

# PROTELINDO

PT. SARANA MENARA NUSANTARA, TBK. (TOWR)



Indonesia's Premier Tower Company  
4Q 2015 Results Presentation



PROTELINDO

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# Agenda

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**Financial Results**

**Operational Performance**

**2015 Guidance and Results**

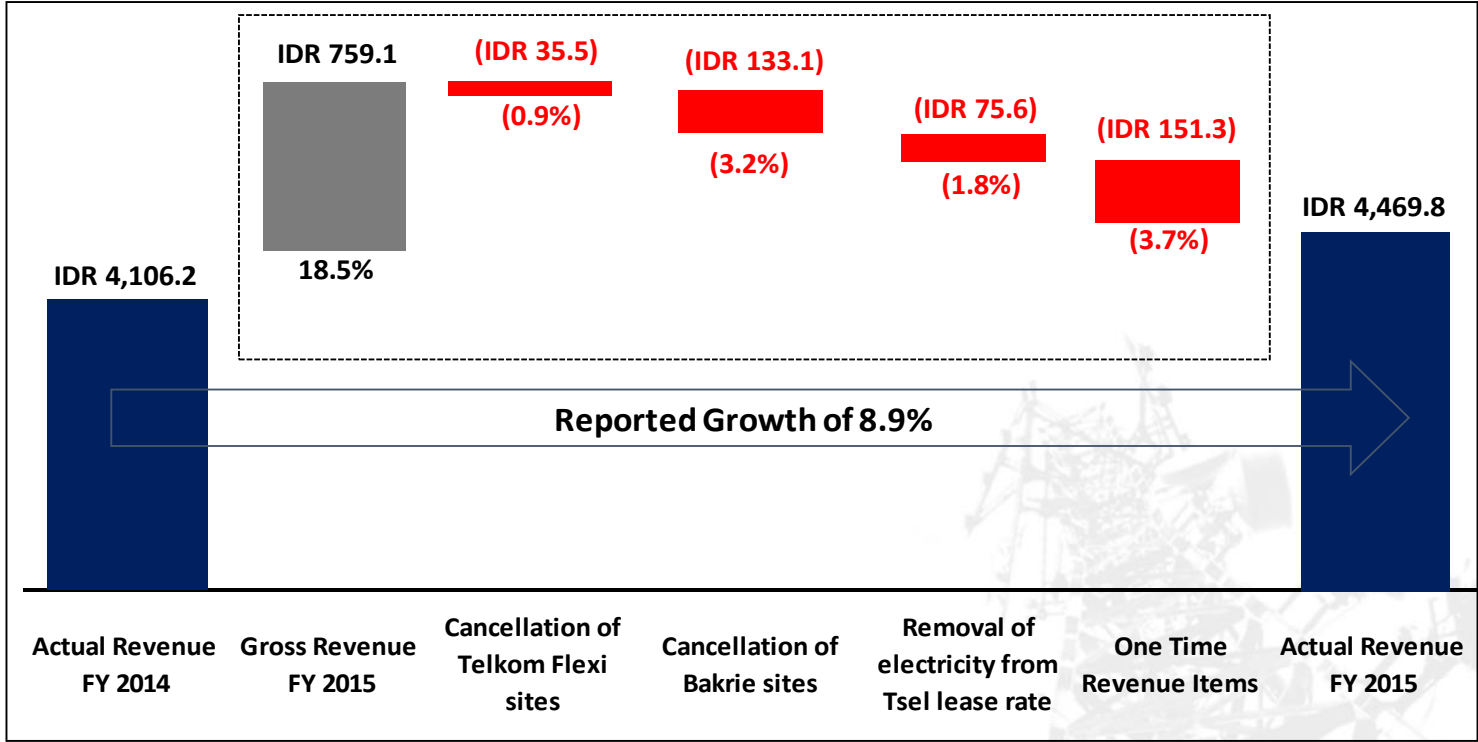
**Achievements and Subsequent Events**

**Change in Accounting Policy**

# Full Year Financial Results

## Revenue

(in IDR Billions)



