



PT XL AXIATA TBK. (XL) FY11

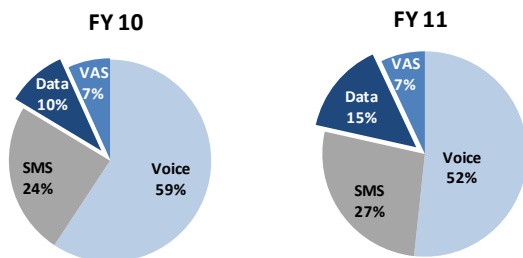
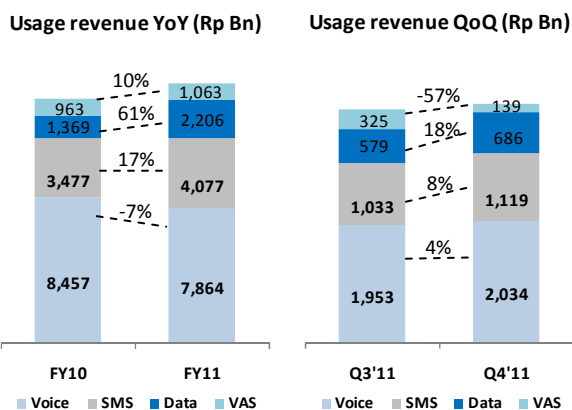
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This document contains certain financial information and results of operations, and may also contain certain projections, plans, strategies and objectives of XL, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements are subject to risks and uncertainties that may cause actual events and XL's future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by XL, or indicated by any such forward looking statements, will be achieved.

OVERVIEW

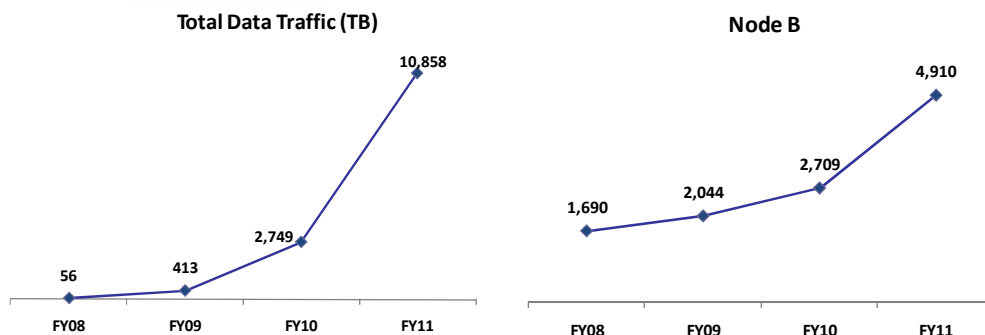
XL recorded a 7% growth in revenue YoY in FY 11, driven by strong growth in data services revenue which grew by 61%. This has been supported by investments in 3G infrastructure providing better access and experience in data. Despite the recent regulation on SMS Premium which saw VAS revenue decline by 57%, Q4' 11 saw a revenue growth of 3% QoQ led by growth in data services by 18% and SMS by 8%. Efforts on mitigation of voice substitution saw continued traction with a 4% growth QoQ.

EBITDA growth was 1% with margins at 49% including the impact of provision for severance payment related to the outsourcing of network managed services for better efficiency and network quality.



Data Business

- Strong execution focus on data coupled with a growing demand saw increased contribution of data as a percentage of revenue to 15% from 10% a year ago.
- Data adoption amongst the growing data users led to a 295% growth YoY in total data traffic reaching to 10.6 Petabyte. In addition, XL's data users have also increased by 22% to 25.5 million, which represents more than half of XL's total subscribers.



