

Corporate Presentation

The Result of H1 2010

Investor Day

August 4, 2010



Disclaimer



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

Forward looking statements, by their nature, involve risk and uncertainty that could cause actual results and development to differ materially from those expressed or implied in these statements.

Telkom Indonesia does not guarantee that any action, which should have been taken in reliance on this document will bring specific results as expected.

Telkom Adds 6.7Mn Cellular Subscribers and Grows Total Revenue in First Half 2010



- **Significant improvement (QoQ) on cellular net add** with total net add of 6,367K in Q2/2010
- **The decline in wireline revenue** slow down to -8.3% in H1/10 compared to -19.4% in H1/09, mainly as a result of our Flat Tariff strategy (Fixed Business Improvement Program – FBIP)
- **EBITDA was increased 2.8%** compared to last year's results
- Based on QoQ comparison, **EBITDA and Net Income for Q2/10 all better than Q1/10 and grew by 7.7% and 16.2%**, respectively
- **To meet our full-year 2010 target**, we are working to drive revenues and increase operating margins in the second half 2010



Telkom Indonesia in Brief

Telkom Board of Directors



Rinaldi Firmansyah
President Director
(CEO)



Sudiro Asno
Director of Finance
(CFO)



Faisal Syam
Director of Human
Capital & General
Affair



Ermadi Dahlan
Director of Network &
Solution (COO)



