

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

**BUY**

Telecommunication  
3 December 2021

Price IDR. 4,160  
Target IDR. 5,360  
JKSE Index 6,583.820



**Stock code**

Bloomberg code TLKM IJ  
Market cap (in Bn) 412,100  
52-week high 4,170  
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**

2020 14,175  
2021F (6m-avg) 14,445

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**Double-digit Growth**

- Despite the pandemic, TLKM maintained strong revenue growth in 3Q2021. TLKM recorded a revenue increase of +10.5% YoY and +3% QoQ to IDR 36.5 trillion in 3Q2021. For 9M2021, TLKM booked 6.1% YoY revenue growth to IDR 106 trillion.
- Indihome still grew at a double digit rate of 17.7% YoY to IDR 6.76 trillion in 3Q2021, or 21.9% YoY growth to IDR 19.6 trillion for the 9M2021. The growth is inline with the increase in IndiHome new subscribers and a higher ARPU. Indihome added +155k new subscribers in 3Q2021, an increase compared to 2Q2021's +152k new subscribers. ARPU increased +1.5% QoQ to IDR 274 thousand in 3Q2021.
- Data, Internet & IT service revenue increased +11.5% YoY to IDR 20.66 trillion in 3Q2021, boosted by higher Internet, data and IT services of IDR 2.5 trillion, up 31.3% YoY.
- Legacy telephone revenue declined -10% YoY to IDR 4.2 trillion and SMS decreased slightly -0.7% to IDR 1.22 trillion.
- We maintain our revenue estimate at IDR 142.5 trillion as we expect demand growth to continue.

**Margin Improved**

- TLKM also maintained double digit growth in net income of +12.9% YoY to IDR 6.42 trillion with a higher NPM of 17.6% from 17.1%.
- Operating profit increased +17.9% YoY or +6.5% QoQ to IDR 12.68 trillion. Operating profit margins increased from 32.5% to 34.7% in 3Q2021.
- For 9M2021, net income increased +13% YoY to IDR 18.87 trillion, and the NPM increased to 17.8% from 16.7%. OPM also increased to 34.2% from 33% in 9M2020.
- EBITDA surged +8.1% YoY to IDR 57.9 trillion in 9M2021, and the EBITDA margin expanded to 54.6% from 3.6% last year.
- We maintained our TLKM bottom line target of IDR 24.15 trillion in 2021F.

**Valuation: Maintain BUY with TP 5,360**

- We are targeting TLKM to reach IDR 5,360, 29% upside, which is a 20x PE valuation within one year. We maintain our recommendation to BUY.

| Financial Highlights   | 2017A   | 2018A   | 2019A   | 2020A   | 2021F   | 2022F   |
|------------------------|---------|---------|---------|---------|---------|---------|
| Revenue (IDR Bn)       | 128.256 | 130.784 | 135.567 | 136.462 | 142.500 | 148.794 |
| EBITDA (IDR Bn)        | 67.309  | 61.318  | 70.105  | 72.084  | 76.127  | 81.352  |
| Net Income (IDR Bn)    | 22.146  | 18.032  | 18.663  | 20.804  | 24.154  | 26.028  |
| EPS (IDR)              | 224     | 182     | 188     | 210     | 244     | 263     |
| ROE (%)                | 24%     | 18%     | 19%     | 20%     | 22%     | 23%     |
| ROA (%)                | 11%     | 9%      | 8%      | 8%      | 9%      | 10%     |
| Tot. Debt / Equity (x) | 0,9     | 0,9     | 1,0     | 1,2     | 1,2     | 1,2     |
| Current Ratio (X)      | 1,0     | 0,9     | 0,7     | 0,7     | 0,6     | 0,6     |

