PT Telekomunikasi Indonesia Tbk. (TLKM)

1H26 | 2Q26: ARPU Recovery Gains Momentum, Supporting Revenue Recovery

TLKM delivered a solid 2Q26 performance, with revenue growing +6.4% YoY and +4.0% QoQ to IDR 38.69T, while net profit increased +27.5% YoY and +44.5% QoQ to IDR 6.28T, supported by improving mobile monetization at Telkomsel. On a 1H basis, TLKM recorded revenue growth of +3.9% YoY to IDR 75.88T in 1H26, while net profit increased +1.4% YoY to IDR 10.62T. Telkomsel's stronger ARPU recovery remained the key catalyst, supporting growth in Data, Internet & IT Services and driving a recovery in mobile revenue. Meanwhile, IndiHome and legacy businesses remained under pressure amid intensifying fixed broadband (FBB) competition and the ongoing shift in traffic toward OTT platforms. Improving cost discipline also strengthened operating leverage and margin recovery, indicating that Telkomsel's market repair is beginning to translate more meaningfully into revenue and earnings. With ARPU recovery gaining further traction and growth quality improving, we view 2Q26 as an early indication of a more sustainable earnings recovery cycle for TLKM. Reflecting this recovery, we raise our FY26F revenue and net profit estimates by 1.13% and 1.17%, respectively, while maintaining our "Buy" recommendation with a target price of IDR 3,700/share.

Business Segmentation: Continued Mobile ARPU Recovery Drives Stronger Data, Internet & IT Services, While IndiHome Contracts and SMS, Fixed & Cellular Voice Remain Under Pressure

- **Continued ARPU recovery drives stronger Data, Internet & IT Services.** ARPU recovery continued to strengthen in 2Q26, supporting the recovery in mobile revenue. Mobile ARPU increased to IDR 46.0k in 2Q26 (+2.0% QoQ; +9.0% YoY), extending the recovery trend from IDR 41.3k in 2Q25 and IDR 45.1k in 1Q26. Data yield also increased +10.4% YoY to IDR 3.11/MB, while data payload remained relatively stable at 11,525 PB (+0.7% YoY). The combination of pricing discipline, improved customer productivity, and healthier customer spending behavior is beginning to translate into stronger monetization without compromising engagement. Data, Internet & IT Services revenue reached IDR 24.5T in 2Q26 (+16.0% YoY; +3.8% QoQ), making it the key contributor to consolidated revenue growth. On a 1H26 basis, the segment grew +11.2% YoY to IDR 48.2T, driven by growth in Telkomsel's Digital Business, improved customer productivity, healthier monetization, and stronger value realization from its customer base.

- **IndiHome remains under competitive pressure but is showing signs of stabilization.** IndiHome revenue declined -3.4% YoY to IDR 12.8T in 1H26, primarily due to intensifying competition and strategic calibration toward a higher-quality customer base. However, segment revenue in 2Q26 increased +0.7% QoQ to IDR 6.4T, while FBB ARPU increased +3.4% QoQ to approximately IDR 211k. Convergence penetration also increased to 65% from 59% in 1Q26, indicating that customer mix optimization is beginning to yield results.

- **Legacy services continue to experience structural declines amid the ongoing shift toward OTT platforms**. Interconnection revenue declined -10.4% YoY to IDR 4.44T in 1H26, primarily due to lower voice hubbing revenue, in line with changing consumer behavior toward OTT platforms. Meanwhile, SMS, Fixed & Cellular Voice revenue declined -29.0% YoY to IDR 3.44T in 1H26, reflecting the declining relevance of traditional voice and SMS services. We view this trend as a structural headwind that will continue to constrain TLKM's growth in its legacy segments.

Operational Performance: Quarterly Operating Expenses Remained Well Controlled with Discipline Both QoQ and YoY

- **Opex discipline strengthened on a QoQ basis.** Total operating expenses in 2Q26 stood at IDR 27.49T, down -2.7% QoQ and up only +0.9% YoY, indicating that revenue growth is beginning to translate into stronger operating leverage. O&M expenses declined -6.5% QoQ to IDR 10.4T, following the normalization of elevated revenue-linked ecosystem and connectivity costs recorded in 1Q26. On a 1H26 basis, operating expenses increased +3.8% YoY to IDR 55.75T, largely reflecting the high-base effect from 1Q26.

