

SINGTEL INVESTOR DAY 2019

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Alistair Johnston

Singapore, 11 June 2019

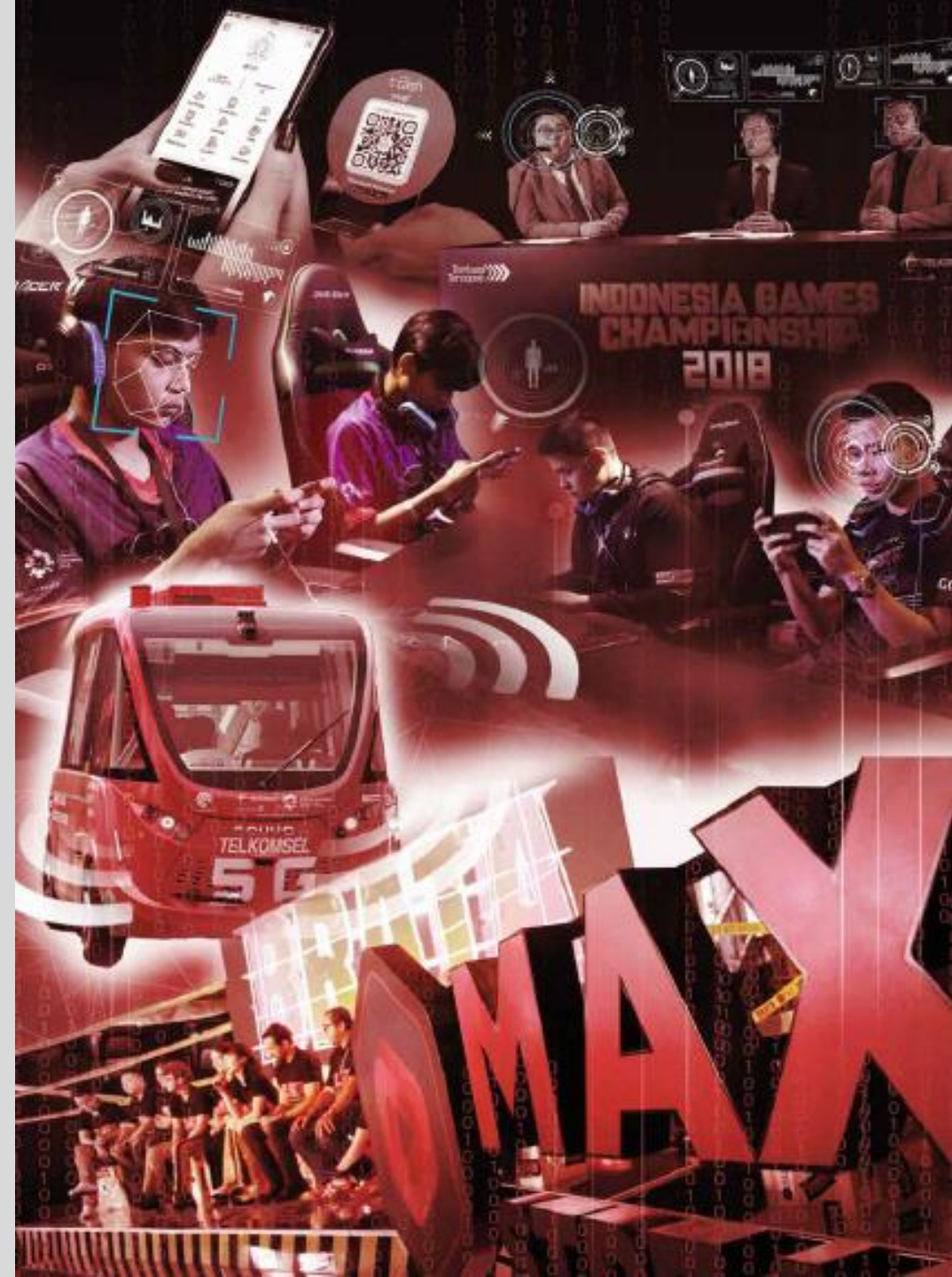


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**DIGITAL
INITIATIVES**



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TELKOMSEL
PERFORMANCE

2

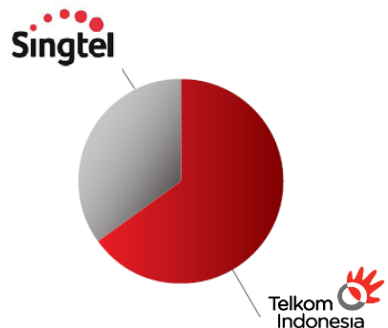
CHALLENGES &
TRANSFORMATION

3

DIGITAL
INITIATIVES



Company's Profile



- Started operations in 1995, Telkomsel is the subsidiary of PT Telekomunikasi Indonesia Tbk (65%) and Singapore Telecom Mobile Pte Ltd (35%)
- Within 24 years, Telkomsel has established itself as the leading cellular operator in Indonesia with around 169 million customers and more than 5,500 employees
- It has the widest network coverage with more than 197,486 BTS On-Air with more than 74% are 3G/4G BTS (>65,000 4G BTS), covering ± 99% of population

Main Products



Positioned as the postpaid brand of choice for professionals and corporate customers segment



