

TICKERS:

IDX : TLKM
NYSE : TLK

SHAREHOLDER COMPOSITION:

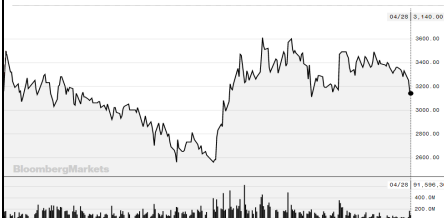
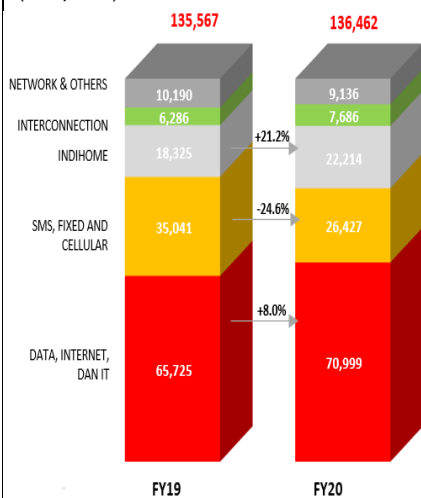
Government of Indonesia : 52.1%
Public : 47.9%

CONVERSION RATES (US\$ 1.00):

Dec 31, 2020 = Rp14,050.0
Dec 31, 2019 = Rp13,882.5

FINANCIAL PERFORMANCE

Revenue
(in Rp. Bn)


Share Price (April 28, 2021)

Rp3,140 (IDX) and USD21.8 (NYSE)

Market Capitalization (April 28, 2021)

Rp311 Tn (USD21.6 Bn)

Average Daily Trading (30 Days)

72.5 Mn Shares (IDX) & 207,848 DR (NYSE)

Source: Bloomberg

Highlights

- In FY20, Telkom recorded Rp136.5 trillion in Revenue, increased by 0.7% YoY with EBITDA and Net Income grew by 11.2% YoY and 11.5% YoY, respectively. The strong performance was achieved during challenging situation due to COVID-19 pandemic.
- IndiHome continued solid performance by growing 21.2% YoY to Rp22.2 trillion in FY20 driven by increasing subscribers.
- Enterprise showed meaningful improvement during 2020 and recorded 67.9% QoQ growth in the last quarter of the year.
- Telkomsel's digital business grew by 7.0% YoY to Rp62.3 trillion and increased its contribution to total revenue significantly to 71.6% from 63.9% in the previous year.
- Telkomsel deployed 27.7 thousand 4G BTSs during FY20 which brought total BTS on air to 231.2 thousand units.

Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	FY20	FY19	Growth (%)
Revenues	136,462	135,567	0.7
Expenses	92,957	93,173	(0.2)
Operating Profit	43,505	42,394	2.6
EBITDA	72,080	64,832	11.2
EBITDA Margin (%)	52.8	47.8	5.0ppt
Net Income	20,804	18,663	11.5
Net Income Margin (%)	15.2	13.8	1.4ppt

Operational Highlights

Subscribers (000)	YoY		
	FY20	FY19	Growth (%)
Broadband			
Fixed Broadband - IndiHome	8,016	7,003	14.5
Mobile Data User	115,938	110,253	5.2
Cellular			
Postpaid	6,495	6,376	1.9
Prepaid	163,047	164,729	(1.0)
Total	169,542	171,105	(0.9)

Investor Relations

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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

FULL YEAR OF 2020 (AUDITED)

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

Revenues

Key Indicators (Rp. Bn)	YoY		
	FY20	FY19	Growth (%)
Data, Internet & IT Service	70,999	65,725	8.0
SMS, Fixed and Cellular Voice	26,427	35,041	(24.6)
IndiHome	22,214	18,325	21.2
Interconnection	7,686	6,286	22.3
Network and Other Telco Services	9,136	10,190	(10.3)
Total	136,462	135,567	0.7

Telkom recorded an increase of 0.7% YoY in revenue to Rp136.5 trillion in full year of 2020, driven by mobile data, fixed broadband IndiHome and Wholesale voice business. Meanwhile, our legacy businesses are still declining. The revenue details are as follows:

- **Data, Internet & IT Services revenues** grew by 8.0% YoY to Rp71.0 trillion with cellular data revenue as the growth driver. Mobile data traffic jumped by 43.8% YoY to 9,428 petabyte driven by strong traction in mobile data services.
- **SMS, Fixed and Cellular Voice revenues** declined by 24.6% YoY to Rp26.4 trillion due to cannibalization from instant messaging (OTT) application and continued transition from legacy to data. Both of voice and SMS revenue declined by 22.8% YoY and 31.8% YoY, respectively.
- **IndiHome** revenue increased to Rp22.2 trillion or strongly grew by 21.2% YoY during the year, with subscribers reached 8.02 million or jumped by 14.5% YoY. We successfully added 1.01 million new subscribers during this period despite challenging operational activities due to measures and protocols in connection with COVID-19.
- **Interconnection revenues** rose by 22.3% YoY to Rp7.7 trillion as a result of our effort to grab opportunities from overseas wholesale voice business.
- **Network and Other Telecommunication Services revenues** decreased by 10.3% YoY to Rp9.1 trillion mainly due to lower revenue from devices as we shift our strategy to focus on higher margin products and services in Enterprise segment.

