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YOUR LIFELONG INVESTMENT PARTNER

COMPANY CORNER — 20 August 2026

ISAT IJ

PT Indosat Tbk

One-off Gain from FiberCo Transaction

SSI SUMMARY – ISAT's current valuation is undemanding at 4.8x FY26F EV/EBITDA (industry: 8.0x), offering an attractive entry point. On the business side, we like ISAT for its asset-light approach, which is positive for its FCF and leaves ample liquidity for reinvestment as well as shareholder returns going forward. Healthy ARPU trajectory should steer the industry towards healthier competitive landscape, while Zankore, the AI-factory JV, and contracted NeoCloud revenues should boost earnings from FY27F and drive further re-rating.

SSI RATING

BUY

TARGET PRICE	UPSIDE
IDR 3,200 (DCF-based)	▲ 15.5%

Cons. TP (IDR)	2,802
Last Price (IDR)	2,770
52-Week High/Low (IDR)	2,850/1,615
Shares Out (bn)	32.3
Market Cap (IDRtn)	89.4
Ooredoo Hutchison Asia (%)	65.64
Public & Others (%)	34.36

2Q26 Top-line

2Q26 revenues of IDR15.4tn (+14.0% YoY, +1.4% QoQ) brought 1H26 top-line to IDR30.7tn (+13.1% YoY), in-line with SSI: 51.0 and cons: 50.6% (3-yr avg: 48.7%). Cellular rose +12.2% YoY on increasing ARPU and stable subs while MIDI jumped +18.5% on IT services and GPU.

2Q26 Bottom-line

1H26 EBITDA rose 13.6% YoY to IDR14.6tn (SSI: 52%; cons: 51%; 3-yr avg: 48.9%) with margin +20bps YoY to 47.6% on cost discipline. Net profit jumped 84.5% YoY to IDR4.3tn on IDR1.5tn pre-tax (IDR1.0tn post-tax) FiberCo divestment gain (Nusantara Fiber Teknologi & Arsari Group).

Operational Data

Blended ARPU rose to IDR46k 2Q26 (+17.2% YoY, +1.8% QoQ) with flattish Subs QoQ of 93.4mn (-2.1% YoY). Data traffic rose to 9,892PB (+19.9% YoY) with monthly data consumption per sub of 19.3GB/sub (+17.7% YoY), bringing flattish data yield of IDR2.4/MB (-0.8% QoQ; -0.1% YoY).

3Q26/26F Preview

FY26F guidance raised close to double-digit revenue/EBITDA growth; capex was up to c.IDR23tn ex-GPU (from IDR13tn) plus USD628mn NeoCloud capex. We expect 9M26 revenues to reach IDR45.0tn (+9.4% YoY) with core profit of IDR4.4tn (+34% YoY) on higher ARPU.

Positive Catalysts

Cheaper 5G auction scheme adds financial flexibility, and FiberCo proceeds lift FCF, deployable for special dividends or GPUaaS reinvestment, both positive. Zankore, the AI-factory JV and contracted NeoCloud revenue should boost earnings from FY27F and drive further re-rating.

Negative Sentiments

Spectrum annual fees and fiber leaseback rents potentially drag down mid-term profitability, while elevated capex cycle during IDR depreciation could potentially impact financial flexibility.

Share-Price Relative

Stock Performance (%)	YTD	1M	3M	12M
Absolute	19.4	45.0	28.8	25.3
JCI Return	(24.7)	4.4	2.9	(18.1)
Relative	44.1	40.6	25.9	43.4

Company Background

Formed via the Jan-22 Indosat-H3I merger, ISAT, 65.6% owned by Ooredoo Hutchison, is Indonesia's #2 mobile operator (93.4mn subs) by top-line with cellular 83% of revenues, and MIDI 15%. ISAT holds 49.1% of the fiber HoldCo (JV with Arsari Group) and is building AI/GPU cloud via NeoCloud and Zankore.

SOURCES ISAT 2Q26 results & company filings; SSI Research. Analyst: Jonathan Guyadi.

Figure 1. ISAT's 2Q26 Results

(IDRbn)	2Q26	QoQ %	YoY %	1H25	1H26	y-y %	vs FY26F	vs cons
Revenue	**15,432**	**1.4**	**14.0**	**27,110**	**30,653**	**13.1**	**50.3**	**50.6**
Operating Profit	3,167	1.2	32.2	4,883	6,297	29.0	51.5	50.9
EBITDA	7,358	1.6	14.2	12,855	14,603	13.6	50.7	51.0
Net Profit	**2,818**	**88.9**	**175.1**	**2,335**	**4,309**	**84.5**	**54.5**	**68.7**
Key ratios (%)								
OPM (%)	*20.5*	–	–	*18.0*	*20.5*	–	–	–
EBITDA Margin (%)	*47.7*	–	–	*47.4*	*47.6*	–	–	–
NPM (%)	*18.3*	–	–	*8.6*	*14.1*	–	–	–

Sources: Company, SSI Research

Figure 2. ISAT's Earnings Changes

(IDRbn)	Old			New			Percentage Change		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2028F
Revenue	60,059	63,294	66,789	60,981	65,064	68,538	1.5%	2.8%	2.6%
% Growth	6.3%	5.4%	5.5%	7.9%	6.7%	5.3%	-	-	-
EBITDA	28,077	29,322	31,202	28,809	30,727	32,590	2.6%	4.8%	4.4%
% Growth	5.6%	4.4%	6.4%	8.3%	6.7%	6.1%	-	-	-
Net Profit	6,702	5,955	6,844	7,902	7,323	8,173	17.9%	23.0%	19.4%
% Growth	21.6%	-11.1%	14.9%	43.4%	-7.3%	11.6%	-	-	-

Sources: Company, SSI Research

Figure 3. Peer Comparables

Company Ticker	Market Cap	2026				EBITDA Margin
		EV/EBITDA	Net Gearing	ROE	ROIC	
	(USD Bn)	(x)	(%)	(%)	(%)	(%)
Indonesia						
TLKM IJ	14,625	4.2	25.8	15.9	13.9	49.1
ISAT IJ	5,016	4.8	126.1	21.3	10.6	48.0
EXCL IJ	2,923	5.2	200.3	-13.5	-0.8	39.7
Sector	**22,564**	**4.5**	**70.7**	**13.3**	**11.3**	**47.7**
Malaysia						
CDB MK	8,387	8.0	80.9	9.5	7.6	42.4
Maxis MK	7,295	8.5	138.6	26.9	13.2	40.5
AXIATA MK	4,342	5.6	55.1	2.4	1.5	40.6
Sector	**20,025**	**7.6**	**96.3**	**14.3**	**8.3**	**41.3**
Philippines						
GLO PM	4,100	5.2	206.6	11.5	5.3	49.1
TEL PM	4,197	4.7	271.2	22.0	8.7	50.3
Sector	**8,297**	**4.9**	**239.3**	**16.8**	**7.0**	**49.7**
Thailand						
ADVANC TB	32,595	9.9	155.0	69.5	20.3	53.7
TRUE TB	13,990	7.5	553.3	24.0	6.2	48.3
Sector	**46,585**	**9.1**	**274.6**	**55.9**	**16.1**	**52.1**
India						
BHARTI IN	127,085	9.9	85.7	20.5	14.5	56.7
IDEA IN	15,821	14.5	N.A	N.A	-3.4	42.4
Sector	**142,906**	**10.4**	**76.2**	**18.3**	**12.5**	**55.1**

Sources: Company, SSI Research