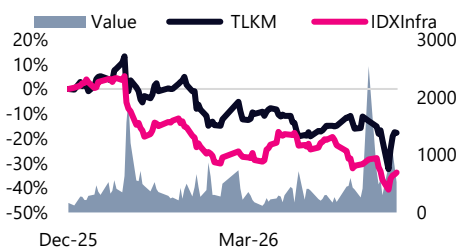
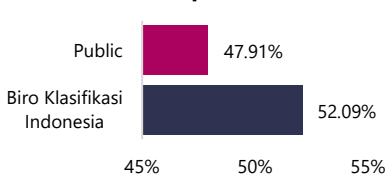




PT Telkom Indonesia (Persero) Tbk (TLKM)

TLKM: Buyback, Divestment, and ARPU Improvement Drive Recovery

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**Sukarno Alatas**Senior Equity Analyst
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Industry**Buy**
NeutralTP 12M
vs. Last Price IDR 3,630
+24%**Stock Data**Ticker Code TLKM
Sub Sector Telecommunications
Sector InfrastructuresMarket Cap (IDR.Tn) 290.25
Shares Issued (Bn) 99.06
AVG 3M Turnover (Bn) 426.10**Price (IDR)****Price Performance, YTD(%), Turnover(Bn)****Shareholders Composition****ESG Rating**Environmental 1.20
Social 4.22
Governance 5.40

TLKM 1Q26: Revenue Resilient, Earnings Recover as Mobile Monetization Improves. TLKM reported 1Q26 revenue of IDR 37.2T (+2.0% y/y; flat q/q), supported by strong growth in Data, Internet & IT Services (+11.0% y/y), which offset weakness in legacy businesses. While EBITDA and EBIT declined 5.0% y/y and 15.0% y/y, respectively, net profit rebounded 114% q/q to IDR 4.3T, indicating improving operational efficiency. On the operational side, Telkom's mobile subscribers fell to 153.7mn (-3.2% y/y) amid SIM consolidation, but Mobile ARPU increased to IDR 45k (+6.4% y/y), reflecting better monetization. Meanwhile, IndiHome B2C subscribers grew to 10.3mn (+4.9% y/y), although ARPU declined to IDR 204k (-9.0% y/y) due to ongoing pricing pressure in the fixed broadband segment.

Rp4T Buyback to Enhance Shareholder Value. TLKM plans to execute a buyback of up to IDR 4 trillion during June 2026-June 2027 using internal cash. The program reflects management's confidence in the company's long-term prospects and is expected to support earnings per share growth, while having a limited impact on financial and operational performance.

AdMedika Divestment Sharpens Core Business Focus. TLKM has completed the divestment of its entire stake in AdMedika as part of its portfolio streamlining strategy. The transaction is expected to unlock value, strengthen focus on core digital businesses, and support Telkom's transformation into a strategic holding company, with no material impact on operations or financials.

FY26F Outlook: Earnings Recovery Ahead. We project FY26F revenue of IDR 150.8 trillion (+2.7% y/y) and net profit of IDR 25.8 trillion (+45.0% y/y), in line with TLKM's guidance. The outlook is supported by continued data monetization, stronger IndiHome contribution, resilient mobile ARPU, broadband expansion, and ongoing efficiency initiatives, which should drive profitability recovery.

Key Takeaways

- **Data & IT Services remained the key growth driver**, supporting revenue growth of 2.0% y/y, while net profit rebounded 114% q/q on improving efficiency despite softer profitability on a y/y basis.
- **Mobile monetization improved**, as Mobile ARPU rose 6.4% y/y despite a decline in subscribers, reflecting better pricing discipline and data monetization.
- **Buyback and divestment support value creation**, with the IDR 4T buyback expected to be EPS-accretive and the AdMedika divestment sharpening TLKM's focus on its core digital businesses.
- **Constructive FY26F Outlook.** Continued data monetization, broadband expansion, and ongoing efficiency initiatives are expected to drive revenue growth of 2.7% y/y and net profit growth of 45.0% y/y in FY26F.

