

Indonesia's Premier Telecommunication Infrastructure Company

3Q 2021 Results Presentation



PT Sarana Menara Nusantara Tbk

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SMN Investment Highlights

Premiere telco infrastructure company in Indonesia

One of the **largest** telco infrastructure companies in Indonesia with 21,639 towers and ~60,000 km tower fiber*

Solid build to suit model for towers and fibers with **predictable** long-term cash flow

Maintained **investment grade** ratings with S&P BBB-, Fitch BBB/AAA, Moody's Baa3 **stable** outlook post STP acquisition



Sustained strong performance

5-yr Revenue CAGR **9.9%**^(a)

5-yr EBITDA CAGR **9.6%**^(a)

Sustained strong returns
ROI **13.7%**^(b) and ROE **31.9%**^(b)

Solid balance sheet

2.1x Net Debt to LQA^(c) EBITDA*

TOWR shares included
in **IDX30, IDX ESG leaders, FTSE Asia Pacific, MSCI Global Standard Index** and
assigned first-time
MSCI ESG rating of BB^(d)

* Towers, fibers, income statement and balance sheet items have not included STP's

(a) CAGR = Compounded Annual Growth Rate; CAGR 2016 – 2021

(b) Please see slide 21 for more notes

(c) LQA = Last Quarter Annualized

(d) IDX30 (July 2020). IDX ESG Leaders (December 2020). FTSE (October 2020). MSCI (November 2020)

TOWR focused on aligning strategy for ESG & sustainability

1. Capital management

- Access to among lowest-cost funding
- Liquidity amounts to \$1.2bn ¹
- Investment grade ratings from top 3 agencies inline with global best practice

2. Low-risk business

- Digital infrastructure business with high demand difficult to replace.
- Proven enforceability of long-term irrevocable contracts

3. ESG-conscious company

- Very small carbon footprint
- 95% of internet in developing Indo is wireless needing massive infrastructure
- Towers, fibers as digital infrastructure important to reduce digital gap

4. Attractive industry structure

- Industry consolidating
- Majority of other players backed by financial sponsors
- Gov't support: Palapa Ring, USO & non-USO projects to further investment²

5. Most unique in asset class

- Contracted revenue of Rp52tn
- Attractively valued business with annual recurring FCF that funds capex, dividend, share buybacks
- TOWR has been successful consolidator

6. Efficient infra provider

- Company has been responsive to customer's need for efficient infrastructure
- EBITDA, AFFO 5-year CAGR of 9.6% and 11.8%, respectively, with 2020 ROE of 31.9%.

Going into the future

A. Best positioned to benefit from growth in internet

1. Invest FCF and low cost capital.
2. Indonesia still in the middle of 4G cycle
3. 4G a sweet spot for fintech, e-commerce, e-government.

B. Improve Indonesia internet

1. Internet speed and traffic have each grown at 50% for the past year ³
2. Only 50% of Indonesia territory is served with 4G signal ⁴
3. Towers per capita ratio of 1:2700 is roughly 1/3 that of USA or China ⁵

C. Prepared for new opportunities

1. Proven successful track record in expanding product offering
2. Strategy driven by evolving customer needs
3. 5G to be another era of bigger investment

¹ includes committed or offered term sheets from financial institutions ² USO is Universal Service Obligation. Government is mandating for nation-wide telecommunication infrastructure spending to reduce digital gap ³ for 2020; adapted from industry sources ⁴ source: PT Telkom, September 2020. ⁵ source: Verdhana Sekuritas.



The industry

Tower and Fiber Business – Long-Term Predictable Revenue with Upside

PREDICTABLE REVENUE

Long-term contracts* (10 years for tower and can be longer for fiber), **non-cancellable** and renewable

DEPENDENT TENANTS

Contract renewal likely due to high relocation cost and significant network impact

UPSIDE FROM ADDITIONAL REVENUE

Incremental revenue from colocation or higher asset utilisation at minimal additional cost

HIGH BARRIER TO ENTRY

Significant investment needed, economies of scale, knowledge of government rules and local conditions

GROWING INDUSTRY

- **Surging data demand** creates need for more towers and fiber optic connections
- Consumers under current 4G require reliable and high speed internet which means towers have to be increasingly fiberised as backhaul
- Impact from 5G to come in 2-3 years

**In general, lease price includes annual inflation escalator for opex portion*

Typical Tower Company Growth Model

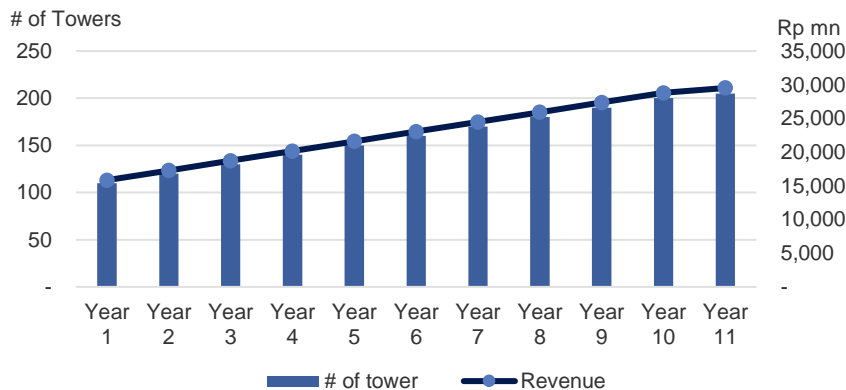
New Built-to-Suit Tower

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

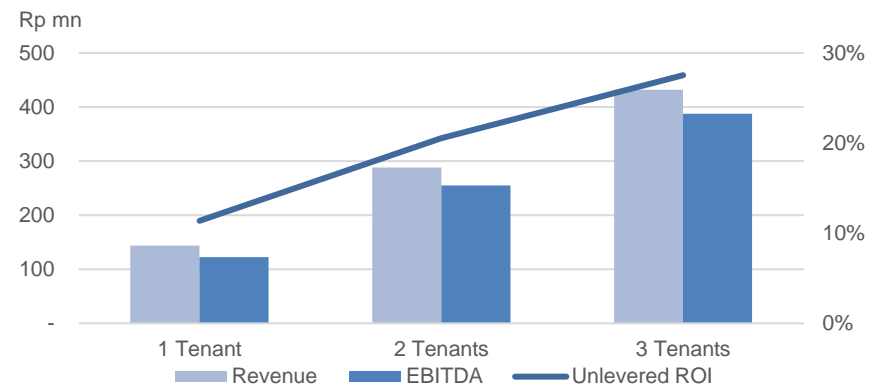
Colocation boosts unlevered ROI and accelerates payback period

