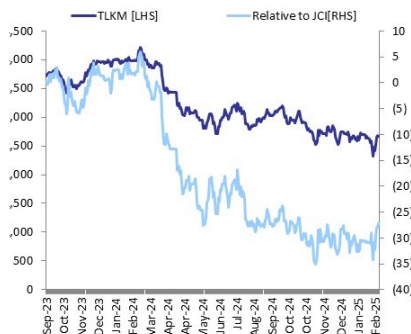


# Buy

(Maintained)

Last Price (Rp)	2,670
Target Price (Rp)	3,680
Previous Target Price (Rp)	4,250
Upside/Downside	+37.8%
No. of Shares (mn)	100,800
Mkt Cap (Rpbn/US\$mn)	269,136/16,481
Avg, Daily T/O (Rpbn/US\$mn)	297.5/18.2
Free Float (%)	47.8
Major Shareholder (%)	
Indonesia Govr	52.1
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	218.5 234.4 243.8
Consensus	241.8 258.0 273.3
BRIDS/Cons (%)	(9.7) (9.1) (10.8)

## TLKM relative to JCI Index



Source: Bloomberg

# Telkom Indonesia (TLKM IJ)

## Well-positioned as LT FMC Play; Defending market share and gearing up for FMC deployments

- TSEL navigated 4Q24 with stable mobile subs and higher ARPU, showing ability to defend market share with the help of second-tier brands.
- TSEL is gearing up for a major push with single billing features that will make users stickier ringfencing mobile/fixed traffic in its networks.
- We trimmed FY25-26 est. by -4.0%/-3.8% and arrive at lower TP of Rp3,680; maintain Buy rating on TLKM as the best LT play for FMC.

### Best defense is offense for mobile subs base retention

TSEL indicates that it will continue appealing to the mass market with ByU, potentially employing tactical moves in rotation with other brands as it develops second-tier fighting brands to preserve its subscriber base. This strategy has narrowed the gap in data yield vs. peers, allowing TSEL to tailor offerings, retain price-sensitive users (incl. rotational subscribers), and optimize its subscriber mix. This multi-brand approach also sets the stage for FMC expansion, unlocking further upside through cross-selling opportunities.

### Gearing for a momentum in fixed BB for the coming quarters

TSEL gears up for momentum in FMC by enriching single billing with family data usage and spending plan modules, as well as introducing more bundling permutations during the 1Q-2Q25. This should further ring fence its subs base and data traffic within its network. Some new products will launch in 1Q25 and require front-loaded marketing costs, which we incorporate in our model.

### Telkom remains the best play in Indonesia's FMC (medium-long term)

We see a significant opportunity for MNOs in fixed BB, as we estimate ~50mn households in Indonesia are up for grabs. With Indonesia gradually becoming a fixed BB-led market, TLKM group will theoretically have leverage over the competition, generating larger margins and cashflows. Unlike its peers, Telkom continues to own the last-mile network homepasses within the group. TSEL will also leverage its branding and customer know-how to influence consumer perception.

### We foresee milder 4Q24 earnings; maintain Buy rating with lower TP

We adjust 4Q24 revenue growth to <2.5% qoq and consequently trim FY24-26F earnings by -5.9%/-4.0%/-3.8%. We revise 2025 rev. growth from 4.6% to 3.5%, expecting it to be a transitory year for Telkom's FMC, with a steady ARPU rise roughly at the rate of inflation. Integrating the EV/EBITDA component in our valuation (set at -1SD of 4.7x) we arrive at lower TP of Rp3,680 (vs. Rp4,250 prev.). We maintain our BUY rating, as TSEL preserves its base with stabilizing ARPU and pathways to FMC. The risks stem from mobile subs cannibalization and fixed BB competition.

### Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	147,306	149,216	150,108	155,430	163,129
EBITDA (Rpbn)	78,992	77,579	74,119	78,968	83,090
EBITDA Growth (%)	4.3	(1.8)	(4.5)	6.5	5.2
Net Profit (Rpbn)	20,753	24,560	21,641	23,223	24,150
EPS (Rp)	209.5	247.9	218.5	234.4	243.8
EPS Growth (%)	(14.3)	18.3	(11.9)	7.3	4.0
BVPS (Rp)	1,304.8	1,370.3	1,410.5	1,457.4	1,504.5
DPS (Rp)	150.0	181.9	178.5	187.4	196.8
PER (x)	12.7	10.8	12.2	11.4	11.0
PBV (x)	2.0	1.9	1.9	1.8	1.8
Dividen yield (%)	5.6	6.8	6.7	7.0	7.4
EV/EBITDA	4.0	4.0	4.2	4.0	3.8

Source: TLKM, BRIDS Estimates

See important disclosure at the back of this report

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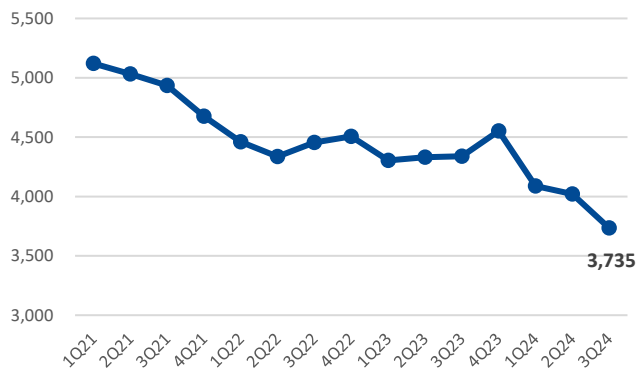
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Exhibit 1. TLKM Reforecast Table

(Rp bn)	Previous BRIDS				New BRIDS			Δ% of BRIDS			Consensus	
	2023	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F
Telkom Revenue	149,216	152,019	159,061	166,951	150,108	155,430	163,129	-1.3	-2.3	-2.3	151,843	156,628
growth (%)	1.3	1.9	4.6	5.0	0.6	3.5	5.0	-1.3	-1.1	0.0	1.8	3.2
Telkomsel revenue	102,371	114,624	119,471	124,544	112,583	115,588	120,454	-1.8	-3.2	-3.3		
growth (%)	15.0	12.0	4.2	4.2	10.0	2.7	4.2	-2.0	-1.6	0.0		
Telkomsel EBITDA	52,079	51,661	56,217	59,850	50,736	54,390	57,884	-1.8	-3.2	-3.3		
EBITDA margin (%)	50.9	45.1	47.1	48.1	45.1	47.1	48.1	0.0	0.0	0.0		
Telkom EBITDA	77,579	75,130	80,855	85,077	74,119	78,968	83,090	-1.3	-2.3	-2.3	77,749	81,570
EBITDA margin (%)	52.0	49.4	50.8	51.0	49.4	50.8	50.9	-0.1	-0.1	0.0	51.2	52.1
Telkom Adj. EBITDA	77,579	76,370	80,855	85,077	75,359	78,968	83,090	-1.3	-2.3	-2.3		
Adj. EBITDA margin (%)	52.0	50.2	50.8	51.0	50.2	50.8	50.9	-0.1	-0.1	0.0		
Telkom PATMI	24,560	22,269	24,191	25,116	21,641	23,223	24,150	-2.8	-4.0	-3.8	24,049	25,495
PATMI margin (%)	16.5	14.6	15.2	15.0	14.4	14.9	14.8	-1.6	-1.8	-1.6	15.8	16.3
Telkom Core PATMI	25,150	23,986	24,191	25,116	22,581	23,223	24,150	-5.9	-4.0	-3.8		
Core PATMI margin (%)	16.9	15.8	15.2	15.0	15.0	14.9	14.8	-4.7	-1.8	-1.6		
Cellular Subscribers ('000)	159,340	160,933	162,543	164,168	159,000	160,590	162,196	(1.20)	(1.20)	(1.20)		
growth (%)	1.6	1.0	1.0	1.0	(0.2)	1.0	1.0					
Mobile Data Subscribers ('000)	127,128	130,492	131,797	133,115	130,492	131,797	133,115	0.00	0.00	0.00		
growth (%)	-18.9	2.6	1.0	1.0	2.6	1.0	1.0					
Data Traffic (Petabytes)	17,901	20,270	22,058	23,838	20,270	22,058	23,838	0.0	0.0	0.0		
growth (%)	9.0	13.2	8.8	8.1	13.2	8.8	8.1					
Avg. implied data yield (Rp/GB)	4,384	3,921	3,842	3,766	3,823	3,670	3,596	-2.5	-4.5	-4.5		
Mobile Blended ARPU	47.5	45.6	46.8	48.1	44.8	45.3	46.6	-1.7	-3.1	-3.2		
Indihome Subscribers	8,694	9,644	10,844	11,844	9,644	10,844	11,844	0.0	0.0	0.0		
Indihome ARPU	267.9	245.6	233.3	221.7	245.6	233.3	221.7	0.0	0.0	0.0		

