

## News Release

# Telkom to integrate IndiHome into Telkomsel

Integration creates Indonesia's largest integrated mobile and fixed broadband business

**Jakarta, 6 April 2023** – Telkom and Telkomsel have signed a Conditional Spin-off Agreement (CSA) to spin off and integrate IndiHome into Telkomsel. IndiHome is 100% owned by Telkom and the largest fixed broadband business in Indonesia. The spin off and integration are in line with Telkom's Fixed Mobile Convergence (FMC) initiative, and the signing of this preliminary agreement is a crucial step in implementing TelkomGroup's strategy to bring about more choices and a better broadband experience, realize digital inclusion in Indonesia, and strengthen TelkomGroup's business. The transaction will be value accretive for Telkomsel and has received the support of Telkomsel's shareholders<sup>1</sup> Telkom and Singtel. For Singtel, this integration aligns with its strategic reset principles of pivoting towards higher growth businesses, while reinforcing its commitment to Indonesia.

Indihome has a 75.2% market share in Indonesia, one of the fastest growing fixed broadband markets globally with a penetration rate of some 14%<sup>2</sup> compared to 40%<sup>2</sup> across Southeast Asia. Fixed broadband ARPUs are some six times<sup>3</sup> that of mobile in Indonesia and with rising affluence, fixed connections are poised for significant growth.

As the consideration for the IndiHome spin off is through the issuance of new primary shares in Telkomsel, there would be an increase of Telkom's shares in Telkomsel, comprising Telkom 70.4% and Singtel 29.6% upon legal completion of the spin-off. The value of IndiHome amounts to IDR 58.3 trillion (equivalent to S\$5.1 billion<sup>4</sup>) (50% higher than Telkom's equity when combined with other commercial agreements between Telkom and Telkomsel), this transaction is categorized as a material transaction which requires approval from Telkom's independent shareholders.

At the time of the integration, Singtel has agreed to exercise its pre-emptive right to purchase another 0.5 percentage point share in this enlarged entity by subscribing for new primary shares of Telkomsel post-integration, for IDR 2.7 trillion (equivalent to S\$236 million<sup>4</sup>) in cash. This brings its effective interest in Telkomsel to 30.1%, meanwhile Telkom goes to 69.9%.

With this strategy involving IndiHome and Telkomsel, Business to Consumers (B2C) in Telkom Group will be fully managed by Telkomsel, while Telkom's operational focus will be on Business to Business (B2B). The FMC initiative is expected to strengthen TelkomGroup's position as an integrated telco to address customers' evolving needs and create synergies through their extensive customer network.

"The integration process of broadband services for TelkomGroup's retail customers is part of Telkom Group's 'Five Bold Moves' business transformation to strengthen the company's position as a market leader in digital telecommunications in Indonesia," said TelkomGroup CEO Ririek Adriansyah. This integration within one of Telkom's flagship arm -Telkomsel- allows the public to access broader broadband services, provide seamless experience where customers can move freely without worrying about losing service, and to realize digital inclusion. TelkomGroup's business transformation also allows the company to operate more effectively and efficiently through focused business structures, including capital allocation and operational expenses.

"Telkomsel is enthusiastic about the achievement of the ongoing spin-off agreement process. Together with our shareholders, Telkom and Singtel, we believe that integrating IndiHome services will further strengthen Telkomsel's position in the telecommunications and digital industry in Indonesia while proving our commitment to advance and expand our business portfolio, especially in Fixed Mobile Convergence services. Telkomsel is committed to moving beyond expectations by providing cutting-edge products and services to our customers and consistently developing various integrated innovative services that can accelerate sustainable and inclusive digital access," said Hendri Mulya Syam, President Director of Telkomsel.

"We believe this is a rare opportunity for Telkomsel to tap into the high-growth fixed broadband market in Indonesia by partnering the country's largest broadband operator which is profitable and cash generating. Given the post-pandemic demand for high quality broadband and the global shift to fixed mobile convergence, this move will help Telkomsel entrench its position as Indonesia's leading integrated telco and greatly enhance its growth prospects. Not only will customers get more choice and innovation, the enlarged entity will also reap significant cost synergies from the higher utilisation of networks and convergence of systems. We will work closely together with our long-time partner Telkom to help take the business to the next stage of growth," said Yuen Kuan Moon, Group CEO, Singtel.

