INDOPREMIER

Telekomunikasi Indonesia

BUY *(unchanged)*

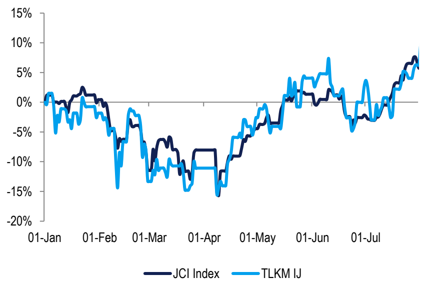
Company Update | Telecommunications | TLKM IJ | 22 October 2025

Stock Data

Target price	**Rp3,800**
Prior TP	*Rp3,800*
Current price	3,280
Upside/downside	16%
Shares outstanding (mn)	99.062
Market cap (Rp bn)	324,924
Free float	48%
Avg. 6m daily T/O (Rp bn)	298

Price Performance

	3M	6M	12M
Absolute	17.1	27.6	5.8
Relative to JCI	5.8	-0.2	-0.2
52w low/high (Rp)			2,290-3,420



Major Shareholders

Republic of Indonesia	52.1%

CSPA for first phase fiber asset spin-off to TIF

- TLKM announced the CSPA for the first-phase fiber asset spin-off to Telkom Infrastructure Indonesia (TIF), in-line with prior guidance.
- We view the transaction as a value-unlocking opportunity through higher asset utilization and potential recycling.
- Maintain BUY on TLKM; we see the deal as strategically positive for the long term, alongside ongoing operational improvements.

Transaction details

TLKM signed a conditional spin-off agreement (CSPA) to transfer wholesale fiber assets worth Rp35.8tr to TIF, representing the net equity value for 56% of the assets transferred, with net assets of Rp49tr and total debt of Rp14tr. The transaction value is slightly above YE24 equity (by Rp301bn), but we think no gain should be booked in the P/L as the assets remain majority-owned by TLKM. A tax gain of ~Rp66bn may arise—potentially reversible if the 100% transaction is valued at 1x P/B under PMK 81.

Valuation: below long-term telco infra multiples

Based on our discussion with the company, currently 100% fiber assets operate at ~40% utilization, generating ~Rp25tr in revenue and ~Rp10tr in EBITDA (40% margin), implying an 8.75x EV/EBITDA—below the LT average of Indo telco towers/global telco fiber at ~11x/15x. (Figs. 2-3)

Mark the potential value-unlocking and higher utilization

The CSPA marks an important value-unlocking milestone, paving the way for higher third-party utilization and potential asset recycling. TLKM targets to sell 30–40% of its stake after full transfer to TIF. If divested at 8.75x-11x EV/EBITDA (sector LT mean), it could imply a potential market cap of Rp62.5tr-85tr, with proceeds of Rp18.75tr–34tr, equivalent to 8–11% of TLKM's current market cap. (Fig. 4) Meanwhile, additional utilization could also help offset any earnings dilution from the stake sale.

Maintain BUY – positive long-term move

The transaction aligns with TLKM's target to transfer about half of its fiber assets by YE25 and the remainder by early FY26F. Beyond this, we see room for further non-core asset recycling, which could support the dividend outlook. (see "report") We have not yet incorporated the CSPA impact, pending deed completion expected by 18 Dec 2025. We maintain our BUY call on TLKM, as we view this transaction positively and reflected in the 11.6% share price gain. We expect better operational numbers from price repairs and stronger purchasing power, supporting further valuation upside.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	147,805	151,874	156,492
EBITDA	77,579	75,029	75,712	77,702	79,845
EBITDA growth	-2%	-3%	1%	3%	3%
Core net profit	25,172	23,396	23,345	23,940	24,438
Core EPS	254	236	236	242	247
Core EPS growth	-2%	-7%	0%	3%	2%
ROE	16%	15%	14.1%	14.0%	13.8%
PER (x)	12.9	13.9	13.9	13.6	13.3
Adjusted EV/EBITDA (x)	5.1	5.4	5.2	5.1	4.9
Dividend yield	5%	5%	5.8%	6%	6%
Forecast change			N/A	N/A	N/A
IPS vs. consensus			100%	99%	97%

