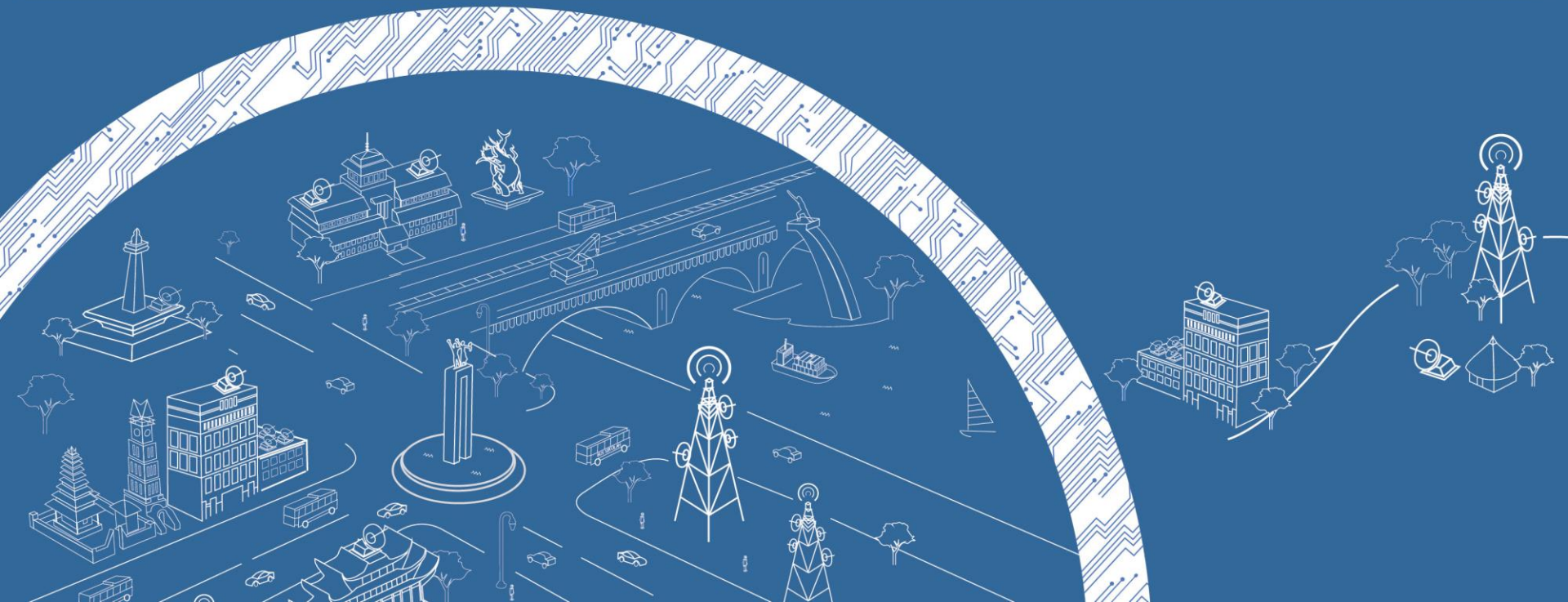




SARANA MENARA NUSANTARA

Indonesia's Premier Telecommunication Infrastructure Company 1Q 2020 Results Presentation

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



SMN Investment Highlights

Leading telco infrastructure company in Indonesia

Largest independent tower company with **20,914** towers providing critical foundation for coverage & capacity

22% tower market share

Expanding fiber optics network
~40,000 kms of revenue generating cable by year end 2020

Reaffirmed stable outlook by S&P and **upgrade to BBB/AAA** by Fitch



Solid business model with **predictable** cash flow and **diversification** to fiber optic

Sustained strong performance
5-yr Revenue CAGR **11.2%** ^(a)
5-yr EBITDA CAGR **11.9%** ^(a)

Solid balance sheet
2.5x Net Debt to LQA^(b) EBITDA

Investment grade company
TOWR shares included
in **IDX LQ45**^(c)

^(a) CAGR = Compounded Average Growth Rate; CAGR 1Q 2015 – 1Q 2020

^(b) LQA = Last Quarter Annualized

^(c) Announced in January 2020, LQ45 consists of 45 most liquid stock with valuable free float market cap



The Industry

Tower Business – Long-Term Predictable Revenue with Potential Upside

PREDICTABLE REVENUE

Long-term contracts* (10 years for TOWR), **non-cancellable** and renewable

DEPENDENT TENANTS

Contract renewal probable due to high relocation cost and network impact

UPSIDE FROM ADDITIONAL REVENUE

Incremental revenue from colocation at minimal additional cost

HIGH BARRIER TO ENTRY

- Significant investment needed, economies of scale, knowledge of government rules and local conditions
- **Telcos tend to divest towers** to increase efficiency

GROWING INDUSTRY

- **Surging data demand** creates requirement for more towers as well as fiber optic connection
- 5G still needs macro towers as it remains the most cost-effective infrastructure

**In general, lease price includes annual inflation escalator for opex portion*

Typical Tower Company Growth Model

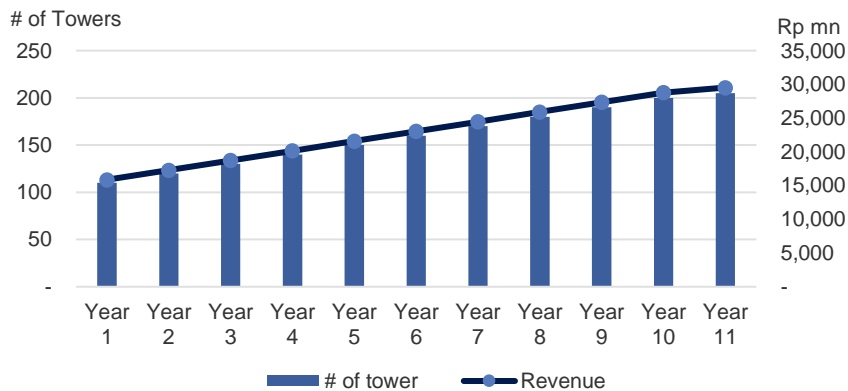
New Built-to-Suit Tower

Additional towers and contract renewals grow revenue

| | Year 1 | Year 2 | Year 3 | Year 4-10 | Year 11 |
|--------------------|------------|------------|------------|------------|------------|
| Existing tower | 100 | | | | |
| Additional tower | 10 | 10 | 10 | 70 | 10 |
| Contract ended | | | | | -100 |
| Renewed contract | | | | | 100 |
| Churn rate (5%) | | | | | -5 |
| Total tower | 110 | 120 | 130 | 200 | 205 |
| Revenue (Rp mn) | 15,840 | 17,280 | 18,720 | | 29,520 |

Contract renewals

Assuming 100 existing towers with 10 year lease period, renewed at Year 11 with 5% churn rate. Additional new site assumes 10 towers p.a.



