



PT XL AXIATA TBK. (XL) 1Q 14

Disclaimer

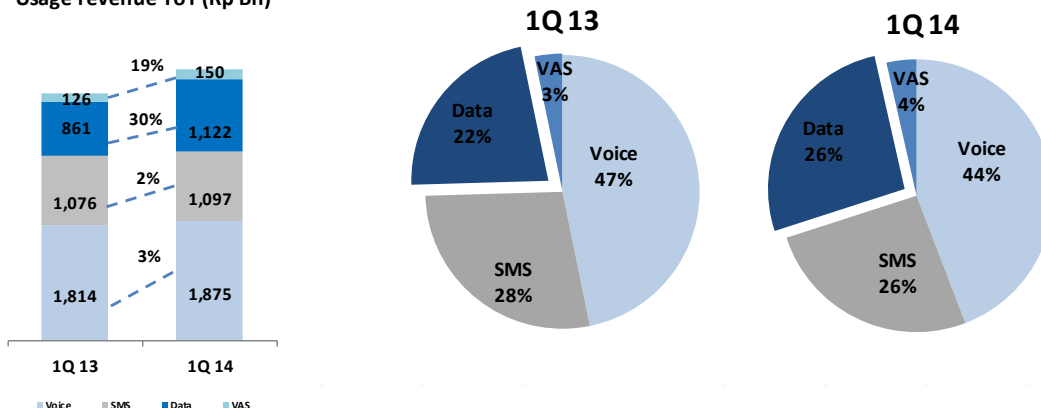
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OVERVIEW

XL delivered a strong performance outperforming the market in the 1Q 14 with a revenue growth of 1% QoQ amidst a seasonally slow quarter for the industry. This was also the best first quarter growth compared to the past three years. As of the 19th of March XL has completed the acquisition of Axis and has subsequently merged the two entities. Moving forward all reporting shall reflect the merged entity.

Revenue increased 10% YoY to Rp5.5 trillion, largely driven by Data service with a strong double digit revenue growth of 30% compared to a year ago. Data & VAS grew 29% while Voice and SMS increased by 3% and 2% respectively. Overall, Non-voice revenue contributed 56% of XL's total usage revenue, an increase from 53% the previous year. Data remains the fastest growing segment with contribution now more than a quarter of total usage revenue, a result of growing take up of Data services in Indonesia.

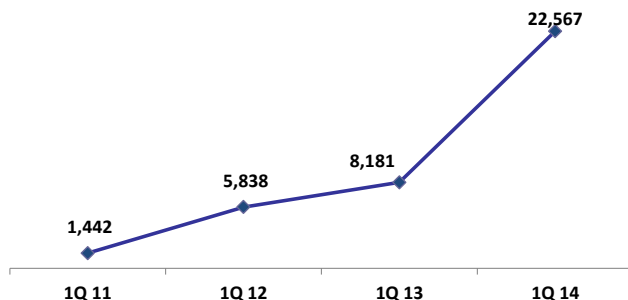
Usage revenue YoY (Rp Bn)



Data and VAS Business

- Data adoption remains strong as traffic increased 176% YoY with total Data users reached 37.5 million as of March 2014 or 55% of the total base. Data services contributed 26% to total usage revenue, an increase from 22% in the previous year.

Total Data Traffic (TB)



