

PT BAKRIE TELECOM Tbk.

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Website: www.bakrietelecom.com
Ticker : BTEL

Major Shareholders:
PT Bakrie Brothers Tbk. 22.0%
Public 78.0%

HIGHLIGHTS:

- Total subscribers increased from 13.0 million in FY10 to 14.6 million in FY11
- Gross revenues decreased from Rp 3,447.1 billion in FY10 to Rp 3,195.5 billion in FY11
- EBITDA decreased from Rp 1,335.5 billion in FY10 to Rp 1,148.3 billion in FY11
- Net income decreased from Rp 10.0 billion in FY10 to net loss Rp 782.7 billion in FY11

FINANCIAL HIGHLIGHTS

Statement of Income	FY10	FY11	Change
Gross Revenue	3,447.1	3,195.5	-7.3%
Net Revenue	2,765.1	2,591.0	-6.3%
Total Opex	2,574.3	2,765.0	7.4%
EBITDA	1,335.5	1,148.3	-14.0%
EBIT	190.8	(174.0)	n/a
Net Income (Loss)	10.0	(782.7)	n/a

Balance Sheet (in Rp bn)	FY10	FY11	Change
Total Assets	12,352.9	12,213.1	-1.1%
Total Liabilities	7,158.1	7,844.4	9.6%
Total Equity	5,194.8	4,368.8	-15.9%

OPERATIONAL HIGHLIGHTS

Operating Results	FY10	FY11	Change
Subscribers	13,026,734	14,635,422	12.3%
Blended ARPU	26k	20k	-21.6%
Minutes of Usage	20,104	17,846	-11.2%
BTS	3,947	4,016	1.7%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's comparative figures of audited financial statements for the twelve-month period ended 31 December 2011 and 31 December 2010 with other relevant company information.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTCL) recorded a gross operating revenues of Rp 3,195.5 billion in FY11, decreased 7.3% when compared to Rp 3,447.1 billion in FY10. This was mainly attributed to the 7.4% decrease in telecommunication service revenue from Rp 3,143.7 billion to Rp 2,911.3 billion. The Company also posted Rp 320.3 billion from net interconnection service as well as discount or decreased 15.4% from Rp 378.6 billion in FY10. Consequently, net revenues during the year decreased 6.3% to Rp 2,591 billion from Rp 2,765.1 billion last year.

Operating Revenue (in Rp bn)	FY10	FY11	Change
Gross Revenue	3,447.1	3,195.5	-7.3%
Telecommunication Service Revenue	3,143.7	2,911.3	-7.4%
Net Interconnection and discounts	(378.6)	(320.3)	-15.4%
Net Revenue	2,765.1	2,591.0	-6.3%

Voice revenues decreased by 12.4% yoy to Rp 1,738.3 billion from Rp 1,984.1 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 3.9% growth yoy. Despite a decline in VAS revenue due to new regulation on SMS premium in 4Q11, non voice revenue remained to increase because of the significant growth of Broadband Wireless Access (BWA) in FY11. BWA contributed about 3.2% of total gross revenue from 0.5% 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)	FY10	FY11	Change
Voice	1,984.1	1,738.3	-12.4%
Non Voice	1,042.0	1,082.6	3.9%
Others	421.0	374.5	-11.0%
Total	3,447.1	3,195.5	-7.3%

% to Gross Revenue	FY10	FY11
Voice	57.6%	54.4%
Non Voice	30.2%	33.9%
Others	12.2%	11.7%
Total	100.0%	100.0%

BWA Revenue (in Rp bn)	FY10	FY11	Change
BWA Revenue	18.1	102.4	467.5%
% BWA revenue to gross revenue	0.5%	3.2%	

OPERATING EXPENSES

FY11 operating expenses was Rp 2,765 billion, 7.4% higher than Rp 2,574.3 billion in the year before.

- Depreciation expense increased 15.5% to Rp 1,322.3 billion from Rp 1,144.6 billion. This was mainly the results of BWA related investments. Consequently, ratio of depreciation expense to gross revenues also increased from 33.2% to 41.4%.
- Operating & maintenance expense decreased 9.1% to Rp 393.6 billion from Rp 433.1 billion, mainly due to updated calculation of frequency fees based on usage of bandwidth. As a percentage of gross revenues, operating & maintenance expense declined from 12.6% to 12.3%.
- General & administrative expense decreased 6.4 % to Rp 207.9 billion from Rp 222.2 billion, following successful cost efficiency measures by the Company. During the same period, BWA contributed Rp 13.7 billion in total consolidated general & administrative figure. When compared to gross revenues, the percentage increased from 6.4% to 6.5%.
- Personnel expense increased 16.3% to Rp 373.4 billion from Rp 321 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 25.2 billion in the consolidated personnel expense. Ratio of FY11 personnel expense to gross revenues is 11.7 %, compare to 9.3% in FY10.
- Sales & marketing expense increased 3.2% to Rp 467.9 billion from Rp 453.3 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 46.8 billion in the consolidated sales & marketing expense. As a percentage of gross revenues, it increased from 13.2% to 14.6%.

