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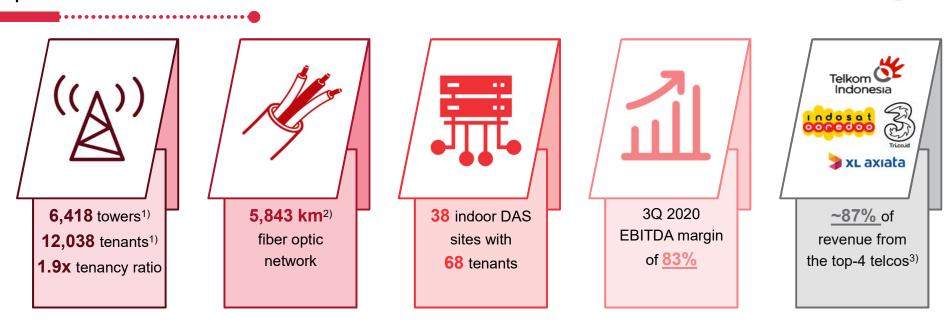
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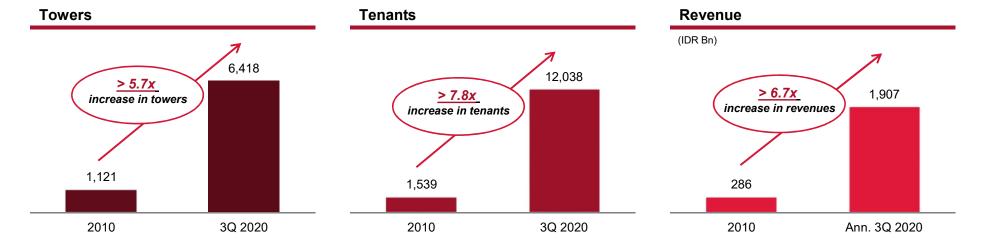
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# STP at a glance: Indonesia's premier optical & wireless infrastructure provider







**Notes**: 1) As of 30 Sep 2020

2) As of 30 Sep 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

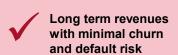
# Indonesia has one of the most attractive tower markets globally...

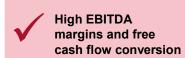


## **Indonesia Tower Market**











# **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
6 %  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) 1	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

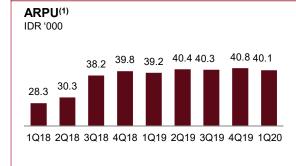
# ...supported by favourable mobile industry dynamics...





# Supportive competitive and pricing environment

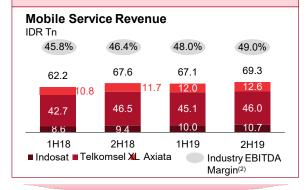
- Post the SIM registration period (ended in May 2018) which resulted in intense price competition, pricing has remained rational through 2019 and will likely remain so
- Both Indosat and XL Axiata in particular are focused on profitability and are hence likely more incentivized to increase prices than engage in price wars
- Telecom operators, particularly Indosat and Telkomsel, increased prices during 2H2018 and 2019, which led to the recovery of ARPU





# Healthy revenue growth amongst telecom operators

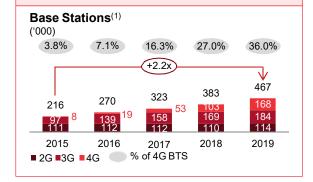
- On the back of improving pricing dynamics, revenues amongst telecom operators have grown by 11.5% since 1H18
- Over the same period, profitability has also improved as operators are focused on improving data monetization
- This has allowed operators, particularly Indosat and XL Axiata, to continue investing and improving its network coverage





# 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 ~36% of total BTS<sup>(1)</sup> 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 ~1.7-2.0x more 4G BTS vs. XL and Indosat)





