

Sarana Menara Nusantara Tbk (TOWR)

Persiapan Fiber Optic Sebagai Growth Driver Baru

Mengawali 1Q23 TOWR membukukan penurunan pendapatan, yaitu sebesar 2.2% secara QoQ menjadi IDR 2,864.7T namun naik 9.4% secara YoY (1Q22: IDR 2,619.3T & 4Q22: IDR 2,928.5T). Adapun EBITDA naik 8.4% secara YoY dan penurunan 4.3% secara QoQ menjadi IDR 2,438.9T (1Q22: IDR 2,250.6T & 4Q22: IDR 2,549.7T). Net Profit cukup tergerus baik secara kuartalan dan tahunan menjadi IDR 752.4B, yang mana diakibatkan oleh kenaikan beban bunga bank (1Q22: IDR 853.5T, -11.8% YoY dan 4Q22: IDR 883.3T, -14.8% QoQ).

Segmen Bisnis Non Menara Mencatatkan Pertumbuhan yang Sangat Atraktif (Khususnya Fiber)

- Diversifikasi yang dilakukan oleh TOWR merupakan sebuah langkah menarik yang diambil di tengah pendapatan dari sewa menara yang cukup stagnan. Sebagai salah satu growth driver baru dari TOWR yang merupakan non tower business, Segmen FTTH (Fiber to The Tower, Fiber Optics) mencatatkan pendapatan yang mengalami pertumbuhan peningkatan drastis dan cukup signifikan dimana secara YoY naik sebesar 89.7% dan QoQ naik 9.65% menjadi IDR 412.3T (1Q22: IDR 217.3B dan 4Q22: IDR 376B).
- Adapun kenaikan pendapatan dari bisnis fiber ini selaras dengan kenaikan jumlah jaringan fiber yang mencetak pendapatan sudah terpasang sejauh 162,399 km (1Q22: 81.319 km YoY Growth: +99.71% & 4Q22: 149,811 km QoQ Growth: +8.4%). Selain pendapatan dari pertumbuhan segmen fiber yang meningkat, adapun segmen konektivitas tumbuh secara YoY +49.2% dan QoQ turun -3.56% menjadi IDR 391 B (1Q22: IDR 262B & 4Q22: IDR 405.5B).

Pendapatan Sewa dari Sektor Menara Relatif Tetap & Tertekan Beban Bunga

- Secara segmentasi pendapatan bagian sewa menara yang merupakan core business dari TOWR mengalami penurunan secara QoQ turun 3.99% dan YoY turun sebesar 3.67% ke IDR 2,061.4T (1Q22: IDR 2,140 T dan 4Q22: IDR 2,147 T). Namun dari segi performa operasional juga terlihat masih stabil dan solid di mana level EBITDA margin dan GPM di 1Q23 berada di angka 85.14% dan 71.9%.
- Adapun mengenai data operasional asset, jumlah menara yang dimiliki TOWR cukup stabil, berada dikisaran 29 ribu menara selama satu tahun terakhir (1Q23: 29,757 unit menara) dan jumlah Penyewa (Tenancy) relatif tetap di level 53-55 ribu (1Q23: 53,820 tenancy). Level Tenancy Ratio di periode 1Q23 berada di angka 1.81 dan stabil bertengger di kisaran 1.8-1.9x selama 3 tahun terakhir.
- Mengenai 1Q23, Net Profit TOWR di 1Q23 menjadi cukup terkikis diakibatkan beban keuangan yang meningkat drastis, khususnya disokong oleh kenaikan beban bunga bank. Beban bunga bank naik 27,34% YoY dan 12.05% QoQ menjadi IDR 593.72B di 1Q23 (1Q22: IDR 466.25B & 4Q22: IDR 529.86B). Untuk beban bunga obligasi naik YoY +13% namun turun secara QoQ -4.31% menjadi IDR 81.35B (1Q22 : IDR 72B & 4Q22: IDR 81.35B). Peningkatan beban keuangan (Bunga bank dan Obligasi) ini cukup membuat level NPM dari TOWR di 1Q23 cukup tergerus, dimana saat ini NPM dari TOWR berada di level 26.26%. Situasi ini namun nampaknya tidak akan lama lagi menekan TOWR, mengingat adanya kemungkinan kenaikan suku bunga yang mulai mereda.

