

Indonesia's Premier Telecommunication Infrastructure Company

2022 Results Presentation

PT Sarana Menara Nusantara Tbk

IDX ticker: TOWR.JK / TOWR IJ

www.ptsmn.co.id

investor.relations@ptsmn.co.id



SMN Investment Highlights

Premier telco infrastructure company in Indonesia

One of the **largest** digital infrastructure companies in Indonesia with **29,794** towers and **164,941 km** fiber*

Solid build-to-suit model for towers and fiber with long-term **predictable** cash flows

Maintained **investment grade** ratings with S&P, Fitch and Moody's with **stable** outlook post STP acquisition



Continuous strong performance
5-yr Revenue and EBITDA CAGR
16.6%^(a)

Sustained strong returns
ROI **9.0%** and ROE **26.0%**

TOWR shares included
in **IDX30, Business-27,**
IDX ESG leaders,
FTSE Asia Pacific,
MSCI Global Standard Index
MSCI ESG rating of BBB^(b)

(a) CAGR = Compounded Annual Growth Rate; CAGR 2017 – 2022

(b) IDX30 (July 2020). IDX ESG Leaders (December 2020). FTSE (October 2020). MSCI (January 2023)

* Including 149,811 kms revenue generating tower fiber

TOWR strategy supports ESG & sustainability goals

1. Capital Management

- Access to low-cost funding
- Liquidity amounts to \$368 mn 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 traffic in Indonesia is wireless
- Towers and fiber are 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 Rp68.6tn is largest in market
- Attractively valued business with high annual recurring FCF that funds capex, dividend, share buybacks
- TOWR has been successful a consolidator

6. Efficient infra provider

- EBITDA and AFFO 5-year CAGR of 16.6% and 14.1%, respectively, with 2022 ROE of 26.0%.

Going into the future

A. Best positioned to benefit from growth in internet

1. Invest strong FCF and low cost of capital.
2. Indonesia still in 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 strong growth in tower and fiber

¹ includes committed or offered term sheets from financial institutions and cash in bank 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 BARRIERS TO ENTRY

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

FAST GROWING INDUSTRY

- **Surging data demand** creates need for more towers and fibers
- 4G consumers require reliable and high speed internet leading to increase in FTTT
- Impact from 5G to come in 2-3 years

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

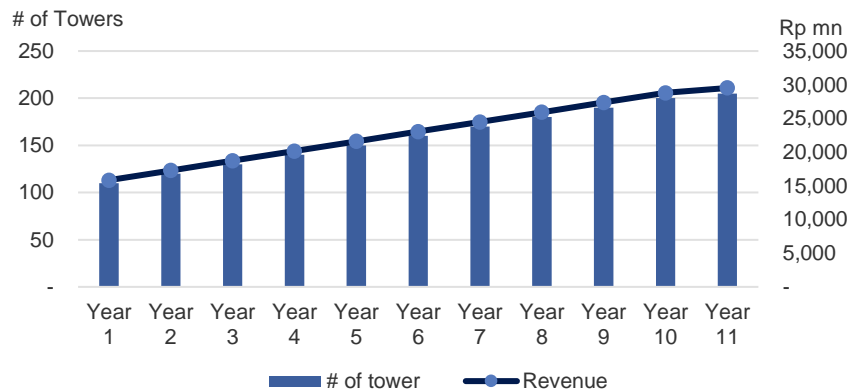
Typical Tower Company Growth Model

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

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

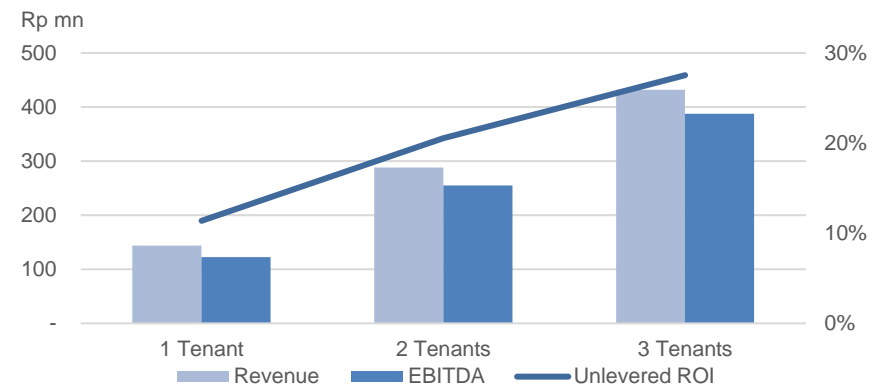
Colocation boosts unlevered ROI and accelerates payback period

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	78%
4G-LTE internet speed	15.1 mbps*
Credit Rating	BBB/Baa2
2022 GDP/capita	\$4,783

(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 - 900	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:

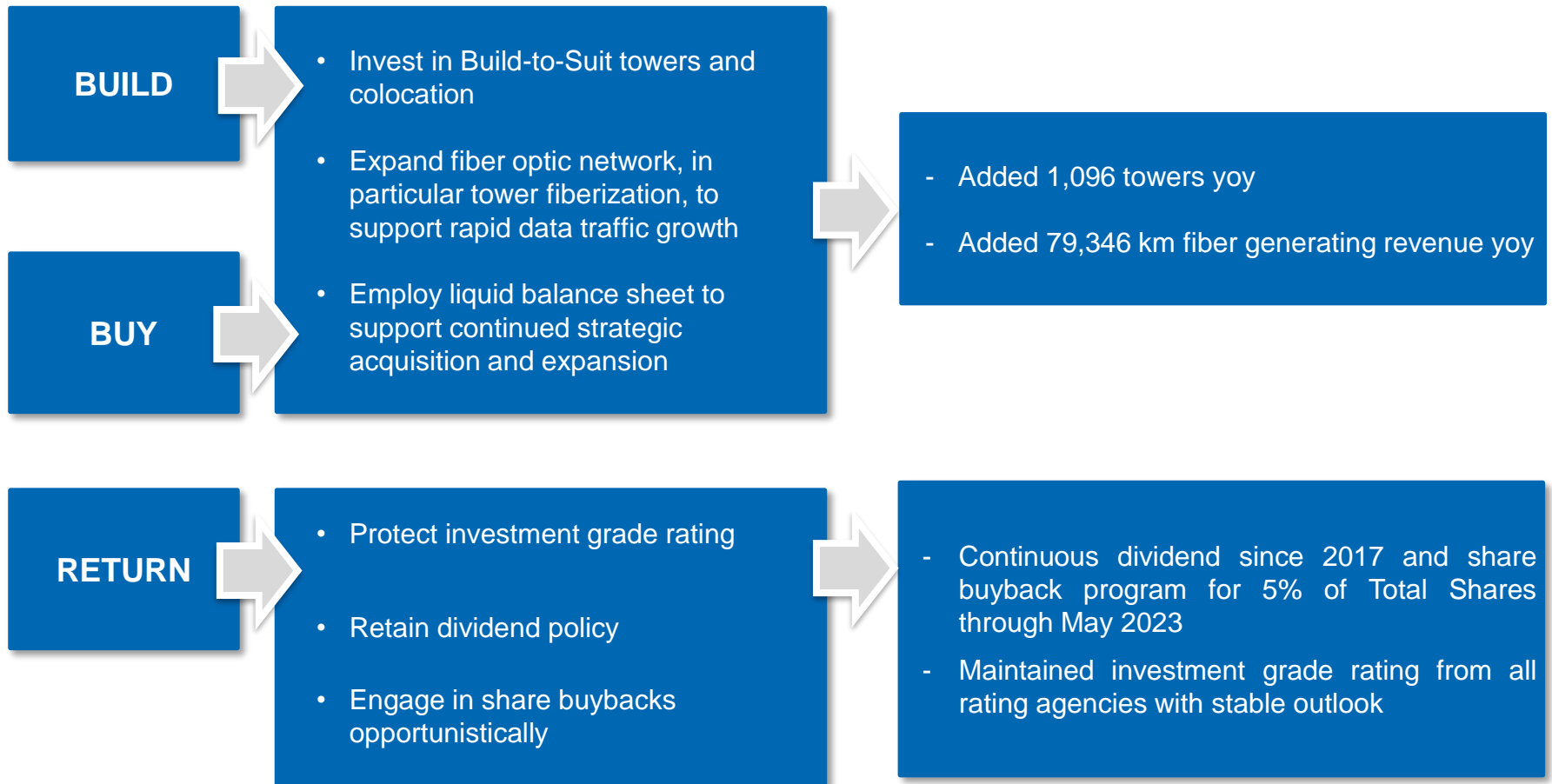
1. In local currency, and stated in approximate USD for comparison purposes.
2. Independent tower business model in Western Europe, with the exception of Inwit in Italy
3. Does not include pre-paid ground lease. Indonesian tower companies typically pay in advance for ground leases of 5-10 years.



SMN 2022 Performance

Company Strategy: Build – Buy – Return

We will maintain our position as a leading telecom infrastructure company and continue to deliver optimal value to our stakeholders



Most Diverse Portfolio Among Tower Companies

TOWER

- Total 29,794 towers and 53,967 tenants as of 31 December 2022. Tenancy ratio 1.8x.
- 53% of towers located in Java and 47% ex-Java.

There continues to be new organic site opportunities for coverage and capacity

Fiber to The Tower (FTTT)

- FTTT increases the value and utility of our network to Telcos.
- ~150,000 kms revenue generating fibers by end of December 2022.
- 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

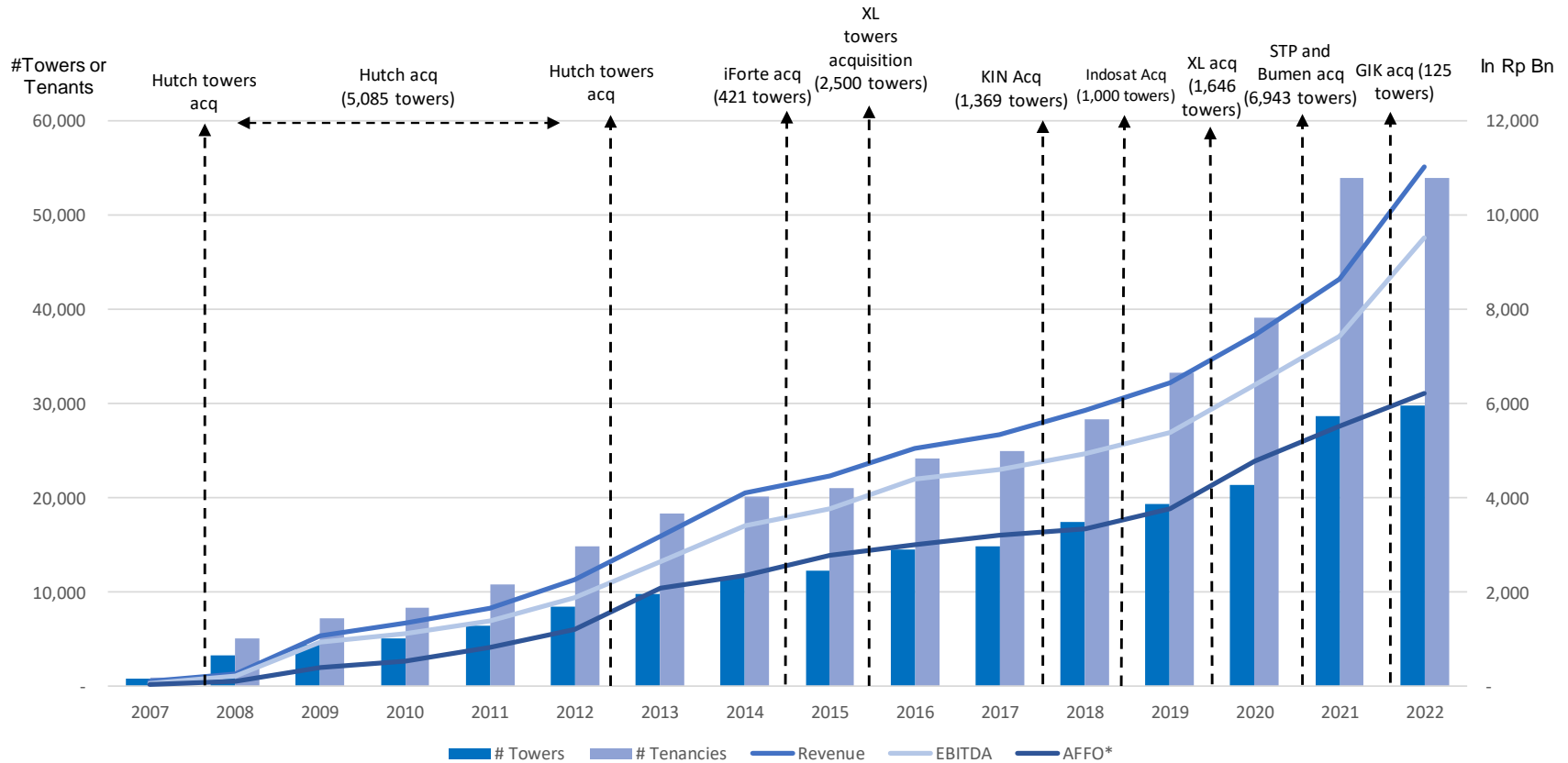
Tower business offers a platform for sustained FTTT growth

