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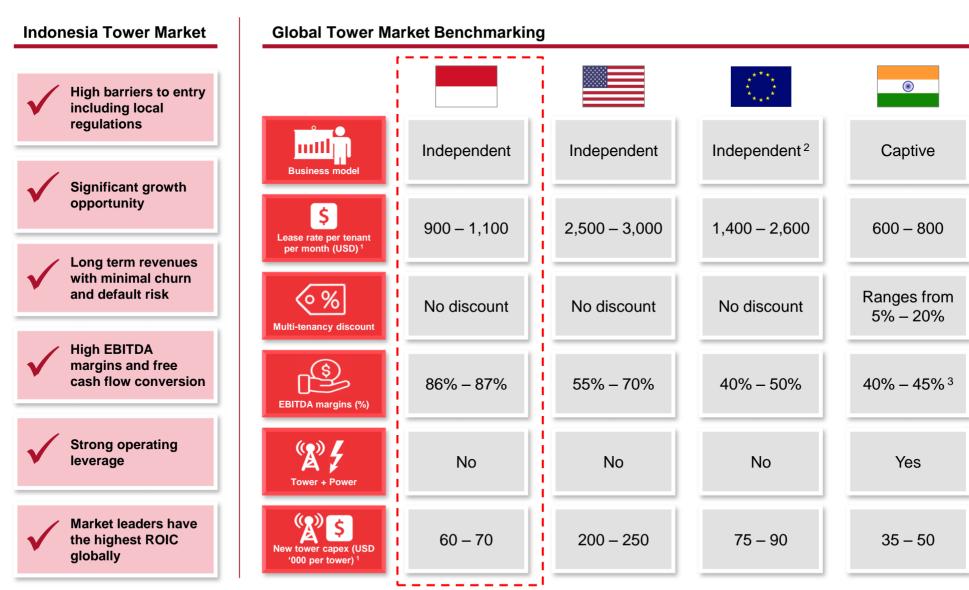
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# Indonesia has one of the most attractive tower markets globally...





Source: Industry report

Note: 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

# ...underpinned by strong organic growth fundamentals





#### **Network Coverage Expansion**

## Palapa Ring

- Telkomsel currently has c. 30.000 coverage sites
  - To achieve similar coverage, Indosat and XL Axiata will need additional c. 8,500 coverage sites each
  - Expansion is likely to be focused outside Java

- A nationwide fibre optic backbone expected to improve internet access across towns and villages in ex-Java where standalone deployment would not be economically viable for operators
- Such initiative will further reduce the cost of expansion to ex-Java areas incentivizing Indosat and XL to strengthen their ex-Java network coverage



**Expansion** 

## Capacity Growth

#### **Spectrum Constraint**

#### 3G / 4G Expansion

- Indonesian operators' spectrum holdings are low compared to leading operators in Southeast Asia
- Such constraint will generate new tenancy demand and additional equipment revenues
- Surging data demand will require operators to upgrade networks and expand their 3G / 4G capacity, generating additional equipment revenues



- Increasing urbanization will drive new services demand, such as microcell pole leasing and broadband
- Value proposition from such new services includes:
  - Cover blank spots and increase network capacity in dense data traffic areas
  - Greater scalability through faster deployment and lower capex per cell
  - Dedicated fiber broadband connections for companies
  - Supporting wireless infrastructure to provide wifi-offloads as required

