

Telekomunikasi Indonesia Tbk (TLKM)

Memperkuat Bisnis Pusat Data

TLKM membukukan penurunan pendapatan $-0,7\%$ YoY di 1Q21, seiring pendapatan dari segmen non data yang lebih rendah. Namun, pendapatan di segmen IndiHome tetap solid tumbuh $+25,0\%$ YoY dan segmen data internet $+2,2\%$ YoY. Beban keuangan turun $19,2\%$ YoY, sehingga nilai NPM tetap solid di $17,7\%$. Disamping itu, TLKM kini tengah membangun Data Center di Jawa Barat, yang berpotensi menjadi sumber katalis pertumbuhan ke depan.

Net Profit Margin Solid Berada di 17,7%.

- TLKM bukukan penurunan pendapatan $-0,7\%$ YoY jadi Rp33,9 triliun di 1Q21 vs Rp34,2 triliun di 1Q20.
- Penurunan kontribusi dari pendapatan segmen non data menjadi faktor penurunan pendapatan TLKM di 1Q21. Pendapatan Telepon, SMS jatuh ($-25,4\%$ YoY) dan Pendapatan Interkoneksi turun ($-11,0\%$ YoY).
- Pendapatan segmen data internet masih kuat, Segmen Indihome tumbuh $+25,0\%$ YoY serta segmen Data, Internet dan Jasa IT $+2,2\%$ YoY.
- *Operating Profit Margin* (OPM) tercatat $34,5\%$, didorong oleh turunnya Beban Interkoneksi $-25,2\%$ YoY, Beban Umum dan Administrasi $-17,7\%$ YoY.
- Beban Keuangan turun $19,2\%$ YoY, *Net Profit Margin* (NPM) tumbuh jadi $17,7\%$ vs $17,1\%$ di 1Q20. Laba bersih tercatat tumbuh $2,6\%$ YoY jadi Rp6,0 triliun.

Bisnis Data Center sebagai Katalis Pertumbuhan ke depan

- Kehadiran Telkom *HyperScale Data Center* (HDC) akan membawa peluang bisnis besar untuk TLKM di masa depan, Permintaan *Data Center* kini kian meningkat, ditengah maraknya perusahaan-perusahaan untuk mengadopsi transformasi digital.
- Telkom HDC tengah dibangun di wilayah cikarang, Bekasi. di atas lahan seluas 65 ribu meter persegi, berkapasitas total hingga 10.000 rack, dan daya sebesar 75 MW.
- Telkom HDC di klaim telah memiliki fasilitas penunjang berskala internasional, carrier neutral dan multiservices yang nantinya akan menjadi daya tarik terhadap pelaku usaha lokal maupun internasional.
- Kami menilai pembangunan Telkom HDC akan memantapkan kehadiran TLKM di bisnis data center dan berpotensi menjadi katalis pertumbuhan ke depan.

Mempertahankan BUY dengan Target Harga 4.400.

- Kami mempertahankan Rating BUY untuk saham TLKM dengan target harga di Rp4.400 untuk 12 bulan kedepan.
- *Top dan Bottom Line* TLKM sejalan dengan estimasi kami, Pendapatan TLKM telah mencapai $23,7\%$ dan laba bersih $25,5\%$ dari target FY21E.
- Target Harga kami merefleksikan nilai EV/EBITDA di level 5,8x; lebih tinggi dibandingkan dengan rata-rata 1 tahun di level 5,2x; namun ebih rendah dari EV/EBITDA 5 tahun di level 6,3x.
- Saat ini saham TLKM diperdagangkan di level EV/EBITDA 4,6x.

