



PT Telkom Indonesia (Persero) Tbk (TLKM)

Telkom Indonesia: Soft Margins, Fiber Spin-off as Re-Rating Catalyst

Published on 14 November 2025



Sukarno Alatas

Senior Equity Analyst
sukarno@kiwoom.co.id

Stock Rate
Industry **Overweight**

TP 12M vs. Last Price **IDR 4,000 +14%**

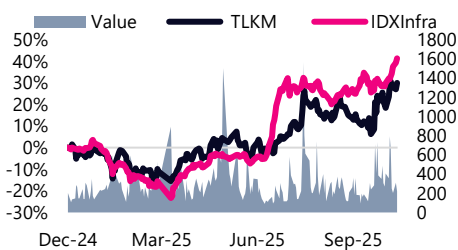
Stock Data
Ticker Code **TLKM**
Sub Sector **Telecommunications**
Sector **Infrastructures**

Market Cap (IDR.Tn) **342.53**
Shares Issued (Bn) **99.06**
AVG 3M Turnover (Bn) **337.00**

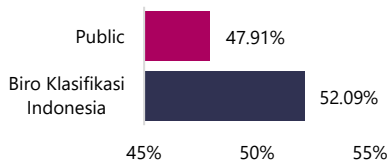
Price (IDR)



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



Shareholders Composition



ESG Rating

Environmental **2.27**
Social **4.22**
Governance **5.31**

TLKM 9M25: Soft Revenue, Margins Still Under Pressure. In 9M25, TLKM booked consolidated revenue of IDR 109.6 trillion, down -2.3% y/y (vs 9M24 IDR 112.2 trillion). The Data, Internet & IT Services segment fell -4.6% y/y, while IndiHome grew modestly +0.5% y/y, weighed down by lower ARPU (IDR 217K, -9.4% y/y) and intense competition. Legacy services (SMS, Fixed & Cellular Voice) continued to contract (-15% y/y), partly offset by growth in Interconnection (+3.4% y/y) and Network & Other Telco Services (+13.6% y/y). **Operating profit dropped -10.6% y/y to IDR 29 trillion**, and EBITDA declined -4.6% y/y to IDR 54.1 trillion, reflecting margin compression from cost pressures and weaker mix. Net profit fell -10.7% y/y to IDR 15.7 trillion, with OPM 26%, NPM 14.4%, and EBITDA margin 49.4% (all down from last year). On a quarterly basis, 3Q25 revenue inched up +0.7% q/q to IDR 36.6 trillion, while net profit slipped -6.9% q/q, indicating persistent profitability pressure.

Telkomsel & IndiHome: ARPU Erosion, Slower Growth. The mobile subscriber base was steady at 157.6 million (-0.5% y/y), while IndiHome B2C subscribers rose +9.4% y/y to 10.3 million. However, ARPU continued to decline amid slower broadband monetization and competitive pricing. **Operational Performance: Data Growth, Network Expansion.** BTS on Air increased +7.1% y/y to 288,295 units, supporting rising data usage. Data payload jumped +17.2% y/y and +3% q/q to 17.47 million TB, underscoring strong demand for connectivity. Despite this, margins remain under strain due to legacy declines, higher opex, and tight competition across core segments.

Telkom Fiber Spin-off: Unlocking Infrastructure Value, Preparing for IPO. TelkomGroup will transfer about 56% of its fiber network assets, including 83,000 km of backbone and 500,000 km of access fiber, to its new subsidiary PT Telkom Infrastruktur Indonesia (TIF). The plan has obtained regulatory approval and will be proposed at the EGM on December 12, 2025. This initiative marks the first phase of Telkom's strategic holding transformation, positioning TIF to independently manage and monetize fiber assets while paving the way for greater efficiency and a potential IPO.

Key Takeaways

- **Soft topline, margin pressure persists:** Revenue slipped -2.3% y/y to IDR 109.6T, with EBITDA margin down to 49.4% amid rising costs and weaker segment mix.
- **Core services losing momentum:** Data & IT Services fell -4.6% y/y, while IndiHome growth slowed (+0.5% y/y) due to ARPU decline and tight competition.
- **Data demand remains strong:** Data payload rose +17.2% y/y, supported by +7.1% BTS growth, signaling sustained network usage despite profitability headwinds.
- **Fiber spin-off as growth catalyst:** The transfer of 56% of fiber assets into PT Telkom Infrastruktur Indonesia (TIF) paves the way for infrastructure monetization and potential re-rating post-IPO.

