

TICKERS:

IDX : TLKM
NYSE : TLK

SHAREHOLDER COMPOSITION:

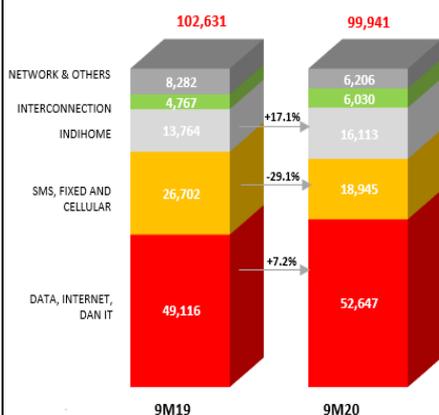
Government of Indonesia : 52.1%
Public : 47.9%

CONVERSION RATES (US\$ 1.00):

Sep 30, 2020 = Rp14,880.0
Dec 31, 2019 = Rp13,882.5
Sep 30, 2019 = Rp14,195.0

FINANCIAL PERFORMANCE

Revenue
(in Rp. Bn)



Share Price (Nov 4, 2020)

Rp2,580 (IDX) and USD17.68 (NYSE)

Market Capitalization (Nov 4, 2020)

Rp256 Tn (USD17.5 Bn)

Average Daily Trading (30 Days)

151.3 Mn Shares (IDX) & 269,674 DR (NYSE)

Source: Bloomberg

Highlights

- Telkom recorded Rp99.9 trillion in Revenue, with IndiHome continued its strong momentum, Mobile data grew healthily, Enterprise showed improvement and Wholesale remained resilient.
- IndiHome grew by 17.1% YoY to Rp16.1 trillion, driven by new subscribers and add-ons.
- Consolidated EBITDA margin was sturdy at 53.6% as a result of successful cost leadership. Net Income margin improved to 16.7% compared to 16.0% in the same period last year.
- Our Tower businesses and Data Center & Cloud revealed strong growth. Tower Businesses grew by 75% YoY while Data Center & Cloud rose by 38% YoY.
- Mobile subscribers reached 170.1 million by the end of September 2020 from around 160.1 million in the previous quarter. Telkomsel deployed around 20.4 thousand 4G BTSs in 9M20.

Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	9M20	9M19	Growth (%)
Revenues	99,941	102,631	(2.6)
Expenses	66,930	69,177	(3.2)
Operating Profit	33,011	33,454	(1.3)
EBITDA	53,586	50,030	7.1
EBITDA Margin (%)	53.6	48.7	4.9ppt
Net Income	16,679	16,459	1.3
Net Income Margin (%)	16.7	16.0	0.7ppt

Operational Highlights

Subscribers (000)	YoY		
	9M20	9M19	Growth (%)
Broadband			
Fixed Broadband - IndiHome	7,755	6,512	19.1
Mobile Data User	117,306	112,108	4.6
Cellular			
Postpaid	6,308	6,162	2.4
Prepaid	163,809	164,766	(0.6)
Total	170,117	170,928	(0.5)

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DISCLAIMER

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PT TELKOM INDONESIA (PERSERO) Tbk NINE MONTHS OF 2020 (UNAUDITED)

The following analysis and discussion are based on our Indonesian GAAP financial statements for the first nine months of 2020 and 2019. The reports have been submitted to Indonesia Financial Services Authority (OJK).

Revenues

Key Indicators (Rp. Bn)	YoY		
	9M20	9M19	Growth (%)
Data, Internet & IT Service	52,647	49,116	7.2
SMS, Fixed and Cellular Voice	18,945	26,702	(29.1)
IndiHome	16,113	13,764	17.1
Interconnection	6,030	4,767	26.5
Network and Other Telco Services	6,206	8,282	(25.1)
Total	99,941	102,631	(2.6)

Telkom posted revenue of Rp99.9 trillion in the nine months of 2020 on the back of strong growth in mobile data, fixed broadband IndiHome and Wholesale voice business. However, our legacy businesses are still declining. The revenue details are as follows:

- **Data, Internet & IT Services revenues** grew by 7.2% YoY to Rp52.6 trillion due to the increase in mobile data revenue by 10.6% YoY.
- **SMS, Fixed and Cellular Voice revenues** continued to decline by 29.1% YoY to Rp18.9 trillion, in line with natural transition phase of Legacy toward Data & impact of OTT services cannibalization. Voice and SMS revenue decreased by 28.8% YoY and 30.2% YoY, respectively.
- **IndiHome** continued its momentum and recorded Rp16.1 trillion in revenue or grew by 17.1% YoY as we added 752 thousand new subscribers during this period.
- **Interconnection revenues** rose by 26.5% YoY to Rp6.0 trillion as we managed to maintain the growth in our international wholesale voice business.
- **Network and Other Telecommunication Services revenues** declined by 25.1% YoY to Rp6.2 trillion as we shifted our strategy to reduce low margin products and services in Enterprise segment.

