

Cost discipline offsets muted top-line growth

30 October 2025



ISAT IJ

Sector	Telecomm.
Price at 29 October 2025 (IDR)	1,905
Price target (IDR)	2,500
Upside/Downside (%)	31.2

Stock Information

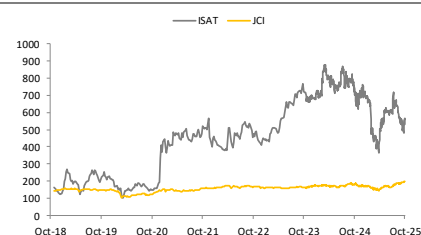
PT Indosat Tbk, trading as Indosat Ooredoo Hutchison, is a telecommunications provider in Indonesia which is owned by Ooredoo Hutchison Asia, a joint venture between Ooredoo and Hutchison Asia Telecom Group since 2022.

Market cap (IDR bn)	61,438
Shares outstanding (mn)	32,251
52-week range (IDR)	1,240-2,640
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	14.37	-9.72	-15.95

Analyst

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ISAT's 9M25 performance missed both our and consensus expectations, arriving within a range of 70.1%-72.6%. Although 3Q25 revenue grew a modest 3.8% qoq, EBIT rose 11.0% on improved cost-efficiency. We trim our '25F revenue forecast by 1.5% to IDR56.5 tn but maintain 3.0% EBITDA growth with a higher margin of 48.1%, supported by ongoing cost-synergies. Maintain our BUY call with a target price of IDR2,500, based on a 2.9x '25F EV/EBITDA, which is within 5yrs avg. historical mean.

Sustains qoq EBITDA growth despite rising costs in 3Q25

ISAT posted 9M25 revenue of IDR41.2 tn, down 1.6% yoy, mainly due to a 4.9% decline in data-revenue to IDR31.7 tn, following a 3.7% drop in total subscribers to 95.0mn. Despite a 6.1% yoy increase in data-traffic to 12,781PB, the 9M25 payload reached only 72.5% of our full-year forecast of 17,625PB. Operating profit fell 7.4% yoy to IDR7.8 tn, reflecting the revenue contraction, although opex declined 10.9% to IDR1.9 tn. EBITDA decreased 3.3% yoy to IDR19.3 tn, with the margin narrowing to 56.0% from 56.8% in 9M24.

On a qoq basis, total subscribers slipped 0.4%, but revenue grew 3.8% to IDR14.1 tn. Despite a 6.6% qoq rise in cash-costs to IDR7.6 tn, EBITDA inched up 0.8% qoq to IDR6.5 tn, with the margin easing to 55.0% from 56.9% in 2Q25. The ability to sustain qoq EBITDA growth amid higher costs indicates improved cost-management. Net profit rose 22.2% qoq, supported by a 5.1% decline in interest expenses, but cumulatively, 9M25 net profit fell 7.5% yoy to IDR3.6 tn. Annual interest expenses were down 3.8% yoy, bringing the net margin slightly lower to 11.3% from 11.6% in 9M24.

Minor revenue revision offset by margin gains from cost discipline

Total expenses in 9M25 fell 0.1% yoy to IDR33.3 tn, 1.4% below our full-year forecast of IDR45.3 tn, supported by stable cash-costs. However, intense competition and weaker FBB monetization led to a 3.7% decline in subscribers. We slightly lower our '25F revenue forecast by 1.5% to IDR56.5 tn, implying 1.0% yoy growth.

