

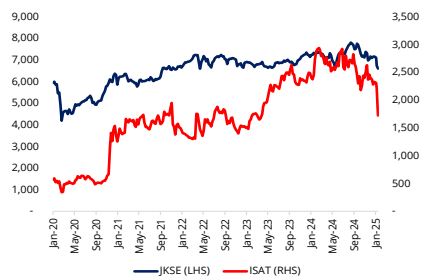


BUY

Price (Feb 13 rd , 25)	1,735
Target Price	2,200
Potential Upside	26.80%
Market Cap	56.12 T
Number of Share	32.25 B
52w Lo/Hi	1580 / 3060

Source : IDX | Phintraco Sekuritas Research
| as of Feb 13rd, 2025

IHSG vs ISAT



Source : IDX

Shareholder	%
Government (A)	0.00
Ooredo Hutchison Asia Pte. Ltd (B)	65.64
PT Perusahaan Pengelola Aset (B)	9.63
TTI (B)	8.33
Muhammad Buldansyah (B)	0.00
Public (B)	16.38

Source : Company | as of fin. statement FY2025

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2025F	170.58	181.22	-5.87
2026F	202.85	200.77	1.04

Source : *marketscreener | as of Feb 13rd, 2025

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PT Indosat Ooredo Hutchison Tbk

(ISAT.JK / ISAT.IJ)

Profitability Under Pressure Amid Rising Operational Costs

ISAT recorded a decrease in net profit of IDR1.03 trillion in 4Q24 (-39.93% YoY; -9.69% QoQ). Net profit margin also weakened to 7.34% (vs. 8.26% in 3Q24; 12.49% in 4Q23). The decrease in net profit was influenced by an increase in operating expenses, which grew in the lower to the mid-single-digit range or reached IDR11.64 trillion (+4.73% QoQ; +6.01% YoY), with the cumulative figure for FY24 reaching IDR45.07 trillion (+7.54% YoY). The increase in operating expenses was due to an increase in marketing costs, which reached IDR535 billion in 4Q24 (+13.28% QoQ; -15.52% YoY), which was driven by seasonal factors at the end of the year. In addition, the cost of service also increased to IDR5.99 trillion (+7.11% QoQ; +10.39% YoY), which put additional pressure on the company's profitability. On the other hand, revenue growth is still relatively limited in the lower single-digit range or IDR14.7 trillion (+1.73% QoQ; +2.24% YoY). The MIDI (Multimedia, Data Communication, and Internet) segment supported the limited revenue growth, which grew to IDR2.07 trillion (+4.45% QoQ; +7.49% YoY). Meanwhile, the performance of the cellular segment was relatively stagnant, with revenue of IDR11 trillion (+1.44% QoQ; +1.94% YoY) throughout 4Q24. In terms of operational profitability, EBITDA was recorded at IDR6.37 trillion (-3.24% QoQ; 1.49% YoY), with a cumulative figure for FY24 reaching IDR26.73 trillion (+10.18% YoY). EBITDA margin also contracted to 45.29% (vs. 47.62% in 3Q24 and 47.01% in 4Q23).

ISAT's cellular segment showed limited growth in 4Q24, with revenue reaching IDR11.80 trillion (+1.44% QoQ; +1.94% YoY). The company's selectivity in retaining high-value customers and intense competition in the industry were limiting factors. Meanwhile, the cellular segment experienced pressure after the data segment contracted, with data segment revenue falling to IDR10.88 trillion (-2.92% QoQ; -0.86% YoY), in line with the decline in the number of customers to 94.70 million (vs. 98.70 million in 3Q24; 98.80 million in 4Q23). However, ISAT's combined ARPU grew to IDR38.90 thousand (vs. IDR37.20 thousand in 3Q24). Amid pressure on subscriber numbers, data consumption was relatively flat, with traffic reaching 4,119 petabytes (PB) in 4Q24 (vs 4,085 PB in 3Q24; 3,716 PB in 4Q23).

Guidance 2025 From Management. ISAT management has set a guideline for 2025 with a revenue growth projection that exceeds the industry average with EBITDA growth of >10% and a capital expenditure budget of around IDR13 trillion. In addition, in realizing ISAT as a "Tech House Company," ISAT has invested in developing AI-based services through GPU (Graphics Processing Unit), expected to generate annual revenue of ~USD30-40 million. Finally, management also targets distributing dividends with a payout ratio of 70% of net profit distributed to owners in 2026.

We maintain our BUY rating on ISAT with a lower target price of Rp2,200. This calculation is based on the DCF method with a WACC of 11% and terminal growth of 2%, which implies EV/EBITDA of 4.46x/4.15x for FY25F/FY26F. Downside risks include 1) Tight competition in the telecommunications industry and 2) limited revenue growth due to weak purchasing power.

