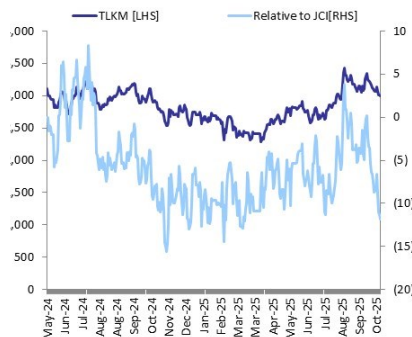


Buy

(Maintained)

Last Price (Rp)	3,360
Target Price (Rp)	3,500
Previous Target Price (Rp)	3,500
Upside/Downside	+4.2%
No. of Shares (mn)	100,800
Mkt Cap (Rpbn/US\$mn)	317,520/19,157
Avg, Daily T/O (Rpbn/US\$mn)	302.5/18.2
Free Float (%)	47.8
Major Shareholder (%)	
Indonesia Govr	52.1
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	210.8 222.4 232.8
Consensus	230.9 242.1 254.4
BRIDS/Cons (%)	(8.7) (8.1) (8.5)

TLKM relative to JCI Index



Source: Bloomberg

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Telkom Indonesia (TLKM IJ)

Fiber Assets Spin-Off Paves the Way for Value Unlocking

- TLKM executed the spin-off of 56% of its fiber assets to TIF, valued at Rp35.7tr net book value, implying an 8.75x EV/EBITDA multiple.
- Potential improvement in utilization shall offer a clear path for value unlocking and potential re-rating toward peer valuation levels.
- Management guides for a 20-30% stake sale to a strategic partner, targeted after the completion of Phase 2 in mid-2026.

Stage one of the InfraCo spin-off

TLKM has executed the first phase of a spin-off of 56% of its Wholesale Fiber Connectivity business and assets to its wholly owned subsidiary, PT Telkom Infrastruktur Indonesia (TIF), at a net book value of Rp35.7tr, including Rp14tr of debt. Phase 1 covers the transfer of FTTH, FTTB, FTTN, and backbone fiber assets, with domestic subsea cables to follow in Phase 2. The transfer qualifies for tax exemption under PMK 81, while the 2nd phase is expected to incur a minor tax impact of less than Rp500bn. The 2nd phase is targeted for completion by mid-2026, although management indicated that 5-7% of the remaining assets may be delayed due to subsea cable licensing requirements.

Valuation remains below its fair range

Mgmt guided that the InfraCo generates ~Rp25tr in revenue and Rp9-10tr in EBITDA at the inception. The phase 1 transaction implies an 8.75x EV/EBITDA, well below the ~15x multiple of global peers. The lower valuation primarily reflects the still sub-optimal utilization rate of around 40%. Management indicated that as network utilization improves toward optimal levels, there exists potential upside to the valuation, with a potential fair multiple in the range of 9-12x EV/EBITDA.

Guiding a potential 20-30% stake sale

Following the expected completion of the 2nd phase by 1H26, TLKM aims to bring in a strategic partner through the sale of a 20-30% stake in InfraCo. The move aims to unlock value, validate market pricing, and enhance capital efficiency, while Telkom maintains majority ownership and control over its core infrastructure assets. Proceeds from the potential divestment are expected to be allocated toward ordinary dividends, special dividends, and share buyback programs.

Maintain BUY, TP: Rp3,500; potential upside from value unlock

We maintain our Buy call with a TP of Rp3,500, based on 5yr mean EV/EBITDA, blended with DCF. The current phase 1 transaction at 8.75x EV/EBITDA implies no immediate upside and is broadly in line with our base case. Assuming the infraco is valued at 11-15x EV/ EBITDA and at conservative EBITDA of Rp10tr, we estimate upside in TLKM's fair value to Rp3,700-Rp4,100 (Exh. 2).

Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (IDRbn)	149,216	149,967	145,551	151,821	156,116
EBITDA (IDRbn)	77,579	75,029	73,159	77,090	80,029
EBITDA Growth (%)	(1.8)	(3.3)	(2.5)	5.4	3.8
Net profit (IDRbn)	24,560	23,649	20,884	22,033	23,065
EPS (IDR)	247.9	238.7	210.8	222.4	232.8
EPS growth (%)	18.3	(3.7)	(11.7)	5.5	4.7
BVPS (IDR)	1,370.3	1,434.4	1,431.4	1,466.9	1,501.5
DPS (IDR)	181.9	178.5	212.5	187.6	197.9
PER (x)	12.1	12.5	14.2	13.4	12.8
PBV (x)	2.2	2.1	2.1	2.0	2.0
Dividend yield (%)	6.1	6.0	7.1	6.3	6.6
EV/EBITDA (x)	5.0	5.1	5.3	5.0	4.8

Source: TLKM, BRIDS Estimates

Exhibit 1. Valuation Comparison of Global Fiber Infrastructure Peers

Companies	Code	Market Cap (US\$m)	EV/EBITDA (x)	PBV (x)	P/E (x)	ROE (%)
Chorus Limited	CNU NZ	4,257	10.0	7.1	62.3	0.6
NetLink NBN Trust	NETLINK SP	2,870	15.4	1.6	37.7	3.9
Koninklijke KPN N.V.	KPN NA	18,745	9.0	6.7	18.5	34.3
Lumen Technologies, Inc.	LUMN US	5,952	7.0	-	-	-
Corning Incorporated	GLW US	69,386	18.1	6.1	33.8	7.5
Yuexiu Telecom Infrastructure	6869 HK	9,457	30.3	2.3	30.1	5.2
Simple Average			15.0	4.0	30.4	8.6
Weighted Average			16.6	5.5	30.3	11.1

Source: Bloomberg, BRIDS

Exhibit 2. Potential TLKM Valuation Assuming InfraCo Valued at Global Peer Average (11-15x EV/EBITDA)

	Method	EBITDA Est. (Rpbn)	Enterprise Value (Rpbn)	Ownership	Valuation (Rpbn)
Telkomsel	5yr EV/EBITDA target (5.4x)	56,829	306,878	70%	214,815
MTEL	5yr EV/EBITDA mean (9.5x)	7,847	74,551	72%	53,676
NeutraDC	Reuters news (>US\$1bn)	-	16,500	100%	16,500
Enterprise business and others	EV/EBITDA target (5.4x)	4,787	25,852	100%	25,852
<i>InfraCo</i>	<i>Peers EV/EBITDA (11x)</i>	<i>10,000</i>	<i>110,000</i>	<i>100%</i>	<i>110,000</i>
<i>InfraCo</i>	<i>Peers EV/EBITDA (15x)</i>	<i>10,000</i>	<i>150,000</i>	<i>100%</i>	<i>150,000</i>

	11x	15x
Total valuation	420,843	460,843
Net Debt	51,614	51,614
Implied Equity Value	369,229	409,229
Out shares (Mn)	99,062	99,062
Implied Per Share Value	3,727	4,131

Source: Company, Bloomberg, Reuters, BRIDS Estimates

Exhibit 3. Telco Peers Valuation

Company	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/ EBITDA (x)		P/BV (x)		ROE (%)		Dividend yield (%)		ROIC (%)	
				'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F
EXCL	BUY	3,310	44,645	n.a	84.1	5.5	4.6	1.8	1.8	-1.5	2.2	n.a	0.6	2.9	3.8
ISAT	BUY	2,600	63,534	11.7	9.7	4.2	3.9	1.8	1.6	15.5	17.5	5.3	6.5	11.1	13.3
TLKM	BUY	3,500	332,849	15.9	15.1	5.3	5.0	2.3	2.3	14.7	15.3	5.6	5.9	18.3	19.5
Weighted average				12.4	25.8	5.1	4.7	2.1	2.1	12.1	13.5	4.6	5.1	14.3	15.6