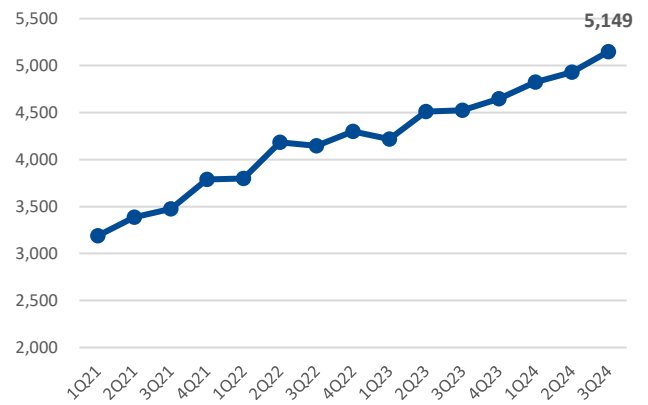
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 2. Data Yield (Rp/GB)**



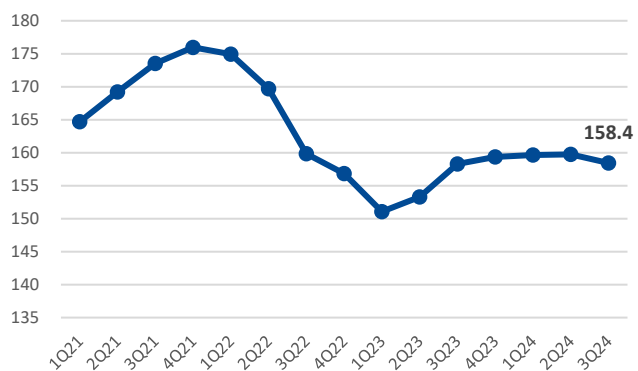
Source: Company, BRIDS

**Exhibit 3. Data Traffic (Petabytes)**



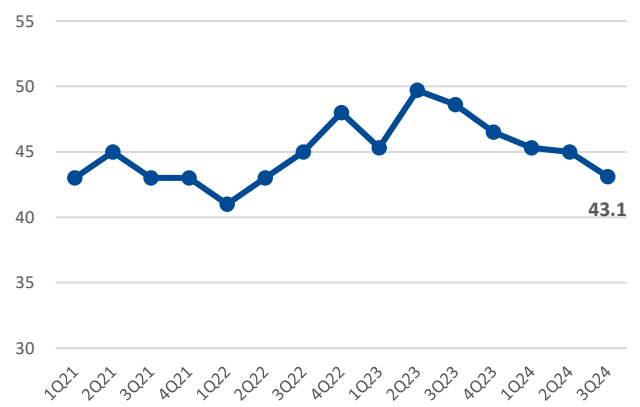
Source: Company, BRIDS

**Exhibit 4. Cellular Subscribers (mn)**



Source: Company, BRIDS

**Exhibit 5. Blended ARPU ('000/month)**



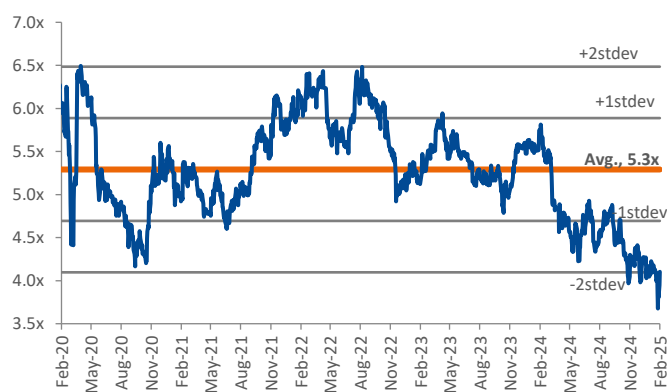
Source: Company, BRIDS

Exhibit 6. Telco Peers Valuation

Company	Ticker	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/EBITDA (x)		P/BV (x)		ROAE %		Dividend yield %		
					'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'24F	'25F	'26F
