

**PT INDOSAT Tbk**

*Analysts: Niken Indriarsih / Ayuningtyas Nur Paramitasari*

*Phone/Fax/E-mail: (62-21) 72782380 / 72782370 / [niken.indriarsih@pefindo.co.id](mailto:niken.indriarsih@pefindo.co.id) / [ayuningtyas.nur@pefindo.co.id](mailto:ayuningtyas.nur@pefindo.co.id)*

<b>CREDIT PROFILE</b>		<b>FINANCIAL HIGHLIGHTS</b>				
		<b>As of/for the year ended</b>	<b>Sep-2017</b>	<b>Dec-2016</b>	<b>Dec-2015</b>	<b>Dec-2014</b>
<b>Corporate Rating</b>	<i>idAAA/Stable</i>		(Limited Review)	(Audited)	(Audited)	(Audited)
<b>Rated Issues</b>		Total Adjusted Assets [IDR Bn]	45,730.6	49,398.5	54,037.1	51,913.1
<i>Shelf Reg. Bond II/2017-2019</i>	<i>idAAA</i>	Total Adjusted Debt [IDR Bn]	23,262.0	28,115.0	34,222.1	30,355.8
<i>Shelf Reg. Bond I/2014-2016</i>	<i>idAAA</i>	Total Adjusted Equity [IDR Bn]	13,184.1	12,736.9	11,912.4	12,942.0
<i>Bond VIII/2012</i>	<i>idAAA</i>	Total Sales [IDR Bn]	22,565.8	29,184.6	26,768.5	24,085.1
<i>Shelf Reg. Ijarah II/2017-2019</i>	<i>idAAA(sy)</i>	EBITDA [IDR Bn]	9,906.3	12,863.8	11,473.3	8,674.5
<i>Shelf Reg. Ijarah I/2014-2016</i>	<i>idAAA(sy)</i>	Net Income after MI [IDR Bn]	1,090.3	1,105.0	(1,310.0)	(2,008.4)
<i>Ijarah V/2012</i>	<i>idAAA(sy)</i>	EBITDA Margin [%]	43.9	44.1	42.9	36.0
<b>Rating Period</b>		Adjusted Debt/EBITDA [X]	*1.8	2.2	3.0	3.5
<i>March 12, 2018 – March 1, 2019</i>		Adjusted Debt/Adjusted Equity [X]	1.8	2.2	2.9	2.3
<b>Rating History</b>		FFO/Adjusted Debt [%]	*44.1	36.2	25.5	20.7
<i>MAR 2017</i>	<i>idAAA/Stable</i>	EBITDA/IFCCI [X]	6.3	5.7	4.1	3.6
<i>SEP 2016</i>	<i>idAAA/Stable</i>	USD Exchange Rate [IDR/USD]	13,492	13,436	13,795	12,440
<i>SEP 2015</i>	<i>idAAA/Stable</i>					
<i>SEP 2014</i>	<i>idAAA/Stable</i>					
<i>2010-2014</i>	<i>idAA+/Stable</i>					

*FFO = EBITDA - IFCCI + Interest Income - Current Tax Expense  
EBITDA = Operating Profit + Depreciation Expense + Amortization Expense  
IFCCI = Gross Interest Expense + Other Financial Charges + Capitalized Interest; (FX Loss not included)  
MI = Minority Interest \*Annualized  
The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.*

**PEFINDO affirms “idAAA” ratings for Indosat and its bonds including the maturing bonds**

PEFINDO has affirmed its “idAAA” ratings for PT Indosat Tbk (ISAT) and its Shelf Registration Bond II Year 2017-2019, Shelf Registration Bond I Year 2014-2016, and Bond VIII Year 2012. PEFINDO has also affirmed its “idAAA(sy)” ratings for ISAT’s Shelf Registration Sukuk Ijarah II Year 2017-2019, Shelf Registration Sukuk Ijarah I Year 2014-2016, and Sukuk Ijarah V Year 2012. The outlook for the corporate rating is “stable”.

The Company plans to repay its maturing Shelf Registration Bond I Phase II Year 2015 Serie B of IDR782 billion and Shelf Registration Sukuk Ijarah I Phase II Year 2015 Seri B of IDR76 billion on June 4, 2018; and Shelf Registration Bond II Phase I Year 2017 Serie A of IDR844 billion and Shelf Registration Sukuk Ijarah II Phase I Year 2017 Seri A of IDR17 billion on June 10, 2018, using a combination of internal funds and unused credit facilities from several banks. As of September 30, 2017, it had cash and cash equivalents of IDR1.9 trillion, while its unused credit facilities were IDR2.5 trillion as of January 31, 2018 and it still has unissued Shelf Registered Bond II Year 2017-2019 of IDR3.58 trillion.

An obligor rated idAAA has PEFINDO’s highest rating. Its capacity to meet long-term financial commitments, relative to that of other Indonesian obligors, is superior.

The suffix (sy) means the rating mandates compliance with Islamic principles.

The ratings reflect ISAT’s strong support from its majority shareholder (Ooredoo) with its position as a core subsidiary, strong market position as the second largest telecommunication operator in Indonesia, and stable operating performance. However, the ratings are offset by its moderate financial policy and the intense competition within the telecommunications industry.

The rating may be lowered if, in our view, there is a material decline in the ownership and support of its Parent. Although we expect no additional debt in the near to medium term with the Company’s efforts to gradually reduce its debt, the rating will be under pressure if ISAT aggressively finances its business expansion with debt that is substantially larger than projected. The rating will also be lowered if there are future legal proceedings in relation to the IM2 case that would affect its cash flow substantially beyond the IDR1.4 trillion fine and disrupt its operational activities. There will be no rating impact from the IDR1.4 trillion fine, which was provisioned in 2014, given its adequate liquidity, good track record in fulfilling financial obligations, and strong support from the majority shareholder.

ISAT is one of the top three telecommunications and information service operators in Indonesia providing cellular; multimedia, internet and data communication (MIDI); and fixed telecommunication services. As of September 30, 2017, it was 65.0% owned by Ooredoo Asia, Pte Ltd, followed by the Government of Indonesia (14.3%), and the public (20.7%).

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