

4Q24F still growing, but '25F forecast lowered

25 March 2025



Sector	Telecomm.
Price at 24 March 2025 (IDR)	2,330
Price target (IDR)	3,400
Upside/Downside (%)	45.9

Stock Information

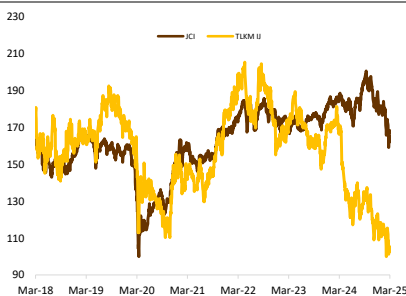
Telekomunikasi Indonesia is the largest telecommunication company in Indonesia, covering over 90% of Indonesian population. The company is largely owned by state and operates through various subsidiaries, ranging from telecommunication to property.

Market cap (IDR bn)	230,810
Shares outstanding (mn)	99,062
52-week range (IDR)	2,240-3,680
3M average daily vol. ('000)	98,416
3M average daily val. (IDR mn)	294,043

Shareholders (%)

Government of Indonesia	52.0
Public	48.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	-5.28	-14.96	-35.64

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Driven by year-end festivities, TLKM's FMC revenue is projected to surge by 19.3% qoq to IDR33.4 tn in 4Q24F, while effective cost management is expected to lower cash-costs by 5.5% qoq, supporting a 4.6% qoq increase in EBITDA in 4Q24F. Maintain our BUY call with a target price of IDR3,400, based on a 4.0x '25F EV/EBITDA (-1.5SD 7yrs-historical mean), while currently trading at 3.5x EV/EBITDA, representing 35.5% disc. to its 7yrs mean.

Projected 19.3% qoq FMC revenue growth in 4Q24F

In 4Q24F, TLKM's FMC segment revenue is projected to surge by 19.3% qoq to IDR33.4 tn, driven by year-end festivities. This will bring TLKM's total revenue to IDR36.8 tn, although slightly down by 0.4% qoq due to a continued decline in the legacy segment. Effective cost management and synergies among subsidiaries are expected to lower cash costs by 5.5% qoq to IDR17.2 tn, supporting a 4.6% qoq increase in EBITDA to IDR19.6 tn.

'25F forecasts revised down amidst competitive pressures

Following the latest management call, we revised our '25F financial forecasts down by 3.6% to 9.3%. Although 9M24 data-usage exceeded expectations, reaching 78.0% of the '24F projection, we anticipate Indihome will continue to face competitive pressure from expanding FBB providers. As a result, we adopted a more conservative '25F ARPU projection of IDR247.0k (-6.8% from previous estimates). However, with low FBB penetration and Indihome's strong market position in key areas, monetization opportunities remain.

We project TLKM's '25F revenue to grow by 4.5%, driven by a 6.8% rise in data-usage, supported by network enhancements. This aligns with industry expectations of mid-single-digit growth. Management's focus on FMC-driven cost synergies is expected to slow cash-cost growth to 3.5% yoy, down from the 4.0% yoy average increase (1Q21-2Q23, pre-FMC), resulting in an improved '25F EBITDA margin of 51.7% ('24F: 51.2%). Similarly, total expenses are forecasted to rise by 3.9% yoy, below the 6.8% yoy pre-FMC average (1Q21-2Q23).

To support network expansion, we anticipate a potential need for additional loans, prompting us to raise our '25F interest-cost forecast by 4.9% to IDR5.57tn. Consequently, our '25F net profit forecast declined 9.3% to IDR24.11tn.

Reiterate BUY with TP of IDR3,400

Maintain our BUY call with a lower target price of IDR3,400 (previously IDR4,000) following downward revisions to our 2025 forecasts: revenue (-3.6%), EBITDA (-4.9%), and net profit (-9.3%). Our new TP implies a 4.0x '25F EV/EBITDA, while it is currently trades at 3.5x EV/EBITDA, a 35.5% discount to its 7yrs mean. We expect improved cost management to support growth, though upside may be limited by rising FBB competition, higher opex, and network rollout challenges.

