

# Indonesia's Premier Telecommunication Infrastructure Company

## FY 2018 (Unaudited) Result Presentation

PT Sarana Menara Nusantara Tbk  
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# Indonesian Telecom Infrastructure Industry – Key Growth Drivers

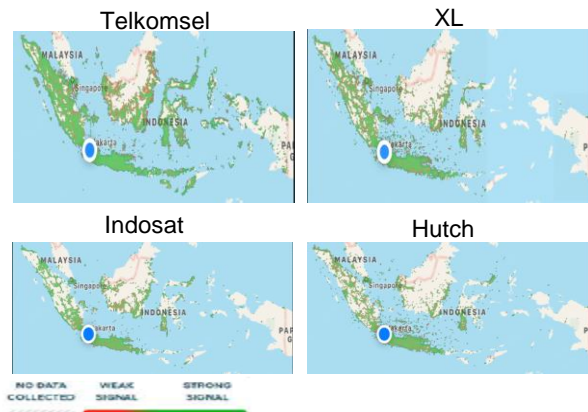
Potential for organic growth in line with the increasing demand for Telco data services

## 1. Telecom industry coverage growth

- Major operators are continuing to expand coverage ex-Java and increase capacity in Java
- According to recent Deutsche Bank research, overlay ratios for 4G to 2G or 3G BTS across all operators is estimated to have reached a new high in 3Q18. This means new BTS installation would likely require new tower and collocation sites
- Industry expects operators will need to lease 8,000 to 10,000 new sites in 2019
- **Over 3,900 total new lease orders in 2018 with 2,371 new leases installed and commencing revenue in 2018**

## Network coverage in Indonesia

Comparison of network coverage across Indonesia



## 2. Fiber Optic to Improve Capacity

- Approximately 9,400 km of installed fiber optic network at year end 2018
- Over 4,400 km of fiber cable for tower fiberization
- Construction in progress of 13,600 km additional new fiber optic cable

## Telecom industry capacity growth

- Surging data demand is generating the need to add new equipment to existing tenancy leases.
- **Nearly 2,400 additional equipment leases signed YTD through Dec 2018. This continues the strong growth in additional equipment leases that began in the 2nd half of 2016**

## 3. Telecom Infrastructure

- New growth areas driven by increasing urbanization and consumer data services usage behavior

## Value proposition

- Improves network capacity in dense data traffic areas
- Dedicated fiber broadband connections
- Back to back Satellite Transponder Leases to Support Government Telecommunication Infrastructure Projects
- Over 3,200 VSAT corporate and government leases

Source:

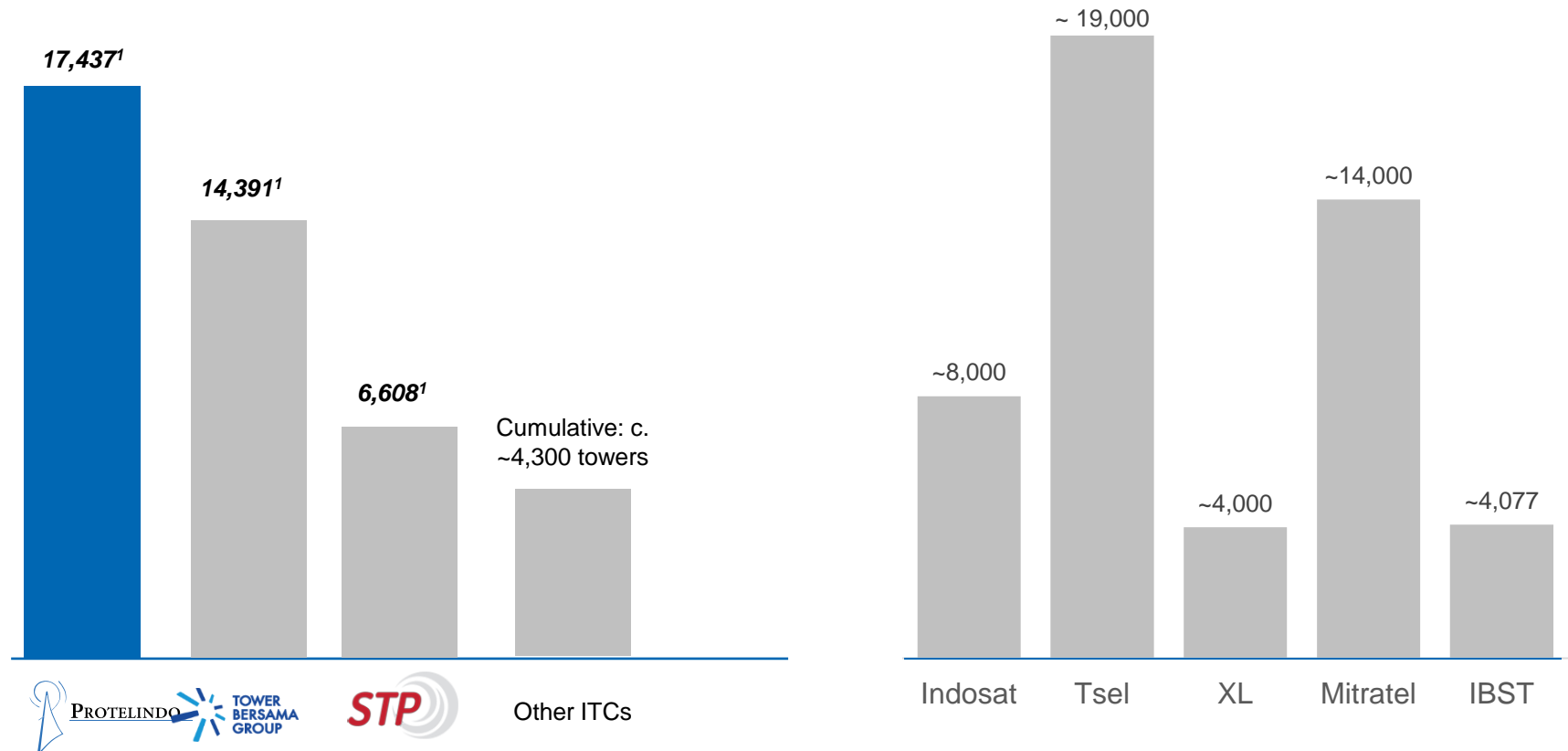
- Analysys Mason, public filings, Company
- Open Signal

# Indonesian Independent Tower Industry – Key Growth Driver

## 4. Highly fragmented market with consolidation potential

Total number of towers owned by ITCs in Indonesia: ~42,000

Total number of towers in Indonesia : ~91,000



Notes:

1 For Protelindo Count as of Dec 2018 and Others Count as of Sept 2018

Source: Industry Sources, Company

Approximately 49,000 MNO and captive towers

Source : Analyst Report DBS , Nov 2018

# Contracted Revenue

Amount in IDR Bio

	Dec-18	Dec-17
Total Estimated Future Minimum Lease Payment	26,057	24,438
Committed Renewal for 2019-2021 tower lease expirations	1,271	
<b>Total</b>	<b>27,328</b>	
Pipeline for tower & fiber leases and satellite contract	5,800	
<b>Grand Total</b>	<b>33,128</b>	
Avg. Remaining Lease	6.1 years	
# Tenancies	28,319	25,011

\* All numbers unaudited

# Indonesia's Tower Company Comparison



	YTD 18	3Q18 <sup>(2)</sup>	3Q18 <sup>(2)</sup>
YTD Revenue (IDR bn)	5,867.9	4,357.1	1,880.6
YTD EBITDA (IDR bn)	4,931.8	3,752.1	1,617.9
EBITDA Margin	84.1%	86.1%	86.0%
Interest Cost (IDR bn)	872.8	2,071.8	537.7
Recurring FCF (IDR bn) <sup>(1)</sup>	4,059.0	1,680.3	1,080.2
Recurring FCF Margin <sup>(1)</sup>	69.2%	38.6%	57.4%
Net Debt / EBITDA	2.1x	5.3x	4.3x
<b>Key Credit Metrics</b>			
Interest Coverage Ratio	5.7x	1.8x	1.8x
Average Interest Rate	8.2%	10.3%	12.3%
Corporate credit rating: S&P/ Fitch/ Moody's	BBB-/ BBB-/ Baa3	BB-/ BB-/ -	BB-/ BB-/ -

Notes:

1. Recurring FCF = YTD EBITDA – interest cost; YTD recurring FCF Margin = (YTD EBITDA – interest cost)/YTD revenue

2. Last Quarter Annualized, unless otherwise stated

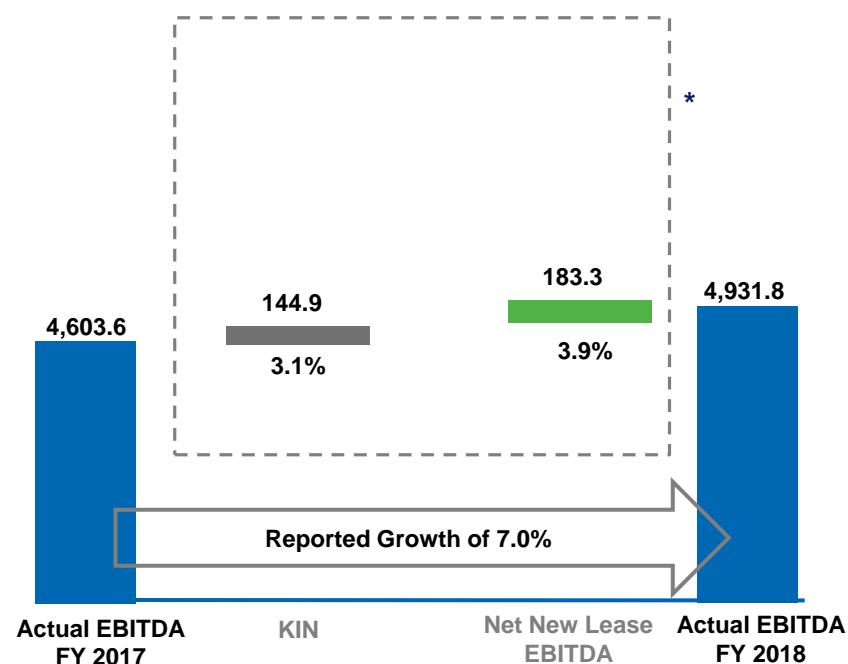
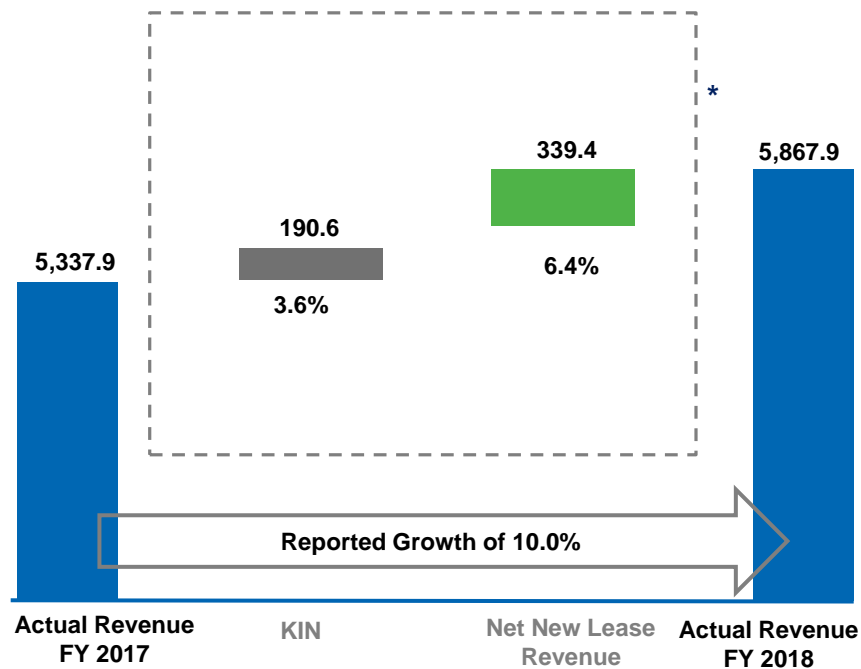
All numbers unaudited



# | Summary Financial Results

# Company's Performance Highlights

FY 2018 (in IDR Bio)

