

PROTELINDO

PT. SARANA MENARA NUSANTARA, TBK. (TOWR)



Indonesia's Premier Tower Company
2Q 2017 Results Presentation



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Agenda

Strategy

Market Overview

Summary Financial Results



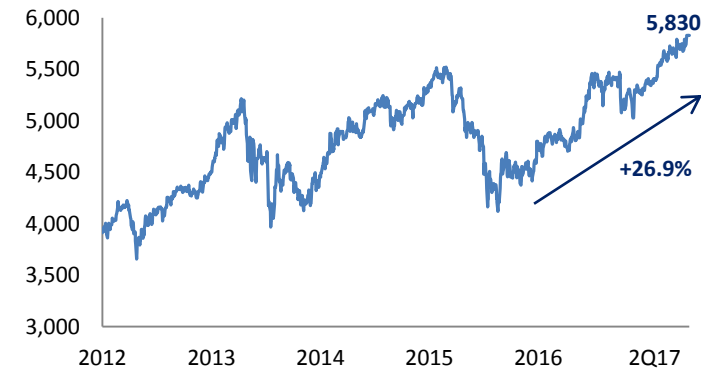
Indonesia Macro Economy – Key Indicators

An attractive investment environment

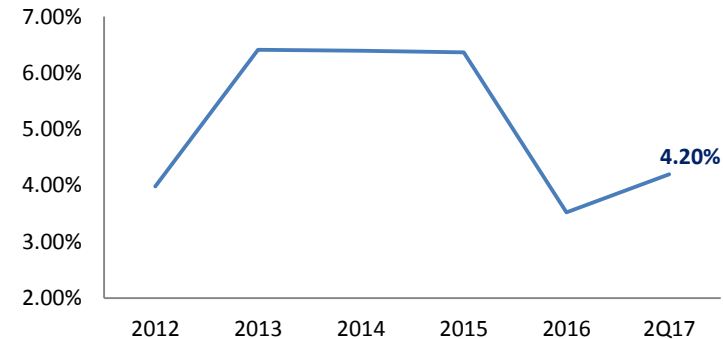
1 Market performance

- The JCI Index continued to trade up in 2Q17 and has increased by 26.9% since 2016

The Jakarta Composite Index



Indonesian CPI Inflation Index



2 Inflation

- Inflation rate of 4.20% as of 2Q17 with forecast inflation of 4.36% for full year 2017

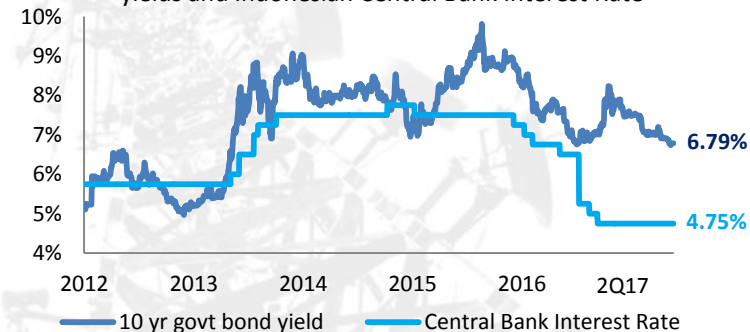
3 Exchange rate

- The rupiah has stabilized over the past year and has traded within a relatively narrow band since Jan 2017 highlighting the strength of the currency to external shocks

USD/IDR exchange rate



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



4 Interest rates

- Bank Indonesia cut its benchmark interest rate 6 times since January 2016, with the rate held constant at 4.75% in 2Q17

Note:

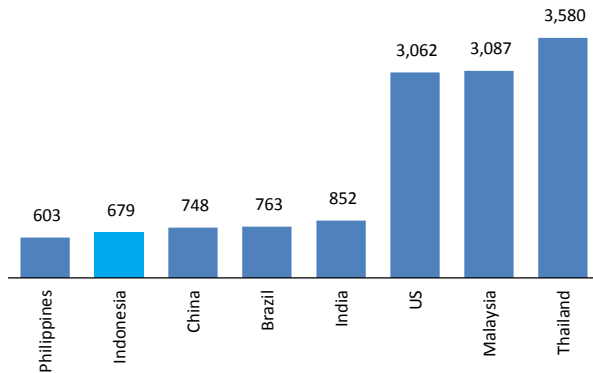
- Bank Indonesia introduced and adopted a new policy rate known as the BI 7-Day (Reverse) Repo Rate, effective from 19 Aug 2016

Indonesia Telecom Industry – Outlook

Strong demand for data services expected over the next five years

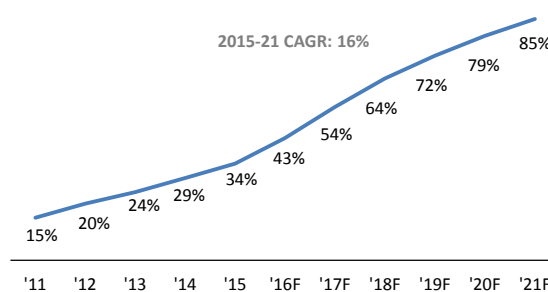
- Indonesia's average mobile data usage remains relatively low

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



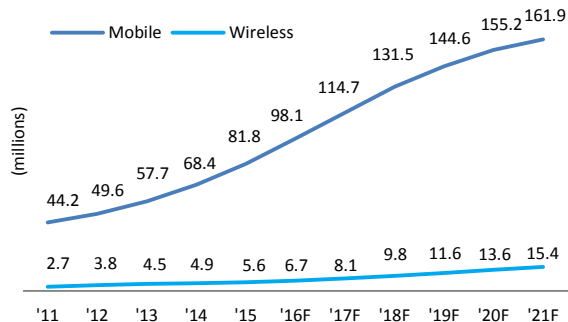
Increasing smartphone penetration..

Smartphone penetration



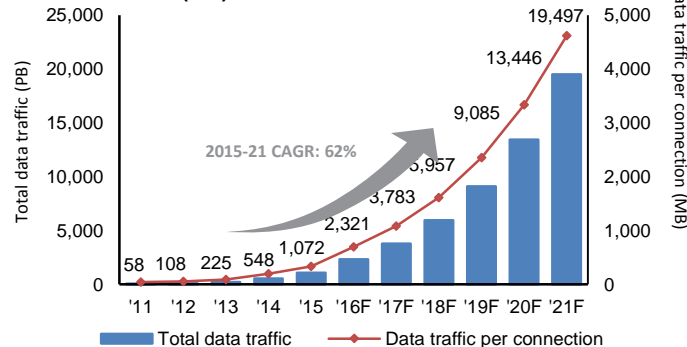
.. and improving wireless broadband availability and affordability..

