BINA ARTHA SEKURITAS

Berizin dan Diawasi oleh **Otoritas Jasa Keuangan**

Equity Research

PT Telekomunikasi Indonesia (Persero) Tbk

BUY

Telecommunication
6 November 2026

Price	**IDR**	**1,990**
Target	**IDR**	**2,340**
JKSE Index		**5,030.261**



Stock code

Bloomberg code	TLKM IJ
Market cap (in Bn)	192,680
52-week high	3,990
52-week low	1,770

Major Share Holders (%)

Danantara & BP BUMN	52.10%
Public	47.30%
Treasury	0.60%

USD/IDR

2025A	16,720
2026F (6-month avg)	17,836

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Investment Considerations

Revenue Growth Continues Despite a Softer Third Quarter

- Telkom Indonesia (TLKM) reported 3Q26 revenue of IDR37.6 trillion, increasing 2.8% YoY but declining 2.8% QoQ. This brought 9M26 revenue to IDR113.5 trillion, up 3.5% YoY and above management's full-year revenue growth guidance of 1%–3%. Excluding legacy services, revenue increased 4.8% YoY.
- Data, Internet & IT Services remained the principal growth driver, with 9M26 revenue increasing 8.3% YoY to IDR71.5 trillion, representing approximately 63% of total revenue. Growth was supported by a 6.5% increase in data yield to IDR3.08 per MB.
- However, segment revenue declined 4.8% QoQ to IDR23.4 trillion in 3Q26, reflecting seasonally weaker Telkomsel activity and adjustments to enterprise revenue recognition.
- Telkomsel's mobile average revenue per user (ARPU) declined 2.4% QoQ to IDR44,900, although it remained 3.5% higher YoY. The mobile subscriber base fell 1.6% QoQ to 151.1 million, while data traffic increased only 0.8%.
- Management expects ARPU to recover in 4Q26, supported by year-end seasonality, improving industry pricing and further network monetisation following capacity expansion and 5G upgrades.
- IndiHome revenue declined 3.1% YoY to IDR19.1 trillion in 9M26, following subscriber-base cleansing. Nevertheless, subscribers recovered 1.2% QoQ to 9.6 million, while quarterly ARPU increased to IDR218,000. Fixed-mobile convergence penetration reached 65%, equivalent to approximately 6.3 million customers.
- We expect continued growth in data consumption and improved monetisation to support revenue, although slower subscriber growth and pressure on ARPU remain important challenges.

Higher Operating Costs Put Pressure on Margins

- TLKM's 9M26 EBITDA increased 2.0% YoY to IDR55.5 trillion, but EBITDA margin declined by approximately 73bps to 48.9%, as operating costs increased faster than revenue.
- Higher operations and maintenance expenses, general and administrative costs, interconnection charges and marketing expenditure weighed on profitability. The company also incurred approximately IDR970 billion of ERP-related costs, while IndiHome subscriber cleansing affected operating performance.
- Margin pressure intensified in 3Q26, with EBITDA margin declining to 47.9%.
- Management has maintained its full-year EBITDA margin guidance of above 50%, citing non-recurring expenses and expectations of a stronger fourth quarter.
- We remain more cautious, forecasting an EBITDA margin of 48.4% in FY2026 and 49.2% in FY2027. Our forecasts reflect higher operating costs, continued investment in network modernisation and the impact of rupiah depreciation.
- Although operational efficiency initiatives may support future margins, we expect profitability to recover gradually rather than return immediately to historical levels.

Reported Profit Declines Despite Growth in Normalised Earnings

- TLKM reported 3Q26 net profit of IDR3.82 trillion, declining 21.0% YoY and 39.1% QoQ. The weaker result reflected investment valuation losses and higher financing costs.
- For 9M26, reported net profit declined 3.9% YoY to IDR14.45 trillion, compared with the restated IDR15.03 trillion in 9M25.
- However, normalised net profit increased 3.9% YoY to IDR16.53 trillion, after adjusting for investment valuation losses, additional depreciation arising from revised asset useful lives, advisory costs and tax effects associated with the InfraNexia restructuring.
- The distinction between reported and normalised earnings is important. While underlying operating performance remains relatively resilient, non-operating investment losses and higher depreciation continue to weigh on reported profitability.
- We forecast FY2026 net profit of IDR19.19 trillion, representing growth of 7.7% YoY, followed by an 18.1% increase to IDR22.66 trillion in FY2027.
- The recovery in 2027 is expected to be supported by revenue growth, improving operating margins and a more stable contribution from non-operating items.

