

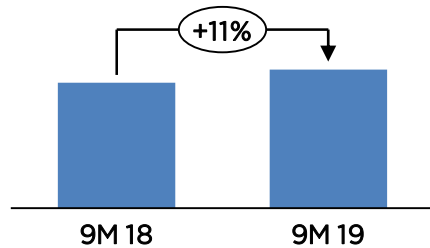
XL Axiata: Network rollout strategy, profits and returns



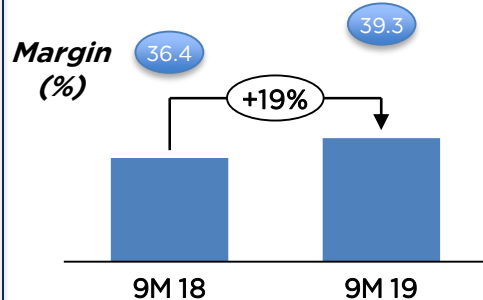
Strong performance driven by operational excellence

EBITDA growing faster than Revenue

Revenue



EBITDA

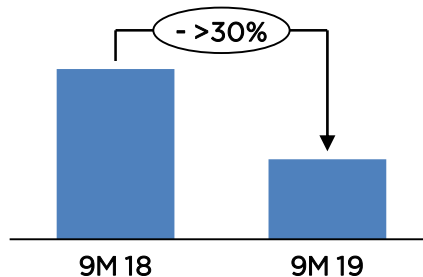


Operational Excellence Driven Cost Savings

Cost savings & avoidance (YTD Sep)

