

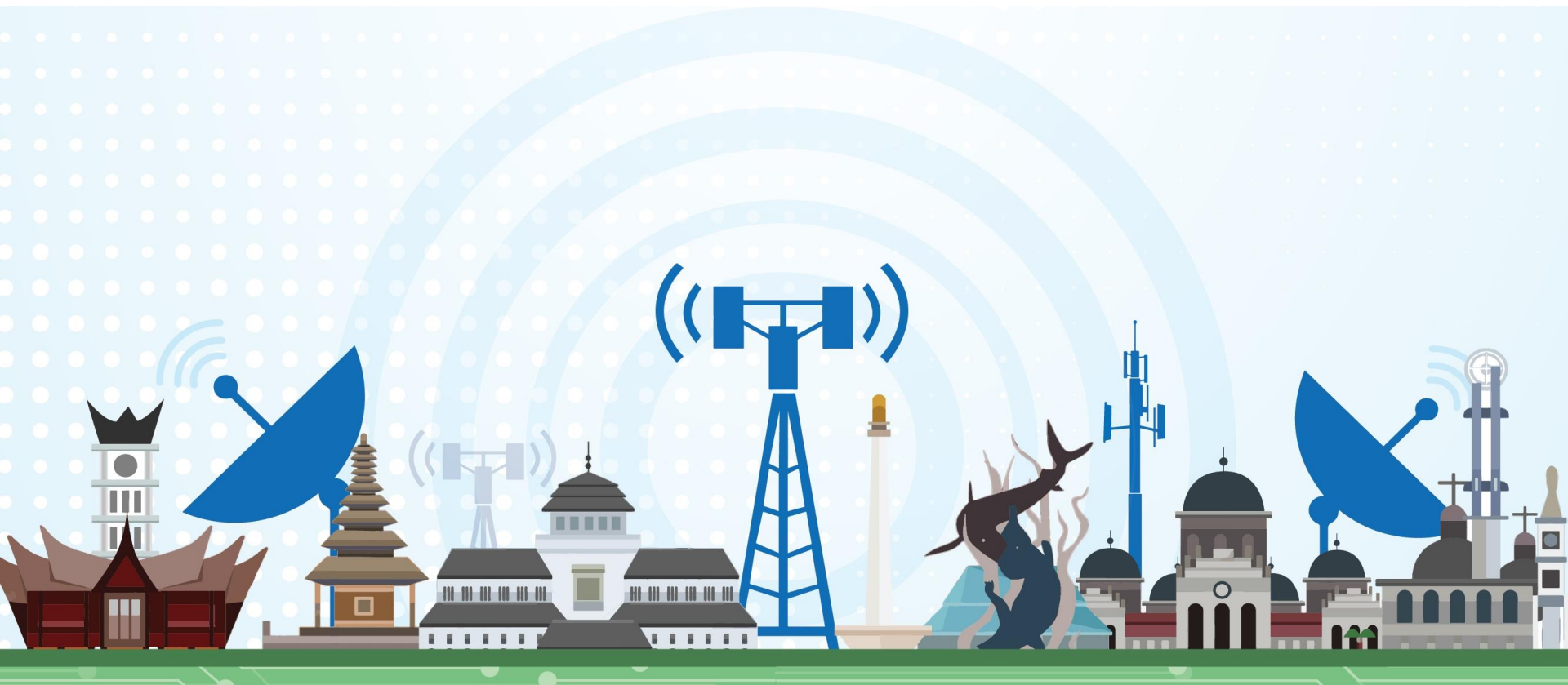


SARANA MENARA NUSANTARA

Indonesia's Premier Telecommunication Infrastructure Company

1Q 2018 Results Presentation

PT Sarana Menara Nusantara, Tbk
IDX ticker: TOWR.JK / TOWR IJ
www.ptsmn.co.id



Agenda

Strategy & Achievements

Market Overview

Summary Financial Results



| Strategy & Achievements

Executing “Build, Buy, Return” Strategy

Strategy and Achievements

1

Maintain position as the leading telecom infrastructure company in Indonesia

- Strong organic growth momentum in 2017 continuing in 2018
- Ongoing renewals with minimum churn
- Diversified revenue from iForte

2

Retain investment grade rating

- Ratings confirmed in 2017

3

Capitalize on strong balance sheet for growth and M&A opportunities

- Signed agreements to purchase 100% of shares in KIN; a cash flow accretive transaction
- Expect closing on the transactions in 2Q 2018

4

Maintain dividend policy

- Increased sustainable dividend from IDR 700 billion for FY2016 to IDR 1,200 billion for FY2017

Protelindo remains committed to maintaining its investment-grade rating, and plans to operate below net debt/last quarter annualised (LQA) EBITDA of 3.0x (2016: 1.6x). We see scope for M&A opportunities as the company seeks to bolster growth. Protelindo's scale and financial strength should comfortably support a combination of organic and inorganic growth, and progressive dividends, without a material impairment to its credit profile.

Fitch, May 2017

The stable outlook on PT Profesional Telekomunikasi Indonesia (Protelindo) reflects our expectation that the company will continue to generate steady cash flows and maintain its high EBITDA margins of around 85%. It also reflects our view that any future tower acquisitions or dividend payouts will not raise the company's debt-to-EBITDA ratio beyond 3x.

S&P, Dec 2017

Protelindo's Baa3 issuer rating reflects its resilient and contractually based business model with stable free cash flow generation and relatively low leverage and is also supported by its position as Indonesia's largest independent tower company.

