

QUICK REVIEW (TLKM)

TELEKOMUNIKASI INDONESIA (PERSERO) TBK.

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RESEARCH TEAM

Head of Research

Danny Eugene
danny.eugene@megasekuritas.id

Technical Analyst

Fadlillah Qudsi
fadlillah.qudsi@megasekuritas.id

Analyst

Josua Lois S.
josua.lois@megasekuritas.id

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Recommendation

Recommendation : **BUY**

Fair Value : **IDR 4,260**

Current Price (01/12) : **IDR 3,240**

Company Description

PT Telekomunikasi Indonesia (Persero) Tbk is a telecommunication company that provides a variety of domestic telecommunications services such as telephone, telex, telegram, satellite, and leased lines services. The Company also offers electronic mail, mobile communication, and cellular phone services.

Earnings Update

Earnings Results : 3Q 2020

<i>In Billions of IDR</i>	Q3 2020	Q3 2019	%YoY	Q3 2020	Q2 2020	%QoQ
Revenue	33,085	33,286	-0.6%	33,085	32,662	1.3%
Operating Income (Loss)	10,745	11,005	-2.4%	10,745	10,582	1.5%
- Non-Operating (Income) Loss	1,414	970	45.8%	1,414	1,180	19.8%
Pretax Income (Loss), GAAP	9,739	10,276	-5.2%	9,739	9,091	7.1%
- Income Tax Expense (Benefit)	2,221	2,574	-13.7%	2,221	1,959	13.4%
Net Income Avail to Common, GAAP	5,690	5,381	5.7%	5,690	5,127	11.0%

Source: Bloomberg, MCS Research

Earnings Update

Earnings Estimate : 4QE 2020

<i>In Billions of IDR</i>	Q4 2020 Est	Q4 2019	%YoY	Q4 2020 Est	Q3 2020	%QoQ
Revenue	33,067	32,936	0.4%	33,067	33,085	-0.1%
Operating Income (Loss)	10,193	8,922	14.2%	10,193	10,745	-5.1%
- Non-Operating (Income) Loss	1,049	1,645	-36.2%	1,049	1,414	-25.8%
Pretax Income (Loss), GAAP	9,290	6,794	36.7%	9,290	9,739	-4.6%
- Income Tax Expense (Benefit)	2,420	2,402	0.8%	2,420	2,221	9.0%
Net Income Avail to Common, GAAP	4,660	2,204	111.4%	4,660	5,690	-18.1%

Source: Bloomberg, MCS Research

Company Update

Appoint Two BUMNs, This Is Erick Thohir's Strategy About Covid-19 Vaccination Data

Chief Executive of the Committee for Handling Covid-19 and National Economic Recovery (KPCPEN) Erick Thohir appointed two BUMNs to prepare a data integration system related to Covid-19 vaccination.

Minister of State-Owned Enterprises (BUMN) Erick Thohir said that currently his party is continuing to prepare a road map or roadmap for the Covid-19 vaccination program for the community, including preparing a data integration system from various related institutions and institutions entitled One Data System.

The data infrastructure is being discussed by two BUMN, namely PT Telekomunikasi Indonesia (Persero) Tbk. (TLKM) and PT Bio Farma (Persero). The system includes data on vaccine recipients, vaccine supply and vaccine distribution.

(Source: Bisnis Indonesia)

Company Update

Digitizing BUMN, Telkom (TLKM) is the backbone

PT Telekomunikasi Indonesia (Persero) Tbk. will be the backbone in encouraging digitization in state-owned enterprises (BUMN).

Deputy Minister of State-Owned Enterprises (BUMN) Kartika Wiroatmodjo said that the toughest challenge in encouraging digitalization in BUMN is building a digital culture. The available human resources must be able to adapt to technology.

Kartika said Telkom would become the center that bridged the technical and non-technical gaps in digitizing BUMN. A number of state-owned companies that have difficulty implementing digitization - due to limited human resources, the use of complex technology and so on - can cooperate with Telkom.

