

**PT BAKRIE TELECOM Tbk.**

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**Ticker : BTEL**

**Major Shareholders:**  
 PT Bakrie Brothers Tbk. 17.6%  
 Public 82.4%

**HIGHLIGHTS:**

- Gross revenues decreased from Rp 900.0 billion in 1Q11 to Rp 673.3 billion in 1Q12.
- EBITDA decreased from Rp 327.2 billion in 1Q11 to Rp 191.4 billion in 1Q12.
- Net loss increased from Rp 41.1 billion in 1Q11 to Rp 355.6 billion in 1Q12.

**FINANCIAL HIGHLIGHTS**

Statement of Income (in Rp bn)	1Q11	1Q12	Change
Gross Revenue	900.0	673.3	-25.2%
Net Revenue	717.9	526.6	-26.7%
Total Opex	705.0	697.0	-1.1%
EBITDA	327.2	191.4	-41.5%
EBIT	13.0	(170.4)	n/a
Net Loss	(41.1)	(355.6)	n/a

Balance Sheet (in Rp bn)	FY11	1Q12	Change
Total Assets	12,213.1	12,028.5	-1.5%
Total Liabilities	7,844.4	7,996.5	1.9%
Total Equity	4,368.8	4,031.9	-7.7%

**OPERATIONAL HIGHLIGHTS**

Operating Results	1Q11	1Q12	Change
Subscribers	13,623,585	11,167,834	-18.0%
Blended ARPU	23k	18k	-21.7%
Minutes of Usage	4,761	3,966	-16.7%
BTS	3,947	4,011	1.6%

## FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's comparative figures of financial statements for the three-month periods ended 30 March 2012 and 30 March 2011 (limited review) as well as 31 December 2011 (audited) with other relevant company information.

### FINANCIAL RESULTS

#### GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTEL) recorded a gross operating revenues of Rp 673.3 billion in 1Q12, decreased 25.2% when compared to Rp 900.0 billion in 1Q11. This was mainly attributed to the 26.1% decrease in telecommunication service revenue from Rp 831.0 billion to Rp 614.4 billion. The Company also posted Rp 87.8 billion from net interconnection service as well as discount or decreased 22.4% from Rp 113.1 billion in 1Q11. Consequently, net revenues during the year decreased 26.7% to Rp 526.6 billion from Rp 717.9 billion last year.

Operating Revenue ( in Rp bn)	1Q11	1Q12	Change
<b>Gross Revenue</b>	<b>900.0</b>	<b>673.3</b>	<b>-25.2%</b>
Telecommunication Service Revenue	831.0	614.4	-26.1%
Net Interconnection and discounts	(113.1)	(87.8)	-22.4%
<b>Net Revenue</b>	<b>717.9</b>	<b>526.6</b>	<b>-26.7%</b>

Voice revenues decreased by 29.4% yoy to Rp 355.6 billion from Rp 504 billion due to usage decline. Likewise, non voice revenues, which comprise of SMS, VAS and data experienced 19.4% decline yoy due to a significant drop in VAS revenue effected by the new regulation on SMS premium. On the other hand, Broadband Wireless Access (BWA) continued to show a significant increase in 1Q12. BWA contributed about 6.9% of total gross revenue from 1.9% in the previous year. This was inline with the company's aim to make BWA as the future growth driver.

Gross Revenue (in Rp bn)	1Q11	1Q12	Change
Voice	504.0	355.6	-29.4%
Non Voice	303.6	244.7	-19.4%
Others	92.4	73.0	-21.0%
<b>Total</b>	<b>900.0</b>	<b>673.3</b>	<b>-25.2%</b>

% to Gross Revenue	1Q11	1Q12
Voice	56.0%	52.8%
Non Voice	33.7%	36.3%
Others	10.3%	10.8%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

BWA Revenue (in Rp bn)	1Q11	1Q12	Change
BWA Revenue	17.2	46.6	171.2%
% BWA revenue to gross revenue	1.9%	6.9%	

## OPERATING EXPENSES

1Q12 operating expenses was Rp 697 billion, 1.1% lower than Rp 705 billion in the year before.