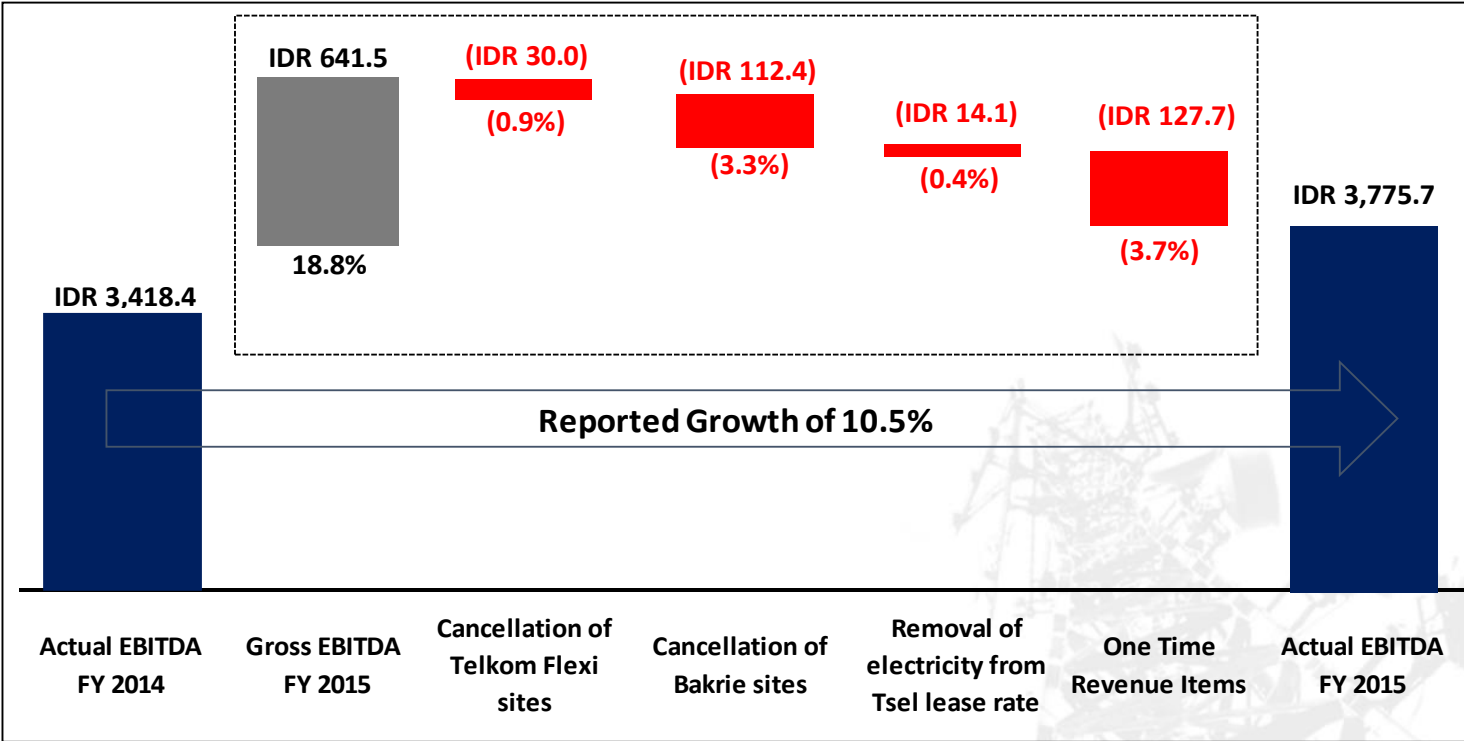
Gross revenue grew over 18% and reported revenue grew nearly 9% due to one-off items.