Source: Company, BRIDS Estimates

Exhibit 4. TLKM IJ forward 5-yr EV/EBITDA band



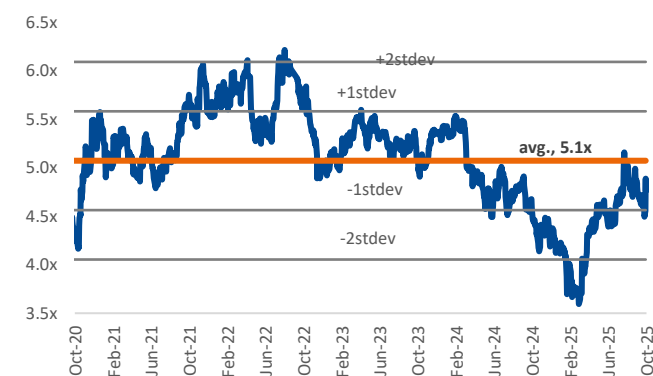
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 5. TLKM IJ forward 3-yr EV/EBITDA band



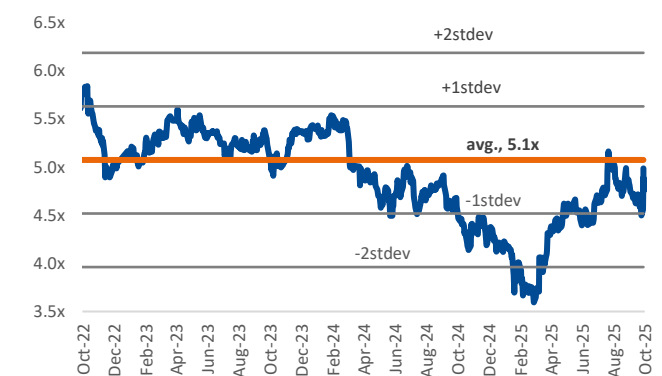
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 6. Sector forward 5-yr EV/EBITDA band



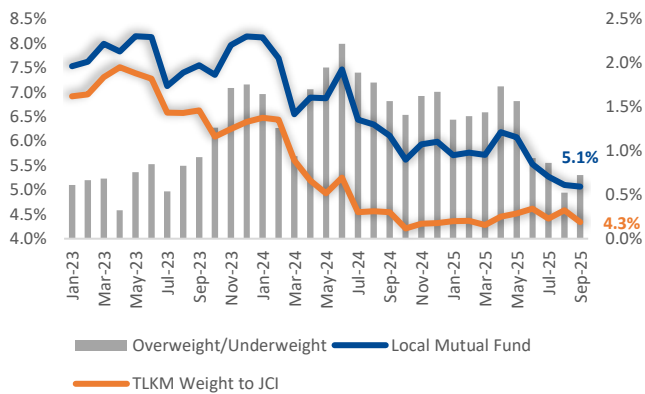
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 7. Sector forward 3-yr EV/EBITDA band



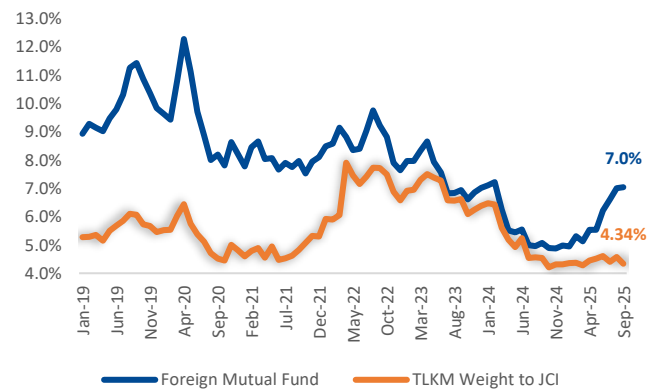
Source: Company, Bloomberg, BRIDS Estimates