Exhibit 1 : Key Statistics

Year end Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Revenue (Rp)	147,306	149,216	149,007	155,775	166,006
EBITDA (Rp)	78,988	77,579	76,247	80,501	87,964
Net profit (Rp)	20,749	24,560	23,485	24,113	28,211
Core EPS	272	253	235	241	282
ROA (%)	7.5	8.7	7.9	7.7	8.6
PER (x)	11.1	9.4	9.8	9.6	8.2
PBV (x)	1.5	1.4	1.3	1.3	1.2
EV/EBITDA (x)	3.3	3.4	3.4	3.2	3.0
Div. yield (%)	6.4	7.2	7.3	8.4	9.8

Source: Company, KBVS Research

Exhibit 2: TLKM's past results

TLKM's 9M24 results (IDR bn)	9M24	9M23	YoY (%)	3Q24	3Q23	YoY (%)	2Q24	QoQ (%)	2024F	% to 24F	Cons'	% of Cons'
Revenue	112,219	111,238	0.9	36,927	37,760	(2.2)	37,863	(2.5)	149,007	75.3	152,258	73.7
Costs	(79,768)	(76,256)	4.6	(26,111)	(25,797)	1.2	(27,236)	(4.1)				
EBIT	32,451	34,982	(7.2)	10,816	11,963	(9.6)	10,627	1.8	42,883	75.7	44,184	73.4
EBITDA	56,628	59,063	(4.1)	18,760	20,679	(9.3)	18,447	1.7	76,247	74.3	77,524	73.0
Other income (exp.)	(2,833)	(2,700)	4.9	(1,121)	(983)	14.0	(847)	32.3				
Pre-tax income	29,618	32,282	(8.3)	9,695	10,980	(11.7)	9,780	(0.9)				
Taxes	(6,596)	(6,893)	(4.3)	(2,097)	(2,412)	(13.1)	(2,176)	(3.6)				
Net Income	17,676	19,499	(9.3)	5,915	6,743	(12.3)	5,708	3.6	23,485	75.3	24,074	73.4
Core net income	17,599	19,495	(9.7)	5,736	7,324	(21.7)	5,481	4.7				
Margins (%)												
EBIT margin	28.9	31.4		29.3	31.7		28.1					
EBITDA margin	50.5	53.1		50.8	54.8		48.7					
Net margin	15.8	17.5		16.0	17.9		15.1					
Core net margin	15.7	17.5		15.5	19.4		14.5					
Operational KPI												
Telkomsel's number of subs	158,416	158,300	0.1	158,416	158,300	0.1	159,882	(0.9)				
Telkomsel's ARPU	44.5	47.8	(6.9)	43.1	48.6	(11.3)	45	(4.2)				
Telkomsel's data payload (PB)	14,903	13,254	12.4	5,149	4,526	13.8	4,930	4.4				
Data yields (IDR/MB)	3.9	4.3	(8.8)	3.7	4.3	(13.9)	4.0	(7.1)				
Indihome number of subs	9,376	8,474	10.6	9,376	8,474	10.6	10,563	(11.2)				
Indihome B2C number of subs	9,376	8,474	10.6	9,376	8,474	10.6	9,143	2.5				
Indihome ARPU	239.2	257.0	(6.9)	239.2	257.0	(6.9)	240.3	(0.5)				
Avg. data usage/subs	10.5	9.3	12.4	10.8	9.5	13.7	10.3	5.4				

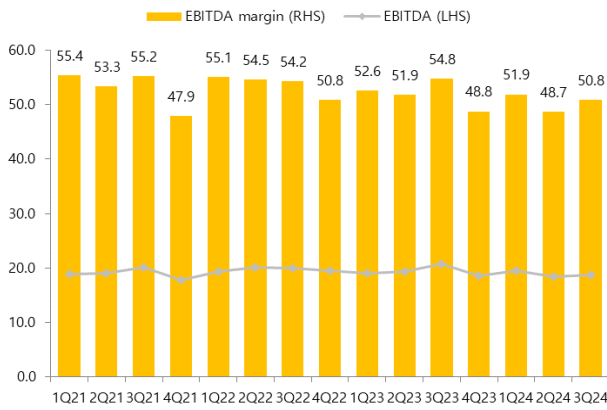
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F	2024F	2025F
Revenue	149,007	155,775	154,943	161,544	-3.8	-3.6	152,258	157,790	-2.1	-1.3
EBITDA	76,247	80,501	80,762	84,623	-5.6	-4.9	77,524	81,095	-1.6	-0.7
Net profit	23,485	24,113	25,598	26,577	-8.3	-9.3	24,074	25,935	-2.4	-7.0

