

Sarana Menara Nusantara Tbk (TOWR)

Kinerja Solid sebagai Berkah Pandemi

Top dan bottom line sejalan dengan estimasi kami, TOWR mencatatkan kinerja double digit di tahun 2020. Pendapatan (+15,4% yoy) dan Laba Bersih (+21,1% yoy). Tri menjadi kontributor terbesar pertumbuhan pendapatan sebesar 36,3% di ikuti XL sebesar 33,9%. Ekspansi menara masih terus dilakukan, kami optimis kinerja TOWR akan tumbuh di 2021.

Top dan Bottom Line Tumbuh Double Digit.

- Pendapatan TOWR tumbuh 15,4% yoy jadi Rp7,4 triliun (vs Rp6,5 triliun FY19).
- Kontributor utama pendapatan sewa masuk dari PT Hutchison 3 Indonesia (Tri) 36,3% dengan pertumbuhan 15,9% yoy. PT XL Axiata Tbk (EXCL) 33,9% dengan pertumbuhan 17,7% yoy.
- Tenancy ratio tumbuh jadi 1,83x (vs 1,73x FY19). Terdorong dari pertumbuhan jumlah penyewa 17,3% yoy dan pertumbuhan menara 10,7% yoy.
- Laba bersih TOWR melonjak 21,1% yoy jadi Rp2,8 triliun (vs Rp2,3 triliun FY19).

Kinerja TOWR Sejalan dengan Estimasi Kami.

- Pendapatan TOWR mencapai 99,5% dan di ikuti laba bersih yang lebih tinggi 1,8% dari estimasi kami.
- Peningkatan ini terjadi seiring dengan kebutuhan trafik data yang selalu meningkat di masa pandemi, sehingga jumlah penyewa dari operator telekomunikasi terus tumbuh.
- Ekspansi menara terus didorong; tercatat TOWR menambah 2.072 menara di 2020 atau tumbuh 12,2% yoy dibandingkan tahun lalu, saat ini jumlah menara TOWR sebanyak 21.391.
- Investor asing kini dapat melakukan penyertaan langsung/*Foreign Direct Investment* (FDI) ke TOWR. Pasca adanya penghapusan Dana Negatif Investasi (DNI) untuk sektor telekomunikasi pada februari lalu.
- Estimasi Top dan Bottom Line kami sebesar Rp8,7 triliun/Rp3,1 triliun di tahun 2021. Disamping itu, pemanfaatan jaringan 5G juga akan menambah jumlah penyewa TOWR.

Mempertahankan Rating BUY dengan Target Harga 1.520.

- Mempertahankan rating BUY dengan target harga lebih tinggi di Rp 1.520. Kami optimis kinerja 2021 akan tumbuh solid. Potensi Upside 24,6% hingga 12 bulan kedepan.
- Target harga kami setara dengan EV/EBITDA di level 14,8x, saat ini TOWR di perdagangan di level EV/EBITDA 11,4x.

Sarana Menara Nusantara Tbk | Summary (IDR bn)

	2019A	2020A	2021F	2022F
Revenue	6,454	7,445	8,747	10,202
Growth	10.0%	15.4%	17.5%	16.6%
Net Profit	2,342	2,836	3,126	3,375
Growth	36.3%	38.1%	35.7%	33.1%
EPS (IDR)	46	56	61	66
P/E	17.5x	17.3x	24.8x	23.0x
P/BV	4.7x	4.8x	6.5x	5.6x
EV/EBITDA	11.3x	10.6x	16.4x	14.8x
ROE	26.7%	27.8%	26.0%	24.4%
DER	1.7x	2.0x	2.0x	2.1x
Dividend Yield	2.9%	2.4%	1.6%	2.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | May 27, 2021

BUY

Target Price (IDR)	1,520
Consensus Price (IDR)	1,473
TP to Consensus Price	+3.2%
vs. Last Price	+24.6%

Shares data

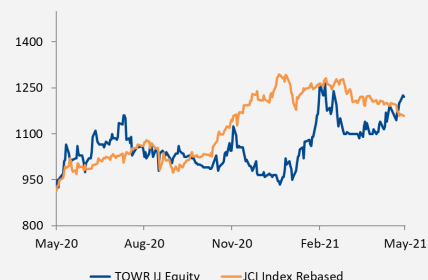
Last Price (IDR)	1,220
Price date as of	May. 25, 2021
52 wk range (Hi/Low)	1,325 / 905
Free float	47.2%
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	61,983
Market Cap (USD mn)	4,337
Avg. Trd Vol - 3M (mn)	65.6
Avg. Trd Val - 3M (bn)	76.1
Foreign Ownership	23.9%

