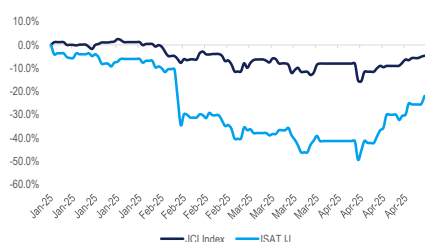


Stock Data

Target price	Rp2,155
Prior TP	Rp2,220
Current price	1,750
Upside/downside	23.1%
Shares outstanding (mn)	32,251
Market cap (Rp bn)	56,439
Free float	16%
Avg. 6m daily T/O (Rp bn)	44

Price Performance

	3M	6M	12M
Absolute	(24.2)	(30.0)	(36.4)
Relative to JCI	(19.4)	(19.3)	(29.9)
52w low/high (Rp)	1,625 – 3,013		



Major Shareholders

Ooredoo Asia PTE, LTD	65.6%
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In-line 1Q25; anticipating improvement in the coming quarters

- In 1Q25, ISAT recorded revenue/EBITDA of Rp13.6tr/6.4tr (-2%/-1% yoy, -4%/+1% qoq), in-line with our and consensus estimates.
- We anticipate improvement in the coming quarters, while slightly cutting our FY25–27F EBITDA estimates by 1–2%.
- We retain our BUY call. Share price weakness following growth concerns in 1Q25 results could offer a good entry point.

Expecting ARPU improvement could be sustained

In 1Q25, cellular revenue declined to Rp11.4tr (-3% qoq, -2% yoy), mainly due to a 3% yoy drop in data revenue. We believe the decline was driven by a high base in 1Q24 (election period), while Eid impact was spread between Mar-Apr25. On a positive note, ARPU improved to Rp39.2k (+1% qoq, +5% yoy) and subscribers grew 5% qoq, better than expected. ISAT expects ARPU gains to be sustained. We slightly lower our data revenue estimates by 1% p.a. for FY25–27F, while increasing subscriber estimates by 1% p.a.

A more conservative MIDI revenue outlook

MIDI revenue declined to Rp2tr (-6% qoq, -1% yoy) in 1Q25. Our channel checks suggest that the weak MIDI revenue trend may persist in the coming quarters, primarily due to government budget efficiency measures. As a result, we cut our MIDI revenue estimates for FY25-27F by 8–9%, now implying +1% to 8% yoy growth. Our revenue forecast includes Rp163bn (c.US\$10mn) GPU revenue, still well below the target of US\$35-65mn p.a.

Improving cost outlook

In 1Q25, EBITDA margin improved to 47% (vs. 47% in 1Q24 and 44% in 4Q24) driven by lower opex of Rp11tr (-5% qoq, +0.3% yoy). The only one-off cost in 1Q25 was a reversal of bonus provision under personnel expenses. ISAT expects the improvement in cost trends seen in 1Q25 to be sustained. We have lowered our overall opex estimates for FY25-27F by 2%.

Retain our BUY call; as we expect improvement in the coming quarters

We slightly cut our FY25–27F EBITDA estimates by 1-2% due to lower MIDI revenue, despite better cost efficiencies. Post-results, ISAT's share price declined 10% on concerns over slowing growth in 1Q25. That said, we still expect positive FY25F EBITDA growth of 6% yoy, albeit below the company's unchanged >10% yoy target. We retain our BUY call with lower TP.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	51,229	55,887	57,810	61,019	63,950
EBITDA	23,938	26,375	27,884	29,629	31,223
EBITDA growth	23.0%	10.2%	5.7%	6.3%	5.4%
Core net profit	3,540	4,863	5,801	6,796	7,487
Core EPS	110	151	180	211	232
Core EPS growth	247.4%	37.4%	19.3%	17.2%	10.2%
ROE	10.5%	13.3%	14.5%	15.5%	16.0%
PER (x)	15.9	11.6	9.7	8.3	7.5
Adjusted EV/EBITDA (x)	4.6	4.0	3.8	3.5	3.2
Dividend yield	3.7%	3.8%	4.8%	6.2%	8.4%
Forecast change		N/A	-3.7%	-2.9%	-2.8%
IPS vs. consensus			104%	104%	101%