Expenses

Key Indicators (Rp. Bn)	YoY		
	FY20	FY19	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	34,593	42,226	(18.1)
Personnel	14,390	13,012	10.6
Interconnection	5,406	5,077	6.5
Marketing	3,482	3,724	(6.5)
General & Administrative	6,511	6,696	(2.8)
Total Operating Expenses	64,382	70,735	(9.0)
Depreciation & Amortization	28,892	23,178	24.7
Forex (Gain) / Loss	86	86	0.0
Others (Income) / Expense	(403)	(826)	51.2
Total Expenses	92,957	93,173	(0.2)

In full year of 2020, we posted total expenses of Rp93.0 trillion or decreased by 0.2% YoY, with Operating Expenses declined by 9.0% YoY to Rp64.4 trillion. Details of expenses are as follows:

- **Operation & Maintenance (O&M) expenses** dropped by 18.1% YoY to Rp34.6 trillion. The cost leadership mainly came from Enterprise segment with cost of devices significantly declined in line with business focus changes.
- **Personnel expenses** rose by 10.6% YoY to Rp14.4 trillion in line with salary adjustment and increasing number of total employees in group level to strengthen our digital capabilities. Total headcounts in Telkom group increased by 4.4% YoY to 25.3 thousand employees.
- **Interconnection expenses** increased by 6.5% YoY to Rp5.4 trillion mainly driven by international wholesale voice business.
- **Marketing expenses** continued to decline by 6.5% YoY to Rp3.5 trillion as we promoted modern channel, had less physical promotional event during the year and was also attributable to PSAK 72 adoption.
- **General & Administrative expenses** decreased by 2.8% YoY to Rp6.5 trillion as we successfully managed overhead expenses during this period.
- **Depreciation & Amortization** increased by 24.7% YoY to Rp28.9 trillion. The increase was in line with continued investment to strengthen our infrastructure to enhance our customers' experience.
- We recorded **Net Forex Loss** of Rp86 billion reflecting small exposure to foreign exchange risk.
- **Other Income – net** booked income of Rp403 billion.

EBITDA and Net Income

EBITDA in FY20 was Rp72.1 trillion or grew by 11.2% YoY with EBITDA margin of 52.8%. The increase in EBITDA indicated successful cost efficiency as O&M expense declined significantly. Meanwhile, we posted Net Income of Rp20,804 billion or increased by 11.5% YoY or with better Net Income margin of 15.2% in this period compared to 13.8% last year.

Financial Position

Key Indicators (Rp. Bn)	End of		
	FY20	FY19	Growth (%)
Total Assets	246,943	221,208	11.6
Total Liabilities	126,054	103,958	21.3
Non-controlling Interests	18,362	17,689	3.8
Total Equity	120,889	117,250	3.1

- Total assets at end of December 2020 stood at Rp246.9 trillion or rose by 11.6% YTD. Starting in 2020, we began to adopt PSAK 73 where Right-of-Use (RoU) assets were recorded. The increase in assets was also due to the addition of fixed assets in line with the ongoing network development.
- Total liabilities as of 31 December 2020 rose by 21.3% YTD to Rp126.1 trillion due to the impact of PSAK 73 with Rp13.8 trillion addition in lease liabilities.
- Non-controlling interests increased by 3.8% YTD as dividend paid was less than subsidiaries' current profits for the year.
- Our equity increased by 3.1% YTD to Rp120.9 trillion due to higher retained earnings from the company's performance.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	FY20	FY19	Growth (%)
Cash Flows from Operating Activities	65,317	54,949	18.9
Cash Flows from/(used in) Investing Activities	(35,256)	(35,791)	(1.5)
Cash Flow from/(used in) Financing Activities	(27,753)	(18,247)	52.1
Net Increase (Decreased) in Cash & Cash Equivalents	2,308	911	153.3
Effect of Exchange Rate Changes on Cash and Cash Equivalents	39	(108)	136.1
Cash and Cash Equivalents at Beginning of Year	18,242	17,439	4.6
Cash and Cash Equivalents at End of Period	20,589	18,242	12.9

- Net cash provided by operating activities in FY20 reached Rp65.3 trillion or rose by 18.9% YoY during this period. The increase was mainly attributable to lower cash payment for expenses in line with our effort in cost efficiency.

- Net cash used in investing activities decreased by 1.5% YoY due to lower capex absorption during the year because of the pandemic situation.
- Net cash used in financing activities increased by 52.1% YoY as repayment for loans and borrowings were higher than withdrawal of new loans and borrowing.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	FY20	FY19	FY20	FY19
IDR/Rupiah	63,992	50,212	97.8	96.4
USD/US Dollar	1,011	1,315	1.5	2.5
JPY/Japanese Yen	418	491	0.6	0.9
MYR/Malaysian Ringgit	41	66	0.1	0.1
Total	65,462	52,084	100.0	100.0

Total debts amounting to Rp65.5 trillion as of 31 December 2020, increased by 25.7% YTD. During the period, finance cost was Rp4.5 trillion or grew by 6.6% YoY compared to the same period last year.

Around 98% of our debts were in Rupiah currency, around 1.5% 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 lease liabilities.

Our debt to equity ratio ("DER") was still relatively low at 54.2%. The strong balance sheet profile was appreciated by credit rating agencies. Moody's and Fitch assigned Baa1 (one notch above the sovereign rating) and AAA respectively, both with stable outlook. Whilst the Indonesian rating agency Pefindo assigned idAAA with stable outlook.

