

9M25 miss, but B2B and IndiHome cushion the decline

4 November 2025



Sector	Telecomm.
Price at 31 October 2025 (IDR)	3,210
Price target (IDR)	3,500
Upside/Downside (%)	10.0

Stock Information

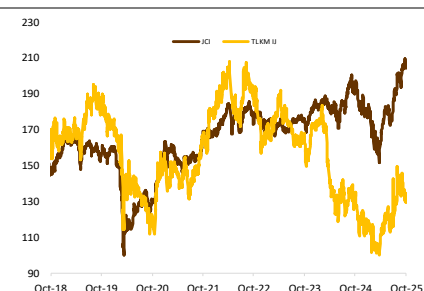
Telekomunikasi Indonesia is the largest telecommunication company in Indonesia, covering over 90% of Indonesian population. The company is largely owned by state and operates through various subsidiaries, ranging from telecommunication to property.

Market cap (IDR bn)	317,983
Shares outstanding (mn)	99,062
52-week range (IDR)	2,050-3,490
3M average daily vol. ('000)	124,109
3M average daily val. (IDR mn)	304,291

Shareholders (%)

Government of Indonesia	52.0
Public	48.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	6.64	5.94	14.64

Analyst

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TLKM's 9M25 performance missed both our and consensus estimates, arriving within a range of 70.3%-73.3%. Although revenue fell 2.3% yoy in 9M25, we project only a marginal 0.1% decline for '25F, supported by the resilience of its B2B and IndiHome segments. Maintain our BUY call with a target price of IDR3,500, based on a 4.5x '25F EV/EBITDA (-0.5SD 7yrs-historical mean).

Margins squeezed despite efficiency improvements in 9M25

Revenue fell 2.3% yoy to IDR109.6 tn in 9M25, though 3Q25 saw a modest 0.7% qoq uptick, reflecting early benefits from TLKM's market repair initiatives such as product simplification and yield optimization in the mobile segment. Telkomsel's revenue dropped 4.5% yoy, pressured by subscriber losses and lower IndiHome ARPU, despite a 17.2% yoy increase in data usage to 17,473PB, highlighting persistent competitive pressure. IndiHome's 9.4% yoy subscriber growth was insufficient to offset the broader revenue softness. While cash costs declined 0.7% yoy on improved efficiency and scale benefits, the 9M25 EBITDA margin narrowed to 49.6%, dragged by higher O&M & interconnection costs.

Minor forecast revision as B2B and IndiHome remain resilient

9M25 data payload was inline with expectations at 76.8% of our full-year projection. Nonetheless, we remain cautious given sustained competitive pressures in both the MBB and FBB segments, leading to a 0.8% downward revision to our '25F revenue forecast for TLKM to IDR149.8 tn. Despite these headwinds, low FBB penetration and IndiHome's strong urban footprint continue to support monetization, as reflected in IndiHome's subscriber growth of 9.4% yoy and 2.0% qoq in 9M25 and 3Q25, respectively.

The B2B segment maintained robust momentum, growing 13.6% yoy in 9M25 to IDR11.3 tn (+0.6% qoq in 3Q25), outpacing B2C data growth. We project Telkomsel's revenue to increase 2.2% yoy to IDR115.8 tn in '25F, supported by an 11.6% rise in data usage to 22,752PB. Driven by a 15.5% increase in subscribers to 11.1mn, inline with management's push to deepen FMC adoption, we forecast IndiHome B2C revenue at IDR26.3 tn, equivalent to 75.1% of our full-year estimate in 9M25.

Although TLKM's revenue declined 2.3% yoy in 9M25, we expect only a marginal 0.1% decrease for full-year '25F, supported by 4.0% B2B growth to IDR14.0 tn, consistent with the company's focus on expanding enterprise penetration. While B2B currently contributes 10.3% of total revenue, it is set to become a key growth driver amid market saturation in MBB and FBB.

Continued cost optimization should limit cash cost growth to 1.1% yoy to IDR75.8 tn (9M25: -0.7% yoy), with O&M costs rising 3.9% yoy to IDR42.8 tn (4-year average: 4.5%). These efforts are expected to sustain a full-year EBITDA margin of 49.4%. Interest expenses remain manageable, tracking at 74.5% of our full-year forecast of IDR5.4 tn. We project '25F net profit at IDR21.8 tn, a modest 2.9% downward revision from our previous estimate, implying a net margin of 14.5%, slightly above 9M25's 14.4%.