Rekomendasi Buy dengan TP di Level IDR 1,370 (+35.6% Upside)

- NHKS Research mempertahankan rating Buy untuk TOWR dengan target harga IDR 1,370 dan potensi upside +35.6% yang mencerminkan FY2023 12.8x Forward EV/EBITDA. Valuasi TOWR saat ini berada di angka yang cukup atraktif. Adapun katalis yang mendukung call ini adalah efisiensi dari TOWR, berkurangnya beban bunga serta peningkatan growth revenue yang berkelanjutan dari non-tower business. Hal yang menjadi risiko dari call TOWR ini adalah rate dan beban bunga yang masih cukup tinggi dan fluktuatif kurs serta situasi ekonomi makro yang kurang baik.

Sarana Menara Nusantara Tbk | Summary (IDR bn)

	2022/12A	2023/12F	2024/12F	2025/12F
Revenue	11,036	11,700	12,384	13,032
Revenue growth	5.8%	5.2%	11.3%	11.2%
EBITDA	9,517	9,650	10,174	10,657
Net profit	3,442	3,629	3,811	4,152
EPS (IDR)	67	71	75	81
EPS growth	0.4%	5.4%	5.0%	9.0%
BVPS (IDR)	283	322	366	417
EBITDA margin	86.2%	82.5%	82.2%	81.8%
NPM	31.2%	31.0%	30.8%	31.9%
ROE	23.8%	22.1%	20.4%	19.5%
ROA	5.2%	5.1%	4.8%	5.1%
P/E	15.0x	16.4x	5.8x	12.6x
P/BV	3.6x	4.3x	3.9x	3.8x
EV/EBITDA	9.8x	12.8x	12.2x	11.8x
DPS (IDR)	24	30	31	31
Dividend yield	2.3%	2.2%	2.1%	2.0%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Target Price (IDR)	1,370
Consensus Price (IDR)	1,313
TP to Consensus Price	+4.3%
Potential Upside	+35.6%

Shares data

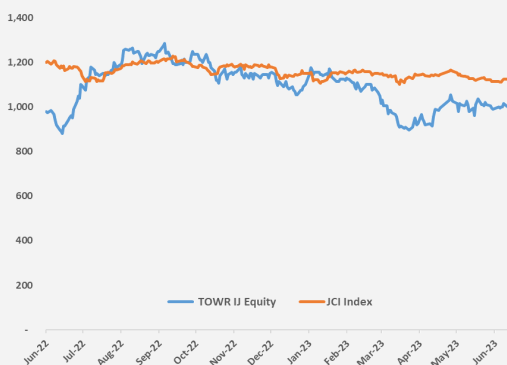
Last Price (IDR)	1,010
Price date as of	June. 12, 2023
52 wk range (Hi/Lo)	1,295 / 870
Free float (%)	37.5
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	51,270
Market Cap (USD mn)	3,448
Avg. Trd Vol - 3M (mn)	27.45
Avg. Trd Val - 3M (bn)	26.55
Foreign Ownership	26.7%

Infrastructure

Telecommunication Towers

Bloomberg	TOWR.IJ
Reuters	TOWR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-12.2%	3.1%	5.8%	12.8%
Rel. Ret.	-10.3%	2.8%	4.5%	16.8%

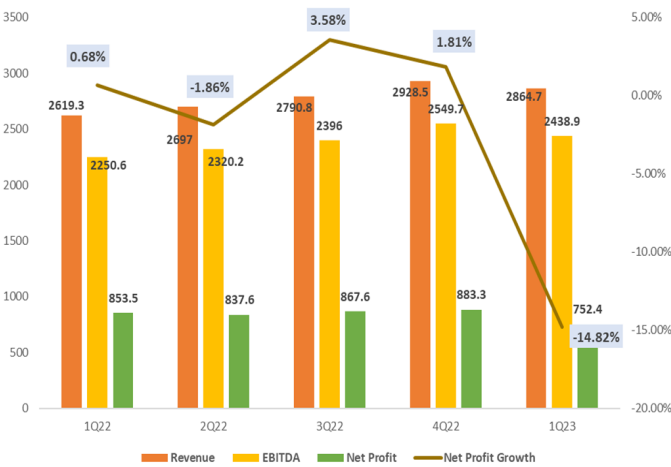
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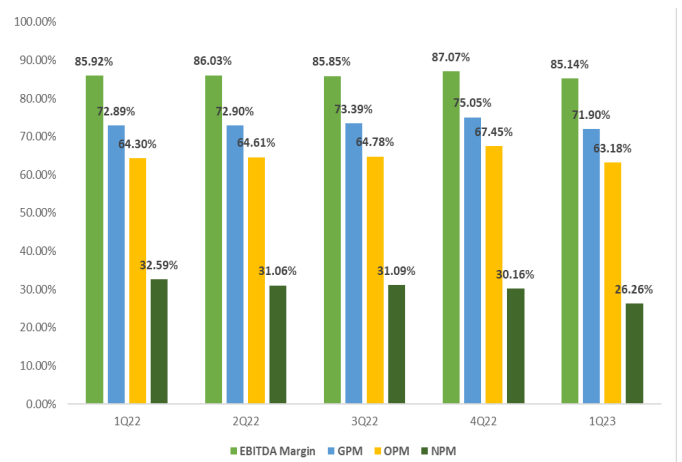
Performance Highlights

