INDOPREMIER

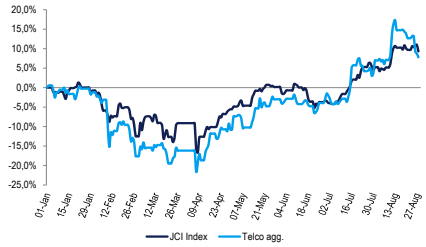
Telecommunications

OVERWEIGHT *(unchanged)*

Sector Update | 01 September 2025

Sector Index Performance

	3M	6M	12M
Absolute	11.1%	28.6%	0.2%
Relative to JCI	2.0%	3.7%	-1.9%



Summary Valuation Metrics

Adj. EV/EBITDA	2025F	2026F	2027F
TLKM IJ	5.2x	5.0x	4.8x
ISAT IJ	4.3x	3.9x	3.6x
EXCL IJ	6.9x	5.6x	4.2x

P/E (x)	2025F	2026F	2027F
TLKM IJ	14.4	14.2	13.7
ISAT IJ	11.5	9.6	8.7
EXCL IJ	-151.1	84.9	17.3

P/B (x)	2025F	2026F	2027F
TLKM IJ	1.9	1.8	1.8
ISAT IJ	1.6	1.5	1.4
EXCL IJ	1.5	1.4	1.3

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Unlocking Indonesia's full data center potential

- Indonesia's data center IT capacity has grown at a CAGR of c.30% in 2018-25F, and is set to further rise, but key hurdles remain.
- The materialization of government's plan for a national AI roadmap with new regulations and improved power infra could be game changers.
- If reforms materialize, Indonesia is poised for high growth in data center and AI-related industries with ample investment opportunities.

Indonesia is poised for further accelerated data center growth

Indonesia's data center IT installed capacity is expected to reach c.520 MW by end-2025F, growing at c.30% CAGR in 2018-2025F. This growth is supported by data sovereignty regulations and the rapid expansion of the digital economy, alongside an improving investment climate and infrastructure. Over the next 5-7 years, total data center capacity could reach c.1.5–1.8 GW. By 2030F, we estimate that potential demand could match this additional supply at around 1.3–1.75 GW, driven by a projected fourfold increase in digital economy GMV, broader application of data sovereignty regulations, and the rise of low-latency use cases such as 5G and IoT. However, key hurdles remain; most notably in permitting, infrastructure readiness, and investment incentives.

Indonesia is neutral ground, but has yet to become a regional hub

Indonesia holds strategic potential as a regional data center hub due to its geopolitical neutrality, positioning itself as a politically non-aligned alternative for both U.S. and Chinese hyperscalers amid rising tensions. Despite this potential, Indonesia has yet to emerge as a true regional hub, lagging behind ASEAN peers such as Singapore and Malaysia due to slow permitting processes, weak power reliability, fragmented regulations, insufficient clean energy supply, and lack of incentives.

National AI roadmap and improved power infra could be game changers

Our channel checks indicate that the government is preparing a National AI Roadmap alongside new regulations to unlock the full potential of data center and AI-related investments. These may include: (1) expanding data sovereignty rules to more sectors such as food, education, and healthcare; (2) wider tax incentives, including lower import duties, tax holidays, and renewable energy benefits; and (3) streamlining licensing processes to speed up digital infrastructure investment. At the same time, the Green Super Grid plan could enhance power reliability beyond Java, improving the feasibility of broader data center development.

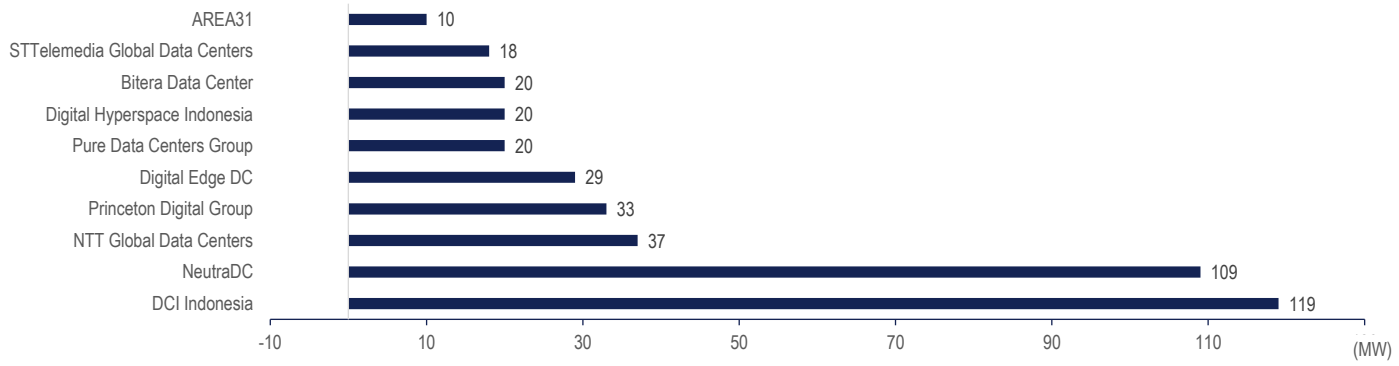
Indonesia sets for digitalization growth with ample opportunities

If reforms materialize, Indonesia is well positioned for high growth in data center and AI-related industries. This should increase financial institution participation, backed by attractive long-term yields. Power producers (ADRO IJ, MEDC IJ, POWR IJ) are well placed to support rising energy demand, while industrial estate developers (DMAS IJ, SSIA IJ) could leverage strategic landbanks. Construction firms (TOTL IJ), IT integrators (MSTI IJ, ASGR IJ), and chip distributors (ISAT IJ) should benefit from higher infrastructure demand. Colocation leaders i.e. DCII IJ, DSSA IJ, and TLKM IJ (via NeutraDC)—remain key beneficiaries of surging IT load across cloud, AI, fintech, and e-commerce.

