Improving Monetization, Strengthening Profitability

14 July 2026

indosat OOREDOO HUTCHISON

ISAT IJ	
Sector	Telecomm
Price at 13 July 2026 (IDR)	1,840
Price target (IDR)	2,500
Upside/Downside (%)	35.9

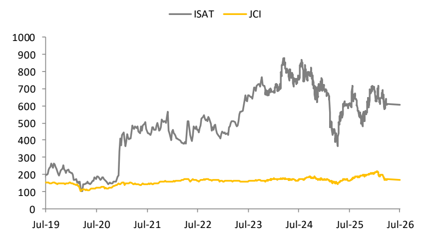
Stock Information

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)	59,341
Shares outstanding (mn)	32,251
52-week range (IDR)	1,615-2,600
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	-2.67	-14.95	-11.22

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ISAT's earnings momentum remains intact, supported by continued price repair & prudent cost-management. We expect 2Q26F to mark another quarter of sequential revenue & EBITDA growth, while FY26F should benefit from resilient data-demand, gradual ARPU expansion & stable margins.

2Q26F: Pricing discipline continues to lift data-monetization

We expect ISAT to deliver another sequential improvement in 2Q26F, extending the recovery in ARPU and data yield that has been evident since 3Q25, reflecting improving industry monetization and healthier competitive dynamics. ARPU has risen consistently by +2.6% QoQ in 3Q25, +7.5% in 4Q25 and +5.1% in 1Q26, while data-yield has remained resilient (+0.2% QoQ average since 3Q25) despite average data-traffic growth of 4.3% QoQ over the same period, indicating improving monetization. We forecast data-services revenue to increase +1.7% QoQ to IDR12.0 tn (vs. +1.4% QoQ in 1Q26), supported by ISAT's price-right strategy and a simplified starter pack/voucher structure. We also expect data-traffic to accelerate to +2.7% QoQ (vs. +0.7% QoQ in 1Q26), keeping data-yield stable at IDR2.38/MB. Overall, consolidated revenue is projected to reach IDR15.2 tn (+2.7% QoQ), reversing -0.3% QoQ decline recorded in 2Q25.

Cost-discipline offsets higher network investment

While continued network expansion and quality upgrades should keep cost of services elevated (+3.0% QoQ to IDR6.1 tn), driven by higher maintenance, spectrum and interconnection costs, we expect disciplined operating expense management to preserve margin expansion. Specifically, S&M expenses should decline -9.5% QoQ to IDR375.7 bn as management adopts a more selective advertising & promotion strategy. As a result, cash-costs are projected to decline -1.2% QoQ to IDR7.9 tn, supporting EBITDA growth of +0.9% QoQ to IDR7.3 tn despite higher network-related expenses. We believe ISAT's ability to expand EBITDA while continuing to invest in network quality underscores improving cost control and operational execution.

FY26F: Data remains the primary growth engine

We maintain our FY26F estimates, with growth primarily driven by the data-segment, supported by continued network enhancement and improving monetization. We forecast data-service revenue to increase +7.6% YoY to IDR46.7 tn, underpinned by stable subscribers at 93.7 mn and data-traffic growth of +8.3% YoY to 19,120 PB. Data-yield is expected to remain resilient at IDR2.44/MB, while ARPU gradually improves to IDR44.9k. Additional upside could come from home-broadband, where low-penetration provides room for subscriber growth of +6.6% YoY. Overall, consolidated revenue is expected to grow +4.9% YoY to IDR59.3 tn, broadly aligned with management's mid-to-high single-digit growth target.

Margin expansion supported by prudent cost-management

We expect margin improvement to remain intact as revenue growth continues to outpace cost-expansion. Total operating expenses are projected to rise +3.4% YoY to IDR46.8 tn, with cash-costs increasing +4.3% YoY to IDR31.2 tn and cost of services growing +3.7% YoY to IDR24.7 tn, both remaining below their respective three-year historical averages. This should support EBITDA growth of +5.6% YoY to IDR28.1 tn, consistent with management's guidance. Below the operating-line, we forecast interest expense of IDR4.3 tn, resulting in FY26F net profit of IDR6.0 tn, equivalent to a 10.2% net margin (vs. 9.7% in FY25). Meanwhile, the interest coverage ratio is expected to improve to 6.6x in FY26F and 6.8x in FY27F, from 6.3x in FY25, reflecting continued balance-sheet strengthening.

