

TICKERS:

IDX : TLKM
NYSE : TLK

SHAREHOLDER COMPOSITION:

Government of Indonesia : 52.1%
Public : 47.9%

CREDIT RATING:

Moody's : Baa1 (Stable)
Fitch Ratings : BBB (Stable)
Pefindo : idAAA (Stable)

Highlights

- PT Telkom Indonesia (Persero) Tbk (“Telkom or the Company”) recorded Revenue of Rp69.5 trillion in 1H21, grew by 3.9% YoY. Successful cost leadership has resulted in better EBITDA margin of 54.4% or increased 0.4 ppt and improved Net Income margin of 17.9% or increased 1.5 ppt compared to last year.
- IndiHome continued as the main growth driver, recorded revenue of Rp12.9 trillion or soared 24.2% YoY driven by additional subscribers and better ARPU.
- Telkomsel committed to enhance product offerings and digital capabilities to go beyond connectivity while accelerating and expanding its current digital ecosystem. Its digital business continued strong traction with data traffic jumped 54.5% YoY. In 1H21, digital business contributed to 77.3% of Telkomsel’s revenue, increased from 72.4% last year.
- Telkom continued to build synergy and collaboration with digital and technology companies. After an additional investment in Indonesia’s leading digital company Gojek in May 2021, in August 2021 Telkom signed an MoU with Microsoft to explore cooperation in the development of intelligent infrastructure, development of digital talent and drive cost leadership to help accelerate Telkom digital transformation.
- Telkom’s Venture Capital, MDI demonstrates strong capability and performance. MDI has invested in more than 50 startups across 12 countries with investment focus in several strategic sectors.
- Telkom is building up capacity in data center and cloud businesses. In addition to 26 data center facilities with total capacity of 43 MW, Telkom is on track to complete the development of Hyperscale Data Center phase one with 25 MW capacity by end of 2021.

Financial Highlights

Key Indicators (Rp. Bn)	YoY		
	1H21	1H20	Growth (%)
Revenues	69,480	66,856	3.9
Expenses	45,865	44,603	2.8
Operating Profit	23,615	22,253	6.1
EBITDA	37,759	36,077	4.7
EBITDA Margin (%)	54.4	54.0	0.4ppt
Net Income	12,451	10,989	13.3
Net Income Margin (%)	17.9	16.4	1.5ppt

Operational Highlights

Subscribers (000)	YoY		
	1H21	1H20	Growth (%)
Broadband			
Fixed Broadband - IndiHome	8,300	7,451	11.4
Mobile Data User	117,735	105,137	12.0
Cellular			
Telkomsel Halo	6,716	6,256	7.4
Telkomsel Prabayar	162,481	153,817	5.6
Total	169,197	160,072	5.7

Investor Relations

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PT TELKOM INDONESIA (PERSERO) Tbk FIRST HALF OF 2021 (UNAUDITED)

The following analysis and discussion are based on our Indonesian GAAP financial statements for the first half of 2021 and 2020. The reports have been submitted to Indonesia Financial Services Authority (OJK).

Revenues

Key Indicators (Rp. Bn)	YoY		
	1H21	1H20	Growth (%)
Data, Internet & IT Service	37,572	35,338	6.3
IndiHome	12,879	10,369	24.2
SMS, Fixed and Cellular Voice	10,554	13,025	(19.0)
Interconnection	3,844	4,121	(6.7)
Network and Other Telco Services	4,631	4,003	15.7
Total	69,480	66,856	3.9

Telkom recorded consolidated Revenue of Rp69.5 trillion, increased 3.9% YoY in the first half of 2021. IndiHome and mobile data became the growth drivers while legacy businesses continued to decline. The revenue details are as follows:

- **Data, Internet & IT Services revenues** grew by 6.3% YoY to Rp37.6 trillion with cellular data revenue as the growth driver. Mobile data traffic jumped by 54.5% YoY to 6,418 petabyte driven by strong traction in mobile data services.
- **IndiHome** recorded revenue of Rp12.9 trillion or strongly grew by 24.2% YoY during the period. We added 285 thousand new subscribers despite challenging operational activities due to measures and protocols in connection with COVID-19. Total subscribers reached 8.3 million at end of June 2021.
- **SMS, Fixed and Cellular Voice revenues** declined by 19.0% YoY to Rp10.6 trillion due to cannibalization from instant messaging (OTT) application and continued transition from legacy to data. Voice and SMS revenue declined by 18.2% YoY and 22.1% YoY, respectively.
- **Interconnection revenues** declined by 6.7% YoY to Rp3.8 trillion in line with declining legacy international voice business.
- **Network and Other Telecommunication Services revenues** increased by 15.7% YoY to Rp4.6 trillion mainly due to higher business volume in managed services and tower lease.

Expenses

Key Indicators (Rp. Bn)	YoY		
	1H21	1H20	Growth (%)
Operating Expense			
Operation, Maintenance & Telecommunication Services	17,473	16,227	7.7
Personnel	7,370	7,016	5.0
Interconnection	2,354	2,959	(20.4)
Marketing	1,529	1,456	5.0
General & Administrative	2,995	3,121	(4.0)
Total Operating Expenses	31,721	30,779	3.1
Depreciation & Amortization	14,698	13,927	5.5
Forex (Gain) / Loss	(79)	84	(194.0)
Others (Income) / Expense	(475)	(187)	154.0
Total Expenses	45,865	44,603	2.8

In the first half of 2021, total expenses were Rp45.9 trillion or increased by 2.8% YoY, with Operating Expenses grew by 3.1% YoY to Rp31.7 trillion. Details of expenses are as follows:

- **Operation & Maintenance (O&M) expenses** rose by 7.7% YoY to Rp17.5 trillion in line with the development of digital infrastructure both in mobile and fixed line businesses.
- **Personnel expenses** rose by 5.0% YoY to Rp7.4 trillion in line with country's inflation level and higher pension benefit cost as the impact of actuarial calculation.
- **Interconnection expenses** decreased by 20.4% YoY to Rp2.4 trillion in line with declining wholesale voice business.
- **Marketing expenses** increased by 5.0% YoY to Rp1.5 trillion mainly due to higher marketing activity related to brand rejuvenation in Telkomsel.
- **General & Administrative expenses** decreased by 4.0% YoY to Rp3.0 trillion as we successfully managed overhead expenses.
- **Depreciation & Amortization** increased by 5.5% YoY to Rp14.7 trillion in line with continued investment to strengthen our digital infrastructure both in mobile and fixed line businesses.
- We recorded **Net Forex Gain** of Rp79 billion by the end of June 2021.
- We booked **Other Income – net** of Rp475 billion mainly due to increased fair value of investment in digital companies.