Operators able to focus resources on capex vs. subscriber acquisition

Str

Strong earnings recovery, ready for next phase of growth

**V** 

Willingness to invest and improve their network

Source: Company filings

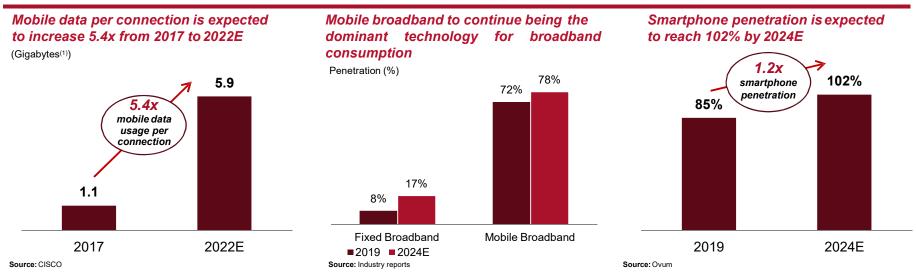
Notes: 1) Among the top 3 operators: Telkomsel, XL Axiata and Indosat

2) Industry EBITDA margin is calculated by total EBITDA of Telkomsel, XL Axiata and Indosat divided by total revenue of Telkomsel, XL Axiata and Indosat

# ...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...



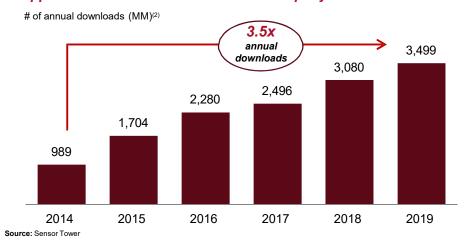
## ...driven by an increasingly literate mobile generation

### Emergence of content and apps is transforming the way welive



Media & entertainment

## App downloads in Indonesia have risen rapidly



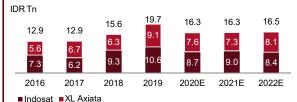
# Tower industry poised to benefit from higher capex spend by mobile operators



#### **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



Source: Historical from company filings, Projections from Capital IQ as of 31 July 2020

The CAPEX for the first half was IDR 4.2 trillion. This year, it went down to IDR 3.2 trillion. And guarter-on-guarter, we see an increase from IDR 600 billion in the quarter-toquarter to IDR 2.628 trillion, and we're still committing to meet the CAPEx guidance, which was announced at the beginning of the year between IDR 8.5 trillion to IDR 9.5Tn

- Indosat CFO, 2Q20 Earnings Call, 29 July 2020

Escalated 2019 CAPEX was to ensure the network rollout will be on track in 2020. Due to current situation, there was a slowdown in network rollout in Q1 '20. We are taking all necessary steps to accelerate network rollout in coming months and we are confident of meeting 2020 expansion plan

- Indosat CFO, 1Q20 Earnings Call, 29 April 2020

Our CAPEX spend guidance is around IDR 7.5 trillion, which will remain focused on data network investment in 4G and continuous network improvement and modernization in and outside Java

- XL Axiata CEO, 4Q19 Earnings Call, 11 February 2020

#### 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

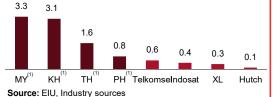
- Data revenue is expected to become the industry's most important revenue driver and has resulted in increase in competition in this segment
- Total data usage across the top 3 operators have increased ~6x since 2016



#### 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)



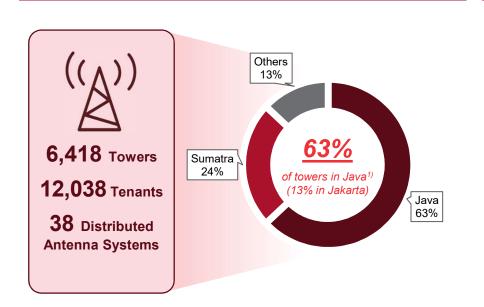
Notes: 1) Spectrum holding for peer countries calculated as average of spectrum portfolio of MNOs in respective countries

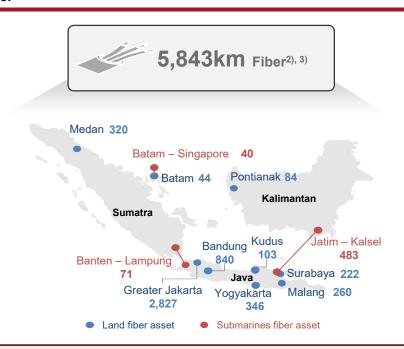
2) Among the top 3 operators: Telkomsel, XL Axiata and Indosat

# 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) Ja

- 1) Java includes both Java and Bali Island, as well as Greater Jakarta
- 2) Including fiber optic networks that STP operates under Icon+ partnership
- 3) Not shown on map: Makassar (South Sulawesi): 203km of land fiber asset