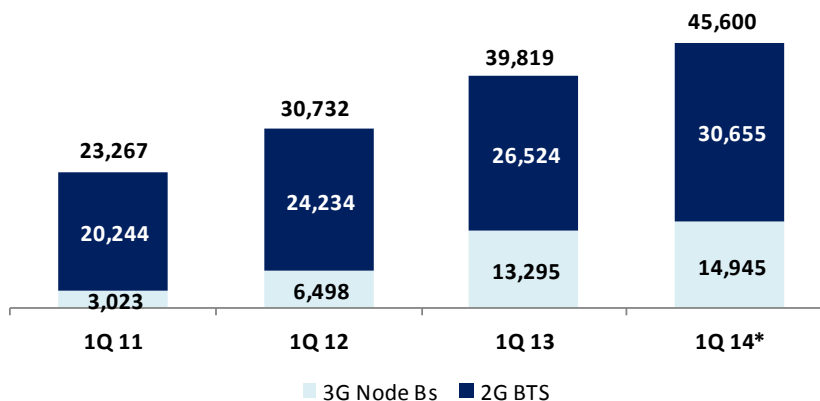


- XL introduced **Internet Unlimited** Data package with fair usage limits with an aim to stimulate further Data adoption amongst entry users. This simple package will allow new users to experience Data and subsequently move up the Data plans as they progress in their Data usage and sophistication.
- XL has stepped up the efforts in Data through the exclusive partnership with **Samsung** with various collaborations such as exclusive handset bundling, join-roadshows/exhibitions, customer loyalty program and others. Smartphone sales Data in Indonesia indicates Samsung as one of the fastest growing Smartphone devices reflecting its popularity amongst Indonesian smartphone users. This is one of the focus areas to further facilitate Data take up and having the right devices on the XL network.
- With the growing opportunity in Data, XL is beginning to leverage on social media as a communication platform for its Data users. Data users in Indonesia who use social media as one of the primary Data usage, has responded well, with 3 million fans in Facebook for **XL Rame** as of 1Q 14. This also marks XL as the number one operator in South East Asia with the biggest number of fans in Facebook.
- **BlackBerry Unlimited** package was introduced in 1Q 14 which offers BB services package together with SMS and Voice packages. This is a bundled offer to cater for BlackBerry users.

Over the quarters, XL has seen positive growth in its smartphone penetration with higher smartphone sales in the market and preference over feature phones. As a result, XL smartphone users reached 13.6 million users or 20% of the total base as of 1Q 14.

Infrastructure

Base Stations



* Number of BTS from XL standalone

In 1Q 14, XL's BTS grew 15% YoY and reached 45,600 of which 33% are Node Bs. Pending completion of network integration with Axis, only XL BTS is reported. XL coverage in Indonesia for 2G stands at more than 90% while 3G at more than 40%. Area of focus remains those with opportunity and demand for Data. In addition, XL has started its network transformation in key cities of Jakarta, Bogor, Surabaya and Malang by upgrading and modernizing its network to deliver better network speed, higher capacity and better quality of services for its Data customers.



Voice and SMS Business

Efforts to mitigate the decline in Voice and SMS services continued with optimization of offers available. This has led to an encouraging growth of 3% and 2% YoY growth for both Voice and SMS revenue respectively. Both revenue streams are still subject to further substitution to Data over time. Total outgoing SMS increased 7% YoY while total outgoing minutes decreased 8% YoY.

Digital Services

XL embarked on extending beyond the traditional business through XL Digital Services aimed at meeting the daily digital needs and supporting mobile lifestyle. XL Digital Services has established several line of businesses for retail customers and has offered business solutions to corporate customers. Over the past year, efforts in this area has led to increased collaboration with major industry players in building the ecosystem by partnering with more than 6,500 partners.

Elevenia, a joint venture between XL and SK Planet, was officially launched on March 2014. With the aim of become one of the largest e-commerce market place in Indonesia, **Elevenia** has shown a very promising start-up line with more than 600,000 products and more than 7,000 sellers, in line with XL strategy to expand its' business in the digital space and supporting the growing trend amongst Indonesians for online shopping.

XL introduced **XKoin**, a mechanism to purchase game credit via XL credits and vouchers. This new initiative was introduced to capture the demand on online game industry in Indonesia. Currently, XL has collaborated with several game publishers to serve more than 500 online games that provide **XKoin**. With the potential of more than 18 million online gamers in Indonesia, XL will be able to expand its presence in the online gaming industry as well as to achieve XL's aspiration to become one of the leaders in online payment system.

Axis update

XL has officially completed the acquisition of Axis on 19 March 2014 and followed by closing merger on 8 April 2014. The signing of the deed of merger marks the completion of the merger process, with XL and Axis now formally becoming a single entity. The consolidation of Axis financials is effective from the date of acquisition onwards and thus 12 days impact of Axis has been taken into account in the first quarter.

A clear integration plan has been mapped out and managed through a project management office. Post merger, XL aims to carefully execute the integration plans with minimum disruption to customers and operations. The integration process will be prioritized focusing on billing & service migration, traffic migration and network integration.

