

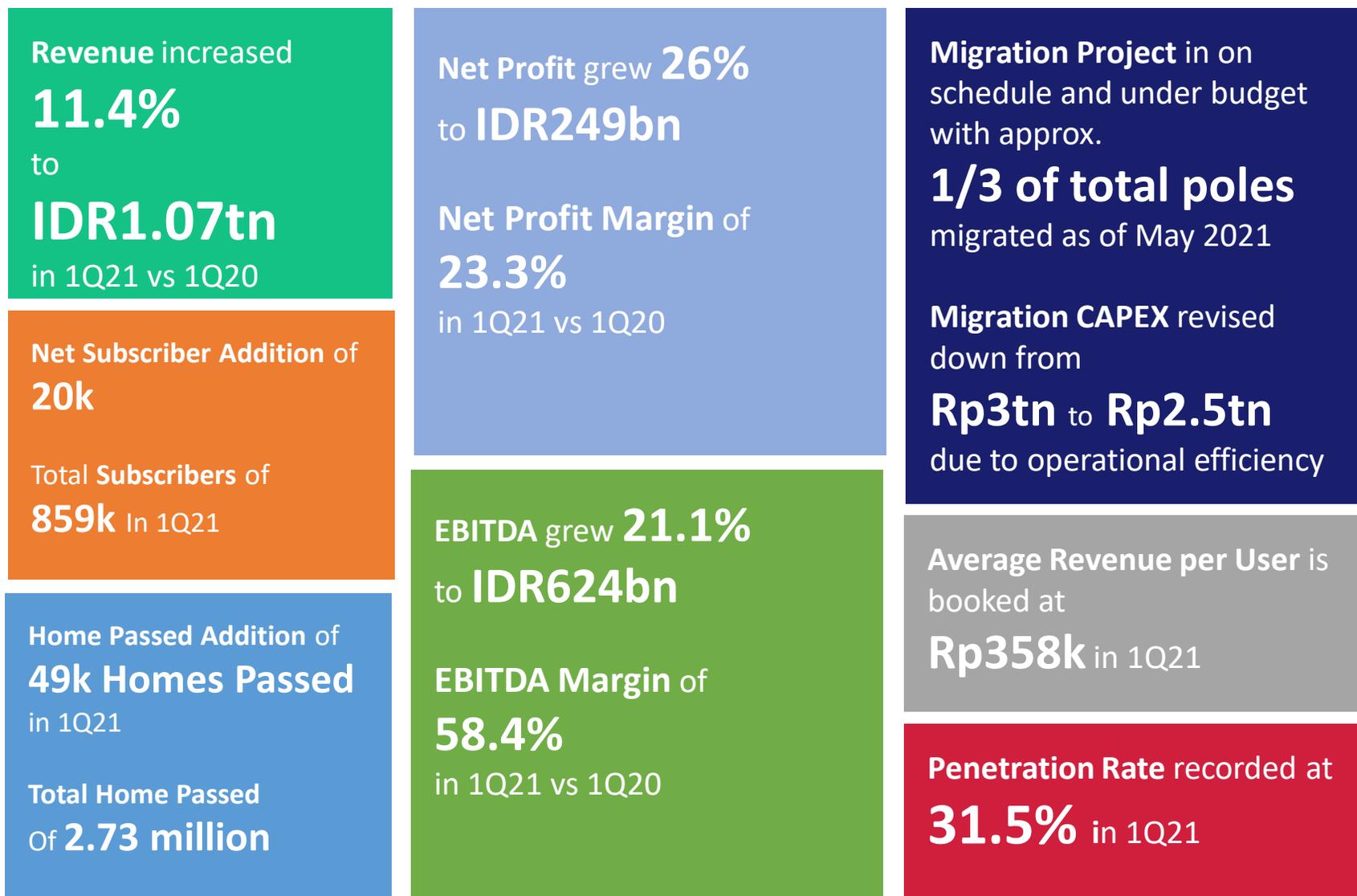


**Linknet**

# PT Link Net Tbk

1Q21 Earnings Call Presentation  
June 2021

# 1Q21 Results at A Glance





## CEO Message

Mr. Marlo Budiman





“Our strong financial results are due to the continued investment we’ve made in our business as well as continued heightened demand for broadband and related services. The COVID pandemic accelerated changes in consumer behavior and many of these behavioral changes such as increased demand in broadband internet and related services are in all likelihood permanent changes and are here to stay.”

Revenue increased  
**11.4%**  
to  
**IDR1.07tn**  
in 1Q21 vs 1Q20



EBITDA grew  
**21.1%**  
to  
**IDR624bn**  
in 1Q21 vs 1Q20

EBITDA Margin  
of  
**58.4%**  
in 1Q21 vs 1Q20



Net Profit grew  
**26%**  
to  
**IDR249bn**

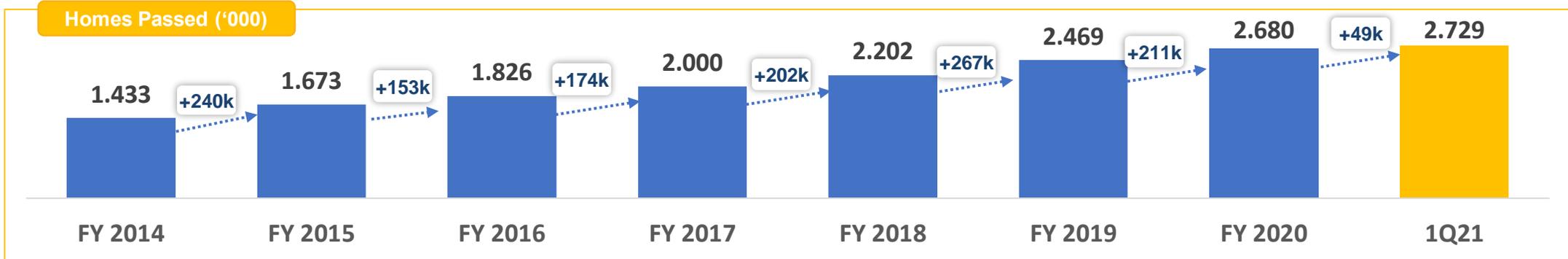
Net Profit Margin  
of  
**23.3%**  
in 1Q21 vs 1Q20



