



PT XL AXIATA TBK. (XL) 9M 13

Disclaimer

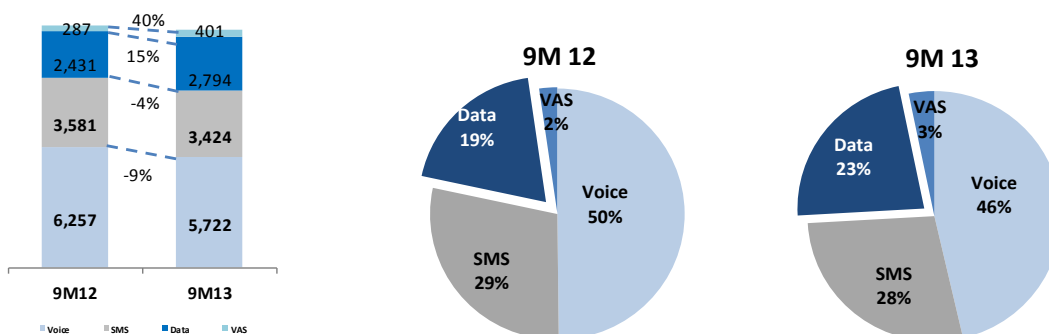
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OVERVIEW

XL saw consecutive growth in the 3Q 2013 with continued positive momentum in revenue and subscribers. Overall, revenue grew 5% QoQ with data as the fastest growing service with double digit growth of 10% while Voice and SMS grew 3% and 6% respectively. In terms of number subscribers, XL recorded 58.1 million subs or 7% increase from 2Q 13. The positive result was the result of a careful repositioning strategy and continued focus on delivering superior data experience.

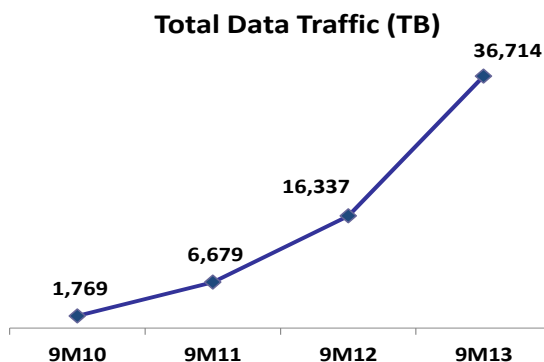
YoY revenue remained stable at Rp15.9 trillion as of 9M 13. Data grew by 15% YoY while Voice and SMS declined by 9% and 4% respectively. Non-voice revenue contributed 54% of XL's total usage revenue, an increase from 50% a year ago.

Usage revenue YoY (Rp Bn)



Data and VAS Business

- Demand for Data remains strong as seen from the continued growth in traffic which increased 125% YoY. Data subscribers reached 33.7 million subscribers or about 58% of the total base. Data has remained the fastest growing service in 9M 13 with its contribution to total usage revenue increased from 19% to 23%.

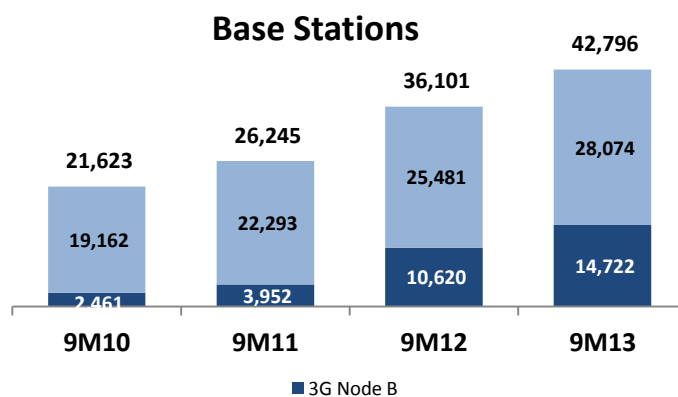




- XL continues with its strategy to expand data penetration, by offering starter pack **XL BEBAS** with monthly cost of Rp5,000/month for 6 months active period. Additional quota benefit is given to customers using 3G network to encourage 3G data usage. The offer continued to provide strong traction in data usage for 3Q 13.
- XL has collaborated with **WeChat** and **KakaoTalk**, to further strengthen XL's position in social networking community by offering affordable tariff for data usage in applications.
- XL commits to keep introduce new innovations to improve its customer experience especially in data. Therefore, XL introduced **MyXL**, a self-care application for Android and iPhone users. This application allows users to check and reload balance, check internet quota status and buy internet package.
- As of Q3 13, XL has become number 1 amongst **Facebook** users in Indonesia with the largest number of Facebook users on our network and generated around 20 million paid **Facebook** users across Facebook related products. This achievement was a result of XL continuous effort to provide an excellent data experience for subscribers.

