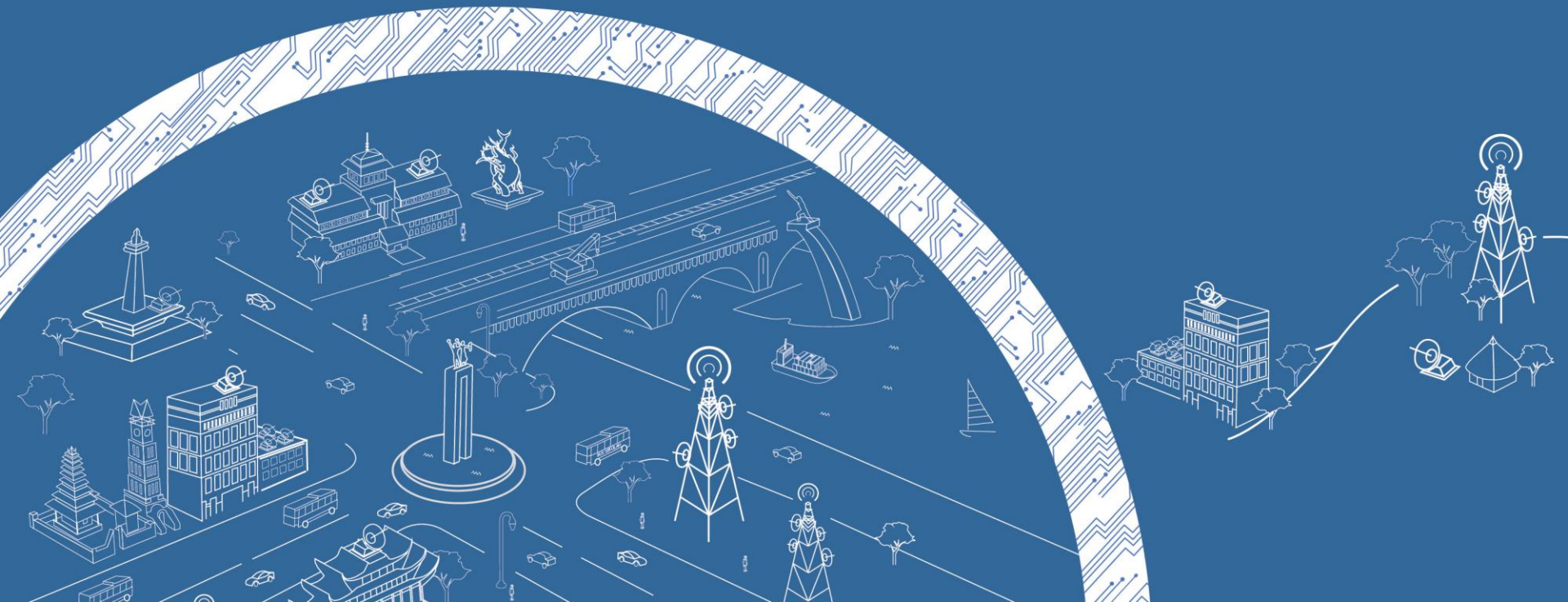




SARANA MENARA NUSANTARA

Indonesia's Premier Telecommunication Infrastructure Company 2Q 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 **21,271** towers providing critical foundation for coverage & capacity

22% tower market share

Expanding fiber optics network^(a) ~**47,000** kms of revenue generating fiber by year end 2020

Reaffirmed stable outlook by S&P and **upgrade to BBB/AAA** by Fitch



Solid business model with **predictable** cash flow and **diversification** to fiber optic

Sustained strong performance
5-yr Revenue CAGR **11.7%**^(b)
5-yr EBITDA CAGR **12.2%**^(b)

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

Investment grade company
TOWR shares included
in **IDX LQ45** and **IDX30**^(d)

^(a) Fiber optics network comprises of tower fiberization, backbone and metro-e. Including pipeline of ~13,200kms

^(b) CAGR = Compounded Average Growth Rate; CAGR 2Q 2015 – 2Q 2020

^(c) LQA = Last Quarter Annualized

^(d) Announced in January 2020 and reconfirmed in July 2020, LQ45 comprises 45 most liquid stocks with significant free float. IDX30 announced in July 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 macro 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

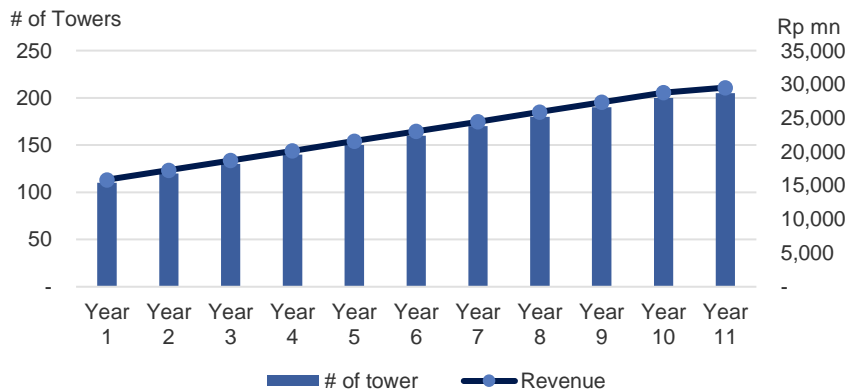
New Built-to-Suit Tower

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

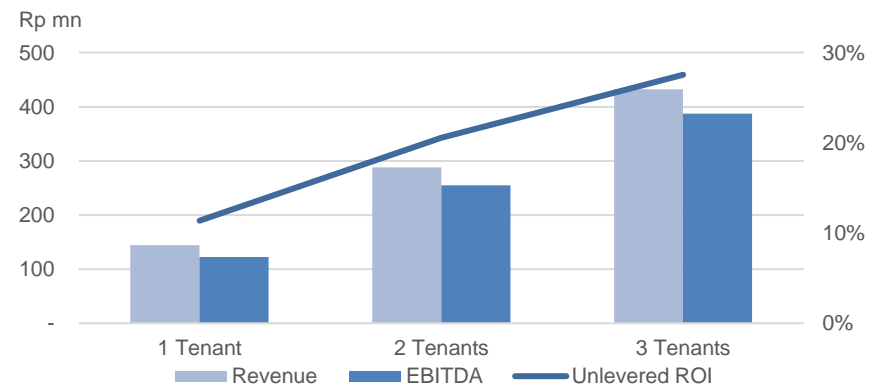
Colocation boosts unlevered ROI and accelerates payback period