Positioned as the prepaid brand for the savvy middle class segment

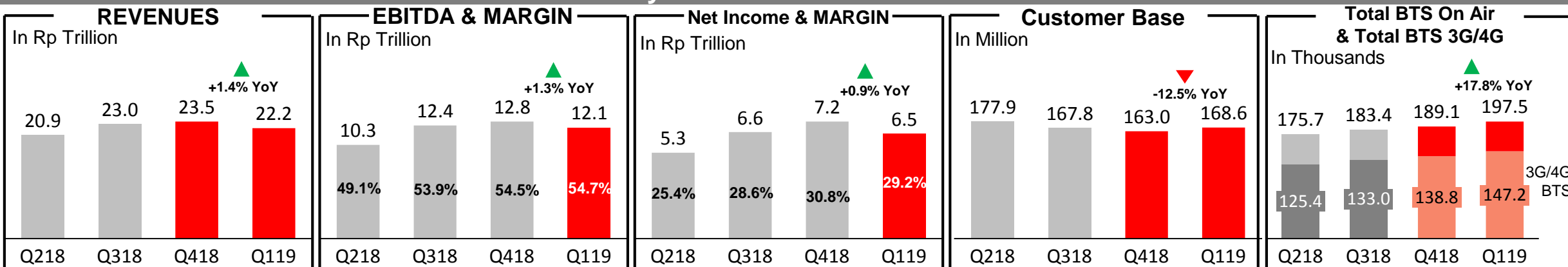


Positioned as an affordable and value prepaid brand for the mid-low segment

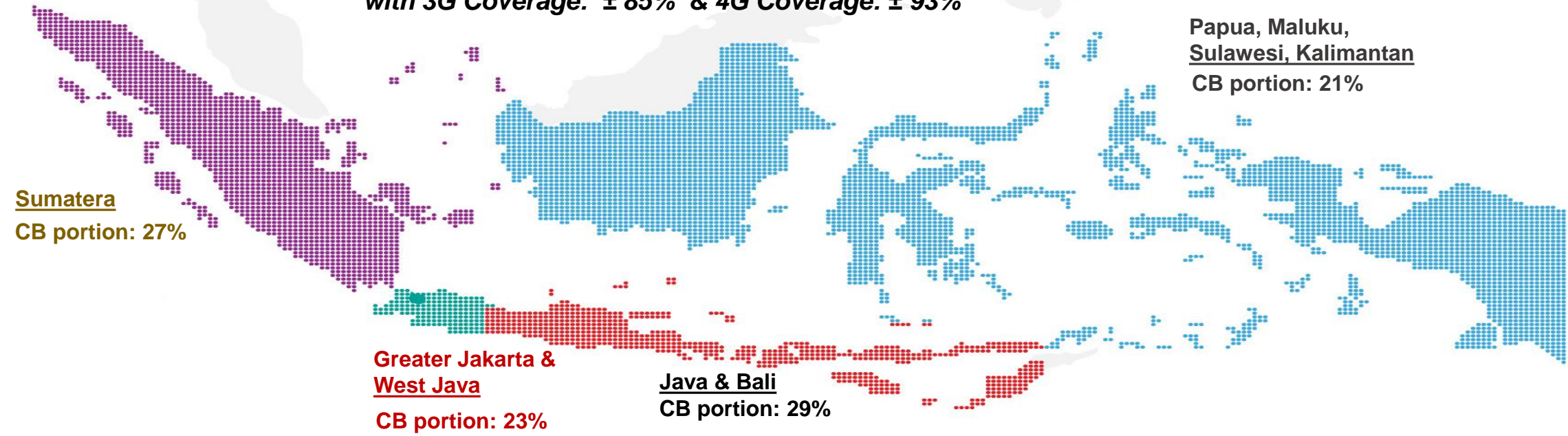


Positioned as youth segment prepaid brand with focus on offering attractive Data and Digital Services


Key Performances 1Q-2019




Population Coverage: ± 99%
with 3G Coverage: ± 85% & 4G Coverage: ± 93%



Indonesia Telco Industry Overview


Mature industry with estimated >120% SIM-card penetration. Rapidly shifting dynamics industry with transition of Legacy to Data services

