



Key Indices

	Prev Close	1D %	1W %	1M %	YTD %
DJIA	52475.1	0.2	(0.7)	1.9	9.2
S&P 500	7744.0	0.3	(0.2)	0.8	13.1
FTSE 100	10694.5	0.1	(0.5)	0.1	7.7
AS30	8971.4	0.0	0.2	1.0	(0.5)
CSI 300	4083.9	0.8	(0.7)	(6.0)	(11.8)
FSSTI	5397.9	0.0	(0.3)	(5.5)	16.2
HSCEI	7791.6	0.3	(1.9)	(4.7)	(12.6)
HSI	23094.8	0.2	(2.4)	(6.3)	(9.9)
JCI	5282.3	0.3	(0.9)	(13.7)	(38.9)
KLCI	1613.9	0.1	0.7	(1.8)	(3.9)
KOSPI	6012.4	6.6	4.8	(12.5)	42.7
Nikkei 225	63954.2	1.1	(1.0)	(2.3)	27.0
SET	1566.1	(0.6)	0.7	(1.8)	24.3
TWSE	47035.6	2.0	0.5	(1.3)	62.4
BDI	2652	1.9	(1.0)	(18.8)	41.3
CPO (RM/mt)	4407	(1.2)	(1.5)	(1.5)	12.0
Brent Crude (US\$/bbl)	115	1.3	6.0	9.5	89.5

Source: Bloomberg

Corporate Events

	Venue	Begin	Close
Virtual Meeting with UUE Holdings Berhad (UUE MK)	Malaysia	10 Nov	10 Nov
1HFY27 Post Results briefing with Valuetronics Holdings Ltd (VALUE SP)	Singapore	11 Nov	11 Nov
Analyst Marketing by Johnny Yum on GC AI Sector	Taipei	17 Nov	18 Nov
Regional 1H2027 Strategy Conference	Malaysia	02 Dec	02 Dec

Top Stories

Company Results | Indosat (ISAT IJ/BUY/Rp1,570/Target: Rp2,450)

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- Maintain BUY with a lower target price of Rp2,450. Our target price is based on 4.24x 2027F EV/EBITDA, or - 0.5SD to its five-year average, reflecting near-term earnings pressure from weaker cellular revenue and rising costs. ISAT's AI Cloud expansion and nationwide 5G rollout offer long-term growth potential, with contracted AI Cloud revenue expected to exceed US\$300m annually from 2027. However, elevated capex ahead of revenue generation remains a key near-term concern.

Technical Analysis

Bank Central Asia | BBKA IJ

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- Trading Buy Range: We have a technical Buy at Rp5,250, and take profit at Rp5,550.

Japfa Comfeed Indonesia | JPFA IJ

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- Trading Buy Range: We have a technical Buy at Rp1,805, and take profit at Rp1,950.

Disclaimer: In Traders' Corner, technical analysis is carried out purely based on charting patterns, price movements and trends, and is thus independent of the fundamental research views of our analysts. As a result, and from time to time, we may make a technical recommendation that is opposite to our fundamental BUY/HOLD/SELL rating.

Indosat (ISAT IJ)

3Q26: AI Cloud And 5G Expansion With Near-term Earnings Pressure

Highlights

- **Earnings pressured by rising costs.** Lower cellular revenue and higher costs drove a 13.7% qoq decline in adjusted EBITDA and a 63.4% drop in adjusted net profit.
- **AI Cloud and 5G offer long-term growth.** AI Cloud contracted annual revenue is expected to exceed US\$300m from 2027, although elevated capex remains a near-term headwind.
- **Maintain BUY** with a lower target price of Rp2,450.

3Q26 Results

Year to 31 Dec (Rpb)	9M26	9M25	yoy (%)	3Q26	2Q26	3Q25	qoq (%)	yoy (%)
Revenue	45,750	41,162	7.0	15,097	15,432	14,052	-2.2	7.4
EBITDA adj.	21,102	19,727	7.4	6,471	7,497	6,571	-13.7	-1.5
EBIT adj.	8,424	7,842	6.4	2,100	3,306	2,658	-36.5	-21.0
EBT adj.	5,051	4,748	5.0	851	2,277	1,663	-62.6	-48.8
Net Income adj.	3,768	3,587	7.0	613	1,674	1,252	-63.4	-51.1
Margins (%)								
EBITDA adj. Margin	46.1	47.9		42.9	48.6	46.8		
EBIT adj. Margin	18.4	19.1		13.9	21.4	18.9		
EBT adj. Margin	11.0	11.5		5.6	14.8	11.8		
Net Income adj. Margin	8.2	8.7		4.1	10.8	8.9		