Expenses

Key Indicators (Rp. Bn)	YoY		
	9M20	9M19	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	25,098	31,056	(19.2)
Personnel	10,406	9,744	6.8
Interconnection	4,261	3,920	8.7
Marketing	2,356	2,949	(20.1)
General & Administrative	4,234	4,932	(14.2)
Total Operating Expenses	46,355	52,601	(11.9)
Depreciation & Amortization	21,038	17,259	21.9
Forex (Gain) / Loss	2	58	(96.6)
Others (Income) / Expense	(465)	(741)	37.2
Total Expenses	66,930	69,177	(3.2)

In the nine months of 2020, total expenses decreased by 3.2% YoY to Rp66.9 trillion, with Operation, Maintenance & Telecommunication Services (O&M) continued to drop significantly by 19.2% YoY. Details of expenses are as follows:

- **Operation, Maintenance & Telecommunication Services (O&M) expenses** recorded a decline of 19.2% YoY to Rp25.1 trillion as we shifted our focus to improve the fundamentals in Enterprise segments that resulted in lower cost of devices, IT services and managed service solutions. The decline was also due to the impact of PSAK 73 adoption by Rp2.4 trillion.
- **Personnel expenses** grew by 6.8% YoY to Rp10.4 trillion, in line with increase in number of total employees we hired, including digital talents to strengthen our digital capabilities.
- **Interconnection expenses** was Rp4.3 trillion or increased by 8.7% YoY in line with the growth in our international wholesale voice business.
- **Marketing expenses** continued to decline by 20.1% YoY to Rp2.4 trillion reflecting effective distribution cost, higher usage of modern channel and less physical promotional events for both Telkomsel and IndiHome. The decline was also due to the impact of PSAK 72 adoption by Rp431 billion.
- **General & Administrative expenses** decreased by 14.2% YoY to Rp4.2 trillion as we successfully improved collection of receivables in all segments.
- **Depreciation & Amortization** rose by 21.9% YoY to Rp21.0 trillion as we began to adopt PSAK 73 where we recognized Rp3.0 trillion as depreciation of leased assets during the period.
- We recorded **Net Forex Loss** of Rp2 billion as our exposure to foreign exchange risk was relatively small.
- **Other Income – net** booked an income of Rp465 billion as a result of higher non-operating income and lower non-operating expense.

EBITDA and Net Income

In 9M20, we recorded EBITDA of Rp53.6 trillion, increased by 7.1% YoY with EBITDA margin of 53.6%. The increase in EBITDA reflected successful cost efficiency as several expenses declined quite significantly despite of the declining revenue. EBITDA and Net Income were both impacted by PSAK 72 and 73 adoption since 1Q20. By factoring PSAK 72 and 73 out, normalized EBITDA was Rp50.7 trillion or grew by 1.3% YoY with EBITDA margin of 50.7%. During the same period, we posted Net Income of Rp16.7 trillion or grew by 1.3% YoY with improving Net Income margin of 16.7% in this period compared to 16.0% last year. Meanwhile, normalized Net Income was Rp17.2 trillion, increased by 4.7% YoY with Net Income margin of 17.2%.

Financial Position

Key Indicators (Rp. Bn)	End of		
	9M20	FY19	Growth (%)
Total Assets	233,219	221,208	5.4
Total Liabilities	115,330	103,958	10.9
Non-controlling Interests	16,172	17,689	(8.6)
Total Equity	117,889	117,250	0.5

- Total assets at the end of September 2020 was Rp233.2 trillion or grew by 5.4% YTD. From the figure, Rp17.8 trillion was recognized as Right-of-Used Assets as the impact of PSAK 73 adoption.
- Total liabilities as of 30 September 2020 stood at Rp115.3 trillion or increased by 10.9% YTD. The increase was contributed mainly by the impact of PSAK 73 adoption where Rp11.2 trillion was recorded as lease liabilities.
- Non-controlling interests decreased by 8.6% YTD in line with subsidiary's dividend distribution and lower net income.
- Our equity during the period was relatively stable compared to end of last year.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	9M20	9M19	Growth (%)
Cash Flows from Operating Activities	47,450	38,263	24.0
Cash Flows from/(used in) Investing Activities	(19,290)	(22,133)	(12.8)
Cash Flow from/(used in) Financing Activities	(29,190)	(18,386)	58.8
Net Increase (Decreased) in Cash & Cash Equivalents	(1,030)	(2,256)	54.3
Effect of Exchange Rate Changes on Cash and Cash Equivalents	208	(166)	225.3
Cash and Cash Equivalents at Beginning of Year	18,242	17,439	4.6
Cash and Cash Equivalents at End of Period	17,420	15,017	16.0

- Net cash provided by operating activities in 9M20 was Rp47.5 trillion or grew by 24.0% YoY as a result of healthy cash generation from all business segments.

- Net cash used in investing activities was lower by 12.8% YoY due to lower capex absorption in early this year partly due to leading network supply done last year.
- Net cash used in financing activities rose by 58.8% YoY as repayment for loans and borrowings were higher and smaller amount of loans and borrowing withdrawal.

The impact of PSAK 73 adoption in cash flows for lease liabilities payments were recorded in both operating and financing activities of Rp2.1 trillion and Rp4.5 trillion, respectively.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	9M20	FY19	9M20	FY19
IDR/Rupiah	60,112	50,212	97.3	96.4
USD/US Dollar	1,125	1,315	1.8	2.5
JPY/Japanese Yen	488	491	0.8	0.9
MYR/Malaysian Ringgit	43	66	0.1	0.1
Total	61,768	52,084	100.0	100.0

Total debts (including financial lease) amounting to Rp61.8 trillion as of 30 September 2020, increased by 18.6% YTD. By factoring the PSAK 73 out, the amount of debt was Rp50.6 trillion of which Rp11.2 trillion was the impact of PSAK 73 adoption.

