

# Corporate Presentation

The Result of  
Full Year 2009



# Disclaimer



This document contains financial conditions and result of operation, and may also contain certain projections, plans, strategies, and objectives of the Company, which would be treated as forward looking statements within the meaning of applicable law.

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# Content



**Financial and Operational Results**

**Strategy of Defending Legacy & Grow New Wave**

# Strong Financial Results & Growth in 2009



- TelkomGroup revenue **↗ 6.4%**, EBITDA **↗ 5.6%**, and Net Income **↗ 6.7%**
- Cellular and Internet performed very well
- Group synergy, focusing primarily on cost management, tower sharing, network infrastructure, and service focus across the group, showed tangible result
- **New brand identity** launched at parent and all subsidiaries follow, it already showed national awareness
- **Strategies of defending legacy and grow new wave** were executed and started to show results
- **Cost is manageable**, and ERP was enlarged to Rp1 trillion, executed well
- M&A with financial discipline exhibited
- Improvement on the timing and quality of Annual Report Issuance from mid May to early April
- Results:
  - Data, Internet & IT growth 25.8%
  - Cellular growth 7.4%
  - (with the exception), fixed line decline 11.2%
- **Strong fundamental for sustainable competitive growth**

# Operational Highlights



In 2009, the new strategy has delivered. **Telkom maintained its position as the industry leader**, not only in the fixed wireline business but also in the fixed wireless and cellular markets, with **58%** and **49%** market shares respectively.

	FY08	FY09	Growth (%)
<b>Customer Base (LIS)</b>			
<b>Telephone (mn):</b>			
Fixed Line	21.4	23.5	↗ 10%
Cellular	65.3	81.6	↗ 25%
<b>Broadband Services ('000):</b>			
Speedy (subscriber)	645*)	1,145	↗ 78%
Flash (user)	206	1,665	↗ 709%

Note :

\*) exclude for education and trial 205K

# Financial Highlights



In tight competition, **operating revenues during 2009 showed strong result and increased by 6.4%**

	FY/08	FY/09	Growth YoY
<b>Op. Revenues (Rp.Tn)</b>	<b>60.7</b>	<b>64.6</b>	<b>↗ 6.4%</b>
<b>EBITDA (Rp Tn)</b>	<b>34.6</b>	<b>36.6</b>	<b>↗ 5.6%</b>
<b>Net Income (Rp Tn) *)</b>	<b>10.6</b>	<b>11.3</b>	<b>↗ 6.7%</b>
<b>Net Income excl. ERP (Rp Tn)</b>	<b>11.4</b>	<b>12.4</b>	<b>↗ 8.5%</b>
<b>CAPEX (Rp Tn)</b>	<b>22.2</b>	<b>19.2</b>	<b>↘ 13.9%</b>
<b>CAPEX to Revenue (%)</b>	<b>36.7</b>	<b>29.7</b>	<b>↘ 7.0%</b>
<b>Free Cash Flow (Rp Tn) **)</b>	<b>3.8</b>	<b>12.4</b>	<b>↗ 223%</b>
<b>Debt to Equity/DER (%)</b>	<b>57.6</b>	<b>56.1</b>	<b>↘ 1.5%</b>

Note:

\*) included ERP expense

\*\*\*) Free Cash Flow is amount of cash available from operation after paying for investments in net operating working capital and fixed asset

# Balance Sheet



Key Indicators	FY08	FY09	Growth	Reasons
Total Asset (Rp bn)	91,256	97,560	↗ 6.9%	■ fixed assets ↗ as a result of additional capex primarily for cellular network infrastructures
Total Liabilities (Rp bn)	47,258	47,636	↗ 0.8%	■ bank loan & current maturities of long term liabilities ↗
Total Equity (Rp bn)	34,314	38,990	↗ 13.6%	■ retained earning ↗