# Full Year Financial Results

## EBITDA

(in IDR Billions)

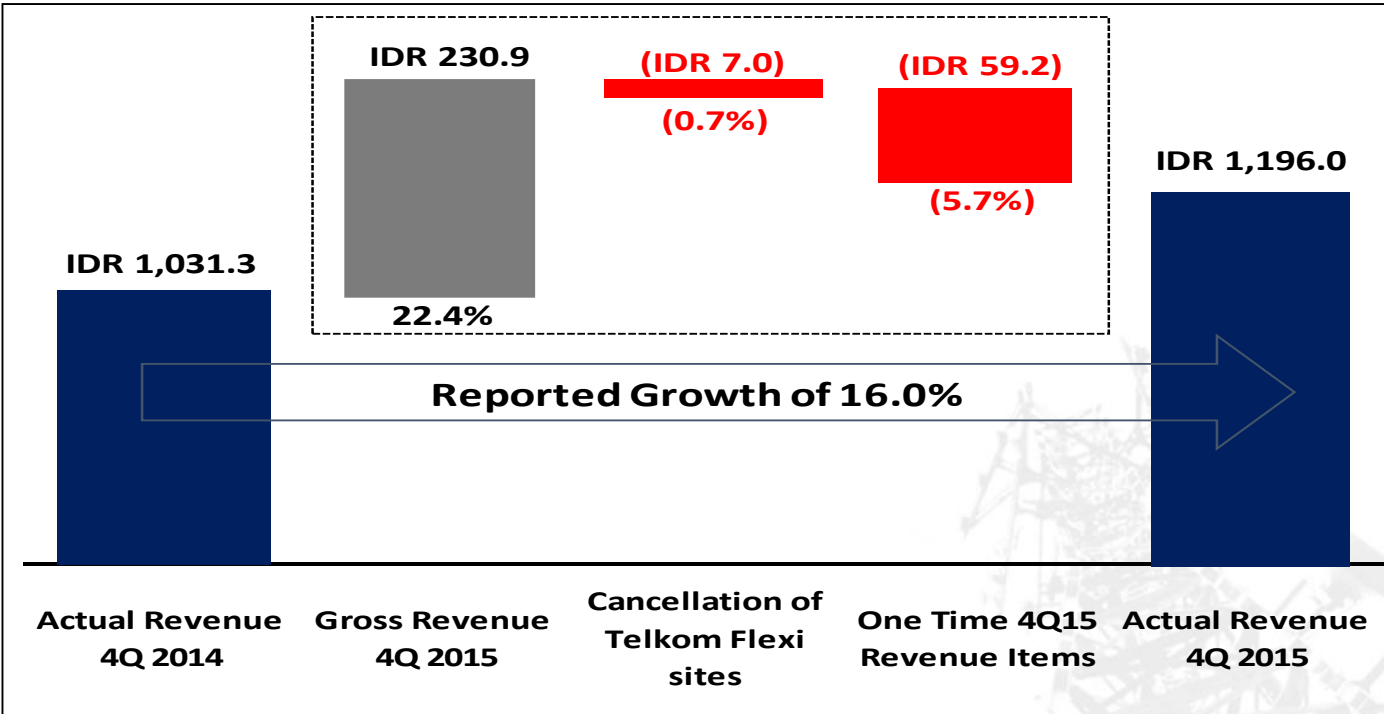


Gross EBITDA grew 18.8% and reported EBITDA grew 10.5%.

