INDOPREMIER

Telekomunikasi Indonesia

BUY *(Unchanged)*

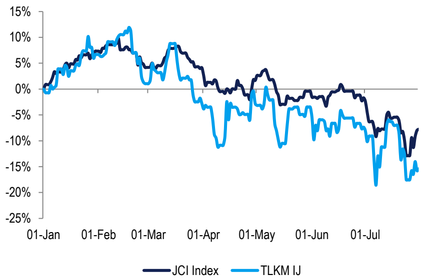
Company Update | Telecommunications | TLKM IJ | 31 October 2025

Stock Data

Target price	**Rp3,700**
Prior TP	*Rp3,800*
Current price	3,210
Upside/downside	15%
Shares outstanding (mn)	99.062
Market cap (Rp bn)	317,990
Free float	48%
Avg. 6m daily T/O (Rp bn)	314

Price Performance

	3M	6M	12M
Absolute	11.5	21.6	13.8
Relative to JCI	3.1	0.7	5.7
52w low/high (Rp)			2,290-3,420



Major Shareholders

Republic of Indonesia	52.1%

Aurelia Barus

PT Indo Premier Sekuritas

aurelia.barus@ipc.co.id

+62 21 5088 7168 ext. 719

Belva Monica

PT Indo Premier Sekuritas

belva.monica@ipc.co.id

+62 21 5088 7168 ext. 716

Broadly in line 9M25 EBITDA due to higher-than-expected cost

- TLKM's 3Q25 EBITDA rose +2% qoq, driven by a +5% qoq increase in TSEL EBITDA, broadly in line with our and consensus estimates.
- 9M25 total cost came in higher than expected (+1% yoy); we cut FY25–27F EBITDA by 1.4-3.7% to reflect higher costs.
- We retain our BUY call, as sustained mobile ARPU improvement and ongoing asset recycling and restructuring plans remain key catalysts.

Broadly in line EBITDA amid higher opex

TLKM booked 3Q25 EBITDA of Rp18.3tr (+2% qoq) and 9M25 of Rp54.4tr (-4% yoy), broadly in line with our and consensus estimates (72%/73%). Revenue reached Rp36.6tr (+1% qoq) in 3Q25 and Rp109.6tr (-2% yoy) in 9M25, also in line. Growth was driven by data revenue (+8% qoq), while total costs rose +2% qoq and +1% yoy in 9M25—above our FY25F forecast of -2% yoy—mainly from higher receivable provisions (+46% yoy) due to macro headwinds on TSEL's postpaid segment, accelerated depreciation related to the asset spin-off (Rp771bn), lease line and CPE costs (+14% yoy), and interconnection expenses (+13% yoy). Consequently, 9M25 core NP of Rp16tr (-12% yoy) came in below our and consensus estimates (68%/69%). The company expects provisions to normalize by FY26F.

Anticipating no provision on IndiHome tax case

In its 9M25 F/S, TLKM disclosed receiving a Rp14.6tr tax underpayment assessment related to the IndiHome transfer. It books no provision for the case, as it believes the transfer complied with prevailing regulations and already approved by the Ministry of Finance, previously.

TSEL: 3Q25 EBITDA improved by +5% qoq, by mobile improvement

TSEL's 3Q25 revenue and EBITDA rose +3% and +5% qoq, in line with estimates, driven by mobile data revenue (+8% qoq). ARPU increased +5% qoq to Rp43.4k, while subscribers fell -1% qoq on low-value churn. Legacy revenue dropped -22% qoq (-20% yoy in 9M25), in line. IndiHome B2C revenue fell -2% qoq (+1% yoy in 9M25), slightly below forecasts, as ARPU declined -9.4% yoy despite subscribers rising to 10,261 (98% of FY25F).

Retain BUY with lower TP of Rp3,700

We cut FY25–27F EBITDA by 1.4–3.7%, mainly due to higher costs and Telkomsel-related housekeeping adjustments. Our FY25F revenue and EBITDA are now in line with the company's revised guidance. We retain our BUY call with a lower TP of Rp3,700, as sustained mobile ARPU improvement and potential asset recycling and restructuring remain key catalysts.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	147,302	151,395	155,980
EBITDA	77,579	75,029	72,915	75,994	78,712
EBITDA growth	-2%	-3%	-3%	4%	4%
Core net profit	25,172	23,396	21,202	22,897	24,304
Core EPS	254	236	214	231	245
Core EPS growth	-2%	-7%	-9%	8%	6%
ROE	16%	15%	13.0%	13.5%	13.8%
PER (x)	12.6	13.6	15.0	13.9	13.1
Adjusted EV/EBITDA (x)	5.0	5.3	5.4	5.1	4.9
Dividend yield	5%	6%	5.9%	5%	6%
Forecast change			-9.2%	-4.4%	-0.5%