Portfolio Restructuring and Capital Allocation Support Longer-Term Value

- TLKM continues to simplify its corporate structure and pursue asset monetisation opportunities.
- The company has sold, closed or merged 15 entities, including the GSDM conditional sale and purchase agreement signed in October. Phase 2 of the InfraNexia asset transfer has also been completed.
- The B2B infrastructure business generated IDR46.6 trillion in gross revenue, of which approximately 84.8% was derived from intra-group transactions. Management views this business as a significant future monetisation opportunity, although the high proportion of internal revenue means that its standalone earnings potential and valuation require careful assessment.
- Data centre EBITDA increased 35% YoY, providing another potential source of longer-term growth.
- Capital expenditure declined by IDR1.3 trillion YoY to IDR15.7 trillion in 9M26, equivalent to 13.8% of revenue. We forecast a full-year capex-to-revenue ratio of 16.5%, below management's guidance of 17%–19%.
- Capital expenditure is expected to increase in 2027–2028 as the company accelerates network modernisation.
- TLKM continues to return capital to shareholders through dividends and its ongoing IDR4 trillion share buyback programme. Cash generation remains an important strength, although future distributions must be assessed alongside rising investment requirements..

Valuation: Maintain BUY, Lower to TP IDR2,340 (+17% Upside)

- We maintain our BUY recommendation for TLKM but lower our 12-month target price to IDR2,340 per share, representing approximately 17% upside from the reference share price of IDR1,990.
- We have reduced our FY2026 and FY2027 net profit forecasts by approximately 19% and 11%, respectively, reflecting weaker margins, investment valuation losses and higher depreciation and amortisation.
- We forecast revenue of IDR151.73 trillion in FY2026, increasing 3.4% YoY, followed by growth of 2.8% to IDR155.96 trillion in FY2027.
- EBITDA is forecast to reach IDR73.39 trillion in FY2026 and IDR76.73 trillion in FY2027, with EBITDA margins of 48.4% and 49.2%, respectively.
- Our target price is based on a 50:50 blend of discounted cash flow and earnings-based valuation. The DCF valuation of IDR2,137 per share assumes a WACC of 13.4% and terminal growth of 2.5%, while the earnings-based valuation is IDR2,539 per share.
- The revised valuation reflects a more cautious earnings outlook, a higher risk-free rate and continued market uncertainty.
- At the reference share price, TLKM trades at approximately 12x FY2026F earnings and 10x FY2027F earnings.
- We believe the current valuation provides upside potential, supported by recurring telecommunications revenue, substantial operating cash flow and opportunities to unlock value through restructuring.
- Key risks include renewed price competition, continued rupiah weakness, further investment valuation losses, higher capital expenditure and slower-than-expected margin recovery.
- We maintain BUY with a revised target price of IDR2,340, representing 17% upside.

Financial Highlights	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Revenue (IDR Bn)	143.210	147.306	149.216	149.967	146.742	151.730	155.960
EBITDA (IDR Bn)	79.301	72.749	77.579	75.029	72.297	73.392	76.733
Net Income (IDR Bn)	24.760	20.753	24.561	23.649	17.814	19.190	22.663
EPS (IDR)	250	209	248	239	180	195	231
PBV (x)	3,3	2,9	2,9	1,9	3,0	2,0	2,0
PER (x)	16,2	17,9	16,1	11,4	22,2	12	10
ROE (%)	20%	16%	18%	17%	14%	15%	18%
ROA (%)	9%	8%	9%	8%	6%	7%	8%
Tot. Debt / Equity (x)	1,1	1,0	1,0	1,0	1,1	1,1	1,1
Current Ratio (X)	0,9	0,8	0,8	0,8	0,8	0,9	0,9

Source: Company and Binaartha

Revenue Breakdown YoY

Revenue Breakdown (IDR Bn)	2Q2026	3Q2026	% QoQ	3Q2025	% YoY	9M2025	9M2026	% YoY
Data, Internet & IT Services	24.538	23.363	-4,8%	22.319	4,7%	66.066	71.547	8,3%
SMS, Fixed and Cellular Voice	1.937	1.876	-3,1%	1.862	0,8%	6.708	5.319	-20,7%
IndiHome	6.420	6.331	-1,4%	6.480	-2,3%	19.731	19.129	-3,1%
Interconnection	2.228	2.275	2,1%	2.145	6,1%	7.107	6.720	-5,4%
Network and Other Telco Services	3.566	3.779	6,0%	3.807	-0,7%	10.005	10.787	7,8%
Total Revenue	**38.689**	**37.624**	**-2,8%**	**36.613**	**2,8%**	**109.617**	**113.502**	**3,5%**

