

**TICKERS:**

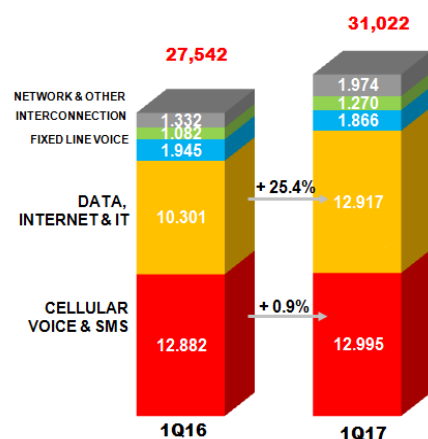
IDX : TLKM  
NYSE : TLK

**SHAREHOLDER COMPOSITION:**

Government of Indonesia : 52.1%  
Public : 47.9%  
Excl. Treasury stock : 1,737,779,800 shares.

**FINANCIAL PERFORMANCE**

Revenue  
(in Rp. Bn)



**TLKM Share Performance YTD 2017**



**Share Price (April 21, 2017):**

Rp4,420 (IDX) & USD32.55 (NYSE)

**Market Capitalization (April 21, 2017):**

Rp445.5 Tn (USD32.8 Bn)

**Average Daily Trading Volume 2017:**

74.9 Mn Shares (IDX) & 365,143 DR (NYSE)

**Average Daily Trading Value 2017:**

Rp299.9 Bn (IDX) & USD10.8 Mn (NYSE)

Source: Bloomberg

## Highlights

- Telkom Indonesia continued its strong momentum by delivering remarkable performance in 1Q17, recorded triple-double-digit growth in Revenue, EBITDA, and Net Income of 12.6%, 14.7%, and 45.8% YoY, respectively.
- Data, Internet & IT Services segment remained the growth driver which increased by 25.4% YoY. The segment contributed 41.6% to total Revenue.
- Telkomsel remained focus on growing digital business, installing 7,060 new BTSs during the year, all of which were 3G/4G BTS.

### Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	1Q17	1Q16	Growth (%)
Revenues	31,022	27,542	12.6
Expenses	18,531	17,970	3.1
Operating Profit	12,491	9,572	30.5
EBITDA	16,809	14,655	14.7
EBITDA Margin (%)	54.2	53.2	1.0
Net Income	6,688	4,587	45.8
Net Income Margin (%)	21.6	16.7	4.9

### Operational Highlights

Subscribers (000)	YoY		
	1Q17	1Q16	Growth (%)
<b>Broadband</b>			
Fixed Broadband	4,399	4,197	4.8
IndiHome	1,778	1,350	31.7
Telkomsel Flash	68,994	43,843	57.4
<b>Cellular</b>			
Postpaid	4,205	3,685	14.1
Prepaid	165,163	149,929	10.2
Total	169,368	153,614	10.3
<b>Fixed Line</b>			
POTS	10,653	10,484	1.6

**Investor Relations**

PT Telkom Indonesia (Persero) Tbk  
Graha Merah Putih, 5th 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 FIRST QUARTER OF 2017 (UNAUDITED)

The following analysis and discussion is based on our Indonesian GAAP financial statements for the first quarter ended March 31, 2017 and 2016. The reports have been submitted to Indonesia Financial Services Authority (OJK).

### Revenues

Key Indicators (Rp.Bn)	YoY		
	1Q17	1Q16	Growth (%)
Cellular Voice and SMS	12,995	12,882	0.9
Data, Internet & IT Service	12,917	10,301	25.4
Fixed Line Voice	1,866	1,945	(4.1)
Interconnection	1,270	1,082	17.4
Network and Other Telco Services	1,974	1,332	48.2
<b>Total</b>	<b>31,022</b>	<b>27,542</b>	<b>12.6</b>

Telkom recorded total revenue of Rp31.0 trillion in 2017, an increase of 12.6% YoY with Data, Internet & IT Services as the growth driver. The details are as follows:

- **Cellular Voice and SMS revenues** increased slightly by 0.9% YoY as we were able to manage pricing strategy and migrate SMS and voice PAYU customers to various attractive packages, that compensate the decline in SMS and voice traffic.
- **Data, Internet & IT Services revenues** increased significantly by 25.4% YoY primarily attributable to strong mobile and fixed (IndiHome) broadband services. Mobile data traffic (payload) increased by 115.5%, while IndiHome continued to add new customers as well as increase its ARPU.
- **Fixed Line Voice revenues** decreased by 4.1% YoY due to cannibalization from mobile services that resulted in decline in fixed-line traffic.
- **Interconnection revenues** increased by 17.4% YoY due to higher incoming voice call.
- **Network and Other Telecommunication Services revenues** grew by 48.2% YoY mainly due to increase in managed service business.