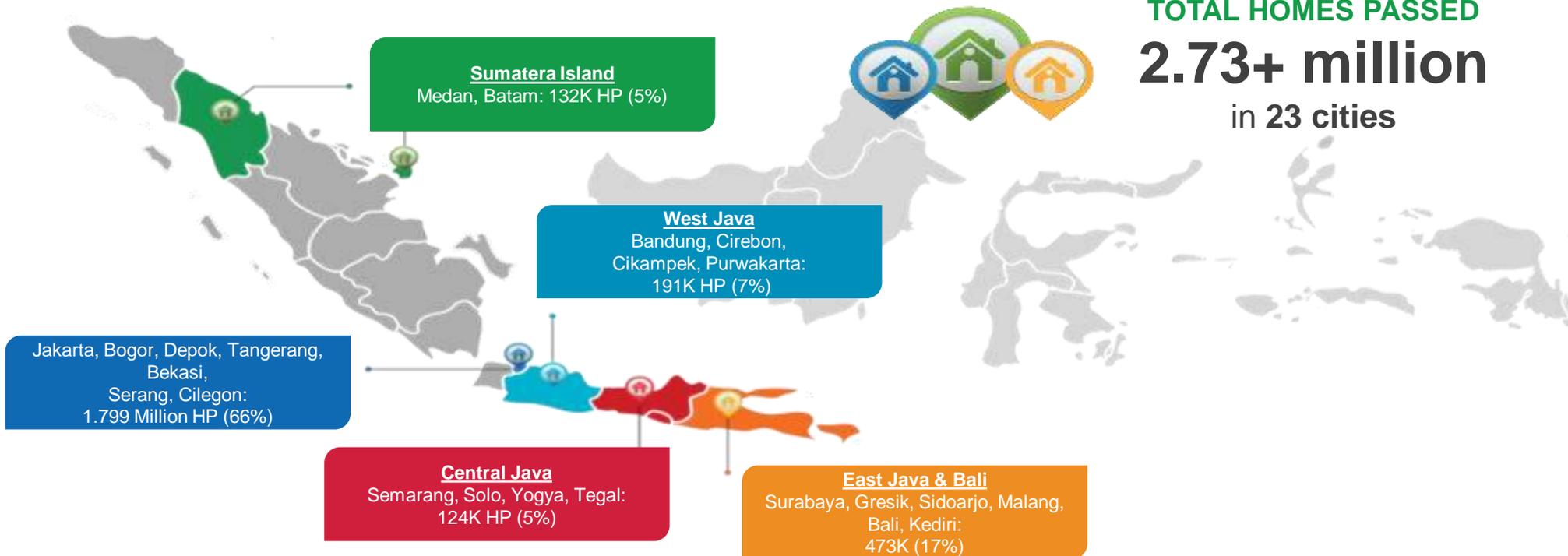
## Migration Project – On Track and Under Budget

- We continue to successfully migrate our network and as of the end of May we have now completed approximately one third of the entire project.
- As at May 2021, only ~36% of Link Net’s network uses ICON+ electricity poles.
- Each month from January to April in 2021 saw our team migrate more poles than the previous month as we continue to increase our capacity. Even in May with the seasonal slowdown due to the Lebaran holidays, we accomplished the migration of more than 9 thousand poles.
- We are on track to complete our migration project by the middle of 2022. Through growing operational efficiencies the team has performed its work well under our initial budget of Rp3 trillion and we are revising down our migration CAPEX guidance to a total budget of Rp2.5 trillion, a Rp500 billion decrease from our original budget.

<b>MRO</b>	<b>YTD2020</b>	<b>Jan-21</b>	<b>Feb-21</b>	<b>Mar-21</b>	<b>Apr-21</b>	<b>May-21</b>
Achievement	65,100	8,701	9,268	11,723	13,288	9,084