Gearing Ratio

Ratios (%)	End of		
	FY20	FY19	Growth (ppt)
Net Debt to Equity	36.0	28.4	7.6
Debt to Equity	54.2	44.4	9.8
Debt to EBITDA (times)	0.9	0.8	0.1
Debt Service Ratio (times)	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		
	FY20	FY19	Growth (ppt)
EBIT Margin	31.9	31.3	0.6
EBITDA Margin	52.8	47.8	5.0
Net Income Margin	15.2	13.8	1.5
Current Ratio	67.3	71.5	(4.2)
Total Liabilities to Equity	104.3	88.7	15.6
Return on Assets	12.0	12.5	(0.5)
Return on Equity	24.5	23.5	1.0
Return on Invested Capital	15.9	16.3	0.4

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 full year of 2020, Telkom spent Rp29.4 trillion in capital expenditure (capex) or 21.6% of total revenue in 2020. Capex absorption was slightly lower from the initial projection mainly due to the pandemic situation. Our Capex was utilized to strengthen network and other supporting infrastructures as well as to enhance capacity to provide better customer experience. In fixed line businesses, capex was primarily used to develop fiber-based access and backbone infrastructures, and small portion for other projects such as towers and Data Center. Meanwhile in mobile services, capex was absorbed to further improve 4G network quality and capacity, as well as IT system enhancement.

RESULTS BY SEGMENT

Mobile Segment

Telkomsel Financial Result

2020 has been a dynamic year for Indonesian telecommunication industry that presented both opportunities & challenges. The COVID-19 pandemic has placed the industry at the center of life by keeping businesses & societies empowered through its connectivity. On the other hand, slowdown economy with weaker purchasing power & lower consumer spending have impacted the industry that already in pressure due to accelerated shift of Legacy towards Data services & continuing intense competitive landscape.

In spite of the complex challenges in 2020, Telkomsel managed to sustain performance with solid Revenue, EBITDA, Net Income & healthy levels of profitability. From a quarterly basis, Telkomsel return to growth as shown by an uptick in the final quarter of 2020.

In the non-financial aspect, Telkomsel managed to have 169.5 million subscribers with more productive & engaged as shown by the growth of Data user, payload per Data user & Data ARPU. Also continue to augment network reach & quality by increasing the number of BTS operated of which 78% were 3G/4G BTS.

Digital Business posted a growth 7.0% YoY, driven by Data performances, accounted for 71.6% of total revenues, increased from 63.9% a year ago. Telkomsel committed to implement the local standard result of PSAK 72 (adoption of IFRS 15) in order to achieve regulatory compliance with higher transparency & control over operations.

Telkomsel committed to enhance product, service offerings and digital capabilities while accelerating and expanding its current digital ecosystem. Telkomsel will go further beyond connectivity and explores opportunities in new digital initiatives and solutions supported by a superior network quality to cater the needs of customers, thus continue to focus on long-term growth.

Digital Business

Digital Business remained the engine of growth as the leading digital telecommunication company in Indonesia supported by a focus on maintaining dominance in network supply. This segment recorded positive performance with 7.0% YoY growth to Rp62,328 billion and increased its contribution to total revenue to 71.6% from 63.9% last year (Pre-PSAK 72, Digital Business growth would be 10.9% YoY with 74.2% contribution to total revenue).

Revenue from Data grew by 8.3% YoY to Rp54,766 billion, driven by 115.9 million Data users (+5.2% YoY) & 3G/4G capable device at 127.3 million (+6.7% YoY & 75.1% penetration) as well as healthy growth in Data payload (+43.8% YoY to 9,654,742 TB).

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 29.1% YoY to Rp18,994 billion with declining Voice traffic by 15.5% YoY and SMS revenue declined by 39.9% YoY to Rp2,388 billion with declining SMS traffic by 27.2% YoY. Telkomsel has dealt this challenge by consistently expanding digital ecosystem and creating strategic initiatives that believe will support to enhance digital services and solutions.

The following table summarizes Telkomsel's financial results for the period ended 31 December 2020:

Statements of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	FY20	FY19	Growth (%)	4Q20	3Q20	Growth (%)
Revenues	87,103	91,088	(4.4)	21,969	21,126	4.0
Legacy	24,775	32,852	(24.6)	7,299	5,335	36.8
Digital Business	62,328	58,237	7.0	14,670	15,791	(7.1)
Expenses incl. Depreciation and Others	54,000	56,134	(3.8)	13,007	13,811	(5.8)
EBITDA	51,094	49,218	3.8	12,606	12,078	4.4
EBITDA Margin (%)	58.7	54.0	4.6ppt	57.4	57.2	0.2ppt
Net Income	25,062	25,799	(2.9)	7,045	5,307	32.8
Net Income Margin (%)	28.8	28.3	0.4ppt	32.1	25.1	7.0ppt
Proportion of Digital Business (%)	71.6	63.9	7.6ppt	66.8	74.7	(8.0)ppt

PSAK 72 Impact on Legacy and Digital Business Revenues

Reported & Pre-PSAK 72 Figures (Rp. Bn)	YoY					QoQ				
	FY20	*FY20	FY19	Growth (%)	*Growth (%)	4Q20	*4Q20	3Q20	Growth (%)	*Growth (%)
Total Revenue	87,103	87,107	91,088	(4.4)	(4.4)	21,969	21,973	21,126	4.0	4.0
Legacy Revenue	24,775	22,511	32,852	(24.6)	(31.5)	7,299	5,036	5,335	36.8	(5.6)
Legacy to Total Revenue (%)	28.4	25.8	36.1	(7.6)ppt	(10.2)ppt	33.2	22.9	25.3	8.0ppt	(2.3)ppt
Digital Business Revenue	62,328	64,596	58,237	7.0	10.9	14,670	16,937	15,791	(7.1)	7.3
Digital Business to Total Revenue (%)	71.6	74.2	63.9	7.6ppt	10.2ppt	66.8	77.1	74.7	(8.0)ppt	2.3ppt

Note: * Pre-PSAK 72 Figures

- New local standard result of PSAK 72 implementation required to allocate bundle of product to different service types based on Stand-alone Selling Price with revenue recognition based on fulfilment of performance obligations (i.e. usage).
- Since local standard result of PSAK 72 implementation is more on recording & allocation process, it does not change on fundamental/performance with the same Revenue, EBITDA & Net Income figures.
- Telkomsel committed to implement the local standard result of PSAK 72 in order to achieve regulatory compliance with higher transparency & control over operations.