Telekomunikasi Indonesia Tbk | Summary (IDR bn)

| | 2019A | 2020A | 2021F | 2022F |
|----------------|---------|---------|---------|---------|
| Revenue | 135,567 | 136,462 | 143,274 | 152,457 |
| Growth | 3.7% | 0.7% | 5.0% | 6.4% |
| Net Profit | 18,663 | 20,804 | 23,716 | 24,973 |
| Growth | 3.5% | 11.5% | 14.0% | 5.3% |
| EPS (IDR) | 188 | 210 | 239 | 252 |
| P/E | 20.3x | 15.8x | 18.4x | 17.5x |
| P/BV | 3.2x | 2.7x | 3.4x | 3.2x |
| EV/EBITDA | 6.5x | 5.3x | 6.3x | 5.8x |
| ROE | 15.9% | 17.2% | 18.4% | 18.1% |
| DER | 0.4x | 0.5x | 0.6x | 0.6x |
| Dividend yield | 4.3% | 4.7% | 3.9% | 4.2% |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

| | |
|-----------------------|--------|
| Target Price (IDR) | 4,400 |
| Consensus Price (IDR) | 4,156 |
| TP to Consensus Price | +5.9% |
| Potential Upside | +43.3% |

Shares data

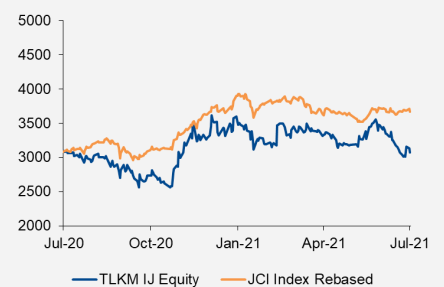
| | |
|-------------------------|---------------|
| Last Price (IDR) | 3,070 |
| Price date as of | July 13, 2021 |
| 52 wk range (Hi/Lo) | 3,590 / 2,510 |
| Free float | 47.9% |
| Outstanding Shares (mn) | 99,062 |
| Market Cap (IDR bn) | 301,149 |
| Market Cap (USD mn) | 20,776 |
| Avg. Trd Vol - 3M (mn) | 98.4 |
| Avg. Trd Val - 3M (bn) | 320.2 |
| Foreign Ownership | 26.7% |

Infrastructure

Telecommunication

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

Share Price Performance



| | YTD | 1M | 3M | 12M |
|----------|--------|-------|-------|--------|
| Abs. Ret | -12.0% | -3.8% | -7.8% | -0.6% |
| Rel. Ret | -7.5% | -6.8% | -9.2% | -19.4% |

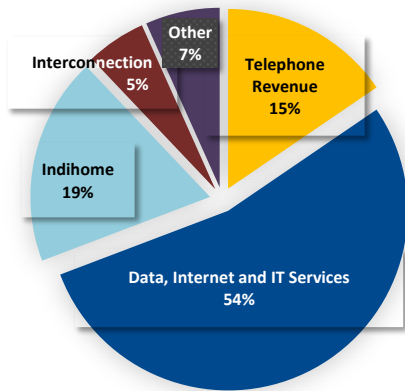
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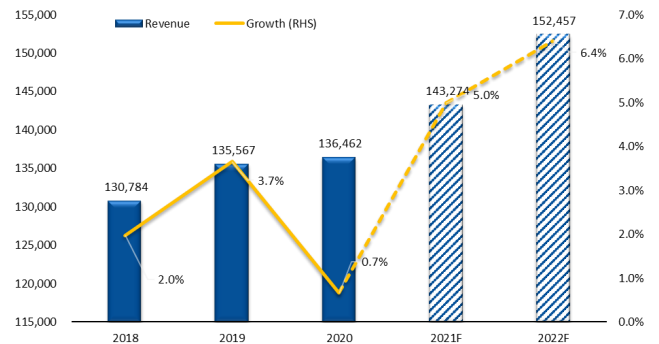
Performance Highlights