Arief Yahya
Director of Enterprise
& Wholesale



Prasetio
Director of
Compliance & Risk
Management

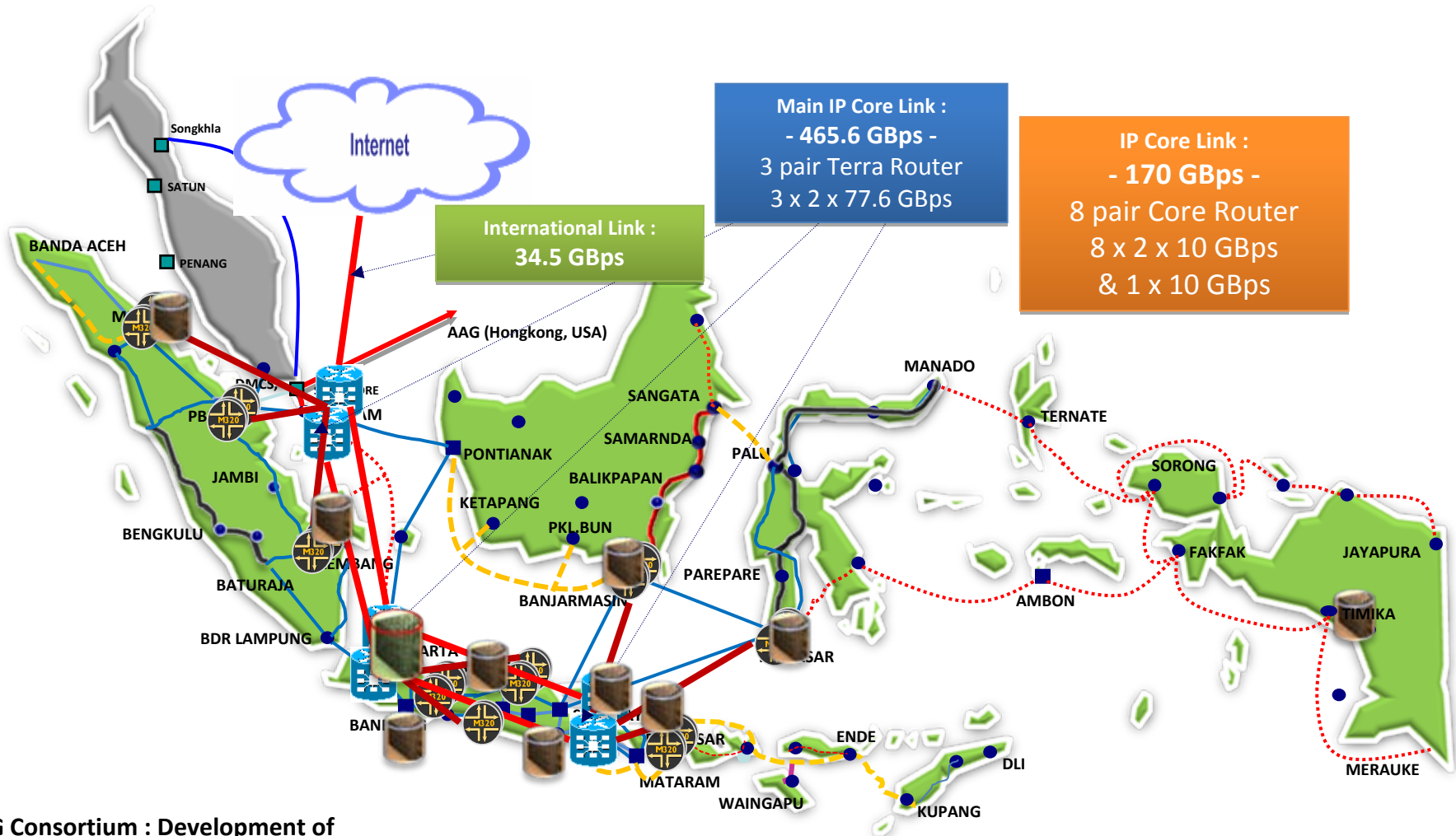


I Nyoman G
Wiryanata
Director of Consumer



Indra Utoyo
Director of Information
Technology & Supply
(CIO)

Telkom Super Highway Topology



AAG Consortium : Development of Asia-Amerika Internet Gateway 1.92 Tbp/s Capacity

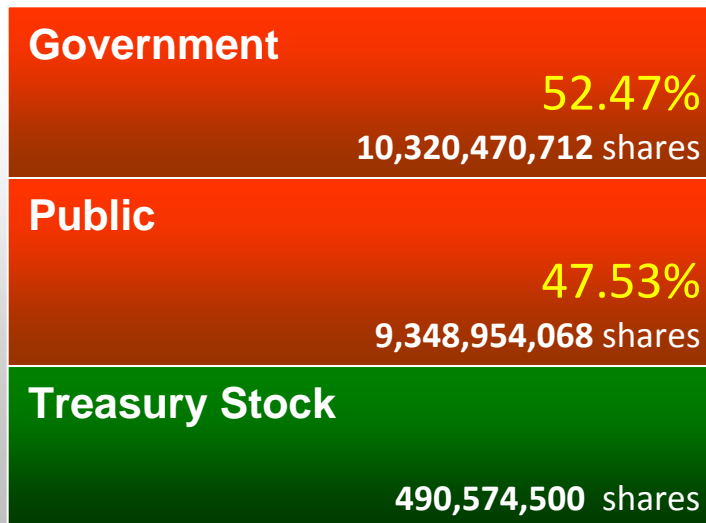
Telkom Ownership



Telkom is the largest telecommunication company and network provider in Indonesia, majority owned by the Government of Indonesia

(Total shares = 20,159,999,280, including 1 Dwiwarna share series A)

