

PT XL AXIATA TBK. (XL)

1H 17

Disclaimer

This document contains certain financial information and results of operations, and may also contain certain projections, plans, strategies and objectives of XL, that are not statements of historical fact which would be treated as forward looking statements within the meaning of applicable law. Forward looking statements are subject to risks and uncertainties that may cause actual events and XL's future results to be materially different than expected or indicated by such statements. No assurance can be given that the results anticipated by XL, or indicated by any such forward looking statements, will be achieved.

OVERVIEW

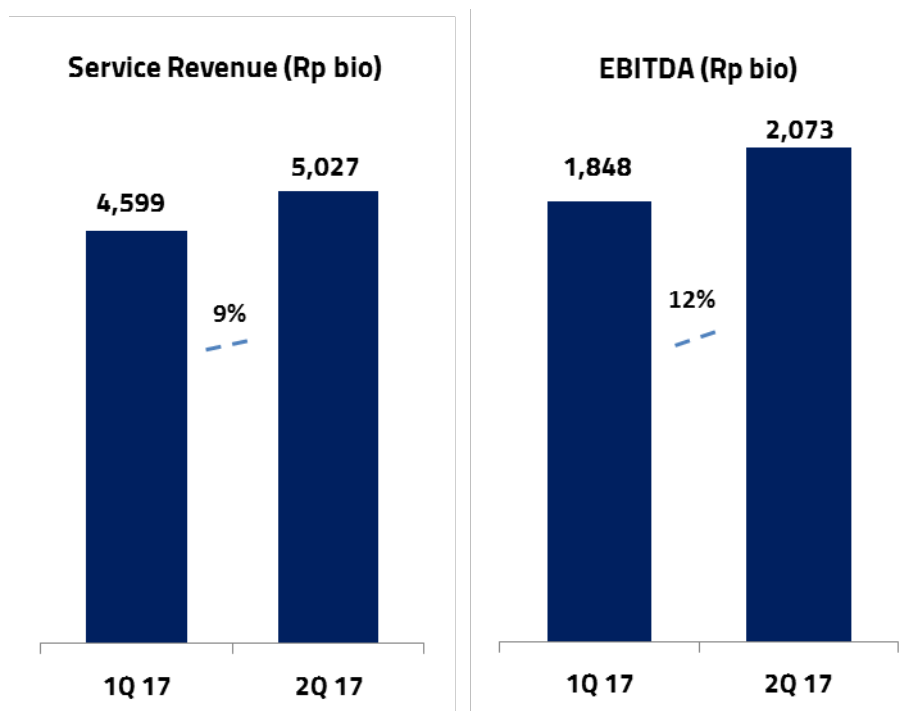
XL's strong 2Q 17 performance is testament to the success of the Transformation Agenda that was started in 2015 with the aim of positioning the company as a Data-centric business. Thus, XL achieved its strongest sequential gross revenue growth since the Transformation started of 8% QoQ which was driven by continued growth in Data revenue which constitutes the majority of Service Revenue. This is further evidence that XL has reached the tipping point in Data Revenue growth outpacing the Legacy Revenue decline well ahead of its peers and indeed XL's Service Revenue has exhibited sequential growth for 4 consecutive quarters now.

In 2Q 17, XL's Service Revenue grew 9% QoQ fuelled by growth in Data revenue which increased 18% QoQ helped by monetization efforts undertaken in 1Q 17. Data revenue accounts for the majority of service revenue at 67% compared to 44% in the same quarter a year ago. Gross revenue this quarter rose 8% QoQ and thus, 1H 17 gross revenue growth turned positive rising 1% YoY compared to the same period a year ago. EBITDA grew sequentially for the second consecutive quarter rising 12% QoQ with margins adding 150 bps QoQ to 36.5% driven by the improvement in revenues and focus on cost efficiencies.