Ongoing operational synergies are expected to reduce cash costs by 0.7% yoy to IDR29.3 tn, well below the 4.8% average over the past 3yrs. This should lift the EBITDA margin to 48.1%, with EBITDA growing 3.0% yoy, inline with management's guidance of low single-digit growth. Total expenses are projected to rise just 0.6% yoy to IDR45.3 tn in '25F, vs. a 10.4% increase in '24A. Interest costs remain manageable and on track with our full-year forecast of IDR4.4 tn. We project '25F net profit to grow 2.0% yoy to IDR5.0 tn, with net margin improving slightly to 8.9% from 8.8% in '24A, a modest 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 2.9x '25F EV/EBITDA, which is within 5yrs avg. historical mean. ISAT is currently trades at 2.5x EV/EBITDA, representing a 12.3% 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	56,458	59,218	62,492
EBITDA (IDR)	23,938	26,375	27,166	28,577	30,657
Net profit (IDR)	4,506	4,911	5,008	5,530	6,495
EPS growth	-4.6	9.0	2.0	10.4	17.4
ROA	3.9	4.3	4.3	4.6	5.3
ROE	3.8	3.8	3.6	3.7	4.0
PER (x)	13.6	12.5	12.3	11.1	9.5
PBV (x)	2.9	2.6	2.4	2.3	2.1
EV/EBITDA (x)	3.0	2.7	2.5	2.4	2.2

Source: Company, KBVS Research

Exhibit 2: Financial Summary

ISAT's 9M25 results (IDR bn)	9M25	9M24	YoY (%)	3Q25	3Q24	YoY (%)	2Q25	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
Revenue	41,162	41,812	(1.6)	14,052	13,836	1.6	13,532	3.8	57,333	71.8	56,754	72.5
Cellular & Data	34,557	35,235	(1.9)	11,808	11,634	1.5	11,328	4.2				
Data	31,695	33,314	(4.9)	10,797	11,208	(3.7)	10,336	4.5				
Voice & SMS	467	700	(33.3)	141	221	(36.3)	161	(12.3)				
Others	4,374	3,493		1,548	960		1,473					
Discount	-1,979	-2,272		-679	-755		-641					
MIDI	6,000	5,907		2,039	1,991		2,000					
Fixed telecom.	604	670		206	211		204					
Expenses	-33,320	-33,344		-11,394	-11,120		-11,138					
EBIT	7,842	8,468	(7.4)	2,658	2,716	(2.1)	2,394	11.0				
EBITDA	19,348	20,000	(3.3)	6,493	6,588	(1.4)	6,440	0.8	27,587	70.1	27,068	71.5
Other income (exp.)	-3,094	-3,170		-995	-1,139		-1,069					
Pre-tax income	4,748	5,298		1,663	1,577		1,325					
Taxes	-904	-1,139		-333	-342		-224					
Reported net profit	3,587	3,878	(7.5)	1,252	1,143	9.5	1,024	22.2	5,114	70.2	4,943	72.6
Normalized net profit	3,587	3,878		1,252	1,143		1,024					
Margins (%)												
EBIT Margin	19.1	20.3		18.9	19.6		17.7					
EBITDA margin	56.0	56.8		55.0	56.6		56.9					
Net Margin	11.3	11.6		11.6	10.2		9.9					
Operational metrics												
# of subs	95,000	98,700	(3.7)	95,000	98,700	(3.7)	95,400	-0.4				
Blended ARPU (IDR/subs)	39,000	37,700	3.4	40,000	37,200	7.5	38,500	3.9				
Data traffic (TB)	12,781,000	12,050,000	6.1	4,532,000	4,085,000	10.9	4,327,000	4.7				
Avg. data usage/subs	14.9	13.6	10.2	15.9	13.8	15.3	15.1	5.2				
Data yields (IDR/MB)	2.5	2.8	(10.3)	2.4	2.7	(13.2)	2.4	-0.3				

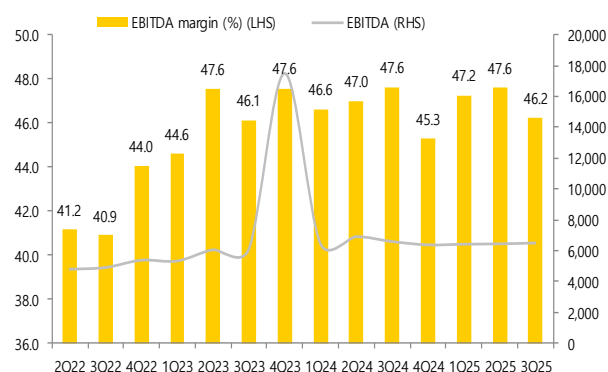
Source: Company, Bloomberg, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	56,458	59,218	57,333	60,156	-1.5	-1.6	56,753	59,408	-0.5	-0.3
EBITDA	27,166	28,577	27,587	29,029	-1.5	-1.6	27,067	28,586	0.4	0.0
Net profit	5,008	5,530	5,114	5,554	-2.1	-0.4	4,941	5,646	1.3	-2.0

