

PROTELINDO

PT. SARANA MENARA NUSANTARA, TBK. (TOWR)



Indonesia's Premier Tower Company
1Q 2017 Results Presentation



PROTELINDO

Disclaimer

These materials have been prepared by PT Sarana Menara Nusantara, Tbk. (the “Company”) and have not been independently verified. No representation or warranty, expressed or implied, is made and no reliance should be placed on the accuracy, fairness or completeness of the information presented or contained in these materials. Neither the Company nor any of its affiliates, advisers or representatives accepts any liability whatsoever for any loss arising from any information presented or contained in these materials. The information presented or contained in these materials is subject to change without notice and its accuracy is not guaranteed.

These materials contain statements that constitute forward-looking statements. These statements include descriptions regarding the intent, belief or current expectations of the Company or its officers with respect to the consolidated results of operations and financial condition of the Company. These statements can be recognized by the use of words such as “expects,” “plan,” “will,” “estimates,” “projects,” “intends,” “outlook” or words of similar meaning. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ from those in the forward-looking statements as a result of various factors and assumptions. The Company has no obligation and does not undertake to revise forward-looking statements to reflect future events or circumstances.

These materials are for information purposes only and do not constitute or form part of an offer, solicitation or invitation to buy or subscribe for any securities of the Company in any jurisdiction, nor should these materials or any part of them form the basis of, or be relied upon in any connection with, any contract, commitment or investment decision whatsoever.

Agenda

Market Overview

Summary Financial Results

Strategy



Indonesia Macro Economy – Key Indicators

An attractive investment environment

1 Market performance

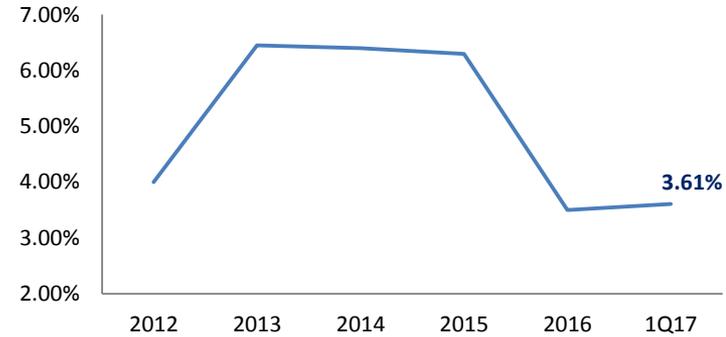
- The JCI Index has traded up in 1Q17 and has increased by 21.2% since 2016

The Jakarta Composite Index



Source: Market data as at 31 March 2017

Indonesian CPI Inflation Index



Source: Economist Intelligence Unit

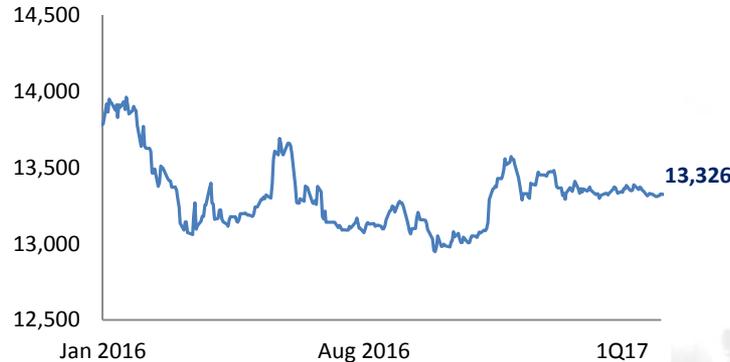
2 Inflation

- Inflation rate of 3.50% in 2016 with forecast inflation of 4.05% in 1Q17

3 Exchange rate

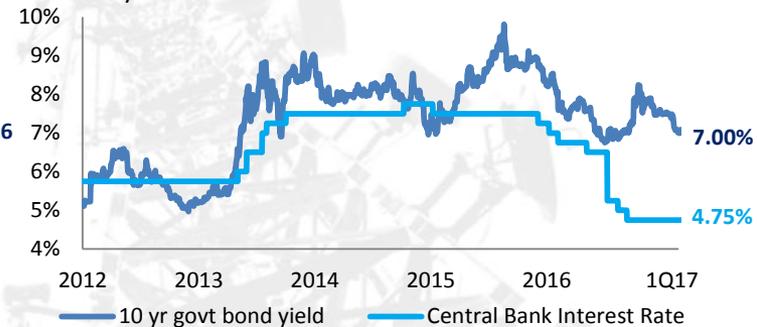
- The rupiah has stabilized over the past year and has traded within a relatively narrow band since Jan 2016 highlighting the strength of the currency to external shocks

USD/IDR exchange rate



Source: Market data as at 31 March 2017

10 yr IDR denominated Indonesian government bond yields and Indonesian Central Bank Interest Rate¹



Source: Market data as at 31 March 2017; Bank Sentral Republik Indonesia

4 Interest rates

- Bank Indonesia cut its benchmark interest rate 6 times since January 2016, with the rate held constant at 4.75% in 1Q17

Note:

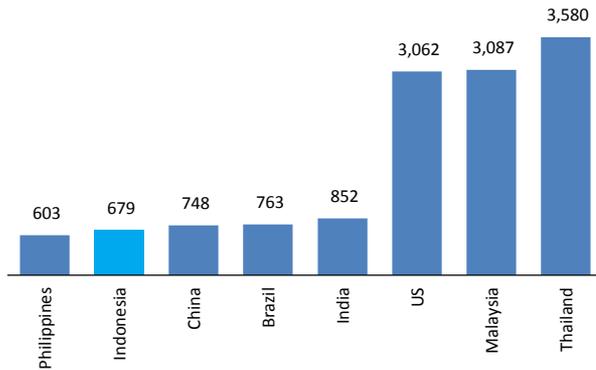
¹ Bank Indonesia introduced and adopted a new policy rate known as the BI 7-Day (Reverse) Repo Rate, effective from 19 Aug 2016

Indonesia Telecom Industry – Outlook

Strong demand for data services expected over the next five years

- Indonesia's average mobile data usage remains relatively low

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



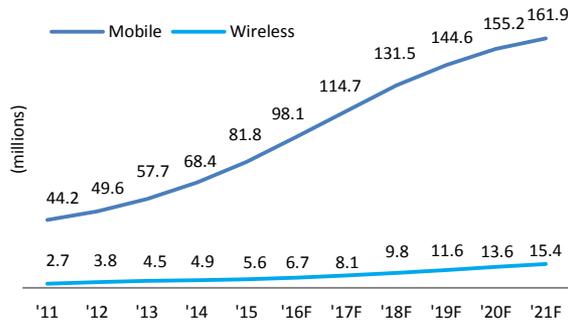
Increasing smartphone penetration..

