PT Telekomunikasi Indonesia Tbk. (TLKM)

9M26 | 3Q26: Earnings and Profitability Under Pressure – Infrastructure Value Unlocking Remains a Key Medium-Term Growth Catalyst

TLKM recorded 9M26 revenue growth of +3.5% YoY to IDR 113.50T, while net profit declined -3.9% YoY to IDR 14.45T. On a quarterly basis, 3Q26 revenue reached IDR 37.62T (+2.8% YoY; -2.8% QoQ), while net profit fell -39.1% QoQ and -16.1% YoY to IDR 3.82T. The weaker performance was primarily attributable to moderating Telkomsel ARPU, higher operating expenses, and mark-to-market losses on GoTo and other investment portfolios. Nevertheless, 9M26 normalized net income increased +3.9% YoY to IDR 16.53T, highlighting the divergence between underlying profitability and reported earnings. We believe TLKM's earnings recovery continues to face near-term challenges, although its streamlining initiatives and infrastructure value unlocking, particularly across fiber, towers, and data centers, remain potential medium-term growth catalysts. We maintain our FY26F revenue and net profit forecasts, alongside our "Buy" recommendation, while lowering our target price to IDR 3,100/share to reflect heightened market risks and a more conservative valuation.

Business Segments: Mobile ARPU Recovery Moderates, While Digital Infrastructure Offers New Growth Opportunities

- **Telkomsel's ARPU Recovery Moderated in 3Q26.** Mobile ARPU declined -2.4% QoQ to IDR 44.9k, despite remaining +3.5% higher YoY, alongside softer data yield of IDR 3.03/MB and pressure on consumer spending. Data, Internet & IT Services revenue declined -4.8% QoQ to IDR 23.36T in 3Q26, although it remained +4.7% higher YoY. On a 9M26 basis, the segment generated IDR 71.55T in revenue, remaining TLKM's largest revenue contributor. We believe the ongoing market repair process remains intact, although more consistent customer monetization is needed to sustain the recovery.

- **IndiHome Shows Early Signs of Operational Stabilization, While Legacy Services Remain Under Pressure.** IndiHome revenue declined -3.1% YoY to IDR 19.13T in 9M26, with quarterly revenue reaching IDR 6.33T (-1.4% QoQ) in 3Q26. Nevertheless, ARPU improved +3.3% QoQ to IDR 218k, while the subscriber base recovered +1.2% QoQ to 9.63 million. Meanwhile, SMS, Fixed & Cellular Voice revenue contracted -20.7% YoY to IDR 5.32T in 9M26, reflecting persistent structural pressure from the ongoing migration toward OTT-based communication services.

- **B2B Infrastructure and Data Centers Emerging as New Growth Engines.** B2B Infrastructure external revenue increased +5.5% YoY to IDR 7.08T in 9M26, while B2B ICT and International revenue grew +3.1% and +5.8% YoY, respectively. NeutraDC delivered +17% YoY standalone revenue growth to IDR 1.39T, with EBITDA rising +35% YoY to IDR 570B and EBITDA margin reaching 40.9%. Capacity expansion across Cikarang, Batam, and Singapore, alongside growing international connectivity demand, strengthens TLKM's opportunities to monetize its digital infrastructure assets and expand its recurring revenue base.

Operating Performance: Higher Operating Costs and Mark-to-Market Losses Weigh on Profitability

- **Operating Profit Pressured by Investment Valuation Losses and Higher G&A Expenses.** Operating profit declined -29.8% QoQ to IDR 7.87T in 3Q26, with OPM narrowing to 20.9% from 29.0% in 2Q26. The decline was primarily amplified by a reversal in other income (expenses), from a positive IDR 215B in 2Q26 to a negative IDR 1.59T in 3Q26, reflecting investment valuation losses and the absence of the previous quarter's AdMedika divestment gain. G&A expenses increased +9.0% QoQ to IDR 2.30T, while O&M expenses rose +2.3% QoQ to IDR 10.61T. In 9M26, unrealized investment valuation losses totaled IDR 1.66T, including GoTo and other investment portfolios.