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 with significant headroom in 4G expansion and low 4G internet speed



4G penetration rate	66%
4G-LTE internet speed	9.9 mbps*
Credit Rating	BBB/Baa2
2020 GDP/capita	\$3,912

(source: Company filings, BMI, TowerXchange, S&P Market Intelligence, broker reports and SNL)

*compared to median of 20.6 mbps in other advanced Asian 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 (%)	82% - 86%	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:

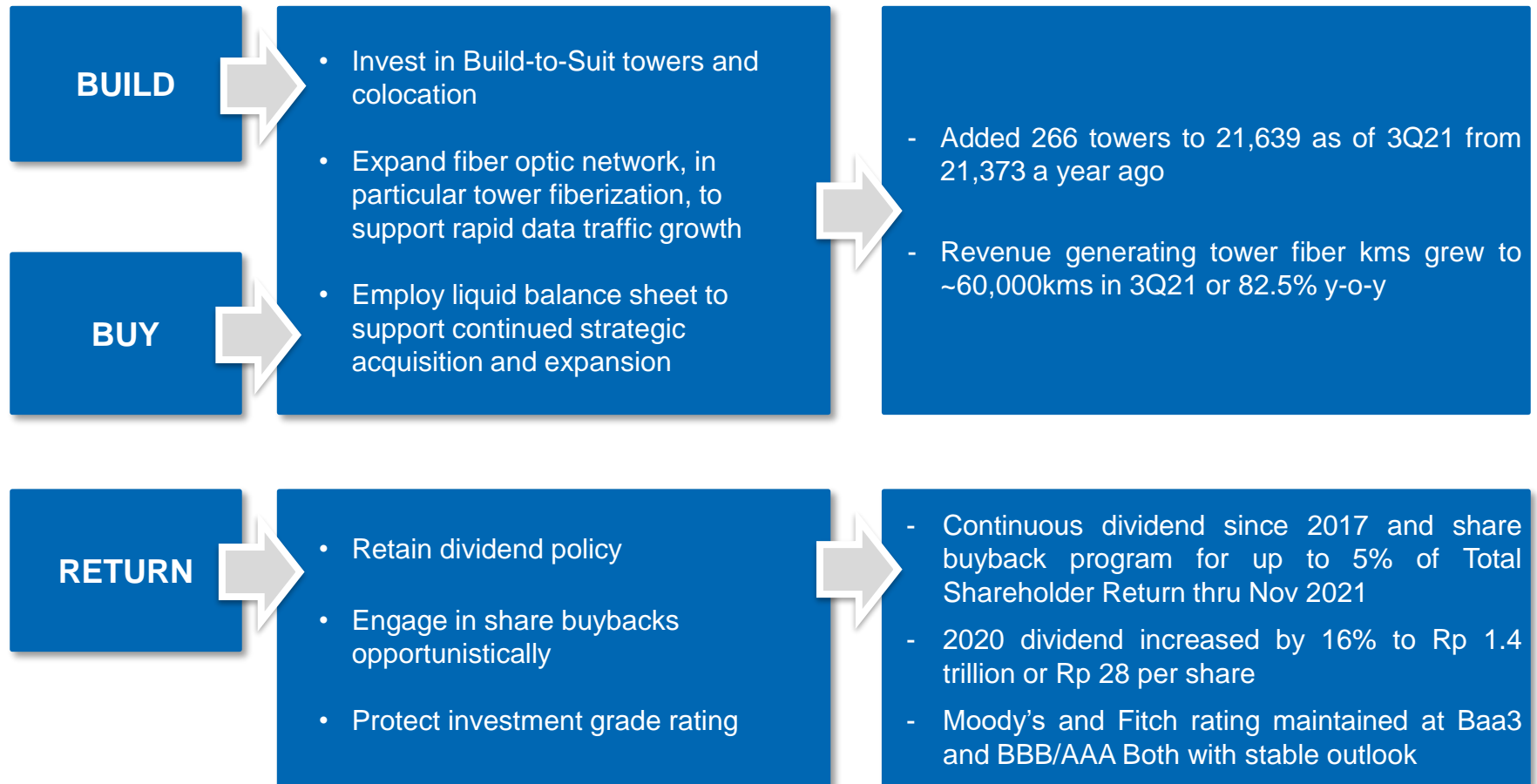
1. In local currency, and stated in approximate USD for comparison purposes.
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy
3. Does not include pre-paid ground lease. Indonesian tower companies typically pay in advance for ground leases of 5-10 years.



SMN 3Q 2021 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 21,639 towers with 52% in Java and 48% in ex-Java. Total tenants exceed 40,456 tenants in 3Q21
- Tenancy ratio of 1.87x. Older towers average tenancy ratio up to 2.50x.
- Organic growth of 500 to 800 new towers annually

