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Presentation Material



Investor Presentation

PT Solusi Tunas Pratama Tbk

November 2014



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Section 1

Introduction to STP




Company overview

Third largest and fast growing independent Indonesian tower company with a unique combination of tower assets and fibre network




Founded in 2006
Listed on IDX in **Oct 2011**
Current market cap of **USD625m^(a)**
Top 3 independent Indonesian tower company
All telecom operators and two LTE operators are current customers^(b)

 **2,327 km** of fibre network^(c)
Pioneer in rolling out micro cell for LTE services

 Lean team of **269 employees^(c)**

2011-2013 **revenue CAGR** of **59.3%**
\$ 2013 revenue of **IDR840bn** (USD70m)
Q2 2014 annualized revenue of **IDR1,064bn** (USD88m)
EBITDA margin of **83%** in Q2 2014

Current portfolio
3,687 telecom sites^(c)
(3,125 towers, 562 shelter/indoor DAS)
5,944 tenancies^(c)
(5,341 tower tenancies, 1.7x tenancy ratio)

Post XL Axiata ("XL") towers acquisition
6,625 towers^(c)
11,134 tower tenancies
1.68x tenancy ratio

(a) Solusi Tunas Pratama stock price of IDR 9,500 per share as of 5 November 2014

(b) Current LTE customers are First Media and Internux

(c) As of 30 September 2014

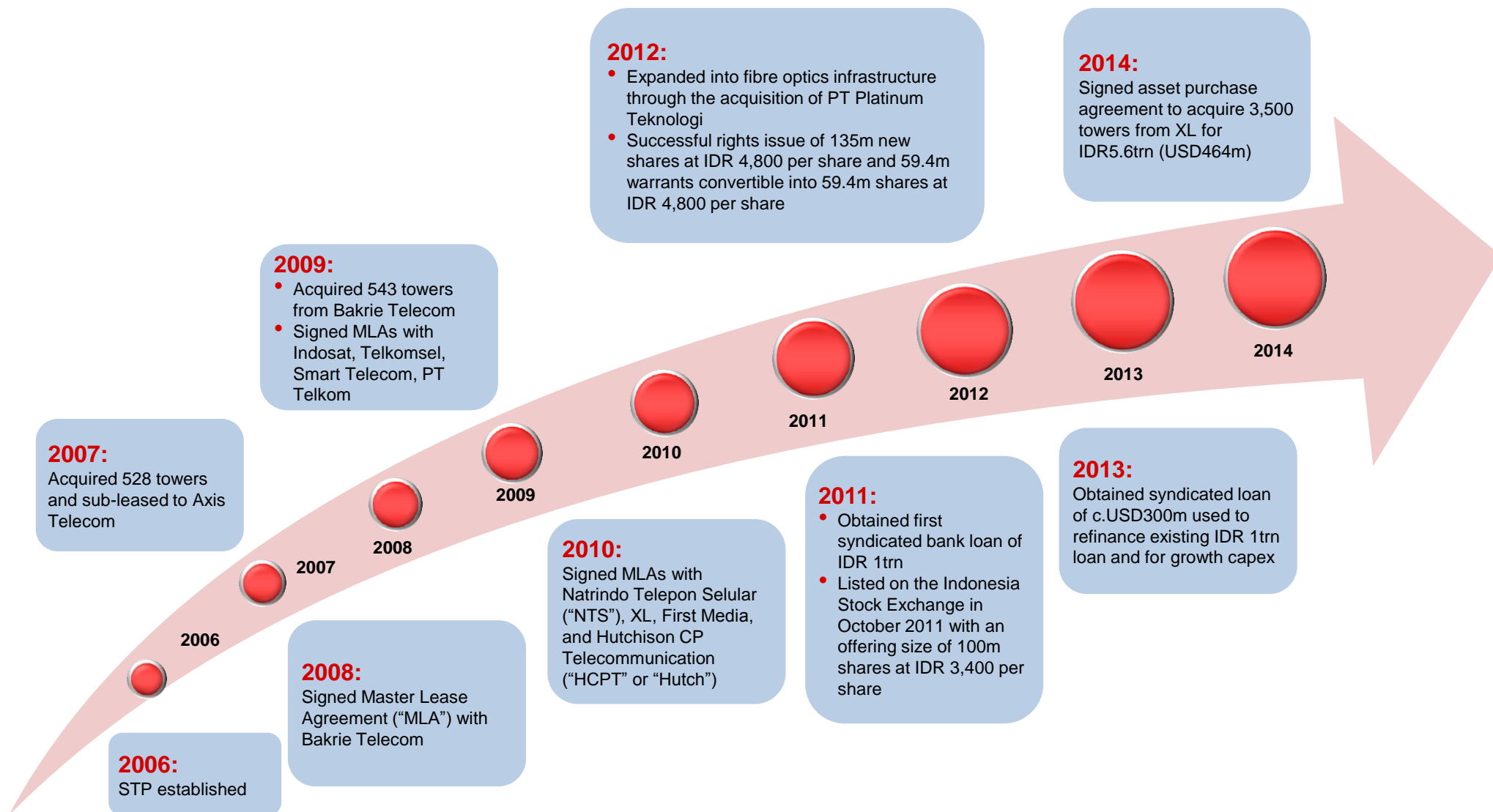
Note: USD/IDR exchange rate of 12,080 as of 5 November 2014

Source: Company data, Bloomberg



Key corporate milestones

STP has achieved scale and an integrated business model over its 8 year history



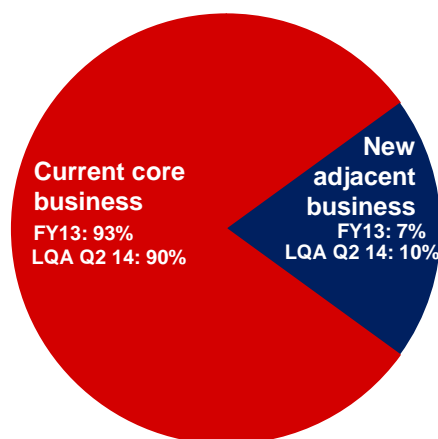
Stable, recurring and predictable revenues coupled with high growth and new adjacent business

Current core business

Overview

- Lease space on STP's towers sites to telcos for placing their antennas and other telecom equipment
- Highly predictable and recurring revenue stream based on advance rent collection and long term contracts
- Build-to-suit business model, no speculative builds

Revenue split



Lease terms & tenancies

- Typical lease period: 10-12 years
- Current Tower Tenancy ratio: 1.7x

New adjacent business

Overview

- The only listed TowerCo in Indonesia to 1) have obtained the license to lease out space on micro-cell poles (20 year contract) and 2) possess the fiber optics backbone to connect to these poles (over 1,200km in Greater Jakarta area alone) to support aggressive urban 3G / LTE rollout by telcos
- Key solutions include:
 - **Micro-cell poles:** Leasing space on micro-cell poles to traditional telcos and 4G players. Better economics than regular structures given faster time to build and lower cost / higher rentals
 - Providing telecommunication operators with access to STP's **Indoor Building Solution networks** in shopping malls and residential buildings in major urban areas
 - Offering efficient backhaul solutions for telecommunication operators using STP's **fibre network**

Lease terms & tenancies

Micro-cell Poles

- Typical lease period: 10 years
 - Current Tenancy ratio: 1.13x
- #### Indoor Building Solution
- Typical lease period: 5 years
 - Current Tenancy ratio: 2.58x

Fibre Network

- Typical lease period: 10 years (for telcos customers included in micro-cell poles)
- Typical lease period: 1-3 years (non telcos customers)

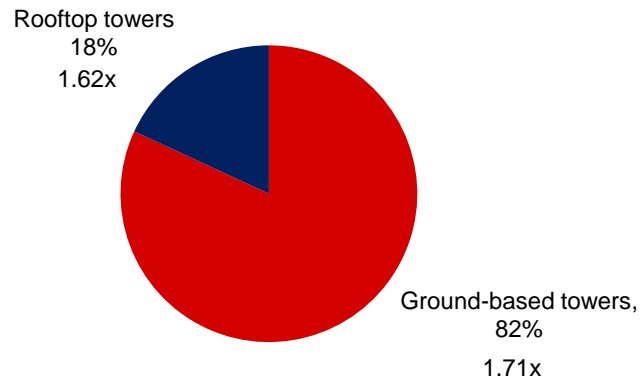


Overview of our pro forma asset portfolio

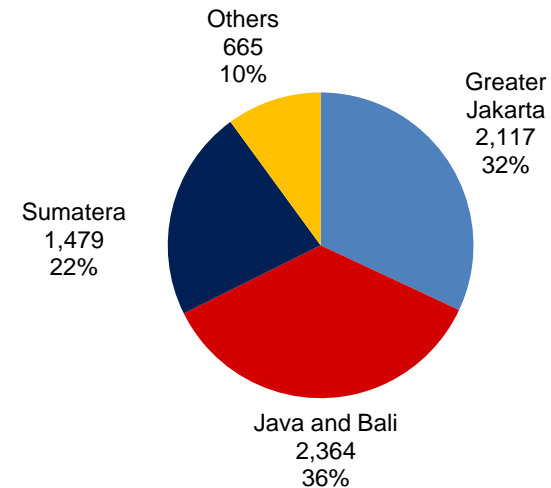


Tower assets

Structure type



Geographic breakdown



Total Towers: 6,625

Colocation potential

- Ground-based towers structurally have higher capacity for incremental tenancies (1.71x today, able to support up to 3x tenants on average without strengthening capex)
- Our rooftop towers are mostly located in urban areas, where tenancy colocation and additional equipment loading are more common

