



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	51349.9	(0.3)	(1.0)	(4.1)	6.8
S&P 500	7670.8	(0.2)	(1.2)	(0.5)	12.1
FTSE 100	10636.7	(0.5)	(0.7)	(1.7)	7.1
AS30	8886.6	0.4	(0.7)	(4.1)	(1.5)
CSI 300	4345.2	0.1	(4.3)	(6.1)	(6.1)
FSSTI	5714.8	(0.2)	(0.2)	(0.7)	23.0
HSCEI	8178.8	(0.5)	(2.2)	(3.9)	(8.2)
HSI	24523.6	(0.5)	(2.2)	(4.1)	(4.3)
JCI	6121.7	(0.4)	(2.5)	(6.2)	(29.2)
KLCI	1644.0	(1.6)	(2.3)	(4.7)	(2.2)
KOSPI	6870.8	(0.3)	(0.3)	0.7	63.0
Nikkei 225	65481.3	(0.6)	2.1	(1.3)	30.1
SET	1594.3	(0.5)	(0.6)	(0.1)	26.6
TWSE	47632.0	(0.8)	1.0	3.3	64.5
BDI	3178	(2.8)	(7.4)	(0.3)	69.3
CPO (RM/mt)	4474	0.0	(2.9)	(2.9)	13.8
Brent Crude (US\$/bbl)	103	(2.6)	3.4	14.9	68.6

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
New Economy Conference at The Ritz Carlton Hotel	Malaysia	07 Oct	07 Oct
NDR with Food Empire Holdings Ltd (FEH SP)	Malaysia	08 Oct	08 Oct
Small & Mid-Caps Corporate Day	Singapore	21 Oct	21 Oct

Top Stories

Company Update | Telkom Indonesia (TLKM IJ/BUY/Rp2,370/Target: Rp3,300)

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- Maintain BUY with a lower target price of Rp3,300 based on 5.1x 2026F EV/EBITDA, or -0.5SD to its five-year mean. We see TIF as the key value-unlocking catalyst, with Phase 2 expected to complete in early-4Q26 and potential for a strategic stake sale thereafter. TLKM also offers an attractive 10.3% 2027F dividend yield, supported by improving mobile ARPU and ongoing ERP-led efficiency gains, despite potential execution risks.

Technical Analysis

Dian Swastatika Sentosa | DSSA IJ

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- Trading Buy Range: We have a technical Buy at Rp1,085, and take profit at Rp1,135.

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- Trading Buy Range: We have a technical Buy at Rp530, and take profit at Rp575.

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Telkom Indonesia (TLKM IJ)

Value Unlocked With Potential Execution Risks

Highlights

- **TIF remains the key catalyst, with 10.3% dividend yield.** TIF Phase 2 completion and a potential strategic stake sale could provide further value realisation on top of the attractive dividend yield.
- **Core operations continue to improve.** Rising mobile ARPU, continued ERP-led efficiency gains and 5G expansion support the outlook.
- **Maintain BUY** with a lower target price of Rp3,300.

