

# Indonesia's Premier Digital Infrastructure Company

## 2Q2024 Results Presentation



**PT Sarana Menara Nusantara Tbk**

TOWR.JK / TOWRIJ

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# TOWR Investment Highlights

**Premier** digital infrastructure company in Indonesia

One of the **largest Independent** digital infrastructure companies in Indonesia with **31,502** towers and **229,572 km** fiber\*

**Solid** build-to-suit model for towers and fiber with long-term **predictable** cash flows

**Investment grade** ratings with S&P and Fitch with **stable** outlook



**Continuous** strong performance  
5-yr Revenue CAGR **15.0%**<sup>(a)</sup>  
5-yr EBITDA CAGR **15.1%**<sup>(a)</sup>

**Sustained** strong returns  
ROI **8.4%** and ROE **19.2%**

**TOWR** shares included in  
LQ45, IDX80, Kompas100, Bisnis-27,  
SMinfra 18, Investor 33, IDX SMC liquid  
ESG stock indices: ESGS Kehati, IDX  
LQ45 low carbon leaders, IDX SMC  
composite, IDX ESG  
MSCI Small Cap Index  
MSCI ESG rating of AA<sup>(b)</sup>

<sup>(a)</sup> CAGR = Compounded Annual Growth Rate; CAGR 2019 – 2024

<sup>(b)</sup> During the 2Q 2024

\* Including 192,332 kms revenue generating tower fiber with 1.9x utilization ratio  
As of 30 June 2024, excluding IBST tower of #3,246 towers which will only be consolidated in 3Q24 results

# TOWR strategy supports ESG & sustainability goals

## 1. Capital Management

- Access to low-cost funding
- Liquidity amounts to \$1,007 mn<sup>1</sup> as of 30 June 2024
- Investment grade ratings from top rating agencies inline with global best practice

## 2. Low-risk business

- Digital infrastructure business with high demand difficult to replace.
- Proven enforceability of long-term irrevocable contracts

## 3. ESG-conscious company

- Very small carbon footprint
- 95% of internet traffic in Indonesia is wireless
- Towers and fiber are important to reduce digital gap

## 4. Attractive industry structure

- Industry consolidating
- Opportunities for acquisitions still exist with fragmented players

## 5. Most unique in asset class

- Contracted revenue of Rp74.2 tn is largest in market
- Attractively valued business with high annual recurring FCF that funds capex, dividend, share buybacks
- TOWR has been successful a consolidator

## 6. Efficient infrastructure provider

- EBITDA and AFFO 5-year CAGR of 15.1% and 12.2%, respectively, with 2023 ROE of 19.2%.

## Going into the future

### A. Best positioned to benefit from growth in internet

1. Invest strong FCF and low cost of capital.
2. Indonesia still in middle of 4G cycle
3. Telco business for tower cos to include more SoW, asset types; inline with Protelindo strategies.

### B. Improve Indonesia internet

1. Need for high internet speed and traffic still growing strong supported by young population<sup>3</sup>
2. Only 50% of Indonesia territory is served with 4G signal<sup>4</sup>
3. Towers per capita ratio of 1:2700 is roughly 1/3 that of USA or China<sup>5</sup>

### C. Prepared for new opportunities

1. Proven successful track record in expanding product offering
2. Strategy driven by evolving customer needs
3. Fixed-mobile converge & 5G represent another set of opportunities

<sup>1</sup> includes committed or offered term sheets from financial institutions and cash in bank <sup>2</sup> USO is Universal Service Obligation. Government is mandating for nation-wide telecommunication infrastructure spending to reduce digital gap <sup>3</sup> for 2020; adapted from industry sources <sup>4</sup> source: PT Telkom, September 2020. <sup>5</sup> source: Verdhana Sekuritas.

# The Industry

# Tower and Fiber Business

## Long-term Predictable Revenue with Upside

### PREDICTABLE REVENUE

**Long-term contracts\*** (10 years for tower and can be longer for fiber), **non-cancellable** and renewable

### DEPENDENT TENANTS

**Contract renewal likely** due to high relocation cost and significant network impact

### UPSIDE FROM ADDITIONAL REVENUE

**Incremental revenue from colocation or higher asset utilisation** at minimal additional cost

### HIGH BARRIERS TO ENTRY

Significant investment needed, as well as **economies of scale**, knowledge of government rules and local conditions

### FAST GROWING INDUSTRY

- **Surging data demand** creates need for more towers and fibers
- 4G consumers require reliable and high speed internet leading to increase in FTTT
- Impact from 5G to come in 2-3 years

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

# Typical Tower Company Growth Model

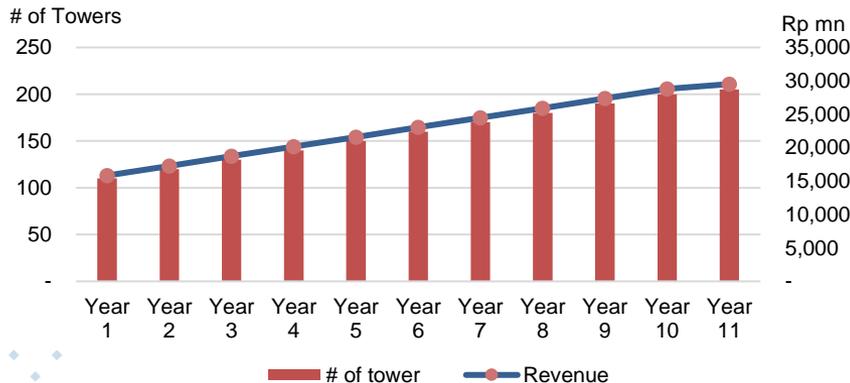
## New Built-to-Suit Tower

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
<b>Total tower</b>	<b>110</b>	<b>120</b>	<b>130</b>	<b>200</b>	<b>205</b>
<b>Revenue (Rp mn)</b>	<b>15,840</b>	<b>17,280</b>	<b>18,720</b>	<b>.....</b>	<b>29,520</b>

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.



