



Sukarno Alatas

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Stock Rate

Industry

Buy
Overweight

TP 12M
vs. Last Price

IDR 3,200
+25%

Stock Data

Ticker Code
Sub Sector
Sector

TLKM
Telecommunications
Infrastructures

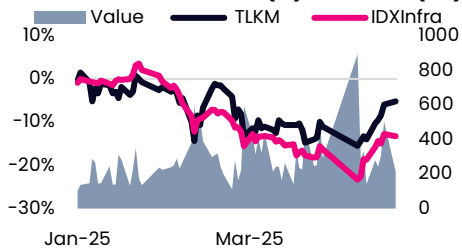
Market Cap (IDR.Tn)
Shares Issued (Bn)
AVG 3M Turnover (Bn)

254.59
99.06
302.84

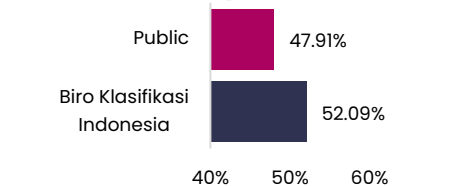
Price (IDR)



Price Performance, YTD(%), Turnover(Bn)



Shareholders Composition



ESG Rating

Environmental 2.17
Social 4.26
Governance 4.73

PT Telkom Indonesia (Persero) Tbk (TLKM)

Steady Revenue, Margin Pressure, Growth Backed by Telkomsel

Telkom 2024: Moderate Revenue Growth, Telkomsel as the Main Driver. In 2024, TLKM recorded consolidated revenue growth to IDR 150.0 trillion or +0.5% y/y, despite EBITDA declining by 3.9% y/y to IDR 75 trillion with a margin of 50% (vs 52% in FY2023), and net profit reaching IDR 23.6 trillion or -3.7% y/y, in line with the decrease in net profit margin to 15.8%. In the fourth quarter (4Q24), revenue grew +2.2% q/q / -1% y/y and net profit increased by 1% q/q / +18% y/y, supported by Unrealized Gain in Fair Value of Investment and Net Gain from Foreign Exchange. Meanwhile, EBITDA declined -2% q/q / rose +2% y/y, with a margin of 50% (vs 47% in 4Q23). On the other hand, Telkomsel recorded revenue growth of 10.7% y/y, mainly driven by the acceleration of the IndiHome B2C business, which surged 101.2% y/y to IDR 26.6 trillion, along with the contribution of digital business, which accounted for 30.3% of total mobile revenue. Although ARPU declined to IDR 44,400 or -6.6% y/y, the 2.0% q/q recovery in 4Q24 reflects the effectiveness of pricing strategies and the shift to postpaid, with the B2C subscriber base also growing by 10.6% y/y to 9.6 million.

In FY24, Telkomsel demonstrated stable operational performance with its mobile subscriber count remaining steady at 159,389 thousand (+0.03% y/y and +0.6% q/q), reflecting a stable customer base. IndiHome B2C experienced significant growth of +10.6% y/y to 9,612 thousand subscribers, with a 2.5% q/q increase, indicating the success of its expansion strategy. Despite a decrease in Mobile ARPU by 6.6% y/y to IDR 44.4 thousand, there was a recovery of 2.0% q/q, while IndiHome ARPU also saw a decline of 6.0% y/y and 0.8% q/q. Network infrastructure was strengthened with an increase in the number of BTS by 9.5% y/y and 0.7% q/q, reaching 271,040 units. On the other hand, data traffic (Data Payload) grew rapidly by 13.9% y/y and 6.5% q/q, reflecting increased data consumption by customers.

For FY25F, we project revenue to reach IDR 152.8 trillion, or +1.9% y/y (vs 2026F at IDR 156 trillion / +2.2% y/y), in line with the company's single-digit growth target. Meanwhile, net profit is expected to reach IDR 24.7 trillion, or +4.2% y/y, with a margin of 16%. EPS is projected to grow by +5.5% y/y, assuming the buyback is executed and impacts the total number of shares outstanding.

