

Lower '25 forecast, but B2B momentum remains intact

5 May 2025



Sector	Telecomm.
Price at 2 May 2025 (IDR)	2,680
Price target (IDR)	3,200
Upside/Downside (%)	19.4

Stock Information

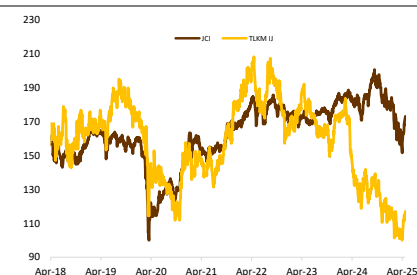
Telekomunikasi Indonesia is the largest telecommunication company in Indonesia, covering over 90% of Indonesian population. The company is largely owned by state and operates through various subsidiaries, ranging from telecommunication to property.

Market cap (IDR bn)	265,814
Shares outstanding (mn)	99,062
52-week range (IDR)	2,050-3,280
3M average daily vol. ('000)	124,109
3M average daily val. (IDR mn)	304,291

Shareholders (%)

Government of Indonesia	52.0
Public	48.0

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	11.20	1.52	-14.10

Analyst

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TLKM's 1Q25 performance moderately missed both our and consensus estimates, achieving 23.0%-24.4% of estimates. Despite a strong 19.8% surge in data usage, data yield declined by 21.4% as subscribers opted for more affordable data plans amid cautious consumer spending. Maintain our BUY call with a target price of IDR3,200, based on a 4.0x '25F EV/EBITDA (-1.5SD 7yrs-historical mean), while currently trading at 3.9x EV/EBITDA, representing 27.5% disc. to its 7yrs mean.

1Q25 revenue declines yoy; margins improve qoq on cost control

TLKM's 1Q25 revenue fell 2.1% yoy, driven by a 3.7% drop in data revenue and a slight decline in subscribers. Indihome B2C growth (+1.3% yoy) couldn't offset the weakness. EBITDA fell 6.1% yoy but improved qoq (down just 0.9% qoq), with a higher margin (49.8% in 1Q25) due to lower opex (-4.9% qoq). Net profit dipped 2.7% qoq, though net margin rose to 15.9% due to lower interest expenses (-2.6% qoq).

B2B growth & stable EBITDA margin offset lower '25 forecast

1Q25 mobile data payload was inline with our expectations at 25.4% of the full-year projection. However, we remain cautious due to competitive pressures in the MBB and FBB segments, prompting us to lower our '25F revenue estimate for TLKM by 1.3% to IDR151.8 tn. Despite these challenges, low FBB penetration and Indihome's strong urban presence offer continued monetization opportunities.

The B2B segment expanded significantly by 10.3% yoy in 1Q25 (4.4% qoq), outpacing B2C data growth. We expect Telkomsel revenue to rise 4.0% to IDR117.9 tn in '25F, driven by an 11.6% increase in data usage to 22,752PB, while standalone Indihome B2C is expected to grow by 3.1% to IDR27.4 tn.

Although TLKM's revenue declined by 2.1% yoy in 1Q25, we forecast a 1.2% increase in '25F, supported by 4.0% yoy growth in the B2B segment to IDR14.0 tn, inline with management's push for greater B2B penetration. Despite currently contributing only 10.0% of revenue (1Q24: 8.9%), B2B is set to become a key growth driver amid saturated MBB and FBB markets.

Operational synergies initiatives are expected to slow opex growth to 1.2% yoy (1Q25: 2.2% yoy; previous 3yrs average: 3.6%), with O&M costs rising 3.9% yoy to IDR42.8 tn (3yrs average: 4.5%), supporting a stable '25F EBITDA margin of 50.0%.

Manageable debt levels led to lower interest costs in 1Q25 (-2.6% qoq), inline with our '25F estimate, which we maintain at IDR5.4 tn. Consequently, we project 2025F net profit at IDR23.0 tn, aligning with our 25.3% forecast achievement.

