



PT XL AXIATA, TBK. (XL) FY09

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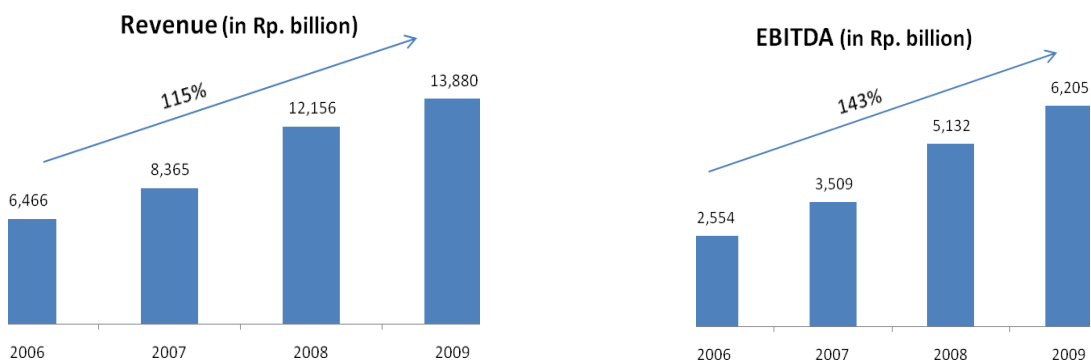
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OVERVIEW

XL closed FY09 with a revenue growth of 14% YoY, EBITDA growth of 21% YoY, improved EBITDA margin to 45%, and a positive free cash flow of Rp 2.6 trillion. The combination of affordable packages and network load management supported by effective product distribution in a favorable macro economic condition allowed XL to achieve this result.

In addition to financial results, XL has successfully rejuvenated its brand perception and is perceived as #1 in various attributes including Affordable Brand according to TNS survey in December 2009.



Revenue Growth Driver

In 4Q09, XL launched three new voice promos in addition to its existing price plans. These plans helped acquisitions of about 4.8 million new subscribers.

In addition to voice tariffs, XL also launched a number of affordable SMS and broadband including packages by price and by time limit. Likewise, internet packages are offered in a number of different varieties including by volume, usage, and unlimited package.

Data services were a new source of growth and experienced a robust growth within one year. XL had close to 250,000 BlackBerry subscribers at the end of 2009. GPRS service also experienced a massive growth in traffic by more than six fold growth between December 2008 and 2009. XL continued to expand wireless broadband services cluster by cluster in Greater Jakarta and Sumatra area. In FY09, data services contributed 4% to the total revenue. All of the aforementioned voice, SMS, internet, and data packages could be easily accessed and selected through the *123# portal.

In 2009, XL BlackBerry services were recognized by Broadband Magazine as the Best BlackBerry Services and also by Gadget Magazine as the Best Innovation BlackBerry Provider.

