



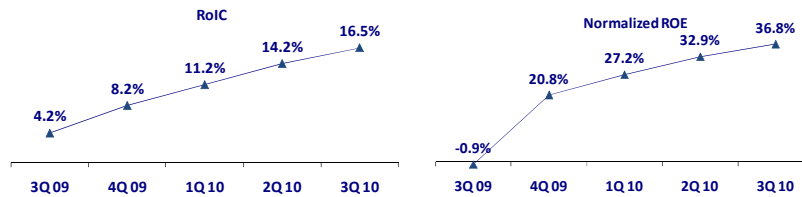
#### Disclaimer

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.

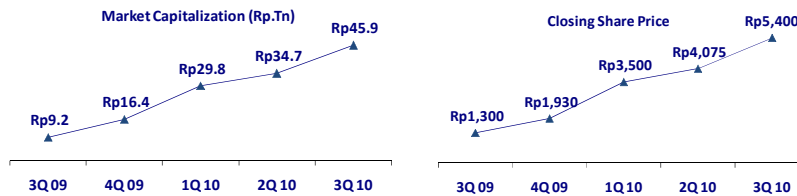
#### OVERVIEW

XL's revenue grew by 32% YoY and 4% QoQ, and EBITDA increased by 60% YoY and 3% QoQ with EBITDA margin of 52%, while RoIC increased to 16.5% and normalized ROE grew to 36.8%. XL continued to drive shareholder value through a balanced focus on topline growth, operating profitability and asset productivity. XL was ranked 8<sup>th</sup> amongst the top 50 fastest growing companies in Indonesia by Fortune magazine.

For the past five quarters, XL's RoIC and ROE continued on a strong upward trajectory as shown below:



These improvements are also reflected in XL's share price and in market capitalization



#### Core Business

In Q3'10, XL introduced more choices to its prepaid and postpaid subscribers by launching innovative and relevant products:

- In July, XL introduced "XL Pascabayar Unlimited" which allows postpaid subscribers to choose between a range of packages that enable them to make unlimited on-net calls and SMS at certain time for a fixed upfront payment.
- In August, XL offered simple and affordable package, "Paket Rame" with tariff as low as Rp 25,-/minute in order to stimulate voice usage further.
- In September, XL offered a loyalty program, "Kejutan isi Ulang", where XL gives out free Nokia handsets everyday for prepaid subscribers based on points collected each time they reload. The offers will last for 50 days with 200 units of 3G and GPRS handsets given out daily.

XL offers a suite of relevant tariff choices which can be easily accessed through our single portal of \*123#, without the need for any recurring registration.



### **Improved Customers' Experience**

XL has been focusing on improving customer's experience on its products. Based on a surveys conducted by SWA magazine and Frontier consulting group, XL has been awarded for Indonesian Customer Satisfaction Award (ICSA). XL's prepaid product ranked 2<sup>nd</sup> across four parameters, i.e. Quality Satisfaction Score (QSS), Value Satisfaction Score (VSS), Perceived Best (PB), and Expectation Score (ES). This is an improvement from third place last year.

On top of that, Frost and Sullivan also awarded XL; as Mobile Service Provider of the Year and Service Provider of the Year.

### **Data Services**

- Given the popularity of BlackBerry in Indonesia, with XL's total BlackBerry subscribers around 550 thousand, XL has increased the BlackBerry bandwidth to 800 Mbps to increase the service quality to its subscribers.
- XL was the first operator to introduce a new BlackBerry model "Torch" to the Indonesian market.

### **Mobile Internet**

- ♦ XL introduced a time based tariff for its mobile internet access, with a tariff of Rp 100,-/minute. The package also offers free minutes of data usage after certain usage, with a cyclical pattern.
- ♦ Due to the popularity of Facebook in Indonesia, XL leveraged this to increase mobile data adoption by offering "Free Facebook Mobile". This service enables subscribers to have full access to <http://m.facebook.com> for free through their handsets starting in July 2010.

XL was recognized as the Best Mobile Data GSM and BlackBerry Services by "Selular Terkini" Magazine.

### **Content**

XL continues to innovate in content to meet customers' preferences, for instance Ramadhan VAS contents and religious RBT songs, Moslem wallpaper, Qur'an for mobile phone, and other Moslem related information.

XL was awarded the Best VAS service provider with the Indonesia Cellular Award (ICA) 2010.

### **Network**

- In September, XL received approval for its second 3G carrier, bringing total 3G frequency to 2 x 10 MHz (side by side to optimize bandwidth capacity).
- XL managed its SGSN (Serving GPRS Support Node) more efficiently by pooling SGSNs together, in order to improve the capacity for data services, and to balance the peak load per individual SGSN.
- XL has decided to outsource its server and billing system management with the objective to reduce costs and improve quality and reliability. Total expected savings over the 5 years will be low double digit as compared to running inhouse. The outsourcing partners provide a managed utility service for XL's billing system and infrastructure environment. As a result, future capital expenditure will be reduced while the cost of the services will be charged to the P&L.