To date we have achieved key milestones and are on track towards completion by the end of 2014. We have completed the integration for channel and distribution as well as employees. In addition, more than 50% of Axis subscribers have successfully migrated to XL's billing system and traffic migration has been completed in over 40% of Axis' footprint. Operating expenses at Axis has been reduced by about 40% since October through initiatives on cost reduction via streamlining and leveraging on XL's cost structure.



FINANCIAL MEASURES

Income Statement

Financial Statement (in Rp Billion)	1Q13	1Q14	Growth
Gross Revenue			
Voice	1,814	1,875	3%
SMS	1,076	1,097	2%
Data and VAS	987	1,273	29%
Cellular Interconnection and International Roaming Service	749	787	5%
Others	62	48	-23%
Cellular Telecommunication Service	4,687	5,080	8%
Other Telecommunications Services	360	446	24%
Gross Revenues	5,047	5,526	10%
Less: Discount	(25)	(14)	-46%
Gross Revenue Net of Discount	5,022	5,513	10%
Interconnection and other direct expenses	942	840	-11%
Salaries & Employee Benefits (Permanent & Temporary)	235	270	15%
Sales and Marketing Expense	326	295	-10%
Infrastructure Expenses	1,366	1,796	31%
Supplies and Overhead expenses	127	112	-12%
Total OPEX	2,996	3,312	11%
EBITDA	2,025	2,201	9%
EBITDA Margin	40%	40%	0%
Depreciation & Amortization	1,326	1,557	17%
EBIT	699	644	-8%
Other Expenses			
Finance income/(cost) - net	(205)	(508)	148%
Forex gain/(loss) - net	(26)	478	N/A
Share of results from jointly controlled entity		8	N/A
Others	(24)	(29)	23%
Total Other Expenses	(255)	(52)	-80%
Income before income tax	443	592	33%
Income Tax Expense	(128)	(213)	66%
Profit for the period	316	379	20%
Earnings Per Share (full amount)	37	44	20%

Normalized Profit (In Rp Billion)	1Q13	1Q14	Growth
Profit for the year	316	379	20%
Unrealized forex (gain)/loss	33	(524)	N/A
Tax Impact	(8)	131	N/A
Normalized Profit for the year	340	(14)	-104%
Normalized Earnings Per Share (full amount)	40	(2)	-104%



Operational Results

XL recorded gross revenue of Rp5.5 trillion, a 10% YoY increase.

- Cellular Telecommunication Service revenues increased by 8% to Rp5.1 trillion and contributed 92% to total revenue. XL has succeeded to mitigate the decline in Voice and SMS through innovative plans and attractive packages. Voice revenue increased by 3% to Rp1.9 trillion while SMS revenue increased by 2% to Rp1.1 trillion. Data alone continued to grow by 30% YoY. As of 1Q 14, revenue from Data and Value Added Services (VAS) contributed 23% of total revenue, an increase from 20% the previous year.
- Other telecommunications services revenue comprised mainly of leased towers, leased lines and national roaming, increased by 24% to Rp446 billion mainly due to an increase in leased towers and national roaming revenue, which contributed 8% to total revenue, increased one percentage point from the previous year.

Operating Expenses

Total operating expenses increased by 11% YoY to Rp3.3 trillion.

- Interconnection and other direct expenses decreased by 11% YoY.
This was mainly driven by the decrease of interconnect costs as a result of lower off-net SMS traffic in addition of lower costs to Research in Motion.
- Salary and Employee Benefits increased by 15% YoY.
The increase was mainly due to adjustment in employee benefits, in line with the increase in fuel price as well as annual salary increment.
- Sales and Marketing expenses decreased by 10% YoY.
The decrease was mainly due to XL's focus on delivering effective Advertising and Promotion and lower campaign activities in 1Q 14, compared to the previous year.
- Infrastructure expenses increased by 31% YoY.
The increase was mainly driven by the increase in number of leased sites, in line with the expansion of infrastructure on a lease model as well as additional sites from Axis. Furthermore, there was an increase in Managed Services Fee as well as frequency fee in the enlarged entity.

EBITDA

XL's strong positive momentum resulted in EBITDA increased 9% YoY to Rp2.2 trillion. EBITDA margin stable at 40%.

