

**TICKERS:**

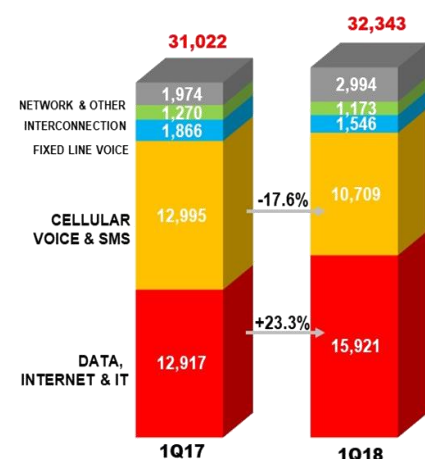
IDX : TLKM  
NYSE : TLK

**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 2018**

**Share Price (30 Apr, 2018):**

Rp3,830 (IDX) & USD27.18 (NYSE)

**Market Capitalization (30 Apr, 2018):**

Rp386.1 Tn (USD27.4 Bn)

**Average Daily Trading Volume 2018:**

96.4 Mn Shares (IDX) & 404,952 DR (NYSE)

**Average Daily Trading Value 2018:**

Rp379.4 Bn (IDX) & USD11.7 Mn (NYSE)

Source: Bloomberg

## Highlights

- Telkom Indonesia recorded 4.3% growth in revenue amidst tight competition in telco industry.
- Data, Internet & IT Services segment remained the growth driver and largest revenue contributor, increased by 23.3% YoY and representing 49.2% of total revenue.
- Telkomsel remained focus on growing its digital business and providing excellent customer experience, by installing 6,944 new BTSs during 1Q18, all were 4G BTS.

**Financial Highlights**

Key Indicators (Rp. Bn)	YoY		
	1Q18	1Q17	Growth (%)
Revenues	32,343	31,022	4.3
Expenses	21,465	18,531	15.8
Operating Profit	10,878	12,491	(12.9)
EBITDA	16,116	16,809	(4.1)
EBITDA Margin (%)	49.8	54.2	(4.4ppt)
Net Income	5,734	6,688	(14.3)
Net Income Margin (%)	17.7	21.6	(3.9ppt)

**Operational Highlights**

Subscribers (000)	YoY		
	1Q18	1Q17	Growth (%)
<b>Broadband</b>			
Fixed Broadband	5,740	4,399	30.5
IndiHome	3,501	1,778	97.0
Mobile Data User	108,733	89,640	21.3
<b>Cellular</b>			
Postpaid	5,074	4,205	20.7
Prepaid	187,678	165,163	13.6
<b>Total</b>	<b>192,752*</b>	<b>169,368</b>	<b>13.8</b>

\*The figure does not represent the official registered numbers

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**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 2018 (UNAUDITED)

The following analysis and discussion is based on our Indonesian GAAP financial statements for the first quarter ended March 31, 2018 and 2017. The reports have been submitted to Indonesia Financial Services Authority (OJK).

### Revenues

Key Indicators (Rp.Bn)	YoY		
	1Q18	1Q17	Growth (%)
Data, Internet & IT Service	15,921	12,917	23.3
Cellular Voice and SMS	10,709	12,995	(17.6)
Fixed Line Voice	1,546	1,866	(17.1)
Interconnection	1,173	1,270	(7.6)
Network and Other Telco Services	2,994	1,974	51.7
<b>Total</b>	<b>32,343</b>	<b>31,022</b>	<b>4.3</b>

Telkom recorded total revenue of Rp32.3 trillion in the first quarter of 2018, an increase of 4.3% YoY with Data, Internet & IT Services as the growth driver. The details are as follows:

- **Data, Internet & IT Services revenues** increased significantly by 23.3% YoY primarily attributable to strong mobile and fixed broadband services. Mobile data traffic (payload) increased more than double, while IndiHome customers nearly doubled.
- **Cellular Voice and SMS revenues** decreased by 17.6% YoY. The decline in legacy businesses was a result of traffic decline in both voice and SMS due to cannibalization from instant messaging (OTT) applications.
- **Fixed Line Voice revenues** declined by 17.1% YoY due to cannibalization from mobile services that resulted in declining fixed line traffic.
- **Interconnection revenues** decreased by 7.6% YoY mainly due to lower incoming voice and SMS from other operators.
- **Network and Other Telecommunication Services revenues** grew by 51.7% YoY mainly due to higher business volume in managed services.

