

# Corporate Presentation **1H18 Results**

PT Telkom Indonesia (Persero) Tbk

July 2018



# Disclaimer

This document may contain forward-looking statements within the meaning of safe-harbor. Actual results could differ materially from projections, estimations or expectations. These may involve risks and uncertainties, and may cause actual results and development to differ substantially from those expressed or implied in the statements. The company does not guarantee that any action, which may have been taken in reliance of this document will bring specific results as expected.

**TELKOM in Brief**

**1H18 Financial & Operational Results**

**Company Guidance 2018**



# Board of Directors

Telkom Group



**CEO TELKOM GROUP**  
ALEX J. SINAGA



**Director**  
HARRY M. ZEN



**Director**  
HERDY R.  
HARMAN



**Director**  
ABDUS SOMAD  
ARIEF



**Director**  
DIAN  
RACHMAWAN



**Director**  
SITI  
CHOIRIANA



**Director**  
ZULHELFI  
ABIDIN



**Director**  
DAVID  
BANGUN

Telkomsel



**CEO Telkomsel**  
RIRIEK  
ADRIANSYAH



**Director**  
HERI  
SUPRIADI



**Director**  
EDWARD YING  
SIEW HENG



**Director**  
ALISTAIR D  
JOHNSTON



**Director**  
SUKARDI  
SILALAH



**Director**  
MONTGOMERY  
HONG



**Director**  
BOB  
APRIAWAN



**Director**  
IRFAN TACHRIR



# Share Ownership

Government **52.1%**

Public **47.9%**

## Total Shares

**99,062,216,600** shares

## Market Capitalization

**Rp387.3 Tn (USD27.4 Bn)\***

Telkom's AGMS for the fiscal year of 2017 decided to withdraw the remaining 1,737,779,800 treasury shares by reduction of the Company's issued and paid up capital.

On July 2, 2018, the Company's amended Articles of Association has obtained the approval from the Ministry of Law and Human Rights of the Republic of Indonesia.

Telkom Indonesia is listed at  
Indonesia Stock Exchange (*Bloomberg: TLKM IJ*)  
and New York Stock Exchange (*TLK US*)



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# 1H18 Performance Highlights

