



Link Net

PT Link Net Tbk
9M 2015 Results Update
October 30, 2015

Link Net

Key highlights – 9M 2015

-  **Delivered steady financial results and growth over last 3 quarters amidst external pressures**
 - Revenue of Rp 1,887 billion up 22% YoY
 - EBITDA of Rp 1,079 billion up 21% YoY
 - NPAT of Rp 461 billion up 10% YoY

-  **Posted solid operating performance, further strengthening foundation for continued growth**
 - 1.60 million homes passed, added 172k YTD Sep. 2015
 - 436,778 broadband RGUs, added 45k YTD Sep. 2015
 - 410,294 cable TV RGUs, added 47k YTD Sep. 2015
 - Maintained High 95% bundling rate (+1% vs. Q2'15)

-  **Record quarter acquisition numbers in other wise low season Q3; Nett addition 34K boosted by re-marketing efforts and re-visiting sales comission structure**

-  **Enterprise acquired more flagships accounts & secured additional strategic partnerships with reputable corporations in Q3 2015. YTD 1,564 accounts recorded**

-  **FTTH Pilot finalized and launched in September 2015**

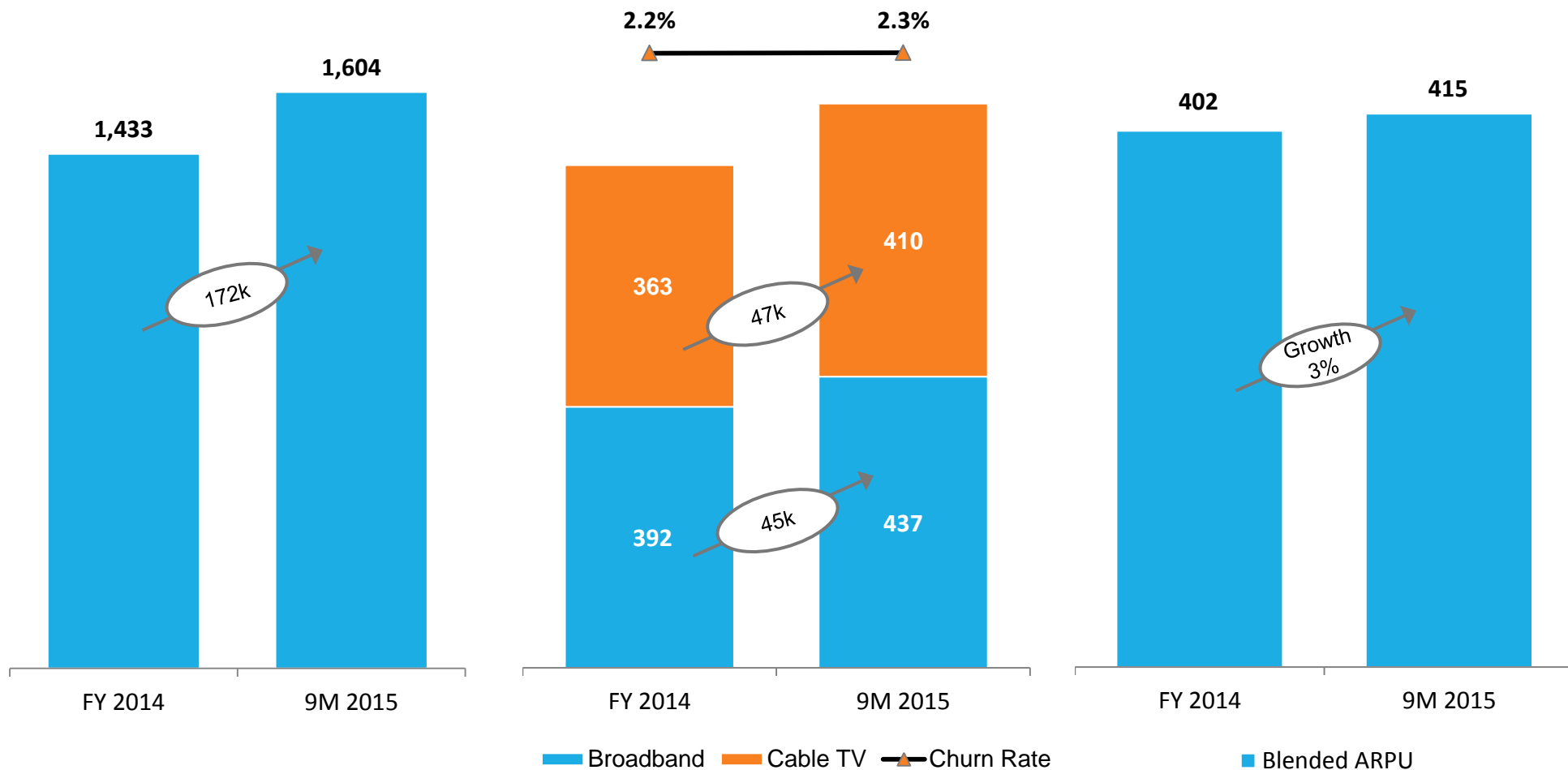
-  **Recent Awards & Accolades:**
 - PEFINDO25 Stock Price Index
 - 2015 Frost & Sullivan Indonesia Excellence Awards