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

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Indonesian Tower Industry – Key Growth Drivers

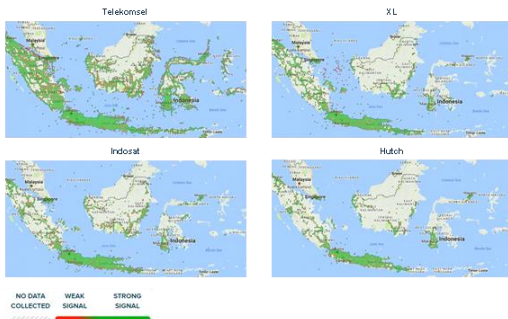
1 Potential for organic growth in line with increasing demand for Telco services

Telecom industry coverage growth

- Major operators are beginning to expand coverage ex-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
- Total new orders in 1H17:
 - ✓ Nearly 1,000 new colos; the most new colo's since 2nd half 2014
 - ✓ More than 300 new BTS orders; the most new BTS orders since 1st half 2015

Network Coverage in Indonesia

Comparison of network coverage across Indonesia

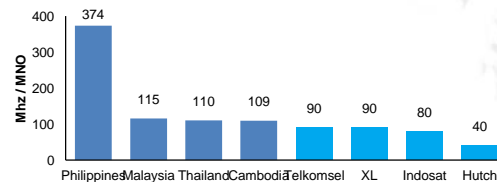


2 Telecom industry capacity growth

- Surging data demand is generating the need to add new equipment to existing tenancy leases.
- More than twice the number of additional equipment leases achieved in 1st half 2017 when compared to 1st half 2016. Continuation of the strong growth in additional equipment leases that began in the 2nd half of 2016

Spectrum Ownership

- Indonesian operators' spectrum holdings low compared to leading operators in the region

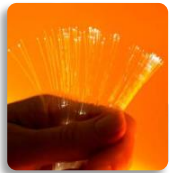


3 iForte

- 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
- 3,743 km of installed fiber optic and under construction
- Over 1,000 VSAT leases

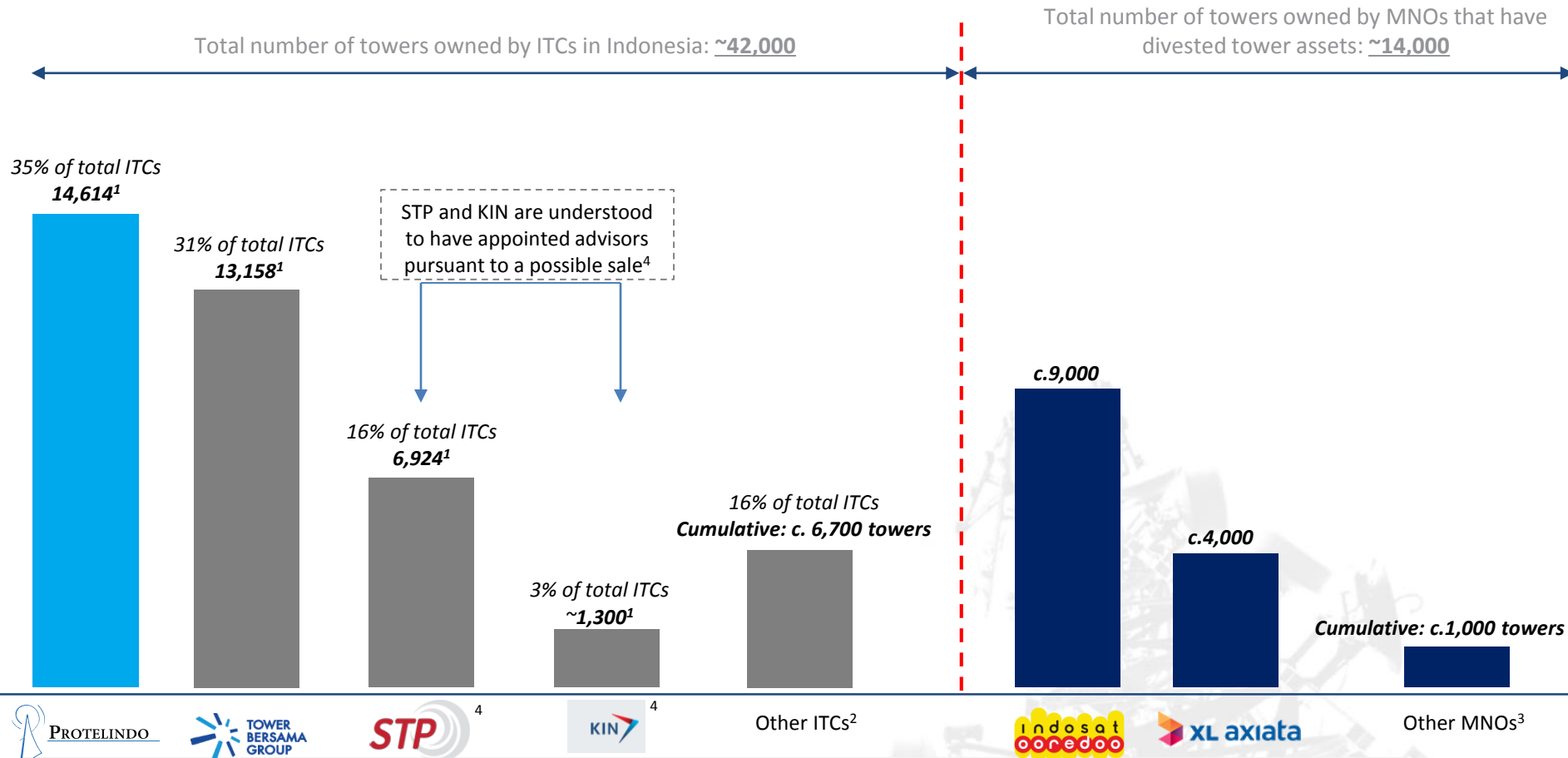


Source: Analysys Mason, Company

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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 Protelindo, STP and TBIG Count as at 2Q 2017, and others as at 1Q 2017
- 2 Includes at least 6 smaller regional companies such as PT Bali Towerindo, Persad Sokka, Centrarama Menara and Gihon
- 3 Includes other operators such as Hutchison, Smartfren and Internux
- 4 STP and KIN are understood to have appointed advisors to assist in a possible sale process (source: TMTfinance.com)