# Cash Flow Position



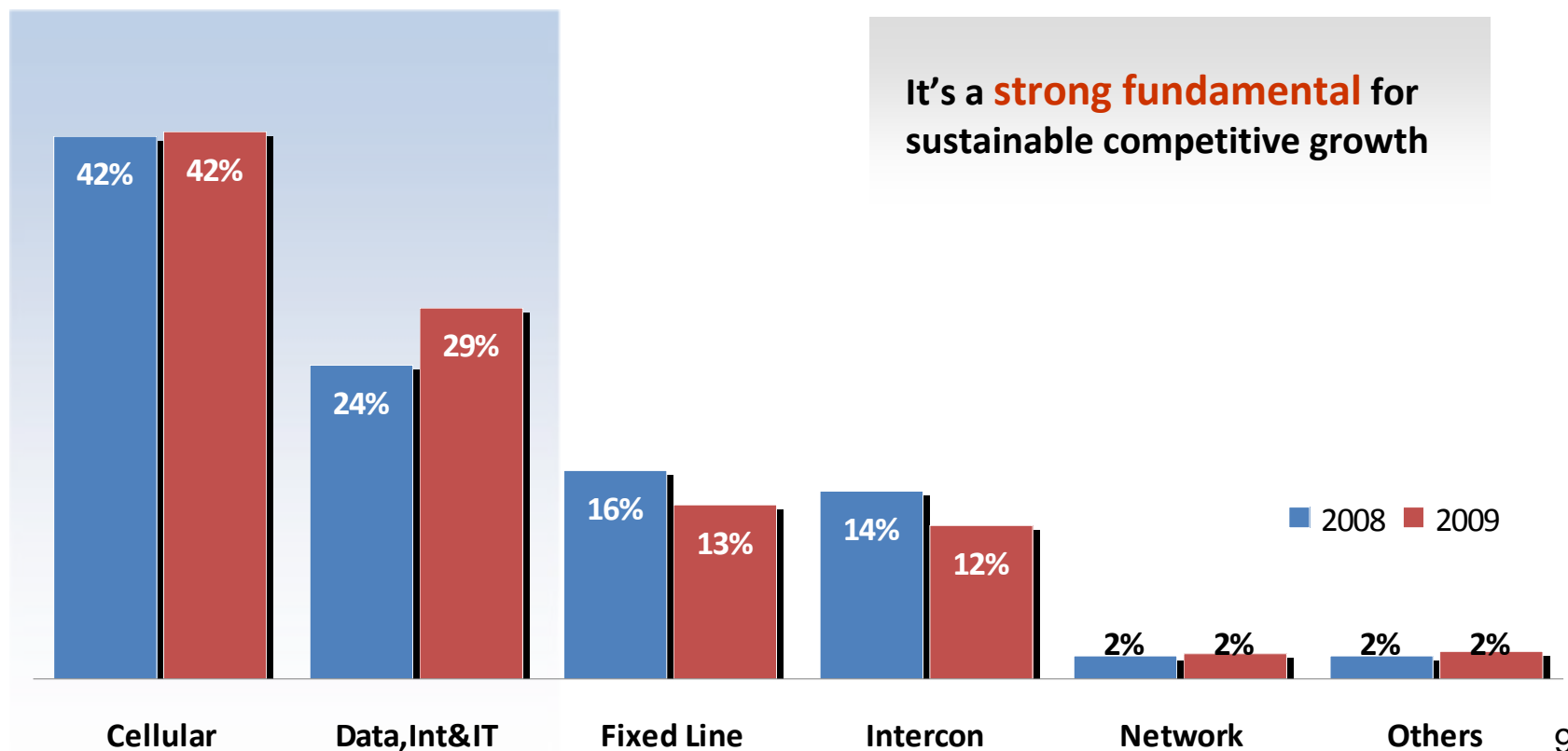
Key Indicators	FY08	FY09	Growth	Reasons
Net Cash from Operating Activities (Rp bn)	24,316	29,716	↗ 22.2%	■ Receipts from data, internet & IT and cellular
Net Cash used in Investing Activities (Rp bn)	16,546	21,829	↗ 31.9%	■ Acquisition fixed assets
Net Cash used in Financing Activities (Rp bn)	11,348	6,653	↘ 41.4%	■ Cash dividend paid and proceeds from long term borrowing
Cash and Cash Equivalent at the end of year (Rp bn)	6,890	7,805	↗ 13.3%	