# 4Q 2015 Financial Results

## Revenue

(in IDR Billions)



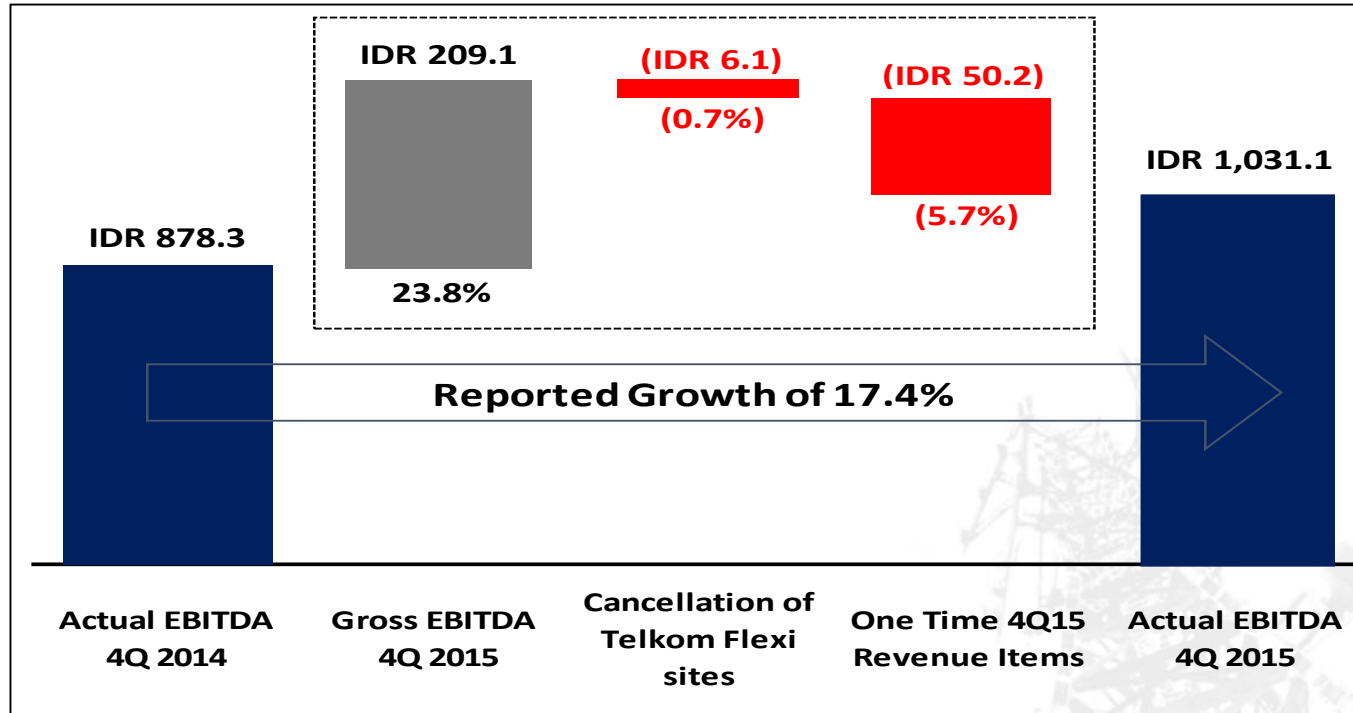
**Reported revenue growth has accelerated to 16.0% as one-off items roll-off from Year-on-Year comparison.**



# 4Q 2015 Financial Results

## EBITDA

(in IDR Billions)