Key Operational Highlight

Table 1. Financial and Operational Highlight

PT Indosat Ooredoo Hutchison Tbk										
(in Billion IDR)	12M23	12M24	YoY	4Q23	3Q24	4Q24	YoY	QoQ	Phintas Estimate	%Phintas
Revenue	51,229	55,887	9.09%	13,766	13,836	14,075	2.24%	1.73%	53,298	104.86%
<i>Cellular</i>	43,750	47,036	7.51%	11,576	11,634	11,801	1.94%	1.44%		
<i>MIDI</i>	6,473	7,987	23.38%	1,935	1,991	2,079	7.49%	4.45%		
<i>Fixed Telecommunications</i>	1,006	864	-14.08%	255	211	194	-23.93%	-8.02%		
Operating Expenses	(41,912)	(45,070)	7.54%	(10,985)	(11,120)	(11,645)	6.01%	4.73%	(42,669)	105.63%
<i>Cost of Service</i>	(21,085)	(22,740)	7.85%	(5,429)	(5,596)	(5,993)	10.39%	7.11%		
<i>Depreciation and Ammortization</i>	(14,621)	(15,558)	6.41%	(3,690)	(3,872)	(3,945)	6.92%	1.88%		
<i>Personnel</i>	(3,695)	(3,890)	5.28%	(968)	(980)	(950)	-1.83%	-3.07%		
<i>Marketing</i>	(1,677)	(1,993)	18.87%	(633)	(472)	(535)	-15.52%	13.28%		
<i>G&A Expenses</i>	(835)	(889)	6.49%	(265)	(199)	(222)	-16.33%	11.24%		
Operating Profit	9,317	10,817	16.10%	2,781	2,716	2,429	-12.65%	-10.55%	10,629	101.76%
EBITDA	23,938	26,375	10.18%	6,471	6,588	6,375	-1.49%	-3.24%	25,090	105.12%
Finance Cost	(4,725)	(4,478)	-5.22%	(1,095)	(1,128)	(1,119)	2.21%	-0.81%	(4,585)	97.66%
Net Profit	4,506	4,911	8.97%	1,719	1,143	1,033	-39.93%	-9.69%	4,646	105.70%
Profitability Ratio										
<i>Operating Profit Margin (OPM)</i>	18.19%	19.35%		20.20%	19.63%	17.26%			19.94%	
<i>EBITDA Margin</i>	46.73%	47.19%		47.01%	47.62%	45.29%			47.07%	
<i>Net Profit Margin (NPM)</i>	8.80%	8.79%		12.49%	8.26%	7.34%			8.72%	
Operational Data										
<i>Subscriber Postpaid (In Million)</i>	1.60	1.50	-6.25%							
<i>Subscriber Prepaid (In Million)</i>	97.20	93.20	-4.12%							
Total Subscriber (In Million)	97.20	94.70	-2.57%							
<i>ARPU Postpaid (In Thousand)</i>	74.40	94.60	27.15%	80.80	97.10	99.60	23.27%	2.57%		
<i>ARPU Prepaid (In Thousand)</i>	35.00	37.10	6.00%	37.80	36.40	38.00	0.53%	4.40%		
ARPU Blended (In Thousand)	35.60	38.00	6.74%	38.50	37.20	38.90	1.04%	4.57%		
<i>Data Consumption (In Petabytes)</i>	14,417	16,169	12.15%	3,716	4,085	4,119	10.84%	0.83%		
<i>Base Transceiver Units (Units)</i>										
2G	50,361	53,682	6.59%							
4G	179,070	193,348	7.97%							
5G	90	107	18.89%							

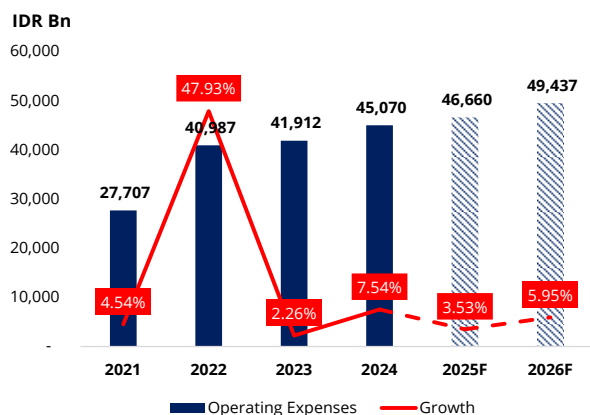
Source : Company | Phintraco Sekuritas Research

