



Link Net

PT Link Net Tbk
1H 2015 Results Update
August 5, 2015


Link Net





Section 1
Financial performance




Key highlights – 1H 2015

-  **Delivered steady financial results and yoy growth over last 2 quarters amidst external pressures**
 - Revenue of Rp 1,238 billion up 22%
 - EBITDA of Rp 715 billion up 23%
 - NPAT of Rp 314 billion up 13%

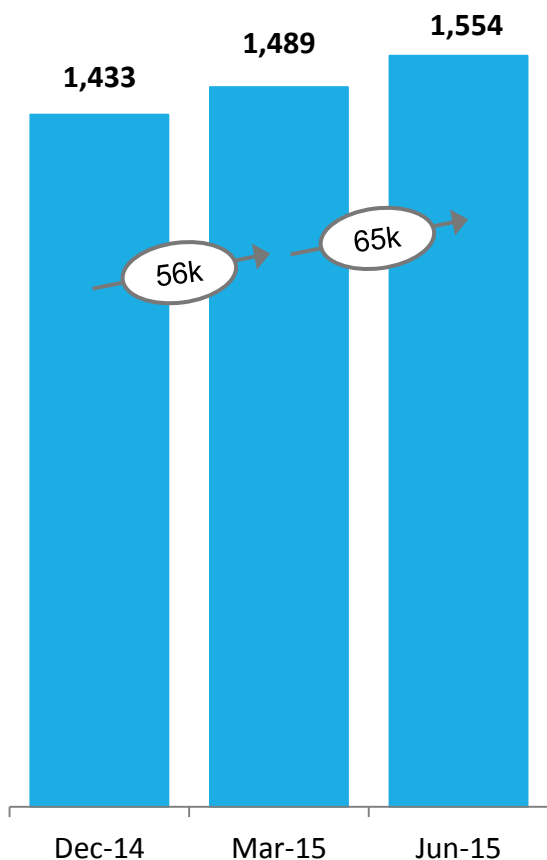
-  **Posted solid operating performance, further strengthening the foundation for our continued growth**
 - 1.55 million homes passed, 121k added in 1H 2015
 - 420,687 broadband RGUs, 29k added in 1H 2015
 - 392,850 cable TV RGUs, 30k added in 1H 2015
 - 94% bundling rate, up from 93% in prior year

-  **Continued product enhancements & innovations**
 - Maintained speed leadership with launch of 200 Mbps
 - Enhanced TV anywhere service and interactive experience

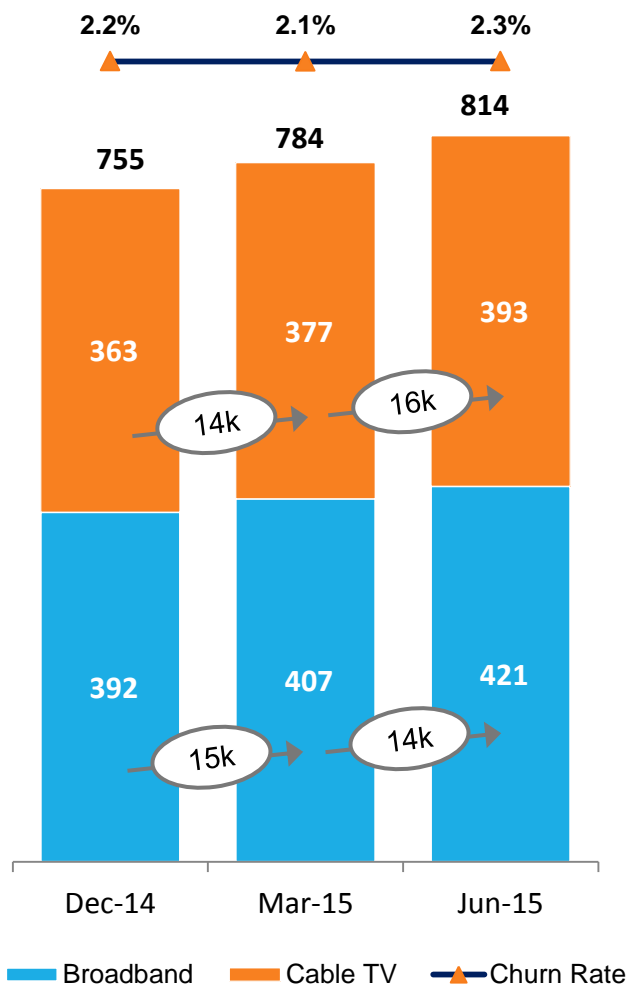
-  **Completion of FMTV majority stake acquisition**