Source: Company, Indo Premier *Share price closing as of: 21 October 2025*

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Fig. 1: The asset spin-off valuation implies an EV/EBITDA multiple of 8.75x, based on our estimates

In Rp bn	Implied at 100%
Debt	25,000
Market cap	62,500
Total EV	87,500
EBITDA	10,000
EV/EBITDA (x)	**8.75**

Source: Indo Premier

Fig. 2: Indonesia's telco tower sector's forward EV/EBITDA mean is at 11x

Source: Bloomberg, Indo Premier

Fig. 3: Global fiber players' - EV/EBITDA valuations

Global fiber player EV/EBITDA	Stock code	Business	2025F	2026F	2027F
Corning Inc.	GLW (NYSE)	Optical fiber, optical cable, display glass	18.53	16.26	14.78
YOFC	6869 HK	Optical fiber, optical cable, preform	31.07	26.69	23.00
Nexans S.A.	NEX	Pow er cables, submarine cables, fiber optic cables	6.63	6.32	5.81
LS Cable and System	KRX: 229640	Pow er transmission cables, optical fiber	18.64	17.87	14.58
Sumitomo Electric Industries	TYO: 5802	Optical fiber, w iring harnesses, semiconductors	8.10	7.44	7.05
Prysmian Group	PRY.MI	Pow er cables, submarine cables, fiber optical cables	13.05	11.55	10.69
T&S Communications co., Ltd	300229.SZ	Optical tranceivers, connectors, adapters	41.08	25.83	16.18
Hengtong Optic-Electric Co., Ltd	600487.SH	eletctricity transmission, fiber, IoT infra, smart grid	11.66	10.23	9.25
Simple avg.			**18.60**	**15.27**	**12.67**
Avg. exc hengtong			**19.59**	**15.99**	**13.16**

Source: Bloomberg, Indo Premier

Fig. 4: Potential proceeds from 30–40% stake divestment

In Rp bn, unless otherwise stated			
EBITDA	10,000	EBITDA	10,000
EV/EBITDA (x)	8.75	EV/EBITDA (x)	11
Implied EV	87,500	Implied EV	110,000
Debt	25,000	Debt	25,000
Implied market cap	**62,500**	**Implied market cap**	**85,000**
Stake sale	**Potential proceeds**	**Stake sale**	**Potential proceeds**
30%	18,750	30%	25,500
40%	25,000	40%	34,000

Source: Indo Premier

Fig. 5: First phase of fiber asset spin-off timetable

Activity	Date
Notification of GMS to OJK	14-Oct-25
Announcement of the spin-off plan and information disclosure in newspaper	21-Oct-25
Announcement of the spin-off plan to company employees	21-Oct-25
Submission deadline for creditor objections	04-Nov-25
Announvement of GMS	21-Oct-25
Notice of GMS	20-Nov-25
GMS	12-Dec-25
Announcement of GMS result	16-Dec-25
Signing of the deed of spin-off	18-Dec-25

Source: Indo Premier, Company report

Fig. 6: Our TP for TLKM is based on 5.8x adj EV/EBITDA FY26F (at LT mean)

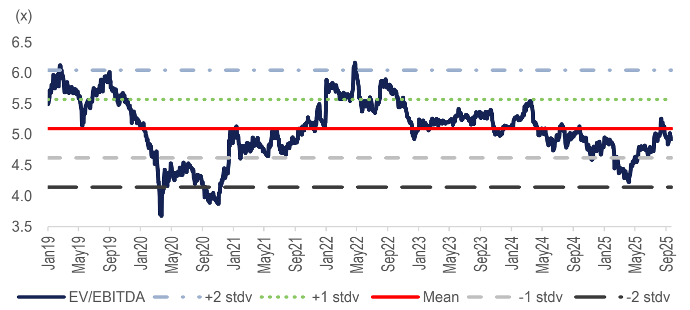
Adjusted EV/EBITDA valuation	FY26F
Debt (Rp bn)	48,879
Market cap (Rp bn)	376,863
Cash (Rp bn)	40,223
Minority interest (Rp bn)	20,396
Adj. EBITDA (Rp bn)	69,985
Implied EV (Rp bn)	405,915
Adjusted EV /EBITDA (x)	5.8
TP/sh (Rp)	3,804.30
Last px (Rp)	3,280
Potential upside/dow nside	16%

