

Indonesia's Premier Telecommunication Infrastructure Company

4Q 2017 and FY 2017 Results Presentation

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



Agenda

Strategy & Achievements

Market Overview

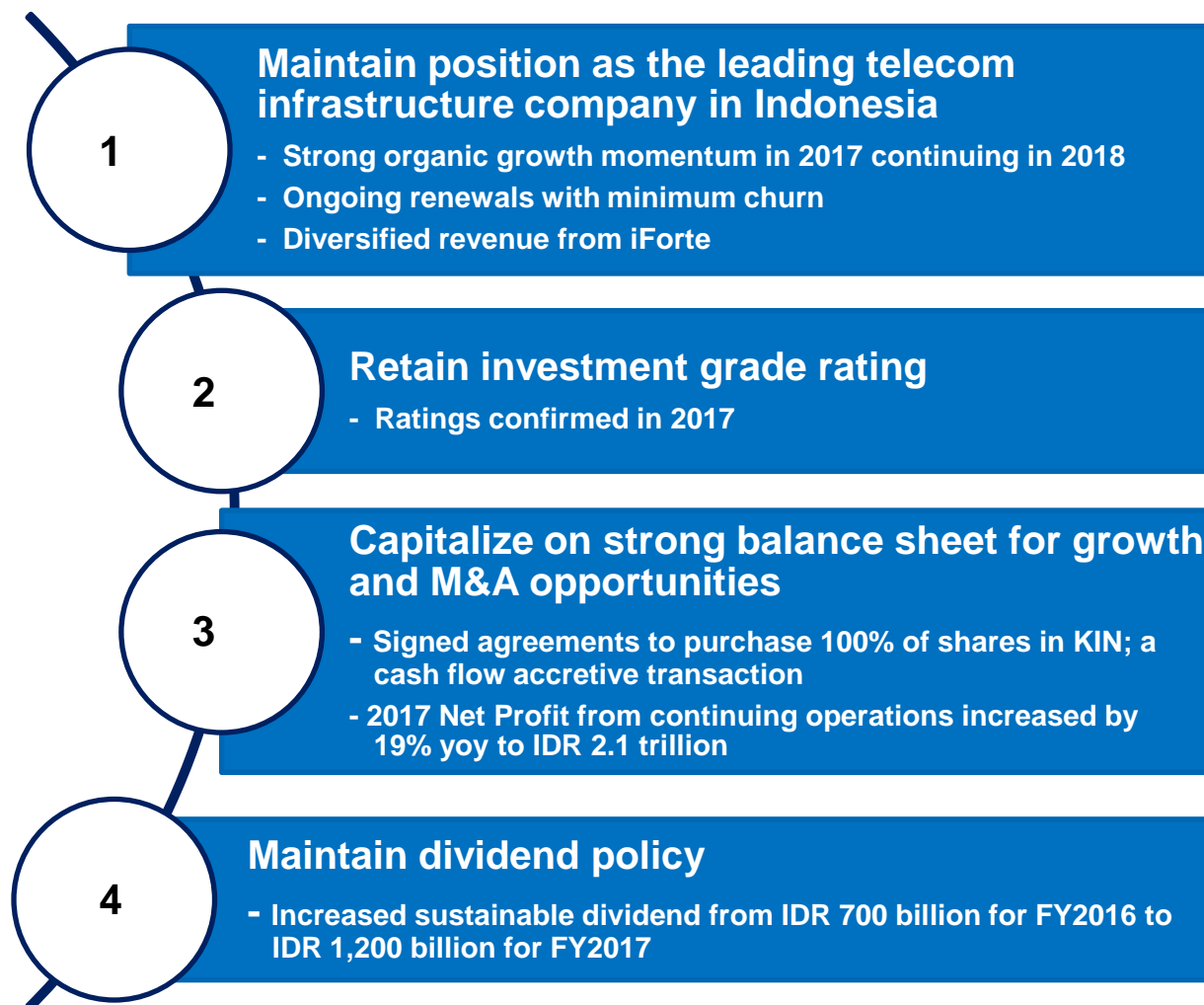
Summary Financial Results



| Strategy & Achievements

Executing “Build, Buy, Return” Strategy

Strategy and Achievements



Protelindo* remains committed to maintaining its investment-grade rating, and plans to operate below net debt/last quarter annualised (LQA) EBITDA of 3.0x (2016: 1.6x). We see scope for M&A opportunities as the company seeks to bolster growth. Protelindo's scale and financial strength should comfortably support a combination of organic and inorganic growth, and progressive dividends, without a material impairment to its credit profile.

Fitch, May 2017

The stable outlook on PT Profesional Telekomunikasi Indonesia (Protelindo)* reflects our expectation that the company will continue to generate steady cash flows 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 2017

Protelindo's* Baa3 issuer rating reflects its resilient and contractually based business model with stable free cash flow generation and relatively low leverage and is also supported by its position as Indonesia's largest independent tower company.

