

PT BAKRIE TELECOM Tbk.

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Ticker : BTEL

Major Shareholders:
 PT Bakrie Brothers Tbk. 21.1%
 Public 78.9%

HIGHLIGHTS:

- Total subscribers increased from 9.8 million in 9M09 to 12.1 million in 9M10
- Gross revenues remained relatively flat from Rp 2,544.5 billion in 9M09 to Rp 2,545.0 billion in 9M10
- EBITDA increased from Rp 921.5 billion in 9M09 to Rp 1,030.5 billion in 9M10
- Net income increased from Rp 97.3 billion in 9M09 to Rp 148.6 billion in 9M10

FINANCIAL HIGHLIGHTS

Statement of Income (in Rp bn)	9M09	9M10	Change
Gross Revenues	2,544.5	2,545.0	0.0%
Net Revenues	2,013.4	2,047.9	1.7%
Total Operating Expenses	1,797.8	1,857.2	3.3%
EBITDA	921.5	1,030.5	11.8%
EBIT	215.6	190.7	-11.5%
Net Income	97.3	148.6	52.7%

Balance Sheet (in Rp bn)	9M09	9M10	Change
Total Assets	11,242.2	12,311.2	9.5%
Total Liabilities	6,116.8	7,042.8	15.1%
Total Equity	5,125.3	5,268.3	2.8%

OPERATIONAL HIGHLIGHTS

Key Indicators	9M09	9M10	Change
Subscribers	9,809,095	12,072,322	23.1%
Blended ARPU	34k	26k	-23.5%
Minutes of Usage	13,516	15,096	11.7%
BTS	3,468	3,900	12.5%

FINANCIAL & OPERATING RESULTS

The following analysis and discussion is based on the company's unaudited financial statements for the 9-month period ended 30 September 2010 and 30 September 2009 and other relevant company information.

FINANCIAL RESULTS

GROSS OPERATING REVENUES & NET OPERATING REVENUES

PT Bakrie Telecom Tbk. (BTEL) recorded a gross operating revenues of Rp 2,545.0 billion in 3Q10, relatively flat when compared to Rp 2,544.5 billion in 3Q09. During the same period, telecommunication service revenues increased 0.5% from Rp 2,297.2 billion to Rp 2,309.0 billion following 23.1% growth in subscribers from 9.8 million to 12.1 million. The company also posted Rp 261.1 billion from interconnection service as well as discount. As the results, net revenues increased by 1.7% to Rp 2,047.9 billion from Rp 2,013.4 billion.

Operating Revenue (in Rp bn)	9M09	9M10	Change
Gross Revenue	2,544.5	2,545.0	0.0%
Telecommunication Service Revenue	2,297.2	2,309.0	0.5%
Net Interconnection Service & Discounts	(283.8)	(261.1)	-8.0%
Net Revenue	2,013.4	2,047.9	1.7%

OPERATING EXPENSES

3Q10 operating expenses was Rp 1,858.6 billion, 3.4% higher than Rp 1,797.8 billion in the year before. Yet, following continues efficiency measures, the ratio of several nine month operating expenses' components to gross revenues have actually went down.

- Depreciation expense increased 19.0% to Rp 839.8 billion from Rp 705.9 billion. This was mainly the results of network expansion related to the new broadband business. It also include reclassification of rental expense after the adoption of PSAK 30. Consequently, ratio of depreciation expense to gross revenues also increased from 27.7% to 33.0%.
- Operating & maintenance expense decreased 16.7% to Rp 320.4 billion from Rp 384.6 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 15.1% to 12.6%.
- General & administrative expense also declined slightly to Rp 165.9 billion from Rp 167.9 billion resulting from the company's successful efficiency effort. When compared to gross revenues, the percentage decreased from 6.6% to 6.5%.
- Personnel expense increased 13.4% to Rp 243.1 billion from Rp 214.4 billion. This was mainly attributed to new hires in order to support the company's expansion into the broadband business. The expense represented 9.6% of gross revenues 3Q10.
- Sales & marketing expense decreased to Rp 287.9 billion from Rp 325.0 billion. This illustrated a 11.4% savings as the company was able to execute more effective advertising and campaigns. As a percentage of gross revenues, it also dropped from 12.8% to 11.3%.

