

PT XL AXIATA TBK.

1Q 18

Disclaimer

This document contains certain financial information and results of operations, and may also contain certain projections, plans, strategies and objectives of XL Axiata, 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 Axiata'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 Axiata, or indicated by any such forward looking statements, will be achieved.

OVERVIEW

2018 started with challenging market dynamics and structural changes in the prepaid market in the form of prepaid sim registration. Though such regulatory reforms have a negative short-term impact, XL Axiata firmly believes that the change is a positive one in the form of a healthier market environment for the mobile industry and thus long-term value creation for XL Axiata. The change is in line with XL Axiata's Transformation Strategy in becoming a data leader focusing on value customers and experience rather than price. Post prepaid registration implementation and a market clean-up, a healthier industry is expected and thus provides better opportunities for growth in the 2nd half of 2018.

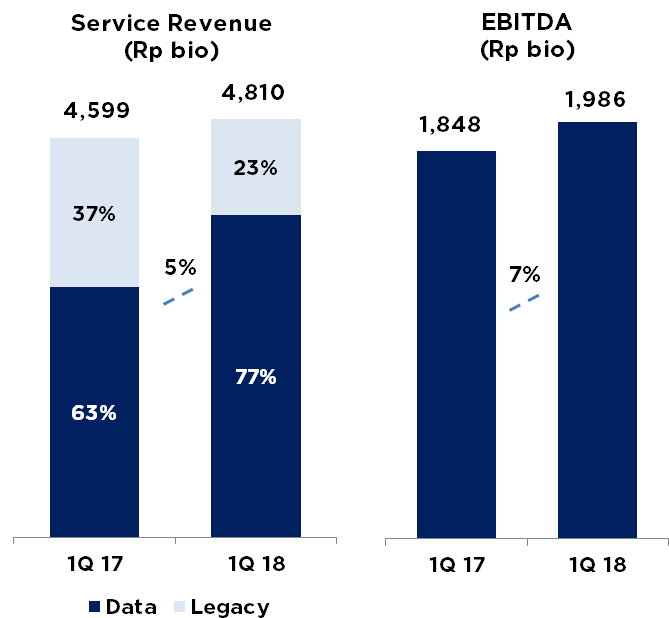
The transformation strategy implemented prior has helped build a more robust business reflected in the positive performance this quarter despite heightened data pricing aggression and prepaid sim registration. Revenue growth of 4% YoY in 1Q 18 was driven by continued momentum growth in Data and resulted in XL Axiata outperforming the industry in YoY revenue growth terms during the current quarter. Focus on Data with a strong Data-led product proposition through our dual-brand strategy supported by continuous network investment for a better Data experience led to this positive trend.

In 1Q 18, XL Axiata's revenue growth was driven by Service Revenue which grew 5% YoY due to Data revenue which increased 29% YoY. Thus, Data revenue now accounts for the majority of service revenue at 77% compared to 63% in the same quarter a year ago. EBITDA also saw an increase of 7% YoY with margins adding 1% to 36.1% driven by the improvement in revenues and focus on cost efficiencies.

During the quarter XL Axiata continued to focus on its dual-brand strategy to address different market segments in Indonesia with the XL brand focused on the white-collar and blue-collar workers and Axis on the youth segment. With continued innovative and exciting product launches the company continues to see traction across both brands despite the difficult market environment.

XL Axiata also continued its network investment program to provide an unparalleled Data experience which continues to gain positive recognition from customers. Thus, XL Axiata's 4G network now covers 373 cities and areas across Indonesia with more than 20,000 4G BTS in addition to almost 48,000 3G BTS. Increased investment in ex-Java continues and as a result contributed to improving traffic and revenue growth in the ex-Java region contributing to XL Axiata's strong performance.

XL Axiata's balance sheet remains strong with a net debt to EBITDA at 1.5x and the company continues to be free-cash flow positive.



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Continued focus on strategy execution despite a difficult quarter

XL Axiata continues to build leadership as a Data-centric company through a focus on Data-led products via its dual-brand strategy and combined with continued investment in the network.

To ensure continued success of the company's dual-brand strategy, during the quarter, both XL and Axis brands improved on their respective product offerings which resonated well with customers. This was through the XTRA Quota booster package offering by XL with additional quotas for streaming when purchased as an addition to an existing base package such as XTRA Combo. For Axis, enhancements were made to the existing Bronet packages with the offer of Bronet Owsem with 4G quotas made part of the plan.