Financial Performance (IDR Billion)



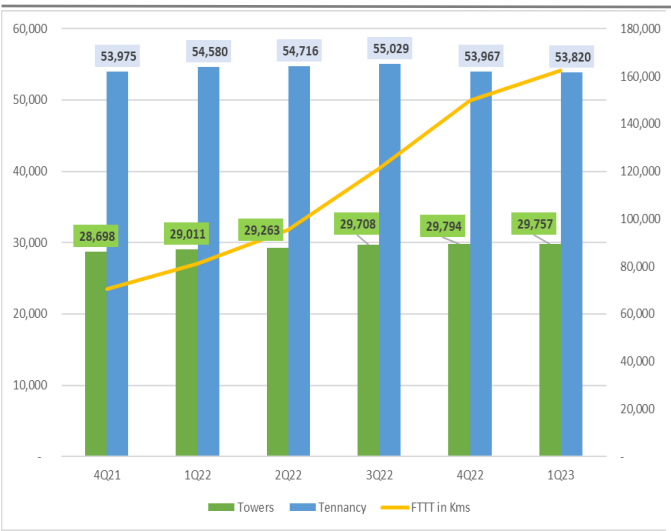
Source: Company, NHKSI Research

Margin Ratios (%)



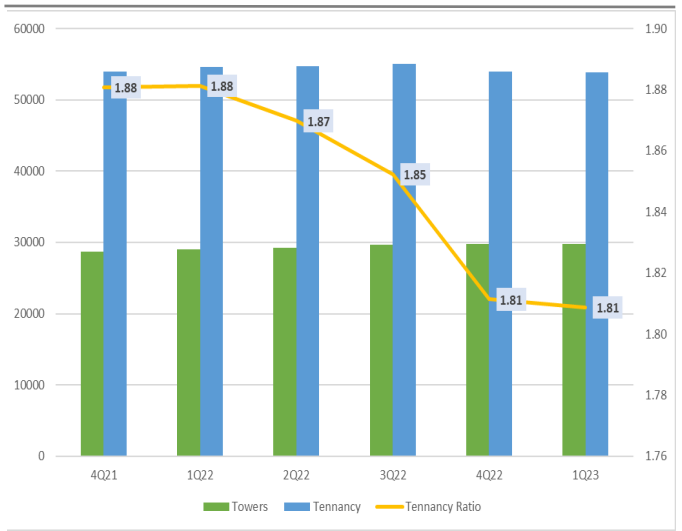
Source: Company, NHKSI Research

TOWR Number of Towers, Tenancy and FTTC



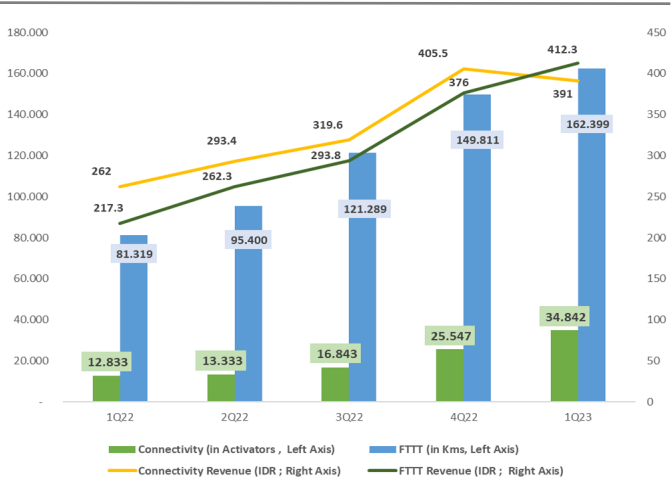
Source: Company, NHKSI Research

TOWR Tenancy Ratio (x)



Source: Company, NHKSI Research

Non TOWR Business Breakdown (By Segment)