# 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 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



 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



Higher quality and visibility of earnings



New contracts secured with prime customers



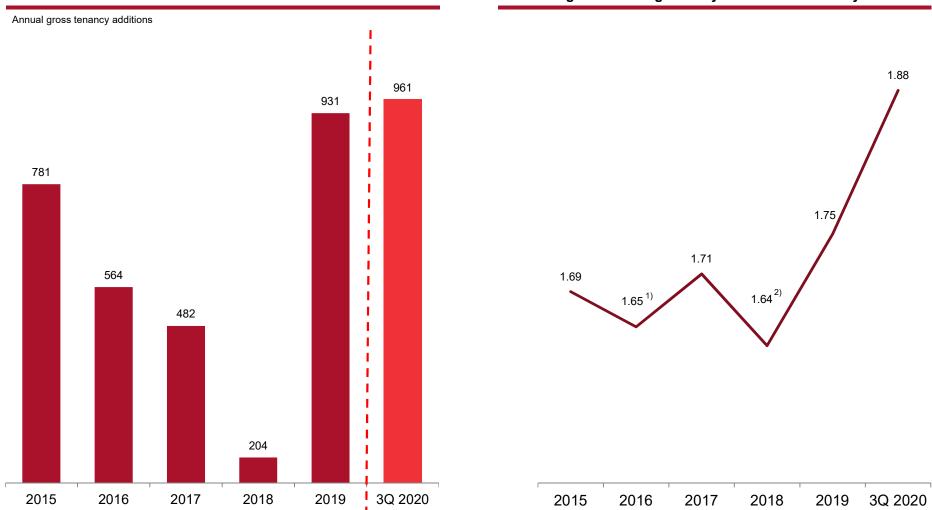
Superior land lease management and cost control

# Actively enhancing returns on its tower portfolio through colocation





...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.

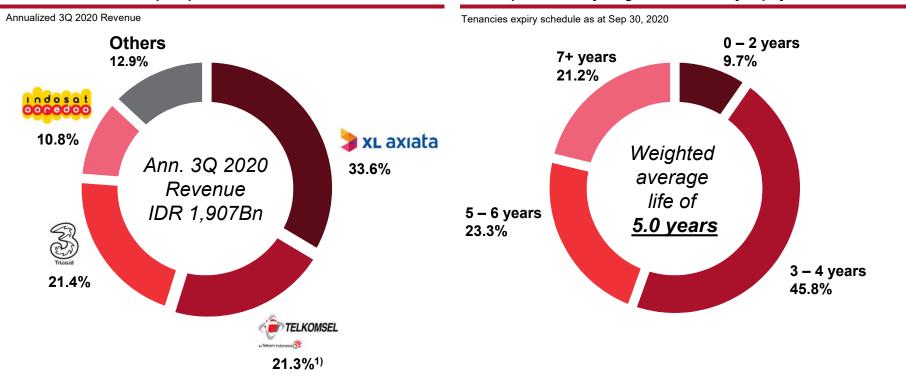
<sup>2)</sup> The decrease in the tenancy ratio as a result of the termination of Internux/First Media and XL-Axis tenancies in 2018

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





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



- √ 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)
- √ We proactively manage our average land lease duration to match the tenancy expiry schedule, which has an average life of 4.9 years. ~62% of the land leases are expiring in 2025 and beyond

# Growth strategy for our fiber business



Continue B2S Fiber to Tower

Aggressive 2<sup>nd</sup> tenant onboarding

**Expand FTTH Open Access Home Pass** 

**Increase NAP<sup>1</sup> Capacity** 

- Continue implementation plans for rolling out fiber optics ("FO") networks.
- Engagement with telcos on Fiber to Tower requirements focused on the same cities
- Engagement with 2<sup>nd</sup> tenant or 3<sup>rd</sup> tenant for deployed fiber to tower
- Greater engagement with regional & local Internet Service Providers ("ISP")
- Overall increase in Internet bandwidth during COVID 19
- Engagement with existing and new ISPs to increase demand