- XL launched **Hot Rod 3G+**, data packages with volume based charging with speeds up to 3.6 Mbps available in 4 major cities: Jakarta, Surabaya, Medan, and Denpasar. The service can be accessed through all types of handsets such as Android, iPhone, Tablets or any modems.
- Furthermore to increase data awareness and adoption of services, XL launched a new tagline campaign, **XLangkah Lebih Maju**, building awareness on 3G and XL's ability to provide fast, clear and reliable service.
- XL continues to offer various bundling packages, collaborating with several handset dealers to encourage handset upgrades from 2G to 3G. More bundling of Smartphone and Tablets are carried out in the 4th Quarter such as HTC Sensation XLTM with Beats AudioTM, Motorola RAZR, Toshiba Regza Tablet AT1S0, and Samsung Galaxy Tab 7.0 Plus.
- XL launched **Free Facebook Forever** and **Tweet Terus-terusan** to cater for the popularity of social networking activities of Facebook and Twitter in Indonesia. The offer gives free access to Facebook and Twitter up to 2.5 MB and charge Rp 1/kb above the quota
- XL subscribers are able to track what kind of service they are subscribing via ***123*572#**. This is in addition to the SMS Gateway which XL had in place to prevent content providers offering content to XL's subscribers without prior consent from XL. In addition, XL had implemented recurring notifications sent to subscribers to ensure awareness and agreement with the subscriptions.

Voice and SMS Business

- Enhancing Tarif Ampuh 24 hours which has successfully gain traction in Q3'11, XL launched Super Ampuh 24 hours. With a primary aim of focusing on customers' share on wallet on voice, the package has shown continued traction post the 'Lebaran' season in Q3'11 and into the Q4'11. Efforts on mitigation the substitution of voice to data saw voice revenue increased by 4% QoQ and minutes of usage by 51% QoQ.
- SMS recorded a 17% growth YoY with a 37% increase in outgoing SMS through Super Ampuh packages which provides bonus SMS after a minimum spend.



Infrastructure

Investing for growth in data revenues, XL remains steadfast in executing its infrastructure rollout to further improve data coverage and quality.

- In FY 11, XL has rolled out more than 6,000 new BTS, which is the largest incremental additional BTS in a year to date with 36% of the additional BTS are 3G Node Bs. Focus on 3G saw an increase of 81% in 3G Node Bs reaching a total of 4,910 Node Bs across Indonesia. In addition further capacity is added in the Jabodetabek region to cater for the growth in data adoption.
- XL has also added capacity by Migrating to IP based Network and put in additional Core Network to improve the network quality and deliver better customer experience in data.
- Completion of Modernization Project on 2G in Outer Medan in addition to the completed modernization project on 3G in Greater Jakarta as well as on 2G in other parts of Sumatera and Kalimantan.

Managed Services

- With an aim to further improve network quality, productivity and enhance cost efficiencies, XL has entered into a long term partnership with Huawei as a Network Managed Services Solution partner. This strategic move will see the outsourcing of XL's network operations and network field operations to Huawei, which will include among others, elements of NOC operations, field service and fault maintenance as well as power expenses. In addition they will be responsible for power and fuel expense for future rollout which effectively mitigates XL's risk of future increase of such related costs as we roll out our network.
- The smart partnership, the first of its kind in Indonesia, is a win-win deal with a long term focus on delivering a cost effective solution. In addition it requires initial investment by the partner and innovation towards better long term benefits. Furthermore with a focus to improve network quality, service level targets are embedded throughout the agreement period aimed at better network quality and experience for XL's customers. With this outsourcing model, XL will be able to further improve execution of its core business and increase productivity. This solution is expected to benefit XL with combined opex and capex savings of about USD150 million and progressively margin enhancing over the 7 year period of the agreement.
- The arrangement which will take effect from April 2012 will also see a transfer of about 1,200 XL employees to Huawei where in accordance with the labour law in Indonesia, a severance payment package will be allocated to them. This has been largely provided for in Q3'11 with an incremental Rp55 billion recorded in the Q4'11 arising from the finalization of the arrangement.



FINANCIAL MEASURES

Income Statement (Audited)

