



PT XL AXIATA TBK. (XL) FY 13

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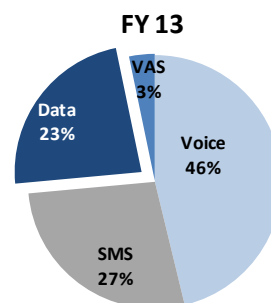
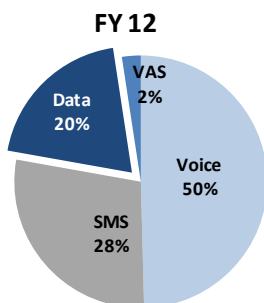
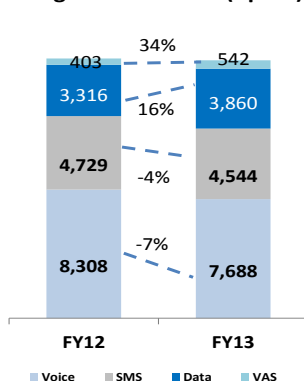
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OVERVIEW

Despite beginning the year on a challenging note, coming from a weakened market positioning due to competition, XL has managed to turnaround and continued its operational momentum throughout 2013. This began with improved positioning with better subscriber traction, recovery in revenue momentum and stable EBITDA margins.

YoY revenue remained stable at Rp21.4 trillion for 2013 driven by strong data growth with data & VAS still the fastest growing services with double digit growth of 16% while Voice and SMS declined by 7% and 4% respectively. The continued shift in subscribers' behavior to data has resulted in Non-voice revenue contributing 54% of XL's total usage revenue, an increase from 50% a year ago.

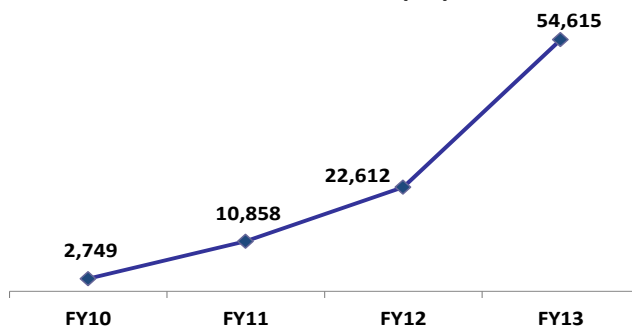
Usage revenue YoY (Rp Bn)



Data and VAS Business

- Data traffic increased 142% YoY as a result of strong data adoptions from data users. Data users reached 33 million subscribers, more than half of the total base. Data remained as the fastest growing service in FY 13 with contribution to total usage revenue increased from 20% to 23%.

Total Data Traffic (TB)

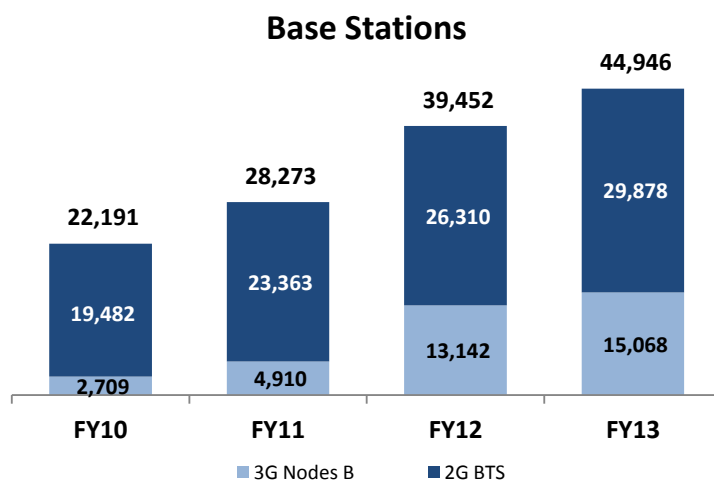




- XL as one of the leaders of mobile data had showcased its ability and commitment towards providing superior data experience to customers. During the APEC Summit in October 2013, XL exhibited successful trials for its readiness in **LTE** services.
- Through partnership with Google, XL introduced **Rumah Android** for Android users. The **Android Starter Pack** provides longer SIM card expiration and has various applications geared towards ease and encourage further mobile data usage and awareness.
- XL launched **XL BEBAS** with aimed to improve affordability of data and appeal to new data users. The offer continues to provide strong traction in data usage throughout the year.
- XL collaboration with several applications such as **KakaoTalk** and **WeChat** was introduced in 2013 to strengthen XL's position in social networking community, which is one of the key reasons to use data amongst Indonesians.
- Starting second half of 2013, XL became the preferred network amongst **Facebook** users in Indonesia with the largest number of Facebook users and generated around 20 million paid Facebook users across Facebook related products. This achievement was a result of XL's continuous effort to provide excellent data experience for customers.
- XL continued to offer various bundling packages in 2013, collaborating with several handset dealers to encourage of data-enabled handset penetration.

