



PT. XL Axiata Tbk.

Corporate Presentation

For the Quarter Ended 31st March 2021

Disclaimer



The following presentation contain statements about future events and expectations that are forward-looking statements by the management of PT XL Axiata Tbk. ("XL Axiata") ("Company"), relating to financial trends for future periods, compared to the results for previous periods, characterised by the use of words and phrases such as "might", "forecast", "anticipated", "project", "may", "believe", "predict", "expect", "continue", "will", "estimate", "target" and other similar expressions.

Forward looking information is based on management's current views and assumptions including, but not limited to, prevailing economic and market conditions. Our business operates in an ever-changing macro environment. As such, any statement in this presentation that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause XL Axiata's actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in the presentation or on its completeness, accuracy or fairness. None of the Company nor any of its shareholders, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith

"IDR" shall mean Indonesian Rupiah. Any discrepancies between individual amounts and totals are due to rounding.

1Q 21 Key Highlights



- **Healthy EBITDA:** Maintained EBITDA with margins at 50% in 1Q 21 due to solid cost controls.
- **Growing Profits:** Higher net profits of Rp321bn in 1Q 21 due to Operational Excellence strategy.
- **Despite Poor Seasonality:** Seasonality & competition led to -1.7% QoQ revenue decline in 1Q 21.
- **Data-Centric Operator:** 94% of service revenue from data with smartphone penetration at 90%, highest in the industry.
- **Healthy Financial Position:** Healthy financial position with low gearing and continued healthy cash generation.
- **Network Investment:** Continued network investment across Indonesia with 4G service now in 458 cities and areas & 57k 4G BTS.

1Q 21 Updates



Industry

- **Competition:** Competition remains tough in 1Q 21 with Unlimited offerings and aggressive smaller sachet-based offerings prevalent across the industry.
- **Weak Consumer Spend:** With economy not fully in recovery mode, consumer spend remains weak.
- **Education Quota:** Continued as of March 2021 with lower quota per sub compared to the previous iteration.

Opportunities

- **Industry Consolidation:** Consolidation in the industry will improve industry dynamics.
- **Structural Demand:** Digital way of working, school and daily life creates structural long-term demand for Data.
- **Home:** Increased demand for fixed broadband (FTTH) services.
- **Omnibus Law:** Long-term positive for the industry through capex and opex efficiencies for 5G & other benefits.

XL Axiata Strategy

- **Operational Excellence:** Focus on digitization & cost reduction to maintain profitability & increase business efficiency.
- **Right Product Strategy:** Paket Akrab for XL targeting families; AXIS introduced customization option for Youth while Prio focus on smartphone bundling.
- **Continued Network Expansion:** Continued 4G network expansion across Indonesia especially in ex-Java areas

Risks

- **Continued Aggressive Competition:** Increased competitive intensity since end of 2020 will affect industry growth.
- **Covid-19 Impact:** Instead of recovery in 1H, likely that economic environment may only start to improve from 2H of 2021.

Covid-19 Support



Employee

- Business Continuity Plan (BCP) to ensure employee's health
- Work from Home (WFH) implemented since March 2020
- Inhouse Doctor serve more than 2,500 employees for C-19 Test
- Provide 24 hours hotline for employee
- Apply daily health protocol and provide PPE for front-liners
- Activated digital working way for all activity
- Customize Let's Learn Program (LLP) to pandemic situation
- Providing opportunities for > 400 employees to participate as volunteer at Vaccination Center



Customer

- Provision of Students Data Quota Subsidy to support Government (MoE and MoRA)
- Upgrade capacity at 6,000 BTS 4G and referral hospital for Covid-19
- Provide affordable package for students
- Provide 15% discount for upgrade plan XL Prioritas up to 100GB
- Ensure the availability of SIM Card at 15,000 pulse kiosk/UMKM aids
- Add digital sales and reload channel
- Create regular online webinar to support SME, impacted to >5,000 participants



Community

- Cash donated to BNPB, which is distributed via PMI & DMI
- Deliver 10,000 PPE for medical front-liners
- Deliver basic FFOD to 13,500 informal workers
- Provide free washbowl and disinfectant to homes in 10 big cities
- Education support to government via webinar and SMS
- Smartphone donation to underprivileged students
- Program for disaster-affected communities in Majene, NTT and other areas.
- Open up Sentra Vaksinasi Indonesia Bangkit to accelerate people's vaccination process

Covid-19 Accelerating XL Axiata's Transformation Agenda

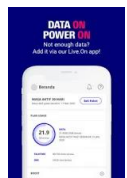
Front End Digitization



Launched MyXL Ultimate



Personalized dynamic propositions in AXISnet



Launched Live.On, a fully digital proposition

Distribution Digitization



Strengthened Traditional Channels

- Accelerated rollout of Digital Vouchers
- Virtual Visits



Revamped Customer Experience

- New self-service features
- Digital Kiosks



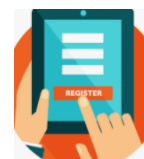
Customer Care Transformation

- Omnichannel customer care

Process Digitization



Paperless Invoicing



Vendor self-registration



IT Self Help Ticket Resolution

Accelerate Digital Transformation



Further enhance capabilities in automation



Bring our reliability to best-in-class benchmarks



Digital Ecosystem partnerships for smart home and smart life services

Covid-19 has accelerated XL Axiata's Transformation Agenda in the company's goal of becoming a fully Digitalized Operator