CONNECTIVITY

- Actively seeking opportunities to provide connectivity (with various offerings using VSAT, wireless/wireline, etc) under B2B or B2G arrangements
- Currently have 25,547 activations including 14,975 home connect
- ~220,000 home passes by the end of December 2022
- Business includes bandwidth provision utilising 15,130 kms backbone and fibers owned by the company to provide connectivity service

Strong growth potential given low penetration and increased demand for integrated offerings

Track Record of Strong Performance, Consistent Growth...



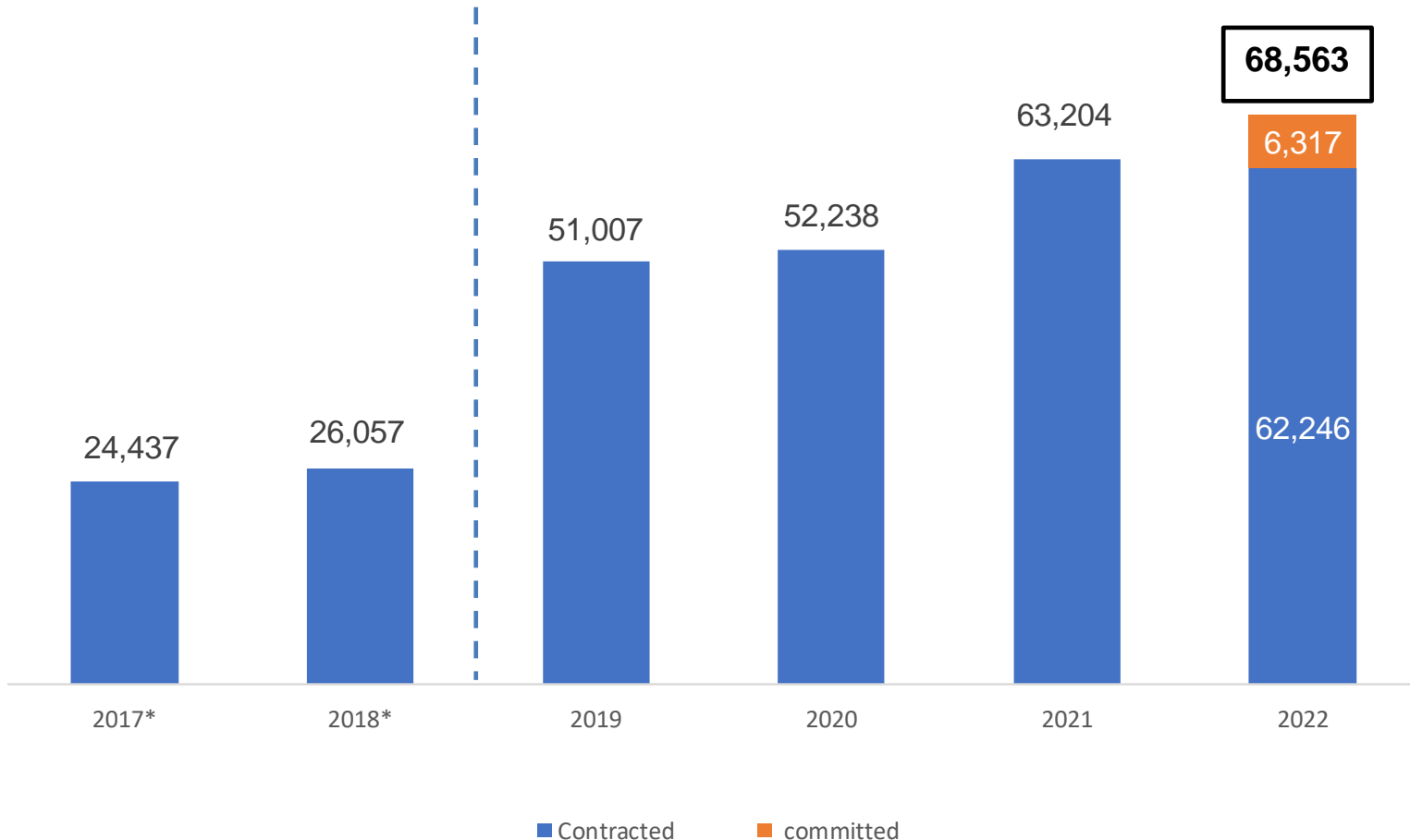
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
# Towers	781	3,312	4,415	5,072	6,427	8,482	9,766	11,595	12,237	14,562	14,854	17,437	19,319	21,381	28,698	29,794
# Tenancies	984	5,137	7,282	8,365	10,798	14,849	18,322	20,138	21,038	24,144	25,011	28,319	33,346	39,127	53,975	53,967
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	8,635	11,036
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	7,434	9,517
AFFO*	35	111	396	547	821	1,207	2,093	2,367	2,776	3,009	3,213	3,348	3,776	4,774	5,525	6,210

1Q22	2Q22	3Q22	4Q22
1,530	1,582	1,589	1,509

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

... with Excellent Future Revenue Visibility ...

