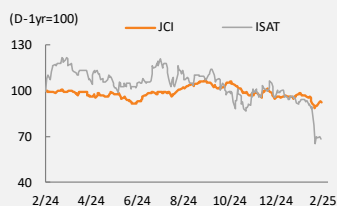


(Maintain)	<b>Buy</b>
Target Price (IDR)	▼ <b>2,500</b>
Share Price (2/21/25, IDR)	1,730
Expected Return	44.5%

NP (25F, IDRbn)	5,494
Consensus NP (25F, IDRbn)	5,824
EPS Growth (25F, %)	11.9
Market EPS Growth (25F, %)	7.8
P/E (25F, x)	10.0
Market P/E (25F, x)	11.5
JCI	6,803

Market Cap (IDRbn)	55,794
Shares Outstanding (mn)	32,251
Free Float (%)	16.2
Beta (12M)	0.9
52-Week Low	1,580
52-Week High	3,063

(%)	1M	6M	12M
Absolute	-24.8	-34.7	-35.2
Relative	-18.5	-24.9	-27.9



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# Indosat

## Missed FY24 Earnings and Slower Growth Outlook Ahead

### Subscriber Losses and Costs Weigh on 4Q24 Earnings

ISAT reported 4Q24 revenue of IDR14.1tn (+1.7% QoQ, +2.2% YoY), driven by cellular services and the MIDI segment, bringing FY24 revenue to IDR55.9tn (+9.1% YoY), in line with estimates. Despite revenue growth, ISAT lost 4.0mn subscribers in 4Q24, ending FY24 with 94.7mn (-4.1% YoY), though ARPU increased to IDR38.9k (+4.6% QoQ, +1.0% YoY), supported by higher data traffic. 4Q24 EBITDA fell to IDR6.4tn (-3.2% QoQ, -1.5% YoY) due to rising operational costs, though FY24 EBITDA rose to IDR26.4tn (+10.2% YoY) with improved margins. Net profit for 4Q24 declined to IDR1.0tn (-9.7% QoQ, -39.9% YoY) due to a one-off income boost in 4Q23, while FY24 net profit increased to IDR4.9tn (+9.0% YoY) but missed estimates, partly due to ISAT falling short of its ARPU target of IDR40k.

### ISAT Navigates Competitive Challenges While Targeting Strong Growth in FY25F

In 4Q24, ISAT faced intense competition as rivals slashed starter pack prices nationwide. To defend its market share, the company launched targeted promotions. Despite these challenges, ISAT remains optimistic about FY25F, expecting industry revenue growth of 4%-5% (vs. 2%-3% in FY24). Subscriber losses were mainly due to removing non-value users, while the core base remains engaged. A one-time wholesale installation cost impacted 4Q24 but won't recur, and seasonal marketing expenses stayed within expectations.

For FY25F, ISAT targets over 10% EBITDA growth, driven by ARPU expansion and GPU-as-a-service, projected to generate USD35mn–USD45mn with a 60% EBITDA margin. The company secured a USD30mn multiyear contract in Jan25 and invested USD60mn in GPUs in 2024. It also aims to expand its mobile and fixed broadband market share, countering cheaper broadband competition with competitively priced, high-quality service plans. ISAT also plans to increase dividend payout ratio to ~70% in 2026F (2024: 48%), with projected dividend of IDR3.8tn with dividend yield of ~7.0%.

### Reiterate BUY rating with Lower TP at IDR2,500, implying 4.8x FY25F EV/EBITDA

Following FY24 underperformance, we've adjusted our FY25 and FY26 forecasts, lowering EBITDA by -0.2% and -1.8%, respectively, and cutting EPS by -3.5% and -2.9%. Our new target price for ISAT is IDR2,500, implying a 4.8x FY25 EV/EBITDA. Despite these revisions, we remain optimistic about growth driven by industry consolidation and the AI segment. Key risks: 1) lower ARPU and traffic growth, 2) persistence of illegal, low-cost internet packages.