# Revenues Contribution to Total Revenues



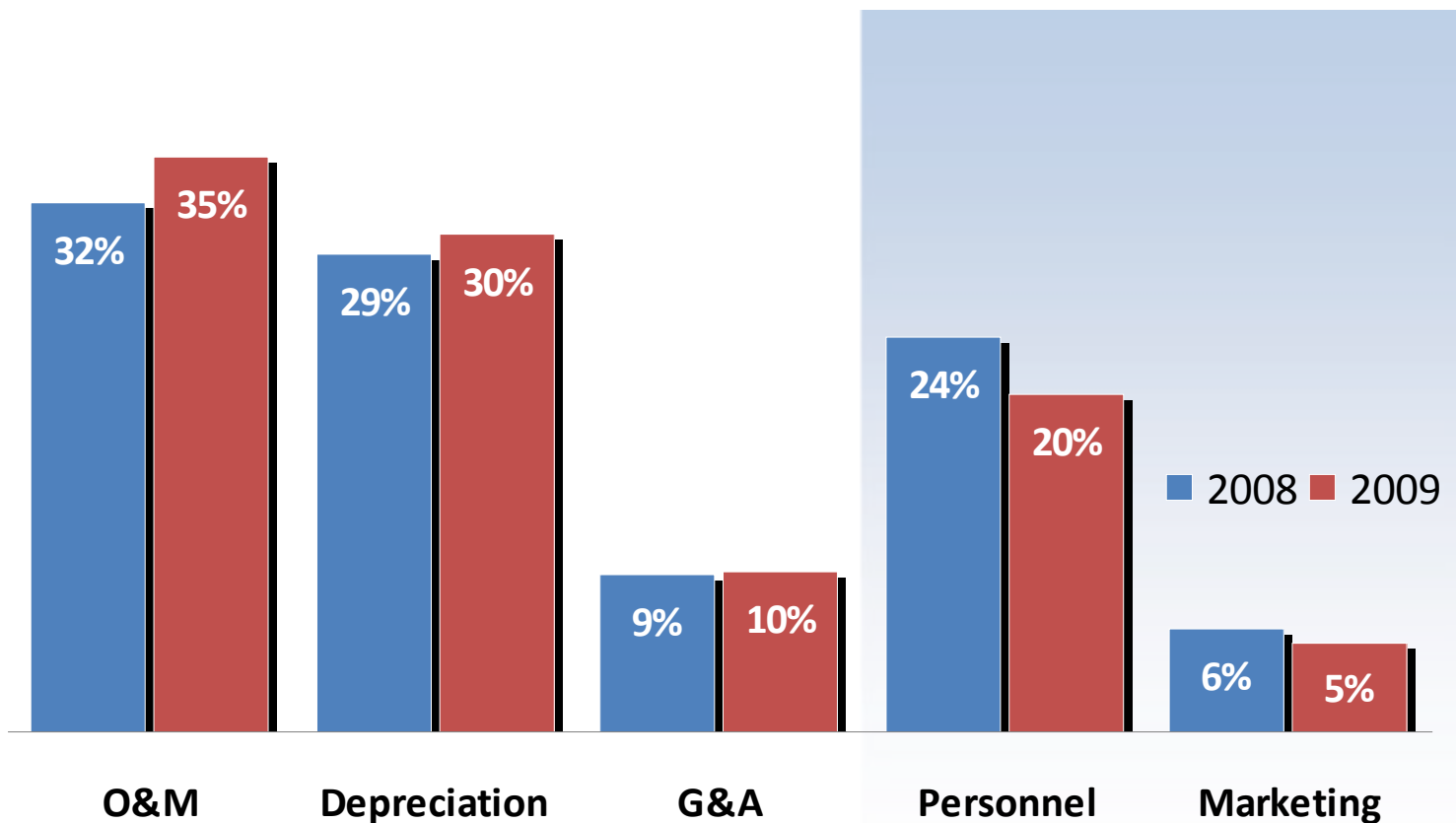
In 2009, **Data, Internet & IT services revenues contributed 29%** to total revenues



