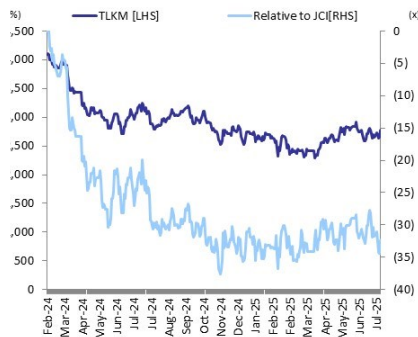


Buy

(Maintained)

Last Price (Rp)	2,840
Target Price (Rp)	3,500
Previous Target Price (Rp)	3,500
Upside/Downside	+23.2%
No. of Shares (mn)	100,800
Mkt Cap (Rpbn/US\$mn)	286,272/17,577
Avg, Daily T/O (Rpbn/US\$mn)	305.9/18.8
Free Float (%)	47.8
Major Shareholder (%)	
Indonesia Govr	52.1
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	240.9 250.4 262.7
Consensus	242.0 255.2 266.7
BRIDS/Cons (%)	(0.5) (1.9) (1.5)

TLKM relative to JCI Index



Source: Bloomberg

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Telkom Indonesia (TLKM IJ)

Streamlining and Value Unlocking at the Core of New Transformation Pillars

- TLKM new mgmt. sets 4 transformation pillars focused on efficiency, portfolio streamlining, value unlocking, and strategic holding shift.
- Restructuring becomes a key move as TLKM plans to streamline from 55 to 22 subsidiaries and unlock up to Rp100-150tr in asset value.
- We maintain a BUY rating with a TP of Rp3,500, supported by ongoing industry price repair and visible progress on product simplification.

TLKM's new leadership drives strategic reset

Under new management, TLKM has rolled out a 3-5yr transformation agenda built on four pillars: operational excellence, business streamlining, asset value unlocking, and a strategic holding shift. A core focus is disciplined capital deployment, with a Rp6tr annual capex and open reduction target driven by IRR-based investment gating. The company is pivoting toward big-ticket, high-impact initiatives, while legacy "Five Bold Moves" remain embedded but with stronger execution focus. The end-state aims to simplify the portfolio around B2C and B2B Infra in the near term.

Refocusing on core segments and infrastructure value unlocking

We see TLKM's most notable strategic shift as the streamlining of its group structure, with plans to reduce subsidiaries from 55 to ~22 to eliminate redundancies, exit non-core businesses, and boost efficiency. In parallel, TLKM is accelerating its asset monetization agenda, targeting up to Rp100-150tr in potential value from infrastructure assets. Data center and InfraCo are positioned as near-term catalysts, with NeutraDC progressing toward a strategic partnership by the end of FY25. TLKM is in the process of shifting its fiber assets into InfraCo, which will serve as the group's infrastructure platform; monetization may follow either through standalone IPOs of individual subsidiaries or by bundling multiple assets under a single vehicle.

Healthier market structure supports strategic expansion

Management sees early signs of market repair, driven by industry consolidation and price rationalization, especially in starter packs. Product simplification plays a key role, with Tsel reducing SKUs from 6,000 to 400 and targeting 200. On spectrum, mgmt. highlights congestion concerns, noting Tsel serves nearly 1mn customers per MHz (well above peers' ~600K) making upcoming auctions in the 700 MHz and 2.6 GHz bands strategically important. With a sharper focus on profitability and efficiency, along with ongoing asset monetization, TLKM has ample reinvestment capacity, evidenced by its low 1Q25 ND/EBITDA of 0.5x. This underleveraged position supports potential expansion across core B2C, B2B infrastructure, and IT solution segments.

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	149,216	149,967	151,704	158,527	165,558
EBITDA (Rpbn)	77,579	75,029	77,514	81,003	85,097
EBITDA Growth (%)	(1.8)	(3.3)	3.3	4.5	5.1
Net Profit (Rpbn)	24,560	23,649	23,866	24,804	26,021
EPS (Rp)	247.9	238.7	240.9	250.4	262.7
EPS Growth (%)	18.3	(3.7)	0.9	3.9	4.9
BVPS (Rp)	1,370.3	1,434.4	1,461.5	1,489.5	1,517.6
DPS (Rp)	181.9	178.5	212.5	223.1	234.2
PER (x)	11.2	11.6	11.5	11.1	10.5
PBV (x)	2.0	1.9	1.9	1.9	1.8
Dividen yield (%)	6.6	6.4	7.7	8.1	8.5
EV/EBITDA	4.1	4.2	4.1	3.9	3.7

