

Telekomunikasi Indonesia Tbk (TLKM)

Lonjakan Kontribusi Segmen Indihome Yang Solid

TLKM membukukan peningkatan pendapatan kuartalan sebesar 1,3% QoQ, tumbuhnya pendapatan tak lepas dari kontribusi dari segmen Indihome yang solid mencatatkan pertumbuhan sebesar 16,1% YoY dan 8,5% QoQ. Kami melihat perseroan masih terus menekankan efisiensi dengan baik, hal ini dibuktikan dengan meningkatnya nilai *operating profit margin* dan laba bersih perseroan menjadi 52,9% dan 11,0%.

Laba Bersih Melonjak 11,0% QoQ. Perseroan membukukan pertumbuhan pendapatan sebesar Rp33,1 triliun (+1,3% QoQ) vs Rp32,7 triliun pada kuartal II-2020. Pendapatan dari segmen Indihome membukukan pertumbuhan 16,1% YoY, 8,5% QoQ pada periode Juli-September, mencapai Rp5,7 triliun vs Rp5,3 triliun pada kuartal II-2020. Penerapan efisiensi masih terus dilakukan perseroan, dimana secara kuartalan perseroan mencatatkan penurunan biaya umum dan administrasi sebesar 28,1% dan secara year-on-year sebesar 35,2%. Hal ini membuat *operating profit margin* dan laba bersih perseroan melonjak secara kuartalan sebesar 52,9% dan 11,0% vs 49,7% dan -12,5% pada kuartal II-2020.

Fokus Pada Layanan Digital Bisnis, Telkomsel Jual Menara ke Mitratel. Anak usaha perseroan (telkomsel) melakukan perjanjian jual beli menara sebanyak 6.050 menara kepada Mitratel dengan total dana perjanjian penjualan sebesar Rp10,3 triliun. Dengan adanya aksi korporasi ini telkomsel dapat mengembangkan bisnis digitalnya dan biaya dari perawatan menara dapat lebih efisien. Hingga saat ini, telkomsel masih menjadi kontribusi terbesar terhadap pendapatan perseroan, telkomsel membukukan pertumbuhan pendapatan pada kuartal III sebesar 10,6% YoY menjadi Rp47,7 triliun vs Rp43,1 triliun pada 9M19 di segmen digital bisnis dengan kontribusi sebesar 73,2% terhadap pendapatan telkomsel. Disisi lain, dengan beralihnya menara dari Telkomsel ke mitratel ini akan memperkuat bisnis menara mitratel untuk kedepannya. Dengan tambahan tersebut jumlah menara mitratel akan menjadi 28.075. Diketahui bahwa pendapatan dari segmen *wholesale and International Business (WIB)* meningkat sebesar 24,9% YoY menjadi Rp10,2 triliun selama kuartal III. Kontribusi terbesar dicatatkan dari peningkatan bisnis menara telkomsel. Kami optimis dengan adanya penataan portofolio anak usaha, dapat mengoptimalkan bisnis dan aset yang dimiliki serta memastikan *optimal value* bagi pemegang saham.

Kami mempertahankan Rating BUY dengan Target Harga Rp3.800. Kami kembali mempertahankan rekomendasi BUY untuk saham TLKM dengan target harga yang sama Rp3.800 dengan pertimbangan pertumbuhan pendapatan di segmen indihome yang solid, kami optimis bahwa perusahaan akan dapat meningkatkan pertumbuhan yang solid hingga akhir 2020. Target harga kami mencerminkan nilai EV/EBITDA di level 5,5x FY21, saat ini saham perseroan diperdagangkan di level 5,0x dengan rata-rata 5 tahun di level 4,9x.

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 | 69,660 | 75,480 |
| 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% | 50.2% | 50.8% |
| NPM | 13.8% | 13.8% | 14.1% | 14.2% |
| ROE | 15.4% | 15.9% | 15.7% | 15.9% |
| 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 | 5.9x | 5.5x |
| 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

BUY

| | |
|---------------------------|--------------|
| Target Price (IDR) | 3,800 |
| Consensus Price (IDR) | 3,868 |
| TP to Consensus Price | -1.8% |
| vs. Last Price | +25.0% |

Shares data

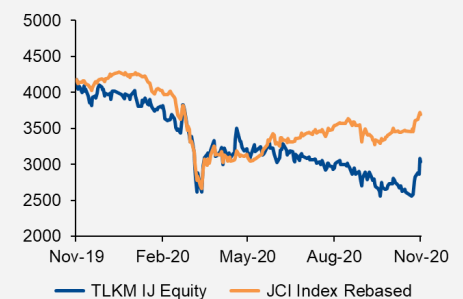
| | |
|-------------------------|---------------|
| Last Price (IDR) | 3,040 |
| Price date as of | Nov. 12, 2020 |
| 52 wk range (Hi/Lo) | 4,114 / 2,417 |
| Free float | 47.9% |
| Outstanding Shares (mn) | 99,062 |
| Market Cap (IDR bn) | 296,196 |
| Market Cap (USD mn) | 20,824 |
| Avg. Trd Vol - 3M (mn) | 153.2 |
| Avg. Trd Val - 3M (bn) | 427.3 |
| Foreign Ownership | 27.3% |

