

Telekomunikasi Indonesia Tbk (TLKM)

Kinerja yang Lebih Baik

Company Report | Nov 09, 2018

Buy

Dec 2019 TP (IDR)	4,700
Consensus Price (IDR)	4,231
TP to Consensus Price	+11.1%
vs. Last Price	+17.5%

Shares data

Last Price (IDR)	4,000
Price date as of	Nov 8, 2018
52 wk range (Hi/Lo)	4,419 / 3,250
Free float (%)	47.9
Outstanding sh.(mn)	99,062
Market Cap (IDR bn)	394,268
Market Cap (USD mn)	27,228
Avg. Trd Vol - 3M (mn)	97.90
Avg. Trd Val - 3M (bn)	348.07
Foreign Ownership	29.3%

Infrastructure

Telecommunication

Bloomberg	TLKM.IJ
Reuters	TLKM.JK

Perbaiki Kinerja Mulai Membuahkan Hasil

Sesuai dengan prediksi kami, TLKM menghasilkan kinerja lebih baik pada 3Q18. **Pendapatan naik menjadi Rp34,8 triliun (+8,8% q-q)**, ditopang oleh kenaikan di semua segmen kecuali penurunan 3,9% di segmen *fixed line voice*. Selain dari segi pendapatan, upaya **cost control mulai membuahkan hasil**, terlihat dari penurunan beban karyawan menjadi Rp3,26 triliun (-18% q-q) dan biaya umum dan administrasi menjadi Rp1,21 triliun (-41% q-q).

Kualitas Memenangkan Hati Pelanggan

Kenaikan harga data pada Juli 2018 tidak membuat pelanggan TLKM menurunkan belanja data, terlihat dari kenaikan *data traffic* 116,3% y-y. Hal ini sangat menguntungkan TLKM karena segmen data, internet, dan jasa IT merupakan kontributor pendapatan terbesar, yaitu 54% dari total pendapatan. Selain itu, kenaikan harga sebesar 4%-5% juga ditujukan bagi sekitar 700.000 pelanggan Indihome pada Agustus dan September 2018. Namun jumlah **pelanggan Indihome tetap bertumbuh menjadi 4,7 juta pelanggan (+101,2% y-y)** hingga akhir September 2018.

Paradoks yang Menguntungkan

Jumlah pelanggan Telkomsel menurun menjadi 167,8 juta pada akhir September 2018 (vs. 177,9 juta pada akhir Juni 2018) akibat efek mandatori registrasi SIM card. Kendati demikian, Telkomsel **tetap mampu membukukan pertumbuhan pendapatan 10,1% q-q**. Hal ini didorong oleh meningkatnya kualitas dan loyalitas pelanggan, ditandai oleh konsistensi penambahan jumlah pelanggan yang bertahan lebih dari 12 bulan.

Target Harga Rp 4,700

Target harga diperoleh dengan estimasi forward P/E 2019 sebesar 18,3x (0,5SD dibawah rata-rata 3 tahun) dan mengimplikasikan P/E 2019E sebesar 20,5x. Saat ini, TLKM diperdagangkan pada P/E 2018E sebesar 19,7x.

Telekomunikasi Indonesia Tbk | Summary (IDR bn)

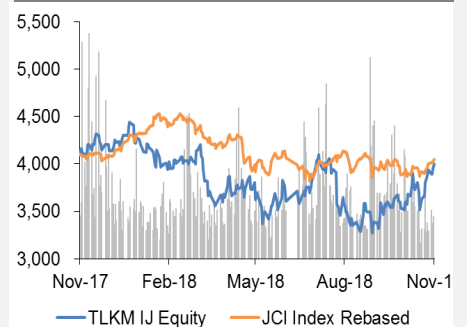
	2017	2018E	2019F	2020F
Sales	128,256	134,284	148,149	164,194
<i>Sales growth</i>	10.2%	4.7%	10.3%	10.8%
EBITDA	64,609	61,556	68,092	75,927
Net Profit	22,145	19,864	22,720	25,663
EPS (IDR)	220	201	229	259
<i>EPS growth</i>	14.4%	-10.3%	14.4%	13.0%
BVPS (IDR)	1,112	1,203	1,299	1,407
EBITDA margin	50.4%	45.8%	46.0%	46.2%
NPM	17.3%	14.8%	15.3%	15.6%
ROE	20.3%	17.2%	18.3%	19.2%
ROA	11.7%	9.6%	10.2%	10.7%
ROIC	22.8%	18.3%	19.3%	19.9%
P/E	20.2x	19.7x	17.2x	15.2x
P/BV	4.0x	3.3x	3.0x	2.8x
EV/EBITDA	7.4x	7.0x	6.4x	5.8x
DPS (IDR)	115	120	138	155
<i>Dividend yield</i>	2.6%	3.0%	3.5%	3.9%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-9.9%	13.6%	12.7%	-2.4%
Rel. Ret.	-3.9%	9.9%	14.6%	-1.2%