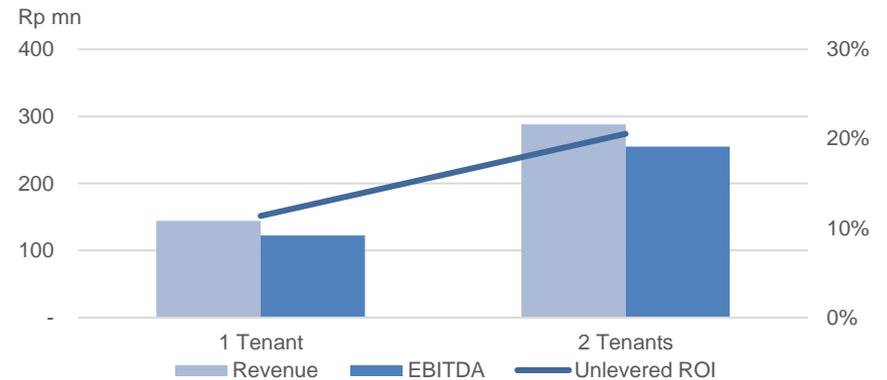
## Colocation Boosts ROI

Colocation boosts unlevered ROI and accelerates payback period

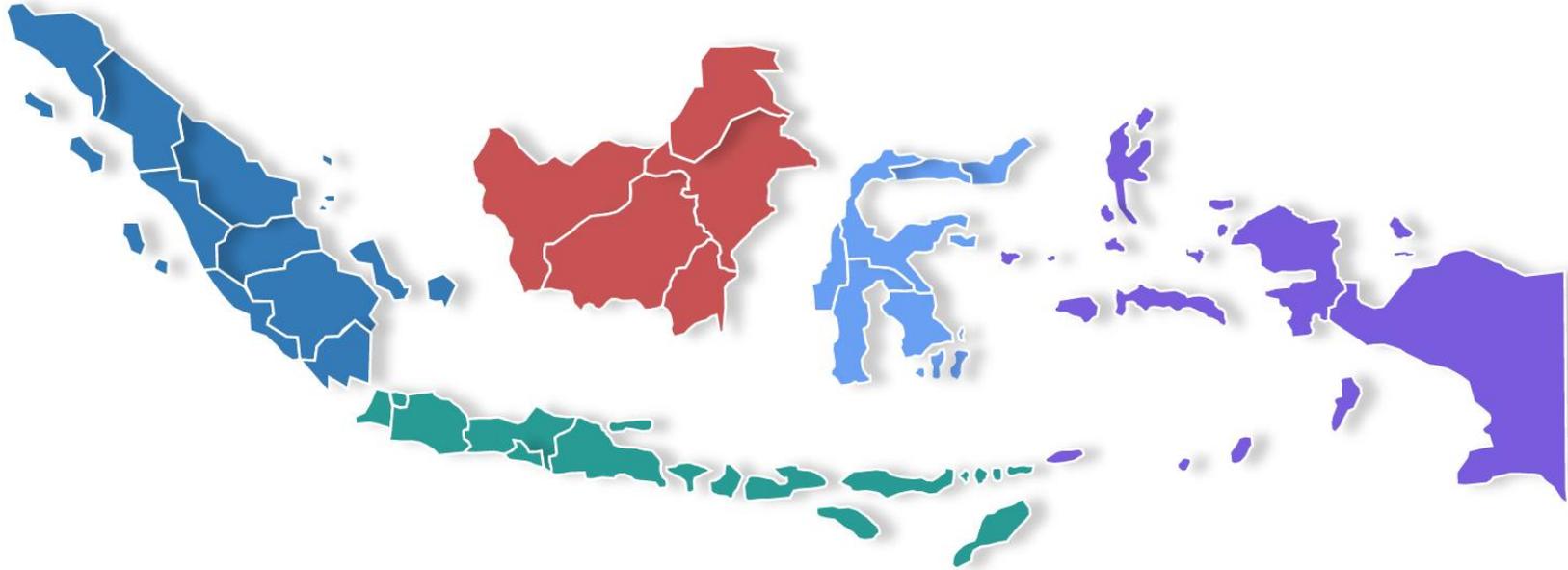
SIMULATION FOR 1 TOWER			
		1 Tenant	2 Tenants
Revenue	Rp mn	144	288
EBITDA	Rp mn	122	255
EBITDA margin	%	85.0%	88.5%
Capex & ground lease*	Rp mn	950	1,100
Unlevered ROI**	% p.a.	11.4%	20.6%
Payback period	years	8.80	4.87

\*Assuming 10 years ground lease

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



# Update: Our Portfolio (Tower)



**Jawa, Bali, NTT, NTB**  
18,335 Tower

**Sumatera**  
7,277 Tower

**Kalimantan**  
3,050 Tower

**Sulawesi**  
2,398 Tower

**Maluku & Papua**  
442 Tower

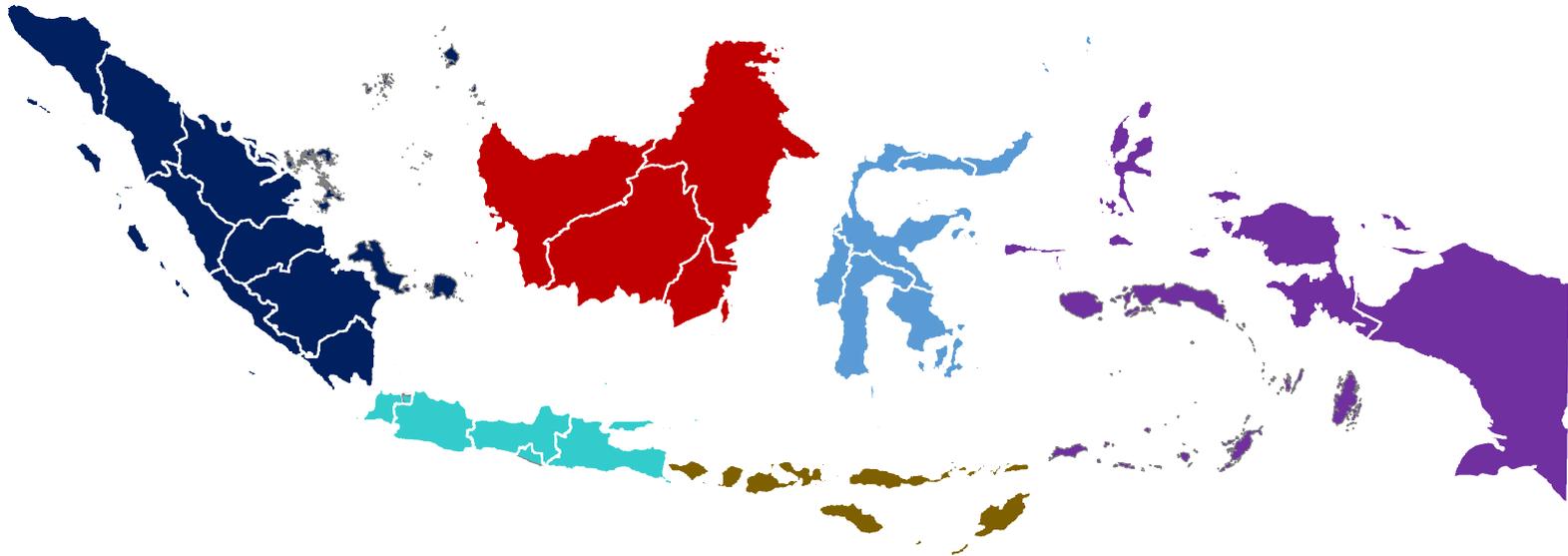
**Total Tower : 31,502\***

\* As of 30 June 2024, excluding IBST tower of #3,246 towers which will only be consolidated in 3Q24 results

# Update: Our Portfolio (Fiber)

FO Length (KM)  
60,000,000

18



SUMATERA  
51,258 KM

JAVA  
122,853 KM

BALI NUSRA  
5,967 KM

KALIMANTAN  
4,423 KM

SULAWESI  
7,831 KM

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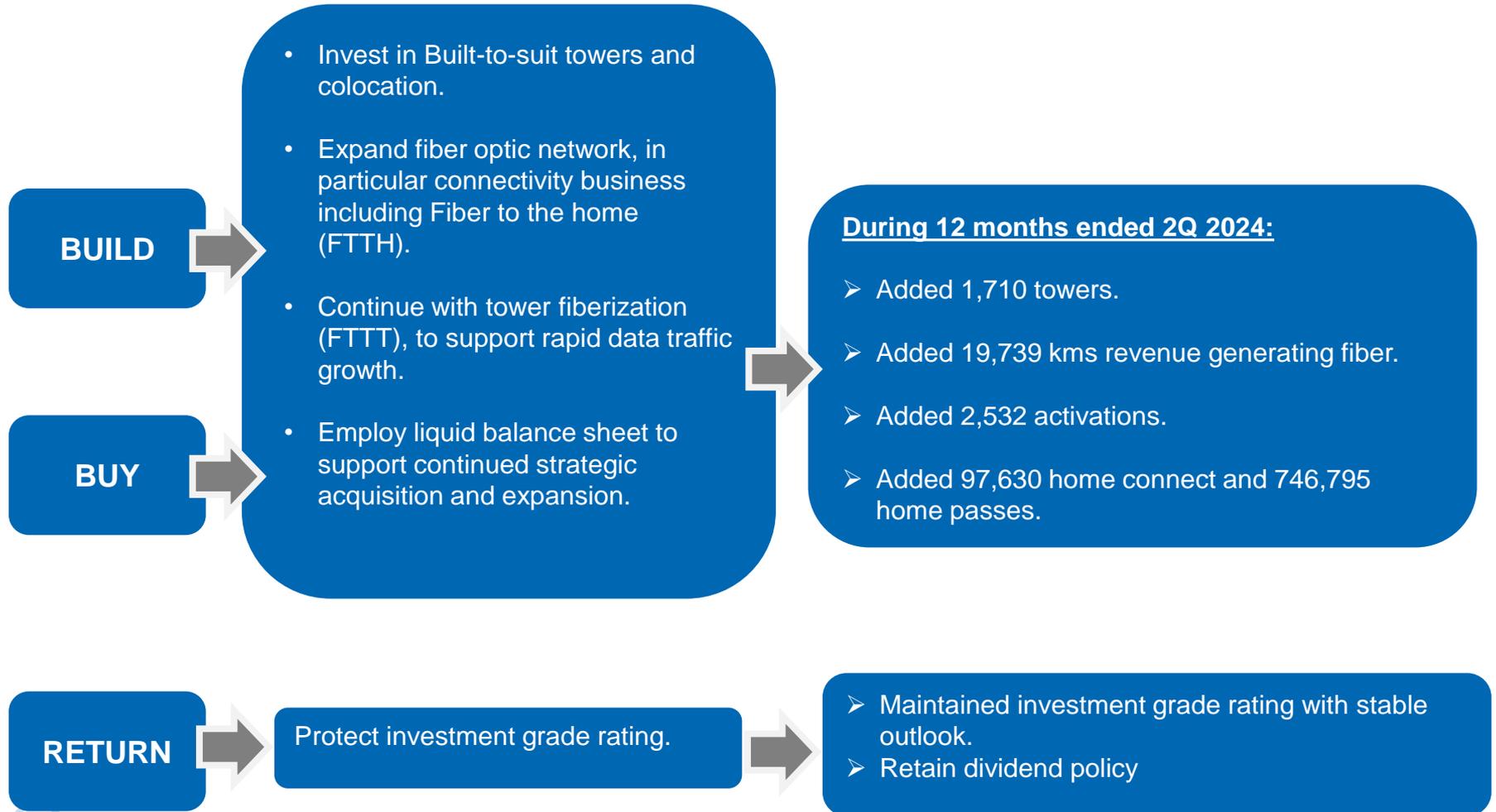
Total Length: (229,572 Km)

