

PT BAKRIE TELECOM Tbk.

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Ticker : BTEL

Major Shareholders:
 PT Bakrie Brothers Tbk. 34.38%
 Public 65.62%

HIGHLIGHTS:

- Total subscribers increased from 8.0 million in 1Q09 to 11.0 million in 1Q10
- Gross revenues increased from Rp 816.1 billion in 1Q09 to Rp 893.6 billion in 1Q10
- EBITDA increased from Rp 235.6 billion in 1Q09 to Rp 370.6 billion in 1Q10
- Net income increased from Rp 5.7 billion in 1Q09 to Rp 29.0 billion in 1Q10

FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	1Q09	1Q10	Change
Gross Revenues	816.1	893.6	9.5%
Net Revenues	658.2	708.5	7.6%
Total Operating Expenses	585.2	605.1	3.4%
EBITDA	235.6	370.6	57.3%
EBIT	73.0	103.3	41.5%
Net Income	5.7	29.0	407.0%

Balance Sheet (in Rp bn)	1Q09	1Q10	Change
Total Assets	8,697.7	11,595.1	33.3%
Total Liabilities	3,729.2	6,532.8	75.2%
Total Equity	4,968.6	5,062.2	1.9%

OPERATIONAL HIGHLIGHTS

Key Indicators	1Q09	1Q10	Change
Subscribers	8,030,121	11,043,270	37.5%
Blended ARPU	36k	28k	-22.2%
Minutes of Usage	4,090	5,348	30.7%
BTS	3,036	3,795	25.0%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's unaudited financial statements for the 3-month period ended 31 March 2010 and 31 March 2009 and other relevant company information.

Following the adoption of PSAK 30, which is also adopted from IFRS, we did a reclassification and adjustment on certain accounts in the financial statement for the year ended 31 March 2010 related to the tower rental expenses to lease account. Based on this accounting standard, a lease is classified into financial lease or operating lease based on the substance not the form of contract. Asset under capital lease is recognized if the lease transfers substantially all the risks and rewards incidental to ownership.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTCL) recorded a gross operating revenues of Rp 893.6 billion in 1Q10, which represent 9.5% increase from Rp 817.0 billion in the previous year. This was mainly attributed to 9.8% higher telecommunication service revenues from Rp 740.3 billion to Rp 813.0 billion, on the back of 37.5% increase in subscriber from 8.0 million to 11.0 million. Throughout the first three month of 2010, the company also posted Rp 8.4 billion in net interconnection service revenues, compared to Rp 16.7 billion in 2009. Consequently, net revenues during the period also increased by 7.6% to Rp 708.5 billion from Rp 658.2 billion.

Operating Revenue (in Rp bn)	1Q09	1Q10	Change
Gross Revenue	816.1	893.6	9.5%
Less: Interconnection expense & discounts	157.9	185.2	17.3%
Net Revenue	658.2	708.5	7.6%

OPERATING EXPENSES

1Q10 operating expenses was Rp 605.1 billion, 3.4% higher when compared to Rp 585.2 billion in the year before. However, following the implementation of the new accounting policy PSAK 30, coupled with some efficiency measures, the ratio of operating expense to gross revenues throughout the period actually went down from 71.7% to 67.7%.

- Depreciation expense increased 64.5% to Rp 266.9 billion from Rp 162.2 billion. This sharp increase was mainly the result of network expansion, especially in JBJB areas. The figures also include reclassification of rental expense, following the adoption of PSAK 30. Thus, contribution of depreciation expense to gross revenues also increased from 19.9% to 29.9%.
- Operating & maintenance expense decreased 48.5% to Rp 108.8 billion from Rp 211.1 billion, mostly due to a much lower tower rental as well as repair & maintenance cost after the adoption of the new accounting standard. As a percentage of revenues, this also represent a decline from 25.9% to 12.2%.
- General & administrative expense decreased 13.5% to Rp 53.1 billion from Rp 61.4 billion, following the company's successful efficiency effort. When compared to gross revenues, the percentage decreased from 7.5% to 5.9% as well.
- Employee expense increased 20.7% to Rp 71.8 billion from Rp 59.5 billion, along with new hires to support the company's expansion. This represented 8.0% of gross revenues, higher than 7.3% in the previous year.