Analysis

- **TIF as the main value-unlocking catalyst with normal dividend yield at attractive level.** The next major catalyst is the completion of Telkom InfraCo (TIF) Phase 2, with shareholder approval scheduled for the 30 September Extraordinary General Meeting of Shareholders (EGM) and completion expected in early-4Q26. The transaction will further consolidate Telkom Indonesia's (TLKM) wholesale fibre connectivity business into TIF, strengthening its scale ahead of a potential strategic stake sale. Management is also still evaluating whether to consolidate additional fibre assets before proceeding with the strategic investor process, which could further increase TIF's scale but potentially extend the monetisation timeline. At an 8-9x targeted EV/EBITDA valuation, versus around 3.7x for TLKM currently, TIF could command a meaningful premium once it reaches the targeted revenue and EBITDA of around Rp26t and Rp9t-10t, respectively. Beyond TIF, a data centre stake sale, property assets and potential GOTO shares divestment remain as additional monetisation avenues, which could support future value realisation above the current expected 2027F dividend yield of 10.4%.
- **Near-term execution could face some uncertainty from management changes and asset reorganisation.** The 30 September EGM also includes an agenda to change some of TLKM's Board of Directors and commissioners, which could introduce some short-term execution risk as the new management structure reviews ongoing priorities and projects. Separately, the planned use of Graha Merah Putih (GMP) by Badan Gizi Nasional (BGN) is expected to involve the relocation of several TelkomGroup units, while the rental area, duration and transaction value remain under discussion. Telkom has framed the move as part of property asset optimisation and said it could create additional connectivity and digital-service opportunities, but the transition could add some operational risk.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	149,967	146,742	149,606	153,887	157,967
EBITDA	75,634	72,297	74,212	78,175	81,511
Operating profit	41,453	34,648	36,889	38,955	41,388
Net profit (rep./act.)	22,403	17,814	19,712	21,014	22,506
Net profit (adj.)	22,272	19,310	21,675	21,804	22,506
EPS (Rp)	225	195	219	220	227
PE (x)	10.5	12.2	10.8	10.8	10.4
P/B (x)	1.5	1.6	1.6	1.6	1.6
EV/EBITDA (x)	3.7	3.8	3.7	3.5	3.3
Dividend yield	7.5	9.0	9.4	10.4	11.0
Net margin (%)	14.9	12.1	13.2	13.7	14.2
Net debt/(cash) to equity (%)	27.9	27.0	28.2	25.1	23.7
Interest cover (x)	8.0	6.7	7.9	8.6	9.0
ROE (%)	14.5	11.8	13.2	14.3	15.6
Consensus net profit			20,071	21,808	22,758
UOBKH/Consensus (x)			0.98	0.96	0.99

Source: TLKM, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Rp2,370
Target Price	Rp3,300
Upside	+39.2%
Previous TP	Rp3,600

Stock Data

Sector	Communication Services
Bloomberg ticker	TLKM IJ
Shares issued (m)	99,062
Market cap (Rpb)	233,787
Market cap (US\$m)	13,002
3-mth avg daily t'over (US\$m)	15.0

Price Performance (%)

52-week high/low			Rp3,990/Rp2,300	
1mth	3mth	6mth	1yr	YTD
(8.2)	(2.1)	(22.6)	(24.1)	(32.2)

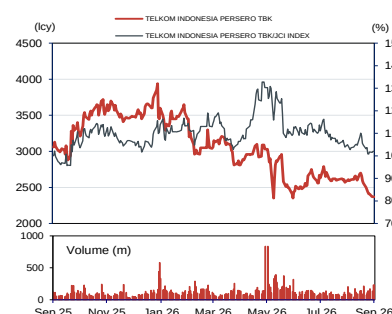
Major Shareholders (%)

PT. Danantara Asset Management	54.5
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Balance Sheet Metrics

FY26 NAV/Share (Rp)	1,504.2
FY26 Net Cash/Share (Rp)	(423.6)

Price Chart



Source: Bloomberg

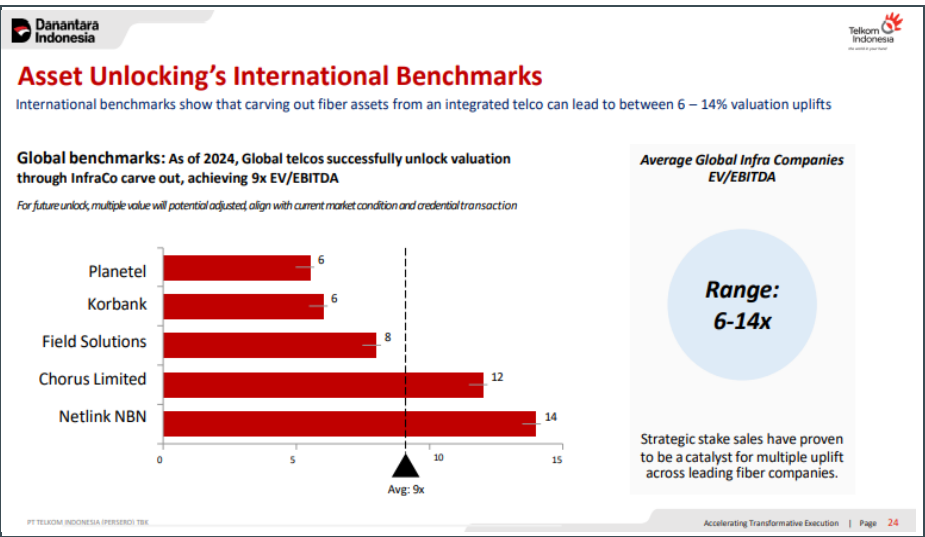
Company Description

Telkom is a leading state-owned telecommunications company that provides a range of services outside of mobile and fixed broadband, including enterprise business and leasing their infrastructure to other telecommunication companies in Indonesia.

