



**PT Indosat Tbk**  
1H 2014 Results – Re-issued

# Agenda



Financial and Operational Highlights

Management Focus and Key Updates

Supplemental Information

**indosat**  
**IME**  
**PLAY 24 JAM**

**BELI & PAKE IM3**  
**GRATISNYA**  
**24 JAM!**  
NELPON & SMS

**CUMA**  
Nelpon 1 Menit

**Dapat GRATIS 24 Jam**  
1000 Menit Nelpon ke Indosat

**CUMA**  
Ngirim 1 SMS

**Dapat GRATIS**  
1000 SMS ke Semua Operator

**GRATIS**  
akses  
Sosmed & Waze\*



## Financial and Operational Highlights

# 1H14 YoY Overview



Consolidated Revenue decreased 0.8% to IDR 11,613 billion

EBITDA decreased 5.3% to IDR 5,032 billion, EBITDA Margin of 43.3%

Loss Attributable to Owners of The Company increased to IDR 1,112 billion

Free Cash Flow increased to IDR 2,195 billion



Langsung aktif untuk **3 BULAN** dapat **3GB** tanpa batasan waktu dan gratis BBM & Super WiFi  
Internet super cepat hingga **42 Mbps**



GRATIS + indosat SUPER WiFi

# 2Q14 QoQ Overview



Consolidated Revenue increased 1.2%  
to IDR 5,840 billion

EBITDA decreased 7.3% to IDR 2,421 billion,  
EBITDA Margin of 41.5%

Loss Attributable to Owners of The Company  
increased to IDR 1,912 billion

Free Cash Flow decreased to IDR 876 billion

**Nikmati Nelson Gratis**  
**5 MENIT**  
Setelah nelson 5 menit  
ke 10 negara  
dengan  
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to 10 countries  
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**KE LUAR NEGERI**  
**DI MALAM HARI**  
*Free Midnight IDD Call*

INDOSAT SLI 001 008 SLI IIME MENTARI MATRIX

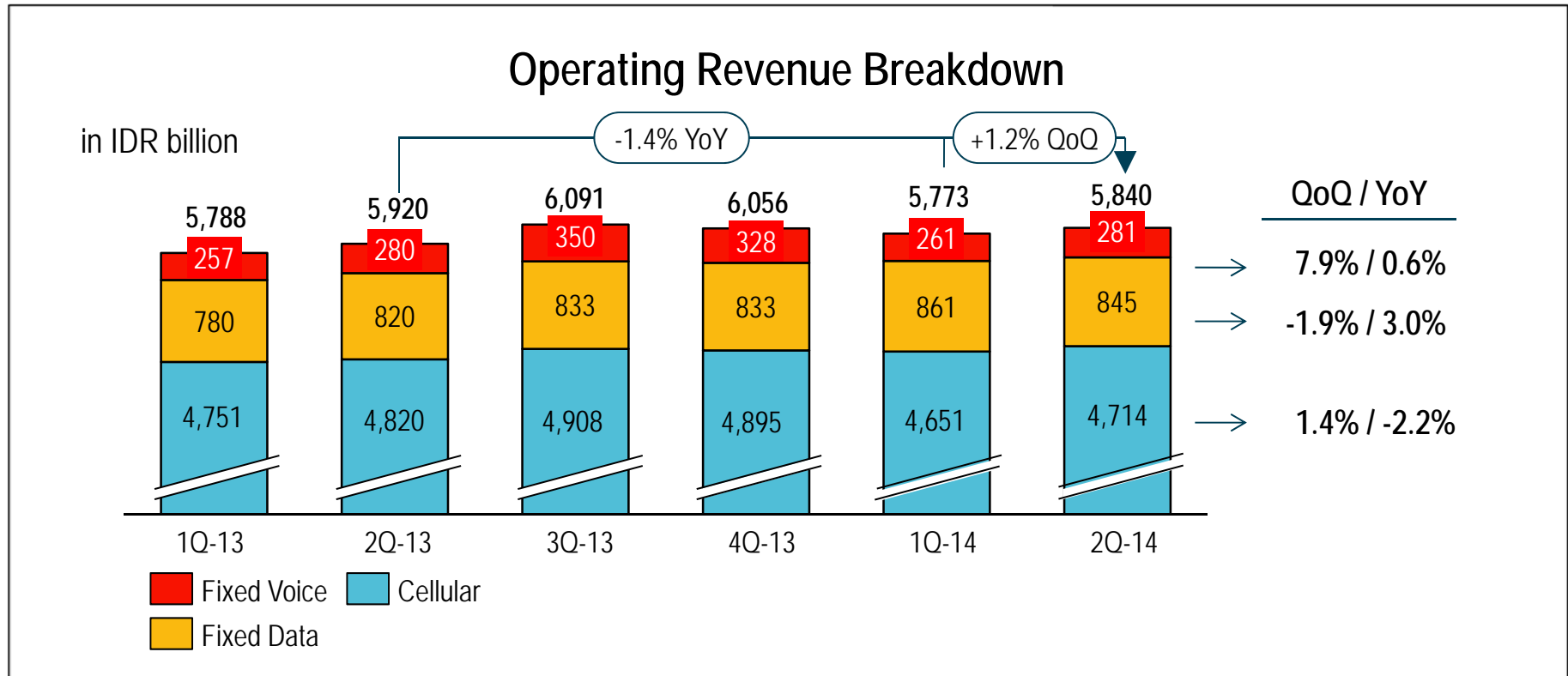
# Financial Highlights



| in IDR billion                                     | 1H-13  | 1H-14  | YoY     | 1Q-14 | 2Q-14  | QoQ     |
|--|--------|--------|---------|-------|--------|---------|
| Operating Revenue                                  | 11,708 | 11,613 | -0.8%   | 5,773 | 5,840  | 1.2%    |
| EBITDA   | 5,311  | 5,032  | -5.3%   | 2,611 | 2,421  | -7.3%   |
| EBITDA Margin                                      | 45.4%  | 43.3%  | -2.0ppt | 45.2% | 41.5%  | -3.7ppt |
| Profit /Loss Attributable to Owners of the Company | -231   | -1,112 | 381.2%  | 800   | -1,912 | -339.0% |

- Improved revenue growth QoQ.
- EBITDA margin YTD in line with guidance.

# Segment Revenue Overview



- Improved cellular performance after network modernization expected to be seen in 2H14
- Continued strong demand for fixed data services & connectivity