Smartphone penetration



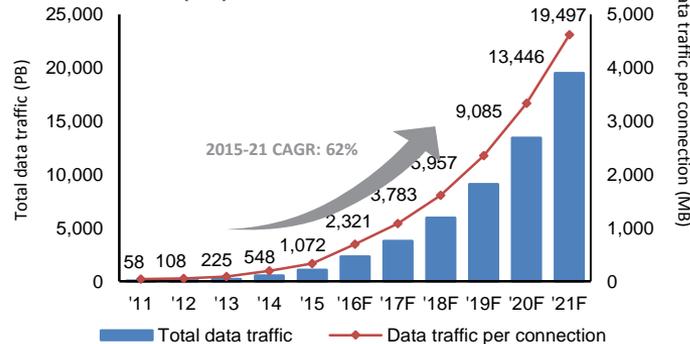
.. and improving wireless broadband availability and affordability..

Broadband connections



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

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



Top 5 Indonesian Wireless Operators by connections

Operator	Connections, excluding cellular M2M ¹ , million (Q4 2016) ²
Telkomsel	174
Indosat	86
3 (Hutch) ³	65
XL Axiata	47
Smartfren	11

Source: Analysys Mason; press releases; TeleGeography, © GSMA Intelligence

Notes:

- M2M stands for "Machine-to-Machine", e.g. smart meters with embedded SIMs
- Figures are from TeleGeography for Telkomsel, and operators' annual report for all other operators
- Figure as of Q3 2016



Source: Analysys Mason
PROTELINDO

Indonesian Tower Industry – Key Growth Drivers

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

Telecom industry coverage growth

- Important initiatives identified to encourage ex-Java expansion for all telecom operators

Comparison of network coverage across Indonesia



- As an illustration, 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
- Key Initiative: Palapa Ring** – A nationwide fibre optic cable backbone infrastructure expected to improve internet access across towns and villages in ex-Java where stand alone deployment would not be economically viable for operators



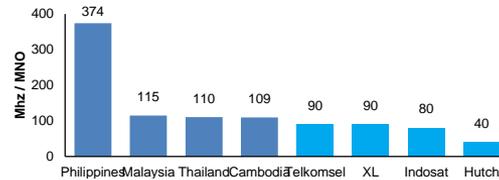
Source: Analysys Mason



PROTELINDO

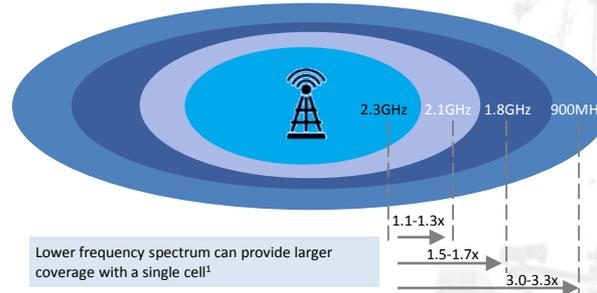
2 Telecom industry capacity growth

- Surging data demand along with spectrum constraints will generate new tenancy demand and additional equipment revenues
- Indonesian operators' spectrum holdings low compared to leading operators in the region



- In addition, fragmented spectrum bank resulting in lack of access to large blocks of < 1GHz spectrum
- Deployment on **2100MHz** and **1800/2300MHz** to require **more BTSs** to cover same area as cell sites required increase at higher frequencies

Illustrative overview of coverage area ratios of cells at different frequencies (not drawn to scale)



- Operators upgrading networks and expanding 3G / 4G capacity also generating **additional equipment revenues**

Note:

- Actual differences depend on various factors such as geography and traffic density

