



SARANA MENARA NUSANTARA

Indonesia's Premier Telecommunication Infrastructure Company

1Q 2019 Results Presentation

(Unaudited)

PT Sarana Menara Nusantara Tbk

IDX ticker: TOWR.JK / TOWR IJ

www.ptsmn.co.id



Agenda

Strategy & Achievements

Market Overview

Summary Financial Results

Appendix



| Strategy & Achievements

Executing “Build, Buy, Return” Strategy

Strategy and Achievements

1

Maintain position as the leading telecom infrastructure company in Indonesia

- Strong growth in all business lines
- Proven track record in lease renewal with average remaining lease duration of 7.8 years
- Diversified revenue stream

...In the absence of large acquisition opportunities, we expect Protelindo to continue paying high shareholder returns over the next few years. Nonetheless, the company retains flexibility within its metrics to make reasonable acquisitions...

...Protelindo's management has thus far been selective in its acquisitions, and has a track record of walking away from non-economic transactions, giving us some comfort that it will remain committed to maintaining metrics and a financial profile consistent with an investment grade rating....

Moody's, April 2018

2

Retain investment grade rating

- Ratings from Fitch, Moody's and S&P reconfirmed in 2018

...Protelindo's scale and financial strength can comfortably support organic and inorganic growth, and progressive dividends, without a material impairment to its credit profile. The company plans to raise annual dividends to IDR1.2 trillion in 2018 (from IDR700 billion in 2017), in its upcoming annual general meeting in May 2018. We expect Protelindo to also consider M&A to bolster growth as smaller independent tower companies exit the industry due to the lack of economies of scale.

Fitch, May 2018

3

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

- Strong balance sheet supports capacity for growth

Credit highlights for Protelindo leverage levels remain steady post KIN acquisition and increased pick-up in telco operators' capex presents better growth opportunities. The stable outlook reflects our expectation that the company will continue to generate steady cash flow 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 2018

4

Continue dividend policy and share buyback program



Market Overview

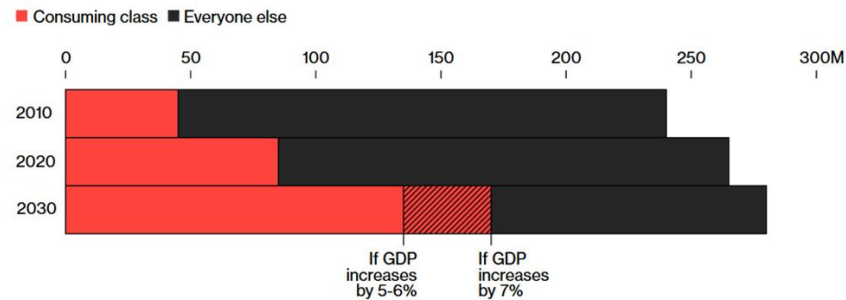
Indonesia Macro Economy – Key Indicators

Strong Fundamentals Support a Growing Economy

The number of Middle-class and affluent consumers, are they who can buy more than just basic needs, keeps on increasing ...

Purchasing Power

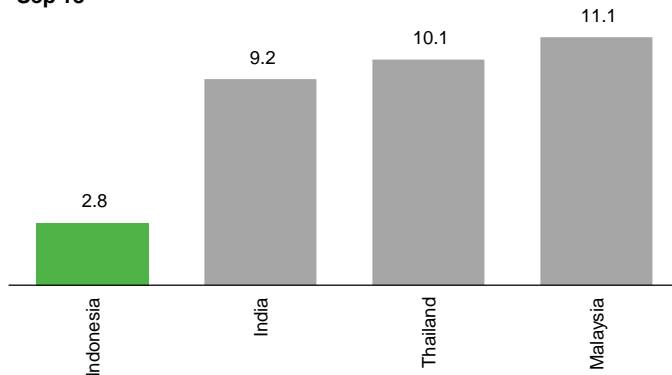
Indonesia's consuming class—those who can buy more than their basic needs—is growing



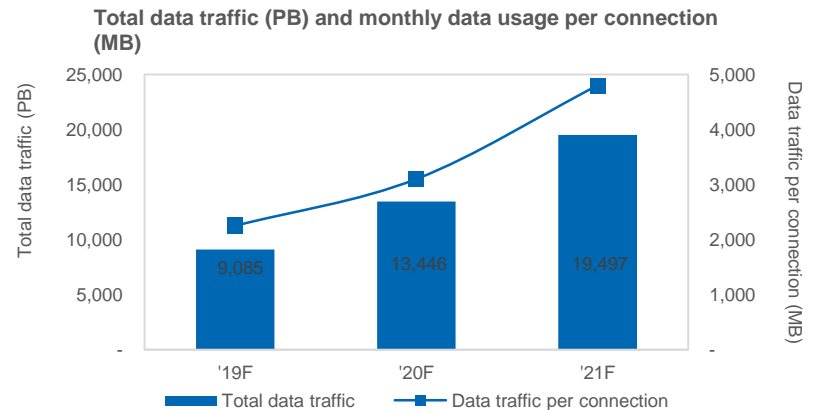
Note: Members of "consuming class" have annual net incomes of more than \$3,600. Incomes are measured at 2005 purchasing power parity.
Source: McKinsey Global Institute

... Indonesia's average mobile data usage remains relatively low but ...

