INDOPREMIER

Indosat Ooredoo Hutchison

BUY *(unchanged)*

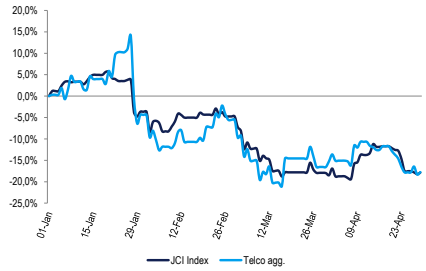
Company Update | Telecommunications | ISAT IJ | 10 August 2026

Stock Data

Target price	**Rp3,600**
Prior TP	*Rp3,500*
Current price	Rp2,100
Upside/downside	+67%
Shares outstanding (mn)	32,251
Market cap (Rp bn)	67,727
Free float	16%
Avg. 6m daily T/O (Rp bn)	43

Price Performance

	3M	6M	12M
Absolute	-6.3	-4.6	-7.5
Relative to JCI	2.4	17.2	8.0
52w low/high (Rp)			1,645-2,470



Major Shareholders

Ooredoo Asia PTE, LTD	65.6%

Zankore: entering the AI factory era

- ISAT and Ooredoo Group launched Zankore, a dedicated AI computing and neocloud platform, with NVIDIA & Nokia, targeting 1GW capacity.
- We estimate a project IRR of 12-13% and an equity payback period of <3 years.
- We expect the project to be earnings accretive; retain BUY call.

Announcement of Zankore establishment

On 6th Aug 2026, ISAT and Ooredoo Group announced ZanKore, a dedicated AI computing and neocloud platform in partnership with NVIDIA and Nokia. The project targets 1GW of NVIDIA DSX AI Factory capacity, with the initial 200MW phase scheduled to commence operations in 1H27 using NVIDIA GB300 NVL72 systems with NVIDIA DSX MaxLPS, which is designed to deliver up to 40% more compute within the same power budget. Ooredoo will invest US$800mn for a 49% stake, while the remaining 51% will be held by ISAT, NVIDIA, and Nokia.

Project IRR estimates at the range of 12-13%

Based on management's disclosure, Zankore aims to generate cumulative revenue/EBITDA of US$13bn/US$9bn over five years. This implies annual revenue of c.US$13mn/MW, in the range of global AI cloud peers at around US$10–15mn/MW. Assuming development capex of US$20mn-25mn/MW, we estimate total capex for the initial 200MW phase at US$4bn-5bn. Against an implied equity investment of US$1.6bn (100% basis), this suggests project debt of c.US$2.4bn-3.4bn. Assuming annual revenue of US$10mn-13mn/MW and a 69% EBITDA margin, we estimate the project could generate an IRR of 12%-13%, with an equity payback period of less than three years (Figs. 1 & 4).

The project shall be earnings accretive for ISAT

Based on our discussion with ISAT, we expect the company to hold the largest share of the remaining 51% stake. Assuming a 20–30% stake in Zankore, we estimate an equity investment of US$327-490mn and attributable annual net profit of US$64–131mn (Figs. 1–4). Assuming 70% debt financing for the equity injection, the project could still deliver 11–29% upside to our FY27–28F core NP forecasts.

Retain our BUY call

Zankore eliminates the need for ISAT to invest directly in GPU infrastructure from FY27F, reducing execution risk and upfront capex. Successful execution could also drive a valuation re-rating, as AI cloud business typically trade at significantly higher EV/EBITDA multiples than traditional telecom operators. We have yet to include these in our forecasts, pending further details. However, we view this to be positive for now.

Financial Summary (Rp bn)	2024A	2025A	2026F	2027F	2028F
Revenue	55,887	56,518	62,241	66,488	70,416
EBITDA	26,375	26,597	29,666	31,733	34,287
EBITDA growth	10.2%	0.8%	11.5%	7.0%	8.0%
Core net profit	4,863	5,506	5,157	5,050	6,147
Core EPS growth	37.4%	13.2%	-6.3%	-2.1%	21.7%
ROE	13.3%	13.9%	12.2%	11.4%	12.8%
PER (x)	13.9	12.3	13.1	13.4	11.0
Adjusted EV/EBITDA (x)	4.7	4.5	4.2	4.2	3.6
Dividend yield	3.2%	4.0%	5.3%	5.0%	4.1%
EBITDA changes			n.a	n.a	n.a

Source: Company, Indo Premier *Share price closing as of: 10 August 2026*

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Fig. 1: Projected IRR and profitability (capex/MW of US$25mn, annual revenue at $13mn/MW)

Assumptions	US$ mn
Capex/MW	25
200 MW - total investment	5,000
49% - equity stake Ooredo	800
100% - equity stake ZanKore	1,633
Implied debts	3,367
Revenue/MW	13

