



# Investor Presentation PT Solusi Tunas Pratama Tbk

August 2020

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# Table of Content

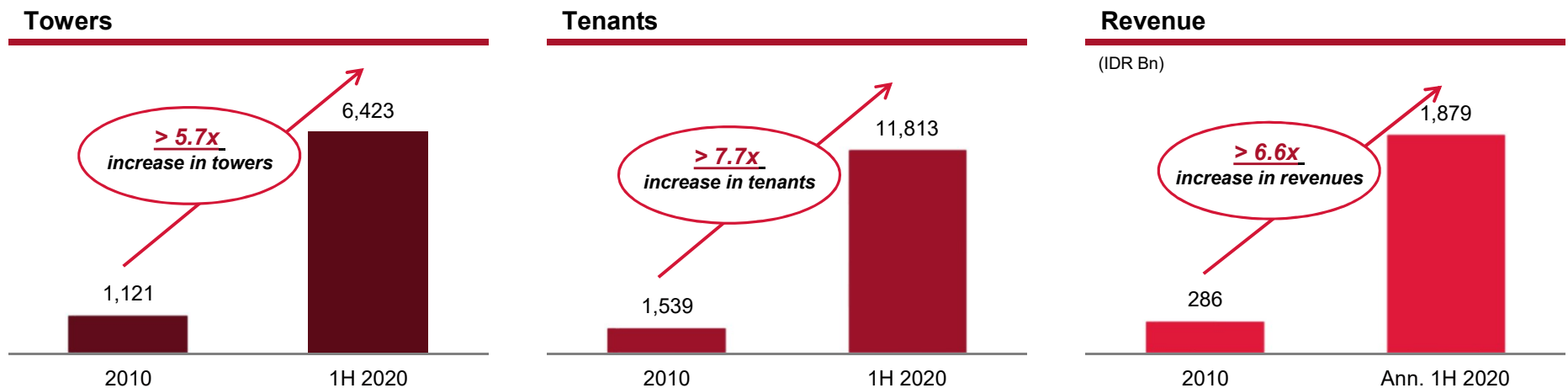
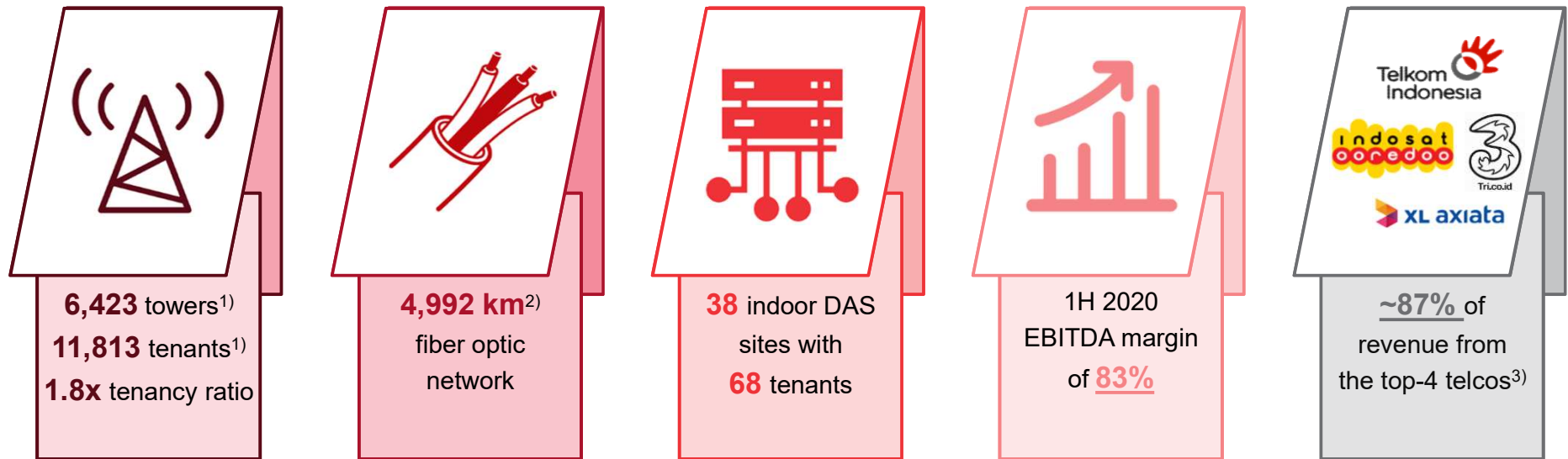


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A large graphic centered on the slide. It consists of a solid red circle with a dotted red border. Inside the solid circle are three concentric, slightly offset rings in shades of gray. A horizontal red line with a small circle at its left end extends from the left edge of the solid red circle.

# ***Company Overview***

# STP at a glance: Indonesia's premier optical & wireless infrastructure provider



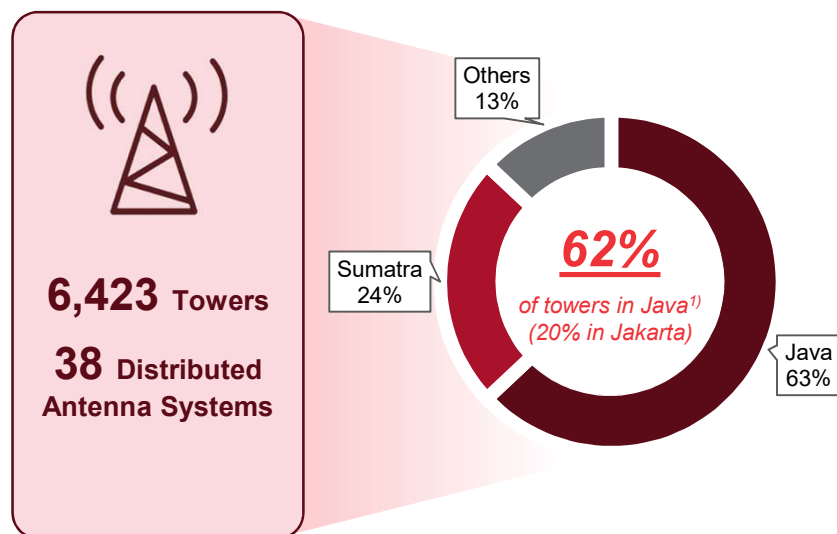
**Notes:**

- 1) As of 30 Jun 2020
- 2) As of 30 Jun 2020; includes fiber optic networks that STP operates under Icon+ partnership
- 3) Revenue from Telkom Group includes Telkomsel, Mitratel, and resellers with Telkomsel as the end customer