EXCL	EXCL IJ	BUY	2,800	29,673	15.9	13.6	4.2	4.0	1.1	1.1	7.1	8.1	2.2	4.9	4.4
ISAT	ISAT IJ	BUY	3,200	56,600	9.6	8.5	3.7	3.4	1.6	1.5	17.0	17.7	5.5	7.3	8.2
TLKM	TLKM IJ	BUY	3,680	264,496	11.4	11.0	4.0	3.8	1.8	1.8	16.3	16.5	6.7	7.0	7.4
Weighted average					11.7	10.8	3.9	3.7	1.7	1.6	15.1	15.5	5.7	6.8	7.1

Source: Company, BRIDS Estimates

Exhibit 7. TLKM IJ forward 5-yr EV/EBITDA band



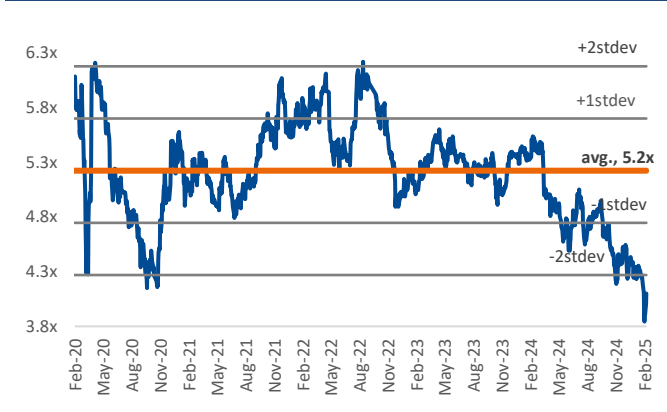
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. TLKM IJ forward 3-yr EV/EBITDA band



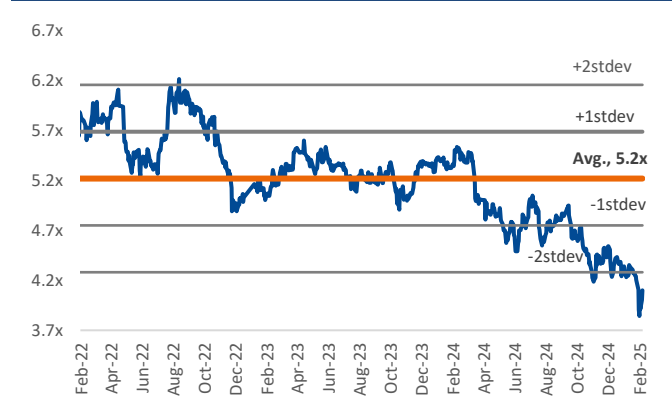
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. Sector forward 5-yr EV/EBITDA band