During the period, finance cost was Rp3.5 trillion or grew by 7.4% YoY compared to the same period last year. Due to the adoption of PSAK 73, the normalized finance cost for this period was Rp2.8 trillion or declined by 12.7% YoY.

Around 97% of our debts were in Rupiah currency, with 2% were in US Dollar currency and the remaining balance were in Japanese Yen and Malaysian Ringgit, consisting 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.

Our debt to equity ratio ("DER") was still relatively low at 37.3% with normalized DER even lower at 27.7%. Moody's and Fitch assigned 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			
	Normalized 9M20	9M20	FY19	Growth (ppt)
Net Debt to Equity	27.7	37.3	28.4	8.9
Debt to Equity	42.8	52.4	44.4	8.0
Debt to EBITDA (times)	0.7	0.9	0.8	0.1
Debt Service Ratio (times)	3.2	2.7	2.9	(0.2)

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 Equity is Total Debt to Total Equity
- Debt to EBITDA represented by Total Debt to Annualized EBITDA
- Debt Service Ratio is calculated as Annualized EBITDA divided by the sum of Annualized Finance Cost and Short-term Debt

Financial Ratios

Ratios (%)	YoY			
	Normalized 9M20	9M20	9M19	Growth (ppt)
EBIT Margin	33.1	33.0	32.6	0.4
EBITDA Margin	50.7	53.6	48.7	4.9
Net Income Margin	17.2	16.7	16.0	0.7
Current Ratio	72.5	64.1	83.8	(19.7)
Total Liabilities to Equity	86.3	97.8	84.6	13.2
Return on Assets	14.3	13.1	14.4	(1.3)
Return on Equity	26.7	26.0	26.6	(0.6)
Return on Invested Capital	18.7	17.0	18.5	(1.5)

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 nine months of 2020, Telkom spent Rp17.9 trillion in capital expenditure (capex) to strengthen network and other supporting infrastructures as well as to enhance capacity to provide better customer experience. In fixed line businesses, capex was primarily used to develop fiber-based access and backbone infrastructures, and small portion for other projects such as towers and Data Center. Meanwhile in mobile services, capex was absorbed to further improve 4G network quality and capacity, as well as IT system enhancement to support digital services.

RESULTS BY SEGMENT

Mobile Segment

Telkomsel Financial Result

The COVID-19 outbreak since early 2020 continued to have uncertainty impact with economic slowdown as contractions hit in the second quarter onward, weaker purchasing power and additional income constraints that will dampen consumer spending. While the telecommunication industry relatively resilient to a downturn, but it is not immune which Telkomsel faced accelerated shift towards Data services from Legacy business and continuing intense competitive landscape. Aside from balancing the relevance and profitability in the current circumstances, Telkomsel continues to support community by providing affordable optimum service to the customers as company's response in the COVID-19 crisis including support for Government's program of data subsidy package for students and teachers across the country.

In parallel with continuous journey of transformation in Digital Business as engine of growth along with cost leadership initiatives to effectively manage operational expenses, Telkomsel booked performance in 9M20:

- Revenues, EBITDA & Net Income at Rp65.1 trillion, Rp38.5 trillion & Rp18.0 trillion, respectively to maintain healthy profitability with EBITDA & Net Income Margin at 59.1% & 27.7%.
- Digital Business posted a growth of 10.6% YoY, driven by Data & Digital Services performances, accounted for 73.2% of total revenues, increased from 63.1% a year ago.
- Revenue from Data grew by 10.8% YoY, driven by 117.3 million Data users (+4.6% YoY) & 3G/4G capable device at 132.2 million (+13.2% YoY & 77.7% penetration) as well as healthy growth in Data payload (+39.6% YoY to 6,681,637 TB) with data user consumption at 7,260 MB per Data user (+42.5% YoY) and an increase in Data ARPU. Digital Services also grew by 9.3% YoY and has been the key driver of Telkomsel's transformation to become a Digital Telco Company.
- Managed to have 170.1 million subscribers and saw positive trends of user engagement with increasing Data user, payload per Data user and digital ARPU.
- In line with philosophy to always lead in network supply including in the region outside Java to strengthen network leadership & growing Digital Business, 20,356 new BTS were deployed during 9M20 with all of BTS were 4G-based. In 9M20, Telkomsel's BTS on-air totaled 228,441 units (+8.8% YoY), 78.0% of which were 3G/4G BTS.

Telkomsel will continue to capitalize on the growth in Data and Digital Service to realize its future as a leading Digital Telco company. Telkomsel is committed to deliver the best Data connectivity and to build Indonesia's digital ecosystem which not only developing its own Digital Services but also leveraging all relevant telco assets owned to become a Digital Service enabler.

Legacy Business: Voice and SMS

Along with natural transition phase of Legacy toward Data & impact of OTT services cannibalization, Telkomsel's Legacy business was slowing down with Voice revenue decreased by 27.5% YoY to Rp14,805 billion with declining Voice traffic by 15.6% YoY and SMS revenue declined by 47.4% YoY to Rp1,674 billion with declining SMS traffic by 27.8% YoY. Initiatives in personalized marketing approach to offer better value package and attractive Combo (Voice & Data) package were exercised in order to manage the downtrend of Legacy business.