RECOMMENDATION "BUY"

We maintain our target price for TLKM at IDR 3,630 per share, 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 13.8x, EV/EBITDA of 4.4x, and PBV of 2.2x. At the current price of IDR 2,930, the stock is trading at an estimated P/E of 11.11x (vs. peers' average of 14.25x) and a PBV of 1.74x (vs. peers' average of 1.59x). *Downside risks: Pressure on ARPU, intense competition, high capital expenditures, technological changes, and government regulations and interventions.*

Financial Highlight

End 31 Dec	2023A	2024A	2025A	2026F	2027F	2028F
Revenue (IDR Tn)	149.2	150.0	146.7	150.8	155.3	160.2
Net Profit (IDR Tn)	24.6	22.4	17.8	25.8	19.1	20.4
EPS (IDR Full)	248	226	180	264	196	209
EBITDA Margin	52%	50%	49%	56%	49%	50%
NPM	16.5%	14.9%	12.1%	17.1%	12.3%	12.7%
Div. Yield (%)	3.4%	6.6%	4.5%	6.1%	5.8%	4.3%
ROE	16%	14%	12%	16%	11%	12%
P/E (x)	19.6	11.98	19.35	13.77	18.53	17.38
P/BV (x)	3.1	1.65	2.29	2.16	2.10	2.03
EV/EBITDA (x)	6.8	4.10	5.31	4.43	4.69	4.34

Source: Company and KSI Research



Financial Exhibits

Result 1Q26

IDR Bn	Q1-25	Q4-25	Q1-26	y/y	q/q
Data, Internet & IT Service	21,331	25,242	23,646	11%	-6%
IndiHome	6,663	6,388	6,378	-4%	0%
SMS, Fixed & Cellular Voice	2,570	1,427	1,506	-41%	6%
Interconnection	2,396	1,865	2,217	-7%	19%
Network & Other Telco Services	3,679	2,203	3,442	-6%	56%
Revenue	36,639	37,125	37,189	2%	0.2%
Selling, General & Adm. Exp.	1,902	2,490	1,854	-3%	-26%
EBIT	10,409	5,432	8,836	-15%	63%
Finance Cost	1,316	1,175	1,021	-22%	-13%
Pre-Tax Income	9,590	4,680	8,248	-14%	76%
EBITDA	18,464	18,014	17,534	-5%	-3%
Net income	5,810	2,030	4,344	-25%	114%
EPS (Full IDR)	58.650	20.492	43.851	-25%	114%
	Q1-25	Q4-25	Q1-26		
Cash and Cash Equivalents	34,411	34,229	37,550	9%	10%
Short Term Debt	28,397	30,265	26,726	-6%	-12%
Long Term Debt	40,759	44,646	42,009	3%	-6%
Liabilities	129,244	137,222	134,145	4%	-2%
Equity	170,302	150,537	155,810	-9%	4%
Total Asset	299,546	287,759	289,955	-3%	1%
	Q1-25	Q4-25	Q1-26		
OPM %	28.41%	14.63%	23.76%	-5%	9%
NPM %	15.86%	5.47%	11.68%	-4%	6%
EBITDA %	50.39%	48.52%	47.15%	-3%	-1%
ROE (%)	13.6%	5.4%	11.2%	-2%	6%
ROA (%)	7.8%	2.8%	6.0%	-2%	3%
	Q1-25	Q4-25	Q1-26		
Debt to Equity (x)	0.41x	0.50x	0.44x	0.04	(0.06)
DER (x)	0.76x	0.91x	0.86x	0.10	(0.05)
DAR (x)	0.43x	0.48x	0.46x	0.03	(0.01)
ICR (x)	14.03x	15.33x	17.17x	3.14	1.84
Current Ratio (x)	0.89x	0.84x	0.92x	0.04	0.09
Cash Ratio (%)	48%	46%	52%	4%	6%

Source : KSI Research & Bloomberg

Operational Performance

	1Q25	4Q25	1Q26	q/q	y/y
Mobile Customer Base	158,811	159,060	153,672	-3.4%	-3.2%
IndiHome B2C (000)	9,842	10,324	10,327	0.0%	4.9%
ARPU Mobile (Rp 000)	42	45	45	0.2%	6.4%
ARPU IndiHome (Rp 000)	224	204	204	-0.1%	-9.0%
BTS on Air (units)	278,100	293,100	297,300	1.4%	6.9%
Data Payload (TB)	5,832,000	5,832,000	5,770,000	-1.1%	-1.1%

Source : KSI Research & Company



Valuation

We assign a "BUY" rating for TLKM. We calculate the fair value of TLKM using blended valuation methods (DCF & EV/Ebitda), with an equal weighting of 60% & 40%. Based on our assessment, we maintain the target price at IDR 3,630, reflecting a balanced view of TLKM's earnings potential and capital structure. The fair value implies a P/E ratio of 13.77x and a PBV of 2.16x.