Data consumption (GB) per user
Sep'18



... is expected to grow leading to a data consumption surge



Supported by a growing MACs

Source: WCIS, UBS

Indonesian Tower Industry – Defining Features

One of The Most Attractive Tower Industries Globally

Long term revenues with minimal churn and minimal default risk

High EBITDA margins and free cash flow conversion

Strong operating leverage

High barriers to entry, including economies of scale

Significant growth and business opportunity

	Indonesia	USA	Western Europe	India	China
Predominant Tower business model	Independent	Independent	Independent ²	Non Independent / Captive	Non Independent / Captive
Average Lease Rate per Tenant per month (USD) ¹	800 -1,000	2,500 - 3,000	1,400 - 2,600	600 - 800	400 – 600
Multi-tenancy discounts / rebate	No discount	No discount	No discount	Range from 5% - 20%	Range from 30% - 45%
Average EBITDA margins (%)	80% -84%	55% -70%	40% -50%	40% -45%	55% -60%
Tower + Power	No	No	No	Yes	Yes
New Tower Capex (USD '000 per tower) ¹	55 - 70	200 - 250	75 - 90	35 - 50	35 – 50

Source: Analysys Mason, public filings, Company

Notes:

1. In local currency, and stated in approximate USD for comparison purposes. New Tower Capex for Indonesia includes capitalized prepaid ground lease
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy

Sarana Menara Nusantara (SMN) Group – Key Growth Drivers

Surging Data Demand is Generating New Business – New Opportunity

1. Telecom Industry Coverage Growth

- Major operators are continuing to expand coverage ex-Java and increase capacity in Java
- Deutsche Bank research estimates that overlay ratios for 2G/3G/4G have reached saturation. New BTS installations would likely require new tower and collocation sites
- **Order on hand of over 1,200 total new leases as of 1Q19 with 945 new leases commencing revenue during 1Q19**
- **Nearly 2,300 revenue generating additional equipment leases signed over the last twelve months.**

2. Fiber Optics to Improve Capacity

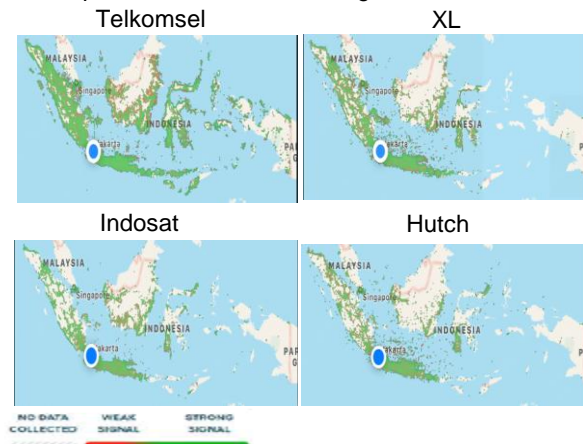
- Improves network capacity in dense data traffic areas
- Approximately 16,900 km of installed fiber optic cable network as of 1Q19
- **Construction in process based on orders on hand for approximately 10,400 km in additional fiber optic cables**

3. Infrastructure, Satellite Link and VSAT

- New growth areas to meet the need of corporations, banking and government projects
- Back to back Satellite Transponder Leases to Support Government Telecommunication Infrastructure Projects
- **Over 3,400 corporate and government VSAT leases**

Network Coverage in Indonesia

Comparison of network coverage across Indonesia



Java Backbone Fiber Optic Cable Network



Sources:

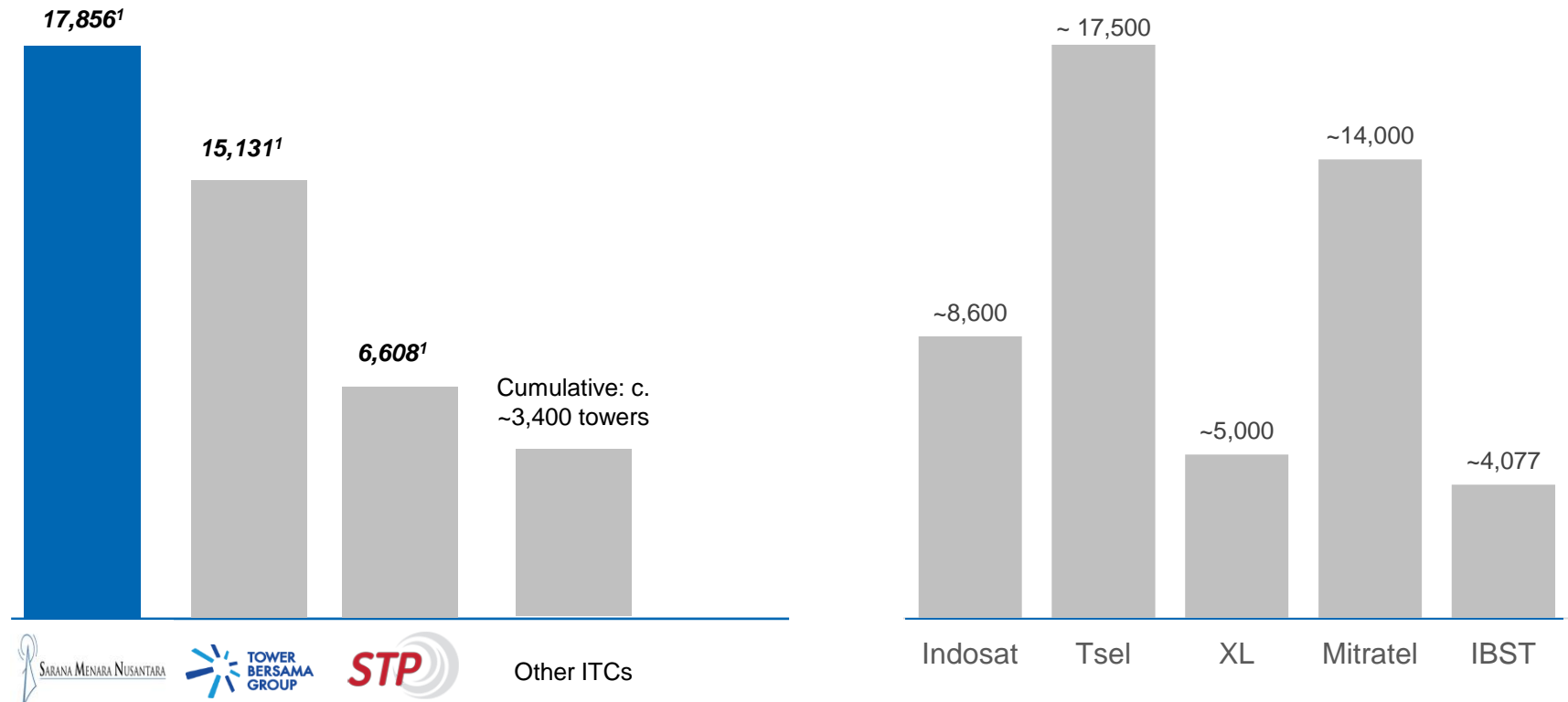
- Analysys Mason, public filings, Company, Deutsche Bank, Open Signal

Indonesian Telecom Infrastructure Industry – Overview

DBS estimates need to add 50,000 – 70,000 additional tenancies

Total number of towers owned by ITCs in Indonesia: ~49,000

Total number of towers in Indonesia : ~92,000



Indosat sold ~2,500 towers in 2012, XL sold a total of ~6,000 towers over the last 5 years

Notes:

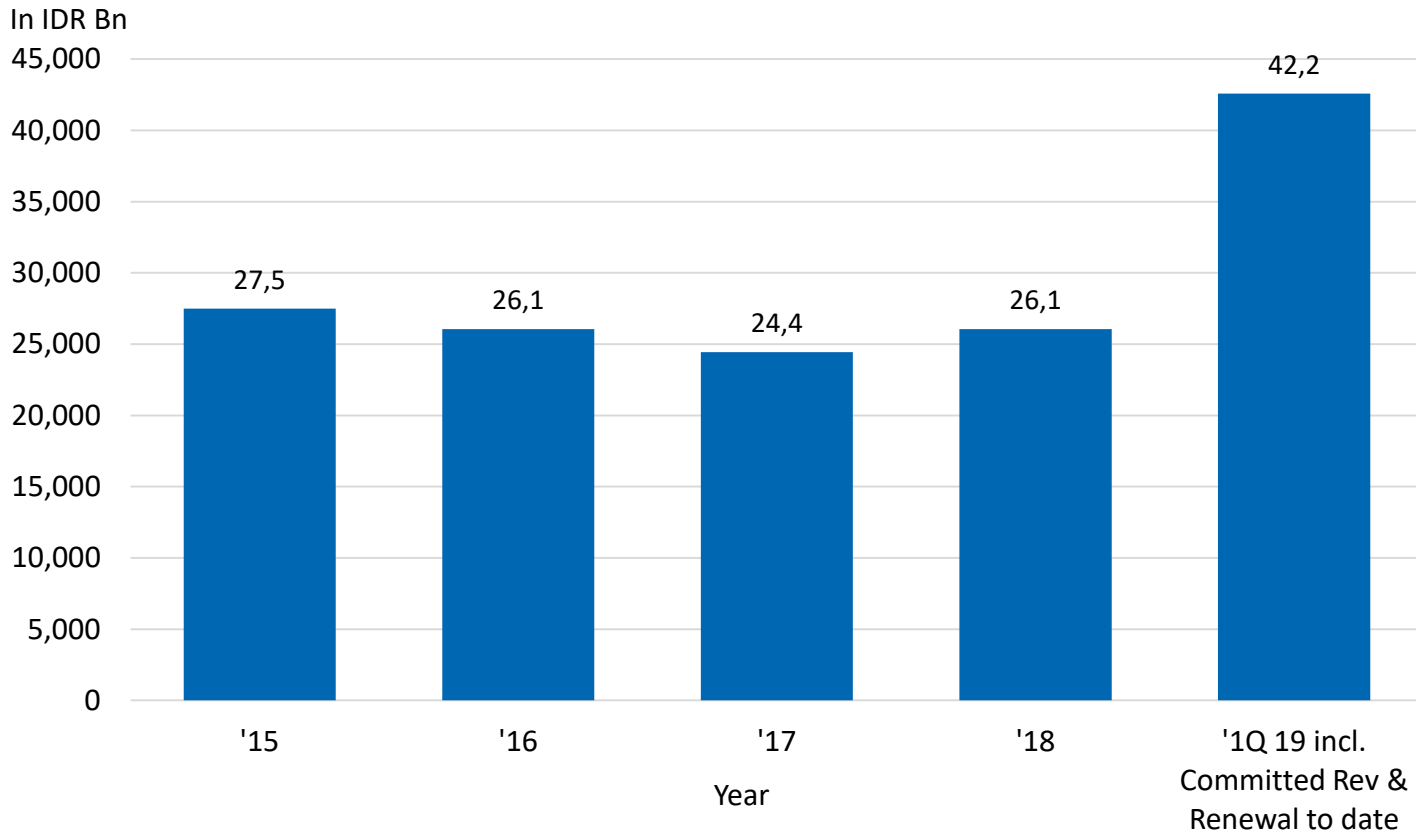
1 For SMN and TBIG count as of Mar 2019, STP count as of Sep 2018

