

**PT. Telekomunikasi Indonesia (Persero) Tbk.**

**BUY**

Telecommunication  
14 November 2023

Price IDR. 3,520  
Target IDR. 5,000  
JKSE Index 6,838.312



**Stock code**

Bloomberg code TLKM IJ  
Market cap (in Bn) 349,689.6  
52-week high 4,500  
52-week low 3,390  
6-m avg.daily.val (IDR) 4,317  
Free Float (%) 30.00%

**Major Share Holders (%)**

Government 70.00%  
Public 30.00%

**USD/IDR-YE**

2022 15,592  
2023F (6m-avg) 15,773

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**Stable Revenue**

- The data, internet, and IT services business segment remain TLKM's primary revenue driver, experiencing a +2.9% growth, reaching IDR 19.9 trillion in 3Q2023. Over 9M2023, the segment recorded a +4.8% YoY growth, with revenue totaling IDR 63.4 trillion. This growth is attributed to robust growth in mobile data services, with data traffic increasing by +9.3%. Although ARPU underwent a -2.2% QoQ adjustment to IDR 48.6 thousand, it is expected to remain stable in the future.
- IndiHome exhibited a +4.8% YoY growth, with revenue reaching IDR 7.4 trillion in 3Q2023, and IDR 21.78 trillion for 9M2023, driven by new subscribers, totaling 589 thousand and reaching 9.8 million, with ARPU at IDR 256.6 thousand.
- TLKM's total revenue registered a +2.4% growth in 3Q2023, reaching IDR 37.76 trillion, and IDR 111.2 trillion with +2.2% growth in 9M2023, aligning with our forecast of IDR 150 trillion for 2023.

**3Q2023 Results: Higher Margin**

- TLKM demonstrated improved margins post the spin-off of IndiHome into Telkomsel.
- In 3Q2023, TLKM's profit reached IDR 6.74 trillion, the highest in a year, reflecting a 106% YoY or +6.5% QoQ growth. This growth is attributed to a -8.7% YoY reduction in operating expenses to IDR 25.8 trillion, with lower general and administrative expenses by -27% YoY and marketing expenses by -14% YoY. Consequently, TLKM's NPM increased to 17.9% in 3Q2023, and the NPM for 9M2023 also improved to 17.5%.
- Operating profit increased by +38.5% YoY or +3.2% QoQ to IDR 11.9 trillion, resulting in a higher OPM of 31.7%.
- Additionally, TLKM incurred an unrealized loss of IDR 594 billion from the change in the fair value of its investment in GOTO in 3Q2023, compared to an unrealized gain of IDR 412 million in 1H2023, as GOTO's market price was IDR 85 per share at 9M2023.

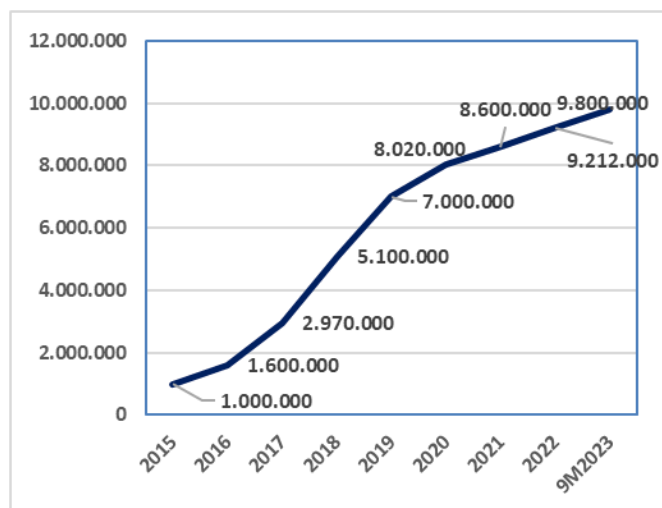
**Valuation: Maintain BUY with TP 5,000**

- We anticipate continued expense reduction through the end of 2023, leading to improvements in operating and capital expenditure efficiency, thereby positively impacting the profit margin.
- Our target price for TLKM is IDR 5,000, representing a 41% upside. This target is based on a 19X PE valuation within one year. Our recommendation to BUY is maintained.

