Company Profile

Profile

- Operating since 1995, Telkomsel is the subsidiary of PT Telekomunikasi Indonesia Tbk (65%) and Singapore Telecom Mobile Pte Ltd (35%)

- Leading cellular operator in Indonesia serving more than 169 million customers and 5,100 employees

- Covering ± 99% of population with more than 136,000 BTS

Brands

Top Brand Equities in Indonesia:

Network

Maintained network superiority:

- 63% of 3G/4G BTS
- ± 239 4G Kabupaten Cities
Indonesia Telco Industry Overview

- **Population Coverage**: ± 99% with 3G Coverage: ± 68%

**Indonesia Telco Industry Overview**

- **5 relevant operators (4 GSM + 1 CDMA)** in mature industry with estimated 135% SIM-card penetration (± 75% population-based). Relatively stable competition in legacy business.

- **Growing Data Business** with higher portion of 3G/4G BTS and increased 3G/4G capable device penetration.

- **Digital Business** is the new engine of growth and operators are preparing for a future as a Digital Telco company.
TSEL extended it’s market leadership with consecutive TRIPLE-DOUBLE-DIGIT GROWTH since 2012...

...and continued to maintain strong performance momentum for the first quarter of 2017

Another Triple-Double-Digit growth in Revenues, EBITDA and Net Income

**Revenue**

- 2011: 49, 11.9%
- 2012: 55, 10.1%
- 2013: 60, 14.8%
- 2014: 66, 87
- 2015: 76, +14.0%
- 2016: 87

**EBITDA**

- 2011: 28, 11.8%
- 2012: 31, 10.0%
- 2013: 34, 10.0%
- 2014: 37, +14.4%
- 2015: 43, +16.9%
- 2016: 50

**Net Income**

- 2011: 13, 22.5%
- 2012: 16, 10.4%
- 2013: 17, 11.8%
- 2014: 19, +15.4%
- 2015: 22, +26.1%
- 2016: 28

*Figures in Rp. trillion*
BIG-3’s QoQ Performance in 1Q17

**Cellular Revenue (Rp. Tn)**

<table>
<thead>
<tr>
<th>Industry Growth (BIG-3) -2.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSEL 66%</td>
</tr>
<tr>
<td>ISAT 18%</td>
</tr>
<tr>
<td>XL 16%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>23.1</td>
<td>22.3</td>
</tr>
</tbody>
</table>

**EBITDA (Rp. Tn)**

<table>
<thead>
<tr>
<th>Industry Growth (BIG-3) +4.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSEL 44%</td>
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<tr>
<td>ISAT 43%</td>
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<tr>
<td>XL 35%</td>
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<table>
<thead>
<tr>
<th>4Q16</th>
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</tr>
</thead>
<tbody>
<tr>
<td>12.6</td>
<td>13.2</td>
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</table>

**Net Income (Rp. Tn)**

<table>
<thead>
<tr>
<th>Industry Growth (BIG-3) +7.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSEL 31%</td>
</tr>
<tr>
<td>ISAT 35%</td>
</tr>
<tr>
<td>XL 4%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
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<tbody>
<tr>
<td>7.2</td>
<td>7.7</td>
</tr>
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</table>

**Customer Base (Mn)**

<table>
<thead>
<tr>
<th>Industry Growth (BIG-3) +3.2%</th>
</tr>
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<tbody>
<tr>
<td>TSEL 54%</td>
</tr>
<tr>
<td>ISAT 31%</td>
</tr>
<tr>
<td>XL 15%</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>173.9</td>
<td>169.4</td>
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**BTS On Air (000)**

<table>
<thead>
<tr>
<th>Industry Growth (BIG-3) +5.5%</th>
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<tbody>
<tr>
<td>TSEL 5%</td>
</tr>
<tr>
<td>ISAT 8%</td>
</tr>
<tr>
<td>XL 15%</td>
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<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
</tr>
</thead>
<tbody>
<tr>
<td>129.0</td>
<td>136.1</td>
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</table>

**BTS Addition (000)**

<table>
<thead>
<tr>
<th>Industry Growth (BIG-3) +3.0%</th>
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<tbody>
<tr>
<td>TSEL 10%</td>
</tr>
<tr>
<td>ISAT 12%</td>
</tr>
<tr>
<td>XL 4%</td>
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<table>
<thead>
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<tbody>
<tr>
<td>48.0</td>
<td>46.5</td>
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**Margin**

<table>
<thead>
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<th>1Q17</th>
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<tbody>
<tr>
<td>55%</td>
<td>59%</td>
</tr>
<tr>
<td>44%</td>
<td>43%</td>
</tr>
<tr>
<td>35%</td>
<td>35%</td>
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**ARPU (Rp.000)**

<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
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<tbody>
<tr>
<td>45</td>
<td>43</td>
</tr>
<tr>
<td>25</td>
<td>22</td>
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</table>

**BTS On Air ARPU**

<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
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<tbody>
<tr>
<td>33</td>
<td>33</td>
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</table>

