

National Contribution

Contribution to Gross Value Added

USD3,058 million

(0.3% of the nation's GDP)



Operational Direct GVA

USD698 million



Capital Investment

USD104 million



Operational Indirect and Induced GVA

USD714 million



Productivity GVA

USD1,543 million

Direct Employees

1,892

Staff

Total Employees



32% Female



99% Indonesian Citizens

Total Jobs Supported

158,409

Jobs



Directly Employed

1,892



Outsourced

930



Supported Indirectly - Operations

89,568



Supported Indirectly - Capital Investment

66,019

Capital and Operational Expenditure

USD1,485 million

in 2016



Capital Expenditure

USD487 million



Operational Expenditure

USD998 million

Every

USD1

Spent on Capex and Opex

translated to

USD1.2

GVA Contribution

Contributed

USD120 million in taxes in 2016

(0.1% of the total tax revenue of the Indonesian Government)

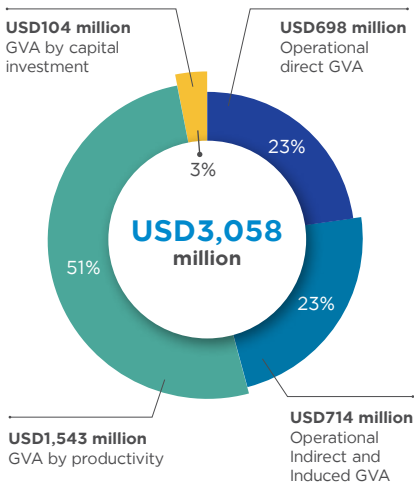
PT XL Axiata Tbk is one of Indonesia's leading telecommunications service providers. XL offers an array of innovative products and services ranging from voice, SMS and Value Added Services (VAS) to mobile data covering more than 90% of the population throughout Indonesia. XL continues to innovate and is transforming itself into a leading mobile data provider, serving the burgeoning demand for data amongst Indonesians.

Southeast Asia's largest economy, Indonesia has charted impressive economic growth post the Asian financial crisis of the late 1990s. Gross national income per capita has risen steadily resulting in a quickly emerging middle-class in the fourth most populous country in the world. The country has made enormous gains in poverty reduction, having reduced the poverty rate by more than half since 1999.

Growing affluence translated into strong mobile growth rate over the past ten years although the rate has started to moderate. Increasing pressure from competitors in the market coupled with market maturity has prompted the growth of VAS as an important revenue source for mobile telecommunications players.

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Figure 1: GVA contribution to the Indonesian economy 2016



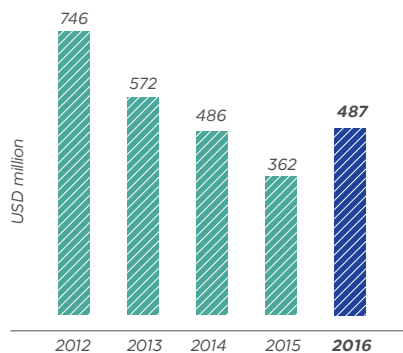
Economic and Financial Contributions

XL's total Gross Value Added (GVA) to the Indonesian economy was approximately USD3,058 million comprising direct operational contributions of USD698 million, indirect operational contributions of USD714 million, capital investment contributions of USD104 million and productivity gains of USD1,543 million (see Figure 1). Productivity gains are defined as the improvement in national productivity due to the rise in the mobile penetration rate. The total GVA of USD3,058 million was derived from XL's total opex and capex of USD998 million and USD487 million respectively, and the 10.9% increase in the mobile penetration rate. Every USD1 spent by XL in Indonesia through its operations and capital investment added USD1.2 in GVA to the Indonesian economy in 2016.

Investing and Innovating for the Long Term

XL invested a total of USD2,652 million between 2012 and 2016 to improve its network and in launching new innovative products and services (see Figure 2). The OpCo's total investment of USD487 million in 2016 represented a 34.6% increase from USD362 million in 2015. XL further invested in the country and continued to innovate on its VAS and quality of services to grow its presence in the country.

Figure 2: Total capital investment: 2012-2016



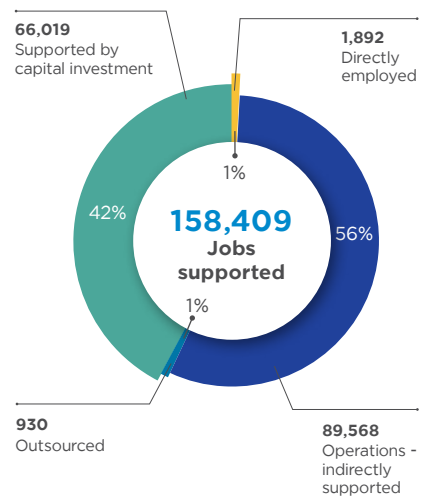
Contributions to Public Finance

XL contributed USD120 million in taxes to the Indonesian Government in 2016, accounting for 0.1% of the country's total tax revenue. XL's tax commitments in Indonesia include direct taxes such as corporate and withholding tax, as well as indirect taxes such as value-added tax and licensing fees.

