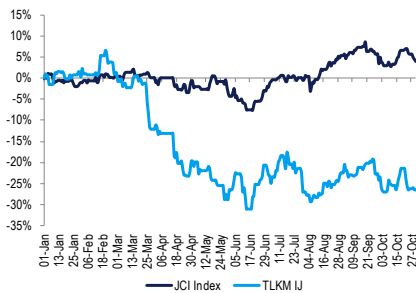


Stock Data

Target price	Rp4,100
Prior TP	NA
Current price	Rp2,900
Upside/downside	+41%
Shares outstanding (mn)	99,062
Market cap (Rp bn)	287,280
Free float	48%
Avg. 6m daily T/O (Rp bn)	312

Price Performance

	3M	6M	12M
Absolute	0.7%	-8.5%	-16.9%
Relative to JCI	-3.8%	-13.2%	-29.0%
52w low/high (Rp)	2,720– 4,210		



Major Shareholders

Republic of Indonesia	52.1%
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3Q24 results: in-line core profit and EBITDA but qoq decline in mobile ARPU

- 9M24 core profit came in at Rp18.6tr (-5% yoy), which met our estimates (71% of our FY24F vs. 3Y average of 73%).
- EBITDA declined by -4% yoy in 9M24 – also in-line with ours/consensus.
- 9M24 revenue grew by +1% yoy while decline in mobile ARPU qoq was also in-line with weak seasonality. Reaffirm Buy.

9M24 result was in-line ours and consensus expectations

TLKM reported 9M24 net profit of Rp17.7tr (-9% yoy), in-line with consensus' forecast at 73% (vs. 3Y avg of 73%). Core profit reached Rp18.6tr (-5% yoy) coming broadly in-line with our estimates at 71%. Revenue reached Rp112tr (+1% yoy) in-line at 73% of ours/consensus estimates (vs. 3Y avg of 74%). EBITDA reached Rp56.6tr (-4% yoy) in-line with ours/consensus estimates at 71/72% vs. 3Y average of 74% as EBITDA margin dropped to 50.5% (-263 bps yoy), reflecting a higher cash opex (+7% yoy) amid slower revenue growth.

Cellular revenue dropped due to soft purchasing power

3Q24 core profit came at Rp5.6tr (-21% yoy/-11% qoq) due to slowing topline growth. 3Q24 revenue declined to Rp36.9tr (-2% yoy/-3% qoq), as cellular revenue dropped to Rp20.6tr (-5% yoy/-3% qoq) due to soft purchasing power on top of weak seasonality. EBITDA reached Rp18.8tr (-9% yoy/+2% qoq), translating to a lower EBITDA margin of 50.8% (-396 bps yoy/+208 bps qoq) as cash opex increased qoq (+6% yoy/-6% qoq) driven by higher G&A expenses (+32% yoy/-15% qoq).

Slight decline in ARPU qoq; IndiHome B2C continues to add subs

Cellular subscribers declined to 158.4mn (decline of 1.5mn qoq) due to weak seasonality and soft purchasing power, while ARPU also dropped to Rp43.1k (-4% qoq). Meanwhile, IndiHome B2C continued to see a subs net add of +172k qoq, but ARPU declined to 239k (-1% qoq) amid introduction of lower priced products like EZnet.

Maintain Buy with an unchanged TP of Rp4,100

We await more details from earnings call (31st of Oct24), but overall 9M24 results came relatively in-line. Maintain Buy on TLKM, with an unchanged blended valuation-based (DCF and EV/EBITDA multiple) TP of Rp4,100. Risk is competition.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	147,306	149,216	154,039	159,135	164,422
EBITDA	78,992	77,579	79,894	82,302	84,772
EBITDA growth	4.3%	-1.8%	3.0%	3.0%	3.0%
Net profit	20,753	24,560	26,203	27,217	28,826
EPS	209	248	265	275	291
EPS growth	-16.2%	18.3%	7.3%	4.7%	7.4%
ROE	13.9%	15.7%	15.9%	16.0%	16.5%
PER (x)	13.8	11.7	10.9	10.4	9.7
EV/EBITDA (x)	4.3	4.4	4.2	4.1	4.0
Dividend yield	5.2%	5.8%	6.2%	7.3%	7.7%
IPS vs. consensus			106%	101%	105%

Source: Company, Indo Premier

Share price closing as of: 30 October 2024

Fig. 1: TLKM 3Q24 results

(Rp bn)	9M24	9M23	% YoY	3Q24	3Q23	% YoY	2Q24	% QoQ	IP FY24F	% of IP	% of Cons
Revenue	112,219	111,238	0.9%	36,927	37,760	-2.2%	37,863	-2.5%	154,308	72.7%	73.4%
Operating expenses	(79,842)	(76,256)	4.7%	(26,289)	(25,214)	4.3%	(27,460)	-4.3%			
Operating profit	32,377	34,982	-7.4%	10,638	12,546	-15.2%	10,403	2.3%			
EBITDA	56,627	59,063	-4.1%	18,759	20,679	-9.3%	18,447	1.7%	80,162	70.6%	72.4%
Other income/(expense)	(2,760)	(2,700)	2.2%	(944)	(1,566)	-39.7%	(623)	51.5%			
Pre-tax profit	29,617	32,282	-8.3%	9,694	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 profit	17,675	19,499	-9.4%	5,914	6,743	-12.3%	5,708	3.6%			71.2%
Core profit	18,643	19,644	-5.1%	5,637	7,158	-21.2%	6,341	-11.1%	26,352	70.7%	
Margin (%)											
EBITDA margin	50.5%	53.1%		50.8%	54.8%		48.7%				
Net margin	15.8%	17.5%		16.0%	17.9%		15.1%				
Operational data											
Consumer revenue	19,644	19,748	-0.5%	6,666	6,465	3.1%	6,322	5.4%			
Enterprise revenue	15,150	14,597	3.8%	4,989	5,313	-6.1%	5,689	-12.3%			
WIB revenue	13,410	12,331	8.8%	4,183	4,175	0.2%	4,467	-6.4%			
Cellular revenue	62,871	63,788	-1.4%	20,607	21,619	-4.7%	21,173	-2.7%			

