

Sarana Menara Nusantara Tbk (TOWR)

Kontrak Jangka Panjang yang Menjanjikan



Company Report | November 09, 2020

TOWR membukukan kinerja positif pada kuartal III-2020. Pertumbuhan pendapatan perseroan disebabkan oleh naiknya pendapatan dari sewa menara sebesar 23,5% YoY dimana PT Hutchison 3 Indonesia (TRI) masih menjadi kontributor terbesar pendapatan perseroan. Disamping itu, beban pajak perseroan yang turun 36,5% YoY mendongkrak kinerja *bottom line* ke level 19,5% YoY menjadi Rp1,9 triliun.

Tambah 5.269 penyewa baru, Laba Melonjak 19,5%. Perseroan mencatatkan pertumbuhan pendapatan pada kuartal III-2020 sebesar 19,3% YoY menjadi Rp5,5 triliun vs Rp4,6 triliun 3Q19. Pendapatan dari sewa menara tumbuh 23,5% menjadi Rp5,2 triliun. PT Hutchison 3 Indonesia masih menjadi kontributor terbesar dengan mencatatkan kontribusi sebesar 34,3% dengan pertumbuhan sewa 50,6% QoQ. Secara YtD penyewa tumbuh 5.269 menjadi 38.615. Disamping itu, beban pajak yang turun 36,5% YoY mampu mendongkrak laba bersih perseroan menjadi Rp1,9 triliun atau tumbuh 19,5% YoY.

Perseroan juga mencatatkan pertumbuhan menara hingga 9M20 sebanyak 2.054 YtD menjadi 21.373, tumbuh 17% YoY vs 18.233 pada 9M20. Secara kuartalan perseroan berhasil menambah hingga 102 menara atau lebih tinggi dari periode yang sama pada tahun sebelumnya yang hanya menambah sebanyak 81 menara. Kami melihat masih adanya peluang perseroan akan terus menambah kepemilikan menaranya mengingat saat ini kebutuhan trafik data masih sangat tinggi dan rencana penerapan teknologi 5G mendatang akan meningkatkan kebutuhan untuk menara BTS. Kami memproyeksikan *tenancy ratio* perseroan berada di level 1,82x FY20 dan 1,90 FY21. Saat ini *tenancy ratio* perseroan berada di level 1,81x.

Kontrak jangka panjang pada 3Q20 tumbuh 18,9% YoY menjadi Rp53,6 triliun vs Rp45,1 triliun. Secara kuartalan tumbuh 0,8% vs 2Q20 Rp53,1 triliun. Kontrak jangka panjang perseroan banyak berasal dari sewa menara telekomunikasi dengan jangka penyelesaian selama 10 tahun yang tidak dapat dibatalkan.

Kami Mempertahankan Rating BUY dengan Target Harga Rp1.310. Kami melihat adanya potensi pertumbuhan pendapatan pada Kuartal IV-2020, dimana kebutuhan menara masih sangat diharapkan oleh sektor operator telekomunikasi. Sehingga kami mempertahankan rating BUY untuk saham TOWR dengan mencerminkan nilai EV/EBITDA di level 14,3x. Saat ini saham TOWR diperdagangkan di level EV/EBITDA sebesar 10,2x, dengan rata-rata 10 tahun berada di level 11,4x.

Sarana Menara Nusantara Tbk | Summary (IDR bn)

	2018	2019	2020 F	2021 F
Revenue	5,868	6,454	7,481	8,351
<i>Revenue growth</i>	9.9%	10.0%	15.9%	11.6%
EBITDA	4,932	5,385	5,271	5,788
Net profit	2,200	2,342	2,786	3,016
EPS (IDR)	43	46	55	59
BVPS (IDR)	157	172	205	237
EBITDA margin	84.0%	83.4%	70.5%	69.3%
NPM	37.5%	36.3%	37.2%	36.1%
ROE	27.4%	26.7%	26.6%	25.0%
ROA	9.6%	8.5%	9.2%	9.0%
ROIC	12.4%	10.8%	11.1%	10.9%
P/E	16.0x	19.7x	24.0x	22.2x
P/BV	4.4x	5.3x	6.4x	5.5x
EV/EBITDA	9.3x	11.3x	15.5x	14.3x
DPS (IDR)	23	23	21	27
<i>Dividend yield</i>	3.4%	2.6%	1.6%	2.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	1,310
Consensus Price (IDR)	1,243
TP to Consensus Price	+5.4%
vs. Last Price	+31.0%