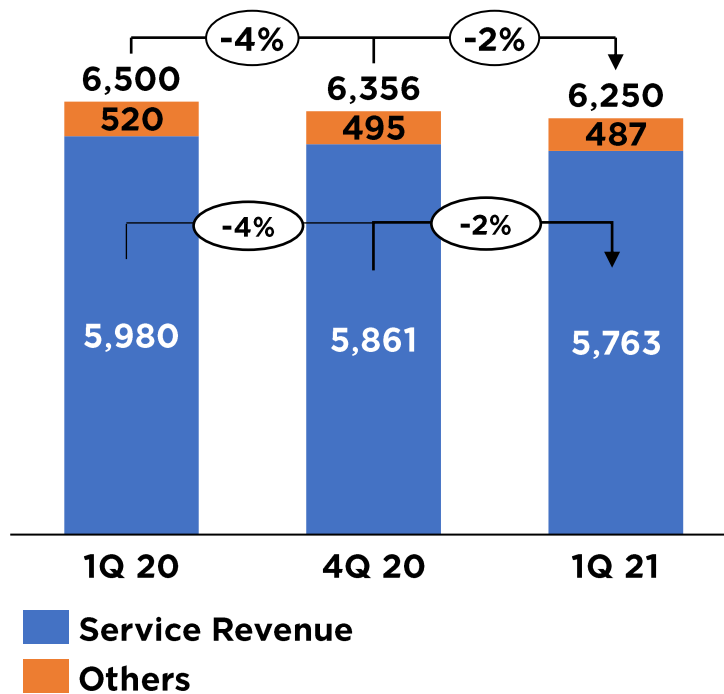
Financial Performance



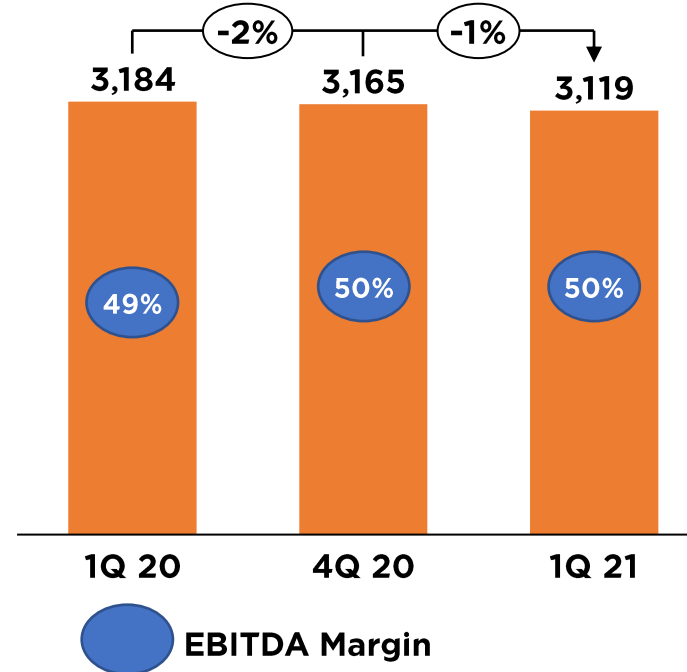
Financial Performance

This quarter XL Axiata recorded healthy EBITDA and rising profits despite lower revenue due to poor seasonality & competition

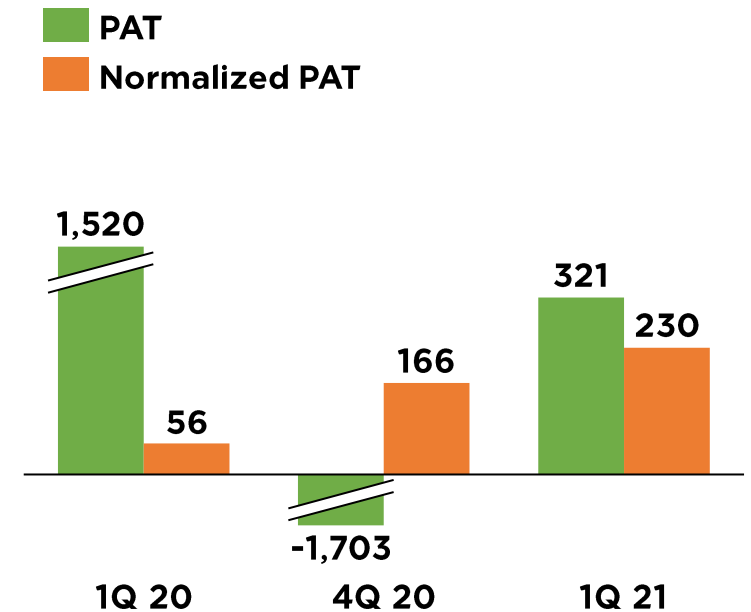
Revenue (IDR bn)



