

#### TICKERS:

IDX : TLKM  
NYSE : TLK

#### SHAREHOLDER COMPOSITION:

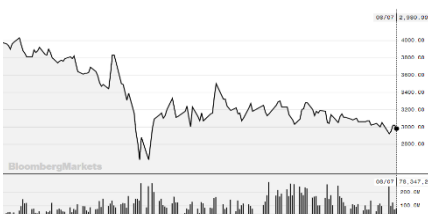
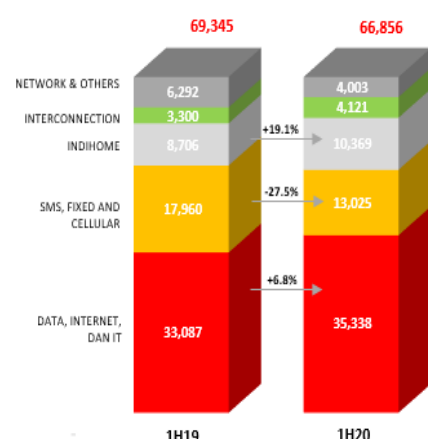
Government of Indonesia : 52.1%  
Public : 47.9%

#### CONVERSION RATES (US\$ 1.00):

Jun 30, 2020 = Rp14,265.0  
Dec 31, 2019 = Rp13,882.5  
Jun 30, 2019 = Rp14,127.5

#### FINANCIAL PERFORMANCE

Revenue  
(in Rp. Bn)



#### Share Price (August 7, 2020)

Rp2,980 (IDX) and USD20.12 (NYSE)

#### Market Capitalization (August 7, 2020)

Rp295 Tn (USD19.9 Bn)

#### Average Daily Trading (30 Days)

122.5 Mn Shares (IDX) & 278,789 DR (NYSE)

Source: Bloomberg

## Highlights

- IndiHome continued its strong momentum with revenue grew by 19.1% YoY to Rp10.4 trillion in 1H20 driven by new subscribers and add-ons.
- EBITDA margin stood at 54.0% with normalized EBITDA margin of 51.1% as a result of cost efficiency. Net Income margin improved to 16.4% with normalized Net Income margin of 17.3% compared to 16.0% last year.
- Mobile Digital Business grew by 13.5% YoY to Rp31.9 trillion, increased its contribution to 72.4% of revenue from 62.2% last year.
- Tower business revealed strong growth as a result of inorganic initiatives that we successfully implemented in 2019, by acquiring a total of 3,100 towers. Our tower business grew by 61% YoY to Rp916 billion.
- Telkomsel deployed c. 15.8 thousand 4G BTSs in 1H20, while Telkom's fiber-based backbone length reached c. 165,850 Km by the end of June 2020.

#### Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	1H20	1H19	Growth (%)
Revenues	66,856	69,345	(3.6)
Expenses	44,603	47,135	(5.4)
Operating Profit	22,253	22,210	0.2
EBITDA	36,077	33,124	8.9
EBITDA Margin (%)	54.0	47.8	6.2ppt
Net Income	10,989	11,078	(0.8)
Net Income Margin (%)	16.4	16.0	0.4ppt

#### Operational Highlights

Subscribers (000)	YoY		
	1H20	1H19	Growth (%)
<b>Broadband</b>			
Fixed Broadband - IndiHome	7,451	6,001	24.2
Mobile Data User	105,137	111,218	(5.5)
<b>Cellular</b>			
Postpaid	6,256	5,939	5.3
Prepaid	153,816	161,853	(5.0)
Total	160,072	167,792	(4.6)

#### Investor Relations

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## PT TELKOM INDONESIA (PERSERO) Tbk FIRST HALF OF 2020 (UNAUDITED)

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

### Revenues

Key Indicators (Rp. Bn)	YoY		
	1H20	1H19	Growth (%)
Data, Internet & IT Service	35,338	33,087	6.8
SMS, Fixed and Cellular Voice	13,025	17,960	(27.5)
IndiHome	10,369	8,706	19.1
Interconnection	4,121	3,300	24.9
Network and Other Telco Services	4,003	6,292	(36.4)
<b>Total</b>	<b>66,856</b>	<b>69,345</b>	<b>(3.6)</b>

Telkom recorded a decrease of 3.6% YoY in revenue to Rp66.9 trillion in the first half of 2020, mainly driven by relatively high portion of legacy that still decline rapidly. Meanwhile, mobile digital business and IndiHome continued to grow healthily in this period. The revenue details are as follows:

- **Data, Internet & IT Services revenues** grew by 6.8% YoY to Rp35.3 trillion driven by mobile data revenue which increased by 13.5% YoY.
- **SMS, Fixed and Cellular Voice revenues** declined by 27.5% YoY to Rp13.0 trillion due to cannibalization from instant messaging (OTT) application and tighter competition among mobile operators. Both voice and SMS revenue declined by 26.7% YoY and 30.5% YoY, respectively.
- **IndiHome** revenue kept increasing to Rp10.4 trillion or grew by 19.1% YoY during this period while its subscribers reached 7.45 million or jumped by 24.2% YoY.
- **Interconnection revenues** rose by 24.9% YoY to Rp4.1 trillion as a result of our effort to grab opportunities from international wholesale voice business.
- **Network and Other Telecommunication Services revenues** decreased by 36.4% YoY to Rp4.0 trillion related to strategy shift to reduce low margin products and services in Enterprise segment. However, it was alleviated by tower business that grew by 61% YoY to Rp916 billion.

