

Subdued 1H25; B2B and IndiHome support outlook

5 August 2025



| | |
|------------------------------|-----------|
| Sector | Telecomm. |
| Price at 4 August 2025 (IDR) | 3,030 |
| Price target (IDR) | 3,400 |
| Upside/Downside (%) | 12.2 |

Stock Information

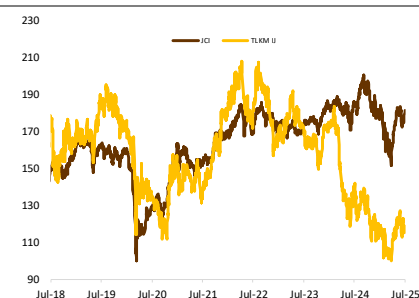
Telekomunikasi Indonesia is the largest telecommunication company in Indonesia, covering over 90% of Indonesian population. The company is largely owned by state and operates through various subsidiaries, ranging from telecommunication to property.

| | |
|--------------------------------|-------------|
| Market cap (IDR bn) | 291,146 |
| Shares outstanding (mn) | 99,062 |
| 52-week range (IDR) | 2,050-3,190 |
| 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 | 9.51 | 7.46 | 1.05 |

Analyst

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TLKM's 1H25 performance missed both our and consensus estimates, arriving within a range of 46.1%-48.1%. Revenue fell 3.0% yoy in 1H25, but full-year growth is projected at 0.6%, supported by cost-controls that limit opex growth to 1.2% and maintain a 49.8% EBITDA margin. Maintain our BUY call with a target price of IDR3,300, based on a 4.4x '25F EV/EBITDA (-1.0SD 7yrs-historical mean), while currently trading at 4.0x EV/EBITDA, representing 24.7% disc. to its 7yrs mean.

Margins under pressure despite efficiency gains in 1H25

TLKM's revenue declined 3.0% yoy to IDR73.0 tn in 1H25, with 2Q25 revenue down 0.7% qoq, reflecting a high-base in 1Q25 due to festive seasonality. Telkomsel's revenue dropped 5.8% yoy, pressured by a decline in subscribers and lower IndiHome ARPU, despite a 20.1% yoy increase in data-usage to 11,716PB (1.5% above our forecast). IndiHome's 10.0% yoy subscriber growth was not enough to offset the revenue weakness. Although cash-costs fell 1.4% yoy on the back of improved efficiency and scale, TLKM's 1H25 EBITDA margin narrowed to 49.5%, dragged by higher O&M and interconnection expenses.

Minor revision to '25 forecast; B2B and IndiHome remain resilient

1H25 data-payload was inline with our expectations at 51.5% of the full-year projection. However, we remain cautious due to persistent competitive pressures in both the MBB and FBB segments, prompting a slight downward revision to our '25F revenue forecast for TLKM by 0.6% to IDR150.9 tn. Despite these headwinds, low FBB penetration and IndiHome's strong urban presence continue to drive monetization, as reflected in IndiHome's 10.0% yoy and 2.2% qoq subscriber growth in 1H25 and 2Q25, respectively.

The B2B segment grew robustly by 9.8% yoy in 1H25 to IDR7.5 tn (+2.8% qoq in 2Q25), outpacing B2C data growth. We forecast Telkomsel revenue to rise 3.2% yoy to IDR117.0 tn in '25F, supported by an 11.6% increase in data-usage to 22,752PB. Meanwhile, IndiHome B2C revenue is projected to grow 3.1% to IDR27.4 tn, driven by a 15.5% increase in subscribers to 11.1mn, inline with management's push to strengthen FMC adoption.

Although TLKM's revenue declined 3.0% yoy in 1H25, we expect a 0.6% increase for full-year '25F, supported by 4.0% growth in the B2B segment to IDR14.0 tn, consistent with the company's focus on expanding B2B penetration. While B2B currently contributes just 10.2% of revenue, it is poised to become a key growth driver amid saturation in the MBB and FBB markets.

Continuous efforts to optimize cost-structures are expected to limit opex growth to 1.2% yoy to IDR75.8 tn (1H25: -1.4% yoy; past 3-year average: 3.6%), with O&M costs rising 3.9% yoy to IDR42.8 tn (4-year average: 4.5%). These measures should support a full-year EBITDA margin of 49.8%. Interest expenses remain manageable and on-track to meet our full-year estimate of IDR5.4 tn. We project '25F net profit to reach IDR22.4 tn, a minor 2.3% downward revision from our previous forecast.

