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Research Article

Evaluating the Synergy Value of the Merger between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN)

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Abstract: *Mergers and Acquisitions (M&A) have been recognized as strategic tools to enhance corporate value, competitiveness, and operational efficiency. The merger between EXCL and FREN is investigated to determine whether the consolidation would produce a positive synergy value, thereby justifying the merger from a financial perspective. The primary method employed in this research is the Discounted Cash Flow (DCF) analysis, focusing on Free Cash Flow to Firm (FCFF). The analysis includes evaluating individual company valuations, projecting financial conditions, and assessing the combined firm's valuation with and without synergy effects. Key findings from the valuation indicate that both EXCL and FREN have significant individual firm values, which are further enhanced when combined. Specifically, by the end of 2023, EXCL's firm value is calculated at Rp. 36,855,638,000,000, which is 1.89 times its market value, suggesting overvaluation. Similarly, FREN's firm value stands at Rp. 26,530,312,000,000, 1.62 times its market value. When merged, the combined firm's value is estimated at Rp. 63,385,950,000,000 with synergy, compared to Rp. 59,689,098,000,000 without synergy. This results in a synergy value of Rp. 3,696,851,000,000 by 2025, or Rp. 2,233,874,000,000 in 2023 terms. The research concludes with recommendations for EXCL and FREN to focus on efficient integration processes, robust risk management, and clear operational strategies to maximize the merger's benefits.*

Keywords: *Financial valuation, Synergy value, Telecommunications.*

I. INTRODUCTION

The Indonesian telecommunications industry has undergone significant transformations, marked by competitive dynamics and rapid technological advancements. A pivotal event within this sector is the merger and acquisition (M&A) between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN). This consolidation aims to create a more robust and competitive entity in the market. However, the merger raises critical questions about its potential impact on market dynamics, consumer welfare, and overall industry competitiveness.

The strategic rationale behind this merger is rooted in the pursuit of synergies that can enhance operational efficiencies, optimize resource allocation, and improve financial performance. Specifically, the merger is expected to generate significant synergy value through cost reductions, improved service offerings, and enhanced market reach. These anticipated synergies are crucial for justifying the merger, as they promise to create a stronger, more competitive player capable of navigating the complexities of the telecommunications landscape.

Despite the promising prospects, the merger also faces substantial challenges. Realizing the projected synergies requires meticulous planning and execution, particularly in integrating operations, aligning corporate cultures, and managing regulatory hurdles. Additionally, the effectiveness of the consolidation strategies will be scrutinized as stakeholders seek to understand how the merger will influence market competition and consumer choices.

This study aims to evaluate the financial valuation of EXCL and FREN, individually and as a merged entity, to determine the potential synergy value. By employing the Discounted Cash Flow (DCF) methodology, specifically the Free Cash Flow to Firm (FCFF) approach, this research provides a quantitative analysis of the merger's value proposition. The findings are intended to offer valuable insights for investors and industry analysts, aiding them in making informed decisions regarding the merger's potential impact and benefits.

The merger between EXCL and FREN represents a significant development in the Indonesian telecommunications sector. Its success will depend on the ability to achieve the projected synergies and navigate the associated challenges. This research contributes to understanding the merger's financial implications and strategic value, providing a foundation for further exploration and analysis within the context of industry consolidation.

II. LITERATURE REVIEW

Weighted Average Cost of Capital (WACC): The Weighted Average Cost of Capital (WACC) is a fundamental concept in corporate finance used to assess the cost of financing a company's operations and investments. It's essential for determining the minimum rate of return a company needs to generate to satisfy its investors. Ross (2021) stated that WACC is calculated by considering the proportion of debt and equity in a company's capital structure and the respective costs associated with each, as can be expressed.

$$WACC = (W_d \; x \; R_d) + (W_e \; x \; R_e)$$

Free Cash Flow to Firm: Free Cash Flow to Firm (FCFF) is a crucial measure in corporate finance, representing the cash generated by a company's operations that is available to all providers of capital, including both debt and equity holders, after accounting for operating expenses, taxes, and investments in working capital and fixed assets (Damodaran, 2006). FCFF is a key component in various valuation models, such as discounted cash flow (DCF) analysis, as it reflects the cash flows available for distribution to investors and for reinvestment in the business to generate future growth. FCFF can be calculated using the following formula.