EBITDA and Net Income

EBITDA in 1H21 was Rp37.8 trillion or grew by 4.7% YoY with EBITDA margin expanded to 54.4% from 54.0%, indicated successful profitability improvement and cost efficiency both in mobile and fixed line businesses. Meanwhile, we posted Net Income of Rp12.5 trillion or increased by 13.3% YoY with better Net Income margin of 17.9% compared to 16.4% last year.

Financial Position

Key Indicators (Rp. Bn)	End of		
	1H21	FY20	Growth (%)
Total Assets	263,977	246,943	6.9
Total Liabilities	153,870	126,054	22.1
Non-controlling Interests	11,699	18,362	(36.3)
Total Equity	110,107	120,889	(8.9)

- Total assets at end of June 2021 was Rp264.0 trillion or rose by 6.9% YTD mainly due to an increase in cash & cash equivalents.
- Total liabilities as of 30 June 2021 rose by 22.1% YTD to Rp153.9 trillion mainly due to dividend payable. Telkom paid dividend to shareholders on July 2, 2021.
- Non-controlling interests decreased by 36.3% YTD as we paid dividend payment to shareholder of subsidiary.
- Our equity decreased by 8.9% YTD to Rp110.1 trillion as a result of dividend payment announced in AGMS.

Cash Flows

Key Indicators (Rp. Bn)	YoY		
	1H21	1H20	Growth (%)
Cash Flows from Operating Activities	33,085	34,171	(3.2)
Cash Flows from/(used in) Investing Activities	(19,056)	(15,937)	19.6
Cash Flow from/(used in) Financing Activities	1,887	(8,304)	(122.7)
Net Increase (Decreased) in Cash & Cash Equivalents	15,916	9,930	60.3
Effect of Exchange Rate Changes on Cash and Cash Equivalents	108	66	63.6
Cash and Cash Equivalents at Beginning of Year	20,589	18,242	12.9
Cash and Cash Equivalents at End of Period	36,613	28,238	29.7

- Net cash provided by operating activities in 1H21 reached Rp33.1 trillion during this period. Cash from customer increased by 12.8% YoY to Rp68.8 trillion.
- Net cash used in investing activities increased by 19.6% YoY mainly due to capex utilization for network enhancement and also investment in digital space.

- Net cash used in financing activities decreased by 122.7% YoY as withdrawal of new loans and borrowing were higher than repayment for loans and borrowings.

Debts

Currencies (Rp. Bn)	End of		Portion (%)	
	1H21	FY20	1H21	FY20
IDR/Rupiah	77,786	63,992	98.5	97.8
USD/US Dollar	805	1,011	1.0	1.5
JPY/Japanese Yen	353	418	0.4	0.6
MYR/Malaysian Ringgit	39	41	0.1	0.1
Total	78,983	65,462	100.0	100.0

Total debts (including lease liabilities) amounting to Rp79.0 trillion as of 30 June 2021, increased by 20.7% YTD. Around 98.5% of our debts were in Rupiah currency, around 1.0% 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. Excluding lease liabilities, our total debt was Rp65.2 trillion as of 30 June 2021 and Rp49.8 trillion as of December 2020. The increase in debt was mainly utilized to support general corporate purposes.

Finance cost however declined 10.8% YoY to Rp2.1 trillion due to lower interest rates environment and effective cash flow management.

Our debt to equity ratio (“DER”) and debt to EBITDA were still relatively low at 71.7% and 1.0x.

Gearing Ratio

Ratios (%)	End of		
	1H21	FY20	Growth (%)
Net Debt to Equity	38.1	36.0	2.1
Debt to Equity	71.7	54.2	17.5
Debt to EBITDA (times)	1.0	0.9	0.1
Debt Service Ratio (times)	2.1	2.5	(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 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		
	1H21	1H20	Growth (ppt)
EBIT Margin	34.0	33.3	0.7
EBITDA Margin	54.4	54.0	0.4
Net Income Margin	17.9	16.4	1.5
Current Ratio	65.8	64.8	1.0
Total Liabilities to Equity	139.7	123.4	16.3
Return on Assets	12.8	12.5	0.3
Return on Equity	30.7	28.0	2.7
Return on Invested Capital	17.9	17.7	0.2

Notes:

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

Capital Expenditure

In the first half of 2021, Telkom spent Rp11.8 trillion in capital expenditure (capex) or 17.0% of total revenue in the first half of 2021. 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 for other projects such as towers and Data Centers. Meanwhile in mobile services, capex was absorbed to further improve 4G network quality and capacity, to start rolling out 5G as well as to enhance IT system.

RESULTS BY SEGMENT

Mobile Segment

Telkomsel Financial Result

The telecommunication industry continued to deal with the impact of COVID-19 pandemic and challenges from overall weaker purchasing power and lower consumer spending amidst the slower than expected economic recovery while the shift of legacy business towards Data services continually to accelerate and remains intense market competition.

In spite of the complex challenges faced by the industry, Telkomsel managed to sustain healthy levels of profitability supported by Digital Business as new engine of growth driven by Data and Digital Services performances with positive digital drivers as indicative a room for future growth.

In the non-financial aspect, Telkomsel managed to have 169.2 million subscribers with more productive & engaged in Data service as shown by the number of Data user, Data payload and payload per Data user. Telkomsel committed to maintaining and strengthening network leadership that support focus on Digital

Business with continuous network deployment resulted 79% of BTS operated were 3G/4G BTS with more than 123,000 4G BTS.

With the rapidly evolving customer needs and the transformation taking place in the society, Telkomsel committed to enhance product 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.

In overall, through consistent assessment with prudent execution, Telkomsel believes this is the right path on digitalization journey into a digital telco company and strengthening the development of digital-based telecommunication services in the daily lives for securing a company's long-term growth and at the same time providing differentiation for subscribers across the nation.

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 4.7% YoY growth to Rp33,359 billion and increased its contribution to total revenue to 77.3% from 72.4% last year (Pre-PSAK 72, Digital Business growth would be 7.6% YoY with 79.5% contribution to total revenue).

