

PROTELINDO

PT. SARANA MENARA NUSANTARA, TBK. (TOWR)



**Indonesia's Premier Telecommunication
Infrastructure Company
3Q 2017 Results Presentation**



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Agenda

Strategy

Market Overview

Summary Financial Results

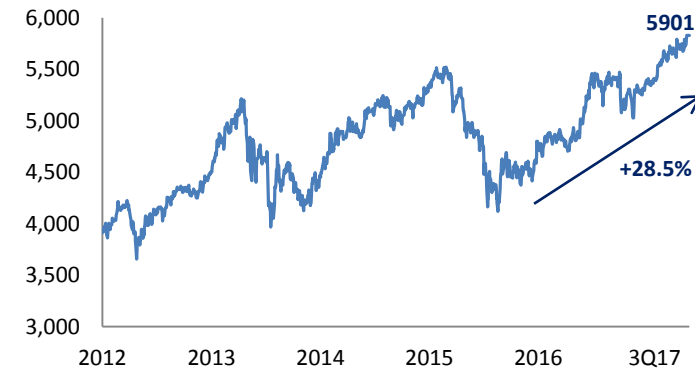
Indonesia Macro Economy – Key Indicators

An attractive investment environment

1 Market performance

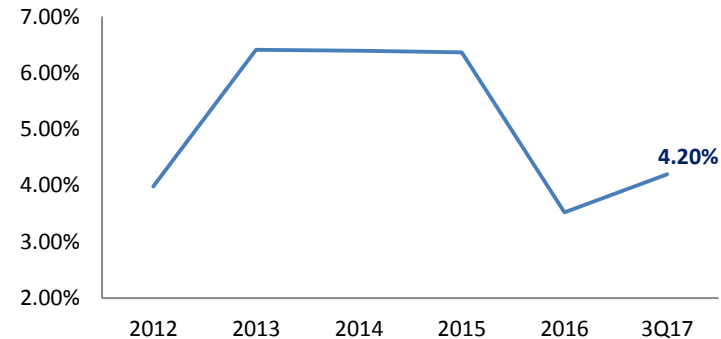
- The JCI Index has traded up in 3Q17 and has increased by 28.5% since 2016

The Jakarta Composite Index



Source: Market data as at 29 Sep 2017

Indonesian CPI Inflation Index



Source: Economist Intelligence Unit

2 Inflation

- Inflation rate of 3.50% in 2016 with forecast inflation of 4.20% in 2017

3 Exchange rate

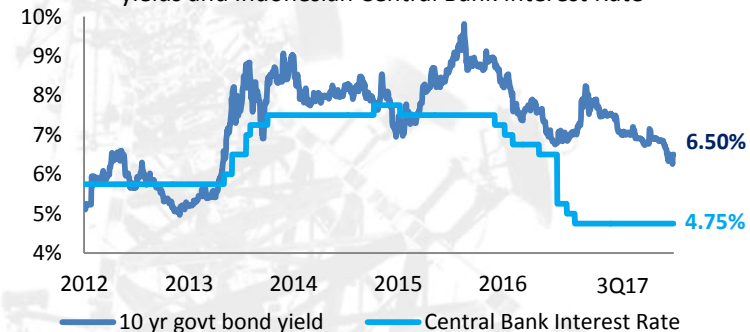
- The rupiah has stabilized over the past year and has traded within a relatively narrow band since Jan 2017 highlighting the strength of the currency to external shocks

USD/IDR exchange rate



Source: Market data as at 29 Sep 2017

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



Source: Market data as at 29 Sep 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 2Q17

Note:

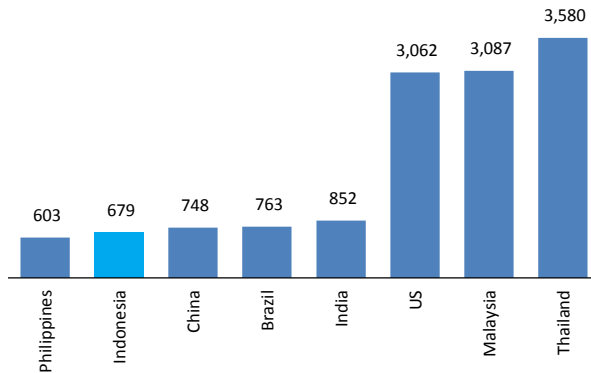
1 Bank Indonesia introduced and adopted a new policy rate known as the BI 7-Day (Reverse) Repo Rate, effective from 19 Aug 2016

Indonesia Telecom Industry – Outlook

Strong demand for data services expected over the next five years

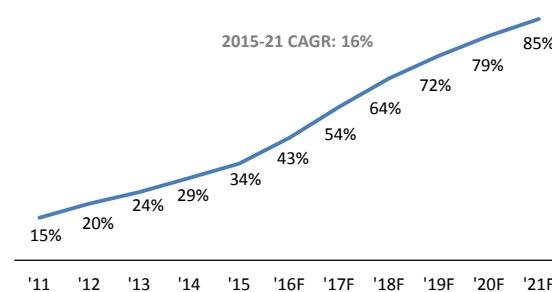
- Indonesia's average mobile data usage remains relatively low

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



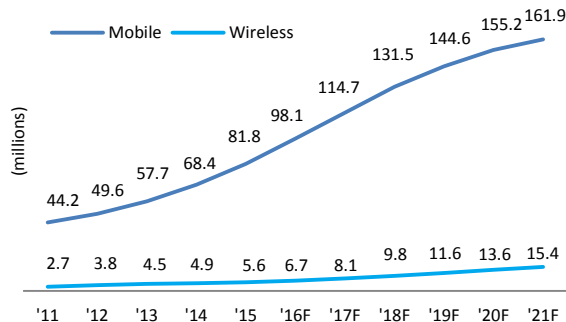
Increasing smartphone penetration..