Reiterate BUY with TP of IDR3,500

Maintain our BUY call with a target price of IDR3,500, based on 4.5x '25F EV/EBITDA (-0.5SD of 7yrs EV/EBITDA mean). TLKM currently trades at 4.2x EV/EBITDA, implying a 15.3% discount to its 7yrs mean.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue (Rp)	149,216	149,967	149,776	155,345	160,131
EBITDA (Rp)	77,579	75,029	74,002	77,227	80,170
Net profit (Rp)	24,560	23,649	21,787	22,675	23,663
Core EPS	253	233	216	224	234
ROA (%)	8.7	8.1	7.1	7.1	7.2
PER (x)	12.9	13.4	14.6	14.0	13.4
PBV (x)	2.0	2.0	1.8	1.8	1.7
EV/EBITDA (x)	4.5	4.7	4.7	4.6	4.4
Div. yield (%)	5.2	5.6	5.5	5.7	6.0

Source: Company, KBVS Research

Exhibit 2: Financial Summary

TLKM's 9M25 results (IDR bn)	9M25	9M24	YoY (%)	3Q25	3Q24	YoY (%)	2Q25	QoQ (%)	2025F	% to 25F	Cons'	% of Cons'
Revenue	109,617	112,219	(2.3)	36,613	36,927	(0.9)	36,365	0.7	150,930	72.6%	149,645	73.3%
Costs	(80,444)	(79,768)	0.8	(27,341)	(26,111)	4.7	(26,952)	1.4				
EBIT	29,173	32,451	(10.1)	9,272	10,816	(14.3)	9,413	(1.5)				
EBITDA	54,388	56,628	(4.0)	18,287	18,760	(2.5)	17,869	2.3	75,116	72.4%	74,961	72.6%
Other income (exp.)	(2,751)	(2,833)	(2.9)	(987)	(1,121)	(12.0)	(866)	14.0				
Pre-tax income	26,422	29,618	(10.8)	8,285	9,695	(14.5)	8,547	(3.1)				
Taxes	(5,827)	(6,596)	(11.7)	(1,816)	(2,097)	(13.4)	(2,018)	(10.0)				
Net Income	15,784	17,676	(10.7)	4,809	5,915	(18.7)	5,165	(6.9)	22,448	70.3%	22,802	69.2%
Margins (%)												
EBIT margin	26.6	28.9		25.3	29.3		25.9					
EBITDA margin	49.6	50.5		49.9	50.8		49.1					
Net margin	14.4	15.8		13.1	16.0		14.2					
Operational KPI												
Telkomsel's number of subs	157,587	158,416	(0.5)	157,587	158,416	(0.5)	158,428	(0.5)				
Telkomsel's ARPU	42	45	(4.7)	43	43	0.7	41	5.3				
Telkomsel's data payload (PB)	17,472,811	14,902,623	17.2	5,757,242	5,148,965	11.8	5,937,521	(3.0)				
Data yields (IDR/MB)	3.2	3.9	(18.2)	3.4	3.7	(8.8)	3.1	11.2				
Indihome B2C number of subs	10,261	9,376	9.4	10,261	9,376	9.4	10,061	2.0				
Indihome ARPU	217	239	(9.4)	217	239	(9.4)	217	(0.1)				
Avg. data usage/subs	12.3	10.5	17.9	12.2	10.8	12.4	12.5	(2.5)				

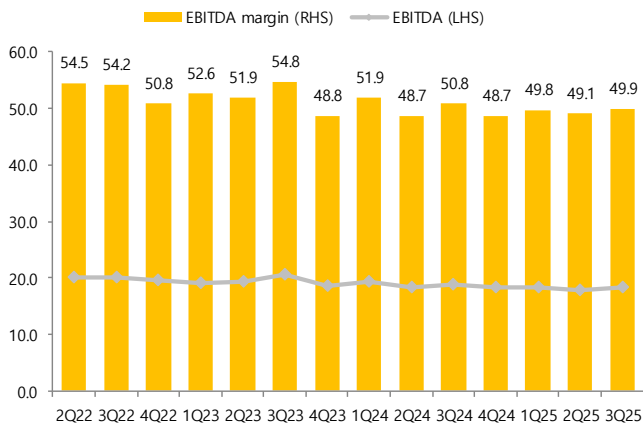
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	149,776	155,345	150,930	156,621	-0.8	-0.8	149,645	153,913	0.1	0.9
EBITDA	74,002	77,227	75,116	78,475	-1.5	-1.6	74,961	77,287	-1.3	-0.1
Net profit	21,787	22,675	22,448	23,397	-2.9	-3.1	22,802	23,982	-4.5	-5.4

