

# Indosat Tbk (ISAT)

## Efisiensi dan Penjualan Menara Mendorong Kinerja

Realisasi dari peningkatan efisiensi ISAT mulai terlihat di awal kuartal I-2021. Beban karyawan yang turun di iringi dengan penurunan kerugian selisih kurs dan biaya keuangan membuat ISAT mencatatkan laba bersih sebesar 172,2 miliar. Selain itu, pelanggan yang naik 6,8% yoy mampu meningkatkan pendapatan sebesar 12,6% yoy di 1Q21.

### Bukukan Laba Bersih Rp172,2 Miliar di 1Q21.

- ISAT membukukan pendapatan Rp7,3 triliun, naik 12,6% yoy di Kuartal I-2021 Vs Rp6,5 triliun di 1Q20.
- Kontribusi terbesar berasal dari segmen Seluler 82,3%, di ikuti segmen MIDI 15,9%.
- Pendapatan Data dari segmen Seluler tumbuh 21,2% jadi Rp5,3 triliun vs Rp4,4 triliun di 1Q20.
- Beban Karyawan yang turun 49,4% yoy mampu mendongkrak OPM menjadi 12,7% vs 3,0% di 1Q20.
- ISAT membukukan laba bersih Rp172,2 miliar, Vs rugi bersih Rp605,6 miliar di 1Q20. Didorong oleh menurunnya kerugian selisih kurs 97,6% yoy dan biaya keuangan 8,5% yoy.

### Jual Menara untuk Melanjutkan Ekspansi Investasi Bisnis.

- ISAT telah menjual menara sebanyak 4.247 kepada PT EPID Menara Asset Co. dengan nilai transaksi Rp11 triliun. Dan sebanyak 4.085 telah di sewa kembali oleh ISAT.
- Realisasi penjualan akan dibukukan di 2Q21 dengan estimasi kami kinerja ISAT akan positif hingga akhir tahun 2021.
- Dana penjualan menara akan digunakan untuk ekspansi jaringan 4G, saai ini ISAT telah memiliki 66.313 BTS 4G (+27,0% yoy).
- Pelanggan tumbuh 6,8% yoy jadi 60,0 juta pelanggan, Vs 56,2 juta pelanggan di 1Q20.

### Kami Pertahankan Rating UNDERWEIGHT Target Harga 6.400.

- Kami tetap merekomendasikan UNDERWEIGHT untuk saham ISAT dengan target di harga lebih tinggi di 6.400, seiring dengan kinerja positif pasca realisasi penjualan menara di 2Q21. Kami akan terus memonitor kelanjutan dari rencana aksi korporasi ISAT sebelum melakukan revisi lanjutan atas rekomendasi kami.
- Saat ini ISAT diperdagangkan di level EV/EBITDA 4,9x, Sudah lebih mahal dibanding rata-rata 5 tahun di level 4,2x dan rata-rata industri di level 4,8x.

### Indosat Tbk | Summary (IDR bn)

|                | 2019A  | 2020A  | 2021F  | 2022F  |
|----------------|--------|--------|--------|--------|
| Revenue        | 26,118 | 27,926 | 29,898 | 32,009 |
| growth         | 12.9%  | 6.9%   | 7.1%   | 7.1%   |
| Net Profit     | 1,569  | (717)  | 1,177  | 1,010  |
| Growth         | N/A    | N/A    | N/A    | -14.2% |
| EPS            | 289    | (132)  | 217    | 186    |
| P/E            | 10.1x  | -38.3x | 29.5x  | 34.4x  |
| P/BV           | 1.2x   | 2.1x   | 2.5x   | 2.3x   |
| EV/EBITDA      | 2.3x   | 3.4x   | 3.5x   | 3.3x   |
| ROE            | 11.4%  | -5.6%  | 8.4%   | 6.7%   |
| DER            | 1.0x   | 1.3x   | 1.0x   | 1.1x   |
| Dividend Yield | N/A    | N/A    | N/A    | N/A    |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | June 29, 2021

## UNDERWEIGHT

|                           |              |
|---------------------------|--------------|
| <b>Target Price (IDR)</b> | <b>6,400</b> |
| Consensus Price (IDR)     | 7,016        |
| TP to Consensus Price     | -8.8%        |
| vs Last Price             | -7.9%        |

