

Clear Margin Expansion Ahead

6 April 2026



ISAT IJ

Sector	Telecomm.
Price at 6 April 2026 (IDR)	2,030
Price target (IDR)	2,500
Upside/Downside (%)	23.2

Stock Information

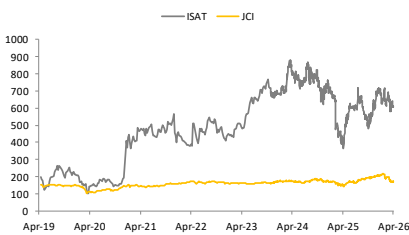
PT Indosat Tbk, trading as Indosat Ooredoo Hutchison, is a telecommunications provider in Indonesia which is owned by Ooredoo Hutchison Asia, a joint venture between Ooredoo and Hutchison Asia Telecom Group since 2022.

Market cap (IDR bn)	65,469
Shares outstanding (mn)	32,251
52-week range (IDR)	1,240-2,600
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	-7.14	-10.34	42.96

Analyst

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ISAT delivered a largely inline FY25 top line, but profitability surprised on the upside, driven by disciplined cost-control and lower financing costs. With improving pricing dynamics and ongoing efficiency gains, we see a clearer path to margin expansion and earnings growth into FY26F. Maintain our BUY call with a TP of IDR2,500, based on 3.3x FY26F EV/EBITDA (+0.5SD 5yrs avg. historical mean).

Inline FY; 4Q inflection visible

ISAT delivered FY25 revenue of IDR56.5 tn (+1.1% yoy), broadly inline, as data-revenue declined -1.9% yoy despite solid traffic growth (+9.2%), impacted by slightly lower subscribers (-1.1%). Profitability, however, outperformed, with EBIT +4.0% yoy to IDR11.3 tn, driven by tight opex control. While cost of services rose 4.8% yoy, this was more than offset by S&M -15.8% yoy, limiting cash-cost growth to 1.4% yoy. As a result, EBITDA grew 0.8% yoy to IDR26.6 tn (56.2% margin), while net profit increased 12.2% yoy to IDR5.5 tn, supported by lower interest costs (-6.2%).

Momentum improved into 4Q25, marking a clear step-up in operational performance. Revenue rose 9.3% qoq to IDR15.4 tn, driven by cellular & data (+8.4% qoq) on market repair and pricing simplification, despite a 1.4% decline in subscribers. EBITDA increased 11.6% qoq to IDR7.2 tn, with margin expanding to 56.6% (vs. 55.0% in 3Q25), reflecting stronger cost-discipline even as cash-costs rose 7.3% qoq. Net profit surged 53.5% qoq, supported by both lower interest costs (-7.2%) and improved operating leverage, reinforcing a recovery trend heading into FY26F.

FY26F: Data-led growth, FBB as upside

Looking into FY26F, growth should remain anchored on data, supported by network expansion and quality improvements. We forecast data revenue to grow 7.6% yoy to IDR46.7 tn, driven by stable subscribers (93.7 mn) and traffic growth of 8.3% yoy (19,120 PB). This implies stable yields (IDR2.44/MB) and a modest ARPU improvement to IDR44.9k. Incremental upside could come from fixed broadband (FBB), with subscribers expected to grow 6.6% yoy, supported by low penetration. Overall, we project total revenue to increase 4.9% yoy to IDR59.3tn.

Margins: Discipline to sustain expansion

Margin resilience should be underpinned by continued cost discipline. We expect cash costs to rise 4.3% yoy to IDR31.2 tn, with cost of services increasing 3.7% yoy to IDR24.7 tn (below the three-year average). Total expenses are projected to grow 3.4% yoy to IDR46.8 tn, marking a clear improvement from FY24. This supports EBITDA growth of 5.6% yoy to IDR28.1 tn. We forecast EBITDA margin at 47.4%, with net profit reaching IDR6.0 tn and margin improving to 10.2%, driven by operating leverage and lower financing costs.

