

PT Indosat Tbk

9M 2011 Results

Disclaimer

- **PT Indosat Tbk cautions investors that certain statements contained in this document state management's intentions, hopes, beliefs, expectations, or predictions of the future are forward-looking statements**
- **Management wishes to caution the reader that forward-looking statements are not historical facts and are only estimates or predictions. Actual results may differ materially from those projected as a result of risks and uncertainties including, but not limited to:**
 - Our ability to manage domestic and international growth and maintain a high level of customer service
 - Future sales growth
 - Market acceptance of our product and service offerings
 - Our ability to secure adequate financing or equity capital to fund our operations
 - Network expansion
 - Performance of our network and equipment
 - Our ability to enter into strategic alliances or transactions
 - Cooperation of incumbent local exchange carriers in provisioning lines and interconnecting our equipment
 - Regulatory approval processes
 - Changes in technology
 - Price competition
 - Other market conditions and associated risks
- **The company undertakes no obligation to update publicly any forward-looking statements, whether as a result of future events, new information, or otherwise**

Today's agenda

- **9M 2011 Overview**
- **Strategy**
- **Financial & Operational Results**
- **Awards and Recognition**

9M 2011 Updates

Consolidated Revenue Growth of 3.5% over 9M 2010 ; Quarterly growth of 2.7%

- Cellular Revenue Growth of 4.8% over 9M 2010 ; Quarterly growth of 2.3%
- EBITDA Margin of 46.5%; Normalized* EBITDA Margin of 49.3%
- Free Cash Flow of IDR 2,249 billion, growth of 36.0% over 9M 2010
- Profit Attributable to Owners of The Company of IDR 992.0 billion, growth of 86.9% over 9M 2010 ; Quarterly growth of 36.0%
- Debt lower by 20.7% over 9M 2010

Subscriber Milestone – 50 Million Threshold crossed in Q32011

- Cellular customer growth maintained momentum and added 11.8 million net additions YoY
- End of 9M 2011 GSM subscribers of 51.5 million

* Net of Voluntary Separation Scheme (VSS) costs



Pulsa Langsung Kembali

- Is a voice tariff program in which customers can earn credits by making regular calls to all operators.
- Bonuses are earned for each regular call made to Indosat numbers and also to other operators provided the calls are *chargeable* - between 12.00 – 24.00 (not valid for international calls, 01016, premium calls, etc.).
- Free Talk 5000 promo, IM3 Ce-eSan and IM3 Community are not eligible for the promotion.



Indosat Internet

- Internet broadband service for Indosat customers (IM3, Mentari, Matrix) Data package service with high speed up to 1 Mbps for all internet activities such as e-mail, chatting, downloading, blogging, and browsing.
- Available on daily, weekly and monthly basis, with two package options (GAUL and BROWSER) to provide customers with options and easy to understand rates



Blackberry Flat Rate Roaming

- Flat rate that applies to the data usage from Indosat registered Blackberry's in the countries listed as Indosat's roaming partners
- Tariffs start from Rp25k / day

Ratings Update

MOODY'S

On 23 September 2011, Moody's affirmed Indosat Ba1 ratings and **revised the outlook** from **'Negative'** to **'Stable'** with the following rationale:

- Established position as Indonesia's #2 mobile operator
- Improved liquidity and covenant headroom and
- Improving operating performance amid ongoing competitive environment

FitchRatings

On 29 July 2011, FitchRatings affirmed Indosat BBB- ratings and **revised the outlook** from **'Stable'** to **'Positive'** for Indosat Long-term Local Currency Issuer Default Ratings.



On 10 October 2011, Pefindo affirmed Indosat idAA+ ratings and stable outlook. The ratings reflect strong support from the majority shareholder, Indosat's strong market position and improved operating performance.

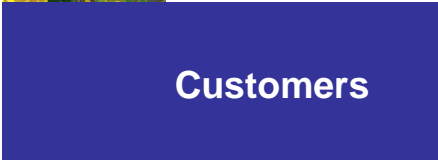




2011 Annual Guidance Update

Key Metrics	FY 2010 Actual	2011 Guidance	
		Previous	Current
Consolidated Revenue Growth	5.2%	7 - 11%	3 - 4%
Cellular Revenue Growth	12.1%	8 - 12%	4 - 5%
Non-Cellular Revenue Growth	(16.7%)	3 - 6%	(2) - 0%
EBITDA Growth	9.7%	Up to 9%	Up to 1%
EBITDA Margin	48.6%	46 - 48%	46 - 47%
Cash CAPEX (IDR tr)	IDR 6.5tn	IDR 5.8 - 6.8tn	IDR 5.8 - 6.2tn