Source: Industry Sources, Company

Approximately 49,000 MNO and captive towers

Source : Analyst Report DBS & Deutsche Bank

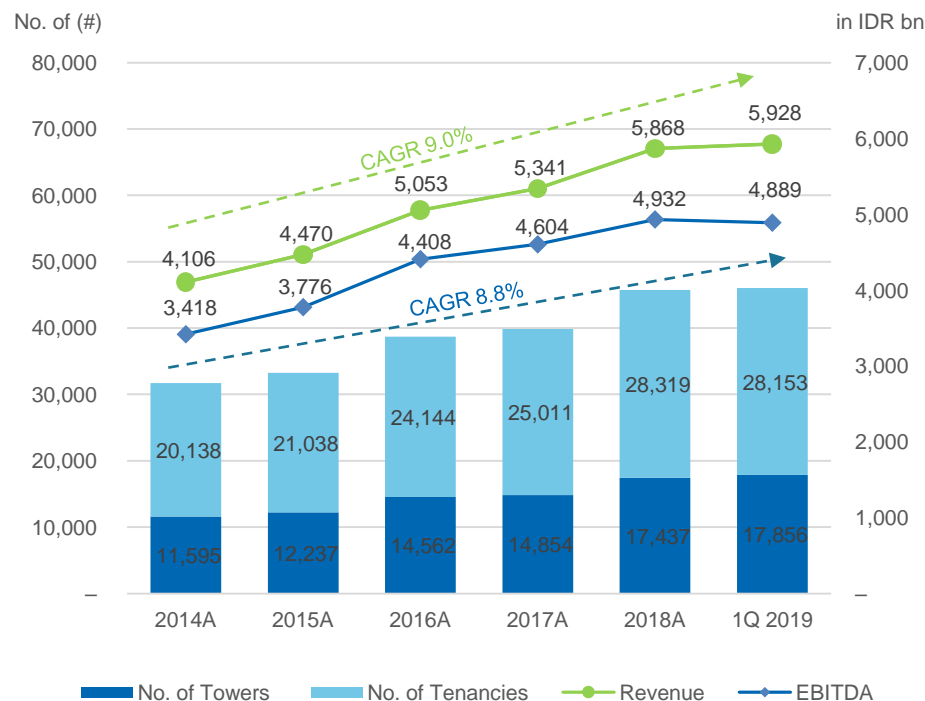
Value of Total Long Term Contracts (in IDR bn)



- Revenue based on existing lease contracts and committed new lease contracts and renewals, net of Internux revenue of approximately 1.2%
- Total ~IDR 42.2 trillion in committed revenue flow through 2032
- Does not include potential additional business or expected renewal on existing leases and contracts as they expire

And History of Strong Growth

Protelindo Has Demonstrated a Strong Track Record of Growth



		CAGR (2014 – 1Q 19)*		Adj. EV/EBITDA*
		Revenue	EBITDA	1Q 19
US Towers	AMERICAN TOWER	14.4%	13.0%	24.1x
	CROWN CASTLE	10.8%	10.6%	21.4x
EU Towers	cellnex	20.5%	35.1%	15.6x
Asian Tower	SARANA MENARA NUSANTARA	5.8%	5.5%	9.1x
	SARANA MENARA NUSANTARA	9.0%	8.8%	10.5x
	TOWER BERSAMA GROUP	7.7%	8.6%	9.9x

*Bharti figures as of FY 2018, others as of 1Q 2019

- 2018 is Protelindo's best year for organic tower orders since 2014 with momentum continuing in 2019 and rapid growth at iForté
- Retain position as Indonesia's independent telecom infrastructure provider with largest tower portfolio comprising of 7,686 Build-to-suit ("B2S") towers and 9,751 acquired towers²

Notes:

- 1 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)
- 2 As at 31 December 2018