$$FCFF = EBIT \; x \; (1 - T) + Depreciation - Capital\; Exp - \Delta Net\; Working\; Capital$$

Discounted Cash Flow (DCF): Discounted Cash Flow (DCF) valuation is a method used to estimate the value of an investment by discounting its expected future cash flow to its present value using a discount rate. Damodaran (2000) proposed the DCF formula as below.

$$Value = \sum_{t=1}^{t=n} \frac{FCFF_t}{(1+r)^t}$$

Terminal Value: Terminal value is a critical concept in discounted cash flow (DCF) valuation, representing the value of an investment at the end of a forecast period. Damodaran (2008) if your firm has a finite life it will be liquidated at the end of that life. Assuming that cashflow beyond the terminal year will grow at a constant rate forever, the terminal value can be estimated as.

$$TV = \frac{FCFF_t}{r - g_{stable}}$$

Synergy Value: (Damodaran, 2005) stated synergy is the additional value that is generated by combining two forms, creating opportunities that would not been available to these firms operating independently, as can be expressed.

$$Synergy\; Value = V_{ab} - (V_A + V_B)$$

Equity Value: Equity value, referred to as the market value of equity or market capitalization, can be defined as the total value of the company that is attributable to equity investors. It can be derived by starting with the company's enterprise value, as shown below.

$$Equity\; Value = Enterprise\; Value + Cash\; and\; Cash\; Equivalents - Debt\; and\; Debt\; Equivalents \\ - Non\; Controlling\; Interest - Preferred\; Stock$$

Beta of Combined Firm: When two firms merge into one, the combined firm's beta is calculated based on the weighted average of the market capitalization of the market capitalization of the two predecessor firms, as shown below.

$$Combined\; Firm's\; Beta = \beta_A \; x \frac{V_A}{V_{AB}} + \beta_B \; x \frac{V_B}{V_{AB}}$$

III. RESEARCH METHODOLOGY

There will be several processes to finish the research. The initial step is to find out what seems to be the business issue to find out what process and requirements to find the solution. After the writer finds the business issue, the writer will search for related literature and review some literature that has a connection or similar problem with the research. The writer will analyze the external and internal factors of both companies to find a suitable solution. To find the most appropriate solution, the writer will do a financial performance analysis for both companies to find out individual value and synergy value. After we find the valuation, we can conclude the researched value and give short recommendations to improve the company's performance to meet the actual valuation. There are several stages in determining a valuation.

1. Collecting historical data as a basis of projection. In this research, we will project company valuation to the year they are expected to merger.
2. Calculating Discounted Cash Flow – Free Cash Flow to Firm
3. Calculating Synergy Value

IV. RESULTS AND DISCUSSION

A) Individual Company Financial Condition

Valuing a company using the DCF method with FCFF is a comprehensive approach to determining its intrinsic value. This method involves projecting the company's future free cash flows, which represent the cash generated by the company after operating expenses, taxes, changes in net working capital, and capital expenditures. These projected cash flows are then discounted back to their present value using the company's Weighted Average Cost of Capital (WACC), which reflects the risk and time value of money associated with these cash flows. In WACC, we need to determine the cost of equity, cost of debt, and equity-debt ratio.

To calculate WACC, there are assumptions that need to be determined before the calculation. The assumptions are:

1. Risk-Free Rate assumption is based on Damodaran's Country Risk Premium.
2. Equity Risk Premium assumption is based on Implied Market Risk Premia (IMRP): Indonesia.
3. The beta assumption is based on Pefindo Beta Stock Indonesia 2019-2023.
4. Tax Rate assumption is based on Taxation Notes in Financial Statements.

Historical data EBIT for PT XL Axiata Tbk. (EXCL) from 2019-2023 are determined below.