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Strategic Priorities

	2010-11 <i>Earn the right to success</i>	2012-2013 <i>Accelerate impact</i>	Scorecard KPIs and examples
 Customers	<ul style="list-style-type: none"> Better Understanding of Customer needs Excellence in delivering attractive products to market 	<ul style="list-style-type: none"> Enhance Customer Experience 	Revenue, EBITDA and Profit Market Share
 Expansion	<ul style="list-style-type: none"> Expand into new high growth markets 	<ul style="list-style-type: none"> Innovation 	New Business From Tower Optimization
 People	<ul style="list-style-type: none"> Strengthen Culture, Structure, Execution Capability and Talent Management 		Benchmark against global best in class
 Asset Utilization	<ul style="list-style-type: none"> Further Sweating of Assets 	<ul style="list-style-type: none"> Network Sharing, Opex Reduction, Lighten Balance Sheet 	FCF Generation and EBITDA and Net Profit Margins
 Technology	<ul style="list-style-type: none"> Technology & Spectrum Strategy, Regulatory Relationship 		Data take-up rates, Network data throughput
Excellence in Execution	<ul style="list-style-type: none"> Alignment and KPIs 		Best in class execution – Rev/BTS etc.

Strategic Priorities – Achievements to Date

Improved profitability

- Improved normalised EBITDA Margin of 49.3%
 - YTD FCF generation of IDR 2.2tr
 - Profit attributable to owners of IDR 992.0bn
-

Stronger balance sheet

- CAPEX to sales moderating below 30%
 - Organic de-gearing of 20.7% YoY
-

Network Focus

- Data demand readiness
- Quality enhancement
- Cost efficiency

Strategic Priorities – Achievements to Date

People productivity

- Successful VSS: launched in Q1 2011 and completed within 3 months
 - Permanent workforce reduced by 26%
-

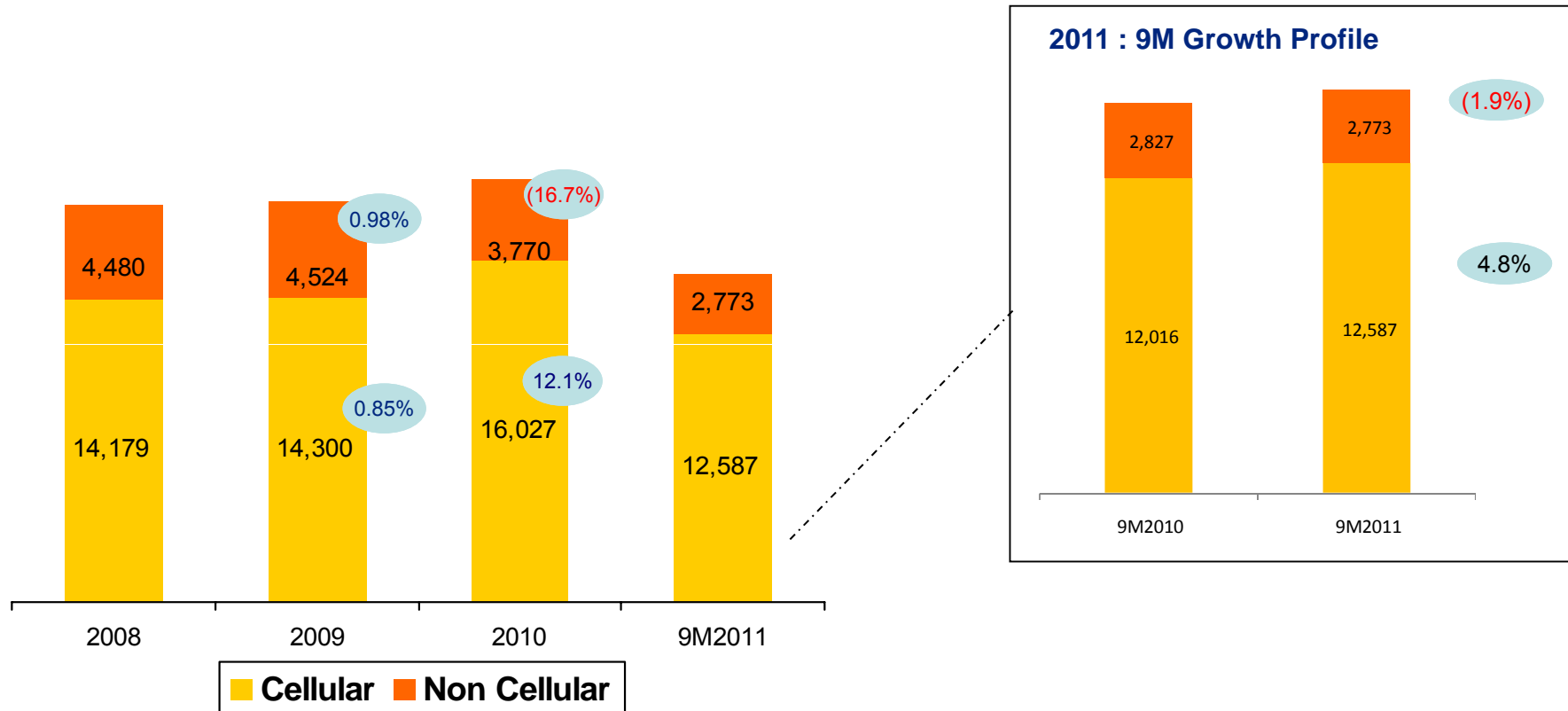
Driving an innovation culture

- Innovation Lab – first LTE trial, Developer Platform
- Low cost and Green BTS launched for remote areas