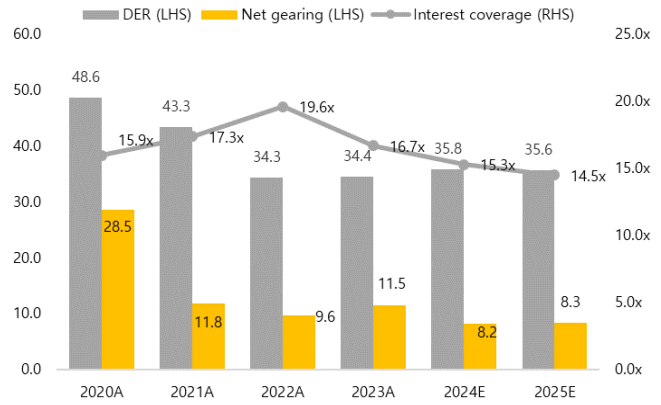
Source: Company, Bloomberg, KBVS Research

Exhibit 4: TLKM's EBITDA margin



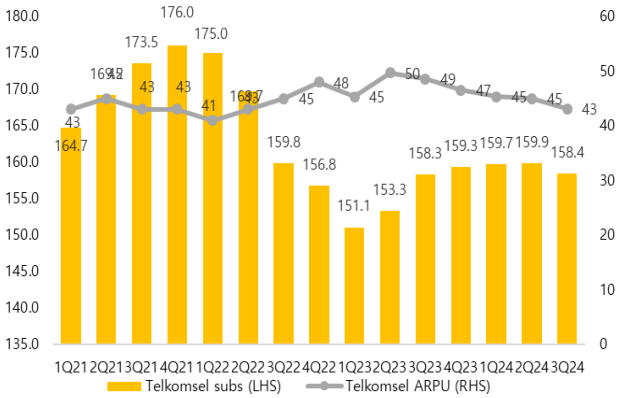
Source: Company, KBVS Research

Exhibit 5: Leverage ratio remains manageable



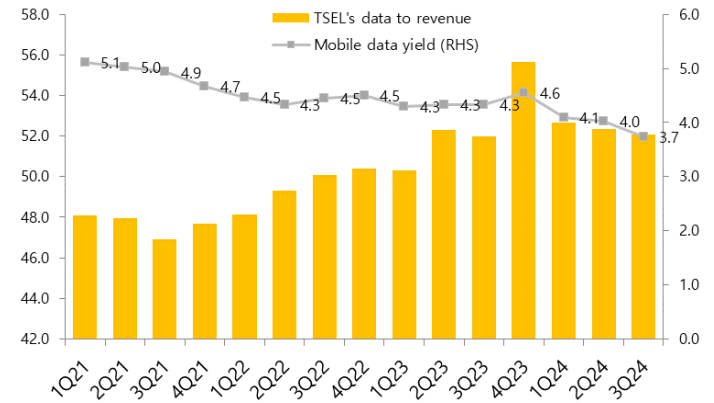
Source: Company, KBVS Research

Exhibit 6: Telkomsel ARPU and subs growth



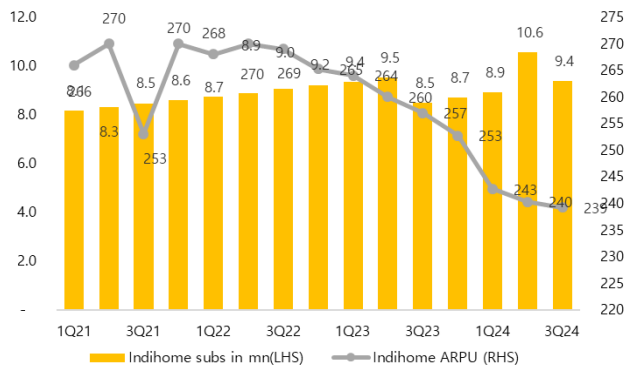
Source: Company, KBVS Research

Exhibit 7: Data yield was relatively stable since 2Q22



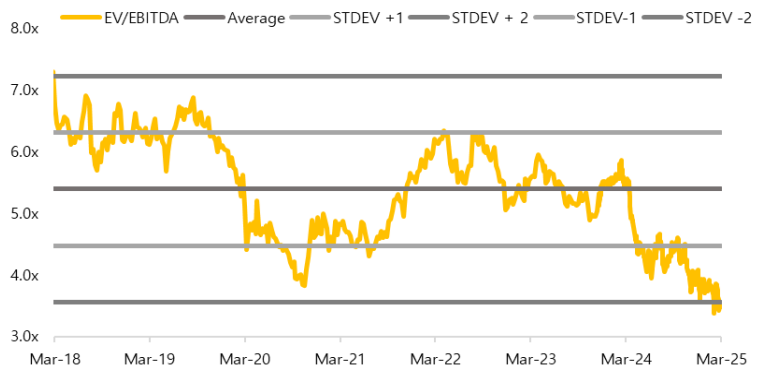
Source: Company, KBVS Research

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)	2022A	2023A	2024F	2025F	2026F
Revenue	147,306	149,216	149,007	155,775	166,006
Costs	(107,729)	(104,832)	(106,123)	(110,279)	(114,824)
Operating profit	39,577	44,384	42,883	45,497	51,182
EBITDA	78,988	77,579	76,247	80,501	87,964
Other income/net	(3,242)	(3,590)	(3,780)	(4,294)	(3,289)
Pretax profit	36,335	40,794	39,103	41,203	47,893
Income tax	(8,659)	(8,586)	(8,603)	(9,683)	(11,015)
After tax profit	27,676	32,208	30,500	31,520	36,877
Non-controlling shareholders	6,927	7,648	7,015	7,407	8,666
Net profit	20,749	24,560	23,485	24,113	28,211

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Current assets					
Cash and cash equivalents	31,943	31,742	40,393	41,754	39,495
Trade receivables	8,634	10,667	7,286	11,483	8,518
Other current assets	14,476	16,026	16,693	17,487	18,384
Total current assets	55,053	58,435	64,372	70,723	66,397
Non current assets					
Fixed assets	173,329	180,755	188,734	198,057	207,993
Other non current assets (*)	46,806	50,674	52,928	54,539	56,961
Total non current assets	220,135	231,429	241,662	252,596	264,954
Total assets	275,188	289,864	306,034	323,319	331,351
Current liabilities					
Trade payables	18,457	18,608	11,721	18,882	11,743
Taxes payable	5,372	4,525	4,751	4,846	6,276
Accrued expenses	15,445	13,079	15,176	15,108	15,731
Short term debts	21,974	25,501	29,716	29,887	31,276
Other current liabilities	9,140	9,855	9,454	9,785	10,266
Total current liabilities	70,388	71,568	70,818	78,509	75,291