US$ mn, unless otherwise stated	Y-0	Y-1	Y-2	Y-3	Y-4	Y-5
Revenue		**2,600**	**2,600**	**2,600**	**2,600**	**2,600**
Implied EBIT		794	794	794	794	794
margin		*31%*	*31%*	*31%*	*31%*	*31%*
EBITDA		**1,794**	**1,794**	**1,794**	**1,794**	**1,794**
assumed margin		*69%*	*69%*	*69%*	*69%*	*69%*
Depreciation		1,000	1,000	1,000	1,000	1,000
Interest expense		- 236	- 236	- 236	- 236	- 236
assumed interest expense		*7%*	*7%*	*7%*	*7%*	*7%*
NP before tax		558	558	558	558	558
Tax		- 123	- 123	- 123	- 123	- 123
NP		**435**	**435**	**435**	**435**	**435**
margin		*17%*	*17%*	*17%*	*17%*	*17%*
FCF	- **5,000**	**1,435**	**1,435**	**1,435**	**1,435**	**1,435**
IRR	**13%**					
ISAT - profit portion (20% stake)		87.09	87.09	87.09	87.09	87.09
ISAT - profit portion (30% stake)		130.64	130.64	130.64	130.64	130.64

Source: Indo Premier

Fig. 2: ISAT's earnings sensitivity if assumed capex at $25mn/MW and revenue at $13mn/MW

In Rp bn, unless otherwise stated	2027F	2028F
ISAT 20% stake		
EBIT	**11,701**	**12,760**
Other income expenses	- 3,522	- 3,128
Finance income	225	270
Finance expenses	- 4,971	- 4,668
Additional finance expenses	- 280	- 280
Share profit from Zankore	1,524	1,524
Other income (expenses)	- 20	26
PBT	**8,179**	**9,631**
Tax (22%)	- 1,799	- 2,119
PAT	**6,379**	**7,513**
NCI	- 359	- 395
Net Profit	**6,020**	**7,118**
growth,yoy	-3%	18%
IPS current NP assumption	5,050	6,147
Changes	19%	16%
ISAT 30% stake		
EBIT	**11,701**	**12,760**
Other income expenses	- 2,900	- 2,506
Finance income	225	270
Finance expenses	- 4,971	- 4,668
Additional finance expenses	- 420	- 420
Share profit from Zankore	2,286	2,286
Other income (expenses)	- 20	26
PBT	**8,801**	**10,254**
Tax (22%)	- 1,936	- 2,256
PAT	**6,865**	**7,998**
NCI	- 359	- 395
Net Profit	**6,506**	**7,603**
growth,yoy	5%	17%
IPS current NP assumption	5,050	6,147
Changes	29%	24%

Source: Indo Premier

Refer to Important disclosures in the last page of this report

Fig. 3: Projected IRR and profitability (capex/MW of US$20mn, annual revenue at $10mn/MW)

Assumption	US$ mn
Capex/MW	20
200 MW - total investment	4,000
49% - equity stake Ooredo	800
100% - equity stake ZanKore	1,633
Implied debts	2,367
Revenue/MW	10

US$ mn, unless otherwise stated	Y-0	Y-1	Y-2	Y-3	Y-4	Y-5
Revenue		**2,000**	**2,000**	**2,000**	**2,000**	**2,000**
Implied EBIT		580	580	580	580	580
margin		*29%*	*29%*	*29%*	*29%*	*29%*
EBITDA		**1,380**	**1,380**	**1,380**	**1,380**	**1,380**
margin		*69%*	*69%*	*69%*	*69%*	*69%*
Depreciation		800	800	800	800	800
Interest expense		- 166	- 166	- 166	- 166	- 166
assumed interest expense, 7%		*7%*	*7%*	*7%*	*7%*	*7%*
NP before tax		414	414	414	414	414
Tax		- 91	- 91	- 91	- 91	- 91
NP		**323**	**323**	**323**	**323**	**323**
margin		*16%*	*16%*	*16%*	*16%*	*16%*
FCF	**- 4,000**	**1,123**	**1,123**	**1,123**	**1,123**	**1,123**
IRR	**12%**					
ISAT - profit portion (20% stake)		64.63	64.63	64.63	64.63	64.63
ISAT - profit portion (30% stake)		96.94	96.94	96.94	96.94	96.94

Source: Indo Premier

Fig. 4: ISAT's earnings sensitivity if assumed capex at $20mn/MW and revenue at $10mn/MW