Today's agenda

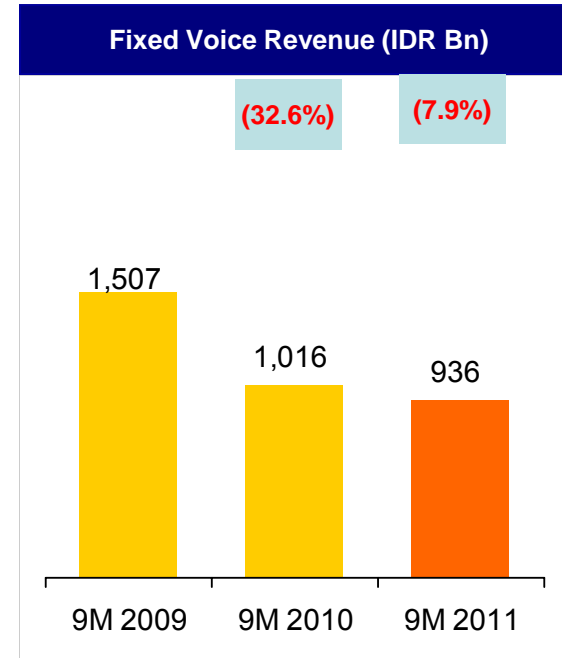
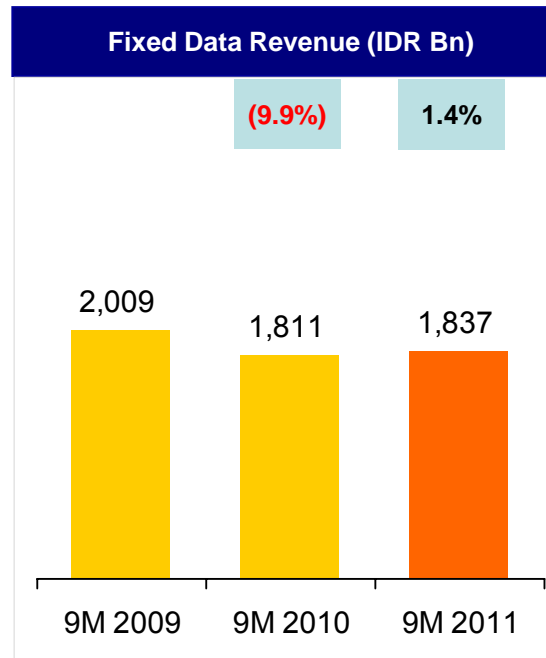
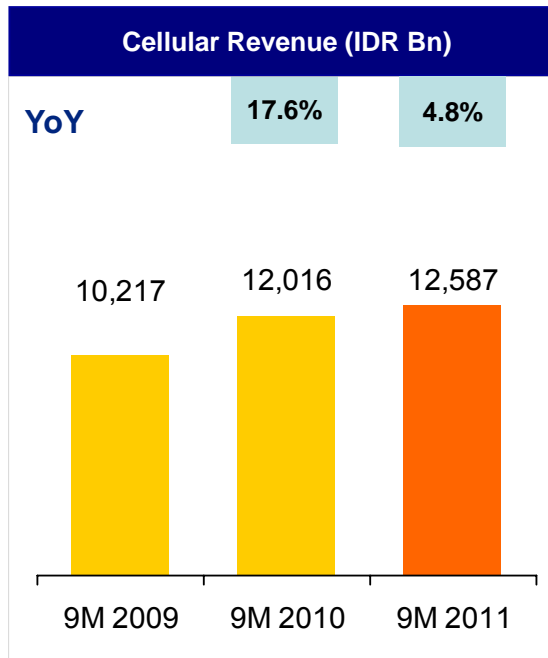
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9M 2011 Revenue Profile



