before any data centre tax break. Ohio is holding a state-wide vote on sites above 25MW.	Voters want a say before the tax breaks are signed.
United States - elections	A US$16bn Oracle and OpenAI project in Saline Township, Michigan (2,400 people) became the main issue in a 2026 Senate primary.	Both candidates had to take a public position on data centres.
Ireland	Dublin refused to connect new data centres to the grid from 2021 to December 2025. Data centres use 21% of the country's electricity.	Data centres reached 21% of the country's electricity.
Netherlands	All new hyperscale data centres were stopped in 2022 while the rules were rewritten; Meta's Zeewolde project was blocked.	Land take and power use.
Singapore	No new data centres 2019-2022. Capacity is now released in small batches, about 80MW at a time.	Land and power on a small island.
Chile	Google's US$200m Santiago project had its permit partly revoked in 2024; the design was changed to cut water use.	Groundwater use during a drought.
Malaysia (Johor)	New water and power conditions attached to approvals after a very fast build.	Water supply and grid load.

Source: Reuters, CNBC, DutchNews, DCD, Nomura research

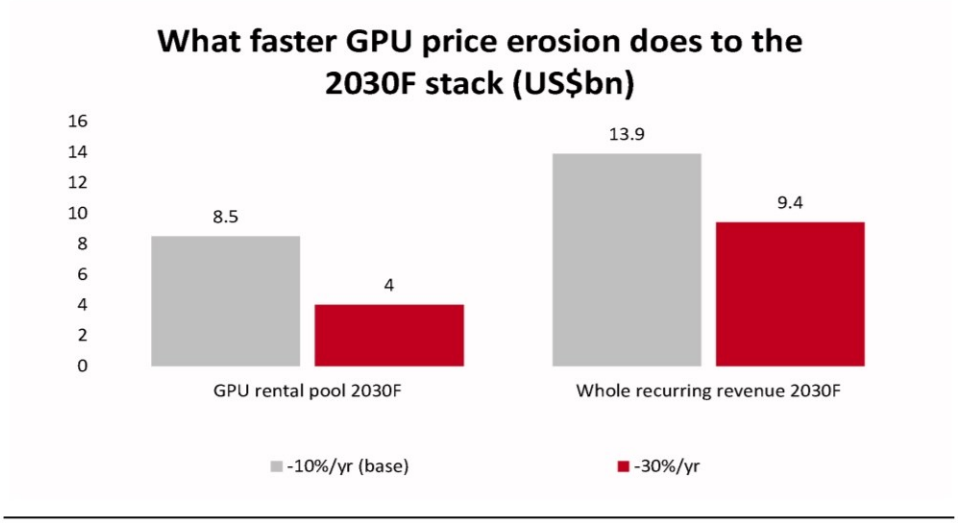
The GPU price is one of the biggest single assumptions

We estimate that the cost to rent these AI chips (GPUs) will drop by about 10% each year starting in 2028F. To put things in perspective, the actual cost of getting AI to do the work has dropped way faster than that—falling from around USD60 for a set amount of output in 2021 down to just 6cents in 2024 for the exact same quality.

If those rental prices fall more aggressively, for example by 30% a year, the total market for renting chips in 2030F could shrink from USD8.5bn to just USD4bn. That would pull the total projected revenue for the whole data center industry down from USD13.9bn to USD9.4bn in 20230F.

However, even if chip prices crash, the money coming in from selling electricity and renting the physical building does not change much. That highlights why it makes sense to invest in the basic physical infrastructure rather than the tech hardware.

Fig. 18: What faster price erosion does to the revenue stack

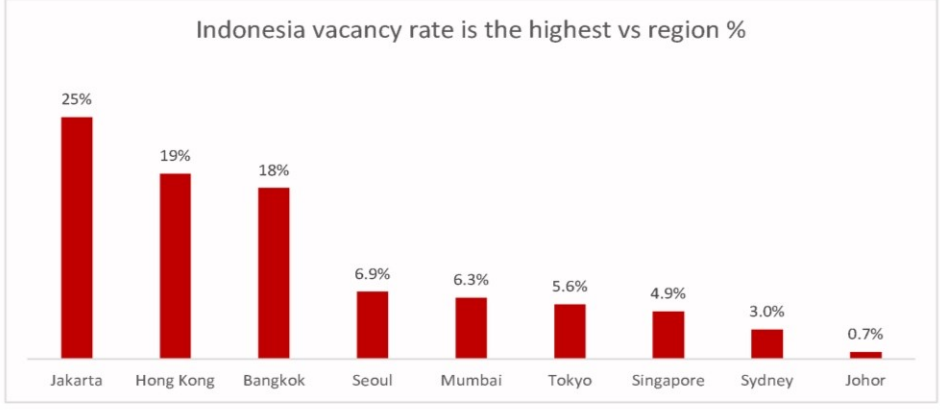


Source: iCapital, Nomura estimates

Can the demand catch up with the growing supply?

Jakarta already has ample vacant space: 22-25% of its data-centre space has no tenant, the highest of any large Asian market, against 0.7% in Johor (*Fig. 19*). Empty space hurts the building owners first – for example, DCII and several landlords cut rents to fill it. POWR incurs the least loss: it charges electricity used by tenants, and an empty floor pays no electricity bills.

Fig. 19: Jakarta vacancy against the region



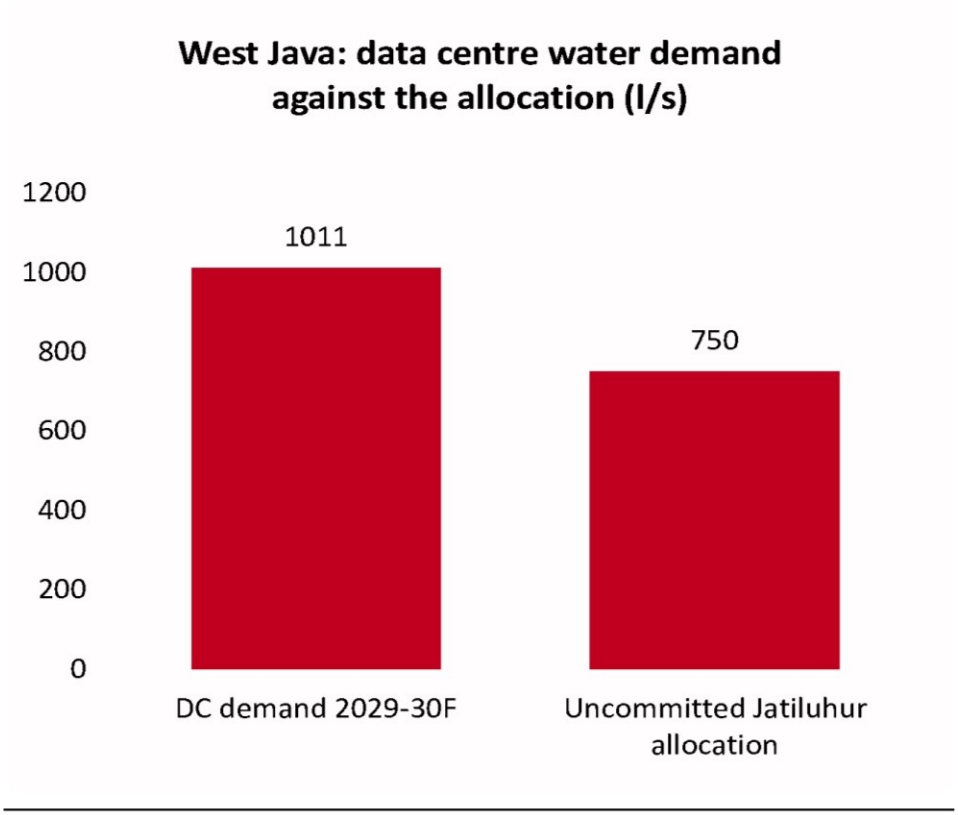
Source: Cushman & Wakefield, Knight Frank, Nomura research

Water capacity tightness

A standard 100-megawatt data center that relies on water for cooling consumes about 50 liters every single second, based on our estimates. Because of this, by 2029F or 2030F, we estimate that the data centers in West Java would demand more water than the local Jatiluhur reservoir can actually spare. The demand would reach over 1,000 liters a second, but only 750 would be available, based on our estimates.

The situation is just as serious in Batam, where we expect the tech facilities to take up between 13% and 16% of the entire island's treated water supply. The demand-supply strain is very high, and local authorities have had to resort to cloud-seeding to artificially create rain in May 2026. Since Indonesia does not currently enforce strict limits on water usage for data centers, companies are building all sorts of cooling systems, which usually use a considerable amount of water.

Fig. 20: Pipeline by water zone, MW of IT load



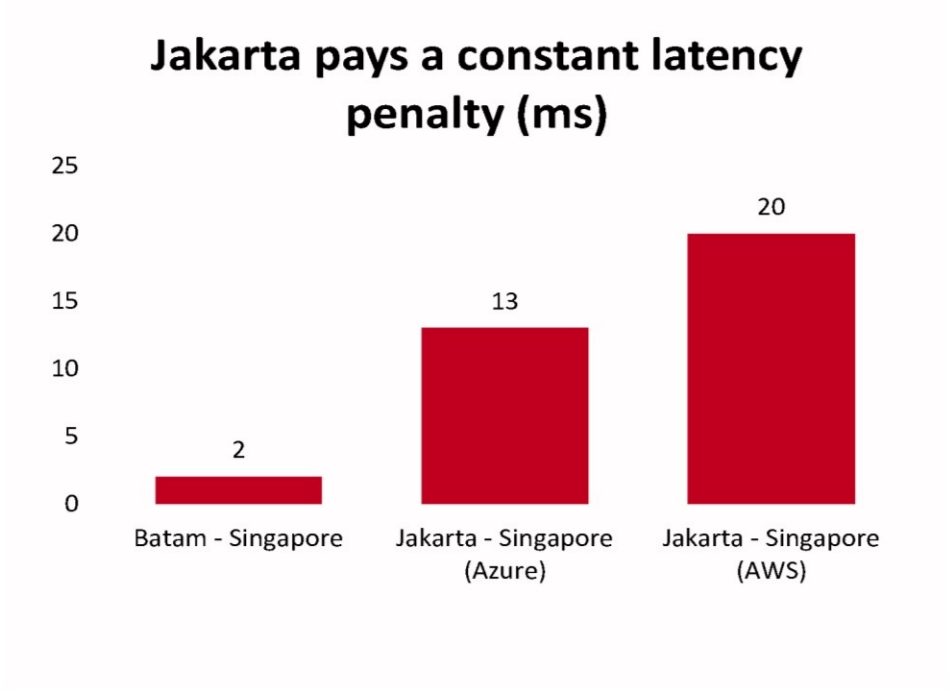
Source: Company data, Nomura estimates

Latency – close to Southeast Asia's internet demand in Singapore

Singapore is where Southeast Asia's internet meets: the big undersea cables come ashore, and Amazon, Microsoft and Google run their main regional data centres there, according to Google, and Jakarta is 13-20 milliseconds further away. Customers who pay for speed, such as trading firms, game servers and the global cloud regions, tap into Singapore, and Jakarta cannot compete in terms of internet speed. Hence, Jakarta gets Indonesia's own data, its own users, and AI training.

Singapore has nearly exhausted its data centre capacity. It allowed no new data centres from 2019 to 2022 and now releases capacity of about 80MW at a time; hence, the work it can't house will likely go to the nearest sites within 2 milliseconds: Johor in Malaysia, and Batam. In our view, Batam may be a proxy to tap into this potential.

Fig. 21: Jakarta has a 13-20ms latency to Singapore while Batam only at 2ms latency

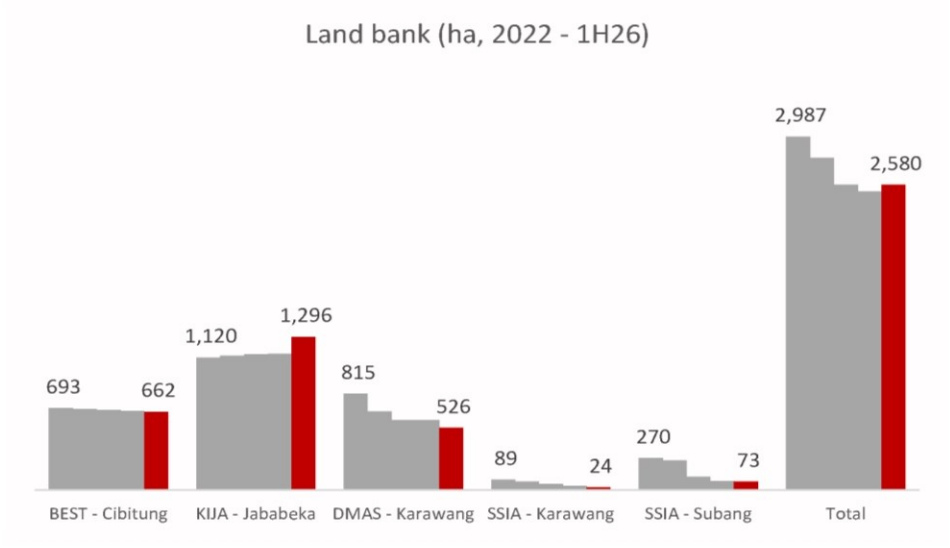


Source: Company data, Nomura research

Incoming data centre inquiries are concentrated in West Java, which we attribute primarily to latency advantages on traffic routed through Jakarta. Land bank across the province remains ample, although the effectively addressable supply is narrower than the provincial figure implies, given that the proximity to the Jakarta interconnect is itself the draw.