Colocation Boosts ROI

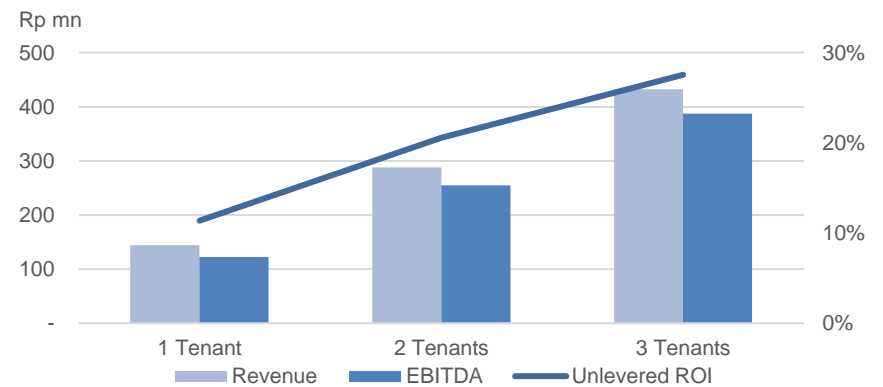
Colocation boosts unlevered ROI and accelerates payback period

SIMULATION FOR 1 TOWER

| | | 1 Tenant | 2 Tenants | 3 Tenants |
|-----------------------|--------|----------|-----------|-----------|
| Revenue | Rp mn | 144 | 288 | 432 |
| EBITDA | Rp mn | 122 | 255 | 387 |
| EBITDA margin | % | 85.0% | 88.5% | 89.7% |
| Capex & ground lease* | Rp mn | 950 | 1,100 | 1,250 |
| Unlevered ROI** | % p.a. | 11.4% | 20.6% | 27.5% |
| Payback period | years | 8.80 | 4.87 | 3.63 |

*Assuming 10 years ground lease

** EBITDA minus 10% final tax divided by total capex



Indonesia Tower Industry – A Growing Market

Low network penetration, significant headroom in 4G expansion and low 4G download speed



| | |
|-----------------------|-----------|
| % 4G penetration rate | 64% |
| Mobile internet speed | 8.5 mbps* |
| Credit Rating | BBB/Baa2 |
| 2019 GDP/capita | \$4,164 |

*compared to median of 15.3mbps in other emerging countries (source: JP Morgan)

High EBITDA margin, low capex, no colocation discount, no obligation to provide power in contract

| | 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 |
| Colocation 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% - 50% | 55% - 60% |
| Tower + Power | No | No | No | Yes | Yes |
| New Tower Capex (USD '000 per tower) ^{1,3} | 35 - 50 | 200 - 250 | 75 - 90 | 35 - 50 | 35 - 50 |

Source: Analysys Mason, public filings, Company

Notes:

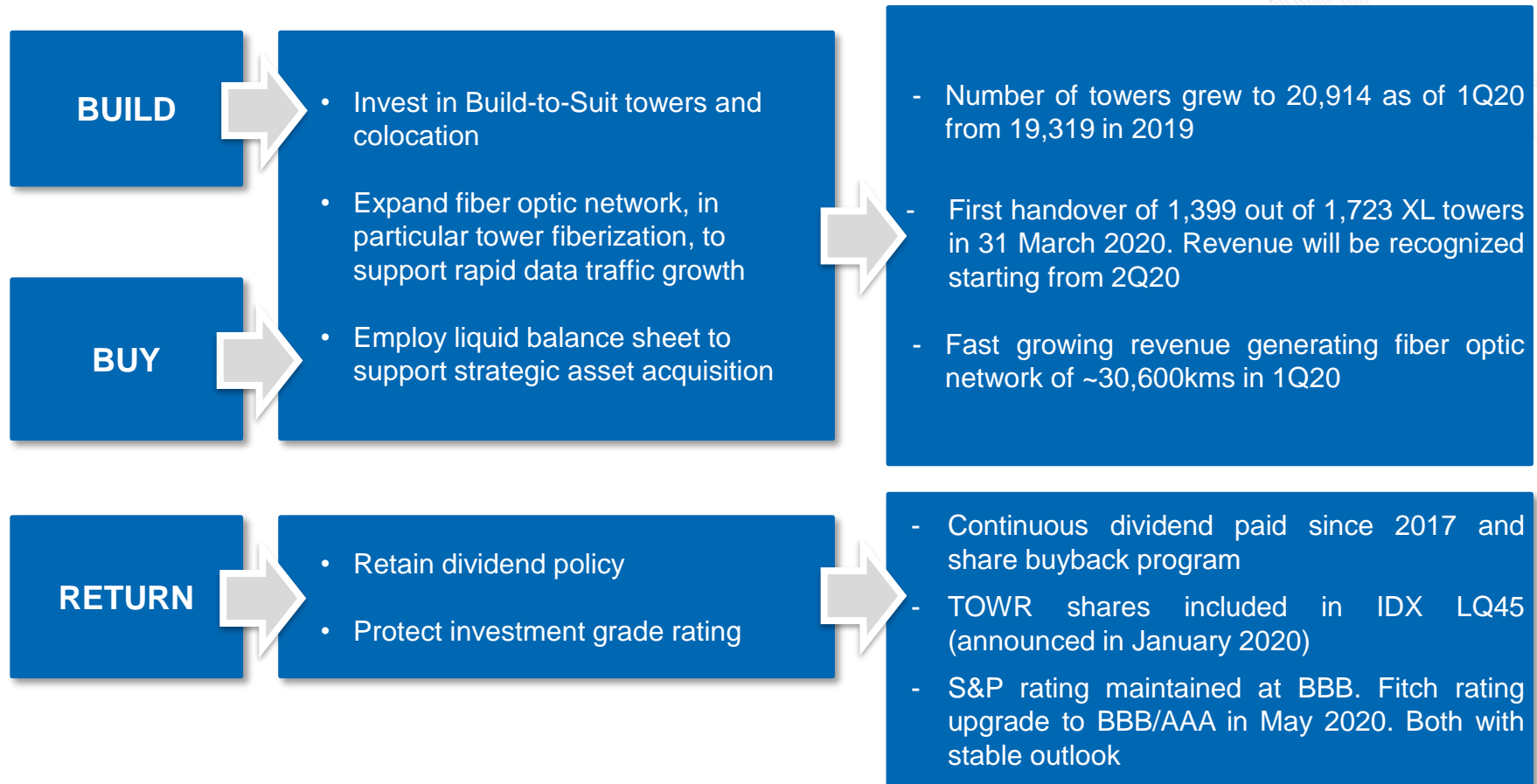
1. In local currency, and stated in approximate USD for comparison purposes.
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy
3. Does not include pre-paid ground lease. Indonesian tower companies typically pay in advance for ground leases of 5-10 years.