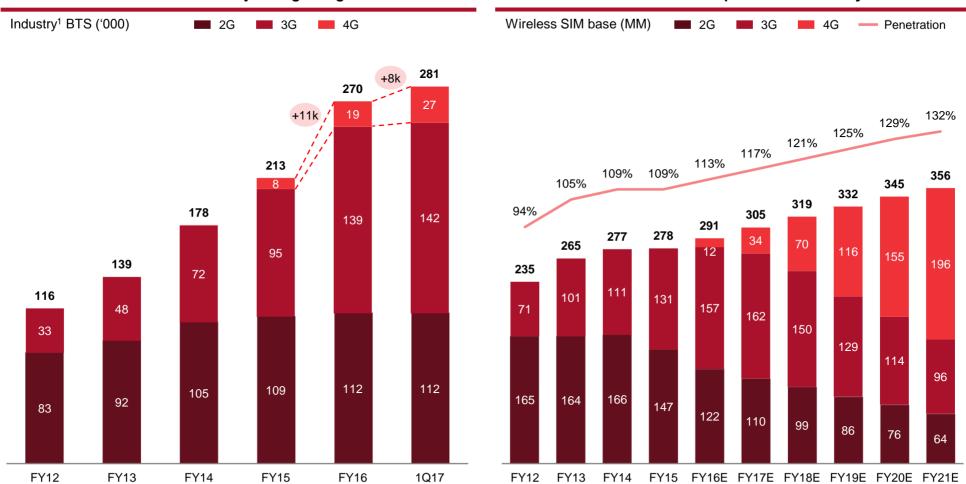
Source: Industry report

# Indonesia's telecom sector is transitioning from 3G to 4G...





## ...with 55% of SIM card users expected to use 4G by 2021



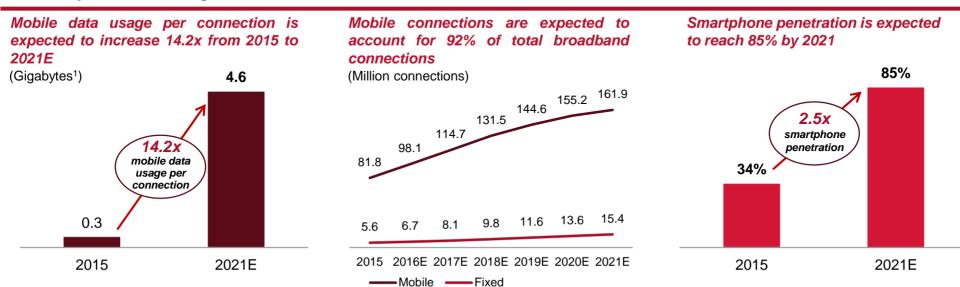
Source: Industry report

Note: 1 Includes Telkomsel, Indosat and XL Axiata

## ...as demand for mobile data continues to boom

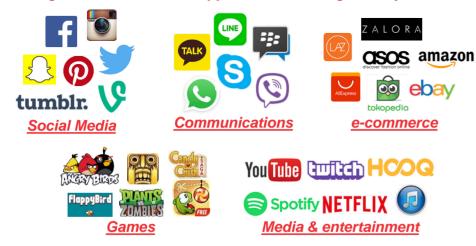


## We are only in the first inning of Indonesia's mobile data revolution...

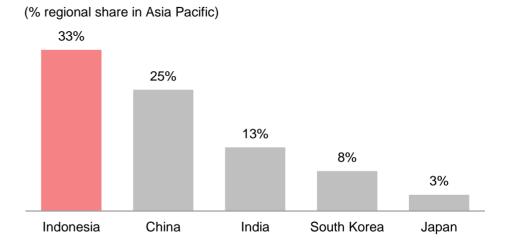


## ...driven by an increasingly literate mobile generation

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



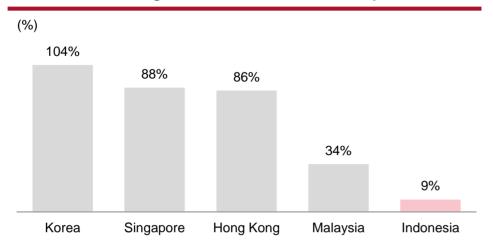
## Indonesia is the top market destination for mobile app industry<sup>2</sup>



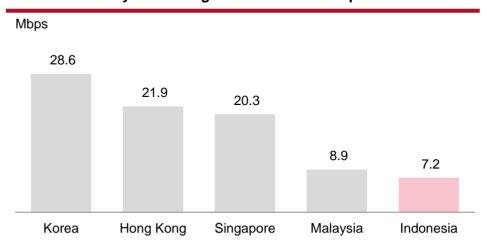
## Indonesia's fixed broadband market is nascent



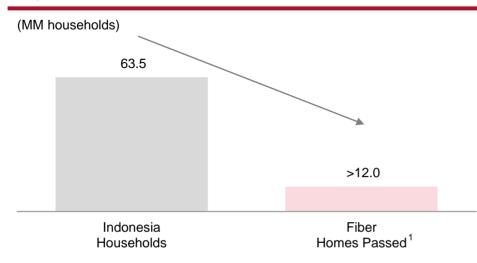
## Indonesia has amongst the lowest fixed broadband penetration...



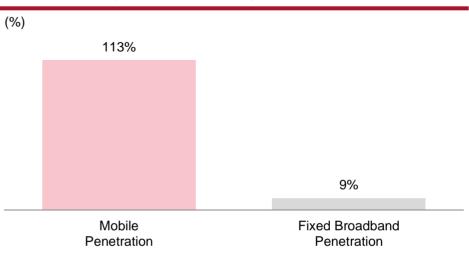
## ...and a relatively low average fixed broadband speed



Only c. 19% of homes in Indonesia have access to fiber ...



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







# Indonesia's premier wireless data network infrastructure provider





6,363 macro towers and561 microcell poles with11,726 tenants

~89% of revenue from the top-4 telcos¹







**2,823 km** fiber optic network







39 indoor DAS sites with 79 tenants

# Key investment highlights



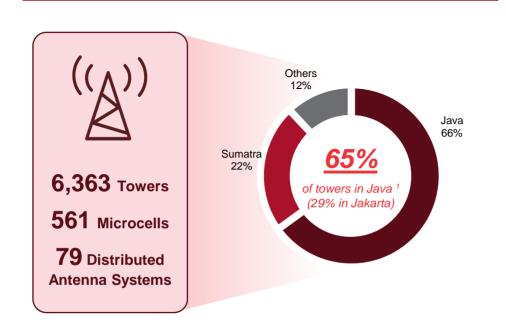
Prime provider of tower and fiber telecom infrastructure in Indonesia Strong execution track record of both organic and inorganic growth Entrenched customer relationships underpinning significant high quality contracted revenue backlog Data network / LTE infrastructure services are our key differentiators Well-utilized balance sheet Strong management team

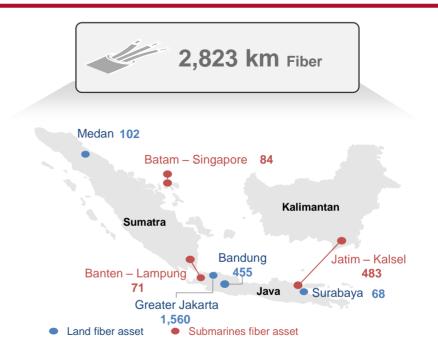
# 1 Prime provider of tower and fiber telecom infrastructure in Indonesia