Financial Highlights	2020A	2021A	2022A	2023F	2024F
Revenue (IDR Bn)	136.462	143.210	147.306	150.624	158.088
EBITDA (IDR Bn)	72.084	80.267	71.250	77.238	81.658
Net Income (IDR Bn)	20.804	24.760	20.753	25.483	26.745
EPS (IDR)	210	250	209	257	270
PBV (x)	3	3	3	4	4
PER (x)	16	16	18	19	19
ROE (%)	20%	20%	16%	20%	20%
ROA (%)	8%	9%	8%	9%	9%
Tot. Debt / Equity (x)	1,2	1,1	1,0	1,0	1,1
Current Ratio (X)	0,7	0,9	0,8	0,6	0,5

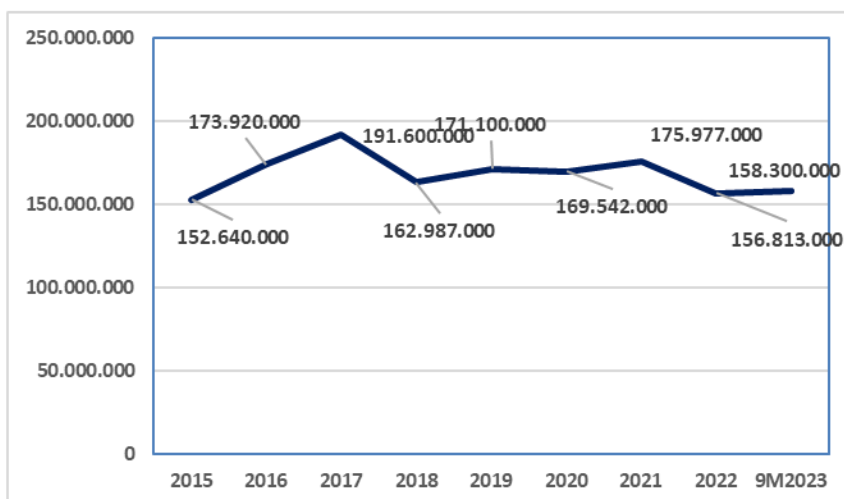
Source: Company and Binaartha

Chart: IndiHome Subscribers YoY



Source: Company

Chart: Cellular Subscribers YoY



Source: Company

Table: Revenue Breakdown YoY

Revenue Breakdown (IDR Bn)	3Q2022	3Q2023	%	9M2022	9M2023	%
Data, Internet & IT Services	21.249	21.737	2,3%	60.471	63.367	4,8%
SMS, Fixed and Cellular Voice	4.345	3.309	-23,8%	13.662	10.815	-20,8%
IndiHome	7.058	7.396	4,8%	20.889	21.785	4,3%
Interconnection	1.926	2.164	12,4%	6.148	6.627	7,8%
Network and Other Telco Services	2.313	3.154	36,4%	7.704	8.644	12,2%
<b>Total Revenue</b>	<b>36.891</b>	<b>37.760</b>	<b>2,4%</b>	<b>108.874</b>	<b>111.238</b>	<b>2,2%</b>

Source: Company

Table: TLKM Operational Performance

Key Indicators	YoY			QoQ		
	9M2022	9M2023	%	2Q2023	3Q2023	%
Mobile Customer Base (000)	159.836	158.300	-1,0%	153.269	158.300	3,3%
IndiHome B2C (000)	0	8.474		0	8.474	
ARPU Mobile (000)	43	48	11,4%	50	49	-2,2%
ARPU IndiHome B2C (000)	0	257		0	257	
BTS on Air (Units)	260.815	233.052	-10,6%	228.377	233.052	2,0%
Data Payload (TB)	12.128.796	13.254.485	9,3%	4.511.530	4.525.550	0,3%