Maintain BUY; Improving earnings momentum remains underappreciated

Maintain our BUY call with a TP of IDR2,500, based on 3.3x FY26F EV/EBITDA (+0.5SD 5-year historical mean), compared with the current 2.9x. We view the valuation as undemanding given improving monetization trends, sustained cost-discipline and strengthening earnings visibility. Key catalysts: further industry pricing recovery & stronger HBB monetization. Key risks: weaker macro demand & a prolonged higher-for-longer interest-rate environment that could pressure funding-costs.

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 (IDR)	152	170.8	186.6	205.8	234.6
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)	12.1	10.8	9.9	8.9	7.8
PBV (x)	2.6	2.4	2.3	2.1	2.0
EV/EBITDA (x)	2.6	2.6	2.4	2.3	2.0

Source: Company, KBVS Research

Exhibit 2: Summary of ISAT's latest results

ISAT's 1Q26 results (IDR bn)	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)	2026F	% to '26F	Cons'	% of Cons'
Revenue	**15,221**	**13,578**	**12.1**	**15,357**	**(0.9)**	**59,290**	**25.7**	**59,834**	**25.4**
Cellular & Data	12,703	11,422	11.2	12,798	(0.7)				
Data	**11,805**	**10,562**	**11.8**	**11,647**	**1.4**	**46,654**	**25.3**		
Voice & SMS	124	166	(25.4)	136	(8.9)				
Others	1,461	1,353		1,622					
Discount	-688	-659		-606					
MIDI	2,305	1,961		2,345					
Fixed telecom.	213	195		214					
Expenses	-12,203	-10,788	13.1	-11,923	2.3				
EBIT	**3,018**	**2,790**	**8.2**	**3,433**	**(12.1)**	**12,494**	**24.2**	**12,331**	**24.5**
EBITDA	**7,245**	**6,415**	**12.9**	**7,249**	**(0.0)**	**28,077**	**25.8**	**28,515**	**25.4**
Other income (exp.)	-1,095	-1,031		-896					
Pre-tax income	1,923	1,759		2,537					
Taxes	-397	-347		-563					
Reported net profit	**1,491**	**1,311**	**13.7**	**1,922**	**(22.4)**	**6,019**	**24.8**	**5,819**	**25.6**
Normalized net profit	1,491	1,311		1,922					
Margins (%)									
EBIT Margin	19.8	20.5		22.4					
EBITDA margin	57.0	56.2		56.6					
Net Margin	12.6	12.4		16.5					
Operational metrices									
# of subs	94,000	95,400	(1.5)	93,700	0.3				
Blended ARPU (IDR/subs)	45,200	39,200	15.3	38,500	17.4				
Data traffic (TB)	4,906,000	3,922,000	25.1	4,874,000	0.7				
Avg. data usage/subs	17.4	13.7	27.0	17.3	0.3				
Data yields (IDR/MB)	2.4	2.7	(10.6)	2.4	0.7				

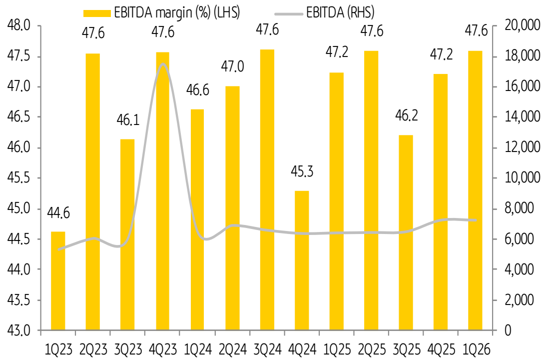
Source: Company, KBVS Research

Exhibit 3: Forecast for FY26F-FY27F (unchanged from our latest reports)

	New		Old		Changes		Consensus		New vs. consensus	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	59,290	62,237	59,290	62,237	0.0	0.0	59,834	62,722	-0.9	-0.8
EBITDA	28,077	29,546	28,077	29,546	0.0	0.0	28,515	30,153	-1.5	-2.0
Net profit	6,019	6,636	6,019	6,636	0.0	0.0	5,819	6,547	3.4	1.4