Depreciation and Amortization Expenses

The depreciation and amortization expenses grew by 17% YoY with investment in Data infrastructure to support Data growth.



Other (Expenses)/Income

Other expenses decreased by 80% to Rp52 billion mainly due to increase in forex gain for 1Q 14.

Profit for the period

Profit for the period for 1Q 14 increased 20% YoY into Rp379 billion.

Balance Sheet

Balance Sheet (In Rp Billion)	1Q13	1Q14	Growth
Current Assets			
Cash and cash equivalents	517	2,472	378%
Others	3,860	6,721	74%
Total Current Assets	4,377	9,193	110%
Non-Current Assets			
Fixed assets - net of accumulated depreciation	30,131	34,942	16%
Intangible asset	867	6,660	668%
Goodwill	-	7,489	N/A
Others	1,716	2,453	43%
Total Non-Current Assets	32,714	51,544	58%
Total Assets	37,091	60,737	64%
Current Liabilities			
Current maturity of long term loans and bonds	4,183	3,066	-27%
Others	4,527	13,543	199%
Total Current liabilities	8,710	16,609	91%
Non-Current Liabilities			
Long term loans and bonds	10,477	19,650	88%
Shareholder loan	-	5,679	N/A
Others	2,278	4,329	90%
Total Non-Current Liabilities	12,755	29,657	133%
Total Liabilities	21,465	46,266	116%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	6,313	6,334	0%
Treasury Stock	-	(1,209)	N/A
Retained earnings	9,313	9,346	0%
Total Equity	15,626	14,471	-7%
Total Liabilities and Equity	37,091	60,737	64%

Total assets increased by 68% to Rp60.7 trillion in 1Q 14 as a result of XL's acquisition to Axis, continuous acceleration in rolling out investment in Data infrastructure as well as increase in cash and cash equivalents.

- Current assets increased by 110% YoY mainly due to increase in cash and cash equivalents by 378% and trade receivables by 171%.
- Non-current assets increased by 58% YoY mainly due to higher intangible asset driven by Axis as well as recognition of goodwill amounting Rp7.5 trillion.



Total liabilities increased by 116% YoY mainly due to increase in borrowings of 94% from Rp14.7 trillion to Rp28.4 trillion related to recent transaction on Axis acquisition.

- Current liabilities increased by 91% YoY mainly due to increase in trade payables as well as provision.
- Non-current liabilities increased by 133% YoY mainly due to increase of long term loan by 88%.

Total Equity decreased by 7% YoY mainly due to recognition of treasury stock of Rp1.2 trillion related to mandatory buyback from dissenting shareholders on the merger with Axis.

Capital Expenditure

Capital Expenditure (In Rp Billion)	1Q13	1Q14	Growth
Capitalized capex	1,791	1,747	-2%
Paid capex	1,982	1,614	-19%
Commitments entered into*	296	556	88%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate of March 2013 and 2014. The exchange rate Rupiah against USD as of March 2013 and 2014 were Rp9,719/USD and Rp11,357/USD, respectively.

Cash Flow

Cash Flow (In Rp Billion)	1Q13	1Q14	Growth
Net cash flow generated from operating activities	1,268	1,642	29%
Net cash flow used in investing activities	(2,466)	(11,325)	359%
Free cash flow	(1,197)	(9,683)	709%
Net cash flow generated from financing activities	922	10,842	1076%
Net increase/(decrease) in cash and cash equivalents	(276)	1,159	N/A
Cash and cash equivalents at the beginning of the period	792	1,318	66%
Effect of exchange rate changes on cash and cash equivalents	1	(6)	N/A
Cash and cash equivalents at the end of the period	517	2,472	378%

- Net cash flow generated from operating activities increased by 29% to 1.6 trillion mainly driven by an increase in receipts from customers and other operators by 12% but partially offset by the decrease in payments for suppliers and other expenses by 16%.
- Net cash flow used in investing activities increased by 359% to Rp11.3 trillion mainly driven by payment related to Axis acquisition amounting Rp9.8 trillion.
- Net cash flow generated from financing activities was at Rp10.8 trillion, as a result of higher cash proceeds from long term loan as well as recognition loan related to Axis from Axiata.



