Two growth engines are emerging

25 September 2026

We maintain our BUY rating on TLKM with a TP of IDR3,300/share, based on 4.4x FY26F EV/EBITDA (-0.5SD 5-year historical mean), implying +36.9% upside. Strong fixed-mobile (FMC) momentum, opex discipline, and lower funding costs continue to lift near-term results, with 9M26F EBITDA tracking on plan at 75.8% of our FY26F forecast. Concurrently, B2B Infrastructure is scaling into a key growth pillar, powered by high data center utilization (>90% billed capacity). Supported by strong cash generation, TLKM possesses the financial flexibility to fund this expansion while maintaining stable profit growth.

TLKM IJ	BUY
Sector	Telecomm
Price 24 Sep 2026 (IDR)	2,410
Price target (IDR)	3,300
Upside/Downside (%)	36.9

Stock Information

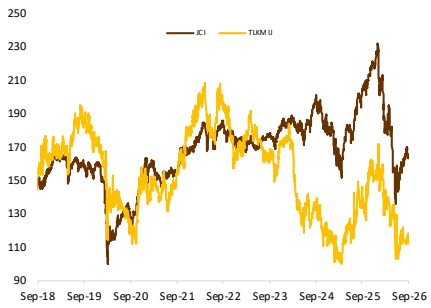
Telkom Indonesia is the largest telecommunication company in Indonesia, covering over 90% of Indonesian population. The company is largely owned by state and operates through various subsidiaries, ranging from telecommunication to property.

Market cap (IDR bn)	238,735
Shares outstanding (mn)	99,062
52-week range (IDR)	2,350-3,990
3M average daily vol. ('000)	107,480
3M average daily val. (IDR mn)	275,700

Shareholders (%)

Government of Indonesia	52.0
Public	48.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	-7.7	-3.6	-22.8

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Scaling up B2B Infrastructure as data centers drive the next growth leg
TLKM is increasingly building B2B Infrastructure into a second growth engine alongside its core B2C operations, with data centers (NeutraDC), fiber connectivity (InfraNexia), and towers (Mitratel) providing the backbone. As of 1H26, NeutraDC held 49.9MW of effective capacity, including 16MW of enterprise capacity, with additional 21.5MW at Cikarang Phase-1 and 18MW at Batam Phase-1 under development, while Cikarang Phase-2 is targeted for development starting in 2027. Its regional footprint also covers Singapore, Hong Kong, and Timor-Leste. Crucially, monetization remains healthy, with >90% occupancy on billed capacity across B2B Infrastructure. Accordingly, NeutraDC revenue grew +11.0% YoY in 1H26 and +17.0% QoQ in 2Q26, well ahead of Telkomsel's +3.3% YoY and 1.6% +QoQ growth, highlighting stronger growth potential as capacity ramps up and partnerships support utilization.

Prioritize connectivity while ramping high-growth data centers
Despite the strategic ramp-up in data centers, TLKM's capital spending remains focused on its foundational connectivity network. TLKM invested IDR10.8 tn in capex in 1H26, equivalent to 14.2% of revenue, with 94% allocated to B2C and B2B Infrastructure. Based on fixed-asset additions, B2B Infrastructure accounted for 32.1%, versus 62.0% for B2C, indicating that near-term investment prioritizes network quality, capacity, and overall connectivity. Nevertheless, data centers are outstripping core business growth despite contributing only 1.1% of consolidated revenue, versus 72% for Telkomsel. With high utilization and longer-duration contracts, those data centers should gradually strengthen TLKM's growth mix as AI infrastructure, IoT, and edge-computing demand expands.

Lean into FMC as Telkomsel recovery gains traction
Against the improving B2B backdrop, core B2C operations should sustain their recovery, with data, internet, and IT services revenue forecast to rise +3.6% QoQ to IDR25.4 tn in 3Q26F. This would bring 9M26F revenue to IDR73.6 tn (+13.6% YoY), or 74.3% of our FY26F estimate. This segment, which contributes 63.4% of consolidated revenue, has maintained steady sequential momentum since 3Q25, averaging +4.0% QoQ growth over the past four quarters, while deeper fixed-mobile convergence (FMC) should provide an additional catalyst. We forecast Telkomsel's revenue to increase +6.5% QoQ to IDR29.9 tn, with the convergence ratio expanding to 65% from 55%. This brings 9M26F Telkomsel revenue to IDR 85.5 tn (+5.0% YoY), tracking at 74.1% of our full-year forecast.