Rising data center supply likely balanced by accelerating demand

Indonesia is currently in the early-to-growth stage of data center development. Before 2015, the country was in its early phase, with demand primarily driven by telco operators. The focus was on managed hosting services for domestic enterprises, with small-scale facilities supporting core assets. By the mid-2010s, colocation players began entering the market, followed by foreign and hyperscaler players around 2020–2024. As of now, the largest data center player in Indonesia is a colocation operator, accounting for approximately 35–40% of installed capacity, with DCI Indonesia (a local player, DCII IJ, not-rated) being the largest. This is followed by financial institution-backed players (c.15–20%) such as Gaw Capital Partners, Stonepeak (Digital Edge), Warburg Pincus (Princeton Digital Group), and Indonesia Investment Authority (INA), property-backed players (c.10–15%) like Keppel Data Centres, and telco-backed players (c.10–15%).

Fig. 1: IT load capacity of Indonesia's top 10 data center operators



Source: Data Centers, Data Center Map, Company, Indo Premier

The rising demand for data centers in Indonesia is fueled by several factors: data sovereignty regulation (enforced by 2019) for financial and public sectors (i.e. government, telco, and oil and gas), vast growth in the digital economy (which grew by ~20% CAGR in 2018–2023), a more supportive investment environment (streamlined BKPM permits and foreign ownership liberalization in data infrastructure), and improving power supply and reliability.

As of mid-2025, the total installed IT capacity of data centers in Indonesia stood at approximately 420 MW. By the end of 2025F, this is projected to reach around 520 MW, reflecting a 32–33% CAGR from 2018 to 2025F. Currently, there are approximately 51 projects under construction, totaling at least 500 MW (assuming 10 MW per project), which are expected to materialize over the next three years. Additionally, over 1,000 MW remains in the planning stage. Over the next 5–7 years, Indonesia's total installed capacity is expected to rise to 1.5–1.8 GW. At present, Indonesia's data center utilization rate is around 65-75%, implying current total demand of approximately 270-315 MW.

Going forward, based on various data sources we have gathered, the potential additional Indonesia's data center demand by 2030F could reach 1.1-1.5 GW, bringing total demand to c.1.3–1.75 GW. This includes demand from:

- **Expansion of data sovereignty**, if implemented across additional sectors (i.e. healthcare, education, and food), we estimate the potential additional demand could be c.70-110 MW by 2030F, based on assumptions of lower data intensity, at 40%-80% of the financial sector, which attributing to around 15-20% of current demand.
- **Further growth of Indonesia's digital economy** is expected to drive demand, with gross merchandise value (GMV) projected to increase from US$82bn in 2023 to around US$360–400bn by 2030F, according to a report by Google, Temasek, and Bain—potentially contributing an additional 900–1,200 MW of data center capacity.
- **Edge computing for 5G and the Internet of Things (IoT)** may add another 100–200 MW of demand to support low-latency, distributed processing workloads.

In conclusion, Indonesia's potential additional data center demand appears on track to absorb the anticipated new supply through 2030. However, the key risks lie in the timing of demand realization and the execution.

Indonesia holds potential as a regional hub, being a politically neutral ground

Indonesia occupies a unique position in the geopolitical landscape of the data center industry, particularly amid the intensifying technological rivalry between the United States and China. As a non-aligned country, Indonesia maintains balanced diplomatic and trade relations with both powers, making it an attractive and politically neutral location for global technology firms. This contrasts with other ASEAN peers—Vietnam is perceived as leaning toward U.S., while Singapore faces heightened scrutiny over Chinese tech investments. As a result, Indonesia is increasingly seen as a strategic deployment site for both U.S. and Chinese hyperscalers seeking a less politicized environment.

The ongoing U.S. export restrictions on advanced AI chips—such as NVIDIA's A100 and H100 have prompted Chinese tech companies to diversify their infrastructure footprints beyond China. Indonesia has become part of this strategic diversification. Alibaba Cloud, for instance, has expanded its availability zones in Indonesia to accommodate growing demand from local enterprises. ByteDance, while highly active in Indonesia through TikTok and its investment in Tokopedia, has not announced any data center plans in the country. Instead, its major data center investment (US$8.8bn) is directed towards Thailand, with a focus on localizing infrastructure in that market.

Meanwhile, Tencent Cloud has committed to investing US$500mn to establish its third Internet Data Center in Indonesia, targeting sectors such as gaming, video streaming, and financial services. This underscores Indonesia's relevance as a "China +1" destination—not just for market access, but also as a hedge against escalating geopolitical and regulatory constraints in China and Singapore.

Indonesia's digital sovereignty regulation, PP 71/2019, which mandates local data storage for regulated sectors, aligns well with the localization goals of Chinese firms. It also serves broader strategic interests by encouraging domestic infrastructure development and reducing dependency on foreign jurisdictions. In parallel, countries like Singapore are facing data center expansion constraints, including land scarcity, power rationing, and more

cautious oversight over Chinese cloud operators. This shift is prompting international players to consider Indonesia especially Jakarta, West Java, and Batam as secondary or spillover destinations.

Despite its strategic appeal, Indonesia still faces notable infrastructure limitations. Power reliability outside Java is lacking, and renewable energy capacity remains insufficient to meet large-scale net-zero-compliant hyperscale demands. Regulatory clarity is also lacking on hosting sensitive workloads that involve export-controlled technology - posing a risk for U.S. related firms. Chinese cloud providers appear more agile in navigating these regulatory uncertainties and are more willing to invest under current frameworks.

