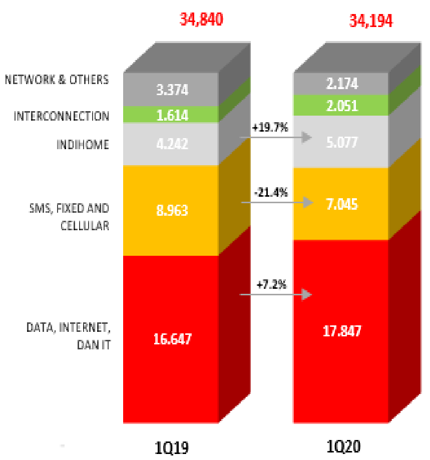
infomemo

FIRST QUARTER OF 2020 RESULTS (UNAUDITED)

Telkom Indonesia
the world in your hand

TICKERS:	SHAREHOLDER COMPOSITION:	CONVERSION RATES (US$ 1.00):
IDX : TLKM	Government of Indonesia : 52.1%	Mar 31, 2020 = Rp16,310.0
NYSE : TLK	Public : 47.9%	Dec 31, 2019 = Rp13,882.5

FINANCIAL PERFORMANCE
Revenue
(in Rp. Bn)



Share Price (Jun 30, 2020)
Rp3,050 (IDX) and USD21.9 (NYSE)

Market Capitalization (Jun 30, 2020)
Rp302 Tn (USD21.7 Bn)

Average Daily Trading (30 Days)
173.9 Mn Shares (IDX) & 375,025 DR (NYSE)
Source: Bloomberg

Highlights

- **IndiHome continued its strong momentum with revenue increased by 19.7% YoY to Rp5.1 trillion in 1Q20 driven by the increasing number of IndiHome subscribers.**
- **Telkomsel's digital business grew by 16.3% YoY to Rp15.8 trillion and increased its contribution to total revenue progressively to 70.6% from 61.4% last year.**
- **Telkomsel deployed c. 7 thousand 4G BTSs during 1Q20. The network rolls out brought total BTS on air to c. 219 thousand units. While, Telkom's fiber-based backbone length reached c. 164,900 Km by the end of 1Q20.**

Financial Highlights

Key Indicators (Rp. Bn)	YoY 1Q20	1Q19	Growth (%)
Revenues	34,194	34,840	(1.9)
Expenses	22,265	22,811	(2.4)
Operating Profit	11,929	12,029	(0.8)
EBITDA	18,759	17,530	7.0
EBITDA Margin (%)	54.9	50.3	4.6ppt
Net Income	5,862	6,224	(5.8)
Net Income Margin (%)	17.1	17.9	(0.8)ppt

Operational Highlights

Subscribers (000)	YoY 1Q20	1Q19	Growth (%)
Broadband			
Fixed Broadband - IndiHome	7,255	5,522	31.4
Mobile Data User	105,064	111,082	(5.4)
Cellular			
Postpaid	6,438	5,703	12.9
Prepaid	156,129	162,939	(4.2)
Total	162,567	168,642	(3.6)

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PT TELKOM INDONESIA (PERSERO) Tbk
FIRST QUARTER OF 2020 (UNAUDITED)

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

Revenues

Key Indicators (Rp. Bn)	YoY		
	1Q20	1Q19	Growth (%)
Data, Internet & IT Service	17,847	16,647	7.2
SMS, Fixed and Cellular Voice	7,045	8,963	(21.4)
IndiHome	5,077	4,242	19.7
Interconnection	2,051	1,614	27.1
Network and Other Telco Services	2,174	3,374	(35.6)
Total	**34,194**	**34,840**	**(1.9)**

Telkom recorded a decrease of 1.9% YoY in revenue to Rp34.2 trillion in the first quarter of 2020, dragged down by the continuous legacy revenue decline and strategy changes in Enterprise segment to improve its business fundamentals. On the other side, 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 7.2% YoY to Rp17.8 trillion mainly attributable to 15.9% YoY growth in cellular data revenue. Driven by strong increase in mobile data consumption due to various digital content offered, mobile data traffic rose by 41.7% YoY to 1,950 petabyte.
- **SMS, Fixed and Cellular Voice revenues** continued to decline by 21.4% YoY. Due to cannibalization from instant messaging (OTT) application, both voice and SMS revenue decreased by 19.8% YoY and 27.5% YoY, respectively.
- **IndiHome** continued its strong momentum with 19.7% YoY growth in revenue to Rp5.1 trillion in the first quarter of 2020. IndiHome subscribers increased by 31.4% YoY to 7.26 million subscribers.
- **Interconnection revenues** rose by 27.1% YoY to Rp2.1 trillion as we successfully grabbed opportunities from overseas wholesale voice business.
- **Network and Other Telecommunication Services revenues** dropped by 35.6% YoY mainly due to lower devices-related business along with the shift in our strategy to focus on more profitable products and services in Enterprise segment.

