

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

**BUY**

Telecommunication  
9 August 2022

Price IDR. 4,700  
Target IDR. 5,730  
JKSE Index 7,086.85



**Stock code**

Bloomberg code TLKM IJ  
Market cap (in Bn) 465,559  
52-week high 4,850  
52-week low 3,190  
6-m avg.daily.val (IDR) 4,332  
Free Float (%) 30.00%

**Major Share Holders (%)**

Government 70.00%  
Public 30.00%

**USD/IDR-YE**

2021 14,310  
2022F (6m-avg) 14,555

Analyst:  
Eka Rahmawati Rahman

**Investment Considerations**

**Maintained single digit growth**

- TLKM maintained positive growth in 2Q2022 driven by Indihome and Telkomsel digital, with sales up +3.5% YoY or +4.5% QoQ to IDR 36.7 trillion. For 1H2022 TLKM maintained single digit growth of +3.6% YoY to IDR 71.9 trillion.
- IndiHome recorded +6.9% YoY growth to IDR 6.98 trillion in 2Q2022. The growth is inline with the increase in IndiHome new subscribers and a higher ARPU. Indihome's total subscribers are now 8.89 million, up +7.1% YoY.
- Data, Internet & IT service revenue increased +5.4% YoY to IDR 20.3 trillion boosted by higher cellular data revenue during the Eid celebrations and long holiday in 2Q2022. Mobile data traffic jumped by 21.4% YoY in 1H2022 driven by strong mobile data services.
- Interconnection revenue also increased by 3.5% YoY to IDR 2.08 trillion in 2Q2022. Network and other telecommunication services revenues jumped by 17.5% YoY to IDR 2.77 trillion driven by increasing satellite and tower business.
- As the transition from legacy business to data continues, SMS, fixed and cellular voice revenue declined -13.8% YoY to IDR 4.57 trillion.
- We are targeting TLKM revenues to reach IDR 150.3 trillion this year as we expect demand will continue to grow.

**2Q2022 Results: Higher Margins**

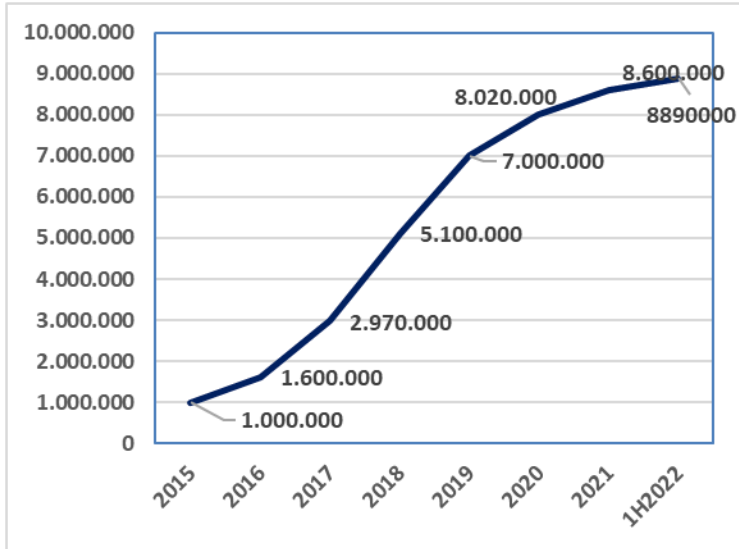
- TLKM maintained double-digit net income growth of 11.7% YoY or +17.6% QoQ in 2Q2022 to IDR 7.19 trillion with a higher NPM of 19.6% from 17.4% in 1Q2022. For 1H2022, TLKM net income reached IDR 13.3 trillion or up by +6.9% YoY.
- Operating profit increased +16.2% YoY or +3.4% QoQ to IDR 12.3 trillion, in line with a higher operating profit margin of 33.5% in 2Q2022.
- TLKM operating expenses increased by 3.5% YoY to IDR 12.3 trillion with Depreciation and amortization expenses up +21% YoY to IDR 9 trillion in line with continuous investments to enhance digital infrastructure for both mobile and fixed line businesses.
- EBITDA rose by +5.7% YoY to IDR 20 trillion in 2Q2022 and IDR 39.4 trillion in 1H2022 with a higher EBITDA margin of 54.8%.
- As greater efficiency continues to improve margins, we are expecting TLKM bottom line to reach IDR 26 trillion in 2022F.