# Expenses Contribution to Total Expenses



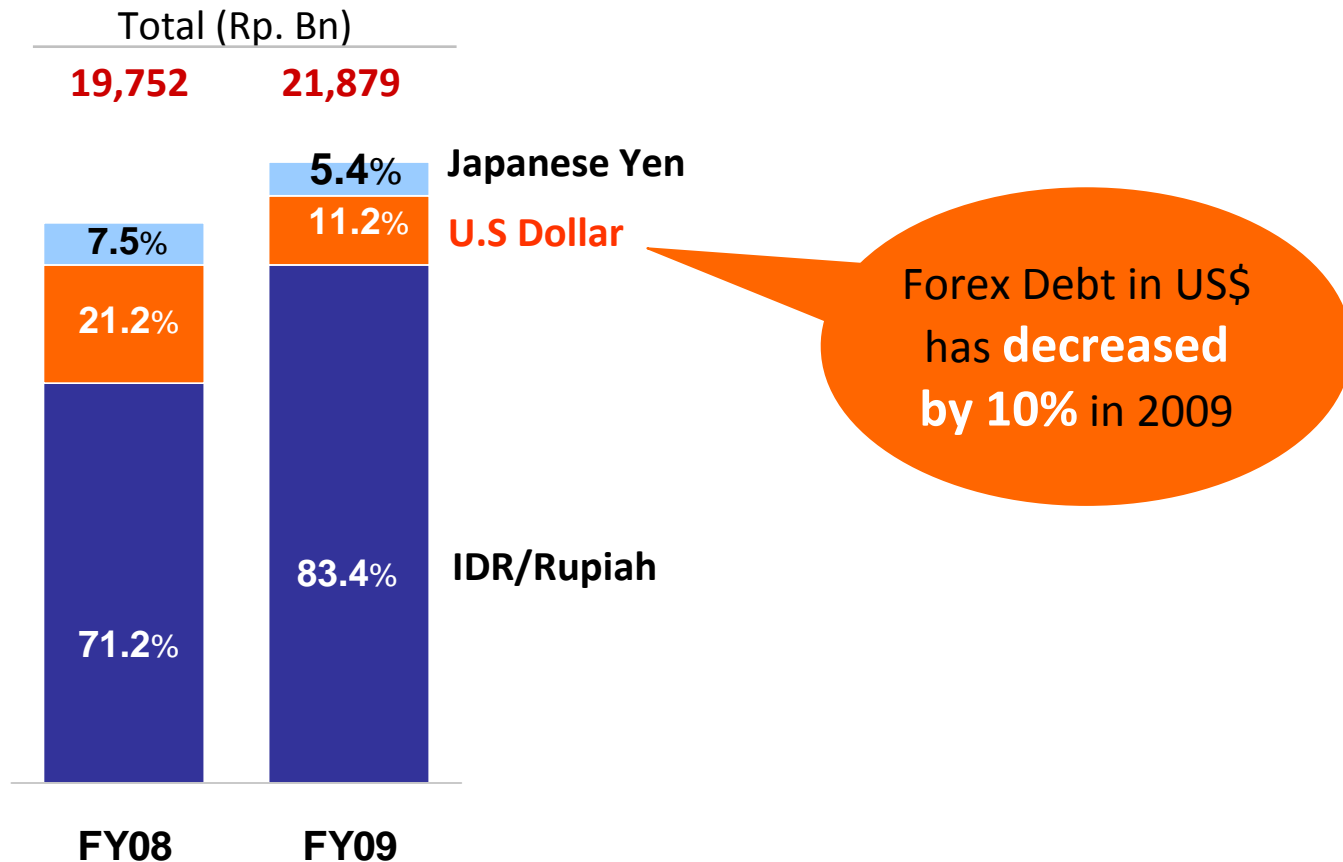
Expense was manageable, although **Telkom executed Early Retirement Program (ERP) in 2009 with total cost more than Rp1 trillion**



# Consolidated Debt



To minimize impact on forex fluctuation, company has reduced foreign debt portion **from 28.7% in 2008 to 16.6% in 2009**



# Financial Ratios



<b>Ratios</b>	<b>FY/09 (%)</b>
<b>EBITDA Margin</b>	<b>56.6</b>
<b>ROA</b>	<b>11.6</b>
<b>ROE</b>	<b>29.1</b>
<b>Operating Margin</b>	<b>35.0</b>
<b>Profit Margin</b>	<b>17.5</b>
<b>Current Ratio</b>	<b>60.6</b>
<b>DER</b>	<b>56.1</b>
<b>Net Debt / EBITDA</b>	<b>38.5</b>
<b>Gearing (Net Debt / Equity)</b>	<b>35.1</b>