Expenses

Key Indicators (Rp. Bn)	YoY		
	1Q20	1Q19	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	8,252	10,709	(22.9)
Personnel	3,451	3,132	10.2
Interconnection	1,519	1,268	19.8
Marketing	641	907	(29.3)
General & Administrative	1,572	1,294	21.5
Total Operating Expenses	**15,435**	**17,310**	**(10.8)**
Depreciation & Amortization	6,849	5,642	21.4
Forex (Gain) / Loss	(205)	45	(555.6)
Others (Income) / Expense	186	(186)	200.0
Total Expenses	**22,265**	**22,811**	**(2.4)**

In the first quarter of 2020, total expenses booked was Rp22.3 trillion or decreased by 2.4% YoY with total Operating & Maintenance cost dropped quite significantly by 22.9% YoY. Details of expenses are as follows:

- **Operation & Maintenance ("O&M") expenses** declined by 22.9% YoY. The decline was mainly attributable to the adoption of new accounting rule (PSAK 73) that reduced O&M expense of Rp992 billion. The decline in O&M was also driven by lower cost of devices, IT services, and managed service solutions in line with business focus changes in Enterprise segment.
- **Personnel expenses** rose by 10.2% YoY in line with the increase in number of employees as we hired more people, in particular digital talents, to strengthen our digital capabilities. The increase was also due to accrued incentives during the period.
- **Interconnection expenses** grew by 19.8% YoY, in line with higher growth in our international wholesale voice business.
- **Marketing expenses** dropped by 29.3% YoY mainly due to higher usage of modern channel for mobile product distribution and less promotional events for IndiHome. The decline was also partly due to the adoption of new accounting rule (PSAK 72) that reduced marketing expense of Rp85 billion.
- **General & Administrative expenses** rose by 21.5% YoY to Rp1.6 trillion partly due to the adoption of new accounting rule (PSAK 71) that gave additional cost of Rp124 billion in G&A expense.
- **Depreciation & Amortization** increased by 21.4% YoY. The increase was partly attributable to the adoption of PSAK 73 whereby we recorded depreciation of right-of-use (RoU) assets of Rp961 billion. Moreover, the increase in Depreciation and Amortization expense was also contributed by asset additions, in line with infrastructure development in mobile and fixed-line business, including fiber-based backbone and access, and 4G BTS.

- We recorded **Net Forex Gain** of Rp205 billion by the end of March 2020.
- **Other Expense – net** recorded an expense of Rp186 billion from higher non-operating expense and lower non-operating income during the period

EBITDA and Net Income

In 1Q20, EBITDA grew by 7.0% YoY to Rp18,759 billion with EBITDA margin of 54.9% in this period. The increase in EBITDA was mainly attributable to the decline in O&M expenses. Meanwhile, Net Income declined by 5.8% YoY to Rp5,862 billion. Net Income margin was 17.1% in this period.

In 1Q20, we started to adopt PSAK 72 and 73 that impacted both EBITDA and Net Income. By factoring PSAK 72 and 73 accounting rules in, normalized EBITDA was Rp17,738 billion or grew by 1.2% YoY with EBITDA margin of 52.0%. While normalized Net Income was Rp5,973 billion, declined by 4.0% YoY with Net Income margin of 17.5%.

Financial Position

Key Indicators (Rp. Bn)	End of		
	1Q20	FY19	Growth (%)
Total Assets	241,914	221,208	9.4
Total Liabilities	115,367	103,958	11.0
Non-controlling Interests	20,100	17,689	13.6
Total Equity	126,547	117,250	7.9

- Total assets at end of March 2020 was Rp241.9 trillion, increased by 9.4% YTD. The increase was mainly due to the adoption of PSAK 73 where right-of-use (RoU) assets were recognized.
- Total liabilities as of 31 March 2020 stood at Rp115.4 trillion, rose by 11.0% YTD. The increase in liabilities were driven by impact of PSAK 73 adoption that gave additional Rp12.6 trillion in lease liabilities.
- Non-controlling interests jumped by 13.6% to Rp20.1 trillion as a result of healthy subsidiaries' performances.
- Our equity rose by 7.9% YoY in 1Q20 as the result of higher retained earnings from additional Net Income.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1Q20	1Q19	Growth (%)
Cash Flows from Operating Activities	17,603	13,055	34.8
Cash Flows from/(used in) Investing Activities	(5,089)	(6,208)	(18.0)
Cash Flow from/(used in) Financing Activities	(6,850)	(898)	662.8
Net Increase (Decreased) in Cash & Cash Equivalents	5,664	5,949	(4.8)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	459	(8)	5,837.5
Cash and Cash Equivalents at Beginning of Year	18,242	17,439	4.6
Cash and Cash Equivalents at End of Period	24,365	23,380	4.2

- Net cash provided by operating activities in 1Q20 reached Rp17.6 trillion or jumped by 34.8% YoY, mainly due to lower payment for expenses.
- Net cash used in investing activities was lower by 18.0% YoY as we made tower asset acquisition last year.
- Net cash used in financing activities increased to Rp6.9 trillion due to higher amount of loan and lease payment.