## Expenses

Key Indicators (Rp.Bn)	YoY		
	1Q18	1Q17	Growth (%)
Operation, Maintenance & Telecommunication Services	10,244	8,298	23.5
Personnel	3,035	2,977	1.9
Interconnection	828	727	13.9
Marketing	870	985	(11.7)
General & Administrative	1,250	1,226	2.0
Depreciation & Amortization	5,373	4,773	12.6
Loss on Forex – net	5	50	(90.0)
Others – net	(140)	(505)	(72.3)
<b>Total</b>	<b>21,465</b>	<b>18,531</b>	<b>15.8</b>

Total Expenses increased by 15.8% YoY, with Operating Expenses rose by 14.2% YoY. Details of Expenses are as follows:

- **Operation & Maintenance (“O&M”) expenses** increased by 23.5% YoY as we continued to develop broadband infrastructure aggressively in an effort to grow digital business both in cellular and fixed-line services.
- **Personnel expenses** increased slightly by 1.9% YoY in line with annual salary increase and company’s performance.
- **Interconnection expenses** rose by 13.9% YoY mainly attributable to higher outgoing off-net traffic.
- **Marketing expenses** declined by 11.7% YoY primarily due to more efficient and targeted promotional and advertising activities during the period.
- **General & Administrative expenses** increased by 2.0% YoY in line with increasing business volume.
- **Depreciation & Amortization expenses** grew by 12.6% YoY in line with the network infrastructure development both in mobile and fixed businesses.
- We recorded small **Net Forex Loss** of Rp5 billion reflecting that Telkom is less exposed to foreign currency fluctuation.
- **Others – net** recorded an income of Rp140 billion, decreased by 72.3% from lower non-operating income during the period.

## EBITDA and Net Income

Our EBITDA and Net Income declined by 4.1% YoY and 14.3% YoY respectively as we continued to deploy broadband infrastructure that resulted in significant growth in O&M charges.

## Financial Position

Key Indicators (Rp.Bn)	YoY		
	1Q18	FY17	Growth (%)
Assets	206,600	198,484	4.1
Liabilities	86,459	86,354	0.1
Non-controlling Interests	21,648	19,417	11.5
Equity attributable to owners of the company	98,493	92,713	6.2

- Total assets as of 31 March 2018 was Rp206.6 trillion, increased by 4.1% YoY mainly due to increase in cash and cash equivalents, receivables, and advanced payment.
- Total liabilities at end of March 2018, was flat of Rp86.5 trillion.
- Non-controlling interest increased by 11.5% YoY as a result of healthy subsidiary's performance.
- Our equity increased by 6.2% YoY due to higher retained earnings from the company's performance.

## Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1Q18	1Q17	Growth (%)
Cash Flow from Operating Activities	9,566	13,070	(26.8)
Cash Flow used in Investing Activities	(6,406)	(6,540)	(2.0)
Cash Flow from/(used) in Financing Activities	625	(2,570)	(124.3)
Net Increase in Cash & Cash Equivalents	3,785	3,960	(4.4)
Effect of Exchange Rate Changes on Cash & Cash Equivalents	38	(28)	(235.7)
Cash & Cash Equivalents at Beginning of Year	25,145	29,767	(15.5)
Cash & Cash Equivalents at End of Period	28,968	33,699	(14.0)

- Net cash provided by operating activities decreased by 26.8% YoY from higher payment of expenses during the period.
- Net cash used in investing activities decreased slightly by 2.0% YoY from lower cash payment for fixed assets acquisition during the period.
- Net cash used in financing activities declined by 124.3% YoY due to higher bank loan withdrawal.

## Debts

Currencies (Rp.Bn)	YoY			Portion (%)	
	1Q18	FY17	Growth (%)	1Q18	FY17
IDR/Rupiah	30,738	29,817	3.1	94.4	94.2
USD/US Dollar	970	1,029	(5.7)	3.0	3.3
JPY/Japanese Yen	694	648	7.1	2.1	2.0
MYR/Malaysian Ringgit	169	174	(2.9)	0.5	0.5
<b>Total</b>	<b>32,571</b>	<b>31,668</b>	<b>2.9</b>	<b>100.0</b>	<b>100.0</b>

At the end of March 2018, total debts amounting to Rp32.6 trillion, increased by 2.9% compared to the end of 2017. Around 94.4% of our debt was in Rupiah currency, 3.0% was in US Dollar currency and the remaining balance was in Japanese Yen and Malaysian Ringgit, consisting of short and long-term Bank Loans, Bonds and Two-Step Loans. Our debt to equity ratio (“DER”) was still relatively low at 33.1%.

## Gearing Ratio

Key Indicators	YoY		
	1Q18	FY17	Growth (ppt)
Net Debt to Equity (%)	3.7	7.0	(3.3)
Debt to Equity (%)	33.1	34.2	(1.1)
Debt to EBITDA (Times)	0.5	0.5	0.0
Debt Service Ratio (Times)	5.9	6.8	(0.9)

## Financial Ratios

Ratios (%)	YoY		
	1Q18	1Q17	Growth (ppt)
EBIT Margin	33.6	40.3	(6.7)
EBITDA Margin	49.8	54.2	(4.4)
Net Income Margin	17.7	21.6	(3.9)
Current Ratio	117.8	133.3	(15.5)
Total Liabilities to Equity	87.8	82.5	5.3
Return on Assets	11.1	14.3	(3.2)
Return on Equity	23.3	29.4	(6.1)
Return on Invested Capital	17.5	22.5	(5.0)

## Capital Expenditure

In the first quarter of 2018, Telkom Group spent Rp6.1 trillion in Capital Expenditure (Capex). In mobile services, Capex was mainly utilized for radio access network (BTS) development. While in fixed businesses, Capex was primarily utilized to develop access and backbone infrastructure, including satellite and submarine cable systems to support fixed as well as mobile broadband businesses. Some portion of Capex were also utilized for other projects such as tower.

