



SARANA MENARA NUSANTARA

Indonesia's Premier Telecommunication Infrastructure Company

FY 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

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 7.5 years
- Diversified revenue stream

2

Retain investment grade rating

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

3

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

- Strong balance sheet supports capacity for growth

4

Continue dividend policy and share buyback program

...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

...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

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



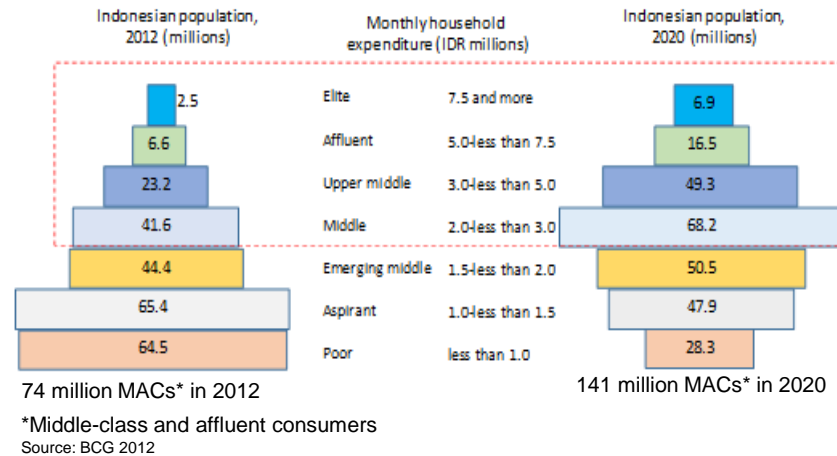
Market Overview

Indonesia Macro Economy – Key Indicators

Strong Fundamentals Support a Growing Economy

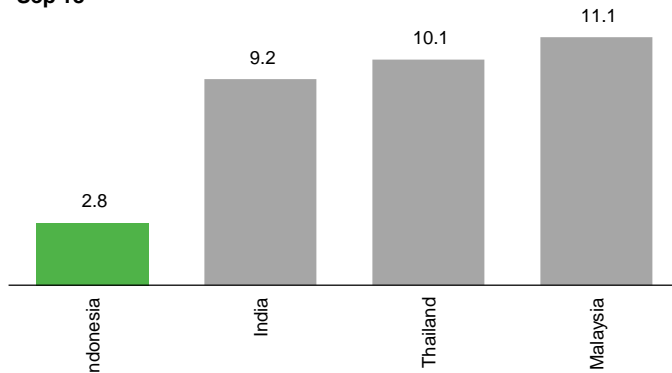
Purchasing power is expected to improve supported by a growing economy and demographics while ...

Purchasing Power

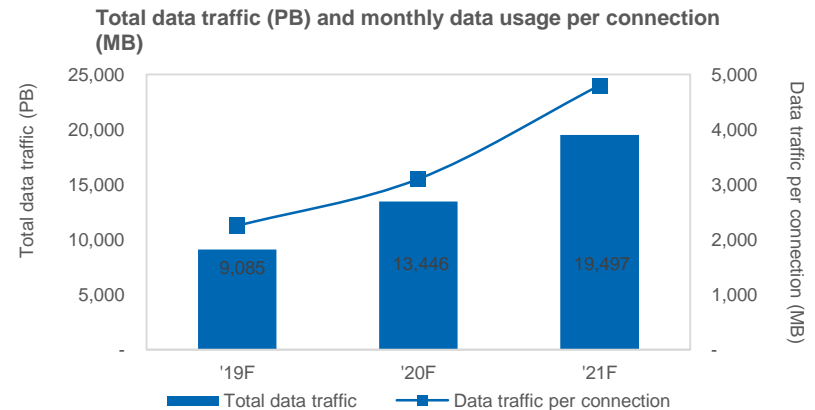


... Indonesia's average mobile data usage remains relatively low but ...

