

BUY | TP : IDR4,000
TLKM Stock Price Data

Last Price	:	IDR3,570
52wk High	:	IDR3,720
52wk Low	:	IDR2,050
Share Out	:	99,06 bn
Market Cap	:	IDR353,65 tn

TLKM Stock Price Performance

1-Day	:	+1.71%
1-Week	:	-3.51%
1-Month	:	+11.21%
3-Month	:	+14.79%
Year-to-Date	:	+31.73%

Shareholders

Government Indonesia	:	52.1%
Public	:	47.9%

PT Telkom Indonesia Tbk (TLKM IJ)
Anchoring Long-Term Growth Through Strategic Expansion
Sluggish Demand Continued to Weigh on Topline Momentum

In 9M25, TLKM's net profit declined to IDR15.8 tn (-10.7% YoY), pressured by weaker topline performance amid a slight drop in mobile subscribers to 157.6 mn (-0.5% YoY) and lower ARPU of IDR42.4k (-4.7% YoY). Revenue declined to IDR109.6 tn (-2.3% YoY), dropped by contraction in Data, Internet & IT Services (-4.6% YoY) and softer household spending. SMS, fixed, and voice services remained under structural pressure, falling 15.0% YoY as migration to OTT accelerated.

Multi-Engine Strategic to Strengthen Telkom's Long-Term Performance

TLKM is projected to enter a stronger phase of structural expansion, supported by value unlocking initiatives with potential total fixed asset value of around IDR100–150 tn. Structured execution is expected to enhance EPS and open room for valuation re-rating.

- TLKM executed a fiber asset spin-off worth IDR35.8 tn to TIF, positioning it as a pure infrastructure entity, while TLKM focuses on connectivity and digital services. The process will occur in 2 phases: 1st phase ~50% of assets targeted for completion in 4Q25, and 2nd phase in 1H26 for full implementation on Jul-26, with the potential entry of a strategic partner in 2H26. In the initial phase, TIF will control 56% of TLKM's network, managing ~179k km of backbone and ~500k km of access network.
- Data center, cloud, and IT services have begun to serve as new growth contributors for TLKM, supported by faster digital infrastructure monetization. NeutraDC's utilization stands ~89%, with combined utilization across NeutraDC, neuCentriX, and Telin ~77%. TLKM operates 44 MW of capacity and 2,451 racks across 35 data centers. To capture rising AI related demand, TLKM introduced Neutra Connect and Neutra Compute, while the development of hyperscale data center in Batam and Cikarang is underway to support future domestic capacity expansion.
- TLKM also plans to streamline its corporate structure from 62 entities to 22 focused on B2C, B2B infrastructure, and international operations. This consolidation is expected to reduce costs, sharpen strategic focus, and provide clearer segment valuation, though short term restructuring expenses may arise during the transition.
- TLKM is also conducting a buyback program worth IDR3 tn (May-25 – May-26) using internal cash. Post-buyback, EPS is expected to rise by 5.5%/8.6% in FY26F/FY27F, improving capital efficiency.
- We forecast revenue growth of 3.8%/3.9% for FY26F/FY27F, supported by higher ARPU of IDR51.7k/53.2k (+2.7%/+2.9% YoY) and a 1.0% increase in mobile data users. Net profit is projected to rise to IDR23.4/25.5 tn (+8.7%/+8.6% YoY), with NIM stable at 15.2%/15.9%, reflecting effective operational strategies.

Valuation and Recommendation: BUY with a higher TP of IDR4,000

We maintain our **BUY** recommendation with a higher TP of IDR4,000 (Upside ~10%), implying FY25E/FY26F EV/EBITDA of 5.5x/5.3x, which remains attractive vs sector valuations. **Key risks** include: 1) project execution delays, 2) digital competition intensity, and 3) regulatory and government policy risks.


Research Analyst

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	FY22	FY23	FY24	FY25E	FY26F
Revenue (IDR bn)	147,306	149,216	149,967	148,314	153,876
EBITDA (IDR bn)	72,836	77,047	75,634	71,413	74,752
Net Income (IDR bn)	20,753	24,560	23,649	21,565	23,447
EPS (IDR)	209	248	239	218	230
BVS (IDR)	1,305	1,370	1,434	1,466	1,472
EV/EBITDA (x)	5.4	5.1	5.2	5.5	5.3
ROA (%)	7.5	8.7	8.1	7.2	7.7
ROE (%)	16.5	18.5	17.0	15.0	15.9

