

Telekomunikasi Indonesia Tbk (TLKM)

Segmen Data Tetap Solid di 1Q20



1Q20 segmen Data, Internet dan Jasa IT tumbuh 7,2% YoY. Namun, pendapatan dan laba bersih perseroan turun terimbas dari turunnya segmen SMS, Fixed & Cellular Voice 21,4% YoY. Pencapaian kinerja 1Q20 perseroan masih sesuai dengan ekspektasi kami dengan estimasi pendapatan di FY20 sebesar Rp138,7 triliun (membentuk 24,7% dari estimasi kami)

Pendapatan turun, Kinerja 1Q20 masih sesuai ekspektasi. Perseroan mencatatkan penurunan pendapatan pada kuartal pertama di 2020 sebesar 1,9% YoY menjadi Rp34,2 triliun. Namun masih sesuai dengan ekspektasi kami, pendapatan perseroan dari segmen Data, Internet dan Jasa IT tumbuh sebesar 7,2% YoY menjadi Rp17,8 triliun. Diikuti dengan segmen IndiHome dan Interkoneksi yang masing-masing tumbuh sebesar 19,7% YoY dan 27,1% YoY. Penurunan tertinggi terdata dari pendapatan segmen Jaringan & Jasa Telco lainnya dan dari segmen SMS, Fixed & Cellular Voice yang masing-masing turun sebesar 35,6% YoY dan 21,4% YoY membuat laba bersih perseroan turun menjadi Rp5,9 triliun atau turun 5,8%.

Layanan digital masih menjadi sorotan ditengah keberlanjutan PSBB. Meningkatnya jumlah kasus pandemi COVID-19 hingga saat ini, membuat pemerintah kembali memberlakukan protokol Pembatasan Sosial Skala Besar (PSBB) lanjutan. Dalam situasi ini mampu memberi ruang perusahaan untuk meningkatkan akselerasi digital. Pada kuartal pertama perseroan telah menggelontorkan dana sebesar Rp3,7 triliun untuk belanja modal yang digunakan sebagai sarana memperluas jaringan 4G dan peningkatan sistem TI untuk mendukung layanan digital. Porsi belanja modal perseroan mencapai 10,6% dari perkiraan kami FY20.

Kinerja Telkomsel. 1Q20 telkomsel mencatatkan kinerja positif, pendapatan dan laba bersih tumbuh sebesar Rp22,4 triliun (1,1% YoY) dan Rp7,1 triliun (9,0% YoY). Pertumbuhan didukung oleh naiknya segmen data sebesar 16,7% YoY serta layanan digital sebesar 13,6% YoY.

Jumlah pelanggan saat ini sebanyak 162,6 juta pelanggan, turun 3,6% YoY, 5,0% QoQ. Namun ARPU tetap tumbuh. Seiring dengan pendapatan dari segmen data yang tetap solid. Dengan dibukanya Netflix, kami perkirakan pelanggan akan kembali tumbuh di FY20.

Kesempatan BUY, TLKM diperdagangkan di level -2SD Forward EV/EBITDA. Kami tetap merekomendasikan BUY dengan target harga yang sama untuk 12 bulan di Rp3.800 setara dengan Forward EV/EBITDA di level 5,1x. Kami percaya bahwa kinerja perseroan pada kuartal kedua akan tumbuh seiring dengan banyaknya permintaan penggunaan data internet dari adanya perpanjangan PSBB di Indonesia.

Telekomunikasi Indonesia Tbk | Summary (IDR bn)

| | 2018 | 2019 | 2020 F | 2021 F |
|-----------------------|---------|---------|---------|---------|
| Sales | 130,784 | 135,567 | 138,685 | 148,592 |
| <i>Sales growth</i> | 2.0% | 3.7% | 2.3% | 7.1% |
| EBITDA | 60,251 | 63,991 | 69,366 | 74,747 |
| Net profit | 18,032 | 18,663 | 19,550 | 21,062 |
| EPS (IDR) | 182 | 188 | 197 | 213 |
| <i>EPS growth</i> | -17.1% | 24.1% | 14.4% | 12.4% |
| BVPS (IDR) | 1,184 | 1,184 | 1,260 | 1,338 |
| EBITDA margin | 46.1% | 47.2% | 50.0% | 50.3% |
| NPM | 13.8% | 13.8% | 14.1% | 14.2% |
| ROE | 15.4% | 15.9% | 15.7% | 15.9% |
| ROA | 8.7% | 8.4% | 8.4% | 8.4% |
| ROIC | 17.8% | 18.3% | 17.9% | 17.8% |
| P/E | 20.6x | 20.3x | 19.3x | 17.9x |
| P/BV | 3.2x | 3.2x | 3.0x | 2.8x |
| EV/EBITDA | 6.6x | 6.5x | 5.6x | 5.1x |
| DPS (IDR) | 168 | 164 | 137 | 153 |
| <i>Dividend yield</i> | 4.5% | 4.3% | 3.6% | 4.0% |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Report | July 22, 2020