Indonesia's Tower Company Comparison



	1Q 2019	1Q 2019	1Q 2019
LQA Revenue (IDR bn) ⁽¹⁾	5,927.7	4,524.3	1,778.9
LQA EBITDA (IDR bn) ⁽¹⁾	4,889.4	3,861.9	1,512.7
EBITDA Margin	82.5%	85.4%	85.0%
Interest Cost Annualized (IDR bn)	854.7	1,950.1	573.8
Recurring FCF (IDR bn) ⁽²⁾	4,034.7	1,911.8	938.8
LQA Recurring FCF Margin ^{(1),(2)}	68.1%	42.3%	52.8%
Net Debt / LQA EBITDA ⁽¹⁾	2.3x	5.1x	4.3x
Key Credit Metrics			
Interest Coverage Ratio	5.7x	2.0x	2.6x
Average Interest Rate	7.2%	9.5%	7.8%
Corporate credit rating: S&P/ Fitch/ Moody's	BBB-/ BBB-/ Baa3	BB-/ BB-/ -	BB-/ BB-/ -

Notes:

1. As of Mar 2019 (LQA)

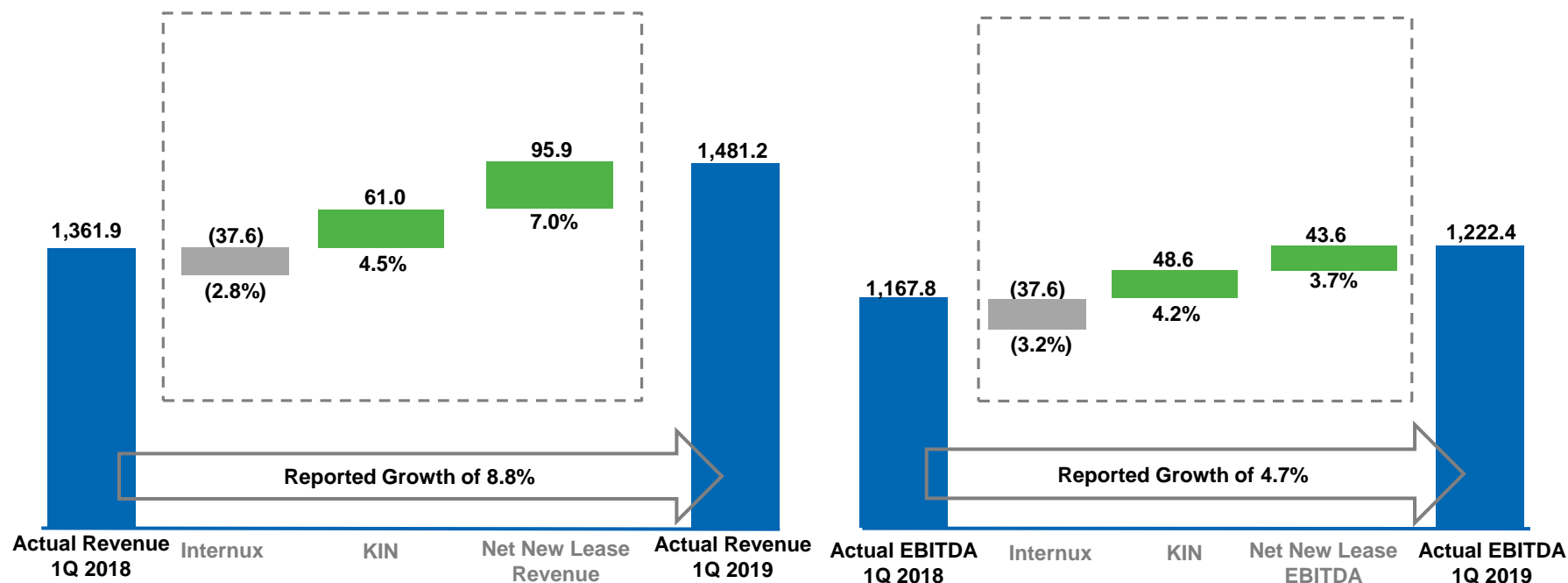
2. Recurring FCF = LQA EBITDA – interest cost; LQA recurring FCF Margin = (LQA EBITDA – interest cost)/LQA revenue