XL's Dual-Brand Strategy, one of the key tenets of the Transformation, is firing on all cylinders as XL continues to gain traction amongst white-collar workers while Axis continues to gain traction in the youth segment both with innovative and differentiated Data-led product offers. As a result, the company continues to attract Data savvy smartphone subscribers with smartphone penetration adding another 2 percentage points since the previous quarter to 67%. Data consumption has also been rising steadily with XL's Traffic more than doubling from a year ago and accelerating consumption per sub.

XL's sustained network investments to provide an unparalleled Data experience continue to gain positive recognition from customers. Thus, XL's 4G network now covers 288 cities and areas across Indonesia with almost 14,000 4G BTS in addition to more than 42,000 3G BTS. Both the 3G U900 programme and BTS additions have contributed to improving traffic and revenue growth in the ex-Java region.

Following the successful completion of the Balance Sheet Management Initiatives in 2016, XL's balance sheet remains strong with a net debt to EBITDA at 1.6x and the company continues to be free-cash flow positive.



PT XL AXIATA TBK. (XL)

1H 17

Transformation Yielding Strong Results, Challenges Turned Growth Opportunities

XL's Transformation Agenda which was implemented in 2015 had aimed to position the company as a Data-centric business in order to build a more profitable and sustainable business model. Operating metrics have been positive over the past two years as XL has been seeing explosive growth in Data revenue and traffic as well as a meaningful increase in smartphone customers since 2015. However, since the start of this year, XL is also seeing the benefits from an improved financial performance resulting in the strong second quarter performance.

The Dual-Brand Strategy is firing on all cylinders and has been the key reason for the positive performance so far this year. Thus, XL is emerging as the brand of choice for edgy professionals amongst white collar workers especially with the launch of the XTRA Combo with YouTube bonus quotas in March 2017 catering to customers' demands by leveraging on OTTs. Meanwhile, AXIS is resonating well in the youth segment with the recently launched HITZ package proving popular in that space. Both brands continue to grow in their respective market segments with the differentiated value proposition addressing the different needs of the various customer segments.

XL has also effectively addressed the earlier challenges on distribution whereby on the traditional distribution front, various measures were implemented to ensure effectiveness of XL's distribution strategy as well as to remain competitive by spending on advocacy and availability of XL product. These measures have been fairly successful with these channels now performing well and XL continues to monitor the effectiveness of these channels going forward. Modern distribution continues to progress well and XL remains committed to building out more modern channels for distribution to cater for customer needs.

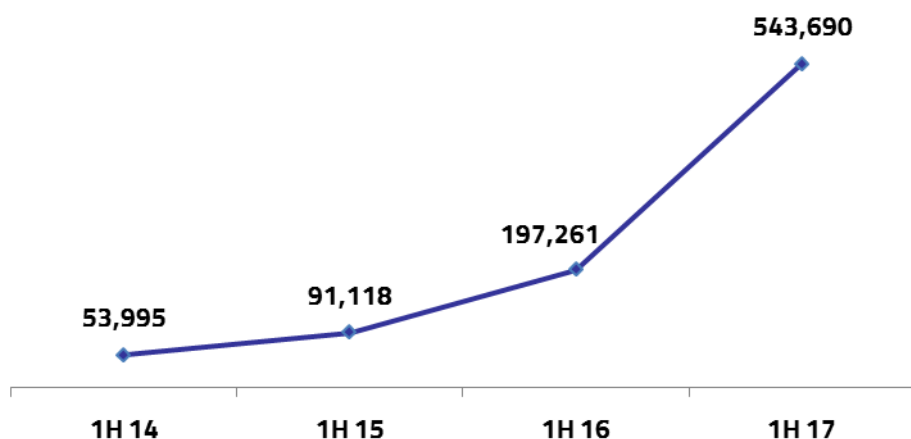
With improved network presence narrowing the gap with competitors and better quality coupled with various Data-focused value propositions XL has started to gain traction and market share in ex-Java. Through offers based on voice over Data driving increased usage, customer behaviour is changing allowing XL to overcome the interconnect barrier in this market. Thus XL has seen revenue growth outside Java increase by more than double the market growth rate and is focused on investing more outside Java and continuing to ride the positive momentum.