Reiterate BUY with TP of IDR3,200

Maintain our BUY call with a revised target price of IDR3,200 (previously IDR3,400) following downward revisions to our '25F forecasts: revenue (-1.3%), EBITDA (-2.3%), and net profit (-3.5%). Our new TP implies a 4.0x '25F EV/EBITDA, while it is currently trades at 3.9x EV/EBITDA, representing a 27.5% discount to its 7yrs average.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue (Rp)	149,216	149,967	151,840	157,810	162,720
EBITDA (Rp)	77,579	75,029	75,995	79,636	82,682
Net profit (Rp)	24,560	23,649	22,970	24,070	25,113
Core EPS	253	233	227	238	249
ROA (%)	8.7	8.1	7.5	7.5	7.6
PER (x)	10.8	11.2	11.6	11.0	10.6
PBV (x)	1.7	1.6	1.5	1.5	1.4
EV/EBITDA (x)	3.9	4.0	3.9	3.8	3.7
Div. yield (%)	6.3	6.7	6.9	7.3	7.6

Source: Company, KBVS Research

Exhibit 2: Financial Summary

TLKM's 1Q25 results (IDR bn)	1Q25	1Q24	YoY (%)	4Q24	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
Revenue	36,639	37,429	(2.1)	37,748	(2.9)	153,888	23.8%	155,000	23.6%
Costs	(26,151)	(26,421)	(1.0)	(27,208)	(3.9)				
EBIT	10,488	11,008	(4.7)	10,540	(0.5)	44,432	23.6%	44,760	23.4%
EBITDA	18,232	19,421	(6.1)	18,401	(0.9)	77,762	23.4%	78,912	23.1%
Other income (exp.)	(898)	(865)	3.8	(1,005)	(10.6)				
Pre-tax income	9,590	10,143	(5.5)	9,535	0.6				
Taxes	(1,993)	(2,323)	(14.2)	(1,814)	9.9				
Net Income	5,810	6,053	(4.0)	5,973	(2.7)	23,801	24.4%	25,298	23.0%
Margins (%)									
EBIT margin	28.6	29.4		27.9					
EBITDA margin	49.8	51.9		48.7					
Net margin	15.9	16.2		15.8					
Operational KPI									
Telkomsel's number of subs	158,811	159,668	(0.5)	159,389	(0.4)				
Telkomsel's ARPU	42.4	45.3	(6.4)	44.0	(3.6)				
Telkomsel's data payload (PB)	5,778	4,824	19.8	5,484	5.4				
Data yields (IDR/MB)	3.2	4.1	(21.4)	3.6	(9.8)				
Indihome B2C number of subs	9,842	8,916	10.4	9,612	2.4				
Indihome ARPU	223.8	242.7	(7.8)	237.6	(5.8)				
Avg. data usage/subs	12.1	10.1	20.4	11.5	5.7				

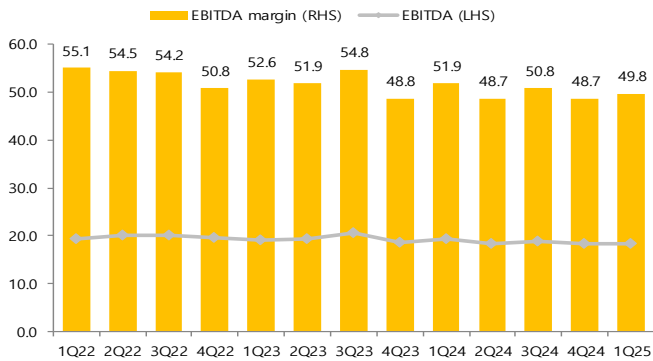
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	151,840	157,810	153,888	159,932	-1.3	-1.3	154,285	159,361	-1.6	-1.0
EBITDA	75,995	79,636	77,762	80,649	-2.3	-1.3	78,309	81,413	-3.0	-2.2
Net profit	22,970	24,070	23,801	24,446	-3.5	-1.5	24,912	26,156	-7.8	-8.0

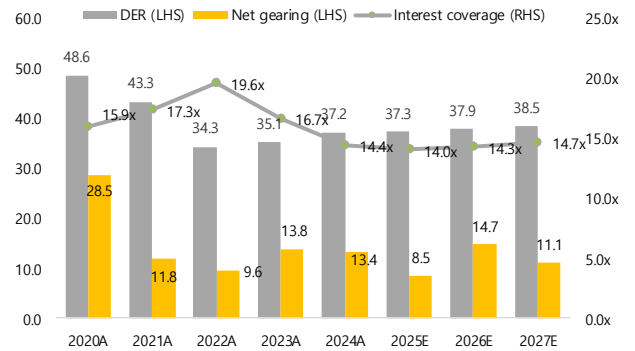
Source: Company, Bloomberg, KBVS Research

