

## Cost efficiency cushions weak revenue

1 August 2025



### ISAT IJ

Sector	Telecomm.
Price at 31 July 2025 (IDR)	2,200
Price target (IDR)	2,500
Upside/Downside (%)	13.6

### Stock Information

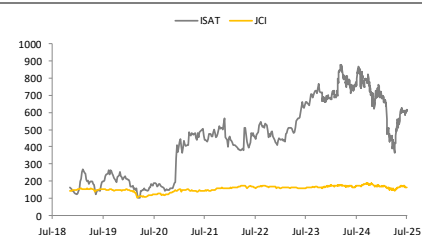
PT Indosat Tbk, trading as Indosat Ooredoo Hutchison, is a telecommunications provider in Indonesia which is owned by Ooredoo Hutchison Asia, a joint venture between Ooredoo and Hutchison Asia Telecom Group since 2022.

Market cap (IDR bn)	70,952
Shares outstanding (mn)	32,251
52-week range (IDR)	1,240-2,944
3M average daily vol. ('000)	29,071
3M average daily val. (IDR mn)	47,502

### Shareholders (%)

Ooredoo Asia Pte. Ltd.	65.7
PPA	9.6
TTI	10.8
Public	14.0

### Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	2.37	23.43	-19.25

### Analyst

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ISAT's 1H25 performance missed both our and consensus expectations, arriving within a range of 45.6%-46.9%. Although 2Q25 revenue was flat qoq, EBITDA rose 0.4% on improved cost-efficiency. We trimmed our '25F revenue forecast by 0.8% to IDR57.3 tn but project 4.6% EBITDA growth and a higher margin of 48.1%, driven by ongoing cost-synergies. Maintain our BUY call with a target price of IDR2,500, based on a 3.2x '25F EV/EBITDA, which is within 5yrs avg. historical mean.

### 1H25 revenue down 3.1% yoy amid subscriber decline

ISAT posted 1H25 revenue of IDR27.1 tn, down 3.1% yoy, mainly due to a 5.5% decline in data-revenue to IDR20.9 tn, following a 5.5% drop in total subscribers to 95.4mn. Despite a 3.6% yoy increase in data-traffic to 8,249PB, the 1H25 data-payload only reached 45.9% of our full-year forecast of 17,965PB. Operating profit fell 9.9% yoy to IDR5.2 tn, reflecting the revenue decline, despite a 16.8% drop in opex to IDR1.2 tn. EBITDA declined 4.2% yoy to IDR12.9 tn, with the margin slightly down to 47.4% from 47.9% in 1H24.

On a qoq basis, 2Q25 revenue edged down 0.3% to IDR13.5 tn, due to the high-base in 1Q25 following festive seasonality. However, EBITDA rose 0.4% qoq to IDR6.4 tn, supported by a 1.0% decline in cash-costs to IDR7.1 tn from improved efficiency and scale. EBITDA margin expanded to 47.6% in 2Q25 from 47.2% in 1Q25. Net profit declined 14.6% yoy to IDR2.3 tn, while interest expenses fell 1.9% to IDR2.2 tn, bringing net margin down to 8.6% from 9.8% in 1H24.

### Muted revenue revision; EBITDA margins improve on efficiency gains

Total expenses in 1H25 fell 1.3% yoy to IDR21.9 tn, 2.2% below our full-year forecast of IDR45.9 tn, driven by a 2.1% reduction in cash-costs. However, intense competition and weaker monetization in the FBB segment led to the 5.5% subscriber decline. We slightly revise our '25F revenue forecast down by 0.8% to IDR57.3 tn, implying 2.6% yoy growth, inline with management guidance.

Ongoing operational-synergies are expected to limit cash-cost growth to just 0.8% yoy in '25F, reaching IDR29.7 tn, significantly below the 4.8% average over the past three years. This supports an improved EBITDA margin forecast of 48.1% and 4.6% EBITDA growth, consistent with management's target. Total expenses are projected to rise just 1.8% yoy to IDR45.9 tn in '25F, well below the 10.4% increase in '24A.

Interest costs remain manageable and on track with our full-year forecast of IDR4.6 tn. We project '25F net profit to grow 4.1% yoy to IDR5.1 tn, with net margin improving slightly to 8.9% from 8.8% in '24A. This represents a minor 2.1% downward revision from our previous forecast.

### Reiterate BUY with TP of IDR2,500

Maintain our BUY call with a target price of IDR2,500, based on a 3.2x '25F EV/EBITDA, which is within 5yrs avg. historical mean. ISAT is currently trades at 2.4x EV/EBITDA, representing a 25.8% discount to its 5yrs average. The company's strong operational synergies and solid balance sheet underscore its resilience in the saturated mobile and fixed broadband markets.

### Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue (IDR bn)	51,229	55,887	57,333	60,156	63,503
EBITDA (IDR)	23,938	26,375	27,587	29,029	31,153
Net profit (IDR)	4,506	4,911	5,114	5,554	6,581
EPS growth	-4.6	9.0	4.1	8.6	18.5
ROA	3.9	4.3	4.4	4.6	5.3
ROE	3.8	3.8	3.7	3.7	4.1
PER (x)	15.5	14.2	13.6	12.5	10.6
PBV (x)	2.9	2.6	2.4	2.3	2.1
EV/EBITDA (x)	3.3	3.0	2.8	2.7	2.5

Source: Company, KBVS Research

**Exhibit 2: Financial Summary**

ISAT's 1H25 results (IDR bn)	1H25	1H24	YoY (%)	2Q25	2Q24	YoY (%)	1Q25	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
<b>Revenue</b>	27,110	27,976	(3.1)	13,532	14,141	(4.3)	13,578	(0.3)	57,782	46.9	58,741	46.2
Cellular & Data	22,750	23,601	(3.6)	11,328	11,944	(5.2)	11,422	(0.8)				
Data	20,898	22,106	(5.5)	10,336	11,182	(7.6)	10,562	(2.1)				
Voice & SMS	326	479	(31.9)	161	241	(33.3)	166	(3.2)				
Others	2,826	2,533		1,473	1,278		1,353					
Discount	-1,300	-1,517		-641	-757		-659					
MIDI	3,962	3,916		2,000	1,945		1,961					
Fixed telecom.	398	459		204	252		195					
Expenses	-21,926	-22,224		-11,138	-11,154		-10,788					
EBIT	5,184	5,753	(9.9)	2,394	2,987	(19.8)	2,790	(14.2)				
<b>EBITDA</b>	<b>12,855</b>	<b>13,412</b>	(4.2)	<b>6,440</b>	<b>6,903</b>	(6.7)	<b>6,415</b>	<b>0.4</b>	27,803	46.2	28,190	45.6
Other income (exp.)	-2,099	-2,031		-1,069	-1,034		-1,031					
Pre-tax income	3,084	3,722		1,325	1,953		1,759					
Taxes	-571	-797		-224	-420		-347					
<b>Reported net profit</b>	<b>2,335</b>	<b>2,735</b>	(14.6)	<b>1,024</b>	<b>1,440</b>	(28.9)	<b>1,311</b>	<b>(21.9)</b>	5,223	44.7	5,463	42.7
Normalized net profit	2,335	2,735		1,024	1,440		1,311					
<b>Margins (%)</b>												
EBIT Margin	19.1	20.6		17.7	21.1		20.5					
EBITDA margin	47.4	47.9		47.6	48.8		47.2					
Net Margin	8.6	9.8		7.6	10.2		9.7					
<b>Operational metrics</b>												
# of subs	95,400	100,900	(5.5)	95,400	100,900	(5.5)	95,400	0.0				
Blended ARPU (IDR/subs)	38,900	37,900	2.6	38,500	38,400	0.3	39,200	(1.8)				
Data traffic (TB)	8,249,000	7,965,000	3.6	4,327,000	4,107,000	5.4	3,922,000	10.3				
Avg. data usage/subs	14.4	13.2	9.5	15.1	13.6	11.4	13.7	10.3				
Data yields (IDR/MB)	2.5	2.8	(8.7)	2.4	2.7	(12.3)	2.7	(11.3)				

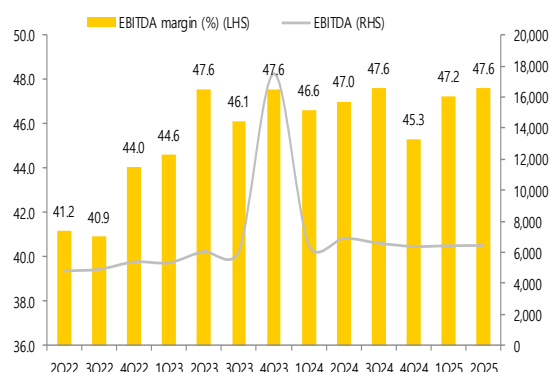
Source: Company, Bloomberg, KBVS Research