Solid operating performance despite external pressures

Homes Passed ('000)

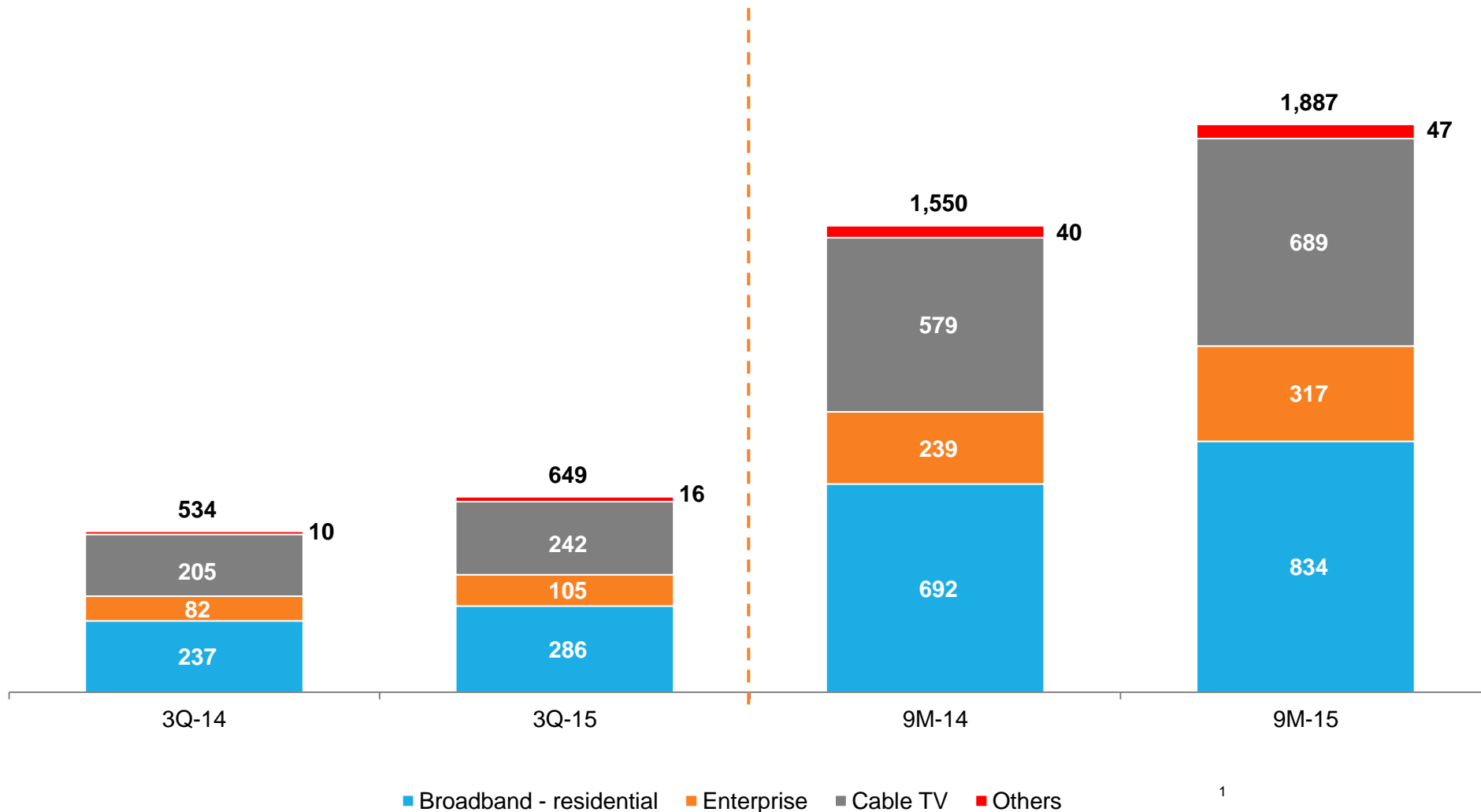
RGUs ('000) and Churn%

ARPU (IDR '000)



Steady revenue growth in 9M 2015

Revenue (IDR bn)

