

Indonesia Investments

Indosat Ooredoo & Hutchison Merger

- Ooredoo & Hutchison Join Forces on the Lucrative Telecommunication Services Market of Indonesia
- Indosat Ooredoo Hutchison to Become Second-Biggest Operator in Indonesia (After Telkomsel)
- Development of 5G Is Part of Indonesian Government's Push for Digitalization in Indonesia
- Internet Has Remained Rather Slow yet Expensive in Indonesia (Compared to Other Asian Countries)
- So far, Telkomsel, Indosat Ooredoo and XL Axiata Have Launched 5G in Indonesia

27 SEPTEMBER 2021

Van Der Schaar Investments B.V.
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Indonesia Investments

Update – 27 September 2021

‘Merger in Indonesia’s Telecommunication Sector: Indosat Ooredoo & Hutchison’



Preface

In addition to our reports, Indonesia Investments sends updates on key economic, political or social developments to our subscribers to make sure that our subscribers do not miss out on vital information. The topics in these updates will be discussed in more detail (and in an updated form) in the forthcoming report.

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Big Merger in Indonesia's Telecommunication Sector on the Horizon: Indosat Ooredoo and Hutchison 3 Indonesia

Qatar-based global communications company Ooredoo QPSC and Hong Kong-based multinational conglomerate CK Hutchison Holdings Limited signed an agreement to merge their Indonesian businesses: Indosat Ooredoo (which is publicly listed on the Indonesia Stock Exchange or IDX under ticker code ISAT) and Hutchison 3 Indonesia (known for its brand Tri); a deal that is valued at USD \$6 billion.

This deal is certainly no small affair as Indosat Ooredoo is one of Indonesia's largest telecommunication networks providers, while Hutchison 3 Indonesia is one of the country's leading cellular telecommunications services providers. If approved, then the new entity, named Indosat Ooredoo Hutchison (which continues to be listed on the IDX), is set to become the country's second-biggest telecommunications network provider –with estimated annual sales of around USD \$3 billion– after market leader Telekomunikasi Indonesia, or Telkom).

Meanwhile, Ooredoo and Hutchison are both big global players. The Ooredoo Group has a total of around 120 million subscribers around the world (mainly in Indonesia, Algeria, Iraq, Kuwait, Palestine, Maldives, Myanmar, Oman, Qatar and Tunisia), while Hutchison has around 110 million subscribers across the globe (mainly in Indonesia,

Australia, Denmark, Hong Kong, Ireland, Italy, Macau, Sri Lanka, Sweden, England, Vietnam and Austria).

The table below shows that Telkomsel (a subsidiary of state-controlled Telkom) is – by a clear distance – the market leader in Indonesia’s telecommunications service industry with almost 170 million mobile cellular subscribers. Indosat and Tri come on second and fourth place, with 60 million and 44 million subscribers, respectively. So even if they join forces, they remain far behind Telkomsel. Nonetheless with more capital and subscribers (through the merger) they’re in a better position to compete, especially in the new age of fifth generation (5G) cellular technology.

Number of Subscribers Indonesia’s Biggest Cellular Operators in Q2-2021:

Operator	Number of Mobile Subscribers (in million)	Number of Base Transceiver Stations (3G/4G)
Telkomsel	169.1	187,408
Indosat	60.3	68,759
XL Axiata	56.7	65,658
Tri	44.0	n/a
Smartfren	32.0	n/a

Various sources

Vikram Sinha, presently the Chief Operating Officer at Indosat Ooredoo (but who is nominated to become the CEO of Indosat Ooredoo Hutchison), said that by joining forces (with Ooredoo and Hutchison being experienced in 5G technology), Indosat Ooredoo Hutchison will have more strength and expertise to support the Indonesian government's digitalization agenda, especially with regard to 5G cellular technology.

[...]

The full article is available in the September 2021 edition of our monthly report. This report can be ordered by sending an email to info@indonesia-investments.com or a message to +62.882.9875.1125 (including WhatsApp).