

Sarana Menara Nusantara Tbk (TOWR)

Peluang Ekspansi Lebih Agresif

Pada 1Q21, TOWR mencetak pertumbuhan pendapatan (+7,5% YoY) dan Laba Bersih (52,1% YoY), ditopang oleh pendapatan sewa menara dari operator telekomunikasi (+8,1% YoY). Nilai OPM juga tercatat naik 63,2% berkat efisiensi segmen beban penjualan dan pemasaran (-27,0% YoY). Di samping itu, nilai *Net Debt to EBITDA* yang masih rendah membuka peluang bagi TOWR untuk lebih agresif dalam berekspansi di tahun ini.

Naiknya Permintaan Sewa Menara, Mendongkrak Kinerja di 1Q21.

- TOWR bukukan pertumbuhan pendapatan 7.5% YoY menjadi Rp2,0 triliun vs Rp1,8 triliun di 1Q20.
- Kontribusi terbesar berasal dari sewa menara oleh PT XL Axiata Tbk (EXCL) 33,8% dengan pertumbuhan penyewaan sebesar 9,2% YoY.
- Efisiensi yang kuat di segmen beban penjualan & pemasaran (-27,0% yoy) menghasilkan peningkatan *Operating Profit Margin* (OPM) menjadi 63,2%.
- Sehingga dari itu, TOWR bukukan laba bersih sebesar Rp789,2 miliar atau tumbuh 52,1% YoY vs Rp519,0 miliar.

Peluang Ekspansi Terbuka Lebar di Tahun 2021.

- Tingkat *Net Debt to EBITDA* 2,9x yang masih rendah dibanding kompetitornya membuat peluang ekspansi TOWR terbuka lebar. TOWR sudah mengantongi pinjaman sebesar Rp1,0 triliun dari PT Bank Danamon Tbk dan Rp1,2 triliun dari Bank HSBC Indonesia.
- Kami menilai adanya pinjaman akan membantu TOWR untuk lebih agresif dalam berekspansi di tahun ini. Tercatat selama kuartal I-2021 TOWR sudah memiliki 21.424 menara (+2,4% YoY) dan 39.794 penyewa (+8,2% YoY).
- Estimasi kami, kepemilikan menara TOWR akan tumbuh 20,0% YoY dan jumlah penyewa tumbuh 17,1% YoY di tahun ini, mengingat permintaan trafik data yang masih akan terus tumbuh.

Memberikan Rating Overweight dengan Target Harga 1.520.

- Memberikan rating Overweight dengan target harga Rp 1.520. Kami optimis kinerja 2021 akan tumbuh solid. Potensi Upside 13,4% hingga 12 bulan kedepan.
- Target harga kami setara dengan EV/EBITDA di level 14,8x, saat ini TOWR di perdagangan di level EV/EBITDA 12,0x.

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, NPKSI Research

Please consider the rating criteria & important disclaimer

Overweight

Target Price (IDR)	1,520
Consensus Price (IDR)	1,555
TP to Consensus Price	-2.2%
vs. Last Price	+13.4%

Shares data

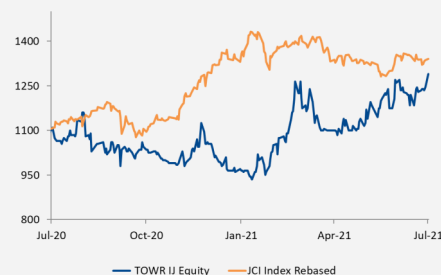
Last Price (IDR)	1,340
Price date as of	July 6, 2021
52 wk range (Hi/Lo)	1,340 / 920
Free float	47.1%
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	68,105
Market Cap (USD mn)	4,727
Avg. Trd Vol - 3M (mn)	56.4
Avg. Trd Val - 3M (bn)	66.5
Foreign Ownership	24.1%

Infrastructure

Telecommunication Towers

Bloomberg	TOWR.IJ
Reuters	TOWR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	33.0%	1.6%	17.3%	16.2%
Rel. Ret	34.6%	2.6%	17.2%	-4.2%

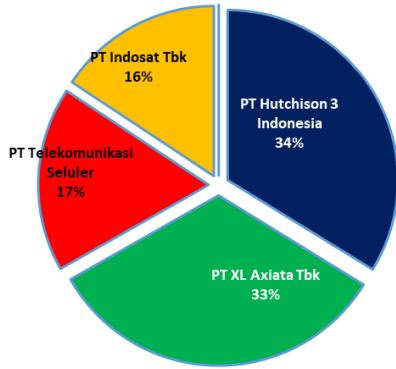
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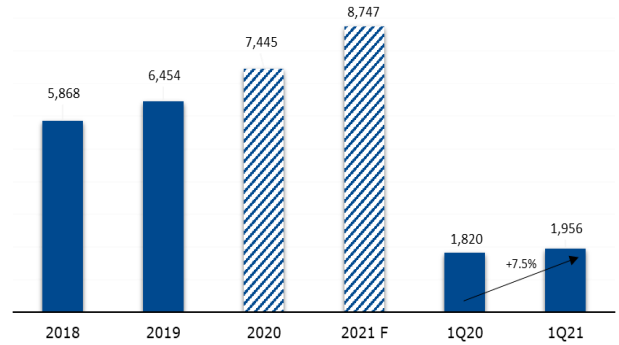
Performance Highlights