Stay on track as 9M26F earnings build toward FY26F
The combination of improving Telkomsel's momentum and ongoing B2B expansion should keep TLKM broadly on track against our estimates. We forecast 9M26F consolidated revenue of IDR112.4 tn (+2.5% YoY), equivalent to 75.5% of our FY26F estimate, with 51.0% already delivered in 1H26. We therefore maintain our FY26F revenue forecast at IDR148.9 tn (+1.5% YoY), broadly in line with management guidance. More importantly, stronger FMC adoption and a scaling B2B platform should gradually diversify TLKM's growth profile beyond traditional mobile services.

Protect margins as O&M pressure remains manageable
Higher O&M spending remains the primary cost pressure, reflecting heightened digital ecosystem activity as well as continued investment in network quality, capacity and connectivity. We forecast O&M expenses to rise +4.6% QoQ to IDR10.9 tn in 3Q26F, bringing 9M26F O&M expenses to IDR32.3 tn (+6.8% YoY), equivalent to 74.9% of our FY26F estimate. This should be partly offset by lower interconnection costs, which we expect to decline -6.2% QoQ to IDR1.8 tn in 3Q26F as legacy voice and SMS traffic continues to migrate toward data services. Accordingly, 9M26F interconnection expenses should reach IDR5.6 tn (-0.4% YoY), or 75.3% of our FY26F forecast. Overall, cash operating costs are expected at IDR18.9 tn (-1.4% QoQ) in 3Q26F and IDR57.3 tn (+3.8% YoY) in 9M26F, representing a 75.2% run-rate. This should support 9M26F EBITDA of IDR55.0 tn (+1.2% YoY), with margin broadly stable at 49.0%, and tracking at 75.8% of our FY26F estimate.

Leverage cost discipline and lower funding costs to lift earnings
TLKM's ongoing business-line streamlining should gradually simplify its cost base and elevate capital efficiency. We forecast FY26F cash operating costs to increase +2.4% YoY to IDR76.3 tn, including O&M of IDR43.2 tn (+4.7% YoY) and interconnection costs of IDR7.5 tn (+6.6% YoY), while total expenses rise +4.1% to IDR107.5 tn. Below EBITDA, a lower average cost of debt of 5.1% versus 6.9% in FY25, together with a higher fixed-rate share of borrowings at 55.4% versus 49.9%, should reduce annualized interest costs to IDR4.2 tn (-20.1% YoY). Consequently, we forecast FY26F EBITDA at IDR72.6 tn and net profit at IDR22.5 tn (+26.5% YoY), with net margin expanding to 15.1% from 12.1%.

Maintain BUY; capture re-rating potential from a stronger growth mix
We maintain our BUY call with a TP of IDR3,300, based on 4.4x FY26F EV/EBITDA (-0.5SD 5-year historical mean). At 4.1x FY26F EV/EBITDA, TLKM currently trades at a 15.5% discount to its 5-year average of 4.8x. We see potential for a gradual re-rating as FMC penetration deepens, B2B Infrastructure scales, and funding discipline improves. Catalysts: a). stronger industry-wide pricing, b). faster FMC adoption, c). higher monetization across B2B Infrastructure. Risks: a). higher network infrastructure-related leverage, b). higher-for-longer interest-rate environment, which could increase funding-costs, c). weaker macro demand.

Exhibit 1: Key statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue (IDR)	149,967	146,742	148,878	151,809	156,180
EBIT (IDR)	41,453	34,648	41,350	42,560	43,309
EBITDA (IDR)	75,029	72,240	72,607	73,210	74,462
Net profit (IDR)	22,403	17,814	22,537	23,430	24,026
Normalized net profit (IDR)	21,795	22,700	22,239	23,132	23,728
Core EPS (IDR)	220	179	225	234	240
ROA (%)	7.8	6.2	7.8	8.0	8.1
PER (x)	10.7	13.4	11.6	11.1	10.8
PBV (x)	1.5	1.6	1.7	1.7	1.7
EV/EBITDA (x)	3.7	3.8	4.1	4.1	4.0
Div. yield (%)	7.4	8.8	7.8	8.1	8.2