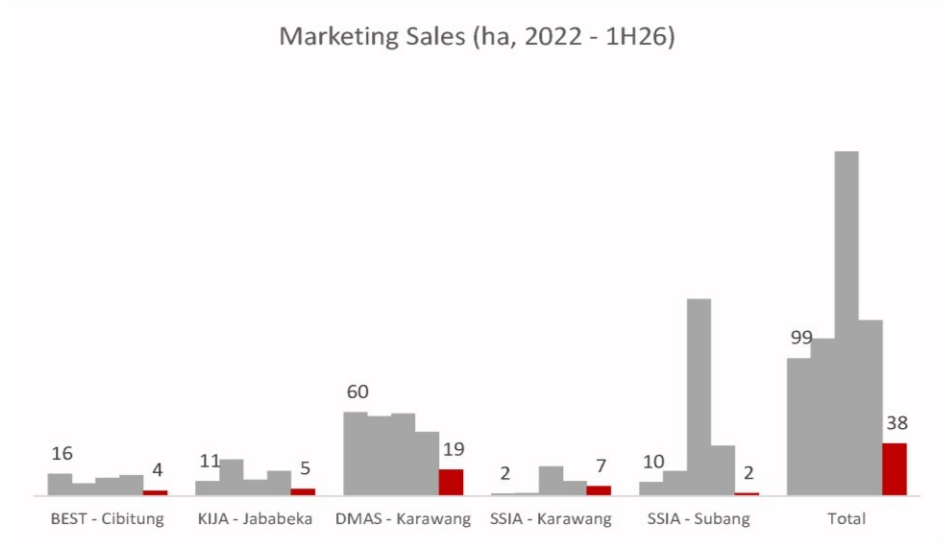
Bekasi Fajar Industrial Estate (BEST IJ, Not rated), Puradelta Lestari (DMAS IJ, Not Rated), Kawasan Industri Jababeka (KIJA IJ, Not rated) and Surya Semesta Internusa (SSIA IJ, Not rated) have been the principal listed beneficiaries in the past. Our channel checks indicate ASPs are broadly comparable across these players, suggesting that pricing is unlikely to be the primary point of differentiation, and that the distinction is more likely to emerge in power availability, plot configuration and monetisation structure.

Fig. 22: West Java industrial estates players' land bank trend



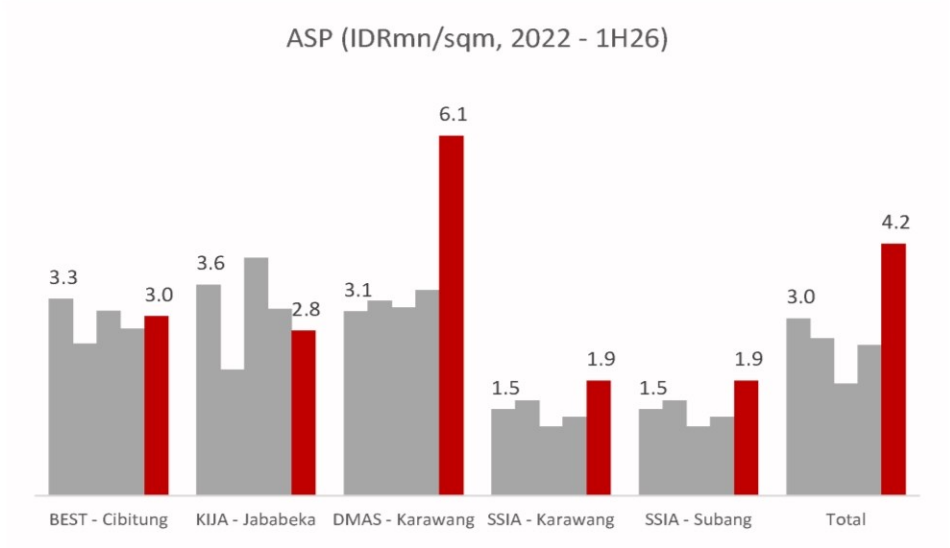
Source: Company Data, Nomura research

Fig. 23: West Java industrial estates players' marketing sales trend



Source: Company Data, Nomura research

Fig. 24: West Java industrial estates players' ASP trend



Source: Company Data, Nomura research

Fig. 25: West Java industrial estates players comparable – DMAS has the highest dividend yield, while KIJA and BEST have the lowest price-to-book ratio

Comparables	Mkt Cap ($mn)	ADTV ($mn)	LTM P/E	LTM P/B	LTM ROE	LTM Yield	GPM	OPM	CFO/Mkt Cap
BEST	73	0.4	5.5	0.3	5.1%	0.0%	64%	54%	31%
DMAS	551	2.7	6.2	1.4	22.3%	8.3%	55%	43%	16%
KIJA	234	2.4	9.5	0.7	14.6%	1.0%	33%	20%	37%
SSIA	475	2.9	40.4	1.4	3.6%	0.3%	33%	20%	0.5%
Average	**333**	**2.1**	**15.4**	**0.9**	**11.4%**	**2.4%**	**46%**	**34%**	**21%**

Source: Company Data, Nomura research

Fig. 26: TOTL peer comparison

Ticker	Name	Rating	Mkt cap	P/E (x)		Div yield (%)		ROE (%)		OPM	
			USDmn	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
ASEAN Peers											
CTD VN EQUITY	COTECCONS CONSTRUCTION JSC	NR	253	8.9x	8.0x	1.6%	1.7%	8.1%	7.7%	2.1%	2.4%
STECON TB EQUITY	STECON GROUP PCL	NR	843	17x	19x	2.5%	2.3%	10%	7.3%	4.9%	4.5%
SCGB MK EQUITY	SUNWAY CONSTRUCTION GROUP BH	Buy	2,314	23x	26x	7.3%	2.7%	48%	60%	9.4%	9.3%
IJM MK EQUITY	IJM CORP BHD	Neutral	2,456	23x	30x	2.4%	2.7%	4.1%	4.5%	15%	14%
GAM MK EQUITY	GAMUDA BHD	Buy	6,988	28x	20x	1.8%	2.0%	8.8%	11%	8.4%	8.6%
OKP SP EQUITY	OKP HOLDINGS LTD	NR	293	7.2x	7.0x	3.6%	3.5%	19%	18%	24%	21%
CAPACITE IN EQUITY	CAPACIT'E INFRAPROJECTS LTD	NR	170	6.4x	8.5x	0.0%	0.0%	13%	9.0%	12%	11%
PSPPL IN EQUITY	PSP PROJECTS LTD	NR	334	39x	23x	0.0%	0.0%	7.0%	10%	5.0%	5.1%
1812 JP EQUITY	KAJIMA CORP	Buy	15,749	14x	13x	2.9%	3.4%	13%	13%	7.6%	7.4%
Global average			**2,969**	**18x**	**17x**	**2.4%**	**2.0%**	**14%**	**16%**	**9.8%**	**9.2%**
TOTL IJ EQUITY	**TOTAL BANGUN PERSADA**	**Buy**	**297**	**10x**	**9.5x**	**7.2%**	**8.9%**	**35%**	**41%**	**14.9%**	**14.1%**

Note: Pricing as of 17 September 2026; Bloomberg consensus estimates for Not rated (NR) stocksSource: Bloomberg Finance L.P., Nomura estimates

NOMURA

Nomura Securities Malaysia Sdn Bhd
18 September 2026

Total Bangun Persada TOTL.JK TOTL IJ

EQUITY: ENGINEERING & CONSTRUCTION

Picks and shovels of Indonesia's data-center boom

Initiate coverage at Buy with TP of ID2,000

Total Bangun Persada (TOTL IJ) is Indonesia's leading domestic contractor, with a proven track record across industrial, commercial and mixed-use projects – and, most recently, data centers. In a segment mostly dominated by foreign contractors, TOTL's moat is execution quality, which has helped lift its data-center pipeline 3.4x y-y to IDR5.8tn in 1H26 (from IDR1.7tn in 1H25). We favor TOTL on: 1) a strong track record despite a growing industry tailwind; 2) disciplined client selection and working capital management; and 3) margin expansion alongside a high payout.

Strong track record meets industry tailwind

According to Structure Research, Indonesia is expected to add ~2GW of data-center capacity over the next five years, and TOTL's solid delivery track record and sector-agnostic positioning should make it a primary beneficiary, in our view. Data centers reached 21%/34% of revenue/pipeline in 1H26 (2022: 15%/3%), while new clients' share rose from 30% to 52% of new contract wins. We believe this trend demonstrates that TOTL's execution quality is a genuine moat, widening its client base.

Discipline that shows up in the numbers

A disciplined approach to project selection and a curated supplier base underpin TOTL's collection record and cost control. That discipline is visible across the P&L, with gross, operating, EBITDA and net margins expanding above pre-COVID levels on a higher revenue base, driving a 2019-25 NPAT CAGR of 15%. We expect the payout ratio to remain high, as working capital is funded largely through client down payments rather than TOTL's own balance sheet.

Strong margin and high payout; initiate coverage at Buy with a TP of IDR2,000

Driven by the factors above, we estimate 6%/9% revenue/NPAT CAGRs over 2025-30F on average revenue of IDR4.8tn. We believe our assumptions are conservative: we expect new contract wins to fall 14% y-y in 2026F, with TOTL already securing 47% of new contracts in1H26, which is ~5% annualized growth. A lean balance sheet should allow TOTL to sustain the ~90% dividend payout ratio of the past three years, implying a 7% yield on 2026F. We initiate coverage with a Buy rating and TP of IDR2,000, applying 14x FY26F P/E with EPS of IDR144/sh vs current valuation of 10x (global peers at consensus 18x). We think a re-rating is warranted for the stock, as: TOTL carries the highest margins and strongest balance sheet in its peer group, and unlike most peers, the company has been converting these into actual shareholder returns. Key risks: 1) a sharper contraction in new contracts; 2) competitors down-pricing; and 3) receivable quality, pressuring cash flow and the dividend given a reliance on down payments.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (IDR)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	3,901	0	4,056	0	5,550	0	4,522
Reported net profit (bn)	414	0	492	0	628	0	535
Normalised net profit (bn)	414	0	492	0	628	0	535
FD normalised EPS	121.50		144.31		184.19		157.00
FD norm. EPS growth (%)	56.1		18.8		27.6		-14.8
FD normalised P/E (x)	12.7	–	10.7	–	8.4	–	9.8
EV/EBITDA (x)	7.6	–	6.4	–	4.9	–	5.9
Price/book (x)	4.0	–	3.6	–	3.2	–	3.3
Dividend yield (%)	7.1	–	7.1	–	8.4	–	10.7
ROE (%)	32.9		35.4		40.7		33.0
Net debt/equity (%)	net cash		net cash		net cash		net cash

Source: Company data, Nomura estimates

Rating Starts at	**Buy**
Target price Starts at	**IDR 2,000**
Closing price 17 September 2026	**IDR 1,545**
Implied upside	**+29.4%**
Market Cap (USD mn)	297.1
ADT (USD mn)	0.2

Relative performance chart



Source: LSEG, Nomura

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The onshore experts, who are employed by PT Verdhana Sekuritas Indonesia ("Verdhana") and are not licensed outside Indonesia, have contributed to the content of this report under a partnership agreement between Nomura and Verdhana.

Key data on Total Bangun Persada

Performance

(%)	1M	3M	12M		
Absolute (IDR)	5.1	42.4	98.1	M cap (USDmn)	297.1
Absolute (USD)	5.6	42.4	83.4	Free float (%)	32.5
Rel to Jakarta Stock Exchange Composite Index	4.6	38.9	117.9	3-mth ADT (USDmn)	0.2

Income statement (IDRbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	3,088	3,901	4,056	5,550	4,522
Cost of goods sold	-2,541	-3,150	-3,279	-4,487	-3,656
Gross profit	547	751	777	1,063	866
SG&A	-226	-282	-273	-368	-295
Employee share expense					
Operating profit	321	469	504	695	571
EBITDA	362	510	546	738	614
Depreciation	-41	-41	-42	-42	-43
Amortisation					
EBIT	321	469	504	695	571
Net interest expense	0	0	0	0	0
Associates & JCEs	38	37	100	80	80
Other income	-12	13	-1	5	8
Earnings before tax	348	519	603	780	659
Income tax	-83	-105	-111	-152	-124
Net profit after tax	266	415	492	628	536
Minority interests	0	0	0	0	0
Other items					
Preferred dividends					
Normalised NPAT	265	414	492	628	535
Extraordinary items					
Reported NPAT	265	414	492	628	535
Dividends	-256	-375	-373	-443	-565
Transfer to reserves	10	39	119	185	-30
Valuations and ratios					
Reported P/E (x)	19.8	12.7	10.7	8.4	9.8
Normalised P/E (x)	19.8	12.7	10.7	8.4	9.8
FD normalised P/E (x)	19.8	12.7	10.7	8.4	9.8
Dividend yield (%)	4.9	7.1	7.1	8.4	10.7
Price/cashflow (x)	8.1	12.1	13.7	7.2	10.0
Price/book (x)	4.4	4.0	3.6	3.2	3.3
EV/EBITDA (x)	10.6	7.6	6.4	4.9	5.9
EV/EBIT (x)	11.8	8.2	6.8	5.1	6.3
Gross margin (%)	17.7	19.3	19.2	19.2	19.2
EBITDA margin (%)	11.7	13.1	13.5	13.3	13.6
EBIT margin (%)	10.4	12.0	12.4	12.5	12.6
Net margin (%)	8.6	10.6	12.1	11.3	11.8
Effective tax rate (%)	23.7	20.2	18.4	19.5	18.8
Dividend payout (%)	96.4	90.5	75.8	70.5	105.6
ROE (%)	23.3	32.9	35.4	40.7	33.0
ROA (pretax %)	14.6	18.7	20.7	24.7	21.7
Growth (%)					
Revenue	2.0	26.4	4.0	36.8	-18.5
EBITDA	31.3	40.9	7.0	35.1	-16.8
Normalised EPS	53.7	56.1	18.8	27.6	-14.8
Normalised FDEPS	53.7	56.1	18.8	27.6	-14.8

Source: Company data, Nomura estimates

Cashflow statement (IDRbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	362	510	546	738	614
Change in working capital	610	223	-186	167	-236
Other operating cashflow	-322	-298	25	-169	148
Cashflow from operations	650	435	385	735	526
Capital expenditure	-7	-67	-50	-50	-50
Free cashflow	644	368	335	685	476
Reduction in investments	234	-135	41	-177	189
Net acquisitions					
Dec in other LT assets	13	-125	86	-90	50
Inc in other LT liabilities	1	14	25	81	-56
Adjustments	-452	185	-87	-2	-148
CF after investing acts	440	307	401	498	511
Cash dividends	-136	-256	-373	-443	-565
Equity issue	-9	-16	0	0	0
Debt issue					
Convertible debt issue					
Others	10	30	25	81	-56
CF from financial acts	-135	-241	-348	-361	-621
Net cashflow	305	66	53	137	-110
Beginning cash	729	1,034	1,100	1,153	1,289
Ending cash	1,034	1,100	1,153	1,289	1,179
Ending net debt	-1,034	-1,100	-1,153	-1,289	-1,179