- **Restructuring is underway while operating trends remain supportive.** TLKM continues to implement its early retirement programme (ERP) and broader organisational streamlining, which should improve efficiency over time although restructuring costs could continue to pressure near-term earnings. Despite this, management has maintained its 2026 guidance, with 1H26 revenue growth of 3.9% yoy already above the 1-3% target. The efficiency opportunity remains meaningful, as Telkomsel contributes around 72% of group revenue while accounting for only around 30% of TLKM's workforce. Mobile average revenue per user (ARPU) growth also remains supportive across the three major mobile network operators (MNO)s, reflecting improving industry pricing discipline.

At the same time, the new 700MHz and 2.6GHz spectrum allocation should support broader 5G coverage and higher network capacity, but will also keep capex toward the higher end of guidance. This could temporarily compete with dividend growth and free cash flow before TIF and other asset monetisation proceeds are realised.

TLKM's Methodology For TIF's Valuation



Valuation/Recommendation

- **Maintain BUY with a lower target price of Rp3,300 (previously Rp3,600).** Our target price is based on 5.1x 2026F EV/EBITDA, or -0.5SD to its five-year mean, reflecting near-term execution risks and a longer timeline for value unlocking.

Earnings Revision/Risk

- **Earnings revision:** None.
- **Downside risks:** a) Weaker-than-expected ARPU recovery, b) slower-than-expected unlocking of subsidiaries' value, c) higher forex impact on capex, and d) restructuring execution risk.

Share Price Catalyst

- Corporate action progress announcements.

Full-Year Guidance



Depreciation Change From 2026 Onwards

(x) In 2025, the Company classified drop cable assets with a useful life of 5 years. This change in accounting policy has been applied retrospectively (Note 22.ii). The impact of the increase in depreciation expense (before intercompany eliminations and adjustments) for the year ended December 31, 2025 is Rp1,352 billion. Meanwhile, the estimate for the increase (decrease) in depreciation expense for at least the next 5 (five) years is as follows:

Years	Increase (Decrease)
2026	880
2027	419
2028	55
2029	(298)
2030	(642)

(xi) In 2025, the Company determined changes in the estimated useful lives for several assets owned by the Company (Note 22.ii(b)). The impact of the increase in depreciation expense (before intercompany eliminations and adjustments) for the year ended December 31, 2025 is Rp1,684 billion. The estimate for the increase (decrease) in depreciation expense for at least the next 5 (five) years is as follows:

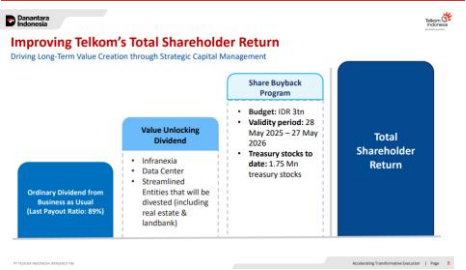
Years	Increase (Decrease)
2026	1,446
2027	653
2028	228
2029	(96)
2030	(381)

(xii) In 2025, the Company conducted an evaluation of the physical condition of its assets and recognized an accelerated depreciation of Rp1,945 billion for several types of assets that were assessed to no longer be optimally utilized.

(xiii) In 2025 and 2024, the total fair values of land rights and buildings of the Group amounted to Rp64,474 billion and Rp53,262 billion.