## Expenses

Key Indicators (Rp. Bn)	YoY		
	1H20	1H19	Growth (%)
<b>Operating Expense</b>			
Operation, Maintenance & Telecommunication Services	16,227	21,790	(25.5)
Personnel	7,016	6,488	8.1
Interconnection	2,959	2,737	8.1
Marketing	1,456	1,992	(26.9)
General & Administrative	3,121	3,214	(2.9)
<b>Total Operating Expenses</b>	<b>30,779</b>	<b>36,221</b>	<b>(15.0)</b>
Depreciation & Amortization	13,927	11,467	21.5
Forex (Gain) / Loss	84	56	50.0
Others (Income) / Expense	(187)	(609)	69.3
<b>Total Expenses</b>	<b>44,603</b>	<b>47,135</b>	<b>(5.4)</b>

In the first half of 2020, total expenses decreased by 5.4% YoY to Rp44.6 trillion, with Operation, Maintenance & Telecommunication Services (“O&M”) cost declined significantly by 25.5% YoY. Details of expenses are as follows:

- **Operation, Maintenance & Telecommunication Services (“O&M”) expenses** dropped by 25.5% YoY to Rp16.2 trillion mainly due to the impact of PSAK 73 adoption by Rp1.7 trillion and PSAK 72 by Rp93 billion. It was also attributable to declining cost of devices, IT services, and managed service solutions in line with business focus changes in Enterprise segment.
- **Personnel expenses** rose by 8.1% YoY in line with increasing number of total Group employee, aligned with our strategy to strengthen digital capabilities.
- **Interconnection expenses** increased by 8.1% YoY in line with the growth of our international wholesale voice business.
- **Marketing expenses** declined by 26.9% YoY to Rp1.5 trillion, attributable to the impact of PSAK 72 adoption that reduced marketing expense by Rp259 billion. The decline was also due to higher usage of modern channel for mobile product distribution and less physical promotional events for IndiHome.
- **General & Administrative expenses** decreased by 2.9% YoY as we successfully managed overhead expenses.
- **Depreciation & Amortization** increased by 21.5% YoY to Rp13.9 trillion mainly attributable to the impact of PSAK 73 adoption where we recorded the depreciation of leased assets of Rp2.1 trillion during the period.
- We recorded **Net Forex Loss** of Rp 84 billion reflecting relatively limited exposure to foreign exchange risk.
- **Other Income – net** booked an income of Rp187 billion.

## EBITDA and Net Income

EBITDA in 1H20 was Rp36.1 trillion or grew by 8.9% YoY with EBITDA margin of 54.0%. Since 1Q20, we started to adopt PSAK 72 and 73 that impacted both EBITDA and Net Income. By factoring PSAK 72 and 73 out, normalized EBITDA was Rp34.1 trillion or grew by 3.0% YoY with EBITDA margin of 51.1%. The increase in EBITDA indicated successful cost efficiency as O&M expense declined significantly. We posted Net Income of Rp11.0 trillion or declined by 0.8% YoY or with better Net Income margin of 16.4% in this period compared to 16.0% last year. Meanwhile, normalized Net Income was Rp11.6 trillion, increased by 4.4% YoY with Net Income margin of 17.3%.

## Financial Position

Key Indicators (Rp. Bn)	End of		
	1H20	FY19	Growth (%)
Total Assets	246,351	221,208	11.4
Total Liabilities	136,066	103,958	30.9
Non-controlling Interests	14,347	17,689	(18.9)
Total Equity	110,285	117,250	(5.9)

- Total assets at end of June 2020 stood at Rp246.4 trillion or rose by 11.4% YTD. As we adopt PSAK 73, we recorded Right-of-Use (RoU) assets of Rp18.0 trillion.
- Total liabilities as of 30 June 2020 rose by 30.9% YTD to Rp136.1 trillion due to the impact of PSAK 73 resulted in Rp10.7 trillion additional lease liabilities. The increase was also attributable to dividend payable for fiscal year 2019 of Rp15.3 trillion that was already paid on 22 July 2020.
- Non-controlling interests declined by 18.9% YTD as a result of dividend paid by subsidiaries.
- Our equity decreased by 5.9% to Rp110.3 trillion.

## Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1H20	1H19	Growth (%)
Cash Flows from Operating Activities	34,171	27,702	23.4
Cash Flows from/(used in) Investing Activities	(15,937)	(16,340)	(2.5)
Cash Flow from/(used in) Financing Activities	(8,304)	(11,673)	(28.9)
Net Increase (Decreased) in Cash & Cash Equivalents	9,930	(311)	3,292.9
Effect of Exchange Rate Changes on Cash and Cash Equivalents	66	(53)	224.5
Cash and Cash Equivalents at Beginning of Year	18,242	17,439	4.6
Cash and Cash Equivalents at End of Period	28,238	17,075	65.4

- Net cash provided by operating activities in 1H20 exceeded Rp34.1 trillion or rose by 23.4% YoY during this period reflecting our healthy business fundamental.

