

PT. Telekomunikasi Indonesia (Persero) Tbk.

BUY

Telecommunication
26 April 2024

Price **IDR. 3,040**
Target **IDR. 4,650**
JKSE Index **7,155.294**



Stock code

Bloomberg code **TLKM JI**
Market cap (in Bn) **301,149.1**
52-week high **4,500**
52-week low **2,990**
6-m avg.daily.val (IDR) **4,317**
Free Float (%) **30.00%**

Major Share Holders (%)

Government **70.00%**
Public **30.00%**

USD/IDR-YE

2023 **15,439**
2024F (6m-avg) **15,664**

Analyst:
Eka Rahmawati Rahman

Investment Considerations

Steady Growth Maintained

- TLKM reported a modest revenue increase of 3.7%, reaching IDR 37.4 trillion in Q1 2024. The data, internet, and IT services business segment continues to be TLKM's primary revenue driver, with a year-over-year (YoY) growth of 11.3% to IDR 22.1 trillion, buoyed by robust growth in mobile data services and a data traffic increase of 9.3%. However, the Average Revenue Per User (ARPU) remained steady at IDR 45 thousand.
- IndiHome revenue fell by -4.6% YoY to IDR 6.9 trillion in Q1 2024, primarily due to the reclassification of IndiHome enterprise (B2B) revenue recognition to the Data, Internet & IT services category starting in Q1 2024. Despite this, the ARPU stood at IDR 243 thousand, with subscriber numbers reaching 8.916 million.
- To enhance customer satisfaction and maintain market share dominance, TLKM launched Telkomsel Lite in March 2024. This sub-brand offers an affordable starter pack with a larger local quota bonus, targeting the competitive markets in Java and aiming at the low-to-middle income segment.
- As TLKM continues to defend its market share and competitiveness, we anticipate further growth in subscriber numbers, coupled with a gradual increase in ARPU.

Q1 2024 Results: Quarterly improvement

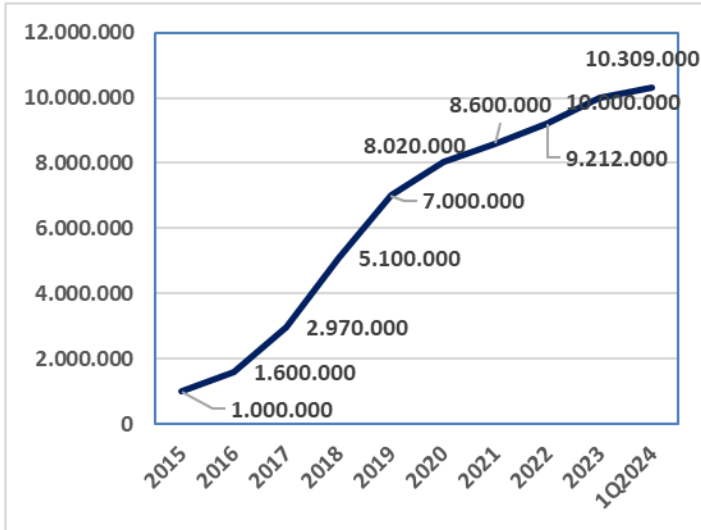
- TLKM showed improved margins quarter-over-quarter, though still lower compared to Q1 2023.
- The company's profit for Q1 2024 was IDR 6.05 trillion, reflecting a 19.6% quarter-over-quarter increase but a -5.8% decline YoY. This performance is attributed to a -17.3% YoY reduction in general & administrative expenses to IDR 1.5 trillion, while personnel expenses grew by 10.4% YoY due to increases in employee income tax related to religious holiday allowances. Consequently, TLKM's Net Profit Margin (NPM) rose to 16.2% in Q1 2024 from 13.3% in Q4 2023.
- Operating profit decreased by -3.7% YoY but increased by 17.52% quarter-over-quarter to IDR 11 trillion, resulting in a higher quarterly Operating Profit Margin (OPM) of 29.4%.
- Additionally, TLKM incurred an unrealized loss of IDR 403 billion from the change in the fair value of its investment in GOTO in Q1 2024, compared to an unrealized gain of IDR 430 million in Q1 2023.

Valuation: Maintain BUY with TP 4,650

- Our target price for TLKM is IDR 4,650, representing a 53% upside potential. This target is based on a one-year forward P/E ratio of 17X. Our recommendation to BUY is maintained based on these projections.