**Telkom Indonesia** recorded **0.5% growth YoY in revenue** in the middle of tight competition in telco industry.

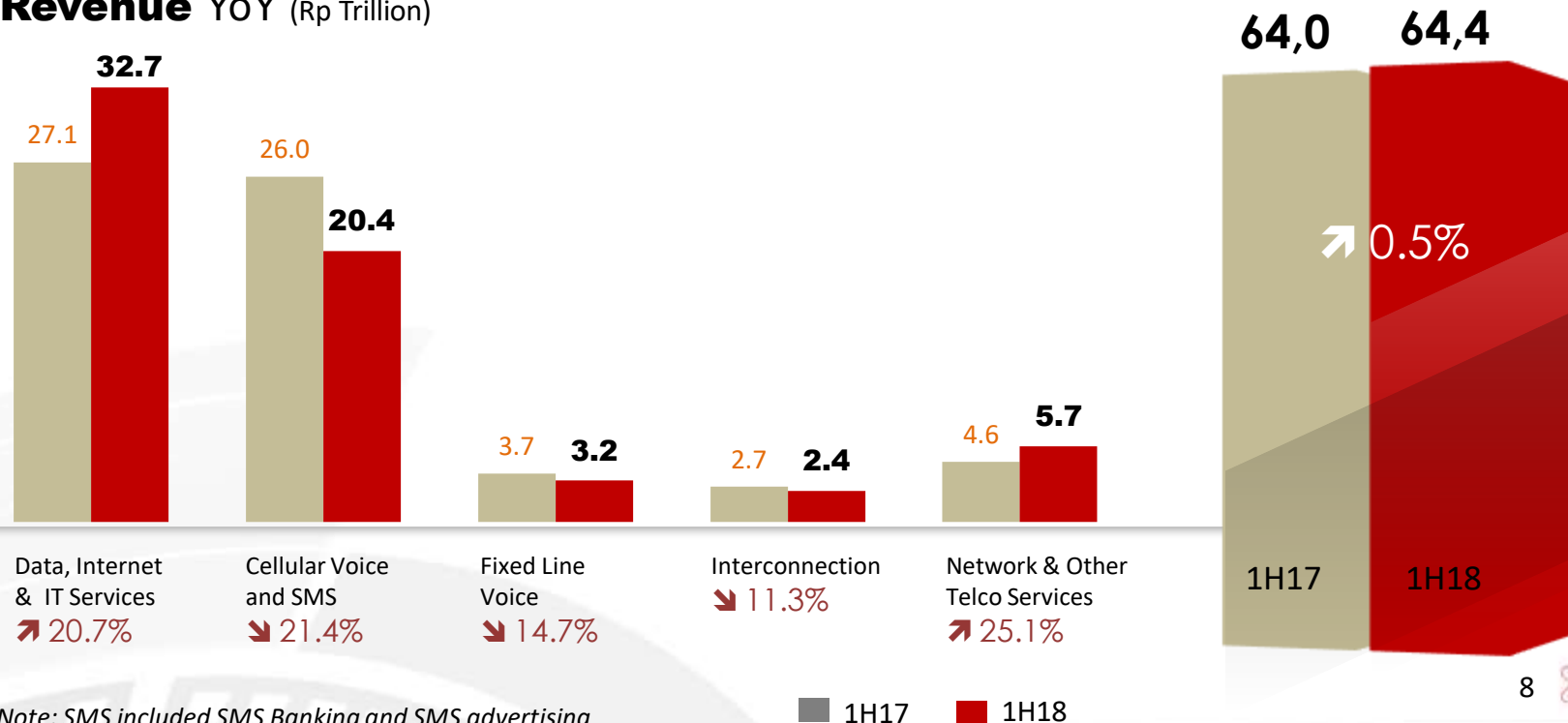
**Data, Internet & IT Services** segment remained the growth driver and largest revenue contributor, increasing by **20.7% YoY** and representing **50.9% of total revenue**.

Consolidated **EBITDA** was **Rp28.3 trillion** and **Net Income Rp8.7 trillion**.

**Telkomsel** remained focus on growing its digital business and providing excellent customer experience, installing **14,978 new BTSs** during 1H18, all of which were 4G BTS.