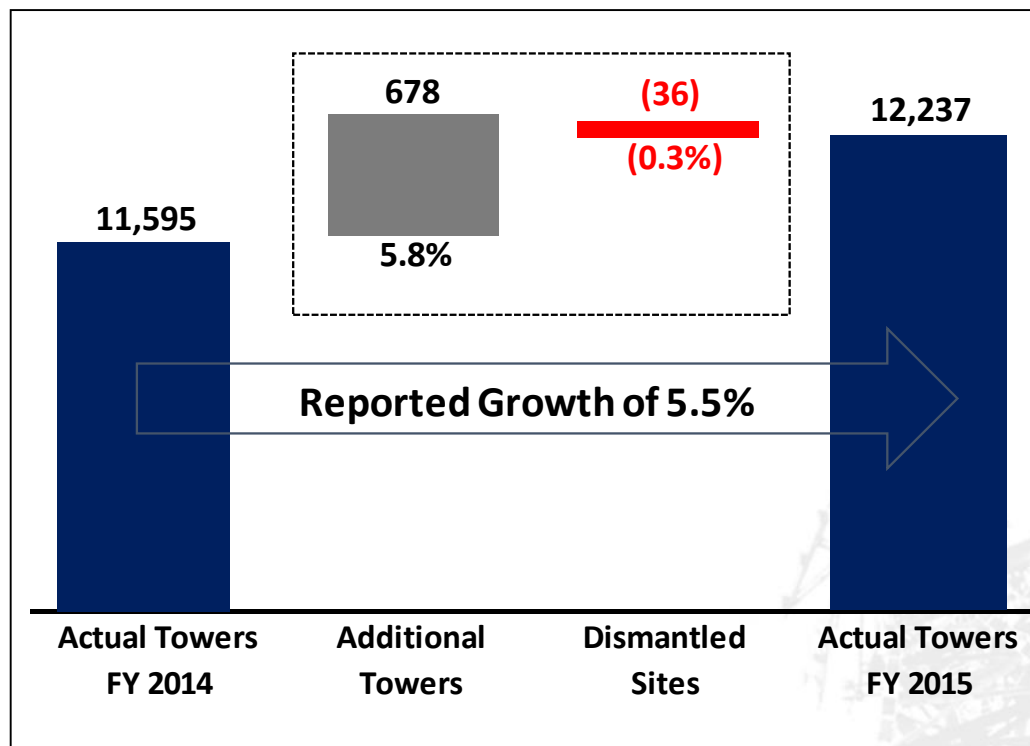


Reported EBITDA growth has accelerated to 17.4% as one-off items roll-off from Year-on-Year comparison.



# Tower and Tenant Growth

## Towers



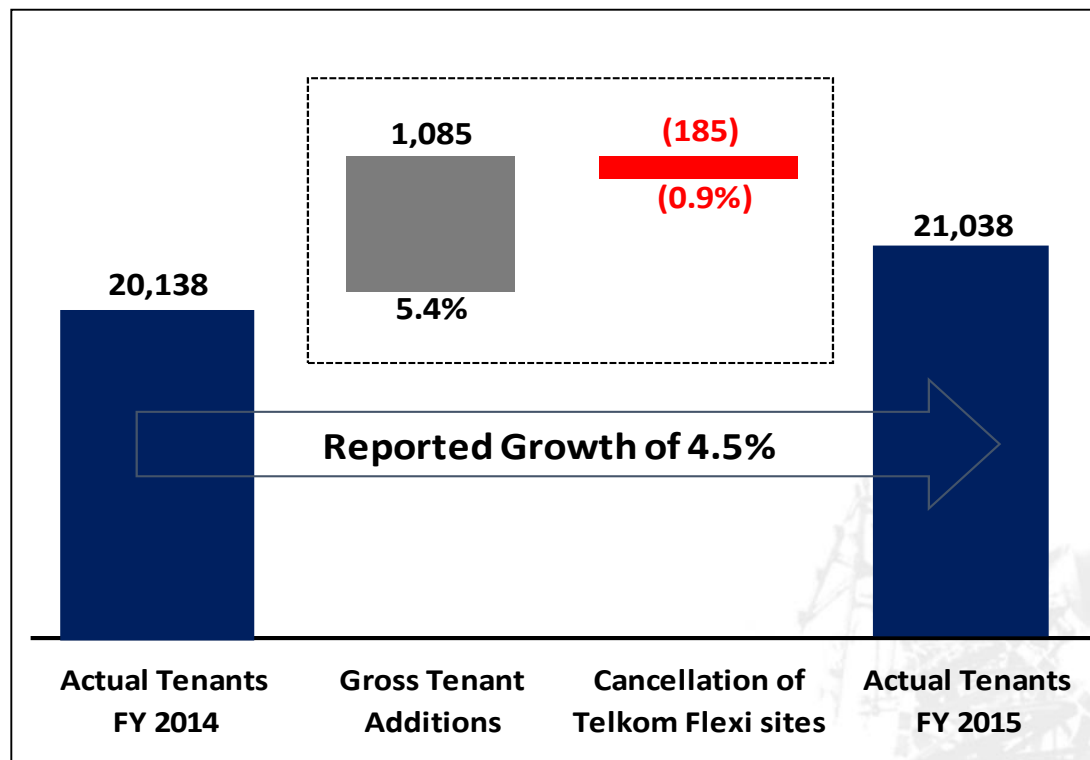
- Nearly 700 tower additions year-on-year.
- Surpassed the 12,000 tower milestone.