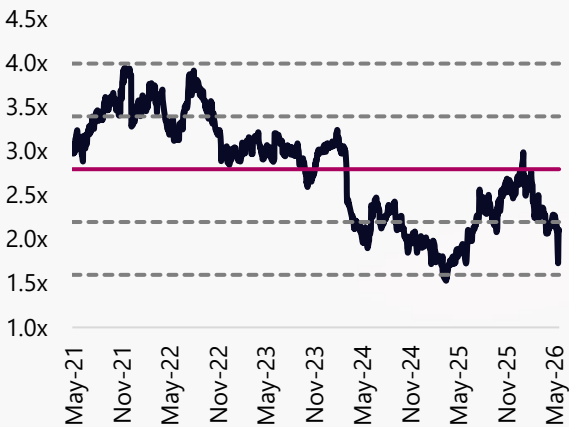
Fair Value

Valuation Method	Base Amount	Target Multiple	Value (Bn)	Weight (%)	The Value of the firm
DCF	423,206	1	423,206	60%	253,924
EV/EBITDA	84,370	5	421,852	40%	168,741

Total Value (Bn)	422,664
Share (Bn)	99.1
<i>Margin of Safety</i>	15%
Target Price	3,630
Last Price (12 Jun.26)	2,930
Potential Upside (%)	24%

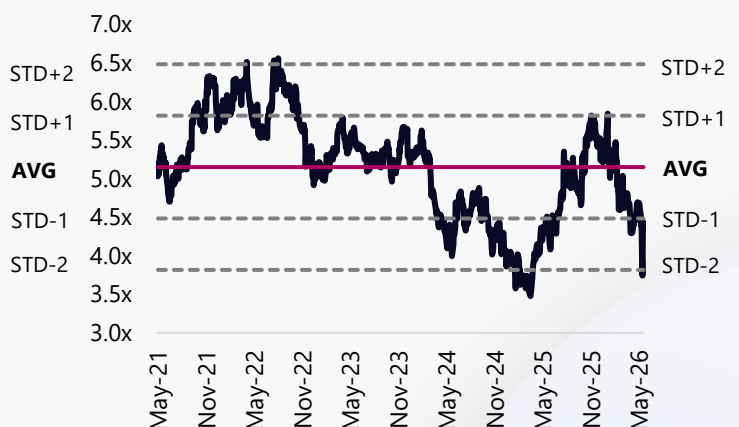
Source : KSI Research

Historical PBV 5Y (Below AVG & STD -1)



Source : KSI Research & Bloomberg

Historical EV/EBITDA 5Y (Below AVG & STD -1)



Source : KSI Research & Bloomberg



Financial Exhibits

End 31 Dec (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Revenue	149,216	149,967	146,742	150,807	155,294	160,249
Costs of revenue	78,744	82,263	85,901	88,280	90,907	93,808
Gross profit	70,472	67,704	60,841	62,526	64,387	66,441
Operating profit	44,384	41,453	34,648	45,679	36,868	38,235
Interest expense	4,652.0	5,208.0	5,206.0	5,109.3	4,951.9	4,682.6
Interest income	1,061.0	1,367.0	1,661.0	885.7	1,054.6	1,072.5
EBITDA	77,047	75,634	72,297	84,370	76,711	79,349
Income before tax	40,794	37,615	31,102	41,456	33,291	35,181
Tax expenses	8,586	8,118	6,644	8,856	7,043	7,397
Minority interests	7,648	7,094	6,644	6,828	7,031	7,256
Net income	24,560	22,403	17,814	25,772	18,897	19,974
EPS (IDR)	247.9	226.2	179.8	263.7	195.9	208.8

Balance sheet

End 31 Dec (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Cash and equivalents	30,428	35,022	35,426	54,951	65,084	76,239
Account receivables	10,667	12,193	11,223	11,534	11,877	12,256
Fixed assets	203,339	207,476	193,414	185,121	175,806	165,490
Other assets	41,611	43,888	46,795	60,799	62,356	64,032
Total assets	287,042	299,675	287,759	313,331	316,077	319,001
S-T liabilities	25,501	32,882	30,265	29,916	28,411	26,744
Other S-T liabilities	46,067	43,885	43,683	44,119	44,677	45,367
L-T liabilities	42,623	43,986	44,646	44,132	41,911	39,452
Other L-T liabilities	16,289	16,432	18,628	30,902	31,822	32,837
Total liabilities	130,480	137,185	137,222	149,070	146,822	144,400
Equity	156,562	162,490	150,537	164,261	169,256	174,602
BVPS (IDR)	1,580	1,640	1,520	1,681	1,732	1,787