- Depreciation expense increased 15.1% to Rp 361.8 billion from Rp 314.2 billion. This was mainly the results of BWA related investments. Consequently, ratio of depreciation expense to gross revenues also increased from 34.9% to 53.7%.
- Operating & maintenance expense increased 27.8% to Rp 130.5 billion from Rp 102.1 billion, mainly due to updated calculation of frequency fees based on usage of bandwidth. As a percentage of gross revenues, operating & maintenance expense inclined from 11.3% to 19.4%.
- General & administrative expense decreased 26.7 % to Rp 42.2 billion from Rp 57.6 billion. During the same period, BWA contributed Rp 3.1 billion in total consolidated general & administrative figure. When compared to gross revenues, the percentage decreased from 6.4% to 6.3%.
- Personnel expense increased 7.9% to Rp 85.3 billion from Rp 79.1 billion, mainly due to new hires. In this case, BWA services contributed Rp 5.1 billion in the consolidated personnel expense. Ratio of 1Q12 personnel expense to gross revenues is 12.7%, compare to 8.8% in 1Q11.
- Sales & marketing expense decreased 49.3% to Rp 77.1 billion from Rp 152 billion, mainly attributed to the application of low budget yet effective advertising strategy in 1Q12. During the same period, BWA services contributed Rp 6.5 billion in the consolidated sales & marketing expense. As a percentage of gross revenues, it decreased from 16.9% to 11.5 %.

Operating Expense (in Rp bn)	1Q11	1Q12	Change
Depreciation	314.2	361.8	15.1%
Operating & maintenance	102.1	130.5	27.8%
General & administrative	57.6	42.2	-26.7%
Existing Services	54.8	39.1	-28.7%
BWA	2.7	3.1	14.2%
Personnel	79.1	85.3	7.9%
Existing Services	74.0	80.2	8.4%
BWA	5.1	5.1	0.4%
Sales & marketing	152.0	77.1	-49.3%
Existing Services	142.0	70.6	-50.3%
BWA	10.0	6.5	-34.3%
<b>Total Operating Expense</b>	<b>705.0</b>	<b>697.0</b>	<b>-1.1%</b>

OPEX as % to Gross Revenue	1Q11	1Q12
Depreciation	34.9%	53.7%
Operating & maintenance	11.3%	19.4%
General & administrative	6.4%	6.3%
Existing Services	6.1%	5.8%
BWA	0.3%	0.5%
Personnel	8.8%	12.7%
Existing Services	8.2%	11.9%
BWA	0.6%	0.8%
Sales & marketing	16.9%	11.5%
Existing Services	15.8%	10.5%
BWA	1.1%	1.0%
<b>Total Operating Expense</b>	<b>78.3%</b>	<b>103.5%</b>

## EBITDA & EBIT

BTEL booked a Rp 191.4 billion EBITDA in 1Q12. This represented 41.5% decline compare to Rp 327.2 billion in the previous year. Hence, EBITDA margin also decreased from 36.4% to 28.4%. At the same time, EBIT also declined to operating loss of Rp 170.4 billion from an operating profit of Rp 13.0 billion.

EBITDA & EBIT (in Rp bn)	1Q11	1Q12	Change
<b>EBITDA</b>	<b>327.2</b>	<b>191.4</b>	<b>-41.5%</b>
EBITDA to Gross Revenue	36.4%	28.4%	
<b>EBIT</b>	<b>13.0</b>	<b>(170.4)</b>	<b>n/a</b>
EBIT to Gross Revenue	1.4%	-25.3%	

## OTHER INCOME (CHARGES)

Net other charges during three months period of 2012 increased to Rp 266.4 billion from Rp 74.6 billion in the previous year. This was mostly due to a 4.8% higher financing charges of Rp 210.2 billion from the issuance of global bond, coupled with a turn around in loss on foreign exchange of Rp 56.5 billion in 1Q12 from a gain on foreign exchange of Rp 115.9 billion in 1Q11.