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
- **Over 3,900 total new lease orders in 2018 with 2,371 new leases commencing revenue in 2018**
- **Nearly 2,400 revenue generating additional equipment leases signed in 2018.**

2. Fiber Optics to Improve Capacity

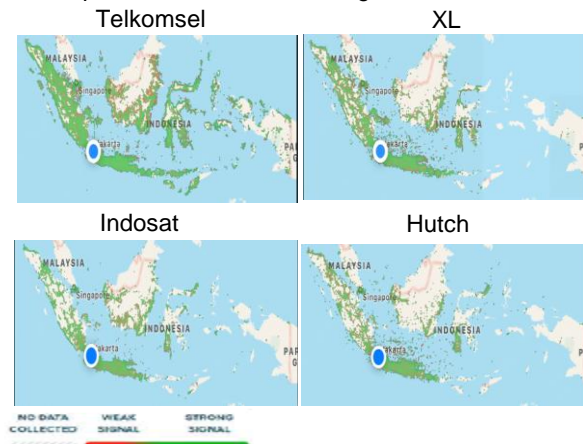
- Improves network capacity in dense data traffic areas
- Approximately 9,400 km of installed fiber optic cable network at year end 2018
- **Construction in process based on orders in hand for 13,600 km in additional fiber optic cables**

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 3,200 VSAT corporate and government leases**

Network Coverage in Indonesia

Comparison of network coverage across Indonesia



Java Backbone Fiber Optic Cable Network



Sources:

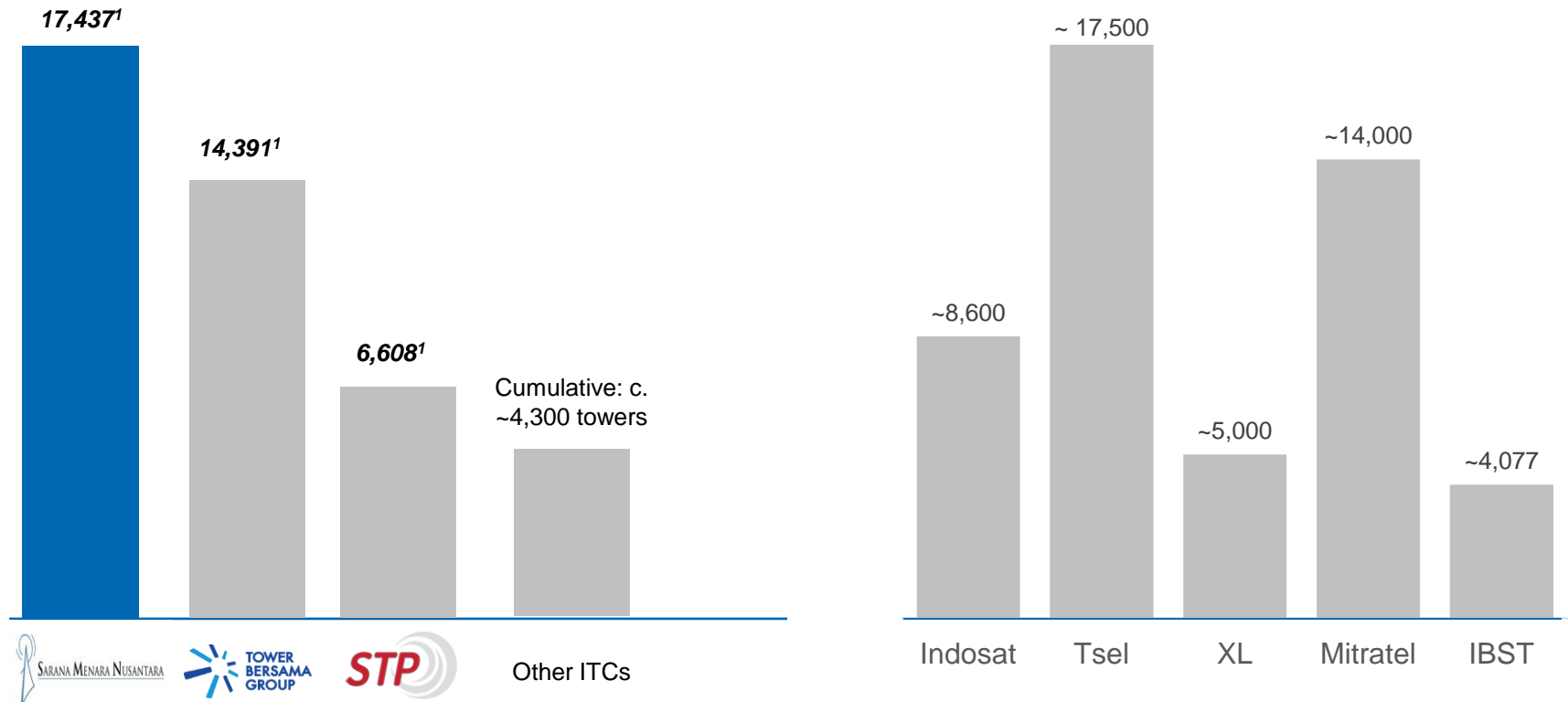
- Analysys Mason, public filings, Company, Deutsche Bank, Open Signal