- Sales & marketing expense increased 15.0% to Rp 104.3 billion from Rp 90.7 billion, in line with various advertising & promotion activities, especially in the new areas. As the percentage of gross revenues, the expense increased from 11.1% to 11.7%.

Operating Expense (in Rp bn)	1Q09	1Q10	Change
Depreciation	162.2	266.9	64.5%
Operating & maintenance	211.1	108.8	-48.5%
General & administrative	61.4	53.1	-13.5%
Employees	59.5	71.8	20.7%
Sales & marketing	90.7	104.3	15.0%
Other operating expenses	0.4	0.4	0.0%
Total Operating Expense	585.2	605.1	3.4%

% to Gross Revenue	1Q09	1Q10
Depreciation	19.9%	29.9%
Operating & maintenance	25.9%	12.2%
General & administrative	7.5%	5.9%
Employees	7.3%	8.0%
Sales & marketing	11.1%	11.7%
Other operating expenses	0.0%	0.0%
Total Operating Expense	71.7%	67.7%

EBITDA & EBIT

BTEL booked Rp 370.6 billion EBITDA in 1Q10. This represent 57.3% increase compare to Rp 235.6 billion in 1Q09. Hence, EBITDA margin improved significantly as well from 28.9% to 41.5%. At the same time, EBIT also increased by 41.5% to Rp 103.3 billion from Rp 73.0 billion. This was largely attributed to the 48.5% and 13.5% reduction in operating & maintenance as well as general & administrative expenses, respectively.

EBITDA & EBIT (in Rp bn)	1Q09	1Q10	Change
EBITDA	235.6	370.6	57.3%
EBITDA to Gross Revenue	28.9%	41.5%	
EBIT	73.0	103.3	41.5%
EBIT to Gross Revenue	8.9%	11.6%	

OTHER INCOME/CHARGES

Net other charges amounted to Rp 55.1 billion in 1Q10. 14.5% lower than Rp 64.5 billion in the previous year. While net financing cost increased 86.9% to Rp 84.6 billion, the impact was offsetted by a turn around from Rp 14.2 billion forex loss to Rp 28.2 billion gain during the same period.

Other Income/Charges (in Rp bn)	1Q09	1Q10	Change
Financing cost - net	(45.3)	(84.6)	86.9%
Gain (loss) on foreign exchange - net	(14.2)	28.2	n/a
Provision for doubtful accounts	(3.7)	(1.2)	-69.1%
Amortization of deferred gain	-	2.5	n/a
Others - net	(1.3)	(0.1)	-91.4%
Total other income/charges	(64.5)	(55.1)	-14.5%

NET INCOME

BTEL booked a net income of Rp 29.0 billion by the end of 1Q10, which represent a 407.0% increase from Rp 5.7 billion in the year before. In addition to the improvement in EBIT, this much higher bottom was partly due to a Rp 28.2 billion forex gain during the period, as opposed to a loss of Rp 14.2 billion in 1Q09.

(in Rp bn)	1Q09	1Q10	Change
Net Income	5.7	29.0	407.0%

BALANCE SHEETS

Total assets stood at Rp 11,595.1 billion in 1Q10, 33.3% higher than Rp 8,697.7 billion a year before.

- Current assets declined by 25.1% to Rp 1,619.1 billion driven mainly by 42.4% drop in short-term investments to Rp 586.0 as they were used to finance capex throughout 2009.
- On the other hand, non-current assets rose sharply by 52.7% to Rp 9,976.0 billion. This mostly came from Rp 2,985.8 billion addition of leased assets into net fixed asset after the implementation of PSAK 30.

Total liabilities was Rp 6,532.8 billion. This represent a 75.2% annual increase from Rp 3,729.2 billion.

