

PT BAKRIE TELECOM Tbk.

Wisma Bakrie, 3rd Floor
 Jl. HR Rasuna Said Kav. B-1
 Jakarta 12920 - Indonesia
 Phone : 62-21-91101112
 Fax : 62-21-91100080
 Website: www.bakrietelecom.com
 Ticker : BTEL

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

HIGHLIGHTS:

- Total subscribers increased from 12.1 million in 9M10 to 14.4 million in 9M11
- Gross revenues decreased from Rp 2,545.0 billion in 9M10 to Rp 2,448.6 billion in 9M11
- EBITDA decreased from Rp 1,030.5 billion in 9M10 to Rp 856.9 billion in 9M11
- Net income decreased from Rp 148.6 billion in 9M10 to net loss Rp 498.5 billion in 9M11

FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	9M10	9M11	Change
Gross Revenues	2,545.0	2,448.6	-3.8%
Net Revenues	2,047.9	1,970.8	-3.8%
Total Operating Expenses	1,857.2	2,092.4	12.7%
EBITDA	1,030.5	856.9	-16.8%
EBIT	190.7	(121.6)	n/a
Net Income (Loss)	148.6	(498.5)	n/a

Balance Sheet (in Rp bn)	FY10	9M11	Change
Total Assets	12,352.9	12,477.9	1.0%
Total Liabilities	7,158.1	7,808.2	9.1%
Total Equity	5,194.8	4,669.7	-10.1%

OPERATIONAL HIGHLIGHTS

Key Indicators	9M10	9M11	Change
Subscribers	12,072,322	14,422,407	19.5%
Blended ARPU	26k	20k	-23.1%
Minutes of Usage	15,096	13,736	-9.0%
BTS	3,900	3,994	2.4%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's comparative figures of financial statements for the nine-month period ended 30 September 2011 (audited) and 30 September 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 nine-month period ended 30 September 2010 have been reclassified to conform to the consolidated interim statement of income presentation for the nine-month period ended 30 September 2011.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTEL) recorded a gross operating revenues of Rp 2,448.6 billion in 9M11, decreased 3.8% when compared to Rp 2,545.0 billion in 9M10. This was mainly attributed to the 3.3% decrease in telecommunication service revenue from Rp 2,309.0 billion to Rp 2,233.8 billion. The Company also posted Rp 263.0 billion from net interconnection service as well as discount. Consequently, net revenues during the period also decreased to Rp 1,970.8 billion from Rp 2,047.9 billion.

Operating Revenue (in Rp bn)	9M10	9M11	Change
Gross Revenue	2,545.0	2,448.6	-3.8%
Telecommunication Service Revenue	2,309.0	2,233.8	-3.3%
Net Interconnection and discounts	(261.1)	(263.0)	0.7%
Net Revenue	2,047.9	1,970.8	-3.8%

Voice revenues decreased by 7.9% yoy to Rp 1,324.2 billion from Rp 1,437.7 billion due to aggressive free minute campaign to acquire subscribers. On the other hand, non voice revenues, which comprise of SMS, VAS and data experienced 7.5% growth. The broadband wireless access (BWA) services contributed about 3.5% of total gross revenue from 0.05% 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)	9M10	9M11	Change
Voice	1,437.7	1,324.2	-7.9%
Non Voice	783.4	842.4	7.5%
Others	323.9	282.0	-12.9%
Total	2,545.0	2,448.6	-3.8%

% to Gross Revenue	9M10	9M11
Voice	56.5%	54.1%
Non Voice	30.8%	34.4%
Others	12.7%	11.5%
Total	100.0%	100.0%

BWA Revenue (in Rp bn)	9M10	9M11	Change
BWA Revenue	1.2	85.1	6982.6%
% BWA revenue to gross revenue	0.05%	3.5%	

OPERATING EXPENSES

9M11 operating expenses was Rp 2,092.4 billion, 12.7% higher than Rp 1,857.2 billion in the year before.