Operating Expense (in Rp bn)	9M09	9M10	Change
Depreciation	705.9	839.8	19.0%
Operating & maintenance	384.6	320.4	-16.7%
General & administrative	167.9	165.9	-1.2%
Personnel	214.4	243.1	13.4%
Sales & marketing	325.0	287.9	-11.4%
Total Operating Expense	1,797.8	1,857.2	3.3%

OPEX as % to Gross Revenue	9M09	9M10
Depreciation	27.7%	33.0%
Operating & maintenance	15.1%	12.6%
General & administrative	6.6%	6.5%
Personnel	8.4%	9.6%
Sales & marketing	12.8%	11.3%
Total Operating Expense	70.7%	73.0%

EBITDA & EBIT

BTEL booked an EBITDA Rp 1,030.5 billion in 3Q10. This represented 11.8% increase compare to Rp 921.5 billion in the previous year. Hence, EBITDA margin also improved from 36.2% to 40.5%. While EBIT experienced an 11.5% decline to Rp 190.7 billion from Rp 215.6 billion, inline with the company's expansion into the broadband data business.

EBITDA & EBIT (in Rp bn)	9M09	9M10	Change
EBITDA	921.5	1,030.5	11.8%
EBITDA to Gross Revenue	36.2%	40.5%	
EBIT	215.6	190.7	-11.5%
EBIT to Gross Revenue	8.5%	7.5%	

OTHER INCOME/CHARGES

Net other income during the nine months of 2010 was Rp 8.7 billion, a turn around from Rp 83.8 billion other charges in 3Q09. This was due to Rp 176.9 billion in other income that mostly consist of refund on licence fee from The Ministry of Communication & Informatics.

Other Income/Charges (in Rp bn)	9M09	9M10	Change
Financing cost - net	(155.7)	(307.5)	97.5%
Gain (loss) on foreign exchange - net	84.0	132.3	57.6%
Amortization of deferred gain	3.1	6.9	124.1%
Others - net	(15.2)	176.9	n/a
Total other income/charges	(83.8)	8.7	n/a

NET INCOME

The company posted a net income of Rp 148.6 billion in 3Q10 or 52.7% higher than Rp 97.3 billion in the same period the year before.

(in Rp bn)	9M09	9M10	Change
Net Income	97.3	148.6	52.7%

BALANCE SHEETS

Total assets stood at Rp 12,311.2 billion in 3Q10, which shown 9.5% increase compare to Rp 11,242.2 billion in 3Q09.

- Current assets declined by 15.2% to Rp 1,622.6 billion on the back of 55.6% drop in short-term investments to Rp 446.1 billion as they were withdrawn to fund capex up to the end of September 2010.
- Non-current assets increased by 14.6% to Rp 10,688.6 billion. This was due to 14.6% growth in fixed assets that mainly consist of newly purchased equipment for the broadband data business.

Total liabilities was Rp 7,042.8 billion or increase by 15.1% from Rp 6,116.8 billion during the previous year.

- Current liabilities increased by 6.2% to Rp 1,692.1 billion, driven by a much higher lease liabilities in 2010.
- Non-current liabilities increased by 18.3% to Rp 5,350.7 billion. Most of the increase came from the proceeds of US\$ 250 million global bonds.

Total equity increased slightly by 2.8% to Rp 5,268.3 billion from Rp 5,125.3 billion.

Balance Sheet (in Rp bn)	9M09	9M10	Change
Cash & cash equivalents	418.0	469.7	12.4%
Other current assets	1,495.1	1,152.9	-22.9%
Total Current Assets	1,913.0	1,622.6	-15.2%
Direct ownership	5,870.1	7,161.6	22.0%
Indirect ownership - leased assets	2,836.0	2,839.8	0.1%
Other non current assets	623.1	687.2	10.3%
Total Non Current Assets	9,329.1	10,688.6	14.6%
Total Assets	11,242.2	12,311.2	9.5%
Other current liabilities	1,269.7	1,294.9	2.0%
Obligation under capital lease	323.7	397.2	22.7%
Total Current Liabilities	1,593.4	1,692.1	6.2%
Long term debt	1,956.4	3,072.6	57.1%
Other non current liabilities	272.9	332.8	22.0%
Obligation under capital lease	2,294.2	1,945.3	-15.2%
Total Non Current Liabilities	4,523.5	5,350.7	18.3%
Total Liabilities	6,116.8	7,042.8	15.1%
Total Equity	5,125.3	5,268.3	2.8%

