



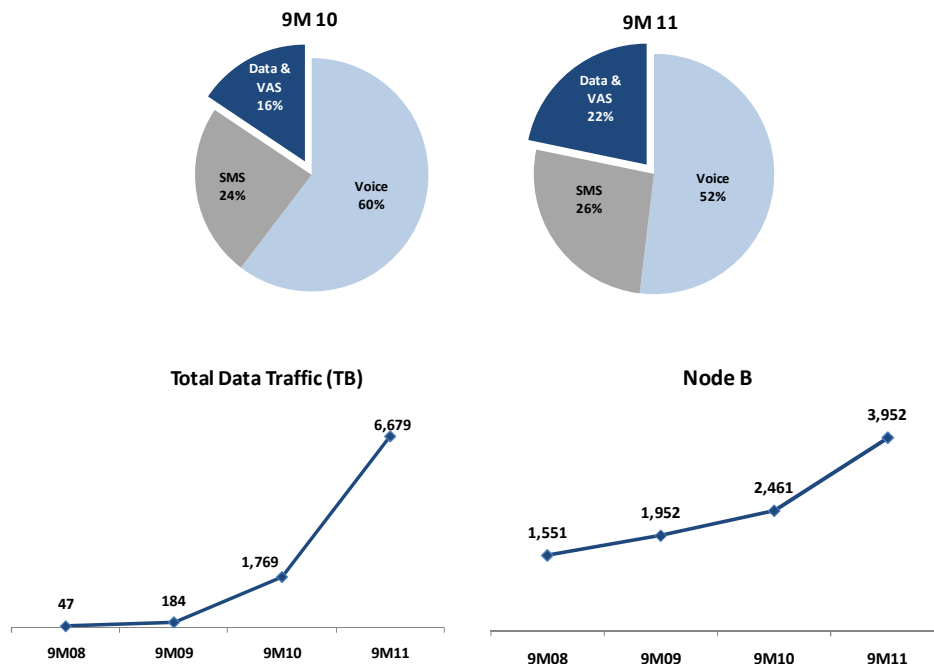
PT XL AXIATA TBK. (XL) 9M11

Disclaimer

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OVERVIEW

XL's revenue in 9M11 increased by 8% YoY driven by strong growth in data services revenue which grew by 50%. EBITDA growth was 7% with margins stable at 52% excluding the impact of a one-off provision for severance payment related to the outsourcing of network managed services as XL aims to focus more on the core business and improve overall network quality. The continued shift in subscribers' behavior to data is clearly evident in the charts below with non-voice revenue contributed close to 50% of usage revenue.



Data Business

- The data business has shown strong growth in data adoption by XL's users with total data traffic grown by 278% to 6,679 Terabyte YoY. In addition, XL has seen data users increased to 24.1 million, which accounts for 55% of its total base compared to 52% a year ago.
- XL continues to encourage people to upgrade their handsets from 2G to 3G through collaboration with several handset dealers and banks offering more varieties of bundling of 3G handsets and Smartphones or Tablets with installment payment basis. This allows for greater 3G handsets and Smartphone penetration and improved users' data experience.
- XL's unique initiative of increasing data adoption through its  Wap portal has gained significant traction which by end of 9M11, the number of users has reached more than 21 million. This portal is free accessible by all users with data capable handset thus providing a wider appeal to the masses.
- Adding to its current data service offerings, XL launched Xmuu 49 for its data service in September which offers:
 - Full BlackBerry Service Rp 49,000,-/month for the first 3 months; or



- Unlimited internet monthly package for only Rp 49,000,-/month with the speed of up to 512 kbps and FUP of 500 MB.
- Launched new packages for BlackBerry:
 - BlackBerry Bizz: Push email and chatting with only Rp 2,000,-/day or Rp 50,000,-/month
 - BlackBerry Messenger only Rp 1,000,-/day or Rp 25,000,-/month

Voice and SMS Business

- In July, XL launched Tarif Ampuh 24 hours to focus on a period of subscriber acquisition during the 'Lebaran' season. The promotion gives out free minutes of calls and SMS after certain usage, which is applied nationwide. XL has successfully gained momentum and acquisition through the new offer, which can be seen by increasing number of subscribers 13% YoY as well as increase in total outgoing minutes.
- Despite the trend of substitution from voice to data, XL continues to mitigate the decline through offerings focusing on customers' share of wallet on voice.

