

PT XL AXIATA TBK. (XL)

1Q 15



Disclaimer

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OVERVIEW

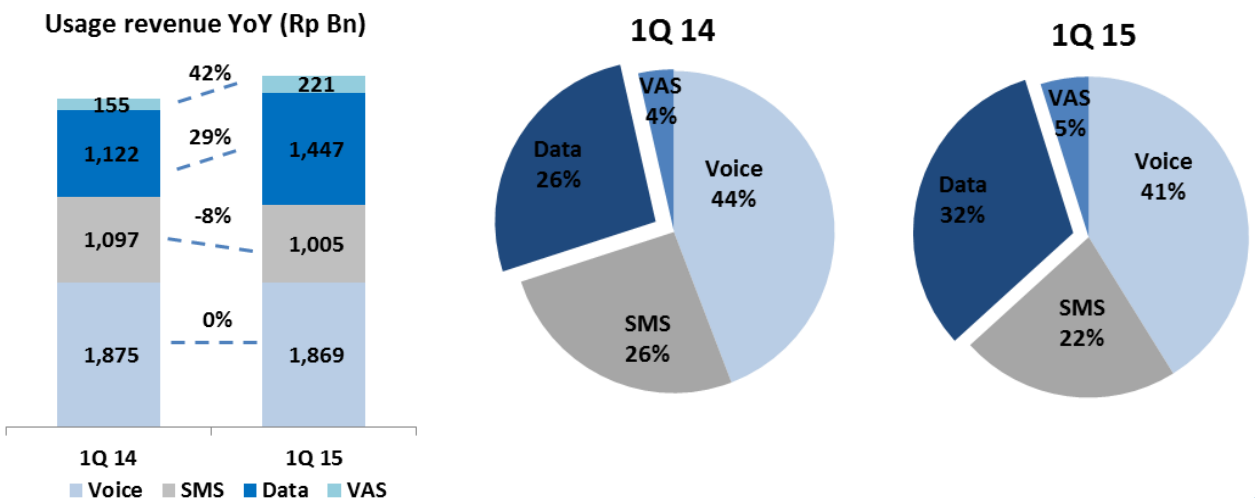
With the need to adapt to the changing market dynamics and focus on value creation, XL started 2015 by embarking on a landmark shift in strategy from volume to value. This will be 3-wave transformation which encompasses: repairing the core; moving up the value ladder and going beyond core. This change will be led by XL's new CEO Dian Siswarini supported by experienced management and newly appointed chiefs of various business units. 2015 will be a transformational year for XL as it seeks to build a more sustainable business for the future.

This transition to the new business model focusing on long-term value creation will have a near-term impact. The change in subscriber acquisition strategy from volume to value and revamping the product portfolio with the specific aim of improving data profitability will likely impact subscriber numbers and revenue in the first half of the year. As such, the revenue growth for 1Q 15 was flat YoY and down -7% QoQ on the back of the weaker subscriber base. In addition, there was an impact from the sale and leaseback of 3,500 towers completed in December 2014 which led to slower revenue growth.

Data continues to be the fastest growing segment with a growth of 29% YoY whilst voice revenue was flat YoY and SMS revenue declined 8% YoY from the same period last year. Overall cellular revenue grew 3% YoY. Data now accounts for 32% of XL's total usage revenue up from 26% a year ago.

XL remains focused on being the leader for mobile internet in Indonesia and in-line with this, XL had launched LTE services on a trial basis in 2014 and has commissioned 180 4G BTS.

With the successful completion of the Axis integration, in 1Q 15 the Axis brand was successfully re-launched with a focus on delivering value-for-money voice, SMS and internet services. This is in-line with the intentions of the company to adopt a dual-brand strategy with both the XL and Axis brands. Focus on cost reductions at Axis continue to yield benefits and Axis has achieved EBITDA break-even in March 2015.



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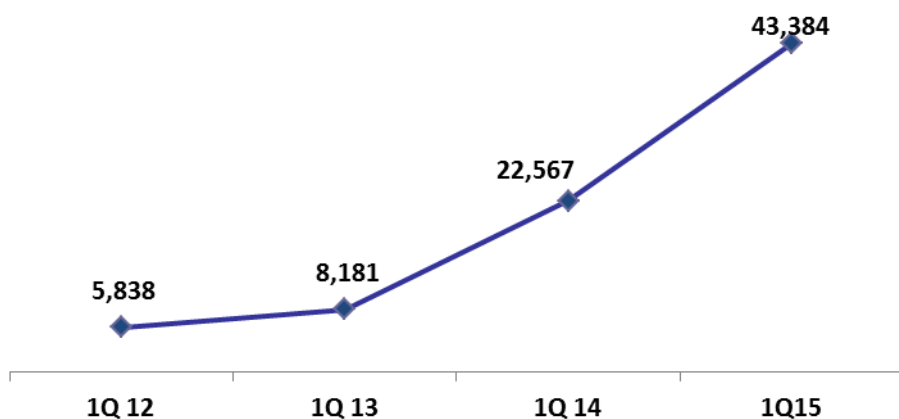
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Data and VAS Business

