

# PT Indosat Tbk

## First Half 2007 Results



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# Content

- **Our Telecom Market**
- Our Growing Business
- Our Proven Strategy
- Our Financial Strength
- Our Summary



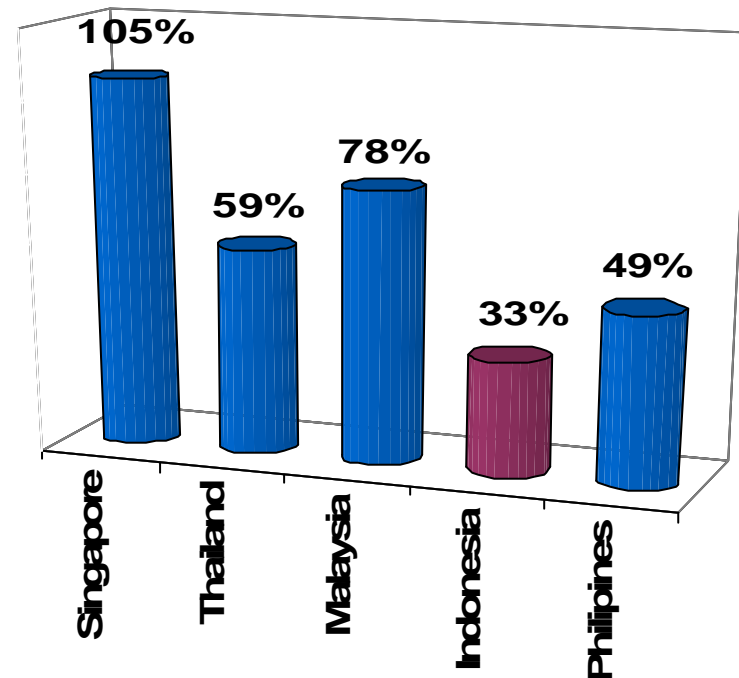
# Indonesian – telecommunication market

## Penetration of Telecommunication

Subscribers	Unit	Jun 2007	Penetration rate
Fixed Phone	Mn	8.7	4.0%
GSM	Mn	73.0	33.2%
Fixed Wireless	Mn	10.0	4.5%
<b>Total</b>	<b>Mn</b>	<b>91.7</b>	<b>41.7%</b>

Source : Company Reports & JP Morgan

## Cellular Penetration YE 2006



## Regional Penetration

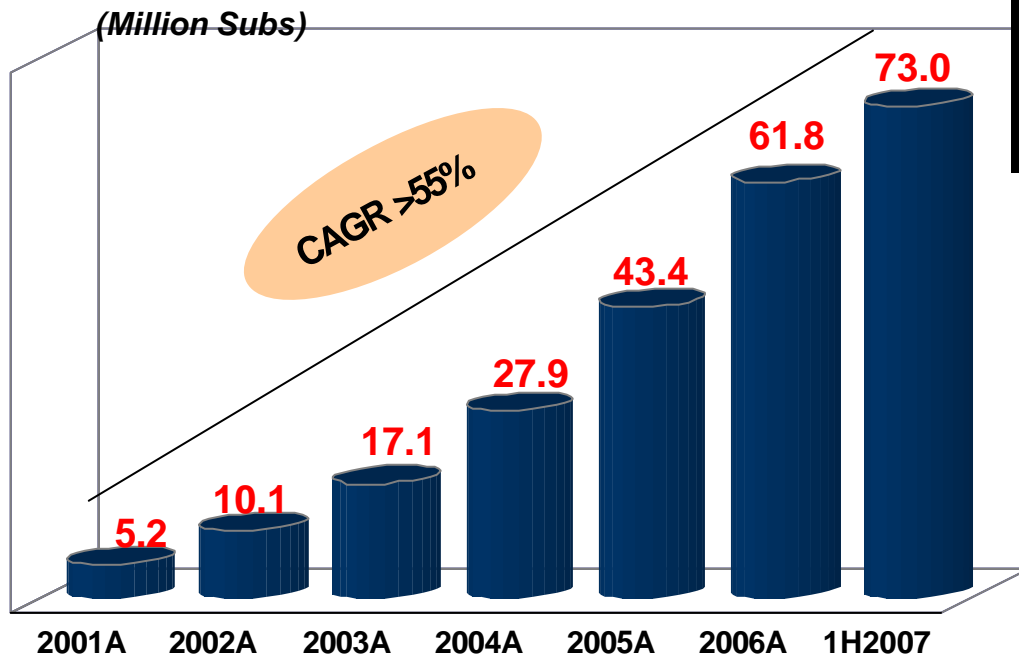
Subscribers	Penetr
Jakarta	56%
Java excl Jakarta	25%
Outside Java	32%

