



Link Net

PT Link Net Tbk
Corporate Presentation
April 2016

Link Net

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Lippo Group Business Segments



LIPPO GROUP

BANKING & FINANCE



PROPERTY & REAL ESTATE



SHOPPING MALLS

53 Malls



RETAIL & STORES

411 Stores



HOTELS & RESORTS

HOTEL ARYADUTA
IMPERIAL KLUB GOLF

HEALTH CARE

20 Hospitals



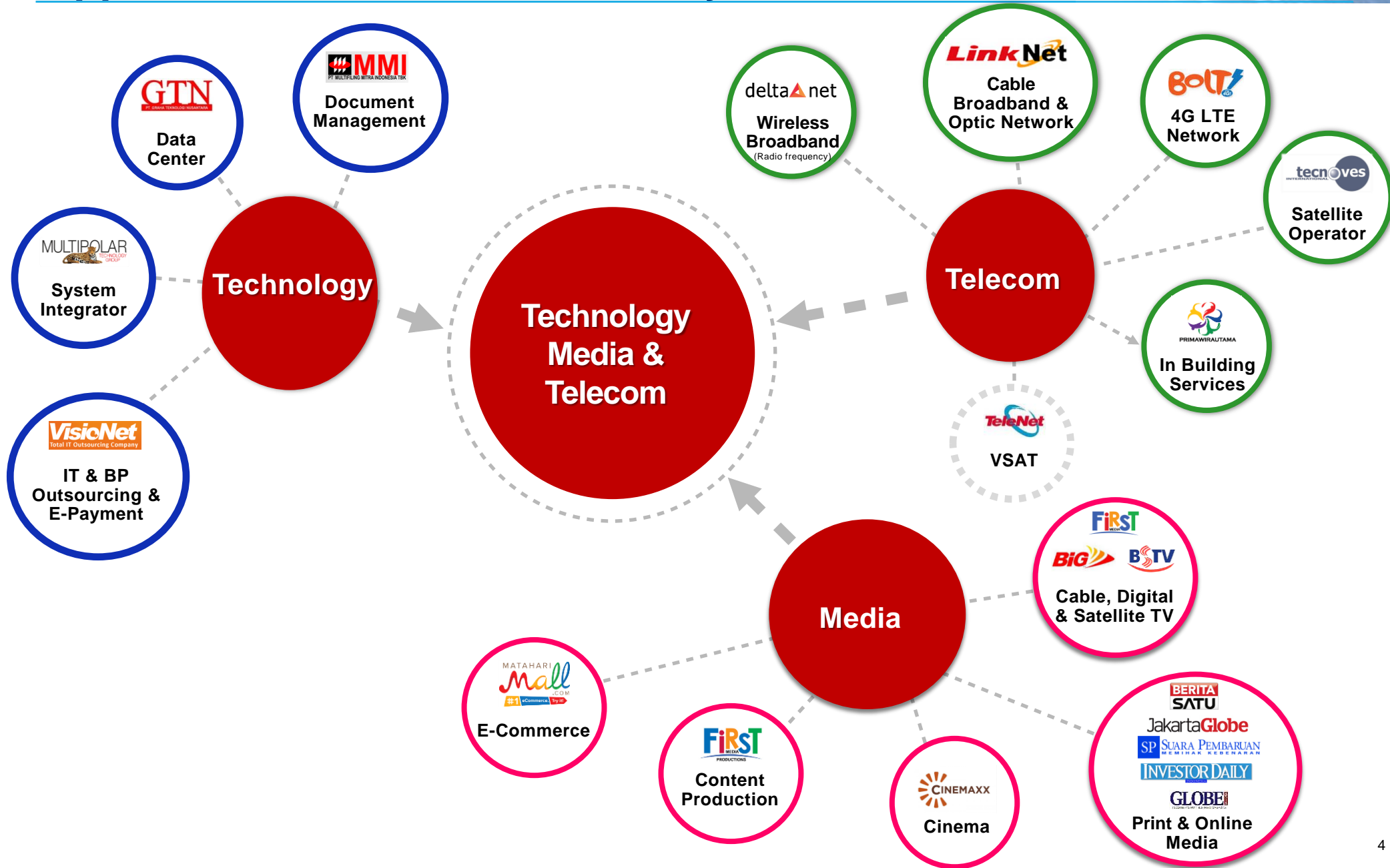
UNIVERSITY & SCHOOLS



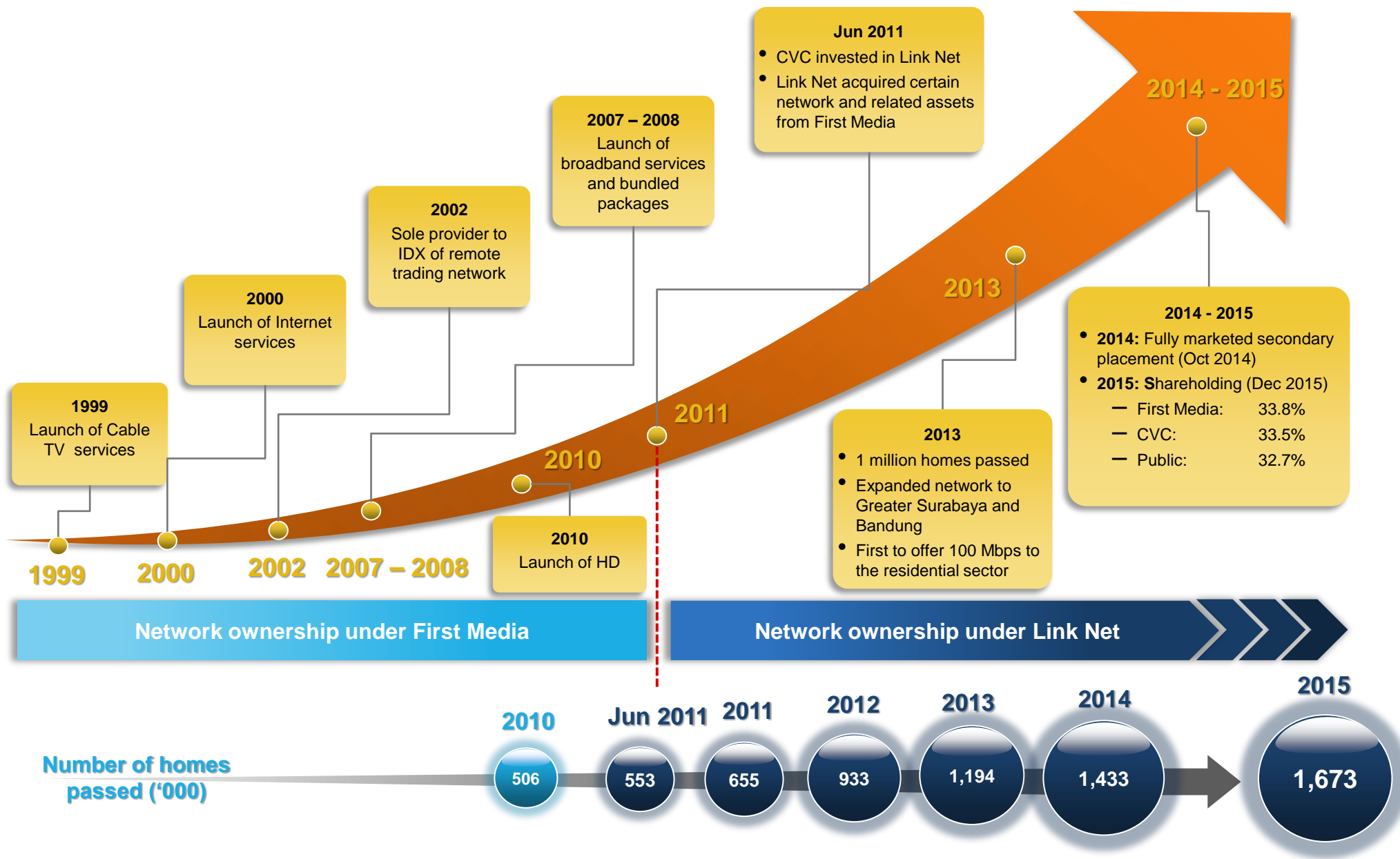
TECHNOLOGY, MEDIA & TELECOM (TMT)



Lippo TMT – An End to End Ecosystem



Link Net – Key Milestones



Indonesia – A Large & *Exciting* (Underdeveloped) TMT Market

Indonesia today...