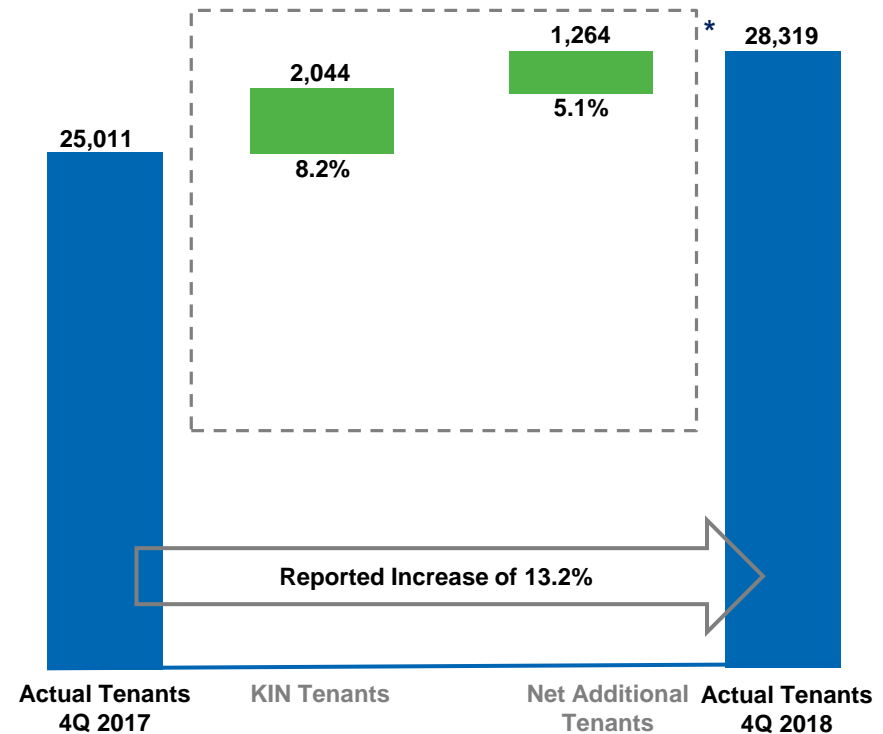
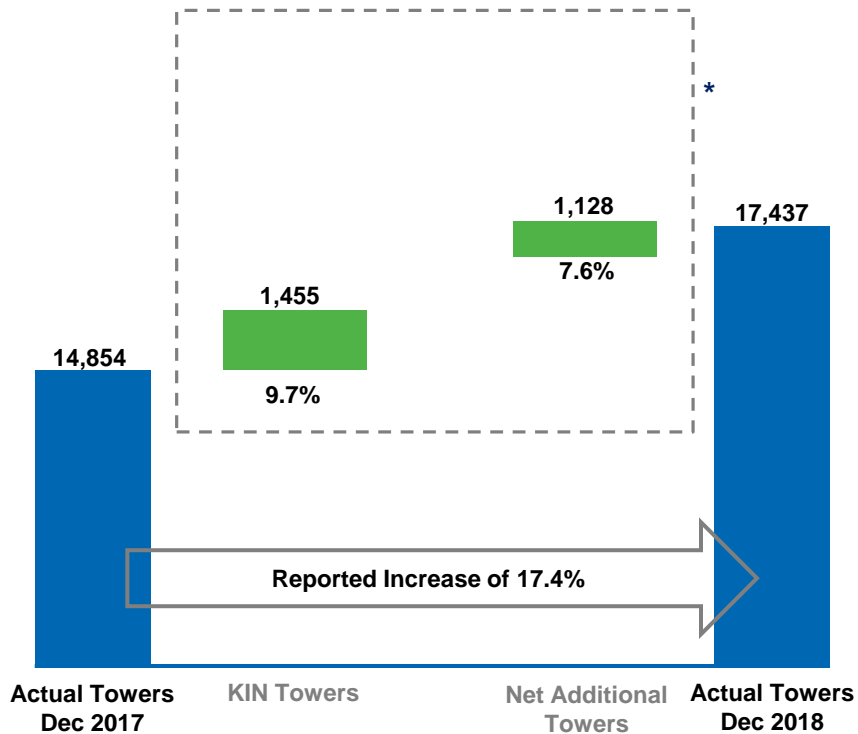


- New Lease revenue grew 6.4%, based on new tenancies and additional equipment leases net of churn during the period