Continued strength in our operating performance

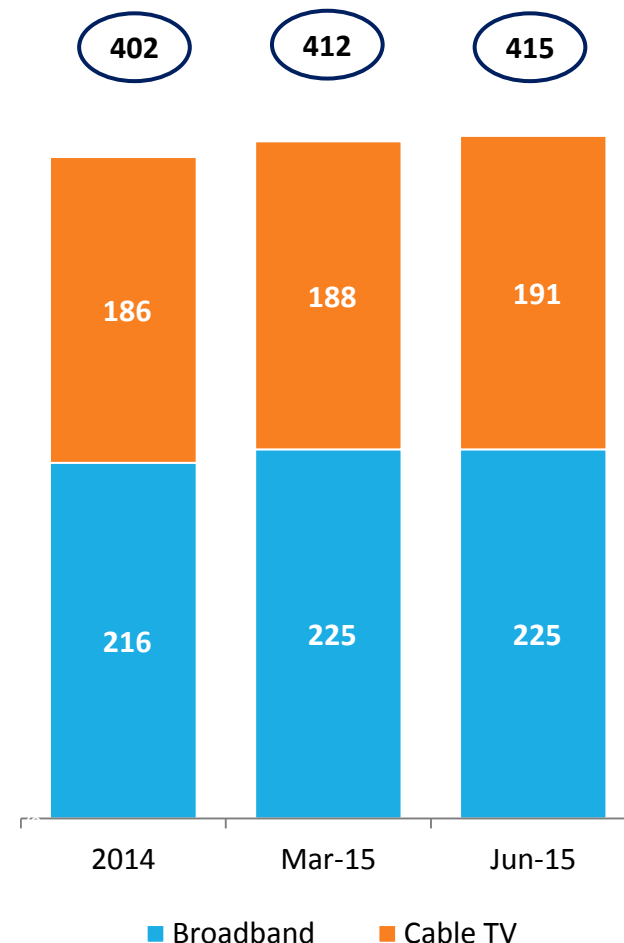
Homes Passed ('000)