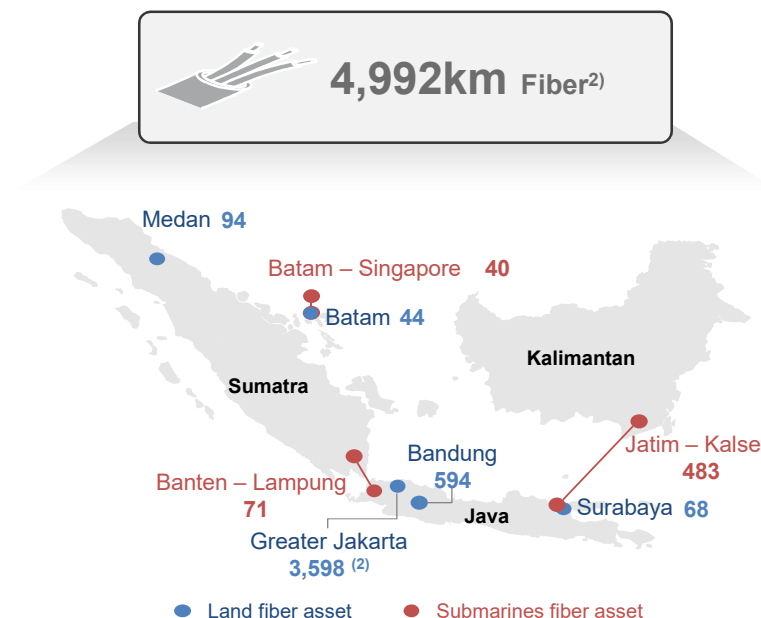
# Strong portfolio of tower and fiber assets covering major prime locations



## Tower and DAS



## Fiber<sup>2), 3)</sup>



- ✓ 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**
- ✓ Potential new business opportunities for providing **wholesale fiber connection to broadband and pay TV operators**

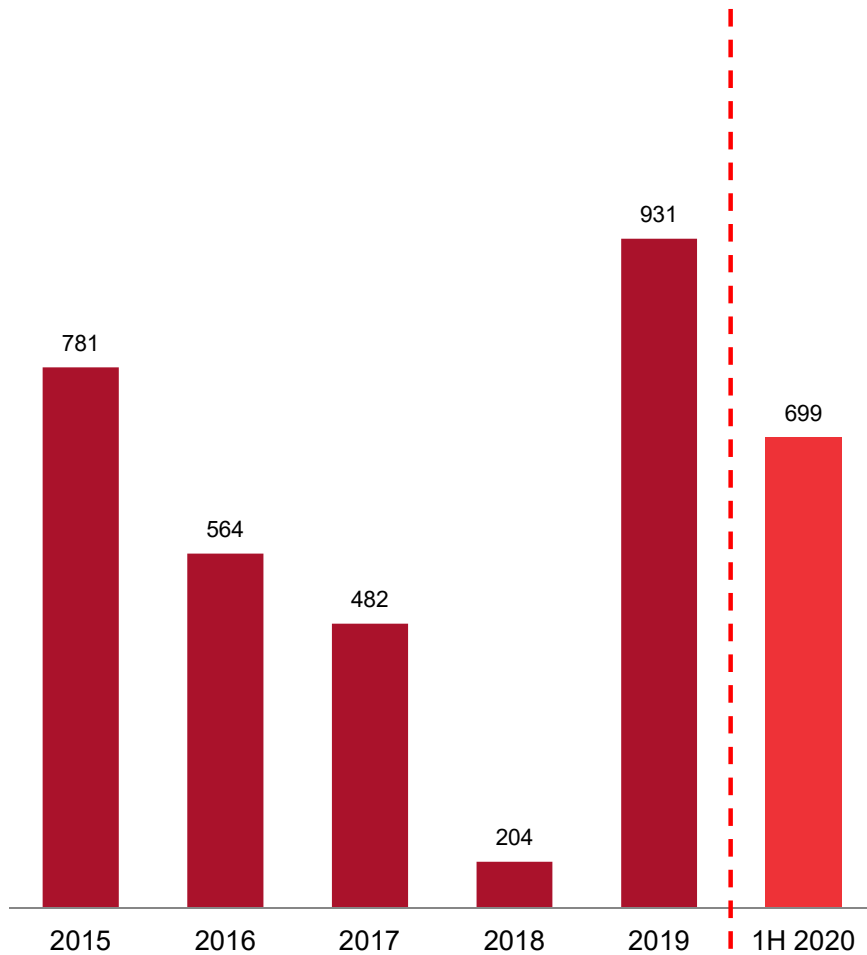
**Notes:** 1) Java includes both Java and Bali Island, as well as Greater Jakarta  
2) Including fiber optic networks that STP operates under Icon+ partnership