## Mobile Services

### Telkomsel Financial Result

1Q18 was marked by rapid shift in telecommunication industry with accelerated transition from Legacy to Data services and continuous intense competition which led to pressure in terms of pricing and margin. Started from a higher base in the last couple of years, Telkomsel was still able to book substantial amount of Revenues, EBITDA and Net Income of Rp21.9 trillion, Rp12.0 trillion and Rp6.4 trillion, respectively, supported by transformation initiatives in Digital Business as engine of growth. The Digital Business itself posted a significant growth of 24.8%, driven by Data which increased by 20.8% and Digital Services which increased by 61.1% YoY, accounted for 48.0% of total revenues, increased significantly from 37.7% a year ago. The current market dynamic confirmed that Data and Digital Services are the future of telco industry, and we focus on developing digital ecosystem by establishing extensive range of Digital Services portfolio including Digital Lifestyle, Mobile Financial Services, Digital Advertising and Digital Banking.

Telkomsel recorded subscriber base growth of 13.8% YoY to 192.8 million attributable to effective sales and marketing programs. In line with our philosophy to always lead in network supply both in and outside Java, to maintain our network superiority and grow our Digital Business, we deployed 6,944 new BTS during the first quarter of 2018 with all of BTS were 4G-based. Our data traffic increased by 145.8% YoY to 899,600 TB mainly fueled by high growth in 3G/4G capable device that reached 113.3 million (+35.2% YoY), or 58.8% of our customer base. By end of March 2018, our BTS on-air totaled 167,649 units (+23.2% YoY), around 70% of which were 3G/4G BTS.

### Statements of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	1Q18	1Q17	Growth (%)	1Q18	4Q17	Growth (%)
Revenues	21,874	22,302	(1.9)	21,874	23,691	(7.7)
Legacy	11,368	13,884	(18.1)	11,368	12,364	(8.1)
Digital Business	10,506	8,419	24.8	10,506	11,327	(7.3)
Expenses incl. Depreciation & others	13,446	12,292	9.4	13,446	14,369	(6.4)
EBITDA	11,986	13,194	(9.2)	11,986	12,741	(5.9)
EBITDA Margin (%)	54.8	59.2	(4.4ppt)	54.8	53.8	1.0ppt
Net Income	6,416	7,702	(16.7)	6,416	7,097	(9.6)
Net Income Margin (%)	29.3	34.5	(5.2ppt)	29.3	30.0	(0.6ppt)
Proportion of Digital Business (%)	48.0	37.7	10.3ppt	48.0	47.8	0.2ppt

Telkomsel recorded operating revenues of Rp21,874 billion for 1Q18, decreased by 1.9% YoY amidst intense competition.

- Prepaid revenue decreased by 2.9% YoY to Rp18,432 billion, mainly due to lower consumption of legacy businesses coupled with intense competition in data business.
- Postpaid revenue increased by 21.2% YoY to Rp2,030 billion mainly driven by the increase in the postpaid customer base which grew by 20.7% YoY to 5.1 million subscribers.
- Interconnection and International Roaming revenues decreased by 20.4% YoY to Rp1,132 billion mainly due to combination of declining Voice and SMS traffic from other local operators as an impact of

substitute services from instant messaging applications.

In 1Q18, total expenses including depreciation and amortization increased by 9.4% YoY to Rp13,446 billion. The growth was mainly driven by higher Operational & Maintenance expenses as a result of new 2.3GHz frequency. The spectrum is expected to increase our capacity, strengthen 4G LTE services and maximize Broadband service quality, aligned with the consistent development of infrastructure in the past consecutive quarters.

### Statements of Financial Position

Statements of Financial Position (Rp Bn)	Mar-18	Dec-17	Growth (%)
Current Assets	27,680	21,098	31.2
Non-Current Assets	64,265	64,650	(0.6)
<b>Total Assets</b>	<b>91,945</b>	<b>85,748</b>	<b>7.2</b>
Current Liabilities	24,026	23,031	4.3
Non-Current Liabilities	7,373	8,587	(14.1)
Equity	60,546	54,130	11.9
<b>Total Liabilities &amp; Stockholders' Equity</b>	<b>91,945</b>	<b>85,748</b>	<b>7.2</b>

As of 31 March 2018, Total Assets increased 7.2% to Rp91,945 billion, Total Liabilities decreased 0.7% to Rp31,399 billion and Total Equity increased 11.9% to Rp60,546 billion.

- Current Assets increased 31.2% to Rp27,680 billion, mainly due to increase in cash and cash equivalents.
- Non-current Assets slightly decreased by 0.6% at Rp64,265 billion, mainly due to the decrease in fixed assets.
- Current Liabilities increased 4.3% to Rp24,026 billion, mainly due to the increase in current maturities of medium term loans.
- Non-current Liabilities decreased 14.1% to Rp7,373 billion, mainly due to lower outstanding medium-term loans.
- Total Equity increased by 11.9% to Rp60,546 billion due to additional retained earnings from Net Income in this period.