Source: Company, Indo Premier *Share price closing as of: 31 October 2025*

Fig. 1: 3Q25 results review

TLKM's result in Rp bn	3Q25	3Q24	% YoY	9M25	9M24	% YoY	2Q25	% QoQ	IP FY25F	% of IP	Cons. Numb	% of Cons	3Y mean
Revenue	**36,613**	**36,927**	-0.9%	**109,617**	**112,219**	-2%	**36,365**	1%	**147,805**	**74%**	**149,442**	**73%**	**74%**
Operating expenses	(27,195)	(26,289)	3.4%	(80,296)	(79,842)	1%	(26,639)	2%					
Operating profit	**9,418**	**10,638**	-11.5%	**29,321**	**32,377**	-9%	**9,726**	-3%					
EBITDA	**18,287**	**18,759**	-2.5%	**54,388**	**56,627**	-4%	**17,869**	2%	**75,712**	**72%**	**74,731**	**73%**	**76%**
Other income/(expense)	(1,133)	(944)	20.0%	(2,899)	(2,760)	5%	(1,179)	-4%					
Pre-tax profit	**8,285**	**9,694**	-14.5%	**26,422**	**29,617**	-11%	**8,547**	-3%					
Taxes	(1,816)	(2,097)	-13.4%	(5,827)	(6,596)	-12%	(2,018)	-10%					
Net profit	**4,809**	**5,914**	-18.7%	**15,784**	**17,675**	-11%	**5,165**	-7%					
Core profit	**4,792**	**5,784**	-17.1%	**15,958**	**18,066**	-12%	**5,658**	-15%	**23,345**	**68%**	**22,974**	**69%**	**76%**
Margin (%)													
EBITDA margin	49.9%	50.8%		49.6%	50.5%		49.1%						
Net margin	13.1%	16.0%		14.4%	15.8%		14.2%						
Core net margin	13.1%	15.7%		14.6%	16.1%		15.6%						

TLKM operational data	3Q25	3Q24	% YoY	9M25	9M24	% YoY	2Q25	% QoQ
Operational data - mobile								
Data traffic (PB)	5,757	14,903	-61.4%	17,473	14,903	17.2%	5,938	-3.0%
Avg. monthly data traffic/subs (GB)	15.1	12.9	17.2%	15.1	12.9	17.2%	15.2	-0.6%
Data yield (Rp/MB) - implied	3.4	3.7	-8.8%	3.2	3.9	-18.2%	3.1	11.2%
Blended ARPU (Rp k/month) - implied	43.4	43.1	0.7%	42.4	43.1	-1.6%	41.2	5.3%
Mobile subs (mn people) - implied	157.6	158.4	-0.5%	157.6	158.4	-0.5%	158.4	-0.5%
Operational data - FBB								
FBB ARPU (Rp k/month) - implied	210	235	-10.6%	217	239	-9.4%	217	-3.3%
FBB subs (k) - implied	11,544	10,735	7.5%	11,544	10,735	7.5%	11,318	2.0%

Source: Indo Premier

Fig. 2: Forecast changes

In Rp bn, unless otherwise stated							Change, %		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Profit & Loss									
Revenue	147,805	151,874	156,492	147,302	151,395	155,980	-0.3%	-0.3%	-0.3%
Operating expense	(105,318)	(108,471)	(112,376)	(108,383)	(109,699)	(112,996)	2.9%	1.1%	0.6%
EBIT	42,487	43,403	44,116	38,919	41,695	42,983	-8.4%	-3.9%	-2.6%
EBITDA	75,712	77,702	79,845	72,915	75,994	78,712	-3.7%	-2.2%	-1.4%
Other income/(expense)	(4,155)	(4,083)	(3,878)	(3,423)	(3,803)	(3,009)	-17.6%	-6.9%	-22.4%
Pre-tax profit	38,332	39,320	40,238	35,496	37,893	39,974	-7.4%	-3.6%	-0.7%
Taxes	(8,433)	(8,650)	(8,852)	(7,809)	(8,336)	(8,794)	-7.4%	-3.6%	-0.7%
Net profit	23,492	24,086	24,584	21,348	23,043	24,451	-9.1%	-4.3%	-0.5%
Core profit	23,345	23,940	24,438	21,202	22,897	24,304	-9.2%	-4.4%	-0.5%
EPS	237	243	248	216	233	247	-9.1%	-4.3%	-0.5%
Core EPS (Rp)	236	242	247	214	231	245	-9.2%	-4.4%	-0.5%
Annual growth, %									
Revenue	-1%	3%	3%	-2%	3%	3%			
EBIT	0%	2%	2%	-8%	7%	3%			
EBITDA	1%	3%	3%	-3%	4%	4%			
Pretax profit	-2%	3%	2%	-9%	7%	5%			
Net profit	-1%	3%	2%	-10%	8%	6%			
Core net profit	0%	3%	2%	-9%	8%	6%			
EPS	-1%	3%	2%	-10%	8%	6%			
Core EPS (Rp)	0%	3%	2%	-9%	8%	6%			
Profitability, %									
EBIT margin	29%	29%	28%	26%	28%	28%			
EBITDA margin	51%	51%	51%	50%	50%	50%			
Net profit margin	16%	16%	16%	14%	15%	16%			
Core net profit margin	16%	16%	16%	14%	15%	16%			