In our efforts to further improve XL Axiata as the preferred mobile data provider, a nationwide campaign focused on increasing awareness of XL Axiata's superior and improved network with "#JadiLebihBaik" or "#BecomeBetter" which has received positive feedback from the market.

This helped cement XL Axiata's position in the market during an intense period with aggressive product launches by competitors which saw very low data price offerings aimed at grabbing market share which are both unsustainable and unhealthy for the industry.

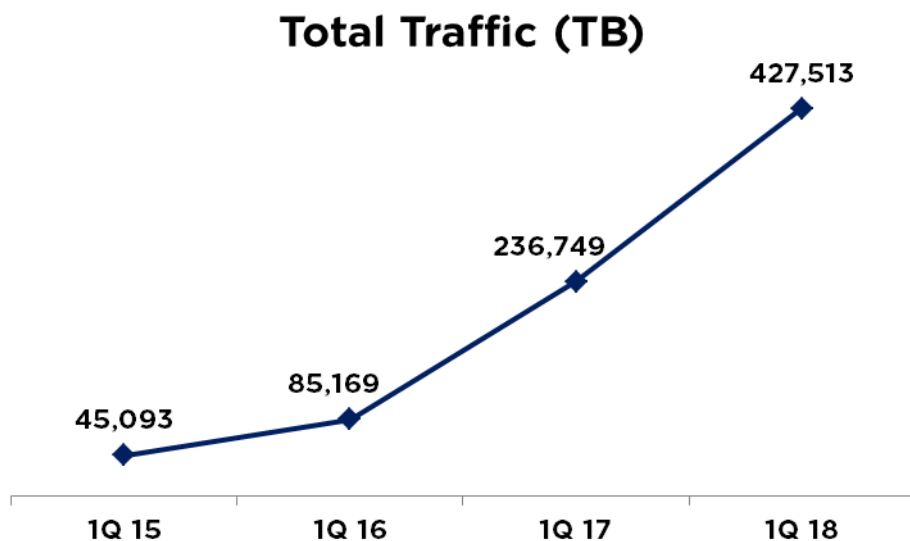
The poor environment was compounded further by the prepaid sim registration process which had a short term negative correction impact to a market that is largely multi-sim with rotational churn also an issue. XL Axiata took a proactive approach in facilitating customers to complete the registration process with various efforts in place to secure most of its revenue generating customer base.

XL Axiata remains fully supportive of the government's efforts to implement prepaid sim registration as it will lead to a healthier industry environment in the long-run.

Rapidly Rising Data Consumption and Smartphone Penetration

On the back of a strengthened network and attractive data offerings, XL Axiata's smartphone penetration has risen 9 percentage points to 74% as of the end of 1Q 18 compared to a year ago as the company continues to attract data-savvy customers on the back of a strengthened network. This means that XL Axiata now has 40.1 million smartphone subscribers at the end of 1Q 18, a 28% YoY increase from the same period a year ago.

Total traffic across XL Axiata's network has seen a 81% YoY increase in 1Q 18 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. The majority of XL Axiata's data traffic is now on 4G and at the end of 1Q 18, the company recorded total Data users at 76% of the total subscriber base.



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Innovative Products Drive Customer Traction

During the quarter, XL Axiata launched several innovative products to increase traction:

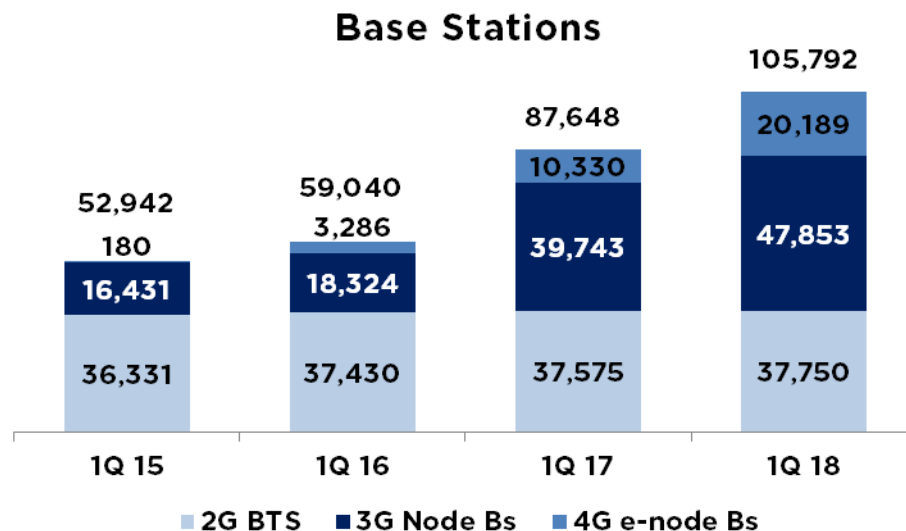
- XL launched **XTRA Quota** booster that can be bought on top of an existing plan which offers an additional Data quota along with a streaming quota.
- Through a partnership with **iflix**, XL offers video streaming without a subscription as part of the drive to increase content partnerships.
- AXIS launched the **Bronet Owsem** internet package that offers 4G Quotas as part of the internet quota in addition to existing internet quotas.
- XL Prioritas, XL Axiata's postpaid brand, offered smartphone bundling with the latest high-end handsets including the **Samsung** Galaxy S9 & S9+, **Samsung** Galaxy A8+ and the **Xiaomi** Mi A1.

Continued Network Investment, Focus on Technology Innovations and Ex-Java

Establishing the XL brand as the choice for high-value customers requires reliable high-speed data services and network quality is essential. Thus XL Axiata continues to ensure top-notch quality of data experience to its customers with continued roll-out and upgrades of its network. XL Axiata's total BTS count is now above 105,000 BTS with 3G totaling almost 48,000. XL Axiata's 4G-LTE service is now available in 373 cities and areas across Indonesia and more than 20,000 4G BTS. Increased focus on ex Java for data has also led to both growing revenue and traffic outside of Java as XL Axiata seeks to improve its Data market share in these regions.

Along with network expansion, XL Axiata has also been increasing the quality of the network by implementing several innovative technologies. These allow for an improvement in service quality and include Network Function Virtualization Core, 4G Spectrum Wideband, and 4.5G technology through LAA Spectral Efficiency, Carrier Aggregation 256 QAM, as well as 4T4R 4x4 MIMO. All these initiatives improve the stability of the internet service on XL Axiata's data network and allows for internet speeds of up to 100Mbps.

XL Axiata 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.



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FINANCIAL MEASURES

Income Statement

Financial Statement (in Rp Billion)	1Q17	1Q18	Growth
Gross Revenue			
Service Revenue	4,599	4,810	5%
Others*	440	377	-14%
Cellular Telecommunication Service	5,039	5,187	3%
Other Telecommunications Services	237	317	34%
Gross Revenues	5,275	5,505	4%
Less: Discount	(10)	(3)	-67%
Gross Revenue Net of Discount	5,266	5,501	4%
Interconnection and other direct expenses	659	486	-26%
Salaries & Employee Benefits (Permanent & Temporary)	257	263	2%
Sales and Marketing Expense	274	573	110%
Infrastructure Expenses	2,107	2,084	-1%
Supplies and Overhead expenses	121	110	-9%
Total OPEX	3,417	3,515	3%
EBITDA	1,848	1,986	7%
EBITDA Margin	35%	36%	1%
Depreciation & Amortization	1,679	1,848	10%
EBIT	169	138	-18%
Other Expenses			
Finance income/(cost) - net	(348)	(345)	-1%
Forex gain/(loss) - net**	43	(1)	-103%
Share of results from jointly controlled entity	(44)	-	-100%
Others	107	137	29%
Total Other Income/(Expenses)	(242)	(209)	-14%
Income (Loss) before income tax	(73)	(71)	-2%
Income Tax (Expense) Benefit	119	87	-27%
Profit (Loss) for the period	47	15	-67%
Earnings (Loss) Per Share (full amount) (Rp)	4	1	-67%

Normalized Profit (Loss) (In Rp Billion)	1Q17	1Q18	Growth
Profit (Loss) for the year	47	15	-67%
Unrealized forex (gain)/loss	(49)	(5)	-89%
Severance Payment	14	-	-100%
Tax Impact	10	1	-86%
Normalized Profit (Loss) for the year	21	11	-47%
Normalized Earnings (Loss) Per Share (full amount) (Rp)	2	1	-47%

*Others mainly comprises Cellular Interconnect and International Roaming Services

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

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Operational Results

In 1Q 18, XL Axiata recorded gross revenue of Rp 5.5 trillion, an increase of 4% YoY driven by Service Revenue growth which increased 5% YoY.

