

TICKERS:

IDX : TLKM
NYSE : TLK

SHAREHOLDER COMPOSITION:

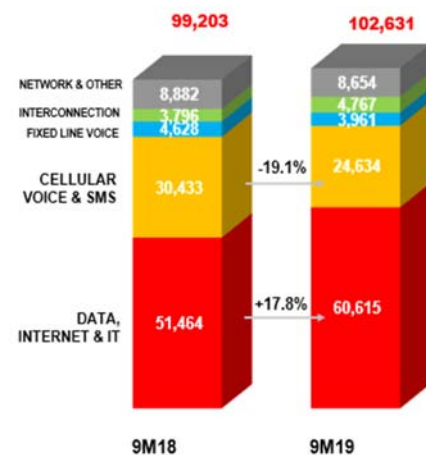
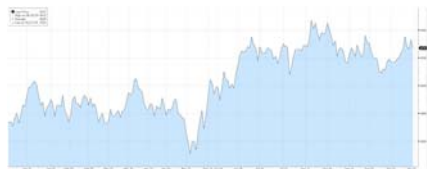
Government of Indonesia : 52.1%
Public : 47.9%

CONVERSION RATES (US\$ 1.00):

Sept 30, 2019 = Rp14,195.0
Dec 31, 2018 = Rp14,380.0
Sept 30, 2018 = Rp14,901.5

FINANCIAL PERFORMANCE

Revenue
(in Rp. Bn)


TLKM Share Performance YTD 2019

Share Price on 30 October 2019

Rp4,270 (IDX) and USD30.25 (NYSE)

Market Capitalization (30 October 2019):

Rp423.0 Tn (USD30.1 Bn)

Average Daily Trading Volume 2019:

84.6 Mn Shares (IDX) & 242,392DR (NYSE)

Average Daily Trading Value 2019:

Rp338.8 Bn (IDX) & USD6.8 Mn (NYSE)

Source: Bloomberg

Highlights

- In 9M19, IndiHome performed strongly with 6.5 million customers with a 52.2% YoY revenue growth; while mobile digital business grew by 27.9% YoY.
- Consolidated revenues grew by 3.5% YoY. Data, Internet & IT Services segment contribution to total revenues significant increased to 59.1% compared to 51.9% last year. In the meantime, EBITDA Margin increased 3.4ppt to 48.7% in 9M19.
- We continued to strengthening our digital infrastructures. Telkomsel installed c. 20,800 new 4G BTS in 9M19, bringing our total BTS to reach c. 210 thousand. While Telkom built additional around 2,800 km of fiber optic backbone to support both mobile and fixed digital businesses.

Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	9M19	9M18	Growth (%)
Revenues	102,631	99,203	3.5
Expenses	69,177	69,761	(0.8)
Operating Profit	33,454	29,442	13.6
EBITDA	50,030	44,912	11.4
EBITDA Margin (%)	48.7	45.3	3.4
Net Income	16,459	14,232	15.6
Net Income Margin (%)	16.0	14.3	1.7

Operational Highlights

Subscribers (000)	YoY		
	9M19	9M18	Growth (%)
Broadband			
Fixed Broadband	8,400	6,892	21.9
IndiHome	6,512	4,707	38.3
Cellular			
Postpaid	6,162	5,469	12.7
Prepaid	164,766	162,340	1.5
Total	170,928	167,809	1.9

Investor Relations

PT Telkom Indonesia (Persero) Tbk
Telkom Landmark Tower, 39th Floor
Jl. Gatot Subroto Kav. 52, Jakarta 12710
Phone : 62 21 5215109
Fax : 62 21 5220500
Email : investor@telkom.co.id
Website : www.telkom.co.id

DISCLAIMER

This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward-looking statements within the meaning of applicable law. Forward looking statements, by their nature, involve risk and uncertainty that could cause actual results and development to differ materially from those expressed or implied in these statements. Telkom Indonesia does not guarantee that any action, which may have been taken in reliance on this document, will bring specific results as expected.

PT TELKOM INDONESIA (PERSERO) Tbk NINE MONTHS OF 2019 (UNAUDITED)

The following analysis and discussion are based on our Indonesian GAAP financial statements for the first nine months of 2019. The reports have been submitted to Indonesia Financial Services Authority (OJK).

Revenues

Key Indicators (Rp.Bn)	YoY		
	9M19	9M18	Growth (%)
Data, Internet & IT Service	60,615	51,464	17.8
Cellular Voice and SMS	24,634	30,433	(19.1)
Fixed Line Voice	3,961	4,628	(14.4)
Interconnection	4,767	3,796	25.6
Network and Other Telco Services	8,654	8,882	(2.6)
Total	102,631	99,203	3.5

Telkom recorded total revenues of Rp102.6 trillion in 9M19, an increase of 3.5% YoY. Data, Internet & IT Services remains as the main growth driver. Details of our revenue lines are as follows:

- **Data, Internet & IT Services revenues** increased by 17.8% YoY in 9M19, primarily attributable to solid mobile broadband and IndiHome revenue growth in line with successful operational results, despite lower revenue from IT Services. Mobile broadband traffic increased by 55.2% YoY to 4,673 petabyte, generated from 112.1 million of data users. In fixed broadband, IndiHome customers reached 6.5 million subscribers, a 38.3% jump from 4.7 million last year.
- **Cellular Voice and SMS revenues** dropped by 19.1% YoY as a results of lower voice and SMS traffic that declined by 13.3% and 30.2% YoY respectively; due to cannibalization from instant messaging (OTT) applications.
- **Fixed Line Voice revenues** declined 14.4% YoY, due to cannibalization from mobile services that resulted in a decline of fixed line traffic.
- **Interconnection revenues** increased 25.6% YoY as a result of our initiative to exploit overseas wholesale voice business opportunities.
- **Network and Other Telecommunication Services revenues** declined by 2.6% due to declining managed service solution, in particular those with high portion of device to focus on more profitable services.