While U.S. hyperscalers like AWS and Microsoft Azure have made substantial investments in Indonesia, their focus remains primarily domestic. In contrast, Chinese players view Indonesia as a critical node within their broader regional infrastructure strategy. Tencent's investment and Alibaba Cloud's continued expansion highlight how geopolitical dynamics are actively reshaping data center deployments in Southeast Asia.

In conclusion, Indonesia's neutrality, growing digital economy, and favorable localization policies make it an increasingly viable alternative to more politically constrained markets like Singapore.

Fig. 2: China and USA data center investments in Indonesia

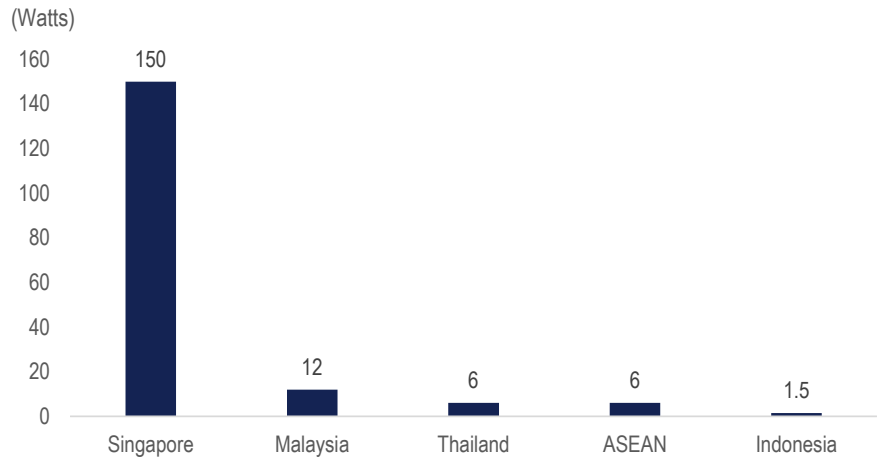
Company	Investment size	Year	Type of ownership	Status	Year launched	Location
Microsoft Azure	$1.7bn (2024-2028)	2024	n.a	Launched	2025	Jakarta
Yandex	Undisclosed	2024	n.a	Pending	N/A	N/A
Amazon (AWS)	$5bn	2021	Colocation	Ongoing	2036	West Java
Google Cloud	n.a.	Ongoing	Owned and used by its own	Partially delivered	2020	Jakarta
Oracle OCI	$1.2bn	N/A	Colocation	Planned	N/A	Batam
Alibaba Cloud	n.a.	2017-2020	Colocation	Launched	201,820,192,021	Jakarta
Tencent Cloud	$500mn	2024	n.a.	Planned	<2030	N/A

Source: Various sources, Indo Premier

However, Indonesia is not yet a regional hub, and trails behind ASEAN peers

Indonesia's data center capacity per capita is one of the lowest among ASEAN peers, at c.1.5 watts per capita, compared to the ASEAN average of c.5–6 watts per capita. Singapore has the highest installed capacity per capita at over c.150 watts per capita, followed by Malaysia (c.10–12 watts per capita) and Thailand (c.5–6 watts per capita). The higher installed capacity in countries like Singapore and Malaysia is due to more mature digital infrastructure, proactive government support, reliable and surplus power grids, and strong positioning as regional hubs for global cloud and OTT players.

Fig. 3: Installed capacity per capita



Source: Various sources, Indo Premier

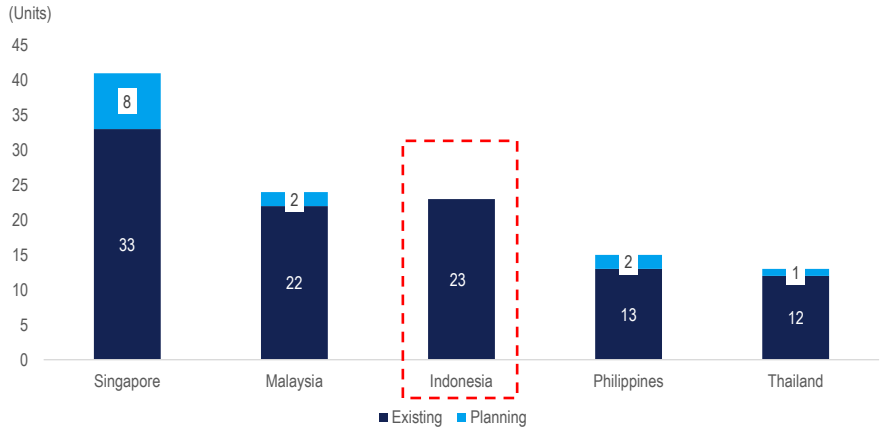
Singapore and Malaysia offer fast-track permitting, streamlined land conversion, and data center–friendly regulatory frameworks; for example, Malaysia will implement a unified data center policy through MIDA to streamline approvals by October 2025. In contrast, Indonesia, while improving, continues to face several unresolved challenges:

- **Lower submarine cable landing density** compared to Singapore and Johor, limiting international bandwidth and resulting in higher latency to key regional markets.
- **Slower permitting and power provisioning timelines**—data center licenses and power grid connections often require more than 12 months to finalize, while approvals are significantly faster in Singapore and Malaysia of less than 3 months.
- **Less reliable grid and renewable energy supply**, particularly in Java, which hampers compliance with clean energy and net-zero standards sought by global hyperscalers.
- **High cost and complex land acquisition**, especially near Jakarta, driven by zoning constraints and fragmented industrial planning.
- **A fragmented national digital strategy** with overlapping regulations (e.g., data sovereignty and sector-specific mandates) and limited cross-ministerial coordination.
- **Limited fiscal incentives**—unlike Singapore's REIT-friendly tax regime or Malaysia's bundled tax holidays and green investment allowances, Indonesia's incentives are largely discretionary under

SEZ or FTZ frameworks, with no dedicated data center investment roadmap or consolidated incentive structure.