CASH FLOWS

- Net cash provided by operating activities were Rp 802.0 billion during 3Q10, 5.9% lower than Rp 852.3 billion recorded in the previous year. This was mainly the result of 23.5% increase in payments to suppliers.
- Net cash used in investing activities increased more than doubled to Rp 1,380.1 billion. This was due to Rp 1,504.0 billion advances for purchase combined with acquisitions of fixed assets, most of which broadband business related.

- Net cash provided by financing activities were Rp 332.1 billion, where the majority came from Rp 2,231.0 billion proceeds from global bond.

Cash Flow Statement (in Rp bn)	9M09	9M10	Change
Net cash from operations	852.3	802.0	-5.9%
Net cash from investing	(522.2)	(1,380.1)	164.3%
Free cash flow	330.1	(578.1)	n/a
Net cash from financing	(413.7)	332.1	n/a
Net (decrease)/ increase in cash equivalent	(83.7)	(246.0)	194.0%
Cash & cash equivalent at the beginning of period	501.6	715.7	42.7%
Cash & cash equivalent at the end of period	418.0	469.7	12.4%

DESCRIPTION OF DEBTS

The company's total outstanding debt as of 30 September 2010 amounted to Rp 5,416.1 billion, which consist of:

- Rp 3.8 billion loans from BCA.
- US\$ 30 million credit facility from Credit Suisse.
- Proceeds from US\$ 250 million global bond due in 2015.
- Proceeds from Rp 650 billion BTEL Rupiah Bonds I due in 2012.
- Rp 2,342.5 billion in financial lease liabilities.

Debts (in Rp bn)	9M09	9M10	Change
Bank loans	1,406.0	271.6	-80.7%
Global Bonds	-	2,154.5	n/a
Rupiah Bonds	645.8	647.5	0.3%
Vendor financing	62.7	-	n/a
Financial lease	2,617.9	2,342.5	-10.5%
Total	4,732.4	5,416.1	14.4%

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 12,072,322 by the end September 2010 or growing by 23.1% when compared the last year's figures of 9,809,095. The increase was due to the company's continuous product as well as service innovation, strong brand positioning and improved network.

Prepaid subscribers increased by 23.5% to 11,999,763, inline with 24.0% Esia subscribers' growth to 11,872,607. Postpaid subscribers declined 23.7% to 72,559

Subscribers	9M09	9M10	Change
Prepaid	9,713,971	11,999,763	23.5%
Esia	9,575,553	11,872,607	24.0%
Wifone	136,780	98,013	-28.3%
Esiatel	1,638	1,041	-36.5%
AHA	-	28,102	n/a
Postpaid	95,124	72,559	-23.7%
Esia	56,368	47,723	-15.3%
Wifone & ratelindo regular	28,267	22,390	-20.8%
Esiatel & ratelindo wartel	10,489	2,446	-76.7%
Total	9,809,095	12,072,322	23.1%

SERVICE USAGE

Total minutes of usage (MoU) up to the end of 3Q10 was 15.1 billion, which was 11.7% higher than 13.5 billion in the previous year.

Blended ARPU stood at Rp 26k or 23.5% lower than Rp 34k during 3Q09. This was attributed to a marketing initiatives that offers free minutes, coupled with much higher proportion of on-net traffic. 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	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
Minutes of Usage (in mn minutes)	4,090	4,548	4,878	4,932	5,348	4,749	4,999
ARPU							
Prepaid	36k	34k	32k	28k	27k	24k	24k
Postpaid	120k	113k	107k	99k	107k	107k	104k
Blended	36k	34k	32k	29k	28k	25k	25k

NETWORK INFRASTRUCTURE

In order to improve coverage within its existing cities BTEL installed an additional 50 BTS between July and September 2010. This brought total number of BTS by the end 3Q10 to 3,900, where 67.2% were located in JBB areas. Following the launch of broadband wireless data business, 2,281 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	9M09	9M10
Total BTS	3,468	3,900
BTS: Voice & SMS	3,468	3,900
EVDO	-	2,281

COVERAGE

There are no new city added during third quarter 2010 as BTEL was focusing on in improving performance within the existing cities. The total coverage remained at 82 cities nationwide.