Source: Company

Table: Income Statement QoQ and YoY

Income Statement (IDR. Bn)	1Q2023	2Q2023	3Q2023	QoQ	3Q2022	YoY	9M2022	9M2023	YoY
<b>Revenue</b>	<b>36.090</b>	<b>37.388</b>	<b>37.760</b>	<b>1,0%</b>	<b>36.891</b>	<b>2,4%</b>	<b>108.874</b>	<b>111.238</b>	<b>2,2%</b>
Cost of revenue	-24.659	-25.800	-25.797	0,0%	-28.254	-8,7%	-77.301	-76.256	-1,4%
<b>Operating Profit</b>	<b>11.431</b>	<b>11.588</b>	<b>11.963</b>	<b>3,2%</b>	<b>8.637</b>	<b>38,5%</b>	<b>31.573</b>	<b>34.982</b>	<b>10,8%</b>
Others income/ (Expense)	-834	-883	-983	11,3%	-869	13,1%	-2.376	-2.700	13,6%
<b>Profit Before Tax</b>	<b>10.597</b>	<b>10.705</b>	<b>10.980</b>	<b>2,6%</b>	<b>7.768</b>	<b>41,3%</b>	<b>29.197</b>	<b>32.282</b>	<b>10,6%</b>
Taxes	-2.149	-2.332	-2.412	3,4%	-2.507	-3,8%	-6.381	-6.893	8,0%
<b>NIAT</b>	<b>8.448</b>	<b>8.373</b>	<b>8.568</b>	<b>2,3%</b>	<b>5.261</b>	<b>62,9%</b>	<b>22.816</b>	<b>25.389</b>	<b>11,3%</b>
Non-controlling Interest	-2.024	-2.041	-1.825	-10,6%	-1.990	-8,3%	-6.235	-5.890	-5,5%
<b>Net Income</b>	<b>6.424</b>	<b>6.332</b>	<b>6.743</b>	<b>6,5%</b>	<b>3.271</b>	<b>106,1%</b>	<b>16.581</b>	<b>19.499</b>	<b>17,6%</b>
<b>EPS (in IDR)</b>	<b>65</b>	<b>64</b>	<b>68</b>	<b>6,5%</b>	<b>33</b>	<b>106,1%</b>	<b>167</b>	<b>197</b>	<b>17,6%</b>
<b>OPM</b>	<b>31,7%</b>	<b>31,0%</b>	<b>31,7%</b>		<b>23,4%</b>		<b>29,0%</b>	<b>31,4%</b>	
<b>NPM</b>	<b>17,8%</b>	<b>16,9%</b>	<b>17,9%</b>		<b>8,9%</b>		<b>15,2%</b>	<b>17,5%</b>	

Source: Company & Binaartha

Table: Income Statement in IDR. Billion YoY

Income Statement (IDR. Bn)	2019A	2020A	2021A	2022A	2023F	2024F
<b>Revenue</b>	<b>135.567</b>	<b>136.462</b>	<b>143.210</b>	<b>147.306</b>	<b>150.624</b>	<b>158.088</b>
Cost of revenue	-93.173	-92.957	-95.647	-107.725	-104.684	-109.871
<b>Operating Profit</b>	<b>42.394</b>	<b>43.505</b>	<b>47.563</b>	<b>39.581</b>	<b>45.940</b>	<b>48.217</b>
Others income/ (Expense)	-4.486	-4.730	-3.885	-3.242	-3.615	-3.794
<b>Profit Before Tax</b>	<b>37.908</b>	<b>38.775</b>	<b>43.678</b>	<b>36.339</b>	<b>42.325</b>	<b>44.423</b>
Taxes	-10.316	-9.212	-9.730	-8.659	-9.312	-9.773
<b>NIAT</b>	<b>27.592</b>	<b>29.563</b>	<b>33.948</b>	<b>27.680</b>	<b>33.014</b>	<b>34.650</b>
Non-controlling Interest	-8.929	-8.759	-9.188	-6.927	-7.531	-7.904
<b>Net Income</b>	<b>18.663</b>	<b>20.804</b>	<b>24.760</b>	<b>20.753</b>	<b>25.483</b>	<b>26.745</b>
EPS (in IDR)	188,4	210,0	249,9	209,5	257,2	270,0
<b>EBITDA</b>	<b>70.105</b>	<b>72.084</b>	<b>80.267</b>	<b>71.250</b>	<b>77.238</b>	<b>81.658</b>

Source: Company & Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (In IDR Bn)	2020A	2021A	2022A	2023F	2024F
Net Income	20.804	24.760	20.753	25.483	26.745
Depreciation	21.943	24.718	25.576	25.576	27.463
Change in WC	8.290	2.986	1.113	6.030	2.648
<b>Cash From Operating Activities</b>	<b>51.037</b>	<b>52.464</b>	<b>47.442</b>	<b>57.088</b>	<b>56.856</b>
Change in Non-current Asset	-42.897	-40.185	-29.804	-37.703	-43.481
<b>Cash From Investing Activities</b>	<b>-42.897</b>	<b>-40.185</b>	<b>-29.804</b>	<b>-37.703</b>	<b>-43.481</b>
Long-term Debts	-3.308	5.758	-8.988	0	0
Others Noncurrent Liabilities	14.680	-65	1.876	-345	2.962
Equity	-17.165	-250	-16.890	-26.891	-21.458
<b>Cash From Financing Activities</b>	<b>-5.793</b>	<b>5.443</b>	<b>-24.002</b>	<b>-27.237</b>	<b>-18.496</b>
<b>Net Changes in Cash</b>	<b>2.347</b>	<b>17.722</b>	<b>-6.364</b>	<b>-7.852</b>	<b>-5.121</b>
<b>Beginning Balance</b>	<b>18.242</b>	<b>20.589</b>	<b>38.311</b>	<b>31.947</b>	<b>24.095</b>
<b>Ending Balance</b>	<b>20.589</b>	<b>38.311</b>	<b>31.947</b>	<b>24.095</b>	<b>18.975</b>

