



# Fixed Mobile Convergence & Delayering Ambitions in Indonesia

**Axiata Analyst and Investor Day 2023**

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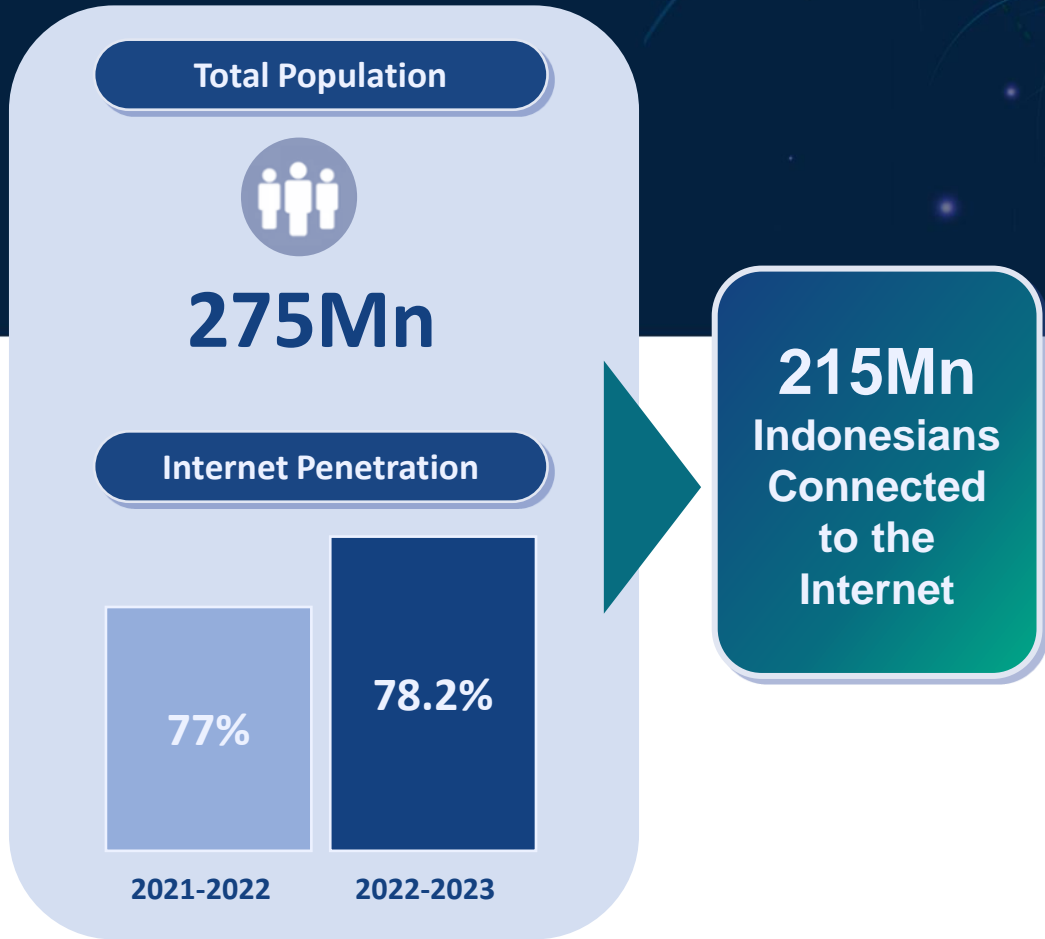
