

We see significant value in Indosat, Indonesia's second largest mobile operator with approximately 100 million subscribers.

The investment case is straightforward:

- Mobile data consumption in Indonesia continues to grow rapidly, while ARPU remains one of the lowest in Asia, creating a long runway for growth.
- The market has consolidated around three major operators, supporting improved pricing and profitability.
- With around 80% of revenue coming from data services, Indosat is well positioned to benefit from rising data usage, subscriber growth and higher ARPU.
- We expect revenue to grow by approximately 7% annually over the next five years, while operating leverage should drive margin expansion and support earnings growth of around 20% per year.
- Beyond telecommunications, the company is building AI and cloud infrastructure through partnerships with NVIDIA, Google Cloud and Accenture, positioning itself to benefit from Indonesia's digital transformation.
- The stock trades at only 11x earnings and offers a dividend yield above 5%, with management targeting a higher payout ratio over time.

In our view, Indosat is another example of the type of company we like to own: a market leader with a sustainable competitive position, attractive growth prospects, a reasonable valuation and a growing dividend stream.