Source: TLKM, BRIDS Estimates

Exhibit 1. TLKM's four transformation pillars

TLKM Transformation Pillars

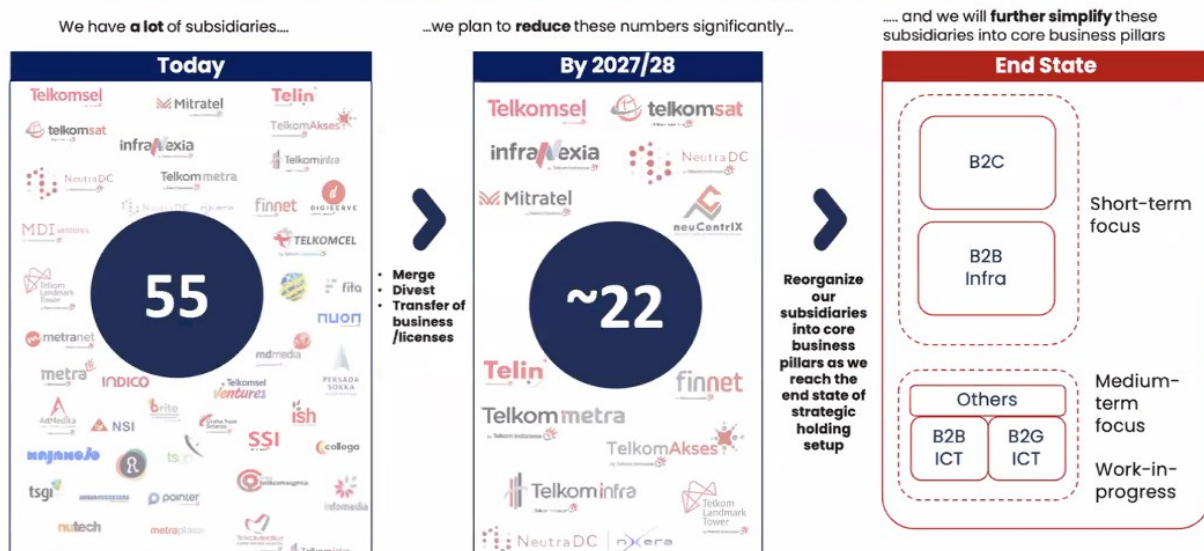
We aim to provide world-class digital ecosystem leadership at **scale**



Source: Company

Exhibit 2. TLKM's streamlining roadmap

2 Orchestration of TLKM Streamlining Initiative

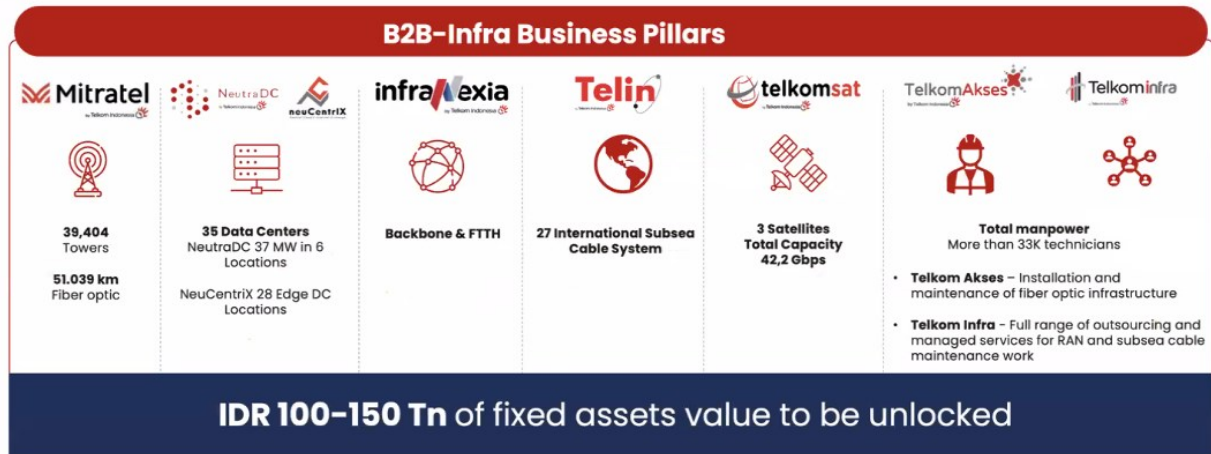


Source: Company

Exhibit 3. Unlocking value from TLKM's B2B infrastructure assets

3 Unlocking Value of Our Existing Digital Infrastructure Assets

Our current share price does not reflect the size and scale of foundational infrastructure that is critical to support Indonesia's digital economy