**TOTAL HOMES PASSED**  
**2.73+ million**  
 in 23 cities



 **Chief Technology Officer &  
Head of Product**

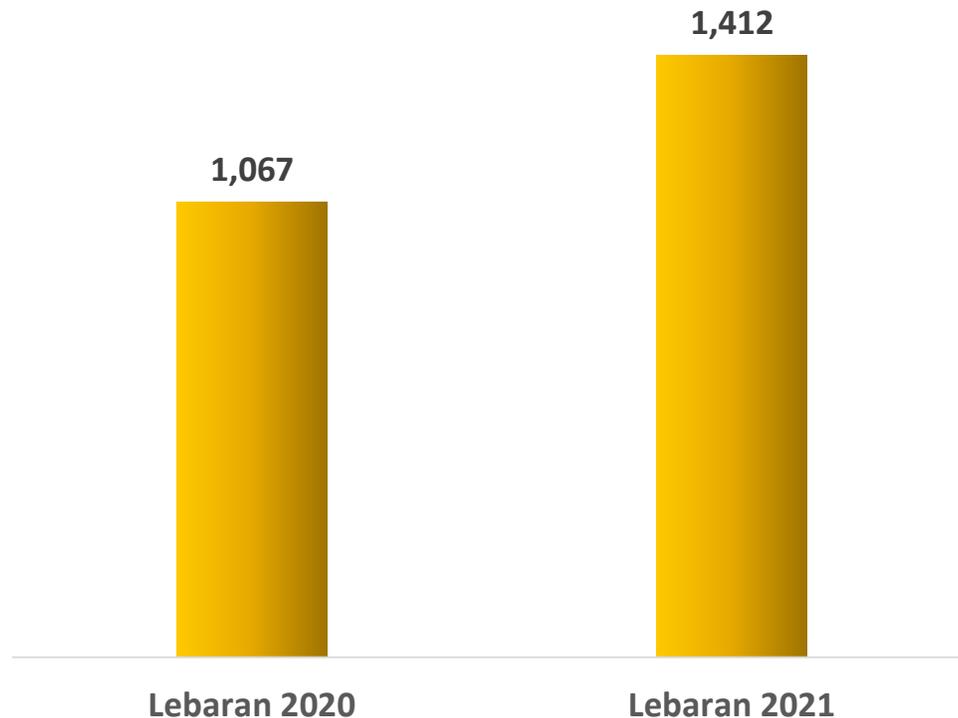
Mr. Edward Sanusi





“As families are spending more time at home with each other its crucial that we continue to innovate our product suite to provide our customers with a market leading entertainment experience. Our product team has continued to innovate to ensure that our customers have a market leading entertainment experience.”

## Data Traffic During Lebaran Period (in Tbps)



Our network has continued to be resilient and provides high quality internet connections even in times of significant demand, especially during the Lebaran holiday period.

We were well prepared and our network has significant capacity which ensured that we could easily withstand the spike in data consumption, and provide all our users with stable and consistent high speed internet connections.

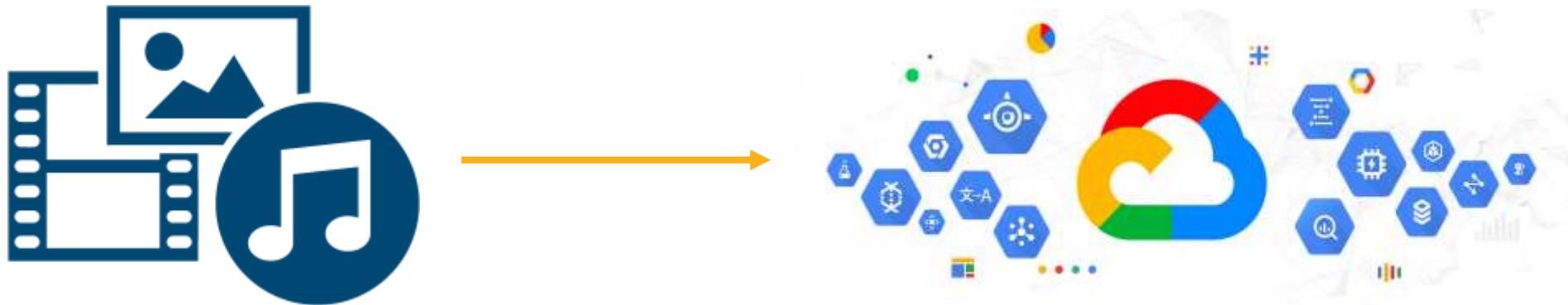
First Plus - Integrating all OTT Content into One Package

linknet



### First Google Cloud – Cloud-based Service

Link Net introduced First Google Cloud, a new value added service which to cater the increasing customer demand for storing digital assets such as family photos and videos.



## Implementation of SAP



In this digital transformation journey, we implemented SAP in back office to drive efficiencies in finance and operations, and at the same time provide us with flexibility and agility to go to the market.

## Implementation of Salesforce Solution



Our enterprise business continues to grow its contribution to our overall revenue and earnings.

To support their continued growth and to increase reporting and efficiency we have rolled out CRM platform Salesforce for our enterprise sales team.

 **Marketing Director**

Ms. Santiwati Basuki





“We continue to invest in our digital self-service capabilities to increase customer convenience and to reduce our costs. We now provide the option for customers to upgrade their package or add various value-added services via our self-care app, My FirstMedia. Customers are becoming more comfortable with digital self-service application and e-Wallet payment options, and we will continue to invest and grow our digital sales channels.”



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## Partnership with E-commerce Platforms

We have been conducting joint promotion programs with some of Indonesia's major ecommerce platforms including Tokopedia and Shopee. We will extend these partnerships to additional ecommerce platforms in the 2nd quarter.



