BUY | TP : IDR2,850

TLKM Stock Price Data		
Last Price	:	IDR1,990
52wk High	:	IDR3,990
52wk Low	:	IDR1,770
Share Out	:	99.06 bn
Market Cap	:	IDR197.13 tn

TLKM Stock Price Performance		
1-Day	:	+5.57%
1-Week	:	+0.51%
1-Month	:	-13.10%
3-Month	:	-26.57%
Year-to-Date	:	-42.82%

Shareholders		
PT Danantara Asset Management	:	51.6%
The Bank Of New York Mellon	:	6.2%
Public	:	42.2%

PT Telkom Indonesia Tbk (TLKM IJ)

Soft 3Q26 but NeutraDC Unlock in Sight

9M26 Results: Earnings Slightly Above Estimate as 3Q26 Softens

Net profit fell to IDR14.4 tn (-3.9% YoY), slightly above with our/in line with cons. (77.8%/74.6%). The decline was mainly due to IDR1.7 tn of unrealized investment losses and a higher effective tax rate of 24.3%, partly from an IDR180 bn deferred tax charge on the fiber asset transfer to TIF. Revenue rose 3.5% YoY to IDR113.5 tn, driven by Data, Internet & IT Services at IDR71.5 tn (+8.3% YoY), ~63.0% of total revenue. Mobile ARPU increased to IDR45.4k (+7.1% YoY) and data yield to IDR3.08/MB (+6.5% YoY). In 3Q26, revenue declined to IDR37.6 tn (-2.8% QoQ), mainly from B2C (-3.2% QoQ). Mobile ARPU fell 2.4% QoQ and data yield eased to IDR3.03/MB amid weaker purchasing power and tactical competition, while subscribers dropped to 151.1 mn (-1.6% QoQ).

Near-Term Margin Pressure, Long-Term AI Infrastructure Upside

- **Margin & Capex:** Opex (Excl. D&A) reached IDR59.7 tn (+7.9% YoY), outpacing revenue growth, driven by higher O&M costs (incl. IDR6.0 tn of frequency fees) and G&A as receivables provisions rose to IDR1.9 tn. This pushed 9M26 EBITDA margin down to 47.4%. Capex declined to IDR15.7 tn (-10.4% YoY), with ~94% allocated to B2C and B2B Infra.
- **NeutraDC:** NeutraDC standalone revenue grew to IDR1.39 tn (+17% YoY), only ~1.2% of total revenue, while EBITDA rose 35% YoY and all 21.5 MW at Cikarang is fully operational in 4Q26. The Batam project has been expanded from its first 18 MW building, fully pre-leased with Gorilla Technology as the GPU anchor tenant, into a ~78 MW AI campus. Together with the Cikarang expansion of up to 200 MW, this brings NeutraDC closer to its 1 GW ambition. Each additional 100 MW could add IDR2.2–3.5 tn in revenue and IDR1.0–1.7 tn in EBITDA (~45–50% margin), equal to 1.5–2.3% of total revenue. However, capex of IDR17–20 tn per 100 MW implies a 10–20 year payback, making PLN's power availability critical. The National AI Data Center Hub MoU with Danantara, PLN and industrial estate operators addresses land, power and connectivity at once, but investment value, capacity and commercial terms are still subject to definitive agreements. We therefore see it as a strategic positive rather than an earnings catalyst.
- **Value Unlock:** TLKM is evaluating binding offers for a ~70% stake in NeutraDC, targeting completion by end-2026. Market estimates value this ~70% stake at USD1.0–1.5 bn (implying USD1.4–2.1 bn for 100%), equal to IDR18.2–27.3 tn or IDR184–276/share at IDR18,200/USD, i.e. 9–14% of TLKM's market cap at the current price. A deal in this range would set a valuation benchmark for the Group's digital infrastructure assets, which the market has yet to price in, and bring in a partner to share the capex burden of GW-scale expansion. The IDR85.7 tn Infranexia spin-off was also completed on Sep 30, 2026, with SOE fiber consolidation (incl. PLN Icon Plus) and a strategic partner targeted for 2027 as the next value unlock.

Valuation and Recommendation

We maintain our BUY rec. with a lower TP of IDR2,850/share, implying FY26F EV/EBITDA of 4.2x. We view TLKM as offering an attractive combination of valuation, shareholder returns, and structural growth, supported by projected net profit growth of 4.2%/5.9% YoY in FY26F/FY27F and the ongoing IDR4 tn share buyback program. Key upside risks include: (1) faster-than-expected ARPU recovery; (2) stronger margin expansion driven by lower O&M expenses; (3) accelerated monetization of digital and data center businesses, including the NeutraDC divestment; and (4) higher-than-expected shareholder returns.