## Expenses

Key Indicators (Rp. Bn)	YoY		
	1Q17	1Q16	Growth (%)
Operation, Maintenance & Telecommunication Services	8,298	7,651	8.5
Personnel	2,977	2,999	(0.7)
Interconnection	727	784	(7.3)
Marketing	985	752	31.0
General & Administrative	1,226	701	74.9
Depreciation & Amortization	4,773	4,405	8.4
(Gain)/Loss on Forex – net	50	114	(56.1)
Others – net	(505)	564	(189.5)
<b>Total</b>	<b>18,531</b>	<b>17,970</b>	<b>3.1</b>

Total Expenses increased by 3.1% YoY, with Operating Expenses rose by 10.3% YoY, lower than revenue growth which reflected our operational efficiency. Details of Expenses are as follows:

- **Operation & Maintenance (“O&M”) expenses** increased by 8.5% YoY as we continuously developed broadband infrastructure in an effort to grow digital business both in cellular and fixed-line services.
- **Personnel expenses** decreased by 0.7% YoY since in 1Q16 there was additional incentive due to strong 2015 results.
- **Interconnection expenses** declined by 7.3% YoY mainly attributable to lower outgoing voice and SMS traffic.
- **Marketing expenses** increased by 31.0% YoY primarily due to aggressive promotion of 4G LTE in mobile and IndiHome in fixed line.
- **General & Administrative expenses** increased by 74.9% YoY mainly due to higher provision for accounts receivable.
- **Depreciation & Amortization expenses** grew by 8.4% in line with the network infrastructure development both in mobile and fixed businesses.
- **Net Forex Loss** was relatively small of Rp50 billion reflecting that Telkom is less exposed to foreign currency fluctuation.

## EBITDA, EBITDA Margin, and Net Income

As a result of manageable operating expenses, EBITDA increased by 14.7% YoY to Rp16.8 trillion with EBITDA margin improved to 54.2% from 53.2% last year. While our Net Income sharply increased by 45.8% YoY to Rp6.7 trillion with strong Net Income margin of 21.6%, improved from 16.7% in 1Q16.

## Financial Position

Key Indicators (Rp.Bn)	YTD		
	1Q17	FY16	Growth (%)
Assets	187,590	179,611	4.4
Liabilities	75,133	74,067	1.4
Non-controlling Interests	21,380	21,160	1.0
Equity attributable to owners of the company	91,077	84,384	7.9

- Total assets as of 31 March 2017 reached Rp187.6 trillion, increased by 4.4% mainly due to increase in cash & cash equivalents and accounts receivables in line with strong sales.
- Total liabilities at end of March 2017 increased 1.4% to Rp75.1 trillion mainly attributed to higher accrued expenses and taxes payable.
- Non-controlling interest increased by 1.0% due to improving subsidiaries' performance.
- Our equity increased by 7.9% due to higher retained earnings as a result of strong performance during the first quarter of 2017.

## Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1Q17	1Q16	Growth (%)
Cash Flow from Operating Activities	13,070	13,143	(0.6)
Cash Flow used in Investing Activities	(6,540)	(5,582)	17.2
Cash Flow used in Financing Activities	(2,570)	314	918.5
Net Increase in Cash & Cash Equivalents	3,960	7,875	(49.7)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	(28)	(254)	(89.0)
Cash & Cash Equivalents at Beginning of Year	29,767	28,116	5.9
Cash & Cash Equivalents at End of Period	33,699	35,737	(5.7)

- Net cash provided by operating activities decreased by 0.6% YoY due to higher cash payment for expenses during the period.
- Net cash used in investing activities increased by 17.2% YoY in line with acquisition of fixed assets in an effort to grow our digital business in cellular and fixed services.
- Net cash used in financing activities increased by 918.5% YoY mainly due to payment of dividend to our subsidiary's non-controlling interest.

## Debts

Currencies (Rp.Bn)	YTD			Portion (%)	
	1Q17	FY16	Growth (%)	1Q17	FY16
IDR/Rupiah	26,219	26,091	0.5	94.1	93.9
USD/US Dollar	910	991	(8.2)	3.3	3.6
JPY/Japanese Yen	732	707	3.5	2.6	2.5
<b>Total</b>	<b>27,861</b>	<b>27,789</b>	<b>0.3</b>	<b>100.0</b>	<b>100.0</b>

At the end of March 2017, total debts amounting to Rp27.9 trillion, increased by 0.3% compared to the end of 2016. Around 94.1% of our debt was in Rupiah currency, 3.3% was in US Dollar currency and the balance was in Japanese Yen, consisting of short and long-term Bank Loans, Bonds and Two-Step Loans. Our debt to equity ratio (“DER”) was still relatively low at 30.6%.