(FY Dec. 31)	2022	2023	2024	2025F	2026F
Revenue (IDRbn)	46,752	51,229	55,887	58,649	61,677
Operating profit (IDRbn)	5,766	9,317	10,817	11,833	13,011
EBITDA (IDRbn)	19,469	23,938	26,375	27,999	29,930
Net profit (IDRbn)	4,723	4,506	4,911	5,494	6,437
EPS (IDR)	146	140	152	170	200
EV/EBITDA (x)	4.7	4.4	4.1	3.8	3.5
P/B (x)	1.7	1.6	1.5	1.4	1.3
ROAA (%)	5.3	3.9	4.3	4.8	5.5
ROAE (%)	22.5	13.8	14.0	14.6	16.2

Note: All figures are based on consolidated K-IFRS; NP refers to net profit attributable to controlling interests  
Source: Company data, Mirae Asset Sekuritas Indonesia Research estimates

## 4Q24 Results

### Below FY24 Numbers

ISAT reported 4Q24 earnings of IDR1.0tn with FY24 numbers at IDR4.9tn, below with ours and cons estimates

### Missed FY2024 Earnings due to Higher Expenses

ISAT posted a modest 4Q24 revenue of IDR14.1tn (+1.7% QoQ, +2.2% YoY), driven by cellular services at IDR11.8tn (+1.4% QoQ, +1.9% YoY) and the MIDI segment at IDR2.1tn (+4.4% QoQ, +7.5% YoY). This brought FY24 revenue to IDR55.9tn (+9.1% YoY), closely aligning with our estimates (100.9%) and consensus (100.1%).

Despite revenue growth, ISAT lost 4.0mn subscribers in 4Q24, ending FY24 with 94.7mn (-4.1% YoY), reinforcing our view that SIM consolidation remains a key market trend. However, 4Q24 ARPU rose to IDR38.9k (+4.6% QoQ, +1.0% YoY), supported by higher data traffic, which reached 4.1PB (+0.8% QoQ, +10.8% YoY).

4Q24 EBITDA declined to IDR6.4tn (-3.2% QoQ, -1.5% YoY) due to rising operational expenses, pushing margins down to 45.3% (3Q24: 47.6%, 4Q23: 47.0%). However, FY24 EBITDA grew to IDR26.4tn (+10.2% YoY), with margins improving to 47.2% (FY23: 46.7%), in line with our estimates (99.8%) and consensus (98.5%).

ISAT posted a 4Q24 net profit of IDR1.0tn (-9.7% QoQ, -39.9% YoY), largely due to a one-off income boost from tower leaseback sales in 4Q23. FY24 net profit improved to IDR4.9tn (+9.0% YoY) but fell slightly below estimates (95.0%) and consensus (94.1%). Notably, ISAT missed its FY24 ARPU target of IDR40k, contributing to the earnings shortfall.

Table 1. ISAT's 4Q24 Results

Income Statement (IDRbn)	4Q23	3Q24	4Q24	QoQ	YoY	12M23	12M24	YoY	MA SI	Cons
Net revenue	13,766	13,836	14,075	1.7%	2.2%	51,229	55,887	9.1%	100.8%	100.6%
Cellular voice	11,576	11,634	11,801	1.4%	1.9%	43,750	47,036	7.5%		
SMS	1,935	1,991	2,079	4.4%	7.5%	6,473	7,987	23.4%		
Fixed Line Voice	255	211	194	-8.0%	-23.9%	1,006	864	-14.1%		
Operating expenses	(10,985)	(11,120)	(11,645)	4.7%	6.0%	(41,912)	(45,070)	7.5%		
Operating income	2,781	2,716	2,429	-10.5%	-12.6%	9,317	10,817	16.1%	98.7%	95.6%
Operating margin	20.2%	19.6%	17.3%			17.4%	20.1%			
Gain (loss) on forex - net	102	(74)	61	n.a	n.a	(1)	52	n.a		
Other income (expenses)	(142)	6	(45)	n.a	-68.0%	(261)	61	n.a		
Earnings from subsidiaries	(3)	(11)	(11)	-0.7%	252.4%	(72)	(82)	14.0%		
EBIT	3,358	2,636	2,435	-7.7%	-27.5%	10,325	10,847	5.1%		
EBITDA	6,471	6,588	6,375	-3.2%	-1.5%	23,938	26,375	10.2%	99.8%	98.5%
EBITDA Margin	47.0%	47.6%	45.3%			46.7%	47.2%			
Net interest expense	(1,028)	(1,060)	(1,000)	-5.6%	-2.7%	(4,394)	(4,115)	-6.3%		
Interest income	66	68	119	73.7%	78.4%	331	363	9.7%		
Interest expenses	(1,095)	(1,128)	(1,119)	-0.8%	2.2%	(4,725)	(4,478)	-5.2%		
Income before tax	2,329	1,577	1,434	-9.0%	-38.4%	5,932	6,733	13.5%		
Pre-tax margin	16.9%	11.4%	10.2%			11.6%	12.0%			
Income tax	(540)	(342)	(321)	-6.4%	-40.6%	(1,156)	(1,460)	26.3%		
Minority interest	(70)	(91)	(81)	-10.9%	14.7%	(269)	(362)	34.2%		
Net income	1,719	1,143	1,033	-9.7%	-39.9%	4,506	4,911	9.0%	95.0%	94.1%
Net profit margin	12.5%	8.3%	7.3%			8.8%	8.8%			