- **Ongoing Streamlining Initiatives Support Efficiency and Cash Flow Quality.** Personnel expenses declined -1.9% YoY to IDR 11.68T in 9M26, supported by a -9.2% YoY reduction in headcount to 17,442 employees. Meanwhile, D&A expenses remained relatively stable at IDR 25.77T (-0.9% YoY). Operating cash flow reached IDR 48.01T (-3.2% YoY), while capex declined -10.4% YoY to IDR 15.70T. We view organizational simplification, non-core business divestments, and disciplined capital allocation as essential initiatives to improve operating efficiency and strengthen free cash flow generation over the medium term.

FY26 Outlook: Maintaining Earnings Forecasts, with Infrastructure Value Unlocking in Focus

- **We Maintain Our FY26F Revenue and Net Profit Estimates**. NHKSI Research maintains its FY26F revenue forecast of IDR 150.24T and net profit estimate of IDR 22.13T, reflecting our previous upward revisions of +1.13% and +1.17%, respectively. As of 9M26, revenue and net profit accounted for 75.5% and 65.3% of our full-year estimates. We acknowledge that achieving our earnings forecast would require a significant recovery in 4Q26. However, given the complexities surrounding accounting adjustments, unrealized investment losses, and restructuring-related impacts, we opt to maintain our current projections pending greater earnings visibility. Management also reiterated its FY26 guidance for normalized revenue growth of 1–3%, normalized EBITDA margin above 50%, and a capex-to-revenue ratio of 17–19%.

- **Infrastructure Value Unlocking Remains a Strategic Medium-Term Catalyst.** TLKM completed its two-phase network infrastructure asset spin-off to InfraNexia in September 2026, with an aggregate transfer value of approximately IDR 85.7T. The restructuring creates opportunities to improve asset utilization, monetize fiber infrastructure through a wholesale business model, and establish strategic partnerships. Furthermore, NeutraDC's expansion, MTEL's tower portfolio optimization, and the ongoing transition toward a Strategic Holding Company structure could enhance asset valuation transparency and support a sum-of-the-parts valuation approach. We believe the execution of TLKM30 will be instrumental in unlocking the embedded value of TLKM's infrastructure assets, which may not yet be fully reflected in its consolidated valuation.

Maintaining "Buy" Recommendation, While Lowering Target Price to IDR 3,100/Share

- **NHKSI Research Maintains Its "Buy" Recommendation While Lowering the Target Price to IDR 3,100/Share (Previously IDR 3,700), implying FY26F forward EV/EBITDA of 4.5x, equivalent to -1 standard deviation below its three-year historical average.** The 16.2% target price reduction reflects a downward adjustment to our valuation multiple to account for a higher country risk premium, uncertainty surrounding MSCI's proposed reclassification of Indonesia's equity market, and broader valuation pressure across domestic equities. We maintain our earnings assumptions, with the target price revision primarily driven by a more conservative valuation framework rather than downward revisions to our fundamental forecasts.

- **We Continue to View Infrastructure Value Unlocking as a Key Medium-Term Re-rating Catalyst for TLKM.** Fiber monetization through InfraNexia, NeutraDC's capacity expansion, tower portfolio optimization, and continued streamlining initiatives could strengthen cash flow quality and capital efficiency. Near-term downside risks include moderating ARPU, intensifying competition across mobile and fixed broadband markets, investment valuation losses, and MSCI-related market uncertainty. Nevertheless, supported by its extensive infrastructure asset base and long-term opportunities in digital infrastructure, we maintain our constructive view on TLKM's medium-term fundamental outlook.

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 | 10th November 2026

Buy

Target Price (IDR)	**3,100**
Consensus Price	2,998
TP to Consensus Price	+3.4%
Potential Upside	+51.2%

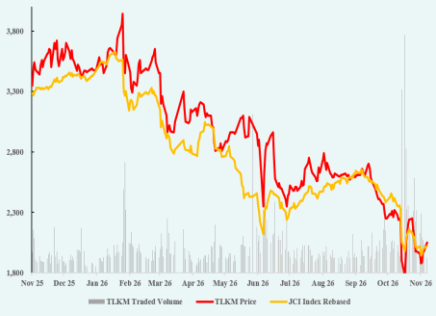
Shares Data

Last Price (IDR)	2,050
Price date as of	09th November 2026
52 wk range (Hi/Lo)	3,990 / 1,770
Free Float (%)	45.4
Outstanding sh (mn)	99,062
Market Cap (IDR bn)	203,078
Market Cap (USD mn)	11,236
Avg. Trd Vol – 3M (mn)	191.04
Avg. Trd Vol – 3M (IDR Bn)	422.55
Foreign Ownership	36.8%