# Strong focus on colocation demand

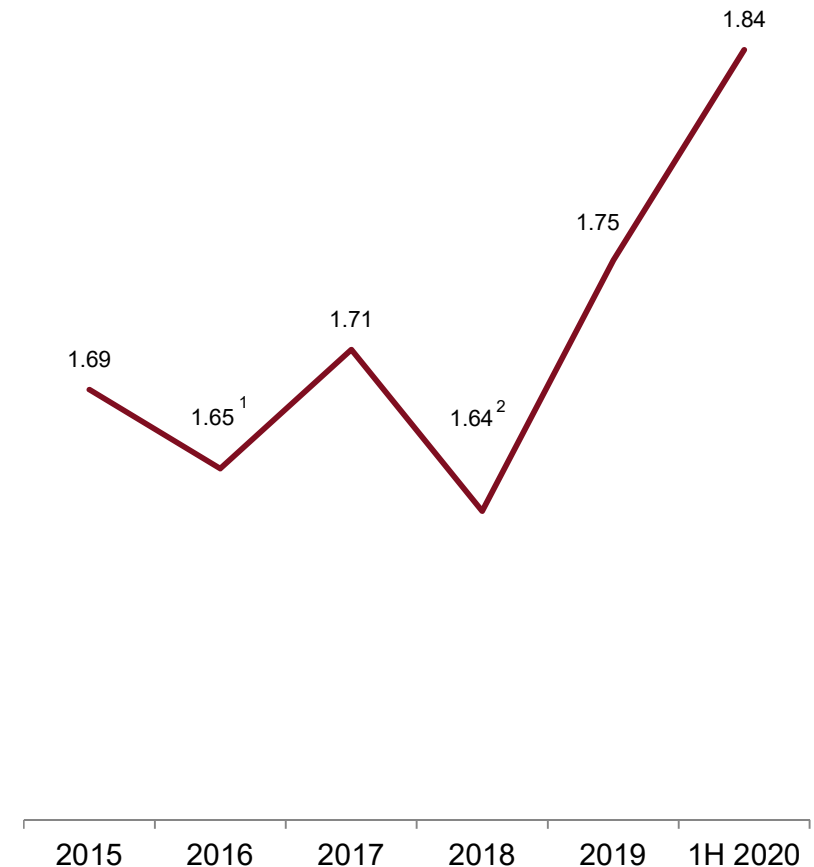


## Continued focus on colocation in a challenging operating environment...

Annual gross tenancy additions



## ...resulting in increasing tenancy ratio over the last 5 years



Notes: 1) The decrease in the tenancy ratio as a result of Telkom ceased its CDMA operations in 2016.

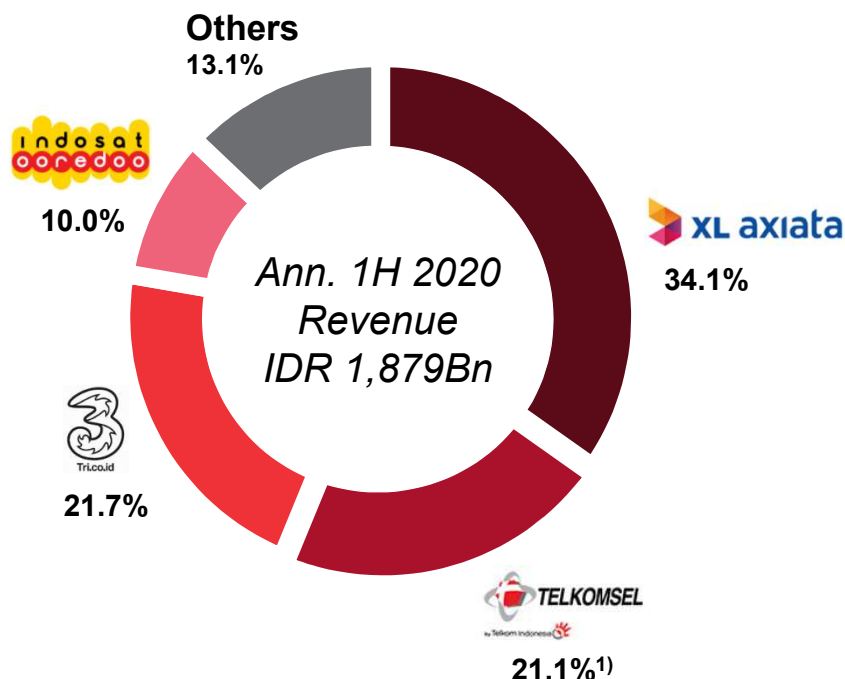
2) The decrease in the tenancy ratio as a result of the termination of Internux/First Media and XL-Axis tenancies in 2018

# Entrenched relationship with prime customers, underpinning significant high quality backlog



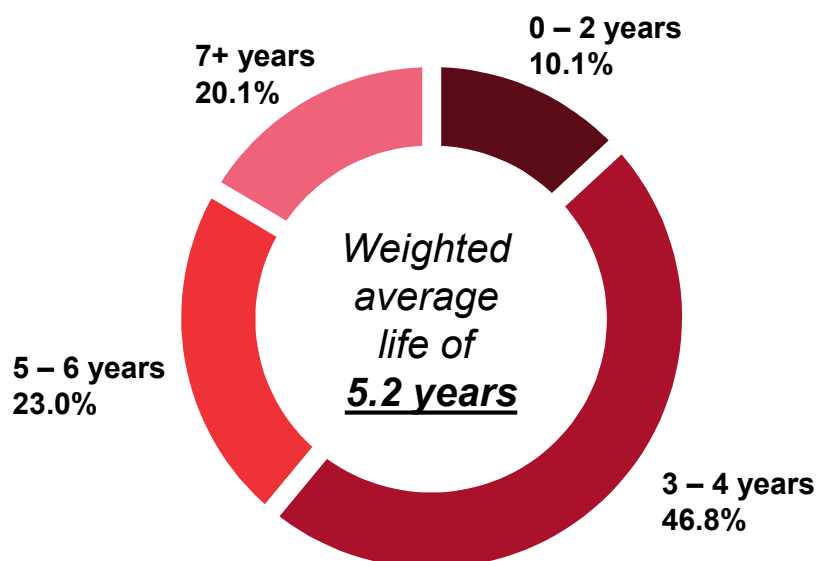
## 87% of revenue from top 4 operators...

