



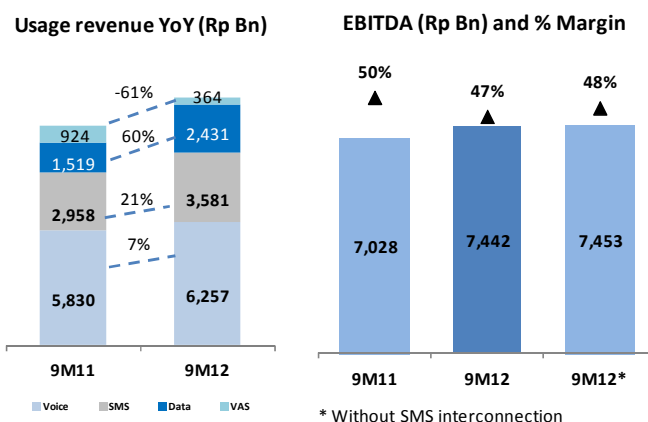
PT XL AXIATA TBK. (XL) 9M12

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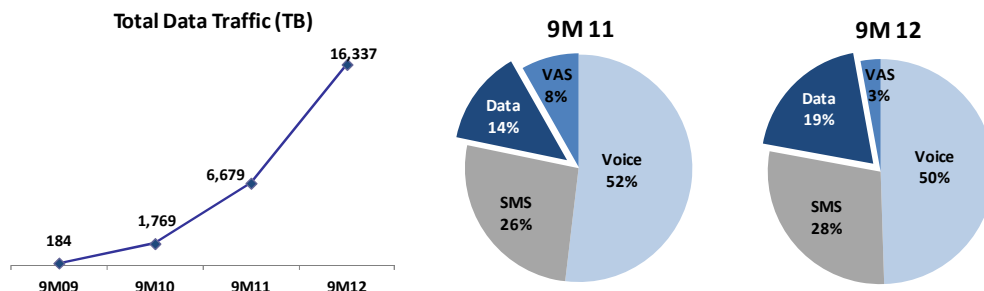
OVERVIEW

The first 9 months of 2012 saw strong growth of data revenue of 60% as a result of our execution focus to capture the data opportunity. Overall revenue increased 14% YoY supported by mitigation efforts for the decline in Voice and growth in SMS Revenue. EBITDA grew 6% YoY with margin at 47%, impacted by the introduction of SMS interconnection as well as continued network expansion to support the data strategy. XL continued to enhance its 3G network in Q3'12 focusing on delivering good customer experience.



Data Business

- Demand for data remained strong, evident from the growing data usage and users. XL's data subscribers now represent 60% of total subscribers. This has translated into a more than double growth in traffic compared to a year ago and higher data revenue contribution which increased from 14% to 19%.

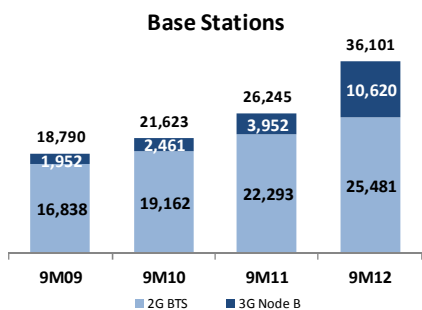


- Pay per Use and Volume based packages for Data in 3G network remain the key offerings for data. To attract customers to experience better data connectivity and experience via 3G, XL started to differentiate offerings between 2G and 3G data services by giving **additional quota** for its **Hot Rod 3G+** volume package if used on the 3G network.
- Aimed at enhancing data awareness amongst customers, XL opened additional data experience centres, **XL XPLOR**, which showcases a variety of advanced communication devices and also established XL Data Solutions across regions to educate customers on data services.



- Partnering with Smartphone providers, such as Samsung and HTC, XL has bundled **XmartPlan**, a package of Data, Voice and SMS together with the device to provide a complete package for the growing smartphone users in Indonesia. Furthermore, XL has launched nano Sim Cards to cater for new devices such as the iPhone5.

Infrastructure



- A good Data infrastructure is key in ensuring reliable and consistent experience for our customers. In addition to focusing on end to end connectivity, XL has emphasised on expanding its 3G footprint. In 9M12, focusing on 3G expansion, XL has rolled out 5,710 Node Bs, 73% of additional new BTS for the year. Node B has surpassed the 10,000 mark with a total of 10,620 node Bs or 169% increase from a year ago.
- In addition, XL continued its efforts to upgrade its networks through modernization projects for 2G and 3G network in areas of Sumatera, Aceh and Bali.