Revenue Breakdown 1Q21



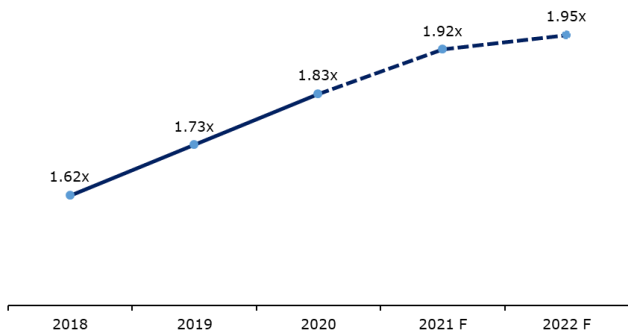
Source: Company, NHKSI Research

Revenue Projection (Bn)



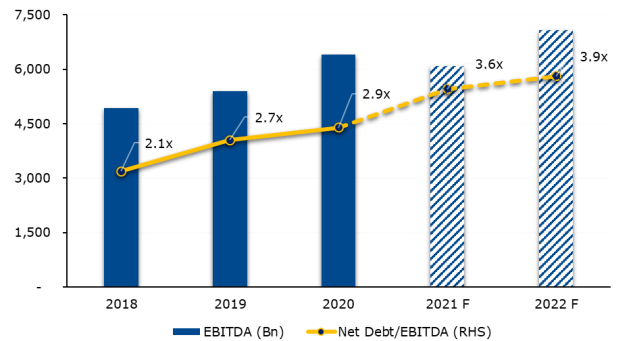
Source: Company, NHKSI Research

Tenancy Ratio



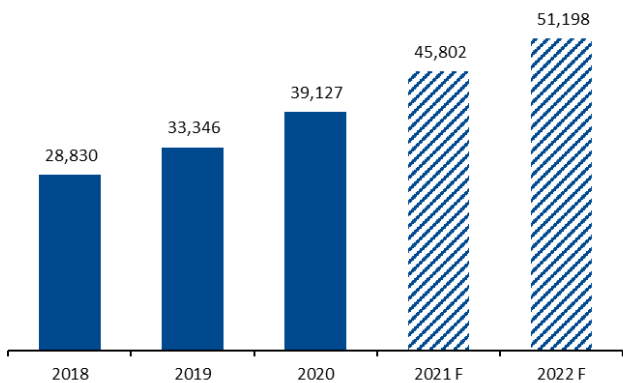
Source: Company, NHKSI Research

Net Debt/EBITDA (Bn)



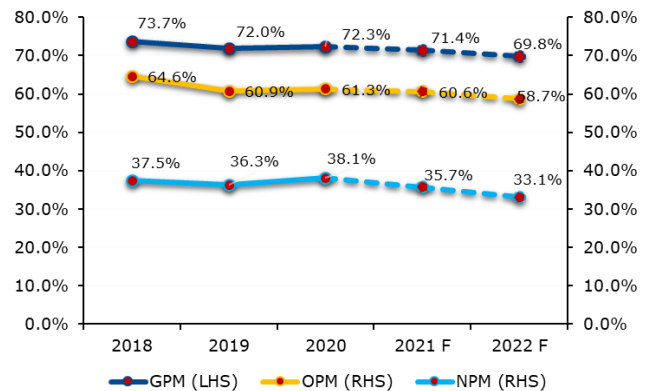
Source: Company, NHKSI Research

Tenancy Projection



Source: Company, NHKSI Research

TOWER Margins



Source: 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").

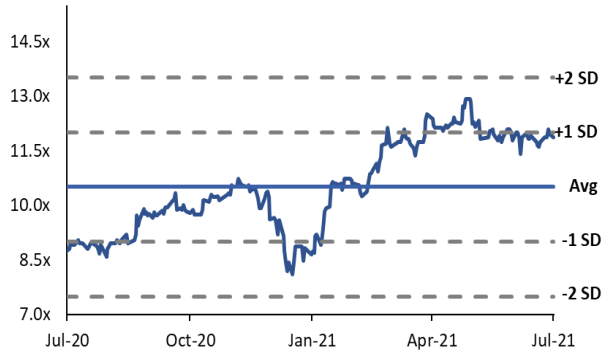
Saat ini Protelindo telah memiliki dan mengoperasikan 21.424 towers menara di Indonesia, dengan 39.794 lokasi sewa dan lebih dari 45.000 kabel serat optik di seluruh Indonesia.