# Tower and Tenant Growth

## Tenants



- Tenant additions grew over 5%.
- Does not include 1,142 additional revenue generating leases for additional equipment.

# 2015 Guidance and Results

	<b>Guidance</b>	<b>Results</b>
<b>Revenue *</b>	<b>4,311 – 4,599</b>	<b>4,470</b>
<b>EBITDA *</b>	<b>3,589 – 3,829</b>	<b>3,776</b>

\* In IDR Billions

# Debt Profile: Long Tenors, Low Margins

Structure	Maturity Date	Currency <sup>(1)</sup>	Amount Outstanding (in Original Currency)	Amount Outstanding (in USD Millions)
7-Yr Amortizing	Dec 2018	IDR	720.2	52.2
7-Yr Amortizing	Dec 2019	IDR	918.5	66.6
3-Yr Bonds	Feb 2017	IDR	1000.0	72.5
1-Yr Bullet	Aug 2016	IDR	181.0	13.1
10-Yr Bonds	Nov 2024	USD	138.4	138.4
5-Yr Bullet	Nov 2019	USD	340.0	340.0
5-Yr Bullet	Nov 2019	EUR	40.0	43.7
10-Yr Bullet	Nov 2022	EUR	14.7	16.0
<b>TOTAL</b>				<b>742.5</b>

**Average interest rate climbed to 5.15% at the end of FY 2015 from 5.00% at the end of FY 2014 due to increases in Jibor and Libor.**

<sup>(1)</sup> IDR in billions;  
EUR/USD in millions

# Achievements and Subsequent Events

## Acquisition:

- **iForte:** Acquired over 500 micro-cell towers, 7 BTS hotels and 750 kilometers of fiber optic network
- **XL Axiata Towers**
  - Signed Purchase Agreement to acquire 2,500 Towers with 3,750 Tenants
  - Top 3 Tenants: XL, Hutch and Telkomsel
  - Projected Total Towers at Close: Protelindo will own over 14,700 towers
  - Projected Total Tenants at Close: Protelindo will have over 24,700 tenants
  - Purchase Price: IDR 3,568 Billion
  - Financed primarily with debt (IDR 3,000 Billion) and cash (IDR 568 Billion)
  - Projected Net Debt to RR EBITDA at Close: ~2.0x



# Achievements and Subsequent Events

## Change in Credit Ratings:

- S&P Rating upgraded twice from BB to BB+ to BBB-
  - One of only three companies rated Investment Grade in Indonesia (Protelindo, Telkomsel, Astra)
  - Currently rated higher than Crown Castle and SBA
- Moody's Rating upgraded from Ba2 to Ba1
  - Same rating as Crown Castle; one notch higher than SBA
- Fitch Rating International upgraded from BB to BB+
- Fitch Rating Indonesia upgraded from AA- to AA+

# Regulator-Driven Change in Accounting Policy

- Until 2015, Protelindo/SMN used the Fixed Asset Accounting Policy (PSAK 16) whereby companies:
  1. Depreciated tower assets and
  2. Performed required revaluations every 2 years through a specific equity account separate from Retained Earnings.
- All other publicly traded tower companies in Indonesia use the Investment Property Accounting Policy (PSAK 13) whereby companies:
  1. Do not depreciate tower assets and
  2. Perform annual revaluations of towers through the Profit and Loss Statement.