The adoption of PSAK 73 requires to record payment of lease liabilities in cash flows from operating activities of Rp909 billion and in cash flows used in financing activities of Rp2.3 trillion.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	1Q20	FY19	1Q20	FY19
IDR/Rupiah	58,468	50,212	96.8	96.4
USD/US Dollar	1,357	1,315	2.2	2.5
JPY/Japanese Yen	578	491	1.0	0.9
MYR/Malaysian Ringgit	25	66	0.0	0.1
Total	**60,428**	**52,084**	**100.0**	**100.0**

At the end of March 2020, total debts (including financial lease) amounting to Rp60.4 trillion, increased by 16.0% YTD compared to the end of 2019. In this 1Q20 period, we began to adopt PSAK 73 which regulates the recognition of lease. At the end of March 2020, total lease liabilities was Rp14.9 trillion of which Rp12.6 trillion was the impact of PSAK 73. By factoring the PSAK 73 in, normalized amount of debt would be Rp47.9 trillion.

During the period, we recorded finance cost of Rp1,215 billion or grew by 22.0% YoY compared to the same period last year. The normalized finance cost for this period was Rp976 billion or declined by 2.0% YoY mainly due to the adoption of PSAK 73.

Around 97% of our debts were in Rupiah currency, around 2.2% 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 47.8% with normalized DER even lower at 37.9%. The strong balance sheet profile was appreciated by credit rating agencies. 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 $_{id}$AAA with stable outlook.

Gearing Ratio

Ratios (%)		End of		
	Normalized 1Q20	1Q20	FY19	Growth (ppt)
Net Debt to Equity	17.6	27.5	28.4	(0.9)
Debt to Equity	37.9	47.8	44.4	3.3
Debt to EBITDA (times)	0.7	0.8	0.8	0.0
Debt Service Ratio (times)	3.3	2.9	2.9	0.0

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 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 1Q20	1Q20	1Q19	Growth (ppt)
EBIT Margin	34.9	34.9	34.5	0.4
EBITDA Margin	52.0	54.9	50.3	4.5
Net Income Margin	17.5	17.1	17.9	(0.7)
Current Ratio	87.1	79.6	104.5	(24.9)
Total Liabilities to Equity	79.9	91.2	74.0	17.2
Return on Assets	14.9	13.7	15.5	(1.8)
Return on Equity	26.7	26.2	27.0	(0.8)
Return on Invested Capital	19.4	17.8	20.1	(2.3)

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

The pandemic situation that might still continue for some time has created room for digital acceleration. Telkom sees this as an opportunity to provide solutions through various digital services on the back of strong digital platforms and connectivity. Therefore we continued to invest. In the first quarter of 2020, Telkom spent Rp3.7 trillion in capital expenditure. 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.

RESULTS BY SEGMENT

Mobile Segment

Telkomsel Financial Result

Indonesia mobile telecommunication industry started the year in 2020 with on-going transition of Legacy toward Data services and continuing competitive environment in Data service include in the region outside Java with initiatives in Data monetization as well as behavior shifting of customers. Undeniable impact of COVID-19 outbreak since early 2020 on the overall society and economy also reflected in the current market dynamics as telecommunication industry has been no exception from the global COVID-19. Positioning in the industry with low exposure impact, Telkomsel keeps strive in response to the impact and has conducted several tactical actions to fight the COVID-19 crisis in order to maintain the business and to provide optimum services to customers.

In parallel with continuous journey of transformation in Digital Business as engine of growth along with cost leadership initiative, Telkomsel maintained positive performance in 1Q20:

- Revenues, EBITDA & Net Income at Rp22.4 trillion (+1.1% YoY), Rp13.8 trillion (+13.9% YoY) & Rp7.1 trillion (+9.0% YoY), respectively with improved EBITDA Margin to 61.6% (+6.9ppt).
- Digital Business posted a significant growth of 16.3% YoY, driven by Data which increased by 16.7% YoY & Digital Services which increased by 13.6% YoY, accounted for 70.6% of total revenues, increased progressively from 61.4% a year ago.
- Telkomsel managed to have 162.6 million subscribers with increasing number of 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.

In line with our philosophy to always lead in network supply including in the region outside Java to maintain & strengthen our network leadership and growing our Digital Business, we deployed 7,088 new BTS during 1Q20 with all of BTS were 4G-based. Our data traffic increased by 41.7% YoY to 1,996,842 TB with 3G/4G capable device at 113.6 million (+3.6% YoY & 69.9% penetration) and consumption at 6,533 MB per Data user, increased +42.4% compared to previous year. In 1Q20, Telkomsel's BTS on-air totaled 219,323 units (+11.1% YoY), 77.1% of which were 3G/4G BTS.