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:

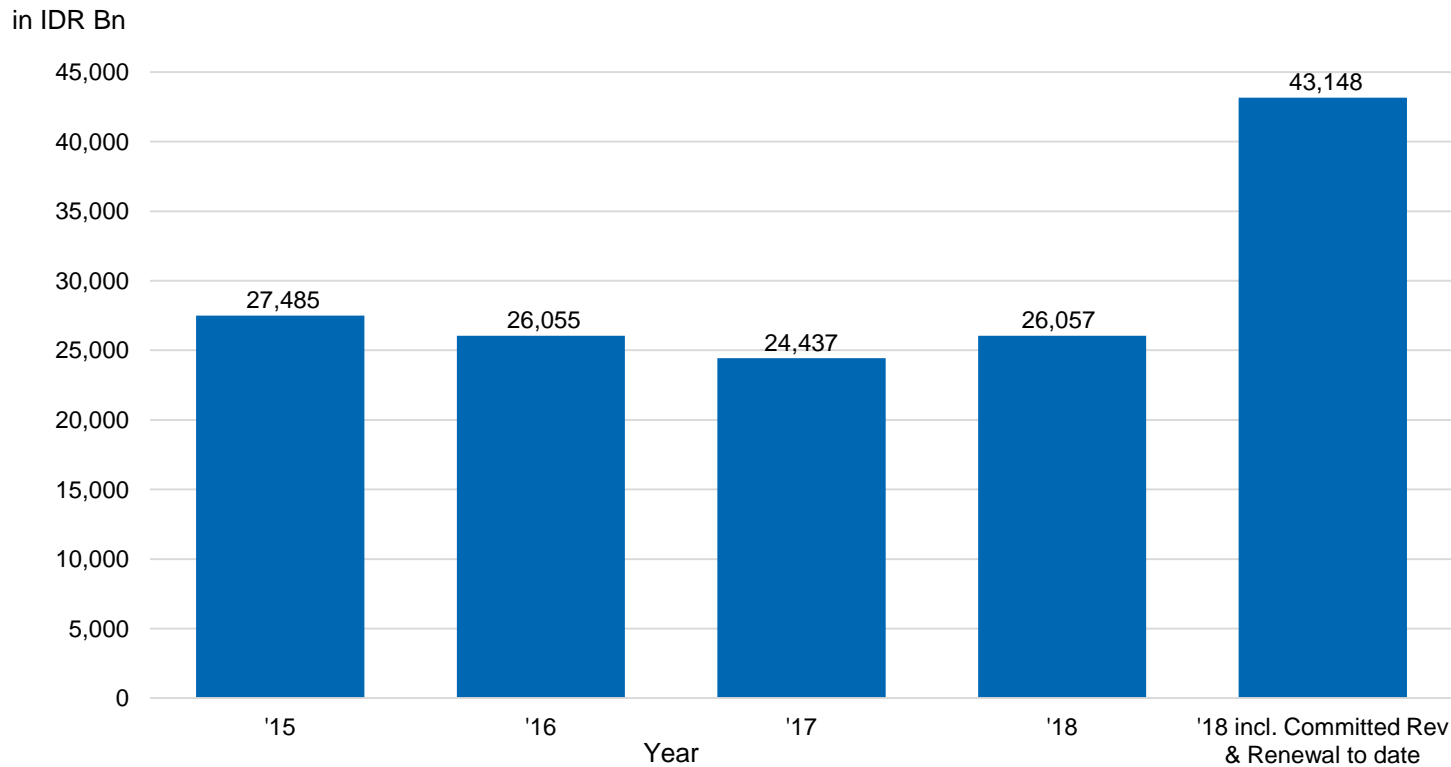
1 For Sarana Menara Nusantara count as of Dec 2018 and others count as of Sept 2018

