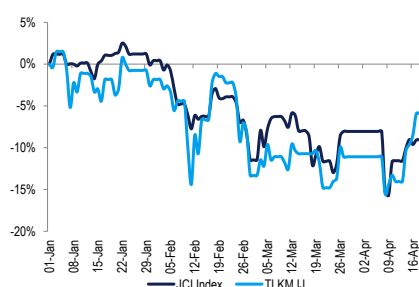


Stock Data

Target price	Rp2,600
Prior TP	Rp2,750
Current price	2.680
Upside/downside	-3.0%
Shares outstanding (mn)	99.062
Market cap (Rp bn)	265,487
Free float	48%
Avg. 6m daily T/O (Rp bn)	292

Price Performance

	3M	6M	12M
Absolute	0.75	(3.60)	(14.10)
Relative to JCI	4.88	5.59	(9.66)
52w low/high (Rp)	2,290 – 3,250		



Major Shareholders

Republic of Indonesia	52.1%
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1Q25 results: in-line but weak mobile operational metrics; maintain Hold

- In 1Q25, TLKM recorded EBITDA/core NP declined by -6%/-13% yoy, in-line with seasonality. However, mobile operational metrics was weak.
- Following declining ARPU in 1Q25, we conservatively cut ARPU estimates by 5-6%, leading to 4-5% lower FY25-27F EBITDA.
- We now estimate TLKM's EBITDA could further decline by -1% yoy in FY25 from previously expecting growth improvement. Retain HOLD call.

In-line results but with weak mobile operational metrics

In 1Q25, TLKM recorded total revenue of Rp36.6tr (-2% yoy, -3% qoq) and EBITDA of Rp18.2tr (-6.1% yoy, -1% qoq), both in line with seasonality. However, mobile operational data were weak. Mobile revenue declined by -5% yoy/-5% qoq, with legacy revenue improved by +2% yoy, while data revenue declined -6% yoy. ARPU dropped to Rp42.4k/subscriber (-6% yoy), and subscribers also declined slightly by -1% yoy/-1% qoq. In 1Q25, data traffic improved significantly by 20% yoy/5% qoq, while data yield decline to Rp3.2/MB (-21% yoy/-10% qoq) due to pricing competition.

Conservatively expecting a more moderate ARPU outlook

We cut our FY25-27F ARPU estimates to Rp43-46k, down 5-6%, following the lower ARPU in 1Q25. TLKM expects ARPU improvement could occur after the impact of higher starter pack entry prices and tariff simplification becomes visible, possibly by 2H25F. However, to achieve an ARPU of Rp45.5k in FY25F (our initial estimate), 2H25F ARPU would need to reach Rp48k, or 14% higher vs. 1H25 ARPU of Rp42k. Given the current weak purchasing power environment, we believe this could be quite challenging. Therefore, we conservatively revise down our ARPU assumptions for now.

Declining FTTH ARPU is anticipated, with in-line net subs add in 1Q25

In 1Q25, ARPU declined to Rp223.8k/month (-4% qoq, -8% yoy), while the net addition of 224k subscribers was also within expectations. We believe this trend could be sustained. Hence, we maintain our FTTH ARPU and net subscriber addition assumptions for FY25F.

Retain our HOLD call for TLKM

We cut our FY25-26F EBITDA/core NP estimates by 4-5%/8-10%, respectively. We maintain our HOLD call with a lower TP of 2,600, still based on 12M forward EV/EBITDA (1.5 s.d. below the long-term mean), as the outlook may remain challenging. However, dividend yield could stay decent, potentially at 7% or higher, based on our assumptions.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	146,401	150,517	155,100
EBITDA	77,579	75,029	74,585	76,962	79,375
EBITDA growth	-2%	-3%	-1%	3%	3%
Core net profit	25,172	23,396	21,507	21,884	22,596
Core EPS	254	236	217	221	228
Core EPS growth	-2%	-7%	-8%	2%	3%
ROE	16%	15%	13%	13%	13%
PER (x)	10.5	11.3	12.3	12.1	11.7
Adjusted EV/EBITDA (x)	4.3	4.5	4.5	4.3	4.2
Dividend yield	6%	7%	7%	7%	7%
Forecast change			-9.8%	-9.0%	-11.8%
IPS vs. consensus			87%	84%	85%