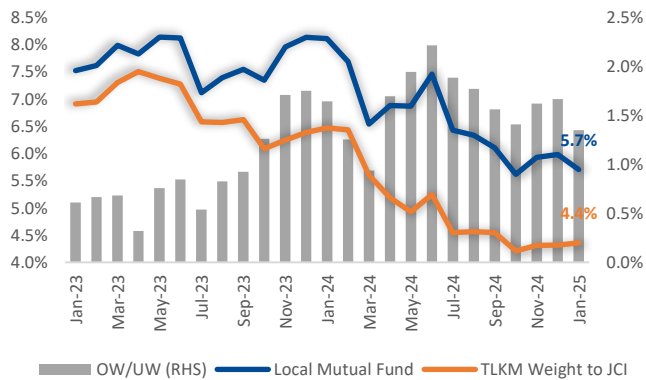


Source: Company, Bloomberg, BRIDS Estimates

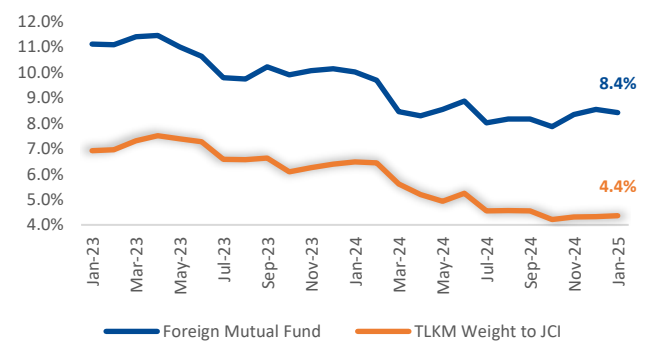
Exhibit 10. Sector forward 3-yr EV/EBITDA band



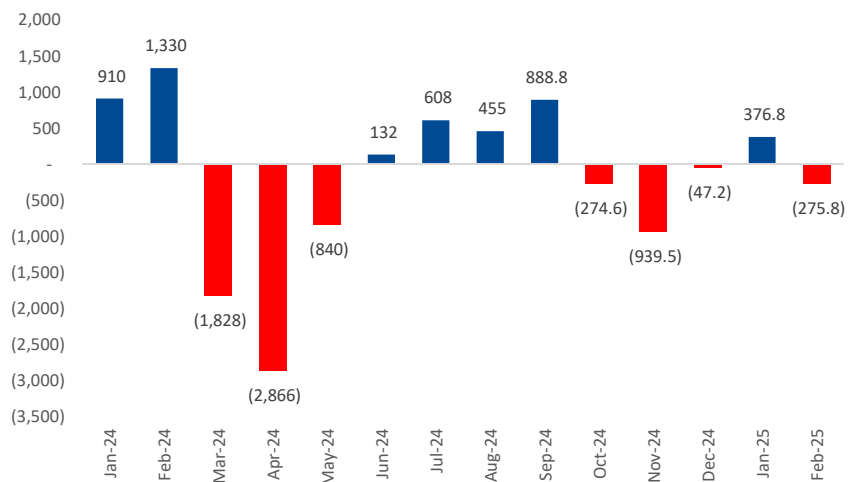
Source: Company, Bloomberg, BRIDS Estimates

**Exhibit 11. TLKM's Domestic Fund Positioning**


Source: KSEI, BRIDS

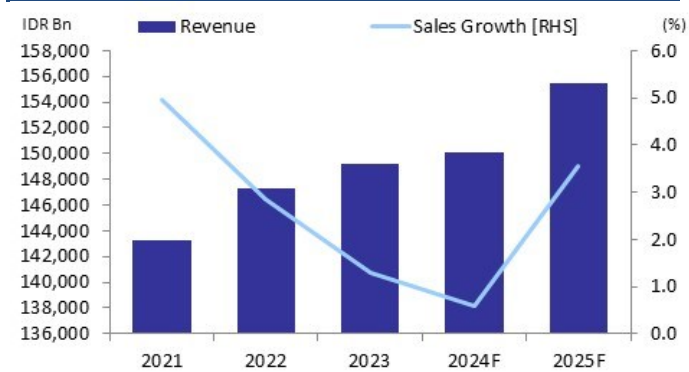
**Exhibit 12. TLKM's Foreign Ownership**