Financial Statement (in Rp. Billion)	FY10	FY11	Growth
Voice	8,457	7,864	-7%
SMS	3,477	4,077	17%
Data and VAS	2,332	3,269	40%
Cellular Interconnection and International Roaming Service	1,727	1,762	2%
Others	158	196	24%
Cellular Telecommunication Service	16,150	17,168	6%
Infrastructure Revenue	1,487	1,754	18%
Total Revenues	17,637	18,921	7%
Less: Discount	(178)	(208)	17%
Revenue Net of Discount	17,459	18,713	7%
Interconnection and Telecommunications Service Charges	2,304	2,463	7%
Salaries & Employee Benefits (Permanent & Temporary)	904	1,199*	33%
Sales Commission, Advertising & Promotion Expenses	1,291	1,238	-4%
Infrastructure Expenses	3,121	3,866	24%
Facilities Expenses and Professional Fees	551	598	9%
Total OPEX	8,172	9,365	15%
EBITDA	9,287	9,348	1%
EBITDA Margin	53%	49%	-3%
Depreciation & Amortization	4,122	4,683	14%
EBIT	5,164	4,665	-10%
Other (Expenses) / Income			
Interest expense - net	(780)	(580)	-26%
Forex (loss)/gain - net	(167)	(85)	-49%
Others	(349)	(135)	-61%
Total Other Expenses	(1,297)	(800)	-38%
Profit Before Tax	3,868	3,865	0%
Income Tax Expense	(977)	(1,035)	6%
Net Income	2,891	2,830	-2%
Earnings Per Share (full amount)	340	332	-2%

*Including one-off provision for severance payment amounting to Rp 269 billion

Normalized Net Income (In Rp Billion)	FY10	FY11	Growth
Net Income	2,891	2,830	-2%
Unrealized forex loss/(gain)	58	(3)	-105%
Accelerated depreciation for Sumatera and Jakarta	135	185	37%
Severance Payment	-	269	N/A
Tax Impact	(48)	(113)	134%
Normalized Net Income	3,036	3,168	4%
Normalized Earnings Per Share (full amount)	357	372	4%



Operational Results

XL recorded gross revenue of Rp 18.9 trillion, a 7% YoY increase.

- Cellular Telecommunication Service revenues increased by 6% to Rp 17.2 trillion and contributed 91% to total revenue. Voice revenue decreased by 7% to Rp 7.9 trillion as a result of price competition and substitution to data particularly in the 1st half of the year. SMS revenue increased by 17%, stimulated by SMS packages which resulted in an increase in number of SMS by 37%. Revenue from Data and Value Added Services grew by 40% and contributed 22% to total usage revenues. The growth data was driven by rising data adoption of XL's data related services and with improved data access and experience from rollout of 3G infrastructure. Value Added Services was impacted in the 4th Quarter arising from the SMS Premium regulation.
- Infrastructure revenue comprising mainly of leased towers, leased lines and national roaming, grew by 18% to Rp 1.8 trillion, mainly due to an increase in national roaming and leased tower revenues. Infrastructure revenue contributed 9% to total revenue.

Operating Expenses

Total operating expenses increased by 15% YoY to Rp 9.4 trillion

- Interconnection and Telecommunication Service Charges increased by 7% YoY. This was mainly due to an increase in costs for data related service in line with the increase in data usage and revenue which includes costs related to Research In Motion for uptake in BlackBerry subscribers.
- Salaries and Employee Benefits increased by 33% YoY. The increase in salaries and employee benefits was mainly due to a one-off provision of severance payment related to the transfer of about 1,200 employees out of XL as result of the network managed services solution that will be implemented in April 2012; amounting to Rp 269 billion.
- Sales Commission, Advertising and Promotion expenses decreased by 4% YoY. The decrease was mainly from sales commission which was partially offset by higher advertising and promotion driven by more marketing campaigns.
- Infrastructure expenses increased by 24% YoY. This was due to increase in rental sites, towers and leased network facilities, as well as repair and maintenance related to the increase in rollout of BTS and 3G infrastructure to support the growing data business.
- Facilities Expenses and Professional Fees increased by 9% YoY. The increase was mainly due to higher rental and utilities expense for non network related business operation.

EBITDA

EBITDA increased by 1% YoY to Rp 9.3 trillion in FY11 and EBITDA margin at 49% including the impact of severance payment provision for the network managed services solution. Lower Margins is also attributed to the acceleration in infrastructure rollout related to data. Excluding the impact of the provision, EBITDA increased by 4% YoY.



Depreciation and Amortization Expenses

The depreciation and amortization expenses grew by 14% YoY mainly driven by additional site deployment and accelerated depreciation of Rp 185 billion due to the network modernization on 2G in Sumatera and on 3G in Greater Jakarta.

Other (Expenses)/Income

Other expenses in FY11 decreased by 38% to Rp 800 billion, due to:

- Others decreased by 61% because there was an adjustment made on 2009 income taxes based on the 2008 tax assessment which was recorded in FY10.
- Lower forex loss and lower interest expenses due to debt repayments in 2011.