Balance sheet (IDRbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	1,034	1,100	1,153	1,289	1,179
Marketable securities	324	434	397	500	317
Accounts receivable	1,161	1,291	1,333	1,416	954
Inventories					
Other current assets	196	235	244	334	272
Total current assets	2,715	3,059	3,127	3,539	2,721
LT investments	182	207	203	278	271
Fixed assets	109	163	196	226	253
Goodwill					
Other intangible assets					
Other LT assets	490	614	528	618	568
Total assets	3,495	4,044	4,054	4,660	3,814
Short-term debt					
Accounts payable	220	278	276	378	308
Other current liabilities	1,905	2,240	2,107	2,344	1,654
Total current liabilities	2,125	2,518	2,383	2,723	1,962
Long-term debt					
Convertible debt					
Other LT liabilities	182	196	221	303	247
Total liabilities	2,308	2,714	2,604	3,025	2,209
Minority interest	-2	-2	-2	-2	-2
Preferred stock					
Common stock	346	346	346	346	346
Retained earnings	860	1,019	1,138	1,323	1,293
Proposed dividends					
Other equity and reserves	-16	-32	-32	-32	-32
Total shareholders' equity	1,190	1,332	1,451	1,637	1,607
Total equity & liabilities	3,495	4,044	4,054	4,660	3,814
Liquidity (x)					
Current ratio	1.28	1.22	1.31	1.30	1.39
Interest cover	–	–	–	–	–
Leverage					
Net debt/EBITDA (x)	net cash	net cash	net cash	net cash	net cash
Net debt/equity (%)	net cash	net cash	net cash	net cash	net cash
Per share					
Reported EPS (IDR)	77.84	121.50	144.31	184.19	157.00
Norm EPS (IDR)	77.84	121.50	144.31	184.19	157.00
FD norm EPS (IDR)	77.84	121.50	144.31	184.19	157.00
BVPS (IDR)	348.92	390.68	425.65	479.97	471.17
DPS (IDR)	75.00	110.00	109.35	129.88	165.77
Activity (days)					
Days receivable	135.4	114.7	118.1	90.4	95.9
Days inventory	0.0	0.0	0.0	0.0	0.0
Days payable	31.2	28.8	30.8	26.6	34.4
Cash cycle	104.2	85.8	87.2	63.8	61.5

Source: Company data, Nomura estimates

Company profile

Total Bangun Persada is Indonesia's leading domestic contractor, with a proven track record across industrial, commercial and mixed-use projects — and, most recently, data centres

Valuation Methodology

Our TP of IDR2,000 is derived from applying a 14x P/E target to FY26F EPS of IDR144/sh, vs. global peers at consensus P/E of 18x. The benchmark index for the stock is JCI index.

Risks that may impede the achievement of the target price

Key downside risks include slowing new contract, impact of contract asset and competition risk.

ESG

TOTL differentiates on delivery rather than disclosure: it is a corporate founder member of the Green Building Council Indonesia, employs in-house Greenship Professional–certified personnel, and has completed approximately 12 Greenship-certified buildings, of which six are Platinum and four Gold. The company holds ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certification and has reported to GRI standards since 2012 in line with OJK regulation, though it discloses neither a Scope 1/2 emissions inventory nor a dated reduction target

Company overview

Established in 1970, PT Total Bangun Persada Tbk (TOTL) is a building contractor specialising in high-rise premium construction, spanning commercial buildings, industrial facilities, apartments, offices, shopping centres and institutional projects such as hospitals and universities, and most recently data centers.

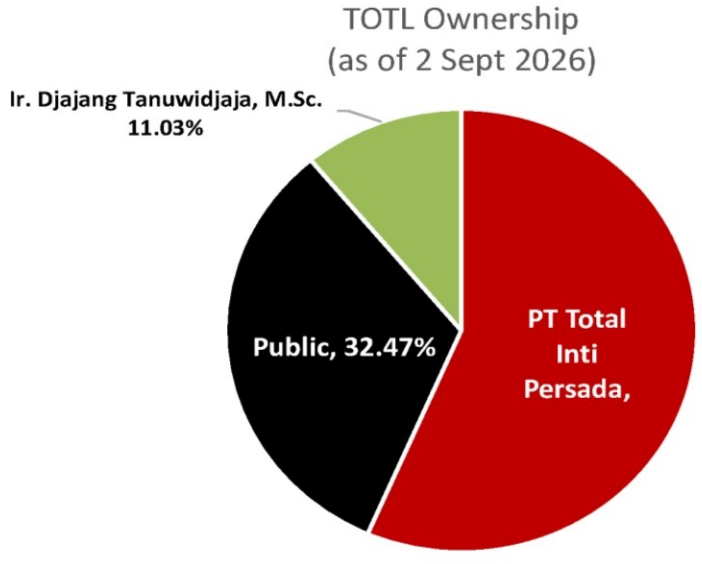
Construction accounted for 99% of FY25 revenue of IDR3.9tn, with the balance from property rental, equipment rental and management fees. The three largest sectors in TOTL's contract book are utilities (which includes data centers), industrials and hospitality. The company has long relied on repeat clients, though the mix has shifted gradually toward new customers since 2021.

The group holds three direct subsidiaries alongside the parent:

1. **PT Total Persada Indonesia (TPI, unlisted; 99% owned):** construction for power plants and industrial buildings. Projects include PLTU Sumbagsel Palembang and Mayora Jatake Tangerang.
2. **PT Total Persada Development (TPD, unlisted; 99.71% owned):** real estate, construction and services, which in turn holds PT Adhiguna Utama (99.0%), PT Inti Propertindo Jaya (99.77%) and PT Lestari Kirana Persada (49.0%).
3. **PT Total Pola Formwork (TPF, unlisted; 60% owned):** formwork installation

TOTL also runs select projects through joint ventures, mostly with Japanese partners. JV contribution has grown steadily in both absolute profit and share of group results. Most projects under the existing partnerships are scheduled to be completed in 2027 and 2028, which should lift the JV profit further, in our view.

Fig. 27: TOTL's ownership



Source: Company data

Fig. 28: TOTL's board of directors

Board of Director	
Janti Komadjaja, M.Sc.	- TOTL's President Director (2009 - now) - TOTL's Director (2004 - 2009); Vice Director (2001) - President Commissioner of PT Total Persada Development and PT Total Persada Indonesia
Ir. Moeljati Soetrisno	- TOTL's Director (2010 - now) - TOTL's Vice Director (2007 - 2010) - Commissioner of PT Total Persada Development - President Commissioner of PT Lestari Kirana Persada
Ir. Lio Sudarto, M.M.	- TOTL's Director (2010 - now) - TOTL's Vice Director (2007 - 2010) - Commissioner of PT Total Persada Indonesia
Ir. Saleh, M.M.	- TOTL's Director (2010 - now) - TOTL's Vice Director (2008 - 2010) - President Commissioner of PT Total Pola Formwork
Ir. Rasyid Daulay, M.T.	- TOTL's Director (2022 - now) - TOTL's General Manager (2019 - 2022) - Project Manager, Sequis Tower (2016 - 2018)

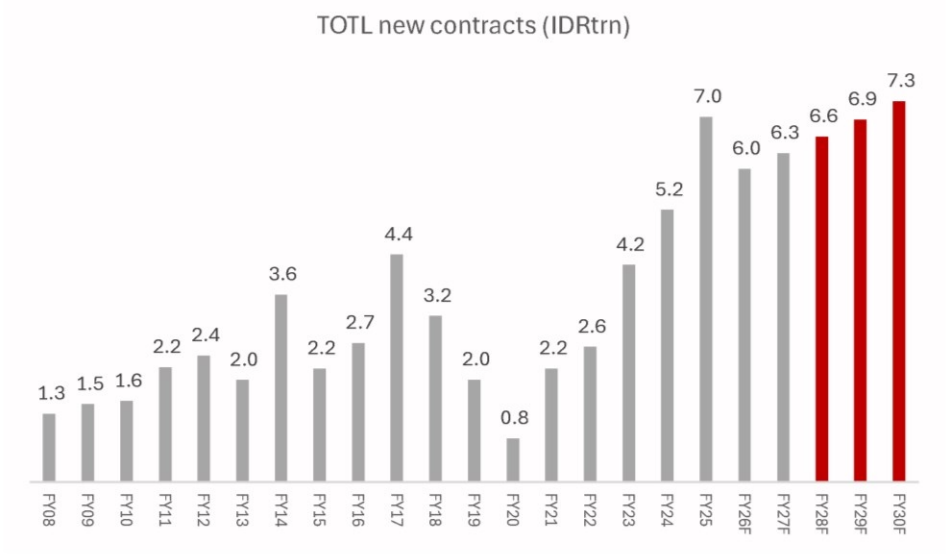
Source: Company data

Fig. 29: TOTL's board of commissioners

Board of Commissioner	
Drs. Rusdy Daryono	- TOTL's President Commissioner (2026 - now) - TOTL's Independent Commissioner (2017 - now) - Independent Commissioner of PT Bank UOB Indonesia (2006 - 2018) - Partner of KAP Osman Ramli Satrio & Partner (2003 - 2006)
Pinarto Sutanto	- TOTL's Commissioner (2002 - now) - President Commissioner of PT Total Inti Persada - Commissioner of PT Anugerah Kencana Jaya - President Director of PT Tujuh Pilar Mas - Holds 1.83% of TOTL
Liliana Komajaya, M.B.A.	- TOTL's Commissioner (2001 - now) - President Director of PT Total Inti Persada - Director of PT Jaga Bangunpersada Komajaya - Director of PT Jagat Baja Prima Utama and PT Jagat Konstruksi Abdipersada
Drs. Wibowo	- TOTL's Commissioner (2002 - now) - Director of PT Total Inti Persada - Director of PT Karunia Utama Lestari and PT Anugrah Kencana Jaya - Commissioner of PT Inti Propertindo Jaya
Rudi Suryajaya Komajaya, M.Sc., M.B.A.	- TOTL's Commissioner (2026 - now) - TOTL's Director (2005 - 2008); Vice Director (2003 - 2005) - President Director of PT Total Persada Development (2010 - 2014) - Commissioner of PT Total Inti Persada - President Director of PT Jaga Bangunpersada Komajaya
Joseph Vittorio Pesik, S.E., C.A., C.P.A.	- TOTL's Independent Commissioner - Partner of KAP Andianto & Tanggono

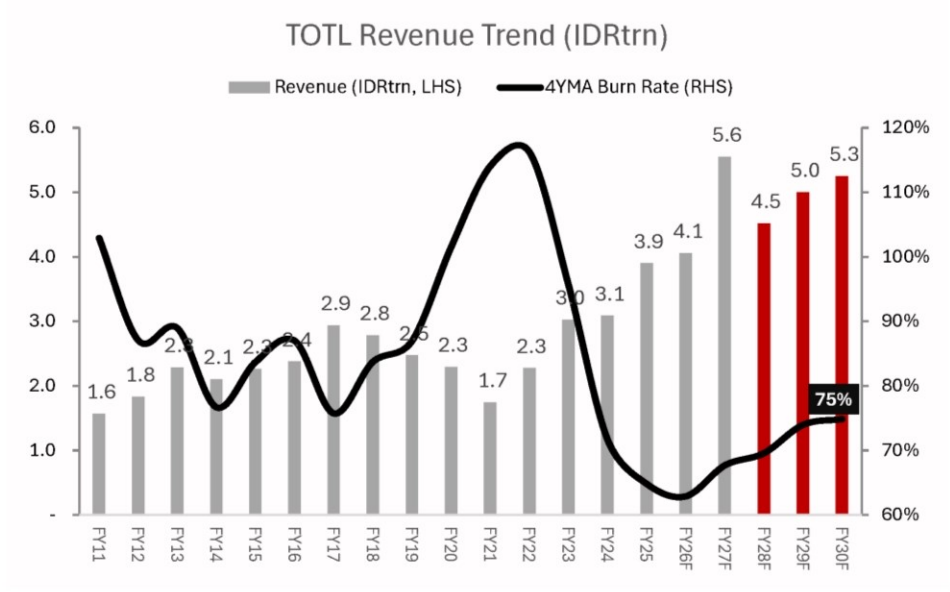
Source: Company data

Fig. 30: TOTL new contract trends



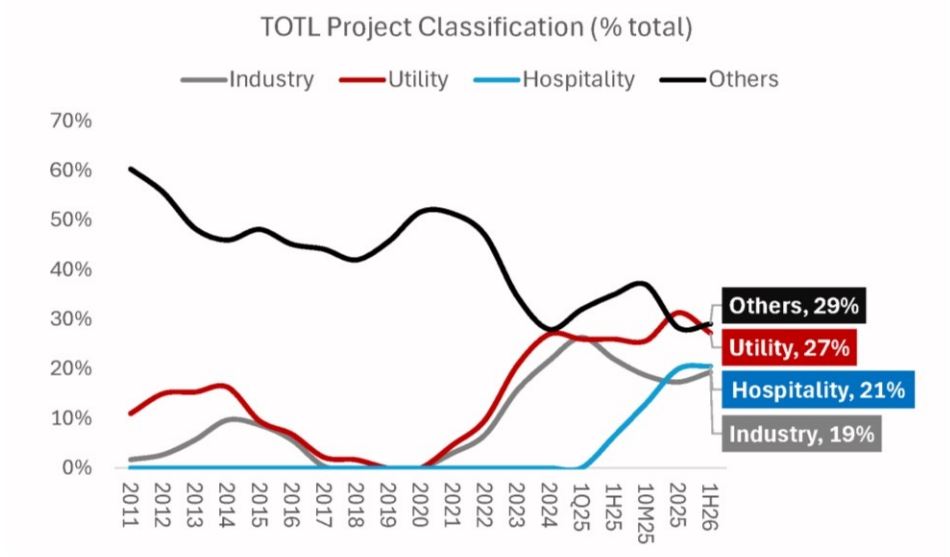
Source: Company data, Nomura estimates

Fig. 31: TOTL revenue trend – burn rate is 30-35% lower than contracts



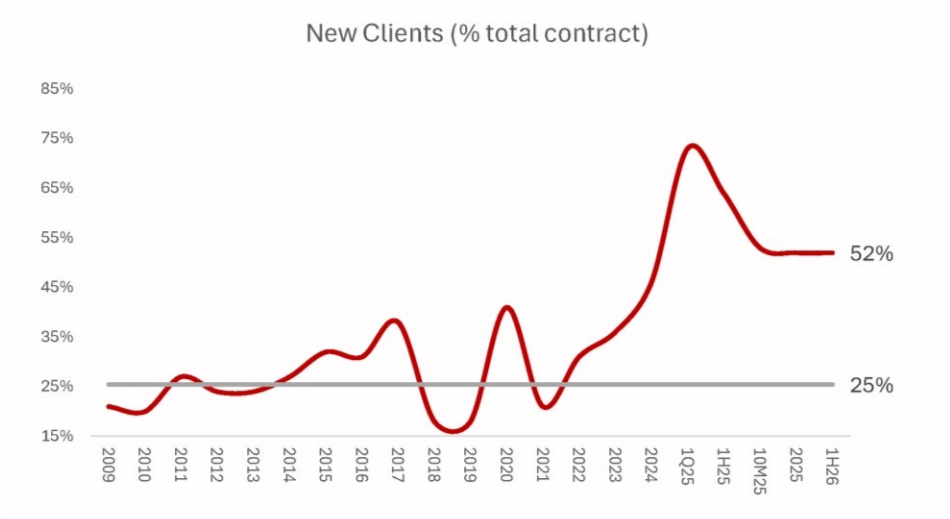
Source: Company data, Nomura estimates

Fig. 32: Shift in contract landscape – higher utility, hospitality, and industry clients



Source: Company data, Nomura estimates

Fig. 33: Shifting customer landscape – new clients are more dominant in TOTL's revenue



Source: Company data, Nomura estimates

Industry overview

Indonesia's contractor industry is segmented by contract size:

1. Small contractors: <IDR2.5bn contract value made up 86.7% of established construction companies in 2025
2. Medium contractors: IDR2.5-50bn contract value accounted for 12.8%
3. Big contractors: beyond IDR50bn contract value represented 0.6%

Growth in established firms over the past decade has come almost entirely at the small end, where low capital requirements ease entry barriers and competition is fought on price. TOTL sits in the big contractor segment, where build quality and Service level agreement matter more than cost. This insulates it from pricing pressure in the lower tiers and leaves it positioned for the complex, higher-value work the small and mid-market companies cannot bid for.