- The increased adoption of data enabled phones and reason to use have led to continued strong growth in data traffic. Data traffic grew by 92% YoY in 1Q 15 compared with the same period last year with total Data users at 28.2 million or 54% of the total base.

Total Data Traffic (TB)



- XL introduced new monthly **HotRod Pro** packages with no time-band in 2G and 3G network for 24 hours which allows customer to freely access the internet without time-band limitations.
- XL launched a set of new package called "**Paket Sesukamu**" which let subscribers to create their own unique package with benefits that is most suitable to their needs. "**Paket Sesukamu**" provides all services from Voice, SMS and Data that subscriber is able choose the service they wish to subscribe easily.
- XL also offered bundling options with smartphones from **LG** and **Sony** to increase customer adoption of 4G enabled handsets for a better internet experience

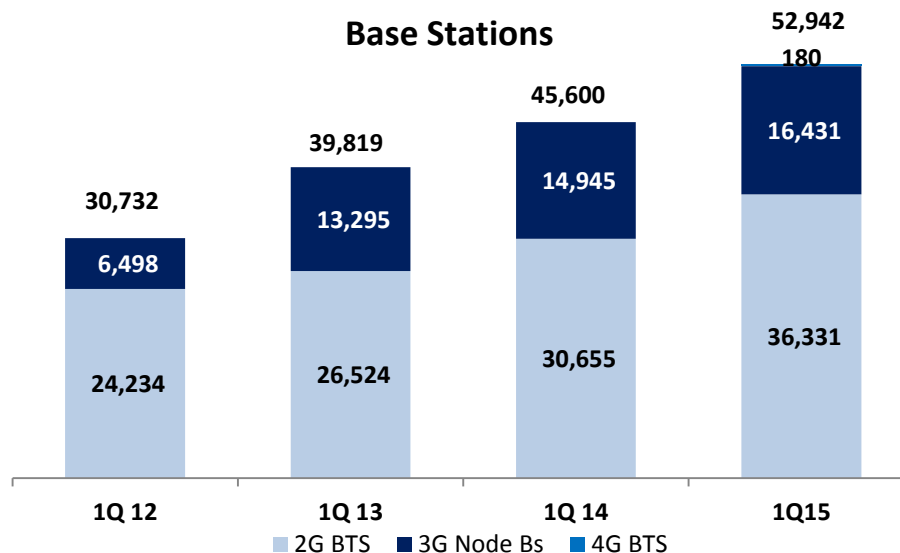
The growth of smartphones has successfully driven the increase in Data adoption in Indonesia. XL's smartphone penetration has grown to a penetration of 33% of its base as at end 1Q 15. XL smartphone users grew 54% YoY and reached 17.2 million users.

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Infrastructure



As XL seeks to maintain the quality of data experience to its customers, network deployment remains a key thrust, with over 16,000 3G Node Bs at the end of the quarter and a total of 52,942 BTS. In 2015, XL also rolled-out 180 4G BTS to cater for growing customer demand for faster and better quality mobile internet services.

Voice and SMS Business

Revenues from Voice remained flat while SMS revenue declined 8% YoY due to the substitution to data. However, efforts on price optimization has helped mitigate the revenue decline despite a steeper drop in total outgoing minutes of 17% YoY and total outgoing SMS of 21% YoY.

Digital Services

The journey to further explore opportunities in data beyond traditional telecommunication services continues. XL's Digital Services Division continues to produce innovative solutions in the area of mobile finance, cloud, mobile advertising, M2M, and online shopping.

Below are some selected activities that XL Digital Services has run throughout the 1st quarter:

- To support the government program of the Minister of Maritime and Fisheries Affairs, XL Digital Services has signed an exclusive cooperation with Tone – an organization endorsed by USAID institution to launch **M-Fish**. It is a mobile application that can help the fishermen to locate their fishing target and do less to produce more.
- With the full endorsement from the Ministry of Communication and Informatics, XL and Government of Nusa Tenggara Barat signed an agreement to launch **Xmart Cities @ Lombok Kota Pintar dan Sosial**. The idea is to provide a new digital life experience for people living in Pulau Lombok in their social interaction.
- **XCloud** launched a cloud computing solution named Usahawan 1.0 in Jogjakarta. Usahawan is specifically designed to be used by businesses, especially for Small and Medium Enterprises (SME). The solution is developed based on XL strategy of Mudah, Murah, dan Muda. There is a target to have more than 200 SMEs to use Usahawan by the end of this year.