(Source: Bisnis Indonesia)

Company Update

Telekomunikasi Indonesia (TLKM) is ready to bring 4 IPO startups next year

PT Telekomunikasi Indonesia Tbk (TLKM) or Telkom through MDI Ventures plans to bring a minimum of four start-up investment portfolios to hold an initial public offering (IPO) of shares in the next two years.

In an official statement, MDI Ventures Singapore Kenneth Li said that his party had discussed with a number of underwriters regarding the IPO plan for one of the start-up portfolios next year.

Chief Operating Officer or Portfolio Director of MDI Ventures, Sandhy Widyasthana, said that until now MDI has invested in local and global start-ups that are on the later stage. This means that the valuation is large enough in terms of traction transactions, revenue and customers which are quite solid.

(Source: Kontan)

Balanced Sheet : Annual

<i>In Billions of IDR</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Total Assets										
+ Cash, Cash Equivalents & STI	9,490	9,995	17,456	21,568	20,469	30,935	31,238	27,318	18,267	18,513
+ Accounts & Notes Receiv	4,344	4,915	5,223	6,026	6,997	7,517	7,363	9,222	11,414	11,797
+ Inventories	516	758	579	509	474	528	584	631	717	585
+ Other ST Assets	4,381	5,590	4,715	4,972	6,354	8,932	8,516	10,390	12,870	10,827
Total Current Assets	18,731	21,258	27,973	33,075	34,294	47,912	47,701	47,561	43,268	41,722
+ Property, Plant & Equip, Net	75,832	74,897	77,047	86,761	94,809	103,700	114,498	130,171	143,248	156,973
+ LT Investments & Receivables	0	235	275	304	1,767	1,807	1,847	2,148	732	1,057
+ Other LT Assets	5,195	6,664	6,074	7,811	10,952	12,754	15,565	18,604	18,948	21,456
Total Noncurrent Assets	81,028	81,796	83,396	94,876	107,528	118,261	131,910	150,923	162,928	179,486
Total Assets	99,758	103,054	111,369	127,951	141,822	166,173	179,611	198,484	206,196	221,208
Liabilities & Shareholders' Equity										
+ Payables & Accruals	11,932	14,184	15,463	18,950	20,063	25,804	27,927	31,211	29,163	31,513
+ ST Debt	5,359	4,913	5,658	5,525	7,709	4,444	5,432	7,498	10,339	18,215
+ Other ST Liabilities	3,181	3,092	2,986	3,962	4,546	5,165	6,403	6,667	6,759	8,641
Total Current Liabilities	20,473	22,189	24,107	28,437	32,318	35,413	39,762	45,376	46,261	58,369
+ LT Debt	13,914	10,946	11,826	13,029	14,335	28,872	26,367	27,974	33,748	33,869
+ Other LT Liabilities	8,956	8,938	8,458	9,061	9,177	8,460	7,938	13,004	8,884	11,720
Total Noncurrent Liabilities	22,871	19,884	20,284	22,090	23,512	37,332	34,305	40,978	42,632	45,589
Total Liabilities	43,344	42,073	44,391	50,527	55,830	72,745	74,067	86,354	88,893	103,958
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	6,113	6,113	6,113	7,363	7,939	7,975	9,971	9,971	7,408	7,664
- Treasury Stock	4,264	6,323	8,067	5,805	3,836	3,804	2,541	2,541	0	0
+ Retained Earnings	41,907	47,054	52,777	58,628	63,237	70,457	76,615	84,896	90,995	91,489
+ Other Equity	662	666	718	356	381	508	339	387	507	408
Equity Before Minority Interest	44,419	47,510	51,541	60,542	67,721	75,136	84,384	92,713	98,910	99,561
+ Minority/Non Controlling Interest	11,996	13,471	15,437	16,882	18,271	18,292	21,160	19,417	18,393	17,689
Total Equity	56,415	60,981	66,978	77,424	85,992	93,428	105,544	112,130	117,303	117,250
Total Liabilities & Equity	99,758	103,054	111,369	127,951	141,822	166,173	179,611	198,484	206,196	221,208