Revenue from Data grew by 1.3% YoY to Rp28,177 billion with 117.7 million Data users (+12.0% YoY) & 3G/4G capable device at 118.7 million (+3.6% YoY & 70.2% penetration) as well as healthy growth in Data payload (+54.5% YoY to 6,573,499 TB) & payload consumption at 9,951 MB per Data user (+41.4% YoY). Digital Services also grew by 28.1% YoY to Rp5,182 billion & has been the key drivers of Telkomsel transformation as a digital telco company with initiatives to optimize & accelerate its adoption through products & services in this segment included Digital Lifestyle, Digital Advertising, Digital Enterprise Solution & IoT business.

Legacy Business: Voice and SMS

Continued natural transition phase of Legacy toward Data & impact of OTT services cannibalization, Telkomsel's Legacy business was slowing down with Voice revenue decreased by 27.2% YoY to Rp7,427 billion with declining Voice traffic by 16.1% YoY and SMS revenue declined by 36.6% YoY to Rp749 billion with declining SMS traffic by 25.9% YoY. Having this challenge, Telkomsel initiatives to manage legacy and prolong the tail with personalized marketing approach to offer better value package while addressing customers' need with consistent network quality and services. Furthermore, Telkomsel also 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 30 June 2021:

Consolidated Statements of Profit and Loss

Key Indicators (Rp. Bn)	YoY			QoQ		
	1H21	1H20	Growth (%)	2Q21	1Q21	Growth (%)
Revenues	43,173	44,009	(1.9)	21,958	21,215	3.5
Legacy	9,814	12,141	(19.2)	4,923	4,891	0.7
Digital Business	33,359	31,868	4.7	17,034	16,324	4.4
Expenses incl. Depr. and others	26,251	27,182	(3.4)	13,742	12,509	9.9
EBITDA	25,356	26,410	(4.0)	12,855	12,501	2.8
EBITDA Margin (%)	58.7	60.0	(1.3)ppt	58.5	58.9	(0.4)ppt
Net Income	12,749	12,710	0.3	6,025	6,724	(10.4)
Net Income Margin (%)	29.5	28.9	0.6ppt	27.4	31.7	(4.3)ppt
Proportion of Digital Business (%)	77.3	72.4	4.9ppt	77.6	76.9	0.6ppt

PSAK 72 Impact on Legacy and Digital Business Revenues

Reported & Pre-PSAK 72 Figures (Rp. Bn)	YoY						QoQ					
	1H21	1H21*	1H20	Growth (%)	Growth* (%)	2Q21	2Q21*	1Q21	1Q21*	Growth (%)	Growth* (%)	
Total Revenues	43,173	43,173	44,009	(1.9)	(1.9)	21,958	21,958	21,215	21,215	3.5	3.5	
Legacy Revenue	9,814	8,870	12,141	(19.2)	(26.9)	4,923	4,406	4,891	4,464	0.7	(1.3)	
<i>Legacy to Total Revenues (%)</i>	22.7	20.5	27.6	(4.9)ppt	(7.0)ppt	22.4	20.1	23.1	21.0	(0.6)ppt	(1.0)ppt	
Digital Business Revenue	33,359	34,303	31,868	4.7	7.6	17,034	17,552	16,324	16,751	4.4	4.8	
<i>Digital Business to Total Revenues (%)</i>	77.3	79.5	72.4	4.9ppt	7.0ppt	77.6	79.9	76.9	79.0	0.6ppt	1.0ppt	

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

As of June 2021, total expenses including depreciation, amortization and others decreased by 3.4% YoY to Rp 26,251 billion in line with cost leadership initiatives to continue manage the cost with stable Operational & Maintenance cost (efficient network design & technology) while having continuous network development and existing asset optimization.

Able to manage cost differently & logically through numerous initiatives lead to healthy levels of profitability with 58.7% EBITDA Margin and 29.5% Net Income Margin.

Consolidated Statements of Financial Position

Key Indicators (Rp Bn)	Jun-21	Dec-20	Growth (%)
Current Assets	12,765	19,488	(34.5)
Non-Current Assets	84,933	84,164	0.9
Total Assets	97,698	103,652	(5.7)
Current Liabilities	34,016	28,997	17.3
Non-Current Liabilities	31,576	23,568	34.0
Total Equity	32,106	51,088	(37.2)
Total Liabilities & Equity	97,698	103,652	(5.7)

- Lower Current Assets mainly due to decrease in cash and cash equivalents, while slightly higher Non-Current Assets due to increase in Long-term Investment.
- Higher Current Liabilities mainly due to increase in Short-term loans and higher Non-Current Liabilities due to increase in medium-term loans.
- Lower Total Equity mainly due to decrease in retained earnings.

Consolidated Statements of Cash Flows

Key Indicators (Rp Bn)	1H21	1H20	Growth (%)
Cash Flows from Operating Activities	21,669	23,039	(5.9)
Cash Flows for Investing Activities	(8,415)	(4,403)	91.1
Cash Flows for Financing Activities	(18,165)	(20,204)	(10.1)
Net Decrease in Cash & Cash Equivalents	(4,911)	(1,568)	213.3
Cash and Cash Equivalents at Beginning of Period	9,154	8,583	6.6
Cash and Cash Equivalents at End of Period	4,243	7,016	(39.5)

- Lower net cash generated from operations in June 2021 mainly due to increase in total cash payments for operating costs and expenses.
- Higher cash flows used in investing activities due to higher cash outflows for corporate strategic initiatives including for strategic investment in PT Aplikasi Karya Anak Bangsa (Gojek).
- Lower cash flows for financing activities mainly due to proceed from short and medium-term loans.

Debt Profile

As of 30 June 2021, Telkomsel's total outstanding loans amounted to Rp14,650 billion from utilization of revolving credit facilities. As of 30 June 2021, Telkomsel Debt to Equity Ratio (DER) was 45.6% (exclude lease liabilities).

Telkomsel has to maintain several financial covenants related to its loans/debts. As of 30 June 2021, the covenants were as follows:

Covenants to be Maintained	Required	Actual
EBITDA to Debt Service	≥ 1.25	5.44
Total Debt to Tangible Net Worth	≤ 2.00	0.56

Notes: Debts in covenants exclude lease liabilities.