Cash Flows Statement

End 31 Dec (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Net Income	24,560	22,403	17,814	25,772	19,148	20,410
Depreciation	14,325	9,518	31,979	32,422	34,161	35,956
Change in working capital	(40,715)	(29,595)	(50,894)	(67,143)	(55,309)	(58,506)
Operating cash flow	(1,830)	2,326	(1,101)	(8,948)	(2,000)	(2,140)
Capital expenditure	(23,999)	(13,655)	(17,917)	(24,129)	(24,847)	(25,640)
Others	12,705	8,489	28,519	27,119	33,286	35,033
Investing cash flow	(11,294)	(5,166)	10,602	2,990	8,439	9,393
Dividend paid	(17,683)	(15,682)	(21,911)	(20,618)	(15,319)	(16,328)
Net change in debt	1,556	962	660	(514)	(2,221)	(2,459)
Others	26,797	22,154	12,154	46,616	21,233	22,689
Financing cash flow	10,670	7,434	(9,097)	25,484	3,694	3,902
Effect of Foreign Exc. Rates	-	-	-	-	-	-
Change in cash	(2,454)	4,594	404	19,525	10,133	11,155
Beginning cash flow	32,882	30,428	35,022	35,426	54,951	65,084
Ending cash flow	30,428	35,022	35,426	54,951	65,084	76,239

Source : KSI Research & Bloomberg



Financial Ratio

Key Ratios	2023A	2024A	2025A	2026F	2027F	2028F
Revenue Growth (%)	1%	-2%	-2%	3%	3%	3%
Gross Profit Growth (%)	0%	-4%	-10%	3%	3%	3%
Operating Profit Growth (%)	12%	-7%	-16%	32%	-19%	4%
EBITDA Growth (%)	6%	-2%	-4%	17%	-9%	3%
Net Profit Growth (%)	18%	-9%	-20%	45%	-26%	7%
EPS Growth (%)	18%	-9%	-20%	47%	-26%	7%
Gross margin (%)	47%	45%	41%	41%	41%	41%
EBITDA margin (%)	52%	50%	49%	56%	49%	50%
EBIT margin (%)	30%	28%	24%	30%	24%	24%
Pretax margin (%)	27%	25%	21%	27%	21%	22%
Net margin (%)	16%	15%	12%	17%	12%	13%
ROE (%)	16%	14%	12%	16%	11%	12%
ROA (%)	9%	7%	6%	8%	6%	6%
Current ratio (x)	0.8x	0.8x	0.8x	1.2x	1.4x	1.6x
Quick ratio (x)	0.8x	0.8x	0.8x	1.2x	1.4x	1.6x
LT D/Equity (x)	0.27x	0.27x	0.30x	0.27x	0.25x	0.23x
DER (x)	0.83x	0.84x	0.91x	0.91x	0.87x	0.83x
DAR (x)	0.45x	0.46x	0.48x	0.48x	0.46x	0.45x
Interest Coverage (x)	10x	8x	7x	9x	7x	8x
Receivables turnover (x)	15.5	13.1	12.5	13.3	13.3	13.3
Receivables (days)	24	28	29	28	28	27
Cash Ratio	43%	46%	48%	74%	89%	106%
Sustainable Growth (%)	16%	14%	12%	16%	11%	12%
Earning Yield (%)	5%	8%	5%	7%	5%	6%
Dividend Yield (%)	3.44%	6.59%	4.55%	6.09%	5.81%	4.32%
PE (x)	19.6x	12.0x	19.4x	13.8x	18.5x	17.4x
PBV (x)	3.1x	1.7x	2.3x	2.2x	2.1x	2.0x
P/Sales (x)	3.2x	1.8x	2.3x	2.4x	2.3x	2.2x
EV/Ebitda (x)	6.8x	4.1x	5.3x	4.4x	4.7x	4.3x

Source : KSI Research & Bloomberg



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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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