Smartphone penetration



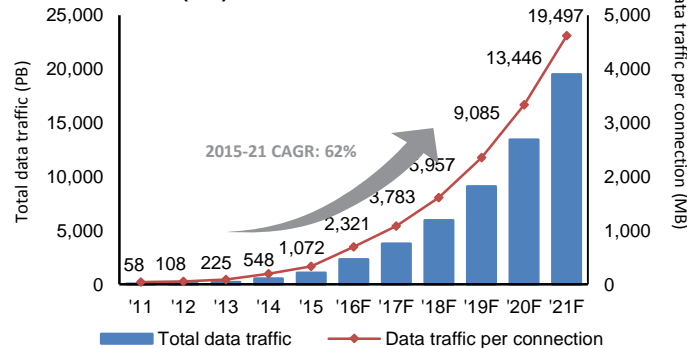
.. and improving wireless broadband availability and affordability..

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

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Indonesian Tower Industry – Key Growth Drivers

1

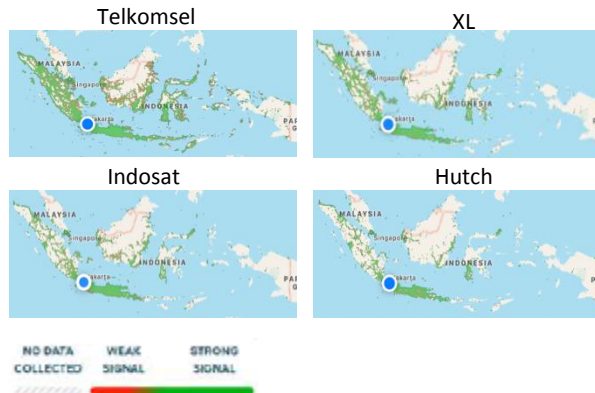
Potential for organic growth in line with increasing demand for Telco services

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 through 3Q17:
 - ✓ Nearly 1.100 new colos; the most new colo's since 2nd half 2014
 - ✓ Nearly 500 new BTS orders; the most new BTS orders since 1st half 2015

Network Coverage in Indonesia

Comparison of network coverage across Indonesia



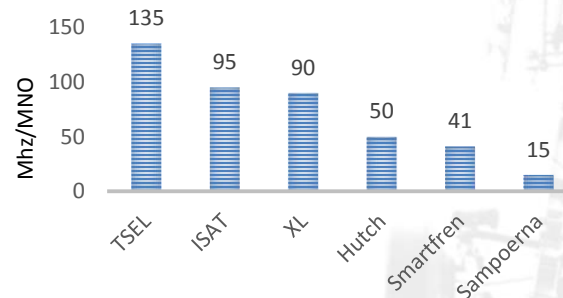
2

Telecom industry capacity growth

- Surging data demand is generating the need to add new equipment to existing tenancy leases.
- Nearly 3.500 additional equipment leases achieved through 3Q17. This is 3 times higher than the same period in 2016 and continues the strong growth in additional equipment leases that began in the 2nd half of 2016

Spectrum Ownership

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



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 3,880 km
- Over 2,500 VSAT leases
- Signed contract with XL Axiata to install and lease fiber to towers for an expected 600 sites



Source: Analysys Mason, Company

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Work Orders Received Through Oct 2017

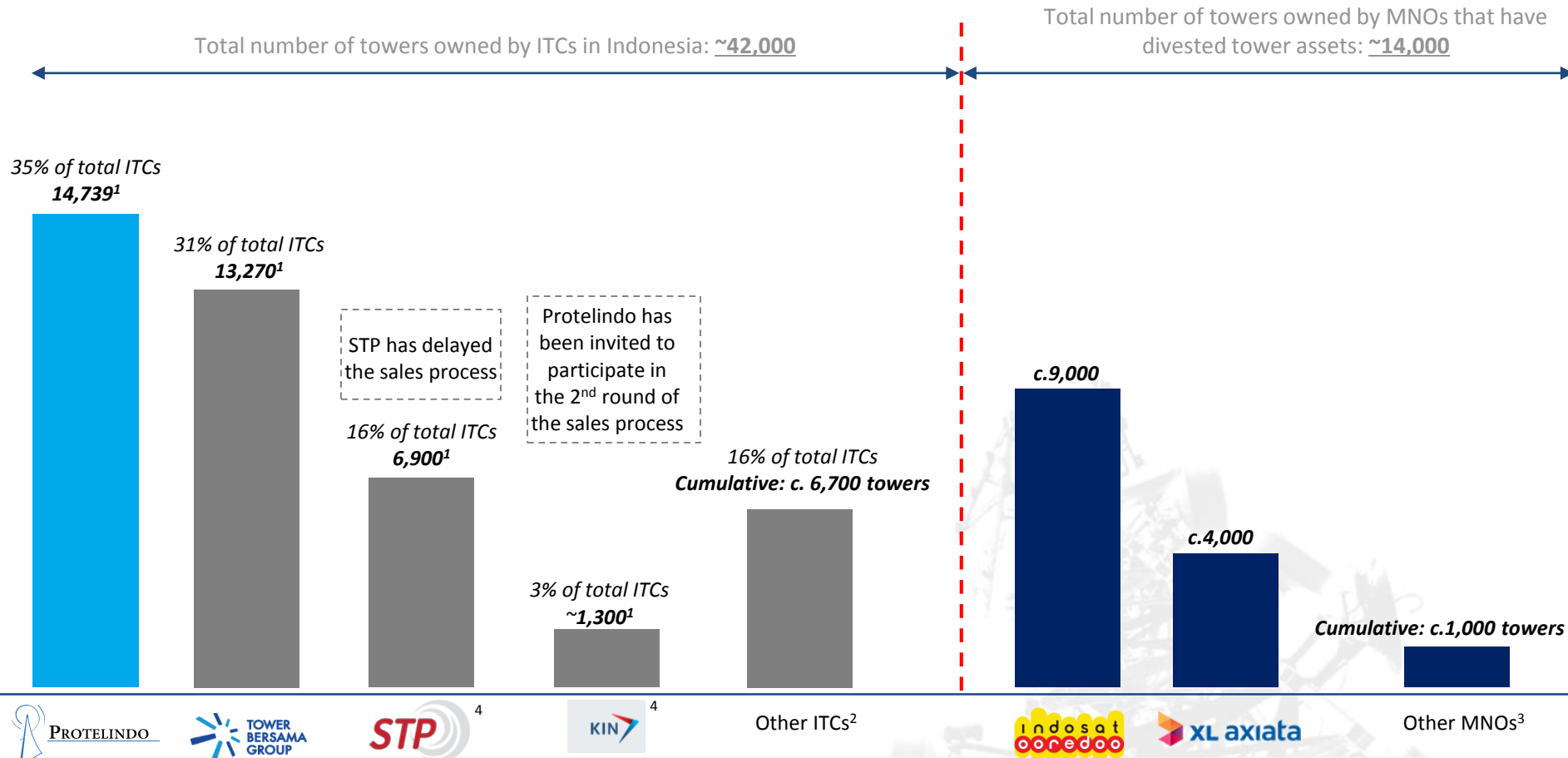
- Leases work order for new BTS & colo received through end of October 2017