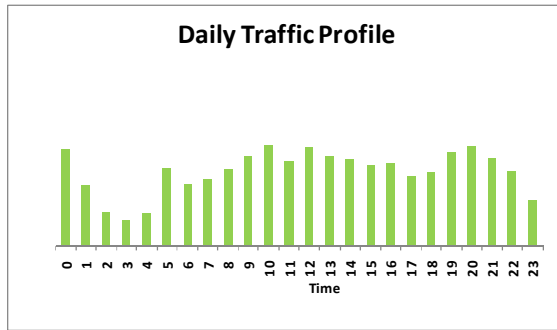


Distribution Channel

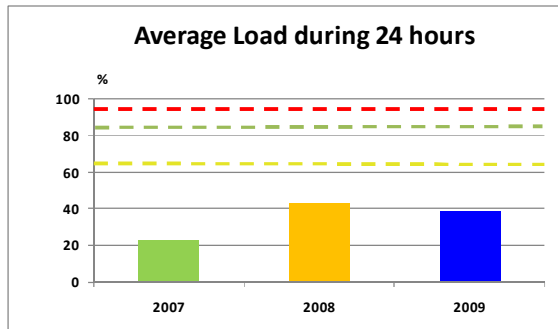
XL has completed a 3-year distribution channel restructuring, which started in 2007, by shifting the distribution method from direct distribution (in-house distribution) to hybrid distribution (including 3rd party distributors) with the focus on expanding its coverage. As a result, the number of distribution channel has improved more than 10 folds from around 35k channels in 2006 to approximately 350k – 400k channels by end of 2007. After building the scale, in 2009 XL focused on rationalizing the distribution layer and transformed its business relationship with the distributors.

Network Load Management

As XL has mostly completed the coverage and capacity expansion programs, XL spent CapEx more selectively in 2009 with cash out CapEx of Rp. 5.3 trillion, which was well within 2009 guidance of USD 550 – 600 million. XL’s focus in 2009 was to improve quality while managing network load through aligned marketing programs in order to balance network utilization during the day.



Furthermore, XL applied multi band cell technology that could combine its GSM 900 and 1800 bandwidth without interference, to improve capacity economically, and handle more traffic. As a result, XL had higher available capacity to be filled up, resulting in a moderate average capacity load.





FINANCIAL MEASURES

Income Statement (Audited)

Financial Statement (in Rp. Billion)	FY08	FY09	Growth
Cellular Telecommunication Service:			
Voice	6,623	7,059	7%
Non Voice	3,145	4,161	32%
Total Cellular Telecommunication Service	9,768	11,220	15%
Cellular Interconnection and International Roaming Service	1,537	1,551	1%
Other Telecommunication Services:			
Leased lines	478	427	-11%
Leased Towers	277	600	117%
Others	96	81	-15%
Total Other Telecommunication Services	851	1,109	30%
Total Revenues	12,156	13,880	14%
Less: Discount	(95)	(173)	83%
Revenue Net of Discount	12,061	13,706	14%
COGS and Interconnection Charges	2,296	2,028	-12%
Labor Cost (Permanent & Temporary)	723	778	8%
Sales & Marketing Expenses	1,374	1,030	-25%
Network Infrastructure Expenses	1,659	2,562	54%
Rental Site and Tower	330	528	60%
Support & Overhead Expenses	548	576	5%
Total OPEX	6,930	7,501	8%
EBITDA	5,132	6,205	21%
EBITDA Margin	42%	45%	N/A
Depreciation & Amortization	3,379	3,741	11%
EBIT	1,753	2,464	41%
Other (Expenses) / Income			
Interest expense - net	(1,095)	(1,218)	11%
Forex (loss) / gain - net	(332)	745	N/A
Gain on lease transaction	-	465	N/A
Others	(401)	(105)	-74%
Total Other (Expenses)/Income	(1,828)	(114)	-94%
(Loss) / Profit Before Tax	(75)	2,350	N/A
Income Tax (Expense) / Benefit	60	(641)	N/A
Net (Loss) / Income	(15)	1,709	N/A

Normalized Net Income (In Rp Billion)	FY08	FY09	Growth
Net Income	(15)	1,709	N/A
Less: unrealized forex (gain), net of tax	(95)	(346)	264%
Accelerated Depreciation MSC (net of tax)	338	-	N/A
VAT Bonus Pulsa (net of tax)	101	-	N/A
SMS Cartel (net of tax)	19	-	N/A
Normalized Net Income	348	1,364	292%



Operational Results

XL recorded gross revenue of Rp. 13.9 trillion, a 14% YoY increase.

- Revenue from Cellular Telecommunication Services grew by 15% to Rp. 11.2 trillion and contributed 81% to total revenue. The growth was mainly due to non-voice services that had a 32% increase and contributed 30% to total revenue, compared to 26% contribution last year. The main driver of this growth was the SMS and data services. As mentioned above, several SMS packages and data services were launched this year that attracted subscribers for usage.
- Revenue from other telecommunications services had a 30% increase to Rp. 1.1 trillion, and contributed 8% to the total revenue. The main source of growth was the 117% increase in leased towers. Compared to FY08, we leased out 30% more towers in 2009.

