

Company Presentation

April 2019

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Notes: ¹ Excluding Internux/First Media

² Including 260km that STP operates using Icon+ partnership

³ Excluding revenue from Internux/First Media. Revenue from Telkom Group includes Telkomsel, Mitratel, and resellers with Telkomsel as the end customer

⁴ Towers in which are leased by Internux/First Media as sole tenants and its tenancies have been taken out from the Company's portfolio

Indonesia has one of the most attractive tower markets globally...



Indonesia Tower Market **Global Tower Market Benchmarking** ۲ High barriers to entry including local regulations Non Non Independent Independent Independent² Independent Independent / Captive / Captive Business mode Significant growth opportunity 800 - 1.000 2.500 - 3.0001.400 - 2.600600 - 800400 - 600Lease rate per tenant per month (USD) Long term revenues **~**% Ranges from Ranges from No discount No discount No discount with minimal churn 5% - 20% 30% - 45% and default risk Multi-tenancy discount 80% - 86% 55% - 70% 40% - 50% $40\% - 45\%^{3}$ 55% - 60%**High EBITDA** EBITDA margins (%) margins and free cash flow conversion No No No Yes Yes Tower + Power Strong operating leverage 55 - 85 200 - 25075 – 90 35 - 5035 - 50New tower capex (USD '000 per tower) 1

Source: Industry report

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 Indian average EBITDA margins relatively lower as revenue includes pass-through items, such as fuel cost

... supported by favourable mobile industry dynamics ...



SIM registration will result in lower churn for mobile operators

- Prepaid SIM registration began on October 31, 2017 and was completed in May 2018
- Introduction of prepaid SIM registration likely to make customers stickier to one provider because they would have to register their SIM each time they change operators
- Operators offered significant discounts, particularly on data packages to acquire customers as customers would likely be stickier post implementation of SIM registration (translating into a lower customer acquisition cost)
 - Resulted in a period of heightened competition during the SIM registration period

Supportive competitive and pricing environment

- Since the end of the SIM registration process, mobile operators have gone through a period of ~9 months of improving competition with Telkomsel increasing prices thrice, Indosat twice and XL Axiata once, over this period
- This has resulted in improvement in prepaid revenue after having declined during the SIM registration period





4G coverage a focus area for mobile operators

- Indonesia is an emerging market and is still in the process of upgrading networks to 4G
- 4G BTS consists of only ~25% of total BTS¹ meaning that operators will still require significant investment to expand 4G coverage
- Indosat, XL Axiata and 3 Indonesia are focused on accelerating its network rollout to match Telkomsel's network coverage (Telkomsel has ~2-4x more 4G BTS vs. XL and Indosat)



Willingness to invest and improve their network

Higher LTV subscriber base

Source: Company filings

...as demand for mobile data continues to boom which will drive the requirement for higher quality coverage



We are only in the first inning of Indonesia's mobile data revolution...



...driven by an increasingly literate mobile generation

Emergence of content and apps is transforming the way we live



App downloads in Indonesia have risen rapidly



Tower industry poised to benefit from higher capex spend by mobile operators



Higher Capex for Network Investments

 Both XL Axiata and Indosat have publicly committed to spend more capex over the next few years in an effort to improve its network connectivity

Capex

12.9	12.9	15.9	16.6	16.3
5.6	6.7	6.6	7.4	7.5
7.3	6.2	9.3	9.2	8.8
2016	2017	2018	2019E	2020E

Indosat XL Axiata

Source: Historical from company filings, Projections from Capital IQ as of 9 April 2019

Capex spend guidance for 2019 of around IDR7.5Tn.

which will remain focused on data network investment in 4G and continuous network improvements and modernization in and outside Java... On the IDR 7.5Tn capex that we are probably going to spend in 2019, we are **probably going to spend more to outside Java**. By end of 2018, population coverage, our 4G population coverage outside Java is close to 80%. By end of 2019, with investment that we are putting in, population coverage will be close to 90%

- XL Axiata CFO, 4Q18 Earnings Call, 15 Feb 2019

On the US\$2Bn capex, the plan was we will spend it over three years (2019-21). In 2019, we are already confirmed that we will spend IDR10.3Tn out of this US\$2 billion capex

- Indosat CEO, 3Q18 Earnings Call, 27 Nov 2018

The direction is to keep investing in the network, both Java and outside Java. <u>Directionally, there's been some</u> <u>important investment outside Java. This is an important</u> <u>area for us</u> – Indosat CSO, 4Q18 earnings Call, 6 Mar 2019

