



# PT Link Net Tbk

3Q20 Earnings Call

Thursday, 22 October 2020



The background features a dynamic, abstract composition of glowing blue fiber optic lines that curve and swirl across the frame. Interspersed among these lines are various characters from the hexadecimal system (0-9, A-F) and binary code (0s and 1s), creating a sense of digital data flow and network connectivity. The overall aesthetic is futuristic and high-tech.

## Subscribers and Network Growth

# Operational Overview

## Penetration Rate

27.4%

27.3%

28.5%

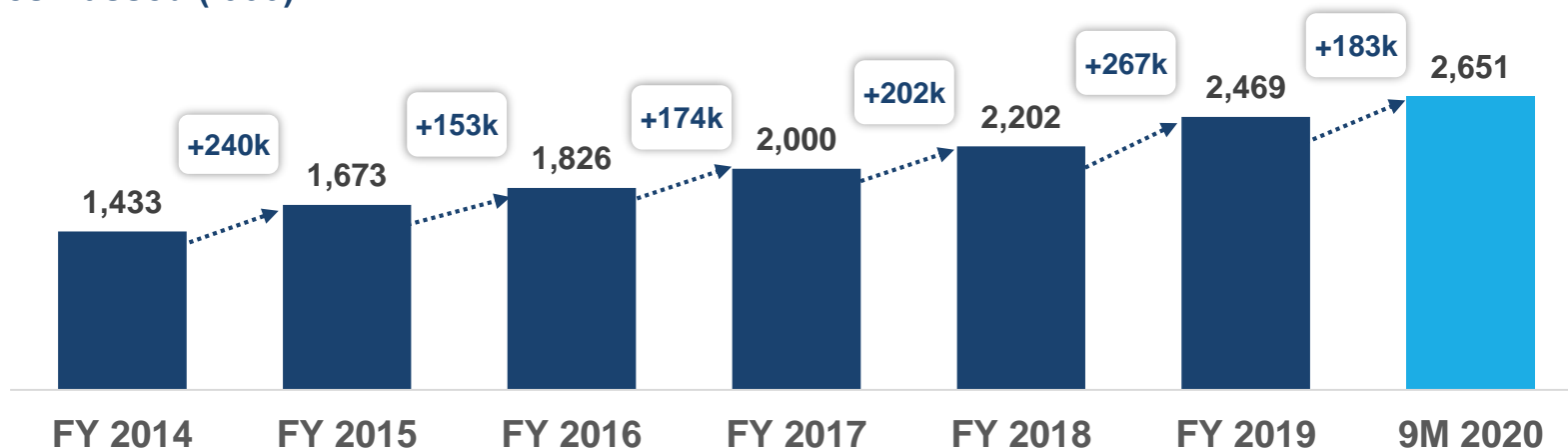
28.5%

27.0%

27.1%

30.8%

## Homes Passed ('000)



## Total Subscribers ('000)

## Bundling Rate

93.4%

95.5%

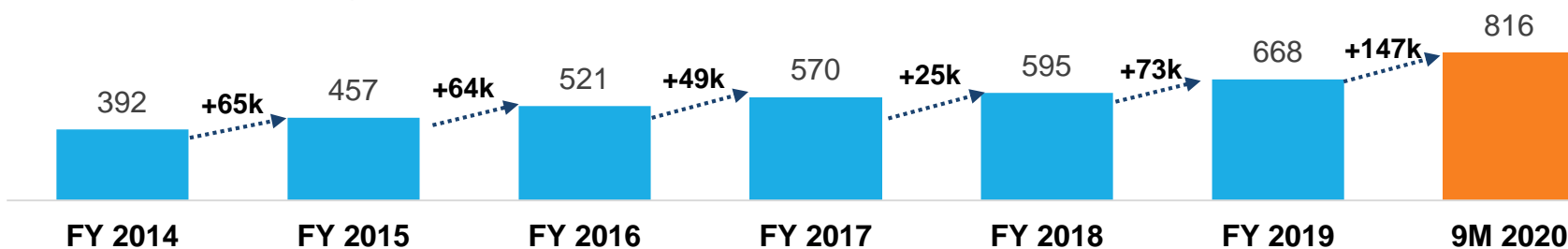
97.1%

98.0%

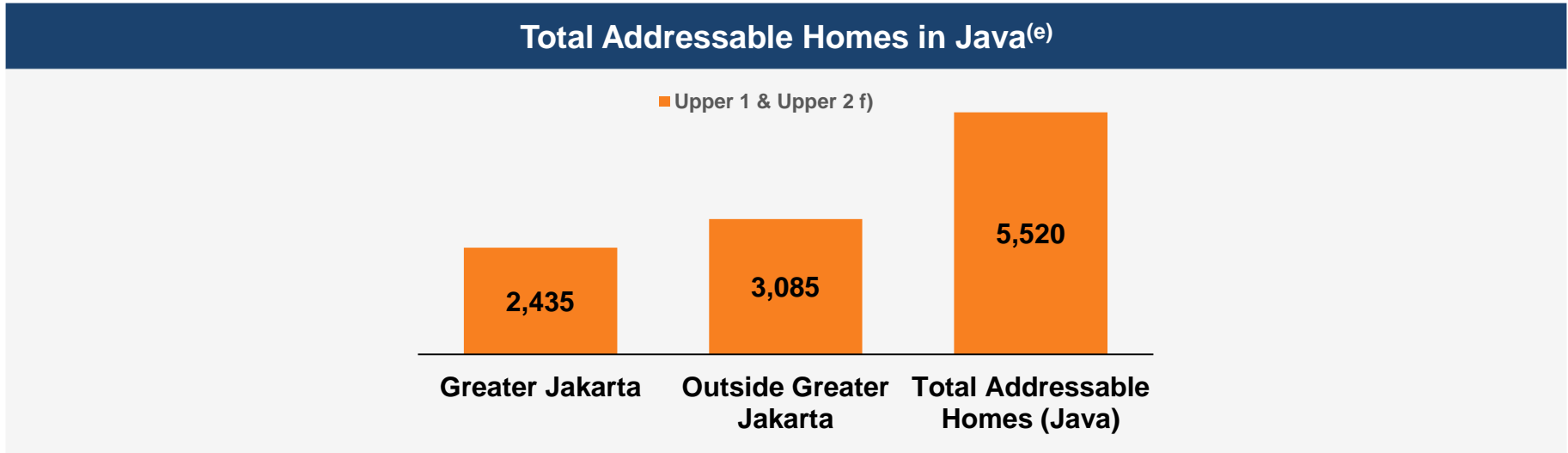
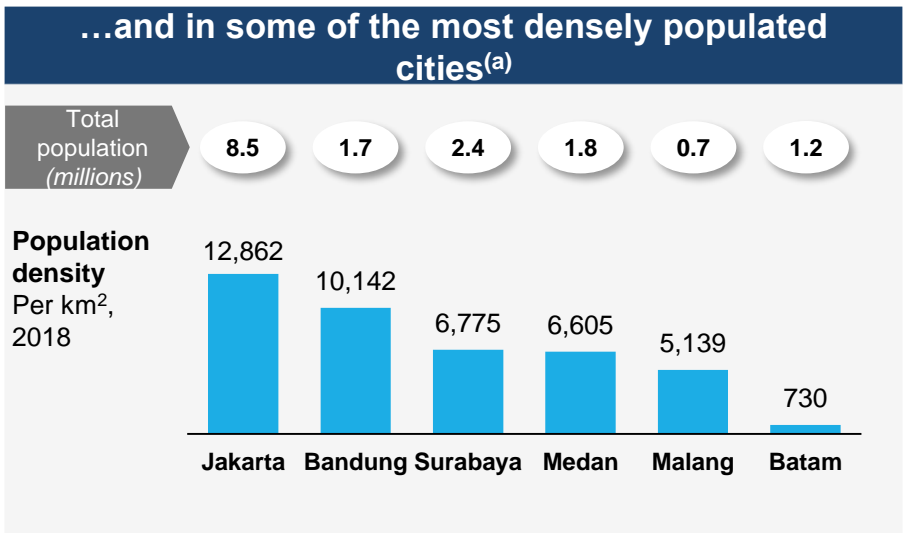
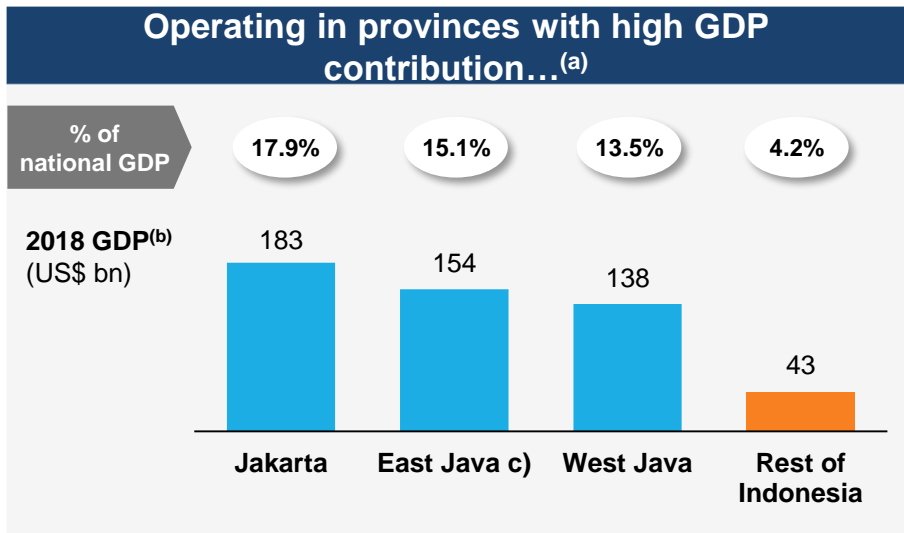
95.7%

95.7%

96.6%



# Link Net – Leading HSBB Provider of Scale and Operating in Some of the Most Attractive Metropolitan Areas of Indonesia



Note:  
 a) Badan Pusat Statistik (“BPS”) (2018); b) GDP assumes the average USD/IDR exchange rate of 14,200; c) Key cities in East Java include Gresik, Bangkalan, Mojokerto, Surabaya, Sidoarjo, Lamongan and in West Java includes Bandung; d) Rest of Indonesia figure is the average of the remaining top 9 provinces as per BPS excluding Jakarta, East Java and West Java; e) Company data; f) Potential of 6.6 million homes in middle class in selected Java island

The background features a dynamic, abstract composition of glowing blue fiber optic lines that curve and swirl across the frame. Interspersed among these lines are various hexadecimal characters (0-9, A-F) in a lighter blue, semi-transparent font, creating a sense of digital data flow and network connectivity. The overall color palette is dominated by shades of blue, from deep navy to bright cyan highlights.

