PT Link Net Tbk

FY20 Earnings Call Presentation
10 May 2021

FY20 Results at A Glance

Linknet

Revenue increased **7.8%** to **IDR4.05tn** in FY20

EBITDA grew **11.3%** to **IDR2.3tn** with **Margin** of **56.9%** in FY20

Net Profit grew **5.3%** to **IDR942bn** with **Margin** of **23.3%** in FY20

Record high **Subscriber Addition** of **171k New Subscribers** In FY20

Total **Subscribers** of **839k** In FY20

Entered **5 New Cities** in FY20

Home Passed Addition of **211k Homes Passed** in FY20

Total Home Passed Of **2.7 million**

Penetration Rate at all time high of **31.3%** In FY20

Average Revenue per User is stable at **Rp364k** per user in FY20

Recent acquisition of **Jayabaya Submarine Cable** paired with **Ultimate Java Backbone** provides **+/- 100%** **network resiliency** across Java

Migration Project in on schedule and under budget with **65k poles** migrated in FY20

Introducing **One Stream Box** to enable customers outside of Link Net's network to enjoy our premium content

Integrated with Link Net's **OTT Partners** and **Google Home Assistant**

CEO Message

Mr. Marlo Budiman

"The year 2020 was unlike any I've experienced before. However a strong company not only survives a crisis but is improved by them. Link Net has built strong financial and operational foundations that ensured that our company could not only withstand a global crisis such as this but would be able to leverage all its collective experience and knowledge to thrive despite difficult circumstances."

FY20 Key Highlights

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Record high **Subscriber Addition** of

171k New Subscribers In FY20

As a result of implementation of powerful **CRM**

program and increased **salesforce**

Total **Subscribers** of

839k In FY20

Migration Project in on schedule and under budget with

65k poles

migrated in FY20

Will achieve **infrastructure independence** by the middle of

2022

Entered **5 New Cities** in FY20

Home Passed Addition of

211k Homes Passed in FY20

Total **Home Passed** of

2.7 million in

23 cities in Indonesia as of FY20

Introducing **One Stream**

Box to enable customers outside of Link Net's network to enjoy our premium content

Integrated with Link Net's **OTT Partners** and **Google Home Assistant**

Recent acquisition of

Jayabaya Submarine Cable

paired with **Ultimate**

Java Backbone

provides **+/- 100%** network resiliency across Java

Implementation of Customer Relationship Management Program

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 cay 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.
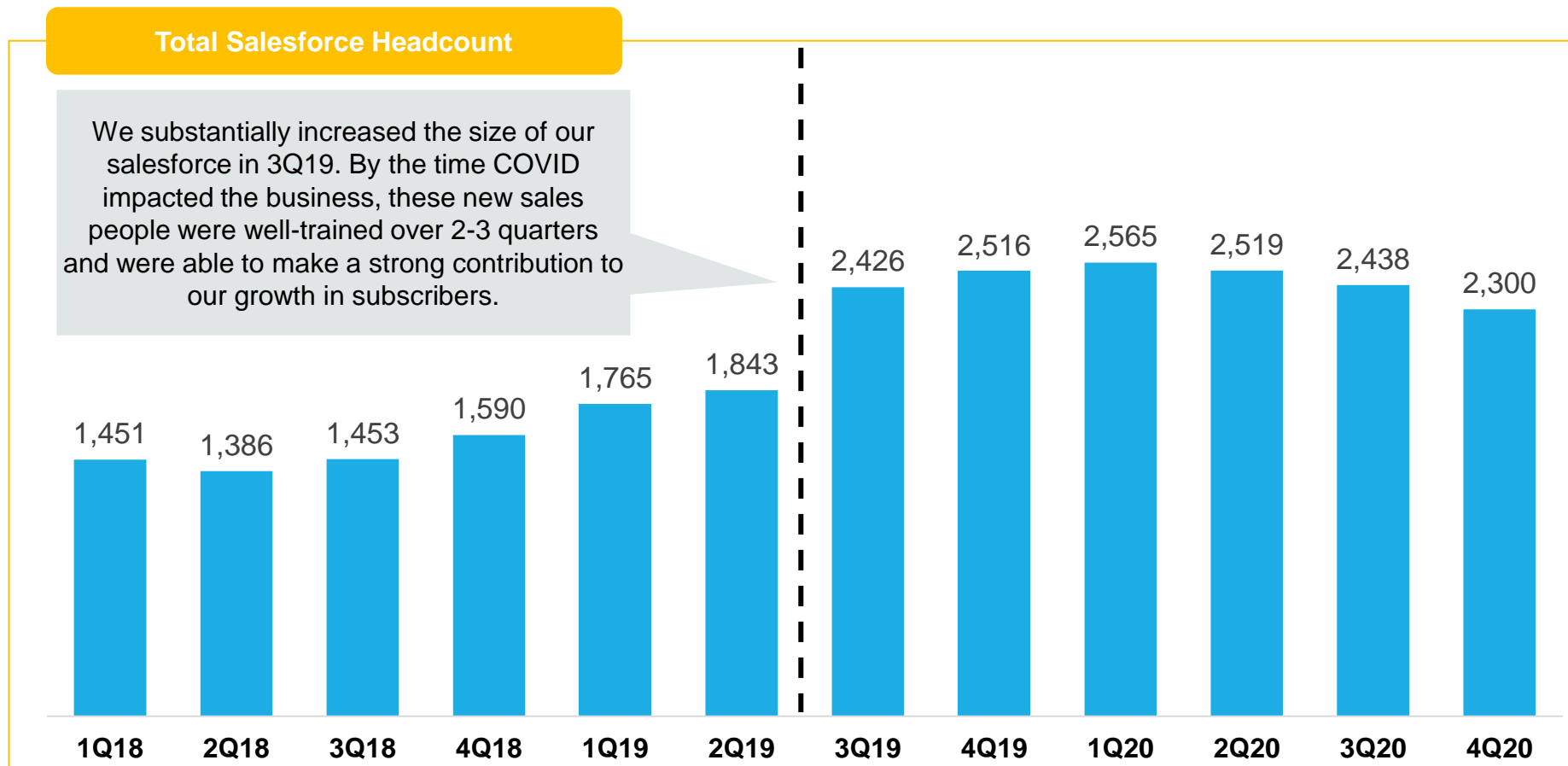
7. Work Orders Monitoring