Source: Industry Sources, Company

Approximately 49,000 MNO and captive towers

Source : Analyst Report DBS & Deutsche Bank

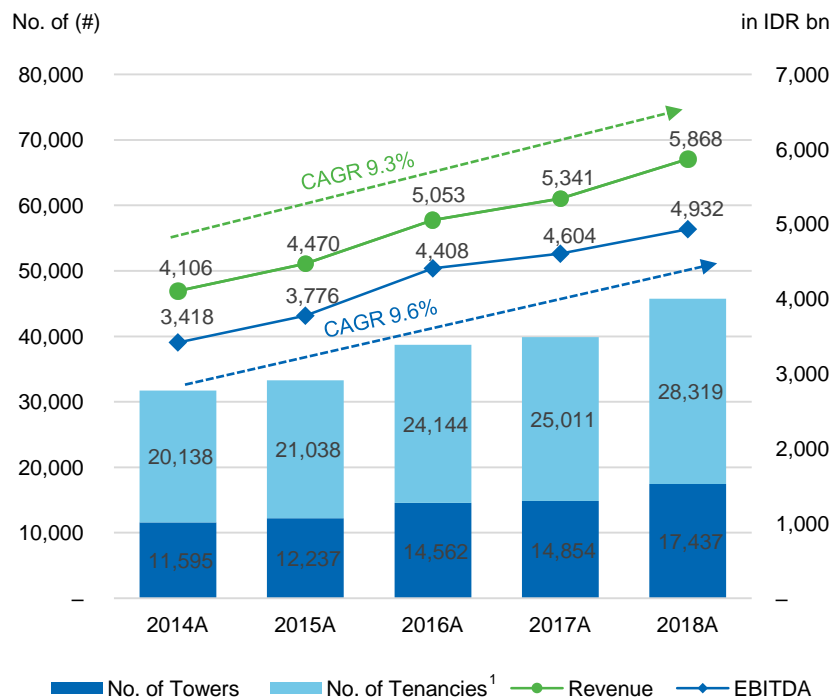
Value of Total Long Term Contracts (in IDR bn)



- Revenue based on existing lease contracts and committed new lease contracts and renewals
- Total ~IDR 43.1 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 - 2018)		Adj. EV/EBITDA
		Revenue	EBITDA	2018
US Towers	AMERICAN TOWER	16.1%	15.2%	19.2x
	CROWN CASTLE	10.1%	10.1%	19.6x
EU Towers	cellnex	19.9%	24.0%	19.2x
Asian Tower*	SARANA INFRASTRUKTUR NUSANTARA	5.9%	5.4%	7.5x
	SARANA MENARA NUSANTARA	9.3%	9.6%	9.3x
	TOWER BERSAMA GROUP	6.3%	7.6%	9.9x

*Bharti Infratel, Tower Bersama using 9 Months annualized

- 2018 is Protelindo's best year for organic tower orders since 2014 with momentum continuing in 2019 and rapid growth at iForte
- 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



	FY18	9Mo A ⁽²⁾	9Mo A ⁽²⁾
Revenue (IDR bn)	5,867.9	4,223.8	1,918.2
EBITDA (IDR bn)	4,931.8	3,641.9	1,656.2
EBITDA Margin	84.0%	86.2%	86.3%
Interest Cost (IDR bn)	958.8	1,952.5	998.7
Recurring FCF (IDR bn) ⁽¹⁾	3,973.0	1,689.4	657.5
Recurring FCF Margin ⁽¹⁾	67.7%	40.0%	34.3%
Net Debt / EBITDA	2.1x	5.4x	4.6x
Key Credit Metrics			
Interest Coverage Ratio	5.1x	1.9x	1.7x
Average Interest Rate	8.2%	10.3%	12.7%
Corporate credit rating: S&P/ Fitch/ Moody's	BBB-/ BBB-/ Baa3	BB-/ BB-/ -	BB-/ BB-/ -

Notes:

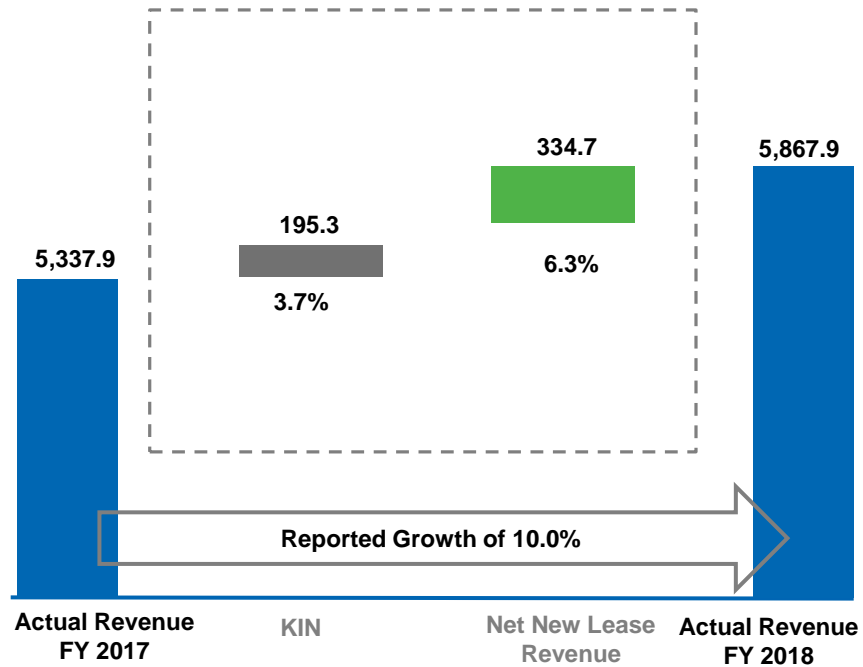
1. Recurring FCF = YTD EBITDA – interest cost; YTD recurring FCF Margin = (YTD EBITDA – interest cost)/YTD revenue
2. 9 Months Annualized, unless otherwise stated



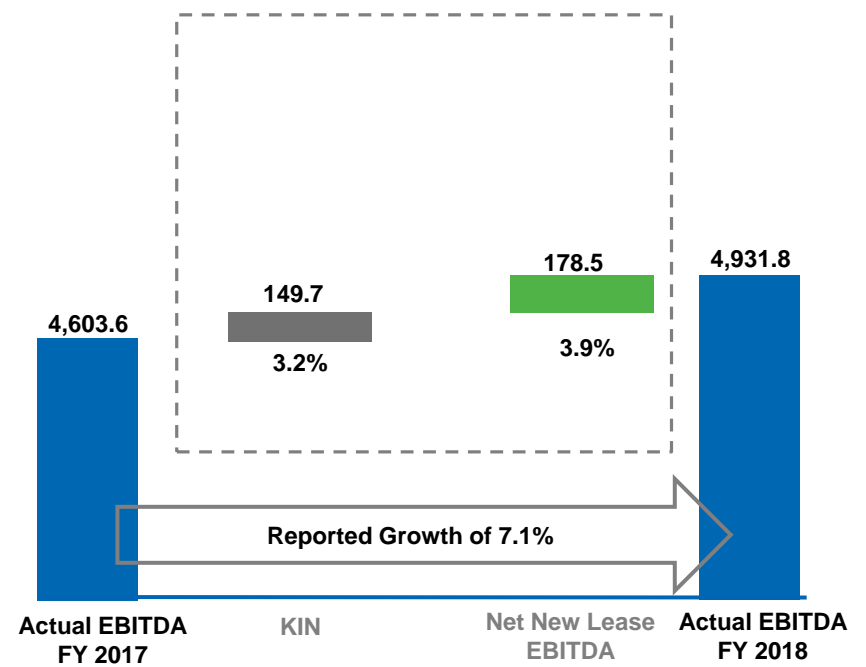
| Summary Financial Results

Company's Consolidated Performance Highlights

FY 2018 (in IDR Bn)