Digital Business

Digital Business remained the engine of growth as Telkomsel transforms into a leading Digital Telco company supported by a focus on maintaining dominance in network supply. This segment recorded strong performance with 10.6% YoY growth to Rp47,659 billion and increased its contribution to total revenue to 73.2% from 63.1% 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 10.8% YoY to Rp41,450 billion, driven by 117.3 million Data users (+4.6% YoY) & 3G/4G capable device at 132.2 million (+13.2% YoY & 77.7% penetration) as well as healthy growth in Data payload (+39.6% YoY to 6,681,637 TB) with data user consumption at 7,260 MB per Data user (+42.5% YoY) and an increase in Data ARPU. Digital Services also grew by 9.3% YoY to Rp6,209 billion and has been the key driver of Telkomsel's transformation to become a Digital Telco Company.

The following table summarizes Telkomsel's financial results for the period ended 30 September 2020:

Statement of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	9M20	9M19	Growth (%)	3Q20	2Q20	Growth (%)
Revenues	65,134	68,308	(4.6)	21,126	21,585	(2.1)
Legacy	17,475	25,208	(30.7)	5,335	5,546	(3.8)
Digital Business	47,659	43,100	10.6	15,791	16,039	(1.5)
Expenses incl. Depreciation and Others	40,993	42,195	(2.8)	13,811	14,049	(1.7)
EBITDA	38,488	36,761	4.7	12,078	12,591	(4.1)
EBITDA Margin (%)	59.1	53.8	5.3ppt	57.2	58.3	(1.2)ppt
Net Income	18,016	19,221	(6.3)	5,307	5,654	(6.1)
Net Income Margin (%)	27.7	28.1	(0.5)ppt	25.1	26.2	(1.1)ppt
Proportion of Digital Business (%)	73.2	63.1	10.1ppt	74.7	74.3	0.4ppt

Postpaid revenue increased by 5.8% YoY to Rp6,463 billion mainly driven by the increase in postpaid customer base which grew by 2.4% YoY to 6.3 million subscribers, while Prepaid revenue decreased by 5.1% YoY to Rp55,292 billion reflecting on-going transition of Legacy toward Data services with continuing competitive environment and decreasing affordability as an impact of pandemics. Interconnection and International Roaming revenues decreased by 23.9% YoY to Rp2,110 billion mainly due to declining Voice and SMS traffic from other local operators as an impact of substitute services from OTT applications.

Operating Expenses

As of September 2020, total expenses including depreciation and amortization decreased by 2.8% YoY to Rp40,993 billion in line with cost leadership initiatives to continue manage the cost especially in Operational & Maintenance (efficient network design & technology), Marketing (effective distribution cost & shifting from traditional to modern channel) and General Administration (continuing digital collaboration). In addition, the decline of total expenses also contributed from lower cost of tower & space rental in Operation & Maintenance combined with lower rent in General Administration as impacted by local standard result of PSAK 73 implementation (adoption of IFRS 16).

Statements of Financial Position

Statements of Financial Position (Rp Bn)	Sep-20	Dec-19	Growth (%)
Current Assets	14,107	18,657	(24.4)
Non-Current Assets	82,794	64,073	29.2
Total Assets	96,900	82,730	17.1
Current Liabilities	29,694	20,892	42.1
Non-Current Liabilities	22,110	12,629	75.1
Equity	45,096	49,209	(8.4)
Total Liabilities and Stockholders' Equity	96,900	82,730	17.1

As of 30 September 2020, Total Assets increased 17.1% to Rp96,900 billion, Total Liabilities increased 54.5% to Rp51,804 billion and Total Equity decreased 8.4% to Rp45,096 billion.

- Current Assets decreased 24.4% to Rp14,107 billion, mainly due to decrease in current prepaid expenses.
- Non-current Assets increased 29.2% to Rp82,794 billion, mainly due to increase in Fixed Assets as well as impact from local standard result of PSAK 73 implementation (adoption of IFRS 16).
- Current Liabilities increased 42.1% to Rp29,694 billion, mainly due to increase in current maturities of obligation under lease and impact from local standard result of PSAK 73 implementation (adoption of IFRS 16).
- Non-current Liabilities increased 75.1% to Rp22,110 billion, mainly due to increase in obligation under lease as well as impact from local standard result of PSAK 73 implementation (adoption of IFRS 16).
- Total Equity decreased by 8.4% to Rp45,096 billion, mainly due to decrease in retained earnings as the company distributed dividend in the current period.

Cash Flow

- Net cash generated from operations in September 2020 increased 11.5% YoY to Rp35,228 billion mainly impacted from local standard result of PSAK 73 implementation (adoption of IFRS 16).
- Cash flow used in investment activities decreased 21.4% YoY to Rp7,691 billion as our initiatives in new adjustment made to anticipate and re-prioritizing Capex due to COVID-19 outbreak.
- Net cash used in financing activities (exclude Dividend) increased to Rp7,767 billion contributed by the local standard result of PSAK 73 implementation (adoption of IFRS 16).