Reiterate BUY with TP of IDR3,400

Maintain our BUY call with a target price of IDR3,400 based on 4.4x '25F EV/EBITDA (-1.0SD of 7yrs EV/EBITDA mean). TLKM is currently trading at 4.0x EV/EBITDA, representing a 24.7% 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 | 150,930 | 156,621 | 161,477 |
| EBITDA (Rp) | 77,579 | 75,029 | 75,116 | 78,475 | 81,475 |
| Net profit (Rp) | 24,560 | 23,649 | 22,448 | 23,397 | 24,416 |
| Core EPS | 253 | 233 | 222 | 232 | 242 |
| ROA (%) | 8.7 | 8.1 | 7.3 | 7.3 | 7.4 |
| PER (x) | 12.2 | 12.7 | 13.2 | 12.6 | 12.1 |
| PBV (x) | 1.9 | 1.8 | 1.7 | 1.6 | 1.6 |
| EV/EBITDA (x) | 4.3 | 4.5 | 4.3 | 4.3 | 4.1 |
| Div. yield (%) | 5.5 | 5.9 | 6.1 | 6.3 | 6.6 |

Source: Company, KBVS Research

Exhibit 2: Financial Summary

| TLKM's 1H25 results (IDR bn) | 1H25 | 1H24 | YoY (%) | 2Q25 | 2Q24 | YoY (%) | 1Q25 | QoQ (%) | 2025F | % to 25F | Cons' | % of Cons' |
|-------------------------------|---------------|---------------|--------------|---------------|---------------|--------------|---------------|---------------|----------------|--------------|----------------|--------------|
| Revenue | 73,004 | 75,292 | (3.0) | 36,365 | 37,863 | (4.0) | 36,639 | (0.7) | 151,840 | 48.1% | 154,285 | 47.3% |
| Costs | (53,103) | (53,657) | (1.0) | (26,952) | (27,236) | (1.0) | (26,151) | 3.1 | | | | |
| EBIT | 19,901 | 21,635 | (8.0) | 9,413 | 10,627 | (11.4) | 10,488 | (10.2) | | | | |
| EBITDA | 36,101 | 37,868 | (4.7) | 17,869 | 18,447 | (3.1) | 18,232 | (2.0) | 75,995 | 47.5% | 78,309 | 46.1% |
| Other income (exp.) | (1,764) | (1,712) | 3.0 | (866) | (847) | 2.2 | (898) | (3.6) | | | | |
| Pre-tax income | 18,137 | 19,923 | (9.0) | 8,547 | 9,780 | (12.6) | 9,590 | (10.9) | | | | |
| Taxes | (4,011) | (4,499) | (10.8) | (2,018) | (2,176) | (7.3) | (1,993) | 1.3 | | | | |
| Net Income | 10,975 | 11,761 | (6.7) | 5,165 | 5,708 | (9.5) | 5,810 | (11.1) | 22,970 | 47.8% | 24,912 | 44.1% |
| Margins (%) | | | | | | | | | | | | |
| EBIT margin | 27.3 | 28.7 | | 25.9 | 28.1 | | 28.6 | | | | | |
| EBITDA margin | 49.5 | 50.3 | | 49.1 | 48.7 | | 49.8 | | | | | |
| Net margin | 15.0 | 15.6 | | 14.2 | 15.1 | | 15.9 | | | | | |
| Core net margin | 15.0 | 15.8 | | 15.1 | 14.5 | | 15.0 | | | | | |
| Operational KPI | | | | | | | | | | | | |
| Telkomsel's number of subs | 158,428 | 159,882 | (0.9) | 158,428 | 159,882 | (0.9) | 158,811 | (0.2) | | | | |
| Telkomsel's ARPU | 42 | 45 | (7.5) | 41 | 45 | (8.4) | 42 | (2.8) | | | | |
| Telkomsel's data payload (PB) | 11,715,570 | 9,753,659 | 20.1 | 5,937,521 | 4,929,849 | 20.4 | 5,778,048 | 2.8 | | | | |
| Data yields (IDR/MB) | 3.1 | 4.1 | (22.7) | 3.1 | 4.0 | (23.9) | 3 | (4.7) | | | | |
| Indihome B2C number of subs | 10,061 | 9,143 | 10.0 | 10,061 | 10,563 | (4.8) | 9,842 | 2.2 | | | | |
| Indihome ARPU | 220 | 242 | (8.8) | 217 | 240 | (9.7) | 224 | (3.1) | | | | |
| Avg. data usage/subs | 12.3 | 10.2 | 21.2 | 12.5 | 10.3 | 21.5 | 12 | 3.0 | | | | |