Infrastructure

To support the growing data business, XL is committed to improve its data coverage and provide a reliable and consistent experience to its customers through:

- Improved Access:
 - Over the last 12 months XL has extended its 3G BTS deployment by 61% with additional 1,491 Node B in major cities across Indonesia. As at end Sep 11, XL has 3,952 Node Bs.
 - Has improved 3G coverage in Bali, which is one of main tourism destinations in Indonesia.
 - Modernization project on 3G in Greater Jakarta and on 2G in some part of Sumatera and Kalimantan is now complete and on-going modernization project on 2G in Outer Medan.
- Supported by :
 - Extensive owned nationwide Backbone network throughout Indonesia with 5 major backbone rings for data reliability and redundancy.
 - Modern Core Network with NGN capabilities and ultra high capacity network supported by latest IP Core transmission.
 - Backhaul with more than 50% of Node Bs IP connected.
 - Transmission of about 17,000 km of fiber optics.

Organizational Improvements

Further enhancements to the organization were done to drive greater focus and performance:

- Data centric organization & service management
Dedicated organization to focus on Mobile Data Services (MDS) and new business. In addition improving core competencies in the technical area with more IP related skill set. A new service management group has been formed which aims to focus on improving end to end service experience for customers, including a reliable and good quality network and enhanced service delivery.
- Managed services
In an effort to focus more on the core business and improve overall network quality, XL since 2010 has worked on a Network Managed Services solution which sees outsourcing of its network field operations. This is expected to be implemented within the next few months.
- Strengthened Management
XL has appointed Mr. Mohamed Adlan bin Ahmad Tajudin as Director/Chief Financial Officer and Mr. Ongki Kurniawan as Director/Chief Service Management Officer. In addition, with the new reorganization, Mrs. Dian Siswarini will now lead a new function as Director/Chief Technology, Content & New Business Officer.



FINANCIAL MEASURES

Income Statement (Audited)

Financial Statement (in Rp. Billion)	9M10	9M11	Growth
Voice	6,317	5,830	-8%
SMS	2,511	2,958	18%
Data and VAS	1,634	2,443	50%
Cellular Interconnection and International Roaming Service	1,290	1,321	2%
Others	114	147	29%
Cellular Telecommunication Service	11,866	12,699	7%
Infrastructure Revenue	1,089	1,266	16%
Total Revenues	12,955	13,965	8%
Less: Discount	(146)	(150)	3%
Revenue Net of Discount	12,808	13,814	8%
Interconnection and Telecommunications Service Charges	1,618	1,869	16%
Salaries & Employee Benefits (Permanent & Temporary)	631	902*	43%
Sales Commission, Advertising & Promotion Expenses	888	848	-4%
Infrastructure Expenses	2,514	2,748	9%
Facilities Expenses and Professional Fees	366	418	14%
Total OPEX	6,017	6,786	13%
EBITDA	6,792	7,028	3%
Normalized EBITDA	6,792	7,242	7%
EBITDA Margin	52%	50%	-2%
Normalized EBITDA Margin	52%	52%	0%
Depreciation & Amortization	2,953	3,522	19%
EBIT	3,839	3,506	-9%
Other (Expenses) / Income			
Interest expense - net	(604)	(456)	-25%
Forex (loss)/gain - net	(130)	30	N/A
Others	(344)	(111)	-68%
Total Other Expenses	(1,078)	(537)	-50%
Profit Before Tax	2,761	2,969	8%
Income Tax Expense	(679)	(785)	16%
Net Income	2,082	2,184	5%
Earnings Per Share (full amount)	245	257	5%

*Including one-off provision for severance payment amounting to Rp 213 billion

Normalized Net Income (In Rp Billion)	9M10	9M11	Growth
Net Income	2,082	2,184	5%
Unrealized forex loss/(gain)	47	(51)	N/A
Accelerated depreciation for Sumatera and Jakarta	-	163	N/A
Severance Payment	-	213	N/A
Tax Impact	(12)	(81)	N/A
Normalized Net Income	2,118	2,427	15%
Normalized Earnings Per Share (full amount)	249	285	15%



Operational Results

XL recorded gross revenue of Rp 14 trillion, an 8% YoY increase.