Urban location

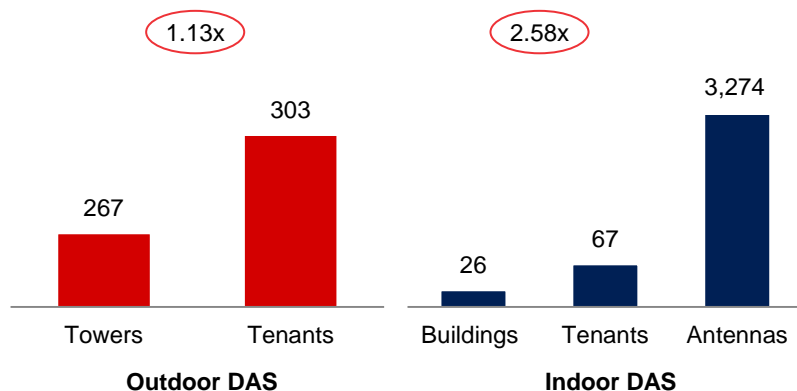
- Nearly 1/3 of sites are strategically located in Indonesia's Greater Jakarta, where majority of LTE roll-outs will take place
- Focus on highly urbanized areas – ability to offer VAS and complementary solutions

Source: Figures shown are on pro forma basis

Overview of our pro forma asset portfolio (cont'd)

Adjacent assets

DAS



Fibre optics



**Diversification of
business model**

- Only listed TowerCo in Indonesia to 1) have obtained the license to lease out space on micro-cell poles (20-year contract), and 2) possess the fibre optics backbone to connect to these poles (over 1,200km in Greater Jakarta area alone) to support aggressive urban 3G / LTE rollout by telcos
- c. 6% of total proforma revenues currently borne by the premium pricing charged on the rental of micro-cell poles, DAS, and fibre optics network, with magnitude and proportion expected to increase going forward
- Potential new business opportunities for providing wholesale fibre connection to broadband and pay TV operators to reach commercial and residential end-users

**Differentiated,
premium
solutions**

- Highly portable and vastly extensive – concentrated fibre optics coverage that reaches across 6 million premises in Jakarta, able to support growing data traffic demand
- Greater bandwidth at cheaper cost – capable of connecting existing fibre optics into in-building and outdoor DAS vs. competitors whose setup cost and investment capex remain unaddressed



Enhanced platform post acquisition of XL's towers

Cements STP's position as the 3rd largest independent tower company in Indonesia at an attractive pricing level



Transaction snapshot

Towers purchased	• 3,500
Tenancy ratio	• 1.66x
Transaction price	• IDR 5.6trn (USD 464m)
Funding	• All cash deal funded by a committed debt financing package
XL leaseback agreement	<ul style="list-style-type: none"> • XL to leaseback 3,500 towers for a period of 10 years • Rental: IDR 10m per month per tenant with no inflation escalators
Co-locations	<ul style="list-style-type: none"> • 2,293 tenants • Rental: Weighted avg of IDR 13.3m per month per tenant with inflation escalators
Completion date	• By end December 2014

Source: Company

Attractive pricing vis-à-vis recent Indonesian tower transactions and listed peers trading levels

Transaction	STP / XL	Bersama / Mitratel		Bersama / Indosat	Listed Indo peers avg
		With deferred consideration	Ex deferred consideration		
Towers	3,500	3,928		2,500	-
Purchase price	USD 464m	USD 916m	USD 728m	USD 519m ^(b)	-
Transaction: EV/Tower	USD 132k	USD 233k	USD 185k	USD 207k	c.USD 420k
Transaction: EV/EBITDA	8.0-8.5x ^(a)	13.5x	10.7x	10.5x ^(b)	c. 18.0x

(a) Based on STP's estimates

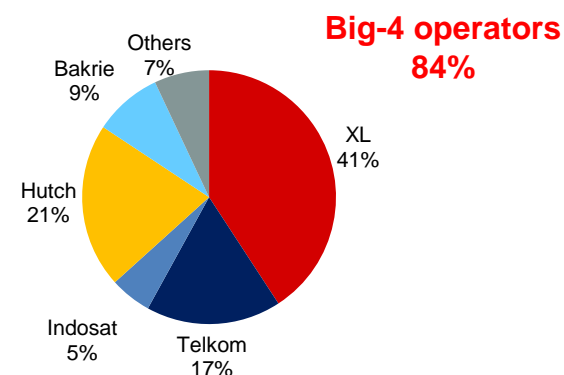
(b) Includes upfront consideration / potential earn out and assuming 83% EBITDA margin for acquired portfolios

Note: USD/IDR exchange rate of 12,080 as of 5 November 2014

Source: Standard Chartered Bank estimates

Transaction rationale / merits

- ✓ Cements STP's position as the 3rd largest independent tower operator in the market with 6,625 towers
- ✓ Potential to realise cost synergies with existing STP towers, especially in O&M costs and corporate overheads
- ✓ Strong growth prospects given <1% overlap in tower locations
- ✓ Well established Big-4 operator in XL as anchor tenant accounting for c.40% of revenues post transaction
- ✓ Total Big-4 operators account for >80% of revenues post transaction



- ✓ Enhanced credit profile
- ✓ Potential to unlock value by enhancing tenancy ratio given "Independent TowerCo" status



Section 2

Overview of XL Assets

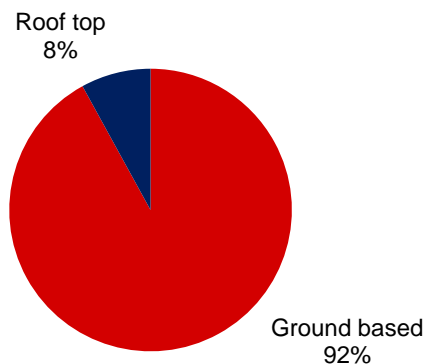


Overview of XL tower assets

Overview of XL tower assets

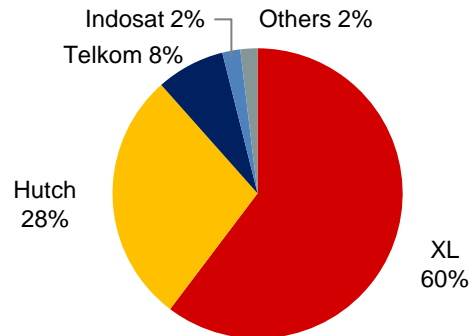
- The XL Tower Assets consist of 3,233 ground-based and 267 roof top towers
- These have 2,293 total third party (excluding XL) tenants with XL as the anchor tenant on all the towers, implying a tenancy ratio of 1.66x
- 92% of the XL Tower Assets consists of ground based towers while 84% of the total 3,500 towers are >30m in height
 - Ground based towers can typically support up to 5-6 tenants depending on other factors like height
- 87% EBITDA margin for XL portfolio
 - Each increment in tenancy on existing towers is accompanied by a marginal increase in costs therefore driving high operating and cash flow leverage
- XL Tower Assets have an attractive tenant profile with XL (2nd largest telecom operator in Indonesia) as the anchor tenant
- 98% of total tenants from the Big-4 operators in Indonesia (Telkom, XL, Indosat and Hutchison)
- Total contracted revenue from XL and Big-4 operators are USD 346m and USD 540m respectively