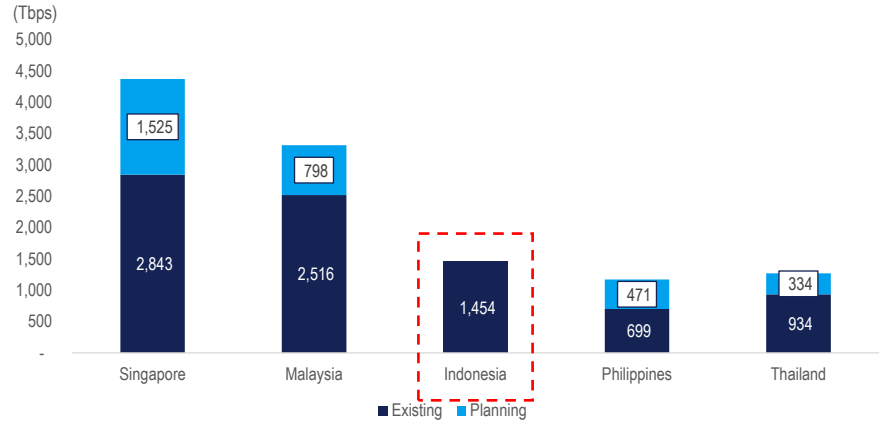
Additionally, Indonesia's data center ecosystem remains nascent—with a fragmented service provider landscape, limited skilled talent for facilities and cloud integration, and a primary focus on domestic workloads (e-commerce, fintech, OTT platforms). By contrast, regional hubs like Singapore and Malaysia benefit from mature service ecosystems, robust fiber and power infrastructure, and clear regulatory frameworks that enable aggregation and servicing of regional digital traffic. As a result, Indonesia's hyperscale deployments have largely catered to domestic demand rather than regional workloads.

Fig. 4: ASEAN international submarine cable connections – comparison



Source: Submarinecablemap, Submarinecablenetworks, Indo Premier

Fig. 5: ASEAN international submarine cable capacity – comparison



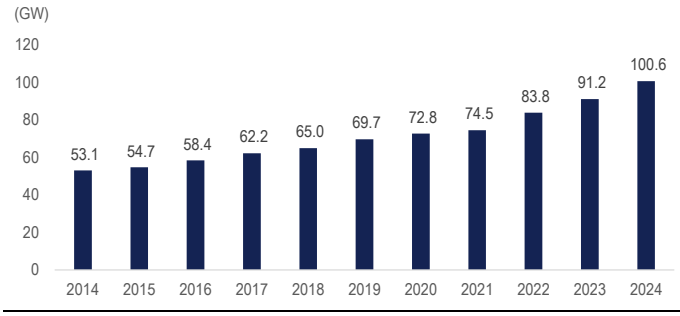
Source: Submarine cable map, Submarine cable networks, Indo Premier

Further improvements in power infra are imperative to support data center expansion

Indonesia's relatively low electricity cost remains one of its key competitive advantages for data center investment. However, Indonesia's power reliability remains lower than its peers, while the national grid has yet to be fully integrated. For large-scale industrial users such as data centers, the electricity tariff typically ranges between US$0.08–0.11/kWh, depending on location, usage tier, and contractual agreements with PLN. This is significantly cheaper than Singapore, where commercial electricity prices range from US$0.20–0.25/kWh, and still competitive compared to Thailand (US$0.10–0.12/kWh) and Johor, Malaysia (~US$0.14/kWh).

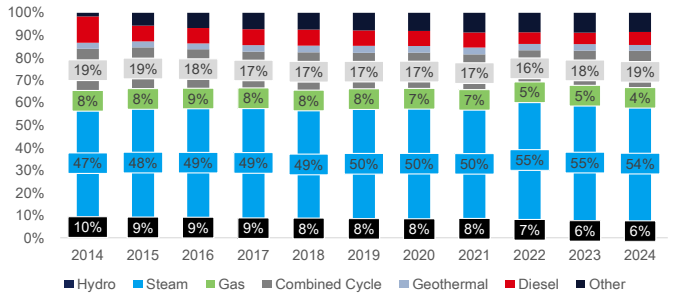
Indonesia's total installed power capacity has increased substantially from approximately 53 GW in 2014 to around 101 GW by 2024, largely due to the government's 35 GW fast-track program. Coal remains the dominant source, making up around 54% of total capacity, although new additions have slowed in-line with Indonesia's climate commitments. Renewables now contribute around 10–14% - mainly from hydro and geothermal with solar and wind still under 1 GW combined. However, not all capacity is fully dispatchable, as grid limitations and regional disparities persist.

Fig. 6: Indonesia's power plant installed capacities has improved by +6.6% CAGR in 2014-24



Source: ESDM, Indo Premier

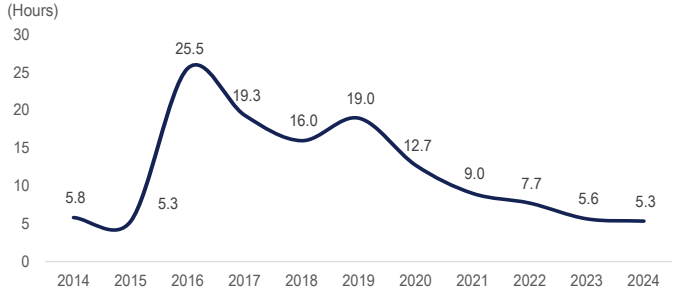
Fig. 7: Furthermore, the share of new and renewable energy in the total installed power capacity has increased, but not all capacity is fully dispatchable due to grid limitations