3 New growth areas

- New growth areas driven by increasing urbanization

(i) Micro-cell leasing (ii) Broadband / VPN

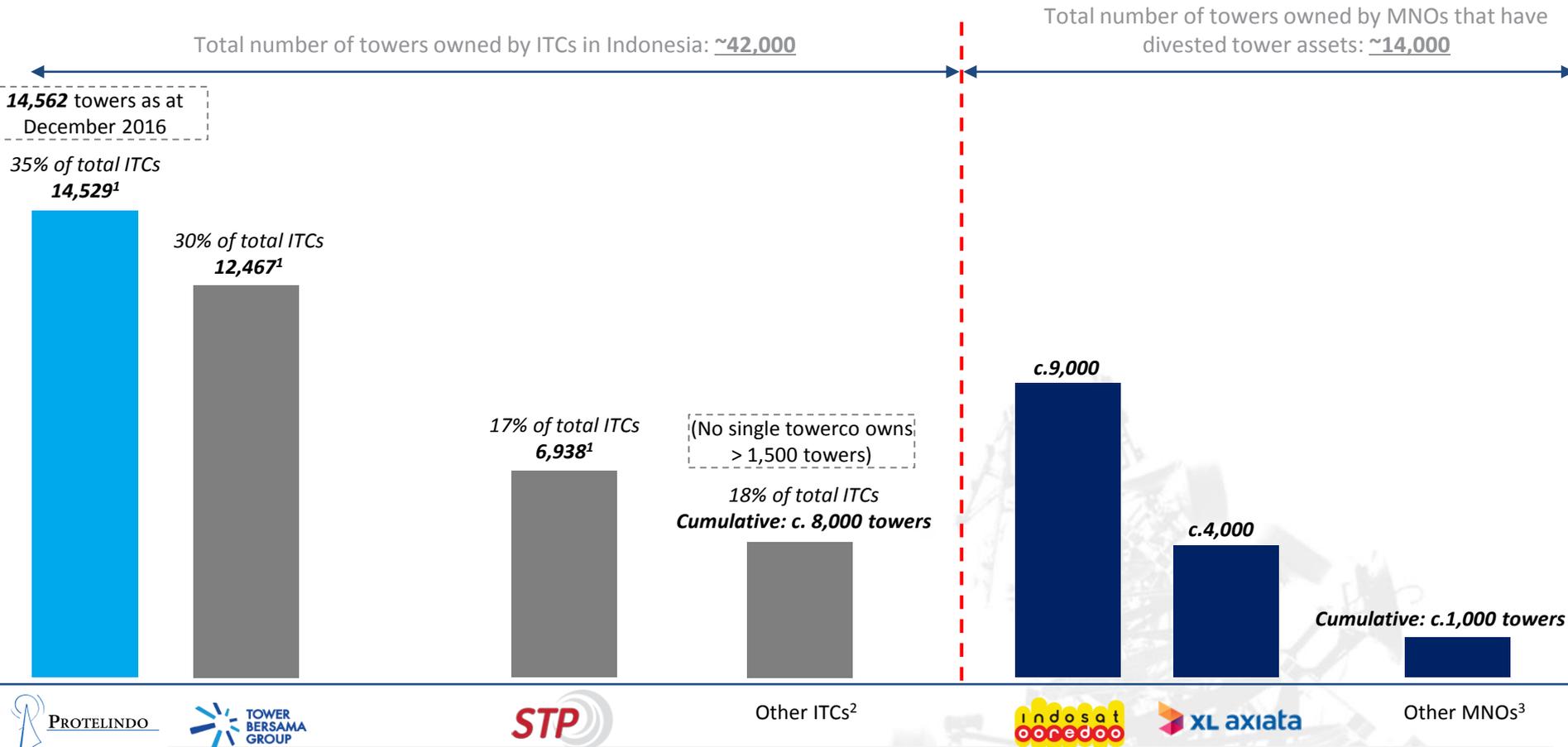


Value proposition

- Helps cover blank spots and increase network capacity in dense data traffic areas
- Dedicated fiber broadband connections for companies
- Offers greater scalability through faster deployment and lower capex per cell
- Supporting wireless infrastructure to provide wifi-offloads as required

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 Tower count as at 3Q16
- 2 Includes at least 6 smaller regional companies such as PT Bali Towerindo, Persadokka Tamma, Komet Infra Nusantara, Centrarama Menara and Gihon
- 3 Includes other operators such as Hutchison, Smartfren and Internux

Source: Analysys Mason

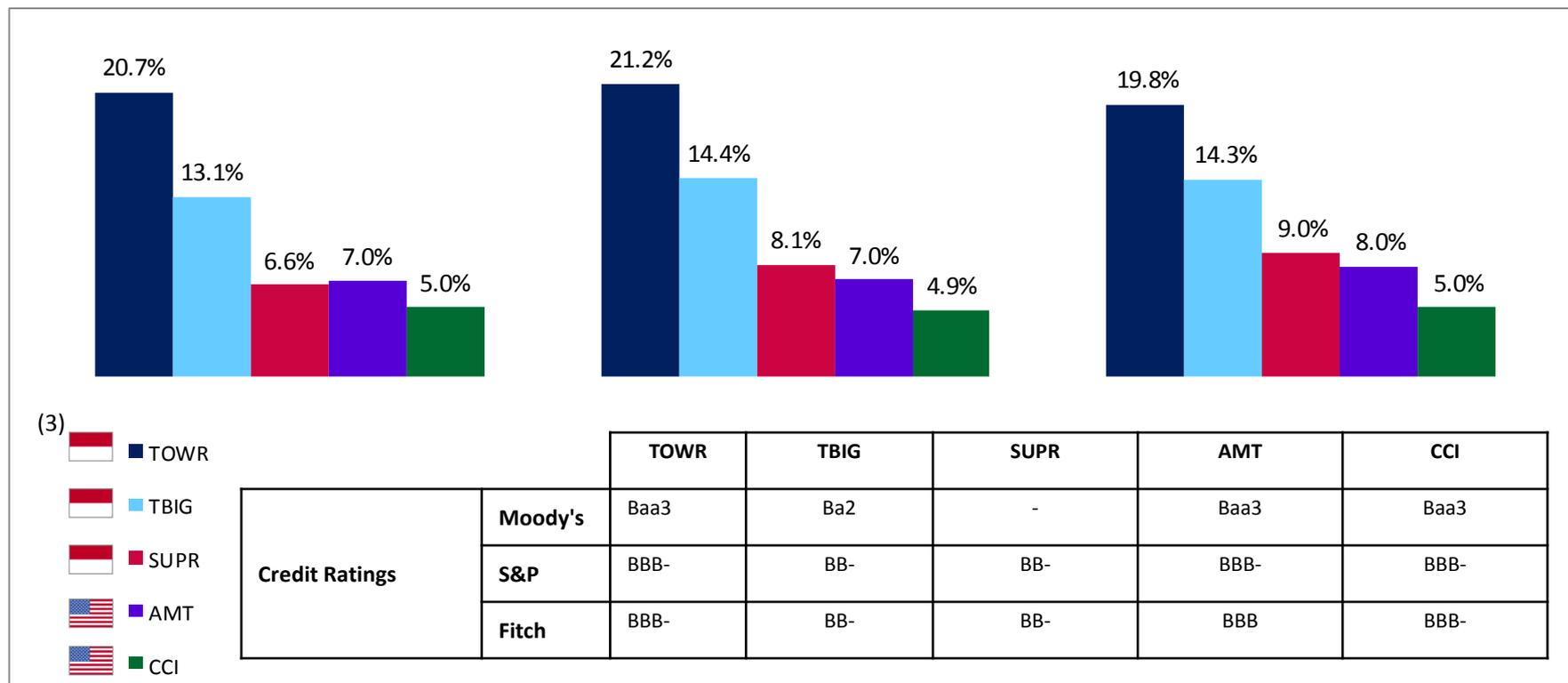
PROTELINDO

Leading Tower Company Globally

ROIC Comparison ⁽¹⁾ 2015

2016

1Q 2017 ⁽²⁾



- **Protelindo has the Highest Return on Capital (ROIC) in the Industry**

Notes:

1. ROIC = EBIT (1-Tax of 25%)/Average (Net Debt + Equity Adjusted)

2. Based on Annualized Figure

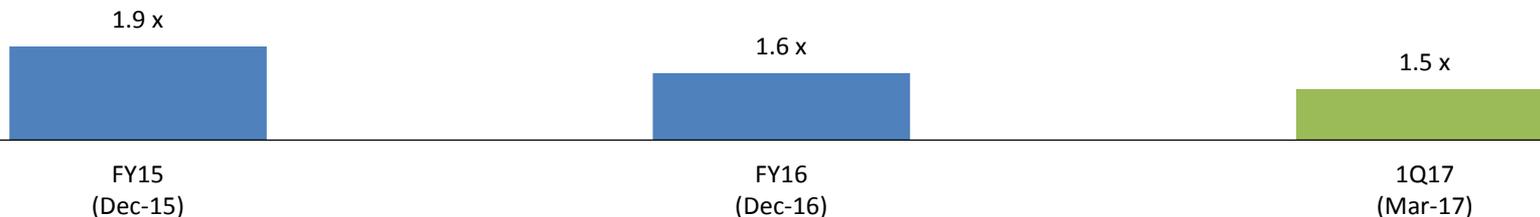
3. TOWR= Protelindo, TBIG= Tower Bersama Group, SUPR= Solusi Tunas Pratama, AMT= American Tower, and CCI= Crown Castle International



PROTELINDO

Indonesia's Tower Company Comparison

Net Debt / EBITDA (x)



	Protelindo	Tower Bersama Group ⁽⁴⁾	STP ⁽⁴⁾
LQA EBITDA (IDR bn)	4,534.6	3,312.3	1,648.6
Interest Cost Annualized (IDR bn)	577.8	1,787.0	911.1
Recurring FCF (IDR bn)	3,956.8	1,525.2	737.5
EBITDA Margin	86.3%	86.6%	86.1%
4Q'12 – 1Q'17 EBITDA Growth	19.1%	13.8%	26.4%
LQA Recurring FCF Margin ⁽¹⁾	75.3%	39.9%	38.5%
Key Credit Metrics⁽²⁾			
Net Debt / LQA EBITDA	1.5x	5.1x	4.2x
Interest Coverage Ratio	7.8x	1.9x	1.8x
Average Interest Rate ⁽³⁾	6.3%	10.5%	11.9%

Notes:

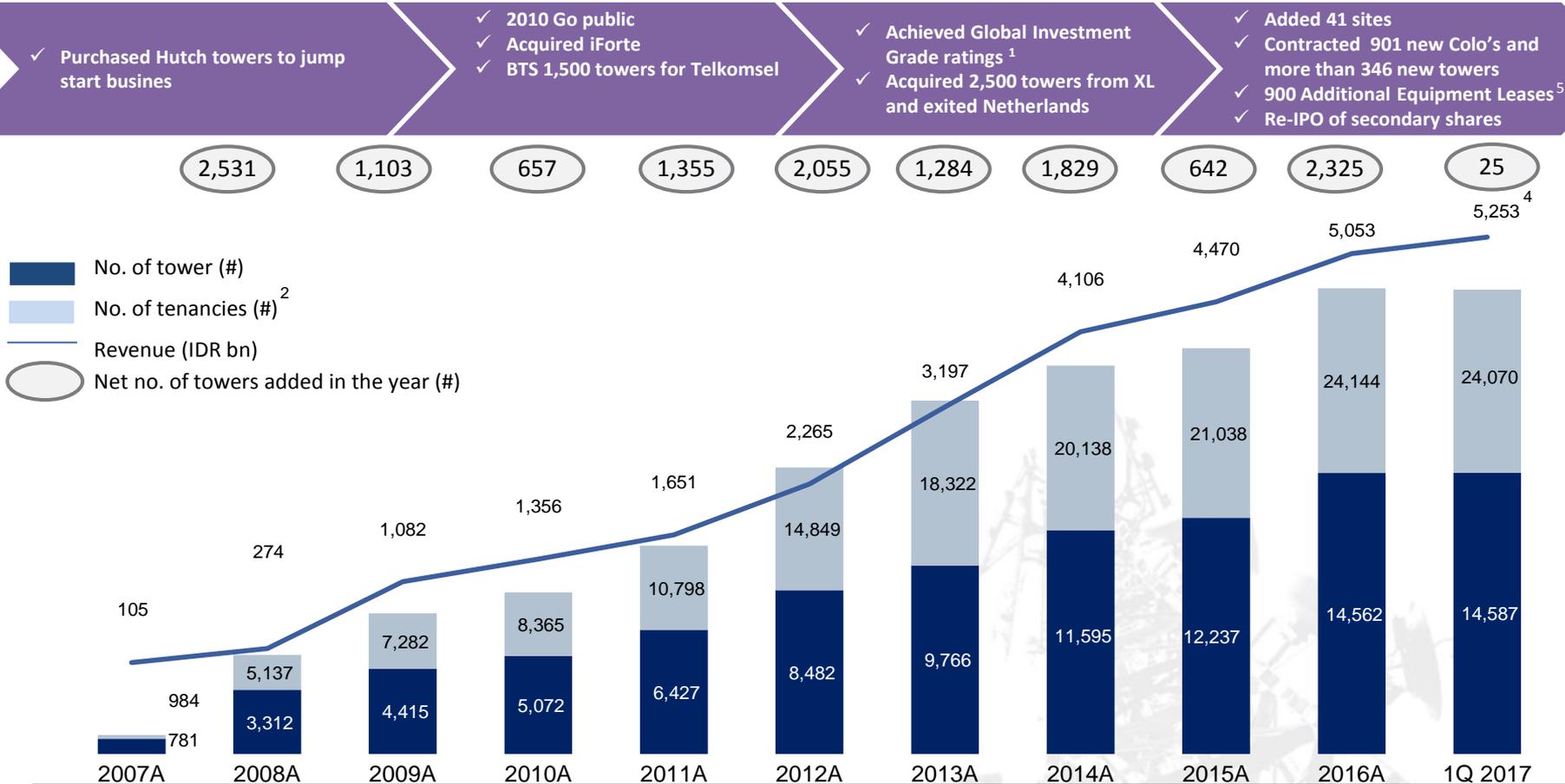
1. LQA recurring FCF margin = LQA (EBITDA – interest expenses) / LQA revenue
2. Figure as of 31 Mar 2017
3. Based on LQA interest expenses / total debt
4. Most figure are based on management calculation