## Subscribers and Network Growth

### 4 Key Reasons on Subscriber Growth

# 1. Development & Implementation of Customer Relationship Management Program Names Sally

Using our CRM program has provided us with substantial benefits that have lead to great subscribers acquisition. The CRM is accessed on the sales member's tablet. Features are outlined below:

## 1. Route Map – Homes Passed Assignment

At the start of each day, the sales person is provided with a clear route map of the homes they need to visit. We are able to ensure that sales people aren't overlapping each other and we monitor which homes and how many times they are visited.

## 2. Feedback Results

The sales person completes a template after each visit. This data is analysed and can be used to tailor our approach to customers.

## 3. Coverage Check and Referral Order

The sales person can check if a home is within Link Net's network coverage. Likewise if a customer wishes to refer another customer to our service, this can be entered into the salesperson's tablet and that home will be visited by a salesperson.

## 4. Request Home-Passed Extension

If a home or cluster of homes is nearby our network but not yet connected, the sales person can enter a request to have our network extended to these homes.

## 5. Request New Roll-Out Area

If a sales person identifies an area completely outside Link Net's network coverage which they believe has a group of potential customers, they can request that we roll out our network in that area.

## 6. Individual and Sales Performance Tracking

This CRM provides an extensive data and tracking of a sales person's daily activity and productivity. It allows us to identify high achieving sales people and those that may require extra training.

## 7. Work Orders Monitoring

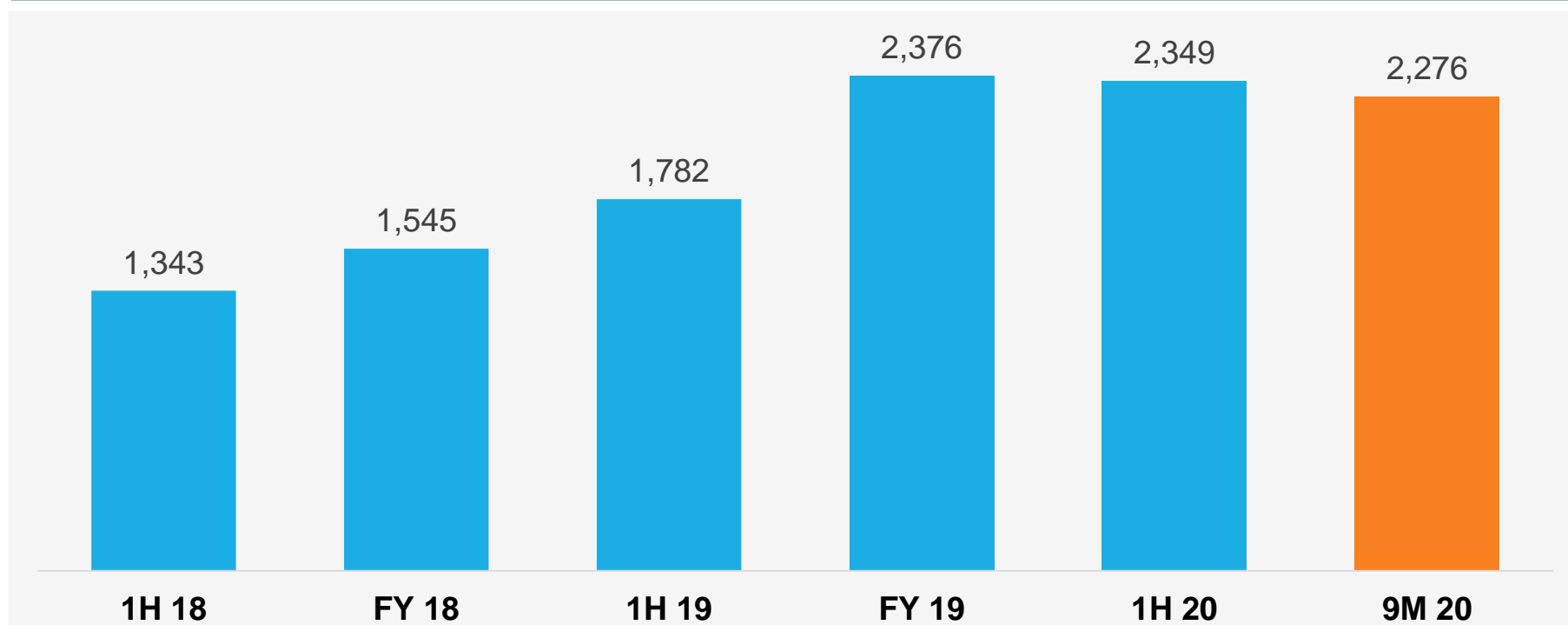
Sales people are able to monitor work orders from their clients to ensure timely processing.

## 8. Sales Tools Kit

Sales people have access to all of Link Net's product information which helps them when they are speaking to customers.