Voice and SMS Business

- Voice revenue grew 7% YoY and minutes of usage increased 37% YoY through efforts to monetise and mitigate the decline in this segment.
- With the introduction of SMS interconnection in June'12, SMS offering was structured leaning towards on-net SMS. SMS revenue increased 21% YoY. In the 3Q12, the recognition of SMS interconnect revenue and interconnect costs had an adverse impact on margins but a minimal impact on absolute EBITDA.

New Business

Expanding beyond traditional data services, XL has begun to explore early opportunities in the digital services market. Amongst the services that were launched :

- Google One Stop Service**, SMS-based service which gives access to users to use Google service such as search engine, translation, and GTALK. The application is available on daily, weekly or monthly basis to subscribers.
- XL Mobile Xurveillance**, a monitoring surveillance system equipped with camera, Voice and alarm system with motion detectors.



FINANCIAL MEASURES

Income Statement

Financial Statement (in Rp Billion)	9M11	9M12	Growth
Gross Revenue			
Voice	5,830	6,257	7%
SMS	2,958	3,581	21%
Data and VAS*	2,443	2,795	14%
Cellular Interconnection and International Roaming Service	1,321	1,870	42%
Others	147	152	4%
Cellular Telecommunication Service	12,699	14,656	15%
Other Telecommunications Services	1,266	1,325	5%
Gross Revenues	13,965	15,980	14%
Less: Discount	(150)	(208)	38%
Gross Revenue Net of Discount	13,814	15,772	14%
Interconnection and other direct expenses	1,869	2,243	20%
Salaries & Employee Benefits (Permanent & Temporary)	902	688	-24%
Sales Commission, Advertising & Promotion Expenses	848	934	10%
Infrastructure Expenses	2,748	3,941	43%
Facilities Expenses and Professional Fees	418	523	25%
Total OPEX	6,786	8,330	23%
EBITDA	7,028	7,442	6%
EBITDA Margin	50%	47%	-3%
Depreciation & Amortization	3,522	3,758	7%
EBIT	3,506	3,684	5%
Other (Expenses) / Income			
Interest expense - net	(456)	(424)	-7%
Forex (loss)/gain - net	30	(213)	N/A
Others	(111)	(81)	-27%
Total Other Expenses	(537)	(718)	34%
Income before income tax	2,969	2,965	0%
Income Tax Expense	(785)	(770)	-2%
Net Income	2,184	2,195	1%
Earnings Per Share (full amount)	257	258	0%
Normalized Net Income (in Rp Billion)	9M11	9M12	Growth
Net Income	2,184	2,195	1%
Unrealized forex (gain)/loss	(51)	48	N/A
Accelerated depreciation in Sumatera, Bali, Kalimantan, Sulawesi	163	96	-41%
Severance Payment	213	-	N/A
Tax Impact	(81)	(36)	-56%
Normalized Net Income	2,427	2,302	-5%
Normalized Earnings Per Share (full amount)	285	270	-5%
Financial Statement (VAS recorded net) Rp Billion	9M11	9M12	Growth
Data and VAS revenue**	2,030	2,719	34%
Gross Revenues	13,551	15,904	17%
Gross Revenue Net of Discount	13,401	15,695	17%
Interconnection and other direct expenses	1,456	2,167	49%
Total OPEX	6,372	8,254	30%
EBITDA Margin	52%	47%	-5%

* Gross VAS revenue

** Net VAS revenue



Operational Results

XL recorded gross revenue of Rp16 trillion, a 14% YoY increase.

- Cellular Telecommunication Service revenues increased by 15% to Rp14.7 trillion and contributed 92% to total revenue. Voice grew by 7% to Rp6.3 trillion with outgoing minutes increased by 37% YoY. SMS revenue increased by 21%. Revenue from Data and Value Added Services (VAS) was up by 14% and contributed 22% to total usage revenues. Data alone showed a robust growth of 60% driven by increased adoption of data and supported by our investment in data infrastructure.
- The presentation of VAS revenue is now on a net basis to reflect changes in the Audited Financial Statement. Previously, XL reported VAS on a gross basis where gross VAS revenue was recognized whilst related costs under Interconnection and other direct expenses. The change was made retrospectively to the comparative period.
- Other telecommunications services revenue comprised of mainly leased towers, leased lines and national roaming, grew by 5% to Rp1.3 trillion, mainly due to an increase in leased tower revenue with a 20% increase in number of tower being leased as well as leased line revenues. The increase was slightly offset by decline in National Roaming service revenue by 31% due to termination of agreement with Axis effective 31 August 2012. Other telecommunications services revenue contributed 8% to total revenue.

