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13 Maret 2017



Kepada Yth.
Kepala Eksekutif Pengawas Pasar Modal
Otoritas Jasa Keuangan ("OJK")
Gedung Soemitro Djojohadikusumo
Jl. Lapangan Banteng Timur No. 2-4
Jakarta 10710

Hal : **Laporan dan Pengumuman Informasi atau Fakta Material**

Dengan hormat,

Dengan ini, kami untuk dan atas nama perusahaan menyampaikan Laporan dan Pengumuman Informasi atau Fakta Material sebagai berikut:

Nama Emiten atau Perusahaan Publik : PT Indosat Tbk.
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1.	Tanggal Kejadian	10 Maret 2017
2.	Jenis Informasi atau Fakta Material	Pemeringkatan atas Efek bersifat Utang dan Sukuk
3.	Uraian Informasi atau Fakta Material	Untuk informasi lebih lanjut, silakan melihat laporan dari Fitch Ratings terlampir
4.	Dampak kejadian, informasi atau fakta material tersebut terhadap kegiatan operasional, hukum, kondisi keuangan, atau kelangsungan usaha Emiten atau Perusahaan Publik	Untuk informasi lebih lanjut, silakan melihat laporan dari Fitch Ratings terlampir
5.	Keterangan lain-lain	Untuk informasi lebih lanjut, silakan melihat laporan dari Fitch Ratings terlampir

Demikian disampaikan. Atas perhatiannya kami ucapkan terima kasih.

Hormat kami,

Corporate Secretary

Eka Sezio Perdana Syam

Tembusan :

1. Yth. Deputi Komisioner Pengawas Pasar Modal II OJK
2. Yth. Direksi PT Bursa Efek Indonesia
3. Yth. Indonesian Capital Market Electronic Library (CaMel)
4. Yth. PT Bank Rakyat Indonesia Tbk. (sebagai Wali Amanat)



Fitch Upgrades Indosat Ooredoo's Foreign-Currency IDR to 'BBB+'

Fitch Ratings-Singapore/Jakarta-10 March 2017: Fitch Ratings has upgraded PT Indosat Tbk's (Indosat Ooredoo) Long-Term Foreign-Currency Issuer Default Rating (IDR) and foreign-currency senior unsecured debt rating to 'BBB+' from 'BBB' and simultaneously affirmed its Long-Term Local-Currency IDR at 'BBB+'. Fitch Ratings Indonesia has also affirmed the National Long-Term Rating at 'AAA(idn)'. The Outlook is Stable. A full list of rating action is at the end of this commentary.

'AAA' National Ratings denote the highest rating assigned by Fitch on its national rating scale for that country. This rating is assigned to issuers or obligations with the lowest expectation of default risk relative to all other issuers or obligations in the same country.

The Long-Term Foreign-Currency IDR upgrade of Indosat Ooredoo, Indonesia's second-largest telecommunications operator, aligns it with the Long-Term Local-Currency IDR and reflects our revised view that hard-currency support from Indosat Ooredoo's strong Qatar-based 65% parent, Ooredoo Q.S.C. (Ooredoo, A+/Stable), would be available to allow Indosat Ooredoo's Foreign-Currency IDR to pierce Indonesia's 'BBB' Country Ceiling; consistent with Fitch's "Rating Non-Financial Corporates Above the Country Ceiling Rating Criteria", dated 15 February 2017.

KEY RATING DRIVERS

Ooredoo's Support Drives Ratings: Indosat Ooredoo's 'BBB+' IDRs include a three-notch uplift from its standalone credit profile of 'BB+' based on its legal and strategic linkages with its parent. Ooredoo's bond and loan documents contain a cross-default clause covering significant subsidiaries, including Indosat Ooredoo, which is one of Ooredoo's largest subsidiaries, accounting for 25% of Ooredoo's 2016 revenue and 27% of its EBITDA. Its corporate-wide rebranding to "Indosat Ooredoo" since November 2015 underscores the reputational risk to the parent.

Standalone Profile at 'BB+': Indosat Ooredoo's standalone credit profile of 'BB+' reflects its established market position, with a 24% revenue market share, operating EBITDAR margin of over 40% and a moderate FFO-adjusted net leverage. Fitch expects the company to deleverage to around 2.0x in 2017-2019 through positive free cash flow generation of 3%-5% of revenue. Capex/revenue is likely to decline to 24%-25% over the next two years (2015: 28%), due to the completion of its network modernisation and Ooredoo's group procurement activities. The company intends to de-lever, with net debt/EBITDA falling from 1.7x to 1.5x in the medium-term.

Positive Free Cash Flow: Our forecast cash flow from operations of around IDR9 trillion in 2017 should be sufficient to cover cash capex. We expect capex to stabilise at around IDR7 trillion - 8 trillion, driven by the rollout of its Long-Term Evolution (LTE) network and the expansion of mobile coverage outside of Java. Our projections assume dividend payments will resume in 2018 at 50% of normalised net profit.