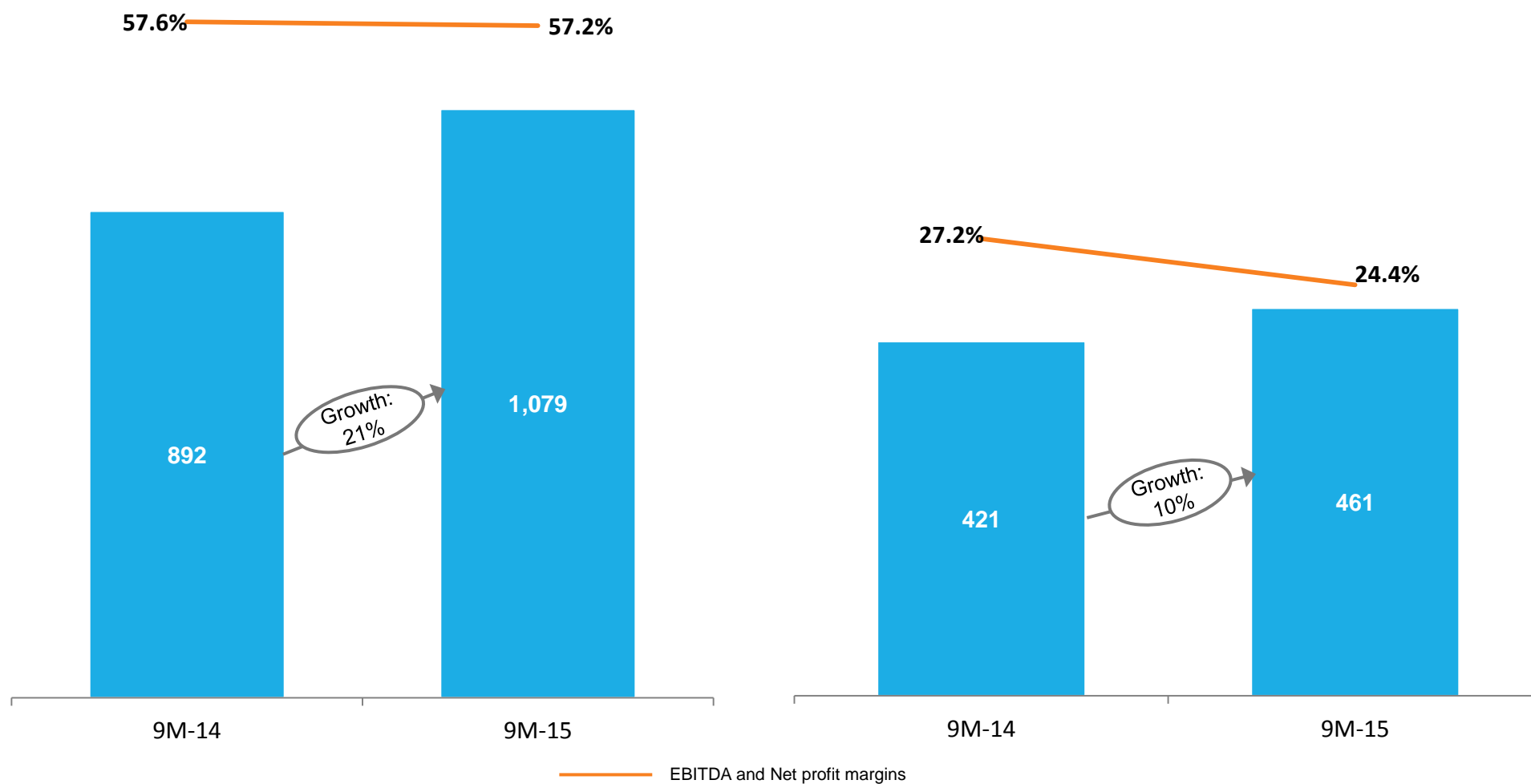


¹ "Others" primarily includes revenue from payment charges, installation charges and auxiliary equipment sales.

