Strong 4Q, Fiber Drives FY26F Upside

6 April 2026

SARANA MENARA NUSANTARA

TOWR IJ	BUY
Sector	TowerCo
Price at 2 April 2026 (IDR)	494
Price target (IDR)	700
Upside/Downside (%)	41.7

Stock Information

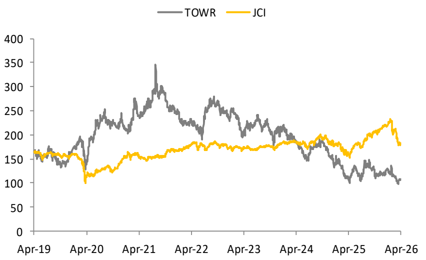
Sarana Menara Nusantara was established in 2008 with the prime focus of its business is to invest in the operating companies who own and operate tower telecommunication sites and lease them to wireless communication companies.

Market cap (IDR bn)	29,194
Shares outstanding (mn)	59,098
52-week range (IDR)	442-700
3M average daily vol. ('000)	31,208
3M average daily val. (IDR mn)	21,015

Shareholders (%)

Sapta Adhikari Investama	45.3
Dwimuria Investama Andalan	20.0
Public	34.7

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	2.07	-15.56	-2.18

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TOWR delivered a solid 4Q25, with accelerating fiber monetization driving earnings momentum, while margin resilience and lower funding costs supported a stronger-than-expected bottom line. We remain constructive into FY26F as fiber-led mix improvement enhances visibility and earnings quality. Maintain our BUY call with a target price of IDR700, based on 7.3x FY26F EV/EBITDA, (-0.8SD 5yrs-historical mean).

4Q25: Fiber-led growth and lower interest costs lift earnings

TOWR reported FY25 EBITDA of IDR11.0 tn (+2.5% yoy), broadly inline with expectations (101.4% of ours; 99.9% of consensus), supported by revenue growth of 4.6% yoy to IDR13.3 tn despite a 4.8% yoy increase in CoR. Momentum strengthened in 4Q25, with EBITDA rising 8.5% qoq to IDR2.9 tn on revenue growth of 10.6% qoq to IDR3.6 tn. The key highlight was net profit, which surged 24.3% qoq to IDR1.1 tn, driven by a 10.4% decline in interest expenses following IDR7.2 tn of loan repayments and lower funding costs (6.0% vs. 6.2% in FY24). FY25 net profit exceeded our forecast (108.1%), supported by lower-than-expected interest costs and stronger EBIT margins (59.3% vs. 57.4% expected) despite elevated cash costs (+14.8% yoy), underscoring resilient execution.

FY26F: Fiber expansion underpins growth re-acceleration

Fiber momentum remains robust, with FTTT increasingly anchoring growth. In FY25, FTTT revenue reached IDR2.9 tn (+12.4% yoy), lifting its contribution to 22.1% of total revenue (vs. 16.6% in 3Q25), while FTTH expanded to IDR658.0 bn. With 1.81 mn homepasses achieved (vs. 2.0 mn target) and the 40% stake in Remala Abadi strengthening infrastructure depth, TOWR is well-positioned to scale further. Into FY26F, we expect non-tower revenue to lead (+12.0% yoy to IDR5.2 tn), complemented by tower leasing growth of 1.7% yoy to IDR8.9 tn, supported by incremental tenancies from EXCL post-merger (EXCL leasing revenue +37.8% yoy in FY25). Overall, we forecast FY26F revenue to grow 5.2% yoy to IDR14.0 tn.

Margins: Favorable mix to contain cost pressures

The ongoing shift toward higher-margin fiber services (gross margin 61.5%, EBIT margin 45.3%) should help offset cost pressures, with CoR growth limited to 4.9% yoy in FY26F (IDR4.4 tn), below the three-year average of 9.0%. This supports EBITDA growth of 3.8% yoy to IDR11.8 tn, while continued funding cost discipline underpins bottom-line expansion. We project FY26F net profit at IDR3.9 tn (+7.1% yoy), with margins improving to 28.1% (vs. 27.6% in FY25), reinforcing earnings quality.

Reiterate BUY on attractive risk-reward

Maintain our BUY call with a TP of IDR700, based on 7.3x FY26F EV/EBITDA (-0.8SD 5yrs-historical mean). TOWR currently trades at 6.7x EV/EBITDA, implying a 27.1% discount to its 5yrs average (9.2x), which we view as unjustified given improving earnings visibility and mix. Key risks include rising cost inflation and a hawkish stance could potentially drive an increase in funding costs, although ongoing deleveraging provides a partial buffer.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue (Rp)	12,736	13,328	14,023	14,634	15,288
EBITDA (Rp)	11,037	11,370	11,806	12,289	12,799
Net profit (Rp)	3,335	3,678	3,939	4,292	4,618
EPS (Rp)	65.4	72.1	77.2	84.1	90.5
EPS growth	2.5	10.3	7.1	8.9	7.6
ROA	4.6	4.7	5.0	5.1	5.2
ROE	18.8	16.0	13.3	12.2	11.2
PER (x)	7.6	6.9	6.4	5.9	5.5
PBV (x)	1.5	1.3	0.9	0.8	0.7
Interest coverage (x)	3.5	3.7	3.8	4.2	4.5
EV/EBITDA (x)	7.2	6.4	6.2	5.8	5.4