Expenses

Key Indicators (Rp.Bn)	YoY		
	9M19	9M18	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	31,056	33,432	(7.1)
Personnel	9,744	10,299	(5.4)
Interconnection	3,920	3,074	27.5
Marketing	2,949	2,983	(1.1)
General & Administrative	4,932	4,503	9.5
Total Operating Expenses	52,601	54,291	(3.1)
Depreciation & Amortization	17,259	15,873	8.7
Forex (Gain) / Loss	58	(76)	(176.3)
Others (Income) / Expense	(741)	(327)	126.6
Total Expenses	69,177	69,761	(0.8)

Total Expenses slightly declined by 0.8% YoY while Operating Expenses decreased by 3.1%. Details of expenses are as follows:

- **Operation & Maintenance (“O&M”) expenses** declined by 7.1% YoY mainly through lower CPE and handset costs related to our IT services business in Enterprise segment. Leased Line and CPE costs declined by 40.6% to Rp3,544 billion while Handset costs declined by 35.9% to Rp1,028 billion.
- **Personnel expenses** decreased by 5.4% YoY, in line with large number of natural retirements and lower actuarial expense calculation during the period, and higher incentives booked last year.
- **Interconnection expenses** rose by 27.5% in line with higher growth in our international wholesale voice business.
- **Marketing expenses** declined by 1.1% YoY primarily due to our mobile business’ effective sales and marketing program following the prepaid SIM card registration period, despite active marketing program for IndiHome.
- **General & Administrative expenses** increased by 9.5% YoY.
- **Depreciation & Amortization** increased by 8.7% YoY due to additional fixed asset in mobile and fixedline infrastructure development such as fiber-based access and backbone, including submarine cable, 4G BTS, tower, as well as a new satellite launched in 3Q18.
- We recorded a **Net Forex Loss** of Rp58 billion.
- **Others – net** recorded an income of Rp741 billion from higher non-operating income during the period.

EBITDA and Net Income

Our EBITDA and Net Income grew by 11.4% and 15.6% YoY respectively, in line improved profitability in IndiHome and mobile broadband. As a result, margins also improved, with an EBITDA margin of 48.7%,

compared to 45.3% in 9M18; while our Net Income margin increased to 16.0% in 9M19, up from 14.3% in 9M18. The improvement in margins were mainly derived from declining Operation & Maintenance, Personnel, and Marketing expenses.

Financial Position

Key Indicators (Rp. Bn)	End of		
	Sept-19	Dec-18	Growth (%)
Total Assets	214,990	206,196	4.3
Total Liabilities	98,544	88,893	10.9
Non-controlling Interests	16,852	18,393	(8.4)
Total Equity	116,446	117,303	(0.7)

- Total assets as of 30 September 2019 stood at Rp215.0 trillion, a 4.3% increase YTD mainly due to an increase in fixed assets in line with our continuous network development.
- Total liabilities as of 30 September 2019 were Rp98.5 trillion, a 10.9% increase YTD. Tax liabilities which due next year that increased by Rp3,708 billion to Rp4,888 billion and loans that increased by Rp6,716 billion to Rp50,803 billion to support our investments were the main drivers.
- Non-controlling interests decreased by 8.4% YTD despite our subsidiary's healthy performance during 9M19, due to dividend payments of subsidiaries.
- Total equity declined slightly by 0.7% YTD due to dividend payment which was distributed in June 2019.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	9M19	9M18	Growth (%)
Cash Flows by Operating Activities	38,263	28,292	35.2
Cash Flows from/(used in) Investing Activities	(22,133)	(24,102)	(8.2)
Cash Flow from/(used in) Financing Activities	(18,386)	(15,954)	15.2
Net Increase in Cash & Cash Equivalents	(2,256)	(11,764)	(80.8)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(166)	285	(158.2)
Cash and Cash Equivalents at Beginning of Period	17,439	25,145	(30.6)
Cash and Cash Equivalents at End of Period	15,017	13,666	9.9

- Net cash provided by operating activities in the first nine months of 2019 increased by 35.2% YoY in line with the increasing number of IndiHome subscribers and growing mobile broadband business.
- Net cash used in investing activities declined by 8.2% YoY due to higher purchase of equipments as we launched new satellite in 3Q18.
- Net cash used in financing activities went up by 15.2% YoY due to higher bank loan withdrawals.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	Sept-19	Dec-18	Sept-19	Dec-18
IDR/Rupiah	48,824	41,722	96.1	94.6
USD/US Dollar	1,343	1,636	2.6	3.7
JPY/Japanese Yen	555	602	1.1	1.4
MYR/Malaysian Ringgit	81	127	0.2	0.3
Total	50,803	44,087	100.0	100.0

At the end of September 2019, total debts (including financial lease) amounted to Rp50.8 trillion, a 15.8% increase compared to the end of 2018 in part due to increased long-term loans to support our investment. Around 96% of our debts were in Rupiah currency, 2.6% in US Dollars and the remaining 1.3% in Japanese Yen and Malaysian Ringgit. Our debts consist of short and long-term bank loans, bonds, medium term notes, two-step loans, loans from non-bank financial institution, as well as financial leases.