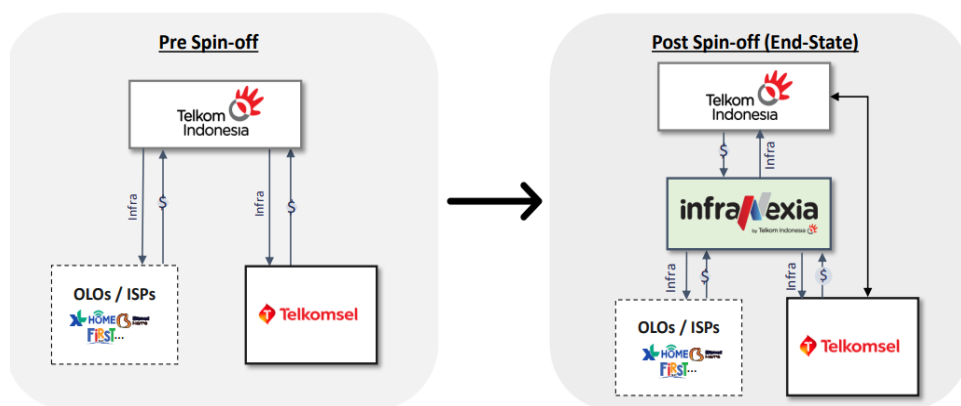
Sources : Company, MNCS

Exhibit 01. 9M25 Financial Results

IDR bn	3Q24	2Q25	3Q25	% QoQ	% YoY	9M24	9M25	% YoY	% MNCS	% Cons
Revenue	36,927	36,365	36,613	0.7%	-0.9%	112,219	109,617	-2.3%	73.9%	73.7%
Opex	(26,112)	(26,952)	(27,341)	1.4%	4.7%	(79,769)	(80,444)	0.8%		
EBIT	10,815	9,413	9,272	-1.5%	-14.3%	32,450	29,173	-10.1%	72.8%	71.6%
EBIT Margin	29.3%	25.9%	25.3%			28.9%	26.6%			
EBITDA	18,832	17,558	18,139	3.3%	-3.7%	56,700	54,240	-4.3%	76.0%	73.2%
EBITDA Margin	51.0%	48.3%	49.5%			50.5%	49.5%			
Profit Before Tax	9,694	8,547	8,285	-3.1%	-14.5%	29,617	26,422	-10.8%		
Net Profit	5,914	5,165	4,809	-6.9%	-18.7%	17,675	15,784	-10.7%	73.2%	71.0%
Net Profit Margin	16.0%	14.2%	13.1%			15.8%	14.4%			

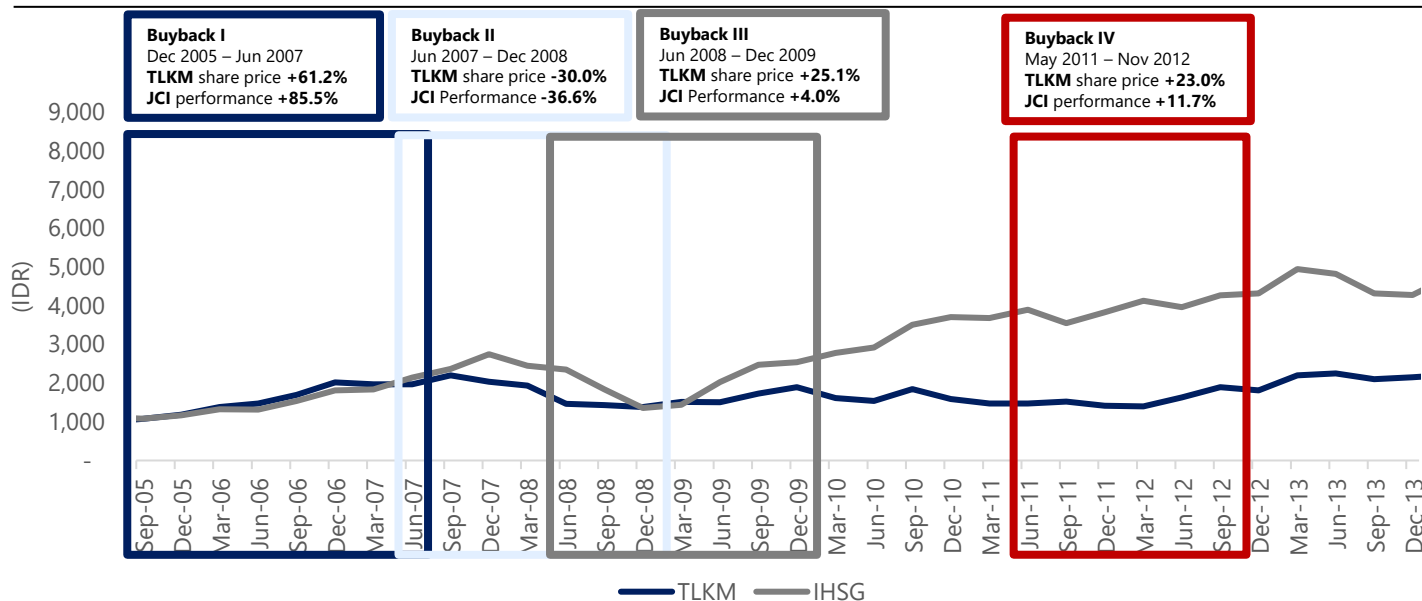
Sources : Bloomberg, Company, MNCS Research