Operating Expense (in Rp bn)	FY10	FY11	Change
Depreciation	1,144.6	1,322.3	15.5%
Operating & maintenance	433.1	393.6	-9.1%
General & administrative	222.2	207.9	-6.4%
Existing Services	213.7	194.2	-9.1%
BWA	8.5	13.7	60.6%
Personnel	321.0	373.4	16.3%
Existing Services	316.9	348.2	9.9%
BWA	4.1	25.2	521.6%
Sales & marketing	453.3	467.9	3.2%
Existing Services	435.3	421.1	-3.3%
BWA	18.0	46.8	159.8%
Total Operating Expense	2,574.3	2,765.0	7.4%

OPEX as % to Gross Revenue	FY10	FY11
Depreciation	33.2%	41.4%
Operating & maintenance	12.6%	12.3%
General & administrative	6.4%	6.5%
Existing Services	6.2%	6.1%
BWA	0.2%	0.4%
Personnel	9.3%	11.7%
Existing Services	9.2%	10.9%
BWA	0.1%	0.8%
Sales & marketing	13.2%	14.6%
Existing Services	12.6%	13.2%
BWA	0.5%	1.5%
Total Operating Expense	74.7%	86.5%

EBITDA & EBIT

BTEL booked a Rp 1,148.3 billion EBITDA in FY11. This represented 14% decline compare to Rp 1,335.5 billion in the previous year. Hence, EBITDA margin also decreased from 38.7% to 35.9%. At the same time, EBIT also declined to operating loss of Rp 174.0 billion from an operating profit of Rp 190.8 billion.

EBITDA & EBIT (in Rp bn)	FY10	FY11	Change
EBITDA	1,335.5	1,148.3	-14.0%
EBITDA to Gross Revenue	38.7%	35.9%	
EBIT	190.8	(174.0)	n/a
EBIT to Gross Revenue	5.5%	-5.4%	

OTHER INCOME (CHARGES)

Net other charges during twelve months period of 2011 increased to Rp 813.9 billion from Rp 98.3 billion in the previous year. This was mostly due to a 61.6% higher financing charges of Rp 767.9 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)	FY10	FY11	Change
Gain on foreign exchange - net	127.1	(69.6)	n/a
Amortization of deferred gain	9.0	10.1	11.9%
Interest income	36.8	8.6	-76.5%
Financing charges	(475.3)	(767.9)	61.6%
Others - net	204.1	4.9	-97.6%
Total other income (charges)	(98.3)	(813.9)	728.2%

NET INCOME (LOSS)

The company posted a net loss of Rp 782.7 billion in FY11 from a net profit of Rp 10 billion in the same period the year before.

(in Rp bn)	FY10	FY11	Change
Net income (loss)	10.0	(782.7)	n/a

BALANCE SHEETS

Total assets stood at Rp 12,213.1 billion in FY11, which shown 1.1% decrease compare to Rp 12,352.9 billion in FY10.

- Current assets decreased by 34% from Rp 948.4 billion to Rp 1,436.1 billion due to reduction on cash and cash equivalent as well as short term investments.
- Non-current assets increased by 3.2% to Rp 11,264.8 billion. This was due to 3.2% growth in fixed assets that mostly comprised of newly purchased equipment.

Total liabilities was Rp 7,844.4 billion or increased by 9.6% from Rp 7,158.1 billion during FY10.

- Current liabilities increased by 68% to Rp 2,955.8 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 9.4% to Rp 4,888.6 billion mainly due to IDR bond that will mature within one year and has been reclassified to current liability.

Total equity decreased by 15.9% to Rp 4,368.8 billion from Rp 5,194.8 billion in FY10 in effect of current year loss.