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- **Gudang Aplikasi** – a product of XL Digital Services Digital Entertainment team – received Best VAS award in the event of TechLife Innovative Awards 2015. Gudang Aplikasi is an application platform that currently has more than 2.3 million users registered with over 22,000 content & applications for download.
- **elevenia** – the market place owned by XL and SK Planet – currently have more than 21,000 sellers and more than 200,000 local live listing products.

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FINANCIAL MEASURES

Income Statement

Financial Statement (in Rp Billion)	1Q14	1Q15	Growth
Gross Revenue			
Voice	1,875	1,869	0%
SMS	1,097	1,005	-8%
Data and VAS	1,277	1,668	31%
Cellular Interconnection and International Roaming Service	783	642	-18%
Others	48	65	35%
Cellular Telecommunication Service	5,080	5,249	3%
Other Telecommunications Services	446	250	-44%
Gross Revenues	5,526	5,499	0%
Less: Discount	(13)	(18)	29%
Gross Revenue Net of Discount	5,513	5,481	-1%
Interconnection and other direct expenses	840	716	-15%
Salaries & Employee Benefits (Permanent & Temporary)	270	255	-6%
Sales and Marketing Expense	295	230	-22%
Infrastructure Expenses	1,796	2,246	25%
Supplies and Overhead expenses	112	156	39%
Total OPEX	3,312	3,604	9%
EBITDA	2,201	1,877	-15%
EBITDA Margin	40%	34%	-6%
Depreciation & Amortization	1,557	1,791	15%
EBIT	644	86	-87%
Other Expenses			
Finance income/(cost) - net	(294)	(271)	-8%
Forex gain/(loss) - net*	263	(908)	-445%
Share of results from jointly controlled entity	8	(12)	-250%
Others	(29)	94	N/A
Total Other Expenses	(52)	(1,097)	-2010%
Income (Loss) before income tax	592	(1,011)	-271%
Income Tax (Expense) Benefit	(213)	253	N/A
Profit (Loss) for the period	380	(758)	-300%
Earnings (Loss) Per Share (full amount)	44	(89)	-302%

Normalized Profit (Loss) (In Rp Billion)	1Q14	1Q15	
Profit (Loss) for the year	379	(758)	-300%
Unrealized forex (gain)/loss	(290)	906	N/A
Tax Impact	73	(227)	-412%
Normalized Profit (Loss) for the year	161	(79)	-149%
Normalized Earnings (Loss) Per Share (full amount)	19	(9)	-149%

* For Info Memo disclosure, hedging gain/ (loss) will be accounted under Forex gain/ (loss) - net

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Operational Results

During 1Q 15, XL recorded gross revenue of Rp5.5 trillion, flat YoY.

- Cellular Telecommunication Service revenues increased by 3% to Rp5.2 trillion and contributed 95% to total revenue driven by Data revenue growth of 29% YoY. Voice revenue reached Rp1.9 trillion with flat growth YoY while SMS revenue was Rp1.0 trillion, down 8% YoY. Revenue from Data and VAS increased 31% and contributed 37% to usage revenue, an increase from 30% last year.
- Other telecommunications services revenue, which comprises mainly of leased towers, leased lines and national roaming, decreased by 44% to Rp250 billion mainly driven by the decrease in leased tower revenue which contributed approximately 3% of gross revenue, due to the sale and lease back transaction to Solusi Tunas Pratama (STP) completed in December 2014. Other telecommunications services revenue contributed 5% to total revenue during the quarter.

Operating Expenses

Total operating expenses increased by 9% YoY to Rp3.6 trillion.

- Interconnection and other direct expenses decreased by 15% YoY. This was mainly due to lower SMS interconnect costs as a result of lower off-net SMS traffic.
- Salary and Employee Benefits decreased by 6% YoY. The decrease was mainly due to lower employee numbers YoY as the majority of Axis' contract staff are no longer with the company post-completion of the integration.
- Sales and Marketing expenses decreased by 22% YoY. The lower sales and marketing expenses was largely due to a more effective commissions structure in-line with the transformation strategy to improve the traditional channels.
- Infrastructure expenses increased by 25% YoY. This is due to higher rental expenses from network expansion to cater for the rise in data demand as well as higher frequency costs stemming from the Axis acquisition and integration.