- Current liabilities increased by 80.9% to Rp 2,420.3 billion, which mostly attributed to Rp 410.2 billion new loan coupled with Rp 395.3 billion current maturities of capital lease, following the new accounting policy.
- Non-current liabilities increased by 72.0% to Rp 4,112.6 billion, where as Rp 2,195.3 billion was obligation under capital lease.

Total equity increased by 1.9% to Rp 5,062.2 billion during FY09 from Rp 4,968.6 billion the year before.

Balance Sheet (in Rp bn)	1Q09	1Q10	Change
Cash & cash equivalents	338.9	574.6	69.5%
Other current assets	1,823.8	1,044.5	-42.7%
Total Current Assets	2,162.7	1,619.1	-25.1%
Direct ownership	5,673.6	6,648.0	17.2%
Indirect ownership - leased assets	-	2,985.8	n/a
Other non current assets	861.4	342.2	-60.3%
Total Non Current Assets	6,535.0	9,976.0	52.7%
Total Assets	8,697.7	11,595.1	33.3%
Short term debt	-	410.2	n/a
Other current liabilities	1,337.7	1,614.8	20.7%
Obligation under capital lease	-	395.3	n/a
Total Current Liabilities	1,337.7	2,420.3	80.9%
Long term debt	2,271.3	1,614.9	-28.9%
Other non current liabilities	120.2	302.4	151.6%
Obligation under capital lease	-	2,195.3	n/a
Total Non Current Liabilities	2,391.5	4,112.6	72.0%
Total Liabilities	3,729.2	6,532.8	75.2%
Total Equity	4,968.6	5,062.2	1.9%

CASH FLOWS

- Net cash provided by operating activities were Rp 296.9 billion in 1Q10, 269.6% higher than Rp 80.3 billion recorded in the previous year. This was the result of a 87.9% increase in cash receipt from operating activities to Rp 406.5 billion inline with subscriber growth during the period.
- Net cash used in investing increased 48.4% from the previous year to Rp 360.4 billion. The increase was mainly due to additional placement of short-term investment during 1Q10 compared to a withdrawal of Rp 66.6 billion last year.
- Net cash used in financing activities were Rp 77.6 billion, which mostly attributed to Rp 195.2 billion financial lease payment and Rp 58.1 billion payment of long-term loans.

Cash Flow Statement (in Rp bn)	1Q09	1Q10	Change
Net cash from operations	80.3	296.9	269.6%
Net cash from investing	(242.9)	(360.4)	48.4%
Free cash flow	(162.6)	(63.5)	-61.0%
Net cash from financing	(0.1)	(77.6)	58705.5%
Net (decrease)/ increase in cash equivalent	(162.7)	(141.1)	-13.3%
Cash & cash equivalent at the beginning of period	501.6	715.7	42.7%
Cash & cash equivalent at the end of period	338.9	574.6	69.5%

DESCRIPTION OF DEBTS

As of 31 March 2010, the company's outstanding debt amounted to Rp 4,860.1 billion. These consist of:

- US\$ 145.0 million credit facility arranged by Credit Suisse due in 2012. The principal of this loan is fully hedged.
- US\$ 45.0 million short-term bank loan from Credit Suisse, Morgan Stanley and BofA Merrill Lynch.
- Rp 650.0 billion proceeds from BTEL IDR Bonds I due in 2012.

Bonds	Agency	Rating	Rating Date
BTEL IDR Bonds I	Pefindo	idA- Stable Outlook	1-Jul-09

- Rp 2,590.5 billion in financial lease liabilities, following the adoption of new accounting standard.

Debts (in Rp bn)	1Q09	1Q10	Change
Short-term bank loan	-	410	n/a
Long-term bank loan	1,680	1,213	-28%
IDR bond	645.1	646.5	0.2%
Vendor financing	152.5	-	n/a
Financial lease	-	2,590.5	n/a
Total	2,477.7	4,860.1	96.2%

OPERATING RESULTS

SUBSCRIBERS

BTEL subscribers have reached 11,043,270 by the end March 2010. This represent a 37.5% annual increase on the back of continuous innovation in both products and services, strong brand positioning and improved network.

