

PT XL AXIATA TBK.

9M 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

XL Axiata recorded strong growth in Q3 18 with revenue increasing 6% QoQ attributed mainly to the moves made by the company to monetize Data. This is a direct result of the improving competitive environment post the implementation of prepaid sim registration and a period of intense price competition in 1H 18. While XL Axiata remains committed to continue monetizing Data, execution will depend on the overall pricing environment moving towards the end of the year.

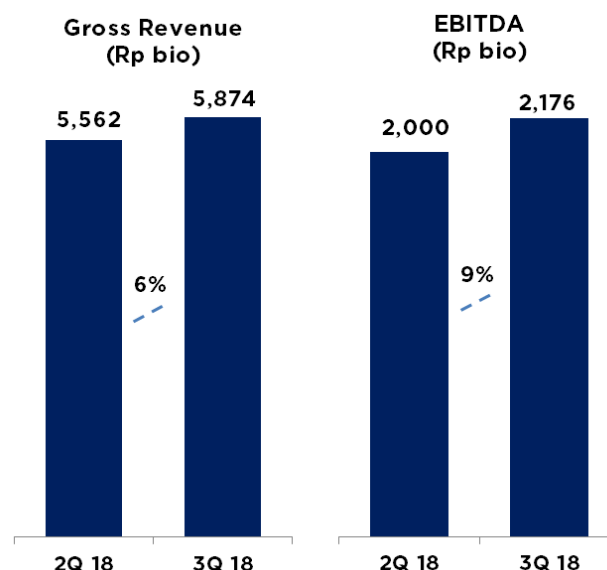
The transformation strategy implemented prior has also helped build a more robust business reflected in the positive performance this year with revenue growing in 9M 18, outperforming the industry. This is a direct result of XL Axiata's monetization of Data in the market along with its strong Data-led product proposition through a dual-brand strategy supported by continuous network investment for a better Data experience.

For 9M 18, XL Axiata's revenue growth was driven by Data revenue which increased 14% YoY. Data revenue now accounts for the majority of service revenue at 80% in Q3 18 compared to 71% in the same quarter a year ago. This percentage is higher compared to the industry average and enabled XL Axiata to weather the negative effects of declining Legacy Services better than others. In 3Q 18, EBITDA also saw an increase of 9% QoQ with margins rising 1 ppt QoQ to 37.0% driven by the improvement in revenues and focus on cost efficiencies.

XL Axiata continues to successfully employ its dual-brand strategy where the XL and AXIS brands address differentiated market segments with innovative and attractive Data focused product offerings. Traction for both brands remains strong with both continuing to grow and contributing to the strong performance this quarter.

Continuous investment in XL Axiata's network to provide an unparalleled Data experience for its customers has led to the increase in smartphone customers which at 78% remains above the industry average. XL Axiata's 4G network now covers 387 cities and areas across Indonesia with more than 28,000 4G BTS in addition to more than 50,000 3G BTS. Increased investment in ex-Java continues and as resulted in improving traffic and revenue growth in the ex-Java region contributing to XL Axiata's strong performance so far this year.

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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Strong quarter due to Data monetization

XL Axiata continues to build leadership as a Data-centric company through a focus on Data-led products via its dual-brand strategy combined with continued investment in the network. This is despite the tough competitive environment in the 1H of 2018 coupled with the implementation of prepaid sim registration. However, this current quarter's performance was strong with revenue increasing 6% QoQ mainly due to XL Axiata's efforts in monetizing Data.

In addition to monetization, the consistent implementation of our dual brand strategy has been a key pillar of XL Axiata's success. During the quarter, both XL and Axis brands focused on adding to their respective product offerings which resonated well within their target segments. This quarter saw XL build on the success of its Xstream 4G smartphone offering with the launch of the Xstream ultima which is a higher specification handset to further improve smartphone adoption and continue to drive data usage. Axis continues to expand its product offering to entice the youth segment with the addition of free quotas for games and music streaming on its Bronet 4G Owsem package. XL Prioritas continues to gain traction among the higher-end segment mainly due to attractive smartphone bundling offers.