	FY24	FY25	FY26F	FY27F	FY28F
Revenue (IDR bn)	149,967.0	146,742.0	151,102.4	153,467.6	156,481.0
EBITDA (IDR bn)	75,634.0	72,297.0	74,286.2	75,179.9	76,341.3
Net Income (IDR bn)	22,403.0	17,814.0	18,557.5	19,648.4	20,506.7
EPS (IDR)	226.2	179.8	187.3	198.3	207.0
BVS (IDR)	1,350.7	1,319.2	1,258.2	1,246.5	1,241.7
EV/EBITDA (x)	3.3	3.4	3.3	3.3	3.2
ROA (%)	7.8	6.2	6.4	6.8	7.0
ROE (%)	17.1	13.5	14.5	15.8	16.6

Sources : Company, MNCS Research



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Exhibit 01. 9M26 Financial Results

IDR bn	3Q25	2Q26	3Q26	% QoQ	% YoY	9M25	9M26	% YoY	% MNCS	% Cons.
Revenue	**36,613**	**38,689**	**37,624**	**-2.8%**	**2.8%**	**109,617**	**113,502**	**3.5%**	**75.1%**	**75.7%**
Opex	(27,650)	(27,485)	(29,758)	8.3%	7.6%	(81,373)	(85,503)	5.1%		
EBIT	**8,963**	**11,204**	**7,866**	**-29.8%**	**-12.2%**	**28,244**	**27,999**	**-0.9%**	**77.9%**	**73.5%**
EBIT Margin	*24.5%*	*29.0%*	*20.9%*			*25.8%*	*24.7%*			
EBITDA	**18,141**	**19,709**	**16,433**	**-16.6%**	**-9.4%**	**54,240**	**53,769**	**-0.9%**	**72.4%**	**72.6%**
EBITDA Margin	*49.5%*	*50.9%*	*43.7%*			*49.5%*	*47.4%*			
Profit Before Tax	7,976	10,550	6,928	-34.3%	-13.1%	25,493	25,726	0.9%		
Net Profit	**4,558**	**6,279**	**3,823**	**-39.1%**	**-16.1%**	**15,031**	**14,446**	**-3.9%**	**77.8%**	**74.6%**
Net Profit Margin	*12.4%*	*16.2%*	*10.2%*			*13.7%*	*12.7%*			

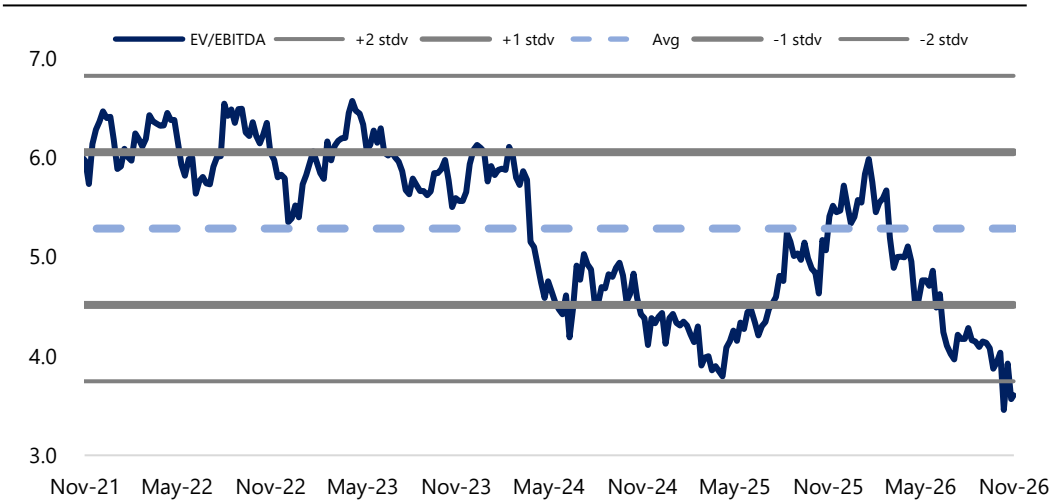
Sources : Bloomberg, Company, MNCS Research

Exhibit 02. NeutraDC Capacity Pipeline and AI Data Center Roadmap

Project	Capacity	Status / Target	Remarks
Cikarang JKT-1	21.5 MW	Fully operational in 4Q26	Incl. 6 MW added in 4Q26
Batam BTM-1	18 MW	6 MW in 4Q26 → 18 MW in 1Q27	4Q26 service target
Batam Digital Hub	60 MW	Under development	JV: NeutraDC 60%, Singtel-Nxera 35%, Medco Power 5%
Singapore	17.4 MW	90% billed occupancy	Customer ramp-up and Neutra Compute
3SDC Cluster	15.5 MW	Fully operational	Occupancy ~80%
NeutraDC divestment	~70% stake	Binding offer evaluation by end-2026	Market est. USD1.0–1.5 bn for ~70% stake

Sources : Company, Gorilla Technology, MNCS Research

Exhibit 03. TLKM Currently Trades Near -2 STD, Well Below Its 5.4x Mean EV/EBITDA