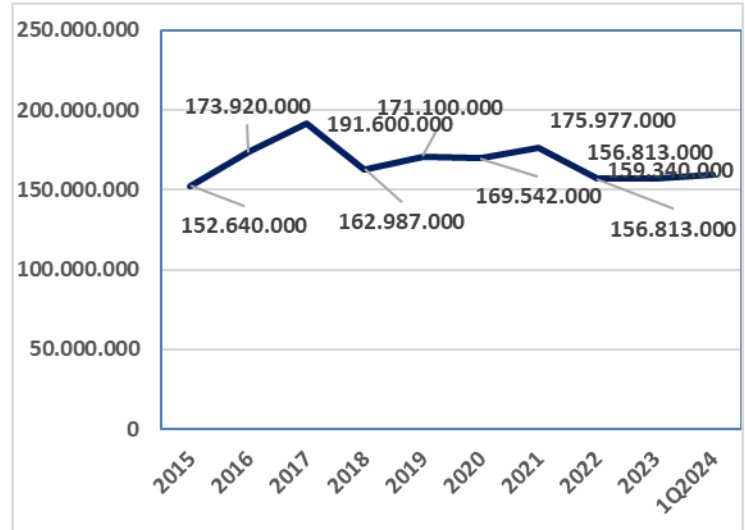
Financial Highlights	2021A	2022A	2023A	2024F	2025F
Revenue (IDR Bn)	143.210	147.306	149.216	154.966	161.228
EBITDA (IDR Bn)	79.301	72.749	77.048	80.766	83.706
Net Income (IDR Bn)	24.760	20.753	24.561	26.198	27.257
EPS (IDR)	250	209	248	264	275
PBV (x)	3	3	3	3	3
PER (x)	16	18	16	18	17
ROE (%)	20%	16%	18%	20%	20%
ROA (%)	9%	8%	9%	9%	9%
Tot. Debt / Equity (x)	1,1	1,0	1,0	1,0	0,9
Current Ratio (X)	0,9	0,8	0,8	0,7	0,8

IndiHome Subscribers YoY



Source: Company

Cellular Subscribers YoY



Source: Company

Revenue Breakdown YoY

Revenue Breakdown (IDR Bn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
Data, Internet & IT Services	19.892	22.148	11,3%	24.073	-8,0%
SMS, Fixed and Cellular Voice	4.030	2.509	-37,7%	1.658	51,3%
IndiHome	7.192	6.863	-4,6%	7.000	-2,0%
Interconnection	2.219	2.575	16,0%	2.440	5,5%
Network and Other Telco Services	2.757	3.334	20,9%	2.807	18,8%
Total Revenue	36.090	37.429	3,7%	37.978	-1,4%

Source: Company

TLKM Operation Performance

Key Indicators	YoY		
	1Q2023	1Q2024	%
Mobile Customer Base (000)	151.067	159.668	5,7%
IndiHome B2C (000)	0	8.916	
ARPU Mobile (000)	45	45	0,0%
ARPU IndiHome B2C (000)	0	243	
BTS on Air (Units)	258.929	257.349	-0,6%
Data Payload (TB)	4.217.405	4.823.809	14,4%

Source: Company

Income Statement in IDR. Billion QoQ

Income Statement (IDR. Bn)	1Q2023	1Q2024	YoY	4Q2023	QoQ
Revenue	36.090	37.429	3,7%	37.978	-1,4%
Cost of revenue	-24.659	-26.421	7,1%	-28.576	-7,5%
Operating Profit	11.431	11.008	-3,7%	9.402	17,1%
Others income/ (Expense)	-834	-865	3,7%	-890	-2,8%
Profit Before Tax	10.597	10.143	-4,3%	8.512	19,2%
Taxes	-2.149	-2.323	8,1%	-1.692	37,3%
NIAT	8.448	7.820	-7,4%	6.820	14,7%
Non-controlling Interest	-2.024	-1.767	-12,7%	-1.758	0,5%
Net Income	6.424	6.053	-5,8%	5.062	19,6%
EPS (in IDR)	65	61	-5,8%	51	19,6%
OPM	31,7%	29,4%		24,8%	
NPM	17,8%	16,2%		13,3%	