Moody's, March 2017

Note:

* PT Profesional Telekomunikasi Indonesia (Protelindo) is a subsidiary of PT Sarana Menara Nusantara Tbk



Market Overview

Indonesia Macro Economy – Key Indicators

An attractive investment environment

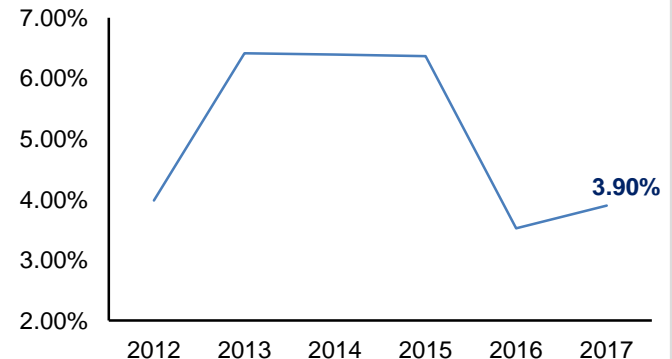
- **Market performance**
The JCI Index gained ~20% in 2017 and is one of the top performers in Southeast Asia
- **Inflation and interest rates**
Inflationary pressure remains limited and an expected improvement in growth will allow Bank Indonesia to favor a low interest rate policy in 2018
- **Purchasing power**
Purchasing power is expected to improve supported by a growing economy and demographics

The Jakarta Composite Index



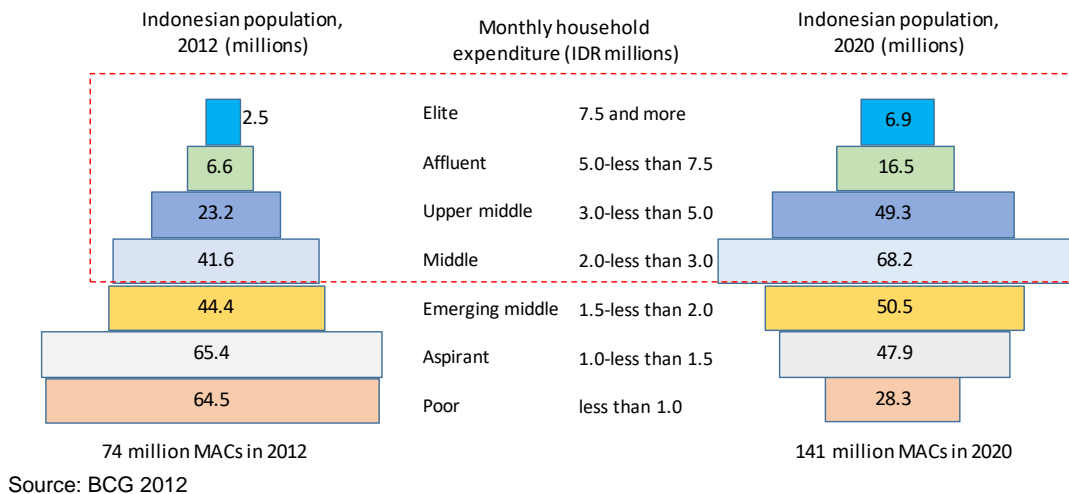
Source: Market data as at Dec 29, 2017

Indonesian CPI Inflation Index



Source: Economist Intelligence Unit

Purchasing Power



Indonesia Telecom Industry – Outlook

Strong demand for data services expected over the next five years

Top 5 Indonesian Wireless Operators by connections

Operator	Connections ¹ , excluding cellular M2M ² , million
Telkomsel	196
Indosat	97
3 (Hutch)	72
XL Axiata	53
Smartfren	11

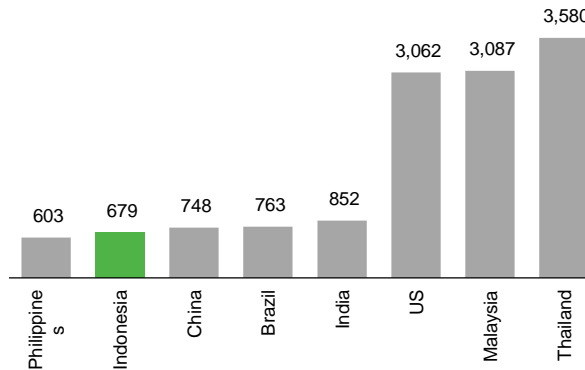
Source: press releases; industry data

Notes:

1. Telkomsel and XL have used 4Q17 figures while the rest used 3Q17 figures
2. M2M stands for "Machine-to-Machine", e.g. smart meters with embedded SIMs

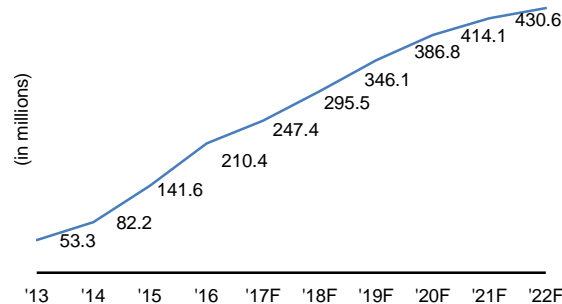
Indonesia's average mobile data usage remains relatively low

Data usage (MB) per connection per month 2015 – 2016



.. and improving mobile broadband availability and affordability..

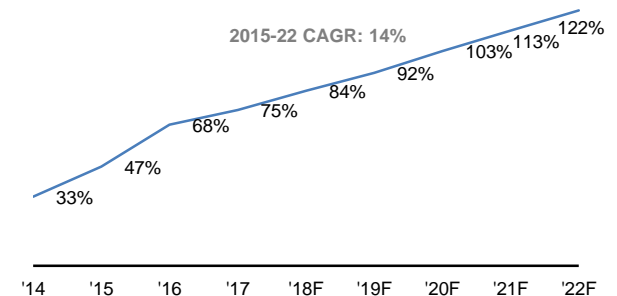
Mobile broadband connections



Source: WCIS

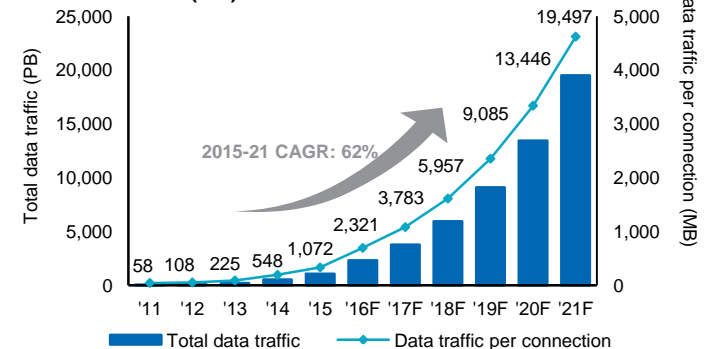
Increasing smartphone penetration..