## Tower, microcell and DAS

## **Fiber**





- ✓ First listed TowerCo in Indonesia to obtain license to lease out space on microcell poles (20-year contract) and possess fiber optics backbone to connect microcell poles supporting aggressive urban 3G / LTE rollout by mobile telecommunication operators
- ✓ Fiber optics coverage reaching 6 million premises in Jakarta to support growing data traffic demand
- ✓ Comprehensive solution includes microcell poles, DAS and fiber optic network, with magnitude and proportion expected to increase
- ✓ Potential new business opportunities for providing wholesale fiber connection to broadband and pay TV operators

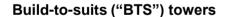




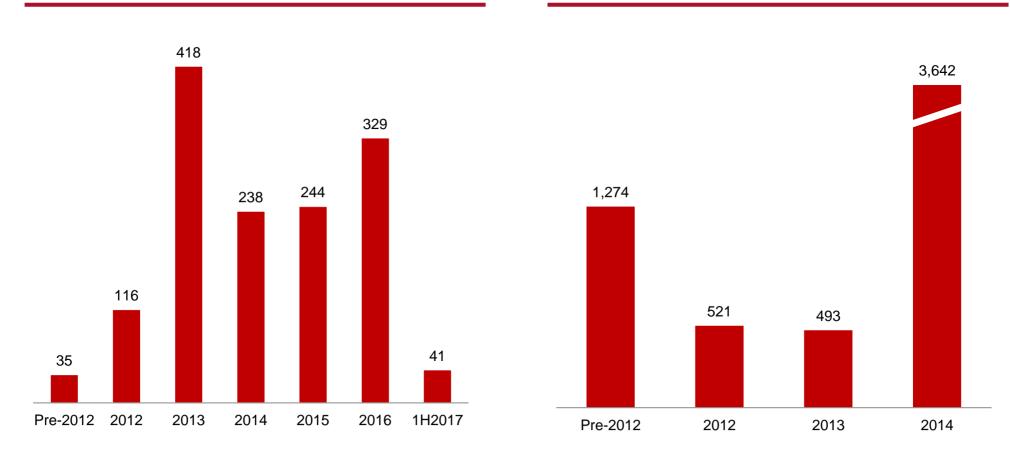
**Towers Tenants** Revenue (IDR Bn) 6,924 11,726 1,927 > 6.7x> 6.2x > 7.6x increase in increase in increase in tenants revenue towers 1,121 286 1,539 2Q17 2Q17 2010 LQA 2Q17 2010 2010







## **Acquired towers**



Indonesia's third largest independent tower portfolio comprising 1,380 build-to-suit ("B2S") towers and 5,930 acquired towers

# Entrenched customer relationships...

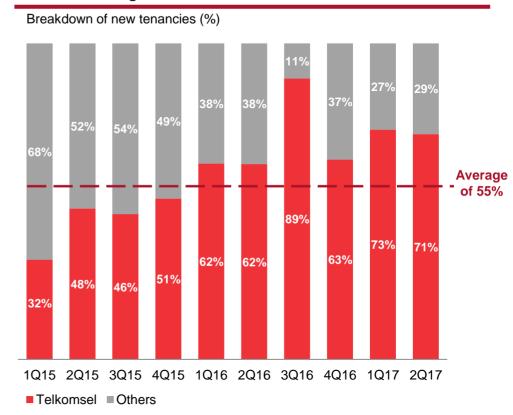


## Breakdown of 1H17 revenue contribution by operator

# Others 10.8% IDR960.6Bn 1H17 revenue 20.6% 20.6%

~89% of revenue from big-4 telcos

## We continue to grow our Telkomsel tenancies



- ✓ Key customers are Indonesia's four largest and most creditworthy mobile telecommunication operators contributing ~89% of revenue
- √ 88% of total tenancies are due for renewal from 2020 and beyond
- ✓ Our lease rates are fully reflective of current market rates and c. 98% of our leases are IDR denominated (remaining 2% USD denominated)



#### Contracted revenue as of 1H17

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## **Tenancies expiry schedule**



92.8% of contracted revenue are sourced from Big-4 telecom operators

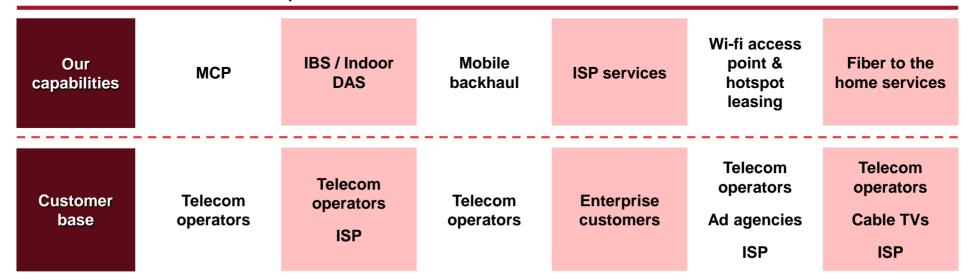
64.4% of tenancies will not be up for renewal until 5 years



# Data network / LTE infrastructure services are our key differentiators



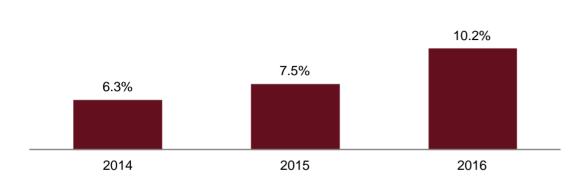
### STP's data network / LTE infra related products and services