**Valuation: Maintain BUY with TP 5,730**

- We are targeting TLKM to reach IDR 5,730, 22% upside, which is a 20x PE valuation within one year. We maintain our recommendation to BUY.

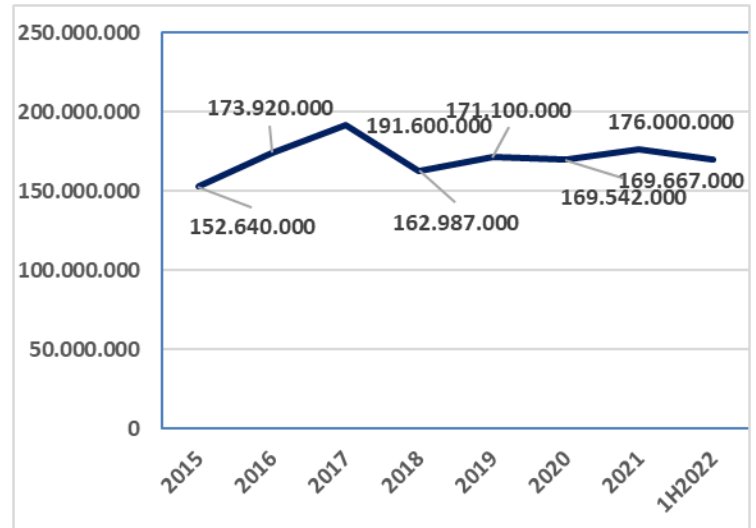
Financial Highlights	2018A	2019A	2020A	2021A	2022F	2023F
Revenue (IDR Bn)	130.784	135.567	136.462	143.210	150.312	160.393
EBITDA (IDR Bn)	61.318	70.105	72.084	80.267	81.638	87.507
Net Income (IDR Bn)	18.032	18.663	20.804	24.760	26.037	27.783
EPS (IDR)	182	188	210	250	263	280
ROE (%)	18%	19%	20%	20%	22%	22%
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	0,7	0,7

Chart: IndiHome Subscribers YoY



Source: Company

Chart: Cellular Subscribers YoY



Source: Company

Table: Revenue Breakdown YoY

Revenue Breakdown (IDR Bn)	1Q2021	1Q2022	(%)	2Q2021	2Q2022	(%)	1H2021	1H2022	(%)
Data, Internet & IT Services	18.245	18.856	3,3%	19.327	20.366	5,4%	37.572	39.222	4,4%
SMS, Fixed and Cellular Voice	5.253	4.747	-9,6%	5.301	4.570	-13,8%	10.554	9.317	-11,7%
IndiHome	6.347	6.851	7,9%	6.532	6.980	6,9%	12.879	13.831	7,4%
Interconnection	1.826	2.133	16,8%	2.018	2.089	3,5%	3.844	4.222	9,8%
Network and Other Telco Services	2.274	2.621	15,3%	2.357	2.770	17,5%	4.631	5.391	16,4%
<b>Total Revenue</b>	<b>33.945</b>	<b>35.208</b>	<b>3,7%</b>	<b>35.535</b>	<b>36.775</b>	<b>3,5%</b>	<b>69.480</b>	<b>71.983</b>	<b>3,6%</b>

