PT Link Net Tbk

FY 2019 Earnings Conference Call

Today's Presenters

Marlo Budiman
Chief Executive Officer

Victor Indajang
Deputy CEO

Agus Setiono
New Roll-Out Director

Santi Basuki
Marketing Director

Agung Wiguna
Enterprise Sales Director

Joel Ellis
Head of Investor Relations

Sutrisno Budidharma
Residential Sales Director

Johannes
Chief Financial Officer

Edward Sanusi
Chief Technology Officer

Link Net – Business Contingency in Time of COVID-19

Link Net – Business Contingency in Time of COVID-19

Guiding Principles and Implementations:

1. **Establish BCP Committee and Work Safety and Health (SMK3) task force**

2. **Whenever possible, maximize WFH approach**

3. **For those that Work from Office (WFO), apply and ensure Team A/Team B concept as needed and Ensure Social Distancing**

4. **Continuous Building Discipline on APD (Self Protection Kits)**

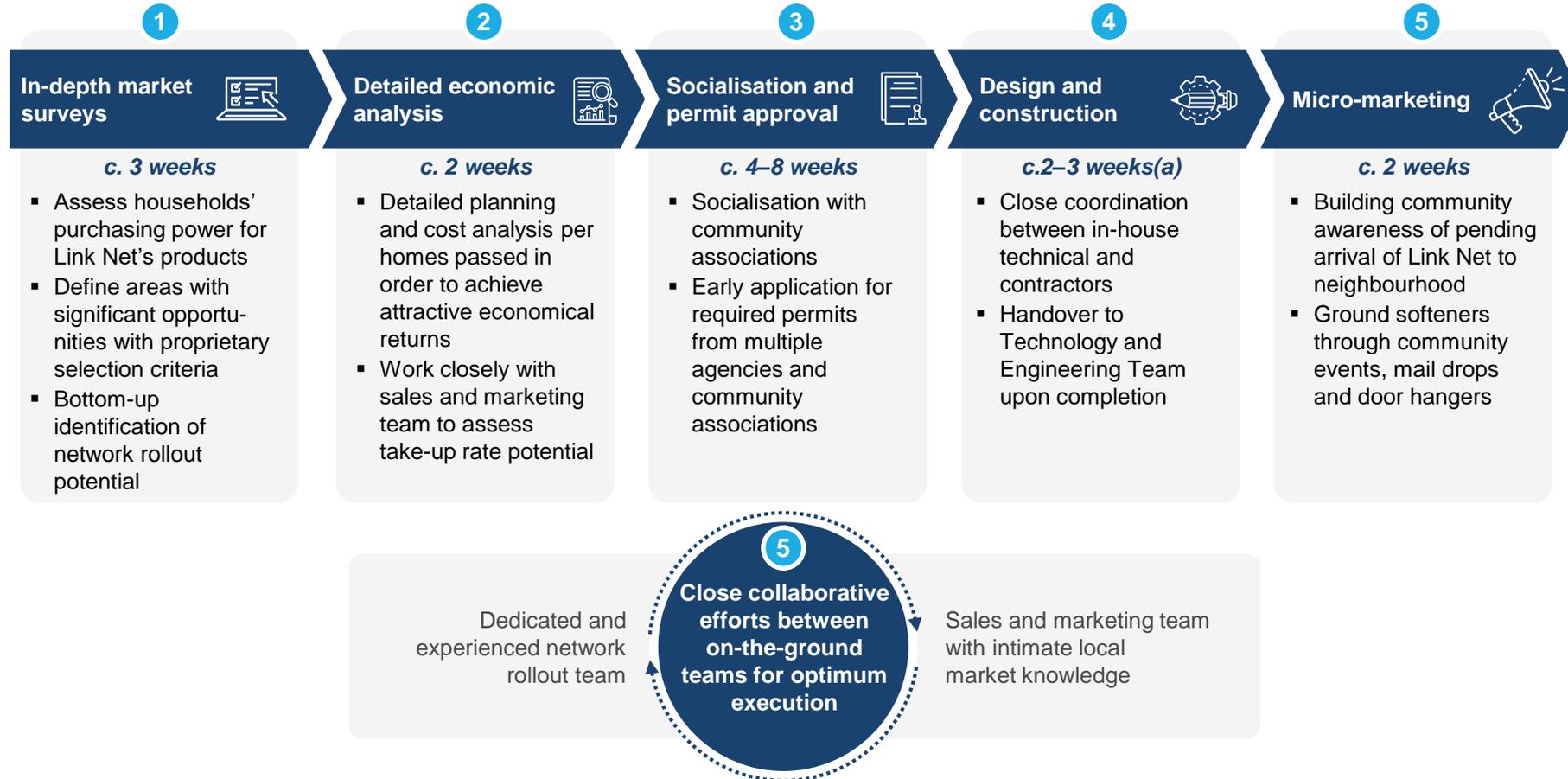**Link Net Outreach to Communities - First Squad Home Services**

Network Roll Out

Proven and Structured Approach to Network Build-Out

Link Net

NETWORK AND TECHNOLOGY
Extensive multi layered rollout process

① In-depth market surveys	**②** Detailed economic analysis	**③** Socialisation and permit approval	**④** Design and construction	**⑤** Micro-marketing
c. 3 weeks	*c. 2 weeks*	*c. 4–8 weeks*	*c.2–3 weeks(a)*	*c. 2 weeks*
▪ Assess households' purchasing power for Link Net's products ▪ Define areas with significant opportunities with proprietary selection criteria ▪ Bottom-up identification of network rollout potential	▪ Detailed planning and cost analysis per homes passed in order to achieve attractive economical returns ▪ Work closely with sales and marketing team to assess take-up rate potential	▪ Socialisation with community associations ▪ Early application for required permits from multiple agencies and community associations	▪ Close coordination between in-house technical and contractors ▪ Handover to Technology and Engineering Team upon completion	▪ Building community awareness of pending arrival of Link Net to neighbourhood ▪ Ground softeners through community events, mail drops and door hangers