Revenue Contribution 1Q21



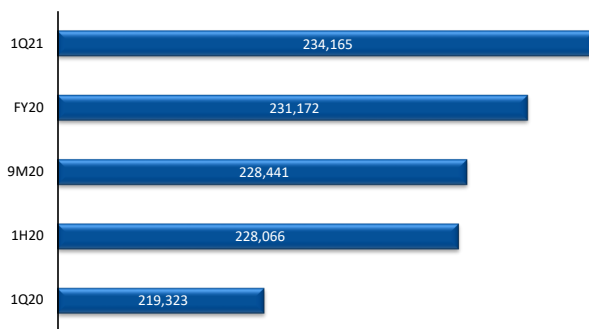
Source: Company, NHKSI Research

Revenue Projections (bn)



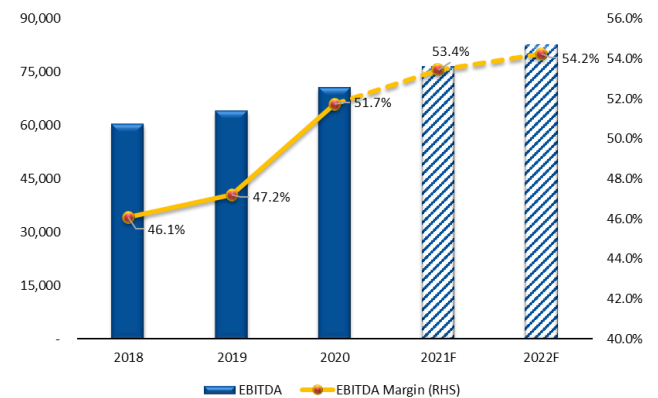
Source: Company, NHKSI Research

Base Transceiver Station (BTS)



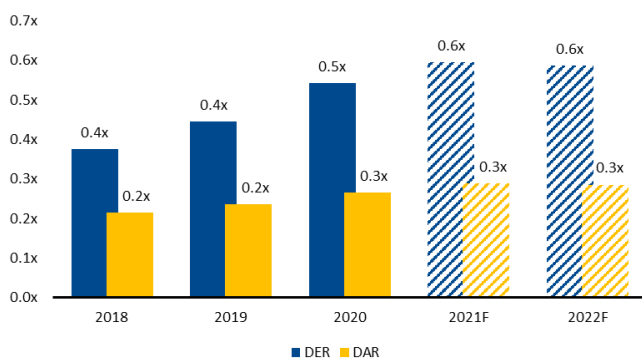
Source: Company, NHKSI Research

EBITDA & EBITDA Margin (bn)



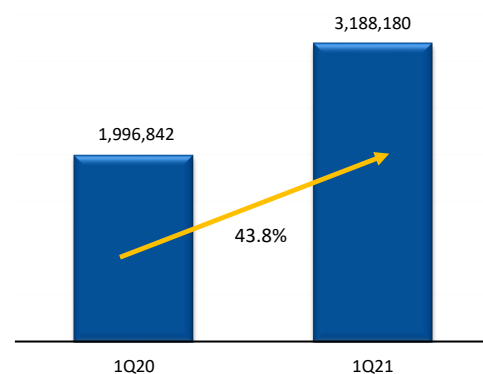
Source: Company, NHKSI Research

Leverage Ratio



Source: Company, NHKSI Research

Traffic Data (in Terabytes)



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 Kuartal I tahun 2021 telah melayani 164,7 juta pelanggan.