### Tokopedia

- ✓ Discount 10K for monthly payment
- ✓ Discount 5K for minipack purchase



### Shopee

- ✓ Cashback up to 35K for monthly payment



### Blibli

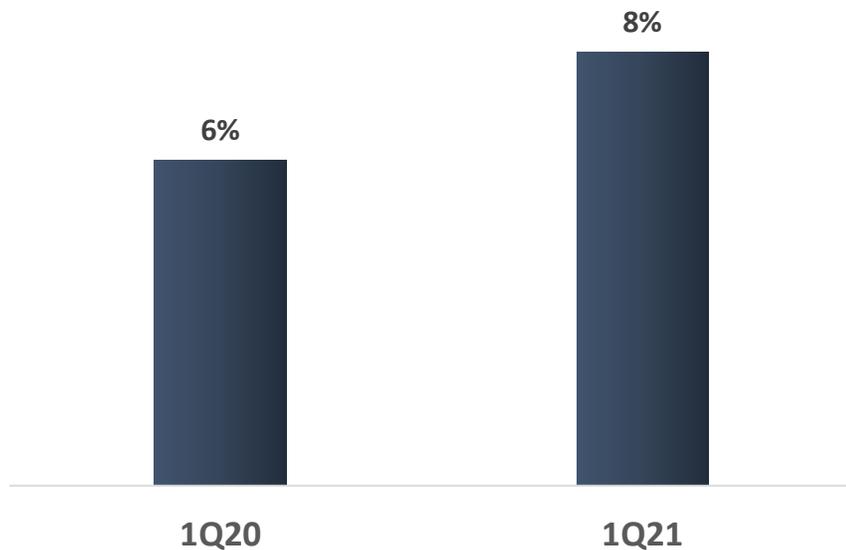
Discount 3% up to Rp 30K



### JD.id

Discount 5% for monthly payment (up to 50K)

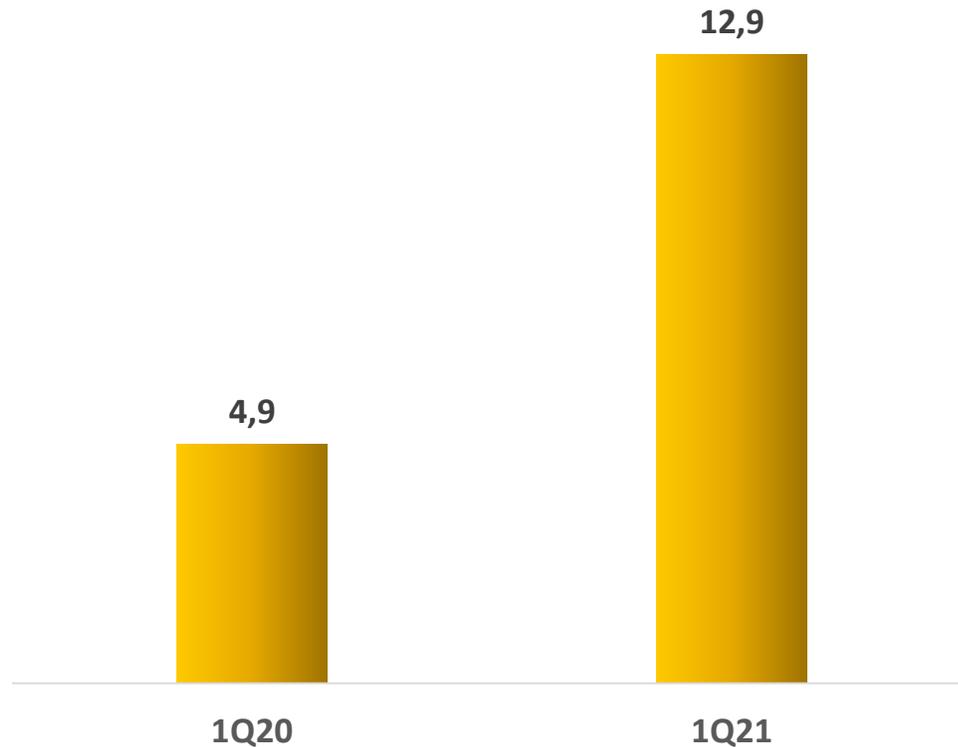
## Digital Leads Conversion Rate (in %)



We will proactively invest in the growth of our digital capabilities so that a larger portion of our customers come onto our platform as well as upgrade their services through our self-service applications rather than through direct contact with our sales force.

As more customers open and upgrade accounts through our digital channels this will put downward pressure on our operational expenses through decreased cost of acquisition.

### New Accounts from First Squad Events (in '000)



We have continued to be proactive with our offline marketing activities to continue growing our subscriber base.

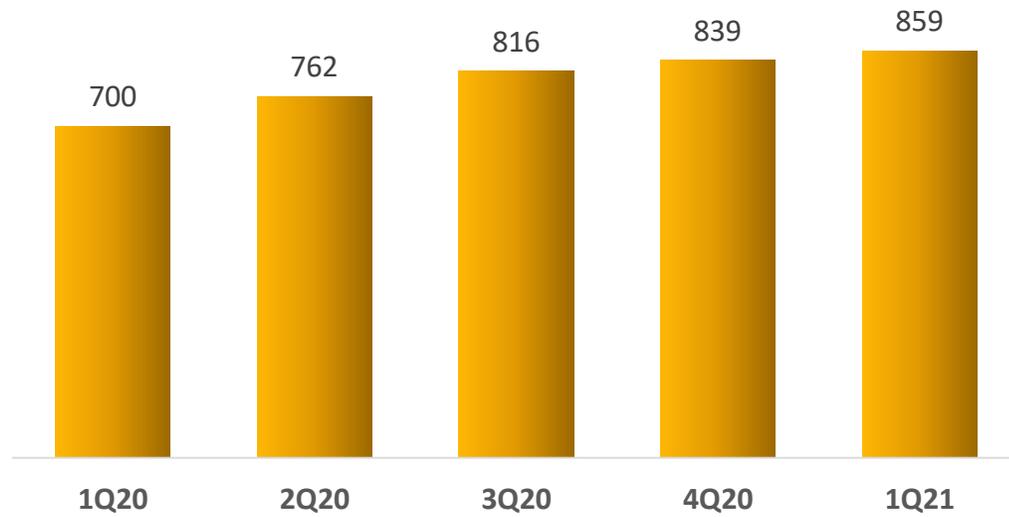
These events are highly productive at raising our brand awareness, generating high quality leads and importantly increasing the number of new accounts.