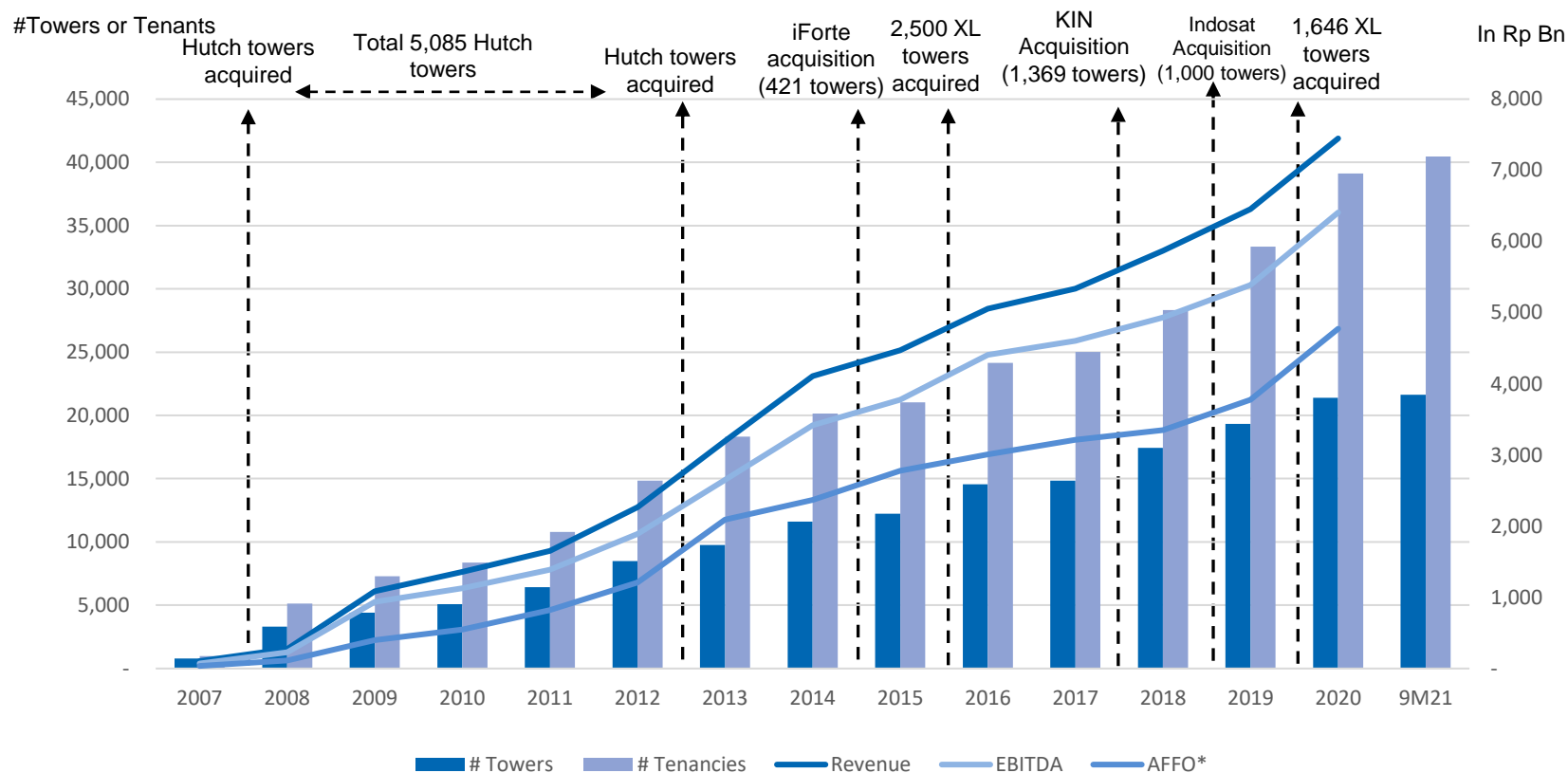
TOWER FIBER

- Tower fiberization increases the value and utility of our network to Telcos.
- ~60,000kms revenue generating fiber by end of September 2021.
- Network focus in Java, Bali and Sumatra to support surging data demand
- Like tower model, non-cancellable, long-term contracts and opportunity for higher utilization

CONNECTIVITY

- Actively seeking opportunities to provide connectivity (with various offerings using VSAT, wireless/wireline, etc) under B2B or B2G arrangements
- Currently have over 7,700 activations serving over 1,600 customers
- Business includes bandwidth provision utilising 7,000 kms underground fiber in Jakarta, Surabaya, Java-Bali

Track Record of Strong Performance, Consistent Growth...



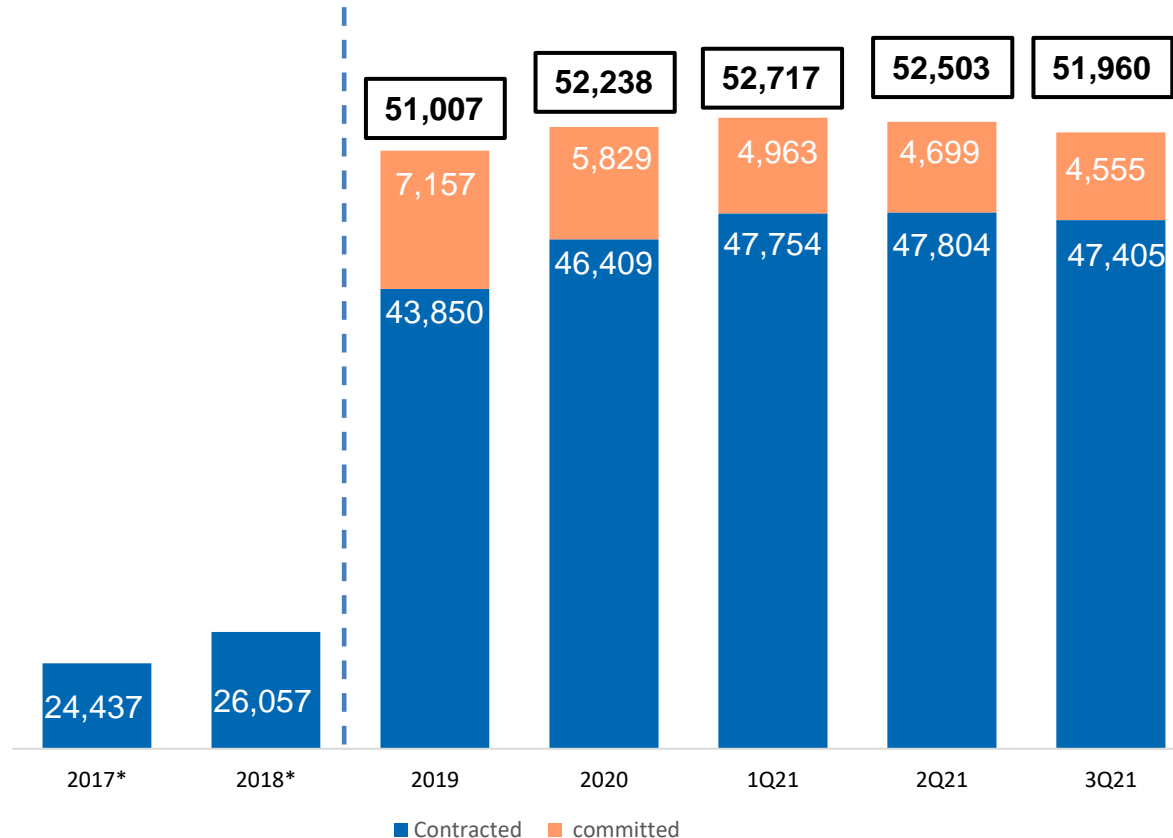
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	9M21
# Towers	781	3,312	4,415	5,072	6,427	8,482	9,766	11,595	12,237	14,562	14,854	17,437	19,319	21,381	21,639
# Tenancies	984	5,137	7,282	8,365	10,798	14,849	18,322	20,138	21,038	24,144	25,011	28,319	33,346	39,127	40,456
Revenue	105	274	1,082	1,356	1,651	2,265	3,197	4,106	4,470	5,053	5,338	5,868	6,454	7,445	6,067
EBITDA	67	227	933	1,128	1,386	1,889	2,651	3,418	3,776	4,408	4,604	4,932	5,385	6,405	5,218
AFFO*	35	111	396	547	821	1,207	2,093	2,367	2,776	3,009	3,213	3,348	3,776	4,774	3,937

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

... with Excellent Future Revenue Visibility ...