RGUs ('000) and Churn

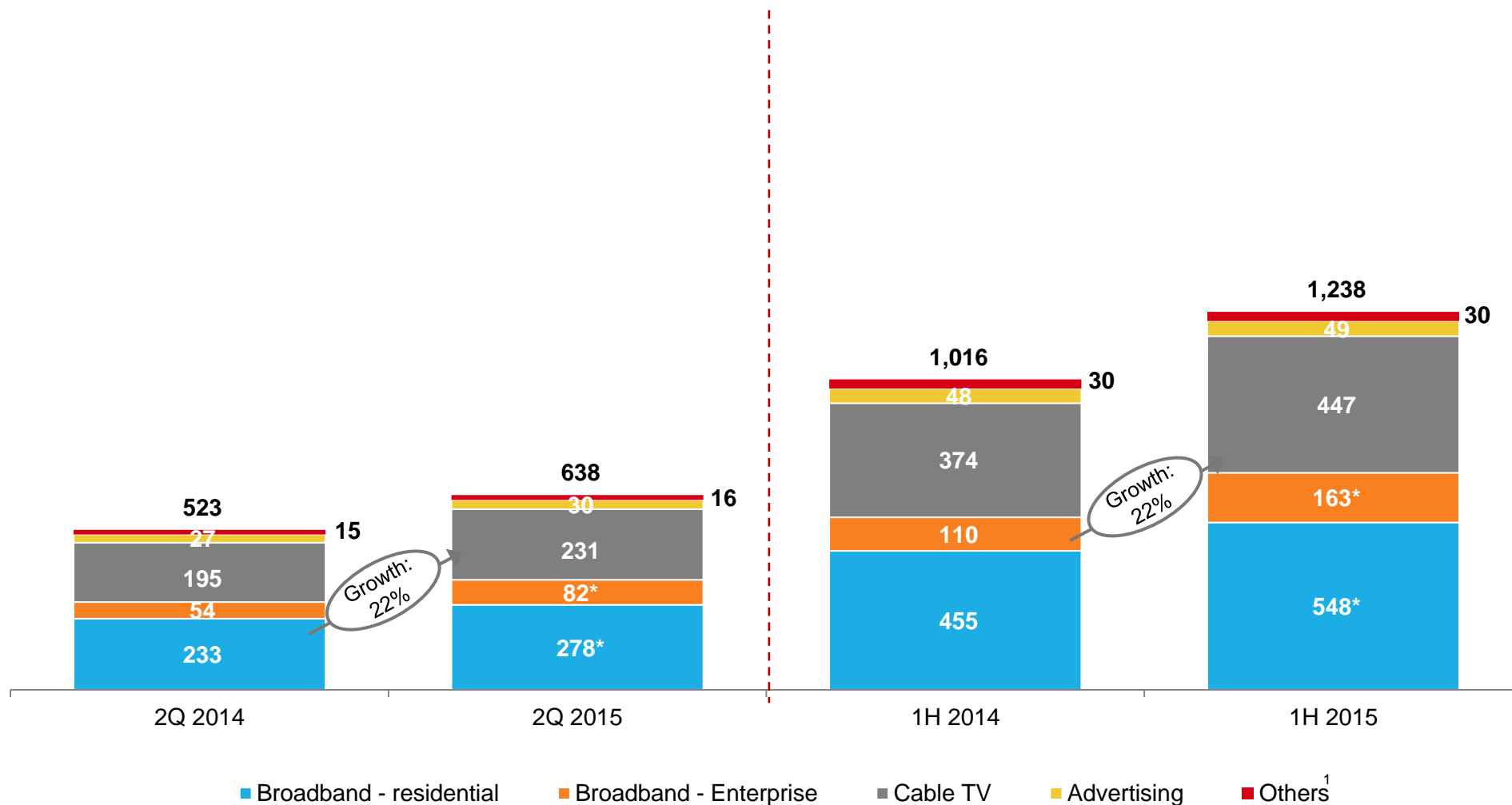


ARPU (IDR '000)



Steady revenue growth in 1H 2015

Revenue (IDR bn)