### Shares data

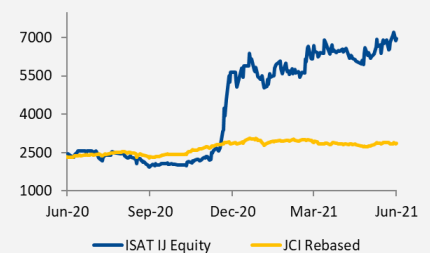
|                        |               |
|------------------------|---------------|
| Last Price (IDR)       | 6,950         |
| Price date as of       | Jun. 25, 2021 |
| 52 wk range (Hi/Lo)    | 7,425 / 1,870 |
| Free float             | 35.0%         |
| Outstanding sh.(mn)    | 5,434         |
| Market Cap (IDR bn)    | 37,358        |
| Market Cap (USD mn)    | 2,582         |
| Avg. Trd Vol - 3M (mn) | 3.7           |
| Avg. Trd Val - 3M (bn) | 24.4          |
| Foreign Ownership      | 82.4%         |

### Infrastructure

### Telecommunication

|           |         |
|-----------|---------|
| Bloomberg | ISAT IJ |
| Reuters   | ISAT.IK |

### Share Price Performance



|          | YTD   | 1M   | 3M   | 12M    |
|----------|-------|------|------|--------|
| Abs. Ret | 19.8% | 8.6% | 6.1% | 199.6% |
| Rel. Ret | 21.2% | 5.0% | 5.1% | 176.6% |

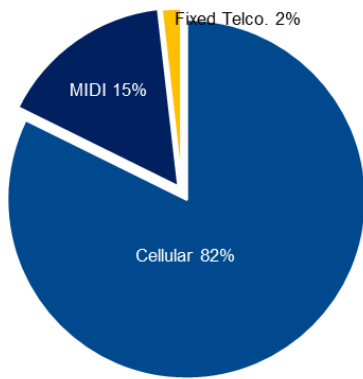
### Restu Pamungkas

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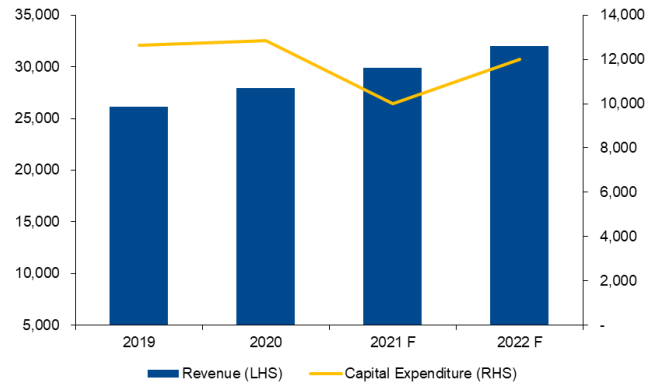
# Performance Highlights