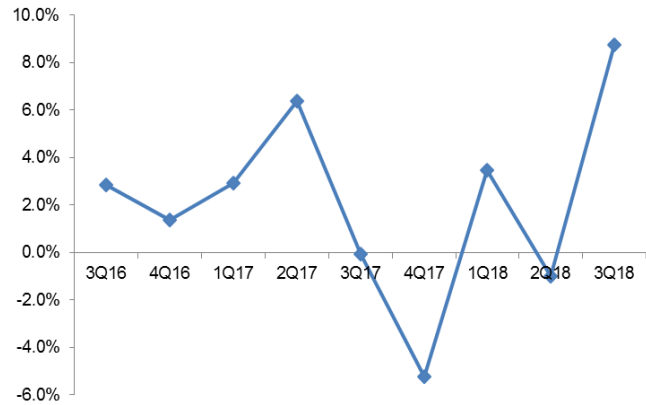
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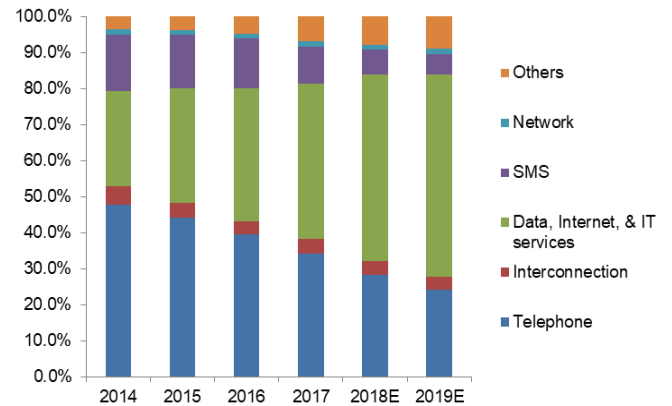
Performance Highlights