Source: ISAT, UOB Kay Hian

Analysis

- **Weaker cellular revenue and rising costs weigh on earnings.** Indosat (ISAT) recorded its first cellular revenue decline of the year in 3Q26, down 3.9% qoq, while average revenue per user (ARPU) remained broadly flat at Rp46,000 versus Rp45,000 in 1Q26 despite ongoing monetisation initiatives. Subscribers declined to 91.5m in 3Q26 from 93.4m in 2Q26, partly reflecting customer base rationalisation following mandatory biometric SIM registration. Lower revenue, alongside higher cost of services (+6% qoq), personnel expenses (+17%) and depreciation (+4%), drove a 13.7% qoq decline in adjusted EBITDA and a 63.4% decline in normalised net profit to Rp613b. Cost pressures also reflected higher employee compensation following a provision reversal in 2Q26 and 5G spectrum costs incurred ahead of monetisation. Management maintained its 2026 revenue and EBITDA growth guidance of close to double-digits, although annualised 9M26 adjusted EBITDA growth remains below the guided level.

Key Financials

Year to 31 Dec (Rpb)	2024	2025	2026F	2027F	2028F
Net turnover	55,887	56,518	61,139	68,801	72,828
EBITDA	26,396	27,106	30,884	33,390	35,636
Operating profit	10,838	11,275	13,378	13,766	14,752
Net profit (rep./act.)	4,911	5,510	6,482	6,100	6,796
Net profit (adj.)	4,895	5,132	5,353	6,100	6,796
EPS (Rp)	152	159	166	189	211
PE (x)	10.3	9.9	9.5	8.3	7.5
P/B (x)	1.4	1.3	1.2	1.1	1.1
EV/EBITDA (x)	3.8	3.7	3.6	3.4	3.0
Dividend yield	4.3	5.3	7.1	8.3	7.8
Net margin (%)	8.8	9.7	10.6	8.9	9.3
Net debt/(cash) to equity (%)	137.5	126.1	144.5	139.9	118.1
Interest cover (x)	2.4	2.7	2.7	2.4	2.6
ROE (%)	14.6	15.0	16.4	14.3	15.3
Consensus net profit			6,426	6,679	7,802
UOBKH/Consensus (x)			0.83	0.91	0.87

Source: ISAT, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Rp1,570
Target Price	Rp2,450
Upside	+56.8%
Previous TP	Rp2,500

Stock Data

Sector	Communication Services
Bloomberg ticker	ISAT IJ
Shares issued (m)	32,251
Market cap (Rpb)	50,634
Market cap (US\$m)	2,785
3-mth avg daily t'over (US\$m)	8.3

Price Performance (%)

52-week high/low				Rp2,850/Rp1,525	
1mth	3mth	6mth	1yr	YTD	
(33.2)	(19.5)	(21.9)	(19.3)	(32.3)	

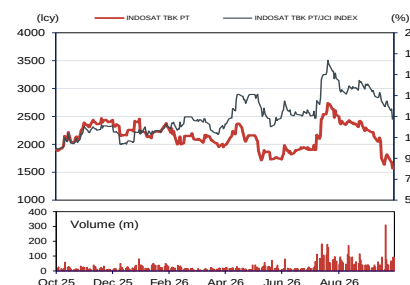
Major Shareholders (%)

Ooredoo Hutchison Asia	65.54
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Balance Sheet Metrics

FY26 NAV/Share (Rp)	1,504.2
FY26 Net Cash/Share (Rp)	(423.6)