Operating Expenses

In 2020, total expenses including depreciation, amortization and others decreased by 3.8% YoY to Rp 54,000 billion in line with cost leadership initiatives to continue manage the cost with lower Operational & Maintenance cost (efficient network design & technology) while continuing network development to reached

231K BTS units (+8.9% YoY) and existing asset optimization to manage for healthy levels of profitability at 58.7% EBITDA Margin (+4.6ppt YoY).

Able to manage cost differently & logically thru numerous initiatives lead to more efficient productivity ratio in industry such as higher customer base/BTS and revenue/BTS with lower OM cost/BTS.

The decline of total expenses also contributed from lower cost of tower & space rental in Operation & Maintenance combined with lower rent in General Administration as impacted by local standard result of PSAK 73 implementation (adoption of IFRS 16).

Statements of Financial Position

Consolidated Statements of Financial Position (Rp Bn)	Dec-20	Dec-19	Growth (%)
Current Assets	19,488	18,657	4.5
Non-Current Assets	84,164	64,073	31.4
Total Assets	103,652	82,730	25.3
Current Liabilities	28,997	20,892	38.8
Non-Current Liabilities	23,568	12,629	86.6
Equity	51,088	49,209	3.8
Total Liabilities and Stockholders' Equity	103,652	82,730	25.3

As of 31 December 2020, Total Assets increased 25.3% to Rp103,652 billion, Total Liabilities increased 56.8% to Rp52,565 billion and Total Equity increased 3.8% to Rp51,088 billion.

- Current Assets increased 4.5% to Rp19,488 billion, mainly due to higher cash and cash equivalents, while higher Non-Current Assets was mainly due to increase in Fixed Assets as well as impact from local standard result of PSAK 73 implementation.
- Current Liabilities increased 38.8% to Rp28,997 billion and Non-current Liabilities increased 86.6% to Rp23,568 billion, mainly due to increase in obligation under lease as well as impact from local standard result of PSAK 73 implementation.
- Total Equity increased by 3.8% to Rp51,088 billion, mainly due to the increase in retained earnings.

Cash Flow

- Net cash generated from operations in December 2020 decreased 4.1% YoY to Rp39,770 billion mainly due to lower total cash receipts from operating revenues.
- Cash flow used in investment activities decreased 18.8% YoY to Rp10,923 billion as our initiatives in new adjustment made to anticipate and re-prioritizing Capex due to COVID-19 outbreak.
- Net cash used in financing activities (exclude Dividend) increased to Rp6,976 billion mainly contributed by the local standard result of PSAK 73 implementation which previously the cash was presented as part of operating activities and in 2020 was presented as part of financing activities.

Consolidated Statements of Cash Flows

In Rp. Billion	FY20	FY19	Growth (%)
Cash Flow from Operating Activities	39,770	41,478	(4.1)
Cash Flow for Investing Activities	(10,923)	(13,448)	(18.8)
Cash Flow for Financing Activities	(6,976)	439	N/A
Dividend Payment	(21,301)	(26,382)	(19.3)
Net Increase in Cash & Cash Equivalents	571	2,087	(72.7)
Cash and Cash Equivalents at Beginning of Year	8,583	6,497	32.1
Cash and Cash Equivalents at End of Year	9,154	8,583	6.6

Debt Profile

As of 31 December 2020, Telkomsel's total outstanding loans amounted to Rp2,000 billion from revolving credit facilities that expires in 2021. As of 31 December 2020, Telkomsel Debt to Equity Ratio (DER) was 55.4%.

Description	Dec-20	Dec-19	Growth (ppt)	*Dec-20	*Growth (ppt)
Net Debt to Equity (%)	37.5	1.1	36.4	(10.1)	(11.2)
Debt to Equity (%)	55.4	18.5	36.9	7.8	(10.7)
Net Debt to EBITDA (times)	0.35	0.02	N/A	(0.16)	N/A
Debt to EBITDA (times)	0.54	0.21	150.8%	0.06	(71.4%)

Note: * Pre-PSAK 72 Figures

Mobile Digital Services

With the rapidly evolving customer needs and the transformation taking place in the society, Telkomsel committed to enhance product offerings and digital capabilities to go beyond connectivity, thus continue to focus on customer needs and long-term growth supported by network quality.

- Initiatives related to video, music & games content including enhanced the positioning of MAXstream in the video streaming industry with more than 6 million monthly active users through partnerships with HBO Go and also other partnerships with OTTs such as Disney+.
- Augmented the functionalities of by.U, a fully digital prepaid product offering integrated services based on fully customizable digital applications with positive growth of customer to reach 1.4 million customers.
- Developing Telkomsel Orbit, a home wireless internet service as an effort to leverage strong network capacity with more than 30 thousand customers.
- Explores opportunities by unlocking digital capabilities/asset thru new digital initiatives to meet customer needs & bring values in the new normal era in order to not only complement connectivity but also finding/exploring key component of growth story. Potential services are further enriched with initiative related to health-tech, edu-tech, gaming, video contents, fintech & also services to support B2B segment.

Customer Base

As of December 2020, Telkomsel managed to have 169.5 million subscribers and saw positive trends of user engagement with increasing Data user, payload per Data user and Data ARPU that align with corporate strategy in Data.