Total financial lease amounted to Rp2.5 trillion as of 30 September 2019; of which 91.7% were tower lease and the remaining 8.3% for other financial leases such as vehicles and equipment.

Our debt to equity ratio ("DER") remains relatively low at 43.6%. Our strong balance sheet profile was appreciated by credit rating agencies with Moody's and Fitch assigning Baa1 (one notch above the sovereign rating) and BBB respectively, both with stable outlook. Whilst the Indonesian rating agency Pefindo assigned ^{id}AAA with stable outlook.

Gearing Ratio

Ratios (%)	End of		Growth (ppt)
	Sept-19	Dec-18	
Net Debt to Equity	30.1	21.6	8.5
Debt to Equity	43.6	37.6	6.0
Net Debt to EBITDA (times)	0.5	0.4	0.1
Debt to EBITDA (times)	0.8	0.7	0.1

Notes:

- Net Debt to Equity is calculated as Total Debt deducted by Cash & Cash Equivalent and Other Current Financial Assets, then divided by Total Equity
- Debt to Equity is Total Debt to Total Equity
- Net Debt to EBITDA is calculated as Total Debt deducted by Cash & Cash Equivalent and Other Current Financial Assets, then divided by Annualized EBITDA
- Debt to EBITDA represented by Total Debt to Annualized EBITDA

Financial Ratios

Ratios (%)	YoY		
	9M19	9M18	Growth (ppt)
EBIT Margin	32.6	29.7	2.9
EBITDA Margin	48.7	45.3	3.5
Net Income Margin	16.0	14.3	1.7
Current Ratio	83.8	92.8	(9.0)
Total Liabilities to Equity	84.6	92.8	(8.2)
Return on Assets	14.4	13.5	0.9
Return on Equity	26.6	26.0	0.6
Return on Invested Capital	18.5	18.3	0.2

Notes:

- EBIT Margin is EBIT to Revenue
- EBITDA Margin is EBITDA to Revenue
- Net Income Margin is calculated as Profit Attributable to Owners of the Company divided by Revenue
- Current Ratio represented by Current Assets divided by Current Liabilities
- Total Liabilities to Equity is Total Liabilities to Total Equity
- Return on Assets represented by Total Profit divided by Total Assets
- Return on Equity represented by Total Profit divided by Total Equity
- Return on Invested Capital is calculated as Annualized Total Profit divided by sum of Total Debt and Total Equity

Capital Expenditure

In the first nine months of 2019, Telkom Group spent Rp22.2 trillion in capital expenditure (capex) or 21.6% of revenue. Capex absorption was primarily utilized to enhance our mobile and fixed line network infrastructures both in mobile and fixed line business. In mobile services, capex was utilized to further improve 4G network quality and capacity as well as IT system enhancement. While in fixed line businesses, capex was primarily utilized to develop fiber-based access and backbone infrastructure, to support fixed as well as mobile broadband businesses. A small portion of capex was assigned to other projects such as towers.

RESULTS BY SEGMENT

Mobile Segment

Telkomsel Financial Result

In the first Nine Months of 2019, the overall mobile telecommunications industry environment experienced a more healthy and rational competitive environment coupled with on-going transition from Legacy to Data services, Data monetization initiatives & shifting customer behavior, Telkomsel recorded a positive performance in 9M19 booking solid Revenues, EBITDA & Net Income at Rp68.3 trillion (+3.9% YoY), Rp36.8 trillion (+6.2% YoY) and Rp19.2 trillion (+5.0% YoY), respectively. Performance was supported by Digital Business transformation initiatives together with cost discipline initiatives to effectively manage operational expenses helped increase the EBITDA margin by 1.1ppt YoY to 53.8%. As of September 2019, operating expenses (excluding depreciation & others) was Rp31.5 trillion (+1.4% YoY), as a result of our network development initiatives. Digital Business posted a significant growth of 27.9% YoY, driven by 27.4% YoY increase in Data and 31.2% YoY increase in Digital Services, accounting for 63.1% of total revenues up from 51.3% a year ago. The current market dynamics has confirmed Telkomsel's belief that as market leader it should lead the industry shift to healthier manner to provide better opportunities for growth of Data & Digital Services as the future of telecommunications industry.

Effective marketing campaign with customer retaining initiatives supported by prepaid SIM registration program have lowered churn & shifted customer behavior. Telkomsel recorded 170.9 million subscribers at the end of 9M19 a modest 1.9% increase YoY. Telkomsel expects ongoing natural cleansing to continue in response to prepaid SIM registration policy; however it has brought positive results in better-quality customer base, higher numbers of real active subscribers, increased ARPU, as well as more efficient SIM card production costs. It will continue to have a long-term positive impact and support the emergence of healthier competition in the industry.