Sources: Company, KBVS Research

Exhibit 2: TLKM's 1H26 results

TLKM's 1H26 results *(IDR bn)*	1H26	1H25	YoY (%)	2Q26	2Q25	YoY (%)	1Q26	QoQ (%)	2026F	% to 2026F	Cons'	% of Cons'	Latest 3-year average run-rate
Revenue	**75,878**	**73,004**	**3.9**	**38,689**	**36,365**	**6.4**	**37,189**	**4.0**	**148,878**	**51.0%**	**150,993**	**50.3%**	**48.5%**
Costs	(55,745)	(53,723)	3.8	(27,485)	(27,572)	(0.3)	(28,260)	(2.7)	- 107,528	51.8%			
EBIT	**20,133**	**19,281**	**4.4**	**11,204**	**8,793**	**27.4**	**8,929**	**25.5**	**41,350**	**48.7%**	**41,143**	**48.9%**	**47.5%**
EBITDA	**37,464**	**36,101**	**3.8**	**19,494**	**17,869**	**9.1**	**17,970**	**8.5**	**72,607**	**51.6%**	**75,245**	**49.8%**	**47.6%**
Other income (exp.)	(1,335)	(1,764)	(24.3)	(654)	(866)	(24.5)	(681)	(4.0)					
Pre-tax income	18,798	17,517	7.3	10,550	7,927	33.1	8,248	27.9	37,766	49.8%			
Taxes	(4,592)	(3,893)	18.0	(2,398)	(1,900)	26.2	(2,194)	9.3					
Net Income	**10,623**	**10,473**	**1.4**	**6,279**	**4,663**	**34.7**	**4,344**	**44.5**	**22,537**	**47.1%**	**21,827**	**48.7%**	**46.3%**
Margins (%)													
EBIT margin	26.5	26.4		29.0	24.2		24.0						
EBITDA margin	49.4	49.5		50.4	49.1		48.3						
Net margin	14.0	14.3		16.2	12.8		11.7						
Operational KPI													
Telkomsel's number of subs	153,545	158,428	(3.1)	153,545	158,428	(3.1)	153,672	(0.1)					
Telkomsel's ARPU	45.6	41.8	9.1	46.0	41.2	11.7	45.1	2.0					
Telkomsel's data payload (PB)	11,528,000	11,441,000	0.8	5,758,000	5,937,521	(3.0)	5,770,000	(0.2)					
Data yields (IDR/MB)	3.5	3.2	10.1	3.6	3.1	16.7	3.5	2.1					
Indihome B2C number of subs	9,513	10,061	(5.4)	9,513	10,061	(5.4)	10,327	(7.9)					
Indihome ARPU	207.0	220.3	(6.0)	211.0	216.9	(2.7)	204.0	3.4					
Avg. data usage/subs	12.5	12.0	4.0	12.5	12.5	0.1	12.5	(0.1)					

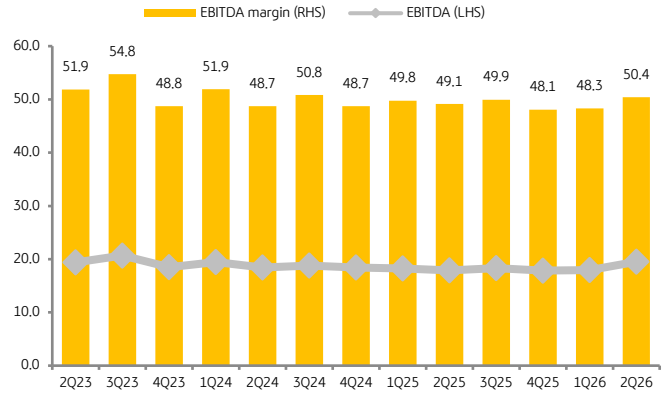
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast for FY26F-FY27F (unchanged from our latest reports)

	New		Old		Changes		Consensus		New vs. Consensus	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	148,878	151,809	148,878	151,809	0.0	0.0	150,993	154,766	-1.4	-1.9
EBIT	41,350	42,560	41,350	42,560	0.0	0.0	39,961	41,982	3.5	1.4
EBITDA	72,607	73,210	72,607	73,210	0.0	0.0	75,245	77,300	-3.5	-5.3
Net profit	22,537	23,430	22,537	23,430	0.0	0.0	21,827	23,384	3.3	0.2

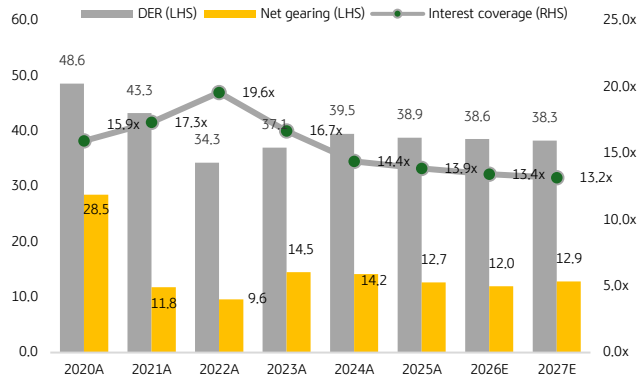
Source: Company, Bloomberg, KBVS Research