SMN 1Q 2020 Performance

Company Strategy: Build – Buy – Return

We intend to maintain position as a leading telecom infrastructure company and to deliver optimal value to our stakeholders



Most Diverse Portfolio Among Independent Tower Companies

TOWER

- Total 20,914 towers with 36,778 tenants nation wide. Tendency to telco densification.
- Average tenancy ratio of 1.76x. Older towers tenancy ratio up to 2.5x.
- Organic growth of 500 to 1,000 new towers annually

TOWER FIBERIZATION

- Tower fiberization increases the value and utility of our network to Telcos.
- ~35,000kms revenue generating fiber by year end 2020
- Network focus Java and Sumatra to support surging data demand
- Growth driven by B2B with non-cancellable long-term contracts and opportunity for colocation revenue upside

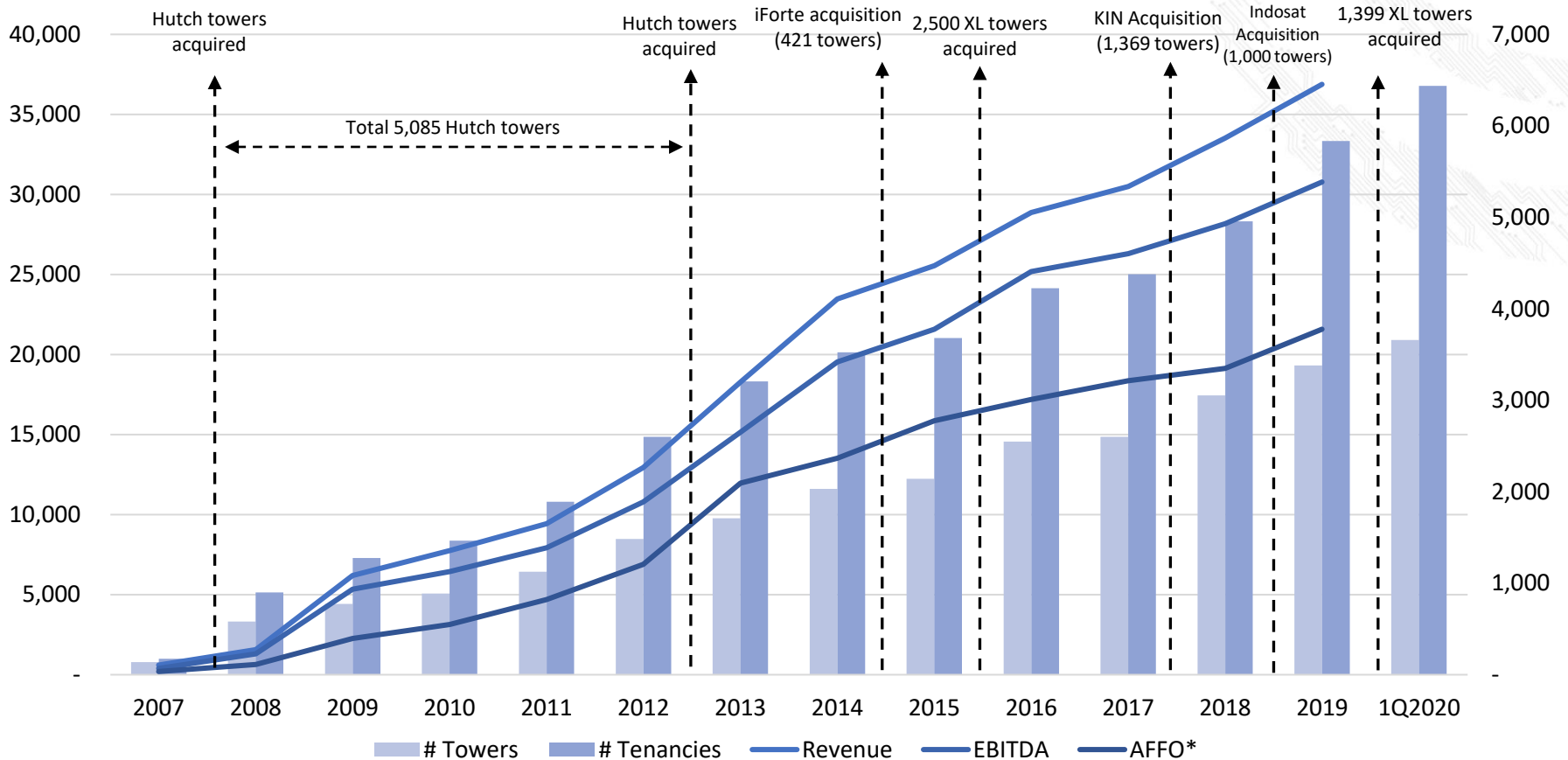
CONNECTIVITY

- Explore opportunities to provide connections via VSAT and fiber optics under B2B and B2G contracts
- Over 3,200 VSAT activations
- Over 5,000kms of underground fiber installed in inner-city of Jakarta & Surabaya (metro-e) and Java-Bali fiber optic backbone, catering for more than 1,030 customers with ~3,350 activations

Towers: Track Record of Strong Performance, Consistent Growth...