## 2. We Have Increased Our Sales Force to Drive Subscribers Acquisition

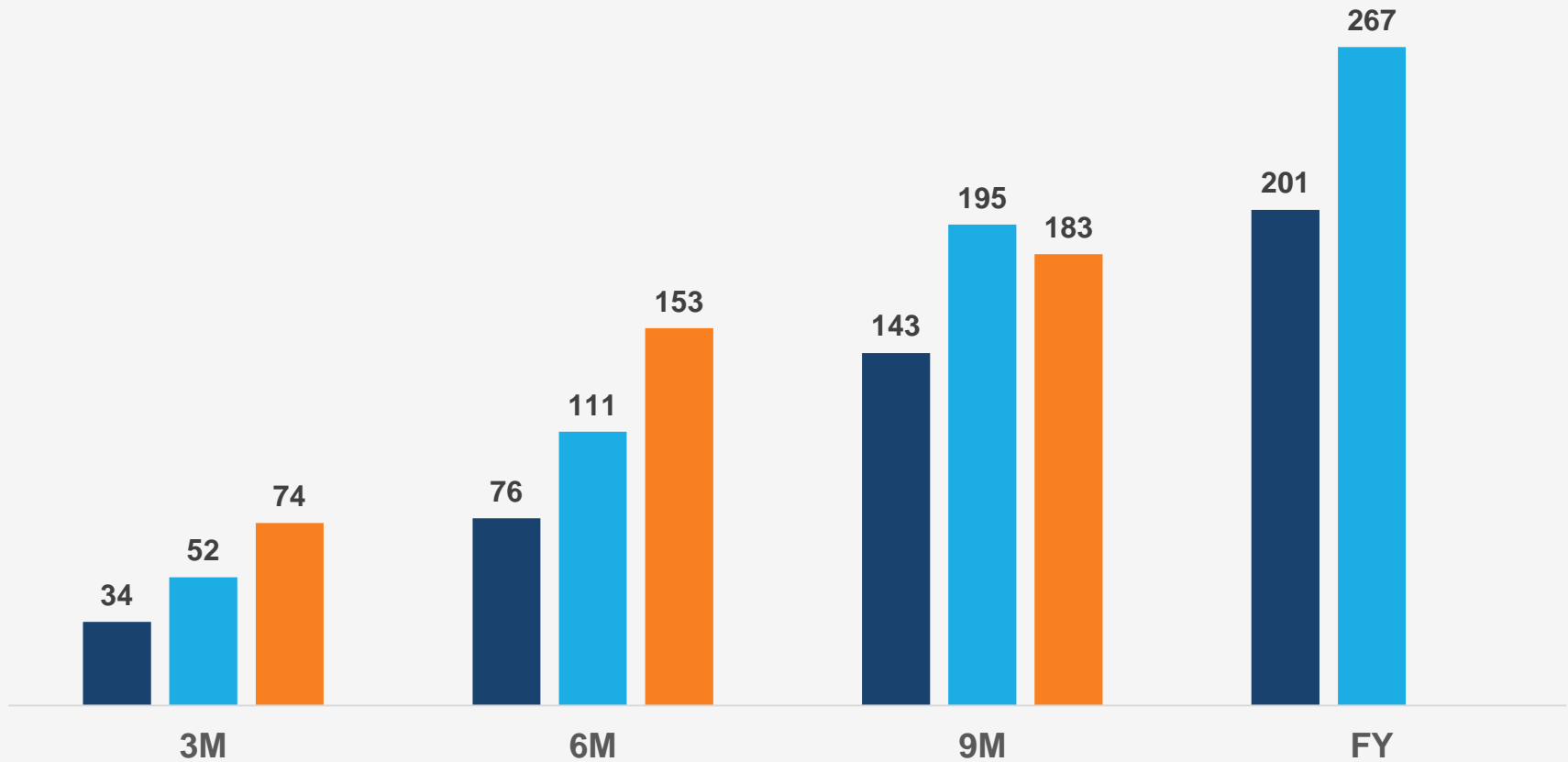
Sales Force Employees



### 3. Continued Network Acceleration Over the Past 3 Years has Created More Greenfield Areas for Our Salesperson to Canvas

Home Passed Addition per Time Period ('000)

■ 2018 ■ 2019 ■ 2020





# 4. Community Engagement & Relationship Building During COVID-19

## Actions:

- Building sanitization stations within communities
- Offering home sanitization service for new installation and network maintenance
- Providing sanitization packs to communities
- CSR Initiatives. We have provided vitamins and PPEs to doctors and medical workers

**Provided 63.500 multivitamins & 4.500 PPE Hazmat suits. Total value Rp 500 million**

16 Hospitals located in 10 cities  
Jabodetabek, Bandung, Cirebon, Surabaya, Sidoarjo, Malang, Semarang, Yogyakarta, Batam, Medan

In collaboration with Siloam Hospitals

Donated 1,000 rapid test kit to Pemkab Tangerang on 26 Jun'20 to support Covid-19 detection test to reduce the spread of Covid-19 in Tangerang area.