Source: Analysys Mason

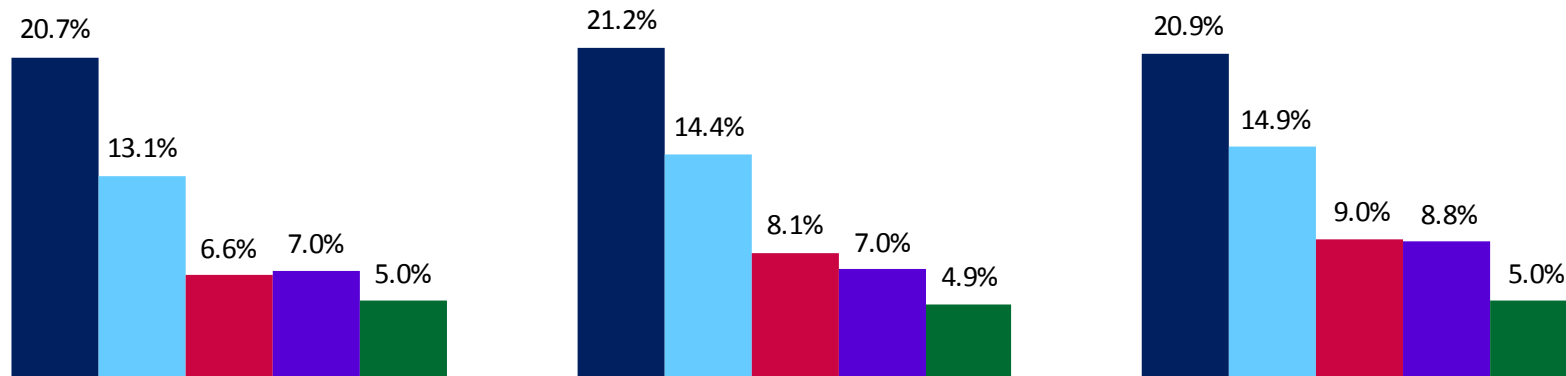
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Leading Tower Company Globally

ROIC Comparison ⁽¹⁾ 2015

2016

2Q 2017 ⁽²⁾



(3)



		TOWR	TBIG	SUPR	AMT	CCI
Credit Ratings	Moody's	Baa3	Ba2	-	Baa3	Baa3
	S&P	BBB-	BB-	BB-	BBB-	BBB-
	Fitch	BBB-	BB-	BB-	BBB	BBB-

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

Notes:

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

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

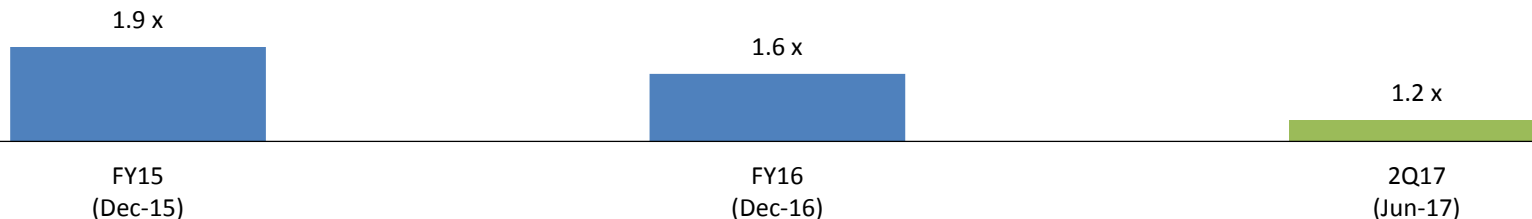
2. Based on Annualized Figure June 2017, except Tower Bersama as of March 2017






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Indonesia's Tower Company Comparison

Net Debt / LQA EBITDA (x)



			
	FY15 (Dec-15)	FY16 (Dec-16)	2Q17 (Jun-17)
LQA EBITDA (IDR bn)	4,543.4	3,418.5	1,667.8
Interest Cost Annualized (IDR bn)	615.3	1,783.8	895.0
Recurring FCF (IDR bn)	3,928.2	1,634.6	772.8
EBITDA Margin	85.4%	86.8%	86.5%
4Q'12 – 2Q'17 EBITDA Growth	22.9%	14.7%	26.3%
LQA Recurring FCF Margin ⁽¹⁾	73.8%	41.5%	40.1%
Key Credit Metrics ⁽²⁾			
Net Debt / LQA EBITDA	1.2x	5.0x	4.1x
Interest Coverage Ratio	7.4x	1.9x	1.9x
Average Interest Rate ⁽³⁾	6.5%	10.2%	12.2%

Notes:

1. LQA recurring FCF margin = LQA (EBITDA – interest expenses) / LQA revenue

2. Figure as of 30 June 2017

3. Based on LQA interest expenses / total debt

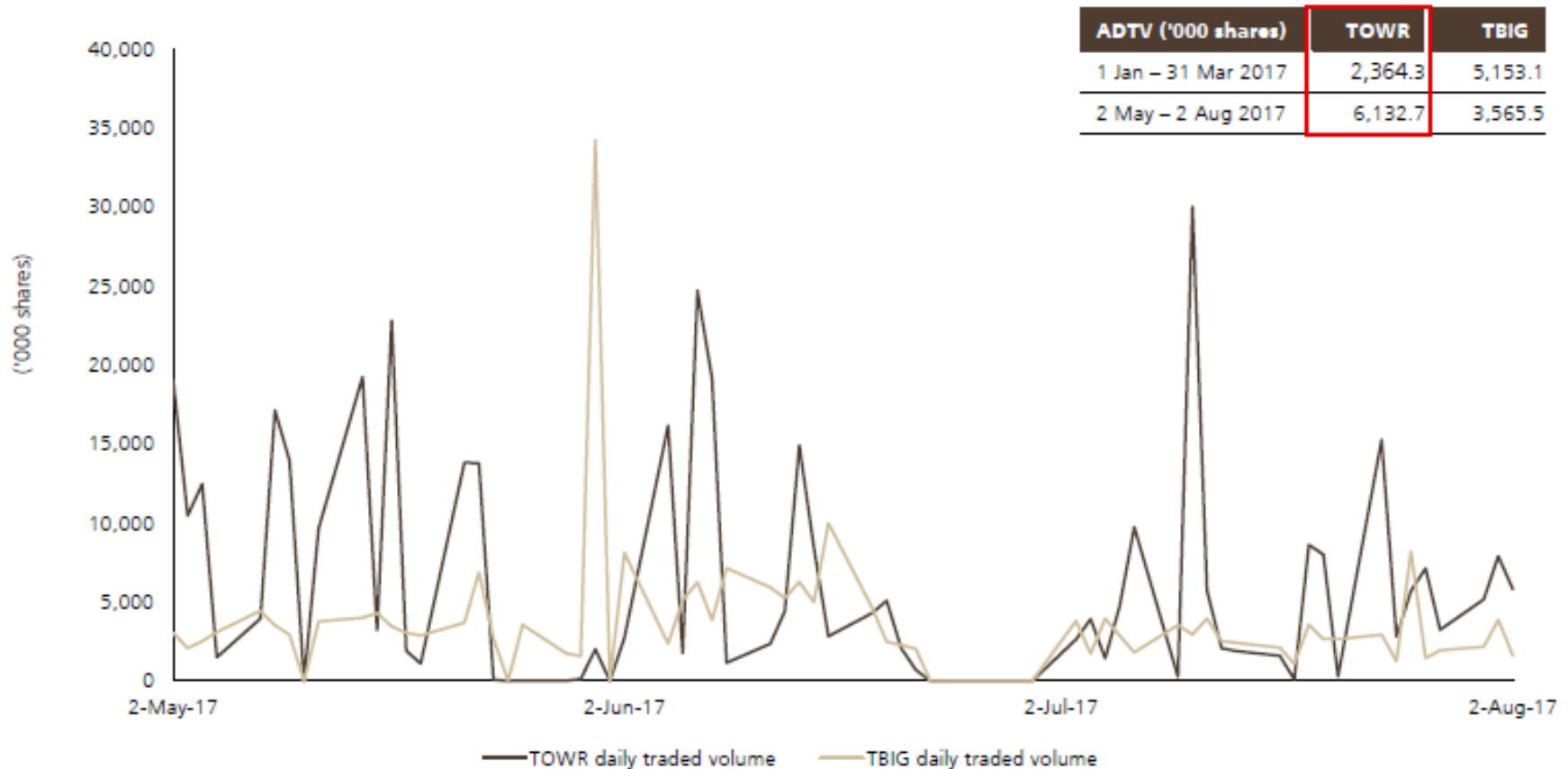
4. Most figure are based on management calculation