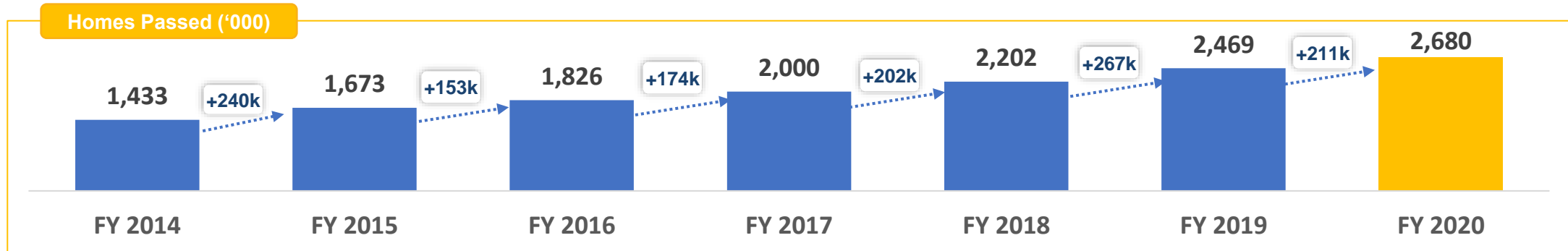Sales people are able to monitor work orders from their clients to ensure timely processing.

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.
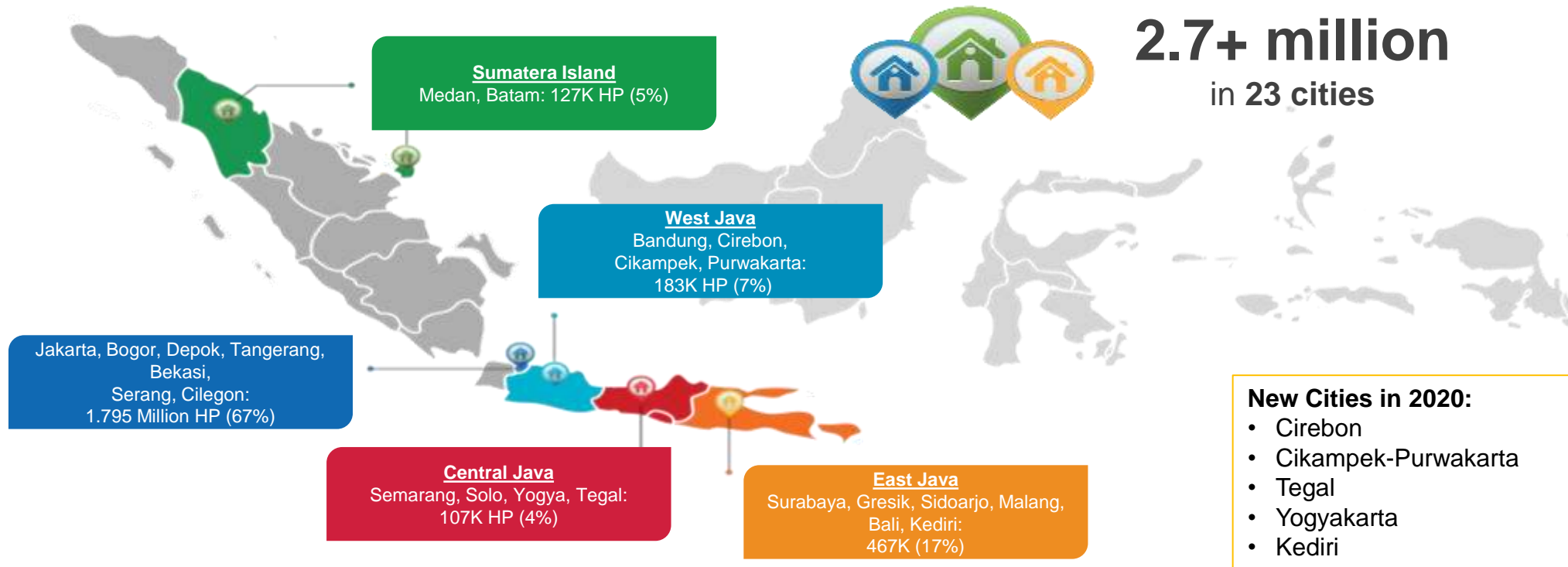
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Link Net proactively increased the size of our sales force since 2019 to aggressively grow our subscriber base. In 2018 we had around 1600 sales people. In subsequent years we substantially grew our sales force and as at the end of 2020 this number was around 2,300. We have the optimal number of sales people and they have highly effective technology to drive their performance.