Balance Sheet (in Rp bn)	FY10	FY11	Change
Cash & cash equivalents	333.7	162.3	-51.4%
Short term investment	273.6	7.4	-97.3%
Other current assets	828.8	778.6	-6.1%
Total Current Assets	1,436.1	948.4	-34.0%
Fixed asset - net	10,296.3	10,630.4	3.2%
Other non current assets	620.4	634.3	2.2%
Total Non Current Assets	10,916.8	11,264.8	3.2%
Total Assets	12,352.9	12,213.1	-1.1%
Current maturities of long term debt	426.6	1,052.4	146.7%
Other current liabilities	1,333.0	1,903.3	42.8%
Total Current Liabilities	1,759.6	2,955.8	68.0%
Long term debt	5,028.8	4,689.9	-6.7%
Other non current liabilities	369.7	198.7	-46.3%
Total Non Current Liabilities	5,398.5	4,888.6	-9.4%
Total Liabilities	7,158.1	7,844.4	9.6%
Total Equity	5,194.8	4,368.8	-15.9%

CASH FLOWS

- Net cash provided by operating activities were Rp 792.4 billion during FY11, 2.7% higher than Rp 771.3 billion in the previous year due to the increase of cash receipts from operating activities.
- Net cash used in investing activities also decreased 27.3% to Rp 1,167.1 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 provided by financing activities were Rp 184.8 billion, where the majority came from Rp 1,261 billion proceeds from USD 130 million global bond.

Cash Flow Statement (in Rp bn)	FY10	FY11	Change
Net cash provided by operating activities	771.3	792.4	2.7%
Net cash used in investing activities	(1,605.6)	(1,167.1)	-27.3%
Free cash flow	(834.3)	(374.7)	-55.1%
Net cash provided by financing activities	397.3	184.8	-53.5%
Net (decrease) in cash and cash equivalent	(437.0)	(189.9)	n/a
Cash & cash equivalent at beginning of year	715.7	333.7	-53.4%
Cash & cash equivalent at end of year	333.7	162.3	-51.4%

DESCRIPTION OF DEBTS

The company's total outstanding debt as of 31 December 2011 amounted to Rp 5,742.4 billion, consisting of:

- Rp 3.3 billion loans from BCA.
- US\$ 380 million global bond issuance due in 2015.
- Rp 650 billion Rupiah bond I issuance due in 2012.
- Rp 1,698.3 billion in financial lease liabilities.

Debts (in Rp bn)	FY10	FY11	Change
Bank loans	273.5	3.3	-98.8%
Global Bonds	2,172.6	3,391.6	56.1%
Rupiah Bonds	648.0	649.1	0.2%
Financial lease	2,361.4	1,698.3	-28.1%
Total	5,455.4	5,742.4	5.3%

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

BTEL subscribers have reached 14,635,422 by the end December 2011 or growing by 12.3% when compared the last year's figures of 13,026,734. 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 12.5% to 14,580,708, inline with 10.9% Esia subscribers' growth to 14,289,907, while postpaid subscribers declined 15.9% to 54,714.

Subscribers of AHA have amounted to 291,657 since the service was launched mid last year, which consist of 290,801 prepaid and 856 postpaid.

Subscribers	FY10	FY11	Change
Prepaid	12,961,678	14,580,708	12.5%
Esia	12,890,730	14,289,907	10.9%
AHA	70,948	290,801	309.9%
Postpaid	65,056	54,714	-15.9%
Esia	65,056	53,858	-17.2%
AHA	-	856	n/a
Total	13,026,734	14,635,422	12.3%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of FY11 was 17,846 billion or 11.2% lower than 20,104 billion in the previous year due to free minutes promo.

FY11 blended ARPU stood at Rp 20k or 21.6% lower than Rp 26k in FY10. 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	FY10	FY11	Change
Minutes of Usage (in mn minutes)	20,104	17,846	-11.2%
ARPU			
Prepaid	25k	19k	-23.2%
Postpaid	107k	114k	6.6%
Blended	26k	20k	-21.6%

NETWORK INFRASTRUCTURE

In order to improve coverage within its existing cities BTEL has installed 4,016 BTS by the end FY11, 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, 94.2% of the BTS were co-located.

Number of BTS	FY10	FY11
Total BTS	3,947	4,016
BTS: Voice & SMS	3,947	4,016
EVDO	2,349	2,360

COVERAGE

There are no new city added during 2011 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.