Table 2. Earnings Revision

Earnings Revision PT Indosat Ooredoo Hutchison Tbk (ISAT.IJ)	New		Old		Change	
	25F	26F	25F	26F	25F	26F
Income Statement (IDR Bn)						
Revenue	58,061	61,729	57,389	62,143	1.17%	-0.67%
Operating Expense	(46,660)	(49,437)	(46,708)	(50,214)	-0.10%	-1.55%
Operating Profit	11,401	12,291	10,681	11,930	6.75%	3.03%
EBITDA	27,224	28,951	26,038	28,195	4.56%	2.68%
Net Profit	5,501	6,542	4,806	6,023	14.46%	8.61%
EPS (Rp)	171	203	149	187	14.46%	8.61%
Ratio (%)						
Operating Profit Margin	19.64%	19.91%	18.61%	19.20%	103bps	71bps
EBITDA Margin	46.89%	46.90%	45.37%	45.37%	152bps	153bps
Net Profit Margin	9.48%	10.60%	8.38%	9.69%	110bps	91bps

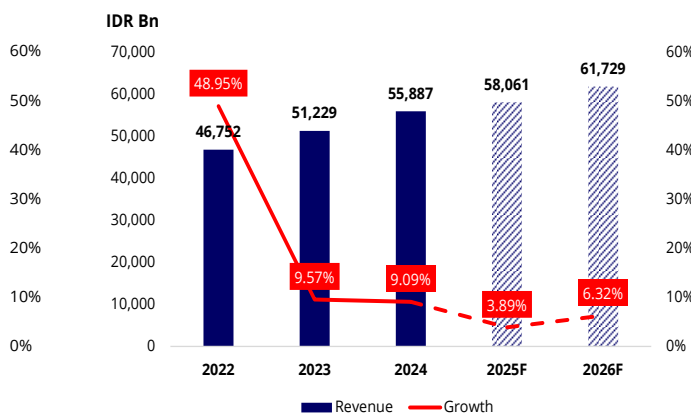
Source : Company | Phintraco Sekuritas Research

Figure 1. Operating Expenses Trajectory



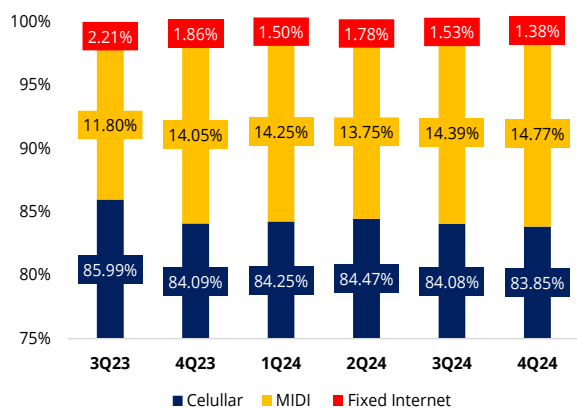
Source : Company | Phintraco Sekuritas Research

Figure 2. Revenue Trajectory



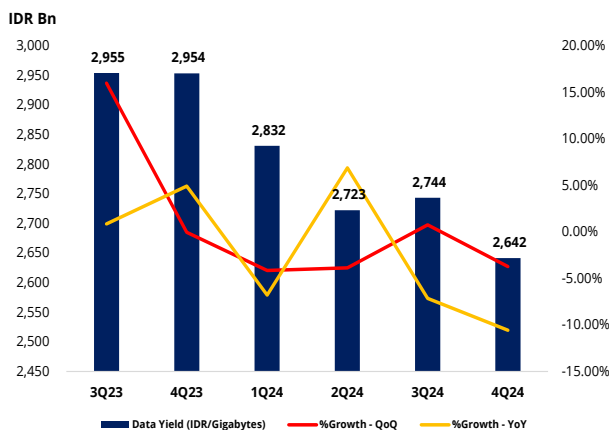
Source : Company | Phintraco Sekuritas Research

Figure 3. Breakdown Revenue 3Q23—4Q24



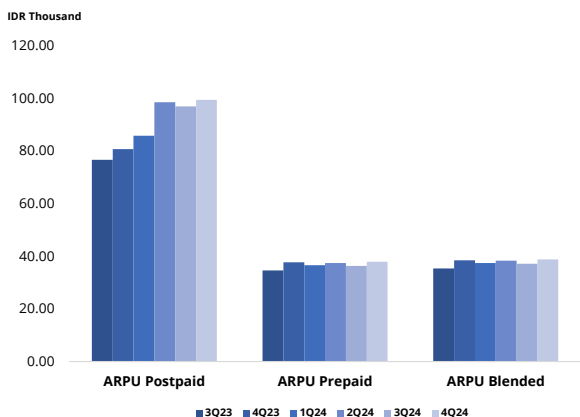
Source : Company | Phintraco Sekuritas Research