Network Deployment

Continuous network development to support our focus on Digital Business with aggressive 4G BTS deployment. As we have covered most of the population by 4G LTE network throughout the nation, the deployment will also prioritizing quality and capacity. The network rolls out brought total BTS on air to 231,172 units at the end of December 2020, or increased by 8.9% YoY, of which 180,920 units were 3G/4G BTS (+11.7% YoY).

IT Development

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

Telkomsel's sustainable financial performance was supported by solid operational performance. The following table shows key operational performance as of 31 December 2020:

	YoY			QoQ		
	FY20	FY19	Growth (%)	4Q20	3Q20	Growth (%)
Customer Base (000)	169,542	171,105	(0.9)	169,542	170,117	(0.3)
ARPU (000)	44	46	(3.1)	44	44	0.4
BTS on Air (units)	231,172	212,235	8.9	231,172	228,441	1.2
Total Employees (*including subs & associated co)	5,371	5,465	(1.7)	5,371	5,382	(0.2)
MoU (in billion minutes)	151.1	178.7	(15.5)	36.4	38.0	(4.1)
SMS (in billion units)	39.4	54.1	(27.2)	8.5	11.3	(24.9)
Data Payload (TB)	9,654,742	6,715,227	43.8	2,973,105	2,426,387	22.5

Fixed Line Services

Fixed Broadband IndiHome

IndiHome contribution to the Company's performance is getting more significant, as it posted Rp22.2 trillion in revenue or grew by 21.2% YoY. Around 89% of the IndiHome revenue was generated by residential customers (Consumer Segment, with around 95% contribution to the segment's revenue), while the remaining 11% was from business clients (Enterprise Segment). Supported by higher economic of scale and better operating leverage, IndiHome EBITDA margin was 38.9% in FY20, significantly improved from 33.9% in FY19.

Supported with strong resources and relatively low market penetration, we successfully added 1.01 million additional customers during 2020, brought total subscribers to reach 8.02 million by the end of December 2020 or rose by 14.5% YoY. The figure slightly surpassed our full-year target as we initially expect our total

IndiHome subscribers to be close to 8 million amidst pandemic time. Around 58% of total customers were on Dual Play Package while the remaining 42% were on Triple Play. IndiHome plays important role in building digital society as its services cover 496 (96.5%) cities/districts throughout Indonesia. We focused on improving ARPU that in 4Q20 ARPU was Rp262 thousand compared to Rp253 thousand in the previous quarter.

In an effort to increase ARPU, we encourage new customers to subscribe on Triple Play or to subscribe at higher speed. We also persuade existing customers to upgrade to Triple Play. We entice existing customers to upgrade to higher speed or to purchase various add-ons such as various mini packs or additional hybrid boxes. Revenue from add-ons grew by 27.8% YoY and contributed around 14.7% of IndiHome revenue in this period compared to the previous year which contributed to 13.6% of total IndiHome revenue.

We also focused on improving the churn rate. Currently, IndiHome churn rate is at a manageable level at 1.7%. We took several initiatives in an effort to reduce churn, e.g. the application of one-month subscription fee as a deposit in advance, as well as minimum 12 months subscription agreement.

In addition, we keep enriching IndiHome content by adding IndiHomeTV channels, a live streaming and video on demand platform in android and IOS to further improve customer experience.

IndiHome revenue contribution to TelkomGroup increased to 16% in FY20 from 14% in the same period last year.

Enterprise Business

In the full year of 2020, the Enterprise segment recorded Rp17.7 trillion in revenue or reduced by only 5.2% YoY after declined by 23.2% YoY in 9M20. During the year, this segment showed consistent and significant improvement on a quarterly basis, and recorded Rp6.3 trillion in revenue in 4Q20, or grew by 67.9% QoQ. This improvement is mainly due to the success of the new strategy to reduce low margin businesses and prioritizing business lines with higher profitability along with various efforts and governance as well as compliance to get better quality revenues to strengthen its fundamentals. The significant improvement in 4Q20 was partly helped by better business process to implement the new PSAK 72 and 73.

Revenue from Data Center & Cloud, Application Service and Enterprise Broadband increased healthily. One of the areas that become our focus is Data Center as the demand is growing steadily in line with the rising activities of digital business players. In an effort to lead the supply in data center business, in addition to our three main domestic data center facilities, we are currently in the progress of developing of tier 3 and 4 data center that will be completed in stages, and the operation of the first stage is expected to start in the second half of 2021.

We serve three customer segments under our Enterprise business, which are corporate clients, government, and small and medium-sized businesses (SMB) which contributed around 54%, 26%, and 20% of Enterprise segment revenue, respectively, in FY20.