Annualized 1H 2020 Revenue



## ... complemented by longer tower tenancy expiry schedule

Tenancies expiry schedule as at Jun 30, 2020



- ✓ Key customers are **Indonesia's four largest and most creditworthy mobile telecommunication operators** contributing **~87% of revenue**
- ✓ STP has been successful in renewing its tenancies, which results in a **longer tenancy expiry schedule**
- ✓ **Our lease rates are fully reflective of current market rates** and c.98% of our leases are IDR denominated (remaining 2% is pegged to USD)

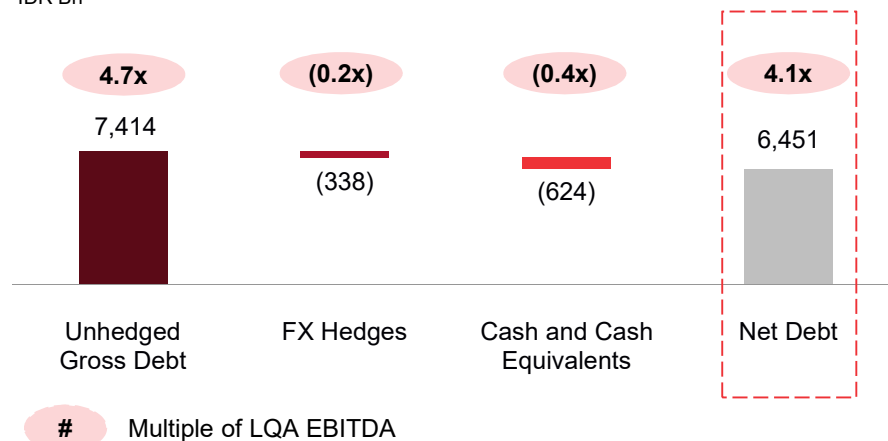
**Note:** 1) Revenue from Telkom Group includes Telkomsel, Mitratel, and resellers with Telkomsel as the end customer

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



## 1H20 net debt build-up

IDR Bn

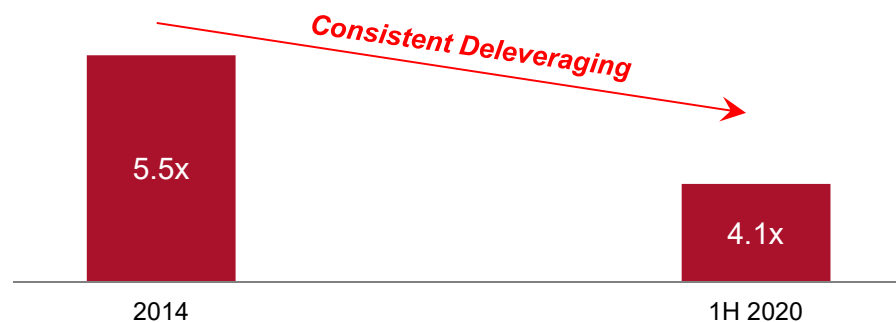


## Prudent risk management policy

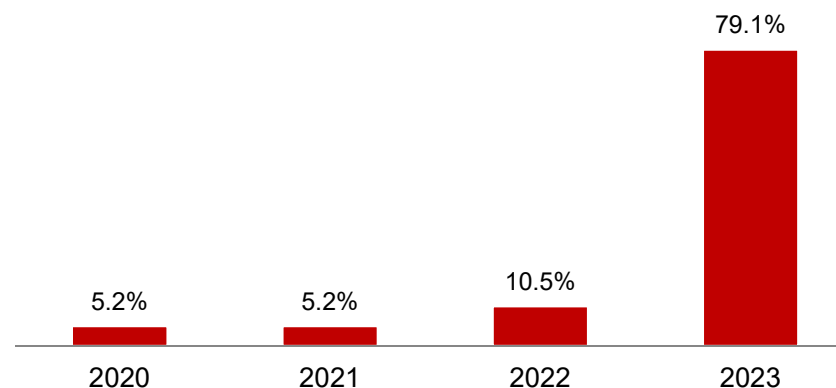
- ✓ **FX hedges** in place to **mitigate volatility in currency and interest rate**
- ✓ **53% of all outstanding debt<sup>2)</sup> is USD denominated** which is **100% hedged against FX risk for principal and interest payments**

## Deleveraging profile

Net debt / LQA EBITDA<sup>1)</sup> (x)



## Debt maturity profile (as % of total outstanding)



**Notes:** 1) Net debt refers to gross debt stated at hedge rate less cash  
2) Based on hedge rate

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



## Indonesia Tower Market

- ✓ High barriers to entry including local regulations
- ✓ Significant growth opportunity
- ✓ Long term revenues with minimal churn and default risk
- ✓ High EBITDA margins and free cash flow conversion
- ✓ Strong operating leverage

## Global Tower Market Benchmarking

Business model	Independent	Independent	Independent <sup>2</sup>	Non Independent / Captive	Non Independent / Captive
Lease rate per tenant per month (USD) <sup>1</sup>	800 – 1,000	2,500 – 3,000	1,400 – 2,600	600 – 800	400 – 600
Multi-tenancy discount	No discount	No discount	No discount	Ranges from 5% – 20%	Ranges from 30% – 45%
EBITDA margins (%)	80% – 86%	55% – 70%	40% – 50%	40% – 45% <sup>3</sup>	55% – 60%
Tower + Power	No	No	No	Yes	Yes
New tower capex (USD '000 per tower) <sup>1</sup>	55 - 85	200 – 250	75 – 90	35 – 50	35 – 50

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

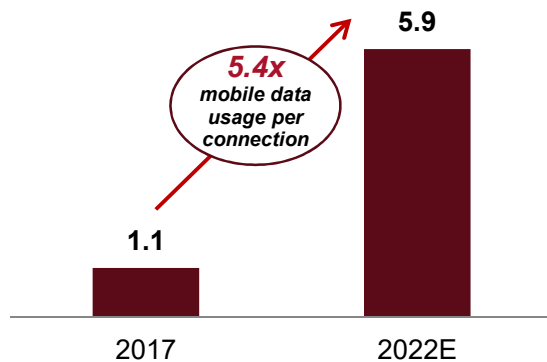
...with a booming demand for mobile data which drives the need for higher quality coverage