Sources: Company Data, Mirae Asset Sekuritas Indonesia Research

## Robust ARPU and Traffic Growth Despite Having Lower Subs

### Cellular Business (Indosat & 3)

In 4Q24, ISAT faced a decline in its subscriber base, which dropped to 94.7mn (-4.1% QoQ, -4.1% YoY), primarily due to the removal of non-value prepaid customers. We believe SIM consolidation still had a modest impact on the overall decline.

Despite the lower subscriber base, ISAT reported a strong 4Q24 ARPU of IDR38.9k (+4.6% QoQ, +1.0% YoY), driven mainly by the price hike implemented at the end of 3Q24, which took effect in 4Q24. For FY24, the cumulative ARPU stood at IDR38.0k (+6.7% YoY), missing management's guidance of IDR40k, due to weaker purchasing power and heightened market competition.

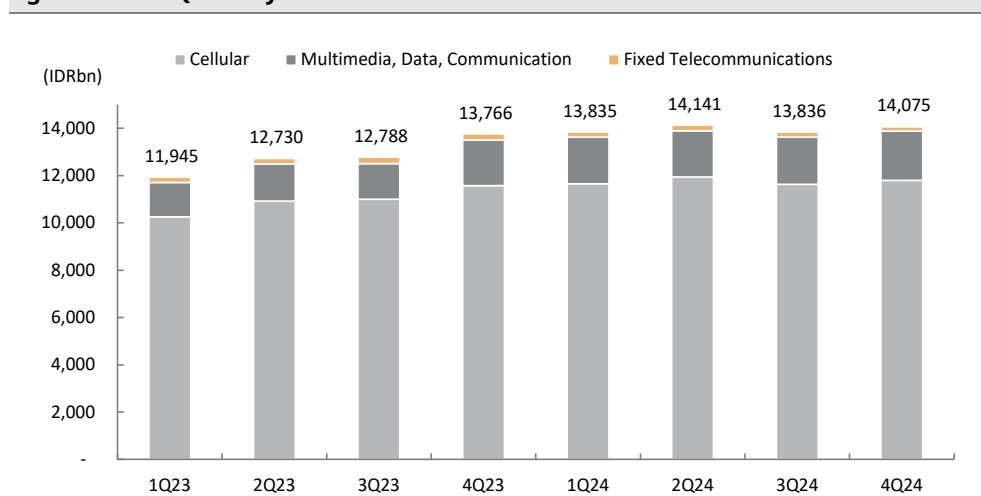
For the full year, data traffic reached 16.2PB (+12.2% YoY), supported by ISAT's ongoing network infrastructure enhancements, particularly in the ex-Java regions. The expansion of BTS towers to 250.3k units has been key in improving coverage and data capacity, contributing significantly to the company's growth.