Telkomsel's financial profile was reflected in several key financial ratios, as follows:

Ratios	Jun-21	Dec-20	Growth (ppt)
Debt to Equity (%)	45.6	3.9	41.7
Debt to EBITDA (times)	0.14	0.08	81.7%

Notes: Debts in covenants exclude lease liabilities.

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 while accelerating and expanding its current digital ecosystem, 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 8 million monthly active users through several partnerships with OTTs such as Amazon Prime Video.
- 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 around 2.5 million customers.
- Developing Telkomsel Orbit, a home wireless internet service as an effort to leverage strong network capacity with more than 121 thousand customers.
- More collaborative cross-industry collaboration that will provide sustainable positive outcomes including new application-based digital solutions that available to the public including 99% Usahaku and Kunci. 99% Usahaku is a platform or application to help Small & Medium Enterprises grow and operate more efficiently through digital solutions to gain knowledge and business process learnings as well as the facility to enter a bigger market. Another application, namely Kunci as an edu-tech video application platform

that allows experienced mentors in various fields to share insights in creative digital-based business development.

Customer Base

As of June 2021, Telkomsel managed to have 169.2 million subscribers and saw positive trends of user engagement with increasing Data user, payload and payload per Data user that align with corporate strategy in Data.

Network Deployment

Continuous network development to support our focus on Digital Business with aggressive 4G BTS deployment to reach 123,883 units in June 2021. As we have covered most of the population by 4G LTE network throughout the nation, the deployment will also be prioritizing quality and capacity. The network rolls out brought total BTS on air to 237,300 units at the end of June 2021, or increased by 4.0% YoY, of which 187,048 units were 3G/4G BTS (+5.2% 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.

The following table shows key operational performance as of 30 June 2021:

Key Indicators	YoY			QoQ		
	1H21	1H20	Growth (%)	2Q21	1Q21	Growth (%)
Customer Base (000)	169,197	160,072	5.7	169,197	164,692	2.7
ARPU (000)	44	45	(2.4)	45	43	3.8
BTS on Air (units)	237,300	228,066	4.0	237,300	234,165	1.3
Total Employees (*including subs & associated co)	5,463	5,376	1.6	5,463	5,352	2.1
MoU (in billion minutes)	64.3	76.7	(16.1)	31.2	33.1	(5.6)
SMS (in billion units)	14.5	19.6	(25.9)	7.9	6.6	20.2
Data Payload (TB)	6,573,499	4,255,250	54.5	3,385,319	3,188,180	6.2

Fixed Line Services

Fixed Broadband IndiHome

IndiHome recorded Rp12.9 trillion in revenue or grew by 24.2% YoY. IndiHome revenue contribution to TelkomGroup significantly increased to 18.5% in 1H21 from 15.5% in the same period last year. IndiHome EBITDA margin continued to improve to 47.6% in 1H21 from 38.6% in 1H20, thanks to higher economic of scale and better operating leverage.

We added around 285 thousand new customers during 1H21, brought total subscribers to reach 8.3 million by the end of June 2021 or rose by 11.4% YoY. Around 57% of total customers were on Dual Play Package while the remaining 43% 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 2Q21 ARPU was Rp270 thousand compared to Rp266 thousand in the previous quarter.

In an effort to increase ARPU, we encourage new and existing customers to subscribe on Triple Play or to subscribe at higher speed. We entice existing customers to upgrade to higher speed or to purchase various add-ons such as various mini packs or additional hybrid boxes. Increasing ARPU was largely helped by revenue from add-ons that grew by 40.7% YoY and contributed to around 15.2% to IndiHome revenue, higher than previous year which contributed to 13.4% of total IndiHome revenue.

In addition, we keep enriching IndiHome content by adding Dynasty Lite Minipack, an oriental-themed channels for the fans of entertainment, drama, and the latest news from Taiwan, in IndiHomeTV to further improve customer experience.

Around 90.2% of the IndiHome revenue was generated from residential customers (Consumer Segment, with around 95.9% contribution to the segment's revenue), while the remaining 9.8% was from business clients (Enterprise Segment).

IndiHome for Indonesia

IndiHome services cover **496 (96.5%)** districts/cities throughout Indonesia



Enterprise & Wholesale and International Business (WIB)

Performance

In the first half of 2021, Enterprise segment recorded Rp8.7 trillion in revenue or increased by 12.2% YoY. IT Services and Enterprise Connectivity solutions remained the biggest contributor to the segment's revenue. While in WIB segment, we recorded Rp6.9 trillion in revenue or increased by 1.2% YoY due to increasing tower business, data center, and A2P service.

Data Center

One of the areas that become our focus is Data Center and Cloud as the demand is growing significantly in line with the rising activities of digital business players. The presence of robust data center and cloud infrastructure is key to enable us in developing various digital solutions to enhance customers' experience. Today we operate 26 data center facilities (21 domestic and 5 overseas including our Tier 3 and 4 data center in Jurong Singapore) with total capacity of around 43 MW. In 1H21, data center recorded Rp713 billion in revenue or increased by 11.7% YoY.

To enhance our capacity, currently we are in the progress of developing new site of data center namely Hyperscale Data Center certified as tier 3 and 4 in total area of 65,000 m² near Jakarta. Our Hyperscale Data Center will be completed in stages, and the first stage is expected to complete by end of 2021 with a capacity of 25 MW. At the final stage, Our Hyperscale Data Center will have total capacity around 75 MW.