Chart: IndiHome Subscribers YoY

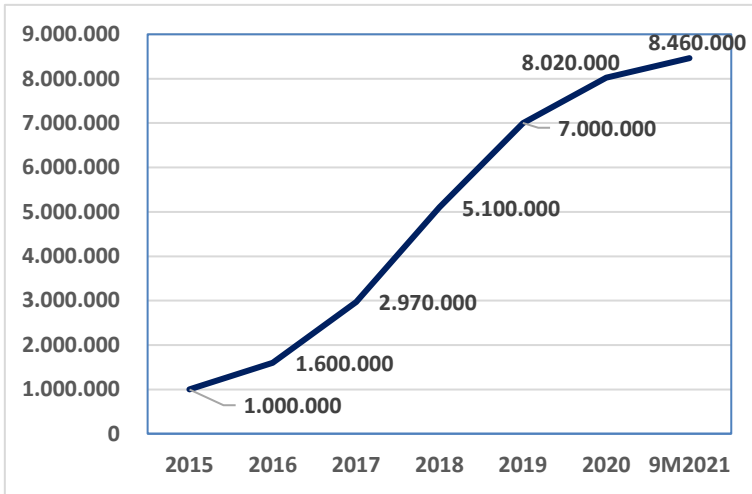
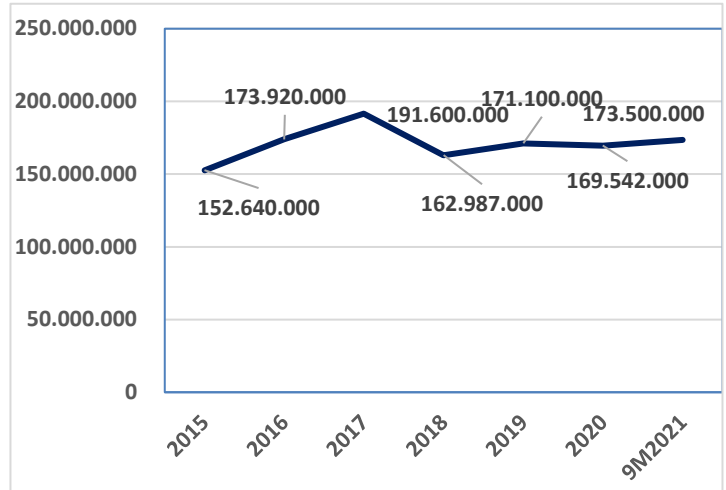


Chart: Cellular Subscribers YoY



Source: Company

Table: Income Statement QoQ and YoY

| Income Statement (IDR. Bn) | 1Q21          | 2Q21          | 3Q20          | 3Q21          | YoY          | QoQ          | 9M20          | 9M21          | YoY          |
|----------------------------|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|
| Revenue                    | 33.945        | 35.535        | 33.084        | 36.563        | 10,5%        | 2,9%         | 99.941        | 106.043       | 6,1%         |
| Cost of revenue            | -22.246       | -23.619       | -22.327       | -23.877       | 6,9%         | 1,1%         | -66.930       | -69.742       | 4,2%         |
| <b>Operating Profit</b>    | <b>11.699</b> | <b>11.916</b> | <b>10.757</b> | <b>12.686</b> | <b>17,9%</b> | <b>6,5%</b>  | <b>33.011</b> | <b>36.301</b> | <b>10,0%</b> |
| Others income/ (Expense)   | -883          | -938          | -1.019        | -1.220        | 19,7%        | 30,1%        | -3.257        | -3.041        | -6,6%        |
| <b>Profit Before Tax</b>   | <b>10.816</b> | <b>10.978</b> | <b>9.738</b>  | <b>11.466</b> | <b>17,7%</b> | <b>4,4%</b>  | <b>29.754</b> | <b>33.260</b> | <b>11,8%</b> |
| Taxes                      | -2.429        | -2.445        | -2.221        | -2.723        | 22,6%        | 11,4%        | -6.803        | -7.597        | 11,7%        |
| <b>NIAT</b>                | <b>8.387</b>  | <b>8.533</b>  | <b>7.517</b>  | <b>8.743</b>  | <b>16,3%</b> | <b>2,5%</b>  | <b>22.951</b> | <b>25.663</b> | <b>11,8%</b> |
| Non-controlling Interest   | -2.373        | -2.096        | -1.828        | -2.322        | 27,0%        | 10,8%        | -6.272        | -6.791        | 8,3%         |
| <b>Net Income</b>          | <b>6.014</b>  | <b>6.437</b>  | <b>5.689</b>  | <b>6.421</b>  | <b>12,9%</b> | <b>-0,2%</b> | <b>16.679</b> | <b>18.872</b> | <b>13,1%</b> |
| <b>EPS (in IDR)</b>        | <b>61</b>     | <b>65</b>     | <b>57</b>     | <b>65</b>     | <b>12,9%</b> | <b>-0,2%</b> | <b>168</b>    | <b>191</b>    | <b>13,1%</b> |