- Net cash used in investing activities decreased by 2.5% YoY as capex spending in 1H20 was still relatively low as a result of leading network supply. There was also tower asset acquisition in 2019 that required net cash used in investing activities.
- Net cash used in financing activities decreased by 28.9% YoY mainly due to dividend payment for 2019 fiscal year was scheduled in 3Q20 while dividend payment last year was scheduled in 2Q19.

We recorded payment for lease liabilities as the impact of PSAK 73 adoption in cash flows from operating activities of Rp1.2 trillion and in cash flows used in financing activities of Rp4.6 trillion.

## Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	1H20	FY19	1H20	FY19
IDR/Rupiah	62,637	50,212	97.4	96.4
USD/US Dollar	1,223	1,315	1.9	2.5
JPY/Japanese Yen	460	491	0.7	0.9
MYR/Malaysian Ringgit	7	66	0.0	0.1
<b>Total</b>	<b>64,327</b>	<b>52,084</b>	<b>100.0</b>	<b>100.0</b>

Total debts (including financial lease) amounting to Rp64.3 trillion at end of June 2020, increased by 23.5% YTD. Out of total debt amount, Rp10.7 trillion was due to the impact of PSAK 73. By factoring the PSAK 73 out, the amount of debt would be Rp53.7 trillion.

During the period, we recorded finance cost of Rp2,315 billion or grew by 12.9% YoY compared to the same period last year. The normalized finance cost for this period was Rp1,816 billion or declined by 11.4% YoY mainly due to the adoption of PSAK 73.

Around 97% of our debts were in Rupiah currency, around 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 58.3% with normalized DER even lower at 48.6%. 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 <sup>id</sup>AAA with stable outlook.

## Gearing Ratio

Ratios (%)	End of			
	Normalized 1H20	1H20	FY19	Growth (ppt)
Net Debt to Equity	22.2	31.9	28.4	3.5
Debt to Equity	48.6	58.3	44.4	13.9
Debt to EBITDA (times)	0.8	0.9	0.8	0.1
Debt Service Ratio (times)	2.8	2.5	2.9	(0.4)

Notes:

- Net Debt to Equity is calculated as Total Debt deducted by Cash & Cash Equivalent and Other Current Financial Assets, then divided by Total Equity
- Debt to Equity is Total Debt to Total Equity
- 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 1H20	1H20	1H19	Growth (ppt)
EBIT Margin	33.5	33.3	32.0	1.3
EBITDA Margin	51.1	54.0	47.8	6.2
Net Income Margin	17.3	16.4	16.0	0.4
Current Ratio	70.8	64.8	92.7	(27.9)
Total Liabilities to Equity	111.3	123.4	99.1	24.3
Return on Assets	13.8	12.5	14.4	(1.8)
Return on Equity	29.1	28.0	28.6	(0.6)
Return on Invested Capital	19.6	17.7	18.7	(1.0)

Notes:

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

## Capital Expenditure

In the first half of 2020, Telkom spent Rp12 trillion in capital expenditure to strengthen network and other supporting infrastructures. In mobile services, capex was utilized to further improve 4G network quality and capacity, as well as IT system enhancement to support digital services. While in fixed line businesses, capex was primarily utilized to develop fiber-based access and backbone infrastructures, and small portion for other projects such as towers and Data Center.

## RESULTS BY SEGMENT

### Mobile Segment

#### Telkomsel Financial Result

The COVID-19 outbreak since early 2020 continued to have impact on the overall society with weakening purchasing power, economy slowed down starting from March and large-scale restrictions (PSBB) being imposed in April on social and economic activities in which the biggest economy contractions likely hit in the second quarter onward. The telecommunication industry has been no exception from the impact which also still marked by challenging market dynamics, on-going transition of Legacy toward Data services and continuing competitive environment. Aside from maintaining the stability and profitability in the current circumstances, Telkomsel continues to support community in providing affordable optimum service to the customers as company's response in the COVID-19 crisis.

In parallel with continuous journey of transformation in Digital Business as engine of growth along with cost leadership initiatives, Telkomsel booked performance in 1H20:

- Revenues, EBITDA & Net Income at Rp44.0 trillion, Rp26.4 trillion & Rp12.7 trillion, respectively to maintain healthy profitability with improved EBITDA & Net Income Margin at 60.0% & 28.9%.
- Legacy declined by -28.7% YoY with Digital Business posted a growth of 13.5% YoY, driven by Data & Digital Services, accounted for 72.4% of total revenues, increased progressively from 62.2% a year ago.
- Revenue from Data grew by 14.0% YoY, driven by 105.1 million Data users & 3G/4G capable device at 114.6 million (71.6% penetration) as well as healthy growth in Data payload (+40.3% YoY to 4,255,250 TB) with data user consumption at 7,037 MB per Data user (+43.8% YoY) and positive trend of Data ARPU. Digital Services also grew by 10.0% YoY and has become the main driver of Telkomsel's transformation from a Telco Company to Digital Telco Company.
- Managed to have 160.1 million subscribers with focus on high-value customers to improve quality of customers. Telkomsel saw positive quarterly trends of user engagement with increasing traffic, payload per data user & ARPU growth showing potential trend of usage from better affordability & good traction of existing daily quota (ketengan) products.
- In line with philosophy to always lead in network supply including in the region outside Java to strengthen network leadership & growing Digital Business, 15,831 new BTS were deployed during 1H20 with all of BTS were 4G-based. In 1H20, Telkomsel's BTS on-air totaled 228,066 units (+11.7% YoY), 77.9% of which were 3G/4G BTS.