Smartphone or data featured phones growth is one of the key to drive number of XL data subscribers. Therefore, XL continued to collaborate with several handset dealers and banks to offer affordable bundling handsets for several smartphones such as Blackberry, iPhone, Samsung - Androids and others. As of 3Q 13, Smartphone devices grew significantly by 55% compared to last year, reached 9.2 million users or 16% of the total base.

Infrastructure



As of 9M 13, XL had installed 14,722 Nodes Bs with a 39% increase from a year ago. This brings total number of 2G and 3G BTS to 42,796 BTS. Investments are still being prioritised to enhance service experience in data in key city areas.

Network Modernization continued in 3Q 13 aimed at improving better network speed, capacity and energy efficiency. As of 3Q 13, XL has completed 2G & 3G modernization for majority sites across Indonesia.



Voice and SMS Business

- XL innovative packages such as **XL-Ku** and **Serbu** have continued to help XL to improve its voice and SMS revenue in 3Q 13 by 3% and 6% QoQ growth
- The Lebaran season in August 2013 provided an opportunity for XL to stimulate voice and SMS business with attractive offers during the festive period.
- Nevertheless, Voice and SMS declined YoY with lower revenue and traffic with the changing behaviour of consumers increasingly substituting to data

Digital Services

XL Digital Services is providing customers with further reasons to use data and to expand beyond traditional data services and support their digital lifestyle. Four line of business has been established as of 3Q 13 such as **Digital Entertainment, Mobile Advertising, Mobile Payment, Machine to Machine** and **Cloud**.

Below are some updates that XL has developed throughout the third quarter:

- **XL Tunai** user grew by 20% QoQ compared to the number of users. Other positive trends also happened in other line of business such as M2M, Cloud and Digital Entertainment business.
- XL Digital Services has partnered with major industry player in building the ecosystem of each vertical business and by end of Q3 already had more than 6,000 partners. This includes Huawei, Ericsson, Alfamart (major convenience store), Blue Bird (major taxi player) among others, with collaboration in various line of business to support customers' needs in digital lifestyle.
- **XL-Tunai** has expanded its services by associating with several merchants such as restaurants and supermarkets for customers' convenience to make transactions



FINANCIAL MEASURES

Income Statement (Audited)

Financial Statement (in Rp Billion)	9M12	9M13	Growth
Gross Revenue			
Voice	6,257	5,722	-9%
SMS	3,581	3,424	-4%
Data and VAS*	2,719	3,196	18%
Cellular Interconnection and International Roaming Service	1,870	2,292	23%
Others	152	160	5%
Cellular Telecommunication Service	14,579	14,794	1%
Other Telecommunications Services	1,325	1,090	-18%
Gross Revenues	15,904	15,884	0%
Less: Discount	(208)	(75)	-64%
Gross Revenue Net of Discount	15,695	15,808	1%
Interconnection and other direct expenses	2,167	2,863	32%
Salaries & Employee Benefits (Permanent & Temporary) **	687	707	3%
Sales and Marketing Expense	934	1,041	11%
Infrastructure Expenses	3,941	4,378	11%
Supplies and Overhead expenses***	523	401	-23%
Total OPEX	8,253	9,389	14%
EBITDA	7,443	6,419	-14%
EBITDA Margin	47%	40%	
Depreciation & Amortization	3,758	4,285	14%
EBIT	3,685	2,134	-42%
Other Expenses			
Finance cost - net	(409)	(141)	-66%
Forex loss - net	(267)	(715)	168%
Income from associate entity	-	18	100%
Others	(43)	(103)	139%
Total Other Expenses	(718)	(940)	31%
Income before income tax	2,966	1,194	-60%
Income Tax Expense	(771)	(277)	-64%
Profit for the period	2,196	917	-58%
Earnings Per Share (full amount)	258	107	-58%

Normalized Profit (In Rp Billion)	9M12	9M13	Growth
Profit for the period	2,196	917	-58%
Unrealized forex (gain)/loss	48	581	1120%
Accelerated depreciation in Sumatera, Java and Bali	96	192	101%
Tax Impact	(36)	(193)	440%
Normalized Profit for the period	2,303	1,497	-35%
Normalized Earnings Per Share (full amount)	270	175	-35%