**Exhibit 3: Forecast revisions**

	New		Old		Changes		Consensus		New vs. consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	57,333	60,156	57,782	60,739	-0.8	-1.0	58,741	61,723	-2.4	-2.5
EBITDA	27,587	29,029	27,803	29,311	-0.8	-1.0	28,190	29,906	-2.1	-2.9
Net profit	5,114	5,554	5,223	5,662	-2.1	-1.9	5,463	6,451	-6.4	-13.9

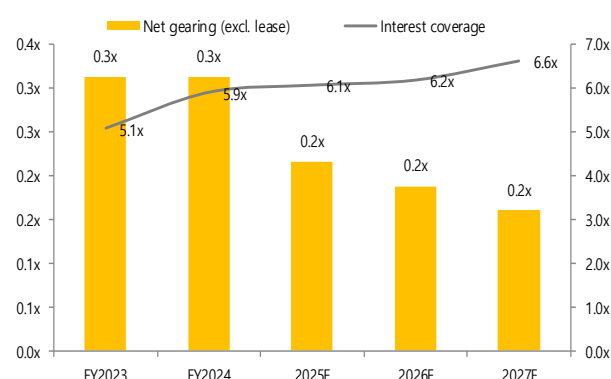
Source: Company, Bloomberg, KBVS Research