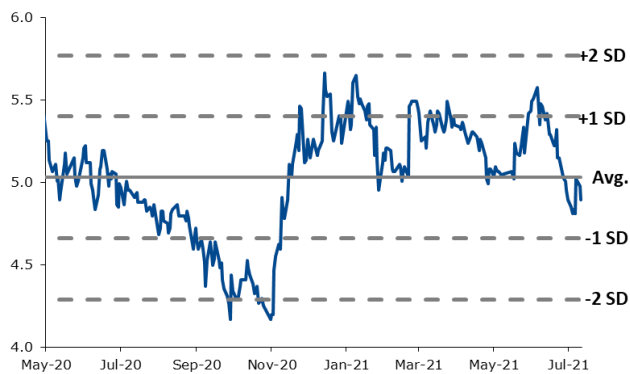
ASEAN Telecommunication Operators

| Company | Market Cap (USD mn) | Asset (USD mn) | Revenue LTM (USD mn) | Net Profit LTM (USD mn) | Net Profit Growth LTM | Net Profit Margin | ROE LTM | EV/ EBITDA LTM | P/BV |
|-----------------------|---------------------|----------------|----------------------|-------------------------|-----------------------|-------------------|---------|----------------|-------|
| Indonesia | | | | | | | | | |
| TLKM | 20,709 | 17,734 | 9,364 | 1,441 | 14.51% | 15.4% | 19.5% | 5.4x | 2.8x |
| EXCL | 1,754 | 4,865 | 1,771 | (57) | N/A | -3.2% | -4.1% | 3.9x | 1.3x |
| ISAT | 2,287 | 4,508 | 1,976 | 4 | -95.14% | 0.2% | 0.5% | 4.7x | 2.7x |
| Singapore | | | | | | | | | |
| Singtel | 28,138 | 35,713 | 11,457 | 406 | -48.47% | 3.5% | 2.08% | 16.2x | 1.4x |
| Malaysia | | | | | | | | | |
| Maxis | 8,178 | 5,455 | 2,122 | 326 | -7.10% | 15.4% | 19.38% | 11.9x | 4.9x |
| DiGi.Com | 7,773 | 2,036 | 1,472 | 277 | -18.94% | 18.8% | 186.00% | 10.8x | 55.3x |
| Axiata Group | 8,297 | 16,904 | 5,807 | 61 | -72.56% | 1.0% | 1.53% | 5.7x | 2.0x |
| Thailand | | | | | | | | | |
| Advanced Info Service | 15,529 | 11,674 | 5,670 | 881 | -10.05% | 15.5% | 40.13% | 7.3x | 7.1x |
| True Corp | 3,125 | 20,588 | 4,474 | 20 | -84.16% | 0.5% | 0.75% | 7.3x | 1.2x |
| Total Access Comm. | 2,139 | 5,810 | 2,555 | 143 | -16.99% | 5.6% | 20.64% | 5.1x | 3.5x |
| Phillipine | | | | | | | | | |
| PLDT | 5,496 | 11,993 | 3,784 | 494 | 11.28% | 13.0% | 22.21% | 5.5x | 2.5x |
| Globe Telecom | 5,258 | 7,077 | 3,312 | 394 | -12.72% | 11.9% | 22.23% | 6.2x | 3.1x |