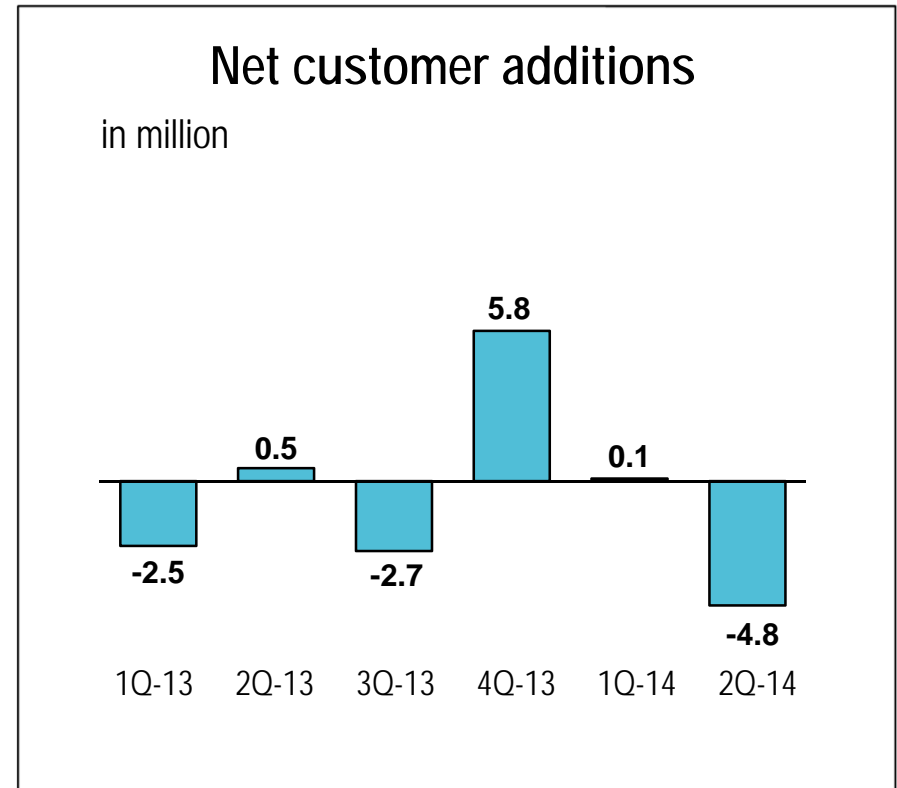
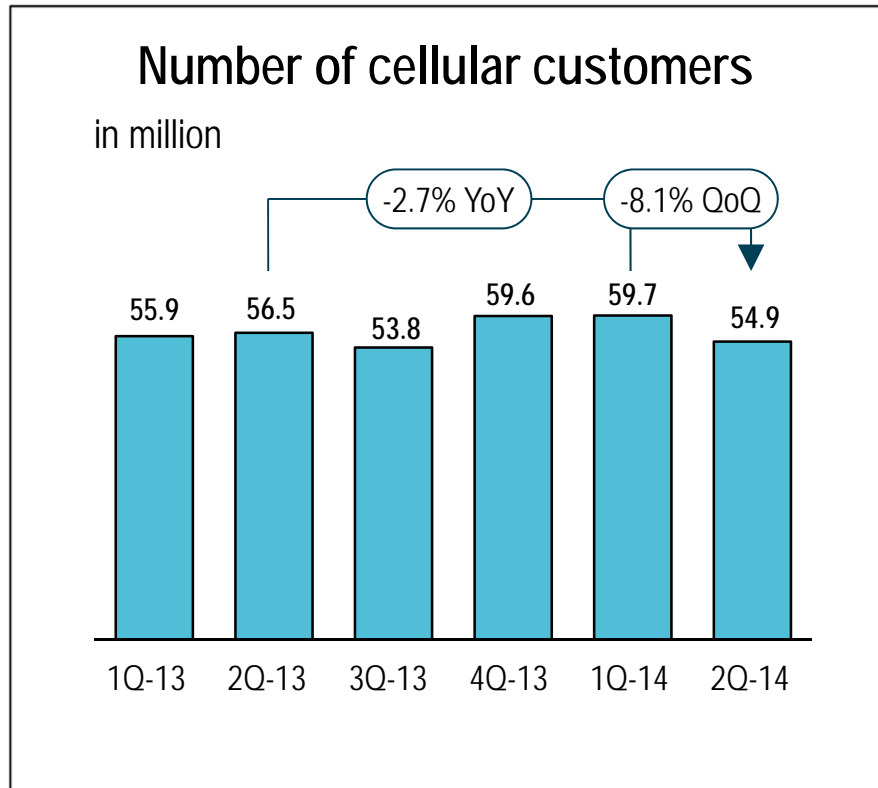
# Cellular revenue performance



|       | 2Q14<br>YoY | 2Q14<br>QoQ |   |
|-------|-------------|-------------|---|
| Voice | -6.4%       | 2.4%        | Migration to data continued to impact voice usage   |
| SMS   | 1.5%        | 1.9%        | Higher effective SMS rate paid  |
| Data  | 11.0%       | -0.9%       | Significant traffic increase in the modernized network;<br>focus on data customer acquisition |
| VAS   | 72.1%       | 26.7%       | Improved execution and performance in VAS   |

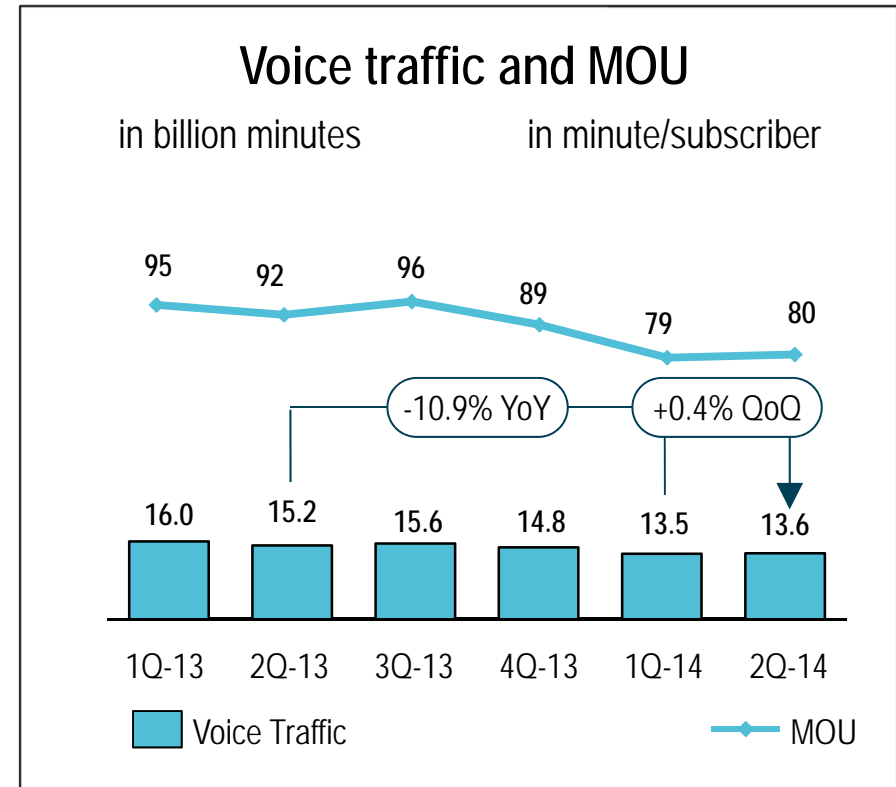
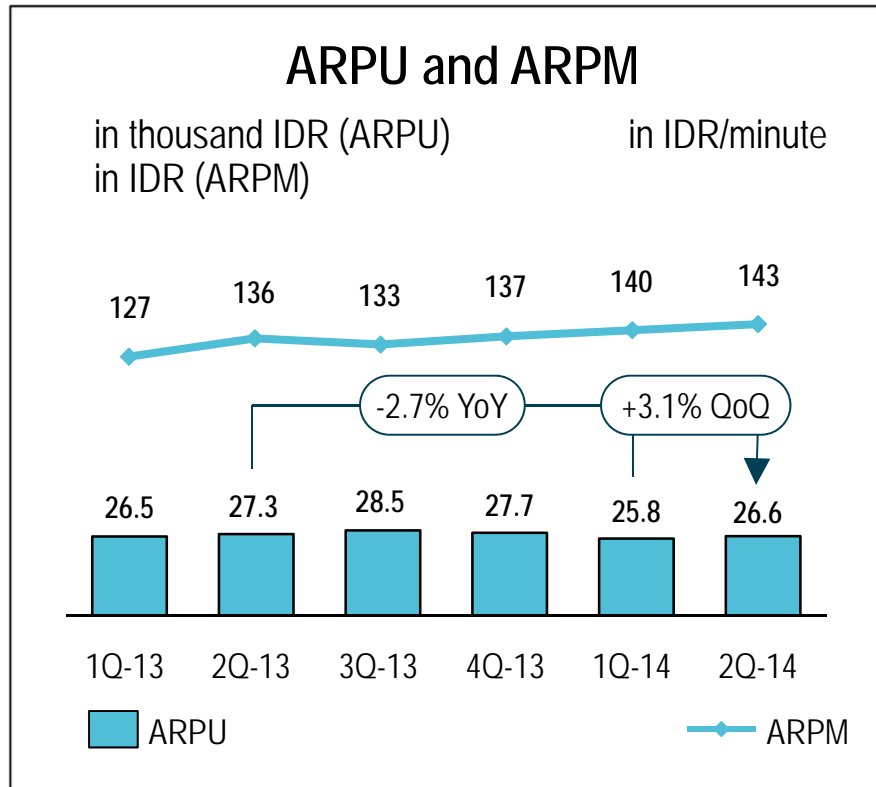