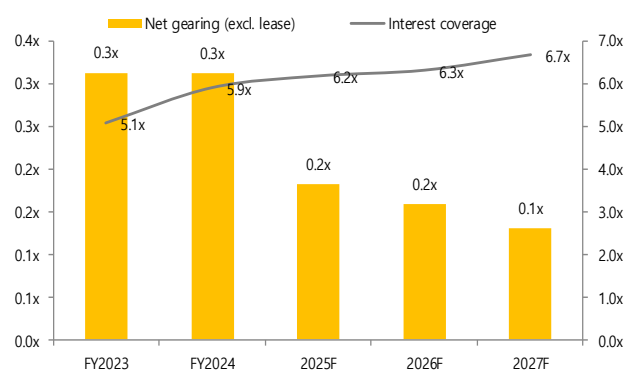
Source: Company, Bloomberg, KBVS Research

Exhibit 4: ISAT's EBITDA margin



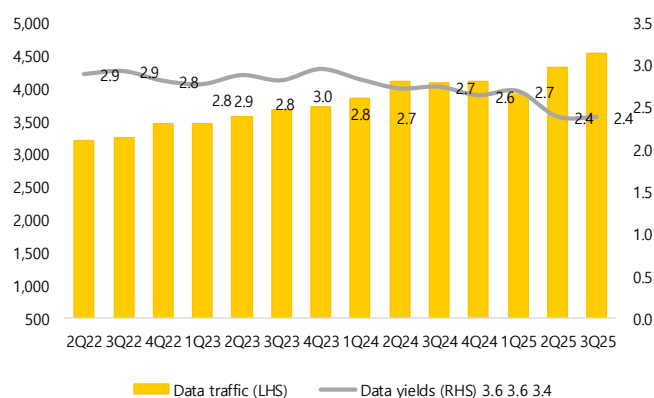
Source: Company, KBVS Research

Exhibit 5: Leverage metrics



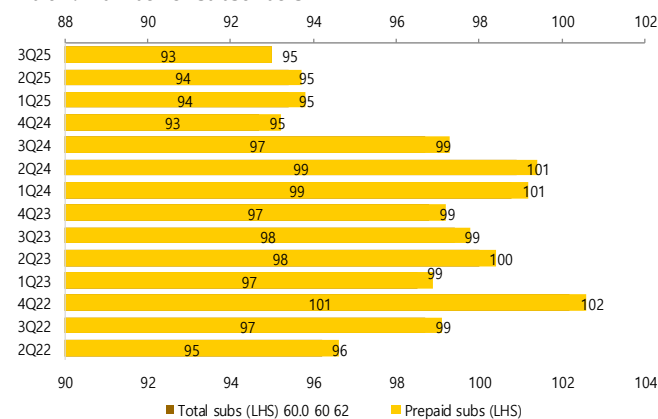
Source: Company, KBVS Research

Exhibit 6: Data traffic and yields qoq



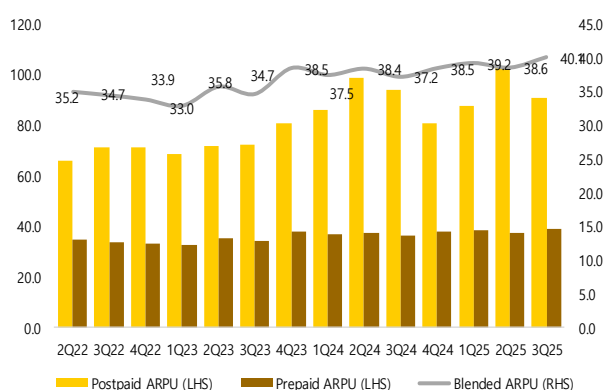
Source: Company, KBVS Research

Exhibit 7: Number of subscribers



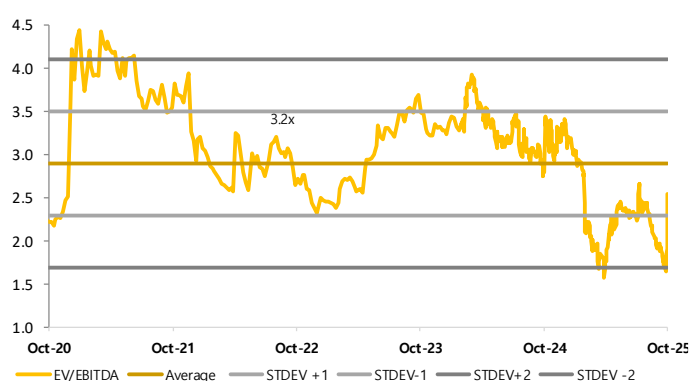
Source: Company, KBVS Research

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	56,458	59,218	62,492
Costs	-40,801	-45,049	-45,299	-47,032	-48,884
Operating profit	10,428	10,838	11,159	12,185	13,608
EBITDA	23,938	26,375	27,166	28,577	30,657
Net finance income/ cost	(4,394)	(4,115)	(4,103)	(4,360)	(4,417)
Other income/ expenses	(103)	9	9	9	9
Pretax profit	5,932	6,733	7,066	7,834	9,201
Income tax	(1,156)	(1,460)	(1,533)	(1,724)	(2,024)
Net profit	4,506	4,911	5,008	5,530	6,495
Normalized net profit	3,561	4,911	5,008	5,530	6,495

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	7,830	7,164	6,926
Trade receivables	3,139	3,267	3,376	4,265	4,354
Other current assets	7,133	7,139	7,601	7,407	7,817
Total current assets	15,480	14,878	18,822	18,851	19,112
Non current assets					
Fixed assets	72,861	74,143	74,713	77,702	80,810
Other non current assets	26,382	25,366	25,279	25,375	25,474
Total non current assets	99,243	99,509	99,992	103,077	106,284
Total assets	114,722	114,387	118,814	121,928	125,396
Current liabilities					
Trade payables	746	912	888	898	935
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	32,159	32,854	33,605