## Revenue Contributions 1Q21



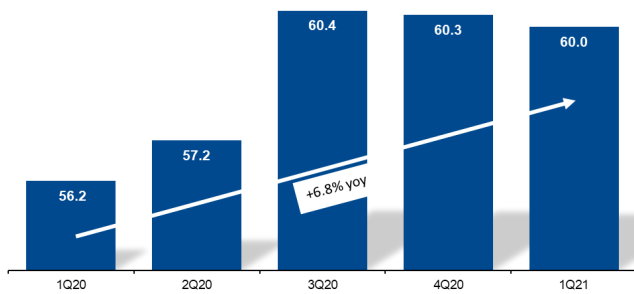
Source: Company, NHKSI Research

## Revenue & Capex Forecast (mn)



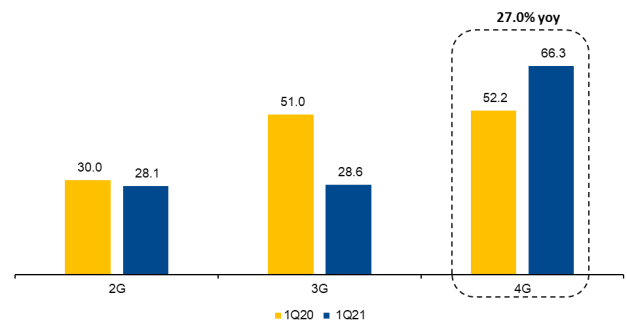
Source: Company, NHKSI Research

## Subscribers (mn)



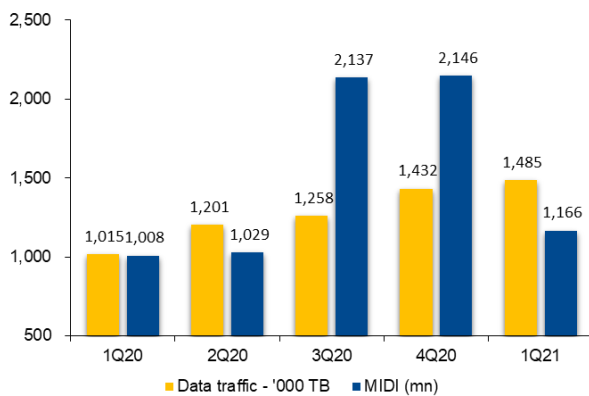
Source: Company, NHKSI Research

## BTS Quantity



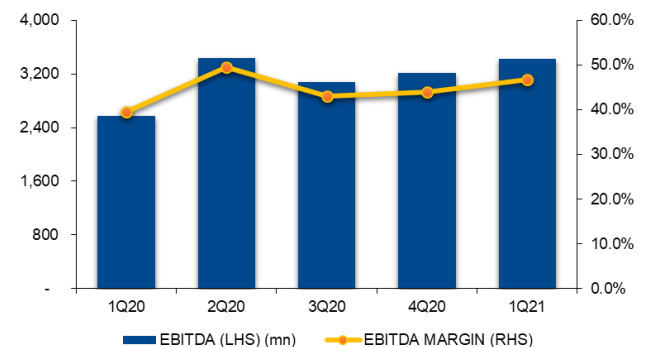
Source: Company, NHKSI Research

## Data Traffic (TB) and MIDI (mn)



Source: Company, NHKSI Research

## EBITDA & EBITDA Margin



Source: Bloomberg, Company, NHKSI Research



**PT Indosat Tbk (ISAT)** didirikan pada 10 November 1967 sebagai perusahaan penanaman modal asing yang menyediakan layanan telekomunikasi internasional di Indonesia. Struktur perusahaan 65% dimiliki oleh Ooredoo Asia Pte, 14,29% dimiliki oleh Pemerintah Indonesia dan 20,71% dimiliki oleh publik. Sepanjang Kuartal I-2021 ISAT telah memiliki BTS sebanyak 123,0 ribu terdiri dari 66,3 ribu BTS 4G (Tumbuh +27,0% YoY), 28,6 ribu BTS 3G dan 28,1 ribu BTS 2G.

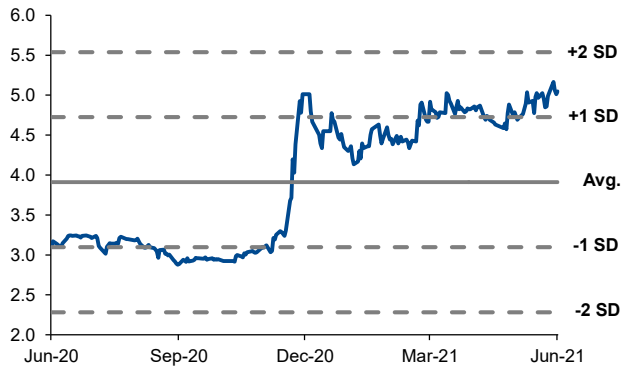
Dalam persaingan antara Operator Telekomunikasi ASEAN, ISAT mulai membukukan ROE positif di 1Q21 sebesar 0,5%, Net Profit Margin juga mulai positif sebesar 0,2%. Market Cap tercatat tumbuh menjadi USD2.540 juta. Di Indonesia ISAT memiliki nilai valuasi P/BV yang paling tinggi diantara kompetitornya yaitu sebesar 3,0x. Nilai EV/EBITDA masih tertinggi kedua dibawah TLKM yaitu sebesar 4,7x.

