ABSTRACT

PT Indosat Tbk. is a state owned telecommunication company with the second largest market shares in Indonesia. To cope with the advancement in the technology in the telecommunication industry, increase the competitiveness of PT Indosat in the industry, and retrieve additional fund to buy-back the Recapitulation Bond, the Government of the Republic of Indonesia decided to relinquish its shares in PT Indosat Tbk. to strategic investor, i.e. Singapore Technologies Telemedia Pte., Ltd. The divestment process attracted much debates from the public and therefore drew the writers' attention to discuss this divestment in a Case Study, particularly the aspects relating to the pricing of the share price, divestment process, and several key issues relating to the divestment process.

To analyze the case, the writers employed descriptive method and case study researches. The writers studied publications and documentations relating to the case, supported by interviews. The result of the research was then compared with the actual events during the divestment process.

The case study describes the issues relating to the determination of the share price, the tender and divestment process, the alternative options that might be taken by the government, and other related issues related to the divestment of the shares. The case study shows that there were several opinions stating that share price determined by the government still had potential to increase. It also shows that there are several critics that pointed out the divestment process had deviated from the normal procedures as ICL had become a signatory of the agreements despite had never been referred to in the negotiation process. Finally, there was also suggestion that the government should choose alternative options that might be well received by the market. A conclusion and recommendation relating to the divestment process is also provided.

Keywords: Indosat, STT, ICL, divestment, acquisition, share price