

PT BAKRIE TELECOM Tbk.

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Ticker : BTEL

Major Shareholders:
PT Bakrie Brothers Tbk. 21.0%
Public 79.0%

HIGHLIGHTS:

- Total subscribers increased from 11.0 million in 1Q10 to 13.6 million in 1Q11
- Gross revenues increased from Rp 893.6 billion in 1Q10 to Rp 900.0 billion in 1Q11
- EBITDA decreased from Rp 369.4 billion in 1Q10 to Rp 327.2 billion in 1Q11
- Net income decreased from Rp 29.0 billion in 1Q10 to net loss Rp 41.1 billion in 1Q11

FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	1Q10	1Q11	Change
Gross Revenues	893.6	900.0	0.7%
Net Revenues	708.5	717.9	1.3%
Total Operating Expenses	605.9	705.0	16.4%
EBITDA	369.4	327.2	-11.4%
EBIT	102.5	13.0	-87.4%
Net Income	29.0	(41.1)	-241.6%

Balance Sheet (in Rp bn)	FY10	1Q11	Change
Total Assets	12,352.9	12,690.6	2.7%
Total Liabilities	7,158.1	7,546.3	5.4%
Total Equity	5,194.8	5,144.3	-1.0%

OPERATIONAL HIGHLIGHTS

Key Indicators	1Q10	1Q11	Change
Subscribers	11,043,270	13,623,585	23.4%
Blended ARPU	28k	23k	-17.9%
Minutes of Usage	5,348	4,761	-11.0%
BTS	3,795	3,992	5.2%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's comparative figures of financial statements for the 3-month period ended 31 March 2011 and 31 March 2010 (limited review) as well as 31 December 2010 (audited) with other relevant company information.

Certain comparative figures in the consolidated interim statement of income for the three-month period ended 31 March 2010 have been reclassified to conform to the consolidated interim statement of income presentation for the three-month period ended 31 March 2011.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTEL) recorded a gross operating revenues of Rp 900.0 billion in 1Q11, increased 0.7% when compared to Rp 893.6 billion in 1Q10. During the same period, telecommunication service revenues increased 2.2% from Rp 813.0 billion to Rp 831.0 billion. Consequently, net revenues during the period also increased by 1.3% to Rp 717.9 billion from Rp 708.5 billion.

Operating Revenue (in Rp bn)	1Q10	1Q11	Change
Gross Revenue	893.6	900.0	0.7%
Telecommunication Service Revenue	813.0	831.0	2.2%
Net Interconnection and discounts	(104.5)	(113.1)	8.1%
Net Revenue	708.5	717.9	1.3%

Voice revenues increased slightly by 0.6% yoy to Rp 504.0 billion from 501.1 billion. However, non voice revenues, which comprise of SMS, VAS and data experienced an even higher growth at 8.8%. Out of this, broadband wireless access (BWA) services contributed about 5.0% of the non voice revenue, from virtually nothing in the previous year. This was inline with the company's aim to promote non voice revenues in order to reduce dependency from voice revenues, especially following the launch of our BWA services.

Gross Revenue (in Rp bn)	1Q10	1Q11	Change
Voice	501.1	504.0	0.6%
Non Voice	278.8	303.4	8.8%
Others	113.7	92.6	-18.6%
Total	893.6	900.0	0.7%

% to Gross Revenue	1Q10	1Q11
Voice	56.1%	56.0%
Non Voice	31.2%	33.7%
Others	12.7%	10.3%
Total	100.0%	100.0%

OPERATING EXPENSES

1Q11 operating expenses was Rp 705.0 billion, 16.4% higher than Rp 605.9 billion in the year before.

- Depreciation expense increased 17.7% to Rp 314.2 billion from Rp 266.9 billion. This was mainly the results of investment related to BWA, coupled with continuous effort to strengthen network within existing areas. Consequently, ratio of depreciation expense to gross revenues also increased from 29.9% to 34.9%.
- Operating & maintenance expense decreased 6.1% to Rp 102.1 billion from Rp 108.8 billion, mainly due to lower tower rental as well as repair & maintenance cost after the implementation of PSAK 30. As a percentage of revenues, operating & maintenance expense declined from 12.2% to 11.3%.
- General & administrative expense increased 6.1% to Rp 57.6 billion from Rp 54.2 billion. When compared to gross revenues, the percentage increased from 6.1% to 6.4%.
- Personnel expense increased 10.2% to Rp 79.1 billion from Rp 71.8 billion, mainly attributed to new hires in order to support the company's expansion into the broadband business. This represented 8.8% of 1Q11 gross revenues, compare to 8.0% in 1Q10.
- Sales & marketing expense increased 45.8% to Rp 152.0 billion from Rp 104.3 billion. This was as a result of the company's extensive advertising and campaigns due to the BWA business roll-out. As a percentage of gross revenues, it changed from 11.7% to 16.9%.