Large population base	251 million people ^(a)
Young population	54% of Indonesians under 30 years of age ^(a)
High GDP growth CAGR	5.8% real GDP growth rate ^(b)
Consumption driven economy	Consumption contribute to over 59% ^(d) of GDP
Urbanization with GDP concentration in cities	53% ^(f) urban population contributed to 74% ^(f) of GDP
Under-penetrated broadband	6.1% fixed broadband penetration rate ^(c)
Under-penetrated pay TV	10.0% pay TV penetration rate ^(c)

...with a highly compelling macro story

4 th largest by population country ^(c) in the world
One of the youngest ^(c) populations in the world
One of the fastest growing economies in the world ^(b)
Consumer class to grow by 90 million ^(e)
71% ^(g) urban population to contribute 86% ^(g) of GDP
Of the highest fixed broadband growth of 10.8% CAGR ^(h) in the world
Fast Pay TV growth of 8.8% CAGR ^(h)

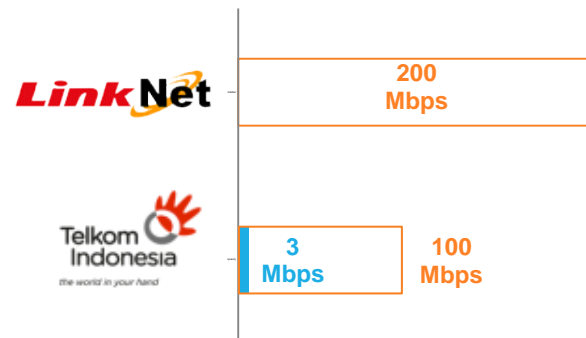
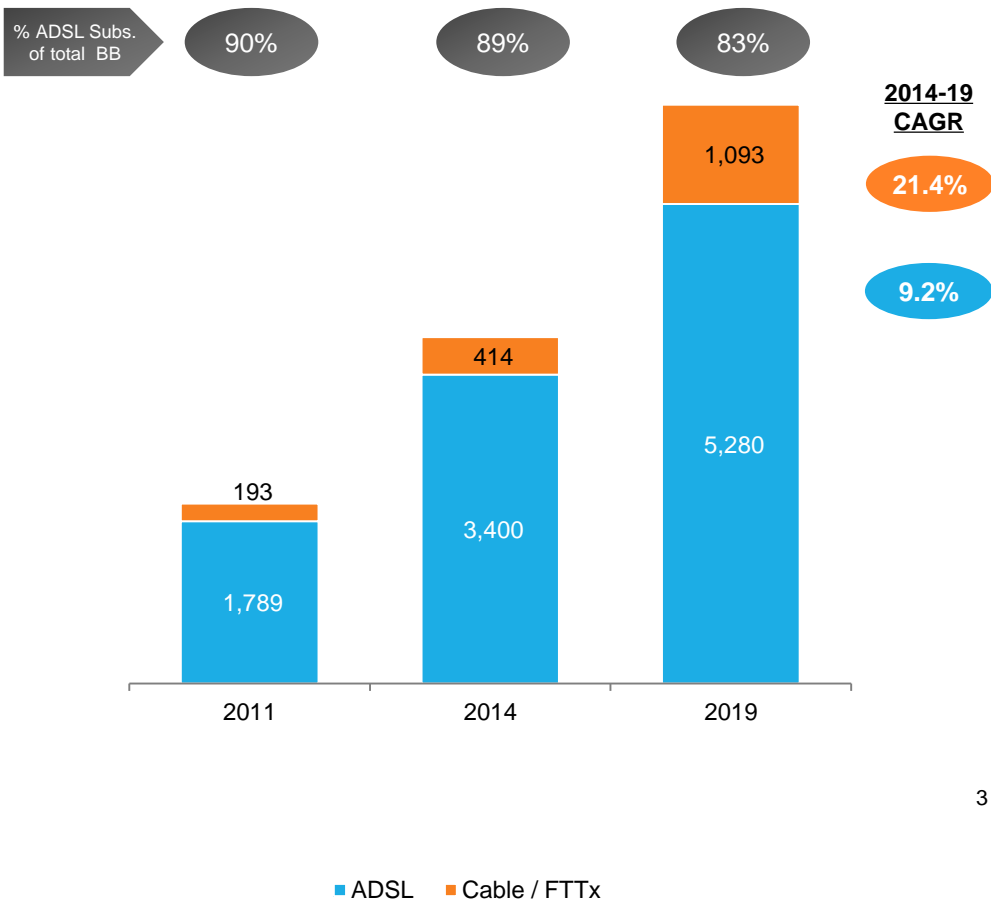
Indonesia is a large and attractive cable market with faster growth in larger cities

(a) Based on 2015, Source: Media Partners Asia
 (b) 2014 – 19 CAGR, Source: Media Partners Asia and BMI
 (c) Based on 2015, Source: Media Partners Asia
 (d) Based on 2013, Source: Nielsen
 (e) Growth from 2010 to 2030, Source: McKinsey Global Institute
 (f) Based on 2010, Source: McKinsey Global Institute
 (g) By 2030, Source: McKinsey Global Institute
 (h) 2014-19 CAGR, Source: Media Partners Asia
 Source: World Bank, Media Partners Asia, McKinsey Global Institute

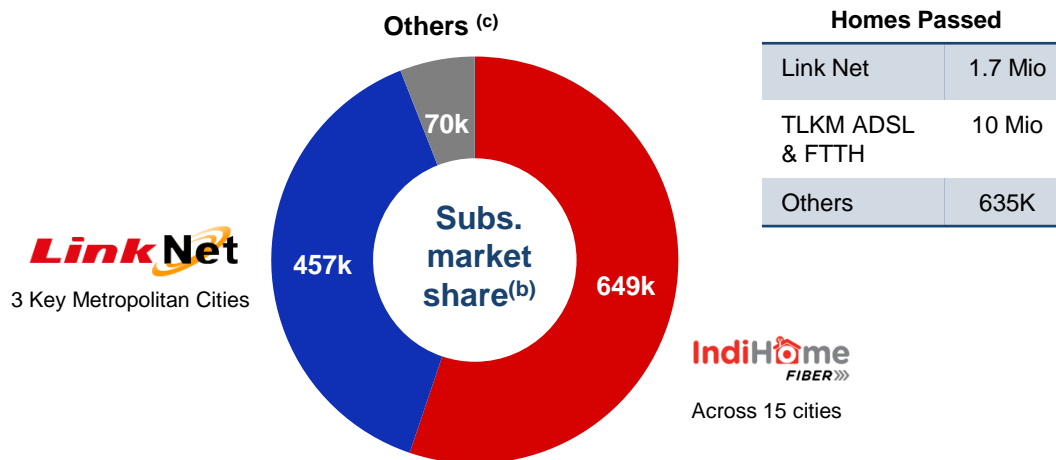
Link Net – Leading Provider of Broadband & IP Services Driving Adoption of *Internet of Things* via its NGBB^(a) Network

Large and fast growing market with strong demand...

...with Link Net as the leading provider of broadband and IP services driving the adoption of Internet of Things...



...and the anchor provider to affluent AB households in Indonesia's top 3 metropolitan cities



(a) NGBB defined as Next Generation Broadband
 (b) Source: TLKM and Link Net based on Company data as of Dec 31, 2015
 (c) Source: "Others" data based on MPA 1H2015 (MNC Play, Biz Net and My Republic)

First Mover Advantage in an Industry with Significant Barriers to Entry

In contrast to others...