Figure 4. Data Yield 3Q24—4Q24



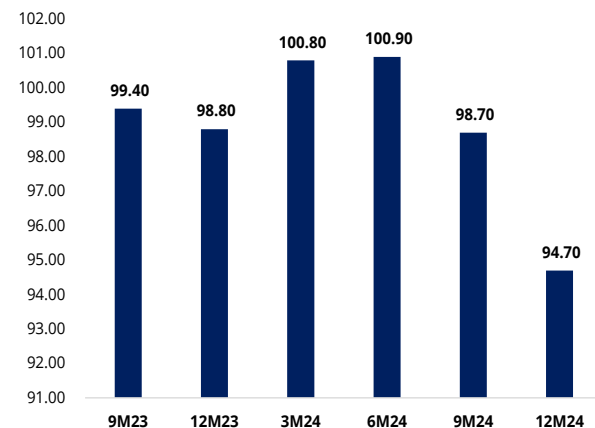
Source : Company | Phintraco Sekuritas Research

Figure 5. ARPU Trajectory



Source : Company | Phintraco Sekuritas Research

Figure 6. Subscriber Trajectory



Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

BALANCE SHEET	FY22	FY23	FY24	FY25E	FY26F
Asset					
Cash & cash equivalents	9,508	5,190	4,454	4,478	4,846
Accounts Receivable	2,333	3,139	3,267	3,283	3,627
Total Current Assets	18,683	15,480	14,878	15,448	16,618
Fixed Assets	69,070	72,861	74,143	76,888	80,037
Goodwill	19,883	20,504	20,117	20,117	20,117
Total Non Current Assets	95,157	99,243	99,509	102,994	106,499
Total Asset	113,840	114,722	114,387	118,442	123,117
Liabilities					
Account Payables and Procurement Payable	11,555	11,460	9,321	11,204	11,871
Current maturities of LT borrowings	11,375	8,951	10,378	9,744	9,538
Total Current Liabilities	35,874	34,134	31,009	34,441	35,705
LT employee benefit liabilities	736	852	862	871	957
LT debt - net of current maturities	44,609	44,414	44,488	41,771	40,885
Total Non Current Liabilities	46,391	46,879	46,726	44,111	43,498
Total Liabilities	82,265	81,013	77,735	78,553	79,203
Equity	31,575	33,709	36,652	39,889	43,915

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

CASH FLOW	FY22	FY23	FY24	FY25E	FY26F
Cash Flow from Operating					
Net Income	4,723	4,506	4,911	5,501	6,542
Depreciation & Amortization	12,400	6,479	8,162	7,930	8,291
Working Capital	1,356	(1,056)	(2,111)	1,772	312
Others	3,768	625	(2,575)	1,747	355
Net-CFFO	22,247	10,555	8,387	16,951	15,501
Cash Flow from Investing					
CAPEX	(35,955)	(10,269)	(9,444)	(10,675)	(11,440)
Others	(19,704)	(295)	1,016	(740)	(357)
Net-CFFI	(55,659)	(10,565)	(8,428)	(11,415)	(11,796)
Cash Flow from Financing					
Short Term Debt	627	(2,424)	1,427	(634)	(207)
Long Term Debt	21,493	(195)	74	(2,717)	(885)
Change in other non-current liabilities	2,581	372	(31)	294	506
Equity	16,430	-	0	-	-
Net-CFFF	39,130	(4,309)	(694)	(5,512)	(3,337)
NET CASH FLOW	5,719	(4,318)	(735)	24	368

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

INCOME STATEMENT	FY22	FY23	FY24	FY25E	FY26F
Revenue	46,752	51,229	55,887	58,061	61,729
<i>Growth</i>	<i>48.95%</i>	<i>9.57%</i>	<i>9.09%</i>	<i>3.89%</i>	<i>6.32%</i>
Operating Expenses	(40,987)	(41,912)	(45,070)	(46,660)	(49,437)
Operating Profit	5,766	9,317	10,817	11,401	12,291
<i>Operating Profit Margin</i>	<i>12.33%</i>	<i>18.19%</i>	<i>19.35%</i>	<i>19.64%</i>	<i>19.91%</i>
EBITDA	19,469	23,938	26,375	27,224	28,951
<i>EBITDA Margin</i>	<i>41.64%</i>	<i>46.73%</i>	<i>47.19%</i>	<i>46.89%</i>	<i>46.90%</i>
EBIT	10,763	10,325	10,847	11,401	12,291
<i>EBIT Margin</i>	<i>23.02%</i>	<i>20.16%</i>	<i>19.41%</i>	<i>19.64%</i>	<i>19.91%</i>
Finance Cost	(4,345)	(4,725)	(4,478)	(4,135)	(3,708)
EBT	6,536	5,932	6,733	7,535	8,899
<i>EBT Margin</i>	<i>13.98%</i>	<i>11.58%</i>	<i>12.05%</i>	<i>12.98%</i>	<i>14.42%</i>
Net Profit	4,723	4,506	4,911	5,501	6,542
<i>Net Profit Margin</i>	<i>10.10%</i>	<i>8.80%</i>	<i>8.79%</i>	<i>9.48%</i>	<i>10.60%</i>