⑤ Close collaborative efforts between on-the-ground teams for optimum execution

Dedicated and experienced network rollout team

Sales and marketing team with intimate local market knowledge

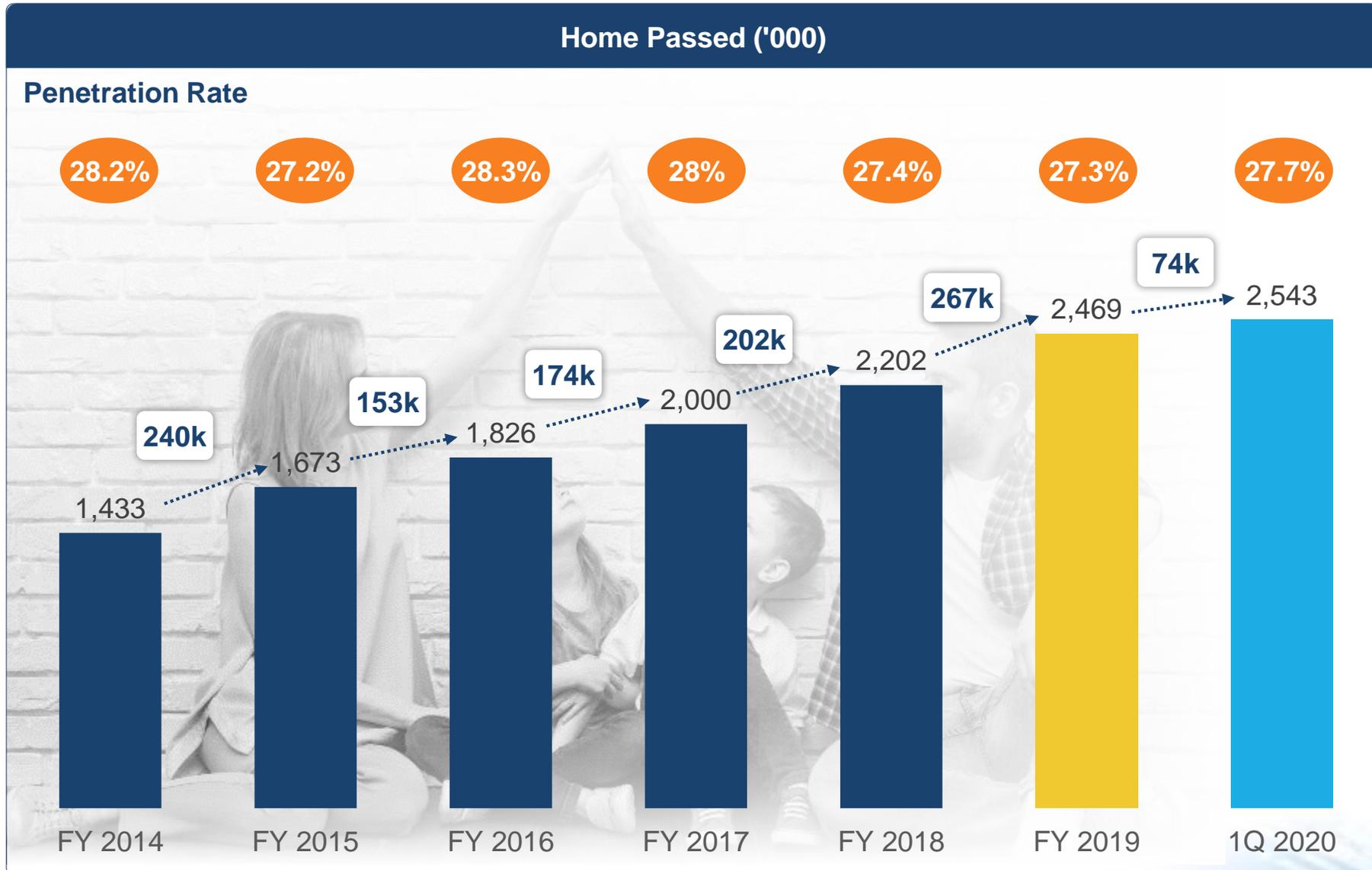**Ability to effectively manage a time-consuming, multi-layered rollout process, difficult for competitors to replicate.**

Note: (a) Assuming aerial network rollout. Design and construction take 4 to 6 weeks if underground rollout.

Link Net's Footprint

Medan & Batam

Bandung & Semarang

Greater Surabaya, Malang & East Java

Greater Jakarta

Bali

Total LN homes passed: **2.55 million**

City	HP Built by NRO			LN Portofolio as of Q1 2020
	Q4 2019	FY 2019	Q1 2020	
Greater Jakarta	26,981	91,877	18,894	1,737,435
Serang	1,366	1,366	260	1,626
Greater Surabaya	2,935	26,339	6,071	425,989
Bali	4,806	13,485	5,154	18,704
Bandung	5,181	27,616	5,808	167,868
Medan	6,341	27,090	9,119	56,638
Batam	6,823	28,183	3,445	55,233
Solo	5,931	22,907	8,631	33,393
Semarang	11,885	28,677	10,938	39,617
Cilegon			3,078	3,078
Cirebon			1,701	1,701
Purwakarta			2,006	2,006
Tegal			3,080	3,080
Jogja			2,529	2,529
Kediri			4,118	4,118
Total	**72,249**	**267,540**	**84,832**	**2,553,015**

Home Pass

Home Passed ('000)

Penetration Rate

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	1Q 2020
28.2%	27.2%	28.3%	28%	27.4%	27.3%	27.7%
1,433	1,673	1,826	2,000	2,202	2,469	2,543

240k · 153k · 174k · 202k · 267k · 74k

Sales

Effective Sales Channel Strategy Through Sales Force Management

LinkNet

Deploying a combination of push and pull channel strategies …

Push

Residential Homes
- 2,400+ Direct sales agents
- 111 Outbound sales agents

Condos / Apartments
- 5 business development managers
- 40 account managers

Focused Micro-marketing Efforts by Regions
- 10 Region Heads,
- 44 Territory Managers

Pull

New/Existing customers
- 23 Inbound sales agents
- 35 Tele-retention agents
- 300+ Contact center team

… through effective sales force recruitment and management

Attract and recruit the best	Investments in training & development	Retention of top performers
• Agency management through performance-based remuneration structure	• Product and sales training • Staff development and career advance-ment	• Robust commission structure that rewards both ARPU and connects • Retention of top performers through incentive schemes

Subscriber Acquisition Strategy

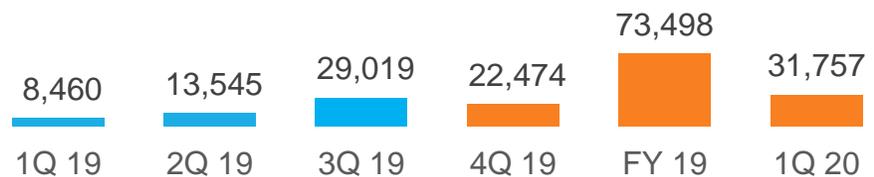|	
Locality Promo	Promotions **Tailored** to any Location Leading to Higher Subscriber Acquisition
Network Extension	**Maximizing Return on Investment through** Strategic Network Extension
Account ID's	Identifying Leads in Link Net's Existing Network
SMB Ruko	Targeting Small & Medium Enterprise Businesses
First Squad	Frequent Branded Events

Subscriber Additions

Sales Force Employees
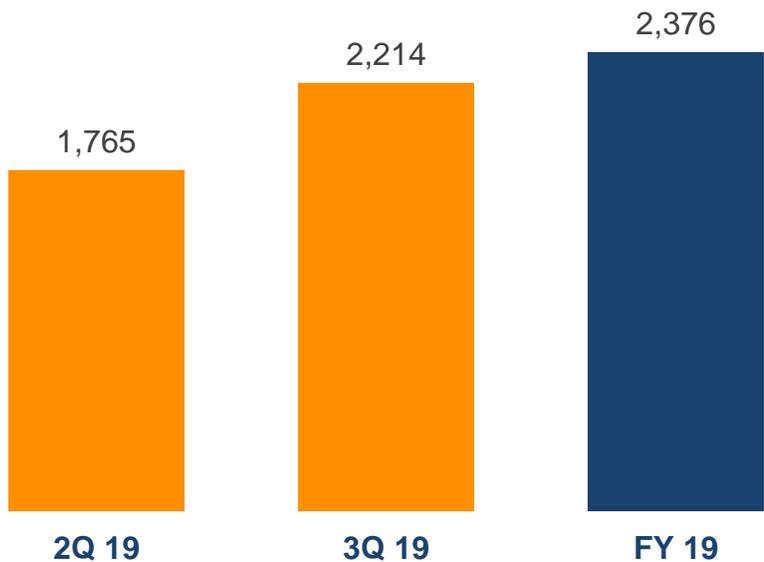
2Q 19	3Q 19	FY 19
1,765	2,214	2,376