Fig. 34: Indonesian contractor player landscape trend



Source: Company data, Nomura research

Indonesia's construction output has compounded at a 6% CAGR since 2021 to reach IDR1,883tn in 2026E, according to BPS. Output splits into three categories: **1) buildings**, largely private-driven work such as malls, hotels and commercial space (IDR636tn, 6.2% CAGR 21-26E); **2) civil works**, largely public infrastructure (IDR1,072tn, 6.0% CAGR); and **3) special projects** (IDR175tn, 5.7% CAGR).

The first two account for roughly 90% of national output, consistent with the rising number of established construction companies. In our view, that favors TOTL, which operates predominantly in buildings. An excellent track record in a growing industry with high barriers to entry should serve TOTL well over the long run.

Fig. 35: Indonesia construction output – overall output recorded 6% CAGR

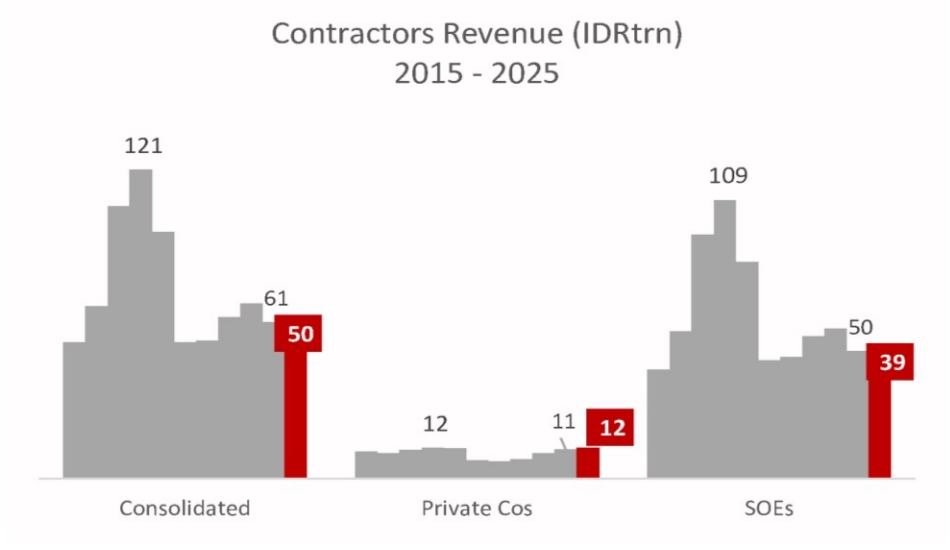


Source: Company data, Nomura research

Within the listed company universe, we observe that revenue has remained largely flattish at an average of IDR60tn per annum since COVID-19 and mostly dominated by SOE contractors (76% market share in FY25). At the same time, however, we have observed that private contractors have been consistently gaining market share. We attribute this mainly to the government's focus on a reallocation to non-hard infrastructure spending and limited balance sheet space from the SOE contractors.

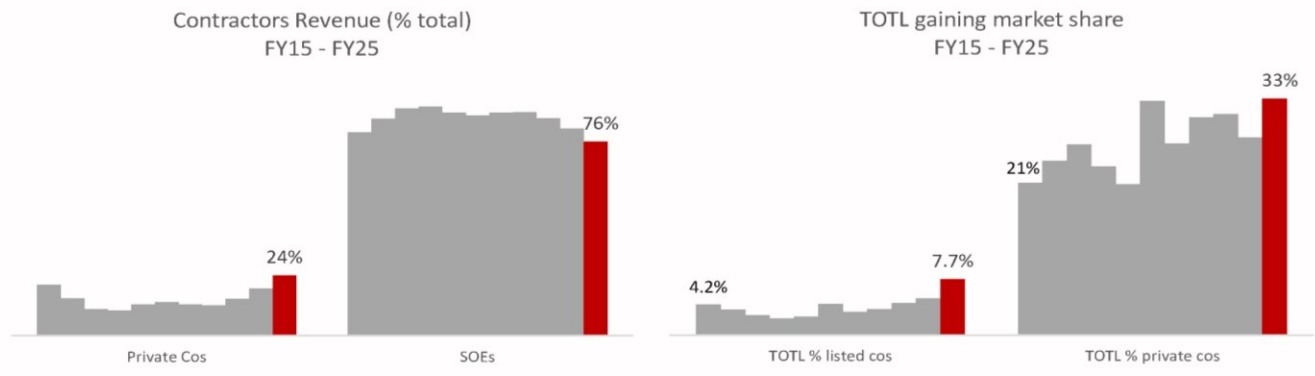
Within the private contractor space, we have also seen a structural shift, with TOTL continuing to take share from private competitors, reaching roughly a third of the listed private pool. We attribute this to its proven delivery quality, which has widened the client base: first-time clients rose from 30% to 52% of new contract wins, while tender participation sits at a record high.

Fig. 36: Indonesian contractor market size – flattish since COVID-19



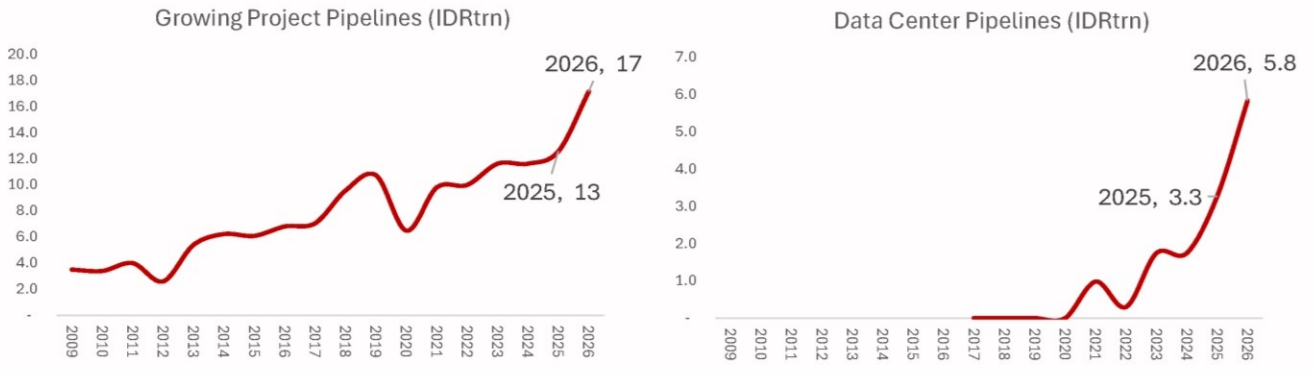
Source: Company data, Nomura research

Fig. 37: TOTL gaining market share, commanding approximately a third in private space



Source: Company data, Nomura research

Fig. 38: Record-high pipeline participation

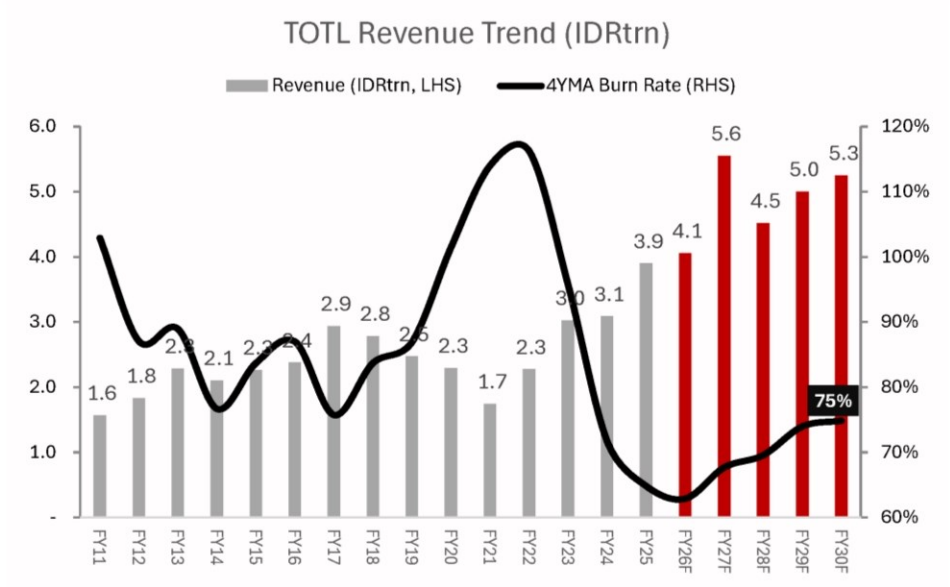


Source: Company data, Nomura research

Financial overview

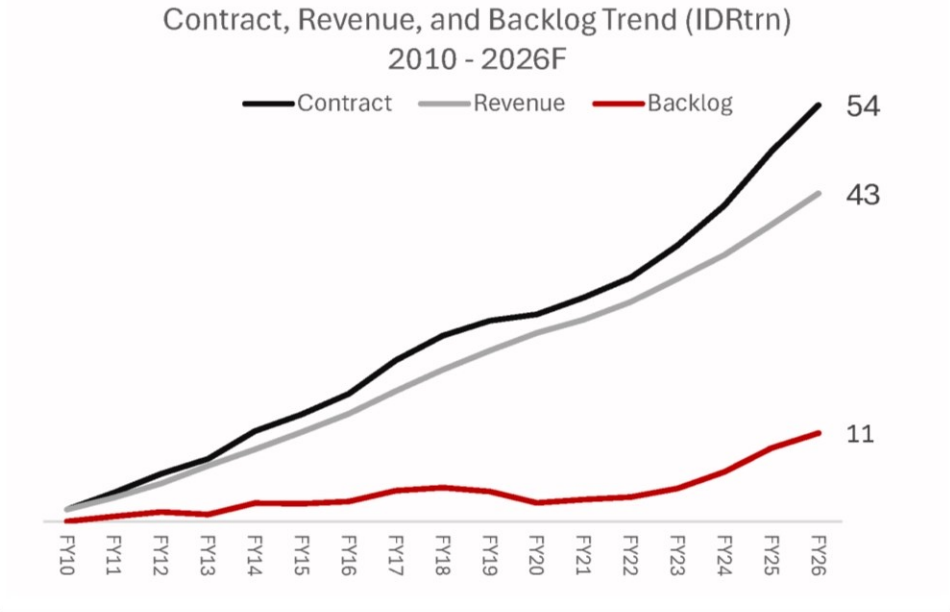
We expect 6%/9% revenue/NPAT CAGRs over 2025-30F, driven by the current backlog, with 65-70% contract recognized as yearly revenue, with the balance carrying into subsequent periods, continued contract wins, and margin expansion. Industrial and utilities clients underpin demand: tender participation is at a record high, and the two sectors account for 46% of TOTL's project mix.

Fig. 39: TOTL revenue trend



Source: Company data, Nomura estimates

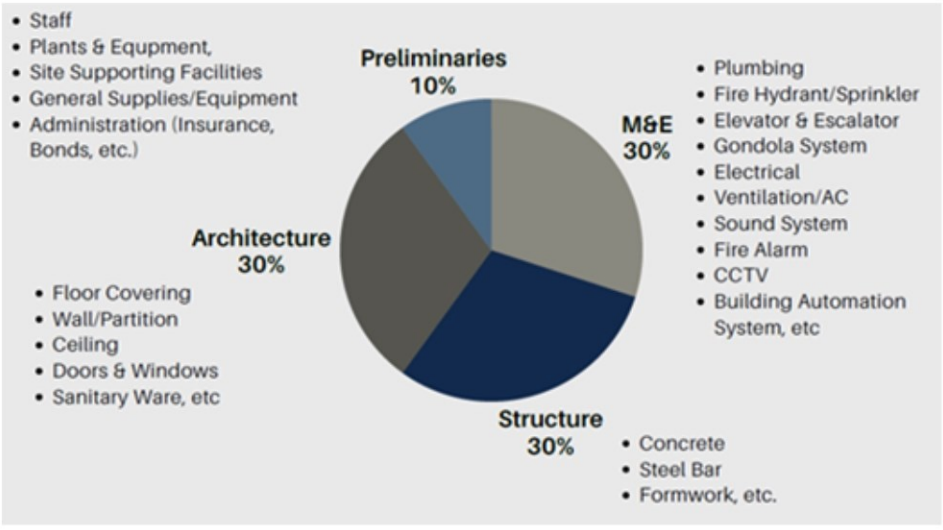
Fig. 40: TOTL estimated cumulative backlog



Source: Company data, Nomura estimates

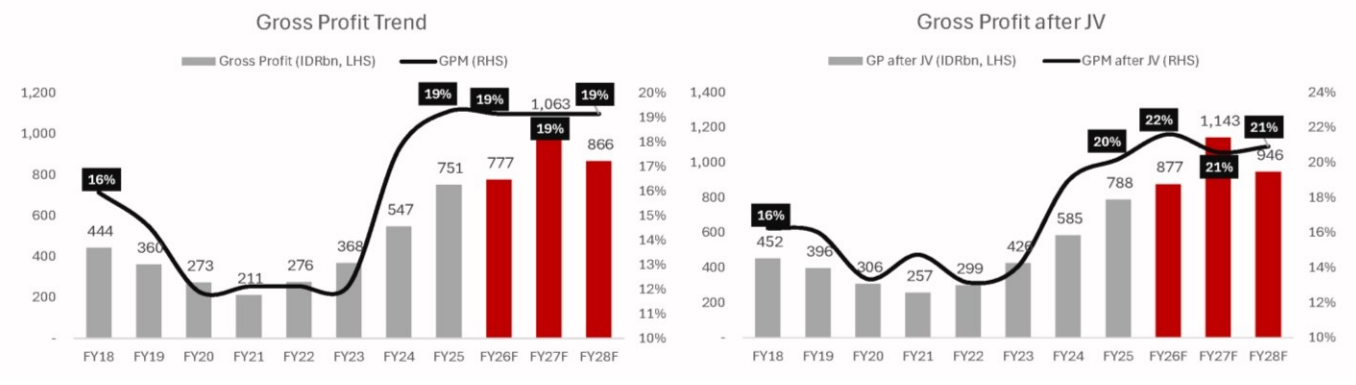
We expect overall margins to hold at FY25 levels, which are already at a record high, with potential upside from IT integration. Better systems should improve supply chain visibility and help keep projects on schedule. Structural costs are largely contracted, which insulates TOTL from commodity price swings, in our view, and the overall cost blend has been stable for the past decade.