Source: Company

TLKM Operation Performance

Key Indicators	2Q2026	3Q2026	% QoQ	3Q2025	% YoY	9M2025	9M2026	% YoY
Mobile Customer Base (000)	153.545	151.068	-1,6%	157.587	-4,1%	157.587	151.068	-4,1%
IndiHome B2C (000)	9.513	9.631	1,2%	10.261	-6,1%	10.261	9.631	-6,1%
ARPU Mobile (IDR 000)	46,0	44,9	-2,4%	43,4	3,5%	42,4	45,4	7,1%
ARPU IndiHome B2C (IDR 000)	211	218	3,3%	n.a.	n.a.	217	211	-2,8%
BTS on Air (Units)	301.000	302.600	0,5%	288.300	5,0%	288.300	302.600	5,0%
Data Payload (TB)	5.758.000	5.803.000	0,8%	5.622.000	3,2%	17.063.000	17.331.000	1,6%

Source: Company

Income Statement in IDR. Billion QoQ

Income Statement (IDR. Bn)	2Q2026	3Q2026	QoQ	3Q2025	YoY	9M2025	9M2026	YoY
Revenue	**38.689**	**37.624**	**-2,8%**	**36.613**	**2,8%**	**109.617**	**113.502**	**3,5%**
Cost of revenue	-27.485	-29.758	8,3%	-27.345	8,8%	-81.373	-85.503	5,1%
Operating Profit	**11.204**	**7.866**	**-29,8%**	**9.268**	**-15,1%**	**28.244**	**27.999**	**-0,9%**
Others income/ (Expense)	-654	-938	43,4%	-987	-5,0%	-2.751	-2.273	-17,4%
Profit Before Tax	**10.550**	**6.928**	**-34,3%**	**8.281**	**-16,3%**	**25.493**	**25.726**	**0,9%**
Taxes	-2.398	-1.672	-30,3%	-1.783	-6,2%	-5.651	-6.264	10,8%
NIAT	**8.152**	**5.256**	**-35,5%**	**6.498**	**-19,1%**	**19.842**	**19.462**	**-1,9%**
Non-controlling Interest	-1.873	-1.433	-23,5%	-1.660	-13,7%	-4.811	-5.016	4,3%
Net Income	**6.279**	**3.823**	**-39,1%**	**4.838**	**-21,0%**	**15.031**	**14.446**	**-3,9%**
EPS (in IDR)	**63,4**	**39,1**	**-38,4%**	**48,8**	**-20,0%**	**151,7**	**146,3**	**-3,6%**
Core Net Income	**6.166**	**5.233**	**-15,1%**	**5.509**	**-5,0%**	**15.906**	**16.533**	**3,9%**
OPM	**29,0%**	**20,9%**		**25,3%**		**25,8%**	**24,7%**	
NPM	**16,2%**	**10,2%**		**13,2%**		**13,7%**	**12,7%**	
Core NPM	**15,9%**	**13,9%**		**15,0%**		**14,5%**	**14,6%**	

Source: Company & Binaartha; 9M25 = restated (D&A policy change)

Income Statement in IDR Billion YoY

Income Statement (IDR. Bn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Revenue	**143.210**	**147.306**	**149.216**	**149.967**	**146.742**	**151.730**	**155.960**
Cost of revenue	-95.647	-107.725	-104.832	-106.976	-112.094	-114.475	-113.113
Operating Profit	**47.563**	**39.581**	**44.384**	**42.991**	**34.648**	**37.254**	**42.847**
Others income/ (Expense)	-3.885	-3.242	-3.590	-3.838	-3.546	-3.203	-3.074
Profit Before Tax	**43.678**	**36.339**	**40.794**	**39.153**	**31.102**	**34.051**	**39.773**
Taxes	-9.730	-8.659	-8.585	-8.410	-6.644	-8.179	-9.148
NIAT	**33.948**	**27.680**	**32.209**	**30.743**	**24.458**	**25.872**	**30.625**
Non-controlling Interest	-9.188	-6.927	-7.648	-7.094	-6.644	-6.683	-7.963
Net Income	**24.760**	**20.753**	**24.561**	**23.649**	**17.814**	**19.190**	**22.663**
EPS (in IDR)	249,9	209,5	247,9	238,7	179,8	194,5	230,8
EBITDA	**79.301**	**72.749**	**77.579**	**75.029**	**72.297**	**73.392**	**76.733**

