

Telkom Indonesia

KTA from Conference Call: Market Stability, ARPU Expansion & Broadband Leadership

Competitive Landscape and By.U Market Positioning

The competitive environment in 4Q24 has remained stable, with improving market dynamics. In Java, competition and market share are relatively balanced, while Telkomsel continues to hold a dominant position in ex-Java. The company is implementing strategic supply-side adjustments while gradually increasing prices to enhance affordability without disrupting market stability. By.U, originally a digital-only brand, expanded into offline retail in 2023 but remains focused on the youth segment, particularly around schools and universities. Its overall contribution remains modest at approximately 5% of total revenue, including Tsel Lite and Tsel Prabayar. The introduction of the 10K starter pack is a tactical initiative to attract mid-to-low-segment customers, with minimal expected impact on ARPU.

ARPU Growth and Pricing Optimization Strategy

For FY25, Telkomsel plans to raise tariffs while ensuring starter packs remain accessible. ARPU growth is anticipated to align with inflation, primarily driven by increased spending from existing customers, who generate 95% of revenue. The company is particularly focused on high-value users, as they exhibit lower price sensitivity.

- ARPU is trending upward, while the subscriber base remains stable.
- Data consumption per user is increasing, contributing to positive traffic trends.
- Marketing and sales costs are expected to remain steady, though overall margins may decline in FY24 due to an early retirement program.
- The company aims to gradually reduce its CAPEX-to-revenue ratio, targeting a decline to 17-19% by 2028.

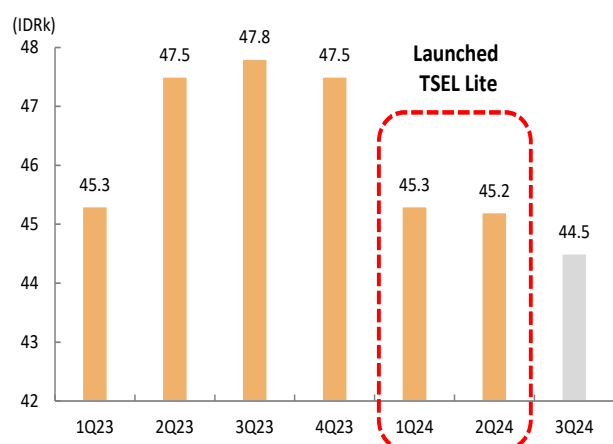
Fixed Broadband Expansion and Spectrum Strategy

Telkomsel remains the dominant player in the fixed broadband (FBB) market, maintaining a 70-75% share and operating in 450-500 cities. While competition has yet to significantly impact its position, the company has introduced EzNet to address affordability concerns. Telkomsel continues to prioritize premium customers to offset any potential ARPU dilution from the more budget-friendly EzNet service. Telkomsel is evaluating participation in the 1.4GHz spectrum auction while ensuring cost-effectiveness and long-term strategic benefits. The company is also exploring fixed wireless access (FWA) solutions and optimizing spectrum usage to support future expansion. The shift of its home broadband business under Telkomsel is intended to enhance scalability and operational efficiency.

Strategic Targets and Growth Roadmap for 2025

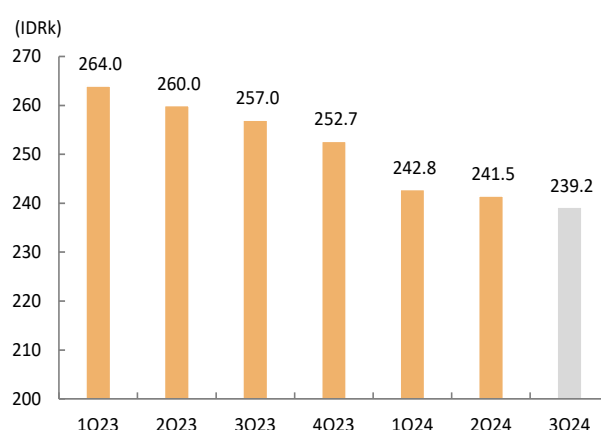
- **New FBB Subscriber Additions:** 800K–1M users.
- **Total Subscriber Base (2024):** ~10M.
- **ARPU:** ~Rp240K, with a focus on premium customer growth.
- **CAPEX-to-Revenue Ratio:** Expected to decline progressively through 2028.