# STP stands to benefit immensely from the above initiatives:



**Expand STP's fiber footprint** 



Improve economics of existing fiber assets



Deepen FTTH Open Access local penetration

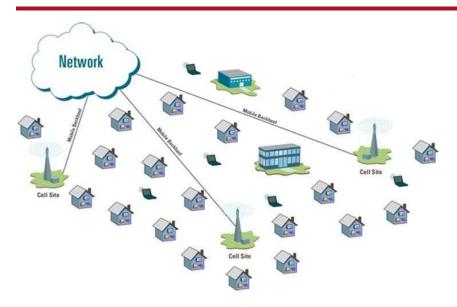


Capitalize on macro tailwind to drive growth

# STP's fiber network offers potential growth upside through mobile backhaul and fiber-to-the-home ("FTTH") roll-out

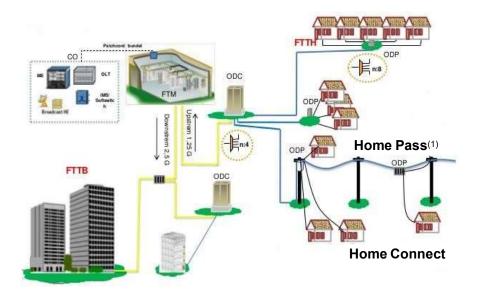


#### **Mobile Backhaul overview**



- Mobile Backhaul refers to the network between the base station sites (Node-B, eNode-B, BTS) and the network controller site (Ratio Network Controller = RNC, S-GW)
- Telecom operators shifting to mobile backhaul as microwave backhaul no longer provides sufficient capacity for intensifying data traffic
- STP is able to offer mobile backhaul connectivity to telecom operators through leasing of core fiber and fibercapacity

#### **FTTH overview**



- FTTH refers to fiber optics roll-out in residential areas ("Home Pass") to provide fixed broadband to households via last-mile connections ("Home Connect")
- Target customers include local ISPs, local pay TV operators, and triple-play operators seeking to provide fixed broadband to local households<sup>(2)</sup>
- STP offers FTTH connectivity through its existing c. 19k<sup>(3)</sup>
   Home Passes (target 25k Home Passes by end of 2020) in
   Jakarta, Bandung, Cirebon and Manado with potential rollouts to other cities in the medium term

Notes: 1) Home Pass is a premise which a service provider has capability to connect to an FTTH/FTTB network in a service area

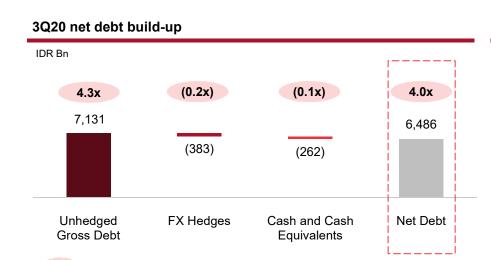
- 2) Refer to page 16 in Appendix A on the market potential of the Indonesian fixed broadband market
- 3) As of October 2020

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



79.1%

2023



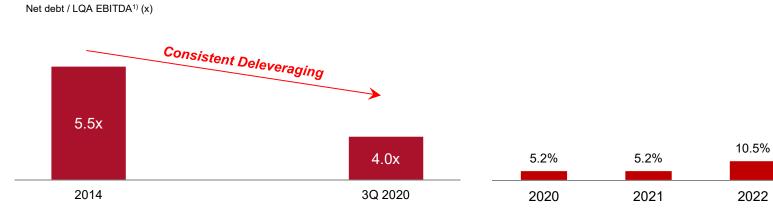
### Prudent risk management policy

- √ FX hedges in place to mitigate volatility in currency and interest rate
- √ 54% of all outstanding debt²) is USD denominated which is 100% hedged against FX risk for principal and interest payments

## **Deleveraging profile**

Multiple of LQA EBITDA

## 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

# Business resilient despite COVID-19 with positive tailwinds for growth





## 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 Workfrom-Home ("WFH") policies
- 3Q2020 yoy tower revenue growth of 8.6%



#### **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 H3l's programs and will look to do the same for all operators
- 3Q2020 yoy non-tower revenue growth of 26.2%



## Sustained Growth while Maintaining Liquidity

- Revenue growth sustained despite Covid-19 disruptions.
- As of Sep'20 cash stood at Rp.262 billion; debt service 100% hedged against FX risk
- Working capital Collection from customers remain undisrupted.