Buy

| | |
|---------------------------|--------------|
| Target Price (IDR) | 3,800 |
| Consensus Price (IDR) | 3,983 |
| TP to Consensus Price | -4.6% |
| vs. Last Price | +23.8% |

Shares data

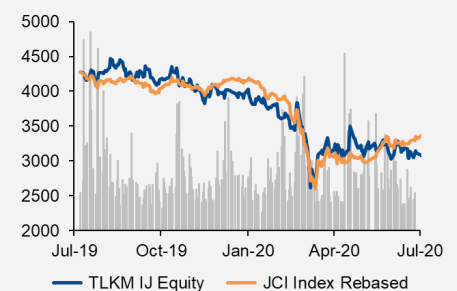
| | |
|------------------------|---------------|
| Last Price (IDR) | 3,070 |
| Price date as of | July 22, 2020 |
| 52 wk range (Hi/Low) | 4,440 / 2,417 |
| Free float | 47.9% |
| Outstanding sh.(mn) | 99,062 |
| Market Cap (IDR bn) | 303,130 |
| Market Cap (USD mn) | 20,614 |
| Avg. Trd Vol - 3M (mn) | 143.7 |
| Avg. Trd Val - 3M (bn) | 455.9 |
| Foreign Ownership | 28.2% |

Infrastructure

Telecommunication

| | |
|-----------|---------|
| Bloomberg | TLKM IJ |
| Reuters | TLKM.JK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|----------|--------|--------|--------|--------|
| Abs. Ret | -23.3% | -6.7% | -0.3% | -28.3% |
| Rel. Ret | -4.5% | -10.2% | -13.9% | -7.5% |

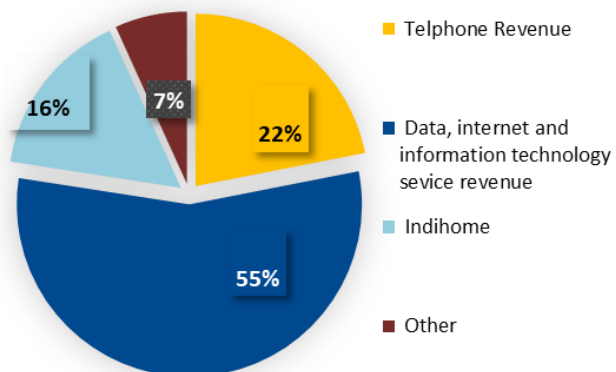
Restu Pamungkas

+62 21 5088 9133

restu.pamungkas@nhsec.co.id

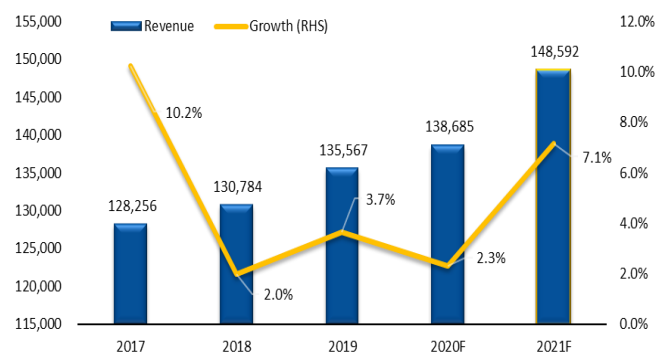
Performance Highlights

Revenue Contribution 1Q20



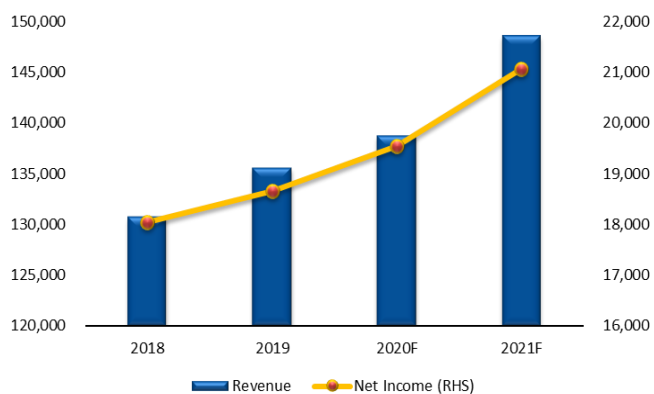
Source: Company, NHKSI Research

Revenue Projections (bn)