- Depreciation expense increased 16.5% to Rp 978.4 billion from Rp 839.8 billion. This was mainly the results of BWA related investments. Consequently, ratio of depreciation expense to gross revenues also increased from 33.0% to 40.0%.
- Operating & maintenance expense decreased 10.4% to Rp 287.0 billion from Rp 320.4 billion, mainly due to updated calculation of BHP frequency fees based on usage of bandwidth. As a percentage of gross revenues, operating & maintenance expense declined from 12.6% to 11.7%.
- General & administrative expense decreased 3.6% to Rp 159.9 billion from Rp 165.9 billion, following successful cost efficiency measures by the Company. During the same period, BWA contributed Rp 10.2 billion in total consolidated general & administrative figure. When compared to gross revenues, the percentage remained flat at 6.5%.
- Personnel expense increased 15.2% to Rp 280.0 billion from Rp 243.1 billion, mainly attributed to new hires in order to support the company's expansion into the broadband business. In this case, BWA services contributed Rp 18.5 billion in the consolidated personnel expense. Ratio of 9M11 personnel expense to gross revenues is 11.4%, compare to 9.6% in 9M10.
- Sales & marketing expense increased 34.4% to Rp 387.0 billion from Rp 287.9 billion. This was as a result of the company's extensive advertising and campaigns due to the BWA business roll-out. During the same period, BWA services contributed Rp 36.5 billion in the consolidated sales & marketing expense. As a percentage of gross revenues, it increased from 11.3% to 15.8%.

Operating Expense (in Rp bn)	9M10	9M11	Change
Depreciation	839.8	978.4	16.5%
Operating & maintenance	320.4	287.0	-10.4%
General & administrative	165.9	159.9	-3.6%
Existing services	164.9	149.8	-9.2%
BWA	1.0	10.2	921.7%
Personnel	243.1	280.0	15.2%
Existing services	241.9	261.5	8.1%
BWA	1.2	18.5	1431.3%
Sales & marketing	287.9	387.0	34.4%
Existing services	287.3	350.5	22.0%
BWA	0.6	36.5	5562.1%
Total Operating Expense	1,857.2	2,092.4	12.7%

OPEX as % to Gross Revenue	9M10	9M11
Depreciation	33.0%	40.0%
Operating & maintenance	12.6%	11.7%
General & administrative	6.5%	6.5%
Existing services	6.5%	6.1%
BWA	0.0%	0.4%
Personnel	9.6%	11.4%
Existing services	9.5%	10.7%
BWA	0.0%	0.8%
Sales & marketing	11.3%	15.8%
Existing services	11.3%	14.3%
BWA	0.03%	1.5%
Total Operating Expense	73.0%	85.4%

EBITDA & EBIT

BTEL booked a Rp 856.9 billion EBITDA in 9M11. This represented 16.8% decline compare to Rp 1,030.5 billion in the previous year. Hence, EBITDA margin also decreased from 40.5% to 35.0%. At the same time, EBIT also declined to operating loss of Rp 121.6 billion from an operating profit of Rp 190.7 billion.

EBITDA & EBIT (in Rp bn)	9M10	9M11	Change
EBITDA	1,030.5	856.9	-16.8%
EBITDA to Gross Revenue	40.5%	35.0%	
EBIT	190.7	(121.6)	n/a
EBIT to Gross Revenue	7.5%	-5.0%	

OTHER INCOME (CHARGES)

Net other charges during the first nine months of 2011 increased to Rp 510.9 billion from net other income of Rp 8.7 billion in the previous year. This was mostly due to a 77.3% higher financing charges of Rp 578.6 billion, 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)	9M10	9M11	Change
Gain on foreign exchange - net	132.3	49.5	-62.6%
Amortization of deferred gain	6.9	7.6	8.8%
Interest income	18.7	7.2	-61.6%
Financing charges	(326.2)	(578.6)	77.3%
Others - net	176.9	3.4	-98.1%
Total other income (charges)	8.7	(510.9)	n/a

NET INCOME (LOSS)

The company posted a net loss of Rp 498.5 billion in 9M11 from a net profit of Rp 148.6 billion in the same period the year before.

(in Rp bn)	9M10	9M11	Change
Net income (loss)	148.6	(498.5)	n/a

BALANCE SHEETS

Total assets stood at Rp 12,477.9 billion in 9M11, which shown 1.0% increase compare to Rp 12,352.9 billion in FY10.

- Current assets decreased by 12.7% from Rp 1,436.1 billion to Rp 1,254.3 billion on the back of the redemption of short-term investment during the period.
- Non-current assets increased by 2.8% to Rp 11,223.5 billion. This was due to 3.1% growth in fixed assets that mostly comprised of newly purchased equipment.

Total liabilities was Rp 7,808.2 billion or increased by 9.1% from Rp 7,158.1 billion during FY10.