as of June 30, 2010

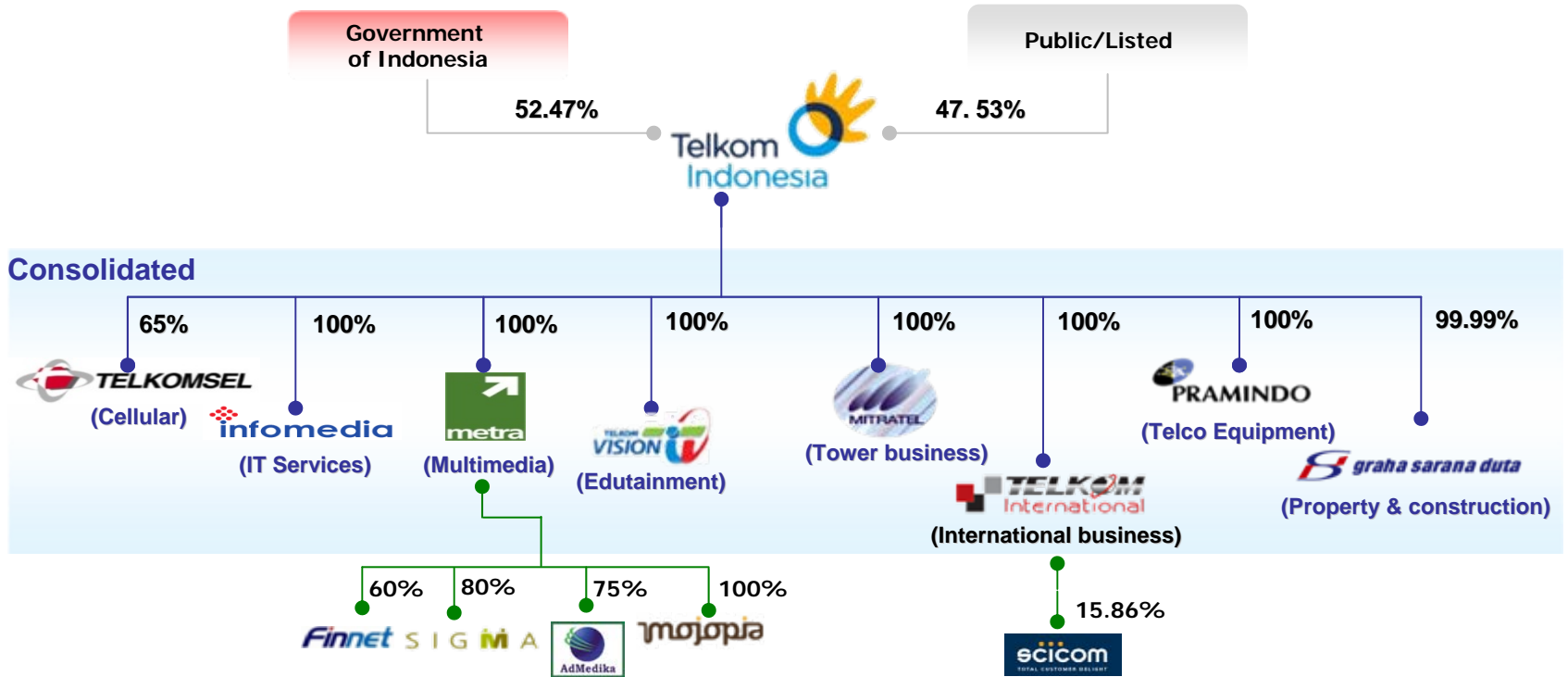


Market cap : **Rp155.2Tn**, or **6.47%** of total market cap.
at IDX Indonesia

TELKOM is listed at Indonesia Stock Exchange (IDX), New York Stock Exchange (NYSE), London Stock Exchange (LSE) and also Publicly Offering Without Listing (POWL) at Tokyo Stock Exchange (TSE)