# Cellular customer base



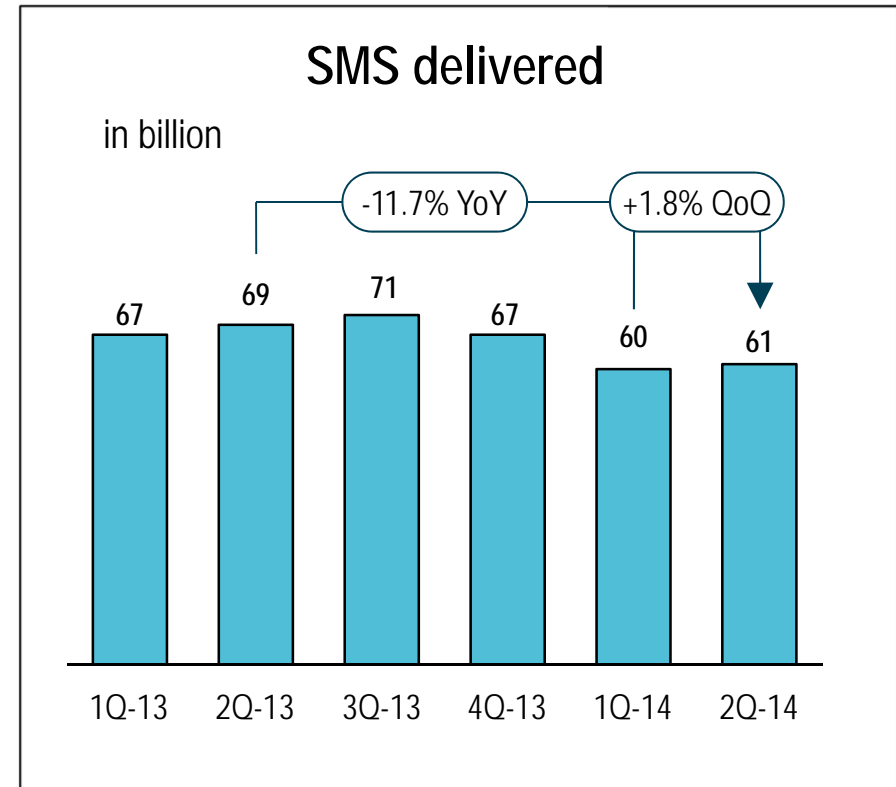
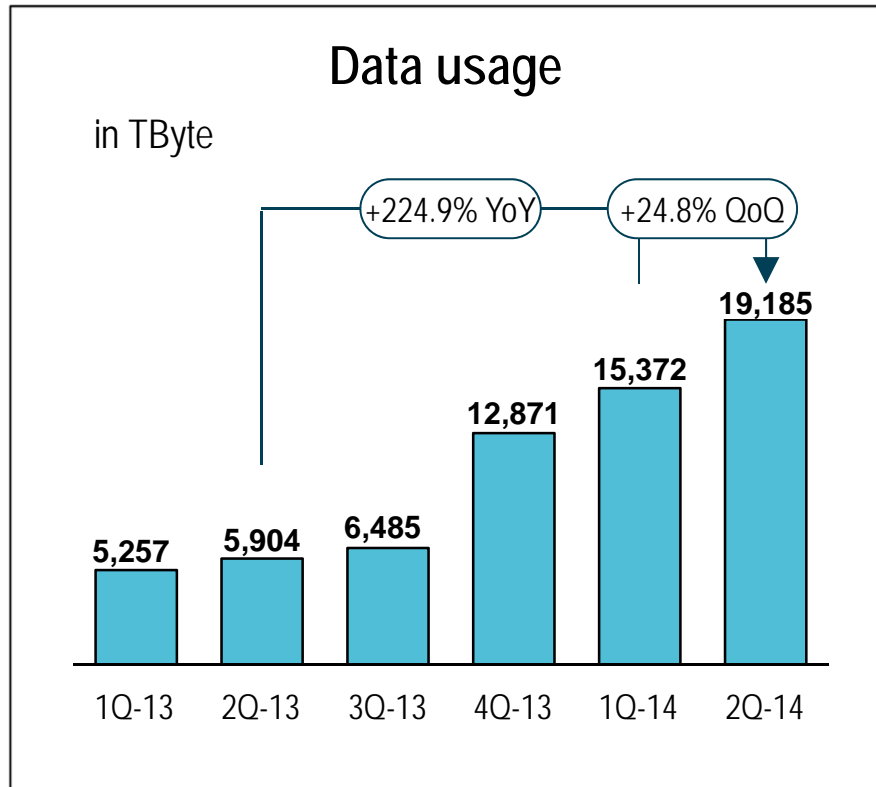
- Rotational churn from 4Q13 and 1Q14 acquisition campaigns

# ARPU stable



- ARPU stable on improved pricing environment
- Voice traffic continued to migrate to data (VoIP)

# High data usage growth



- Modernized network enabling greater data experience and data usage growth
- Increased focus on monetization in 2H14