Total Salesforce Headcount

We substantially increased the size of our salesforce in 3Q19. By the time COVID impacted the business, these new sales people were well-trained over 2-3 quarters and were able to make a strong contribution to our growth in subscribers.

1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20
1,451	1,386	1,453	1,590	1,765	1,843	2,426	2,516	2,565	2,519	2,438	2,300

Historical Home Passed and Footprints

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Homes Passed ('000)

FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020
1,433	+240k	1,673	+153k	1,826	+174k	2,000	+202k	2,202	+267k	2,469	+211k	2,680

TOTAL HOMES PASSED

2.7+ million
in **23 cities**

Sumatera Island
Medan, Batam: 127K HP (5%)

West Java
Bandung, Cirebon,
Cikampek, Purwakarta:
183K HP (7%)

Jakarta, Bogor, Depok, Tangerang, Bekasi,
Serang, Cilegon:
1.795 Million HP (67%)

Central Java
Semarang, Solo, Yogya, Tegal:
107K HP (4%)

East Java
Surabaya, Gresik, Sidoarjo, Malang,
Bali, Kediri:
467K (17%)

New Cities in 2020:
- Cirebon
- Cikampek-Purwakarta
- Tegal
- Yogyakarta
- Kediri

Expand Entertainment Services Beyond our Network Coverage

Migration Project

- As at FY2020, around 47% 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 47% 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+.

- As of FY2020, our migration project is on schedule and under budget.

- We migrated 65,100 poles in 2020 against our target of 60,000-65,000 poles.

Migration Project	Achievement of Total (%)
2H20	18%
FY21	50%
FY22	32%

Recent acquisition of **Jayabaya Submarine Cable** paired with **Ultimate Java Backbone** provides **+/- 100%** network resiliency across Java

**Chief Technology Officer & Head of Product**

Mr. Edward Sanusi

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"Link Net's technology backbone was resilient throughout 2020. We have invested consistently in our network in prior years to ensure our customers have access to high quality broadband internet connections. We continue to optimize our product suite with the latest technology to ensure our customers have access to the best quality content and internet entertainment packages in Indonesia."
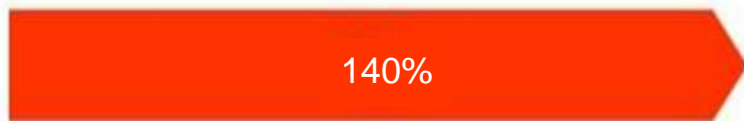
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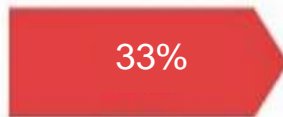## Traffic Increase During WFH
(As of December 2020)
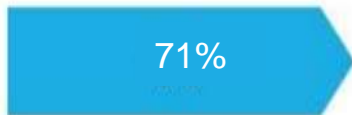
Customers Traffic	71%
NETFLIX Peak Traffic	140%
YouTube Peak Traffic	33%
Google	33%
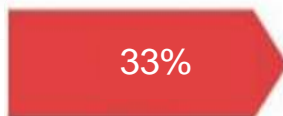
Year	Approx. Data Downloaded per Month (GB)
2018	246
2019	261
2020	325

These factors cumulate into us getting a record number of subscribers and thus growing revenue and earnings.
In 2020 we built a larger client base and these clients will help to generate revenue and earnings for years to come.

Link Net network capacity usage:
- Backbone Network Capacity Usage: 50-60%
- Last Mile Network Capacity Usage: 50-75%

Continuous Investment for Technology

Continued Investment to Ensure the Best Customer Experience

Proactive Network
Management Software

Network Noise Localization
Solution

To further boost network stability and resiliency

Integration of Google Widevine

The first ISP in the world to implement Google Widevine, a content rights management system in its set top box.

This is part of our endeavour to always be searching and investing in new technology and also as part of our commitment for best practice relating to network and content security.

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We grew our digital marketing channel to distribute value added services to existing and prospective customers.

This creates an easy to use and convenient customer portal and it ensures low cost of acquisition and thus higher margins when customers use this channel.

Integration of OTT Partners Through Single Subscription

Marketing Director

Ms. Santiwati Basuki

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Ms. Santiwati Basuki – Marketing Director

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"The most important part of our mission in 2020 was to keep our staff, community and customers safe. We understand the concern of communities at this time and we were very pleased to play a role in making them feel safe."