# Content

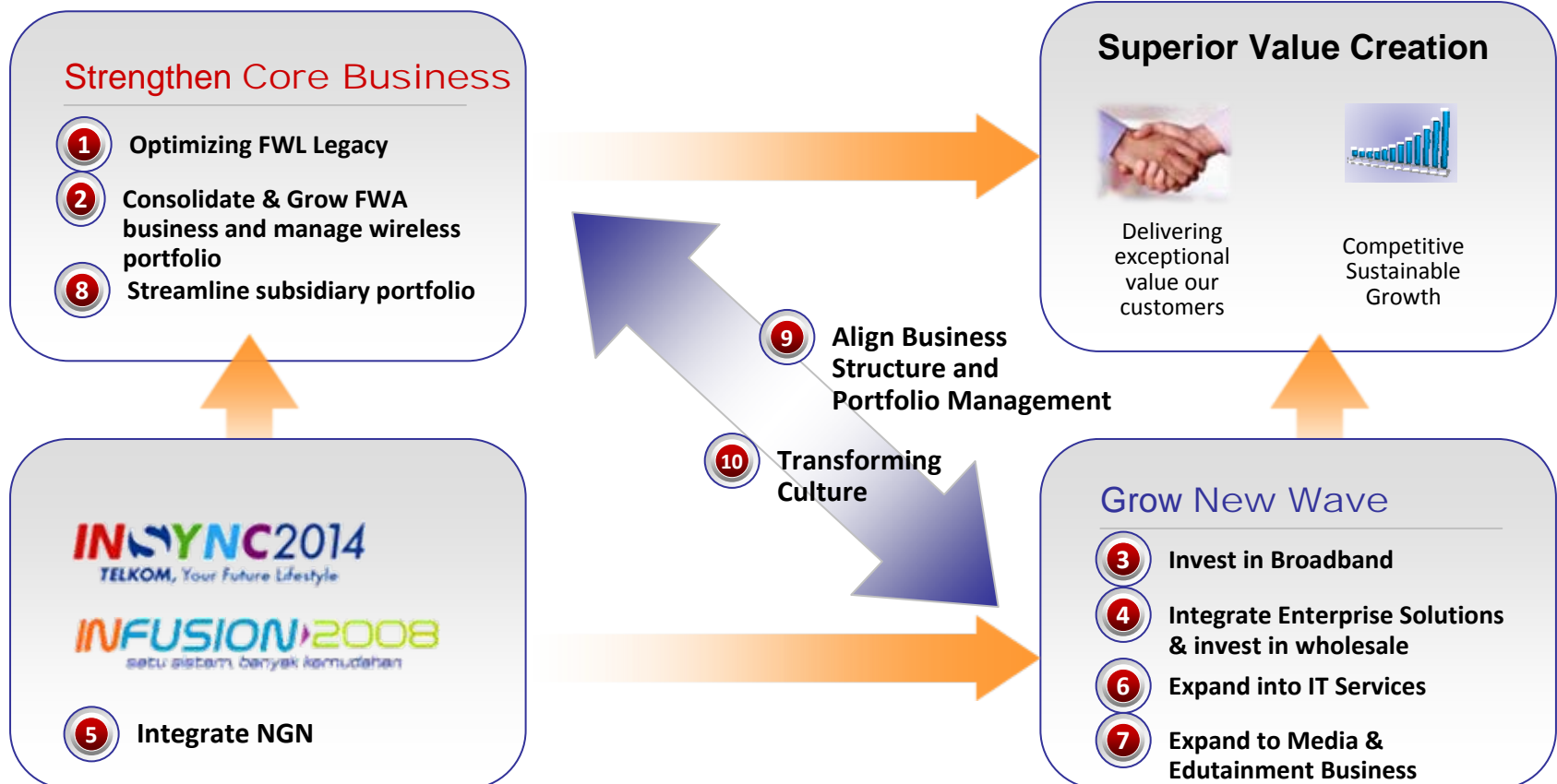


Operational & Financial Results

Strategy of Defending Legacy & Grow New Wave

# Telkom Strategic Initiatives

Telkom has to transform its business to **TIME (Telecommunication, Information, Media, and Edutainment)** to maintain its competitive sustainable growth...



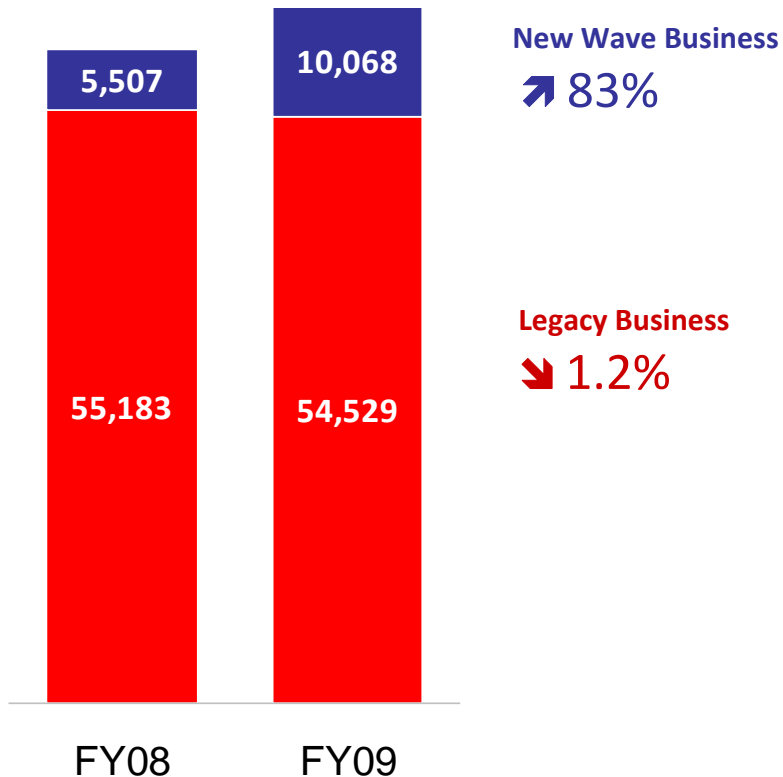
# Legacy and New Wave Revenues

as of December 31, 2008 & 2009

Total (Rp. Bn)