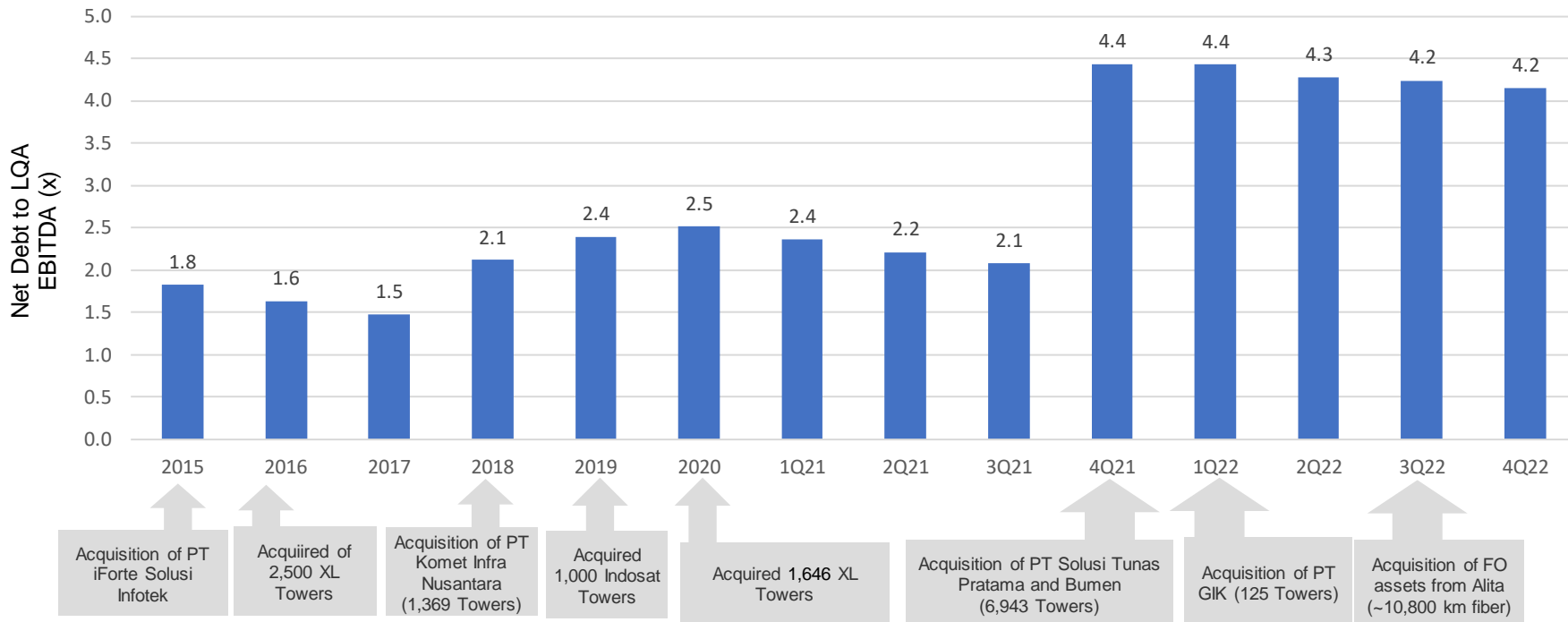
Long term contracts and commitments underwrite more than Rp68.6 trillion of committed future revenue through 2042, not including value of potential future contract renewals



* 2017 & 2018 exclude committed revenue and renewals

Strong Investment Grade Balance Sheet

Leverage comfortably within investment grade range despite acquisitions and dividend



4Q22 Credit Matrix

Gross Debt	Rp43,152bn
Interest Coverage Ratio	4.1x
Average Interest Rate (as of 31 December 2022)	6.5%
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	2021	4Q21	4Q22	yoy	2021	2022	yoy
Revenues	5,337.9	5,867.9	6,454.3	7,445.4	8,635.3	2,568.3	2,928.5	14.0%	8,635.3	11,035.7	27.8%
Cost of revenues	(277.4)	(427.5)	(458.3)	(415.2)	(480.4)	(145.8)	(156.3)	7.3%	(480.4)	(607.8)	26.5%
Depreciation and amortization	(894.9)	(1,114.4)	(1,349.6)	(1,644.0)	(1,859.8)	(563.3)	(574.4)	2.0%	(1,859.8)	(2,306.7)	24.0%
Gross income	4,165.6	4,325.9	4,646.4	5,386.2	6,295.2	1,859.2	2,197.8	18.2%	6,295.2	8,121.2	29.0%
Operating expenses	(456.9)	(508.5)	(610.7)	(625.3)	(720.7)	(206.6)	(222.5)	7.7%	(720.7)	(911.3)	26.5%
Operating income	3,708.7	3,817.4	4,035.7	4,760.9	5,574.5	1,652.5	1,975.3	19.5%	5,574.5	7,209.9	29.3%
Other income											
Interest income	68.1	33.9	39.1	33.6	24.7	8.8	4.0		24.7	23.4	
Finance charges	(687.3)	(872.3)	(957.9)	(1,090.6)	(1,262.0)	(540.1)	(624.1)		(1,262.0)	(2,276.4)	
Finance charges (PSAK 73)	-	-	-	(110.7)	(108.3)	(36.0)	(13.4)		(108.3)	(115.5)	
Foreign exchange gains/(losses), net	(2.4)	(37.3)	56.0	(182.8)	8.9	(26.2)	1.7		8.9	(92.8)	
(Impairment expense)/reversal of allowance for impairment	(139.7)	153.9	(103.0)	32.5	(13.5)	(13.5)	(4.5)		(13.5)	(4.8)	
Others, net	(144.5)	(143.9)	(61.0)	(44.0)	(173.3)	(126.0)	(45.7)		(173.3)	(284.6)	
Other income / (expense), net	(905.8)	(865.7)	(1,026.8)	(1,362.0)	(1,523.5)	(733.0)	(682.1)	-7.0%	(1,523.5)	(2,750.6)	80.5%
Profit before tax	2,802.9	2,951.7	3,008.9	3,398.9	4,051.0	919.5	1,293.2	40.6%	4,051.0	4,459.3	10.1%
Corporate income tax expense											
Tax expense	(591.3)	(695.8)	(722.5)	(691.6)	(810.7)	(189.1)	(280.1)		(810.7)	(930.4)	
Deferred tax expense	(111.5)	(55.8)	66.7	146.3	207.6	109.0	(102.0)		207.6	(32.4)	
Total corporate income tax expense	(702.8)	(751.6)	(655.8)	(545.3)	(603.1)	(80.1)	(382.1)	377.2%	(603.1)	(962.7)	59.6%
Net Income	2,100.1	2,200.1	2,342.0	2,836.0	3,427.4	889.9	883.3	-0.7%	3,427.4	3,442.0	0.4%
EBITDA	4,603.4	4,931.8	5,385.3	6,404.9	7,434.3	2,215.9	2,549.7	15.1%	7,434.3	9,516.6	28.0%
YoY Revenue growth	5.60%	9.9%	10.0%	15.4%	16.0%	35.9%	14.0%		16.0%	27.8%	
Gross margin	78.0%	73.7%	72.0%	72.3%	72.9%	72.4%	75.0%		72.9%	73.6%	
EBITDA margin	86.2%	84.0%	83.4%	86.0%	86.1%	86.3%	87.1%		86.1%	86.2%	
Net income margin	39.3%	37.5%	36.3%	38.1%	39.7%	34.6%	30.2%		39.7%	31.2%	