Long term contracts and commitments underwrite ~Rp52.0 trillion of committed future revenue through 2038, not including value of potential future contract renewals

in Rp Bn



* 2017 & 2018 exclude committed revenue and renewals

Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend



3Q21 Credit Matrix

Gross Debt	Rp34,323bn
Interest Coverage Ratio	7.9x
Average Interest Rate (as of 30 September 2021)	5.0%
Corporate Credit Rating	BBB/ AAA/BBB-/ Baa3



Summary of Financial Results

Sarana Menara Nusantara (SMN) Group

Abridged consolidated statement of profit and loss

(In RP Bn)	2017	2018	2019	2020	3Q20	3Q21	yoy
Revenues	5,337.9	5,867.9	6,454.3	7,445.4	1,870.0	2,095.2	12.0%
Cost of revenues	(277.4)	(427.5)	(458.3)	(415.2)	(101.5)	(112.8)	11.1%
Depreciation and amortization	(894.9)	(1,114.4)	(1,349.6)	(1,644.0)	(479.4)	(436.2)	9.0%
Gross income	4,165.6	4,325.9	4,646.4	5,386.2	1,289.1	1,546.2	19.9%
Operating expenses	(456.9)	(508.5)	(610.7)	(625.3)	(157.9)	(173.7)	10.0%
Operating income	3,708.7	3,817.4	4,035.7	4,760.9	1,131.2	1,372.6	21.3%
Other income							
Interest income	68.1	33.9	39.1	33.6	15.4	6.2	
Finance charges	(687.3)	(872.3)	(957.9)	(1,090.6)	(281.1)	(248.3)	
Finance charges (PSAK 73)	-	-	-	(110.7)	(22.7)	(23.8)	
Foreign exchange gains/(losses), net	(2.4)	(37.3)	56.0	(182.8)	(57.4)	28.5	
(Impairment expense)/reversal of allowance for impairment	(139.7)	153.9	(103.0)	32.5	-	-	
Corporate income tax adjustment	-	-	-	-	-	-	
Others, net	(144.5)	(143.9)	(61.0)	(44.0)	(11.7)	(32.0)	
Other income / (expense), net	(905.8)	(865.7)	(1,026.8)	(1,362.0)	(357.4)	(269.5)	-24.6%
Profit before tax	2,802.9	2,951.7	3,008.9	3,398.9	773.8	1,103.1	42.6%
Corporate income tax expense							
Tax expense	(591.3)	(695.8)	(722.5)	(691.6)	(176.1)	(202.9)	
Deferred tax expense	(111.5)	(55.8)	66.7	146.3	13.4	7.6	
Total corporate income tax expense	(702.8)	(751.6)	(655.8)	(545.3)	(162.7)	(195.3)	20.0%
Minority Interest	0.0	0.0	11.1	17.6	4.0	17.9	
Net Income	2,100.1	2,200.1	2,342.0	2,836.0	607.0	889.9	46.6%
EBITDA	4,603.4	4,931.8	5,385.3	6,404.9	1,610.6	1,808.8	12.3%
YoY Revenue growth	5.60%	9.9%	10.0%	15.4%	15.0%	12.0%	
Gross margin	78.0%	73.7%	72.0%	72.3%	68.9%	73.8%	
EBITDA margin	86.2%	84.0%	83.4%	86.0%	86.1%	86.3%	
Net income margin	39.3%	37.5%	36.3%	38.1%	32.5%	42.5%	

Sarana Menara Nusantara (SMN) Group

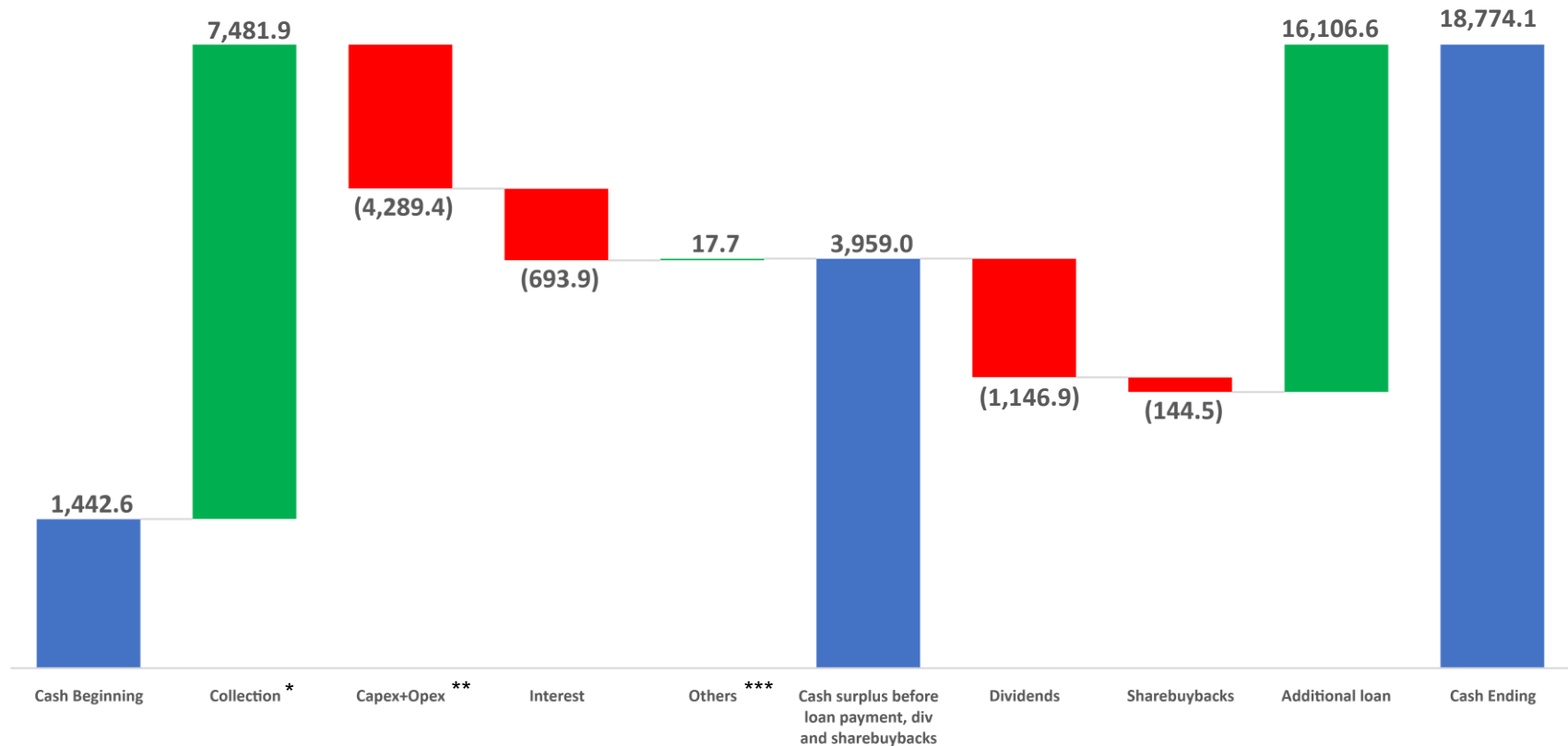
Abridged consolidated statement of financial position