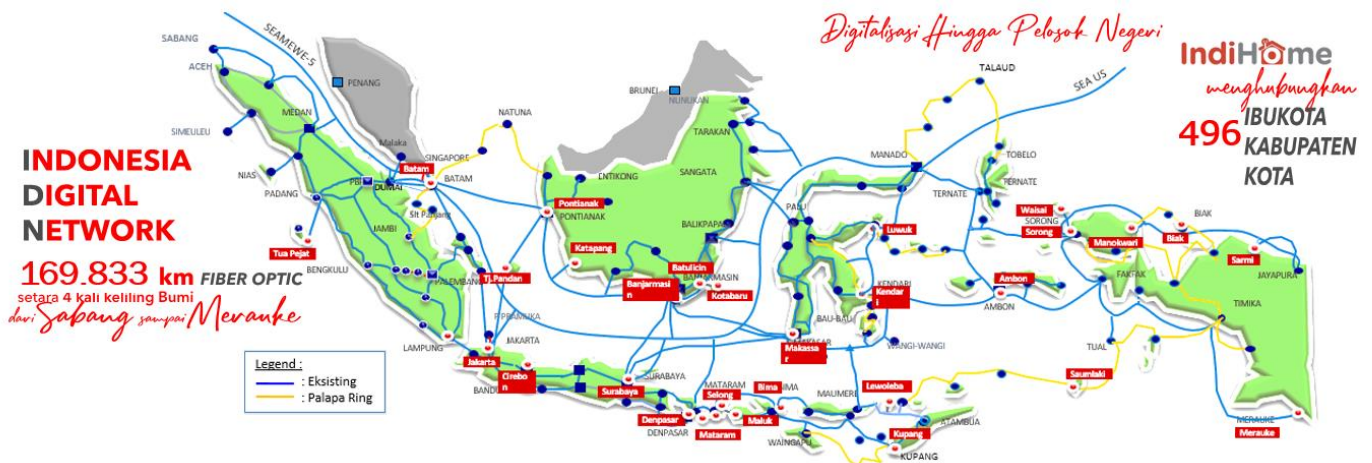
All of our data centers are integrated to the Telkom network, so that our customers can experience our best digital connectivity and digital platforms.

Tower

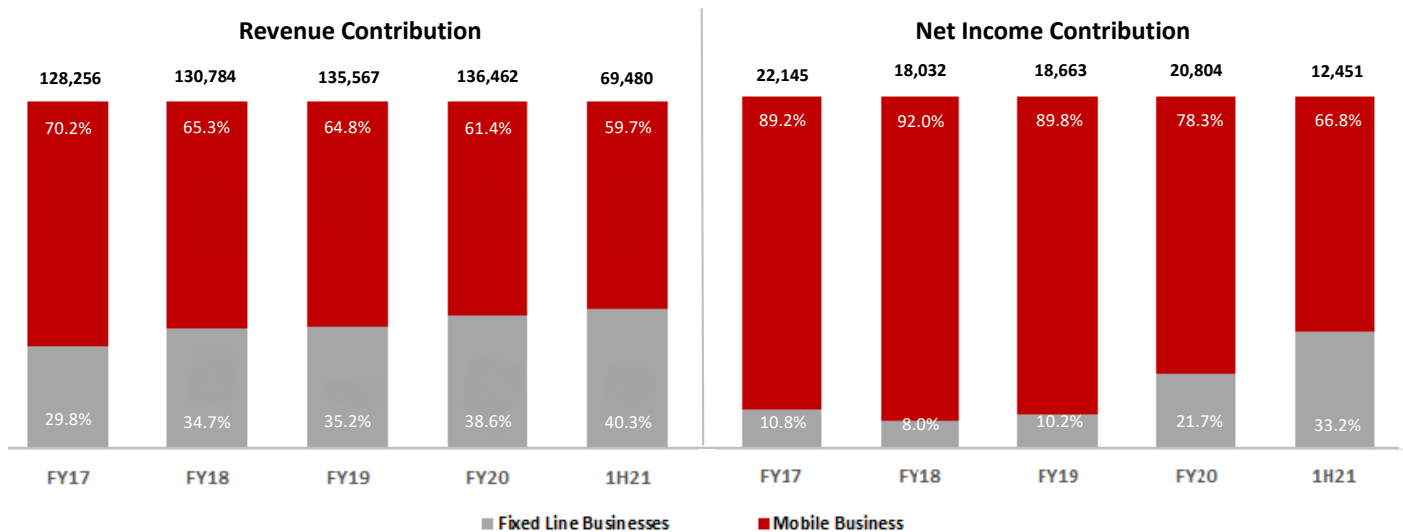
Telkom through its subsidiary, Mitratel, owns around 23 thousand towers as of June 2021, or grew by 45.0% YoY from June last year. Mitratel's tenancy ratio as of June 2021 was 1.57x, improved from 1.54x last year. Mitratel enjoys site diversification as around 57% of Mitratel's towers are located in ex-Java, while the remaining 43% are located in Java. We are of the view that tower business still has the opportunity to grow, driven by 5G technology that has been rolled-out in Indonesia. Mitratel as a standalone company booked revenue of Rp3.2 trillion or grew 10.9% YoY 1H21. Mitratel's EBITDA margin also improved to 76.8% in 1H21 from 69.7% in 1H20.

Fiber Backbone

Telkom has unparalleled fiber network as the strong foundation of its mobile and fixed businesses. Telkom's fiber backbone spans around 169.8 thousand KM, of which around 105.1 thousand KM are located domestically while 64.7 thousand KM are global fiber network. In addition, Telkom also has stake in several global submarine cable projects, including SEA-ME-WE 5, SEA-US, and the Indonesia Global Gateway (IGG). SEA-ME-WE 5 is a submarine cable that span from Southeast Asia to Western Europe with a length of 20,000 km. Meanwhile, SEA-US is a submarine cable that span from Southeast Asia to America with a length of 14,500 km. And Indonesia Global Gateway (IGG) is a submarine cable that connect SEA-ME-WE 5 and SEA-US with 5,403 km length, stretching from Dumai to Manado (Indonesia).



Fixed line businesses contribution continued to increase and reached more than 40% of Telkom's Consolidated Revenue and more than 30% of Telkom's Consolidated Net Income in the first half of 2021, as shown in the charts below, reflecting our well-diversified businesses.



Telkom Initiatives in Digital Space

Investment in Gojek

In an effort to accelerate our transformation towards digital telco company, we invest and create synergy and collaboration with digital player champions. Telkom through its subsidiary, Telkomsel, strengthen strategic partnership initiatives with Gojek to provide new benefits to users and also help accelerate the digitization of micro, small and medium enterprises (MSMEs). These initiatives include:

- The integration of Telkomsel MyAds with GoBiz, which enables Gojek's MSME partners to efficiently expand their outreach to Telkomsel users.
- Easy onboarding for Gojek's MSME partners to become Telkomsel reseller partners.
- Affordable data packages for Gojek drivers and GoFood MSME partners, which can be accessed on the GoPartner and MyTelkomsel applications.
- Convenient access to Telkomsel's outlets and resellers via GoShop.
- Co-marketing for gaming services through Telkomsel's Dunia Games and GoPay.
- Improving customer experience in carrying out Gojek services with Number Masking feature from Telkomsel's Enterprise solutions.