**BTS On Air**

<table>
<thead>
<tr>
<th>TSEL real BTS new roll out 1Q17: 571 BTS 2G in progress for relocation</th>
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<tbody>
<tr>
<td>4G</td>
</tr>
<tr>
<td>4.9</td>
</tr>
<tr>
<td>74%</td>
</tr>
<tr>
<td>28%</td>
</tr>
<tr>
<td>64%</td>
</tr>
<tr>
<td>83%</td>
</tr>
<tr>
<td>17%</td>
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</tbody>
</table>

**Customer Base ARPU**

<table>
<thead>
<tr>
<th>4Q16</th>
<th>1Q17</th>
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<tbody>
<tr>
<td>5.8</td>
<td>3.2</td>
</tr>
</tbody>
</table>
BIG-3’s YoY Performance in 1Q17

**Cellular Revenue (Rp. Tn)**

- **Industry Growth (BIG-3) +6.8%**
- **Rev Share**
  - TSEL 66%
  - ISAT 18%
  - XL 16%
- **Margin**
  - TSEL 58%
  - ISAT 43%
  - XL 59%

**Customer Base (Mn)**

- **Industry Growth (BIG-3) +17.7%**
- **Market Share**
  - TSEL 54%
  - ISAT 31%
  - XL 15%
- **ARPU (Rp.000)**
  - 43 43

**BTS On Air (000)**

- **Margin**
  - 1Q16 1Q17
  - TSEL 46%
  - ISAT 45%
  - XL 43%

**BTS Addition (000)**

- **TSEL real BTS new roll out 1Q17: 7.7K (571 BTS 2G in progress for relocation)**
- **Margin**
  - 1Q16 1Q17
  - TSEL 56%
  - ISAT 41%
  - XL 41%
Key to these results have been Telkomsel’s Network & Brands superiority coupled with leadership in Digital & Customer Experience

**Superior Network**

- #1 Mobile Network in Indonesia
- LEVERAGE
  - Network superiority to drive monetization

**Leading Brands**

- #1 Trusted Brand
- EXPLOIT
  - the legacy, strengthen the core

**Digital First**

- #1 Digital Lifestyle
- EMPOWER
  - Retail digitalization, mobile self care, TCASH & content

**Unparalleled Customer Experience**

- #1 NPS & CSAT
- DELIGHT
  - Customer centric loyalty programs, products & services

*NPS: Net Promotor Score
CSAT: Customer Satisfaction*
Despite strong performance in 1Q-2017 still much uncertainties in the industry

**OTT Cannibalisation**
- Cannibalization of Voice & SMS revenue growth by OTT services

**Irrational 4G Competition**
- Under priced 4G data offers threatens to further destroy value and accelerate decline in data yield (RpMB)

**Spectrum**
- Lack of clarity in spectrum auction timeline & regulations

**Unfavourable Regulations**
- Uncertainties around potential Network/Spectrum sharing which will lend competitors’ unfair advantage
Telkomsel will execute several strategic programs to tap into next avenue of growth, while undergoing costs transformation to support growth.

### Engines of Growth

- **Enterprise**
  - Providing ICT solutions for Indonesian companies, (e.g. cloud computing, collaboration tools and cyber security)

- **Advertising**
  - Monetizing advertising channels and capabilities of Telkomsel (e.g. SMS, location-based ad, video ad, coupon and lock screen, etc.)

- **Digital Marketplace**
  - Building content aggregation platform for video and music through partnership with 3rd parties (e.g. Hooq, Viu and Langit Musik)

- **Big Data**
  - Leveraging Telkomsel data and analytics capabilities to create value for B2B customers (e.g. credit scoring, traffic data analysis for retailers)

- **IOT/M2M**
  - Becoming preferred connectivity provider or integrator for selected verticals in the IOT space

- **Mobile Financial Services**
  - Unlocking financial services opportunities both from unbanked and banked population by leveraging TSEL assets

### Bottom Line Improvement

**Costs Transformation**

- Anchored on radical simplification, with the intent to create ‘strategic agility’, through:
  - SDN/Network virtualization
  - Distribution optimization
  - Process digitization
  - Product/IT simplification
  - Agile organization
3 Masterpiece

Business Transformation for Digital Smart Care

Deliver online Digital sales channel & distribution tool

Factory of disruptive digital product innovation

Enterprise Mobility Business Solution

Scale up TCASH through Transport/Hybrid use case

SME and Industrial Park acquisition

Drive Cost Leadership Initiatives for infrastructure

LTE Roll Out 10K eNodeB to support digital business

Monetize API for third party developer

Intensify Big Data & AI analytics & commercialization

Customer Experience

New talent management to support Digital Mastery

IoT Digital Ecosystem for Initial Fleet Management

Video Marketplace

10 Main Programs

FY2017 Masterpiece & Main Programs

Building Digital Indonesia
## 2017 Corporate Guidance

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>Inline with or slightly above market growth rate</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>Slightly decline as compared to last year</td>
</tr>
<tr>
<td>CAPEX</td>
<td>Approximately 15% over revenue</td>
</tr>
<tr>
<td>ARPU</td>
<td>Single digit increase as compared to last year</td>
</tr>
<tr>
<td>BTS Roll-out</td>
<td>Focus on 3G/4G roll out</td>
</tr>
</tbody>
</table>

Year 2017’s theme shows Telkomsel’s perseverance to continue becoming the industry & market leader, via both transformation on Digital execution and commitment to contribute to Indonesia Digital development.

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