(In RP bn)	2016	2017	2018	2019	2020	30-Sep-21
ASSETS						
<i>Current assets</i>						
Cash and cash equivalents	2,905.3	2,348.3	963.4	593.8	1,442.6	18,774.1
Restricted cash	-	-	-	6.6	4.9	2.2
Trade receivables	351.7	624.0	821.0	1,347.6	1,240.1	1,198.9
Other current asset	337.5	77.4	490.9	526.5	314.7	284.1
Total current assets	3,594.5	3,049.7	2,275.3	2,474.4	3,002.3	20,259.3
Total non-current assets	15,192.3	15,713.8	20,684.2	25,191.3	31,247.2	31,957.9
TOTAL ASSETS	18,786.8	18,763.5	22,959.5	27,665.7	34,249.6	52,217.2
LIABILITIES AND EQUITY						
<i>Current liabilities</i>						
Current portion of long-term loans	516.7	633.8	1,732.8	1,944.8	4,073.9	18,645.7
Current portion of long-term bonds	998.7	-	657.9	-	35.9	36.0
Leasing payable	-	-	-	-	281.3	344.7
Other current liabilities	1,787.6	1,596.6	2,361.1	2,620.3	2,834.1	3,626.1
Total current liabilities	3,303.0	2,230.4	4,751.8	4,565.1	7,225.2	22,652.4
<i>Non-current liabilities</i>						
Long-term loans, net of current portion	5,971.3	5,775.3	7,069.7	11,247.1	11,926.3	13,415.8
Bonds payable	2,432.2	2,589.6	2,023.4	1,976.3	2,148.7	2,134.6
Leasing payable	-	-	0.8	-	1,730.7	1,486.8
Other non-current liabilities	1,120.6	1,066.3	1,080.6	1,116.6	1,034.6	1,053.0
Total non-current liabilities	9,524.1	9,431.2	10,174.5	14,340.0	16,840.3	18,090.3
Total liabilities	12,827.1	11,661.6	14,926.3	18,905.1	24,065.5	40,742.7
<i>Equity</i>						
Common shares	530.7	530.7	530.7	530.7	530.7	530.7
Treasury Stock	-	-	(126.6)	(514.1)	(786.9)	-931.4
Other comprehensive income	(23.2)	24.6	81.4	2.8	44.6	-4.4
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,705.1	10,365.6	11,845.1
Non-controlling interests	0.1	0.1	-	36.1	30.0	34.5
Total equity	5,959.9	7,101.8	8,033.3	8,760.6	10,184.0	11,474.5

Sarana Menara Nusantara (SMN) Group

Abridged consolidated statement of cashflows (9 months ended September 2021)