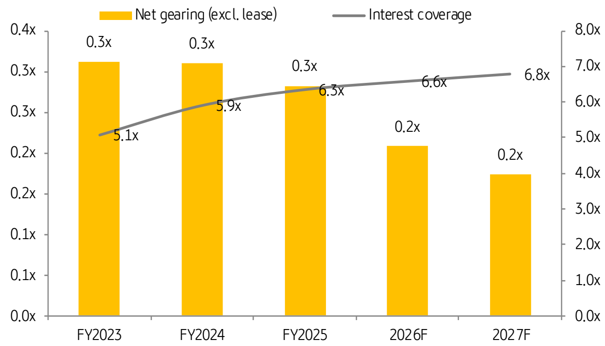
Source: Company, KBVS Research

Exhibit 4: ISAT's EBITDA margin



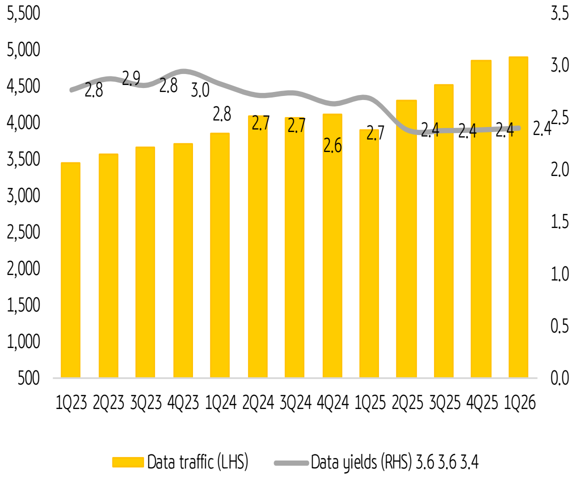
Source: Company, KBVS Research

Exhibit 5: Leverage metrics



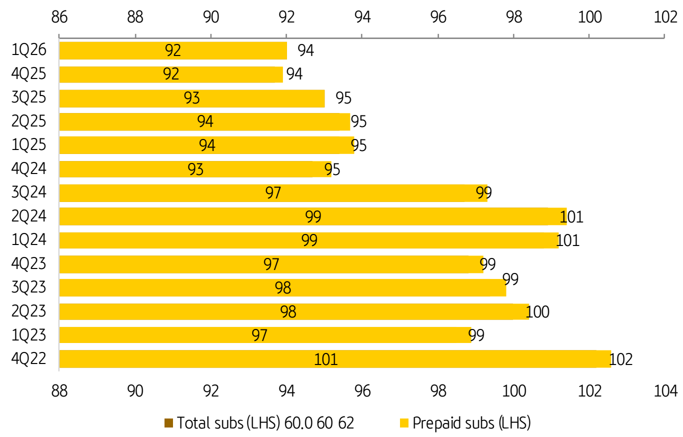
Source: Company, KBVS Research

Exhibit 6: Data traffic and yields QoQ



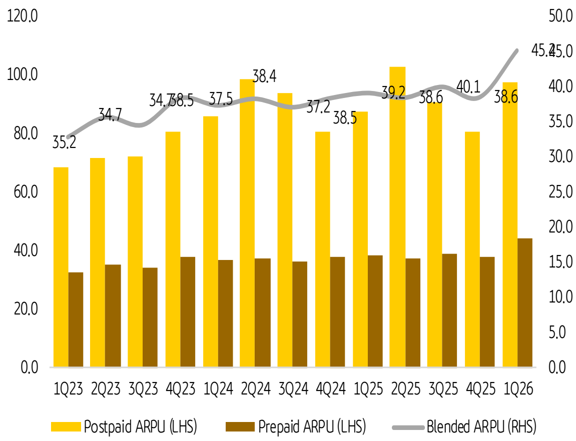
Source: Company, KBVS Research

Exhibit 7: Number of subscribers



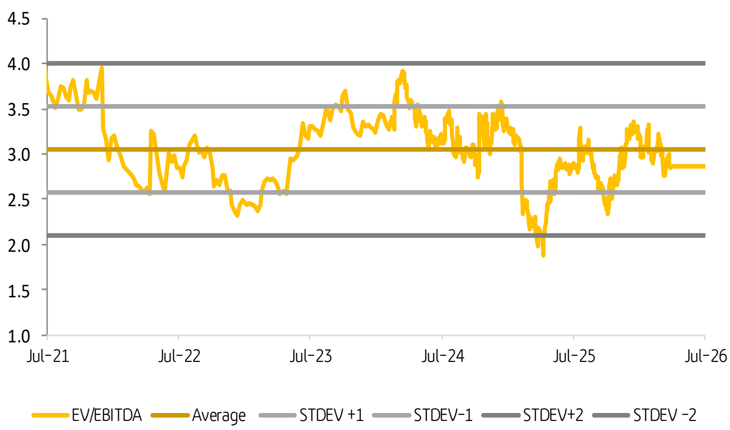
Source: Company, KBVS Research

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
Current assets					
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
Non current assets					
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
Current liabilities					
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
Non current liabilities					
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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