

# Sarana Menara Nusantara Tbk (TOWR)

## Segmen Fiber Sebagai Ujung Tombak Baru Pertumbuhan

Per Periode 9M23, TOWR mencetak kenaikan pendapatan sebesar 7.6% YoY dan 1.1% QoQ menjadi IDR 8.72T (9M22: IDR 8.11T, 2Q23: IDR 2.91T & 3Q23: IDR 2.94T). EBITDA mengalami kenaikan +6.5% YoY dan +1.1% QoQ menjadi IDR 7.42T (9M22: IDR 6.97T, 2Q23 : IDR 2.47T & 3Q23 : IDR 2.50T). Net profit di periode ini masih mengalami kontraksi akibat beban bunga, yaitu menurun menjadi IDR 2.42T di 9M23 (9M22: IDR 2.56T, -5.2% YoY dan 2Q23 : IDR 807B & 3Q23 : IDR 866B, +7.4% QoQ). Hal yang menarik saat ini untuk disimak dari TOWR adalah transisinya TOWR yang semula lebih berfokus dan dominan pada penyewaan menara, kini TOWR juga lebih berfokus mendiversifikasikan bisnisnya ke dalam bisnis fiber optik, baik itu FTTH (Fiber to The Tower) dan FTTH (Fiber to The Home).

### Beban Bunga TOWR Sudah Terlihat Mulai Melandai

- Secara segmentasi pendapatan bagian sewa menara yang merupakan core business dari TOWR mengalami penurunan -2.48% YoY dan +3.47% QoQ ke IDR 6.299T (9M22: IDR 6.459T, 2Q23: IDR 2.133T & 3Q23: IDR 2.105T). Era suku bunga tinggi masih menyebabkan beban bunga menemuk dan masih cukup memukul Net Profit TOWR di 9M23 secara tahunan dimana khususnya disokong oleh kenaikan beban bunga bank. Namun, kabar baiknya adalah Beban bunga bank secara kuartalan nampaknya sudah mulai mengalami penurunan akibat kejelasan drama suku bunga tinggi.
- Beban bunga bank naik +22.7% YoY dan turun -11.6% QoQ menjadi IDR 1.64T di 9M23 (9M22: IDR 1.34T & 1Q23: IDR 593.7B, 2Q23: IDR 558B & 3Q23: 493B IDR). Untuk beban bunga obligasi naik YoY +52.5% dan secara QoQ +7.2% menjadi IDR 206.1B (9M22 : IDR 223B, 2Q23: IDR 125B & 3Q23: 134B).

### FTTH dan FTTH Sebagai Senjata Baru TOWR Untuk Mengejar Pertumbuhan

- Saat ini, TOWR sudah mulai memperlihatkan jati dirinya sebagai salah satu perusahaan menara yang bukan merupakan pemain murni sewa menara. Hal ini terlihat dari data kontribusi pendapatan dari segmen FTTH per 9M23 sudah mencapai 14.9% dari total pendapatan TOWR (9M22: 9.5%, 6M23: 14.5%) dan segmen sewa menara per 9M23 mencakup 72.2% pendapatan TOWR (9M22: 79.7%). Peningkatan pendapatan non-sewa menara juga terus mengalami pertumbuhan. Segmen konektivitas di 9M23 tumbuh +19.9% secara YoY menjadi IDR 1.042T (9M22: IDR 869B).
- Segmen FTTH mencatatkan kenaikan pertumbuhan pendapatan di 9M23 yang cukup gemilang, dimana secara YoY naik +67.8% dan QoQ bertumbuh +3.4% menjadi IDR 1.297T (9M22: IDR 773B, 2Q23: IDR 426.4B dan 3Q23: IDR 458.3B). Kenaikan pendapatan dari bisnis fiber ini masih selaras dengan kenaikan portfolio jumlah jaringan fiber yang mencetak pendapatan sudah terpasang sejauh 178,329 km (9M22: 121,289 km YoY Growth: +47% & 6M22: 172,593 km QoQ Growth:+3.31%).
- Selain segmen FTTH yang mengalami pertumbuhan eksponensial, TOWR mulai memperlihatkan adanya separasi terhadap pendapatan segmen dari FTTH dari segmen connectivity. Per periode 9M 2023, segmen FTTH membukukan keuntungan IDR 82B (9M22: IDR 6B, YoY Growth: +1,280%). Selain itu per periode ini, jumlah rumah yang sudah terhubung dengan jaringan FTTH sudah mencapai 559,800 home passes hingga September 2023 dengan 77,682 home connect (13.9% Tingkat Penetrasi). Target dari manajemen kedepannya adalah menghubungkan FTTH hingga ke 2 juta home passes.