Operating Expenses

Total operating expenses increased 8% YoY to Rp. 7.5 trillion, a lower increase than revenue growth of 14%.

- COGS and Interconnection Charges decreased by 12% YoY.
XL managed interconnection cost payout through proper offer structuring and interconnection routing. Furthermore, in order to lower SIM card costs, XL redesigned the SIM card and reduced the SIM card supply.
- Labor Cost increased by 8% YoY.
Due to efficiency purposes, the number of employees was reduced by 3% in FY09 and XL reduced overtime expense by 35%. The increase in labor cost was due to annual salary increase, accrued Long Term Incentives, and accrued higher performance bonuses based on merit.
- Sales and Marketing Expenses reduced by 25%.
XL implemented strategic advertising in 2009 that led to 31% less spending in Advertising and Promotion. Moreover, due to distribution channel restructuring, the sales commission decreased by 21% compared to last year despite higher outgoing revenue.
- Network Infrastructure Expenses with 54% YoY increase.
Major improvements were done in XL networks in order to provide high quality network services. This cost element comprised mainly of frequency fees (45%) that was increased by 73% YoY related to the expansion of our network. In addition, the 16% of new BTS built and increased usage of generators in 2009 was the other source of the increase for this cost element.
- Rental Site and Tower Expenses had a 60% YoY increase.
The new lease site development that was established to reduce CapEx required XL to lease towers from third party. As a result, 105% more towers were leased in FY09 compared to the previous year.
- Support and Overhead Expenses increased by 5% YoY.
This cost element increased to Rp. 576 billion with highest increase on non-network operating rental and utilities fees. In contrast, in line with XL's effort to cut back on travel, XL reduced travelling expenses by 47% YoY.



EBITDA

EBITDA increased by 21% YoY to Rp. 6.2 trillion resulting from the 14% YoY revenue growth and lean cost management. The 2009 EBITDA margin was improved to 45% from 42% in 2008.

Depreciation and Amortization Expenses

The depreciation and amortization expenses had an 11% YoY growth which was due to increased number of BTS.

Other (Expenses)/Income

Other expenses were reduced by 94% YoY to Rp. 114 billion. The forex gain and gain on lease transaction offset the increase in interest expense.

Profit/ (Loss) After Tax

For this full-year result, we recorded a Rp. 1.7 trillion of profits, a significant improvement compared to a loss in FY08.

Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	FY08*	FY09	Growth
Current Assets			
Cash and cash equivalents	1,170	748	-36%
Others	2,031	1,259	-38%
Total Current Assets	3,201	2,007	-37%
Non-Current Assets	25,192	25,373	1%
Total Assets	28,393	27,380	-4%
Current Liabilities			
Short term loan and current maturity of long term loan and bond	1,278	2,475	94%
Others	4,400	3,533	-20%
Total current liabilities	5,678	6,009	6%
Non-Current Liabilities			
Long term loan and bond	17,443	10,988	-37%
Others	964	1,580	64%
Total Non-Current Liabilities	18,407	12,568	-32%
Total Liabilities	24,085	18,577	-23%
Equity			
Share capital & capital surplus	3,401	6,186	82%
Retained earnings	907	2,617	188%
Total Equity	4,308	8,803	104%
Total Liabilities and Equity	28,393	27,380	-4%

* The FY08 figures was restated based on the December 2009 audit

Lean balance sheet management resulted in total assets and liabilities decreasing 4% from Rp. 28.4 trillion in FY08 to Rp. 27.4 trillion in FY09.