<u>Legacy Business: Voice and SMS</u>

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 19.8% YoY to Rp5,471 billion with declining Voice traffic by 16.6% YoY and SMS revenue declined by 45.5% YoY to Rp652 billion with declining SMS traffic by 28.4% 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 16.3% YoY growth to Rp15,829 billion and increased its contribution to total revenue progressively to 70.6% from 61.4% 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 16.7% YoY to Rp13,864 billion, driven by 105.1 million Data user with an increasing of 3G/4G capable device penetration to 69.9% as well as healthy growth in Data payload, which increased by 41.7% YoY to 1,996,842 TB. Digital Services also grew strongly by 13.6% YoY to Rp1,965 billion and has become the main driver of Telkomsel's transformation from a Telco Company to a Leading Digital Telco Company.

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

Statement of Profit and Loss

Financial Performance (Rp. Bn)	YoY			QoQ		
	1Q20	1Q19	Growth (%)	1Q20	4Q19	Growth (%)
Revenues	22,424	22,180	1.1	22,424	22,781	(1.6)
Legacy	6,595	8,571	(23.1)	6,595	7,644	(13.7)
Digital Business	15,829	13,609	16.3	15,829	15,136	4.6
Expenses incl. Depreciation and Others	13,133	13,538	(3.0)	13,133	13,939	(5.8)
EBITDA	13,819	12,136	13.9	13,819	12,457	10.9
EBITDA Margin (%)	61.6%	54.7%	6.9ppt	61.6%	54.7%	6.9ppt
Net Income	7,056	6,473	9.0	7,056	6,577	7.3
Net Income Margin (%)	31.5%	29.2%	2.3ppt	31.5%	28.9%	2.6ppt
Proportion of Digital Business (%)	70.6%	61.4%	9.2ppt	70.6%	66.4%	4.1ppt

Telkomsel recorded operating revenues of Rp22,424 billion in 1Q20, an increase by 1.1% YoY.

Postpaid revenue increased by 9.8% YoY to Rp2,147 billion while Prepaid revenue increased by 0.7% YoY to Rp19,067 billion reflecting active customer being more productive supported by behavior shifting from starter pack toward renewal consumption post SIM card registration program. Interconnection and International Roaming revenues decreased by 16.5% YoY to Rp789 billion mainly due to declining Voice and SMS traffic from other local operators as an impact of substitute services from OTT applications.

As of March 2020, total expenses including depreciation and amortization decreased by 3.0% YoY to Rp13,133 billion. The decline itself mainly driven by Operational & Maintenance expenses due to lower cost of tower & space rental as a result of IFRS 16 recognition combined with lower expenses in Marketing due to more effective distribution cost as well as General Administration with lower rent as impacted also by IFRS 16 implementation

Statements of Financial Position

Statements of Financial Position (Rp Bn)	Mar-20	Dec-19	Growth (%)
Current Assets	23,637	18,657	26.7
Non-Current Assets	85,160	64,073	32.9
Total Assets	**108,797**	**82,730**	**31.5**
Current Liabilities	27,656	20,892	32.4
Non-Current Liabilities	24,952	12,629	97.6
Equity	56,189	49,209	14.2
Total Liabilities and Stockholders' Equity	**108,797**	**82,730**	**31.5**

As of 31 March 2020, Total Assets increased 31.5% to Rp108,797 billion, Total Liabilities increased 56.9% to Rp52,608 billion and Total Equity increased 14.2% to Rp56,189 billion.

- Current Assets increased 26.7% to Rp23,637 billion, mainly due to increase in cash and cash Equivalents.
- Non-current Assets increased 32.9% to Rp85,160 billion, mainly due to increase in Fixed Assets.
- Current Liabilities increased 32.4% to Rp27,656 billion, mainly due to increase in current maturities of obligation under finance-lease.
- Non-current Liabilities increased 97.6% to Rp24,952 billion, mainly due to increase in obligation under finance lease.
- Total Equity increased by 14.2% to Rp56,189 billion, mainly due to increase in retained earnings as a result of substantial net income in this period.

Cash Flow

- Net cash generated from operations in March 2020 increased 10.6% YoY to Rp12,608 billion mainly impacted from IFRS 16 implementation.
- Cash flow used in investment activities decreased 34.8% YoY to Rp1,719 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 increased to Rp5,804 billion contributed by the implementation new accounting standards (IFRS 16) and repayment of medium-term loans.

Statements of Cash Flows

In Rp. Billion	1Q20	1Q19	Growth (%)
Cash Flow from Operating Activities	12,608	11,399	10.6
Cash Flow for Investing Activities	(1,719)	(2,637)	(34.8)
Cash Flow for Financing Activities	(5,804)	(1,946)	198.2
Net Increase in Cash & Cash Equivalents	**5,086**	**6,816**	**(25.4)**
Cash and Cash Equivalents at Beginning of Periods	8,583	6,497	32.1
Cash and Cash Equivalents at End of Periods	13,669	13,312	2.7

Debt Profile

As of 31 March 2020, Telkomsel's total outstanding loans amounted to Rp3,000 billion from revolving credit facilities that expires in 2021. As of 31 March 2020, Telkomsel Debt to Equity Ratio (DER) was 46.6%.

