

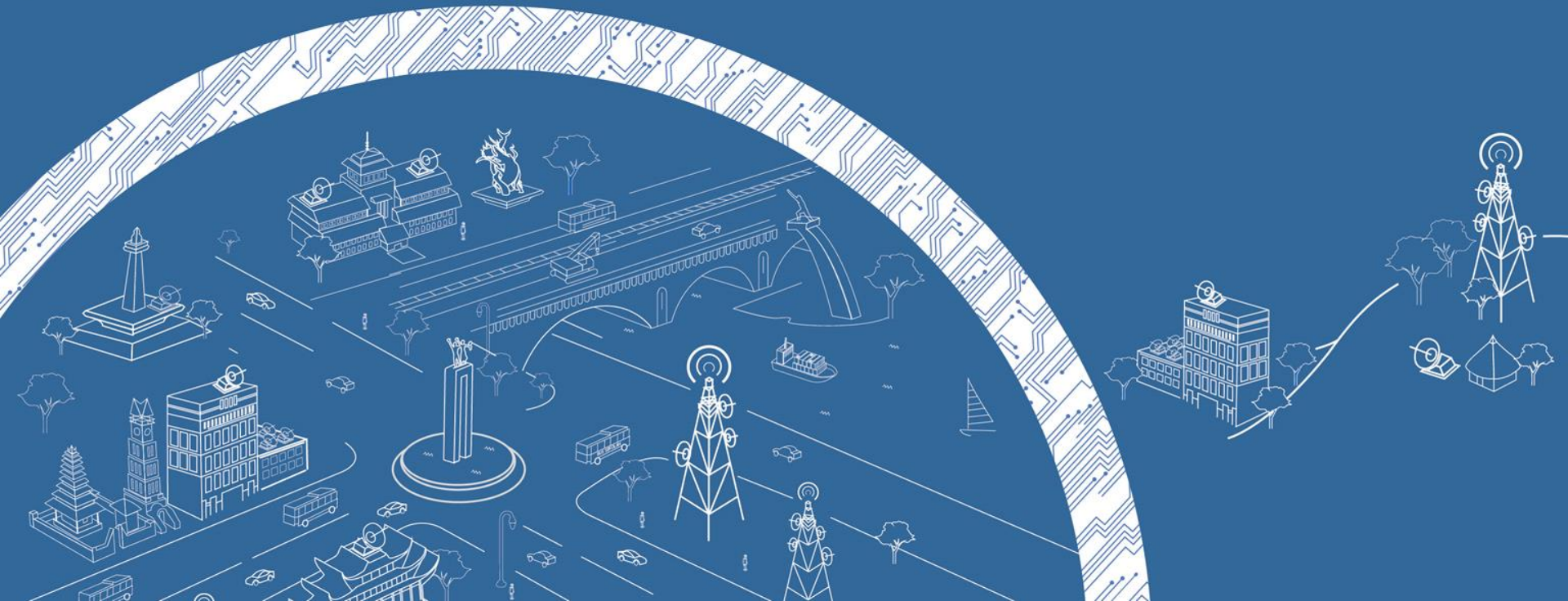


SARANA MENARA NUSANTARA

Indonesia's Premier Telecommunication Infrastructure Company

2019 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 **21,042^(a)** towers providing critical foundation for coverage & capacity

22% tower market share^(a)

Expanding fiber optics network
~40,000 kms of revenue generating cable by year end 2020



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

Sustained strong performance
5-yr Revenue CAGR **9.6%** ^(b)
5-yr EBITDA CAGR **9.3%** ^(b)

Solid balance sheet
2.4x Net Debt to LQA^(c) EBITDA

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

^(a) As of December 2019, including pro-forma XL Tower acquisition of 1,723 towers

^(b) CAGR = Compounded Average Growth Rate; CAGR 2015-2019

^(c) LQA = Last Quarter Annualized

^(d) Announced in January 2020, LQ45 consists of 45 most liquid stock with valuable free float market cap



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 and government rules
- **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

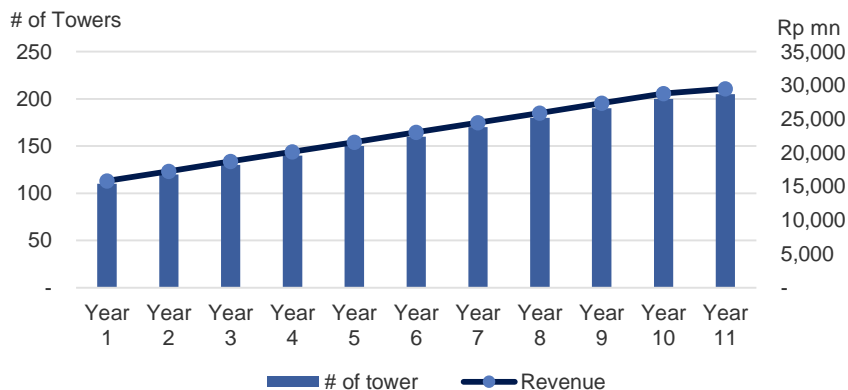
New Built-to-Suit Tower

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

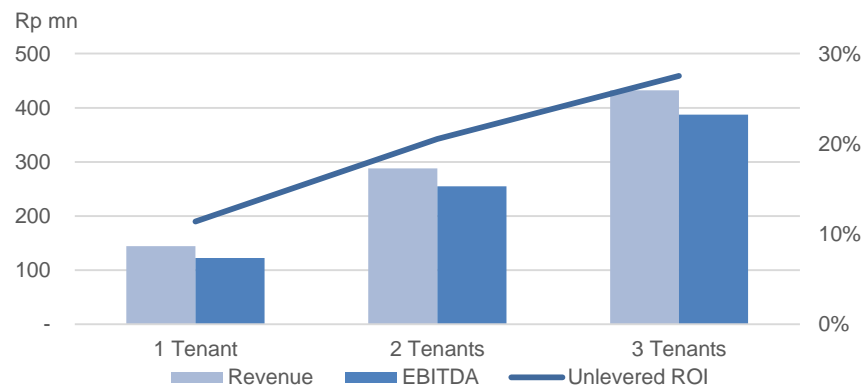
Colocation boosts unlevered ROI and accelerates payback period