EBITDA (IDR bn)



PAT & Normalized PAT (IDR bn)

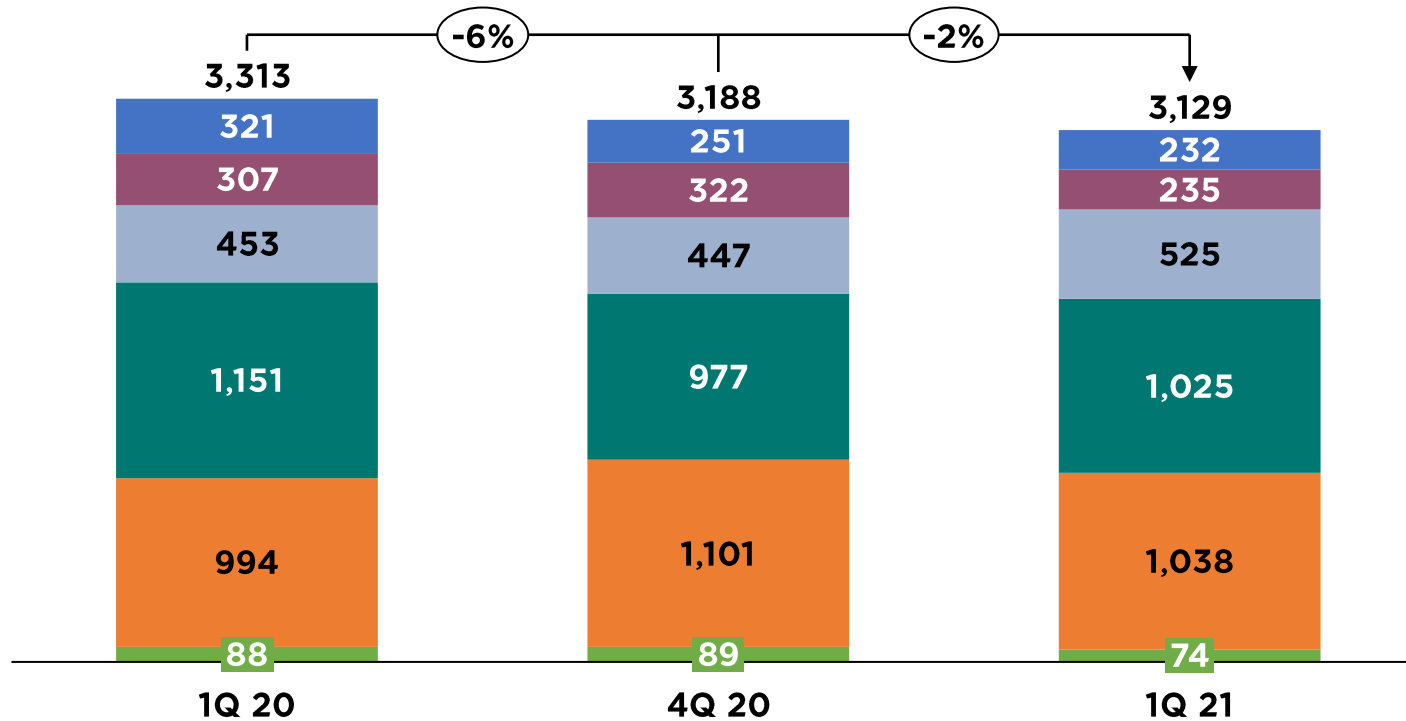


Normalized Items (net of tax):

1Q 20: IDR1.4tn tower gain & IDR34bn forex gain
4Q 20: IDR1.9tn acc. depn.; IDR70bn picocell gain; IDR14bn data center gain; IDR17bn tower loss & IDR2bn forex loss.
1Q 21: IDR93bn picocell gain; IDR4bn tower loss & IDR2bn forex gain

Operating Expenses

■ Interconnection and Other Direct Expenses
 ■ Infrastructure
 ■ Regulatory Costs*
 ■ Salaries & Employee Benefits
 ■ Sales and Marketing
 ■ Supplies and Overhead