**Table 2. ISAT's Operational Data**

Operational	3M23	6M23	9M23	12M23	3M24	6M24	9M24	12M24
<b>Subscriber (mn)</b>	<b>98.5</b>	<b>100.0</b>	<b>99.4</b>	<b>98.8</b>	<b>100.9</b>	<b>100.9</b>	<b>98.7</b>	<b>94.7</b>
Postpaid (mn)	1.6	1.6	1.6	1.6	1.6	1.5	1.4	1.5
Prepaid (mn)	96.9	98.4	97.8	97.2	99.3	99.4	97.3	93.2
<b>ARPU – Cumulative (IDRk)</b>	<b>32.9</b>	<b>34.3</b>	<b>34.7</b>	<b>35.6</b>	<b>37.5</b>	<b>37.9</b>	<b>37.7</b>	<b>38.0</b>
<b>ARPU – Quarterly (IDRk)</b>	<b>32.9</b>	<b>35.8</b>	<b>35.4</b>	<b>38.5</b>	<b>37.5</b>	<b>38.4</b>	<b>37.2</b>	<b>38.9</b>
Data Traffic – Cumulative (PB)	3.2	7.2	10.7	14.4	3.9	8.0	12.1	16.2
<b>Data Traffic – Quarterly (PB)</b>	<b>3.2</b>	<b>4.0</b>	<b>3.5</b>	<b>3.7</b>	<b>3.9</b>	<b>4.1</b>	<b>4.1</b>	<b>4.1</b>
<b>Total BTS (Units)</b>	<b>198.8</b>	<b>215.5</b>	<b>221.4</b>	<b>229.5</b>	<b>235.1</b>	<b>240.5</b>	<b>247.1</b>	<b>250.3</b>

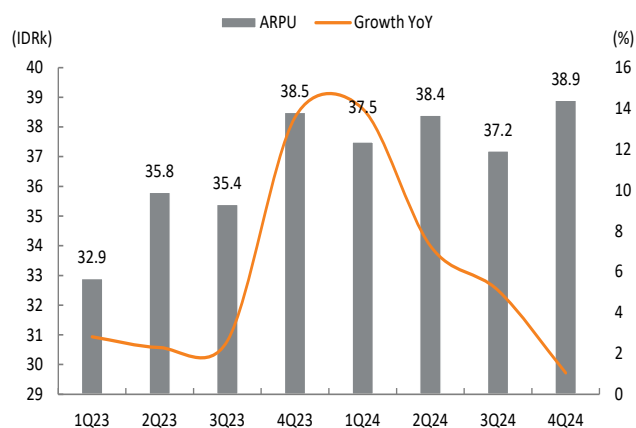
Sources: Company Data, Mirae Asset Sekuritas Indonesia Research

**Figure 1. ISAT's Quarterly Revenue Trend**



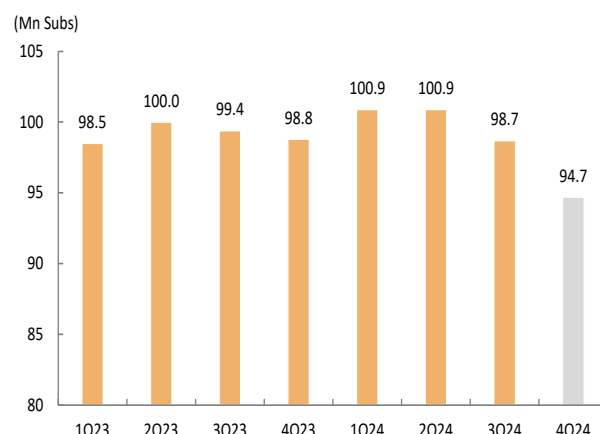
Sources: Company Data, Mirae Asset Sekuritas Research

Figure 2. ISAT's ARPU Trend



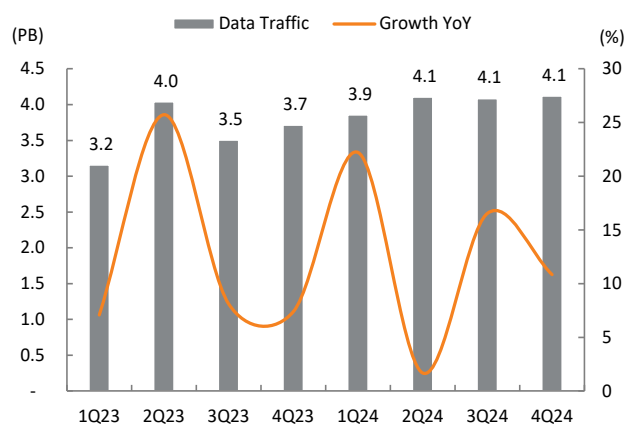
Sources: Company Data, Mirae Asset Sekuritas Research