Exhibit 4: TLKM's EBITDA margin



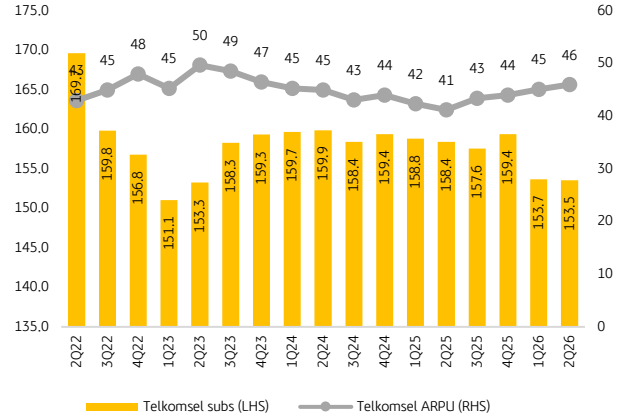
Source: Company, KBVS Research

Exhibit 5: Leverage ratio remains manageable



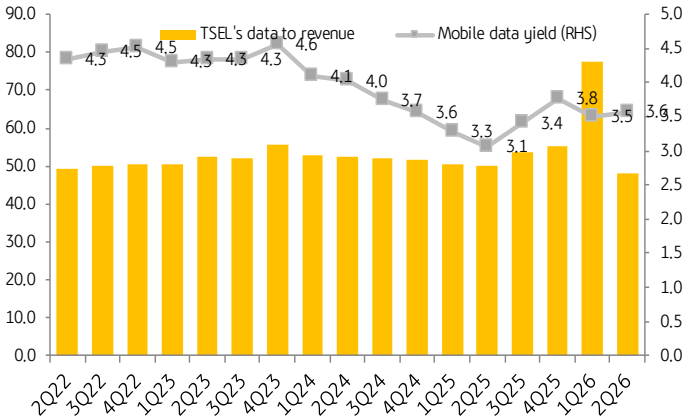
Source: Company, KBVS Research

Exhibit 6: Telkomsel ARPU and subs growth



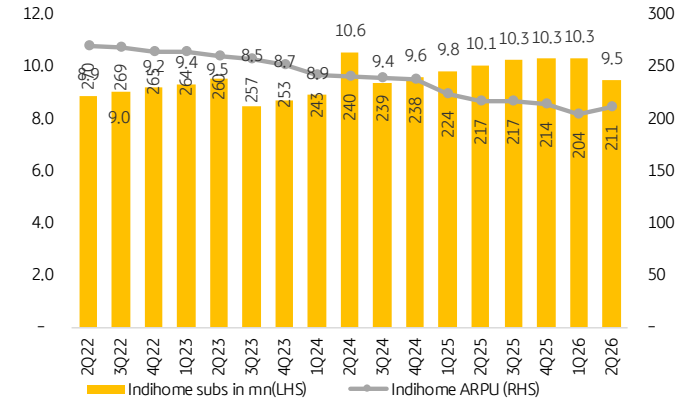
Source: Company, KBVS Research

Exhibit 7: Telkomsel mobile data yield



Source: Company, KBVS Research

Exhibit 8: Indihome subs grow while ARPU decreases



Source: Company, KBVS Research

Exhibit 9: EV/EBITDA currently trades below its 5yrs avg.

Source: Company, KBVS Research

Financial Tables

Exhibit 10: Profit and Loss

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue	**149,967**	**146,742**	**148,878**	**151,809**	**156,180**
Costs	(108,514)	(112,094)	(107,528)	(109,249)	(112,870)
EBIT	**41,453**	**34,648**	**41,350**	**42,560**	**43,309**
EBITDA	**75,029**	**72,240**	**72,607**	**73,210**	**74,462**
Other income/net	(3,838)	(3,546)	(3,583)	(3,550)	(3,308)
Pretax profit	**37,615**	**31,102**	**37,766**	**39,010**	**40,001**
Income tax	(8,118)	(6,644)	(8,497)	(8,777)	(9,000)
After tax profit	**29,497**	**24,458**	**29,269**	**30,233**	**31,001**
Non-controlling shareholders	7,094	6,644	6,732	6,802	6,975
Net profit	**22,403**	**17,814**	**22,537**	**23,430**	**24,026**