Gross Subscriber Addition

1Q 19	2Q 19	3Q 19	4Q 19	FY 19	1Q 20
58,250	56,643	76,158	72,688	263,739	85,436

Net Subscriber Addition

1Q 19	2Q 19	3Q 19	4Q 19	FY 19	1Q 20
8,460	13,545	29,019	22,474	73,498	31,757

Total Subscribers

FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	1Q 2020
392	457	521	570	595	668	700
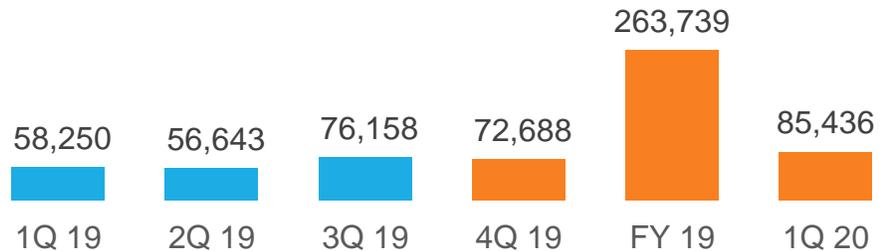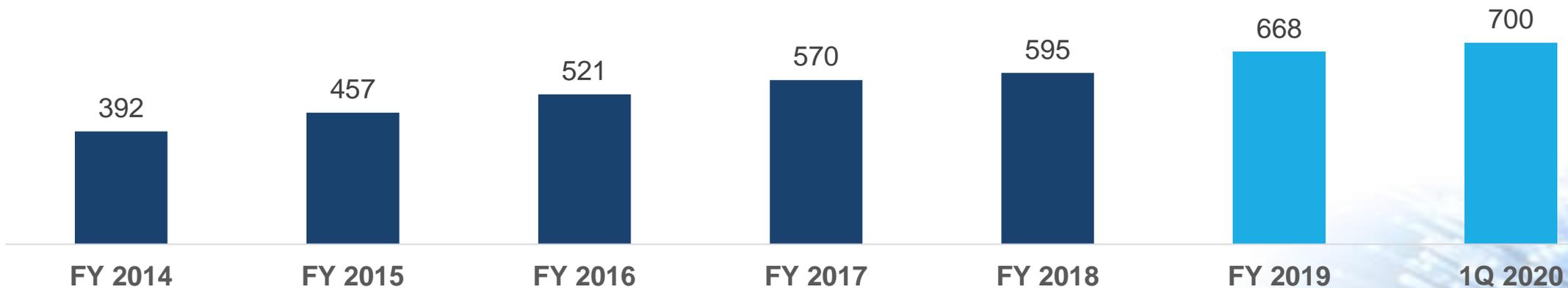
Marketing

Building Lifetime Relationships with Our Customers

Strategically addressing customers across each phase of their life cycle

Phase 1
Acquisition

Phase 2
Build loyalty

Phase 3
Optimization

Phase 4
Retention
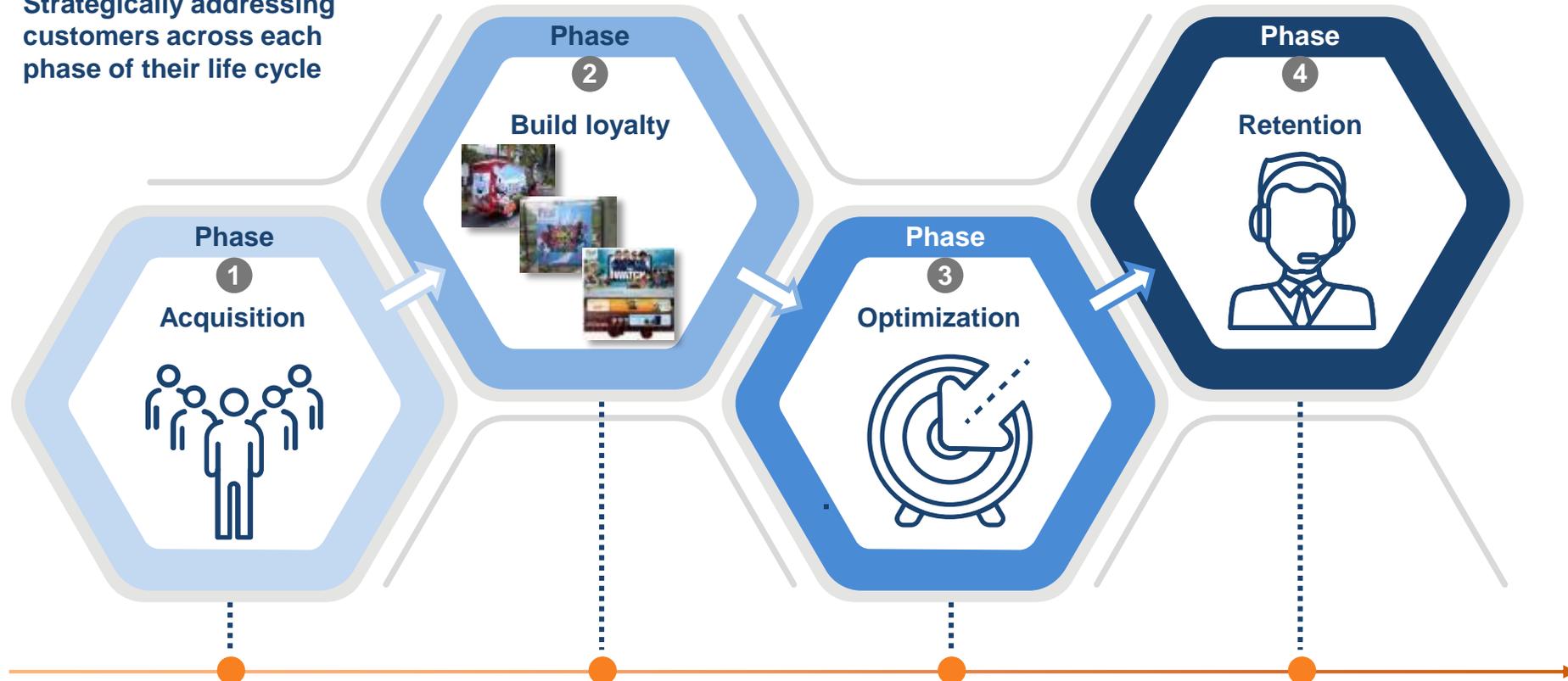
- New product roll out
- Market expansion into new cities
- Remarketing to drive penetration
- Community engagement

- Customer education
- Enhance service quality
- Customer feedback surveys post installation
- Welcome calls
- Contact center with tech solutions specialists
- Technician site visit
- FM loyalty program

- Portfolio growth strategy
- Upsell

- Customer tiering
- Churn management
- Rewards
- Win back
- FM loyalty program

Indonesia's Widest Portfolio of "Must-See" Premium Channels

Essential Local Content	Factual & Lifestyle Brands	Regional and Kids Entertainment	Movies and Entertainment	Leading Sports and News channels	OTT

- ☑ **Highest** number of HD channels to provide superior quality HD experience for customers
  - Currently offers 89[a] HD channels
  - Total of **210**[a] channels (HD, SD)
- ☑ First to launch TV Anywhere FirstMediaX service with more than **130** channels
  - **Highest** number of TV Anywhere channels amongst cable TV operators

New Contents in 2019 – Apr 2020

Widest and diverse channel selection addressing viewership preferences

(a)   Based on the most expensive package's channel offerings.

