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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.
Bidang Usaha : Telekomunikasi
Telepon : +6221 3000 3001
Faksimili : +6221 3000 3757
Alamat surat elektronik (*email*) : investor@indosatooredoo.com

1.	Tanggal Kejadian	12 Mei 2017
2.	Jenis Informasi atau Fakta Material	Update pemeringkatan (<i>rating</i>) dari Moody's Investors Service.
3.	Uraian Informasi atau Fakta Material	Untuk informasi lebih lanjut, silakan melihat laporan dari Moody's Investors Service 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 Moody's Investors Service terlampir.
5.	Keterangan lain-lain	Untuk informasi lebih lanjut, silakan melihat laporan dari Moody's Investors Service terlampir.

Demikian disampaikan. Atas perhatiannya kami ucapkan terima kasih.

Hormat kami,

Group Head Investor Relations &
Corporate Secretary



Hadi Susilo

Tembusan :

1. Yth. Deputi Komisioner Pengawas Pasar Modal II
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)

Rating Action: Moody's upgrades Indosat Ooredoo to Baa3; outlook stable

Global Credit Research - 12 May 2017

Singapore, May 12, 2017 -- Moody's Investors Service has today upgraded to Baa3 from Ba1 the issuer rating of Indosat Tbk. (P.T.) (Indosat Ooredoo).

The outlook for the rating is stable.

At the same time, Moody's has withdrawn the company's Ba1 Corporate Family Rating.

RATINGS RATIONALE

"The rating upgrade reflects the continued strengthening of Indosat Ooredoo's operational metrics as well as the ongoing stabilization of its financial profile, including lower leverage levels," says Nidhi Dhruv, a Moody's Vice President and Senior Analyst.

The Baa3 issuer rating continues to incorporate a one-notch uplift to reflect Moody's expectation of extraordinary support from the parent company, Ooredoo Q.S.C. (A2 stable), in a distressed situation. Ooredoo has a 65% shareholding in Indosat Ooredoo.

"Although the Indonesian mobile sector remains competitive with around seven operators, industry consolidation in recent years has led to moderating price competition. We expect Indosat Ooredoo's revenue to grow around 7% in 2017, supported by the increasing contribution from data revenue as more subscribers utilize its 3G and 4G services," adds Dhruv, also Moody's lead analyst for Indosat Ooredoo.

The company's subscriber base grew by 22.8% year-on-year to 85.7 million in 2016. The increase was driven by subscriber acquisition strategies, which included generous mobile data allowances, and which also targeted prospective subscribers outside the main Indonesian island of Java.

While these initiatives resulted in a slight contraction in average revenue per user (ARPU), Indosat Ooredoo's adjusted EBITDA margin actually increased to around 52% in 2016 from 49% in 2015 due to tighter cost controls on its selling, general and administrative expenses in 2016.

Moody's also expects the company to maintain its strong EBITDA margins over the next two years through further cost controls, including better management of network-related costs, such as through securing lower rentals on renewals of tower lease contracts.

"Leverage -- as measured by adjusted debt/EBITDA -- declined to around 2.1x in 2016 from 2.5x in 2015 -- reflecting both lower debt levels and higher EBITDA. In addition, the company's US dollar debt exposure declined to around 10% from around 22% in 2015. Moody's expects a further reduction to a mid-single digit percentage over the next 12-18 months as the company continues to refinance its US dollar revolvers with rupiah bonds," adds Dhruv.

Management has guided towards maintaining the company's net leverage at 1.4x-1.5x, on a reported basis, a level which supports the Baa3 rating. This ratio stood at 1.7x as of December 2016.

In 2016, Indosat Ooredoo reported positive net profit after three years of losses. Although Moody's expects the company to re-initiate dividend payouts, any shareholder returns will likely be reasonable and adhere to the company's overall leverage and cash flow policies.

"In keeping with the investment-grade rating, Moody's expects the company to maintain a prudent financial policy, with low leverage, and prioritizing the deployment of excess cash towards debt repayments and capital expenditures instead of large acquisitions and significant increases in shareholder returns," adds Dhruv.

Given the continued investments needed to enhance its 3G and 4G LTE networks, Moody's expects Indosat Ooredoo's cash capex in 2017 to be around IDR7.0-7.5 trillion, in line with its capex for 2016 of IDR7.3 trillion, as it continues to increase its network capacity and coverage, especially outside of Java.

Indosat Ooredoo's cash balance and projected cash flow from operations will be insufficient to meet its capex requirements along with its large debt maturities of around IDR8.3 trillion over the next 12 months. However, Moody's considers refinancing risk to be limited, given the company's strong access to the local bank and bond markets, as evidenced by its issuance of around IDR10 trillion local currency bonds between December 2014 and September 2016.

The company also plans to issue an additional IDR3 trillion local currency bonds by June, with around 70% of the proceeds to be applied towards debt reduction, and the remainder applied to network-related costs.

Indosat Ooredoo's rating reflects its fundamental credit strength, underpinned by its strong market position, established network, high margins, and improved financial profile, despite the competitive character of the operating environment. As a result, it is well positioned to benefit from the favorable growth dynamics existent in the industry.

The stable outlook reflects our expectation that Indosat Ooredoo will maintain a strong financial profile through steady revenue and earnings growth, and that the competitive and regulatory environments remain benign.

What Could Change the Rating -- Up

Further upward pressure is limited, given the small scale and the still competitive operating environment. However, positive rating pressure may build over time if there is consistent improvement in Indosat Ooredoo's financial profile, such that (1) adjusted debt/EBITDA falls below 1.5x on a consistent basis, and (2) retained cash flow/adjusted debt remains above 40%-45% on a sustained basis.

What Could Change the Rating -- Down

The rating could be downgraded if there is a material deterioration in its underlying credit strength, arising from diminishing profit margins, weaker operating cash flows, or increased shareholder returns. Metrics indicative of downward pressure include (1) adjusted debt/EBITDA rising above 2.5x, or (2) retained cash flow/adjusted debt falling below 30% on a sustained basis. In addition, the one-notch uplift -- based on expected support from the parent company, Ooredoo Q.S.C. -- could be removed if its stake falls below 50%, or if it indicates that Indosat Ooredoo is no longer a core asset.

The principal methodology used in these ratings was Telecommunications Service Providers published in January 2017. Please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

Indosat Tbk. (P.T.) is a fully integrated telecommunications network and services provider in Indonesia. The company is the second-largest cellular operator in the country in terms of revenue and active subscribers, as well as the leading provider of international call services. It also provides multi-media, data communications, and internet services. The company is 65% owned by Ooredoo Q.S.C.

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Nidhi Dhruv, CFA
Vice President - Senior Analyst
Corporate Finance Group
Moody's Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Laura Acres
MD - Corporate Finance
Corporate Finance Group
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

Releasing Office:
Moody's Investors Service Singapore Pte. Ltd.
50 Raffles Place #23-06
Singapore Land Tower
Singapore 48623
Singapore
JOURNALISTS: 852 3758 1350
Client Service: 852 3551 3077

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