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

Strong GDP growth, significant headroom in 4G penetration expansion and lower 4G download speed



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

*compared to median of 15.3mbps in other emerging countries (source: JP Morgan)

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:

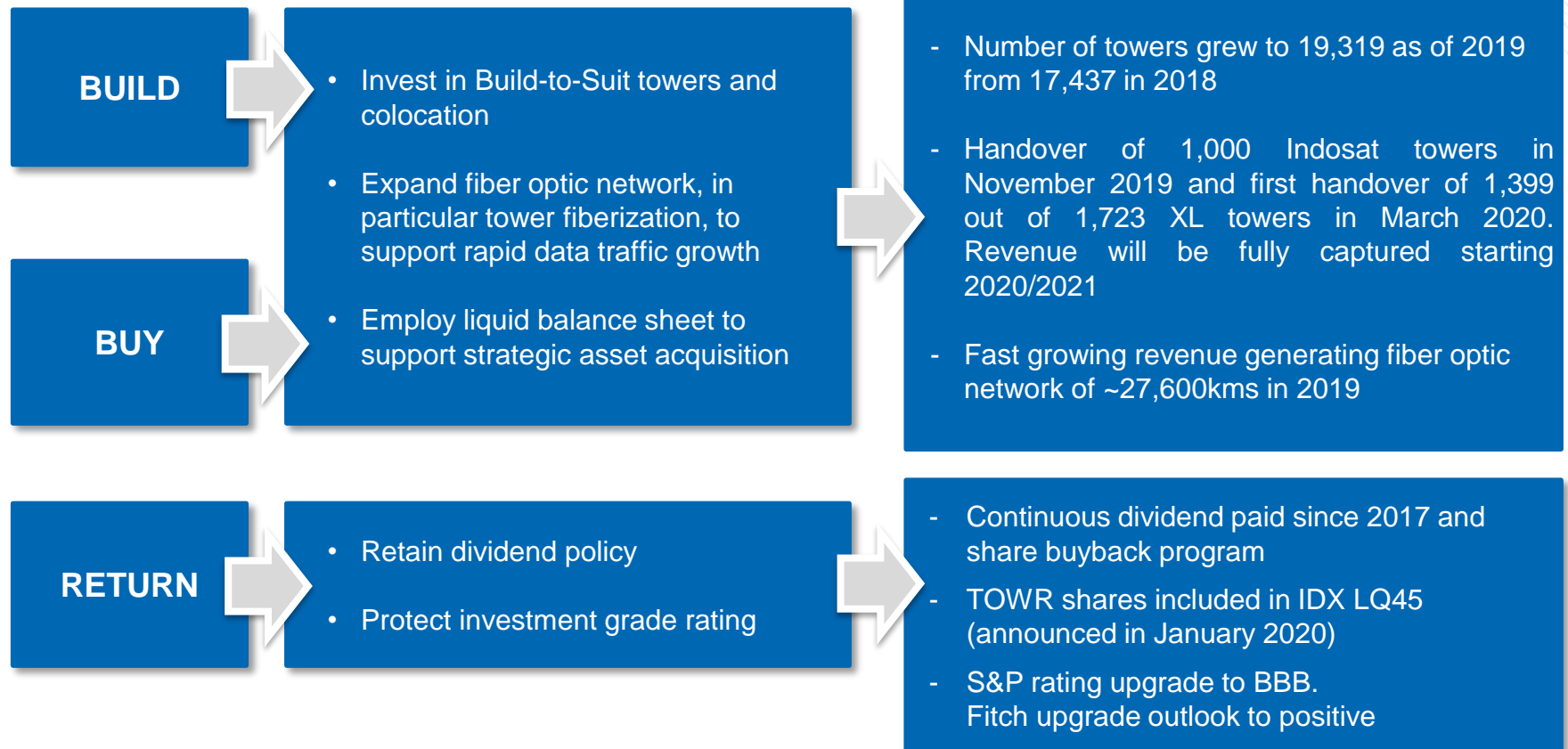
1. In local currency, and stated in approximate USD for comparison purposes.
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy
3. Does not include pre-paid ground lease. Indonesian tower companies typically pay in advance for ground leases of 5-10 years.