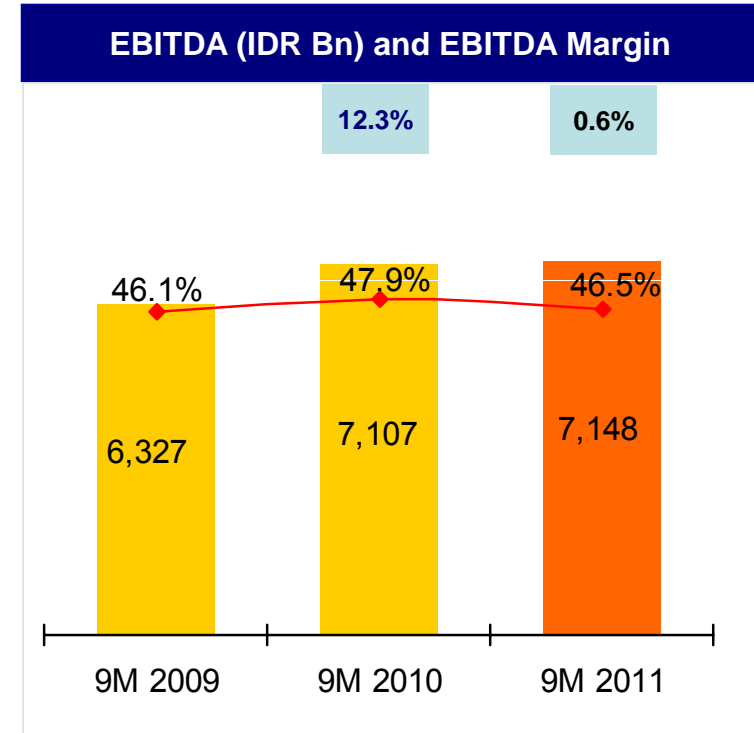
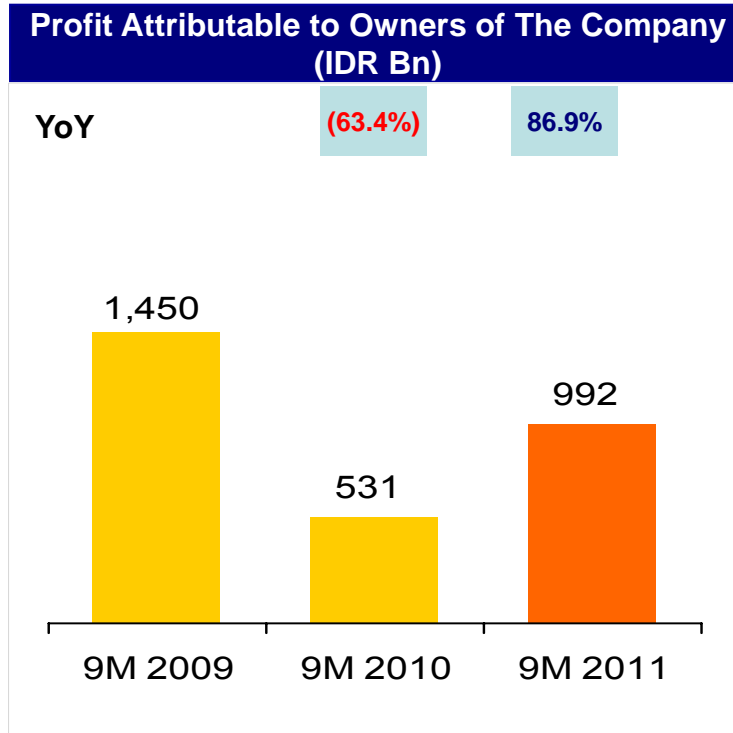
Non-cellular derived revenues declined at a slower pace, while core Cellular grew in line with broader market growth

9M 2011 Segmented revenue



Mobile Industry growth has moderated, owing to increased penetration and a very crowded and competitive landscape

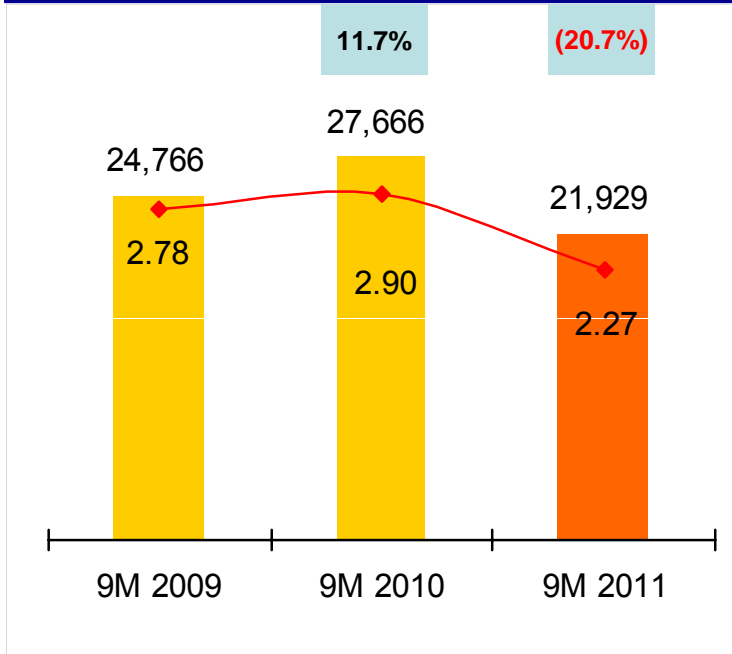
9M 2011 Profit Attributable to Owners of The Company and EBITDA



Increases in Profit Attributable to Owners of The Company gains driven primarily through FX gains and lower absolute debt service expenses. Normalized margins stable – decline attributable to VSS