## Financial Ratios

Ratios (%)	YoY		
	1Q17	1Q16	Growth (ppt)
EBIT Margin	40.3	34.8	5.5
EBITDA Margin	54.2	53.2	1.0
Net Income Margin	21.6	16.7	4.9
Current Ratio	133.3	148.2	14.9
Total Liabilities to Equity	82.5	96.3	(13.8)
Return on Assets	14.3	10.4	3.9
Return on Equity	29.4	23.0	6.4
Return on Invested Capital	22.5	16.7	5.8

## Gearing

Key Indicators	YTD		
	1Q17	FY16	Growth (ppt)
Net Debt to Equity (%)	(6.4)	(2.3)	(4.1)
Debt to Equity (%)	30.6	32.9	(2.3)
Debt to EBITDA (%)	41.4	46.7	(5.3)
Debt Service Ratio (Times)	9.3	7.8	1.5

## Capital Expenditure

For the first quarter of 2017, Telkom Group spent Rp6.1 trillion in Capital Expenditure (Capex), an increase of 6.1% YoY. Telkomsel's Capex was mainly utilized for radio access network (BTS) development. Telkom's Capex was primarily utilized to develop access and backbone infrastructure, including satellites and submarine cable systems (IGG and SEA-US) to support fixed as well as mobile broadband businesses, while some portion of Capex were also utilized for other projects including tower and property.

## Mobile Services

### Telkomsel Financial Result

Telkomsel continued its strong performance for the first quarter of 2017 by delivering triple-double-digit growth in Revenues, EBITDA and Net Income of 10.4%, 13.0% and 17.8% YoY, respectively. This solid performance was contributed by transformation initiatives in Digital Business as the engine of growth and continuous effort in maintaining performance in Legacy businesses. Revenues grew 10.4% to Rp22,302 billion supported by Digital Business which posted 22.5% YoY growth, driven by Data which increased by 21.3% YoY and Digital Services which increased by 34.8% YoY. Digital Business accounted for 37.7% of total revenues, increased from 34.0% a year ago. We were able to sustain our Legacy business despite Over the Top (OTT) cannibalization to SMS, which grew by 4.2% YoY (Voice +11.1% and SMS -15.1% YoY) due to successful execution of cluster-based pricing, market segmentation and superior network. EBITDA and Net Income margins were higher by 1.4ppt and 2.2ppt to 59.2% and 34.5%, respectively.

Despite its saturated market, Telkomsel was able to have a healthy growth in subscriber base of 10.3% YoY to 169.4 million attributable to effective sales and marketing programs. In line with our philosophy to lead in network supply and grow Digital Business, we deployed 7,060 new BTS during first quarter of 2017 with all of BTS were 3G and 4G BTS. Our data traffic increased by 115.5% to 365,959 TB mainly fueled by high growth in 3G/4G capable device that reached 83.8 million (+29.9% YoY), or 49.5% of our customer base. In terms of infrastructure, by end of March 2017 our BTS on-air totaled to 136,093 units (+23.1% YoY), 63.4% of which were 3G/4G BTS.

### Statements of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	1Q17	1Q16	Growth (%)	1Q17	4Q16	Growth (%)
Revenues	22,302	20,196	10.4	22,302	23,076	(3.4)
Legacy	13,884	13,325	4.2	13,884	14,589	(4.8)
Digital Business	8,419	6,871	22.5	8,419	8,488	(0.8)
Expenses incl. Depreciation & others	12,292	11,675	5.3	12,292	13,694	(10.2)
EBITDA	13,194	11,673	13.0	13,194	12,649	4.3
EBITDA Margin (%)	59.2	57.8	1.4ppt	59.2	54.8	4.3ppt
Net Income	7,702	6,539	17.8	7,702	7,169	7.4
Net Income Margin (%)	34.5	32.4	2.2ppt	34.5	31.1	3.5ppt
Proportion of Digital Business (%)	37.7	34.0	3.7ppt	37.7	36.8	1.0ppt

Telkomsel recorded operating revenues of Rp22,302 billion for 1Q17, an increase of 10.4% YoY.

- Prepaid revenue increased by 9.4% YoY to Rp18,984 billion, mainly driven by growth in Digital Business and voice revenues. Its subscriber base grew by 10.2% YoY to 165.2 million subscribers, with revenue accounted for 85.1% of Telkomsel's total revenue.
- Postpaid revenue increased by 13.5% YoY to Rp1,675 billion mainly driven by the increase in the postpaid customer base which grew by 14.1% YoY to 4.2 million subscribers. Revenue from postpaid customers contributed 7.5% to total revenue.

- Interconnection and International Roaming revenues increased by 17.8% YoY to Rp1,422 billion, due to traffic from other operators.