Customer Retention

Retention Agents

	1Q 19	2Q 19	3Q 19	4Q 19
	24	31	32	35

Highlights:

- Optimize Retention Agent Scheduling to maximize contact rate, resulting in higher Retention success rate
- Increased the number of retention agents from 24 to 35

Retention Save Rate

■ 2018 ■ 2019

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2018	44%	47%	49%	47%	49%	46%	45%	45%	49%	47%	48%	47%
2019	49%	51%	55%	55%	54%	51%	53%	53%	55%	57%	57%	57%

Churn Rate

Increasing the number of retention agents & optimizing working hours to better match our customers schedule has been effective at managing churn

Avg. Mthly Churn Rate

Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019
2.30%	2.32%	2.59%	3.01%	2.78%	2.36%	2.51%	2.52%

ARPU (Rp '000)
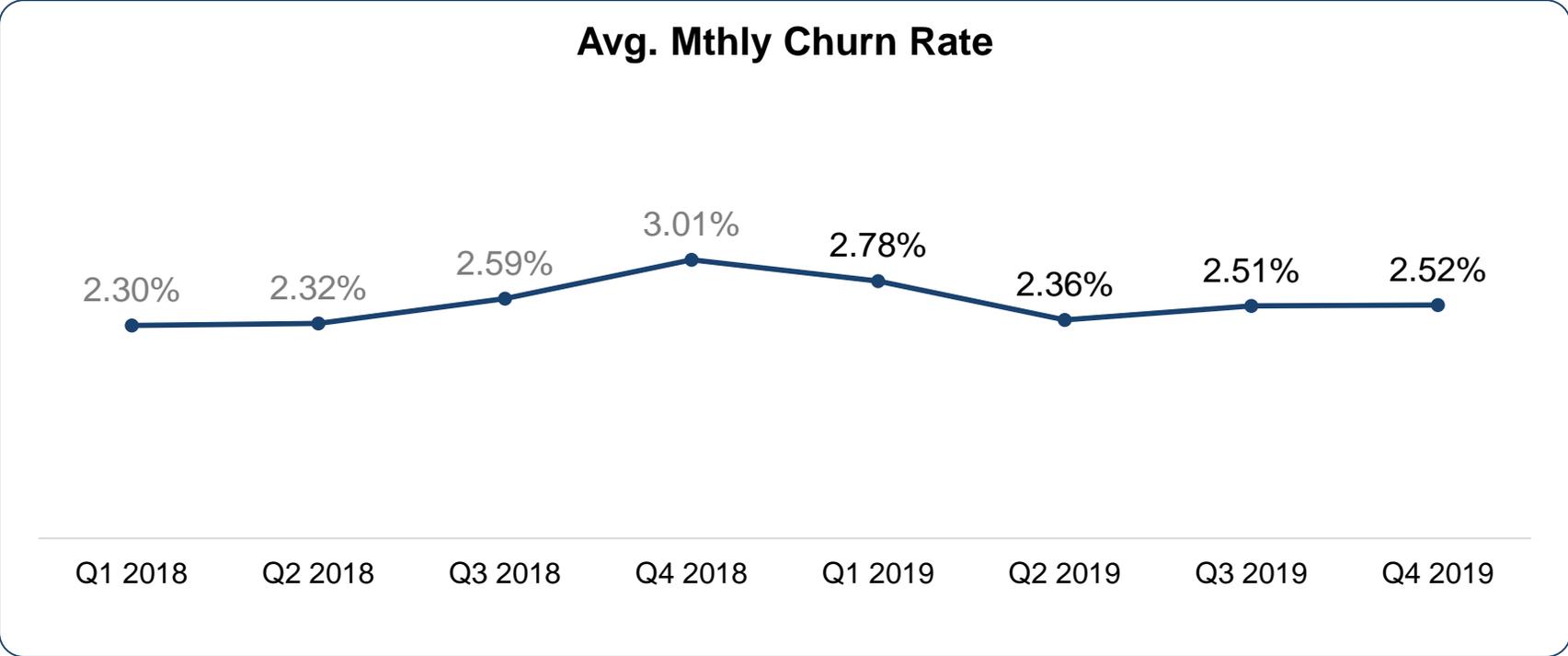
> **Maintained ARPU at around Rp 400K; as expected to be lower, aiming at subs growth and larger market share expanding into secondary cities.**

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
ARPU	402	415	407	421	422	404

Special WFH Programs

For Existing Customers

For New Customers

For Schools (B2B)

Free Access Online Learning First Klaz
for 3 months

First Squad Home Services (FSHS)

- Free disincfectan Spray, face masks
- Free Access
- Free YesDok Covid-19 self-assessment + 1x online health consultation

Enterprise Sales

Leading Connectivity and ICT Solutions

Industry Focus

- **Government & Public Services**
- **Wholesale & E-Commerce**
- **Energy & Resources**
- LinkNet
- **Financial Services**
- **General Business**
- **Hospitality, Education & Media**

Recent initiatives

- **Segment Dedicated Sales Teams**
  - Focus on Specific Industry segment & Key Accounts which put Attention on digital transformation.
- **Link Net Provide End to End Enterprise Solutions : Connectivity & ICT Solution**
  - LinkNet can be a Partner for Digital Transformation or Industry 4.0

Enterprise Services & Solutions

Our Services : Expand from Core Connectivity Provider to Industry Solution

Connectivity

Lease Line | IPLC | DWDM | VSAT

Internet & TV

HDIPA | IP transit | BoD | TV

Managed Service

Re-Sell Equipment | Managed Wifi | Engineer Support

Value Added

Data Center | Cloud Services | Voice Solution

Industry Solution

First Klaz | Hospitality | Remote Solution

Key Customers in Focus Industry Segments

☑ **LinkNet is proven to be a Reliable and Trusted Connectivity Provider,** Our strong presence in Indonesia Stock Exchange, Financial Industry and Main Partner in Digital business, where exposure is high

☑ We leverage our presence in Key Account Customers and Acquire New Major Clients in the Industry which will expose LinkNet brand.

Financial Sector Industry (FSI)

Digital business / e-commerce

Media

Hospitality

Energy & Resources

Government

Note:

(a)   Refers to mission critical customers like IDX. For normal enterprise customers, redundancy is c.99.8%

★   Sole provider to IDX's capital markets integrated network since 2002

Enterprise Performance

Enterprise Performance (bn)

Enterprise Revenue (bn)

111	135	124	154	125	184	144	196	503	669
Q1-2018	Q1-2019	Q2-2018	Q2-2019	Q3-2018	Q3-2019	Q4-2018	Q4-2019	FY2018	FY2019

21% 25% 47% 36% 33%

Normalized Revenue- excluding Revenue derived from Internux
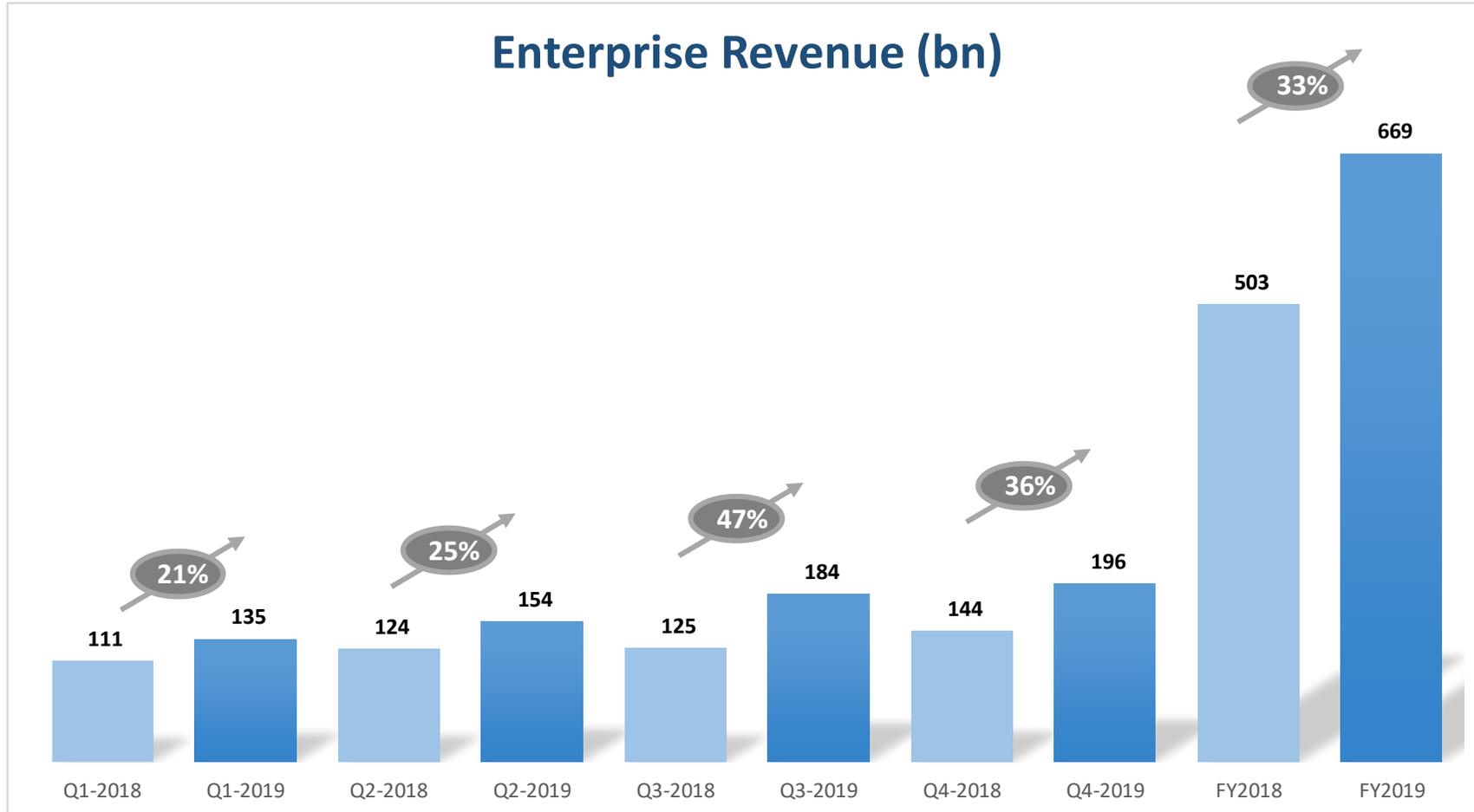
Technology Infrastructure