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 download speed



% 4G penetration rate	64%
Mobile internet speed	8.5 mbps*
Credit Rating	BBB/Baa2
2019 GDP/capita	\$4,164

(source: JP Morgan)

*compared to median of 15.3mbps in other emerging 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:

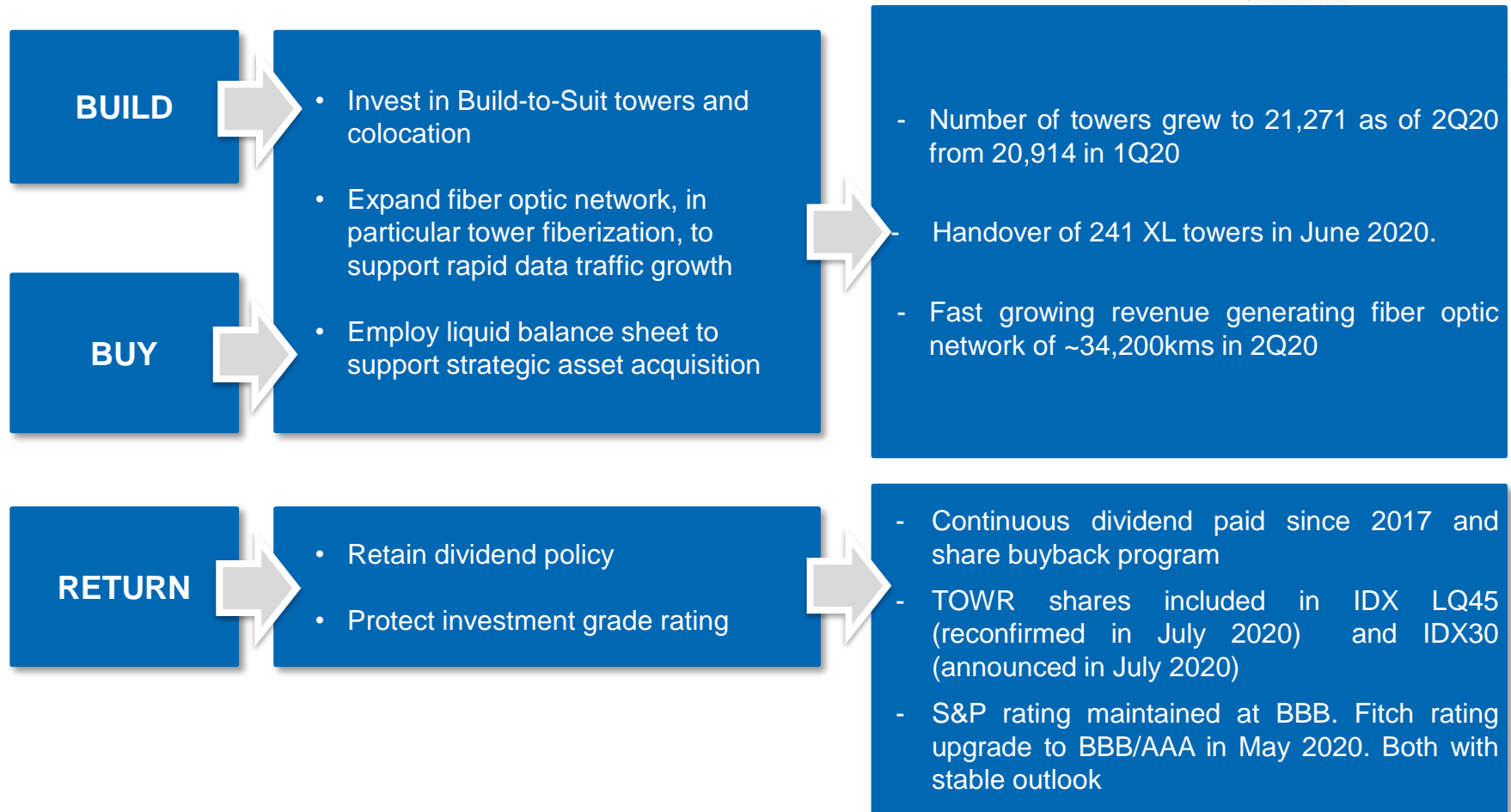
1. In local currency, and stated in approximate USD for comparison purposes.
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy
3. Does not include pre-paid ground lease. Indonesian tower companies typically pay in advance for ground leases of 5-10 years.