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First Squad Home Services (FSHS):
- Building sanitization stations within communities
- Offering home sanitization service for new installation and network maintenance
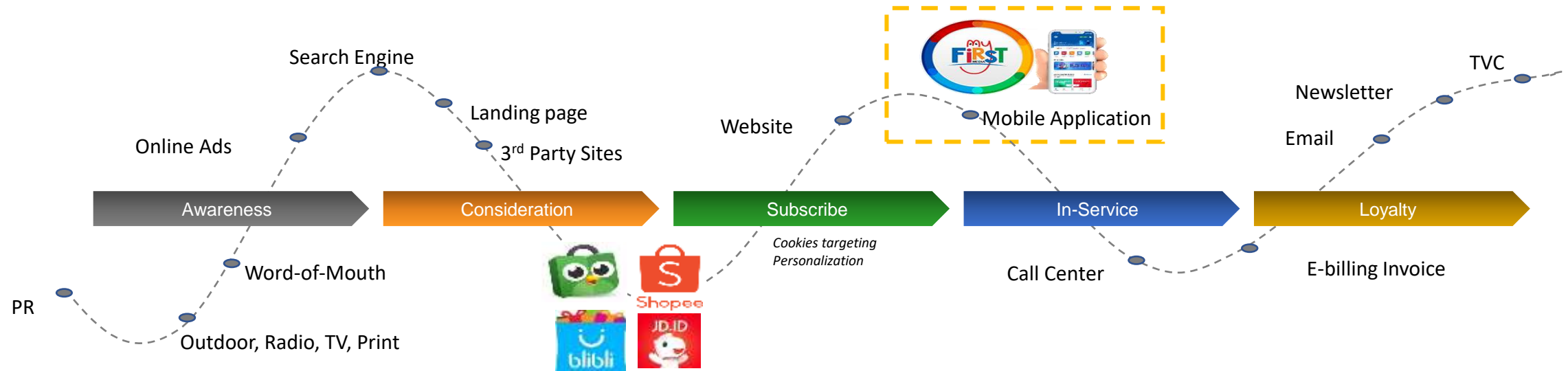- Providing sanitization packs to communities

First Squad Home Service

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Leads and New Accounts from First Squad Home Services (in '000)

79.8

43.7

FY20

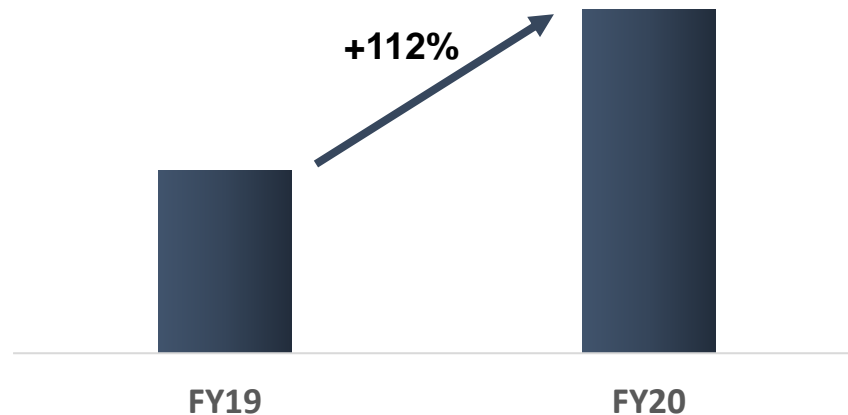■ Leads   ■ New Accounts
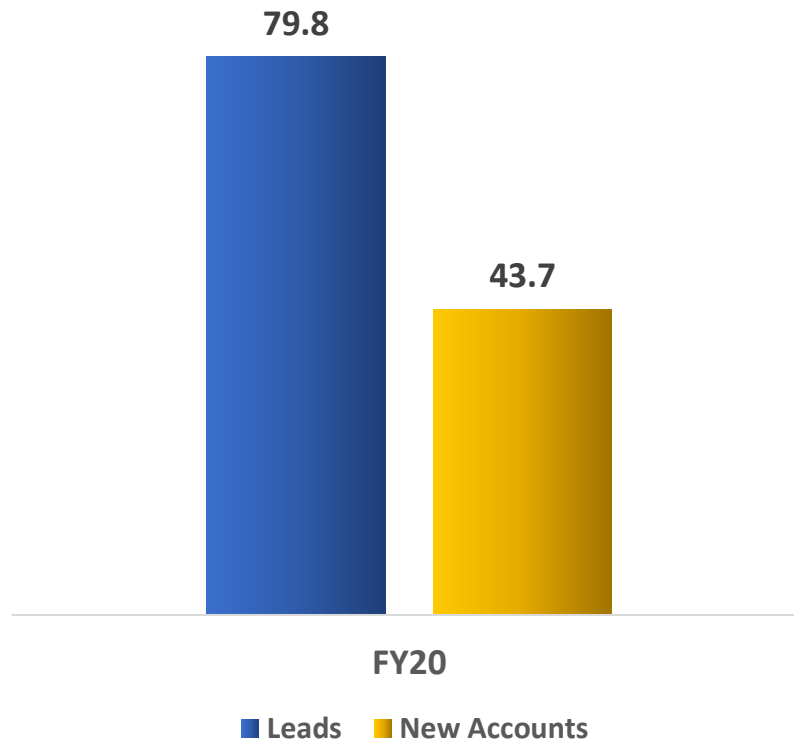
Our community outreach resulted in significantly strengthening our relationships within communities. Existing and prospective customers would feel safe to invite us to come to their communities and their homes.

Overall these community outreach programs generated close to 80 thousand leads for our sales teams and resulted in around 44 thousand new account openings in 2020.

Digital Marketing Channels

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Search Engine

Landing page

Online Ads

3rd Party Sites

Website

Mobile Application

TVC

Newsletter

Email

| Awareness | Consideration | Subscribe | In-Service | Loyalty |

Word-of-Mouth

PR

Outdoor, Radio, TV, Print

Cookies targeting Personalization
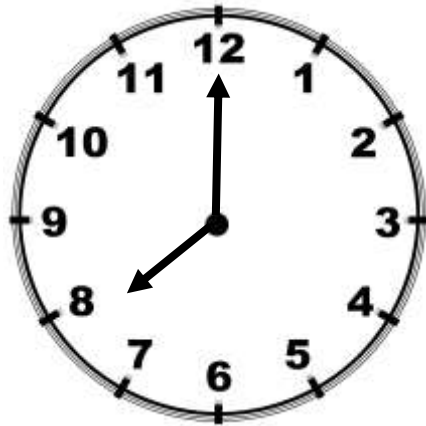
Call Center

E-billing Invoice

Digital Channels Leads Generated (in '000)

+112%

FY19

FY20

Link Net has continued to invest in its digital acquisition capabilities and we saw an increase in leads generated for new accounts via our online portals by 112% in 2020.