## Increasing revenue contribution from microcell poles + fiber



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- ✓ Upfront capital expenditure to build out backbone fiber network infrastructure has been completed
- ✓ EBITDA per tenancy from microcell pole and fiber is higher than macro tower's
- ✓ Revenue contribution from microcell poles and fiber has been increasing over time

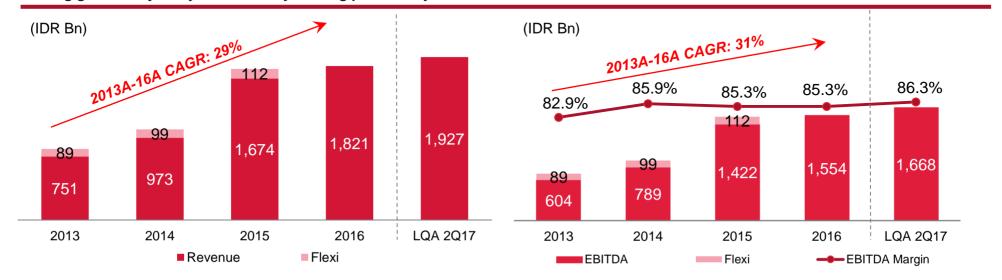
Note: 1 Revenue on a pro-forma basis, taking into account full year effect of acquisition of 3,500 XL towers for 2014 and excluding revenues from Bakrie Telecom and Telkom Flexi



# 5 Consistent growth with industry-leading profitability metrics



## Strong growth trajectory with industry-leading profitability metrics



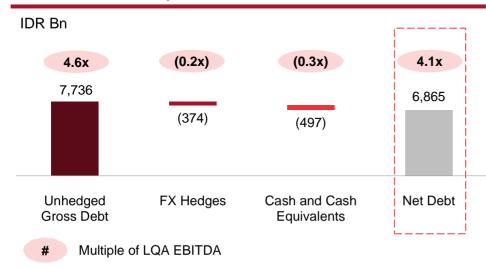
## Consistently increasing EBITDA every quarter over the last 14 quarters



# 6 Well-utilized balance sheet



## 2Q17 net debt build-up



### Prudent risk management policy

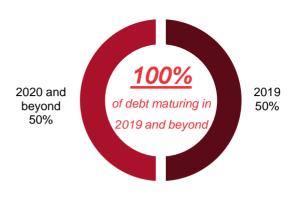
- √ FX hedges in place to mitigate volatility in currency and interest rate
- √ 87%² of all outstanding debt is hedged against interest rate fluctuation risk
- √ 87% of all outstanding debt is USD denominated, of which:
  - Principal: 100% is hedged against FX risk
  - Interest: 56%<sup>2</sup> is hedged against FX risk

## **Deleveraging profile**

Net debt / LQA EBITDA1 (x)



## Debt maturity profile



Notes: 1Net debt refers to gross debt less cash; 2 Post loan prepayment in April 2017 of ~IDR 300 billion

# 7 Strong management team





**Nobel Tanihaha**President Director

- President Director of STP since 2006
- Currently serves as Director of PT Sekawan Abadi Prima and President Director of PT Jaring Lintas Indonesia
- Previously served as Director of Vikay Group (property)
- Holds Bachelor of Science from University of Southern California, USA



Juliawati Gunawan Director

- Financial Controller of STP from 2009 to 2011, and Director of STP since 2011
- Previously was an auditor at Andersen Wordlwide Indonesia and a consultant at EY Indonesia
- Holds Bachelor of Economics majoring in Accounting from Tarumanagara University, Indonesia



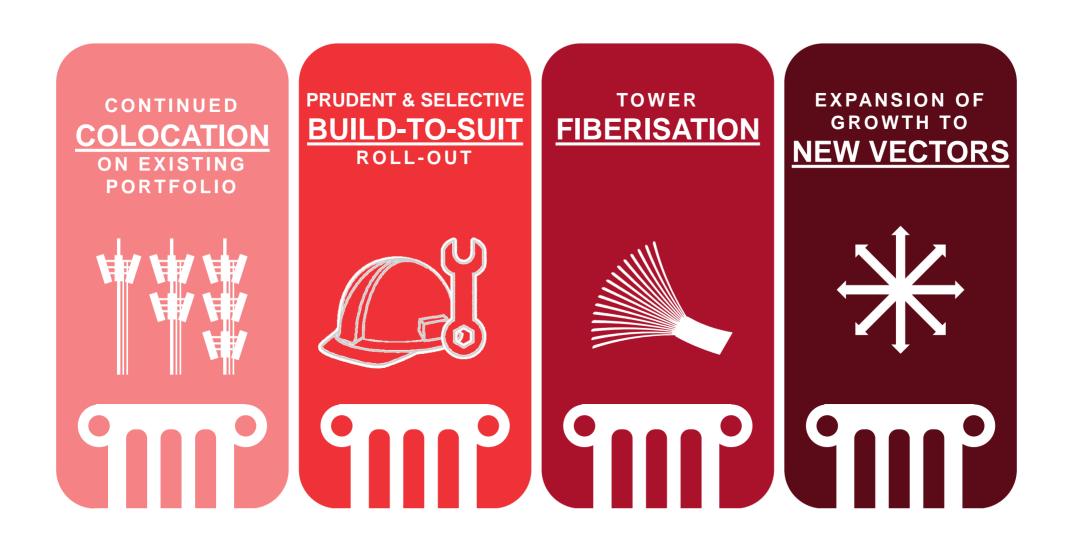
Tommy Gustavi Utomo Director

- Head of Property Management of STP from 2012 to 2013, and Director of STP since 2013
- Previously served as General Manager of Project Site Acquisition at PT Bakrie Telecom
- Holds Master of International Business from University of Indonesia and Bachelor of Economics from Gajah Mada University, Indonesia