60,690      64,597

The increasing emphasis on the new wave business was **the foundation for the Company's transformation**



Our New Wave business has **grown significantly (83%)**

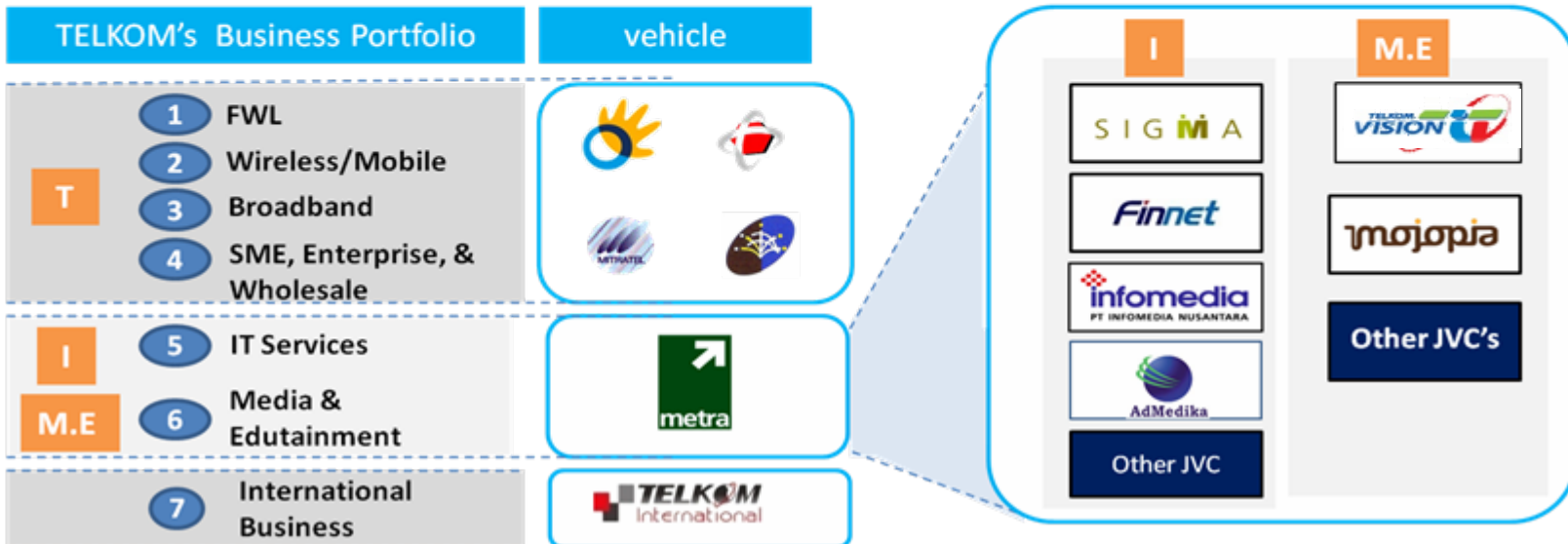
...and the contribution to total revenues reached **15.6% (2009) from 9.1% (2008)**

# Telkom Portfolio Business



To achieve the strategic objectives, TELKOMGroup shall **implement organic and non-organic initiatives ...**

Corporate Strategic Objective	Corporate Strategy	
Creating Superior Position by Strengthening Legacy & Growing New Wave Businesses	<ul style="list-style-type: none"> <li>○ <b>Unlock Value</b></li> <li>○ <b>Empower &amp; Transform</b></li> </ul>	<ul style="list-style-type: none"> <li>○ Strengthening the core</li> <li>○ Invest in new economy &amp; international business</li> <li>○ Empower Business unit to drive growth</li> <li>○ Transform The Legacy &amp; Culture</li> </ul>





# Merger & Acquisition during 2009

(Non Organic)



Telkom investment made in M&A was primarily using two vehicles, i.e. METRA and TII, in which both are Telkom's wholly owned companies.

## ■ METRA

1. Acquiring Infomedia :
  - acquiring 49% of shares
  - Become a total of 100% owned by TelkomGroup
  - Transaction value IDR 598 billion
2. Establishing Metranet (MOJOPIA):
  - Established a New Company in Portal Business and E-Commerce
  - Total Paid-in Capital IDR 11 billion

## ■ Telkom International Indonesia (TII)

1. Increasing ownership in SCICOM :
  - Increasing ownership from 9.8% to 15.86%
  - Total investment was USD 1,97 million (settlement value)
2. Additional Paid-in Capital in TII IDR 593.19 billion (*strengthen international infrastructure portfolio*).