Rapidly Rising Data Consumption and Smartphone Penetration

On the back of a strengthened network and attractive data offerings, XL's smartphone penetration has risen 14 percentage points to 67% compared to the same period in the previous year as more data savvy customers gravitate to the XL network. This means that XL now has 33.8 million smartphone subscribers at the end of 1H 17, a 45% YoY increase from the same period a year ago.

Total traffic across XL's network has seen a 176% YoY increase in 1H 17 compared to the same period previous year mainly driven by growth in Data traffic which has risen compared to a decline in traffic from Legacy Services. As of the end of 1H 17, XL recorded total Data users at 70% of the total subscriber base.

Total Traffic (TB)



PT XL AXIATA TBK. (XL)

1H 17

Innovative Products Continue To Attract Customers

During the quarter, XL launched several innovative products to entice customers including:

- In early July, XL launched its new starter pack **XL Perdana Super Ngobrol** which offers free unlimited on-net calls and SMS for new customers.
- XL launched **Xtra Deal** which offers customers who are subscribed to XL's flagship **Xtra Combo** product to swap their non-bonus quotas for discounts on the Fave app with a variety of merchants.
- To drive smartphone adoption introduced **4G Smartphone For All** which offered discounts on smartphones as part of a bundle with a one-year subscription to **Combo XTRA** with smartphones from **Samsung, Huawei, Lenovo & LG** among others.
- Various promotions were run with bonus airtime offered for customers who reload through modern channels such as at ATMs and online channels.

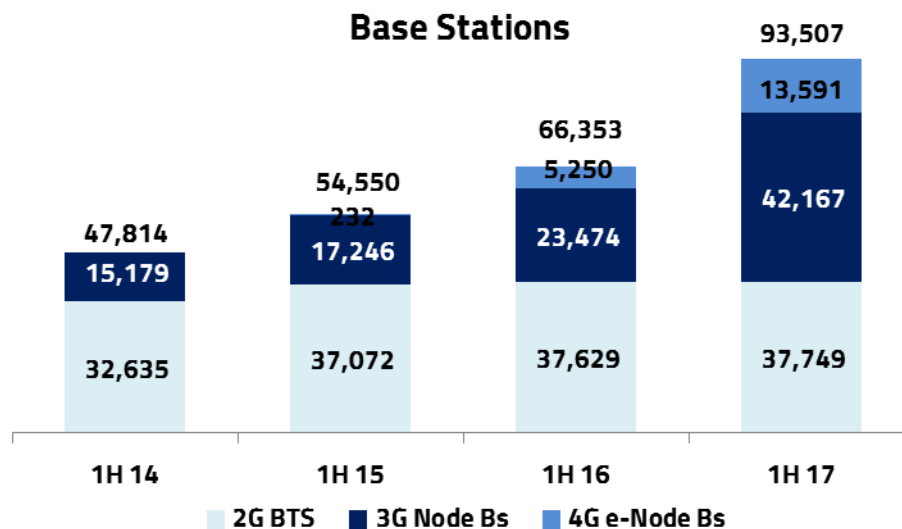
Network Investment Paying Dividends Especially Outside Java

Establishing XL as the brand of choice for high-value customers who are typically heavy data consumers requires high-speed and reliable data services and network quality is essential to achieve this. Thus XL continues to ensure top-notch quality of data experience to its customers with continued roll-out and upgrades of its network. XL's total BTS count is now above 93,000 BTS with 3G totaling more than 42,000. XL's 4G-LTE service is now available in 288 cities and areas across Indonesia and with almost 14,000 4G BTS.