XL overview of tower portfolio



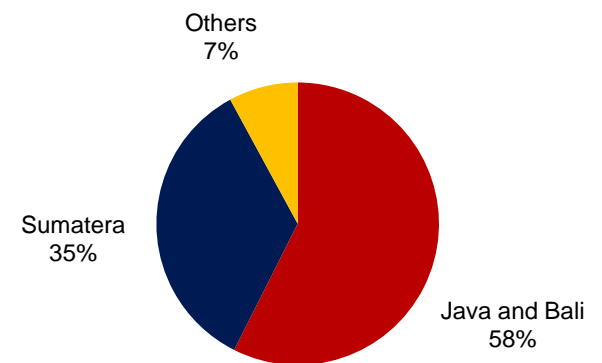
Total number of towers: 3,500

Overview of tenants



Total number of tenants: 5,793

Breakdown by geography

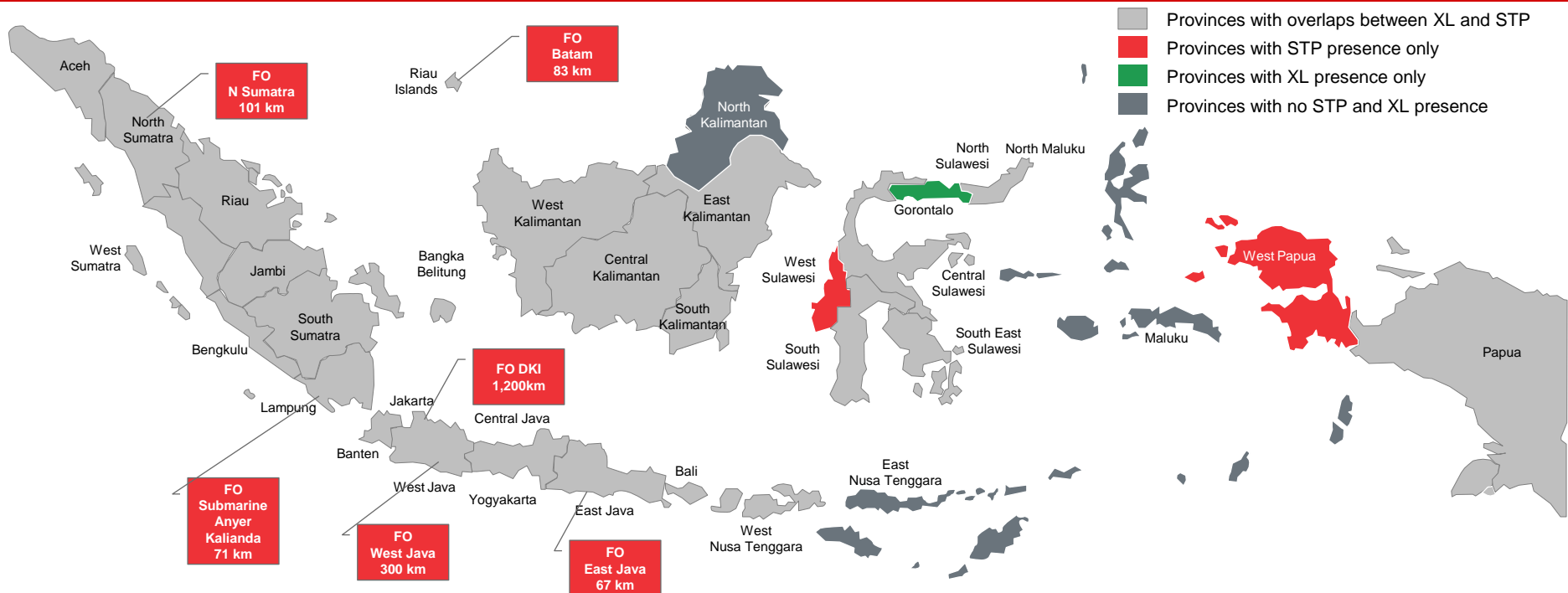


Total number of towers: 3,500



Seamless integration planned for XL towers

Accelerated integration given existing presence



● Extensive network overlap

- Overlap in 27 out of 29 provinces we operate in Indonesia
- Only one province with XL presence where there is no existing STP presence
- On the ground teams actively progressing the integration

● Land lease

- Separate teams assigned on a regional basis
- XL to renew land leases expiring by Mar-15 at their expense
- XL to provide assistance for renewal of leases expiring from Apr-15 to Dec-15; agree to swap tower if renewal is unsuccessful

● Well structured (tower-by-tower) O&M transition plan

- O&M to be handled by Huawei until tower audit, post which, Ericsson to take over O&M

● Others

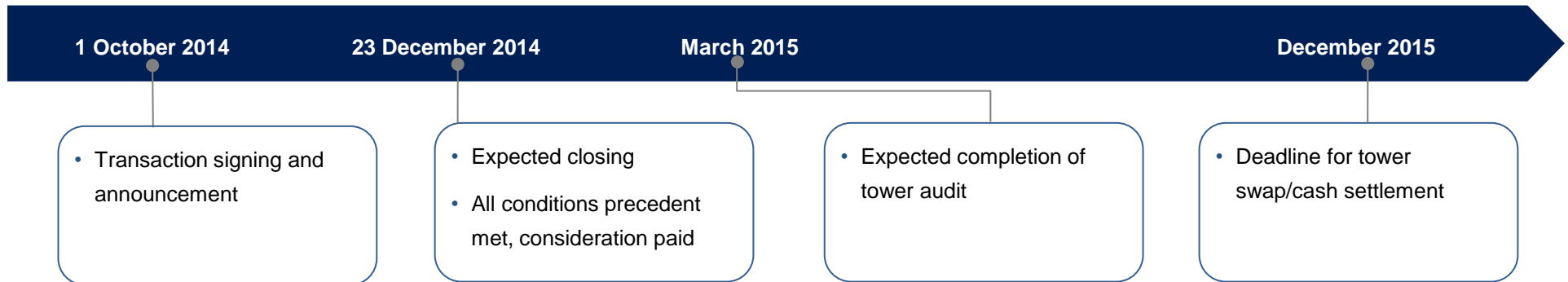
- **Permits:** Specialized external teams with local knowledge and access to regional governments to be appointed
- **Billing:** Single invoice billing planned for all 3,500 towers



Execution plan and tower audit process



Execution plan



Clear and transparent execution process led by both STP and XL

Tower audit process

- XL Purchase Agreement provides STP with a 12-month period to complete its tower audit process
- In the event of material discrepancies, Purchase Agreement allows for a 1-for-1 tower swap or true-up purchase consideration adjustment
- STP's will deploy a 69-member strong team (50 teams, with 1-2 staff in each team) to conduct a site-by-site audit, expected to be completed in 3 months (by March 2015)
- This leaves a 9-month buffer period for tower swaps and true-up purchase consideration adjustments if required



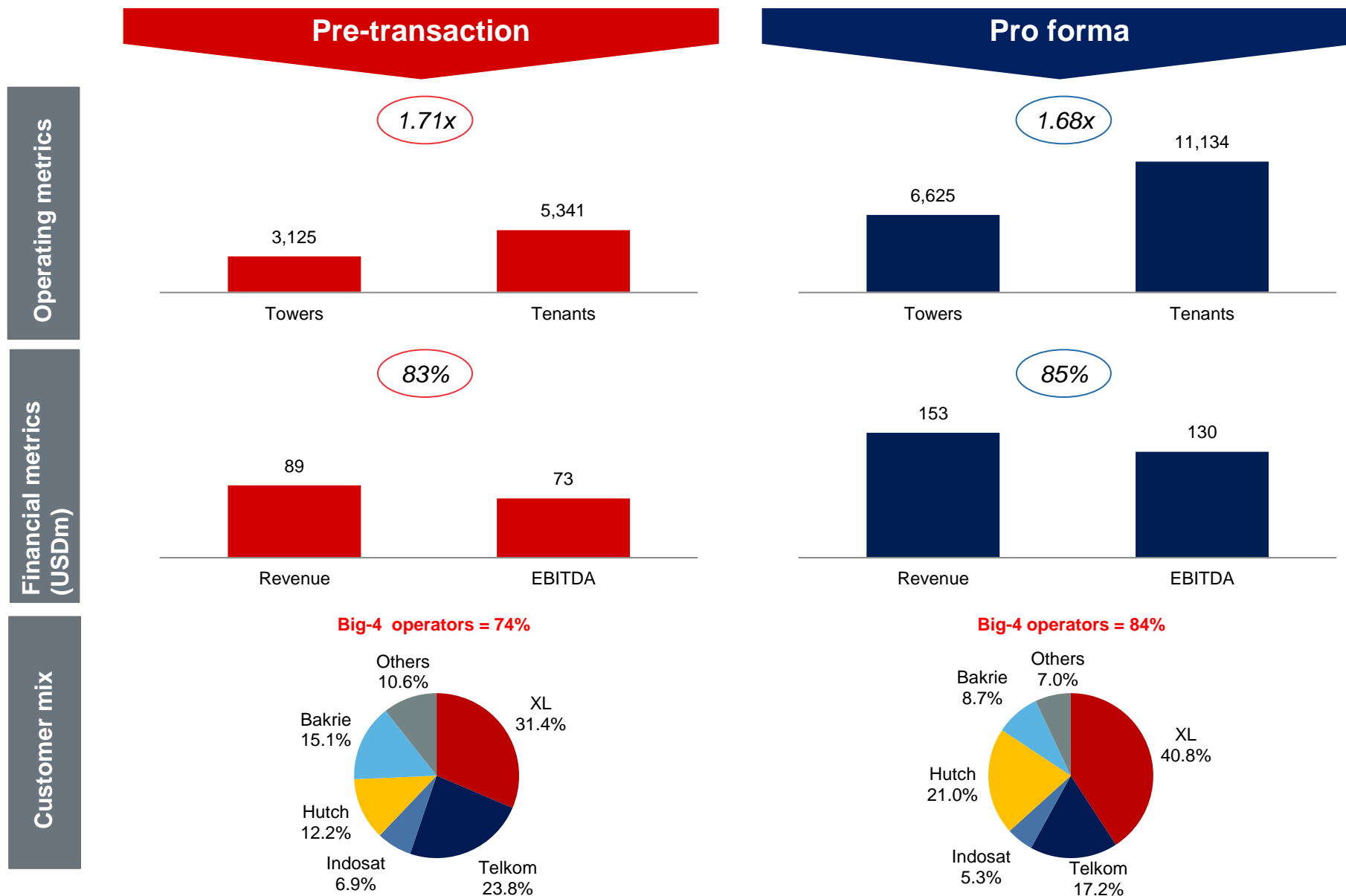
Strategic rationale for XL transaction



- ✓ Solidifies STP's position as a "Big 3" player in the Indo tower landscape, doubling its portfolio to 6,625 towers and 11,134 tenants
- ✓ Established #2 telecom operator (XL Axiata, Ba1/BBB) as an anchor tenant on 100% of the acquired sites
- ✓ Increases total contracted revenue from USD 556m to c.USD 1,100m, with average lease period increasing from 6.5 to 7.4 years
- ✓ Attractive opportunity for value creation by increasing tenancy
- ✓ Potential to realize cost synergies with existing STP towers business in operation and maintenance costs



The XL transaction doubles our tower portfolio and tenancies



Note: Big-4 operators include XL, Telkom (comprises Telkomsel and Flexi), Indosat and Hutchison

Financial merits of the XL acquisition

- 1 Attractive acquisition consideration paid taking into account lease rate of IDR 10m / month with XL
- 2 No electricity cost in XL portfolio as the electricity cost is borne by tenants
- 3 Post full integration, opex scalability and cost synergies will further reduce cost structure and lead to higher EBITDA margin on proforma basis

	XL Towers	Indo peers ^(a) avg
EBITDA multiple	8.0-8.5x	18.0x
Consideration paid per tower (USD'000)	USD 132	c.USD 420