Indonesia market continues growing but some areas are getting saturated. Outside Java provides underpenetrated market.

Indonesian penetration rate as of June 2007

# Indonesian – growing cellular market

Indonesian cellular market was growth by more than 50% during 2001-1H 2007 and expected will continue to grow in next years



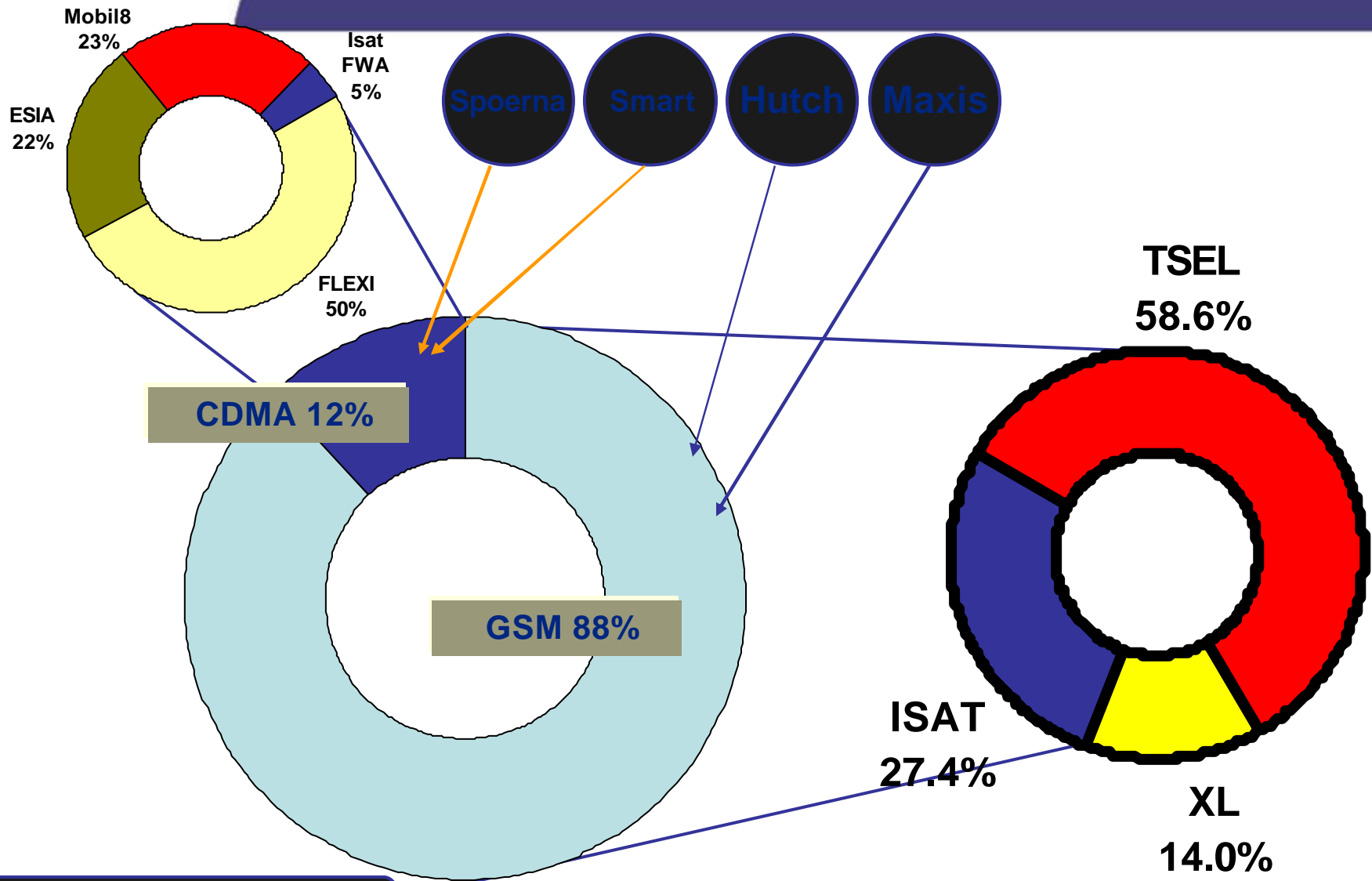
## Leveraging factor of Market growth

- Low penetration of telecommunications services