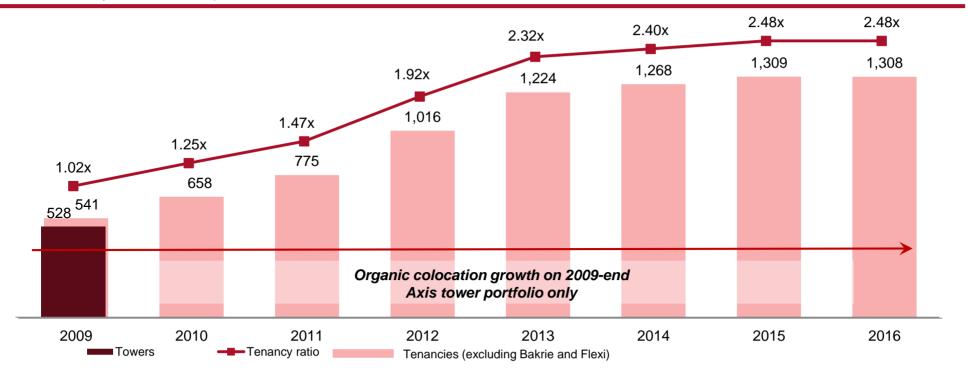
# Significant tenancy ratio expansion potential



#### **Evolution of our tenancies over time**

Organic colocation by STP	+0.62x
Tenancy ratio at Mar 2017 <sup>2</sup>	1.77x
Beginning tenancy ratio for all acquired / B2S sites <sup>1</sup>	1.15x

## Axis case study<sup>3</sup> – our first acquisition



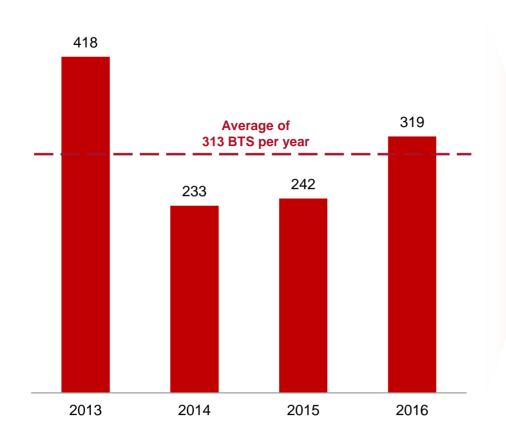
Source: Industry report

Notes: <sup>1</sup> Excluding Bakrie and Flexi tenancies of 211, 210, 210 and 210 in 2012, 2013, 2014, 2015 and 2016 respectively; <sup>2</sup> Calculated as the sum of tenancies of tower portfolios at point of acquisition and completion of BTS sites, divided by the sum of towers acquired and BTS sites as of September 30, 2014; excludes XL acquisition; <sup>3</sup> Case study of portfolio of 528 under-construction towers acquired from Axis in 2007. The towers were fully-constructed in 2009;

# 2 Organic growth via disciplined build-to-suit initiatives







## Our philosophy

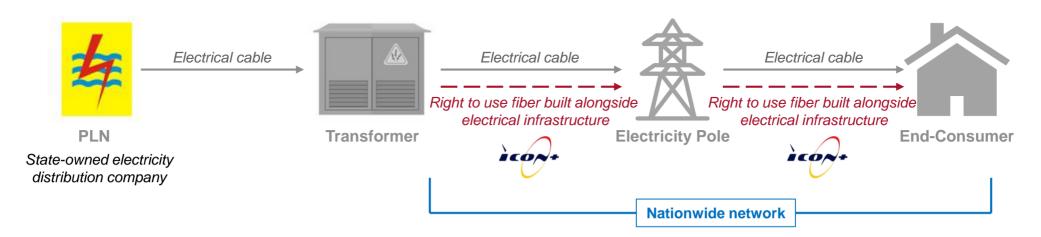
- ✓ No speculative build-to-suits
- ✓ Assessment of colocation potential before tower builds
- √ Towers are FCF-accretive on Day 1
- ✓ Contracts with tenants legally binding
- ✓ Majority of rent paid 1 year in advance

Towers are not built without a contract in hand

# Superior competitive advantage in tower fiberisation



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



## Partnership framework with icon+

- Icon+ has the right to use fiber network built alongside
   PLN's electrical infrastructure
- PLN will incur the necessary capital expenditure for constructing the fiber network
- STP expected to incur operating expenses associated with rolling out the fiber network
- STP to use the fiber network on a profit sharing basis

## **Tower fiberisation**

- √ Fiberisation of sites is becoming increasingly attractive economically
  - Microwave backhaul has become more expensive over time
  - Capacity requirement for telecom operators has increased driven by continuously increasing data consumption