Source: Company

Exhibit 4. Telco Peers Valuation

Company	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/ EBITDA (x)		P/BV (x)		ROE %		Dividend yield %	
				'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'24A	'25F
EXCL	BUY	2,800	34,118	18.4	15.8	4.4	4.2	1.3	1.2	7.1	8.0	3.9	4.6
ISAT	BUY	2,600	73,854	12.8	11.1	4.3	4.0	2.0	1.9	16.5	17.6	3.7	6.1
TLKM	BUY	3,500	281,337	11.8	11.3	4.1	3.9	1.9	1.9	16.6	17.0	7.5	7.0
Weighted average				13.0	12.0	4.2	4.0	1.9	1.8	15.1	15.7	6.0	6.4

Source: Company, BRIDS Estimates

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



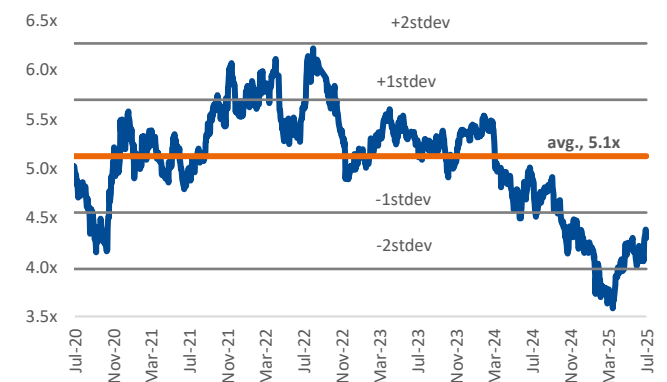
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. TLKM IJ forward 3-yr EV/EBITDA band



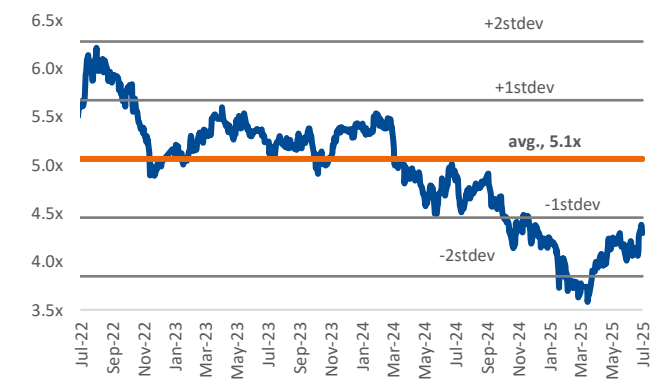
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. Sector forward 5-yr EV/EBITDA band

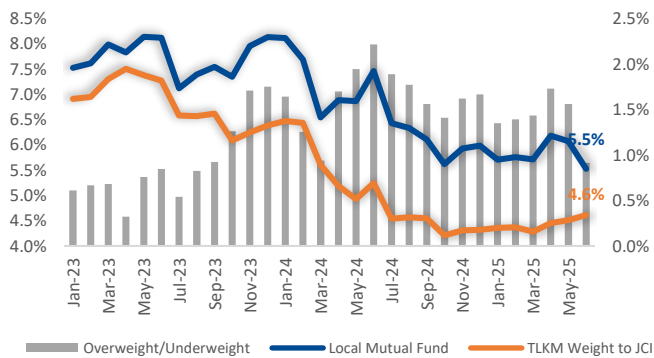


Source: Company, Bloomberg, BRIDS Estimates

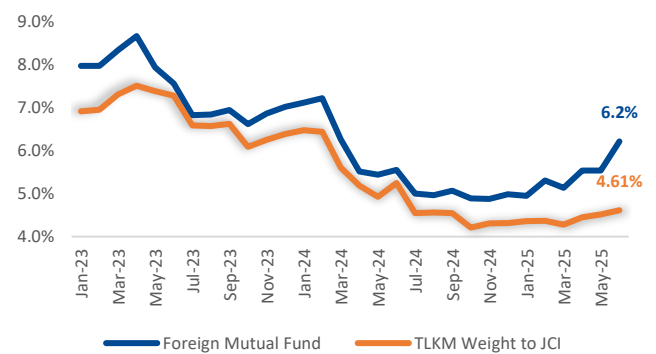
Exhibit 8. Sector forward 3-yr EV/EBITDA band