In 1Q17, total expenses including depreciation and amortization increased by 5.3% YoY to Rp12,292 billion, lower than revenue growth of 10.4%, indicating Telkomsel operational efficiency. The growth was mainly driven by few activities, firstly from Operational & Maintenance expenses as company's accelerated network deployment to maintain network quality, resulted in higher transmission and network space rental costs. In additional, Marketing expenses increased due to promotion of our 4G LTE program across the country as well as general marketing and sales activities. And lastly, personnel expenses growth that is aligned with increase in number of employees as well as salaries and benefit.

EBITDA and Net Income increased 13.0% YoY to Rp13,194 billion and 17.8% YoY to Rp7,702 billion, respectively, while EBITDA and Net Income margins improved to 59.2% and 34.5%, respectively.

### Statements of Financial Position

Statements of Financial Position (Rp Bn)	Mar-17	Dec-16	Growth (%)
Current Assets	32,025	28,818	11.1
Non-Current Assets	60,833	60,963	(0.2)
<b>Total Assets</b>	<b>92,858</b>	<b>89,781</b>	<b>3.4</b>
Current Liabilities	24,230	21,891	10.7
Non-Current Liabilities	8,549	8,520	0.3
Equity	60,079	59,370	1.2
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>92,858</b>	<b>89,781</b>	<b>3.4</b>

As of 31 March 2017, total Assets increased 3.4% to Rp92,858 billion, total liabilities increased 7.8% to Rp32,779 billion and total Equity increased 1.2% to Rp60,079 billion.

- Current Assets increased 11.1% to Rp32,025 billion, mainly due to increase in cash and cash equivalents.
- Non-current Assets decreased 0.2% to Rp60,833 billion, mainly due to lower intangible assets.
- Current Liabilities increased 10.7% to Rp24,230 billion mainly due to the increase in accrued liabilities.
- Non-current Liabilities increased 0.3% to Rp8,549 billion, mainly due to the increase in deferred tax liabilities.
- Total Equity increased by 1.2% to Rp60,079 billion due to additional retained earnings as a result of the higher net income in this period.

### Cash Flow

Net cash generated from operations in 1Q17 decreased 1.3% YoY to Rp12,613 billion. Cash flow used in investment activities was Rp2,764 billion mainly for the payment of infrastructure spending. Net cash used in financing activities (exclude Dividend) decreased by 36.1% YoY to Rp172 billion.

## Statements of Cash Flows For Three Months Ended March 31, 2017 and 2016

Statements of Cash Flows (Rp Bn)	1Q17	1Q16	Growth (%)
Cash Flow from Operating Activities	12,613	12,776	(1.3)
Cash Flow for Investing Activities	(2,764)	(2,274)	21.6
Cash Flow from (for) Financing Activities	(172)	(268)	(36.1)
Dividend Payment	(6,749)	-	N/A
Net Increase in Cash & Cash Equivalents	2,929	10,233	(71.4)
Cash and Cash Equivalents at Beginning of Years	19,681	13,802	42.6
Cash and Cash Equivalents at End of Years	22,611	24,036	(5.9)

## Debt Profile

As of 31 March 2017, Telkomsel's total outstanding loans amounted to Rp1,000 billion which will mature in 2018. Telkomsel Debt to Equity Ratio (DER), including finance lease, was 10.3%.

Telkomsel has to maintain several financial covenants related to its loans/debts. As of 31 March 2017 the covenants were as follows:

Covenants to be Maintained	Required	Actual
EBITDA to Debt Service	$\geq 1.25$	9.80
Debt to Tangible Net Worth	$\leq 2.00$	0.02

## RESULTS BY SERVICE

### Celullar Services

#### Voice and SMS

We were able to sustain healthy revenue growth from voice, which increased by 11.1% YoY to Rp10,060 billion, despite the decline of Voice traffic (-16.1% YoY to 52.4 billion minutes). The healthy growth in voice revenue mainly attributed by our initiative in dynamic cluster based pricing and successful migration from Pay As You Use (PAYU) to package customers.

On the other hand, revenue from SMS declined by -15.1% YoY to Rp2,843 billion due to the decline in SMS traffic (-21.0% YoY to 38.2 billion units) as we have seen trend of OTT services cannibalization such as instant messaging applications.

#### Digital Business

Digital business remained one of engine of growth. This segment recorded strong performance with 22.5% YoY growth to Rp8,419 billion and increased its contribution to total revenue substantially to 37.7% from 34.0% last year.

Revenue from Data grew by 21.3% YoY to Rp7,583 billion, driven by healthy growth in 3G/4G capable device adoption, successful migration of PAYU to Flash packages, as well as continued strong growth in data payload. As of 31 March 2017, 21.9 million of our customers that have LTE devices have swapped to USIM to utilize 4G services.