# Expansion of growth to new vectors



#### Home fiberisation

- Partnership with icon+ unlocks potential of home fiberization
- √ Solution for telecom operators to offload 3G/4G network to WiFi at homes
- ✓ Could be further monetized by selling capacity to broadband providers

## Case study

- Completed a pilot project of fiberisation of 2,000 homes in 2016
- Secured contracts with XL Axiata, First Media and My Republic







### **Enterprise solution**

✓ Signed a framework agreement with Hitachi to jointly provide data center and cloud services to enterprises in Indonesia

Hitachi - STP Partnership





Global leader in data center and cloud solution

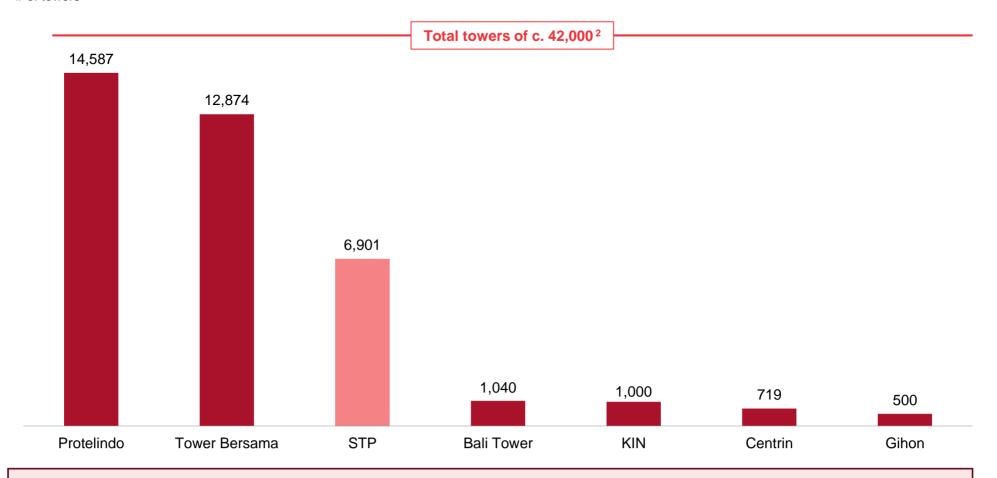
Operator of #1 independent fiber infrastructure in Indonesia

# Highly fragmented market provides inorganic growth opportunities



## Indonesia independent tower market <sup>1</sup>

# of towers



- ✓ Indonesia independent tower market is highly fragmented, and thus offers inorganic growth opportunities
- √ We will focus on acquisitions where we could extract significant synergies





# Income statement

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

				!		
	2013	2014	2015	2016	1H 2016	1H 2017
(in IDR millions)	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	840,097	1,071,929	1,785,853	1,821,446	957,830	960,575
Cost of Revenue						
Depreciation and Amortization	(103,818)	(117,791)	(186,766)	(228,250)	(111,222)	(117,260)
Other Cost of Revenues	(70,809)	(90,841)	(137,331)	(130,218)	(66,351)	(61,944)
Total	(174,627)	(208,632)	(324,097)	(358,468)	(83,670)	(89,189)
Gross Profit	665,469	863,297	1,461,756	1,462,978	780,257	781,371
Gross Profit Margin (%)	79.2%	80.5%	81.9%	85.3%	81.5%	81.3%
Operating Expenses						
Depreciation and Amortization	(7,634)	(10,217)	(16,279)	(22,486)	(10,922)	(11,225)
Other Operating Expenses	(76,146)	(92,930)	(114,782)	(137,546)	(73,448)	(69,533)
Total	(83,780)	(103,147)	(131,061)	(160,032)	(84,370)	(80,758)
Operating Profit	581,689	760,150	1,330,695	1,302,946	695,887	700,613
Operating Profit Margin (%)	69.2%	70.9%	74.5%	72.8%	72.7%	72.9%
Increase (Decrease) in Fair Value of Investment Property	91,665	(383,566)	3,610	(202,872)	-	-
Interest Income	12,401	15,784	31,342	15,697	9,567	13,840
Financial Charges	(285,456)	(440,086)	(1,035,031)	(1,005,066)	(500,538)	(504,782)
Others – Net	(132,170)	(460,166)	(88,601)	298,645	64,552	(21,181)
Profit (Loss) Before Tax	268,128	(507,884)	242,015	409,350	269,468	188,490
Income Tax Benefits (Expenses)	(70,519)	127,840	(105,140)	(172,221)	(80,494)	(57,720)
Profit (Loss) for the Period	197,609	(380,044)	136,875	237,129	188,974	130,770
Attributable to:						
- Owners of the Parent	197,596	(380,044)	136,875	237,129	188,974	130,770
- Non-controlling Interest	14	-	-	į	-	-

# Statements of financial position (assets)

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

				-	
	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	2Q 2017 (Unaudited)
Current Assets					
Cash and Cash Equivalents	525,226	1,318,888	229,325	184,996	496,851
Trade Receivables – Third Parties	193,888	100,415	279,237	958,050	370,967
Other Current Financial Assets	240,593	132,796	246,478	573,649	347,401
Inventory	51,095	70,458	54,644	47,852	44,324
Prepaid Taxes	224,302	742,199	730,279	566,362	524,525
Advances and Prepaid Expenses	134,366	144,938	277,609	235,921	273,280
Total Current Assets	1,369,470	2,509,694	1,817,572	2,566,830	2,057,348
Non-Current Assets				 	
Prepaid Expenses – Net of Current Portion	303,097	476,320	503,945	573,551	733,575
Investment Property	3,783,891	9,304,749	9,542,252	9,667,972	9,774,450
Property and Equipment	345,319	479,036	525,836	550,270	541,982
Intangible Assets	129,303	124,417	119,532	121,495	118,196
Deferred Tax Assets	-	-	-	125	195
Other Non-Current Financial Assets	379,793	484	1,229,610	539,051	155,794
Total Non-Current Assets	4,941,403	10,385,006	11,921,175	11,452,464	11,324,192
Total Assets	6,310,873	12,894,700	13,738,747	14,019,294	13,381,540