Telkom's Corporate Venture Capital

Telkom through its subsidiary, MDI, also have aspirations to develop and nurture start-up companies in various digital business sectors, with focus on healthcare, education, logistic, finance, and agriculture areas.

The investment activities in MDI are directed to build synergy with our existing businesses and seek for value appreciation at once.

MDI manages around USD900 million AUM, and its portfolio has shown an outstanding performance in terms of investees' valuation, exit strategy, and synergies value. MDI has invested in more than 50 startups in 12 countries, of which 3 companies have done IPO and 6 companies have been successfully acquired by third parties. Currently, MDI has 2 Unicorns in its portfolio, NIUM and Kredivo, and other 2 companies are expected to be the next Unicorns. With this achievement, MDI has brought positive impact on Telkom's digital business.

Here we introduce our investee companies:



Collaboration with Microsoft

To further accelerate our transformation towards digital telco company, we entered into agreement to make collaboration with leading global technology company. On August 19, 2021, Telkom and Microsoft Indonesia signed a Memorandum of Understanding to explore cooperation in the development of intelligent infrastructure, development of digital talent, and acceleration of TelkomGroup's digital transformation. This step is expected to accelerate Telkom's digital transformation process, especially in enhancing various digital services, digital platforms, and digital connectivity. In addition, this collaboration is also expected to support the empowerment of Indonesia's digital economy.

Telkom's ESG Initiatives

Telkom is of the view that sustainability initiatives are imperative to ensure that all stakeholders get value added in terms of economic, social and environmental dimensions.

Telkom's concern for ESG is also on the back of belief the importance attention of every aspects in environment such as climate change due to economic activity, social impact of company activity as well as the governance practiced by company.

Environment

Paperless Policy

Telkom has implemented a paperless policy in every internal activity, we also implemented digital signatures to strengthen our efforts to reduce paper usage. This effort is estimated to have saved 643,654 sheets or 1,288 reams of paper in 2020. In addition, submission of invoices through the MyIndiHome and MyTelkomsel application are also estimated to have saved around 147 million sheets of paper (equivalent to 348 thousand reams of paper) assuming 1 sheet of billing paper per month in 1 year.

Clean Water Usage

Telkom also succeeded in reducing clean water usage by 293,570 m³ or 15.6% from the previous year. This decrease was not only due to water-saving practices but also due to reduced office operational activities as the impact of COVID-19. In addition, Telkom has also made various efficiency efforts, including: implementing a water-saving policy, using automatic faucets in most of Telkom's buildings and utilizing the remaining water from cooling devices (AC). Water usage savings are also made through the use of gutters on the rooftop to collect rainwater that will be used for water consumption in Jurong-3, one of our data center in Singapore. In addition, some Telkom buildings already have bio-pore and infiltration wells to control rainwater and reuse it.

Fuel Cell and Solar Cell powered BTS

Telkom and its Subsidiaries also use environmentally friendly energy at Telkomsel's Base Transceiver Station or BTS that utilizes Fuel Cell and Solar Cell (solar power). Fuel Cell technology can produce electrical energy with exhaust gas in the form of water vapor (zero emission). Telkomsel has more than 400 Go Green Fuel Cells BTS and Solar Cells BTS throughout Indonesia. The use of environmentally friendly alternative energy sources is also part of Telkomsel's efforts to ensure the availability of broadband networks throughout the country.

Carbon Emission and Energy Consumption

In 2020, Telkom's total energy consumption was 8,753,352 GJ with 8,327,883 GJ of on-grid electricity and 425,469 GJ fuel consumption. Overall, energy consumption increased 278,196 GJ or 3.2% than previous reporting period, in line with the increasing number of our network infrastructure.

The increase in electricity consumption of 78,447,855 kWh in 2020 is equivalent to an increase in carbon emissions of 27,140 tons of CO₂eq. Meanwhile, for fuel consumption, there were a decrease of approximately 130,692 liters or equivalent to a reduction in carbon emissions by 608 tons of CO₂eq.

Social

Telkom believes that empowering society and developing digital ecosystem are an important way to create, maximize and provide value added to all stakeholders. Telkom regularly allocates for Partnership Program to help fund MSME partners and for CSR activities. In the case of COVID-19, Telkom also support the provision of protective equipment, medical equipment assistance, social security networks, and others to several health facilities.

In addition, Telkom is also developing smart villages which is supported by various infrastructures and access networks as well as various solutions and applications that support the activities of its citizens. Through this Smart Village Nusantara, we hope it can encourage the sustainable development of our nation and build Indonesia to be a Smart Nation. The example of implementation of this smart village is Cecer village (Nusa Tenggara Timur).

Governance

Anti-Corruption

Telkom committed to support Anti-Corruption actions by obtaining the ISO 37001:2016 Anti-Bribery Management System Certificate in 2020. Moreover, Telkom already has a whistleblowing system (WBS) which is managed by the Audit Committee.

Data Security

Telkom has a strong commitment to data privacy and security, especially our customers' information, which was manifested by implementing SNI ISO/IEC 27001:2013 Information Security Management System as an effort to strengthen IT infrastructure security from the risk of cyber-attacks. Telkom's management system is also periodically certified by an independent consultant. In addition, each personnel also has a certification that supports Telkom's cyber security.

Since 2014, Telkom's Cyber Security Operation Center has been operating for 7x24 hours to protect confidential data and information from any misuse. Telkom also has internal policies, procedures, and guidelines to increase cyber security awareness among employees, such as the use of strong passwords, restrictions on access to information and data as well as applications, implementation of multi-factor authentication, and providing information on a regular basis regarding cyber-attacks on employees.

Recent Activities

■ **Telkomsel launches 5G**

Telkomsel has officially launched 5G service in May 2021, becoming the first cellular operator to offer 5G in Indonesia with its first phase of commercialization available at selected points across 9 cities (Jakarta, Surabaya, Makassar, Denpasar, Batam, Medan, Solo, Balikpapan and Bandung). After officially deploying 5G, Telkomsel has formed a partnership with Schneider Electric Manufacturing in Batam to accelerate its digital transformation and smart factories for industry 4.0. Telkomsel 5G services also available in universities (Telkom University and Bandung Institute of Technology) to support research development for innovation including in IoT based healthcare technology, preventive & post-disaster network recovery and autonomous robot. Telkomsel will maximize the use of 5G that can transform lives and implement the advantages of the 5G network to further encourage the growth of digital connectivity, digital platforms and digital services in Indonesia as well as the development of future technology solutions such as artificial intelligence, cloud computing and the Internet of Things.