Source: Bloomberg, MCS Research

Balanced Sheet : Quarter

<i>In Billions of IDR</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Total Assets										
+ Cash, Cash Equivalents & STI	16,826	13,666	18,267	23,380	18,037	15,578	18,513	25,287	28,972	17,668
+ Accounts & Notes Receiv	15,040	17,519	11,414	14,676	15,231	14,380	11,797	14,924	15,239	12,721
+ Unbilled Revenues	0	0	0	0	0	0	0	1,090	1,208	1,263
+ Inventories	876	785	717	632	770	685	585	681	852	1,026
+ Other ST Assets	13,691	14,530	12,870	15,183	14,710	14,484	10,827	8,982	8,685	7,999
Total Current Assets	46,433	46,500	43,268	53,871	48,748	45,127	41,722	50,964	54,956	40,677
+ Property, Plant & Equip, Net	133,621	139,336	143,248	145,922	146,743	149,001	156,973	173,555	173,673	174,401
+ LT Investments & Receivables	2,334	2,438	732	2,504	839	965	1,057	1,172	1,337	1,566
+ Other LT Assets	19,572	16,619	18,948	16,814	19,369	19,897	21,456	16,223	16,385	16,575
Total Noncurrent Assets	155,527	158,393	162,928	165,240	166,951	169,863	179,486	190,950	191,395	192,542
Total Assets	201,960	204,893	206,196	219,111	215,699	214,990	221,208	241,914	246,351	233,219
Liabilities & Shareholders' Equity										
+ Payables & Accruals	31,306	31,702	29,163	33,819	33,825	31,882	31,513	33,513	50,778	32,320
+ ST Debt	15,568	11,634	10,339	11,855	11,887	15,242	18,215	20,925	24,614	21,724
+ Other ST Liabilities	6,843	6,717	6,759	5,896	6,875	6,756	8,641	9,608	9,434	9,442
Total Current Liabilities	53,717	50,053	46,261	51,570	52,587	53,880	58,369	64,046	84,826	63,486
+ LT Debt	36,911	35,041	33,748	32,455	45,616	35,562	33,869	39,503	39,713	40,044
+ Other LT Liabilities	13,015	13,512	8,884	9,168	9,151	9,102	11,720	11,818	11,527	11,800
Total Noncurrent Liabilities	49,926	48,553	42,632	41,623	54,767	44,664	45,589	51,321	51,240	51,844
Total Liabilities	103,643	98,606	88,893	93,193	107,354	98,544	103,958	115,367	136,066	115,330
+ Preferred Equity and Hybrid Capital	0	0	0	0	0	0	0	0	0	0
+ Share Capital & APIC	9,971	7,430	7,408	7,408	7,647	7,883	7,664	7,664	7,664	7,664
- Treasury Stock	2,541	0	0	0	0	0	0	0	0	0
+ Retained Earnings	76,985	82,499	90,995	97,216	85,837	91,264	91,489	98,004	87,859	93,512
+ Other Equity	520	601	507	484	465	447	408	779	415	541
Equity Before Minority Interest	84,935	90,530	98,910	105,108	93,949	99,594	99,561	106,447	95,938	101,717
+ Minority/Non Controlling Interest	13,382	15,757	18,393	20,810	14,396	16,852	17,689	20,100	14,347	16,172
Total Equity	98,317	106,287	117,303	125,918	108,345	116,446	117,250	126,547	110,285	117,889
Total Liabilities & Equity	201,960	204,893	206,196	219,111	215,699	214,990	221,208	241,914	246,351	233,219