Sarana Menara Nusantara (SMN) Group

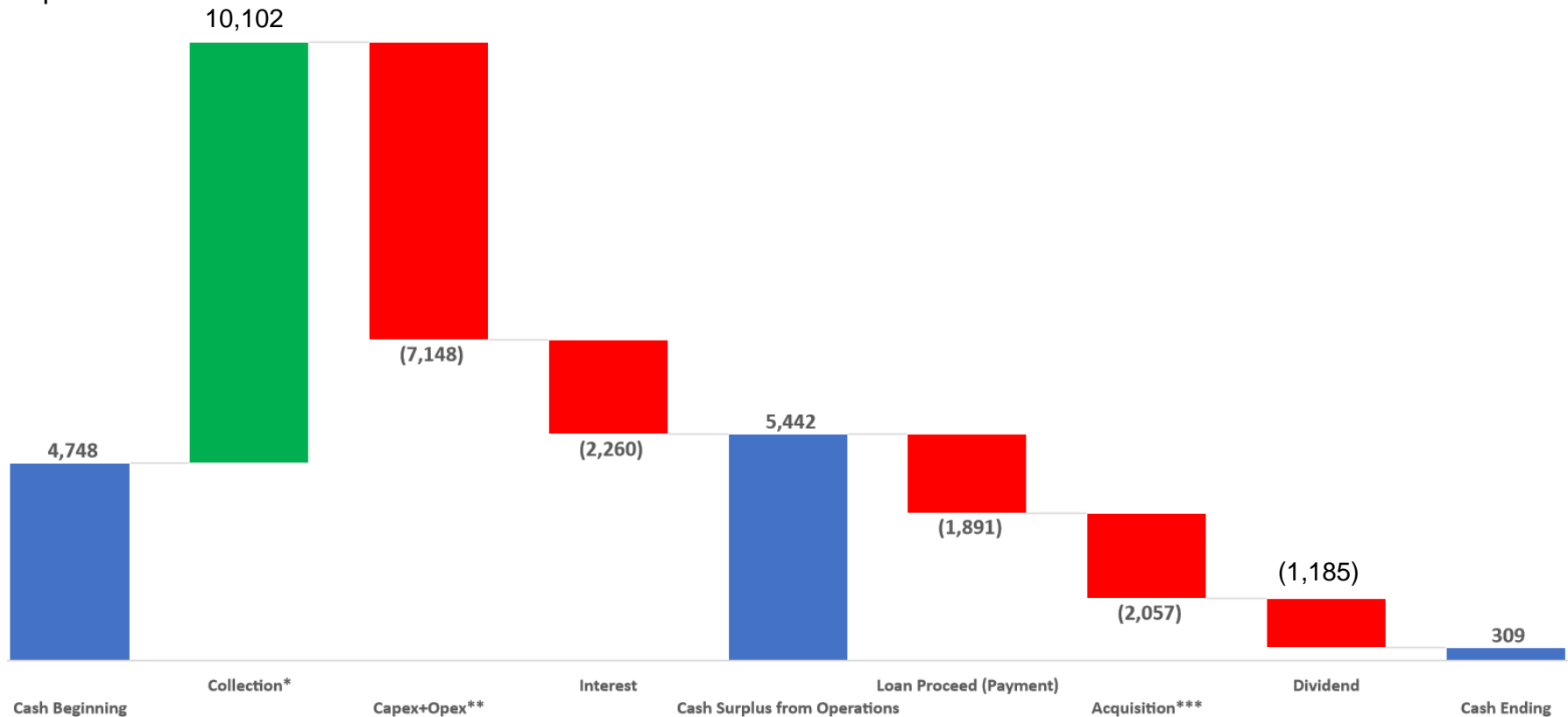
Abridged consolidated statement of financial position

(In RP bn)	2016	2017	2018	2019	2020	2021	2022
ASSETS							
<i>Current assets</i>							
Cash and cash equivalents	2,905.3	2,348.3	963.4	593.8	1,442.6	4,748.4	308.6
Restricted cash	-	-	-	6.6	4.9	2.0	0.0
Trade receivables	351.7	624.0	821.0	1,347.6	1,240.1	2,171.3	2,557.8
Other current asset	337.5	77.4	490.9	526.5	314.7	476.5	784.7
Total current assets	3,594.5	3,049.7	2,275.3	2,474.4	3,002.3	7,398.1	3,651.1
Total non-current assets	15,192.3	15,713.8	20,684.2	25,191.3	31,247.2	58,430.5	61,974.0
TOTAL ASSETS	18,786.8	18,763.5	22,959.5	27,665.7	34,249.6	65,828.7	65,625.1
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	15,432.2	8,062.6
Current portion of long-term bonds	998.7	-	657.9	-	35.9	1,008.2	1,113.9
Leasing payable	-	-	-	-	281.3	353.3	387.0
Other current liabilities	1,787.6	1,596.6	2,361.1	2,620.3	2,834.1	5,086.6	4,882.5
Total current liabilities	3,303.0	2,230.4	4,751.8	4,565.1	7,225.2	21,880.3	14,446.1
<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	23,535.5	29,261.6
Bonds payable	2,432.2	2,589.6	2,023.4	1,976.3	2,148.7	4,463.3	4,556.4
Leasing payable	-	-	0.8	-	1,730.7	2,192.3	1,590.6
Other non-current liabilities	1,120.6	1,066.3	1,080.6	1,116.6	1,034.6	1,695.3	1,338.1
Total non-current liabilities	9,524.1	9,431.2	10,174.5	14,340.0	16,840.3	31,886.4	36,746.7
Total liabilities	12,827.1	11,661.6	14,926.3	18,905.1	24,065.5	53,766.7	51,192.8
<i>Equity</i>							
Common shares	530.7	530.7	530.7	530.7	530.7	530.7	530.7
Treasury Stock	-	-	(126.6)	(514.1)	(786.9)	(931.4)	-931.4
Share Based Payment	-	-	-	-	-	23.9	64.9
Difference arising from transactions resulting in changes in the equity of subsidiary	-	-	-	-	-	(11.9)	38.4
Other comprehensive income	(23.2)	24.6	81.4	2.8	44.6	25.7	62.1
Retained earnings / (accumulated deficit)	5,452.3	6,546.4	7,547.8	8,705.1	10,365.6	12,394.0	14,635.9
Non-controlling interests	0.1	0.1	-	36.1	30.0	31.0	31.8
Total equity	5,959.9	7,101.8	8,033.3	8,760.6	10,184.0	12,062.0	14,432.3