- Cellular Telecommunication Service revenues increased 3% YoY to Rp 5.2 trillion and contributed 94% to total revenue. Service Revenue increased 5% YoY to Rp 4.8 trillion driven by growth in revenue from Data Services. Revenue from Others declined by 14% to Rp 377 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, increased by 34% to Rp 317 billion mainly driven by higher tower leasing revenue. Other telecommunications services revenue contributed 6% to total revenue during the year.

Operating Expenses

Total operating expenses increased 3% YoY to Rp 3.5 trillion during 1Q 18 compared to the same quarter in the previous year.

- Interconnection and other direct expenses decreased by 26% YoY. The decrease was mainly due to lower interconnect costs as a result of lower off-net traffic due to lower usage and also as XL Axiata reduces Any-Net minutes allocations in its packages and promotions.
- Salary and Employee Benefits increased by 2% YoY. The increase was mainly due to provisions for employee bonuses.
- Sales and Marketing expenses increased by 110% YoY. The increase in sales and marketing expense is due to the prepaid sim registration where higher A&P and higher commissions were required to ensure customers completed the registration process.
- Infrastructure expenses decreased 1% YoY. This is mainly due to lower tower rental costs due to savings from renewal of older leases.

EBITDA

In 1Q 18, EBITDA increased 7% YoY to Rp 2.0 trillion due to growth in revenue and cost efficiencies resulting in EBITDA margins increasing by 1%.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 10% YoY mainly due to the company's network roll-out.

Other Income/Expenses

Other Expenses were Rp 209 billion in 1Q 18 period compared to Rp 242 billion of expenses in the same period prior year, a decrease of 14% YoY. The main contributor for the decline was the absence of losses from Elevenia which occurred in the prior year's period.

Profit (Loss) for the period

XL Axiata recorded a profit of Rp 15 billion in 1Q 18 which is 67% lower compared to the Rp 47 billion recorded in the prior year's period. This is mainly due to the 27% decline in tax benefits recorded in 1Q 18 compared to 1Q 17.

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Balance Sheet

Balance Sheet (In Rp Billion)	1Q17	1Q18	Growth
Current Assets			
Cash and cash equivalents	1,730	3,289	90%
Others	5,468	5,089	-7%
Total Current Assets	7,199	8,378	16%
Non-Current Assets			
Fixed assets - net of accumulated depreciation	32,527	35,155	8%
Intangible asset	6,060	5,878	-3%
Goodwill	6,681	6,681	0%
Others	1,908	1,119	-41%
Total Non-Current Assets	47,177	48,833	4%
Total Assets	54,376	57,211	5%
Current Liabilities			
Current maturity of long term loans and bonds	5,071	6,550	29%
Others	10,815	12,354	14%
Total Current liabilities	15,886	18,903	19%
Non-Current Liabilities			
Long term loans and bonds	9,489	8,276	-13%
Others	7,745	8,392	8%
Total Non-Current Liabilities	17,233	16,668	-3%
Total Liabilities	33,120	35,572	7%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	13,213	13,219	0%
Retained earnings	8,043	8,420	5%
Total Equity	21,256	21,639	2%
Total Liabilities and Equity	54,376	57,211	5%

In 1Q 18, total assets were Rp 57.2 trillion, 5% higher compared to the previous year due to higher cash balances and fixed assets.

- Current assets were up 16% as of end of 1Q 18 due to a 90% increase in cash balances.
- Non-current assets increased by 4% due to an increase in fixed assets.

Total liabilities increased by 7% YoY due to an increase in other liabilities.

- Current liabilities increased 19% as of end 1Q 18 due to an increase in trade payables and an increase in current loans.
- Non-current liabilities decreased by 3% due to a 13% decrease in non-current loans.