These significant network investments for data in both 4G and 3G have meant that even though XL has seen strong traffic growth, there is still ample capacity to cater for the rising demand for high-speed internet in Indonesia. This is evidenced by the strong traffic trends during the Lebaran period where XL saw Data traffic growth of +218% YoY which was the highest in the industry.

In the 2H of 2016, XL started rolling out U900 services to improve the quality of the 3G network and to narrow the coverage gap with the market leader outside Java. The success of this programme in addition to the network investments made since then (over 9,000 3G/4G BTS additional sites have been rolled out outside of Java) has translated to growing revenue and traffic outside of Java as XL captures more of the Data market there.

XL also continues to invest in transmission, backhaul, network modernization and upgrades to support the rising data traffic across its network and to deliver stability, expand network capacity and improve quality of its data services.



PT XL AXIATA TBK. (XL)

1H 17

Digital Initiatives

XL has outlined Digital Initiatives to unleash Indonesia's mobile internet market potential.

Below are some selected activities that were achieved in 1H 17:

- **Internet of Things (IoT)** – Currently, the team is working on building a Smart Farming Village with the objective of increasing farm productivity through agriculture sensors. This is via collaboration with the Central Java Government and various other partners.
- **XL Tunai** –The total number of XL Tunai subscribers at the end of this quarter is 1.94 million users or a 5% increase compared to the end of the previous quarter.
- **elevenia** - By the end of this quarter, elevenia has more than 70,000 sellers. The monthly average visitors also increased by 7% compared to end of the previous quarter.
- **Mobile Advertising (m-ADS)** – By the end of this quarter, XL managed to deliver more than 1.3k campaigns consuming 5.3 bio Ads inventory. This is a three-fold increase compared to the end of the previous quarter.
- **Sisternet** - Number of partners has doubled since the end of 2016. The team officially launched SisterFood program in March 2017 as part of endeavors to support women becoming entrepreneurs in food & beverage industry. This quarter, the focus was on offline programs and improving the performance of the app. The total Sisternet membership has now has increase to 12K.

PT XL AXIATA TBK. (XL)

1H 17

FINANCIAL MEASURES

Income Statement

Financial Statement (in Rp Billion)	1H16	1H17	Growth
Gross Revenue			
Service Revenue	9,250	9,625	4%
Others*	1,032	860	-17%
Cellular Telecommunication Service	10,282	10,485	2%
Other Telecommunications Services	605	465	-23%
Gross Revenues	10,887	10,950	1%
Less: Discount	(33)	(17)	-49%
Gross Revenue Net of Discount	10,854	10,934	1%
Interconnection and other direct expenses	822	1,289	57%
Salaries & Employee Benefits (Permanent & Temporary)	607	518	-15%
Sales and Marketing Expense	601	693	15%
Infrastructure Expenses	4,315	4,228	-2%
Supplies and Overhead expenses	252	284	13%
Total OPEX	6,597	7,012	6%
EBITDA	4,256	3,921	-8%
EBITDA Margin	39%	36%	-3%
Depreciation & Amortization	3,961	3,381	-15%
EBIT	296	540	83%
Other Expenses			
Finance income/(cost) - net	(934)	(714)	-24%
Forex gain/(loss) - net**	411	63	-85%
Share of results from jointly controlled entity	(108)	(94)	-13%
Others	551	231	-58%
Total Other Income/(Expenses)	(80)	(514)	541%
Income (Loss) before income tax	215	26	-88%
Income Tax (Expense) Benefit	9	117	1156%
Profit (Loss) for the period	225	143	-36%
Earnings (Loss) Per Share (full amount) (Rp)	21	13	-36%

Normalized Profit (Loss) (In Rp Billion)	1H16	1H17	Growth
Profit (Loss) for the year	225	143	-36%
Unrealized forex (gain)/loss	(295)	(76)	-74%
Accelerated depreciation	372	-	-100%
(Gain)/Loss from Capital Lease	(457)	-	N/A
Severance Payment	46	37	-19%
Tax Impact	(31)	10	N/A
Normalized Profit (Loss) for the year	(141)	114	N/A
Normalized Earnings (Loss) Per Share (full amount) (Rp)	(13)	11	N/A