Source: Company & Binaartha

Income Statement in IDR. Billion YoY

Income Statement (IDR. Bn)	2021A	2022A	2023A	2024F	2025F
Revenue	143.210	147.306	149.216	154.966	161.228
Cost of revenue	-95.647	-107.725	-104.832	-108.476	-112.860
Operating Profit	47.563	39.581	44.384	46.490	48.369
Others income/ (Expense)	-3.885	-3.242	-3.590	-3.564	-3.708
Profit Before Tax	43.678	36.339	40.794	42.925	44.660
Taxes	-9.730	-8.659	-8.585	-9.444	-9.825
NIAT	33.948	27.680	32.209	33.482	34.835
Non-controlling Interest	-9.188	-6.927	-7.648	-7.283	-7.578
Net Income	24.760	20.753	24.561	26.198	27.257
EPS (in IDR)	249,9	209,5	247,9	264,5	275,2
EBITDA	79.301	72.749	77.048	80.766	83.706

Source: Company & Binaartha

Cash Flow in IDR. Billion YoY

Cash Flow (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
Net Income	24.760	20.753	24.561	26.198	27.257
Depreciation	24.718	25.576	24.838	24.838	25.179
Change in WC	2.986	1.113	-2.316	-3.171	-7.088
Cash From Operating Activities	52.464	47.442	47.083	47.865	45.348
Change in Non-current Asset	-40.185	-29.804	-36.132	-25.927	-29.689
Cash From Investing Activities	-40.185	-29.804	-36.132	-25.927	-29.689
Long-term Debts	5.758	-8.988	442	-2.096	6.000
Others Noncurrent Liabilities	-65	1.876	2.928	-921	1.221
Equity	-250	-16.890	-17.261	-27.693	-20.865
Cash From Financing Activities	5.443	-24.002	-13.891	-30.710	-13.644
Net Changes in Cash	17.722	-6.364	-2.940	-8.771	2.015
Beginning Balance	20.589	38.311	31.947	29.007	20.236
Ending Balance	38.311	31.947	29.007	20.236	22.251

Source: Company & Binaartha

Statement of Financial Position in IDR. Billion YoY

Statement of Financial Position (In IDR Bn)	2021A	2022A	2023A	2024F	2025F
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	38.311	31.947	29.007	20.236	22.251
Trade Accounts Receivable	8.510	8.634	10.667	10.848	11.286
Others Current Assets	14.456	14.476	15.939	17.046	17.735
Total Current Assets	61.277	55.057	55.613	48.130	51.272
NONCURRENT ASSETS					
Fixed Assets	165.026	173.329	180.755	183.239	185.757
Intangible Assets	7.506	8.302	8.731	8.988	9.351
Other Noncurrent Assets	43.375	38.504	41.943	40.291	41.919
Total Noncurrent Assets	215.907	220.135	231.429	232.518	237.027
TOTAL ASSETS	277.184	275.192	287.042	280.648	288.300
LIABILITIES AND EQUITY					
LIABILITIES					
CURRENT LIABILITIES					
Short-term Bank Loans	20.248	17.049	12.216	15.270	13.743
Trade Payables	17.170	24.321	18.608	17.046	16.123
Accruals	15.885	15.445	13.079	15.673	14.511
Others Current Liabilities	15.828	13.573	27.665	21.695	19.347
Total Current Liabilities	69.131	70.388	71.568	69.685	63.724
NONCURRENT LIABILITIES					
Long-term bank	36.319	27.331	27.773	25.677	31.677
Others Noncurrent Liabilities	26.335	28.211	31.139	30.218	31.440
Total Noncurrent Liabilities	62.654	55.542	58.912	55.895	63.117
TOTAL LIABILITIES	131.785	125.930	130.480	125.580	126.840
Non-controlling interest	23.753	20.004	20.818	23.245	24.184
EQUITY	121.646	129.258	135.744	131.823	137.275
TOTAL LIABILITIES & EQUITY	277.184	275.192	287.042	280.648	288.300

Source: Company & Binaartha

Ratio Highlights YoY

Growth (% YoY)	2021A	2022A	2023A	2024F	2025F
Revenue	5%	3%	1%	4%	4%
OP	9%	-17%	12%	5%	4%
EBITDA	10%	-8%	6%	5%	4%
NP	19%	-16%	18%	7%	4%
EPS	19%	-16%	18%	7%	4%

Profitability

Operating Margin(%)	33%	27%	30%	30%	30%
EBITDA margin(%)	55%	49%	52%	52%	52%
NET Profit margin(%)	17%	14%	16%	17%	17%
ROA(%)	9%	8%	9%	9%	9%
ROE(%)	20%	16%	18%	20%	20%

Stability

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

Per Share data

EPS (IDR)	250	209	248	264	275
PBV (x)	3	3	3	3	3
PER (x)	16	18	16	18	17
EBITDA/share	801	734	778	815	845

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**.

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