Moody's, March 2017



Market Overview

Indonesia Macro Economy – Key Indicators

An attractive investment environment

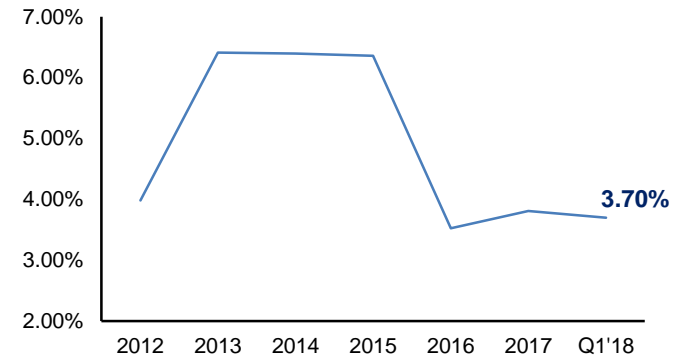
- **Market performance**
The JCI Index gained ~20% in 2017. Markets negatively impacted on 1Q18 due to concerns about the possibility of a trade war and US interest rate policy
- **Inflation and interest rates**
Weakness in EM currencies may lead to a higher probability of BI hiking the benchmark interest rates
- **Purchasing power**
Purchasing power is expected to improve supported by a growing economy and demographics

The Jakarta Composite Index



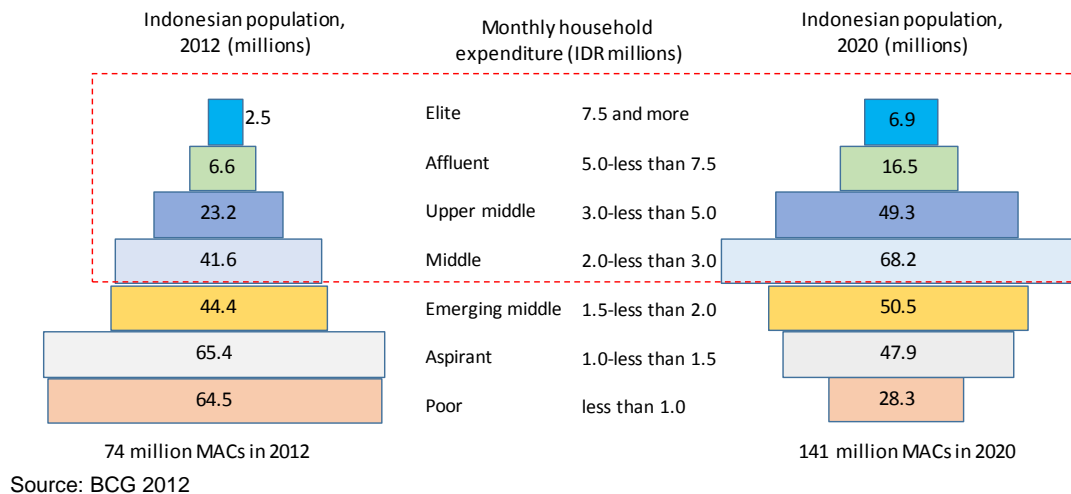
Source: FactSet as at Mar 29, 2018

Indonesian CPI Inflation Index



Source: Economist Intelligence Unit

Purchasing Power



Indonesia Telecom Industry – Outlook

Strong demand for data services expected over the next five years

Top 5 Indonesian Wireless Operators by connections

| Operator | Connections ¹ , excluding cellular M2M ² , million |
|-----------|--|
| Telkomsel | 196 |
| Indosat | 110 |
| 3 (Hutch) | 64 |
| XL Axiata | 53 |
| Smartfren | 12 |

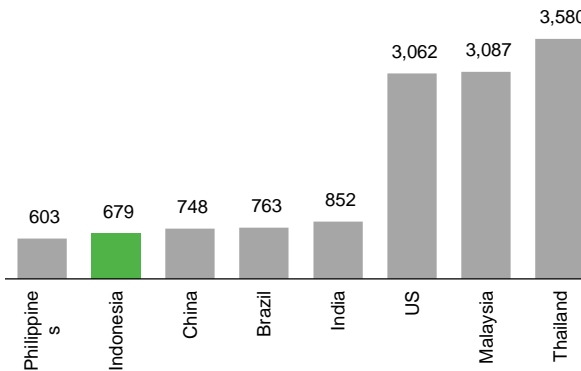
Source: press releases; industry data

Notes:

- Figure as of 4Q 2017
- M2M stands for "Machine-to-Machine", e.g. smart meters with embedded SIMs

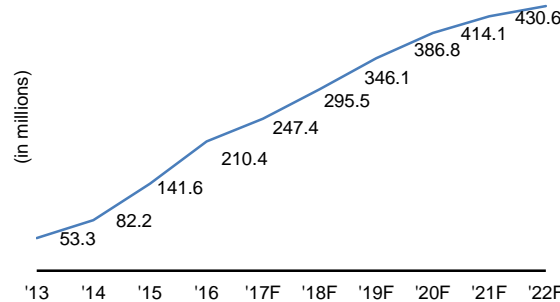
Indonesia's average mobile data usage remains relatively low

Data usage (MB) per connection per month 2015 – 2016



.. and improving mobile broadband availability and affordability..

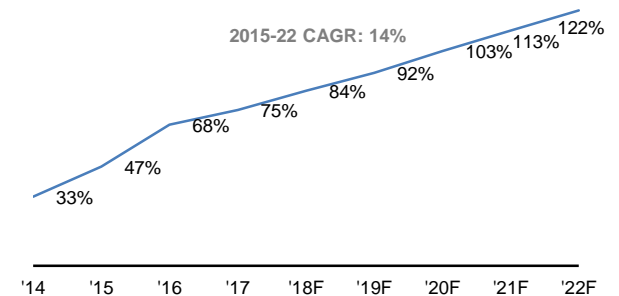
Mobile broadband connections



Source: WCIS

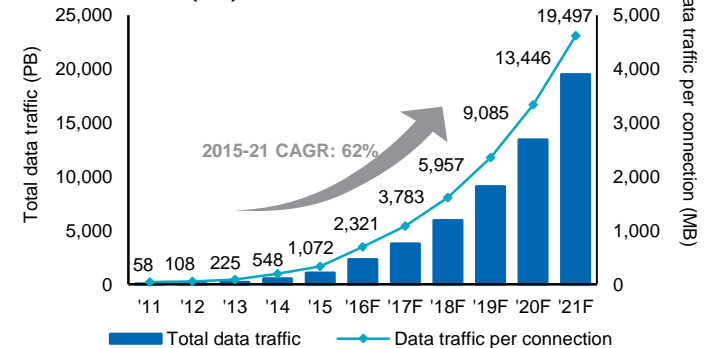
Increasing smartphone penetration..