In line with our philosophy to always lead in network supply including in outside Java; as well as maintain and strengthen our network leadership to grow our Digital Business, we deployed 20,829 new BTS during 9M19, all of which were 4G-based. Our data traffic increased by 55.2% YoY to 4,785,500 TB from 112.1 million Data Users, or 65.6% of our customer base, that have increased their monthly data consumption by +57.1% YoY to 5,094 MB. By the end of 9M19, Telkomsel's on-air BTS totaled 209,910 units (+14.5% YoY), 76.0% of which were 3G/4G BTS.

Legacy Business: Voice and SMS

Along with the natural transition from Legacy toward Data together with OTT services cannibalization impact, Telkomsel's Legacy business was slowed with Voice revenue declining 19.1% YoY to Rp20,426 billion and Voice traffic declined 13.3% YoY, while SMS revenue declined by 38.6% YoY to Rp3,181 billion with declining SMS traffic declining by 30.2% YoY. Personalized marketing initiatives to offer better value package and attractive Combo (Voice & Data) package helped stem the downtrend of Legacy business.

Digital Business: Data Connectivity and Digital Services

Digital Business remained the growth engine with continued focus on leading network supply in 3G and 4G infrastructure. This segment recorded strong performance with 27.9% YoY growth to Rp43,100 billion with its contribution to total revenue increasing substantially to 63.1% from 51.3% last year. As Legacy revenue base becomes smaller, and Data/Digital Services revenue growth picks up combined with strong Data traffic, Telkomsel has been able to grow its Digital Business while facing natural disruption of Legacy trend and led the shifting of industry to healthier conduct for providing better growth opportunities of overall mobile revenue.

Revenue from Data grew by 27.4% YoY to Rp37,420 billion, driven by 112.1mn Data user with successful migration of PAYU to Flash packages, an increasing of smartphone penetration, as well as healthy growth in Data payload, which increased by 55.2% YoY to 4,785,500 TB.

Digital Services also grew strongly by 31.2% YoY to Rp5,680 billion and has become the main driver of Telkomsel's transformation from a Telco Company to a Leading Digital Telco Company.

The following table summarizes Telkomsel's financial results for the period ended 30 September 2019:

Statements of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	9M19	9M18	Growth (%)	3Q19	2Q19	Growth (%)
Revenues	68,308	65,721	3.9	23,201	22,926	1.2
Legacy	25,208	32,021	(21.3)	8,173	8,463	(3.4)
Digital Business	43,100	33,700	27.9	15,028	14,463	3.9
Expenses incl. Depreciation and Others	42,195	40,935	3.1	14,242	14,416	(1.2)
EBITDA	36,761	34,617	6.2	12,529	12,095	3.6
EBITDA Margin (%)	53.8	52.7	1.1ppt	54.0	52.8	1.2ppt
Net Income	19,221	18,299	5.0	6,517	6,232	4.6
Net Income Margin (%)	28.1	27.8	0.3ppt	28.1	27.2	0.9ppt
Proportion of Digital Business (%)	63.1	51.3	11.8ppt	64.8	63.1	1.7ppt

Telkomsel recorded operating revenues of Rp68,308 billion for 9M19, a 3.9% increase YoY.

Postpaid revenues increased by 2.0% YoY to Rp6,110 billion while Prepaid revenues increased by 5.2% YoY to Rp58,264 billion reflecting more productive active customers, supported by a shift in purchasing behavior from starter packs toward renewal following the SIM card registration program. Interconnection and International Roaming revenues decreased by 19.4% YoY to Rp2,772 billion primarily attributed to declining Voice and SMS traffic from other local operators due to growth in substitute services from OTT applications.

As of September 2019, total expenses including depreciation and amortization increased by 3.1% YoY to Rp42,195 billion. The growth was mainly driven by Operational and Maintenance expenses due to the company's initiative to strengthen 4G LTE services and maximize Broadband service quality which is also align with the consistent development of infrastructure in this consecutive quarter, which increased by 14.5% YoY in terms of BTS numbers. However, for all other expenses components have been effectively managed with a decrease in General Administration as well as Marketing Expenses in the YoY basis.

Statements of Financial Position

Statements of Financial Position (Rp Bn)	Sep-19	Dec-18	Growth (%)
Current Assets	19,266	16,836	14.4
Non-Current Assets	64,419	65,814	(2.1)
Total Assets	83,685	82,650	1.3
Current Liabilities	23,404	20,737	12.9
Non-Current Liabilities	13,789	10,767	28.1
Equity	46,492	51,147	(9.1)
Total Liabilities and Stockholders' Equity	83,685	82,650	1.3

As of 30 September 2019, Total Assets increased 1.3% to Rp83,685 billion, Total Liabilities increased 18.1% to Rp37,193 billion and Total Equity decreased 9.1% to Rp46,492 billion.

- *Current Assets* increased 14.4% to Rp19,266 billion, mainly due to increase in current prepaid expenses.
- *Non-current Assets* decreased 2.1% to Rp64,419 billion, mainly due to a decrease in Fixed Assets.
- *Current Liabilities* increased 12.9% to Rp23,404 billion, mainly due to increase in taxes payable.
- *Non-current Liabilities* increased 28.1% to Rp13,789 billion, mainly due to an increase in medium-term loans net of current maturities.
- *Total Equity* decreased by 9.1% to Rp46,492 billion, mainly due to decrease in retained earnings as the company distributed dividend during the current period.