Technology Neutral, State-of-the-Art Network Infrastructure

Network backbone and infrastructure

29,310km network[a], excluding c.2,600km Java backbone network
- **2.55m homes passed[a]**
  - Residential: HFC (fiber-to-the-node and last mile coaxial) and FTTH (fiber-to-the-home)
  - Enterprise: Fiber-to-the-building

Substantially self owned network[b] which is majority aerial

Master headend in Jakarta, Disaster Recovery Center in Karawaci and regional headends in Surabaya and Bali
- **37 distribution hubs, 25 BDFs[c], 7,219 nodes**
- On average, **each node supports c.360 homes**

Current technology

Technology neutral HFC and FTTH network
- Fully two-way enabled 870 MHz / 1 GHz HFC high capacity network throughout: Ample capacity, interactivity
- FTTH build-out – GPON-based FTTH network that is ready to run triple play and support future high-speed internet needs

Potential for upgrade

100% DOCSIS 3.0 enabled; upgradeable to DOCSIS 3.1 for potential speeds of up to 10 Gbps

FTTH upgradable to XGPON for potential speeds up to 10 Gbps

Global connectivity

2 Tbps of international bandwidth currently turned on, with current potential to increase to up to 8 Tbps
- Link Net also owns 2 submarine cables, Jakabare and B2JS, from Indonesia to Singapore
- Company has backup capacity from Matrix

Inter-City Connection

- Submarine cables connecting Java to Bali
- Jakarta – Merak cable ring
- Ultimate Java backbone giving access to potential 43 cities[d]

Note:
(a)   As of September 2019. Excludes c.2,600km Java backbone and c.2,000km subsea network infrastructure; approximately 17,000km Fiber and 12,000km HFC
(b)   Limited exceptions for certain last mile owned by property developers.
(c)   BDF (Building Distribution Frame).
(d)   Link Net acquired a 15-year right to use the pan-Java backbone in 2017

Link Net – Competitive Advantage

Content

- Most Channels & Highest number of HD channels of any provider in Indonesia (212 Channels, 89 HD)
- OTT (Catchplay, HBO GO) and more to come

Product

- Digital Set-Top Box X1 – Providing customers with an interactive smart TV experience
- FMx – TV anywhere application allowing our customers to view our channels on the go
- SuperWifi – Mesh Wifi router providing best coverage and throughput in customer house.

Quality of Service

- SLA (3 – 4 hour to respond to network issues)
- 24 Hour Call Centers
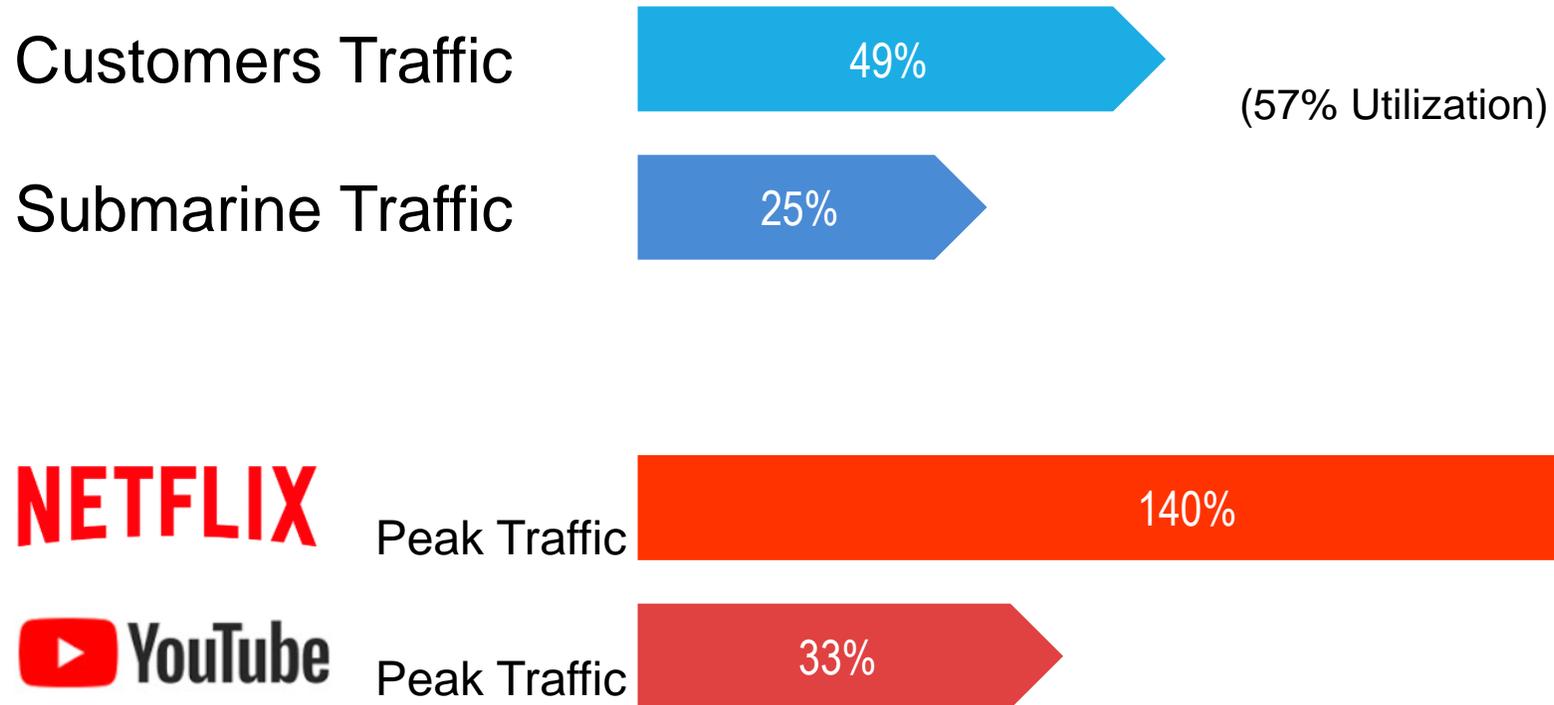- Dedicated Lines to Premium Customers

Superior Network Quality

- Upgrading & maintaining our network
- Implementation of CNH (Customer Network Health Status), a system that monitors the general health of our Network
- 20 years of Experience in Network Architecture

