

# Indosat (ISAT): IDR 2,460 – BUY, SSI TP: IDR 3,125; Cons. TP: IDR 3,098



Results: (IDR Bn)	3Q24	2Q24	3Q23	QoQ (%)	YoY (%)	9M24	9M23	YoY (%)	SSI (%)	Cons (%)
Revenue	13,836	14,141	12,788	-2.2	8.2	41,812	37,462	11.6	75.4	75.4
Operating Profit	2,716	2,987	2,301	-9.1	18.0	8,468	7,067	19.8	73.6	74.2
EBITDA	6,588	6,996	5,991	-5.8	10.0	20,082	17,998	11.6	76.0	74.9
Net Profit	1,143	1,440	879	-20.6	30.1	3,878	2,787	39.1	72.5	74.7
<b>Key Ratios</b>										
OPM (%)	19.6	21.1	18.0	-	-	20.3	18.9	-	-	-
EBITDA Margin (%)	47.6	49.5	46.9	-	-	48.0	48.0	-	-	-
NPM (%)	8.3	10.2	6.9	-	-	9.3	7.4	-	-	-
ARPU (IDR)	37,200	38,400	35,400	-3.1	5.1	37,700	34,700	8.6		
Num. of Subs. (mn)	98.7	100.9	99.4	-2.2	-0.7	98.7	99.4	-0.7		
Data Payload (PB)	4,085	4,107	3,763	-0.5	8.6	12,050	10,701	12.6		
Data Yield/GB (IDR)	2,744	2,723	2,841	0.8	-3.4	2,765	2,856	-3.2		

## Peer Comparables

Company Ticker	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR)	2024F				
				P/E (x)	EPS Gwt (%)	EV/EBITDA (x)	Net Gearing (%)	ROE (%)
2412 TT	29,556	n.a.	-	25.2	1.8	10.9	-2.2	9.8
TRUE TB	12,488	n.a.	-	56.0	-148.0	4.0	515.4	3.8
TCOM IN	6,017	n.a.	-	28.0	-93.1	14.3	573.7	9.3
T MK	5,688	n.a.	-	15.3	-13.1	5.6	38.5	16.8
<b>Regional Average</b>	<b>53,748</b>			<b>31.6</b>	<b>-45.2</b>	<b>9.1</b>	<b>186.8</b>	<b>9.1</b>
TLKM IJ	18,110	2,870	3,600	11.5	0.7	4.4	24.1	17.4
ISAT IJ	5,053	2,460	3,125	15.0	17.5	4.8	144.4	15.9
EXCL IJ	1,890	2,260	2,900	15.6	47.4	4.3	169.4	6.9
<b>Local Average</b>	<b>25,053</b>			<b>12.5</b>	<b>7.6</b>	<b>4.5</b>	<b>59.3</b>	<b>16.3</b>
<b>Blended Average</b>	<b>78,801</b>			<b>25.5</b>	<b>-28.4</b>	<b>7.6</b>	<b>146.3</b>	<b>11.4</b>

## SWOT Analysis of the Results (in-line with ours and cons)

### Strength

Impressive bottom-line growth in 3Q24 (+30.1% YoY) and 9M24 (+39.1% YoY), driven by lower G&A expenses, smaller forex losses, and reduced interest charges due to improved DER of 0.42x (vs. 0.52x in 9M23); YoY growth in data payload indicates solid demand prospects for data services

### Weakness

Weak QoQ performance, mainly due to the decline in subscriber base (-2.2mn to 98.7mn) following discontinuation of several promotions, along with the fell in ARPU (from 38.4k to 37.2k)

### Opportunity

The addition of 2k+ distribution points, especially in rural areas, may enhance customer loyalty; rapid AI adoption is expected to improve operational efficiency and accuracy; large ARPU gap with peers suggests room for further growth

### Threat

Weak consumer spending may pressure the company's data payload, while lack of incentives and regulatory charges including high frequency usage fee and universal service obligation create unfavorable outlook; uncertainty around spectrum auction could hinder ISAT's growth

## Relative Performance vs JCI