Source: Company, Indo Premier

Share price closing as of: 30 April 2025

Fig. 1: 1Q25 results review

(Rp bn)	1Q25	1Q24	% YoY	4Q24	% QoQ	% of IPS	% of Cons
Revenue	13,578	13,835	-1.9%	14,075	-3.5%	23%	23%
Operating expenses	(11,091)	(11,058)	0.3%	(11,645)	-4.8%		
Operating profit	2,487	2,778	-10.5%	2,429	2.4%		
EBITDA	6,415	6,509	-1.4%	6,375	0.6%	23%	23%
Other income/(expense)	(728)	(1,009)	-27.8%	(995)	-26.8%		
Pre-tax profit	1,759	1,769	-0.6%	1,434	22.6%		
Taxes	(347)	(377)	-8.1%	(321)	8.2%		
Net profit	1,311	1,295	1.3%	1,033	27.0%		
Core net profit	1,312	1,292	1.6%	977	34.3%	22%	23%
Margin (%)							
EBITDA margin	47%	47%	19.8	45%	2.0		
Net margin	10%	9%	29.8	7%	2.3		
Core net margin	10%	9%	32.8	7%	2.7		
Operational data							
Data traffic (PB)	3,922	3,858	1.7%	4,120	-4.8%		
Avg. monthly data traffic/subs (GB) - implied	15	14	4.4%	16	-5.2%		
Data yield (IDR/MB) - implied	2.7	2.8	-4.9%	2.6	2.0%		
Blended ARPU (Rp k/month) - implied	39.2	37.5	4.5%	38.9	0.8%		
Subscribers (mn people)	95.4	100.8	-5.4%	90.7	5.2%		

Source: Company, Indo Premier

Fig. 2: Slightly lowering our TP to Rp2,155/sh from Rp 2,220/sh

Adjusted EV/EBITDA valuation	
Debt (Rp bn)	14,125.00
Market cap (Rp bn)	69,520.54
Cash (Rp bn)	1,994.68
Minority interest (Rp bn)	3,478.24
Adj. EBITDA (Rp bn)	18,917.58
Implied EV (Rp bn)	85,129.10
Adjusted EV /EBITDA (x)	4.50
TP/sh (Rp)	2,155.62
Last px (Rp)	1,755
Potential upside/dow side	23%