Description	1Q20	FY19	Growth (ppt)
Net Debt to Equity (%)	22.3	1.1	21.2
Debt to Equity (%)	46.6	18.5	28.1
Net Debt to EBITDA (times)	0.25	0.01	N/A
Debt to EBITDA (times)	0.31	0.21	44.6%

Notes: ratio calculation in Mar-20 using figures post-implementation 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 March 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 with more than 5 million monthly active users. 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 third game "Rise of Nowlin" under Dunia Games brand after previously launched its first game "Shellfire" in 2018 and second game "Lord of Estera" in 2019. Under Dunia Games, Telkomsel has more than 8 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.
- In Mobile Financial Services, Telkomsel's flagship product TCASH has changed to LinkAja in February 2019 as a joint e-money service from the State-owned Enterprise (SOE) based on TCASH platform. The collaboration with a unified e-money service platform is expected to realize financial inclusion and to create a cashless society in Indonesia.

- Through Digital Advertising business, Telkomsel aims to become a dominant media owner in Indonesia’s digital Advertising industry. Enhanced by Big Data Analytics engine, Telkomsel Digital Advertising provides a more accurate customer targeting to 163 million subscribers, resulting a higher ROI while simultaneously delivering better advertising value and relevancy to advertisers. Telkomsel offers an extensive range of Digital Advertising services including conventional text messaging, timely advertising for mobile coupons, and display advertising in mobile applications.
- Mobile Banking business also continued to grow, enabling financial institutions to provide mobile banking services and the recently launched Mobile App. Through Mobile Banking business, we provide Indonesian citizens to enjoy broader access to financial transactions through their mobile phones.
- Telkomsel extended the footprint in Internet of Things business to go beyond connectivity to capture a substantial share of IoT business opportunities with services consist of Smart Connectivity, Fleet Sight and InTank. In addition, Telkomsel rolls out Narrow-Band IOT (NB-IoT) technology, which currently covers Greater Jakarta region and enhanced with IoT Lab and Telkomsel Incubation (TINC) to explore both business and technology opportunities for massive NB-IoT implementation in Indonesia.
- 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. To support work from home as impact of Covid-19, Telkomsel offer free access cloudX of 60GB for 30 days for the host meeting and 30GB for Rp10 for the members.

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 March 2020, Telkomsel managed to have 162.6 million subscribers with increasing number of 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 6,533MB/Data user (+42.4% 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 41.7% 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 86,922 4G BTS as of March 2020. The network rolls out brought total

BTS on air to 219,323 units at the end of March 2020, or increased by 11.1% YoY, of which 169,026 units were 3G/4G BTS (+14.8% 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 31 March 2020:

	YoY			QoQ		
	1Q20	1Q19	Growth (%)	1Q20	4Q19	Growth (%)
Customer Base (000)	162,567	168,642	(3.6)	162,567	171,105	(5.0)
ARPU (000)	45	45	(1.4)	45	45	(1.6)
BTS on Air (units)	219,323	197,486	11.1	219,323	212,235	3.3
Total Employees (*including subs & associated co)	5,372	5,527	(2.8)	5,372	5,465	(1.7)
MoU (in billion minutes)	39.8	47.7	(16.6)	39.8	42.9	(7.3)
SMS (in billion units)	10.5	14.6	(28.4)	10.5	11.3	(6.7)
Data Payload (TB)	1,996,842	1,408,872	41.7	1,996,842	1,929,727	3.5

Fixed Line Services

Fixed Broadband IndiHome

IndiHome continued to be the growth driver for TelkomGroup with improving profitability. IndiHome subscribers reached 7.26 million by the end of March 2020 or jumped by 31.4% YoY. We added around 252 thousand new customers during 1Q20. The subscriber addition was relatively in line with our full year target.

In the first quarter of 2020, 54% of the total subscribers belonged to Dual Play Package while the remaining 46% represented the Triple Play Package. We keep pushing new customers to subscribe on Triple Play and encouraging existing customers to upgrade to Triple Play.

IndiHome contributed Rp5.1 trillion of revenue or grew by 19.7% YoY. IndiHome ARPU in 1Q20 was Rp240 thousand. We offer attractive packages at affordable price to meet customers' needs. In an effort to increase ARPU, we also encourage customers to upgrade to higher speed or to purchase other various add-ons such as mini packs, wifi.id seamless and additional hybrid box. Revenue from add-ons is getting more important which contributed around 14.0% of total IndiHome revenue in 1Q20.

IndiHome profitability keeps improving supported by higher economic of scale and better operating leverage. In 1Q20, IndiHome EBITDA margin was 35.9% compared to 33.9% in the full year 2019.