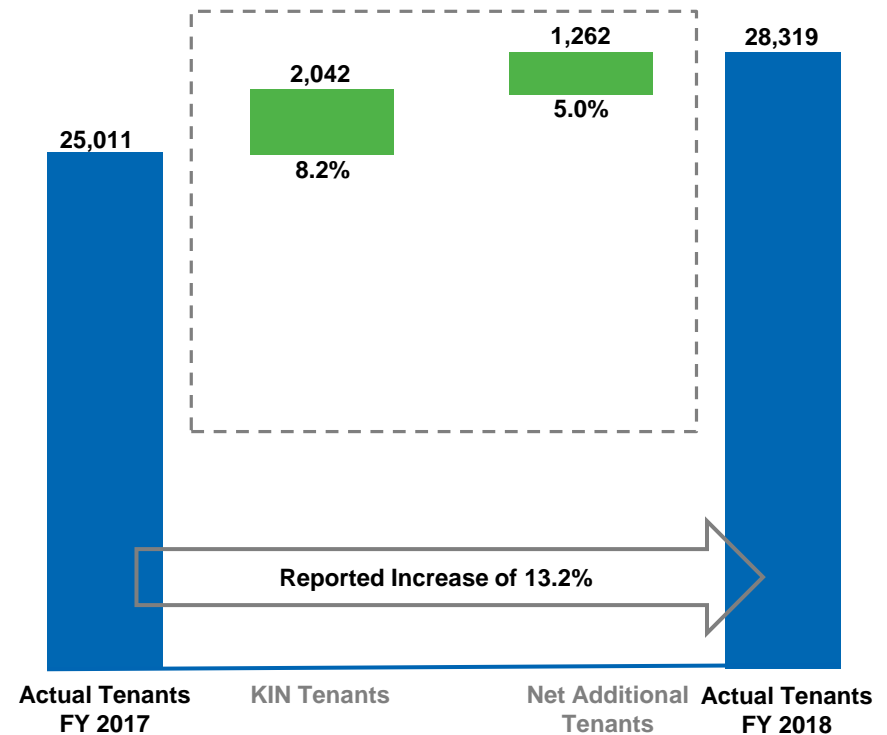
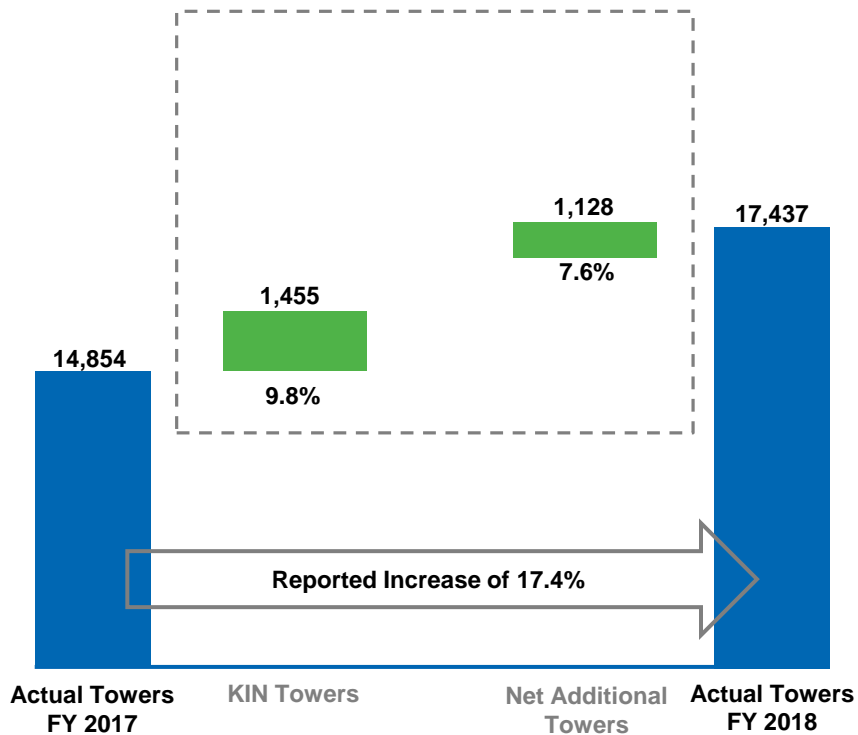


- Net new Lease revenue for organic growth grew 6.3%, based on new tenancies and additional equipment leases



- Net new Lease EBITDA for organic growth grew 3.9%

Tower & Tenancy Growth



- New BTS orders expected to continue to develop in 2019

- Does not include 2,400 revenue generating additional-equipment leases
- SMN has 1,620 new leases in the pipeline as of December 2018