We ran a product awareness campaign to remind existing as well as prospective customer that Link Net offers truly unlimited download quotas without restricting downloads when certain levels are reached.

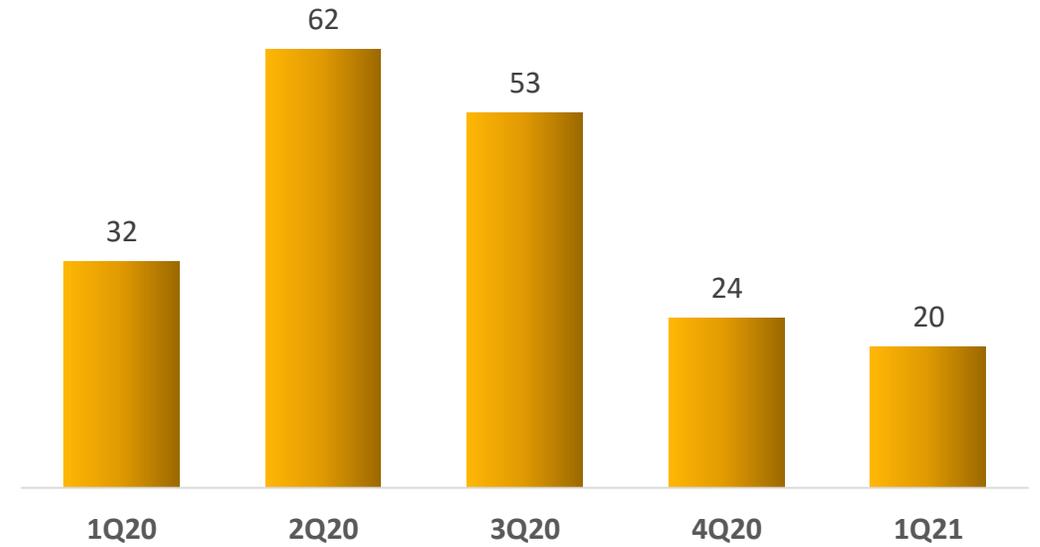
This differentiates us from various competitors in the market who due to limitations of their network infrastructure are unable to offer the same to their customers.



Total Subscribers (in '000)



Net Subscriber Additions ('000)





Through these difficult times we've supported both medical workers, school teachers as well as children who are learning from home through providing free internet access.

We've offered our subscribers who are registered teachers with 3 months free internet access to help them with their teaching from home duties.