Smartphone penetration



... is leading to a data consumption surge in Indonesia

Total data traffic (PB) and monthly data usage per connection (MB)



Indonesian Tower Industry – Key Growth Drivers

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

1. Telecom industry coverage growth

- Major operators are continuing to expand coverage ex-Java and increase capacity in Java
- Telkomsel has c.32,000 coverage sites on 900MHz – in order to achieve similar coverage, Indosat and XL will need additional 7,000-10,000 coverage sites each
- Over 2,000 new leases orders received during 2017:
 - Nearly 1,600 leases commenced during 2017

Network coverage in Indonesia

Comparison of network coverage across Indonesia

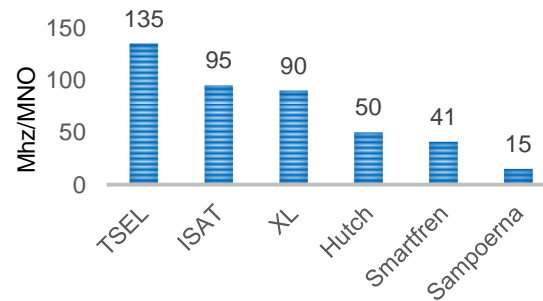


2. Telecom industry capacity growth

- Surging data demand is generating the need to add new equipment to existing tenancy leases.
- Nearly 3,700 additional equipment leases signed in 2017. This continues the strong growth in additional equipment leases that began in the 2nd half of 2016

Spectrum Ownership

- New spectrum auction in late 2017. Telkomsel won the 2,300Mhz spectrum with Indosat and Hutch winning the 2,100Mhz spectrum.