Sector
Infrastructure
Sub-Sector
Telecommunication

Bloomberg	TLKM IJ Equity
Reuters	TLKM JK

Shares Price Performance



	YTD	1M	3M	12M
Abs.Ret	-40.9%	-11.6%	-21.8%	-40.4%
Rel.Ret	+0.9%	+4.8%	-1.7%	-1.1%

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9M26 | 3Q26 : Quarterly Income Statement – Operational Review For TLKM

(In IDR Billion)		9M25		9M26	YoY Growth		3Q25		2Q26		3Q26	QoQ Growth	YoY Growth
TLKM Income Statement 9M26 | 3Q26													
Revenue	**IDR**	**109,617**	**IDR**	**113,502**	3.5%	**IDR**	**36,613**	**IDR**	**38,689**	**IDR**	**37,624**	-2.8%	2.8%
Operation, Maintenance & Teleco. Services	IDR	*(30,284)*	IDR	*(32,088)*	*6.0%*	IDR	*(10,524)*	IDR	*(10,377)*	IDR	*(10,614)*	*2.3%*	*0.9%*
Interconnection Expense	IDR	*(5,661)*	IDR	*(5,742)*	*1.4%*	IDR	*(1,466)*	IDR	*(1,970)*	IDR	*(1,954)*	*-0.8%*	*33.3%*
Personnel Expense	IDR	*(11,903)*	IDR	*(11,681)*	*-1.9%*	IDR	*(3,828)*	IDR	*(3,692)*	IDR	*(3,960)*	*7.3%*	*3.4%*
G&A Expense	IDR	*(5,003)*	IDR	*(5,961)*	*19.1%*	IDR	*(1,661)*	IDR	*(2,106)*	IDR	*(2,295)*	*9.0%*	*38.2%*
Selling & Marketing Expense	IDR	*(2,378)*	IDR	*(2,543)*	*6.9%*	IDR	*(847)*	IDR	*(1,050)*	IDR	*(778)*	*-25.9%*	*-8.1%*
D&A	IDR	*(25,996)*	IDR	*(25,770)*	*-0.9%*	IDR	*(9,178)*	IDR	*(8,505)*	IDR	*(8,567)*	*0.7%*	*-6.7%*
Other Income (Expenses)	IDR	*(148)*	IDR	*(1,718)*	*1060.8%*	IDR	*(146)*	IDR	*215*	IDR	*(1,590)*	*-839.5%*	*989.0%*
Operational Expenses	**IDR**	**(81,373)**	**IDR**	**(85,503)**	**5.1%**	**IDR**	**(27,650)**	**IDR**	**(27,485)**	**IDR**	**(29,758)**	**8.3%**	**7.6%**
Operational Profit	**IDR**	**28,244**	**IDR**	**27,999**	-0.9%	**IDR**	**8,963**	**IDR**	**11,204**	**IDR**	**7,866**	-29.8%	-12.2%
OPM (Operating Profit Margin)		25.8%		24.7%			24.5%		29.0%		20.9%		
Finance Income	IDR	*1,285*	IDR	*1,189*	*-7.5%*	IDR	*398*	IDR	*403*	IDR	*444*	*10.2%*	*11.6%*
Finance Costs	IDR	*(4,031)*	IDR	*(3,461)*	*-14.1%*	IDR	*(1,384)*	IDR	*(1,058)*	IDR	*(1,382)*	*30.6%*	*-0.1%*
Share of Gain Long Term Investment in Asso. (Loss)	IDR	*(5)*	IDR	*(1)*		IDR	*(1)*	IDR	*1*	IDR	*-*		
Earning Before Tax	**IDR**	**25,493**	**IDR**	**25,726**	0.9%	**IDR**	**7,976**	**IDR**	**10,550**	**IDR**	**6,928**	-34.3%	-13.1%
OPM		23.3%		22.7%			21.8%		27.3%		18.4%		
Income Tax Expenses	IDR	*(5,651)*	IDR	*(6,264)*	10.8%	IDR	*(1,758)*	IDR	*(2,398)*	IDR	*(1,672)*	-30.3%	-4.9%
Minority Interest	IDR	*(4,811)*	IDR	*(5,016)*	4.3%	IDR	*(1,660)*	IDR	*(1,873)*	IDR	*(1,433)*	-23.5%	-13.7%
Net Profit	**IDR**	**15,031**	**IDR**	**14,446**	-3.9%	**IDR**	**4,558**	**IDR**	**6,279**	**IDR**	**3,823**	-39.1%	-16.1%
NPM (Net Profit Margin)		13.7%		12.7%			12.4%		16.2%		10.2%		