TLKM Sales Growth (q-q) | 3Q16 - 3Q18



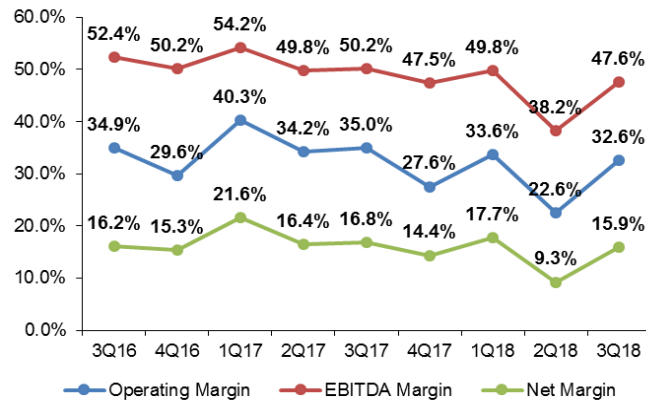
Source: Company, NHKS Research

Sales Breakdown | 2014—2019E



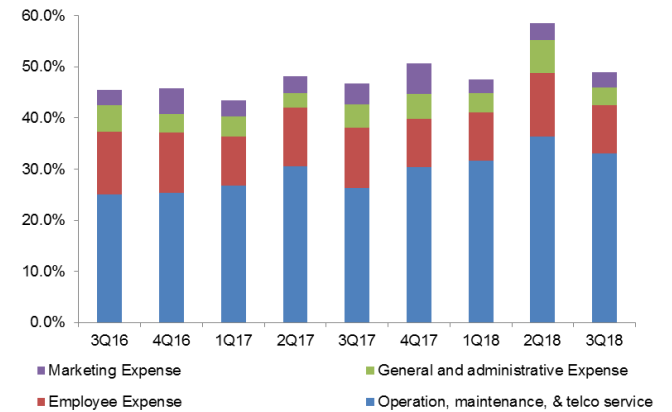
Source: Company, NHKS Research

Quarterly Margin Ratios | 3Q16 - 3Q18



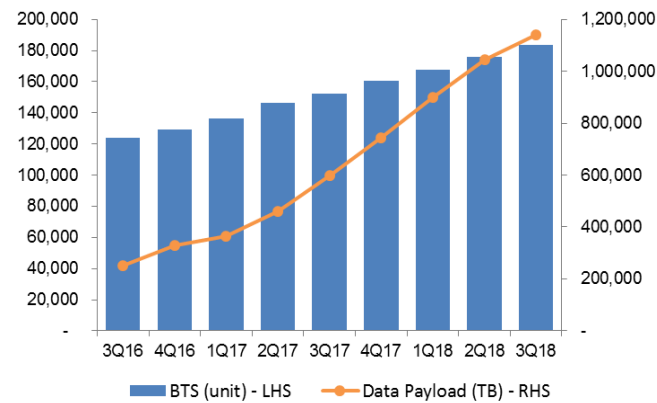
Source: Company, NHKS Research

Portion Expense to Revenue | 3Q16 - 3Q18



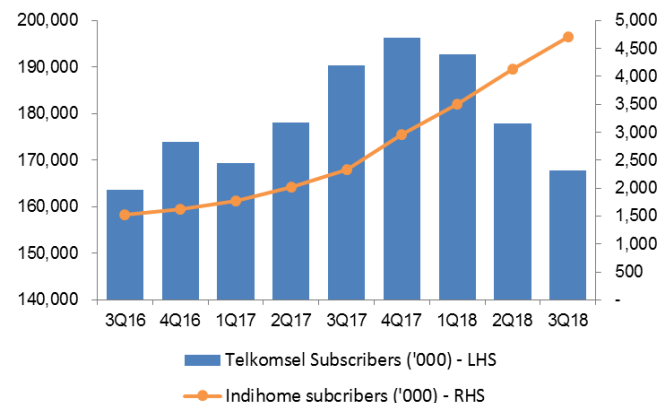
Source: Company, NHKS Research

Infrastructure BTS and Data Payload | 3Q16 - 3Q18



Source: Company, NHKS Research

Telkomsel and Indihome Subscribers | 3Q16 - 3Q18



Source: Company, NHKS Research

3Q18 review (IDR bn)

	3Q17	4Q17	1Q18	2Q18	3Q18					4Q18E
					Actual	Estimate	y-y	q-q	surprise	
Sales	32,982	31,253	32,343	32,025	34,835	34,179	5.6%	7.7%	1.9%	35,081
Gross Profit	23,275	21,188	21,271	19,359	22,067	23,111	-5.2%	3.7%	-4.5%	22,222
<i>Gross Margin</i>	70.6%	67.8%	65.8%	60.4%	63.3%	67.6%	-10.2%	-2.4%	-4.3%	63.3%
EBIT	11,535	8,612	10,878	7,222	11,342	11,694	-1.7%	4.3%	-3.0%	11,069
<i>EBIT Margin</i>	35.0%	27.6%	33.6%	22.6%	32.6%	34.2%	-6.9%	-1.1%	-1.7%	31.6%
EBITDA	16,544	14,830	16,116	12,227	16,569	16,774	0.2%	2.8%	-1.2%	16,644
<i>EBIT Margin</i>	50.2%	47.5%	49.8%	38.2%	47.6%	49.1%	-5.2%	-2.3%	-1.5%	47.4%
Net Profit	5,548	4,493	5,734	2,964	5,534	5,867	-0.3%	-3.5%	-5.7%	5,632
<i>Net Margin</i>	16.8%	14.4%	17.7%	9.3%	15.9%	17.2%	-5.6%	-1.8%	-1.3%	16.1%