Exhibit 02. Visualizing a Clear Blueprint of the Spin-Off Infrastructure Flow



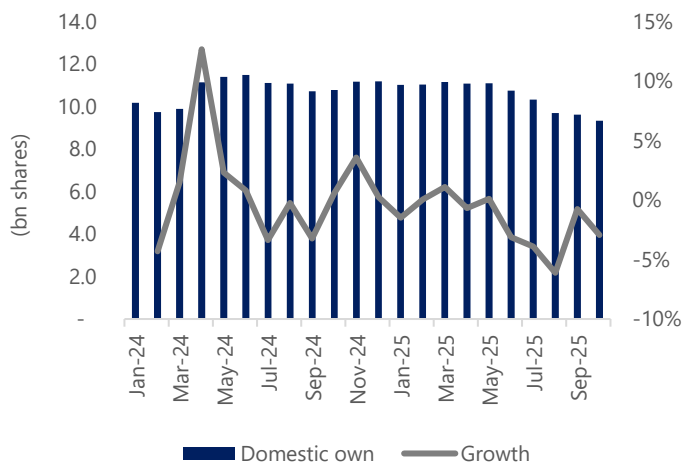
Sources : Company

Exhibit 03. TLKM's Market Reaction vs IHSG Performance Across Buyback Cycles



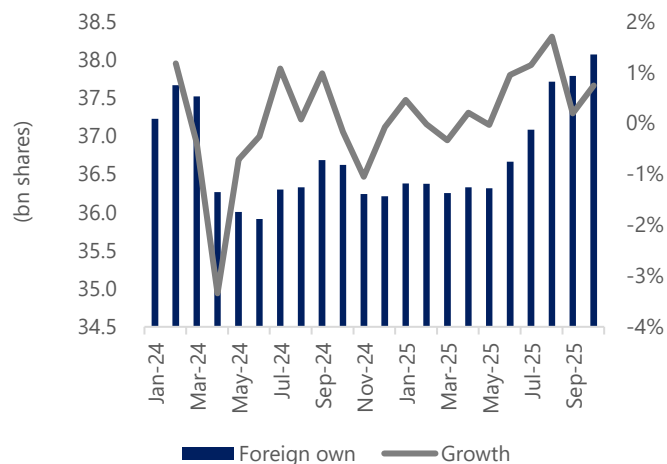
Sources : Company, MNCS Research

Exhibit 04. TLKM's Domestic Ownership



Sources : KSEI, MNCS Research

Exhibit 05. TLKM's Foreign Ownership



Sources : KSEI, MNCS Research

Exhibit 06. Earnings Revision and Change

IDR bn	FY25E			FY26F		
	Revised	Old	Change	Revised	Old	Change
Revenue	148,314	151,645	-2.2%	153,876	155,798	-1.2%
Operating Profit	40,097	44,259	-9.4%	42,847	48,582	-11.8%
EBITDA	71,413	73,100	-2.3%	74,752	75,813	-1.4%
Net Profit	21,565	24,535	-12.1%	23,447	27,366	-14.3%
OPM	27.0%	29.2%	-2.2%	27.8%	31.2%	-3.3%
EBITDAM	48.1%	48.2%	-0.1%	48.6%	48.7%	-0.1%
NPM	14.5%	16.2%	-1.6%	15.2%	17.6%	-2.3%