Source: ESDM, Indo Premier

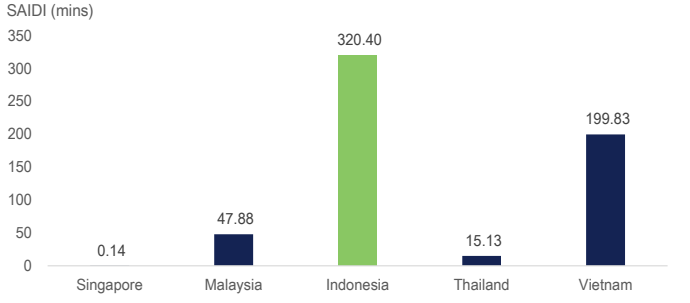
Power reliability also improved, particularly in the Java-Bali region, where SAIDI (System Average Interruption Duration Index) has declined from over 1,500 minutes/year in 2016 to roughly 320 minutes/year in 2024. Nevertheless, this still lags behind regional peers like Singapore and Malaysia, both of which have SAIDI levels below 10 minutes/year and 50 minutes/year, respectively. Outside Java, grid reliability remains a concern, with more frequent outages and weaker infrastructure are critical issue for data centers.

Fig. 8: Indonesia's power outage duration has been improving in the past years



Source: PLN,various sources, Indo Premier

Fig. 9: However, it remains higher compared to regional peers



Source: PLN, Indo Premier

Indonesia's archipelagic geography complicates national grid integration. Java–Bali remains the most stable region, while Sumatra's grid is gradually improving. A key initiative supporting this progress is the Green Super Grid, part of PLN's RUPTL 2025–2034 roadmap. This program aims to build 48,000 km of new transmission lines by 2034 (63,000 km by 2040) to transport renewable energy from remote regions to major load centers. Java, Madura, and Bali are set to receive 13.9k km of lines, Sumatra 11.2k km, Kalimantan 9.8k km, and Sulawesi 9k km.

A flagship project within this initiative is the Sumatra–Java HVDC interconnection, spanning approximately 112 km, targeted for operation by 2028. This will allow efficient transmission of surplus renewable energy from Sumatra to Java. Additionally, efforts are underway to enhance Sumatra–Batam–Bintan connectivity and expand the 500 kV HVAC network across Sumatra. If successful, these infrastructure upgrades will enable more reliable power delivery, better inter-island balancing, and improve the feasibility of data center development beyond Java.

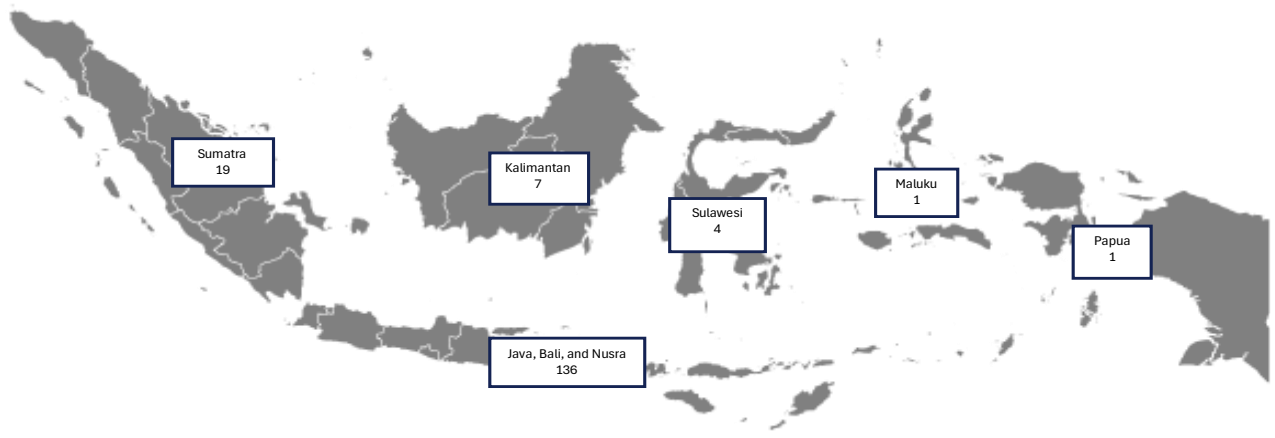
Batam and Bintan: Indonesia's next strategic data center hubs

Indonesia's data center industry remains highly concentrated in several geographic clusters, with the majority of operational capacity located in the Greater Jakarta area—particularly East Jakarta, Bekasi, and Cikarang. These regions account for around 60–70% of the country's installed IT load, owing to their proximity to economic centers and established demand from financial institutions, public sector entities, enterprises, and digital-native businesses.

Other emerging clusters include West Java and Karawang, which benefit from industrial zoning, growing land availability, and proximity to transmission infrastructure. In Eastern Indonesia, Surabaya plays a growing role in regional connectivity due to its closeness to international cable landing stations and a rising base of local demand.

While still a small contributor in terms of operational IT load, Batam and Bintan are rapidly gaining attention as Indonesia's next-generation data center destinations, driven by proximity to Singapore, strong international connectivity, and supportive regulatory frameworks.

Fig. 10: Number of data centers on each of Indonesia's major islands



Source: Data center Map, Indo Premier

The geographic distribution of data centers in Indonesia is largely shaped by a combination of demand proximity, infrastructure readiness, and connectivity. Jakarta remains dominant due to its high population density and concentration of cloud users, while surrounding industrial zones like Cikarang and Karawang offer better availability of land and power. Reliable power supply is a key prerequisite for data centers, and these regions are supported by PLN's large-scale substations and dedicated transmission lines. Another crucial factor is international connectivity: many facilities are located near cable landing stations that bring in global internet traffic. These landing points—including Anyer, Tanjung Pakis, and Pasuruan form critical infrastructure for ensuring low-latency, high-bandwidth access to international networks. Areas close to these cable systems, such as West Java and Surabaya, are favored for their interconnection advantages.

