Indonesia’s Premier Telecommunication Infrastructure Company

FY 2018 (Unaudited) Result Presentation

PT Sarana Menara Nusantara Tbk
IDX ticker: TOWR.JK
www.ptsmn.co.id
**Indonesian Telecom Infrastructure Industry – Key Growth Drivers**

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

<table>
<thead>
<tr>
<th>1. Telecom industry coverage growth</th>
<th>2. Fiber Optic to Improve Capacity</th>
<th>3. Telecom Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Major operators are continuing to expand coverage ex-Java and increase capacity in Java</td>
<td>• Approximately 9,400 km of installed fiber optic network at year end 2018</td>
<td>• New growth areas driven by increasing urbanization and consumer data services usage behavior</td>
</tr>
<tr>
<td>• 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</td>
<td>• Over 4,400 km of fiber cable for tower fiberization</td>
<td></td>
</tr>
<tr>
<td>• Industry expects operators will need to lease 8,000 to 10,000 new sites in 2019</td>
<td>• Construction in progress of 13,600 km additional new fiber optic cable</td>
<td>• Improves network capacity in dense data traffic areas</td>
</tr>
<tr>
<td>• Over 3,900 total new lease orders in 2018 with 2,371 new leases installed and commencing revenue in 2018</td>
<td></td>
<td>• Back to back Satellite Transponder Leases to Support Government Telecommunication Infrastructure Projects</td>
</tr>
</tbody>
</table>

**Network coverage in Indonesia**

Comparison of network coverage across Indonesia

- Telkomsel
- XL
- Indosat
- Hutch

**Value proposition**

- 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

- Surging data demand is generating the need to add new equipment to existing tenancy leases.

- Improves network capacity in dense data traffic areas

- Dedicated fiber broadband connections

- Over 3,200 VSAT corporate and government leases

Source:
- Analysys Mason, public filings, Company
- Open Signal

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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**

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

* All numbers unaudited
# Indonesia’s Tower Company Comparison

<table>
<thead>
<tr>
<th></th>
<th>YTD 18</th>
<th>3Q18 (2)</th>
<th>3Q18 (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD Revenue (IDR bn)</td>
<td>5,867.9</td>
<td>4,357.1</td>
<td>1,880.6</td>
</tr>
<tr>
<td>YTD EBITDA (IDR bn)</td>
<td>4,931.8</td>
<td>3,752.1</td>
<td>1,617.9</td>
</tr>
<tr>
<td>EBITDA Margin</td>
<td>84.1%</td>
<td>86.1%</td>
<td>86.0%</td>
</tr>
<tr>
<td>Interest Cost (IDR bn)</td>
<td>872.8</td>
<td>2,071.8</td>
<td>537.7</td>
</tr>
<tr>
<td>Recurring FCF (IDR bn) (1)</td>
<td>4,059.0</td>
<td>1,680.3</td>
<td>1,080.2</td>
</tr>
<tr>
<td>Recurring FCF Margin (1)</td>
<td>69.2%</td>
<td>38.6%</td>
<td>57.4%</td>
</tr>
<tr>
<td>Net Debt / EBITDA</td>
<td>2.1x</td>
<td>5.3x</td>
<td>4.3x</td>
</tr>
</tbody>
</table>

**Key Credit Metrics**

<table>
<thead>
<tr>
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<th>YTD 18</th>
<th>3Q18 (2)</th>
<th>3Q18 (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Coverage Ratio</td>
<td>5.7x</td>
<td>1.8x</td>
<td>1.8x</td>
</tr>
<tr>
<td>Average Interest Rate</td>
<td>8.2%</td>
<td>10.3%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Corporate credit rating: S&amp;P/ Fitch/ Moody’s</td>
<td>BBB-/ BBB-/ Baa3</td>
<td>BB-/ BB-/ -</td>
<td>BB-/ BB-/ -</td>
</tr>
</tbody>
</table>

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 online
  - 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

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