* Net VAS revenue

** Implementation of PSAK 24 (Revise 2010) "Employee Benefits", recognition actuarial gains or losses, through other comprehensive income

*** Facilities Expenses and Professional Fees in 1H 12



Operational Results

XL recorded gross revenue of Rp15.9 trillion

- Cellular Telecommunication Service revenues increased by 1% to Rp14.8 trillion and contributed 93% to total revenue driven largely by data growth. Voice revenue declined by 9% to Rp5.7 trillion with a slight decrease in outgoing minutes YoY. SMS revenue decreased by 4% whilst Revenue from Data and Value Added Services (VAS) was up by 18%. Improvement in data adoption by users resulted in data growth by 15% YoY.
- 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 recorded under Interconnection and other direct expenses. The change was made retrospectively to the comparative period.
- Other telecommunications services revenue comprised mainly of leased towers, leased lines and national roaming, declined by 18% to Rp1.1 trillion, mainly due to termination of the national roaming agreement with Axis in August 2012 as well as lower leased line revenue. Other telecommunications services revenue contributed 7% to total revenue.

Operating Expenses

Total operating expenses increased by 14% YoY to Rp9.4 trillion.

- Interconnection and other direct expenses increased by 32% YoY.
This increase was mainly due to the introduction of SMS interconnection that started in June 2012.
- Sales and Marketing expenses increased by 11% YoY.
The increase was partly due to higher Sales Commissions, in line with the increase in sales, as well as higher Advertising and Promotion during Lebaran season.
- Infrastructure expenses increased by 11% YoY.
The increase was mainly due to rental site and tower increased 31% YoY in line with the expansion of infrastructure to continue support the data business. In addition, 9M 13 reflected a full 9 months a managed service fee related to partnership agreement with Huawei as compared to six months in 9M12.
- Supplies and Overhead expenses decreased by 23% YoY.
The decrease was mainly due to lower utilities from non network expense and G&A.

EBITDA

EBITDA increased 5% QoQ in line with revenue growth with EBITDA margin has improved to 41%. YoY EBITDA for 9M 13 decreased largely due to the introduction of SMS interconnect and expansion of leased sites impacting infrastructure costs. EBITDA decreased 14% to 6.4 trillion YoY and EBITDA margin decreased by 7 percentage points to 40%. Excluding the impact of SMS interconnection, EBITDA margin was at 44%.



Depreciation and Amortization Expenses

The depreciation and amortization expenses grew by 14% YoY as investment in data to support data growth continue. In addition, Rp192 billion accelerated depreciation was recorded for 9M 13 due to network modernization on 2G and 3G.

Other (Expenses)/Income

Other expenses in 9M 13 increased 31% to Rp940 billion due to increased in unrealized forex loss for 9M 13. However, realized forex loss in 9M 13 decreased 41% YoY.

Profit for the period

Profit for the period for 9M 13 amounted to Rp917 billion with normalized profit recorded at Rp1.5 trillion.

Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	9M12	9M13	Growth
Current Assets			
Cash and cash equivalents	2,170	2,117	-2%
Others	2,652	3,328	26%
Total Current Assets	4,822	5,445	13%
Non-Current Assets	31,131	33,724	8%
Total Assets	35,953	39,169	9%
Current Liabilities			
Current maturity of long term loans and bonds	4,285	3,082	-28%
Others	4,497	4,169	-7%
Total Current liabilities	8,781	7,251	-17%
Non-Current Liabilities			
Long term loans and bonds	10,337	14,459	40%
Others *	2,031	2,255	11%
Total Non-Current Liabilities	12,368	16,714	35%
Total Liabilities	21,150	23,965	13%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	6,302	6,341	1%
Retained earnings *	8,501	8,863	4%
Total Equity	14,803	15,204	3%
Total Liabilities and Equity	35,953	39,169	9%

* Implementation of PSAK 24 (Revise 2010) "Employee Benefits", recognition actuarial gains or losses, through other comprehensive income

In 9M 13, total assets increased by 9% to Rp39.2 trillion.

- Current assets increased by 13% YoY mainly due to increase in trade receivables by 106%.
- Total liabilities increased by 13% YoY mainly due to increase in borrowings of 20% from Rp14.6 trillion to Rp17.5 trillion.



Capital Expenditure (Audited)

Capital Expenditure (In Rp Billion)	9M12	9M13	Growth
Capitalized capex	7,051	4,899	-31%
Paid capex	7,181	5,841	-19%
Commitments entered into*	6,547	3,290	-50%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 30 September 2012 and 2013. The exchange rate Rupiah against USD as of 30 September 2012 and 2013 were Rp9,588/USD and Rp11,613/USD, respectively.