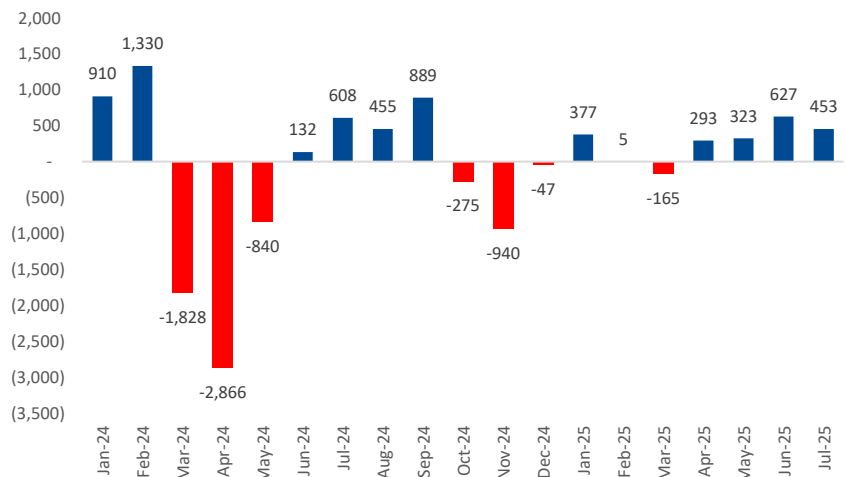
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 9. TLKM's Domestic Fund Positioning


Source: KSEI, BRIDS

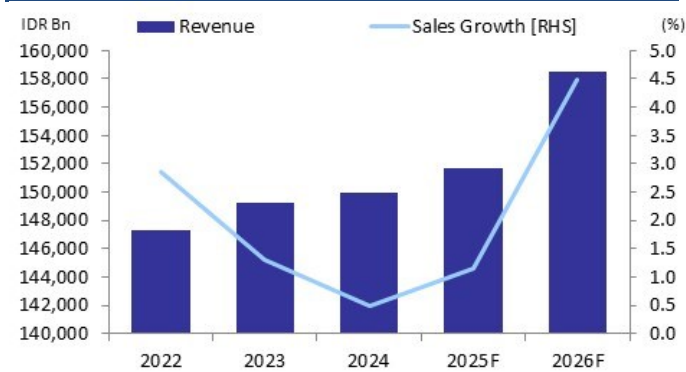
Exhibit 10. TLKM's Foreign Ownership


Source: KSEI, BRIDS

Exhibit 11. TLKM's Monthly Foreign Flow (Rpbn)


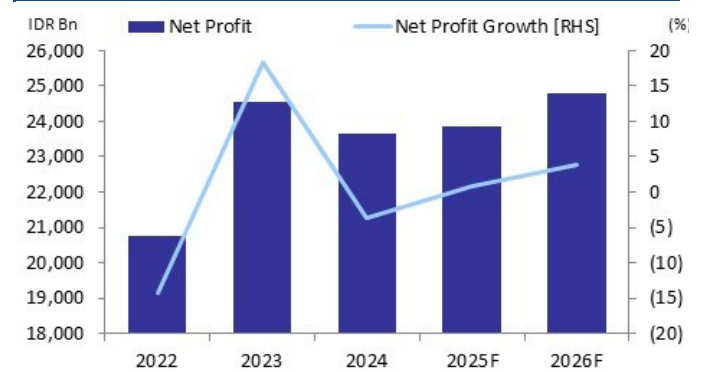
Source: IDX, Bloomberg, BRIDS

Exhibit 12. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 13. Net Profit and Growth