Wholesale and International Business

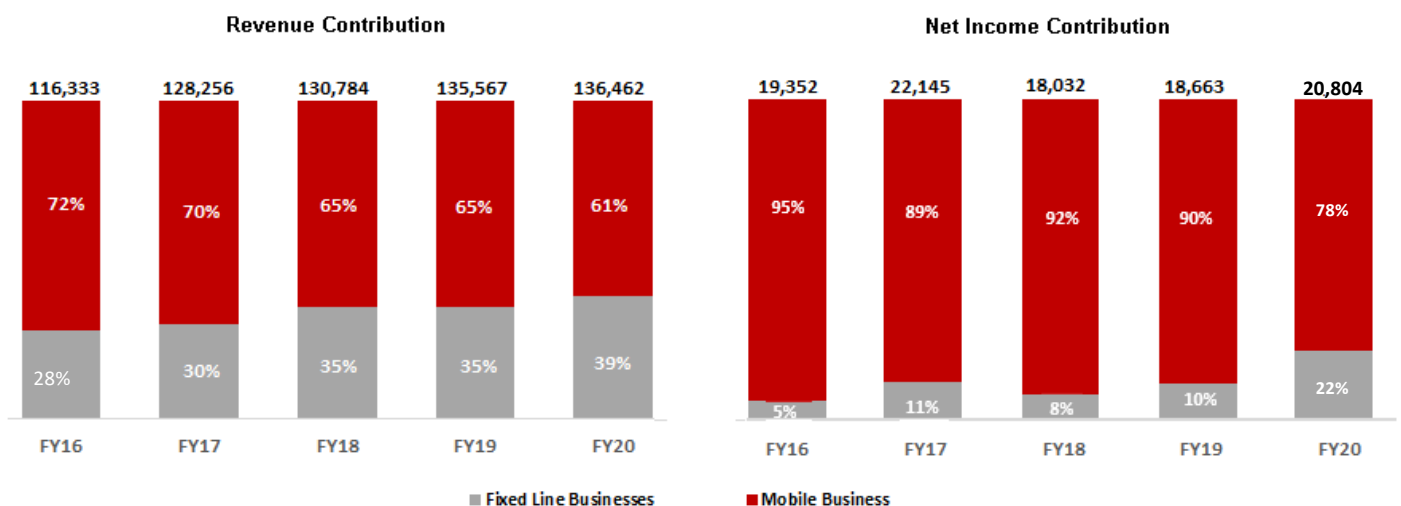
WIB segment recorded Rp13.5 trillion in revenue or grew by 27.3% YoY. The growth was basically generated from domestic business such as tower business due to inorganic activities and increasing A2P SMS due to the pandemic, while the international businesses also have shown good performance driven by

overseas wholesale voice, data service and digital business. Whereas, data center contributes a promising growth for both domestic and international market.

To enhance the WIB position as an enabler for other segments and to serve external customers, we strengthen data center infrastructure under WIB called NeuCentriX. We operate NeuCentriX data centers in 23 locations, of which five located overseas and 18 located in our modernized ex-switching centers (STO). All NeuCentriX data centers under WIB are integrated to the Telkom network, including connected to our main data centers, so that our customers can experience our best digital connectivity and digital platforms.

We successfully consolidated our tower assets within the group, by transferring parts of Telkomsel's towers to Mitratel, with the ultimate goal to unlock Mitratel's value to obtain a better valuation and to sharpen our business portfolio so that our subsidiaries can focus on their core businesses. We are of the view that tower business still has the opportunity to grow, driven by 5G technology which we expect will be rolled-out soon.

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



In digital space, we have an aspiration to have partnership and collaboration with digital player champions to accelerate our digital transformation. We expect that such partnership and collaboration will enhance our capability to provide a better experience for our customers with various digital services. Through MDI, we also have the aspirations to develop and nurture start-up companies in various business sectors, with focus on healthcare, education, logistic, finance and agriculture areas. The investment activities in MDI is directed to build synergy with our existing businesses and seek for value appreciation at once.

Recent Activities

■ **Telkomsel's investment in Gojek**

In November 2020, Telkomsel announced its strategic investment in Gojek with a value of USD 150 million. As leaders in their respective fields, Telkomsel and Gojek will work together to strengthen services, drive innovation and improve user experience for consumers and small businesses in Indonesia. This agreement is also part of Telkomsel's journey to strengthen its three digital pillars: digital connectivity, digital platform, and digital services. These pillars are the foundation for the company's customer-centric digital products and services designed to fulfill the needs of Indonesian people in every part of society. Telkomsel believes the spirit of collaboration with Gojek will continue since this will accelerate the growth as a digital telco and the efforts to build an inclusive and sustainable digital ecosystem, which is particularly crucial amid the pandemic and beyond. As part of the initial USD 150 million investment, Telkomsel and Gojek also signed a collaboration agreement and subsequent investment option which shows the mutual trust from both parties on the synergy values that can be leveraged from Telkomsel and Gojek collaborations.

■ **Tower consolidation**

In February 2021, Telkomsel has officially completed the transfer of ownership of 6,050 telecommunication towers to Mitratel. The transfer process was carried out gradually, starting with the transfers of 1,911 towers in October 2020 and then followed by 4,139 towers in February 2021. Telkomsel will maximize the results of this corporate action to focus on its main business as a digital telecommunications company that opens up more opportunities and possibilities for the Indonesian people to accelerate the digital lifestyle.

■ **2300 MHz spectrum auction**

In April 2021, the Ministry of Communications & Informatics (MCI) announced the results of the selection of users for 2300 MHz spectrum re-auction with Telkomsel to have 20 MHz block. Telkomsel will further await the process of determining the winner of re-selection process by the MCI and will comply with the obligations for allocation of additional 20 MHz in Block A and Block C - 2300 MHz. This additional spectrum will be used to strengthen the development of the latest 4G/LTE broadband services and other latest technologies by maximizing capacity and quality of broadband networks for subscribers across the nation.

■ **TelkomGroup Responses to COVID-19**

In response to the current market dynamics, Telkom implemented several tactical actions in order to support employees & community:

- a. Activation of the Business Continuity Plan (BCP) to address any emergent obstacles related to the pandemic & to provide a means for employees to contribute through CSR programs.
- b. Continue to focus on securing profitability through various cost-efficiency measures to streamline operational expenses.
- c. More valuable & better pricing product as one initiative to keep the relevancy with the market as well as aiming for new potential productive customers supported by network capability.

- d. Expanding digital ecosystem & creating strategic initiatives in order to accelerate the growth of digital products and services.

Product and Marketing Activities

Fixed Line and Enterprise

■ IndiHome Gamer Package

As a form of support for gamer, IndiHome presents a Gamer Package with cashback voucher for every top up in Mobile Premier League.