Source: Company, Indo Premier

Fig. 3: Forecast changes

In Rp bn, unless otherwise stated	Old			New			Change		
	FY25F	FY26F	FY27F	FY25F	FY25F	FY26F	FY25F	FY25F	FY26F
Profit & Loss									
Revenue	58,993	62,227	65,278	57,810	61,019	63,950	-2%	-2%	-2%
Cellular	49,350	51,891	54,180	48,883	51,489	53,758	-1%	-1%	-1%
MIDI	8,821	9,556	10,357	8,106	8,750	9,451	-8%	-8%	-9%
Fixed telecommunication	821	780	741	821	780	741	0%	0%	0%
Operating expenses	(46,863)	(48,998)	(51,089)	(46,068)	(48,158)	(50,157)	-2%	-2%	-2%
Operating profit	12,130	13,230	14,190	11,742	12,861	13,793	-3%	-3%	-3%
EBITDA	28,308	30,057	31,703	27,884	29,629	31,223	-1%	-1%	-2%
Pretax profit	8,232	9,529	10,490	7,853	9,171	10,103	-5%	-4%	-4%
Net profit	6,023	6,995	7,701	5,801	6,796	7,487	-4%	-3%	-3%
Core net profit	6,023	6,995	7,701	5,801	6,796	7,487	-4%	-3%	-3%
EPS (Rp)	187	217	239	180	211	232	-4%	-3%	-3%
Core EPS (Rp)	187	217	239	180	211	232	-4%	-3%	-3%
Annual growth, %									
Revenue	6%	5%	5%	3%	6%	5%			
Cellular	5%	5%	4%	4%	5%	4%			
MIDI	10%	8%	8%	1%	8%	8%			
Fixed telecommunication	-5%	-5%	-5%	-5%	-5%	-5%			
Operating profit	4%	5%	4%	9%	6%	4%			
EBITDA	12%	9%	7%	6%	5%	4%			
Pretax profit	7%	6%	5%	17%	11%	6%			
Net profit	22%	16%	10%	18%	13%	7%			
Core net profit	23%	16%	10%	19%	13%	7%			
EPS (Rp)	24%	16%	10%	18%	13%	7%			
Core EPS (Rp)	23%	16%	10%	19%	13%	7%			
Profitability, %									
Operating profit margin	21%	21%	22%	20%	21%	22%			
EBITDA margin	48%	48%	49%	48%	49%	49%			
Net profit margin	10%	11%	12%	10%	11%	12%			
Core net profit margin	10%	11%	12%	10%	11%	12%			
Operational data									
Data traffic (PB)	17,455	18,954	20,281	17,269	18,791	20,106	-1%	-1%	-1%
Avg. monthly data traffic/subs (GB)	16.66	17.99	19.25	16.40	17.71	18.95	-2%	-2%	-2%
Data yield (Rp/MB) - implied	2.68	2.62	2.57	2.68	2.62	2.57	0%	0%	0%
Blended ARPU (Rp k/month) - implied	39.87	41.92	43.77	39.20	41.29	43.11	-2%	-2%	-2%
Mobile subs (mn people) - implied	94.90	94.90	94.90	95.40	95.60	95.60	1%	1%	1%
Annual growth, %									
Data traffic (PB)	8%	9%	7%	7%	9%	7%			
Avg. monthly data traffic/subs (GB)	10%	8%	7%	8%	8%	7%			
Data yield (Rp/MB) - implied	-2%	-2%	-2%	-2%	-2%	-2%			
Blended ARPU (Rp k/month) - implied	5%	5%	4%	3%	5%	4%			
Mobile subs (mn people) - implied	0%	0%	0%	1%	0%	0%			