Source: Company, Indo Premier

Share price closing as of: 02 May 2025

Fig. 1: 1Q25 results review

in Rp bn	1Q25	1Q24	% YoY	4Q24	% QoQ	IP FY25F	% of IP	% of Cons
Revenue	36,639	37,429	-2.1%	37,748	-2.9%	152,996	24%	24%
Operating expenses	(26,462)	(26,093)	1.4%	(27,739)	-4.6%			
Operating profit	10,177	11,336	-10.2%	10,009	1.7%			
EBITDA	18,232	19,421	-6.1%	18,402	-0.9%	77,994	23%	23%
Other income/(expense)	(587)	(1,193)	-50.8%	(473)	24.1%			
Pre-tax profit	9,590	10,143	-5.5%	9,536	0.6%			
Taxes	(1,993)	(2,323)	-14.2%	(1,814)	9.9%			
Net profit	5,810	6,053	-4.0%	5,974	-2.7%			
Core profit	5,508	6,307	-12.7%	5,331	3.3%	23,573	23%	23%
Margin (%)								
EBITDA margin	49.8%	51.9%		48.7%				
Net margin	15.9%	16.2%		15.8%				
Core net margin	15.0%	16.9%		14.1%				
Operational data	1Q25	1Q24	% YoY	4Q24	% QoQ	IP FY25F		
Operational data - mobile								
Data traffic (PB)	5,778	4,824	19.8%	5,484	5.4%	21,772		
Avg. monthly data traffic/subs (GB)	15	13	19.2%	-	-	14		
Data yield (Rp/MB) - implied	3.2	4.1	-21.4%	3.6	-9.8%	3.8		
Blended ARPU (Rp k/month) - implied	42.4	45.3	-6.4%	44.0	-3.6%	45.5		
Mobile subs (mn people) - implied	158.8	159.7	-0.5%	160.4	-1.0%	159.8		
Operational data - FBB								
FBB ARPU (Rp k/month) - implied	223.8	243	-7.8%	232.9	-3.9%	224.4		
FBB subs (k) - implied	11,031	10,309	7.0%	10,901	1.2%	11,618		

Source: Company, Indo Premier

Fig. 2: 1Q25 revenue compared to our estimates

Revenue breakdown (in Rp bn)	1Q25	1Q24	% YoY	4Q24	% QoQ	IP FY25F	% of IP
Total Mobile revenue	21,124	22,223	-5%	22,170	-5%	90,126	23%
Legacy	2,570	2,509	2%	2,652	-3%	8,192	31%
Data	18,554	19,714	-6%	19,518	-5%	81,934	23%
Interconnection	2,396	2,575	-7%	2,312	4%	9,067	26%
Indihome - B2C	6,663	6,863	-3%	6,636	0%	27,076	25%
Others	6,456	5,768	12%	6,630	-3%	26,727	24%
Total revenue	36,639	37,429	-2%	37,748	-3%	152,996	24%

Source: Company, Indo Premier

Fig. 3: Slightly lowering our TP to Rp2,600/sh from Rp 2,750/sh

Adjusted EV/EBITDA valuation

Debt (Rp bn)	51,566
Market cap (Rp bn)	257,940
Cash (Rp bn)	35,632
Minority interest (Rp bn)	20,396
Adj. EBITDA (Rp bn)	67,493

Implied EV (Rp bn)	294,270
Adjusted EV /EBITDA (x)	4.4

TP/sh (Rp)	2,603.82
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Last px (Rp)	2,680
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Potential upside/downside	-3%
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Source: Company, Indo Premier