Reiterate BUY with TP of IDR2,500

Maintain our BUY call with a TP of IDR2,500, based on 3.3x FY26F EV/EBITDA (+0.5SD 5yrs avg. historical mean). This compares to the current valuation of 2.9x, which we view as undemanding given improving earnings momentum and cost discipline. Catalysts: faster market repair, sharper A&P efficiency, stronger FBB monetization. Risks: renewed competition, higher spectrum/partnership costs, weaker macro demand.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue (IDR bn)	55,887	56,518	59,290	62,237	66,283
EBITDA (IDR)	26,375	26,597	28,077	29,546	31,414
Net profit (IDR)	4,911	5,510	6,019	6,636	7,565
EPS growth	9.0	12.2	9.2	10.2	14.0
ROA	4.3	4.7	5.0	5.4	6.0
ROE	3.8	3.9	4.0	4.1	4.3
PER (x)	13.7	12.2	11.1	10.1	8.9
PBV (x)	2.6	2.4	2.3	2.1	2.0
EV/EBITDA (x)	2.9	2.9	2.7	2.5	2.3

Source: Company, KBVS Research

**Exhibit 2: ISAT's FY25 result**

ISAT's FY25 results (IDR bn)	FY25	FY24	YoY (%)	4Q25	4Q24	YoY (%)	3Q25	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
<b>Revenue</b>	<b>56,518</b>	<b>55,887</b>	<b>1.1</b>	<b>15,357</b>	<b>14,075</b>	<b>9.1</b>	<b>14,052</b>	<b>9.3</b>	<b>57,333</b>	<b>98.6</b>	<b>56,753</b>	<b>99.6</b>
Cellular & Data	47,356	47,036	0.7	12,798	11,801	8.4	11,808	8.4	47,734	99.2		
Data	43,342	44,196	(1.9)	11,647	10,881	7.0	10,797	7.9	45,385	95.5		
Voice & SMS	603	899	(32.9)	136	199	(31.7)	141	(3.5)				
Others	5,996	4,830		1,622	1,338		1,548					
Discount	-2,585	-2,889		-606	-617		-679					
MIDI	8,345	7,987		2,345	2,079		2,039					
Fixed telecom.	818	864		214	194		206					
Expenses	-45,243	-45,049	0.4	-11,923	-11,705	1.9	-11,394	4.6				
<b>EBIT</b>	<b>11,275</b>	<b>10,838</b>	<b>4.0</b>	<b>3,433</b>	<b>2,370</b>	<b>44.9</b>	<b>2,658</b>	<b>29.2</b>	<b>11,159</b>	<b>101.0</b>	<b>11,014</b>	<b>102.4</b>
<b>EBITDA</b>	<b>26,597</b>	<b>26,375</b>	<b>0.8</b>	<b>7,249</b>	<b>6,375</b>	<b>13.7</b>	<b>6,493</b>	<b>11.6</b>	<b>27,587</b>	<b>96.4</b>	<b>27,067</b>	<b>98.3</b>
Other income (exp.)	-3,990	-4,105		-896	-935		-995					
Pre-tax income	7,285	6,733		2,537	1,434		1,663		7,066	103.1	6,974	104.5
Taxes	-1,467	-1,460		-563	-321		-333					
<b>Reported net profit</b>	<b>5,510</b>	<b>4,911</b>	<b>12.2</b>	<b>1,922</b>	<b>1,033</b>	<b>86.1</b>	<b>1,252</b>	<b>53.5</b>	<b>5,114</b>	<b>107.7</b>	<b>4,941</b>	<b>111.5</b>
Normalized net profit	5,510	4,911		1,922	1,033		1,252					
<b>Margins (%)</b>												
EBIT Margin	19.9	19.4		22.4	16.8		18.9					
EBITDA margin	56.2	56.1		56.6	54.0		55.0					
Net Margin	12.7	11.1		16.5	9.5		11.6					
<b>Operational metrics</b>												
# of subs	93,700	94,700	(1.1)	93,700	94,700	(1.1)	95,000	-1.4				
Blended ARPU (IDR/subs)	40,000	38,000	5.3	38,500	38,500	-	40,000	-3.8				
Data traffic (TB)	17,655,000	16,170,000	9.2	4,119,000	4,119,000	-	4,532,000	-9.1				
Avg. data usage/subs	15.7	14.2	10.3	14.7	14.5	1.1	15.9	-7.9				
Data yields (IDR/MB)	2.5	2.7	(10.2)	2.8	2.6	7.0	2.4	18.7				