4G Coverage Growth: Operators looking to ex-Java expansion

Operators planning to expand its network ex-Java

- Telkomsel has the strongest network in Indonesia, based on its overall coverage and also 4G coverage alone
- XL Axiata and Indosat have strong network coverage in Java, only with scattered coverage across the rest of Indonesia.
- Hence, not only do these operators need to densify their 4G networks, but there is the need to expand networks outside Java



Capacity Growth: Densification of network as data usage accelerates

Accelerating data usage

- Data revenue is expected to become the industry's most important revenue driver and has resulted in increase in competition in this segment
- Total data usage across the top 3 operators have increased ~8x since 2015



Lack of spectrum

- Indonesian operators' spectrum holdings are low on a per population basis compared to operators regionally
- No spectrum auctions expected in near-term, implying that operators will likely need to invest in equipment to increase capacity of their network connectivity

MHz per capita (MM)



Strong portfolio of tower and fiber assets covering major prime locations





Prime tower and fiber assets portfolio to support STP's comprehensive solutions offering, including an expanding fiber optics network that allows the Company to capture surging demand driven by aggressive urban 4G / LTE rollout by mobile telecommunication operators

V Potential new business opportunities for providing wholesale fiber connection to broadband and pay TV operators

Optimized business strategy for STP's core tower business





- Leveraging prime locations of existing tower portfolio, STP has increasingly focused on expanding colocation business, which has significantly lower capex and operational costs
- Improving tower economics despite a challenging operating environment



- Improved quality of earnings with the removal of Internux and Axis tenancies
- Focused on proactively maintaining long-term relationship with high quality customers
- Pricing Strategy
 Optimizing pricing strategy to enhance competitiveness, which is the key for winning new contracts and locking in

tenancy renewals



 Negotiations of land lease renewal start 1–2 years in advance, to minimize potential loss of towers/tenants

STP has benefited immensely from the above initiatives:

More efficient usage of capital structure



New contracts secured with prime customers

Superior land lease management and cost control

Actively enhancing returns on its tower portfolio through colocation



Continued focus on colocation in a challenging operating environment...

Annual gross tenancy additions

...resulting in superior tower economics over the last 3 years compared to competitors

Revenue per tower¹, rebased to 100

115





Entrenched relationship with prime customers, underpinning significant high quality backlog





✓ Key customers are Indonesia's four largest and most creditworthy mobile telecommunication operators contributing ~92% of revenue ¹

✓ STP has been successful in renewing its tenancies, which results in a longer tenancy expiry schedule

V Our lease rates are fully reflective of current market rates and c. 98% of our leases are IDR denominated (remaining 2% USD denominated)

Notes: ¹ Excluding revenue from Internux/First Media. Revenue from Telkom Group includes Telkomsel, Mitratel, and resellers with Telkomsel as the end customer ² Excluding Internux/First Media

Superior competitive advantage in tower fiberisation



Partnership with Icon+ unlocks new potential for STP to tap on existing electrical infrastructure to expand fiber network



- Icon+ has the right to use fiber network built alongside PLN's electrical infrastructure
- PLN will provide the right of way access and fiber cable to STP
- STP expected to incur the necessary capital expenditure and operating expenses associated with rolling out the fiber network
- STP to use the fiber network on a revenue sharing basis

Opportunity for STP to provide connectivity for telecom operators through deployment of mobile backhaul





Mobile Backhaul refers to the network between the base station sites (Node-B, eNode-B, BTS) and the network controller site (Radio Network Controller = RNC, S-GW)

Tower fiberisation

- Fiberisation of sites is becoming increasingly attractive economically
 - Microwave backhaul has become more expensive over time
 - Over a 5 year period, total fiberisation cost with microwave is estimated to be c. 5x more expensive than with fiber optics
 - Capacity requirement for telecom operators has increased driven by continuously increasing data consumption
 - STP is able to offer connectivity through either leasing of core fiber or fiber capacity

Well-utilized balance sheet with continuous deleveraging and prudent hedging program



4Q18 net debt build-up Prudent risk management policy IDR Bn ✓ FX hedges in place to mitigate volatility in currency and (0.3x) (0.1x)5.0x 4.6x interest rate 7,924 7.213 (564) (147) ✓ 57% of all outstanding debt is USD denominated which is 100% hedged against FX risk for principal and interest payments Unhedged FX Hedaes Cash and Cash Net Debt Gross Debt Equivalents Multiple of LQA EBITDA # Debt maturity profile (as % of total outstanding) **Deleveraging profile** Net debt / LQA EBITDA¹ (x) 77.4% Consistent Deleveraging





Appendix: Summary Financials

Income statement



Income statement (in IDR millions, unless otherwise specified)