Smartphone penetration



... is leading to a data consumption surge in Indonesia

Total data traffic (PB) and monthly data usage per connection (MB)



Indonesian Tower Industry – Key Growth Drivers

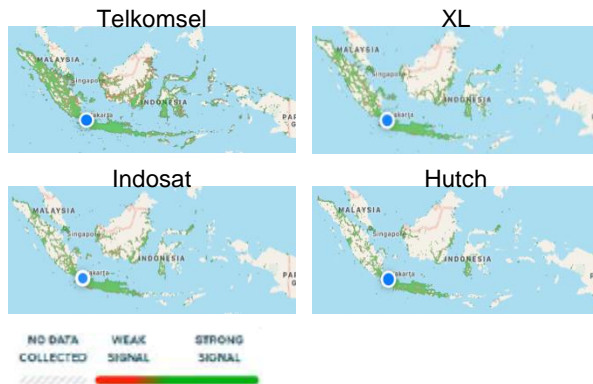
Potential for organic growth in line with the increasing demand for Telco services

1. Telecom industry coverage growth

- Major operators are continuing to expand coverage ex-Java and increase capacity in Java
- Telkomsel has c.32,000 coverage sites on 900MHz – in order to achieve similar coverage, Indosat and XL will need additional 7,000-10,000 coverage sites each
- Over 1,700 new leases orders still being worked on as end of 1Q 2018
– Nearly 400 commenced during 1Q 2018

Network coverage in Indonesia

Comparison of network coverage across Indonesia

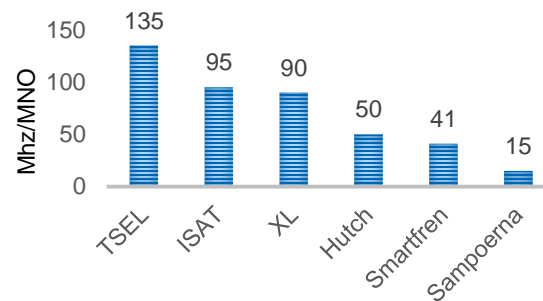


2. Telecom industry capacity growth

- Surging data demand is generating the need to add new equipment to existing tenancy leases.
- Nearly 3,426 additional equipment leases signed in 1Q 2018. This continues the strong growth in additional equipment leases that began in the 2nd half of 2016

Spectrum Ownership

- New spectrum auction in late 2017. Telkomsel won the 2,300Mhz spectrum with Indosat and Hutch winning the 2,100Mhz spectrum.