in Rp Bn



* Numbers included VAT

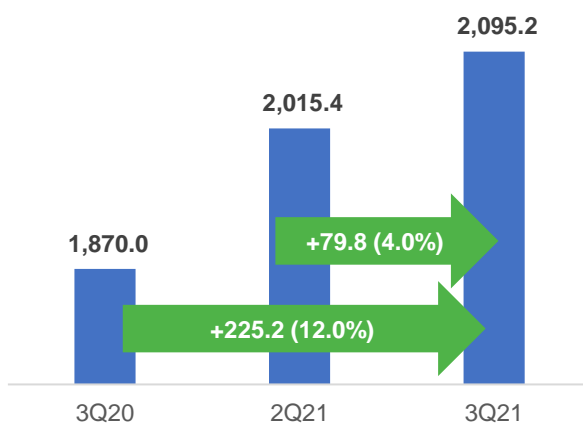
** Including ground lease

*** Including minority interest, forex and others

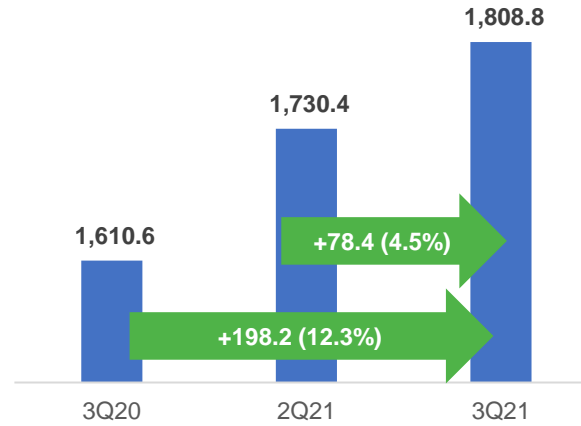
Profit & Loss Movement 3Q21

in Rp Bn

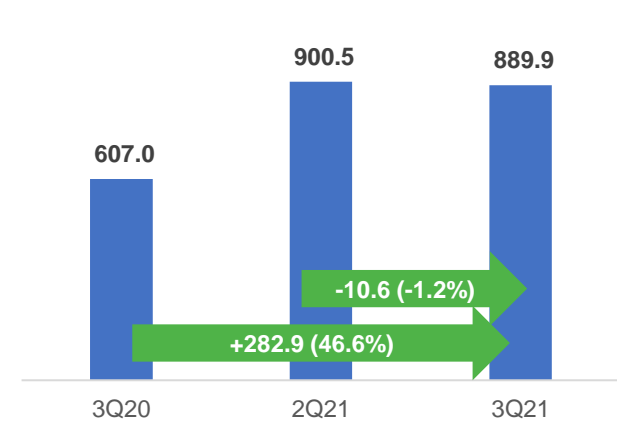
Revenue



EBITDA



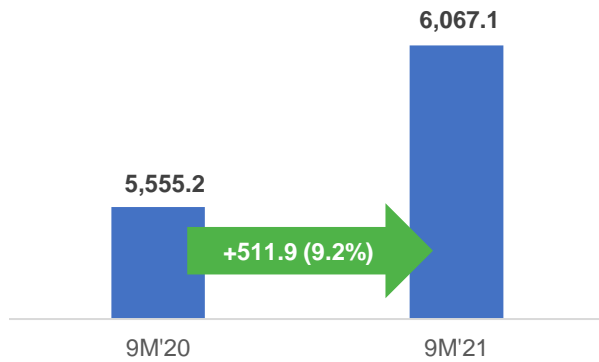
Net Income



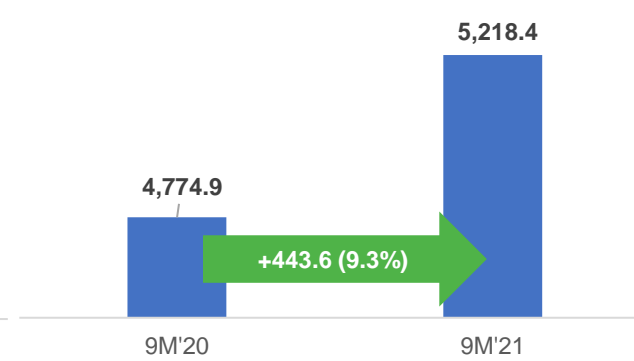
Profit & Loss Movement 9M'20 vs 9M'21

in Rp Bn

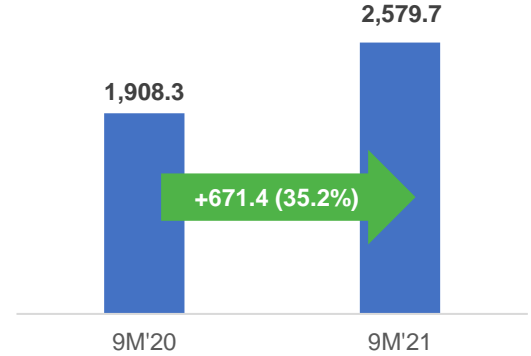
Revenue



EBITDA



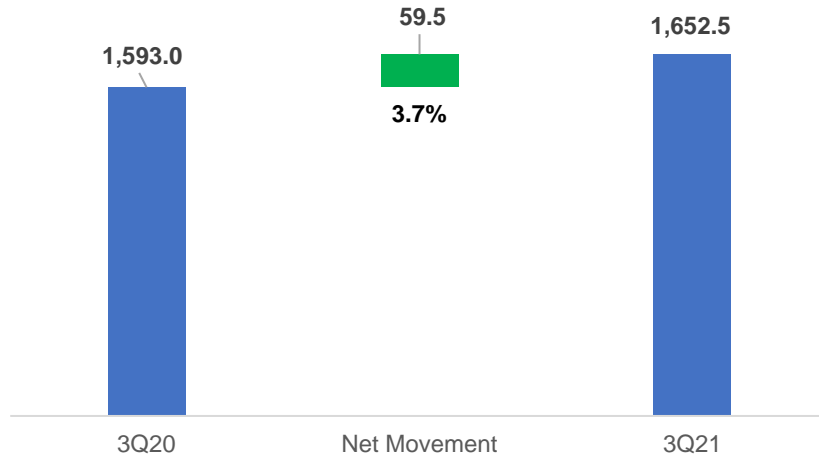
Net Income



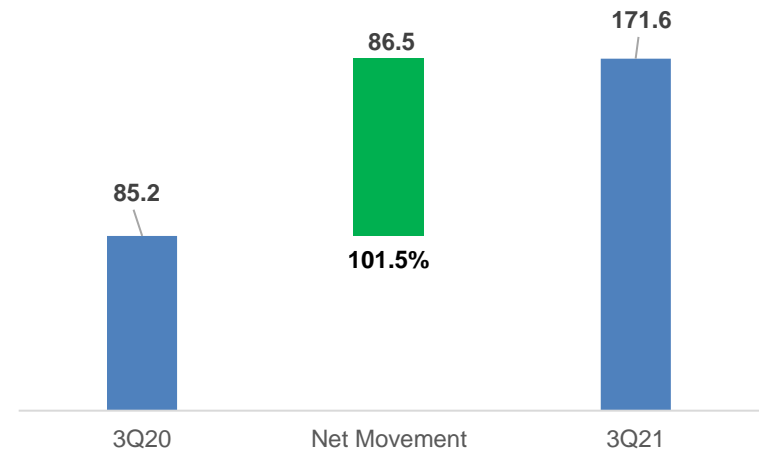
Revenue Analysis (3Q20 vs 3Q21)