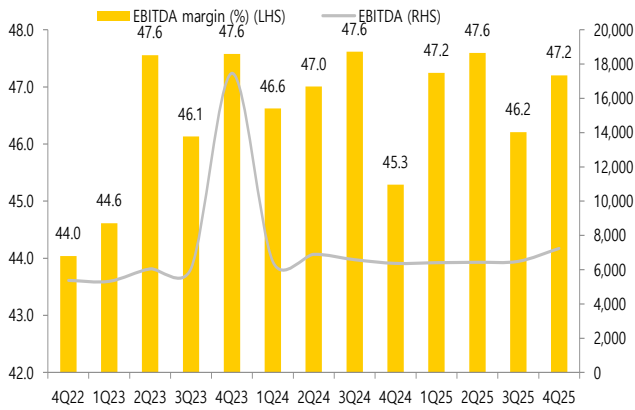
Source: Company, KBVS Research

**Exhibit 3: Forecast revisions**

	New		Old		Changes		Consensus		New vs. consensus	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	59,290	62,237	61,335	64,648	-3.3	-3.7	59,834	62,722	-0.9	-0.8
EBITDA	28,077	29,546	29,598	31,714	-5.1	-6.8	28,515	30,153	-1.5	-2.0
Net profit	6,019	6,636	6,196	7,183	-2.9	-7.6	5,819	6,547	3.4	1.4