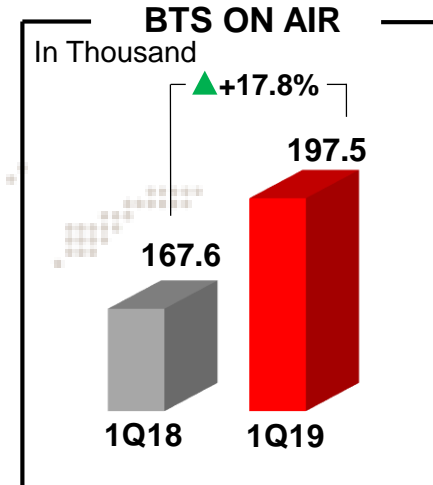
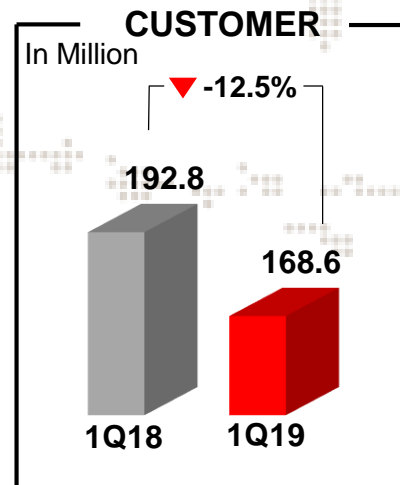
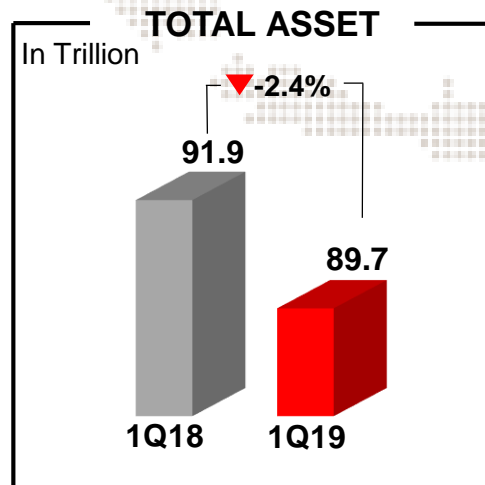
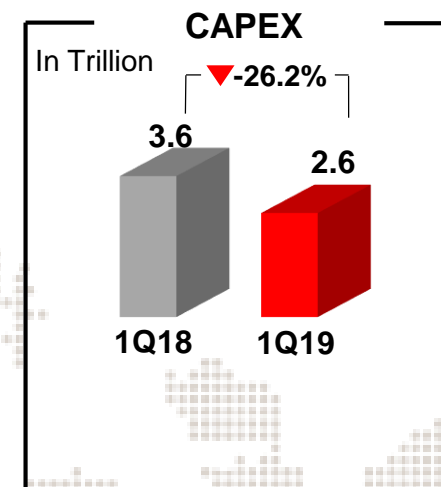
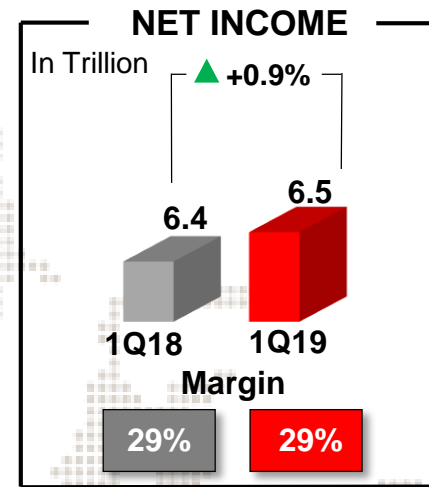
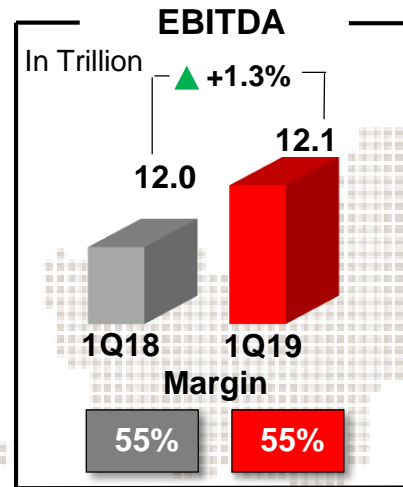
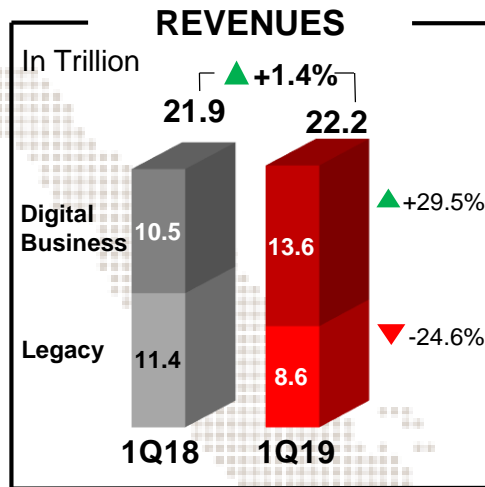

Growing Data Business supported by more than 74% of BTS are 3G/4G BTS and 65% 3G/4G capable device penetration


Encouraging growth in Digital Business with Data traffic and Data revenue grew by around 63% and 25% YoY for Big 3 operators in average, respectively in March 2019

PERFORMANCE HIGHLIGHTS 1Q-2019

Industry is going toward a healthier and rational condition for the overall telecommunications industry
 TSEL recorded a positive performance of Revenues, EBITDA & Net Income in 1Q-2019

YEAR-ON-YEAR

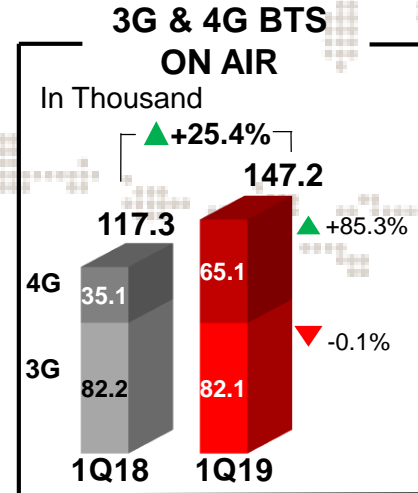
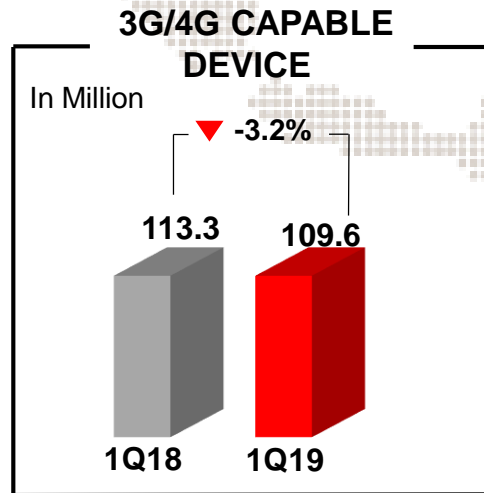
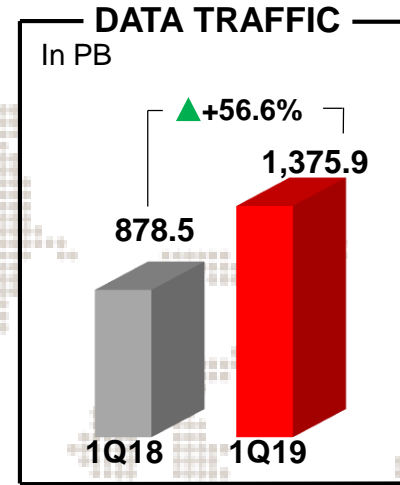
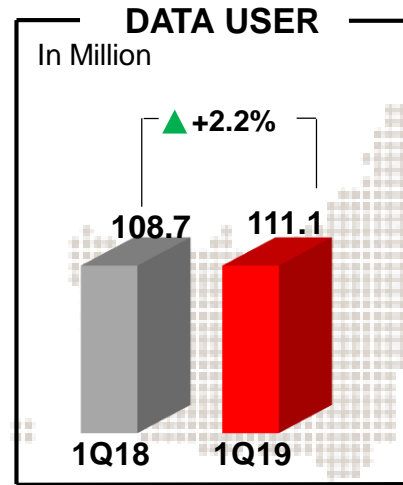
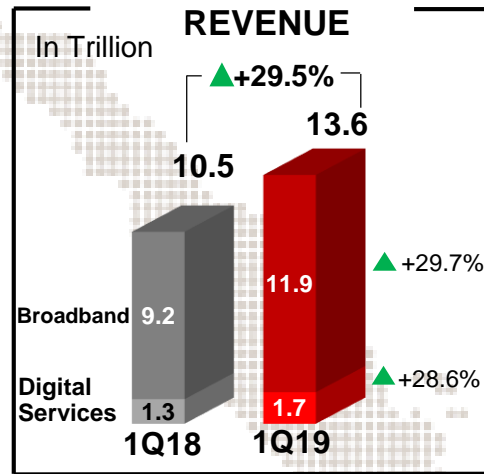