#Towers or Tenants

In Rp Bn

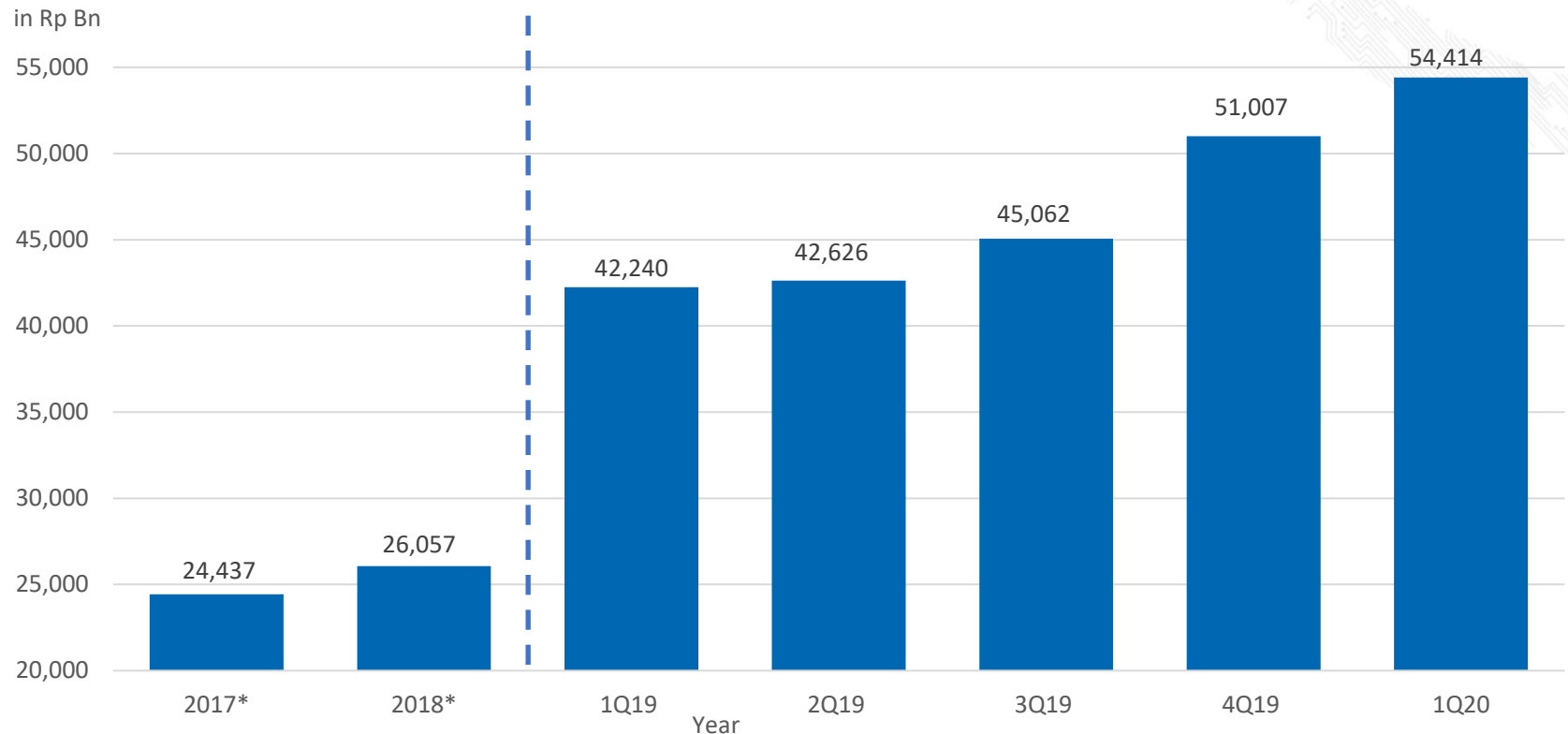


| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 1Q20 |
|-------------|------|-------|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| # Towers | 781 | 3,312 | 4,415 | 5,072 | 6,427 | 8,482 | 9,766 | 11,595 | 12,237 | 14,562 | 14,854 | 17,437 | 19,319 | 20,914 |
| # Tenancies | 984 | 5,137 | 7,282 | 8,365 | 10,798 | 14,849 | 18,322 | 20,138 | 21,038 | 24,144 | 25,011 | 28,319 | 33,346 | 36,778 |
| Revenue | 105 | 274 | 1,082 | 1,356 | 1,651 | 2,265 | 3,197 | 4,106 | 4,470 | 5,053 | 5,338 | 5,868 | 6,454 | 1,820 |
| EBITDA | 67 | 227 | 933 | 1,128 | 1,386 | 1,889 | 2,651 | 3,418 | 3,776 | 4,408 | 4,604 | 4,932 | 5,385 | 1,561 |
| AFFO* | 35 | 111 | 396 | 547 | 821 | 1,207 | 2,093 | 2,367 | 2,776 | 3,009 | 3,213 | 3,348 | 3,776 | 1,288 |

* AFFO = EBITDA - (Interest + Tax + Maintenance Capex)

... with Excellent Future Revenue Visibility ...

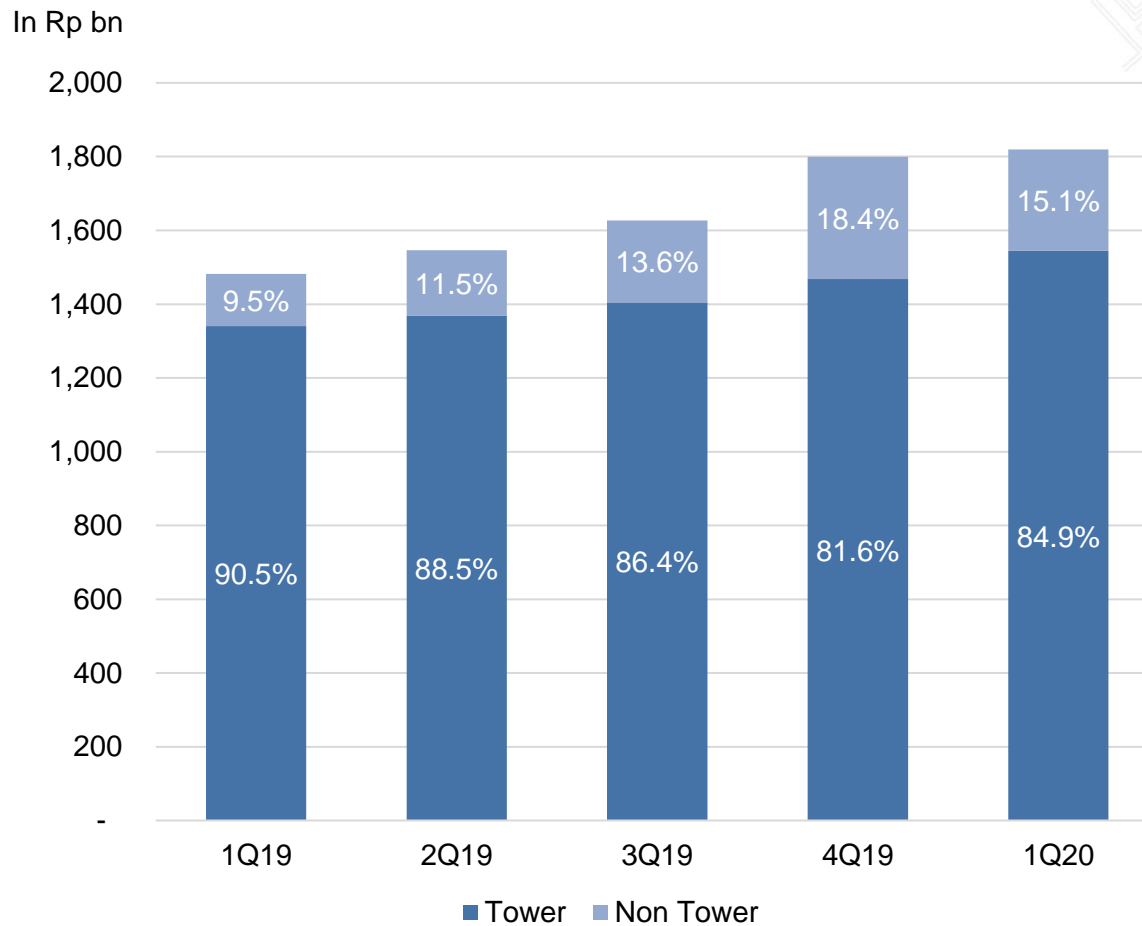
Long term contracts underwrite stable revenue. ~Rp54.4 trillion of committed future revenue through 2032, not including value of potential future contract renewals