- Large gap penetration in dense area like Jakarta and remote areas like outside Java
- Focus more outside Java while maintaining Jakarta (Indosat homeland)

Penetration (%)



# but, *competition* is getting tougher



10 players in the industry









Source: Company reports and estimates

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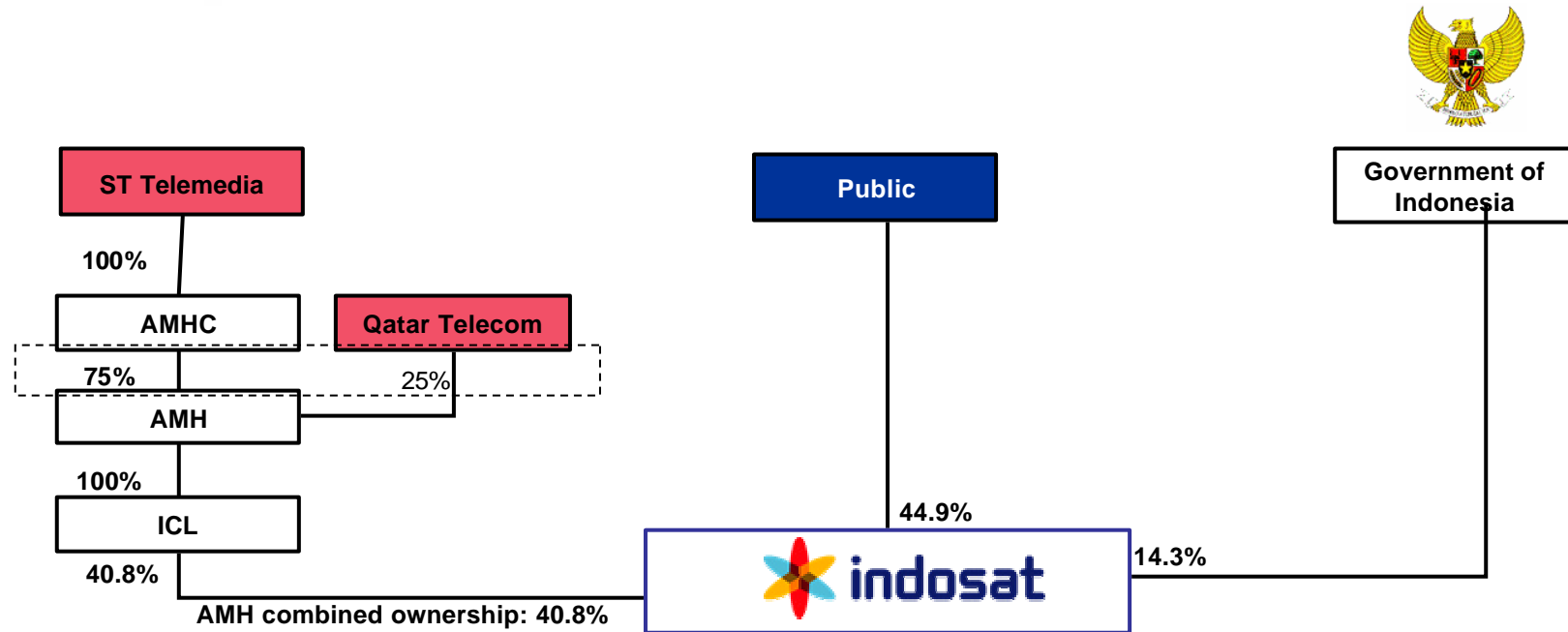
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## **key highlights** in first half 2007 (YoY)