Link Net has **top tier personnel** with **substantial expertise and track record** in **quality system roll out**, developed over many years of pioneering experience



Link Net's significant **experience in working with community leaders** and delivering on its promises lend to difficulties in getting communities approval on the part of new players with unproven track record



Link Net's quality and superior service creates **"sticky" relationships with its customers and community leaders** and so these constituencies would be reluctant to switch over and provide access for any new cable construction with its attendant disruptions to daily life.

In combination...



Link Net's record for **homes passes and household penetration** of the AB market;



Its **breadth of content offerings**;




The solid relationship between **price and value** for each of its offerings;





Its reputation for **quality service** and customer support,


...create **significant barriers to entry**.


Technologically Resilient State-of-the-Art Network and Superior Content Delivery – *Driver of the Internet of Things*

-  Currently capable of high speed internet connectivity of up to 200 Mbps -- fully DOCSIS 3.0 enabled allowing clear path to speeds of up approximately **1 Gbps**.

-  **Fully owned fiber backbone and last mile^(a)** – ensuring high quality services and cost control

-  Link Net **owns and operates its own fiber lines to Singapore gateway**--from there it connects to the rest of the world

-  Supports large number of **High Definition channels and Value Added Service (VAS) - Industry leader**

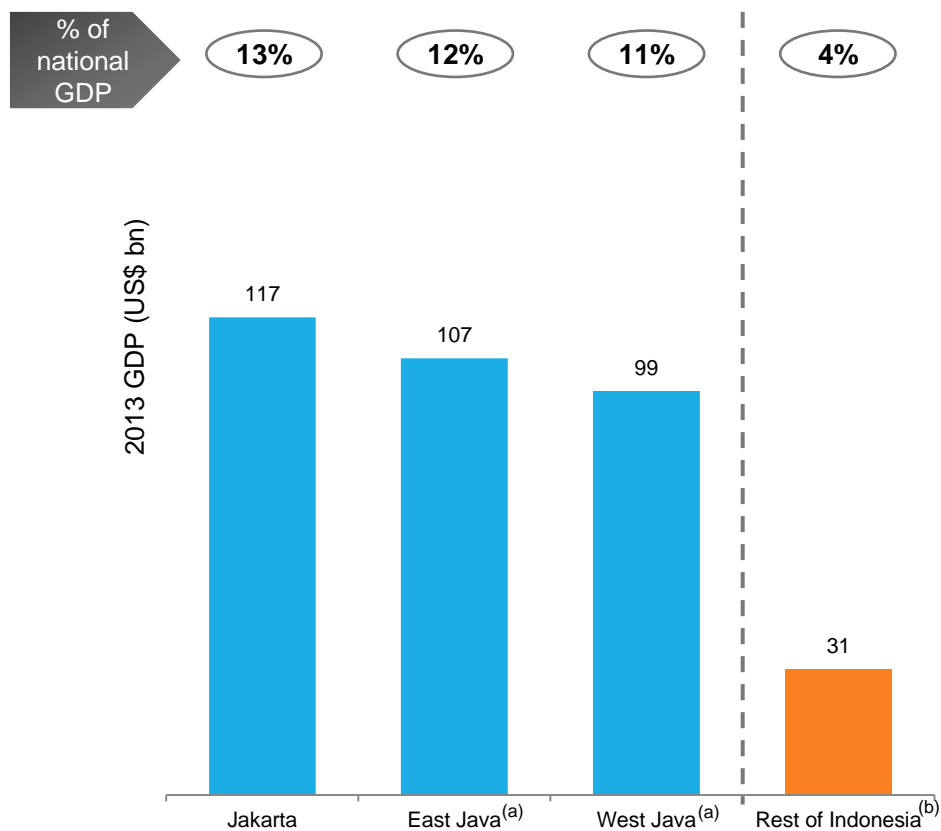
-  Low average homes-to-nodes ratio - **360 homes per node^(b)**

(a) Limited exceptions for certain last mile owned by property developers

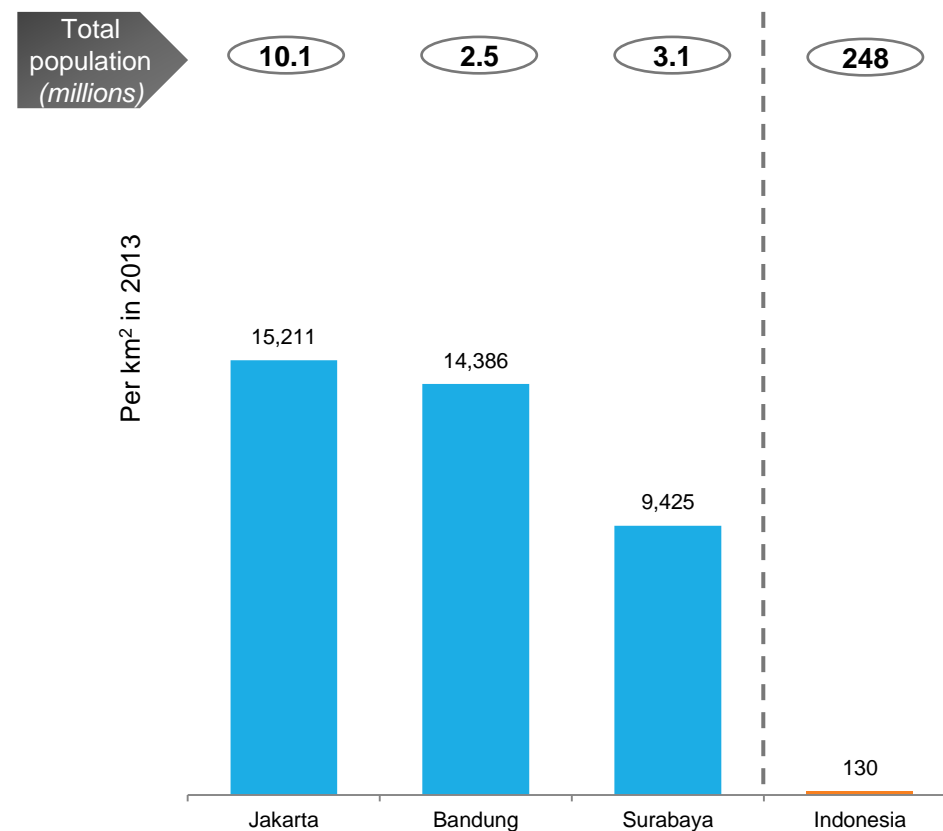
(b) Source: Media Partners Asia

Targeting the Most Attractive Cities...

Operating in provinces with high GDP



Operating in cities with high population



(a) Key cities in East Java include Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo, Lamongan and West Java includes Bandung
 (b) Rest of Indonesia figure is the average of the remaining top 12 provinces as per BPS excluding Jakarta, East Java and West Java
 Source: Media Partners Asia, Biro Pusat Statistik (BPS), Nielsen and Company data