In responding to the demand and supported by the network capability, Telkomsel is committed to provide more valuable & better pricing product to customer to ensure affordability especially in this unprecedented situation. And believe that it will positively increase user engagement and stability of ARPU.

#### 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 25.9% YoY to Rp10,198 billion with declining Voice traffic by 16.2% YoY and SMS revenue declined by 47.6% YoY to Rp1,181 billion with declining SMS traffic by 31.7% 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 with focus to continue in leading of network supply in 3G and 4G infrastructure. This segment recorded strong performance with 13.5% YoY growth to Rp31,868 billion and increased its contribution to total revenue progressively to 72.4% from 62.2% 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 14.0% YoY to Rp27,822 billion, driven by 105.1 million Data users and 3G/4G capable device at 114.6 million (71.6% penetration) as well as healthy growth in Data payload (+40.3% YoY to 4,255,250 TB) with consumption at 7,037 MB per Data user (+43.8% YoY) and positive trend of Data ARPU. Digital Services also grew by 10.0% YoY to Rp4,046 billion and has become the main driver of Telkomsel's transformation from a Telco Company to Digital Telco Company.

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

### Statement of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	1H20	1H19	Growth (%)	2Q20	1Q20	Growth (%)
Revenues	44,009	45,106	(2.4)	21,585	22,424	(3.7)
Legacy	12,141	17,034	(28.7)	5,546	6,595	(15.9)
Digital Business	31,868	28,072	13.5	16,039	15,829	1.3
Expenses incl. Depreciation and Others	27,182	27,953	(2.8)	14,049	13,133	7.0
EBITDA	26,410	24,231	9.0	12,591	13,819	(8.9)
EBITDA Margin (%)	60.0	53.7	6.3ppt	58.3	61.6	(3.3)ppt
Net Income	12,710	12,705	0.0	5,654	7,056	(19.9)
Net Income Margin (%)	28.9	28.2	0.7ppt	26.2	31.5	(5.3)ppt
Proportion of Digital Business (%)	72.4	62.2	10.2ppt	74.3	70.6	3.7ppt

Telkomsel recorded operating revenues of Rp44,009 billion in 1H20, a decrease by 2.4% YoY.

Postpaid revenue increased by 8.3% YoY to Rp4,316 billion mainly driven by the increase in postpaid customer base which grew by 5.3% YoY to 6.3 million subscribers, while Prepaid revenue decreased by 2.9% YoY to Rp37,393 billion reflecting on-going transition of Legacy toward Data services and continuing competitive environment. Interconnection and International Roaming revenues decreased by 20.9% YoY to Rp1,472 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 June 2020, total expenses including depreciation and amortization decreased by 2.8% YoY to Rp27,182 billion. The decline itself mainly driven by Operational & Maintenance expenses due to lower cost of tower & space rental as a result of local standard result of PSAK 73 implementation (adoption of IFRS 16) combined with lower expenses in Marketing due to more effective distribution cost as well as General Administration with lower rent as impacted also by local standard result of PSAK 73 implementation (adoption of IFRS 16).

## Statements of Financial Position

Statements of Financial Position (Rp Bn)	Jun-20	Dec-19	Growth (%)
Current Assets	16,251	18,657	(12.9)
Non-Current Assets	84,191	64,073	31.4
<b>Total Assets</b>	<b>100,442</b>	<b>82,730</b>	<b>21.4</b>
Current Liabilities	35,657	20,892	70.7
Non-Current Liabilities	24,996	12,629	97.9
Equity	39,789	49,209	(19.1)
<b>Total Liabilities and Stockholders' Equity</b>	<b>100,442</b>	<b>82,730</b>	<b>21.4</b>

As of 30 June 2020, Total Assets increased 21.4% to Rp100,442 billion, Total Liabilities increased 80.9% to Rp60,653 billion and Total Equity decreased 19.1% to Rp39,789 billion.

- Current Assets decreased 12.9% to Rp16,251 billion, mainly due to decrease in cash and cash Equivalents.
- Non-current Assets increased 31.4% to Rp84,191 billion, mainly due to increase in Fixed Assets.
- Current Liabilities increased 70.7% to Rp35,657 billion, mainly due to dividend payment and increase in current maturities of obligation under lease.
- Non-current Liabilities increased 97.9% to Rp24,996 billion, mainly due to increase in obligation under lease.
- Total Equity decreased by 19.1% to Rp39,789 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 June 2020 increased 5.4% YoY to Rp23,039 billion mainly impacted from local standard result of PSAK 73 implementation (adoption of IFRS 16).
- Cash flow used in investment activities decreased 32.7% YoY to Rp4,403 billion mainly due to lower payment of infrastructure spending 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 Rp5,266 billion contributed by the local standard result of PSAK 73 implementation (adoption of IFRS 16).