(Financials shown for 3Q14 LQA in USDm)	STP	XL	Proforma
No. of towers	3,125	3,500	6,625
No. of tenants	5,341	5,793	11,134
Tenancy ratio	1.71x	1.66x	1.68x
Revenue	88.5	64.7	153.2
Cost of revenue	8.3	6.2	14.5
% of revenue	9.4%	9.6%	9.5%
SG&A	7.0	2.2	9.2
% of revenue	7.9%	3.4%	6.0%
EBITDA	73.2	56.3	129.5
EBITDA margin	82.7%	87.0%	84.5%

(a) Indo peers comprise of Protelindo and Tower Bersama. Market data as of 31 Oct 2014



Section 3

Key Investment Highlights



Key investment highlights



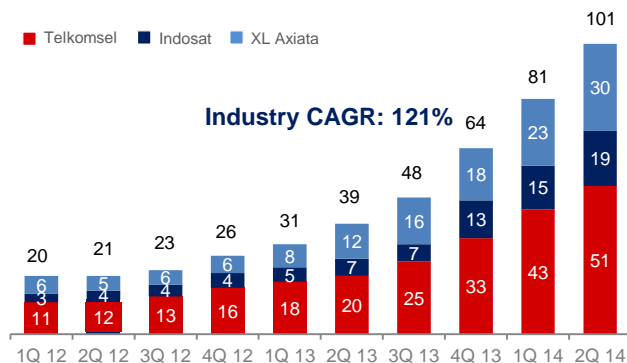
- 1** Favorable tower industry dynamics in Indonesia
- 2** Leading player in Indonesia tower industry
- 3** Predictable revenue stream and locked-in cash flows through long term contracts
- 4** National presence with asset concentration in the most populous islands in Indonesia
- 5** Rapidly diversifying client base towards Big-4 operators in Indonesia
- 6** Unique fibre network and DAS assets provide ability to deploy LTE solutions with superior economics
- 7** Experienced management team and reputable Board



① Favorable tower industry dynamics in Indonesia

Strong growth in data traffic, expected to increase further post 4G...

Data traffic (Petabyte)



Source: Company data, broker research

...coupled with strong growth in 3G subscribers

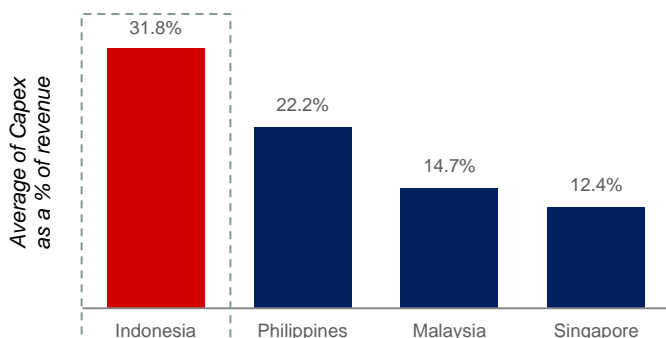
3G / 4G penetration^(a)

7% 10% 17%



(a) Calculated as 3G and 4G subscribers over total wireless subscribers
Source: BMI (www.businessmonitor.com/bmo)

High capex spending for Indonesian telcos compared to regional peers...

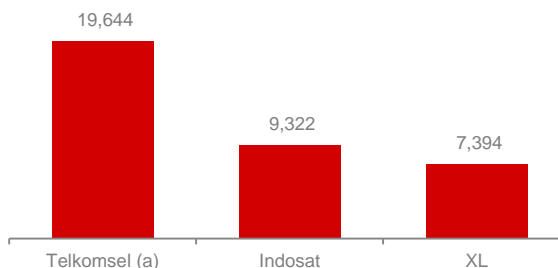


Note: Average for Indonesia includes XL, Telkom and Indosat. Average for Philippines includes PDLT and Globe Telecom. Average for Singapore includes Singtel, M1 and Starhub. Average for Malaysia includes Maxis, Digi.com and Axiata

Source: Broker reports

...limits free cash flows and highlights importance of an asset-light model

2013 capex (IDRbn)



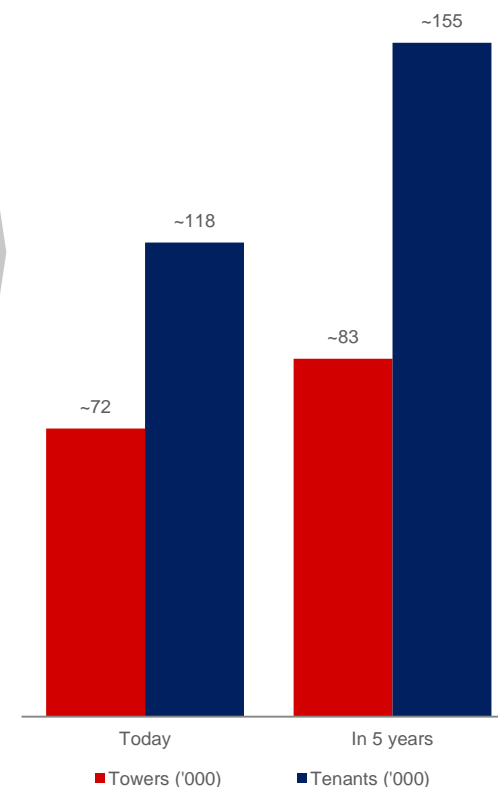
(a) Figures for Telkomsel are the mobile business; figures for Indosat and XL are for the entire telco business

Source: Company filings

... fuels growth for the towers industry

Tenancy ratio

1.6x – 1.7x 1.9x



Source: Broker reports

Rapid growth in data traffic is putting pressure on telco networks and capex and is driving operators to adopt an asset light model; thus fuelling growth of the independent towers leasing industry



1

Favorable tower industry dynamics in Indonesia (cont'd)



High barriers to entry into the Indonesian tower industry

Government regulations mandate tower sharing

- On 30 March 2009, four Ministries issued a Joint Decree regarding Construction and Utilization of Shared Telecommunication Towers. The Joint Decree strongly promotes the tower sharing model and has clear guidelines for the issuance of building permits that benefit independent tower providers

Regulatory barriers

- Ownership of tower companies must comply with the Negative List
 - The Negative List was last amended to include tower companies (prohibiting foreign investment in private tower companies) and prohibiting foreign control of public tower companies
- Extensive permits / licensing site approval processes

Operational and capital hurdles

- Qualified track record required by telecom operators
- Significant upfront capex
- Telcos want to work with financially strong partners
- Extremely low customer churn due to switching costs and potential network impact

Special permit in Jakarta

- One of only three companies in Jakarta with a 20 year permit to deploy street level micro cell network using existing local government assets
 - Acquired through the acquisition of PT Platinum in 2012 which was consumer focused
 - We are most LTE ready amongst our peers



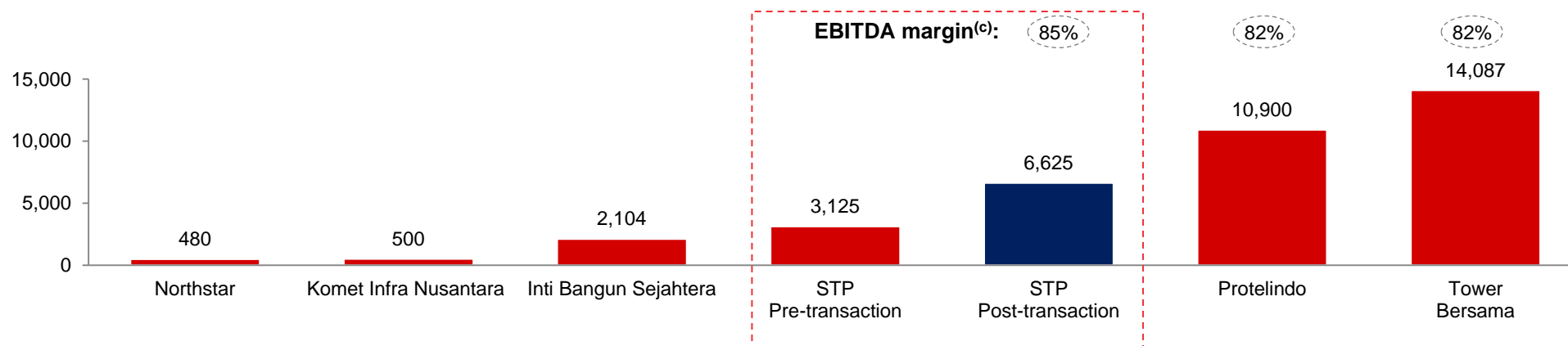
Leading player in Indonesia tower industry



STP will become a leading player in Indonesian tower industry post acquisition

Scale	<ul style="list-style-type: none"> Following the acquisition of 3,500 towers from XL Axiata, STP has consolidated its position as one of the top 3 tower operators in Indonesia with 6,625 towers and 11,134 tenants
Strategic location	<ul style="list-style-type: none"> 2,117 towers^(a) or 32% of STP's towers were located in the Greater Jakarta area which has the greatest wireless subscriber density in Indonesia 36%^(a) are located in Bali and the rest of Java, which is the most populous island in Indonesia
Tenant quality	<ul style="list-style-type: none"> Acquisition enhances quality of STP's tower portfolio through increased exposure to XL Axiata, the 2nd largest telco operator in Indonesia Big-4 operators are expected to contribute 84% of STP's revenue post acquisition in PF 3Q14
Adjacent towers and businesses	<ul style="list-style-type: none"> Extensive 2,327km fibre optic network provides good positioning to support rollout of 4G technology Pioneer to introduce DAS infrastructure that enhances tenants' network coverage in urbanised areas