Source: Company & Binaartha

Cash Flow in IDR. Billion YoY

Cash Flow (In IDR Bn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Net Income	24.760	20.753	24.561	23.649	17.814	19.190	22.663
Depreciation & Amortization	24.718	25.576	24.838	24.231	28.731	34.420	33.885
Change in WC	2.986	1.113	-2.316	2.630	-1.182	721	626
Cash From Operating Activities	**52.464**	**47.442**	**47.083**	**50.510**	**45.363**	**54.331**	**57.174**
Change in Non-current Asset	-40.185	-29.804	-36.132	-29.397	-18.129	-30.115	-34.953
Cash From Investing Activities	**-40.185**	**-29.804**	**-36.132**	**-29.397**	**-18.129**	**-30.115**	**-34.953**
Borrowings (net)	5.758	-8.988	442	-2.255	581	3.726	-1.500
Others Noncurrent Liabilities	-65	1.876	2.928	3.761	2.275	365	0
Equity	-250	-16.890	-17.261	-17.721	-29.767	-23.354	-20.829
Cash From Financing Activities	**5.443**	**-24.002**	**-13.891**	**-16.215**	**-26.911**	**-19.263**	**-22.329**
Net Changes in Cash	**17.722**	**-6.364**	**-2.940**	**4.898**	**323**	**4.952**	**-108**
Beginning Balance	**20.589**	**38.311**	**31.947**	**29.007**	**33.905**	**34.228**	**39.180**
Ending Balance	**38.311**	**31.947**	**29.007**	**33.905**	**34.228**	**39.180**	**39.072**

Source: Company & Binaartha estimates

Statement of Financial Position in IDR Billion YoY

Statement of Financial Position (In IDR Bn)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	38.311	31.947	29.007	33.905	34.228	39.180	39.072
Trade Accounts Receivable	8.510	8.634	10.667	12.190	11.223	11.531	11.853
Others Current Assets	14.456	14.476	15.939	16.985	16.315	15.932	16.376
Total Current Assets	**61.277**	**55.057**	**55.613**	**63.080**	**61.766**	**66.643**	**67.301**
NONCURRENT ASSETS							
Fixed Assets	165.026	173.329	180.755	180.566	165.453	162.198	162.808
Intagible Assets	7.506	8.302	8.731	9.442	9.237	9.149	9.606
Other Noncurrent Assets	43.375	38.504	41.943	46.587	51.303	50.342	50.342
Total Noncurrent Assets	**215.907**	**220.135**	**231.429**	**236.595**	**225.993**	**221.688**	**222.756**
TOTAL ASSETS	**277.184**	**275.192**	**287.042**	**299.675**	**287.759**	**288.332**	**290.057**
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Short-term Bank Loans	20.248	17.049	19.926	27.391	24.675	28.000	25.000
Trade Payables	17.170	24.321	18.608	15.336	16.184	15.932	16.376
Accruals	15.885	15.445	13.079	14.192	14.867	15.173	15.596
Others Current Liabilities	15.828	13.573	19.955	19.848	18.222	18.814	19.339
Total Current Liabilities	**69.131**	**70.388**	**71.568**	**76.767**	**73.948**	**77.919**	**76.311**
NONCURRENT LIABILITIES							
Long-term bank	36.319	27.331	27.773	25.518	26.099	26.500	28.000
Others Noncurrent Liabilities	26.335	28.211	31.139	34.900	37.175	37.540	37.540
Total Noncurrent Liabilities	**62.654**	**55.542**	**58.912**	**60.418**	**63.274**	**64.040**	**65.540**
TOTAL LIABILITIES	**131.785**	**125.930**	**130.480**	**137.185**	**137.222**	**141.959**	**141.851**
Non-controlling interest	23.753	20.004	20.818	20.396	19.852	19.833	21.113
EQUITY	**121.646**	**129.258**	**135.744**	**142.094**	**130.685**	**126.540**	**127.094**
TOTAL LIABILITIES & EQUITY	**277.184**	**275.192**	**287.042**	**299.675**	**287.759**	**288.332**	**290.057**