SMN 2019 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 19,319 towers with 33,346 tenants nation wide. Tendency to telco densification.
- Average tenancy ratio of 1.73x. Older towers tenancy ratio up to 2.4x.
- 2019 tenancy growth highest in past 5 years supported by organic as well as inorganic growth.
- Organic growth of 500 to 1,000 new towers annually

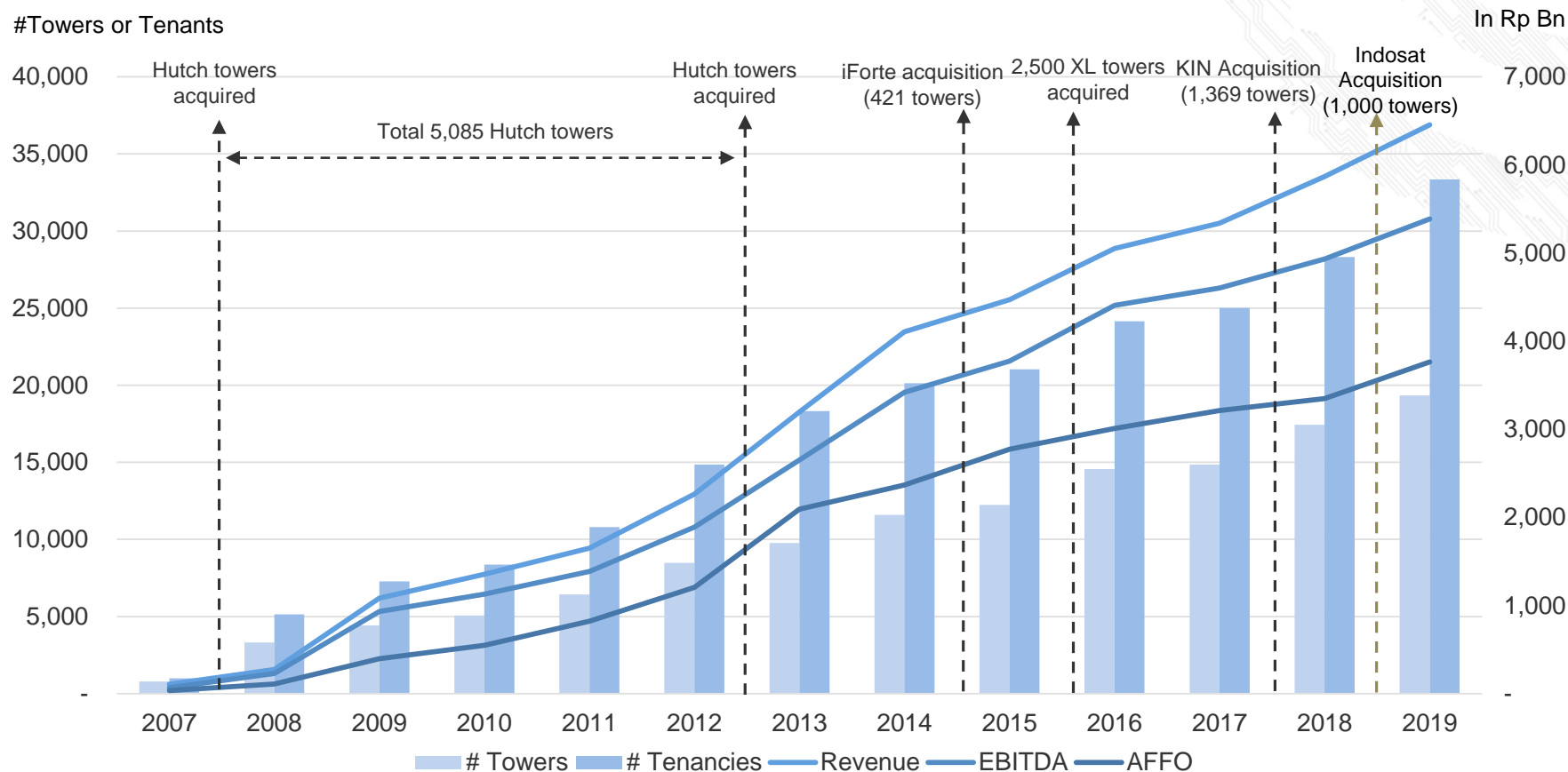
TOWER FIBERIZATION

- Tower fiberization increases the value and utility of our network to Telcos.
- ~35,000kms revenue generating fiber by year end 2020
- Network focus Java 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 3,600 VSAT activations
- Over 5,000kms of underground fiber installed in inner-city of Jakarta & Surabaya (metro-e) and Java-Bali fiber optic backbone, catering for more than 960 customers with ~3,300 activations