# Statements of financial position (liabilities)



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

				-	
	2013	2014	2015	2016	2Q 2017
Current Liabilities	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
Trade Payables					
- Related Party	18,007	3,562	293	17,227	4,074
- Third Parties	17,120	29,012	31,684	51,728	18,575
Other Current Financial Liabilities	209	8,450	523	454	424
Taxes Payable	5,306	11,343	32,857	19,489	17,176
Accruals	102,672	116,339	211,919	172,969	170,047
Deferred Income	110,215	565,129	250,459	732,401	683,136
Short-Term Bank Loan	-	1,741,600	-	-	-
Short-Term Syndicated Loan	-	-	-	100,000	-
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	893,432
Non-Current Liabilities					
Long-Term Loan	2,656,440	4,153,169	3,754,404	3,846,124	3,556,264
Bond Payable	-	-	4,056,000	3,967,221	3,941,611
Due to Related Party – Non-Trade	471,243	471,243	-	-	-
Deferred Tax Liabilities	318,876	187,384	264,041	402,508	444,419
Long-Term Employment Benefit Liabilities	7,826	12,792	17,851	20,789	20,789
Total Non-Current Liabilities	3,454,385	4,824,588	8,092,296	8,236,642	7,963,083
Total Liabilities	4,016,399	11,032,023	8,924,211	9,330,910	8,856,515

# Statements of financial position (equity)

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

	2013	2014	2015	2016	
	(Audited)	(Audited)	(Audited)	(Audited)	(Unaudited)
Equity					
Issued and Paid-Up Capital	79,429	79,436	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
Retained Earnings	933,803	553,131	690,484	925,598	1,056,368
Other Comprehensive Income	51,462	(18)	420,799	59,257	(234,872)
Total Equity Attributable To:					
- Owners of the Parent	2,294,474	1,862,677	4,814,536	4,688,384	4,525,025
- Non-controlling Interest	-	-		-	-
Total Equity	2,294,474	1,862,677	4,814,536	4,688,384	4,525,025
Total Liabilities And Equity	6,310,873	12,894,700	13,738,747	14,019,294	13,381,540

# Statements of cash flows

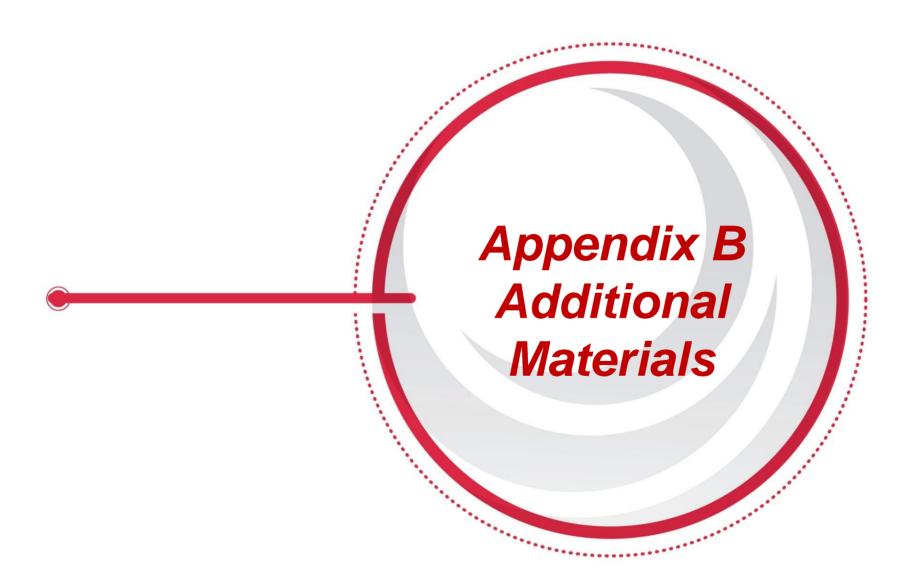
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## Statements of cash flows (in IDR millions)