Fig. 41: TOTL estimated cumulative backlog



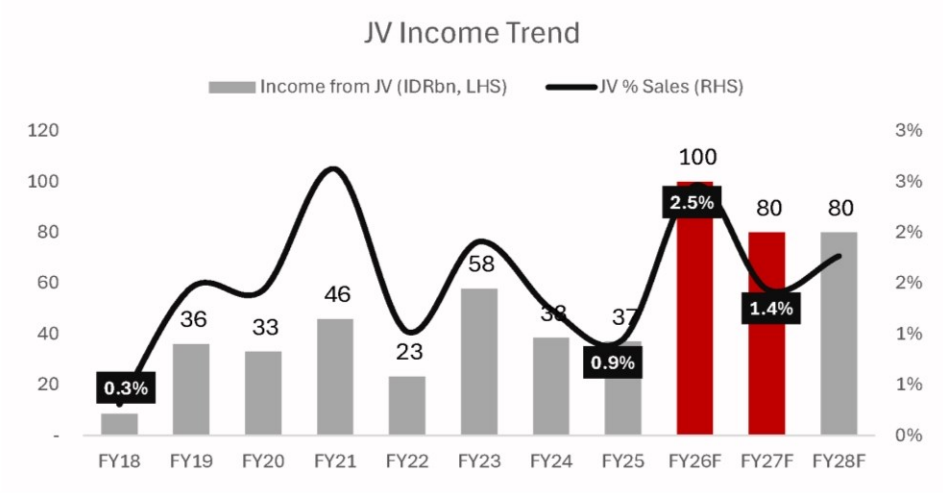
Source: Company data, Nomura research

Fig. 42: Gross profit and GP after JV trend



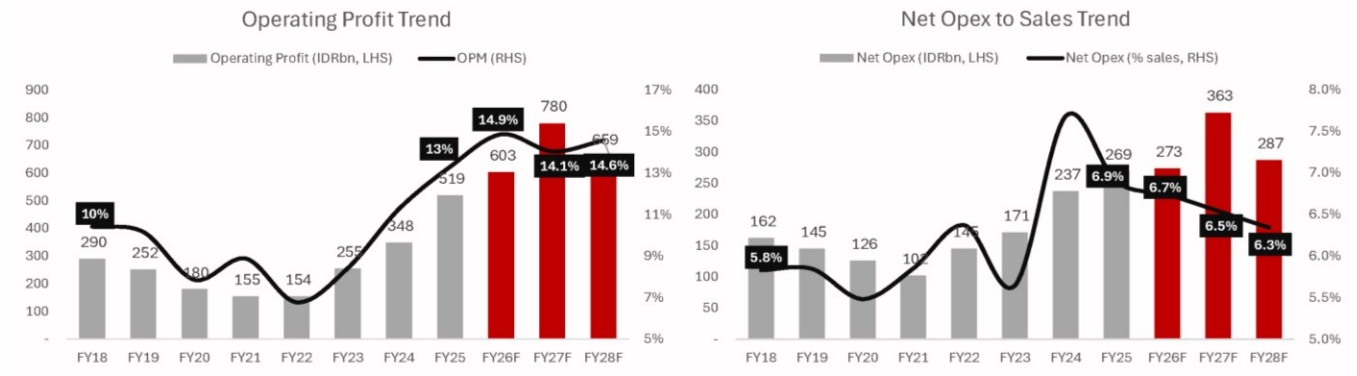
Source: Company data, Nomura estimates

Fig. 43: JV income trend



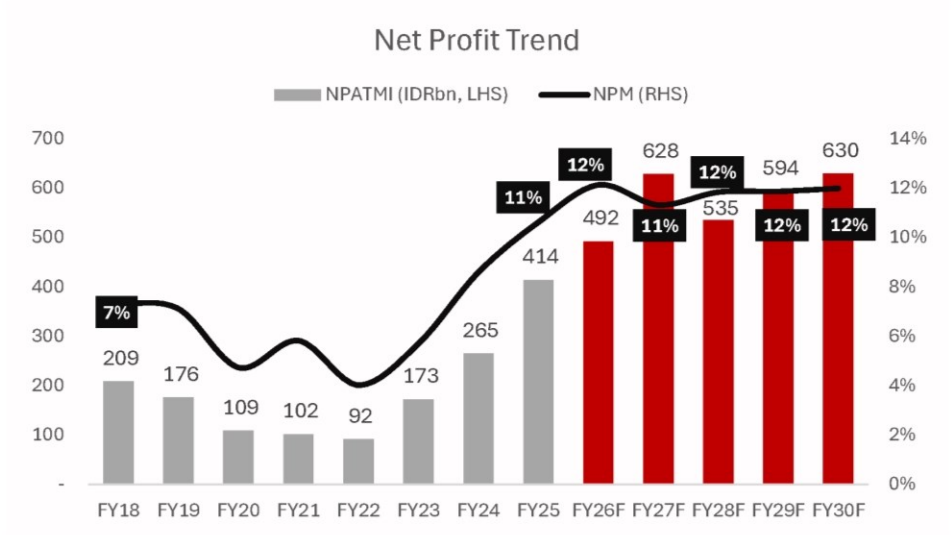
Source: Company data, Nomura estimates

Fig. 44: EBIT and opex to sales trend – expecting a more efficient operation



Source: Company data, Nomura estimates

Fig. 45: Net profit trend



Source: Company data, Nomura estimates

On capital allocation, we expect TOTL to sustain its lean balance sheet. Taking on a new project requires no incremental capital, as working capital is funded through project owners' downpayments, with the balance collected against completion milestones. TOTL can therefore grow earnings without expanding the balance sheet, and sustain a high payout given minimal capex need, in our view.

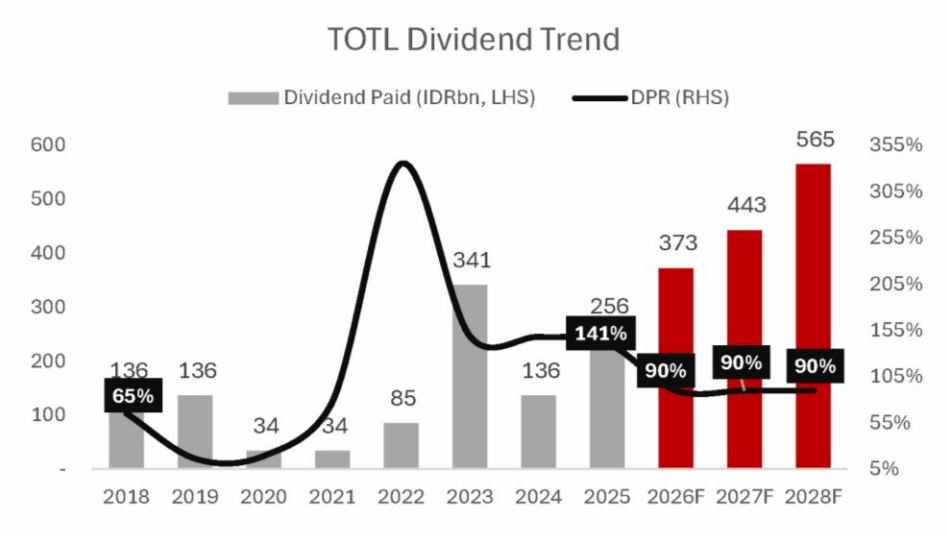
We expect ROE to improve on stronger margins and asset turnover. The high equity multiplier is an accounting artefact rather than leverage, as expenses accrue ahead of payment, so accrued expenses sit at 50% of total liabilities and carry no interest. Cash inflows from project owners offset them as projects progress, leaving TOTL with no need to take on debt.

Fig. 46: ROAE component trend



Source: Company data, Nomura estimates

Fig. 47: Lean balance sheet allows room for high payout ratio, in our view



Source: Company data, Nomura research

Valuation and risks

We derive our TP of IDR2,000 based on 14x P/E target to FY26F EPS of IDR144/sh vs 10x currently and global peers at consensus 18x. In our view, TOTL deserves a premium valuation given its stronger-than-peers margins, yield, and profitability.

Fig. 48: TOTL valuation

TOTL Valuation	
EPS 26F	144
Target Multiple	14
Target PE (Rounded)	2,000

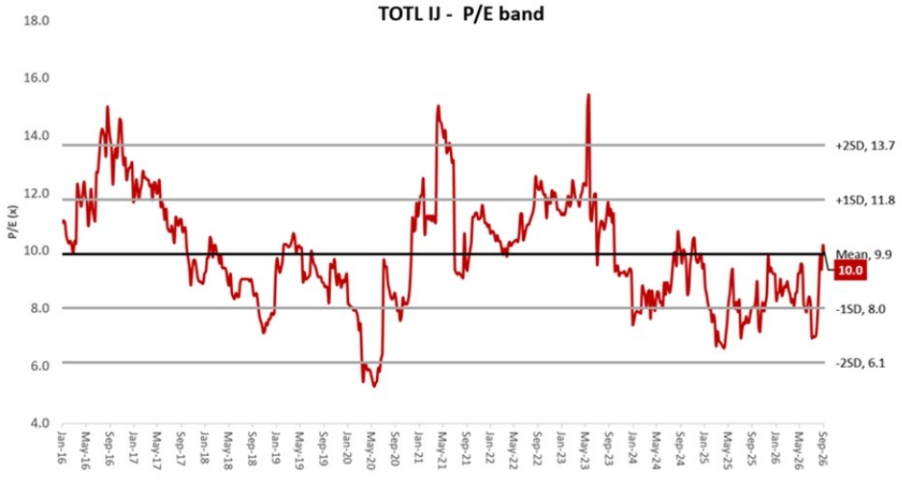
Source: Nomura estimates

Fig. 49: TOTL peer valuations – higher ROE, margin, and dividend yield

Ticker	Name	Rating	Mkt cap	P/E (x)		Div yield (%)		ROE (%)		OPM	
			USDmn	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
ASEAN Peers											
CTD VN EQUITY	COTECCONS CONSTRUCTION JSC	NR	253	8.9x	8.0x	1.6%	1.7%	8.1%	7.7%	2.1%	2.4%
STECON TB EQUITY	STECON GROUP PCL	NR	843	17x	19x	2.5%	2.3%	10%	7.3%	4.9%	4.5%
SCGB MK EQUITY	SUNWAY CONSTRUCTION GROUP BH	Buy	2,314	23x	26x	7.3%	2.7%	48%	60%	9.4%	9.3%
IJM MK EQUITY	IJM CORP BHD	Neutral	2,456	23x	30x	2.4%	2.7%	4.1%	4.5%	15%	14%
GAM MK EQUITY	GAMUDA BHD	Buy	6,988	28x	20x	1.8%	2.0%	8.8%	11%	8.4%	8.6%
OKP SP EQUITY	OKP HOLDINGS LTD	NR	293	7.2x	7.0x	3.6%	3.5%	19%	18%	24%	21%
CAPACITE IN EQUITY	CAPACIT'E INFRAPROJECTS LTD	NR	170	6.4x	8.5x	0.0%	0.0%	13%	9.0%	12%	11%
PSPPL IN EQUITY	PSP PROJECTS LTD	NR	334	39x	23x	0.0%	0.0%	7.0%	10%	5.0%	5.1%
1812 JP EQUITY	KAJIMA CORP	Buy	15,749	14x	13x	2.9%	3.4%	13%	13%	7.6%	7.4%
Global average			2,969	18x	17x	2.4%	2.0%	14%	16%	9.8%	9.2%
TOTL IJ EQUITY	TOTAL BANGUN PERSADA	Buy	297	10x	9.5x	7.2%	8.9%	35%	41%	14.9%	14.1%

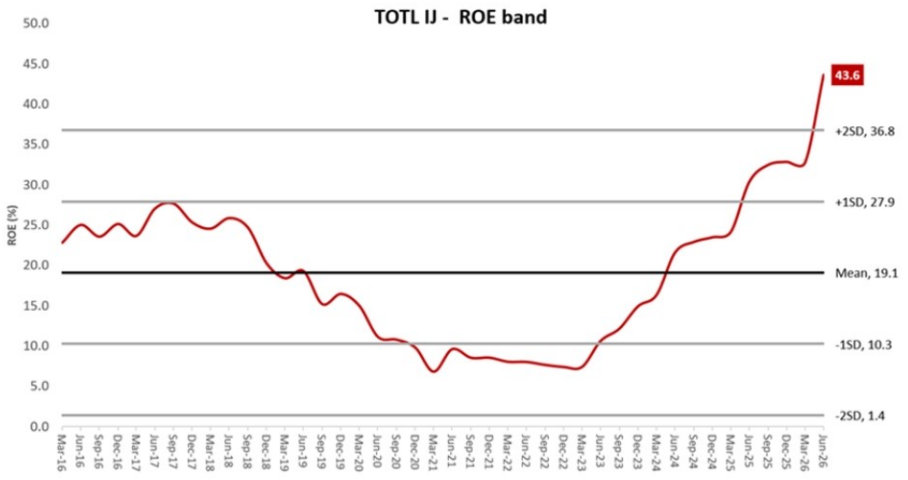
Source: Company data, Nomura estimates for covered stocks, Bloomberg consensus for NR stocks. Note: Priced as of 17 September 2026

Fig. 50: TOTL P/E band



Source: Company data, Nomura research

Fig. 51: TOTL ROE band



Source: Company data, Nomura research

Investment risks

Below risks could impede our investment thesis:

1. **Slowing new contracts:** TOTL has a solid backlog, record tender participation and growing contract wins, but it is not fully insulated from a broader slowdown in FDI and economic activity, which could delay new builds. Slower contract wins would erode the backlog and, in turn, the earnings and dividend outlook.
2. **Impairment of contract asset**: TOTL is selective in the projects it takes on, but a weaker economy could push up its allowance for more marginal accounts, feeding straight through to earnings. The company has managed impairments well so far, against a rising non-performing loan backdrop in Indonesia.
3. **Competition risk:** TOTL operates in the big contractor segment, where clients select on delivery quality rather than price. There is a risk that larger players begin competing on price, which could compress TOTL's margins.