Source: Indo Premier

Fig. 7: Sector's forward P/B band

Source: Indo Premier

Fig. 8: Sector's forward EV/EBITDA band

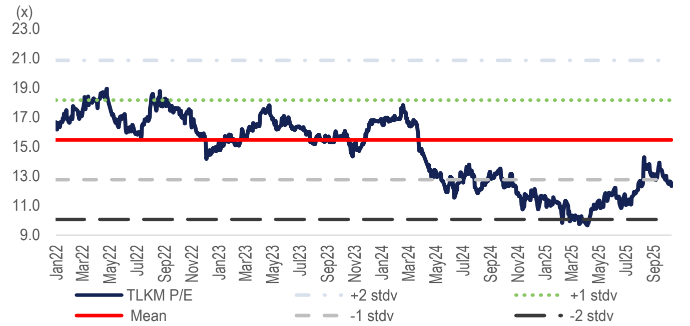


Source: Company, Indo Premier

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

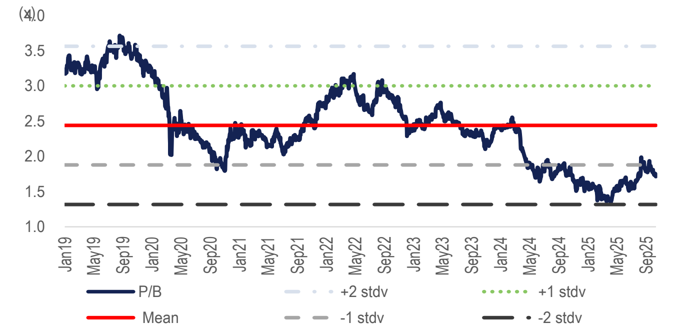
Source: Company, Indo Premier

Fig. 10: TLKM's forward PE band



Source: Company, Indo Premier

Fig. 11: TLKM's forward PB band



Source: Company, Indo Premier

Fig. 12: TLKM's forward EV/EBITDA band

Source: Company, Indo Premier

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

Source: Company, Indo Premier

Fig. 14: Telco operator - peers' comparison

Company	Bloomberg Ticker	Market Cap (US$mn)	Last Price (local curr.)	Target Price	P/E (x) 2025F	P/E (x) 2026F	P/E (x) 2027F	P/B (x) 2025F	P/B (x) 2026F	P/B (x) 2027F	Adjusted EV/EBITDA (x) 2025F	Adjusted EV/EBITDA (x) 2026F	Adjusted EV/EBITDA (x) 2027F	EV/EBITDA (x) 2025F	EV/EBITDA (x) 2026F	EV/EBITDA (x) 2027F	Price to Cash Flow (x) 2025F	Price to Cash Flow (x) 2026F	Price to Cash Flow (x) 2027F	Net Gearing (x) 2025F	Net Gearing (x) 2026F	Net Gearing (x) 2027F	ROE (%) 2025F	ROE (%) 2026F	ROE (%) 2027F	Net Profit CAGR (%) 2024-27F	EBITDA CAGR (%) 2024-27F
Indonesia																											
Telkom Indonesia	TLKM IJ Equity	19.292	3.280	3.800	13,9	13,6	13,3	1,9	1,9	1,8	5,2	5,1	4,9	5,1	5,0	4,8	5,6	5,6	5,4	0,3	0,2	0,2	14,07	13,96	13,80	1,5	2,10
Indosat Ooredo Hutchison	ISAT IJ Equity	3.675	1.920	2.600	13,5	13,8	12,3	1,6	1,5	1,4	4,6	4,4	4,0	4,5	4,3	4,0	4,5	4,4	4,1	0,3	1,2	1,1	11,50	10,89	11,40	1,3	2,75
XL Axiata	EXCL IJ Equity	2.721	2.500	3.500	(100,7)	84,9	17,3	1,4	1,3	1,2	6,0	5,5	4,1	5,8	5,3	4,3	1,6	1,5	1,4	2,0	2,1	1,7	(2,98)	1,64	7,20	20,3	11,73
Total		**25.688**																									
Weighted average					**(24,4)**	**37,4**	**14,3**	**1,6**	**1,6**	**1,5**	**5,3**	**5,0**	**4,3**	**5,1**	**4,9**	**4,4**	**3,9**	**3,8**	**3,6**	**0,9**	**1,2**	**1,0**	**7,5**	**8,8**	**10,8**	**7,7**	
Median					**13,5**	**13,8**	**13,3**	**1,6**	**1,5**	**1,4**	**5,2**	**5,1**	**4,1**	**5,1**	**5,0**	**4,3**	**4,5**	**4,4**	**4,1**	**0,3**	**1,2**	**1,1**	**11,5**	**10,9**	**11,4**	**1,5**	
Malaysia																											
Telekom Malaysia	T MK Equity	6.510	7		16,2	15,5	15,1	2,6	2,4	2,3				6,5	6,3	6,2	6,7	6,4	6,1	0,1	0,1	0,0	16,1	15,7	15,3	(3,3)	2,9