In response to Covid-19 pandemic, IndiHome launched special package for student so they can continue to Learn from Home, and also special package for teacher. Besides, we also continue to innovate in creating digital products that are more creative and in accordance with market needs.

Enterprise Business

Enterprise segment continued its policy to focus on improving the fundamentals. We prioritize to focus on business lines that have higher profitability along with various efforts to get better quality revenues. In the first quarter of 2020, Enterprise segment recorded Rp4.3 trillion in revenue.

The figure was attributed to lower revenues in IT services and other Device-related businesses that have lower margins, declining legacy Enterprise fixed voice and was also partly due to the cyclical characteristics of project based businesses. At the same time however, we saw significant increase in Service Solutions, Data Center & Cloud business, and Enterprise Connectivity.

We serve three customer segments under our Enterprise business, which are corporate clients, government, and small and medium-sized business (SMB) which contributed around 61%, 21%, and 18% of Enterprise segment revenue, respectively, in 1Q20.

We started to see the impact of COVID-19, such as project delay or cancellation, request for contract amendment and delay on delivery. At the same time, we also see potential opportunities, such as increasing demand for digital channel contact, logistic and delivery ecosystem, cloud-based platform, security and disaster recovery center. We take several steps to mitigate the risks, including focus on sector with minimum impact from COVID-19, apply customer retention program, and promote digital marketing activities.

Wholesale and International Business

WIB revenue rose by Rp441 billion or 15.1% YoY to Rp3,359 billion. The revenue growth was supported growing tower business driven by collocation and tower acquisition as well as the growth of international wholesale voice services and Data Centre.

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**

  Positioning in the industry with low exposure impact, TelkomGroup keeps striving in response to the impact and has conducted several tactical actions to fight the COVID-19 crisis in order to maintain the business and to provide optimum services to customers. These tactical actions are as follows:

  a. Workforce policy (activate BCP – Business Continuity Plan with company protocol to handle COVID-19 cases, WFH policy and engage employee for sharing & donation)
  b. Commerce approach (provide special packages to support WFH & LFH with affordable packages for targeted customer segment)
  c. Financial aspect (intensify cost leadership & stabilization of supply chain)
  d. Network & IT readiness (ensure network & IT quality, mitigate changes in traffic behavior & deployment strategy)
  e. Social campaign (company's response to support government with "New Normal" campaign)
  f. CSR (provide personal protective equipment & ventilators and initiate donation programs)

- **Dividend and Changes of BoD and BoC of Telkom**

  Telkom's Annual General Meeting of Shareholders (AGM) for Fiscal Year 2019 held in Jakarta on June 19, 2020 has approved the distribution of dividends in the amount of Rp15.3 trillion. The meeting approved a payout ratio of 81.78% with details of 60% or Rp11.2 trillion in cash dividends and 21.78% or Rp4.1 trillion in special dividends. The AGM also approved the changes of the Company's Board of Commissioners and Board of Directors.

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.

- **IndiHome Special Package for Teacher**

  Supporting teaching and learning activities through online methods from home, IndiHome presents Special Teacher Packages from Kindergarten, Elementary, Middle School, to High School or equivalent bonus access to the IndiHome Study application.

Mobile

- **Acceleration on Data & Digital Service Penetration**

  Telkomsel introduced *Kuota Ketengan* as the new internet quota that can be used specifically to access Youtube only, Facebook only, Instagram only or main quota only. The package comes with daily and weekly period options for various quota options that can be used by prepaid customers only in all Telkomsel networks.

  With initiatives to provide almost all value chain of gaming ecosystem and step into Game Publishing, Telkomsel launched the third mobile game *Rise of Nowlin* under Dunia Games brand after previously launched its first game “Shellfire” in 2018 and second game “Lord of Estera” in 2019.

- **Acceleration on smartphone penetration**

  Samsung Galaxy S20 series bundled with Telkomsel prepaid or postpaid bundling package and cashback benefits. Pre-order package also available includes Vivo V19 (bundled with TAU Entertainment package to have total data quota up to 70 GB), OPPO Find X2 & X2 Pro (bundled with kartuHalo package) and Samsung Galaxy A01 (bundled with Telkomsel Galaxy Plan to have 4 GB all networks quota with 30 days validity).

- **Response to the COVID-19 Outbreak**

  In response to the impact of COVID-19, Telkomsel launched special offers to support WFH & LFH with affordable packages for targeted customer segment:

  a. Ilmupedia package as an internet package for Telkomsel prepaid customers that can be used to access digital education applications (Quipper, Zenius, English Club Cakap, General English Bahaso, Sekolah.mu & Rumah Belajar) and campus e-learning websites in Indonesia.

  b. CloudX as a solution for enterprise customers with services such as conference meeting video & virtual classroom with up to 100 participants. CloudX Package can be activated by all Telkomsel prepaid & postpaid (non-corporate paid) customers who become virtual members/participants in CloudX Meeting after being invited by the host (a kartuHalo Corporate customer).