Batam: A rising hyperscale-ready data center gateway

Located just ~20 km from Singapore, Batam offers ultra-low latency (often <5ms) to the Lion City, making it a natural extension for data center operators seeking alternatives to Singapore's land-constrained and power-limited market. Batam is connected to multiple international submarine cable systems including BDMCS, B3JS, and IGG, enabling direct access to Malaysia, Singapore, and global internet routes.

Regulatory advantages are also a draw: Batam is part of both a Free Trade Zone (FTZ) and Special Economic Zone (SEZ), allowing for streamlined licensing, tax incentives, and customs exemptions. These frameworks, under the supervision of BP Batam and BKPM, position Batam as a priority digital economy zone. Electricity in Batam is managed by PLN Batam, a semi-autonomous utility, with current installed capacity of ~974 MW. There are plans for additional power plants, including gas-fired and renewables, and the development of dedicated substations and PPAs tailored for hyperscale users.

Fig. 11: Regulation and incentive comparisons: Batam vs. other areas in Indonesia

Category	Batam (FTZ/SEZ)	Greater Jakarta, West Java, Karawang, Surabaya, etc
Permitting authority	Centralized under BP Batam, which handles land, customs, and basic licensing	Fragmanted: involves local government, BKPM (OSS), ATR/BPN, PLN, Kominfo
Zoning & land conversion	Simpler: Land managed under BP Batam HPL, with more flexibility for conversion	Often complicated due to RT/RW misalignment, requiring rezoning ang long delays
Incentives structure	Eligible for FTZ & SEZ incentives: import duty exemptions, VAT exemption, tax holiday (up to 20 years)	Depends on general BKPM regulations: tax holiday eligibility, but often discretionary
Land acquisition process	Leased from BP Batam; lower land price volatility; but still has bureaucratic steps	Mostly private or developer-owned; land acquisition can be costly & fragmanted
Customs & import facilitation	Zero import duties under FTZ regime; smoother clearance for servers & infra	Subject to standard national import duties and VAT unless incentives granted
Coordination on utilities	PLN works with BP Batam; faster in principle, but not always aligned in execution	PLN approvals required seperately; often longer lead times and coordination delays
Local government alignment	More centralized control through BP Batam	Multiple layers of government; often inconsistent between provincial and district levels
Dedicated DC zones	Some industrial areas (i.e Nongsa, Tanjung Uncnag) considered DC-ready, but not formally designated	No formal DC zones; developers must secure land & infra independently

Source: Indo Premier

Investment momentum is visible. Princeton Digital Group (PDG) has committed over US$150mn to build a 96 MW hyperscale campus in Kabil Industrial Estate, while GDS Holdings is developing a regional-scale facility targeting cloud and OTT tenants. TLKM, Indonet, and other local players are pursuing projects around Nongsa Digital Park and Kabil, positioning Batam as a neutral, carrier-dense hub.

Fig. 12: Data center investment list in Batam

Company	Tier	IT load capacity (MW)	Area	Status	Occupancy Rate	Type of ownership	Notes
DayOne	3	up to 72.4	6.8 Ha	Construction	N/A	Colocation	Expected to be done by end of 2025
Gaw Capital Partners	3	phase one: 5.2	1.3 Ha	Operate: phase one	N/A	Colocation	Phase two aims to deliver a further 20MW
IDC Indonesia	N/A	N/A	N/A	Operate	N/A	Colocation	N/A
Matrix NAP Info	3	N/A	N/A	Operate	N/A	Colocation	N/A
NeuCentrIX	2	N/A	N/A	Operate	50%-65%	Colocation	N/A
NeutraDC x Nxera	3	18	4.3 Ha	Operate	90%	Colocation	Ultimate capacity of 51MW
Nusantara Data Center	3	N/A	N/A	Operate	N/A	Colocation	N/A
Omni Data Center Indonesia	3	N/A	N/A	Operate	N/A	Colocation	N/A
Neuvix Data Center	3	N/A	N/A	Operate	N/A	N/A	N/A
Princeton Digital Group	3	96	14.94 Ha	Planned	N/A	Colocation	N/A
Princeton Digital Group	3	25	2.28 Ha	Under Construction	N/A	Colocation	N/A

Source: Various sources, Indo Premier

Despite these advancements, Batam still faces several challenges:

- No centralized fast-track permitting, unlike Singapore's Green Data Centre Roadmap or Malaysia's Digital Investment Office (DIO).
- Tax incentives under SEZ/FTZ status remain less predictable and fragmented than Malaysia's Green Investment Allowance or Singapore's REIT tax transparency.
- Internet exchange presence is still limited, and hyperscaler workloads remain mostly domestic-serving, not yet regional-facing.
- Environmental approvals (UKL-UPL, AMDAL), power connection SLAs, and land title conversions (HPL to HGB) can take months and are not bundled under a unified digital platform.

Fig. 13: Despite being one of the most advanced data center destinations in Indonesia, Batam remains less competitive compared to regional leaders such as Singapore and Malaysia.

Area	Batam (2025)	Malaysia (DIO/Sedenak)	Singapore (Tuas/CFA)
Permitting SLA	Fragmanted, partially digital	Centralixed & fast-tracked	Strict CFA but coordinated
Tax & Incentives	Discretionary, fragmanted	Bundled & performance-based	Transparent & sector-specific
Connectivity	Submarine cables; low IXPs	Regional cable hub	Global connectivity leader
Land availability	Large, industrial landbanks	Pre-zoned DC parks	Limited & restricted
Ecosytem readiness	Growing, hyperscaler entry	Mature, cloud tenant-ready	Hyperscale-ready

Source: Indo Premier

Fig. 14: Among Indonesia's major islands, Batam has one of the lowest levels of power outage, following Java.