# Data, Internet & IT Services as the Growth Driver

## Revenue YOY (Rp Trillion)

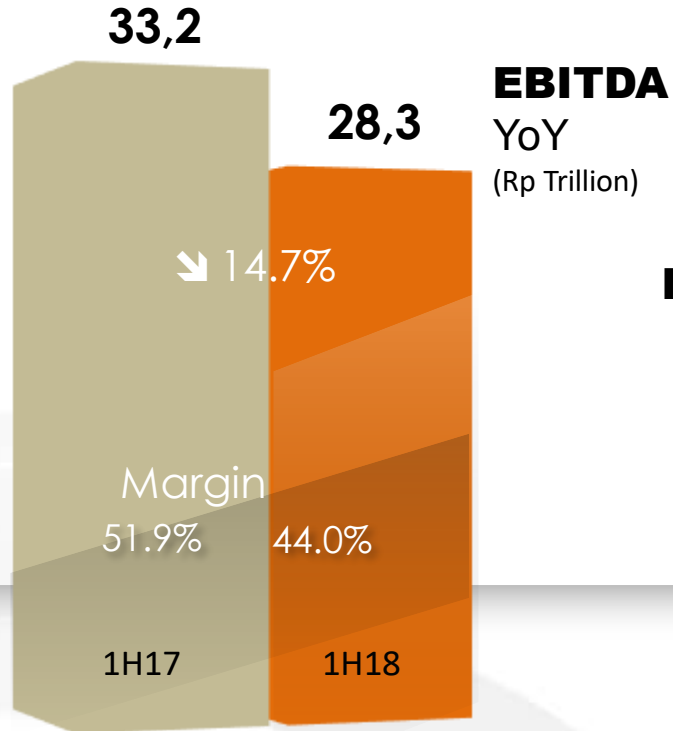


Note: SMS included SMS Banking and SMS advertising



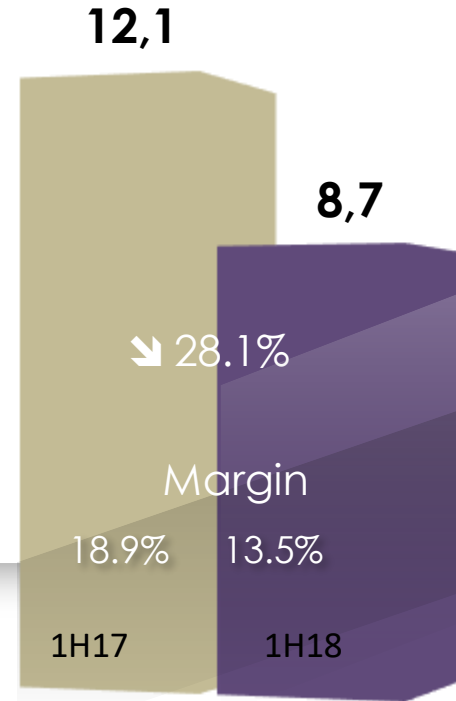


# EBITDA and Net Income



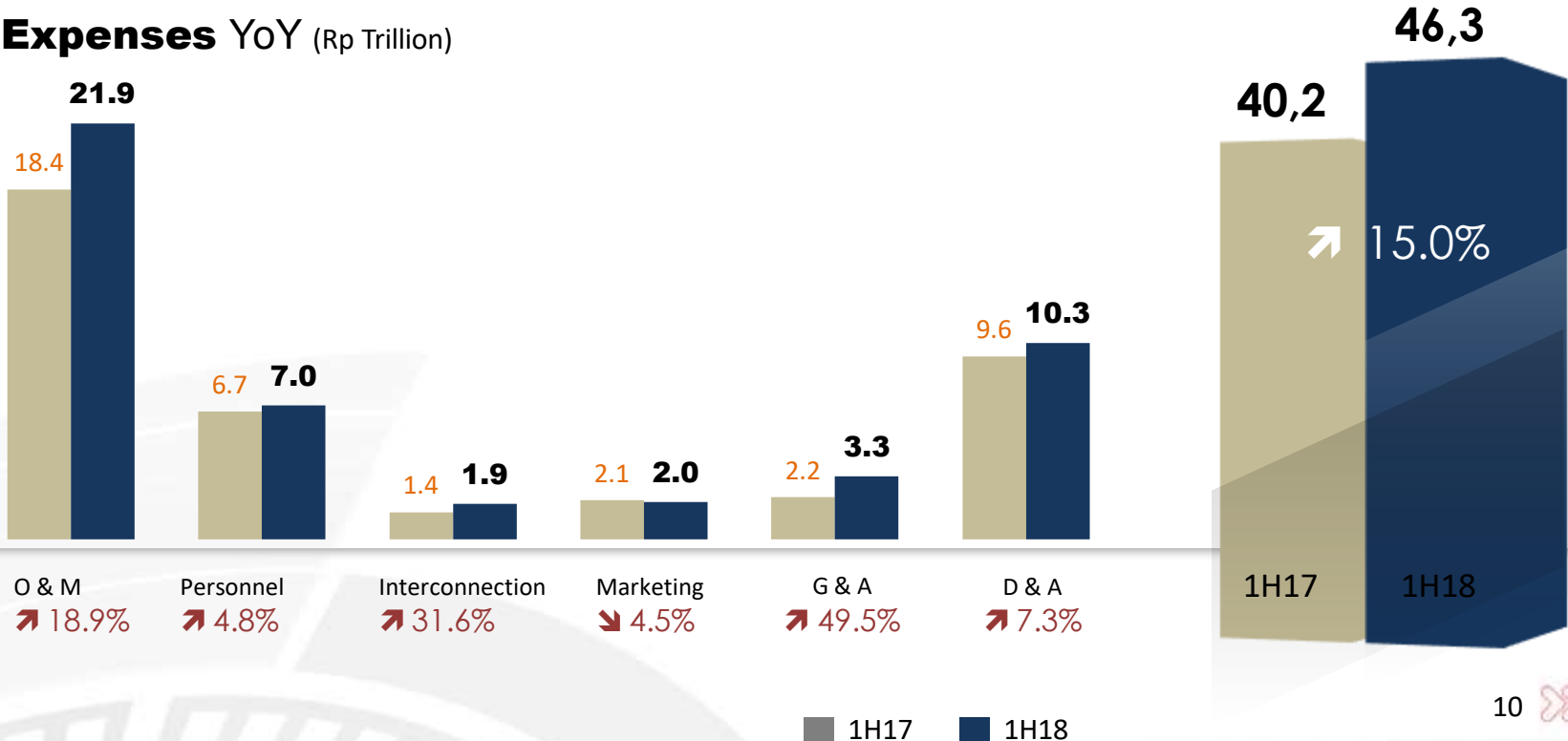
## Net Income

YoY  
(Rp Trillion)