Price Chart



Source: Bloomberg

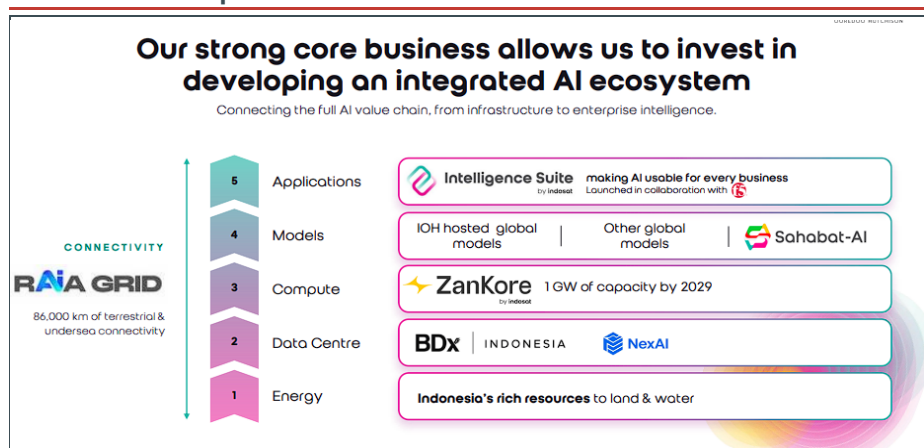
Company Description

Indosat is one of Indonesia's leading integrated telecommunications operators, providing mobile, fixed broadband, enterprise connectivity, and digital services nationwide. The company is executing a strategic transformation focused on monetisation, network efficiency, and expansion into high-growth digital infrastructure such as AI and data services.

- **AI Cloud and 5G investment underpin long-term growth.** ISAT is creating an integrated AI ecosystem and accelerating investment in AI infrastructure and nationwide 5G rollout, with 3Q26 capex surging 264.8% qoq to Rp19.5t, including Rp8.9t for 5G and Rp7.3t for AI Cloud. Indosat AI Cloud revenue reached US\$50m in 9M26, with contracted annual revenue expected to exceed US\$300m from 2027. Zankore, an AI infrastructure joint venture involving ISAT, Ooredoo Group, NVIDIA and Nokia, targets 200MW of initial computing capacity by 1H27 and 1GW by 2029, with infrastructure expected to be hosted by data-centre operators including BDx Indonesia and NexAI Digital Infrastruktur (MGLV). Separately, Indosat's AI platform for enterprise customers targets US\$100m in revenue by 2028 at a 70% EBITDA margin.

5G coverage reached 75 cities and 22% of the population by 9M26 which supports future ARPU growth and home broadband expansion. While both 5G and AI investments create growth opportunities, elevated capex ahead of revenue generation remains a near-term concern.

ISAT's AI Masterplan



Source: ISAT

Valuation/Recommendation

- **Maintain BUY with a lower target price of Rp2,450 (previously Rp2,500).** Our target price is based on 4.24x 2027F EV/EBITDA, or -0.5SD to its five-year average, as we roll over our valuation to 2027F EBITDA and reflect near-term headwinds.

Earnings Revision/Risk

- **Earnings revision:** We lower our earnings forecasts to reflect higher costs associated with ISAT's ongoing AI Cloud and 5G expansion.

Earnings Revision

	New		Original		Difference (%)	
(Rpb)	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	61,139	68,801	61,139	68,801	0	0
EBITDA	30,884	33,390	30,884	33,390	0	0
Operating Profit	13,378	13,766	14,899	15,475	-10	-11
Net Profit	6,482	6,100	8,019	7,847	-19	-22
Core Profit	5,353	6,100	6,890	7,847	-22	-22
EBITDA Margin (%)	50.5	48.5	50.5	48.5		
Opr Margin (%)	21.9	20.0	24.4	22.5		
Net Margin (%)	10.6	8.9	13.1	11.4		
Core Net Margin (%)	8.8	8.9	11.3	11.4		

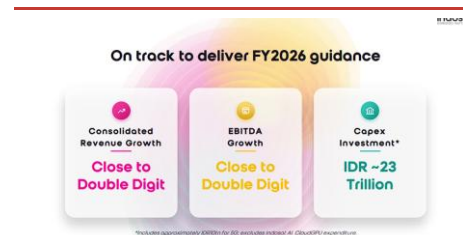
Source: UOB Kay Hian

- **Risks:** a) Weaker-than-expected ARPU recovery, and b) unfavourable changes in regulation.

Share Price Catalyst

- Newsflow on 5G rollout.

Full-Year Guidance



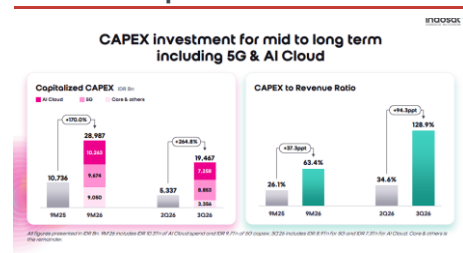
Source: ISAT

Near-term AI monetisation



Source: ISAT

Elevated Capex Level



Source: ISAT

Profit & loss

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Net turnover	56,518	61,139	68,801	72,828
EBITDA	27,106	30,884	33,390	35,636
Deprec, & amort	15,831	17,506	19,624	20,884
EBIT	11,275	13,378	13,766	14,752
Associate Contributions	1	-	-	-
Net interest income/(expense)	(4,012)	(4,686)	(5,587)	(5,637)
Pre-tax profit	7,285	8,714	8,200	9,136
Tax	(1,467)	(1,755)	(1,652)	(1,840)
Minorities	(308)	(477)	(449)	(500)
Net profit	5,510	6,482	6,100	6,796