# Regulator Driven Change in Accounting Policy

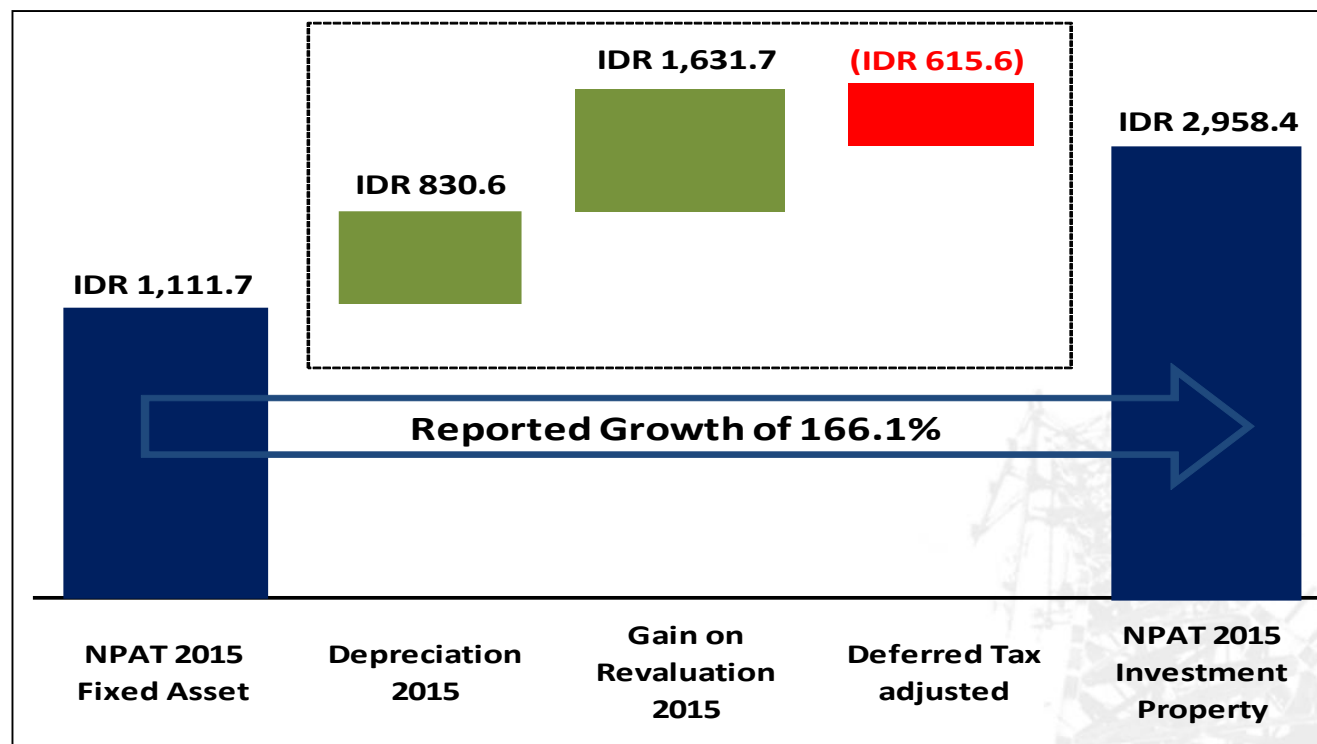
- OJK (Indonesia's Financial Services Authority) ruled in September 2015 that all publicly traded tower companies should use PSAK 13.
- In line with the new regulation SMN has used PSAK 13 for 2015 accounts, and restated 2014 results and 2013 ending balances.
- The main impact is to increase net Income and retained earnings.
- This accounting policy applies only to SMN's commercial books, not its tax books. While deferred taxes will increase, there will be no impact on cash taxes paid.