Figure 3. ISAT's Subscriber Trend



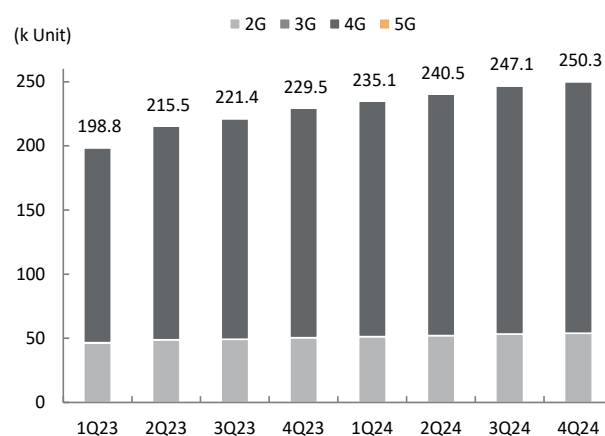
Sources: Company Data, Mirae Asset Sekuritas Research

Figure 4. ISAT's Data Traffic Trend



Sources: Company Data, Mirae Asset Sekuritas Research

Figure 5. ISAT's BTS Units



Sources: Company Data, Mirae Asset Sekuritas Research

Table 3. Forecast Changes

Forecast Changes in IDRbn	New		Old		Difference (%)	
	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	58,649	61,677	58,653	62,840	0.0%	-1.9%
Operating Profit	11,833	13,011	11,316	12,475	4.6%	4.3%
EBITDA	27,999	29,930	28,058	30,485	-0.2%	-1.8%
Net Profit	5,494	6,437	5,694	6,690	-3.5%	-3.8%

Sources: Company Data, Mirae Asset Sekuritas Research

## Share performance and foreign flow

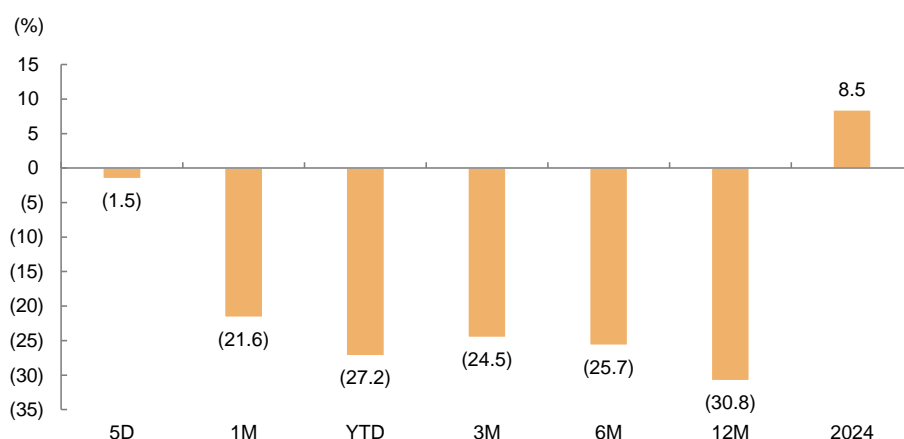
### Underperforming JCI

ISAT has underperformed the market by -24.5% in the past 3M and -25.7% in the past 6M post weak 4Q24 results

### ISAT underperforming the market

As of February 21, ISAT's share price closed at IDR1,730, marking a -27.2% YTD decline and underperforming the broader market. This weakness is primarily driven by weaker-than-expected 4Q24 earnings, which weighed heavily on the company's share price.

**Figure 6. ISAT Share Price Performance Relative to JCI**



Sources: Bloomberg, Mirae Asset Sekuritas Indonesia Research, \*closing at last price