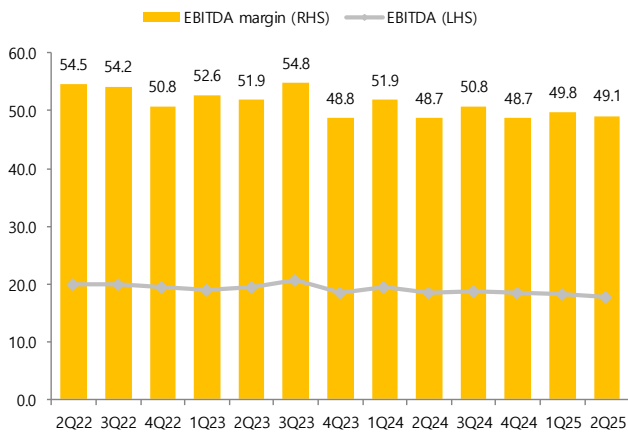
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast revisions

| | New | | Old | | Changes | | Consensus | | New vs. consensus | |
|------------|---------|---------|---------|---------|---------|-------|-----------|---------|-------------------|-------|
| | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F | 2025F | 2026F |
| Revenue | 150,930 | 156,621 | 151,840 | 157,810 | -0.6 | -0.8 | 154,285 | 159,361 | -2.2 | -1.7 |
| EBITDA | 75,116 | 78,475 | 75,995 | 79,636 | -1.2 | -1.5 | 78,309 | 81,413 | -4.1 | -3.6 |
| Net profit | 22,448 | 23,397 | 22,970 | 24,070 | -2.3 | -2.8 | 24,912 | 26,156 | -9.9 | -10.5 |

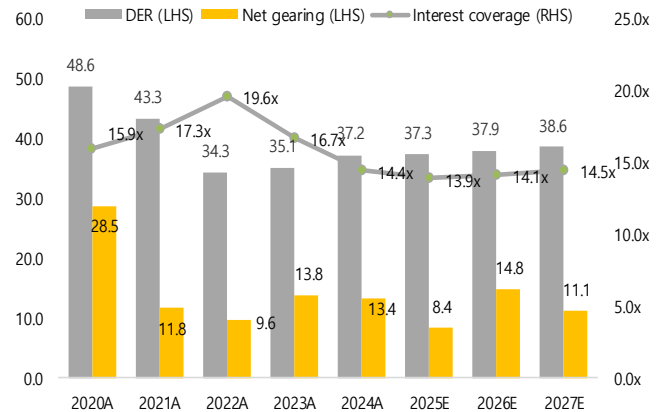
Source: Company, Bloomberg, KBVS Research