Source: Bloomberg, NHKS research

Earnings revision (IDR bn)

		2018E	2019F	2020F
Sales	-Revised	134,284	148,149	164,194
	-Previous	134,807	149,039	167,069
	-Change	-0.4%	-0.6%	-1.7%
Gross Profit	-Revised	84,919	94,346	105,092
	-Previous	88,257	97,982	110,375
	-Change	-3.8%	-3.7%	-4.8%
Gross Margin	-Revised	63.2%	63.7%	64.0%
	-Previous	65.5%	65.7%	66.1%
EBIT	-Revised	40,511	44,520	50,271
	-Previous	42,141	46,878	53,606
	-Change	-3.9%	-5.0%	-6.2%
EBIT Margin	-Revised	30.2%	30.1%	30.6%
	-Previous	31.3%	31.5%	32.1%
EBITDA	-Revised	61,556	68,092	75,927
	-Previous	63,642	70,398	79,030
	-Change	-3.3%	-3.3%	-3.9%
EBITDA Margin	-Revised	45.8%	46.0%	46.2%
	-Previous	47.2%	47.2%	47.3%
Net Profit	-Revised	19,864	22,720	25,663
	-Previous	20,829	24,335	26,964
	-Change	-4.6%	-6.6%	-4.8%
Net Margin	-Revised	14.8%	15.3%	15.6%
	-Previous	15.5%	16.3%	16.1%

Source: NHKS research

Sekilas tentang TLKM

Telekomunikasi Indonesia Persero Tbk disingkat Telkom Indonesia (TLKM) merupakan Badan Usaha Milik Negara (BUMN) yang bergerak di bidang jasa komunikasi, teknologi informasi dan jaringan telekomunikasi di Indonesia. TLKM telah hadir sejak 1965, kemudian seiring dengan tumbuhnya teknologi seluler, Telkom mendirikan anak usaha Telkomsel pada tahun 1995 dan meluncurkan Kartu Halo pascabayar pertamanya.

TLKM melayani enam portofolio bisnis: bisnis mobile (mobile voice, SMS, mobile broadband), bisnis fixed (fixed voice dan fixed broadband dengan brand IndiHome), bisnis Wholesale & International (layanan interkoneksi, network services hubbing data center, content platform, data internet dan solution), bisnis Infrastruktur Jaringan meliputi (network service, satelit, infrastruktur dan tower), bisnis Enterprise digital (layanan ICT-Information Communication technology) dan bisnis Consumer digital (digital payment—TCASH, e-commerce-blanja.com, digital advertising and analytics). Hingga September 2018, TLKM telah melayani 167,8 juta pelanggan dan 4,7 juta pelanggan Indihome.

Daya Saing TLKM di Asia Tenggara

TLKM merupakan pemimpin dalam industri Telekomunikasi di Indonesia dan perusahaan dengan market cap terbesar kedua di Asia Tenggara setelah Singtel Singapore. TLKM memiliki P/E dan ROE rata-rata dibanding dengan peers menandakan TLKM masih dalam track yang cukup baik. Selain itu, TLKM masih mampu mempertahankan margin laba bersih hingga *double digit* sebesar 14,1%.