Fig. 4: Forecast changes

In Rp bn, unless otherwise stated	Previous			Current			Change, %		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Profit & Loss									
Revenue	152,996	157,802	163,124	146,401	150,517	155,100	-4%	-5%	-5%
Operating expense	(109,548)	(113,662)	(117,314)	(106,362)	(109,840)	(113,437)	-3%	-3%	-3%
EBIT	43,448	44,140	45,809	40,039	40,677	41,662	-8%	-8%	-9%
EBITDA	77,994	80,425	83,522	74,585	76,962	79,375	-4%	-4%	-5%
Other income/(expense)	(4,434)	(4,508)	(4,203)	(4,155)	(4,083)	(3,878)	-6%	-9%	-8%
Pre-tax profit	39,015	39,633	41,606	35,884	36,595	37,784	-8%	-8%	-9%
Taxes	(8,583)	(8,719)	(9,153)	(7,895)	(8,051)	(8,313)	-8%	-8%	-9%
Net profit	23,356	23,558	25,116	21,654	22,031	22,742	-7%	-6%	-9%
Core profit	23,573	23,838	25,120	21,507	21,884	22,596	-9%	-8%	-10%
EPS	236	238	254	219	222	230	-7%	-6%	-9%
Core EPS (Rp)	238	241	254	217	221	228	-9%	-8%	-10%
Annual growth, %									
Revenue	2%	3%	3%	-2%	3%	3%			
EBIT	3%	2%	4%	-6%	2%	2%			
EBITDA	4%	3%	4%	-1%	3%	3%			
Pretax profit	0%	2%	5%	-8%	2%	3%			
Net profit	-1%	1%	7%	-8%	2%	3%			
Core net profit	1%	1%	5%	-8%	2%	3%			
EPS	-1%	1%	7%	-8%	2%	3%			
Core EPS (Rp)	1%	1%	5%	-8%	2%	3%			
Profitability, %									
EBIT margin	28%	28%	28%	27%	27%	27%			
EBITDA margin	51%	51%	51%	51%	51%	51%			
Net profit margin	15%	15%	15%	15%	15%	15%			
Core net profit margin	15%	15%	15%	15%	15%	15%			

Source: Company, Indo Premier

Fig. 5: Forecast changes

Operational data	Previous			Current			Change, %		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Mobile									
Data traffic (PB)	21,772	23,296	24,927	21,712	23,123	24,626	0%	-1%	-1%
Data yield (Rp/MB)	3.8	3.7	3.6	3.5	3.4	3.3	-8%	-8%	-8%
Blended ARPU (Rp k/month)	45.5	47.1	49.2	43.1	44.3	46.1	-5%	-6%	-6%
Mobile subs (mn people)	159.8	159.8	159.8	156.4	156.4	156.4	-2%	-2%	-2%
FBB									
FBB ARPU (Rp k/month)	224.44	213.22	202.56	224.44	213.22	202.56	0%	0%	0%
FBB subs (k)	11,618	12,418	13,218	11,618	12,418	13,218	0%	0%	0%
Other									
BTS	295,185	318,823	341,964	295,185	318,823	341,964	0%	0%	0%
Annual growth, %									
Data traffic (PB)	7%	7%	7%	7%	6%	6%			
Data yield (Rp/MB)	-2%	-2%	-2%	-10%	-2%	-2%			
Blended ARPU (Rp k/month)	2%	4%	4%	-3%	3%	4%			
Mobile subs (mn people)	0%	0%	0%	-2%	0%	0%			
FBB ARPU (Rp k/month)	-6%	-5%	-5%	-6%	-5%	-5%			
FBB subs (k)	7%	7%	6%	7%	7%	6%			
BTS	9%	8%	7%	9%	8%	7%			
In Rp bn, unless otherwise stated	Previous			Current			Change, %		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Revenue breakdown									
Total mobile revenue	99,193	102,356	106,531	92,598	95,071	98,507	48%	47%	46%
Legacy	8,192	7,373	7,373	8,192	7,373	7,373	0%	0%	0%
Data	81,934	85,916	90,092	75,339	78,632	82,068	-8%	-8%	-9%
Interconnection	9,067	9,067	9,067	9,067	9,067	9,067	0%	0%	0%
Indihome - B2C	27,076	27,493	27,801	27,076	27,493	27,801	0%	0%	0%
Others	26,727	27,953	28,791	26,727	27,953	28,791	0%	0%	0%
Total revenue	152,996	157,802	163,124	146,401	150,517	155,100	-4%	-5%	-5%
Annual growth, %									
Total mobile revenue	1%	3%	4%	-6%	3%	4%			
Legacy	-22%	-10%	0%	-22%	-10%	0%			
Data	5%	5%	5%	-4%	4%	4%			
Interconnection	-1%	0%	0%	-1%	0%	0%			
Indihome - B2C	3%	2%	1%	3%	2%	1%			
Others	4%	5%	3%	4%	5%	3%			
Total revenue	2%	3%	3%	-2%	3%	3%			