Source: Company, NHKSI Research

F-EV/EBITDA



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Revenue	11,036	11,700	12,384	13,032
<i>Growth</i>	5.8%	5.2%	11.3%	11.2%
Cost of Revenue	(2,914)	(3,185)	(3,379)	(3,595)
Gross Profit	8,121	8,515	9,005	9,437
<i>Gross Margin</i>	73.6%	72.8%	72.7%	72.4%
Operating Expenses	(1,294)	(1,406)	(1,528)	(1,658)
EBIT	6,828	7,109	7,477	7,779
<i>EBIT Margin</i>	61.9%	60.8%	60.4%	59.7%
Depreciation	(2,307)	(2,541)	(2,697)	(2,878)
EBITDA	9,517	9,650	10,174	10,657
<i>EBITDA Margin</i>	86.2%	82.5%	82.2%	81.8%
Interest Expenses	2,392	2,456	2,579	2,553
EBT	4,459	4,672	4,927	5,342
Income Tax	(963)	(1,028)	(1,099)	(1,173)
Minority Interest	(55)	(15)	(17)	(16)
Net Profit	3,442	3,629	3,811	4,152
<i>Growth</i>	0.4%	5.4%	5.0%	9.0%
<i>Net Profit Margin</i>	31.2%	31.0%	30.8%	31.9%

BALANCE SHEET

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Cash	343	1,497	6,118	4,695
Receivables	2,616	2,048	2,133	2,244
Total Current Assets	3,651	3,990	8,726	7,410
Net Fixed Assets	37,152	40,207	41,430	43,151
Other Non Current Assets	5,543	8,489	25,479	24,822
Total Non Current Assets	61,974	66,645	69,939	74,206
Total Assets	65,625	70,635	78,665	81,616
Payables	862	1,327	1,408	1,498
Curr Maturities of LT Debt	8,450	8,873	9,888	9,879
Total Current Liabilities	14,446	15,668	17,198	17,602
LT Debt	26,866	31,442	35,038	35,004
Total Liabilities	51,193	54,193	59,979	60,344
Capital Stock + APIC	21	21	21	21
Retained Earnings	14,635	16,710	18,955	21,540
Shareholders' Equity	14,432	16,442	18,686	21,272

CASH FLOW STATEMENT

(IDR bn)	2022/12A	2023/12F	2024/12F	2025/12F
Operating Cash Flow	4,884	6,409	5,388	5,883
Investing Cash Flow	(4,601)	(5,893)	(4,606)	(5,690)
Financing Cash Flow	(3,482)	704	3,838	(1,616)
Net Changes in Cash	(3,199)	1,220	4,621	(1,423)

Source: Company Data, Bloomberg, NHKSI Research

PROFITABILITY & STABILITY

	2022/12A	2023/12F	2024/12F	2025/12F
ROE	23.85%	22.07%	20.40%	19.52%
ROA	5.24%	5.14%	4.84%	5.09%
Receivables Turnover	4.2x	5.7x	5.8x	5.8x
Payables Turnover	3.4x	2.4x	2.4x	2.4x
Dividend Yield	2.3%	2.2%	2.1%	2.0%
Payout Ratio	34.9%	42.8%	41.1%	37.7%
DER	3.1x	2.9x	2.8x	2.5x
Net Gearing	3.1x	2.8x	2.8x	2.4x
Equity Ratio	0.2x	0.2x	0.2x	0.3x
Debt Ratio	0.7x	0.7x	0.7x	0.6x
Financial Leverage	4.0x	3.9x	4.7x	4.1x
Current Ratio	0.3x	0.3x	0.5x	0.4x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	51,015	51,015	51,015	51,015
Share Price (IDR)	1,010	1,370	1,439	1,568
Market Cap (IDR tn)	51,525	69,890	73,394	79,968

VALUATION INDEX

	2022/12A	2023/12F	2024/12F	2025/12F
Price/Earnings	15.0x	19.3x	19.3x	19.3x
Price/Book Value	3.6x	4.3x	3.9x	3.8x
PE/EPS Growth	35.0x	3.5x	3.8x	2.2x
EV/EBITDA	9.8x	12.8x	12.2x	11.8x
EV (IDR bn)	93,603	123,273	124,054	125,426
Revenue CAGR (3-Yr)	19.6%	16.3%	12.8%	5.7%
Net Income CAGR (3-Yr)	13.7%	8.6%	3.6%	6.5%
Basic EPS (IDR)	67	71	75	81
BVPS (IDR)	283	322	366	417
DPS (IDR)	24	30	31	31

OWNERSHIP

Shareholders	%
PT Sapta Adhikari Investama	54.42
PT Dwimuria Investama Andalana	5.00
Vanguard Group Inc	1.52
Others	39.06
By Geography	%
Indonesia	73.29
United States	12.48
Luxembourg	0.97
Others	13.26

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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