Sources : MNCS Research

Exhibit 07. Financial Projections

Income Statement						Balance Sheet					
In Billion IDR	FY22	FY23	FY24	FY25E	FY26F	In Billion IDR	FY22	FY23	FY24	FY25E	FY26F
Revenue	147,306	149,216	149,967	148,314	153,876	Total Current Assets	55,057	55,613	63,080	64,616	68,071
Operating Expenses	(74,470)	(72,169)	(74,333)	(76,901)	(79,124)	Cash and cash equivalents	31,947	29,007	33,905	34,616	36,870
EBIT	39,581	44,384	42,991	40,097	42,847	Trade Receivables	8,634	10,667	12,193	11,652	11,816
EBITDA	72,836	77,047	75,634	71,413	74,752	Inventory	1,144	997	1,096	1,044	1,205
Interest Expense	(4,033)	(4,652)	(5,208)	(5,004)	(5,057)	Other Current Assets	13,332	14,942	15,886	17,304	18,181
Interest Income	878	1,061	1,367	978	1,067	Total Non-Current Assets	220,135	231,429	236,595	237,416	242,192
Profit Before Tax	36,339	40,794	39,153	36,074	38,860	Fixed Assets-net	173,329	180,755	180,566	181,011	182,537
Tax Expense	(8,659)	(8,586)	(8,410)	(7,298)	(7,868)	Other Non-Current Assets	46,806	50,674	56,029	56,405	59,655
Minority Interest	(6,927)	(7,648)	(7,094)	(7,211)	(7,544)	Total Assets	275,192	287,042	299,675	302,032	310,263
Net Profit	20,753	24,560	23,649	21,565	23,447	Total Current Liabilities	70,388	71,568	76,767	78,017	79,290
EPS (Full Amount)	209	248	239	218	230	Trade Payables	18,457	18,608	15,336	18,017	17,465
						Short-term Debt	8,191	9,650	11,525	10,914	11,694
						Other current liabilities	43,740	43,310	49,906	49,086	50,132
						Total Long-term Liabilities	55,542	58,912	60,418	58,075	59,592
						Long-term Debt	27,331	27,773	25,518	25,237	26,183
						Other Long-term liabilities	28,211	31,139	34,900	32,839	33,409
						Total Equity	149,262	156,562	162,490	165,940	171,381
						Total Liabilities & Equity	275,192	287,042	299,675	302,032	310,263

Cash Flow						Ratios					
In Billion IDR	FY22	FY23	FY24	FY25E	FY26F		FY22	FY23	FY24	FY25E	FY26F
Net Profit	39,581	44,384	42,991	40,097	42,847	Revenue Growth (%)	2.9	1.3	0.5	(1.1)	3.8
Depreciation	33,255	32,663	32,643	31,316	31,905	EBIT Growth (%)	(16.8)	12.1	(3.1)	(6.7)	6.9
Changes in WC	814	(4,784)	(5,359)	2,562	(2,008)	Net Profit Growth (%)	(16.2)	18.3	(3.7)	(8.8)	8.7
Changes in Others	(35,686)	(45,794)	(41,672)	(42,247)	(43,634)						
Operating CF	37,964	26,469	28,603	31,728	29,111	Receivable Days (x)	21.4	26.1	29.7	28.7	28.0
Capex	(34,156)	(32,968)	(24,449)	(27,236)	(28,946)	Inventory Days (x)	2.8	2.4	2.7	2.6	2.9
Others	15,602	12,509	10,104	16,313	15,777	Payable Days (x)	90.5	94.1	75.3	85.5	80.6
Investing CF	(18,554)	(20,459)	(14,345)	(10,923)	(13,168)	EV to EBITDA (x)	5.4	5.1	5.2	5.5	5.3
Dividend	(14,856)	(16,603)	(17,683)	(16,174)	(17,585)	Debt to EBITDA (x)	1.7	1.7	1.8	1.9	1.9
Change in Debt	(9,347)	3,969	5,126	(917)	2,747	Quick Ratio (%)	0.8	0.8	0.8	0.8	0.9
Change in Equity	-	-	(401)	-	-	Current Ratio (%)	0.6	0.6	0.6	0.6	0.6
Others	(1,571)	3,684	3,598	(3,003)	1,150	EBIT Margin (%)	26.9	29.7	28.7	27.0	27.8
Financing CF	(25,774)	(8,950)	(9,360)	(20,093)	(13,688)	EBITDA Margin (%)	49.4	51.6	50.4	48.1	48.6
Cash at Beginning	38,311	31,947	29,007	33,905	34,616	Net Profit Margin (%)	14.1	16.5	15.8	14.5	15.2
Cash at Ending	31,947	29,007	33,905	34,616	36,870	BVPS (IDR)	1,305	1,370	1,434	1,466	1,472

Sources : Company, MNCS

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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