## FINANCIAL MEASURES

### Income Statement (Audited)

Financial Statement (in Rp. Billion)	9M09*	9M10	Growth
Voice	5,026	6,310	26%
SMS	1,875	2,471	32%
Data, VAS, and others	991	1,795	81%
Cellular Interconnection and International Roaming Service	1,143	1,290	13%
<b>Cellular Telecommunication Service</b>	<b>9,035</b>	<b>11,866</b>	<b>31%</b>
<b>Infrastructure Revenue</b>	<b>812</b>	<b>1,089</b>	<b>34%</b>
<b>Total Revenues</b>	<b>9,847</b>	<b>12,955</b>	<b>32%</b>
Less: Discount	(87)	(146)	68%
<b>Revenue Net of Discount</b>	<b>9,759</b>	<b>12,808</b>	<b>31%</b>
COGS and Interconnection Charges	1,462	1,618	11%
Labor Cost (Permanent & Temporary)	608	631	4%
Sales Commission & Marketing Expenses	763	888	16%
Network Costs and Frequency Fees	2,265	2,514	11%
Support & Overhead Expenses	421	366	-13%
<b>Total OPEX</b>	<b>5,519</b>	<b>6,017</b>	<b>9%</b>
<b>EBITDA</b>	<b>4,240</b>	<b>6,792</b>	<b>60%</b>
<b>EBITDA Margin</b>	<b>43%</b>	<b>52%</b>	<b>N/A</b>
Depreciation & Amortization	2,746	2,953	8%
<b>EBIT</b>	<b>1,494</b>	<b>3,839</b>	<b>157%</b>
Other Income / (Expenses)			
Interest expense - net	(957)	(604)	-37%
Forex gain / (loss) - net	716	(130)	N/A
Gain on lease transaction	464	-	N/A
Others	(41)	(344)	733%
<b>Total Other Income / (Expenses)</b>	<b>182</b>	<b>(1,078)</b>	<b>N/A</b>
<b>Profit Before Tax</b>	<b>1,676</b>	<b>2,761</b>	<b>65%</b>
Income Tax Expense	(474)	(679)	43%
<b>Net Income</b>	<b>1,202</b>	<b>2,082</b>	<b>73%</b>
<b>Earnings Per Share (full amount)</b>	<b>169</b>	<b>245</b>	<b>44%</b>

\* Certain item in the 30 September 2009 consolidated financial statements have been reclassified to conform with the presentation of the latest audited financial statement.

Normalized Net Income (In Rp Billion)	9M09	9M10	Growth
Net Income	1,202	2,082	73%
Less: unrealized forex (gain) / loss, net of tax	(736)	35	N/A
<b>Normalized Net Income</b>	<b>466</b>	<b>2,118</b>	<b>355%</b>



## Operational Results

XL recorded gross revenue of Rp 12.96 trillion, a 32% YoY increase.

- Cellular Telecommunication Service revenues, which contributes 92% to total revenue, increased by 31% to Rp 11.9 trillion. Voice revenues, with 49% contribution to total revenue, grew 26% to Rp 6.3 trillion as a result of various promotional tariff plans launched during 9M10. The increase in SMS revenues by 32% was mainly due to more promotions on SMS which stimulated SMS usage. Revenue from Data, Value Added Services, and others grew by 81% and contributed 14% to total revenues. The growth was mainly driven by the popularity of social networking applications, such as Facebook and instant messaging and an increase of data usage from time based packages introduced in July 2010. Revenue from cellular interconnection and international roaming services increased by 13%, mainly due to increase in international roaming revenue.
- Infrastructure revenue comprised of leased lines, leased towers, national roaming, and ISP revenues, grew 34% to Rp 1.1 trillion, mainly due to an increase in leased towers revenues, which contributed 5% to the total revenue.

## Operating Expenses

Total operating expenses increased 9% YoY to Rp 6 trillion, a modest increase compared to the revenue growth of 32%.