- Cellular Telecommunication Service revenues increased by 7% to Rp 12.7 trillion and contributed 91% to total revenue. Voice revenue decreased by 8% to Rp 5.8 trillion while SMS revenue increased by 18%, stimulated by SMS promotions which resulted in increase in number of SMS by 44%. Revenue from Data and Value Added Services grew by 50% and contributed 22% to total usage revenues with increased data users and usage. The growth was mainly driven by the increasing popularity of social networking applications such as Facebook, Twitter, instant messaging, and other contents as data enabled mobile phones have become more affordable.
- Infrastructure revenue comprising mainly of leased towers, leased lines and national roaming, grew by 16% to Rp 1.3 trillion, mainly due to an increase in national roaming and leased tower revenues. Infrastructure revenue contributed 9% to total revenue.

Operating Expenses

Total operating expenses increased by 13% YoY to Rp 6.8 trillion

- Interconnection and Telecommunication Service Charges increased by 16% YoY. This was mainly due to an increase in VAS related cost for various VAS programs launched and increased VAS usage. In addition, there was also increase in costs related to Research In Motion and Motricity for the goklik! portal which was launched in Nov 2010, in line with growth in data users. There was also an increase in cost of sales of prepaid starter pack as new tariff promotions were launched which led to 13% increase in total subscribers.
- Salaries and Employee Benefits increased by 43% YoY to Rp 902 billion. The increase in salaries and employee benefits was mainly due to a one off provision of severance payment for the staff that will be transferred out of XL as result of the network managed services solution that will be implemented within the next few months; amounting to Rp 213 billion. In addition there was a 4% growth in number of employees with regards to data business.
- Sales Commission, Advertising and Promotion expenses decreased by 4% YoY. The decrease was mainly from sales commission which was partially offset by higher advertising and promotion driven by more marketing campaigns.
- Infrastructure expenses increased by 9% YoY. This was due to increase in rental sites and towers, repair and maintenance, leased network facilities and utilities expenses in line with deployment of new sites. This was partially offset by reduction in licensing fee due to reversal of 2010 frequency fee accrual based on latest reconciliation update.
- Facilities Expenses and Professional Fees increased by 14% YoY. The increase was due to higher rental expense for business operation and office equipment as well as utilities for non network related operation.

EBITDA

Normalized EBITDA increased by 7% YoY to Rp 7.2 trillion in 9M11 and normalized EBITDA margin stable at 52% excluding the impact of severance payment provision for the network managed services solution. With the provision, EBITDA increased by 3% YoY.



Depreciation and Amortization Expenses

The depreciation and amortization expenses grew by 19% YoY mainly driven by additional site deployment and accelerated depreciation of Rp 162.5 billion due to the network modernization on 2G in Sumatera and on 3G in Greater Jakarta.

Other (Expenses)/Income

Other expenses in 9M11 decreased by 50% to Rp 537 billion, due to:

- In 9M10, XL recorded forex loss while in 9M11, XL experienced forex gain from mark-to-market revaluation of derivative transactions.
- Lower interest expenses due to debt repayments made since 9M10.

Net Income

Normalised Net Income excluding the impact of forex, accelerated depreciation and severance payment increased by 15% YoY to Rp 2.4 trillion. Net income increased by 5% in 9M11 compared to 9M10.