Table 1 EBIT Calculation of PT XL Axiata Tbk. (EXCL)

Income Statement EXCL (in a million rupiah)	2019	2020	2021	2022	2023
Total Revenues	25,132,628	26,009,095	26,754,050	29,141,994	32,322,651
Cost of Goods Sold (COGS)	(11,441,409)	(9,778,843)	(9,525,699)	(10,610,424)	(12,167,866)
Gross Profit	**13,691,219**	**16,230,252**	**17,228,351**	**18,531,570**	**20,154,785**
Selling, General and administrative (SGA)	(531,193)	(335,218)	(298,802)	(352,698)	(413,040)
Depreciation & Amortization	(7,363,195)	(12,454,688)	(9,956,227)	(10,577,189)	(11,504,974)
EBIT	**5,796,831**	**3,440,346**	**6,973,322**	**7,601,683**	**8,236,771**

Source: *Author Analysis*

Historical data EBIT for PT Smartfren Telecom Tbk. (FREN) from 2019-2023 are determined below.

Table 2 EBIT Calculation of PT Smartfren Telecom Tbk. (FREN)

Income Statement FREN (in a million rupiah)	2019	2020	2021	2022	2023
Total Revenues	6,987,805	9,407,883	10,456,829	11,202,579	11,655,708
Cost of Goods Sold (COGS)	(3,683,332)	(3,853,376)	(3,844,307)	(3,729,403)	(3,924,821)
Gross Profit	**3,304,473**	**5,554,507**	**6,612,522**	**7,473,176**	**7,730,887**
Selling, General and administrative (SGA)	(205,868)	(243,609)	(240,896)	(221,706)	(222,879)
Depreciation & Amortization	(3,683,182)	(3,833,421)	(3,852,584)	(4,401,421)	(4,602,252)
EBIT	**(584,577)**	**1,477,477**	**2,519,042**	**2,850,049**	**2,905,756**

Source: *Author Analysis*

To predict or forecast future growth, there are several assumptions for this calculation, as determined below.

Table 3 Growth Assumption

Growth Assumption	EXCL	FREN	Method
Total Revenue	5.16%	10.77%	Historical Data
COGS	38.56%	39.48%	% of Sales
SGA	1.40%	2.35%	% of Sales
D&A	37.26%	41.81%	% of Sales

Source: *Author Analysis*

The WACC calculation of PT XL Axiata Tbk. (EXCL) described below.

Table 4 WACC Calculation of PT XL Axiata Tbk. (EXCL)

WACC (EXCL)	2019	2020	2021	2022	2023	Average
Equity (in million rupiah)	19,121,966	19,137,366	20,088,745	25,774,226	26,504,776	**22,125,416**
Debt (in million rupiah)	17,632,649	14,806,162	17,928,045	24,688,759	18,756,586	**18,762,440**
Cost of Equity	14.70%	14.52%	13.94%	18.91%	13.36%	**15.09%**
After-Tax Cost of Debt	6.13%	8.85%	6.50%	6.71%	6.42%	**6.92%**
					WACC	**11.34%**

Source: *Author Analysis*

The WACC calculation of PT Smartfren Telecom Tbk. (FREN) described below.

Table 5 WACC Calculation of PT Smartfren Telecom Tbk. (FREN)

WACC (FREN)	2019	2020	2021	2022	2023	Average
Equity (in million rupiah)	12,735,487	12,365,932	12,653,442	15,759,512	15,672,655	**13,837,406**
Debt (in million rupiah)	8,963,823	12,924,348	13,391,061	12,967,719	13,545,742	**12,358,539**
Cost of Equity	13.32%	16.50%	15.52%	20.30%	15.65%	**16.26%**
After-Tax Cost of Debt	20.33%	8.85%	7.62%	8.05%	7.88%	**10.54%**
					WACC	**13.56%**

Source: *Author Analysis*

Projection of Free Cash Flow to Firm (FCFF) from 2024F to 2028F of PT XL Axiata Tbk. (EXCL) are shown below.