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

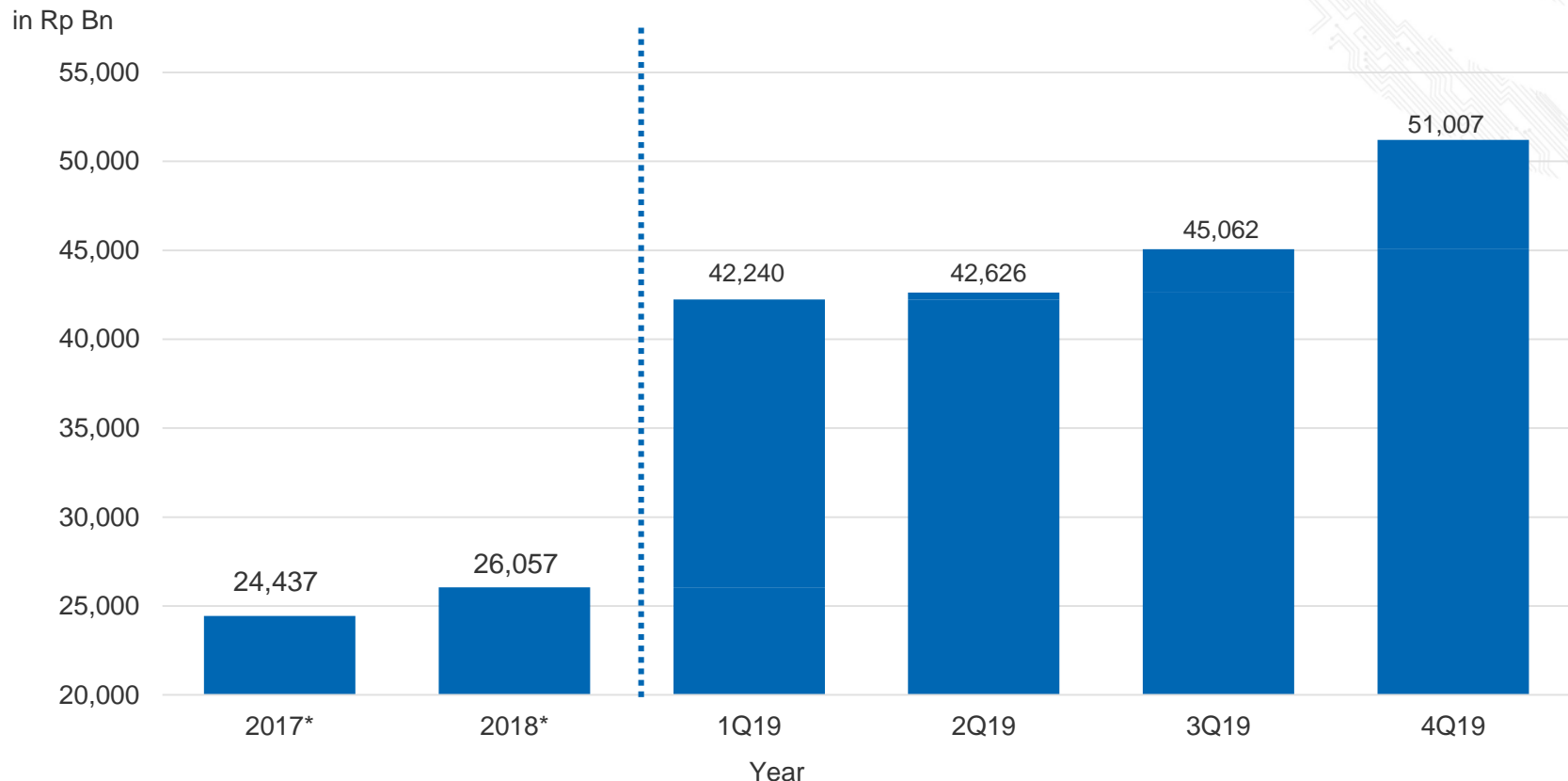


	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
# Towers	781	3,312	4,415	5,072	6,427	8,482	9,766	11,595	12,237	14,562	14,854	17,437	19,319
# Tenancies	984	5,137	7,282	8,365	10,798	14,849	18,322	20,138	21,038	24,144	25,011	28,319	33,346
Revenue	105	274	1,082	1,356	1,651	2,265	3,197	4,106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

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

... with Excellent Future Revenue Visibility ...

Long term contracts underwrite stable revenue. ~Rp51,0 trillion of actual committed future revenue through 2032, not including value of potential future contract renewals