Shares data

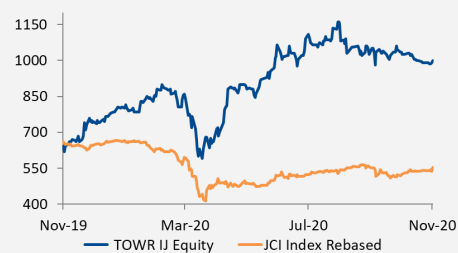
Last Price (IDR)	1,000
Price date as of	Nov. 06, 2020
52 wk range (Hi/Low)	1,180 / 575
Free float	47.5%
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	53,055
Market Cap (USD mn)	3,765
Avg. Trd Vol - 3M (mn)	168.6
Avg. Trd Val - 3M (bn)	176.2
Foreign Ownership	17.6%

Infrastructure

Telecommunication Towers

Bloomberg	TOWR.IJ
Reuters	TOWR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	24.2%	-3.4%	-13.0%	52.7%
Rel. Ret	39.5%	-10.1%	-16.1%	66.9%

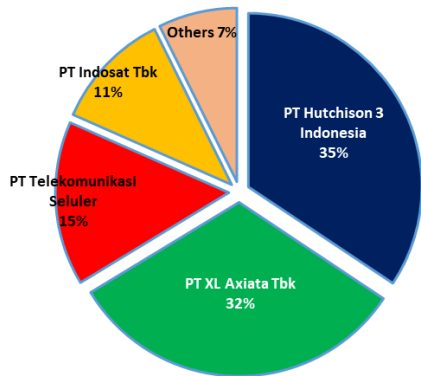
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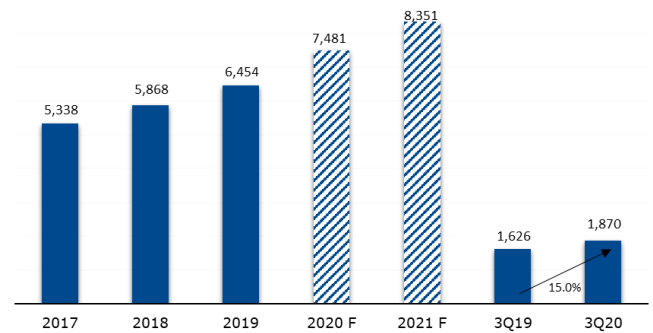
Performance Highlights

Revenue Breakdown 3Q20



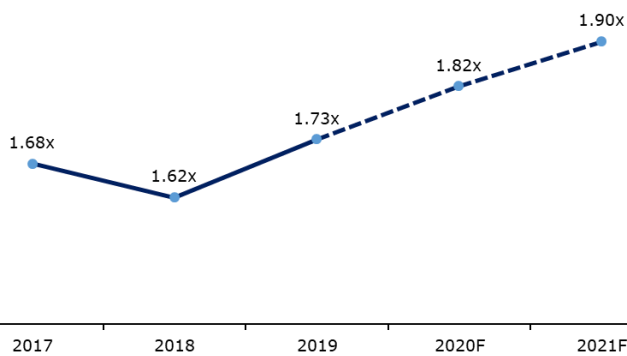
Source: Company, NHKSI Research

Revenue Projection (bn)



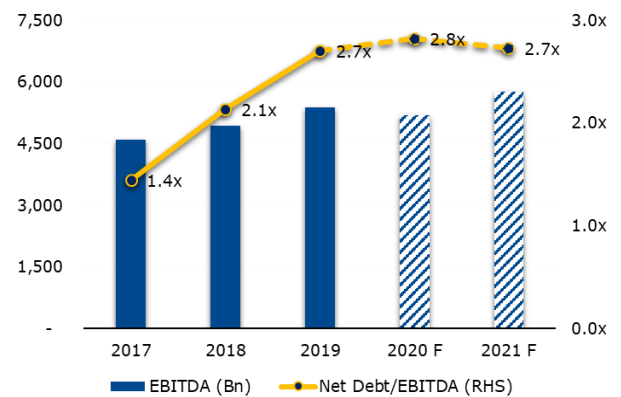
Source: Company, NHKSI Research

Tenancy Ratio



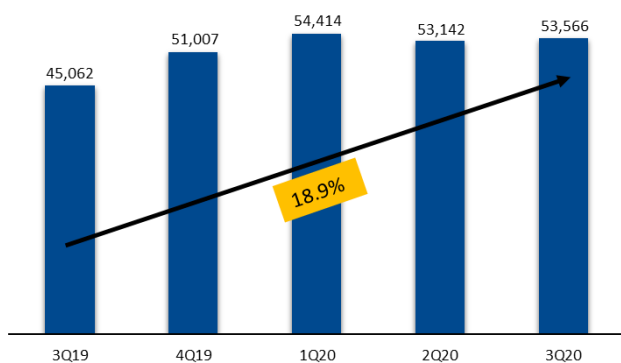
Source: Company, NHKSI Research

Net Debt/EBITDA (bn)



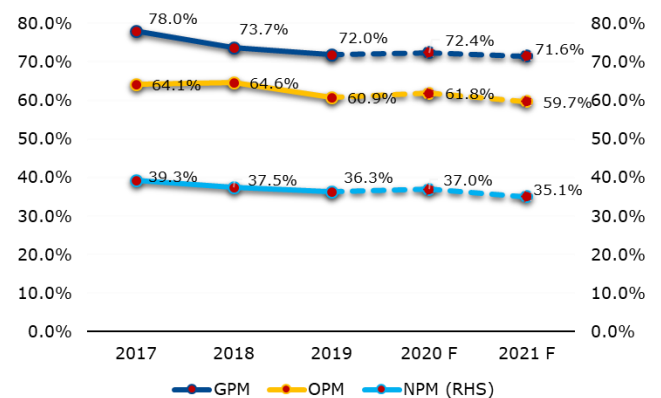
Source: Company, NHKSI Research

Long Term Contracts (bn)



Source: Company, NHKSI Research

TOWR Margins



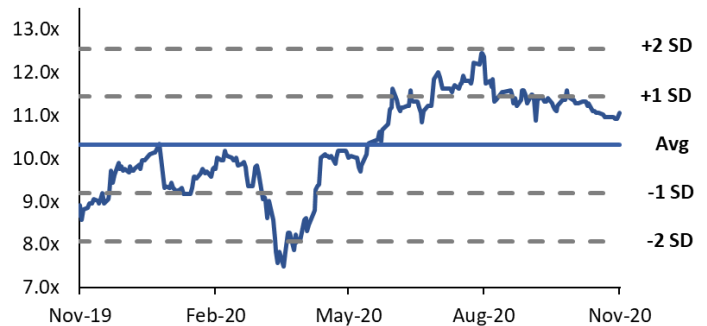
Source: Bloomberg, Company, NHKSI Research



PT Sarana Menara Nusantara Tbk. ("SMN") didirikan pada tahun 2008 di Kudus, Jawa Tengah. Fokus utama SMN investasi pada perusahaan yang memiliki spesialisasi dalam kepemilikan dan pengoperasian lokasi-lokasi menara untuk disewakan kepada perusahaan telekomunikasi nirkabel. Sejak 2008, SMN telah memiliki 99,99% atas saham beredar dari PT Profesional Telekomunikasi Indonesia ("Protelindo").

Saat ini Protelindo telah memiliki dan mengoperasikan 21.373 menara di Indonesia, dengan 38.615 lokasi sewa dan lebih dari 35.000 kabel serat optik di seluruh Indonesia.

Forward EV/EBITDA Trade in +1SD Area



Source: NHKSI Research

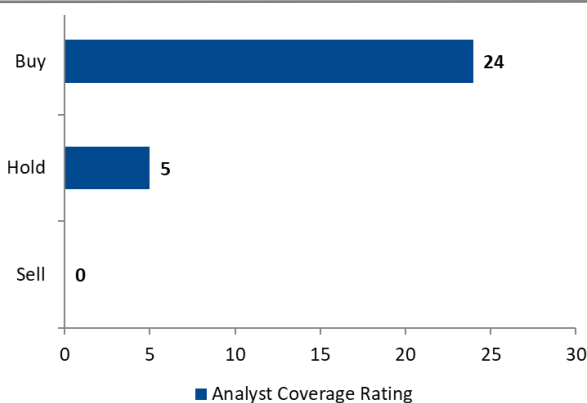
Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
07/10/2020	Hold	1,140 (Dec 2020)	1,070	1,063	+6.5%	+7.3%
09/04/2020	Buy	1,310 (12 Month)	1,050	1,251	+24.8%	+4.7%
11/09/2020	Buy	1,310 (12 Month)	1,000	1,243	+31.0%	+5.4%

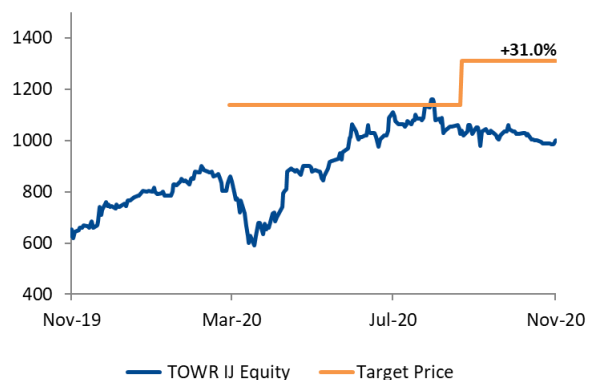
Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) stock ratings

- Period: Next 12-months
- Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to 15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