# Operational expenses

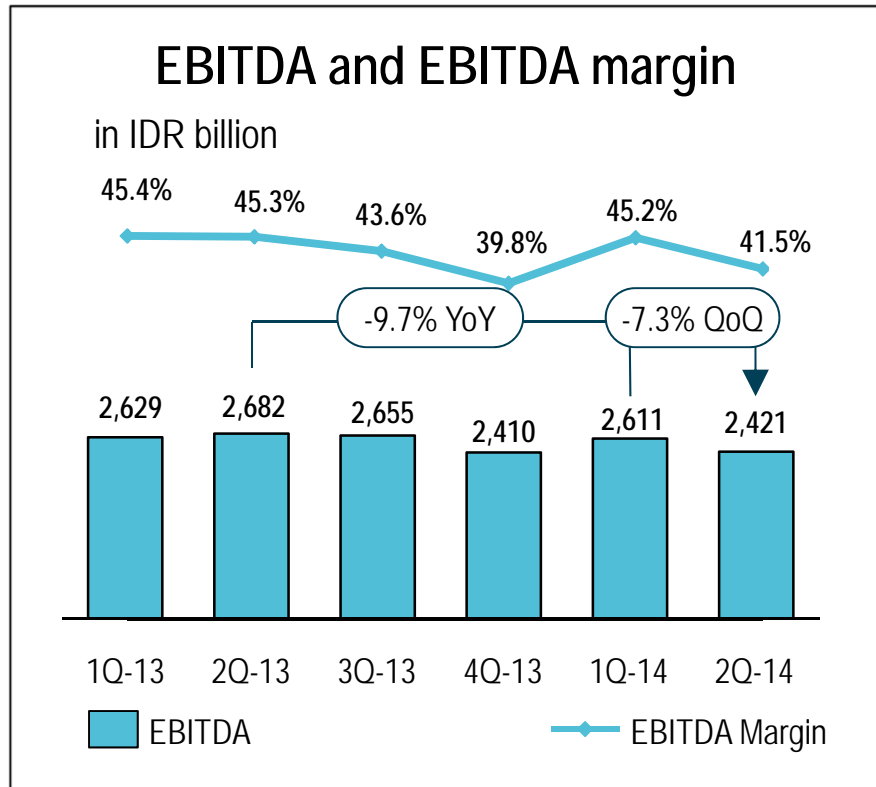


as percentage of revenue

|                                     | 1Q-13        | 2Q-13        | 3Q-13        | 4Q-13        | 1Q-14        | 2Q-14         |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Cost of Service (CoS)               | 41.6%        | 41.2%        | 41.7%        | 42.4%        | 41.4%        | 43.4%         |
| Personnel                           | 7.2%         | 7.0%         | 6.8%         | 8.7%         | 7.2%         | 7.3%          |
| Marketing                           | 2.9%         | 3.7%         | 4.2%         | 4.0%         | 2.8%         | 3.6%          |
| General and Administration          | 2.8%         | 2.8%         | 3.7%         | 5.1%         | 3.4%         | 4.1%          |
| <b>Total Operating Expenses</b>     | <b>54.6%</b> | <b>54.7%</b> | <b>56.4%</b> | <b>60.2%</b> | <b>54.8%</b> | <b>58.5%</b>  |
| Depreciation and Amortization       | 37.0%        | 36.5%        | 37.8%        | 38.9%        | 34.4%        | 33.6%         |
| Provision for IMM Legal Contingency |              |              |              |              |              | 23.3%         |
| <b>Total Expenses</b>               | <b>91.5%</b> | <b>91.2%</b> | <b>94.2%</b> | <b>99.1%</b> | <b>89.2%</b> | <b>116.7%</b> |

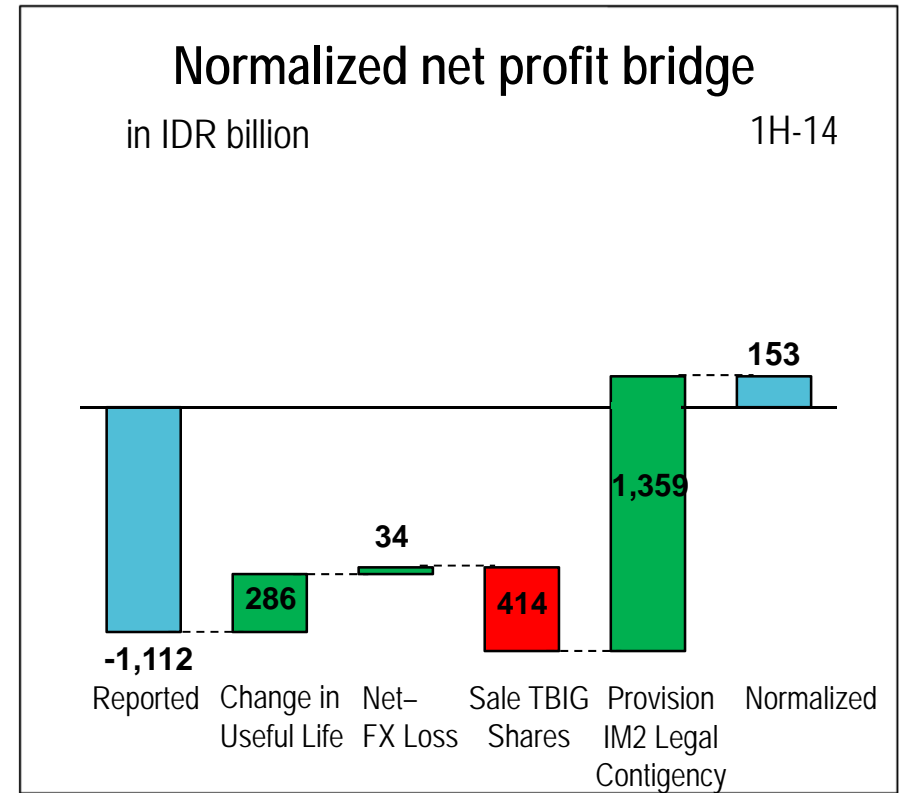
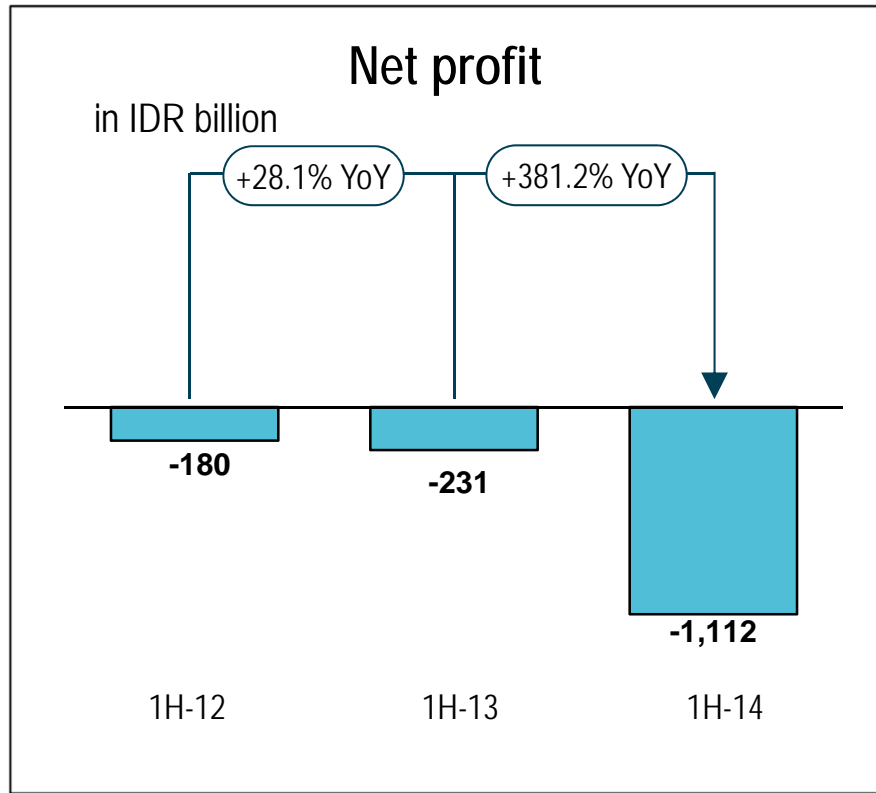
- CoS increased due to higher network operational costs.
- Increased go to market expenses following completion of modernization in Java
- D & A declining in line with expectation and guidance

