



## PRESS RELEASE

October 31, 2018

### LINK NET TO AGGRESIVELY DRIVE FUTURE GROWTH

Link Net plans to: (1) to accelerate network expansion, (2) proposes highly skilled additions to its board, (3) cancellation of treasury stock & (4) maintaining high dividend. (5) Strong 9M18 financial results: Revenue, operating profit & net profit growth +11.5%, +10.9% & +10.2% yoy.

**PT Link Net Tbk** ("Link Net" or the "Company"; stock code: "LINK")

#### Accelerating Network Expansion:

Link Net will rapidly accelerate expansion of its network in 2019, with management guiding **250,000 home passes** in 2019. This is a **±40%** increase from 2018's guided network expansion of **±180,000** home passes. Our recently acquired Java Backbone provides us with ample opportunities for expansion throughout Java. Demand for high speed internet and cable TV continues to grow, and we will seek to capture even more of this growing market. Management are prepared to fund accelerated expansion through debt if required.

#### Changes to Link Net Board's:

Given our strategic focus on accelerating growth to further strengthen Link Net's market leadership position, we would like to rejuvenate our board by appointing 2 new directors with strong operational and strategic focus: we will propose Wonbae Lee be appointed to the board of directors as a director representing CVC Capital Partners and Suvir Varma be appointed as an independent director. Wonbae Lee is currently a principal at CVC Capital Partners focusing on Asia Operations. In a career spanning 20 years, Wonbae has held senior executive roles across finance, consulting and healthcare. This includes his role as Head of Asia Life Science and Core Imaging at General Electric, and President of AstraZeneca in Indonesia. Wonbae has successfully led large teams of professionals and will be instrumental in driving further value creations for Link Net. Suvir Varma, ex Senior Partner of Bain & Company, where he led the firm's business focused on Financial Investors across Asia Pacific. He has more than 20 years of experience across consulting and finance-related roles focusing on strategic developments and operational improvements. The Company looks forward to welcoming both Wonbae and Suvir to Link Net's board as we launch into our next phase of growth. We are confident that they will bring a depth of skills and knowledge to the Company and we thoroughly look forward to utilizing their talent.

We would like to thank Edward Sanusi and Surya Tatang for their leadership on our board. Both Edward and Surya will be stepping down from their roles on Link Net's board of directors. Edward will

remain on Link Net's board of management, where he serves with distinction as head of operations. We would also like to thank Link Net commissioner Lorne Somerville who has provided strong support in his leadership role. Lorne will be stepping down from the board of commissioners. Sigit Prasetya will resign from the board of directors but will replace Lorne as a commissioner on Link Net's board.

### **Cancellation of treasury stock:**

Currently Link Net has 87,111,400 million treasury shares from our first share buyback program that ended in 2017. As part of the Company's continuous effort to drive shareholder returns, we will propose that shareholders approve the cancellation of these 87 million shares. Currently Link Net has a total issued capital of 3,042,649,384 shares. This cancellation will reduce our issued capital by 2.86%, thus growing future EPS. Further to this Link Net has an additional 43,296,900 treasury shares (1.42% of issued share capital), acquired during our second share buyback initiated in January, which we also plan to cancel in due course. We intend to actively continue and ramp-up the share buyback program over the next year as we believe that at the current price Link Net shares represent exceptional value. Under the current buyback program, Link Net can acquire another ±170 million shares between now and July 2019 with a maximum price ceiling of Rp6,000 per share.

### **Dividend Payout Ratio:**

Link Net intends to maintain a dividend payout ratio of at least 50% of net earnings for FY18. Since listing our dividend has been on a steady payout growth trajectory: from 20%, 35% to 50% of net earnings in 2015, 2016 & 2017 respectively. Management expect to gradually increase the dividend payout ratio over time subject to cash generation and operating environment.

The new proposed composition of the Link Net boards and the cancellation of treasury stock is subject to approval by Link Net's shareholders. Link Net shareholders will hold an EGM as soon as possible under statutory requirements, expected to be in the coming two months.

### **3Q18 Earnings & Operational Results:**

Link Net continued on its growth trajectory by booking double digit year on year revenue and earnings growth for 9M18. Link Net booked year on year Revenue for 9M18 of Rp2,794bn, up +11.5% from 2017. Operating profit for 9M18 grew by +10.9% year on year to Rp1,112bn. Net Profit for 9M18 increased by +10.2% year on year to Rp816bn. Gross Profit and Net Profit margins remained stable at 40% & 29% respectively.

So that the Company can continue to increase investment in our high quality product and network, Link Net implemented a price increase of its packages in 3Q18 by between 5-10%. As forecast this did result in temporary upward pressure on churn which is 2.4% YTD. Despite the increase in churn ARPU remained stable at Rp420k. We expect the price increase, which was phased in over September, to begin putting upward pressure on ARPU in 4Q18. As churn begins to stabilize we are confident that the increase in revenue achieved by the price increases will substantially outweigh the effects of temporarily higher churn. Link Net added 6k subscribers in 3Q18, taking the total subscriber base to 600k. As churn begins to stabilize we expect quarterly subscriber additions to rebound.

Link Net added an additional 70k home passes to our network in 3Q18, taking the total network size to 2.15mn home passes.

Enterprise revenue for 9M18 grew +21% year on year to Rp415bn, 15% of Link Net's total revenue.

Link Net CEO & President Director Mr. Marlo Budiman commented on the results: "*Link Net has once again achieved double digit revenue and earnings growth. The company continues to increase the pace of rollout thus building the foundation for continued revenue and earnings growth for years to come. The team has done a superb job in maintaining a market leading ARPU. I expect*

*my teams hard work of driving ARPU and network expansion to reap rewards for investors over the coming quarters.”*

## **About PT Link Net Tbk**

PT Link Net Tbk ("Link Net"), owns and operates a high-speed broadband network in Indonesia, offering high speed internet and cable tv to both residential and enterprise clients.

Learn more at [www.ir.linknet.co.id](http://www.ir.linknet.co.id)

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Certain statements in this release are or may be forward- looking statements. These statements typically contain words such as "will", "expects" and "anticipates" and words of similar import. By their nature, forward looking statements involve a number of risks and uncertainties that could cause actual events or results to differ materially from those described in this release. Factors that could cause actual results to differ include, but are not limited to, economic, social and political conditions in Indonesia; the state of the property industry in Indonesia; prevailing market conditions; increases in regulatory burdens in Indonesia, including environmental regulations and compliance costs; fluctuations in foreign currency exchange rates; interest rate trends, cost of capital and capital availability; the anticipated demand and selling prices for our developments and related capital expenditures and investments; the cost of construction; availability of real estate property; competition from other companies and venues; shifts in customer demands; changes in operation expenses, including employee wages, benefits and training, governmental and public policy changes; our ability to be and remain competitive; our financial condition, business strategy as well as the plans and objectives of our management for future operations; generation of future receivables; and environmental compliance and remediation. Should one or more of these uncertainties or risks, among others, materialize; actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed and anticipated improvements in production, capacity or performance might not be fully realized. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to have been correct. You should not unduly rely on such statements. In any event, these statements speak only as of the date hereof, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.