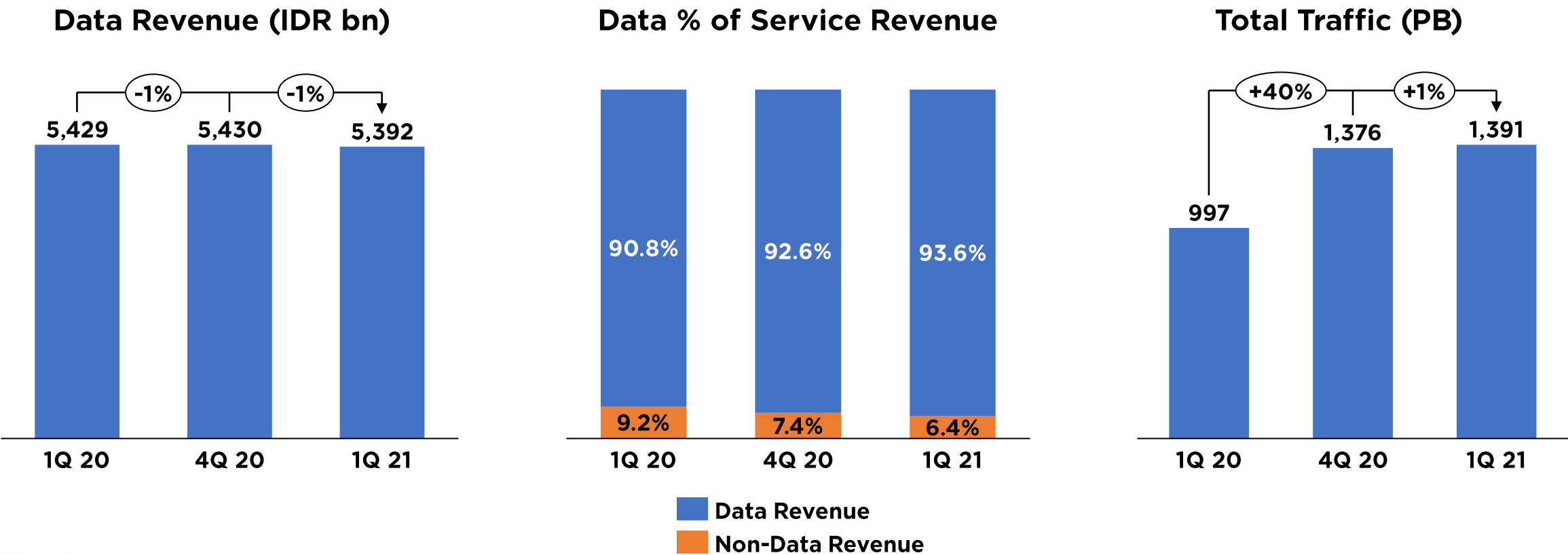
1Q 21 Operating Expenses declined 6% YoY due to:

- Interconnect and Other Direct Expenses declined -28% YoY mainly due to lower interconnect as a result of declining legacy traffic
- Labour Costs decreased -23% YoY due to a bonus provision release in Q1
- Infrastructure costs were -11% YoY lower due to lower site rentals
- Marketing expenses increased +16% YoY due to higher commissions

**Regulatory Costs include USO & BHP costs previously included under other direct expenses.*

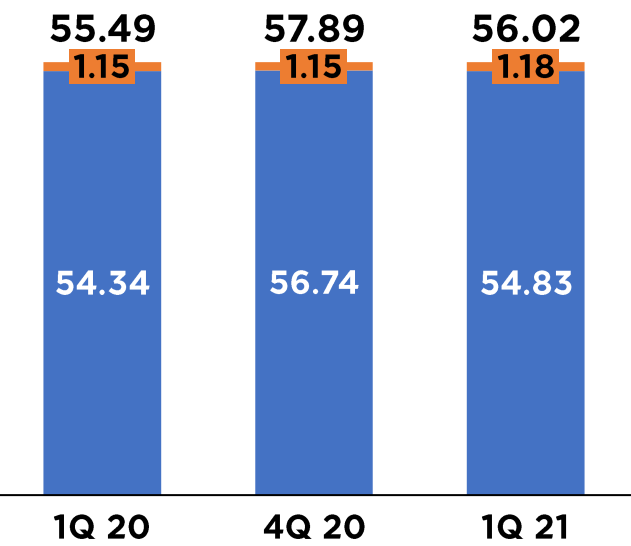
Performance Drivers

Data increased contribution to 94% of Service Revenue in 1Q 21

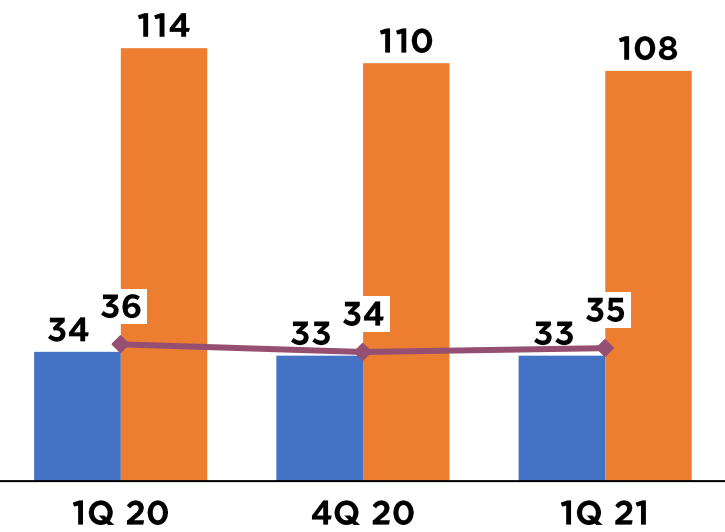


Subscribers rose YoY with continued increase in smartphone penetration despite lower ARPU due to price competition