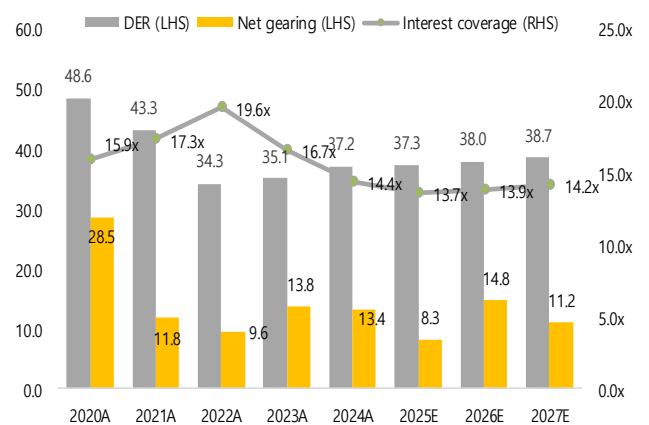
Source: Company, Bloomberg, KBVS Research

Exhibit 4: TLKM's EBITDA margin



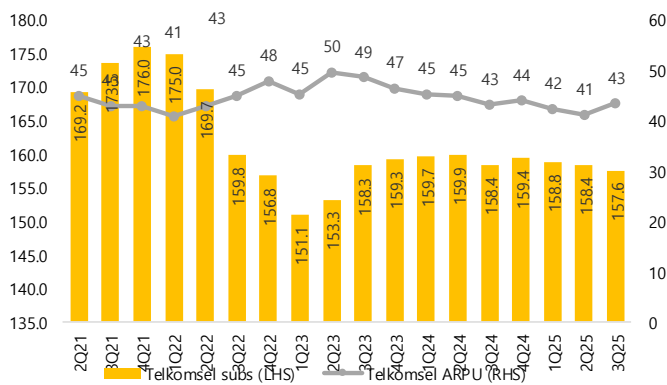
Source: Company, KBVS Research

Exhibit 5: Leverage ratio remains manageable



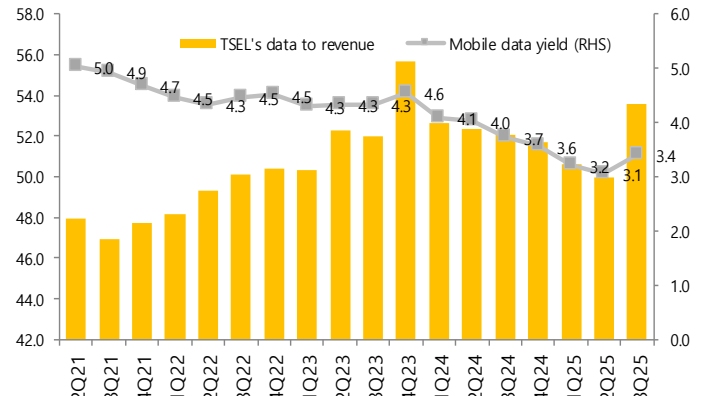
Source: Company, KBVS Research

Exhibit 6: Telkomsel ARPU and subs growth



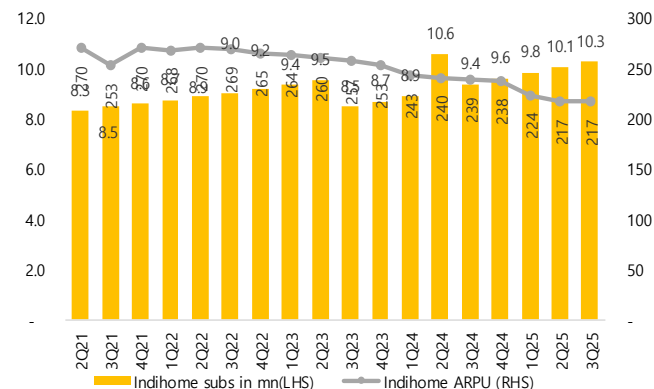
Source: Company, KBVS Research

Exhibit 7: Telkomsel mobile data yield



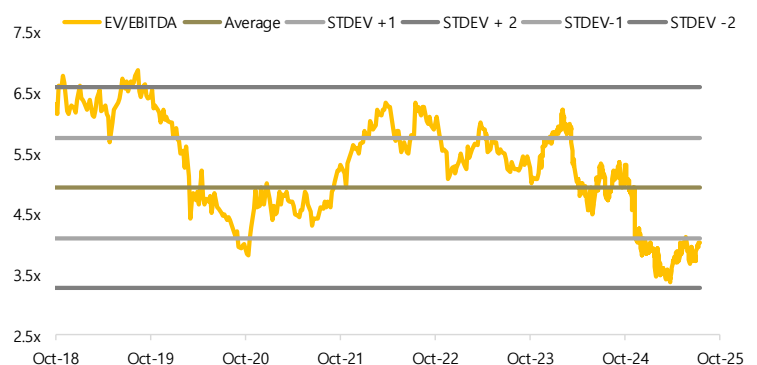
Source: Company, KBVS Research

Exhibit 8: Indihome subs grow while ARPU decreases



Source: Company, KBVS Research

Exhibit 9: EV/EBITDA currently trades below its 7yrs average



Source: Company, Bloomberg

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	149,776	155,345	160,131
Costs	(104,832)	(106,976)	(109,103)	(113,392)	(116,900)
Operating profit	44,384	42,991	40,672	41,953	43,231
EBITDA	77,579	75,029	74,002	77,227	80,170
Other income/net	(3,590)	(3,838)	(3,974)	(3,955)	(3,833)
Pretax profit	40,794	39,153	36,699	37,998	39,398
Income tax	(8,586)	(8,410)	(8,367)	(8,550)	(8,864)
After tax profit	32,208	30,743	28,331	29,448	30,533
Non-controlling shareholders	7,648	7,094	6,545	6,773	6,870
Net profit	24,560	23,649	21,787	22,675	23,663

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	29,007	33,905	42,635	35,113	42,930
Trade receivables	10,667	12,193	5,852	12,864	6,429
Other current assets	15,939	16,982	17,680	18,678	19,262
Total current assets	55,613	63,080	66,167	66,655	68,621
Non current assets					
Fixed assets	180,755	180,566	189,530	198,827	208,075
Other non current assets (*)	50,674	56,029	56,850	58,457	60,004
Total non current assets	231,429	236,595	246,380	257,284	268,079
Total assets	287,042	299,675	312,546	323,939	336,700
Current liabilities					
Trade payables	18,608	15,336	15,018	15,153	16,070
Taxes payable	4,525	3,293	3,359	4,350	5,633
Accrued expenses	13,079	14,192	13,612	14,147	14,585
Short term debts	25,501	32,882	34,781	36,383	38,061
Other current liabilities	9,855	11,064	9,811	10,095	10,346