Extended Opening Hours to Match with Customer's Habit

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Saturdays and Sundays

| 8AM – 4PM | ➡ | 8AM – 8PM |

Extended Tele-sales opening hours during weekend up until 8pm to ensure that our opening hours matched with the habits of our prospective customers.

Enterprise Sales Director

Mr. Agung Satya Wiguna

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"The year 2020 significantly impacted many business sectors with an exceptionally negative impact on the hospitality industry. It was an opportunity to strengthen our existing relationships and show our clients that we understand their businesses and we care about their situations. Data connectivity is essential for any business to run, especially as society adapted to the pandemic situation."

Enterprise Business – Adapting to New Normal

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Enterprise Sales Strategy

☑ **Leverage existing network and Partner with other Providers to extend Coverage and Services,** targeting **incremental sales** from existing and New Customers

☑ **To become one of the best data communications and ICT solutions providers** – Target industries which have *minimal negative impact from the pandemic*
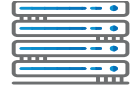
Enterprise Revenue (IDR bn)

16.8% CAGR

Year	Revenue
2017	370
2018	447
2019	576
2020	590
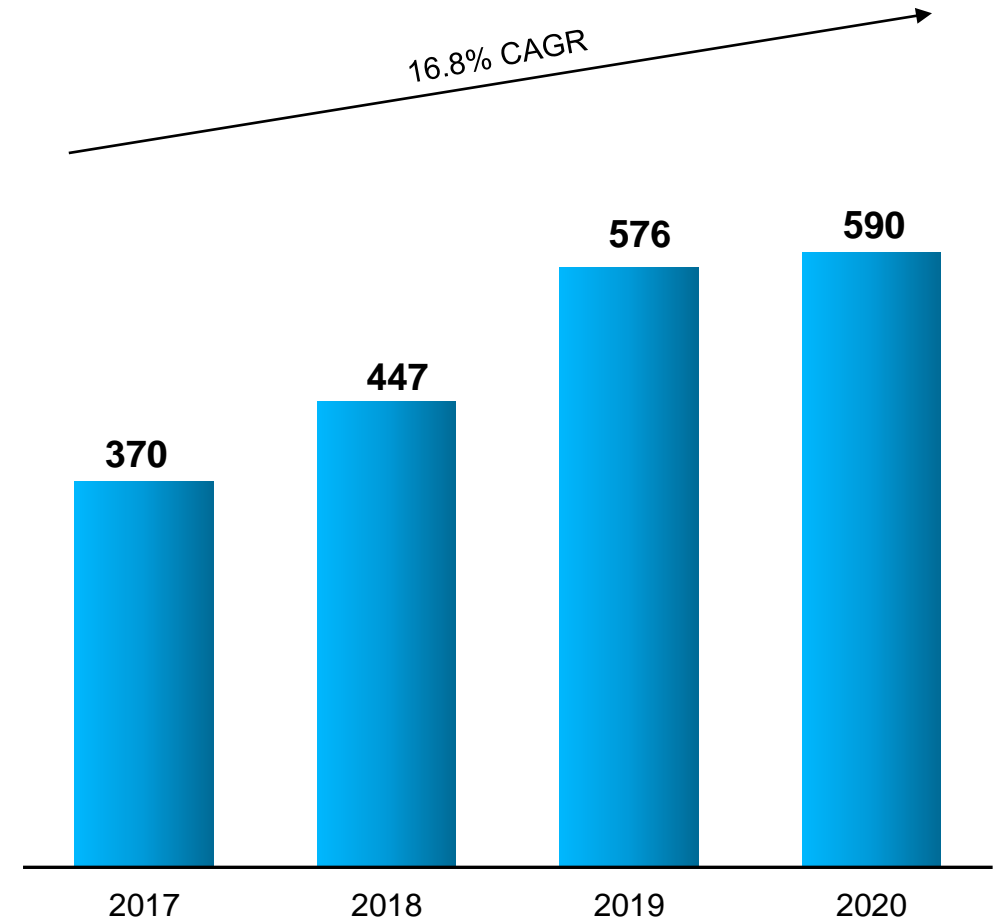
Total ICT Solutions for Enterprise Customers

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OUR SERVICES

Connectivity	Data Center	Manage Services	Cloud Services	Voice

INDUSTRY SOLUTIONS

Financial Services	Hospitality	Telecommunication	Government & Public Services	Energy & Resources	VSAT Services
Media & Entertainment	Manufacture	Education	Property	Transportation	

FIRST KLAZ

Enjoy excellent Learning Management System and learning experience with integrated solution for School, Teacher, Parents, Students.