Infrastructure

Telecommunication

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

Share Price Performance



| | YTD | 1M | 3M | 12M |
|----------|--------|-------|-------|--------|
| Abs. Ret | -23.4% | 11.4% | 3.1% | -27.3% |
| Rel. Ret | -10.1% | 4.2% | -1.3% | -15.6% |

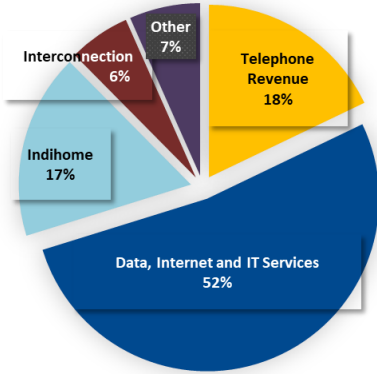
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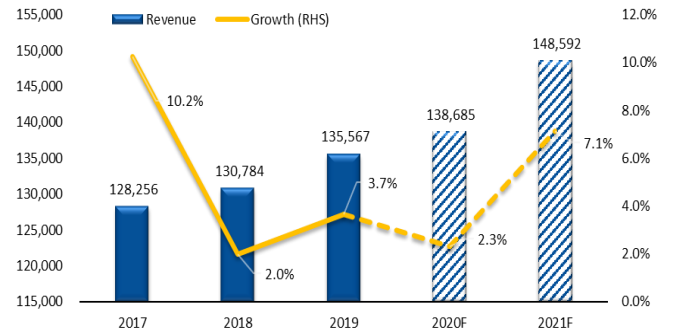
Performance Highlights

Revenue Contribution 3Q20



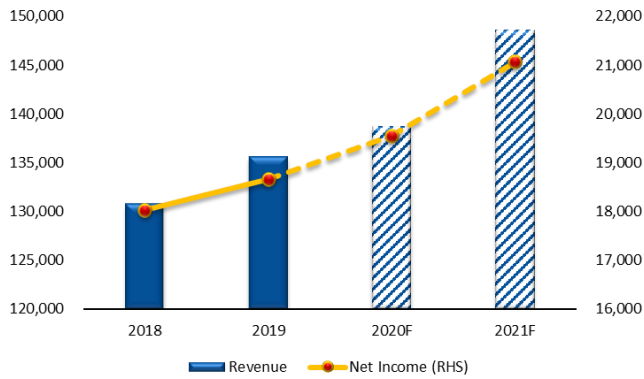
Source: Company, NHKSI Research

Revenue Projections (bn)



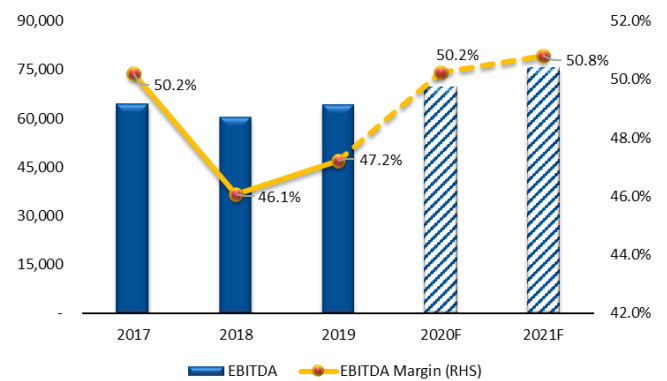
Source: Company, NHKSI Research

Revenue & Net Income (bn)



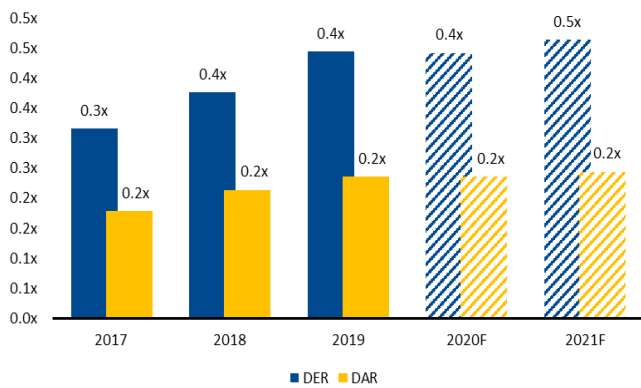
Source: Company, NHKSI Research

EBITDA & EBITDA Margin (bn)