Cash Flow

- Net cash generated from operations in September 2019 increased 16.3% YoY to Rp31,598 billion mainly contributed by higher cash receipts from operational activities.
- Cash flow used in investment activities decreased 17.4% YoY to Rp9,791 billion mainly due to lower payment of infrastructure spending due to as our initiatives in Capex efficiency initiatives.
- Net cash used in financing activities (exclude Dividend) decreased to Rp2,223 billion as the company made loans repayment.

Statements of Cash Flows

In Rp. Billion	9M19	9M18	Growth (%)
Cash Flow from Operating Activities	31,598	27,179	16.3
Cash Flow for Investing Activities	(9,791)	(11,851)	(17.4)
Cash Flow from Financing Activities	2,223	8,290	(73.2)
Dividend Payment	(23,410)	(27,865)	(16.0)
Net Increase/(Decrease) in Cash & Cash Equivalents	621	(4,246)	(114.6)
Cash and Cash Equivalents at Beginning of Periods	6,497	10,548	(38.4)
Cash and Cash Equivalents at End of Periods	7,117	6,302	12.9

Debt Profile

As of 30 September 2019, Telkomsel's total outstanding loans amounted to Rp7,575 billion from revolving credit facilities, of which 53% and 47% coming from facility that expires in 2021 and 2023, respectively. As of 30 September 2019, Telkomsel Debt to Equity Ratio (DER) was 23.4%.

Key Indicators	9M19	FY18	Growth
Net Debt to Equity (%)	8.1	4.2	3.9ppt
Debt to Equity (%)	23.4	16.9	6.5ppt
Net Debt to EBITDA (times)	0.08	0.05	(39.9)%
Debt to EBITDA (times)	0.21	0.25	17.1%

Mobile Digital Services

A number of investments and key initiatives have been established to accelerate the growth of Digital Services, in line with Telkomsel mission to build a digital Indonesia. Key products and services within this segment included Digital Lifestyle, Mobile Financial Services, Digital Advertising, Digital Banking and Internet of Things (IoT):

- Telkomsel aims to become Indonesia's leading mobile lifestyle provider pushing the digital ecosystem through several platforms including video, games, music and various mobile VAS services. In September 2019, Telkomsel expanded its video ecosystem positioning offering additional content and platform for mass market video. MAXstream was launched to serve as the platform and become a one stop video portal by aggregating OTT video apps, linear channel and VOD content with 20 million downloads. Telkomsel also maintains its leading operator position providing almost all elements of gaming ecosystem value chain including media and distribution, payment, e-sport, and stepped into Game Publishing through releasing its second game "Lord of Estera" under Dunia Games brand after the success of its first game "Shellfire". These games represent Telkomsel's commitment to accelerating society's digital lifestyle. Under Dunia Games, Telkomsel has more than 7 million monthly active users. Telkomsel has completed more than 5,000 e-Sports events across Indonesia ranging in size from small to large events since 2016. Moreover, Telkomsel has focused on improving Langit Musik's user experience, partnering with OTT music apps and maximizing revenue from RBT.
- In Mobile Financial Services, Telkomsel's flagship product TCASH rebranded as LinkAja, a joint e-money service from the State-owned Enterprise (SOE) based on TCASH platform in February 2019. LinkAja, as a unified e-money service platform, is expected to realize financial inclusion and promote a cashless society in Indonesia.
- Through Digital Advertising business, Telkomsel aims to become a dominant media owner in Indonesia's digital Advertising industry. Enhanced by Big Data Analytics engine, Telkomsel Digital Advertising can more accurately target Telkomsel's 171 million subscribers increasing higher ROI while simultaneously delivering enhanced advertising value and relevancy to advertisers. Telkomsel offers an extensive range of Digital Advertising services including conventional text messaging, timely advertising for mobile coupons, and display advertising in mobile applications.
- Mobile Banking business also continued to grow solidly, enabling financial institutions to provide mobile banking services including its recently launched Mobile App. Through Mobile Banking business, Indonesian citizens can enjoy broader access to financial transactions through their mobile phones.
- Telkomsel extended its footprint in Internet of Things business beyond connectivity to capture a substantial share of IoT business opportunities with services including Smart Connectivity, Fleet Sight and InTank. In addition, Telkomsel rolled out Narrow-Band IOT (NB-IoT) technology, that

currently covers the Greater Jakarta region with an enhanced IoT Lab and Telkomsel Incubation (TINC) to explore business and technology opportunities for massive NB-IoT implementation in Indonesia.

Going forward, Telkomsel will continue to scale-up its Digital Services business more rapidly through innovations and partnership to develop the digital ecosystem - a key foundation for Telkomsel to become a leading digital telco company and build a digital Indonesia.

Customer Base

As of September 2019, Telkomsel served 170.9 million subscribers nationwide, a slight uptick of 1.9% YoY; including 112.1 million Data users. Through effective marketing campaigns to retain customers following the prepaid SIM registration program led to lower churn and shift in customer behavior. Telkomsel expects ongoing natural cleansing from reinforcing the prepaid SIM registration policy. Furthermore, Data consumption reached 5.0GB/user (+57.1% YoY) which is aligned with Telkomsel strategy to increase Data penetration.

ARPU

As we shift from Legacy Business to Digital Business, our double-digit growth in Digital ARPU has offset decline in Legacy ARPU reflected in blended ARPU growth which mainly due to increase in Data user productivity as well as strong growth in Data traffic.