EBITDA

EBITDA declined 15% YoY to Rp1.9 trillion resulting in lower EBITDA margins of 34%, down 6 percentage points from the same period last year. The decline was largely due to the impact of the consolidation of AXIS as this acquisition was completed on the 19th of March 2014 thus the impacts were not fully reflected in the previous year's quarter. Further, the tower sale and lease back completed in December 2014 resulted in lower tower revenue and higher leasing costs. This sale and lease back resulted in an EBITDA compression of approximately 120bps.

Depreciation and Amortization Expenses

Depreciation and amortization expenses grew by 15% YoY driven by the impact arising from the Axis acquisition as well as the expanded network infrastructure.

Other Expenses/Income

Other expenses grew 20x to Rp1.1 trillion as a result of the substantial weakening of the Rupiah which resulted in a forex loss compared to a gain a year ago.

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Unrealized forex losses during the quarter were Rp906 billion compared to a gain of Rp290 billion in the same quarter in the previous year.

Profit (Loss) for the period

In 1Q15, XL recognized a Rp758 billion loss mainly due to the weakening of the Rupiah. The lower profit YoY from the same period last year stems from the forex impact and also due to the impact of the Axis acquisition and integration which was completed in late Q1 of 2014.

Balance Sheet

Balance Sheet (In Rp Billion)	1Q14	1Q15	Growth
Current Assets			
Cash and cash equivalents	2,472	6,853	177%
Others	6,721	7,479	11%
Total Current Assets	9,193	14,333	56%
Non-Current Assets			
Fixed assets - net of accumulated depreciation	34,174	34,664	1%
Intangible asset	6,660	6,117	-8%
Goodwill	8,066	6,681	-17%
Others	2,453	2,131	-13%
Total Non-Current Assets	51,352	49,593	-3%
Total Assets	60,545	63,926	6%
Current Liabilities			
Current maturity of long term loans and bonds	3,066	4,800	57%
Others	13,543	12,188	-10%
Total Current liabilities	16,609	16,988	2%
Non-Current Liabilities			
Long term loans and bonds	19,650	18,926	-4%
Shareholder loan	5,679	6,542	15%
Others	4,137	8,186	98%
Total Non-Current Liabilities	29,465	33,654	14%
Total Liabilities	46,074	50,642	10%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	5,125	6,453	26%
Retained earnings	9,346	6,830	-27%
Total Equity	14,471	13,283	-8%
Total Liabilities and Equity	60,545	63,926	6%

In 1Q 15, total assets reached Rp63.9 trillion, 6% higher compared to the previous year mainly due to the increase in current assets as a result of the sale and leaseback of towers transaction.

- Current assets increased by 56% YoY driven by an increase in cash and cash equivalents by 177% and an increase in advances and prepayment by 21% relating to the sale and leaseback of towers transaction.
- Non-current assets decreased by 3% YoY mainly due to the reduction in the value of goodwill and intangible assets

Total liabilities increased by 10% YoY as a result of higher lease payables relating to the sale and leaseback of towers to STP.

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- Current liabilities increased by 2% mainly relating to an increase in the current maturities of the loans of the company.
- Non-current liabilities increased by 14% mainly due to an increase in lease liabilities relating to the sale and leaseback of the tower transaction to STP

Capital Expenditure

Capital Expenditure (In Rp Billion)	1Q14	1Q15	Growth
Capitalized capex	1,747	1,211	-31%
Paid capex	1,614	769	-52%
Commitments entered into*	556	879	58%

* The USD portion was converted to IDR using closing rate of March 2014 and 2015. The exchange rate Rupiah against USD as of March 2014 and 2015 were Rp11,357/USD and Rp13,084/USD, respectively.

Cash Flow

Cash Flow (In Rp Billion)	1Q14	1Q15	Growth
Net cash flow generated from operating activities	1,642	1,514	-8%
Net cash flow used in investing activities	(11,325)	(913)	-92%
Free cash flow	(9,683)	601	N/A
Net cash flow generated from financing activities	10,842	(706)	-107%
Net increase/(decrease) in cash and cash equivalents	1,159	(105)	-109%
Cash and cash equivalents at the beginning of the period	1,318	6,951	427%
Effect of exchange rate changes on cash and cash equivalents	(6)	8	N/A
Cash and cash equivalents at the end of the period	2,472	6,853	177%

- Net cash flow generated from operating activities decreased by 8% to Rp 1.5 trillion mainly driven by a decrease in receipts from customers and other operators by 14%
- Net cash flow used in investing activities decreased by 92% to Rp913 billion as a result of the Axis transaction completed in the previous year's quarter and a lower YoY capex spend.
- Net cash flow used in financing activities was Rp 706 billion which is lower than in the previous quarter due to the higher cash proceeds from the drawdown of a long term loan as well as recognition of a loan from Axiata both related to the Axis acquisition that was completed in the prior quarter.