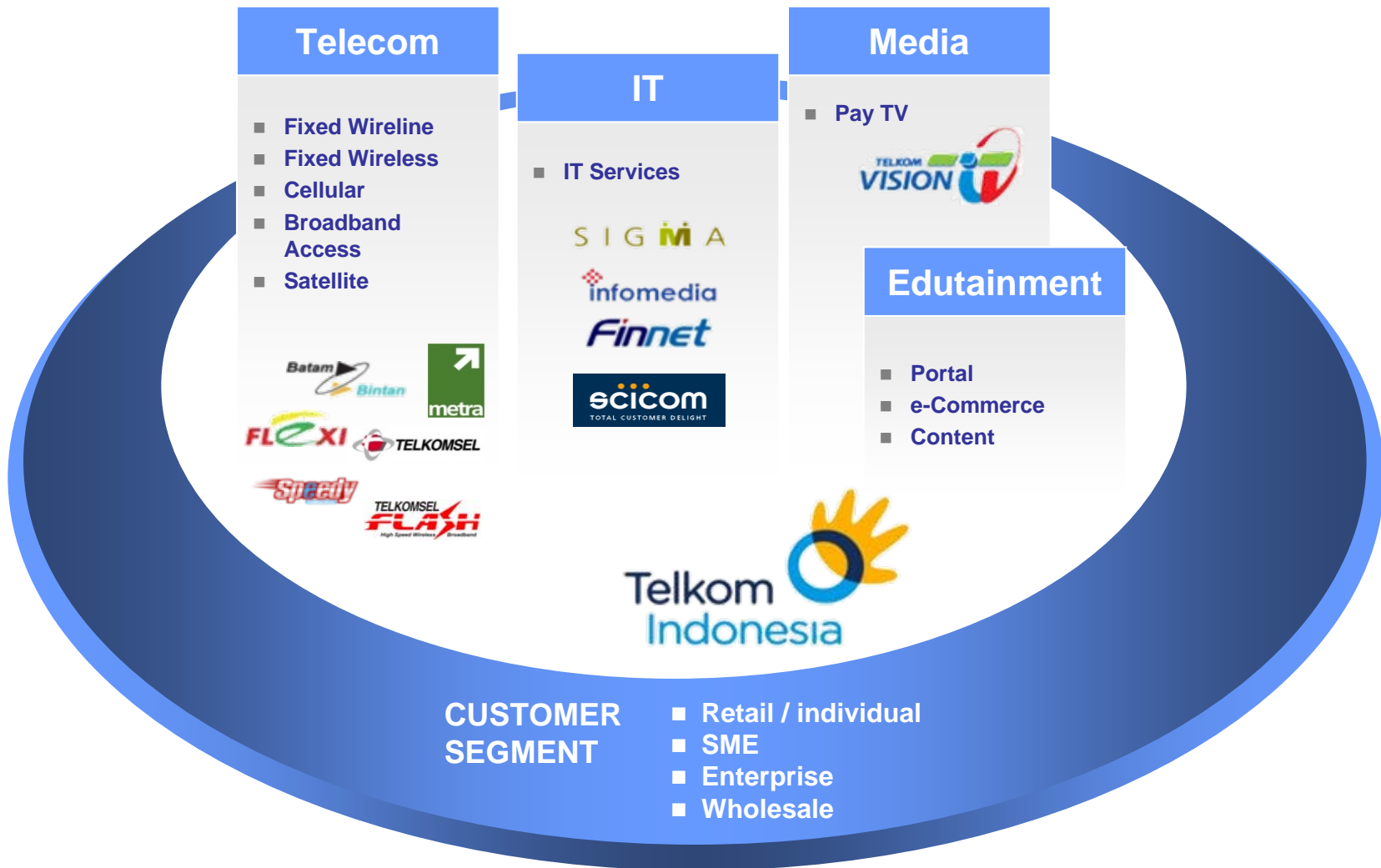


Telkom and Subsidiaries (ownership)



Telkom's Business Portfolio – T.I.M.E

(Telecommunication, Information, Media, Edutainment)





Telco Industry in Indonesia

Telco Penetration



**Fixed
Wireline**



**Fixed
Wireless
(limited mobility)**



**Cellular
(full mobility)**



Broadband

Total
Industry

± 8.4 mn

± 29 mn

± 187 mn

± 6.4 mn

Penetration
± **4%**

Penetration
± **12%**

Penetration
± **80%**

Telkom
Market Share

± **99%**

± **56%**

± **47%**

± **68%**

Source : internal market research as of June 30, 2010

Note : Indonesia population: approx. 234 million+



Business Results (Operational & Financial)

Cellular Business

	H1/09	H1/10	Growth (%)
Cellular			
Subscribers (mn)	76.0	88.3	↗ 16%
BTS (unit)	28,481	34,005	↗ 19%
MoU (Bn minutes)	68	59	↘ 14%
MoU/Subs/Month (minutes)	197	119	↘ 39%
ARPU – blended (Rp'000)	47	43	↘ 9%
Revenue (Rp Bn) *)	21,125	22,678	↗ 7%

Note: *) as a cellular segment revenue. Refer to Financial Statement Note 46. Segment Information (page 102- 103).
The cellular segment provides basic telecommunication services, particularly mobile cellular telecommunication services.

As of June 30, 2010, we maintained our leading position in the cellular market with around **47%** market share.

Broadband Services

Broadband services **grew significantly in H1/2010**

	H1/09	H1/10	Growth (%)
Speedy:			
Subscribers ('000)	816	1,416	↗ 74%
Revenue (Rp Bn)	1,181	1,728	↗ 46%
Mobile broadband:			
User ('000) *)	892	2,976	↗ 234%
Revenue (Rp Bn) **)	646	1,425	↗ 121%

Note: *) include handset bundling

**) Revenue mobile broadband = revenue access data package (included Flash), pay as you go and blackberry

Speedy has changed its tagline from product-oriented
"Speed That You Can Trust"
 to emotion-oriented
"Lead Your Life"

Fixed Wireline Business

	H1/09	H1/10	Growth (%)
Fixed Wireline			
Line in Service/LIS (mn)	8.7	8.4	↘ 4%
ARPU ('000)	114	106	↘ 6%
Revenue (Rp Bn) *)	12,650	13,263	↗ 5%

Note: *) as a fixed wireline segment revenue. Refer to Financial Statement Note 46. Segment Information (page 102- 103).

The fixed wireline segment provides local, SLJJ and international telephone services, and other telecommunications services (including among others, leased lines, telex, transponder, satellite and VSAT) as well as ancillary services.