- **Interconnection costs were optimized, while personnel expenses improved alongside workforce optimization**. Personnel expenses declined to IDR 3.7T (-8.4% QoQ; -5.7% YoY) in 2Q26, supported by ongoing workforce optimization and disciplined personnel cost management. On a 1H26 basis, personnel expenses declined -4.4% YoY to IDR 7.7T. Another area of cost efficiency was interconnection expenses, which declined -9.7% YoY to IDR 3.79T in 1H26. On a quarterly basis, interconnection expenses increased +8.4% QoQ but declined -7.6% YoY, reaching IDR 1.97T in 2Q26

- **.D&A began normalizing following the accounting adjustment in 1Q26.** D&A expenses declined -2.2% QoQ to IDR 8.5T in 2Q26, reflecting the moderation of incremental depreciation expenses following changes in the estimated useful life of network assets. This normalization also supported margin recovery in 2Q26, with Operating Profit Margin improving to 29.0%, from 24.0% in 1Q26 and 25.1% in 2Q25.

FY26 Outlook: Stronger ARPU Recovery Supports Upward Revisions to Revenue and Earnings

- **We raise our FY26F revenue and net profit estimates.** Taking into account the stronger-than-expected ARPU recovery and the positive impact from the 1Q26 accounting recognition, which had already incorporated several adjustments and accounting effects, we revise our FY26F revenue estimate to IDR 150.2T (+1.13% from NHKSI Research's previous forecast of IDR 148.6T) and FY26F net profit to IDR 22.1T (+1.17% from NHKSI Research's previous forecast of IDR 21.9T). Based on our latest estimates, 1H26 has achieved 50.5% of our FY26F revenue estimate and 48.0% of our FY26F net profit estimate.

- **Stronger ARPU Recovery Supports Revenue Improvement**. The increasingly consistent recovery in Telkomsel's ARPU is the key driver behind our earnings revisions. Mobile ARPU increased from IDR 41.3k in 2Q25 to IDR 46.0k in 2Q26, while data yield improved from IDR 2.82/MB to IDR 3.11/MB. We view this development as an indication that market repair and pricing discipline are driving a structural improvement in revenue quality, rather than merely a recovery in volume. **Management has maintained its FY26 guidance** for normalized revenue growth of 1–3%, EBITDA margin of >50%, and a capex-to-revenue ratio of 17–19%. As of 1H26, revenue growth reached 3.9%, EBITDA margin stood at 49.4%, while the capex-to-revenue ratio was only 14.2%, providing room for TLKM to maintain disciplined capital allocation while continuing to strengthen its digital connectivity and infrastructure assets.

Maintain "Buy" Recommendation with Target Price of IDR 3,700/share (Upside +42.9%)

- **NHKSI Research maintains its "Buy" recommendation on Telkom Indonesia (TLKM) with a target price of IDR 3,700/share, implying a FY26F forward EV/EBITDA of 5.3x, or +1 standard deviation above the historical average.** We view the strengthening and recovery of ARPU as the key catalyst for revenue and earnings recovery, while disciplined Opex, lower capex intensity, and healthier cash flow provide additional support for margins and free cash flow. Beyond core earnings, continued value unlocking from fiber, tower, and data center assets remains a key strategic catalyst that could drive TLKM's valuation rerating over the medium term.

- In the near term, we see continued ARPU recovery, stronger mobile monetization, improving operating leverage, and progress on value-unlocking initiatives as the key catalysts. Key risks remain intensifying competition in fixed broadband (FBB), structural declines in legacy voice/SMS services, potential price competition in the mobile segment, and weaker consumer purchasing power that could limit the sustainability of ARPU recovery. Nevertheless, with stronger mobile monetization, improving cost discipline, and potential value unlocking from TLKM's assets, we see TLKM's risk-reward becoming increasingly attractive heading into 2H26.