Exhibit 8. TLKM's Domestic Fund Positioning



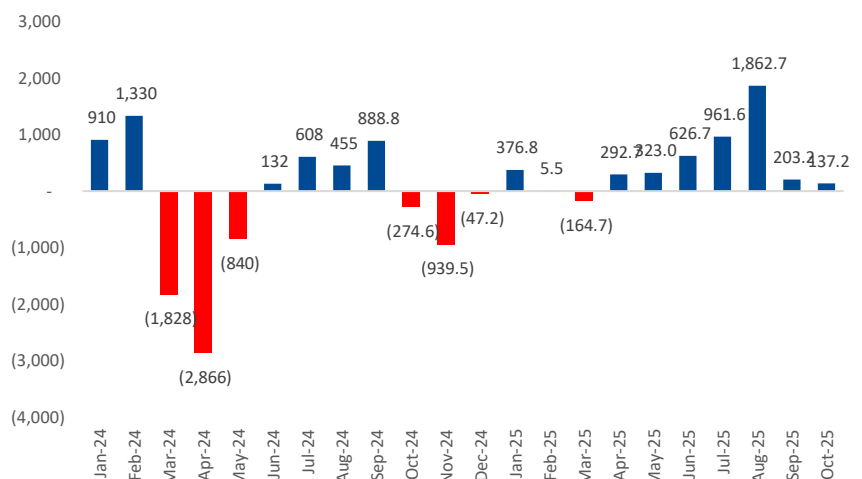
Source: KSEI, BRIDS

Exhibit 9. TLKM's Foreign Ownership



Source: KSEI, BRIDS

Exhibit 10. TLKM's Monthly Foreign Flow (Rpbn)



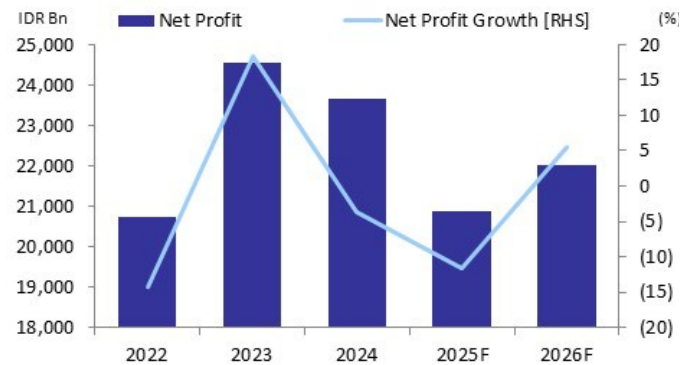
Source: IDX, Bloomberg, BRIDS

Exhibit 11. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 12. Net Profit and Growth



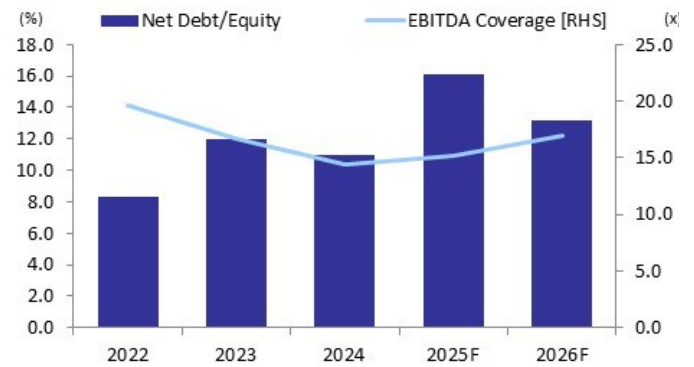
Source: Company, BRIDS Estimates

Exhibit 13. Margins



Source: Company, BRIDS Estimates

Exhibit 14. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 15. Income Statement