Key Takeaways

- Revenue Grows, Profitability Under Pressure:** Revenue increased by +0.5% y/y, but EBITDA and net profit decreased by 3.9% and 5.5% respectively.
- Telkomsel Drives Growth:** Telkomsel's revenue rose by 10.7% y/y, supported by a surge in IndiHome B2C and digital contributions.
- Stable Operations, Increased Data Traffic:** Customer numbers remained stable, IndiHome B2C experienced growth, the number of BTS increased, and data traffic rose by 13.9% y/y.
- TLKM plans to conduct a share buyback** with a total value of IDR 3 trillion, during the period from May 28, 2025, to May 27, 2026.
- FY24 dividend is estimated at IDR 167.1 per share** (Assumption DPR at 70%) and potential dividend yield of 6.5% (based on last price at 2,570).

RECOMMENDATION "BUY"

Based on blended valuation (EV/EBITDA & DCF) and future prospects, we calculate the fair value of TLKM for a 12-month target at IDR 3,200 per share. This price reflects a P/E of 12.7x, EV/EBITDA of 4.5x and a PBV of 2.10x. The last price (IDR 2,570) is traded at an estimated PE of 13.5x (vs. AVG peers of 11x) and an estimated PBV of 1.7x (vs. AVG peers of 1.34x). *Downside risks: Pressure on ARPU, intense competition, high capital expenditures, technological changes, and government regulations and interventions.*

Financial Highlight

End 31 Dec	2022A	2023A	2024A	2025F	2026F	2027F
Revenue (IDR Tn)	147.3	149.2	150.0	152.8	156.1	160.0
Net Profit (IDR Tn)	20.8	24.6	23.6	24.7	25.3	26.6
EPS (IDR Full)	209	248	239	252	259	271
EBITDA Margin	49%	52%	50%	51%	51%	51%
NPM	14.1%	16.5%	15.8%	16.1%	16.2%	16.6%
ROE	14%	16%	15%	14%	14%	14%
Dividen yield	5.0%	3.4%	5.6%	5.2%	5.5%	5.7%
P/E (x)	14.22	19.64	11.35	12.70	12.37	11.79
P/BV (x)	2.28	3.55	1.89	2.10	2.00	1.90
EV/EBITDA (x)	4.47	6.75	4.10	4.53	4.23	4.19

Source : KSI Research & Bloomberg



Financial Exhibits

Result FY2024

	2023A	2024A	y/y	4Q23	3Q24	4Q24	q/q	y/y
Data, Internet & IT Service	87,440	90,533	4%	24,073	22,453	22,625	1%	-6%
IndiHome	28,785	26,262	-9%	7,000	6,654	6,636	0%	-5%
SMS, Fixed & Cellular Voice	12,473	10,544	-15%	1,658	2,667	2,652	-1%	60%
Interconnection	9,067	9,187	1%	2,440	2,029	2,312	14%	-5%
Network & Other Telco Services	11,451	13,441	17%	2,807	124	3,523	2741%	26%
Revenue	149,216	149,967	0.5%	37,978	36,927	37,748	2%	-1%
Operating profit	44,384	42,991	-3.1%	9,397	11,029	10,380	-6%	10%
EBITDA	77,047	75,634	-1.8%	17,979	19,150	18,773	-2%	4%
Net income	24,560	23,649	-3.7%	5,061	5,914	5,974	1%	18%
Liabilities	130,480	137,185	5%	130,480	130,783	137,185	5%	5%
Equity	156,562	162,490	4%	156,562	154,351	162,490	5%	4%
Total Asset	287,042	299,675	4%	287,042	285,134	299,675	5%	4%
OPM %	30%	29%	-1%	25%	30%	27%	-2%	3%
NPM %	16%	16%	-1%	13%	16%	16%	0%	2%
EBITDA %	52%	50%	-1%	47%	52%	50%	-2%	2%
ROE (%)	16%	15%	-1%					
ROA (%)	9%	8%	-1%					