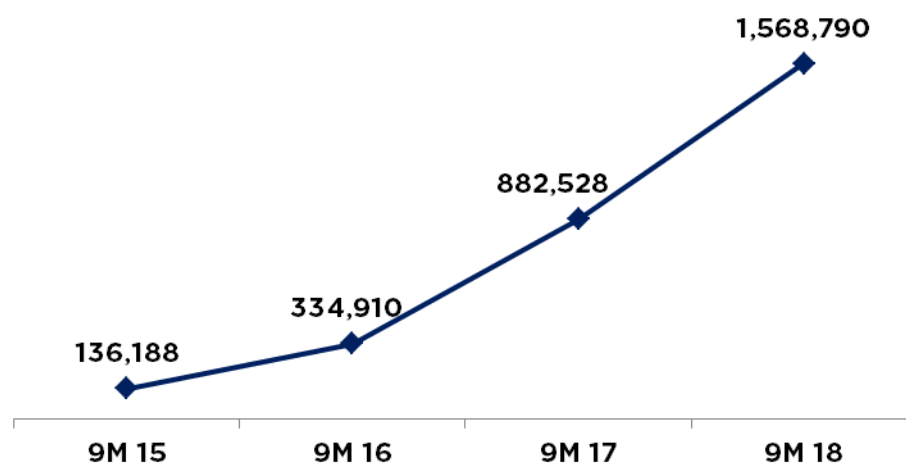
The first half of this year saw intense competition with aggressive product launches by competitors which saw very low data package offerings aimed at grabbing market share which are both unsustainable and unhealthy for the industry. However, following the completion of the prepaid sim registration process which completed on 1 May 2018, the pricing environment has started to become more rational. XL Axiata has made moves in monetizing data which has translated to the strong top-line performance this quarter. XL Axiata continues to be supportive of further Data monetization assuming the industry conditions remain conducive to do so as it aims to finish the year on a strong note.

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 8 percentage points to 78% as of the end of 9M 18 compared to a year ago as the company continues to attract data-savvy customers. This means that XL Axiata now has 42.0 million smartphone subscribers at the end of 9M 18, a 14% YoY increase from the same period a year ago.

Total traffic across XL Axiata's network has seen a 78% YoY increase in 9M 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 9M 18, the company recorded total Data users at 80% of the total subscriber base.

Total Traffic (TB)



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Innovative Products Drive Customer Traction

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

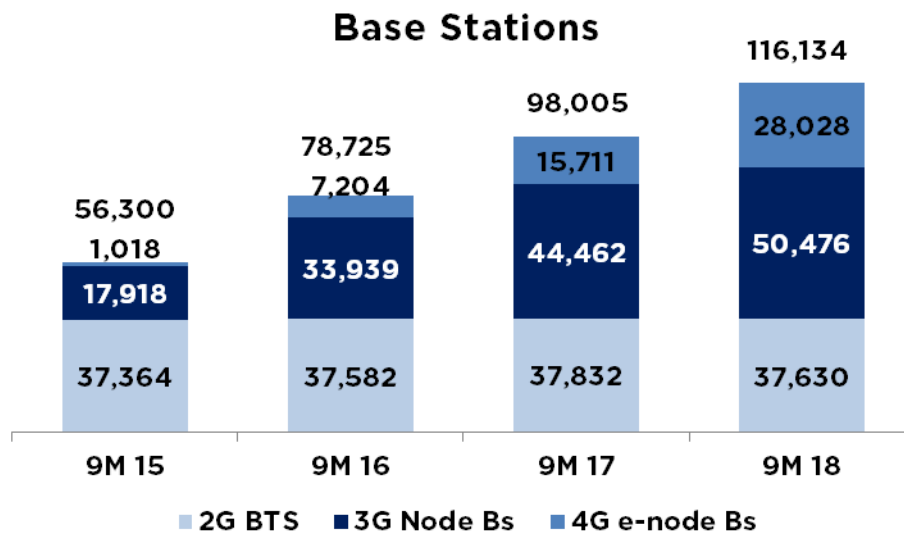
- XL launched the **Xtream Ultima** smartphone which is the latest and higher end version of the **Xtream** smartphone launched in May in partnership with YouTube to offer even better device experience to customers and drive continuous smartphone adoption.
- Axis launched the **Bronet 4G OWSEM** package with additional benefits for gamers and music lovers including additional bonus quotas for game and music streaming applications.
- XL launched the **Biz Packets** which offers business solutions for SMEs and includes Office 365 from Microsoft at no additional cost to grow XL's Enterprise business.