As one of the countries with the fastest growing mobile internet, the handset market in Indonesia is very promising and offers a huge opportunity for both handset makers as well as operators. In order to accommodate the need of data services, data-enabled or smartphone handsets is essential for data customers. Hence, the growth has continued to move into positive directions over the years. As of 2013, XL smartphone grew by 21% compared to last year, with 10.2 million users or 17% of the total base.

Infrastructure





Excellent data experience continued to become XL's focus for customers. Investment in data infrastructure remains a key strategy to ensure quality in data services. In 2013, XL rolled out 15,068 Node B or a 15% increase from a year ago. Total number of 2G and 3G BTS stood at 44,946 BTS in 2013.

In addition, XL continued its effort to upgrade its network through modernization in majority 2G and 3G sites across Indonesia, which delivers better network speed, capacity and energy efficiency.

Voice and SMS Business

- Various offerings that focus on customers' needs on voice and SMS services were introduced to mitigate the decline and the substitution behavior from voice and SMS to data.
- In order to stimulate SMS usage, XL introduced promotional **SMS Rp1** packages in October 2013 and in collaboration with LINE, offered attractive offers which allow customers to send **LINE SMS sticker** to non-LINE and non-smartphone users.
- The introduction of **XLKu** and **SERBU** helped to improve XL's positioning through innovative and affordable packages in voice and SMS services for customers.

Digital Services

XL Digital Services strives to enhance its services end-to-end and innovatively delivering customers' needs. This is XL's way to expand its business to beyond traditional data services and support customers' digital lifestyle. Eight lines of businesses have been established such as **Digital Entertainment, Mobile Advertising, Mobile Payment, Mobile Banking, Machine to Machine, Cloud, Business Development** and **Elevenia**.

Below are some updates that XL has developed throughout the full year of 2013:

- In 2013, XL Digital Services has expanded its partnership with major industry players in building the ecosystem with 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 businesses to support customers' needs in the digital lifestyle.
- XL M-Ads has been successful to collaborate with other operators to deliver commercial mobile advertisement from several top Brands across operators.
- XL continues to develop new platform in e-M2M to cater demand for corporate users. As a result, **XL-M2M** has experienced significant growth for number of M2M connections that increased to more than 400,000 connections in 2013.
- In order to provide e-commerce marketplace for B2C online transaction, **Elevenia**, a joint venture between XL and SK Planet, was introduced in 4Q 13.



FINANCIAL MEASURES

Income Statement (Audited)

Financial Statement (in Rp Billion)	FY12	FY13	Growth
Gross Revenue			
Voice	8,308	7,688	-7%
SMS	4,729	4,544	-4%
Data and VAS	3,718	4,402	18%
Cellular Interconnection and International Roaming Service	2,641	3,033	15%
Others	199	208	4%
Cellular Telecommunication Service	19,595	19,874	1%
Other Telecommunications Services	1,683	1,476	-12%
Gross Revenues	21,278	21,350	0%
Less: Discount	(309)	(85)	-72%
Gross Revenue Net of Discount	20,970	21,265	1%
Interconnection and other direct expenses	3,097	3,726	20%
Salaries & Employee Benefits (Permanent & Temporary) *	941	937	0%
Sales and Marketing Expense	1,306	1,355	4%
Infrastructure Expenses	5,206	6,027	16%
Supplies and Overhead expenses**	673	561	-17%
Total OPEX	11,224	12,606	12%
EBITDA	9,745	8,659	-11%
EBITDA Margin	46%	41%	-5%
Depreciation & Amortization	5,066	5,759	14%
EBIT	4,679	2,901	-38%
Other Expenses			
Finance cost - net	(601)	(293)	-51%
Forex loss - net	(299)	(1,037)	247%
Share of results from jointly controlled entity	-	24	N/A
Others	(27)	(205)	650%
Total Other Expenses	(928)	(1,511)	63%
Income before income tax	3,751	1,390	-63%
Income Tax Expense	(987)	(357)	-64%
Profit for the year	2,765	1,033	-63%
Earnings Per Share (full amount)	324	121	-63%

Normalized Profit (In Rp Billion)	FY12	FY13	Growth
Profit for the year	2,765	1,033	-63%
Unrealized forex (gain)/loss	51	815	1506%
Accelerated depreciation in Sumatera, Java and Bali	100	220	119%
Tax Impact	(38)	(259)	585%
Normalized Profit for the year	2,878	1,809	-37%
Normalized Earnings Per Share (full amount)	338	212	-37%