PT Telekomunikasi Indonesia Tbk. | Summary (IDR Billions)

In IDR Bn	2025 A	2026 F	2027 F	2028 F
Revenue	146,742	150,235	154,132	158,562
Revenue Growth	*-2.2%*	*2.4%*	*2.6%*	*2.9%*
EBITDA	72,297	74,703	76,351	78,211
Net Profit	17,814	22,129	22,880	23,221
EPS (IDR)	180	223	231	234
Growth	*-24.7%*	*24.2%*	*3.4%*	*1.5%*
BVPS (IDR)	1,520	1,686	1,733	1,780
EBITDA Margin	*49.3%*	*49.7%*	*49.5%*	*49.3%*
NPM	*12.1%*	*14.7%*	*14.8%*	*14.6%*
ROE	*11.8%*	*13.3%*	*13.3%*	*13.2%*
ROA	*6.2%*	*7.4%*	*7.4%*	*7.2%*
P/E Ratio	14.4x	16.6x	16.5x	16.2x
P/BV Ratio	1.7x	2.2x	2.2x	2.1x
EV/EBITDA	3.9x	5.3x	5.4x	5.3x
Dividend yield	8.2%	4.8%	4.9%	4.9%

Source : Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Report | 13th August 2026

Buy

Target Price (IDR)	**3,700**
Consensus Price	3,449
TP to Consensus Price	+7.3%
Potential Upside	+42.9%

Shares Data

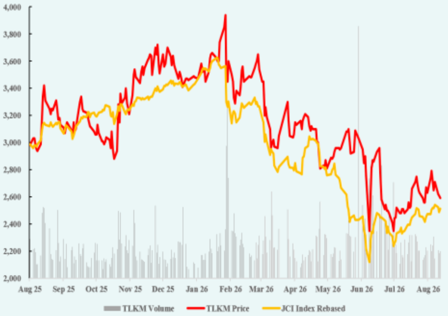
Last Price (IDR)	2,590
Price date as of	12th August 2026
52 wk range (Hi/Lo)	3,990 / 2,350
Free Float (%)	45.5
Outstanding sh (mn)	99,062
Market Cap (IDR bn)	256,571
Market Cap (USD mn)	14,354
Avg. Trd Vol – 3M (mn)	156.28
Avg. Trd Vol – 3M (IDR Bn)	425.42
Foreign Ownership	38.4%

Sector
Infrastructure

Sub-Sector
Telecommunication

Bloomberg	TLKM IJ Equity
Reuters	TLKM JK

Shares Price Performance



	YTD	1M	3M	12M
Abs.Ret	-25.4%	+3.2%	-12.2%	-18.6%
Rel.Ret	+2.2%	-1.8%	-4.6%	+0.1%

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1H26 | 2Q26 : Quarterly Income Statement – Operational Review For TLKM