#### ASEAN Telecommunication Operators

| Company               | Market Cap (USD mn) | Asset (USD mn) | Revenue LTM (USD mn) | Net Profit LTM (USD mn) | Net Profit Growth LTM | Net Profit Margin | ROE LTM | EV/EBITDA LTM | P/BV  |
|-----------------------|---------------------|----------------|----------------------|-------------------------|-----------------------|-------------------|---------|---------------|-------|
| <b>Indonesia</b>      |                     |                |                      |                         |                       |                   |         |               |       |
| ISAT                  | 2,540               | 4,508          | 1,976                | 4                       | -95.14%               | 0.2%              | 0.5%    | 4.7x          | 3.0x  |
| TLKM                  | 21,873              | 17,734         | 9,364                | 1,441                   | 14.51%                | 15.4%             | 19.5%   | 5.4x          | 2.9x  |
| EXCL                  | 1,939               | 4,865          | 1,771                | (57)                    | N/A                   | -3.2%             | -4.1%   | 3.9x          | 1.4x  |
| <b>Singapore</b>      |                     |                |                      |                         |                       |                   |         |               |       |
| Singtel               | 28,037              | 35,713         | 11,457               | 406                     | -48.47%               | 3.5%              | 2.08%   | 16.2x         | 1.4x  |
| <b>Malaysia</b>       |                     |                |                      |                         |                       |                   |         |               |       |
| Maxis                 | 8,314               | 5,455          | 2,122                | 326                     | -7.10%                | 15.4%             | 19.38%  | 11.9x         | 4.9x  |
| DiGi.Com              | 8,001               | 2,036          | 1,472                | 277                     | -18.94%               | 18.8%             | 186.00% | 10.8x         | 56.2x |
| Axiata Group          | 8,378               | 16,904         | 5,807                | 61                      | -72.56%               | 1.0%              | 1.53%   | 5.7x          | 2.0x  |
| <b>Thailand</b>       |                     |                |                      |                         |                       |                   |         |               |       |
| Advanced Info Service | 15,854              | 11,674         | 5,670                | 881                     | -10.05%               | 15.5%             | 40.13%  | 7.3x          | 7.1x  |
| True Corp             | 3,315               | 20,588         | 4,474                | 20                      | -84.16%               | 0.5%              | 0.75%   | 7.3x          | 1.3x  |
| Total Access Comm.    | 2,258               | 5,810          | 2,555                | 143                     | -16.99%               | 5.6%              | 20.64%  | 5.1x          | 3.6x  |
| <b>Phillipine</b>     |                     |                |                      |                         |                       |                   |         |               |       |
| PLDT                  | 5,752               | 11,993         | 3,784                | 494                     | 11.28%                | 13.0%             | 22.21%  | 5.5x          | 2.6x  |
| Globe Telecom         | 5,043               | 7,077          | 3,312                | 394                     | -12.72%               | 11.9%             | 22.23%  | 6.2x          | 2.8x  |