Exhibit 4: ISAT's EBITDA margin



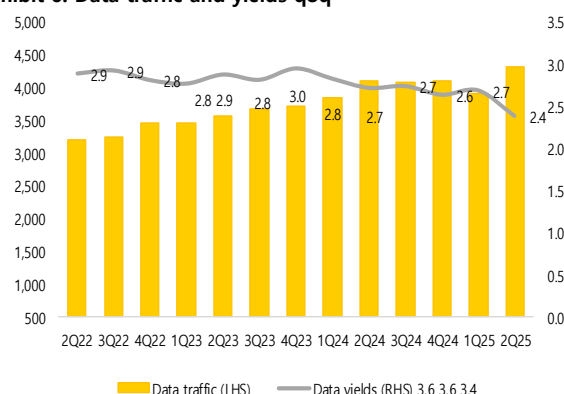
Source: Company, KBVS Research

Exhibit 5: Leverage metrics



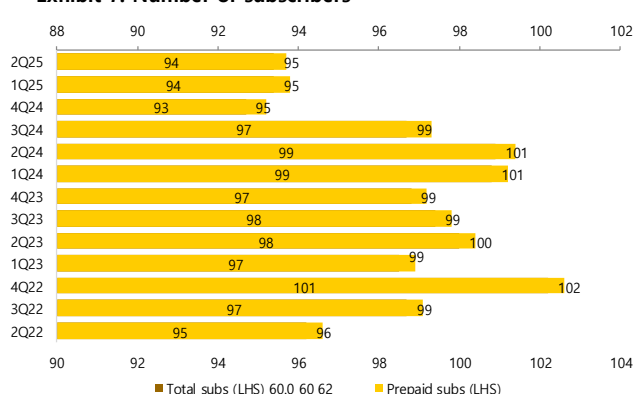
Source: Company, KBVS Research

Exhibit 6: Data traffic and yields qoq



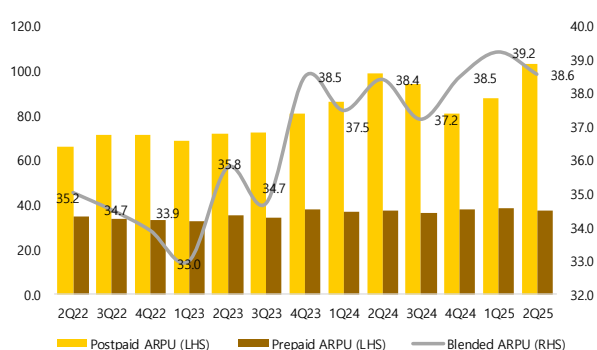
Source: Company, KBVS Research

Exhibit 7: Number of subscribers



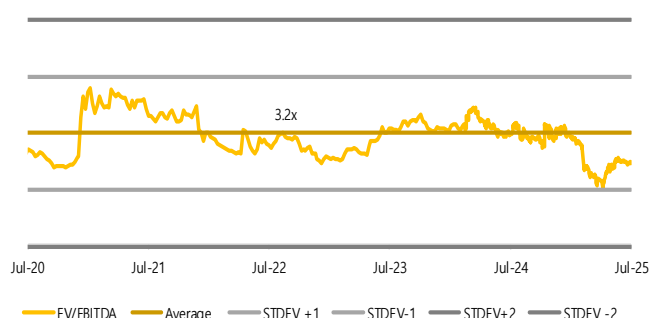
Source: Company, KBVS Research

Exhibit 8: Postpaid, prepaid and blended ARPUs



Source: Company, KBVS Research

Exhibit 9: Currently trading below 5yrs mean



Source: Company, Bloomberg

## FINANCIAL TABLES

### Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	51,229	55,887	57,333	60,156	63,503
Costs	-40,801	-45,049	-45,878	-47,772	-49,664
Operating profit	10,428	10,838	11,455	12,384	13,839
EBITDA	23,938	26,375	27,587	29,029	31,153
Net finance income/ cost	(4,394)	(4,115)	(4,249)	(4,526)	(4,526)
Other income/ expenses	(103)	9	9	9	9
Pretax profit	5,932	6,733	7,216	7,868	9,323
Income tax	(1,156)	(1,460)	(1,565)	(1,731)	(2,051)
Net profit	4,506	4,911	5,114	5,554	6,581
Normalized net profit	3,561	4,911	5,114	5,554	6,581

Source: Company, KBVS Research

### Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	5,190	4,454	6,644	6,017	5,679
Trade receivables	3,139	3,267	3,478	4,284	4,475
Other current assets	7,133	7,139	7,608	7,407	7,825
Total current assets	15,480	14,878	17,746	17,723	17,994
Non current assets					
Fixed assets	72,861	74,143	75,870	78,905	82,061
Other non current assets	26,382	25,366	25,279	25,375	25,474
Total non current assets	99,243	99,509	101,149	104,280	107,535
Total assets	114,722	114,387	118,896	122,003	125,529
Current liabilities					
Trade payables	746	912	910	903	959
Accrued expenses	4,088	3,819	3,895	3,973	4,053
Short term debts	2,487	3,869	3,958	3,963	3,975
Other current liabilities	26,814	22,409	23,418	24,019	24,642
Total current liabilities	34,134	31,009	32,182	32,859	33,629
Non current liabilities					
Long term debts	12,295	11,030	10,488	9,393	8,423
Other non current liabilities	34,584	35,696	36,762	37,510	38,274
Total non-current liabilities	46,879	46,726	47,249	46,903	46,697
Shareholder equity	33,709	36,652	39,464	42,241	45,203
Total liabilities and equity	114,722	114,387	118,896	122,003	125,529

Source: Company, KBVS Research

**Exhibit 12: Cash flow**

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	4,506	4,911	5,114	5,554	6,581
Depreciation	14,621	15,558	16,151	16,664	17,331
Changes in working capital	(937)	(4,180)	(245)	(290)	(227)
CF from operating activities	18,191	16,289	21,020	21,928	23,685
Investment in fixed assets	(18,300)	(16,841)	(17,879)	(19,699)	(20,487)
Others	(590)	1,016	87	(96)	(99)
CF from investing activities	(18,890)	(15,825)	(17,792)	(19,795)	(20,586)
Dividends paid	(2,062)	(2,164)	(2,301)	(2,777)	(3,620)
Debt raised/ repaid	(6,648)	(344)	197	(731)	(582)
Others	3,028	(856)	(1,235)	(2,029)	(2,856)
CF from financing activities	(3,620)	(1,200)	(1,038)	(2,760)	(3,437)
Change in cash flow	(4,318)	(735)	2,190	(627)	(338)
Cash and cash equivalent, beginning	9,508	5,190	4,454	6,644	6,017
Cash and cash equivalent, ending	5,190	4,454	6,644	6,017	5,679

Source: Company, KBVS Research

**Exhibit 13: Ratio analysis**

Year End Dec	2023A	2024A	2025F	2026F	2027F
Operating profit margin	20.4	19.4	20.0	20.6	21.8
EBITDA margin	46.7	47.2	48.1	48.3	49.1
Net profit margin	8.8	8.8	8.9	9.2	10.4
ROA	3.9	4.3	4.4	4.6	5.3
ROE	3.8	3.8	3.7	3.7	4.1
ROCE	5.6	5.9	5.9	6.2	7.2
ROIC	13.1%	12.9%	13.4%	13.9%	15.0%
Debt/Equity	1.8	1.6	1.5	1.4	1.3
Net debt/Equity	1.6	1.5	1.4	1.3	1.2
Net debt/EBITDA	2.0	1.9	1.8	1.7	1.6
Interest coverage (x)	5.1	5.9	6.1	6.2	6.6
EPS (Rp)	139.7	152.3	158.6	172.2	204.1
BV/Share (Rp)	1,045.2	1,136.5	1,223.7	1,309.8	1,401.6

Source: Company, KBVS Research

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