Description of Debts

The detail of debts as of 31 March 2013 and 2014 are as follows:

Description	(in Original Amount)		Year of Maturity
	1Q 13	1Q 14	
USD Loan (mn)	US\$ 44	US\$ -	2013
	US\$ 129	US\$ 81	Amortizing semi annually, final repayment is in 2015
	US\$ 110	US\$ 199	Amortizing annually, final repayment in 2016
	US\$ -	US\$ 100	Bullet repayment in 2016
	US\$ -	US\$ 1,000	Bullet repayment in 2017
	US\$ -	US\$ 50	Bullet repayment in 2018
	US\$ 283	US\$ 1,430	
IDR Bank Loan (bn)	Rp 1,250	Rp -	2013
	Rp 2,100	Rp 1,050	Amortizing annually, final repayment is in 2014
	Rp 2,600	Rp 2,300	Amortizing annually, final repayment is in 2015
	Rp -	Rp 1,000	Amortizing annually, final repayment is in 2016
	Rp 5,500	Rp 4,950	Amortizing annually, final repayment is in 2017
	Rp 500	Rp 2,950	Amortizing annually, final repayment is in 2018
	Rp 11,950	Rp 12,250	
Unamortized Loan Issuance Cost (bn)	Rp (43)	Rp (97)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 14,660	Rp 28,395	

* The USD portion was converted to IDR using closing rate of March 2013 and 2014. The exchange rate Rupiah against USD as of March 2013 and 2014 were Rp9,719/USD and Rp11,357/USD, respectively.

Gearing Ratios	1Q13	1Q14	Growth
Debt/Equity	0.9	2.0	1.1
Net Debt/Equity	0.9	1.8	0.9
Debt/EBITDA	1.6	3.2	1.6
Net Debt/EBITDA	1.5	2.9	1.4

During 1Q 14, XL made repayment of debts amounting Rp50 billion and USD26 million. In addition, XL had fully drawdown all the USD loans made in 1Q 14 from DBS, BTMU, UOB and Axiata with total amount USD1 billion.



OPERATING MEASURES

	1Q13	1Q14	Growth
Total O/G Minutes of Usage (billion minutes)	26.4	24.2	-8%
Total Minutes (billion minutes)	52.9	48.7	-8%
Total O/G SMS (billion SMS)	59.4	63.8	7%
Total data traffic (Petabyte)	8.0	22.0	176%
Total BTS	39,819	45,600	15%
2G	26,524	30,655	16%
3G	13,295	14,945	12%
Number of Employees (permanent & contract with permanent position)	1,978	2,287	16%
Postpaid users (000)	354	382	8%
Prepaid sim cards (active and grace / million)	48.7	68.1	40%
Total user base (million)	49.1	68.5	40%
ARPU blended (Rp 000)	27	23	-15%
Postpaid revenue/sub (Rp 000)	127	113	-11%
Prepaid revenue/sim card (Rp 000)	27	22	-19%

RECENT DEVELOPMENT

Shareholders have approved the proposed dividend payout of 30% of 2013 normalized profit during the AGMS 2014 that was held on 22 April 2014.

ACHIEVEMENTS

- XL was presented with two awards at the Selular Award 11th event for the “Best Innovative Services – XL Rumahnya Android” and “Best Customer Care Service” categories.
- XL was awarded the “Indonesian Telecommunication Best Customer Experience in Store” by Frost & Sullivan.
- During Digital Brand Awards of The Year 2013, XL was the only telco company who achieved recognition with the second most popular E-Money provider via XL-Tunai.

CONSOLIDATED GUIDANCE

2014

Revenue growth	Low teens
EBITDA margin	Mid 30's
Cash out capex	Around Rp 7 trillion

ABOUT XL

PT XL Axiata Tbk. is one of the major cellular providers in Indonesia. PT XL Axiata Tbk. is (66.5%) owned by Axiata Group Berhad through Axiata Investments (Indonesia) Sdn Bhd and public (33.5%), and is part of Axiata Group with Robi (Bangladesh), Smart (Cambodia), Idea (India), Celcom (Malaysia), M1 (Singapore), SIM (Thailand) and Dialog (Sri Lanka).

Date: 14 May 2014