



## **PRESS RELEASE**

**October 14<sup>th</sup>, 2019**

### **PRESIDENT OF THE REPUBLIC OF INDONESIA JOKO WIDODO INAUGURATES THE NATIONAL STRATEGIC INFRASTRUCTURE PRIORITY PROJECT FOR EAST PALAPA RING PACKAGE**

**Jakarta, October 14<sup>th</sup>, 2019.** The East Palapa Ring Package project built by PT Palapa Timur Telematika ("PTT"), a majority-owned subsidiary of PT Mora Telematika Indonesia, was inaugurated today by President of the Republic of Indonesia Joko Widodo at the State Palace, Central Jakarta. The inauguration ceremony was attended by the Minister of Communication and Information Technology, Rudiantara, the Board of Directors of BAKTI and the Board of Directors of PTT along with the Board of Directors of the controlling shareholder, PT Mora Telematika Indonesia. The inauguration ceremony opened with the submission of the East Palapa Ring activity report by BAKTI and the Minister of Communication and Information, Rudiantara, which was then followed by remarks from the President of the Republic of Indonesia Joko Widodo as well as the signing of a digital inscription marking the inauguration of the operation of the East Palapa Ring Package and the Palapa Ring project as a whole. The inauguration ceremony was then closed with the delivery of aspirations, messages and hopes by the Deputy Governor of West Papua, Regent of Merauke, Regent of Rote Ndao, Regent of Penajam Paser Utara and Deputy Mayor of Sabang via video conference to the President of the Republic of Indonesia.

The East Palapa Ring Package project is a project to build, operate and manage fiber optic telecommunications networks in eastern Indonesia through cities: Waingapu, Sabu, Baa, Kupang, Alor, Wetar, Tiakur, Saumlaki, Tual, Dobo. Timika, Tigi, Kigamani, Enarotali, Sugapa, Ilaga, Kota Mulia, Tiom, Karubaga, Kobakma, Elelim, Jayapura, Waris,

Wamena, Kenyam, Sumohai, Dekai, Oksibil, Waropko, Tanah Merah, Merauke, Kepi, Agats, Nabire, Rasei, Ransiki, Anggi, Bintuni, Tangguh, Teminabuan, Aifat, Sorong, Fef, Manokwari, Numfor, Sorendiweri, Biak, Serui, Botawa, Burmeso, Sarmi.

With the inauguration of the East Palapa Ring Package project, PTT will receive revenue through the Availability Payment (AP) scheme during the 15 (fifteen) year concession period which will be paid by BAKTI to PTT amounting to Rp14 Trillion so that it will have a positive impact on the financial condition and financial statements of PT Mora Telematika Indonesia where PTT's financial statements are consolidated with PT Mora Telematika Indonesia's financial statements.

### **EAST PALAPA RING PACKAGE AT A GLANCE**

The Palapa Ring East Package project is a national fiber optic backbone network infrastructure development project in eastern Indonesia aimed at equitable broadband access. This project was won by a consortium of PT Mora Telematika Indonesia - PT Inti Bangun Sejahtera, Tbk - PT Infrastructure Business Sejahtera - PT Smart Telecom which then jointly formed PTT which focuses on carrying out this project. The Palapa Ring East Package project cooperation is regulated in the Cooperation Agreement between the Ministry of Communication and Information of the Republic of Indonesia and PT Palapa Timur Telematika Number: 1425/M.KOMINFO/HK.03.02.09/2016 and Number: 2901/PTT/PD-DIR/IX 2016 and its amendments. The Palapa Ring East Package project can reach 514 districts spread across the provinces of East Nusa Tenggara, West Nusa Tenggara, Maluku, Papua and West Papua. The total network length reaches 8,454 km which is divided into 50% marine fiber optic cable, 45% land fiber optic cable and 5% microwave links.

Funding for the East Palapa Ring Package project comes from a syndication of several banks with lead arranger Bank Negara Indonesia (BNI) with total funding of IDR 4 trillion. Through the Palapa Ring East Package project, PTT will receive payment through the AP scheme with a concession period of 15 (fifteen) years which has been guaranteed by PT Penjaminan Infrastruktur Indonesia (Persero). This AP scheme is regulated in the Minister of Finance Regulation number 190/PMK.08/2015 which is a

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periodic payment during the concession period based on the availability of infrastructure services that have been built by PTT. With this scheme, the demand risk of the availability of infrastructure services will be fully borne by the Person in Charge of the Cooperation Project (PJPK), namely the Ministry of Communication and Information. By taking the risk, PTT gets certainty of return on investment. The source of AP funds is obtained from the Universal Service Obligation (USO) under the MOCI. PTT receives AP on a monthly basis for 15 years where the AP payment is guaranteed by PT Penjaminan Infrastruktur Indonesia (Persero).

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