Addressable market for Link Net

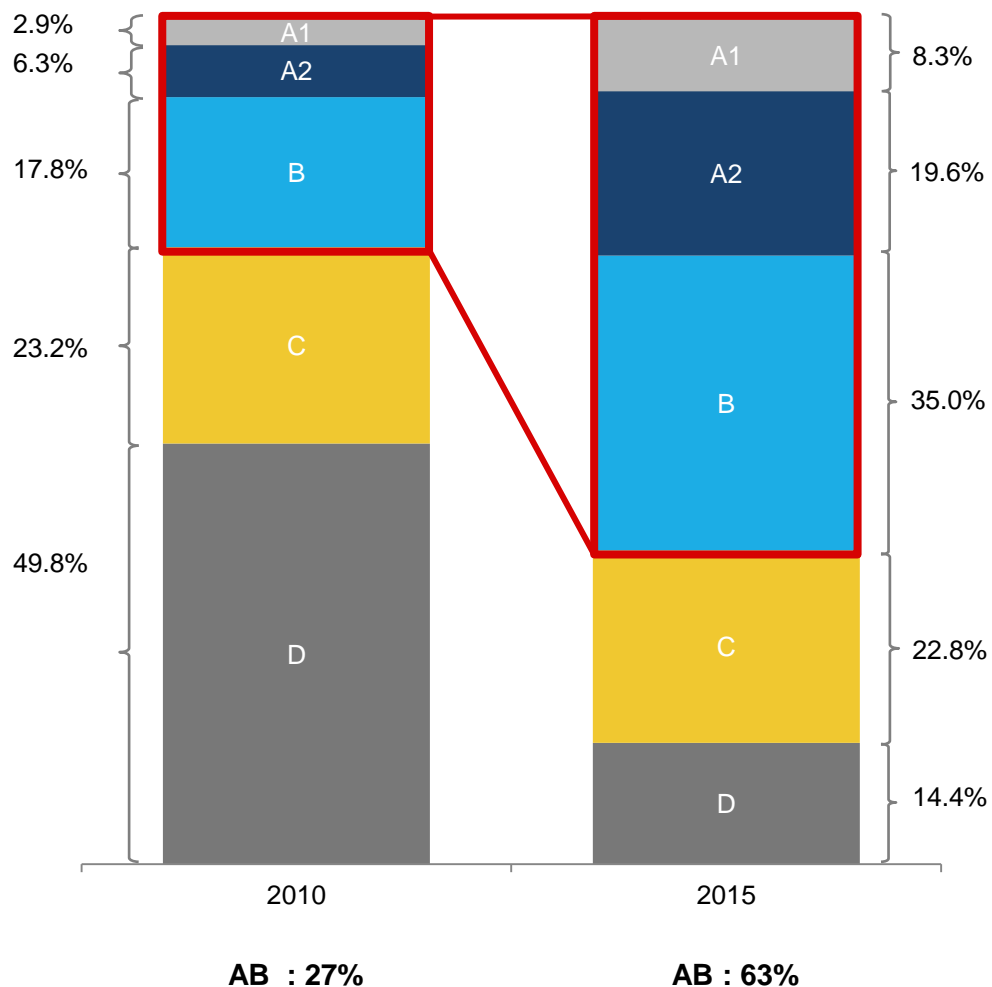
...and Attractive & Fastest Growing Demographics – the Millennials

Households in Link Net's operating cities^(a)

Link Net's target market

Monthly expenditure (IDR '000) ^(b)

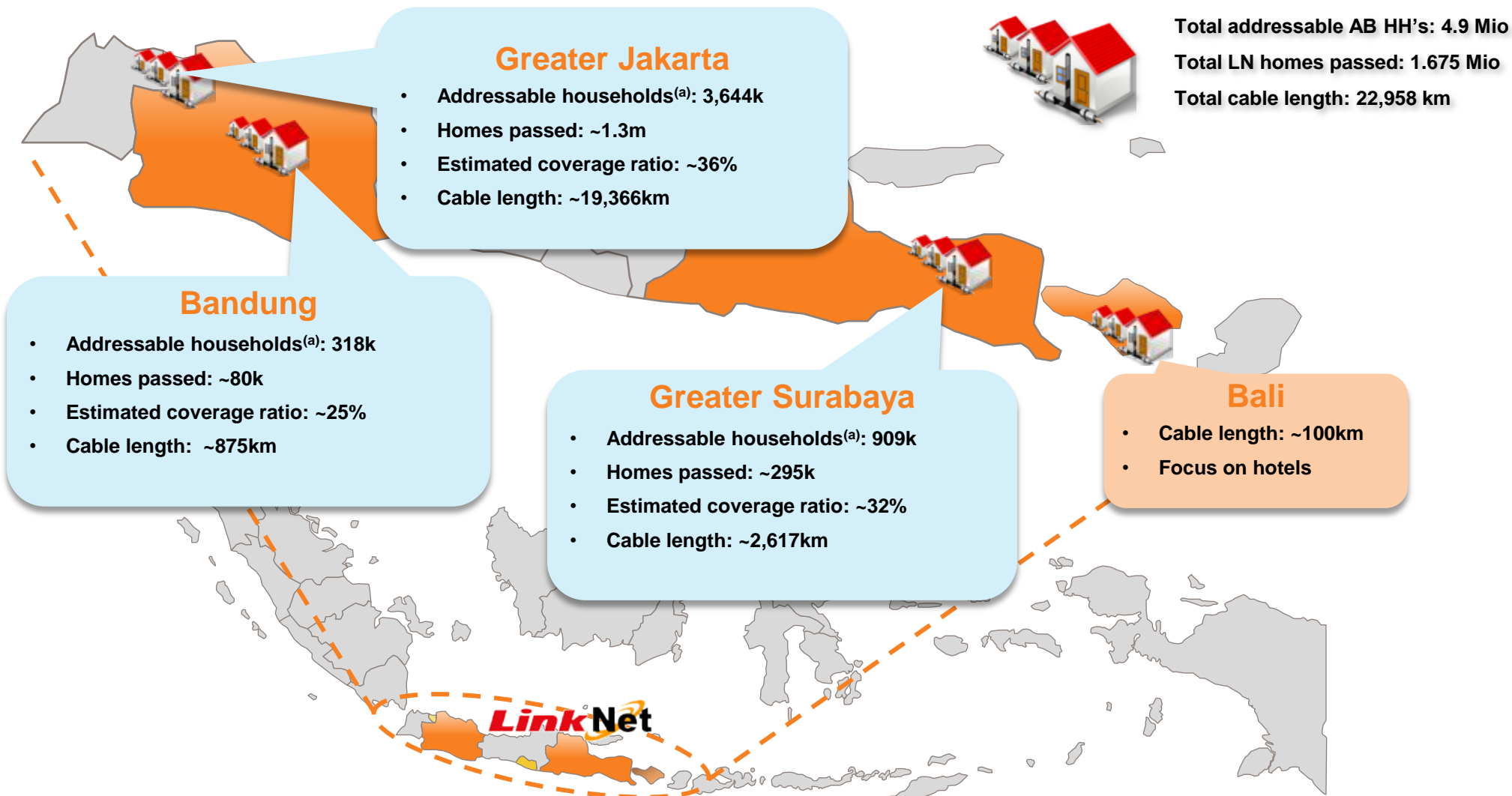
A1	10,000
A2	5,000
B	3,000
C	2,000
D	1,500



- Increasing proportion of AB segment since 2010
- AB segment less price sensitive
- Un-satisfied demand for quality broadband and premium entertainment experience
- Affordable entry level packages also available for C1 segment customers
- ABC1 growth driven by robust Indonesia macro fundamentals where lower income CDE HHs moving to affluent AB households

(a) Cities include Greater Jakarta, Greater Surabaya and Bandung
 (b) Based on Nielsen 2015, AB HH monthly expenditure updated to Minimal Rp 3 mio
 Source: Nielsen, assuming 4 pax per household