Digital Services also grew strongly by 34.8% YoY to Rp835 billion. Key products and services in this segment included Digital Lifestyle (scale up video, games & market place, music, etc.), Digital Banking and Advertising, Mobile Financial Services (T-Cash and T-Wallet) and Enterprise Digital Services (T-Drive, T-Bike, etc.).

### Network Deployment

Our focus on Digital Business was reflected from our network deployment. We continued to accelerate our network development with aggressive 3G/4G BTS deployment to support Digital Business growth. Our 4G LTE deployment is on-demand basis, taking into account 4G handset penetration and level of demand in Broadband cities. We have deployed 11,130 4G BTS to date. The network roll out brought total BTS on air to 136,093 units at end of March 2017, or increased by 23.1% YoY, of which 86,320 units were 3G/4G BTS (+40.6% YoY).

### ARPU

As we are shifting from legacy business to digital business, blended ARPU might experience a slight decline. It is due to the impact of cannibalization OTT on SMS as well as the impact of competition. However, our Data ARPU grew by double digit due to increase in 3G/4G capable device penetration as well as strong growth in data payload.

The following table presents performance of our cellular business:

Operational Indicators	YoY			QoQ		
	1Q17	1Q16	Growth (%)	1Q17	4Q16	Growth (%)
Customer Base (000)	169,368	153,614	10.3	169,368	173,920	(2.6)
Net Adds (000)	(4,552)	973	(567.9)	(4,552)	10,220	(144.5)
3G/4G Capable Device (000)	83,793	64,506	29.9	83,793	82,647	1.4
ARPU (000)	43	43	(0.4)	43	45	(5.2)
BTS on Air (units)	136,093	110,512	23.1	136,093	129,033	5.5
Total Employees	5,149	4,878	5.6	5,149	5,191	(0.8)
MoU (In billion minutes)	52.4	62.5	(16.1)	52.4	55.5	(5.5)
SMS (In billion units)	38.2	48.3	(21.0)	38.2	41.6	(8.2)
Data Payload (TB)	365,959	169,845	115.5	365,959	327,463	11.8

## Fixed Line Services

### Consumer Services - IndiHome

As of 31 March 2017, total IndiHome subscribers reached 1.78 million which represents a 32% YoY growth. IndiHome Netizen, a Dual Play (2P) service that we launched in December 2016, revealed strong traction that contributed around 12% of total subscribers in only four months after it was launched. We expect IndiHome Netizen customers to continue growing significantly going forward on top of our 3P product.

ARPU of IndiHome in 1Q17 was Rp357 thousand, improved from Rp341 thousand in the last quarter of 2016. In order to improve IndiHome ARPU level, we encouraged customers to purchase various add-ons or to upgrade to higher speed services. In addition, we keep enriching IndiHome content. Starting 1Q17, a video streaming platform, HOOQ, is in our list to further strengthen IndiHome content.

### Enterprise, Wholesale and International Services

Telkom also delivers fixed line services to enterprise and wholesale business segments. Enterprise division serves 1,453 corporate customers, 300,416 SME customers and 944 government institutions, with 2,759Gbps total bandwidth in service.

While in the wholesale and international business segment, Telkom provides various services from connectivity, infrastructure, MNO & MVNO, tower, data center to satellite. We also develop several cross-border wholesale digital services within Telkom's international business subsidiaries.

### Satellite

After successfully launched on 15 February 2017 from Kourou, French Guiana, Telkom 3S Satellite was officially operated. The satellite is managed from Telkom Satellite Main Control Station in Cibinong starting 17 April 2017. Telkom 3S has total capacity of 42 transponders and covers all regions of Indonesia, Southeast Asia, as well as parts of East Asia.

Meanwhile, Telkom-4 Satellite is planned to be launched in 3Q18. It will carry 48 C-Band and 12 extended C-Band transponders and covers Southeast Asia and South Asia region. Currently, the progress of this project is around 53%.

## Recent Development

- **Dividend Pay Out Ratio of 70%** – The Company's Annual General Meeting of Shareholders (held on 21 April 2017) has decided to distribute a total of 70% dividend pay out for 2016 fiscal year, increased from 60% pay out for 2015 fiscal year. Telkom will distribute cash dividend of Rp11,611,211,188,567.60 or equal to 60% of net income, inclusive of interim dividend which has been paid in December 2016. In addition, the Company will distribute special dividend of Rp1,935,200,213,724.32 or equal to 10% of net income. This represents total dividend per share of Rp136.7465. The remaining Rp117.3675 dividend per share will be paid on 26 May 2017.
- **Change in the Board of Directors and Board of Commissioners** – On 21 April 2017, the Annual General Meeting of Shareholders (AGMS) appointed three new Board of Directors (BOD) members and defined new nomenclatures. The new BOD members are Mas'ud Khamid (formerly Sales Director of Telkomsel), David Bangun (formerly President Director of Mitratel) and Zulhelfi Abidin (formerly IT Director of Bank BRI). Below are Telkom's current BOD members and titles:

President Director	: Alex J. Sinaga
Director of Finance	: Harry M. Zen

Director of Consumers Service	: Mas'ud Khamid
Director of Human Capital Management	: Herdy R. Harman
Director of Network & IT Solution	: Zulhelfi Abidin
Director of Digital & Strategic Portfolio	: David Bangun
Director of Wholesale & International Service	: Abdus Somad Arief
Director of Enterprise & Business Service	: Dian Rachmawan

Moreover, in the AGMS, Mr. Pontas Tambunan was honorably discharged from his position as Commissioner. AGMS also appointed Ms Devy W. Suradji and Mr Cahyana Ahmadjayadi as new Commissioners. Therefore, current Board of Commissioners members are as follows:

President Commissioner	: Hendri Saparini
Commissioner	: Hadiyanto
Commissioner	: Devy W. Suradji
Commissioner	: Rinaldi Firmansyah
Independent Commissioner	: Dolfie Othniel Fredric Palit
Independent Commissioner	: Margiyono Darsasumarja
Independent Commissioner	: Pamiyati Pamela Johanna Waluyo
Independent Commissioner	: Cahyana Ahmadjayadi

## Product and Marketing Activities

### Fixed Line & Enterprise

IndiHome in collaboration with premium video-on-demand provider HOOQ launched a new service called **IndiHome HOOQ** which provides richer video content experience for IndiHome and WiFi.id subscribers. IndiHome subscribers can now enjoy HOOQ's various video contents from popular TV series to local and Hollywood blockbuster movies.

### Mobile

#### ■ Legacy business and data penetration program

In order to acquire more postpaid customers, Halo Kick! was launched as a new postpaid package with more rewards & benefits including data quota up to 140 GB, extra for Telkomsel Poin & TCASH balance and bonus content for HOOQ, viu & MusicMax. The Halo Kick! package priced starting from Rp100,000 with activation through UMB \*111# or mytelkomsel application.

New package of simPATI MiFi 4G TELKOMSEL was relaunched with bonus of 14 GB at the first month. After the bonus expired, 3 different MiFi packages were available consist of Lite Package (10 GB/month at Rp75,000), Medium Package (20 GB/month at Rp125,000) and Heavy Package (30 GB/month at Rp200,000).

#### ■ Acceleration on 3G/4G Device Adoption

To encourage mass adoption of smartphone device in efficient and effective way, Telkomsel cooperated with Samsung and Lenovo launched device bundling programs for Samsung Galaxy A Series and Lenovo Moto Z Series. By having the bundling program, TAU (Telkomsel Android United) package are available for prepaid customers consist of 14 GB quota and for postpaid customers consist of Halo Kick! package with 32 GB quota, 200 minutes voice and 400 SMS.

## ADDITIONAL INFORMATION

### Awards & Recognition

During 1Q17, we have been awarded by several institutions for our achievements, among others:

- *Brand Finance Global 500 2017* for Telkom as the most valuable telco company in Southeast Asia with brand value of US\$4.33 billion from Brand Finance.
- *Indonesia Most Innovative Business Award 2017* for Telkom from Warta Ekonomi.
- *TOP BRAND Award 2017* in the category of Internet Service Provider Fixed for IndiHome from Marketing Magazine and Frontier Consulting Group.
- *Indonesia Prestige Brand Award 2017* for Telkomsel as Brand Used Most Often & Highest Top of Mind Brand in Mobile Phone Operator & Internet Service Provider Category from Warta Ekonomi.
- *Customer Loyalty Award 2017* for Telkomsel as The Net Promotor Scope (NPS) Leader for Postpaid GSM SIM Card Category (kartuHalo) & Mobile Data Category from SWA Magazine and Hachiko Net Promoter Score Solutions.
- *Excellent Service Experience Award (ESEA) 2017* for Telkomsel in Telecommunication Industry Category for GOOD Performance in Delivering Positive Customer Experience Based on Experience Audit ESEI 2017 from Bisnis Indonesia Newspaper and Carre-Center for Customer Satisfaction & Loyalty (CCSL).
- *Top Brand Award 2017* for kartuHalo (Postpaid SIM Card) and simPATI (Prepaid SIM Card) in Recognition of Outstanding Achievement in Building the Top Brand from Frontier Consulting Group and Marketing Magazine.
- *Indonesia WOW Brand 2017* for Telkomsel in Cellular Operator Category (Gold Champion) and for The NextDev Campaign in Public Relation Category (Gold Champion) from MarkPlus Inc.
- *Indonesia Netizen Brand Choice Award 2017* for TCASH in Netizen Payment Gateway Choice from Warta Ekonomi.