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

**Mobile data per connection is expected to increase 5.4x from 2017 to 2022E**

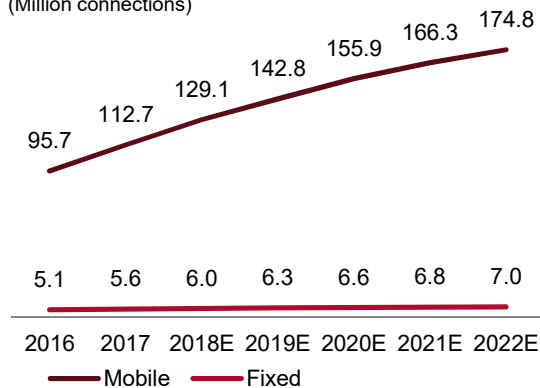
(Gigabytes<sup>1</sup>)



Source: CISCO

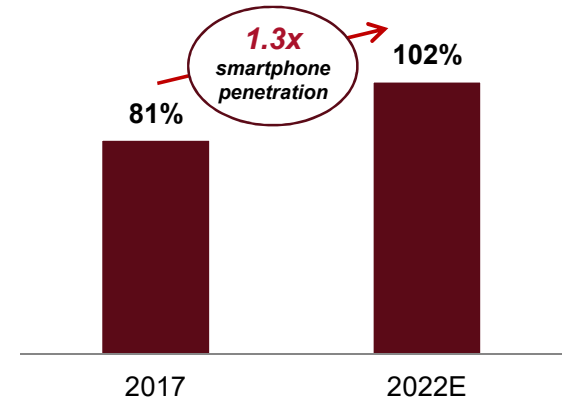
**Mobile connections are expected to account for 96% of total broadband connections**

(Million connections)



Source: Industry reports

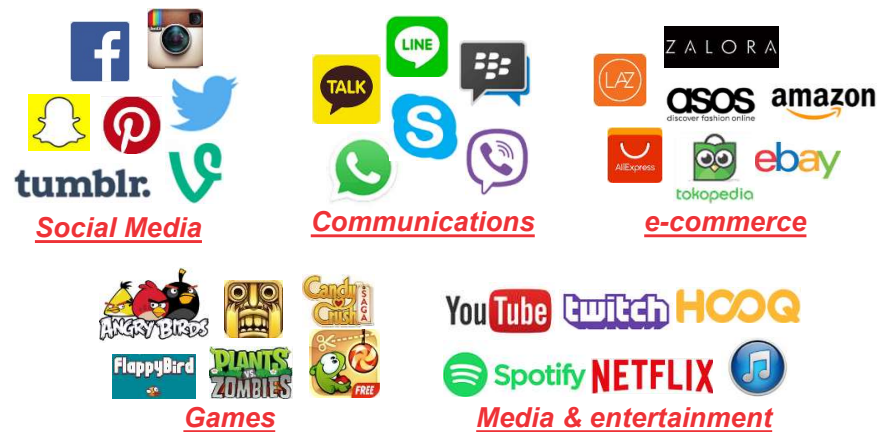
**Smartphone penetration is expected to reach 128% by 2022E**



Source: Ovum

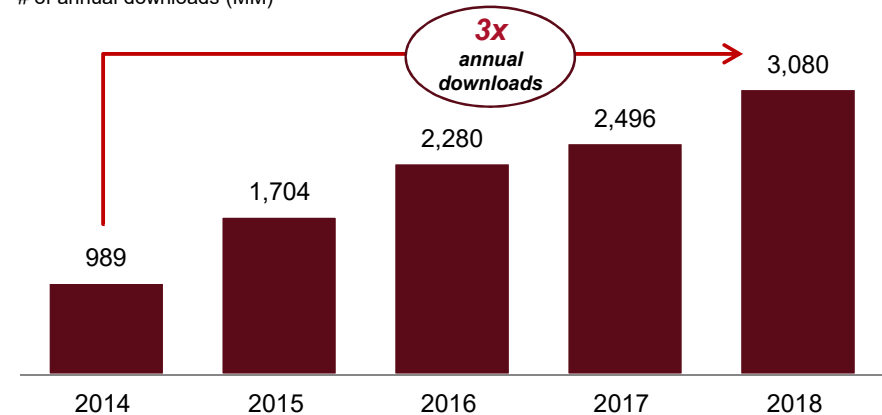
...driven by an increasingly literate mobile generation

**Emergence of content and apps is transforming the way we live**



**App downloads in Indonesia have risen rapidly**

# of annual downloads (MM)<sup>2</sup>



Source: Sensor Tower

Notes: 1) A gigabyte (GB) is 10<sup>9</sup> bytes of data  
2) Across mobile operating platforms



***Growth  
Strategy***

# Tower business



## Colocation

- 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 challenging operating environment