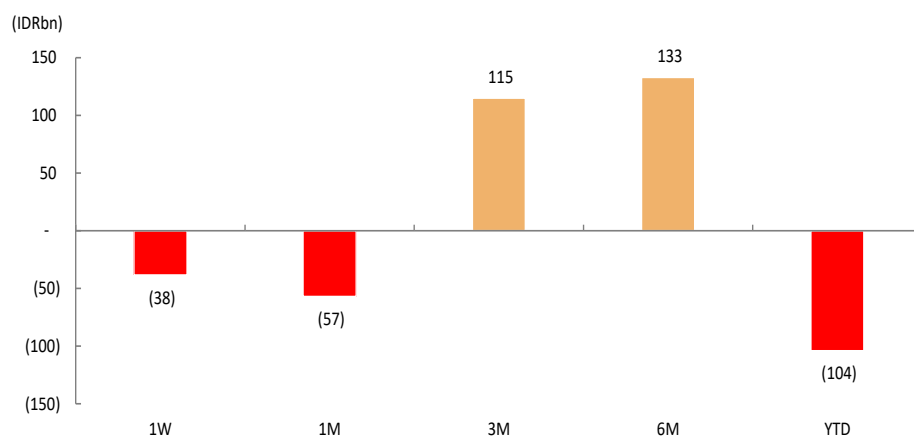
### Short-term Foreign Sell

Post the 4Q24 earnings, foreign have steadily sold ISAT's shares with 1M net sell of IDR57bn

### Foreign investors maintain interest in ISAT

Over the past month, foreign investors recorded a net sell of IDR57bn, largely driven by weak 4Q24 earnings and missed FY24 estimates. Cumulatively, year-to-date foreign net sales have reached IDR104bn. On the other hand, over the past six months, foreign investors have still maintained a net buy position of IDR133bn.

**Figure 7. ISAT's Foreign Flows**



Sources: Mirae Asset Sekuritas Indonesia Research, \*closing at last price

## Valuation and Recommendation

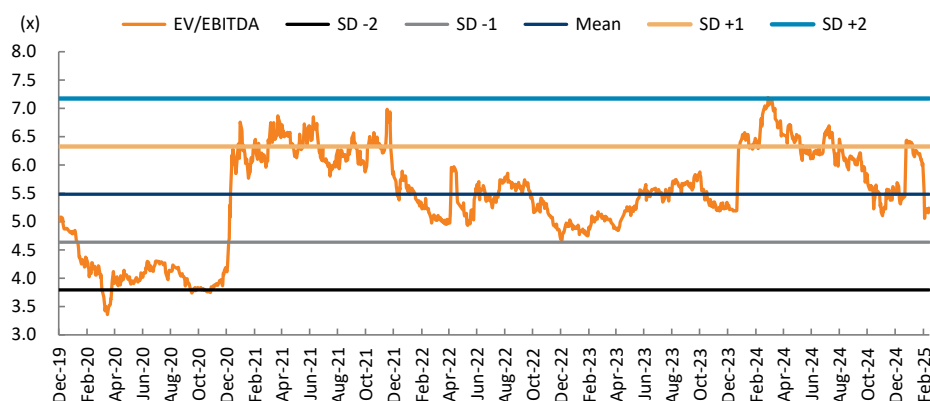
### BUY with TP at IDR2,500

We cut ISAT's TP at IDR2,500 due to missed 2024 earnings, while reiterating BUY rating due to positive outlook ahead

### Reiterate BUY rating with lower TP of IDR2,500/share

Following the underperformance in FY24, we have made slight adjustments to our forecasts for FY25 and FY26, with EBITDA revised down by -0.2% and -1.8%, respectively. Consequently, our EPS estimates for FY25 and FY26 have been lowered by -3.5% and -2.9%, respectively. As a result, we have revised our target price for ISAT to IDR2,500, reflecting a FY25 EV/EBITDA multiple of 4.8x. Despite these adjustments, we remain optimistic about the company's growth prospects, driven by ongoing industry consolidation and strong momentum in the AI-related segment. Key risks include: 1) lower-than-expected ARPU and traffic growth, and 2) the persistence of illegal and low-cost internet packages.

