

Investor Presentation PT Solusi Tunas Pratama Tbk Oct 2019

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Company Overview

STP at a glance: Indonesia's premier wireless data network infrastructure provider





Notes: ¹ Including 297km that STP operates using Icon+ partnership

² 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





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

STP has been achieving robust growth of both revenue and EBITDA from core customers¹



Reported Revenue and EBITDA Adjusted Revenue and EBITDA¹ IDR Bn IDR Bn CAGR: 2.1% 2.000 2.000 CAGR: 4.7% 1,800 1,800 CAGR: 2.2% CAGR: 5.3010 1.600 1,600 1,900 1,809 1,786 1,751 1,751 т т 1,638 1,400 1,400 1,577 1.534 1 1,457 .325 1,200 1,200 2015 2018 Ann. I 2015 2018 2015 2018 2015 Ann. Ann. 3Q'19 3Q'19 I 2Q'19 1 Revenue EBITDA

~5% revenue and EBITDA CAGR during 2015 – 2018 from core customers (i.e. excluding Flexi and Internux/First Media)

1,547

2018

1,457

Ann.

2Q'19

Entrenched relationship with prime customers, underpinning significant high quality backlog





Key customers are Indonesia's four largest and most creditworthy mobile telecommunication operators contributing ~89% of revenue¹
 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% USD denominated)

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

3Q 2019



3Q19 net debt build-up Prudent risk management policy IDR Bn ✓ FX hedges in place to mitigate volatility in currency and (0.32x) (0.14x) 5.16x 4.70x interest rate 7.304 6.655 (452) (197) ✓ 56% of all outstanding debt is USD denominated which is 100% hedged against FX risk for principal and interest payments Unhedged FX Hedges 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) 77.0% Consistent Deleveraging 5.5x 4.7x 10.2% 5.1% 5.1%

2.6%

2019

2020

2021

2022

2014

8

2023



Potential Business Opportunities

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 ~30% 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 ~2-3x 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

| IDR | Tn |
|-----|----|
| | |

| 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)







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



 \checkmark

New contracts secured with prime customers

 Superior land lease management and cost control

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
- Icon+ 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



Appendix: Summary Financials

Income statement



Income statement (in IDR millions, unless otherwise specified)

| - Non-controlling Interest | 14 | | | | | | |
|--|-----------|-----------|------------|------------|------------|-------------|-------------|
| - Owners of the Parent | 197,596 | -380,044 | 136,875 | 312,457 | 330,961 | -138,230 | 8,203 |
| Attributable to: | | | | | | | |
| Profit (Loss) for the Period | 197,609 | -380,044 | 136,875 | 312,457 | 330,961 | -138,230 | 8,203 |
| Income Tax Benefits (Expenses) | -70,519 | 127,840 | -105,140 | -208,596 | 119,827 | -52,015 | -1,006 |
| Profit (Loss) Before Tax | 268,128 | -507,884 | 242,015 | 521,053 | 211,134 | -85,215 | 9,209 |
| Others – Net | -132,170 | -460,166 | -88,601 | 297,681 | -116,427 | -303,942 | -157,869 |
| Financial Charges | -285,456 | -440,086 | -1,035,031 | -1,005,066 | -1,002,138 | ((749,051) | (644,356.0) |
| Interest Income | 12,401 | 15,784 | 31,342 | 15,697 | 20,057 | 7,008 | 11,743 |
| Increase (Decrease) in Fair Value of Investment Property | 91,665 | -383,566 | 3,610 | | | | |
| Operating Profit Margin (%) | 69.20% | 70.90% | 74.50% | 66.60% | 68.60% | 66.80% | 61.20% |
| Operating Profit | 581,689 | 760,150 | 1,330,695 | 1,212,741 | 1,309,642 | 960,770 | 799,691 |
| Total | -83,780 | -103,147 | -131,061 | -160,032 | -160,022 | -126,991 | -142,869 |
| Other Operating Expenses | -76,146 | -92,930 | -114,782 | -137,546 | -137,257 | -106,858 | -124,700 |
| Depreciation and Amortization | -7,634 | -10,217 | -16,279 | -22,486 | -22,765 | -20,133 | -18,169 |
| Operating Expenses | | | | | | | |
| Gross Profit Margin (%) | 79.20% | 80.50% | 81.90% | 75.40% | 77.00% | 75.60% | 72.13% |
| Gross Profit | 665,469 | 863,297 | 1,461,756 | 1,462,978 | 1,543,514 | 1,087,761 | 942,560 |
| Total | -174,627 | -208,632 | -324,097 | -448,673 | -438,823 | -350,891 | -364,130 |
| Other Cost of Revenues | -70,809 | -90,841 | -137,331 | -130,218 | -125,183 | -89,626 | -92,014 |
| Depreciation and Amortization | -103,818 | -117,791 | -186,766 | -318,455 | -313,640 | -261.265 | -272116 |
| Cost of Revenue | | | | | | | |
| Revenue | 840,097 | 1,071,929 | 1,785,853 | 1,821,446 | 1,908,487 | 1,438,652 | 1,306,690 |
| (in IDR millions) | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Unaudited) | (Unaudited) |
| | 2013 | 2014 | 2015 | 2016* | 2017 | 3Q 2018 | 3Q 2019 |