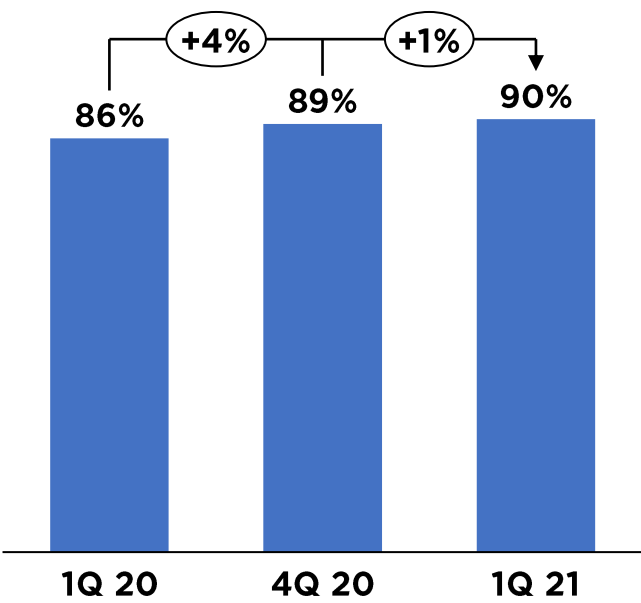
Subscribers (mn)



ARPU (IDR k)



Smartphone Penetration (%)