### Cash Flow

Net cash generated from operations in 1Q18 decreased 17.9% YoY to Rp10,352 billion due to out payment activities for operating expenses. Cash flow used in investment activities was Rp3,564 billion mainly for the payment of infrastructure spending. Net cash used in financing activities (exclude Dividend) increased by 9.2% YoY to Rp187 billion.

### Statements of Cash Flows

Statements of Cash Flows (Rp Bn)	1Q18	1Q17	Growth (%)
Cash Flow from Operating Activities	10,352	12,613	(17.9)
Cash Flow for Investing Activities	(3,564)	(2,764)	28.9
Cash Flow for Financing Activities	(187)	(172)	9.2
Dividend Payment	-	(6,749)	N/A
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>6,601</b>	<b>2,929</b>	<b>125.3</b>
Cash and Cash Equivalents at Beginning of Periods	10,548	19,681	(46.4)
Cash and Cash Equivalents at End of Periods	17,149	22,611	(24.2)

## Debt Profile

As of 31 March 2018, Telkomsel's outstanding loans amounted to Rp1,000 billion will due in 2019 and obligations under finance lease of Rp4,488 billion. As of 31 March 2018, Telkomsel Debt to Equity Ratio (DER) was 9.1%.

Several financial covenants related to its loans/debts as follows:

Covenants to be Maintained	Required	Actual
EBITDA to Debt Service	$\geq 1.25$	28.19
Debt to Tangible Net Worth	$\leq 2.00$	0.02

## RESULTS BY SERVICE

### Celullar Services

#### Voice and SMS

Telkomsel had been successful in maintaining healthy Voice revenue growth over the past few years due to dynamic cluster based pricing and successful migration of customers from Pay As You Use (PAYU) to packages. Along transition phase of Legacy toward Data, Telkomsel's Legacy business was slowing down with Voice revenue decreased by 13.8% YoY to Rp8,672 billion and Voice traffic declined by 1.3% YoY.

This trend also applied to SMS where its revenue declined by 31.8% YoY to Rp1,938 billion as the impact of OTT services cannibalization resulting SMS traffic declined by 39.3% YoY.

#### Digital Business

Digital business remained the engine of growth with focus on leading network supply in 3G and 4G infrastructure. This segment recorded strong performance with 24.8% YoY growth to Rp10,506 billion and increased its contribution to total revenue substantially to 48.0% from 37.7% last year.

Revenue from Data grew by 20.8% YoY to Rp9,160 billion, driven by healthy growth in 3G/4G capable device adoption (+35.2% YoY to 113.3 million users), successful migration of PAYU to Flash packages, as well as continued strong growth in Data payload, which increased by 145.8% YoY to 899,600 TB. As of 31 March 2018, 55.1 million of our customers that have LTE devices have swapped to USIM to utilize 4G services.

Digital Services also grew strongly by 61.1% YoY to Rp1,346 billion, becoming the main driver of Telkomsel's transformation from a telco company to a digital telco company. 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 with key products and services within this segment include Digital Lifestyle, Mobile Financial Services, Digital Advertising and Digital Banking:

- Digital Lifestyle continued to focus on providing excellent mobile entertainment experience for customers. By targeting different segments through various services, Telkomsel aims to become the leading mobile entertainment provider in the country through VAS, Music, Video, Games & Market Place, etc.



- In Mobile Financial Services, Telkomsel's flagship product TCASH made strides towards fulfilling its vision to realize financial inclusion and the creation of a cashless society in Indonesia which had expanded its user base to around 20 million registered users as of March 2018. Telkomsel has also built a strong foundation to support scalable growth by adding its TCASH servicing channels consisting of traditional outlets, modern retail outlets and agents (Bang TCASH), and by introducing new use cases for both the banked segment and unbanked segments.
- Through Digital Advertising business, Telkomsel aims to become a dominant media owner in Indonesia's Mobile Advertising industry by leveraging more than 192.8 million subscribers and offering an extensive range of Digital Advertising services, ranging from conventional text messaging to timely advertising for mobile coupons, display advertising in mobile applications, and much more.
- Digital Banking business continued to grow, enabling more financial institutions to provide mobile banking services and helping Indonesian citizens to enjoy broader access to financial transactions in general, towards achieving the government's target creation of a cashless society.

Going forward, Telkomsel will continue to scale up the business and develop its digital ecosystem in order to expand its reach and to support an increasing variety of Digital Services. Establishment of this digital ecosystem is a key foundation for Telkomsel to become a successful digital telco company and build a digital Indonesia.

### **Customer Base**

As of 31 March 2018, Telkomsel served 192.8 million subscribers nationwide, an increase of 13.8% YoY. Out of the total base, 108.7 million were data users which grew strongly by 21.3% YoY.

### **ARPU**

As we are shifting from Legacy business to Digital Business, our Digital ARPU grew double digit due to increase in 3G/4G capable device penetration along with strong growth in data traffic.

### **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 as Data traffic jumped 145.8% YoY. Our 4G LTE deployment is on-demand basis, take into account 4G handset penetration and level of demand in Broadband cities. We have deployed 35,110 4G BTS to date. The network roll out brought total BTS on air to 167,649 units at end of March 2018, or increased by 23.2% YoY, of which 117,332 units were 3G/4G BTS (+35.9% YoY).