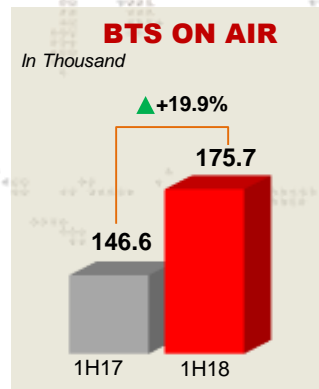
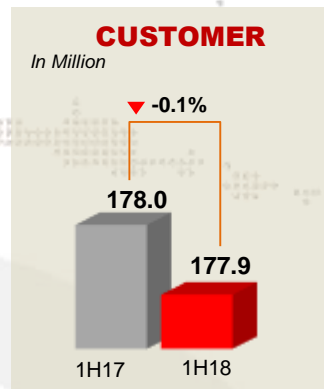
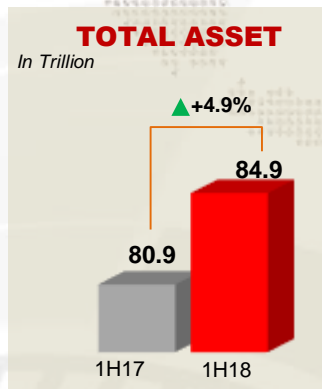
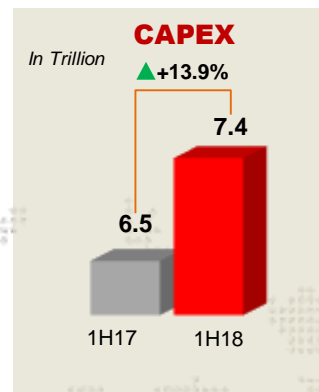
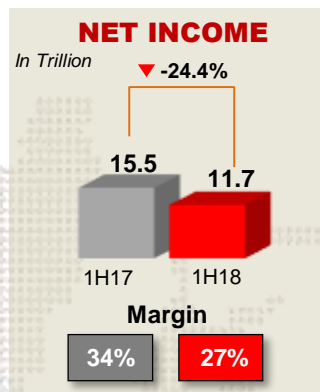
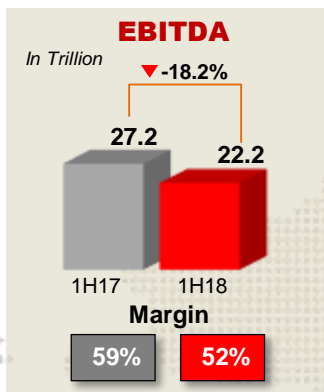
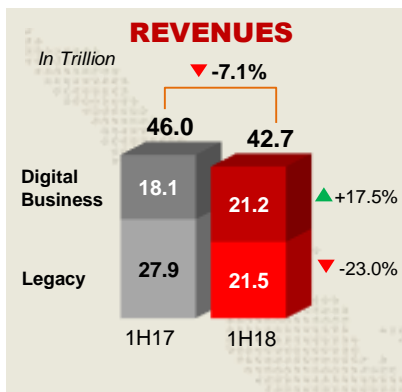
# Expenses Grew Inline with Infrastructure Development