Cash Flow (Audited)

Cash Flow (In Rp Billion)	9M12	9M13	Growth
Net cash flow generated from operating activities	6,130	6,153	0%
Net cash flow used in investing activities	(7,066)	(6,438)	-9%
Free cash flow	(936)	(285)	-70%
Net cash flow generated from financing activities	2,106	1,587	-25%
Net increase/(decrease) in cash and cash equivalents	1,170	1,302	11%
Cash and cash equivalents at the beginning of the period	998	792	-21%
Effect of exchange rate changes on cash and cash equivalents	2	23	1136%
Cash and cash equivalents at the end of the period	2,170	2,117	-2%

- Net cash flow generated from operating activities is stable at Rp6.2 trillion.
- Net cash flow used in investing activities decreased by 9% to Rp6.4 trillion mainly due to lower Capital Expenditures related to infrastructure investment in data.
- Net cash flow generated from financing activities decreased by 25% to Rp1.6 trillion as a result of repayment in of long term loan.



Description of Debts

The detail of debts as of 30 September 2012 and 2013 are as follows:

Description	(in Original Amount)		Year of Maturity
	9M 12	9M 13	
USD Loan (mn)	US\$ 153	US\$ 105	Amortizing semi annually, final repayment is in 2015
	US\$ 88	US\$ -	2013
	US\$ -	US\$ 210	Amortizing annually, final repayment in 2016
	US\$ -	US\$ 50	Bullet repayment in 2018
	US\$ 241	US\$ 365	
IDR Bank Loan (bn)	Rp 1,250	Rp -	2013
	Rp 3,000	Rp 2,100	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 -	Rp 3,000	Amortizing annually, final repayment is in 2018
	Rp 12,350	Rp 13,350	
Unamortized Loan Issuance Cost (bn)	Rp (42)	Rp (51)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 14,622	Rp 17,541	

* The USD portion was converted to IDR using closing rate 30 September 2012 and 2013. The exchange rate Rupiah against USD as of 30 September 2012 and 2013 were Rp9,588/USD and Rp11,613/USD, respectively.

Gearing Ratios	9M12	9M13	Growth
Debt/Equity	1.0	1.2	17%
Net Debt/Equity	0.8	1.0	21%
Debt/EBITDA	1.5	2.0	34%
Net Debt/EBITDA	1.3	1.8	39%

During 9M 2013, XL made a repayment amounted Rp2.1 trillion and USD112.5 million. XL signed new IDR loan agreement with Sumitomo Bank amounted Rp1 trillion in addition to USD100 million loan from BTMU and USD100 million loan from SCB. Both BTMU and Sumitomo Bank facilities have been fully drawdown in August 2013.

As of 30 September 2013, XL had hedged about 65% of USD debt.



OPERATING MEASURES

	9M12	9M13	Growth
Total O/G Minutes of Usage (billion minutes)	81.8	81.5	0%
Total Minutes (billion minutes)	163.9	163.6	0%
Total O/G SMS (billion SMS)	195.8	192.2	-2%
Total data traffic (Petabyte)	16.0	35.9	125%
Total BTS	36,101	42,796	19%
2G	25,481	28,074	10%
3G	10,620	14,722	39%
Number of Employees (permanent & contract with permanent position)	2,002	2,011	0%
Postpaid users (000)	341	332	-3%
Prepaid sim cards (active and grace / million)	42.0	57.8	38%
Total user base (million)	42.3	58.1	37%
ARPU blended (Rp 000)	31	27	-13%
Postpaid revenue/sub (Rp 000)	148	136	-8%
Prepaid revenue/sim card (Rp 000)	30	27	-10%

RECENT DEVELOPMENT

On 26 September 2013, XL signed a CSPA with Saudi Telecom Company (STC) and Teleglobal Investments B.V. (Teleglobal), a subsidiary of STC for the acquisition of Axis.

ACHIEVEMENTS

- XL was awarded one of “Indonesia’s Top 50, Company Excellent Achievement” by SINDO newspaper.
- XL received three awards in The 9th National Customer Service Championship 2013 for “Best 2nd Service Star Manager – Walk in Center”, “The Best 1st Service Star Team Leader” and “The Most Analytical Team Leader”.

GUIDANCE

2013

Revenue growth	Low single digit
EBITDA margin	Low 40’s
Cash out capex	Between Rp 8 - 9 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: 1 November 2013