- FTTT: 192,332 Km with 1.9x utilization ratio
- FTTH: 17,386 Km
- Backbone and Submarine: 19,854 Km

# SMN 2Q2024 Performance

# Company Strategy: **Build – Buy – Return**

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



# Diverse Product Portfolio

Currently we are the only independent infrastructure provider of scale that provides most complete suite of services to Indonesia telecom market

## TOWER

- Total 31,502 towers and 54,326 tenants as of 30 June 2024. Tenancy ratio 1.72x.
- 52% of towers located in Java and 48% ex-Java.
- MNOs have growing need for additional scope from TowerCos tower providers such as managed service and additional assets such as batteries

There continued to be new organic site opportunities for coverage and capacity.

## Fiber to The Tower (FTTT)

- FTTT increases the value and utility of our network to Telcos.
- ~192,300 kms revenue generating fiber by end of June 2024.
- Network focus to support surging data traffic.
- Like tower model, non-cancellable, long term contracts and opportunity for higher utilization with other fiber solutions for customers.

Tower business offers a platform for sustained FTTT growth.

## CONNECTIVITY

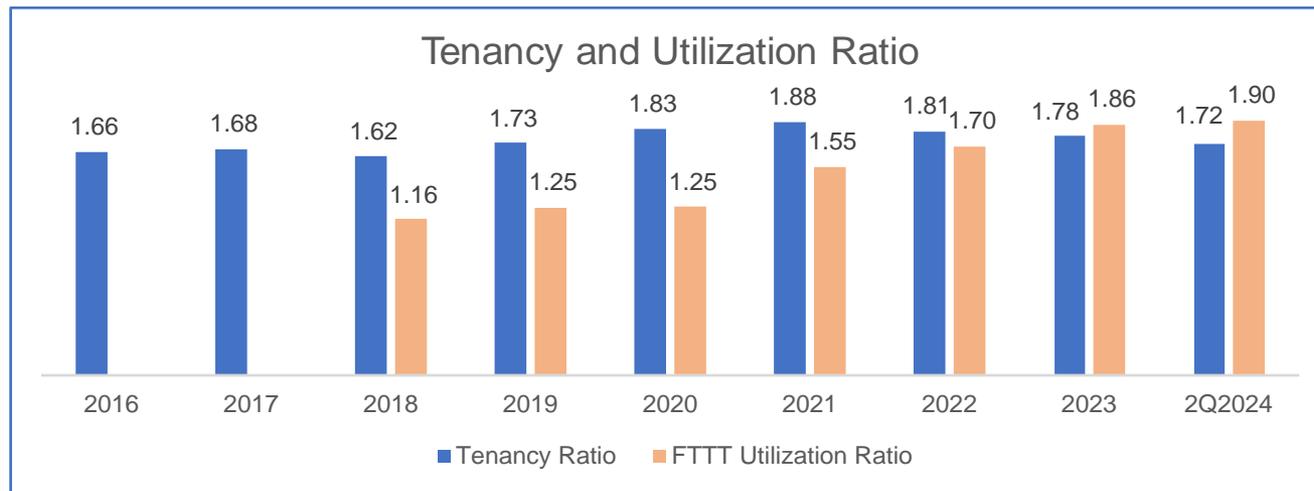
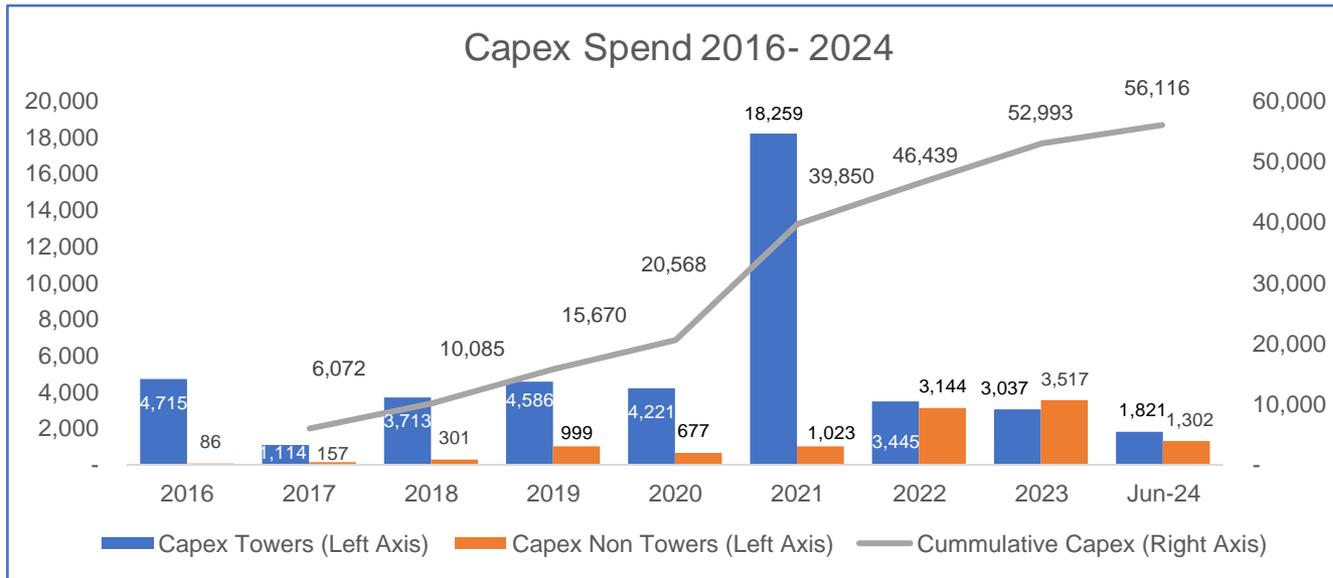
- Actively seeking opportunities to provide connectivity (with various offering using VSAT, wireless/wireline, etc.) under B2B or B2G arrangements.
- Currently have 14,409 activations by the end of June 2024.