Quarter	New Tenancy Orders
Q1	521
Q2	748
Q3	253
October to Date	500
Total	2,022

- New orders in 2017 are the most new orders since 2014
- Of total 2,022 new tenancy orders 1,052 have commenced as of 3Q17
- Signed contract with XL Axiata to install and lease fiber to towers for an expected 600 sites

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:

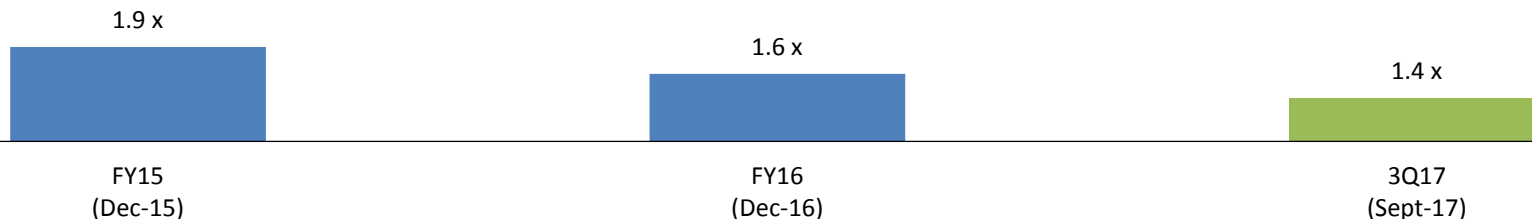
- Protelindo, TBIG, and STP Count as at 3Q 2017, and others as at 2Q 2017
- Includes at least 6 smaller regional companies such as PT Bali Towerindo, Persad Sokka, Centrarama Menara and Gihon
- Includes other operators such as Hutchison, Smartfren and Internux




Source: Analysys Mason

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Indonesia's Tower Company Comparison

Net Debt / LQA EBITDA (x)



			
	FY15 (Dec-15)	FY16 (Dec-16)	3Q17 (Sept-17)
LQA EBITDA (IDR bn)	4,594.6	3,616.2	1,659.5
Interest Cost Annualized (IDR bn)	572.8	1,812.9	894.8
Recurring FCF (IDR bn)	4,021.8	1,803.2	764.7
EBITDA Margin	86.1%	87.4%	86.1%
4Q'12 – 2Q'17 EBITDA Growth	21.8%	16.2%	26.1%
LQA Recurring FCF Margin ⁽¹⁾	75.3%	43.6%	39.7%
Key Credit Metrics ⁽²⁾			
Net Debt / LQA EBITDA	1.4x	4.9x	4.2x
Interest Coverage Ratio	8.0x	2.0x	1.9x
Average Interest Rate ⁽³⁾	5.8%	10.0%	12.2%

Notes:

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

2. Figure as of 30 September 2017

3. Based on LQA interest expenses / total debt

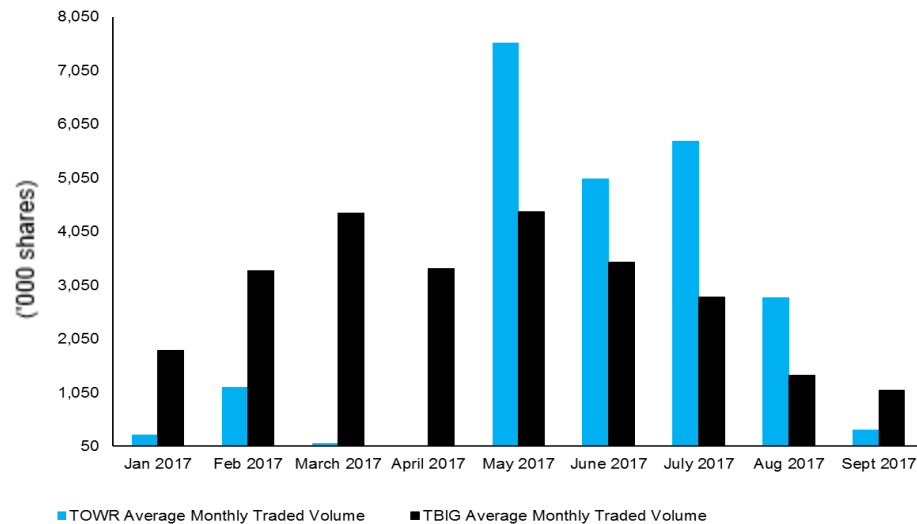
4. Most figure are based on management calculation



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Improved Stock Liquidity and Valuation Post re-IPO

Share price rebased and average public monthly traded volume in last 9 months (Jan- Oct 2017)