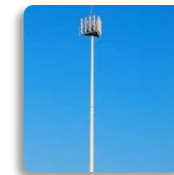
Source: Analysys Mason, Company

3. iForte

- New growth areas driven by increasing urbanization

(i) Micro-cell leasing

(ii) Broadband / VPN

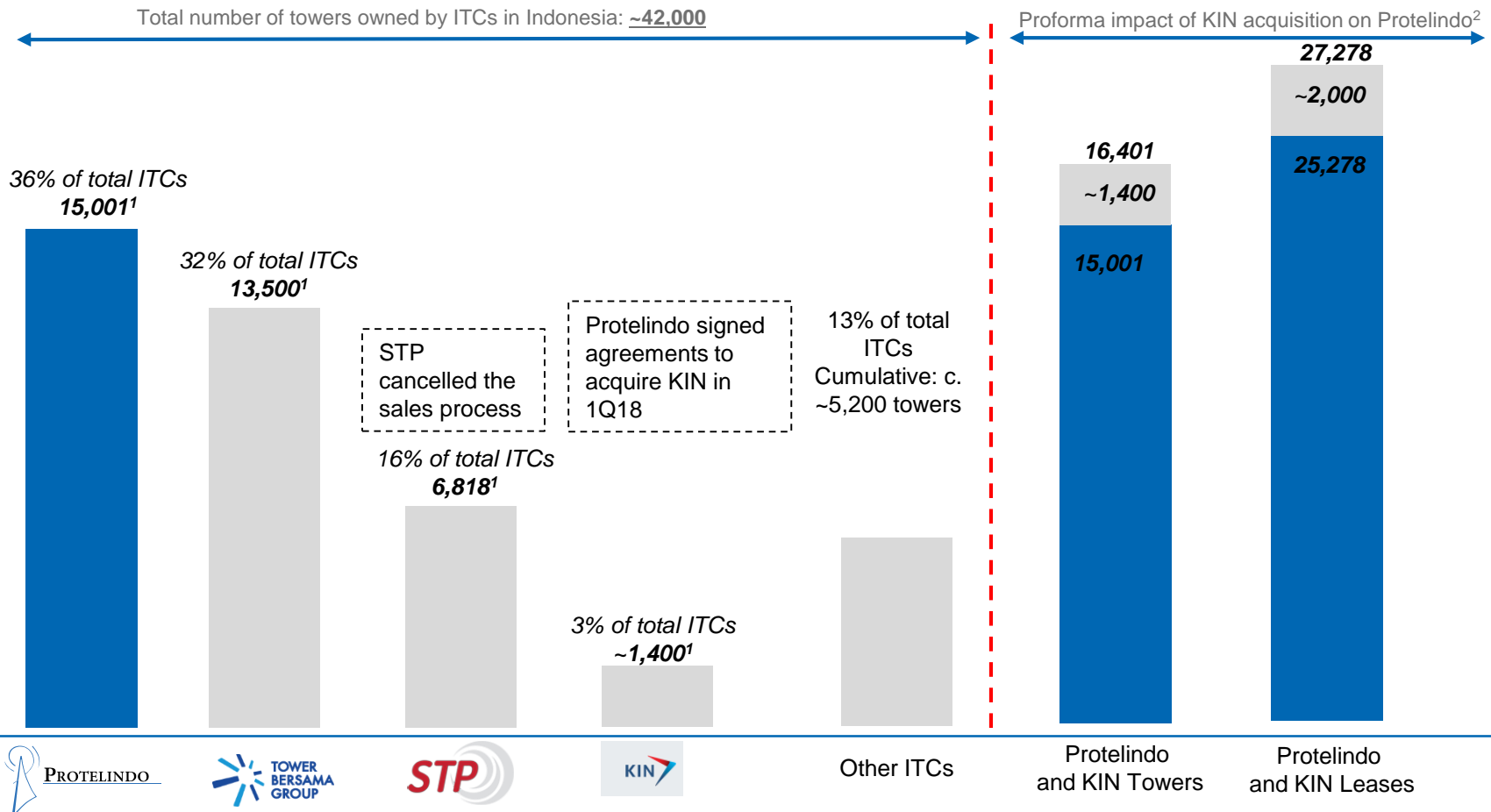


Value proposition

- Improves network capacity in dense data traffic areas
- Offers greater scalability through faster deployment and lower capex per cell
- Dedicated fiber broadband connections for companies
- Fiber optic network reached 5,068 km
- Over 2,700 VSAT leases
- Signed contract with XL Axiata to install and lease 1,250 km of fiber to towers of which 803 km has been installed

Indonesian Tower Industry – Key Growth Drivers

4. Highly fragmented market with consolidation potential



Excludes Telkom & Telkomsel which have not divested tower assets and Inti Bangun Sejahtera ("IBS"), a captive tower company

Notes:

1 Count as at 1Q 2018

2 Excluding new tenancies pipeline and potential churn during 2018

Source: Analysys Mason, Company

Work orders in progress through March 2018

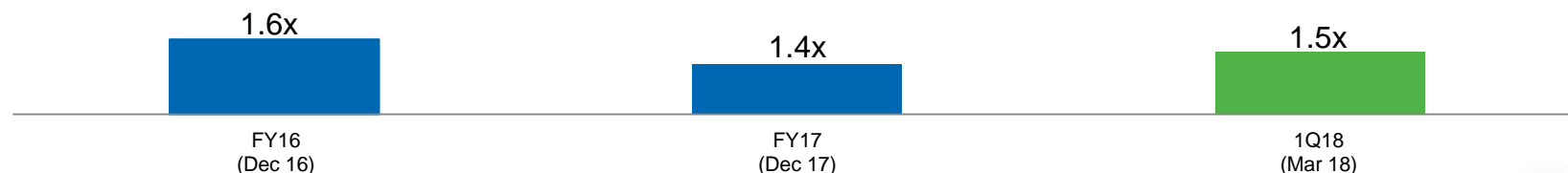
- Tenant Lease work orders for organic BTS & colo in progress through end of March 2018

| Period | Organic tenancies |
|----------------|--|
| Full year 2017 | Commenced 1,591 tenancies |
| During 1Q 2018 | Commenced nearly 400 tenancies |
| YTD April 2018 | Pipeline balance of over 1,700 tenancies |

- 2017 was Protelindo's best year for new orders since 2014 with momentum continuing in 1Q 2018
- Non-tower business grew to IDR 109.5 billion during 1Q 2018 or grew by 59% from 1Q 2017 led by growth in MWIFO and VSAT business

Indonesia's tower company comparison

Net debt / LQA EBITDA



1Q18



1Q18



1Q18

| | | | |
|---|---------|---------|---------|
| LQA Revenue (IDR bn) | 5,447.8 | 4,145.3 | 1,961.6 |
| LQA EBITDA (IDR bn) | 4,671.1 | 3,582.2 | 1,701.7 |
| EBITDA Margin | 85.7% | 86.4% | 86.7% |
| Interest Cost Annualized (IDR bn) | 531.1 | 1,967.7 | 847.6 |
| Recurring FCF (IDR bn) | 4,140.0 | 1,614.4 | 854.1 |
| LQA Recurring FCF Margin ⁽¹⁾ | 76.0% | 38.9% | 43.5% |
| Income Before Tax (IDR bn) ⁽³⁾ | 700.4 | 240.2 | 119.1 |