Healthy margins maintained

EBITDA (IDR bn)

Net Profit ⁽¹⁾ (IDR bn)

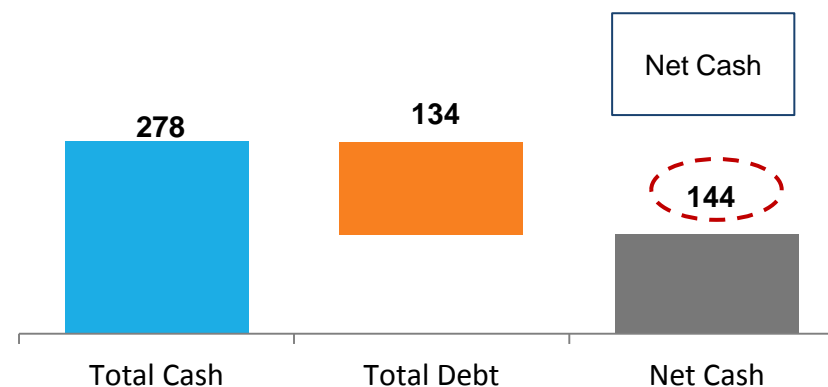
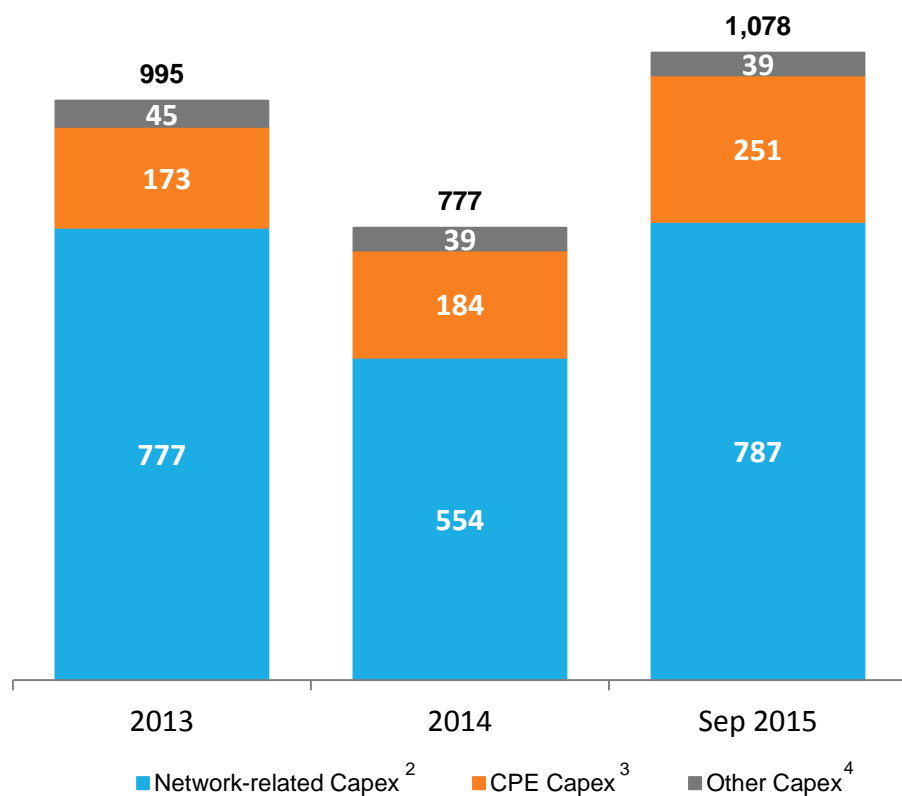