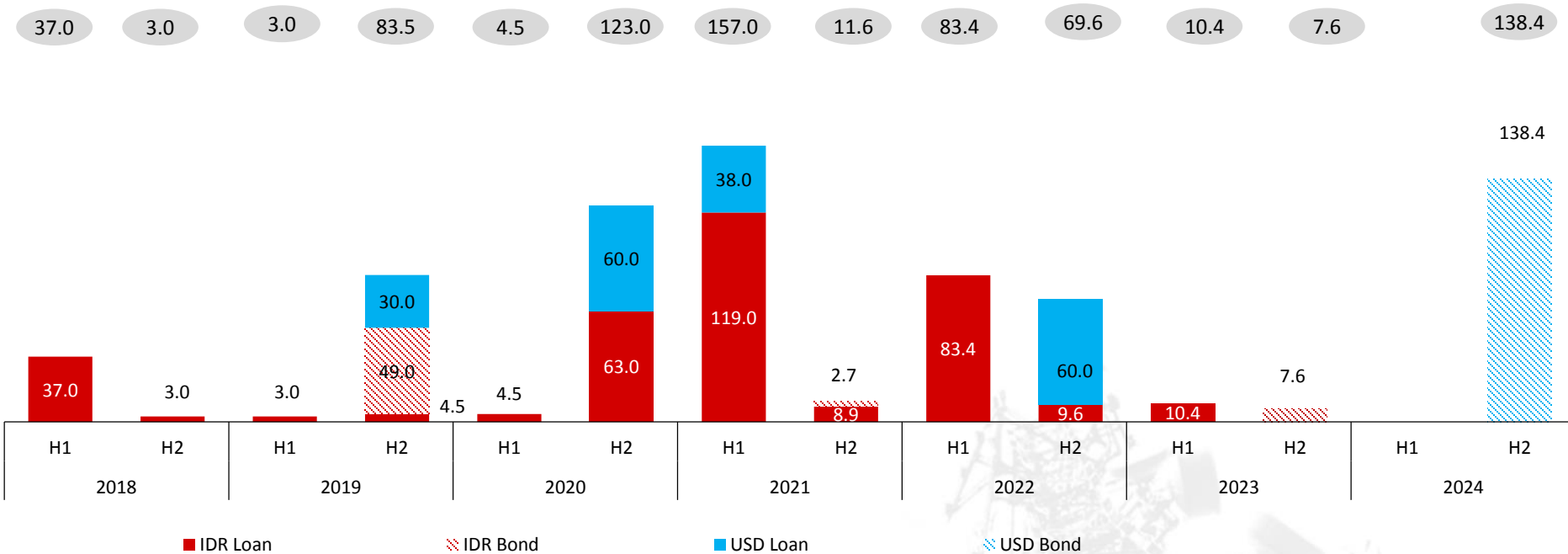


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Debt Profile

Debt Maturity

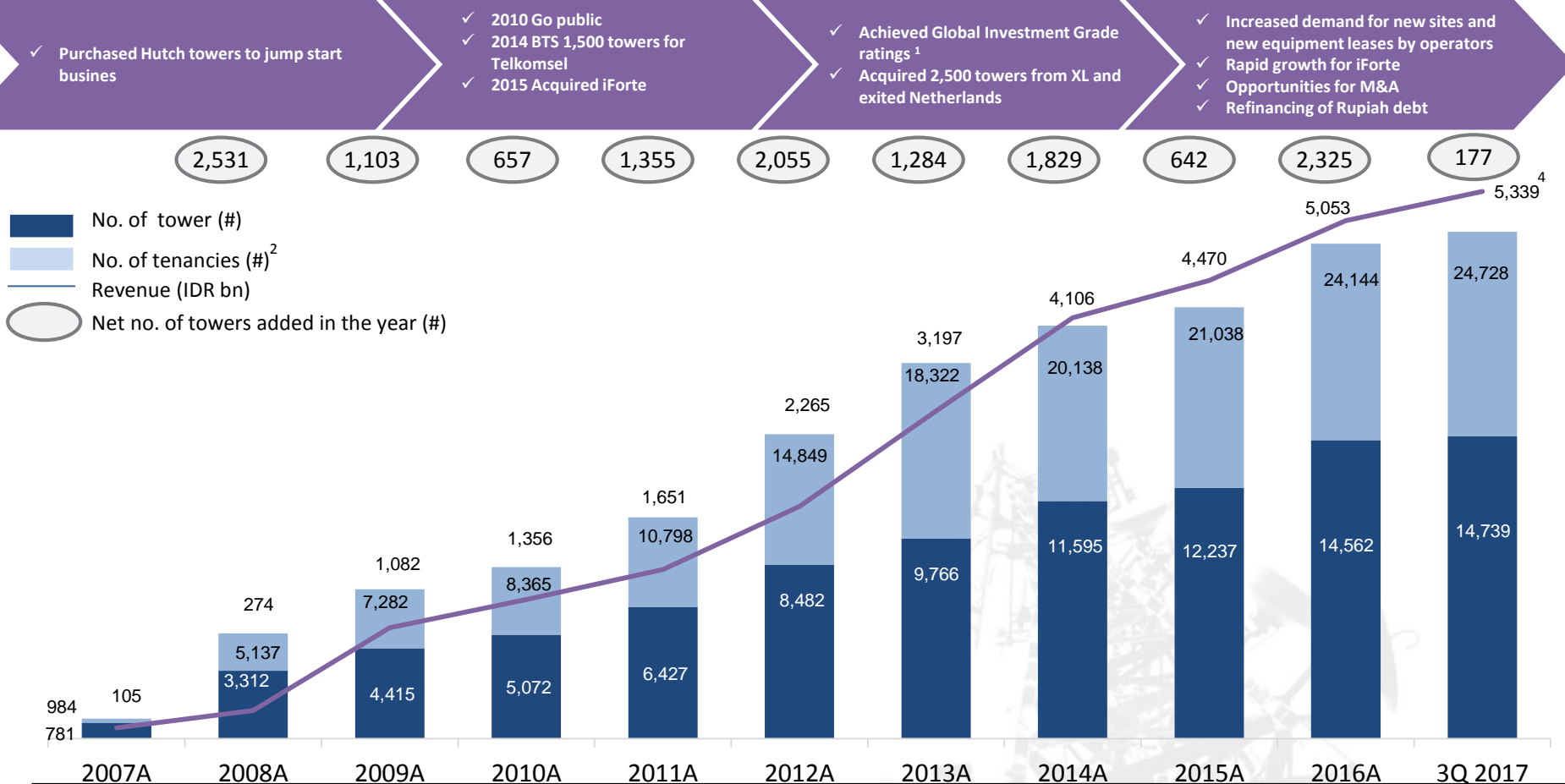
Stated in USD Mio



- Average interest rate decreased 67 bps from 6.45% in 2Q 2017 to 5.78% in 3Q 2017 mainly due to a decrease in JIBOR and applicable margin on the floating rate loans.