Sarana Menara Nusantara (SMN) Group

Abridged consolidated statement of cashflows (12 months ended December 2022)

in Rp Bn



* Numbers included VAT

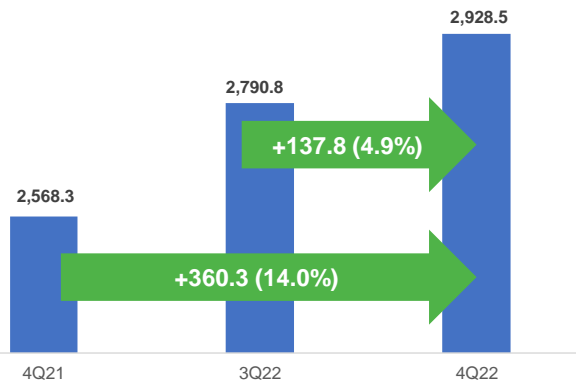
** Including ground lease

*** Mostly for SUPR stock MTO payment

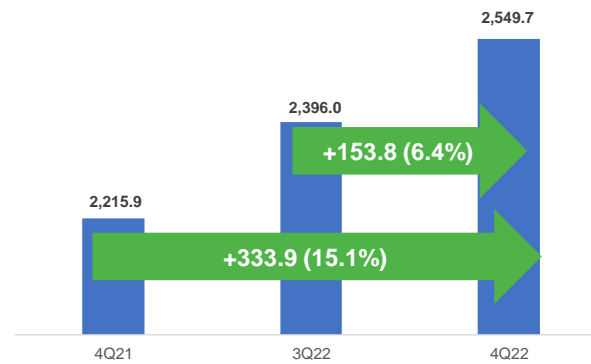
Profit & Loss Movement 4Q22

in Rp Bn

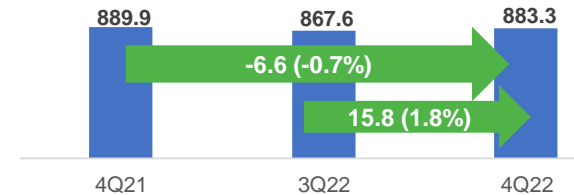
Revenue



EBITDA



Net Income



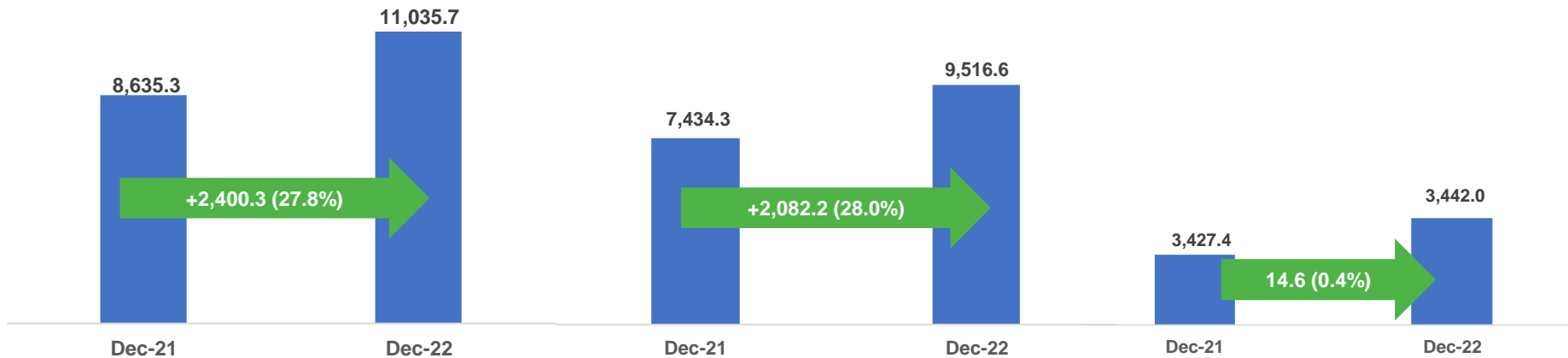
Profit & Loss Movement YTD Dec 2022

in Rp Bn

Revenue

EBITDA

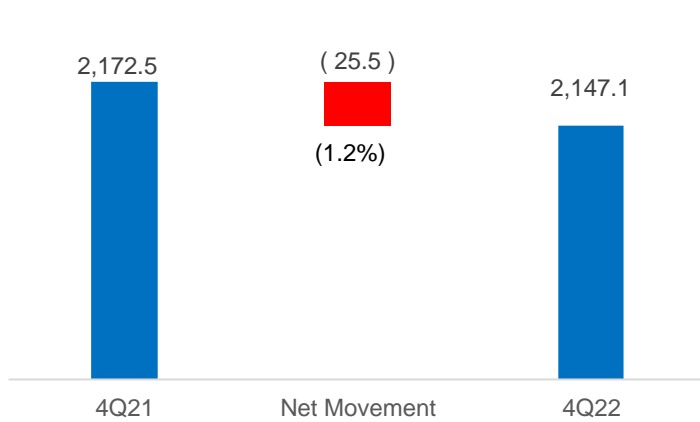
Net Income



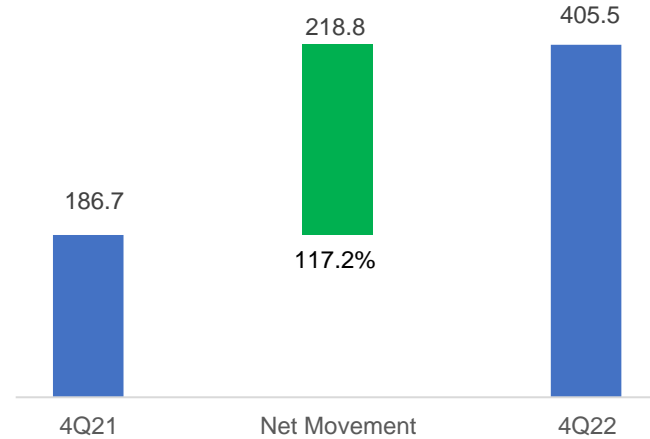
Revenue Analysis (4Q21 vs 4Q22)