The following table presents performance of our cellular business:

Operational Indicators	YoY			QoQ		
	1Q18	1Q17	Growth (%)	1Q18	4Q17	Growth (%)
Customer Base (000)	192,752	169,368	13.8	192,752	196,322	(1.8)
Net Adds (000)	(3,570)	(4,552)	(21.6)	(3,570)	5,960	(159.9)
3G/4G Capable Device (000)	113,286	83,793	35.2	113,286	108,196	4.7
ARPU (000)	35	43	(18.7)	35	41	(14.8)
BTS on Air (units)	167,649	136,093	23.2	167,649	160,705	4.3
Total Employees	5,453	5,149	5.9	5,453	5,461	(0.1)
MoU (In billion minutes)	51.7	52.4	(1.3)	51.7	54.6	(5.2)
SMS (In billion units)	23.2	38.2	(39.3)	23.2	28.4	(18.4)
Data Payload (TB)	899,600	365,959	145.8	899,600	743,218	21.0

## Fixed Line Services

### Fixed Broadband IndiHome

IndiHome continued to show strong result. During 1Q18, we successfully added around 536 thousand new subscribers. Total IndiHome subscribers has reached 3.5 million, grew by 97.0% YoY, with IndiHome Triple Play representing 60% of total customers. While IndiHome Dual Play continued to show strong traction. Around 73% of the new customers in 1Q18 were on Dual Play.

In terms of revenue, IndiHome business recorded Rp2.3 trillion of revenue, strongly increased by 48.4% YoY. ARPU of IndiHome in 1Q18 was Rp251 thousand, declined from Rp285 thousand in the previous quarter as a result of higher contribution from Dual Play customers and promotional package. We will keep accelerating IndiHome customer growth and encouraging customers to purchase various add-ons and mini pack, upgrade to Triple Play or higher speed services.

### Enterprise Business

In Enterprise market, Telkom remains focused on provision of ICT solutions with various smart enabler platforms. There is increasing trend for Indonesian corporations to focus on their core businesses and outsource their ICT solution needs to reliable third-party providers. This represents huge opportunity for Telkom to expand its Enterprise business in the future. In 1Q18, Telkom Enterprise business recorded Rp5.9 trillion (normalized) in revenue, grew by 17.7% YoY.

We serve three customers segments under our Enterprise business:

- Corporate.** We serve around 1,450 corporate clients from various industries such as consumer goods, insurance, pharmaceutical, and banking, which contributed around 61% to Enterprise segment revenue. Corporate customers now demand more integrated ICT solutions on top of connectivity such as smart enablers, data center and cloud, platforms and applications, as well as business process outsourcing. With low penetration of integrated ICT services among Indonesian corporate, coupled with the rising trend of business process digitization, Telkom is in the leading position to grow its Corporate segment.

- **Government.** We provide connectivity and ICT solutions for around 940 Government institutions including Central Government, Local Government, and Government Agencies. By our estimate, Indonesia government IT-related spending is around Rp15 trillion annually, which provides a sizeable business opportunity for Telkom. Government segment contributed around 24% to Enterprise segment revenue.
- **Small and Medium-sized Enterprise (SME).** We serve around 300,000 SME clients for which we provide various services from connectivity to various solutions. With 3.7 million identified SMEs in our database and very low ICT adoption rate among Indonesia SMEs, Telkom still has large potential upside to grow in SME segment.

## Wholesale and International Business

Our wholesale services portfolio includes domestic and international traffic carrier, wholesale connectivity, towers, satellite, as well as telecommunication and infrastructure managed services. In the first quarter of 2018, our Wholesale and International Business revenue was Rp2.2 trillion, grew by 32.3% YoY.

Our Wholesale and International Business arm aims to create sustainable value for Telkom Group and its customers by becoming a global digital hub. To do so, we continue to expand our network infrastructure. In addition to the completed SEA-ME-WE5 & SEA-US submarine cable system, Indonesia Global Gateway project or IGG that will connect SEA-ME-WE-5 and SEA-US has reached 85% progress and is expected to commence operation in 3Q18. We are also in the process of developing our new Telkom-4 (“Merah Putih”) Satellite which has reached 81% progress and is expected to launch in mid-2018.

## Recent Activities

### ■ Dividend Payout ratio of 75%

Telkom’s Annual General Meeting of Shareholders (AGMS) for the fiscal year of 2017 held on April 27, 2018, has decided to distribute a total of 75% dividend pay out for 2017 fiscal year, increased from 70% pay out for 2016 fiscal year. Telkom will distribute cash dividend of Rp13.3 trillion or equal to 60% of net income. In addition, Telkom will distribute special dividend of Rp3.3 trillion or equal to 15% of net income. These represent total dividend per share of Rp167.6598. The dividend shall be paid at the latest on May 31, 2018.