Exhibit 4: TLKM's EBITDA margin



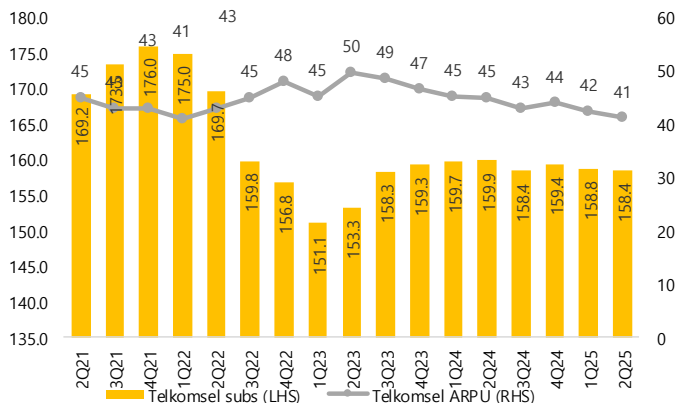
Source: Company, KBVS Research

Exhibit 5: Leverage ratio remains manageable



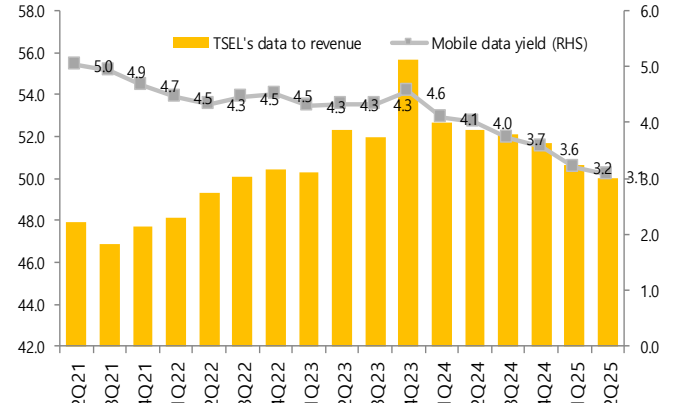
Source: Company, KBVS Research

Exhibit 6: Telkomsel ARPU and subs growth



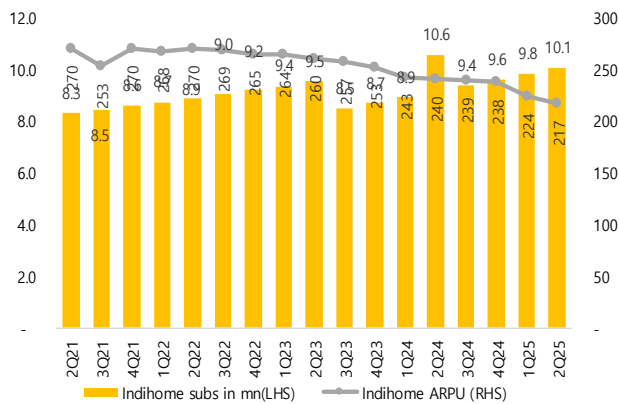
Source: Company, KBVS Research

Exhibit 7: Telkomsel mobile data yield



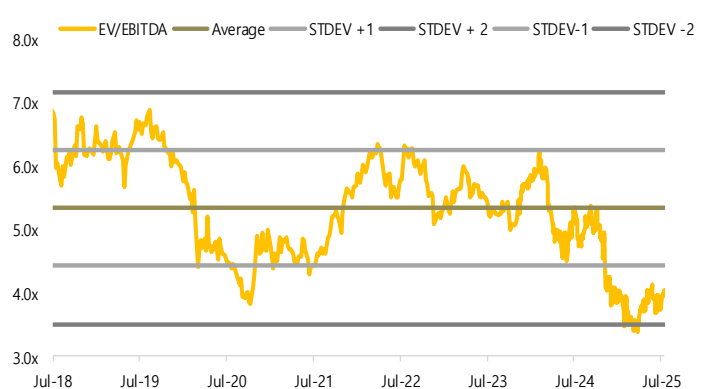
Source: Company, KBVS Research

Exhibit 8: Indihome subs grow while ARPU decreases



Source: Company, KBVS Research

Exhibit 9: EV/EBITDA currently trades at -1.0sd 7yrs



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 | 150,930 | 156,621 | 161,477 |
| Costs | (104,832) | (106,976) | (109,144) | (113,458) | (116,993) |
| Operating profit | 44,384 | 42,991 | 41,787 | 43,163 | 44,484 |
| EBITDA | 77,579 | 75,029 | 75,116 | 78,475 | 81,475 |
| Other income/net | (3,590) | (3,838) | (3,974) | (3,955) | (3,833) |
| Pretax profit | 40,794 | 39,153 | 37,813 | 39,208 | 40,651 |
| Income tax | (8,586) | (8,410) | (8,621) | (8,822) | (9,146) |
| After tax profit | 32,208 | 30,743 | 29,191 | 30,386 | 31,504 |
| Non-controlling shareholders | 7,648 | 7,094 | 6,743 | 6,989 | 7,088 |
| Net profit | 24,560 | 23,649 | 22,448 | 23,397 | 24,416 |