Significant Room to Grow in Existing Cities

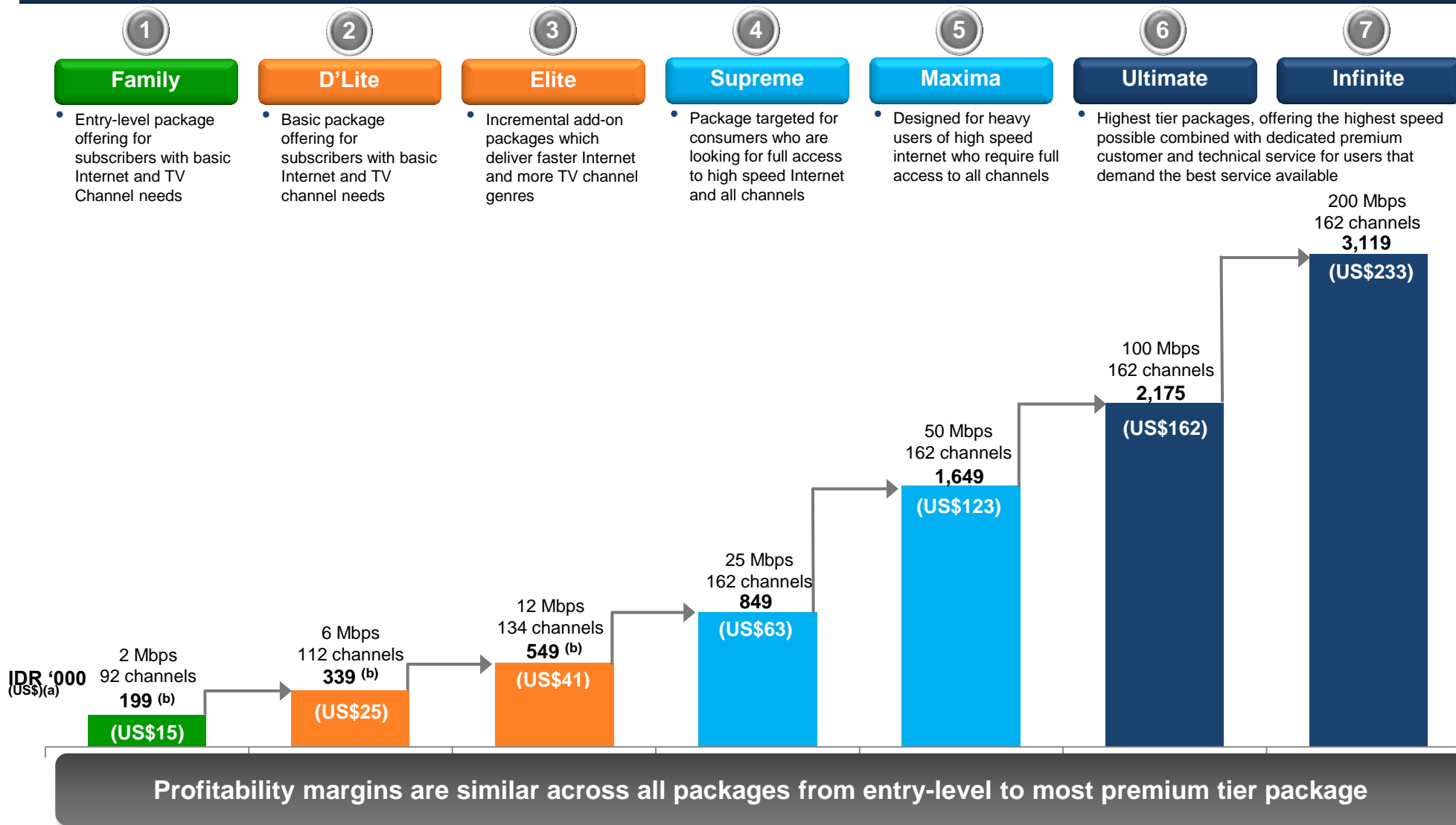


Link Net NGBB player of SCALE, operating in the most attractive metropolitan areas of Indonesia

(a) Based on addressable market of AB SES households as defined by Nielsen (2015 definition of SES classification)
 Source: Company data (As of FY 2015), World bank, Media Partners Asia

Winning Price-Value Range of Broadband and Video Content Packages

Catering to a large addressable market from a large C population to a fast growing AB segment



(a) US\$1 : IDR13,400 exchange rate was assumed

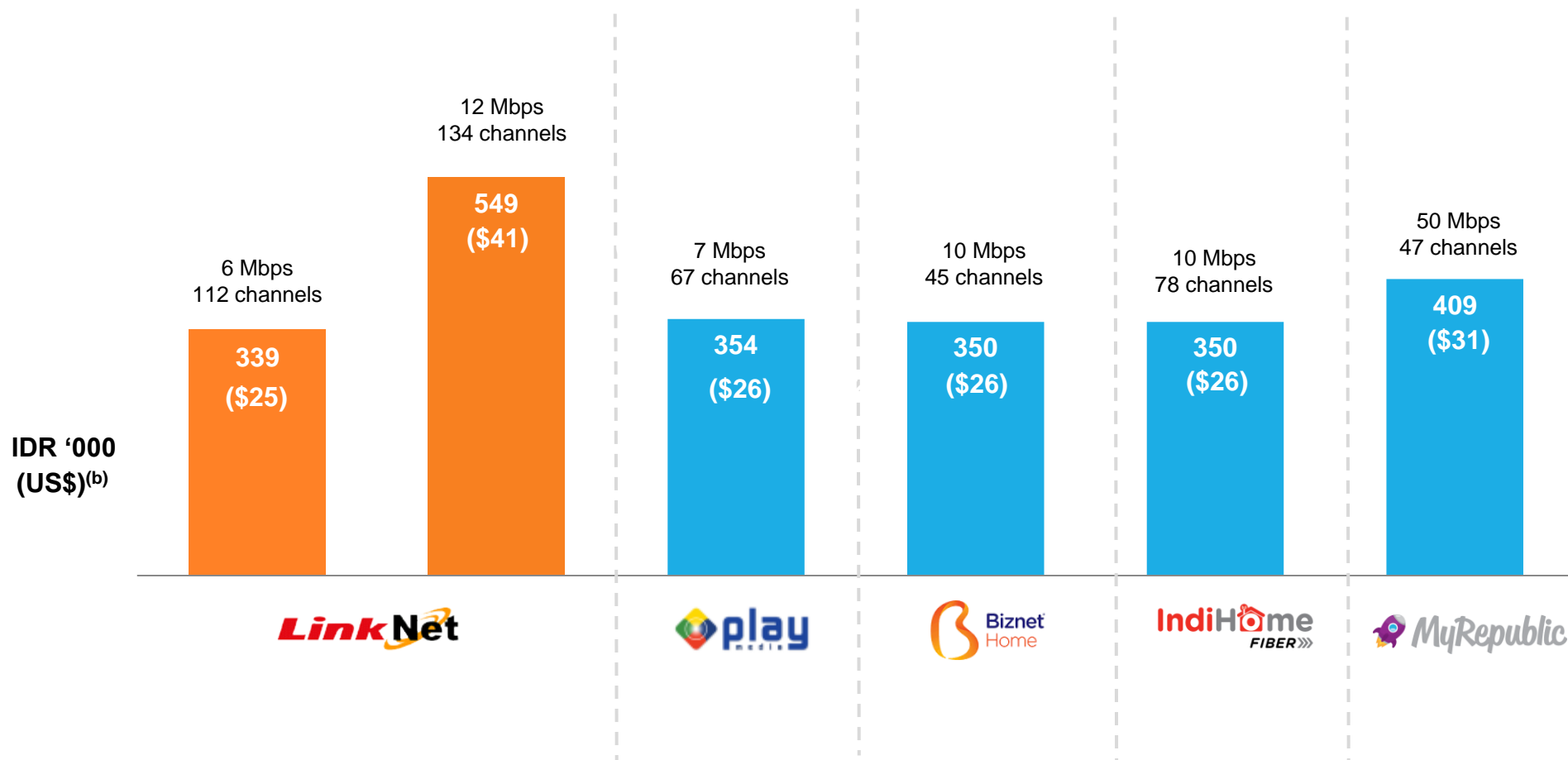
(b) Wireless Wi-fi STB for FAMILY and D'LITE & D3 Modem for ELITE

Source: Company data as of Jan. 2016

All price is including CPE rental All price exclude 10% VAT

Combo Packages of Video and Broadband Services Deliver Added Value to Customers

Package price^(a)



(a) For comparison across products, packages analysed offer 2, 6 & 12 Mbps for Link Net vs. others similar mbps Internet package

(b) USDIDR exchange rate of 13,400

Source: Company data, Corporate websites of service providers as of 1 Jan 2016

Consistent ARPU Growth based on Proven Track Record of Package Enhancements and Upselling