Number of Cities	9M09	9M10
City Coverage	76	82
JBJB	22.4%	20.7%
Non JJB	77.6%	79.3%

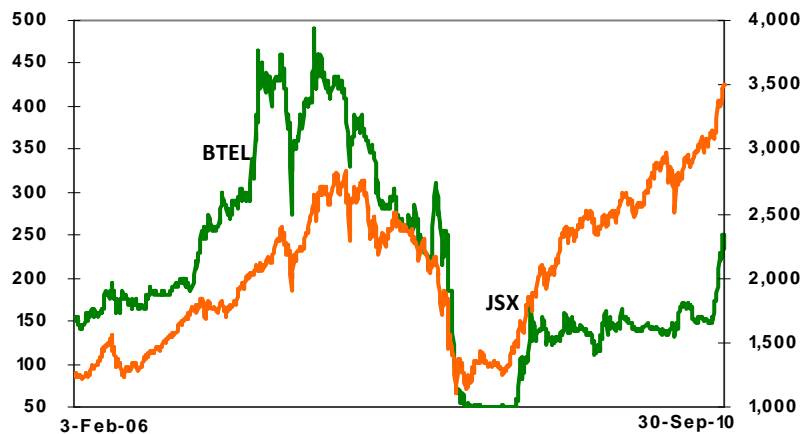
DISTRIBUTION CHANNEL

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 3Q10, BTEL's product and services were available through 94 Gerai Esia, 181 dealers and 110,652 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 2010, 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 3Q10, the share was traded between 235 to 255.

Price (in Rp)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10
High	54	183	165	163	167	175	255
Low	50	151	151	155	135	119	245
Close	51	130	141	147	141	170	235

3Q10 IMPORTANT EVENTS

2010 Asia's Best Managed Company(Picture 1)

BTEL was named the 3rd Best Company in Indonesia for the middle market capitalization category (Best Mid-Cap) during 2010 Asia's Best Managed Companies Award organized by FinanceAsia. The award was based on annual survey conducted to more than 300 investors and analysts around Asia, particularly in the areas of corporate governance, investor relations, corporate social responsibility and commitment to dividend policy.

US\$ 300 million Facilities from ICBC (Picture 2)

BTEL secured a financing facilities from Industrial and Commercial Bank of China (ICBC), one of Chinese government owned largest commercial bank. The Renminbi denominated facilities was equivalent to around US\$ 300 million and will be used to help fund the company's future capex. The company was also the first Southeast Asian operator ever to receive such facilities.



Picture 1



Picture 2

JULY

- Won 2010 Asia's Best Managed Companies Award from FinanceAsia
- Introduced Esia Info Sekolahku, the school information and activity monitoring system in Palembang, South Sumatra
- Launched Hape Esia Ngoceh Slim, the cheapest social networking handset
- Launched Hape Esia Musik Chat, which features media player and digital music downloader

AUGUST

- Launched three variants from the latest Hape Esia Hidayah Islamic handset series
- Started broadband data service in Greater Jakarta area
- Secured US\$ 300 financing facilities from ICBC
- Received Superbrand Indonesia's Choice 2010 – 2011 Award
- Received Most Favorite Bundling Program as well as Most Favorite Innovation CDMA Service during Indonesia Selular Award 2010

SEPTEMBER

- Handled traffic during Idul Fitri holiday season successfully
- Initiated three special activities during Indonesian Consumer Day