Prepaid subscribers increased by 38.2% to 10,961,303, mostly due to 40.2% growth in Esia subscribers base to 10,818,901. Postpaid subscribers declined by 17.1% to 81,967 as more Ratelindo subscribers converted into Esia or Wifone in order to take advantage of the products' higher technology as well as better features, while enjoying the financial flexibility of prepaid services.

Subscribers	1Q09	1Q10	Change
Prepaid	7,931,221	10,961,303	38.2%
Esia	7,750,581	10,836,096	39.8%
Wifone	175,834	123,683	-29.7%
Esiatel	4,806	1,524	-68.3%
Postpaid	98,900	81,967	-17.1%
Esia	50,073	51,057	2.0%
Wifone & ratelindo regular	40,690	25,150	-38.2%
Esiatel & ratelindo wartel	8,137	5,760	-29.2%
Total	8,030,121	11,043,270	37.5%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of 1Q10 was 5.3 billion, which represent a 30.7% increase from the previous year. The higher MoU was inline with the subscriber growth.

The Indonesian telco industry have been experiencing a declining average revenue per user (ARPU) trend, especially following the intense tariff competition during 2008. While Esia tariff remained flat during the period, the declining ARPU was mainly attributed to the much higher proportion of on-net traffic, parallel with higher subscriber base. In addition, the lower ARPU was also the result of expansion into a new area, where first time subscribers have not recorded an optimum level of usage yet.

Service Usage	1Q09	2Q09	3Q09	4Q09	1Q10
Minutes of Usage (in mn minutes)	4,090	4,548	4,878	4,932	5,348
ARPU					
Prepaid	36k	34k	32k	28k	27k
Postpaid	120k	113k	107k	99k	107k
Blended	36k	34k	32k	29k	28k

NETWORK INFRASTRUCTURE

In order to increase coverage areas as well as strengthen the existing network, BTEL has installed an additional 118 BTS between January to March 2010. Total number of BTS by the end 1Q10 stood at 3,795. This represent an annual increase of 759 BTS. The percentage of BTS located in JBJB relatively flat at 66%. In line with our assets light strategy, 94% of the BTS were already co-located.

COVERAGE

From January to March 2010, we have added coverage in three new cities located in Sumatra and Sulawesi. This brought total coverage of 82 cities nationwide. These new cities are Batusangkar (West Sumatra), Gowa and Maros (South Sulawesi).

Number of Cities	1Q09	1Q10
City Coverage	69	82
JBJB	25%	21%
Non JJB	75%	79%

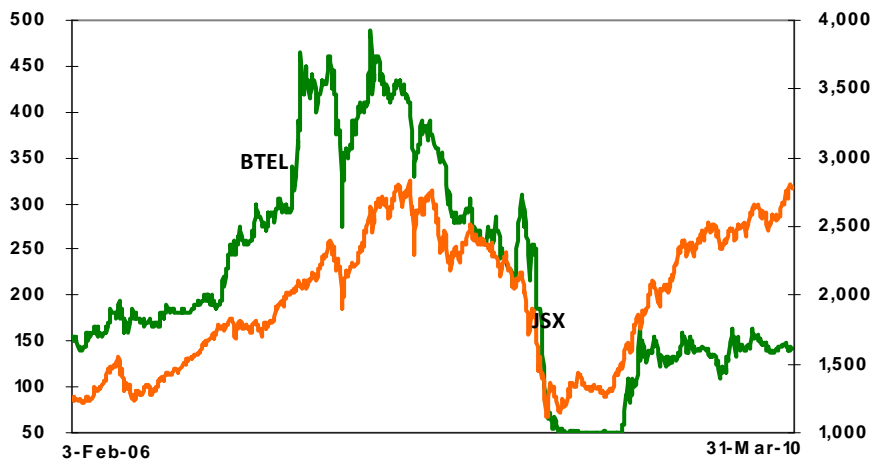
DISTRIBUTION CHANNEL

To maintain customer access to Esia services, BTEL has continued aggressively to broaden its sales and distribution network by adding more Gerai Esia, dealers and outlets. By 1Q10, BTEL's distribution channels include 94 Gerai Esia, 205 dealers and 98,207 outlets across all of our operating areas.