in Rp Bn

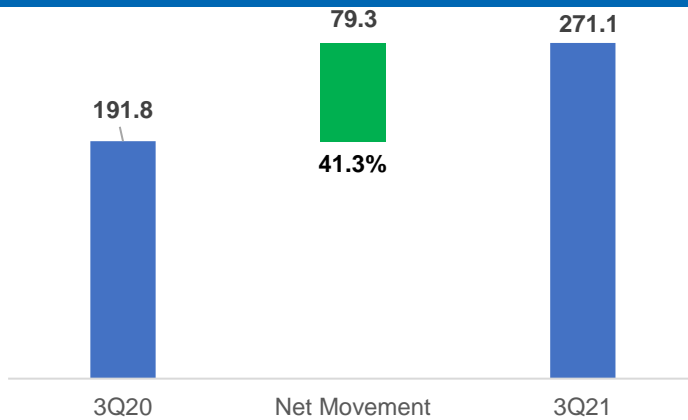
Towers



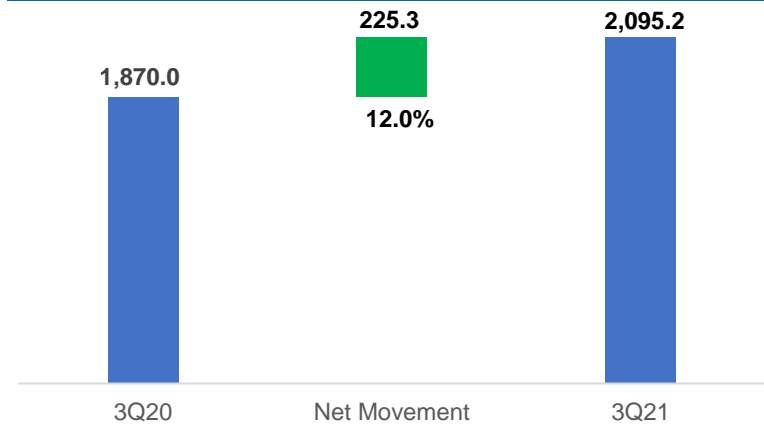
Tower Fiber



Connectivity

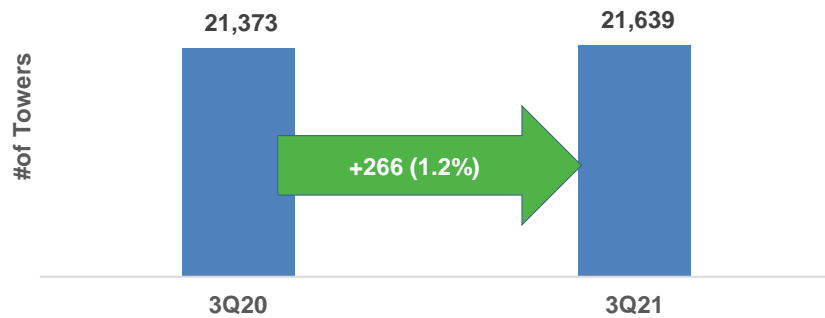


Total Revenue

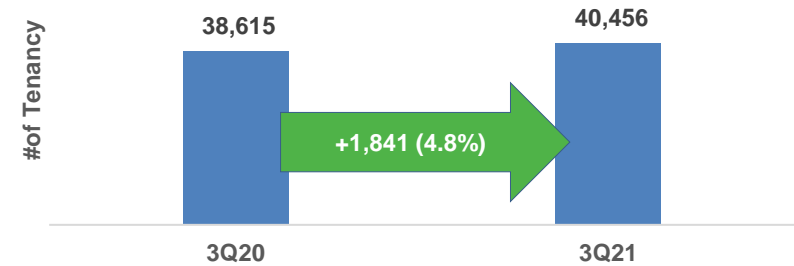


Summary Operational Data (3Q20 vs 3Q21)

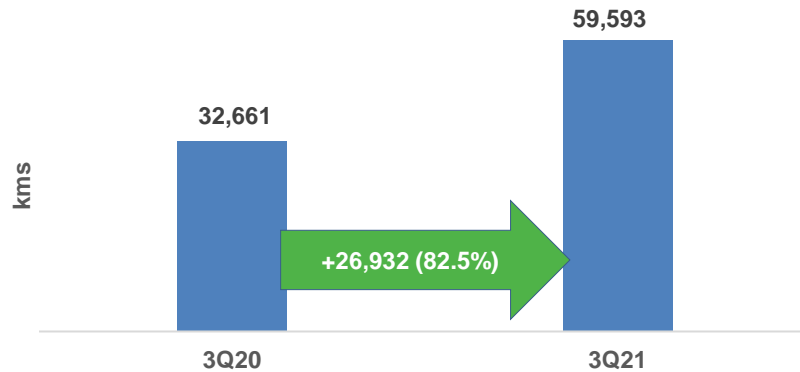
Towers



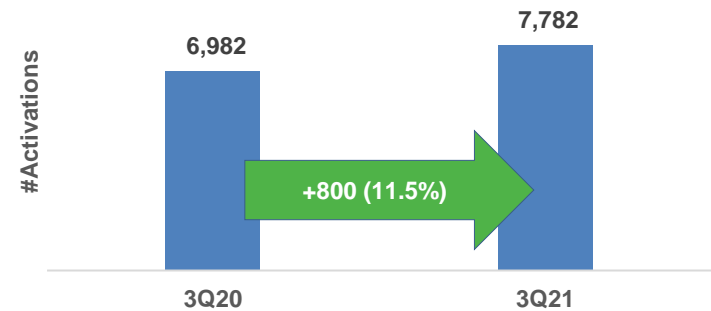
Tenancy



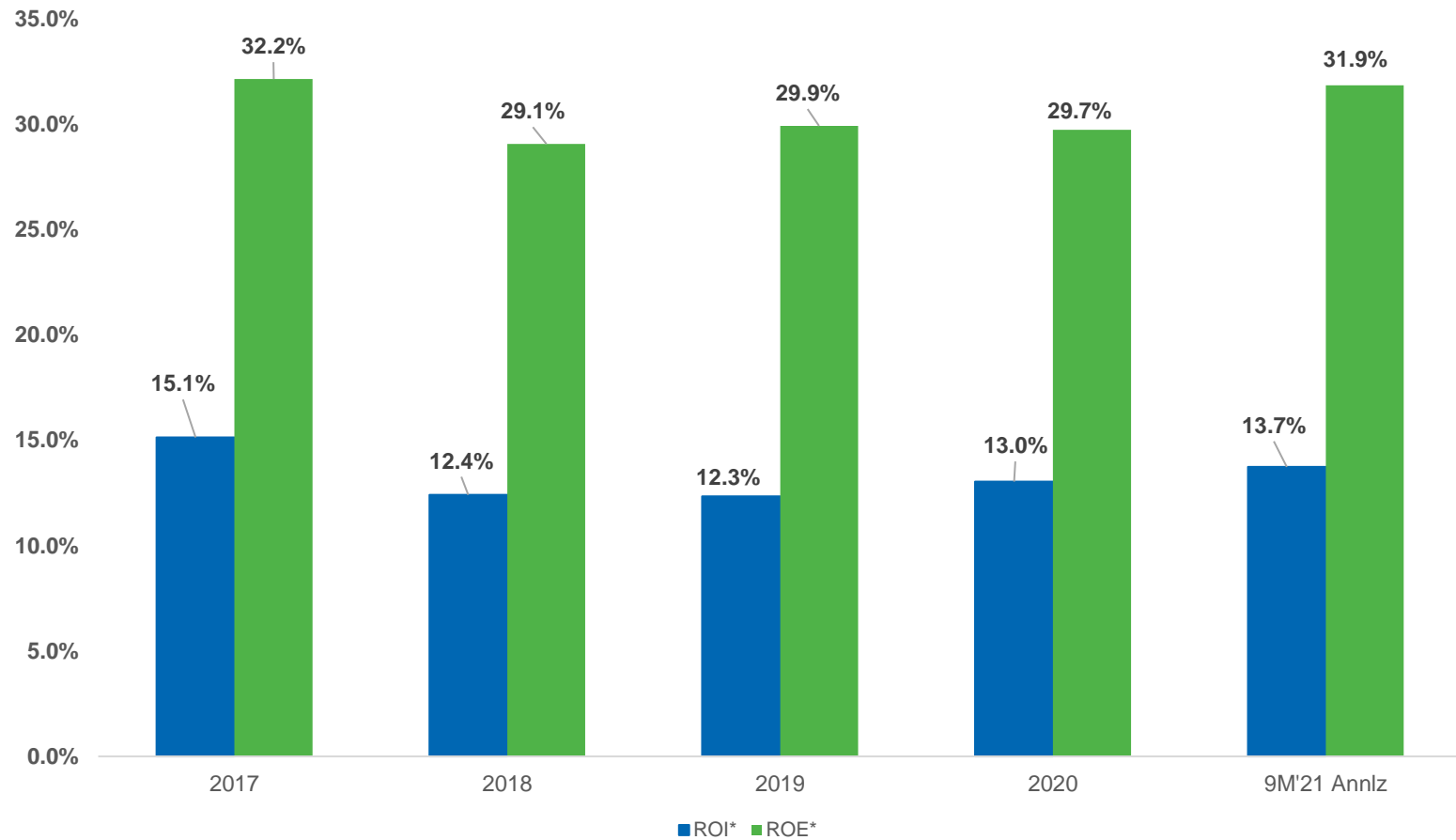
Tower Fiber



Connectivity



Sustained Strong Returns



* ROI = Earnings before interest / (Total fixed assets and ground lease); ROE = Net income / Average total equity