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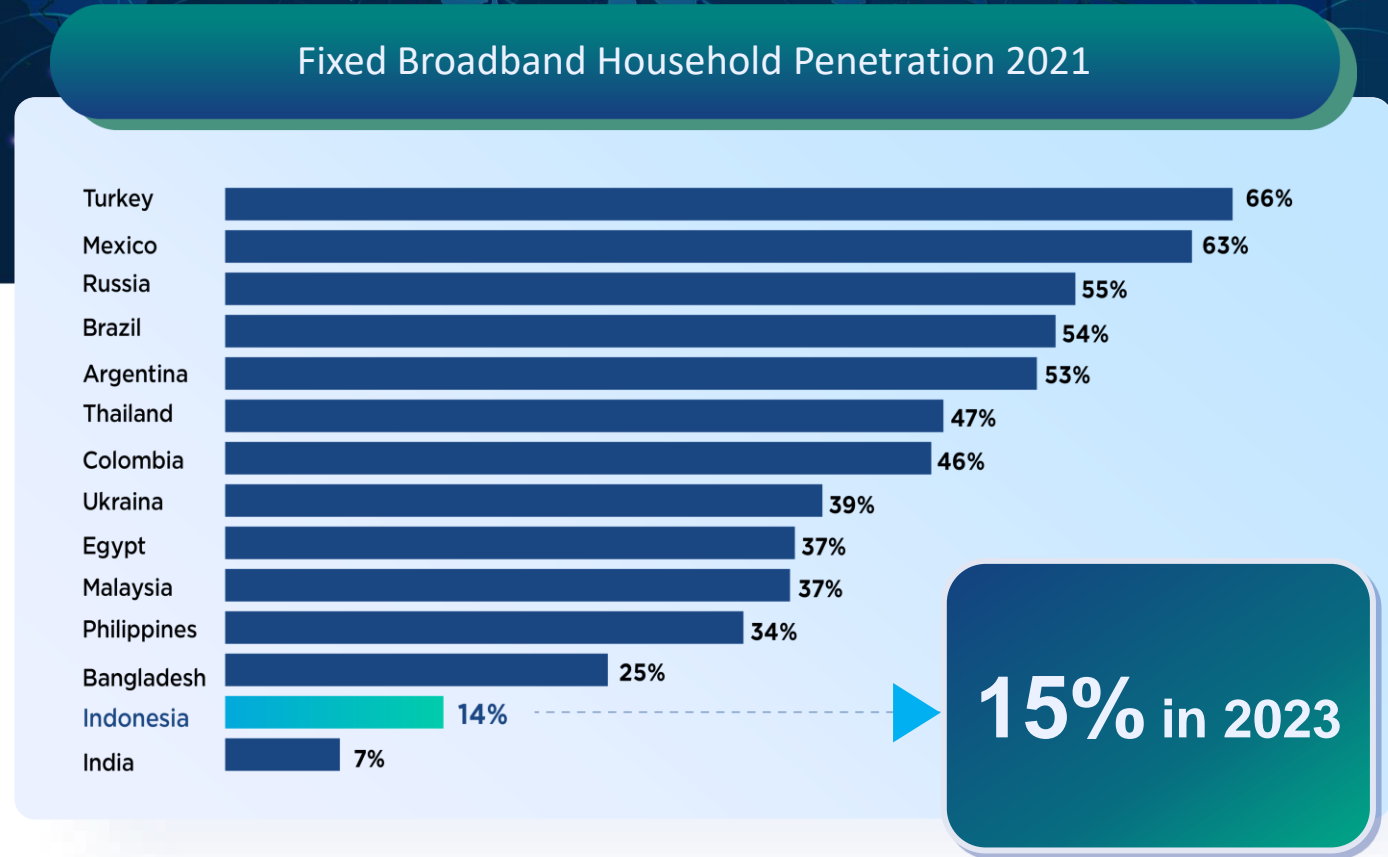
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# Indonesia is a country with high internet penetration and engagement, but is still under-indexed in FTTH penetration