Margin Dilution: Fitch sees the operating EBITDAR margin narrowing to 44%-45% in 2017 and 2018 due to the larger mix of revenue from lower-margin data services and competitive pressures. In addition, Indosat Ooredoo's expansion into the lower average revenue per user ex-Java market may dilute margins further. Nevertheless, the industry's increased focus on improving data sales yield by reducing data allowances should help stabilise competition and ease margin pressure. Royalty payments to Ooredoo will also begin in 2017, but we expect the impact on profitability to be relatively small. The brand licence provides access to Ooredoo's group-wide products and services, including regional marketing campaigns, events and sponsorships.

Rupiah Depreciation Exposure: Indosat Ooredoo's proportion of US dollar-denominated debt had fallen to 12% at end-2016 (end-2015: 25%), lowering its vulnerability to depreciation in the rupiah. Management is looking to cut dollar-denominated debt to around 5% of on-balance sheet debt by end-2017, which should further lessen currency risk and earnings volatility. The company had hedged 51% of its US dollar exposure through foreign-exchange forward swaps at end-September 2016.

DERIVATION SUMMARY

Indosat Ooredoo's 'BB+' standalone rating underpins its conservative financial profile and established market position as Indonesia's second-largest mobile operator against its closest peer, PT XL Axiata Tbk (XL, BBB/Stable). Indosat Ooredoo has a stronger balance sheet, with lower FFO-adjusted net leverage of around 2.0x and foreign-denominated debt exposure of 12%, compared with XL's 2.5x and 32%, respectively. The standalone rating is also influenced by the operating environment. Fitch's Parent and Subsidiary Rating Linkage applies, as we use a bottom-up approach in assessing Indosat Ooredoo's IDRs to reflect its legal and strategic ties with its parent.

KEY ASSUMPTIONS

Fitch's key assumptions within our rating case for the issuer include:

- Revenue to grow in the mid-single-digits in 2017-2019.
- Competition to stabilise, as telcos rationalise bonus data allowance to drive monetisation.
- Operating EBITDAR margin of around 44%-45% in 2017 and 2018, which includes onset payment of royalty fees to Ooredoo in 2017. The royalty fees are at 0.3%-1.0% of Indosat Ooredoo's operating revenue in 2017-2019.
- Annual capex of IDR7 trillion - 8 trillion in 2017-2019.
- Dividend payments to resume in 2018 with a dividend payout at 50%, the same level as previously.
- No mergers, acquisitions or tower sales.

RATING SENSITIVITIES

Developments that May, Individually or Collectively, Lead to Positive Rating Action

- Indosat Ooredoo's IDRs may be upgraded if FFO-adjusted net leverage falls below 1.5x and both free cash flow and net income are positive on a sustained basis.

Developments that May, Individually or Collectively, Lead to Negative Rating Action

- Indosat Ooredoo's IDRs could be lowered if FFO-adjusted net leverage rises above 3.0x on a sustained basis or if there is any weakening of the links between Indosat Ooredoo and Ooredoo.

LIQUIDITY

Reliant of Refinancing: Fitch expects Indosat Ooredoo to partially refinance its short-term maturities of close to IDR8 trillion in 2017, given its unrestricted cash balance of IDR2.4 trillion at end-September 2016. The company had IDR2.0 trillion in undrawn credit facilities as of end-2016 and had previously demonstrated reasonable refinancing, with access to capital markets and local banks amid implied support from Ooredoo. The total on-balance sheet debt of IDR20 trillion comprises 83% fixed-rate borrowings and 12% US dollar-denominated debt. A majority of its US dollar bank loans will mature this year and are likely to be refinanced by rupiah-denominated debt. Management plans to cut US dollar debt to 5% by end-2017.

FULL LIST OF RATING ACTIONS

PT Indosat Tbk

- Long-Term Foreign-Currency IDR upgraded to 'BBB+' from 'BBB'; Outlook Stable
- Long-Term Local-Currency IDR affirmed at 'BBB+'; Outlook Stable
- Foreign-currency senior unsecured rating upgraded to 'BBB+' from 'BBB'
- National Long-Term Rating affirmed at 'AAA(idn)'; Outlook Stable

The ratings on the following instruments were affirmed:

- Rupiah-denominated senior unsecured bonds at 'AAA(idn)'
- Rupiah-denominated sukuk at 'AAA(idn)'
- Issues under the IDR9 trillion bond programme at 'AAA(idn)'
- Issues under the IDR1 trillion sukuk ijarah programme at 'AAA(idn)'

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Additional information is available on www.fitchratings.com. For regulatory purposes in various jurisdictions, the supervisory analyst named above is deemed to be the primary analyst for this issuer; the principal analyst is deemed to be the secondary.

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Additional information is available on www.fitchratings.com

Applicable Criteria

Criteria for Rating Non-Financial Corporates (pub. 27 Sep 2016) (<https://www.fitchratings.com/site/re/885629>)
Criteria for Rating Sukuk (pub. 16 Aug 2016) (<https://www.fitchratings.com/site/re/885806>)
National Scale Ratings Criteria (pub. 07 Mar 2017) (<https://www.fitchratings.com/site/re/895106>)
Parent and Subsidiary Rating Linkage (pub. 31 Aug 2016) (<https://www.fitchratings.com/site/re/886557>)
Rating Non-Financial Corporates Above the Country Ceiling Rating Criteria (pub. 15 Feb 2017) (<https://www.fitchratings.com/site/re/894126>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
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