amount is net of revenue amortization for the respective period

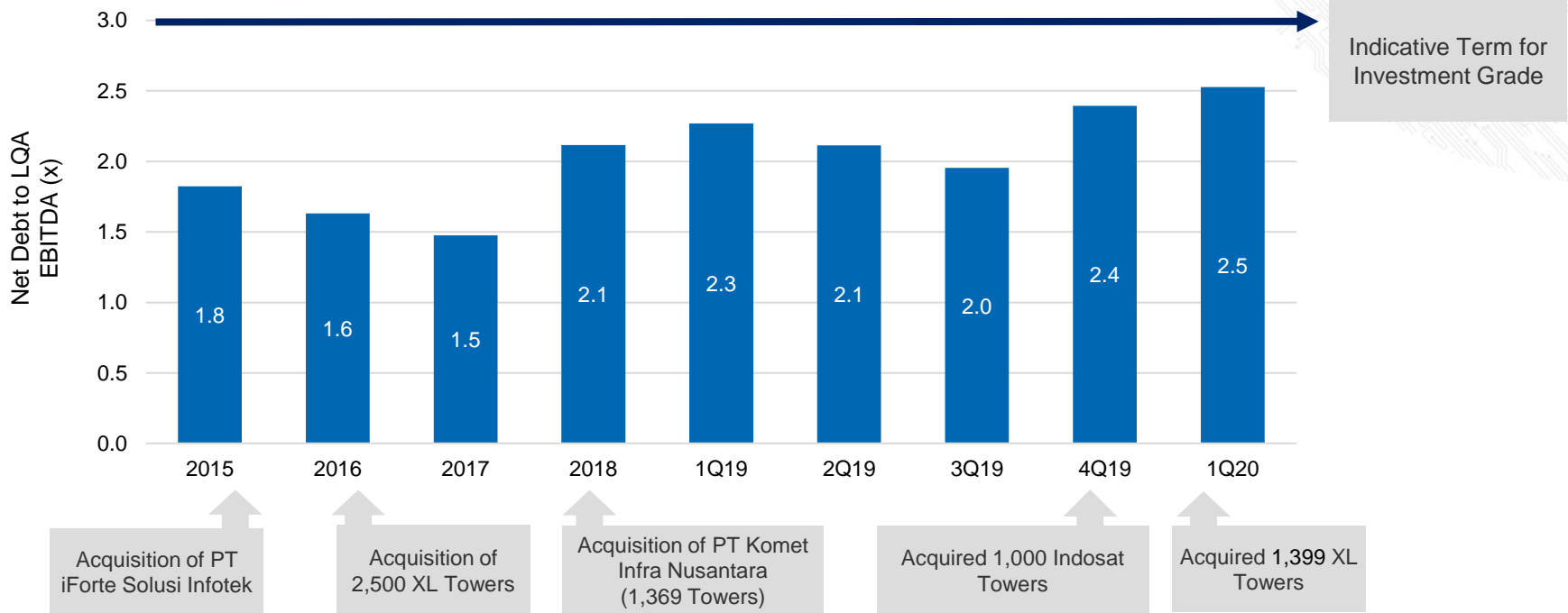
* 2017 & 2018 exclude committed revenue and renewals

... and Growing Non-Tower Revenue



Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend



1Q20 Credit Matrix

| | |
|---|---------------------|
| Gross Debt | Rp16,919bn |
| Interest Coverage Ratio | 6.8x |
| Average Interest Rate (as of 31 Mar 2020) | 6.0% |
| Corporate Credit Rating | BBB/ BBB/AAA / Baa3 |