Source: The survey results of the Indonesian Internet Network Operators Association (APJII)



Source: McKinsey Analysis, Oxford Economics, Analysys Mason

# This growth opportunity has driven XL to build the strategic journey to Convergence and new business lines

Focusing on pockets of growth, gaining strong business and revamping organization, leading to convergence and beyond...

Building strong foundation to become the Leading Converged Operator in Indonesia through converged Organization, IT, Network, Distribution

Leading the convergence movement by introducing the **first convergence service** in Indonesia, XL Satu



Building strong, better quality mobile base, beginning with family segment, capturing more **quality** subscribers and push price reparation



Significantly growing XL Home to seize pockets of growth in the **underpenetrated FBB** market



Creating **suite of bundled products** to push customer acquisition



Strengthening of Converged Organization, IT and Architecture, ready for a faster Convergence play



Undergo **Structural Transformation** to accelerate in the growth FBB and FMC

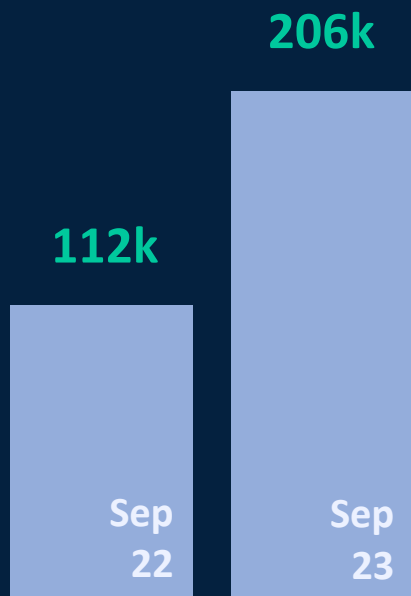
Expansion of new revenue streams to new business lines - in the Enterprise segment, largely from the line of **beyond connectivity**



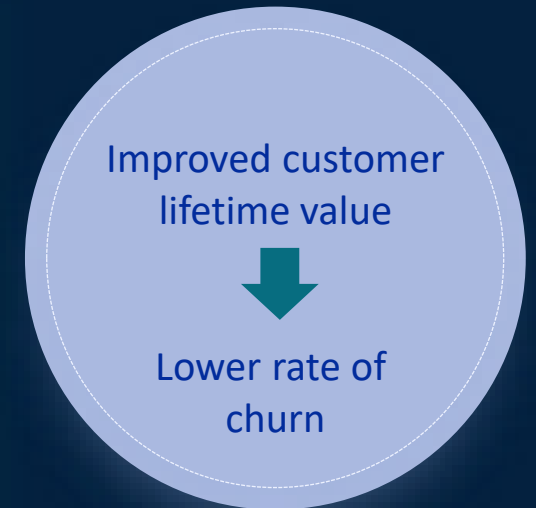
... So far XL Satu has seen strong progress in 2023

### Home Connect

Almost doubled



### Improving Convergence Penetration Rate



# Structural Transformation to fuel growth ambitions in Fixed Broadband and Fixed Mobile Convergence

## Accelerated roll out of Homes Passed

*Key partnership with Link Net to speed up the delivery of homes passed to fuel XL's growth strategy in FBB and FMC in an underpenetrated market*



~8mn homes passed over the next 5 years

## Creation of ServeCo and FibreCo

*Delaying of XL as a ServeCo and Link Net into a FibreCo to allow greater focus to capture market growth*



Accelerated scalability with larger scale of fiber footprint

# XL's core competencies will give an edge as a ServeCo

Customer Migration to Serve Co opens a suite of mobile services. Strong opportunities for FMC play & enhanced seamless customer experience