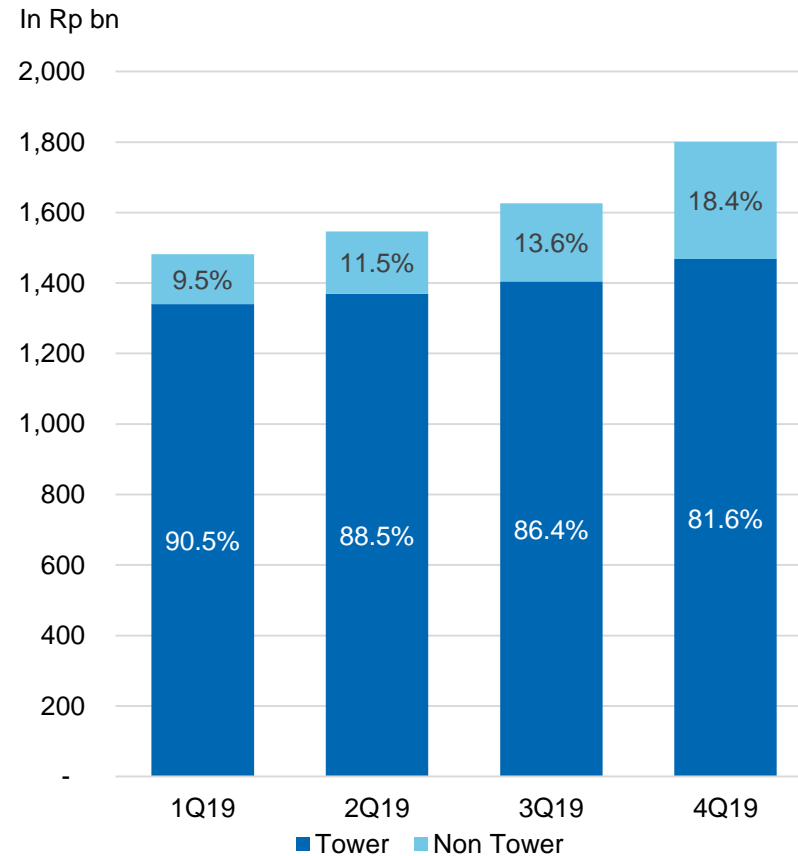


the amount is net of revenue amortization for the respective period

* 2017 & 2018 exclude committed revenue and renewals

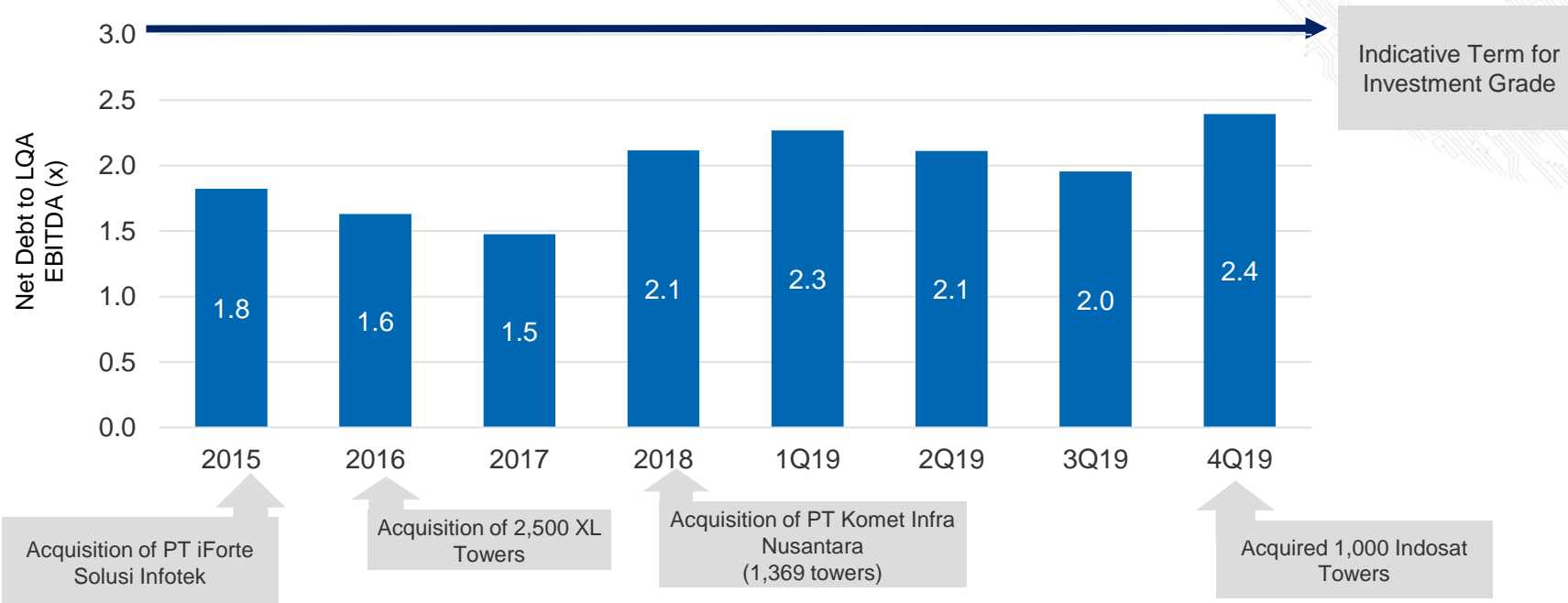
... and Growing Non-Tower Revenue

During 2019 non-tower revenue contribution grew to 18.4% from 9.5%



Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend



4Q19 Credit Matrix

Gross Debt	Rp 15,297bn
Interest Coverage Ratio	7.4x
Average Interest Rate (as of 31 Dec 19)	5.8%
Corporate Credit Rating	BBB/ BBB- positive/ Baa3



Summary of Financial Results

Sarana Menara Nusantara (SMN) Group

Consolidated Statement of Profit and Loss

(In Rp Bn)	2016	2017	2018	2019	Growth	4Q18	4Q19	Growth
Revenues	5,053.1	5,337.9	5,867.9	6,454.3	10.0%	1,522.7	1,799.6	18.2%
Cost of revenues	(209.5)	(277.4)	(427.5)	(458.3)	7.2%	(136.1)	(126.6)	-7.0%
Depreciation and amortization	(1,185.0)	(894.9)	(1,114.4)	(1,349.6)	21.1%	(311.8)	(304.8)	-2.3%
Gross income	3,658.7	4,165.6	4,325.9	4,646.4	7.4%	1,074.8	1,368.1	27.3%
Operating expenses	(435.7)	(456.9)	(508.5)	(610.7)	20.1%	(134.1)	(160.2)	19.4%
Operating income	3,223.0	3,708.7	3,817.4	4,035.7	5.7%	940.6	1,207.9	28.4%
Other income								
Interest income	56.1	68.1	33.9	39.1		11.2	11.6	
Finance charges	(668.9)	(687.3)	(872.3)	(957.9)		(260.3)	(231.3)	
Foreign exchange gains/(losses), net	186.5	(2.4)	(37.3)	56.0		42.2	69.3	
(Impairment expense)/reversal of allowance for impairment	(158.4)	(139.7)	153.9	(103.0)		(55.6)	(99.4)	
Corporate income tax adjustment	-	-	-	-		-	-	
Others, net	232.1	(144.5)	(143.9)	(61.0)		(11.9)	2.0	
Other income / (expense), net	(352.6)	(905.8)	(865.7)	(1,026.8)	18.6%	(274.5)	(247.8)	-9.7%
Income/(loss) before corp. income tax expense	2,870.4	2,802.9	2,951.7	3,008.9	1.9%	666.1	960.1	44.1%
Corporate income tax expense								
Tax expense	(735.8)	(591.3)	(695.8)	(722.5)		(256.7)	(238.9)	
Deferred tax expense	3.0	(111.5)	(55.8)	66.7		84.6	34.8	
Total corporate income tax expense	(732.8)	(702.8)	(751.6)	(655.8)	-12.8%	(172.1)	(204.1)	18.6%
Net income from continuing operations	1,764.8	2,100.1	2,200.1	2,353.1	7.0%	494.1	756.1	53.0%
Net income/(loss)	2,137.6	2,100.1	2,200.1	2,353.1	7.0%	494.1	756.1	53.0%
Income/(loss) attributable to Parent Entity	2,134.3	2,100.1	2,200.1	2,342.0	6.5%	494.1	744.9	50.8%
EBITDA	4,408.0	4,603.4	4,931.8	5,385.3	9.2%	1,252.5	1,512.7	20.8%
YoY Revenue growth	13.00%	5.60%	9.9%	10.0%		12.0%	18.2%	
Gross margin	72.4%	78.0%	73.7%	72.0%		70.6%	76.0%	
EBITDA margin	87.2%	86.2%	84.0%	83.4%		82.3%	84.1%	
Net income margin	42.3%	39.3%	37.5%	36.5%		32.4%	42.0%	