*Others mainly comprises Cellular Interconnect and International Roaming Services

**Hedging gain/(loss) will be accounted under Forex gain/(loss) – net

PT XL AXIATA TBK. (XL)

1H 17

Operational Results

In 1H 17, XL recorded gross revenue of Rp 11.0 trillion, an increase of 1% YoY driven by Service Revenue growth which increased 4% YoY.

- Cellular Telecommunication Service revenues increased 2% YoY to Rp 10.5 trillion and contributed 96% to total revenue. Service Revenue increased 4% YoY to Rp 9.6 trillion driven by growth in revenue from Data Services. Revenue from Others declined by 17% to Rp 860 billion mainly due to lower interconnect revenue which is due to lower incoming off-net traffic.
- Other telecommunications services revenue, which comprises mainly of leased towers, leased lines and national roaming, decreased by 23% to Rp 465 billion mainly driven by foregone tower leasing revenue due to the sale and leaseback transaction which was completed at the end of Q2 2016. Other telecommunications services revenue contributed 4% to total revenue during the year.

Operating Expenses

Total operating expenses increased 6% YoY to Rp 7.0 trillion in 1H 17 versus the same period last year.

- Interconnection and other direct expenses increased by 57% YoY.
The increase was mainly due to higher interconnect costs (for voice) as a result of higher off-net traffic given the success of the Any-Net minutes allocation that XL currently offers as part of its data-led combo products.
- Salary and Employee Benefits decreased by 15% YoY.
The decrease was mainly due to the lower staff count and lower severance payments.
- Sales and Marketing expenses increased by 15% YoY.
The increase in sales and marketing expense is due to increased A&P for XL's new product launches as well as to increase awareness of XL's improved network quality.
- Infrastructure expenses decreased by 2% YoY.
This is mainly due to lower expenses from XL's Managed Services.

EBITDA

In 1H 17, EBITDA decreased 8% YoY to Rp 3.9 trillion due to the higher operating expenses on a YoY basis. EBITDA margins also declined 330 bps over the same period. Positively, on a QoQ basis, EBITDA has increased 12% QoQ, which is the second consecutive quarter of QoQ EBITDA growth, and this was driven by growth in revenue as well as a 150 bps improvement in margins

Depreciation and Amortization Expenses

Depreciation and amortization expenses declined by 15% YoY mainly due to lower depreciation charges as well as accelerated depreciation charges incurred in 1H 16.

PT XL AXIATA TBK. (XL)

1H 17

Other Income/Expenses

Other Expenses increased to Rp 514 billion in 1H 17 compared to Rp 80 billion in the prior year, due to an 85% decline in the forex gain recorded of Rp 411 billion compared to Rp 63 billion in the prior year period. Also, there was a Rp 457 billion one off tower gain recorded in the prior year's period. Lower net interest costs (down 24% YoY) are a function of XL's smaller debt.

Profit (Loss) for the period

XL recorded a profit of Rp 143 billion in 1H 17 down 36% from Rp 225 billion recorded in the prior year's period. This is due to a forex gain from XL's USD denominated borrowings as well as a one-off gain relating to the tower sale and leaseback transaction, both of which was recorded in the prior year's period. On a normalized basis, XL's recorded a normalized net profit of Rp 114 billion in 1H 17 compared to a normalized net loss of Rp 141 billion in the prior year's period.