# Overall stable EBITDA



- YTD EBITDA margin in line with guidance

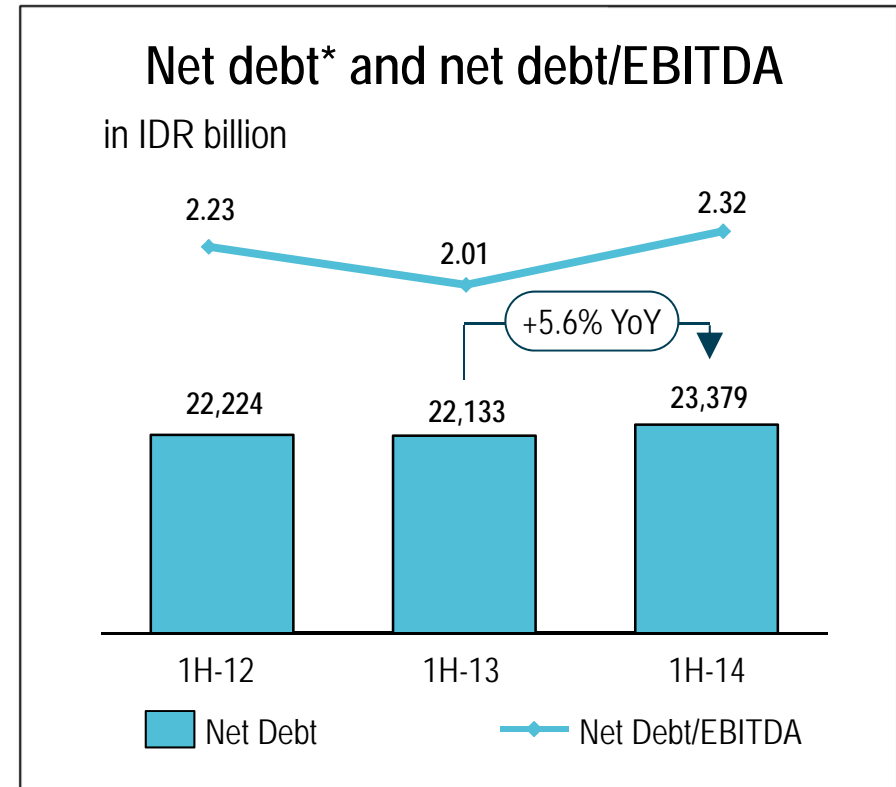
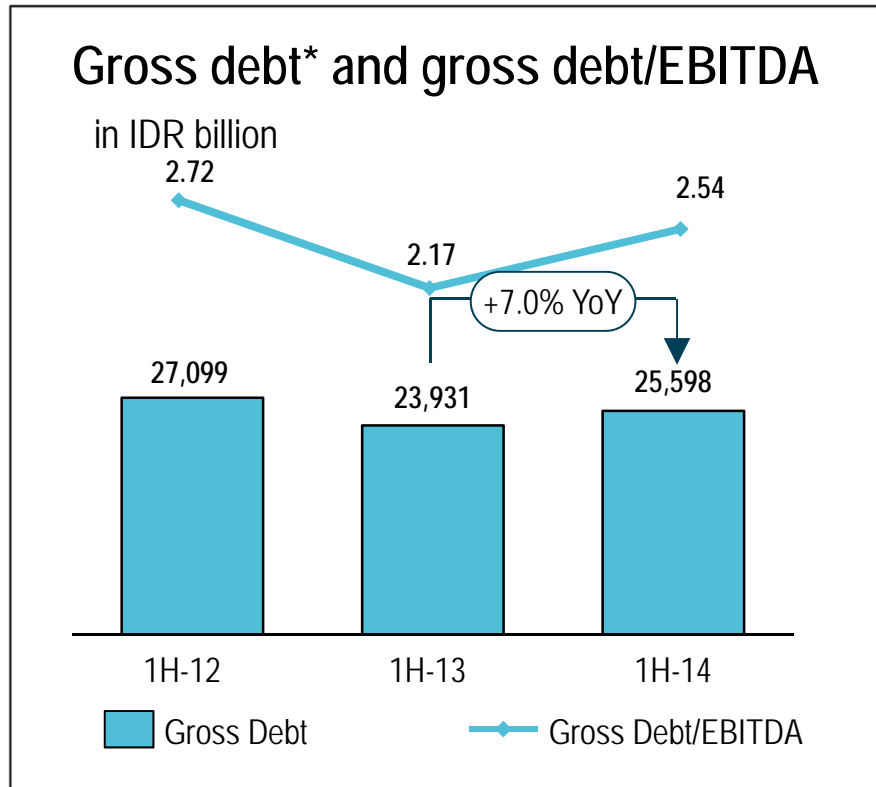
# Normalized net profit\*



- Net loss up on provision for IM2 Legal Contingency

\* Net profit is Profit Attribution to Owners of the Company

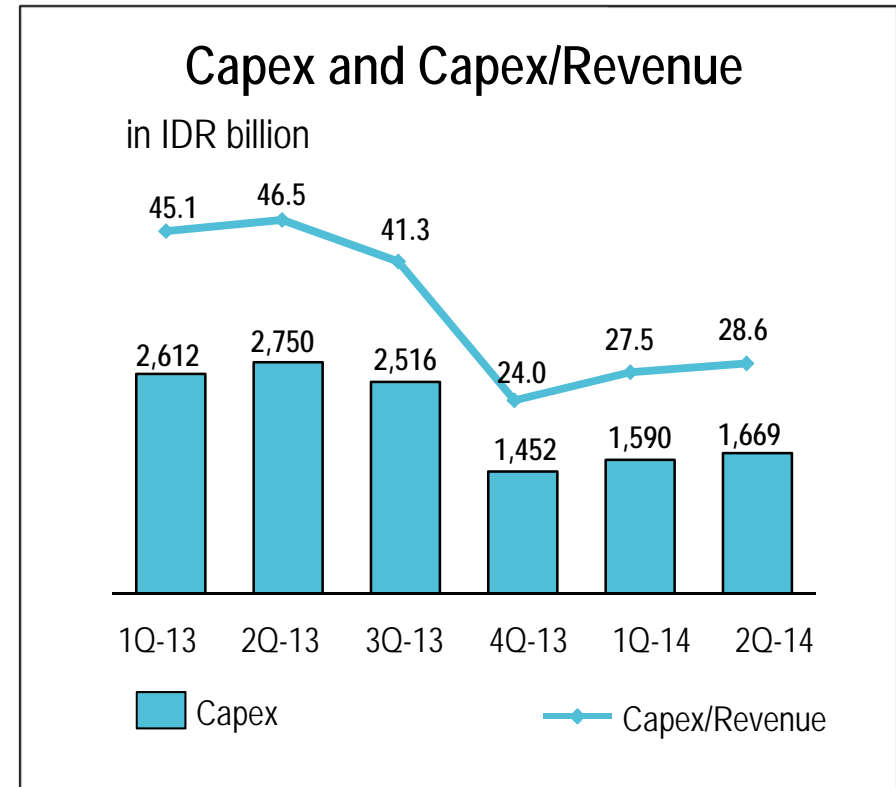
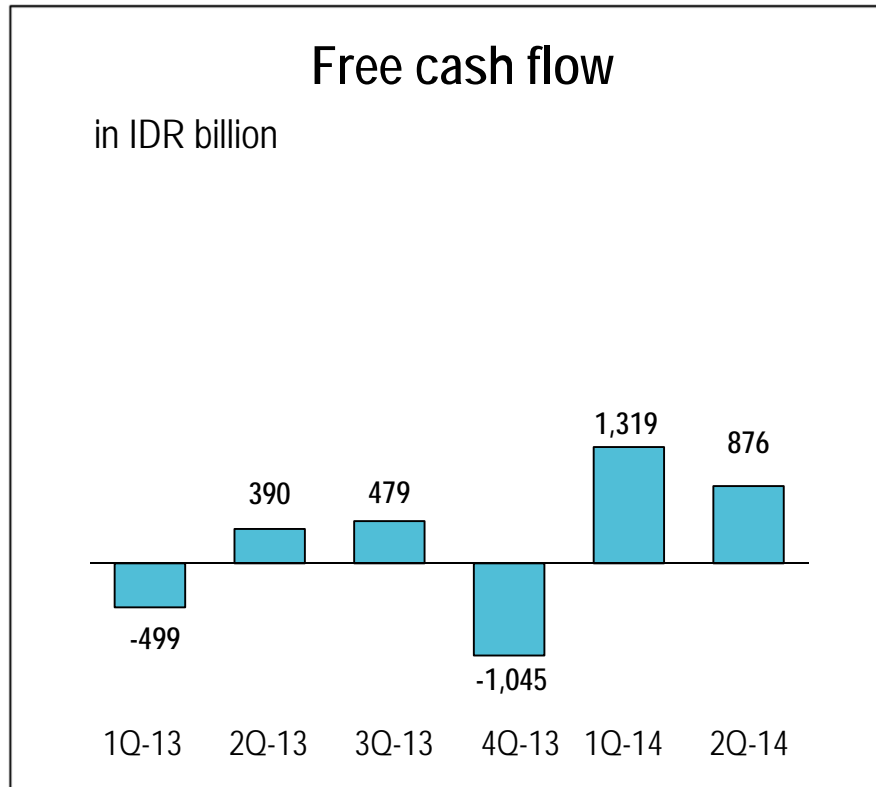
# Balance sheet



- Debt level stable, weakening IDR YoY increased debt level.