Source: Bloomberg, NHKSI Research

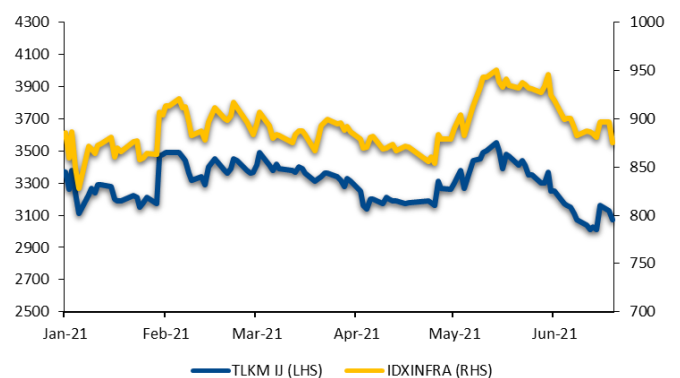
Multiple Valuation

TLKM is trade at area average (5.0x) Forward EV/EBITDA



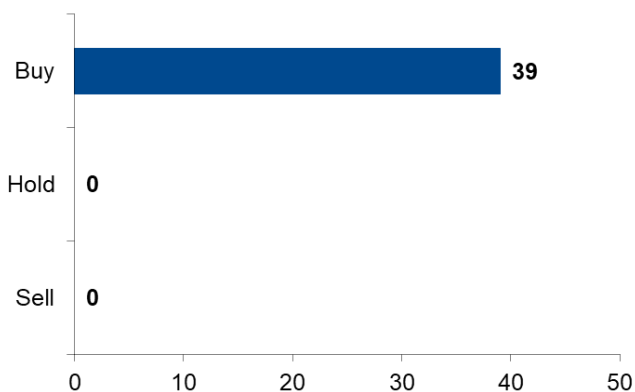
Source: NHKSI Research

TLKM & IDXINFRA



Source: Bloomberg, NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



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% |
| 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% |
| 05/05/2021 | Buy | 4,400 (12 Month) | 3,210 | 4,144 | +37.1% | +6.2% |
| 07/14/2021 | Buy | 4,400 (12 Month) | 3,070 | 4,156 | +43.3% | +5.9% |

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

| (IDR bn) | 2019/12 | 2020/12 | 2021/12F | 2022/12F |
|---------------------|----------------|----------------|----------------|----------------|
| Revenue | 135,567 | 136,462 | 143,274 | 152,457 |
| Growth | 3.7% | 0.7% | 5.0% | 6.4% |
| COGS | - | - | - | - |
| Gross Profit | 135,567 | 136,462 | 143,274 | 152,457 |
| Gross Margin | - | - | - | - |
| Operating Expenses | (93,087) | (92,871) | (94,561) | (100,621) |
| EBIT | 42,480 | 43,591 | 48,713 | 51,835 |
| EBIT Margin | 31.3% | 31.9% | 34.0% | 34.0% |
| Depreciation | 21,511 | 26,996 | 27,841 | 30,839 |
| EBITDA | 63,991 | 70,587 | 76,554 | 82,674 |
| EBITDA Margin | 47.2% | 51.7% | 53.4% | 54.2% |
| Interest Expenses | (4,572) | (4,816) | (5,333) | (5,966) |
| EBT | 37,908 | 38,775 | 43,381 | 45,869 |
| Income Tax | (10,316) | (9,212) | (10,306) | (10,897) |
| Minority Interest | (8,929) | (8,759) | (9,358) | (9,998) |
| Net Profit | 18,663 | 20,804 | 23,716 | 24,973 |
| Growth | 3.5% | 11.5% | 14.0% | 5.3% |
| Net Profit Margin | 13.8% | 15.2% | 16.6% | 16.4% |

BALANCE SHEET

| (IDR bn) | 2019/12 | 2020/12 | 2021/12F | 2022/12F |
|-----------------------------|----------------|----------------|----------------|----------------|
| Cash | 18,242 | 20,589 | 28,555 | 34,243 |
| Receivables | 11,797 | 11,339 | 15,123 | 16,093 |
| Inventories | 585 | 983 | 745 | 791 |
| Total Current Assets | 41,722 | 46,503 | 58,788 | 66,412 |
| Net Fixed Assets | 156,973 | 179,489 | 185,648 | 192,809 |
| Other Non Current Assets | 22,513 | 20,951 | 22,142 | 23,561 |
| Total Non Current Assets | 179,486 | 200,440 | 207,790 | 216,371 |
| Total Assets | 221,208 | 246,943 | 266,578 | 282,783 |
| Payables | 31,513 | 34,555 | 33,835 | 36,276 |
| ST Bank Loan | 18,215 | 24,680 | 28,726 | 29,996 |
| Total Current Liabilities | 58,369 | 69,093 | 72,980 | 77,358 |
| LT Debt | 33,869 | 40,782 | 47,468 | 49,566 |
| Total Liabilities | 103,958 | 126,054 | 137,547 | 145,119 |
| Capital Stock | 7,664 | 7,664 | 7,664 | 7,664 |
| Retained Earnings | 91,489 | 94,489 | 100,993 | 107,842 |
| Shareholders' Equity | 117,250 | 120,889 | 129,031 | 137,664 |