■ **Telkomsel's new brand identity**

Telkomsel introduced new identity in June 2021 as the symbol of change and commitment to continuously adapting and being relevant that can answer various challenges through a more comprehensive digital transformation roadmap continuation of the company. This new face of Telkomsel also brings the spirit of renewal for several product brands with the integration of products and services that provide more convenience and comfort for customers' experience such as Telkomsel prepaid services (*simPATI*, Kartu AS, and Loop) which are now called Telkomsel Prabayar, and Kartu Halo which is now Telkomsel Halo.

■ **TelkomGroup Responses to COVID-19**

In response to the current dynamics, Telkom has led the activation of Business Continuity Plan (BCP) not only to address any emergent obstacles related to the pandemic, but also to provide a means for employees to contribute through CSR programs. Several tactical actions also implemented, including:

- a. Product and pricing optimization to keep with market relevance and to lead the industry towards healthier conduct while protecting relative market position supported by network capability. This includes the monolithic brand approach with the integration of prepaid products to Telkomsel Prabayar.
- b. Introduced #YangKitaBisa campaign (*What We Can*) with a variety of programs to fulfill various needs of customers during the new phase of outbreak and mobility restriction.
- c. Continue to focus on securing profitability through various cost-efficiency measures to streamline operational expenses.
- d. Expanding Digital Services portfolio including Digital Lifestyle adoption such as video, music and games content to complement connectivity while capturing growth opportunities through new digital initiatives with prudent execution for securing company's long-term growth and at the same time building differentiation.

Product and Marketing Activities

Fixed Line and Enterprise

■ **IndiHome Paket Guru, Dosen, Pelajar dan Mahasiswa**

As a form of support for online teaching and learning activities, IndiHome offers packages that are supported by fast internet connections, various interactive TV services, and free calls for 50 minutes to facilitate the activities of teachers, lecturers, and students throughout Indonesia.

■ **IndiHome Paket Gamer**

As a form of facilitating gaming activities, IndiHome introduces packages with super fast internet networks and some interesting game benefits such as exclusive items, in game currency, double experience, drop rates, and so on.

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 1H21 among others:

- Asia Pacific Stevie Awards in 39 categories from Stevie for Telkom.
- Bisnis Indonesia Corporate Social Responsibility Award (BISRA) 2021 for Telkom with Platinum Champion for CSR Program in BUMN and Telkomsel with Silver Champion for CSR program in private company category from Bisnis Indonesia and Habitat for Humanity Indonesia.
- BUMN Marketeers Award 2021 for Telkom as The Most Promising Company in Branding Campaign and The Most Promising Company in Tactical Marketing and also for Telkomsel as The Most Promising Company in Branding Campaign in subsidiary category from MarkPlus, Inc.

Table 1
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2021 (unaudited) and December 31, 2020 (audited)
 (Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	Jun 30, 2021	Dec 31, 2020	Growth (%)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	36,613	20,589	77.8
Other current financial assets	414	1,303	(68.2)
Trade Receivables	-	-	-
Related parties	1,446	1,644	(12.0)
Third parties	9,753	9,695	0.6
Contract asset	1,055	1,036	1.8
Other receivables	166	214	(22.4)
Inventories	985	983	0.2
Asset held for sale	1,076	39	2,659.0
Contract cost	443	454	(2.4)
Prepaid taxes	1,862	3,170	(41.3)
Claim for tax refund	749	854	(12.3)
Other current assets	5,399	6,522	(17.2)
Total Current Assets	59,961	46,503	28.9
NON-CURRENT ASSETS			
Contract asset	196	203	(3.4)
Long-term investments in financial instruments	9,877	4,045	144.2
Long-term investments in associate	142	192	(26.0)
Contract cost	1,485	1,254	18.4
Property and equipment	160,097	160,923	(0.5)
Right-of-use assets	16,744	18,566	(9.8)
Intangible assets	7,218	6,846	5.4
Deferred tax assets – net	3,467	3,578	(3.1)
Other non-current assets	4,790	4,833	(0.9)
Total Non-current Assets	204,016	200,440	1.8
TOTAL ASSETS	263,977	246,943	6.9
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade Payables			
Related parties	796	928	(14.2)
Third parties	12,538	16,071	(22.0)
Contract liabilities	7,637	7,834	(2.5)
Other payables	17,441	578	2917.5
Taxes payable	4,345	2,713	60.2
Accrued expenses	13,160	14,265	(7.7)
Customers deposits	2,496	2,024	23.3
Short-term bank loans	16,776	9,934	68.9
Current maturities of long-term borrowings	9,938	9,350	6.3
Current maturities of lease liabilities	5,964	5,396	10.5
Total Current Liabilities	91,091	69,093	31.8
NON-CURRENT LIABILITIES			
Deferred tax liabilities – net	589	561	5.0
Contract liabilities	1,122	1,004	11.8
Long service award provisions	1,246	1,254	(0.6)
Pension benefits and other post-employment benefits obligations	13,341	12,976	2.8
Long-term loans and other borrowings	38,448	30,561	25.8
Lease liabilities	7,857	10,221	(23.1)
Other liabilities	176	384	(54.2)
Total Non-current Liabilities	62,779	56,961	10.2
TOTAL LIABILITIES	153,870	126,054	22.1
EQUITY			
Capital stock	4,953	4,953	0.0
Additional paid-in capital	2,711	2,711	0.0
Other equity	447	374	19.5
Retained earnings			
Appropriated	15,337	15,337	0.0
Unappropriated	74,960	79,152	(5.3)
Net Equity Attributable to:			
Owners of the Parent Company	98,408	102,527	(4.0)
Non-controlling interest	11,699	18,362	(36.3)
TOTAL EQUITY	110,107	120,889	(8.9)
TOTAL LIABILITIES AND EQUITY	263,977	246,943	6.9

Table 2
PERUSAHAAN PERSEROAN (PERSERO)
PT TELEKOMUNIKASI INDONESIA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Six Months Period Ended June 30, 2021 and 2020 (unaudited)
(Amounts in the tables expressed in billions of Indonesian Rupiah, unless otherwise stated)