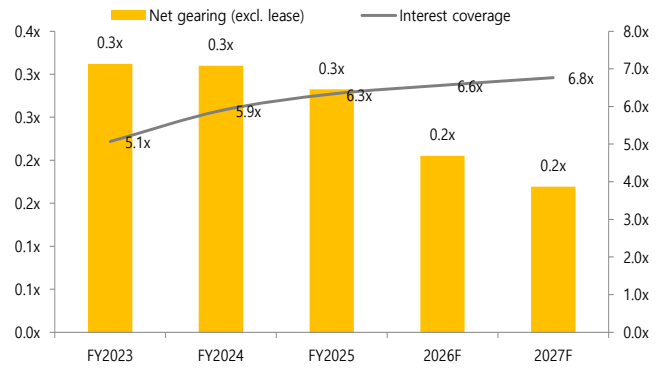
Source: Company, KBVS Research

Exhibit 4: ISAT's EBITDA margin



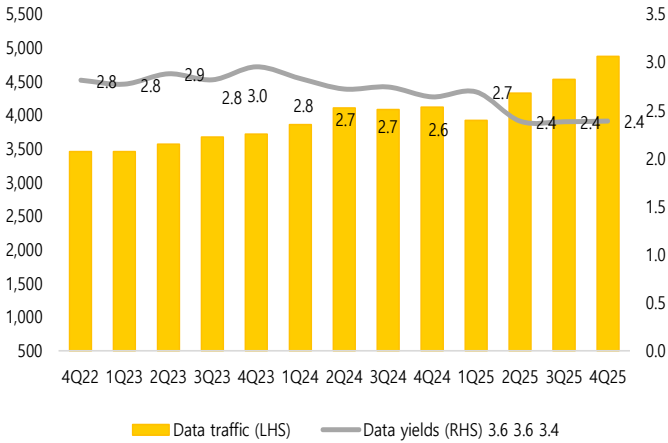
Source: Company, KBVS Research

Exhibit 5: Leverage metrics



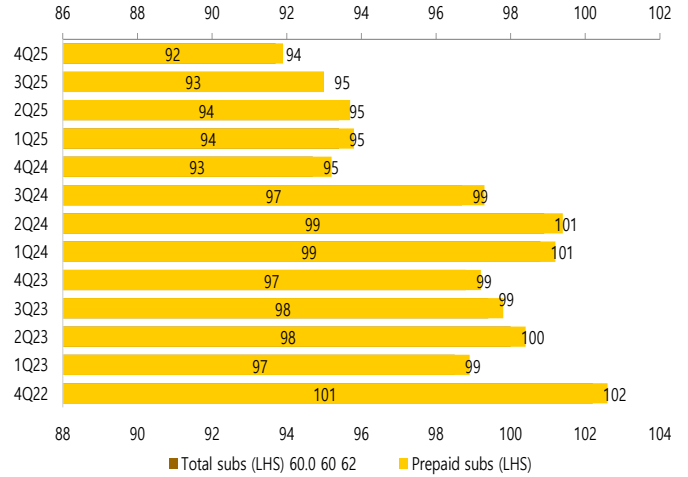
Source: Company, KBVS Research

Exhibit 6: Data traffic and yields qoq



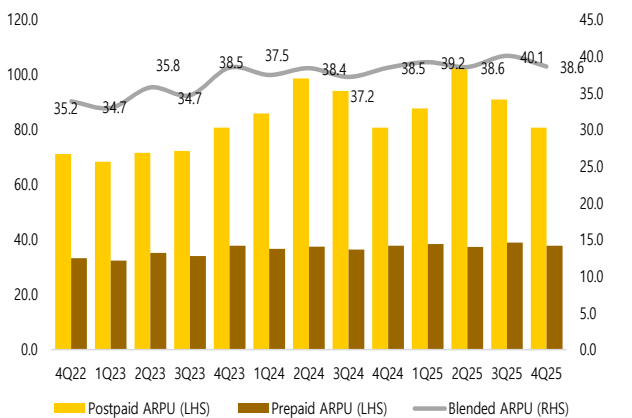
Source: Company, KBVS Research

Exhibit 7: Number of subscribers



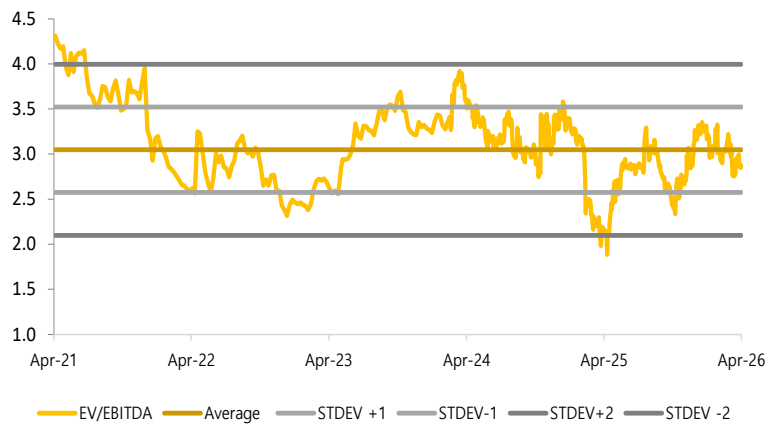
Source: Company, KBVS Research

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)	2024A	2025A	2026F	2027F	2028F
Revenue	55,887	56,518	59,290	62,237	66,283
Costs	-45,049	-45,243	-46,796	-48,759	-51,431
Operating profit	10,838	11,275	12,494	13,478	14,852
EBITDA	26,375	26,597	28,077	29,546	31,414
Net finance income/ cost	(4,115)	(4,012)	(3,989)	(4,100)	(4,156)
Other income/ expenses	9	22	22	22	22
Pretax profit	6,733	7,285	8,527	9,400	10,718
Income tax	(1,460)	(1,467)	(1,876)	(2,068)	(2,358)
Net profit	4,911	5,510	6,019	6,636	7,565
Normalized net profit	4,911	5,510	6,019	6,636	7,565

