

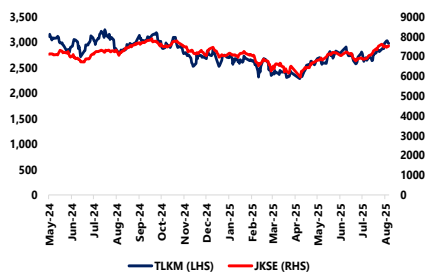


HOLD

Price (Aug 7 th , 25)	2,950
Target Price	2,950
Potential Upside	0.00%
Market Cap	296.19 T
Number of Share	99.06 B
52w Lo/Hi	2,050 / 3,190

Source : IDX | Phintraco Sekuritas Research
| as of Aug 7th, 2025

IHSG vs TLKM



Source : IDX

Shareholder	%
PT Biro Klasifikasi Indonesia (BKI)	52.09%
Public	47.84%

Source : Bloomberg

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2025F	226	248	-8.87%
2026F	238	262	-9.16%

Source : *Bloomberg

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PT Telkom Indonesia (Persero) Tbk (TLKM.JK / TLKM.IJ)

IDX-30, LQ-45, KOMPAS 100, JII

Margin Pressure Amid Weak Consumer Spending

TLKM posted a weaker performance in 2Q25, with revenue coming in at IDR36.37 trillion (-3.66% QoQ; -3.96% YoY), amid macroeconomic headwinds that continued to pressure consumer purchasing power. Cumulatively, 1H25 revenue reached IDR73.00 trillion (-3.04% YoY), broadly in line with our estimates, consensus, and the 5-year historical average (Phintas: 48%; Cons: 48%; AVG-5Y: 49%). The topline pressure was mainly driven by weakness in its core segment, Data, Internet & IT Services, which declined 6.54% YoY to IDR42.48 trillion. This drop was primarily attributable to a 7.52% YoY decline in blended ARPU. Nevertheless, this pressure was partially offset by a solid +20.11% YoY increase in data consumption and a relatively stable subscriber base (-0.91% YoY). The IndiHome segment continued to book growth of +2.15% YoY, supported by a rise in subscriber numbers to 11.32 million (+7.15% YoY), although weighed down by an 8.78% YoY drop in ARPU.

The revenue decline in TLKM was reflected in weaker profitability in 2Q25. Operating expenses fell -3.97% QoQ to IDR26.64 trillion, mainly due to lower marketing expenses (-41.02% QoQ) following the shift in advertising spending momentum after the festive season. However, this efficiency was offset by higher interconnection expenses (+13.84% QoQ) and G&A expenses (+17.69% QoQ), driven by increased international traffic and normalization of provisions. Consequently, EBITDA stood at IDR17.87 trillion (-2.90% QoQ) with a margin of 49.14%, below the management's guidance range of ~50-52%. Cost pressure also came from a +5.70% QoQ increase in O&M due to network expansion, while personnel expenses declined -5.80% QoQ, a positive impact from the early retirement program (ERP) implemented last year as well as adjustments to employee tax expenses in the previous quarter. As a result, TLKM's net profit dropped significantly to IDR5.17 trillion (-13.54% QoQ), with Net Profit Margin falling to 14.20% (vs. 15.83% in 1Q25). Cumulatively, 1H25 net profit reached IDR10.98 trillion (-6.68% YoY), broadly in line with our and consensus estimates, but below the 5-year historical average (Phintas: 49%; Cons: 48%; AVG-5Y: 54%).

TLKM's management has revised down its FY25 guidance, with revenue growth now projected to be flat, lower than the initial estimate which anticipated growth in the low single-digit range. On the profitability front, the FY25 EBITDA margin target was also lowered to 50% (previously: 50-52%), in line with expectations that household purchasing power will not improve significantly. Nonetheless, a recovery in 2H25F is highly anticipated, supported by a total of 75 bps of benchmark rate cuts by Bank Indonesia as well as several government stimulus measures, such as the Wage Subsidy Assistance (BSU), which are expected to boost data consumption. From a corporate strategy perspective, TLKM plans to spin off its fiber assets to Infranexia in 4Q25, with the initial phase covering the transfer of >50% of assets (**Figure 1**).