Continuous innovations to stay ahead of the game

Maintain speed leadership with launch of 200 Mbps across all cities

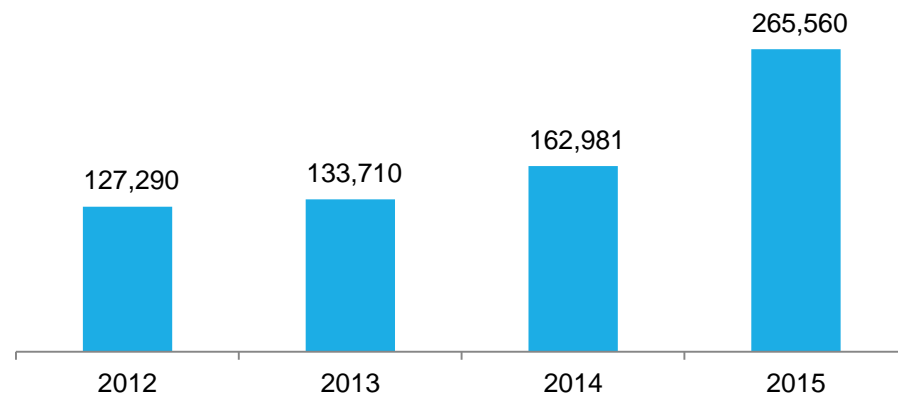
TV Anywhere service on First Media Go

Multi-Screen Interactive Experience with next generation cable OTT STB



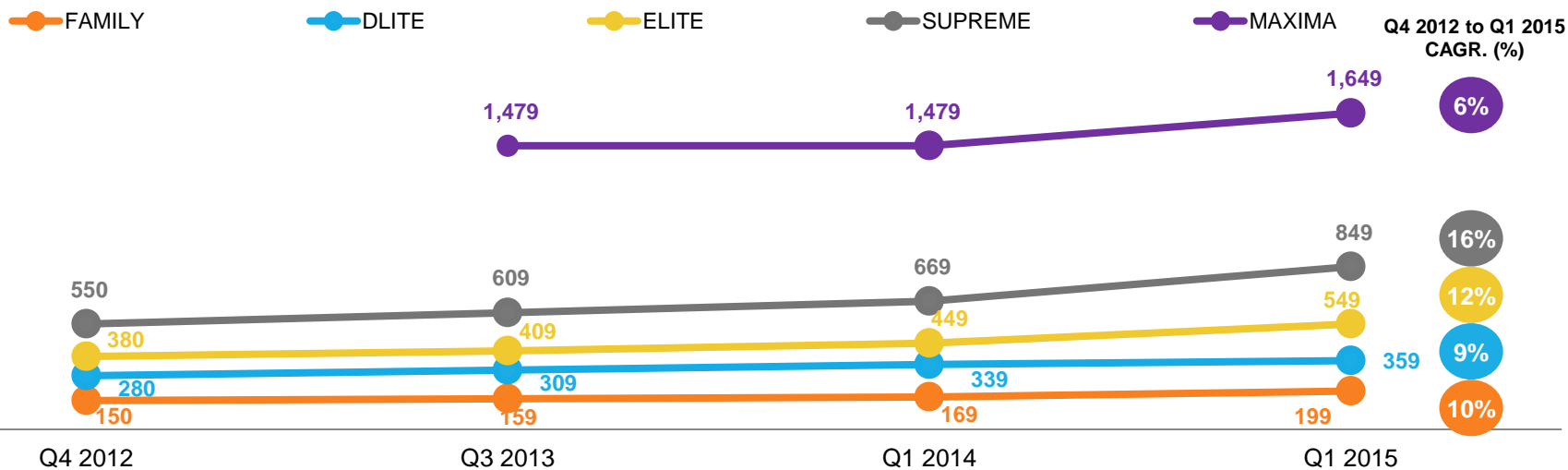
Successful upselling through focused marketing efforts

No. of upgrade transactions each year



Combo Product Retail Price Movement^(a)

(IDR '000s)



(a) 2015 Combo repackage
Source: Company data

Key Highlights – FY 2015

- ☑ **Delivered profitable growth, amidst external pressures**
 - Revenue of IDR 2,564 billion, up 20% yoy
 - EBITDA of IDR 1,450 billion, up 18% yoy
 - NPAT of IDR 640 billion, up 15% yoy

- ☑ **Strengthened foundation for further growth in 3 key coverage areas**
 - 1.67 million homes passed, added 240k in 2015
 - 456,876 broadband RGUs, added 65k in 2015
 - 432,889 cable TV RGUs, added 70k in 2015
 - 95% bundling rate, up 2% from FY14

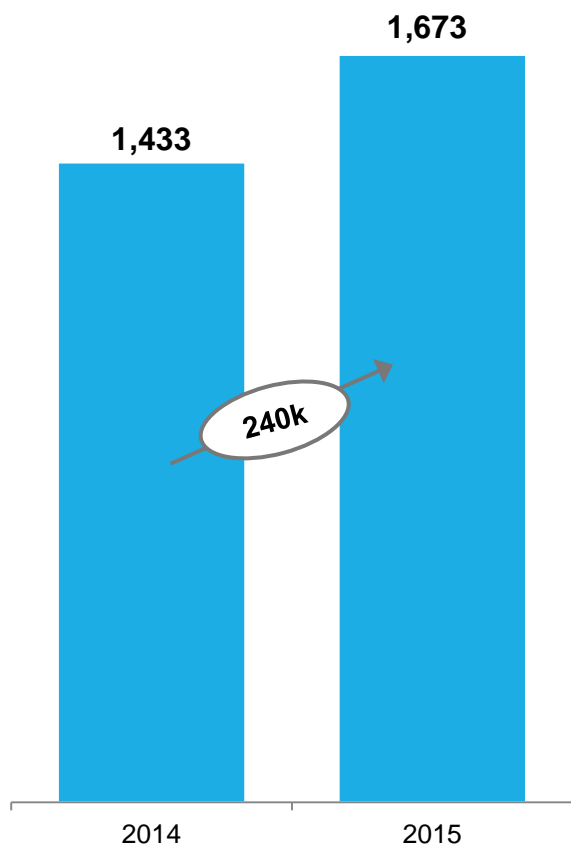
- ☑ **Sustained premium ARPU at IDR 415k, reflecting strong brand equity**

- ☑ **Continued growth momentum in enterprise business, with major strategic wins across broad range of client businesses**

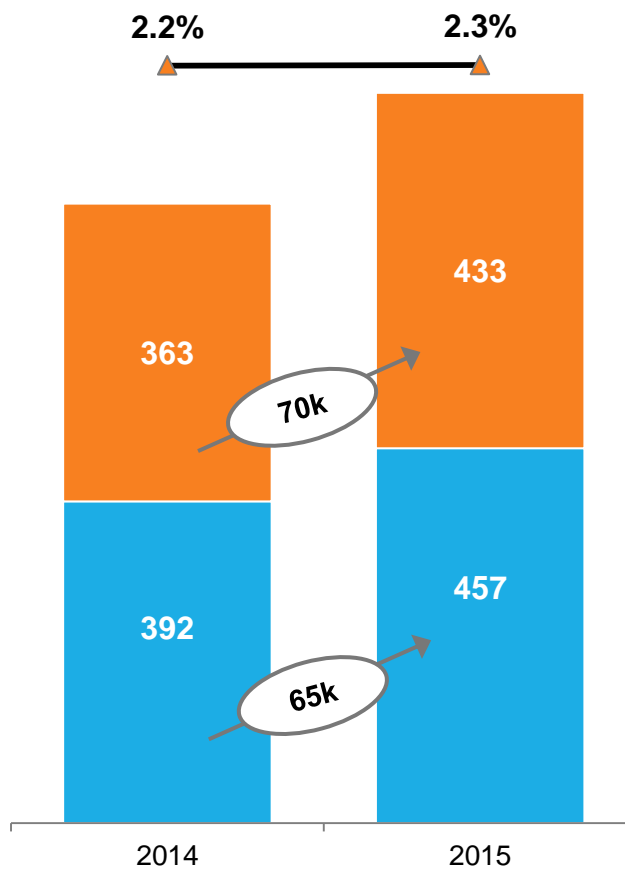
- ☑ **For the 5th time since 2011, received the “2016 SWA Customer Loyalty Award Net Promoter Leader” in both Broadband/Fixed ISP and Pay TV categories, a testament to our customer-focused strategy**