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	145,551	151,821	156,116
COGS	(91,918)	(94,627)	(93,724)	(96,828)	(99,007)
Gross profit	57,298	55,340	51,827	54,993	57,110
EBITDA	77,579	75,029	73,159	77,090	80,029
Oper. profit	44,384	42,991	39,350	41,956	43,502
Interest income	1,061	1,367	1,265	1,194	1,249
Interest expense	(4,652)	(5,208)	(4,820)	(4,551)	(4,759)
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	35,795	38,600	39,992
Income tax	(8,586)	(8,410)	(7,689)	(8,291)	(8,590)
Minority interest	(7,648)	(7,094)	(7,222)	(8,275)	(8,337)
Net profit	24,560	23,649	20,884	22,033	23,065
Core Net Profit	24,560	23,649	20,884	22,033	23,065

Exhibit 16. Balance Sheet

Year to 31 Dec (Rpbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	29,007	33,905	17,707	24,115	28,374
Receivables	10,667	12,193	11,093	11,571	11,899
Inventory	997	1,096	1,016	1,059	1,089
Other Curr. Asset	13,281	14,601	13,530	14,113	14,513
Fixed assets - Net	212,070	216,918	222,215	225,494	228,516
Other non-curr.asset	19,359	19,677	19,518	19,598	19,558
Total asset	287,042	299,675	286,044	297,127	305,104
ST Debt	19,926	27,391	21,333	22,479	23,336
Payables	24,871	15,336	14,884	15,526	15,965
Other Curr. Liabilities	26,771	34,040	29,510	30,781	31,652
Long Term Debt	27,773	24,392	22,730	23,952	24,865
Other LT. Liabilities	31,139	36,026	33,583	34,804	34,193
Total Liabilities	130,480	137,185	122,040	127,543	130,012
Shareholder's Funds	135,744	142,094	141,802	145,314	148,738
Minority interests	20,818	20,396	22,201	24,270	26,354
Total Equity & Liabilities	287,042	299,675	286,044	297,127	305,104

Exhibit 17. Cash Flow

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Net income	24,560	23,649	20,884	22,033	23,065
Depreciation and Amort.	32,663	32,643	33,809	35,134	36,527
Change in Working Capital	(5,193)	(4,835)	(2,411)	597	575
Other Oper. Cash Flow	3,591	3,841	3,555	3,356	3,510
Operating Cash Flow	55,621	55,298	55,837	61,121	63,677
Capex	(28,977)	(18,388)	(39,106)	(38,414)	(39,550)
Others Inv. Cash Flow	(130)	1,049	1,424	1,115	1,289
Investing Cash Flow	(29,107)	(17,339)	(37,682)	(37,299)	(38,261)
Net change in debt	6,247	8,971	(10,163)	3,590	1,159
New Capital	0	(401)	0	0	0
Dividend payment	(18,016)	(17,683)	(21,047)	(18,586)	(19,609)
Other Fin. Cash Flow	(3,896)	(4,845)	(3,144)	(2,417)	(2,707)
Financing Cash Flow	(15,665)	(13,958)	(34,354)	(17,414)	(21,157)
Net Change in Cash	10,849	24,001	(16,198)	6,409	4,259
Cash - begin of the year	31,947	29,007	33,905	17,707	24,115
Cash - end of the year	29,007	33,905	17,707	24,115	28,374

Exhibit 18. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	1.3	0.5	(2.9)	4.3	2.8
EBITDA	(1.8)	(3.3)	(2.5)	5.4	3.8
Operating profit	12.1	(3.1)	(8.5)	6.6	3.7
Net profit	18.3	(3.7)	(11.7)	5.5	4.7
Profitability (%)					
Gross margin	38.4	36.9	35.6	36.2	36.6
EBITDA margin	52.0	50.0	50.3	50.8	51.3
Operating margin	29.7	28.7	27.0	27.6	27.9
Net margin	16.5	15.8	14.3	14.5	14.8
ROAA	8.7	8.1	7.1	7.6	7.7
ROAE	18.5	17.0	14.7	15.3	15.7
Leverage					
Net Gearing (x)	0.1	0.1	0.2	0.1	0.1
Interest Coverage (x)	9.5	8.3	8.2	9.2	9.1

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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