Source: Bloomberg, MCS Research

Profit & Loss : Annual

<i>In Billions of IDR</i>	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020 Est	FY 2021 Est
Revenue	77,143	82,967	89,696	102,470	116,333	128,256	130,784	135,567	133,008	139,937
Operating Income (Loss)	25,887	28,095	29,220	32,464	39,860	44,240	38,149	41,837	43,206	44,421
- Non-Operating (Income) Loss	1,659	946	170	1,847	1,058	1,223	2,372	4,043	4,443	2,944
Pretax Income (Loss), Adjusted	24,228	27,149	29,050	30,617	38,802	43,017	35,777	37,794	38,763	41,478
- Abnormal Losses (Gains)	0	0	437	725	613	358	628	114	282	189
Pretax Income (Loss), GAAP	24,228	27,149	28,613	31,342	38,189	42,659	36,405	37,908	39,044	41,667
- Income Tax Expense (Benefit)	5,866	6,859	7,339	8,025	9,017	9,958	9,426	10,316	9,223	10,203
Income (Loss) from Cont Ops	18,362	20,290	21,274	23,317	29,172	32,701	26,979	27,592	29,821	31,464
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	18,362	20,290	21,274	23,317	29,172	32,701	26,979	27,592	29,821	31,464
- Minority Interest	5,512	6,085	6,803	7,828	9,820	10,556	8,947	8,929	8,482	10,092
Net Income, GAAP	12,850	14,205	14,471	15,489	19,352	22,145	18,032	18,663	21,339	21,372
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	12,850	14,205	14,471	15,489	19,352	22,145	18,032	18,663	21,339	21,372

Source: Bloomberg, MCS Research

Profit & Loss : Quarter

<i>In Billions of IDR</i>	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020 Est	Q1 2021 Est
Revenue	31,581	34,840	34,505	33,286	32,936	34,194	32,662	33,085	33,067	35,963
Operating Income (Loss)	8,667	11,893	10,017	11,005	8,922	11,686	10,582	10,745	10,193	12,437
- Non-Operating (Income) Loss	678	745	683	970	1,645	800	1,180	1,414	1,049	746
Pretax Income (Loss), Adjusted	7,989	11,148	9,334	10,035	7,277	10,886	9,402	9,331	9,144	11,690
- Abnormal Losses (Gains)	744	181	175	241	483	38	311	408	147	53
Pretax Income (Loss), GAAP	8,733	11,329	9,509	10,276	6,794	10,924	9,091	9,739	9,290	11,638
- Income Tax Expense (Benefit)	2,441	2,825	2,515	2,574	2,402	2,623	1,959	2,221	2,420	2,639
Income (Loss) from Cont Ops	6,292	8,504	6,994	7,702	4,392	8,301	7,132	7,518	6,870	8,999
- Net Extraordinary Losses (Gains)	0	0	0	0	0	0	0	0	0	0
Income (Loss) Incl. MI	6,292	8,504	6,994	7,702	4,392	8,301	7,132	7,518	6,870	8,999
- Minority Interest	2,492	2,280	2,140	2,321	2,188	2,439	2,005	1,828	2,210	2,230
Net Income, GAAP	3,800	6,224	4,854	5,381	2,204	5,862	5,127	5,690	4,660	6,769
- Preferred Dividends	0	0	0	0	0	0	0	0	0	0
- Other Adjustments	0	0	0	0	0	0	0	0	0	0
Net Income Avail to Common, GAAP	3,800	6,224	4,854	5,381	2,204	5,862	5,127	5,690	4,660	6,769