 **Enterprise Sales Director**

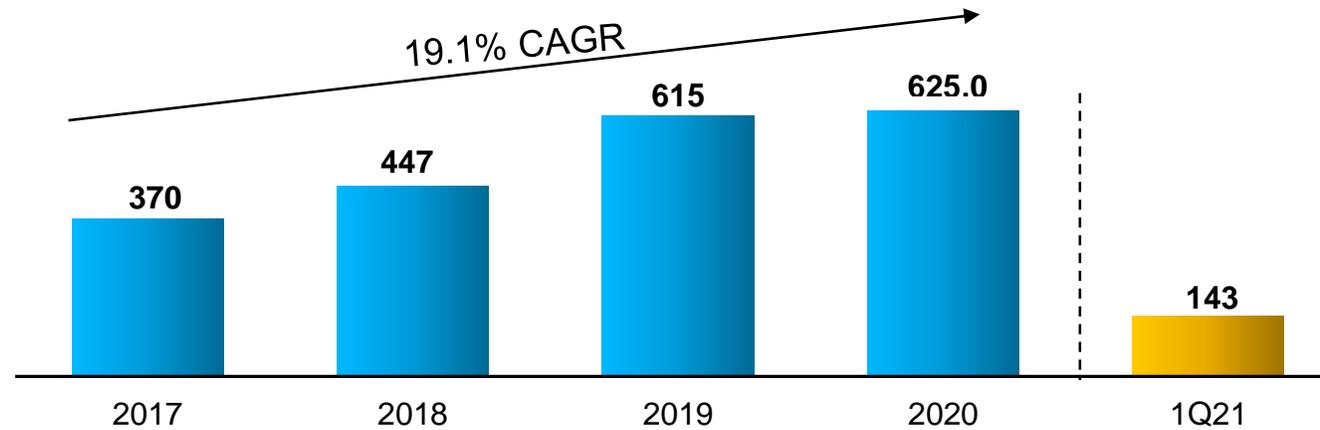
Mr. Agung Satya Wiguna



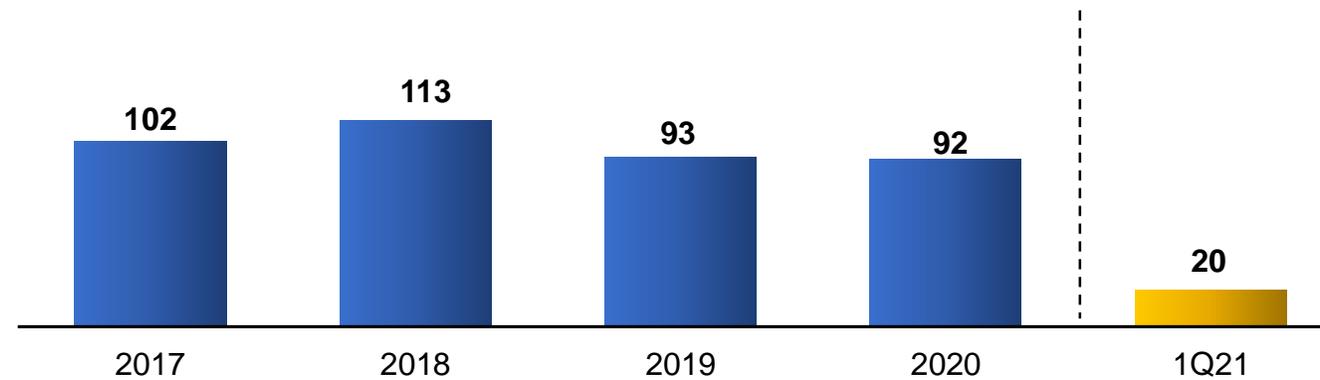


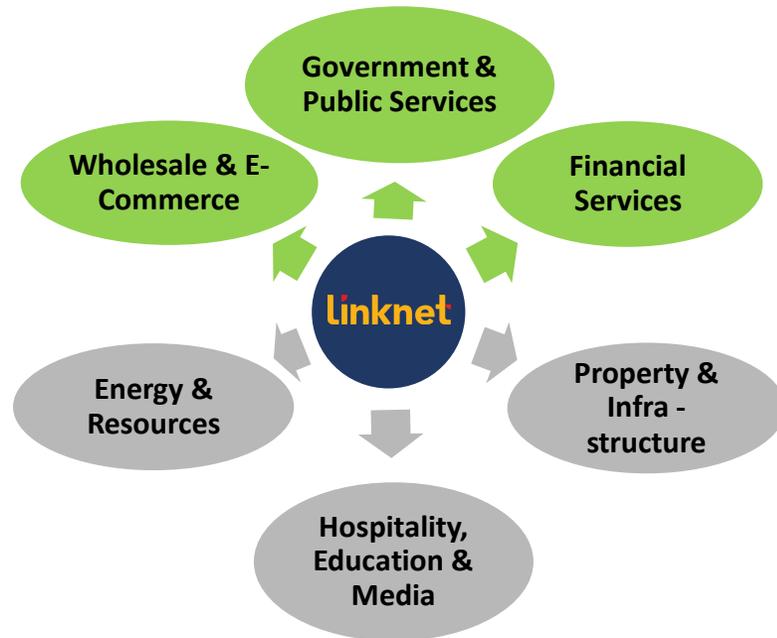
“We’re starting to see signs of a recovery in demand for business to business enterprise solutions. We are commencing some large projects and I expect to see upward pressure on Enterprise revenue. I’m optimistic about the future of the Enterprise business not just in 2021 but the significant growth that we will have in future years.”

## Enterprise Business Revenue (IDR bn)



## Media Business Revenue (IDR bn)





We have continued to focus on targeting businesses within industries which have minimal negative impact from the COVID pandemic. This includes expanding our relationships with businesses within the financial services and government sectors.

We've also deepened our relationships with our largest clients by revamping our product suite and by proposing long-term solutions that cater to businesses during the pandemic situation.

We have continued to grow our market penetration of industrial estates and business parks through targeted pre-wiring.

Pre-wiring significantly reduces the time that it takes to connect a new customer and so is a very worthwhile investment. We will continue to strategically pre-wire to assist with new client acquisition.





As part of our strategy to provide a broader range of services we've grown our penetration of business to business satellite broadband transmission.

This is a highly useful product for businesses who are in rural areas or for those who frequently conduct business offshore.