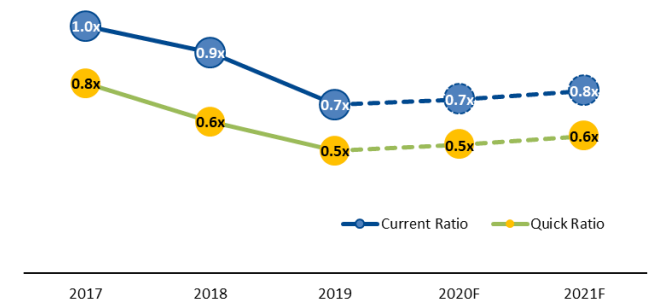
Source: Company, NHKSI Research

DER and DAR



Source: Company, NHKSI Research

Current Ratio and Quick Ratio



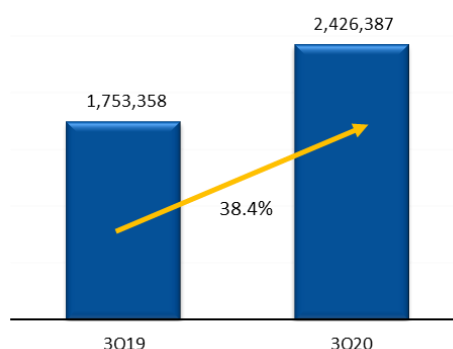
Source: Company, NHKSI Research



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".

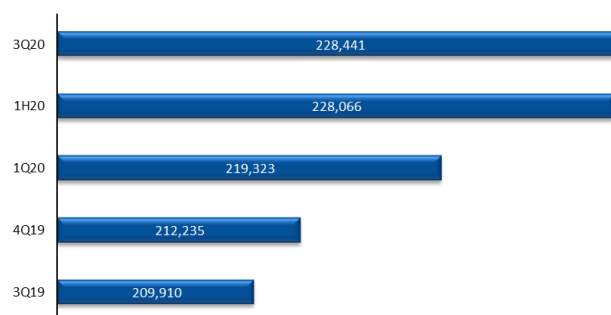
Telkom mulai saat ini membagi bisnisnya menjadi 3 Digital Business Domain: Digital Connectivity (Fiber to the x (FTTx), 5G, Software Defined Networking (SDN)/ Network Function Virtualization (NFV)/ Satellite); Digital Platform (Data Center, Cloud, Internet of Things (IoT), Big Data/ Artificial Intelligence (AI), Cybersecurity), dan Digital Services (Enterprise, Consumer). Telkom hingga September 2020 telah melayani 170,1 juta pelanggan.

Traffic Data (TB)



Source: Company, NHKSI Research

Base Transceiver Station (BTS)



Source: Company, NHKSI Research

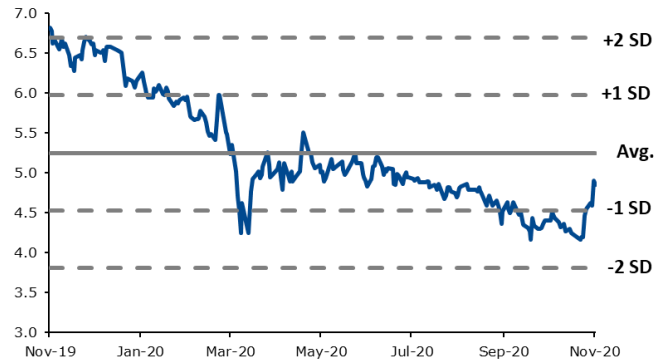
3Q20 Review (IDR bn)

| | 3Q19 | 4Q19 | 1Q20 | 2Q20 | 3Q20 | | | | |
|----------------------|--------------|--------------|--------------|--------------|--------------|----------|-------|-------|----------|
| | | | | | Actual | Estimate | y-y | q-q | surprise |
| Revenue | 33,286 | 32,936 | 34,194 | 32,662 | 33,085 | | -0.6% | 1.3% | |
| Gross Profit | 33,286 | 20,609 | 34,840 | 32,662 | 33,085 | | -0.6% | 1.3% | |
| EBIT | 11,244 | 8,940 | 11,929 | 10,324 | 10,758 | | -4.3% | 4.2% | |
| <i>EBIT Margin</i> | <i>33.8%</i> | <i>27.1%</i> | <i>34.9%</i> | <i>31.6%</i> | <i>32.5%</i> | | | | |
| EBITDA | 17,036 | 14,859 | 18,778 | 17,402 | 17,869 | | 4.9% | 2.7% | |
| <i>EBITDA Margin</i> | <i>51.2%</i> | <i>45.1%</i> | <i>54.9%</i> | <i>53.3%</i> | <i>54.0%</i> | | | | |
| Net Profit | 5,381 | 2,204 | 5,862 | 5,127 | 5,690 | | 5.7% | 11.0% | |
| <i>Net Margin</i> | <i>16.2%</i> | <i>6.7%</i> | <i>17.1%</i> | <i>15.7%</i> | <i>17.2%</i> | | | | |