- New Lease EBITDA grew 3.9%, with full growth impact for new orders of 2017 realized in 2018

Notes:  
\* All numbers unaudited

# Tower & Tenancy Growth



- New BTS orders expected to continue to develop through 2019

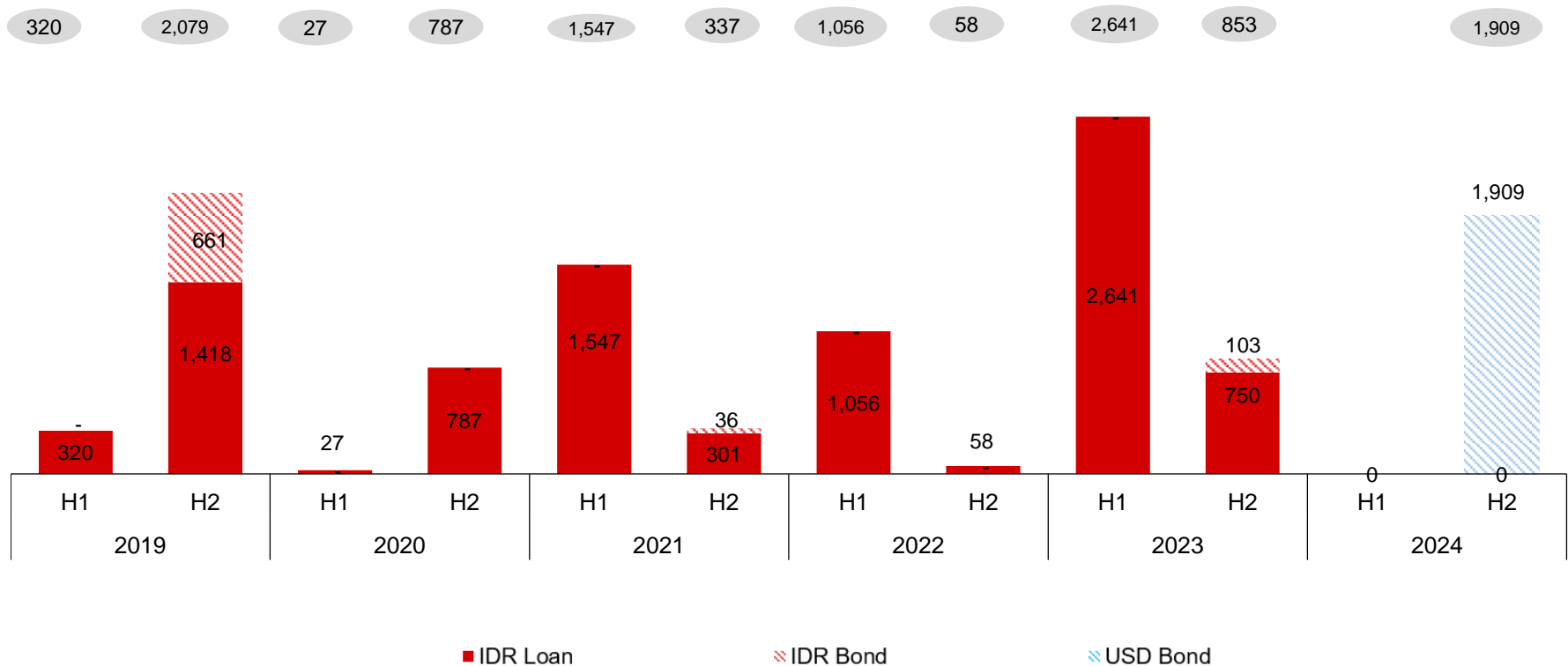
- New tenancies as strong organic growth comes on line
- Does not include 2,400 revenue generating additional-equipment leases
- SMN has 1,620 new leases in the pipeline as of December 2018

Notes:  
\* All numbers unaudited



# Debt profile

Debt maturity (stated in IDR Bn)



- Average interest rate increased 42 bps from 7.8% in 3Q 2018 to 8.2% in 4Q 2018
- USD denominated debt is covered by USD revenue flow from tower leases
- Fixed rate borrowing: 31.9% and Floating rate borrowing: 68.1%

Notes:  
\* All numbers unaudited

**Thank You**

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