SAIDI (mins)	Island category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Aceh	Sumatra	2.95	2.68	13.62	19.85	14.02	9.89	9.67	7.54	7.11	7.19	10.38
Sumatra Utara	Sumatra	3.84	3.51	43.74	4.83	4.4	44.36	23.42	14.78	9.37	7.05	6.15
Sumatra Barat	Sumatra	9.43	6.53	5.48	19.91	13.21	16.07	9.18	8.95	5.94	3.62	6.55
Riau dan Kepulauan Riau	Sumatra	14.09	11.11	17.8	17.8	7.7	16.51	12.32	9.88	9.75	7.51	3.79
Sumatra Selatan, Jambi, Bengkulu	Sumatra	12.23	7.86	32.79	83.99	73.92	40.34	24.92	17.86	13.05	9.03	13.93
Bangka Belitung	Sumatra	3.68	2.97	4.52	7.07	4.8	6.61	2.46	1.95	1.91	1.66	0.88
Lampung	Sumatra	9.4	5.37	27.76	46.97	27.28	22.57	10.3	9.66	11.34	12.01	27.75
Kalimantan Barat	Kalimantan	4.9	4.84	36.76	20.12	17.83	29.08	33.72	21.18	21.48	14.87	11.86
Kalimantan Selatan dan Tengah	Kalimantan	3.9	4.32	23.78	50.29	59.65	28.93	19.77	12.29	15.7	9.53	5.89
Kalimantan Timur dan Utara	Kalimantan	12.25	6.61	49.01	37.64	25.94	18.4	9.08	11.96	9.57	11.3	8.12
Sulawesi Utara, Tengah dan Gorontalo	Sulawesi	7.15	5.84	13.72	9.76	24.52	33	28.12	20.02	16.49	11.73	19.48
Sulawesi Selatan, Tenggara dan Barat	Sulawesi	2.48	36.45	50.56	52.36	34.04	25.31	10.68	10.09	8.22	11.75	7.58
Maluku dan Maluku Utara	Sulawesi	3.28	4.04	12.6	7.76	7.75	10.05	3.42	2.09	1.91	1.29	1.03
Papua dan Papua Barat	Papua	1.69	1.44	10.93	62.41	33.09	35.23	11.08	8.76	13.46	7.5	5.57
Bali	Jawa dan Bali	2.83	2.54	2.26	7.22	4.72	3.83	1.85	1.03	1.06	0.91	1.04
NTB	Jawa dan Bali	4.65	3.96	32.32	19.87	15.26	10.19	7.55	6.39	4.19	3.61	3.03
NTT	Jawa dan Bali	3.92	4.5	29.85	17.48	14.19	8.29	8.67	7.63	4.41	2.51	1.59
Batam	Sumatra	0.39	0.36	0.35	0.29	8.2	6.98	5.12	2.53	2.03	8.51	2.17
Ex Java		**6.41**	**8.39**	**27.91**	**31.99**	**26.36**	**26.36**	**15.44**	**11.52**	**9.83**	**8.17**	**9.2**
Jawa Timur	Jawa dan Bali	2.97	2.54	29.68	9.19	6	4.59	5.21	3.35	4.65	2.91	1.63
Jawa tengah dan Yogyakarta	Jawa dan Bali	14.53	4.69	32.28	27.25	23.06	15.56	13.56	8.29	7.29	4.73	2.95
Jawa Barat	Jawa dan Bali	0.96	3.38	21.85	3.4	3.87	25.15	17.34	12.81	9.54	5.64	4.28
Banten	Jawa dan Bali			11.38	10.68	8.06	12.76	3.39	1.11	2.55	1.88	1.67
Jakarta	Jawa dan Bali	3.87	3.15	4.17	3.68	2.61	9.37	4.54	2.9	0.6	0.5	0.43
Java		**5.45**	**3.47**	**24.1**	**11.53**	**9.46**	**14.59**	**10.95**	**7.34**	**6.31**	**3.92**	**2.69**
Indonesia		**5.81**	**5.31**	**25.53**	**19.33**	**15.97**	**18.95**	**12.72**	**9**	**7.72**	**5.64**	**5.34**

Source: PLN, Indo Premier

Bintan: The Next Frontier

While Bintan is still at a nascent stage compared to Batam, it is increasingly being considered for future data center development, particularly in connection with planned enhancements to the Sumatra–Batam–Bintan power and connectivity infrastructure.

Bintan shares the same SEZ status as Batam under KEK Galang Batang, making it eligible for similar fiscal incentives, and is also part of the Riau Islands Province's broader digital and industrial development strategy. Several large-scale industrial estates, such as the Bintan Industrial Estate (BIE) and Galang Batang SEZ, are positioning themselves to attract clean-tech, AI, and digital infrastructure investments.

Electricity in Bintan is also managed by PLN Batam, which has proposed improving inter-island transmission capacity through Sumatra–Batam–Bintan links, supported under the Green Super Grid program in PLN's RUPTL 2025–2034. These links are expected to enable power balancing across the region and facilitate future data center deployment through dedicated 150–275 kV transmission lines. However, fiber-optic and submarine cable landing infrastructure in Bintan remains limited, and significant capex would be needed to establish high-speed international connectivity.

While no hyperscale players have yet launched in Bintan, the island is frequently cited in BKPM and BP Batam promotional materials as a "next-stage" opportunity once Batam matures. Land availability, fiscal incentives, and emerging infrastructure could make Bintan the next natural step in Indonesia's westward data center expansion, particularly for AI training centers or green-powered facilities.