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 116,000 BTS with 3G totaling more than 50,000. XL Axiata's 4G-LTE service is now available in 387 cities and areas across Indonesia and more than 28,000 4G BTS.

To solidify XL Axiata's position as the leader in data innovation, this year saw the first outdoor 5G and WiGig live trial in Kota Tua, Jakarta. 5G and WiGig have the potential to enable a variety of services including enhanced mobile broadband, smart cities, smart home broadband, and digital transformation for vertical industries. The 5G pilot delivered more than 10 Gbps while the WiGig provided an alternative for fixed broadband access with speeds of up to 1 Gbps in the home.

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)	9M17	9M18	Growth
Gross Revenue			
Service Revenue	14,905	14,591	-2%
Others*	1,269	1,515	19%
Cellular Telecommunication Service	16,174	16,106	0%
Other Telecommunications Services	752	834	11%
Gross Revenues	16,926	16,940	0%
Less: Discount	(23)	(48)	111%
Gross Revenue Net of Discount	16,903	16,892	0%
Interconnection and other direct expenses	1,913	1,792	-6%
Salaries & Employee Benefits (Permanent & Temporary)	799	761	-5%
Sales and Marketing Expense	1,106	1,585	43%
Infrastructure Expenses	6,449	6,262	-3%
Supplies and Overhead expenses	435	330	-24%
Total OPEX	10,702	10,731	0%
EBITDA	6,202	6,162	-1%
EBITDA Margin	36.6%	36.4%	0%
Depreciation & Amortization	5,086	5,626	11%
EBIT	1,116	535	-52%
Other Expenses			
Finance income/(cost) - net	(1,057)	(1,145)	8%
Forex gain/(loss) - net**	34	(104)	-401%
Share of results from jointly controlled entity	(103)	-	-100%
Others	202	440	118%
Total Other Income/(Expenses)	(923)	(809)	-12%
Income (Loss) before income tax	193	(274)	-242%
Income Tax (Expense) Benefit	46	129	183%
Profit (Loss) for the period	238	(145)	-161%
Earnings (Loss) Per Share (full amount) (Rp)	22	(14)	-161%

Normalized Profit (Loss) (In Rp Billion)	9M17	9M18	Growth
Profit (Loss) for the year	238	(145)	-161%
Unrealized forex (gain)/loss	(44)	72	N/A
Write Off of Elevenia Investment	133	-	-100%
Severance Payment	45	-	-100%
Tax Impact	(30)	(18)	-40%
Normalized Profit (Loss) for the year	342	(91)	-127%
Normalized Earnings (Loss) Per Share (full amount) (Rp)	32	(9)	-127%

*Others mainly comprises Cellular Interconnect

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

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Operational Results

In 9M 18, XL Axiata recorded gross revenue of Rp 16.9 trillion, a slight increase YoY driven by growth of Other Telecommunication Services, which increased 11% YoY.

- Cellular Telecommunication Service revenues were flat YoY to Rp 16.1 trillion and contributed 95% to total revenue. Service Revenue was down 2% YoY to Rp 14.6 trillion due to price competition in the 1H of the year. Revenue from Others increased by 19% to Rp 1.5 trillion.
- Other telecommunications services revenue, which comprises mainly of leased towers, leased lines and others, increased by 11% to Rp 834 billion. Other telecommunications services revenue contributed 5% to total revenue during the year.

Operating Expenses

Total operating expenses were flat YoY at Rp 10.7 trillion during 9M 18 compared to the same period in the previous year.