- Current liabilities increased by 61.4% to Rp 2,839.3 billion due to the increase of trade payable to equipment vendor and the reclassification of IDR bond that will mature within one year.
- Non-current liabilities decreased by 8.0% to Rp 4,968.9 billion mainly due to IDR bond that will mature within one year and has been reclassified to current liability.

Total equity decreased by 10.1% to Rp 4,669.7 billion from Rp 5,194.8 billion in FY10 in effect of accumulated deficit.

Balance Sheet (in Rp bn)	FY10	9M11	Change
Cash & cash equivalents	333.7	359.1	7.6%
Other current assets	1,102.5	895.2	-18.8%
Total Current Assets	1,436.1	1,254.3	-12.7%
Direct ownership	7,527.1	8,063.1	7.1%
Indirect ownership - leased assets	2,769.2	2,555.2	-7.7%
Other non current assets	620.4	605.2	-2.5%
Total Non Current Assets	10,916.8	11,223.5	2.8%
Total Assets	12,352.9	12,477.9	1.0%
Other current liabilities	1,361.3	2,437.9	79.1%
Obligation under capital lease	398.3	401.4	0.8%
Total Current Liabilities	1,759.6	2,839.3	61.4%
Long term debt	3,065.7	3,298.5	7.6%
Other non current liabilities	369.7	259.8	-29.7%
Obligation under capital lease	1,963.1	1,410.6	-28.1%
Total Non Current Liabilities	5,398.5	4,968.9	-8.0%
Total Liabilities	7,158.1	7,808.2	9.1%
Total Equity	5,194.8	4,669.7	-10.1%

CASH FLOWS

- Net cash provided by operating activities were Rp 627.9 billion during 9M11, 16.6% lower than Rp 753.4 billion in the previous year. This was due to the increase of interest payment inline with the global bond issuance.
- Net cash used in investing activities also decreased 33.2% to Rp 921.8 billion, on the back of the redemption of short-term investment during the period.
- Net cash provided by financing activities were Rp 304.7 billion, where the majority came from Rp 1,261 billion proceeds from USD 130 million global bond.

Cash Flow Statement (in Rp bn)	9M10	9M11	Change
Net cash provided by operating activities	753.4	627.9	-16.6%
Net cash used in investing activities	(1,380.1)	(921.8)	-33.2%
Free cash flow	(626.7)	(293.9)	-53.1%
Net cash provided by financing activities	327.3	304.7	-6.9%
Net (decrease) increase in cash equivalent	(299.4)	10.8	n/a
Cash & cash equivalent at beginning of period	715.7	333.7	-53.4%
Cash & cash equivalent at end of period	469.7	359.1	-23.5%

DESCRIPTION OF DEBTS

The company's total outstanding debt as of 30 September 2011 amounted to Rp 5,760.6 billion, consisting of:

- Rp 3.1 billion loans from BCA.
- US\$ 380 million global bond issuance due in 2015.
- Rp 650 billion Rupiah bond I issuance due in 2012.
- Rp 1,812.0 billion in financial lease liabilities.

Debts (in Rp bn)	FY10	9M11	Change
Bank loans	273.5	3.1	-98.9%
Global Bonds	2,172.6	3,296.9	51.7%
Rupiah Bonds	648.0	648.6	0.1%
Financial lease	2,361.4	1,812.0	-23.3%
Total	5,455.4	5,760.6	5.6%

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

OPERATING RESULTS

SUBSCRIBERS

BTEL subscribers have reached 14,422,407 by the end September 2011 or growing by 19.5% when compared the last year's figures of 12,072,322. 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 19.7% to 14,365,531, inline with 17.9% Esia subscribers' growth to 14,119,714, while postpaid subscribers declined 22.4% to 56,272.

Subscribers of AHA have amounted to 246,421 since the service was launched mid last year, which consist of 245,817 prepaid and 604 postpaid.

Subscribers	9M10	9M11	Change
Prepaid	11,999,763	14,365,531	19.7%
Esia	11,971,661	14,119,714	17.9%
AHA	28,102	245,817	774.7%
Postpaid	72,559	56,876	-21.6%
Esia	72,559	56,272	-22.4%
AHA	-	604	n/a
Total	12,072,322	14,422,407	19.5%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of 9M11 was 13,736 billion or 9.0% lower than 15.096 billion in the previous year due to free minutes promo.