Balance Sheet (Audited)

Balance Sheet (In Rp Billion)	9M10	9M11	Growth
Current Assets			
Cash and cash equivalents	820	391	-52%
Others	1,368	1,857	36%
Total Current Assets	2,188	2,248	3%
Non-Current Assets	25,076	26,470	6%
Total Assets	27,264	28,719	5%
Current Liabilities			
Current maturity of long term loans and bonds	2,174	2,889	33%
Others	3,652	4,631	27%
Total Current liabilities	5,826	7,520	29%
Non-Current Liabilities			
Long term loans and bonds	8,769	6,401	-27%
Others	1,768	1,759	0%
Total Non-Current Liabilities	10,537	8,160	-23%
Total Liabilities	16,363	15,679	-4%
Equity			
Share capital & additional paid-in capital	6,202	6,259	1%
Retained earnings	4,699	6,780	44%
Total Equity	10,901	13,039	20%
Total Liabilities and Equity	27,264	28,719	5%

In 9M11, total assets increased by 5% to Rp 28.7 trillion, as a result of XL's continuously rolling out investment to support its data business, and increase in prepayment. Nevertheless ROA saw an increase from 10.7% in 9M10 to 12% in 9M11.

- Current assets increased by 3% YoY due to increase in prepayment by 55% and increase in trade receivables by 19%. This was offset by lower cash and cash equivalents from higher investing activities.
- Total liabilities decreased by 4% YoY mainly due to reduction of interest bearing debt from Rp 10.9 trillion to Rp 9.3 trillion.



Capital Expenditure

Capital Expenditure (In Rp Billion)	9M10	9M11	Growth
Capitalized capex	2,593	4,724	82%
Paid capex	3,465	4,137	19%
Commitments entered into*	3,360	5,784	72%

* The original amount is in IDR and USD. The USD portion was converted to IDR using closing rate 30 September 2010 and 2011. The exchange rate Rupiah against USD as of 30 September 2010 and 2011 were Rp 8,924/USD and Rp 8,823/USD, respectively.

Cash Flow (Audited)

Cash Flow (In Rp Billion)	9M10	9M11	Growth
Net cash flow provided from operating activities	6,848	6,656	-3%
Net cash flow used in investing activities	(3,633)	(4,280)	18%
Free cash flow	3,216	2,376	-26%
Net cash flow used in financing activities	(3,131)	(2,351)	-25%
Net increase in cash and cash equivalents	84	25	-71%
Cash and cash equivalents at the beginning of the period	748	366	-51%
Effect of exchange rate changes on cash and cash equivalents	(12)	0	N/A
Cash and cash equivalents at the end of the period	820	391	-52%

- Net Cash Flow from Operating Activities has declined by 3%, to Rp 6.7 trillion due to increase in payment for corporate income tax and payment to suppliers and operating expenses. The increase was offset by increase in receipt from customers and other operators.
- Net Cash Flow used in Investing Activities increased by 18%, mainly due to increase in capital expenditure related to enhancing network coverage mainly on 3G.
- XL continued to generate positive Free Cash Flow with the total amount of Rp 2.4 trillion by end of 9M11.
- Net Cash Flow used in Financing Activities was Rp 2.4 trillion, 25% lower than previous year, due to combination of less repayment of long term loans compared to 9M10 and bond redemption in 1Q10 which was partially offset with less proceed from long term loan as well as dividend payment of Rp 911.5 billion in 1H11.



Description of Debts

The detail of debts as of 30 September 2010 and 2011 are as follows:

Description	(in original amount)		Year of Maturity
	9M10	9M11	
USD Loan (mn)	US\$ 250	US\$ 202	Amortizing semi annually, final repayment is in 2015
	US\$ -	US\$ 176	2013
	US\$ 250	US\$ 377	
IDR Bank Loan (bn)	Rp 2,450	Rp -	Paid
	Rp 2,800	Rp 1,440	Fully prepaid on 27 Oct'11
	Rp 1,500	Rp 1,250	2013
	Rp 500	Rp 1,800	Amortizing annually, final repayment is in 2015
IDR Bond (bn)	Rp 1,500	Rp 1,500	2012
	Rp 8,750	Rp 5,990	
Unamortized Loan Issuance Cost (bn)	Rp (37)	Rp (30)	
TOTAL INTEREST BEARING DEBT (in Rp.Bn)*	Rp 10,943	Rp 9,289	

* The USD portion was converted to IDR using closing rate 30 September 2010 and 2011. The exchange rate Rupiah against USD as of 30 September 2010 and 2011 were Rp 8,924/USD and Rp 8,823/USD, respectively.

