



SARANA MENARA NUSANTARA

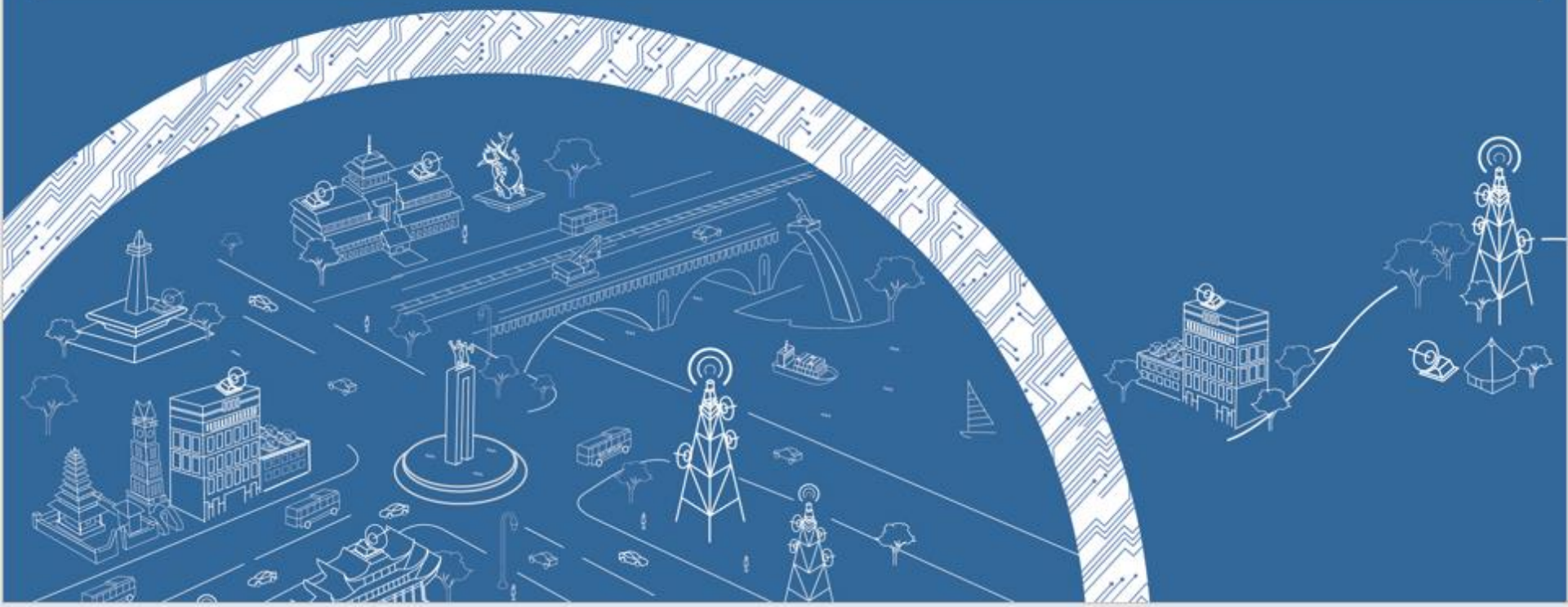
Indonesia's Premier Telecommunication Infrastructure Company

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 **21,381** towers providing critical foundation for coverage & capacity

22% tower market share

Expanding fiber optics network^(a)
~42,000 kms of revenue generating fiber by end of 2020

S&P BBB (stable outlook **reaffirmed** during COVID-19), Fitch **upgrade** to BBB/AAA (stable outlook), Moody's Baa3 (**stable** outlook)



Solid business model with **predictable** cash flow from towers and fiberization

Sustained strong performance
5-yr Revenue CAGR **10.7%** ^(b)
5-yr EBITDA CAGR **11.1%** ^(b)

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

Investment grade company
TOWR shares included
in **IDX30, IDX ESG leaders,**
FTSE Asia Pacific and **MSCI**
Global Standard Index ^(d)

^(a) Fiber optics network comprises of tower fiberization, backbone and metro-e

^(b) CAGR = Compounded Annual Growth Rate; CAGR 2015 – 2020

^(c) LQA = Last Quarter Annualized

^(d) IDX30 (July 2020). IDX ESG Leaders (December 2020). FTSE (October 2020). MSCI (November 2020)



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 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

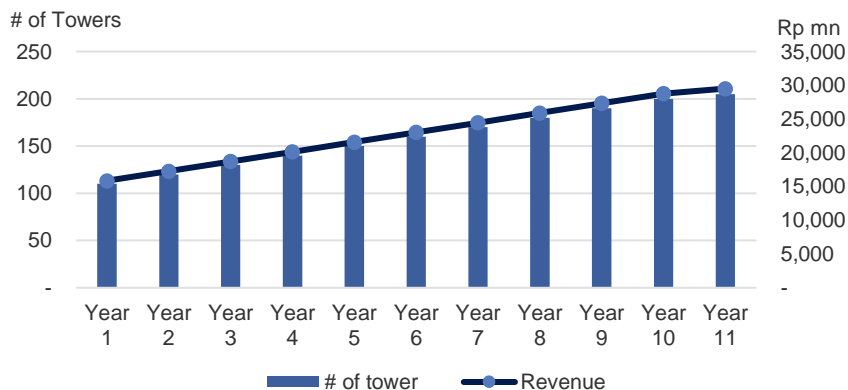
New Built-to-Suit Tower

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

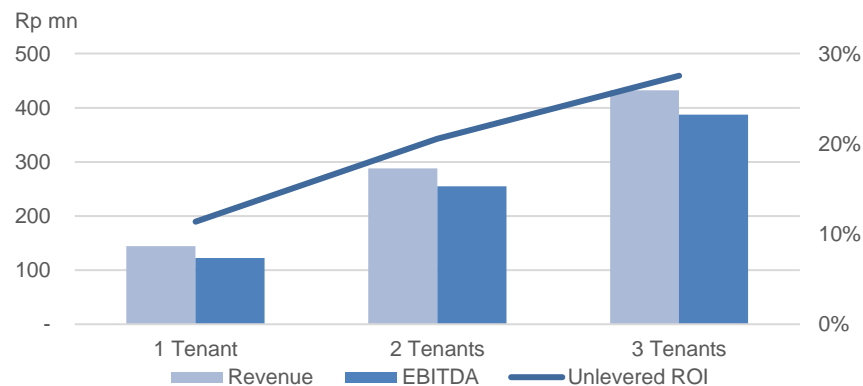
Colocation boosts unlevered ROI and accelerates payback period

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 internet speed



4G penetration rate	66%
4G-LTE internet speed	9.9 mbps*
Credit Rating	BBB/Baa2
2020 GDP/capita	\$3,912

(source: Company fillings, BMI, TowerXchange, S&P Market Intelligence, broker reports and SNL)

*compared to median of 20.6 mbps in other advanced Asian countries

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:

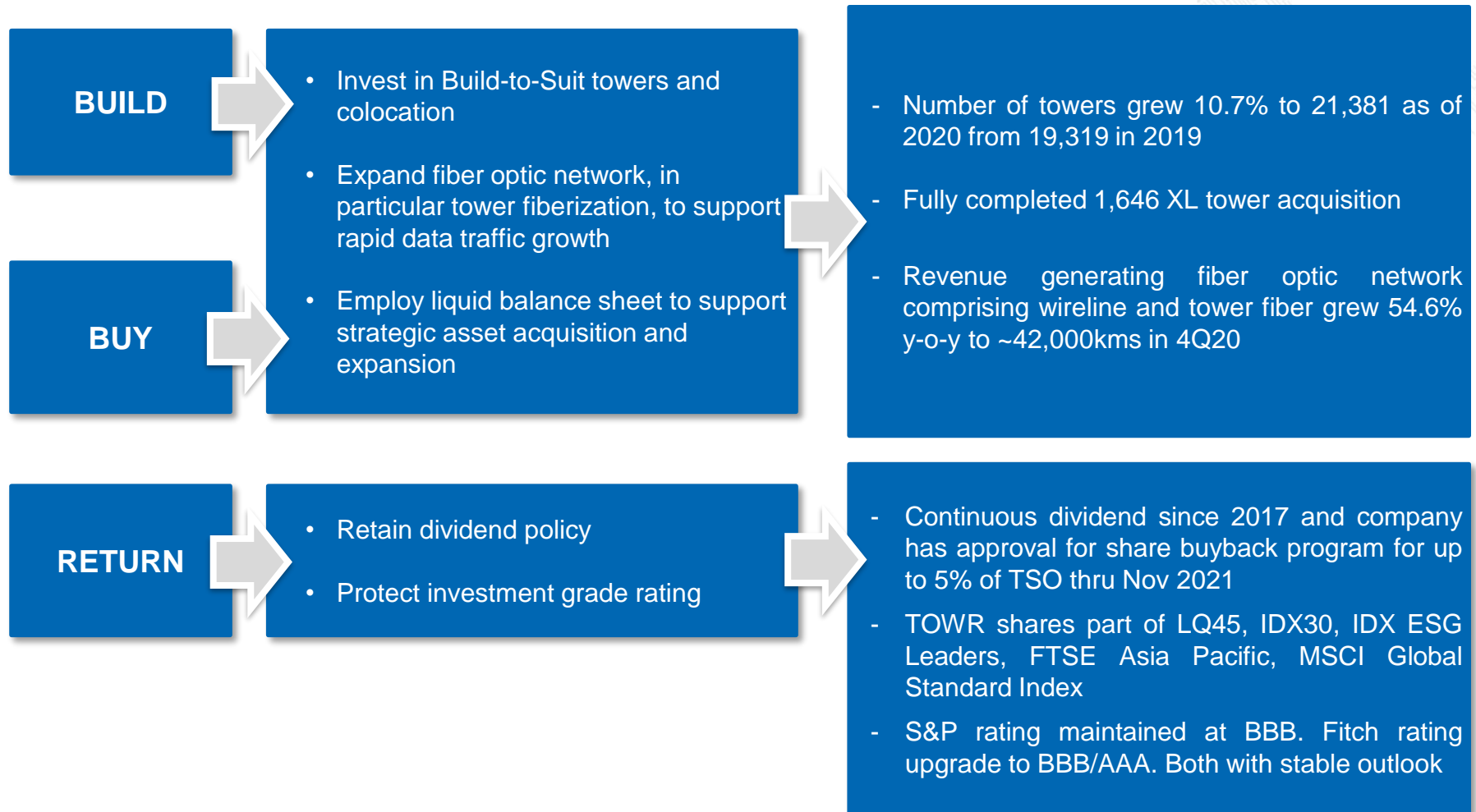
1. In local currency, and stated in approximate USD for comparison purposes.
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy
3. Does not include pre-paid ground lease. Indonesian tower companies typically pay in advance for ground leases of 5-10 years.



SMN 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 21,381 towers with 39,127 tenants nationwide. Tendency to telco densification.
- Tenancy ratio of 1.83x. Older towers average tenancy ratio up to 2.50x.
- Organic growth of 500 to 1,000 new towers annually

TOWER FIBERIZATION

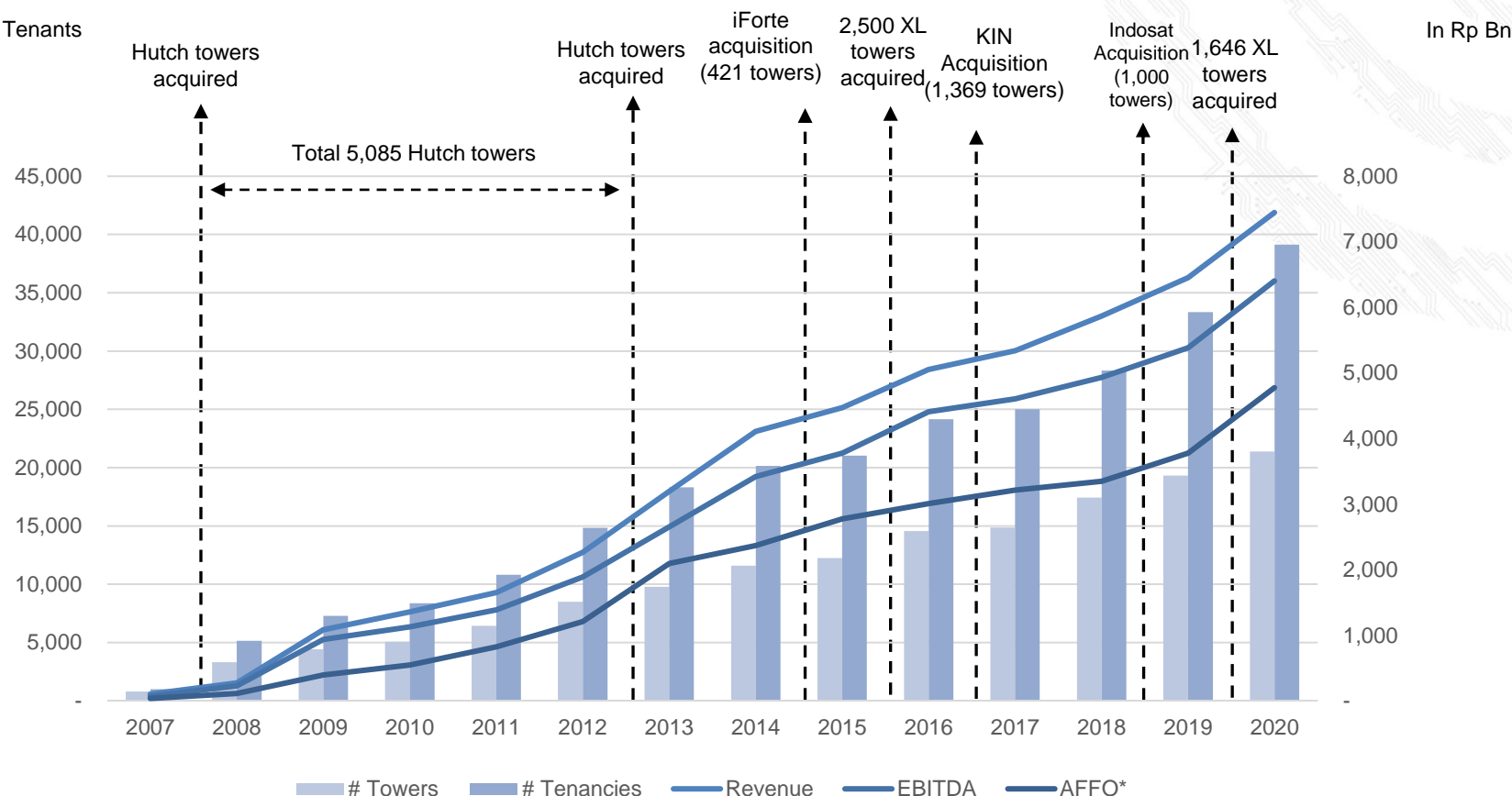
- Tower fiberization increases the value and utility of our network to Telcos.
- ~36,000kms revenue generating fiber by end of 2020, efficiency ratio 1.25x
- Network focus Java, Bali and Sumatra to support surging data demand
- Growth driven by B2B with non-cancellable long-term contracts and opportunity for colocation revenue upside

CONNECTIVITY

- Explore opportunities to provide connections via VSAT and fiber optics under B2B and B2G contracts
- Over 3,700 VSAT activations
- Over 6,000kms of underground fiber installed in inner-city of Jakarta & Surabaya (metro-e) and Java-Bali fiber optic backbone, catering for more than 1,100 customers with ~3,500 activations

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

#Towers or Tenants

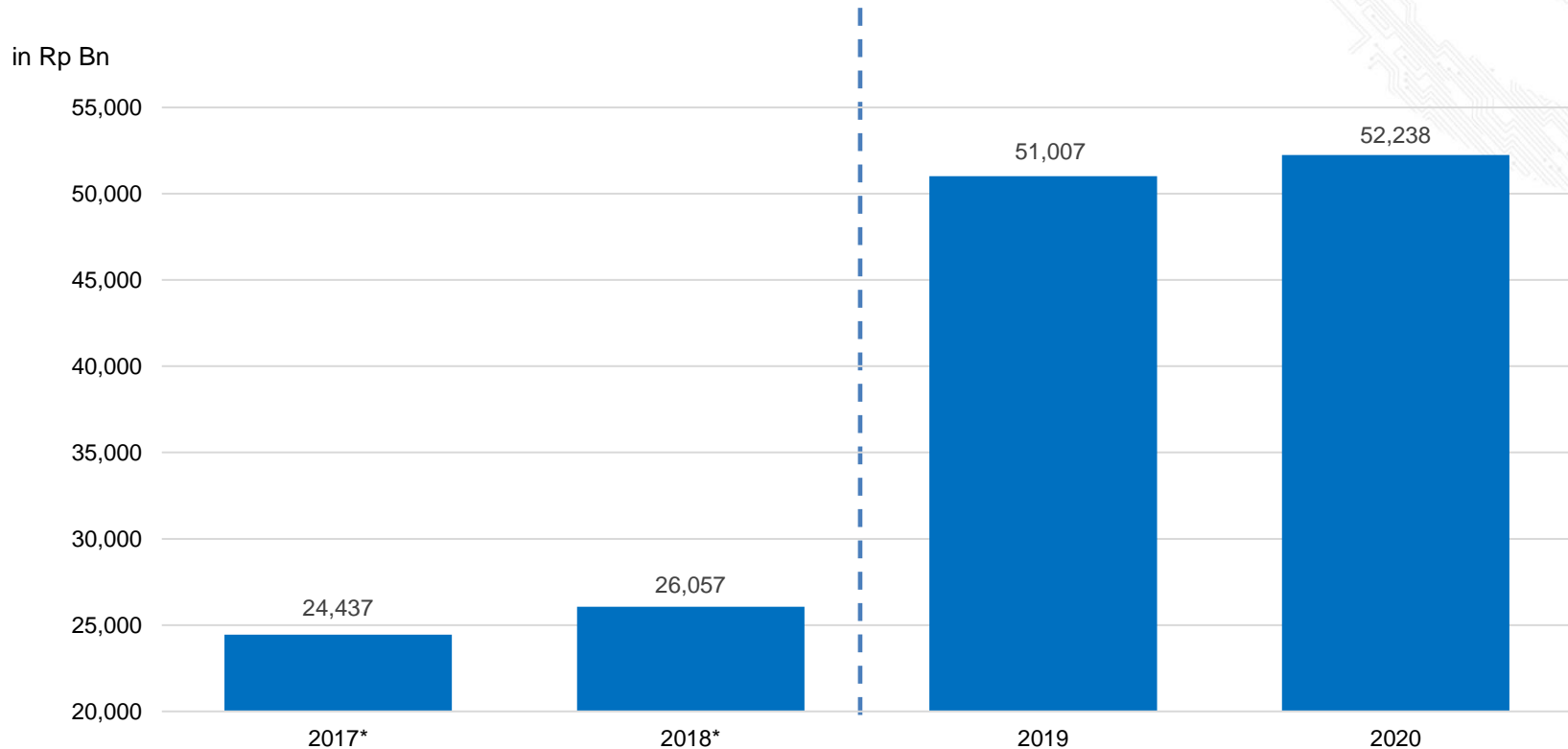



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
# Towers	781	3,312	4,415	5,072	6,427	8,482	9,766	11,595	12,237	14,562	14,854	17,437	19,319	21,381
# Tenancies	984	5,137	7,282	8,365	10,798	14,849	18,322	20,138	21,038	24,144	25,011	28,319	33,346	39,127
Revenue	105	274	1,082	1,356	1,651	2,265	3,197	4,106	4,470	5,053	5,338	5,868	6,454	7,445
EBITDA	67	227	933	1,128	1,386	1,889	2,651	3,418	3,776	4,408	4,604	4,932	5,385	6,405
AFFO*	35	111	396	547	821	1,207	2,093	2,367	2,776	3,009	3,213	3,348	3,776	4,774

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

... with Excellent Future Revenue Visibility ...

Long term contracts and commitments underwrite ~Rp52.2 trillion of committed future revenue through 2033, 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*

Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend



4Q20 Credit Matrix

Gross Debt	Rp18,266bn
Interest Coverage Ratio	6.8x
Average Interest Rate (as of 31 Dec 2020)	5.2%
Corporate Credit Rating	BBB/ BBB/AAA / Baa3



Summary of Financial Results

Sarana Menara Nusantara (SMN) Group

Abridged consolidated statement of profit and loss

(In RP Bn)	2017	2018	2019	2020	yoy 2020 vs 2019	4Q19	4Q20	yoy
Revenues	5,337.9	5,867.9	6,454.3	7,445.4	15.4%	1,799.6	1,890.3	5.0%
Cost of revenues	(277.4)	(427.5)	(458.3)	(415.2)	9.4%	(126.6)	(111.4)	-12.0%
Depreciation and amortization	(894.9)	(1,114.4)	(1,349.6)	(1,644.0)	21.8%	(304.8)	(281.9)	7.5%
Gross income	4,165.6	4,325.9	4,646.4	5,386.2	15.9%	1,368.1	1,496.9	9.4%
Operating expenses	(456.9)	(508.5)	(610.7)	(625.3)	2.4%	(160.2)	(148.8)	7.1%
Operating income	3,708.7	3,817.4	4,035.7	4,760.9		1,207.9	1,348.1	11.6%
Other income								
Interest income	68.1	33.9	39.1	33.6		11.6	6.2	
Finance charges	(687.3)	(872.3)	(957.9)	(1,090.6)		(231.3)	(268.6)	
Finance charges (PSAK 73)	-	-	-	(110.7)		-	(48.2)	
Foreign exchange gains/(losses), net	(2.4)	(37.3)	56.0	(182.8)		69.3	48.3	
(Impairment expense)/reversal of allowance for impairment	(139.7)	153.9	(103.0)	32.5		(99.4)	32.5	
Corporate income tax adjustment	-	-	-	-		-	-	
Others, net	(144.5)	(143.9)	(61.0)	(44.0)		2.0	(38.0)	
Other income / (expense), net	(905.8)	(865.7)	(1,026.8)	(1,362.0)	32.6%	(247.8)	(267.7)	8.1%
Profit before tax	2,802.9	2,951.7	3,008.9	3,398.9	13.0%	960.1	1,080.4	12.5%
Corporate income tax expense								
Tax expense	(591.3)	(695.8)	(722.5)	(691.6)		(238.9)	(199.2)	
Deferred tax expense	(111.5)	(55.8)	66.7	146.3		34.8	44.9	
Total corporate income tax expense	(702.8)	(751.6)	(655.8)	(545.3)	16.8%	(204.1)	(154.3)	24.4%
Minority Interest	0.0	0.0	11.1	17.6		11.1	-1.7	
Net Income	2,100.1	2,200.1	2,342.0	2,836.0	21.1%	744.9	927.7	24.5%
EBITDA	4,603.4	4,931.8	5,385.3	6,404.9	18.9%	1,512.7	1,630.0	7.8%
YoY Revenue growth	5.60%	9.9%	10.0%	15.4%		18.2%	5.0%	
Gross margin	78.0%	73.7%	72.0%	72.3%		76.0%	79.2%	
EBITDA margin	86.2%	84.0%	83.4%	86.0%		84.1%	86.2%	
Net income margin	39.3%	37.5%	36.5%	38.3%		42.0%	49.0%	

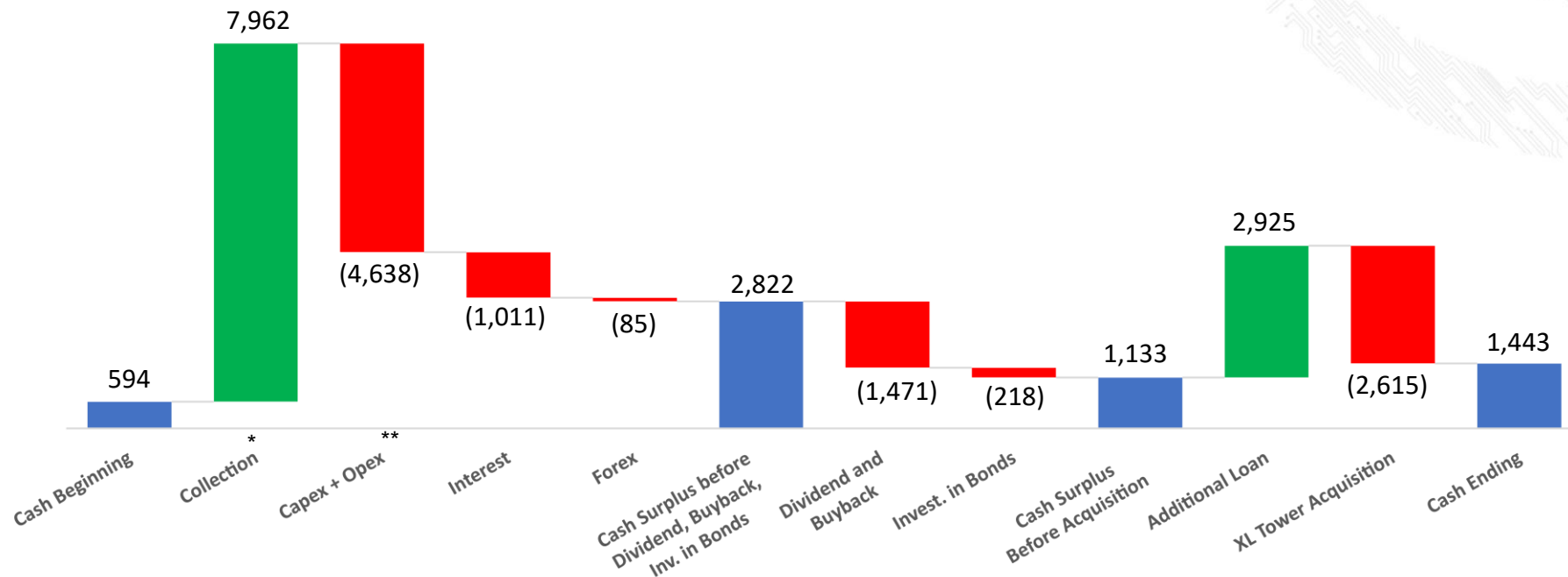
Sarana Menara Nusantara (SMN) Group

Abridged consolidated statement of financial position

(In RP bn)	2016	2017	2018	2019	2020
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	2,905.3	2,348.3	963.4	593.8	1,442.6
Restricted cash	-	-	-	6.6	4.9
Trade receivables	351.7	624.0	821.0	1,347.6	1,240.1
Other current asset	337.5	77.4	490.9	526.5	314.7
Total current assets	3,594.5	3,049.7	2,275.3	2,474.4	3,002.3
Total non-current assets	15,192.3	15,713.8	20,684.2	25,191.3	31,247.2
TOTAL ASSETS	18,786.8	18,763.5	22,959.5	27,665.7	34,249.6
LIABILITIES AND EQUITY					
<i>Current liabilities</i>					
Current portion of long-term loans	516.7	633.8	1,732.8	1,944.8	4,073.9
Current portion of long-term bonds	998.7	-	657.9	-	35.9
Leasing payable	-	-	-	-	281.3
Other current liabilities	1,787.6	1,596.6	2,361.1	2,620.3	2,834.1
Total current liabilities	3,303.0	2,230.4	4,751.8	4,565.1	7,225.2
<i>Non-current liabilities</i>					
Long-term loans, net of current portion	5,971.3	5,775.3	7,069.7	11,247.1	11,926.3
Bonds payable	2,432.2	2,589.6	2,023.4	1,976.3	2,148.7
Leasing payable	-	-	0.8	-	1,730.7
Other non-current liabilities	1,120.6	1,066.3	1,080.6	1,116.6	1,034.6
Total non-current liabilities	9,524.1	9,431.2	10,174.5	14,340.0	16,840.3
Total liabilities	12,827.1	11,661.6	14,926.3	18,905.1	24,065.5
<i>Equity</i>					
Common shares	530.7	530.7	530.7	530.7	530.7
Treasury Stock	-	-	(126.6)	(514.1)	(786.9)
Other comprehensive income	(23.2)	24.6	81.4	2.8	44.6
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,705.1	10,365.6
Non-controlling interests	0.1	0.1	-	36.1	30.0
Total equity	5,959.9	7,101.8	8,033.3	8,760.6	10,184.0

Sarana Menara Nusantara (SMN) Group

Abridged consolidated statement of cashflows (12 months ended Dec 2020)



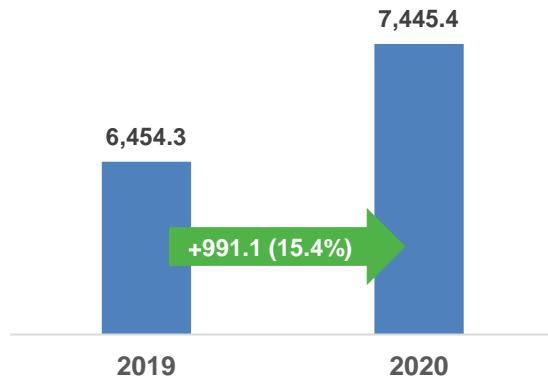
* Numbers included VAT

** Including ground lease

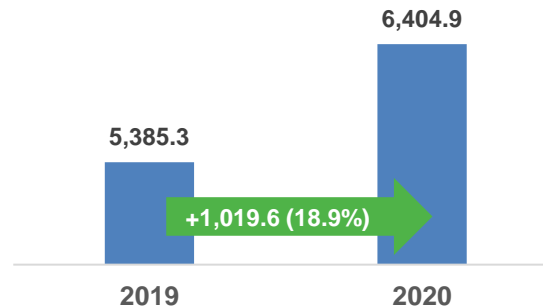
Profit & Loss Movement (2019 vs 2020)

in RP Bn

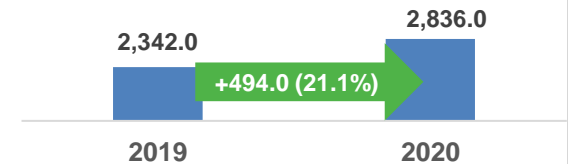
Revenue



EBITDA



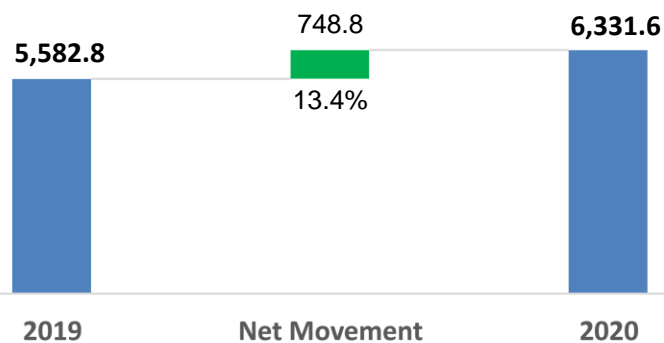
Net Income



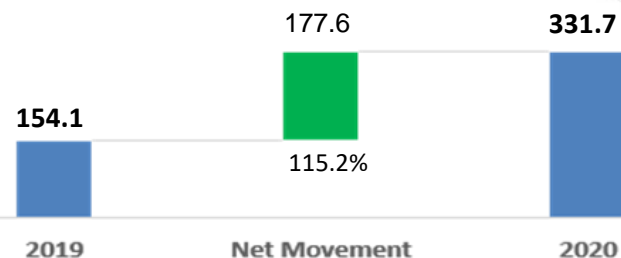
Performance 2020

in RP Bn

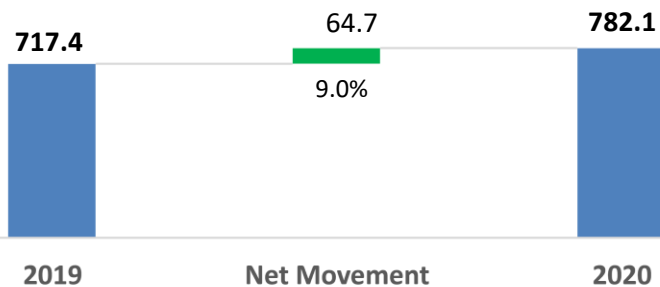
Towers



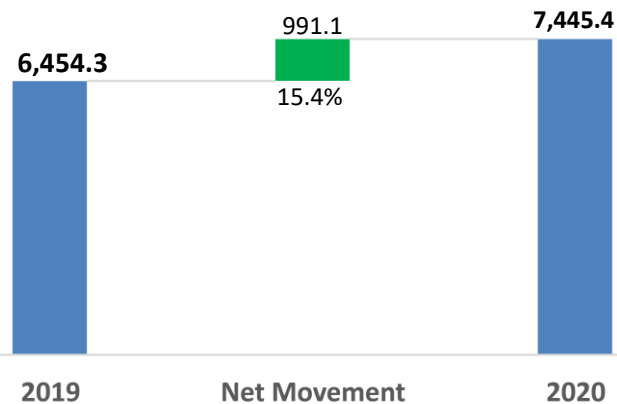
Tower Fiber



Connectivity

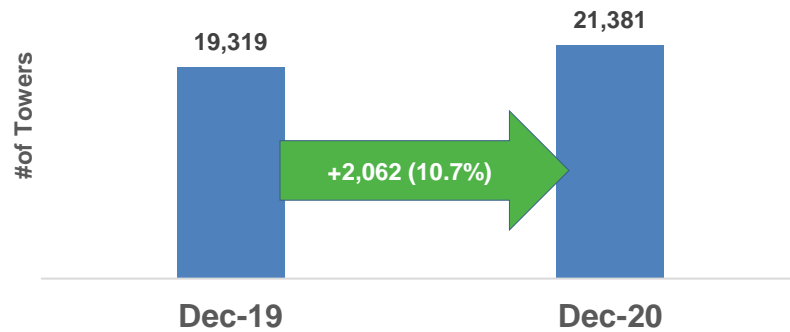


Total Revenue

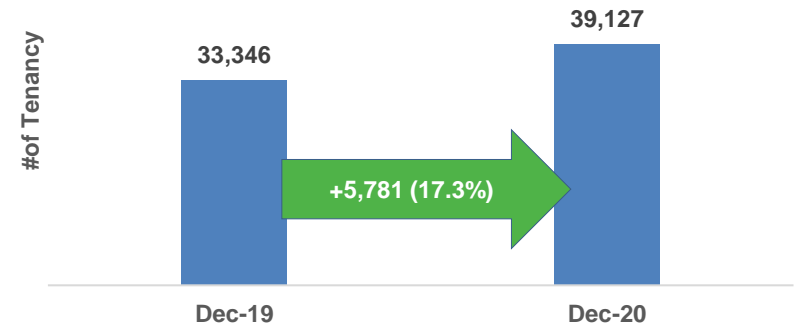


Summary Operational Data

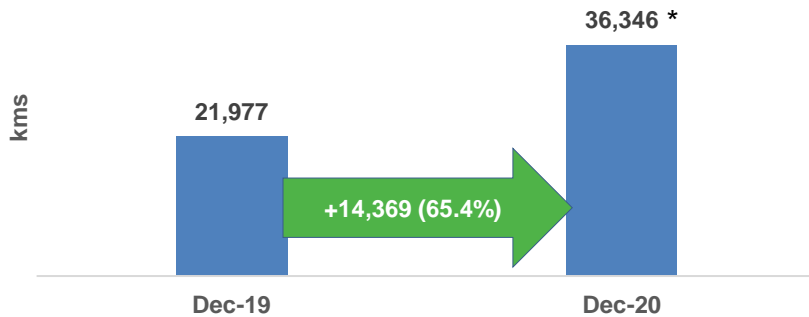
Towers



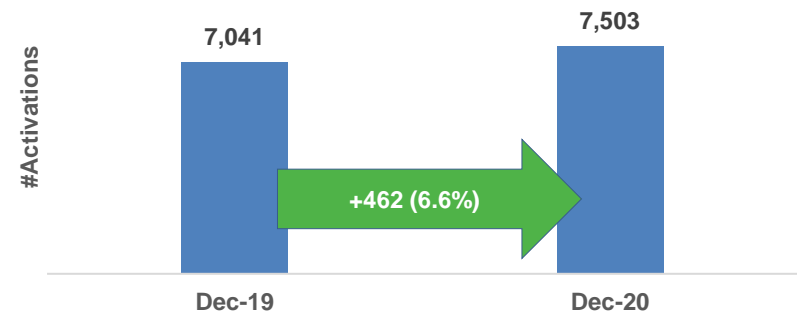
Tenancy



Tower Fiber



Connectivity



* efficiency ratio 1.25x



Appendix

Foreign Exchange Exposure as of 31 Dec 2020

Further improved FX exposure position as planned from natural hedge

ASSET		CONTRACTED REVENUE		LIABILITIES
Cash	USD 61.5mn	2021	– USD 54mn	<u>Bank Loan</u>
Investments	USD 30.3mn	2022	– USD 31mn	JPY 3.5bn (~USD 34mn)
		2023	– USD 22mn	
		2024	– USD 17mn	<u>Bond</u>
				USD 138mn
Total	USD 91.8mn	Total	– USD 124mn	Total ~USD 172mn

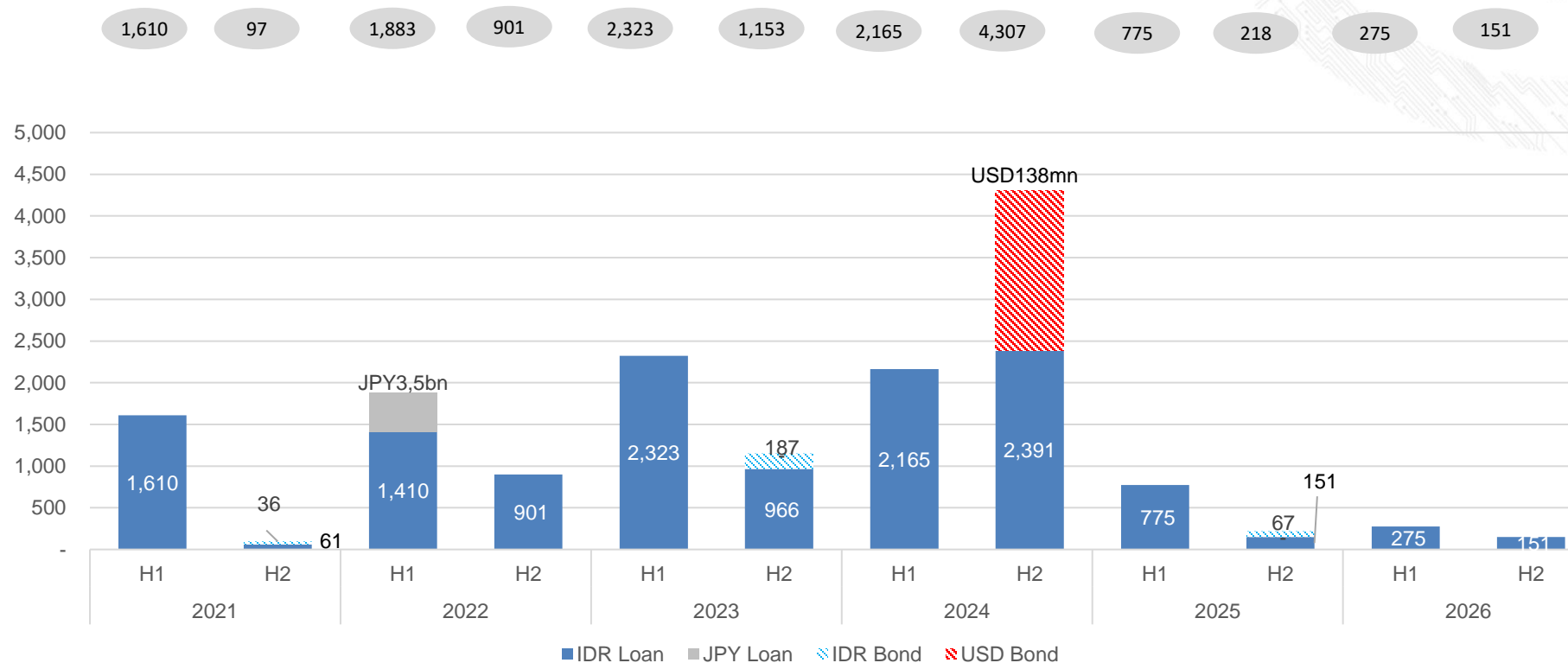
Risk Mitigation:

- Paid down JPY loan in 2020 of JPY 15.6bn (~USD 151mn)
- USD cash and USD contracted revenue provides natural hedge for foreign denominated liabilities
- Company has also entered into financial hedges to cover financial and operational requirements in foreign exchange

Long Term Debt*: 82.4% Floating, 17.6% Fixed, Avg Interest 5.2%

in Rp Bn

Maturity Profile



- As of Dec 2020
- BI Middle rate as of Dec 2020: 1USD = IDR14.105 ; 1JPY = IDR136.47



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