Source : KSI Research & Bloomberg

Operational Performance

	2023A	2024A	y/y	4Q23	3Q24	4Q24	q/q	y/y
Mobile Customer Base	159,340	159,389	0.0%	159,340	158,416	159,389	0.6%	0.0%
IndiHome B2C (Tho)	8,694	9,612	10.6%	8,694	9,376	9,612	3%	11%
ARPU Mobile (IDR Tho)	48	44	-6.5%	47	43	44	2%	-5%
ARPU IndiHome (IDR Tho)	253	238	-6.0%	249	235	233	-1%	-6%
BTS on Air (units)	247,472	271,040	9.5%	247,472	269,066	271,040	1%	10%
Data Payload (TB)	17,901,034	20,386,475	13.9%	4,646,549	5,148,965	5,483,851	7%	18%

Source : KSI Research & Company

Telkom's revenue growth in FY24 (+0.5% YoY) was primarily driven by the Data, Digital Content, and B2B segments. IndiHome, as a legacy business line, experienced a decline due to reclassification, while voice and SMS services continued to weaken. The company's digital transformation and convergence strategies have started to show positive results in several segments.

Corporate action :

TLKM plans to conduct a share buyback with a total value of IDR 3 trillion (including related costs), during the period from May 28, 2025, to May 27, 2026. This action could serve as a moderately positive sentiment. We assume that a buyback at an average price of IDR 2,500 or 2,600 would result in approximately 1.20 billion or 1.15 billion shares being repurchased, respectively. As a result, the total number of shares used to calculate EPS and dividend distribution would decrease to 97.87 or 97.91 billion shares from the current 99.06 billion shares. This could lead to a slightly higher EPS and DPS, although the impact may not be significant.



Valuation

We assign a "Buy" rating for TLKM. We calculate the fair value of TLKM using blended valuation methods (EV/EBITDA & DCF). We obtained a result that the fair value of TLKM is IDR 3,200 (rounded). EV/EBITDA and DCF weights are at 40% and 60% respectively. The current fair value implements a P/E ratio of 17x, a PBV of 2x and EV/EBITDA 4.8x. The valuation uses a perpetuity growth rate of 1.0%, with a beta of 1.10. The risk-free rate (RF) is assumed at 6.99%, and the risk premium (RP) is 7.44%, resulting in a cost of equity of 15.17%. The cost of debt is estimated at 7.37%, leading to a Weighted Average Cost of Capital (WACC) of 12.84%.

Fair Value

Multiple Valuation	Base Amount	Target Multiple	Value (Bn)	Weight (%)	The Value of the firm
EV/Ebitda	78,160	5.0x	390,799	40%	156,320
DCF	487,881	1.0x	487,881	60%	292,729

Total Value (Bn)	449,048
Share (Bn)	97.87
Margin of safety	30%
Target Price (IDR)	3,200
Last Price (21 April)	IDR 2,570
Potential Upside (%)	25%

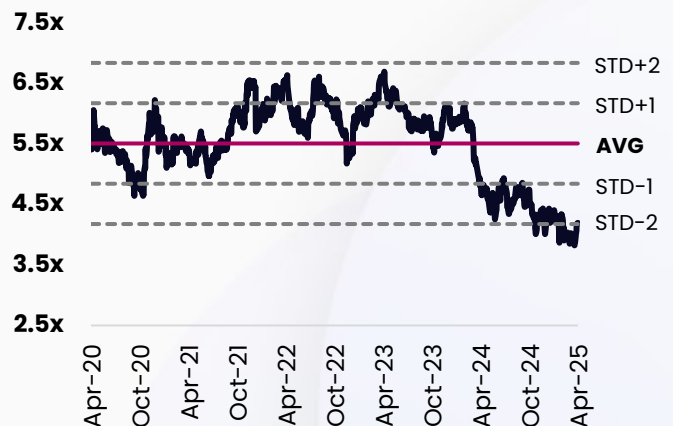
Source : KSI Research

Historical PBV 5Y (Below AVG)



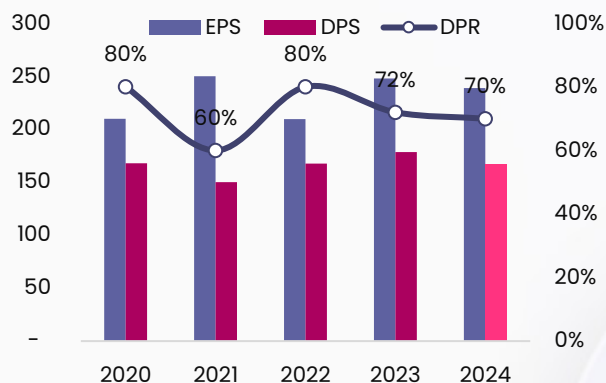
Source : KSI Research & Bloomberg

Historical EV/EBITDA 5Y (Below AVG)