Table 6 FCFF Calculation of PT XL Axiata Tbk. (EXCL)

EXCL FCFF (in million rupiah)	2024F	2025F	2026F	2027F	2028F
Earnings Before Interest and Taxes (EBIT)	7,744,788	8,144,480	8,564,799	9,006,810	9,471,632
Tax Rate	22%	22%	22%	22%	22%
Adjusted EBIT	**6,040,935**	**6,352,694**	**6,680,543**	**7,025,312**	**7,387,873**
Capital Expenditure	15,227,534	15,705,002	16,197,441	16,705,320	17,229,125
Depreciation & Amortization Expense	11,977,569	12,469,578	12,981,796	13,515,056	14,070,220
Net Working Capital	(12,744,815)	(12,525,013)	(12,309,003)	(12,096,718)	(11,888,094)
Increase in Net Working Capital	223,658	219,801	216,010	212,285	208,624
Free cash flow to the firm	**2,567,311**	**2,897,469**	**3,248,888**	**3,622,762**	**4,020,345**
Terminal Value (in million rupiah)					**39,314,477**

Source: *Author Analysis*

Projection of Free Cash Flow to Firm (FCFF) from 2024F to 2028F of PT Smartfren Telecom Tbk. (FREN) are shown below.

Table 7 FCFF Calculation of PT Smartfren Telecom Tbk. (FREN)

FREN FCFF (in million rupiah)	2024F	2025F	2026F	2027F	2028F
Earnings Before Interest and Taxes (EBIT)	2,112,324	2,339,915	2,592,028	2,871,305	3,180,672
Tax Rate	22%	22%	22%	22%	22%
Adjusted EBIT	**1,647,613**	**1,825,134**	**2,021,782**	**2,239,618**	**2,480,924**
Capital Expenditure	4,053,371	4,180,466	4,311,547	4,446,738	4,586,168
Depreciation & Amortization Expense	4,602,252	4,791,300	4,988,115	5,193,014	5,406,330
Net Working Capital	(4,168,611)	(4,096,717)	(4,026,064)	(3,956,629)	(3,888,392)
Increase in Net Working Capital	73,154.87	71,893	70,653	69,435	68,237
Free cash flow to the firm	**2,123,339**	**2,364,075**	**2,627,697**	**2,916,459**	**3,232,849**
Terminal Value (in million rupiah)					**26,016,785**

Source: *Author Analysis*

The Equity Valuation for PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) without synergy shown below.

Table 8 Valuation of Individual Company

Valuation of Individual Company (in a million rupiah)	EXCL	FREN
PV of 5 Years FCFF	11,895,677	9,848,645
PV of Terminal Value	22,977,782	13,775,195
Enterprise Value	**34,873,459**	**23,623,840**
Cash and Cash Equivalent	966,027	225,773
Value of the Firm	**35,839,486**	**23,849,613**
Debt	18,756,586	13,545,742
Non-Controlling Interest	144,415	98
Preferred Stock	-	-
Value of Equity in Common Stock	**16,938,485**	**10,303,773**
Common Shares Outstanding (shares)	13,128,430,665	335,388,093,648
Value of Equity per Share (rupiah)	**1,290**	**31**
Current Price (rupiah) (as of 20 June 2024)	2,140	44

Source: *Author Analysis*

Based on the author's calculation, the equity per share of PT XL Axiata Tbk. (EXCL) is Rp. 1,290 - and PT Smartfren Telecom Tbk. (FREN) is Rp. 31, -. The total combined firm without synergy value of equity is determined by the EXCL to FREN ratio to get the most ideal price in the market. Assuming the common shares outstanding on merged companies is the total of EXCL and FREN shares, there will be 348,516,524,313 shares in the market. Therefore, investors who have 1 share in EXCL will get 26 times the shares in merged companies. The value of equity per share in merged companies will be

$$Equity\ per\ Share\ Merged\ Companies = 26\ x \frac{27{,}242{,}257\ x\ 10^6}{348{,}516{,}524{,}313} = Rp. 1{,}996.89$$

B) Merged Companies Financial Condition

On merger and acquisition conditions, the author needs to calculate the combined company's valuation to find the synergy value between those two firms. The merger between EXCL and FREN aims to create synergies that enhance the financial performance of the combined entity. To find synergy value, the author calculates the beta combined firm and finds the new Weighted Average Cost of Capital (WACC) for the combined company. The combined company beta calculation can be found below.

$$\beta_{combined\ firm} = 1.165\ x \left(\frac{34{,}873{,}459}{34{,}873{,}459 + 23{,}623{,}840}\right) + 1.330\ x \left(\frac{23{,}623{,}840}{34{,}873{,}459 + 23{,}623{,}840}\right)$$
$$\beta_{combined\ firm} = 1.231$$

The WACC calculation of merged companies is described below.