Network Deployment

Our focus on Digital Business was reflected in our network deployment. This year, we continued to accelerate our network development with aggressive 4G BTS deployment to support Digital Business as Data traffic jumped 55.2% YoY. Our 4G LTE network is deployed on an on-demand basis based on 4G handset penetration and demand levels in Broadband cities. To date, we have deployed 77,501 4G BTS. The network roll-out brought total BTS on air to 209,910 units at end of September 2019, or increased by 14.5% YoY, of which 159,605 units were 3G/4G BTS (+20.0% YoY).

IT Development

We continue to enhance and strengthen our IT platform in order to improve our customer analytics' capability enabling us to digitalize and provide more personalized customer' products as well as provide a more distinctive digital experience for customers.

Telkomsel's sustainable financial performance was supported by solid operational performance. The following table shows key operational performance as of 30 September 2019:

Operational Indicators	YoY			QoQ		
	9M19	9M18	Growth (%)	3Q19	2Q19	Growth (%)
Customer Base (000)	170,928	167,809	1.9	170,928	167,792	1.9
ARPU (000)	46	39	19.0	46	47	(0.9)
BTS on Air (units)	209,910	183,283	14.5	209,910	204,198	2.8
Total Employees (including subsidiaries)	5,439	5,562	(2.2)	5,439	5,500	(1.1)
MoU (In billion minutes)	135.8	156.6	(13.3)	44.3	43.7	1.4
SMS (In billion units)	42.9	61.4	(30.2)	14.1	14.1	0.6
Data Payload (TB)	4,785,500	3,082,922	55.2	1,753,358	1,623,270	8.0

Fixed Line Services

Fixed Broadband IndiHome

IndiHome continued its strong performance both operationally and financially. During 3Q19 IndiHome added 511 thousand new subscribers, to reach 6.5 million by end of September 2019, a 38.3% growth YoY. IndiHome dual-play represents around 53% of total subscribers as of 9M19, with triple-play customers making up the remainder. Residential customers represent around 87% of IndiHome customer base in 9M19.

IndiHome recorded Rp13.7 trillion of revenue in 9M19, a jump of 52.1% YoY. IndiHome ARPU in 3Q19 was Rp256 thousand, slightly lower from Rp260 thousand in the previous quarter due to larger portion of dual-play customers compared to triple-play customers. In an effort to increase IndiHome ARPU, we continue to encourage our customers to purchase various add-ons choice services (Upgrade speed, upsell to 3P, minipacks, second STB, etc). These add-ons contributed around 12.1% of total IndiHome revenue in 9M19, as compared to 10.5% in 9M18.

Enterprise Business

In 9M19, Telkom Enterprise business recorded Rp14.9 trillion in revenue, a decline of 20.7% YoY. The decline was mainly attributed to lower revenues from IT Services and other Device-related businesses that have lower margins as we deliberately reduced our exposure in these businesses, and shifted our focus to more profitable products such as Connectivity and Data Center & Cloud. The decline was partly due to the cyclical characteristics of project based businesses.

As a positive result, expenses related to hardware significantly declined. Leased line & CPE and Handset costs decline by 40.6% and 35.9% respectively, bringing O&M expense down by 7.1%.

We serve three customers segments under our Enterprise business:

- **Corporate.** We serve corporate clients from various industries such as consumer goods, insurance, pharmaceutical, and banking. This segment contributed around 57% to Enterprise Segment revenue.

- **Government.** We provide connectivity and ICT solutions for government institutions including central government, local government, and government agencies. Government Segment contributed around 30% of Enterprise Segment revenue in 9M19.
- **Small and Medium-sized Business (SMB).** We provide various services from broadband connectivity to various solutions. In 9M19, SMB Segment contributed around 13% to Enterprise Segment revenue.

Wholesale and International Business

In the nine months of 2019, our Wholesale and International Business revenue was Rp8.2 trillion, a 16.6% growth compared to the same period last year. The growth was attributable to strong international wholesale voice and growing tower business coming from colocation and asset acquisition.

Our wholesale services portfolio includes domestic and international traffic carrier, wholesale broadband connectivity, towers, satellite, as well as telecommunication and infrastructure managed services.

Recent Activities

- **Acquisition of 2,100 Telecommunication Tower of PT Indosat Tbk (“Indosat”) by PT Telkom Indonesia (Persero) Tbk’s subsidiary, PT Dayamitra Telekomunikasi (“Mitratel”)**

On Oct 14, 2019, Mitratel and Indosat signed a Sale and Purchase Agreement for 2,100 Indosat’s Telecommunication Towers for the amount of Rp4.4 Trillion. With the purchase, Mitratel’s total number of Mitratel’s tower will increase by 2,100 to more than 15,800. The acquisition will strengthen Mitratel’s business and create added value, whilst in line with company’s long-term strategy.

Product and Marketing Activities

Fixed Line and Enterprise

- **IndiHome Promo Semarak Kebahagiaan**

This promo targeted new IndiHome customers of premium packages through offering additional OTT services as Ilix, HOOQ, and Catchplay.

- **IndiHome Paket Gamer**

Targeted at online game lovers through offering various benefits such as exclusive items, in-game currency, double experience / drop rate among others provided by game publishers. Subscribers can win attractive prizes from every game that collaborates with IndiHome.