	2013 (Audited)	2014 (Audited)	2015 (Audited)	2016 (Audited)	2Q 2017 (Unaudited)
Cash Flows from Operating activites	(riddited)	(/ tdutted)	(rtadited)	(rtadited)	(Griddanca)
Cash Received from Customers	603,107	1,432,225	1,201,587	1,622,474	1,696,451
Payment to Suppliers and Opex	(371,175)	(740,265)	(215,098)	(219,457)	(95,045)
Interest Received	12,401	15,784	31,342	15,697	13,840
Tax Payment	(58,660)	(33,731)	(50,418)	(1,032)	(8,525)
Net Cash provided by operating	185,673	674,013	967,413	1,417,682	1,606,721
Cash Flows from Investing activities					
Property and Equipment acquisition-net	(181,791)	(161,375)	(92,682)	(77,611)	(49,053)
Prepayment for Ground lease	(168,616)	(247,332)	(209,993)	(215,769)	(266,807)
Investment property – net	(1,402,830)	(5,884,799)	(292,856)	(308,910)	(143,413)
Advances for construction		(8,681)	(48,388)	74	(1,896)
Others	(13)		(20,000)	20,000	
Net Cash used in investing	(1,753,250)	(6,302,187)	(663,919)	(577,315)	(461,169)
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	1,836,130	6,906,903	(6,107,864)	85,982	(406,576)
Proceeds from Hedge Restructuring					27,994
Proceeds from Bond issuance			3,859,800		
Payment of financial charges	(336,037)	(498,368)	(1,072,118)	(973,885)	(454,861)
Others	44,858	11,404		-	
Net cash flows from financing	1,829,541	6,420,294	(1,388,994)	(887,903)	(883,443)
Net (decrease) increase in cash	261,964	792,120	(1,085,500)	(47,536)	312,109
Effect of forex difference on cash	(64)	1,542	(4,063)	3,207	(254)
Cash and cash equivalent at beginning of year	263,326	525,226	1,318,888	229,325	184,996
Cash and cash equivalent at end of year	525,226	1,318,888	229,325	184,996	496,851





## Proven track record of sites acquisition and synergies extraction



## Track record in acquisition of sites with high colocation potential

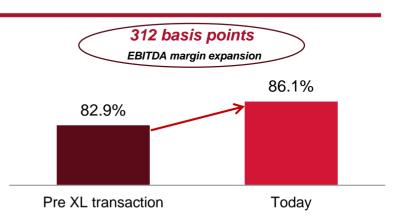
Year	Telco	# towers	Tenancy ratio at acquisition
2014	XL Axiata	3,500	1.66x
2014	Independent tower company	142	1.65x
2013	Independent tower company	493	1.38x
2012	Independent tower companies	321	1.40x
2012	Hutchison	200	1.00x
2010-2011	Independent tower companies	203	1.31x
2009	Bakrie	543	1.00x
20071	Axis	528	1.00x
Total / Weighted average		5,930	1.47x <sup>2</sup>

## Key criteria for target tower portfolios

- √ High potential for future co-locations
- √ Ease of land lease or acquisition
- √ Ease of community approvals
- √ Credit strength of potential tenants
- √ Financing options

## Our acquisitions have significant scope for synergies

- √ Removal of overlapping resources / support systems
- ✓ Greater potential for multiple tenancy site erections result in reduced capex and operating leverage
- ✓ Greater colocation opportunities on combined portfolio
- Towers acquired from XL were fully integrated in 3 months, and have contributed to significant EBITDA margin uplift since then



Strong track record of inorganic growth with 5,930 towers acquired over the last 9 years

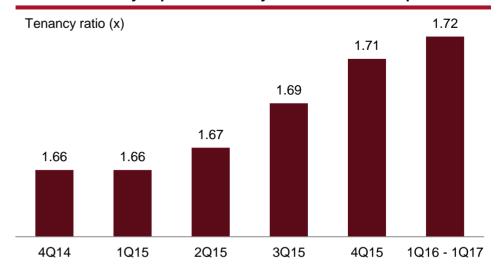
# XL towers case study



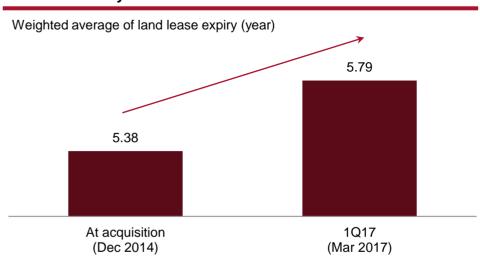
## Deal Structure<sup>1</sup>

Dear Structure				
Towers acquired	3,500			
Tenants acquired	5,793			
Tenancy ratio	1.66x			
Purchase price	IDR5,600Bn / c. US\$464MM			
EBITDA multiple	8.0-8.5x EBITDA			
Value per tower	IDR1,600MM / c. US\$132k			
Consideration	Cash			
Announcement / closing	October 1, 2014 / December 23, 2014			
XL portfolio highlights	<ul> <li>92% of towers are ground-based towers with higher colocation potential</li> <li>98% of total tenants from the Big-4 operators         <ul> <li>Representing 84% revenue contribution</li> </ul> </li> <li>Average lease rate: IDR19MM / month / tower         <ul> <li>XL tenancies: IDR10MM / month / tenant</li> </ul> </li> <li>Total contracted revenues of IDR6.5Tn</li> <li>Inflation escalator present in all of colocation tenancies</li> <li>Opex scalability and cost synergies expected</li> </ul>			
Strategic rationale	<ul> <li>Solidifies STP's position as a "Big 3" player in the Indo tower landscape, doubling its portfolio to 6,625 towers and 10,423 tenants</li> <li>Established #2 telecom operator (XL Axiata) as an anchor tenant on 100% of the acquired sites</li> <li>Increased total contracted revenue from IDR6.0Tn to IDR12.5Tn, with average lease period increasing from 6.5 to 7.4 years</li> <li>Attractive opportunity for value creation by increasing tenancy</li> <li>Potential to realize cost synergies with existing STP towers business in operation and maintenance costs</li> </ul>			

## We have steadily improved tenancy ratios since the acquisition



## We have actively renewed land leases



Note: 1 All figures are shown as excluding Bakrie