Traffic Increase During WFH

(from 2nd week of March to 4th week of April)

Customers Traffic — 49% (57% Utilization)

Submarine Traffic — 25%
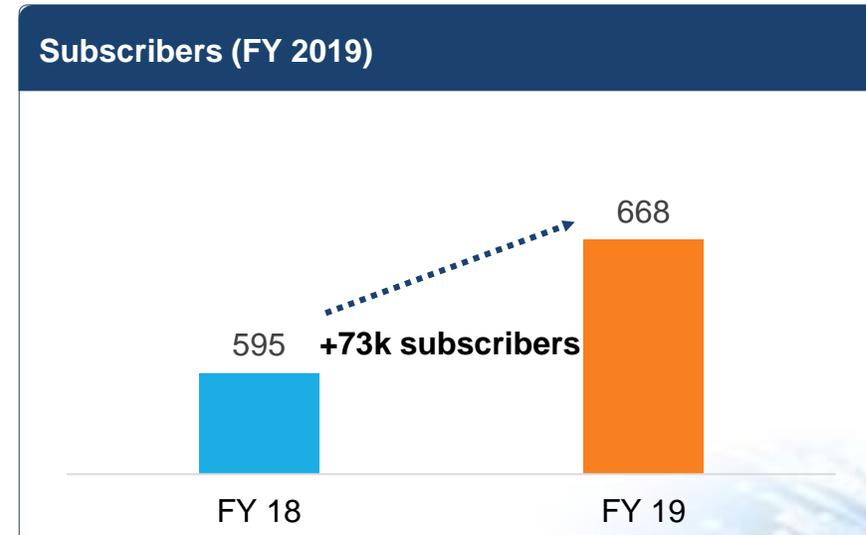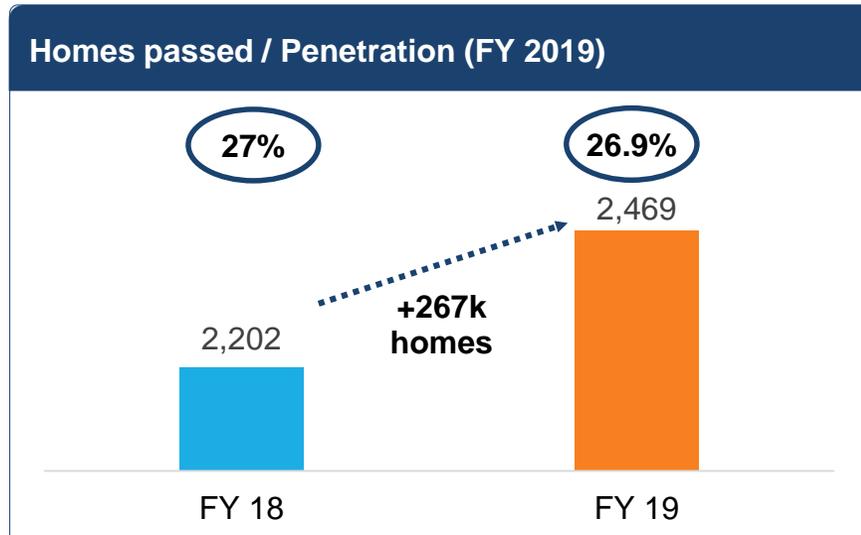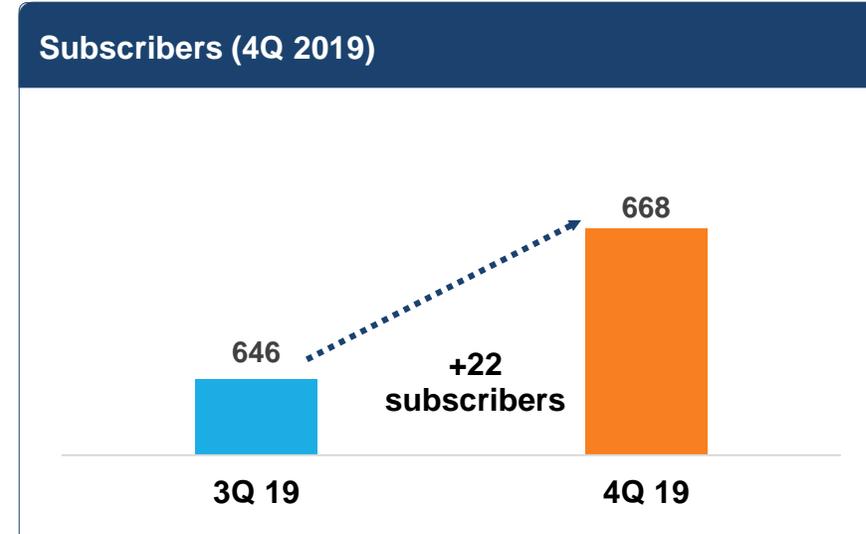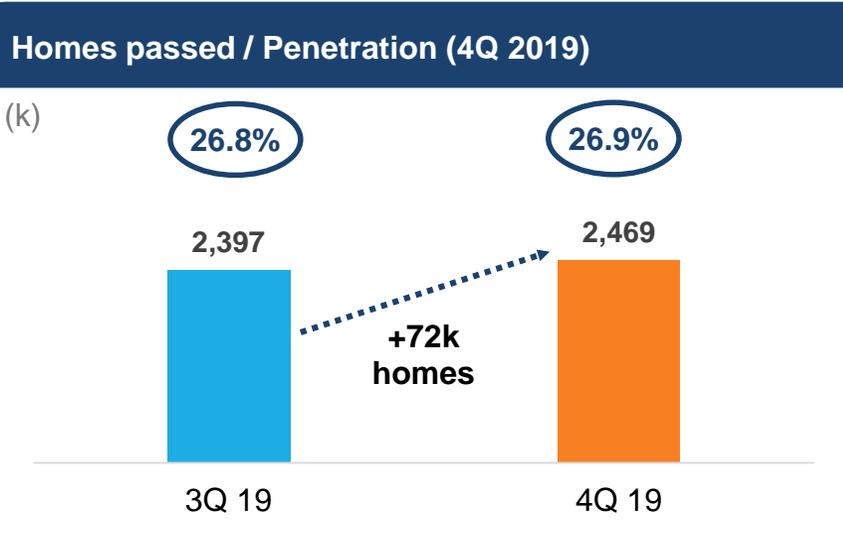
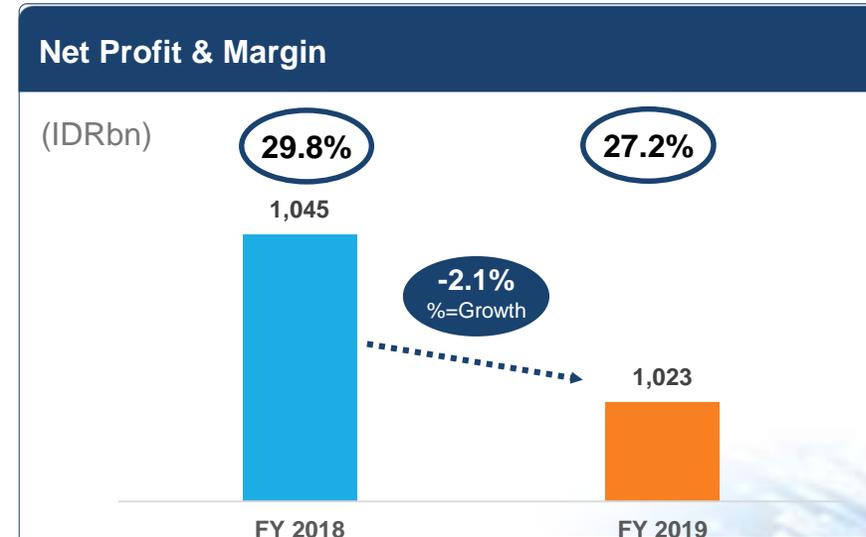NETFLIX Peak Traffic — 140%