Exhibit 4: TLKM's EBITDA margin



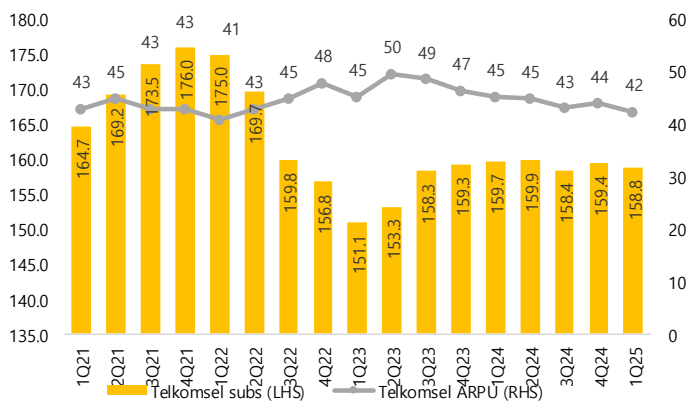
Source: Company, KBVS Research

Exhibit 5: Leverage ratio remains manageable



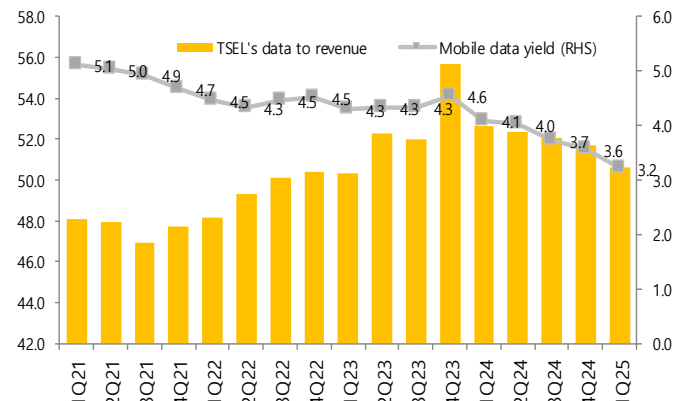
Source: Company, KBVS Research

Exhibit 6: Telkomsel ARPU and subs growth



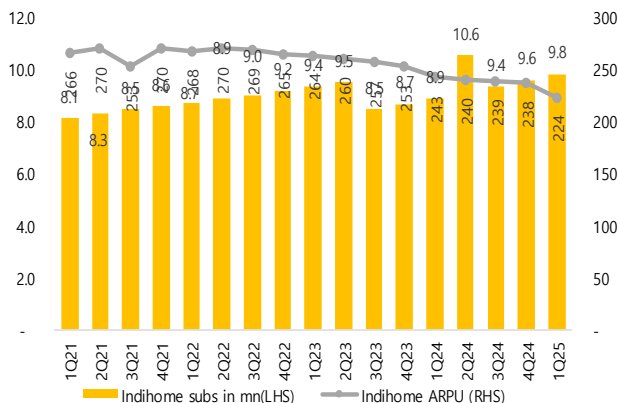
Source: Company, KBVS Research

Exhibit 7: Telkomsel mobile data yield



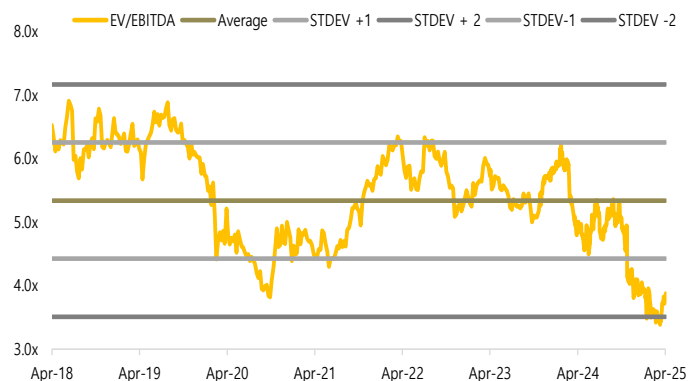
Source: Company, KBVS Research

Exhibit 8: Indihome subs grow while ARPU decreases



Source: Company, KBVS Research

Exhibit 9: EV/EBITDA currently trades at -1.0sd 7yrs



Source: Company, Bloomberg

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	149,216	149,967	151,840	157,810	162,720
Costs	(104,832)	(106,976)	(109,176)	(113,519)	(117,075)
Operating profit	44,384	42,991	42,665	44,290	45,645
EBITDA	77,579	75,029	75,995	79,636	82,682
Other income/net	(3,590)	(3,838)	(3,974)	(3,955)	(3,833)
Pretax profit	40,794	39,153	38,691	40,335	41,812
Income tax	(8,586)	(8,410)	(8,822)	(9,075)	(9,408)
After tax profit	32,208	30,743	29,869	31,260	32,404
Non-controlling shareholders	7,648	7,094	6,900	7,190	7,291
Net profit	24,560	23,649	22,970	24,070	25,113

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	29,007	33,905	42,280	35,092	42,897
Trade receivables	10,667	12,193	6,101	12,912	6,693
Other current assets	15,939	16,982	17,739	18,747	19,336
Total current assets	55,613	63,080	66,120	66,751	68,925
Non current assets					
Fixed assets	180,755	180,566	189,654	199,099	208,496
Other non current assets (*)	50,674	56,029	57,242	58,923	60,491
Total non current assets	231,429	236,595	246,896	258,021	268,987
Total assets	287,042	299,675	313,016	324,772	337,911
Current liabilities					
Trade payables	18,608	15,336	15,038	15,167	16,102
Taxes payable	4,525	3,293	3,359	4,350	5,633
Accrued expenses	13,079	14,192	13,621	14,163	14,606
Short term debts	25,501	32,882	34,781	36,383	38,061
Other current liabilities	9,855	11,064	9,899	10,201	10,458
Total current liabilities	71,568	76,767	76,698	80,264	84,861