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Improved Stock Liquidity and Valuation Post re-IPO

Volume traded in the last 3 months (2 May – 2 Aug 2017)^{1,2}



Source: Bloomberg, FactSet as of 3 Aug 2017

Notes:

1 re-IPO since 28 April 2017

2 Inclusive of traded shares on both regular and negotiated boards



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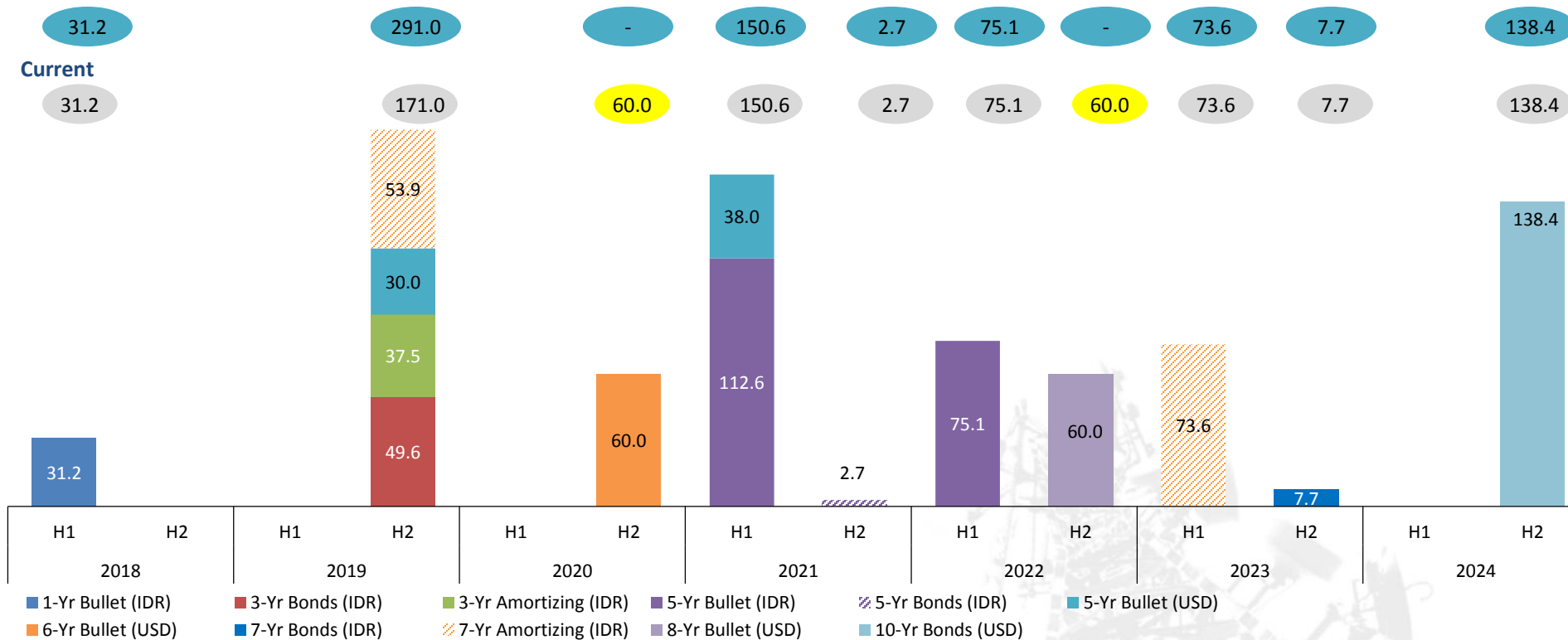
Debt Profile

Debt Maturity

Stated in USD Mio

Previous

Current



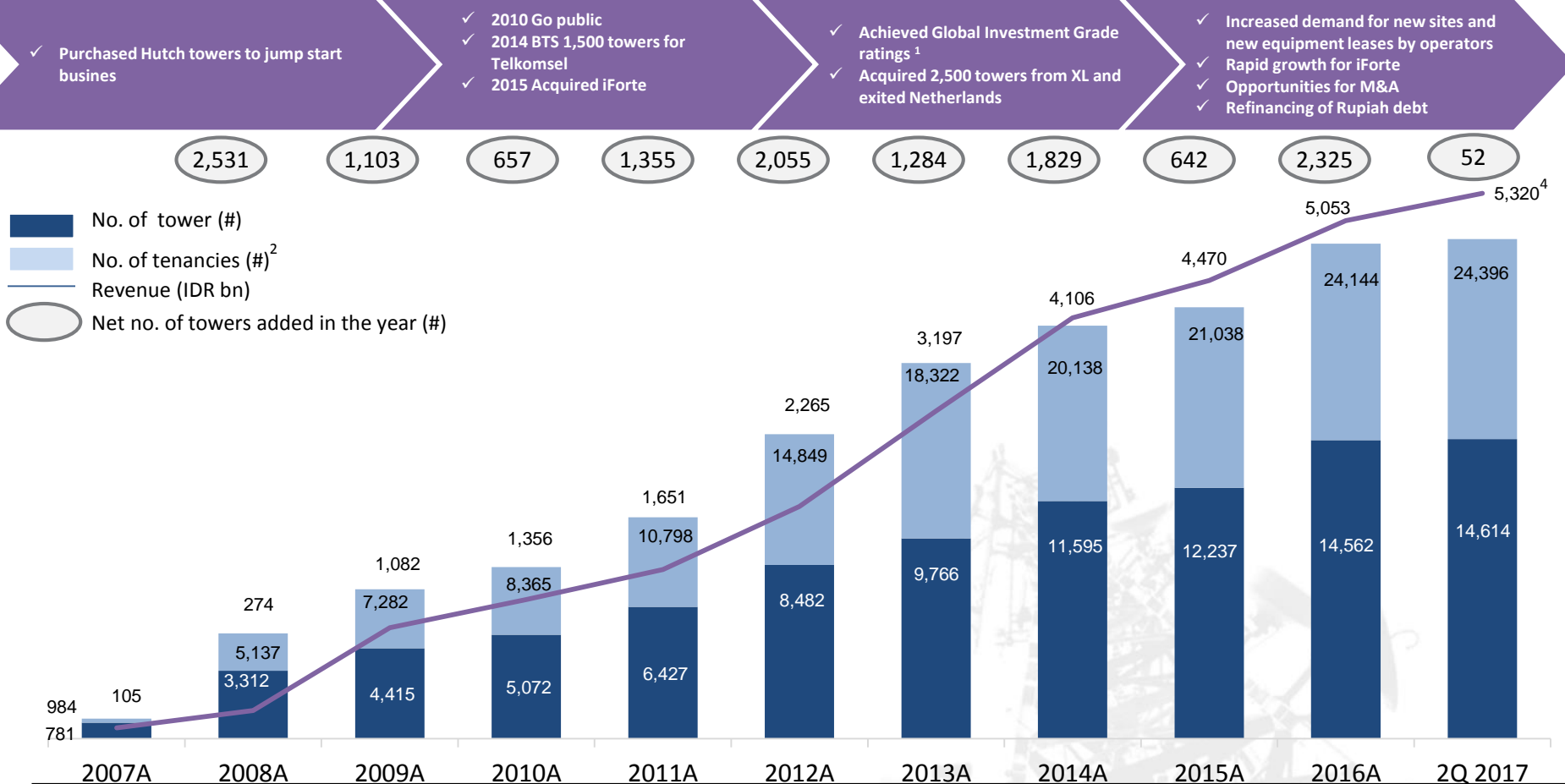
- Average interest rate increased 20 bps from 6.25% in 1Q 2017 to 6.45% in 2Q 2017 due to an increase in the JIBOR and LIBOR interbank rates.
- Extended some of 2H19 loans maturity to 2H20 and 2H22; reduced loans margin above JIBOR (IDR) by 50 to 70 bps and margin above LIBOR (USD) by 40 to 50 bps.
- Total gross debt decreased to equivalent USD 716.4 Mio after repayment of IDR 718 Bio loan in early July.