Gearing Ratios	9M10	9M11
Debt/Equity	1.0 x	0.7 x
Net Debt/Equity	0.9 x	0.7 x
Debt/EBITDA	1.2 x	1.0 x
Net Debt/EBITDA	1.2 x	0.9 x

During 9M11, XL made prepayment of debts amounting Rp 2.4 trillion as well as repayment of debts amounting USD 39.4 million and IDR 200 billion due in January, April, July and September 2011, using internal cash flows and new bank loan.

In 9M11, XL has drawdown IDR loan facility amounting Rp 500 billion. On top of that XL has signed new USD loan agreements in June and August 2011 and drawdown the facility with the total amount of USD 175.6 million. In October, XL has signed a 3-year credit facility with Mandiri Bank amounting to Rp 3 trillion which was mostly used to prepay the Rp 1.44 trillion on 27 October 2011 and will repay the IDR bond when due in 2012.

As of 30 September 2011, XL had hedged about 88% of USD debt.

XL's latest credit ratings issued are as follows:

	Local Currency	Outlook
Fitch Ratings	AA(idn)	Positive
Pefindo	^{id} AA+	Stable



OPERATING MEASURES

	9M10	9M11	Growth
Total O/G Minutes of Usage (billion minutes)	59.1	59.6	1%
Total Minutes (billion minutes)	118.5	119.8	1%
Total O/G SMS (billion SMS)	125.0	180.6	44%
Total data traffic (Petabyte)	1.7	6.5	278%
Total BTS	21,623	26,245	21%
2G	19,162	22,293	16%
3G	2,461	3,952	61%
Number of Employees (permanent & contract with permanent position)	2,316	2,416	4%
Postpaid users (000)	297	297	0%
Prepaid sim cards (active and grace / million)	38.2	43.1	13%
Total user base (million)	38.5	43.4	13%
ARPU blended (Rp 000)	34	32	-6%
Postpaid revenue/sub (Rp 000)	191	187	-2%
Prepaid revenue/sim card (Rp 000)	33	31	-6%

RECENT DEVELOPMENT

At the end of September, XL held an EGMS, which the shareholders unanimously approved the appointment of Mr. James Carl Grinwis Maclaurin as a Commissioner along with the 2 new directors as mentioned earlier.

Achievements

- XL has won 2 Silver Medals at The Top Ranking Performers in the Contact Center World APAC (Asia Pacific) 2011 for the category of Best Technology Innovation (In-house solution) and Best Contact Center Trainer. The competition was among other contestants from 14 countries.
- XL's executive management has been recognized by 522 portfolio managers and investors as well as 348 sell-side analysts through 2011 All Asia Executive Team rankings published by Institutional Investor Magazine. XL was ranked in the following three positions, in the telecommunication sector:
 - Best CEO - Second Place - Hasnul Suhaimi - Nominated by the Sell Side
 - Best CFO - First Place - Willem Timmermans - Nominated by the Buy Side
 - Best CFO - Second Place - Willem Timmermans - Nominated by the Sell Side

GUIDANCE

2011

Revenue growth	In line with or better than the market
EBITDA margin	Above 50%
Cash out capex	Around Rp 6 trillion of which more than half for data/3G services.

ABOUT XL

XL is a major cellular provider in Indonesia which is 66.6% owned by Axiata Group through Axiata Investments (Indonesia) 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 excluding restricted stock (19.98%). Restricted Stock (only) held by management under the Long Term Incentive (LTI) scheme is 10.3 million shares (0.12%)

Date: 28 October 2011