Source: Analysys Mason, Company

3. iForte

- New growth areas driven by increasing urbanization

(i) Micro-cell leasing

(ii) Broadband / VPN

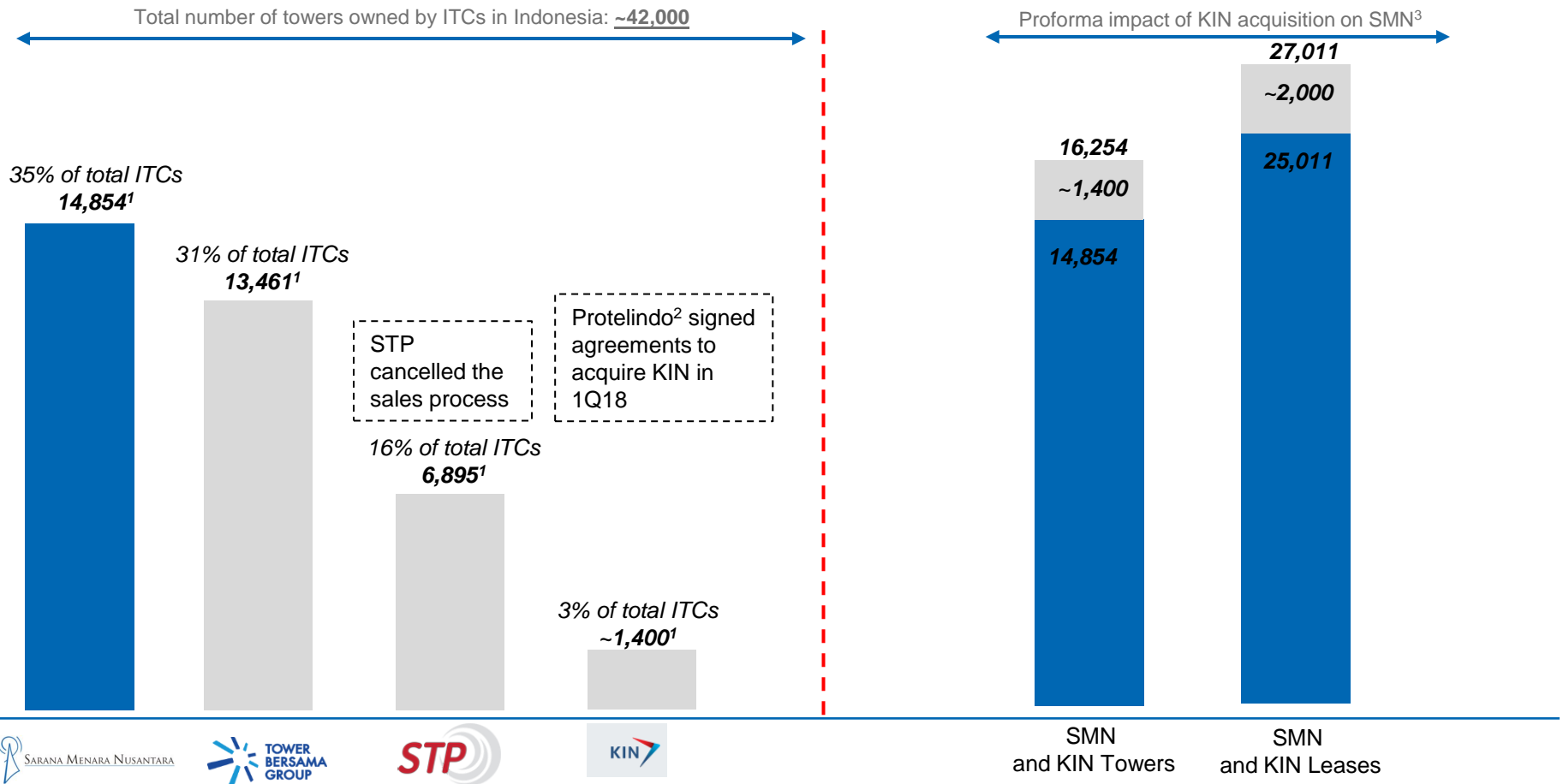


Value proposition

- Improves network capacity in dense data traffic areas
- Offers greater scalability through faster deployment and lower capex per cell
- Dedicated fiber broadband connections for companies
- Fiber optic network reached 4,499 km
- Over 2,500 VSAT leases
- Signed contract with XL Axiata to install and lease 1,200 km of fiber to towers of which 724 km has been installed

Indonesian Tower Industry – Key Growth Drivers

4. Highly fragmented market with consolidation potential



Excludes Telkom & Telkomsel which have not divested tower assets and Inti Bangun Sejahtera ("IBS"), a captive tower company

Notes:

- 1 Count as at 4Q 2017
- 2 Protelindo is a subsidiary of PT Sarana Menara Nusantara Tbk (SMN)
- 3 Excluding new tenancies from pipeline and potential churn during 2018

Source: Analysys Mason, Company

Work orders in progress through March 2018

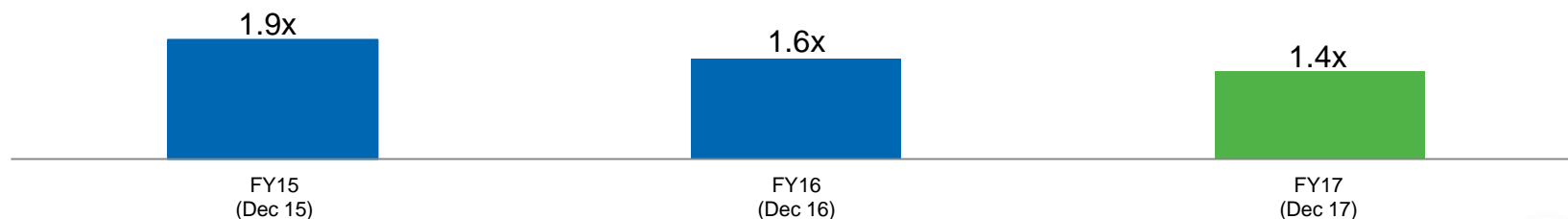
- Tenant Lease work orders for organic BTS & colo in progress through end of March 2018

Period	Organic tenancies
Full year 2017	Commenced 1,591 tenancies
YTD March 2018	Pipeline of over 2,000 tenancies

- 2017 was SMN's best year for new orders since 2014 and momentum is continuing in 2018
- Non-tower business (internet connections and VSAT) grew to IDR 339.7 billion or by 102% from 2016

Indonesia's tower company comparison

Net debt / LQA EBITDA



4Q17

4Q17

4Q17

LQA Revenue (IDR bn)	5,440.2	4,191.7	1,864.6
LQA EBITDA (IDR bn)	4,741.8	3,631.9	1,608.3
EBITDA Margin	87.2%	86.6%	86.3%
Interest Cost Annualized (IDR bn)	540.6	1,880.0	875.4
Recurring FCF (IDR bn)	4,201.2	1,751.9	732.9
LQA Recurring FCF Margin ⁽¹⁾	77.2%	41.8%	39.3%
Income Before Tax (IDR bn) ⁽³⁾	2,803.0	907.6	211.1

Key Credit Metrics

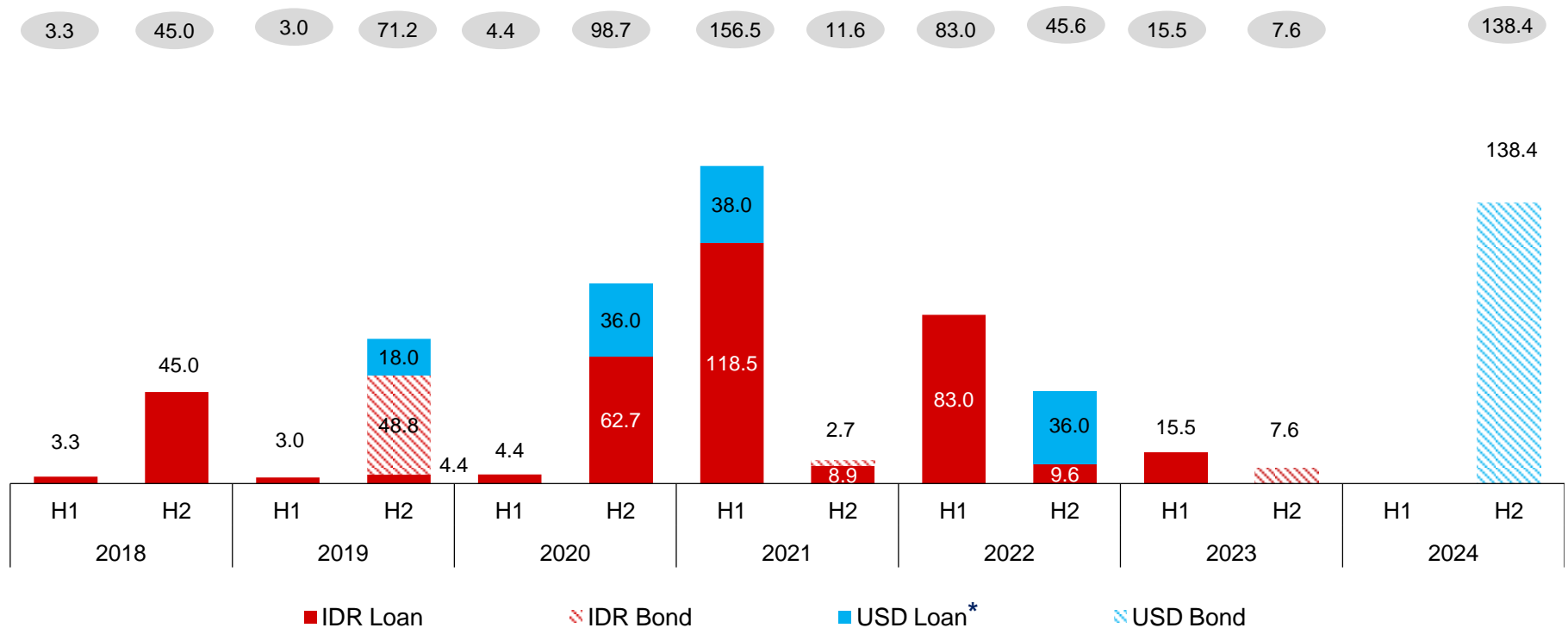
Net Debt / LQA EBITDA	1.4x	4.9x	4.4x
Interest Coverage Ratio	8.8x	1.9x	1.8x
Average Interest Rate ⁽²⁾	5.9%	10.2%	11.9%
Corporate credit rating: S&P/ Fitch/ Moody's	BBB-/ BBB-/ Baa3	BB-/ BB-/ Ba3	BB-/ BB-/ -