As a part of our strategy to manage this churn, we have been launching **fixed business improvement program ("FBIP")** since February, 2009

Fixed Wireless Business

	H1/09	H1/10	Growth (%)
Fixed Wireless / Flexi			
Subscribers (mn)	13.5	15.9	↗ 18%
BTS (unit)	4,943	5,552	↗ 12%
MoU/Subs/Month (minutes)	179	188	↗ 5%
ARPU – blended (Rp'000)	23	17	↘ 27%
Revenue (Rp Bn) *)	1,617	1,617	0%

Note: *) as a fixed wireless segment revenue. Refer to Financial Statement Note 46. Segment Information (page 102- 103).

The fixed wireless segment provides CDMA-based telecommunication services which offers customers the ability to use a wireless handset with limited mobility (within a local code area)

- ❖ Flexi obtained 756K net add. Subscribers, bringing total subscribers to 15.9 mn. This represents an **around 56% market share**.
- ❖ We are maintaining our leading position as **a dominant player in the fixed wireless market**

Financial Highlights

We were **able to increase total revenues** in the first half 2010 in spite of a challenging economic environment

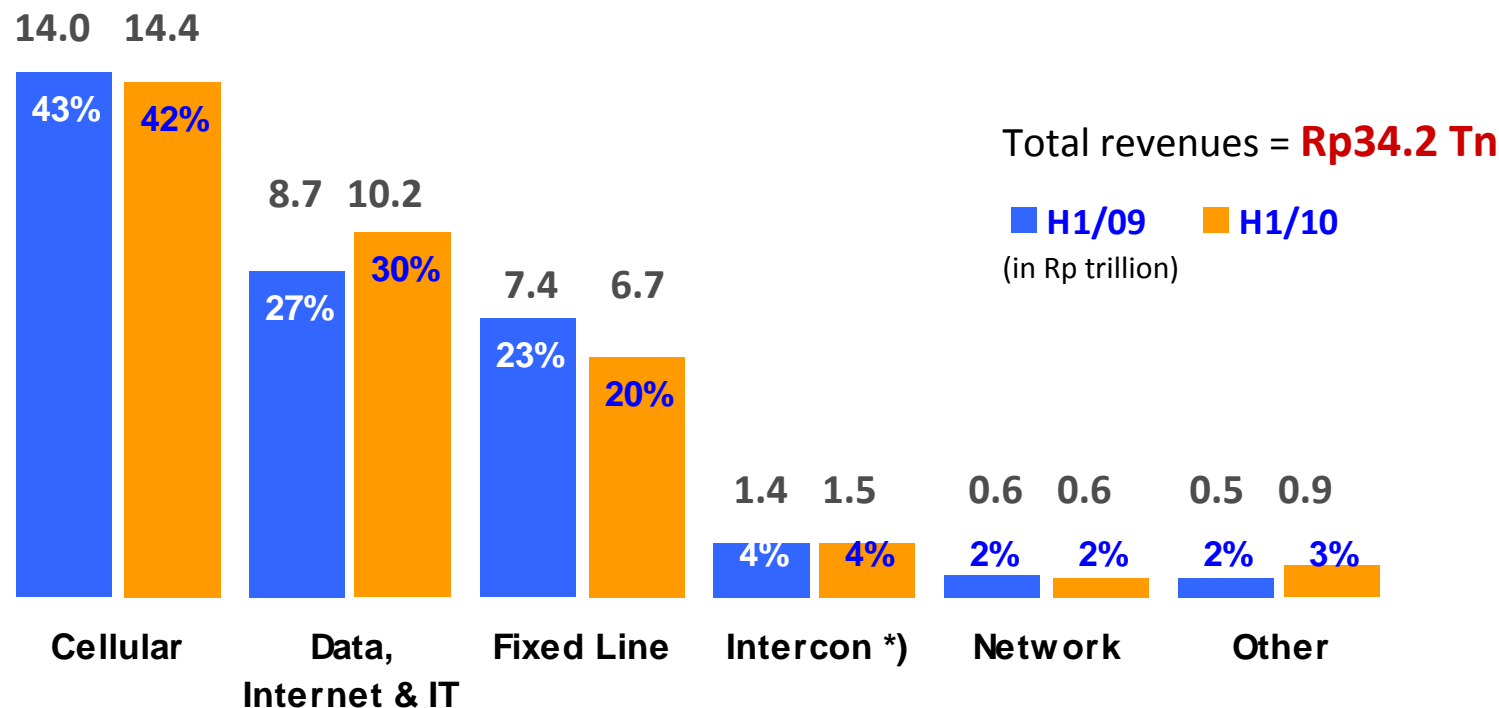
	H1/09	H1/10	Growth YoY (%)
Op. Revenues (Rp.Tn) *)	32.6	34.2	↗ 5.0%
Op. Expenses (Rp.Tn) *)	21.0	22.9	↗ 8.8%
EBITDA (Rp Tn)	18.3	18.8	↗ 2.9%
Net Income (Rp Tn)	6.04	6.00	↘ 0.7%
CAPEX (Rp Tn)	9.1	6.2	↘ 32%
CAPEX to Revenue (%)	27.8	18.1	↘ 10%
ROA (%)	6.4	6.1	↘ 0.3%
Debt to Equity/DER (%)	53.6	46.3	↘ 7.3%
Net Debt to Equity/Gearing (%)	28.4	24.5	↘ 3.9%