Key Credit Metrics

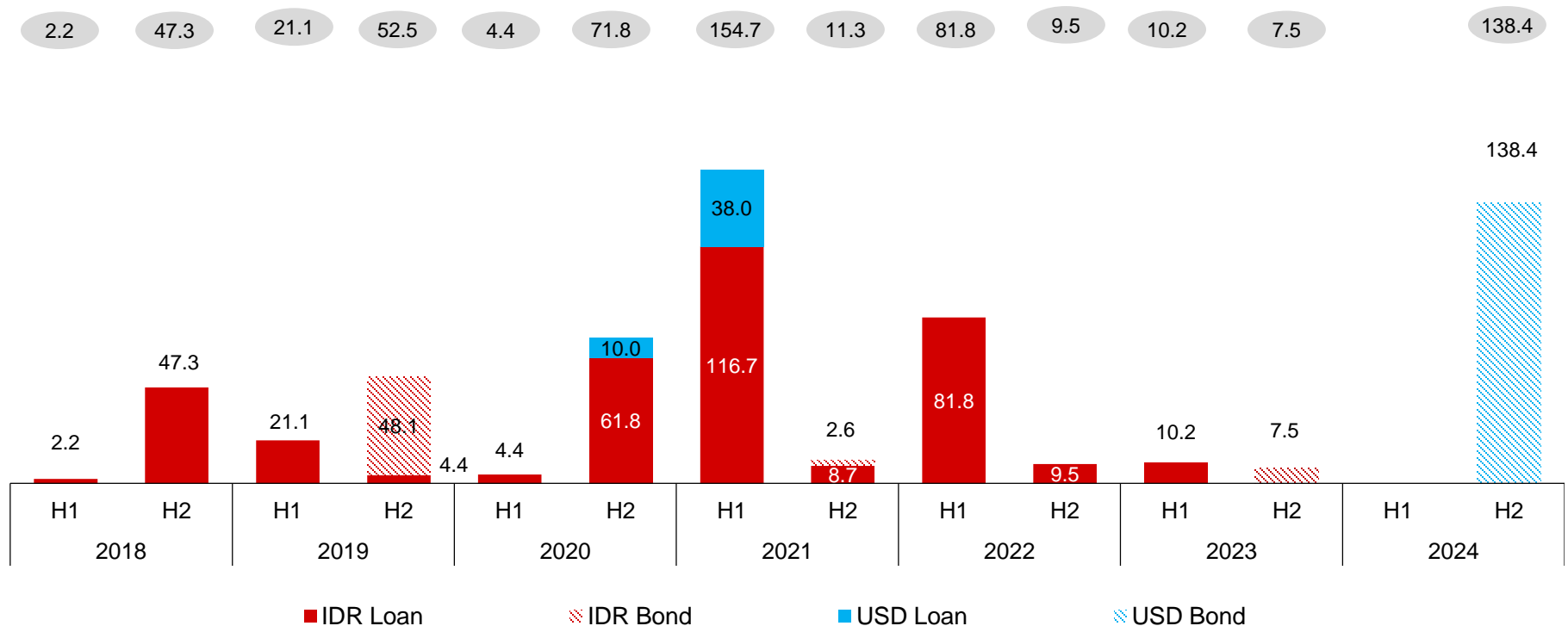
| | | | |
|--|------------------|---------------|-------------|
| Net Debt / LQA EBITDA | 1.5x | 4.8x | 4.1x |
| Interest Coverage Ratio | 8.8x | 1.8x | 2.0x |
| Average Interest Rate ⁽²⁾ | 6.3% | 10.9% | 12.0% |
| Corporate credit rating: S&P/ Fitch/ Moody's | BBB-/ BBB-/ Baa3 | BB-/ BB-/ Ba3 | BB-/ BB-/ - |

Notes:

1. LQA recurring FCF margin = LQA (EBITDA – interest expenses) / LQA revenue
2. Based on LQA interest expenses / total debt
3. Full Year Number. For depreciation of fixed assets, SMN uses 10% residual value, which may be different than other tower companies that use estimated between 50% to 70% residual value

Debt profile

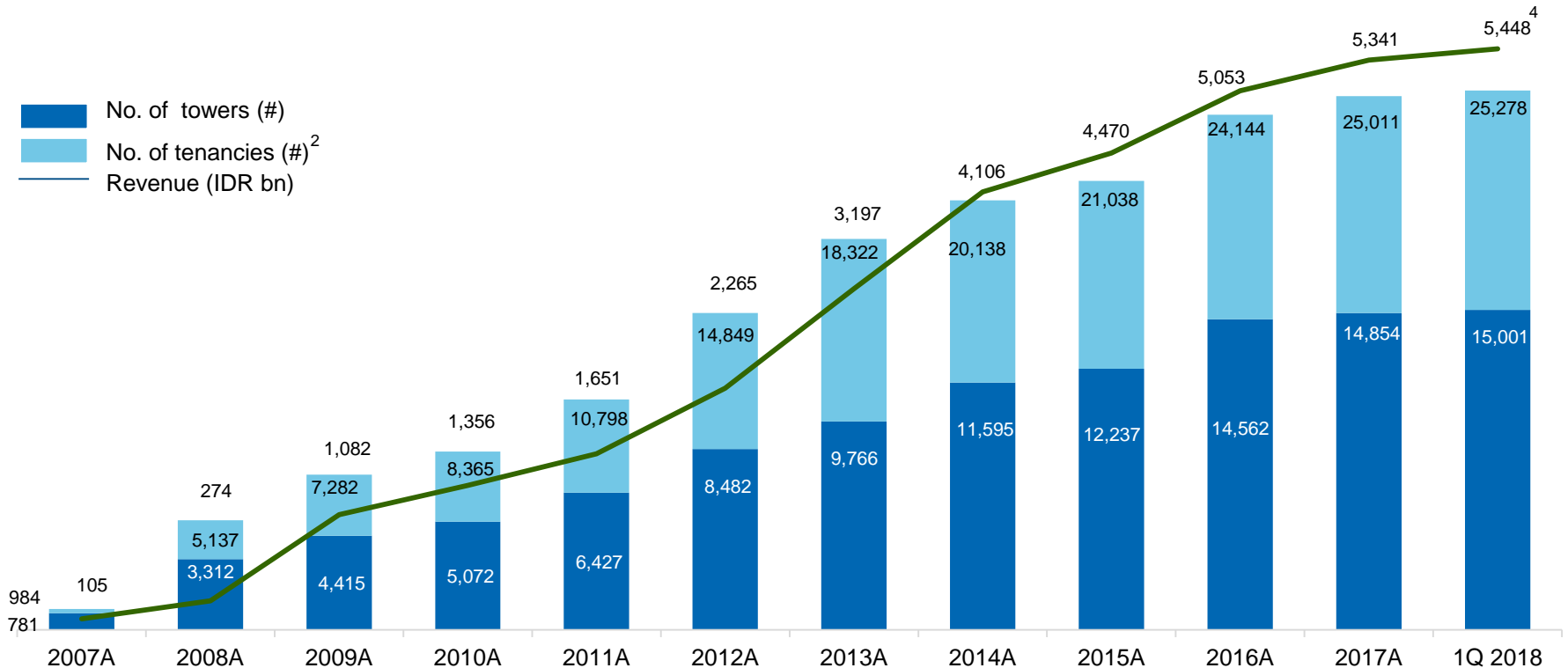
Debt maturity (stated in USD Mio)