9M11 blended ARPU stood at Rp 20k or 23.1% lower than Rp 26k in 9M10. 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	9M10	9M11	Change
Minutes of Usage <i>(in mn minutes)</i>	15,096	13,736	-9.0%
ARPU			
Prepaid	25k	20k	-20.0%
Postpaid	106k	113k	6.6%
Blended	26k	20k	-23.1%

NETWORK INFRASTRUCTURE

In order to improve coverage within its existing cities BTEL has installed 3,994 BTS by the end 9M11, where 68.6% were located in JBJB areas. Following the launch of broadband wireless data business, 2,359 BTS were already equipped with EVDO equipment. In line with our assets light strategy, 94.3% of the BTS were co-located.

Number of BTS	9M10	9M11
Total BTS	3,900	3,994
BTS: Voice & SMS	3,900	3,994
EVDO	-	2,359

COVERAGE

There are no new city added during the third 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	9M10	9M11
City Coverage	82	82
JBJB	20.7%	20.7%
Non JBJB	79.3%	79.3%

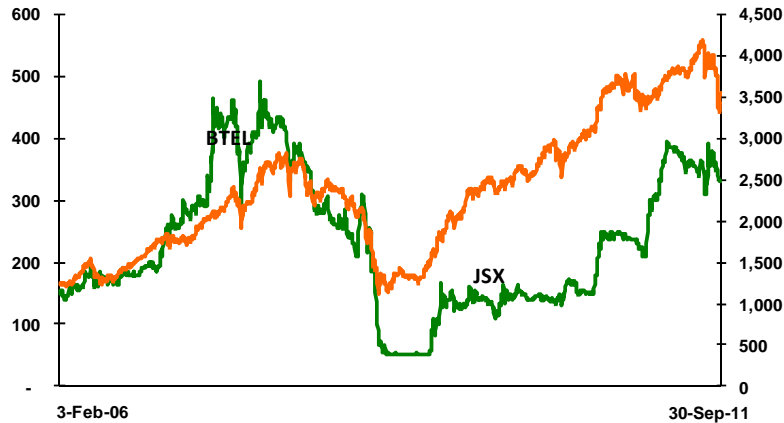
DISTRIBUTION CHANNEL

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 9M11, BTEL's product and services were available through 78 Gerai Esia, 133 dealers and 8,949 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 September 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 9M11, the share was traded between 310 to 390.

Price (in Rp)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11
High	167	175	255	255	360	395	390
Low	135	119	245	220	200	330	310
Close	141	170	235	235	355	365	330

3Q11 IMPORTANT EVENTS

“Silaturahmi Mulus Tanpa Putus”, a Ramadhan program from Esia

During this year Ramadhan, BTEL launched a loyalty program that offered several convenience for subscribers such as free 1,000 characters SMS. This was still a part of the previous network quality campaign called “Telpon Putus Kami Ganti”.



Cheap Facebook tariff by SMS of Rp 1 per character

BTEL continue to innovate in providing affordable and high quality telecommunication services through cheap Facebook tariff by SMS Rp 1 per character. This per character charging via SMS will enable Esia subscribers to obtain a more affordable tariff for Facebook access not only from smartphone but also from all kinds of handsets.

JULY

- Held Esia's Customer Gathering in Jabodetabek & Banten.
- Continued "Melek Tarif, Sadar Sinyal" network campaign through roadshows in several cities in Indonesia.
- Organized a CSR program called "Kelas Hijau Esia" by supporting dragonfly conservation in Malang, East Java, in collaboration with Dempo Dragonfly Society.
- Initiated cooperation program with the police to secure telecommunication facilities in Tegal, Central Java.

AUGUST

- Launched Hape Neofone FN-9, special handset for local market in Bali, collaborating with a local vendor.
- Introduced "Silaturahmi Mulus Tanpa Putus" program as an integrated religious value-added services and network quality campaign.
- Introduced cheap facebook SMS tariff of Rp 1 per character as the latest innovation.
- Launched Hape Anak Muslim with religious application that can help parent educate religion to their children.
- Conducted a sales roadshow program called "Ramadhan Dahsyat" in 10 cities.
- Held a CSR program called "Kelas Merah Putih" in Malang that aimed at introducing Indonesia's history and culture.

SEPTEMBER

- Held a customer loyalty program in Makassar.
- Launched Hape Mixcon CX8 Casanova in collaboration with local vendor to strengthen penetration in East Java.
- Conducted Green Heroes contest as a part of green initiative program to promote environmentally conscious behavior within BTEL employees.
- Fully sponsored Java SoulNation Festival 2011, an international music event, in Jakarta.