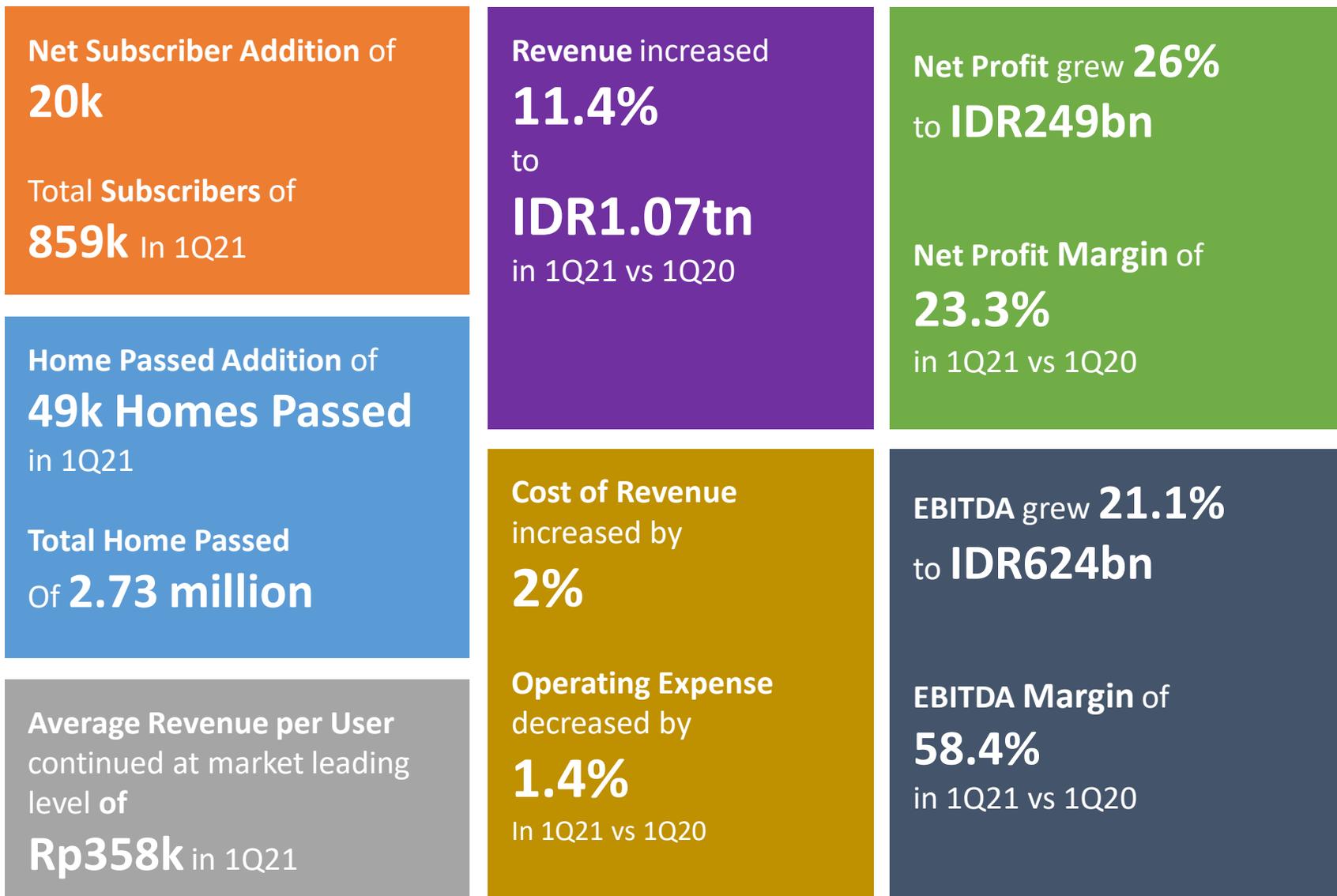
We continue to penetrate the satellite broadband market with Link Nets complete satellite solution to customers across Indonesia.

 **Chief Financial Officer**  
Mr. Johannes



“The future of our business remains bright. While we are heavily focused on our migration project we continue to plan for the future to ensure that we can drive shareholder value through growing our network and subscriber base as well as continuing to effectively manage our cost base.”

# 1Q21 Results at Summary



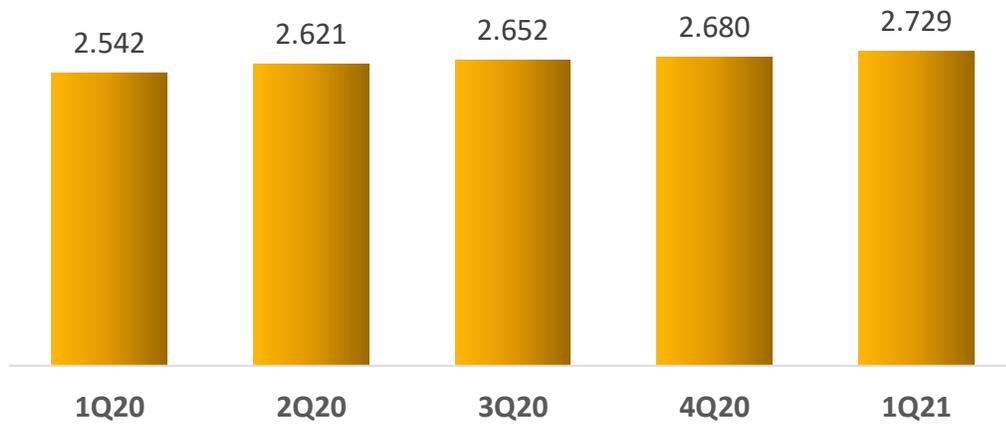
## Migration Project – On Track and Under Budget

- We are pleased to announce the revised guidance for our migration CAPEX, which we've now revised down from Rp3 trillion to Rp2.5 trillion.
- This naturally has a positive impact on our cash flow but also as we continue to beat our budget it also reduces future depreciation forecasts as well. The reduction of Rp500 billion in CAPEX will reduce future depreciation by approximately Rp33 billion per year over the 15 year accounting life of the assets.

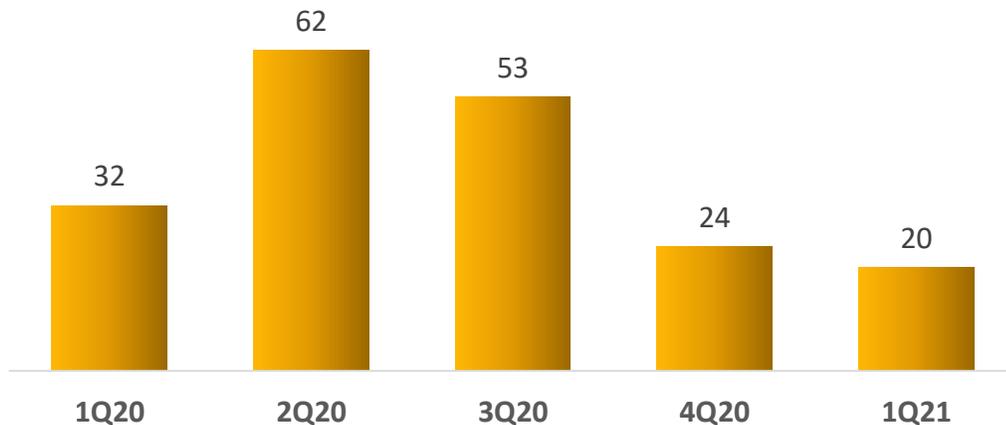
Cost Components (% of Revenue)	FY19A	FY20A	FY21F	2H22F
<b>Cost of Sales</b>				
ICON + Pole Rental % of Revenue	1.8%	3.6%	3.6%	0%