RECOMMENDATION "HOLD"

We upgrade our target price for TLKM at IDR 4,000 per share (Prev. IDR 3,200), based on a blended valuation approach using EV/EBITDA and DCF methods, and supported by the company's long-term prospects and potential. This target implies a forward P/E of 11.7x, EV/EBITDA of 4.5x, and PBV of 2.5x. At the current price of IDR 3,500, the stock is trading at an estimated P/E of 10x (vs. peers' average of 16x) and a PBV of 2.15x (vs. peers' average of 1.75x). *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	151.5	157.3	162.2
Net Profit (IDR Tn)	20.8	24.6	23.6	24.2	33.5	27.4
EPS (IDR Full amount)	209	248	239	248	343	280
EBITDA Margin	49%	52%	50%	51%	58%	51%
NPM	14.1%	16.5%	15.8%	16.0%	21.3%	16.9%
ROE	14%	16%	15%	14%	18%	14%
Dividen yield	5.0%	3.4%	6.6%	4.2%	4.3%	6.0%
Interest Coverage (x)	18.1	16.6	14.5	13.2	16.1	14.3
P/E (x)	14.22	19.64	11.35	16.15	11.67	14.30
P/BV (x)	2.28	3.55	1.89	2.62	2.46	2.34
EV/EBITDA (x)	4.47	6.75	4.10	5.60	4.55	5.02

Source: Company and KSI Research



Financial Exhibits

Result 3Q25 – 9M25

	9M24	9M25	yoy	3Q24	2Q25	3Q25	q/q	y/y
Data, Internet & IT Service	67,908	64,802	-4.6%	22,453	21,152	22,319	6%	-1%
IndiHome	19,626	19,731	0.5%	6,654	6,588	6,480	-2%	-3%
SMS, Fixed & Cellular Voice	7,892	6,708	-15.0%	2,667	2,276	1,862	-18%	-30%
Interconnection	6,875	7,107	3.4%	2,029	2,566	2,145	-16%	6%
Network & Other Telco Services	9,918	11,269	13.6%	3,124	3,783	3,807	1%	22%
Revenue	112,219	109,617	-2.3%	36,927	36,365	36,613	0.7%	-0.9%
Operating profit	32,475	29,036	-10.6%	11,029	9,461	9,166	-3.1%	-16.9%
EBITDA	56,725	54,103	-4.6%	19,150	17,604	18,035	2.4%	-5.8%
Net income	17,675	15,784	-10.7%	5,914	5,165	4,809	-6.9%	-18.7%
EPS (Full IDR)	178	159	-10.7%	60	52	49	-6.9%	-18.7%
Liabilities	137,185	136,885	0%	130,783	145,435	136,885	-6%	5%
Equity	162,490	155,012	-5%	154,351	148,362	155,012	4%	0%
Total Asset	299,675	291,897	-3%	285,134	293,797	291,897	-1%	2%
OPM %	29%	26%	-2%	30%	26%	25%	-1%	-5%
NPM %	15.8%	14.4%	-1%	16%	14%	13%	-1%	-3%
EBITDA %	50.5%	49.4%	-1%	52%	48%	49%	1%	-3%
ROE (%)	15%	14%	-1%	15%	14%	12%	-1.5%	-2.9%
ROA (%)	8%	7%	-1%	8%	7%	7%	-0.4%	-1.7%

Source : KSI Research & Bloomberg

Operational Performance

	9M24	9M25	yoy	3Q24	2Q25	3Q25	q/q	y/y
Mobile Customer Base	158,416	157,587	-0.5%	158,416	158,428	157,587	-0.5%	-0.5%
IndiHome B2C (000)	9,376	10,261	9.4%	9,376	10,061	10,261	2%	9%
ARPU Mobile (Rp 000)	45	42	-4.7%	45	41	43	5%	-4%
ARPU IndiHome (Rp 000)	239	217	-9.4%	243	217	210	-3%	-14%
BTS on Air (units)	269,066	288,295	7.1%	265,904	280,434	288,295	3%	8%
Data Payload (TB)	14,902,623	17,472,811	17.2%	4,929,849	5,937,521	5,757,242	-3%	17%

Source : KSI Research & Company

Telkom Fiber Spin-off: Unlocking Infrastructure Value, Preparing for IPO. TLKM plans to transfer around 56% of its fiber network assets to a new subsidiary, PT Telkom Infrastruktur Indonesia (TIF), covering approximately 83,000 km of terrestrial backbone and 500,000 km of access fiber. The plan has received regulatory approvals and will be proposed for shareholder approval at an Extraordinary General Meeting (EGM) on December 12, 2025.