	2021	2020	Growth (%)
REVENUES	69,480	66,856	3.9
COST AND EXPENSES			
Operation, maintenance, and telecommunication service expenses	(17,473)	(16,227)	7.7
Depreciation and amortization expenses	(14,698)	(13,927)	5.5
Personnel expenses	(7,370)	(7,016)	5.0
Interconnection expenses	(2,354)	(2,959)	(20.4)
General and administrative expenses	(2,995)	(3,121)	(4.0)
Marketing expenses	(1,529)	(1,456)	5.0
Gain (losses) on foreign exchange - net	79	(84)	(194.0)
Other income - net	475	187	154.0
OPERATING PROFIT	23,615	22,253	6.1
Finance income	337	483	(30.2)
Finance cost	(2,065)	(2,315)	(10.8)
Share of loss of associated companies – net	(93)	(64)	45.3
Impairment losses of investment	-	(342)	(100.0)
PROFIT BEFORE INCOME TAX	21,794	20,015	8.9
INCOME TAX (EXPENSE) BENEFIT			
Current	(4,734)	(5,051)	(6.3)
Deferred	(140)	469	(129.9)
	(4,874)	(4,582)	6.4
PROFIT FOR THE PERIOD	16,920	15,433	9.6
OTHER COMPREHENSIVE INCOME			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Foreign currency translation	73	55	32.7
Share of other comprehensive income of associated companies	0	3	(100.0)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined benefit actuarial losses – net	-	-	0.0
Other comprehensive income - net	73	58	25.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	16,993	15,491	9.7
Profit for the period attributable to:			
Owners of the parent company	12,451	10,989	13.3
Non-controlling interests	4,469	4,444	0.6
	16,920	15,433	9.6
Total comprehensive income for the period attributable to:			
Owners of the parent company	12,524	11,047	13.4
Non-controlling interests	4,469	4,444	0.6
	16,993	15,491	9.7
BASIC EARNING PER SHARE (in full amount)			
Net Income per share	125.69	110.93	13.3
Net Income per ADS (100 Series B shares per ADS)	12,568.87	11,093.03	13.3

Table 3
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 (UNAUDITED) WITH COMPARATIVE FIGURES AS OF DECEMBER 31, 2020 (AUDITED)
 (Figures are presented in billions of Rupiah)

	<u>JUN 2021</u>	<u>DEC 2020</u>	<u>Growth (%)</u>
ASSETS			
CURRENT ASSETS			
Cash & cash equivalents	4,243	9,154	(53.6)
Accounts receivable - net	1,262	871	44.9
Unbilled revenue	2,100	2,358	(10.9)
Prepaid tax and expenses – current	3,011	5,228	(42.4)
Non-current assets held for sale	1,076	835	28.9
Others	1,072	1,042	2.9
Total Current Assets	<u>12,765</u>	<u>19,488</u>	(34.5)
NON-CURRENT ASSETS			
Long-term investment	7,039	2,348	199.8
Fixed assets – net	69,934	74,901	(6.6)
Intangible assets – net	5,952	5,540	7.4
Prepaid tax and expenses - non current	1,922	1,291	48.9
Others	86	85	1.6
Total Non-current Assets	<u>84,933</u>	<u>84,164</u>	0.9
TOTAL ASSETS	<u><u>97,698</u></u>	<u><u>103,652</u></u>	(5.7)
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Accounts payable & accrued liabilities	12,381	12,606	(1.8)
Taxes payable	2,001	796	151.3
Unearned revenue	5,220	5,847	(10.7)
Current maturities of medium-term loans	-	2,000	N/A
Current maturities of lease liabilities	8,913	7,747	15.0
Short-term loans	5,500	-	N/A
Total Current Liabilities	<u>34,016</u>	<u>28,997</u>	17.3
NON-CURRENT LIABILITIES			
Provision for employee benefits	5,194	4,858	6.9
Lease liabilities - net of current maturities	17,023	18,562	(8.3)
Medium-term loans	9,150	-	N/A
Deferred tax liabilities - net	210	148	41.7
Total Non-current Liabilities	<u>31,576</u>	<u>23,568</u>	34.0
EQUITY			
Capital stock - Rp 1,000,000 par value			
Authorized - 650,000 shares			
<i>Issued and fully paid - 182,570 shares</i>	183	183	0.0
Additional paid-in capital	1,531	1,531	0.0
Retained earnings	30,393	49,374	(38.4)
Total Equity	<u>32,106</u>	<u>51,088</u>	(37.2)
TOTAL LIABILITIES & EQUITY	<u><u>97,698</u></u>	<u><u>103,652</u></u>	(5.7)

Table 4
PT TELEKOMUNIKASI SELULAR (TELKOMSEL)
CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR SIX MONTHS ENDED JUNE 30, 2021 AND 2020 (UNAUDITED)
 (Figures in tables are presented in billions of Rupiah)

	<u>JUN 2021</u>	<u>JUN 2020</u>	<u>Growth (%)</u>
REVENUES			
Legacy	9,814	12,141	(19.2)
Digital Business	33,359	31,868	4.7
Data	28,177	27,822	1.3
Digital services	5,182	4,046	28.1
Total Revenues	<u>43,173</u>	<u>44,009</u>	(1.9)
EXPENSES			
Operations & maintenance	10,093	10,145	(0.5)
Personnel	2,910	2,624	10.9
Marketing	1,039	997	4.2
General & administrative	654	671	(2.5)
Cost of services	2,360	2,202	7.2
Interconnection & international roaming	761	960	(20.7)
Depreciation & amortization	10,040	9,683	3.7
Others – net	(1,605)	(99)	1,517.5
Total Expenses	<u>26,251</u>	<u>27,182</u>	(3.4)
Finance charges – net	(780)	(702)	11.1
INCOME BEFORE TAX	16,142	16,124	0.1
INCOME TAX EXPENSE	(3,393)	(3,414)	(0.6)
NET INCOME	<u>12,749</u>	<u>12,710</u>	0.3
EBITDA	25,356	26,410	(4.0)
EBITDA Margin	58.7%	60.0%	(1.3)ppt
ROA	25.3%	28.4%	(3.1)ppt
ROE	69.8%	65.0%	4.8ppt