TEMPERATURE SCREENING SYSTEM

Detect fever real time per millisecond with AI and face recognition for preventive solution to minimize risk for manufacture and office building

CISCO WEBEX MEETING

Working at home or remotely shouldn't impact your normal business meetings, no matter what device you are on for small, medium and large enterprise

IdeaHUB

Breaks the limitation of traditional conference and space by all in one collaborative boards to have more efficient teamwork

Content Director

Ms. Ferliana Suminto

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"It was crucial for us to provide our subscribers with leading content throughout 2020 especially due to the extra amount of time people were spending at home and gathering with their families. In what has been an incredibly tough year for many, I'm pleased we could play a small role in providing respite to our customers and a welcome distraction from the global pandemic."

Additional Channels

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The Most Complete Sports Channel Offering

FOX SPORTS HD   SETANTA SPORTS   EUROSPORT   Champions HD TV 1   GOLF   RUGBY PASS TV

New Channels in 2020

Additional Entertainment Channels

RED BY HBO

DREAMWORKS

RED by HBO
- Focuses primarily on films from Asian countries

Dreamworks
- Provides 24-hour, HD, kids and family animation movies

Additional News Channel

FOX NEWS

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Wide Variety of Channels

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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 124* HD Channels
  - – Total of 235[a] channels (124HD and 111 SD)
- ☑ First to launch TV Anywhere service with more than 100 channels
  - – Highest number of TV Anywhere channels amongst cable TV operators
- ☑ Recently forged partnerships with Catchplay, HBO GO and Viu, WeTV, GoPlay and iQIYI further boosting OTT content library

- ☑ Deep and unique understanding of Indonesia's viewership preferences

- ☑ Content sourced through various international and local providers, with whom Link Net has established deep relationships

Widest and Diverse Channel Selection Addressing Viewership Preferences

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

Partust
Partnership with OTT

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Existing OTT Partnerships

First Media X
- In house OTT; enable subscribers to watch 'TV 'on the go'

HBO GO
- Provide international TV Everywhere video on demand streaming service

Catchplay
- Provide selection of local box office movies

New OTT Partnerships

VIU
- Provide Korean Drama and TV Shows

Go-Play
- Provide local movies, TV shows and music festivals

Planned OTT Partnerships

We TV
- Provide TV series and anime from China, Thailand, Korea and Japan

iQIYI
- Provide Chinese movies and TV shows

Chief Financial Officer

Mr. Johannes

Mr. Johannes – Chief Financial Officer

"While we couldn't have predicted the curve ball that 2020 would present us with, we invested in prior years to build a business platform from which we could prosper and leverage opportunities as they presented themselves."

Growing ARPU Overtime

- We consistently have ARPU growth over extended period of time as customers appreciate our products and services and request our higher value service offering.

- Below is the growth in ARPU of each 3 major cities over a 5-year period:
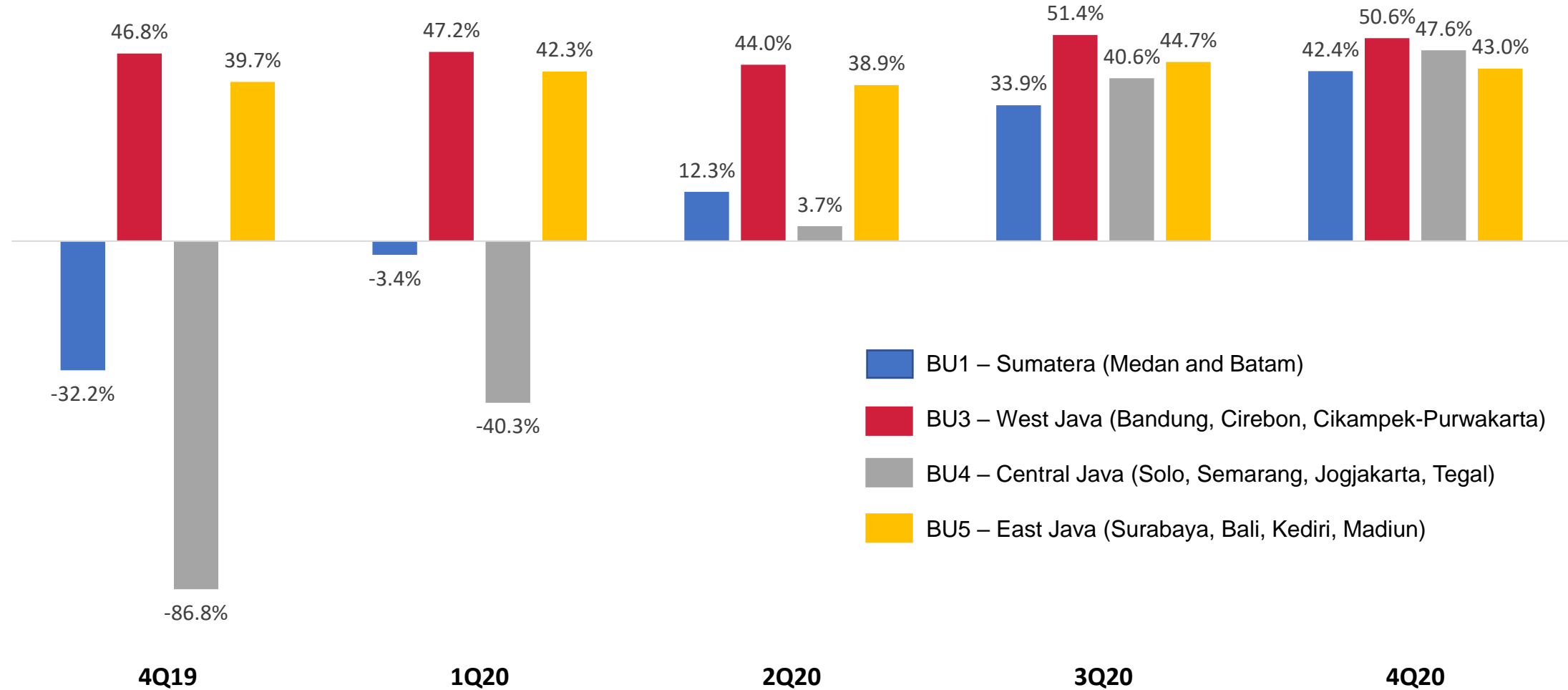
Area	5 Year ARPU Growth
Jakarta	52%
Bandung	59%
Surabaya	51%