### ■ Change in Board of Directors and Board of Commissioners

On April 27, 2018, Telkom’s AGMS for the fiscal year of 2017 has appointed Siti Choiriana as Consumer Service Director, Edwin Hidayat Abdullah as Commissioner, and Isa Rachmatarwata as Commissioner. Hence, the current members of Telkom Board of Directors and Board of Commissioners are:

#### Board of Directors:

President Director	: Alex J. Sinaga
Finance Director	: Harry M. Zen
Digital and Strategic Portfolio Director	: David Bangun
Enterprise and Business Service Director	: Dian Rachmawan
Wholesale and International Services Director	: Abdus Somad Arief
Human Capital Management Director	: Herdy R. Harman
Network and IT Solution Director	: Zulfelfi Abidin
Consumer Service Director	: Siti Choiriana

**Board of Commissioners:**

President Commissioner	: Hendri Saparini
Independent Commissioner	: Margiyono Darsasumarja
Independent Commissioner	: Dolfie Othniel Fredric Palit
Independent Commissioner	: Pamijati Pamela Johanna Waluyo
Independent Commissioner	: Cahyana Ahmadjayadi
Commissioner	: Edwin Hidayat Abdullah
Commissioner	: Rinaldi Firmansyah
Commissioner	: Isa Rachmatarwata

**■ Acquisitions**

On April 2, 2018, we acquired 51% ownership of PT Swadharma Sarana Informatika, a company engaged in ATM managed service and related businesses. We expect this acquisition to strengthen Telkom's business ecosystem and increase Telkom's ICT solution competence in financial, banking and insurance sector, in line with our vision to be a digital telco company.

## Product and Marketing Activities

### Fixed Line & Enterprise

IndiHome released IndiHome Chinese New Year ("Imlek") Package discounted from normal price with 100 minutes free call to fixed line, UseeTV Entry package, plus contents with price starting from Rp360 thousand for 20Mbps internet speed. This promotion applies until April 30, 2018.

### Mobile

**■ Legacy business and Data penetration program**

In order to increase more Data usage, #SURPRISE DEAL and Internet Vaganza program were launched as attractive Data offering: (1) **#SURPRISE DEAL** as Data package for prepaid customers consist of 25GB Data quota for all networks priced at Rp100K; (2) **Internet Vaganza** which offers attractive core Data package consist of 12GB for all networks starting from Rp95K.

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

To encourage mass adoption of smartphone device in efficient and effective way, Telkomsel Android United (TAU) and Halo Kick! Program were launched with variety of device bundling: (1) **Samsung Galaxy S9 & S9+** bundled with Halo Kick! consist of Data Quota up to 24GB, 100 minutes and 200 SMS per month within 12 months.

## ADDITIONAL INFORMATION

### Awards & Recognition

During 1Q18, we have been awarded by several institutions for our achievements, among others:

- *Top Brand Award* for IndiHome in Internet Service Provider Fixed category for Outstanding Achievement in Building the Top Brand from Frontier Consulting Group and Marketing Magazine.
- *Indonesia CSR Award II* for Telkom for achieving Platinum award (99.25 score) for public company which conducts CSR principles from Economic Review and Indonesia Asia Institute.

- *The 13<sup>th</sup> Sustainability Reporting Award 2017* for Telkom as First Rank in Infrastructure category from the National Center for Sustainability Reporting and SWA.
- *Indonesia Corporate Secretary & Corporate Communication Award 2018* for Telkom as First Rank (Platinum Award) in Public Listed Company category from Economic Review.
- *Best CEO Obsession Award 2018* for Mr. Alex J. Sinaga as Best Achiever in CEO State Owned Enterprise and for Telkom as Best Achiever Company from Obsession Media Group.
- *Most Innovative Business Award 2018* for Telkom as Excellent Company for Product and Marketing Innovation in Telecommunication Sector from Warta Ekonomi.
- *Public Relations Indonesia Award 2018* for Telkom in the Most Popular in Media, Corporate PR and Marketing PR category from PR Indonesia Magazine.
- *WSIS Prize 2018* for *Telkomsel* as 2<sup>nd</sup> Best Champion WSIS - Baktiku Negeriku from WSIS Forum.
- *Indonesia WOW Brand 2018* for *Telkomsel* as Gold Champion Cellular Operator and Top 50 Indonesia WOW Brand 2018 from MarkPlus Inc.
- *Wajib Pajak 2018 Awards* for *Telkomsel* as the Biggest Tax Contribution from DJP Pajak Kementerian.
- *PR Indonesia Award 2018* for *Telkomsel* as Best Private Company “Platinum Awards”, Best Crisis Handling, and Most Popular in Media, *MyTelkomsel* as “Gold Winner” mobile application category, *The NextDev* as “Gold Winner” Corporate PR category, *Internet Baik* as “Gold Winner” Sustainability Business category, and *Popcorn* as “Bronze Winner” E-Magazine category from Serikat Perusahaan Pers (SPS).
- *TOP Digital PR Award 2018* for *Telkomsel* as Top Digital PR Award in Kartu Provider category from Trash N CO Research.
- *Inhouse Magazine Award 2018* for *Telkomsel* as Best E-Magazine in Private National Company category from Serikat Perusahaan Pers (SPS).
- *Indonesia Prestige Brand Awards 2018* for *Telkomsel* as Top 5 Brand used most often in Mobile Provider Category from Warta Ekonomi.
- *Indonesia Branding Campaign Award 2018* for *The NextDev Campaign* as best PR Program “Gold Champion” and best Below The line Program “Below The Line” from MarkPlus Inc.
- *Indonesia Netizen Brand Choice 2018* for *TCASH* as Top 5 Netizen Choice in Digital Payments Category from Warta Ekonomi.