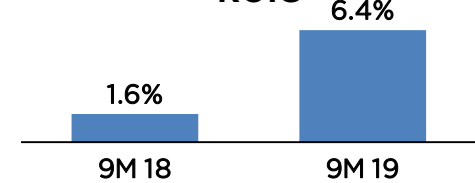
Rp
1.3tn

Cost per GB

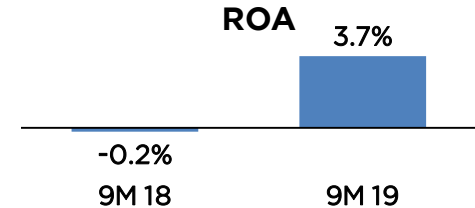


Focusing on Returns

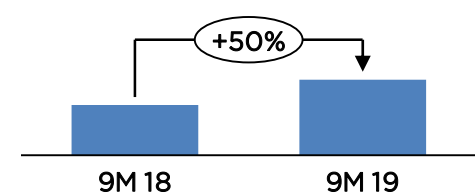
ROIC



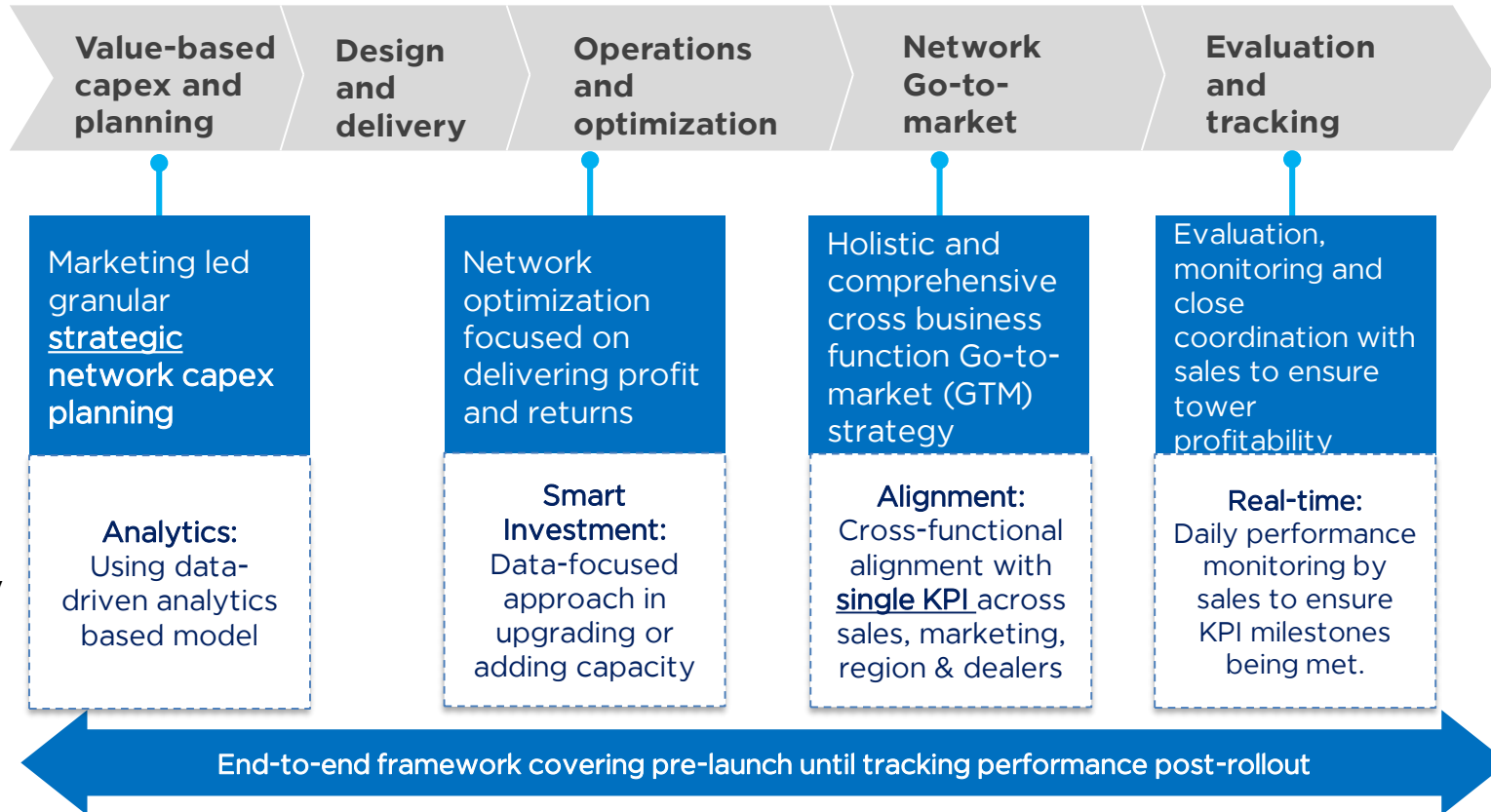
ROA



FCF



A strict end-to-end framework to maximize profits and returns



Strategic network rollout philosophy

ROI focus

Average network quality tends to be optimal in ROI, diminish returns awareness

Attack areas needed for growth

Growth opportunities exist mainly in attack areas, potential to gain market share and under-monetized assets

Balance effort with preserving network quality in existing areas, considering potential

4G orientation

Higher thresholds on 4G coverage and all deployments to be full 4G

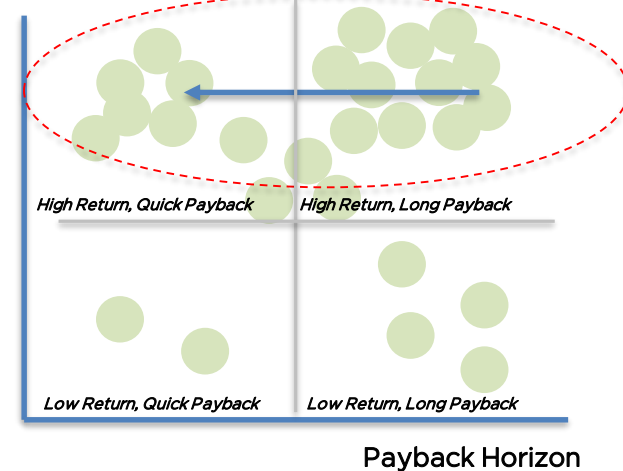
Competitors

Continuous benchmarking of our position relative to competition

Brand positioning

Focus on reliable service rather than “fastest” operator; not spiky network

Potential Return

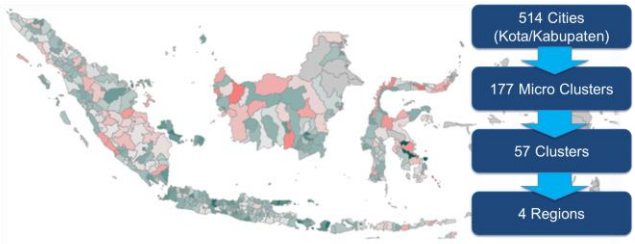


While focus continues to be investment that generate the highest returns, we continue to shift to those with shorter payback horizon

Data-driven analytics-based planning

Granular approach to planning

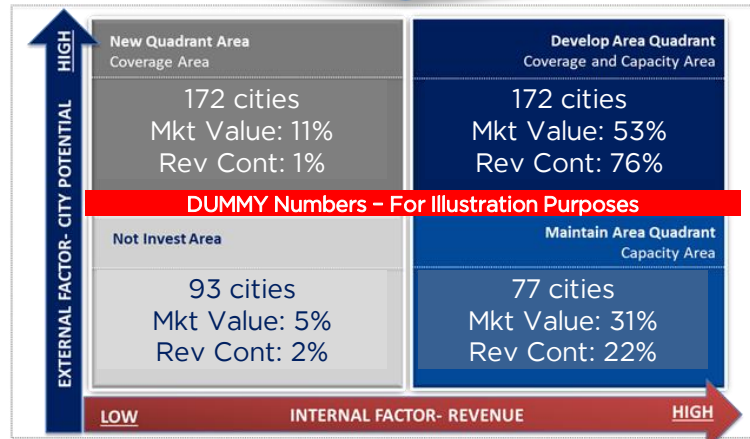
Based on 514 cities (kota/kabupaten)



Refined using internal & external parameters:

- Internal
 - Revenue
 - SWE
 - # Tower
 - Mkt Share
 - NQI Coverage Gap
 - Experience Gap
- External
 - GDP
 - Mkt Value
 - Handset Penetration
 - Population

Overlaid with data from ubiquitous services

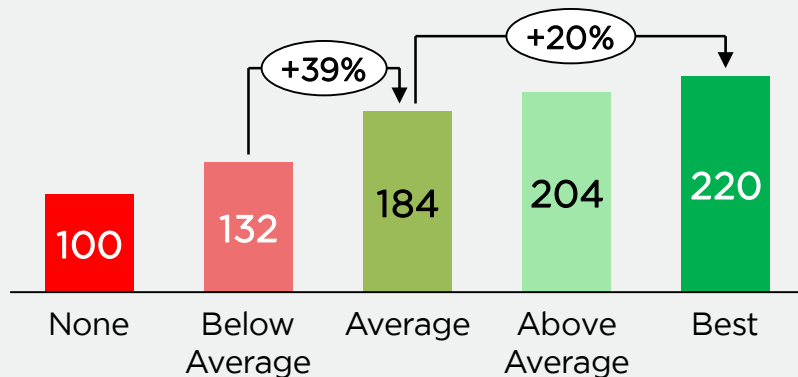


The outcome is a **City Investment Matrix** - where we should invest

Upgrading Below Average (BA) cities will bring the fastest return

Revenue uplift typically higher from BA to A

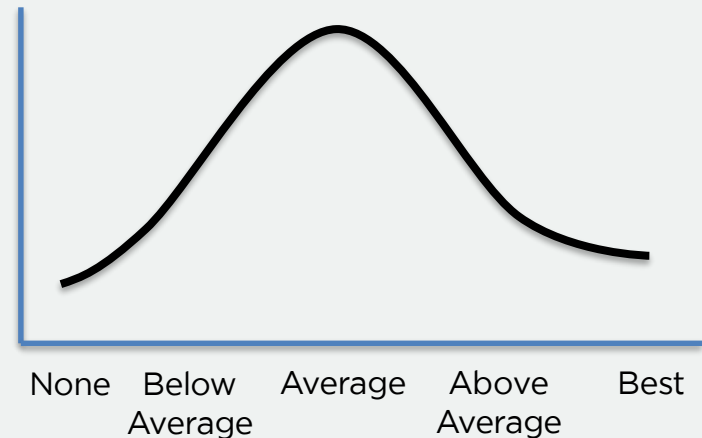
Indexed revenue/tower



An Average cluster has 1Mbps avg throughput, <5% gap with leading competitor and >90% 4G pop coverage.



With higher return as well, after factoring in required capex

Incremental return




Moving a city from Below Average (BA) to Average (A) quality under our NQI framework typically generates the highest incremental returns

Comprehensive process driven flow

Tower Profitability

Tracking returns on a per site basis and if targets & milestones are not met - sites are dismantled and relocated

Data-driven analytics-based planning 



Granular approach to planning
Based on 514 cities (kota/kabupaten)

Refined using internal & external parameters:

- Internal**
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Overlaid with data from ubiquitous services

Facebook Android traffic Youtube speed data

The outcome is a City Investment Matrix - where we should invest

Where to invest

Using the analytical framework we developed to identify cities we should invest in to generate maximum returns

1

Single KPI

Single metric KPI to ensure and drive alignment across sales, marketing, region & dealers to achieve common goal





Products

People





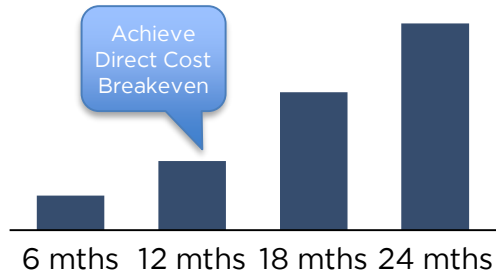

Communication & Awareness

Holistic GTM strategy

Ensuring the right products; people and channel readiness as well as communication and brand awareness

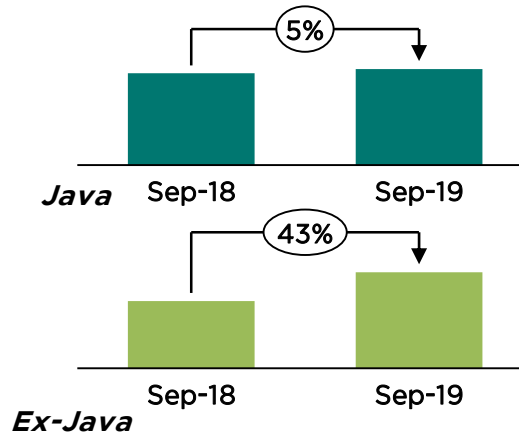
Profitability and returns focused tracking

Revenue/tower



All investments are made with targets and milestones to be met

No. of Profitable Towers*



Resulting in a significant increase in number of profitable towers

Previous New Investment Payback



Current New Investment Payback



With a shortened payback horizon

*excluding new towers

Thank you