Table 9 WACC Calculation of Merged Companies

Weight Average Cost of Capital	
Equity (in million rupiah)	179,814,107.68
Debt (in million rupiah)	155,604,893.83
Cost of Equity	15.55%
After-Tax Cost of Debt	4.88%
WACC	**10.60%**

Source: *Author Analysis*

Based on the calculation, the Weighted Average Cost of Capital (WACC) of merged companies between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telcom (FREN) are 10.60%, which creates a better cost of capital than both individual companies.

Projection of Free Cash Flow to Firm (FCFF) of the combined firm between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are the same as the calculation before. The difference between Individual company projection and combined firm projection is on the WACC; the discounted factor will be different between individual company and combined firm. Free Cash Flow to Firm and Terminal Value calculated based on forecast conditions. The Equity Valuation for merged companies of PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) with synergy are shown below.

Table 10 Valuation of Merged Companies

Valuation of Individual Company (in a million rupiah)	**EXCL**	**FREN**	**Combined Firm**
PV of 5 Years FCFF	12,133,291	10,583,534	22,716,825
PV of Terminal Value	23,756,320	15,721,005	39,477,324
Enterprise Value	**35,889,611**	**26,304,539**	**62,194,150**
Cash and Cash Equivalent	966,027	225,773	1,191,800
Value of the Firm	**36,855,638**	**26,530,312**	**63,385,950**
Debt	18,756,586	13,545,742	32,302,328
Non-Controlling Interest	144,415	98	144,513
Preferred Stock	-	-	-
Value of Equity in Common Stock	**17,954,637**	**12,984,472**	**30,939,109**
Common Shares Outstanding (shares)	13,128,430,665	335,388,093,648	348,516,524,313
Value of Equity per Share (rupiah)	**1,368**	**39**	**2,267.88**
Current Price (rupiah) (as of 20 June 2024)	2,140	44	N/A

Source: *Author Analysis*

Based on the author's calculation, the equity per share with the synergy of PT XL Axiata Tbk. (EXCL) is Rp. 1,368, - and PT Smartfren Telecom Tbk. (FREN) is Rp. 39, -. The total combined firm without synergy value of equity is determined by the EXCL to FREN ratio to get the most ideal price in the market. Assuming the common shares outstanding on merged companies is the total of EXCL and FREN shares, there will be 348,516,524,313 shares in the market. Therefore, investors who have 1 share in EXCL will get 26 times the shares in merged companies. The value of equity per share in merged companies will be

$$Equity\ per\ Share\ Merged\ Companies = 26\ x\, \frac{30{,}939{,}109\ x\ 10^6}{348{,}516{,}524{,}313} = Rp. 2{,}267.88$$

C) Synergy Value

Financial synergy is a financial benefit that combined companies can achieve, which is not available to individual entities if they operate separately. The concept of synergy is used in the context of Merger and Acquisition (M&A), where the combined entity is expected to be more efficient and improve financial performance. Present value (2023) synergy value for PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are shown below.

Table 11 Synergy Value of Merged Companies

Synergy Value (in million rupiah)	
Value Combined Firms with Synergy	63,385,950
Value Combined Firms	59,689,098
Synergy Value	**3,696,851**
PV of Synergy	**2,233,874**

Source: *Author Analysis*

Based on the calculation, The synergy value of the company between combined firms without synergy and with synergy is Rp. 3,696,851. The synergy value is then discounted to the present value with WACC from merged companies; therefore, we get PV of synergy Value Rp. 2,233,874, -.

D) Cost and Revenue Synergies

Cost and revenue synergies are types of synergies that companies seek to achieve through mergers and acquisitions (M&A). These synergies represent the financial benefit that can be realized when two companies combine their operations. The time period before the merger is 2023-2024, and expected to merge between PT XL Axiata Tbk. (EXCL) and PT SmartFREN Telecom Tbk. (FREN) on 2025F. The assumptions that will be used as the basis for the calculation of cost and revenue synergies are as below.