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 1Q20 are as follows:

- Millennials Top Brand Award 2019 for Telkom. IndiHome won as 1st Millennial's Choice in Provider & TV Cable Category from Warta Ekonomi magazine.
- Top Brand Award for Telkom. Indihome got outstanding achievement in Building Top Brand Category of Internet Service Provider for Fixed Broadband from Marketing magazine.
- Indonesia Digital Innovation Award 2019 for Telkom, awarded as Innovative Company in Providing Technology Education Facilities from Warta Ekonomi magazine.
- Appreciation from Directorate General of Tax as the Highest contribution of tax for year 2018.
- Indonesia WOW Brand 2019 for Telkom UseeTV / IndiHome won Gold Champion category for Pay TV.
- CFO BUMN Award 2019 for Telkom, as Best CFO in Compliance & Governance.
- PR Awards 2020 for Telkomsel in Best Employee Engagement/Internal Communications, Best Insights-Driven PR, Best Use of Content & Best PR by an In-House Communications Team from Marketing Magazine Singapore.
- Indonesia Most Admired Company Award 2020 for Telkomsel in Telecommunication sector from Warta Ekonomi Group.
- MarkPlus Awards for Telkomsel in Marketing Sustainability Brand (MSB) Appreciation from MarkPlus, Inc.

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

	Mar 31, 2020	Dec 31, 2019	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	24,365	18,242	33.6
Other current financial assets	1,234	554	122.7
Trade Receivables - net of provision for impairment of receivables			
Related parties	2,435	1,792	35.9
Third parties	12,489	10,005	24.8
Contract asset	748	-	100.0
Other receivables - net of provision for impairment of receivables	176	292	(39.7)
Inventories – net of provision for obsolescence	681	585	16.4
Assets held for sale	39	39	-
Contract cost	342	-	100.0
Prepaid taxes	2,702	2,569	5.2
Claim for tax refund	914	992	(7.9)
Other current assets	4,839	6,652	(27.3)
Total Current Assets	50,964	41,722	22.2
NON-CURRENT ASSETS			
Long-term investments	2,059	1,944	5.9
Property and equipment – net of accumulated depreciation	153,575	156,973	(2.2)
Right-of-use asset	19,980	-	100.0
Intangible assets – net of accumulated amortization	6,391	6,446	(0.9)
Deferred tax assets – net	2,824	2,898	(2.6)
Contract asset	327	-	100.0
Contract cost	757	-	100.0
Other non-current assets	5,037	11,225	(55.1)
Total Non-current Assets	190,950	179,486	6.4
TOTAL ASSETS	**241.914**	**221,208**	**9.4**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Payables			
Related parties	691	819	(15.6)
Third parties	12,957	13,078	(0.9)
Other payables	733	449	63.3
Taxes payable	4,278	3,431	24.7
Accrued expenses	14,854	13,736	8.1
Unearned income – current	666	7,352	(90.9)
Contract liabilities	6,748	-	100.0
Advances from customers	2,194	1,289	70.2
Short-term bank loans	8,624	8,705	(0.9)
Current maturities of long-term borrowings	12,301	9,510	29.3
Total Current Liabilities	64,046	58,369	9.7
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	1,008	1,230	(18.0)
Unearned Income - noncurrent	-	803	(100.0)
Contract liabilities	823	-	100.0
Long service award provisions	1,094	1,066	2.6
Pension benefits and other post-employment benefits obligations	8,230	8,078	1.9
Long-term borrowings - net of current maturities	39,503	33,869	16.6
Other liabilities	663	543	22.1
Total Non-current Liabilities	51,321	45,589	12.6
TOTAL LIABILITIES	**115,367**	**103,958**	**11.0**
EQUITY			
Capital stock	4,953	4,953	-
Additional paid-in capital	2,711	2,711	-
Other equity	779	408	90.9
Retained earnings			
Appropriated	15,337	15,337	-
Unappropriated	82,667	76,152	8.6
Net Equity Attributable to:			
Owners of the Parent Company	106,447	99,561	6.9
Non-Controlling Interests	20,100	17,689	13.6
TOTAL EQUITY	126,547	117,250	7.9
TOTAL LIABILITIES AND EQUITY	**241,914**	**221,208**	**9.4**