Non current liabilities					
Long term debts	41,067	42,623	43,681	45,318	47,273
Other non current liabilities (*)	14,475	16,289	16,402	16,908	17,772
Total non-current liabilities	55,542	58,912	60,083	62,226	65,045
Minority interests	20,004	20,818	28,578	29,794	31,170
Shareholder equity	149,258	159,384	175,133	182,584	191,015
Total liabilities and equity	275,188	289,864	306,034	323,319	331,351

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2022A	2023A	2024F	2025F	2026F
Net profit	20,749	24,560	23,485	24,113	28,211
Depreciation	12,146	12,643	13,238	13,917	14,596
Changes in working capital	1,472	(5,930)	(2,251)	2,529	(2,539)
CF from operating activities	34,367	31,273	34,472	40,560	40,268
Investment in fixed assets	(22,629)	(22,418)	(23,624)	(25,700)	(27,128)
Others	6,255	(1,519)	153	848	174
CF from investing activities	(16,374)	(23,937)	(23,471)	(24,852)	(26,953)
Dividends paid	(14,856)	(16,603)	(16,909)	(19,290)	(22,569)
Debt raised/ repaid	2,951	4,641	4,717	392	1,856
Others	(12,456)	4,425	9,842	4,551	5,140
CF from financing activities	(24,361)	(7,537)	(2,350)	(14,347)	(15,573)
Change in cash flow	(6,368)	(201)	8,651	1,361	(2,259)
Cash and cash equivalent, beginning	38,311	31,943	31,742	40,393	41,754
Cash and cash equivalent, ending	31,943	31,742	40,393	41,754	39,495

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2022A	2023A	2024F	2025F	2026F
Operating profit margin	26.9	29.7	28.8	29.2	30.8
EBITDA margin	53.6	52.0	51.2	51.7	53.0
Net profit margin	14.1	16.5	15.8	15.5	17.0
Receivables turnover (x)	17.18	15.46	16.60	16.60	16.60
Inventory turnover (x)	112.0	97.9	108.0	108.0	108.0
Payable turnover (x)	6.0	5.7	7.0	7.2	7.5
ROA	7.5	8.7	7.9	7.7	8.6
ROE	14.1	15.9	14.0	13.5	15.1
ROIC	12.9	14.0	13.1	12.9	14.2
Debt/Equity	0.5	0.5	0.5	0.5	0.5
Net debt/Equity	0.2	0.3	0.2	0.2	0.2
Net debt/EBITDA	0.8	0.9	1.0	0.9	0.9
Interest coverage (x)	19.6	16.7	15.3	14.5	18.7
BV/Share (Rp)	1,304.8	1,398.8	1,479.5	1,542.4	1,613.6
Dividend yield	6.4	7.2	7.3	8.4	9.8

Source: Company, KBVS Research

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