Net Income

Normalised Net Income excluding the impact of forex, accelerated depreciation and severance payment increased by 4% YoY to Rp 3.2 trillion. Net income decreased by 2% in FY11 compared to FY10.

Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	FY10	FY11	Growth
Current Assets			
Cash and cash equivalents	366	998	173%
Others	1,862	2,389	28%
Total Current Assets	2,228	3,387	52%
Non-Current Assets	25,023	27,783	11%
Total Assets	27,251	31,171	14%
Current Liabilities			
Current maturity of long term loans and bonds	977	3,820	291%
Others	3,586	4,908	37%
Total Current liabilities	4,563	8,728	91%
Non-Current Liabilities			
Long term loans and bonds	9,202	6,906	-25%
Others	1,771	1,844	4%
Total Non-Current Liabilities	10,973	8,750	-20%
Total Liabilities	15,536	17,478	12%
Equity			
Share capital & additional paid-in capital	6,207	6,266	1%
Retained earnings	5,508	7,427	35%
Total Equity	11,715	13,693	17%
Total Liabilities and Equity	27,251	31,171	14%

In FY11, total assets increased by 14% to Rp 31.2 trillion, as a result of XL's acceleration in rolling out investment to support its data business, increase in cash and cash equivalents as well as prepayment. Due to increase in assets, normalized ROA marginally declined from 11.1% in FY10 to 10.8% in FY11.

- Current assets increased by 52% YoY due to increase in cash by 173% from refinancing, prepayment by 24% and increase in trade receivables by 41%.
- Total liabilities increased by 12% YoY mainly due to increase in trade payable by 70% and increase in borrowings from Rp 10.2 trillion to Rp 10.7 trillion.



Capital Expenditure

Capital Expenditure (In Rp Billion)	FY10	FY11	Growth
Capitalized capex	3,709	7,080	91%
Paid capex	4,848	6,522	35%
Commitments entered into*	4,768	7,669	61%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 31 December 2010 and 2011. The exchange rate Rupiah against USD as of 31 December 2010 and 2011 were Rp 8,991/USD and Rp 9,068/USD, respectively.

Cash Flow (Audited)

Cash Flow (In Rp Billion)	FY10	FY11	Growth
Net cash flow provided from operating activities	8,795	8,433	-4%
Net cash flow used in investing activities	(5,057)	(6,683)	32%
Free cash flow	3,738	1,750	-53%
Net cash flow used in financing activities	(4,119)	(1,118)	-73%
Net (decrease)/increase in cash and cash equivalents	(381)	632	N/A
Cash and cash equivalents at the beginning of the period	748	366	-51%
Effect of exchange rate changes on cash and cash equivalents	(1)	(0)	-62%
Cash and cash equivalents at the end of the period	366	998	173%

- Net Cash Flow from Operating Activities has declined by 4% to Rp 8.4 trillion due to increase in payment for suppliers and operating expenses especially related to the network operations. The increase was offset by increase in receipt from customers and other operators.
- Net Cash Flow used in Investing Activities increased by 32%, mainly due to increase in capital expenditure related to enhancing network coverage mainly on 3G.
- XL continued to generate positive Free Cash Flow with the total amount of Rp 1.75 trillion by end of FY11.
- Net Cash Flow used in Financing Activities was Rp 1.1 trillion, 73% lower than previous year, due to lower repayment of long term financing compared to FY10. In FY11, there were higher proceeds from long term loan and dividend payment of Rp 911.5 billion in 1H11.



Description of Debts

The detail of debts as of 31 December 2010 and 2011 are as follows:

Description	(in original amount)		Year of Maturity
	FY10	FY11	
USD Loan (mn)	US\$ 241	US\$ 193	Amortizing semi annually, final repayment is in 2015
	US\$ -	US\$ 161	2013
	US\$ 241	US\$ 354	
IDR Bank Loan (bn)	Rp 3,550	Rp -	Paid
	Rp 1,500	Rp 1,250	2013
	Rp 1,500	Rp 1,800	Amortizing annually, final repayment is in 2015
	Rp -	3,000	Amortizing annually, final repayment is in 2014
IDR Bond (bn)	Rp 1,500	Rp 1,500	2012
	Rp 8,050	Rp 7,550	
Unamortized Loan Issuance Cost (bn)	Rp (39)	Rp (32)	
TOTAL INTEREST BEARING DEBT (in Rp.Bn)*	Rp 10,179	Rp 10,726	

* The USD portion was converted to IDR using closing rate 31 December 2010 and 2011. The exchange rate Rupiah against USD as of 31 December 2010 and 2011 were Rp 8,991/USD and Rp 9,068/USD, respectively.