SMN 2Q 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 21,271 towers with 38,122 tenants nation wide. Tendency to telco densification.
- Average tenancy ratio of 1.79x. Older towers average tenancy ratio up to 2.5x.
- Organic growth of 500 to 1,000 new towers annually

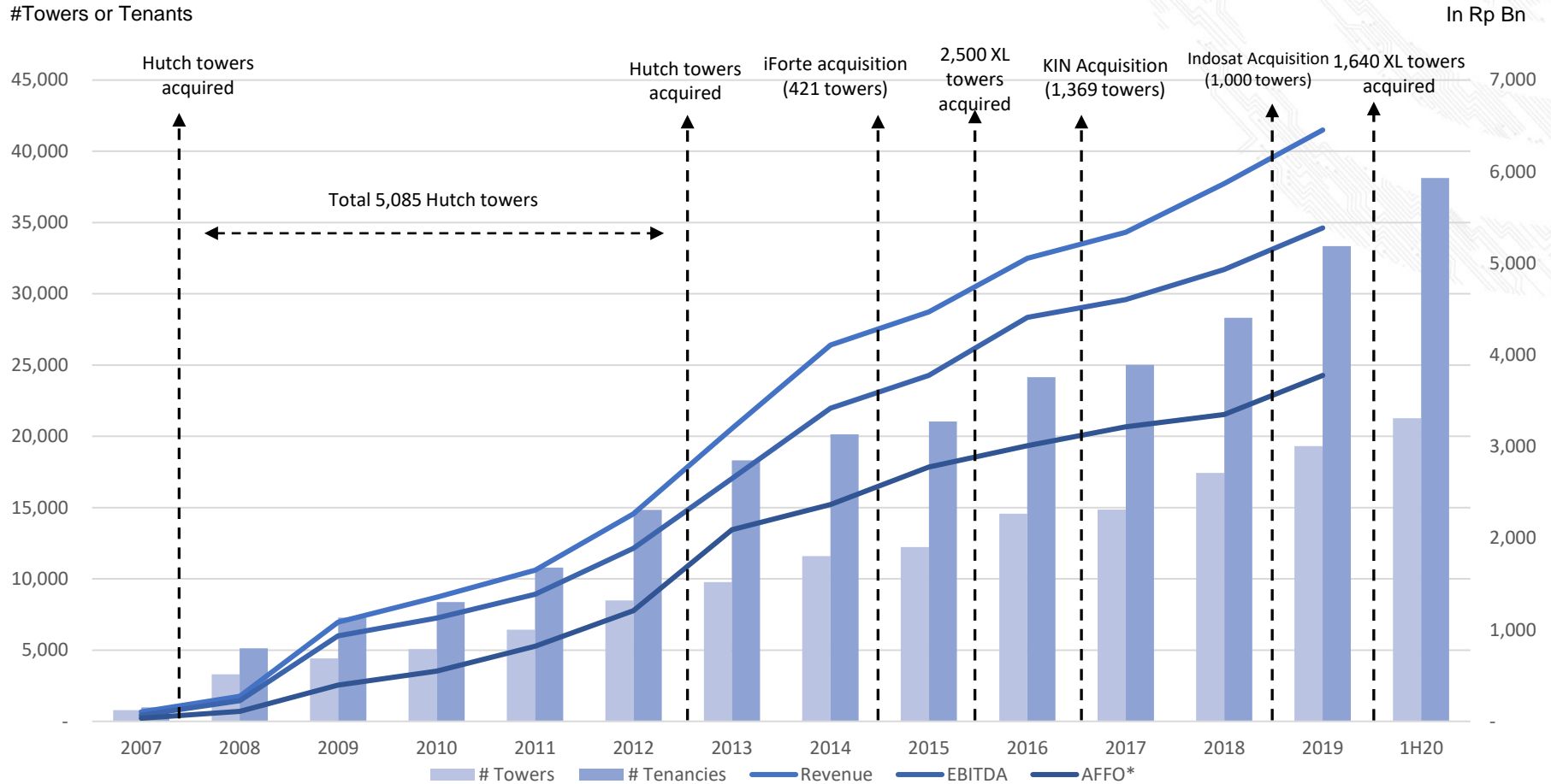
TOWER FIBERIZATION

- Tower fiberization increases the value and utility of our network to Telcos.
- ~41,000kms revenue generating fiber by year end 2020
- 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 3,400 VSAT activations
- Over 5,800kms of underground fiber installed in inner-city of Jakarta & Surabaya (metro-e) and Java-Bali fiber optic backbone, catering for more than 1,050 customers with ~3,300 activations