Operating Expense (in Rp bn)	1Q10	1Q11	Change
Depreciation	266.9	314.2	17.7%
Operating & maintenance	108.8	102.1	-6.1%
General & administrative	54.2	57.6	6.1%
Personnel	71.8	79.1	10.2%
Sales & marketing	104.3	152.0	45.8%
Total Operating Expense	605.9	705.0	16.4%

OPEX as % to Gross Revenue	1Q10	1Q11
Depreciation	29.9%	34.9%
Operating & maintenance	12.2%	11.3%
General & administrative	6.1%	6.4%
Personnel	8.0%	8.8%
Sales & marketing	11.7%	16.9%
Total Operating Expense	67.8%	78.3%

EBITDA & EBIT

BTEL booked an EBITDA Rp 327.2 billion in 1Q11. This represented 11.4% decline compare to Rp 369.4 billion in the previous year. Hence, EBITDA margin also decreased from 41.3% to 36.4%. At the same time, EBIT also declined to Rp 13.0 billion from Rp 102.5 billion.

EBITDA & EBIT (in Rp bn)	1Q10	1Q11	Change
EBITDA	369.4	327.2	-11.4%
EBITDA to Gross Revenue	41.3%	36.4%	
EBIT	102.5	13.0	-87.4%
EBIT to Gross Revenue	11.5%	1.4%	

OTHER INCOME/CHARGES

Net other charges during the first three months of 2011 was Rp 74.6 billion, higher when compared to Rp 54.4 billion in the previous year. This was mostly due to Rp 200.6 billion financing charges, inline with the issuance of USD 250 million global bond in May 2010 and USD 130 million in January 2011.

Other Income/Charges (in Rp bn)	1Q10	1Q11	Change
Gain (loss) on foreign exchange - net	28.2	115.9	310.7%
Amortization of deferred gain	2.5	2.5	0.0%
Interest income	3.1	4.0	29.0%
Financing charges	(88.1)	(200.6)	127.7%
Others - net	(0.1)	3.5	n/a
Total other income/charges	(54.4)	(74.6)	37.3%

NET INCOME

The company posted a net loss of Rp 17.1 billion in 1Q11 from a net profit of Rp 29.0 billion in the same period the year before.

(in Rp bn)	1Q10	1Q11	Change
Net Income	29.0	(17.1)	n/a

BALANCE SHEETS

Total assets stood at Rp 12,690.6 billion in 1Q11, which shown 2.7% increase compare to Rp 12,352.9 billion in FY10.

- Current assets increased by 12.5% from Rp 1,436.1 billion to Rp 1,615.0 billion on the back of 140.4% jump in cash & equivalents to Rp 802.3 billion, which mostly the proceeds of US\$ 130 global bond, coupled with the redemption of short-term investment.
- Non-current assets increased by 1.5% to Rp 11,075.6 billion. This was due to 2.0% growth in fixed assets that comprised of newly purchased BWA equipment.

Total liabilities was Rp 7,546.3 billion or increased by 5.4% from Rp 7,158.1 billion during FY10.

- Current liabilities decreased by 8.1% to Rp 1,616.9 billion, following the repayment of trade payable to equipment vendor using the proceeds from USD 130 million global bond issued at the beginning of the year.
- Non-current liabilities increased by 9.8% to Rp 5,929.4 billion. Most of the increase came from the proceeds of the global bonds.

Total equity decreased slightly by 1.0% to Rp 5,144.3 billion from Rp 5,194.8 billion in FY10.