## Fiber to the Home (FTTH)

- FTTH assets reaches ~1,211,600 home passes by the end of June 2024.
- Currently have 135,897 home connect with 11% penetration rate

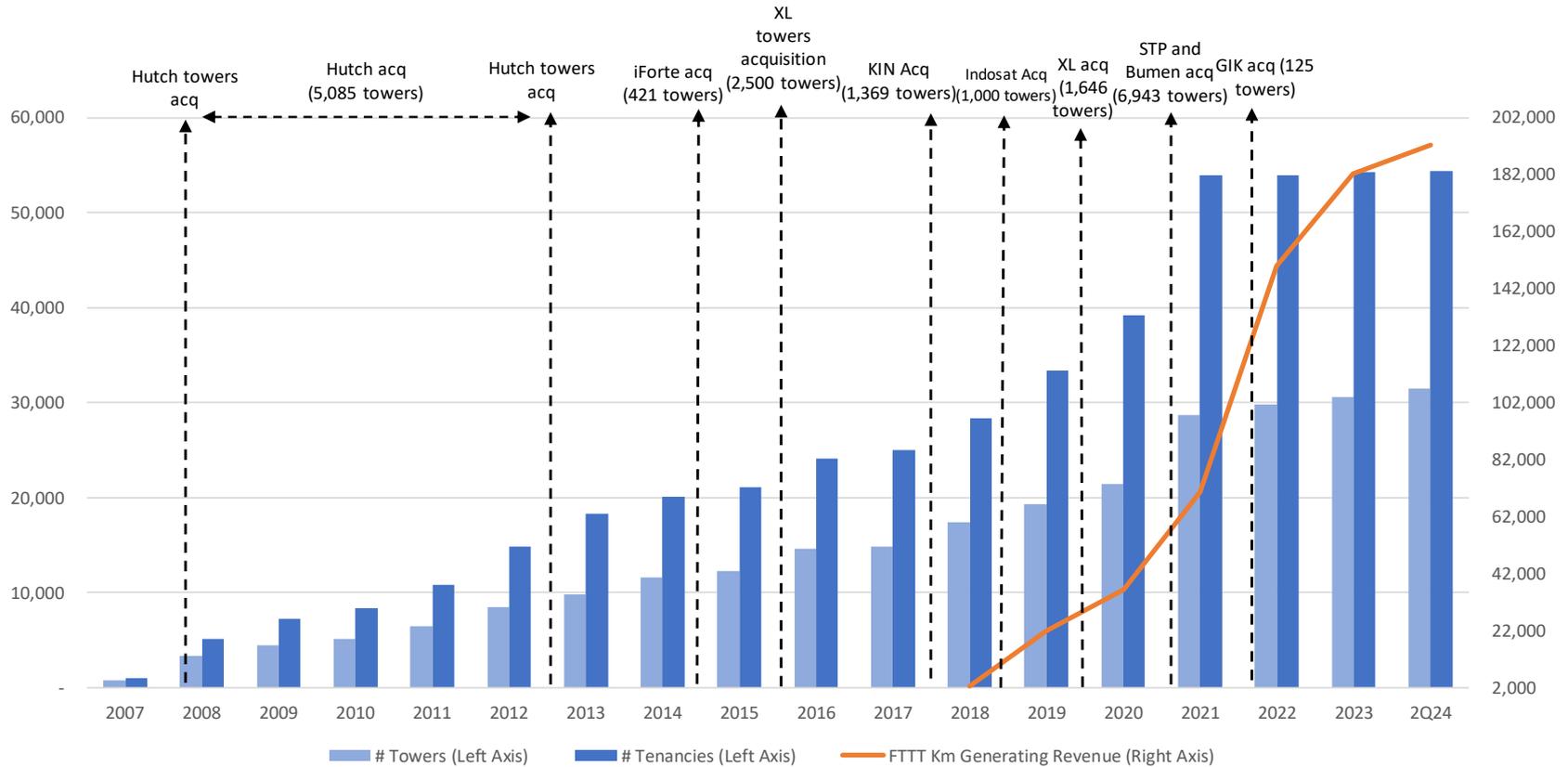
Strong growth potential given low penetration and increased demand for integrated offerings.

# Diversifying Business Base



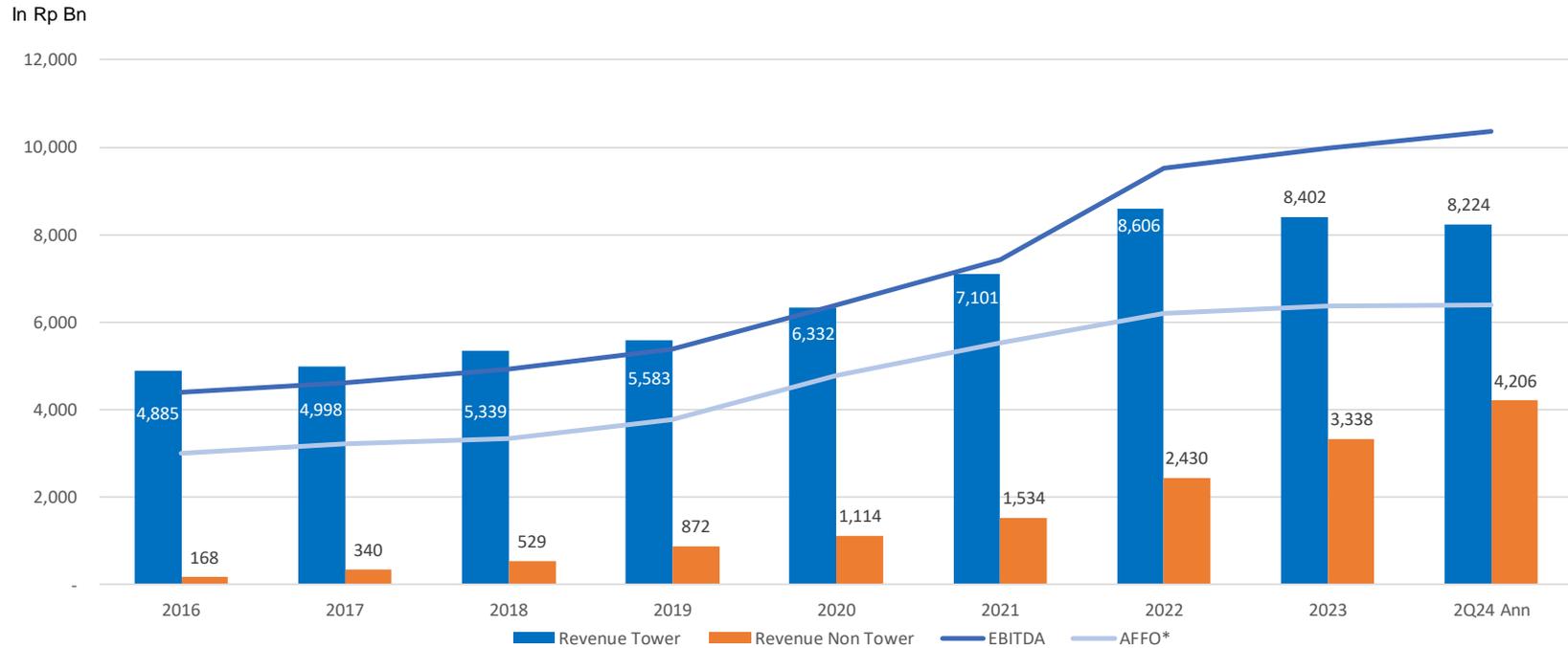
Note: Tower tenancy ratio and Fiber utilization ratio calculation does not include asset and operational synergies between Towers, FTTH and FTTH business

# Track Record of Consistent Growth ...



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
# 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	21,381	28,698	29,794	30,558	31,502	
# 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	39,127	53,975	53,967	54,284	54,326	
FTTH Km Generating Revenue													2,345	21,977	36,346	70,465	149,811	182,256	192,332
Number of Activations under Connectivity													5,612	7,041	7,503	9,283	10,572	12,672	14,409

