

Sarana Menara Nusantara Tbk (TOWR)

Semangat Baru dari Segmen Fiber Optic

Di Semester I 2023, TOWR mencetak kenaikan pendapatan sebesar 8.65% YoY dan 1.64% QoQ menjadi IDR 5.776T (1H22: IDR 5.316T & 1Q23: IDR 2.864T). Di periode ini juga, EBITDA mengalami kenaikan +7.51% YoY dan +1.49% QoQ menjadi IDR 4.914T (1H22: IDR 4.571T & 1Q23 : IDR 2.439T). Net profit masih mengalami kontraksi akibat beban bunga, yaitu menurun menjadi IDR 1.559T di Semester I 2023 (1H22: IDR 1.691T , -7.81% YoY dan 1Q23 : IDR 752.4 B , +7.22% QoQ)

Pendapatan Sewa dari Sektor Menara Yang Masih Relatif Tetap

- Secara segmentasi pendapatan bagian sewa menara yang merupakan core business dari TOWR mengalami kenaikan secara QoQ naik 3.47% dan YoY turun sebesar -2.03% ke IDR 4.194T (1H22: IDR 4.281 T dan 1Q23: IDR 2.865 T).
- Jika mengacu kepada operator penyewa, adapun Segmen pendapatan yang bertumbuh di 1H23 berasal dari ISAT pasca merger yaitu +9.26% YoY dan EXCL bertumbuh +12.19% YoY. Nampak pendapatan dari ISAT sudah mulai mengalami sedikit pertumbuhan pasca merger Indosat dengan Hutch. Namun, pendapatan yang berasal dari Tsel mengalami penurunan -7.89% YoY.
- Mengenai 1H23 masih sama seperti kuartal sebelumnya, Net Profit TOWR di 1H23 menjadi cukup terkikis diakibatkan beban keuangan yang meningkat signifikan, khususnya disokong oleh kenaikan beban bunga bank. Beban bunga bank naik 27% YoY dan turun 5.96% QoQ menjadi IDR 1.152T di 1H23 (1H22: IDR 907.1B & 1Q23: IDR 593.7B). Untuk beban bunga obligasi naik YoY +43.32% dan secara QoQ +53.5% menjadi IDR 206.1B (1H22 : IDR 143.8B & 1Q23: IDR 81.3B).

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

- Segmen Fiber To The Tower atau Fiber Optics (FTTT) mencatatkan kenaikan pertumbuhan pendapatan di 1H23 yang cukup gemilang, dimana secara YoY naik +92.94% dan QoQ bertumbuh +3.42% menjadi IDR 838.7 B (1H22: IDR 434.7B & 1Q23: IDR 412.3B). Hal yang cukup menarik disimak adalah proporsi segmen FTTT dari TOWR sudah mulai menunjukkan perannya sebagai growth driver baru dan hasil diversifikasi sektor bisnis dari emiten ini, dimana per 1H23 FTTT berkontribusi terhadap 14.5% total pendapatan TOWR (Kontribusi per 1H22: 8.2%).
- Kenaikan pendapatan dari bisnis fiber ini selaras dengan kenaikan portfolio jumlah jaringan fiber yang mencetak pendapatan sudah terpasang sejauh 172,593 km (1H22: 95.400 km YoY Growth: +80.92% & 1Q23: 162,399 km QoQ Growth: +6.28%). Selain pendapatan dari pertumbuhan segmen fiber yang meningkat, adapun segmen konektivitas di 1H23 tumbuh +23.80% secara YoY dan QoQ turun -9.92% menjadi IDR 743.2 B (1H22: IDR 600.3B & 1Q23: IDR 391 B).

Rekomendasi Buy dengan TP di Level IDR 1,260 (+24.75% Upside)

- NHKS Research mempertahankan rating Buy untuk TOWR dengan target harga IDR 1,260 dan potensi upside +24.75% yang mencerminkan FY2023 12.2x 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 sekaligus persaingan industri menara yang semakin ketat.

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	3.9x	3.6x	3.5x
EV/EBITDA	9.8x	12.8x	12.2x	11.8x
DPS (IDR)	24	30	31	31
Dividend yield	2.3%	2.4%	2.3%	2.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Target Price (IDR)	1,260
Consensus Price (IDR)	1,359
TP to Consensus Price	-7.28%
Potential Upside	+24.75%

Shares data

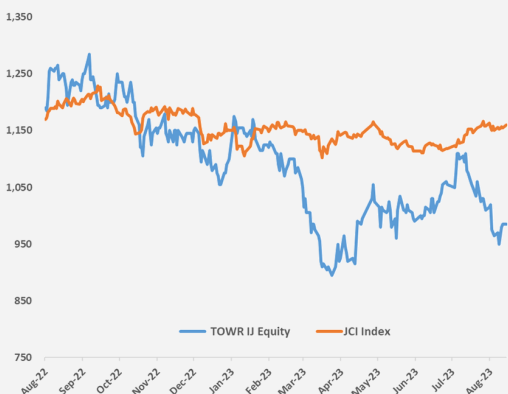
Last Price (IDR)	1,010
Price date as of	August. 18, 2023
52 wk range (Hi/Lo)	1,295 / 885
Free float (%)	37.5
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	51,779
Market Cap (USD mn)	3,374
Avg. Trd Vol - 3M (mn)	25.60
Avg. Trd Val - 3M (bn)	26.20
Foreign Ownership	25.82%