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

| | 2013 | 2014 | 2015 | 2016* | 2017* | 2018* | 3Q 2019 |
|--|-----------|------------|------------|------------|------------|------------|-------------|
| | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Unaudited) |
| Current Assets | (| (, | (, | (, | (, | (, | () |
| Cash and Cash Equivalents | 525,226 | 1,318,888 | 229,325 | 184,996 | 280,149 | 147,045 | 197,249 |
| Trade Receivables – Third Parties | 193,888 | 100,415 | 279,237 | 958,050 | 754,948 | 1,005,389 | 166,794 |
| Other Current Financial Assets | 240,593 | 132,796 | 246,478 | 573,649 | 282,188 | 274,269 | 244,030 |
| Inventory | 51,095 | 70,458 | 54,644 | 47,852 | 37,922 | 35,295 | 36,054 |
| Prepaid Taxes | 224,302 | 742,199 | 730,279 | 566,362 | 438,350 | 355,081 | 330,836 |
| Advances and Prepaid Expenses | 134,366 | 144,938 | 277,609 | 235,921 | 245,321 | 256,442 | 286,446 |
| Total Current Assets | 1,369,470 | 2,509,694 | 1,817,572 | 2,566,830 | 2,038,878 | 2,073,521 | 1,261,409 |
| | | | | | | | |
| Non-Current Assets | | | | | | | |
| Prepaid Expenses – Net of Current Portion | 303,097 | 476,320 | 503,945 | 573,551 | 785,863 | 847,204 | 789,196 |
| 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 | 8,284,730 |
| Intangible Assets | 129,303 | 124,417 | 119,532 | 121,495 | 114,897 | 108,299 | 113,301 |
| Deferred Tax Assets | | | | 125 | 229 | 747 | 1103 |
| Other Non-Current Financial Assets | 379,793 | 484 | 1,229,610 | 539,051 | 265,832 | 352,366 | 270,955 |
| Total Non-Current Assets | 4,941,403 | 10,385,006 | 11,921,175 | 11,452,464 | 10,571,190 | 9,596,960 | 9,459,285 |
| Total Assets | 6,310,873 | 12,894,700 | 13,738,747 | 14,019,294 | 12,610,068 | 11,670,481 | 10,720,694 |

Statements of financial position (liabilities)



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

| | 2013 | 2014 | 2015 | 2016* | 2017* | 2018* | 3Q 2019 |
|---|-----------|------------|-----------|-----------|-----------|-----------|-------------|
| | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Unaudited) |
| Current Liabilities | | | | | | | |
| Trade Payables | | | | | | | |
| - Related Party | 18,007 | 3,562 | 293 | 17,227 | 9,578 | 486 | 10,531 |
| - Third Parties | 17,120 | 29,012 | 31,684 | 51,728 | 26,116 | 14,410 | 11,535 |
| Other Current Financial Liabilities | 209 | 8,450 | 523 | 454 | 427 | | |
| Taxes Payable | 5,306 | 11,343 | 32,857 | 19,489 | 9,693 | 8,863 | 6,747 |
| Accruals | 102,672 | 116,339 | 211,919 | 172,969 | 159,945 | 77,620 | 158,236 |
| Deferred Income | 110,215 | 565,129 | 250,459 | 732,401 | 615,401 | 852,120 | 378,943 |
| Short-Term Bank Loan | | 1,741,600 | | | | 360,000 | 100,000 |
| Short-Term Syndicated Loan | | | | 100,000 | | 222,766 | 377,158 |
| Current Portion of Long-Term Bank Loan | 308,485 | 3,732,000 | 304,180 | | | | |
| Total Current Liabilities | 562,014 | 6,207,435 | 831,915 | 1,094,268 | 821,160 | 1,536,265 | 1,043,150 |
| Non-Current Liabilities | | | | | | | |
| Long-Term Loan | 2,656,440 | 4,153,169 | 3,754,404 | 3,846,124 | 3,649,029 | 7,134,063 | 6,654,162 |
| 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 | 30,248 |
| Total Non-Current Liabilities | 3,454,385 | 4,824,588 | 8,092,296 | 8,241,963 | 7,695,498 | 7,164,311 | 6,684,410 |
| | | | | | | | |
| Total Liabilities | 4,016,399 | 11,032,023 | 8,924,211 | 9,336,231 | 8,516,658 | 8,700,576 | 7,727,560 |