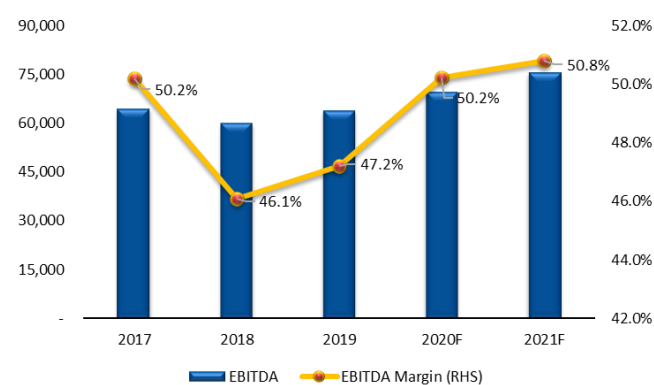
Source: Company, NHKSI Research

Revenue & Net Income



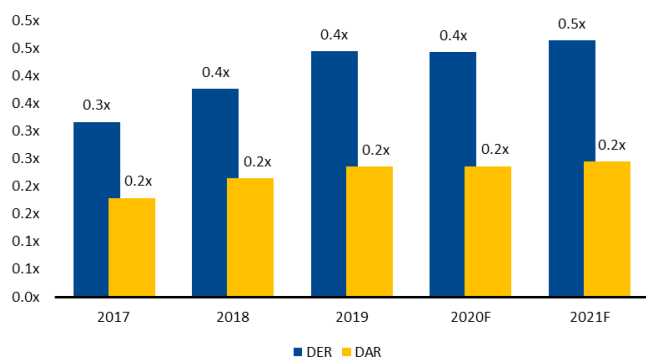
Source: Company, NHKSI Research

EBITDA & EBITDA Margin



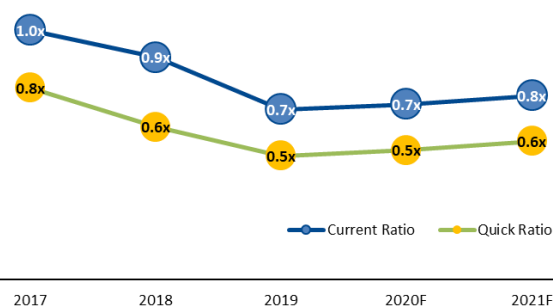
Source: Company, NHKSI Research

DER and DAR



Source: Company, NHKSI Research

Current Ratio and Quick Ratio



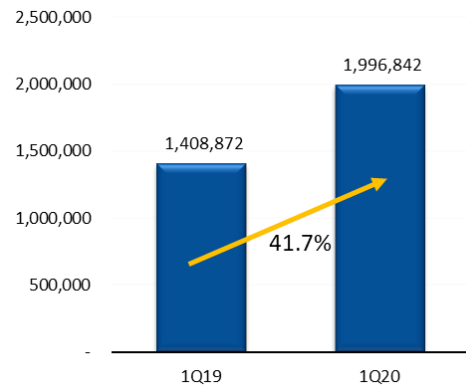
Source: Company, NHKSI Research



PT Telekomunikasi Indonesia (Persero) Tbk (Telkom) merupakan Badan Usaha Milik Negara (BUMN) yang mempunyai lini bisnis dibidang jasa layanan telekomunikasi dan jaringan di wilayah Indonesia. Pemegang saham mayoritas Telkom yaitu Pemerintah Republik Indonesia sebesar 52,1% dan 47,9% dikuasai publik. Telkom listing di dua negara, di Bursa Efek Indonesia diperdagangkan dengan kode "TLKM" sedangkan di New York Stock Exchange dengan kode "TLK".