**Table 1**  
**PERUSAHAAN PERSEROAN (PERSERO)**  
**PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As of March 31, 2018 (unaudited) and December 31, 2017 (audited)**  
**(Figures in tables are expressed in billions of Rupiah, unless otherwise stated)**

	March 31, 2018	December 31, 2017	Growth (%)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	28,968	25,145	15.2
Other current financial assets	1,661	2,173	(23.6)
Trade receivables – net of provision for impairment of receivables			
Related parties	2,241	1,545	45.0
Third parties	9,876	7,677	28.6
Other receivables – net of provision for impairment of receivables	334	342	(2.3)
Inventories – net of provision for obsolescence	630	631	(0.2)
Assets held for sale	119	10	1,090.0
Prepaid taxes	2,395	1,947	23.0
Claim for tax refund	313	908	(65.5)
Other current assets	8,414	7,183	17.1
<b>Total current assets</b>	<b>54,951</b>	<b>47,561</b>	<b>15.5</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investments	2,189	2,148	1.9
Property and equipment – net of accumulated depreciation	130,801	130,171	0.5
Intangible assets – net of accumulated amortization	3,692	3,530	4.6
Deferred tax assets – net	2,683	2,804	(4.3)
Other non-current assets	12,284	12,270	0.1
<b>Total non-current assets</b>	<b>151,649</b>	<b>150,923</b>	<b>0.5</b>
<b>TOTAL ASSETS</b>	<b>206,600</b>	<b>198,484</b>	<b>4.1</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables			
Related parties	802	896	(10.5)
Third parties	14,155	14,678	(3.6)
Other payables	173	217	(20.3)
Taxes payable	3,006	2,790	7.7
Accrued expenses	13,296	12,630	5.3
Unearned income	5,046	5,427	(7.0)
Advances from customers	1,085	1,240	(12.5)
Short-term bank loans	2,719	2,289	18.8
Current maturities of long-term borrowings	6,359	5,209	22.1
<b>Total current liabilities</b>	<b>46,641</b>	<b>45,376</b>	<b>2.8</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities – net	791	933	(15.2)
Unearned income	588	524	12.2
Long service award provisions	776	758	2.4
Pension benefits and other post-employment benefits obligations	10,447	10,195	2.5
Long-term borrowings – net of current maturities	27,191	27,974	(2.8)
Other liabilities	25	594	(95.8)
<b>Total non-current liabilities</b>	<b>39,818</b>	<b>40,978</b>	<b>(2.8)</b>
<b>TOTAL LIABILITIES</b>	<b>86,459</b>	<b>86,354</b>	<b>0.1</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	433	387	11.9
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	75,293	69,559	8.2
Net equity attributable to:			
Owners of the parent company	98,493	92,713	6.2
Non-controlling interests	21,648	19,417	11.5
<b>TOTAL EQUITY</b>	<b>120,141</b>	<b>112,130</b>	<b>7.1</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>206,600</b>	<b>198,484</b>	<b>4.1</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 Months Period Ended March 31, 2018 and 2017 (unaudited)**  
**(Figures in tables are expressed in billions of Rupiah, unless otherwise stated)**

	2018	2017	Growth (%)
<b>REVENUES</b>	<b>32,343</b>	<b>31,022</b>	4.3
Operations, maintenance and telecommunication service expenses	(10,244)	(8,298)	23.5
Depreciation and amortization expenses	(5,373)	(4,773)	12.6
Personnel expenses	(3,035)	(2,977)	1.9
Interconnection expenses	(828)	(727)	13.9
General and administrative expenses	(1,250)	(1,226)	2.0
Marketing expenses	(870)	(985)	(11.7)
Gain (loss) on foreign exchange – net	(5)	(50)	(90.0)
Other income	303	500	(39.4)
Other expenses	(163)	5	(3,360.0)
<b>OPERATING PROFIT</b>	<b>10,878</b>	<b>12,491</b>	<b>(12.9)</b>
Finance income	318	432	(26.4)
Finance costs	(678)	(616)	10.1
Share of profit of associated companies	14	17	(17.6)
<b>PROFIT BEFORE INCOME TAX</b>	<b>10,532</b>	<b>12,324</b>	<b>(14.5)</b>
<b>INCOME TAX (EXPENSE) BENEFIT</b>			
Current	(2,571)	(2,991)	(14.0)
Deferred	17	43	(60.5)
	(2,554)	(2,948)	(13.4)
<b>PROFIT FOR THE PERIOD</b>	<b>7,978</b>	<b>9,376</b>	<b>(14.9)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	47	(10)	(570.0)
Change in fair value of available-for-sale financial assets	(1)	15	(106.7)
Share of other comprehensive income of associated companies	0	-	0.0
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit plan actuarial loss – net	-	-	-
Other comprehensive income – net	46	5	820.0
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>8,024</b>	<b>9,381</b>	<b>(14.5)</b>
Profit for the year attributable to:			
Owners of the parent company	5,734	6,688	(14.3)
Non-controlling interests	2,244	2,688	(16.5)
	<b>7,978</b>	<b>9,376</b>	<b>(14.9)</b>
Total comprehensive income for the year attributable to:			
Owners of the parent company	5,780	6,693	(13.6)
Non-controlling interests	2,244	2,688	(16.5)
	<b>8,024</b>	<b>9,381</b>	<b>(14.5)</b>
<b>BASIC EARNINGS PER SHARE</b> (in full amount)			
Net income per share	57.88	67.51	(14.3)
Net income per ADS (100 Series B shares per ADS)	5,788.28	6,751.31	(14.3)