BRAND AWARENESS

Despite fierce competition within the industry, Esia's image as the country's leading budget operator remained strong. According to a survey conducted by an independent global marketing research consultant up to March 2010, Esia continued to be on the high side in terms of spontaneous brand awareness, the brand that offers the cheapest tariffs as well the top recommended brand by both consumers and frontliners.

BTEL SHARE PRICE



BTEL shares began trading on the Jakarta Stock Exchange on 3 February 2006 with an Initial Public Offering price of Rp 110 per share.

Price (in Rp)	1Q09	2Q09	3Q09	4Q09	1Q10
High	54	183	165	163	167
Low	50	151	151	155	135
Close	51	130	141	147	141

1Q10 IMPORTANT EVENTS

Esia Ganas (Picture 1)

BTEL launched Esia Ganas campaign during 1Q10. With Ganas, Esia subscribers can make unlimited free on net calls, both local and long distance. This service is available by simply purchasing a top up of Rp 50,000 (for Jakarta and Bandung residents) or Rp 25,000 (for other cities' residents). Once activated, it is valid for 30 days non stop without registration. Thus, subscribers can now use the extra talktime to access various value added services from Esia.

Esia Sepuasnya Starter Pack (Picture 2)

BTEL also introduced a new starter pack called Esia Sepuasnya in 1Q10. It offers three types of plan that give subscribers daily unlimited calls, SMS or enjoy various social networking applications. The first plan offers unlimited access to several social networking applications, such as Facebook and Twitter, for a tariff of Rp 500 per day; Plan 2 offers unlimited on-net voice and SMS for Rp 1,000 per day; and Plan 3 offers unlimited on-net SMS for Rp 500 per day.



Picture 1



Picture 2

JANUARY

- Sponsored “Orang Lampung Bisa” music concert
- Introduced new Value Added Services: Black List, White List, SMS Autoreply and Automatic GoGo
- Promoted Esia in Cellular and Computer Show (CCS) Surabaya Expo
- Announced the winner of Umroh Program in Balikpapan
- Carried out “Run D Toll”, a 5 K & 10K marathon that took place on Kanci – Pajagan Toll Road, Cirebon

FEBRUARY

- Announced the winner of Umroh Program among SLI Hemat 009 Subscriber
- Launched Esia GANAS (Gratis Nelpon Nasional)
- Launched Esia TTM, a new VAS product for social network

MARCH

- Held Uber Esia event, a CSR program between BTEL, Qualcomm and Grammen Foundation
- Launched Hape Esia Connect, a affordable handset with chatting capabilities
- Introduced new starter pack “Esia Sepuasnyaaaa”
- Announced the winner of Umroh Program in Mataram.
- Launched Hape Esia Pusamania, a special handset for supporter Samarinda Football Club.

PT BAKRIE TELECOM Tbk. PROFILE

PT Bakrie Telecom Tbk. (BTEL) provides wireless communication services under the brand Esia, Wifone, Wimode, Esiatel & SLI Hemat 009. The company utilizes CDMA 2000 1x technology within the 800MHz frequency band, which resulted in a very clear voice service and data transfer capability up to 153Kbps.

BTEL began its first operation in 1996 through its original Ratelindo service. Following its relaunch in September 2004, BTEL has continually recorded positive operating as well as financial performance.

In 2004, BTEL had only 192,000 customers. The company acquired its first one million subscribers by 2Q06. By FY09, BTEL has surpassed the ten million subscribers mark. Bakrie Telecom listed on the Jakarta Stock Exchange in February 2006 with the ticker symbol BTEL.