PROTELINDO

And History of Strong Growth

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



Indonesia's largest independent tower portfolio comprising 6,113 Build-to-suit ("B2S") towers and 8,474 acquired towers³

Notes:

- From all 3 international ratings agencies: Baa3 / BBB- / BBB- as per Moody's / S&P / Fitch
- 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)
- As at 31 Mar 2017
- Based on Annualized Figure
- Figure as at May 16, 2017



PROTELINDO

Protelindo Snapshot



Indonesia's largest independent tower operator with **14,587 towers⁽¹⁾** and **24,070 tenants⁽¹⁾**



Strong revenue growth of **22.2% YoY⁽²⁾** and EBITDA growth of **22.9% YoY⁽²⁾**



Solid balance sheet and amongst the **lowest financing costs** in the industry



Founded by former American **Tower** management and pioneers in the tower industry



Global Investment Grade ratings from **all 3 international ratings agencies**



54% of towers located in Java ⁽¹⁾ In an industry with high barriers to entry



Leading micro-cell tower and fiber services provider with **2,235km** of installed and **1,281km** of under-construction fiber optic cable network ⁽¹⁾



Diversified revenue mix catering to the **4-largest MNOS** in Indonesia

Source: Company information, Analysys Mason

Notes:

1 As at 31 Mar 2017

2 1Q 2012-1Q 17 CAGR



PROTELINDO

Summary Financial Results

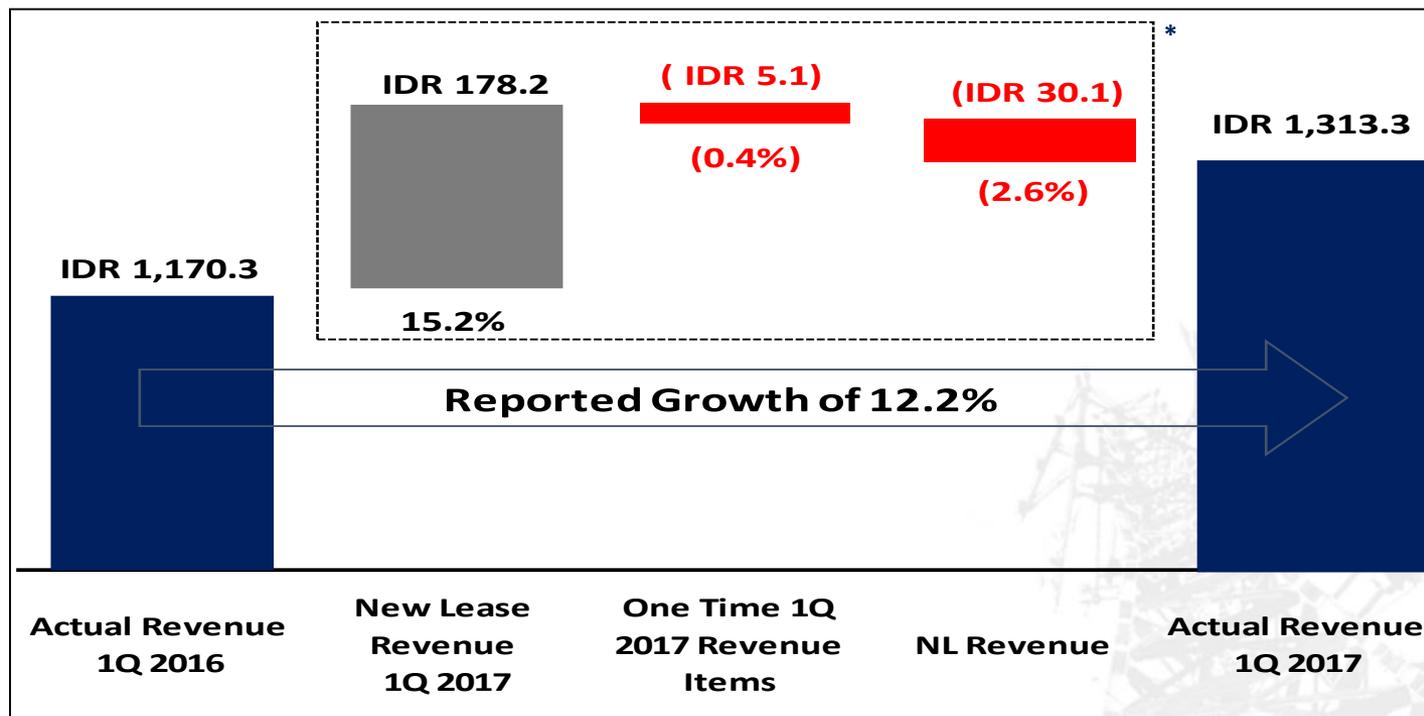


PROTELINDO

1Q 2017 Financial Results

Revenue

(in IDR Billions)



- Reported revenue grew more than 12%.