Other Income / Charges (in Rp bn)	1Q11	1Q12	Change
Gain on foreign exchange - net	115.9	(56.5)	n/a
Amortization of deferred gain	2.5	2.5	0.0%
Interest income	4.0	0.5	-88.7%
Financing charges	(200.6)	(210.2)	4.8%
Others - net	3.5	(2.7)	n/a
<b>Total other charges</b>	<b>(74.6)</b>	<b>(266.4)</b>	<b>256.8%</b>

## NET INCOME (LOSS)

The company posted a net loss of Rp 355.6 billion in 1Q12 from a net loss of Rp 41.1 billion in the same period the year before.

(in Rp bn)	1Q11	1Q12	Change
<b>Net loss</b>	<b>(41.1)</b>	<b>(355.6)</b>	<b>n/a</b>

## BALANCE SHEETS

Total assets stood at Rp 12,028.5 billion in 1Q12, which shown 1.5% decrease compare to Rp 12,213.1 billion in FY11.

- Current assets decreased by 0.2% from Rp 948.4 billion to Rp 946.3 billion due to reduction on cash and cash equivalent as well as short term investments.
- Non-current assets decreased by 1.6% to Rp 11,082.1 billion. This was due to 1.8% decrease in fixed assets advances from Rp 299.6 billion in FY11 to Rp 293.7 billion in 1Q12.

Total liabilities was Rp 7,996.5 billion or increased by 1.9% from Rp 7,884.4 billion during FY11.

- Current liabilities increased by 10.7% to Rp 3,272.7 billion due to the increase of trade payable to vendors and the reclassification of IDR bond that will mature within this year.
- Non-current liabilities decreased by 3.4% to Rp 4,723.8 billion mainly due to IDR bond that will mature within this year and was reclassified to current liability.

Total equity decreased by 7.7% to Rp 4,031.9 billion from Rp 4,368.8 billion in FY11 in effect of current year loss.

Balance Sheet (in Rp bn)	FY11	1Q12	Change
Cash & cash equivalents	162.3	215.3	32.6%
Short term investment	7.4	2.5	-66.1%
Other current assets	778.6	728.5	-6.4%
<b>Total Current Assets</b>	<b>948.4</b>	<b>946.3</b>	<b>-0.2%</b>
Fixed asset - net	10,630.4	10,438.3	-1.8%
Other non current assets	634.3	643.9	1.5%
<b>Total Non Current Assets</b>	<b>11,264.8</b>	<b>11,082.1</b>	<b>-1.6%</b>
<b>Total Assets</b>	<b>12,213.1</b>	<b>12,028.5</b>	<b>-1.5%</b>
Current maturities of long term debt	1,052.4	1,053.5	0.1%
Other current liabilities	1,903.3	2,219.2	16.6%
<b>Total Current Liabilities</b>	<b>2,955.8</b>	<b>3,272.7</b>	<b>10.7%</b>
Long term debt	4,689.9	4,602.9	-1.9%
Other non current liabilities	198.7	120.9	-39.2%
<b>Total Non Current Liabilities</b>	<b>4,888.6</b>	<b>4,723.8</b>	<b>-3.4%</b>
<b>Total Liabilities</b>	<b>7,844.4</b>	<b>7,996.5</b>	<b>1.9%</b>
<b>Total Equity</b>	<b>4,368.8</b>	<b>4,031.9</b>	<b>-7.7%</b>

## CASH FLOWS

- Net cash provided by operating activities were Rp 275.1 billion during 1Q12, 5.1% lower than Rp 290.0 billion in the previous year due to the decrease of cash receipts from operating activities.
- Net cash used in investing activities also decreased 79.3% to Rp 84.8 billion, on the back of the decrease in the acquisition of fixed assets and the reduction of short-term investment during the period.
- Net cash used in financing activities were Rp 136.3 billion that was mostly for payment of finance lease.