|Summary Financial Results

Company's Consolidated Performance Highlights 1Q 2018 vs 1Q 2019

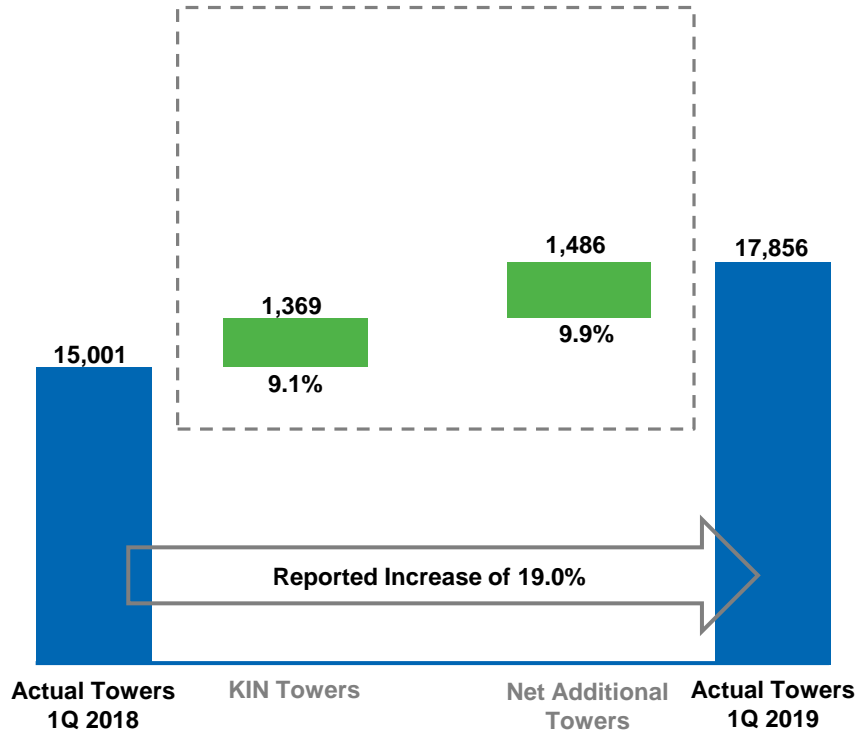
in IDR Bn



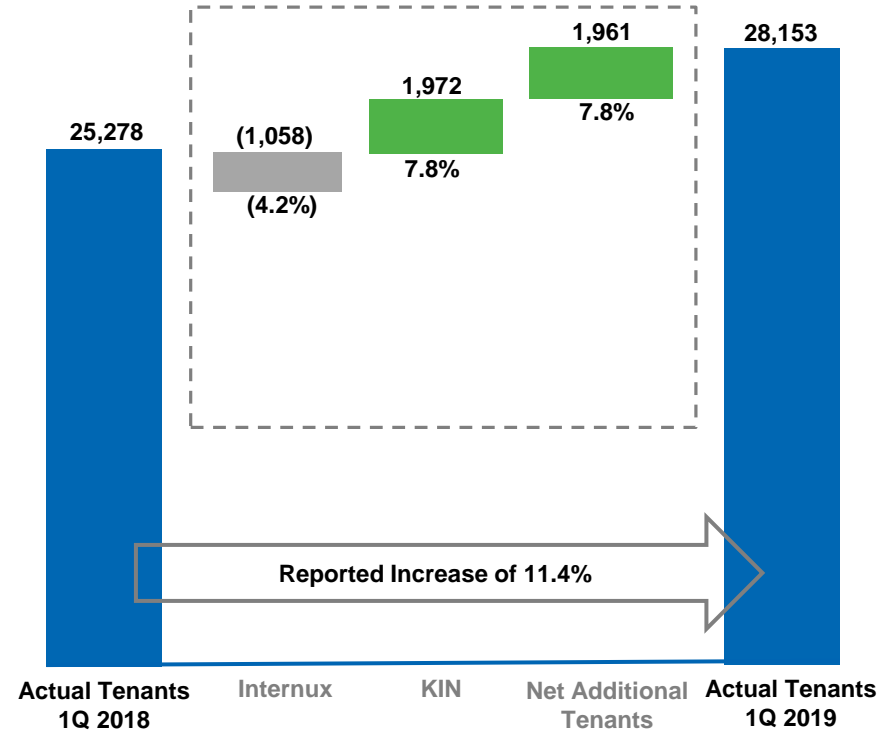
- Net new Lease revenue for organic growth grew 7.0%, based on new tenancies and additional equipment leases

- Net new Lease EBITDA for organic growth grew 3.7%

Tower & Tenancy Growth



- New BTS orders expected to continue to develop in 2019



- Does not include 2,300 revenue generating additional-equipment leases
- SMN has 1,238 new leases in the pipeline as of March 2019

SMN Consolidated Statement of Profit or Loss

(IDR Bn)	FY2016	FY2017	FY2018	1Q 2019
Revenues	5,053.1	5,337.9	5,867.9	1,481.9
Cost of revenues	(209.5)	(277.4)	(427.5)	(113.0)
Depreciation and amortization	(1,185.0)	(894.9)	(1,114.4)	(328.5)
Gross income	3,658.7	4,165.6	4,325.9	1,040.4
Operating expenses	(435.7)	(456.9)	(508.5)	(146.6)
Operating income	3,223.0	3,708.7	3,817.4	893.8
Other income				
Interest income	56.1	68.1	33.9	6.2
Finance charges	(668.9)	(687.3)	(872.3)	(233.2)
Foreign exchange gains/(losses), net	186.5	(2.4)	(37.3)	(2.4)
(Impairment expense)/ reversal of allowance for impairment	(158.4)	(139.7)	153.9	(5.6)
Corporate income tax adjustment	—	—	-	-
Others, net	232.1	(144.5)	(143.9)	(32.6)
Other income / (expense), net	(352.6)	(905.8)	(865.7)	(267.6)
Income/(loss) before corp. income tax expense	2,870.4	2,802.9	2,951.7	626.2
Corporate income tax expense				
Tax expense	(735.8)	(591.3)	(695.8)	(152.2)
Deferred tax expense	3.0	(111.5)	(55.8)	(1.5)
Total corporate income tax expense	(732.8)	(702.8)	(751.6)	(153.7)
Net income from continuing operating	1,764.8	2,100.1	2,200.1	472.5
Net income / (loss) for the year	2,137.6	2,100.1	2,200.1	472.5
EBITDA	4,408.0	4,603.4	4,931.8	1,222.4
Revenue growth	13.0%	5.6%	9.9%	N/a
Gross margin	72.4%	78.0%	73.7%	70.2%
EBITDA margin	87.2%	86.2%	84.0%	82.6%
Net income margin	42.3%	39.3%	37.5%	31.9%