Continue to Focus on Digital Business

Engine of growth and accounted for 61% of Total Revenues

YEAR-ON-YEAR

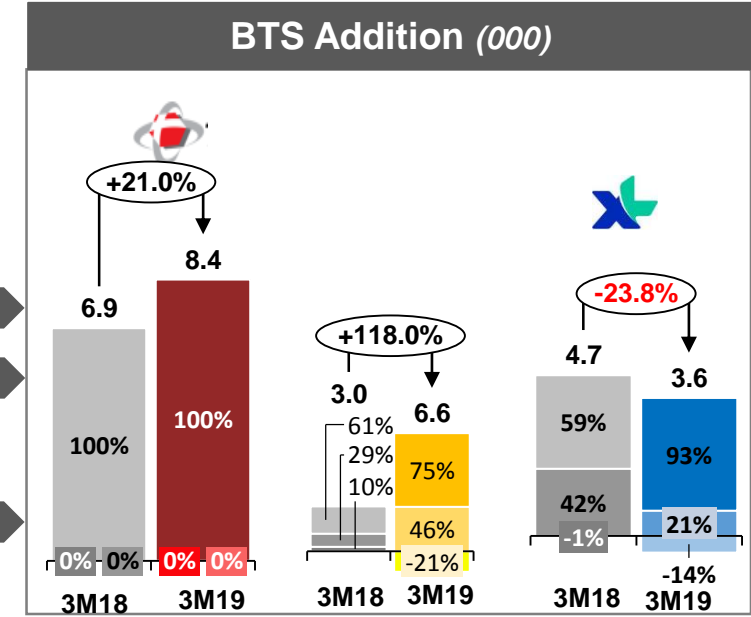
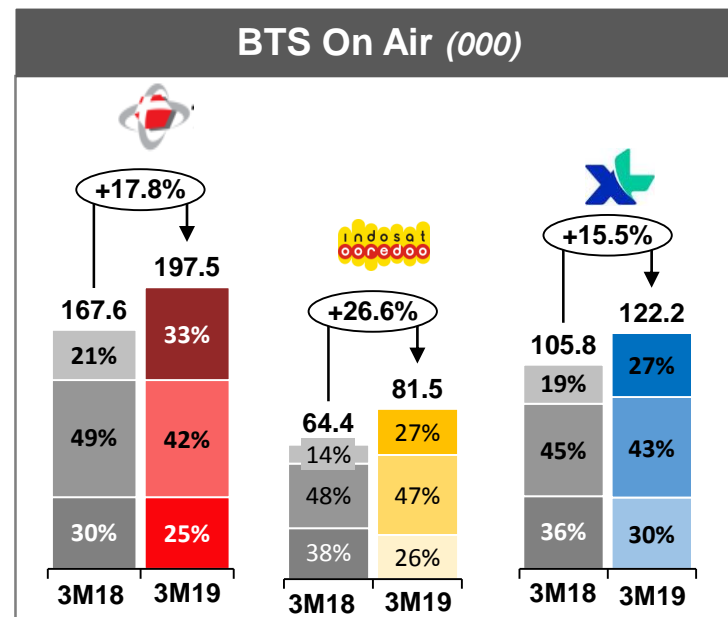
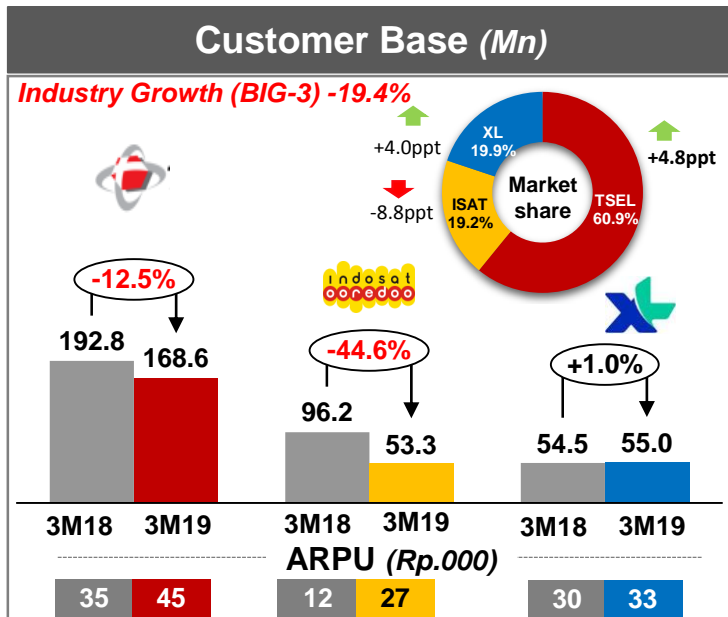
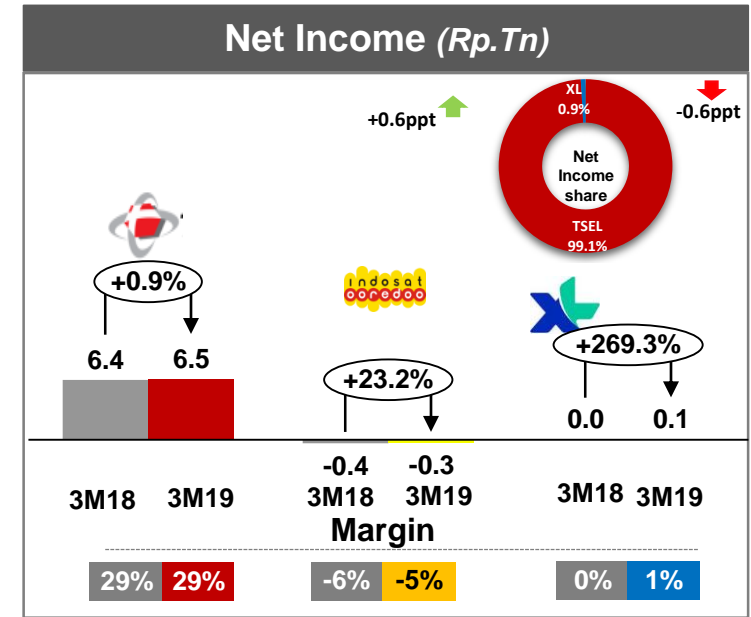
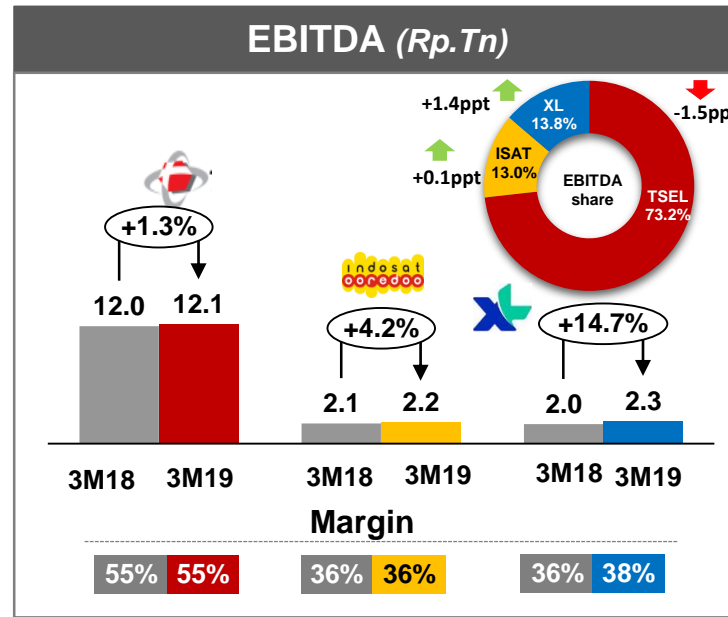