## Statements of Cash Flows

In Rp. Billion	1H20	1H19	Growth (%)
Cash Flow from Operating Activities	23,039	21,856	5.4
Cash Flow for Investing Activities	(4,403)	(6,547)	(32.7)
Cash Flow (for) from Financing Activities	(5,266)	7,853	(167.1)
Dividend Payment	(14,938)	(23,410)	(36.2)
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(1,568)</b>	<b>(248)</b>	<b>531.6</b>
Cash and Cash Equivalents at Beginning of Periods	8,583	6,497	32.1
Cash and Cash Equivalents at End of Periods	7,016	6,248	12.3

## Debt Profile

As of 30 June 2020, Telkomsel's total outstanding loans amounted to Rp6,000 billion from revolving credit facilities that expires in 2021 and 2023. As of 30 June 2020, Telkomsel Debt to Equity Ratio (DER) was 68.9%.

Description	1H20	FY19	Growth (ppt)
Net Debt to Equity (%)	51.3	1.1	50.2
Debt to Equity (%)	68.9	18.5	50.4
Net Debt to EBITDA (times)	0.40	0.01	N/A
Debt to EBITDA (times)	0.38	0.21	76.2%

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

## Mobile Digital Services

A number of investments and key initiatives have been established to accelerate the growth of Digital Services, in line with Telkomsel mission to serve customer's digital preferences & build a digital Indonesia with continuous Digital Service's scale up & innovations with key products and services in this segment included Digital Lifestyle, Mobile Financial Services, Digital Advertising, Digital Mobile Banking and Internet of Things (IoT):

- Telkomsel aims to become the leading mobile lifestyle provider in the country and pushing digital ecosystem through several platforms such as video, games and music. In June 2020, Telkomsel still expand its positioning on video ecosystem by enriching content and platform for mass market video. MAXstream has been launched to serve as the platform and has become the one-stop video portal from aggregation of OTT video apps, linear channels and VOD content (HOOQ, Vidio, iflix, HBO Go, local movie industry) with more than 8 million monthly active users. Telkomsel has now made Netflix also available to further enrich content and enhance user experience.
- Telkomsel also maintains its position as the leading operator in Indonesia that provide almost all value chain of gaming ecosystem including media and distribution, payment, e-sport, and step into Game Publishing by releasing its fourth game "Kolak Express 3" under Dunia Games brand after previously launched its first game "ShellFire" (2018), second game "Lord of Estera" (2019) and third game "Rise of Nowlin" (1Q20). Under Dunia Games, Telkomsel has more than 14 million monthly

active users. Meanwhile in Music, Telkomsel focused on improving user experience of Langit Musik, partnering with OTT music apps and maximizing revenue from RBT.

- Telkomsel launched CloudX as solution for enterprise customers who need office communication service with virtual PABX, Contact Center, Unified Communication, and Call Me Now features. Customer can access via various devices such as smartphones, applications, desk phones, and notebook.

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

### **Customer Base**

As of June 2020, Telkomsel managed to have 160.1 million subscribers with focus on high-value customers in line with focus on improving quality of customers. Telkomsel expects to see ongoing natural cleansing as impact of reinforcement in prepaid SIM registration policy. Furthermore, Data consumption have reached 7,037MB/Data user (+43.8% YoY) align with Telkomsel strategy to increase Data penetration.

### **ARPU**

As we are shifting from Legacy Business to Digital Business, our Digital ARPU grew double digit due to increase in Data user productivity resulting strong growth in Data traffic.

### **Network Deployment**

Our focus on Digital Business was reflected from our network deployment. This year, we continued to accelerate our network development with aggressive 4G BTS deployment to support Digital Business as Data traffic jumped 40.3% 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 95,665 4G BTS until 1H20. The network rolls out brought total BTS on air to 228,066 units at the end of June 2020, or increased by 11.7% YoY, of which 177,769 units were 3G/4G BTS (+15.5% YoY).

### **IT Development**

We continue to enhance and strengthen our IT platform in order to improve our customer analytics' capability. Therefore, we can 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.

Telkomsel's sustainable financial performance was supported by solid operational performance. The following table shows key operational performance as of 30 June 2020:

	YoY			QoQ		
	1H20	1H19	Growth (%)	2Q20	1Q20	Growth (%)
Customer Base (000)	160,072	167,792	(4.6)	160,072	162,567	(1.5)
ARPU (000)	45	46	(2.2)	46	45	2.2
BTS on Air (units)	228,066	204,198	11.7	228,066	219,323	4.0
Total Employees (*including subs & associated co)	5,376	5,500	(2.3)	5,376	5,372	0.1
MoU (in billion minutes)	76.7	91.5	(16.2)	36.9	39.8	(7.2)
SMS (in billion units)	19.6	28.7	(31.7)	9.1	10.5	(12.9)
Data Payload (TB)	4,255,250	3,032,142	40.3	2,258,408	1,996,842	13.1

## Fixed Line Services

### Fixed Broadband IndiHome

IndiHome contributed Rp10.4 trillion of revenue or grew by 19.1% YoY with its total subscribers reached 7.45 million by the end of June 2020 or rose by 24.2% YoY. We added around 196 thousand new customers during 2Q20. The subscriber addition was relatively in line with our full year target. Hence, IndiHome was still the growth driver for TelkomGroup with improving profitability supported by higher economic of scale and better operating leverage. IndiHome EBITDA margin continued to improved, reaching 38.6% in 1H20 compared to 35.9% in the 1Q20.