# Financial and Operational Results per Quarter 2020 – 1Q21

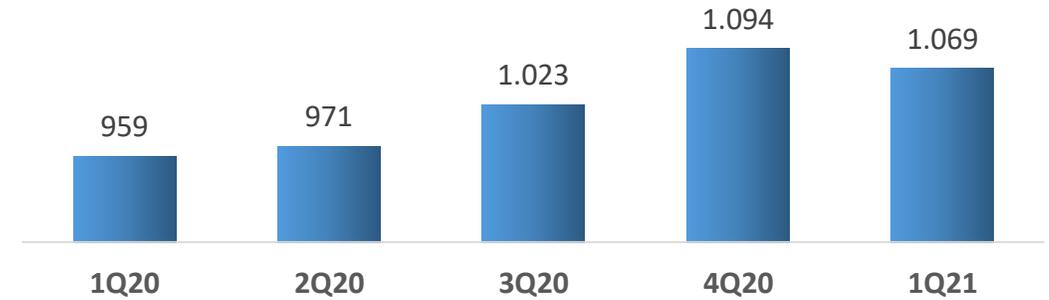
Total Homes Passed (in '000)



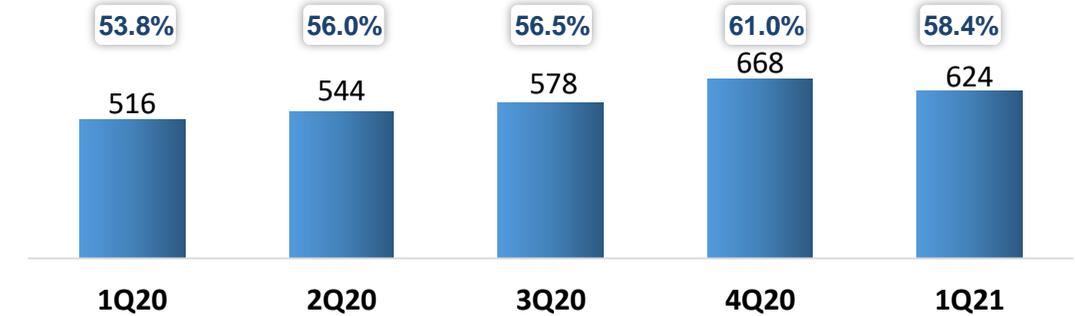
Net Subscriber Additions ('000)



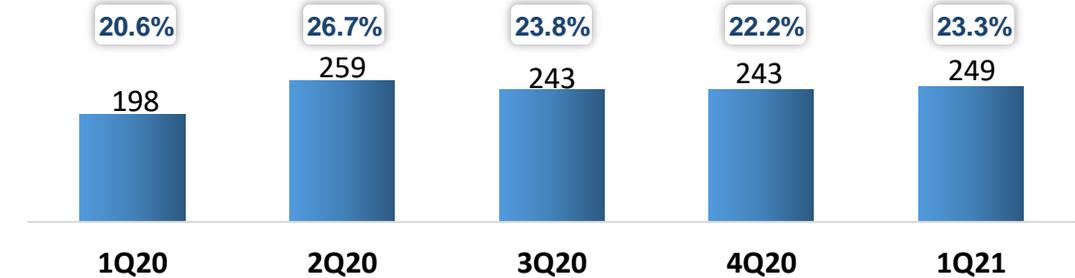
Revenue (IDR bn)



EBITDA (IDR bn)



Net Profit (IDR bn)



# Cost of Sales and OPEX

Cost Components (% of Revenue)	1Q20	FY20	1Q21	FY23F
<b>Cost of Sales</b>				
Content Cost % of Revenue	9.3%	9.1%	9.1%	7.8%
Internet Cost % of Revenue	6.2%	4.8%	4.1%	3.8%
ICON + Pole Rental % of Revenue	3.6%	3.6%	3.6%	0%
<b>OPEX</b>				
Sales & Marketing Expense % of Revenue	9.5%	9.0%	8.4%	8.5%
General & Administration Expense % of Revenue	14.7%	12.5%	13.7%	13.7%

## Fixed Line Broadband

- Link Net's customer used on average **320GB** per month
- ARPU is **US\$25 (Rp358k)** per month for a bundled internet and pay tv service
- Assuming 50% of ARPU is for internet, the price of 320GB is **US\$12.50 (Rp250k)** per month
- Cost per GB is approx. **US\$0.04 (Rp547)** per GB
- Cost per Set Top Box is between US\$30-50

## Mobile Broadband

- Cost per GB on average is **~US\$0.31 (Rp4,300)** per GB
- Cost of outdoor antenna approx. **US\$30 (Rp42,000)**

## Satellite Broadband

- Cost of delivery per GB on average is **~US\$2 (Rp28,000)** per GB
- Cost of Set Top Box is approx. **US\$2-3k (Rp28,000,000 – Rp42,000,000)**

**Thank You**

**linknet**

[www.linknet.co.id](http://www.linknet.co.id)