in Rp Bn

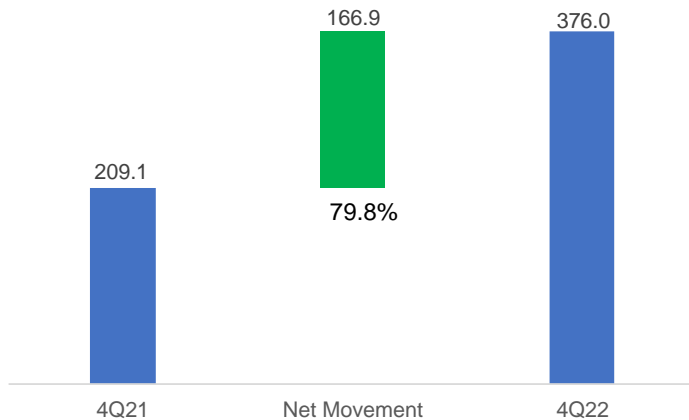
Towers



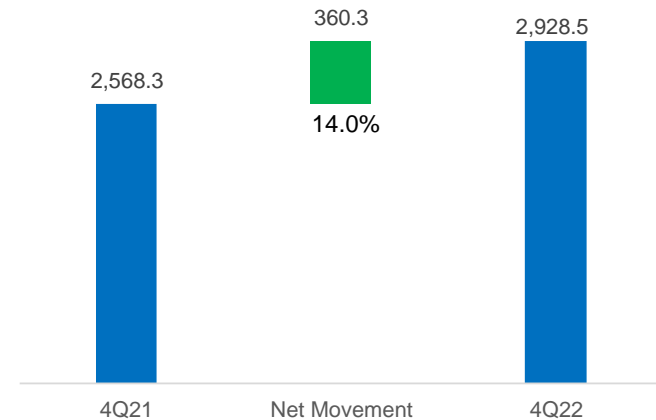
FTTT



Connectivity



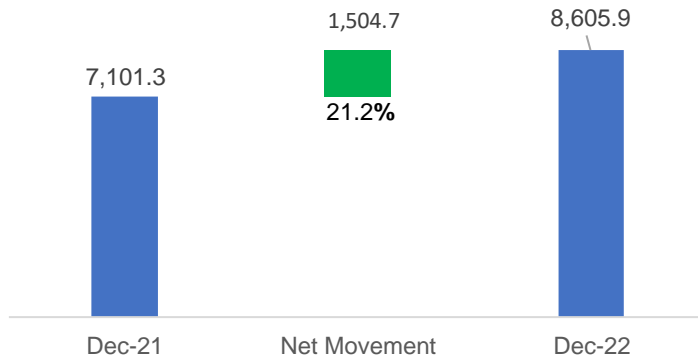
Total Revenue



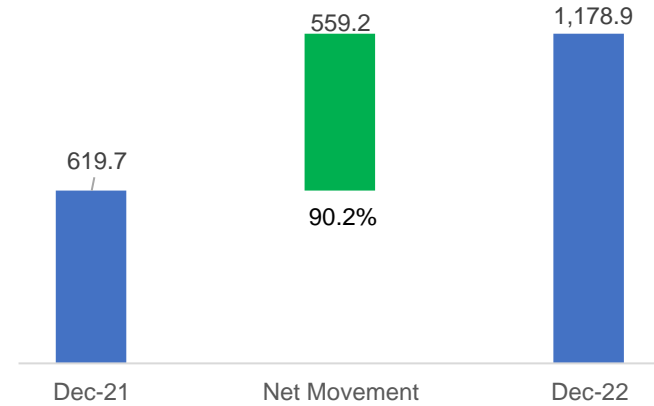
Revenue Analysis (Dec 21 vs Dec 22)