- Current assets decreased by 37% YoY due to a 36% and 51% lower in Cash and Cash Equivalents and prepaid tax, respectively. In 2009, XL paid significant amount of debts using cash in addition to the Right Issue proceeds. In total, XL repaid USD 556 million and Rp. 400 billion in FY09.
- Non-current assets increased slightly by 1% YoY. The number of towers and BTS grew compared to last year although not in similar percentages due to the majority of them are being leased from third parties.

- Total current liabilities increased by 6% mainly caused by 94% increase in short term loan and current maturity of long term loan and bond due to reclassification of long term USD bond to short term as the remaining USD 59 million bond was fully prepaid in January 2010. However, the decrease in this account was offset by 28% decrease of trade payables and others.
- Total non-current liabilities decreased by 32% due to USD bonds reclassification as well as significant debts repayments made in 2009 using proceeds from Rights Issue and our internal cash flow.

Capital Expenditure

Capital Expenditure (In Rp Billion)	FY08	FY09	Growth
Capitalized capex	10,845	4,197	-61%
Paid capex	11,382	5,283	-54%
Commitments entered into*	12,859	3,325	-74%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 31 December 2008 and 2009. The exchange rate Rupiah against USD as of 31 December 2008 and 2009 were Rp 10,950/USD and Rp 9,400/USD, respectively.

In 2009, XL focused on optimizing and improving its network instead of increasing capacity and coverage. Therefore, CapEx was significantly lower compared to the previous years and in line with the guidance of USD 550-600 million. The capitalized CapEx for FY09 was mainly used for building new BTS.

Cash Flow (Audited)

Cash Flow (In Rp Billion)	FY08	FY09	Growth
Net cash flow provided by operating activities	4,710	7,718	64%
Net cash flow used in investing activities	(11,514)	(5,123)	-56%
Free cash flow	(6,805)	2,595	N/A
Net cash flow provided by / (used in) financing activities	7,263	(3,011)	-141%
Net decrease in cash and cash equivalents	459	(416)	N/A
Cash and cash equivalents at the beginning of the period	806	1,170	45%
Effect of exchange rate changes on cash and cash equivalents	(94)	(6)	-93%
Cash and cash equivalents at the end of the period	1,170	748	-36%

- Net Cash Flow from Operating Activities increased by 64% YoY mainly from cash received from customers' payments and operating revenues but offset with payments made to suppliers and employees.
- Net Cash Flow Used in Investing Activities decreased by half due to significantly less investment made this year. XL shifted high investment activities to smart and eco-technologies to improve the network quality.
- Positive Free Cash Flow starting second quarter of 2009 with the total amount of Rp 2.6 trillion by end of 2009 that resulted from prudent capex allocation.
- Net Cash Flow Used in Financing Activities was Rp 3 trillion as XL repaid a significant portion of the debts during 2009.



Description of Debts

The detail of debts as of 31 December 2008 and 2009 are as follows:

Description	Original Amount of Bond / Bank Loan Facility			(In Rp bn)		Year of Maturity
				2008	2009	
USD Bank Loan	USD	50	mn	548	-	Paid
	USD	280	mn	3,066	-	Paid
	USD	190	mn	2,055	-	Paid
	USD	80	mn	-	752	2010
	USD	214	mn	2,328	-	Amortizing semi annually, final repayment is in 2015
	USD	289	mn	-	2,701	Amortizing semi annually, final repayment is in 2015
	USD	55	mn	-	513	Amortizing semi annually, final repayment is in 2016
USD Bond	USD	127.7	mn	1,384	-	Paid
	USD	59.0	mn	-	555	Paid in January 2010
IDR Bank Loan	IDR	250	bn	249	249	2010
	IDR	4,000	bn	3,997	3,998	2011
	IDR	4,000	bn	3,600	3,200	Amortizing annually, final repayment is in 2012
IDR Bond	IDR	1,500	bn	1,495	1,496	2012
TOTAL INTEREST BEARING DEBT				18,721	13,464	

Ratios	FY08	FY09
Debt/Equity	4.1x	1.5x
Net Debt/Equity	4.1x	1.4x
Debt/EBITDA	3.5x	2.2x
Net Debt/EBITDA	3.4x	2.0x

At the end of 2009, we had undrawn bilateral loan facility amounting to Rp. 500 billion.