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (In IDR Bn)	2020A	2021A	2022A	2023F	2024F
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	20.589	38.311	31.947	24.095	18.975
Trade Accounts Receivable	11.339	8.510	8.634	9.037	9.485
Others Current Assets	14.575	14.456	14.476	13.556	14.228
<b>Total Current Assets</b>	<b>46.503</b>	<b>61.277</b>	<b>55.057</b>	<b>46.689</b>	<b>42.688</b>
<b>NONCURRENT ASSETS</b>					
Fixed Assets	160.923	165.026	173.329	186.117	199.848
Intangible Assets	6.846	7.506	8.302	8.489	8.910
Other Noncurrent Assets	32.671	43.375	38.504	37.656	39.522
<b>Total Noncurrent Assets</b>	<b>200.440</b>	<b>215.907</b>	<b>220.135</b>	<b>232.262</b>	<b>248.280</b>
<b>TOTAL ASSETS</b>	<b>246.943</b>	<b>277.184</b>	<b>275.192</b>	<b>278.951</b>	<b>290.968</b>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Short-term Bank Loans	19.284	20.248	17.049	15.049	15.801
Trade Payables	16.999	17.170	24.321	13.556	14.228
Accruals	14.265	15.885	15.445	15.665	16.441
Others Current Liabilities	18.545	15.828	13.573	31.631	33.198
<b>Total Current Liabilities</b>	<b>69.093</b>	<b>69.131</b>	<b>70.388</b>	<b>75.901</b>	<b>79.669</b>
<b>NONCURRENT LIABILITIES</b>					
Long-term bank	30.561	36.319	27.331	27.331	27.331
Others Noncurrent Liabilities	26.400	26.335	28.211	27.866	30.827
<b>Total Noncurrent Liabilities</b>	<b>56.961</b>	<b>62.654</b>	<b>55.542</b>	<b>55.197</b>	<b>58.158</b>
<b>TOTAL LIABILITIES</b>	<b>126.054</b>	<b>131.785</b>	<b>125.930</b>	<b>131.098</b>	<b>137.827</b>
Non-controlling interest	18.362	23.753	20.004	22.719	22.656
<b>EQUITY</b>	<b>102.527</b>	<b>121.646</b>	<b>129.258</b>	<b>125.135</b>	<b>130.485</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>246.943</b>	<b>277.184</b>	<b>275.192</b>	<b>278.951</b>	<b>290.968</b>

Source: Company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2020A	2021A	2022A	2023F	2024F
Revenue	1%	5%	3%	2%	5%
OP	3%	9%	-17%	16%	5%
EBITDA	3%	11%	-11%	8%	6%
NP	11%	19%	-16%	23%	5%
EPS	11%	19%	-16%	23%	5%

Profitability					
Operating Margin(%)	32%	33%	27%	31%	31%
EBITDA margin(%)	53%	56%	48%	51%	52%
NET Profit margin(%)	15%	17%	14%	17%	17%
ROA(%)	8%	9%	8%	9%	9%
ROE(%)	20%	20%	16%	20%	20%

Stability					
Tot debt/ equity (x)	1,2	1,1	1,0	1,0	1,1
Current Ratio (x)	0,7	0,9	0,8	0,6	0,5
Cash Ratio (x)	0,3	0,6	0,5	0,3	0,2

Per Share data					
EPS (IDR)	210	250	209	257	270
PBV (x)	3	3	3	4	4
PER (x)	16	16	18	19	19
EBITDA/share	728	810	719	780	824

Source: Company & Binaartha

**Stock Ratings:**

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sell : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

**RESEARCH TEAM**  
**(62 21) 520 6678 ext. 611**

*Disclaimer; PT Binaartha Sekuritas has compiled this report in good faith, using information believed to be reliable. PT Binaartha Sekuritas and its analysts take no responsibility for the accuracy of the information contained in this report. This report has been produced for distribution to clients of PT Binaartha Sekuritas only. This report is not an invitation to buy or sell any security. PT Binaartha Sekuritas may have used the information in this report prior to publication. The company or its clients may have positions in or may from time to time buy or sell the securities mentioned in this report or other related securities.*