Mobile

- **Acceleration on Data & 4G Adoption**

In order to encourage more Data usage, Telkomsel offers several programs to attract customer: (1) **Harinya 4G**, a seasonal promo program with 50GB Data quota bonus for Rp 50,000 valid for 7 days; (2) **OMG**, a new Data package campaign offering customers Youtube and Instagram access without any additional charge.

■ **Acceleration on Handset Penetration**

Samsung Galaxy note 10 package with up to 360 GB Data quota valid for 12 months; (2) Huawei Nova bundling with TAU package that offers up to 30GB per month Data quota for 3 months.

■ **Acceleration on Digital Service Penetration**

In order to accelerate Digital Service penetration, Telkomsel launched Lord of Estera under Dunia Games brand; and enriched MAXstream content through collaborating with HBO Go to carry HBO channel on MAXstream platform widening the content variety for customer. These strategies demonstrate Telkomsel's commitment in accelerating society's digital lifestyle.

ADDITIONAL INFORMATION

Awards and Recognition

During 3Q19, we have been awarded by several institutions for our achievements, among others:

- *Selular Awards 2019*, Telkomsel won Best Digital Service, Best 4G Service & Best Social Contribution Program (Baktiku Negeriku) from Selular Media Network.
- *Indonesia Digital Popular Brand Award 2019*, Telkomsel was awarded in Prepaid SIM card category from Info Brand Media
- *Corporate Image Award 2019*, Telkomsel won The Best Corporate Image in the Telecommunication category from Frontier Group
- *Indonesia Most Innovative Business Award 2019*, Telkomsel awarded Most Innovative in Business through Telkomsel myBusiness application from Warta Ekonomi
- *Asia's Best Employer Brand Awards 2019*, Telkomsel won Best Employer Brand from Employer Branding Institute – India
- *BrandZ Top 50 Most Valuable Indonesian Brands 2019*, Telkomsel awarded Top 3 Most Valuable Indonesian Brands from WPP & Kantar Company
- *Marketing Award 2019*, Telkomsel won The Best in Market Driving for MAX Stream from Marketing Magazine
- *Indonesia's Corporate Social Initiative Award 2019*, Telkomsel awarded Top 5 Social Marketing Program - Patriot Desa Digital from MIX Marketing
- *RRI BUMN Award 2019*, Telkomsel was awarded Gold Winner in Market Dominance, Brand Strength & Social Economy Contribution from RRI (Radio of the Republic of Indonesia) & Iconomics.

Table 1
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of September 30, 2019 (unaudited) and December 31, 2018 (audited)
(Amounts in tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	September 30, 2019	December 31, 2018	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	15,017	17,439	(13.9)
Other current financial assets	692	1,304	(46.9)
Trade Receivables - net of provision for impairment of receivables			
Related parties	2,475	2,126	16.4
Third parties	11,905	9,288	28.2
Other receivables - net of provision for impairment of receivables	428	727	(41.1)
Inventories – net of provision for obsolescence	685	717	(4.5)
Assets held for sale	526	340	54.7
Prepaid taxes	2,690	2,749	(2.1)
Claim for tax refund	1,029	596	72.7
Other current assets	9,680	7,982	21.3
Total Current Assets	45,127	43,268	4.3
NON-CURRENT ASSETS			
Long-term investments	2,943	2,472	19.1
Property and equipment – net of accumulated depreciation	149,001	143,248	4.0
Intangible assets – net of accumulated amortization	5,520	5,032	9.7
Deferred tax assets – net	2,718	2,504	8.5
Other non-current assets	9,681	9,672	0.1
Total Non-current Assets	169,863	162,928	4.3
TOTAL ASSETS	214,990	206,196	4.3
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Payables			
Related parties	876	993	(11.8)
Third parties	12,841	13,773	(6.8)
Other payables	378	448	(15.6)
Taxes payable	4,888	1,180	314.2
Accrued expenses	12,899	12,769	1.0
Unearned income	5,700	5,190	9.8
Advances from customers	1,056	1,569	(32.7)
Short-term bank loans	5,408	4,043	33.8
Current maturities of long-term borrowings	9,834	6,296	56.2
Total Current Liabilities	53,880	46,261	16.5
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	1,281	1,252	2.3
Unearned Income	817	652	25.3
Long service award provisions	916	852	7.5
Pension benefits and other post-employment benefits obligations	5,577	5,555	0.4
Long-term borrowings - net of current maturities	35,562	33,748	5.4
Other liabilities	511	573	(10.8)
Total Non-current Liabilities	44,664	42,632	4.8
TOTAL LIABILITIES	98,544	88,893	10.9
EQUITY			
Capital stock	4,953	4,953	-
Additional paid-in capital	2,930	2,455	19.3
Other equity	447	507	(11.8)
Retained earnings			
Appropriated	15,337	15,337	0.0
Unappropriated	75,927	75,658	0.4
Net Equity Attributable to:			
Owners of the Parent Company	99,594	98,910	0.7
Non-Controlling Interests	16,852	18,393	(8.4)
TOTAL EQUITY	116,446	117,303	(0.7)
TOTAL LIABILITIES AND EQUITY	214,990	206,196	4.3