During 2009, XL made prepayment of USD 200 million of debt and USD 68.3 million of USD bond using internal cash flow. The remainder of USD bond was fully repaid in Jan-10.

On top of that, in December 2009, XL completed the Rights Issue that brought Rp. 2.8 trillion proceeds used toward repaying loans as follows:

- Syndicated Loan Agreement with DBS Bank Ltd., Export Development Canada, The Bank of Tokyo-Mitsubishi UFJ, Ltd. And Chinatrust Commercial Bank, Ltd. in the amount of USD 140 million (Rp. 1.3 trillion).
- Bilateral Loan Agreement with PT Bank Mandiri (Persero) Tbk. amounted Rp. 400 billion.
- Bilateral Loan Agreement with PT Bank Mizuho Indonesia in the amount of USD 50 million (Rp. 474 billion).
- Bilateral Loan Agreement with DBS Bank Ltd. in the amount of USD 50 million (Rp. 474 billion).
- Export Credit Facility Agreement with EKN Buyer Credit Facility which is funded by Swedish Export Credit Corporation in the amount of USD 11.7 million (Rp. 111 billion).

As of 31 December 2009, XL had hedged about 81% of our USD debt.



XL latest credit ratings issued are as follows:

	Foreign Currency	Local Currency	Outlook
Moody's	Ba2	-	Stable
Standard & Poor's	BB-	-	Stable
Fitch Ratings	-	AA-(idn)	Positive
Pefindo		idA+	Stable

OPERATING MEASURES

Operating Key Performance Indicator	FY08	FY09	Growth
Total O/G Minutes of Usage (billion minutes)	54.9	87.6	60%
Total Minutes (billion minutes)	109.5	175.4	60%
Total O/G SMS (billion SMS)	17.8	63.6	258%
Total BTS (2G/3G)	16,729	19,349	16%
Number of Employees (permanent)	2,097	2,038	-3%

Other Parameters	FY08	FY09	Growth
Postpaid subscribers (000)	417	337	-19%
Prepaid RGB (million)	21	31.1	49%
Prepaid sim cards (active and grace / million)	25.6	31.1	21%
ARPU blended (Rp 000)	37	36	-3%
Postpaid revenue/sub	152	167	10%
Prepaid revenue/sim card	35	34	-3%

RECENT DEVELOPMENT

Extraordinary General Meeting of Shareholders

XL held an EGMS on 16 November 2009 with the following agenda:

1. Approval of The Right Issue that will be undertaken by issuance of 1,418 million new ordinary shares by XL with total amount of Rp. 2.8 trillion. All of the proceeds were used to repay debts.
2. Approval of remittance through the telecommunication network service availability. This will enrich benefits of XL services and fulfill the need of XL customers.
3. Approval of company's name change to PT. XL Axiata Tbk. This change has been effective as of 23 December 2009.
4. Accepted the resignation of Gita Irawan Wirjawan from member of company commissioner.

In December 2009, XL signed an agreement for national roaming, nation's first agreement. The agreement will give AXIS' customers full access to XL's network in certain areas. The service was operationally launched in January 2010 for service term of three years.



GUIDANCE

	<u>2010</u>
Revenue	At least 15% growth
EBITDA margin	Mid 40's
Cash out capex	USD 400 – 450 mn
FCF	Positive

ABOUT XL



XL is a major cellular provider in Indonesia which is majority owned by Axiata Group through Indocel Holding Sdn Bhd (86.5%), the remaining stakes are held by Emirates Telecommunications Corporation (Etisalat) International Indonesia Ltd., a wholly owned subsidiary of Etisalat (13.3%), and the public (0.2%).

Date: 11 February 2010