Operating Expenses

Total operating expenses increased by 23% YoY to Rp8.3 trillion.

- Interconnection and other direct expenses increased by 20% YoY.
This was mainly due to introduction of SMS interconnection that started in Jun'12 and increase in cost to Research in Motion related to the 71% increase in BlackBerry subscribers. This is partially offset by the decrease in VAS related cost in line with the decline in VAS subscription post the SMS Premium regulation.
- Salaries and Employee Benefits decreased by 24% YoY.
The decrease in salaries and employee benefits was mainly due to the provision for severance payment amounted Rp213 bn related to employees transfer to Huawei for Managed Service Partnership agreement which was booked in Sept'11. Without the provision, this operating expense remained stable.
- Sales Commission, Advertising and Promotion expenses increased by 10% YoY.
The increase was mainly due to higher sales commission by 23% especially due to higher sales of XL's sim card and reload. Advertising and Promotion decreased by 2%.
- Infrastructure expenses increased by 43% YoY.
The increase was in line with our expansion in 3G network coverage to support data business with increase in rental sites, towers, leased lines expense, and network license fee. In addition, 9M12 included a managed service fee related to partnership agreement with Huawei since April 2012. The outsourcing has also led to a 62% decline in utilities expense
- Facilities Expenses and Professional Fees increased by 25% YoY.
The increase was mainly due to higher license and permit fee as well as rental for operational space. There was also an increase in provision for bad debt from tower lease.



EBITDA

EBITDA increased by 6% YoY to Rp7.4 trillion in 9M12 however EBITDA margin was down by 3% to 47%. Lower margin was largely due to the network costs related to the expansion of the data infrastructure to support data growth and accounting treatment of SMS interconnection. Without the SMS interconnection, EBITDA margin was at 48%.

Depreciation and Amortization Expenses

The depreciation and amortization expenses grew by 7% YoY due to increased investment in data infrastructure. To better support the overall network ecosystem, upgrade in equipment and transmission was done which resulted in Rp96 billion accelerated depreciation booked in 9M12 related to this network modernization.

Other (Expenses)/Income

Other expenses in 9M12 increased 34% to Rp718 billion, due to:

- Higher realized forex loss which increased by Rp144.2 billion from a year ago.
- Unrealized forex loss in 9M12 of Rp47.6 billion compared to a gain of Rp51 billion in 9M11.
- Lower interest expense due to lower cost of fund after repayment of loans and IDR Bond in 9M12.

Net Income

Net Income for 9M12 amounted to Rp2.2 trillion. Normalized net income excluding the impact of unrealized forex transactions, provision for severance payment, and accelerated depreciation decreased by 5% to Rp2.3 trillion.

Balance Sheet

Balance Sheet (In Rp Billion)	9M11	9M12	Growth
Current Assets			
Cash and cash equivalents	391	2,170	455%
Others	1,857	2,652	43%
Total Current Assets	2,248	4,822	114%
Non-Current Assets	26,470	31,131	18%
Total Assets	28,719	35,953	25%
Current Liabilities			
Current maturity of long term loans and bonds	2,889	4,285	48%
Others	4,631	4,497	-3%
Total Current liabilities	7,520	8,781	17%
Non-Current Liabilities			
Long term loans and bonds	6,401	10,337	62%
Others	1,759	2,018	15%
Total Non-Current Liabilities	8,160	12,355	51%
Total Liabilities	15,679	21,136	35%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	6,259	6,302	1%
Retained earnings	6,780	8,514	26%
Total Equity	13,039	14,817	14%
Total Liabilities and Equity	28,719	35,953	25%

In 9M12, total assets increased by 25% to Rp35.9 trillion, due to higher investment in network equipment, 3G access and transmission to support the data business, as well as increase in cash from financing activities.



- Current assets increased by 114% YoY due to increase in cash and cash equivalent of 455%, advances and prepayment of 42%, and prepaid taxes. This was partially offset by lower trade receivables of 8%.
- Total liabilities increased by 35% YoY mainly due to increase in borrowing of 57% from Rp9.3 trillion to Rp14.6 trillion.

Capital Expenditure

Capital Expenditure (In Rp Billion)	9M11	9M12	Growth
Capitalized capex	4,724	7,051	49%
Paid capex	4,137	7,181	74%
Commitments entered into*	5,784	6,547	13%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 30 September 2011 and 2012. The exchange rate Rupiah against USD as of 30 September 2011 and 2012 were Rp8,823/USD and Rp9,588/USD, respectively.