Telkom Indonesia (TLKM) signed a conditional spin-off agreement with its subsidiary PT Telkom Infrastruktur Indonesia (TIF) worth IDR 35.78 trillion, covering part of its wholesale fiber connectivity business. The move supports Telkom's shift toward a focused digital infrastructure holding while enhancing asset efficiency and value realization. The transfer will occur in two phases : Phase 1 in 4Q25 (over 50% of assets) and Phase 2 in 2H26 (full transfer).

Telkom will retain 99.99% ownership of TIF, ensuring full control while preparing for strategic partnerships and potential monetization. The spin-off is expected to strengthen margins and unlock long-term valuation upside, supported by operational efficiency gains and future IPO prospects from TIF.

Aspect	Key Impact	Explanation
Valuation	Positive (potential re-rating of 5-10%)	The TIF IPO could imply a valuation of around Rp 50-60 trillion; if Telkom divests 20 - 30%, it could raise Rp 12 - 18 trillion in fresh funds.
Financial Performance	Margin improvement	Network cost efficiency and higher infrastructure leasing income are expected to strengthen the group's EBITDA margin.
Cash Flow & Investment	Stronger and more digitally focused	IPO proceeds can be allocated to data centers, cloud, and AI infrastructure, accelerating Telkom's digital transformation.
Business Structure	Lean and strategically focused	Telkom will evolve into a strategic holding company, with operating entities (TIF, Mitratel, Telkomsel, DigiCo) managed independently yet synergistically.
Market Position	Leading national digital infrastructure player	TIF could become a neutral fiber provider, enabling partnerships with other operators and global OTT players.

Source : KSI Research & Company



Valuation

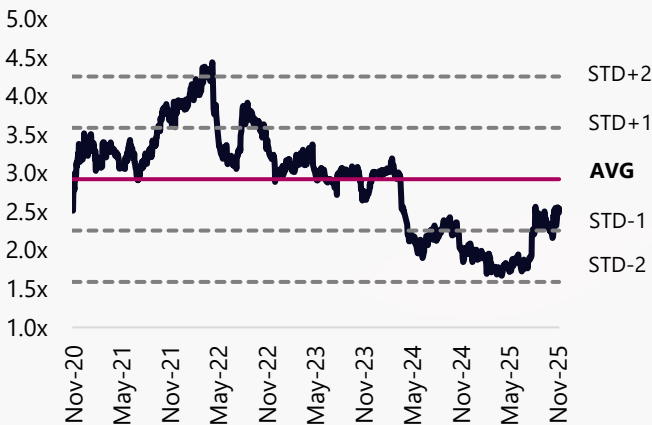
We assign a "HOLD" rating for TLKM. We calculate the fair value of TLKM using blended valuation methods (EV/Ebitda and DCF), with an equal weighting of 40% & 60%. Based on our assessment, we upgrade the fair value target at IDR 4,000 (Prev. IDR 3,200), reflecting a balanced view of TLKM's earnings potential and capital structure. The current fair value implies a P/E ratio of 11.7x and a PBV of 2.46x.

Fair Value

Multiple Valuation	Base Amount	Target Multiple	Value (Bn)	Weight (%)	The Value of the firm
EV/Ebitda	90,595	5.0x	452,973	40%	181,189
DCF	520,188	1.0x	520,188	60%	312,113
Total Value (Bn)					493,302
Share (Bn)					97.87
<i>Margin of safety</i>					20%
Fair Value (IDR)					4,000
Last Price (10 nov.25)					IDR 3,500
Potential Upside (%)					14%