Source: Company

Table: Income Statement QoQ and YoY

Income Statement (IDR. Bn)	1Q2022	2Q2022	QoQ	1H2021	1H2022	YoY	2Q2021	YoY
<b>Revenue</b>	<b>35.208</b>	<b>36.775</b>	<b>4,5%</b>	<b>69.480</b>	<b>71.983</b>	<b>3,6%</b>	<b>35.535</b>	<b>3,5%</b>
Cost of revenue	-24.597	-24.450	-0,6%	-45.865	-49.047	6,9%	-23.619	3,5%
<b>Operating Profit</b>	<b>10.611</b>	<b>12.325</b>	<b>16,2%</b>	<b>23.615</b>	<b>22.936</b>	<b>-2,9%</b>	<b>11.916</b>	<b>3,4%</b>
Others income/ (Expense)	-749	-758	1,2%	-1.821	-1.507	-17,2%	-938	-19,2%
<b>Profit Before Tax</b>	<b>9.862</b>	<b>11.567</b>	<b>17,3%</b>	<b>21.794</b>	<b>21.429</b>	<b>-1,7%</b>	<b>10.978</b>	<b>5,4%</b>
Taxes	-2.006	-1.868	-6,9%	-4.874	-3.874	-20,5%	-2.445	-23,6%
<b>NIAT</b>	<b>7.856</b>	<b>9.699</b>	<b>23,5%</b>	<b>16.920</b>	<b>17.555</b>	<b>3,8%</b>	<b>8.533</b>	<b>13,7%</b>
Non-controlling Interest	-1.738	-2.507	44,2%	-4.469	-4.245	-5,0%	-2.096	19,6%
<b>Net Income</b>	<b>6.118</b>	<b>7.192</b>	<b>17,6%</b>	<b>12.451</b>	<b>13.310</b>	<b>6,9%</b>	<b>6.437</b>	<b>11,7%</b>
<b>EPS (in IDR)</b>	<b>62</b>	<b>73</b>	<b>17,6%</b>	<b>126</b>	<b>134</b>	<b>6,9%</b>	<b>65</b>	<b>11,7%</b>
<b>OPM</b>	<b>30,1%</b>	<b>33,5%</b>		<b>34,0%</b>	<b>31,9%</b>		<b>33,5%</b>	
<b>NPM</b>	<b>17,4%</b>	<b>19,6%</b>		<b>17,9%</b>	<b>18,5%</b>		<b>18,1%</b>	

Source: Company

Table: Income Statement in IDR. Billion YoY

Income Statement (IDR. Bn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
<b>Revenue</b>	<b>128.256</b>	<b>130.784</b>	<b>135.567</b>	<b>136.462</b>	<b>143.210</b>	<b>150.312</b>	<b>160.393</b>
Cost of revenue	-84.322	-91.939	-93.173	-92.957	-95.647	-102.212	-109.067
<b>Operating Profit</b>	<b>43.934</b>	<b>38.845</b>	<b>42.394</b>	<b>43.505</b>	<b>47.563</b>	<b>48.100</b>	<b>51.326</b>
Others income/ (Expense)	-1.274	-2.440	-4.486	-4.730	-3.885	-3.157	-3.368
<b>Profit Before Tax</b>	<b>42.660</b>	<b>36.405</b>	<b>37.908</b>	<b>38.775</b>	<b>43.678</b>	<b>44.943</b>	<b>47.958</b>
Taxes	-9.958	-9.426	-10.316	-9.212	-9.730	-9.888	-10.551
<b>NIAT</b>	<b>32.702</b>	<b>26.979</b>	<b>27.592</b>	<b>29.563</b>	<b>33.948</b>	<b>35.056</b>	<b>37.407</b>
Non-controlling Interest	-10.556	-8.947	-8.929	-8.759	-9.188	-9.019	-9.624
<b>Net Income</b>	<b>22.146</b>	<b>18.032</b>	<b>18.663</b>	<b>20.804</b>	<b>24.760</b>	<b>26.037</b>	<b>27.783</b>
EPS (in IDR)	223,6	182,0	188,4	210,0	249,9	262,8	280,5
<b>EBITDA</b>	<b>67.309</b>	<b>61.318</b>	<b>70.105</b>	<b>72.084</b>	<b>80.267</b>	<b>81.638</b>	<b>87.507</b>