Notes:

1. LQA recurring FCF margin = LQA (EBITDA – interest expenses) / LQA revenue
2. Based on LQA interest expenses / total debt
3. Full Year Number. For depreciation of fixed assets, SMN uses 10% residual value, which may be different than other tower companies that use estimated between 50% to 70% residual value

Debt profile

Debt maturity (stated in USD Mio)

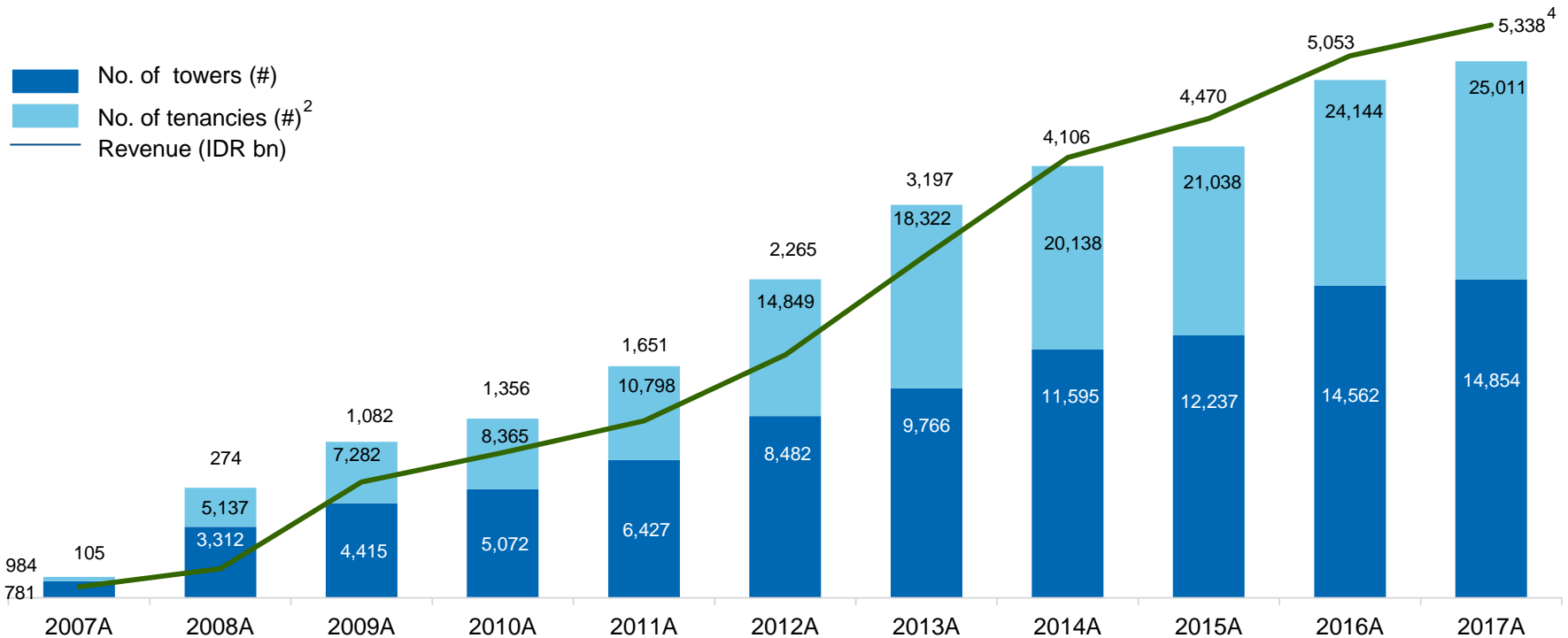


- Average interest rate increased 10 bps from 5.78% in 3Q 2017 to 5.88% in 4Q 2017 mainly due to a increase in LIBOR
- USD denominated debt is covered by USD revenue flow from tower leases
- Recently fixed IDR 1,000 billion in floating rate debt to fixed rate debt

* Protelindo repaid USD 80 million debt in February

And history of strong growth

SMN has demonstrated a strong track record of both organic and acquisition-led growth