Operational Performance Data		9M25		9M26	YoY Growth		3Q25		2Q26		3Q26	QoQ Growth	YoY Growth
TLKM : Telekomunikasi Indonesia													
Indihome | B2C Subs. (Thousand)		*10,261*		*9,513*	-7.3%		*10,261*		*9,513*		*9,631*	1.2%	-6.1%
Indihome | ARPU (IDR Thousand)	IDR	*217*	IDR	*211*	-2.8%	IDR	*211*	IDR	*211*	IDR	*218*	3.3%	3.3%
Telkomsel | Mobile Customer Base (Thousand)		*157,587*		*151,068*	-4.1%		*157,587*		*153,545*		*151,068*	-1.6%	-4.1%
Telkomsel | ARPU (IDR Thousand)	IDR	*42.4*	IDR	*45.4*	7.1%	IDR	*43.4*	IDR	*46.0*	IDR	*44.9*	-2.4%	3.5%
Data Payload (in PB)		*17,063*		*17,331*	1.6%		*5,622*		*5,758*		*5,803*	0.8%	3.2%

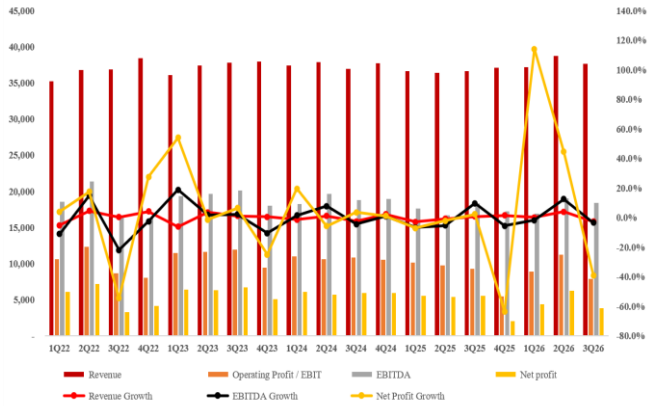
TLKM Revenue Breakdown		9M25		9M26	YoY Growth		3Q25		2Q26		3Q26	QoQ Growth	YoY Growth
Revenue in IDR Bn.													
Data Internet & Service	IDR	*64,802*	IDR	*71,547*	*10.4%*	IDR	*22,319*	IDR	*24,538*	IDR	*23,363*	*-4.8%*	*4.7%*
IndiHome	IDR	*19,731*	IDR	*19,129*	*-3.1%*	IDR	*6,480*	IDR	*6,420*	IDR	*6,331*	*-1.4%*	*-2.3%*
SMS, Fixed & Cellular Voice	IDR	*6,708*	IDR	*5,319*	*-20.7%*	IDR	*1,862*	IDR	*1,937*	IDR	*1,876*	*-3.1%*	*0.8%*
Interconnection	IDR	*7,107*	IDR	*6,720*	*-5.4%*	IDR	*2,145*	IDR	*2,228*	IDR	*2,275*	*2.1%*	*6.1%*
Network and Other Services	IDR	*11,269*	IDR	*10,787*	*-4.3%*	IDR	*3,807*	IDR	*3,566*	IDR	*3,779*	*6.0%*	*-0.7%*
Total Revenue	**IDR**	***109,617***	**IDR**	***113,502***	***3.5%***	**IDR**	***36,613***	**IDR**	***38,689***	**IDR**	***37,624***	***-2.8%***	***2.8%***