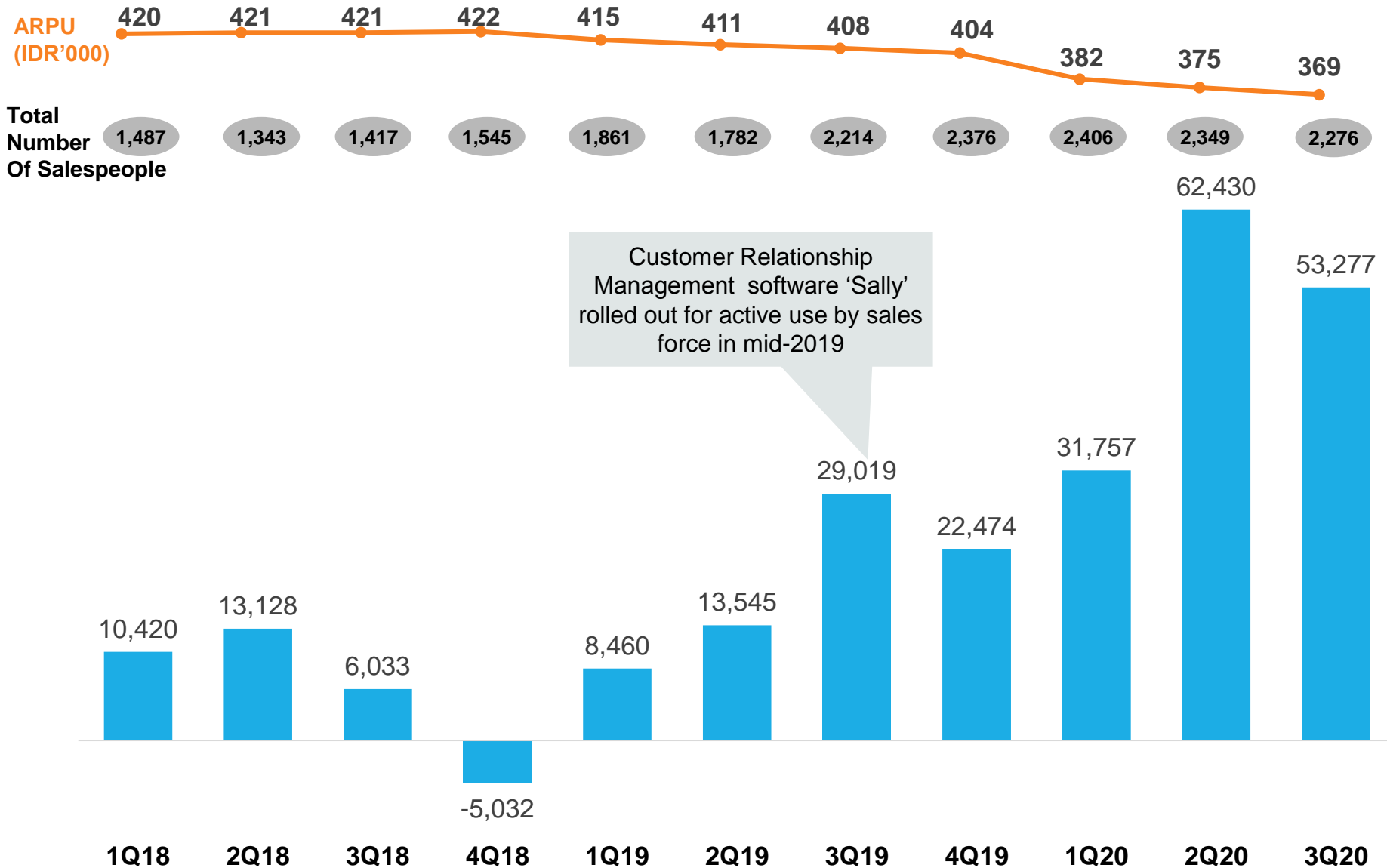
## ARPU Growth and Monthly Data Download

- Through annual price increase and periodic (quarterly) upselling/cross selling of our customers, we have been able to consistently increase ARPU over time. For example, a customer in Jakarta who started using our service 5 years and was at Rp350k per month, would now be paying Rp532k per month, an increase of 52%. This has been consistent trend in our original 3 network areas.
- Below is the growth in ARPU of each selected major cities:

Area	5 Year ARPU Growth
Jakarta	52%
Bandung	59%
Surabaya	51%

- Overtime, customers demand for data continue to increase. As customers readily use streaming services and video intensive applications, demand for data will continue to grow and thus increase their appetite to upgrade to higher bandwidth packages