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	26.037	27.783
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	6.661	2.378
<b>Cash From Operating Activities</b>	<b>42.630</b>	<b>35.626</b>	<b>54.631</b>	<b>51.037</b>	<b>52.464</b>	<b>57.416</b>	<b>56.730</b>
Change in Non-current Asset	-38.365	-32.127	-38.069	-42.897	-40.185	-35.799	-43.180
<b>Cash From Investing Activities</b>	<b>-38.365</b>	<b>-32.127</b>	<b>-38.069</b>	<b>-42.897</b>	<b>-40.185</b>	<b>-35.799</b>	<b>-43.180</b>
Long-term Debts	1.607	5.774	121	-3.308	5.758	-1.816	5.175
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	-27.949	-20.512
<b>Cash From Financing Activities</b>	<b>-8.887</b>	<b>-11.205</b>	<b>-15.759</b>	<b>-5.793</b>	<b>5.443</b>	<b>-29.043</b>	<b>-13.522</b>
<b>Net Changes in Cash</b>	<b>-4.622</b>	<b>-7.706</b>	<b>803</b>	<b>2.347</b>	<b>17.722</b>	<b>-7.426</b>	<b>28</b>
<b>Beginning Balance</b>	<b>29.767</b>	<b>25.145</b>	<b>17.439</b>	<b>18.242</b>	<b>20.589</b>	<b>38.311</b>	<b>30.885</b>
<b>Ending Balance</b>	<b>25.145</b>	<b>17.439</b>	<b>18.242</b>	<b>20.589</b>	<b>38.311</b>	<b>30.885</b>	<b>30.913</b>

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
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	25.145	17.439	18.242	20.589	38.311	30.885	30.913
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	13.528	14.435
<b>Total Current Assets</b>	<b>47.561</b>	<b>43.268</b>	<b>41.722</b>	<b>46.503</b>	<b>61.277</b>	<b>53.432</b>	<b>54.972</b>
<b>NONCURRENT ASSETS</b>							
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
<b>Total Noncurrent Assets</b>	<b>150.923</b>	<b>162.928</b>	<b>179.486</b>	<b>200.440</b>	<b>215.907</b>	<b>226.988</b>	<b>243.599</b>
<b>TOTAL ASSETS</b>	<b>198.484</b>	<b>206.196</b>	<b>221.208</b>	<b>246.943</b>	<b>277.184</b>	<b>280.420</b>	<b>298.571</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	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	19.541	20.851
<b>Total Current Liabilities</b>	<b>45.376</b>	<b>46.261</b>	<b>58.369</b>	<b>69.093</b>	<b>69.131</b>	<b>75.373</b>	<b>79.263</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term bank	27.974	33.748	33.869	30.561	36.319	34.503	39.679
Others Noncurrent Liabilities	13.004	8.884	11.720	26.400	26.335	27.056	28.871
<b>Total Noncurrent Liabilities</b>	<b>40.978</b>	<b>42.632</b>	<b>45.589</b>	<b>56.961</b>	<b>62.654</b>	<b>61.559</b>	<b>68.549</b>
<b>TOTAL LIABILITIES</b>	<b>86.354</b>	<b>88.893</b>	<b>103.958</b>	<b>126.054</b>	<b>131.785</b>	<b>136.932</b>	<b>147.812</b>
Non-controlling interest	19.417	18.393	17.689	18.362	23.753	25.553	27.267
<b>EQUITY</b>	<b>92.713</b>	<b>98.910</b>	<b>99.561</b>	<b>102.527</b>	<b>121.646</b>	<b>117.934</b>	<b>123.492</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>198.484</b>	<b>206.196</b>	<b>221.208</b>	<b>246.943</b>	<b>277.184</b>	<b>280.420</b>	<b>298.571</b>

Source: Company & Binaartha

Table: Ratio Highlights YoY

Growth (% YoY)	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	2%	4%	1%	5%	5%	7%
OP	-12%	9%	3%	9%	1%	7%
EBITDA	-9%	14%	3%	11%	2%	7%
NP	-19%	3%	11%	19%	5%	7%
EPS	-19%	3%	11%	19%	5%	7%
Profitability						
Operating Margin(%)	30%	31%	32%	33%	32%	32%
EBITDA margin(%)	47%	52%	53%	56%	54%	55%
NET Profit margin(%)	14%	14%	15%	17%	17%	17%
ROA(%)	9%	8%	8%	9%	9%	9%
ROE(%)	18%	19%	20%	20%	22%	22%
Stability						
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	0,7	0,7
Cash Ratio (x)	0,4	0,3	0,3	0,6	0,4	0,4
Per Share data (IDR)						
EPS	182	188	210	250	263	280
EBITDA/share	619	708	728	810	824	883

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.*