in Rp Bn

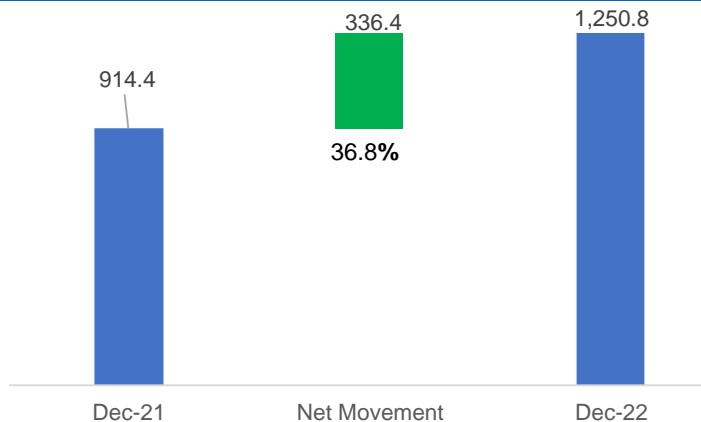
Towers



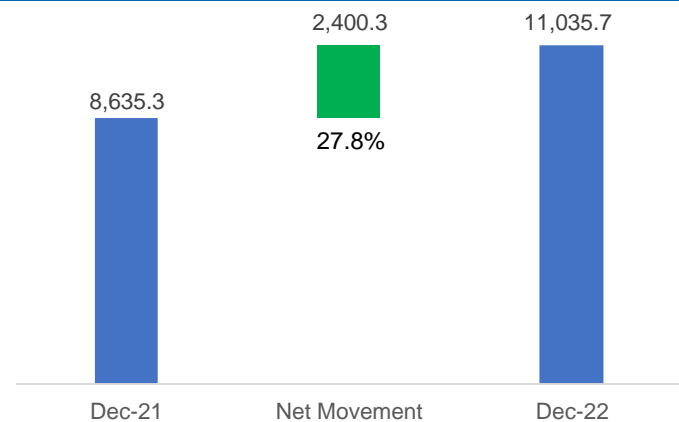
FTTT



Connectivity

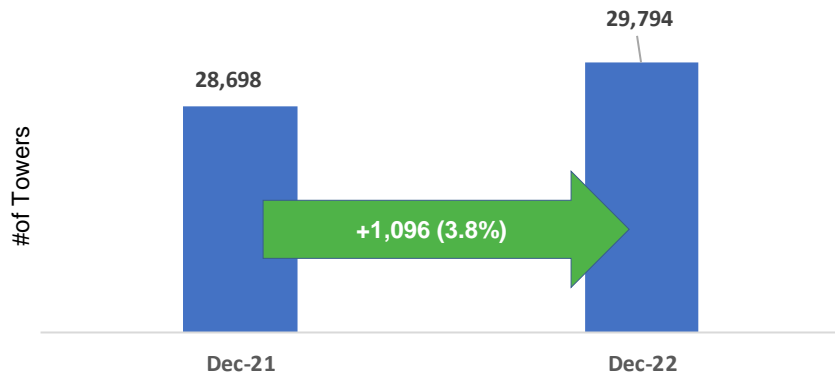


Total Revenue

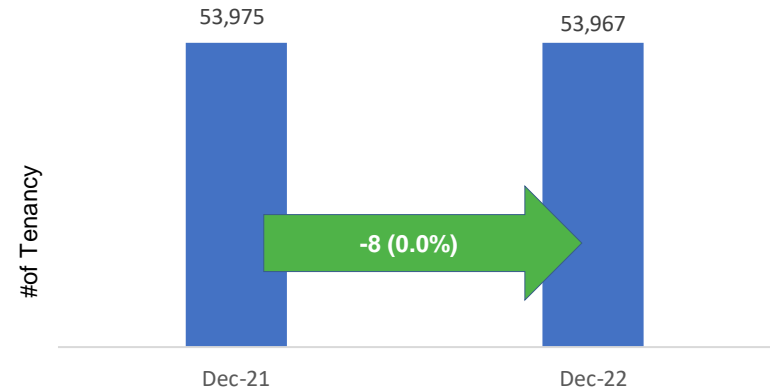


Summary Operational Data (Dec 21 vs Dec 22)

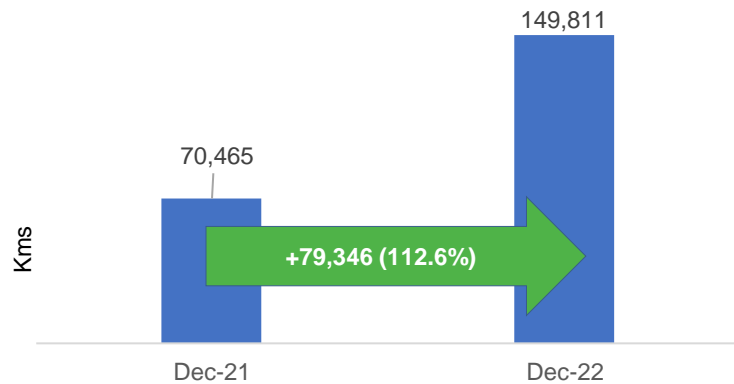
Towers



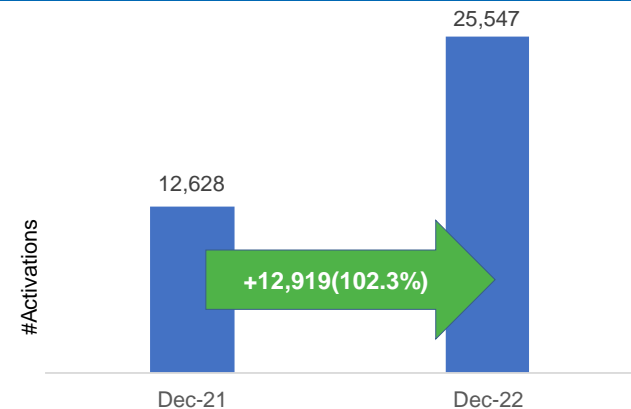
Tenancy



FTTT



Connectivity





Appendix

Foreign Exchange Exposure as of 31 December 2022

Low risk from FX exposure as balance sheet naturally hedged

ASSET		CONTRACTED REVENUE		LIABILITIES	
Cash	USD 127.7mn	2023	- USD 22mn	<u>Bond</u>	
Investments	USD 30.3mn	2024	- USD 17mn		USD 138mn
<hr/>		<hr/>		<hr/>	
Total	USD 157.9mn	Total	- USD 39mn	Total	~USD 138mn

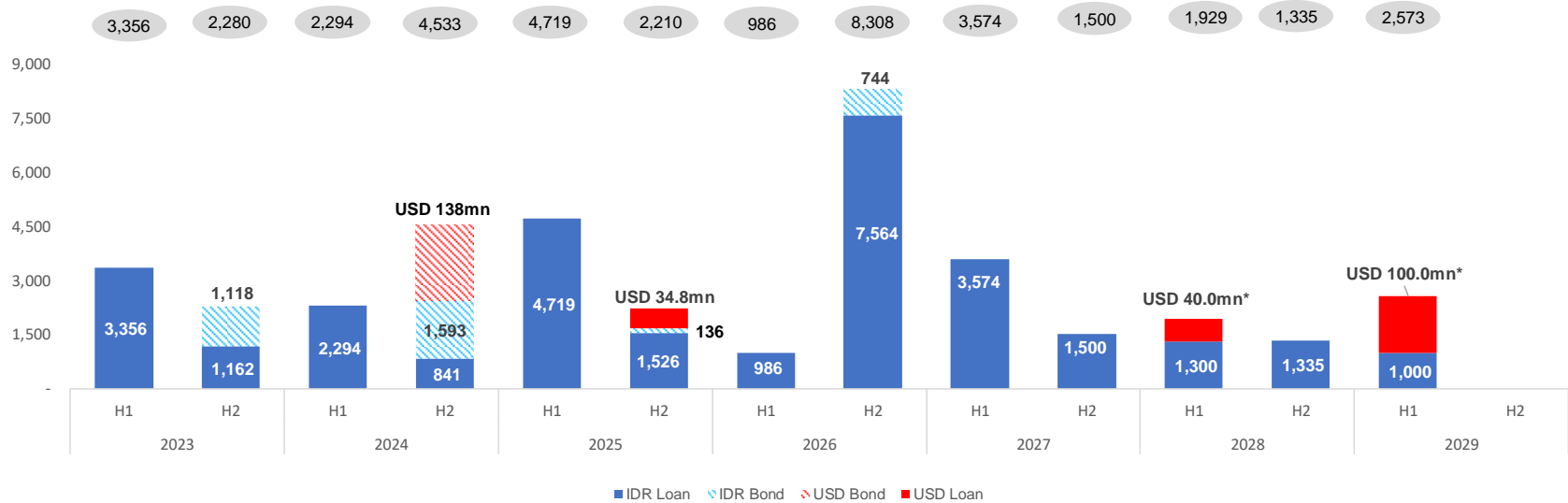
Risk Mitigation:

- 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

Long Term Debt*: 55.0% Floating, 45.0% Fixed, Avg Interest 6.5%

in Rp Billion

Maturity Profile



* USD loan hedged into IDR

- As of December 2022
- BI Middle rate as of December 2022: 1USD = IDR15,731 ; 1JPY = IDR117.57; 1SGD = IDR11,659

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