	2013	2014	2015	2016*	2017	2018
(in IDR millions)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Revenue	840,097	1,071,929	1,785,853	1,821,446	1,908,487	1,899,775
Cost of Revenue						
Depreciation and Amortization	(103,818)	(117,791)	(186,766)	(318,455)	(313,640)	(359,618)
Other Cost of Revenues	(70,809)	(90,841)	(137,331)	(130,218)	(125,183)	(119,055)
Total	(174,627)	(208,632)	(324,097)	(448,673)	(438,823)	(478,673)
Gross Profit	665,469	863,297	1,461,756	1,462,978	1,543,514	1,421,102
Gross Profit Margin (%)	79.2%	80.5%	81.9%	75.4%	77.0%	74.8%
Operating Expenses						
Depreciation and Amortization	(7,634)	(10,217)	(16,279)	(22,486)	(22,765)	(23,774)
Other Operating Expenses	(76,146)	(92,930)	(114,782)	(137,546)	(137,257)	(142,989)
Total	(83,780)	(103,147)	(131,061)	(160,032)	(160,022)	(166,763)
Operating Profit	581,689	760,150	1,330,695	1,212,741	1,309,642	1,254,339
Operating Profit Margin (%)	69.2%	70.9%	74.5%	66.6%	68.6%	66.0%
EBITDA	693,141	888,158	1,533,740	1,553,682	1,646,053	1,637,731
EBITDA Margin (%)	82.5%	82.9%	85.9%	85.3%	86.2%	86.2%
Increase (Decrease) in Fair Value of Investment Property	91,665	(383,566)	3,610			(919,255)
Interest Income	12,401	15,784	31,342	15,697	20,057	7,984
Financial Charges	(285,456)	(440,086)	(1,035,031)	(1,005,066)	(1,002,138)	(954,603)
Others – Net	(132,170)	(460,166)	(88,601)	297,681	(116,427)	(590,803)
Profit (Loss) Before Tax	268,128	(507,884)	242,015	521,053	211,134	(1,202,338)
Income Tax Benefits (Expenses)	(70,519)	127,840	(105,140)	(208,596)	119,827	(21,505)
Profit (Loss) for the Period	197,609	(380,044)	136,875	312,457	330,961	(1,223,843)
Attributable to:						
- Owners of the Parent	197,596	(380,044)	136,875	312,457	330,961	(1,223,843)
- Non-controlling Interest	14					

Statements of financial position (assets)



Statements of financial position (Assets, in IDR millions, unless otherwise specified)

	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016* (Audited)	2017* (Audited)	2018 (Audited)
Current Assets	(Addited)	(Addited)	(Addited)	(Addited)	(Addited)	(Addited)
Cash and Cash Equivalents	525,226	1,318,888	229,325	184,996	280,149	147,045
Trade Receivables – Third Parties	193,888	100,415	279,237	958,050	754,948	1,005,389
Other Current Financial Assets	240,593	132,796	246,478	573,649	282,188	274,269
Inventory	51,095	70,458	54,644	47,852	37,922	35,295
Prepaid Taxes	224,302	742,199	730,279	566,362	438,350	355,081
Advances and Prepaid Expenses	134,366	144,938	277,609	235,921	245,321	256,442
Total Current Assets	1,369,470	2,509,694	1,817,572	2,566,830	2,038,878	2,073,521
Non-Current Assets						
Prepaid Expenses – Net of Current Portion	303,097	476,320	503,945	573,551	785,863	847.204
Investment Property	3,783,891	9,304,749	9,542,252			
Property and Equipment	345,319	479,036	525,836	10,218,242	9,404,369	8,288,344
Intangible Assets	129,303	124,417	119,532	121,495	114,897	108,299
Deferred Tax Assets				125	229	747
Other Non-Current Financial Assets	379,793	484	1,229,610	539,051	265,832	352,366
Total Non-Current Assets	4,941,403	10,385,006	11,921,175	11,452,464	10,571,190	9,596,960
Total Assets	6,310,873	12,894,700	13,738,747	14,019,294	12,610,068	11,670,481

Statements of financial position (liabilities)



Statements of financial position (Liabilities, in IDR millions, unless otherwise specified)