Statements of Cash Flows

In Rp. Billion	9M20	9M19	Growth (%)
Cash Flow from Operating Activities	35,228	31,598	11.5
Cash Flow for Investing Activities	(7,691)	(9,791)	(21.4)
Cash Flow (for)/from Financing Activities	(7,767)	2,223	(449.4)
Dividend Payment	(21,301)	(23,410)	(9.0)
Net (Decrease)/Increase in Cash & Cash Equivalents	(1,532)	621	(346.8)
Cash and Cash Equivalents at Beginning of Periods	8,583	6,497	32.1
Cash and Cash Equivalents at End of Periods	7,051	7,117	(0.9)

Debt Profile

As of 30 September 2020, Telkomsel's total outstanding loans amounted to Rp3,075 billion from revolving credit facilities that expires in 2021 and 2023. As of 30 September 2020, Telkomsel Debt to Equity Ratio (DER) was 55.8%.

Description	9M20	FY19	Growth (ppt)
Net Debt to Equity (%)	40.2	1.1	39.1
Debt to Equity (%)	55.8	18.5	37.3
Net Debt to EBITDA (times)	0.36	0.01	N/A
Debt to EBITDA (times)	0.46	0.21	113.0%

Notes: ratio calculation in Sep-20 using figures post-implementation of local standard result of PSAK 73 implementation (adoption of IFRS 16)

Mobile Digital Services

Digital Services has been the key differentiation & driver of Telkomsel's transformation to become a Digital Telco Company. Years of continuous improvements and investments have enabled Telkomsel to accelerate the growth of Digital Services, in line with its mission to meet customers' shifting preferences to digital and build a digital Indonesia with continuous Digital Services scale up & innovations with products and services in this segment included Digital Lifestyle, Digital Advertising, Digital Mobile Banking, Digital Enterprise Solution and Internet of Things (IoT) business.

Telkomsel will continue to capitalize on the growth in Data and Digital Service to realize its future as a leading Digital Telco company. Telkomsel is committed to deliver the best Data connectivity and to build Indonesia's digital ecosystem which not only developing its own Digital Services but also leveraging all relevant telco assets owned to become a Digital Service enabler.

Customer Base

As of September 2020, Telkomsel managed to have 170.1 million subscribers and saw positive trends of user engagement with increasing Data user, payload per Data user and digital ARPU that align with corporate strategy in Data.

Network Deployment

Above all, we continued to accelerate our network development to support our focus on Digital Business with aggressive 4G BTS deployment as Data traffic jumped 39.6% YoY. As we have covered most of the population by 4G LTE network throughout the nation, the deployment will also prioritizing quality and capacity as well as level of demand in Broadband cities. We have deployed 100,190 4G BTS until 9M20. The network rolls out brought total BTS on air to 228,441 units at the end of September 2020, or increased by 8.8% YoY, of which 178,118 units were 3G/4G BTS (+11.6% YoY).

IT Development

We continue to enhance and strengthen our IT platform in order to improve our customer analytics' capability to be able to digitalize and provide more personalized products to our customers. Moreover, we also elevate and expand our digital capabilities for the distinctive digital experience of customer.

The following table shows Telkomsel's key operational performance as of 30 September 2020:

	YoY			QoQ		
	9M20	9M19	Growth (%)	3Q20	2Q20	Growth (%)
Customer Base (000)	170,117	170,928	(0.5)	170,117	160,072	6.3
ARPU (000)	45	46	(3.3)	44	45	(3.5)
BTS on Air (units)	228,441	209,910	8.8	228,441	228,066	0.2
Total Employees (*including subs & associated co)	5,382	5,439	(1.0)	5,382	5,376	0.1
MoU (in billion minutes)	114.7	135.8	(15.6)	38.0	36.9	2.9
SMS (in billion units)	30.9	42.9	(27.8)	11.3	9.1	23.8
Data Payload (TB)	6,681,637	4,785,500	39.6	2,426,387	2,258,408	7.4

Fixed Line Services

Fixed Broadband IndiHome

IndiHome recorded Rp16.1 trillion of revenue or grew by 17.1% YoY. Total subscribers of IndiHome reached 7.76 million by the end of September 2020 or jumped 19.1% YoY. We added around 752 thousand new customers during 9M20, which was relatively in line with our new full year target as we expect our total IndiHome subscribers to be close to 8 million by the end of 2020. Supported by higher economic of scale and better operating leverage, IndiHome EBITDA margin was relatively stable.

IndiHome ARPU in 3Q20 improved to Rp253 thousand compared to Rp241 thousand in the previous quarter as we pushed new customers and existing customers to subscribe on higher speed package. Dual Play Package subscribers was 57% of total subscribers while the remaining 43% were in Triple Play.

In an effort to increase ARPU, we encourage new customers to subscribe on Triple Play and persuade existing customers to upgrade to Triple Play, higher speed or to purchase various add-ons such as mini packs, wifi.id seamless and additional hybrid box. Revenue from add-ons grew by 38.2% YoY and contributed around 15.7% of IndiHome revenue in this period.

IndiHome revenue contribution to TelkomGroup increased to 16% in 9M20 from 13% in the same period last year.

Enterprise Business

In the nine months of 2020, Enterprise segment posted Rp11.5 trillion in revenue. In 9M20, this segment revenue declined by 23% YoY, improved from 35% decline in 1H20. This improvement reflects successful new strategy to reduce low margin businesses and prioritizing business lines with higher profitability along with various efforts to get better quality revenues, Enterprise segment continued to focus on improving the fundamentals.

Lower revenues of device-related businesses, Enterprise fixed voice and also partly due to the cyclical characteristics of project based businesses, resulted in lower revenue in Enterprise segment during this period. However, revenue from Data Center & Cloud, Application Service and Fixed Broadband Enterprise increased healthily. One of the areas that becomes our focus is Data Center as the demand is growing in line with the rising trend of digital business players.