STP's tenancy ratio expected to improve further

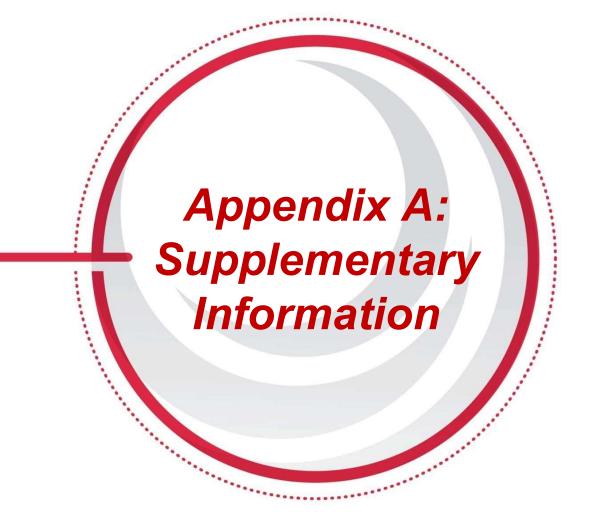


STP expects to participate in more fiberization programs



STP minimally impacted by COVID-19 with adequate liquidity headroom

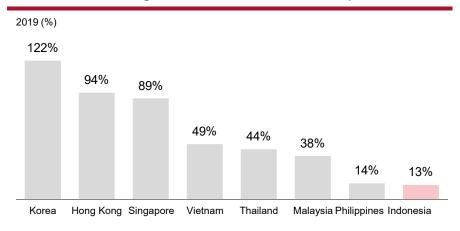




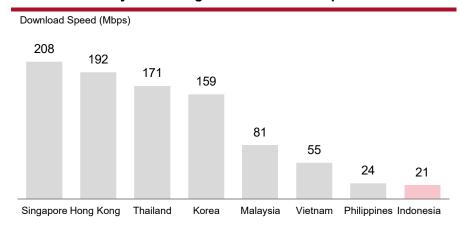
# Indonesia's fixed broadband market is nascent



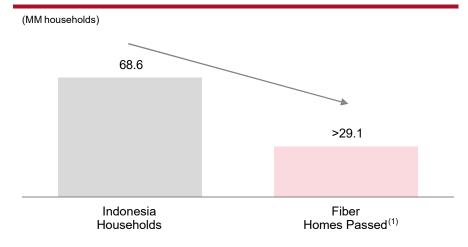
## Indonesia has amongst the lowest fixed broadband penetration...



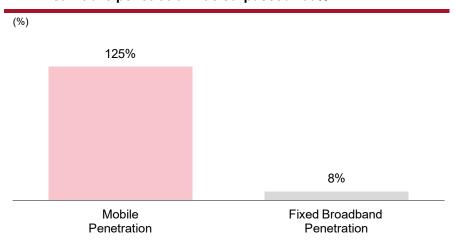
## ...and a relatively low average fixed broadband speed