Note:

*) on gross basis

Income Statement (1/2)

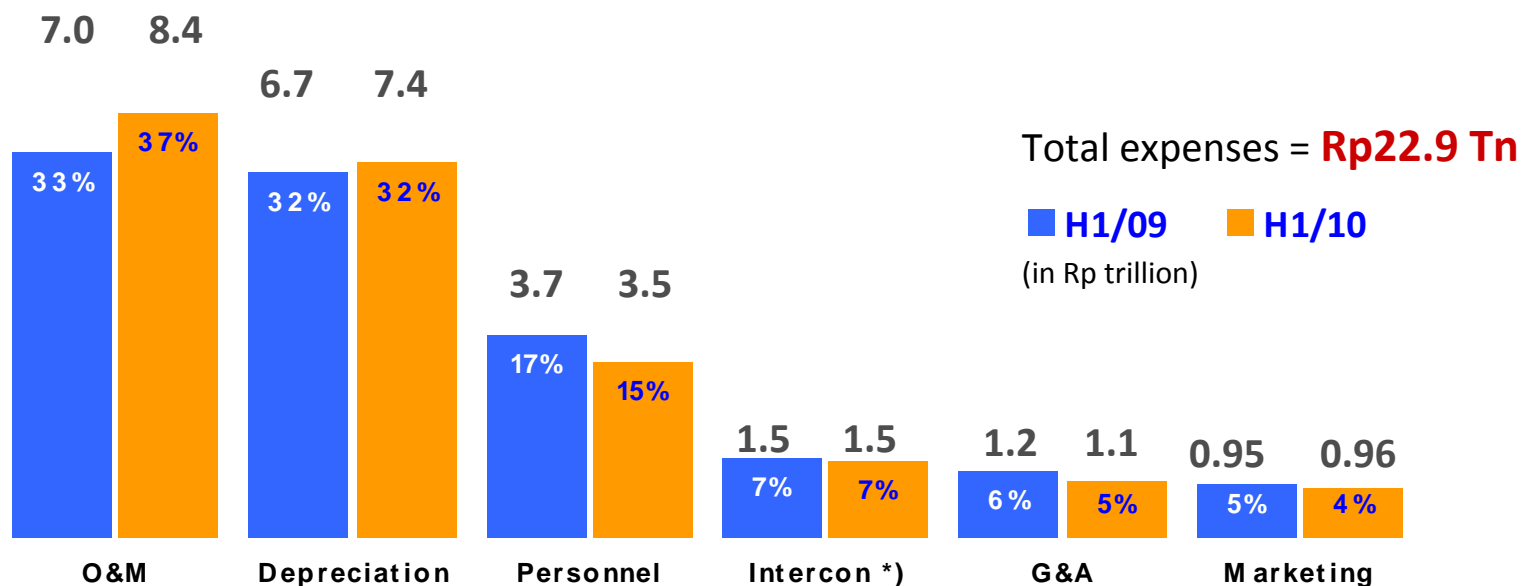
Revenue contribution to total revenues



- ❖ In H1/2010, data, internet & IT services revenues contributed **30%** to total revenues (increased by 3.3%)
- ❖ In accordance with the change in accounting treatment from net to gross (PPSAKNo.1) in 2010, we present outgoing interconnection revenue on gross basis as part of operating revenues. The 2009 presentation is reclassified to conform with the current standard.