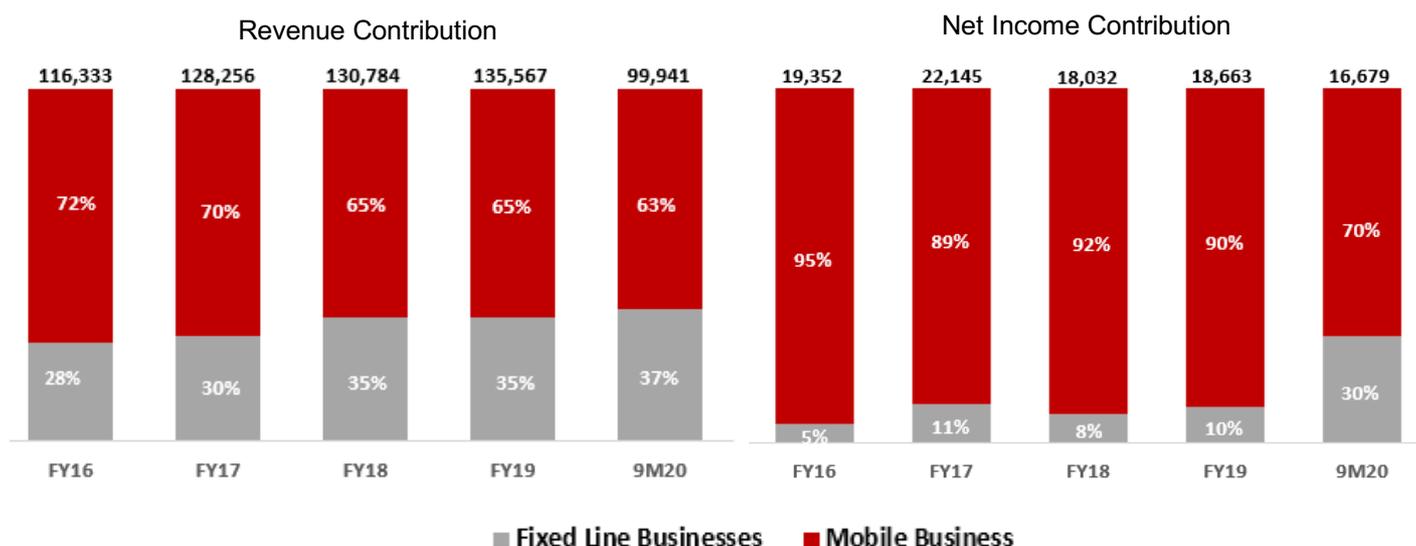
We serve three customer segments under our Enterprise business, which are corporate clients, government, and small and medium-sized business (SMB) which contributed around 56%, 23%, and 21% of Enterprise segment revenue, respectively, in 9M20.

Wholesale and International Business (WIB)

WIB revenue increased to Rp10.2 trillion or grew by 24.9% YoY. The improving tower business, Data Center, international wholesale voice, and SMS A2P are the major contribution to the growth in this segment.

We are in the progress of consolidating our tower assets within the group, as we plan to unlock its value to obtain better valuation and to sharpen our business portfolio in an effort to create value. The first step of consolidation was done i.e. to transfer some parts of Telkomsel’s towers to Mitratel. We are of the view that tower business still have opportunity to grow supported by 5G technology in the future.

In the last five years, contribution from fixed line businesses to Group revenue and net income continued to grow as shown in the charts below.



Recent Activities

■ TelkomGroup Responses to COVID-19

Continuing initiatives in the midst of COVID-19 pandemic that had been applied from the early 2020, Telkom has conducted several tactical actions in order to support employees & community:

- a. Workforce policy, to activate BCP – Business Continuity Plan with company protocol to handle COVID-19 cases, WFH policy and engage employee for sharing & donation
- b. Network & IT readiness, to ensure network & IT quality, mitigate changes in traffic behavior & deployment strategy
- c. CSR & supporting Government’s program, to provide personal protective equipment, ventilators, initiate donation programs and provide data package for student to expand our position in youth segment.

- d. Utilization of big data, to perform tracking, tracing and fencing process in order to prevent and manage COVID-19 in cooperation with Ministry of Communication and Information Technology Indonesia and Ministry of State Owned Enterprises Indonesia to build PeduliLindungi Apps.
- e. Support government program in order to manage COVID-19 by utilizing technology such as dashboard, SMS blast for COVID-19 information, national contact center, etc.
- f. Encourage national economic recovery program by contributing to create "Pasar Digital UMKM Indonesia (PaDi UMKM)", a digital platform that drives Small and Medium Enterprise (SME) transaction.
- g. Campaign support in order to prevent COVID-19 and increase public awareness through communication campaigns & CSR Programs.

Moreover, these initiatives had been applied from the early of 2020, putting aside any seasonality adjustment and focus on providing a better value product with high quality network to ensure affordability for all.

■ **CSPA Towers between Telkomsel and Mitratel**

On 14 October 2020, Telkomsel has entered into a Conditional Sales and Purchase Agreement (CSPA) for the sale of 6,050 telecommunication towers to PT Dayamitra Telekomunikasi (Mitratel) for Rp10.3 trillion. The transaction will allow Telkomsel to optimize its capital structure as Telkomsel focuses on its core business of creating a digital ecosystem and providing digital connectivity services to customers, and at the same time strengthen Mitratel's fundamental.