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Period Ended September 30, 2019 and 2018 (unaudited)
(Amounts in tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	2019	2018	Growth (%)
REVENUES	102,631	99,203	3.5
Operation, maintenance and telecommunication service expenses	(31,056)	(33,432)	(7.1)
Depreciation and amortization expenses	(17,259)	(15,873)	8.7
Personnel expenses	(9,744)	(10,299)	(5.4)
Interconnection expenses	(3,920)	(3,074)	27.5
General and administrative expenses	(4,932)	(4,503)	9.5
Marketing expenses	(2,949)	(2,983)	(1.1)
Gain/(loss) on foreign exchange – net	(58)	76	(176.3)
Other income	1,348	848	59.0
Other expenses	(607)	(521)	16.5
OPERATING PROFIT	33,454	29,442	13.6
Finance income	882	804	9.7
Finance cost	(3,219)	(2,619)	22.9
Share of profit of associated companies	(3)	45	(106.7)
PROFIT BEFORE INCOME TAX	31,114	27,672	12.4
INCOME TAX (EXPENSE) BENEFIT			
Current	(8,196)	(6,789)	20.7
Deferred	282	(196)	(243.9)
	(7,914)	(6,985)	13.3
PROFIT FOR THE YEAR	23,200	20,687	12.1
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	(61)	226	(127.0)
Change in fair value of available-for-sale financial assets	4	(12)	(133.3)
Share of other comprehensive income of associated companies	39	(20)	(295.0)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial gain (loss) – net	-	-	-
Other comprehensive income – net	(18)	194	(109.3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	23,182	20,881	11.0
Profit for the year attributable to:			
Owners of the parent company	16,459	14,232	15.6
Non-controlling interests	6,741	6,455	4.4
	23,200	20,687	12.1
Total comprehensive income for the year attributable to:			
Owners of the parent company	16,441	14,426	14.0
Non-controlling interests	6,741	6,455	4.4
	23,182	20,881	11.0
BASIC EARNING PER SHARE (in full amount)			
Net Income per share	166.15	143.67	15.6
Net Income per ADS (100 Series B shares per ADS)	16,614.81	14,366.73	15.6

Table 3
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2018 (AUDITED)
 (figures are presented in billions of Rupiah)

	<u>SEP 2019</u>	<u>DEC 2018</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	7,117	6,497	9.6
Accounts receivables	1,927	2,116	(8.9)
Unbilled revenue	2,458	1,602	53.4
Current portion of long-term prepayments	6,406	5,250	22.0
Others	1,358	1,370	(0.9)
Total Current Assets	<u>19,266</u>	<u>16,836</u>	14.4
NON-CURRENT ASSETS			
Long-term investment	228	7	N/A
Fixed assets-net	55,680	56,899	(2.1)
Advances for fixed assets	1	20	(93.9)
Intangible assets-net	5,030	5,157	(2.5)
Prepayments – Non-current portion	3,267	3,519	(7.2)
Others	212	212	(0.1)
Total Non-current Assets	<u>64,419</u>	<u>65,814</u>	(2.1)
TOTAL ASSETS	<u>83,685</u>	<u>82,650</u>	1.3
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short term loan	-	750	N/A
Accounts payable & accrued liabilities	15,048	13,913	8.2
Taxes payable	2,781	490	467.4
Unearned revenue	4,717	4,773	(1.2)
Current maturities of obligation under finance leases	858	811	5.8
Total Current Liabilities	<u>23,404</u>	<u>20,737</u>	12.9
NON-CURRENT LIABILITIES			
Medium-term loans	7,575	4,000	89.4
Obligations under finance lease	2,456	3,105	(20.9)
Deferred tax liabilities	1,239	1,324	(6.5)
Others	2,519	2,337	7.8
Total Non-current Liabilities	<u>13,789</u>	<u>10,767</u>	28.1
EQUITY			
Capital Stock - Rp1,000,000 par value			
Authorized - 650,000 shares			
Issued and fully paid - 182,570 shares	183	183	0.0
Additional paid-in capital	1,887	1,505	25.4
Retained earnings	44,422	49,459	(10.2)
Total Equity	<u>46,492</u>	<u>51,147</u>	(9.1)
TOTAL LIABILITIES AND EQUITY	<u>83,685</u>	<u>82,650</u>	1.3

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018
 (figures in tables are presented in billions of Rupiah)

	<u>SEP 2019</u>	<u>SEP 2018</u>	<u>Growth (%)</u>
REVENUES			
Postpaid	6,110	5,991	2.0
Prepaid	58,264	55,387	5.2
Interconnection & international roaming	2,772	3,440	(19.4)
Others	1,162	904	28.6
Total Revenues	68,308	65,721	3.9
EXPENSES			
Operation & maintenance	19,236	18,777	2.4
Personnel	3,607	2,992	20.5
Marketing	2,026	2,495	(18.8)
General & administration	1,425	1,458	(2.3)
Cost of services	3,414	3,016	13.2
Interconnection & international roaming	1,838	2,365	(22.3)
Depreciation & amortization	10,680	10,065	6.1
Others – net	(32)	(234)	(86.4)
Total Expenses	42,195	40,935	3.1
Finance charges– net	(260)	(317)	(17.9)
INCOME BEFORE TAX	25,852	24,469	5.7
INCOME TAX EXPENSE	(6,631)	(6,170)	(7.5)
NET INCOME	19,221	18,299	5.0
EBITDA	36,761	34,617	6.2
EBITDA Margin- over revenues	53.8%	52.7%	1.1ppt
ROA	31.6%	29.8%	1.8ppt
ROE	58.8%	51.1%	7.7ppt