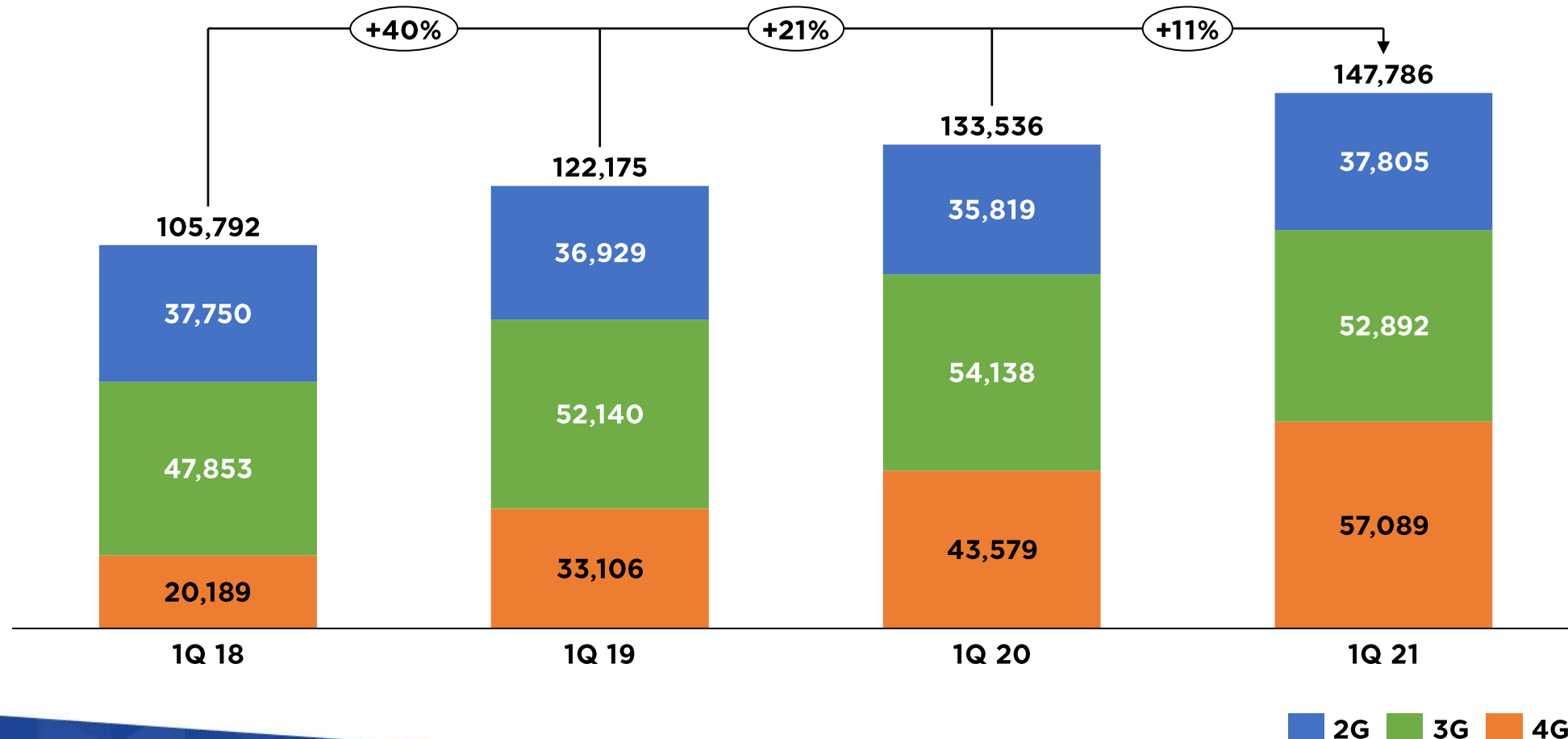


Prepaid
Postpaid

Blended
Prepaid
Postpaid

Base Stations

Network expansion continues with total BTS now above 147k with 4G coverage in 458 cities across Indonesia and more than 57k 4G BTS