\* IDR 3.8tn and IDR 3.4tn of obligation under finance lease are included in 1H13 and 1H14 respectively

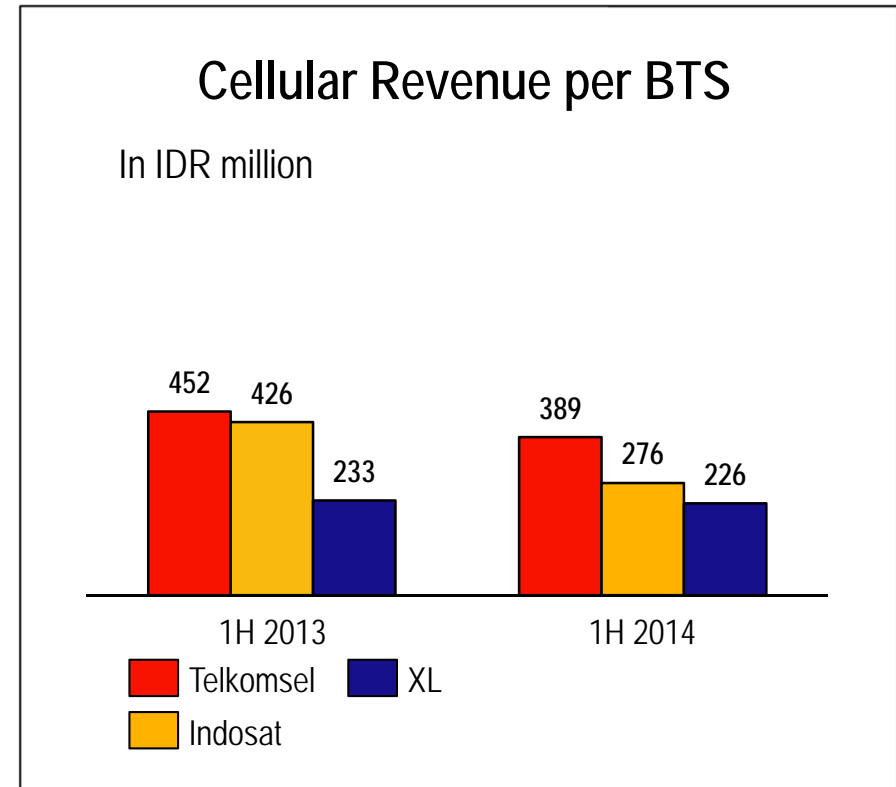
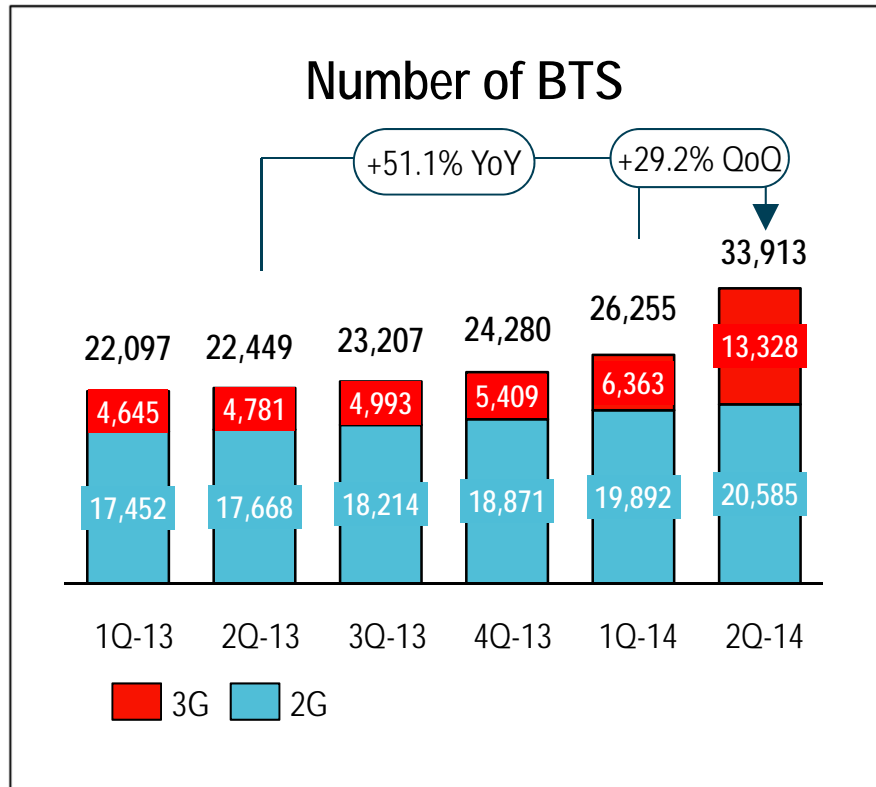
# Free Cash Flow & Capex



- Free cash flow positive in 2Q14 due to higher generated operating cash.



# Network Development



- Network modernization completed for key cities in Java + Bali.
- Modernization outside of Java to be finalized soon.

# Q2 in summary



**BURUAN GABUNG DAN ISI PULSA SEKARANG!!!**

**GRATIS**  
8 JAM NELPON | 8 JAM SMS | 8 JAM INTERNETAN

**TEKAN \*123\*888#**  
lalu isi ulang **SEGERA!**

PLUS BISA NONTON BOLA LANGSUNG  
di Spornet, Ingris, Perancis dan Brasil

indosat member of Ooredoo Group

indosat **IME** indosat **MENTARI**

No. 011 Bkardiyemmal : 6841 : 65920637, 01.02/42014, Tanggal : 14 April 2014

**GUNAKAN TERUS INDOSAT M-BANKING RAIH HADIAH HONDA SCOPY dan SAMSUNG TAB 3 LITE**

3 LIMIT HONDA SCOPY (Hadiah Bulanan)  
10 LIMIT SAMSUNG TAB 3 LITE (Hadiah 2 Minggu)

indosat **IME** indosat **MENTARI** indosat **MATRIX**

Periode program : 20 Juni - 15 September 2014

**intel**

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## Management Focus and Key Updates

# Our Focus



Executing well on network modernization to improve network quality and customer experience

Driving strong uptake, usage, monetization of our data services and developing our data ecosystem