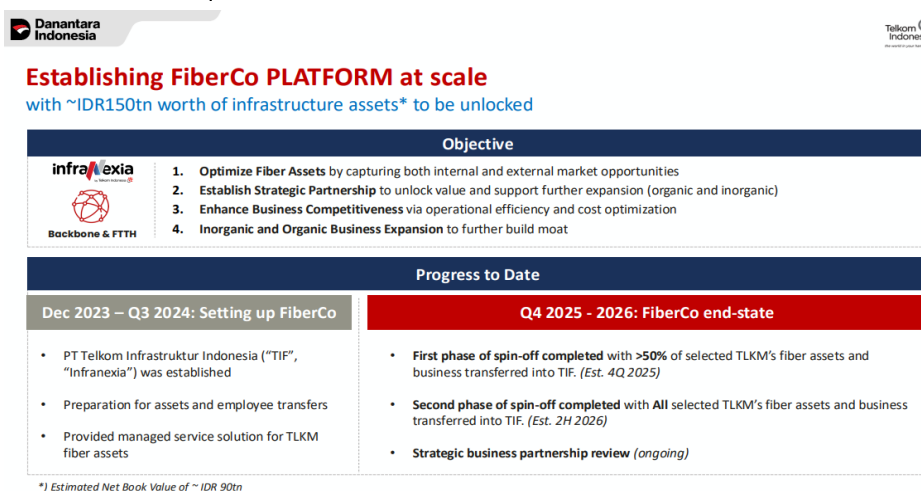
We downgrade our recommendation on TLKM from BUY to HOLD following the achievement of our previous target price of IDR2,950, which reflects an EV/EBITDA valuation of 4.55x/4.33x for FY25F/FY26F. The key risk we note is weak consumer purchasing power, which limits the room for monetizing data traffic, amid the company's efforts to improve profitability margins through starter pack price adjustments and product simplification—although the full impact is expected to materialize only by year-end. On the other hand, the strategy to spin off fiber assets to its subsidiary, Infranexia, is viewed positively as it could enhance utilization and create long-term value. **Upside risks:** (1) faster monetization of fiber assets; (2) stronger recovery in purchasing power, driving higher-than-expected data traffic growth and yield.

Table 1. TLKM's Financial & Operational Performance 1H25

PT Telkom Indonesia (Persero) Tbk - TLKM												
(in Billion IDR)	1H24	1H25	YoY	2Q24	4Q24	2Q25	QoQ	YoY	Phintas Estimate	%Phintas	Cons	%Cons
Revenue	75,292	73,004	-3.04%	37,863	37,748	36,365	-3.66%	-3.96%	152,491	47.9%	151,566	48.2%
Cellular voice	3,243	2,701	-16.71%	1,614	1,307	1,234	-5.59%	-23.54%				
SMS	1,662	1,771	6.56%	901	1,156	810	-29.93%	-10.10%				
Data, Internet & IT Service (excl. SMS)	45,455	42,483	-6.54%	22,116	22,625	20,409	-9.79%	-7.72%				
Indihome	12,972	13,251	2.15%	6,531	6,636	6,588	-0.72%	0.87%				
Operating Expenses	(53,553)	(53,101)	-0.84%	(27,460)	(27,739)	(26,639)	-3.97%	-2.99%	(109,943)	48.3%	(108,039)	49.1%
Depreciation & Ammortization	(16,129)	(16,198)	0.43%	(8,044)	(8,393)	(8,143)	-2.98%	1.23%				
Op, Maintanance, And Telco Service Expenses	(19,464)	(19,760)	1.52%	(9,839)	(11,225)	(10,152)	-9.56%	3.18%				
Personnel Expenses	(9,485)	(8,075)	-14.87%	(5,357)	(3,651)	(3,917)	7.29%	-26.88%				
G&A Expenses	(3,358)	(3,342)	-0.48%	(1,834)	(1,301)	(1,531)	17.68%	-16.52%				
Interconnection expenses	(3,546)	(4,195)	18.30%	(1,609)	(1,872)	(2,131)	13.84%	32.44%				
Marketing expenses	(1,571)	(1,531)	-2.55%	(777)	(1,297)	(765)	-41.02%	-1.54%				
Operating Profit	21,739	19,903	-8.45%	10,403	10,009	9,726	-2.83%	-6.51%	42,548	46.8%	43,527	45.7%
EBITDA	37,868	36,101	-4.67%	18,447	18,402	17,869	-2.90%	-3.13%	76,054	47.5%	76,698	47.1%
Net Profit	11,761	10,975	-6.68%	5,708	5,974	5,165	-13.54%	-9.51%	22,406	49.0%	23,941	45.8%
Profitability Ratio												
Operating Profit Margin (OPM)	28.87%	27.26%		27.48%	26.52%	26.75%			27.90%		28.72%	
EBITDA Margin	50.29%	49.45%		48.72%	48.75%	49.14%			49.87%		50.60%	
Net Profit Margin (NPM)	15.62%	15.03%		15.08%	15.83%	14.20%			14.69%		15.80%	
Operational Data												
IndiHome Customer ('000)	10,563	11,318	7.15%									
IndiHome B2C Customer ('000)	9,143	10,061	10.04%									
Indihome ARPU ('000)	241.50	220.30	-8.78%									
Postpaid	7,525	8,126	7.99%									
Prepaid	152,357	150,302	-1.35%									
Total Subscriber	159,882	158,428	-0.91%									
ARPU - Blended ('000 IDR)	45.20	41.80	-7.52%									
Consumption Data (PB)	9,754	11,716	20.11%									
BTS ('k Units)	215	227	5.46%									

Source : Company | Phintraco Sekuritas Research

Figure 1. FiberCo Spin-Off Process (2025–2026)



Source : Company Presentation



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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