CASH FLOW STATEMENT

| (IDR bn) | 2019/12 | 2020/12 | 2021/12F | 2022/12F |
|----------------------------|--------------|--------------|--------------|--------------|
| Operating Cash Flow | 45,927 | 49,625 | 47,079 | 56,985 |
| Investing Cash Flow | (38,069) | (47,950) | (35,191) | (39,419) |
| Financing Cash Flow | (5,844) | 3,248 | (3,922) | (11,877) |
| Net Changes in Cash | 2,014 | 4,923 | 7,966 | 5,688 |

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY

| | 2019/12 | 2020/12 | 2021/12F | 2022/12F |
|----------------------|---------|---------|----------|----------|
| ROE | 15.9% | 17.2% | 18.4% | 18.1% |
| ROA | 8.4% | 8.4% | 8.9% | 8.8% |
| Inventory Turnover | 187.5x | 192.4x | 192.4x | 192.8x |
| Receivables Turnover | 9.5x | 9.2x | 9.5x | 9.5x |
| Payables Turnover | 4.3x | 4.2x | 4.2x | 4.2x |
| Dividend Yield | 4.3% | 4.7% | 3.9% | 4.2% |
| Payout Ratio | 87.0% | 73.4% | 72.6% | 72.6% |
| DER | 0.4x | 0.5x | 0.6x | 0.6x |
| Net Gearing | 0.5x | 0.6x | 0.7x | 0.7x |
| Equity Ratio | 0.5x | 0.5x | 0.5x | 0.5x |
| Debt Ratio | 0.2x | 0.3x | 0.3x | 0.3x |
| Financial Leverage | 1.8x | 2.0x | 2.1x | 2.1x |
| Current Ratio | 0.7x | 0.7x | 0.8x | 0.9x |
| Quick Ratio | 0.5x | 0.5x | 0.6x | 0.7x |
| Par Value (IDR) | 50 | 50 | 50 | 50 |
| Total Shares (mn) | 99,062 | 99,062 | 99,062 | 99,062 |
| Share Price (IDR) | 3,830 | 3,310 | 4,400 | 4,400 |
| Market Cap (IDR tn) | 379 | 328 | 436 | 436 |

VALUATION INDEX

| | 2019/12 | 2020/12 | 2021/12F | 2022/12F |
|------------------------|---------|---------|----------|----------|
| Price/Earnings | 20.3x | 15.8x | 18.4x | 17.5x |
| Price/Book Value | 3.2x | 2.7x | 3.4x | 3.2x |
| PE/EPS Growth | 5.8x | 1.4x | 1.3x | 3.3x |
| EV/EBITDA | 6.5x | 5.3x | 6.3x | 5.8x |
| EV (IDR bn) | 413,250 | 372,769 | 483,513 | 481,192 |
| Revenue CAGR (3-Yr) | 5.2% | 2.1% | 3.1% | 4.0% |
| Net Profit CAGR (3-Yr) | -1.2% | -2.1% | 9.6% | 10.2% |
| Basic EPS (IDR) | 188 | 210 | 239 | 252 |
| BVPS (IDR) | 1,184 | 1,220 | 1,303 | 1,390 |
| DPS (IDR) | 164 | 154 | 174 | 183 |

OWNERSHIP

| | |
|-------------------------|------|
| Top Shareholders | % |
| Rep. of Indonesia | 52.1 |
| Bank of New York | 3.9 |
| Vanguard Group Inc | 1.7 |
| Blackrock | 1.3 |
| By Geography | % |
| Indonesia | 73.3 |
| United States | 13.5 |
| Luxembourg | 4.8 |
| Ireland | 1.9 |
| Others | 6.5 |

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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