## Customer Quality

- **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



## Land Lease

- 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



Higher quality and visibility of earnings

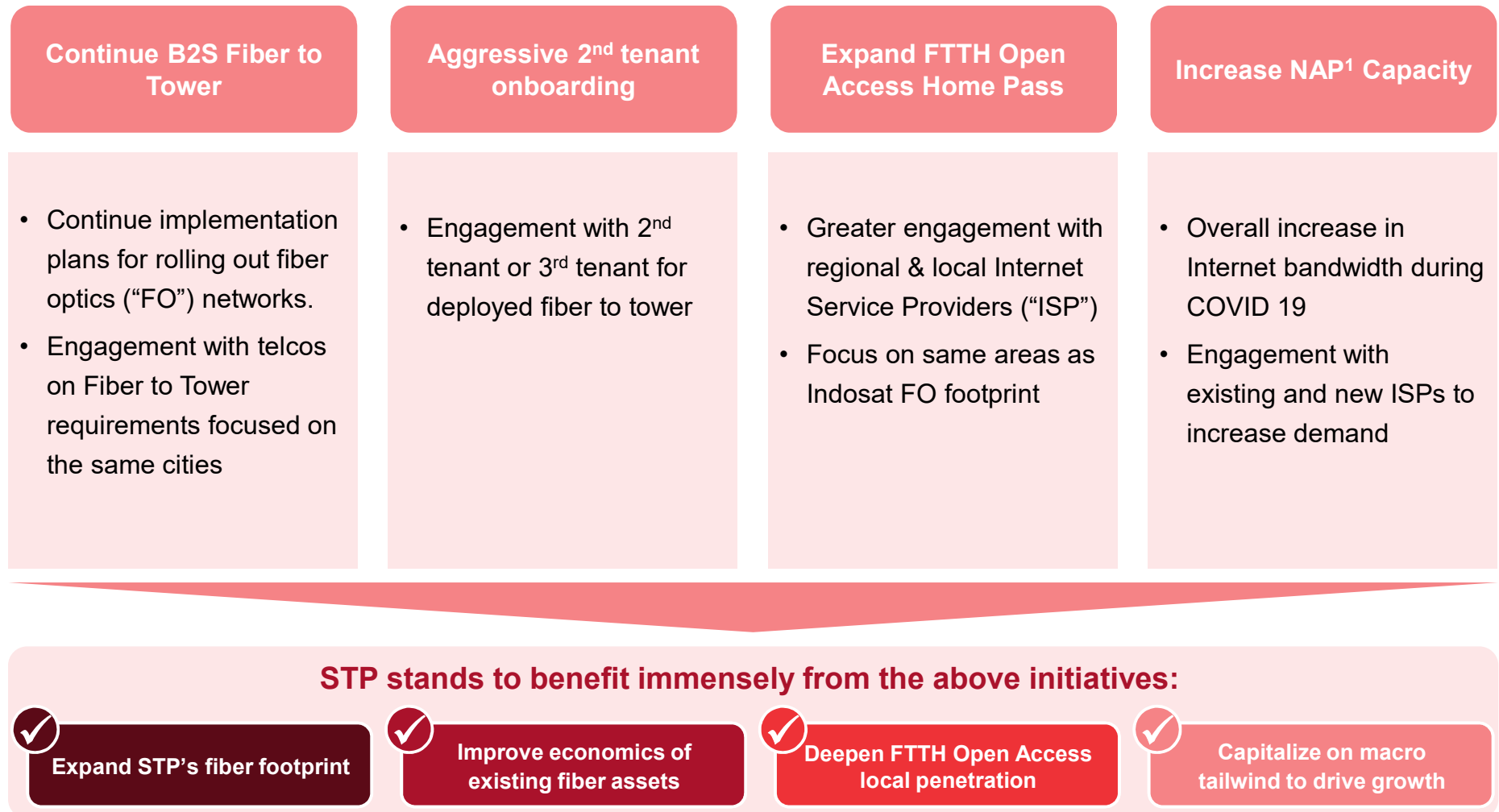


New contracts secured with prime customers

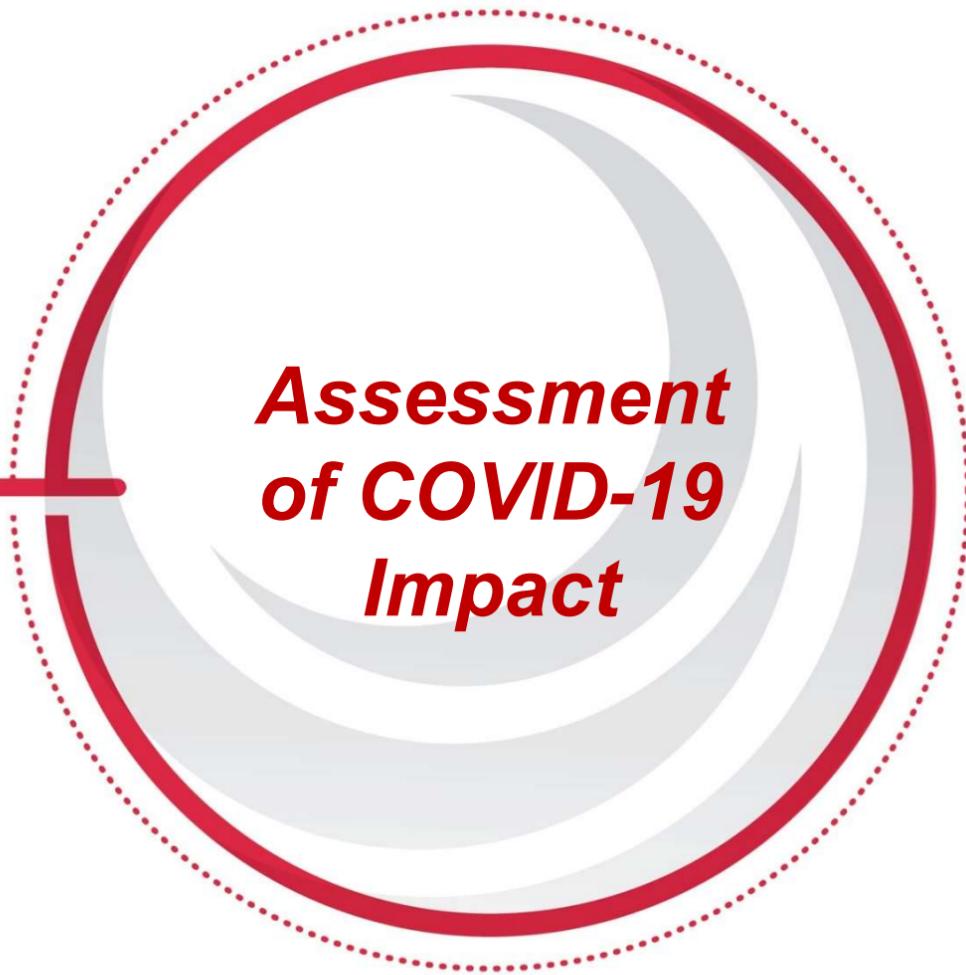


Superior land lease management and cost control

# Fiber business



Notes: 1) NAP stands for Network Access Point

A large circular graphic in the center of the slide. It features a thick red outer ring, a dotted red outer ring, and a light gray inner ring. The text "Assessment of COVID-19 Impact" is centered within this graphic in a bold, red, italicized sans-serif font.