The CSA is expected to be completed in the early third quarter of 2023, subject to the fulfillment of certain conditions, including the receipt of approvals from Telkom's shareholders.

Following the CSA signing, a series of integration preparatory processes of fixed and mobile broadband services for retail customers will be underway. In this regard, Telkom Group ensures that the FMC process is carried out transparently and in accordance with the prevailing laws and regulations, including in compliance with the regulation of the Financial Services Authority (*OJK*). For this transaction, Mandiri Sekuritas and Goldman Sachs are acting as financial advisors to Telkom. Hadiputranto, Hadinoto & Partners is acting as legal advisor to Telkom. While Nurhadian Kartohadiprojdo Noorcahyo Legal (*NKN Legal*), Muhtar Halim & Partners Law Office (*MHP Law Office*), and Purbadi & Associates are acting as legal advisor for Telkomsel, and PT HSBC Sekuritas Indonesia (*HSBC*) acting as financial advisor for Telkomsel. Citi is acting as financial advisor to Singtel. Hiswara Bunjamin & Tandjung is acting as legal advisor to Singtel.

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### **About Telkom Group**

Telkom Indonesia is a state-owned digital telecommunications company that focuses on three business domains: Digital Connectivity, including fiber to the x (FTTx), 5G, software-defined networking (SDN) / network functions virtualization (NFV) / satellites; Digital Platform, including data centers, cloud, the internet of things (IoT), big data / AI, cybersecurity; and Digital Services for consumers, enterprises, and its wholesale business. Telkom Indonesia strives to strengthen its leadership position in digital connectivity, develop digital talent to accelerate the growth of digital platforms, foster innovation in digital services, and deliver greater value to businesses through its portfolio optimization efforts and agile implementation capabilities.

### **About Telkomsel**

Telkomsel is a leading digital telecommunication company that continues to open up more opportunities and possibilities by enabling digital connectivity, digital platform, and digital services developed by prioritizing the benefits of technology for all levels of society across the country. Telkomsel has been consistently deploying 4G mobile broadband networks and developing 5G networks, as well as enriching innovative digital solutions including Mobile Gaming, Digital Entertainment, Digital Lifestyle, Mobile Financial Services, Enterprise Solutions, and Internet of Things. During its 27 years of existence, today Telkomsel has served more than 156 million customers across Indonesia supported by more than 265.00 BTS. Cacth more information about us on our official channel at [www.telkomsel.com](http://www.telkomsel.com), [facebook.com/telkomsel](https://facebook.com/telkomsel), Twitter @telkomsel, and Instagram @telkomsel as well as Telkomsel's virtual assistant at MyTelkomsel app.

### **About Singtel**

Singtel is Asia's leading communications technology group, providing a portfolio of services from next-generation communication, 5G and technology services to infotainment to both consumers and businesses. The Group has presence in Asia, Australia and Africa and reaches over 770 million mobile customers in 21 countries. Its infrastructure and technology services for businesses span 21 countries, with more than 428 direct points of presence in 362 cities.

For consumers, Singtel delivers a complete and integrated suite of services, including mobile, broadband and TV. For businesses, Singtel offers a complementary array of workforce mobility solutions, data hosting, cloud, network infrastructure, analytics and cyber security capabilities. Singtel is dedicated to continuous innovation, harnessing technology to create new and exciting customer experiences and shape a more sustainable, digital future.

For more information, visit [www.singtel.com](http://www.singtel.com).  
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<sup>1</sup> Telkomsel is owned by Telkom (65%) and Singtel (35%)

<sup>2</sup> Analysys Mason independent telecoms market study

<sup>3</sup> Telkom FY2022 Info Memo

<sup>4</sup> Exchange rate: SGD/IDR = 11,413.24