(In IDR Billion)		1H25		1H26	YoY Growth		2Q25		1Q26		2Q26	QoQ Growth	YoY Growth
TLKM Income Statement 1H26 | 2Q26													
Revenue	**IDR**	**73,004**	**IDR**	**75,878**	3.9%	**IDR**	**36,365**	**IDR**	**37,189**	**IDR**	**38,689**	4.0%	6.4%
Operation, Maintenance & Teleco. Services	*IDR*	*(19,760)*	*IDR*	*(21,474)*	*8.7%*	*IDR*	*(10,152)*	*IDR*	*(11,097)*	*IDR*	*(10,377)*	*-6.5%*	*2.2%*
Interconnection Expense	*IDR*	*(4,195)*	*IDR*	*(3,788)*	*-9.7%*	*IDR*	*(2,131)*	*IDR*	*(1,818)*	*IDR*	*(1,970)*	*8.4%*	*-7.6%*
Personnel Expense	*IDR*	*(8,075)*	*IDR*	*(7,721)*	*-4.4%*	*IDR*	*(3,917)*	*IDR*	*(4,029)*	*IDR*	*(3,692)*	*-8.4%*	*-5.7%*
G&A Expense	*IDR*	*(3,342)*	*IDR*	*(3,666)*	*9.7%*	*IDR*	*(1,531)*	*IDR*	*(1,560)*	*IDR*	*(2,106)*	*35.0%*	*37.6%*
Selling & Marketing Expense	*IDR*	*(1,531)*	*IDR*	*(1,765)*	*15.3%*	*IDR*	*(765)*	*IDR*	*(715)*	*IDR*	*(1,050)*	*46.9%*	*37.3%*
D&A	*IDR*	*(16,818)*	*IDR*	*(17,203)*	*2.3%*	*IDR*	*(8,441)*	*IDR*	*(8,698)*	*IDR*	*(8,505)*	*-2.2%*	*0.8%*
Other Income (Expenses)	*IDR*	*(2)*	*IDR*	*(128)*	*6300.0%*	*IDR*	*(313)*	*IDR*	*(343)*	*IDR*	*215*	*-162.7%*	*-168.7%*
Operational Expenses	**IDR**	**(53,723)**	**IDR**	**(55,745)**	**3.8%**	**IDR**	**(27,250)**	**IDR**	**(28,260)**	**IDR**	**(27,485)**	**-2.7%**	**0.9%**
Operational Profit	**IDR**	**19,281**	**IDR**	**20,133**	4.4%	**IDR**	**9,115**	**IDR**	**8,929**	**IDR**	**11,204**	25.5%	22.9%
OPM (Operating Profit Margin)		26.4%		26.5%			25.1%		24.0%		29.0%		
Finance Income	*IDR*	*887*	*IDR*	*745*	*-16.0%*	*IDR*	*467*	*IDR*	*342*	*IDR*	*403*	*17.8%*	*-13.7%*
Finance Costs	*IDR*	*(2,647)*	*IDR*	*(2,079)*	*-21.5%*	*IDR*	*(1,331)*	*IDR*	*(1,021)*	*IDR*	*(1,058)*	*3.6%*	*-20.5%*
Share of Gain Long Term Investment in Asso. (Loss)	*IDR*	*(4)*	*IDR*	*(1)*		*IDR*	*(2)*	*IDR*	*(2)*	*IDR*	*1*	*-150.0%*	*-150.0%*
Earning Before Tax	**IDR**	**17,517**	**IDR**	**18,798**	7.3%	**IDR**	**8,249**	**IDR**	**8,248**	**IDR**	**10,550**	27.9%	27.9%
OPM		24.0%		24.8%			22.7%		22.2%		27.3%		
Income Tax Expenses	*IDR*	*(3,893)*	*IDR*	*(4,592)*	18.0%	*IDR*	*(1,961)*	*IDR*	*(2,194)*	*IDR*	*(2,398)*	9.3%	22.3%
Minority Interest	*IDR*	*(3,151)*	*IDR*	*(3,583)*	13.7%	*IDR*	*(1,364)*	*IDR*	*(1,710)*	*IDR*	*(1,873)*	9.5%	37.3%
Net Profit	**IDR**	**10,473**	**IDR**	**10,623**	1.4%	**IDR**	**4,924**	**IDR**	**4,344**	**IDR**	**6,279**	44.5%	27.5%
NPM (Net Profit Margin)		14.3%		14.0%			13.5%		11.7%		16.2%		
EBITDA	**IDR**	**34,335**	**IDR**	**36,001**	4.9%	**IDR**	**16,680**	**IDR**	**16,946**	**IDR**	**19,055**	12.4%	14.2%
EBITDA Margin		47.0%		47.4%			45.9%		45.6%		49.3%		

Operational Performance Data		1H25		1H26	YoY Growth		2Q25		1Q26		2Q26	QoQ Growth	YoY Growth
TLKM : Telekomunikasi Indonesia													
Indihome | B2C Subs. (Thousand)		*10,061*		*9,513*	-5.4%		*10,061*		*10,327*		*9,513*	-7.9%	-5.4%
Indihome | ARPU (IDR Thousand)	*IDR*	*220*	*IDR*	*207*	-5.9%	*IDR*	*217*	*IDR*	*204*	*IDR*	*211*	3.4%	-2.7%
Telkomsel | Mobile Customer Base (Thousand)		*158,428*		*153,545*	-3.1%		*158,428*		*153,700*		*153,545*	-0.1%	-3.1%
Telkomsel | ARPU (IDR Thousand)	*IDR*	*41.8*	*IDR*	*45.6*	9.1%	*IDR*	*41.2*	*IDR*	*45.1*	*IDR*	*46.0*	2.0%	11.7%
Data Payload (in PB)		*11,441*		*11,528*	0.8%		*5,798*		*5,770*		*5,758*	-0.2%	-0.7%