Figure 8. ISAT's forward EV/EBITDA band (5-year)



Sources: Bloomberg, Mirae Asset Sekuritas Indonesia Research

Table 4. Telco Co Peers Comparison

Company Ticker	Market cap (USDbn)	Div. Yield (%)	P/E (x)	2025F				EPS gwt (%)	ROE (%)
				EV/EBITDA (x)	Net Gearing (%)				
DTE GR	180,559	2.9	16.9	6.3	143.2			8.3	14.9
VOD LN	21,057	5.9	8.1	3.8	74.9			16.7	3.7
ZAIN KK	6,868	23.5	3.0	4.4	56.8			315.4	15.8
GLO PM	5,681	5.4	12.3	6.3	201.4			11.8	15.5
4816 JP	4,815	1.1	30.6	N/A	-59.9			6.5	14.3
<b>Global Average</b>	<b>218,981</b>	<b>3.9</b>	<b>15.8</b>	<b>5.9</b>	<b>130.9</b>			<b>18.8</b>	<b>13.8</b>
TLKM IJ	15,663	6.5	9.5	3.4	24.1			13.2	16.2
<b>ISAT IJ</b>	<b>3,370</b>	<b>4.8</b>	<b>10.2</b>	<b>3.8</b>	<b>130.9</b>			<b>11.9</b>	<b>14.6</b>
EXCL IJ	1,810	2.3	11.3	3.7	151.2			13.0	7.6
<b>Local Average</b>	<b>20,844</b>	<b>5.9</b>	<b>9.8</b>	<b>3.5</b>	<b>52.4</b>			<b>13.0</b>	<b>15.2</b>
<b>Blended Average</b>	<b>239,824</b>	<b>4.0</b>	<b>15.3</b>	<b>5.7</b>	<b>124.1</b>			<b>18.3</b>	<b>14.0</b>

Sources: Bloomberg, Company Data, Mirae Asset Sekuritas Indonesia Research, \*closing at last price

## Indosat (ISAT IJ)

## Income Statement (summarized)

(IDRbn)	2023	2024	2025F	2026F
<b>Revenue</b>	<b>51,229</b>	<b>55,887</b>	<b>58,649</b>	<b>61,677</b>
Cellular	43,750	47,036	49,509	52,203
MIDI	6,473	7,987	8,386	8,805
Fixed Line	1,006	864	755	669
Operating Expenses	(41,912)	(45,070)	(46,816)	(48,667)
<b>Operating Income</b>	<b>9,317</b>	<b>10,817</b>	<b>11,833</b>	<b>13,011</b>
Gain (loss) on forex - net	(1)	52	52	52
Other income (expenses)	(261)	61	61	61
Earnings from subsidiaries	(72)	(82)	(82)	(82)
Tower sales leaseback	1,343	0	0	0
<b>EBIT</b>	<b>10,325</b>	<b>10,847</b>	<b>11,864</b>	<b>13,041</b>
<b>EBITDA</b>	<b>23,938</b>	<b>26,375</b>	<b>27,999</b>	<b>29,930</b>
Other income (expenses)	0	0	0	0
Interest Income	331	363	132	88
Interest Expense	(4,725)	(4,478)	(4,432)	(4,266)
Income Tax Expenses	(1,156)	(1,460)	(1,664)	(1,950)
Minority	(269)	(362)	(406)	(476)
<b>Net Income (Loss)</b>	<b>4,506</b>	<b>4,911</b>	<b>5,494</b>	<b>6,437</b>

## Balance Sheet (summarized)

(IDRbn)	2023	2024	2025F	2026F
<b>Assets</b>				
Cash & Cash Equivalents	5,190	4,454	3,098	2,763
Net Account Receivables	3,139	3,267	3,604	3,521
Other current assets	7,151	7,157	8,299	9,598
<b>Total Current Assets</b>	<b>15,480</b>	<b>14,878</b>	<b>15,001</b>	<b>15,882</b>
Fixed Assets	72,861	74,143	75,796	76,583
Goodwill	20,504	20,117	20,117	20,117
Total Non-Current Assets	5,878	5,249	5,437	5,629
<b>Total Assets</b>	<b>114,722</b>	<b>114,387</b>	<b>116,351</b>	<b>118,211</b>
<b>Liabilities</b>				
Net Account Payables	11,460	9,321	10,793	11,205
ST debt	8,951	9,788	9,788	9,788
Other current liabilities	3,280	2,974	3,092	3,216
LT debt	44,414	44,488	42,488	40,488
Other LT liabilities	12,909	11,164	11,717	12,279
<b>Total Liabilities</b>	<b>81,013</b>	<b>77,735</b>	<b>77,878</b>	<b>76,975</b>
<b>Equity</b>				
Total equity	33,709	36,652	38,473	41,236
<b>Total Liabilities and Equity</b>	<b>114,722</b>	<b>114,387</b>	<b>116,351</b>	<b>118,211</b>