Source: Company

Table: Income Statement in IDR. Billion YoY

| Income Statement (IDR. Bn) | 2017A         | 2018A         | 2019A         | 2020A         | 2021F         | 2022F         |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenue                    | 128.256       | 130.784       | 135.567       | 136.462       | 142.500       | 148.794       |
| Cost of revenue            | -84.322       | -91.939       | -93.173       | -92.957       | -95.475       | -98.948       |
| <b>Operating Profit</b>    | <b>43.934</b> | <b>38.845</b> | <b>42.394</b> | <b>43.505</b> | <b>47.025</b> | <b>49.846</b> |
| Others income/ (Expense)   | -1.274        | -2.440        | -4.486        | -4.730        | -4.275        | -4.166        |
| <b>Profit Before Tax</b>   | <b>42.660</b> | <b>36.405</b> | <b>37.908</b> | <b>38.775</b> | <b>42.750</b> | <b>45.680</b> |
| Taxes                      | -9.958        | -9.426        | -10.316       | -9.212        | -9.619        | -10.278       |
| <b>NIAT</b>                | <b>32.702</b> | <b>26.979</b> | <b>27.592</b> | <b>29.563</b> | <b>33.131</b> | <b>35.402</b> |
| Non-controlling Interest   | -10.556       | -8.947        | -8.929        | -8.759        | -8.977        | -9.374        |
| <b>Net Income</b>          | <b>22.146</b> | <b>18.032</b> | <b>18.663</b> | <b>20.804</b> | <b>24.154</b> | <b>26.028</b> |
| EPS (in IDR)               | 223,6         | 182,0         | 188,4         | 210,0         | 243,8         | 262,7         |
| <b>EBITDA</b>              | <b>67.309</b> | <b>61.318</b> | <b>70.105</b> | <b>72.084</b> | <b>76.127</b> | <b>81.352</b> |

Source: Company & Binaartha

Table: Cash Flow in IDR. Billion YoY

| Cash Flow (In IDR Bn)                 | 2016A          | 2017A          | 2018A          | 2019A          | 2020A          | 2021F          | 2022F          |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Net Income                            | 19.352         | 22.146         | 18.032         | 18.663         | 20.804         | 24.154         | 26.028         |
| Depreciation                          | 17.464         | 19.352         | 20.122         | 21.511         | 21.943         | 21.943         | 23.439         |
| Change in WC                          | 6.210          | 1.132          | -2.528         | 14.457         | 8.290          | 2.007          | 2.114          |
| <b>Cash From Operating Activities</b> | <b>43.026</b>  | <b>42.630</b>  | <b>35.626</b>  | <b>54.631</b>  | <b>51.037</b>  | <b>48.103</b>  | <b>51.581</b>  |
| Capex                                 | -31.113        | -38.365        | -32.127        | -38.069        | -42.897        | -36.147        | -35.559        |
| <b>Cash From Investing Activities</b> | <b>-31.113</b> | <b>-38.365</b> | <b>-32.127</b> | <b>-38.069</b> | <b>-42.897</b> | <b>-36.147</b> | <b>-35.559</b> |
| Long-term Debts                       | 1.434          | 1.607          | 5.774          | 121            | -3.308         | 3.056          | 5.043          |
| Others Noncurrent                     |                |                |                |                |                |                |                |
| Liabilities                           | -4.461         | 5.066          | -4.120         | 2.836          | 14.680         | 675            | 1.940          |
| Equity                                | -7.236         | -15.560        | -12.859        | -18.716        | -17.165        | -17.634        | -19.940        |
| <b>Cash From Financing Activities</b> | <b>-10.263</b> | <b>-8.887</b>  | <b>-11.205</b> | <b>-15.759</b> | <b>-5.793</b>  | <b>-13.903</b> | <b>-12.958</b> |
| <b>Net Changes in Cash</b>            | <b>1.650</b>   | <b>-4.622</b>  | <b>-7.706</b>  | <b>803</b>     | <b>2.347</b>   | <b>-1.947</b>  | <b>3.064</b>   |
| Beginning Balance                     | 28.117         | 29.767         | 25.145         | 17.439         | 18.242         | 20.589         | 18.642         |
| Ending Balance                        | 29.767         | 25.145         | 17.439         | 18.242         | 20.589         | 18.642         | 21.706         |