### Rekomendasi Buy dengan TP di Level IDR 1,310 (+37.9% Upside)

- NHKSI Research mempertahankan rating Buy untuk TOWR namun dengan target harga lebih rendah yaitu IDR 1,310 dan potensi upside +37.9% yang mencerminkan FY2023 12.5x Forward EV/EBITDA. Valuasi TOWR saat ini berada di angka yang cukup atraktif. Adapun katalis yang mendukung call ini adalah efisiensi dari TOWR, beban bunga yang mulai tampak melandai serta pertumbuhan berkelanjutan dan eksekusi dari non-tower business khususnya FTTH dan FTTH. 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	14.1x	16.4x	5.8x	12.6x
P/BV	3.4x	4.1x	3.8x	3.6x
EV/EBITDA	9.8x	12.8x	12.2x	11.8x
DPS (IDR)	24	30	31	31
Dividend yield	2.5%	2.3%	2.2%	2.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

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Company Report | November 14, 2023

## Buy

Target Price (IDR)	1,310
Consensus Price (IDR)	1,335
TP to Consensus Price	-1.9%
Potential Upside	+37.9%

### Shares data

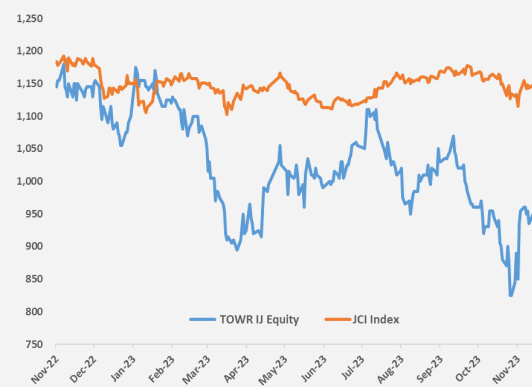
Last Price (IDR)	950
Price date as of	November. 13, 2023
52 wk range (Hi/Lo)	1,180 / 820
Free float (%)	37.5
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	48,464
Market Cap (USD mn)	3,084
Avg. Trd Vol - 3M (mn)	25.01
Avg. Trd Val - 3M (bn)	24.08
Foreign Ownership	26.14%

### Infrastructure

#### Telecommunication Towers

Bloomberg	TOWR IJ
Reuters	TOWR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-17.4%	0.5%	-3.6%	-15.9%
Rel. Ret.	-17.3%	1.8%	-2.8%	-13.4%

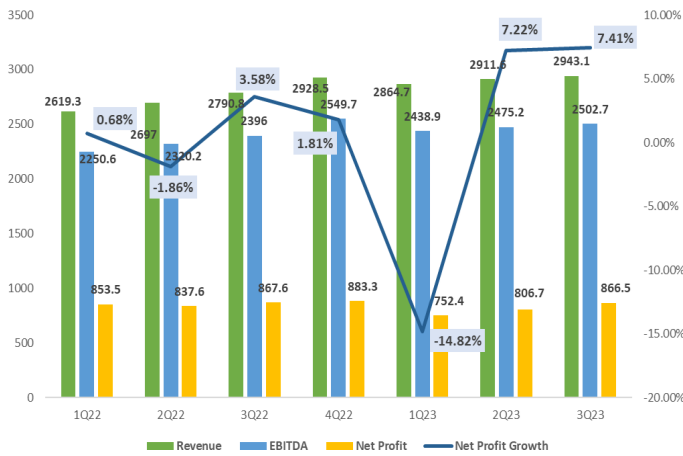
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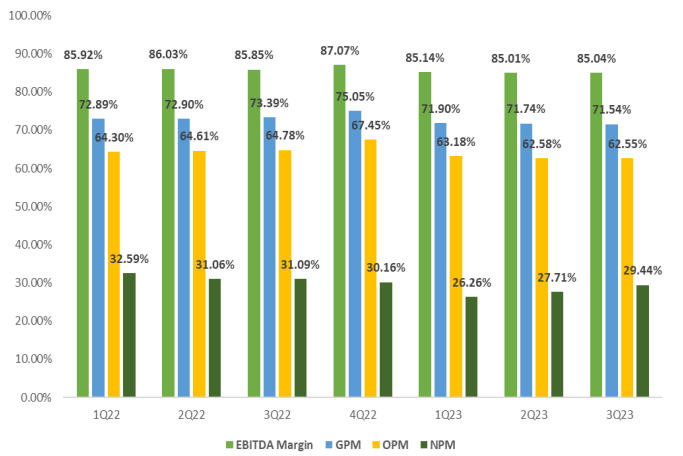
# Performance Highlights