Investment opportunities

1) Financial institution

The growing demand for data centers in Indonesia presents a compelling investment opportunity for financial institutions. As of 2024, an estimated 15–20% of total data center investment in Indonesia is backed by financial institutions; this includes foreign private equity firms, infrastructure funds, and sovereign wealth funds. Notable examples include Warburg Pincus and Stonepeak through their stakes in platforms like Princeton Digital Group (PDG) as well as INA's strategic partnerships with global hyperscaler platforms and power providers for upcoming data center projects. Banks such as UOB and DBS have also entered through syndicated project financing, reflecting growing institutional interest in this asset class.

The return profile of data centers makes them highly attractive as a long-term infrastructure asset class. Stabilized facilities, especially tier III+ and hyperscale-ready assets, typically deliver internal rates of return (IRRs) of 10–14%, with EBITDA margins of 50–65%. In terms of yield, Asian data center cap rates range between 6–8%, which is higher than traditional commercial real estate yields (c.5–6%) and above current Indonesian 10-year government bond yields (c.6.5–7%). These facilities are also characterized by long-term contracts with hyperscalers, cloud service providers, and enterprise clients, offering stable and inflation-linked cash flows with low churn risk.

Given this favorable economic profile, data centers are well suited for institutional capital, especially those seeking to diversify into digital infrastructure. For Indonesia, there is significant upside potential if local financial institutions increase their allocation toward this sector—whether through direct equity investments, co-investments, infrastructure funds, or future data center REITs.

Fig. 15: Equity participation from financial institutions in Indonesia's data center sector remains lower than that of regional and global peers

Region	Est. share of financial institution equity involvement	Key investors/notes
Indonesia	c.15-20%	Stonepeak (Digital Edge), Warburg Pincus & OTPP (PDC), INA (Batam JV)
Malaysia	c.30-35%	GIC (YTL JV), Keppel DC REIT, DigitalBridge; institutional co-investment common
Singapore	c.40-50%	GIC, Temasek, Mapletree, Equinix REIT, Keppel DC REIT - deep capital market involvement
United States	>50%	Blackstone, KKR, Brookfield, Digital Realty, EQT Infrastructure, GIP
Europe	40-50%	EQT, Macquarie, Partners Group, CDPQ - highly financialized market
Japan/Korea	c.20-30%	GLP, PAG, ESR, pension-backed REITs, Mitsui partnership

Source: Various sources, Indo Premier

2) Independent power producers (IPPs)

Data centers are highly power-intensive, typically consuming between 10–50 MW per facility depending on their scale, which presents a growing market for Independent Power Producers (IPPs). With power reliability and sustainability becoming critical factors in site selection for hyperscalers, IPPs are in a strong position to supply the required electricity through both grid and off-grid solutions. There is increasing interest in direct Power Purchase Agreements (PPAs), especially for renewable energy sources as global tech firms look to meet their net-zero targets.

IPPs that can offer hybrid or green energy solutions stand to benefit from both commercial demand and access to green financing instruments. In areas with underdeveloped grids, such as Batam or outer Java industrial parks, private-grid or embedded power solutions can be particularly lucrative. Partnership between data center developers and IPPs to ensure power security, redundancy, and compliance with sustainability requirements will become increasingly common. Listed energy players, which may have interest and/or exposure to the additional demand of power for data center in Indonesia, including **Adaro Energy (ADRO IJ, TP Rp2,300), Medco Energi Internasional (MEDC IJ, TP Rp1,200), and Cikarang Listrindo (POWR IJ, not-rated).**

3) Industrial estate

The rise in data center demand is also translating into increased land requirements, especially in areas with proximity to power, fiber optic infrastructure, and disaster resilience. Industrial estate developers are strategically positioned to benefit from this trend, as data centers often require 5–10ha per site, and operators are willing to pay a premium for ready-to-build, utility-connected land. Developers in regions such as Cikarang, Karawang, Bekasi, and Batam are beginning to tailor their offerings to tech infrastructure needs by enhancing grid connections, fiber access, and zoning compatibility. Listed industrial estate companies that could benefit from the rising data center demand, including: **Bekasi Fajar (BEST IJ, not-rated) and Puradelta Lestari (DMAS IJ, not-rated).**

4) Contractor

Construction companies also stand to gain from the growing pipeline of data center projects. With many global hyperscalers and colocation providers expanding in Indonesia, the addressable market for data center construction contracts is expected to grow substantially over the next 5–10 years. Listed contractor with exposure to date center development project is **Total Bangun Persada (TOTL IJ, not-rated).**

5) IT solution player and chip distributor

Every data center deployment involves significant investment in IT infrastructure, ranging from servers, storage, and switches to GPUs and cloud-enabling software. This translates into direct benefits for chip distributors, hardware resellers, and system integrators. Hyperscale data centers deploying AI workloads often require thousands of GPUs or CPUs, driving demand for products from vendors such as NVIDIA, AMD, Intel, and ARM. Meanwhile, colocation and enterprise data centers need broader solutions including networking hardware, firewalls, and storage arrays. In this space, the listed companies exposure include **Indosat Ooredoo Hutchison (ISAT IJ, TP Rp2,600), Mastersystem Infotama (MSTI IJ, TP Rp2,000), and Astra Graphia (ASGR IJ, not-rated).**

SECTOR RATINGS

OVERWEIGHT	:	An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
NEUTRAL	:	A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
UNDERWEIGHT	:	An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

COMPANY RATINGS

BUY	:	Expected total return of 10% or more within a 12-month period
HOLD	:	Expected total return between -10% and 10% within a 12-month period
SELL	:	Expected total return of -10% or worse within a 12-month period

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