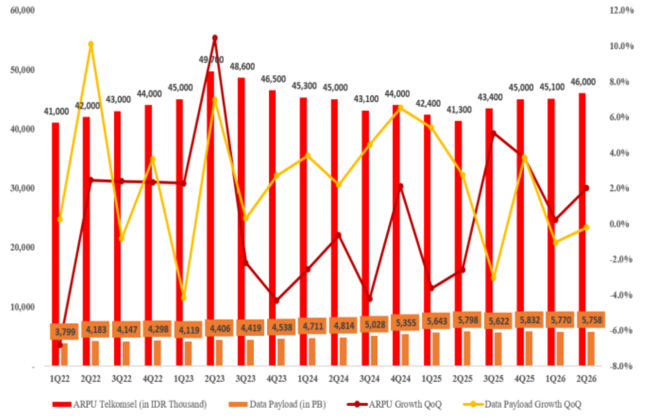
TLKM Revenue Breakdown		1H25		1H26	YoY Growth		2Q25		1Q26		2Q26	QoQ Growth	YoY Growth
Revenue in IDR Bn.													
Data Internet & Service	*IDR*	*42,483*	*IDR*	*48,184*	*13.4%*	*IDR*	*21,152*	*IDR*	*23,646*	*IDR*	*24,538*	*3.8%*	*16.0%*
IndiHome	*IDR*	*13,251*	*IDR*	*12,798*	*-3.4%*	*IDR*	*6,588*	*IDR*	*6,378*	*IDR*	*6,420*	*0.7%*	*-2.6%*
SMS, Fixed & Cellular Voice	*IDR*	*4,846*	*IDR*	*3,443*	*-29.0%*	*IDR*	*2,276*	*IDR*	*1,506*	*IDR*	*1,937*	*28.6%*	*-14.9%*
Interconnection	*IDR*	*4,962*	*IDR*	*4,445*	*-10.4%*	*IDR*	*2,566*	*IDR*	*2,217*	*IDR*	*2,228*	*0.5%*	*-13.2%*
Network and Other Services	*IDR*	*7,462*	*IDR*	*7,008*	*-6.1%*	*IDR*	*3,783*	*IDR*	*3,442*	*IDR*	*3,566*	*3.6%*	*-5.7%*
Total Revenue	***IDR***	***73,004***	***IDR***	***75,878***	***3.9%***	***IDR***	***36,365***	***IDR***	***37,189***	***IDR***	***38,689***	***4.0%***	***6.4%***

Source : TLKM, NHKSI Research

Please consider the rating criteria & important disclaimer

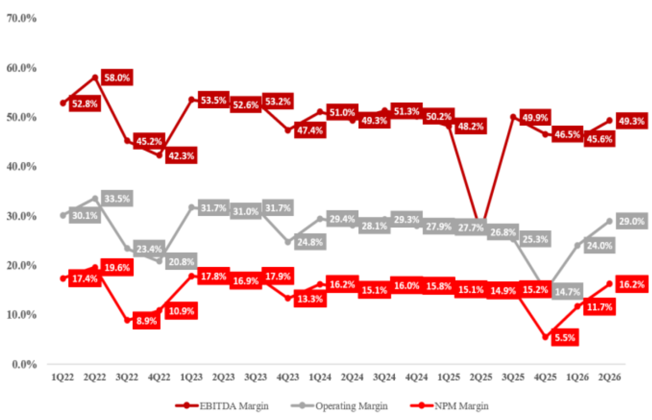
Performance Highlight For TLKM

Exhibit 1. TLKM Quarterly Financial Performance (In IDR Billion)



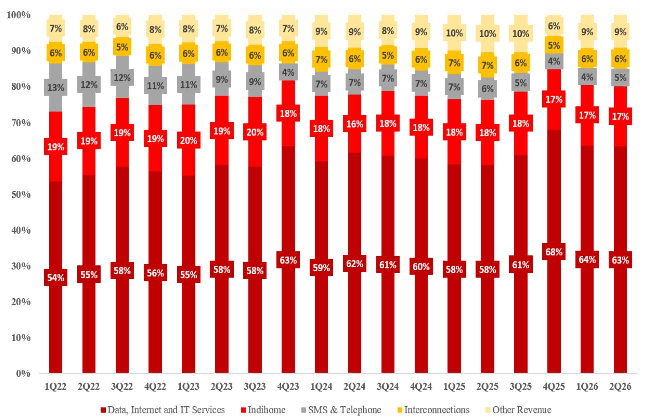
Source : TLKM, NHKSI Research

Exhibit 2. TLKM Profitability Margin Ratio (In %)