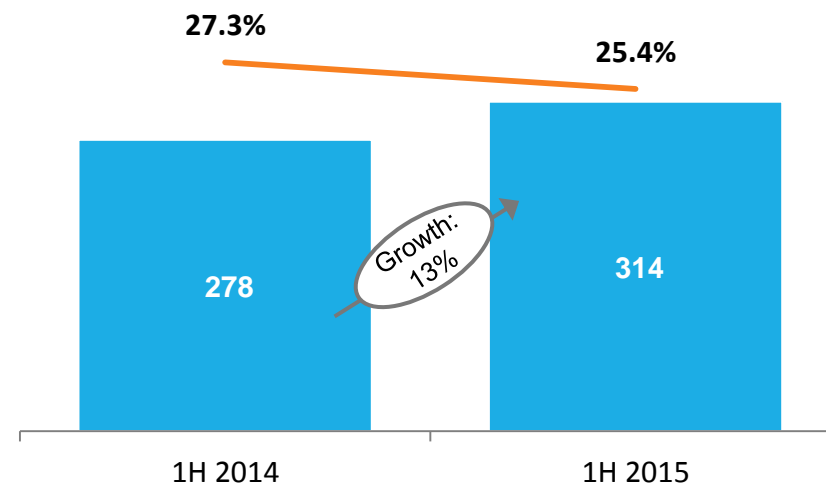
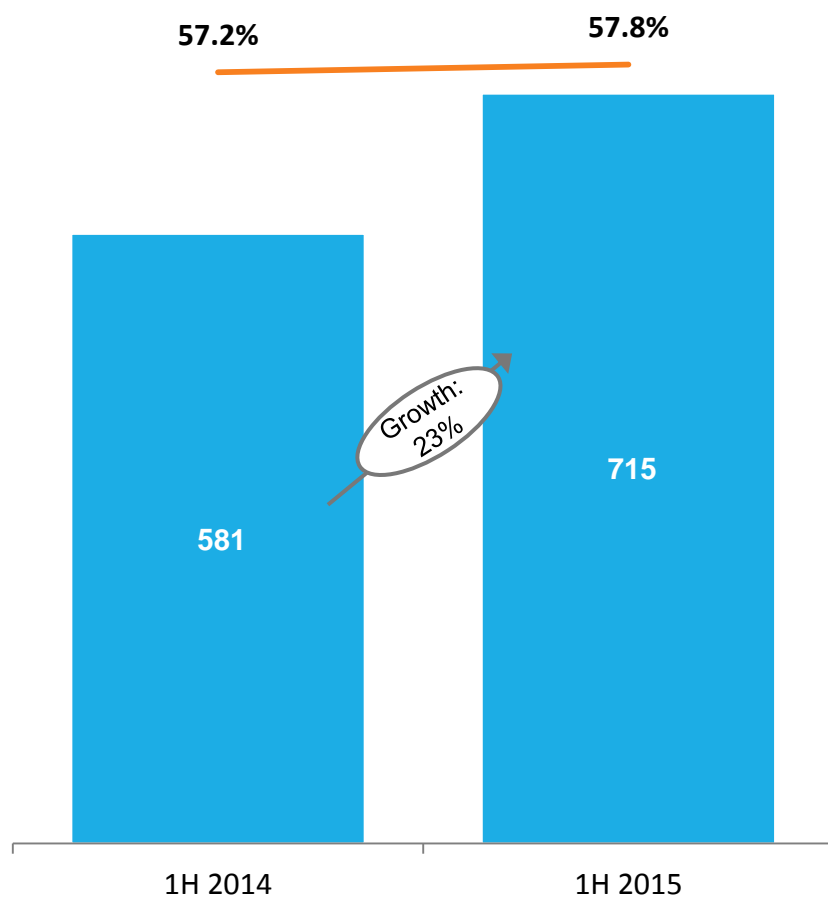
¹ "Others" primarily includes revenue from payment charges, installation charges and auxiliary equipment sales.

* As updated from earlier reported amounts on August 3, 2015

Healthy margins maintained

EBITDA (IDR bn)

Net Profit ⁽¹⁾ (IDR bn)