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

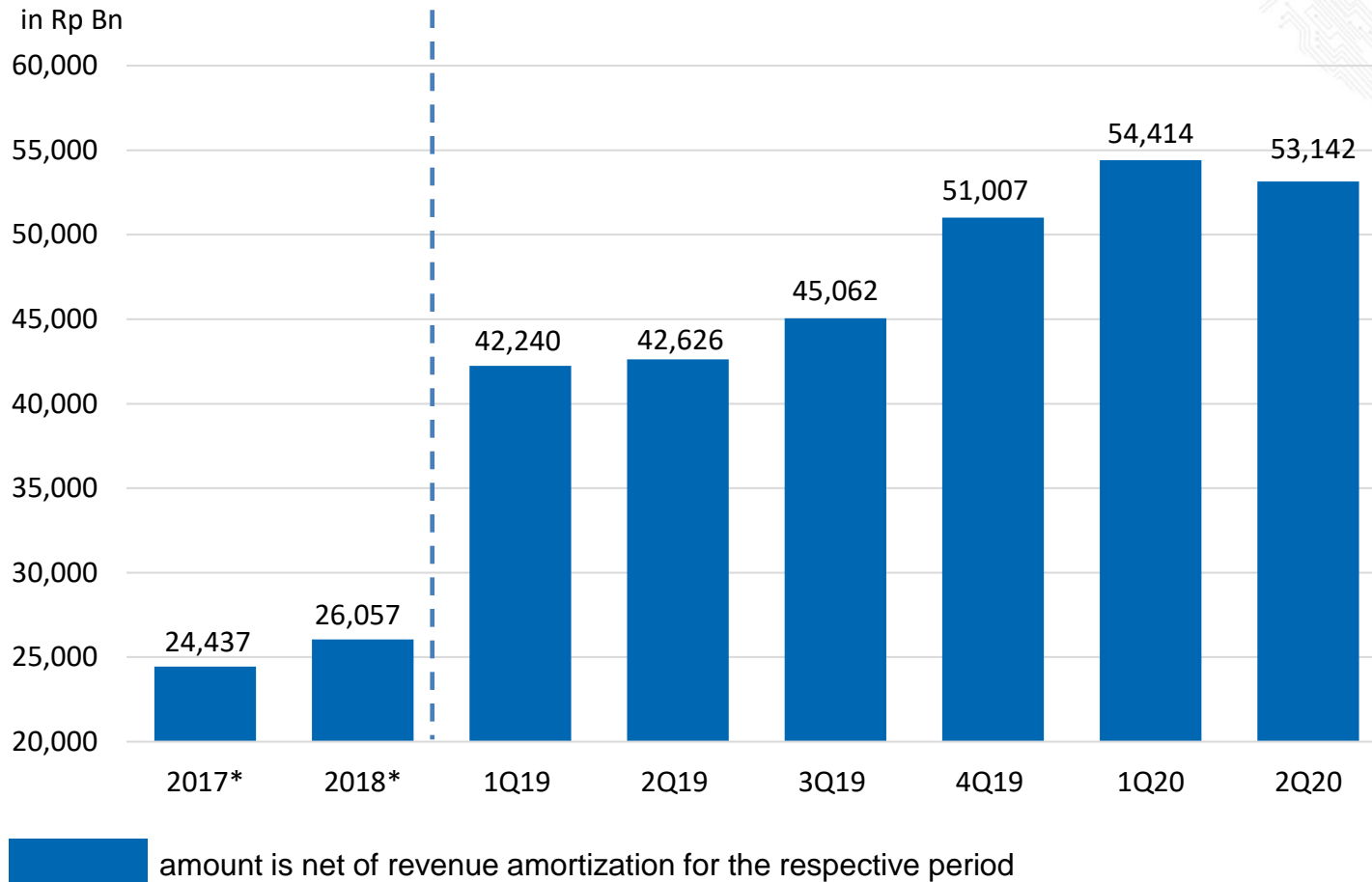


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	1H20
# Towers	781	3,312	4,415	5,072	6,427	8,482	9,766	11,595	12,237	14,562	14,854	17,437	19,319	21,271
# Tenancies	984	5,137	7,282	8,365	10,798	14,849	18,322	20,138	21,038	24,144	25,011	28,319	33,346	38,122
Revenue	105	274	1,082	1,356	1,651	2,265	3,197	4,106	4,470	5,053	5,338	5,868	6,454	3,685
EBITDA	67	227	933	1,128	1,386	1,889	2,651	3,418	3,776	4,408	4,604	4,932	5,385	3,164
AFFO*	35	111	396	547	821	1,207	2,093	2,367	2,776	3,009	3,213	3,348	3,776	2,393

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

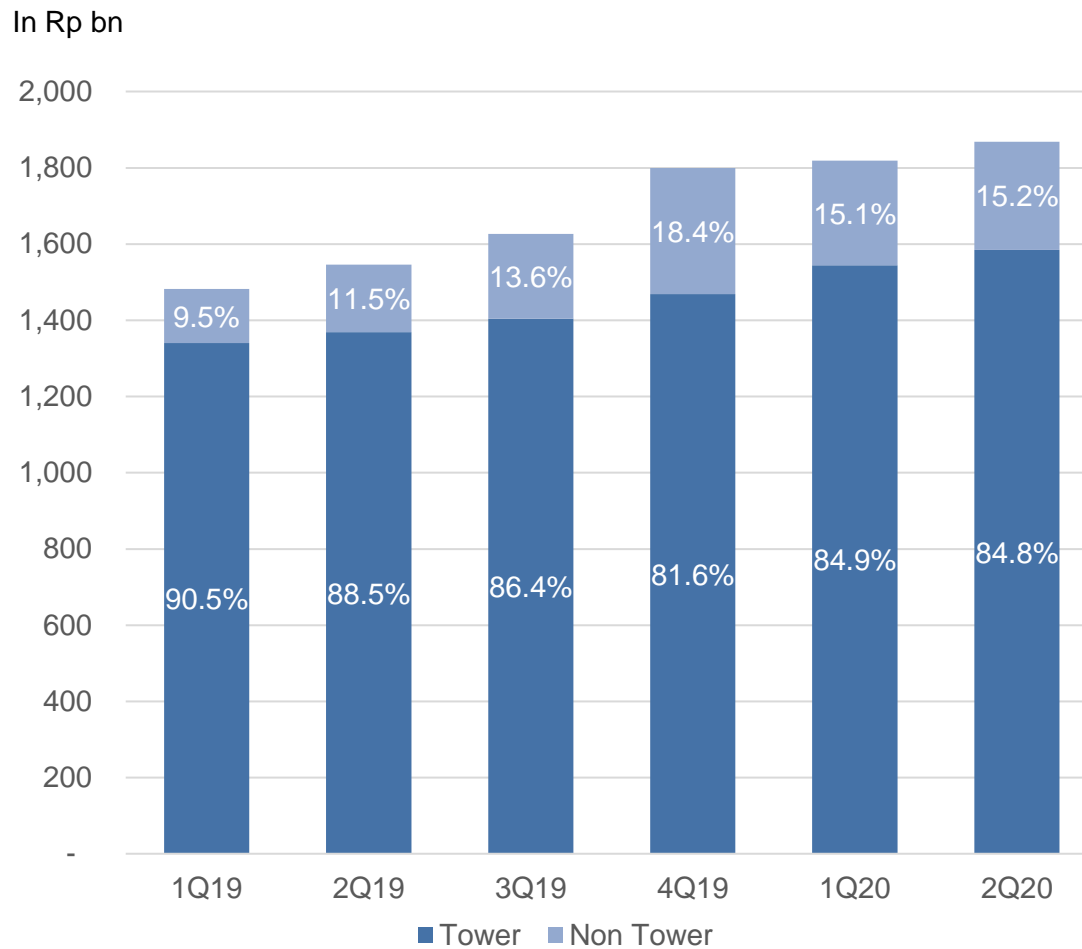
... with Excellent Future Revenue Visibility ...