SMN Consolidated Statement of Financial Position

As at 31 March 2019

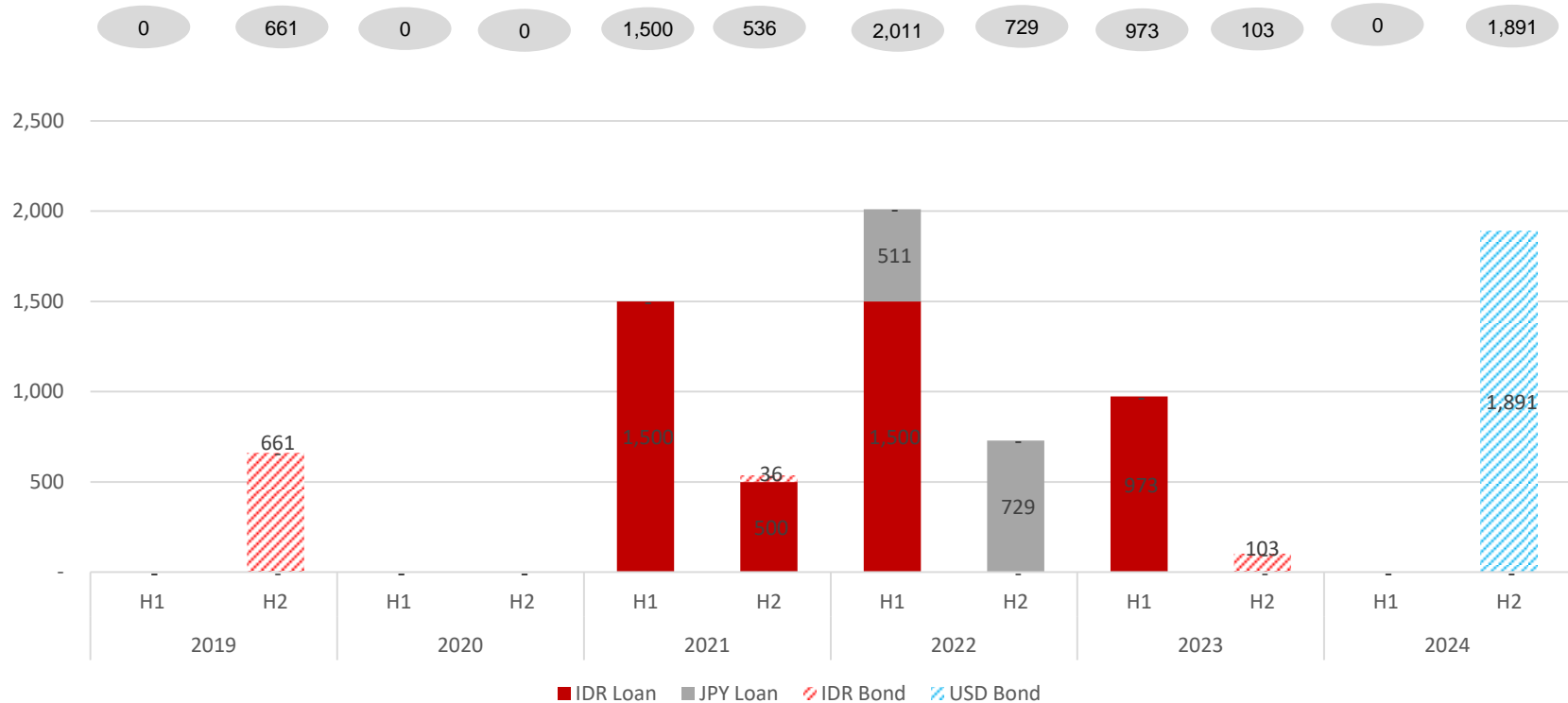
(IDR Bn)	2016A	2017A	2018A	1Q 2019
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	2,905.3	2,348.3	963.4	451.2
Trade receivables	351.7	624.0	821.0	1,990.9
Other receivables	1.3	22.4	196.5	168.2
Inventories	-	-	-	-
Prepaid expenses and advances	37.3	48.7	148.6	145.1
Refundable taxes	298.9	6.3	145.8	153.2
Other current assets	-	-	-	-
Total current assets	3,594.6	3,049.7	2,275.4	2,908.6
Total non-current assets	15,192.3	15,713.8	20,684.2	21,298.5
TOTAL ASSETS	18,786.8	18,763.5	22,959.6	24,207.1
LIABILITIES AND EQUITY				
<i>Current liabilities</i>				
Tower construction and other payables - related parties	-	4.7	-	-
Tower construction and other payables - third parties	189.3	271.7	697.1	535.2
Other payables - third parties	21.3	4.1	6.8	8.1
Dividend Payable	-	-	-	-
Accrued expenses	242.5	262.6	385.9	520.3
Unearned revenue	953.4	927.2	1,011.0	1,682.4
Short-term employee benefit liabilities	45.5	52.8	64.8	94.1
Current portion of long-term loans	516.7	633.8	1,732.8	1,249.6
Current portion of long-term Bonds	998.7	-	657.9	658.6
Management option plan liability	-	-	141.7	141.7
Advance from customers	-	-	0.5	0.5
Taxes payable	335.6	73.5	53.3	26.1
Total current liabilities	3,303.0	2,230.4	4,751.8	4,916.7
<i>Non-current liabilities</i>				
Deferred tax liabilities	488.2	613.7	667.9	665.8
Long-term employee benefit liabilities	91.5	20.5	24.7	26.8
Long-term loans, net of current portion	5,971.3	5,775.3	7,069.7	7,712.7
Bonds payable	2,432.2	2,589.6	2,023.4	2,007.3
Cross currency swap payables	223.7	15.6	31.8	69.5
Unearned revenue ⁽²⁾	60.8	80.6	46.9	45.8
Management option plan liabilities	30.0	87.4	-	-
Leasing payable	-	-	0.8	0.6
Long-term provision	226.4	248.5	309.3	321.4
Total non-current liabilities	9,524.1	9,431.2	10,174.5	10,849.9
Total liabilities	12,827.1	11,661.7	14,926.3	15,766.6
<i>Equity</i>				
Common shares	530.7	530.7	530.7	530.7
Treasury Stock	-	-	(126.6)	(138.6)
Other comprehensive income	(23.2)	24.6	81.4	28.1
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,020.3
Non-controlling interests	0.1	0.1	-	-
Total equity	5,959.9	7,101.8	8,033.3	8,440.5