- Interconnection and other direct expenses decreased by 6% YoY. The decrease was mainly due to lower interconnect costs as a result of lower off-net traffic due to lower usage.
- Salary and Employee Benefits decreased by 5% YoY. The decrease was mainly due to the lower staff numbers.
- Sales and Marketing expenses increased by 43% YoY. The increase in sales and marketing expense is due to efforts during the prepaid sim registration period to socialize, educate and incentivize customers to register their numbers.
- Infrastructure expenses decreased by 3% YoY. This is mainly due to lower tower rental costs due to savings from renewal of older leases.

EBITDA

In 9M 18, EBITDA decreased 1% YoY to Rp 6.2 trillion due to higher costs incurred as part of the prepaid sim registration process which resulted also in margins reducing 20bps YoY during the 9M 18 period. However in Q3 18, EBITDA increased 9% QoQ in-line with growth in revenue of 6% QoQ and cost efficiencies.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased by 11% YoY mainly due to the company's network roll-out over the past year.

Other Income/Expenses

Other Expenses were Rp 809 billion in 9M 18 period compared to Rp 923 billion of expenses in the same period prior year, a decrease of 12% YoY. The main contributor for the decline was the absence of losses from Elevenia which occurred in the prior year's period however XL Axiata recorded a forex loss in 9M 18 of Rp 104 billion compared to a forex gain of Rp 34 billion in the prior year's period.

Profit (Loss) for the period

XL Axiata recorded a loss of Rp 145 billion in 9M 18 which is lower compared to a Rp 238 billion profit recorded in the prior year's period. This is mainly due to the lower EBIT as a result of higher D&A charges.

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Balance Sheet

Balance Sheet (In Rp Billion)	9M17	9M18	Growth
Current Assets			
Cash and cash equivalents	1,299	2,399	85%
Others	4,049	6,231	54%
Total Current Assets	5,348	8,630	61%
Non-Current Assets			
Fixed assets - net of accumulated depreciation	33,591	37,710	12%
Intangible asset	5,963	5,804	-3%
Goodwill	6,681	6,681	0%
Others	1,609	1,079	-33%
Total Non-Current Assets	47,845	51,273	7%
Total Assets	53,193	59,904	13%
Current Liabilities			
Current maturity of long term loans and bonds	3,361	5,329	59%
Others	10,384	13,097	26%
Total Current Liabilities	13,745	18,426	34%
Non-Current Liabilities			
Long term loans and bonds	10,019	9,627	-4%
Others	7,932	10,367	31%
Total Non-Current Liabilities	17,951	19,994	11%
Total Liabilities	31,696	38,420	21%
Equity attributable to owners of the parent entity			
Share capital & additional paid-in capital	13,229	13,211	0%
Retained earnings	8,268	8,273	0%
Total Equity	21,497	21,483	0%
Total Liabilities and Equity	53,193	59,904	13%

In 9M 18, total assets were Rp 59.9 trillion, 13% YoY higher compared to the previous year due to higher fixed assets and higher current asset balances.

- Current assets were up 61% YoY as of end of 9M 18 due to a 85% YoY increase in cash balances and other current assets.
- Non-current assets increased by 7% YoY due to a 12% YoY increase in fixed assets.

Total liabilities increased by 21% YoY due to an increase in other current liabilities.

- Current liabilities increased 34% YoY as of end 9M 18 due to an increase in trade payables and an increase in current loans.
- Non-current liabilities increased by 11% YoY due to a 31% YoY increase in other non-current liabilities mainly relating to capital leases.

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Capital Expenditure

Capital Expenditure (In Rp Billion)	9M17	9M18	Growth
Capitalized capex	4,945	4,940	0%
Paid capex	5,259	3,728	-29%
Commitments entered into*	5,719	5,620	-2%

* The USD portion was converted to IDR using closing rate of September 2017 and 2018. The Rupiah exchange rate against the USD as of September 2017 and 2018 were Rp13,492/USD and Rp14,929/USD, respectively.