Independent tower companies in Indonesia (number of towers^(b))



(a) As of 30 Sep 2014

(b) No. of towers for Tower Bersama pro forma-ed for Mitratel deal

(c) As of latest available LQA (3Q14 for STP, 2Q14 for Protelindo, and 2Q14 for Tower Bersama pre-Mitratel)

Source: Standard Chartered Bank estimates



Predictable revenue stream and locked in cash flows through long-term contracts



Predictable and locked-in payments

- Total contracted revenue of c.USD 1,100m locked in
- Rental income received in advance, booked as deferred income, recognized as income on a straight-line basis over lease term
- Wireless network coverage and quality are key drivers of wireless subscriber acquisition and retention
- As STP maintains the right at all times to disconnect the wireless operators' equipment due to non-payment, wireless operators are strongly incentivized to pay their rentals and continue providing services to their subscribers

Long term leases

- As a result of their importance in the telecom operators' cash flow waterfall, the Company has also managed to structure favorable master lease agreements, generally having tenors of no less than 10 years
- Average outstanding contract length of 7.4 years (proforma for XL acquisition)

Strong lease renewals

- Minimal potential for customer churn at expiration date of the lease given the significant migration cost and service disruption to the respective customer's network

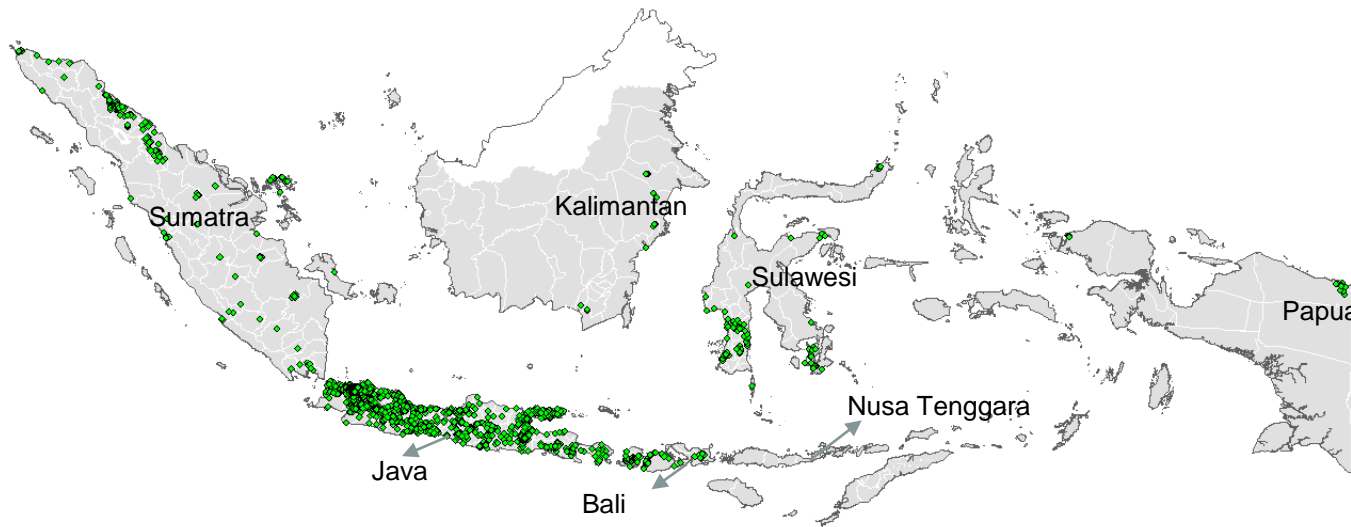


4

National presence with asset concentration in the most populous islands of Indonesia



Tower assets are strategically located across key areas of Indonesia

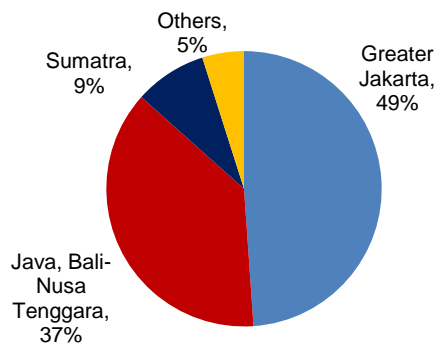


Area	No. of towers			Growth 2013 – Q3 2014
	2012	2013	Q3 2014	
Greater Jakarta	1,164	1,352	1,539	187
Java	566	984	1,037	53
Sumatera	142	227	268	41
Kalimantan - Sulawesi	32	100	143	43
Bali – Nusa Tenggara	25	118	121	3
Papua	17	17	17	0
Total	1,946	2,798	3,125	327

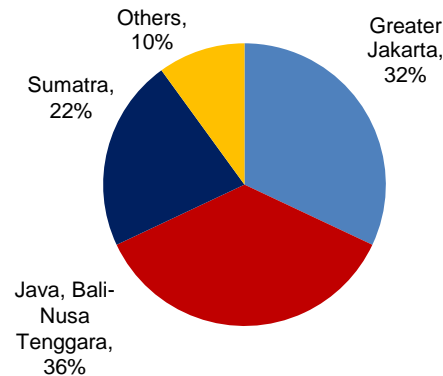
90% of towers located on the most populous islands, Java and Sumatra

...and more than 3/4 of tower portfolio comprises of Ground based towers, which support higher tenancies with no additional capex

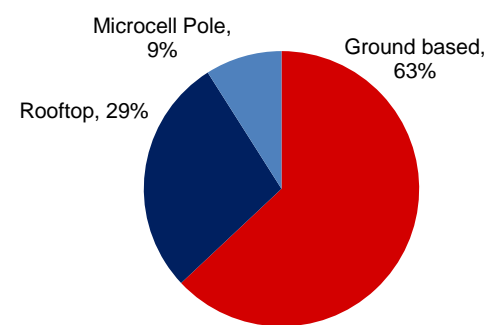
Pre XL Tower transaction



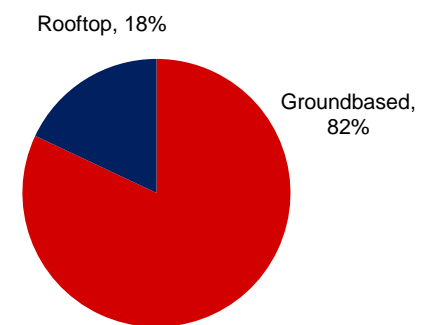
Post XL Tower transaction



Pre XL Tower transaction



Post XL Tower transaction



Source: Company data, broker research

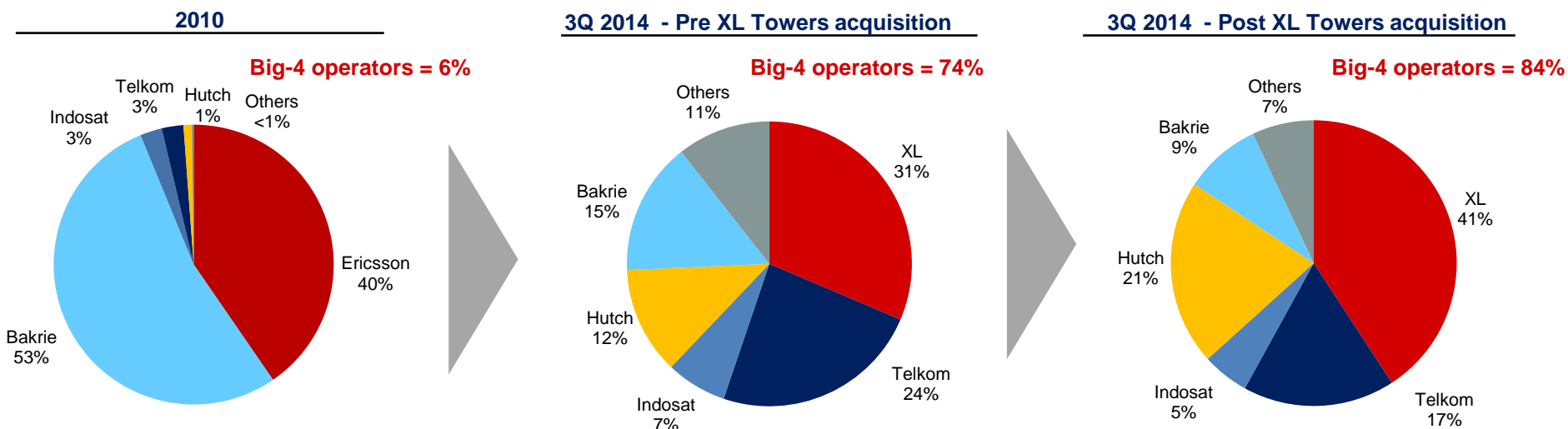


5






Rapidly diversifying client base towards Big-4 operators in Indonesia



Revenue breakdown by customers



Customer credit ratings

Customer	Moody's	S&P	Fitch
	Ba1 (Stable)	—	BBB (Stable)
	Baa1 (Stable)	—	BBB- (Stable)
	Ba1 (Stable)	BB+ (Stable)	BBB (Stable)
	Baa1 (Stable)	—	BBB- (Stable)
	—	—	—

Source: Company data

Big-4 operators includes XL, PT Telkom (includes Telkomsel and Flexi), Indosat and Hutch

(a) Hutchison (parent of Hutch Indonesia) is rated A3/A-/A- (M/S/F)



6

Unique fibre network and DAS assets provide ability to deploy LTE solutions with superior economics