Cash Flow Statement (in Rp bn)	1Q11	1Q12	Change
Net cash provided by operating activities	300.7	275.1	-8.5%
Net cash used in investing activities	(409.0)	(84.8)	-79.3%
<b>Free cash flow</b>	<b>(108.3)</b>	<b>190.3</b>	<b>-275.8%</b>
Net cash used in financing activities	576.9	(136.3)	-123.6%
<b>Net (decrease) in cash and cash equivalent</b>	<b>468.6</b>	<b>54.0</b>	<b>n/a</b>
Cash & cash equivalent at beginning of year	333.7	162.3	-51.4%
<b>Cash &amp; cash equivalent at end of year</b>	<b>802.3</b>	<b>215.3</b>	<b>-73.2%</b>

## DESCRIPTION OF DEBTS

The company's total outstanding debt as of 31 March 2012 amounted to Rp 5,656.5 billion, consisting of:

- Rp 2.9 billion loans from BCA.
- US\$ 380 million global bond issuance due in 2015.
- Rp 650 billion Rupiah bond I issuance due in 2012.
- Rp 1,568.2 billion in financial lease liabilities.

Debts (in Rp bn)	FY11	1Q12	Change
Bank loans	3.3	2.9	-12.4%
Global Bonds	3,391.6	3,436.1	1.3%
Rupiah Bonds	649.1	649.3	0.0%
Financial lease	1,698.3	1,568.2	-7.7%
<b>Total</b>	<b>5,742.4</b>	<b>5,656.5</b>	<b>-1.5%</b>

Bonds	Agency	Rating
BTEL IDR Bonds I	Pefindo	idBBB- (Negative Outlook)
Senior Guaranteed Notes	Fitch and S&P	"CCC" by Fitch & "CCC+" by S&P

## OPERATING RESULTS

### SUBSCRIBERS

By the end March 2012, BTEL subscribers have reached 14,736,179. Out of those subscribers, there are 3,568,345 subscribers generated a very low ARPU below Rp 2,000 per month. As part of our strategy to have more productive subscribers, we decided to clean up those subscribers in order to free up our capacity to be able to grow our data subscribers. Therefore, post cleaning up, total subscribers by the end of 1Q12 is 11,167,834.

Prepaid subscribers decreased by 18.0% to 11,115,439, which mostly derived from 19.3% decline in Esia subscribers' to 10,830,077. Similarly, postpaid subscribers declined by 15% to 52,395.

AHA subscribers have amounted to 286,220 or increased by 96.3% from 145,782 the same period last year, which consist of 285,362 prepaid and 858 postpaid.

Subscribers	1Q11	1Q12	Change
<b>Prepaid</b>	<b>13,561,936</b>	<b>11,115,439</b>	<b>-18.0%</b>
Esia	13,416,284	10,830,077	-19.3%
AHA	145,652	285,362	95.9%
<b>Postpaid</b>	<b>61,649</b>	<b>52,395</b>	<b>-15.0%</b>
Esia	61,519	51,537	-16.2%
AHA	130	858	560.0%
<b>Total</b>	<b>13,623,585</b>	<b>11,167,834</b>	<b>-18.0%</b>

### SERVICE USAGE

Total minutes of usage (MoU) up to the end of 1Q12 was 3,966 billion or 16.7% lower than 4,761 billion in the previous year on the back of declining usage. During 1Q12, the Company has stopped all free minutes promo and continued to apply new tariff scheme. This resulted in declining usage especially for 'calling card' subscribers.

1Q12 blended ARPU stood at Rp 18k or 21.7% lower than Rp 23k in 1Q11. This was the result of a much higher proportion of on-net traffic, in line with the subscriber growth. Lower ARPU was also attributed to BTEL's expansion into a new area, where first time subscribers have not recorded an optimum level of usage yet.

Service Usage	1Q11	1Q12	Change
<b>Minutes of Usage</b> <i>(in mn minutes)</i>	<b>4,761</b>	<b>3,966</b>	<b>-16.7%</b>
<b>ARPU</b>			
Prepaid	22k	18k	-18.2%
Postpaid	111k	114k	2.9%
<b>Blended</b>	<b>23k</b>	<b>18k</b>	<b>-21.7%</b>

## NETWORK INFRASTRUCTURE

In order to improve coverage within its existing cities BTEL has installed 4,011 BTS by the end 1Q12, where 68.5% were located in Greater Jakarta, Banten and West Java (JBJB) areas. Following the launch of broadband wireless data business, 2,360 BTS were already equipped with EVDO equipment. In line with our assets light strategy, 94.1% of the BTS were co-located.