Gearing Ratios	FY10	FY11
Debt/Equity	0.9 x	0.8 x
Net Debt/Equity	0.8 x	0.7 x
Debt/EBITDA	1.1 x	1.1 x
Net Debt/EBITDA	1.1 x	1.0 x

During FY11, XL made prepayment of debts amounting Rp 3.8 trillion as well as repayment of debts amounting USD 62.9 million and IDR 200 billion due in January, April, July, September, October and December 2011, using internal cash flows and new bank loan.

In FY11, XL has drawdown IDR loan facility amounting Rp 500 billion in Q2'11 and another Rp 3 trillion in Q4'11. On top of that XL has signed new USD loan agreements in June and August 2011 and drawdown the facility with the total amount of USD 175.6 million.

As of 31 December 2011, XL had hedged about 89% of USD debt.

XL's latest credit ratings issued are as follows:

	Local Currency	Outlook
Fitch Ratings	AA+(idn)*	Positive
Pefindo	_{id} AA+	Stable

* Upgraded as per 26 January 2012



OPERATING MEASURES

	FY10	FY11	Growth
Total O/G Minutes of Usage (billion minutes)	81.9	92.5	13%
Total Minutes (billion minutes)	164.2	185.6	13%
Total O/G SMS (billion SMS)	188.0	257.1	37%
Total data traffic (Petabyte)	2.7	10.6	295%
Total BTS	22,191	28,273	27%
2G	19,482	23,363	20%
3G	2,709	4,910	81%
Number of Employees (permanent & contract with permanent position)	2,360	2,390	1%
Postpaid users (000)	290	306	6%
Prepaid sim cards (active and grace / million)	40.1	46.1	15%
Total user base (million)	40.4	46.4	15%
ARPU blended (Rp 000)	34	32	-6%
Postpaid revenue/sub (Rp 000)	192	182	-5%
Prepaid revenue/sim card (Rp 000)	32	31	-3%

RECENT DEVELOPMENT

The introduction of SMS interconnection from Sender Keeps All (SKA) to Cost based, with interconnection fee of Rp 23,-/SMS will be implemented on 31 May 2012. This is to give sufficient time for all operators to prepare the capital expenditure and the system for the changes.

DIVIDENDS

XL's management will propose to the AGMS a dividend to be paid in 2012 of 35% of 2011 normalized net income. This is subject to shareholders' approval. The payout is in line with XL's divided policy.

Achievements

- XL has been awarded Silver Winner in The CCAS Contact Center Awards 2011 for the category of The Best Outsourced Contact Center 2011 above 100 Seat held by Contact Center Association of Singapore. XL was competing against many other participants in Asia Pacific such as Singapore, Thailand, Vietnam, Malaysia, etc.
- XL's GSM Prepaid and Postpaid service has been awarded Customer Loyalty Award 2011 by Octovate Consulting Group and SWA Magazine. XL's service in Bandung and Makassar has also been recognized as the best from the survey through 1,000 respondents which measure end-to-end customer satisfaction and has been awarded Service Excellence Award 2011 by MarkPlus.
- XL's consistency in promoting its product in innovative, creative and fun way has been recognized by Marketing Magazine as "The Best in Marketing Campaign" in Marketing Award 2011.

GUIDANCE

2012

Revenue growth	In line or better than market
EBITDA margin	Higher 40's
Cash out capex	Between Rp 7 - 8 trillion and around 60% is for data or 3G network

ABOUT XL

XL is a major cellular provider in Indonesia which is 66.6% owned by Axiata Group through Axiata Investments (Indonesia) Sdn. Bhd., the remaining stakes are held by Emirates Telecommunications Corporation (Etisalat) International Indonesia Ltd., a wholly owned subsidiary of Etisalat (13.3%), and the public including restricted stock (20.1%).

Date: 27 January 2012