# and Strong Financial Performance

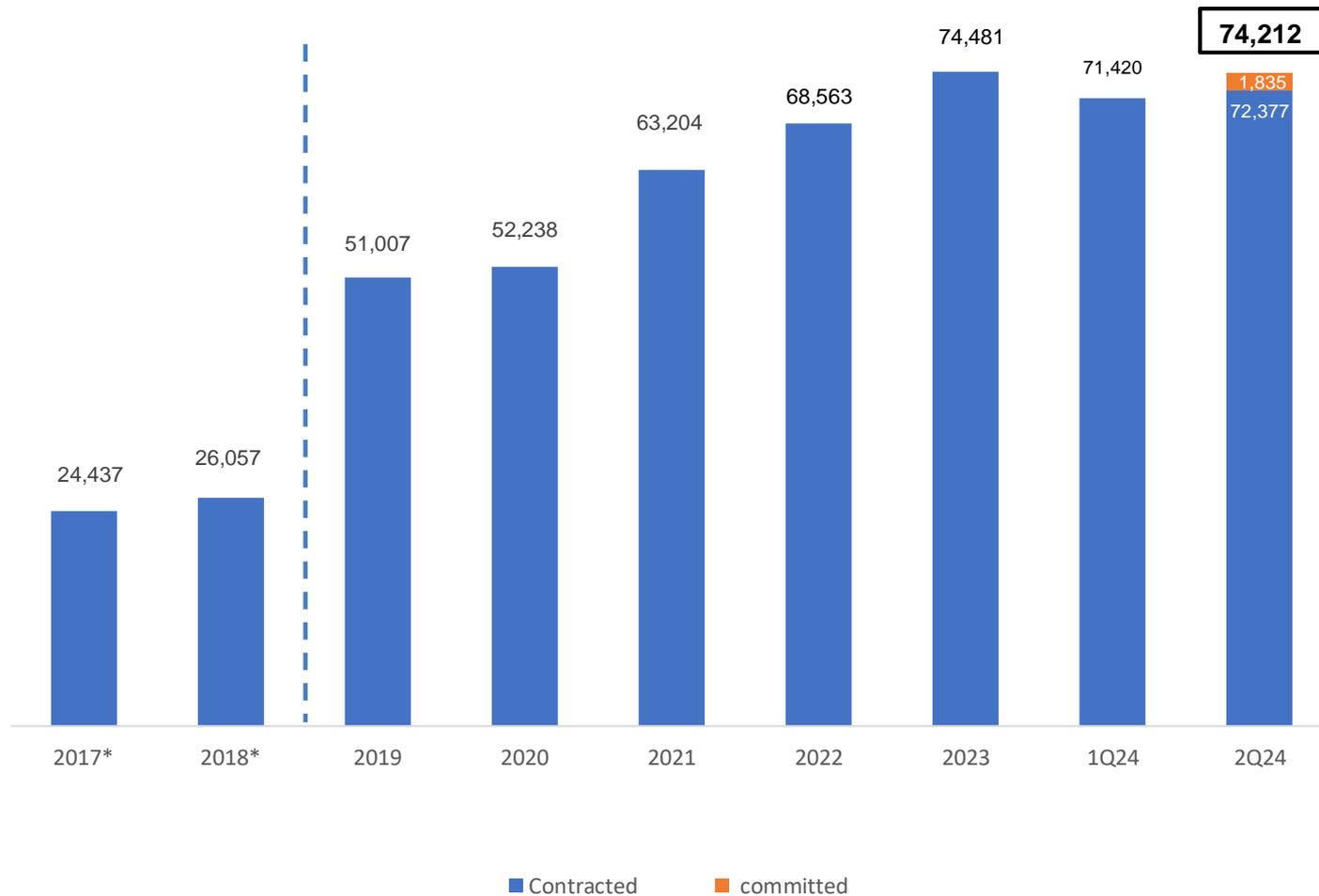


	2016	2017	2018	2019	2020	2021	2022	2023	2Q24 (Ann)	CAGR
Revenue Tower	4,885	4,998	5,339	5,583	6,332	7,101	8,606	8,402	8,224	6.7%
Revenue Non Tower	168	340	529	872	1,114	1,534	2,430	3,338	4,206	49.5%
EBITDA	4,408	4,604	4,932	5,385	6,405	7,434	9,517	9,980	10,353	11.3%
AFFO*	3,009	3,213	3,348	3,776	4,774	5,525	6,210	6,375	6,391	9.9%

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

# ... with Excellent Future Revenue Visibility

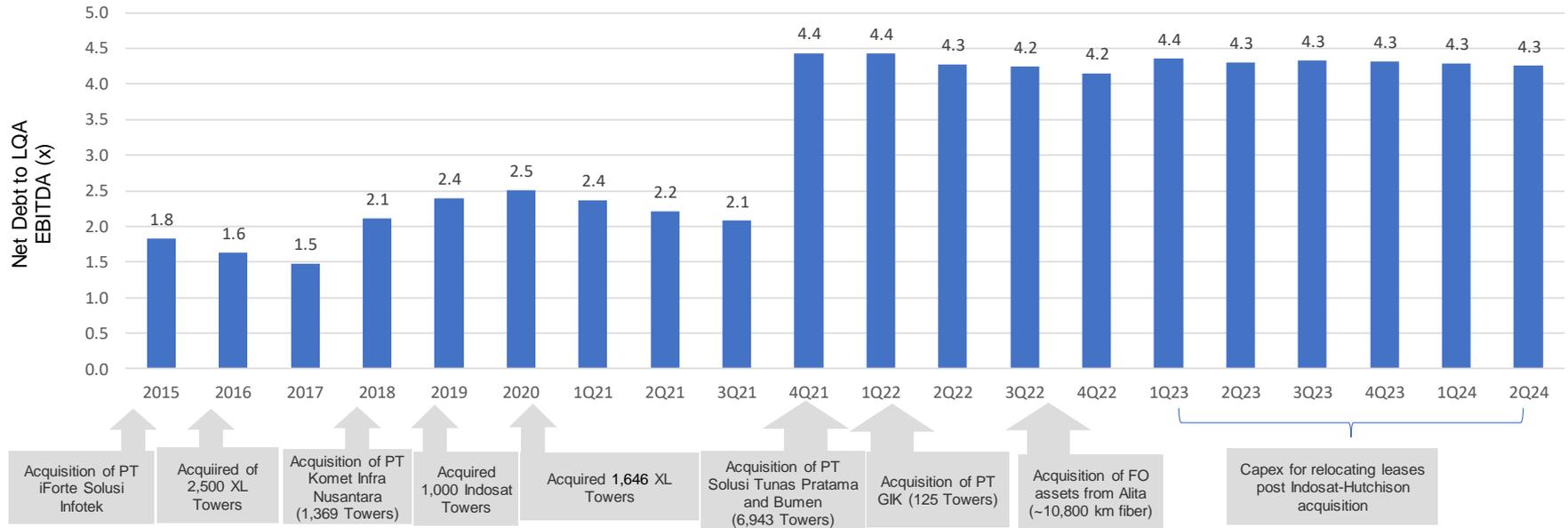
Long term contracts and commitments underwrite more than Rp74.2 trillion of committed future revenue through 2042, not including value of potential future contract renewals.



\* 2017 & 2018 exclude committed revenue and renewals

# Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend.



## 2Q24 Credit Matrix

Gross Debt	Rp46,433bn
Interest Coverage Ratio	3.8x
Average Interest Rate (as of 30 June 2024)	6.3%
Corporate Credit Rating (S&P/Fitch National/Fitch Global)	BBB-/ AAA/BBB