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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 6,154 Build-to-suit ("B2S") towers and 8,460 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 30 June 2017

4

Based on Last Quarter Annualized (LQA) Figure



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Protelindo Snapshot



Indonesia's **largest** independent tower operator with **#14,614 towers⁽¹⁾** and **#24,396 tenants⁽¹⁾**



Strong **revenue growth** of **22.1%⁽²⁾** and **EBITDA growth** of **22.9%⁽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 **2,386km** of installed and **1,357km** 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 30 June 2017

2 2Q 2012-2Q 17 CAGR



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Summary Financial Results



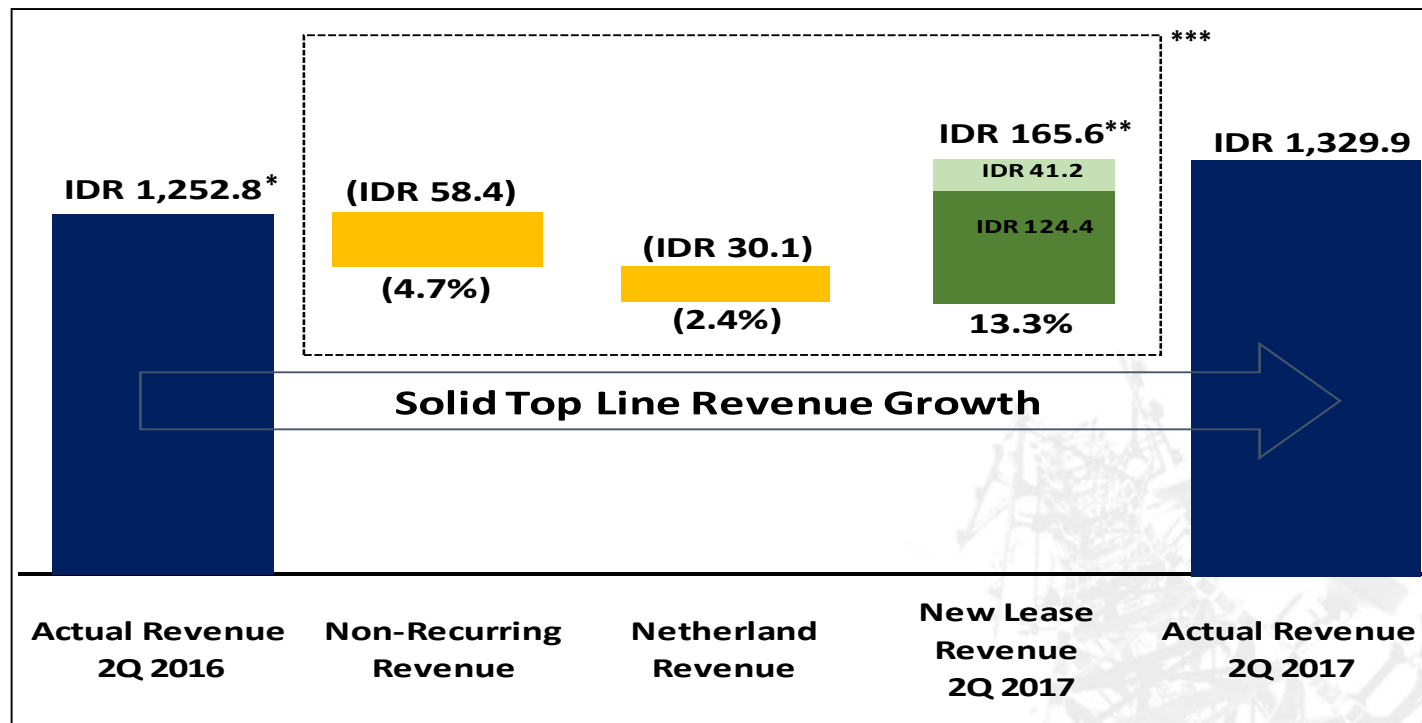
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PT. Profesional Telekomunikasi Indonesia

2Q 2017 Financial Results

Revenue

(in IDR Billions)



- Strong new co-lo business and additional equipment lease supported revenue growth.