# Net Subs Adds and ARPU



## Link Net has Consistently Increased Network Penetration

- Please see below table for vintage analysis

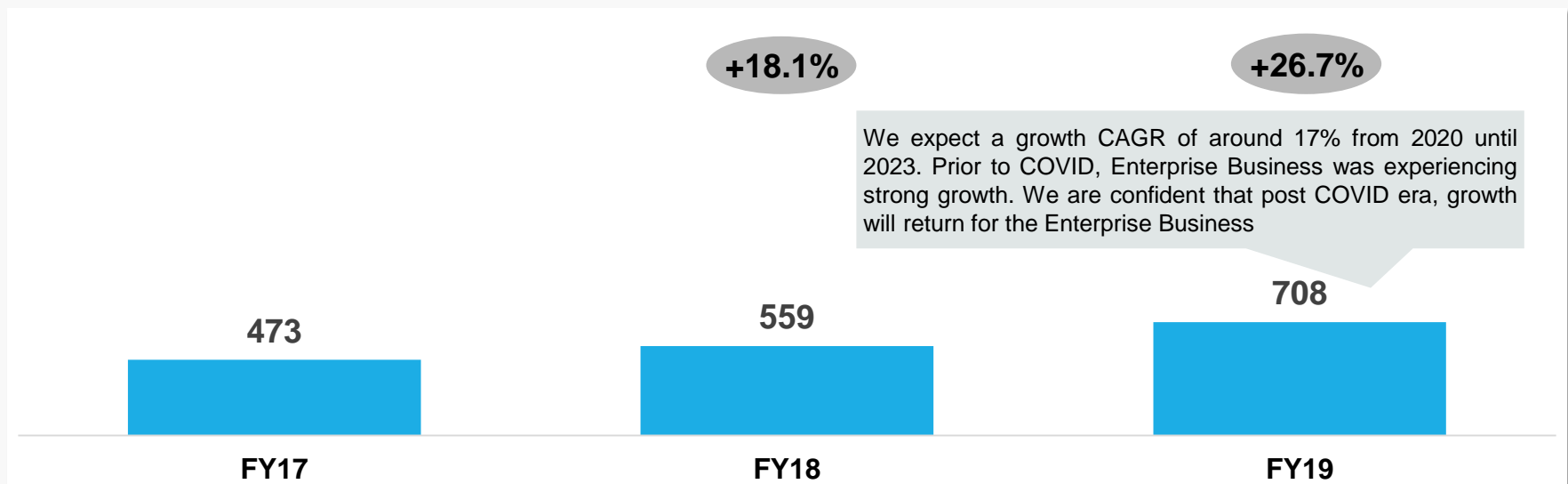
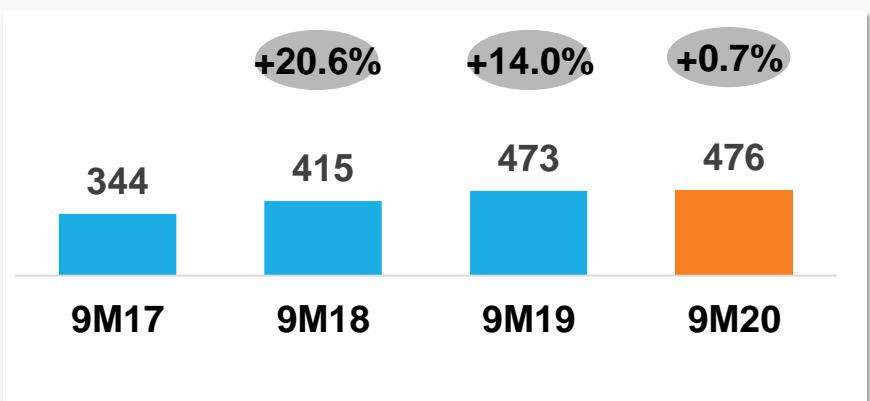
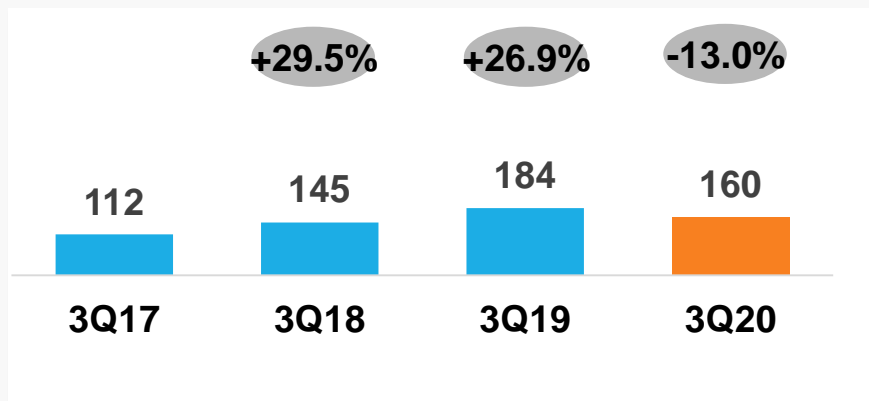
Penetration Rate	2014	2015	2016	2017	2018	2019	Sep-20
Overall Vintage 2014	14.6%	19.3%	23.1%	25.6%	26.1%	27.8%	31.6%
Overall Vintage 2015		17.0%	21.7%	22.5%	23.0%	25.3%	29.8%
Overall Vintage 2016			20.5%	22.5%	23.0%	24.7%	28.3%
Overall Vintage 2017				14.5%	15.8%	18.0%	24.5%
Overall Vintage 2018					18.3%	20.8%	26.9%
Overall Vintage 2019						19.8%	26.6%



## Enterprise Business

# Enterprise Business Performance

## Enterprise Revenue (IDR bn) Historical & Projected Revenue



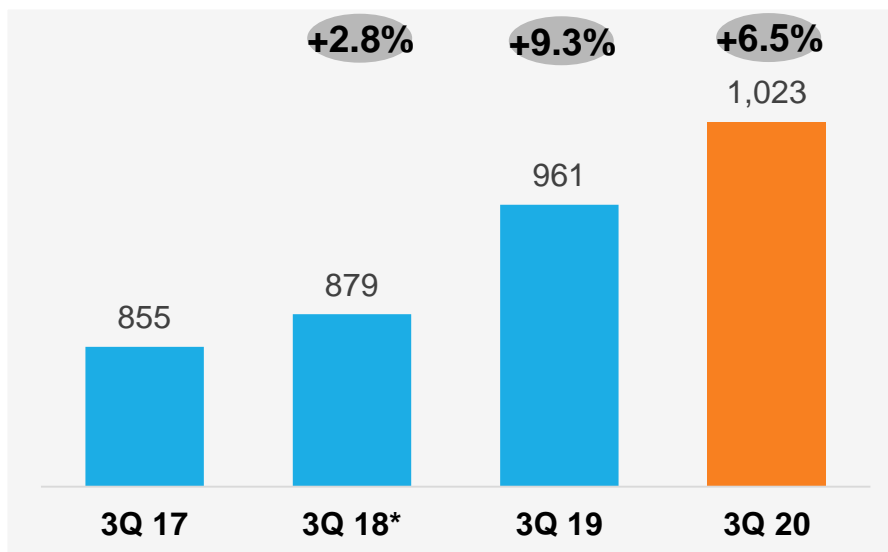
The background features a dark blue field with numerous glowing blue light trails that curve and swirl across the frame. Interspersed among these trails are various hexadecimal characters (0-9, A-F) in a lighter blue, semi-transparent font, creating a digital or data-centric atmosphere.