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 6,292 Build-to-suit ("B2S") towers and 8,447 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 September 2017

4

Based on Last Quarter Annualized (LQA) Figure



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Protelindo Snapshot



Indonesia's **largest** independent tower operator with **#14,739 towers⁽¹⁾** and **#24,728 tenants⁽¹⁾**



Strong **revenue growth** of **20.9%⁽²⁾** and **EBITDA growth** of **21.8%⁽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 **fiber optic network** reached **3,880 km⁽¹⁾**



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

Source: Company information, Analysys Mason

Notes:

1 As at 30 September 2017

2 3Q 2012-3Q 17 CAGR



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Summary Financial Results



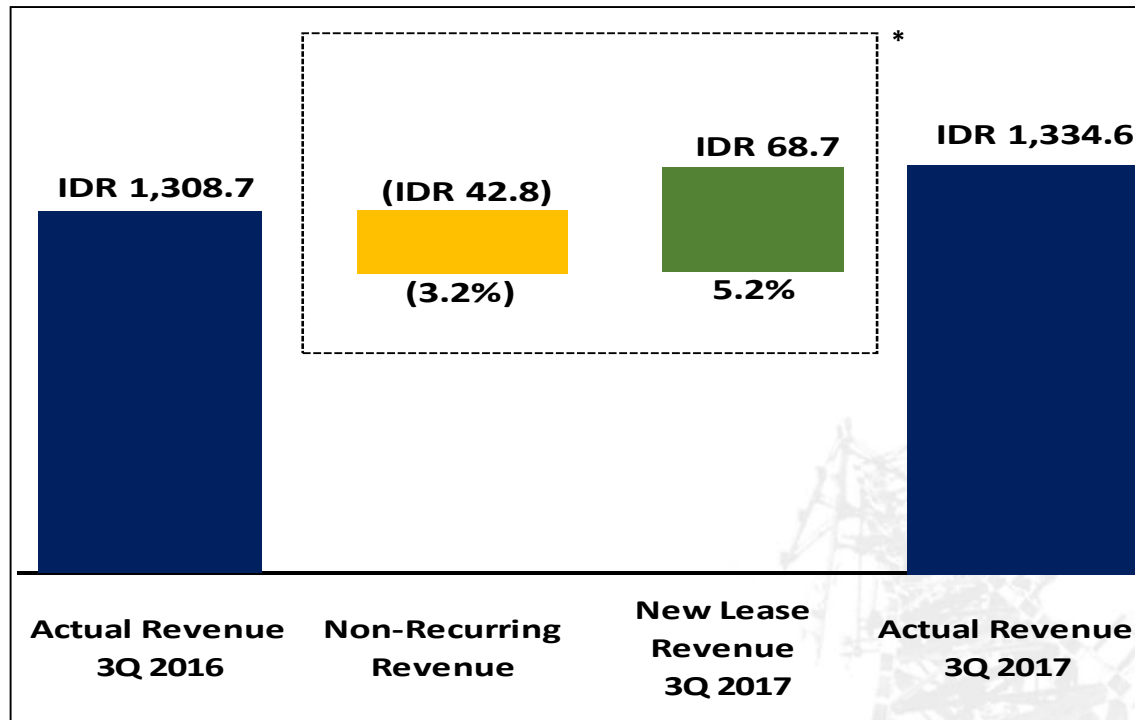
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3Q 2017 Financial Results

Revenue

(in IDR Billions)



- Strong growth in new tenancies and additional equipment leases supported revenue growth offset by non-renewal of Smartfren leases.

Notes:

* Management Account/Calculation

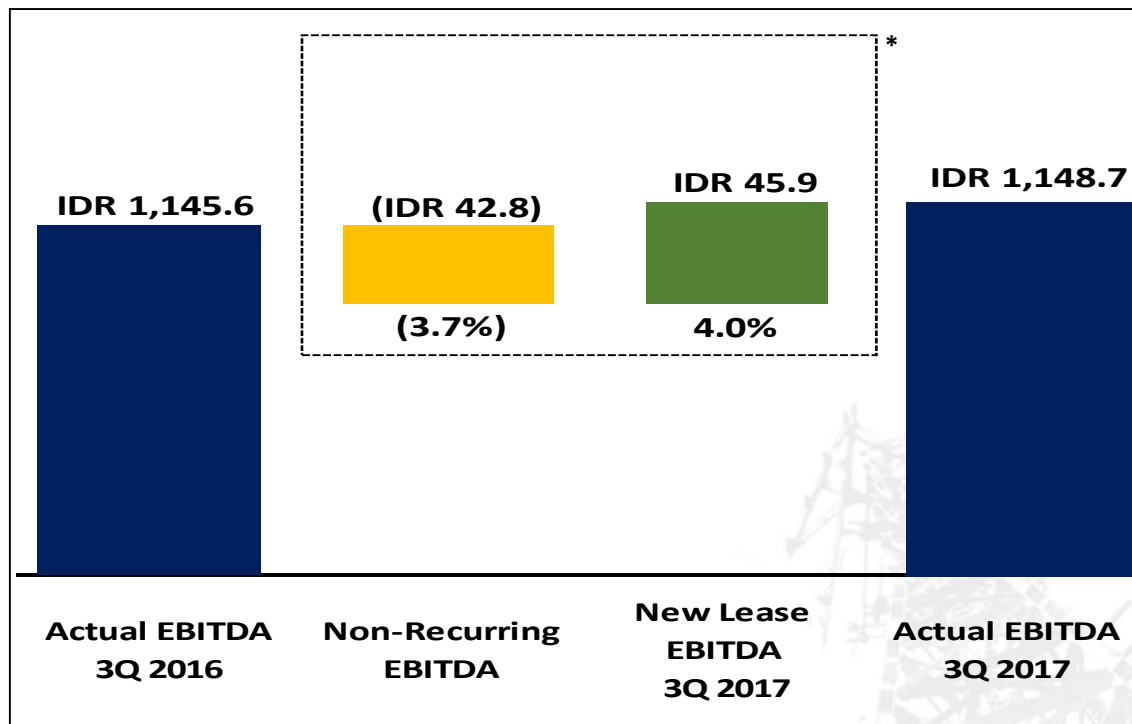


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3Q 2017 Financial Results

EBITDA

(in IDR Billions)



- Maintained solid EBITDA cash flow generating capacity.