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	4,718	2,460	521	214	30.05%	41.0%	30.8%	12.0x	6.1x
TBIG	5,285	2,623	377	72	26.15%	19.1%	15.2%	15.1x	7.9x
CENT	581	548	80	(47)	N/A	-59.1%	-26.4%	N/A	3.6x
SUPR	628	865	135	50	130.34%	37.1%	20.8%	7.8x	2.4x
IBST	524	748	78	4	-49.37%	4.8%	0.9%	19.9x	1.2x
China									
China Tower Corp	24,021	51,688	11,766	933	23.09%	7.9%	3.49%	4.6x	0.8x
Xinjiang Comm	1,072	2,238	1,083	19	-27.86%	1.8%	5.39%	N/A	2.7x
Changshu Fengfan Power	728	727	380	34	N/A	8.9%	9.04%	N/A	1.8x
Hubei Kaile Science	1,271	1,926	1,248	69	-31.99%	5.5%	7.11%	N/A	1.2x
China Maachinery E.	1,934	7,816	2,771	172	-45.90%	6.2%	6.58%	N/A	0.7x

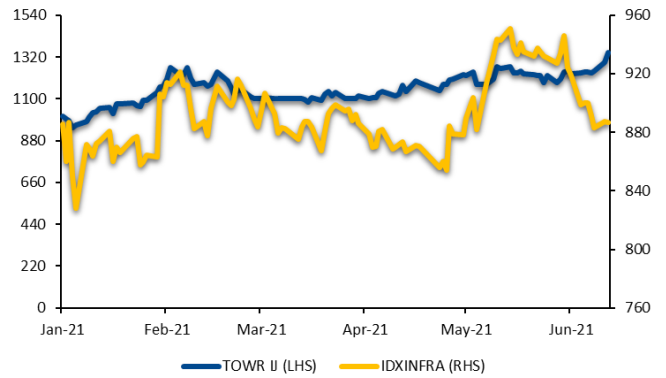
Source: Bloomberg, NHKSI Research

Forward EV/EBITDA Trade in +1SD Area



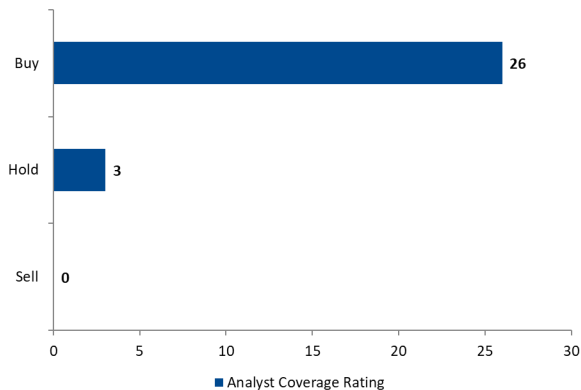
Source: NHKSI Research

TOWR IJ & IDXINFRA



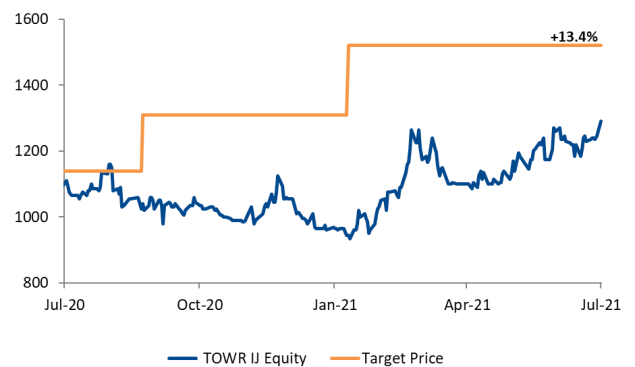
Source: NHKSI Research

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%
07/07/2021	Overweight	1,520 (12 Month)	1,340	1,555	+13.4%	-2.2%

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>	10.0%	15.4%	17.5%	16.6%
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>	72.0%	72.3%	71.4%	69.8%
Operating Expenses	(719)	(820)	(947)	(1,137)
EBIT	3,928	4,567	5,301	5,988
<i>EBIT Margin</i>	60.9%	61.3%	60.6%	58.7%
Depreciation	(1,350)	(1,644)	(1,922)	(2,401)
EBITDA	5,385	6,405	6,092	7,083
<i>EBITDA Margin</i>	83.4%	86.0%	69.6%	69.4%
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>	6.4%	21.1%	10.2%	8.0%
<i>Net Profit Margin</i>	36.3%	38.1%	35.7%	33.1%

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	75.9
United States	18.4
Luxembourg	1.2
Norway	0.9
Others	3.7

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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