**Table 1**  
**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of March 31, 2017 (unaudited) and December 31, 2016 (audited)**  
**(Figures in tables are expressed in billions of Rupiah, unless otherwise stated)**

	2017	2016	Growth (%)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	33,699	29,767	13.2
Other current financial assets	1,474	1,471	0.2
Trade receivables – net of provision for impairment of receivables			
Related parties	1,655	894	85.1
Third parties	7,393	6,469	14.3
Other receivables – net of provision for impairment of receivables	507	537	(5.6)
Inventories – net of provision for obsolescence	613	584	5.0
Advances and prepaid expenses	5,668	5,246	8.0
Claim for tax refund	684	592	15.5
Prepaid taxes	2,531	2,138	18.4
Assets held for sale	29	3	866.7
<b>Total current assets</b>	<b>54,253</b>	<b>47,701</b>	<b>13.7</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investments	1,865	1,847	1.0
Property and equipment – net of accumulated depreciation	115,621	114,498	1.0
Prepaid pension benefit cost	104	199	(47.7)
Advances and other non-current assets	11,987	11,508	4.2
Intangible assets – net of accumulated amortization	3,038	3,089	(1.6)
Deferred tax assets – net	722	769	(6.1)
<b>Total non-current assets</b>	<b>133,337</b>	<b>131,910</b>	<b>1.1</b>
<b>TOTAL ASSETS</b>	<b>187,590</b>	<b>179,611</b>	<b>4.4</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables			
Related parties	1,491	1,547	(3.6)
Third parties	10,907	11,971	(8.9)
Other payables	197	172	14.5
Taxes payable	4,315	2,954	46.1
Accrued expenses	12,567	11,283	11.4
Unearned income	5,077	5,563	(8.7)
Advances from customers and suppliers	669	840	(20.4)
Short-term bank loans	914	911	0.3
Current maturities of long-term borrowings	4,550	4,521	0.6
<b>Total current liabilities</b>	<b>40,687</b>	<b>39,762</b>	<b>2.3</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities – net	780	745	4.7
Unearned income	484	425	13.9
Other liabilities	7	29	(75.9)
Long service award provisions	614	613	0.2
Pension benefits and other post-employment benefits obligations	6,242	6,126	1.9
Long-term borrowings – net of current maturities	26,319	26,367	(0.2)
<b>Total non-current liabilities</b>	<b>34,446</b>	<b>34,305</b>	<b>0.4</b>
<b>TOTAL LIABILITIES</b>	<b>75,133</b>	<b>74,067</b>	<b>1.4</b>
<b>EQUITY</b>			
Capital stock	5,040	5,040	-
Additional paid-in capital	4,931	4,931	-
Treasury stock	(2,541)	(2,541)	-
Other equity	344	339	1.5
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	67,966	61,278	10.9
Net equity attributable to:			
Owners of the parent company	91,077	84,384	7.9
Non-controlling interests	21,380	21,160	1.0
<b>TOTAL EQUITY</b>	<b>112,457</b>	<b>105,544</b>	<b>6.5</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>187,590</b>	<b>179,611</b>	<b>4.4</b>

**Table 2**  
**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the Three Month Periods Ended March 31, 2017 and 2016 (unaudited)**  
**(Figures in tables are expressed in billions of Rupiah, unless otherwise stated)**

	2017	2016	Growth (%)
<b>REVENUES</b>	31,022	27,542	12.6
Operations, maintenance and telecommunication service expenses	(8,298)	(7,651)	8.5
Depreciation and amortization expenses	(4,773)	(4,405)	8.4
Personnel expenses	(2,977)	(2,999)	(0.7)
Interconnection expenses	(727)	(784)	(7.3)
General and administrative expenses	(1,226)	(701)	74.9
Marketing expenses	(985)	(752)	31.0
Loss on foreign exchange – net	(50)	(114)	(56.1)
Other income	500	294	70.1
Other expenses	5	(858)	(100.6)
<b>OPERATING PROFIT</b>	<b>12,491</b>	<b>9,572</b>	30.5
Finance income	432	499	(13.4)
Finance costs	(616)	(770)	(20.0)
Share of profit of associated companies	17	15	13.3
<b>PROFIT BEFORE INCOME TAX</b>	<b>12,324</b>	<b>9,316</b>	32.3
<b>INCOME TAX (EXPENSE) BENEFIT</b>			
Current	(2,991)	(2,607)	14.7
Deferred	43	184	(76.6)
	(2,948)	(2,423)	21.7
<b>PROFIT FOR THE YEAR</b>	<b>9,376</b>	<b>6,893</b>	36.0
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	(10)	(70)	(85.7)
Change in fair value of available-for-sale financial assets	15	2	650.0
Share of other comprehensive income of associated companies	-	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit plan actuarial (loss) gain – net of tax	-	-	-
Other comprehensive income – net	5	(68)	107.4
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>9,381</b>	<b>6,825</b>	37.5
Profit for the year attributable to:			
Owners of the parent company	6,688	4,587	45.8
Non-controlling interests	2,688	2,306	16.6
	9,376	6,893	36.0
Total comprehensive income for the year attributable to:			
Owners of the parent company	6,693	4,518	48.1
Non-controlling interests	2,688	2,307	16.5
	9,381	6,825	37.5
<b>BASIC AND DILUTED EARNINGS PER SHARE (in full amount)</b>			
Net Income per share	67.51	46.72	44.5
Net Income per ADS (100 Series B shares per ADS)	6,751.31	4,672.20	44.5