¹ Finance costs in YTD September 2015 P&L include net foreign exchange losses of Rp47 billion and financing and payment channel charges of Rp32 billion.

Cash flow positive despite continued expansion

Capex breakdown¹ (IDR bn)

Net Cash with large leverage capacity⁵ (IDR bn)



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

² Network-related capital expenditure is the sum of additions to head-end electronics and network service control points.

³ CPE capital expenditure is the sum of additions to converters, decoders, cable modems and set-top boxes.

⁴ Other capital expenditure is the sum of additions to land, buildings, leasehold improvements, furniture and fixtures, office equipment and vehicles.

⁵ Total cash and debt position as of Sep 30, 2015. Total debt mainly comprises vendor financing.



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Appendix

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Our strategies to drive future growth

Residential
80-85% of Revenue

- A** Expand network coverage into areas with attractive penetration potential ~ approximately 200K to 240K additional homes passed per annum
- B** Increase penetration in existing coverage areas
- C** ARPU growth of around 3% - 5%

Enterprise
15-20% of Revenue

- D** Increase penetration of large and untapped enterprise market
- E** Grow advertising sales to monetize un-utilised inventory

Profit and loss summary

(IDR bn)	Period ending Dec. 31,	9M ending Sep. 30,		3M ending Sep. 30,	
	FY 2014*)	9M 2014*)	9M 2015	3Q 2014*)	3Q 2015
Revenue	2,136.0	1,550.2	1,886.9	534.2	649.4
EBITDA	1,233.5	892.4	1,079.2	311.5	364.3
D&A	-393.4	-278.6	-372.5	-97.7	-135.7
Operating Profit	840.1	613.8	706.7	213.7	228.6
Margin %	39.3%	39.6%	37.5%	40.0%	35.2%
Finance Income	17.8	13.4	11.5	5.0	3.2
Finance Cost	-55.7	-37.9	-78.7	-17.7	-36.1
Share in Loss of Associate	-43.2	-24.2	-20.9	-9.0	0.0
Profit Before Tax	759.0	565.1	618.7	192.1	195.7
Tax Expense	-198.6	-143.9	-157.8	-48.6	-48.4
Net Profit **)	560.3	421.3	460.9	143.5	147.3
Margin %	26.2%	27.2%	24.4%	26.9%	22.7%

*) As restated for implementation of new accounting standards, among others

**) Net profit before proforma adjustment for FMTV acquisition

Balance sheet summary

(IDR bn)	As at Dec 31 2014 ¹⁾	As at Mar 31, 2015	As at Jun 30, 2015	As at Sep 30, 2015
Current Assets				
Cash and Cash Equivalents	366.8	396.6	328.4	277.9
Trade Receivables ¹	176.8	201.5	209.7	229.7
Total Current Assets	583.2	642.7	578.0	556.6
Non-Current Assets				
Property, Plant and Equipment - Net	2,693.6	2,860.1	3,114.0	3,415.7
Total Non-Current Assets	3,167.9	3,312.2	3,558.2	3,759.3
Total Assets	3,751.0	3,954.8	4,136.2	4,315.9
Current Liabilities				
Payables ¹	108.4	132.6	196.5	224.1
Current Maturities of Long-Term Debt	90.7	95.3	97.2	92.6
Total Current Liabilities	547.4	634.1	662.4	697.7
Non-Current Liabilities				
Long-Term Debt – Net of Current Maturities	91.3	72.2	49.2	41.7
Total Non-Curent Liabilities	156.8	140.9	122.6	119.5
Total Liabilities	704.2	774.9	785.0	817.2
Total Equity	3,046.9	3,179.9	3,351.2	3,498.7
Total Liabilities and Equity	3,751.0	3,954.8	4,136.2	4,315.9