Source: Company, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net Revenue	147,306	149,216	154,039	159,135	164,422
Cost of Sales	-	-	-	-	-
Gross Profit	147,306	149,216	154,039	159,135	164,422
SG&A Expenses	(101,569)	(104,300)	(106,811)	(110,529)	(113,615)
Operating Profit	45,737	44,916	47,229	48,606	50,806
EBITDA	78,992	77,579	79,894	82,302	84,772
Net Interest	(3,155)	(3,591)	(3,901)	(4,217)	(4,062)
Forex Gain (Loss)	256	(36)	77	80	82
Others-Net	(6,499)	(495)	(293)	(302)	(312)
Pre-Tax Income	36,339	40,794	43,112	44,166	46,514
Income Tax	(8,659)	(8,586)	(9,054)	(8,833)	(9,303)
Minority interest	(6,927)	(7,648)	(7,856)	(8,116)	(8,386)
Net Income	20,753	24,560	26,203	27,217	28,826

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalents	31,947	29,007	30,156	31,124	32,386
Receivables	8,879	10,667	10,129	10,464	10,811
Other current assets	14,231	15,939	17,607	20,113	22,982
Total current assets	55,057	55,613	57,891	61,701	66,180
Fixed assets	173,329	180,755	180,755	180,755	180,755
Other non-current assets	46,806	50,674	54,728	59,106	63,835
Total non-current assets	220,135	231,429	235,483	239,861	244,590
Total assets	275,192	287,042	293,374	301,562	310,769
Payable	24,292	23,574	24,581	25,437	26,147
Other Payables	17,827	15,645	14,393	13,674	12,990
Current Portion of LT Loans	28,269	32,349	12,413	12,904	13,456
Total Current Liab.	70,388	71,568	51,387	52,015	52,593
Long Term Loans	27,331	27,773	49,651	51,616	53,825
Other LT Liab.	28,211	31,139	29,011	28,141	27,297
Total Liabilities	125,930	130,480	130,049	131,772	133,715
Equity	17,361	17,303	17,303	17,303	17,303
Retained Earnings	111,897	118,441	124,996	131,251	138,303
Minority interest	20,004	20,818	21,026	21,236	21,449
Total SHE + Minority Int.	149,262	156,562	163,325	169,790	177,055
Total Liabilities & Equity	275,192	287,042	293,374	301,562	310,769

Sources: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net Income	20,753	24,560	26,203	27,217	28,826
Depr. & Amortization	35,728	33,973	33,034	32,879	32,713
Changes in Working Capital	1,972	(6,396)	(1,374)	(2,705)	(3,190)
Others	12,878	6,708	1,674	2,867	2,813
Cash Flow From Operating	71,331	58,845	59,537	60,258	61,162
Capital Expenditure	(41,558)	(40,089)	(32,976)	(32,821)	(32,655)
Others	(2,473)	(1,310)	(58)	(58)	(58)
Cash Flow From Investing	(44,031)	(41,399)	(33,034)	(32,879)	(32,713)
Loans	(9,847)	4,522	1,941	2,457	2,761
Equity	(10,374)	(6,892)	(7,648)	(7,906)	(8,173)
Dividends	(14,856)	(16,603)	(19,648)	(20,962)	(21,774)
Others	-	-	-	-	-
Cash Flow From Financing	(35,077)	(18,973)	(25,354)	(26,411)	(27,186)
Changes in Cash	(6,364)	(2,940)	1,149	968	1,262

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	100.0%	100.0%	100.0%	100.0%	100.0%
EBITDA margin	53.6%	52.0%	51.9%	51.7%	51.6%
Pre-tax margin	24.7%	27.3%	28.0%	27.8%	28.3%
Net margin	14.1%	16.5%	17.0%	17.1%	17.5%
ROA	7.5%	8.6%	8.9%	9.0%	9.3%
ROE	13.9%	15.7%	16.0%	16.0%	16.3%
ROIC	12.0%	13.6%	13.7%	13.7%	13.9%
Acct. receivables TO (days)	22	24	24	24	24
Acct. payables - other TO (days)	83	84	84	84	84
Net debt/EBITDA (inc. leases) (x)	0.3	0.4	0.4	0.4	0.4
Net debt/EBITDA (ex. leases) (x)	0.1	0.2	0.2	0.3	0.3
Interest coverage (x)	11.3	9.7	10.1	10.0	10.8

Sources: Company, Indo Premier

INVESTMENT 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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