# Protelindo 2Q2024 Summary of Financial Results

# Sarana Menara Nusantara (SMN) Group

## Abridged consolidated statement of profit and loss.

(In RP Bn)	2017	2018	2019	2020	2021	2022	2023	2Q23	2Q24	yoy
Revenues	5,337.9	5,867.9	6,454.3	7,445.4	8,635.3	11,035.7	11,740.3	2,911.6	3,107.3	6.7%
Cost of revenues	(277.4)	(427.5)	(458.3)	(415.2)	(480.4)	(607.8)	(684.5)	(169.7)	(205.4)	21.0%
Depreciation and amortization	(894.9)	(1,114.4)	(1,349.6)	(1,644.0)	(1,859.8)	(2,306.7)	(2,843.3)	(745.1)	(728.1)	2.3%
<b>Gross income</b>	<b>4,165.6</b>	<b>4,325.9</b>	<b>4,646.4</b>	<b>5,386.2</b>	<b>6,295.2</b>	<b>8,121.2</b>	<b>8,212.6</b>	<b>1,996.8</b>	<b>2,173.8</b>	<b>8.9%</b>
Operating expenses	(456.9)	(508.5)	(610.7)	(625.3)	(720.7)	(911.3)	(1,076.3)	(266.6)	(313.7)	17.6%
<b>Operating income</b>	<b>3,708.7</b>	<b>3,817.4</b>	<b>4,035.7</b>	<b>4,760.9</b>	<b>5,574.5</b>	<b>7,209.9</b>	<b>7,136.3</b>	<b>1,730.1</b>	<b>1,860.1</b>	<b>7.5%</b>
Other income										
Interest income	68.1	33.9	39.1	33.6	24.7	23.4	20.5	7.3	17.3	
Finance charges	(687.3)	(872.3)	(957.9)	(1,090.6)	(1,262.0)	(2,276.4)	(2,768.5)	(718.4)	(733.9)	
Finance charges (PSAK 73)	-	-	-	(110.7)	(108.3)	(115.5)	(89.5)	(28.3)	(3.8)	
Foreign exchange gains/(losses), net	(2.4)	(37.3)	56.0	(182.8)	8.9	(92.8)	-	(8.6)	(40.7)	
(Impairment expense)/reversal of allowance for impairment	(139.7)	153.9	(103.0)	32.5	(13.5)	(4.8)	-	-	-	
Others, net	(144.5)	(143.9)	(61.0)	(44.0)	(173.3)	(284.6)	(195.0)	(82.3)	(25.8)	
<b>Other income / (expense), net</b>	<b>(905.8)</b>	<b>(865.7)</b>	<b>(1,026.8)</b>	<b>(1,362.0)</b>	<b>(1,523.5)</b>	<b>(2,750.6)</b>	<b>(3,032.5)</b>	<b>(830.4)</b>	<b>(786.9)</b>	<b>-5.2%</b>
<b>Profit before tax</b>	<b>2,802.9</b>	<b>2,951.7</b>	<b>3,008.9</b>	<b>3,398.9</b>	<b>4,051.0</b>	<b>4,459.3</b>	<b>4,103.8</b>	<b>899.7</b>	<b>1,073.2</b>	<b>19.3%</b>
<b>Corporate income tax expense</b>										
Tax expense	(591.3)	(695.8)	(722.5)	(691.6)	(810.7)	(930.4)	(903.3)	(205.7)	(274.1)	
Deferred tax expense	(111.5)	(55.8)	66.7	146.3	207.6	(32.4)	103.2	29.4	20.2	
<b>Total corporate income tax expense</b>	<b>(702.8)</b>	<b>(751.6)</b>	<b>(655.8)</b>	<b>(545.3)</b>	<b>(603.1)</b>	<b>(962.7)</b>	<b>(800.2)</b>	<b>(176.4)</b>	<b>(253.9)</b>	<b>43.9%</b>
<b>Net Income</b>	<b>2,100.1</b>	<b>2,200.1</b>	<b>2,342.0</b>	<b>2,836.0</b>	<b>3,427.4</b>	<b>3,442.0</b>	<b>3,253.1</b>	<b>714.7</b>	<b>807.7</b>	<b>13.0%</b>
EBITDA	4,603.4	4,931.8	5,385.3	6,404.9	7,434.3	9,516.6	9,979.6	2,475.2	2,588.2	4.6%
YoY Revenue growth	5.60%	9.9%	10.0%	15.4%	16.0%	27.8%	6.4%	8.0%	6.7%	
Gross margin	78.0%	73.7%	72.0%	72.3%	72.9%	73.6%	70.0%	68.6%	70.0%	
EBITDA margin	86.2%	84.0%	83.4%	86.0%	86.1%	86.2%	85.0%	85.0%	83.3%	
Net income margin	39.3%	37.5%	36.3%	38.1%	39.7%	31.2%	27.7%	24.5%	26.0%	

# Sarana Menara Nusantara (SMN) Group

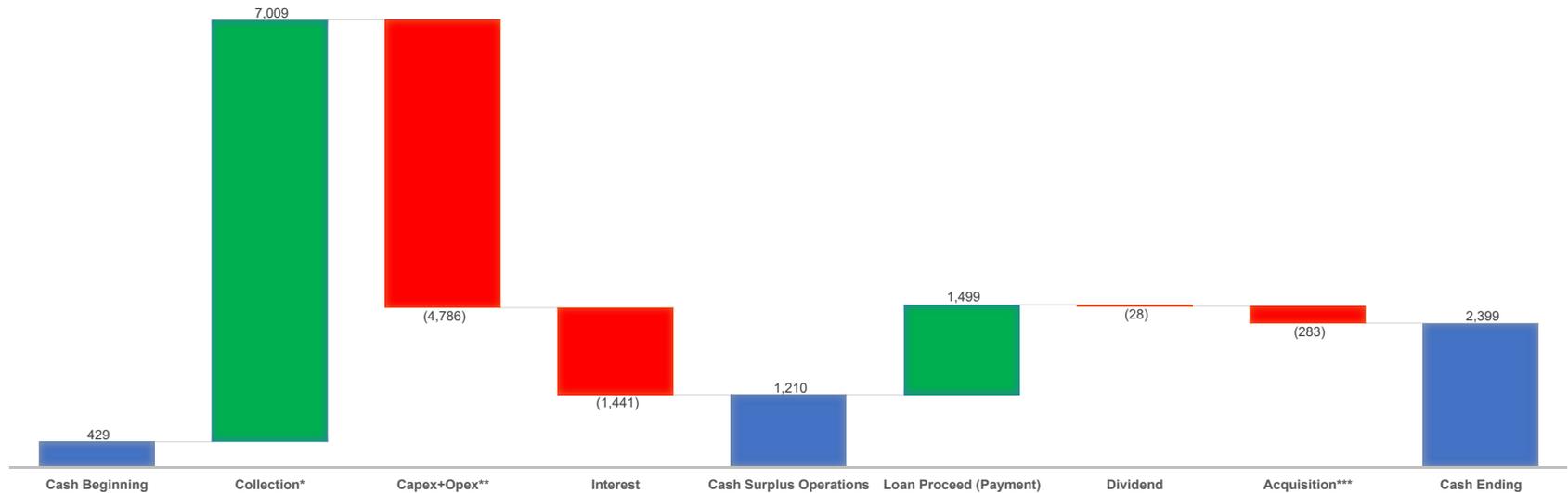
## Abridged consolidated statement of financial position.