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Capital Expenditure

Capital Expenditure (In Rp Billion)	1Q17	1Q18	Growth
Capitalized capex	971	1,559	61%
Paid capex	1,306	960	-27%
Commitments entered into*	840	2,193	161%

* The USD portion was converted to IDR using closing rate of March 2017 and 2018. The Rupiah exchange rate against the USD as of March 2017 and 2018 were Rp13,321/USD and Rp13,756/USD, respectively.

Cash Flow

Cash Flow (In Rp Billion)	1Q17	1Q18	Growth
Net cash flow generated from operating activities	2,434	2,344	-4%
Net cash flow used in investing activities	(1,239)	(915)	-26%
Free cash flow	1,195	1,429	20%
Net cash flow used in financing activities	(862)	(603)	-30%
Net increase/(decrease) in cash and cash equivalents	333	826	148%
Cash and cash equivalents at the beginning of the period	1,400	2,455	75%
Effect of exchange rate changes on cash and cash equivalents	(2)	8	-418%
Cash and cash equivalents at the end of the period	1,730	3,289	90%

Net cash flow generated from operating activities decreased by 4% to Rp 2.3 trillion mainly due to an increase in cash payments.

Net cash flow used in investing activities decreased by 26% to Rp 915 bio due to lower capex spend in 1Q 18 compared to during 1Q 17.

Net cash flow used in financing activities decreased 30% to Rp 603 billion due to higher net loan repayments in 1Q 17 compared to the current quarter.

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Description of Debts

The detail of debts as of 31 March 2017 and 2018 are as follows:

Description	(in Original Amount)		Year of Maturity
	1Q 17	1Q 18	
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 3,050	Rp -	Amortizing annually, final repayment is in 2017
	Rp 1,875	Rp -	Amortizing annually, final repayment is in 2018
	Rp 4,000	Rp 3,850	Amortizing annually, final repayment is in 2020
	Rp -	Rp 3,000	Amortizing annually, final repayment is in 2023
	Rp 8,925	Rp 6,850	
IDR Sukuk Tranche 1 (bn)	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 1,006	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 (33)	Rp (24)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 14,560	Rp 14,826	

* The USD portion was converted to IDR using closing rate of March 2017 and 2018. The Rupiah exchange rate against the USD as of March 2017 and 2018 were Rp13,321/USD and Rp13,756/USD, respectively.

Gearing Ratios (x)	1Q17	1Q18	Growth
Debt/Equity	0.7	0.7	0.0
Net Debt/Equity	0.6	0.5	(0.1)
Debt/EBITDA	1.9	1.9	(0.0)
Net Debt/EBITDA	1.7	1.5	(0.2)

During 1Q 18, XL Axiata made repayment of debts amounting to Rp 1.5 trillion through refinancing.

As of 31 March 2018, all of XL Axiata's external USD loans are fully hedged until maturity.

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OPERATING MEASURES

	1Q17	1Q18	Growth
Total Traffic (Petabyte)	231.2	417.5	81%
Total BTS	87,648	105,792	21%
2G	37,575	37,750	0%
3G	39,743	47,853	20%
4G	10,330	20,189	95%
Number of Employees (permanent & contract with permanent position)	1,888	1,656	-12%
Postpaid users (000)	540	804	49%
Prepaid sim cards (active and grace / million)	47.4	53.7	13%
Total user base (million)	48.0	54.5	14%
ARPU blended (Rp 000)	33	30	-9%
Postpaid revenue/sub (Rp 000)	124	106	-15%
Prepaid revenue/sim card (Rp 000)	32	29	-9%

ACHIEVEMENT

- XL Axiata's Chief Executive Officer XL Axiata Dian Siswarini and Director/Chief Service Management Officer Yessie D. Yosetya received the civilian medal of honor, Satyalencana Pembangunan, for their contribution to the Development of Post and Telecommunication from the Government of Indonesia by virtue of Presidential Decree No. 59/TK/Year 2017 signed by President Joko Widodo in 2017.
- XL Axiata was recognized as the Winner of *Indonesia Most Innovative Award 2017* for the Telecommunication category in the Indonesia Most Innovative Business Awards 2017 event.
- XL Axiata won several awards at the Selular Award 2018 including *Best 4G Network Deployment*, *Best Experience Center* for XL Center & *Best Community Development Program* for Sisternet.

CONSOLIDATED GUIDANCE

2018

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: 11 May 2018