Cash Flow

Cash Flow (In Rp Billion)	9M11	9M12	Growth
Net cash flow generated from operating activities	6,656	6,130	-8%
Net cash flow used in investing activities	(4,280)	(7,066)	65%
Free cash flow	2,376	(936)	N/A
Net cash flow (used in)/generate from financing activities	(2,351)	2,106	N/A
Net increase (decrease) in cash and cash equivalents	25	1,170	4655%
Cash and cash equivalents at the beginning of the period	366	998	173%
Effect of exchange rate changes on cash and cash equivalents	0	2	1136%
Cash and cash equivalents at the end of the period	391	2,170	455%

- Net cash flow generated from operating activities decreased by 8% to Rp6.1 trillion due to increase in payment for suppliers and for other expenses by 45%. This was offset by increase in receipt from customers and other operators by 14%.
- Net cash flow used in investing activities increased by 65%, mainly due to increase in capital expenditures related to data infrastructure deployment.
- Net cash flow generated from financing activities was at Rp2.1 trillion because of higher cash proceeds from long term loan, related to new bank loan in 2012 of Rp6.5 trillion. This was partially offset by repayment of IDR bond in April 2012 amounted to Rp1.5 trillion.



Description of Debts

The detail of debts as of 30 September 2011 and 2012 are as follows:

Description	(in original amount)		Year of Maturity
	9M11	9M12	
USD Loan (mn)	US\$ 202	US\$ 153	Amortizing semi annually, final repayment is in 2015
	US\$ 176	US\$ 88	2013
	US\$ 377	US\$ 241	
IDR Bank Loan (bn)	Rp 1,440	Rp -	Paid
	Rp 1,250	Rp 1,250	2013
	Rp -	Rp 3,000	Amortizing annually, final repayment is in 2014
	Rp 1,800	Rp 2,600	Amortizing annually, final repayment is in 2015
		Rp 5,500	Amortizing annually, final repayment is in 2017
IDR Bond (bn)	Rp 1,500	Rp -	Paid
	Rp 5,990	Rp 12,350	
Unamortized Loan Issuance Cost (bn)	Rp (30)	Rp (42)	
TOTAL INTEREST BEARING DEBT (in Rp.Bn)*	Rp 9,289	Rp 14,622	

* The USD portion was converted to IDR using closing rate 30 September 2011 and 2012. The exchange rate Rupiah against USD as of 30 September 2011 and 2012 were Rp8,823/USD and Rp9,588/USD, respectively.

Gearing Ratios	9M11	9M12
Debt/Equity	0.7 x	1.0 x
Net Debt/Equity	0.7 x	0.8 x
Debt/EBITDA	1.0 x	1.5 x
Net Debt/EBITDA	0.9 x	1.3 x

During 9M12, XL made repayment of debts amounting to Rp2.7 trillion. XL signed a new IDR loan agreement with Mandiri in August 2012 amounted Rp2.5 trillion in addition to Rp4 trillion loan from BCA and BTMU in March and April 2012. The whole facility has been drawn down as of September 2012.

As of 30 September 2012, XL had hedged about 84% of USD debt.



OPERATING MEASURES

	9M11	9M12	Growth
Total O/G Minutes of Usage (billion minutes)	59.6	81.8	37%
Total Minutes (billion minutes)	119.8	163.9	37%
Total O/G SMS (billion SMS)	180.6	195.8	8%
Total data traffic (Petabyte)	6.5	16.0	145%
Total BTS	26,245	36,101	38%
2G	22,293	25,481	14%
3G	3,952	10,620	169%
Number of Employees (permanent & contract with permanent position)	2,416	2,002	-17%
Postpaid users (000)	297	341	15%
Prepaid sim cards (active and grace / million)	43.1	42.0	-3%
Total user base (million)	43.4	42.3	-3%
ARPU blended (Rp 000)	32	31	-3%
Postpaid revenue/sub (Rp 000)	187	148	-21%
Prepaid revenue/sim card (Rp 000)	31	30	-3%

RECENT DEVELOPMENT

Etisalat, one of XL's major shareholders, reduced their stake in company by 9.1% in September 2012. Their ownership in XL is now 4.2%, which led to an increase in XL's public float from 20.2% to 33.5%.

Achievements

XL's effort and commitment in improving customer experience has been recognized by the Contact Center World. XL was awarded a gold medal in 2012 Top Ranking Performers in the Contact Center World, Asia Pacific.

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 66.5% owned by Axiata Group through Axiata Investments (Indonesia) Sdn. Bhd., and the remaining stakes are held by public including restricted stock (33.5%).

Date: 31 October 2012