# Impact of Accounting Changes

## Net Profit After Tax

(in IDR Billions)



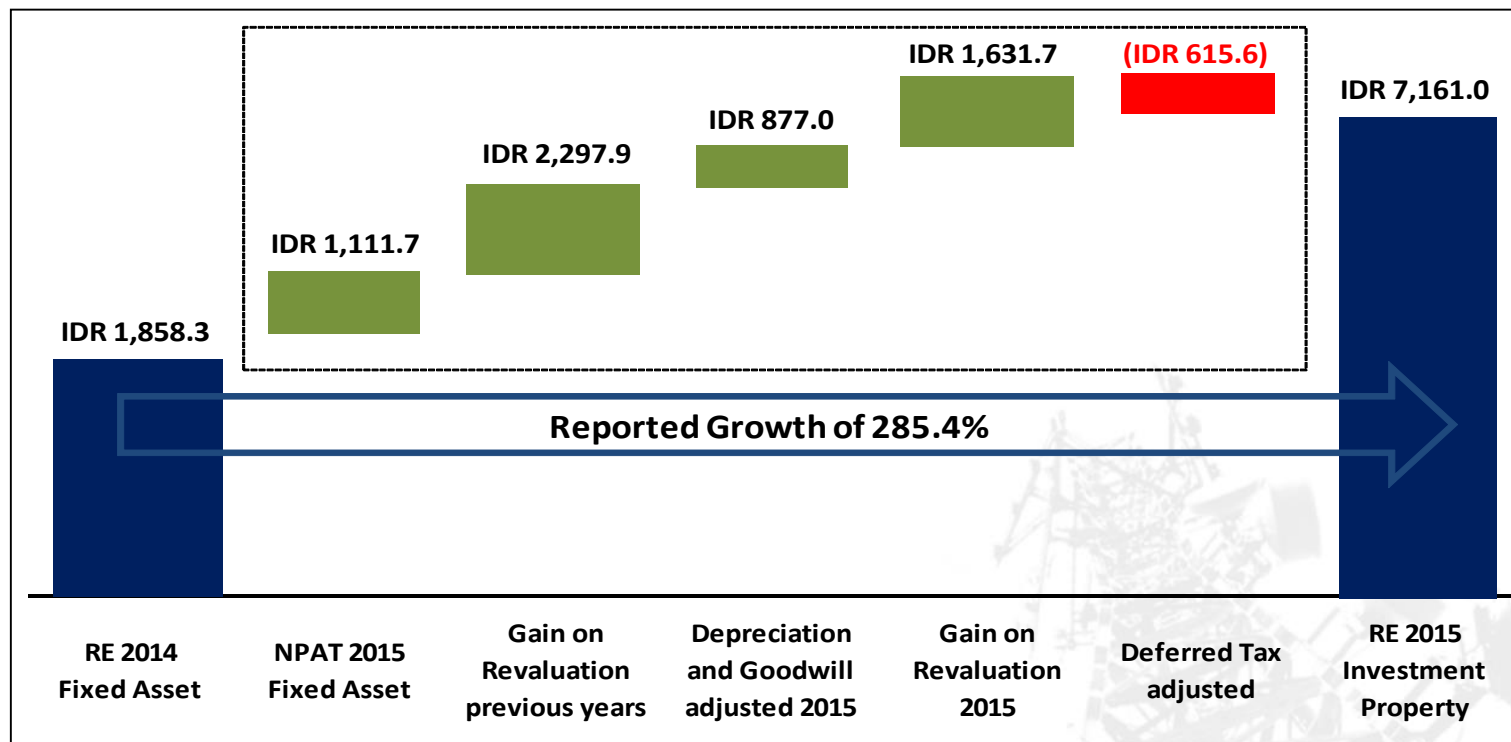
Net Profit After Tax 2015 increased 166.1% reflecting tower revaluation and no depreciation.



# Impact of Accounting Changes

## Retained Earnings

(in IDR Billions)



Retained Earnings 2015 increased 285.4% reflecting tower revaluation and no depreciation.