Axiata Group	AXIATA MK Equity	5.738	3		44,7	36,2	27,2	1,2	1,2	1,2				6,6	7,0	6,7	3,7	4,2	3,8	0,9	0,9	0,9	3,2	4,2	5,5	(2,2)	(16,3)
Celcomdigi Berhad	CDB MK Equity	10.326	4		25,3	22,4	20,1	2,7	2,7	2,7				9,6	9,3	9,0	9,1	8,9	8,5	0,8	0,7	0,7	11,0	12,4	13,5	16,0	4,1
Maxis Berhad	MAXIS MK Equity	7.044	4		20,0	19,0	18,4	4,9	4,8	4,7				9,0	8,9	8,8	8,6	8,3	8,0	1,4	1,3	1,2	24,7	25,3	25,5	5,0	1,9
Total		**29.619**																									
Weighted average								**2,8**	**2,8**	2,7				**7,9**	**7,9**	**7,7**	**7,0**	**7,0**	**6,6**	**0,8**	**0,8**	**0,7**	**13,7**	**14,4**	**15,0**	**3,9**	**(1,8)**
Median								**2,6**	**2,5**	2,5				**7,8**	**8,0**	**7,7**	**7,7**	**7,3**	**7,0**	**0,8**	**0,8**	**0,8**	**13,5**	**14,0**	**14,4**	**1,4**	**2,4**
India																											
Bharti Airtel	BHARTI IN Equity	139.988	2.052		43,0	30,2	24,3	9,0	7,5	6,4				12,6	11,0	9,8	14,7	12,8	11,4	1,2	0,7	0,3	22,5	27,5	28,7	88,0	24,1
Vodafone Idea	IDEA IN Equity	11.012	9		n.a	n.a	n.a	n.a	n.a	n.a				16,0	13,2	11,5	32,7	23,2	14,1	(2,2)	(2,2)	(2,7)	27,3	22,8	24,2	(14,9)	17,8
Reliance Jio	RELIANCE IN Equity	225.680	1.467		24,0	21,6	19,1	2,1	2,0	1,8				12,3	10,9	9,9	13,9	12,6	11,2	0,2	0,2	0,1	8,9	9,1	9,6	15,0	12,3
Total		**376.680**																									
Weighted average								**5,6**	**4,7**	**4,1**				**13,6**	**11,7**	**10,4**	**20,5**	**16,2**	**12,2**	**(0,2)**	**(0,4)**	**(0,8)**	**19,5**	**19,8**	**20,8**	**29,4**	**18,1**
Median								**5,6**	**4,7**	**4,1**				**12,6**	**11,0**	**9,9**	**14,7**	**12,8**	**11,4**	**0,2**	**0,2**	**0,1**	**22,5**	**22,8**	**24,2**	**15,0**	**17,8**
Thailand																											
Advanced Info Service	ADVANC TB Equity	27.123	298		20,7	19,1	18,0	8,6	8,3	8,0				8,9	8,6	8,4	8,4	8,1	8,0	1,5	1,1	1,2	39,2	40,1	40,9	8,9	8,9
True Corp.	TRUE TB Equity	11.525	11		18,1	15,1	12,5	3,8	3,3	n.a				6,9	6,8	6,7	4,8	4,7	n.a	3,8	3,2	2,2	20,4	21,3	23,8	32,0	32,0
Total		**38.648**																									
Weighted average								**6,2**	**5,8**	**8,0**				**7,9**	**7,7**	**7,5**	**6,6**	**6,4**	**8,0**	**2,7**	**2,2**	1,7	**29,8**	**30,7**	**32,3**	**20,5**	**20,5**
Median								**6,2**	**5,8**	**8,0**				**7,9**	**7,7**	**7,5**	**6,6**	**6,4**	**8,0**	**2,7**	**2,2**	**1,7**	**29,8**	**30,7**	**32,3**	**20,5**	**20,5**