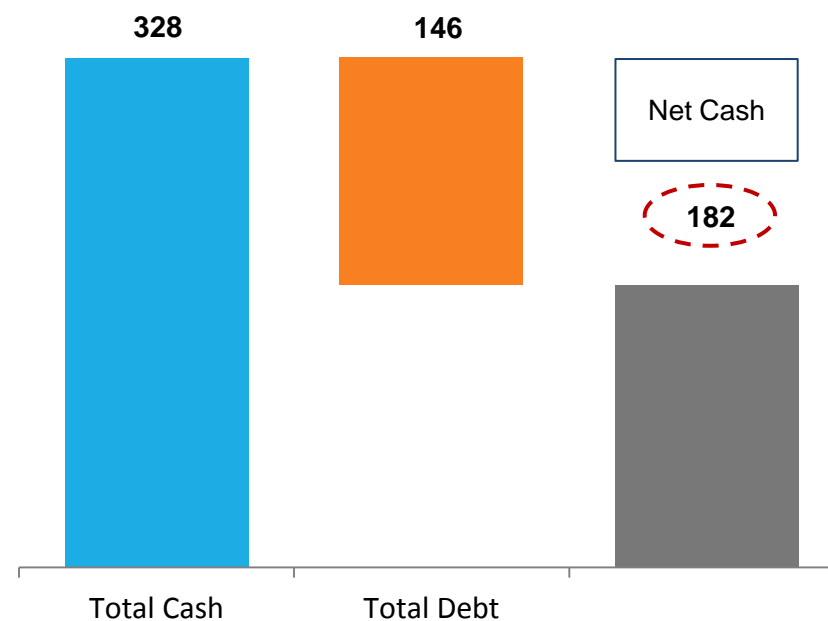
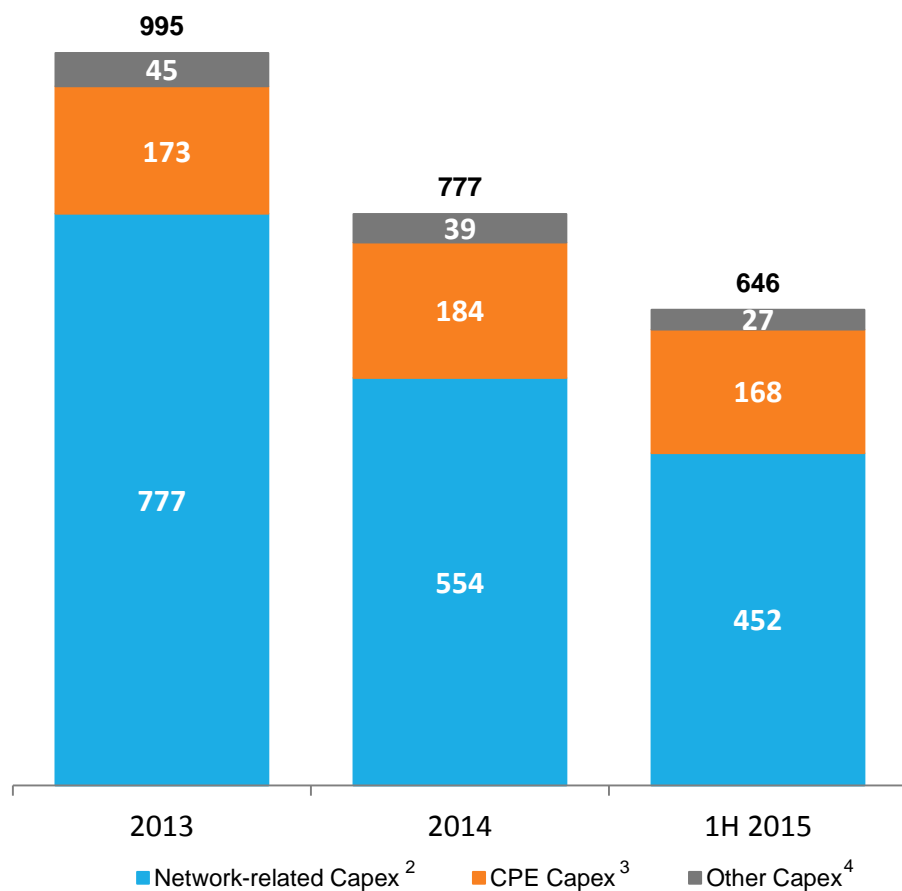
EBITDA and Net profit margins

¹ Finance costs in 1H 2015 P&L include net foreign exchange losses of Rp22 billion and financing and payment channel charges of Rp21 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 June 30, 2015. Total debt mainly comprises vendor financing.



Section 2
Outlook and strategy



Changing macroeconomic and competitive landscape...

Economic Conditions

Slowing domestic economic growth & global concerns

- Q1 2015 GDP growth was at 4.71%, weakest growth in 6 years.
- Indonesia's central bank expects Q2 2015 GDP growth to remain limited, partly caused by weak consumer spending.
- Ongoing concerns regarding economic slowdown in China, Greece crisis and Fed tightening.

Competition

Intensifying competition from existing & new players

- FTTH players and new start-ups emerging
- Similar product offerings – Internet and TV bundled

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% to 5% per year

**Enterprise
15-20% of
Revenue**

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

Significant room to grow in existing cities

	<u>AB households^(a)</u>	<u>Homes passed^(b)</u>	<u>Coverage ratio (%)</u>
Greater Jakarta	3,347k	1.2m	~36%
Greater Surabaya	474k	252k	~53%
Bandung	238k	57k	~24%

(a) AB SES households defined by Nielsen as households with monthly expenditure of ≥ IDR2.0m and assuming 4 people per household; Addressable market consists of households (HH) = SEC A, B households as defined by Nielsen

(b) As of 1H 2015

Source: Media Partners Asia, Nielsen, Company data

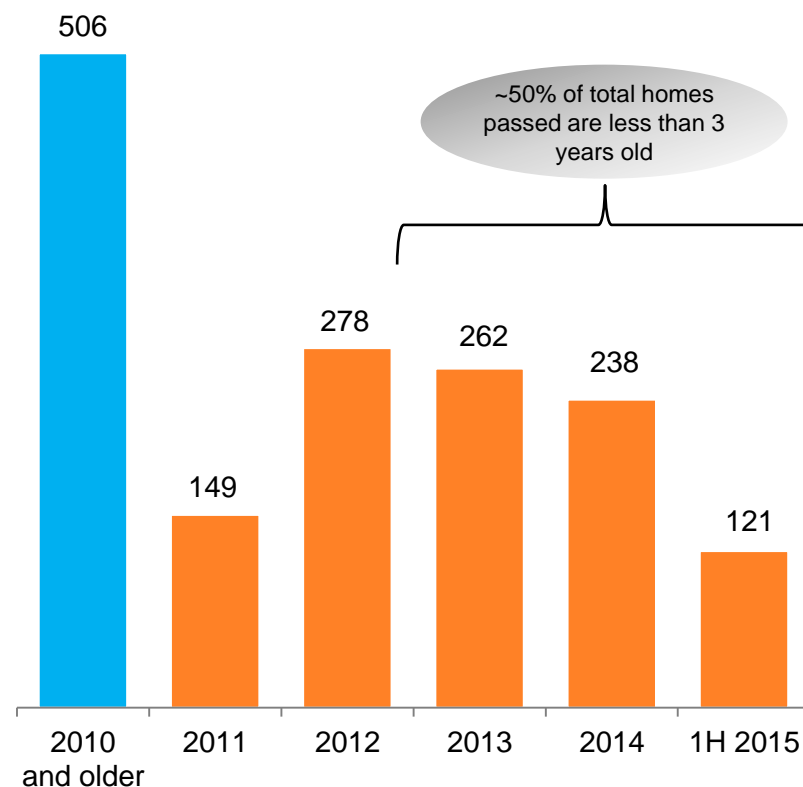
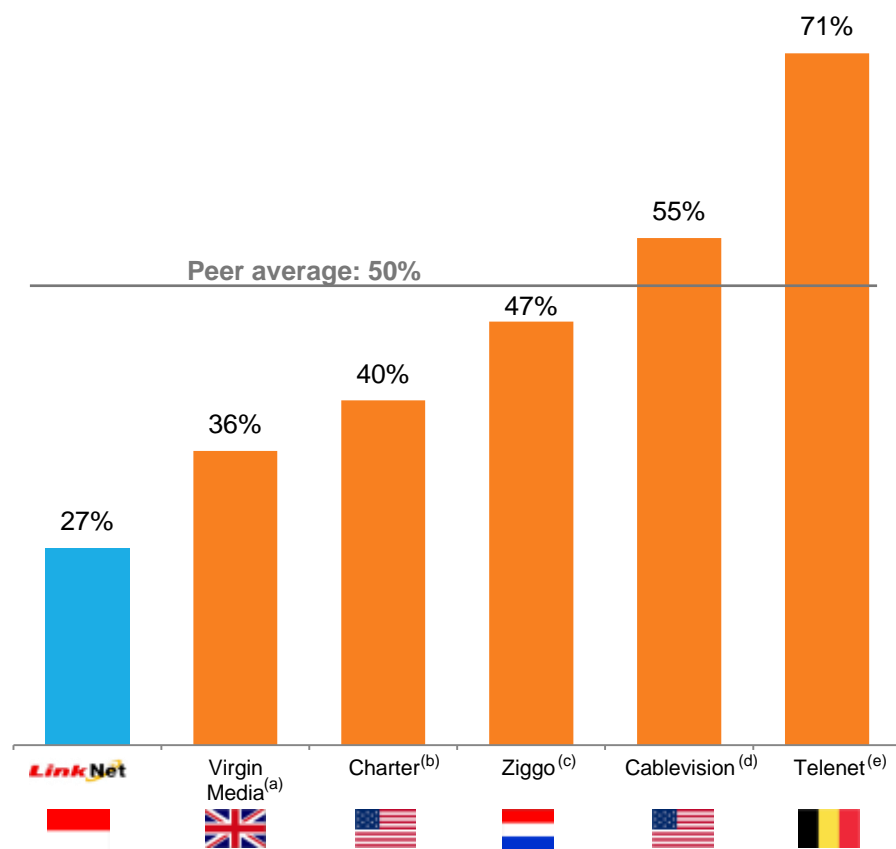
Link Net is well positioned to capture the rising wealth of these fast-growing cities

Significant homes penetration upside

Expected penetration upside through increasing disposable income in Indonesia

Link Net's young vintages have expected penetration upside

Unique broadband customers as a % of homes passed



Note: As of Dec 2014

- (a) % Internet RGUs of homes passed
- (b) % penetration of internet passings
- (c) From Liberty Global's supplementary information on Ziggo. % Internet RGUs of homes passed
- (d) % High speed data of total serviceable passings
- (e) % Basic cable TV subscribers of total homes passed

(f) Additional homes passed during the year/period
Source: Company data

Source: Company data and public filings

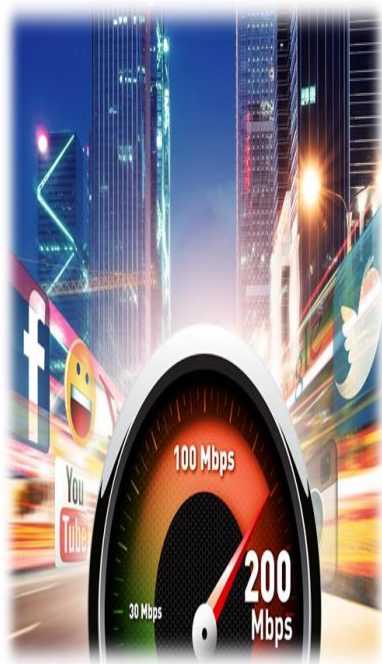
Market leadership position and continued focus on strategies to support growth trajectory

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



Accelerating structural demand for higher bandwidth broadband, as well as premium entertainment such as HD



Introduction of VAS such as TV Anywhere and Video on Demand



Targeted upselling of customers to higher value tiers to meet the rising demand



Competition with limited number of players differentiated on quality and product offering, instead of price

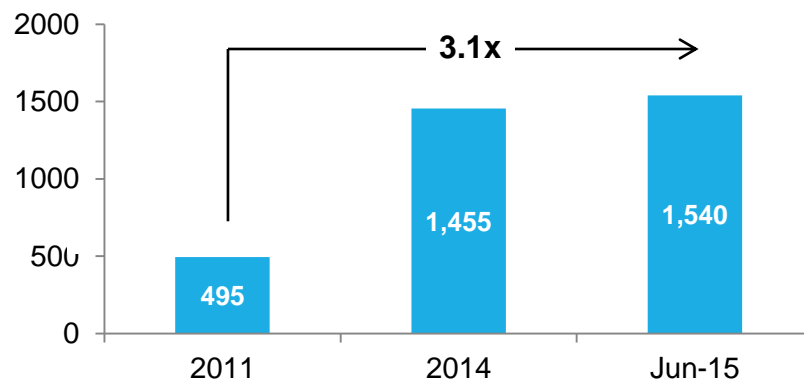


Cable industry leader, Link Net driving stronger ARPUs by delivering a higher value proposition with bundling and premium product offering

Significant growth upside from enterprise market and advertising

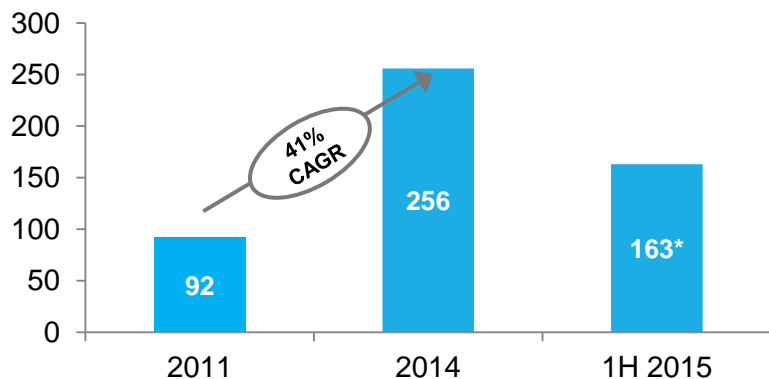
Increase penetration of large and untapped enterprise market

TRIPLED DataComm customers



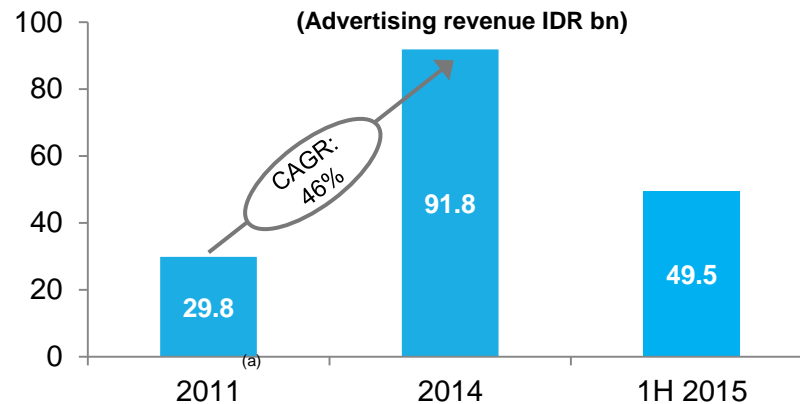
... experiencing significant growth since 2011

(DataComm revenue IDR bn)



setting stage for upside growth in Link Net's advertising revenue

(Advertising revenue IDR bn)



Source: Company data
* As updated from earlier reported amount on August 3, 2015

(a) 2011 financials not directly comparable as they account for financial performance post-acquisition of assets in June 2011
Source: Zenith Optimedia (2014 television advertising expenditure is forecasted)

The background features a dynamic, abstract composition of glowing blue fiber optic cables and data streams. The cables are bundled together, creating a sense of depth and movement. The data streams are represented by thin, bright blue lines that crisscross the scene, some appearing as sharp points of light. The overall color palette is dominated by various shades of blue, from deep navy to bright cyan, set against a dark, almost black background. The lighting is dramatic, with strong highlights and deep shadows, giving the scene a futuristic and high-tech feel.

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Appendix

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Profit and loss summary

(IDR bn)	6M ended June 30,	
	1H 2014 ^{*)}	1H 2015
Revenue	1,016.0	1,237.5
EBITDA	581.0	714.9
D&A	(180.9)	(236.8)
Operating Profit	400.1	478.1
<i>Margin %</i>	39.4%	38.6%
Finance Income	8.3	8.4
Finance Cost	(20.2)	(42.6)
Share in Loss of Associate	(15.2)	(20.9)
Profit Before Tax	373.0	423.1
Tax Expense	(95.3)	(109.4)
Net Profit	277.7	314.0
<i>Margin %</i>	27.3%	25.4%

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

Balance sheet summary

(IDR bn)	As at Dec 31 2014*)	As at Jun 30, 2015
Current Assets		
Cash and Cash Equivalents	366.8	328.4
Trade Receivables ¹	176.8	209.7
Total Current Assets	583.2	578.0
Non-Current Assets		
Property, Plant and Equipment - Net	2,693.6	3,114.0
Total Non-Current Assets	3,167.9	3,558.2
Total Assets	3,751.0	4,136.2
Current Liabilities		
Payables ¹	108.4	196.5
Current Maturities of Long-Term Debt	90.7	97.2
Total Current Liabilities	547.4	662.4
Non-Current Liabilities		
Long-Term Debt – Net of Current Maturities	91.3	49.2
Total Non-Curent Liabilities	156.8	122.6
Total Liabilities	704.2	785.0
Total Equity	3,046.9	3,351.2
Total Liabilities and Equity	3,751.0	4,136.2

Net Cash of
IDR 182bn

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

^{*)} As restated for implementation of new accounting standards