Source : KSI Research & Bloomberg

Historical DPR & DPS



Source : KSI Research & Bloomberg

EPS FY24	Last Price	Assumption DPR (%)							
239	2,570	60%	65%	70%	75%	80%	85%	90%	
Dividend yield		5.6%	6.0%	6.5%	7.0%	7.4%	7.9%	8.4%	

TLKM is expected to distribute dividends at a ratio of 72% of FY23 performance. The company has generated EPS of IDR 239 per share. FY24 dividend is estimated at IDR 167.1 per share (DPR at 70%) and potential dividend yield of 6.5% (based on last price at 2,570).

Based on the past six years, the dividend cum-date has typically been scheduled in June and May, occurring three times in total.

The upcoming AGM is scheduled for May 27, 2025.



Financial Exhibits

Year-end 31 Dec (IDR Bn)	2022A	2023A	2024A	2025F	2026F	2027F
Revenue	147,306	149,216	149,967	152,786	156,134	159,982
Gross profit	70,427	70,472	69,242	71,916	73,492	75,303
Operating profit	39,581	44,384	42,991	44,903	45,802	46,921
EBITDA	72,836	77,047	75,634	78,160	79,787	81,744
Income before tax	36,339	40,794	39,153	40,601	41,643	43,473
Tax expenses	8,659	8,586	8,410	8,721	8,945	9,338
Minority interests	6,927.0	7,648.0	7,094.0	7,227.3	7,385.7	7,567.7
Net income	20,753	24,560	23,649	24,653	25,313	26,568
EPS (Full IDR)	209	248	239	252	259	271
Balance sheet						
Year-end 31 Dec (IDR Bn)	2022A	2023A	2024A	2025F	2026F	2027F
Cash and equivalents	32,882	30,428	35,022	32,475	51,333	47,534
Account receivables	8,634	10,667	12,193	12,485	12,758	13,073
Unbilled Revenues	3,128	3,357	3,583	3,444	3,519	3,606
Inventories	1,144	997	1,096	1,052	1,075	1,101
Fixed assets	193,665	203,339	207,476	224,203	239,316	252,830
Other assets	35,739	38,254	40,305	39,857	40,731	41,734
Total assets	275,192	287,042	299,675	313,516	348,732	359,878
S-T liabilities	21,974	25,501	32,882	28,544	29,873	31,235
Other S-T liabilities	48,414	46,067	43,885	49,642	73,500	72,850
L-T liabilities	41,067	42,623	43,986	44,954	45,405	45,785
Other L-T liabilities	14,475	16,289	16,432	17,940	18,843	19,791
Total liabilities	125,930	130,480	137,185	141,081	167,620	169,660
Equity	149,262	156,562	162,490	172,435	181,111	190,217
BVPS (Full IDR)	1,305	1,370	1,434	1,527	1,604	1,684
Cash Flows Statement						
Year-end 31 Dec (IDR Bn)	2022A	2023A	2024A	2025F	2026F	2027F
Net Income	20,753	24,560	23,649	24,653	25,313	26,568
Depreciation	26,817	31,915	32,831	33,448	34,181	35,023
Change in working capital	(1,661)	4,970	5,003	(5,311)	(23,324)	1,263
Others	(44,282)	(63,275)	(59,157)	(51,886)	(11,531)	(62,772)
Operating cash flow	1,627	(1,830)	2,326	905	24,639	82
Capital expenditure	(16,164)	(23,999)	(13,655)	(20,102)	(20,543)	(21,049)
Others	811	(2,097)	(857)	870	(439)	(504)
Investing cash flow	(4,228)	(11,294)	(5,166)	(16,011)	(15,735)	(14,230)
Dividend paid	(16,603)	(17,683)	(16,554)	(17,257)	(17,719)	(18,597)
Net change in debt	(5,678)	1,556	1,363	968	451	381
Others	19,032	26,797	22,625	28,849	27,222	28,564
Financing cash flow	(3,249)	10,670	7,434	12,560	9,954	10,348
Effect of Foreign Exc. Rates	-	-	-	-	-	-
Change in cash	(5,850)	(2,454)	4,594	(2,547)	18,858	(3,800)
Beginning cash flow	38,732	32,882	30,428	35,022	32,475	51,333
Ending cash flow	32,882	30,428	35,022	32,475	51,333	47,534