ASEAN Telecommunication Operators

Company	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Margin	ROE LTM	P/E LTM	P/BV
Indonesia									
TLKM	27,228	14,607	9,379	1,327	-18.13%	14.1%	20.4%	21.4x	4.4x
EXCL	1,646	4,145	1,644	(1)	N/A	0.0%	0.0%	N/A	1.1x
ISAT	871	3,728	1,903	(25)	N/A	-1.3%	-2.6%	N/A	1.0x
Singapore									
Singtel	36,695	36,821	12,903	2,359	-44.20%	18.3%	10.77%	15.9x	1.7x
Malaysia									
Maxis	10,257	4,740	2,207	514	-3.22%	23.3%	29.33%	20.5x	5.9x
DiGi.Com	8,315	1,436	1,612	378	2.13%	23.4%	248.92%	22.7x	50.6x
Axiata Group	7,761	17,214	5,913	(796)	N/A	-13.5%	-14.17%	N/A	1.6x
Thailand									
Advanced Info Service	16,483	8,721	5,149	945	5.89%	18.3%	66.07%	17.7x	10.7x
True Corp	6,099	14,286	5,193	443	N/A	8.5%	10.61%	13.9x	1.4x
Total Access Comm.	3,408	3,515	2,352	34	-30.44%	1.5%	4.01%	98.6x	4.2x
Phillipine									
PLDT	5,286	9,190	3,173	168	-64.20%	5.3%	7.42%	32.4x	2.5x
Globe Telecom	4,642	5,556	2,815	331	0.80%	11.8%	25.65%	14.6x	3.7x

Source: Bloomberg

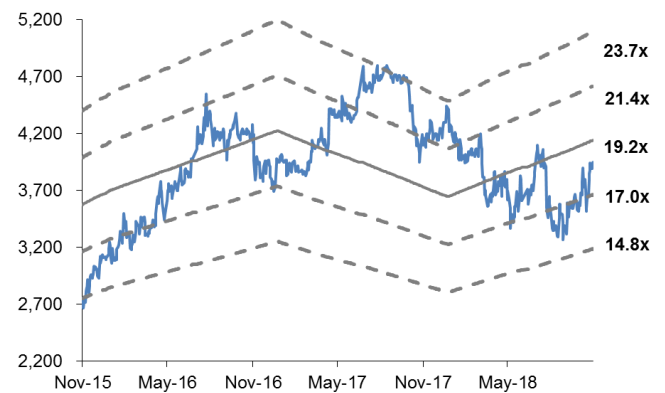
Multiple Valuation

Forward P/E band | Last 3 years



Source: NHKS research

Dynamic Forward P/E band | Last 3 years



Source: NHKS research

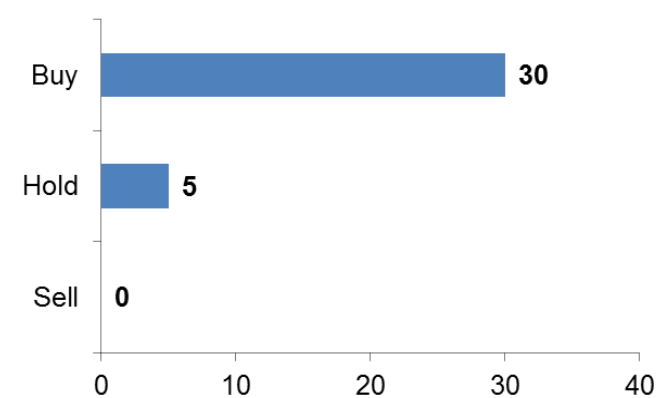
Rating and Target Price Update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
10/08/2018	Buy	4,700 (Dec 2019)	3,520	4,123	+33.5%	+14%
11/08/2018	Buy	4,700 (Dec 2019)	3,950	4,231	+19.0%	+11.1%