Financial Summary

INCOME STATEMENT

(IDR bn)	2018/12	2019/12	2020/12E	2021/12F
Revenue	5,868	6,454	7,481	8,351
<i>Growth</i>	9.9%	10.0%	15.9%	11.6%
Cost of Revenue	(1,542)	(1,808)	(2,054)	(2,315)
Gross Profit	4,326	4,646	5,428	6,036
<i>Gross Margin</i>	73.7%	72.0%	72.5%	72.3%
Operating Expenses	(536)	(719)	(785)	(981)
EBIT	3,790	3,928	4,642	5,055
<i>EBIT Margin</i>	64.6%	60.9%	62.1%	60.5%
Depreciation	(1,114)	(1,350)	(1,395)	(1,556)
EBITDA	4,932	5,385	5,271	5,788
<i>EBITDA Margin</i>	84.0%	83.4%	70.5%	69.3%
Interest Expenses	872	958	1,067	1,205
EBT	2,952	3,009	3,595	3,868
Income Tax	(752)	(656)	(783)	(843)
Minority Interest	(0)	(11)	(25)	(9)
Net Profit	2,200	2,342	2,786	3,016
<i>Growth</i>	4.8%	6.4%	19.0%	8.2%
<i>Net Profit Margin</i>	37.5%	36.3%	37.2%	36.1%

BALANCE SHEET

(IDR bn)	2018/12	2019/12	2020/12E	2021/12F
Cash	963	600	959	1,371
Receivables	1,018	1,378	1,309	1,438
Inventories	-	-	-	-
Total Current Assets	2,275	2,474	2,765	3,306
Net Fixed Assets	15,980	19,648	21,507	23,853
Other Non Current Assets	4,704	5,543	5,934	6,376
Total Assets	22,960	27,666	30,206	33,535
Payables	704	641	856	965
Curr Maturities of LT Debt	1,733	1,945	2,013	2,202
LT Debt	8,343	11,230	11,623	12,715
Total Liabilities	14,926	18,905	19,749	21,456
Capital Stock	21	21	21	21
Retained Earnings	7,548	8,704	10,437	12,060
Shareholders' Equity	8,033	8,761	10,457	12,080

CASH FLOW STATEMENT

(IDR bn)	2018/12	2019/12	2020/12E	2021/12F
Operating Cash Flow	3,021	2,587	3,794	3,850
Investing Cash Flow	(5,637)	(5,055)	(2,878)	(3,521)
Financing Cash Flow	1,232	2,105	(557)	83
Net Changes in Cash	(1,385)	(363)	359	412

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY

	2018/12	2019/12	2020/12E	2021/12F
ROE	27.4%	26.7%	26.6%	25.0%
ROA	9.6%	8.5%	9.2%	9.0%
ROIC	12.4%	10.8%	11.1%	10.9%
Cash Dividend (IDR bn)	1,199	1,185	1,054	1,393
Dividend Yield	3.4%	2.6%	1.6%	2.1%
Payout Ratio	183.5%	197.7%	264.4%	216.5%
DER	1.4x	1.7x	1.5x	1.4x
Net Gearing	1.5x	1.7x	1.5x	1.4x
LT Debt to Equity	1.4x	1.7x	1.5x	1.4x
Capitalization Ratio	0.6x	0.6x	0.6x	0.6x
Equity Ratio	0.3x	0.3x	0.3x	0.4x
Debt Ratio	0.5x	0.5x	0.5x	0.5x
Financial Leverage	2.8x	3.0x	3.0x	2.8x
Current Ratio	0.5x	0.5x	0.6x	0.6x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	51,015	51,015	51,015	51,015
Share Price (IDR)	690	905	1,310	1,310
Market Cap (IDR tn)	34,865	40,415	55,096	55,096

VALUATION INDEX

	2018/12	2019/12	2020/12E	2021/12F
Price/Earnings	16.0x	19.7x	24.0x	22.2x
Price/Book Value	4.4x	5.3x	6.4x	5.5x
Price/Sales	6.0x	7.2x	8.9x	8.0x
PE/EPS Growth	3.4x	3.1x	1.3x	2.7x
EV/EBITDA	9.3x	11.3x	15.5x	14.3x
EV/EBIT	12.1x	15.5x	17.6x	16.3x
EV (IDR bn)	45,721	60,736	81,570	82,632
Sales CAGR (3-Yr)	-8.7%	-7.8%	-10.6%	-11.1%
EPS CAGR (3-Yr)	10.4%	-3.0%	-9.0%	-10.0%
Basic EPS (IDR)	43	46	55	59
Diluted EPS (IDR)	43	46	55	59
BVPS (IDR)	157	172	205	237
Sales PS (IDR)	115	127	147	164
DPS (IDR)	23	23	21	27

OWNERSHIP

By Geography	% Shareholders	%
Indonesia	82.4	PT Sapta Adhikari Inv 51.7
United States	12.4	T Rowe Price Group I 6.1
Luxembourg	1.0	Ario Wibisono 0.6
Hongkong	0.9	Norges Bank 0.5

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