FINANCIAL & OPERATING SUMMARY

	1Q09	2Q09	3Q09	4Q09	FY09	1Q10
Total Subscribers	8,030,121	8,904,463	9,809,095	10,606,901	10,606,901	11,043,270
Prepaid	7,931,221	8,811,397	9,713,971	10,515,715	10,515,715	10,961,303
Esia	7,750,581	8,629,771	9,575,553	10,382,840	10,382,840	10,836,096
Wifone	175,834	179,388	136,780	131,232	131,232	123,683
Esiatel	4,806	2,238	1,638	1,643	1,643	1,524
Postpaid	98,900	93,066	95,124	91,186	91,186	81,967
Esia	50,073	55,714	56,368	54,833	54,833	51,057
Wifone & Ratelindo Regular	40,690	31,235	28,267	26,778	26,778	25,150
Esiatel & Ratelindo Wartel	8,137	6,117	10,489	9,575	9,575	5,760
ARPU Blended (Rp)	36k	34k	32k	29k	33k	28k
Prepaid	36k	34k	32k	28k	33k	27k
Postpaid	120k	113k	107k	99k	110k	107k
Minutes Of Usage ('000,000)	4,090	4,548	4,878	4,932	18,448	5,348
BTS	3,036	3,268	3,468	3,677	3,677	3,795
City Coverage	69	73	76	79	79	82
(In IDR mn)						
Gross Revenue	816,097	849,853	878,558	891,047	3,435,556	893,625
Telco Service Revenue	740,292	767,632	789,296	820,649	3,117,869	813,008
Net Interconnection Service & Discounts	(82,056)	(95,076)	(106,710)	(91,450)	(375,292)	(104,547)
Net Revenue	658,236	672,556	682,585	729,200	2,742,577	708,461
Total Operating Expenses	585,226	581,517	623,611	663,805	2,454,160	605,124
Depreciation	162,232	292,932	250,721	273,338	979,223	266,868
Operating & Maintenance	211,138	46,483	126,984	121,525	506,131	108,793
General & Administrative	61,359	47,396	50,617	65,557	224,929	53,081
Personnel	59,471	79,441	75,447	76,605	290,965	71,753
Marketing & Sales Expense	90,664	114,904	119,481	126,418	451,466	104,267
Other Expenses	361	361	361	361	1,445	361
EBITDA	235,604	384,332	310,056	339,094	1,269,086	370,567
<i>EBITDA / Gross Revenue (%)</i>	29%	45%	35%	38%	37%	41%
EBIT	73,010	91,039	58,974	65,395	288,418	103,337
<i>EBIT / Gross Revenue (%)</i>	9%	11%	7%	7%	8%	12%
Financial Charges	(64,477)	(4,724)	(21,978)	(51,524)	(142,703)	(55,144)
Interest - Net	(45,272)	(59,632)	(49,699)	(65,845)	(220,449)	(84,614)
Others	(19,205)	54,908	27,271	14,321	77,745	29,470
Income (Loss) Before Tax	8,533	86,314	36,996	13,871	145,714	48,193
Tax Expense	(2,804)	(19,264)	(12,445)	(12,759)	(47,272)	(19,148)
Net Income	5,729	67,050	24,551	1,112	98,442	29,046
Current Assets	2,162,748	1,904,334	1,913,030	1,731,809	1,731,809	1,619,117
Non Current Assets	6,534,980	8,660,680	9,329,139	9,704,466	9,704,466	9,975,975
Total Assets	8,697,727	10,565,015	11,242,169	11,436,275	11,436,275	11,595,092
Current Liabilities	1,337,659	1,501,077	1,593,361	2,061,972	2,061,972	2,420,279
Non Current Liabilities	2,391,512	4,012,092	4,523,477	4,337,372	4,337,372	4,112,568
Total Liabilities	3,729,171	5,513,169	6,116,838	6,399,344	6,399,344	6,532,848
Total Equity	4,968,556	5,051,846	5,125,331	5,036,931	5,036,931	5,062,245