

PT. Telekomunikasi Indonesia (Persero) Tbk.

BUY

Telecommunication
20 May 2022

Price IDR. 4,210
Target IDR. 5,700
JKSE Index 6,823.335



Stock code

Bloomberg code TLKM IJ
Market cap (in Bn) 414,080
52-week high 4,850
52-week low 3,000
6-m avg.daily.val (IDR) 3,477
Free Float (%) 30.00%

Major Share Holders (%)

Government 70.00%
Public 30.00%

USD/IDR-YE

2021 14,350
2022F (6m-avg) 14,445

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Positive Growth Maintained

- TLKM maintained positive growth in 1Q2022, with revenue up +3.7% YoY to IDR 35.2 trillion.
- IndiHome continued to be a growth driver with +7.9% YoY growth to IDR 6.9 trillion in 1Q2022. The growth is inline with the increase in IndiHome new subscribers and a higher ARPU. Indihome added +136k new subscribers in 1Q2022, so total subscribers are now 8.7 million. IndiHome ARPU was also higher at IDR 268k an increase of +7.6% YoY driven by revenue from add-ons that grew by +15.6% YoY.
- Data, Internet & IT service revenue increased +3.3% YoY to IDR 18.9 trillion in 1Q2022, boosted by higher cellular data revenue. Mobile data traffic jumped by 19.2% YoY driven by strong mobile data services.
- Interconnection revenue increased by 16.8% YoY to IDR 2.1 trillion. Network and other telecommunication services revenues jumped by 15.3% YoY to IDR 2.6 trillion driven by increasing satellite and tower business
- As the transition from legacy business to data continues, SMS, fixed and cellular voice revenue declined -9.6% YoY to IDR 4.7 trillion.
- We are targeting TLKM revenues to reach IDR 150.3 trillion this year as we expect demand growth will continue in line with IndiHome growth plus a tariff hike in April 2022.

An Unrealized loss from GoTo

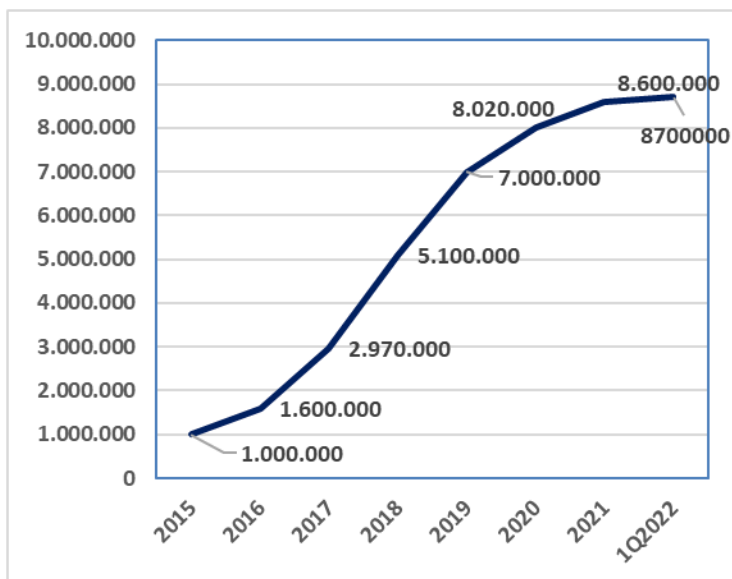
- TLKM net income grew slightly +1.7% YoY to IDR 6.1 trillion with a NPM of 17.4%. Profit was held back by an unrealized loss from investment in GoTo. If we take that out, TLKM net income would have been IDR 6.7 trillion or up by +11.3% YoY.
- Operating profit decreased -9.3% YoY to IDR 10.6 trillion as the operating profit margin decreased to 30.1% in 1Q2022. TLKM expenses increased by 10.6% YoY with operating expenses +4.5% YoY. Depreciation and amortization expenses rose +9.5% YoY to IDR 8 trillion in line with continuous investments to enhance TLKM digital infrastructure for both mobile and fixed line businesses.
- EBITDA rose by +3.1% YoY to IDR 19.4 trillion with a higher EBITDA margin of 55.1%.
- For 2022F, We are expecting TLKM bottom line to reach IDR 26.4 trillion.

Valuation: Maintain BUY with TP 5,700

- We are targeting TLKM to reach IDR 5,700, 35% upside, which is a 20x PE valuation within one year. We maintain our recommendation to BUY.