Impact on STP Acquisition on SMN



Consolidated tower counts:

- ✓ Over 28,000 sites
- ✓ Nearly 53,000 tenancies
- ✓ Almost 1.9x colocation ratio



Consolidated fiber optics

- ✓ Almost 75,000 kms



Financial Impact due to acquisition of STP

- Increase revenue by Rp 2.2 tn*
- Increase contracted revenue by Rp 10.1 tn
- Increase EBITDA almost Rp 1.9 tn*
- Increase debt by ~Rp 24 tn (debt for STP acquisition and from STP)

SMN cash balance Rp 2.0 tn proforma after STP acquisition



	Pre STP acquisition	Post STP acquisition
S&P	BBB; stable	BBB-; stable
Fitch	BBB (intl)/ AAA (domestic); stable	same as before STP acquisition
Moody's	Baa3; stable	same as before STP acquisition

* For revenue and EBITDA full impact in 2022



Appendix

Foreign Exchange Exposure as of 30 September 2021

Further improved FX exposure position as planned from natural hedge

ASSET		CONTRACTED REVENUE		LIABILITIES	
Cash *	USD 87.3mn	2022	– USD 31mn	<u>Bank Loan</u>	
Fx Swaps	USD 22.0mn	2023	– USD 22mn	JPY 3.5bn (~USD 31mn)	
Investments	USD 30.3mn	2024	– USD 17mn	<u>Bond</u>	
				USD 138mn	
Total	USD 139.6mn	Total	– USD 70mn	Total	~USD 169mn

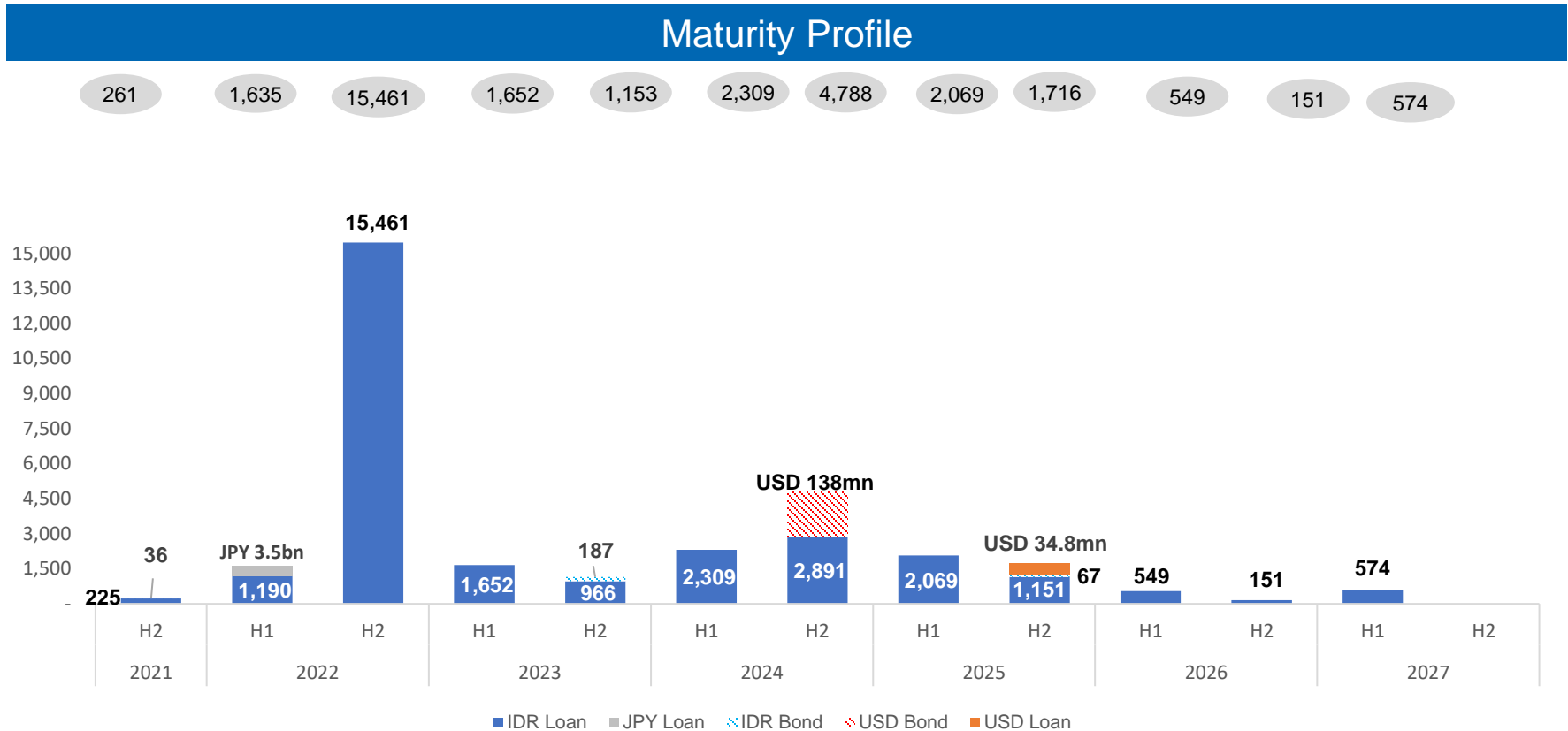
*Excluding \$1.17 bn cash (in USD) for STP acquisition

Risk Mitigation:

- USD financial assets and USD contracted revenue provide natural hedge for liabilities denominated in foreign currencies
- Company has also entered into financial hedges to cover financial and operational requirements in foreign exchange

Long Term Debt*: 87.8% Floating, 12.2% Fixed, Avg Interest 5.0%

in Rp Billion



- As of September 2021
- BI Middle rate as of September 2021: 1USD = IDR14.307 ; 1JPY = IDR128.52

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