YouTube Peak Traffic — 33%

Financial & Operational Highlights – FY19 & 4Q19

Operational Highlights 4Q & FY 2019

Homes passed / Penetration (4Q 2019)

(k)

26.8%   26.9%

2,397   2,469

+72k
homes

3Q 19   4Q 19

Subscribers (4Q 2019)

668

646

+22
subscribers

3Q 19   **4Q 19**

Homes passed / Penetration (FY 2019)

27%   26.9%

2,469

2,202

+267k
homes

FY 18   FY 19

Subscribers (FY 2019)

668

595   +73k subscribers

FY 18   FY 19

FY 2019 Financial Highlights – Revenue, EBITDA, and Net Profit (in IDR bn)

Revenue

(IDRbn)

	FY 2018	FY 2019
	3,509	3,755

7%
%=Growth

EBITDA & Margin

(IDRbn)

	FY 2018	FY 2019
Margin	60.4%	57.7%
	2,120	2,166

2.2%
%=Growth

CAPEX

(IDRbn)

	FY 2018	FY 2019
	1,134	1,158

Net Profit & Margin

(IDRbn)

	FY 2018	FY 2019
Margin	29.8%	27.2%
	1,045	1,023

-2.1%
%=Growth
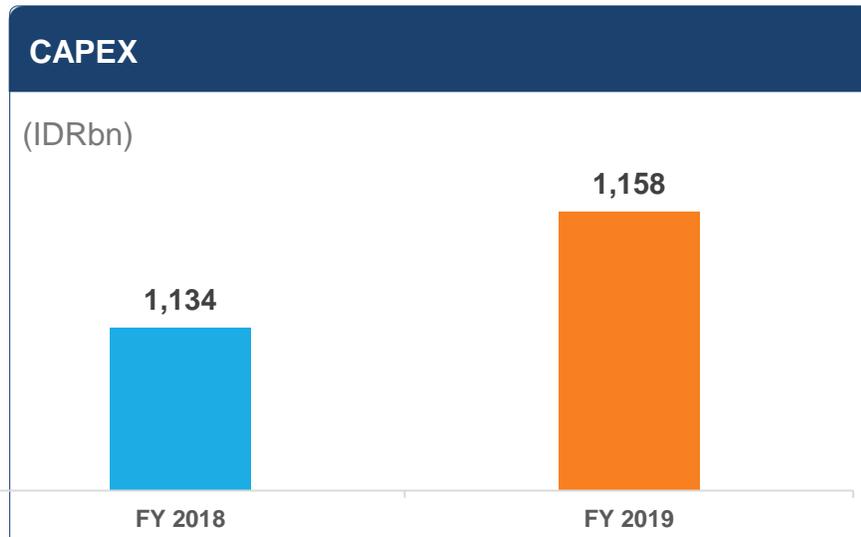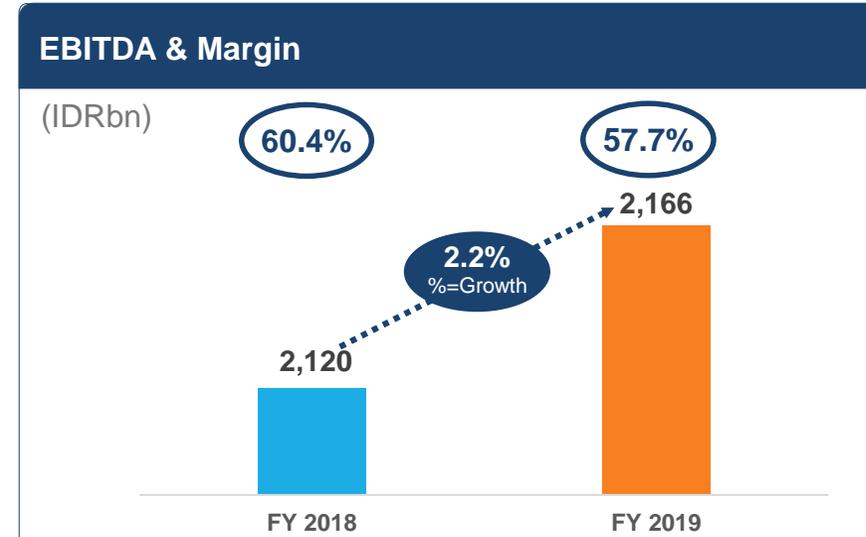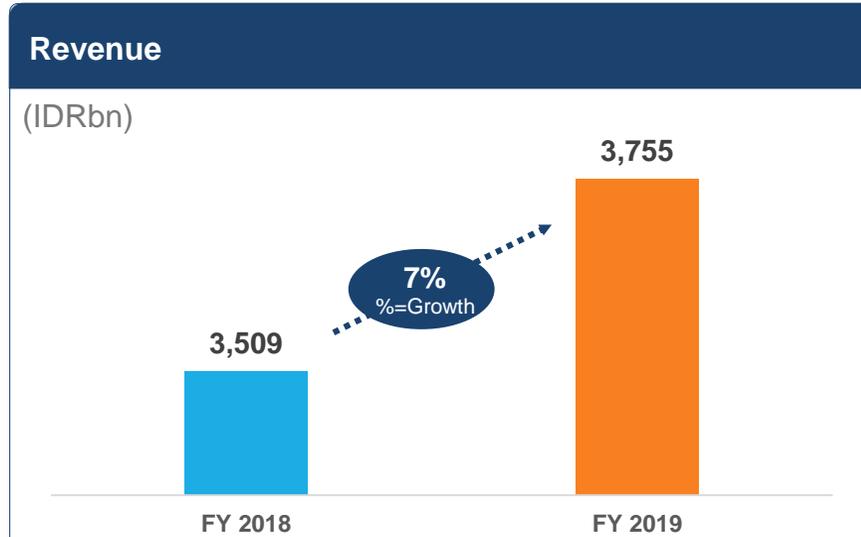
Cash and Debt Position

Cash and Debt Position (FY19)

(IDRbn)
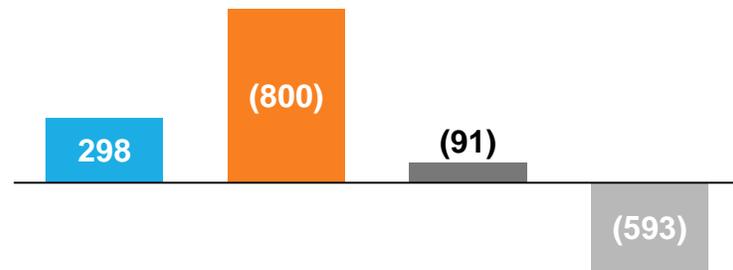
| 298 | (800) | (91) | (593) |

| Cash and Cash Equivalents | Bank Loan | Obligation Under Capital Lease | Net Debt |

Cash and Debt Position (1Q20)

(IDRbn)
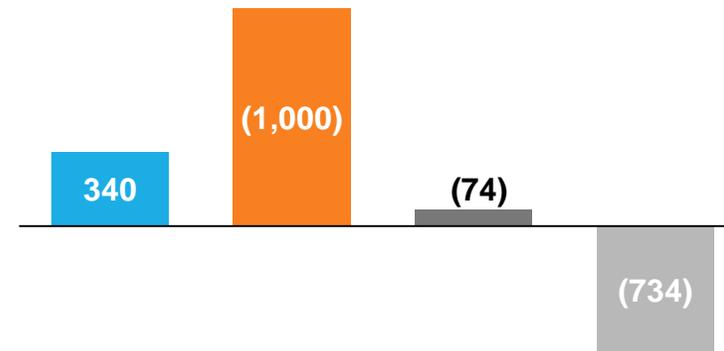
| 340 | (1,000) | (74) | (734) |

| Cash and Cash Equivalents | Bank Loan | Obligation Under Capital Lease | Net Debt |