Income Statement (2/2)

Expense contribution to total expenses

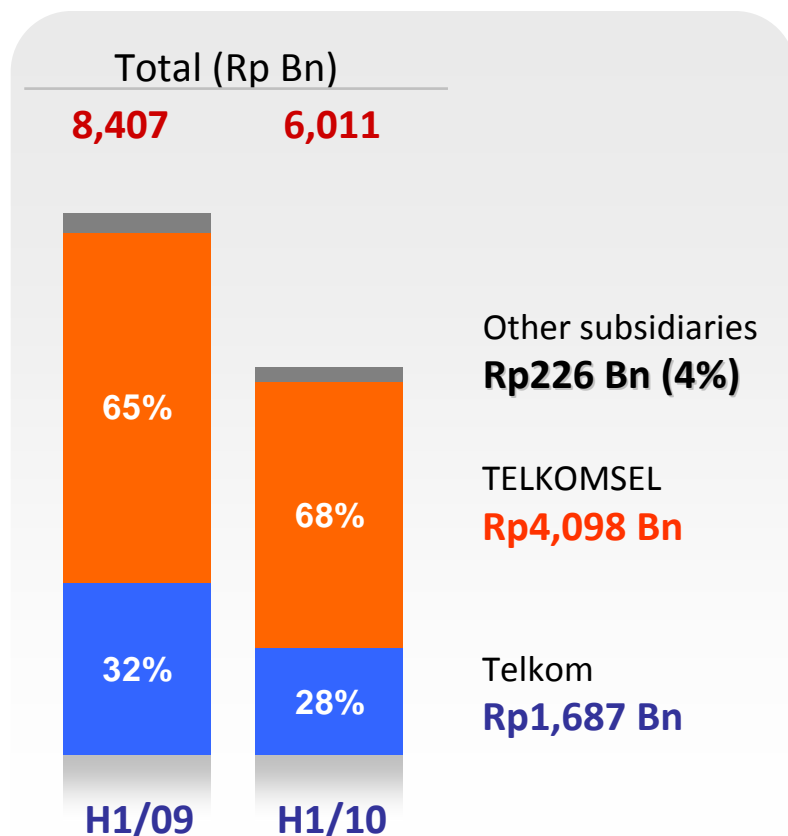


- ❖ Expense was manageable, and personnel expense has decreased by **2%**
- ❖ Interconnection expenses are included as operating expenses (Refer to PPSAK No.1)

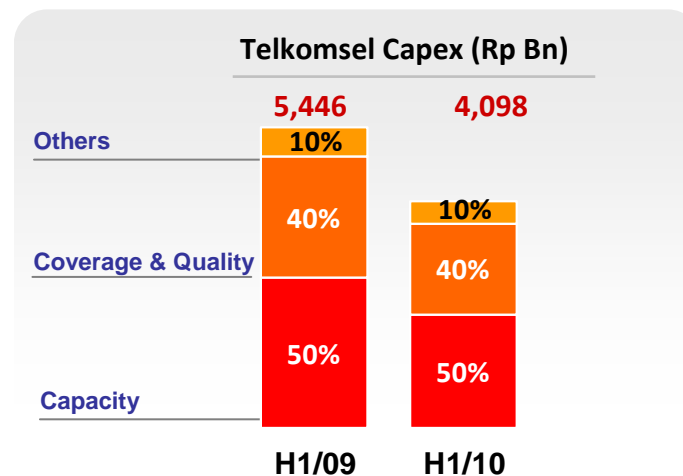
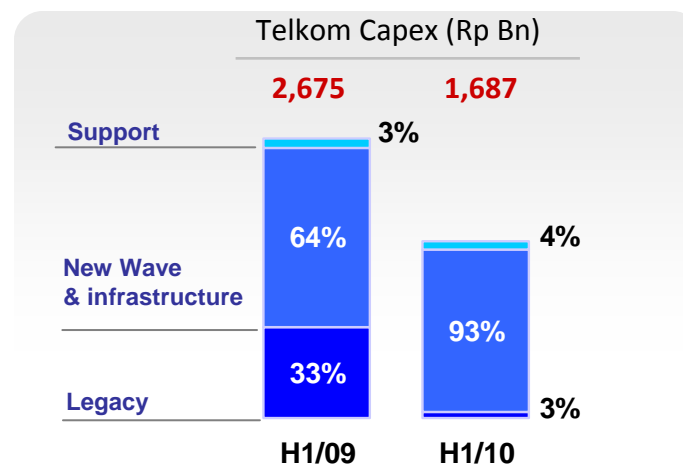
Capital Expenditure