Fig. 52: TOTL sensitivity analysis – dividend impact from payout and margin impact

		Payout Ratio 26F				
		80%	85%	**90%**	95%	100%
GPM 26F	17.2%	6.8%	7.2%	**7.6%**	8.0%	8.4%
	18.2%	7.4%	7.9%	**8.3%**	8.8%	9.3%
	19.2%	**8.1%**	**8.6%**	**9.1%**	**9.6%**	**10.1%**
	20.2%	8.7%	9.3%	**9.8%**	10.4%	10.9%
	21.2%	9.4%	10.0%	**10.6%**	11.2%	11.7%

Source: Company data, Nomura estimates

NOMURA

Nomura Securities Malaysia Sdn Bhd
18 September 2026

Indosat ISAT.JK ISAT IJ

EQUITY: TELECOMS

Business upswing could be driven by AI push

Maintain Buy rating with a TP of IDR3,700

Zankore (unlisted) is ISAT's 36%-owned AI data center JV with Ooredoo (ORDS QS, Not rated), NVIDIA (NVDA US, Not rated) and Nokia (NOKIA FH, Not rated), targeting a long-term build-out to 1GW of capacity (200MW in the near term), with commissioning targeted for 2H27E (*link*). It sits alongside ISAT's wholly owned AI NeoCloud business (22MW) as the second leg of the group's AI infrastructure push. In this note, we aim to provide investors with a broad sense of scale on how much ISAT's AI neocloud push and Zankore could realistically add to ISAT's bottom line (and valuation), and what conditions are required for that to happen.

We expect a meaningful step-up in contribution

Based on our assumptions – implied capex of ~USD5.5bn for the 200MW phase, ~75% EBITDA margin, and a 6% cost of debt – Zankore's estimated contracted revenue base of ~USD2.7bn (~IDR48tn) would translate into ISAT's 36% equity share of net profit, ramping up from roughly IDR4.1tn in 2028F to about IDR5.2tn by 2033F. That is a meaningful step-up, in our view; by 2030F, Zankore alone should contribute more to consolidated profit than ISAT's core telco earnings did as recently as 2025.

Zankore, in our view, to be the largest swing factor for ISAT's valuation

In our sum-of-the-parts valuation, Zankore is worth roughly IDR698 per ISAT share – about 15% of our IDR4,590 fair value, vs IDR292/share (6%) for AI NeoCloud and IDR3,600/share (~79%) for the existing telco business. In other words, the legacy business still anchors the bulk of fair value today, but we believe Zankore is the single largest swing factor in how the story evolves through the turn of the decade – consolidated implied P/E should compress from ~14x in 2026F to under 6x by 2030F, largely on the back of the layering in of this JV.

Three factors that could lead to meaningful contribution

We believe that in order for Zankore to bring meaningful contribution to ISAT, three factors need to be present: (1) commissioning stays on track for 2H27E – any slippage pushes the entire profit ramp out; (2) contracted offtake demand materializes near the assumed ~75% EBITDA margin, which sits above regional data center comps for greenfield capacity; and (3) funding costs hold near 6% – Zankore's implied debt load (~USD5.5bn at peak) makes ISAT's equity pickup meaningfully sensitive to financing terms, which have not yet been finalized. In addition, we have also assumed NVDIA's 25% buyback guarantee of the GPUs' initial value at the end of the initial contracted period (here we assume six years). Overall, Zankore is not yet the majority of ISAT's value, but it is increasingly the swing factor for the company's earnings trajectory and the multiple re-rating case from here, in our view. We would treat 2H27E commissioning and finalized project financing terms as the two data points to watch closely.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (IDR)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	56,518	58,881	58,881	60,402	60,402	62,371	62,371
Reported net profit (bn)	5,510	6,057	6,057	7,216	7,216	8,203	8,203
Normalised net profit (bn)	5,510	6,057	6,057	7,216	7,216	8,203	8,203
FD normalised EPS	170.84	187.82	187.82	223.74	223.74	254.35	254.35
FD norm. EPS growth (%)	12.2	9.9	9.9	19.1	19.1	13.7	13.7
FD normalised P/E (x)	13.9	–	12.6	–	10.6	–	9.3
EV/EBITDA (x)	5.1	–	4.4	–	4.2	–	3.9
Price/book (x)	2.1	–	2.0	–	1.8	–	1.7
Dividend yield (%)	3.9	–	4.8	–	5.7	–	6.5
ROE (%)	15.8	16.1	16.1	18.0	18.0	19.0	19.0
Net debt/equity (%)	137.2	100.5	100.5	82.2	82.2	65.6	65.6

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Remains	**IDR 3,700**
Closing price 17 September 2026	**IDR 2,370**
Implied upside	**+56.1%**
Market Cap (USD mn)	4,305.4
ADT (USD mn)	6.2

Relative performance chart



Source: LSEG, Nomura

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Key data on Indosat

Performance

(%)	1M	3M	12M		
Absolute (IDR)	-6.7	27.8	23.4	M cap (USDmn)	4,305.4
Absolute (USD)	-6.3	27.6	14.2	Free float (%)	14.0
Rel to Jakarta Stock Exchange Composite Index	-7.2	24.3	43.2	3-mth ADT (USDmn)	6.2

Income statement (IDRbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	55,887	56,518	58,881	60,402	62,371
Cost of goods sold	-40,292	-41,337	-41,276	-41,403	-41,857
Gross profit	15,595	15,181	17,606	18,999	20,515
SG&A	-889	-965	-976	-1,002	-1,034
Employee share expense	-3,890	-3,450	-4,858	-4,983	-5,146
Operating profit	10,817	10,766	11,771	13,014	14,335
EBITDA	26,375	26,597	28,525	29,216	30,197
Depreciation	-15,558	-15,831	-16,753	-16,203	-15,862
Amortisation	0	0	0	0	0
EBIT	10,817	10,766	11,771	13,014	14,335
Net interest expense	-4,115	-4,012	-3,733	-3,407	-3,392
Associates & JCEs	0	0	0	0	0
Other income	-80	369	0	0	0
Earnings before tax	6,622	7,123	8,038	9,606	10,943
Income tax	-1,460	-1,467	-1,804	-2,149	-2,443
Net profit after tax	5,162	5,656	6,234	7,458	8,500
Minorities	-362	-308	-338	-403	-458
Other items	111	161	161	161	161
Preferred dividends	0	0	0	0	0
Normalised NPAT	4,911	5,510	6,057	7,216	8,203
Extraordinary items	0	0	0	0	0
Reported NPAT	4,911	5,510	6,057	7,216	8,203
Dividends	-2,336	-2,974	-3,668	-4,370	-4,968
Transfer to reserves	2,575	2,536	2,389	2,846	3,235
Valuations and ratios					
Reported P/E (x)	15.6	13.9	12.6	10.6	9.3
Normalised P/E (x)	15.6	13.9	12.6	10.6	9.3
FD normalised P/E (x)	15.6	13.9	12.6	10.6	9.3
Dividend yield (%)	3.1	3.9	4.8	5.7	6.5
Price/cashflow (x)	4.6	4.4	2.8	3.3	3.2
Price/book (x)	2.3	2.1	2.0	1.8	1.7
EV/EBITDA (x)	5.2	5.1	4.4	4.2	3.9
EV/EBIT (x)	12.7	12.6	10.7	9.4	8.2
Gross margin (%)	27.9	26.9	29.9	31.5	32.9
EBITDA margin (%)	47.2	47.1	48.4	48.4	48.4
EBIT margin (%)	19.4	19.0	20.0	21.5	23.0
Net margin (%)	8.8	9.7	10.3	11.9	13.2
Effective tax rate (%)	22.1	20.6	22.4	22.4	22.3
Dividend payout (%)	47.6	54.0	60.6	60.6	60.6
ROE (%)	15.3	15.8	16.1	18.0	19.0
ROA (pretax %)	9.9	9.6	10.6	12.0	13.3
Growth (%)					
Revenue	9.1	1.1	4.2	2.6	3.3
EBITDA	10.2	0.8	7.2	2.4	3.4
Normalised EPS	-72.8	12.2	9.9	19.1	13.7
Normalised FDEPS	-72.8	12.2	9.9	19.1	13.7

Source: Company data, Nomura estimates

Cashflow statement (IDRbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	26,375	26,597	28,525	29,216	30,197
Change in working capital	-4,180	-3,725	4,448	-206	-267
Other operating cashflow	-5,575	-5,479	-5,537	-5,556	-5,835
CF from operations	16,620	17,393	27,436	23,454	24,095
Capital expenditure	-9,938	-13,280	-13,000	-14,500	-14,500
Free cashflow	6,682	4,113	14,436	8,954	9,595
Reduction in investments	0	0	0	0	
Net acquisitions	0	0	0	0	0
Dec in other LT assets	0	0	0	0	
Inc in other LT liabilities	0	0	0	0	
Adjustments	-6,128	-1,887	-8,614	1,000	0
CF after investing acts	554	2,226	5,822	9,954	9,595
Cash dividends	-2,336	-2,974	-3,668	-4,370	-4,968
Equity issue	0	0	0	0	0
Debt issue	0	0	0	0	0
Convertible debt issue					
Others	1,047	1,370	161	161	161
CF from financial acts	-1,289	-1,604	-3,507	-4,208	-4,806
Net cashflow	-735	621	2,315	5,745	4,789
Beginning cash	5,190	4,454	5,075	7,390	13,136
Ending cash	4,455	5,076	7,390	13,136	17,924
Ending net debt	50,412	49,840	38,911	34,165	29,377

Balance sheet (IDRbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	4,454	5,075	7,390	13,136	17,924
Marketable securities	0	0	0	0	0
Accounts receivable	3,282	3,615	2,990	3,068	3,168
Inventories	0	0	0	0	0
Other current assets	7,142	10,314	10,565	10,726	10,935
Total current assets	14,878	19,004	20,946	26,930	32,028
LT investments	0	0	0	0	0
Fixed assets	74,143	75,099	71,346	69,644	68,282
Goodwill	20,117	19,758	19,758	19,758	19,758
Other intangible assets	0	0	0	0	0
Other LT assets	5,249	4,768	4,768	4,768	4,768
Total assets	114,387	118,630	116,818	121,100	124,836
Short-term debt	10,378	10,089	10,000	10,000	10,000
Accounts payable	912	1,208	1,258	1,291	1,333
Other current liabilities	19,719	19,203	23,227	23,227	23,227
Total current liabilities	31,009	30,499	34,485	34,518	34,560
Long-term debt	44,488	44,826	36,301	37,301	37,301
Convertible debt	0	0	0	0	0
Other LT liabilities	2,238	3,795	3,795	3,795	3,795
Total liabilities	77,735	79,121	74,582	75,614	75,656
Minority interest	3,153	3,189	3,527	3,930	4,389
Preferred stock	0	0	0	0	0
Common stock	18,880	18,895	18,895	18,895	18,895
Retained earnings	14,618	17,425	19,814	22,660	25,896
Proposed dividends	0	0	0	0	0
Other equity and reserves	0	0	0	0	0
Total shareholders' equity	33,498	36,320	38,709	41,555	44,791
Total equity & liabilities	114,387	118,630	116,818	121,100	124,836

Liquidity (x)					
Current ratio	0.48	0.62	0.61	0.78	0.93
Interest cover	2.6	2.7	3.2	3.8	4.2
Leverage					
Net debt/EBITDA (x)	1.91	1.87	1.36	1.17	0.97
Net debt/equity (%)	150.49	137.22	100.52	82.22	65.59

Per share					
Reported EPS (IDR)	152.27	170.84	187.82	223.74	254.35
Norm EPS (IDR)	152.27	170.84	187.82	223.74	254.35
FD norm EPS (IDR)	152.27	170.84	187.82	223.74	254.35
BVPS (IDR)	1,038.68	1,126.18	1,200.26	1,288.50	1,388.82
DPS (IDR)	72.42	92.21	113.74	135.49	154.03
Activity (days)					
Days receivable	21.0	22.3	20.5	18.3	18.3
Days inventory	0.0	0.0	0.0	0.0	
Days payable	7.5	9.4	10.9	11.2	11.5
Cash cycle	13.5	12.9	9.6	7.1	6.8

Source: Company data, Nomura estimates

Company profile

Indosat Ooredoo Hutchison is one of the largest full service telecom company in Indonesia. Its primary business is providing cellular services as well as multimedia services. The co is the result of merger between Inodsat Ooredoo and Hutchison 3 Indonesia; hence the name change to Indosat Ooredoo Hutchison

Valuation Methodology

We derive our TP of IDR3,700 using the DCF valuation. Key parameters: risk-free rate rf of 6.2%, an equity risk premium of 7.4%, beta of 1.2x and a terminal growth rate of 2.5%. At our TP, the stock would trade at 5.5x FY26F EV/EBITDA. The benchmark index for this stock is JCI.

Risks that may impede the achievement of the target price

Key risks include adverse macroeconomic trends that could impact purchasing power, lower price increases or subscriber bases, higher opex due to slower post-merger network integration, and/or irrational competition leading to price cuts.