Source: TLKM

Total Shareholder Return Plan



Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	146,742	149,606	153,887	157,967
EBITDA	72,297	74,212	78,175	81,511
Deprec. & amort.	(37,649)	(37,323)	(39,219)	(40,123)
EBIT	34,648	36,889	38,955	41,388
Total other non-operating income	(1)	(143)	-	-
Net interest income/(expense)	(3,545)	(3,206)	(3,199)	(3,092)
Pre-tax profit	31,102	33,541	35,756	38,296
Tax	(6,644)	(7,044)	(7,509)	(8,042)
Minorities	(6,644)	(6,785)	(7,233)	(7,747)
Net profit	17,814	19,712	21,014	22,506

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	63,842	63,338	68,597	69,024
Net profit before MI	24,458	26,497	28,247	30,254
Deprec. & amort.	37,649	37,323	39,219	40,123
Working capital changes	1,922	(1,183)	1,222	(1,219)
Other operating cashflows	(187)	701	(92)	(133)
Investing	(26,095)	(36,592)	(33,041)	(33,956)
Capex (growth)	(27,136)	(30,322)	(26,535)	(27,481)
ROU	(6,712)	(6,706)	(6,706)	(6,711)
Others	7,753	436	200	236
Financing	(37,743)	(28,685)	(30,533)	(30,198)
Dividend payments	(28,406)	(28,021)	(30,440)	(32,450)
Proceeds & repay borrowings	8,744	(1,957)	(665)	(94)
Others	(7,380)	-	-	-
Net cash inflow (outflow)	4	(1,940)	5,022	4,870
Beginning cash & cash equivalent	33,905	34,228	32,288	37,311
Change due to forex impact	319	-	-	-
Ending cash & cash equivalent	34,228	32,288	37,311	42,181
Operating	63,842	63,338	68,597	69,024

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	165,453	161,136	156,355	151,046
Other LT assets	60,540	64,313	63,899	64,076
Cash/ST investment	34,228	32,288	37,311	42,181
Other current assets	27,538	27,512	28,121	29,124
Total assets	287,759	285,251	285,686	286,427
ST debt	30,265	27,628	28,359	29,985
Other current liabilities	43,683	43,175	44,914	44,565
LT debt	44,646	46,619	45,793	46,420
Other LT liabilities	18,628	18,816	19,798	20,833
Shareholders' equity	130,685	129,020	126,380	123,670
Minority interest	19,852	19,993	20,441	20,955
Total liabilities & equity	287,759	285,251	285,686	286,427

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	49.3	49.6	50.8	51.6
Pre-tax margin	21.2	22.4	23.2	24.2
Net margin	12.1	13.2	13.7	14.2
ROA	6.2	6.9	7.4	7.9
ROE	13.6	15.3	16.6	18.2
Growth				
Turnover	(2.2)	2.0	2.9	2.7
EBITDA	(4.4)	2.6	5.3	4.3
Pre-tax profit	(17.3)	7.8	6.6	7.1
Net profit	(20.5)	10.7	6.6	7.1
EPS	(13.3)	12.2	0.6	3.2
Leverage				
Debt to total capital (x)	0.3	0.3	0.3	0.3
Debt to equity (x)	0.5	0.5	0.5	0.5
Net debt/(cash) to equity (x)	27.0	28.2	25.1	23.7
Interest cover (x)	6.7	7.9	8.6	9.0

Technical Analysis



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Technical BUY with 4.5% potential return

Resistance:	Rp1,135, Rp1,220
Support:	Rp1,030, Rp1,010
Stop-loss:	Rp1,025

Share price closed higher and formed a neutral candlestick. Price has rebounded from Tuesday's low; hence, we see potential for more rebounds to take place and price could challenge the resistance at Rp1,135 and Rp1,220. Technical indicator RSI is sloping upwards and back above its midline, while the MACD remains on a bearish crossover. Buy at Rp1,085 and take profit at Rp1,135.

Approximate timeframe: 2-4 weeks.



J Resources Asia Pasifik PSAB IJ

Technical BUY with 8.5% potential return

Resistance:	Rp575, Rp600
Support:	Rp515, Rp500
Stop-loss:	Rp500

Share price closed higher and formed a neutral candlestick. Price rebounded; hence, we see potential for price to make more rebounds and challenge the resistance at Rp575 and Rp600. Technical indicator RSI is sloping upwards and approaching its midline, while the Stochastic has just given a bullish signal and moved out of its oversold zone. Buy at Rp530 and take profit at Rp575.

Approximate timeframe: 2-4 weeks.

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