In Rp bn, unless otherwise stated	2027F	2028F
ISAT 20% stake		
EBIT	**11,701**	**12,760**
Other income expenses	- 3,915	- 3,521
Finance income	225	270
Finance expenses	- 4,971	- 4,668
Additional finance expenses	- 280	- 280
Share profit from Zankore	1,131	1,131
Other income (expenses)	- 20	26
PBT	**7,786**	**9,238**
Tax (22%)	- 1,713	- 2,032
PAT	**6,073**	**7,206**
NCI	- 359	- 395
Net Profit	**5,714**	**6,811**
growth,yoy	-8%	19%
IPS current NP assumption	5,050	6,147
Changes	13%	11%
ISAT 30% stake		
EBIT	**11,701**	**12,760**
Other income expenses	- 3,490	- 3,096
Finance income	225	270
Finance expenses	- 4,971	- 4,668
Additional finance expenses	- 420	- 420
Share profit from Zankore	1,697	1,697
Other income (expenses)	- 20	26
PBT	**8,211**	**9,664**
Tax (22%)	- 1,806	- 2,126
PAT	**6,405**	**7,538**
NCI	- 359	- 395
Net Profit	**6,046**	**7,143**
growth,yoy	-2%	18%
IPS current NP assumption	5,050	6,147
Changes	20%	16%

Source: Indo Premier

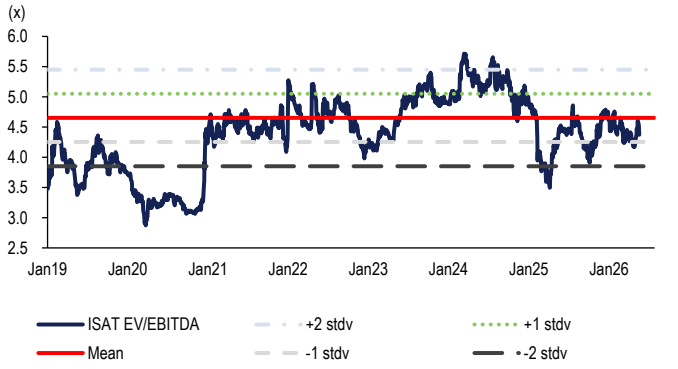
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Fig. 5: Sector's forward adj. EV/EBITDA band



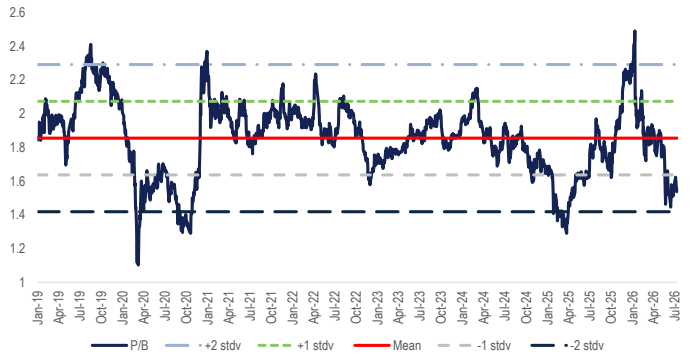
Source: Indo Premier

Fig. 6: Sector's forward EV/EBITDA band



Source: Indo Premier

Fig. 7: Sector's forward P/B band



Source: Indo Premier

Fig. 8: ISAT's forward P/B band



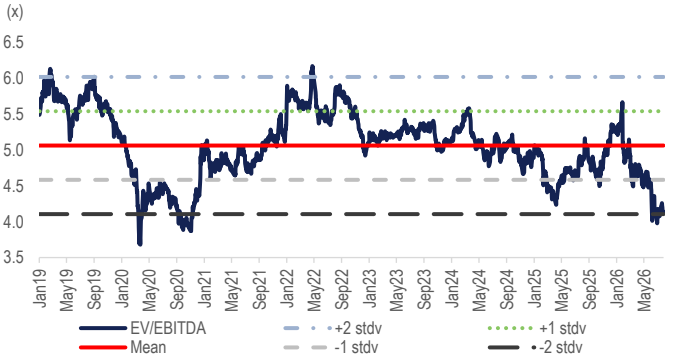
Source: Indo Premier

Fig. 9: ISAT's forward adj. EV/EBITDA band



Source: Indo Premier

Fig. 10: ISAT's forward EV/EBITDA band



Source: Indo Premier

Refer to Important disclosures in the last page of this report

Income Statement (Rp bn)	FY24	FY25	FY26F	FY27F	FY28F
Net revenue	55,887	56,518	62,241	66,488	70,416
Operating Expenses	(45,070)	(45,752)	(50,308)	(54,787)	(57,656)
Operating profit	**10,817**	**10,766**	**11,934**	**11,701**	**12,760**
EBITDA	**26,375**	**26,597**	**29,666**	**31,733**	**34,287**
Net interest	(4,115)	(4,012)	(4,912)	(4,746)	(4,398)
Forex gain (loss)	61	5	-	-	-
Others	(82)	(1)	(20)	(20)	26
Pre-tax income	**6,733**	**7,285**	**8,519**	**6,935**	**8,387**
Income tax	(1,460)	(1,467)	(2,016)	(1,526)	(1,845)
Minority interest	(362)	(308)	(326)	(359)	(395)
Net income	**4,911**	**5,510**	**6,177**	**5,050**	**6,147**
Core net profit	**4,863**	**5,506**	**5,157**	**5,050**	**6,147**