Statements of financial position (Equity)



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

| Total Equity | 2,294,474 | 1,862,677 | 4,814,536 | 4,683,063 | 4,093,410 | 2,969,905 | 2,993,134 |
|----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| - Non-controlling Interest | | | | | | | |
| - Owners of the Parent | 2,294,474 | 1,862,677 | 4,814,536 | 4,683,063 | 4,093,410 | 2,969,905 | 2,993,134 |
| Total Equity Attributable To: | | | | | | | |
| Other Comprehensive Income | 51,462 | -18 | 420,799 | 157,422 | 509,528 | -14,145 | 881 |
| Retained Earnings | 933,803 | 553,131 | 690,484 | 822,112 | -119,647 | -719,479 | -711,276 |
| Additional Paid-in Capital – Net | 1,229,780 | 1,230,128 | 3,589,495 | 3,589,711 | 3,589,711 | 3,589,771 | 3,589,771 |
| Issued and Paid-Up Capital | 79,429 | 79,436 | 113,758 | 113,758 | 113,758 | 113,758 | 113,758 |
| Equity | | | | | | | |
| | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Unaudited) |
| | 2013 | 2014 | 2015 | 2016* | 2017* | 2018* | 3Q 2019 |

Statements of cash flows



Statements of cash flows (in IDR millions)

| | 2013 | 2014 | 2015 | 2016* | 2017 | 2018 | 3Q 2019 |
|--|------------|------------|-----------------|-----------|------------|------------|------------|
| | 2013 | 2014 | 2015 | 2010 | 2017 | 2010 | 30 2019 |
| | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | (Audited) | Unaudited) |
| Cash Flows from Operating activites | | | | | | | |
| Cash Received from Customers | 603,107 | 1,432,225 | 1,201,587 | 1,622,474 | 2,225,161 | 1,892,016 | 1,688,551 |
| Payment to Suppliers and Opex | -371,175 | -740,265 | -215,098 | -219,457 | -162,272 | -249,917 | -225,332 |
| Interest Received | 12,401 | 15,784 | 31,342 | 15,697 | 20,057 | 7,984 | 11,743 |
| Tax Payment and Others | -58,660 | -33,731 | -50,418 | -1,032 | -1,727 | -13,031 | -16,430 |
| Net Cash provided by operating | 185,673 | 674,013 | 967,413 | 1,417,682 | 2,084,673 | 1,637,052 | 1,458,532 |
| Cash Flows from Investing activities | | | | | | | |
| Property and Equipment acquisition-net | -181,791 | -161,375 | -92,682 | -386,463 | -315,596 | -161,295 | -177,151 |
| Prepayment for Ground lease | -168,616 | -247,332 | -209,993 | -215,769 | -395,687 | -210,370 | -92,836 |
| Investment property – net | -1,402,830 | -5,884,799 | -292,856 | | | | |
| Advances for construction | | -8,681 | -48,388 | 74 | -1,710 | -3,159 | -6,280 |
| 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 | -276,267 |
| Cash Flows from Financing activites | | | | | | | |
| Net Proceeds from exercise of Limited Public offering II | | | 1,931,016 | | | 3,979,763 | 100,000 |
| 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 | -508,290 | -623,188 |
| Proceeds (Payment) from Bond issuance | | | 3,859,800 | | | -4,123,500 | |
| Payment of financial charges | -336,037 | -498,368 | -1,072,118 | -973,885 | -869,813 | -733,256 | -607,891 |
| 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 | -1,131,079 |
| Net (decrease) increase in cash | 261,964 | 792,120 | -1,085,500 | -47,536 | 95,291 | -123,055 | 51,186 |
| Effect of forex difference on cash | -64 | 1,542 | -4,063 | 3,207 | -138 | -10,049 | -982 |
| Cash and cash equivalent at beginning of year | 263,326 | 525,226 | 1,318,888 | 229,325 | 184,996 | 280,149 | 147,045 |
| Cash and cash equivalent at end of year | 525,226 | 1,318,888 | 229,325 | 184,996 | 280,149 | 147,045 | 197,249 |