Source: Company & Binaartha

Ratio Highlights YoY

Growth (% YoY)	2021A	2022A	2023A	2024A	2025A	2026F	2027F
Revenue	4,9%	2,9%	1,3%	0,5%	-2,2%	3,4%	2,8%
OP	9,3%	-16,8%	12,1%	-3,1%	-19,4%	7,5%	15,0%
EBITDA	10,0%	-8,3%	6,6%	-3,3%	-3,6%	1,5%	4,6%
NP	19,0%	-16,2%	18,3%	-3,7%	-24,7%	7,7%	18,1%
EPS	19,0%	-16,2%	18,3%	-3,7%	-24,7%	8,2%	18,6%
Profitability							
Operating Margin(%)	33,2%	26,9%	29,7%	28,7%	23,6%	24,6%	27,5%
EBITDA margin(%)	55,4%	49,4%	52,0%	50,0%	49,3%	48,4%	49,2%
NET Profit margin(%)	17,3%	14,1%	16,5%	15,8%	12,1%	12,6%	14,5%
ROA(%)	8,9%	7,5%	8,6%	7,9%	6,2%	6,7%	7,8%
ROE(%)	20,4%	16,1%	18,1%	16,6%	13,6%	15,2%	17,8%
Stability							
Tot debt/ equity (x)	1,1	1,0	1,0	1,0	1,1	1,1	1,1
Current Ratio (x)	0,9	0,8	0,8	0,8	0,8	0,9	0,9
Cash Ratio (x)	0,6	0,5	0,4	0,4	0,5	0,5	0,5
Per Share data							
EPS (IDR)	250	209	248	239	180	195	231
PBV (x)	3,3	2,9	2,9	1,9	3,0	2	2
PER (x)	16,2	17,9	16,1	11,4	22,2	12	10
EBITDA/share	801	734	783	757	730	744	781

Source: Company & Binaartha

Key Forecast Assumptions vs FY26 Guidance

Key Assumptions	2024A	2025A	9M26A	4Q26F	2026F	2027F	Guidance	Status
Revenue growth (YoY)	0,5%	-2,2%	3,5%	3,0%	3,4%	2,8%	1%–3%	Above
EBITDA margin	50,0%	49,3%	48,9%	46,8%	48,4%	49,2%	>50%	Below
Net income growth (YoY)	-3,7%	-24,7%	-3,9%	133,7%	7,7%	18,1%	-	-
Core net income growth (YoY)	-4,1%	-6,0%	3,9%	-14,6%	-4,6%	5,5%	-	-
Capex / revenue (C2R)	n.a.	18,8%	13,8%	24,4%	16,5%	18,5%	17%–19%	Below
Effective tax rate	21,5%	21,4%	24,3%	23,0%	24,0%	23,0%	-	-

Source: Company & Binaartha estimates

Forecast Revision (IDR Bn)

Forecast Revision (IDR Bn)	26F Old	26F New	% Chg	27F Old	27F New	% Chg	4Q26F	9M/FY
Revenue	151.843	151.730	-0,1%	162.455	155.960	-4,0%	38.228	74,8%
EBITDA	80.572	73.392	-8,9%	84.442	76.733	-9,1%	17.905	75,6%
EBITDA margin	53,1%	48,4%	-4,7 ppt	52,0%	49,2%	-2,8 ppt	46,8%	-
Operating Profit	42.516	37.254	-12,4%	45.487	42.847	-5,8%	9.255	75,2%
Net Income	**23.679**	**19.190**	**-19,0%**	**25.334**	**22.663**	**-10,5%**	**4.744**	**75,3%**
EPS (IDR)	239,0	194,5	-18,6%	255,7	230,8	-9,7%	48,1	75,2%
Core Net Income	**n.a.**	**21.617**	**n.a.**	**n.a.**	**22.813**	**n.a.**	**5.084**	**76,5%**

Source: Company & Binaartha estimates

Valuation: DCF & P/E Blend (TP IDR2,340)

DCF & P/E Valuation	Value
Risk-free rate (10Y SBN)	7,7%
Beta	0,95
Equity risk premium	7,8%
Cost of equity	15,2%
WACC (2027F)	13,4%
Terminal growth	2,5%
FCFF 2027F (IDR Bn)	32.551
Enterprise value (IDR Bn)	299.732
Net debt end-2026F, ex-lease (IDR Bn)	15.320
Less: minority interest value (IDR Bn)	73.947
Equity value to parent (IDR Bn)	210.465
DCF fair value (IDR/share)	**2.137**
Target P/E 2027F (x)	11,0x
P/E fair value (IDR/share)	2.539
Target price, 50:50 blend (IDR)	**2.340**

DCF fair value sensitivity (IDR/share)					
WACC \ g	**1,5%**	**2,0%**	**2,5%**	**3,0%**	**3,5%**
12,4%	2.137	2.246	2.366	2.498	2.646
12,9%	2.038	2.137	2.246	2.366	2.498
13,4%	1.947	2.038	**2.137**	2.246	2.366
13,9%	1.864	1.947	2.038	2.137	2.246
14,4%	1.787	1.864	1.947	2.038	2.137

Source: Company & Binaartha estimates

Stock Ratings:
Buy : a recommendation to purchase the security with upside potential of **11.50% or greater**
Hold : a recommendation to neither buy nor sell a security with upside potential of **5.75%-11.49%.**
Sell : a recommendation to close out a long position in a security with upside potential **below 5.74%.**

RESEARCH TEAM
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