■ IndiHome Semua Bisa Berubah Maju Package

In celebrating the of 2020, Telkom launched the IndiHome Semua Bisa Berubah Maju Package with a special price, starting from 375K for 20Mbps up to 2,655K for 300Mbps. For 3P (Internet, TV, and Phone) subscribers also get special access to 60 channels for one month.

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 levels. The awards and accolades we received during 4Q20 among others:

- Best of The Best Awards 2020: The Top 50 Companies for 2020 from Forbes Indonesia.
- BUMN Award 2020: The Best Financial Performance of Indonesia Best BUMN Award 2020 Acceleration of Digital Transformation During Pandemic from Warta Ekonomi.
- CNBC Indonesia Awards 2020 as Best State Owned Company in Nation Building and Best Digitalization Enabler Enterprise from CNBC Indonesia.
- Best SOE 2020: Non-Financial Category-Telecommunication and Broadcasting Sector from Berita Satu.
- Best Practice Awards 2020: 2020 Indonesia Telecom Service Provider of the Year from Frost and Sullivan.
- Tempo Country Contributor Award 2020: The Most Tax Friendly Corporate from Tempo.
- BPH Migas Award 2020: Petrol Station (SPBU) Digitalization Program Implementation from BPH Migas.
- Best Companies in Creating Leader From Within from SWA.
- IR Magazine Awards 2020: Excellence in Investor Relation from IR Magazine.
- Indonesia CX Customer Experience Champions 2020 for GraPARI (Customer Touch Point), simPATI (Prepaid Card) and Telkomsel Orbit (Home Internet Wireless Broadband) as Champion Indonesia Customer Experience 2020 from SWA Magazine.

- Marketing Sustainability Brand Appreciations for Telkomsel, Marketing Continuity Brand Appreciations for by.U, and Indonesia Wow Brand 2020 for Telkomsel (Gold Champion in Cellular Operator Category) from MarkPlus, Inc.
- Iconomics CSR Award 2020 for Telkomsel (Telecommunication sector) with COVID-19 Emergency Response Initiative-Support in Medical Health and Online Education from Iconomics.
- TOP Digital Awards 2020 from It Works for Telkom as Top Digital Impementation on Digital Sector 2020, Top Digital Transformation Readiness 2020, Top Leader on Digital Implementation 2020, and Top CIO in Digital Implementation 2020 for Telkom Indonesia. As well as Top Digital Implementation 2020 on Telecommunication Sector-Level Stars 5, Top Digital Transformation Readiness 2020 and Top Leader on Digital Implementation 2020 (Setyanto Hantoro-President Director) for Telkomsel.
- Cloudera Data Impact Awards 2020 for Telkomsel (Industry Transformation) from Cloudera software company.
- Excellence Award, Excellence in CSR Strategy, Gold from HREA.

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

	Dec 31, 2020	Dec 31, 2019	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	20,589	18,242	12.9
Other current financial assets	1,303	554	135.2
Trade Receivables			
Related parties	1,644	1,792	(8.3)
Third parties	9,695	10,005	(3.1)
Contract assets	1,036	-	100.0
Other receivables	214	292	(26.7)
Inventories	983	585	68.0
Contract cost	454	-	100.0
Prepaid taxes	3,170	2,569	23.4
Claim for tax refund	854	992	(13.9)
Other current assets	6,561	6,691	(1.9)
Total Current Assets	46,503	41,722	11.5
NON-CURRENT ASSETS			
Contract assets	203	-	100.0
Long-term investments in financial instruments	4,045	1,053	284.1
Long-term investments in associates	192	1,210	(84.1)
Contract cost	1,254	-	100.0
Property and equipment	160,923	156,973	2.5
Right of use asset	18,566	-	100.0
Intangible assets	6,846	6,446	6.2
Deferred tax assets – net	3,578	2,898	23.5
Other non-current assets	4,833	10,906	(55.7)
Total Non-current Assets	200,440	179,486	11.7
TOTAL ASSETS	246,943	221,208	11.6
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Payables			
Related parties	928	819	13.3
Third parties	16,071	13,078	22.9
Contract liabilities	7,834	-	100.0
Other payables	578	449	28.7
Taxes payable	2,713	3,431	(20.9)
Accrued expenses	14,265	13,736	3.9
Unearned income – current	-	7,352	(100.0)
Customers deposits	2,024	1,289	57.0
Short-term bank loans	9,934	8,705	14.1
Current maturities of long-term borrowings	9,350	8,746	6.9
Current maturities of lease liabilities	5,396	764	606.3
Total Current Liabilities	69,093	58,369	18.4
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	561	1,230	(54.4)
Unearned income - net off current portion	-	803	(100.0)
Contract liabilities	1,004	-	100.0
Long service award provisions	1,254	1,066	17.6
Pension benefits and other post-employment benefits obligations	12,976	8,078	60.6
Long-term loans and other borrowings	30,561	32,293	(5.4)
Lease liabilities	10,221	1,576	548.5
Other liabilities	384	543	(29.3)
Total Non-current Liabilities	56,961	45,589	24.9
TOTAL LIABILITIES	126,054	103,958	21.3
EQUITY			
Capital stock	4,953	4,953	-
Additional paid-in capital	2,711	2,711	-
Other equity	374	408	(8.3)
Retained earnings			
Appropriated	15,337	15,337	0.0
Unappropriated	79,152	76,152	3.9
Net Equity Attributable to:			
Owners of the Parent Company	102,527	99,561	3.0
Non-controlling interest	18,362	17,689	3.8
TOTAL EQUITY	120,889	117,250	3.1
TOTAL LIABILITIES AND EQUITY	246,943	221,208	11.6