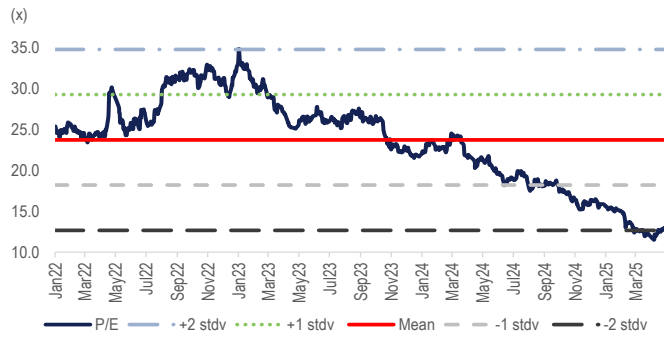
Source: Company, Indo Premier

Fig. 4: Telco sector valuation comparisons – based on 30 Apr 2025 closing price

Company	Bloomberg Ticker	Market Cap (US\$m)	Last Price (local curr.)	Target Price	P/E (x)			P/B (x)			Adjusted EV/EBITDA (x)			EV/EBITDA (x)			Price to Cash Flow (x)			Net Gearing (x)			ROE (%)			Net Profit CAGR (%)
					2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	
Indonesia																										
Telkom Indonesia	TLKM IJ Equity	15,741	2,640	2,750	11.1	11.0	10.4	1.6	1.5	1.5	4.2	4.0	3.8	4.2	4.0	3.8	4.4	4.3	4.2	0.1	0.1	0.0	14.0	13.7	14.1	3.5
Indosat Ooredoo Hutchison	ISAT IJ Equity	3,397	1,750	2,155	9.7	8.3	7.5	1.4	1.3	1.2	3.8	3.5	3.2	3.9	3.7	3.5	3.7	3.4	3.2	0.3	0.3	0.2	14.9	15.8	16.2	16.9
XL Axiata	EXCL IJ Equity	2,355	2,150	2,820	14.9	13.4	11.7	1.0	1.0	1.0	3.2	3.0	2.6	3.7	3.6	3.4	1.9	1.8	1.8	0.3	0.2	0.12	7.0	7.5	8.1	16.8
Total		21,493																								
Simple average					11.9	10.9	9.9	1.3	1.3	1.2	3.7	3.5	3.2	3.9	3.8	3.6	3.3	3.2	3.0	0.2	0.2	0.1	12.0	12.3	12.8	12.4
Median					11.1	11.0	10.4	1.4	1.3	1.2	3.8	3.5	3.2	3.9	3.7	3.5	3.7	3.4	3.2	0.3	0.2	0.1	14.0	13.7	14.1	16.8
Malaysia																										
Telekom Malaysia	T MK Equity	6,046	7		15.2	14.3	13.8	2.4	2.3	2.1				5.9	5.7	5.7	5.9	5.8	5.7	0.1	(0.0)	0.0	16.1	16.0	15.7	(2.3)
Axiata Group	AXIATA MK Equity	4,469	2		21.6	18.4	16.0	0.9	0.9	0.9				5.2	5.1	5.0	2.2	2.1	2.0	1.0	1.0	0.9	3.8	4.5	4.8	7.7
Celcomdigi Berhad	CDB MK Equity	10,383	4		23.4	21.5	19.9	2.8	2.8	2.7				9.6	9.3	9.1	9.2	8.9	8.3	0.8	0.7	0.7	11.5	12.5	12.9	15.9
Maxis Berhad	MAXIS MK Equity	6,733	4		19.6	18.5	17.9	4.9	4.7	4.6				9.1	8.9	8.9	8.8	8.6	8.3	1.3	1.2	1.0	24.7	25.5	25.1	4.9
Total		27,632																								
Simple average								2.9	2.8	2.8				7.9	7.7	7.7	7.3	7.0	6.7	0.8	0.7	0.6	14.5	15.1	15.2	
Median								2.6	2.5	2.4				7.5	7.3	7.3	7.4	7.2	7.0	0.9	0.9	0.8	13.8	14.3	14.3	
India																										
Bharti Airtel	BHARTI IN Equity	132,314	1,865		49.2	37.6	27.6	10.0	8.3	6.8				14.5	12.0	10.5	15.8	13.3	11.8	1.7	1.0	0.6	24.3	24.0	27.7	74.8
Vodafone Idea	IDEA IN Equity	9,125	7		n.a	n.a	n.a	n.a	n.a	n.a				17.1	14.8	12.1	12.4	49.8	15.2	(2.0)	(1.7)	(1.8)	26.2	20.5	17.8	(11.2)
Reliance Jio	RELIANCE IN Equity	224,903	1,405		23.5	20.6	18.0	2.0	1.9	1.7				11.9	10.6	10.0	13.8	12.5	11.0	0.2	0.2	0.0	9.0	9.4	10.4	14.5
Total		366,342																								
Simple average								4.8	4.1	3.5				13.0	11.2	10.2	14.5	13.7	11.4	0.7	0.4	0.2	14.9	15.0	16.8	
Median								6.0	5.1	4.3				14.5	12.0	10.5	13.8	13.3	11.8	0.2	0.2	0.0	24.3	20.5	17.8	
Thailand																										
Advanced Info Service	ADVANC TB Equity	26,245	295		22.4	20.7	19.3	8.6	8.3	8.0				9.2	8.9	8.7	8.4	8.1	8.0	1.5	1.1	1.2	39.3	40.1	40.9	8.9
True Corp.	TRUE TB Equity	12,506	12		21.5	18.0	11.6	4.4	4.1	3.7				7.4	7.2	6.7	4.6	4.5	'A N/A	3.8	3.2	2.2	20.4	21.3	23.8	32.0
Total		38,751																								
Simple average								7.2	6.9	6.6				8.6	8.3	8.1	7.2	6.9	5.4	2.2	1.8	1.5	33.2	34.0	35.4	
Median								6.5	6.2	5.9				8.3	8.0	7.7	6.5	6.3	8.0	2.7	2.2	1.7	29.8	30.7	32.3	