Notes:

* Not included revenue from XL towers acquisition; revenue from this portfolio commenced in 3Q 2016

** Additional revenues of IDR 497.5 Bio p.a. from XL portfolio acquisition commenced in 3Q 2016

*** Management Account/Calculation

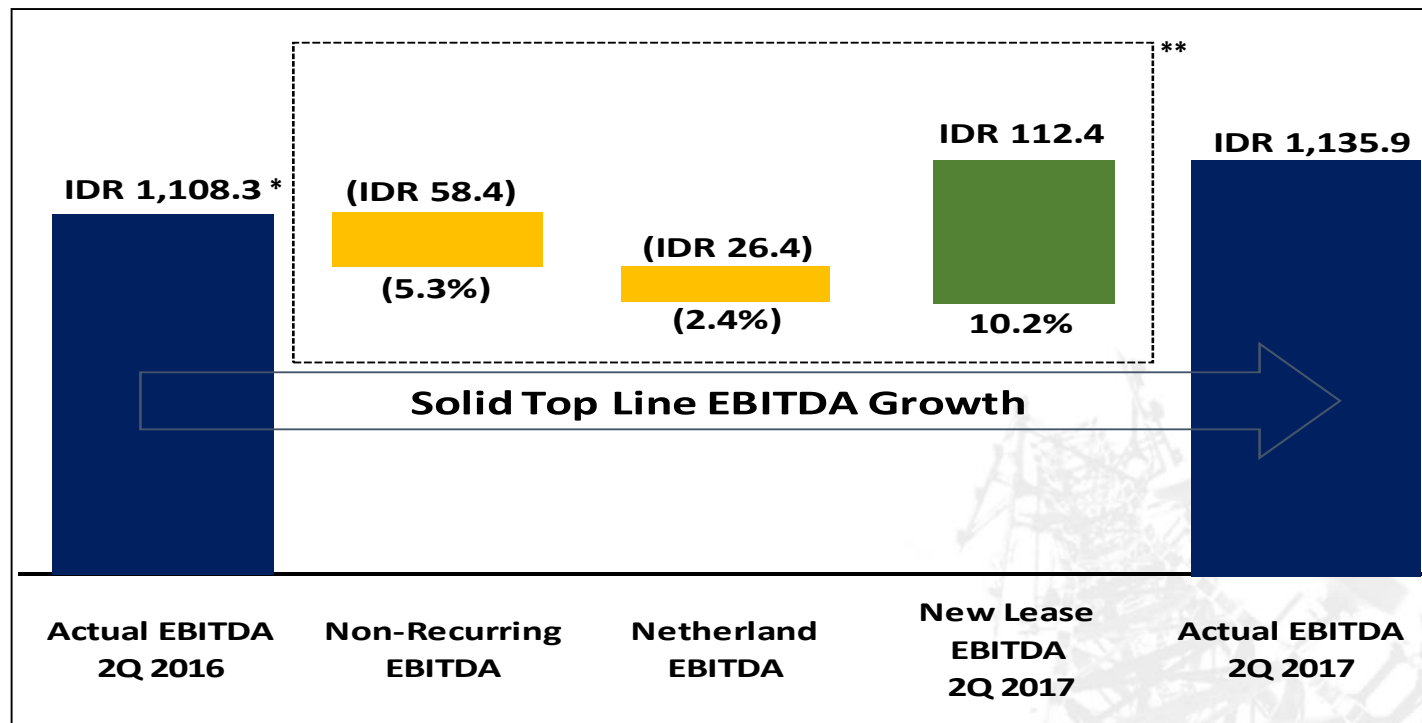


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2Q 2017 Financial Results

EBITDA

(in IDR Billions)



- Growth in EBITDA generating cash flow capacity.

Notes:

* Not included EBITDA from XL towers acquisition; EBITDA from this portfolio commenced in 3Q 2016

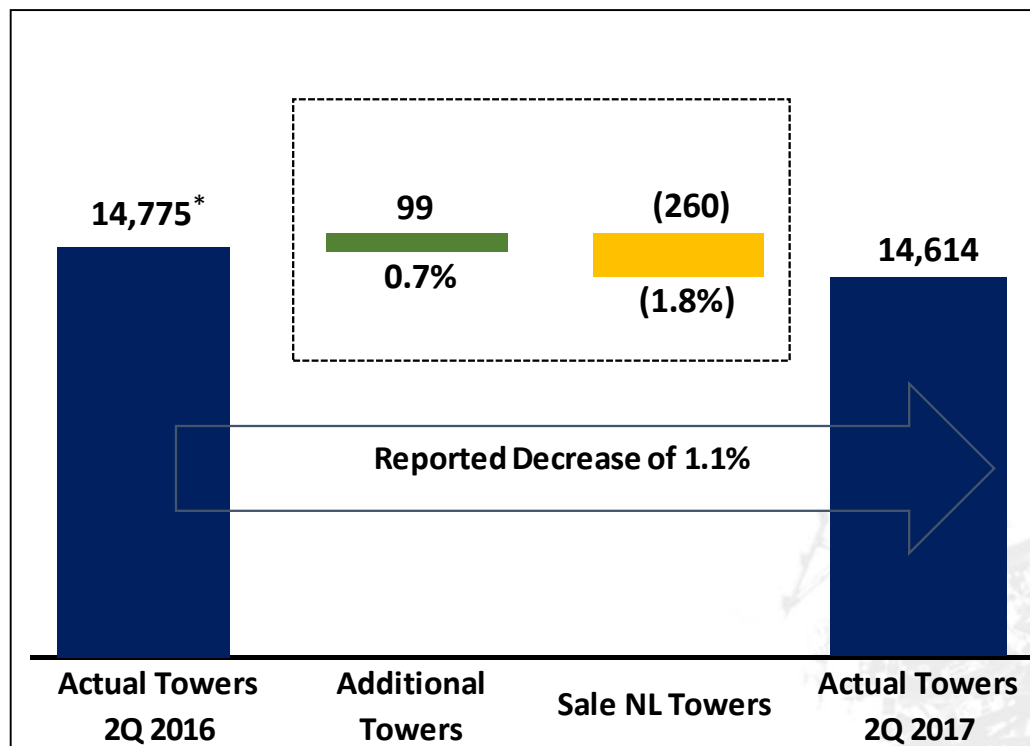
** Management Account/Calculation



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Tower Growth

Towers



- Decrease in number of towers due to sale of Netherlands operation.

Notes:

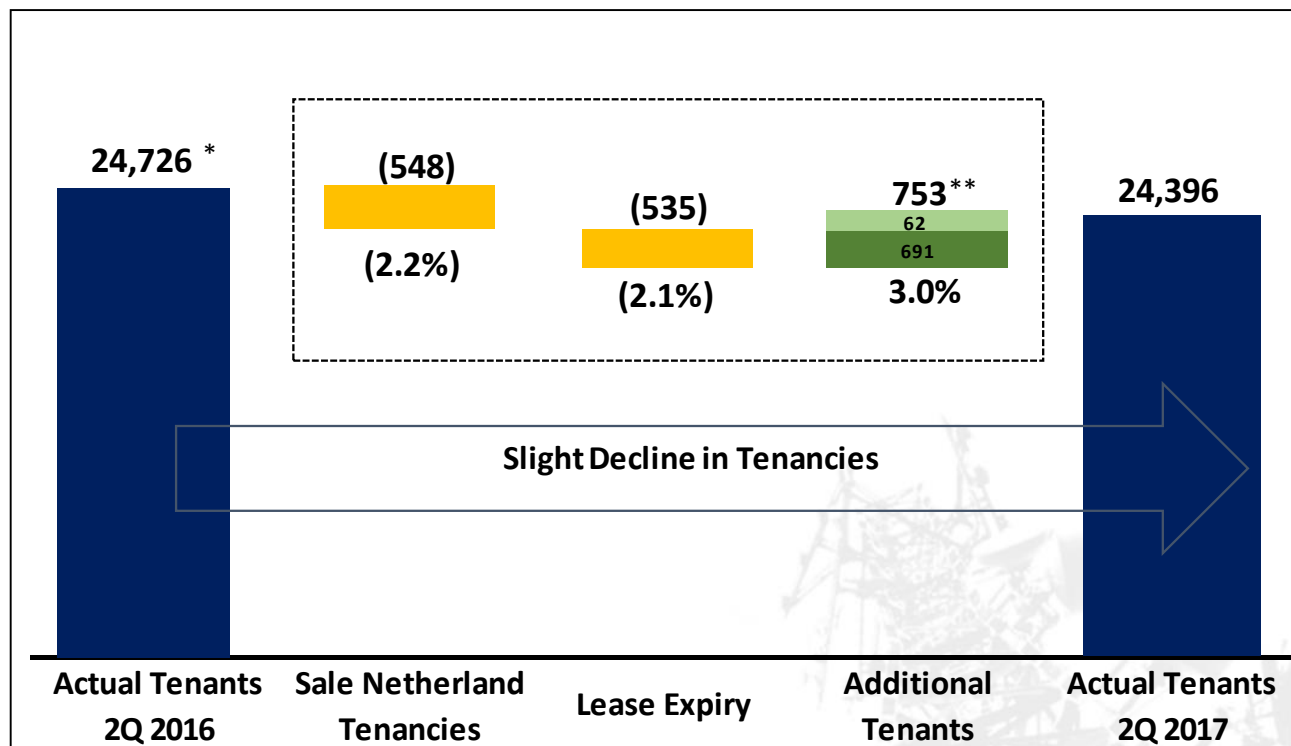
* includes towers from acquisition of towers from XL Axiata; revenue and EBITDA from this portfolio commenced in 3Q 2016



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Tenant Growth

Tenants



- Does not include 3,467 new revenue generating leases for additional equipment.

Notes:

* includes tenancies from acquisition of towers from XL Axiata, revenue and EBITDA from this portfolio commenced in 3Q 2016

** Additional tenants of 691 mostly from XL and Telkomsel in 1H 2017; 62 additional tenants from 2H 2016



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Balance Sheet and Income Statement Snapshot

(IDR Billions, unless otherwise stated)	Q2 16	Q3 16	Q4 16	Q1 17	Q2 17
Income Statement					
Tower Revenue	1,209.7	1,271.5	1,270.0	1,244.3	1,246.6
Growth	6.7%	5.1%	-0.1%	-2.0%	0.2%
VSAT Services	28.8	22.4	30.9	43.1	53.3
Growth	21.8%	-22.0%	37.9%	39.2%	23.8%
MWIFO and Internet	14.3	14.8	20.4	25.9	30.1
Growth	10.3%	3.1%	38.0%	27.0%	16.0%
Total Revenue :	1,252.8	1,308.7	1,321.3	1,313.3	1,329.9
Total Revenue Growth	7.1%	4.5%	1.0%	-0.6%	1.3%
EBITDA	1,108.3	1,145.6	1,153.5	1,133.6	1,135.9
EBITDA Margin	88.5%	87.5%	87.3%	86.3%	85.4%
Balance Sheet					
Total Debt	12,808.3	9,391.1	10,281.4	9,245.5	10,143.0
Cash & Cash Equivalents	3,600.8	1,550.7	2,905.3	2,421.9	4,743.3
Net Debt	9,207.5	7,840.4	7,376.1	6,823.6	5,399.7
Net Debt / LQA EBITDA	2.1x	1.7x	1.6x	1.5x	1.2x
Market Value	43,362	39,791	36,526	39,587	38,669
Total Number of Towers owned	14,775	14,529	14,562	14,587	14,614

Notes:

- Fx rate Q2 2016; Q3 2016; Q4 2016; Q1 2017 and Q2 2017: 1USD = IDR 13,180; 12,998; 13,436; 13,321 and 13,319
- Market value on 16 August 2017: 46,525

Change in Accounting on Protelindo

Balance Sheet Comparison*

In IDR Bio	Dec-2016		June-2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Assets:				
Current Assets	3,595	3,595	5,439	5,439
Fixed Assets	239	12,903	302	12,533
Investment Properties	18,269	-	18,505	-
Liabilities:				
Current Liability	3,303	3,303	3,836	3,836
Deferred Tax Liability	1,978	577	2,120	551
Non-Current Liabilities	11,014	9,614	9,890	9,890
Equity:				
Retained Earnings	10,201	5,998	10,777	6,071

Profit and Loss Comparison*

In IDR Bio	Dec - 2016		June - 2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Depreciation and amortization	(459)	(1,191)	(239)	(634)
FV Inv Property	495	-	52	-
Deferred Tax (Expense)/Benefit	(303)	2	(126)	(13)
Net Profit	3,043	2,115	1,276	937

- 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

Notes:

* Management Calculation

SMN Consolidated Statement of Profit or Loss

(IDR Bn)	2014A	2015A	2016A	1Q 2017	2Q 2017
Revenues	4,106.2	4,469.8	5,053.1	1,313.3	1,329.9
Cost of revenues	(238.3)	(181.7)	(209.5)	(66.4)	(74.2)
Depreciation and amortization	(338.2)	(389.8)	(459.3)	(121.4)	(117.5)
Gross income	3,529.7	3,898.3	4,384.3	1,125.5	1,138.3
Operating expenses	(449.5)	(512.4)	(435.7)	(113.2)	(119.9)
Operating income	3,080.2	3,385.9	3,948.6	1,012.3	1,018.4
Other income					
Interest income	6.9	12.4	56.1	17.2	18.5
Finance charges	(855.6)	(562.5)	(668.9)	(189.5)	(172.2)
Foreign exchange gains/(losses), net	(5.0)	(509.6)	186.5	23.9	(1.8)
(Impairment expense)/ reversal of allowance for impairment	—	—	—	21.7	0.1
Corporate income tax adjustment	—	—	—	—	—
Others, net	(669.5)	1,631.7	559.8	(19.9)	(33.7)
Other income / (expense), net	(1,523.1)	571.9	133.5	(146.6)	(189.1)
Income/(loss) before corp. income tax expense	1,557.1	3,957.8	4,082.1	865.7	829.3
Corporate income tax expense					
Current tax expense	(423.5)	(403.7)	(735.8)	(157.2)	(135.7)
Deferred tax expense	(34.9)	(589.5)	(303.3)	(59.0)	(67.0)
Total corporate income tax expense	(458.5)	(993.1)	(1,039.1)	(216.2)	(202.7)
Net income / (loss) for the year	1,098.7	2,964.7	3,043.0	649.5	626.5
EBITDA	3,418.4	3,775.7	4,408.0	1,133.7	1,135.9
Revenue growth	28.4%	8.9%	13.0%	N/a	N/a
Gross margin	86.0%	87.2%	86.8%	85.7%	85.6%
EBITDA margin	83.3%	84.5%	87.2%	86.3%	85.4%
Net income margin	26.8%	66.3%	60.2%	49.5%	47.1%