Source: Company, Indo Premier

Fig. 6: Telco sector valuation comparisons – based on 02 May 2025 closing price

Company	Bloomberg	Market Cap	Last Price	Target	P/E (x)			P/B (x)			Adjusted EV/EBITDA (x)			EV/EBITDA (x)			Price to Cash Flow (x)			Net Gearing (x)			ROE (%)			Net Profit CAGR (%)
	Ticker	(US\$m)	(local curr.)	Price	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2024-27F
Indonesia																										
Telkom Indonesia	TLKM IJ Equity	16,141	2,680	2,600	12.3	12.1	11.7	1.6	1.6	1.5	4.5	4.3	4.2	4.4	4.3	4.1	4.6	4.5	4.4	0.1	0.1	0.0	14.0	13.7	14.1	3.5
Indosat Ooredoo Hutchison	ISAT IJ Equity	3,706	1,890	2,155	10.5	9.0	8.1	1.5	1.4	1.3	4.0	3.7	3.4	4.1	3.8	3.6	4.0	3.7	3.5	0.3	0.3	0.2	14.9	15.8	16.2	16.9
XL Axiata	EXCL IJ Equity	2,456	2,220	2,820	15.4	13.8	12.1	1.1	1.0	1.0	3.3	3.1	2.7	3.8	3.6	3.4	1.9	1.9	1.8	0.3	0.2	0.12	7.0	7.5	8.1	16.8
Total		22,303																								
Simple average					12.8	11.6	10.7	1.4	1.3	1.3	3.9	3.7	3.4	4.1	3.9	3.7	3.5	3.4	3.2	0.2	0.2	0.1	12.0	12.3	12.8	12.4
Median					12.3	12.1	11.7	1.5	1.4	1.3	4.0	3.7	3.4	4.1	3.8	3.6	4.0	3.7	3.5	0.3	0.2	0.1	14.0	13.7	14.1	16.8
Malaysia																										
Telekom Malaysia	T MK Equity	6,214	7		15.4	14.4	14.0	2.5	2.3	2.1				6.0	5.8	5.8	6.0	5.8	5.7	0.1	(0.0)	0.0	16.1	16.0	15.7	(2.3)
Axiata Group	AXIATA MK Equity	4,512	2		21.5	18.3	16.0	0.9	0.9	0.9				5.2	5.1	5.0	2.2	2.1	2.0	1.0	1.0	0.9	3.8	4.5	4.8	7.7
Celcomdigi Berhad	CDB MK Equity	10,615	4		23.6	21.6	20.1	2.8	2.8	2.8				9.6	9.3	9.2	9.3	9.0	8.4	0.8	0.7	0.7	11.5	12.5	12.9	15.9
Maxis Berhad	MAXIS MK Equity	6,830	4		19.6	18.5	17.9	4.9	4.7	4.6				9.1	8.9	8.9	8.8	8.6	8.3	1.3	1.2	1.0	24.7	25.5	25.1	4.9
Total		28,171												8.0	7.8	7.7	7.3	7.1	6.8	0.8	0.7	0.6	14.5	15.1	15.2	
Simple average								2.9	2.8	2.8																
Median								2.6	2.5	2.4				7.5	7.4	7.3	7.4	7.2	7.0	0.9	0.9	0.8	13.8	14.3	14.3	
India																										
Bharti Airtel	BHARTI IN Equity	131,422	1,852		48.9	37.4	27.4	9.9	8.2	6.8				14.4	11.9	10.4	15.7	13.3	11.7	1.7	1.0	0.6	24.3	24.0	27.7	74.8
Vodafone Idea	IDEA IN Equity	9,040	7		n.a	n.a	n.a	n.a	n.a	n.a				17.1	14.8	12.1	12.3	49.3	15.1	(2.0)	(1.7)	(1.8)	26.2	20.5	17.8	(11.2)
Reliance Jio	RELIANCE IN Equi	227,818	1,422		23.7	20.7	17.9	2.0	1.9	1.8				12.0	10.7	10.1	14.0	12.7	11.1	0.2	0.2	0.0	8.9	9.5	10.5	15.0
Total		368,279												13.0	11.3	10.2	14.6	13.8	11.4	0.7	0.4	0.2	14.8	14.9	16.8	
Simple average								4.8	4.1	3.5				14.4	11.9	10.4	14.0	13.3	11.7	0.2	0.2	0.0	24.3	20.5	17.8	
Median								6.0	5.1	4.3																
Thailand																										
Advanced Info Service	ADVANC TB Equity	26,555	295		22.4	20.7	19.3	8.6	8.3	8.0				9.2	8.9	8.7	8.4	8.1	8.0	1.5	1.1	1.2	39.2	40.1	40.9	8.9
True Corp.	TRUE TB Equity	12,863	12		21.9	18.3	12.5	4.4	4.1	3.8				7.4	7.3	6.9	4.8	4.7	n.a	3.8	3.2	2.2	20.4	21.3	23.8	32.0
Total		39,418												8.6	8.4	8.1	7.2	7.0	5.4	2.2	1.8	1.5	33.1	33.9	35.3	
Simple average								7.2	6.9	6.6				8.3	8.1	7.8	6.6	6.4	8.0	2.7	2.2	1.7	29.8	30.7	32.3	
Median								6.5	6.2	5.9																