Long term contracts and commitments underwrite ~Rp53.1 trillion of committed future revenue through 2033, not including value of potential future contract renewals



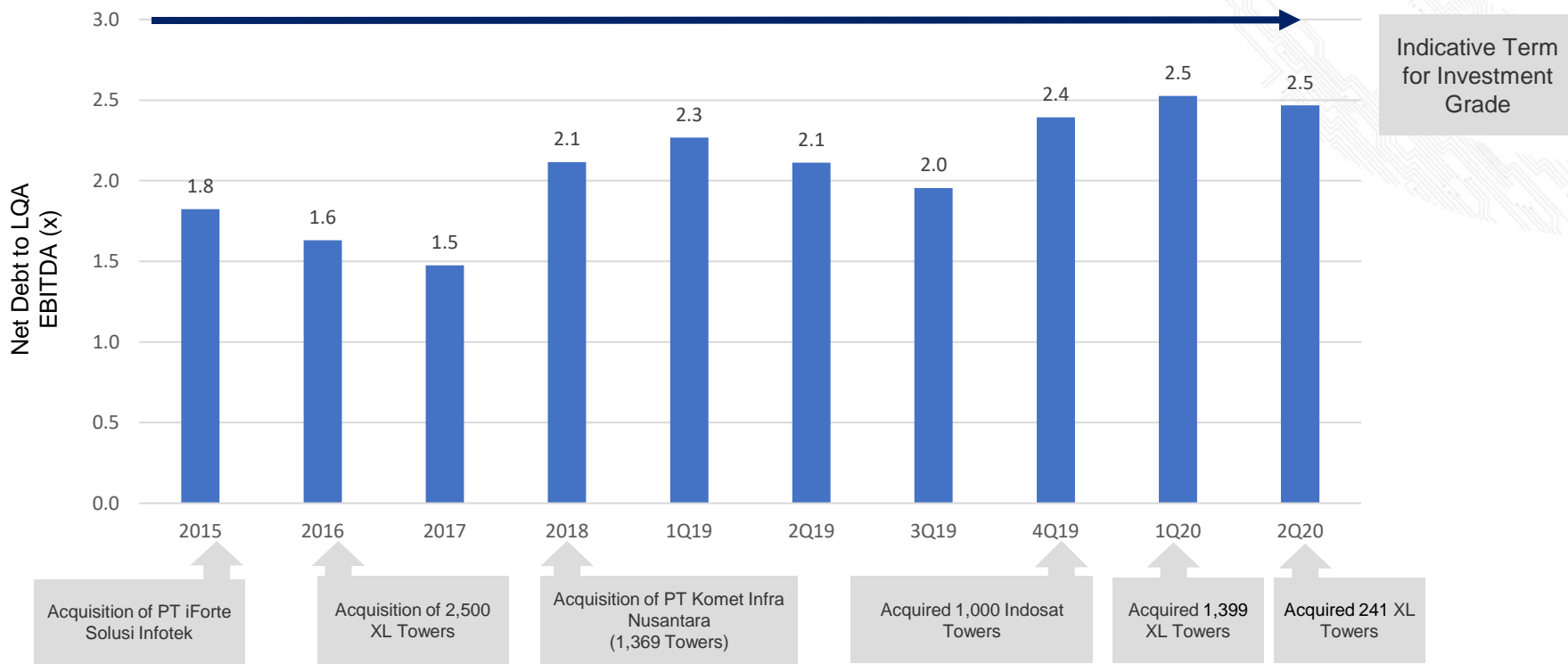
* 2017 & 2018 exclude committed revenue and renewals

... and Growing Non-Tower Revenue



Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend



2Q20 Credit Matrix

Gross Debt	Rp17,630bn
Interest Coverage Ratio	6.2x
Average Interest Rate (as of 30 Jun 2020)	5.9%
Corporate Credit Rating	BBB/ BBB/AAA / Baa3