Talent Development

XL provided 1,892 direct jobs in 2016 of which 99% of positions were staffed by Indonesian citizens. About 32% of XL employees were women. During the year, XL engaged 46 new graduates, apprentices and interns as part of its goal to provide young people with specialist skills required in the digital economy. XL's operations also indirectly supported an additional 89,600 jobs and outsourced a further 930 jobs. Its capital investments, meanwhile, supported 66,000 jobs (see Figure 3).

Figure 3: Total employment impact 2016



Note: As a % of total GVA contribution; Numbers may not balance due to rounding

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In Support of the National Agenda

E-commerce and SMEs, identified as priorities under the Indonesian Government's National Agenda, are areas that stand to benefit significantly from the growth of mobile connectivity and the use of digital technology. These areas represent opportunities for XL to play a role in advancing Indonesia's national goals and to contribute to society. The following section provides an overview of these national priorities and XL's contribution towards them.

E-commerce

ICT is an essential support to the development of e-commerce, as the development of ICT infrastructure creates channels for retailers to do business online. Growing use of the internet and smartphones also creates demand for ICT services. Indonesia is expected to be the largest e-commerce market in Southeast Asia.

E-commerce drives economic growth

Indonesia was the largest e-commerce market in ASEAN in 2014. E-commerce is expected to grow at an accelerated rate given the country's demographics that have made Indonesia the world's fourth largest country by population.

To support Indonesia's goal of becoming the biggest digital economy in Southeast Asia by 2020, the Indonesian Government released the E-commerce Roadmap in 2016 which forecasts the value of e-commerce transactions to reach USD130 billion by 2020.

ICT supports the expansion of e-commerce

The Government of Indonesia launched the Indonesia Broadband Plan in 2014. A key priority under the Broadband Plan is delivering improved logistics infrastructure, to enhance e-commerce efficiency and competitiveness. The improved infrastructure would be necessary to support growing demand for e-commerce services which is correlated to the rapid growth of the internet and social media users in Indonesia.

The number of internet users in Indonesia is expected to increase from 72.8 million in 2013 to 123 million in 2018, at a CAGR of 11.1% whereas the number of smartphone users is expected to reach 100 million by 2018. There are approximately 333.6 million active mobile numbers in Indonesia, translating to a mobile penetration rate of 130%. Meanwhile, there are more than 69 million active Facebook users in Indonesia, which is the fourth largest Facebook user base in the world. Exposure to social media drives demand for e-commerce, as this provides convenient channels to connect with the global market.

XL Axiata is involved in the e-commerce marketplace through PT XL Planet, a joint venture company.

SMEs

Indonesia's SME sector plays an important role in the Indonesian economy. Digitisation helps to lower costs and enhance efficiency of the SME supply chain. Indonesia's annual GDP growth rate could increase by 2% by improving SMEs' digital engagement. XL has invested more than IDR500 billion to set up DigiBiz, a service to help SMEs strengthen their marketing initiatives and grow their businesses.

SMEs as drivers of growth

In 2014, 57.9 million SMEs contributed to 58.9% of total GDP and employed 97.3% of the country's workforce. Recognising the importance of SMEs in Indonesia, the Government of Indonesia has introduced various initiatives such as tax incentives, lower lending rates, reduced restrictions on foreign investments, and support for market expansion opportunities to boost the sector's growth.

Nurturing Young Talent

XL is committed to nurturing young talent in Indonesia through its XL Future Leaders (XLFL) programme. XLFL replicates the aims and objectives of AYTP in Indonesia to provide unique learning and training opportunities to Indonesian students. From the programme's implementation in 2011 to end 2016, some 20,690 Indonesian students have benefitted from the programme, which also offers scholarships on top of training workshops and online learning courses.



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Since its start in 2011, XL Future Leaders has received four awards including the Best CSR Award from the Perhumas Awards 2016. New innovations have been introduced to the programme such that it now meets Indonesian education objectives and has evolved from one subject programme in 2011 to eight in 2016. As with the AYTP, XL Future Leaders is helping build capabilities and capacities of our future generations.

Driving Inclusivity

Some of XL's key contributions to national development are its initiatives to bridge the digital divide within the Indonesian community. In 2016, XL focused its efforts on bringing connectivity and digital services to Indonesian women, whose rate of internet use lags 30% to 40% behind their counterparts in other ASEAN countries. Sisternet, XL's digital home for Indonesian women, was introduced to empower and enrich women's online experience, and to encourage their participation in the digital economy.

The portal publishes informative articles that empower and enrich the lives of Indonesian women. Information available on Sisternet includes health and career tips, lifestyle information, family life and shopping. It also offers mentorship through the Sisternet Academy.

Introduction

Beyond Short-Term Profits

Nurturing People

Process Excellence & Governance

Planet & Society

Our Associates