Infrastructure

Telecommunication Towers

Bloomberg	TOWR IJ
Reuters	TOWR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	27.1%	10.9%	1.2%	31.2%
Rel. Ret	29.8%	13.4%	8.8%	5.5%

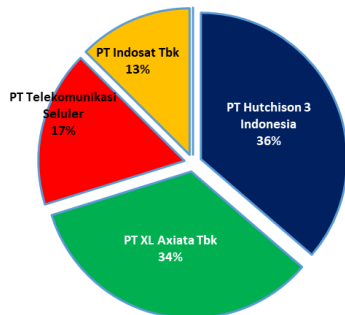
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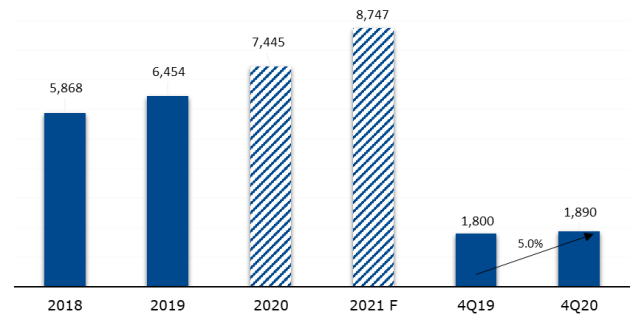
Performance Highlights

Revenue Breakdown FY20



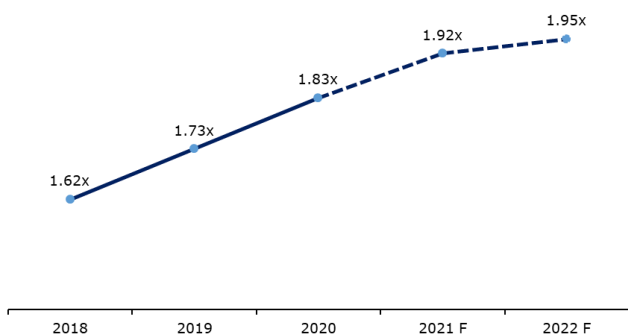
Source: Company, NHKSI Research

Revenue Projection (bn)



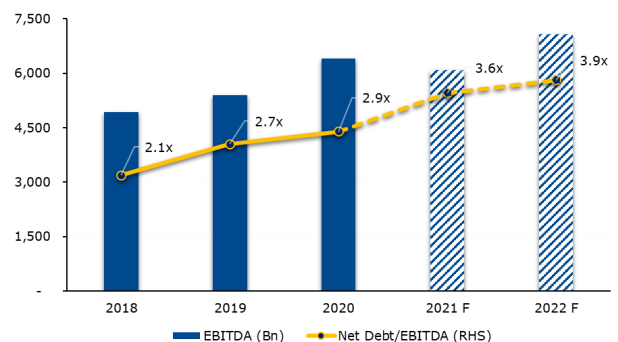
Source: Company, NHKSI Research

Tenancy Ratio



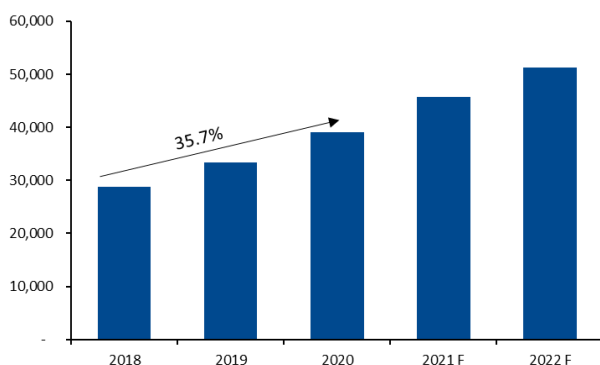
Source: Company, NHKSI Research

Net Debt/EBITDA (bn)



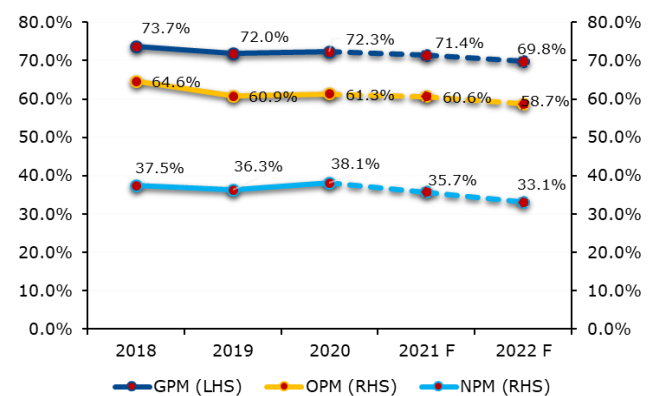
Source: Company, NHKSI Research

Tenancy



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").