## Expenses YOY (Rp Trillion)



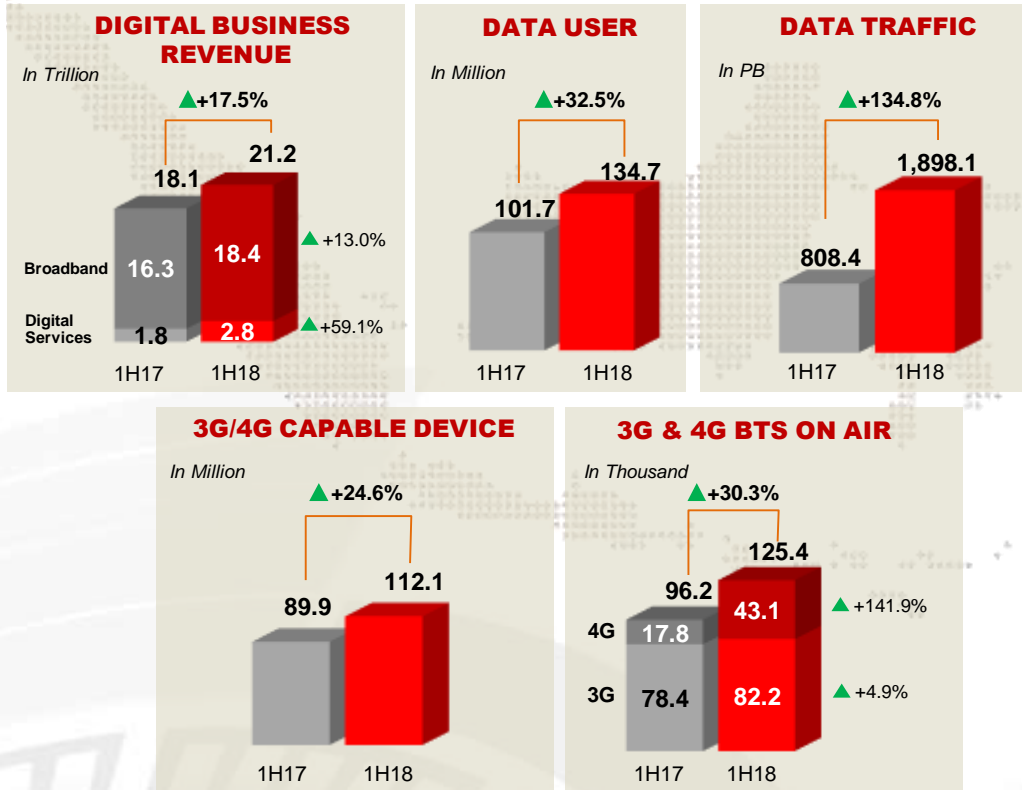
# Telkomsel Performance

## YEAR ON YEAR



# Telkomsel Performance

## YEAR ON YEAR



## DIGITAL BUSINESS



# Excellent Operational Results

## Telkomsel Operational



- 3G/4G-capable device users: 112.1 Mn (+24.6% YoY). 57.6Mn has enjoyed 4G
- Mobile data payload jumped 134.8% YoY to 1,944 PB
- Added 14,978 new BTSs (all were 4G). Total BTS 175.7K (125.4K 3G/4G)
- 4G LTE Service: 490 municipal cities across Indonesia, 43K BTS
- Telkomsel has started to raise data price nationwide by around 4-11% (four to eleven percent) in early July.

## TELKOM Operational

- Consumer segment revenue grew 20.8% to Rp6.4Tn. IndiHome revenue grew 46.8% YoY to Rp5.3Tn
- Improved IndiHome margin to around 25% inline with the bigger economic of scale, improvement in sales and technician productivity, product diversification, as well as better network quality and IT system
- IndiHome subs added by 1.1 Mn during 1H18, reaching 4.1 Mn, an increase of 105.3% YoY

# Enterprise Business

Trend for Indonesian corporations to focus on their core businesses and outsource their ICT solution needs to reliable third-party providers

## TELKOM

Enterprise Business

12.3 trillion  
Revenues (Rp)  19.5%

### Corporate

#### Demand

- smart enablers
- data center and cloud
- platforms and application
- business process outsourcing

1,453

corporate clients

62%  
to rev.

### Government

Indonesia government IT-related spending is around Rp15 trillion annually,

994

institutions

24%  
to rev.