Notes:

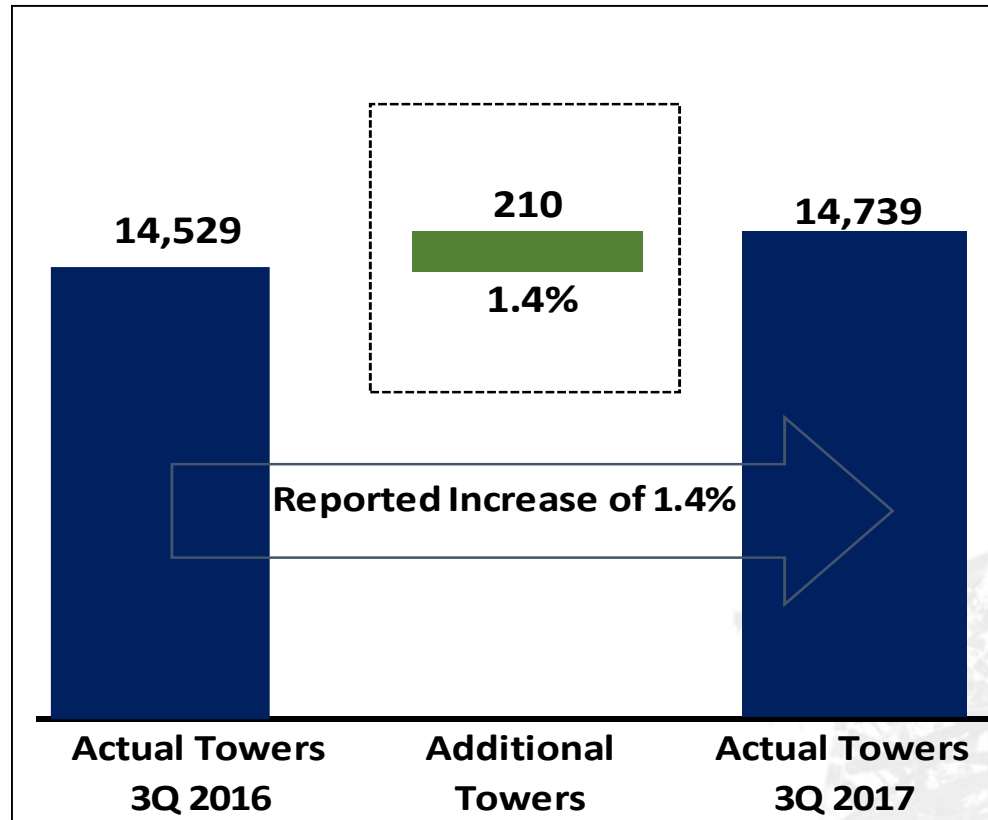
* Management Account/Calculation



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Tower Growth

Towers

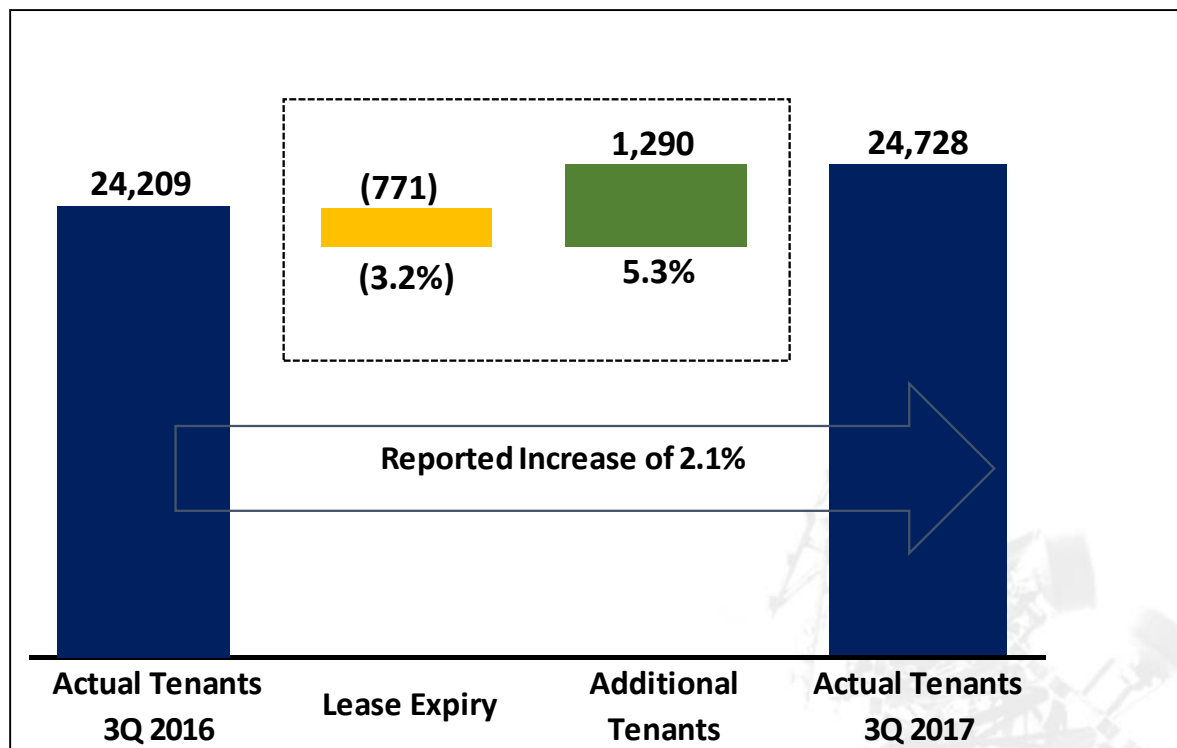


- New BTS orders expected to continue to develop through 1Q18.