- Below is the growth of ARPU in newer cities:

Area	ARPU Growth (0-12 Months)	ARPU Growth (13-24 Months)
Medan	10%	43%
Batam	9%	28%
Solo	10%	33%

- 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

EBITDA Margin for Business Outside Jakarta and Greater Jakarta

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	4Q19	1Q20	2Q20	3Q20	4Q20
BU1	-32.2%	-3.4%	12.3%	33.9%	42.4%
BU3	46.8%	47.2%	44.0%	51.4%	50.6%
BU4	-86.8%	-40.3%	3.7%	40.6%	47.6%
BU5	39.7%	42.3%	38.9%	44.7%	43.0%

- BU1 – Sumatera (Medan and Batam)
- BU3 – West Java (Bandung, Cirebon, Cikampek-Purwakarta)
- BU4 – Central Java (Solo, Semarang, Jogjakarta, Tegal)
- BU5 – East Java (Surabaya, Bali, Kediri, Madiun)

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Revenue increased
7.8%
to
IDR4.05tn
in FY20

EBITDA grew
11.3%
to
IDR2.3tn
in FY20

EBITDA Margin of
56.9%
In FY20

Net Profit increased
5.3%
to
IDR942bn
in FY20

Net Profit Margin of
23.3%
In FY20

Acquired **85 million shares**
as continuation of share buyback
program in FY20

Thus, reducing the total
Outstanding Shares by **3%**

Earnings per Share grew
9.3% to
Rp340 per share
In FY20

Link Net will pay a dividend for financial year 2020 of 30% of Net Earnings. The total dividend payment will be approximately Rp283bn subject to AGMS approval.

Appointment of Top Tier Accounting Firm

In line with our mission to strengthen corporate governance at all levels in 2020 we appointed top tier firm Ernst & Young as Link Net's auditor. Ernst & Young audited our financial statements in 2020 and we look forward to a continued relationship with them for many years to come.

Link Net's ESG and CSR Initiatives

Appreciation to Medical Workers and Communities

Free 3-months Pay TV and Internet Services for Medical Workers:
3K registered customers in FY20

Provide **63.5K** multivitamins & **4.5K** Hazmat suit, donated to **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
- Donated COVID-19 test kit & basic food packages to local communities
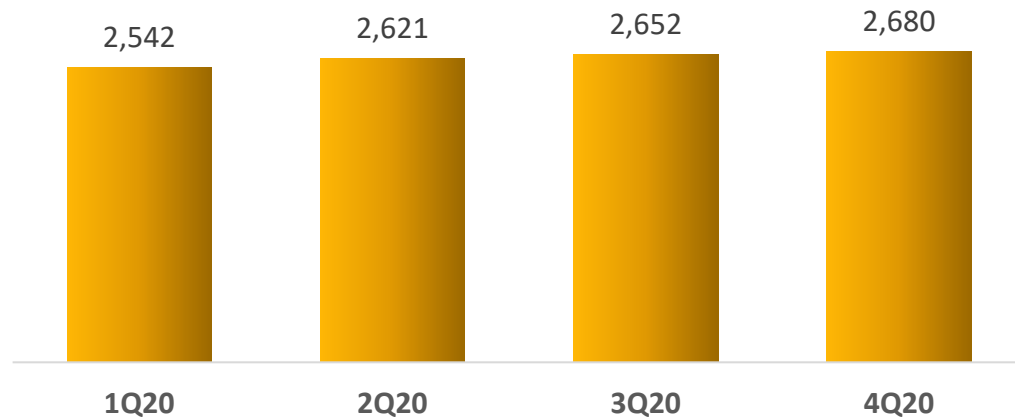
Giving Back to Communities

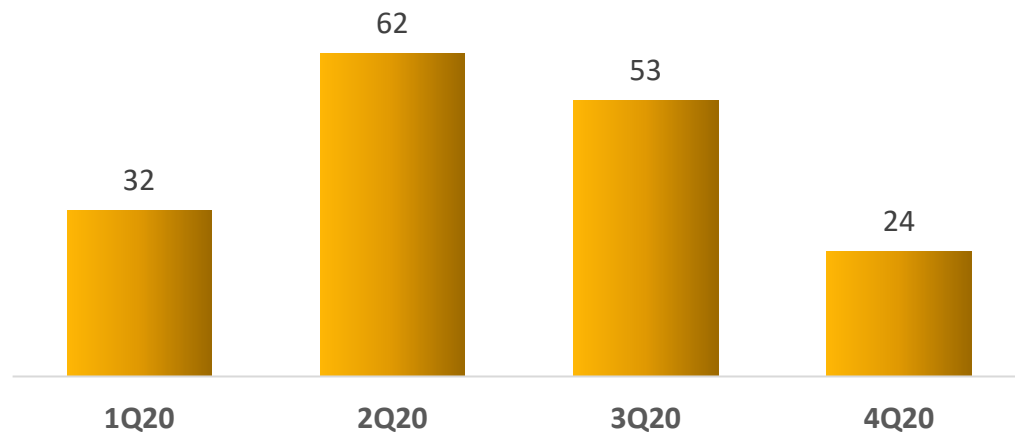**Scholarship Program** in collaboration with UPH for FM subscribers