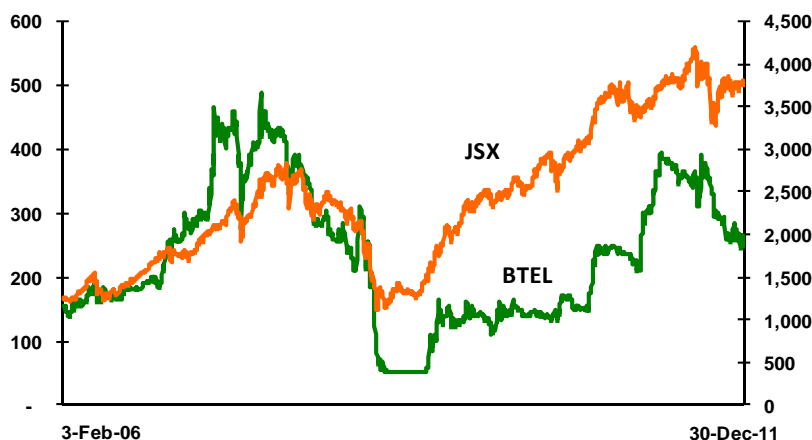
DISTRIBUTION CHANNEL

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 FY11, BTEL's product and services were available through 70 Gerai Esia, 133 dealers and 12,178 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 December 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 4Q11, the share was traded between 245 to 320.

Price (in Rp)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
High	167	175	255	255	360	395	390	320
Low	135	119	245	220	200	330	310	245
Close	141	170	235	235	355	365	330	260

4Q11 IMPORTANT EVENTS

“ICT for Green Asia” – Picture 1

In November 1, 2011, BTEL, in collaboration with Malk Sustainability Partners and supported by the Global e-Sustainability Initiatives (GeSI), hosted an international conference on the global telecommunications industry named for ICT for Green Asia in Jakarta. The Conference was attended by BTEL’s President Director Anindya Novyan Bakrie, Minister of Communications and Information Tifatul Sembiring, Minister of Research and Technology Gusti Muhammad Hatta, Director of ITU Telecommunication Malcolm Johnson and Chairman of GeSI Luis Neves as a guest speakers and addressed the role of industry in contributing the reduction of carbon emissions.

“Samsung Galaxy Young Esia” – Picture 2

In mid of November 2011, BTEL, in collaboration with Samsung Electronics, launched Esia’s Samsung Galaxy Young, a CDMA Android smartphone. It was offered at Rp 1.2 million or Rp 999 thousand for student during the launching session with 6 months free data access. The handset is operated in Android 2.3 Gingerbread operating system and powered by AHA EVDO that can access data up to 3.1 Mhz. The launch was part of BTEL aims to provide advanced products with high quality services at affordable prices.



Picture 1



Picture 2

OCTOBER

- Launched Esia Cross bundling package in collaboration with Cross Mobile Phone Indonesia.
- Launched Hape Esia Fun, a smartphone priced at Rp300 thousand with direct social networking applications, such as Facebook and Twitter.
- Launched Hape Micxon, special handset for local market in Malang, collaborating with a local vendor.
- Fully sponsored “Fun Walk with Esia” in Palembang to campaign for affordable telecommunication.
- Conducted a promo by offering free dining voucher in Kentucky Fried Chicken in trade of voucher reload.
- Conducted Esia Music City in commemoration of the Youth Pledge Day in Bandung.

NOVEMBER

- Participated in Bogor Comtech, an ICT exhibition show, organized by Apkomindo.
- Recycled 40 tons of batteries previously used for BTS, as a part of Hijau Untuk Negeri program.
- Conducted a year end sales roadshow program called “Sensesia” in several cities.

DECEMBER

- Received Trusted Company predicate during corporate governance assessment conducted by the Indonesian Institute for Corporate Governance (IICG)
- Conducted BTEL Integrity and Performance Award 2011 by selecting employees who demonstrate both best performance and high integrity in daily works.
- Held a CSR program called “Kelas Hijau” to students in several cities that aimed at utilizing daily waste in a fun way.