Cash Flow

Cash Flow (In Rp Billion)	9M17	9M18	Growth
Net cash flow generated from operating activities	7,924	5,036	-36%
Net cash flow used in investing activities	(5,216)	(3,656)	-30%
Free cash flow	2,708	1,380	-49%
Net cash flow used in financing activities	(2,810)	(1,627)	-42%
Net increase/(decrease) in cash and cash equivalents	(102)	(247)	143%
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	1	191	N/A
Cash and cash equivalents at the end of the period	1,299	2,399	85%

Net cash flow generated from operating activities decreased by 36% to Rp 5.0 trillion mainly due to an increase in cash payments and taxes.

Net cash flow used in investing activities decreased by 30% to Rp 3.7 trillion due to lower capex spend in 9M 18 compared to the prior year's period.

Net cash flow used in financing activities decreased 42% to Rp 1.6 trillion due to higher net loan repayments in the prior year's period.

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Description of Debts

The detail of debts as of 30 September 2017 and 2018 are as follows:

Description	(in Original Amount)		Year of Maturity
	9M 17	9M 18	
USD Loan (mn)	US\$ 50	US\$ -	Bullet repayment in 2018
	US\$ 300	US\$ 300	Bullet repayment in 2019
	US\$ 350	US\$ 300	
IDR Bank Loan (bn)	Rp 1,500	Rp -	Amortizing annually, final repayment is in 2018
	Rp 4,000	Rp 3,850	Amortizing annually, final repayment is in 2020
	Rp -	Rp 4,500	Amortizing annually, final repayment is in 2023
	Rp 5,500	Rp 8,350	
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 1,040	Rp -	Series A - Due in 2018
	Rp 402	Rp 402	Series B - Due in 2020
	Rp 142	Rp 142	Series C - Due in 2022
	Rp 260	Rp 260	Series D - Due in 2024
	Rp 336	Rp 336	Series E - Due in 2027
	Rp 2,180	Rp 1,140	
Unamortized Loan Issuance Cost (bn)	Rp (28)	Rp (19)	
TOTAL INTEREST BEARING DEBT (in Rp. Bn)*	Rp 13,379	Rp 14,956	

* The USD portion was converted to IDR using closing rate of September 2017 and 2018. The Rupiah exchange rate against the USD as of September 2017 and 2018 were Rp13,492/USD and Rp14,929/USD, respectively.

Gearing Ratios (x)	9M17	9M18	Growth
Debt/Equity	0.6	0.7	0.1
Net Debt/Equity	0.6	0.6	0.0
Debt/EBITDA	1.6	1.8	0.2
Net Debt/EBITDA	1.5	1.5	0.1

During 9M 18, XL Axiata made repayment of bank loans amounting to Rp 1.5 trillion, a USD50 million loan and Rp1,040 billion tranche of sukuk through a combination of refinancing and internal funds.

As of 30 September 2018, all of XL Axiata's external USD loans are fully hedged until maturity.

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OPERATING MEASURES

	9M17	9M18	Growth
Total Traffic (Petabyte)	861.8	1,532.0	78%
Total BTS	98,005	116,134	18%
2G	37,832	37,630	-1%
3G	44,462	50,476	14%
4G	15,711	28,028	78%
Number of Employees (permanent & contract with permanent position)	1,869	1,682	-10%
Postpaid users (000)	631	954	51%
Prepaid sim cards (active and grace / million)	51.9	52.9	2%
Total user base (million)	52.5	53.9	3%
ARPU blended (Rp 000)	34	31	-9%
Postpaid revenue/sub (Rp 000)	115	103	-10%
Prepaid revenue/sim card (Rp 000)	33	30	-9%

ACHIEVEMENT

- XL Axiata won several awards at the Frost & Sullivan 2018 Asia Pacific ICT Awards including the *2018 Asia-Pacific Mobile Data Service Provider of the Year*, the *2018 Indonesia Mobile Data Service Provider of the Year* and the *2018 Indonesia Mobile Service Provider of the Year*.
- 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.
- 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.

CONSOLIDATED GUIDANCE

2018

Revenue growth	Above 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: 01 November 2018