<b>Operating Revenues increased by 33.3%</b>	
<b>Cellular Revenues increased by 37,4%</b>	
<b>Fixed Data (MIDI) Revenues increased by 9.9%</b>	
<b>Fixed Voice Revenues increased by 41.1%</b>	
<b>Cellular subscribers increased by 44.3%</b>	
<b>EBITDA increased by 22.6%</b>	
<b>Net Income increased by 54.0%</b>	
<b>BTS increased by 33.9%</b>	

# Indosat – *shareholding structure*



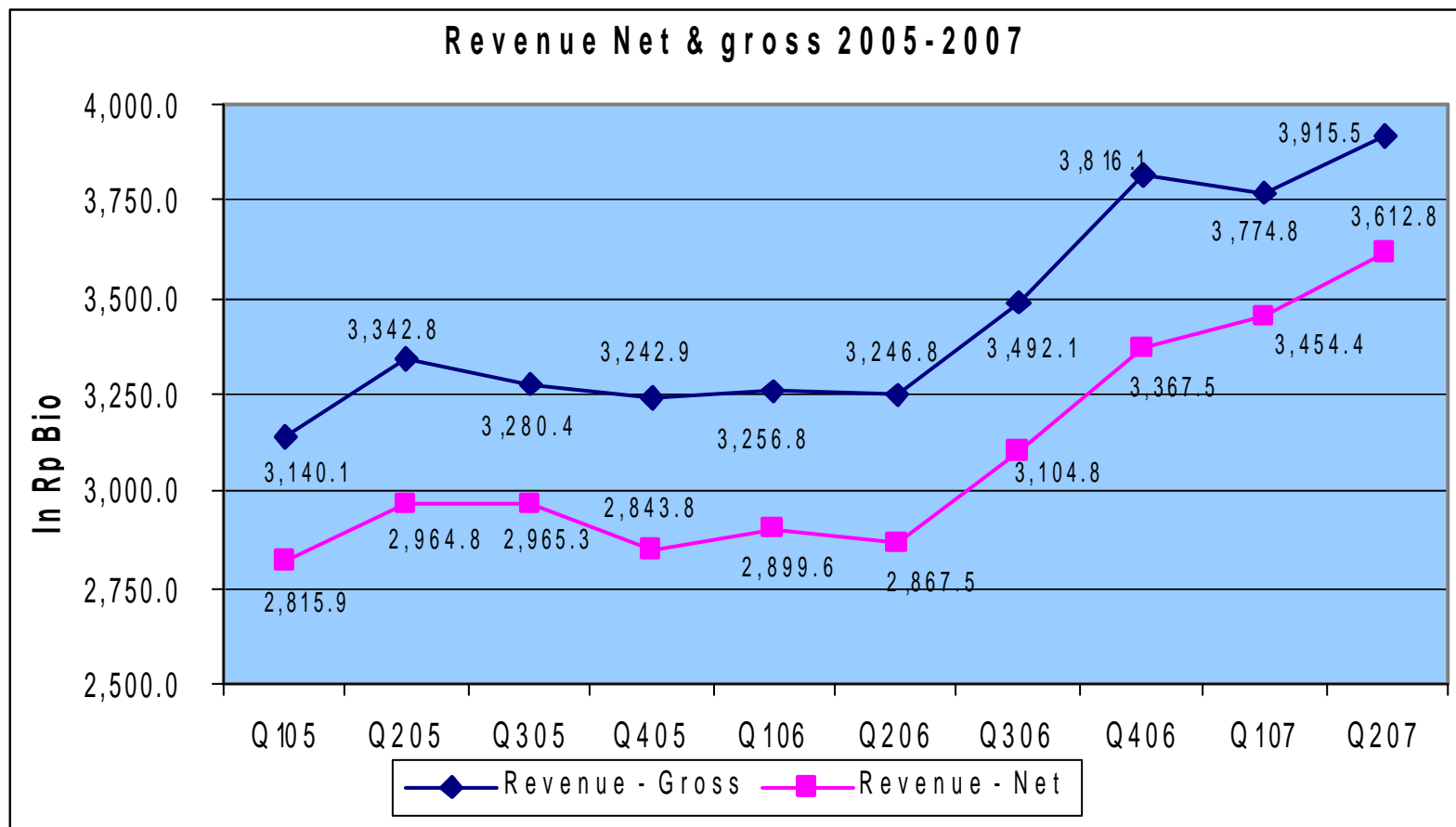
- Indonesian Government owns 14.29% including Series A share
- Indosat's shares are majority owned by public investors (44.90%) listed in JSX and NYSE for more than 10 years.
- ST Telemedia stake in Indosat remains 75% through its AMH. AMH through Indonesia Communications Limited owns (40.8%)