Source: Company & Binaartha

**Table: Statement of Financial Position in IDR. Billion YoY**

| Statement of Financial Position (In IDR Bn) | 2017A          | 2018A          | 2019A          | 2020A          | 2021F          | 2022F          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>ASSETS</b>                               |                |                |                |                |                |                |
| <b>CURRENT ASSETS</b>                       |                |                |                |                |                |                |
| Cash and Cash Equivalents                   | 25.145         | 17.439         | 18.242         | 20.589         | 18.642         | 21.706         |
| Trade Accounts Receivable                   | 9.222          | 11.414         | 11.797         | 11.339         | 11.400         | 11.904         |
| Others Current Assets                       | 13.194         | 14.415         | 11.683         | 14.575         | 12.825         | 13.391         |
| <b>Total Current Assets</b>                 | <b>47.561</b>  | <b>43.268</b>  | <b>41.722</b>  | <b>46.503</b>  | <b>42.867</b>  | <b>47.001</b>  |
| <b>NONCURRENT ASSETS</b>                    |                |                |                |                |                |                |
| Fixed Assets                                | 130.171        | 143.248        | 156.973        | 160.923        | 171.895        | 183.614        |
| Intangible Assets                           | 3.530          | 5.032          | 6.446          | 6.846          | 7.125          | 7.440          |
| Other Noncurrent Assets                     | 17.222         | 14.648         | 16.067         | 32.671         | 35.625         | 35.711         |
| <b>Total Noncurrent Assets</b>              | <b>150.923</b> | <b>162.928</b> | <b>179.486</b> | <b>200.440</b> | <b>214.644</b> | <b>226.764</b> |
| <b>TOTAL ASSETS</b>                         | <b>198.484</b> | <b>206.196</b> | <b>221.208</b> | <b>246.943</b> | <b>257.511</b> | <b>273.765</b> |
| <b>LIABILITIES AND EQUITY</b>               |                |                |                |                |                |                |
| <b>LIABILITIES</b>                          |                |                |                |                |                |                |
| <b>CURRENT LIABILITIES</b>                  |                |                |                |                |                |                |
| Short-term Bank Loans                       | 7.498          | 10.339         | 18.215         | 19.284         | 20.248         | 21.261         |
| Trade Payables                              | 15.791         | 14.766         | 13.897         | 16.999         | 14.250         | 14.879         |
| Accruals                                    | 12.630         | 12.769         | 13.736         | 14.265         | 13.537         | 14.135         |
| Others Current Liabilities                  | 9.457          | 8.387          | 12.521         | 18.545         | 21.375         | 22.319         |
| <b>Total Current Liabilities</b>            | <b>45.376</b>  | <b>46.261</b>  | <b>58.369</b>  | <b>69.093</b>  | <b>69.411</b>  | <b>72.595</b>  |
| <b>NONCURRENT LIABILITIES</b>               |                |                |                |                |                |                |
| Long-term bank                              | 27.974         | 33.748         | 33.869         | 30.561         | 33.617         | 38.660         |
| Others Noncurrent Liabilities               | 13.004         | 8.884          | 11.720         | 26.400         | 27.075         | 29.015         |
| <b>Total Noncurrent Liabilities</b>         | <b>40.978</b>  | <b>42.632</b>  | <b>45.589</b>  | <b>56.961</b>  | <b>60.692</b>  | <b>67.674</b>  |
| <b>TOTAL LIABILITIES</b>                    | <b>86.354</b>  | <b>88.893</b>  | <b>103.958</b> | <b>126.054</b> | <b>130.103</b> | <b>140.269</b> |
| Non-controlling interest                    | 19.417         | 18.393         | 17.689         | 18.362         | 19.950         | 20.831         |
| <b>EQUITY</b>                               | <b>92.713</b>  | <b>98.910</b>  | <b>99.561</b>  | <b>102.527</b> | <b>107.459</b> | <b>112.665</b> |
| <b>TOTAL LIABILITIES &amp; EQUITY</b>       | <b>198.484</b> | <b>206.196</b> | <b>221.208</b> | <b>246.943</b> | <b>257.511</b> | <b>273.765</b> |

Source: Company &amp; Binaartha

Table: Ratio Highlights YoY

| Growth (% YoY) | 2017A | 2018A | 2019A | 2020A | 2021F | 2022F |
|----------------|-------|-------|-------|-------|-------|-------|
| Revenue        | 10%   | 2%    | 4%    | 1%    | 4%    | 4%    |
| OP             | 12%   | -12%  | 9%    | 3%    | 8%    | 6%    |
| EBITDA         | 12%   | -9%   | 14%   | 3%    | 6%    | 7%    |
| NP             | 14%   | -19%  | 3%    | 11%   | 16%   | 8%    |
| EPS            | 14%   | -19%  | 3%    | 11%   | 16%   | 8%    |

| Profitability        |     |     |     |     |     |     |
|----------------------|-----|-----|-----|-----|-----|-----|
| Operating Margin(%)  | 34% | 30% | 31% | 32% | 33% | 34% |
| EBITDA margin(%)     | 52% | 47% | 52% | 53% | 53% | 55% |
| NET Profit margin(%) | 17% | 14% | 14% | 15% | 17% | 17% |
| ROA(%)               | 11% | 9%  | 8%  | 8%  | 9%  | 10% |
| ROE(%)               | 24% | 18% | 19% | 20% | 22% | 23% |

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

| Per Share data (IDR) |     |     |     |     |     |     |
|----------------------|-----|-----|-----|-----|-----|-----|
| EPS                  | 224 | 182 | 188 | 210 | 244 | 263 |
| EBITDA/share         | 679 | 619 | 708 | 728 | 768 | 821 |

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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