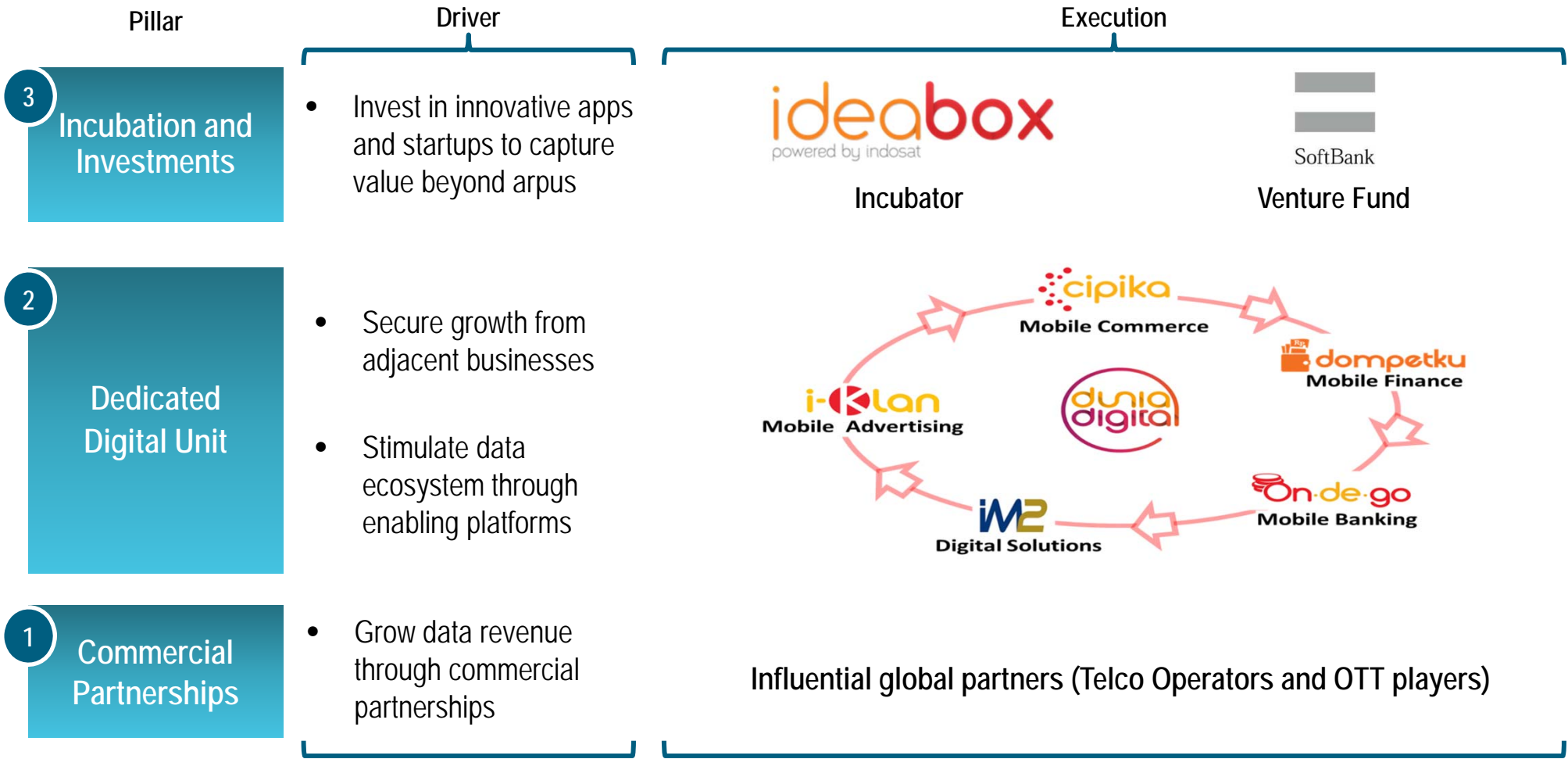
Improving cost efficiencies to enable investments for growth

People and culture

Developing adjacent and new businesses



# Digital Business Snapshot



# 2014 Guidance



|                             | FY 2013 Actual    | FY 2014 Guidance |
|-----------------------------|-------------------|------------------|
| Consolidated Revenue Growth | 6.4%              | Low single digit |
| EBITDA Margin               | 43.5%             | Low-Mid 40's     |
| Cash CAPEX                  | IDR 9.33 trillion | IDR 8-9 trillion |

# Thank You



Any further questions?

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Upcoming events

9M – 2014 Results

# Disclaimer



- PT Indosat Tbk ( "Indosat" or "Company" ) cautions investors that certain statements contained in this document state its management's intentions, hopes, beliefs, expectations, or predictions of the future are forward-looking statements
- The Company 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:
  - The Company's ability to manage domestic and international growth and maintain a high level of customer service
  - Future sales growth
  - Market acceptance of the Company's product and service offerings
  - The Company's ability to secure adequate financing or equity capital to fund our operations
  - Network expansion
  - Performance of the Company's network and equipment
  - The Company's 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
- Please be also advised that the information provided herein are merely issued to coincide with the release of Ooredoo QSC (formerly known as Qatar Telecom QSC) results for the year ended 31 December 2013, as the Company's indirect majority shareholder that consolidates Indosat's results in its financial statements. Subject to the completion of, including but not limited to the audit by the Public Accountant Firm on the Company's consolidated financial statements which are prepared in accordance with the Indonesian Financial Accounting Standards (IFAS), Indosat expects to file and release its consolidated financial statements for the year ended 31 December 2013 on 30 April 2014 at the latest ("Indosat's Official Release"). Accordingly, the information provided herein may differ from what is contained in Indosat's Official Release.







## Supplemental Information

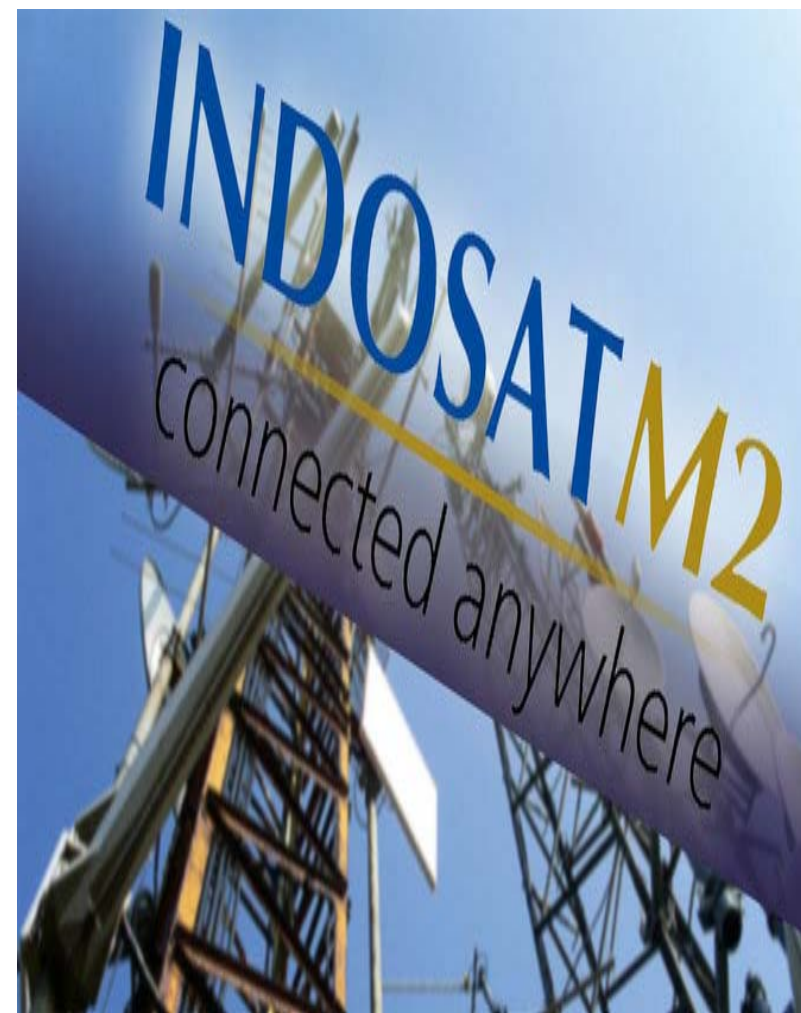
# IM2 case development based on disclosure to OJK dated 21 October 2014



The Supreme Court decided that, among other things, Mr. Indar Atmanto, former President Director of IM2, found guilty and sentenced him with 8 years of imprisonment and a penalty of Rp 300.000.000,-, and to also punish PT Indosat Mega Media ("IM2"), the Company's subsidiary, to pay compensation on the state loss in the amount of Rp 1.358.343.346.674,-. Nevertheless, please kindly be informed that neither Mr. Indar Atmanto nor his legal counsel have received the complete copy of such Supreme Court decision.