Tenant Growth

Tenants



- New tenancies in part offset by non-renewal of Smartfren leases
- Does not include 3,451 new revenue generating leases for additional equipment.



Balance Sheet and Income Statement Snapshot

(IDR Billions, unless otherwise stated)	Q3 16	Q4 16	Q1 17	Q2 17	Q3 17
Revenue	1,308.7	1,321.3	1,313.3	1,329.9	1,334.6
Revenue Growth	4.5%	1.0%	-0.6%	1.3%	0.4%
EBITDA	1,145.6	1,153.5	1,133.6	1,135.9	1,148.7
EBITDA Margin	87.5%	87.3%	86.3%	85.4%	86.1%
Balance Sheet					
Total Debt	9,391.1	10,281.4	9,245.5	10,143.0	9,823.2
Cash & Cash Equivalents	1,550.7	2,905.3	2,421.9	4,743.3	3,285.1
Net Debt	7,840.4	7,376.1	6,823.6	5,399.7	6,538.1
Net Debt / LQA EBITDA	1.7x	1.6x	1.5x	1.2x	1.4x
Market Value	39,791	36,526	39,587	38,669	45,607
Total Number of Towers owned	14,529	14,562	14,587	14,614	14,739

Notes:

- Fx rate Q3 2016; Q4 2016; Q1 2017; Q2 2017 and Q3 2017: 1USD = IDR 12,998; 13,436; 13,321; 13,319 and 13,492
- Market value on 23 October 2017: IDR 44,893 Bio

Change in Accounting on Protelindo

Balance Sheet Comparison*

In IDR Bio	Dec-2016		Sept-2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Assets:				
Current Assets	3,595	3,595	4,697	4,697
Fixed Assets	239	12,903	358	12,182
Investment Properties	18,269	-	18,736	-
Liabilities:				
Current Liability	3,303	3,303	2,979	2,979
Deferred Tax Liability	1,978	577	2,171	443
Non-Current Liabilities	11,014	9,614	9,718	9,718
Equity:				
Retained Earnings	10,201	5,998	11,410	6,227

Profit and Loss Comparison*

In IDR Bio	Dec - 2016		Sept - 2017	
	PSAK 13	PSAK 16 Cost	PSAK 13	PSAK 16 Cost
Depreciation and amortization	(459)	(1,191)	(361)	(958)
FV Inv Property	495	-	103	-
Deferred Tax (Expense)/Benefit	(303)	2	(185)	(16)
Net Profit	3,043	2,115	1,910	1,403

- 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	3Q 2017
Revenues	4,106.2	4,469.8	5,053.1	1,313.3	1,329.9	1,334.6
Cost of revenues	(238.3)	(181.7)	(209.5)	(66.4)	(74.2)	(67.6)
Depreciation and amortization	(338.2)	(389.8)	(459.3)	(121.4)	(117.5)	(122.4)
Gross income	3,529.7	3,898.3	4,384.3	1,125.5	1,138.3	1,144.6
Operating expenses	(449.5)	(512.4)	(435.7)	(113.2)	(119.9)	(118.3)
Operating income	3,080.2	3,385.9	3,948.6	1,012.3	1,018.4	1,026.2
Other income						
Interest income	6.9	12.4	56.1	17.2	18.5	15.6
Finance charges	(855.6)	(562.5)	(668.9)	(189.5)	(172.2)	(168.6)
Foreign exchange gains/(losses), net	(5.0)	(509.6)	186.5	23.9	(1.8)	(18.4)
(Impairment expense)/ reversal of allowance for impairment	—	—	—	21.5	(0.1)	(21.3)
Corporate income tax adjustment	—	—	—	—	—	—
Others, net	(669.5)	1,631.7	559.8	(19.8)	(33.4)	12.6
Other income / (expense), net	(1,523.1)	571.9	133.5	(146.7)	(189.0)	(180.1)
Income/(loss) before corp. income tax expense	1,557.1	3,957.8	4,082.1	865.6	829.3	846.2
Corporate income tax expense						
Current tax expense	(423.5)	(403.7)	(735.8)	(157.2)	(135.7)	(153.2)
Deferred tax expense	(34.9)	(589.5)	(303.3)	(59.0)	(67.0)	(59.1)
Total corporate income tax expense	(458.5)	(993.1)	(1,039.1)	(216.2)	(202.7)	(212.2)
Net income / (loss) for the year	1,098.7	2,964.7	3,043.0	649.5	626.6	633.9
EBITDA	3,418.4	3,775.7	4,408.0	1,133.7	1,135.9	1,148.7
Revenue growth	28.4%	8.9%	13.0%	N/a	N/a	N/a
Gross margin	86.0%	87.2%	86.8%	85.7%	85.6%	85.8%
EBITDA margin	83.3%	84.5%	87.2%	86.3%	85.4%	86.1%
Net income margin	26.8%	66.3%	60.2%	49.5%	47.1%	47.5%