ESG

As a leading telecom company in Indonesia, Indosat Ooredoo Hutchison (Indosat) is committed to carry out social responsibility towards all of its stakeholders. Specifically, it will focus on areas such as digital education through one of its CSR programme. In addition, Indosat is also committed to woman empowerment with its various programme with the aim to promote gender equality. At the same time, the co is commited to promote green environment with its carbon reduction programme.



Fig. 53: ISAT profit build – existing business, AI NeoCloud, and Zankore

ISAT - EXISTING	
Shr price IDR	2,550
# of shares	32,251
Exch rate	17,750

	25A	26F	27F	28F	29F	30F	31F	32F	33F
Existing Business Profit	**5,509.7**	**6,057.3**	**7,215.8**	**8,202.8**	**8,753.5**	**8,797.5**	**8,797.5**	**8,797.5**	**8,797.5**
AI NeoCloud									
Capacity MW			22	22	22	22	22	22	
Capex USDmn			600	600	600	600	600	600	
Asset life yrs			**6**	6	6	6	6	6	
Contracted rev USDmn			300	300	300	300	300	300	
Contracted rev IDRbn			5,325	5,325	5,325	5,325	5,325	5,325	
EBITDA IDRbn			4,260	4,260	4,260	4,260	4,260	4,260	
Margin %			**80.0**	80.0	80.0	80.0	80.0	80.0	
Depreciation IDRbn			1,775	1,775	1,775	1,775	1,775	1,775	
PBT			2,485	2,485	2,485	2,485	2,485	2,485	
NP			**1,988**	**1,988**	**1,988**	**1,988**	**1,988**	**1,988**	
Terminal Value of GPUs 25% (on 50% of capex)								1,331	
Profit + TV			**1,988**	**1,988**	**1,988**	**1,988**	**1,988**	**3,319**	
Zankore (targeted commission 2H27)									
ISAT stake %				36	36	36	36	36	36
Capacity MW (long term target 1GW)				200	200	200	200	200	200
Assume similar to AI NeoCloud									
Implied asset life yrs				**6**	**6**	**6**	**6**	**6**	**6**
Implied capex USDmn				5,455	5,455	5,455	5,455	5,455	5,455
Implied debt USDmn				5,455	4,807	4,129	3,418	2,673	1,892
Implied cost of debt %				**6**	6	6	6	6	6
Implied contracted rev USDmn				2,727	2,727	2,727	2,727	2,727	2,727
Implied contracted rev IDRbn				48,409	48,409	48,409	48,409	48,409	48,409
EBITDA IDRbn				36,307	36,307	36,307	36,307	36,307	36,307
Margin %				**75**	75	75	75	75	75
Depreciation IDRbn				16,136	16,136	16,136	16,136	16,136	16,136
Int exp				5,809	5,120	4,397	3,640	2,847	2,015
PBT				14,361	15,051	15,773	16,530	17,324	18,155
NP				11,489	12,041	12,619	13,224	13,859	14,524
ISAT portion of profit				**4,136**	**4,335**	**4,543**	**4,761**	**4,989**	**5,229**
Terminal Value of GPUs 25% (on 50% of capex)									**4,357**
Profit + TV				**4,136**	**4,335**	**4,543**	**4,761**	**4,989**	**9,586**

ISAT Profit profile	**25A**	**26F**	**27F**	**28F**	**29F**	**30F**	**31F**	**32F**	**33F**
Existing	5,510	6,057	7,216	8,203	8,753	8,797	8,797	8,797	8,797
Adjusting for EBITDA decline from fiber sales			(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)
AI NeoCloud	0	0	1,988	1,988	1,988	1,988	1,988	1,988	0
Zankore 36%	0	0	0	4,136	4,335	4,543	4,761	4,989	5,229
Total	**5,510**	**6,057**	**7,704**	**12,827**	**13,576**	**13,828**	**14,046**	**14,275**	**12,526**
Implied PER		**13.58**	**10.68**	**6.41**	**6.06**	**5.95**	**5.85**	**5.76**	**6.57**

Fair valuation per share IDR	
- Existing	3,600
- AI NeoCloud	292
- Zankore	698
Total	**4,590**

Source: Company data, Nomura estimates

Nomura Securities Malaysia Sdn Bhd
18 September 2026

Sarana Menara Nusantara TOWR.JK TOWR IJ

EQUITY: TELECOMS

Connectivity is the next big thing

Maintain Buy rating and TP of IDR950

Tower leasing remains TOWR's core cash-generating business, but it is no longer the company's primary growth driver. Excluding the recently consolidated adjacent business of PT Bach Multi Global (BACH IJ, Not rated), fiber-led businesses – FTTT, FTTH and Connectivity Solutions – have expanded from roughly 20% of revenue in 1H22 to around 32% in 1H26. Including BACH, non-tower businesses now account for approximately 43% of group revenue, underscoring a broader shift in TOWR's earnings mix (refer to *Fig. 54*).

With that, tower revenue increasingly behaves like a mature, contracted annuity, with growth periodically affected by contractual repricing, in our view, as seen in the 1H26 impact from the XLSmart (EXCL IJ, Neutral) merger. By contrast, fiber and connectivity remain the businesses with the clearest structural volume-growth runway.

This transition is becoming increasingly evident in the operating profile. Tower revenue declined 3.3% y-y in 1H26 due to merger-related repricing rather than underlying demand weakness, while all non-tower segments continued to expand, led by Connectivity Solutions (+33.8% y-y), compared with FTTT (+3.0%) and FTTH (+2.0%). More importantly, capex intensity has declined for three consecutive half-years following the elevated investment cycle associated with the 2023-24 IOH (ISAT IJ, Buy) relocation and IBST integration, creating a more supportive backdrop for rising fiber contribution to translate into stronger free cash flow.

Connectivity is emerging as the key growth vector

Within the non-tower portfolio, Connectivity Solutions has become the fastest growing business. Revenue increased 33.8% y-y in 1H26, following even stronger growth of 44.4% y-y in 1Q26, substantially outpacing both FTTT and FTTH.

The operating metrics point to broad-based enterprise adoption rather than isolated project wins. The company reported that enterprise customers increased 21.1% y-y to 8,878, activations rose 48.3% y-y to 28,153, and network coverage expanded to 347 cities from 298 a year earlier. The combination of customer additions, higher activations and wider geographic reach suggests demand is broadening across the enterprise segment as network density continues to improve.

Year-end 31 Dec	FY25	FY26F		FY27F		FY28F	
Currency (IDR)	Actual	Old	New	Old	New	Old	New
Revenue (bn)	13,328	13,812	13,812	14,291	14,291	14,775	14,775
Reported net profit (bn)	3,678	4,033	4,033	4,434	4,434	4,530	4,530
Normalised net profit (bn)	3,678	4,033	4,033	4,434	4,434	4,530	4,530
FD normalised EPS	62.24	68.24	68.24	75.03	75.03	76.66	76.66
FD norm. EPS growth (%)	-4.8	9.6	9.6	9.9	9.9	2.2	2.2
FD normalised P/E (x)	7.1	–	6.5	–	5.9	–	5.8
EV/EBITDA (x)	6.1	–	5.6	–	5.3	–	5.0
Price/book (x)	1.0	–	0.9	–	0.8	–	0.7
Dividend yield (%)	4.6	–	5.0	–	5.5	–	6.1
ROE (%)	16.0	14.2	14.2	14.2	14.2	13.3	13.3
Net debt/equity (%)	165.0	136.5	136.5	119.9	119.9	106.5	106.5

Source: Company data, Nomura estimates

Rating Remains	**Buy**
Target price Remains	**IDR 950**
Closing price 17 September 2026	**IDR 442**
Implied upside	**+114.9%**
Market Cap (USD mn)	1,472.9
ADT (USD mn)	1.5

Relative performance chart



Source: LSEG, Nomura

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Key data on Sarana Menara Nusantara

Performance

(%)	1M	3M	12M		
Absolute (IDR)	13.3	12.8	-27.5	M cap (USDmn)	1,472.9
Absolute (USD)	13.9	12.7	-32.9	Free float (%)	47.7
Rel to Jakarta Stock Exchange Composite Index	12.8	9.3	-7.7	3-mth ADT (USDmn)	1.5

Income statement (IDRbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	12,736	13,328	13,812	14,291	14,775
Cost of goods sold	-3,996	-4,188	-4,133	-4,404	-4,686
Gross profit	8,739	9,140	9,679	9,887	10,089
SG&A	-1,137	-1,242	-1,547	-1,601	-1,655
Employee share expense					
Operating profit	7,602	7,897	8,132	8,286	8,434
EBITDA	10,700	10,970	11,367	11,762	12,160
Depreciation	-2,800	-2,871	-3,031	-3,258	-3,493
Amortisation	-298	-202	-204	-217	-233
EBIT	7,602	7,897	8,132	8,286	8,434
Net interest expense	-3,138	-3,080	-2,690	-2,347	-2,384
Associates & JCEs					
Other income	-269	-364	-396	-391	-381
Earnings before tax	4,196	4,453	5,046	5,548	5,669
Income tax	-831	-771	-1,009	-1,110	-1,134
Net profit after tax	3,365	3,682	4,037	4,439	4,535
Minorities	-29	-4	-4	-5	-5
Other items					
Preferred dividends					
Normalised NPAT	3,335	3,678	4,033	4,434	4,530
Extraordinary items					
Reported NPAT	3,335	3,678	4,033	4,434	4,530
Dividends	-901	-1,192	-1,315	-1,442	-1,585
Transfer to reserves	2,434	2,486	2,718	2,992	2,945
Valuations and ratios					
Reported P/E (x)	6.8	7.1	6.5	5.9	5.8
Normalised P/E (x)	6.8	7.1	6.5	5.9	5.8
FD normalised P/E (x)	6.8	7.1	6.5	5.9	5.8
Dividend yield (%)	4.0	4.6	5.0	5.5	6.1
Price/cashflow (x)	2.3	2.6	2.5	2.5	2.4
Price/book (x)	1.2	1.0	0.9	0.8	0.7
EV/EBITDA (x)	6.9	6.1	5.6	5.3	5.0
EV/EBIT (x)	9.7	8.5	7.8	7.5	7.2
Gross margin (%)	68.6	68.6	70.1	69.2	68.3
EBITDA margin (%)	84.0	82.3	82.3	82.3	82.3
EBIT margin (%)	59.7	59.3	58.9	58.0	57.1
Net margin (%)	26.2	27.6	29.2	31.0	30.7
Effective tax rate (%)	19.8	17.3	20.0	20.0	20.0
Dividend payout (%)	27.0	32.4	32.6	32.5	35.0
ROE (%)	18.8	16.0	14.2	14.2	13.3
ROA (pretax %)	10.5	10.3	10.4	10.2	10.1
Growth (%)					
Revenue	8.5	4.6	3.6	3.5	3.4
EBITDA	7.2	2.5	3.6	3.5	3.4
Normalised EPS	2.5	-4.8	9.6	9.9	2.2
Normalised FDEPS	2.5	-4.8	9.6	9.9	2.2

Source: Company data, Nomura estimates

Cashflow statement (IDRbn)

Year-end 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
EBITDA	10,700	10,970	11,367	11,762	12,160
Change in working capital	-851	164	2,454	583	293
Other operating cashflow	88	-899	-3,460	-1,684	-1,408
CF from operations	9,937	10,235	10,362	10,661	11,045
Capital expenditure	-22,383	-18,591	-3,763	-3,774	-3,786
Free cashflow	-12,447	-8,356	6,599	6,887	7,259
Reduction in investments					
Net acquisitions					
Dec in other LT assets					
Inc in other LT liabilities					
Adjustments	11,469	14,950	-2,586	-2,977	-3,097
CF after investing acts	-978	6,594	4,013	3,910	4,162
Cash dividends	-901	-1,192	-1,315	-1,442	-1,585
Equity issue	208	5,395	0	0	0
Debt issue	7,423	-7,117	-10,748	606	485
Convertible debt issue					
Others	-5,290	-3,944	8,160	-988	-1,252
CF from financial acts	1,440	-6,859	-3,903	-1,824	-2,353
Net cashflow	463	-264	111	2,086	1,809
Beginning cash	517	980	715	826	2,912
Ending cash	980	715	826	2,912	4,721
Ending net debt	51,356	44,504	40,540	39,181	37,953

Balance sheet (IDRbn)

As at 31 Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	980	715	826	2,912	4,721
Marketable securities	0	0	0	0	0
Accounts receivable	3,396	2,045	3,537	3,660	3,784
Inventories	16	9	9	9	9
Other current assets	564	664	759	777	795
Total current assets	4,956	3,433	5,132	7,358	9,309
LT investments	0	0	0	0	0
Fixed assets	47,478	48,297	50,072	51,908	53,521
Goodwill	15,834	15,780	15,780	15,780	15,780
Other intangible assets	864	756	756	756	756
Other LT assets	8,697	9,004	9,278	9,700	10,140
Total assets	77,828	77,270	81,017	85,502	89,505
Short-term debt	15,200	15,748	6,894	7,015	7,112
Accounts payable	1,035	1,214	5,245	5,931	6,328
Other current liabilities	3,889	2,616	2,626	2,664	2,703
Total current liabilities	20,124	19,578	14,766	15,611	16,143
Long-term debt	37,136	29,472	34,472	35,077	35,562
Convertible debt	0	0	0	0	0
Other LT liabilities	1,399	1,137	1,974	2,011	2,048
Total liabilities	58,659	50,186	51,212	52,699	53,753
Minority interest	71	111	115	120	125
Preferred stock	0	0	0	0	0
Common stock	532	5,957	5,957	5,957	5,957
Retained earnings	19,123	21,602	24,320	27,312	30,258
Proposed dividends	0	0	0	0	0
Other equity and reserves	-556	-587	-587	-587	-587
Total shareholders' equity	19,099	26,972	29,690	32,683	35,628
Total equity & liabilities	77,828	77,270	81,017	85,502	89,505

Liquidity (x)					
Current ratio	0.25	0.18	0.35	0.47	0.58
Interest cover	2.4	2.6	3.0	3.5	3.5
Leverage					
Net debt/EBITDA (x)	4.80	4.06	3.57	3.33	3.12
Net debt/equity (%)	268.90	165.00	136.54	119.88	106.53
Per share					
Reported EPS (IDR)	65.38	62.24	68.24	75.03	76.66
Norm EPS (IDR)	65.38	62.24	68.24	75.03	76.66
FD norm EPS (IDR)	65.38	62.24	68.24	75.03	76.66
BVPS (IDR)	374.38	456.40	502.39	553.02	602.86
DPS (IDR)	17.67	20.18	22.25	24.39	26.82
Activity (days)					
Days receivable	94.0	74.5	73.8	91.9	92.2
Days inventory	1.4	1.1	0.8	0.7	0.7
Days payable	109.0	98.0	285.2	463.1	478.7
Cash cycle	-13.6	-22.4	-210.7	-370.5	-385.9

Source: Company data, Nomura estimates

Company profile

PT Sarana Menara Nusantara Tbk is an Indonesia-based investment company focusing on investing in operating companies that specialize in owning and operating telecommunication towers and leasing them for wireless operators. It runs its business through its subsidiary, PT Profesional Telekomunikasi Indonesia (Protelindo). Besides leasing telecommunication towers, Protelindo also leases repeaters. Protelindo's tower sites are located in various areas across Indonesia.