Product and Marketing Activities

Fixed Line and Enterprise

■ **IndiHome Learning from Home Package**

As a form of support for students in learning activities from home, IndiHome presents a Learning From Home (LFH) Package with bonus access to the IndiHome Study application, a 1-month free subscription with a very special price for student. In 2Q20, IndiHome LFH also started to collaborate with various universities in Indonesia.

■ **IndiHome Semangat Kemerdekaan Package**

In celebrating Indonesia's Independence Day, Telkom launched the IndiHome Semangat Kemerdekaan (Spirit of Independence) package with a special 17% discount for the 8 favorite Minipack TV Channels. Customers can choose between Movies content (Fox Action Movies, Disney Channel and Disney Junior), Sport (UseeSport, Disney Channel and Disney Junior), Music (IndiHome Music, i-concert, IndiHome Study), and digital service (wifi.id, cloud storage, IndiHome Music, IndiHome Study) according to their interests and customer requirements. Other benefit, customers also get free access to the UseeTV Go application.

ADDITIONAL INFORMATION

Awards and Recognition

As a reflection of our business excellence, innovative products and services, reliable network infrastructure, widest coverage areas, excellent customer service, strategy execution and strong management operation, we received awards and accolades for various categories from leading institutions at both national and international level. The awards and accolades that we received during 3Q20 are as follows:

- TelkomGroup CEO Ririek Adriansyah received the Bintang Jasa Nararya award which was handed over directly by the President of the Republic of Indonesia, Joko Widodo.
- International Finance Award 2020 for Telkomsel as Most Innovative Telecom Service Provider Indonesia 2020 from International Finance Magazine.
- PR Awards 2020 for Telkomsel in Best Insight-Driven category and finalist in Best Employee Engagement, Best PR by In House Communications Team & Best Use of Content categories from Marketing Interactive.
- Selular Award 2020 in Best Digital Service (CloudX), Most Innovative Data Package (by.U), Best Contact Center (Telkomsel) & Best Social Contribution (Telkomsel) from Selular Magazine.
- PR Indonesia Awards 2020 for Telkomsel as Most Popular Leader in Social Media 2020 from PR Indonesia.
- GATRA Icon Awards 2020 for Telkomsel with Best "Inovasi Peningkatan UMKM Melalui Basis Digital" from GATRA Magazine.

Table 1
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of September 30, 2020 (unaudited) and December 31, 2019 (audited)
(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	Sep 30, 2020	Dec 31, 2019	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	17,420	18,242	(4.5)
Other current financial assets	383	554	(30.9)
Trade Receivables - net of provision for impairment of receivables			
Related parties	1,151	1,792	(35.8)
Third parties	11,570	10,005	15.6
Contract asset	822	-	100.0
Other receivables - net of provision for impairment of receivables	237	292	(18.8)
Inventories – net of provision for obsolescence	1,026	585	75.4
Assets held for sale	39	39	0.0
Contract cost	441	-	100.0
Prepaid taxes	3,224	2,569	25.5
Claim for tax refund	804	992	(19.0)
Other current assets	3,560	6,652	(46.5)
Total Current Assets	40,677	41,722	(2.5)
NON-CURRENT ASSETS			
Long-term investments	2,052	1,944	5.6
Property and equipment – net of accumulated depreciation	156,641	156,973	(0.2)
Right-of-use asset	17,760	-	100.0
Intangible assets – net of accumulated amortization	6,702	6,446	4.0
Deferred tax assets – net	2,975	2,898	2.7
Contract asset	295	-	100.0
Contract cost	1,312	-	100.0
Other non-current assets	4,805	11,225	(57.2)
Total Non-current Assets	192,542	179,486	7.3
TOTAL ASSETS	233,219	221,208	5.4
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Payables			
Related parties	818	819	(0.1)
Third parties	13,766	13,078	5.3
Other payables	520	449	15.8
Taxes payable	3,532	3,431	2.9
Accrued expenses	13,684	13,736	(0.4)
Unearned income – current	631	7,352	(91.4)
Contract liabilities	6,801	-	100.0
Advances from customers	2,010	1,289	55.9
Short-term bank loans	9,515	8,705	9.3
Current maturities of long-term borrowings	12,209	9,510	28.4
Total Current Liabilities	63,486	58,369	8.8
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	749	1,230	(39.1)
Unearned Income - noncurrent	-	803	(100.0)
Contract liabilities	1,025	-	100.0
Long service award provisions	1,124	1,066	5.4
Pension benefits and other post-employment benefits obligations	8,522	8,078	5.5
Long-term borrowings - net of current maturities	40,044	33,869	18.2
Other liabilities	380	543	(30.0)
Total Non-current Liabilities	51,844	45,589	13.7
TOTAL LIABILITIES	115,330	103,958	10.9
EQUITY			
Capital stock	4,953	4,953	0.0
Additional paid-in capital	2,711	2,711	0.0
Other equity	541	408	32.6
Retained earnings			
Appropriated	15,337	15,337	0.0
Unappropriated	78,175	76,152	2.7
Net Equity Attributable to:			
Owners of the Parent Company	101,717	99,561	2.2
Non-Controlling Interests	16,172	17,689	(8.6)
TOTAL EQUITY	117,889	117,250	0.5
TOTAL LIABILITIES AND EQUITY	233,219	221,208	5.4