9M 2011 Debt Summary

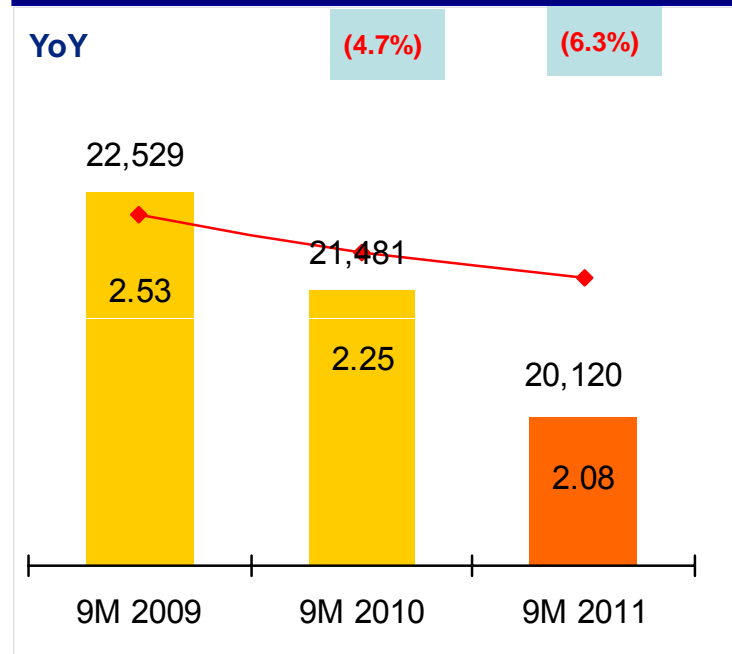
Gross debt (IDR Bn) and Gross debt / EBITDA



Note:

Gross debt defined as: total loans payable, bonds payable and unamortized issuance cost (loans, bonds and notes), unamortized consent solicitation fees (loans and bonds) and unamortized discounts (loans and notes).

Net debt (IDR Bn) and Net debt / EBITDA

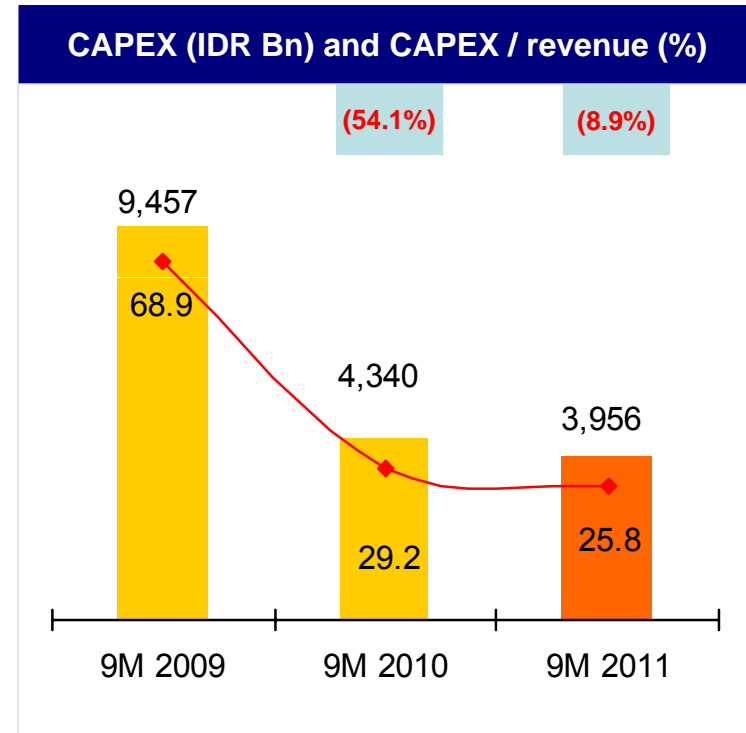
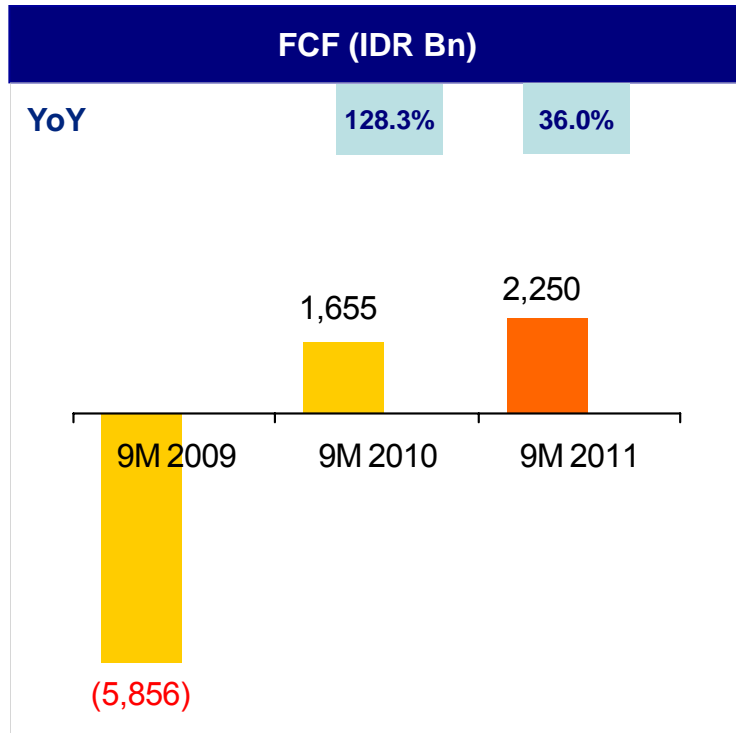


Note:

Net debt is Gross debt less cash and cash equivalents.