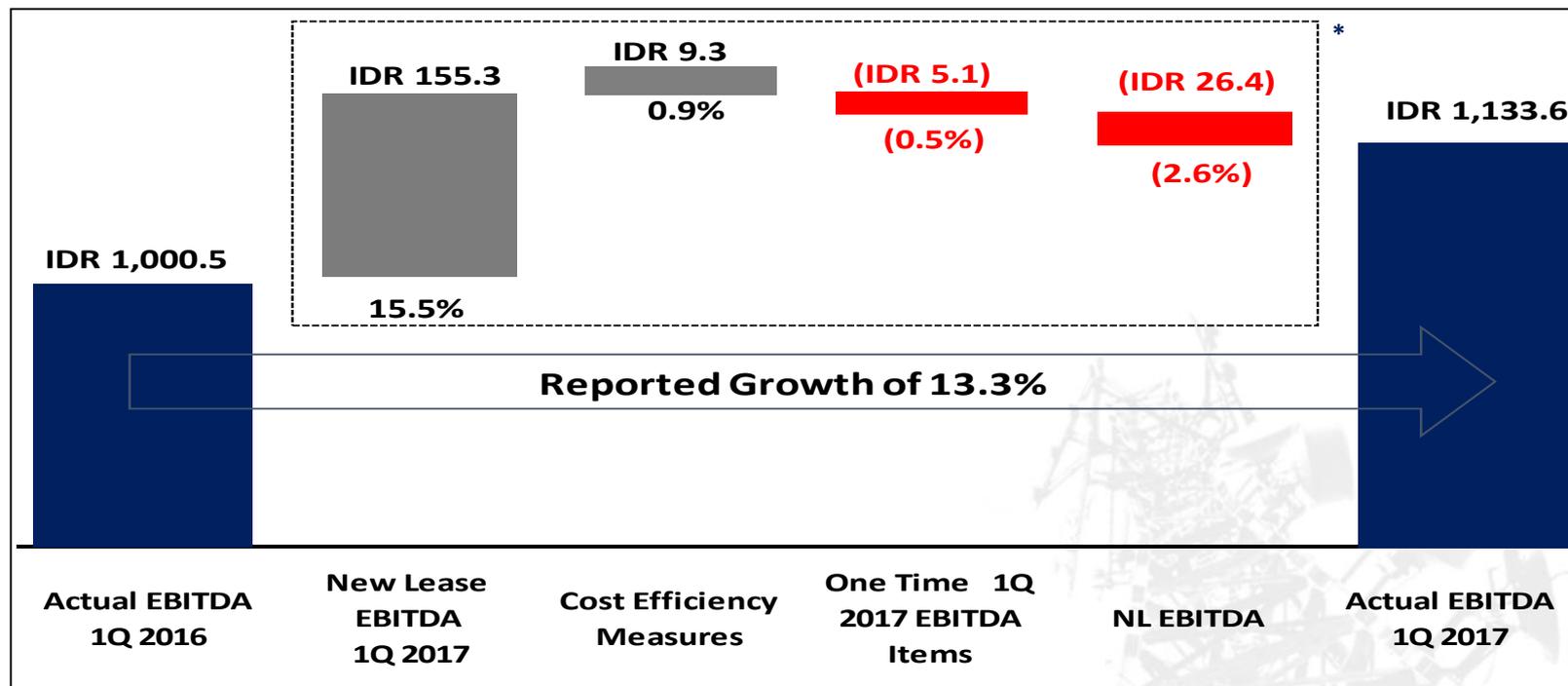
* Management Account/Calculation.



1Q 2017 Financial Results

EBITDA

(in IDR Billions)



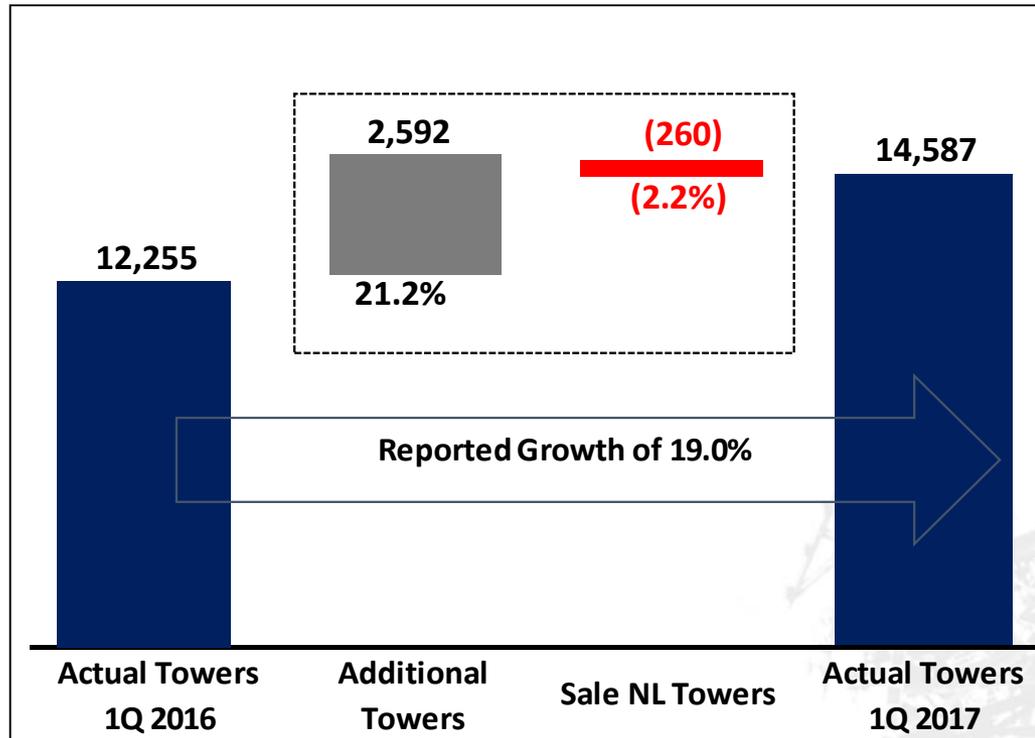
- Reported EBITDA continues to grow faster than reported revenue.

* Management Account/Calculation.