# Developing METRA to become market leader in domestic adjacent industry (IME) ...



## METRA Restructuring

METRA Rev. (Billion Rp)

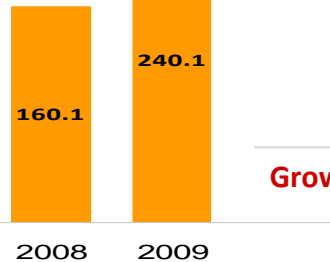
CAGR '07-09

124.7 %



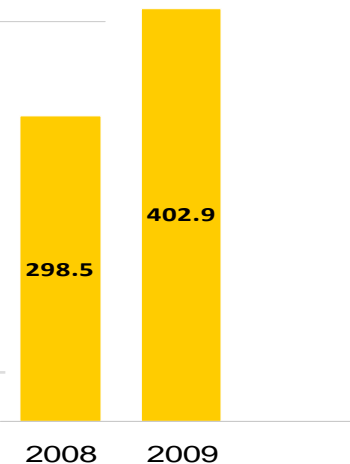
## METRA -SAT

Growth 49.9 %



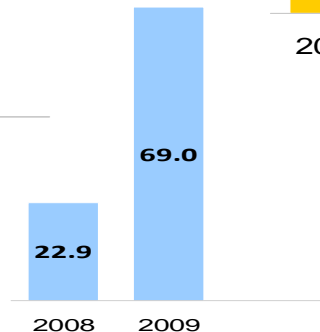
## SIGMA

Growth 34.9 %



## FINNET

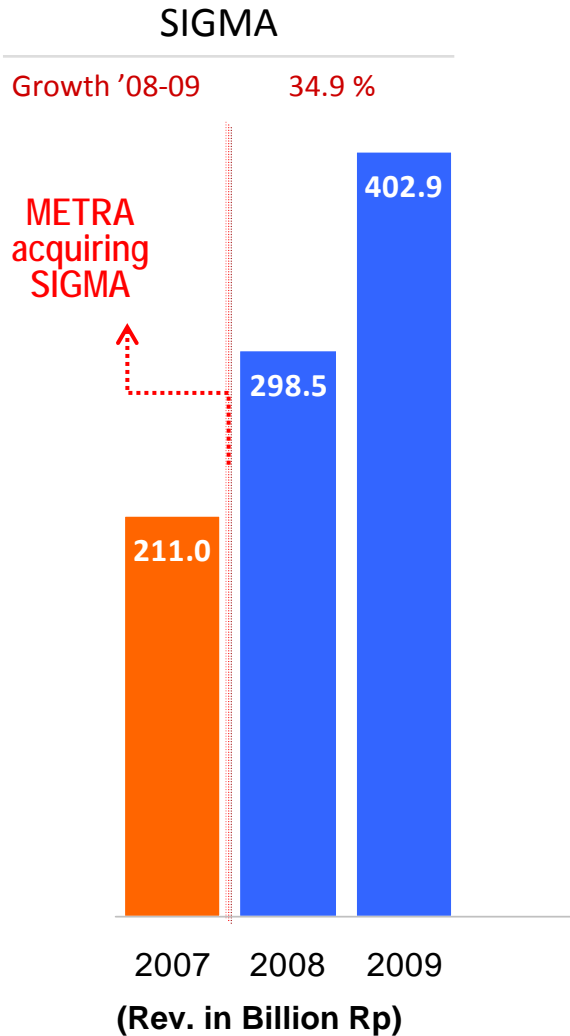
Growth 201 %



- Our New Wave business through METRA has **grown** significantly, almost 5 times in 3 years
- Telkom consolidate V-SAT business through METRA-Sat, SBU under METRA
- Telkom acquired SIGMA in 2008 to strengthen IT & Services business and synergized with FINNET (e-payment business)
- METRA also established METRA-NET / Mojopia(2009) to cover potential growth in portal & online business
- The increased revenue of new wave businesses **was a strong signals that Telkom is on the right track**

# METRA Strategic Development:

Acquiring SIGMA (2008) to expand into IT Services to enhance & diversify future revenue streams ...



## RATIONALE:

- Software & IT is expected to grow significantly
- SIGMA has strong position and reputation as IT Player in Indonesia and it's major clients are domestic financial institutions

## SYNERGY:

### Revenue Synergies

- Cross-selling of IT Services to Telkom' corporate customers
- Outsourcing of Telkom DRC/Data Center to Sigma
- Cross-selling of Telkom connectivity to Sigma customers
- Sigma-Finnet revenue synergy

### Cost Synergies

- Capex/Opex reduction from DRC/Data Center outsourcing
- Shared resources across the Telkom Group

### Capability Synergies

- Leverage group-wide knowledge in Managed Services, Network Engineering, Switching Management and Sales & Marketing

# METRA Strategic Development:

Acquiring AdMedika (2010) to grab opportunity in integrating e-health solution ...