|Appendix

Long Term Debt Profile

Debt Maturity (stated in IDR Bn)



- Average interest rate decreased 100 bps from 8.2% in 4Q 2019 to 7.2% in 1Q 2019
- Fixed rate borrowing: 31.4% and Floating rate borrowing: 68.6%
- Balance short term loan consist of JP Morgan IDR 49bn, HSBC IDR 350bn, BNP IDR 750bn, BCA IDR 750bn, DBS IDR 600bn, DBS (iForte) IDR 853bn. Total debt is IDR 11,757bn



This presentation material has been prepared solely for use in a presentation to be made by PT Sarana Menara Nusantara Tbk (the “**Company**”). This presentation material and any information contained herein is highly confidential and may not be copied, reproduced, redistributed, transmitted or disclosed in whole or in part to any other person in any manner. Any forwarding, reproduction or distribution of this presentation material in whatsoever form, in whole or in part, is unauthorized. Failure to comply with these restrictions may constitute a violation of applicable securities laws. By attending this presentation, you are agreeing to be bound by the foregoing restriction and to maintain absolute confidentiality regarding the information disclosed in these materials.

This presentation material or any oral information provided in connection with it has not been independently verified. The Company and its affiliates, directors, officers, employees, agents and consultants make no representation, warranty or undertaking, whether express or implied, as to the accuracy or completeness of the content of this presentation, and take no responsibility for any loss or damage suffered as a result of any omission, inadequacy or inaccuracy therein.

This presentation is not intended for potential investors and does not constitute a prospectus, offering circular or offering memorandum or constitute or form part of any offer for sale or invitation, or solicitation of an offer, to subscribe for or purchase any securities (including under Law No. 8 of 1995 regarding the Capital Market) and neither this presentation nor anything contained herein shall form the basis of or be relied on in connection with any contract or commitment or investment decision in relation to any securities of the Company whatsoever in any jurisdiction. It is not the intention to provide, and you may not rely on this presentation as providing, a complete or comprehensive analysis of the financial or trading positions or prospects of the Company. The information and opinions presented or contained in this presentation are provided as at the date of this Presentation and are subject to verification, completion and change without notice and the accuracy of the information is not guaranteed.

This presentation contains certain forward-looking statements that relate to future events and expectations which are, by their nature, subject to significant risks and uncertainties. All statements, other than statements of historical facts contained in this Presentation, on the respective future financial position, strategy, plans, goals, and targets, future developments are forward-looking statements and typically contain words such as “expects” and “anticipates” and words of similar impact. None of the projections, expectations, estimates or prospects in this Presentation should be construed as a forecast implying any indicative assurance or guarantee of future performance, nor that the assumptions on which such projections, expectations, estimates or prospects have been prepared are complete or comprehensive.

This presentation also contains certain statistical data and analyses (the “Statistical Information”) which have been prepared in reliance upon information furnished by the Company and/or other sources. Numerous assumptions were used in preparing the Statistical Information, which assumptions may or may not appear herein. As such, no assurance can be given as to the Statistical Information’s accuracy, appropriateness or completeness in any particular context, nor as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance.