



**2015 Annual General Meeting of Shareholders and  
Extraordinary General Meeting of Shareholders**

**Agenda Items and Description**

In relation to the 2015 Annual General Meeting of Shareholders and Extraordinary General Meeting of Shareholders (“GMS”) of PT Sarana Menara Nusantara, Tbk. (the “Company”, “our”, or “we”) that will be held on Friday, May 22, 2015, we set out below the Agenda Items for the GMS along with a brief description.

**A. Annual General Meeting of Shareholders**

**Agenda Item No. 1**

Approval and ratification of:

- (i) the Annual Report of the Company for the financial year ended December 31, 2014, including the Company’s yearly Activity Report and the Board of Commissioners Report for the Financial Year Ended December 31,2014; and
- (ii) the Consolidated Financial Statements of the Company for the financial year ended December 31, 2014, along with the release and discharge of the members of the Board of Commissioners and the Board of Directors for their supervision and actions for the year ended December 31, 2014 (*acquit et de charge*).

**1.1 Background**

*In compliance with Article 19.2 letter a and b and Article 19.3 of the Company’s Articles of Association and in conjunction with Article 68, Article 69, and Article 78 of Law No. 40 year 2007 regarding Limited Liability Company (the “Company Law”), these approvals are required each year by the shareholders.*

**1.2. Explanation**

**1.2.1 Report of the Board of Directors**

**2014 was a challenging year, yet we produced positive results**

*Dear Shareholders,*

*We are pleased to report that 2014 was another successful year for the Company. At the time of writing this report, the United States is widely reported as having the strongest economic recovery among developed*

countries globally and is seeing its currency strengthen against other major currencies, including the Indonesian Rupiah.

In 2014, Indonesia experienced another successful presidential election under a democratic government. Mr. Joko Widodo, the new president, is perceived as a leader who will initiate new reforms while continuing to further previous reforms. In an effort to jumpstart economic growth, he started his tenure by re-allocating state budget funds toward more infrastructure spending and away from fuel subsidies. Business leaders, in general, are optimistic that as infrastructure spending is focused on islands other than Java, economic growth will increase in the outer islands. We believe that this increase in economic activity will lead to greater opportunities for the Company as our customers, the wireless operators, address the increased demand for telecommunication services that accompanies economic growth. We also believe that the increased adoption of 3G and the introduction of 4G/LTE technologies will positively impact our long term growth opportunities.

During 2014, we managed to grow the business by adding 1,829 tower sites and 1,816 site leases after adjusting for the cancellation of 874 leases with Bakrie Telecom and 61 leases with Telkom Flexi. Revenue grew by 28.4% from IDR3,197.1 billion to IDR4,106.2 billion and EBITDA grew by 28.9% from IDR2,651.4 billion to IDR3,418.4 billion. Despite the impact of the suspension of payment case for Bakrie Telecom, we registered 2014 net profit of IDR839.4 billion, approximately five times greater than the IDR164.7 billion net profit in 2013.

Despite the external challenges we faced in 2014, we maintained our position as the leading independent tower company with the largest tower portfolio, highest tenancy ratio, healthiest balance sheet and strongest credit rating among all tower companies in Indonesia.

### **Stronger balance sheet, strongest credit ratings**

As we can see by the minimal impact of the Bakrie Telecom suspension of payment case on our results, the natural diversification of revenue from our customers that we have experienced in recent years clearly helps to mitigate our risk in the event that a wireless operator runs into financial difficulty. We believe additional merger and acquisition activity among operators will be positive for the tower industry by reducing competition and creating a healthier industry and financially stronger customers for us.

### **More efficient cost of funds**

During 2014 we were the only tower company in Indonesia that received a credit rating upgrade. Standard & Poor's upgraded our Corporate rating to BB+ (Outlook Stable) from BB. Fitch International and Fitch Indonesia upgraded our rating outlook from "Stable" to "Positive." We maintained our Moody's corporate credit rating at Ba2 (Outlook Stable). In February 2014 we successfully completed the issuance of our IDR Bond with a tenor of three years and a coupon of 10.5%. In November 2014, we successfully issued our first cross border bond, which was in Singapore Dollars and guaranteed by CGIF. The Singapore Dollar bonds have a 10 year tenor and were priced at 3.25% before swaps and other costs. We also refinanced our remaining US Dollar and EURO debt, thereby lengthening tenor and reducing our margin cost of funds from 295 basis point and 250 basis point to 195 basis point per annum. As a result of these refinancings, we reduced our overall cost of funds from 5.61% in Q4 2013 to 5.00% in Q4 2014. In addition, our leverage ratio, as measured by net debt to LQA EBITDA, dropped to 2.2x in 2014 from 2.8x at the end of 2013 despite growing the number of our tower sites by 18.7%.

*As a closing remark, even though 2014 saw significant consolidation among our customers, we exceeded our proposed revenue and EBITDA targets for the year. Going forward, we will continue to strengthen our position as the market leader in the tower industry by carefully investing in business opportunities with a keen focus on generating acceptable returns on investment and at the same time adapting to market dynamics.*

*Finally, we would like to sincerely thank the shareholders, the Board of Commissioners, the Audit Committee, the management team and the employees of the Company and its subsidiaries for all their support in making 2014 a successful year. We believe that with persistent efforts and the continued support of our shareholders, management, and employees, we will continue to be successful in our mission statement of “Great Locations to Connect Families and Friends”.*

### 1.2.2 Report of the Board of Commissioners:

*We are pleased to report that during 2014, PT Sarana Menara Nusantara, Tbk. (the “Company”) recorded excellent growth despite challenging macro economic conditions, operator consolidation, and the suspension of payment case of a CDMA operator. In fact, in 2014 we built the highest number of towers (1,829) in a single year our Company’s history. We have continued to maintain our position as the premier tower company in Indonesia and now have nearly 11,600 towers and over 20,100 tenants.*

*Notwithstanding this year’s high tower build record, through effective capital management, we have lowered our net debt leverage from 2.8x to 2.2x and improved other financial benchmarks such as return on equity and interest coverage ratios.*

*As part of our pro-active capital management strategy, we seek to lower financing costs and lengthen debt maturity tenors to more closely match the economic life of our assets. As part of this effort, we introduced the Company to the IDR bond market by issuing a 3-year IDR bond in February. We followed this by issuing a S\$180 million bond in Singapore and refinancing our US Dollar and EURO bank debt in November. The Singapore Dollar bond is an example of how our Company strives to find cost effective sources of capital. The Singapore Dollar bond was guaranteed by the Credit Guarantee and Investment Facility (CGIF). With the guarantee, we issued our 10-year Singapore Dollar bond at 3.25%. On our US Dollar bank facilities, we lowered interest margins by 100 basis points.*

*We believe our efficient capital structure and modest leverage will contribute to significant operational and financial momentum in the coming years.*

*The international rating agencies recognized our solid capital management activities this year with S&P upgrading our rating to BB+ and Fitch upgrading our outlook from “Stable” to “Positive”. We are now the best rated independent tower company in Indonesia.*

*We extend our warmest appreciation to the Board of Directors, the employees, other stakeholders of the Company, and to all who have worked so hard during the year to make the Company as successful as we are today. We believe that solid team work among the employees and members of the Board of Directors is key to this remarkable achievement.*

*As members of the Board of Commissioners, it is our duty to work with members of the Company's and Protelindo's management teams to ensure that we act in accordance with the industry's best practices and our core values of integrity and transparency. We believe that our shareholders will continue to be well rewarded as a result.*

### 1.3. Supporting Data

*Shareholders can review and download the Company's 2014 Annual Report and 2014 Consolidated Financial Statements on our website using the following links: <http://www.ptsmn.co.id/annualreports.php> and <http://www.ptsmn.co.id/files/SMN%2014%20-%20Financial%20Statement.pdf>*

## **Agenda Item No. 2**

Approval of the allocation of the Company's net profit for the financial year ended December 31, 2014

### 2.1 Background

*In connection with Article 19.2 letter c and Article 24 of the Company's Articles of Association and in conjunction with Article 70 and Article 71 of the Company Law, this approval is required each year by the shareholders.*

### 2.2. Explanation

*The Company has decided to allocate 2014 net profit as retained earnings and, consequently, will not distribute dividends. This decision is primarily due to the continued growth of the Company's business. To comply with the Company Law, the Company will allocate a small amount of 2014 net profit in the amount of IDR100,000,000 (approximately US\$ 8,038.6 using an exchange rate of US\$1=IDR12,440 as of December 31, 2014) as a reserve fund.*