PROTELINDO

Tower Growth

Towers

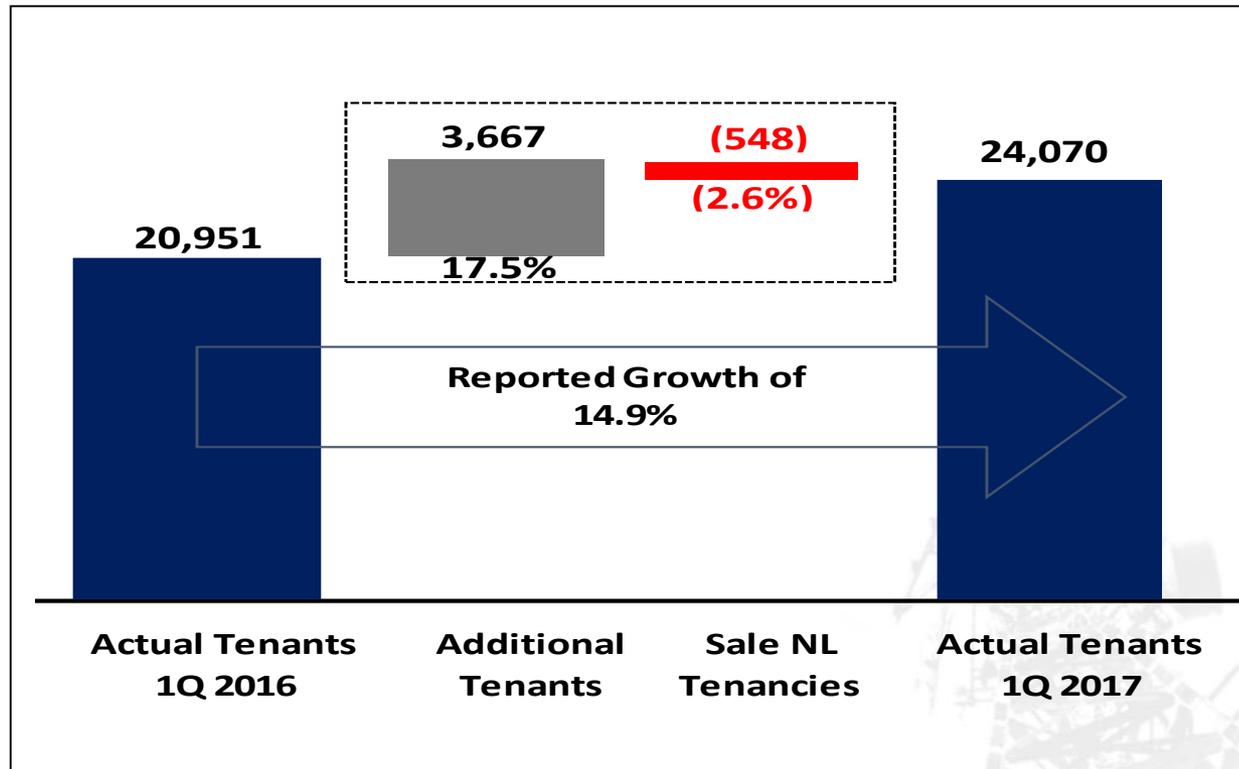


- Strong tower growth, mostly due to the addition of 2,500 towers from the XL acquisition.



Tenant Growth

Tenants



- Does not include 2,439 new revenue generating leases for additional equipment



Balance Sheet and Income Statement Snapshot

(IDR Billions, unless otherwise stated)	Q1 16	Q2 16	Q3 16	Q4 16	Q1 17
Income Statement					
Tower Revenue	1,133.7	1,209.7	1,271.5	1,270.0	1,244.3
Growth		6.7%	5.1%	-0.1%	-2.0%
VSAT Services	23.6	28.8	22.4	30.9	43.1
Growth		21.8%	-22.0%	37.9%	39.2%
MWIFO and Internet	13.0	14.3	14.8	20.4	25.9
Growth		10.3%	3.1%	38.0%	27.0%
Total Revenue :	1,170.3	1,252.8	1,308.7	1,321.3	1,313.3
Total Revenue Growth		7.1%	4.5%	1.0%	-0.6%
EBITDA	1,000.5	1,108.3	1,145.6	1,153.5	1,133.6
EBITDA Margin	85.5%	88.5%	87.5%	87.3%	86.3%
Balance Sheet					
Total Debt	9,925.1	12,808.3	9,391.1	10,281.4	9,245.5
Cash & Cash Equivalents	2,956.6	3,600.8	1,550.7	2,905.3	2,421.9
Net Debt	6,968.6	9,207.5	7,840.4	7,376.1	6,823.6
Net Debt / LQA EBITDA	1.7x	2.1x	1.7x	1.6x	1.5x
Enterprise Value (US\$ mm)	3,906	3,968	3,665	3,268	3,484
Total Number of Towers owned	12,255	14,775	14,529	14,562	14,587

Notes:

- Fx rate Q1 2016; Q2 2016; Q3 2016; Q4 2016; and Q1 2017: 1USD = IDR 13,276; 13,180; 12,998; 13,436; and 13,321

Change in Accounting on Protelindo

Balance Sheet Comparison*

<i>In IDR Bio</i>	Dec-2016		March-2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Assets:				
Current Assets	3,595	3,595	3,490	3,490
Fixed Assets	239	12,903	292	12,569
Investment Properties	18,269	-	18,351	-
Liabilities:				
Current Liability	3,303	3,303	2,678	2,678
Deferred Tax Liability	1,978	577	2,047	529
Non-Current Liabilities	11,014	9,614	10,968	9,450
Equity:				
Retained Earnings	10,201	5,998	10,851	6,295

Profit and Loss Comparison*

<i>In IDR Bio</i>	Dec - 2016		March - 2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Depreciation and amortization	(459)	(1,191)	(121)	(318)
FV Inv Property	495	-	20	-
Deferred Tax (Expense)/Benefit	(303)	2	(59)	(4)
Net Profit	3,043	2,115	649	485

- 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 should be implemented as per OJK by Dec 2017 and will apply to all listed tower companies