Source: Bloomberg, NHKSI Research

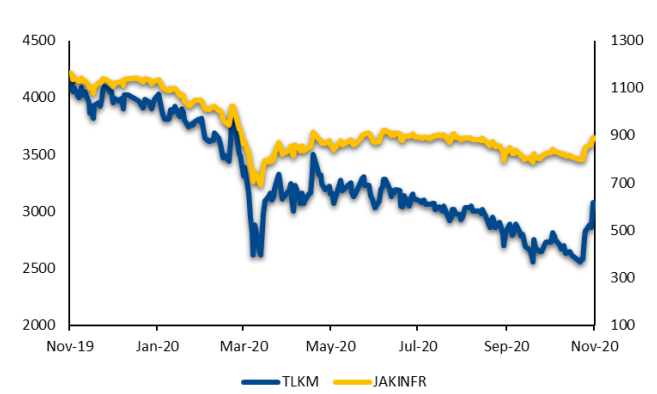
Multiple Valuation

TLKM is trade at area -1SD Forward EV/EBITDA band



Source: NHKSI Research

TLKM vs JAKINF



Source: Bloomberg, NHKSI Research

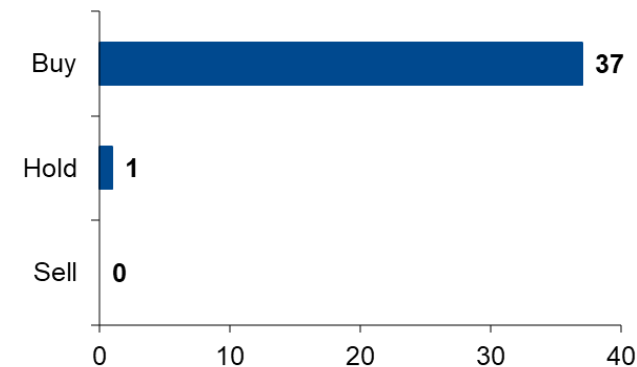
Rating and Target Price Update

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% |
| 08/19/2020 | Buy | 3,800 (12 Month) | 3,050 | 3,926 | +24.6% | -3.2% |
| 11/13/2020 | Buy | 3,800 (12 Month) | 3,040 | 3,868 | +25.0% | -1.8% |

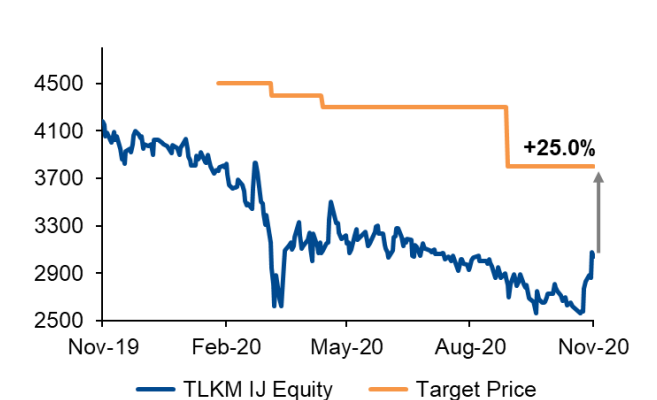
Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

Summary of Financials

INCOME STATEMENT

| (IDR bn) | 2018/12 | 2019/12 | 2020/12E | 2021/12F |
|---------------------|----------------|----------------|----------------|----------------|
| Revenue | 130,784 | 135,567 | 138,685 | 148,592 |
| Growth | 2.0% | 3.7% | 2.3% | 7.1% |
| COGS | - | - | - | - |
| Gross Profit | 130,784 | 135,567 | 138,685 | 148,592 |
| Gross Margin | - | - | - | - |
| Operating Expenses | (91,939) | (93,087) | (94,306) | (101,043) |
| EBIT | 38,845 | 42,480 | 44,379 | 47,550 |
| EBIT Margin | 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 |
| EBITDA Margin | 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 |
| Growth | -18.6% | 1.7% | 4.8% | 7.7% |
| Net Profit Margin | 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 | 5.9x | 5.5x |
| EV/EBIT | 10.2x | 9.7x | 9.3x | 8.7x |
| EV (IDR bn) | 397,303 | 412,979 | 413,173 | 414,969 |
| 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 | 72.7 | Rep. of Indonesia 52.1 |
| United States | 13.9 | Bank of New York 4.1 |
| Luxembourg | 4.6 | Vanguard Group Inc 1.7 |
| Ireland | 2.2 | Blackrock 1.3 |

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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