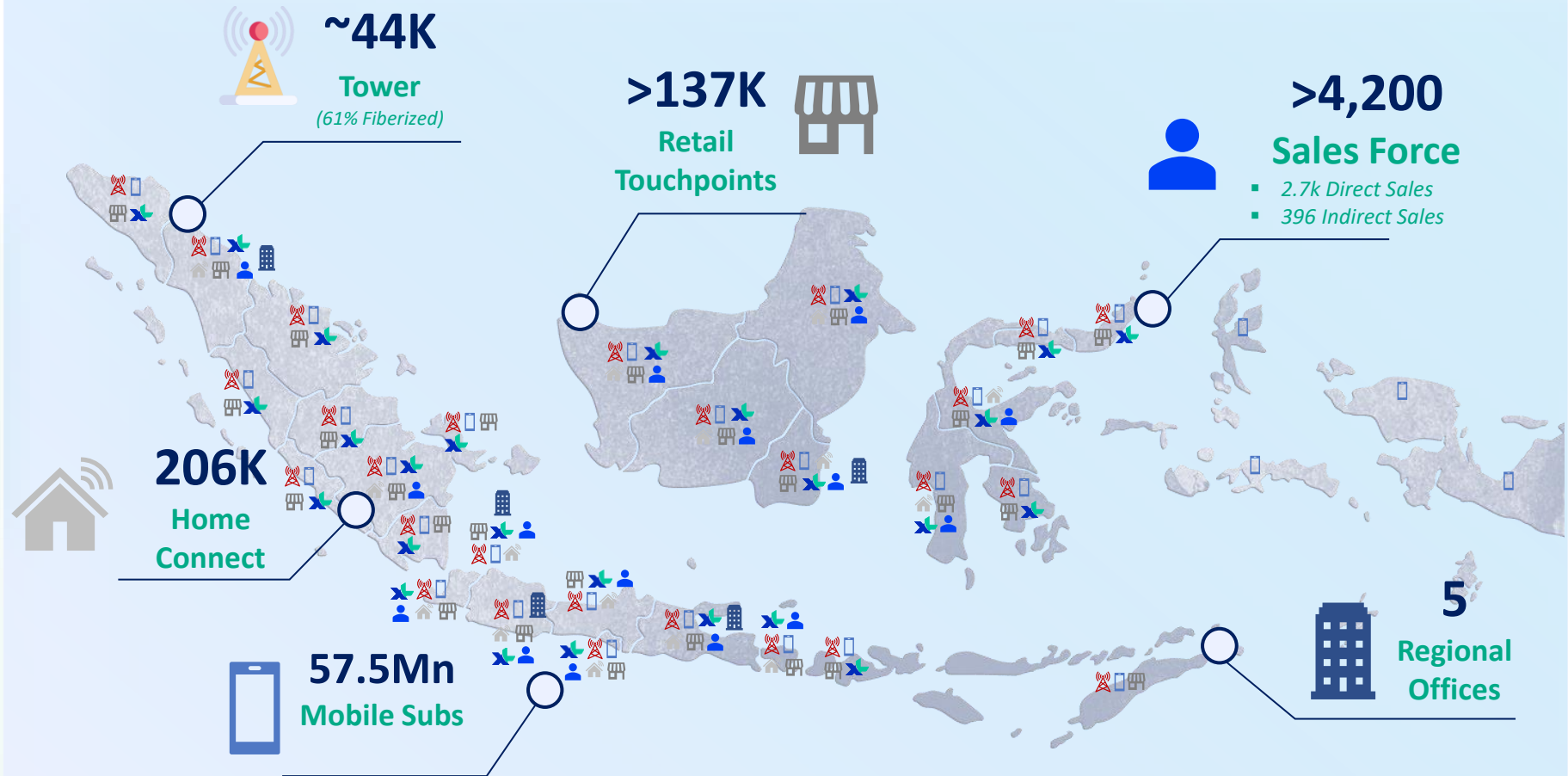
Present in **75** cities across Indonesia

## Key Strategies of customer acquisition

### Regionalized products



### End to end digital sales tools



# LN has key competitive advantages in its ambitions to be a FibreCo and capture the opportunities in Indonesia, as a wholesaler. This is boosted by its partnership with XL



## Large base with a strong pipeline

- Large existing base of **3.2m homes passed** in attractive areas
- Working on building a strong pipeline of B2S deployment
- Ambition to reach **8m homes passed in the next five years**



## Highly experienced and focused

- Highly **experienced in rolling out FTTH**
- Multi-vendor approach for accelerated rollout
- Focused on network deployment, especially once the retail business is carved out



## XL boost

- **XL as the anchor tenant** to boost the business case
- Quicker access to new deployment areas leveraging XL network
- Rollout of **1m home passes for XL in-progress**
- Additional **2m home passes non-binding agreement** recently closed



## Attractive infrastructure asset

- FibreCo with **clear infra-focus** and the experience and skills to deliver
- Infrastructure asset with **value in long-term contracts**
- Optimal size for investment, in the sweet spot of being not too costly as well as not subscale either



# Going forward, FibreCo strategy focuses on Fibre Factory transformation, HFC rebuild, IT transformation and organisational restructure



## Fibre Factory Transformation

- Focus on **rapid network rollout** for XL as well as other future ISPs
- Accelerate growth in homes passed by significantly ramping up rollout capability
- End-to-end cost tracking per home passed to improve cost efficiency

## HFC Rebuild & Migration

- **Overbuilding the HFC network with FTTH**
- Migrate customers from HFC to FTTH in partnership with XL
- Align overbuild process with Fibre Factory for optimized rollout

## FibreCo IT Transformation

- Move to a mixed on-premise and cloud-based platform to optimise resource allocation
- **Transition to a microservices architecture** enabling faster development, deployment, and integration of new features
- Develop standardised ServeCo platform for seamless business process flow

## Organizational Restructure

- Shift focus on **building a world-leading FibreCo organisation**
- Leverage off learnings on FibreCo deployment from across the Axiata Group