# Indosat – *competitive scenario*

		Indosat	TSEL	Telkom	Excel	Bakrie	Mobile-8	Hutch	NTS
Mobile	Cellular	✓	✓		✓		✓	✓	✓
	3G	✓	✓		✓			✓	✓
Fixed Services	Fixed Landline	✓		✓	✓				
	Fixed wireless	✓		✓		✓	✓		
	DLD	✓		✓					
Others	IDD	✓		✓					
	Internet	✓		✓	✓				
	Satellite	✓		✓					

Indosat is the solely providers of full and network telecommunications service

# Revenue Growth



Net and Gross Revenue consistently shown a positive growth since second quarter 2006

# Indosat – *a snapshot*



## Cellular Business

77% of Total Revenues

- Second largest subscriber number of 20 million or increased 44.3% over last year
- Market share of 27.4%
- Declining churn to 11.3%
- Strong revenue growth of 37.4% YoY
- SMS hits has reached 100 million a day
- Service coverage in all provinces and most regencies

## Fixed Data Business

13% of Total Revenues

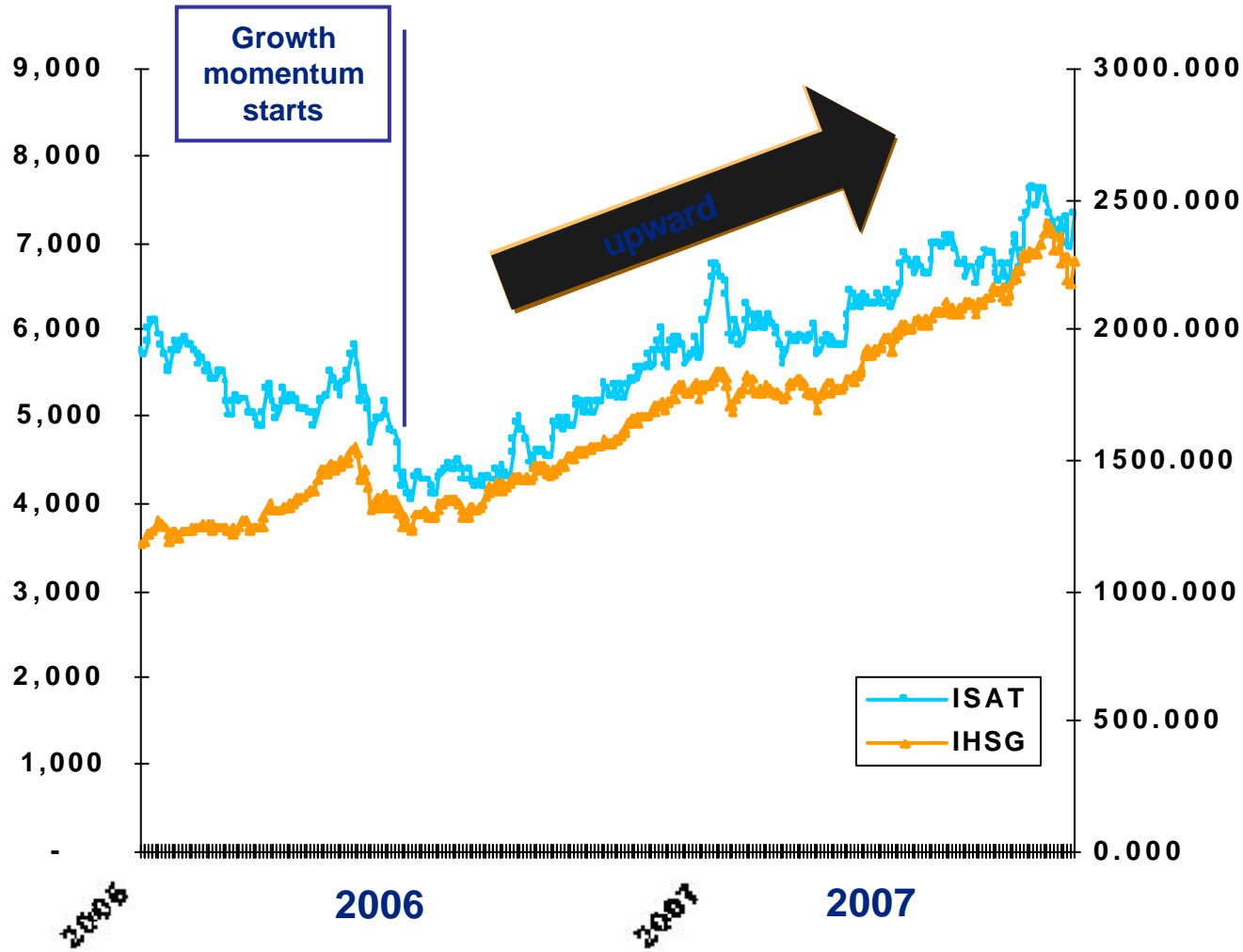
- Fixed data services grew by 9.9% YoY
- Leased lines, Internet and IPVPN are the drivers for the growth
- Indosat together with its two subsidiary to cater this services
- Most customers are TV broadcaster, corporate and wholesale

## Fixed Voice Business

10% of Total Revenues

- Fixed voice services grew by 41.1% YoY. We used to carried loss.
- IDD incoming traffics and StarOne FWA are the drivers for the growth
- Indosat has been in 22 cities and has almost 2 million subscriber capacity
- In the process of frequency migration

# ISAT – *share performance*



- Growing performance was reflected in the share price (fundamental value)
- Indosat share price has been increased started third quarter 2006

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- Our Financial Strength
- Our New Guidance



# Indosat – *key three prong cellular strategy*

## Accelerated Network rollout

- BTS increased by 33.9%
- BTS reached 8,366
- Prudent and selective deployment: revenue growth of 33.3% YoY exceeding depreciation growth of 16.5% YoY
- Cover most regencies and more than 50% districts accros the country

## Implemented new distribution scheme

- Refinement of distributionship scheme into more KPI basis
- Simplify structured distributors
- Currently, distribution of Indosat product cover all 31 provinces, cover almost all regencies 100% and cover most (more than 50%) districts

## Continued marketing innovation

- Spending on marketing increase to 4-5% of revenue
- Mentari gain top brand awareness
- Various product and features launched
  - Mentari 50
  - Super SMS 200
  - Mentari 5000
  - “ten for ten”
  - Increasing ring back tone and other VAS