Solid Operating Performance despite External Pressures

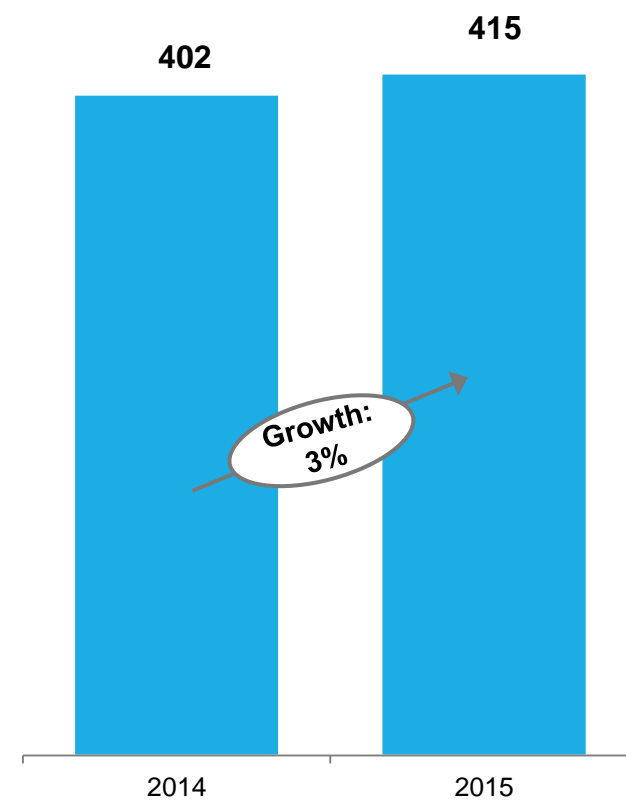
Homes Passed ('000)



RGUs ('000) and Churn %



ARPU (IDR '000)