SMN Consolidated Statement of Financial Position

As at 31 December (IDR Bn)	2014A	2015A	2016A	1Q 2017	2Q 2017	3Q 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	3,285.1
Trade receivables	571.9	470.5	351.7	849.9	594.5	1,312.5
Other receivables	1.0	0.8	1.3	1.5	1.9	3.6
Inventories	—	11.1	—	—	—	—
Prepaid expenses and advances	40.7	39.7	37.3	34.6	90.4	81.4
Refundable taxes	19.0	24.5	298.9	182.3	8.6	14.0
Other current assets	—	—	—	—	—	—
Total current assets	2,642.4	3,533.4	3,594.6	3,490.2	5,438.7	4,696.6
Total non-current assets	14,639.5	17,883.3	21,430.7	21,544.4	21,735.7	22,112.1
TOTAL ASSETS	17,281.9	21,416.7	25,025.2	25,034.6	27,174.4	26,808.7
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Tower construction and other payables - third parties	471.7	216.6	189.3	186.1	235.5	261.7
Other payables - third parties	39.8	20.2	21.3	3.9	3.8	4.1
Dividend Payable	—	—	—	—	613.1	—
Accrued expenses	302.1	356.3	242.5	242.1	248.5	299.9
Unearned revenue	632.9	820.9	953.4	1,212.8	1,905.8	1,717.7
Short-term employee benefit liabilities	54.3	55.9	45.5	54.1	21.5	38.3
Current portion of long-term loans	203.0	446.1	516.7	589.7	675.7	549.3
Current portion of long-term Bonds	—	—	998.7	—	—	—
Taxes payable	335.4	61.6	335.6	389.2	132.0	108.2
Total current liabilities	2,039.4	1,977.6	3,303.0	2,677.9	3,835.9	2,979.2
<i>Non-current liabilities</i>						
Deferred tax liabilities	910.9	1,690.0	1,978.2	2,047.3	2,119.5	2,171.2
Long-term employee benefit liabilities	55.2	64.6	91.5	97.9	106.3	113.1
Long-term loans, net of current portion	6,513.0	6,741.3	5,971.3	5,889.5	6,822.9	6,569.7
Bonds payable	2,638.0	2,715.1	2,432.2	2,475.9	2,488.3	2,550.5
Cross currency swap payables	87.8	228.0	223.7	124.8	91.2	85.6
Unearned revenue ⁽²⁾	150.7	113.0	60.8	51.8	57.8	69.9
Management option plan liabilities	—	—	30.0	50.0	87.4	87.4
Long-term provision	171.2	208.6	226.4	231.1	235.9	242.2
Total non-current liabilities	10,526.7	11,760.6	11,013.9	10,968.3	12,009.3	11,889.6
Total liabilities	12,566.1	13,738.2	14,316.9	13,646.2	15,845.2	14,868.8
<i>Equity</i>						
Common shares	530.7	530.7	530.7	530.7	530.7	530.7
Other comprehensive income	(9.6)	(11.6)	(23.2)	7.5	21.6	(1.5)
Retained earnings / (accumulated deficit)	4,202.6	7,161.0	10,200.7	10,850.1	10,776.8	11,410.6
Non-controlling interests	(7.9)	(1.6)	0.1	0.1	0.1	0.1
Total equity	4,715.8	7,678.5	10,708.3	11,388.4	11,329.2	11,939.9



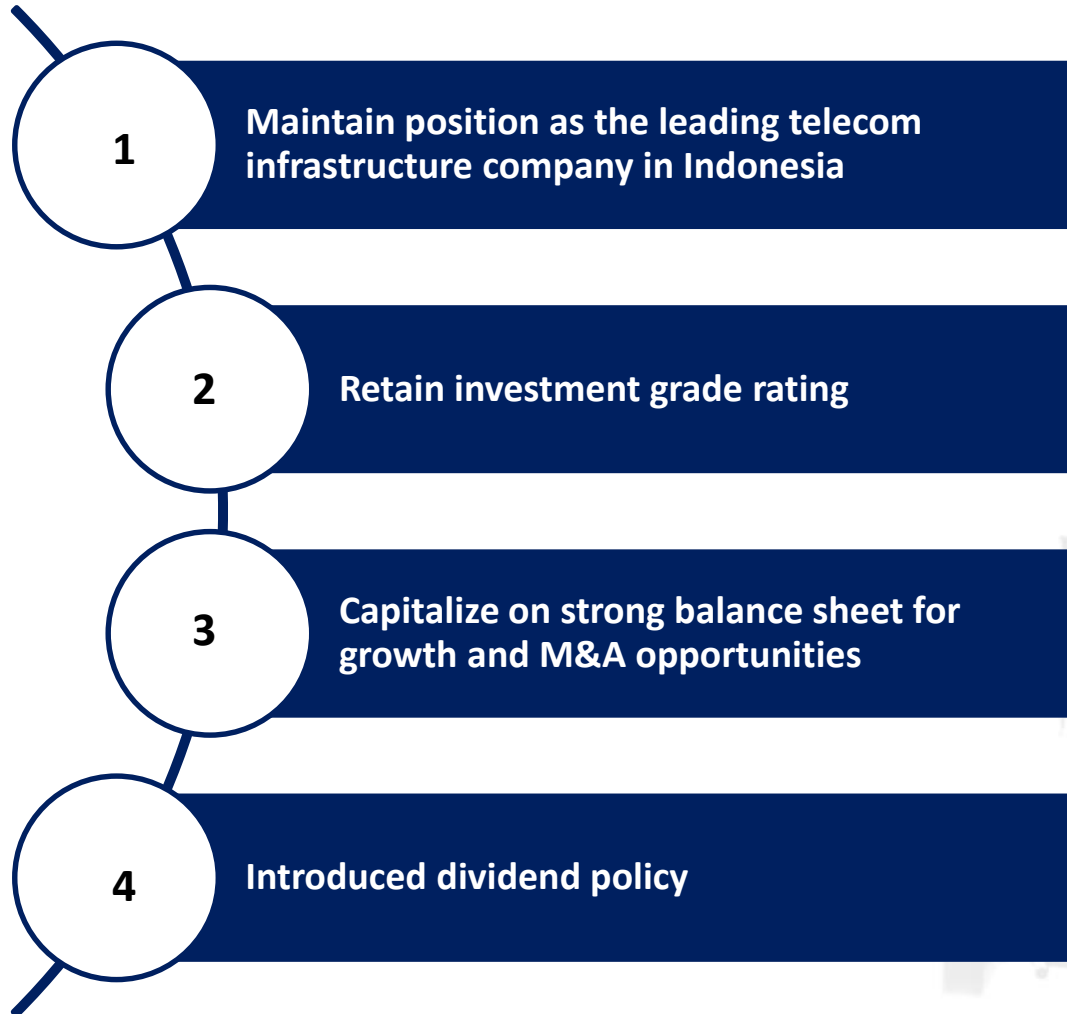
Strategy



PROTELINDO

Enhancing Shareholder Value - Build, Buy, Return

Indonesia's Premier Telecommunication infrastructure Company



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



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