Share Buy-Back

1 **Shareholders Approved Cancelation of Treasury Shares in July: 48,545,600**
- Total issued capital post-cancellation: 2,863,195,484
- Issued Shares prior to Cancellation: 2,911,741,084

2 **Buyback Mandates:**
- Maximum of 75,146,002, up until July 2020
- Approved New Buy-Back 211,173,546 until February 2021
- Total Buy-Back Mandate: 286,319,548

3 **Price Limit of all Buy-Backs Rp6,000 Per-Share**

Period	Amount (Rp)	Unit	Average Price
19-Mar	13,863,962,000	3,146,900	4,352
19-Apr	27,446,638,000	6,378,500	4,331
19-May	62,660,417,000	15,170,200	4,121
19-Jun	23,488,797,000	5,600,000	4,221
19-Jul	32,558,830,000	7,623,800	4,263
19-Aug	56,733,881,000	13,698,100	4,160
19-Sep	45,853,438,000	11,425,500	4,012
19-Oct	24,182,866,000	5,745,500	4,209
19-Nov	7,097,498,000	1,665,500	4,302
19-Dec	15,682,477,000	3,878,600	4,057
20-Jan	45,625,050,000	12,078,000	3,790
20-Feb	99,547,016,000	27,794,100	3,596
20-Mar	159,998,813,000	45,955,400	3,478
Total BuyBack	**614,739,683,000**	**160,160,100**	**4,069**

CSR – COVID
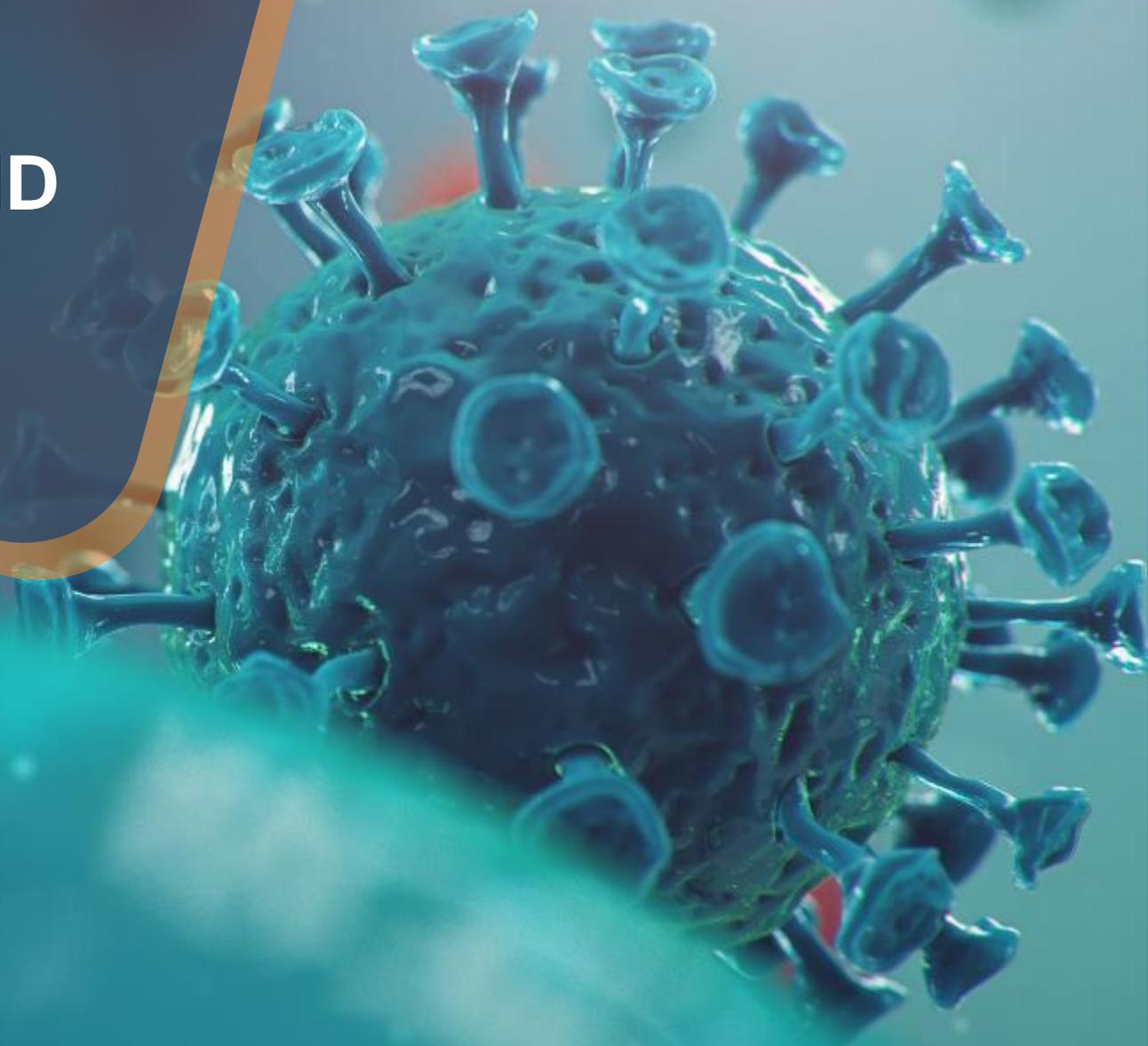
First Media supports activities & productivity of Indonesian Families

Providing **Unlimited High Speed** Broadband internet & **Variety** of TV cable's content

CSR Programs
Appreciation & Encouragement to Medical Workers

CSR Programs
Appreciation & Encouragement to Medical Workers

FIRSTMEDIA PEDULI #HealthyFirst #SafetyFirst

RP 10.000 / pelanggan baru
DONASI UNTUK TENAGA KESEHATAN YANG MENANGANI COVID-19

Provide **63.500** multivitamin Pharmaton Formula capsules, donated to **4** referral hospitals for the case of COVID-19

RS Pelni Petamburan
8 Apr 2020

RS Mitra Keluarga Jatiasih
8 Apr 2020

RSUP Fatmawati
9 Apr 2020

RS Siloam Kelapa Dua
9 Apr 2020

Strive to Maintain Service Quality

Strongly encourage customers to utilize more the self-care digital tools for customers' ease & convenience.

My FirstMedia App

Cek.firstmedia.com

ENABLE TO DO:
- **Digital troubleshooting:** reset STB/modem, online booking technician visit schedule
- **Customer Inquiry**
- **Billing information** checking and online **payment**
- **Service upgrade:** add internet speed or TV packs
- Claim **Loyalty First Rewards**

Continue innovating new products & value-added services

X ONE PRIME | INTERACTIVE SMART BOX

HBO GO

CATCHPLAY+

PasarPolis.com   YesDok

Appendix

Link Net KPI's

Keys Operational Driver	2018	2019	Q1-2020	YoY Growth 2018-2019
Homes Passed :				
Beginning Balance	2,000,498	2,201,719	2,468,639	
Addition	201,221	266,920	73,629	32.7%
Ending Balance	2,201,719	2,468,639	2,542,268	12.1%
Subscribers CATV:				
Beginning Balance	550,909	575,097	645,110	
Addition	190,000	251,436	80,574	
Ending Balance	575,097	645,110	674,958	12.2%
Subscribers BB :				
Beginning Balance	570,158	594,707	668,205	
Addition*	205,298	263,739	85,436	
Ending Balance	594,707	668,205	699,962	12.4%
Bundled %	**95.7%**	**95.2%**	**95.5%**	
Net Adds (*) :	**24,549**	**73,498**	**31,757**	**199.4%**
ARPU :				
Blended ARPU	422,286	404,091		-4.3%
Pen. Rate :	**27.4%**	**27.3%**	**27.7%**	
Churn Rate :				
Average/Month	2.47%	2.52%	2.60%	