Valuation Methodology

We derive our TP of IDR950 based on a DCF-based model, with a risk-free rate of 6.2%, a risk premium of 7.4%, a TG of 1.0% and a beta of 1.0x, implying WACC of 8.7%. At our TP, the stock would trade at 8.5x FY26F EV/EBITDA. The benchmark index for this stock is JCI.

Risks that may impede the achievement of the target price

Downside risks include adverse macroeconomic developments, irrational competition leading to lower rental rates, lower than-projected tower renewal rental rates, slower organic growth, higher opex trends and/or co-los, and/or difficulties in securing new sites to accommodate telecom operators' network expansions as well as consolidation of cellular operators.

ESG

Sarana Menara Nusantara’s (SMN) commitment to support sustainable development is shown through comprehensive social responsibility practices. These practices are in fact conducted in line with the company's sustainability context as well as the social and environmental characteristics in the area of SMN's operation. Several significant social responsibility issues managed by SMN include ethical business, occupational health and safety (OHS) management, human resource development, community empowerment, environmental preservation, and climate change mitigation and adaptation. The company’s sustainability policy include: 1) Aligning business objectives and sustainability with environmental and social aspects in an effective and efficient manner. 2) Conducting business activities with integrity and ethics. 3) Respecting consumers and providing the best services for consumers. 4) Respecting human rights in doing business. 5) Taking into account the occupational health and safety (OHS). 6) Human resources development. 7) Raising awareness on climate change and concern about the environment. 8) Establishing good relationships and providing benefits (value) to stakeholders. Sustainability policy implementation is the Board of Directors’ collective responsibility and is overseen by the Board of Commissioners. Policy implementation is also in line with SMN’s support to Sustainable Development Goals (SDGs).

The data center opportunity sits beneath the data center

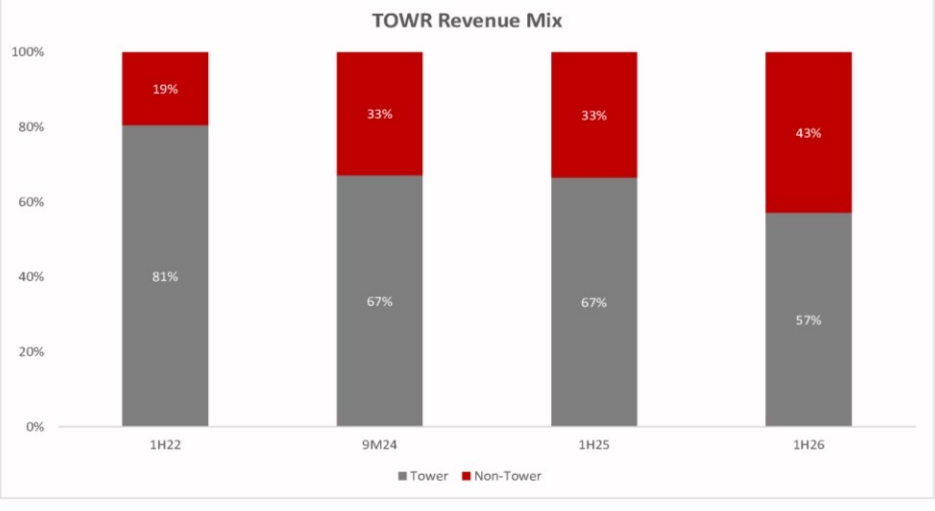
We think the more positive read-through from Indonesia's emerging data center build-out lies in connectivity rather than direct ownership of data center assets. TOWR is not competing for hyperscale tenancy; instead, it provides the underlying fiber infrastructure required to connect data center campuses, internet exchange points and enterprise customers.

The company now operates approximately 182,600km of fiber across its backbone, FTTT and FTTH networks, alongside roughly 800 points of presence and inter-island submarine infrastructure. As data center capacity expands beyond Jakarta into markets such as Batam, demand for metro backhaul, cross-connects and enterprise connectivity should increase alongside the broader ecosystem rather than depend on the success of any individual operator.

Current operating metrics reinforce that monetization potential. Company-reported FTTT utilization reached 191% in 1H26, indicating that multiple customers are already being served across the same physical routes. With much of the network expansion capex already deployed in recent years, further utilization gains could improve operating leverage by generating incremental revenue from existing infrastructure rather than requiring proportionate new investment.

From an investment perspective, we believe this provides a differentiated way to gain exposure to Indonesia's data center expansion. Instead of assuming construction, lease up or utilization risk at the data center asset level, TOWR participates through contracted, multi-year connectivity services that support traffic flows across the broader ecosystem. We view this as a more infrastructure-like exposure, although the ultimate earnings contribution will still depend on customer additions, pricing and competitive execution as the market develops.

Fig. 54: TOWR – revenue mix



Source: Company data, Nomura research

Appendix A-1

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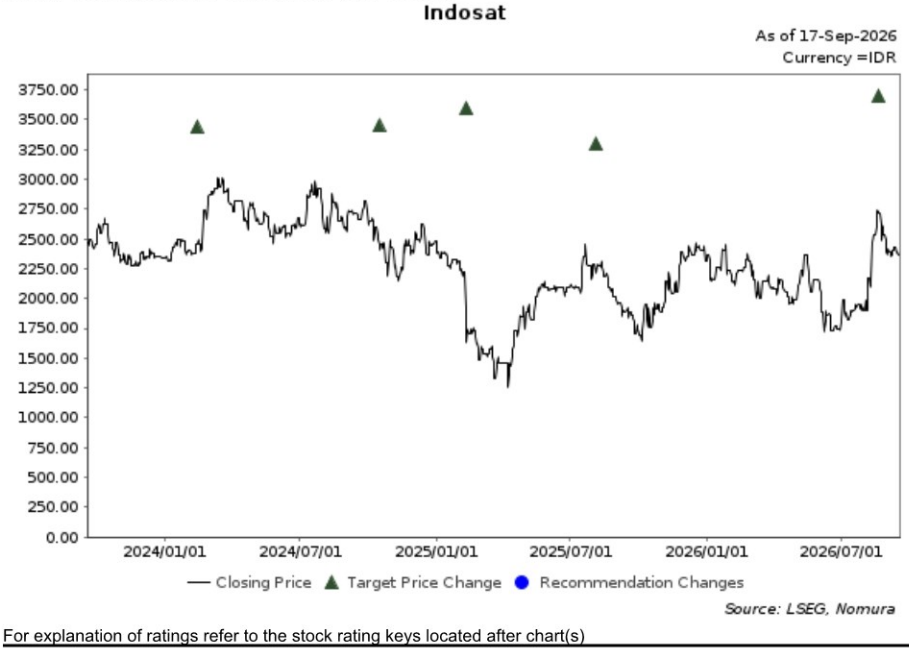
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Issuer	Ticker	Price	Price date	Stock rating	Sector rating	Disclosures
Indosat	ISAT IJ	IDR 2,370	17-Sep-2026	Buy	N/A	
Total Bangun Persada	TOTL IJ	IDR 1545	17-Sep-2026	Buy	N/A	
Sarana Menara Nusantara	TOWR IJ	IDR 442	17-Sep-2026	Buy	N/A	

Indosat (ISAT IJ) **IDR 2,370 (17-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



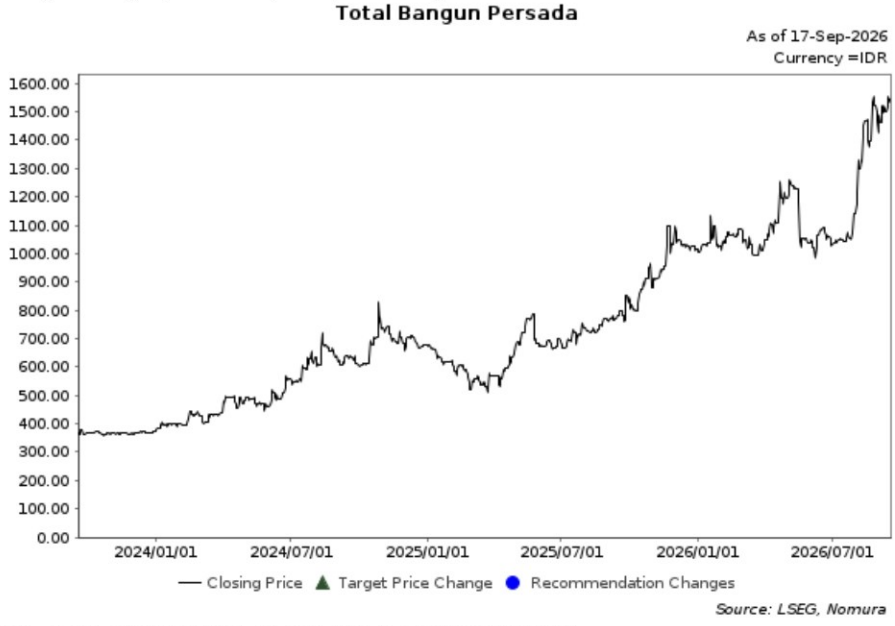
Date	Rating	Target price	Closing price
21-Aug-26		3,700.00	2,720.00
05-Aug-25		3,300.00	2,210.00
11-Feb-25		3,600.00	1,625.00
16-Oct-24		3,450.00	2,460.00
13-Feb-24		3,438.00	2,450.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We derive our TP of IDR3,700 using the DCF valuation. Key parameters: risk-free rate rf of 6.2%, an equity risk premium of 7.4%, beta of 1.2x and a terminal growth rate of 2.5%. At our TP, the stock would trade at 5.5x FY26F EV/EBITDA. The benchmark index for this stock is JCI.
Risks that may impede the achievement of the target price Key risks include adverse macroeconomic trends that could impact purchasing power, lower price increases or subscriber bases, higher opex due to slower post-merger network integration, and/or irrational competition leading to price cuts.

Total Bangun Persada (TOTL IJ) **IDR 1545 (17-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



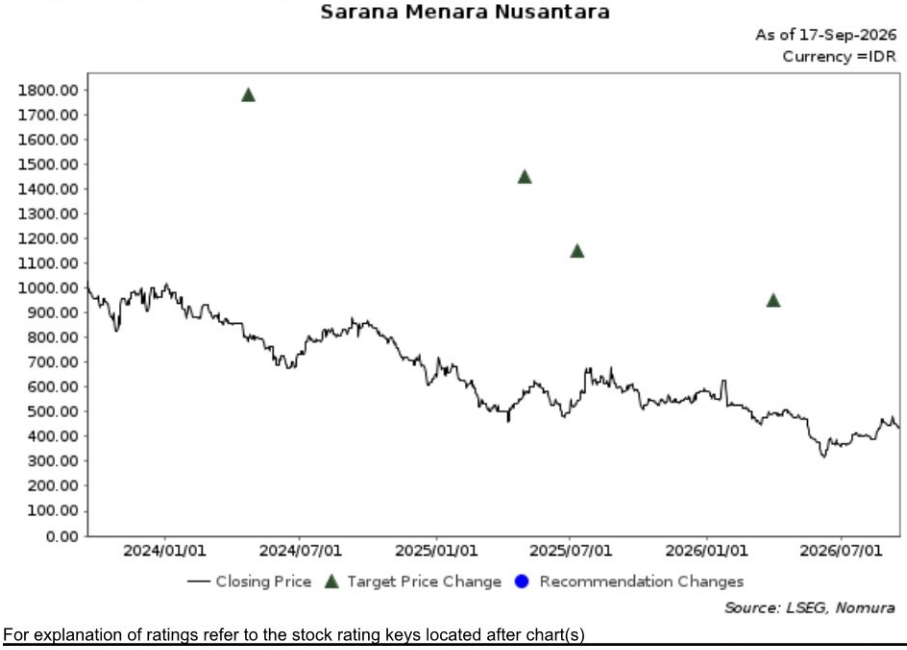
Date	Rating	Target price	Closing price

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology Our TP of IDR2,000 is derived from applying a 14x P/E target to FY26F EPS of IDR144/sh, vs. global peers at consensus P/E of 18x. The benchmark index for the stock is JCI index.
Risks that may impede the achievement of the target price Key downside risks include slowing new contract, impact of contract asset and competition risk.

Sarana Menara Nusantara (TOWR IJ) **IDR 442 (17-Sep-2026)** Buy (Sector rating: N/A)

Rating and target price chart (three year history)



Date	Rating	Target price	Closing price
01-Apr-26		950.00	498.00
11-Jul-25		1,150.00	545.00
30-Apr-25		1,450.00	570.00
23-Apr-24		1,780.00	800.00

For explanation of ratings refer to the stock rating keys located after chart(s)

Valuation Methodology We derive our TP of IDR950 based on a DCF-based model, with a risk-free rate of 6.2%, a risk premium of 7.4%, a TG of 1.0% and a beta of 1.0x, implying WACC of 8.7%. At our TP, the stock would trade at 8.5x FY26F EV/EBITDA. The benchmark index for this stock is JCI.
Risks that may impede the achievement of the target price Downside risks include adverse macroeconomic developments, irrational competition leading to lower rental rates, lower than-projected tower renewal rental rates, slower organic growth, higher opex trends and/or co-los, and/or difficulties in securing new sites to accommodate telecom operators' network expansions as well as consolidation of cellular operators.

Rating and target price changes

Issuer	Ticker	Old Stock Rating	New Stock Rating	Old Target Price	New Target Price
Total Bangun Persada	TOTL IJ	Not Rated	Buy	N/A	IDR 2000

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