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 under the name of AHA 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 9M11, BTEL has surpassed the 14 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	9M10	1Q11	2Q11	3Q11	9M11
Total Subscribers	11,043,270	11,107,817	12,072,322	12,072,322	13,623,585	14,062,580	14,422,407	14,422,407
Prepaid	10,961,303	11,029,818	11,999,763	11,999,763	13,561,936	14,003,579	14,365,531	14,365,531
Esia	10,961,303	11,029,818	11,971,661	11,971,661	13,416,284	13,795,629	14,119,714	14,119,714
AHA	-	-	28,102	28,102	145,652	207,950	245,817	245,817
Postpaid	81,967	77,999	72,559	72,559	61,649	59,001	56,876	56,876
Esia	81,967	77,999	72,559	72,559	61,519	58,559	56,272	56,272
AHA	-	-	-	-	130	442	604	604
ARPU Blended (Rp)	28k	25k	25k	26k	23k	20k	17k	20k
Prepaid	27k	24k	24k	25k	22k	20k	17k	20k
Postpaid	107k	107k	104k	106k	111k	112k	117k	113k
Minutes Of Usage ('000,000)	5,348	4,749	4,999	15,096	4,761	4,689	4,285	13,736
BTS	3,795	3,850	3,900	3,900	3,992	4,019	3,994	3,994
City Coverage	82	82	82	82	82	82	82	82
(In IDR million)								
Gross Revenue	893,625	824,688	826,648	2,544,960	900,033	826,826	721,772	2,448,631
Net Revenue	708,461	668,250	671,170	2,047,881	717,941	660,063	592,799	1,970,803
Total Operating Expenses	605,913	596,198	655,054	1,857,166	704,982	691,288	696,084	2,092,354
Depreciation	266,868	281,001	291,910	839,780	314,231	326,322	337,884	978,437
Operating & Maintenance	108,793	108,578	103,051	320,422	102,118	101,679	83,179	286,975
General & Administrative	54,232	59,629	52,083	165,944	57,555	50,206	52,160	159,922
Personnel	71,753	86,161	85,206	243,120	79,076	98,810	102,101	279,987
Marketing & Sales Expense	104,267	60,830	122,804	287,901	152,002	114,270	120,760	387,032
EBITDA	369,416	353,053	308,026	1,030,495	327,190	295,097	234,599	856,886
<i>EBITDA / Gross Revenue (%)</i>	41%	43%	37%	40%	36%	36%	33%	35%
EBIT	102,548	72,052	16,116	190,716	12,959	(31,225)	(103,285)	(121,551)
<i>EBIT / Gross Revenue (%)</i>	11%	9%	2%	7%	1%	-4%	-14%	-5%
Other Income/ (Charges)	(54,354)	(104,625)	167,630	8,651	(74,647)	(140,030)	(296,197)	(510,874)
Financing charges - net	(84,976)	(121,348)	(101,172)	(307,496)	(196,568)	(175,803)	(198,998)	(571,369)
Others	30,621	16,723	268,802	316,146	121,921	35,773	(97,199)	60,496
Income (Loss) Before Tax	48,193	(32,573)	183,746	199,366	(61,687)	(171,255)	(399,482)	(632,425)
Tax Expense	(19,148)	6,248	(37,875)	(50,774)	20,559	32,691	80,693	133,943
Net Income (Loss)	29,046	(26,325)	145,872	148,592	(41,129)	(138,564)	(318,789)	(498,482)
Current Assets	1,619,117	1,532,917	1,622,582	1,622,582	1,614,996	1,245,541	1,254,338	1,254,338
Non Current Assets	9,975,975	10,272,232	10,688,572	10,688,572	11,075,562	11,378,522	11,223,520	11,223,520
Total Assets	11,595,092	11,805,150	12,311,154	12,311,154	12,690,557	12,624,063	12,477,858	12,477,858
Current Liabilities	2,420,279	1,576,655	1,692,072	1,692,072	1,616,859	1,860,243	2,839,294	2,839,294
Non Current Liabilities	4,112,568	5,171,154	5,350,735	5,350,735	5,929,429	5,719,223	4,968,874	4,968,874
Total Liabilities	6,532,848	6,747,809	7,042,807	7,042,807	7,546,288	7,579,465	7,808,168	7,808,168
Total Equity	5,062,245	5,057,341	5,268,347	5,268,347	5,144,269	5,044,598	4,669,689	4,669,689