Operational data	Previous			Current			Change, %		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Mobile									
Data traffic (PB)	24,496	26,088	27,784	23,721	25,263	26,905	-3%	-3%	-3%
Data yield (Rp/MB)	3.1	3.1	3.0	3.2	3.1	3.1	2%	2%	2%
Blended ARPU (Rp k/month)	44.0	45.3	47.0	42.6	43.8	45.6	-3%	-3%	-3%
Mobile subs (mn people)	156.4	156.4	156.4	157.6	157.6	157.6	1%	1%	1%
FBB									
FBB ARPU (Rp k/month)	219.82	208.83	198.39	210.03	199.53	189.55	-4%	-4%	-4%
FBB subs (k)	11,678	12,478	13,278	11,678	12,478	13,278	0%	0%	0%
Other									
BTS	293,775	316,313	338,660	293,775	316,313	338,660	0%	0%	0%
Annual growth, %									
Data traffic (PB)	20%	6%	6%	16%	7%	6%			
Data yield (Rp/MB)	-19%	-2%	-2%	-17%	-2%	-2%			
Blended ARPU (Rp k/month)	-1%	3%	4%	-4%	3%	4%			
Mobile subs (mn people)	-2%	0%	0%	-1%	0%	0%			
FBB ARPU (Rp k/month)	-7%	-5%	-5%	-12%	-5%	-5%			
FBB subs (k)	8%	7%	6%	8%	7%	6%			

Source: Indo Premier

Fig. 3: Our TP is based on 5.8x adj. EV/EBITDA (at LT. mean)

Adjusted EV/EBITDA valuation	FY26F
Debt (Rp bn)	44,879
Market cap (Rp bn)	366,449
Cash (Rp bn)	35,713
Minority interest (Rp bn)	20,396
Adj. EBITDA (Rp bn)	68,278
Implied EV (Rp bn)	396,012
Adjusted EV /EBITDA (x)	5.8
TP/sh (Rp)	3,699.18
Last px (Rp)	3,210
Potential upside/downside	15%