Source: NHKS research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E		2017/12A	2018/12E	2019/12E	2020/12E
Sales	128,256	134,284	148,149	164,194	ROE	20.3%	17.2%	18.3%	19.2%
<i>Growth</i>	10.2%	4.7%	10.3%	10.8%	ROA	11.7%	9.6%	10.2%	10.7%
COGS	(39,590)	(49,365)	(53,803)	(59,101)	ROIC	22.8%	18.3%	19.3%	19.9%
Gross Profit	88,666	84,919	94,346	105,092	Cash Dividend (IDR bn)	11,627	11,918	13,632	15,398
<i>Gross Margin</i>	69.1%	63.2%	63.7%	64.0%	Dividend Yield	2.6%	3.0%	3.5%	3.9%
Operating Expenses	(44,733)	(44,408)	(49,826)	(54,821)	Payout Ratio	52.5%	60.0%	60.0%	60.0%
EBIT	43,933	40,511	44,520	50,271	DER	31.6%	39.2%	38.1%	38.0%
<i>EBIT Margin</i>	34.3%	30.2%	30.1%	30.6%	Net Gearing	39.4%	47.7%	45.8%	45.2%
Depreciation	20,446	21,583	23,496	25,379	LT Debt to Equity	29.6%	35.5%	34.4%	34.4%
EBITDA	64,609	61,556	68,092	75,927	Capitalization Ratio	22.8%	26.2%	25.6%	25.6%
<i>EBITDA Margin</i>	50.4%	45.8%	46.0%	46.2%	Equity Ratio	56.5%	55.3%	55.8%	56.1%
Interest Expenses	(1,274)	(2,218)	(2,369)	(2,193)	Debt Ratio	17.9%	21.7%	21.3%	21.3%
EBT	42,659	38,293	42,151	48,078	Financial Leverage	173.7%	178.9%	179.9%	178.7%
Income Tax	(9,958)	(9,587)	(9,695)	(11,418)	Current Ratio	104.8%	107.4%	108.5%	110.0%
Minority Interest	(10,556)	(8,842)	(9,737)	(10,998)	Par Value (IDR)	50	50	50	50
Net Profit	22,145	19,864	22,720	25,663	Total Shares (mn)	100,800	99,062	99,062	99,062
<i>Growth</i>	14.4%	-10.3%	14.4%	13.0%	Share Price (IDR)	4,440	3,950	3,950	3,950
<i>Net Profit Margin</i>	17.3%	14.8%	15.3%	15.6%	Market Cap (IDR tn)	447.6	391.3	391.3	391.3

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E		2017/12A	2018/12E	2019/12E	2020/12E
Cash	25,145	26,902	22,906	19,571	Price /Earnings	20.2x	19.7x	17.2x	15.2x
Receivables	9,222	8,632	10,636	10,836	Price /Book Value	4.0x	3.3x	3.0x	2.8x
Inventories	631	545	552	568	Price/Sales	3.5x	2.9x	2.6x	2.4x
Total Current Assets	47,561	50,857	52,589	54,469	PE/EPS Growth	1.4x	-1.9x	1.2x	1.2x
Net Fixed Assets	130,171	143,431	156,937	172,587	EV/EBITDA	7.4x	7.0x	6.4x	5.8x
Other Non Current Asset	20,752	21,113	20,953	21,278	EV/EBIT	10.9x	10.6x	9.8x	8.8x
Total Assets	198,484	215,401	230,479	248,334	EV (IDR bn)	477,296	429,571	436,323	443,994
Payables	15,574	13,862	14,237	14,298	Sales CAGR (3-Yr)	12.7%	9.4%	8.4%	8.6%
ST Bank Loan	2,289	4,397	4,755	5,030	EPS CAGR (3-Yr)	15.2%	9.3%	6.1%	5.6%
LT Debt	33,183	42,278	44,270	47,916	Basic EPS (IDR)	220	201	229	259
Total Liabilities	86,354	96,242	101,833	109,003	Diluted EPS (IDR)	220	201	229	259
Capital Stock	5,040	5,040	5,040	5,040	BVPS (IDR)	1,112	1,203	1,299	1,407
Retained Earnings	84,896	92,841	101,929	112,194	Sales PS (IDR)	1,272	1,356	1,496	1,657
Shareholders' Equity	112,130	119,159	128,646	139,331	DPS (IDR)	115	120	138	155

CASH FLOW STATEMENT					OWNERSHIP			
(IDR bn)	2017/12A	2018/12E	2019/12E	2020/12E	By Geography	% Shareholders	%	
Operating Cash Flow	49,405	37,761	41,225	45,919	Indonesia	71.5	Rep. of Indonesia	52.1
Investing Cash Flow	(33,007)	(34,372)	(34,339)	(38,198)	United States	16.0	Bank of New York	4.9
Financing Cash Flow	(21,052)	(1,632)	(10,882)	(11,057)	Luxembourg	4.9	Blackrock	1.7
Net Changes in Cash	(4,654)	1,757	(3,996)	(3,336)	Ireland	1.3	Vanguard Group Inc	1.7

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