IndiHome ARPU in 2Q20 was relatively stable at Rp241 thousand, with 55.7% of the total subscribers were in Dual Play Package while the remaining 44.3% were in Triple Play.

We keep pushing new customers to subscribe on Triple Play and encouraging 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 33% YoY and contributed around 13.4% of IndiHome revenue in this period.

### Enterprise Business

In the first half of 2020, Enterprise segment recorded Rp7.7 trillion in revenue. Enterprise segment continued its policy to focus on improving the fundamentals, by reducing low margin businesses and prioritizing business lines with higher profitability along with various efforts to get better quality revenues.

The figure was attributed to lower revenues of device-related businesses, Enterprise fixed voice and also partly due to the cyclical characteristics of project based businesses. At the same time however, we saw increasing revenue from Data Center & Cloud, Application Service and Enterprise Connectivity.

We are strengthening our data center business in line with the growing needs. Currently, we operate data centers in 22 locations with 30 thousand square meters of net capacity. In 1H20, our Data Center under Enterprise segment recorded a revenue of Rp329 billion or grew by 36.0%. Furthermore, we just started a new facility of tier 3 and 4 data center located in the outskirts of Jakarta. The total capacity will be up to

10,000 racks and will be completed in stages. The first stage is expected to commence operation in mid 2021.

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%, 29%, and 15% of Enterprise segment revenue, respectively, in 1H20.

### **Wholesale and International Business (WIB)**

WIB revenue increased to Rp6.8 trillion or grew by 13.9% YoY. The revenue growth was mainly contributed by the increase in tower business as well as in international wholesale voice, SMS A2P and Data Center. Our tower business grew by 61% YoY to Rp916 billion. The strong performance was a result of inorganic strategy that we successfully implemented in 2019, by acquiring a total of 3,100 towers from Persada Sokka Tama and Indosat. This will become a strong foundation for tower value unlocking that is planned to be materialized in the foreseeable future. Meanwhile, our Data Center under WIB recorded a revenue of Rp311 billion or grew by 39.2%, mainly came from our Data Center in Singapore.

WIB acts as an enabler for other segments in TelkomGroup, in particular for mobile business. WIB segment's role is very important and strategic in providing the Group's internal support, while at the same time also serve external customers, which is reflected in the TelkomGroup's consolidated results.

### **Recent Activities**

#### ■ **TelkomGroup Responses to COVID-19**

Continuing response in the midst of COVID-19 pandemic, TelkomGroup has conducted several tactical actions in order to support employees, customers & 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. Commerce approach, to provide special packages to support WFH & LFH with affordable packages for targeted customer segment (collaboration with Ruang Guru, Quiper, Cakap, Bahaso, Zenius, Sekolah.mu, UI, ITS, ITB, UGM, UNPAD & Dikti to provide 30Gb/student; provide CloudX access and give allowance up to 60Gb; and discounted entertainment packages)
- c. Network & IT readiness, to ensure network & IT quality, mitigate changes in traffic behavior & deployment strategy
- d. CSR, to provide personal protective equipment & ventilators and initiate donation 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.

#### ■ **TelkomGroup Opens Access for Netflix**

Starting July 7, 2020, Netflix entertainment shows can be accessed on the TelkomGroup network. The opening of this access allows IndiHome, Telkomsel, and wifi.id customers to access Netflix content.

## ■ Groundbreaking Telkom Hyper-scale Data Centers (HDC)

In order to accelerate the digital platform business as an enabler for various ICT services and solutions, in July 9 2020, Telkom is building a Telkom HyperScale Data Center (HDC), a data center with a mega capacity of tier 3 and 4 class. HDC will complement 22 data centers consisting of 5 international data centers, 14 neuCentrIX and 3 tier 3 and 4 data centers. Telkom HyperScale Data Center is intended for mega players, global players and corporations from various sectors such as Finance & banking, Government, Private sector, Manufacturing, Content providers, global cloud providers.

## 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 and extra 50GB quota with a very special price for student. In 2Q20, IndiHome LFH also start collaborating with various universities in Indonesia.

#### ■ IndiHome Smart Camera Bundling Package

With IndiHome Smart Camera Bundling Package, customers can monitor their houses and buildings remotely. Simply through gadgets and smartphones, it can perform home surveillance functions. This package come with the sophistication of the IndiHome Smart Camera device with IoT (Internet of Thing) technology, internet speeds of up to 50 Mbps, 100 minutes of free calls to local and long-distance connections, 93 interactive TV channels and a variety of other exciting contents.

## 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 2Q20 are as follows:

- Telkom Wins Top 2020 Innovation Award 2020 for Excellence Performance, initiated by Itech Magazine in collaboration with the Ministry of Research and Technology, National Research and Innovation Agency (BRIN), Agency for the Assessment and Application of Technology (BPPT), National Research Council (DRN) and Forti BUMN.
- Frost & Sullivan Indonesia Excellent Award 2020 in Customer Experience for Telkomsel with Best in Mobile Experience and Best in Net Promotor Score from Frost & Sullivan.
- Wow Brand Festive Day 2020 for Telkomsel with Gold Champion Awards from Marketeers.
- PR Indonesia Awards 2020 for Telkomsel with Gold Winner in Application (by.U) and Digital PR (Telkomsel Transformation: Let's Rebound and Go Digital) category from PR Indonesia.