Source : TLKM, NHKSI Research

Please consider the rating criteria & important disclaimer

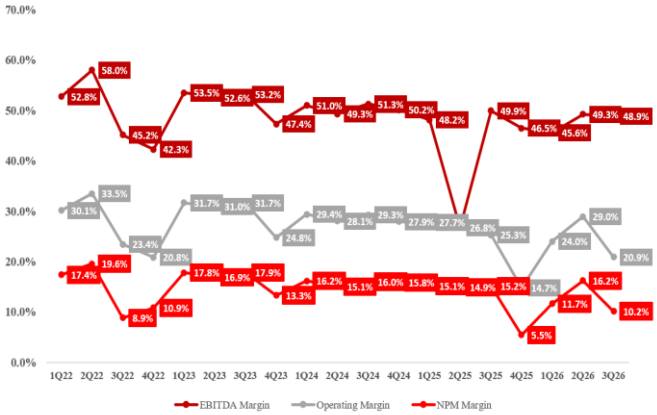
Performance Highlight For TLKM

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



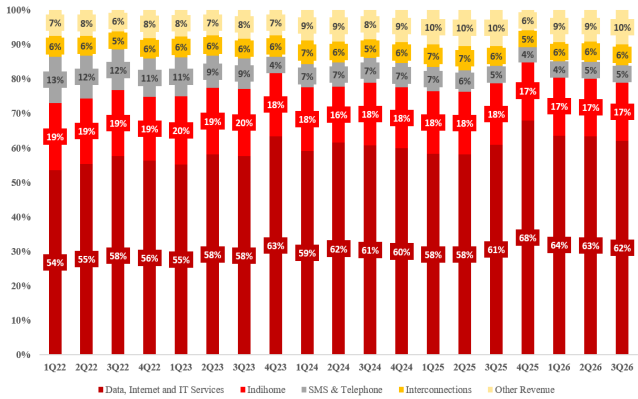
Source : TLKM, NHKSI Research

Exhibit 2. TLKM Profitability Margin Ratio (In %)



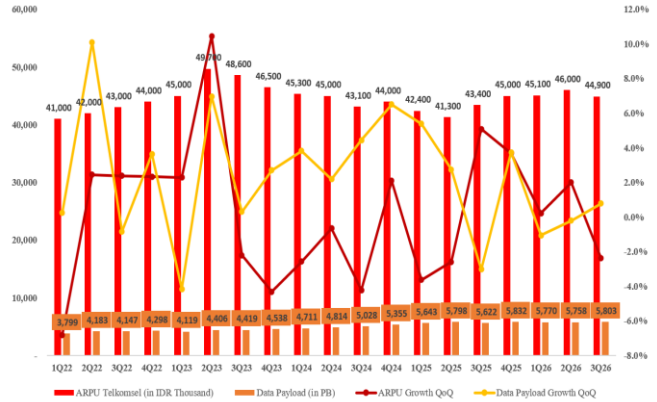
Source : TLKM, NHKSI Research

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

Please consider the rating criteria & important disclaimer

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 (%)	10.4%	5.8%	5.8%	5.9%
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)	2,050	3,100	3,200	3,200
Market Cap (IDR tn)	203.1	307.1	317.0	317.0

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	11.4x	13.9x	13.9x	13.7x
Price / Book Value	1.3x	1.8x	1.8x	1.8x
Price / Revenue	1.4x	2.0x	2.1x	2.0x
PE / EPS Growth	-0.5x	0.6x	4.1x	9.2x
EV / EBITDA	3.2x	4.5x	4.6x	4.6x
EV / EBIT	5.6x	8.6x	8.6x	8.6x
EV (IDR bn)	242,563	339,414	353,211	357,292
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	63.53	Danantara Holding	52.16
United States	21.15	Bank of New York Mellon Co	6.52
United Kingdom	3.03	BPJS Ketenagakerjaan	2.40
Others	12.29	Others	38.92

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%

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