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 FY11, BTEL has surpassed the 14.6 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	2Q11	3Q11	4Q11	FY11
Total Subscribers	11,043,270	11,107,817	12,072,322	13,026,734	13,026,734	13,623,585	14,062,580	14,422,407	14,635,422	14,635,422
Prepaid	10,961,303	11,029,818	11,999,763	12,961,678	12,961,678	13,561,936	14,003,579	14,365,531	14,580,708	14,580,708
Esia	10,961,303	11,029,818	11,971,661	12,890,730	12,890,730	13,416,284	13,795,629	14,119,714	14,289,907	14,289,907
AHA	-	-	28,102	70,948	70,948	145,652	207,950	245,817	290,801	290,801
Postpaid	81,967	77,999	72,559	65,056	65,056	61,649	59,001	56,876	54,714	54,714
Esia	81,967	77,999	72,559	65,056	65,056	61,519	58,559	56,272	53,858	53,858
AHA	-	-	-	-	-	130	442	604	856	856
ARPU Blended (Rp)	28k	25k	25k	24k	26k	23k	20k	17k	18k	20k
Prepaid	27k	24k	24k	24k	25k	22k	20k	17k	18k	19k
Postpaid	107k	107k	104k	110k	107k	111k	112k	117k	117k	114k
Minutes Of Usage ('000,000)	5,348	4,749	4,999	5,008	20,104	4,761	4,689	4,285	4,111	17,846
BTS	3,795	3,850	3,900	3,947	3,947	3,992	4,019	3,994	4,016	4,016
City Coverage	82	82	82	82	82	82	82	82	82	82
(In Rp billion)										
Gross Revenue	893.6	824.7	826.6	902.2	3,447.1	900.0	826.8	721.8	746.8	3,195.5
Net Revenue	708.5	668.3	671.2	717.2	2,765.1	717.9	660.1	592.8	620.2	2,591.0
Total Operating Expenses	605.9	596.2	655.1	717.1	2,574.3	705.0	691.3	696.1	672.7	2,765.0
Depreciation	266.9	281.0	291.9	304.9	1,144.6	314.2	326.3	337.9	343.8	1,322.3
Operating & Maintenance	108.8	108.6	103.1	112.7	433.1	102.1	101.7	83.2	106.6	393.6
General & Administrative	54.2	59.6	52.1	56.3	222.2	57.6	50.2	52.2	48.0	207.9
Personnel	71.8	86.2	85.2	77.9	321.0	79.1	98.8	102.1	93.4	373.4
Marketing & Sales Expense	104.3	60.8	122.8	165.4	453.3	152.0	114.3	120.8	80.9	467.9
EBITDA	369.4	353.1	308.0	305.0	1,335.5	327.2	295.1	234.6	291.4	1,148.3
<i>EBITDA / Gross Revenue (%)</i>	41.3%	42.8%	37.3%	33.8%	38.7%	36.4%	35.7%	32.5%	39.0%	35.9%
EBIT	102.5	72.1	16.1	0.1	190.8	13.0	(31.2)	(103.3)	(52.5)	(174.0)
<i>EBIT / Gross Revenue (%)</i>	11.5%	8.7%	1.9%	0.0%	5.5%	1.4%	-3.8%	-14.3%	-7.0%	-5.4%
Other Income/ (Charges)	(54.4)	(104.6)	167.6	(106.9)	(98.3)	(74.6)	(140.0)	(296.2)	(303.0)	(813.9)
Financing charges - net	(85.0)	(121.3)	(101.2)	(130.9)	(438.4)	(196.6)	(175.8)	(199.0)	(187.9)	(759.3)
Others	30.6	16.7	268.8	24.0	340.2	121.9	35.8	(97.2)	(115.1)	(54.6)
Income (Loss) Before Tax	48.2	(32.6)	183.7	(106.8)	92.5	(61.7)	(171.3)	(399.5)	(355.5)	(987.9)
Tax (Expense) - Benefit	(19.1)	6.2	(37.9)	(31.8)	(82.6)	20.6	32.7	80.7	71.3	205.2
Net Income (Loss)	29.0	(26.3)	145.9	(138.6)	10.0	(41.1)	(138.6)	(318.8)	(284.2)	(782.7)
Current Assets	1,666.7	1,663.5	1,763.9	1,436.1	1,436.1	1,615.0	1,245.5	1,254.3	948.4	948.4
Non Current Assets	9,928.4	10,141.7	10,547.2	10,916.8	10,916.8	11,075.6	11,378.5	11,223.5	11,264.8	11,264.8
Total Assets	11,595.1	11,805.1	12,311.2	12,352.9	12,352.9	12,690.6	12,624.1	12,477.9	12,213.1	12,213.1
Current Liabilities	2,420.3	1,576.7	1,692.1	1,759.6	1,759.6	1,616.9	1,860.2	2,839.3	2,955.8	2,955.8
Non Current Liabilities	4,112.6	5,171.2	5,350.7	5,398.5	5,398.5	5,929.4	5,719.2	4,968.9	4,888.6	4,888.6
Total Liabilities	6,532.8	6,747.8	7,042.8	7,158.1	7,158.1	7,546.3	7,579.5	7,808.2	7,844.4	7,844.4
Total Equity	5,062.2	5,057.3	5,268.3	5,194.8	5,194.8	5,144.3	5,044.6	4,669.7	4,369.0	4,369.0