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

RATIOS	FY22	FY23	FY24	FY25E	FY26F
Profitability Ratio (%)					
OPM	12.33%	18.19%	19.35%	19.64%	19.91%
EBITDA Margin	41.64%	46.73%	47.19%	46.89%	46.90%
NPM	10.10%	8.80%	8.79%	9.48%	10.60%
ROA	4.15%	3.93%	4.29%	4.64%	5.31%
ROAA	5.33%	3.94%	4.29%	4.64%	5.42%
ROE	14.96%	13.37%	13.40%	13.79%	14.90%
ROAE	22.56%	13.81%	13.96%	13.79%	15.61%
Activity Ratio (X)					
Inventory Turnover	638.02	226.25	778.21	350.57	350.57
Receivables Turnover	20.04	16.32	17.11	17.69	17.02
Payables Turnover	3.55	3.66	4.84	4.16	4.16
Days of Inventory	0.56	1.59	0.46	1.03	1.03
Days of Receivables	17.96	22.06	21.04	20.36	21.15
Days of Payables	101.49	98.43	74.46	86.44	86.44
Cash Operating Cycle	654.52	238.91	790.48	364.09	363.43
Leverage Ratio (x)					
DER	1.98x	1.74x	1.64x	1.41x	1.25x
DAR	0.49x	0.47x	0.48x	0.43x	0.41x
Interest Bearing Debt (In IDR Bn)	55,984	53,365	54,866	51,515	50,423
Net Debt (In IDR Bn)	46,476	48,176	50,412	47,037	45,578
Net Gearing Ratio	1.64x	1.57x	1.50x	1.29x	1.13x
Interest Coverage Ratio (ICR)	2.48x	2.19x	2.42x	2.76x	3.32x
Net Debt / EBITDA	2.39x	2.01x	1.91x	1.73x	1.57x
Liquidity Ratio (X)					
Current Ratio	0.52x	0.45x	0.48x	0.45x	0.47x
Quick Ratio	0.52x	0.45x	0.48x	0.44x	0.46x
Cash Ratio	0.26x	0.30x	0.34x	0.32x	0.33x
Price Ratio					
Price per Share at the end of the year	9,575	9,575	9,575	2,200	2,200
Outstanding Shares (in Billion)	8	8	8	32	32
EPS (IDR) (annualized)	586	559	609	171	203
BVPS (IDR)	3,916	4,181	4,546	1,237	1,362
PER(X)	16.34x	17.13x	15.72x	12.90x	10.85x
PBV(X)	2.44x	2.29x	2.11x	1.78x	1.62x
EV/EBITDA (annualized)	6.52x	5.36x	4.96x	4.46x	4.15x
Dividend					
DPS	248.06	255.70	255.70	76.13	85.29
DPR	29.63%	43.65%	45.75%	50.00%	50.00%
Div. Yield	20.89%	21.53%	21.53%	111.61%	125.03%

Source : Company | Phintraco Sekuritas Research

Glossarium

ARPU	: Average Revenue per User
BVPS	: Book Value per Share
CFFF	: Cash Flow from Financing
CFFI	: Cash Flow from Investing
CFFO	: Cash Flow from Operating
DPR	: Dividend Payout Ratio
DPS	: Dividend per Share
EBIT	: Earning Before Interes & Tax
EBITDA	: Earning Before Interest, Tax, Depreciation & Amortization
EBT	: Earning Before Tax
EPS	: Earning per Share
EV	: Enterprise Value
FBB	: Fixed Broadband
FMC	: Fixed Mobile Convergence
FTTH	: Fiber to the Home
MIDI	: Multimedia, Data Communication, and Internet
NPM	: Net Profit Margin
OPM	: Operating Profit Margin
PBV	: Price to Book Value
PER	: Price to Earning Ratio
ROA	: Return on Asset
ROE	: Return on Equity



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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