- Average interest rate increased 42 bps from 5.88% in 4Q 2017 to 6.30% in 1Q 2018 mainly due to an increase in JIBOR and repayment of USD 80 Mio debt
- USD denominated debt is covered by USD revenue flow from tower leases
- Recently swapped IDR 1,000 billion in floating JIBOR rate debt to fixed rate debt

And history of strong growth

Protelindo has demonstrated a strong track record of both organic and acquisition-led growth



Indonesia's largest independent tower portfolio comprising 6,592 Build-to-suit ("B2S") towers and 8,409 acquired towers³

Notes:

- 1 From all 3 international ratings agencies: Baa3 / BBB- / BBB- as per Moody's / S&P / Fitch
- 2 Tenancy is defined as tower space leased to a telecommunications operator for installation of its Base Transceiver Station and related transmission equipment (antennas and microwave dishes)
- 3 As at 31 March 2018
- 4 Based on Last Quarter Annualized (LQA) Figure

Protelindo snapshot



Strong revenue growth of 15.3%⁽²⁾ and EBITDA growth of 15.9%⁽²⁾



Indonesia's largest independent telecommunication infrastructure provider with: #15,001 towers⁽¹⁾, #25,278 tenants⁽¹⁾, 2,750 VSAT⁽¹⁾ and over 5,000 km of fiber optic cable⁽¹⁾



Diversified revenue mix servicing the largest MNOs in Indonesia with 53% of towers in Java



Solid balance sheet with the lowest financing costs in the industry



Global Investment Grade ratings from all 3 international rating agencies

Source: Company information, Analysys Mason

Notes:

1 As at 31 March 2018

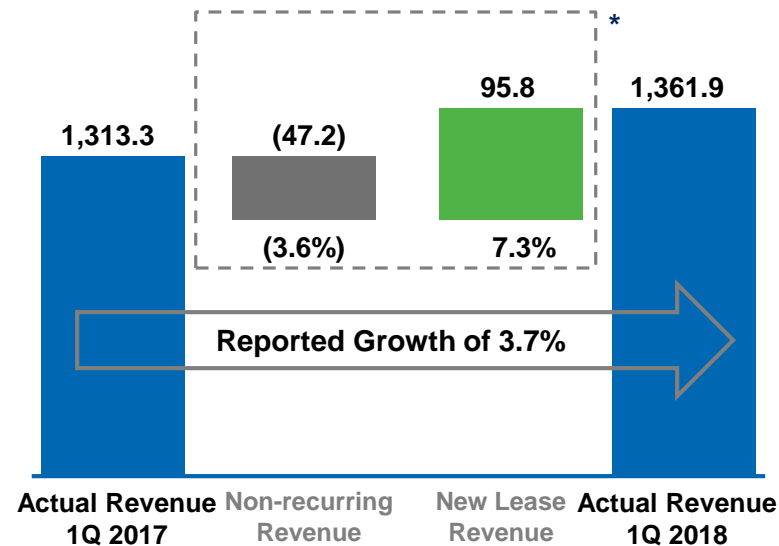
2 4Q 2012-1Q18 CAGR



| Summary Financial Results

Company's Performance Highlights Q1 2017 vs Q1 2018

Revenue (in IDR Bio)



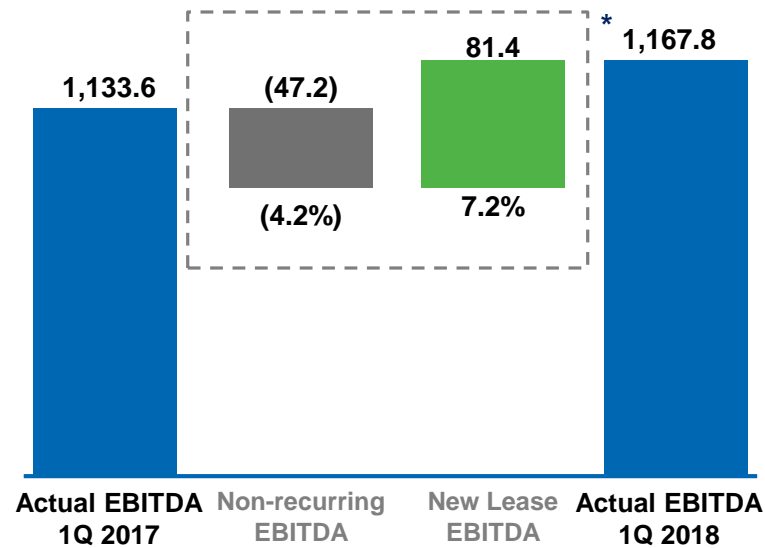
- Solid growth in new tenancies and additional equipment leases offset by non-renewals of maturing leases

Notes:

* Management account / calculation

Company's Performance Highlights Q1 2017 vs Q1 2018

EBITDA (in IDR Bio)

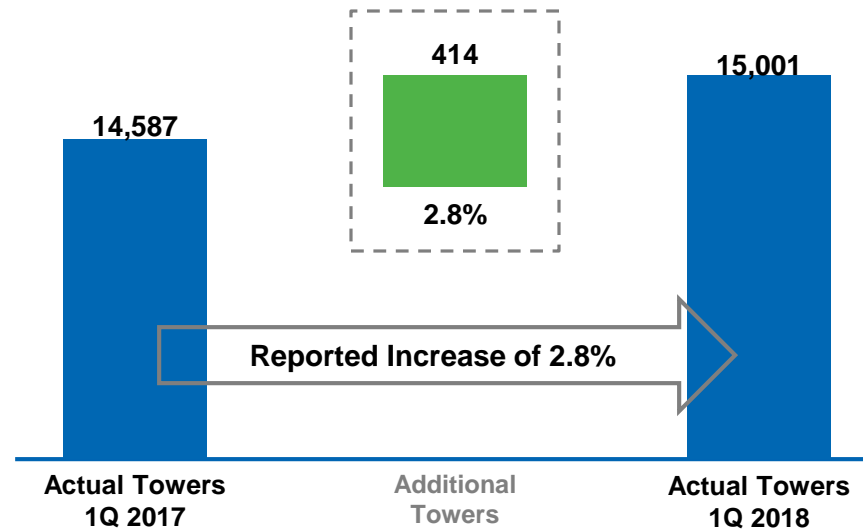


- Maintained EBITDA cash flow generating capacity with commencement of new lease revenue