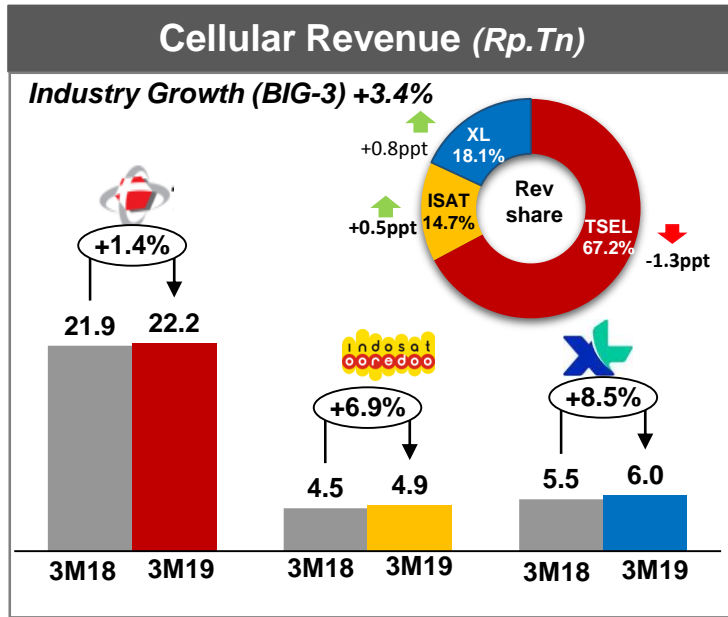
DIGITAL BUSINESS



Digital Business:



BIG-3 PERFORMANCE (1Q-2019 YoY)



Revenue	Inline with or slightly above market growth
EBITDA Margin	Slightly decline compared to last year
CAPEX	Approximately 15-16% over revenue
BTS roll out	Focus on 4G roll out

