

Buy

Tactical (3M): N

Last Price (Rp)	3,000
Target Price (Rp)	4,000
Previous TP (Rp)	4,000
Upside/Downside	+33.3%
No. of Shares (mn)	100,800
Mkt Cap (Rpbn/US\$m)	302,400/17,925
Avg, Daily T/O (Rpbn/US\$m)	367.8/21.8

Key Financials:

	2025F	2026F	2027F
EPS (Rp)	210.8	223.9	237.4
PER (x)	16.5	15.5	14.7
PBV (x)	2.4	2.4	2.3
EV/EBITDA (x)	5.1	4.7	4.5
Div. yield (%)	6.1	5.4	5.7
ROAE (%)	14.7	15.4	16.0

Source: TLKM, Bloomberg

Telkom Indonesia (TLKM IJ)

Review of Fiber Asset Accounting; Findings from SEC Inquiry

- TLKM plans to restate FY23-24 financials following a review of fiber useful lives, which will lower PBT as well as asset and equity balances.
- In response to inquiries from SEC & DOJ, TLKM disclosed that US\$324mn of revenue from transactions in 2014–2021 lacked economic substance.
- We maintain Buy rating on TLKM with a TP of Rp4,000, as we expect the cases to have minimal impact on free cash flow generation.

Historical restatement as a step to reassess fiber asset values

TLKM plans to restate its FY23-FY24 financials following a review of fiber asset accounting policies. The review reclassifies last-mile FTTH assets as non-network assets with shorter useful lives, increasing historical depreciation. In addition, certain drop-core cables may be fully depreciated or derecognized due to lack of future economic benefit. The restatement is expected to lower FY23-FY24 pre-tax income and reduce asset and equity balances, with no cash flow impact. We see this as largely an accounting adjustment that may reduce the risk of significant impairment charges going forward, although some further impairment remains possible depending on the final treatment of drop-core assets.

SEC investigation on legacy enterprise receivable transactions

TLKM disclosed findings from its internal investigation, conducted in response to inquiries by the U.S. SEC and Department of Justice (DOJ), covering US\$324mn of revenue from 140 enterprise-related transactions between 2014-2021. The review found that several transactions lacked economic substance, leading to historically overstated revenue and receivables. However, most related receivables had already been fully provisioned by FY20, leaving limited residual exposure and not requiring restatement of FY22-FY24 financials. While regulatory investigations remain ongoing, we view the financial impact as manageable given the limited exposure and prior provisioning, with the key overhang mainly related to potential regulatory outcomes and governance perception.

Maintain Buy rating on TLKM with TP of Rp4,000

We view the cases as reflecting historical weaknesses in internal controls, which may weigh on near-term sentiment, as partly reflected in recent net foreign outflows of Rp38.9bn as of Mar26. Nonetheless, we reiterate our Buy rating on TLKM with a TP of Rp4,000 (5.6x FY26 EV/EBITDA), as we expect minimal impact on the company's free cash flow generation. TLKM currently trades at an attractive valuation of 4.4x FY26F EV/EBITDA (-1.1 SD below its 5-year mean), supported by improving industry ARPU momentum amid ongoing price repair across the sector. Key risks include larger-than-expected fiber asset value adjustments from the restatement and potential regulatory outcomes related to the ongoing SEC investigation.

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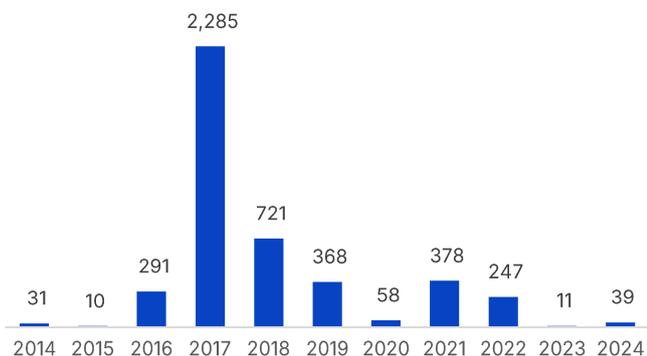
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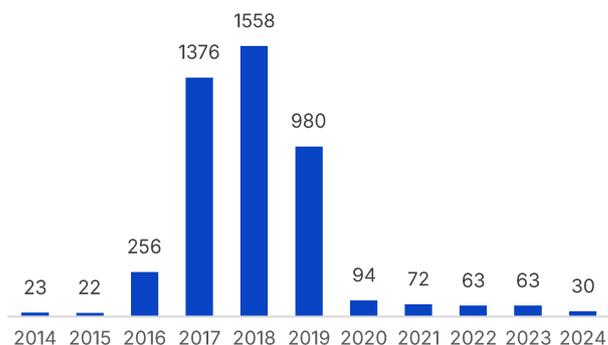
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Exhibit 1. Revenue from transactions under SEC investigation (Rpbn)



Source: Company, IDX

Exhibit 2. Net receivables from investigated transactions (Rpbn)



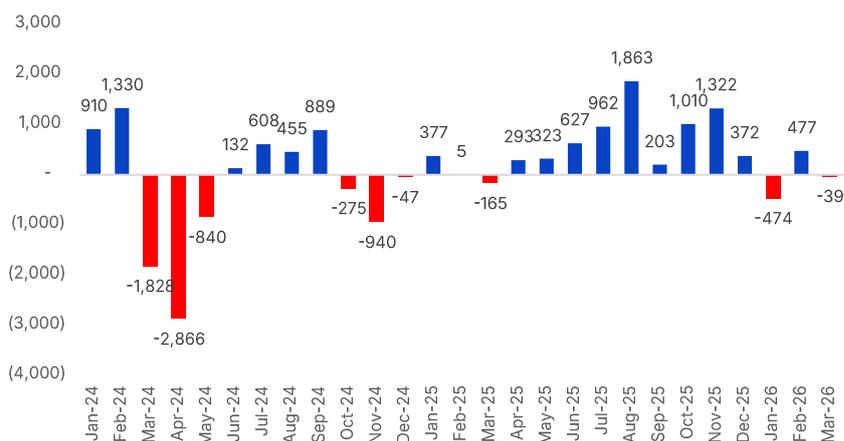
Source: Company, IDX

Exhibit 3. Telco peers valuation

Company	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)			EV/EBITDA (x)			PBV (x)		ROE (%)		Dividend yield (%)	
				'25F	'26F	'27F	'25F	'26F	'27F	'25F	'26F	'25F	'26F	'25F	'26F
EXCL	BUY	3,500	51,142	n.a	n.a	18.0	6.4	5.1	4.7	1.7	1.8	-15.8	-6.5	n.a	n.a
ISAT	BUY	3,000	66,114	13.2	10.2	8.4	4.4	4.1	3.9	1.8	1.7	14.3	17.1	5.0	6.4
TLKM	BUY	4,000	294,215	14.1	13.3	12.5	4.7	4.4	4.2	2.1	2.0	14.7	15.4	6.3	6.7
Weighted average				10.9	9.8	12.6	4.8	4.4	4.2	1.9	1.9	8.6	11.3	5.6	6.5

Source: Company, BRIDS Estimates

Exhibit 4. TLKM's monthly foreign flow (Rpbn)



Source: IDX, Bloomberg, BRIDS

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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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