In Collaboration with **BeritaSatu Media Holdings** and **Palang Merah Indonesia (PMI)** held **First Festival** From Home '**10.000 Cinta Untuk Indonesia**', music streaming concert with **fund raising** program to provide medical needs in hospitals and health centers
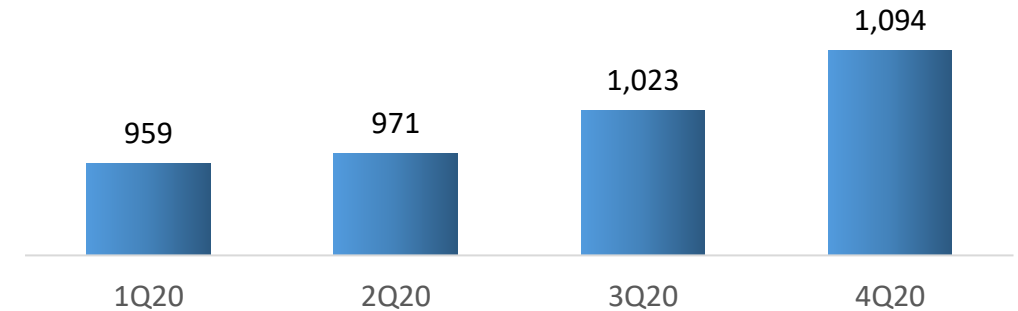
Financial and Operational Results per Quarter 2020

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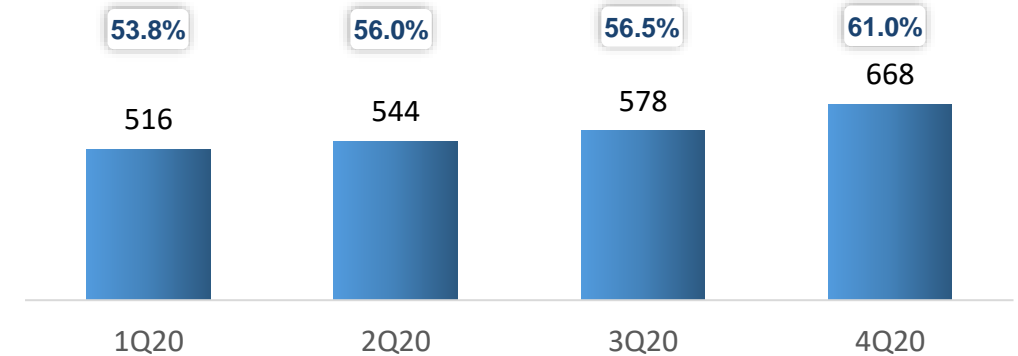### Total Homes Passed (in '000)

1Q20	2Q20	3Q20	4Q20
2,542	2,621	2,652	2,680

Net Subscriber Additions ('000)

1Q20	2Q20	3Q20	4Q20
32	62	53	24

Revenue (IDR bn)

1Q20	2Q20	3Q20	4Q20
959	971	1,023	1,094

EBITDA (IDR bn) and Margin (%)

1Q20	2Q20	3Q20	4Q20
53.8%	56.0%	56.5%	61.0%
516	544	578	668

Net Profit (IDR bn) and Margin (%)

1Q20	2Q20	3Q20	4Q20
20.6%	26.7%	23.8%	22.%
198	259	243	243
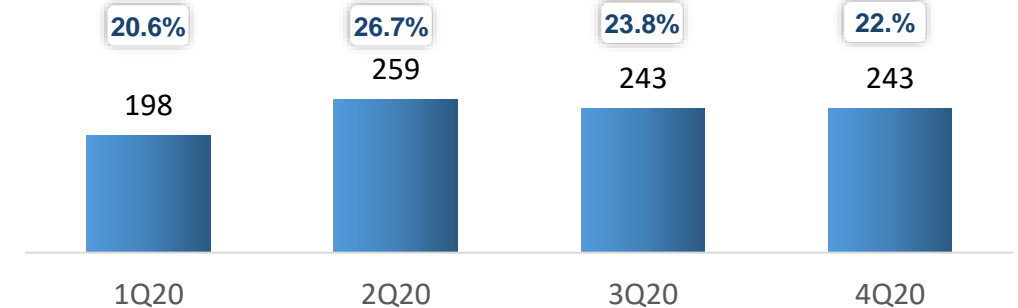
Cost of Sales and OPEX

Cost Components (% of Revenue)	FY19A	1Q20	2Q20	3Q20	4Q20
Cost of Sales					
Content Cost % of Revenue	8.8%	9.3%	9.3%	9.1%	8.7%
Internet Cost % of Revenue	6.0%	6.2%	4.6%	4.4%	4.1%
ICON + Pole Rental % of Revenue	1.8%	3.6%	3.6%	3.6%	3.6%
OPEX					
Sales & Marketing Expense % of Revenue	8%	9.5%	9.8%	9.5%	7.4%
General & Administration Expense % of Revenue	14.1%	14.7%	14.4%	13.1%	8.3%

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Thank You