Balance Sheet

Balance Sheet (In Rp Billion)	1H16	1H17	Growth
Current Assets			
Cash and cash equivalents	6,217	1,943	-69%
Others	4,539	4,941	9%
Total Current Assets	10,756	6,884	-36%
Non-Current Assets			
Fixed assets - net of accumulated depreciation	32,983	33,512	2%
Intangible asset	6,205	6,011	-3%
Goodwill	6,681	6,681	0%
Others	2,149	1,663	-23%
Total Non-Current Assets	48,018	47,867	0%
Total Assets	58,774	54,751	-7%
Current Liabilities			
Current maturity of long term loans and bonds	5,560	4,601	-17%
Others	11,285	11,108	-2%
Total Current liabilities	16,844	15,709	-7%
Non-Current Liabilities			
Long term loans and bonds	12,329	9,963	-19%
Others	8,583	7,707	-10%
Total Non-Current Liabilities	20,912	17,670	-16%
Total Liabilities	37,756	33,379	-12%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	13,197	13,219	0%
Retained earnings	7,821	8,154	4%
Total Equity	21,018	21,373	2%
Total Liabilities and Equity	58,774	54,751	-7%

In 1H 17, total assets were Rp 54.8 trillion, 7% lower compared to the previous year due to lower cash balances which was used to pare down debt.

- Current assets were down 36% in 1H 17 compared to the end of 1H 16 due to a 69% decrease in cash which was used to pare down debt.
- Non-current assets remain flat YoY.

Total liabilities decreased by 12% YoY as a result of the repayments of loans.

- Current liabilities decreased 7% compared to 1H 17 due to a decrease in current maturities of long-term loans and bonds through loan repayments.

PT XL AXIATA TBK. (XL)

1H 17

- Non-current liabilities decreased by 16% due to the 19% decrease in long-term loans and bonds through loan repayments.

Capital Expenditure

Capital Expenditure (In Rp Billion)	1H16	1H17	Growth
Capitalized capex	2,263	3,540	56%
Paid capex	1,870	3,703	98%
Commitments entered into*	2,870	4,787	67%

* The USD portion was converted to IDR using closing rate of June 2016 and 2017. The Rupiah exchange rate against the USD as of June 2016 and 2017 were Rp13,180/USD and Rp13,319/USD, respectively.

Cash Flow

Cash Flow (In Rp Billion)	1H16	1H17	Growth
Net cash flow generated from operating activities	4,469	5,366	20%
Net cash flow used in investing activities	(274)	(3,576)	1205%
Free cash flow	4,195	1,790	-57%
Net cash flow used in financing activities	(1,234)	(1,243)	1%
Net increase/(decrease) in cash and cash equivalents	2,961	547	-82%
Cash and cash equivalents at the beginning of the period	3,312	1,400	-58%
Effect of exchange rate changes on cash and cash equivalents	(57)	(3)	-94%
Cash and cash equivalents at the end of the period	6,217	1,943	-69%

Net cash flow generated from operating activities increased by 20% to Rp 5.4 trillion mainly due to a decrease in cash payments to suppliers and other expenses.

Net cash flow used in investing activities increased substantially to Rp 3.6 trillion due to the recognition of the proceeds from the sale and leaseback transaction in the prior year's period.

Net cash flow used in financing activities increased 1% to Rp 1.2 trillion.

PT XL AXIATA TBK. (XL)

1H 17

Description of Debts

The detail of debts as of 30 June 2016 and 2017 are as follows:

Description	(in Original Amount)		Year of Maturity
	1H 16	1H 17	
USD Loan (mn)	US\$ 50	US\$ 50	Bullet repayment in 2018
	US\$ 300	US\$ 300	Bullet repayment in 2019
	US\$ 350	US\$ 350	
IDR Bank Loan (bn)	Rp 800	Rp -	Amortizing annually, final repayment is in 2016
	Rp 3,425	Rp 1,250	Amortizing annually, final repayment is in 2017
	Rp 1,950	Rp 1,500	Amortizing annually, final repayment is in 2018
	Rp 4,150	Rp 4,000	Amortizing annually, final repayment is in 2020
	Rp 11,825	Rp 6,750	
IDR Sukuk Tranche 1 (bn)	Rp 494	Rp -	Series A - Due in 2016
	Rp 258	Rp 258	Series B - Due in 2018
	Rp 323	Rp 323	Series C - Due in 2020
	Rp 425	Rp 425	Series D - Due in 2022
	Rp 1,500	Rp 1,006	
IDR Sukuk Tranche 2 (bn)	Rp -	Rp 1,040	Series A - Due in 2018
	Rp -	Rp 402	Series B - Due in 2020
	Rp -	Rp 142	Series C - Due in 2022
	Rp -	Rp 260	Series D - Due in 2024
	Rp -	Rp 336	Series E - Due in 2027
	Rp -	Rp 2,180	
Unamortized Loan Issuance Cost (bn)	Rp (49)	Rp (33)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 17,888	Rp 14,564	

* The USD portion was converted to IDR using closing rate of June 2016 and 2017. The Rupiah exchange rate against the USD as of June 2016 and 2017 were Rp13,180/USD and Rp13,319/USD, respectively.

Gearing Ratios (x)	1H16	1H17	Growth
Debt/Equity	0.9	0.7	(0.2)
Net Debt/Equity	0.6	0.6	0.0
Debt/EBITDA	2.0	1.9	(0.2)
Net Debt/EBITDA	1.3	1.6	0.3

During 1H 17, XL made repayment of debts amounting to Rp 2.25 trillion which includes a refinancing of bank loans from the proceeds of the issuance of the second tranche of XL's Sukuk Ijarah Programme.

As of 30 June 2017, all of XL's external USD loans are fully hedged until maturity.

PT XL AXIATA TBK. (XL)

1H 17

OPERATING MEASURES

	1H16	1H17	Growth
Total Traffic (Petabyte)	192.6	530.9	176%
Total BTS	66,353	93,507	41%
2G	37,629	37,749	0%
3G	23,474	42,167	80%
4G	5,250	13,591	159%
Number of Employees (permanent & contract with permanent position)	1,978	1,886	-5%
Postpaid users (000)	490	582	19%
Prepaid sim cards (active and grace / million)	43.5	49.9	15%
Total user base (million)	44.0	50.5	15%
ARPU blended (Rp 000)	37	34	-8%
Postpaid revenue/sub (Rp 000)	120	116	-3%
Prepaid revenue/sim card (Rp 000)	36	33	-8%

ACHIEVEMENT

- XL Axiata won the recognition of being one of *Indonesia's Most Admired Companies* at the IMACO Awards 2017.
- XL Axiata's XL Future Leaders programme won the Gold award in the category of *Excellence in the Provision of Literature & Education* at the Annual Global CSR Summit Awards and the Global Good Governance Awards 2017 in Langkawi, Malaysia.
- XL Axiata was ranked 1st in the Telecommunications category at the Indonesian Corporate Social Responsibility Awards 2017 jointly organized by Majalah Indonesia, Asia Institute Economic Review and Ideku Group.
- XL Axiata was the winner of the *Indonesia Most Innovative Award 2017 Telecommunications Category* at the Indonesia Most Innovative Business Awards 2017 organised by Warta Ekonomi.

CONSOLIDATED GUIDANCE

2017

Revenue growth	In-line with market
EBITDA margin	High 30's
Cash out capex	Around Rp 7.0 trillion

ABOUT XL

PT XL Axiata Tbk. is one of the major cellular providers in Indonesia. PT XL Axiata Tbk. is (66.4%) owned by Axiata Group Berhad ("Axiata" or "the Group") through Axiata Investments (Indonesia) Sdn Bhd and public (33.6%), and is part of Axiata. The Group's mobile subsidiaries and associates operate under the brand name 'Celcom' in Malaysia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Smart' in Cambodia, 'Ncell' in Nepal, 'Idea' in India and 'M1' in Singapore.

Date: 31 July 2017