Sarana Menara Nusantara (SMN) Group

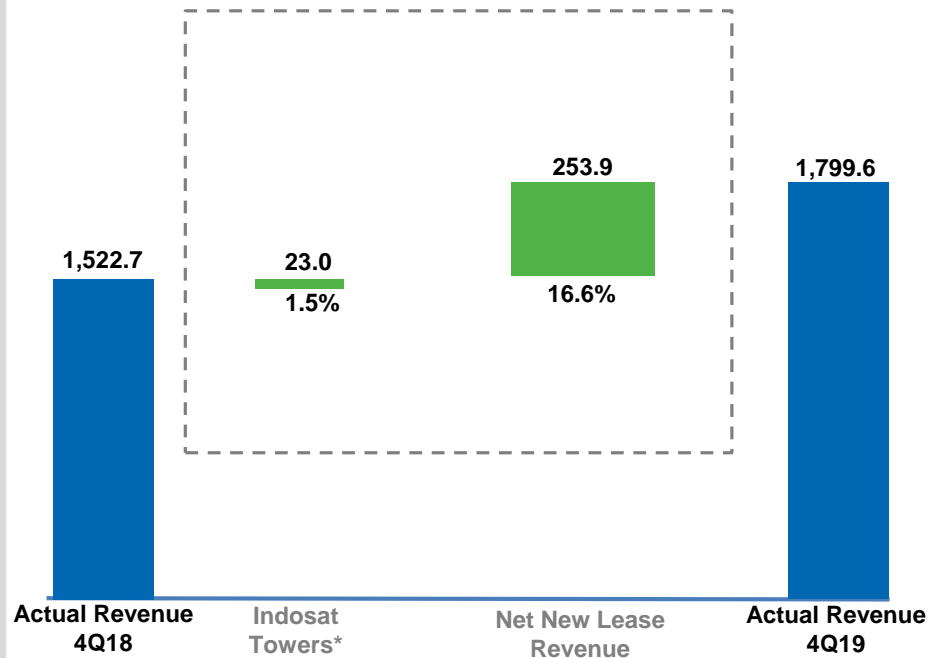
Consolidated Statement of Financial Position

(In Rp bn)	2016	2017	2018	2019
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents	2,905.3	2,348.3	963.4	593.8
Restricted cash	-	-	-	6.6
Trade receivables	351.7	624.0	821.0	1,347.6
Other receivables	1.3	22.4	196.5	30.2
Prepaid expenses and advances	37.3	48.7	148.6	142.4
Refundable taxes	298.9	6.3	145.8	353.9
Total current assets	3,594.6	3,049.7	2,275.4	2,474.4
Total non-current assets	15,192.3	15,713.8	20,684.2	25,191.3
TOTAL ASSETS	18,786.8	18,763.5	22,959.6	27,665.7
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
Other payables - third parties	21.3	4.1	6.8	7.2
Accrued expenses	242.5	262.6	385.9	310.2
Unearned revenue	953.4	927.2	1,011.0	1,518.6
Short-term employee benefit liabilities	45.5	52.8	64.8	86.0
Current portion of long-term loans	516.7	633.8	1,732.8	1,944.8
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
Total current liabilities	3,303.0	2,230.4	4,751.8	4,565.1
<i>Non-current liabilities</i>				
Deferred tax liabilities	488.2	613.7	667.9	599.7
Long-term employee benefit liabilities	91.5	20.5	24.7	34.0
Long-term loans, net of current portion	5,971.3	5,775.3	7,069.7	11,247.1
Bonds payable	2,432.2	2,589.6	2,023.4	1,976.3
Cross currency swap payables	223.7	15.6	31.8	73.9
Unearned revenue	60.8	80.6	46.9	46.4
Management option plan liabilities	30.0	87.4	-	-
Leasing payable	-	-	0.8	-
Long-term provision	226.4	248.5	309.3	362.5
Total non-current liabilities	9,524.1	9,431.2	10,174.5	14,340.0
Total liabilities	12,827.1	11,661.7	14,926.3	18,905.1
<i>Equity</i>				
Common shares	530.7	530.7	530.7	530.7
Treasury Stock	-	-	(126.6)	(514.1)
Other comprehensive income	(23.2)	24.6	81.4	2.8
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,705.1
Non-controlling interests	0.1	0.1	-	36.1
Total equity	5,959.9	7,101.8	8,033.3	8,760.6