1

TELKOMSEL
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CHALLENGES &
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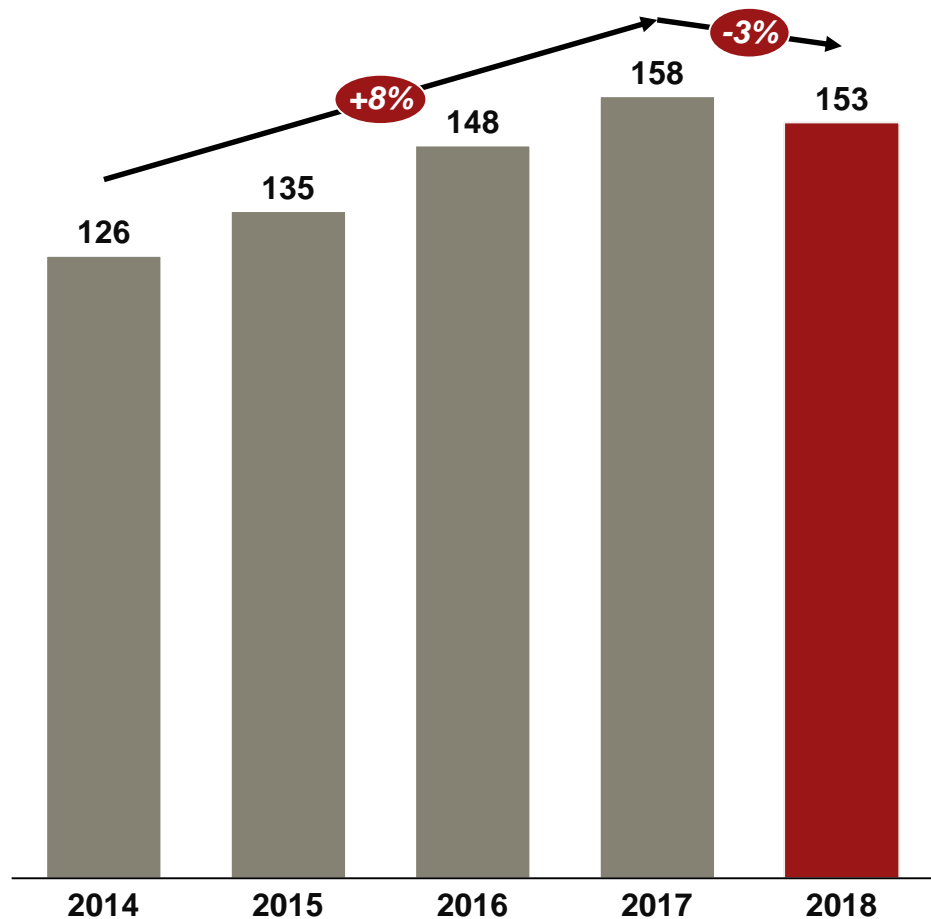
3

DIGITAL
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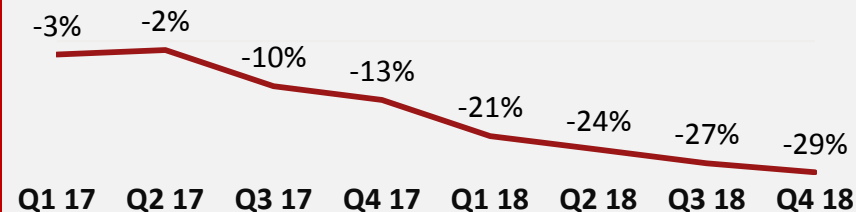
Indonesian market is facing accelerated **Legacy decline** in parallel with **competition in Data**

Top 5 market size¹
(2014 – 2018; IDR Tn)



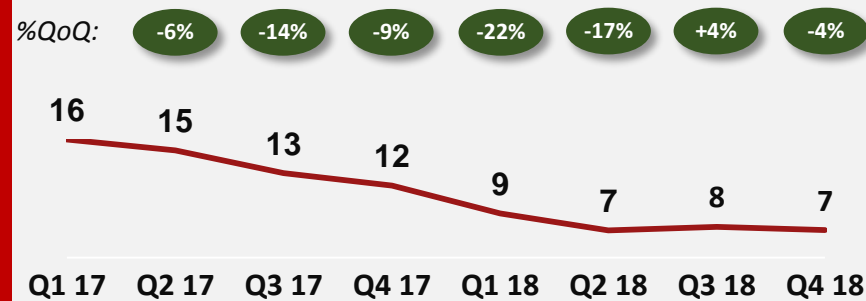

Legacy decline acceleration

Legacy market growth² (%YoY)



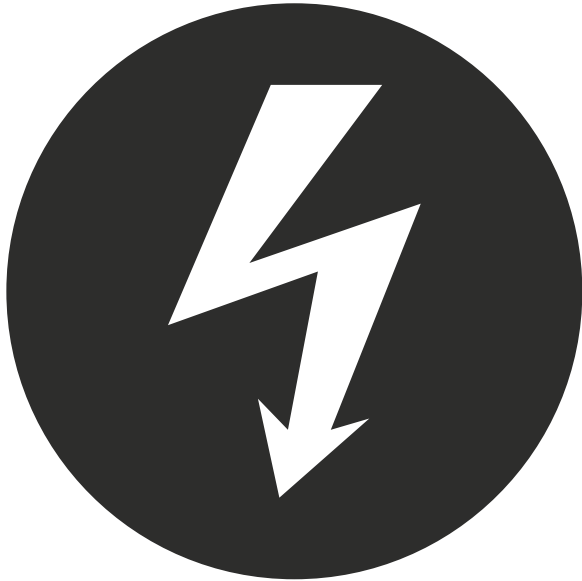

Aggressive data price competition

Market RpMB² (IDR/MB)