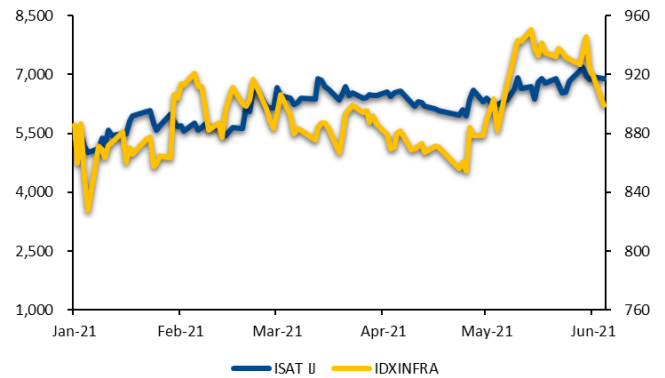
Source: Bloomberg

**Forward EV/EBITDA Trade in +1 SD area**



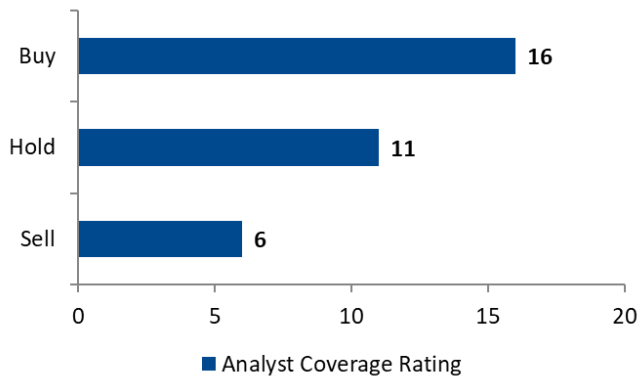
Source: Bloomberg, NHKSI Research

**ISAT IJ & IDXINFRA**



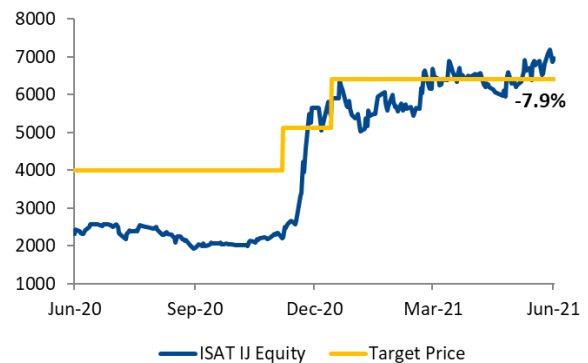
Source: Bloomberg, NHKSI Research

**Analyst Coverage Rating**



Source: Bloomberg

**Closing and Target Price**



Source: NHKSI Research

**Rating and Target Price Update**

**Target Price**

| Date       | Rating      | Target Price     | Last Price | Consensus | vs Last Price | vs Consensus |
|------------|-------------|------------------|------------|-----------|---------------|--------------|
| 01/08/2021 | Underweight | 5,130 (12 Month) | 5,450      | 3,841     | -5.9%         | +33.6%       |
| 03/05/2021 | Underweight | 5,150 (12 Month) | 5,750      | 5,620     | -10.4%        | -8.4%        |
| 06/29/2021 | Underweight | 6,400 (12 Month) | 6,950      | 7,016     | -7.9%         | -8.8%        |

Source: NHKSI Research, Bloomberg

## Summary of Financials

### INCOME STATEMENT

| (IDR bn)                 | 2019          | 2020          | 2021/12F      | 2022/12F      |
|--------------------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>           | <b>26,118</b> | <b>27,926</b> | <b>29,898</b> | <b>32,009</b> |
| Growth                   | 12.9%         | 6.9%          | 7.1%          | 7.1%          |
| COGS                     | -             | -             | -             | -             |
| <b>Gross Profit</b>      | <b>26,118</b> | <b>27,926</b> | <b>29,898</b> | <b>32,009</b> |
| Gross Margin             | -             | -             | -             | -             |
| Operating Expenses       | (21,889)      | (25,526)      | (26,583)      | (28,369)      |
| <b>Operating Profit</b>  | <b>4,228</b>  | <b>2,399</b>  | <b>3,314</b>  | <b>3,640</b>  |
| OP Margin                | 16.2%         | 8.6%          | 11.1%         | 11.4%         |
| Financial Cost           | (2,761)       | (3,045)       | (1,965)       | (2,317)       |
| Interest Income          | 81            | 258           | 67            | 84            |
| <b>EBIT</b>              | <b>1,587</b>  | <b>(600)</b>  | <b>1,648</b>  | <b>1,429</b>  |
| EBIT Margin              | 6.1%          | -2.1%         | 5.5%          | 4.5%          |
| Income Tax               | 43            | (31)          | (412)         | (357)         |
| <b>EAT</b>               | <b>1,630</b>  | <b>(630)</b>  | <b>1,236</b>  | <b>1,071</b>  |
| Non Controlling Interest | (61)          | (87)          | (58)          | (61)          |
| <b>Net Profit</b>        | <b>1,569</b>  | <b>(717)</b>  | <b>1,177</b>  | <b>1,010</b>  |
| Growth                   | N/A           | N/A           | N/A           | -14.2%        |
| Net Profit Margin        | 6.0%          | -2.6%         | 3.9%          | 3.2%          |

### BALANCE SHEET

| (IDR bn)                         | 2019          | 2020          | 2021/12F      | 2022/12F      |
|----------------------------------|---------------|---------------|---------------|---------------|
| Cash                             | 5,881         | 1,782         | 1,527         | 1,906         |
| Receivables                      | 2,994         | 2,557         | 3,333         | 3,521         |
| Inventories                      | 29            | 40            | 55            | 55            |
| <b>Total Current Assets</b>      | <b>12,445</b> | <b>9,595</b>  | <b>10,141</b> | <b>10,710</b> |
| Net Fixed Assets                 | 42,753        | 46,522        | 47,116        | 52,063        |
| Other Non Current Assets         | 7,615         | 6,662         | 6,679         | 6,495         |
| <b>Total Non Current Assets</b>  | <b>50,368</b> | <b>53,184</b> | <b>53,795</b> | <b>58,558</b> |
| <b>Total Assets</b>              | <b>62,813</b> | <b>62,779</b> | <b>63,936</b> | <b>69,268</b> |
| Trade Payables                   | 5,422         | 9,073         | 9,980         | 10,978        |
| Bond Payable - Current           | 4,111         | 1,613         | 1,424         | 1,679         |
| <b>Total Current Liabilities</b> | <b>22,129</b> | <b>22,658</b> | <b>23,910</b> | <b>25,759</b> |
| Loan Payable - Non Current       | 4,174         | 3,557         | 3,140         | 3,701         |
| <b>Total Liabilities</b>         | <b>49,106</b> | <b>49,865</b> | <b>49,845</b> | <b>54,167</b> |
| Capital Stock                    | 543           | 543           | 543           | 543           |
| Retained Earnings                | 10,144        | 9,427         | 10,604        | 11,615        |
| <b>Shareholders' Equity</b>      | <b>13,707</b> | <b>12,913</b> | <b>14,091</b> | <b>15,101</b> |