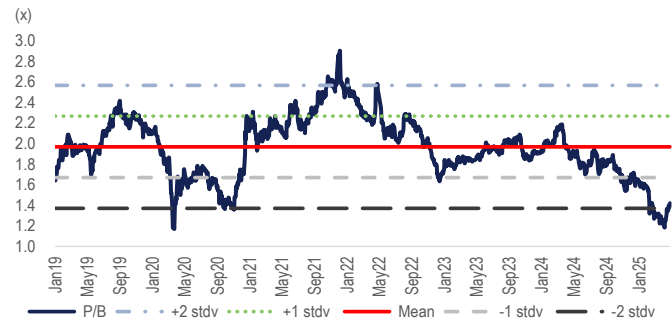
Source: Company, Indo Premier

Fig. 5: Sector's forward PE band



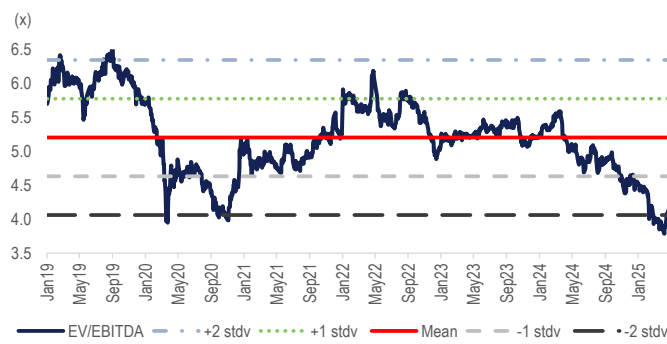
Source: Company, Indo Premier

Fig. 6: Sector's forward PB band



Source: Company, Indo Premier

Fig. 7: Sector's forward EV/EBITDA band



Source: Company, Indo Premier

Fig. 8: Sector's forward adjusted EV/EBITDA band



Source: Company, Indo Premier

Fig. 9: ISAT's forward PE band



Source: Company, Indo Premier

Fig. 10: ISAT's forward PB band



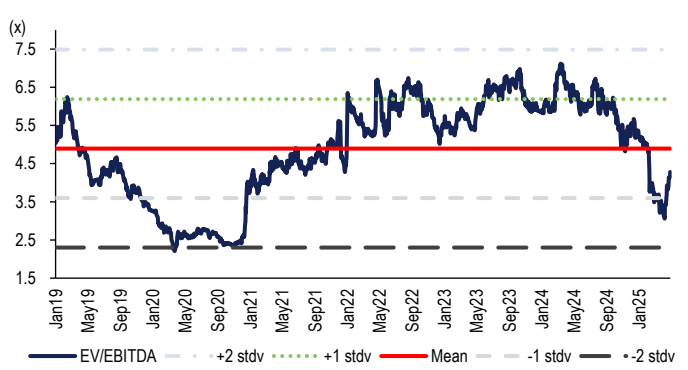
Source: Company, Indo Premier

Fig. 11: ISAT's forward EV/EBITDA band



Source: Company, Indo Premier

Fig. 12: ISAT's forward adjusted EV/EBITDA band



Source: Company, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	51,229	55,887	57,810	61,019	63,950
Operating Expenses	(41,912)	(45,070)	(46,068)	(48,158)	(50,157)
Operating profit	9,317	10,817	11,742	12,861	13,793
EBITDA	23,938	26,375	27,884	29,629	31,223
Net interest	(4,394)	(4,115)	(3,806)	(3,608)	(3,608)
Forex gain (loss)	(104)	61	-	-	-
Others	1,271	(82)	(82)	(82)	(82)
Pre-tax income	5,932	6,733	7,853	9,171	10,103
Income tax	(1,156)	(1,460)	(1,728)	(2,018)	(2,223)
Minority interest	(269)	(362)	(325)	(357)	(393)
Net income	4,506	4,911	5,801	6,796	7,487
Core net profit	3,540	4,863	5,801	6,796	7,487