1. Top 5 mobile telco players include Telkomsel, XL, ISAT (excluding fixed connectivity revenue), Smartfren and Tri 3; market size includes connectivity and digital; Hutchison 3 revenue for 2014-2016 are based on its 2017-2018 proportion of Hutchison Asia Telecommunications' (HAT) revenue
 2. Calculation based on Top 3 telco players i.e. Telkomsel, XL and ISAT (excluding fixed connectivity revenue)
 Source: Telkomsel, Company annual reports and press releases, A.T. Kearney

Several market forces require us to **transform**



**Increased
Competition**



Digitalization



**Changing Customer
Needs**

We have set up **transformation program** focusing on specific drivers and enablers linked to our strategic priorities

Growth Drivers



B2C

Enabling the Data growth



B2B

Connectivity and solutions



Digital

Compelling services



New operating model to support our growth priorities



Cost transformation and digitization for sustained profitability

Critical Enablers



Digital culture and competencies

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Our **transformation in digital business** has shown significant milestones to become a digital telco company and **leading mobile digital business**

Digital Products

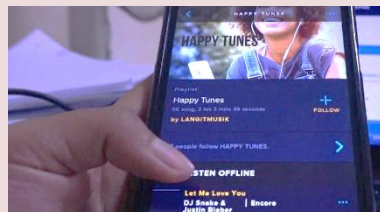


Video



- 15 Mn downloads
- 3 Mn MAU

Music



- 9 Mn music users
- 60% of share of industry revenue

Games



- 5.5 Mn MAU
- #1 game portal in Indonesia

E-money



- 24 Mn registered users
- 3.5 Mn MAU

Digital Solutions



MyTelkomsel



- 16.5 Mn MAU
- >40% of Telkomsel package revenue

Big Data



- 400 Peta Byte data streamed per month

Digi Ads



- 2.6 Bn ads inventories across channels

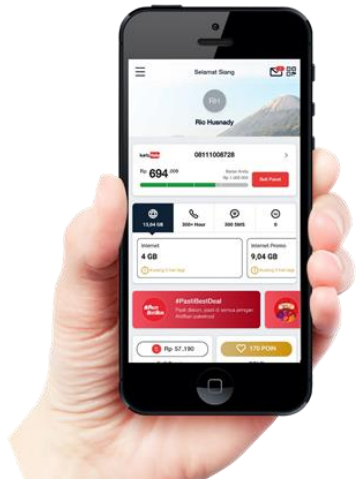
Enterprise Solutions



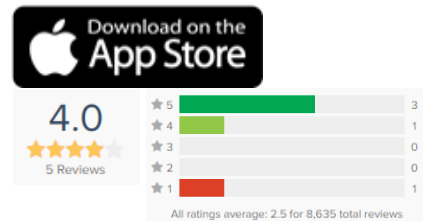
- >35 business solutions for the nations

MyTelkomsel app will be the main channel to deliver **personalization** to drive business **based on customer needs**

What we have done



**Gold Winner
MyTelkomsel App**
Public Relationship Indonesia Award 2019



What's next



Best Deal Program & Payment Expansion

- Always Best Deal in MyTelkomsel
- Payment expansion
- Personalized loyalty reward
- Assisted touch point



Lifestyle experience to encourage people to use

- Single Hub Entertainment (Video, Music, Games)
- QR code
- Biometric login
- Rewards unlock



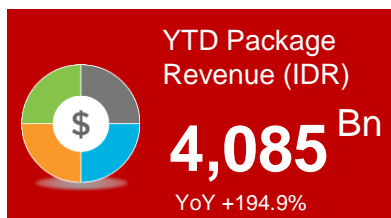
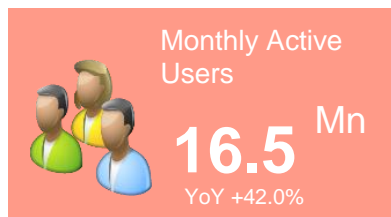
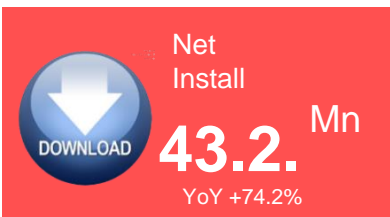
Customer Segment Identification

- Provide tiers of customer segment identification
- Personalized benefit based on tiers



Gamification

- Daily check-in reward
- Wheel of rewards
- Scratch and win program



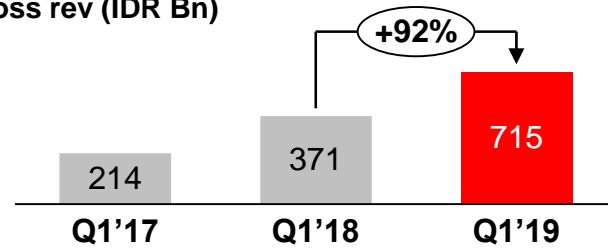
1	Getcontact	▲ 1
2	Flappy Reborn - The Bird Game	▼ 1
3	Snapchat	=
4	WhatsApp Messenger	=
12	GOJEK	▲ 1
13	Facebook	▼ 1
14	MyTelkomsel	▲ 2
15	Spotify - Music and Podcasts	▼ 1

Telkom Digital Lifestyle products grew 35% by Q1'19 driven by massive growth on Games