## Financial Performance (IDR Billion)



Source: Company, NHKSI Research

## Margin Ratios (%)



Source: Company, NHKSI Research

## TOWR Number of Towers, Tenancy and FTTC



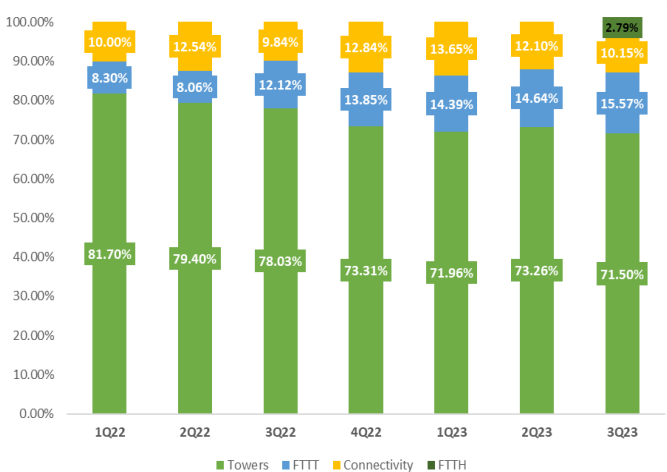
Source: Company, NHKSI Research

## TOWR Tenancy Ratio (x)



Source: Company, NHKSI Research

## TOWR Revenue Segmentation



Source: Company, NHKSI Research

## F-EV/EBITDA (3 Years)



Source: Company, NHKSI Research

## Summary of Financials

INCOME STATEMENT				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
<b>Revenue</b>	<b>11,036</b>	<b>11,700</b>	<b>12,384</b>	<b>13,032</b>
<i>Growth</i>	5.8%	5.2%	11.3%	11.2%
Cost of Revenue	(2,914)	(3,185)	(3,379)	(3,595)
<b>Gross Profit</b>	<b>8,121</b>	<b>8,515</b>	<b>9,005</b>	<b>9,437</b>
<i>Gross Margin</i>	73.6%	72.8%	72.7%	72.4%
Operating Expenses	(1,294)	(1,406)	(1,528)	(1,658)
<b>EBIT</b>	<b>6,828</b>	<b>7,109</b>	<b>7,477</b>	<b>7,779</b>
<i>EBIT Margin</i>	61.9%	60.8%	60.4%	59.7%
Depreciation	(2,307)	(2,541)	(2,697)	(2,878)
<b>EBITDA</b>	<b>9,517</b>	<b>9,650</b>	<b>10,174</b>	<b>10,657</b>
<i>EBITDA Margin</i>	86.2%	82.5%	82.2%	81.8%
Interest Expenses	2,392	2,456	2,579	2,553
<b>EBT</b>	<b>4,459</b>	<b>4,672</b>	<b>4,927</b>	<b>5,342</b>
Income Tax	(963)	(1,028)	(1,099)	(1,173)
Minority Interest	(55)	(15)	(17)	(16)
<b>Net Profit</b>	<b>3,442</b>	<b>3,629</b>	<b>3,811</b>	<b>4,152</b>
<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
<b>Total Current Assets</b>	<b>3,651</b>	<b>3,990</b>	<b>8,726</b>	<b>7,410</b>
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
<b>Total Assets</b>	<b>65,625</b>	<b>70,635</b>	<b>78,665</b>	<b>81,616</b>
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
<b>Total Liabilities</b>	<b>51,193</b>	<b>54,193</b>	<b>59,979</b>	<b>60,344</b>
Capital Stock + APIC	21	21	21	21
Retained Earnings	14,635	16,710	18,955	21,540
<b>Shareholders' Equity</b>	<b>14,432</b>	<b>16,442</b>	<b>18,686</b>	<b>21,272</b>

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)
<b>Net Changes in Cash</b>	<b>(3,199)</b>	<b>1,220</b>	<b>4,621</b>	<b>(1,423)</b>

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	2.5%	2.3%	2.2%	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)	950	1,310	1,375	1,495
Market Cap (IDR tn)	48,464	66,829	70,145	76,267

VALUATION INDEX				
	2022/12F	2023/12F	2024/12F	2025/12F
Price/Earnings	14.1x	18.4x	18.4x	18.4x
Price/Book Value	3.4x	4.1x	3.8x	3.6x
PE/EPS Growth	32.9x	3.4x	3.7x	2.1x
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	
<b>Shareholders</b>	%
PT Sapta Adhikari Investama	54.42
PT Dwimuria Investama Andalan	5.00
Vanguard Group Inc	1.51
Others	39.07
<b>By Geography</b>	%
Indonesia	73.86
United States	12.57
Ireland	0.82
Others	12.75

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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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