Source : KSI Research & Bloomberg



Financial Ratio

Key Ratios	2022A	2023A	2024A	2025F	2026F	2027F
Revenue Growth (%)	3%	1%	0.5%	1.9%	2.2%	2.5%
Gross Profit Growth (%)	3%	0%	-1.7%	3.9%	2.2%	2.5%
Operating Profit Growth (%)	-17%	12%	-3.1%	4.4%	2.0%	2.4%
EBITDA Growth (%)	-8%	6%	-1.8%	3.3%	2.1%	2.5%
Net Profit Growth (%)	-16%	18%	-3.7%	4.2%	2.7%	5.0%
EPS Growth (%)	-16%	18%	-3.7%	5.5%	2.7%	5.0%
EBITDA margin (%)	49%	52%	50%	51%	51%	51%
EBIT margin (%)	27%	30%	29%	29%	29%	29%
Pretax margin (%)	25%	27%	26%	27%	27%	27%
Net margin (%)	14%	16%	15.8%	16.1%	16%	17%
ROE (%)	14%	16%	15%	14%	14%	14%
ROA (%)	8%	9%	8%	8%	7%	7%
Current ratio (x)	0.78x	0.78x	0.82x	0.78x	0.78x	0.74x
Quick ratio (x)	0.77x	0.76x	0.81x	0.77x	0.77x	0.73x
Interest Bearing Debt to equity (x)	0.42x	0.44x	0.47x	0.43x	0.42x	0.41x
DER (x)	0.84x	0.83x	0.84x	0.82x	0.94x	0.91x
DAR (x)	0.46x	0.45x	0.46x	0.45x	0.48x	0.48x
Interest Coverage (x)	19.45x	16.67x	14.31x	13.21x	14.17x	14.26x
Receivables turnover (x)	17	15	13	12	12	12
Receivables (days)	21	24	28	29	30	29
Cash Ratio	47%	43%	46%	42%	50%	46%
Sustainable Growth (%)	3%	4%	4%	4%	4%	4%
Earning Yield (%)	7.0%	5.1%	7.5%	7.9%	8.1%	8.5%
Dividend Yield (%)	5.0%	3.4%	5.6%	5.2%	5.5%	5.7%
PE (x)	14.2x	19.6x	13.4x	12.7x	12.4x	11.8x
PBV (x)	2.28x	3.55x	2.23x	2.10x	2.00x	1.90x
P/Sales (x)	2.00x	3.23x	2.11x	2.05x	2.01x	1.96x
EV/Ebitda (x)	4.47x	6.75x	4.74x	4.53x	4.23x	4.19x

Source : KSI Research & Bloomberg



Kiwoom Sekuritas Guide to Sector/Industry/Stock Ratings

Sector/Industry

- OVERWEIGHT : Sector & Industry Outlook has potential and good condition
- NEUTRAL : Sector & Industry Outlook Stable or tend to be stagnant
- UNDERWEIGHT : Sector & Industry Outlook has challenges and bad condition

Stock

- | | | |
|--------------|-------------------------------------------------|---------------------------------------------|
| BUY | : Stock Performance > +15% | Over the next 12 month (excluding dividend) |
| TRADING BUY | : Stock Performance, range between +5% to +15% | Minor to Medium Term |
| HOLD | : Stock Performance, range between -10% to +15% | Over the next 12 month (excluding dividend) |
| SELL | : Stock Performance > -15% | Over the next 12 month (excluding dividend) |
| TRADING SELL | : Stock Performance, range between -5% to -15% | Minor to Medium Term |
| NOT RATED | : Stock is not within regular research coverage | Over the next 12 month (excluding dividend) |



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diawasi oleh :  OTORITAS
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