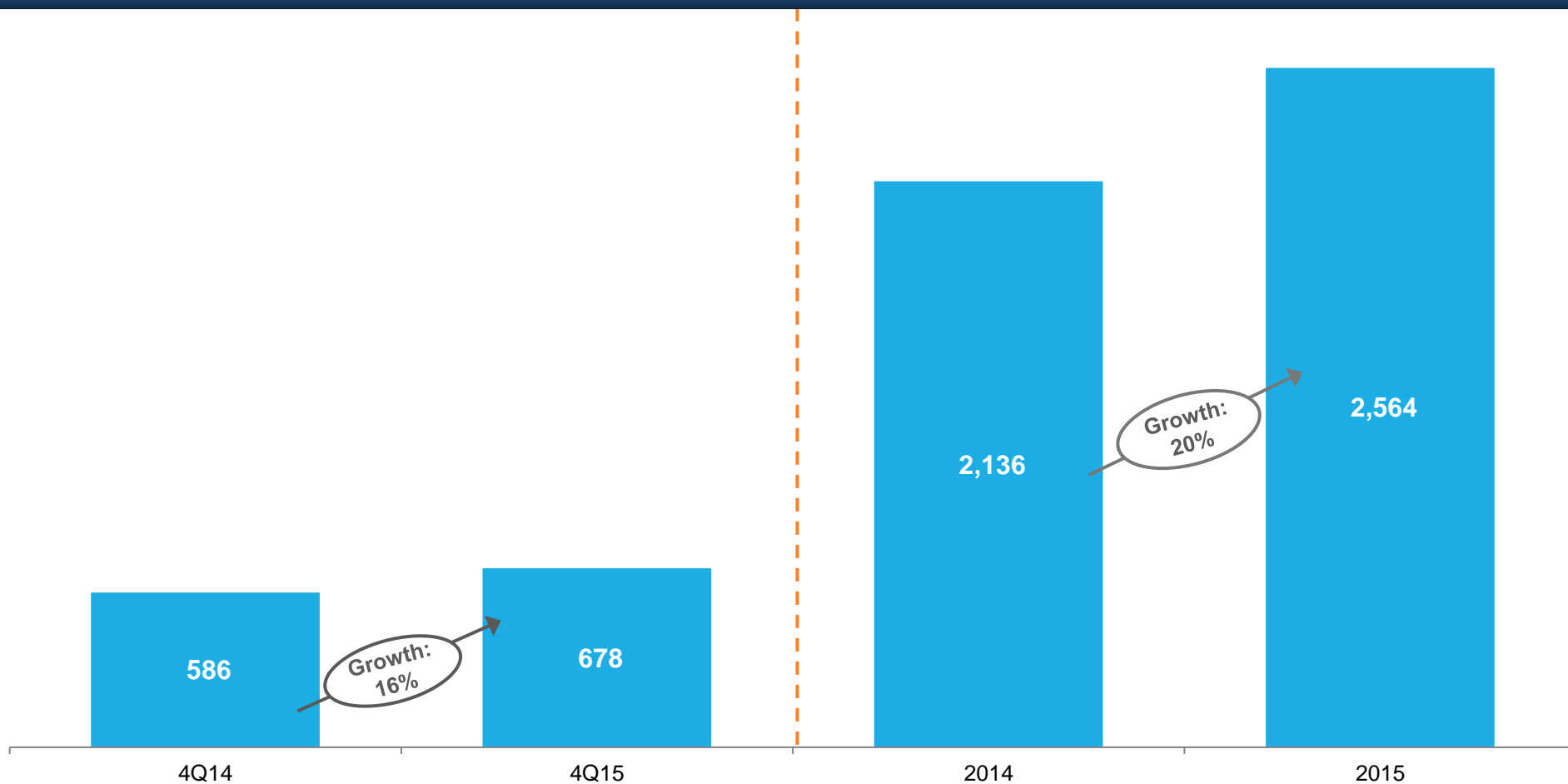


■ Broadband ■ Cable TV ▲ Churn Rate

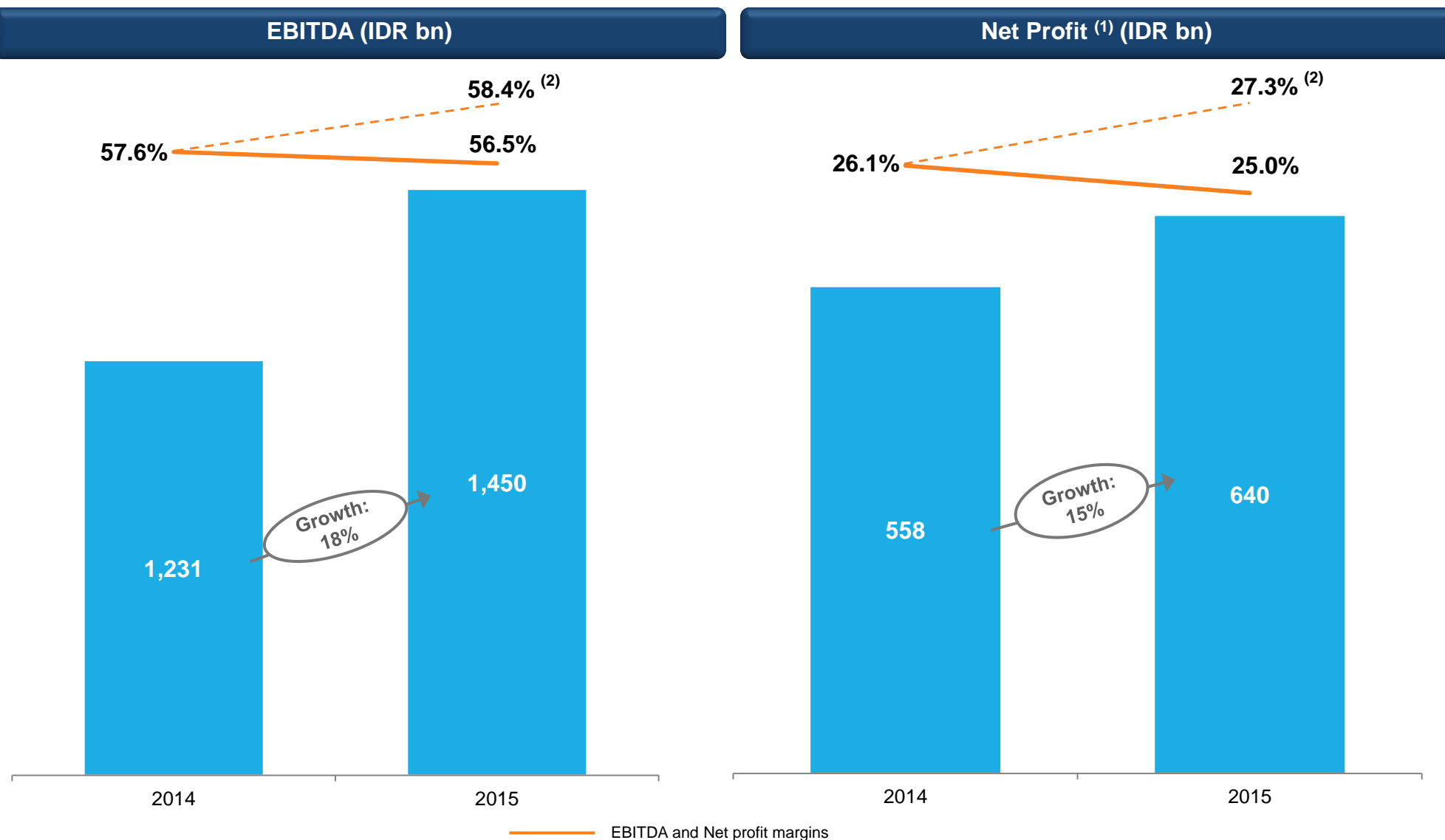
■ Blended ARPU

Consistent Revenue Growth across All Areas of Business

Revenue (IDR bn)



Continued Margin Improvement in Constant Currency Terms



(1) Finance costs in FY 2015 P&L include net foreign exchange translation losses of IDR 30 billion and financing and payment channel charges of IDR 43 billion.

(2) Represents approximate pro-forma margins in constant currency terms

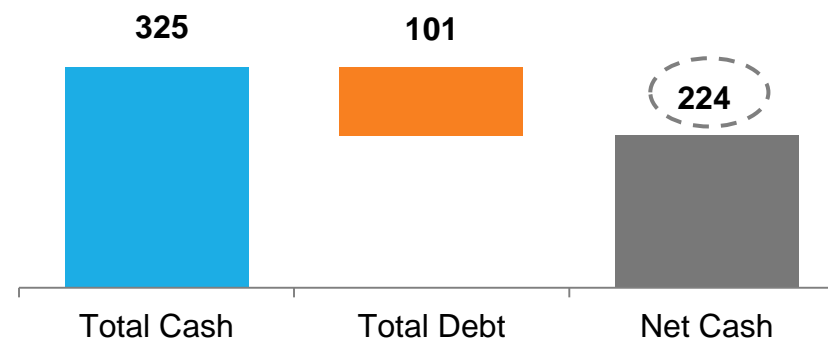
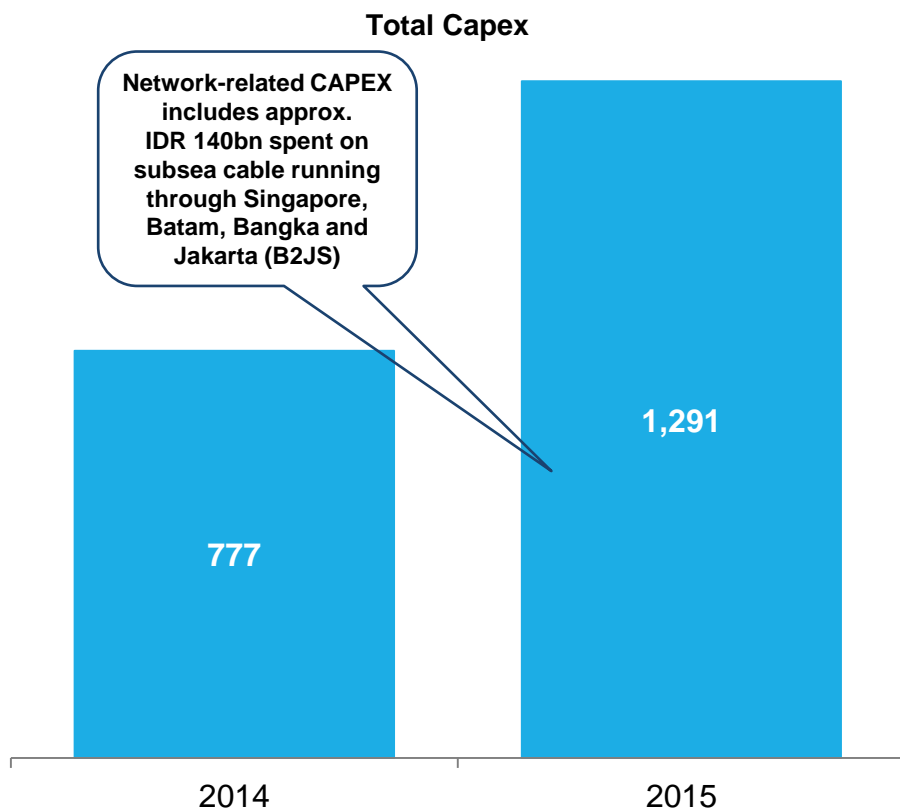
Free Cash Flow Positive while Continuing to Expand Network

CAPEX Breakdown⁽¹⁾ (IDR bn)

Net Cash with Large Leverage Capacity⁽²⁾ (IDR bn)

Total Capex

Network-related CAPEX includes approx. IDR 140bn spent on subsea cable running through Singapore, Batam, Bangka and Jakarta (B2JS)



⁽¹⁾Capital expenditure (CAPEX) represents additions to property, plant and equipment (PPE).

⁽²⁾Cash and debt position as of December 31, 2015. Debt mainly comprises vendor financing.

Key Investment Highlights



Large and attractive market

1

- Indonesia most underpenetrated and fastest growing broadband market globally^(a,b)
- Link Net focus on large & fast growing affluent core households, in most important metropolitan cities
- Large residential consumer base and untapped enterprise upside



Pioneer NGBB player of scale

2

- The leading provider of broadband and IP services driving the adoption of the Internet of Things via its Next Generation Broadband Network (NGBB)
- Dominant NGBB & Cable TV player in Indonesia, with proven track record
- Natural entry barriers^(c) from first mover advantage



State-of-the-art network

3

- Technologically resilient and highly redundant network
- Future Proof -- Highly upgradable network
- Abundant Link Net owned fiber trunks to support future international bandwidth and data growth



Superior product offerings & services

4

- Differentiated product packages offering significant value to customers
- High take-up of bundled packages
- Best-in-class services



Strong financial performance

5

- Highly attractive financial profile with visible strong growth trajectory and operating outlook
- High margins despite continued expansion



Deep and experienced management team

6

- Complementary skills and expertise with strong domestic and international track record

(a) Most underpenetrated and fastest growing broadband market globally out of the top 20 largest global economies

(b) Source: Based on 2013 data from MPA

(c) Source: Media Partners Asia



Link Net

Thank you

Link Net