Source: Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	149,216	149,967	147,805	151,874	156,492
Cost of sales	-	-	-	-	-
Gross profit	**149,216**	**149,967**	**147,805**	**151,874**	**156,492**
Operating expenses	(104,300)	(107,581)	(105,318)	(108,471)	(112,376)
Operating profit	**44,916**	**42,386**	**42,487**	**43,403**	**44,116**
EBITDA	**77,579**	**75,029**	**75,712**	**77,702**	**79,845**
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**	**38,332**	**39,320**	**40,238**
Income tax	(8,586)	(8,410)	(8,433)	(8,650)	(8,852)
Minority interest	(7,648)	(7,094)	(6,407)	(6,583)	(6,801)
Net income	**24,560**	**23,649**	**23,492**	**24,086**	**24,584**
Core net profit	**25,172**	**23,396**	**23,345**	**23,940**	**24,438**

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalents	29,007	33,905	38,131	40,223	42,585
Receivables	10,667	12,193	11,265	11,575	11,927
Other current assets	15,939	16,982	16,973	17,444	17,982
Total current assets	**55,613**	**63,080**	**66,370**	**69,242**	**72,494**
Fixed assets	180,755	180,566	180,073	179,508	178,627
Other non-current assets	50,674	56,029	60,926	66,439	71,732
Total non-current assets	**231,429**	**236,595**	**240,999**	**245,947**	**250,359**
Total assets	**287,042**	**299,675**	**307,369**	**315,189**	**322,853**
Payables	18,608	15,336	16,090	16,572	17,169
Other current liab.	27,459	28,549	28,099	28,238	28,423
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**	**77,544**	**78,165**	**78,946**
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	16,195	16,641	17,147
Total liabilities	**130,480**	**137,185**	**140,449**	**142,707**	**144,752**
Equity	17,303	17,161	17,018	17,287	17,592
Retained earnings	118,441	124,933	129,505	134,799	140,114
Minority interest	20,818	20,396	20,396	20,396	20,396
Total SHE + minority int.	**156,562**	**162,490**	**166,920**	**172,481**	**178,101**
Total liabilities & equity	**287,042**	**299,675**	**307,369**	**315,189**	**322,853**

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	24,560	23,649	23,492	24,086	24,584
Depr. & amortization	15,892	12,944	33,146	34,218	35,644
Changes in working capital	(3,477)	(5,864)	1,484	91	149
Others	22,956	-	-	-	-
Cash flow from operating	**59,931**	**30,729**	**58,122**	**58,395**	**60,377**
Capital expenditure	(25,995)	(17,792)	(37,834)	(38,631)	(39,450)
Others	(10,914)	795	41	(784)	(864)

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash flow from investing	**(36,909)**	**(16,997)**	**(37,794)**	**(39,415)**	**(40,314)**
Loans	3,319	5,210	(4,030)	-	-
Lease	1,114	3,534	7,227	1,191	757
Equity	756	(564)	(143)	269	305
Dividends	(16,603)	(17,683)	(18,919)	(18,793)	(19,269)
Others	(14,039)	669	(237)	446	506
Cash flow from financing	**(25,453)**	**(8,834)**	**(16,102)**	**(16,888)**	**(17,701)**
Changes in cash	**(2,431)**	**4,898**	**4,226**	**2,092**	**2,362**

Key Ratios	2023A	2024A	2025F	2026F	2027F
EBITDA margin	52%	50%	51%	51%	51%
Pre-tax margin	27%	26%	26%	26%	26%
Net margin	16%	16%	16%	16%	16%
ROA	9%	8%	8%	8%	8%
ROE	16%	15%	14%	14%	14%
ROIC	18%	16%	16%	16%	16%
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	0.5	0.5
Net debt/EBITDA (ex. leases) (x)	0.2	0.3	0.1	0.1	0.1
Interest coverage (x)	10	8	7	8	8

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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