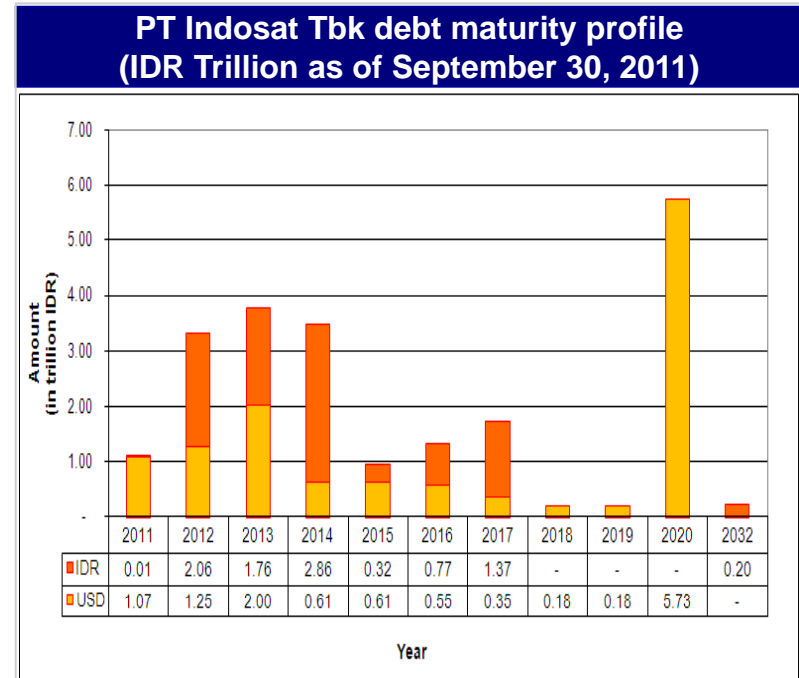
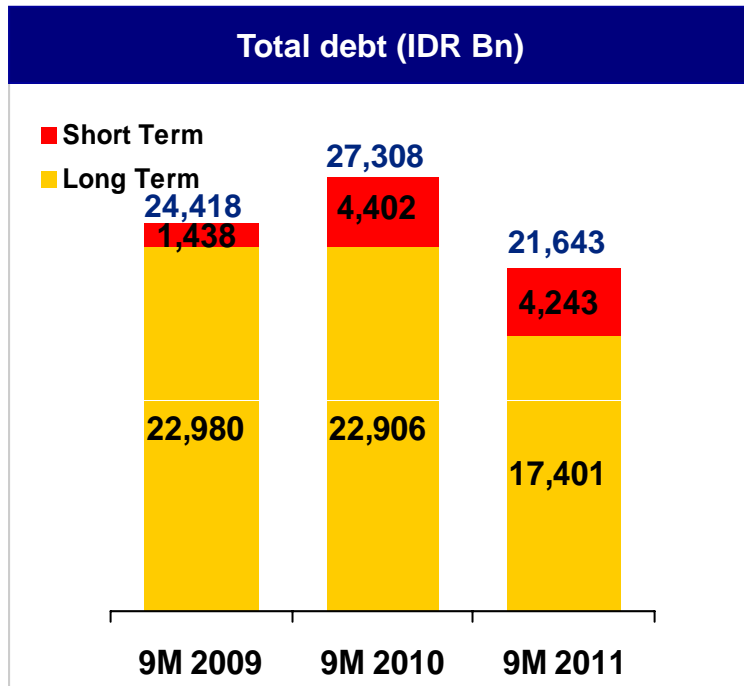
Continuous de-gearing underway owing to FCF generation and conservative financial practices

9M 2011 FCF and CAPEX



Cash-out CAPEX trending flatter on year – resulting in higher FCF generation

9M 2011 Debt breakdown



- Covenants**
- Net Debt to Equity: 1.06X
 - Gross Debt to Equity: 1.16X < 2.5X
 - Net Debt to EBITDA: 2.08X
 - Gross Debt to EBITDA: 2.27X < 3.5X
 - Interest Coverage: 5.41X > 3.0X

- USD: 57.3%
- Rupiah: 42.7%
- Bonds: 51.5%
- Loans: 48.5%
- Hedge of USD Bonds & Loans: 35%