ADMedika Strong Perform.	2007(A)	2008(A)	2009(A)	Growth
AdMedika Members ('000)	641	1,002	1,258	41%
Revenue (IDR Bio)	16.4	24.8	29.1	34%
EBITDA (IDR Bio)	5.7	8.6	12.7	49%
Net Profit (IDR Bio)	3.1	4.6	7.3	54%

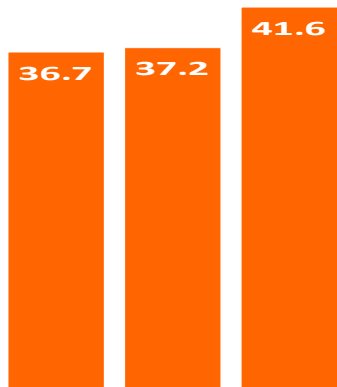
Potential Market	
Healthcare Institution	Population
Hospital	1.319
Puskesmas	8.234
Apotek (by companies)	10.880
Toko Obat	2.288
Industri Farmasi	260
Insurances Policy Holder	10.527.000

- eHealth Solution profile in Indonesia is still partial, unmanaged, and not regulated with a standard platform
- Acquiring Admedika to integrate the health ecosystem into a standard platform
- AdMedika has connection to 717 hospitals and 26 Insurance Companies and more than 1.2m clients..
- Further development & Synergy: METRA synergized AdMedika-Finnet-Sigma to develop an integrate E-Health System to provide solution for Insurance, YAKES, ASGARA ...

# Subsidiary companies showing growth even global crisis in 2008 ...

Telkomsel Rev. (Trillion Rp)

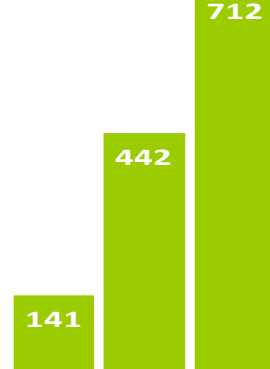
Growth '07-09 6.5 %



2007 2008 2009

METRA Rev. (Billion Rp)

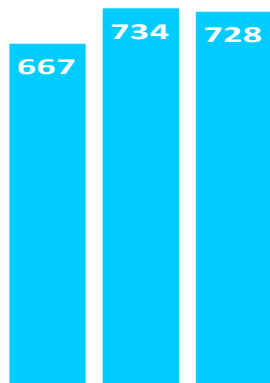
Growth '07-09 124.7 %



2007 2008 2009

INFOMEDIA Rev. (Billion Rp)

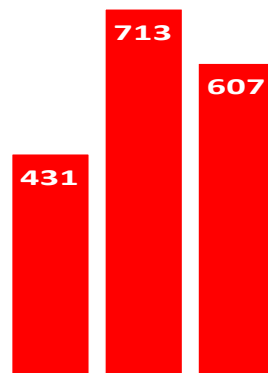
Growth '07-09 4.5 %



2007 2008 2009

TII Rev. (Billion Rp)

Growth '07-09 18.7 %



2007 2008 2009

- Major contribution from subsidiaries still dominated by TELKOMSEL (cellular business)
- METRA positioned as vehicle in adjacent industry; after acquiring SIGMA in 2008, METRA also acquiring 49% of Infomedia shares (2009) therefore TELKOMGroup owned 100%
- TII positioned as vehicle for overseas business consist of : transport services, Value Added and inorganic portfolio expansion.
- End of 2007, TII has established TII Singapore and already contributed 33% of revenue TII in 2009 (200.2 billion Rp).

## Restructuring Affiliates:

Telkom intends to divest some minority ownerships ...



- 
- **Telkom intends to divest its shares in CSM (25%) and Patrakom (40%)**
- 
- **The strategic reason of this action is to streamline and focus on the VSAT business using Metrasat as a Vehicle, a Metra's Business Unit**
    - Metra is Telkom's wholly owned subsidiary
    - Metrasat has shown excellent growth ('08-09 growth: 49.9%).
-



Any further questions?



**Contact Address :**

Investor Relations & Corporate Secretary Department

Grha Citra Caraka 5<sup>th</sup> floor

Jl. Jend. Gatot Subroto Kav. 52

Jakarta, 12710

Indonesia

Tel : +62-21-5215109

Fax : +62-21-5220500

Email : [investor@telkom.co.id](mailto:investor@telkom.co.id)

Website: [www.telkom.co.id](http://www.telkom.co.id)