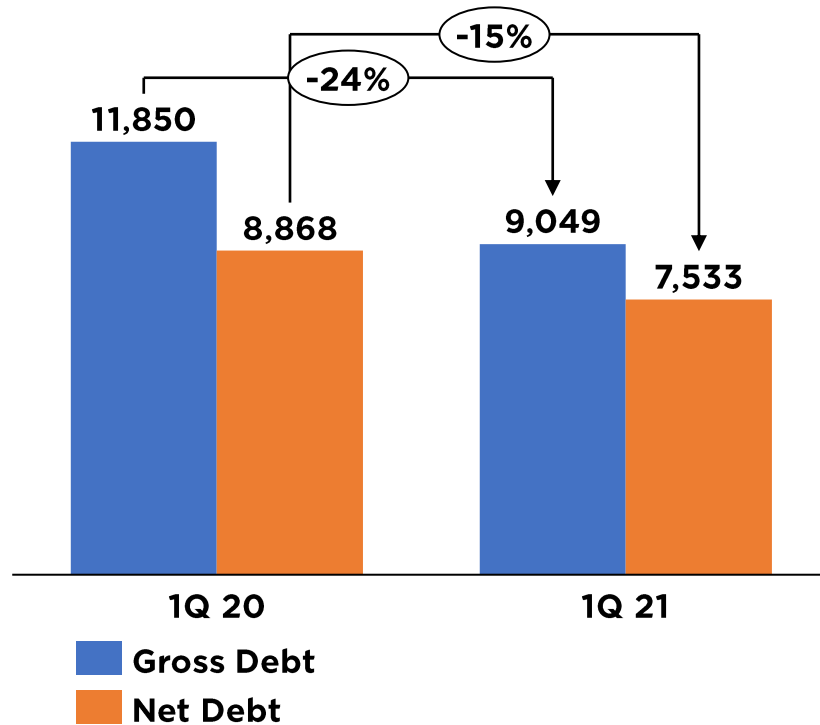
Financials



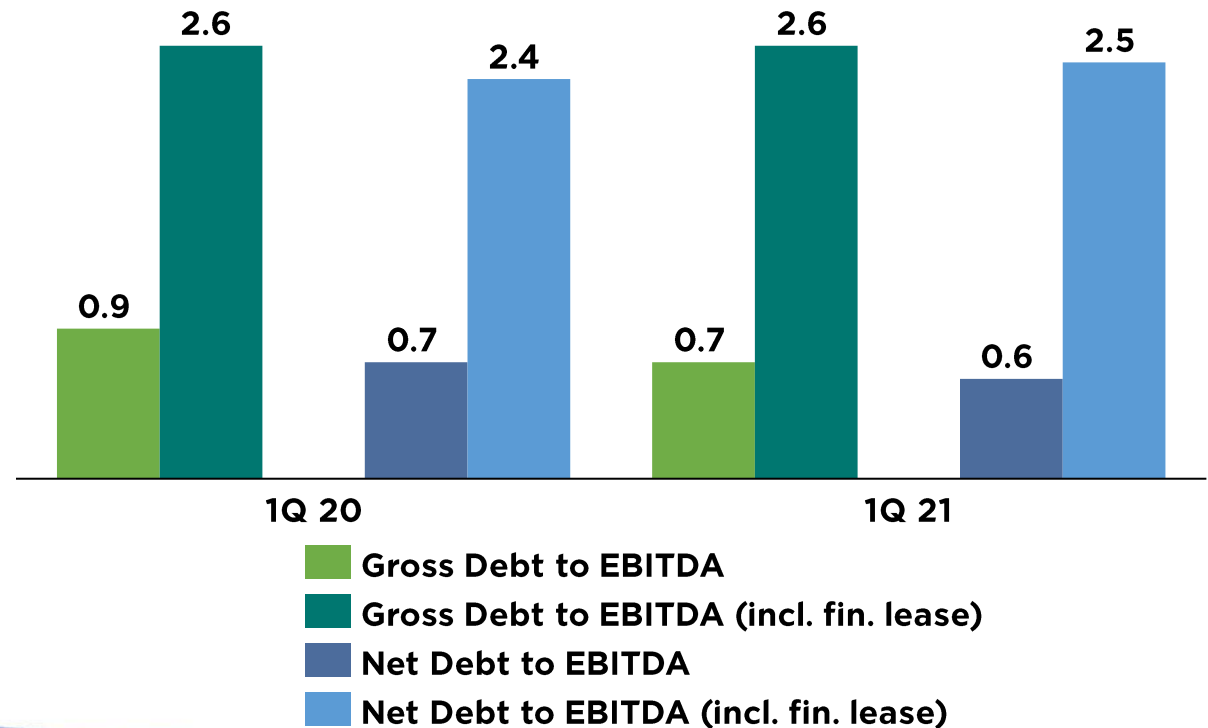
Balance Sheet

Balance Sheet remains healthy with low debt as both gross and net debt to EBITDA ratios improved.

Gross & Net Debt (IDR bn)



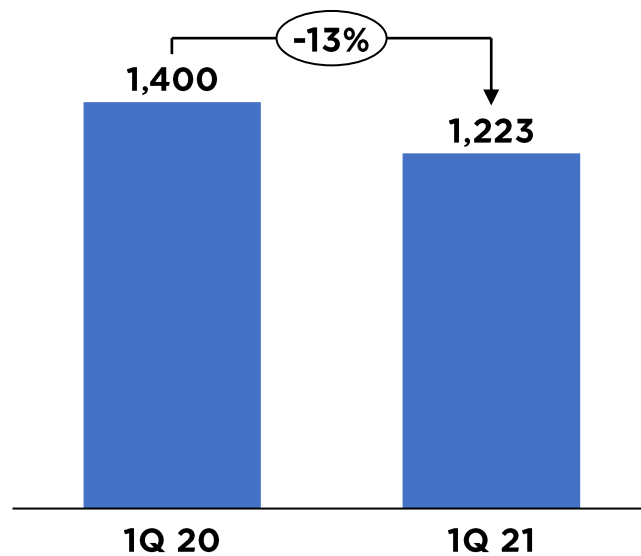
Gearing Ratios (x)



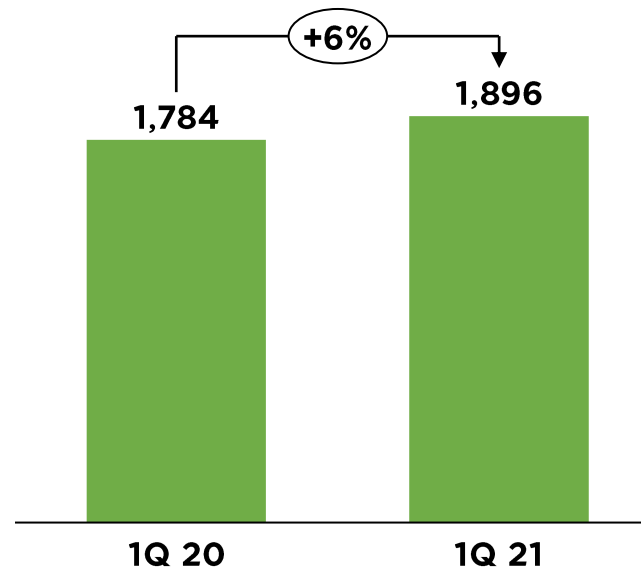
Cash Flow

Maintained healthy level of FCF with higher YoY capex to support network expansion program

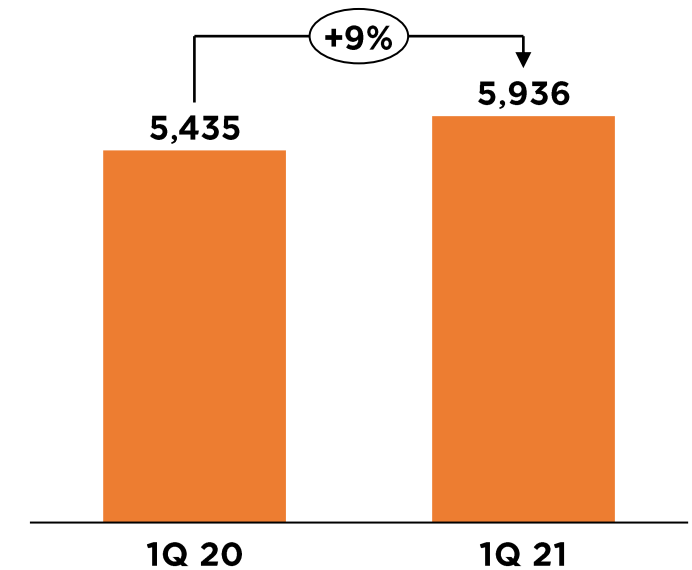
FCF (IDR bn)