Balance Sheet (in Rp bn)	FY10	1Q11	Change
Cash & cash equivalents	333.7	802.3	140.4%
Other current assets	1,102.5	812.7	-26.3%
Total Current Assets	1,436.1	1,615.0	12.5%
Direct ownership	7,527.1	7,805.8	3.7%
Indirect ownership - leased assets	2,769.2	2,699.0	-2.5%
Other non current assets	620.4	570.8	-8.0%
Total Non Current Assets	10,916.8	11,075.6	1.5%
Total Assets	12,352.9	12,690.6	2.7%
Other current liabilities	1,361.3	1,217.5	-10.6%
Obligation under capital lease	398.3	399.3	0.3%
Total Current Liabilities	1,759.6	1,616.9	-8.1%
Long term debt	3,065.7	3,899.5	27.2%
Other non current liabilities	369.7	355.2	-3.9%
Obligation under capital lease	1,963.1	1,674.7	-14.7%
Total Non Current Liabilities	5,398.5	5,929.4	9.8%
Total Liabilities	7,158.1	7,546.3	5.4%
Total Equity	5,194.8	5,144.3	-1.0%

CASH FLOWS

- Net cash provided by operating activities were Rp 300.7 billion during 1Q11, 1.3% higher than Rp 296.9 billion in the previous year.
- Net cash used in investing activities also increased 13.5% to Rp 409.0 billion. This was due to much higher fixed assets acquisitions, most of which are BWA related.
- Net cash provided by financing activities were Rp 576.9 billion, where the majority came from Rp 1,260.7 billion proceeds from global bond.

Cash Flow Statement (in Rp bn)	1Q10	1Q11	Change
Net cash provided by operating activities	296.9	300.7	1.3%
Net cash used in investing activities	(360.4)	(409.0)	13.5%
Free cash flow	(63.5)	(108.3)	70.6%
Net cash provided by (used in) financing activities	(77.6)	576.9	n/a
Net (decrease)/ increase in cash equivalent	(141.1)	468.6	n/a
Cash & cash equivalent at the beginning of period	715.7	333.7	-53.4%
Cash & cash equivalent at the end of period	574.6	802.3	39.6%

DESCRIPTION OF DEBTS

The company's total outstanding debt as of 31 March 2011 amounted to Rp 5,975.1 billion, consisting of:

- Rp 3.9 billion loans from BCA.
- Proceeds from US\$ 380 million global bond due in 2015.
- Proceeds from Rp 650 billion Rupiah bond I due in 2012.
- Rp 2,074.1 billion in financial lease liabilities.

Debts (in Rp bn)	FY10	1Q11	Change
Bank loans	273.5	3.9	-98.6%
Global Bonds	2,172.6	3,249.2	49.6%
Rupiah Bonds	648.0	648.0	0.0%
Financial lease	2,361.4	2,074.1	-12.2%
Total	5,455.4	5,975.1	9.5%

Bonds	Agency	Rating	Rating Date
BTEL IDR Bonds I	Pefindo	idA- (Stable Outlook)	1-Jul-09
Senior Guaranteed Notes	Fitch and S&P	"B" by Fitch and "B" by S&P	7-May-15

OPERATING RESULTS

SUBSCRIBERS

BTEL subscribers have reached 13,623,585 by the end March 2011 or growing by 23.4% when compared the last year's figures of 11,043,270. The increase was due to the company's continuous product as well as service innovation, strong brand positioning and improved network quality.

Prepaid subscribers increased by 23.7% to 13,561,936, inline with 23.1% Esia subscribers' growth to 13,336,502, while postpaid subscribers declined 24.8% to 61,649.

Subscribers of AHA have amounted to 145,782 since the service was launched mid last year, which consist of 145,652 prepaid and 130 postpaid.

Subscribers	1Q10	1Q11	Change
Prepaid	10,961,303	13,561,936	23.7%
Esia	10,836,096	13,336,502	23.1%
Wifone	123,683	79,080	-36.1%
Esiatel	1,524	702	-53.9%
AHA	-	145,652	n/a
Postpaid	81,967	61,649	-24.8%
Esia	51,057	39,425	-22.8%
Wifone	25,150	20,434	-18.8%
Esiatel	5,760	1,660	-71.2%
AHA	-	130	n/a
Total	11,043,270	13,623,585	23.4%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of 1Q11 was 4,8 billion or 11.0% lower than 5.3 billion in the previous year.

Blended ARPU stood at Rp 23k or 17.9% lower than Rp 28k during 1Q10. This was attributed to the much higher proportion of on-net traffic, in line with the subscriber growth. Lower ARPU was also attributed to expansion into a new area, where first time subscribers have not recorded an optimum level of usage yet.