## Only c. 42% of homes in Indonesia have access to fiber...

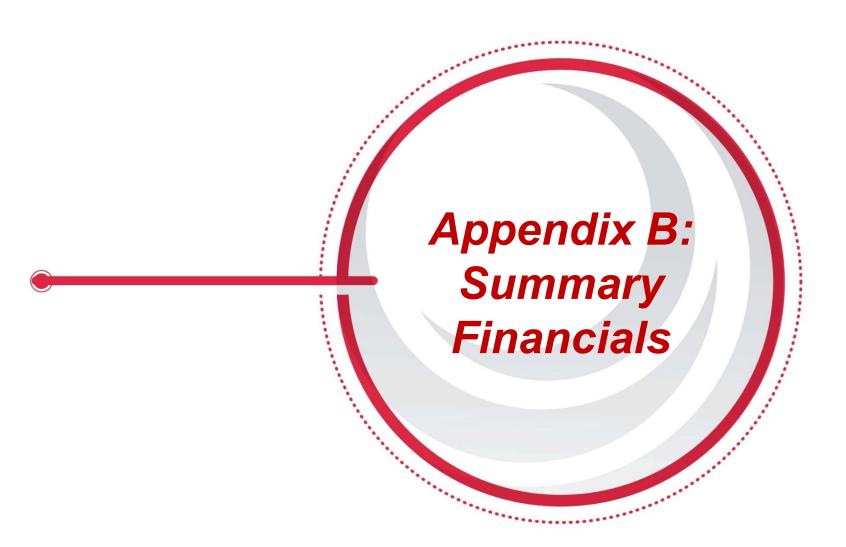


## ... whilst mobile penetration has surpassed 100%



Source: Media Partners Asia (2019), Ookla, Company filings





# Income statement



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

	FY 2016*	FY 2017	FY 2018	FY 2019	3Q 2019	3Q 2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	1,821,446	1,908,487	1,899,775	1,767,050	1,306,690	1,430,588
Cost of revenue	(130,218)	(125,183)	(119,055)	(123,933)	(92,014)	(104,082)
Operating expenses	(137,546)	(137,257)	(142,989)	(165,077)	(124,700)	(137,631)
EBITDA	1,553,682	1,646,047	1,637,731	1,478,040	1,089,976	1,188,875
EBITDA Margin (%)	85.3%	86.2%	86.2%	83.6%	83.4%	83.1%
Depreciation and Amortization	(340,941)	(336,405)	(383,392)	(392,193)	(290,285)	(398,358)
<b>Operating Profit</b>	1,212,741	1,309,642	1,254,339	1,085,847	799,691	790,517
Operating Profit Margin (%)	66.6%	68.6%	66.0%	61.4%	61.2%	55.3%
Other Income (Expense)						
Financial Charges	(1,005,066)	(1,002,138)	(954,603)	(855,885)	(644,356)	(589,483)
Other than Financial Charges - net	313,378	(96,370)	(1,502,074)	11,909	(146,126)	(35,346)
Profit (Loss) Before Tax	521,053	211,134	(1,202,338)	241,871	9,209	165,688
Income Tax Benefits (Expenses)	(208,596)	119,827	(21,505)	(13,489)	(1,006)	(1,463)
Net Profit (Loss) After Tax	312,457	330,961	(1,223,843)	228,382	8,203	164,225
Total Other Comprehensive Income						
for the Period Net Off Tax	(446,690)	(920,615)	100,338	(224,771)	15,026	(60,750)
Total Comprehensive Income for the Period	(134,233)	(589,654)	(1,123,505)	3,611	23,229	103,475

# Statements of financial position (assets)

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

	FY 2016*	FY 2017	FY 2018	FY 2019	3Q 2019	3Q 2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Current Assets						
Cash and Cash Equivalents	184,996	280,149	147,045	361,534	197,249	262,434
Trade Receivables - Third Parties	958,050	754,948	1,005,389	611,786	166,794	191,782
Other Current Financial Assets	573,649	282,188	274,269	221,119	244,030	229,552
Inventory	47,852	37,922	35,295	37,649	36,054	56,608
Prepaid Taxes	566,362	438,350	355,081	264,173	330,836	263,480
Advance and Prepaid Expenses	235,921	245,321	256,442	268,345	286,446	177,252
Total Current Assets	2,566,830	2,038,878	2,073,521	1,764,606	1,261,409	1,181,108
Non-Current Assets						
Prepaid Expenses - Net of Current Portion	573,551	785,863	847,204	799,699	789,196	189,165
Property and Equipment	10,218,242	9,404,369	8,288,344	8,441,722	8,284,730	8,570,950
Right of Use Assets	-	-	-	-		1,564,216
Intangible Assets	121,495	114,897	108,299	110,769	113,301	107,579
Deferred tax Assets	125	229	747	1,145	1,103	425
Other Non-Current Financial Assets	539,051	265,832	352,366	46,884	270,955	304,799
Total Non-Current Assets	11,452,464	10,571,190	9,596,960	9,400,219	9,459,285	10,737,134
Total Assets	14,019,294	12,610,068	11,670,481	11,164,825	10,720,694	11,918,242