Source: KSEI, BRIDS

**Exhibit 13. TLKM's Monthly Foreign Flow (Rpbn)**


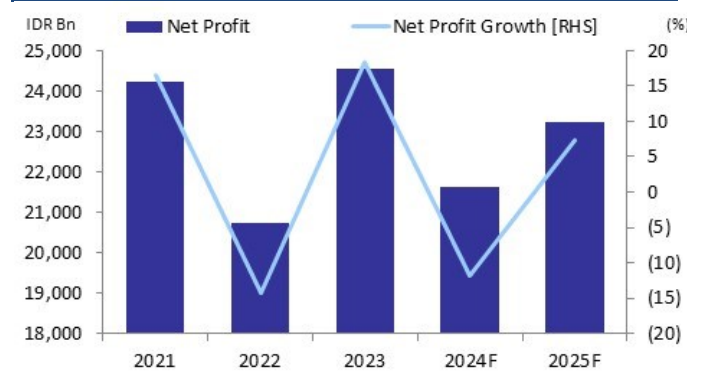
Source: IDX, Bloomberg, BRIDS

**Exhibit 14. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 15. Net Profit and Growth**



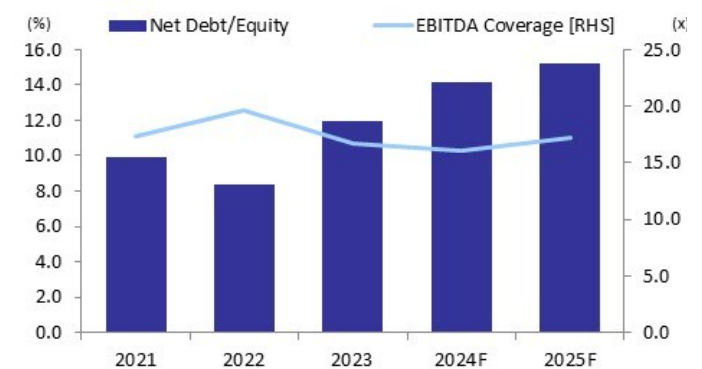
Source: Company, BRIDS Estimates

**Exhibit 16. Margins**



Source: Company, BRIDS Estimates

**Exhibit 17. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 18. Income Statement**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
<b>Revenue</b>	<b>147,306</b>	<b>149,216</b>	<b>150,108</b>	<b>155,430</b>	<b>163,129</b>
COGS	(89,055)	(91,918)	(98,370)	(100,638)	(105,585)
<b>Gross profit</b>	<b>58,251</b>	<b>57,298</b>	<b>51,738</b>	<b>54,791</b>	<b>57,544</b>
<b>EBITDA</b>	<b>78,992</b>	<b>77,579</b>	<b>74,119</b>	<b>78,968</b>	<b>83,090</b>
<b>Oper. profit</b>	<b>39,581</b>	<b>44,384</b>	<b>39,116</b>	<b>41,550</b>	<b>43,513</b>
Interest income	878	1,061	1,185	1,183	1,225
Interest expense	(4,033)	(4,652)	(4,604)	(4,597)	(4,760)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(87)	1	2	0	0
Other Income (Expenses)	0	0	0	0	0
<b>Pre-tax profit</b>	<b>36,339</b>	<b>40,794</b>	<b>35,699</b>	<b>38,136</b>	<b>39,979</b>
Income tax	(8,659)	(8,586)	(7,854)	(8,390)	(8,795)
Minority interest	(6,927)	(7,648)	(6,205)	(6,524)	(7,033)
<b>Net profit</b>	<b>20,753</b>	<b>24,560</b>	<b>21,641</b>	<b>23,223</b>	<b>24,150</b>
<b>Core Net Profit</b>	<b>20,753</b>	<b>24,560</b>	<b>21,641</b>	<b>23,223</b>	<b>24,150</b>