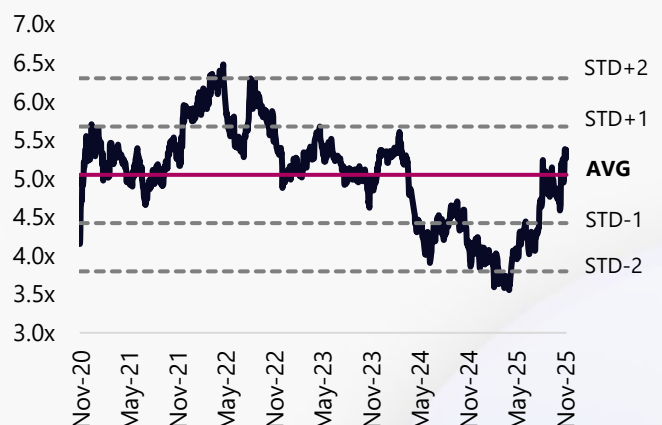
Source : KSI Research

Historical PBV 5Y (Below AVG)



Source : KSI Research & Bloomberg

Historical EV/EBITDA 5Y (Above AVG, Still below STD +1)



Source : KSI Research & Bloomberg



Financial Exhibits

Year-end 31 Dec (IDR Bn)	2022A	2023A	2024A	2025F	2026F	2027F
Revenue	147,306	149,216	149,967	151,523	157,301	162,191
Costs of revenue	76,879	78,744	80,725	80,201	83,259	85,848
Gross profit	70,427	70,472	69,242	71,322	74,041	76,343
Operating profit	39,581	44,384	42,991	44,304	56,355	47,969
EBITDA	72,836	77,047	75,634	77,286	90,595	83,272
Income before tax	36,339	40,794	39,153	40,002	52,199	44,639
Tax expenses	8,659	8,586	8,410	8,592	11,212	9,588
Minority interests	6,927.0	7,648.0	7,094.0	7,167.6	7,440.9	7,672.3
Net income	20,753	24,560	23,649	24,242	33,546	27,378
EPS (Full IDR)	209	248	239	248	343	280

Balance sheet

Year-end 31 Dec (IDR Bn)	2022A	2023A	2024A	2025F	2026F	2027F
Cash and equivalents	32,882	30,428	35,022	32,453	55,101	51,497
Account receivables	8,634	10,667	12,193	12,381	12,854	13,253
Unbilled Revenues	3,128	3,357	3,583	3,416	3,546	3,656
Inventories	1,144	997	1,096	1,043	1,083	1,116
Fixed assets	193,665	203,339	207,476	224,053	239,321	253,098
Other assets	35,739	38,254	40,305	39,528	41,035	42,311
Total assets	275,192	287,042	299,675	312,874	352,939	364,931
S-T liabilities	21,974	25,501	32,882	28,533	29,872	31,253
Other S-T liabilities	48,414	46,067	43,885	49,232	74,049	73,856
L-T liabilities	41,067	42,623	43,986	44,917	46,077	46,498
Other L-T liabilities	14,475	16,289	16,432	17,926	19,122	20,098
Total liabilities	125,930	130,480	137,185	140,608	169,120	171,705
Equity	149,262	156,562	162,490	172,294	183,792	193,176
BVPS (Full IDR)	1,305	1,370	1,434	1,526	1,627	1,710

Cash Flows Statement

Year-end 31 Dec (IDR Bn)	2022A	2023A	2024A	2025F	2026F	2027F
Net Income	20,753	24,560	23,649	24,242	33,546	27,378
Depreciation	26,817	31,915	32,831	33,172	44,436	35,507
Change in working capital	(1,661)	4,970	5,003	(5,102)	(23,897)	972
Others	(44,282)	(63,275)	(59,157)	(51,622)	(28,875)	(63,470)
Operating cash flow	1,627	(1,830)	2,326	690	25,211	388
Capital expenditure	(16,164)	(23,999)	(13,655)	(19,936)	(20,697)	(21,340)
Others	811	(2,097)	(857)	1,036	(757)	(641)
Investing cash flow	(4,228)	(11,294)	(5,166)	(15,627)	(16,342)	(14,686)
Dividend paid	(16,603)	(17,683)	(16,554)	(16,970)	(23,482)	(19,165)
Net change in debt	(5,678)	1,556	1,363	931	1,160	421
Others	19,032	26,797	22,625	28,407	36,101	29,438
Financing cash flow	(3,249)	10,670)	7,434)	12,368)	13,779)	10,694)
Effect of Foreign Exc. Rates	-	-	-	-	-	-
Change in cash	(5,850)	(2,454)	4,594	(2,569)	22,648	(3,604)
Beginning cash flow	38,732	32,882	30,428	35,022	32,453	55,101
Ending cash flow	32,882	30,428	35,022	32,453	55,101	51,497