Sources : Bloomberg, Company, MNCS Research

Exhibit 04. Financial Projections

Income Statement

In Billion IDR	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**149,967**	**146,742**	**151,102**	**153,468**	**156,481**
Opex (Excl. D&A)	(74,333)	(74,445)	(76,816)	(78,288)	(80,140)
EBITDA	**75,634**	**72,297**	**74,286**	**75,180**	**76,341**
D&A	(34,181)	(37,649)	(38,340)	(38,914)	(38,855)
EBIT	**41,453**	**34,648**	**35,946**	**36,266**	**37,487**
Interest Expense	(5,208)	(5,206)	(5,467)	(5,739)	(6,120)
Interest Income	1,367	1,661	1,452	1,654	2,046
Others	3	(1)	(1)	(1)	(1)
Profit Before Tax	**37,615**	**31,102**	**31,930**	**32,181**	**33,412**
Tax Expense	(8,118)	(6,644)	(7,151)	(7,009)	(7,228)
Minority Interest	(7,094)	(6,644)	(6,221)	(5,524)	(5,677)
Net Profit	**22,403**	**17,814**	**18,558**	**19,648**	**20,507**
EPS (IDR)	226.2	179.8	187.3	198.3	207.0

Balance Sheet

In Billion IDR	FY24	FY25	FY26F	FY27F	FY28F
Total Current Assets	**63,080**	**61,766**	**62,481**	**62,425**	**64,332**
Cash and cash equivalents	33,905	34,228	33,041	31,852	32,302
Trade Receivables	12,193	11,223	11,644	12,039	12,362
Inventory	1,096	901	1,167	1,213	1,287
Other Current Assets	15,886	15,414	16,630	17,320	18,381
Total Non-Current Assets	**228,309**	**225,993**	**227,493**	**226,618**	**229,669**
Fixed Assets-net	170,335	165,453	166,101	165,653	167,238
Other Non-Current Assets	57,974	60,540	61,392	60,965	62,431
Total Assets	**291,389**	**287,759**	**289,974**	**289,042**	**294,001**
Total Current Liabilities	**76,767**	**73,948**	**80,946**	**81,211**	**86,162**
Trade Payables	15,336	16,184	16,643	16,243	16,170
Short-term Debt	32,882	30,265	36,168	38,881	42,745
Other current liabilities	28,549	27,499	28,135	26,087	27,247
Total Long-term Liabilities	**60,418**	**63,274**	**65,154**	**66,174**	**67,473**
Long-term Debt	25,518	26,099	26,875	27,295	27,831
Other Long-term liabilities	34,900	37,175	38,280	38,879	39,642
Total Equity	**154,204**	**150,537**	**143,874**	**141,657**	**140,366**
Total Liabilities & Equity	**291,389**	**287,759**	**289,974**	**289,042**	**294,001**

Cash Flow

In Billion IDR	FY24	FY25	FY26F	FY27F	FY28F
Net Profit	22,403	17,814	18,558	19,648	20,507
Depreciation	34,181	37,649	38,340	38,914	38,855
Changes in WC	(4,897)	2,013	(227)	(842)	(470)
Changes in Others	9,913	6,366	4,640	1,786	4,276
Operating CF	**61,600**	**63,842**	**61,311**	**59,506**	**63,167**
Capex	(29,663)	(25,768)	(27,970)	(26,752)	(25,656)
Others	207	(327)	(852)	427	(1,466)
Investing CF	**(29,456)**	**(26,095)**	**(28,822)**	**(26,325)**	**(27,123)**
Dividend	(17,683)	(21,047)	(21,999)	(18,666)	(19,481)
Change in Debt	5,046	(2,142)	6,679	3,133	4,400
Change in Equity	-	(30)	(1,986)	(1,142)	-
Others	(14,609)	(14,205)	(16,370)	(17,695)	(20,513)
Financing CF	**(27,246)**	**(37,424)**	**(33,677)**	**(34,370)**	**(35,595)**
Cash at Beginning	29,007	33,905	34,228	33,041	31,852
Cash at Ending	**33,905**	**34,228**	**33,041**	**31,852**	**32,302**

Ratios

	FY24	FY25	FY26F	FY27F	FY28F
Revenue Growth (%)	0.5	(2.2)	3.0	1.6	2.0
EBIT Growth (%)	(6.6)	(16.4)	3.7	0.9	3.4
Net Income Growth (%)	(8.8)	(20.5)	4.2	5.9	4.4
Current Ratio (x)	0.8	0.8	0.8	0.8	0.7
Quick Ratio (x)	0.6	0.6	0.6	0.5	0.5
Receivables Days	29.7	27.9	28.1	28.6	28.8
Inventory Days	2.7	2.2	2.8	2.9	3.0
Payable Days	75.3	79.3	79.1	75.7	73.6
EV/EBITDA (x)	3.3	3.4	3.3	3.3	3.2
Debt to EBITDA (x)	0.8	0.8	0.8	0.9	0.9
EBIT Margin (%)	27.6	23.6	23.8	23.6	24.0
EBITDA Margin (%)	50.4	49.3	49.2	49.0	48.8
Net Profit Margin (%)	14.9	12.1	12.3	12.8	13.1
ROA (%)	7.8	6.2	6.4	6.8	7.0
ROE (%)	17.1	13.5	14.5	15.8	16.6
BVPS (IDR)	1,351	1,319	1,258	1,247	1,242

Sources : Company, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT :** Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL :** Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT :** Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
- **SELL** : Share price may fall by more than 10% over the next 12 months
- **Not Rated** : Stock is not within regular research coverage

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