(In RP bn)	2016	2017	2018	2019	2020	2021	2022	2023	2Q24
<b>ASSETS</b>									
Current assets									
Cash and cash equivalents	2,905.3	2,348.3	963.4	593.8	1,442.6	4,748.4	308.6	428.7	2,398.8
Restricted cash	-	-	-	6.6	4.9	2.0	0.0	0.1	0.0
Trade receivables	351.7	624.0	821.0	1,347.6	1,240.1	2,171.3	2,557.8	3,086.3	2,915.1
Other current asset	337.5	77.4	490.9	526.5	314.7	476.5	784.7	911.8	850.6
<b>Total current assets</b>	<b>3,594.5</b>	<b>3,049.7</b>	<b>2,275.3</b>	<b>2,474.4</b>	<b>3,002.3</b>	<b>7,398.1</b>	<b>3,651.1</b>	<b>4,426.9</b>	<b>6,164.5</b>
Total non-current assets	15,192.3	15,713.8	20,684.2	25,191.3	31,247.2	58,430.5	61,974.0	63,992.1	66,435.2
<b>TOTAL ASSETS</b>	<b>18,786.8</b>	<b>18,763.5</b>	<b>22,959.5</b>	<b>27,665.7</b>	<b>34,249.6</b>	<b>65,828.7</b>	<b>65,625.1</b>	<b>68,418.9</b>	<b>72,599.7</b>
<b>LIABILITIES AND EQUITY</b>									
Current liabilities									
Current portion of long-term loans	516.7	633.8	1,732.8	1,944.8	4,073.9	15,432.2	8,062.6	11,072.2	9,261.4
Current portion of long-term bonds	998.7	-	657.9	-	35.9	1,008.2	1,113.9	7,252.2	3,766.4
Leasing payable	-	-	-	-	281.3	353.3	387.0	265.3	120.9
Other current liabilities	1,787.6	1,596.6	2,361.1	2,620.3	2,834.1	5,086.6	4,882.5	5,709.3	7,187.9
<b>Total current liabilities</b>	<b>3,303.0</b>	<b>2,230.4</b>	<b>4,751.8</b>	<b>4,565.1</b>	<b>7,225.2</b>	<b>21,880.3</b>	<b>14,446.1</b>	<b>24,299.0</b>	<b>20,336.6</b>
Non-current liabilities									
Long-term loans, net of current portion	5,971.3	5,775.3	7,069.7	11,247.1	11,926.3	23,535.5	29,261.6	24,825.8	31,945.0
Bonds payable	2,432.2	2,589.6	2,023.4	1,976.3	2,148.7	4,463.3	4,556.4	1,317.5	1,317.2
Leasing payable	-	-	0.8	-	1,730.7	2,192.3	1,590.6	180.1	156.0
Other non-current liabilities	1,120.6	1,066.3	1,080.6	1,116.6	1,034.6	1,695.3	1,338.1	1,284.9	1,630.6
<b>Total non-current liabilities</b>	<b>9,524.1</b>	<b>9,431.2</b>	<b>10,174.5</b>	<b>14,340.0</b>	<b>16,840.3</b>	<b>31,886.4</b>	<b>36,746.7</b>	<b>27,608.3</b>	<b>35,048.9</b>
<b>Total liabilities</b>	<b>12,827.1</b>	<b>11,661.6</b>	<b>14,926.3</b>	<b>18,905.1</b>	<b>24,065.5</b>	<b>53,766.7</b>	<b>51,192.8</b>	<b>51,907.3</b>	<b>55,385.4</b>
Equity									
Common shares	530.7	530.7	530.7	530.7	530.7	530.7	530.7	527.8	527.8
Treasury Stock	-	-	(126.6)	(514.1)	(786.9)	(931.4)	-931.4	-931.3	-931.3
Share Based Payment	-	-	-	-	-	23.9	64.9	92.3	103.7
Difference arising from transactions resulting in changes in the equity of subsidiary	-	-	-	-	-	(11.9)	38.4	0.0	
Other comprehensive income	(23.2)	24.6	81.4	2.8	44.6	25.7	62.1	78.8	45.3
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,705.1	10,365.6	12,394.0	14,635.9	16,688.8	17,392.5
Non-controlling interests	0.1	0.1	-	36.1	30.0	31.0	31.8	55.3	76.3
<b>Total equity</b>	<b>5,959.9</b>	<b>7,101.8</b>	<b>8,033.3</b>	<b>8,760.6</b>	<b>10,184.0</b>	<b>12,062.0</b>	<b>14,432.3</b>	<b>16,511.7</b>	<b>17,214.3</b>