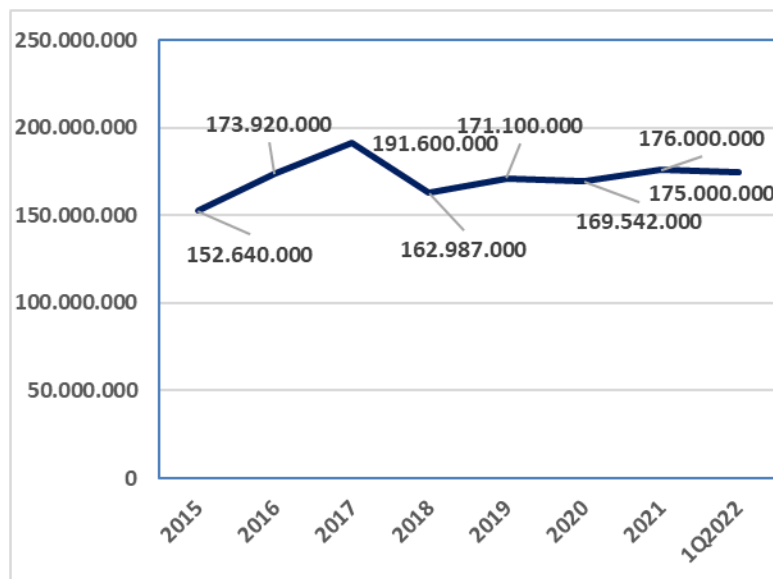
Financial Highlights	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	130.784	135.567	136.462	143.210	150.312	160.393
EBITDA (IDR Bn)	61.318	70.105	72.084	80.267	80.716	86.571
Net Income (IDR Bn)	18.032	18.663	20.804	24.760	26.368	28.136
EPS (IDR)	182	188	210	250	266	284
ROE (%)	18%	19%	20%	20%	22%	23%
ROA (%)	9%	8%	8%	9%	9%	9%
Tot. Debt / Equity (x)	0,9	1,0	1,2	1,1	1,2	1,2
Current Ratio (X)	0,9	0,7	0,7	0,9	0,8	0,8

Chart: IndiHome Subscribers YoY



Source: Company

Chart: Cellular Subscribers YoY



Source: Company

Table: Revenue Breakdown YoY

Revenue Breakdown (IDR Bn)	1Q2021	1Q2022	(%)
Data, Internet & IT Services	18.245	18.856	3,3%
SMS, Fixed and Cellular Voice	5.253	4.747	-9,6%
IndiHome	6.347	6.851	7,9%
Interconnection	1.826	2.133	16,8%
Network and Other Telco Services	2.274	2.621	15,3%
Total Revenue	33.945	35.208	3,7%

Source: Company

Table: Income Statement QoQ and YoY

Income Statement (IDR. Bn)	1Q2021	1Q2022	YoY	4Q2021	QoQ
Revenue	33.945	35.208	3,7%	37.167	-5,3%
Cost of revenue	-22.246	-24.597	10,6%	-25.905	-5,0%
Operating Profit	11.699	10.611	-9,3%	11.262	-5,8%
Others income/ (Expense)	-883	-749	-15,2%	-844	-11,3%
Profit Before Tax	10.816	9.862	-8,8%	10.418	-5,3%
Taxes	-2.429	-2.006	-17,4%	-2.133	-6,0%
NIAT	8.387	7.856	-6,3%	8.285	-5,2%
Non-controlling Interest	-2.373	-1.738	-26,8%	-2.397	-27,5%
Net Income	6.014	6.118	1,7%	5.888	3,9%
EPS (in IDR)	61	62	1,7%	59	3,9%
OPM	34,5%	30,1%		30,3%	
NPM	17,7%	17,4%		15,8%	

Source: Company

Table: Income Statement in IDR. Billion YoY

Income Statement (IDR. Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	128.256	130.784	135.567	136.462	143.210	150.312	160.393
Cost of revenue	-84.322	-91.939	-93.173	-92.957	-95.647	-103.716	-110.671
Operating Profit	43.934	38.845	42.394	43.505	47.563	46.597	49.722
Others income/ (Expense)	-1.274	-2.440	-4.486	-4.730	-3.885	-3.157	-3.368
Profit Before Tax	42.660	36.405	37.908	38.775	43.678	43.440	46.354
Taxes	-9.958	-9.426	-10.316	-9.212	-9.730	-9.557	-10.198
NIAT	32.702	26.979	27.592	29.563	33.948	33.883	36.156
Non-controlling Interest	-10.556	-8.947	-8.929	-8.759	-9.188	-7.516	-8.020
Net Income	22.146	18.032	18.663	20.804	24.760	26.368	28.136
EPS (in IDR)	223,6	182,0	188,4	210,0	249,9	266,2	284,0
EBITDA	67.309	61.318	70.105	72.084	80.267	80.716	86.571