Revenue & EBITDA 4Q19 vs 4Q18

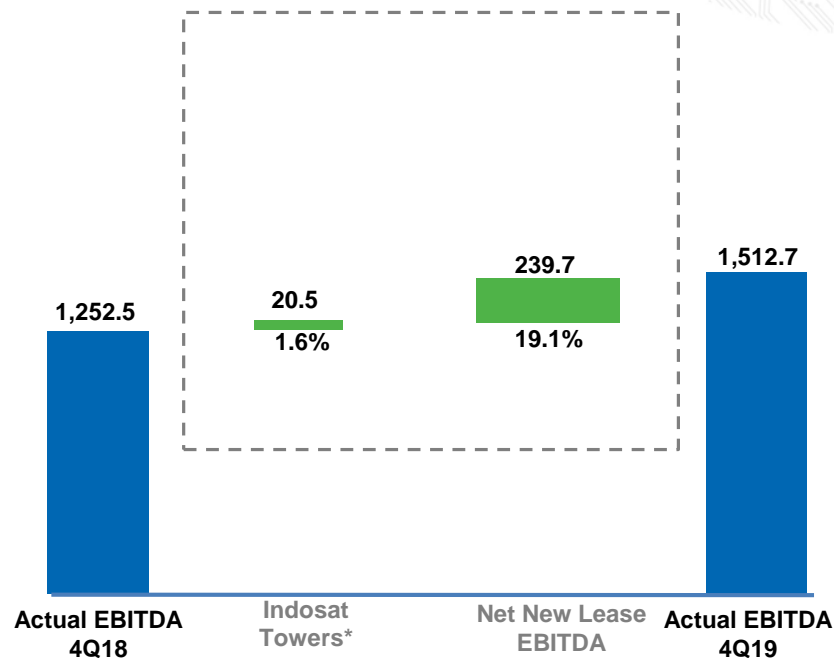
in Rp Bn

Revenue Growth 18.1%



in Rp Bn

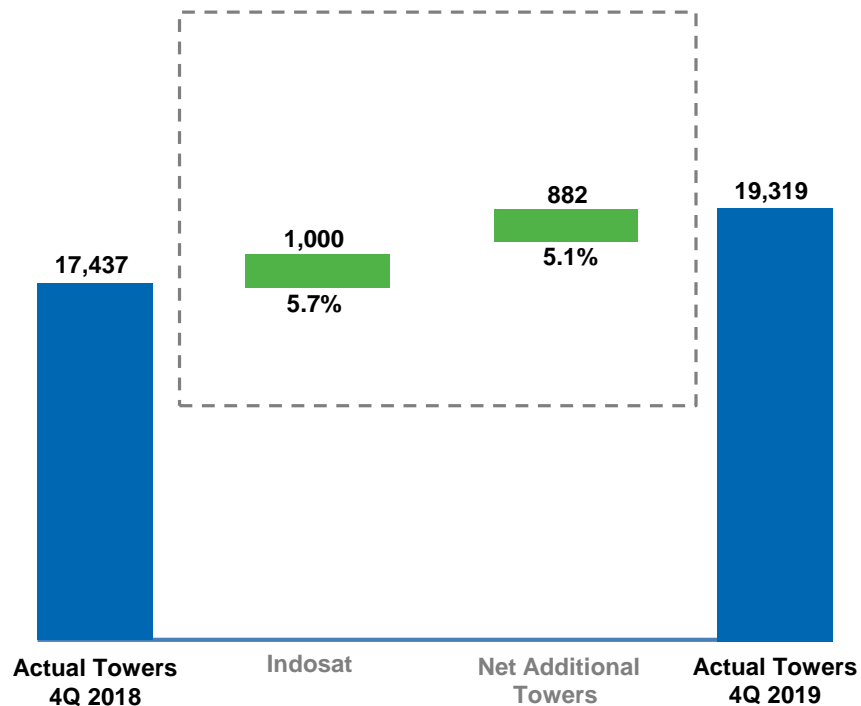
EBITDA Growth 20.8%



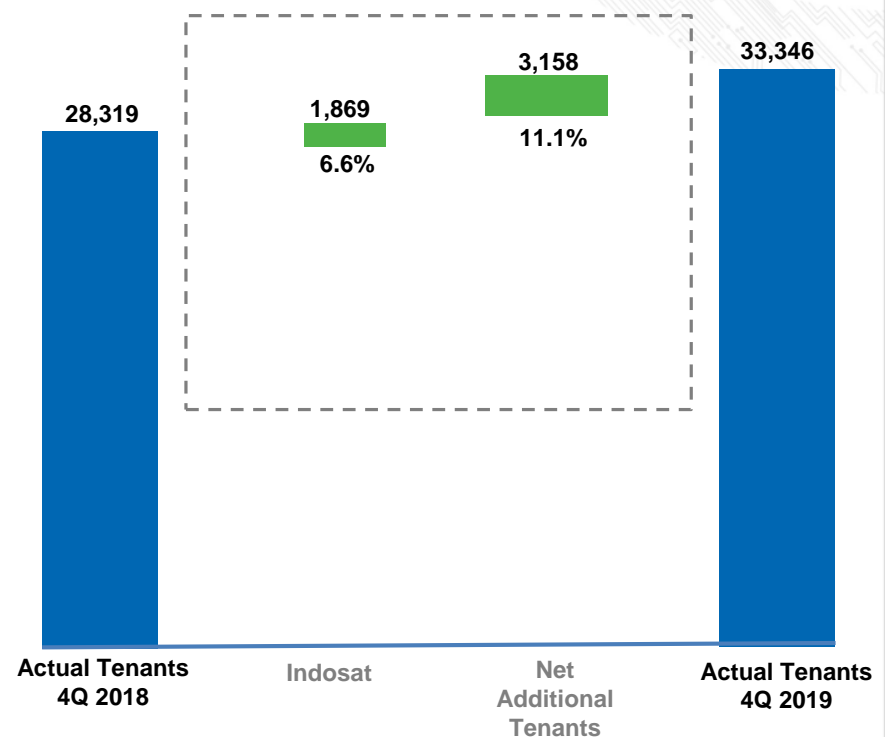
* One month revenue

Tower & Tenancy Growth 4Q19 vs 4Q18*

Towers Growth 10.8%



Tenancy Growth 17.7%



Tenancy ratio increases to 1.73x in 4Q19 from 1.62x in 4Q18

**Does not include over 2,000 revenue generating additional-equipment leases*



Appendix

Foreign Exchange Exposure*

ASSET	CONTRACTED REVENUE	LIABILITIES
Cash – USD 25mn	2020 – USD 84mn	<u>Bank Loan</u>
Investment – USD 15mn	2021 – USD 54mn	JPY 5.7bn (~USD 53mn)
	2022 – USD 31mn	
	2023 – USD 22mn	<u>Bond</u>