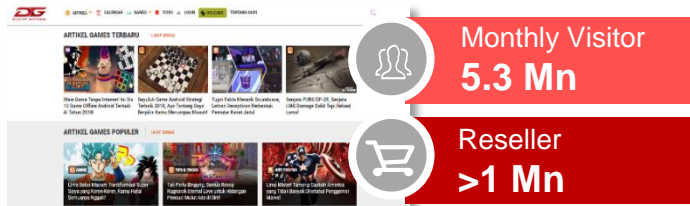
DG Games

- Games revenue Q1'19 grew by 92% YoY

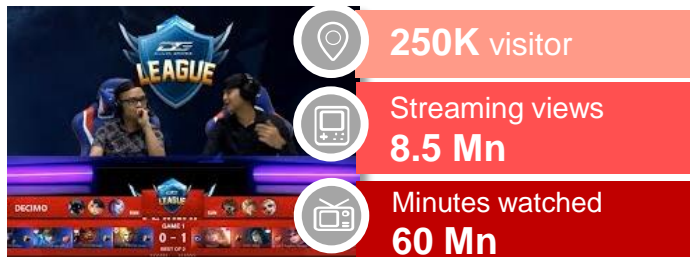
Gross rev (IDR Bn)



- Dunia Games is #1 game portal in Indonesia



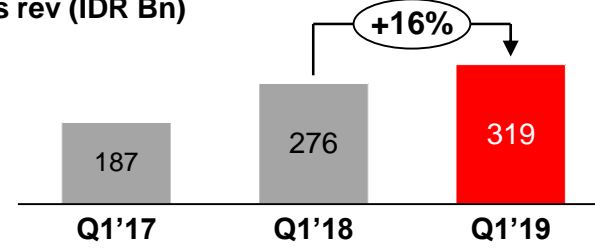
- DG E-sport audience grew significantly



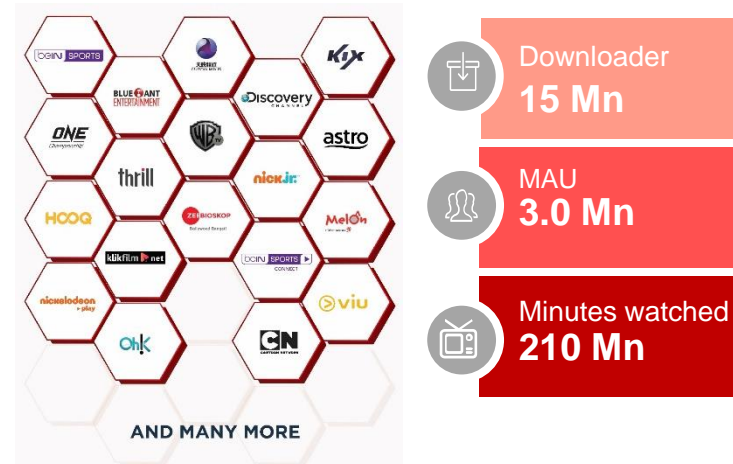
Video

- Video revenue Q1'19 grew by 16% YoY

Gross rev (IDR Bn)



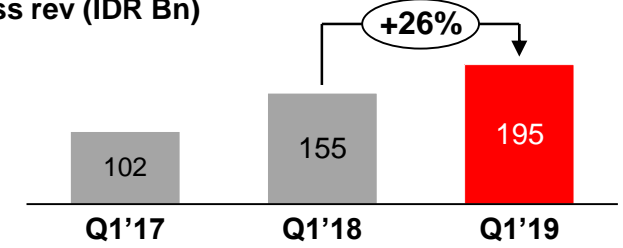
- MAXstream has become #5 Video apps by payloads in our network
- Content enrichment has successfully grew & retained MAXstream user



NSP1212 Music & VAS

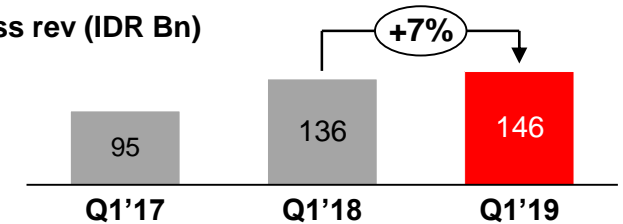
- Music revenue Q1'19 grew by 26% YoY

Gross rev (IDR Bn)



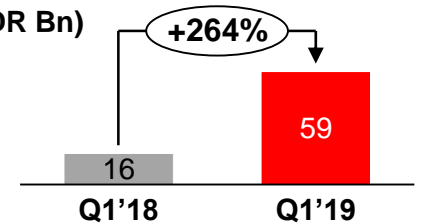
- RBT Platform enhancement has maximized monetization

Gross rev (IDR Bn)



- Launched in Feb'18, Loan service has become #3 VAS revenue contributor

Gross rev (IDR Bn)



To sustain the growth, Games and Video will be focusing on **scaling-up platforms**, while Music and VAS to **maximize monetization**

What we have done



Take control of Games ecosystem

- Deliver E-sport & features for DG resellers
- Billing integration to other telcos
- Build publishing capability: 2 games published to the market



Grow MAXstream users

- OTT playout integration for seamless user experience
- Build advertising capability (AVOD)
- Non-TSEL integration



Music and VAS monetization

- RBT system enhancement
- DCB integration to monetize music OTT
- Maximize loan service platform

What's next



Scale up Dunia Games platform

- Deliver Dunia Games international version
- Payment integration with cash & E-Money
- Expand Games publishing to SEA



Scale up MAXstream platform

- Support for user generated content
- Build capabilities for B2B model
- Gamification & loyalty engine



Music and VAS monetization

- Enable Appstore payment for Langit Musik
- Scale-up Loan service platform
- Launch health service

**THANK
YOU!**