Summary of Financial Results

Sarana Menara Nusantara (SMN) Group

Consolidated Statement of Profit and Loss

(In RP Bn)	2016	2017	2018	2019	2Q19	2Q20	Growth
Revenues	5,053.1	5,337.9	5,867.9	6,454.3	1,546.4	1,865.3	20.6%
Cost of revenues	(209.5)	(277.4)	(427.5)	(458.3)	(105.9)	(102.0)	-3.7%
Depreciation and amortization	(1,185.0)	(894.9)	(1,114.4)	(1,349.6)	(348.3)	(462.6)	32.8%
Gross income	3,658.7	4,165.6	4,325.9	4,646.4	1,092.2	1,300.7	19.1%
Operating expenses	(435.7)	(456.9)	(508.5)	(610.7)	(158.7)	(159.6)	0.5%
Operating income	3,223.0	3,708.7	3,817.4	4,035.7	933.4	1,141.1	22.2%
Other income							
Interest income	56.1	68.1	33.9	39.1	7.0	7.8	
Finance charges	(668.9)	(687.3)	(872.3)	(957.9)	(242.8)	(310.3)	
Foreign exchange gains/(losses), net	186.5	(2.4)	(37.3)	56.0	(23.0)	173.5	
(Impairment expense)/reversal of allowance for impairment	(158.4)	(139.7)	153.9	(103.0)	(6.0)	-	
Corporate income tax adjustment	-	-	-	-	-	-	
Others, net	232.1	(144.5)	(143.9)	(61.0)	(23.9)	(8.2)	
Other income / (expense), net	(352.6)	(905.8)	(865.7)	(1,026.8)	(288.7)	(137.3)	-52.5%
Income/(loss) before corp. income tax expense	2,870.4	2,802.9	2,951.7	3,008.9	644.7	1,003.8	55.7%
Corporate income tax expense							
Tax expense	(735.8)	(591.3)	(695.8)	(722.5)	(142.4)	(205.2)	
Deferred tax expense	3.0	(111.5)	(55.8)	66.7	18.7	(8.0)	
Total corporate income tax expense	(732.8)	(702.8)	(751.6)	(655.8)	(123.7)	(213.2)	72.3%
Net income from continuing operations	1,764.8	2,100.1	2,200.1	2,353.1	521.1	790.6	51.7%
Net income/(loss)	2,137.6	2,100.1	2,200.1	2,353.1	521.1	790.6	51.7%
Income/(loss) attributable to Parent Entity	2,134.3	2,100.1	2,200.1	2,342.0	521.1	782.3	
EBITDA	4,408.0	4,603.4	4,931.8	5,385.3	1,281.7	1,603.7	25.1%
YoY Revenue growth	13.0%	5.60%	9.9%	10.0%	7.2%	20.6%	
Gross margin	72.4%	78.0%	73.7%	72.0%	70.6%	69.7%	
EBITDA margin	87.2%	86.2%	84.0%	83.4%	82.9%	86.0%	
Net income margin	42.3%	39.3%	37.5%	36.5%	33.7%	42.4%	

Sarana Menara Nusantara (SMN) Group

Consolidated Statement of Financial Position

(In RP bn)	2016	2017	2018	2019	30 Jun 2020
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	2,905.3	2,348.3	963.4	593.8	1,366.0
Restricted cash	-	-	-	6.6	3.1
Trade receivables	351.7	624.0	821.0	1,347.6	2,330.1
Other receivables	1.3	22.4	196.5	30.2	5.9
Prepaid expenses and advances	37.3	48.7	148.6	142.4	155.0
Refundable taxes	298.9	6.3	145.8	353.9	168.0
Total current assets	3,594.6	3,049.7	2,275.4	2,474.4	4,028.2
Total non-current assets	15,192.3	15,713.8	20,684.2	25,191.3	30,059.8
TOTAL ASSETS	18,786.8	18,763.5	22,959.6	27,665.7	34,088.0
LIABILITIES AND EQUITY					
<i>Current liabilities</i>					
Tower construction and other payables - related parties	-	4.7	-	-	-
Tower construction and other payables - third parties	189.3	271.7	697.1	633.8	556.7
Other payables - third parties	21.3	4.1	6.8	7.2	7.3
Accrued expenses	242.5	262.6	385.9	310.2	395.6
Unearned revenue	953.4	927.2	1,011.0	1,518.6	3,329.8
Leasing payable	-	-	-	-	285.1
Short-term employee benefit liabilities	45.5	52.8	64.8	86.0	48.5
Current portion of long-term loans	516.7	633.8	1,732.8	1,944.8	4,195.8
Current portion of long-term Bonds	998.7	-	657.9	-	-
Management option plan liability	-	-	141.7	-	-
Advance from customers	-	-	0.5	-	-
Taxes payable	335.6	73.5	53.3	64.5	43.9
Total current liabilities	3,303.0	2,230.4	4,751.8	4,565.1	8,862.6
<i>Non-current liabilities</i>					
Deferred tax liabilities	488.2	613.7	667.9	599.7	511.0
Long-term employee benefit liabilities	91.5	20.5	24.7	34.0	33.9
Long-term loans, net of current portion	5,971.3	5,775.3	7,069.7	11,247.1	11,350.3
Bonds payable	2,432.2	2,589.6	2,023.4	1,976.3	1,968.4
Derivatives payables	223.7	15.6	31.8	73.9	187.2
Unearned revenue	60.8	80.6	46.9	46.4	44.3
Management option plan liabilities	30.0	87.4	-	-	-
Leasing payable	-	-	0.8	-	1,460.3
Long-term provision	226.4	248.5	309.3	362.5	408.0
Total non-current liabilities	9,524.1	9,431.2	10,174.5	14,340.0	15,963.5
Total liabilities	12,827.1	11,661.7	14,926.3	18,905.1	24,826.1
<i>Equity</i>					
Common shares	530.7	530.7	530.7	530.7	530.7
Treasury Stock	-	-	(126.6)	(514.1)	(514.1)
Other comprehensive income	(23.2)	24.6	81.4	2.8	94.4
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,705.1	9,109.7
Non-controlling interests	0.1	0.1	-	36.1	41.2
Total equity	5,959.9	7,101.8	8,033.3	8,760.6	9,261.9