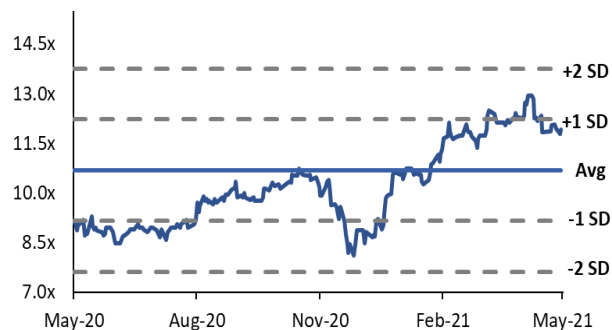
Saat ini Protelindo telah memiliki dan mengoperasikan 21.391 menara di Indonesia, dengan 39.127 lokasi sewa dan lebih dari 35.000 kabel serat optik di seluruh Indonesia.

Asia Peers Comparison

Company	Market Cap (USD mn)	Asset (USD mn)	Revenue LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	EV/ EBITDA LTM	P/BV
Indonesia									
TOWR	4,343	2,460	512	195	21.10%	38.1%	30.0%	11.1x	6.0x
TBIG	4,000	2,623	366	69	23.21%	19.0%	14.7%	13.3x	6.3x
CENT	509	548	80	(47)	N/A	-59.1%	-26.4%	N/A	3.1x
SUPR	528	865	132	49	209.57%	36.8%	21.4%	N/A	2.1x
IBST	820	642	77	5	-40.28%	6.0%	2.2%	16.2x	1.9x
China									
China Tower Corp	24,035	51,688	11,766	933	23.09%	7.9%	3.49%	4.6x	0.8x
Xinjiang Comm	1,098	2,238	1,083	19	-27.86%	1.8%	5.39%	N/A	2.8x
Changshu Fengfan Power	754	727	380	34	N/A	8.9%	9.04%	N/A	1.8x
Hubei Kaile Science	1,270	1,926	1,248	69	-31.99%	5.5%	7.11%	N/A	1.2x
China Maachinery E.	1,844	7,816	2,771	172	-45.90%	6.2%	6.58%	N/A	0.6x

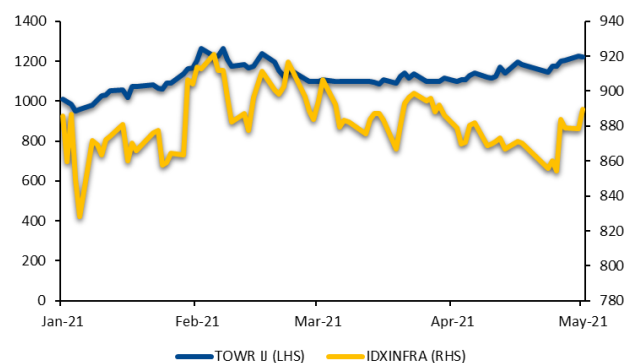
Source: Bloomberg, NHKSI Research

Forward EV/EBITDA Trade in +1SD Area



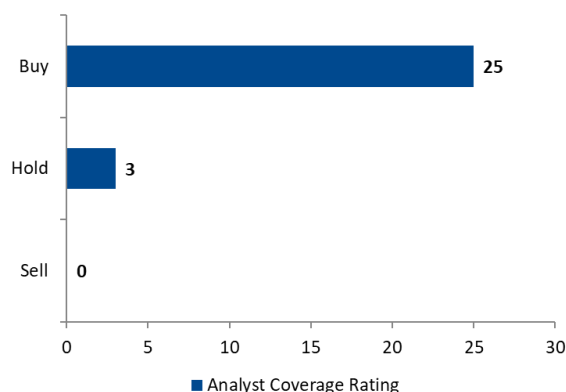
Source: NHKSI Research

TOWR IJ & IDXINFRA



Source: NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



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%
05/27/2021	Buy	1,520 (12 month)	1,220	1,473	+24.6%	+3.2%