## Financial Results Overview

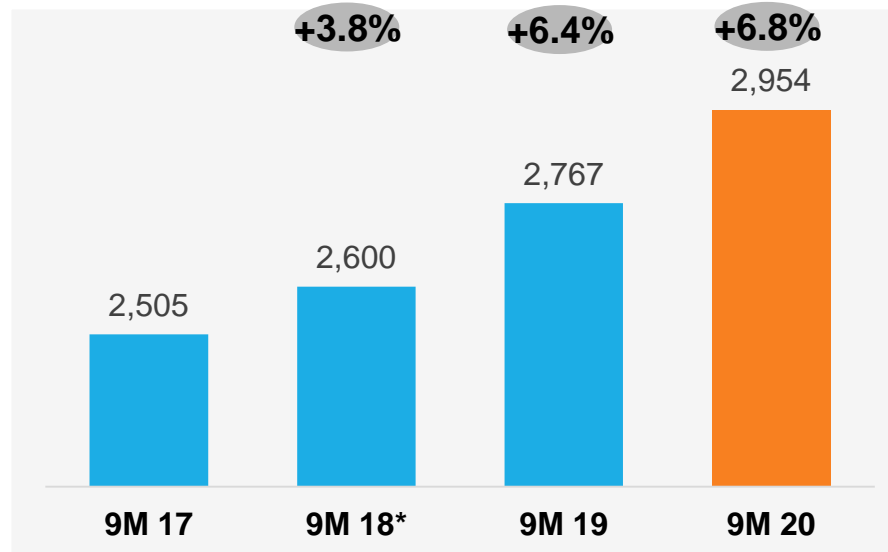
# Financial Results Overview

(IDR bn)

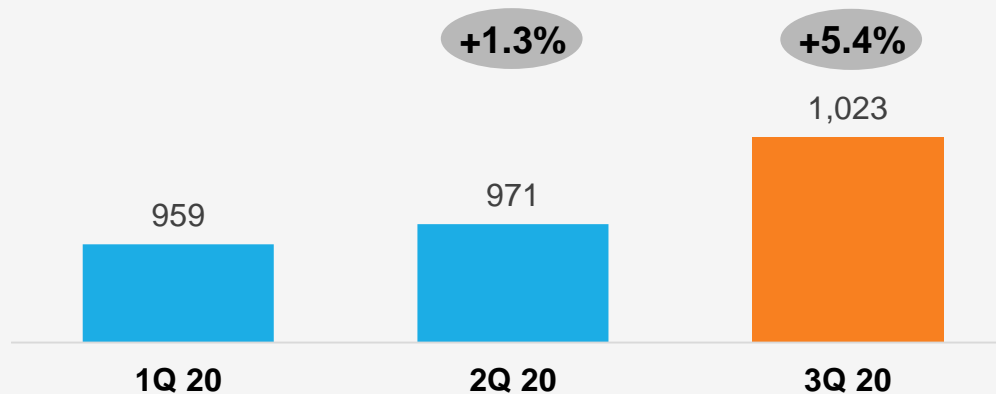
### Revenue (IDR bn) and Growth YoY



### Revenue (IDR bn) and Growth YoY



### Revenue (IDR bn) and Growth Quarter vs Quarter



\*Normalized Revenue for 2018



# COS & OPEX

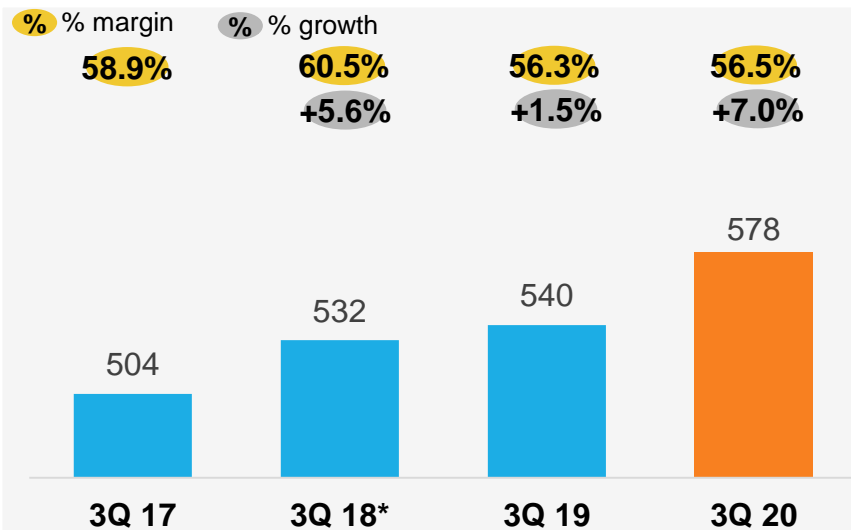
(% of Revenue)