Source: Company Data, Mirae Asset Sekuritas Indonesia Research

## Cashflow Statement

(IDRbn)	2023	2024	2025F	2026F
<b>CF from Operating</b>				
Net Profit (Loss)	4,506	4,911	5,494	6,495
D&A	14,621	15,558	16,166	16,855
Change in WC	(431)	(4,095)	769	(214)
Others	(1,016)	2,722	(105)	95
<b>Total CF from Operating</b>	<b>17,680</b>	<b>19,096</b>	<b>22,324</b>	<b>23,231</b>
<b>CF from Investing</b>				
Capex	(19,437)	(16,451)	(17,884)	(17,595)
Other long-term assets	8,666	3,986	(123)	(239)
<b>Total CF from Investing</b>	<b>(10,771)</b>	<b>(12,465)</b>	<b>(18,007)</b>	<b>(17,834)</b>
<b>CF from Financing</b>				
Change in debt	(2,619)	910	(2,000)	(2,000)
Others	(8,492)	(8,291)	(3,672)	(3,732)
<b>Total CF from Financing</b>	<b>(11,111)</b>	<b>(7,380)</b>	<b>(5,672)</b>	<b>(5,732)</b>
Net cash flow	(4,318)	(735)	(1,356)	(335)
Others	(117)	14	0	0
Beginning Balance	9,508	5,190	4,454	3,098
<b>Ending Balance</b>	<b>5,190</b>	<b>4,454</b>	<b>3,098</b>	<b>2,763</b>

## Key Performance Indicators

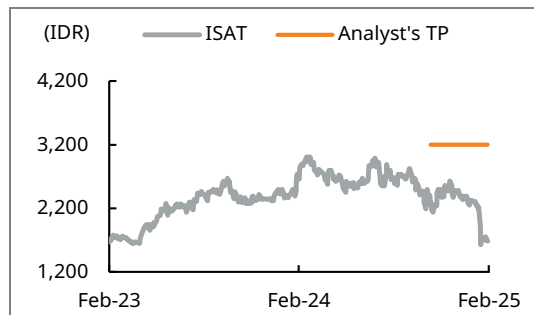
(IDRbn)	2023	2024	2025F	2026F
<b>Growth (% YoY)</b>				
Revenue	9.6	9.1	4.9	5.2
Operating Profit	61.6	16.1	9.4	10.5
EBITDA	23.0	10.2	6.2	6.9
Net Profit (Loss)	(4.6)	9.0	11.9	18.2
<b>Profitability (%)</b>				
EBITDA Margin	46.7	47.2	47.7	48.5
Net Margin	8.8	8.8	9.4	10.5
ROAE	13.8	14.0	14.6	16.3
ROAA	3.9	4.3	4.8	5.5
<b>Leverage (x)</b>				
Net Debt to Equity	1.5	1.4	1.3	1.2
Net Debt to EBITDA	2.0	1.9	1.8	1.6
<b>Valuation (x)</b>				
P/E	12.2	11.2	10.0	8.4
EV/EBITDA	4.4	4.1	3.8	3.5
<b>Operating Metrics</b>				
Subscriber Base (Mn)	98.8	94.7	99.4	104.4
Data Traffic (PB)	14,417	16,169	20,211	25,264

# Appendix 1

## Important disclosures and disclaimers

### Two-year rating and TP history

Company	Date	Rating	TP (IDR)
Indosat (ISAT JJ)	2/24/2025	Buy	2,500
	2/3/2025	Buy	3,200
	1/8/2025	Buy	3,200
	11/6/2024	Buy	3,200
	5/21/2024	Trading Buy	3,100
	2/21/2024	Trading Buy	2,788
	11/6/2023	Trading Buy	2,700
	8/3/2023	Trading Buy	2,488
	3/23/2023	Trading Buy	1,950
	2/22/2023	Trading Buy	1,925



### Stock ratings

Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

### Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

\* Our investment rating is a guide to the expected return of the stock over the next 12 months.

\* Outside of the official ratings of PT Mirae Asset Sekuritas Indonesia, analysts may call trading opportunities should technical or short-term material developments arise.

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