Summary of Financial Results

Sarana Menara Nusantara (SMN) Group

Consolidated Statement of Profit and Loss

| (In RP Bn) | 2016 | 2017 | 2018 | 2019 | 1Q19 | 1Q20 | Growth |
|--|----------------|----------------|----------------|------------------|----------------|----------------|---------------|
| Revenues | 5,053.1 | 5,337.9 | 5,867.9 | 6,454.3 | 1,481.9 | 1,819.9 | 22.8% |
| Cost of revenues | (209.5) | (277.4) | (427.5) | (458.3) | (113.0) | (100.3) | -11.2% |
| Depreciation and amortization | (1,185.0) | (894.9) | (1,114.4) | (1,349.6) | (328.5) | (420.0) | 27.9% |
| Gross income | 3,658.7 | 4,165.6 | 4,325.9 | 4,646.4 | 1,040.4 | 1,299.6 | 24.9% |
| Operating expenses | (435.7) | (456.9) | (508.5) | (610.7) | (146.6) | (159.0) | 8.5% |
| Operating income | 3,223.0 | 3,708.7 | 3,817.4 | 4,035.7 | 893.8 | 1,140.6 | 27.6% |
| Other income | | | | | | | |
| Interest income | 56.1 | 68.1 | 33.9 | 39.1 | 6.2 | 4.2 | |
| Finance charges | (668.9) | (687.3) | (872.3) | (957.9) | (256.3) | (270.4) | |
| Foreign exchange gains/(losses), net | 186.5 | (2.4) | (37.3) | 56.0 | 2.4 | (347.2) | |
| (Impairment expense)/reversal of allowance for impairment | (158.4) | (139.7) | 153.9 | (103.0) | (5.6) | - | |
| Corporate income tax adjustment | - | - | - | - | - | - | |
| Others, net | 232.1 | (144.5) | (143.9) | (61.0) | (14.3) | 13.9 | |
| Other income / (expense), net | (352.6) | (905.8) | (865.7) | (1,026.8) | (267.6) | (599.6) | 124.1% |
| Income/(loss) before corp. income tax expense | 2,870.4 | 2,802.9 | 2,951.7 | 3,008.9 | 626.2 | 541.0 | -13.6% |
| Corporate income tax expense | | | | | | | |
| Tax expense | (735.8) | (591.3) | (695.8) | (722.5) | (152.2) | (111.0) | |
| Deferred tax expense | 3.0 | (111.5) | (55.8) | 66.7 | (1.5) | 95.9 | |
| Total corporate income tax expense | (732.8) | (702.8) | (751.6) | (655.8) | (153.7) | (15.1) | -90.2% |
| Net income from continuing operations | 1,764.8 | 2,100.1 | 2,200.1 | 2,353.1 | 472.5 | 525.9 | 11.3% |
| Net income/(loss) | 2,137.6 | 2,100.1 | 2,200.1 | 2,353.1 | 472.5 | 525.9 | 11.3% |
| Income/(loss) attributable to Parent Entity | 2,134.3 | 2,100.1 | 2,200.1 | 2,342.0 | 472.5 | 519.0 | |
| EBITDA | 4,408.0 | 4,603.4 | 4,931.8 | 5,385.3 | 1,222.3 | 1,560.6 | 27.7% |
| YoY Revenue growth | 13.00% | 5.60% | 9.9% | 10.0% | 8.8% | 22.8% | |
| Gross margin | 72.4% | 78.0% | 73.7% | 72.0% | 70.2% | 71.4% | |
| EBITDA margin | 87.2% | 86.2% | 84.0% | 83.4% | 82.5% | 85.7% | |
| Net income margin | 42.3% | 39.3% | 37.5% | 36.5% | 31.9% | 28.9% | |

Sarana Menara Nusantara (SMN) Group

Consolidated Statement of Financial Position

| (In RP bn) | 2016 | 2017 | 2018 | 2019 | 1Q 20 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| ASSETS | | | | | |
| <i>Current assets</i> | | | | | |
| Cash and cash equivalents | 2,905.3 | 2,348.3 | 963.4 | 593.8 | 894.3 |
| Restricted cash | - | - | - | 6.6 | 3.6 |
| Trade receivables | 351.7 | 624.0 | 821.0 | 1,347.6 | 1,502.0 |
| Other receivables | 1.3 | 22.4 | 196.5 | 30.2 | 5.0 |
| Prepaid expenses and advances | 37.3 | 48.7 | 148.6 | 142.4 | 140.2 |
| Refundable taxes | 298.9 | 6.3 | 145.8 | 353.9 | 359.1 |
| Total current assets | 3,594.6 | 3,049.7 | 2,275.4 | 2,474.4 | 2,904.2 |
| Total non-current assets | 15,192.3 | 15,713.8 | 20,684.2 | 25,191.3 | 29,615.5 |
| TOTAL ASSETS | 18,786.8 | 18,763.5 | 22,959.6 | 27,665.7 | 32,519.8 |
| 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 | 633.8 | 573.0 |
| Other payables - third parties | 21.3 | 4.1 | 6.8 | 7.2 | 8.0 |
| Accrued expenses | 242.5 | 262.6 | 385.9 | 310.2 | 432.0 |
| Unearned revenue | 953.4 | 927.2 | 1,011.0 | 1,518.6 | 2,099.7 |
| Leasing payable | - | - | - | - | 342.2 |
| Short-term employee benefit liabilities | 45.5 | 52.8 | 64.8 | 86.0 | 119.7 |
| Current portion of long-term loans | 516.7 | 633.8 | 1,732.8 | 1,944.8 | 3,167.7 |
| Current portion of long-term Bonds | 998.7 | - | 657.9 | - | - |
| Management option plan liability | - | - | 141.7 | - | - |
| Advance from customers | - | - | 0.5 | - | - |
| Taxes payable | 335.6 | 73.5 | 53.3 | 64.5 | 52.0 |
| Total current liabilities | 3,303.0 | 2,230.4 | 4,751.8 | 4,565.1 | 6,794.3 |
| <i>Non-current liabilities</i> | | | | | |
| Deferred tax liabilities | 488.2 | 613.7 | 667.9 | 599.7 | 504.0 |
| Long-term employee benefit liabilities | 91.5 | 20.5 | 24.7 | 34.0 | 36.8 |
| Long-term loans, net of current portion | 5,971.3 | 5,775.3 | 7,069.7 | 11,247.1 | 11,443.7 |
| Bonds payable | 2,432.2 | 2,589.6 | 2,023.4 | 1,976.3 | 2,188.7 |
| Cross currency swap payables | 223.7 | 15.6 | 31.8 | 73.9 | 281.0 |
| Unearned revenue | 60.8 | 80.6 | 46.9 | 46.4 | 46.7 |
| Management option plan liabilities | 30.0 | 87.4 | - | - | - |
| Leasing payable | - | - | 0.8 | - | 1,478.7 |
| Long-term provision | 226.4 | 248.5 | 309.3 | 362.5 | 395.4 |
| Total non-current liabilities | 9,524.1 | 9,431.2 | 10,174.5 | 14,340.0 | 16,375.0 |
| Total liabilities | 12,827.1 | 11,661.7 | 14,926.3 | 18,905.1 | 23,169.3 |
| <i>Equity</i> | | | | | |
| Common shares | 530.7 | 530.7 | 530.7 | 530.7 | 530.7 |
| Treasury Stock | - | - | (126.6) | (514.1) | (514.1) |
| Other comprehensive income | (23.2) | 24.6 | 81.4 | 2.8 | 68.5 |
| Retained earnings / (accumulated deficit) | 5,452.3 | 6,546.4 | 7,547.8 | 8,705.1 | 9,224.1 |
| Non-controlling interests | 0.1 | 0.1 | - | 36.1 | 41.2 |
| Total equity | 5,959.9 | 7,101.8 | 8,033.3 | 8,760.6 | 9,350.5 |