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Awards and Recognition



**EMPLOYER OF CHOICE
(FEB. 2011)**

**INDONESIA BRAND
CHAMPION AWARAD
(MAR. 2011)**



**HOTGAME READER'S
CHOICE AWARD 2010
(MAR. 2011)**



**SELULAR AWARD
(APR. 2011)**



**INDONESIA CELLULAR
AWARD (JUN. 2011)**



**GOLDEN RING AWARD
(JUN 2011)**



**THE BEST CONTACT CENTER INDONESIA
(JUN 2011)**

**The Best Technology
Innovation 2011**



The Best HR Retention



**The Best Technical
Support**



**The Best Back Office
Support**



Thank You

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**Any further
questions?**

FY 2011 Results
Early 2012

**Upcoming
events**





- **Appendix**

Macro-Economic Overview



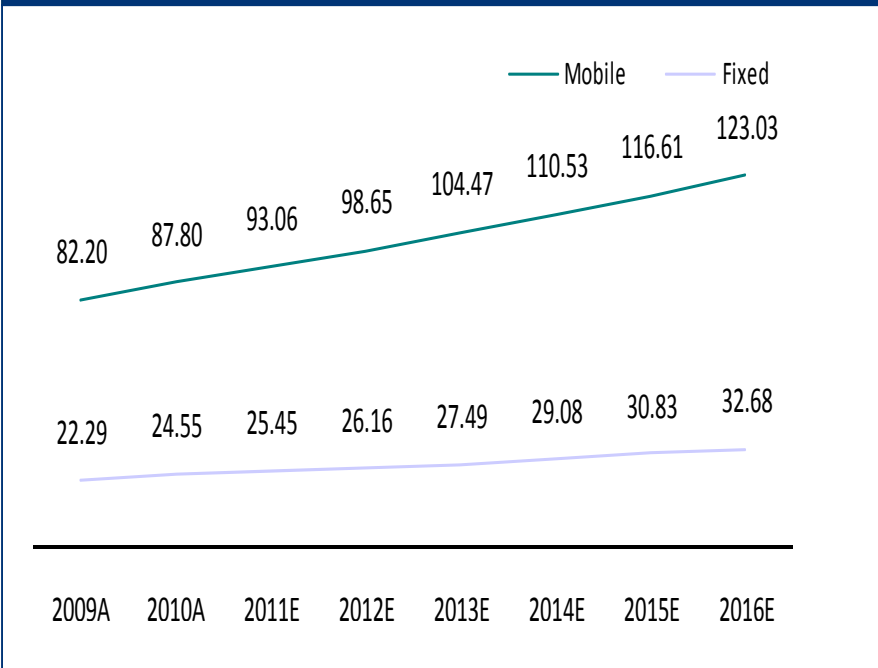
Macro-economic Data (2011)

Population: 237.42 m
Population Growth: 1.3%
GDP/Cap (PPP): \$ 3,465
Real GDP Growth Rate: 6.2%

Key trends

- **Mobile:**
 - Mobile penetration continues to rise, sector growth is estimated to decrease from 10.3% CAGR 2008-2010 to 5.0% CAGR in 2011-2016.
- **Fixed:**
 - The fixed telecom growth in Indonesia is predicted to grow at a CAGR of 5.1% (2010-2016) compared to a CAGR of 10.2% (2008-2010).

Telecom indicators – Revenue Share



Key Indicators

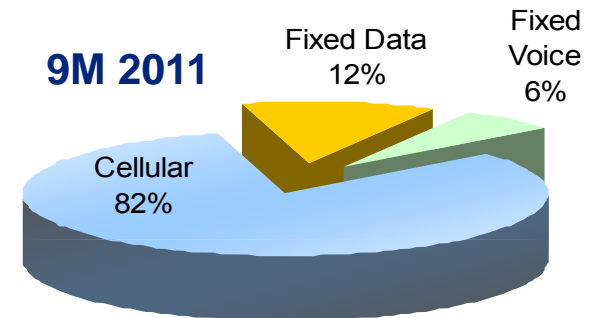
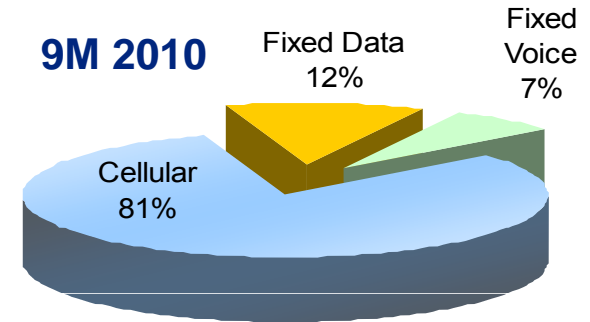
- GDP per capita is projected to grow from the current rate of \$US 3,000 to \$US 4,000 by 2014, implying a growth rate at 33%, and commensurate increase in consumer spending power
- The inflation rate is predicted to flatten or decline in the coming years - Bloomberg Consensus for Inflation 2011-2013 is 5.66%
- Stability expected in the exchange rate with Bloomberg Consensus for USD/IDR 2011-2013 at IDR/USD 8458