# Protelindo Group

## Abridged consolidated statement of cashflows (2Q 2024).

in Rp Bn



\* Numbers included VAT

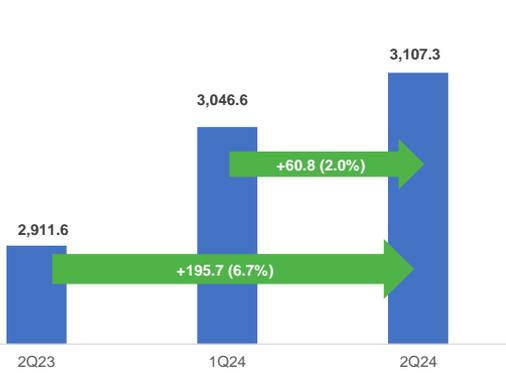
\*\* Including ground lease

\*\*\* Integra, ATMI, Varnion and IBST Acquisition

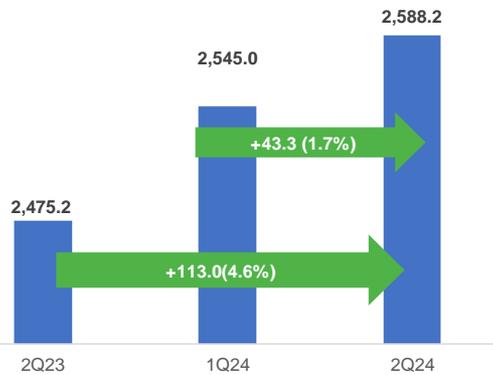
# Profit and Loss Movement 2Q2024

in Rp Bn

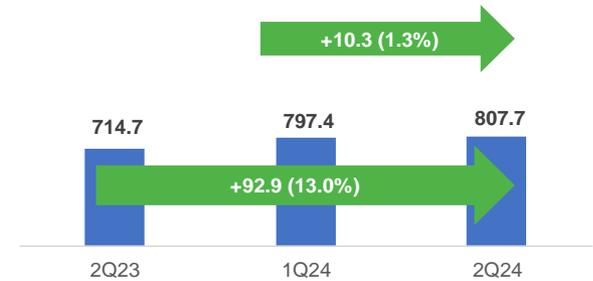
## Revenue



## EBITDA

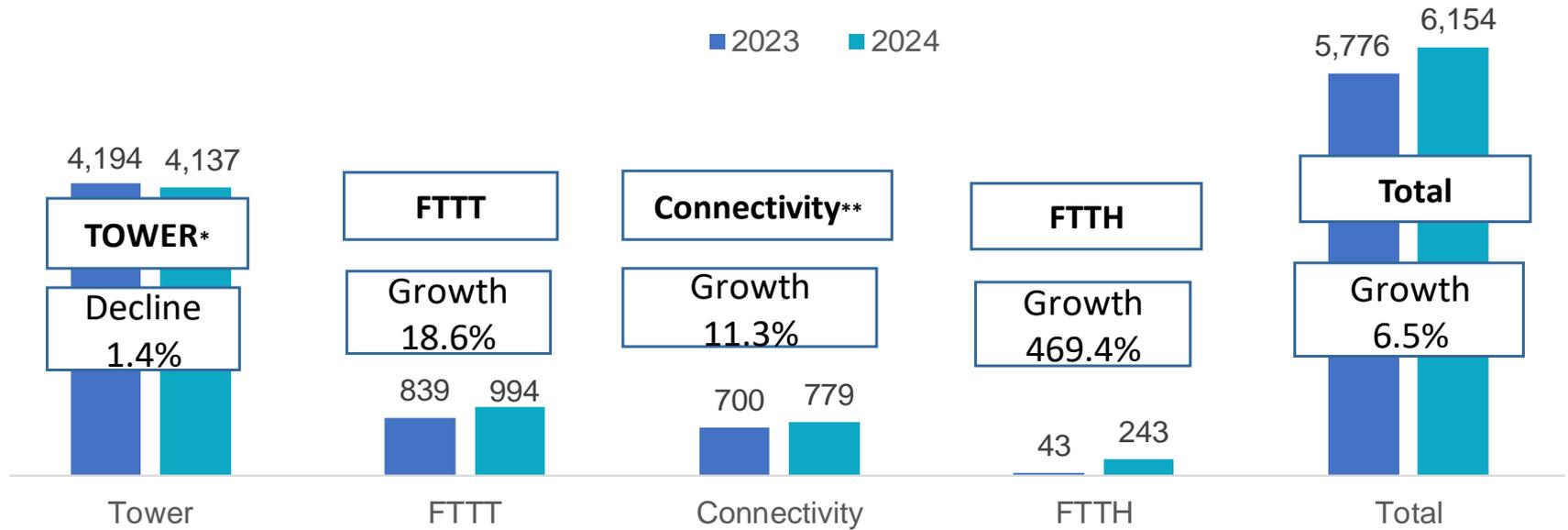


## Net Income



# Revenue Analysis (1H2023 vs 1H2024)

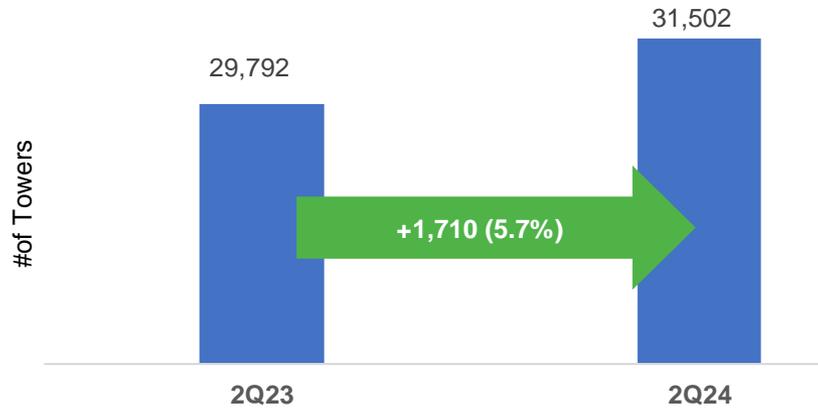
in Rp Bn



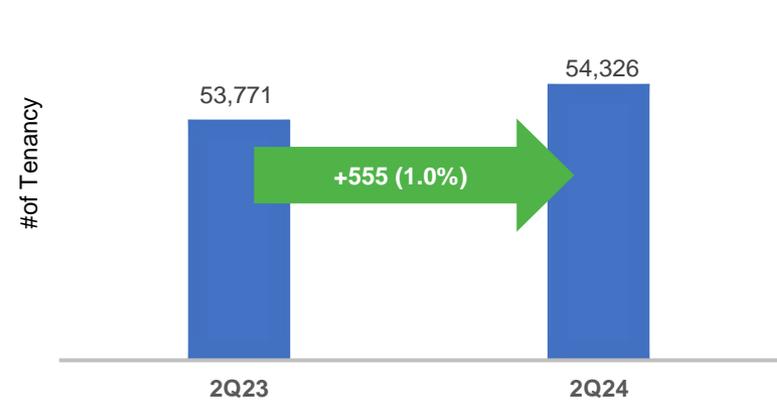
\* Including managed services  
\*\* Including iFortepay

# Summary Operational Data (2Q23 vs 2Q24)

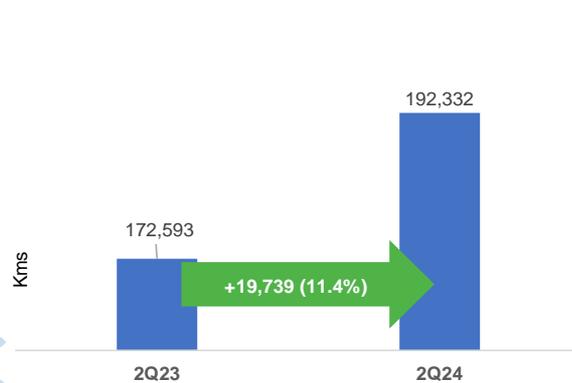
## Towers



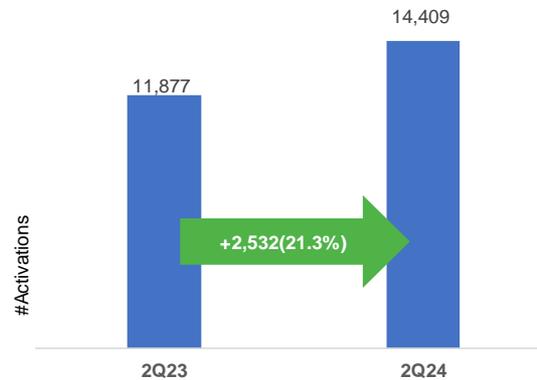
## Tenancy



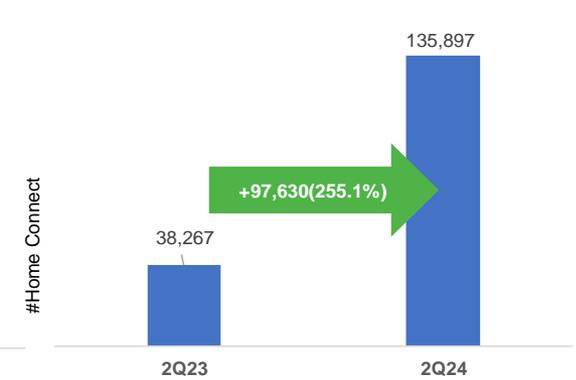
## FTTT



## Connectivity



## FTTH



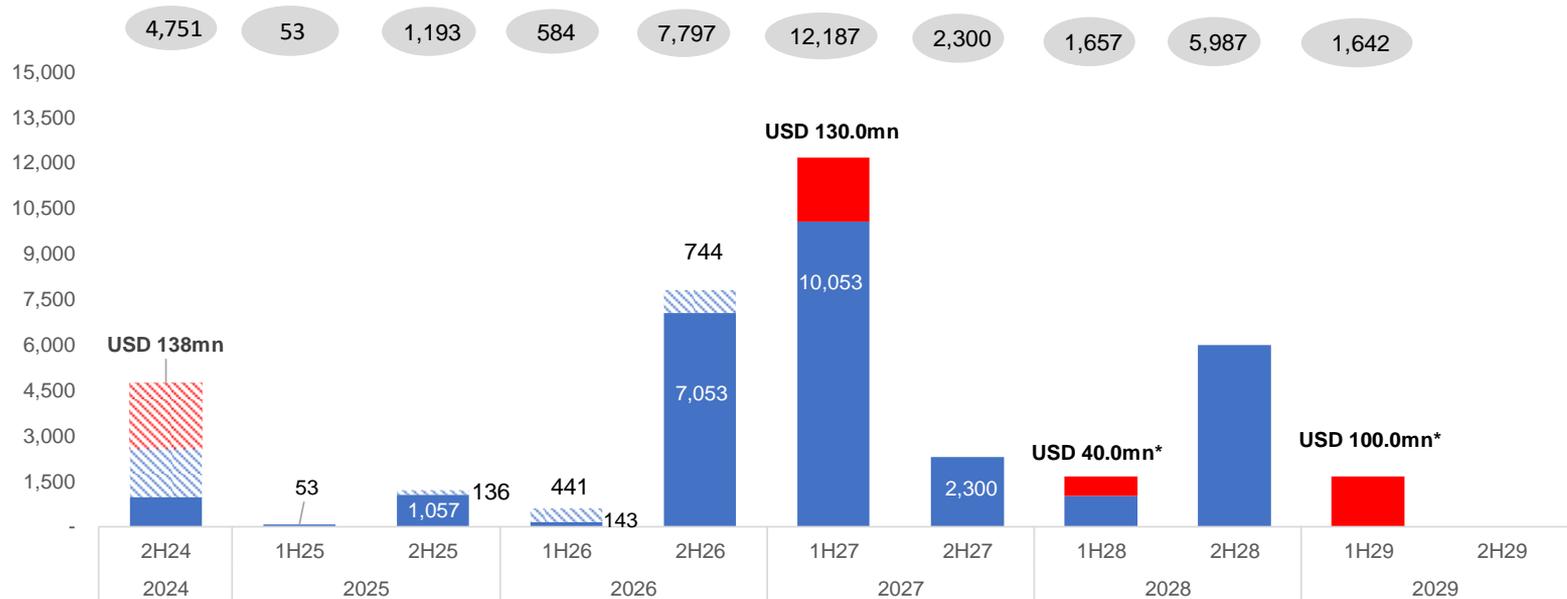
# Appendix

# Long Term Debt\*: 55.7% floating, 44.3% fixed, avg. interest 6.3%

- Incremental borrowing of the Company has been done in Rupiah, or in some cases where there are forex borrowing, financial hedges are then employed.
- USD debt maturing 2028 and 2029 are covered with financial hedges at Rupiah to USD exchange of 15,000 and 15,000, respectively.

## Maturity Profile

\* USD loan hedged into IDR  
in Rp Billion



- As of June 2024
- BI Middle rate as of June 2024: 1USD = IDR16,421 ; 1JPY = IDR102.28

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