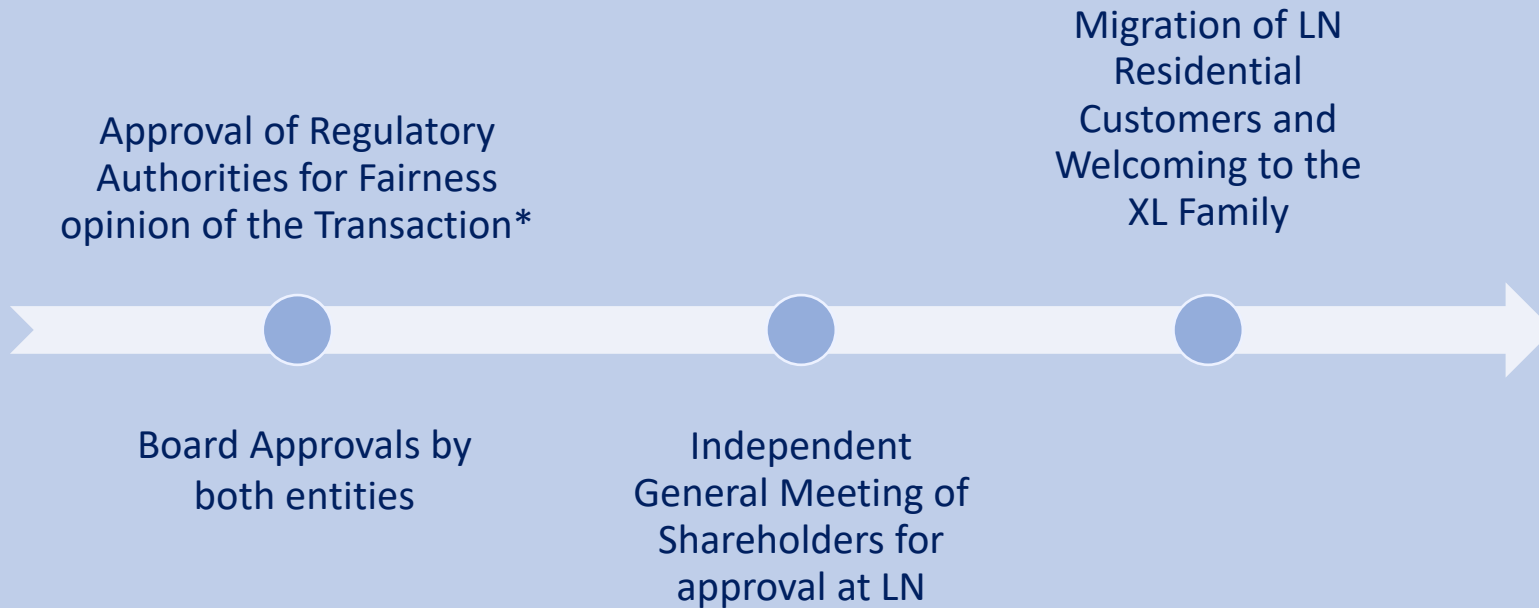
# XL and Link Net (LN) have entered into a Non-binding Agreement for the acquisition of LN's customers by XL. A major milestone in XL's FMC ambition and LN's transformation into a FibreCo



- XL and Link Net (LN) have **agreed upon the transfer** of Link Net's residential customers to XL.
- Delaying will catapult XL into one of the **biggest FBB players in Indonesia with 1 million Home subscribers.**
- In line with XL's FMC strategy this opens a vast opportunity as a **ServeCo for convergence play** enhanced seamless **customer experience** for our customers moving forward
- LN will focus on its **transformation into a FibreCo** deploying Home Passes fueling growth
- Roll out of 1 mn Home Passes (HP) **in progress to complete by 2Q24**
- LN plans to deliver **additional 2mn HPs** to XL providing a funnel to accelerate growth of FBB



# Next Steps & Timeline...



***“Creation of two strong assets in Indonesia with Link Net as a Fiber Co & XL as a converged mobile, fixed and content service provider “***



***The structural transformation shall be subject to compliance with the prevailing laws, regulations and applicable shareholders’ approval which is expected to complete in 1Q or 2Q 2024***

\* OJK requirement due to Related Party Transaction

Thank You