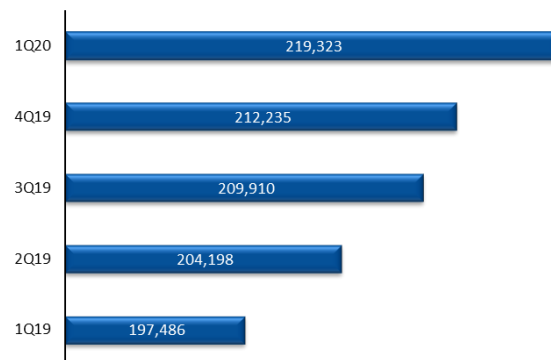
Telkom mulai saat ini membagi bisnisnya menjadi 3 Digital Business Domain: Digital Connectivity (Fiber to the x (FTTx), 5G, Software Defined Networking (SDN)/ Network Function Virtualization (NFV)/ Satellite); Digital Platform (Data Center, Cloud, Internet of Things (IoT), Big Data/ Artificial Intelligence (AI), Cybersecurity), dan Digital Services (Enterprise, Consumer). Telkom hingga Maret 2020 telah melayani 162,6 juta pelanggan.

Traffic Data (TB)



Source: Company, NHKSI Research

Base Transceiver Station (BTS)



Source: Company, NHKSI Research

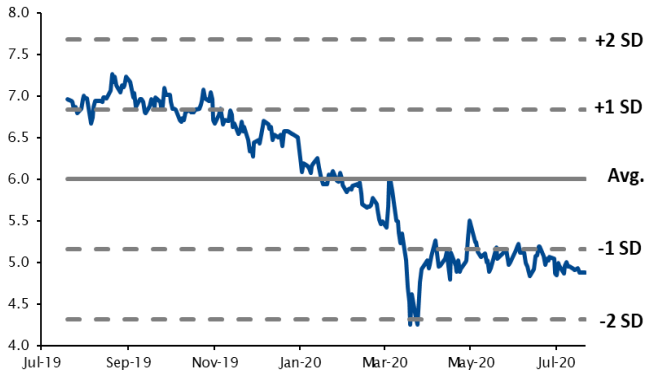
1Q20 Review (IDR bn)

| | 1Q19 | 2Q19 | 3Q19 | 4Q19 | 1Q20 | | | | |
|--------------------|--------|--------|--------|--------|--------|----------|-------|--------|----------|
| | | | | | Actual | Estimate | y-y | q-q | surprise |
| Revenue | 34,840 | 34,505 | 33,286 | 32,936 | 34,194 | | -1,9% | 3,8% | |
| Gross Profit | 34,840 | 34,505 | 33,286 | 20,609 | 34,840 | | -1,9% | 3,8% | |
| EBIT | 12,029 | 10,181 | 11,244 | 8,940 | 11,929 | | -0,8% | 33,4% | |
| <i>EBIT Margin</i> | 33.6% | 22.6% | 33.8% | 27.1% | 34.9% | | | | |
| EBITDA | 16,116 | 12,227 | 17,036 | 14,859 | 18,778 | | 6,3% | 26,4% | |
| <i>EBIT Margin</i> | 49.8% | 38.2% | 51.2% | 45.1% | 54,9% | | | | |
| Net Profit | 6,224 | 4,854 | 5,381 | 2,204 | 5,862 | | -5,8% | 166,0% | |
| <i>Net Margin</i> | 17.7% | 9.3% | 16.2% | 6.7% | 17,1% | | | | |