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 | 42,436 | 35,118 | 42,909 |
| Trade receivables | 10,667 | 12,193 | 5,991 | 12,879 | 6,576 |
| Other current assets | 15,939 | 16,982 | 17,713 | 18,714 | 19,300 |
| Total current assets | 55,613 | 63,080 | 66,140 | 66,711 | 68,786 |
| Non current assets | | | | | |
| Fixed assets | 180,755 | 180,566 | 189,599 | 198,973 | 208,298 |
| Other non current assets (*) | 50,674 | 56,029 | 57,069 | 58,698 | 60,257 |
| Total non current assets | 231,429 | 236,595 | 246,669 | 257,671 | 268,555 |
| Total assets | 287,042 | 299,675 | 312,809 | 324,381 | 337,341 |
| Current liabilities | | | | | |
| Trade payables | 18,608 | 15,336 | 15,029 | 15,159 | 16,088 |
| Taxes payable | 4,525 | 3,293 | 3,359 | 4,350 | 5,633 |
| Accrued expenses | 13,079 | 14,192 | 13,617 | 14,155 | 14,596 |
| Short term debts | 25,501 | 32,882 | 34,781 | 36,383 | 38,061 |
| Other current liabilities | 9,855 | 11,064 | 9,860 | 10,150 | 10,404 |
| Total current liabilities | 71,568 | 76,767 | 76,646 | 80,197 | 84,783 |
| Non current liabilities | | | | | |
| Long term debts | 42,623 | 43,986 | 44,810 | 46,690 | 48,654 |
| Other non current liabilities (*) | 16,289 | 16,432 | 16,036 | 16,436 | 16,862 |
| Total non-current liabilities | 58,912 | 60,418 | 60,846 | 63,126 | 65,516 |
| Minority interests | 20,818 | 20,396 | 28,608 | 29,545 | 30,522 |
| Shareholder equity | 156,562 | 162,490 | 175,317 | 181,058 | 187,043 |
| Total liabilities and equity | 287,042 | 299,675 | 312,809 | 324,381 | 337,341 |

Source: Company, KBVS Research

Exhibit 12: Cash flow

| Year End Dec (IDR bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Net profit | 24,560 | 23,649 | 22,448 | 23,397 | 24,416 |
| Depreciation | 12,643 | 12,792 | 13,153 | 13,971 | 14,677 |
| Changes in working capital | (5,843) | (4,751) | 3,451 | (5,939) | 8,622 |
| CF from operating activities | 31,360 | 31,690 | 39,052 | 31,429 | 47,716 |
| Investment in fixed assets | (22,418) | (15,109) | (24,706) | (25,826) | (26,569) |
| Others | (1,519) | (2,849) | 1,480 | 853 | 1,008 |
| CF from investing activities | (23,937) | (17,958) | (23,226) | (24,973) | (25,562) |
| Dividends paid | (16,603) | (17,683) | (17,959) | (18,718) | (19,533) |
| Debt raised/ repaid | 4,641 | 10,999 | 1,447 | 2,143 | 2,235 |
| Others | 1,603 | (2,150) | 9,217 | 2,802 | 2,935 |
| CF from financing activities | (10,359) | (8,834) | (7,295) | (13,773) | (14,363) |
| Change in cash flow | (2,936) | 4,898 | 8,531 | (7,318) | 7,791 |
| Cash and cash equivalent, beginning | 31,943 | 29,007 | 33,905 | 42,436 | 35,118 |
| Cash and cash equivalent, ending | 29,007 | 33,905 | 42,436 | 35,118 | 42,909 |

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

| Year End Dec | 2023A | 2024A | 2025F | 2026F | 2027F |
|--------------------------|---------|---------|---------|---------|---------|
| Operating profit margin | 29.7 | 28.7 | 27.7 | 27.6 | 27.5 |
| EBITDA margin | 52.0 | 50.0 | 49.8 | 50.1 | 50.5 |
| Net profit margin | 16.5 | 15.8 | 14.9 | 14.9 | 15.1 |
| 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 | 7.3 | 7.3 | 7.4 |
| ROE | 16.1 | 14.8 | 13.3 | 13.1 | 13.3 |
| ROIC | 14.0 | 12.8 | 12.2 | 11.7 | 12.2 |
| 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 | 13.9 | 14.1 | 14.5 |
| BV/Share (Rp) | 1,370.3 | 1,434.4 | 1,481.0 | 1,529.5 | 1,580.1 |
| Dividend yield | 5.8 | 6.2 | 6.3 | 6.6 | 6.8 |

Source: Company, KBVS Research

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