Source: Indo Premier

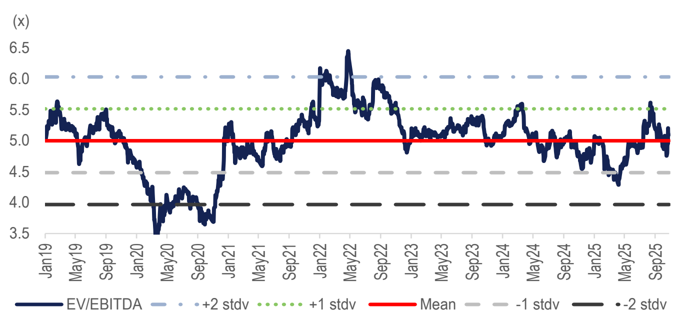
Fig. 4: Sector's forward P/B band

Source: Indo Premier

Fig. 5: Sector's forward EV/EBITDA band

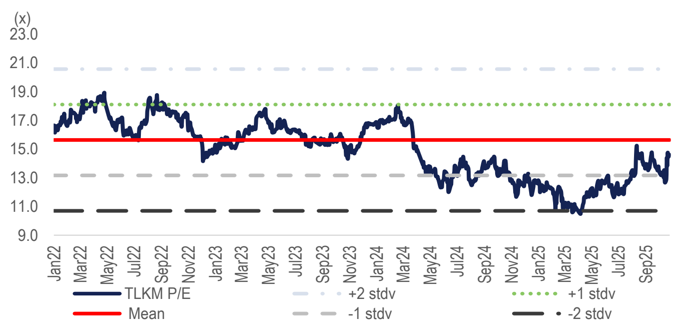
Source: Indo Premier

Fig. 6: Sector's forward adjusted EV/EBITDA band



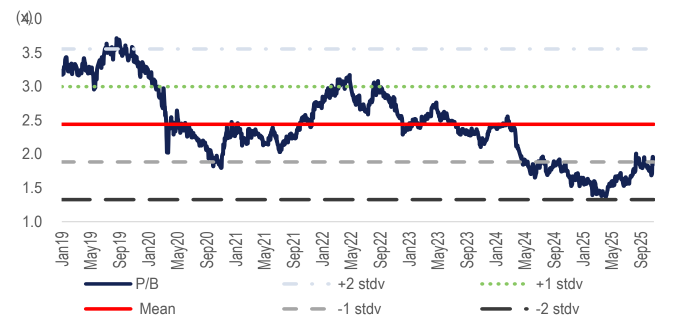
Source: Indo Premier

Fig. 7: TLKM's forward PE band



Source: Indo Premier

Fig. 8: TLKM's forward PB band



Source: Indo Premier

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

Source: Indo Premier

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

Source: Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	149,216	149,967	147,302	151,395	155,980
Operating expenses	(104,300)	(107,581)	(108,383)	(109,699)	(112,996)
Operating profit	**44,916**	**42,386**	**38,919**	**41,695**	**42,983**
EBITDA	**77,579**	**75,029**	**72,915**	**75,994**	**78,712**
Net interest	(3,591)	(3,841)	(3,686)	(3,991)	(3,197)
Forex gain (loss)	(36)	136	-	-	-
Others	(495)	472	263	188	188
Pre-tax income	**40,794**	**39,153**	**35,496**	**37,893**	**39,974**
Income tax	(8,586)	(8,410)	(7,809)	(8,336)	(8,794)
Minority interest	(7,648)	(7,094)	(6,338)	(6,513)	(6,729)
Net income	**24,560**	**23,649**	**21,348**	**23,043**	**24,451**
Core net profit	**25,172**	**23,396**	**21,202**	**22,897**	**24,304**

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalents	29,007	33,905	34,708	35,713	36,692
Receivables	10,667	12,193	11,227	11,539	11,888
Other current assets	15,939	16,982	16,958	17,408	17,935
Total current assets	**55,613**	**63,080**	**62,894**	**64,660**	**66,516**
Fixed assets	180,755	180,566	179,498	178,932	178,051
Other non-current assets	50,674	56,029	60,666	66,182	71,471
Total non-current assets	**231,429**	**236,595**	**240,164**	**245,115**	**249,522**
Total assets	**287,042**	**299,675**	**303,058**	**309,775**	**316,038**
Payables	18,608	15,336	16,559	16,760	17,263
Other current liab.	27,459	28,549	28,051	28,192	28,373
Lease liabilities	5,575	5,491	6,824	6,824	6,824
Current portion of LT loans	19,926	27,391	24,031	22,531	20,531
Total current liab.	**71,568**	**76,767**	**75,464**	**74,307**	**72,992**
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	16,140	16,588	17,091
Total liabilities	**130,480**	**137,185**	**138,314**	**138,797**	**138,741**
Equity	17,303	17,161	16,985	17,255	17,558
Retained earnings	118,441	124,933	127,362	133,327	139,343
Minority interest	20,818	20,396	20,396	20,396	20,396
Total SHE + minority int.	**156,562**	**162,490**	**164,743**	**170,978**	**177,297**
Total liabilities & equity	**287,042**	**299,675**	**303,058**	**309,775**	**316,038**

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	24,560	23,649	21,348	23,043	24,451
Depr. & amortization	15,892	12,944	33,916	34,218	35,644
Changes in working capital	(3,477)	(5,864)	1,957	(169)	66
Others	22,956	-	-	-	-
Cash flow from operating	**59,931**	**30,729**	**57,221**	**57,092**	**60,161**
Capital expenditure	(25,995)	(17,792)	(37,834)	(38,631)	(39,450)
Others	(10,914)	795	107	(787)	(859)

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash flow from investing	**(36,909)**	**(16,997)**	**(37,728)**	**(39,418)**	**(40,309)**
Loans	3,319	5,210	(6,530)	(1,500)	(2,000)
Lease	1,114	3,534	7,227	1,191	757
Equity	756	(564)	(176)	270	303
Dividends	(16,603)	(17,683)	(18,919)	(17,079)	(18,435)
Others	(14,039)	669	(292)	448	502
Cash flow from financing	**(25,453)**	**(8,834)**	**(18,690)**	**(16,669)**	**(18,872)**
Changes in cash	**(2,431)**	**4,898**	**803**	**1,004**	**979**

Key Ratios	2023A	2024A	2025F	2026F	2027F
EBITDA margin	52%	50%	50%	50%	50%
Pre-tax margin	27%	26%	24%	25%	26%
Net margin	16%	16%	14%	15%	16%
ROA	9%	8%	7%	7%	8%
ROE	16%	15%	13%	13%	14%
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	0.5	0.5
Net debt/EBITDA (ex. leases) (x)	0.2	0.3	0.2	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.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.