SMN Consolidated Statement of Financial Position

As at 31 December (IDR Bn)	2014A	2015A	2016A	1Q 2017	2Q 2017
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	2,009.6	2,986.8	2,905.3	2,421.9	4,743.3
Trade receivables	571.9	470.5	351.7	849.9	594.5
Other receivables	1.0	0.8	1.3	1.5	1.9
Inventories	—	11.1	—	—	—
Prepaid expenses and advances	40.7	39.7	37.3	34.6	90.4
Refundable taxes	19.0	24.5	298.9	182.3	8.6
Other current assets	—	—	—	—	—
Total current assets	2,642.4	3,533.4	3,594.6	3,490.2	5,438.7
Total non-current assets	14,639.5	17,883.3	21,430.7	21,544.4	21,735.7
TOTAL ASSETS	17,281.9	21,416.7	25,025.2	25,034.6	27,174.4
LIABILITIES AND EQUITY					
<i>Current liabilities</i>					
Tower construction and other payables - third parties	471.7	216.6	189.3	186.1	235.5
Other payables - third parties	39.8	20.2	21.3	3.9	3.8
Dividend Payable	—	—	—	—	613.1
Accrued expenses	302.1	356.3	242.5	242.1	248.5
Unearned revenue	632.9	820.9	953.4	1,212.8	1,905.8
Short-term employee benefit liabilities	54.3	55.9	45.5	54.1	21.5
Current portion of long-term loans	203.0	446.1	516.7	589.7	675.7
Current portion of long-term Bonds	—	—	998.7	—	—
Taxes payable	335.4	61.6	335.6	389.2	132.0
Total current liabilities	2,039.4	1,977.6	3,303.0	2,677.9	3,835.9
<i>Non-current liabilities</i>					
Deferred tax liabilities	910.9	1,690.0	1,978.2	2,047.3	2,119.5
Long-term employee benefit liabilities	55.2	64.6	91.5	97.9	106.3
Long-term loans, net of current portion	6,513.0	6,741.3	5,971.3	5,889.5	6,822.9
Bonds payable	2,638.0	2,715.1	2,432.2	2,475.9	2,488.3
Cross currency swap payables	87.8	228.0	223.7	124.8	91.2
Unearned revenue ⁽²⁾	150.7	113.0	60.8	51.8	57.8
Management option plan liabilities	—	—	30.0	50.0	87.4
Long-term provision	171.2	208.6	226.4	231.1	235.9
Total non-current liabilities	10,526.7	11,760.6	11,013.9	10,968.3	12,009.3
Total liabilities	12,566.1	13,738.2	14,316.9	13,646.2	15,845.2
<i>Equity</i>					
Common shares	530.7	530.7	530.7	530.7	530.7
Other comprehensive income	(9.6)	(11.6)	(23.2)	7.5	21.6
Retained earnings / (accumulated deficit)	4,202.6	7,161.0	10,200.7	10,850.1	10,776.8
Non-controlling interests	(7.9)	(1.6)	0.1	0.1	0.1
Total equity	4,715.8	7,678.5	10,708.3	11,388.4	11,329.2



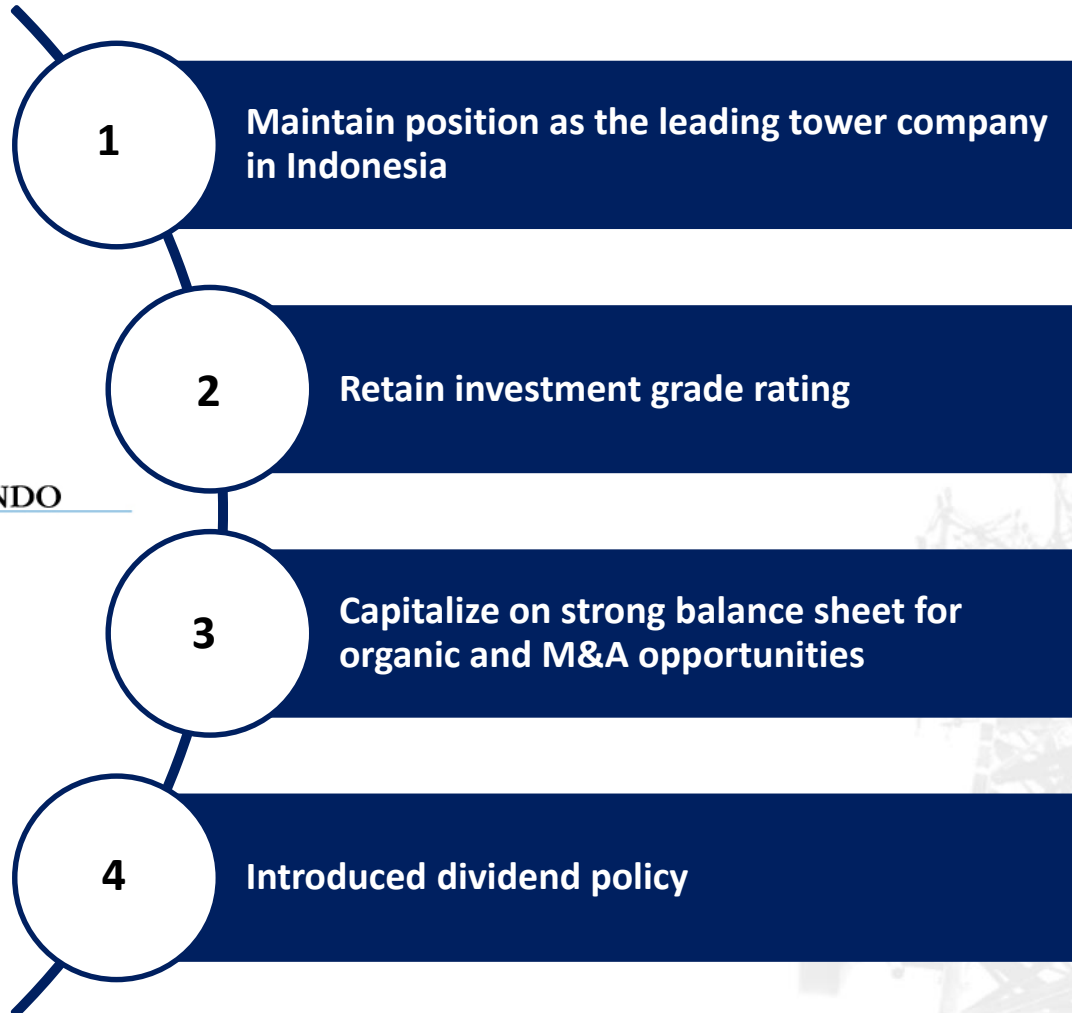
Strategy



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Enhancing Shareholder Value - Build, Buy, Return

Indonesia's Premier Tower Company



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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

..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

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