Source: Company & Binaartha

Table: Cash Flow in IDR. Billion YoY

Cash Flow (In IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	22.146	18.032	18.663	20.804	24.760	26.368	28.136
Depreciation	19.352	20.122	21.511	21.943	24.718	24.718	26.569
Change in WC	1.132	-2.528	14.457	8.290	2.986	2.302	2.888
Cash From Operating Activities	42.630	35.626	54.631	51.037	52.464	53.388	57.593
Change in Non-current Asset	-38.365	-32.127	-38.069	-42.897	-40.185	-35.799	-43.180
Cash From Investing Activities	-38.365	-32.127	-38.069	-42.897	-40.185	-35.799	-43.180
Long-term Debts	1.607	5.774	121	-3.308	5.758	5.448	6.265
Others Noncurrent Liabilities	5.066	-4.120	2.836	14.680	-65	721	1.815
Equity	-15.560	-12.859	-18.716	-17.165	-250	-28.213	-20.794
Cash From Financing Activities	-8.887	-11.205	-15.759	-5.793	5.443	-22.044	-12.715
Net Changes in Cash	-4.622	-7.706	803	2.347	17.722	-4.455	1.698
Beginning Balance	29.767	25.145	17.439	18.242	20.589	38.311	33.856
Ending Balance	25.145	17.439	18.242	20.589	38.311	33.856	35.554

Source: Company & Binaartha

Table: Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (In IDR Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	25.145	17.439	18.242	20.589	38.311	33.856	35.554
Trade Accounts Receivable	9.222	11.414	11.797	11.339	8.510	9.019	9.624
Others Current Assets	13.194	14.415	11.683	14.575	14.456	15.031	15.237
Total Current Assets	47.561	43.268	41.722	46.503	61.277	57.906	60.415
NONCURRENT ASSETS							
Fixed Assets	130.171	143.248	156.973	160.923	165.026	177.385	190.670
Intangible Assets	3.530	5.032	6.446	6.846	7.506	7.516	8.020
Other Noncurrent Assets	17.222	14.648	16.067	32.671	43.375	42.087	44.910
Total Noncurrent Assets	150.923	162.928	179.486	200.440	215.907	226.988	243.599
TOTAL ASSETS	198.484	206.196	221.208	246.943	277.184	284.894	304.014
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	7.498	10.339	18.215	19.284	20.248	21.261	22.324
Trade Payables	15.791	14.766	13.897	16.999	17.170	18.037	18.445
Accruals	12.630	12.769	13.736	14.265	15.885	16.534	17.643
Others Current Liabilities	9.457	8.387	12.521	18.545	15.828	16.685	17.804
Total Current Liabilities	45.376	46.261	58.369	69.093	69.131	72.517	76.216
NONCURRENT LIABILITIES							
Long-term bank	27.974	33.748	33.869	30.561	36.319	41.767	48.032
Others Noncurrent Liabilities	13.004	8.884	11.720	26.400	26.335	27.056	28.871
Total Noncurrent Liabilities	40.978	42.632	45.589	56.961	62.654	68.823	76.903
TOTAL LIABILITIES	86.354	88.893	103.958	126.054	131.785	141.340	153.118
Non-controlling interest	19.417	18.393	17.689	18.362	23.753	25.553	27.267
EQUITY	92.713	98.910	99.561	102.527	121.646	118.001	123.629
TOTAL LIABILITIES & EQUITY	198.484	206.196	221.208	246.943	277.184	284.894	304.014

Source: Company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	10%	2%	4%	1%	5%	5%	7%
OP	12%	-12%	9%	3%	9%	-2%	7%
EBITDA	12%	-9%	14%	3%	11%	1%	7%
NP	14%	-19%	3%	11%	19%	6%	7%
EPS	14%	-19%	3%	11%	19%	6%	7%

Profitability							
Operating Margin(%)	34%	30%	31%	32%	33%	31%	31%
EBITDA margin(%)	52%	47%	52%	53%	56%	54%	54%
NET Profit margin(%)	17%	14%	14%	15%	17%	18%	18%
ROA(%)	11%	9%	8%	8%	9%	9%	9%
ROE(%)	24%	18%	19%	20%	20%	22%	23%

Stability							
Tot debt/ equity (x)	0,9	0,9	1,0	1,2	1,1	1,2	1,2
Current Ratio (x)	1,0	0,9	0,7	0,7	0,9	0,8	0,8
Cash Ratio (x)	0,6	0,4	0,3	0,3	0,6	0,5	0,5

Per Share data (IDR)							
EPS	224	182	188	210	250	266	284
EBITDA/share	679	619	708	728	810	815	874

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
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