Indonesia's largest independent tower portfolio comprising 6,418 Build-to-suit ("B2S") towers and 8,436 acquired towers³

Notes:

- 1 From all 3 international ratings agencies: Baa3 / BBB- / BBB- as per Moody's / S&P / Fitch
- 2 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)
- 3 As at 31 December 2017
- 4 Based on Last Quarter Annualized (LQA) Figure

SMN snapshot



Strong revenue growth of 16.1%⁽²⁾ and EBITDA growth of 21.4%⁽²⁾



Indonesia's largest independent telecommunication infrastructure provider with: #14,854 towers⁽¹⁾, #25,011 tenants⁽¹⁾, 2,500 VSAT⁽¹⁾ and over 4,000 km of fiber optic cable⁽¹⁾



Diversified revenue mix servicing the largest MNOs in Indonesia with 54% of towers in Java



Solid balance sheet with the lowest financing costs in the industry



Global Investment Grade ratings from all 3 international rating agencies

Source: Company information, Analysys Mason

Notes:

1 As at 31 December 2017

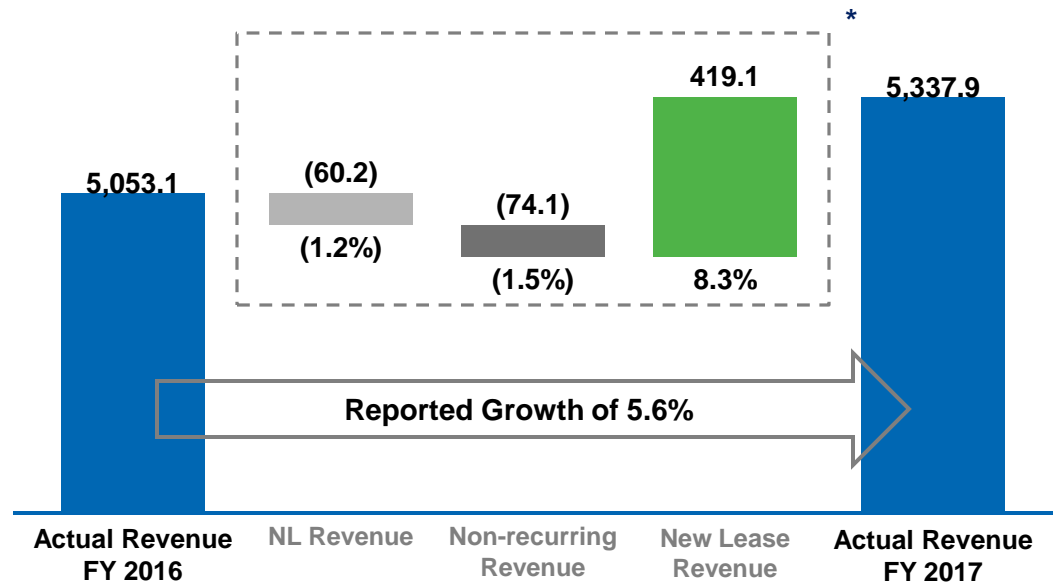
2 4Q 2012-4Q17 CAGR



| Summary Financial Results

Full Year Financial Results

Revenue (in IDR Bio)



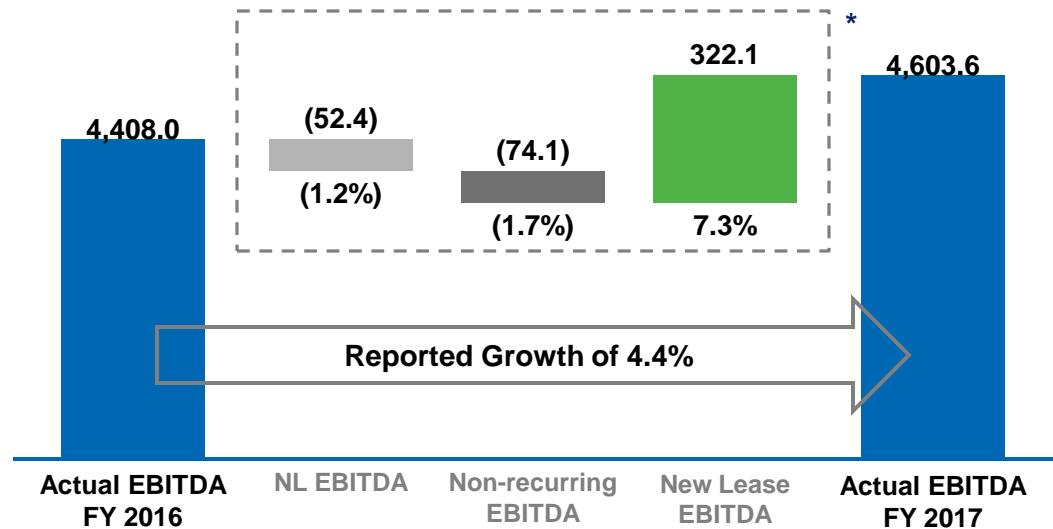
- New Lease revenue grew more than 8%, based on new tenancies and additional equipment leases net of churn during the period

Notes:

* Management account / calculation
New lease revenue are presented net of churn/non-renewals

Full Year Financial Results

EBITDA (in IDR Bio)