Source: Frost & Sullivan, McKinsey, IMF, QI, Internal Analysis

9M 2011 Results

	9M 2010 (billion IDR)	9M 2011 (billion IDR)	YoY
Cellular	12,015.9	12,587.1	4.8%
Fixed Data	1,810.9	1,837.1	1.4%
Fixed Voice	1,016.3	936.3	(7.9%)
Operating Revenue	14,843.1	15,360.5	3.5%
EBITDA	7,107.3	7,148.1	0.6%
Normalized EBITDA*	7,107.3	7,573.7	6.6%
EBITDA Margin	47.9%	46.5%	(1.4%)
Normalized EBITDA Margin*	47.9%	49.3%	1.4%
Profit Attributable to Owners of The Company	530.9	992.0	86.9%

* Exclusive of charges associated with the Voluntary Separation Scheme (VSS)



Cellular growing at industry rate; recovery in Fixed Data

9M 2011 Results - Segmented review

Cellular

		YoY
Net Additions:	11.8M	
Subscribers:	51.5M	29.9%
Blended ARPU (IDR):	29.4K	(16.6%)
Blended MOU:	95 minutes	(17.8%)

Fixed Data

Revenue Contribution and Growth:

▪ Global Corporate Services	76.9%	10.7%
▪ Satellites Lease	5.1%	(0.6%)
▪ Multimedia	17.2%	(23.6%)
▪ Others	0.8%	(47.1%)

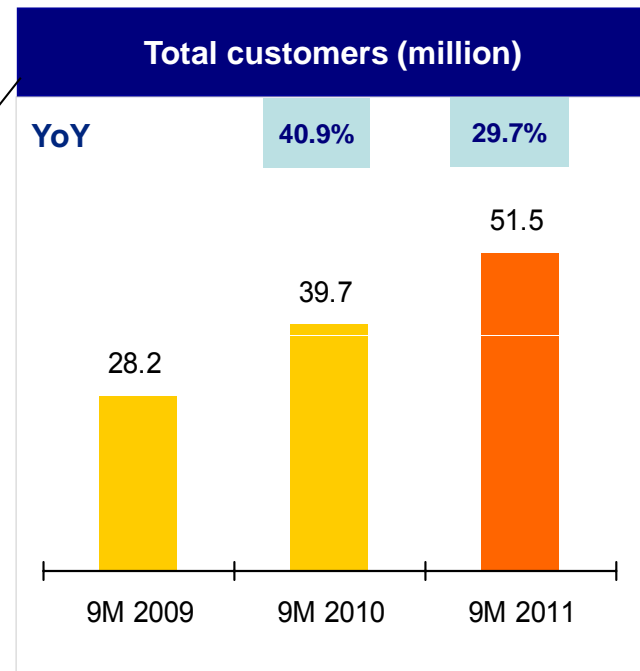
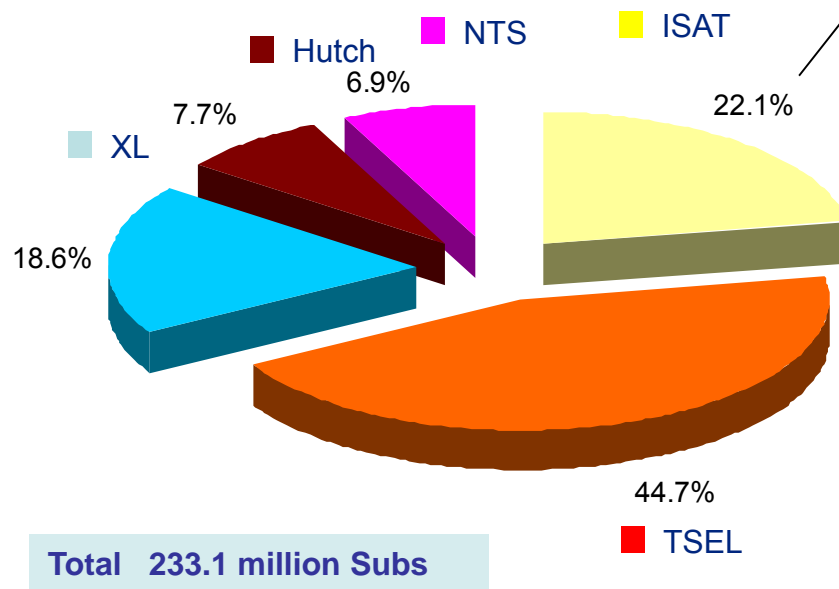
Fixed Voice

		YoY
IDD		
• Total Traffic:	1,784.4 mn minutes	11.6%
• Outgoing:	339.1 bn minutes	(1.8%)
• Incoming:	1,445.3 bn minutes	15.3%

StarOne

• 9M 2011 Subscribers:	283.2K	(60.8%)
• Blended ARPU (IDR):	32.4K	81.8%

9M 2011 Customer Market Share



Sources : Company data & IA Estimation

Note : Excluding CDMA