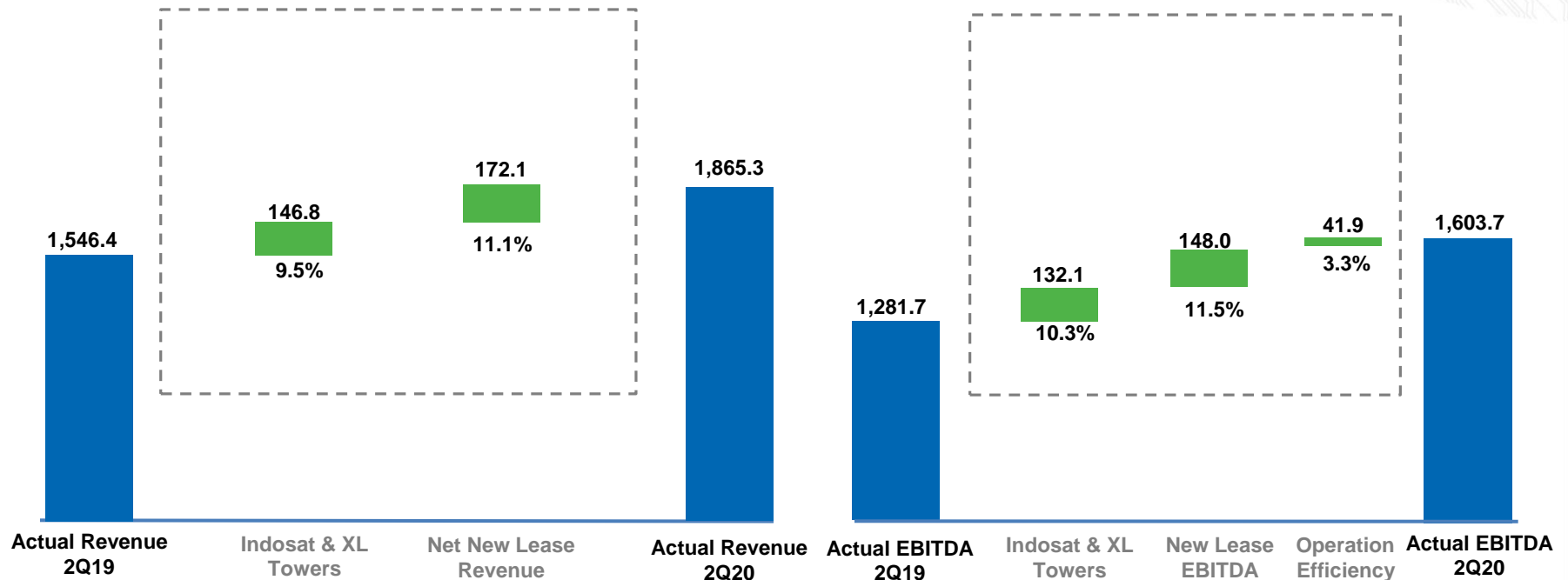
Revenue & EBITDA 2Q20 vs 2Q19

in RP Bn

Revenue Growth 20.6%

in RP Bn

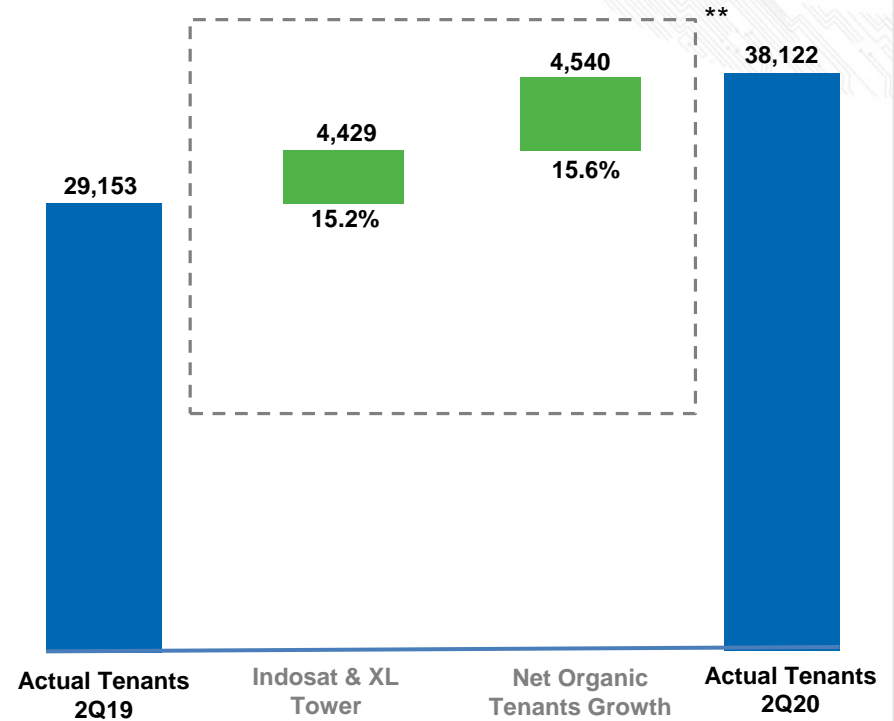
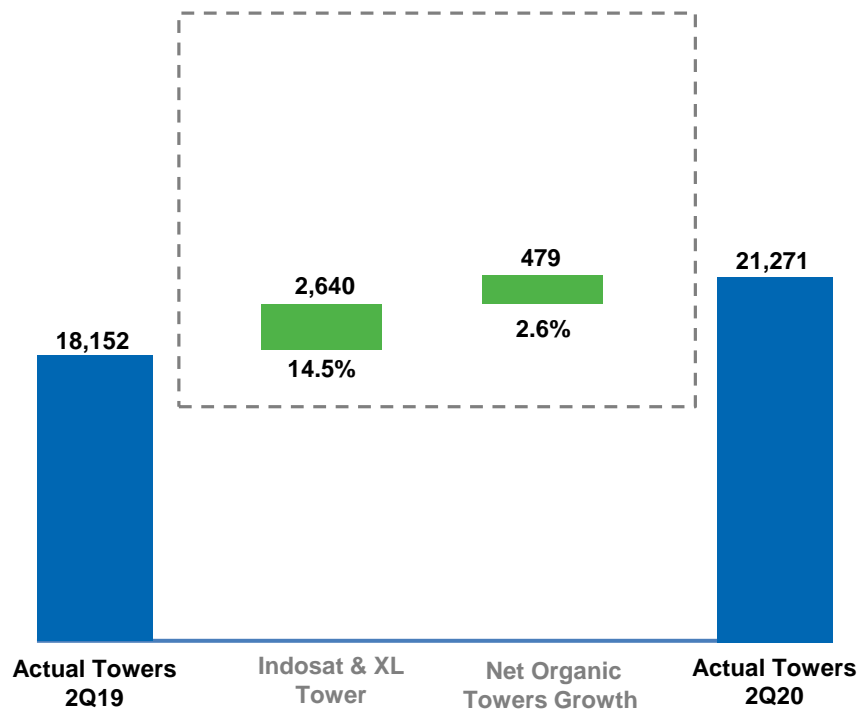
EBITDA Growth 25.1%