- Indonesia Most Admired Company Award 2020 for Telkomsel in telecommunication category (Empowering The Emerging Generation) from Warta Ekonomi Group.
- Indonesia Corporate Branding PR Award 2020 for Telkomsel in Best Corporate Branding 2020 category from Iconomics Magazine
- Indonesia Millennial's TOP Brand Award 2020 for Telkomsel as 1st Millennial's Choice Brand in Cellular Telecommunication Provider Category from Warta Ekonomi Group

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

	Jun 30, 2020	Dec 31, 2019	Growth (%)
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	28,238	18,242	54.8
Other current financial assets	867	554	56.5
Trade Receivables - net of provision for impairment of receivables			
Related parties	2,402	1,792	34.0
Third parties	12,837	10,005	28.3
Contract asset	699	-	100.0
Other receivables - net of provision for impairment of receivables	253	292	(13.4)
Inventories – net of provision for obsolescence	852	585	45.6
Assets held for sale	39	39	0.0
Contract cost	509	-	100.0
Prepaid taxes	3,143	2,569	22.3
Claim for tax refund	823	992	(17.0)
Other current assets	4,294	6,652	(35.4)
<b>Total Current Assets</b>	<b>54,956</b>	<b>41,722</b>	<b>31.7</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investments	1,826	1,944	(6.1)
Property and equipment – net of accumulated depreciation	155,649	156,973	(0.8)
Right-of-use asset	18,024	-	100.0
Intangible assets – net of accumulated amortization	6,594	6,446	2.3
Deferred tax assets – net	2,840	2,898	(2.0)
Contract asset	287	-	100.0
Contract cost	1,024	-	100.0
Other non-current assets	5,151	11,225	(54.1)
<b>Total Non-current Assets</b>	<b>191,395</b>	<b>179,486</b>	<b>6.6</b>
<b>TOTAL ASSETS</b>	<b>246,351</b>	<b>221,208</b>	<b>11.4</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade Payables			
Related parties	735	819	(10.3)
Third parties	15,255	13,078	16.6
Other payables	18,073	449	3925.2
Taxes payable	3,407	3,431	(0.7)
Accrued expenses	13,308	13,736	(3.1)
Unearned income – current	817	7,352	(88.9)
Contract liabilities	6,394	-	100.0
Advances from customers	2,223	1,289	72.5
Short-term bank loans	8,421	8,705	(3.3)
Current maturities of long-term borrowings	16,193	9,510	70.3
<b>Total Current Liabilities</b>	<b>84,826</b>	<b>58,369</b>	<b>45.3</b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities – net	766	1,230	(37.7)
Unearned Income - noncurrent	-	803	(100.0)
Contract liabilities	908	-	100.0
Long service award provisions	1,116	1,066	4.7
Pension benefits and other post-employment benefits obligations	8,358	8,078	3.5
Long-term borrowings - net of current maturities	39,713	33,869	17.3
Other liabilities	379	543	(30.2)
<b>Total Non-current Liabilities</b>	<b>51,240</b>	<b>45,589</b>	<b>12.4</b>
<b>TOTAL LIABILITIES</b>	<b>136,066</b>	<b>103,958</b>	<b>30.9</b>
<b>EQUITY</b>			
Capital stock	4,953	4,953	0.0
Additional paid-in capital	2,711	2,711	0.0
Other equity	415	408	1.7
Retained earnings			
Appropriated	15,337	15,337	0.0
Unappropriated	72,522	76,152	(4.8)
Net Equity Attributable to:			
Owners of the Parent Company	95,938	99,561	(3.6)
Non-Controlling Interests	14,347	17,689	(18.9)
<b>TOTAL EQUITY</b>	<b>110,285</b>	<b>117,250</b>	<b>(5.9)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>246,351</b>	<b>221,208</b>	<b>11.4</b>