SMN Consolidated Statement of Profit or Loss

(IDR Bn)	2015A	2016A	2017A	2018A
Revenues	4,469.8	5,053.1	5,337.9	5,867.9
Cost of revenues	(181.7)	(209.5)	(277.4)	(427.5)
Depreciation and amortization	(1,026.5)	(1,185.0)	(894.9)	(1,114.4)
Gross income	3,261.6	3,658.7	4,165.6	4,325.9
Operating expenses	(512.4)	(435.7)	(456.9)	(508.5)
Operating income	2,749.2	3,223.0	3,708.7	3,817.4
Other income				
Interest income	12.4	56.1	68.1	33.9
Finance charges	(562.5)	(668.9)	(687.3)	(872.3)
Foreign exchange gains/(losses), net	(427.9)	186.5	(2.4)	(37.3)
(Impairment expense)/ reversal of allowance for impairment	–	(158.4)	(139.7)	153.9
Corporate income tax adjustment	–	–	–	–
Others, net	(73.7)	232.1	(144.5)	(143.9)
Other income / (expense), net	(1,051.7)	(352.6)	(905.8)	(865.7)
Income/(loss) before corp. income tax expense	1,697.5	2,870.4	2,802.9	2,951.7
Corporate income tax expense				
Tax expense	(407.3)	(735.8)	(591.3)	(695.8)
Deferred tax expense	(22.3)	3.0	(111.5)	(55.8)
Total corporate income tax expense	(429.6)	(732.8)	(702.8)	(751.6)
Net income from continuing operating	1,267.9	1,764.8	2,100.1	2,200.1
Net income / (loss) for the year	1,267.9	2,137.6	2,100.1	2,200.1
EBITDA	3,775.7	4,408.0	4,603.4	4,931.8
Revenue growth	8.9%	13.0%	5.6%	9.9%
Gross margin	73.0%	72.4%	78.0%	73.7%
EBITDA margin	84.5%	87.2%	86.2%	84.0%
Net income margin	28.4%	42.3%	39.3%	37.5%