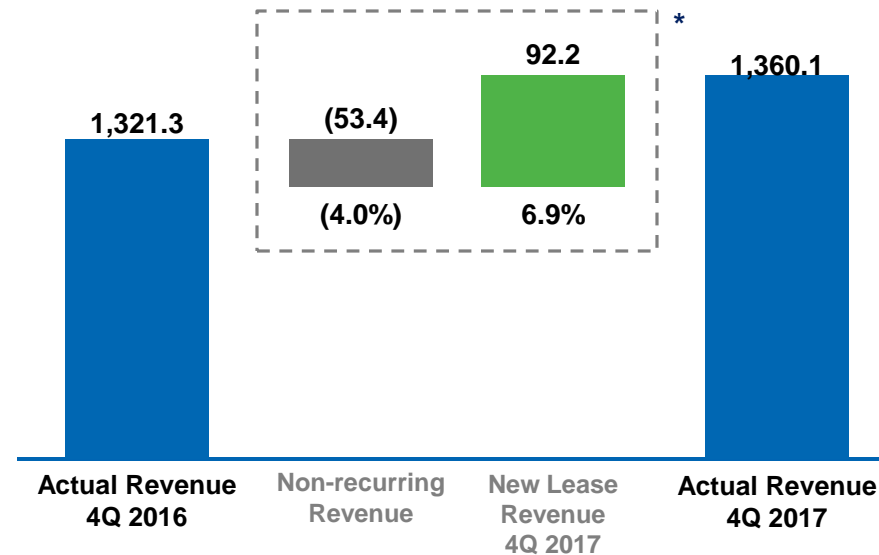
- New Lease EBITDA (net of churn) grew over 7%, with full growth impact for new orders of 2017 to be realized in 2018

Notes:

* Management account / calculation
New lease EBITDA are presented net of churn/non-renewals

4Q17 Financial Results

Revenue (in IDR Bio)



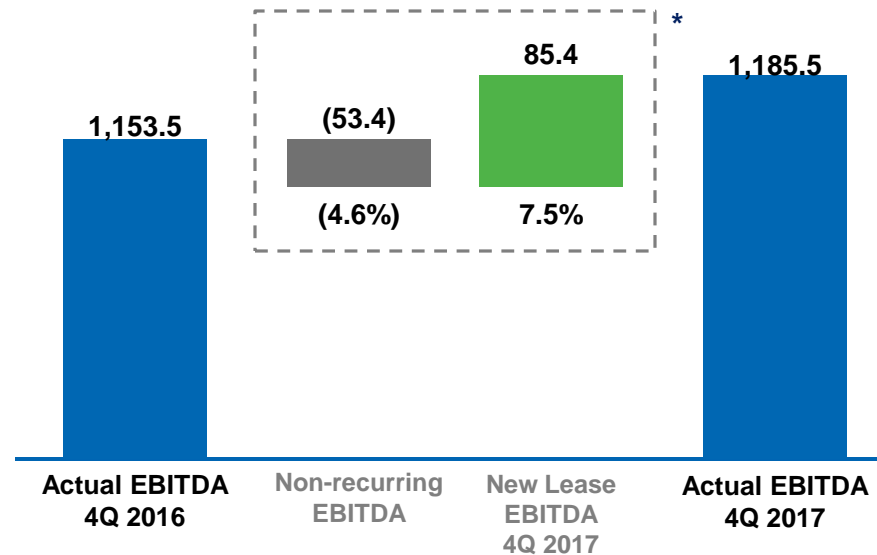
- Strong growth in new tenancies and additional equipment leases supported revenue growth offset by some non-renewals

Notes:

* Management account / calculation
New lease revenue are presented net of churn/non-renewals

4Q17 Financial Results

EBITDA (in IDR Bio)

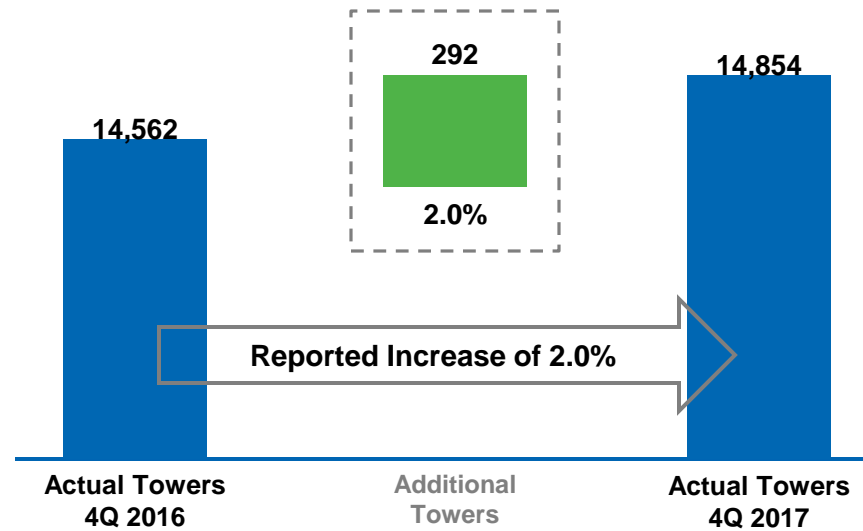


- Maintained solid EBITDA cash flow generating capacity with commencement of new lease revenue

Notes:

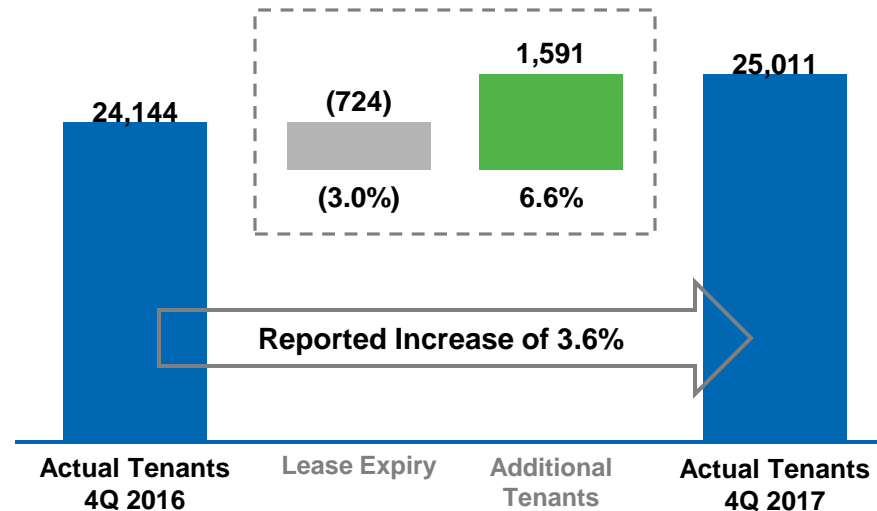
* Management account / calculation
New lease EBITDA are presented net of churn/non-renewals

Tower Growth



- New BTS orders expected to continue to develop through 2018

Tenancy Growth



- New tenancies partially offset by non-renewal on some leases
- Does not include 3,643 new revenue generating additional equipment leases
- BTS and colo tenancies pipeline as of March 2018 YTD of over 2,000 leases

Balance Sheet and Income Statement Snapshot

In IDR Billions (unless otherwise stated)	1Q 17	2Q 17	3Q 17	4Q 17
Income Statement				
Revenue	1,313.3	1,329.9	1,334.6	1,360.1
Revenue Growth (QoQ)	- 0.6%	1.3%	0.4%	1.9%
EBITDA	1,133.6	1,135.9	1,148.7	1,185.3
EBITDA Margin	86.3%	85.4%	86.1%	87.1%
Balance Sheet				
Total Debt	9,245.5	10,143.0	9,823.2	9,143.2
Cash & Cash Equivalents	2,421.9	4,743.3	3,285.1	2,348.3
Net Debt	6,823.6	5,399.7	6,538.1	6,794.9
Net Debt / LQA EBITDA	1.5x	1.2x	1.4x	1.4x
Market Value	39,587	38,669	45,607	40,812
Total Number of Towers Owned	14,587	14,614	14,739	14,854

Notes:

- Fx rate Q1 2017; Q2 2017, Q3 2017 and Q4 2017: 1USD = IDR 13,321; 13,319; 13,492; and 13,548
- Market value on 26 March 2018: IDR 36,220 Bio

Change in Accounting on SMN

Balance Sheet Comparison *

In IDR Billions	Dec - 2016		Dec - 2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Equity				
Retained Earnings	10,201	5,998	11,712	6,546

Profit or Loss Comparison *

In IDR Billions	Dec - 2016		Dec - 2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Depreciation and amortization	(459)	(1,191)	(487)	(895)
FV Inv Property	495	-	103	-
Deferred Tax (Expense)/ Benefit	(303)	2	(249)	(112)
Net Profit	3,043	2,115	2,518	2,100
NL Sales	373	373	-	-
Net Profit excl. NL Sales	2,670	1,742	2,518	2,100

- PSAK 13: Investment Properties, PSAK 16: Fixed Assets
- This is an accounting change only and does not impact EBITDA or cash flow
- New accounting policy implemented as per OJK by Dec 2017
- Towers depreciated over a 30 years life span with 10% residual value which may be different than other tower companies that use estimated between 50% to 70% residual value

Notes:
* Management account / calculation

SMN Consolidated Statement of Profit or Loss

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

SMN Consolidated Statement of Financial Position

As at 31 December 2017

(IDR Bn)	2015A	2016A	2017A
ASSETS			
<i>Current assets</i>			
Cash and cash equivalents	2,986.8	2,905.3	2,348.3
Trade receivables	470.5	351.7	624.0
Other receivables	0.8	1.3	22.4
Inventories	11.1	-	-
Prepaid expenses and advances	39.7	37.3	48.7
Refundable taxes	24.5	298.9	6.3
Other current assets	-	-	-
Total current assets	3,533.4	3,594.6	3,049.7
Total non-current assets	12,856.6	15,192.3	15,713.8
TOTAL ASSETS	16,390.0	18,786.8	18,763.5
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
Other payables - third parties	20.2	21.3	4.1
Dividend Payable	-	-	-
Accrued expenses	356.3	242.5	262.6
Unearned revenue	820.9	953.4	927.2
Short-term employee benefit liabilities	55.9	45.5	52.8
Current portion of long-term loans	446.1	516.7	633.8
Current portion of long-term Bonds	-	998.7	-
Taxes payable	61.6	335.6	73.5
Total current liabilities	1,977.6	3,303.0	2,230.4
<i>Non-current liabilities</i>			
Deferred tax liabilities	506.4	488.2	613.7
Long-term employee benefit liabilities	64.6	91.5	20.5
Long-term loans, net of current portion	6,741.3	5,971.3	5,775.3
Bonds payable	2,715.1	2,432.2	2,589.6
Cross currency swap payables	228.0	223.7	15.6
Unearned revenue ⁽²⁾	113.0	60.8	80.6
Management option plan liabilities	-	30.0	87.4
Long-term provision	208.6	226.4	248.5
Total non-current liabilities	10,577.0	9,524.1	9,431.2
Total liabilities	12,554.6	12,827.1	11,661.7
<i>Equity</i>			
Common shares	530.7	530.7	530.7
Other comprehensive income	(11.6)	(23.2)	24.6
Retained earnings / (accumulated deficit)	3,318.0	5,452.3	6,546.4
Non-controlling interests	(1.6)	0.1	0.1
Total equity	3,835.5	5,959.9	7,101.8



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