Cash flow

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Operating	21,551	26,970	26,766	27,891
Net profit before MI	5,818	6,959	6,549	7,296
Deprec, & amort,	15,831	17,506	19,624	20,884
Working capital changes	1,399	668	1,444	205
Other operating cashflows	(1,497)	1,838	(852)	(495)
Investing	(12,097)	(34,757)	(22,731)	(17,185)
Capex (growth)	(16,317)	(32,287)	(22,675)	(17,331)
ROU	(104)	(530)	(291)	(358)
Others	4,324	(1,940)	235	505
Financing	(8,862)	6,194	(4,560)	(4,345)
Dividend payments	(2,974)	(3,888)	(4,689)	(4,412)
Proceeds & repay borrowings	(143)	10,081	129	67
Others	(5,745)	-	-	-
Net cash inflow (outflow)	592	(1,593)	(525)	6,361
Beginning cash & cash equivalent	4,454	5,075	3,482	2,957
Change due to forex impact	30	-	-	-
Ending cash & cash equivalent	5,075	3,482	2,957	9,318

Balance Sheet

Year to 31 Dec (Rpb)	2025	2026F	2027F	2028F
Fixed assets	75,099	90,346	93,871	90,799
Other LT assets	43,530	43,592	44,562	51,049
Cash/ST investment	5,075	3,482	2,957	9,318
Other current assets	13,929	12,704	14,310	14,631
Total assets	118,630	133,938	138,433	141,848
ST debt	10,089	12,311	12,224	12,167
Other current liabilities	20,410	24,501	26,935	27,334
LT debt	44,826	52,687	52,903	53,027
Other LT liabilities	3,795	1,859	1,931	1,996
Shareholders' equity	36,320	39,222	41,110	43,943
Minority interest	3,189	3,358	3,330	3,381
Total liabilities & equity	118,630	133,938	138,433	141,848

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	48.0	50.5	48.5	48.9
Pre-tax margin	12.9	14.3	11.9	12.5
Net margin	9.7	10.6	8.9	9.3
ROA	4.6	4.8	4.4	4.8
ROE	15.2	16.5	14.8	15.5
Growth				
Turnover	1.1	8.2	12.5	5.9
EBITDA	2.7	13.9	8.1	6.7
Pre-tax profit	8.2	19.6	(5.9)	11.4
Net profit	12.2	17.6	(5.9)	11.4
EPS	4.8	4.3	14.0	11.4
Leverage				
Debt to total capital (x)	0.6	0.6	0.6	0.6
Debt to equity (x)	1.4	1.5	1.5	1.4
Net debt/(cash) to equity (x)	126.1	144.5	139.9	118.1
Interest cover (x)	2.7	2.7	2.4	2.6

Technical Analysis

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Source: Tradingview

Bank Central Asia BBCA IJ

Technical BUY with 5.5% potential return

Resistance: Rp5,350, Rp5,550

Support: Rp4,800, Rp4,740

Stop-loss: Rp4,900

Share price closed with strong gains and formed a long-body bullish candlestick. Price advanced with better momentum; hence, it could trigger more rallies and challenge the resistance at Rp5,350 and Rp5,550. The RSI is sloping upwards and is out of its oversold zone, while the Stochastic has just issued a bullish signal and is out of its oversold zone as well. Buy at Rp5,250 and take profit at Rp5,550.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp8,150.



Source: Tradingview

Japfa Comfeed Indonesia JPFA IJ

Technical BUY with 8% potential return

Resistance: Rp1,835, Rp1,960

Support: Rp1,695, Rp1,605

Stop-loss: Rp1,690

Share price closed slightly higher and formed a neutral candlestick. Price rebounded from its daily low; hence, we see potential for more rebounds and challenge the resistance at Rp1,835 and Rp1,960. The RSI has just come out of its oversold zone, while the MACD has the potential to issue a bullish signal. Buy at Rp1,805 and take profit at Rp1,950.

Approximate timeframe: 2-4 weeks.

Our institutional research has a fundamental BUY and target price of Rp2,900.

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