Notes:

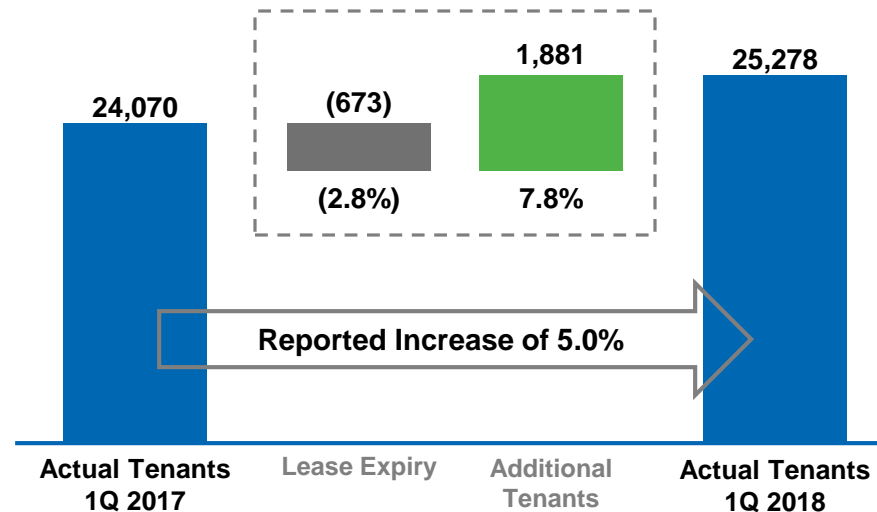
* Management account / calculation

Tower Growth



- New BTS orders expected to continue to develop through 2018

Tenancy Growth



- New tenancies partially offset by non-renewal on some leases
- Does not include 3,426 new revenue generating additional equipment leases
- BTS and colo tenancies pipeline as of March 2018 YTD of over 1,300 leases

Balance Sheet and Income Statement Snapshot

| In IDR Billions (unless otherwise stated) | 1Q 17 | 2Q 17 | 3Q 17 | 4Q 17 | 1Q 18 |
|--|---------|----------|---------|---------|---------|
| Income Statement | | | | | |
| Revenue | 1,313.3 | 1,329.9 | 1,334.6 | 1,360.1 | 1,361.9 |
| Revenue Growth (QoQ) | - 0.6% | 1.3% | 0.4% | 1.9% | 0.1% |
| EBITDA | 1,133.6 | 1,135.9 | 1,148.7 | 1,185.3 | 1,167.8 |
| EBITDA Margin | 86.3% | 85.4% | 86.1% | 87.1% | 85.7% |
| Balance Sheet | | | | | |
| Total Debt | 9,245.5 | 10,143.0 | 9,823.2 | 9,143.2 | 8,407.9 |
| Cash & Cash Equivalents | 2,421.9 | 4,743.3 | 3,285.1 | 2,348.3 | 1,281.3 |
| Net Debt | 6,823.6 | 5,399.7 | 6,538.1 | 6,794.9 | 7,126.6 |
| Net Debt / LQA EBITDA | 1.5x | 1.2x | 1.4x | 1.4x | 1.5x |
| Market Value | 39,587 | 38,669 | 45,607 | 40,812 | 36,526 |
| Total Number of Towers Owned | 14,587 | 14,614 | 14,739 | 14,854 | 15,001 |

Notes:

- Fx rate Q1 2017; Q2 2017, Q3 2017, Q4 2017 and Q1 2018: 1USD = IDR 13,321; 13,319; 13,492; 13,548; and 13,756
- Market value on 23 April 2018: IDR 34,384 Bio

Change in Accounting on Protelindo

Balance Sheet Comparison *

| In IDR Billions | Dec - 2016 | | Dec - 2017 | |
|-------------------|------------|--------------|------------|--------------|
| | PSAK 13 | PSAK 16 Cost | PSAK 13 | PSAK 16 Cost |
| Equity | | | | |
| Retained Earnings | 10,201 | 5,998 | 11,712 | 6,546 |

Profit or Loss Comparison *

| In IDR Billions | Dec - 2016 | | Dec - 2017 | |
|---------------------------------|------------|--------------|------------|--------------|
| | PSAK 13 | PSAK 16 Cost | PSAK 13 | PSAK 16 Cost |
| Depreciation and amortization | (459) | (1,191) | (487) | (895) |
| FV Inv Property | 495 | - | 103 | - |
| Deferred Tax (Expense)/ Benefit | (303) | 2 | (249) | (112) |
| Net Profit | 3,043 | 2,115 | 2,518 | 2,100 |
| NL Sales | 373 | 373 | - | - |
| Net Profit excl. NL Sales | 2,670 | 1,742 | 2,518 | 2,100 |

- PSAK 13: Investment Properties, PSAK 16: Fixed Assets
- This is an accounting change only and does not impact EBITDA or cash flow
- New accounting policy implemented as per OJK by Dec 2017
- Towers depreciated over a 30 years life span with 10% residual value which may be different than other tower companies that use estimated between 50% to 70% residual value