# Statements of financial position (liabilities)

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

	FY 2016* (Audited)	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	3Q 2019 (Unaudited)	3Q 2020 (Unaudited)
Current Liabilities	(Addited)	(Martea)	(Addited)	(riddiced)	(Ondudited)	(onduced)
Trade Payables						
- Related Party	17,227	9,578	486	2,548	10,531	54
- Third Party	51,728	26,116	14,410	8,512	11,535	7,333
Other Current Financial Liabilities	454	427	157	15,383	424	21,463
Taxes Payable	19,489	9,693	8,863	7,791	6,747	4,957
Accruals	172,969	159,945	77,463	171,741	157,812	185,283
Deferred Income	732,401	615,401	852,120	688,183	378,943	375,958
Current Portion of Lease Liability	-	-	-	-	-	98,695
Short-Term Bank Loan	-	-	360,000	300,000	100,000	350,000
Short-Term Syndicated Loan	100,000	-	-	-	-	-
Current Portion of Long-Term Bank Loan	-	-	222,766	372,831	377,158	388,950
Total Current Liabilities	1,094,268	821,160	1,536,265	1,566,989	1,043,150	1,432,693
Non-Current Liabilities						
Long-Term Portion of Lease Liability	-	-	-	-	-	845,187
Long-Term Loan	3,846,124	3,649,029	7,134,063	6,585,646	6,654,162	6,523,925
Bond Payable	3,967,221	4,019,204	-	-	-	-
Deferred tax Liabilities	407,829	-	-	-	-	772
Long-Term Employment Benefit Liabilities	20,789	27,265	30,248	38,674	30,248	38,674
Total Non-Current Liabilities	8,241,963	7,695,498	7,164,311	6,624,320	6,684,410	7,408,558
Total Liabilities	9,336,231	8,516,658	8,700,576	8,191,309	7,727,560	8,841,251

# Statements of financial position (equity)

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

	FY 2016* (Audited)	FY 2017 (Audited)	FY 2018 (Audited)	FY 2019 (Audited)	3Q 2019 (Unaudited)	3Q 2020 (Unaudited)
Equity				<u> </u>		
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)	(711,276)	(318,588)
Other Comprehensive Income	157,422	509,528	(14,145)	(247,200)	881	(307,950)
Total Equity Attributed to:						
- Owners of the Parent	4,683,063	4,093,410	2,969,905	2,973,516	2,993,134	3,076,991
- Non Controlling Interest	-	-	-	-		
Total Equity	4,683,063	4,093,410	2,969,905	2,973,516	2,993,134	3,076,991
Total Liabilities and Equity	14,019,294	12,610,068	11,670,481	11,164,825	10,720,694	11,918,242

# Statements of cash flows



## Statements of cash flows (in IDR millions)

	FY 2016*	FY 2017	FY 2018	FY 2019	3Q 2019	3Q 2020
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities						
Cash Received from Customers	1,622,474	2,225,161	1,892,016	2,035,354	1,688,551	1,607,728
Payment to Suppliers and Opex	(219,457)	(162,272)	(249,917)	(168,299)	(225,332)	(397,466)
Interest Received	15,697	20,057	7,984	13,058	11,743	17,200
Tax Payment and Others	(1,032)	1,727	(13,031)	(3,144)	(16,430)	1,299
Net Cash provided by operating	1,417,682	2,084,673	1,637,052	1,876,969	1,458,532	1,228,761
Cash Flows from Investing Activities						
Property and Equipment - Procurement	(386,463)	(315,596)	(161,295)	(306,228)	(177,151)	(269,724)
Payments For Land Lease	(215,769)	(395,687)	(210,370)	(223,391)	(92,836)	(55,160)
Addition of Intangible Assets	-	-	-	-	-	(4,104)
Advances for Construction	74	(1,710)	(3,159)	(4,689)	(6,280)	(9,495)
Others	24,843	-	-	-	-	-
Net Cash used in investing	(577,315)	(712,993)	(374,824)	(534,308)	(276,267)	(338,483)
Cash Flows from Financing Activities						
Financing Transaction - net	85,982	(406,576)	3,471,473	(323,188)	(523,188)	(351,266)
Payments of right of use assets lease liabilities					-	(117,922)
Proceeds (Payment) from Bond Issuance	-	-	(4,123,500)	-	-	-
Payment of Financial Charges	(973,885)	(869,813)	(733,256)	(805,560)	(607,891)	(518,596)
Net Cash used in financing	(887,903)	(1,276,389)	(1,385,283)	(1,128,748)	(1,131,079)	(987,784)
Net (decrease) increase in cash	(47,536)	95,291	(123,055)	213,913	51,186	(97,506)
Effect of forex difference on cash	3,207	(138)	(10,049)	576	(982)	(1,594)
Cash and cash equivalent at beginning of year	229,325	184,996	280,149	147,045	147,045	361,534
Cash and cash equivalent at end of year	184,996	280,149	147,045	361,534	197,249	262,434