Source : KSI Research & Bloomberg



Financial Ratio

Key Ratios	2022A	2023A	2024A	2025F	2026F	2027F
Revenue Growth (%)	3%	1%	0.5%	1.0%	3.8%	3.1%
Gross Profit Growth (%)	3%	0%	-1.7%	3.0%	3.8%	3.1%
Operating Profit Growth (%)	-17%	12%	-3.1%	3.1%	27.2%	-14.9%
EBITDA Growth (%)	-8%	6%	-1.8%	2.2%	17.2%	-8.1%
Net Profit Growth (%)	-16%	18%	-3.7%	2.5%	38.4%	-18.4%
EPS Growth (%)	-16%	18%	-3.7%	3.8%	38.4%	-18.4%
EBITDA margin (%)	49%	52%	50%	51%	58%	51%
EBIT margin (%)	27%	30%	29%	29%	36%	30%
Pretax margin (%)	25%	27%	26%	26%	33%	28%
Net margin (%)	14%	16%	15.8%	16.0%	21%	17%
ROE (%)	14%	16%	15%	14%	18%	14%
ROA (%)	8%	9%	8%	8%	10%	8%
Current ratio (x)	0.78x	0.78x	0.82x	0.78x	0.81x	0.78x
Quick ratio (x)	0.77x	0.76x	0.81x	0.77x	0.80x	0.77x
Gearing (%)	0.42	0.44	0.47	0.43	0.41	0.40
Interest Bearing Debt to equity (x)	0.42x	0.44x	0.47x	0.43x	0.41x	0.40x
DER (x)	0.84x	0.83x	0.84x	0.82x	0.92x	0.89x
DAR (x)	0.46x	0.45x	0.46x	0.45x	0.48x	0.47x
Interest Coverage (x)	18.06x	16.56x	14.52x	13.15x	16.13x	14.34x
Receivables turnover (x)	17	15	13	12	12	12
Receivables (days)	21	24	28	30	29	29
Cash Ratio	47%	43%	46%	42%	53%	49%
Sustainable Growth (%)	3%	4%	4%	4%	5%	4%
Earning Yield (%)	7.0%	5.1%	8.8%	6.2%	8.6%	7.0%
Dividend Yield (%)	5.0%	3.4%	6.6%	4.2%	4.3%	6.0%
PE (x) (RHS)	14.2x	19.6x	11.4x	16.1x	11.7x	14.3x
PBV (x)	2.28x	3.55x	1.89x	2.62x	2.46x	2.34x
P/Sales	2.00x	3.23x	1.79x	2.58x	2.49x	2.41x
EV/Ebitda (RHS)	4.47x	6.75x	4.10x	5.60x	4.55x	5.02x

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) |



HEAD OFFICE

Treasury Tower 27th Floor Unit A, District 8 Kawasan SCBD Lot 28,
 Jl.Jend.Sudirman Kav 52-53, Jakarta Selatan 12190
 Tel : (021) 5010 5800
 Fax : (021) 5010 5820
 Email : cs@kiwoom.co.id

PT Kiwoom Sekuritas Indonesia is licensed and supervised by the Financial Services Authority (OJK)

OTHER DISCLOSURES

All Kiwoom's research reports made available to clients are simultaneously available on our own website <http://www.kiwoom.co.id/>. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research reports available on a particular stock, please contact your sales representative. Any data discrepancies in this report could be the result of different calculations and/or adjustments.

DISCLAIMER

This report has been prepared and issued by PT Kiwoom Sekuritas Indonesia. Information has been obtained from sources believed to be reliable but Kiwoom Securities do not warrant its completeness or accuracy. Forward-looking information or statements in this report contain information that is based on forecast of future results, estimates of amounts not yet determinable, assumptions, and therefore involve known and unknown risks and uncertainties which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. To the fullest extent allowed by law, PT Kiwoom Sekuritas Indonesia shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by any person or organization arising from reliance on or use of any information contained on this report. The information that we provide should not be construed in any manner whatsoever as, personalized advice. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person. This report is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.