**Table 3**  
**PT TELEKOMUNIKASI SELULAR (TELKOMSEL)**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2018 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2017 (AUDITED)**  
 (figures are presented in billions of Rupiah)

	MAR 2018	DEC 2017	Growth (%)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	17,149	10,548	62.6
Accounts receivables	2,060	2,199	(6.3)
Accrued income	1,516	1,341	13.1
Current portion of long-term prepayments	6,255	6,368	(1.8)
Others	700	641	9.2
<b>Total Current Assets</b>	<b>27,680</b>	<b>21,098</b>	<b>31.2</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investment	7	7	0.0
Fixed assets-net	55,791	56,074	(0.5)
Advances for fixed assets	24	24	(0.4)
Intangible assets-net	4,605	4,588	0.4
Prepayments – Non-current portion	3,736	3,855	(3.1)
Others	103	102	1.1
<b>Total Non-current Assets</b>	<b>64,265</b>	<b>64,650</b>	<b>(0.6)</b>
<b>TOTAL ASSETS</b>	<b>91,945</b>	<b>85,748</b>	<b>7.2</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable & accrued liabilities	15,041	15,193	(1.0)
Taxes payable	2,159	1,932	11.8
Unearned revenue	5,058	5,146	(1.7)
Current maturities of oblig. under finance leases	768	759	1.2
Other current liabilities	1,000	1	N/A
<b>Total Current Liabilities</b>	<b>24,026</b>	<b>23,031</b>	<b>4.3</b>
<b>NON-CURRENT LIABILITIES</b>			
Medium-term loans - net of current maturities	-	1,000	N/A
Obligations under finance lease - net of current maturities	3,720	3,916	(5.0)
Deferred tax liabilities	1,002	1,142	(12.3)
Others	2,651	2,529	4.8
<b>Total Non-current Liabilities</b>	<b>7,373</b>	<b>8,587</b>	<b>(14.1)</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	58,859	52,443	12.2
<b>Total Equity</b>	<b>60,546</b>	<b>54,130</b>	<b>11.9</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>91,945</b>	<b>85,748</b>	<b>7.2</b>



**Table 4**  
**PT TELEKOMUNIKASI SELULAR (TELKOMSEL)**  
**STATEMENTS OF PROFIT AND LOSS**  
**FOR THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (UNAUDITED)**  
 (figures in tables are presented in billions of Rupiah)

	<u>MAR 2018</u>	<u>MAR 2017</u>	<u>Growth (%)</u>
<b>REVENUES</b>			
Postpaid	2,030	1,675	21.2
Prepaid	18,432	18,984	(2.9)
Interconnection & international roaming	1,132	1,422	(20.4)
Others	280	221	26.7
<b>Total Revenues</b>	<u><b>21,874</b></u>	<u><b>22,302</b></u>	<b>(1.9)</b>
<b>EXPENSES</b>			
Operation & maintenance	6,053	5,638	7.4
Depreciation & amortization	3,588	3,305	8.5
Cost of services	1,115	762	46.3
Interconnection & international roaming	736	664	11.0
Personnel	886	927	(4.4)
General & administration	346	372	(6.8)
Marketing	751	746	0.7
Others - net	(30)	(121)	(75.5)
<b>Total Expenses</b>	<u><b>13,446</b></u>	<u><b>12,292</b></u>	<b>9.4</b>
Finance income - net	58	163	(64.2)
<b>INCOME BEFORE TAX</b>	<b>8,487</b>	<b>10,173</b>	<b>(16.6)</b>
INCOME TAX EXPENSE	(2,071)	(2,471)	(16.2)
<b>NET INCOME</b>	<u><u><b>6,416</b></u></u>	<u><u><b>7,702</b></u></u>	<b>(16.7)</b>
<b>EBITDA</b>	<b>11,986</b>	<b>13,194</b>	<b>(9.2)</b>
<b>EBITDA Margin- over revenues</b>	<b>54.8%</b>	<b>59.2%</b>	<b>(4.4ppt)</b>
<b>ROA</b>	<b>31.5%</b>	<b>31.4%</b>	<b>0.1ppt</b>
<b>ROE</b>	<b>48.3%</b>	<b>49.7%</b>	<b>(1.4ppt)</b>