- COGS and Interconnection Charges increased by 11% YoY.  
The increase was mainly due to increase in the licensing fee paid out to Research In Motion associated with significant YoY increase of XL BlackBerry subscribers. In addition, there was also increase in Value Added Service cost in line with XL's intention to grow VAS and data services. These were partially offset by reduced interconnection and physical voucher costs as the top-ups were done more through electronic channel. XL managed interconnection cost payout through proper offer structuring and interconnection routing.
- Labor Cost increased by 4% YoY.  
The increase in labor cost was due to the growth in number of employees.
- Sales Commission and Marketing Expenses increased by 16% YoY.  
The main contributor of this cost element was Sales Commission and Advertising and Promotion expenses which increased 19%, respectively, as a result of higher revenue and more advertisement activities during the period.
- Network Costs and Frequency Fees increased by 11% YoY.  
This cost element mainly consists of frequency fees which accounted for 40% of total network cost. The frequency fees increased by 21% YoY as a result of higher number of BTS. Furthermore, higher number of BTS also leads to higher utilities such as higher number of rental sites and towers as well as repair and maintenance expense.
- Support and Overhead Expenses decreased by 13% YoY.  
The decrease in this cost element is a result of rigorous cost management across all components.

## EBITDA

EBITDA rose 60% YoY to Rp 6.8 trillion resulting from the 32% YoY revenue growth and lean cost management. The EBITDA margin remained stable at 52% compared to 1H10.



### Depreciation and Amortization Expenses

The depreciation and amortization expenses grew 8% YoY due to increased number of BTS.

### Other (Expenses)/Income

Other expenses in 9M10 were Rp 1.1 trillion, due to:

- Lower interest expenses as a result of lower debts compared to previous period.
- Forex loss in 9M10 due to “mark-to-market revaluation” of our hedging position that was closed in 1Q10 and partially offset with forex gain from prepayments of loans.
- Higher miscellaneous expense which mostly consists of loan cost for finance restructuring during 9M10 and adjustment of 2009 income tax based on 2008 tax assessment result.

### Net Income

XL recorded Rp 2.1 trillion of net income, an increase of 73% compared to the previous period.

### Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	9M09*	9M10	Growth
<b>Current Assets</b>			
Cash and cash equivalents	1,582	820	-48%
Others	1,590	1,368	-14%
<b>Total Current Assets</b>	<b>3,173</b>	<b>2,188</b>	<b>-31%</b>
<b>Non-Current Assets</b>	<b>25,714</b>	<b>25,076</b>	<b>-2%</b>
<b>Total Assets</b>	<b>28,887</b>	<b>27,264</b>	<b>-6%</b>
<b>Current Liabilities</b>			
Current maturity of long term loan	3,167	2,174	-31%
Others	3,540	3,652	3%
<b>Total current liabilities</b>	<b>6,707</b>	<b>5,826</b>	<b>-13%</b>
<b>Non-Current Liabilities</b>			
Long term loan and bond	15,275	8,769	-43%
Others	1,395	1,768	27%
<b>Total Non-Current Liabilities</b>	<b>16,670</b>	<b>10,537</b>	<b>-37%</b>
<b>Total Liabilities</b>	<b>23,377</b>	<b>16,363</b>	<b>-30%</b>
<b>Equity</b>			
Share capital & additional paid-in capital	3,401	6,202	82%
Retained earnings	2,109	4,699	123%
<b>Total Equity</b>	<b>5,509</b>	<b>10,901</b>	<b>98%</b>
<b>Total Liabilities and Equity</b>	<b>28,887</b>	<b>27,264</b>	<b>-6%</b>

\* Certain item in the 30 September 2009 consolidated financial statements have been reclassified to conform with the presentation of the latest audited financial statement.

In 9M10, total assets decreased 6% to Rp 27.3 trillion, which improved normalized ROA from -0.2% in 9M09 to 10.7% in 9M10.

Cash and cash equivalents decreased by 48%, current maturity of long term loan decreased by 31%, while long term loan and bond decreased by 43%, due to prepay most of debts amounting to USD 190.6 million and Rp 3.2 trillion as well as repayment of debts amounting to USD 43.3 million during 9M10 using mainly our free cash flow.



### Capital Expenditure

Capital Expenditure (In Rp Billion)	9M09	9M10	Growth
Capitalized capex	3,465	2,593	-25%
Paid capex	4,667	3,465	-26%
Commitments entered into*	2,099	2,828	35%

\* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 30 September 2009 and 2010. The exchange rate Rupiah against USD as of 30 September 2009 and 2010 were Rp 9,681/USD and Rp 8,924/USD, respectively.

This year, around 25 – 30% of the CapEx will be allocated to data services and the remaining for improving customer experience, regular maintenance, and upgrading software and hardware.