***Assessment  
of COVID-19  
Impact***



## Tenancies Growing as Planned

- COVID 19 increases demand for wireless broadband connectivity
- Operators continue to expand coverage and increase capacity. May experience some delays due to supply chain disruption for radio equipment
- Residential areas become priority target for operators due to Work-from-Home ("WFH") policies



STP's tenancy ratio expected to improve further



## Fiber Demand

- Large increase in fiber connectivity demand corresponds to greater demand for wireless broadband connectivity
- Telkomsel, XL, Indosat and H3I have ongoing programs to fiberize towers. Smartfren likely to commence similar fiber-to-tower program
- STP is a participant of Indosat and H3I's programs and will look to do the same for all operators



STP expects to participate in more fiberization programs



## Sustained Growth while Maintaining Liquidity

- Revenue growth sustained despite Covid-19 disruptions.
- Jun'20 cash stood at Rp.624 billion; debt service 100% hedged against FX risk
- Working capital – Collection from customers remain undisrupted.



STP minimally impacted by COVID-19 with adequate liquidity headroom

A large, stylized circular graphic in the center of the slide. It features a thick red outer ring, a dotted red outer ring, and several concentric gray rings of varying thicknesses. The text "Appendix: Summary Financials" is centered within this graphic.

***Appendix:  
Summary  
Financials***

A horizontal red line extending from the left edge of the slide, ending in a small red circle. It passes behind the central circular graphic.

# Income statement



## Income statement (in IDR millions, unless otherwise specified)

	FY 2016* (Audited)	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	1H 2019 (Unaudited)	1H 2020 (Unaudited)
<b>Revenue</b>	<b>1,821,446</b>	<b>1,908,487</b>	<b>1,899,775</b>	<b>1,767,050</b>	<b>875,583</b>	<b>939,336</b>
Cost of revenue	(130,218)	(125,183)	(119,055)	(123,933)	(59,632)	(70,734)
Operating expenses	(137,546)	(137,257)	(142,989)	(165,077)	(79,686)	(90,197)
<b>EBITDA</b>	<b>1,553,682</b>	<b>1,646,047</b>	<b>1,637,731</b>	<b>1,478,040</b>	<b>736,265</b>	<b>778,405</b>
<i>EBITDA Margin (%)</i>	85.3%	86.2%	86.2%	83.6%	84.1%	82.9%
Depreciation and Amortization	(340,941)	(336,405)	(383,392)	(392,193)	(192,289)	(252,490)
<b>Operating Profit</b>	<b>1,212,741</b>	<b>1,309,642</b>	<b>1,254,339</b>	<b>1,085,847</b>	<b>543,976</b>	<b>525,915</b>
<i>Operating Profit Margin (%)</i>	66.6%	68.6%	66.0%	61.4%	62.1%	56.0%
Other Income (Expense)						
<i>Financial Charges</i>	(1,005,066)	(1,002,138)	(954,603)	(855,885)	(443,393)	(394,986)
<i>Other than Financial Charges - net</i>	313,378	(96,370)	(1,502,074)	11,909	(86,319)	(12,303)
<b>Profit (Loss) Before Tax</b>	<b>521,053</b>	<b>211,134</b>	<b>(1,202,338)</b>	<b>241,871</b>	<b>14,264</b>	<b>118,626</b>
Income Tax Benefits (Expenses)	(208,596)	119,827	(21,505)	(13,489)	(1,459)	(1,046)
<b>Net Profit (Loss) After Tax</b>	<b>312,457</b>	<b>330,961</b>	<b>(1,223,843)</b>	<b>228,382</b>	<b>12,805</b>	<b>117,580</b>
<i>Total Other Comprehensive Income for the Period Net Off Tax</i>	(446,690)	(920,615)	100,338	(224,771)	90,480	130,545
<b>Total Comprehensive Income for the Period</b>	<b>(134,233)</b>	<b>(589,654)</b>	<b>(1,123,505)</b>	<b>3,611</b>	<b>103,285</b>	<b>248,125</b>

Note: \* Restated

# Statements of financial position (assets)



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

	FY 2016* (Audited)	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	1H 2019 (Unaudited)	1H 2020 (Unaudited)
<b>Current Assets</b>						
Cash and Cash Equivalents	184,996	280,149	147,045	361,534	526,994	624,165
Trade Receivables - Third Parties	958,050	754,948	1,005,389	611,786	114,586	278,067
Other Current Financial Assets	573,649	282,188	274,269	221,119	311,485	210,948
Inventory	47,852	37,922	35,295	37,649	36,515	48,560
Prepaid Taxes	566,362	438,350	355,081	264,173	323,154	298,017
Advance and Prepaid Expenses	235,921	245,321	256,442	268,345	255,909	178,281
<b>Total Current Assets</b>	<b>2,566,830</b>	<b>2,038,878</b>	<b>2,073,521</b>	<b>1,764,606</b>	<b>1,568,643</b>	<b>1,638,038</b>
<b>Non-Current Assets</b>						
Prepaid Expenses - Net of Current Portion	573,551	785,863	847,204	799,699	835,188	170,811
Investment Property	-	-	-	-	-	-
Property and Equipment	10,218,242	9,404,369	8,288,344	8,441,722	8,244,991	8,557,242
Right of Use Assets	-	-	-	-	-	1,596,758
Intangible Assets	121,495	114,897	108,299	110,769	112,451	109,020
Deferred tax Assets	125	229	747	1,145	447	336
Other Non-Current Financial Assets	539,051	265,832	352,366	46,884	336,925	316,379
<b>Total Non-Current Assets</b>	<b>11,452,464</b>	<b>10,571,190</b>	<b>9,596,960</b>	<b>9,400,219</b>	<b>9,530,002</b>	<b>10,750,546</b>
<b>Total Assets</b>	<b>14,019,294</b>	<b>12,610,068</b>	<b>11,670,481</b>	<b>11,164,825</b>	<b>11,098,645</b>	<b>12,388,584</b>