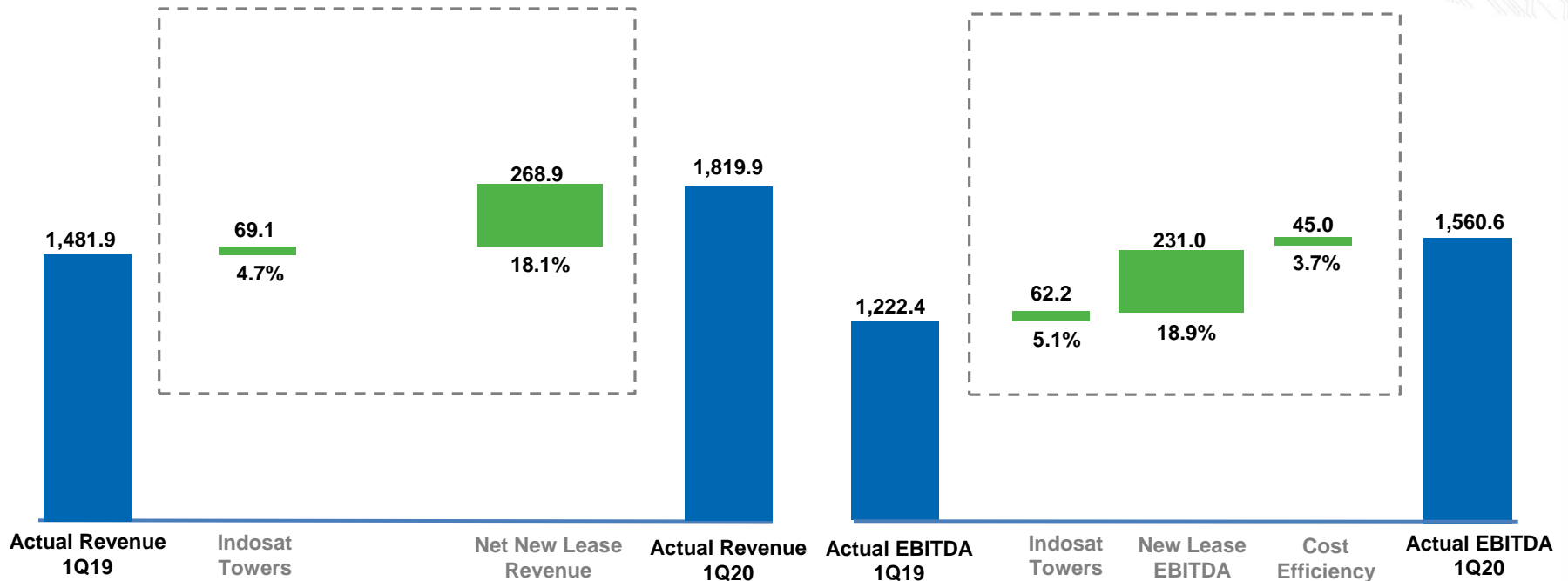
Revenue & EBITDA 1Q20 vs 1Q19

in RP Bn

Revenue Growth 22.8%

in RP Bn

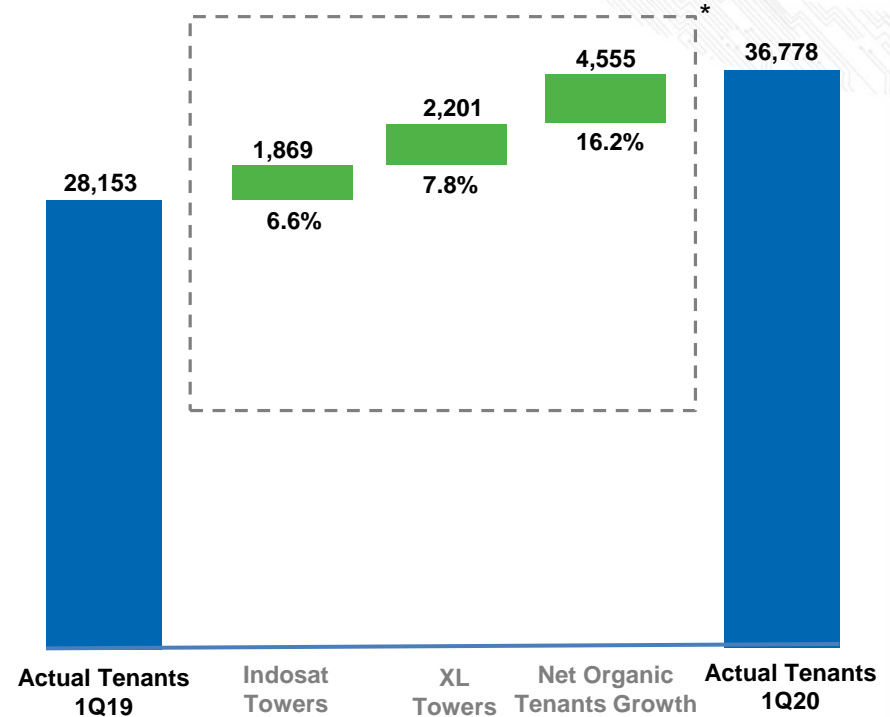
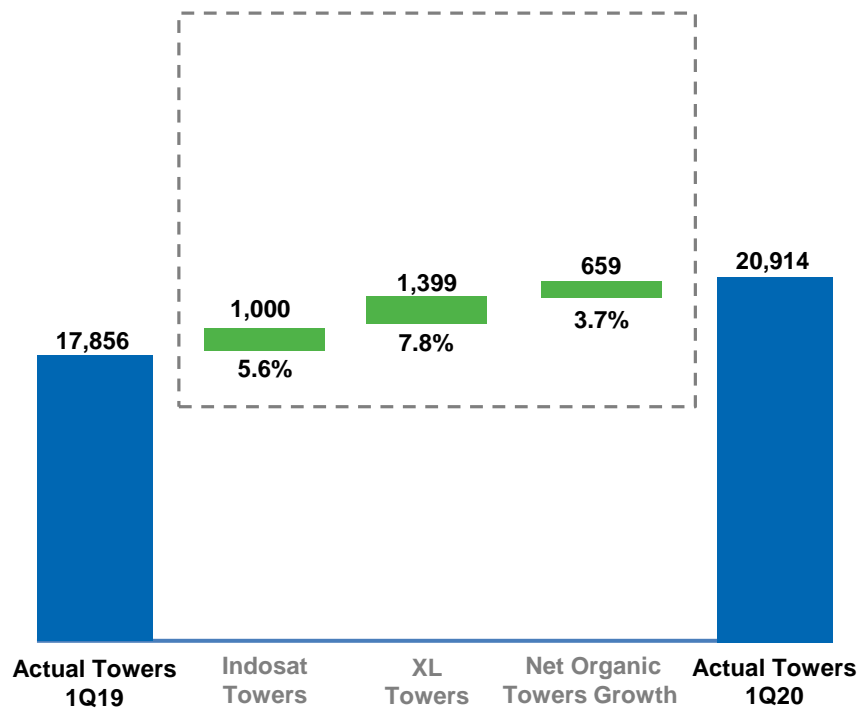
EBITDA Growth 27.7%



