

## BAKRIE TELECOM FY2006 RESULTS

### PT BAKRIE TELECOM Tbk.

Wisma Bakrie, 2<sup>nd</sup> Floor  
Jl HR Rasuna Said Kav B-1  
Jakarta 12920  
Indonesia  
Phone: +62-21-9101112  
Fax: +62-21-9100080  
Website: [www.bakrietelecom.com](http://www.bakrietelecom.com)

Ticker: BTEL

#### Major Shareholders:

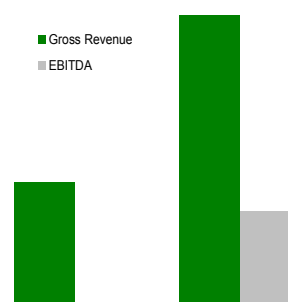
|                          |        |
|--------------------------|--------|
| PT Bakrie Brothers Tbk.  | 50.25% |
| Richweb Investment Ltd.  | 2.08%  |
| CMA Fund Management Ltd. | 15.08% |
| PT Bakrie Communication  | 3.17%  |
| Public                   | 29.43% |

### Highlights:

- Total subscribers quadrupled from 486,604 subscribers at the end of FY2005 to 1,547,557 subscribers by the end of FY2006, representing an increase of 218.0% y-o-y;
- Gross revenue more than doubled to Rp829.361 billion in FY2006 from Rp369.055 billion in FY2005, a 124.7% y-o-y improvement;
- EBITDA surged by 1,117.2% to Rp291.515 billion in FY2006, versus a mere Rp23.949 billion in FY2005;
- EBITDA margin widened to 35.1% in FY2006 from 6.5% in FY2005; and
- Net income of Rp72.680 billion for FY2006 is a significant turnaround from a net loss of Rp144.324 billion for FY2005.

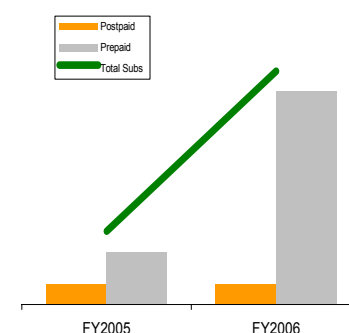
### FINANCIAL HIGHLIGHTS

| Key Indicators<br>Rp (million) | FY2005    | FY2006  | Growth<br>(%) |
|--------------------------------|-----------|---------|---------------|
| Gross Revenue                  | 369,055   | 829,361 | 124.7%        |
| Net Revenue                    | 243,757   | 607,921 | 149.4%        |
| Total OPEX                     | 343,701   | 469,074 | 36.5%         |
| EBITDA                         | 23,949    | 291,515 | 1117.2%       |
| EBITDA Margin (%)              | 6.5%      | 35.1%   | n/a           |
| EBIT                           | (99,944)  | 138,847 | n/a           |
| Net Income (Loss)              | (144,324) | 72,680  | n/a           |



### OPERATIONAL HIGHLIGHTS

| Key Indicators    | FY2005  | FY2006    | Growth<br>(%) |
|-------------------|---------|-----------|---------------|
| Total Subscribers | 486,604 | 1,547,557 | 218.0%        |
| Postpaid          | 134,778 | 132,637   | -1.6%         |
| <i>Ratelindo</i>  | 114,475 | 68,359    | -40.3%        |
| <i>Esia</i>       | 20,303  | 64,278    | 216.6%        |
| Prepaid           | 351,826 | 1,414,920 | 302.2%        |



**Bakrie Telecom**

**PT BAKRIE TELECOM Tbk.**  
**OPERATING & FINANCIAL RESULTS FY2006**

The following analysis and discussion is based on the company's audited financial statements for the twelve-month periods ended 31 December, FY2006 and 30 December, FY2005 and other relevant company information.

**FINANCIAL RESULTS**

**Gross Revenue & Net Revenue**

PT Bakrie Telecom Tbk. ('BTCL') reported gross revenue of Rp829.361 billion for FY2006, a 124.7% increase from Rp369.055 billion in FY2005. Annual net revenue reached Rp607.927 billion, up 149.4% from Rp243.757 billion in FY2005. Revenue increased as a result of robust growth in BTCL's subscriber base from 486,604 in FY2005 to 1,547,557 as of the end of FY2006.

**Operating Expenses**

While net revenue increased by 149.4%, operating expenses rose by only 36.5% to Rp469.074 billion for FY2006, compared to Rp343.701 billion in FY2005. As a ratio of operating expenses to gross revenue, total operating expense in FY2006 was 56.6%, down from 93.1% in FY2005. This clearly demonstrates BTCL's consistent efforts to maintain efficiency while expanding its business. The increase in operating expense was due to BTCL expanding its network, strengthening the *Esia* brand image through both above and below the line activities, and strategic hiring of world class professionals to provide improved products and services to meet customer demand. A breakdown of the main contributors to the increase shows:

- Depreciation expense grew by 19.5% to Rp143.112 billion in FY2006 from Rp119.799 billion in FY2005, mainly because of an expansion of our CDMA network and infrastructure in Jakarta, West Java, and Banten. As a percentage of gross revenue, depreciation expense in FY2006 was 17.3%, a significant decrease from 32.5% in FY2005;
- Operating & Maintenance expense increased by 44.7% to Rp68.319 billion in FY2006 from Rp47.203 billion in FY2005, in line with network expansion in our operating area; As a percentage of gross revenue, Operating & Maintenance expense fell to 8.2% of gross revenue in FY2006 from 12.8% in FY2005;
- General & Administrative expense grew 64.1% to Rp71.727 billion in FY2006 from Rp43.697 billion in FY2005, mainly from increased activities to accommodate our significant subscriber growth. As a percentage of gross revenue, General & Administrative expense fell to 8.6% in FY2006 versus 11.8% in FY2005;
- Personnel expense increased by 65.6% to Rp75.244 billion in FY2006 from Rp45.437 billion in FY2005 as a result of a higher payroll, especially caused by

strategic hires and a larger sales force. Personnel expense in FY2006 was 9.1% of gross revenue versus 12.3% in FY2005; and

- Marketing & Sales expense grew by 30.2% to Rp101.116 billion in FY2006 from Rp77.669 billion in FYFY2005 because of increased selling and promotional activities resulting in higher subscriber acquisitions in FY2006. As a percentage of gross revenue, the Marketing & Sales expense decreased to 12.2% in FY2006 from 21.0% in FY2005.

### **EBITDA & EBIT**

EBITDA surged 1,117.2% to Rp291.515 billion in FY2006 from Rp23.949 billion in FY2005. EBITDA margin widened to 35.1% in FY2006 compared to 6.5% in FY2005. BTEL reported FY2006 EBIT of Rp138.847 billion, while EBIT remained negative in FY2005.

### **Net Income**

BTEL recorded net income of Rp72.680 billion for FY2006, compared to a net loss of Rp144.324 billion in FY2005.

## **OPERATING RESULTS**

### **Subscribers**

BTEL registered 1,547,557 total subscribers by the end of FY2006, representing a 218.0% increase from FY2005's 486,604 subs. Our Postpaid subscribers decreased by 1.6%, largely as a result of Ratelindo subscribers converting to *Esia*'s better quality and features. Our Prepaid subscriber base increased by 302.2% to 1,414,920 subs in FY2006 from 351,826 subs in FY2005. The growth in the *Esia* subscriber base was driven by improved network quality, strong brand image/awareness, a successful *Talktime* marketing campaign, and the introduction of several benefits during the period, such as 24/7 SMS, 'bonus Talktime', savings of up to 90% by using *Esia* for long distance calls, a bundled package with Nexian (Rp300,000 handset) and continued bundled packages with Motorola, Samsung, Nokia and ZTE.

## BAKRIE TELECOM FY2006 RESULTS

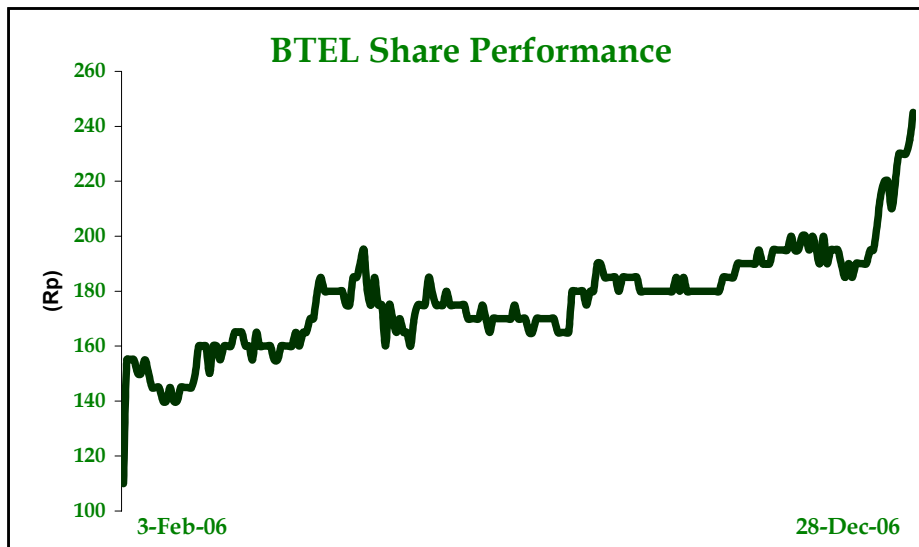
### Service Usage

Average Revenue per User (ARPU) figures for BTEL's products are:

| ARPU          | FY2005    | FY2006    |
|---------------|-----------|-----------|
| Postpaid      | Rp158,530 | Rp145,489 |
| Ratelindo     | Rp153,059 | Rp121,410 |
| Esia Postpaid | Rp206,992 | Rp190,783 |
| Prepaid       | Rp71,399  | Rp57,405  |
| Blended       | Rp116,913 | Rp70,892  |

Generally, the industry experiences a declining ARPU trend in line with increased market penetration. This is especially pronounced for BTEL, as the company's target markets are the middle to low income segments.

### SHARE PRICE PERFORMANCE



BTEL shares began trading on the Jakarta Stock Exchange on 3 February, 2006 at an initial price of Rp110 per share. As of the end of December, 2006, BTEL shares were listed at Rp245 per share, an absolute appreciation of 122.7% since the Initial Public Offering. During the same period, the Jakarta Stock Exchange Composite Index rose from 1,244.12 to 1,805.52, a gain of 45.1%.

## **SALES & DISTRIBUTION**

To enable improved customer access to its *Esia* services, BTEL has continued aggressively to broaden its sales and distribution network by adding more distributors, authorized outlets (*Bandar*), and *E-Voucher* and *Inject* dealers. By December 2006, BTEL had 6 national dealers, 96 authorized outlets, 20 *E-Voucher* and 214 *Inject* dealers, and 12,641 outlets spread across our operating area.

## **MARKETING**

During FY2006, BTEL continued its aggressive brand promotion as well as maintaining customer loyalty through its various innovation programs:

- “*Hape untuk kita*”, bundle with a Nexian handset for Rp300,000 and 100 free minutes talk-time per month (on-net) for six months;
- “*Dobel-Dobel Mantap*”, bundle with a Motorola handset for Rp579,000 and 150 minutes free talk-time per month (on-net) for six months;
- “*Paket Untung Gede-Gede*”, bundle with a Samsung handset for Rp895,000 and 100 free minutes talk-time per month (on-net) for six months;
- “*Bonus Talk-Time 2x Lipat*”, bundle with a Nokia 2225 handset for Rp1,375,000;
- “*Paket Gilee beneeerrr 2x*” for Rp800,000;
- *Football Madness* – During the World Cup in June and July 2006 we launched the Football Madness quiz with major prizes of up to Rp50 million, a trip to Singapore and other prizes such as handsets bundled with *Esia* starter packs;
- *24/7-- Esia* customers register for only Rp1,500 per day or Rp7,000 per week and are entitled to free SMS;
- *Voice Portal DV 8.88* -- by calling 888 *Esia* customers can download/send their favorite music or ringtones;
- *Rejeki Ramadhan* -- type “*rejeki*” and send it to 888 for the opportunity to win weekly cash prizes (Rp2 million) and be entered for a grand prize of an Umroh travel package for two winners;
- International calls using VOIP; and
- *Esia Go Go* – New features which enable *Esia* subscribers to make calls or send SMS outside their area code without changing their RUIM card. *Esia Go Go* facilities can be enjoyed in Jakarta, West Java and Banten.

Besides offering these promotions, BTEL also ran advertising campaigns on TV and radio and in the print media.

## **New Brand**

*Wifone* is BTEL’s new brand for fixed wireless home phone with the tag line “features as rich as a handphone, but cheap as your home phone”. The product has 35 advantages, including internet connection with built-in modem, SMS, FM radio, caller ID, call history, phone book memory, polyphonic ring tone, and speed dial. The terminal is provided by Axxestel. There are two product types (L800F and P830) with prices starting from Rp649,000.

**Brand Awareness**

BTEL's brand/advertising impact ranks second in the industry (GSM and CDMA). Research conducted by Taylor Nelson Sofres (TNS) indicates that *Esia* ads score highly on unaided recall compared to other brands.

**Longest Talk-Time and Cheapest Tariff**

BTEL remains No.1 in the industry (GSM and CDMA) in providing the longest talk time for its customers. TNS research indicates that *Esia* scores very highly on longest talk time position compared to other brands. A similar survey also suggests that among all operators (GSM & CDMA) *Esia* is most associated with a cheap pulse tariff.

**The Brand for Smart-spending People**

The same research by TNS also indicates that *Esia* is most perceived among all operators (GSM & CDMA) as a brand for smart-spending people.

**OPERATIONS**

BTEL's network coverage has spread from Greater Jakarta to Bandung and the other cities of West Java and Banten. Besides Jakarta and Bandung, BTEL is also in commercial operation in Bogor, Serang, Cilegon, Cirebon, Purwakarta, Tasikmalaya, Ciamis and Cianjur, Indramayu, Kuningan, Garut, Karawang, Sukabumi, Sumedang and Subang.

**PT Bakrie Telecom Tbk. Profile**

PT Bakrie Telecom Tbk. (BTEL) owns the *Esia* brand of wireless communication products and services, and has been serving the public since 1996 through its original *Ratelindo* service. Since the company's re-launch in September 2004, BTEL has recorded positive operating and financial performance.

BTEL provides wireless communication services using the CDMA 2000 1x technology. This technology uses the 800MHz frequency band, resulting in a very clear voice service and data transfer capability of up to 153Kbps. BTEL's main product offerings are *Ratelindo*, *Wartel*, *Esia Prepaid*, *Esia Postpaid*, *Wifone Prepaid* and *Wifone Postpaid*.

In 2004, BTEL had only 192,000 customers. The company's subscriber base increased by 153% in FY2005, when BTEL was successfully reaching 487,000 subscribers. By FY2006, BTEL had passed the 1.5 million subscriber level.

Bakrie Telecom listed on the Jakarta Stock Exchange in February FY2006 with the ticker symbol BTEL.

## **IMPORTANT RECENT EVENTS**

### **October FY2006**

- New area launches in our operating area

### **November FY2006**

- *Esia Go Go* – BTEL launched a new call forwarding feature for Esia which allows Esia subscribers to make calls or send SMS outside their area code without changing their RUIM card. Subscribers in Jakarta, West Java, and Banten can enjoy this facility.

### **December FY2006**

- On 12 December 2006 BTEL obtained a principal license for Fixed Wireless Access with nationwide coverage from the Ministry for Communications and Informatics. With this nationwide license, BTEL will be able to provide its services throughout Indonesia.
- BTEL added two prominent telecoms executives to its management team, namely Erik Meijer from Telkomsel and Mohammad Buldansyah from Excelcomindo. With their extensive exposure to the Indonesian telecoms industry, these two executives should help BTEL accelerate implementation of its nationwide roll-out.
- *Esia Passer Malem*: an event to show appreciation to Esia's loyal working partners such as dealers, outlets and front –line staff.

**2007 Outlook**

- BTEL aims to achieve 3.6 million total subscribers by the end of FY2007; a target comprised of 3.1 million subscribers from Jakarta, West Java and Banten and 0.5 million from other major cities;
- BTEL plans to add coverage to 17 new cities, so that we are operating in 34 cities nationwide by the end of FY2007.
- A significant advantage BTEL can leverage upon during its expansion is *Esia*'s high brand awareness. BTEL is already well known in the target cities, even prior to BTEL launching marketing campaigns in these cities. This bodes well for BTEL, as it eases the need to dedicate substantial resources to brand building;
- BTEL has already begun preparations for its expansion. BTEL has selected its target cities and has already formed a dedicated team to oversee the implementation process. These new cities have been chosen on the basis of big cities, "stingy" cities / "esia minded cities", and "low-hanging fruit" cities.



# BAKRIE TELECOM FY2006 RESULTS

## PT Bakrie Telecom Tbk. Operational & Financial Results

|   | 1H-05**         | 2H-05           | 2005*            | 1H-06**          | 2H-06            | 2006*            |
|---|-----------------|-----------------|------------------|------------------|------------------|------------------|
| <b>Total Subscribers</b>                | <b>249,652</b>  | <b>486,604</b>  | <b>486,604</b>   | <b>1,061,473</b> | <b>1,547,557</b> | <b>1,547,557</b> |
| Postpaid                                | 130,894         | 134,778         | 134,778          | 151,264          | 132,637          | 132,637          |
| Ratelindo                               | 119,006         | 114,475         | 114,475          | 106,646          | 68,359           | 68,359           |
| Esia                                    | 11,888          | 20,303          | 20,303           | 44,618           | 64,278           | 64,278           |
| Prepaid                                 | 118,758         | 351,826         | 351,826          | 910,209          | 1,414,920        | 1,414,920        |
| <b>ARPU Average(Rp)</b>                 | <b>126,053</b>  | <b>107,770</b>  | <b>116,913</b>   | <b>79,641</b>    | <b>62,107</b>    | <b>70,892</b>    |
| Postpaid                                | 160,981         | 156,079         | 158,530          | 148,655          | 142,323          | 145,489          |
| Ratelindo                               | 157,204         | 148,914         | 153,059          | 134,608          | 108,212          | 121,410          |
| Esia                                    | 203,036         | 210,949         | 206,992          | 195,218          | 186,728          | 190,783          |
| Prepaid                                 | 70,023          | 72,775          | 71,399           | 62,823           | 51,968           | 57,405           |
| <b>BTS</b>                              | <b>165</b>      | <b>235</b>      | <b>235</b>       | <b>291</b>       | <b>408</b>       | <b>408</b>       |
| <b>Minutes Of Usage ('000,000)</b>      | <b>292</b>      | <b>393</b>      | <b>684</b>       | <b>867</b>       | <b>1,335</b>     | <b>2,202</b>     |
| <b>Bank Debt (Rp Mn)</b>                | <b>515,817</b>  | <b>509,357</b>  | <b>509,357</b>   | <b>491,269</b>   | <b>473,181</b>   | <b>473,181</b>   |
| <b>Gross Revenue (Rp Mn)</b>            | <b>160,262</b>  | <b>208,793</b>  | <b>369,055</b>   | <b>355,123</b>   | <b>474,237</b>   | <b>829,361</b>   |
| <b>Net Revenue (Rp Mn)</b>              | <b>101,792</b>  | <b>141,965</b>  | <b>243,757</b>   | <b>254,126</b>   | <b>353,795</b>   | <b>607,921</b>   |
| <b>Total OPEX (Rp Mn)</b>               | <b>150,962</b>  | <b>192,739</b>  | <b>343,701</b>   | <b>222,220</b>   | <b>246,854</b>   | <b>469,074</b>   |
| Depreciation (Rp Mn)                    | 58,640          | 61,159          | 119,799          | 64,370           | 78,741           | 143,112          |
| Operating & Maintenance (Rp Mn)         | 20,647          | 26,556          | 47,203           | 28,600           | 39,719           | 68,319           |
| General & Administrative (Rp Mn)        | 20,383          | 23,314          | 43,697           | 34,347           | 37,381           | 71,727           |
| Personnel (Rp Mn)                       | 21,321          | 24,116          | 45,437           | 30,748           | 44,496           | 75,244           |
| Marketing & Sales Expense (Rp Mn)       | 25,133          | 52,536          | 77,669           | 59,706           | 41,410           | 101,116          |
| Other Expenses (Rp Mn)                  | 4,839           | 5,058           | 9,897            | 4,450            | 5,107            | 9,556            |
| <b>EBITDA (Rp Mn)</b>                   | <b>14,308</b>   | <b>9,641</b>    | <b>23,949</b>    | <b>100,726</b>   | <b>190,789</b>   | <b>291,515</b>   |
| <b>EBITDA / Gross Revenue (%)</b>       | <b>9%</b>       | <b>5%</b>       | <b>6%</b>        | <b>28%</b>       | <b>40%</b>       | <b>35%</b>       |
| <b>EBIT (Rp Mn)</b>                     | <b>(49,171)</b> | <b>(50,773)</b> | <b>(99,944)</b>  | <b>31,906</b>    | <b>106,941</b>   | <b>138,847</b>   |
| <b>EBIT / Gross Revenue (%)</b>         | <b>-31%</b>     | <b>-24%</b>     | <b>-27%</b>      | <b>9%</b>        | <b>23%</b>       | <b>17%</b>       |
| <b>Financial Charges (Rp Mn)</b>        |                 |                 |                  |                  |                  |                  |
| Interest - Net (Rp Mn)                  | (41,427)        | (33,894)        | (75,320)         | (21,146)         | (25,620)         | (46,766)         |
| Others (Rp Mn)                          | (2,576)         | 980             | (1,596)          | (4,321)          | (12,362)         | (16,682)         |
| <b>Income (Loss) Before Tax (Rp Mn)</b> | <b>(93,173)</b> | <b>(83,687)</b> | <b>(176,860)</b> | <b>6,439</b>     | <b>68,959</b>    | <b>75,398</b>    |
| <b>Tax (Rp Mn)</b>                      | <b>5,769</b>    | <b>26,767</b>   | <b>32,536</b>    | <b>7,952</b>     | <b>(10,670)</b>  | <b>(2,718)</b>   |
| <b>Net Income (Loss) (RpMn)</b>         | <b>(87,404)</b> | <b>(56,921)</b> | <b>(144,324)</b> | <b>14,391</b>    | <b>58,289</b>    | <b>72,680</b>    |

\* Audited

\*\* Limited Review

**Bakrie Telecom**