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	39,406	42,171	45,094
Total liabilities and equity	114,722	114,387	118,814	121,928	125,396

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	4,506	4,911	5,008	5,530	6,495
Depreciation	14,621	15,558	16,027	16,410	17,066
Changes in working capital	(937)	(4,180)	(158)	(364)	(135)
CF from operating activities	18,191	16,289	20,876	21,576	23,426
Investment in fixed assets	(18,300)	(16,841)	(16,597)	(19,398)	(20,174)
Others	(590)	1,016	87	(96)	(99)
CF from investing activities	(18,890)	(15,825)	(16,510)	(19,494)	(20,273)
Dividends paid	(2,062)	(2,164)	(2,253)	(2,765)	(3,572)
Debt raised/ repaid	(6,648)	(344)	197	(731)	(582)
Others	3,028	(856)	(1,187)	(2,017)	(2,808)
CF from financing activities	(3,620)	(1,200)	(991)	(2,748)	(3,390)
Change in cash flow	(4,318)	(735)	3,375	(666)	(237)
Cash and cash equivalent, beginning	9,508	5,190	4,454	7,830	7,164
Cash and cash equivalent, ending	5,190	4,454	7,830	7,164	6,926

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Operating profit margin	20.4	19.4	19.8	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	9.3	10.4
ROA	3.9	4.3	4.3	4.6	5.3
ROE	3.8	3.8	3.6	3.7	4.0
ROCE	5.6	5.9	5.8	6.2	7.1
ROIC	13.1%	12.9%	13.2%	13.9%	14.9%
Debt/Equity	1.8	1.6	1.5	1.4	1.3
Net debt/Equity	1.6	1.5	1.3	1.3	1.2
Net debt/EBITDA	2.0	1.9	1.8	1.7	1.6
Interest coverage (x)	5.1	5.9	6.2	6.3	6.7
EPS (Rp)	139.7	152.3	155.3	171.5	201.4
BV/Share (Rp)	1,045.2	1,136.5	1,221.9	1,307.6	1,398.2

Source: Company, KBVS Research

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