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

	2020	2019	Growth (%)
<b>REVENUES</b>	66,856	69,345	(3.6)
Operation, maintenance and telecommunication service expenses	(16,227)	(21,790)	(25.5)
Depreciation and amortization expenses	(13,927)	(11,467)	21.5
Personnel expenses	(7,016)	(6,488)	8.1
Interconnection expenses	(2,959)	(2,737)	8.1
General and administrative expenses	(3,121)	(3,214)	(2.9)
Marketing expenses	(1,456)	(1,992)	(26.9)
Loss on foreign exchange – net	(84)	(56)	50.0
Other income - net	187	609	(69.3)
<b>OPERATING PROFIT</b>	<b>22,253</b>	<b>22,210</b>	0.2
Finance income	483	637	(24.2)
Finance costs	(2,315)	(2,050)	12.9
Share of profit (loss) of associated companies	(64)	41	(256.1)
Impairment losses of investment	(342)	-	100.0
<b>PROFIT BEFORE INCOME TAX</b>	<b>20,015</b>	<b>20,838</b>	(3.9)
<b>INCOME TAX (EXPENSE) BENEFIT</b>			
Current	(5,051)	(5,358)	(5.7)
Deferred	469	18	2505.6
	(4,582)	(5,340)	(14.2)
<b>PROFIT FOR THE YEAR</b>	<b>15,433</b>	<b>15,498</b>	(0.4)
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	55	(46)	(219.6)
Change in fair value of available-for-sale financial assets	-	4	(100.0)
Share of other comprehensive income of associated companies	3	(7)	(142.9)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial gain (losses) – net	-	-	-
Other comprehensive income (losses) – net	58	(49)	(218.4)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>15,491</b>	<b>15,449</b>	0.3
Profit for the year attributable to:			
Owners of the parent company	10,989	11,078	(0.8)
Non-controlling interests	4,444	4,420	0.5
	<b>15,433</b>	<b>15,498</b>	(0.4)
Total comprehensive income for the year attributable to:			
Owners of the parent company	11,047	11,029	0.2
Non-controlling interests	4,444	4,420	0.5
	<b>15,491</b>	<b>15,449</b>	0.3
<b>BASIC EARNING PER SHARE</b> (in full amount)			
Net Income per share	110.93	111.83	(0.8)
Net Income per ADS (100 Series B shares per ADS)	11,093.03	11,182.87	(0.8)

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

	<u>JUN 2020</u>	<u>DEC 2019</u>	<u>Growth (%)</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & cash equivalents	7,016	8,583	(18.3)
Accounts receivables - net	2,074	1,631	27.2
Unbilled Revenue	3,997	2,296	74.1
Current portion of long-term prepayments	2,274	5,138	(55.7)
Others	891	1,010	(11.8)
<b>Total Current Assets</b>	<b><u>16,251</u></b>	<b><u>18,657</u></b>	<b>(12.9)</b>
<b>NON-CURRENT ASSETS</b>			
Long-term investment	279	345	(19.3)
Fixed assets – net	77,160	55,229	39.7
Intangible assets – net	5,254	5,120	2.6
Prepayments – Non-current portion	1,414	3,267	(56.7)
Others	85	111	(23.8)
<b>Total Non-current Assets</b>	<b><u>84,191</u></b>	<b><u>64,073</u></b>	<b>31.4</b>
<b>TOTAL ASSETS</b>	<b><u>100,442</u></b>	<b><u>82,730</u></b>	<b>21.4</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable & accrued liabilities	15,862	12,961	22.4
Taxes payable	1,658	1,366	21.4
Unearned revenue	4,982	5,697	(12.5)
Dividend payable	6,595	-	N/A
Current maturities of obligation under leases	6,559	869	654.7
<b>Total Current Liabilities</b>	<b><u>35,657</u></b>	<b><u>20,892</u></b>	<b>70.7</b>
<b>NON-CURRENT LIABILITIES</b>			
Medium-term loans	6,000	6,000	0.0
Obligations under lease	14,866	2,236	564.8
Deferred tax liabilities	631	1,208	(47.8)
Others	3,499	3,184	9.9
<b>Total Non-current Liabilities</b>	<b><u>24,996</u></b>	<b><u>12,629</u></b>	<b>97.9</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	1,531	1,531	0.0
Retained earnings	38,076	47,495	(19.8)
<b>Total Equity</b>	<b><u>39,789</u></b>	<b><u>49,209</u></b>	<b>(19.1)</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b><u>100,442</u></b>	<b><u>82,730</u></b>	<b>21.4</b>

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

	<u>JUN 2020</u>	<u>JUN 2019</u>	<u>Growth (%)</u>
<b>REVENUES</b>			
Postpaid	4,316	3,985	8.3
Prepaid	37,393	38,521	(2.9)
Interconnection & international roaming	1,472	1,860	(20.9)
Others	828	741	11.8
<b>Total Revenues</b>	<u><b>44,009</b></u>	<u><b>45,106</b></u>	<b>(2.4)</b>
<b>EXPENSES</b>			
Operation & maintenance	10,145	12,745	(20.4)
Personnel	2,624	2,300	14.1
Marketing	997	1,364	(26.9)
General & Administration	671	995	(32.6)
Cost of services	2,202	2,227	(1.1)
Interconnection & international roaming	960	1,243	(22.8)
Depreciation & amortization	9,683	7,083	36.7
Others – net	(99)	(5)	N/A
<b>Total Expenses</b>	<u><b>27,182</b></u>	<u><b>27,953</b></u>	<b>(2.8)</b>
Finance charges – net	(702)	(90)	N/A
<b>INCOME BEFORE TAX</b>	<b>16,124</b>	<b>17,063</b>	<b>(5.5)</b>
INCOME TAX EXPENSE	(3,414)	(4,358)	(21.7)
<b>NET INCOME</b>	<u><b>12,710</b></u>	<u><b>12,705</b></u>	<b>0.0</b>
<b>EBITDA</b>	<b>26,410</b>	<b>24,231</b>	<b>9.0</b>
<b>EBITDA Margin- over revenues</b>	<b>60.0%</b>	<b>53.7%</b>	<b>6.3ppt</b>
<b>ROA</b>	<b>28.4%</b>	<b>31.9%</b>	<b>(3.5)ppt</b>
<b>ROE</b>	<b>65.0%</b>	<b>69.3%</b>	<b>(4.3)ppt</b>