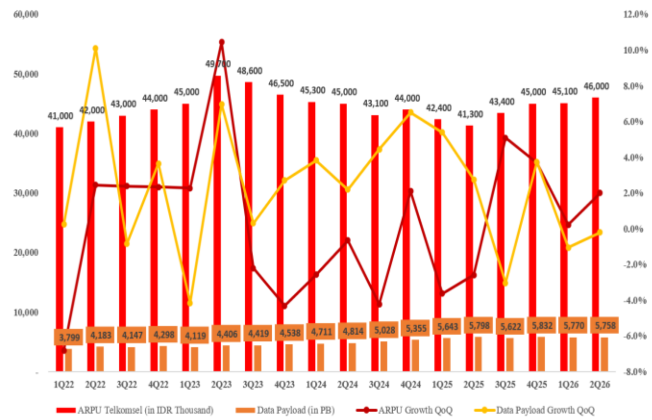
Source : TLKM, NHKSI Research

Exhibit 3. TLKM 's Revenue Breakdown (In %)



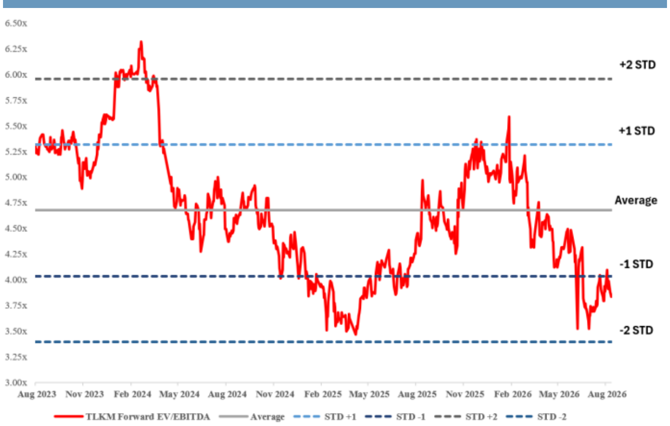
Source : TLKM, NHKSI Research

Exhibit 4. Telkomsel Data Payload & ARPU



Source : TLKM, NHKSI Research

Exhibit 5. TLKM Forward 3-Year EV / EBITDA



Source : TLKM, NHKSI Research

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Summary of TLKM's Financials & Forecast

INCOME STATEMENT

(IDR Bn)	2025/12A	2026/12F	2027/12F	2028/12F
Revenue	**146,742**	**150,235**	**154,132**	**158,562**
Growth (% y/y)	*-2.2%*	*2.4%*	*2.6%*	*2.9%*
Operating Expenses	(112,094)	(110,837)	(113,231)	(116,820)
Operating Profit	**34,648**	**39,398**	**40,900**	**41,742**
Growth (% y/y)	*-19.4%*	*13.7%*	*3.8%*	*2.1%*
Operating Profit Margin	*23.61%*	*26.22%*	*26.54%*	*26.33%*
Depreciation & Amoratization	37,649	35,305	35,450	36,469
EBITDA	**72,297**	**74,703**	**76,351**	**78,211**
Growth (% y/y)	*-4.4%*	*3.3%*	*2.2%*	*2.4%*
EBITDA Margin	*49.27%*	*49.72%*	*49.54%*	*49.33%*
Other Finance Income (Expenses)	(3,546)	(1,695)	(1,953)	(2,091)
EBT	**31,102**	**37,702**	**38,948**	**39,651**
Income Tax	(6,644)	(8,295)	(8,568)	(8,723)
Non-controlling Interest	(6,644)	(7,279)	(7,499)	(7,707)
Net Profit	**17,814**	**22,129**	**22,880**	**23,221**
Growth (% y/y)	*-24.7%*	*24.2%*	*3.4%*	*1.5%*
Net Profit Margin (NPM)	*12.14%*	*14.73%*	*14.84%*	*14.64%*