High quality portfolio of fibre assets



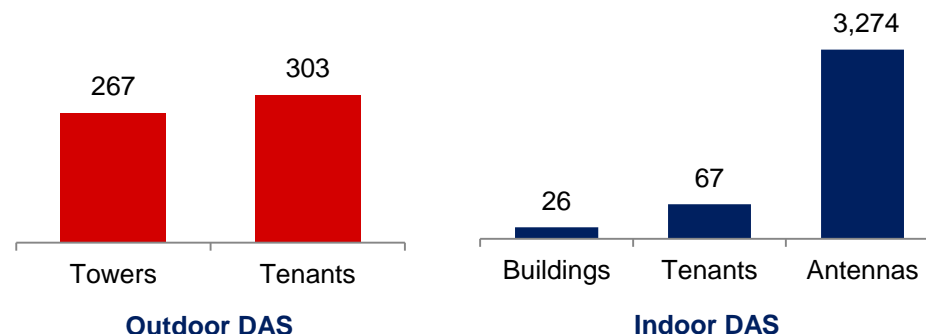
Fibre Optics

- 2,327 km of fibre optic assets; of which over 1,200 km is located in Greater Jakarta
- Provides fibre backhaul solutions to telecom operators, micro cell sites and economic last mile tower based solutions for OTT media
- Well positioned to support roll out of 4G technology (LTE)

DAS

- Pioneer tower company in Indonesia to deploy DAS technology
- Especially beneficial for highly urbanised areas
- Delivers cost effective, high performance GSM, CDMA and UMTS cellular coverage
- Allows the bulky and highly sensitive BTS equipment to be located at a centralised location known as a "BTS hotel"

DAS assets



Key benefits

- ✓ More portable – operators can shift capacity from low utilisation areas to high utilisations areas to enhance performance
- ✓ Ability to provide internet connection and cross sell
- ✓ Less additional investment required
- ✓ Limited amount of leasable fibre optic network capacity in Jakarta serves as an entry barrier to new competitors

Key benefits

- ✓ Reduces installation and maintenance cost for both the tower operator and telecom operators
- ✓ Expands network footprint by adding coverage in hard-to-reach areas
- ✓ Customers not required to make the capital investment to build their own network system or manage additional infrastructure
- ✓ Benefits the general public and the local government by improving the aesthetics of the towers
- ✓ Acts as barrier to entry due to regulatory approvals and investments needed



7

Experienced management team and reputable Board (Board of Directors)



Eko Abdurrahman

Property Management Director

- 8 years of industry experience
- 3 years on the BoD
- Previously worked with PT Indosat Mega Media and PT XL Axiata

Juliawati Gunawan

Finance Director

- 21 years of relevant experience
- 3 years on the BoD
- Previously worked with Ernst & Young, with 16 years of experience in auditing and corporate finance field before joining STP

Nobel Tanihaha

President Director

- 10 years of industry experience
- 7 years on the BoD
- Previous work experience mainly in property and construction sectors in Indonesia, Singapore, Hong Kong and China

Tommy Gustavi Utomo

Operations Director

- 15 years of industry experience
- 1 year on the BoD
- Previously worked with PT Bakrie Telecom Tbk

Yan Heryana

Marketing Director

- 10 years of industry experience
- 2 years on the BoD
- Previously worked with PT Hariff Daya Tunggal Engineering and PT Starcom Solusindo, companies engaged in telecommunication sector



7

Experienced management team and reputable Board (Board of Commissioners)



M Senang Sembiring

Independent Commissioner

- 3 years of industry experience
- 3 years on the BoC
- Previously worked with PT Bursa Efek Indonesia (now IDX) as Director

Ludwig Indrawan

Vice President Commissioner

- 2 years of industry experience
- 2 years on the BoC
- Previously worked in property and financial sectors in Indonesia and Australia
- Also serves as Managing Director of PT Smarts Home Anugrah

Jennivine Yuwono

President Commissioner

- 8 years of industry experience
- 3 years on the BoC
- Previously worked with Morgan Stanley New York and Singapore
- Also serves as Director of PT Deltamas Abadi Makmur, and Commissioner of PT Kharisma Indah Ekaprima

Thong Thong Sennelius

Commissioner

- 10 years of industry experience
- 3 years on the BoC
- Previously worked with Morgan Stanley New York and Singapore
- Also serves as Director of PT Ciptadana Capital and PT Ciptadana Multifinance

Erry Firmansyah

Independent Commissioner

- 1 year of industry experience
- 1 year on the BoC
- Previous work experience includes serving as the President Director of IDX
- Currently serves as President Director of KSEI



Section 5

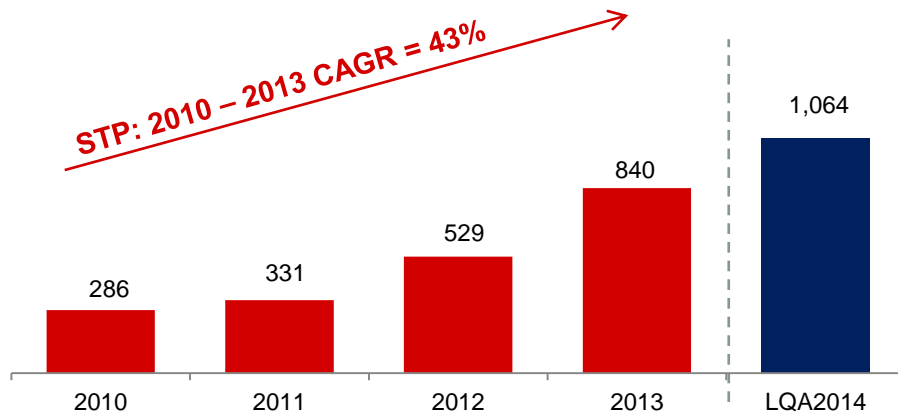
Strong Financial Performance & Funding Headroom



Robust revenue and earnings growth

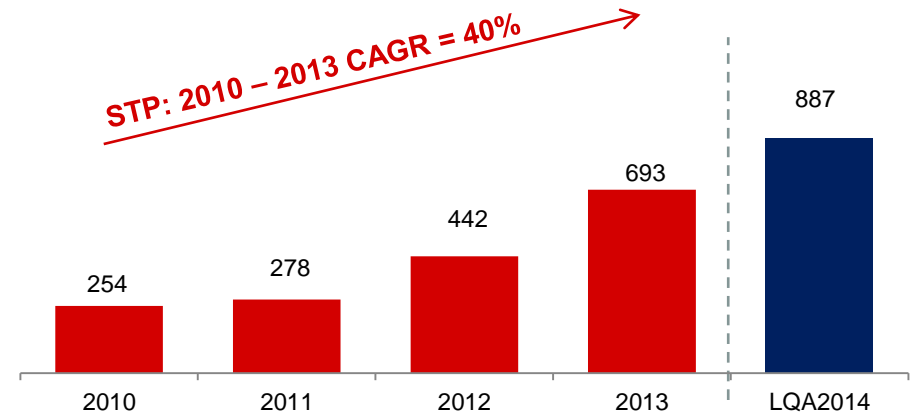
Revenue CAGR of >40% over 2010-2013 has outpaced that of competitors

(IDRbn)



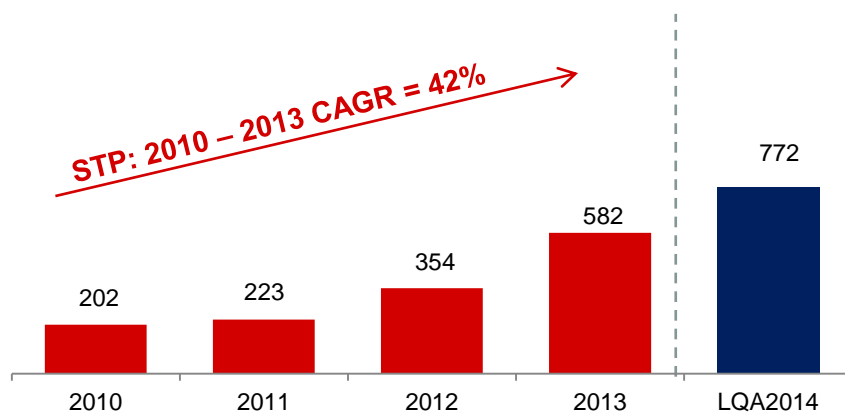
EBITDA expansion of c.40% p.a. over 2010-2013 has also outpaced that of competitors

(IDRbn)

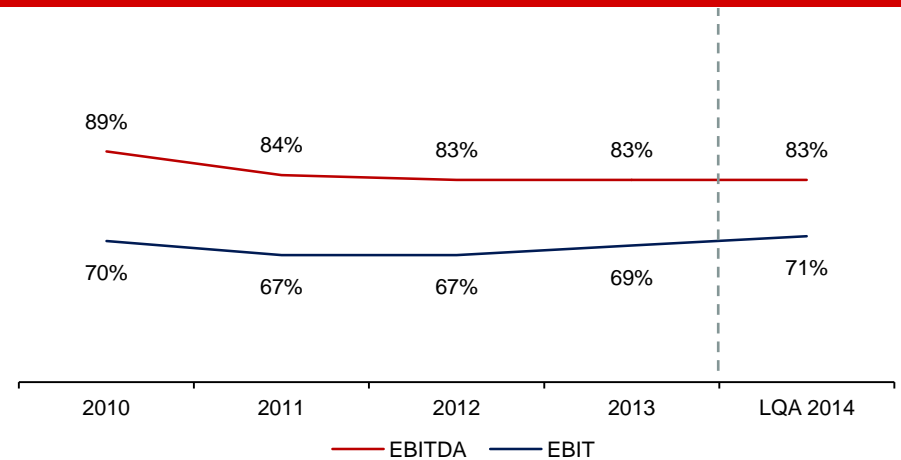


Similar trends observed for EBIT growth

(IDRbn)