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Description of Debts

The detail of debts as of 31 March 2014 and 2015 are as follows:

Description	(in Original Amount)		Year of Maturity
	1Q 14	1Q 15	
USD Loan (mn)	US\$ 81	US\$ 33	Amortizing semi annually, final repayment is in 2015
	US\$ 199	US\$ 178	Amortizing annually, final repayment in 2016
	US\$ 100	US\$ -	Bullet repayment in 2016
	US\$ 1,000	US\$ 900	Bullet repayment in 2017
	US\$ 50	US\$ 50	Bullet repayment in 2018
	US\$ -	US\$ 400	Bullet repayment in 2019
	US\$ 1,430	US\$ 1,561	
IDR Bank Loan (bn)	Rp 2,300	Rp 2,000	Amortizing annually, final repayment is in 2015
	Rp 1,000	Rp 900	Amortizing annually, final repayment is in 2016
	Rp 4,950	Rp 4,400	Amortizing annually, final repayment is in 2017
	Rp 2,950	Rp 2,650	Amortizing annually, final repayment is in 2018
	Rp 12,250	Rp 9,950	
Unamortized Loan Issuance Cost (bn)	Rp (97)	Rp (105)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 28,395	Rp 30,268	

* The USD portion was converted to IDR using closing rate of March 2014 and March 2015. The exchange rate Rupiah against USD as of March 2014 and 2015 were Rp11,357/USD and Rp13,084/USD, respectively.

Gearing Ratios	1Q14	1Q15	Growth
Debt/Equity (x)	2.0	2.3	0.3
Net Debt/Equity (x)	1.8	1.8	(0.0)
Debt/EBITDA (x)	3.2	3.6	0.4
Net Debt/EBITDA (x)	2.9	2.8	(0.1)

During 1Q 15, XL made repayment of debts amounting to Rp50 billion and USD26 million.

As of 31 March 2015, XL hedged 62% of external USD loans.

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OPERATING MEASURES

	1Q14	1Q15	Growth
Total O/G Minutes of Usage (billion minutes)	24.2	20.0	-17%
Total Minutes (billion minutes)	48.7	40.0	-18%
Total O/G SMS (billion SMS)	63.8	50.4	-21%
Total data traffic (Petabyte)	22.0	42.4	92%
Total BTS	45,600	52,942	16%
2G	30,655	36,331	19%
3G	14,945	16,431	10%
4G	-	180	
Number of Employees (permanent & contract with permanent position)	2,287	2,067	-10%
Postpaid users (000)	382	425	11%
Prepaid sim cards (active and grace / million)	68.1	51.7	-24%
Total user base (million)	68.5	52.1	-24%
ARPU blended (Rp 000)	23	28	22%
Postpaid revenue/sub (Rp 000)	113	104	-8%
Prepaid revenue/sim card (Rp 000)	22	27	23%

RECENT DEVELOPMENTS

- At the recently concluded AGM and EGM of the company on 1-April-2015, Dian Siswarini was appointed the CEO of XL Axiata replacing outgoing CEO Hasnul Suhaimi. The full board of directors comprises:
 - Chief Executive Officer : Dian Siswarini
 - Chief Strategic Transformation Officer : Willem Lucas Timmermans
 - Chief Financial Officer : Mohamed Adlan bin Ahmad Tajudin
 - Chief Service Management Officer : Ongki Kurniawan
- Appointment of four chiefs of various business units who report directly to the CEO. These are:
 - Chief Digital Services Officer : Yessie D. Yosetya
 - Chief Brand & Customer Management Officer : Rashad J. Sanchez
 - Chief Revenue Management Officer : Mohammed A. Ali
 - Chief Commercial Officer : Danny Chew

ACHIEVEMENT

- XL received an award from SWA magazines for the "Best Companies in Creating Leaders from Within 2014" on Indonesia Leadership and Human Capital Summit 2014 event.
- XL won two awards in Golden Ring Award 2014 event for the "Best Value Added Service" for Gudang Aplikasi services and "Best Customer Service."

CONSOLIDATED GUIDANCE

2015

EBITDA margin	Mid to high 30's
Cash out capex	Lower than 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: 06 May 2015