## **Agenda Item No. 3**

Appointment of the Independent Public Accountant to audit the Company's Consolidated Financial Statements for the financial year ended December 31, 2015 and delegation to the Board of Directors of the Company to determine the amount of compensation for our Independent Public Accountant and other requirements relating to such appointment

### 3.1 Background

*In connection with Article 17 and Article 19.2 letter d of the Company's Articles of Association, and in conjunction with Article 68 of the Company Law, and relevant Indonesian Financial Authority Regulations (OJK) – previously known as Bapepam-LK, this approval is required each year by the shareholders.*

### 3.2. Explanation

*The public accounting firm we used to audit the Company's financial statements for the year 2014 was Purwantono, Suherman, Surja, a member of Ernst & Young Global Limited. Due to their fine performance last year, the Company asks the shareholders to re-appoint Ernst & Young as the Independent Public Accountant for the 2015 financial year.*

### **Agenda Item No. 4**

Determination of the remuneration of the members of the Board of Directors and the Board of Commissioners of the Company.

#### 4.1 Background

*In connection with Article 11.4 and Article 14.6 of the Company's Articles of Association, and in conjunction with Article 96 and Article 113 of the Company Law, this approval is required each year by the shareholders.*

#### 4.2. Explanation

*The remuneration paid to the Board of Directors and the Board of Commissioners for the prior year amounted to IDR6,552,000,000 and IDR2,700,000,000, respectively. In order to determine the salaries of the members of our Board of Directors and Board of Commissioners this year, effective from the closing of today's AGMS up to the closing of next year's AGMS, the Company is proposing that shareholders delegate the final determination of compensation to the Company's controlling shareholder (i.e., PT Sapta Adhikari Investama). The controlling shareholder of the Company will determine such remuneration by taking into consideration the proposal from the Board of Commissioners. The Board of Commissioners will base its proposal on the Remuneration and Nomination Committee's recommendation. The total remuneration for the coming year will be based on, among other things, the Indonesian inflation rate in 2014, issued by the Indonesia Bureau Statistic (BPS), the applicable remuneration for similar positions within the Company's industry, and the duties and responsibilities of the members of the Board in connection with the Company's performance.*

### **Agenda Item No. 5**

Re-appointment of the current members of the Board of Directors and the Board of Commissioners.

#### 5.1 Background

*In connection with Article 11.5 and Article 14.5 of the Company's Articles of Association, and in conjunction with Article 94.1 and Article 111.1 of the Company Law and OJK Rule No. 33/POJK.04/2014 dated December 8, 2014 on Board of Directors and Board of Commissioners of Listed or Public Companies and the suggestions from the Remuneration and Nomination Committee based on the Minutes of the Meeting of the Remuneration and Nomination Committee dated April 1, 2015.*

## 5.2 Explanation

The Company asks the shareholders to approve the re-appointment of the following members of the Board of Directors and Board of Commissioners because their term of office will end at the closing of the 2015 AGMS in accordance with the Company's Articles of Associations:

### Board of Director

President Director	:	Adam Gifari
Director	:	Kenny Harjo
Director	:	Michael Todd Bucey
Director	:	Steven James Mudder
Independent Director	:	Stephen Duffus Weiss

### Board of Commissioners

President Commissioner	:	Tonny Kusnadi
Commissioner	:	Ario Wibisono
Independent Commissioner	:	John Aristianto Prasetyo

You can review each member's profile on our website using the following links:

<http://www.ptsmn.co.id/boardofdirectors.php> and <http://www.ptsmn.co.id/boardofcommissioners.php>

## **B. Extraordinary General Meeting of Shareholders**

### **Agenda**

Amendment of the Articles of Association of the Company, as required by OJK Rule No. 32/POJK.04/2014 dated December 8, 2014 on Planning and Convening Public Companies' General Meeting of Shareholders and OJK Rule No. 33/POJK.4/2014 dated December 8, 2014 on the Board of Directors and Board of Commissioners of a Listed Company or a Public Company.

### Explanation

The Indonesian Financial Authority ("OJK") has recently issued new regulations that require a publicly listed company to amend its Articles of Association within a year from the date of issuance of these new regulations. The new regulations cover, among other things:

- Terms for publishing the summons for a General Meeting of Shareholders ("GMS");
- Means for publishing announcements and summons for a GMS;
- Requirements for a shareholder to be able to propose additional GMS agenda items; and
- Procedures for the resignation of a member of the Board of Directors and the Board of Commissioners.