**Exhibit 19. Balance Sheet**

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	31,947	29,007	23,715	21,916	23,908
Receivables	8,634	10,667	9,708	10,052	10,550
Inventory	1,144	997	1,077	1,115	1,170
Other Curr. Asset	11,983	13,281	12,708	13,158	13,810
Fixed assets - Net	201,967	212,070	224,352	234,790	242,797
Other non-curr.asset	18,168	19,359	18,764	19,061	18,912
<b>Total asset</b>	<b>275,192</b>	<b>287,042</b>	<b>291,290</b>	<b>301,018</b>	<b>312,264</b>
ST Debt	17,049	19,926	22,615	23,027	24,229
Payables	18,457	24,871	21,794	22,566	23,684
Other Curr. Liabilities	34,882	26,771	31,011	32,110	33,701
Long Term Debt	27,331	27,773	24,096	24,535	25,816
Other LT. Liabilities	28,211	31,139	29,675	30,407	30,041
<b>Total Liabilities</b>	<b>125,930</b>	<b>130,480</b>	<b>129,190</b>	<b>132,645</b>	<b>137,471</b>
Shareholder's Funds	129,258	135,744	139,731	144,372	149,035
Minority interests	20,004	20,818	22,369	24,000	25,758
<b>Total Equity &amp; Liabilities</b>	<b>275,192</b>	<b>287,042</b>	<b>291,290</b>	<b>301,018</b>	<b>312,264</b>

**Exhibit 20. Cash Flow**

Year to 31 Dec (IDRbn)	2022A	2023A	2024F	2025F	2026F
Net income	20,753	24,560	21,641	23,223	24,150
Depreciation and Amort.	33,255	32,663	35,374	37,417	39,577
Change in Working Capital	436	(5,193)	3,308	1,081	1,312
Other Oper. Cash Flow	3,155	3,591	3,419	3,414	3,535
<b>Operating Cash Flow</b>	<b>57,599</b>	<b>55,621</b>	<b>63,742</b>	<b>65,135</b>	<b>68,574</b>
Capex	(35,381)	(28,977)	(47,656)	(47,855)	(47,584)
Others Inv. Cash Flow	7,616	(130)	1,781	886	1,374
<b>Investing Cash Flow</b>	<b>(27,765)</b>	<b>(29,107)</b>	<b>(45,875)</b>	<b>(46,970)</b>	<b>(46,210)</b>
Net change in debt	(6,435)	6,247	(2,452)	1,583	2,117
New Capital	0	0	0	0	0
Dividend payment	(14,860)	(18,016)	(17,683)	(18,567)	(19,495)
Other Fin. Cash Flow	(7,480)	(3,896)	(3,024)	(2,981)	(2,994)
<b>Financing Cash Flow</b>	<b>(28,775)</b>	<b>(15,665)</b>	<b>(23,158)</b>	<b>(19,965)</b>	<b>(20,372)</b>
<b>Net Change in Cash</b>	<b>1,059</b>	<b>10,849</b>	<b>(5,292)</b>	<b>(1,799)</b>	<b>1,992</b>
Cash - begin of the year	38,311	31,947	29,007	23,715	21,916
Cash - end of the year	31,947	29,007	23,715	21,916	23,908

**Exhibit 21. Key Ratios**

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
<b>Growth (%)</b>					
Sales	2.9	1.3	0.6	3.5	5.0
EBITDA	4.3	(1.8)	(4.5)	6.5	5.2
Operating profit	(16.8)	12.1	(11.9)	6.2	4.7
Net profit	(14.3)	18.3	(11.9)	7.3	4.0
<b>Profitability (%)</b>					
Gross margin	39.5	38.4	34.5	35.3	35.3
EBITDA margin	53.6	52.0	49.4	50.8	50.9
Operating margin	26.9	29.7	26.1	26.7	26.7
Net margin	14.1	16.5	14.4	14.9	14.8
ROAA	7.5	8.7	7.5	7.8	7.9
ROAE	16.5	18.5	15.7	16.3	16.5
<b>Leverage</b>					
Net Gearing (x)	0.1	0.1	0.1	0.2	0.1
Interest Coverage (x)	9.8	9.5	8.5	9.0	9.1

Source : TLKM, Danareksa Estimates



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**BRI Danareksa Sales Traders**

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**INVESTMENT RATING**

<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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