**Table 3**  
**PT TELEKOMUNIKASI SELULAR (TELKOMSEL)**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2017 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2016 (AUDITED)**  
 (figures are presented in billions of Rupiah)

	<u>MAR 2017</u>	<u>DEC 2016</u>	<u>Growth (%)</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	22,611	19,681	14.9
Accounts receivables	2,612	2,297	13.7
Accrued income	1,078	894	20.5
Current portion of long-term prepayments	4,881	5,344	(8.7)
Others	845	602	40.3
<b>Total Current Assets</b>	<b>32,025</b>	<b>28,818</b>	<b>11.1</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investment	7	7	0.0
Fixed assets-net	54,237	54,259	0.0
Advances for fixed assets	39	72	(45.3)
Intangible assets-net	4,518	4,609	(2.0)
Prepayments – Non-current portion	1,932	1,917	0.8
Others	99	98	1.2
<b>Total Non-current Assets</b>	<b>60,833</b>	<b>60,963</b>	<b>(0.2)</b>
<b>TOTAL ASSETS</b>	<b>92,858</b>	<b>89,781</b>	<b>3.4</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable & accrued liabilities	15,492	13,973	10.9
Taxes payable	3,337	2,011	66.0
Unearned revenue	4,669	5,192	(10.1)
Current maturities of oblig. under finance leases	731	715	2.2
Other current liabilities	1	1	0.0
<b>Total Current Liabilities</b>	<b>24,230</b>	<b>21,891</b>	<b>10.7</b>
<b>NON-CURRENT LIABILITIES</b>			
Medium-term & long-term loans - net of current maturities	999	999	0.0
Obligations under finance lease - net of current maturities	4,437	4,603	(3.6)
Deferred tax liabilities	1,299	1,201	8.2
Others	1,814	1,717	5.6
<b>Total Non-current Liabilities</b>	<b>8,549</b>	<b>8,520</b>	<b>0.3</b>
<b>EQUITY</b>			
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	1,505	1,505	0.0
Retained earnings	58,391	57,683	1.2
<b>Total Equity</b>	<b>60,079</b>	<b>59,370</b>	<b>1.2</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>92,858</b>	<b>89,781</b>	<b>3.4</b>

**Table 4**  
**PT TELEKOMUNIKASI SELULAR (TELKOMSEL)**  
**STATEMENTS OF PROFIT AND LOSS**  
**FOR THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (UNAUDITED)**  
 (figures in tables are presented in billions of Rupiah)

	2017	2016	Growth (%)
<b>REVENUES</b>			
Postpaid	1,675	1,476	13.5
Prepaid	18,984	17,351	9.4
Interconnection & international roaming	1,422	1,207	17.8
Others	221	161	37.0
<b>Total Revenues</b>	<b>22,302</b>	<b>20,196</b>	<b>10.4</b>
<b>EXPENSES</b>			
Operation & maintenance	5,638	5,176	8.9
Depreciation & amortization	3,305	3,161	4.6
Cost of services	762	746	2.2
Interconnection & international roaming	664	799	(16.9)
Personnel	927	806	15.1
General & administration	372	392	(5.1)
Marketing	746	605	23.2
Others - net	(121)	(8)	1369.0
<b>Total Expenses</b>	<b>12,292</b>	<b>11,675</b>	<b>5.3</b>
Finance income (charges) - net	163	126	29.6
<b>INCOME BEFORE TAX</b>	<b>10,173</b>	<b>8,647</b>	<b>17.7</b>
INCOME TAX EXPENSE	(2,471)	(2,108)	17.2
<b>NET INCOME</b>	<b>7,702</b>	<b>6,539</b>	<b>17.8</b>
<b>EBITDA</b>	<b>13,194</b>	<b>11,673</b>	<b>13.0</b>
<b>EBITDA Margin- over revenues</b>	<b>59.2%</b>	<b>57.8%</b>	<b>1.4ppt</b>
<b>ROA</b>	<b>31.4%</b>	<b>27.2%</b>	<b>4.3ppt</b>
<b>ROE</b>	<b>49.7%</b>	<b>42.7%</b>	<b>7.0ppt</b>