Until the end of June, 2010 **around 30% of Telkom Group Budget Capex (Rp20.6 Tn)** has been absorbed

Total Capex Allocation

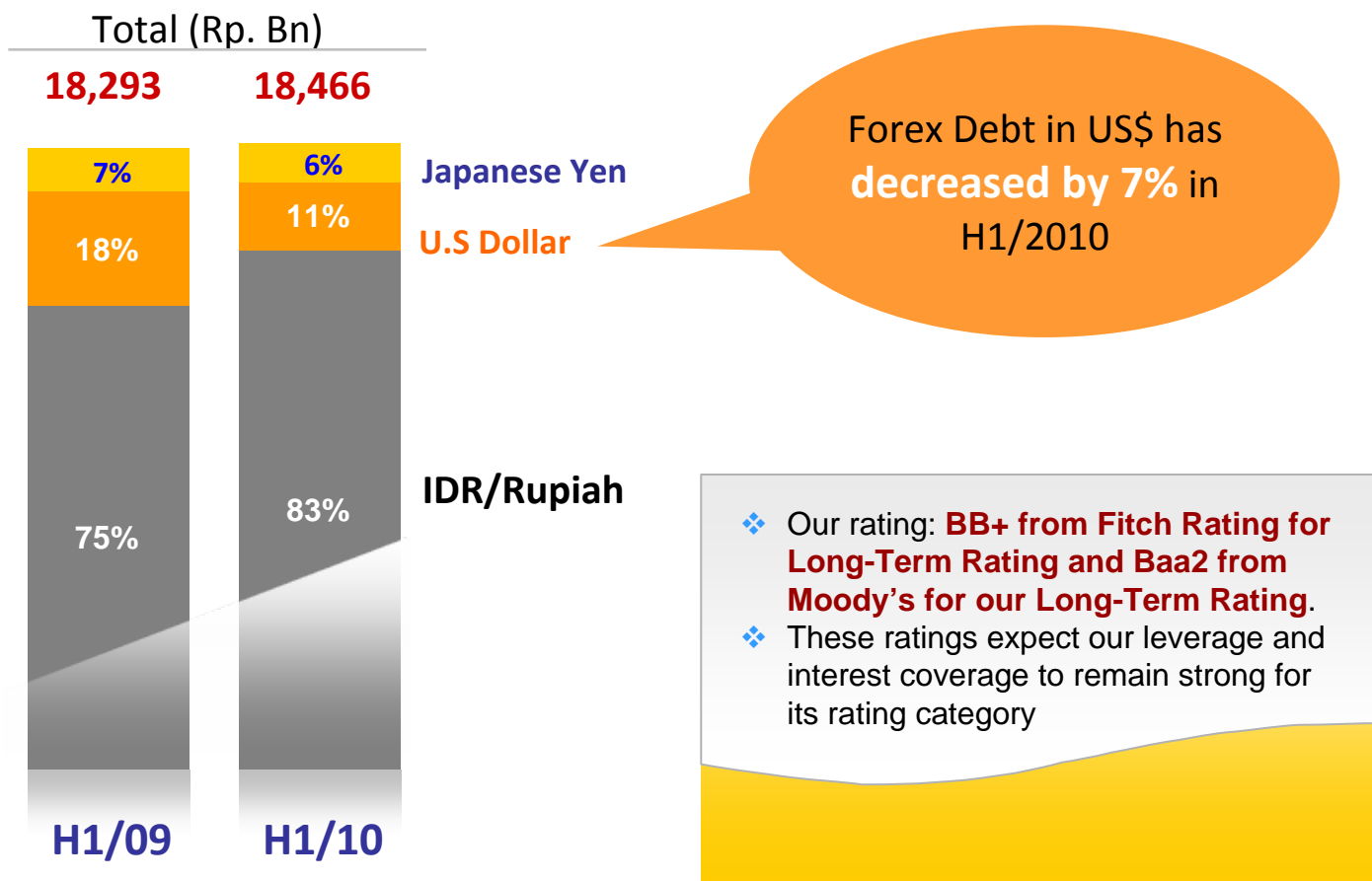


Programs Allocation



Consolidated Debt

To minimize impact on forex fluctuation, the company has reduced foreign debt portion **from 25% in H1/2009 to 17% in H1/2010**





Any further questions?



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