In light of the development as stated above, pursuant to the prevailing accounting principles (PSAK No. 57; IAS 37 : "Provisions, Contingent Liabilities and Contingent Assets", and PSAK 8; IAS 10 : "Events after the Reporting Period"), IM2 recognizes in its financial statements for period ended 30 June 2014, a provision for legal contingencies amounting to Rp 1.358.643.346.674,- ("Recognition of Accounting Provision").

Please be advised that this Recognition of Accounting Provision is merely conducted to comply with the prevailing accounting principles and in consideration of the legal interest of minority shareholders. The Company still and will always support either Mr. Indar Atmanto or IM2 to continue to undertake any remedy available based on the prevailing laws.



# Credit ratings maintained



## STANDARD & POOR'S

On 14 July 2014, Standard and Poor's ("S&P") has affirmed its rating and outlook on PT Indosat Tbk. (BB+/Stable/NR; axBBB+/-). The stable outlook reflects the outlook on the sovereign credit rating on Indonesia (BB+/Stable/B; axBBB+/axA-2). S&P says that Indosat has adequate cushion in its covenants to absorb a more than 15% decline in EBITDA and Indosat has good financial flexibility due to its strategic relationship with parent Ooredoo, good banking relationships, and access to local and global financial markets.

## FitchRatings

On 2 April 2014: Fitch Ratings has affirmed PT Indosat Tbk's (Indosat) Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDR) at 'BBB'. The agency has also affirmed the Indonesia-based company's National Long-Term Rating at 'AAA(idn)'. The Outlook is Stable on the IDR and the National Long-Term Rating. Fitch has also affirmed the foreign-currency senior unsecured rating of 'BBB'.

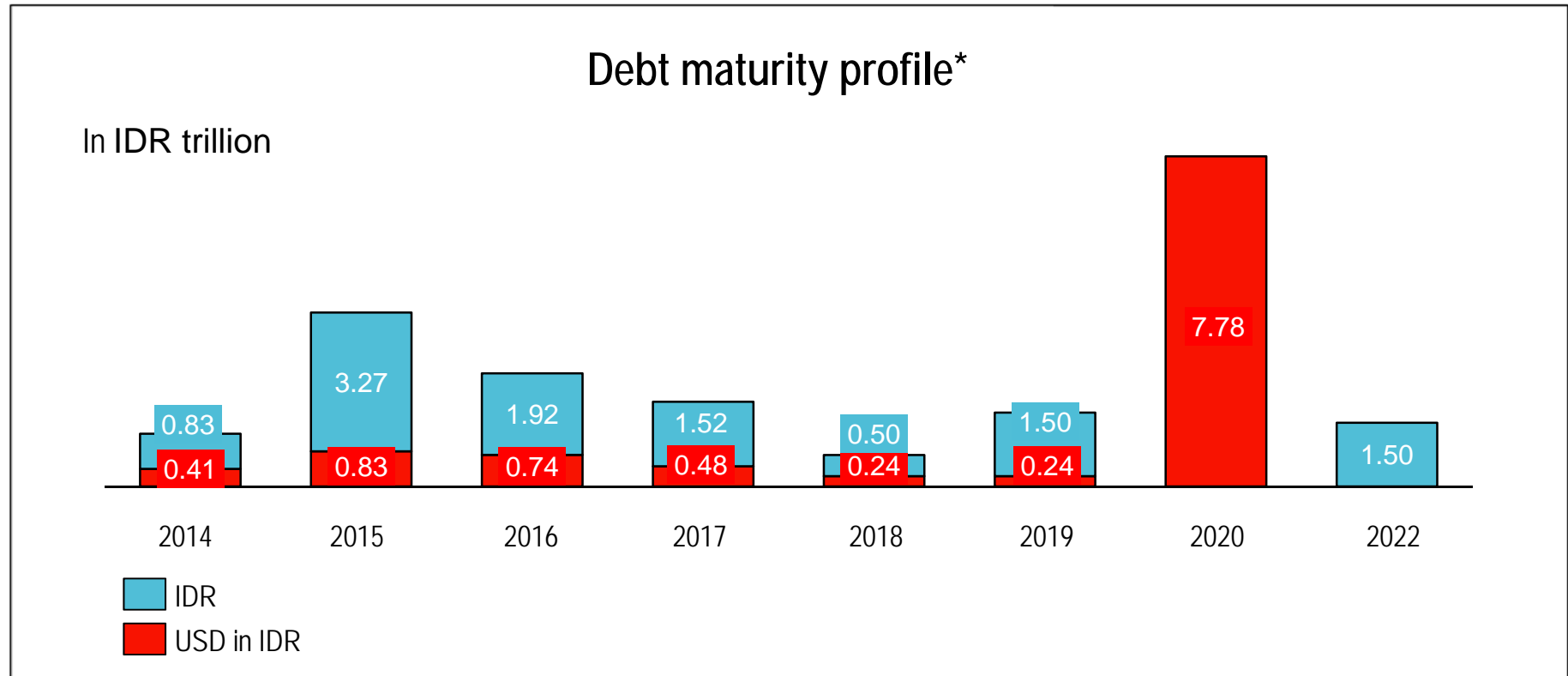


On 12 March 2014, PEFINDO has affirmed its "idAA+" ratings for PT Indosat Tbk (ISAT) and its Bonds VI/2007 Serie B, Bonds VI/2008 Serie B, Bonds VII/2009, and Bonds VIII/2012. PEFINDO has also affirmed the "idAA+(sy)" ratings for ISAT's Sukuk Ijarah IV/2009 and Sukuk Ijarah V/2012. PEFINDO likewise affirmed its ratings of "idAA+" and "idAA+(sy)" for the Company's IDR1.23 trillion Bonds VI/2007 Serie A and IDR0.4 trillion Sukuk Ijarah II/2007, respectively, which will be internally financed upon their maturity on 29 May 2014. The outlook for the rating is "stable".

## MOODY'S

On 4 March 2014, Moody's Investors Service says that PT Indosat Tbk's operating performance for FY2013 was weaker than expected, but can be accommodated within its Ba1 rating with a stable outlook.





# Debt maturity profile



\* Excluding obligation under capital lease

# Spectrum overview for top 4 cellular operators



| in Mhz  | 850 Mhz    | 900 Mhz | 1800 Mhz | 2100 Mhz | 2300 Mhz |
|---|------------|---------|----------|----------|----------|
|  Indosat     | 3.6        | 10.0    | 20.0     | 10.0     | 15.0**   |
|  Telkom      | 3.5 – 5.0* | 7.5     | 22.5     | 15.0     | 15.0**   |
|  XL Axiata  | -          | 7.5     | 22.5     | 15.0     | -        |
|  Hutchison | -          | -       | 10.0     | 10.0     | -        |

\* Telkom and Bakrie Telekom have the same spectrum, differentiated by its operational areas

\*\* Indosat/IM2: West Java exclude Bogor, Depok & Bekasi ; Telkom/Telkomsel: Maluku & North Maluku