1. Annual revenue is expected to grow at 7.97%, flat on 2024F and 2025F
2. Depreciation and Amortization are expected to grow at 5.00% in 2024F and 3.00% in 2025F based on industry report
3. Network infrastructure cost is expected to grow at 8.00% in 2024F and -2.00% in 2025F based on industry report
4. The administrative cost is expected to grow at -3.00% in 2024F and -5.00% in 2025F based on the report by a consulting firm
5. Sales and marketing costs are expected to grow at 5.00% in 2024F and -2.00% in 2025F based on the report by consulting firm

Projection of total operating cost of merger company PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are shown below.

Table 12 Operating Synergy of Merged Companies

Input Data Sheet (in a million rupiah)	2023			2024F	2025F
Item	**EXCL**	**FREN**	**Combined Firm**	**Combined Firm**	**Combined Firm**
D&A Cost	11,504,974	4,602,252	16,107,226	16,912,587	17,419,965
Network Infrastructure Cost	8,995,646	3,924,821	12,920,467	13,954,104	13,675,022
Administrative Cost	413,040	222,879	635,919	616,841	585,999
Sales and Marketing Cost	2,454,775	1,480,839	3,935,614	4,132,395	4,049,747
Total Operating Cost	**23,368,435**	**10,230,791**	**33,599,226**	**35,615,928**	**35,730,733**

Source: *Author Analysis*

Projection of revenue of merger company PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are shown below.

Table 13 Annual Revenue Synergy of Merged Companies

Input Data Sheet (in a million rupiah)	2023			2024F	2025F
Item	**EXCL**	**FREN**	**Combined Firm**	**Combined Firm**	**Combined Firm**
Annual Revenue	32,322,651	11,655,708	43,978,359	47,482,385	51,265,598

Source: *Author Analysis*

Synergy value of operating cost and revenue of merger company PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are shown below.

Table 14 PV Cost and Revenue Synergy of Merged Companies

Cost Synergy (in a million rupiah)	2025F	PV
Operating Cost Synergy	2,131,507	**1,742,518**
Revenue Synergy	7,287,239	**5,957,357**

Source: *Author Analysis*

V. CONCLUSION

Based on the calculation, the valuation shows that the merger between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are giving a positive synergy.

Based on the valuation calculation in Chapter 4, PT XL Axiata Tbk. (EXCL) gives Rp. 36,855,638,000,000 - the value of the firm at the end of 2023. The market price on the stock market is overvalued compared to its actual value by 1.89 times.

Based on the valuation calculation in Chapter 4, PT Smartfren Telecom (FREN) gives Rp. 26,530,312,000,000 - the value of the firm at the end of 2023. The market price on the stock market is overvalued compared to its actual value by 1.62 times.

In merger condition between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN), both contribute Rp. 63,385,950,000,000, - value combined firms with synergy and Rp. 59,689,098,000,000, - value combined firms without synergy.

The synergy value that's created between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are Rp. 3,696,851,000,000, - in 2025F. The synergy value of today's value at the end of 2023 is Rp. 2,233,874,000,000, -.

The Operating Cost and Revenue Synergies value that's created between PT XL Axiata Tbk. (EXCL) and PT Smartfren Telecom Tbk. (FREN) are Rp. 2,131,507,000,000, - and Rp. 7,287,239,000,000, - in 2025F. The synergy value of today's value at the end of 2023 is Rp. 1,742,518,000,000, -. and Rp. 5,957,357,000,000.

VI. RECOMMENDATION

PT XL Axiata Tbk. (EXCL) must choose the right target company for merger and acquisition purposes. While based on the calculation, EXCL and FREN merger processes are recommended, all terms and conditions must be clear, and operation processes and revenue must go as efficiently as before the merger. The merged entity should have strong risk management strategies in place to mitigate potential threats and ensure the long-term sustainability of the business. This includes managing regulatory risks, market risks, and operational risks.

The companies should focus on integrating their operations to achieve targeted cost savings. This can be achieved by streamlining administrative processes, consolidating infrastructure, and optimizing network resources. The merger entity should prioritize revenue growth by expanding its customer base, enhancing its service offerings, and leveraging the combined strength of both companies. This can be achieved through marketing campaigns, targeted promotions, and innovative services to meet Indonesian consumer's needs.

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