* 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 Rp21.4 trillion

- Cellular Telecommunication Service revenues increased by 1% to Rp19.9 trillion and contributed 93% to total revenue. Voice revenue declined by 7% to Rp7.7 trillion while SMS revenue decreased by 4%. Despite the decline in Voice and SMS revenue, Data alone continued to show growth with 16% increased YoY. Revenue from Data and Value Added Services (VAS) was up by 18% and contributed 21% of total revenue.
- 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 12% to Rp1.5 trillion mainly due to termination of the national roaming agreement with Axis in August 2012 in addition to lower leased line revenue. Other telecommunications services revenue contributed 7% to total revenue, down 1% from previous year.

Operating Expenses

Total operating expenses increased by 12% YoY to Rp12.6 trillion.

- Interconnection and other direct expenses increased by 20% YoY.
This was mainly due to the introduction of SMS interconnection since June 2012. As of Dec 2013, SMS interconnection cost increased 60% compared to the previous year.
- Sales and Marketing expenses increased by 4% YoY.
The increase was mainly due to new offerings introduced in 2013 as well as XL's effort to improve its positioning. Overall, as a percentage to revenue this remained relatively stable.
- Infrastructure expenses increased by 16% YoY.
This was driven by the increase on number of leased sites, in line with the expansion of infrastructure on a lease model. In addition, FY 13 reflected a 12 months a managed service fee related to partnership agreement with Huawei as compared to nine months in FY 12.
- Supplies and Overhead expenses decreased by 17% YoY.
The decrease was mainly due to lower General & Administrative expenses.

EBITDA

EBITDA decreased 11% YoY with EBITDA margin declined from 46% to 41%. This was largely due to the introduction of SMS interconnect, expansion of the data infrastructure on a lease model thus impacting infrastructure costs, and a full year impact of managed services fee. Excluding the impact of SMS interconnection, EBITDA margin in 2013 stood 44%. On a quarterly basis, despite the challenges in revenue, efforts on cost management helped keep margins at a stable level throughout the year.



Depreciation and Amortization Expenses

The depreciation and amortization expenses grew by 14% YoY mainly driven by continuous investment in data infrastructure and accelerated depreciation of Rp220 billion due to network modernization on 2G and 3G.

Other (Expenses)/Income

Other expenses in FY 13 increased 63% to Rp1.5 trillion due to increase in unrealized forex loss for FY 13. However, realized forex loss in FY 13 decreased by Rp26 billion or 10% from a year ago. Lower net finance cost was due to a hedging gain where hedging gain increased from Rp52 billion in 2012 to Rp597 billion in 2013.

Profit for the period

Profit for the period for FY 13 amounted to Rp1 trillion with normalized profit recorded at Rp1.8 trillion.

Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	FY12	FY13	Growth
Current Assets			
Cash and cash equivalents	792	1,318	66%
Others	2,867	4,526	58%
Total Current Assets	3,659	5,844	60%
Non-Current Assets	31,797	34,434	8%
Total Assets	35,456	40,278	14%
Current Liabilities			
Current maturity of long term loans and bonds	4,307	3,125	-27%
Others	4,433	4,806	8%
Total Current liabilities	8,740	7,931	-9%
Non-Current Liabilities			
Long term loans and bonds	9,213	14,697	60%
Others	2,132	2,349	10%
Total Non-Current Liabilities	11,346	17,046	50%
Total Liabilities	20,086	24,977	24%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	6,307	6,333	0%
Retained earnings	9,063	8,967	-1%
Total Equity	15,370	15,300	0%
Total Liabilities and Equity	35,456	40,278	14%

In FY 13, total assets increased by 14% to Rp40.3 trillion, as a result of XL's continuous acceleration in rolling out investment in data infrastructure as well as increase in cash and cash equivalents.

- Current assets increased by 60% YoY mainly due to increase in cash and cash equivalents by 66% and trade receivables by 160%.
- Total liabilities increased by 24% YoY mainly due to increase in borrowings of 32% from Rp13.5 trillion to Rp17.8 trillion.



Capital Expenditure (Audited)

Capital Expenditure (In Rp Billion)	FY12	FY13	Growth
Capitalized capex	9,036	6,932	-23%
Paid capex	10,176	7,394	-27%
Commitments entered into*	10,578	5,712	-46%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate of December 2012 and 2013. The exchange rate Rupiah against USD as of December 2012 and 2013 were Rp9,670/USD and Rp12,215/USD, respectively.