Net Cash of
IDR 144bn

¹ Receivables among others include receivables from both third parties and related parties. Payables include payables to both third parties and related parties.

²⁾ As restated for implementation of new accounting standards

Economic stimulus packages recently announced by the Indonesian government

1st Stimulus – Economic Growth/Investment

- Tax holidays to pioneer Industries, in upstream metals, oil & gas refineries, basic chemicals, machinery, maritime transport, and agriculture, fishery and forestry product processing.
- Other eligibilities:
 - processing industries operating in special economic zones and public-private partnerships in infrastructure
 - Telco companies making a minimum investment of Rp500b can apply for a tax holiday
- Criteria: investors need to put at least 10% of their investment into the Indonesian banking system
- Only new (ie, not current) investments are eligible for these concessions.

2nd Stimulus – Economic Growth/Investment

- Simplification of permitting procedures. Obtain investment permits faster and cheaper from 8 days to just 3 hours
 - Eligibilities: IDR 100 billion investment (~ USD \$7 million) and to employ at least 1,000 people
- Relaxed import requirements in relation to importers' identification numbers
- Indonesian labels on imported products – to give more time to importers to attach labels on products.
- Cut tax on interest deposit with export proceeds in local banks (to boost forex liquidity) Currently income tax is 20 percent.
 - 10% tax apply 1-month USD deposits at local banks; 2.5% tax for 6-month deposits; zero tax for deposit accounts over 6-months.
 - 1-month IDR accounts, a 7.5% tax will apply; 5% tax for 3-month deposits; zero tax for 6-month (or longer)

3rd Stimulus – Cutting OPEX costs

- Prices of jet fuel, 12-kilogram LPG canisters, 92-octane gasoline Pertamina, and 90-octane Peralite have been lowered.
- Diesel price cut by IDR 200 to IDR 6,700 (USD \$0.48) per liter, effective per 10 October 2015.
- Govt. will offer a 30 % price discount for electricity to industries for usage between 11pm and 8am.
 - Companies engaged in labor-intensive sectors plagued by financial turmoil are allowed to delay paying electricity bills (up to 60% of the bill) to the next year.
- Gaz price set according to purchasing power of the fertilizer industry (Only for industries). The price of gas for other (petrochemical, ceramics, etc.) will be reduced similarly

4th Stimulus – Boost Labor Employment

- Minimum wage = previous min. wage + (previous min. wage x (% annual inflation rate during the year + % GDP annual increase during the year)). Not applicable to 8 provinces (min. wage still below basic cost of living). Instead granted an extra 5% rise annually for the next 4 years.
- Govt subsidized micro loans (KUR).
 - Expand eligibility: individuals, legal entities with productive micro, small and medium enterprises (MSMEs), Migrant workers working overseas, family members migrants with a fixed income.
 - include: agriculture, fisheries, manufacturing, trade (excluding trade of imported goods, fish exports, domestic rice trade and F&B retail), services. KUR interest rate slashed to 12% from 22%
- Widening capability of Indonesian Export Financing Agency (LPEI) to subsidize and provide cheaper loans for export-oriented companies to expand

5th Stimulus – deepen Capital markets

- Discount on income tax for asset revaluation before 2016. Currently at 10%, to be lowered to 3% (if done by end 2015), 4% (if done by 1H16) and 6% (if done in 2H16).
- Removed double taxation for REITs issued in Indonesia. REITs to be considered a single entity, unseparated from holding company. Dividend paid by the special purpose company [SPV] to the REITs [investor] is not a tax-object anymore