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Nine Months Period Ended September 30, 2020 and 2019 (unaudited)
(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	2020	2019	Growth (%)
REVENUES	99,941	102,631	(2.6)
Operation, maintenance and telecommunication service expenses	(25,098)	(31,056)	(19.2)
Depreciation and amortization expenses	(21,038)	(17,259)	21.9
Personnel expenses	(10,406)	(9,744)	6.8
Interconnection expenses	(4,261)	(3,920)	8.7
General and administrative expenses	(4,234)	(4,932)	(14.2)
Marketing expenses	(2,356)	(2,949)	(20.1)
Gain (Loss) on foreign exchange – net	(2)	(58)	(96.6)
Other income - net	465	741	(37.2)
OPERATING PROFIT	33,011	33,454	(1.3)
Finance income	644	882	(27.0)
Finance costs	(3,457)	(3,219)	7.4
Share of loss of associated companies – net	(136)	(3)	4433.3
Impairment of long term investment in associated companies	(308)	-	100.0
PROFIT BEFORE INCOME TAX	29,754	31,114	(4.4)
INCOME TAX (EXPENSE) BENEFIT			
Current	(7,378)	(8,196)	(10.0)
Deferred	575	282	103.9
	(6,803)	(7,914)	(14.0)
PROFIT FOR THE YEAR	22,951	23,200	(1.1)
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	181	(61)	(396.7)
Change in fair value of available-for-sale financial assets	-	4	(100.0)
Share of other comprehensive income of associated companies	-	39	(100.0)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial gain (loss) – net	-	-	(100.0)
Other comprehensive income – net	181	(18)	1105.6
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	23,132	23,182	(0.2)
Profit for the year attributable to:			
Owners of the parent company	16,679	16,459	1.3
Non-controlling interests	6,272	6,741	(7.0)
	22,951	23,200	(1.1)
Total comprehensive income for the year attributable to:			
Owners of the parent company	16,860	16,441	2.5
Non-controlling interests	6,272	6,741	(7.0)
	23,132	23,182	(0.2)
BASIC EARNING PER SHARE (in full amount)			
Net Income per share	168.37	166.15	1.3
Net Income per ADS (100 Series B shares per ADS)	16,836.89	166,614.81	1.3

Table 3
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2019 (AUDITED)
 (Figures are presented in billions of Rupiah)

	SEP 2020	DEC 2019	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	7,051	8,583	(17.8)
Accounts receivables	1,134	1,631	(30.5)
Unbilled Revenue	2,913	2,296	26.9
Prepayments – current portion	1,982	5,138	(61.4)
Others	1,026	1,010	1.6
Total Current Assets	14,107	18,657	(24.4)
NON-CURRENT ASSETS			
Long-term investment	264	345	(23.5)
Fixed assets - net	75,506	55,229	36.7
Intangible assets – net	5,374	5,120	4.9
Prepayments – non-current portion	1,563	3,267	(52.2)
Others	87	111	(22.0)
Total Non-current Assets	82,794	64,073	29.2
TOTAL ASSETS	96,900	82,730	17.1
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & accrued liabilities	15,572	12,961	20.2
Taxes payable	1,419	1,366	3.9
Unearned revenue	5,404	5,697	(5.1)
Current maturities of obligation under leases	7,300	869	739.9
Total Current Liabilities	29,694	20,892	42.1
NON-CURRENT LIABILITIES			
Medium-term loans	3,075	6,000	(48.8)
Obligations under lease	14,806	2,236	562.1
Deferred tax liabilities	573	1,208	(52.6)
Others	3,656	3,184	14.8
Total Non-current Liabilities	22,110	12,629	75.1
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	1,531	1,531	0.0
Retained earnings	43,382	47,495	(8.7)
Total Equity	45,096	49,209	(8.4)
TOTAL LIABILITIES AND EQUITY	96,900	82,730	17.1

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2020 AND 2019 (UNAUDITED)
 (Figures in tables are presented in billions of Rupiah)

	<u>SEP 2020</u>	<u>SEP 2019</u>	<u>Growth (%)</u>
REVENUES			
Postpaid	6,463	6,110	5.8
Prepaid	55,292	58,264	(5.1)
Interconnection & international roaming	2,110	2,772	(23.9)
Others	1,270	1,162	9.3
Total Revenues	65,134	68,308	(4.6)
EXPENSES			
Operation & maintenance	15,563	19,236	(19.1)
Personnel	3,990	3,607	10.6
Marketing	1,623	2,026	(19.9)
General & Administration	1,108	1,425	(22.3)
Cost of services	2,967	3,414	(13.1)
Interconnection & international roaming	1,396	1,838	(24.1)
Depreciation & amortization	14,463	10,680	35.4
Others – net	(116)	(32)	N/A
Total Expenses	40,993	42,195	(2.8)
Finance charges – net	(1,130)	(260)	N/A
INCOME BEFORE TAX	23,012	25,852	(11.0)
INCOME TAX EXPENSE	(4,995)	(6,631)	(24.7)
NET INCOME	18,016	19,221	(6.3)
EBITDA	38,488	36,761	4.7
EBITDA Margin- over revenues	59.1	53.8	5.3ppt
ROA	27.2	31.6	(4.3)ppt
ROE	53.7	58.8	(5.1)ppt