Source: Bloomberg, NHKSI research

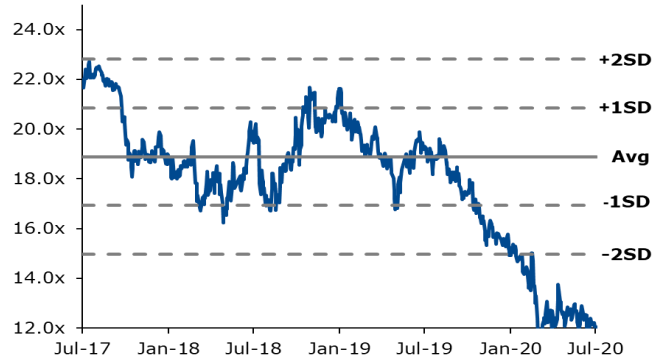
Multiple Valuation

TLKM is trade at -2SD Forward EV/EBITDA band



Source: NHKSI Research

TLKM is trade at -2SD Forward P/E band



Source: NHKSI Research

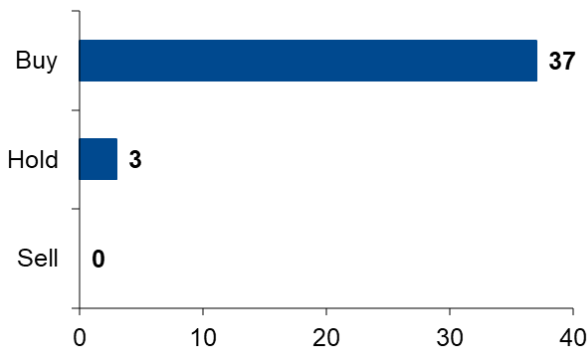
Rating and Target Price Update

Target Price

| Date | Rating | Target Price | Last Price | Consensus | vs Last Price | vs Consensus |
|------------|--------|------------------|------------|-----------|---------------|--------------|
| 03/18/2020 | Buy | 4,330 (Dec 2020) | 2,810 | 4,577 | +54.1% | -5.4% |
| 06/03/2020 | Buy | 3,800 (Dec 2020) | 3,250 | 4,179 | +16.9% | -9.1% |
| 07/22/2020 | Buy | 3,800 (12 Month) | 3,070 | 3,983 | +23.8% | -4.6% |

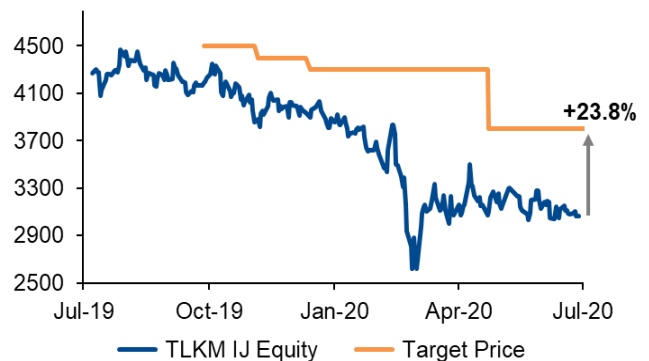
Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Financial Summary

INCOME STATEMENT

| (IDR bn) | 2018/12 | 2019/12 | 2020/12E | 2021/12F |
|--------------------------|----------------|----------------|----------------|----------------|
| Revenue | 130,784 | 135,567 | 138,685 | 148,592 |
| <i>Growth</i> | 2.0% | 3.7% | 2.3% | 7.1% |
| COGS | - | - | - | - |
| Gross Profit | 130,784 | 135,567 | 138,685 | 148,592 |
| <i>Gross Margin</i> | - | - | - | - |
| Operating Expenses | (91,939) | (93,087) | (94,306) | (101,043) |
| EBIT | 38,845 | 42,480 | 44,379 | 47,550 |
| <i>EBIT Margin</i> | 29.7% | 31.3% | 32.0% | 32.0% |
| Depreciation | 21,406 | 21,511 | 25,281 | 27,931 |
| EBITDA | 60,251 | 63,991 | 69,660 | 75,480 |
| <i>EBITDA Margin</i> | 46.1% | 47.2% | 50.2% | 50.8% |
| Interest Expenses | (2,440) | (4,572) | (4,414) | (4,610) |
| EBT | 36,405 | 37,908 | 39,965 | 42,940 |
| Income Tax | (9,426) | (10,316) | (10,876) | (11,685) |
| Minority Interest | (8,947) | (8,929) | (9,540) | (10,192) |
| Net Profit | 18,032 | 18,663 | 19,550 | 21,062 |
| <i>Growth</i> | -18.6% | 1.7% | 4.8% | 7.7% |
| <i>Net Profit Margin</i> | 13.8% | 13.8% | 14.1% | 14.2% |

BALANCE SHEET

| (IDR bn) | 2018/12 | 2019/12 | 2020/12E | 2021/12F |
|-----------------------------|----------------|----------------|----------------|----------------|
| Cash | 18,267 | 18,513 | 18,450 | 22,947 |
| Receivables | 11,414 | 11,797 | 14,639 | 15,685 |
| Inventories | 717 | 585 | 721 | 770 |
| Total Current Assets | 43,268 | 41,722 | 44,885 | 51,269 |
| Net Fixed Assets | 143,248 | 156,973 | 165,692 | 175,761 |
| Other Non Current Assets | 19,680 | 22,513 | 23,031 | 24,676 |
| Total Assets | 206,196 | 221,208 | 233,608 | 251,706 |
| Payables | 29,163 | 31,513 | 32,751 | 35,400 |
| ST Bank Loan | 10,339 | 18,215 | 19,300 | 21,501 |
| LT Debt | 33,748 | 33,869 | 35,887 | 39,979 |
| Total Liabilities | 88,893 | 103,958 | 108,767 | 119,197 |
| Capital Stock | 7,408 | 7,664 | 7,664 | 7,664 |
| Retained Earnings | 90,995 | 91,489 | 97,502 | 103,451 |
| Shareholders' Equity | 117,303 | 117,250 | 124,841 | 132,509 |