Non current liabilities					
Long term debts	42,623	43,986	44,810	46,690	48,654
Other non current liabilities (*)	16,289	16,432	16,066	16,475	16,902
Total non-current liabilities	58,912	60,418	60,876	63,165	65,556
Minority interests	20,818	20,396	28,629	29,592	30,595
Shareholder equity	156,562	162,490	175,441	181,344	187,495
Total liabilities and equity	287,042	299,675	313,016	324,772	337,911

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	24,560	23,649	22,970	24,070	25,113
Depreciation	12,643	12,792	13,148	13,961	14,671
Changes in working capital	(5,843)	(4,751)	3,367	(5,856)	8,549
CF from operating activities	31,360	31,690	39,485	32,175	48,334
Investment in fixed assets	(22,418)	(15,109)	(24,763)	(25,905)	(26,655)
Others	(1,519)	(2,849)	1,314	818	1,018
CF from investing activities	(23,937)	(17,958)	(23,449)	(25,086)	(25,637)
Dividends paid	(16,603)	(17,683)	(18,376)	(19,256)	(20,090)
Debt raised/ repaid	4,641	10,999	1,447	2,143	2,235
Others	1,603	(2,150)	9,267	2,836	2,963
CF from financing activities	(10,359)	(8,834)	(7,661)	(14,277)	(14,892)
Change in cash flow	(2,936)	4,898	8,375	(7,188)	7,805
Cash and cash equivalent, beginning	31,943	29,007	33,905	42,280	35,092
Cash and cash equivalent, ending	29,007	33,905	42,280	35,092	42,897

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Operating profit margin	29.7	28.7	28.1	28.1	28.1
EBITDA margin	52.0	50.0	50.0	50.5	50.8
Net profit margin	16.5	15.8	15.1	15.3	15.4
Receivables turnover (x)	15.46	13.12	16.60	16.60	16.60
Inventory turnover (x)	97.9	102.2	108.0	108.0	108.0
Payable turnover (x)	5.7	6.3	7.2	7.5	7.5
ROA	8.7	8.1	7.5	7.5	7.6
ROE	16.1	14.8	13.6	13.5	13.6
ROIC	14.0	12.8	12.5	12.1	12.5
Debt/Equity	0.5	0.5	0.5	0.5	0.6
Net debt/Equity	0.3	0.3	0.3	0.3	0.3
Net debt/EBITDA	0.9	1.0	1.0	1.0	1.0
Interest coverage (x)	16.7	14.4	14.0	14.3	14.7
BV/Share (Rp)	1,370.3	1,434.4	1,482.1	1,531.9	1,583.9
Dividend yield	6.3	6.7	6.9	7.3	7.6

Source: Company, KBVS Research

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