

Telkom Indonesia (TLKM): IDR 2,800 – BUY, SSI TP: IDR 3,600; Cons. TP: IDR 3,768



Results: (IDR Bn)	3Q24	2Q24	3Q23	QoQ (%)	YoY (%)	9M24	9M23	YoY (%)	SSI (%)	Cons (%)
Revenue	36,927	37,863	37,760	-2.5	-2.2	112,219	111,238	0.9	73.5	73.4
Operating Profit	10,815	10,627	11,963	1.8	-9.6	32,450	34,982	-7.2	71.6	72.3
EBITDA	18,936	18,671	20,096	1.4	-5.8	56,700	59,063	-4.0	71.7	72.5
Net Profit	5,914	5,708	6,743	3.6	-12.3	17,675	19,499	-9.4	71.6	71.2
Key Ratios										
OPM (%)	29.3	28.1	31.7	-	-	28.9	31.4	-	-	-
EBITDA Margin (%)	51.3	49.3	53.2	-	-	50.5	53.1	-	-	-
NPM (%)	16.0	15.1	17.9	-	-	15.8	17.5	-	-	-
ARPU (IDR)	43,100	45,000	45,000	-4.2	-4.2	44,500	47,800	-6.9	-	-
Num. of Subs. (mn)	158.4	159.9	158.3	-0.9	0.1	158.4	158.3	0.1	-	-
Data Payload (PB)	5,149	4,930	4,526	4.4	13.8	14,903	13,254	12.4	-	-
Data Yield/GB (IDR)	3,735	4,021	4,339	-7.1	-13.9	3,943	4,325	-8.8	-	-

Peer Comparables

Company Ticker	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR)	2024F				
				P/E (x)	EPS Gwt (%)	EV/EBITDA (x)	Net Gearing (%)	ROE (%)
2412 TT	29,785	n.a.	-	25.3	1.8	11.0	-2.2	9.8
TRUE TB	12,477	n.a.	-	51.7	-152.0	4.0	515.4	3.1
TCOM IN	5,916	n.a.	-	28.0	-93.1	14.3	573.7	9.3
T MK	5,770	n.a.	-	15.5	-13.1	5.7	38.5	16.8
Regional Average	53,947			30.6	-45.8	9.1	185.0	8.9
TLKM IJ	17,586	2,800	3,600	11.3	-0.4	4.1	24.1	17.2
ISAT IJ	4,928	2,410	3,125	14.8	16.3	4.5	144.4	15.8
EXCL IJ	1,865	2,240	2,900	15.5	47.4	4.2	169.4	6.9
Local Average	24,379			12.4	6.6	4.2	59.5	16.1
Blended Average	78,326			24.9	-29.5	7.6	145.9	11.2

SWOT Analysis of the Results (below ours and cons)

Strength

+3.6% QoQ growth in 3Q24 net profit, primarily due to unrealized investment gains, particularly from GoTo, whose fair value increased to IDR 66/share (2Q24: IDR 50/share); higher data payload in 3Q24 (+4.4% QoQ, 13.8% YoY) indicated robust demand for data services

Weakness

Weaker revenue in 3Q24 (-2.5 QoQ; -2.2 YoY), mainly due to seasonality and low consumer spending, which pressured ARPU and subscriber base; faster-than-anticipated decline in legacy segment (Voice & SMS) led to significant drop in Telkomsel's 3Q24 top line of -26.3% YoY

Opportunity

Recovery of consumer spending may help increase ARPU and data payload; given high demand for data storage, TLKM's expansion to data center is expected to generate additional revenue boost; low penetration rate of fixed broadband in Indonesia (+20%) provides solid foundation for future growth

Threat

Slower-than-expected consumer spending recovery, regulatory charges (high frequency usage fee and universal service obligation), lack of incentives, and uncertainties regarding spectrum auction may soften TLKM's growth; possible continued YTD market underperformance

Relative Performance vs JCI