Source: Company, Indo Premier

Fig. 7: Sector's forward PE band



Source: Company, Indo Premier

Fig. 8: Sector's forward PB band



Source: Company, Indo Premier

Fig. 9: Sector's forward EV/EBITDA band



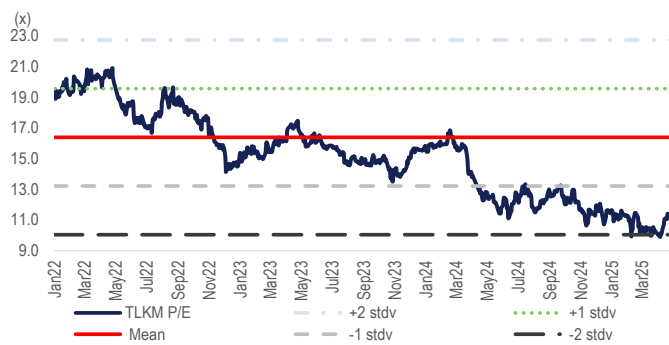
Source: Company, Indo Premier

Fig. 10: Sector's forward adjusted EV/EBITDA band



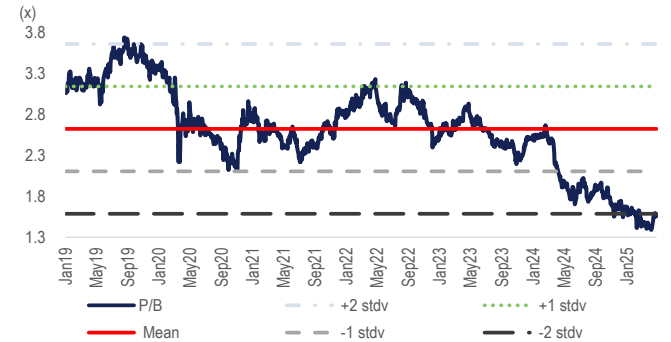
Source: Company, Indo Premier

Fig. 11: TLKM's forward PE band



Source: Company, Indo Premier

Fig. 12: TLKM's forward PB band



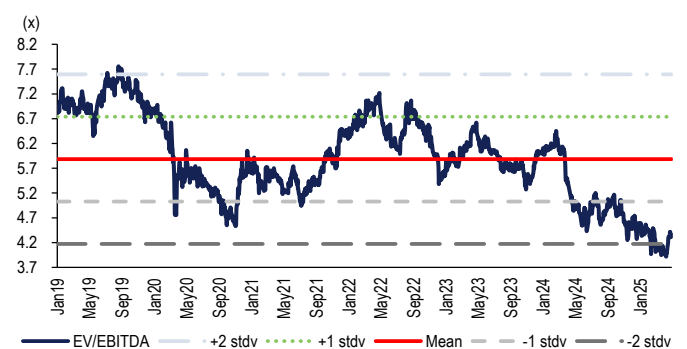
Source: Company, Indo Premier

Fig. 13: TLKM's forward EV/EBITDA band



Source: Company, Indo Premier

Fig. 14: TLKM's forward adjusted EV/EBITDA band



Source: Company, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	149,216	149,967	146,401	150,517	155,100
Operating expenses	(104,300)	(107,581)	(106,362)	(109,840)	(113,437)
Operating profit	44,916	42,386	40,039	40,677	41,662
EBITDA	77,579	75,029	74,585	76,962	79,375
Net interest	(3,591)	(3,841)	(4,343)	(4,271)	(4,066)
Forex gain (loss)	(36)	136	-	-	-
Others	(495)	472	188	188	188
Pre-tax income	40,794	39,153	35,884	36,595	37,784
Income tax	(8,586)	(8,410)	(7,895)	(8,051)	(8,313)
Minority interest	(7,648)	(7,094)	(6,336)	(6,513)	(6,729)
Net income	24,560	23,649	21,654	22,031	22,742
Core net profit	25,172	23,396	21,507	21,884	22,596

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalents	29,007	33,905	35,179	36,538	38,952
Receivables	10,667	12,193	11,158	11,472	11,821
Other current assets	15,939	16,982	16,838	17,317	17,848
Total current assets	55,613	63,080	63,175	65,327	68,621
Fixed assets	180,755	180,566	181,435	181,272	180,312
Other non-current assets	50,674	56,029	60,410	65,430	70,220
Total non-current assets	231,429	236,595	241,845	246,702	250,532
Total assets	287,042	299,675	305,020	312,028	319,153
Payables	18,608	15,336	16,250	16,781	17,331
Other current liab.	27,459	28,549	27,675	27,530	27,425
Lease liabilities	5,575	5,491	6,824	6,824	6,824
Current portion of LT loans	19,926	27,391	26,531	26,531	26,531
Total current liab.	71,568	76,767	77,279	77,666	78,111