	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016* (Audited)	2017* (Audited)	2018 (Audited)
Current Liabilities	(Audited)	(Addited)	(Addited)	(Addited)	(Addited)	(Addited)
Trade Payables						
- Related Party	18,007	3,562	293	17,227	9,578	486
- Third Parties	17,120	29,012	31,684	51,728	26,116	14,410
Other Current Financial Liabilities	209	8,450	523	454	427	157
Taxes Payable	5,306	11,343	32,857	19,489	9,693	8,863
Accruals	102,672	116,339	211,919	172,969	159,945	77,463
Deferred Income	110,215	565,129	250,459	732,401	615,401	852,120
Short-Term Bank Loan		1,741,600				
Short-Term Syndicated Loan				100,000		222,766
Current Portion of Long-Term Bank Loan	308,485	3,732,000	304,180			360,000
Total Current Liabilities	562,014	6,207,435	831,915	1,094,268	821,160	1,536,265
Non-Current Liabilities						
Long-Term Loan	2,656,440	4,153,169	3,754,404	3,846,124	3,649,029	7,134,063
Bond Payable			4,056,000	3,967,221	4,019,204	
Due to Related Party – Non-Trade	471,243	471,243				
Deferred Tax Liabilities	318,876	187,384	264,041	402,508		
Long-Term Employment Benefit Liabilities	7,826	12,792	17,851	20,789	27,265	30,248
Total Non-Current Liabilities	3,454,385	4,824,588	8,092,296	8,241,963	7,695,498	7,164,311
Total Liabilities	4,016,399	11,032,023	8,924,211	9,336,231	8,516,658	8,700,576

Statements of financial position (equity)



Statements of financial position (Equity, in IDR millions, unless otherwise specified)

	2013	2014	2015	2016*	2017*	2018
	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)	(Audited)
Equity						
Issued and Paid-Up Capital	79,429	79,436	113,758	113,758	113,758	113,758
Additional Paid-in Capital – Net	1,229,780	1,230,128	3,589,495	3,589,711	3,589,711	3,589,711
Retained Earnings	933,803	553,131	690,484	822,112	(119,647)	(719,479)
Other Comprehensive Income	51,462	(18)	420,799	157,422	509,528	(14,145)
Total Equity Attributable To:						
- Owners of the Parent	2,294,474	1,862,677	4,814,536	4,683,063	4,093,410	2,969,905
- Non-controlling Interest						
Total Equity	2,294,474	1,862,677	4,814,536	4,683,063	4,093,410	2,969,905
Total Liabilities And Equity	6,310,873	12,894,700	13,738,747	14,019,294	12,610,068	11,670,481

Statements of cash flows



Statements of cash flows (in IDR millions)

					1	
	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016* (Audited)	2017 (Audited)	2018 (Audited)
Cash Flows from Operating activites	(riddiled)	(/ tudited)	(/ dalled)	(Addited)	(riddiled)	(riddiled)
Cash Received from Customers	603,107	1,432,225	1,201,587	1,622,474	2,225,161	1,892,016
Payment to Suppliers and Opex	(371,175)	(740,265)	(215,098)	(219,457)	(162,272)	(137,503)
Interest Received	12,401	15,784	31,342	15,697	20,057	(112,414)
Tax Payment and Others	(58,660)	(33,731)	(50,418)	(1,032)	(1,727)	(5,047)
Net Cash provided by operating	185,673	674,013	967,413	1,417,682	2,084,673	1,637,052
Cash Flows from Investing activities						
Property and Equipment acquisition-net	(181,791)	(161,375)	(92,682)	(386,463)	(315,596)	(161,295)
Prepayment for Ground lease	(168,616)	(247,332)	(209,993)	(215,769)	(395,687)	(210,370)
Investment property – net	(1,402,830)	(5,884,799)	(292,856)			
Advances for construction		(8,681)	(48,388)	74	(1,710)	(3,159)
Others	(13)		(20,000)	24,843		
Net Cash used in investing	(1,753,250)	(6,302,187)	(663,919)	(577,315)	(712,993)	(374,824)
Cash Flows from Financing activites						
Net Proceeds from exercise of Limited Public offering II			1,931,016			
Proceeds from Exercise of Warrant serie I	284,590	355	172			
Financing transactions (Net)	1,836,130	6,906,903	(6,107,864)	85,982	(406,576)	(652,027)
Proceeds (Payment) from Bond issuance			3,859,800			
Payment of financial charges	(336,037)	(498,368)	(1,072,118)	(973,885)	(869,813)	(733,256)
Others	44,858	11,404				
Net cash flows from financing	1,829,541	6,420,294	(1,388,994)	(887,903)	(1,276,389)	(1,385,283)
Net (decrease) increase in cash	261,964	792,120	(1,085,500)	(47,536)	95,291	(123,055)
Effect of forex difference on cash	(64)	1,542	(4,063)	3,207	(138)	(10,049)
Cash and cash equivalent at beginning of year	263,326	525,226	1,318,888	229,325	184,996	280,149
Cash and cash equivalent at end of year	525,226	1,318,888	229,325	184,996	280,149	147,045