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Year Ended December 31, 2020
(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	2020	2019	Growth (%)
REVENUES	136,462	135,567	0.7
COST AND EXPENSES			
Operation, maintenance, and telecommunication service expenses	(34,593)	(42,226)	(18.1)
Depreciation and amortization expenses	(28,892)	(23,178)	24.7
Personnel expenses	(14,390)	(13,012)	10.6
Interconnection expenses	(5,406)	(5,077)	6.5
General and administrative expenses	(6,511)	(6,696)	(2.8)
Marketing expenses	(3,482)	(3,724)	(6.5)
Loss on foreign exchange - net	(86)	(86)	0.0
Other Expense - net	403	826	(51.2)
OPERATING PROFIT	43,505	42,394	2.6
Finance income	799	1,092	(26.8)
Finance cost	(4,520)	(4,240)	6.6
Share of loss of associated companies - net	(246)	(166)	48.2
Impairment of long-term investment in associated companies	(763)	(1,172)	(34.9)
PROFIT BEFORE INCOME TAX	38,775	37,908	2.3
INCOME TAX (EXPENSE) BENEFIT			
Current	(9,798)	(10,619)	(7.7)
Deferred	586	303	93.4
	(9,212)	(10,316)	(10.7)
PROFIT FOR THE YEAR	29,563	27,592	7.1
OTHER COMPREHENSIVE INCOME (LOSS)			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	15	(105)	(114.3)
Change in fair value of available-for-sale financial assets	3	6	(50.0)
Share of other comprehensive income of associated companies	1	16	(93.8)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial losses - net	(3,596)	(2,109)	70.5
Other comprehensive losses - net	(3,577)	(2,192)	63.2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	25,986	25,400	2.3
Profit for the year attributable to:			
Owners of the parent company	20,804	18,663	11.5
Non-controlling interests	8,759	8,929	(1.9)
	29,563	27,592	7.1
Total comprehensive income for the year attributable to:			
Owners of the parent company	17,595	16,624	5.8
Non-controlling interests	8,391	8,776	(4.4)
	25,986	25,400	2.3
BASIC EARNING PER SHARE (in full amount)			
Net Income per share	210.01	188.40	11.5
Net Income per ADS (100 Series B shares per ADS)	21,000.94	18,839.68	11.5

Table 3
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
 (Figures are presented in billions of Rupiah)

	<u>DEC 2020</u>	<u>DEC 2019</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	9,154	8,583	6.6
Accounts receivable	871	1,631	(46.6)
Unbilled Revenue	2,358	2,296	2.7
Prepayments - Current Portion	5,228	5,138	1.8
Others	1,877	1,010	85.8
Total Current Assets	<u>19,488</u>	<u>18,657</u>	4.5
NON-CURRENT ASSETS			
Long-term investments	2,348	345	580.0
Fixed assets-net	74,901	55,229	35.6
Intangible assets-net	5,540	5,120	8.2
Prepayments – Non current portion	1,291	3,267	(60.5)
Others	85	111	(23.6)
Total Non-current Assets	<u>84,164</u>	<u>64,073</u>	31.4
TOTAL ASSETS	<u>103,652</u>	<u>82,730</u>	25.3
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & accrued liabilities	12,606	12,961	(2.7)
Taxes payable	796	1,366	(41.7)
Unearned revenue	5,847	5,697	2.6
Current maturities of medium-term loans	2,000	-	N/A
Current maturities of obligation under finance leases	7,747	869	791.4
Total Current Liabilities	<u>28,997</u>	<u>20,892</u>	38.8
NON-CURRENT LIABILITIES			
Medium-term loans	-	6,000	N/A
Obligation under finance lease	18,562	2,236	730.0
Deferred tax liabilities	148	1,208	(87.7)
Others	4,858	3,184	52.5
Total Non-current Liabilities	<u>23,568</u>	<u>12,629</u>	86.6
EQUITY			
Capital Stock - Rp1,000,000 par value			
Authorized - 650,000 shares			
Issued and fully paid - 182,570 shares	183	183	0.0
Additional paid-in capital	1,531	1,531	0.0
Retained earnings	49,374	47,495	4.0
Total Equity	<u>51,088</u>	<u>49,209</u>	3.8
TOTAL LIABILITIES AND EQUITY	<u>103,652</u>	<u>82,730</u>	25.3

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Figures in tables are presented in billions of Rupiah)

	<u>2020</u>	<u>2019</u>	<u>Growth (%)</u>
REVENUES			
Postpaid	8,690	8,229	5.6
Prepaid	72,711	77,574	(6.3)
Interconnection & international roaming	2,723	3,689	(26.2)
Others	2,978	1,597	86.5
Total Revenues	<u>87,103</u>	<u>91,088</u>	(4.4)
EXPENSES			
Operation & maintenance	20,657	25,938	(20.4)
Personnel	5,330	4,846	10.0
Marketing	2,555	2,462	3.8
General & Administration	1,535	1,860	(17.5)
Cost of services	4,118	4,325	(4.8)
Interconnection & international roaming	1,814	2,439	(25.6)
Depreciation & amortization	19,884	14,227	39.8
Others – net	(1,894)	37	N/A
Total Expenses	<u>54,000</u>	<u>56,134</u>	(3.8)
Finance charges – net	(1,553)	(352)	N/A
INCOME BEFORE TAX	31,550	34,602	(8.8)
INCOME TAX EXPENSE	(6,488)	(8,803)	26.3
NET INCOME	<u>25,062</u>	<u>25,799</u>	(2.9)
EBITDA	51,094	49,218	3.8
EBITDA Margin- over revenues	58.7%	54.0%	4.6ppt
ROA	26.9%	31.2%	(4.3)ppt
ROE	50.0%	51.4%	(1.4)ppt