Capitalized Capex (IDR bn)



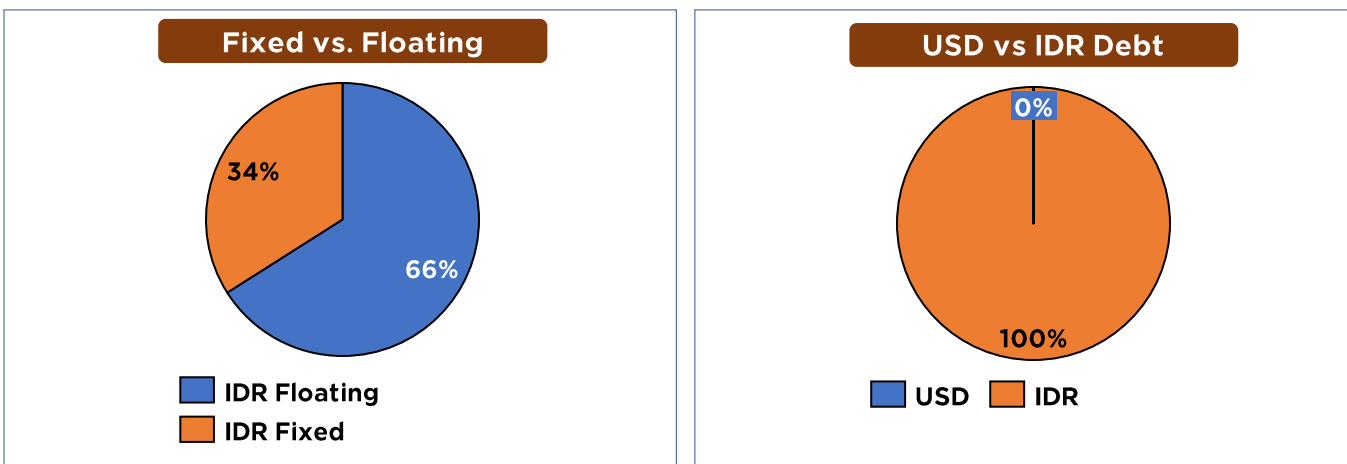
Committed Capex (IDR bn)



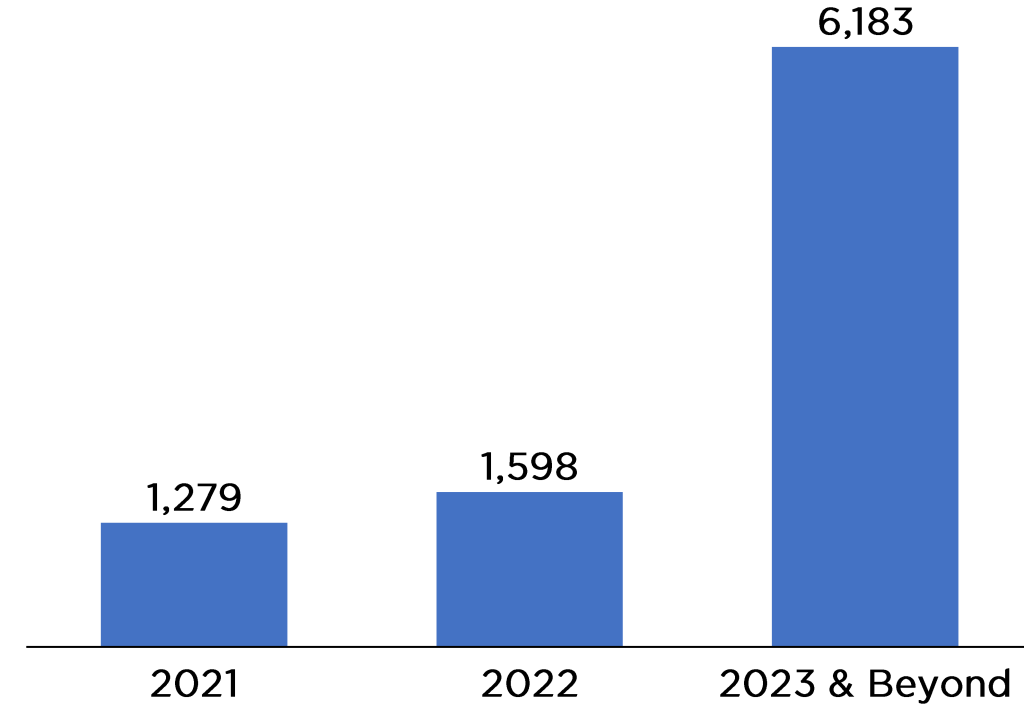
Borrowings Profile

No USD denominated debt with 66% floating and manageable debt repayments over the next 2 years

Borrowings Profile



Maturities (IDR bn)



FY21 Consolidated Guidance



- **Revenue Growth:** In-line with market.
- **EBITDA Margins:** Low 50%
- **Capex:** Around Rp7.0tn.

Thank You!