Tower & Tenancy Growth 1Q20 vs 1Q19

Towers Growth 17.1%

Tenancy Growth 30.6%



Tenancy ratio increases to 1.76x in 1Q20 from 1.58x in 1Q19

**Does not include over 2,100 revenue generating additional-equipment leases*



Appendix

Foreign Exchange Exposure as of 30 April 2020

| ASSET | | CONTRACTED REVENUE | | LIABILITIES | |
|-------------|------------|--------------------|-------------|-----------------------|--------------|
| Cash | USD 80.5mn | 2020 | – USD 7mn | <u>Bank Loan</u> | |
| Investments | USD 15.5mn | 2021 | – USD 54mn | JPY 5.7bn (~USD 53mn) | |
| | | 2022 | – USD 31mn | | |
| | | 2023 | – USD 22mn | <u>Bond</u> | |
| | | 2024 | – USD 17mn | USD 138mn | |
| <hr/> | | <hr/> | | <hr/> | |
| Total | USD 96mn | Total | – USD 131mn | Total | - ~USD 191mn |

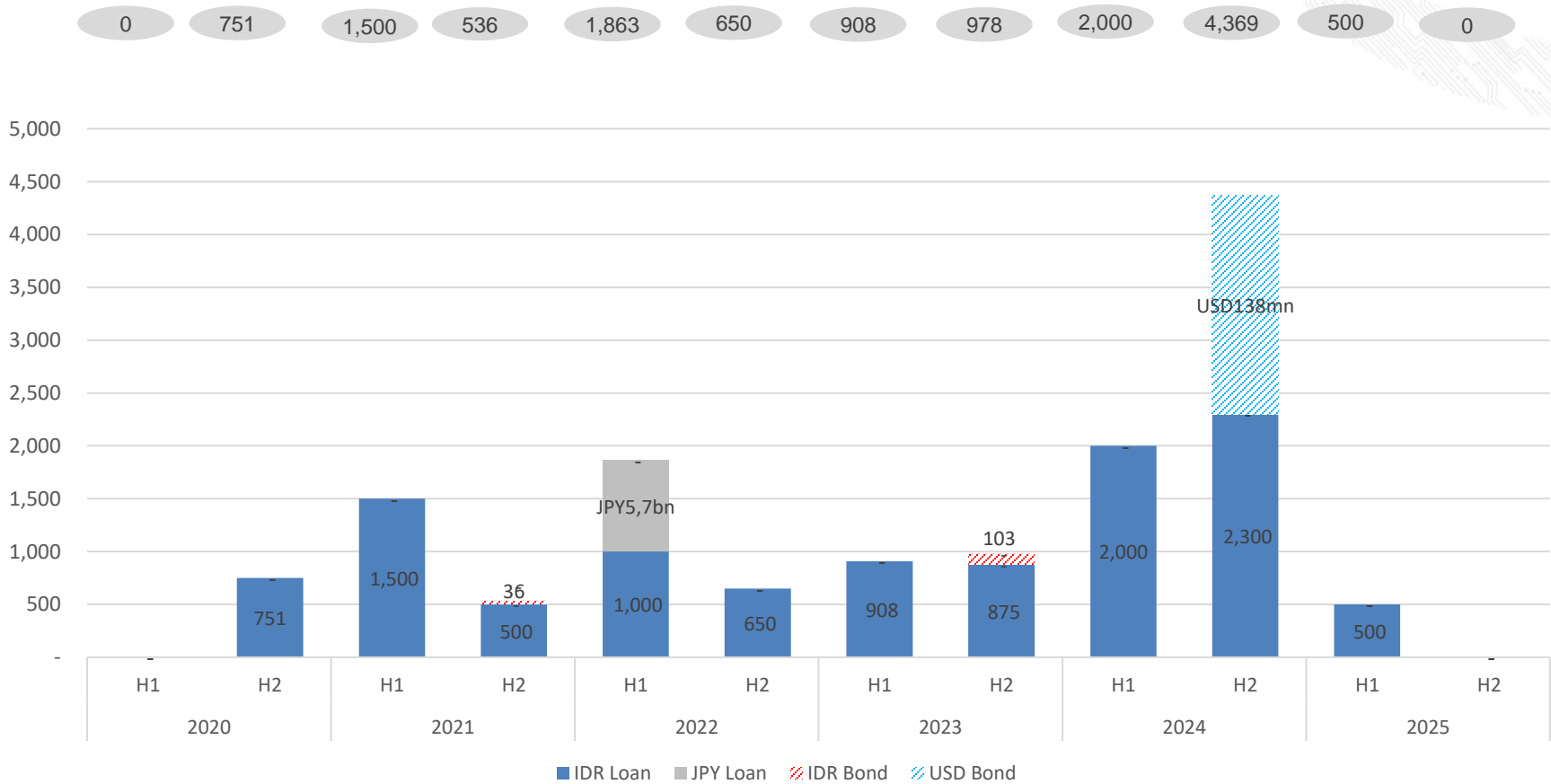
Risk Mitigation:

- Paid down JPY loan of JPY 13.3bn in early 2020 to become JPY 5.7bn (~USD 53mn)
- Combined USD cash and USD contracted revenue is larger than foreign denominated liabilities as natural hedge
- Company has also entered into financial hedges to cover operational requirements in foreign exchange

Long Term Debt*: 81.0% Floating, 19.0% Fixed, Avg Interest 6.0%

in Rp Bn

Maturity Profile



- As of March 2020
- BI Middle rate as of March 2020: 1USD = IDR16.367 ; 1JPY = IDR150.86



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