SMN Consolidated Statement of Profit or Loss

(IDR Bn)	2014A	2015A	2016A	1Q 2017
Revenues	4,106.2	4,469.8	5,053.1	1,313.3
Cost of revenues	(238.3)	(181.7)	(209.5)	(66.4)
Depreciation and amortization	(338.2)	(389.8)	(459.3)	(121.4)
Gross income	3,529.7	3,898.3	4,384.3	1,125.5
Operating expenses	(449.5)	(512.4)	(435.7)	(113.2)
Operating income	3,080.2	3,385.9	3,948.6	1,012.3
Other income				
Interest income	6.9	12.4	56.1	17.2
Finance charges	(855.6)	(562.5)	(668.9)	(189.5)
Foreign exchange gains/(losses), net	(5.0)	(509.6)	186.5	23.9
(Impairment expense)/ reversal of allowance for impairment	–	–	–	21.7
Corporate income tax adjustment	–	–	–	–
Others, net	(669.5)	1,631.7	559.8	(19.9)
Other income / (expense), net	(1,523.1)	571.9	133.5	(146.6)
Income/(loss) before corp. income tax expense	1,557.1	3,957.8	4,082.1	865.7
Corporate income tax expense				
Current tax expense	(423.5)	(403.7)	(735.8)	(157.2)
Deferred tax expense	(34.9)	(589.5)	(303.3)	(59.0)
Total corporate income tax expense	(458.5)	(993.1)	(1,039.1)	(216.2)
Net income / (loss) for the year	1,098.7	2,964.7	3,043.0	649.5
EBITDA	3,418.4	3,775.7	4,408.0	1,133.7
Revenue growth	28.4%	8.9%	13.0%	N/a
Gross margin	86.0%	87.2%	86.8%	85.7%
EBITDA margin	83.3%	84.5%	87.2%	86.3%
Net income margin	26.8%	66.3%	60.2%	49.5%

SMN Consolidated Statement of Financial Position

As at 31 December (IDR Bn)	2014A	2015A	2016A	1Q 2017
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	2,009.6	2,986.8	2,905.3	2,421.9
Trade receivables	571.9	470.5	351.7	849.9
Other receivables	1.0	0.8	1.3	1.5
Inventories	–	11.1	–	–
Prepaid expenses and advances	40.7	39.7	37.3	34.6
Refundable taxes	19.0	24.5	298.9	182.3
Total current assets	2,642.4	3,533.4	3,594.6	3,490.2
Total non-current assets	14,639.5	17,883.3	21,430.7	21,544.4
TOTAL ASSETS	17,281.9	21,416.7	25,025.2	25,034.6
LIABILITIES AND EQUITY				
<i>Current liabilities</i>				
Tower construction and other payables - third parties	471.7	216.6	189.3	186.1
Other payables - third parties	39.8	20.2	21.3	3.9
Accrued expenses	302.1	356.3	242.5	242.1
Unearned revenue	632.9	820.9	953.4	1,212.8
Short-term employee benefit liabilities	54.3	55.9	45.5	54.1
Current portion of long-term loans	203.0	446.1	516.7	589.7
Current portion of long-term Bonds	–	–	998.7	–
Taxes payable	335.4	61.6	335.6	389.2
Total current liabilities	2,039.4	1,977.6	3,303.0	2,677.9
<i>Non-current liabilities</i>				
Deferred tax liabilities	910.9	1,690.0	1,978.2	2,047.3
Long-term employee benefit liabilities	55.2	64.6	91.5	97.9
Long-term loans, net of current portion	6,513.0	6,741.3	5,971.3	5,889.5
Bonds payable	2,638.0	2,715.1	2,432.2	2,475.9
Cross currency swap payables	87.8	228.0	223.7	124.8
Unearned revenue ⁽²⁾	150.7	113.0	60.8	51.8
Management option plan liabilities	–	–	30.0	50.0
Long-term provision	171.2	208.6	226.4	231.1
Total non-current liabilities	10,526.7	11,760.6	11,013.9	10,968.3
Total liabilities	12,566.1	13,738.2	14,316.9	13,646.2
<i>Equity</i>				
Common shares	530.7	530.7	530.7	530.7
Other comprehensive income	(9.6)	(11.6)	(23.2)	7.5
Retained earnings / (accumulated deficit)	4,202.6	7,161.0	10,200.7	10,850.1
Non-controlling interests	(7.9)	(1.6)	0.1	0.1
Total equity	4,715.8	7,678.5	10,708.3	11,388.4

Debt Profile

Structure	Maturity Date	Currency ⁽¹⁾	Amount Outstanding (in Original Currency)	Amount Outstanding (in USD Millions)
1-Yr Bullet	Sept 2017	IDR	350	26.3
3-Yr Bonds	Nov 2019	IDR	661	49.6
3-Yr Amortizing	Dec 2019	IDR	500	37.5
5-Yr Bullet	Nov 2019	USD	150	150.0
7-Yr Amortizing	Dec 2019	IDR	763.1	57.3
5-Yr Bullet	Jun 2021	USD	38	38.0
5-Yr Bullet	Jun 2021	IDR	1,500	112.6
5-Yr Bonds	Nov 2021	IDR	36	2.7
7-Yr Amortizing	Jun 2023	IDR	985	74.0
7-Yr Bonds	Nov 2023	IDR	103	7.7
10-Yr Bonds	Nov 2024	USD	138.4	138.4
Gross Debt				694.1

- Average interest rate decreased 28 bps from 6.53% in 4Q 2016 to 6.25% in 1Q 2017 due to a decrease in the JIBOR and LIBOR interbank rates.



⁽¹⁾ IDR in billions; EUR/USD in millions
PROTELINDO

Strategy



Enhancing Shareholder Value - Build, Buy, Return

Indonesia's Premier Tower Company



PROTELINDO



PROTELINDO

Fitch believes that the company's current scale and financial strength can comfortably support a combination of organic and inorganic growth, and progressive dividends, without a significant impairment to its credit profile

Fitch, June 2016

..Stable outlook 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, June 2016

The upgrade into investment grade from the previous Ba1 rating reflects Protelindo's resilient and contractually based business model with stable free cash flow generation and relatively low leverage

Moody's, Oct 2016