### Cash Flow (Audited)

Cash Flow (In Rp Billion)	9M09	9M10	Growth
Net cash flow provided from operating activities	4,931	6,848	39%
Net cash flow used in investing activities	(4,469)	(3,633)	-19%
<b>Free cash flow</b>	<b>462</b>	<b>3,216</b>	<b>596%</b>
Net cash flow used in financing activities	(36)	(3,131)	8500%
Net increase in cash and cash equivalents	<b>425</b>	<b>84</b>	-80%
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,170</b>	<b>748</b>	<b>-36%</b>
Effect of exchange rate changes on cash and cash equivalents	(13)	(12)	-8%
<b>Cash and cash equivalents at the end of the period</b>	<b>1,582</b>	<b>820</b>	<b>-48%</b>

- Net Cash Flow from Operating Activities increased by 39% YoY mainly due to increase in cash received from customers' payments and other operators, which was offset by payments made to suppliers and corporate income tax.
- Net Cash Flow Used in Investing Activities decreased by 19% due to prudent investment governance to drive asset productivity.
- XL continued to generate positive Free Cash Flow with the total amount of Rp 3.2 trillion by end of September 2010.
- Net Cash Flow Used in Financing Activities was Rp 3.1 trillion due to the combination of prepayments of debts and long-term loan borrowing.



## Description of Debts

The detail of debts as of 30 September 2009 and 2010 are as follows:

Description	(in original amount)		Year of Maturity
	9M09	9M10	
USD Loan (mn)	US\$ 190	US\$ -	Paid
	US\$ 280	US\$ -	Paid
	US\$ 352	US\$ 250	Amortizing semi annually, final repayment is in 2016
USD Bond (mn)	US\$ 124	US\$ -	Paid
	<b>US\$ 946</b>	<b>US\$ 250</b>	
IDR Bank Loan (bn)	Rp 4,000	Rp 1,700	2011
	Rp 3,600	Rp 2,800	Amortizing annually, final repayment is in 2012
	Rp -	Rp 500	2012
	Rp 250	Rp 1,750	2013
	Rp -	Rp 500	Amortizing annually, final repayment is in 2015
IDR Bond (bn)	Rp 1,500	Rp 1,500	2012
	<b>Rp 9,350</b>	<b>Rp 8,750</b>	
Unamortized Loan Issuance Cost (bn)	<b>Rp (62)</b>	<b>Rp (37)</b>	
<b>TOTAL INTEREST BEARING DEBT (in Rp.Bn)*</b>	<b>Rp 18,442</b>	<b>Rp 10,943</b>	

\* The USD portion was converted to IDR using closing rate 30 September 2009 and 2010. The exchange rate Rupiah against USD as of 30 September 2009 and 2010 were Rp 9,681/USD and Rp 8,924/USD, respectively.

Gearing Ratios	9M09	9M10
Debt/Equity	3.3 x	1.0 x
Net Debt/Equity	3.1 x	0.9 x
Debt/EBITDA	3.5 x	1.2 x
Net Debt/EBITDA	3.2 x	1.2 x

During 9M10, XL made prepayment of debts amounting to USD 190.6 million and Rp 3.2 trillion as well as repayment of debts amounting to USD 43.3 million using mainly internal cash flow.

XL has entered into new loan agreement amounting to Rp 6.5 trillion this year of which currently Rp 3 trillion has been used.

In October 2010, XL has made prepayment of its IDR debt amounting to Rp 500 billion using internal cash flows.

As of 30 September 2010, XL had hedged about 77% of USD debt.

XL's latest credit ratings issued are as follows:

	Local Currency	Outlook
Fitch Ratings	AA-(idn)	Stable
Pefindo	id AA-	Stable



## OPERATING MEASURES

	9M09	9M10	Growth
Total O/G Minutes of Usage (billion minutes)	63.4	59.1	-7%
Total Minutes (billion minutes)	127.0	118.5	-7%
Total O/G SMS (billion SMS)	38.4	125.0	226%
Total BTS (2G/3G)	18,790	21,623	15%
Number of Employees (permanent)	2,027	2,219	9%
Postpaid subscribers (000)	347	297	-14%
Prepaid sim cards (active and grace / million)	26.3	38.2	45%
Total subscribers base (million)	26.6	38.5	44%
ARPU blended (Rp 000)	35	34	-3%
Postpaid revenue/sub (Rp 000)	162	191	18%
Prepaid revenue/sim card (Rp 000)	33	33	0%

## RECENT DEVELOPMENTS

XL is committed to provide telecommunication services across Indonesia. In August 2010, XL has established "XL North Region" to handle the areas of Kalimantan, Sulawesi, Maluku and Papua, with a management team based in Sulawesi.

## GUIDANCE

### 2010

<b>Revenue growth</b>	More than 20%
<b>EBITDA margin</b>	More than 50%
<b>Cash out capex</b>	Approximately Rp 4.5 - 5 trillion, of which about 25 – 30% for data service, internally funded

## ABOUT XL



XL is a major cellular provider in Indonesia which is 66.7% owned by Axiata Group through Axiata Investments (Indonesia) Sdn Bhd (formerly known as Indocel Holding Sdn Bhd), the remaining stakes are held by Emirates Telecommunications Corporation (Etisalat) International Indonesia Ltd., a wholly owned subsidiary of Etisalat (13.3%), and the public (20%).

Date: 28 October 2010