Robust margin levels of >80% on a EBITDA basis and c.70% on an EBIT basis



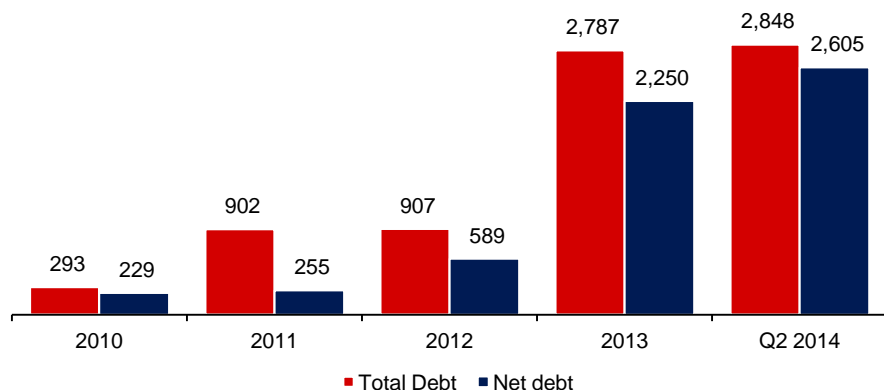
Note: LQA = Latest Quarterly Annualized (Q2 2014 X 4)

Source: Company data

Prudent financing and risk management profile accompanied by strong access to the bank market

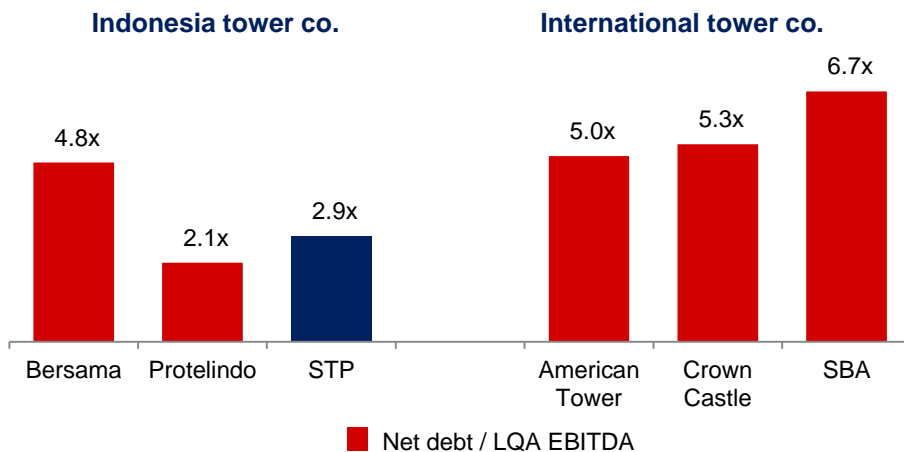


Proven track record in raising debt financing



Note: Figures expressed in IDRbn

Prudent leverage levels vis-a-vis peers provides significant funding headroom



Source: Bloomberg, Factset, Company data

Improving financing terms accompanied by growing support from the bank market

Year	2011	2013
Facility size	• c.USD120m	• c.USD300m
Currency	• IDR	• USD/IDR
Margin	• JIBOR + 450bps	• LIBOR + 300-400bps depending on covenant levels • JIBOR + 350-450bps depending on covenant levels
Financial Covenants	• Debt/ LQA EBITDA: 3.0x stepping down to 2.25x • DSCR: 1.2x • Debt/Equity: 2.5x	• Net debt/LQA EBITDA: 4.0x stepping down to 3.0x • DSCR: 1.2x
Banks	• SCB • RBS • CIMB • Mandiri	• >10 financial institutions including SCB, DBS, ING, Mizuho and BII

Fully hedged against FX risk with significant interest rate hedging in place

- ✓ 63% of our loans are in USD and the remaining 37% in IDR
- ✓ Principal and interest on USD loans are fully hedged for both currency and interest rate risks
- ✓ 41% of our IDR loans are interest rate-hedged



Key accounting policies

Revenue & expenses

- Rental income from operating lease is recognized as revenue when earned. The rental received in advance is presented as “deferred income” and recognized as income on a straight-line basis over the lease term
- Expenses are recognized as incurred (accrual basis)

Leases

- Leases that transfer to the lessee substantially all of the risks and rewards incidental to ownership of the leased item are classified as finance leases
- Leases which do not transfer substantially all of the risks and rewards incidental to ownership of the leased item are classified as operating leases

Depreciation

- Property and equipment, after initial recognition, are stated by using cost model and is carried at cost less its accumulated depreciation (except land which is recorded at cost and not depreciated). The depreciation is calculated using the straight-line method based on the estimated useful lives of property and equipment

Investment properties

- Towers are treated as investment properties
- Investment property is property held by the Company to earn rental fee, rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business
- Investment property is measured at fair value based on valuation from an independent qualified appraiser

Hedge accounting

- The Company uses derivative financial instruments such as interest rate swaps and cross currency swaps to hedge its exposure to variability in cash flows that is attributable to floating interest rates and fluctuations of exchange rates. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value



Section 5

Well Positioned For Growth



STP's growth strategy roadmap



To increase profitability and continue to gain market share in the Indonesian tower sector



1

Increase tenancy ratio

- Continue to acquire and retain third-party tenancies
- Enhance operational efficiencies via adopting best-in-class practices
- Focus on urban areas in LTE and 3G phase

3

Organic tower construction

- Work with RF planners to identify coverage sites early, and maintain aggressive new build schedule
- Pre-empt build-to suit requirements by the Big-4 operators

2

Expand out adjacent asset base

- Invest into new systems such as DAS and IBS to increase network capacity in LTE era
- Operationalize fiber as an independent offering and formulate long-term monetization plan

5

Pursue opportunistic M&As

- Identify and pursue accretive acquisition opportunities
- Prioritize based on size, timing of impact, and challenge of integration

4

Achieve operational efficiency

- Complete full synergy realization and portfolio integration with XL
- Realize cost synergies in O&M while ensuring operational continuity
- Develop and implement next-generation IT solutions



Appendix I

Additional Materials

Key financial performance



<i>(in IDR millions)</i>	2009 (Audited)	2010 (Audited)	2011 (Audited)	2012 (Audited)	2013 (Audited)	HY 2013 (Unaudited)	HY 2014 (Unaudited)
Revenues	197,426	286,366	330,956	529,408	840,096	375,588	511,001
<i>Growth</i>	405%	45%	16%	60%	59%	70%	36%
Cost of revenue	11,172	16,866	23,679	41,705	70,809	31,240	43,085
Operating expenses	13,310	15,613	28,963	45,656	76,146	32,118	42,876
EBITDA	172,944	253,888	278,313	442,047	693,141	312,230	425,040
<i>Margin</i>	88%	89%	84%	83%	83%	83%	83%
Depreciation and amortization	(17,890)	(52,056)	(55,151)	(88,144)	(111,452)	(53,107)	(57,268)
Operating income	155,054	201,832	223,162	353,903	581,689	259,123	367,772
<i>Margin</i>	79%	70%	67%	67%	69%	69%	72%
Others – net	99,334	105,924	(47,134)	(112,948)	(313,561)	(134,867)	(257,137)
Income before tax	254,388	307,756	176,028	240,955	268,128	124,256	110,634
Income tax expenses	(88,614)	(77,345)	(41,708)	(65,251)	(70,519)	(26,786)	(26,441)
Profit for the year	165,774	230,411	134,320	175,705	197,609	97,470	84,193
Other comprehensive income	–	–	(37,994)	(355)	89,811	25,500	(51,306)
Total comprehensive income for the year	165,774	230,411	96,326	173,350	287,420	122,970	32,888