Notes:
* Management account / calculation

SMN Consolidated Statement of Profit or Loss

| (IDR Bn) | 2015A | 2016A | 2017A | 1Q 2018 |
|---|------------------|----------------|----------------|----------------|
| Revenues | 4,469.8 | 5,053.1 | 5,337.9 | 1,361.9 |
| Cost of revenues | (181.7) | (209.5) | (277.4) | (78.0) |
| Depreciation and amortization | (1,026.5) | (1,185.0) | (894.9) | (232.2) |
| Gross income | 3,261.6 | 3,658.7 | 4,165.6 | 1,051.7 |
| Operating expenses | (512.4) | (435.7) | (456.9) | (116.2) |
| Operating income | 2,749.2 | 3,223.0 | 3,708.7 | 935.5 |
| Other income | | | | |
| Interest income | 12.4 | 56.1 | 68.1 | 7.1 |
| Finance charges | (562.5) | (668.9) | (687.3) | (165.0) |
| Foreign exchange gains/(losses), net | (427.9) | 186.5 | (2.4) | (22.8) |
| (Impairment expense)/ reversal of allowance for impairment | – | (158.4) | (139.7) | (18.4) |
| Corporate income tax adjustment | – | – | – | – |
| Others, net | (73.7) | 232.1 | (144.5) | (36.0) |
| Other income / (expense), net | (1,051.7) | (352.6) | (905.8) | (235.1) |
| Income/(loss) before corp. income tax expense | 1,697.5 | 2,870.4 | 2,802.9 | 700.4 |
| Corporate income tax expense | | | | |
| Current tax expense | (407.3) | (735.8) | (591.3) | (154.5) |
| Deferred tax expense | (22.3) | 3.0 | (111.5) | (27.1) |
| Total corporate income tax expense | (429.6) | (732.8) | (702.8) | (181.6) |
| Net income from continuing operating | 1,267.9 | 1,764.8 | 2,100.1 | 518.8 |
| Net income / (loss) for the year | 1,267.9 | 2,137.6 | 2,100.1 | 518.8 |
| EBITDA | 3,775.7 | 4,408.0 | 4,603.4 | 1,167.8 |
| Revenue growth | 8.9% | 13.0% | 5.6% | N/a |
| Gross margin | 73.0% | 72.4% | 78.0% | 77.2% |
| EBITDA margin | 84.5% | 87.2% | 86.2% | 85.7% |
| Net income margin | 28.4% | 42.3% | 39.3% | 38.1% |

SMN Consolidated Statement of Financial Position

As at 31 March 2018

| (IDR Bn) | 2015A | 2016A | 2017A | 1Q 2018 |
|---|-----------------|-----------------|-----------------|-----------------|
| ASSETS | | | | |
| <i>Current assets</i> | | | | |
| Cash and cash equivalents | 2,986.8 | 2,905.3 | 2,348.3 | 1,281.3 |
| Trade receivables | 470.5 | 351.7 | 624.0 | 1,696.3 |
| Other receivables | 0.8 | 1.3 | 22.4 | 4.5 |
| Inventories | 11.1 | - | - | - |
| Prepaid expenses and advances | 39.7 | 37.3 | 48.7 | 47.5 |
| Refundable taxes | 24.5 | 298.9 | 6.3 | 21.0 |
| Other current assets | - | - | - | - |
| Total current assets | 3,533.4 | 3,594.6 | 3,049.7 | 3,050.6 |
| Total non-current assets | 12,856.6 | 15,192.3 | 15,713.8 | 16,155.5 |
| TOTAL ASSETS | 16,390.0 | 18,786.8 | 18,763.5 | 19,206.1 |
| LIABILITIES AND EQUITY | | | | |
| <i>Current liabilities</i> | | | | |
| Tower construction and other payables - related parties | - | - | 4.7 | - |
| Tower construction and other payables - third parties | 216.6 | 189.3 | 271.7 | 348.3 |
| Other payables - third parties | 20.2 | 21.3 | 4.1 | 5.1 |
| Dividend Payable | - | - | - | - |
| Accrued expenses | 356.3 | 242.5 | 262.6 | 287.6 |
| Unearned revenue | 820.9 | 953.4 | 927.2 | 1,432.1 |
| Short-term employee benefit liabilities | 55.9 | 45.5 | 52.8 | 74.4 |
| Current portion of long-term loans | 446.1 | 516.7 | 633.8 | 926.6 |
| Current portion of long-term Bonds | - | 998.7 | - | - |
| Taxes payable | 61.6 | 335.6 | 73.5 | 64.3 |
| Total current liabilities | 1,977.6 | 3,303.0 | 2,230.4 | 3,138.4 |
| <i>Non-current liabilities</i> | | | | |
| Deferred tax liabilities | 506.4 | 488.2 | 613.7 | 632.5 |
| Long-term employee benefit liabilities | 64.6 | 91.5 | 20.5 | 21.9 |
| Long-term loans, net of current portion | 6,741.3 | 5,971.3 | 5,775.3 | 4,698.5 |
| Bonds payable | 2,715.1 | 2,432.2 | 2,589.6 | 2,655.0 |
| Cross currency swap payables | 228.0 | 223.7 | 15.6 | 19.4 |
| Unearned revenue ⁽²⁾ | 113.0 | 60.8 | 80.6 | 79.1 |
| Management option plan liabilities | - | 30.0 | 87.4 | 114.5 |
| Long-term provision | 208.6 | 226.4 | 248.5 | 255.4 |
| Total non-current liabilities | 10,577.0 | 9,524.1 | 9,431.2 | 8,476.3 |
| Total liabilities | 12,554.6 | 12,827.1 | 11,661.7 | 11,614.7 |
| <i>Equity</i> | | | | |
| Common shares | 530.7 | 530.7 | 530.7 | 530.7 |
| Other comprehensive income | (11.6) | (23.2) | 24.6 | (4.4) |
| Retained earnings / (accumulated deficit) | 3,318.0 | 5,452.3 | 6,546.4 | 7,065.1 |
| Non-controlling interests | (1.6) | 0.1 | 0.1 | 0.1 |
| Total equity | 3,835.5 | 5,959.9 | 7,101.8 | 7,591.5 |



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