



SINGAPORE TELECOMMUNICATIONS LIMITED
(Incorporated in the Republic of Singapore)
Company Registration Number: 199201624D

INTEGRATION OF INDIHOME SERVICE OF PT TELKOM INDONESIA (PERSERO) TBK
INTO PT TELEKOMUNIKASI SELULAR

Further to its announcement on 30 March 2023 in relation to the integration of PT Telkom Indonesia (Persero) Tbk's ("**Telkom**") fixed broadband business into PT Telekomunikasi Selular ("**Telkomsel**"), Singapore Telecommunications Limited ("**Singtel**") wishes to announce that Telkomsel, its 35%-owned associate company in Indonesia, has entered into a conditional spin-off agreement (the "**CSA**") with its parent company Telkom to integrate IndiHome services into Telkomsel (the "**Integration**"). IndiHome, wholly owned by Telkom, is Indonesia's largest broadband business.

The Integration presents Telkomsel with the rare opportunity to enter the high growth fixed broadband market in Indonesia, with IndiHome holding a 75.2% market share. Indonesia is one of the fastest growing fixed broadband markets globally with a penetration rate of some 14% compared to 40%¹ across Southeast Asia. The Integration will be a new growth horizon for Telkomsel and will enable it to expand its business portfolio against a backdrop of growing fixed mobile convergence, and enjoy cross-selling opportunities and cost synergies across sales and marketing channels, support functions and capex. This will strengthen Telkomsel's position in the telecommunications and digital industry, as Indonesia's leading integrated mobile and fixed broadband business.

The consideration for the Integration is IDR58.3 trillion (equivalent to S\$5.1 billion²), which will be satisfied by the issuance of new shares by Telkomsel (the "**Consideration Shares**"). The Integration, if completed, will result in Singtel's effective equity interest in Telkomsel being reduced from 35.0%, to 29.6% of the enlarged integrated mobile and fixed broadband company.

Singtel, through its wholly-owned subsidiary Singapore Telecom Mobile Pte Ltd, has also entered into an agreement with Telkom and Telkomsel to subscribe for new shares of Telkomsel after the completion of the Integration (the "**STM Subscription**"), thereby increasing Singtel's effective interest in Telkomsel by 0.5 percentage point to 30.1%. The consideration for the STM Subscription is IDR2.7 trillion (equivalent to S\$236 million²) and is to be paid out in cash on completion of the STM Subscription.

The consideration for the STM Subscription was determined on an arm's length basis through a privately negotiated process based on *inter alia*, the same Telkomsel valuation used for the Consideration Shares and an assessment of the equity value of Telkomsel reflecting its enlarged integrated mobile and fixed broadband business going forward. The consideration will be funded via internal cash resources. As at 31 December 2022, the audited net asset value of Telkomsel was IDR30 trillion (equivalent to S\$2.6 billion)³.

Barring unforeseen circumstances and before factoring in the significant synergies expected, the Integration and STM Subscription taken as a whole, is expected to be earnings accretive for the Singtel group in the near term.

The Integration is subject to the fulfilment of the conditions precedent under the CSA, including the receipt of approvals from the relevant regulators and shareholders. The STM Subscription is subject to the completion of the Integration.

Please refer to the attached media release issued by Telkom-Singtel-Telkomsel for more details in relation to the Integration.

Issued by Singapore Telecommunications Limited on 6 April 2023.

¹ Analysys Mason independent telecoms market study

² Based on an exchange rate of S\$1: IDR11,413.24

³ Based on Telkomsel's consolidated financial statements under Indonesian Financial Accounting Standards