Infrastructure

Telecommunication Towers

Bloomberg	TOWR IJ
Reuters	TOWR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-12.2%	-3.8%	-2.4%	-17.6%
Rel. Ret.	-12.3%	-4.2%	-4.8%	-13.0%

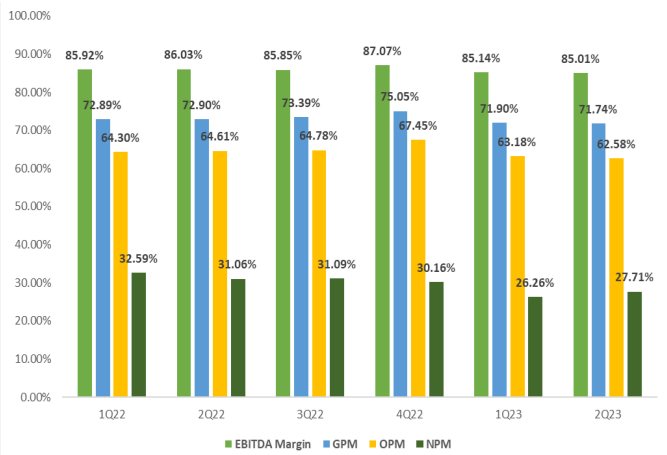
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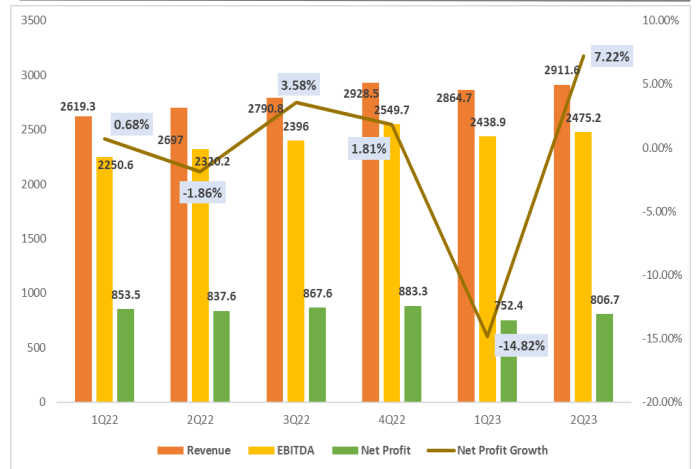
Performance Highlights

Financial Performance (IDR Billion)



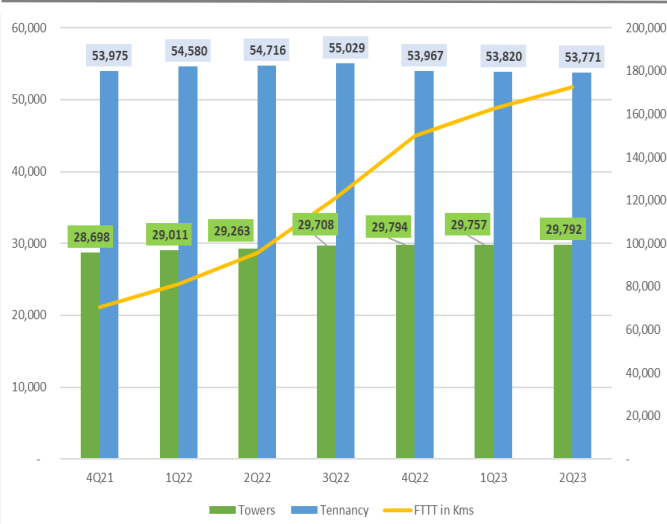
Source: Company, NHKSI Research

Margin Ratios (%)



Source: Company, NHKSI Research

TOWR Number of Towers, Tenancy and FTTT



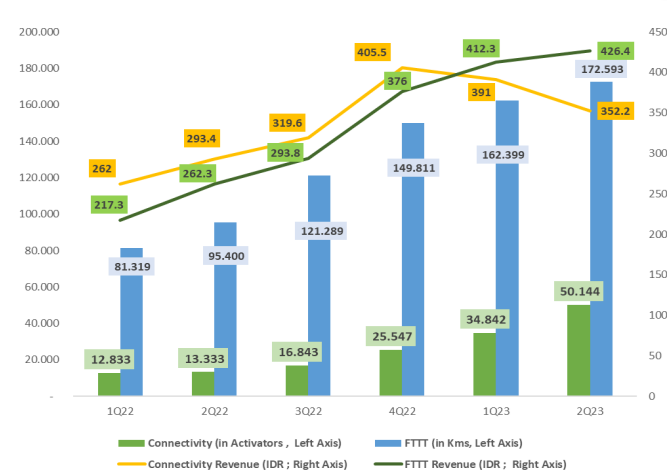
Source: Company, NHKSI Research

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)	2022/12F	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)	2022/12F	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)	2022/12F	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

	2022/12F	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%	2.4%	2.3%	2.1%
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	1,260	1,323	1,442
Market Cap (IDR tn)	51,525	64,278	67,501	73,547

VALUATION INDEX

	2022/12F	2023/12F	2024/12F	2025/12F
Price/Earnings	15.0x	17.7x	17.7x	17.7x
Price/Book Value	3.6x	3.9x	3.6x	3.5x
PE/EPS Growth	35.0x	3.3x	3.5x	2.0x
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	1.30
Others	39.28
By Geography	%
Indonesia	74.18
United States	12.14
Luxembourg	0.77
Others	12.91

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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