Source: Bloomberg, MCS Research

Cash Flow : Annual

<i>In Billions of IDR</i>	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Cash from Operating Activities										
+ Net Income	11,537	10,965	12,850	14,205	14,471	15,489	19,352	22,145	18,032	18,663
+ Depreciation & Amortization	14,611	14,863	14,456	15,780	17,131	18,534	18,532	20,446	21,406	23,178
+ Non-Cash Items	1,615	4,784	688	6,638	6,134	9,664	9,370	6,842	6,242	13,119
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Operating Activities	27,763	30,612	27,994	36,623	37,736	43,687	47,254	49,433	45,680	54,960
Cash from Investing Activities										
+ Change in Fixed & Intang	15,581	13,744	8,298	19,815	27,433	27,272	27,120	31,925	34,205	35,730
+ Net Change in LT Investment	115	0	0	0	1,482	62	43	269	166	1,147
+ Net Cash From Acq & Div	0	0	0	0	0	0	137	243	420	1,503
+ Other Investing Activities	826	820	3,066	2,936	4,167	105	280	598	308	284
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	16,523	14,564	11,364	22,751	24,748	27,439	27,580	33,035	35,099	35,802
Cash from Financing Activities										
+ Dividends Paid	5,418	6,069	7,127	8,354	9,943	8,783	11,213	11,627	16,609	16,229
+ Cash From (Repayment) Debt	778	4,378	956	2,701	2,510	9,814	3,076	2,880	8,251	7,541
+ Cash (Repurchase) of Equity	0	2,059	1,624	50	2,615	73	3,259	0	0	0
+ Other Financing Activities	3,624	3,033	3,607	2,322	5,265	7,511	6,875	12,305	10,100	9,559
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	9,820	15,539	13,314	13,327	10,083	6,407	17,905	21,052	18,458	18,247
Net Changes in Cash	1,314	514	3,484	1,578	2,976	10,445	1,650	4,622	7,706	803

Source: Bloomberg, MCS Research

Cash Flow : Quarter

<i>In Billions of IDR</i>	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020
Cash from Operating Activities										
+ Net Income	2,964	5,534	3,800	6,224	4,854	5,381	2,204	5,862	5,127	5,690
+ Depreciation & Amortization	4,958	5,542	5,533	5,642	5,825	5,792	5,919	7,243	6,684	7,111
Cash from Operating Activities	6,234	12,501	17,379	13,055	14,647	10,572	16,686	17,608	16,568	13,279
Cash from Investing Activities										
+ Change in Fixed & Intang	7,580	11,567	8,136	4,559	9,516	7,940	13,715	4,742	10,822	3,749
+ Net Change in LT Investment	139	108	108	252	126	126	1,147	411	265	312
+ Net Cash From Acq & Div	232	0	188	1,108	395	0	790	0	0	0
+ Other Investing Activities	148	1,773	2,772	289	1,137	2,010	300	59	291	708
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Investing Activities	7,803	9,902	10,988	6,208	10,132	5,804	13,658	5,094	10,848	3,353
Cash from Financing Activities										
+ Dividends Paid	16,609	0	0	0	16,229	0	0	0	0	15,262
+ Cash From (Repayment) Debt	16,029	5,916	2,500	957	13,992	6,713	1,219	6,800	3,724	3,127
+ Cash (Repurchase) of Equity	0	0	0	0	0	0	0	0	0	0
+ Other Financing Activities	10,105	22	4	59	8,538	0	1,080	50	5,178	2,497
+ Net Cash From Disc Ops	0	0	0	0	0	0	0	0	0	0
Cash from Financing Activities	10,685	5,894	2,504	898	10,775	6,713	139	6,850	1,454	20,886
Net Changes in Cash	12,142	3,160	3,773	5,941	6,305	2,058	3,225	6,123	3,873	10,818

Source: Bloomberg, MCS Research

Valuation



Source: Bloomberg

Valuation

PER	EPS	Value
19.7x	IDR 216	IDR 4,260



PT. Mega Capital Sekuritas

Menara Bank Mega 2nd Floor

Jl. Kapten P. Tendean Kav. 12-14A

Jakarta Selatan 12790

Telp : 021-79175599

Faks : 021-79193900

Email : research@megasekuritas.id