	2024 – USD 17mn	USD 138mn
<hr/> Total – USD 40mn	<hr/> Total – USD 208mn	<hr/> Total – ~USD 191mn

Risk Mitigation:

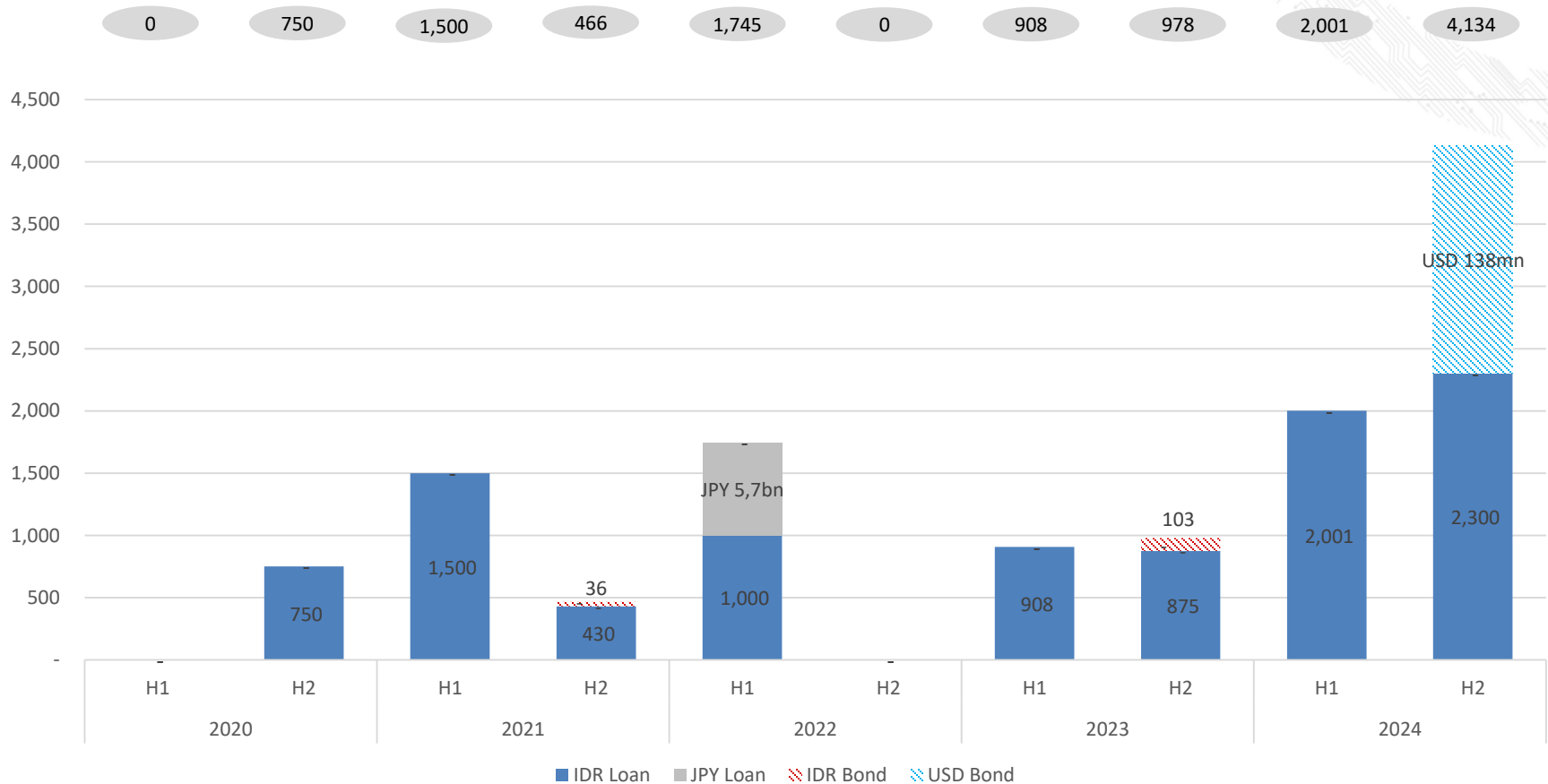
- Paid down JPY loan in early 2020 from JPY 19bn to JPY5.7bn (~USD 53mn)
- Combined USD cash and USD contracted revenue is larger than foreign denominated liabilities as natural hedge
- Company has also entered into financial hedges to cover operational requirements in foreign exchange

* As of February 2020

Long Term Debt*: 80.5% Floating, 19.5% Fixed, Avg Interest 6.3%

in Rp Bn

Maturity Profile



- As of February 2020
- BI Middle rate as of February 2020: 1USD = IDR14,234 ; 1JPY = IDR130.19



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