Source: Company, KBVS Research

Exhibit 11: Balance Sheet

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Cash and cash equivalents	33,905	34,228	35,339	34,376	37,350
Trade receivables	12,193	11,223	6,104	12,186	5,561
Other current assets	16,982	16,315	16,974	17,471	18,404
Total current assets	**63,080**	**61,766**	**58,417**	**64,034**	**61,315**
Fixed assets	170,335	165,453	168,058	170,761	173,728
Other non current assets (*)	57,974	60,540	60,339	60,981	61,661
Total non current assets	**228,309**	**225,993**	**228,398**	**231,741**	**235,389**
Total assets	**291,389**	**287,759**	**286,815**	**295,775**	**296,704**
Trade payables	15,336	16,184	15,739	18,318	13,307
Taxes payable	3,293	2,025	2,622	3,396	4,398
Accrued expenses	14,192	14,867	14,261	14,490	14,970
Short term debts	32,882	30,265	30,568	32,212	31,182
Other current liabilities	11,064	10,607	9,064	9,216	9,431
Total current liabilities	**76,767**	**73,948**	**72,254**	**77,632**	**73,288**
Long term debts	43,986	44,646	45,092	45,543	45,999
Other non current liabilities (*)	16,432	18,628	16,335	16,768	18,817
Total non-current liabilities	**60,418**	**63,274**	**61,427**	**62,311**	**64,816**
Minority interests	20,396	19,852	20,194	20,550	20,915
Shareholder equity	**154,204**	**150,537**	**153,133**	**155,832**	**158,601**
Total liabilities and equity	**291,389**	**287,759**	**286,815**	**295,775**	**296,704**

Source: Company, KBVS Research

Exhibit 12: Cash Flow

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net profit	22,403	17,814	22,537	23,430	24,026
Depreciation	11,758	11,145	14,423	14,711	15,024
Changes in working capital	(4,751)	1,435	2,464	(2,847)	2,378
CF from operating activities	**29,410**	**30,394**	**39,425**	**35,295**	**41,427**
Investment in fixed assets	(12,769)	(9,335)	(20,065)	(20,439)	(21,001)
Others	(2,909)	506	3,237	2,385	2,330
CF from investing activities	**(15,678)**	**(8,829)**	**(16,828)**	**(18,055)**	**(18,672)**
Dividends paid	(17,683)	(21,047)	(20,283)	(21,087)	(21,623)
Debt raised/ repaid	10,999	(2,538)	488	1,832	(841)
Others	(2,150)	2,343	(1,690)	1,052	2,682
CF from financing activities	**(8,834)**	**(21,242)**	**(21,485)**	**(18,203)**	**(19,782)**
Change in cash flow	4,898	323	1,111	(963)	2,974
Cash and cash equivalent, beginning	29,007	33,905	34,228	35,339	34,376
Cash and cash equivalent, ending	**33,905**	**34,228**	**35,339**	**34,376**	**37,350**

Source: Company, KBVS Research

Exhibit 13: Key Performance Metrics

Year end Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Revenue	0.5	-2.2	1.5	2.0	2.9
EBIT	-6.6	-16.4	19.3	2.9	1.8
EBITDA	-3.3	-3.7	0.5	0.8	1.7
Net profit	-8.8	-20.5	26.5	4.0	2.5
Profitability (%)					
EBIT margin	27.6	23.6	27.8	28.0	27.7
EBITDA margin	50.0	49.2	48.8	48.2	47.7
Net profit margin	14.9	12.1	15.1	15.4	15.4
ROA	7.8	6.2	7.8	8.0	8.1
ROE	14.8	11.7	14.8	15.2	15.3
ROIC	12.7	10.4	13.0	13.1	13.5
Solvency (x)					
Debt/Equity	0.6	0.6	0.6	0.6	0.6
Net debt/Equity	0.3	0.3	0.3	0.3	0.3
Net debt/EBITDA	1.0	1.0	1.0	1.1	1.0
Interest coverage (x)	14.4	13.9	13.4	13.2	13.5
Efficiency/Asset management (x)					
Receivables turnover (x)	13.1	12.5	17.2	16.6	17.6
Inventory turnover (x)	103.7	112.3	108.0	108.0	109.0
Payable turnover (x)	6.4	7.1	6.7	6.4	7.1

Source: Company, KBVS Research

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