PROFITABILITY & STABILITY

	2025/12A	2026/12F	2027/12F	2028/12F
ROE	11.8%	13.3%	13.3%	13.2%
ROA	6.2%	7.4%	7.4%	7.2%
Cash Dividend (IDR bn)	21,047	17,703	18,304	18,577
Dividend Yield (%)	8.2%	4.8%	4.9%	4.9%
Payout Ratio (%)	118.1%	80.0%	80.0%	80.0%
DER	0.91x	0.79x	0.81x	0.84x
Net Gearing	0.50x	0.42x	0.45x	0.49x
LT Debt to Equity	29.7%	27.5%	29.6%	31.9%
Capitalization Ratio	33.2%	29.7%	31.3%	32.9%
Equity Ratio	52.3%	56.0%	55.2%	54.3%
Debt Ratio	47.7%	44.0%	44.8%	45.7%
Financial Leverage	1.91x	1.85x	1.80x	1.83x
Current Ratio	84%	98%	102%	106%
Par Value (IDR)	90	90	90	90
Total Shares (mn)	99,062	99,062	99,062	99,062
Share Price (IDR)	2,590	3,700	3,800	3,800
Market Cap (IDR tn)	256.6	366.5	376.4	376.4

BALANCE SHEET

(IDR Bn)	2025/12A	2026/12F	2027/12F	2028/12F
Cash	35,426	38,245	41,827	46,285
Trade Recievables	11,223	11,936	12,331	12,815
Inventories	901	1,072	1,098	1,131
Other Current Assets	14,216	16,017	17,265	18,513
Fixed Asset	193,414	196,017	200,098	206,138
Other Non-Current Assets	32,579	35,150	38,476	39,830
Total Assets	**287,759**	**298,438**	**311,094**	**324,712**
Trade Payables	33,724	34,900	35,256	35,839
ST Debt	30,265	24,698	27,313	30,302
Other Current Liabilities	9,959	9,308	8,657	8,006
LT Debt	44,646	45,868	50,725	56,276
Other Non-Current Liabilites	18,628	16,673	17,499	17,925
Total Liabilities	**137,222**	**131,447**	**139,451**	**148,349**
Capital Stock & APIC	7,263	7,263	7,263	7,263
Retained Earnings	113,193	129,359	133,935	138,579
Other Equity	30,081	30,370	30,446	30,522
Total Shareholders' Equity	**150,537**	**166,991**	**171,643**	**176,364**

VALUATION INDEX

	2025/12A	2026/12F	2027/12F	2028/12F
Price / Earnings	14.4x	16.6x	16.5x	16.2x
Price / Book Value	1.7x	2.2x	2.2x	2.1x
Price / Revenue	1.7x	2.4x	2.4x	2.4x
PE / EPS Growth	-0.6x	0.7x	4.8x	10.9x
EV / EBITDA	3.9x	5.3x	5.4x	5.3x
EV / EBIT	6.9x	10.1x	10.1x	10.0x
EV (IDR bn)	296,056	398,851	412,648	416,729
Revenue CAGR (3-Yr)	0.8%	0.7%	1.1%	1.9%
EPS CAGR (3-Yr)	-10.4%	2.2%	-2.3%	-0.6%
Basic EPS (IDR)	180	223	231	234
BVPS (IDR)	1,520	1,686	1,733	1,780
Revenue PS (IDR)	1,481	1,517	1,556	1,601
DPS (IDR)	212	179	185	188

CASH FLOW STATEMENT

(IDR Bn)	2025/12A	2026/12F	2027/12F	2028/12F
Operating Cash Flow	55,681	67,941	65,704	63,754
Investing Cash Flow	(36,894)	(24,410)	(31,366)	(29,335)
Financing Cash Flow	(57,743)	(40,712)	(30,756)	(29,961)
Net Changes in Cash	**(38,956)**	**2,819**	**3,581**	**4,459**

OWNERSHIP

By Geography	%	Shareholders	%
Indonesia	61.60	Danantara Holding	51.57
United States	21.15	Bank of New York Mellon Co	6.29
United Kingdom	3.03	BPJS Ketenagakerjaan	2.40
Others	14.22	Others	39.74

Source : TLKM, Bloomberg & NHKSI Research

Please consider the rating criteria & important disclaimer

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%

Disclaimer