Note: \* Restated

# Statements of financial position (liabilities)



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

	FY 2016*	FY 2017	FY 2018	FY 2019	1H 2019	1H 2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
<b>Current Liabilities</b>						
Trade Payables						
- Related Party	17,227	9,578	486	2,548	-	-
- Third Party	51,728	26,116	14,410	8,512	3,756	5,849
Other Current Financial Liabilities	454	427	157	15,383	791	21,999
Taxes Payable	19,489	9,693	8,863	7,791	5,751	5,757
Accruals	172,969	159,945	77,463	171,741	133,661	194,271
Deferred Income	732,401	615,401	852,120	688,183	652,853	566,922
Current Portion of Lease Liability	-	-	-	-	-	113,981
Short-Term Bank Loan	-	-	360,000	300,000	-	500,000
Short-Term Syndicated Loan	100,000	-	-	-	-	-
Current Portion of Long-Term Bank Loan	-	-	222,766	372,831	376,635	379,187
<b>Total Current Liabilities</b>	<b>1,094,268</b>	<b>821,160</b>	<b>1,536,265</b>	<b>1,566,989</b>	<b>1,173,447</b>	<b>1,787,966</b>
<b>Non-Current Liabilities</b>						
Long-Term Portion of Lease Liability	-	-	-	-	-	805,761
Long-Term Loan	3,846,124	3,649,029	7,134,063	6,585,646	6,821,760	6,534,542
Bond Payable	3,967,221	4,019,204	-	-	-	-
Deferred tax Liabilities	407,829	-	-	-	-	-
Long-Term Employment Benefit Liabilities	20,789	27,265	30,248	38,674	30,248	38,674
<b>Total Non-Current Liabilities</b>	<b>8,241,963</b>	<b>7,695,498</b>	<b>7,164,311</b>	<b>6,624,320</b>	<b>6,852,008</b>	<b>7,378,977</b>
<b>Total Liabilities</b>	<b>9,336,231</b>	<b>8,516,658</b>	<b>8,700,576</b>	<b>8,191,309</b>	<b>8,025,455</b>	<b>9,166,943</b>

Note: \* Restated

## Statements of financial position (equity)



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

	FY 2016* (Audited)	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	1H 2019 (Unaudited)	1H 2020 (Unaudited)
<b>Equity</b>						
Issued and Paid-Up Capital	113,758	113,758	113,758	113,758	113,758	113,758
Additional Paid-Up Capital - Net	3,589,771	3,589,771	3,589,771	3,589,771	3,589,771	3,589,771
Retained Earnings	822,112	(119,647)	(719,479)	(482,813)	(706,674)	(365,233)
Other Comprehensive Income	157,422	509,528	(14,145)	(247,200)	76,335	(116,655)
Total Equity Attributed to:						
- Owners of the Parent	4,683,063	4,093,410	2,969,905	2,973,516	3,073,190	3,221,641
- Non Controlling Interest	-	-	-	-	-	-
<b>Total Equity</b>	<b>4,683,063</b>	<b>4,093,410</b>	<b>2,969,905</b>	<b>2,973,516</b>	<b>3,073,190</b>	<b>3,221,641</b>
<b>Total Liabilities and Equity</b>	<b>14,019,294</b>	<b>12,610,068</b>	<b>11,670,481</b>	<b>11,164,825</b>	<b>11,098,645</b>	<b>12,388,584</b>

Note: \* Restated

# Statements of cash flows



## Statements of cash flows ( in IDR millions)

	FY 2016* (Audited)	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	1H 2019 (Unaudited)	1H 2020 (Unaudited)
<b>Cash Flows from Operating Activities</b>						
Cash Received from Customers	1,622,474	2,225,161	1,892,016	2,035,354	1,525,527	1,156,265
Payment to Suppliers and Opex	(219,457)	(162,272)	(249,917)	(168,299)	(149,361)	(193,979)
Interest Received	15,697	20,057	7,984	13,058	7,781	13,728
Tax Payment and Others	(1,032)	1,727	(13,031)	(3,144)	(3,951)	(19,864)
<b>Net Cash provided by operating</b>	<b>1,417,682</b>	<b>2,084,673</b>	<b>1,637,052</b>	<b>1,876,969</b>	<b>1,379,996</b>	<b>956,150</b>
<b>Cash Flows from Investing Activities</b>						
Property and Equipment - Procurement	(386,463)	(315,596)	(161,295)	(306,228)	(98,975)	(225,875)
Prepayment for Ground Lease	(215,769)	(395,687)	(210,370)	(223,391)	(45,380)	(24,523)
Acquisition of Rights of Use of Assets	-	-	-	-	-	(77,339)
Investment Property - net	-	-	-	-	-	-
Advances for Construction	74	(1,710)	(3,159)	(4,689)	(7,495)	(919)
Others	24,843	-	-	-	-	-
<b>Net Cash used in investing</b>	<b>(577,315)</b>	<b>(712,993)</b>	<b>(374,824)</b>	<b>(534,308)</b>	<b>(151,850)</b>	<b>(328,656)</b>
<b>Cash Flows from Financing Activities</b>						
Net Proceeds from Exercise of Limited Public Offering II	-	-	-	-	-	-
Net Proceeds from Exercise of Warrant Serie I	-	-	-	-	-	-
Financing Transaction - net	85,982	(406,576)	3,471,473	(323,188)	(435,377)	(7,869)
Proceeds (Payment) from Bond Issuance	-	-	(4,123,500)	-	-	-
Payment of Financial Charges	(973,885)	(869,813)	(733,256)	(805,560)	(411,925)	(355,966)
<b>Net Cash used in financing</b>	<b>(887,903)</b>	<b>(1,276,389)</b>	<b>(1,385,283)</b>	<b>(1,128,748)</b>	<b>(847,302)</b>	<b>(363,835)</b>
<b>Net (decrease) increase in cash</b>	<b>(47,536)</b>	<b>95,291</b>	<b>(123,055)</b>	<b>213,913</b>	<b>380,844</b>	<b>263,659</b>
Effect of forex difference on cash	3,207	(138)	(10,049)	576	(895)	(1,028)
Cash and cash equivalent at beginning of year	229,325	184,996	280,149	147,045	147,045	361,534
<b>Cash and cash equivalent at end of year</b>	<b>184,996</b>	<b>280,149</b>	<b>147,045</b>	<b>361,534</b>	<b>526,994</b>	<b>624,165</b>

Note: \* Restated

***Thank  
You***