Total current liabilities	71,568	76,767	76,580	80,128	84,695
Non current liabilities					
Long term debts	42,623	43,986	44,810	46,690	48,654
Other non current liabilities (*)	16,289	16,432	15,997	16,394	16,819
Total non-current liabilities	58,912	60,418	60,807	63,084	65,472
Minority interests	20,818	20,396	28,582	29,491	30,438
Shareholder equity	156,562	162,490	175,159	180,727	186,532
Total liabilities and equity	287,042	299,675	312,546	323,939	336,700

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	24,560	23,649	21,787	22,675	23,663
Depreciation	12,643	12,792	13,159	13,981	14,683
Changes in working capital	(5,843)	(4,751)	3,557	(6,065)	8,740
CF from operating activities	31,360	31,690	38,503	30,591	47,086
Investment in fixed assets	(22,418)	(15,109)	(24,634)	(25,741)	(26,476)
Others	(1,519)	(2,849)	1,690	855	998
CF from investing activities	(23,937)	(17,958)	(22,944)	(24,886)	(25,478)
Dividends paid	(16,603)	(17,683)	(17,429)	(18,140)	(18,931)
Debt raised/ repaid	4,641	10,999	1,447	2,143	2,235
Others	1,603	(2,150)	9,152	2,770	2,903
CF from financing activities	(10,359)	(8,834)	(6,830)	(13,227)	(13,792)
Change in cash flow	(2,936)	4,898	8,730	(7,521)	7,816
Cash and cash equivalent, beginning	31,943	29,007	33,905	42,635	35,113
Cash and cash equivalent, ending	29,007	33,905	42,635	35,113	42,930

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Operating profit margin	29.7	28.7	27.2	27.0	27.0
EBITDA margin	52.0	50.0	49.4	49.7	50.1
Net profit margin	16.5	15.8	14.5	14.6	14.8
Receivables turnover (x)	15.46	13.12	16.60	16.60	16.60
Inventory turnover (x)	97.9	102.2	108.0	108.0	108.0
Payable turnover (x)	5.7	6.3	7.2	7.5	7.5
ROA	8.7	8.1	7.1	7.1	7.2
ROE	16.1	14.8	12.9	12.7	12.9
ROIC	14.0	12.8	11.9	11.4	11.8
Debt/Equity	0.5	0.5	0.5	0.5	0.6
Net debt/Equity	0.3	0.3	0.3	0.3	0.3
Net debt/EBITDA	0.9	1.0	1.1	1.1	1.1
Interest coverage (x)	16.7	14.4	13.7	13.9	14.2
BV/Share (Rp)	1,370.3	1,434.4	1,479.7	1,526.7	1,575.8
Dividend yield	5.2	5.6	5.5	5.7	6.0

Source: Company, KBVS Research

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