Cash Flow (Audited)

Cash Flow (In Rp Billion)	FY12	FY13	Growth
Net cash flow generated from operating activities	8,985	7,167	-20%
Net cash flow used in investing activities	(10,001)	(7,981)	-20%
Free cash flow	(1,015)	(814)	-20%
Net cash flow generated from financing activities	806	1,324	64%
Net increase/(decrease) in cash and cash equivalents	(209)	509	N/A
Cash and cash equivalents at the beginning of the period	998	792	-21%
Effect of exchange rate changes on cash and cash equivalents	2	17	750%
Cash and cash equivalents at the end of the period	792	1,318	66%

- Net cash flow generated from operating activities decreased by 20% to 7.2 trillion due to increase in payments for suppliers and other expenses by 14% as well as decrease in receipts from customers and other operators by 5%.
- Net cash flow used in investing activities decreased by 20% to Rp8 trillion mainly due to lower Capital Expenditures related to data infrastructure deployment.
- Net cash flow generated from financing activities was at Rp1.3 trillion, an increase 64% as a result of higher cash proceeds from long term loan, related to new bank loan in 2013 of Rp7.7 trillion.



Description of Debts

The detail of debts as of 31 December 2012 and 2013 are as follows:

Description	(in Original Amount)		Year of Maturity
	FY 12	FY 13	
USD Loan (mn)	US\$ 145	US\$ 96	Amortizing semi annually, final repayment is in 2015
	US\$ 73	US\$ -	2013
	US\$ -	US\$ 210	Amortizing annually, final repayment in 2016
	US\$ -	US\$ 100	Bullet repayment in 2016
	US\$ -	US\$ 50	Bullet repayment in 2018
	US\$ 218	US\$ 456	
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 -	Rp 3,000	Amortizing annually, final repayment is in 2018
	Rp 11,450	Rp 12,300	
Unamortized Loan Issuance Cost (bn)	Rp (36)	Rp (54)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 13,520	Rp 17,822	

* The USD portion was converted to IDR using closing rate of December 2012 and 2013. The exchange rate Rupiah against USD as of December 2012 and 2013 were Rp9,670/USD and Rp12,215/USD, respectively.

Gearing Ratios	FY12	FY13	Growth
Debt/Equity	0.9	1.2	32%
Net Debt/Equity	0.8	1.1	33%
Debt/EBITDA	1.4	2.1	48%
Net Debt/EBITDA	1.3	1.9	49%

XL made a repayment amounted Rp3.15 trillion and USD121 million during FY 2013. In October 2013, XL had fully drawdown USD 100 million from SCB loan that was signed in August 2013.

As of 31 December 2013, XL had hedged about 52% of USD debt.



OPERATING MEASURES

	FY12	FY13	Growth
Total O/G Minutes of Usage (billion minutes)	106.1	107.5	1%
Total Minutes (billion minutes)	212.8	215.6	1%
Total O/G SMS (billion SMS)	244.3	258.6	6%
Total data traffic (Petabyte)	22.1	53.3	142%
Total BTS	39,452	44,946	14%
2G	26,310	29,878	14%
3G	13,142	15,068	15%
Number of Employees (permanent & contract with permanent position)	1,955	2,021	3%
Postpaid users (000)	355	377	6%
Prepaid sim cards (active and grace / million)	45.4	60.2	33%
Total user base (million)	45.8	60.5	32%
ARPU blended (Rp 000)	31	27	-13%
Postpaid revenue/sub (Rp 000)	145	132	-9%
Prepaid revenue/sim card (Rp 000)	31	26	-16%

RECENT DEVELOPMENT

- With regards to the acquisition and merger plan between XL and AXIS, XL has received key approvals from the Ministry of Communication and Information Technology (MoCIT), Investment Coordinating Board (BKPM), Financial Services Authority (OJK), Indonesia Stock Exchange (IDX) and recently shareholders' approval at the EGM.
- XL's management will propose at the upcoming AGM a dividend payout of 40% of 2013 normalized net income to be paid in 2014. This is subject to shareholders' approval. The payout is in line with XL's dividend policy.

ACHIEVEMENTS

- XL was presented with 2 awards at the Asia's Best Companies 2013 event for the Best Managed Company (6th ranked) and Best Investor Relations (8th ranked) categories.
- XL was awarded the "Best 20 of Most Admired Companies in Indonesia" in the cross industry category and the "Third Winner in Infrastructure, Utilities and Transportation Industry" companies by Fortune Indonesia magazine.
- XL was recognized as one of Indonesia's Top 50, Company Excellent Achievement awards by SINDO daily.
- XL was awarded the third winner in the 'Indonesia Best Corporate Transformation 2013' awards held by SWA Magazine.

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: 6 February 2014