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalents	5,190	4,454	1,995	1,193	356
Receivables	3,139	3,267	3,212	3,390	3,553
Other current assets	7,151	7,157	7,317	7,417	7,526
Total current assets	15,480	14,878	12,523	12,000	11,434
Fixed assets	72,861	74,143	77,894	80,669	83,232
Other non-current assets	26,382	25,366	24,947	24,517	24,078
Total non-current assets	99,243	99,509	102,840	105,186	107,310
Total assets	114,722	114,387	115,364	117,186	118,744
Payables	746	912	847	886	922
Other current liab.	23,932	19,719	20,329	20,177	20,594
Lease liabilities	6,970	6,509	6,509	6,509	6,509
Current portion of LT loans	2,487	3,869	3,574	2,886	2,305
Total current liab.	34,134	31,009	31,259	30,458	30,331
Lease liabilities	32,119	33,458	31,239	31,297	31,355
Long term loans	12,295	11,030	10,551	9,444	7,948
Other LT liab.	2,465	2,238	2,238	2,238	2,238
Total liabilities	81,013	77,735	75,287	73,437	71,872
Equity	18,875	18,880	18,880	18,880	18,880
Retained earnings	11,871	14,618	17,718	21,033	23,763
Minority interest	2,963	3,153	3,478	3,836	4,229
Total SHE + minority int.	33,709	36,652	40,077	43,749	46,872
Total liabilities & equity	114,722	114,387	115,364	117,186	118,744

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	4,506	4,911	5,801	6,796	7,487
Depr. & amortization	7,431	8,050	8,331	9,460	9,829
Changes in working capital	(1,399)	(3,911)	1,018	196	182
Others	7,142	10,046	-	-	-
Cash flow from operating	17,680	19,096	15,150	16,452	17,498
Capital expenditure	(11,905)	(8,945)	(11,662)	(11,807)	(11,953)
Others	1,133	(3,519)	(578)	(587)	-

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash flow from investing	(10,771)	(12,465)	(12,240)	(12,393)	(11,953)
Loans	(6,513)	118	(774)	(1,795)	(2,077)
Lease liabilities	4,535	1,339	(2,219)	58	58
Equity	(105)	196	325	357	393
Dividends	(2,062)	(2,164)	(2,701)	(3,480)	(4,757)
Others	(6,832)	(6,408)	-	-	-
Cash flow from financing	(11,111)	(7,380)	(5,369)	(4,860)	(6,383)
Changes in cash	(4,318)	(735)	(2,459)	(802)	(837)

Key Ratios	2023A	2024A	2025F	2026F	2027F
EBITDA margin	46.7%	47.2%	48.2%	48.6%	48.8%
Pre-tax margin	11.6%	12.0%	13.6%	15.0%	15.8%
Core net margin	6.9%	8.7%	10.0%	11.1%	11.7%
ROA	3.1%	4.3%	5.0%	5.8%	6.3%
ROE	10.5%	13.3%	14.5%	15.5%	16.0%
ROIC (inc. leases)	8.8%	9.7%	10.2%	10.8%	11.4%
Acct. receivables TO (days)	19	21	20	20	20
Acct. payables TO (days)	7	7	7	7	7
Net debt/EBITDA (inc. leases) (x)	2.0	1.9	1.8	1.7	1.5
Net debt/EBITDA (ex. leases) (x)	0.4	0.4	0.4	0.4	0.3
Interest coverage (x)	5.1	5.9	6.9	7.6	8.0

Source: Company, Indo Premier

SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

- BUY** : Expected total return of 10% or more within a 12-month period
- HOLD** : Expected total return between -10% and 10% within a 12-month period
- SELL** : Expected total return of -10% or worse within a 12-month period

ANALYSTS CERTIFICATION

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