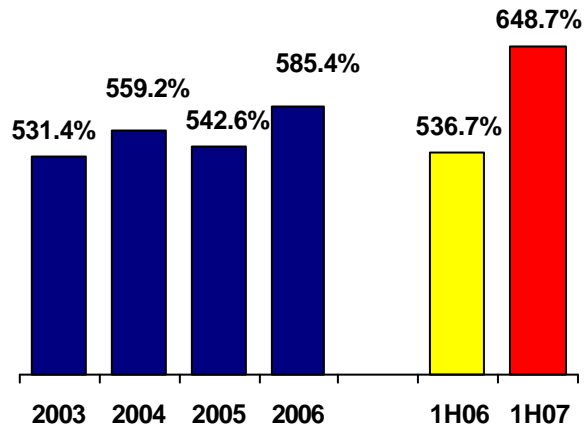
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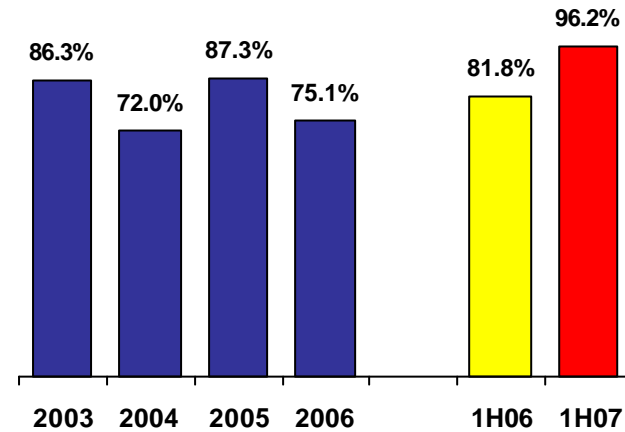


# Indosat – *sound balance sheet*

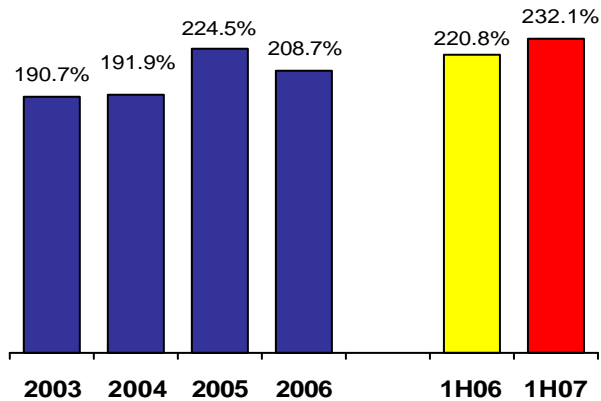
## Interest Coverage



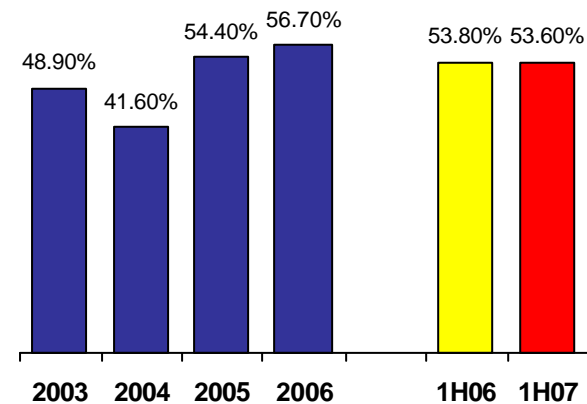
## Gearing Ratio (Gross Debt)



## Debt to EBITDA



## Gearing Ratio (Net Debt)



**Sufficient resources and flexibility to support plans and actions**

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*with this achievement, we are confident to  
increase our guidance*



Revenue growth is more than 20% with cellular revenue growth is 25%



Increase subscriber net add this year to 6-7 million subs



Target EBITDA margins is maintained between 57%-59%



Increase capex to USD 1.2 billion (for capacity and quality expansion)

# Thank you