Lease liabilities	14,850	18,468	24,362	25,553	26,311
Long term loans	27,773	25,518	22,348	22,348	22,348
Other LT liab.	16,289	16,432	16,041	16,492	16,994
Total liabilities	130,480	137,185	140,031	142,060	143,764
Equity	17,303	17,161	16,926	17,197	17,500
Retained earnings	118,441	124,933	127,668	132,375	137,493
Minority interest	20,818	20,396	20,396	20,396	20,396
Total SHE + minority int.	156,562	162,490	164,989	169,968	175,389
Total liabilities & equity	287,042	299,675	305,020	312,028	319,153

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	24,560	23,649	21,654	22,031	22,742
Depr. & amortization	15,892	12,944	34,464	36,199	37,624
Changes in working capital	(3,477)	(5,864)	1,751	132	109
Others	22,956	-	-	-	-
Cash flow from operating	59,931	30,729	57,869	58,361	60,474
Capex (i.e. FA and RoU)	(25,995)	(17,792)	(40,181)	(40,516)	(40,853)
Others	(10,914)	795	(65)	(1,078)	(1,145)

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash flow from investing	(36,909)	(16,997)	(40,247)	(41,594)	(41,998)
Loans	3,319	5,210	(4,030)	-	-
Lease	1,114	3,534	7,227	1,191	757
Equity	756	(564)	(235)	272	302
Dividends	(16,603)	(17,683)	(18,919)	(17,323)	(17,624)
Others	(14,039)	669	(391)	451	502
Cash flow from financing	(25,453)	(8,834)	(16,348)	(15,409)	(16,062)
Changes in cash	(2,431)	4,898	1,274	1,358	2,414

Key Ratios	2023A	2024A	2025F	2026F	2027F
EBITDA margin	52%	50%	51%	51%	51%
Pre-tax margin	27%	26%	25%	24%	24%
Net margin	16%	16%	15%	15%	15%
ROA	9%	8%	7%	7%	7%
ROE	16%	15%	13%	13%	13%
ROIC	18%	16%	15%	15%	15%
Acct. receivables TO (days)	23	27	27	27	27
Acct. payables TO (days)	64	57	55	55	55
Net debt/EBITDA (inc. leases) (x)	0.5	0.6	0.6	0.6	0.5
Net debt/EBITDA (ex. leases) (x)	0.2	0.3	0.2	0.2	0.1
Interest coverage (x)	10	8	7	7	7

Source: Company, Indo Premier

SECTOR RATINGS

- OVERWEIGHT : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- BUY : Expected total return of 10% or more within a 12-month period
- HOLD : Expected total return between -10% and 10% within a 12-month period
- SELL : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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