Balance Sheet (Rp bn)	FY24	FY25	FY26F	FY27F	FY28F
Cash & equivalents	4,454	5,075	10,407	4,982	9,544
Receivables	3,267	3,601	3,781	4,039	4,278
Other current assets	7,157	10,328	7,944	7,953	7,959
Total current assets	**14,878**	**19,004**	**22,133**	**16,974**	**21,780**
Fixed assets	74,143	75,099	92,299	102,363	102,279
Other non-current assets	25,366	24,526	27,169	26,701	26,223
Total non-current assets	**99,509**	**99,626**	**119,468**	**129,065**	**128,502**
Total assets	**114,387**	**118,630**	**141,601**	**146,038**	**150,283**
Payables	912	1,208	1,165	1,269	1,336
Other current liab.	19,719	19,203	25,086	29,208	31,061
Lease liabilities	6,509	6,439	8,255	8,255	8,255
Current portion of LT loans	3,869	3,650	10,520	9,291	8,638
Total current liab.	**31,009**	**30,499**	**45,027**	**48,024**	**49,290**
Lease liabilities	33,458	33,097	39,902	37,957	38,034
Long term loans	11,030	11,729	10,444	11,818	10,955
Other LT liab.	2,238	3,795	3,795	3,795	3,795
Total liabilities	**77,735**	**79,121**	**99,168**	**101,594**	**102,074**
Equity	18,880	18,895	18,895	18,895	18,895
Retained earnings	14,618	17,425	20,023	21,675	25,045
Minority interest	3,153	3,189	3,515	3,874	4,269
Total SHE + minority int.	**36,652**	**39,509**	**42,433**	**44,444**	**48,209**
Total liabilities & equity	**114,387**	**118,630**	**141,601**	**146,038**	**150,283**

Source: Company, Indo Premier

Refer to Important disclosures in the last page of this report

Cash Flow Statement (Rp bn)	FY24	FY25	FY26F	FY27F	FY28F
Net income	4,911	5,510	6,177	5,050	6,147
Depr. & amortization	8,050	1,636	17,732	20,032	21,527
Changes in working capital	(3,911)	(3,299)	5,361	682	363
Others	10,046	10,046	-	-	-
Cash flow from operating	**19,096**	**13,892**	**29,270**	**25,765**	**28,037**
Capital expenditure	(8,945)	(2,233)	(35,405)	(29,629)	(20,965)
Others	(3,519)	(3,824)	513	3,278	1,311
Cash flow from investing	**(12,465)**	**(6,058)**	**(34,891)**	**(26,351)**	**(19,654)**
Loans	118	480	5,584	145	(1,516)
Lease liabilities	1,339	(361)	6,805	(1,945)	77
Equity	196	50	326	359	395
Dividends	(2,164)	(2,703)	(3,580)	(3,397)	(2,778)
Others	(6,408)	(4,623)	-	-	-
Cash flow from financing	**(7,380)**	**(7,227)**	**10,953**	**(4,839)**	**(3,822)**
Changes in cash	**(735)**	**621**	**5,332**	**(5,425)**	**4,562**

Key Ratios	FY24	FY25	FY26F	FY27F	FY28F
EBITDA margin	47.2%	47.1%	47.7%	47.7%	48.7%
Pre-tax margin	12.0%	12.9%	13.7%	10.4%	11.9%
Core net margin	8.7%	9.7%	8.3%	7.6%	8.7%
ROA	4.3%	4.6%	3.6%	3.5%	4.1%
ROE	13.3%	13.9%	12.2%	11.4%	12.8%
ROIC (inc. leases)	9.7%	9.4%	9.2%	8.5%	9.5%
Acct. receivables TO (days)	21	22	22	22	22
Acct. payables TO (days)	7	8	8	8	8
Net debt/EBITDA (inc. leases) (x)	1.9	1.9	2.0	2.0	1.6
Net debt/EBITDA (ex. leases) (x)	0.4	0.4	0.4	0.5	0.3
Interest coverage (x)	5.9	6.3	5.8	6.4	7.3

Source: Company, Indo Premier

Refer to Important disclosures in the last page of this report

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

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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