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	9M09	1Q10	2Q10	3Q10	9M10
Total Subscribers	8,030,121	8,904,463	9,809,095	9,809,095	11,043,270	11,107,817	12,072,322	12,072,322
Prepaid	7,931,221	8,811,397	9,713,971	9,713,971	10,961,303	11,029,818	11,999,763	11,999,763
Esia	7,750,581	8,629,771	9,575,553	9,575,553	10,836,096	10,912,587	11,872,607	11,872,607
Wifone	175,834	179,388	136,780	136,780	123,683	115,395	98,013	98,013
Esiatel	4,806	2,238	1,638	1,638	1,524	1,836	1,041	1,041
AHA	-	-	-	-	-	-	28,102	28,102
Postpaid	98,900	93,066	95,124	95,124	81,967	77,999	72,559	72,559
Esia	50,073	55,714	56,368	56,368	51,057	48,840	47,723	47,723
Wifone & Ratelindo Regular	40,690	31,235	28,267	28,267	25,150	24,152	22,390	22,390
Esiatel & Ratelindo Wartel	8,137	6,117	10,489	10,489	5,760	5,007	2,446	2,446
ARPU Blended (Rp)	36k	34k	32k	34k	28k	25k	25k	26k
Prepaid	36k	34k	32k	34k	27k	24k	24k	25k
Postpaid	120k	113k	107k	112k	107k	107k	104k	106k
Minutes Of Usage ('000,000)	4,090	4,548	4,878	13,516	5,348	4,749	4,999	15,096
BTS	3,036	3,268	3,468	3,468	3,795	3,850	3,900	3,900
City Coverage	69	73	76	76	82	82	82	82
<i>(In IDR mn)</i>								
Gross Revenue	816,097	849,853	878,558	2,544,509	893,625	824,688	826,648	2,544,960
Net Revenue	658,236	672,556	682,585	2,013,378	708,461	668,250	671,170	2,047,881
Total Operating Expenses	588,595	583,604	625,577	1,797,776	605,913	596,198	655,054	1,857,166
Depreciation	162,232	292,932	250,721	705,885	266,868	281,001	291,910	839,780
Operating & Maintenance	211,138	46,483	126,984	384,606	108,793	108,578	103,051	320,422
General & Administrative	65,089	49,844	52,943	167,877	54,232	59,629	52,083	165,944
Personnel	59,471	79,441	75,447	214,359	71,753	86,161	85,206	243,120
Marketing & Sales Expense	90,664	114,904	119,481	325,049	104,267	60,830	122,804	287,901
EBITDA	231,874	381,883	307,730	921,486	369,416	353,053	308,026	1,030,495
<i>EBITDA / Gross Revenue (%)</i>	28%	45%	35%	36%	41%	43%	37%	40%
EBIT	69,641	88,952	57,009	215,601	102,548	72,052	16,116	190,716
<i>EBIT / Gross Revenue (%)</i>	9%	10%	6%	8%	11%	9%	2%	7%
Other Income/ (Charges)	(61,108)	(2,637)	(20,012)	(83,758)	(54,354)	(104,625)	167,630	8,651
Interest - Net	(45,634)	(59,993)	(50,061)	(155,687)	(84,976)	(121,348)	(101,172)	(307,496)
Others	(15,475)	57,356	30,048	71,930	30,621	16,723	268,802	316,146
Income (Loss) Before Tax	8,533	86,314	36,996	131,844	48,193	(32,573)	183,746	199,366
Tax Expense	(2,804)	(19,264)	(12,445)	(34,513)	(19,148)	6,248	(37,875)	(50,774)
Net Income	5,729	67,050	24,551	97,330	29,046	(26,325)	145,871	148,592
Current Assets	2,162,748	1,913,030	1,913,030	1,913,030	1,619,117	1,532,917	1,622,582	1,622,582
Non Current Assets	6,534,980	9,329,139	9,329,139	9,329,139	9,975,975	10,272,232	10,688,572	10,688,572
Total Assets	8,697,727	11,242,169	11,242,169	11,242,169	11,595,092	11,805,150	12,311,154	12,311,154
Current Liabilities	1,337,659	1,593,361	1,593,361	1,593,361	2,420,279	1,576,655	1,692,072	1,692,072
Non Current Liabilities	2,391,512	4,523,477	4,523,477	4,523,477	4,112,568	5,171,154	5,350,735	5,350,735
Total Liabilities	3,729,171	6,116,838	6,116,838	6,116,838	6,532,848	6,747,809	7,042,807	7,042,807
Total Equity	4,968,556	5,125,331	5,125,331	5,125,331	5,062,245	5,057,341	5,268,347	5,268,347