Source: Company, KBVS Research

**Exhibit 11: Balance sheet**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
<b>Current assets</b>					
Cash and cash equivalents	4,504	5,110	5,889	5,541	6,564
Trade receivables	3,267	3,601	3,603	4,448	4,720
Other current assets	7,139	10,324	10,479	10,726	10,900
Total current assets	14,927	19,039	19,976	20,718	22,187
<b>Non current assets</b>					
Fixed assets	74,143	75,099	76,601	79,666	81,259
Other non current assets	25,366	24,526	24,435	24,511	24,589
Total non current assets	99,509	99,626	101,037	104,177	105,848
Total assets	114,436	118,665	121,013	124,895	128,035
<b>Current liabilities</b>					
Trade payables	912	1,208	560	1,279	664
Accrued expenses	3,819	3,393	3,461	3,530	3,601
Short term debts	3,869	3,650	3,494	3,346	3,207
Other current liabilities	22,409	22,248	22,807	23,386	23,987
Total current liabilities	31,009	30,499	30,322	31,541	31,458
<b>Non current liabilities</b>					
Long term debts	11,030	11,729	10,479	9,372	8,392
Other non current liabilities	35,696	36,892	37,659	38,442	39,241
Total non-current liabilities	46,726	48,621	48,138	47,814	47,633
Shareholder equity	36,701	39,544	42,553	45,539	48,944
Total liabilities and equity	114,436	118,665	121,013	124,895	128,035

Source: Company, KBVS Research

**Exhibit 12: Cash flow**

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net profit	4,911	5,510	6,019	6,636	7,565
Depreciation	15,558	15,831	16,092	16,576	17,070
Changes in working capital	(4,180)	(3,725)	(501)	(61)	(745)
CF from operating activities	16,289	17,615	21,610	23,151	23,891
Investment in fixed assets	(16,841)	(16,788)	(17,594)	(19,640)	(18,664)
Others	1,016	839	91	(76)	(78)
CF from investing activities	(15,825)	(15,948)	(17,503)	(19,716)	(18,742)
Dividends paid	(2,164)	(2,703)	(3,010)	(3,650)	(4,161)
Debt raised/ repaid	(344)	410	(1,085)	(917)	(765)
Others	(807)	(1,471)	(2,243)	(2,867)	(3,361)
CF from financing activities	(1,150)	(1,061)	(3,328)	(3,783)	(4,126)
Change in cash flow	(686)	607	779	(349)	1,023
Cash and cash equivalent, beginning	5,190	4,504	5,110	5,889	5,541
Cash and cash equivalent, ending	4,504	5,110	5,889	5,541	6,564

Source: Company, KBVS Research

**Exhibit 13: Ratio analysis**

Year End Dec	2024A	2025A	2026F	2027F	2028F
Operating profit margin	19.4	19.9	21.1	21.7	22.4
EBITDA margin	47.2	47.1	47.4	47.5	47.4
Net profit margin	8.8	9.7	10.2	10.7	11.4
ROA	4.3	4.7	5.0	5.4	6.0
ROE	3.8	3.9	4.0	4.1	4.3
ROCE	5.9	6.2	6.6	7.1	7.8
ROIC	12.9%	13.1%	14.2%	14.8%	15.9%
Debt/Equity	1.6	1.5	1.4	1.3	1.2
Net debt/Equity	1.5	1.4	1.2	1.2	1.0
Net debt/EBITDA	1.9	1.9	1.7	1.7	1.5
Interest coverage (x)	5.9	6.3	6.6	6.8	7.0
EPS (Rp)	152.3	170.8	186.6	205.8	234.6
BV/Share (Rp)	1,138.0	1,226.1	1,319.5	1,412.0	1,517.6

Source: Company, KBVS Research

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