Service Usage	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11
Minutes of Usage <i>(in mn minutes)</i>	4,932	5,348	4,749	4,999	5,008	4,761
ARPU						
Prepaid	28k	27k	24k	24k	24k	22k
Postpaid	99k	107k	107k	104k	110k	111k
Blended	29k	28k	25k	25k	24k	23k

NETWORK INFRASTRUCTURE

In order to improve coverage within its existing cities BTEL installed an additional 45 BTS between January and March 2011. This brought total number of BTS by the end 1Q11 to 3,992, where 68.0% were located in JBB areas. Following the launch of broadband wireless data business, 2,352 BTS were already equipped with EVDO equipment. In line with our assets light strategy, 94.2% of the BTS were co-located.

Number of BTS	1Q10	1Q11
Total BTS	3,795	3,992
BTS: Voice & SMS	3,795	3,992
EVDO	-	2,352

COVERAGE

There are no new city added during the first quarter 2011 as BTEL was focusing on in improving performance within the existing cities. The total coverage remained at 82 cities nationwide.

Number of Cities	1Q10	1Q11
City Coverage	82	82
JBB	20.7%	20.7%
Non JBB	79.3%	79.3%

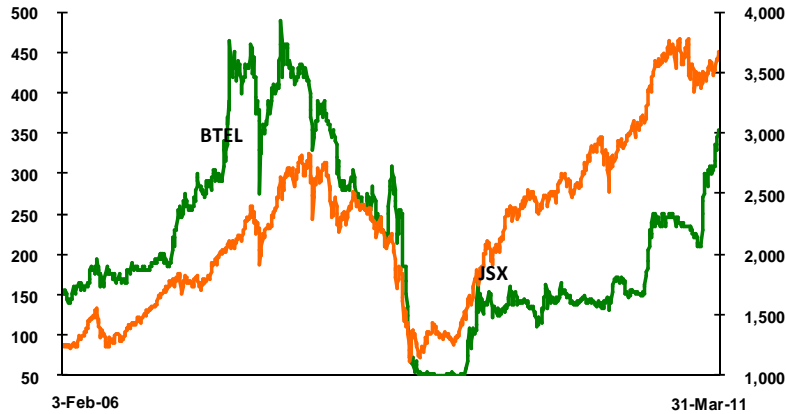
DISTRIBUTION CHANNEL

To maintain customer access to Esia services, BTEL continued aggressively to broaden its sales and distribution network by adding more Gerai Esia, dealers and outlets. By 1Q11, BTEL's product and services were available through 78 Gerai Esia, 173 dealers and 112,479 outlets across all of our operating areas.

BRAND AWARENESS

Despite fierce competition within the industry, Esia maintained its strong image as the country's leading budget operator. Based on periodical survey conducted by independent global marketing research consultant up to the end of March 2011, the brand 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. Throughout 1Q11, the share was traded between 200 to 360.

Price (in Rp)	4Q09	1Q10	2Q10	3Q10	4Q10	1Q11
High	163	167	175	255	255	360
Low	155	135	119	245	220	200
Close	147	141	170	235	235	355

1Q11 IMPORTANT EVENTS

US\$ 130 Million Global Bond

Bakrie Telecom issued another global bond in January 2011 with the amount of US\$ 130 million. The bond has a 5-year maturity and received “B” rating from S&P and Fitch. It is listed on the Singapore Stock Exchange. Most of the proceeds will be use for loan refinance as well as to fund capex, especially those related to BWA services.

Bakrie TMT 2015 Vision (Picture 1)

At the end of March 2011, Anindya Novyan Bakrie, President Director of BTEL, announced the Bakrie Telecommunication, Media and Technology Vision (BakrieTMT2015). This plan will synergize BTEL, as the telecommunication business with other media and technology businesses within the Bakrie Group. The plan is to have full TMT convergence by 2015.



JANUARY

- Held a dance competition that was attended by participants from all over Indonesia during the launch of Hape Esia Starlight.
- Launched Esia Mini Qwerty, handset with a maximum of social media features in order to grasp the social media market.
- Received Indonesia Best Chief Marketing Officer 2010 Award from SWA magazine
- Launched voucher 5-in-1, which has modified shape and size. This was part of Hijau Untuk Negeri program to help save the environment.

FEBRUARY

- Carried out a CSR program in Kemaro Island, a place of worship for followers of Tridharma (Buddhism, Taoism, and Confucianism).
- Received Top Brand Award 2011 in the category of CDMA Prepaid & Postpaid cards for the third consecutive year.

MARCH

- Received Brand Champion Award 2011 as Brand Equity Champion for CDMA operator from Marplus Insights.
- Launched Hape Esia QWERTY Games, gaming phone. It features 30 original games from Electronic Arts (EA), the leading game manufacturer in the world.

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. In the middle 2010, the company launched its broadband wireless access (BWA) services business that utilized CDMA EVDO technology.

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 only had 192,000 subscribers. The company acquired its first one million subscribers in 2Q06. By 1Q11, BTEL has surpassed the 13 million subscribers mark, spread across 82 cities nationwide.

Bakrie Telecom was listed on the Jakarta Stock Exchange since February 2006 with the ticker symbol BTEL.

FINANCIAL & OPERATING SUMMARY

	1Q10	2Q10	3Q10	4Q10	FY10	1Q11
Total Subscribers	11,043,270	11,107,817	12,072,322	13,026,734	13,026,734	13,623,585
Prepaid	10,961,303	11,029,818	11,999,763	12,961,678	12,961,678	13,561,936
Esia	10,836,096	10,912,587	11,872,607	12,802,890	12,802,890	13,336,502
Wifone	123,683	115,395	98,013	86,962	86,962	79,080
Esiatel	1,524	1,836	1,041	878	878	702
AHA	-	-	28,102	70,948	70,948	145,652
Postpaid	81,967	77,999	72,559	65,056	65,056	61,649
Esia	51,057	48,840	47,723	41,655	41,655	39,425
Wifone	25,150	24,152	22,390	21,417	21,417	20,434
Esiatel	5,760	5,007	2,446	1,984	1,984	1,660
AHA	-	-	-	-	-	130
ARPU Blended (Rp)	28k	25k	25k	24k	26k	23k
Prepaid	27k	24k	24k	24k	25k	22k
Postpaid	107k	107k	104k	110k	107k	111k
Minutes Of Usage ('000,000)	5,348	4,749	4,999	5,008	20,104	4,761
BTS	3,795	3,850	3,900	3,947	3,947	3,992
City Coverage	82	82	82	82	82	82
(In IDR mn)						
Gross Revenue	893,625	824,688	826,648	902,158	3,447,118	900,033
Net Revenue	708,461	668,250	671,170	717,202	2,765,084	717,941
Total Operating Expenses	605,913	596,198	655,054	717,115	2,574,280	704,982
Depreciation	266,868	281,001	291,910	304,868	1,144,648	314,231
Operating & Maintenance	108,793	108,578	103,051	112,727	433,148	102,118
General & Administrative	54,232	59,629	52,083	56,264	222,208	57,555
Personnel	71,753	86,161	85,206	77,859	320,979	79,076
Marketing & Sales Expense	104,267	60,830	122,804	165,397	453,297	152,002
EBITDA	369,416	353,053	308,026	304,956	1,335,451	327,190
<i>EBITDA / Gross Revenue (%)</i>	<i>41%</i>	<i>43%</i>	<i>37%</i>	<i>34%</i>	<i>39%</i>	<i>36%</i>
EBIT	102,548	72,052	16,116	88	190,803	12,959
<i>EBIT / Gross Revenue (%)</i>	<i>11%</i>	<i>9%</i>	<i>2%</i>	<i>0%</i>	<i>6%</i>	<i>1%</i>
Other Income/ (Charges)	(54,354)	(104,625)	167,630	(106,921)	(98,270)	(74,647)
Interest - Net	(84,976)	(121,348)	(101,172)	(130,949)	(438,445)	(196,568)
Others	30,621	16,723	268,802	24,028	340,175	121,921
Income (Loss) Before Tax	48,193	(32,573)	183,746	(106,833)	92,533	(61,687)
Tax Expense	(19,148)	6,248	(37,875)	(31,783)	(82,557)	20,559
Net Income	29,046	(26,325)	145,876	(138,621)	9,976	(41,129)
Current Assets	1,619,117	1,532,917	1,622,582	1,436,140	1,436,140	1,614,996
Non Current Assets	9,975,975	10,272,232	10,688,572	10,916,751	10,916,751	11,075,562
Total Assets	11,595,092	11,805,150	12,311,154	12,352,891	12,352,891	12,690,557
Current Liabilities	2,420,279	1,576,655	1,692,072	5,398,455	5,398,455	1,616,859
Non Current Liabilities	4,112,568	5,171,154	5,350,735	5,398,455	5,398,455	5,929,429
Total Liabilities	6,532,848	6,747,809	7,042,807	7,158,061	7,158,061	7,546,288
Total Equity	5,062,245	5,057,341	5,268,347	5,194,830	5,194,830	5,144,269