SMN Consolidated Statement of Financial Position

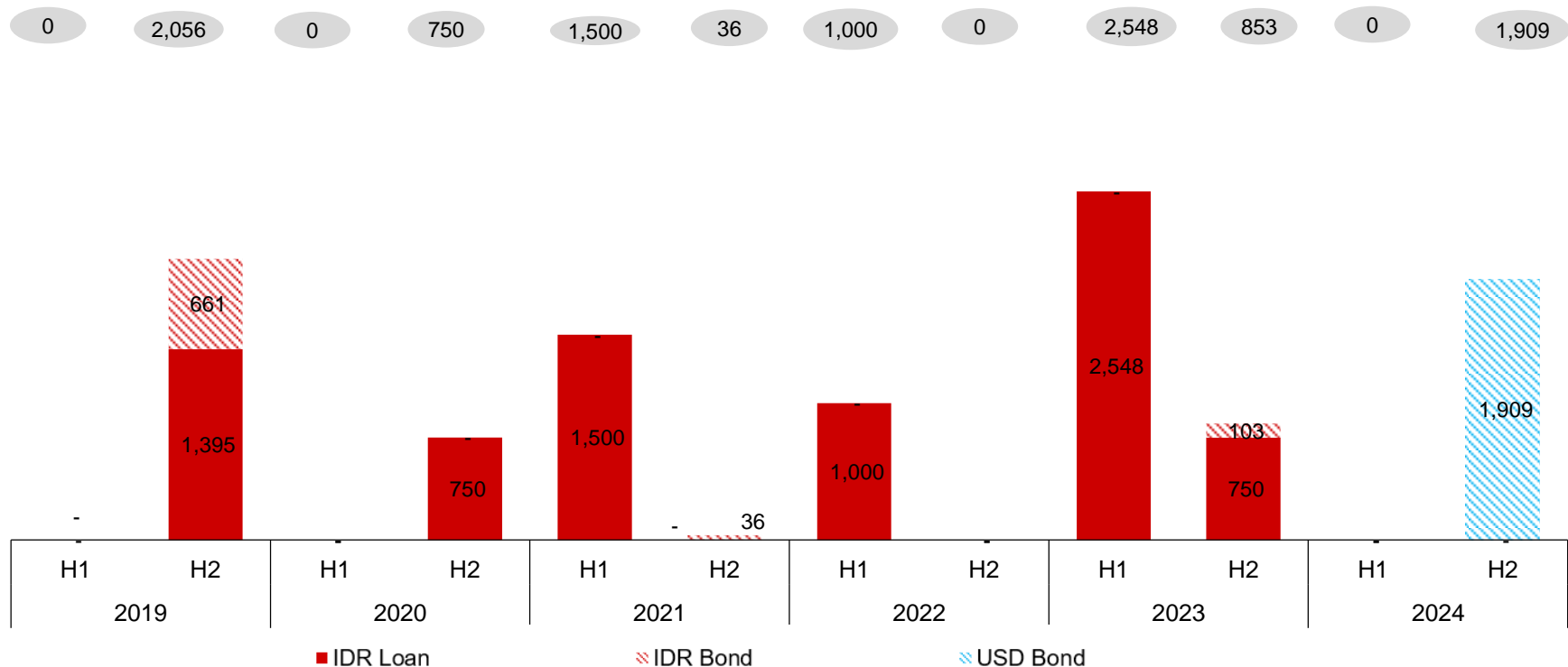
As at 31 December 2018

(IDR Bn)	2015A	2016A	2017A	2018A
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	2,986.8	2,905.3	2,348.3	963.4
Trade receivables	470.5	351.7	624.0	821.0
Other receivables	0.8	1.3	22.4	196.5
Inventories	11.1	-	-	-
Prepaid expenses and advances	39.7	37.3	48.7	148.6
Refundable taxes	24.5	298.9	6.3	145.8
Other current assets	-	-	-	-
Total current assets	3,533.4	3,594.6	3,049.7	2,275.4
Total non-current assets	12,856.6	15,192.3	15,713.8	20,684.2
TOTAL ASSETS	16,390.0	18,786.8	18,763.5	22,959.6
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	697.1
Other payables - third parties	20.2	21.3	4.1	6.8
Dividend Payable	-	-	-	-
Accrued expenses	356.3	242.5	262.6	385.9
Unearned revenue	820.9	953.4	927.2	1,011.0
Short-term employee benefit liabilities	55.9	45.5	52.8	64.8
Current portion of long-term loans	446.1	516.7	633.8	1,732.8
Current portion of long-term Bonds	-	998.7	-	657.9
Management option plan liability	-	-	-	141.7
Advance from customers	-	-	-	0.5
Taxes payable	61.6	335.6	73.5	53.3
Total current liabilities	1,977.6	3,303.0	2,230.4	4,751.8
<i>Non-current liabilities</i>				
Deferred tax liabilities	506.4	488.2	613.7	667.9
Long-term employee benefit liabilities	64.6	91.5	20.5	24.7
Long-term loans, net of current portion	6,741.3	5,971.3	5,775.3	7,069.7
Bonds payable	2,715.1	2,432.2	2,589.6	2,023.4
Cross currency swap payables	228.0	223.7	15.6	31.8
Unearned revenue ⁽²⁾	113.0	60.8	80.6	46.9
Management option plan liabilities	-	30.0	87.4	-
Leasing payable	-	-	-	0.8
Long-term provision	208.6	226.4	248.5	309.3
Total non-current liabilities	10,577.0	9,524.1	9,431.2	10,174.5
Total liabilities	12,554.6	12,827.1	11,661.7	14,926.3
<i>Equity</i>				
Common shares	530.7	530.7	530.7	530.7
Treasury Stock	-	-	-	(126.6)
Other comprehensive income	(11.6)	(23.2)	24.6	81.4
Retained earnings / (accumulated deficit)	3,318.0	5,452.3	6,546.4	7,547.8
Non-controlling interests	(1.6)	0.1	0.1	-
Total equity	3,835.5	5,959.9	7,101.8	8,033.3

| Appendix

Long Term Debt Profile

Debt Maturity (stated in IDR Bn)



- Average interest rate increased 42 bps from 7.77% in 3Q 2018 to 8.2% in 4Q 2018
- Fixed rate borrowing: 31.9% and Floating rate borrowing: 68.1%
- Balance short term loan consist of JP Morgan IDR 301bn, SMBC IDR 250bn. Total debt is IDR 11,614bn
- Repayment of BNI amounting to IDR 411bn in February 2019
- USD 138mn bonds and newly acquired loan in 2019 from MUFG and SMBC in JPY equivalent to IDR 1,225bn are covered by USD revenue flow from tower leases



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