Number of BTS	1Q11	1Q12
<b>Total BTS</b>	<b>3,947</b>	<b>4,011</b>
BTS: Voice & SMS	3,947	4,011
EVDO	2,349	2,360

## COVERAGE

There are no new city added during first quarter of 2012 as BTEL was focusing on in improving performance within the existing cities. The total coverage remained at 82 cities nationwide, where 21% of the cities were located in JBJB.

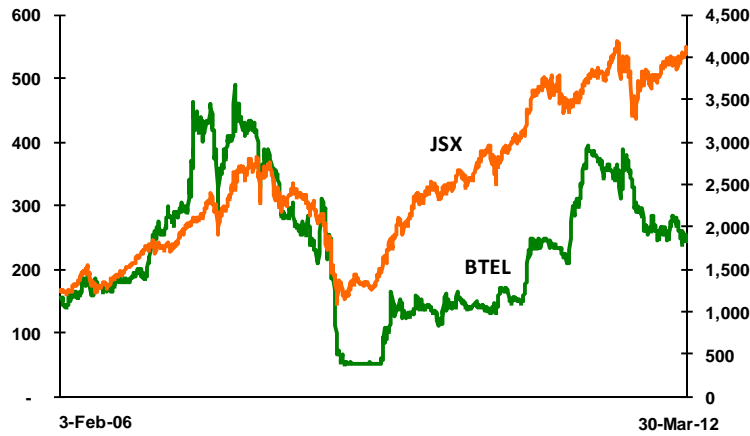
## DISTRIBUTION CHANNEL

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 1Q12, BTEL's product and services were available through 70 Gerai Esia, 129 dealers and more than 10,000 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 2012, 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 1Q12, the share was traded between 240 to 285.

Price (in Rp)	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12
High	255	360	395	390	320	285
Low	220	200	330	310	245	240
Close	235	355	365	330	260	255

## 1Q12 IMPORTANT EVENTS

### **“Launch of Esia AHA EVDO Starter Pack” – Picture 1**

In the early of February 2012, BTEL launched Esia AHA Starter Pack for mobile devices, modems, and tablets at speeds up to 3.1 Mbps. It offers cheap tariff advantage of Esia and high speed data service of AHA at a time. Different from the previous one that has speed capabilities only up to 153.6 Kbps, this SIM card is already equipped with CDMA EVDO technology that enables data services with speed up to 3.1 Mbps. Moreover, the subscribers entitle to apply for Rp 1,000 per hour program that offers the user to make free on-net calls many times within one hour.

### **“Award-winning in Indonesia Brand Champion Award 2012” – Picture 2**

BTEL won three awards in Markplus Insight Indonesia Brand Champion Award 2012 in the category of the Most Widely Use of Local Brand Mobile Phone, Most Widely Used of CDMA Operator and Most Widely Used of Mobile CDMA Internet Provider Brand. The award was received by the EVP Marketing, Product & CRM, Ridzki Kramadibrata in Jakarta. The awards marked as one of BTEL achievements amid fierce competition in the telecommunications industry of Indonesia.





Picture 1



Picture 2

## JANUARY

- Conducted Kelas Hijau Esia for students in Sukabumi by educating them to utilize waste through fun activities.

## FEBRUARY

- Commemorated 70 years of Bakrie Group by conducting blood donor and free cardiac/blood screening in 7 cities including, Jakarta, Bandung, Yogyakarta, Medan, Surabaya, Malang and Lampung.
- Launched latest AHA USB Modem that has high specification of AHA fast internet connection at Mega Bazaar Computer 2012.