Source: NHKSI Research, Bloomberg

Financial Summary

INCOME STATEMENT

(IDR bn)	2019/12	2020/12	2021/12E	2022/12F
Revenue	6,454	7,445	8,747	10,202
<i>Growth</i>	<i>10.0%</i>	<i>15.4%</i>	<i>17.5%</i>	<i>16.6%</i>
Cost of Revenue	(1,808)	(2,059)	(2,499)	(3,077)
Gross Profit	4,646	5,386	6,248	7,125
<i>Gross Margin</i>	<i>72.0%</i>	<i>72.3%</i>	<i>71.4%</i>	<i>69.8%</i>
Operating Expenses	(719)	(820)	(947)	(1,137)
EBIT	3,928	4,567	5,301	5,988
<i>EBIT Margin</i>	<i>60.9%</i>	<i>61.3%</i>	<i>60.6%</i>	<i>58.7%</i>
Depreciation	(1,350)	(1,644)	(1,922)	(2,401)
EBITDA	5,385	6,405	6,092	7,083
<i>EBITDA Margin</i>	<i>83.4%</i>	<i>86.0%</i>	<i>69.6%</i>	<i>69.4%</i>
Interest Expenses	958	1,201	1,580	1,989
EBT	3,009	3,399	3,740	4,030
Income Tax	(656)	(545)	(600)	(647)
Minority Interest	(11)	(18)	(14)	(9)
Net Profit	2,342	2,836	3,126	3,375
<i>Growth</i>	<i>6.4%</i>	<i>21.1%</i>	<i>10.2%</i>	<i>8.0%</i>
<i>Net Profit Margin</i>	<i>36.3%</i>	<i>38.1%</i>	<i>35.7%</i>	<i>33.1%</i>

BALANCE SHEET

(IDR bn)	2019/12	2020/12	2021/12E	2022/12F
Cash	600	1,448	1,581	1,762
Receivables	1,378	1,276	1,531	1,757
Inventories	-	-	-	-
Total Current Assets	2,474	3,002	3,390	3,798
Net Fixed Assets	19,648	22,758	27,945	34,733
Other Non Current Assets	5,543	8,489	8,895	9,322
Total Non Current Assets	25,191	31,247	36,840	44,055
Total Assets	27,666	34,250	40,230	47,853
Payables	641	544	1,041	1,282
Curr Maturities of LT Debt	1,945	4,355	5,122	6,291
Total Current Liabilities	4,565	7,225	8,603	10,169
LT Debt	11,230	9,802	15,742	19,336
Total Liabilities	18,905	24,066	28,228	34,039
Capital Stock	21	21	21	21
Retained Earnings	8,704	10,365	12,214	14,026
Shareholders' Equity	8,761	10,184	12,002	13,814

CASH FLOW STATEMENT

(IDR bn)	2019/12	2020/12	2021/12E	2022/12F
Operating Cash Flow	2,587	3,935	4,267	4,630
Investing Cash Flow	(5,055)	(6,622)	(6,384)	(8,310)
Financing Cash Flow	2,105	3,513	2,251	3,862
Net Changes in Cash	(363)	826	134	181

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY

	2019/12	2020/12	2021/12E	2022/12F
ROE	26.7%	27.8%	26.0%	24.4%
ROA	8.5%	8.3%	7.8%	7.1%
Receivables Turnover	4.7x	5.8x	5.7x	5.8x
Payables Turnover	2.8x	3.8x	2.4x	2.4x
Dividend Yield	2.9%	2.4%	1.6%	2.0%
Payout Ratio	197.7%	237.0%	244.9%	215.9%
DER	1.7x	2.0x	2.0x	2.1x
Net Gearing	1.7x	1.9x	1.9x	2.1x
Equity Ratio	0.3x	0.3x	0.3x	0.3x
Debt Ratio	0.5x	0.6x	0.6x	0.6x
Financial Leverage	3.0x	3.3x	3.4x	3.4x
Current Ratio	0.5x	0.4x	0.4x	0.4x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	51,015	51,015	51,015	51,015
Share Price (IDR)	805	960	1,520	1,520
Market Cap (IDR tn)	40,415	40,415	40,415	40,415

VALUATION INDEX

	2019/12	2020/12	2021/12E	2022/12F
Price/Earnings	17.5x	17.3x	24.8x	23.0x
Price/Book Value	4.7x	4.8x	6.5x	5.6x
PE/EPS Growth	2.7x	0.8x	2.4x	2.9x
EV/EBITDA	11.3x	10.6x	16.4x	14.8x
EV (IDR bn)	60,736	67,723	99,714	104,956
Revenue CAGR (3-Yr)	-7.8%	-10.5%	-12.5%	-14.2%
Net Income CAGR (3-Yr)	-3.0%	-9.5%	-11.0%	-11.5%
Basic EPS (IDR)	46	56	61	66
BVPS (IDR)	172	200	235	271
DPS (IDR)	23	23	25	31

OWNERSHIP

Shareholders	%
PT Sapta Adhikari Inv.	52.0
T Rowe Price Group I.	8.4
Vanguard Group	1.5
Norges Bank	0.6
By Geography	%
Indonesia	76.1
United States	18.3
Luxembourg	1.2
Norway	0.9
Others	3.6

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. 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%

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