Figure 1. TSEL Mobile ARPU Trend



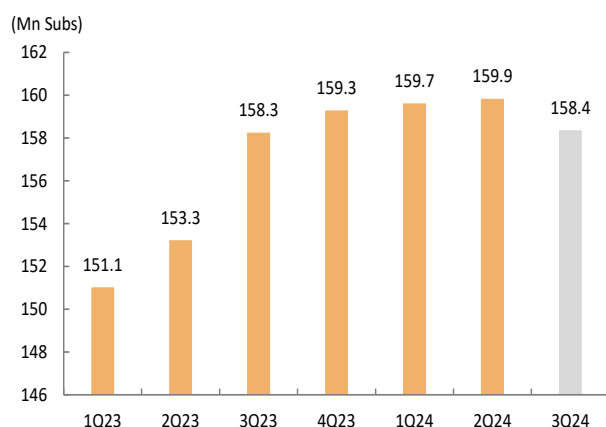
Sources: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 2. Indihome ARPU Trend



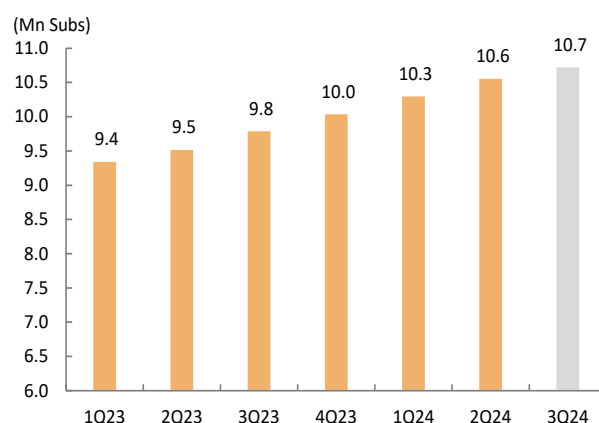
Sources: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 3. TSEL Mobile Subscriber Trend



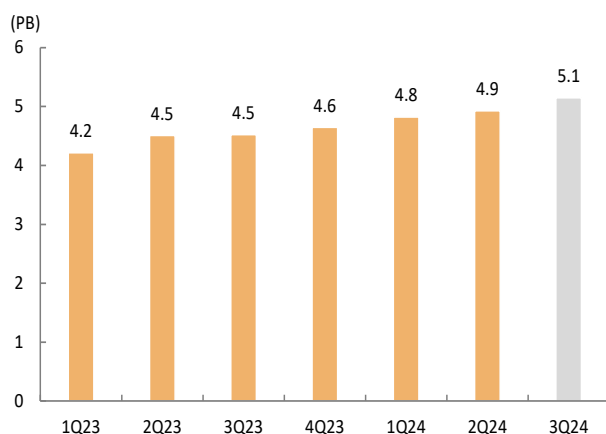
Sources: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 4. Indihome Subscriber Trend



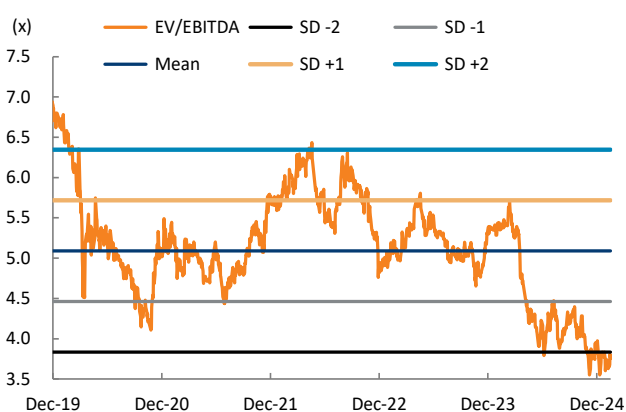
Sources: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 5. TSEL Mobile Data Traffic Trend



Sources: Company data, Mirae Asset Sekuritas Indonesia Research

Figure 6. TLKM's Forward EV/EBITDA Band (5-year)



Sources: Bloomberg, Company data, Mirae Asset Sekuritas Indonesia Research

Appendix 1

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