CASH FLOW STATEMENT

| (IDR bn) | 2018/12 | 2019/12 | 2020/12E | 2021/12F |
|----------------------------|-----------------|--------------|-------------|--------------|
| Operating Cash Flow | 32,724 | 46,198 | 43,041 | 50,387 |
| Investing Cash Flow | (33,411) | (38,069) | (34,518) | (39,645) |
| Financing Cash Flow | (15,701) | (5,844) | (8,587) | (6,244) |
| Net Changes in Cash | (16,388) | 2,285 | (63) | 4,498 |

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY

| | 2018/12 | 2019/12 | 2020/12E | 2021/12F |
|------------------------|---------|---------|----------|----------|
| ROE | 15.4% | 15.9% | 15.7% | 15.9% |
| ROA | 8.7% | 8.4% | 8.4% | 8.4% |
| ROIC | 17.8% | 18.3% | 17.9% | 17.8% |
| Cash Dividend (IDR bn) | 16,609 | 16,229 | 13,537 | 15,112 |
| Dividend Yield | 4.5% | 4.3% | 3.6% | 4.0% |
| Payout Ratio | 92.1% | 87.0% | 69.2% | 71.8% |
| DER | 37.6% | 44.4% | 44.2% | 46.4% |
| Net Gearing | 0.4 | 0.5 | 0.5 | 0.6 |
| LT Debt to Equity | 28.8% | 28.9% | 28.7% | 30.2% |
| Capitalization Ratio | 27.3% | 30.8% | 30.7% | 31.7% |
| Equity Ratio | 56.9% | 53.0% | 53.4% | 52.6% |
| Debt Ratio | 21.4% | 23.5% | 23.6% | 24.4% |
| Financial Leverage | 176.4% | 182.2% | 187.9% | 188.6% |
| Current Ratio | 93.5% | 71.5% | 73.7% | 77.2% |
| Par Value (IDR) | 50 | 50 | 50 | 50 |
| Total Shares (mn) | 99,062 | 99,062 | 99,062 | 99,062 |
| Share Price (IDR) | 3,750 | 3,830 | 3,800 | 3,800 |
| Market Cap (IDR tn) | 371.5 | 379.4 | 376.4 | 376.4 |

VALUATION INDEX

| | 2018/12 | 2019/12 | 2020/12E | 2021/12F |
|-------------------|---------|---------|----------|----------|
| Price/Earnings | 20.6x | 20.3x | 19.3x | 17.9x |
| Price/Book Value | 3.2x | 3.2x | 3.0x | 2.8x |
| Price/Sales | 2.8x | 2.8x | 2.7x | 2.5x |
| PE/EPS Growth | -1.1x | 12.3x | 4.1x | 2.3x |
| EV/EBITDA | 6.6x | 6.5x | 5.6x | 5.2x |
| EV/EBIT | 10.2x | 9.7x | 8.8x | 8.2x |
| EV (IDR bn) | 397,303 | 412,979 | 390,389 | 392,185 |
| Sales CAGR (3-Yr) | 8.5% | 5.2% | 2.6% | 4.3% |
| EPS CAGR (3-Yr) | 5.2% | -1.2% | -4.1% | 5.3% |
| Basic EPS (IDR) | 182 | 188 | 197 | 213 |
| Diluted EPS (IDR) | 182 | 188 | 197 | 213 |
| BVPS (IDR) | 1,184 | 1,184 | 1,260 | 1,338 |
| Sales PS (IDR) | 1,320 | 1,369 | 1,400 | 1,500 |
| DPS (IDR) | 168 | 164 | 137 | 153 |

OWNERSHIP

| By Geography | % Shareholders | % |
|---------------|------------------------|------|
| Indonesia | 71.8 Rep. of Indonesia | 52.1 |
| United States | 14.3 Bank of New York | 4.5 |
| Luxembourg | 4.9 Vanguard Group Inc | 1.7 |
| Ireland | 2.2 Blackrock | 1.2 |

DISCLAIMER

This report and any electronic access hereto are restricted and intended only for the clients and related entity of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information here is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, respective employees, and agents disclaim any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents liable for errors, omissions, misstatements, negligence, inaccuracy arising herefrom.

All rights reserved by PT NH Korindo Securities Indonesia