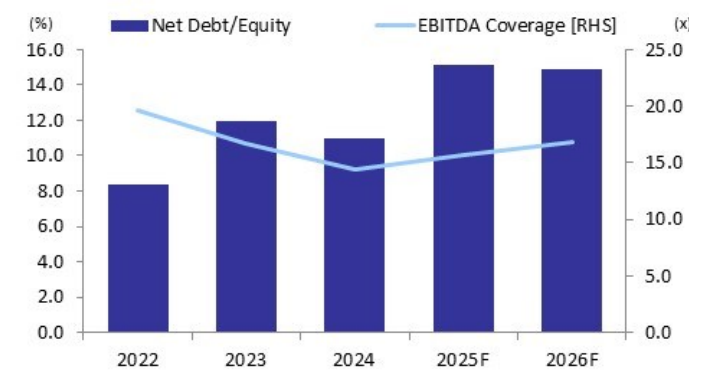
Source: Company, BRIDS Estimates

Exhibit 14. Margins



Source: Company, BRIDS Estimates

Exhibit 15. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 16. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	151,704	158,527	165,558
COGS	(91,918)	(94,627)	(94,927)	(99,157)	(102,951)
Gross profit	57,298	55,340	56,777	59,370	62,607
EBITDA	77,579	75,029	77,514	81,003	85,097
Oper. profit	44,384	42,991	43,508	45,402	47,819
Interest income	1,061	1,367	1,300	1,260	1,320
Interest expense	(4,652)	(5,208)	(4,952)	(4,801)	(5,031)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	1	3	0	0	0
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	40,794	39,153	39,856	41,862	44,109
Income tax	(8,586)	(8,410)	(8,561)	(8,992)	(9,475)
Minority interest	(7,648)	(7,094)	(7,429)	(8,066)	(8,614)
Net profit	24,560	23,649	23,866	24,804	26,021
Core Net Profit	24,560	23,649	23,866	24,804	26,021

Exhibit 17. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	29,007	33,905	21,354	23,159	24,336
Receivables	10,667	12,193	11,562	12,082	12,618
Inventory	997	1,096	1,059	1,106	1,155
Other Curr. Asset	13,281	14,601	14,102	14,737	15,390
Fixed assets - Net	212,070	216,918	225,017	231,910	238,492
Other non-curr.asset	19,359	19,677	19,518	19,598	19,558
Total asset	287,042	299,675	293,577	303,767	312,704
ST Debt	19,926	27,391	22,603	23,620	24,814
Payables	24,871	15,336	15,514	16,211	16,930
Other Curr. Liabilities	26,771	34,040	30,758	32,141	33,567
Long Term Debt	27,773	24,392	24,084	25,168	26,440
Other LT. Liabilities	31,139	36,026	33,583	34,804	34,193
Total Liabilities	130,480	137,185	126,540	131,945	135,944
Shareholder's Funds	135,744	142,094	144,783	147,553	150,337
Minority interests	20,818	20,396	22,253	24,270	26,423
Total Equity & Liabilities	287,042	299,675	293,577	303,767	312,704

Exhibit 18. Cash Flow

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Net income	24,560	23,649	23,866	24,804	26,021
Depreciation and Amort.	32,663	32,643	34,007	35,601	37,278
Change in Working Capital	(5,193)	(4,835)	(1,618)	668	927
Other Oper. Cash Flow	3,591	3,841	3,652	3,541	3,710
Operating Cash Flow	55,621	55,298	59,906	64,614	67,936
Capex	(28,977)	(18,388)	(42,105)	(42,494)	(43,860)
Others Inv. Cash Flow	(130)	1,049	1,459	1,181	1,360
Investing Cash Flow	(29,107)	(17,339)	(40,647)	(41,313)	(42,500)
Net change in debt	6,247	8,971	(7,540)	3,323	1,855
New Capital	0	(401)	0	0	0
Dividend payment	(18,016)	(17,683)	(21,047)	(22,099)	(23,204)
Other Fin. Cash Flow	(3,896)	(4,845)	(3,224)	(2,720)	(2,910)
Financing Cash Flow	(15,665)	(13,958)	(31,811)	(21,496)	(24,259)
Net Change in Cash	10,849	24,001	(12,551)	1,805	1,177
Cash - begin of the year	31,947	29,007	33,905	21,354	23,159
Cash - end of the year	29,007	33,905	21,354	23,159	24,336

Exhibit 19. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	1.3	0.5	1.2	4.5	4.4
EBITDA	(1.8)	(3.3)	3.3	4.5	5.1
Operating profit	12.1	(3.1)	1.2	4.4	5.3
Net profit	18.3	(3.7)	0.9	3.9	4.9
Profitability (%)					
Gross margin	38.4	36.9	37.4	37.5	37.8
EBITDA margin	52.0	50.0	51.1	51.1	51.4
Operating margin	29.7	28.7	28.7	28.6	28.9
Net margin	16.5	15.8	15.7	15.6	15.7
ROAA	8.7	8.1	8.0	8.3	8.4
ROAE	18.5	17.0	16.6	17.0	17.5
Leverage					
Net Gearing (x)	0.1	0.1	0.2	0.1	0.2
Interest Coverage (x)	9.5	8.3	8.8	9.5	9.5

Source : TLKM, Danareksa Estimates

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INVESTMENT RATING

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

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