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Three Months Period Ended March 31, 2020 and 2019 (unaudited)
(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	2020	2019	Growth (%)
REVENUES	**34,194**	**34,840**	**(1.9)**
Operation, maintenance and telecommunication service expenses	(8,252)	(10,709)	(22.9)
Depreciation and amortization expenses	(6,849)	(5,642)	21.4
Personnel expenses	(3,451)	(3,132)	10.2
Interconnection expenses	(1,519)	(1,268)	19.8
General and administrative expenses	(1,572)	(1,294)	21.5
Marketing expenses	(641)	(907)	(29.3)
Gain (loss) on foreign exchange – net	205	(45)	(555.6)
Other Expense - net	(186)	186	(200.0)
OPERATING PROFIT	**11,929**	**12,029**	**(0.8)**
Finance income	219	276	(20.7)
Finance costs	(1,215)	(996)	22.0
Share of profit of associated companies Impairment of associated compaines	(9)	20	(145.0)
PROFIT BEFORE INCOME TAX	**10,924**	**11,329**	**(3.6)**
INCOME TAX (EXPENSE) BENEFIT			
Current	(2,831)	(2,849)	(0.6)
Deferred	208	24	766.7
	(2,623)	(2,825)	(7.2)
PROFIT FOR THE YEAR	**8,301**	**8,504**	**(2.4)**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation	419	(26)	(1,711.5)
Change in fair value of available-for-sale financial assets	-	3	(100.0)
Share of other comprehensive income of associated companies	4	(4)	(200.0)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Defined benefit actuarial gain (loss) – net	-	-	-
Other comprehensive income – net	423	(27)	(1,666.7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**8,724**	**8,477**	**2.9**
Profit for the year attributable to:			
Owners of the parent company	5,862	6,224	(5.8)
Non-controlling interests	2,439	2,280	7.0
	8,301	**8,504**	**(2.4)**
Total comprehensive income for the year attributable to:			
Owners of the parent company	6,285	6,197	1.4
Non-controlling interests	2,439	2,280	7.0
	8,724	**8,477**	**2.9**
BASIC EARNING PER SHARE (in full amount)			
Net Income per share	59.17	62.83	(5.8)
Net Income per ADS (100 Series B shares per ADS)	5,917.49	6,282.92	(5.8)

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

	MAR 2020	DEC 2019	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	13,669	8,583	59.3
Accounts receivables	2,167	1,631	32.9
Unbilled Revenue	3,542	2,296	54.3
Current portion of long-term prepayments	3,267	5,138	(36.4)
Others	991	1,010	(1.9)
Total Current Assets	**23,637**	**18,657**	**26.7**
NON-CURRENT ASSETS			
Long-term investment	334	345	(3.3)
Fixed assets-net	78,190	55,229	41.6
Intangible assets-net	5,050	5,120	(1.4)
Prepayments – Non-current portion	1,494	3,267	(54.3)
Others	93	111	(16.6)
Total Non-current Assets	**85,160**	**64,073**	**32.9**
TOTAL ASSETS	**108,797**	**82,730**	**31.5**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & accrued liabilities	14,949	12,961	15.3
Taxes payable	1,862	1,366	36.3
Unearned revenue	5,418	5,697	(4.9)
Current maturities of obligation under finance leases	5,428	869	524.5
Total Current Liabilities	**27,656**	**20,892**	**32.4**
NON-CURRENT LIABILITIES			
Medium-term loans	3,000	6,000	(50.0)
Obligations under finance lease	17,782	2,236	695.2
Deferred tax liabilities	828	1,208	(31.5)
Others	3,342	3,184	4.9
Total Non-current Liabilities	**24,952**	**12,629**	**97.6**
EQUITY			
Capital Stock - Rp1,000,000 par value			
Authorized - 650,000 shares			
Issued and fully paid - 182,570 shares	183	183	-
Additional paid-in capital	1,531	1,531	-
Retained earnings	54,475	47,495	14.7
Total Equity	**56,189**	**49,209**	**14.2**
TOTAL LIABILITIES AND EQUITY	**108,797**	**82,730**	**31.5**

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
STATEMENTS OF PROFIT AND LOSS
FOR THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (UNAUDITED)
(Figures in tables are presented in billions of Rupiah)

	MAR 2020	MAR 2019	Growth (%)
REVENUES			
Postpaid	2,147	1,956	9.8
Prepaid	19,067	18,928	0.7
Interconnection & international roaming	789	945	(16.5)
Others	422	351	20.2
Total Revenues	**22,424**	**22,180**	**1.1**
EXPENSES			
Operation & maintenance	5,014	6,348	(21.0)
Personnel	1,270	1,051	20.7
Marketing	439	583	(24.6)
General & Administration	297	348	(14.4)
Cost of services	1,066	1,043	2.1
Interconnection & international roaming	519	671	(22.6)
Depreciation & amortization	4,673	3,495	33.7
Others – net	(145)	(1)	N/A
Total Expenses	**13,133**	**13,538**	**(3.0)**
Finance charges – net	(412)	(9)	N/A
INCOME BEFORE TAX	**8,879**	**8,634**	**2.8**
INCOME TAX EXPENSE	(1,823)	(2,161)	(15.6)
NET INCOME	**7,056**	**6,473**	**9.0**
EBITDA	**13,819**	**12,136**	**13.9**
EBITDA Margin- over revenues	**61.6%**	**54.7%**	**6.9ppt**
ROA	**26.6%**	**28.2%**	**(1.6)ppt**
ROE	**46.4%**	**43.3%**	**3.0ppt**