### SME

3.7 million identified SMEs in our database and very low ICT adoption rate among Indonesia SMEs

300,416

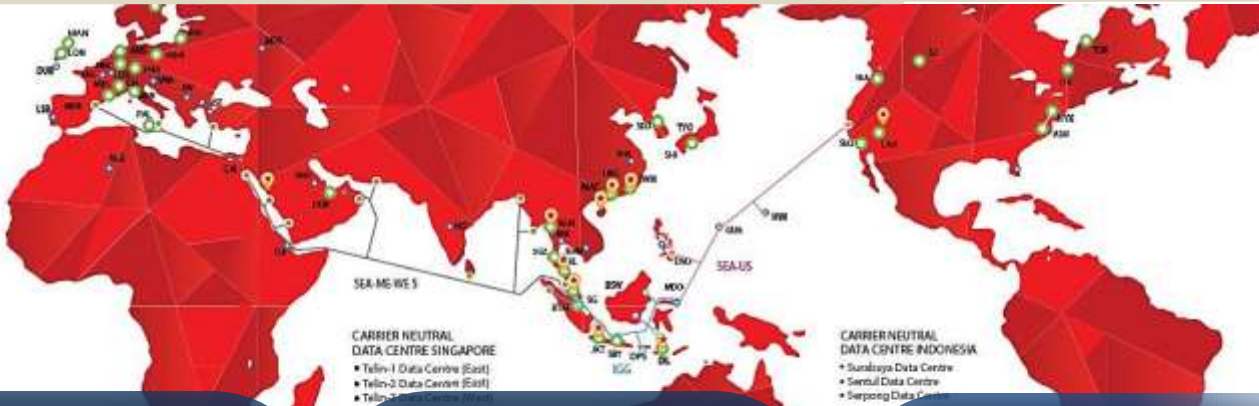
SME Clients

14%  
to rev.

# Wholesale & International Business

Domestic and international traffic carrier, wholesale connectivity, towers, satellite, as well as telecommunication and infrastructure managed services

4.3 trillion  
Revenues (Rp) **↑21.7%**



**SEA-ME-WE-5**  
20,000 km from Dumai, Indonesia - Marseille, France **has started to operate in January 2017**

**IGG**  
Indonesia Global Gateway Connect SEA-ME-WE 5, SEA-US and our domestic network **has reached 96% progress and is expected to commence operation in September 2018**

**SEA-US**  
15,000 km from Manado, Indonesia - California, USA **Commenced operation by August 8, 2017**

### Merah Putih Satellite

- The coverage area of Merah Putih includes Indonesia, South East Asia and South Asia
- Planned to be launched on the 7th of August from Cape Canaveral, Florida



# Cost Leadership

To respond to the slowdown top line growth, we have embarked on cost leadership program in many aspects.

## O & M

- Manageable O&M per BTS at Telkomsel



## Marketing

- Expense went down by **4.5% YoY**
- Due to the new dealership incentive in Telkomsel.



## Personnel

- Modest increase of **4.8% YoY** to Rp7.0 Tn (despite increased compensation).
- Massive retirement and the much smaller number of new recruits that we have been doing since 2015.
- From 2018 until 2022, **natural retirement** in Telkom will reach around 7,200 employees.





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# 2018 Guidance

## Revenue Growth

We expect Telkomsel to grow inline or slightly above cellular industry.

Overall Telkom Group is expected to grow around mid to high single digit supported by healthy growth in fixed-line businesses

## EBITDA & Net Income Margins

Expected to decline in line with revenue shift towards digital business and continued infrastructure development

## CAPEX

Around 25% of revenue with more capex for fixed broadband business

## MAIN PROGRAM

### Delivering Best Customer Experience

Delighting Customer Journey by Delivering Superior Digital Experience

### Expanding Digital Business

Defend and Expand Digital Connectivity and Boosting Digital Services and Solutions

### Intensifying Smart Inorganic

Optimizing Smart Inorganic to Strengthen Digital Capabilities and Enhance Enterprise Value

**Thank You**

**PT Telkom Indonesia (Persero) Tbk**  
**July, 2018**