Source: Company data

Balance sheet and capital structure

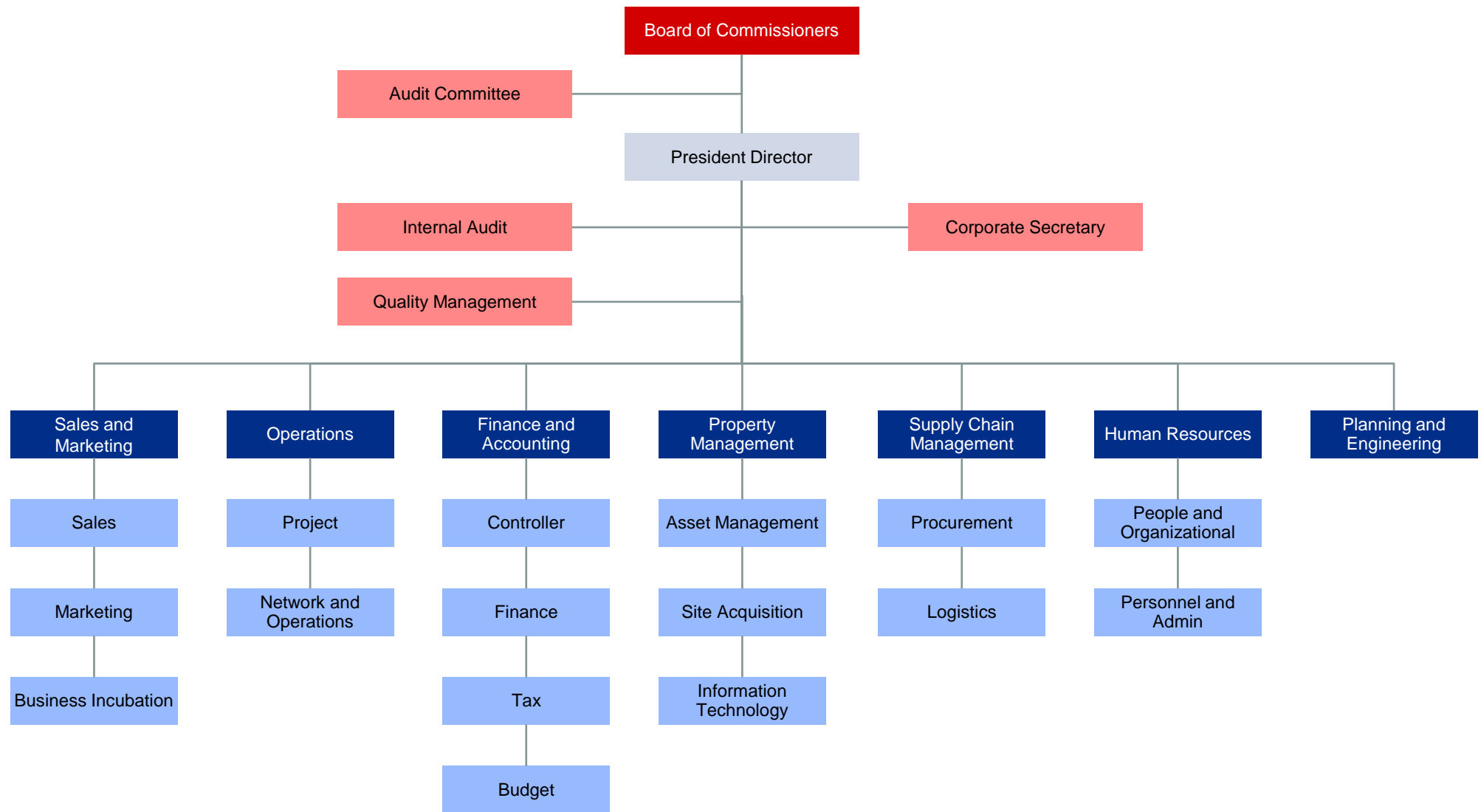
(in IDR billions)	2009 (Audited)	2010 (Audited)	2011 (Audited)	2012 (Audited)	2013 (Audited)	HY 2014 (Unaudited)
Consolidated Balance Sheet						
Current assets	212	341	965	917	1,370	1,376
Non-current Assets	1,137	1,458	1,880	2,965	4,941	5,290
Total assets	1,349	1,799	2,845	3,882	6,311	6,666
Current liabilities	238	249	397	744	562	1,063
Non-current liabilities	867	1,076	1,547	1,418	3,457	3,278
Equity	244	474	901	1,720	2,292	2,326
Key Ratios						
Current ratio	0.89x	1.37x	2.43x	1.23x	2.44x	1.29x
Net debt/equity	0.38x	0.48x	0.28x	0.34x	0.98x	1.12x
Net debt/total assets	0.07x	0.13x	0.09x	0.15x	0.36x	0.39x
Net debt/ LQA EBITDA	0.33x	0.88x	0.89x	1.01x	2.87x	2.94x
Total liabilities/equity	4.54x	2.79x	2.16x	1.26x	1.75x	1.87x
Total liabilities/assets	0.82x	0.74x	0.68x	0.56x	0.64x	0.65x

Note: Debt in USD currency is translated into IDR using the hedge rate (as also agreed in our loan facility agreements)

Source: Company data

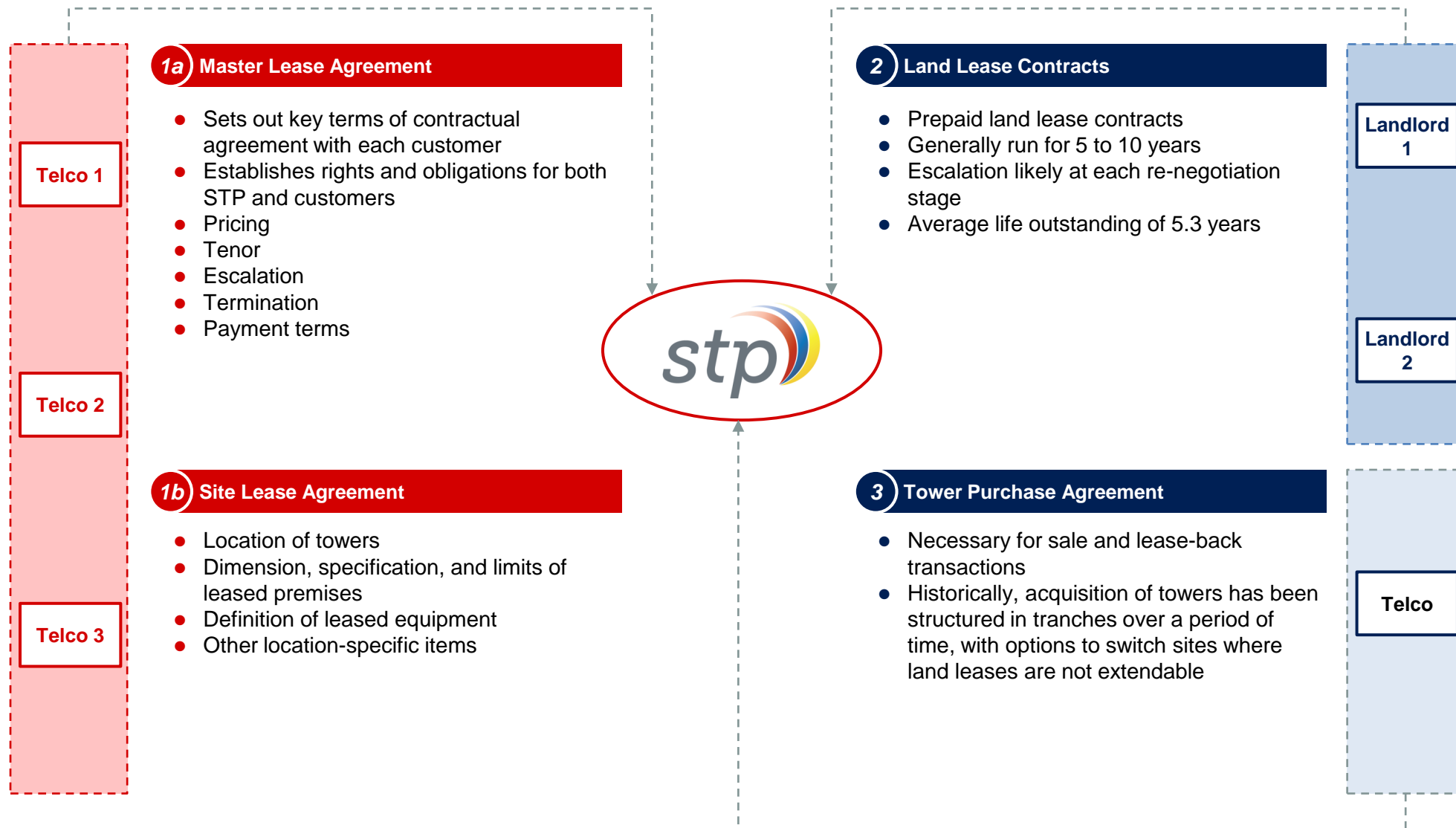


Organisation structure





Overview of material agreements / contracts





Key features of the MLAs

Tenor		<ul style="list-style-type: none">• Long term contract• 10 – 12 years for Towers and 5 years for Indoor DAS Network
Termination penalty		<ul style="list-style-type: none">• Customers shall pay the rental fee for the entire remaining term of the MLA
Rentals	Base rental	<ul style="list-style-type: none">• Rental fee is fixed for the whole period of the MLA
	Power pass-through	<ul style="list-style-type: none">• Customers bear the power/electricity cost necessary to operate the equipment, except for Telkomsel
	Maintenance inflation	<ul style="list-style-type: none">• Adjustable on a yearly basis based on the inflation rate published by the Central Bureau of Statistic (“BPS”)
Service agreement		<ul style="list-style-type: none">• Standard maintenance and repair procedures (including agreed timeline for repair)• 7 X 24 hours customer service• 7 X 24 hours access to the site• 24 hours site security• Predetermined reporting time• Predetermined penalty calculation



Cost structure

Capex	Property and Licenses	<ul style="list-style-type: none">• Responsible for obtaining ground leases for each of its towers• Initial term of its ground leases is generally between 5 and 10 years, prepaid for a period of 5 to 10 years in advance, with the option to renew
	Tower Contractors	<ul style="list-style-type: none">• Contractors are hired to work in the areas of construction, consultancy, electrical connection, site acquisition, engineering, tower reinforcement, maintenance and security• Most of these contractors sign a standard umbrella contract
Opex	Employees	<ul style="list-style-type: none">• As at 30 September 2014, STP has 269 employees – 140 in technical and operational positions, 32 in sales and marketing, and 97 in administrative/management
	Site Maintenance	<ul style="list-style-type: none">• Maintenance of towers is performed under a proprietary scope of work• Supervised by STP's management personnel• Bulk of STP's O&M expenses are passed through to customers
	Site Security	<ul style="list-style-type: none">• Security team implements integrated key access management and site security protocol
	Selling, general and administrative	<ul style="list-style-type: none">• Comprises marketing, travel, accommodation and office supplies expenses
	Electricity	<ul style="list-style-type: none">• 100% pass-through arrangement with all customers except one• Electricity costs related to Telkomsel will be passed through starting 2015



Thank you