Cost Components (% of Revenue)	1Q20	2Q20	3Q20	2023F
<b>Cost of Sales</b>				
Content Cost % of Revenue	9.3%	9.3%	9.1%	8.0-8.25%
Internet Cost % of Revenue	6.2%	4.6%	4.4%	3.5-4.0%
Pole Rental % of Revenue	3.6%	3.6%	3.6%	0.0%
<b>OPEX</b>				
Sales & Marketing Expense % of Revenue	9.5%	9.8%	9.5%	7.5-8.0%
General & Administration Expense % of Revenue	14.7%	14.4%	13.1%	13.75-14.25%

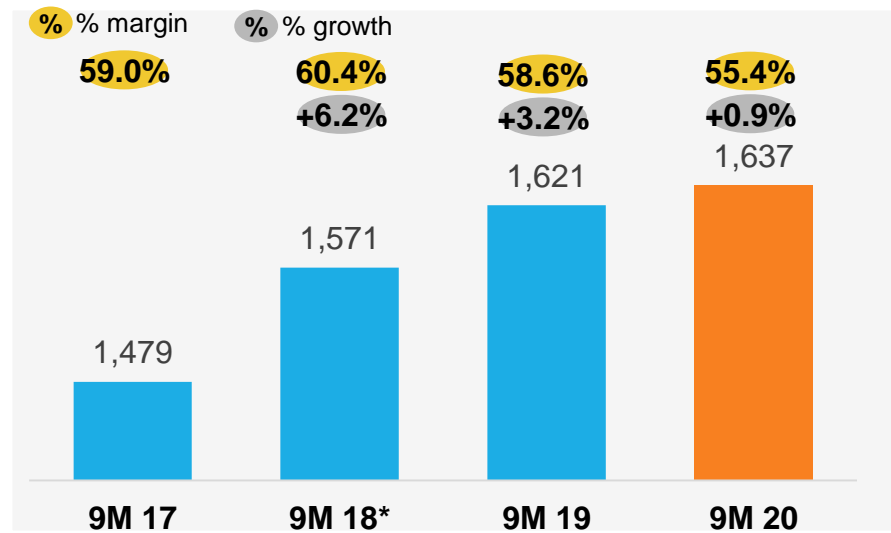
# Financial Results Overview

(IDR bn)

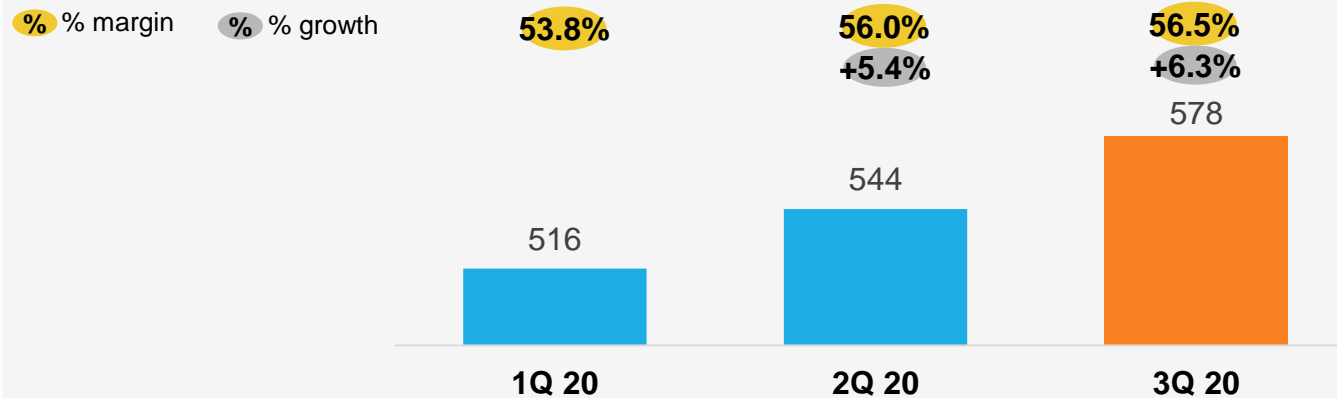
## EBITDA (IDR bn), Growth and Margin YoY



## EBITDA (IDR bn) Growth and Margin YoY



## EBITDA (IDR bn), Growth and Margin Quarter vs Quarter



\*Normalized EBITDA for 2018

## Government Regulations – Reduction in Corporate Tax Rate

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- The Government has implemented a tax policy to reduce the corporate tax rate. Link Net's corporate tax rate in the coming years will be as follows:
  - 2019: 25%
  - 2020: 22%
  - 2021: 22%
  - 2022: 20%



## Migration Project

## Migration Project

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- At present, just over 50% of Link Net's network uses ICON+ electricity poles
- Under our previous contract, Link Net paid 1.8% net of our revenue for a 5-year period. Under the new arrangement, the price has moved up to 3.6% net of revenue. When we signed the previous contract in 2014, around 80% of our network was attached to ICON+ poles. Despite our reliance on ICON+ poles decreasing from 80% to 50% the rate is still paid as % of our total revenue
- To increase the Company's infrastructure independence and provide greater certainty for shareholders, the business has made the decision to migrate its network away from ICON+
- This project is estimated to cost around Rp3 trillion Rupiah
- The project will be funded from our business cash flow and credit facilities. Presently, Link Net has bank loans of Rp1.5 trillion and we are increasing this to Rp2.5 trillion to fund the project