### CASH FLOW STATEMENT

| (IDR bn)                   | 2019         | 2020           | 2021/12F     | 2022/12F   |
|----------------------------|--------------|----------------|--------------|------------|
| Operating Cash Flow        | 9,192        | 10,550         | 11,913       | 13,542     |
| Investing Cash Flow        | (11,841)     | (11,927)       | (10,723)     | (16,136)   |
| Financing Cash Flow        | 7,407        | (2,721)        | (1,445)      | 2,972      |
| <b>Net Changes in Cash</b> | <b>4,758</b> | <b>(4,099)</b> | <b>(255)</b> | <b>378</b> |

Source: Company Data, NHKSI Research

### PROFITABILITY & STABILITY

|                      | 2019   | 2020   | 2021/12F | 2022/12F |
|----------------------|--------|--------|----------|----------|
| ROE                  | 11.4%  | -5.6%  | 8.4%     | 6.7%     |
| ROA                  | 2.5%   | -1.1%  | 1.8%     | 1.5%     |
| Inventory Turnover   | 888.2x | 701.4x | 486.8x   | 520.3x   |
| Receivables Turnover | 8.6x   | 10.8x  | 8.9x     | 9.0x     |
| Payables Turnover    | 36.1x  | 38.8x  | 32.3x    | 32.9x    |
| Dividend Yield       | N/A    | N/A    | N/A      | N/A      |
| Payout Ratio         | N/A    | N/A    | N/A      | N/A      |
| DER                  | 1.0x   | 1.3x   | 1.0x     | 1.1x     |
| Net Gearing          | 0.4x   | 0.4x   | 0.3x     | 0.3x     |
| Equity Ratio         | 21.8%  | 20.6%  | 22.0%    | 21.8%    |
| Debt Ratio           | 34.4%  | 25.5%  | 22.1%    | 24.1%    |
| Financial Leverage   | 4.5x   | 4.7x   | 4.7x     | 4.6x     |
| Current Ratio        | 0.6x   | 0.4x   | 0.4x     | 0.4x     |
| Quick Ratio          | 0.6x   | 0.4x   | 0.4x     | 0.4x     |
| Par Value (IDR)      | 100    | 100    | 100      | 100      |
| Total Shares (mn)    | 5,434  | 5,434  | 5,434    | 5,434    |
| Share Price (IDR)    | 2,910  | 5,050  | 6,400    | 6,400    |
| Market Cap (IDR tn)  | 15,813 | 27,441 | 34,777   | 34,777   |

### VALUATION INDEX

|                        | 2019   | 2020    | 2021/12F | 2022/12F |
|------------------------|--------|---------|----------|----------|
| Price/Earnings         | 10.1x  | -38.3x  | 29.5x    | 34.4x    |
| Price/Book Value       | 1.2x   | 2.1x    | 2.5x     | 2.3x     |
| PE/EPS Growth          | N/A    | N/A     | N/A      | -0.1x    |
| EV/EBITDA              | 2.3x   | 3.4x    | 3.5x     | 3.3x     |
| EV (IDR bn)            | 31,539 | 41,669  | 47,385   | 49,532   |
| Revenue CAGR (3-Yr)    | -3.6%  | -2.3%   | 8.9%     | 7.0%     |
| Net Income CAGR (3-Yr) | 12.4%  | -185.8% | -178.8%  | -13.6%   |
| Basic EPS (IDR)        | 289    | (132)   | 217      | 186      |
| BVPS (IDR)             | 2,523  | 2,376   | 2,593    | 2,779    |
| DPS (IDR)              | -      | -       | -        | -        |

### OWNERSHIP

|                         |      |
|-------------------------|------|
| <b>Top Shareholders</b> | %    |
| Ooredoo Asia Pte Ltd    | 65.0 |
| Republic of Indonesia   | 14.3 |
| Norges Bank             | 0.7  |
| Dimensional Fund        | 0.3  |
| <b>By Geography</b>     | %    |
| Singapore               | 80.0 |
| Indonesia               | 17.6 |
| United States           | 1.6  |
| Norway                  | 0.5  |
| Others                  | 0.3  |

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to +15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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