Tower & Tenancy Growth 2Q20 vs 2Q19

Tower Growth 17.1%

Tenancy Growth 30.8%



Tenancy ratio increases to 1.79x in 2Q20 from 1.61x in 2Q19

***Does not include over 1,700 revenue generating additional-equipment leases*



Appendix

Foreign Exchange Exposure as of 30 June 2020

ASSET		CONTRACTED REVENUE		LIABILITIES	
Cash	USD 67.3mn	2020	– USD 3mn	<u>Bank Loan</u>	
Investments	USD 27.5mn	2021	– USD 54mn		JPY 3.5bn (~USD 32mn)
		2022	– USD 31mn		
		2023	– USD 22mn	<u>Bond</u>	
		2024	– USD 17mn		USD 138mn
<hr/>		<hr/>		<hr/>	
Total	USD 94.8mn	Total	– USD 127mn	Total	~USD 170mn

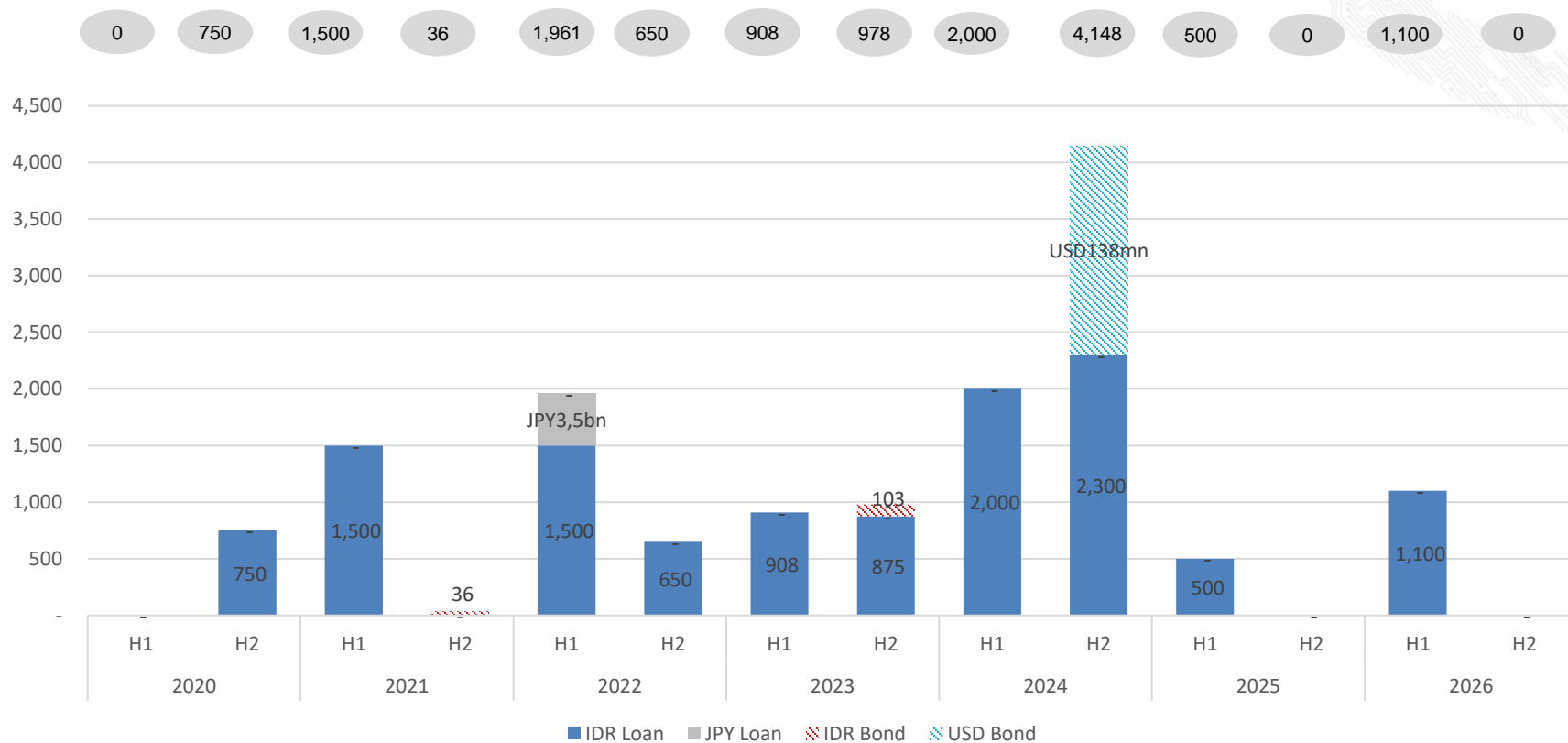
Risk Mitigation:

- Paid down JPY loan in 2020 of JPY 15.6bn (~USD 145mn)
- 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*: 82.8% Floating, 17.2% Fixed, Avg Interest 5.9%

in Rp Bn

Maturity Profile



- As of June 2020
- BI Middle rate as of June 2020: 1USD = IDR14.302 ; 1JPY = IDR132.80



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