## MARCH

- Held Sensesia for outlet owner that aimed at rewarding a loyal dealers and outlets in East Java and East Indonesia region.
- Announced a strategic collaboration between major shareholders of Sampoerna Telekomunikasi Indonesia and BTEL through a signing of Conditional Sales and Purchase Agreement.
- Launched KLIK ON, an internet service through TV set at home for internet users who have not had the personal computers.
- Held Sensesia for subscribers that aimed at rewarding a loyal subscribers in Jakarta and Bandung area.

## PT Bakrie Telecom Tbk. Profile

PT Bakrie Telecom Tbk. (BTEL) provides wireless communication services under the brand Esia. 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 1Q12, BTEL has surpassed the 11.2 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

	1Q11	2Q11	3Q11	4Q11	FY11	1Q12
Total Subscribers	13,623,585	14,062,580	14,422,407	14,635,422	14,635,422	11,167,834
Prepaid	13,561,936	14,003,579	14,365,531	14,580,708	14,580,708	11,115,439
Esia	13,416,284	13,795,629	14,119,714	14,289,907	14,289,907	10,830,077
AHA	145,652	207,950	245,817	290,801	290,801	285,362
Postpaid	61,649	59,001	56,876	54,714	54,714	52,395
Esia	61,519	58,559	56,272	53,858	53,858	51,537
AHA	130	442	604	856	856	858
ARPU Blended (Rp)	23k	20k	17k	18k	20k	18k
Prepaid	22k	20k	17k	18k	19k	18k
Postpaid	111k	112k	117k	117k	114k	114k
Minutes Of Usage (in mn)	4,761	4,689	4,285	4,111	17,846	3,966
BTS	3,992	4,019	3,994	4,016	4,016	4,011
City Coverage	82	82	82	82	82	82
<b>(In Rp billion)</b>						
Gross Revenue	900.0	826.8	721.8	746.8	3,195.5	673.3
Net Revenue	717.9	660.1	592.8	620.2	2,591.0	526.6
Total Operating Expenses	705.0	691.3	696.1	672.7	2,765.0	697.0
Depreciation	314.2	326.3	337.9	343.8	1,322.3	361.8
Operating & Maintenance	102.1	101.7	83.2	106.6	393.6	130.5
General & Administrative	57.6	50.2	52.2	48.0	207.9	42.2
Personnel	79.1	98.8	102.1	93.4	373.4	85.3
Marketing & Sales Expense	152.0	114.3	120.8	80.9	467.9	77.1
EBITDA	327.2	295.1	234.6	291.4	1,148.3	191.4
<i>EBITDA / Gross Revenue (%)</i>	36.4%	35.7%	32.5%	39.0%	35.9%	28.4%
EBIT	13.0	(31.2)	(103.3)	(52.5)	(174.0)	(170.4)
<i>EBIT / Gross Revenue (%)</i>	1.4%	-3.8%	-14.3%	-7.0%	-5.4%	-25.3%
Other Income/ (Charges)	(74.6)	(140.0)	(296.2)	(303.0)	(813.9)	(266.4)
Financing charges - net	(196.6)	(175.8)	(199.0)	(187.9)	(759.3)	(209.8)
Others	121.9	35.8	(97.2)	(115.1)	(54.6)	(56.6)
Loss Before Tax	(61.7)	(171.3)	(399.5)	(355.5)	(987.9)	(436.7)
Tax Benefit	20.6	32.7	80.7	71.3	205.2	81.1
Net Loss	(41.1)	(138.6)	(318.8)	(284.2)	(782.7)	(355.6)
Current Assets	1,615.0	1,245.5	1,254.3	948.4	948.4	946.3
Non Current Assets	11,075.6	11,378.5	11,223.5	11,264.8	11,264.8	11,082.1
Total Assets	12,690.6	12,624.1	12,477.9	12,213.1	12,213.1	12,028.5
Current Liabilities	1,616.9	1,860.2	2,839.3	2,955.8	2,955.8	3,272.7
Non Current Liabilities	5,929.4	5,719.2	4,968.9	4,888.6	4,888.6	4,723.8
Total Liabilities	7,546.3	7,579.5	7,808.2	7,844.4	7,844.4	7,996.5
Total Equity	5,144.3	5,044.6	4,669.7	4,368.8	4,368.8	4,031.9