Source: Company, KBVS Research

Exhibit 2: TOWR's FY25 result

TOWR's FY25 Results (IDR bn)	FY25	FY24	YoY (%)	4Q25	4Q24	YoY (%)	3Q25	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
Revenue	**13,328**	**12,736**	**4.6**	**3,641**	**3,287**	**10.8**	**3,292**	**10.6**	**13,228**	**100.8**	**13,144**	**101.4**
Cost of service	(4,188)	(3,996)	4.8	(1,104)	(1,104)	(0.0)	(1,059)	4.2				
Gross profit	9,140	8,739	4.6	2,537	2,183	16.3	2,233	13.6				
Operating expenses	(1,242)	(1,137)	9.3	(391)	(268)	45.6	(286)	36.8				
EBIT	7,897	7,602	3.9	2,147	1,914	12.2	1,948	10.2				
EBITDA	**10,970**	**10,700**	**2.5**	**2,939**	**2,754**	**6.7**	**2,708**	**8.5**	**10,815**	**101.4**	**10,982**	**99.9**
Other income/expenses	(399)	(336)		(119)	58		(93)					
Net finance costs/income	(3,045)	(3,070)	(0.8)	(673)	(874)	(22.9)	(750)	(10.2)				
Pre-tax income	4,453	4,196		1,354	1,099		1,105					
Taxes	(771)	(831)		(225)	(212)		(200)					
Attributable net profit	**3,678**	**3,335**	**10.3**	**1,123**	**888**	**26.4**	**903**	**24.3**	**3,401**	**108.1**	**3,501**	**105.1**
Margins (%)												
EBIT Margin	59.3	59.7		59.0	58.2		59.2					
EBITDA margin	82.3	84.0		80.7	83.8		82.2					
Net Margin	27.6	26.2		30.8	27.0		27.4					
Operational metrics												
Tower	36,247	35,400	2.4	36,247	35,400	2.4	36,049	0.5				
Tenant	60,540	58,035	4.3	60,540	58,035	4.3	58,213	4.0				
Tenancy ratio (x)	1.67	1.64	1.9	1.67	1.64	1.9	1.61	3.4				

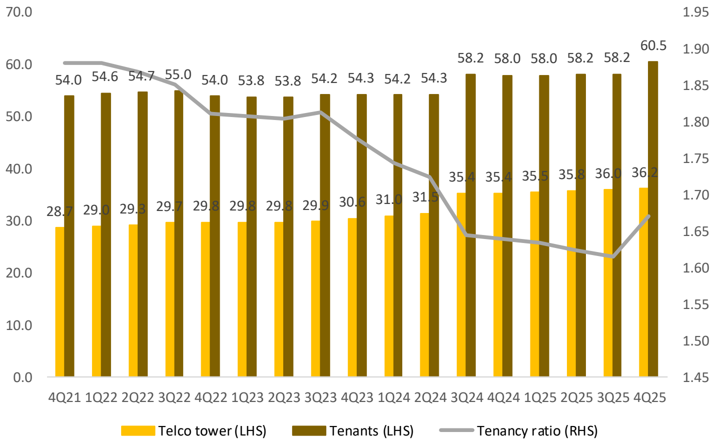
Source: Company, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	14,023	14,634	14,276	15,153	-1.8%	-3.4%	13,650	14,110	2.7%	3.7%
EBITDA	11,806	12,289	11,695	12,411	0.9%	-1.0%	11,276	11,635	4.7%	5.6%
Net profit	3,939	4,292	3,676	4,371	7.2%	-1.8%	3,703	3,861	6.4%	11.2%

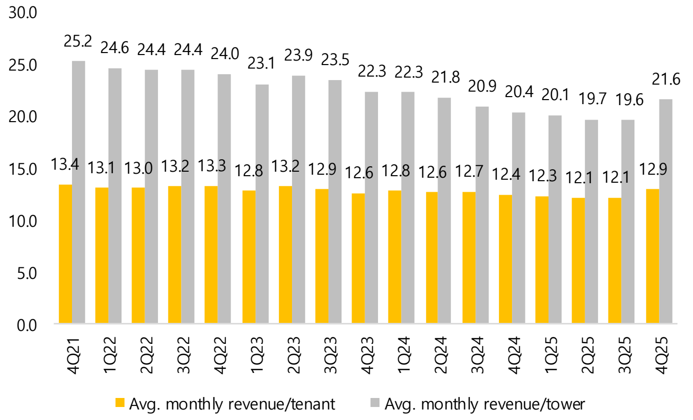
Source: Company, KBVS Research

Exhibit 4: TOWR's towers, tenants and tenancy ratio



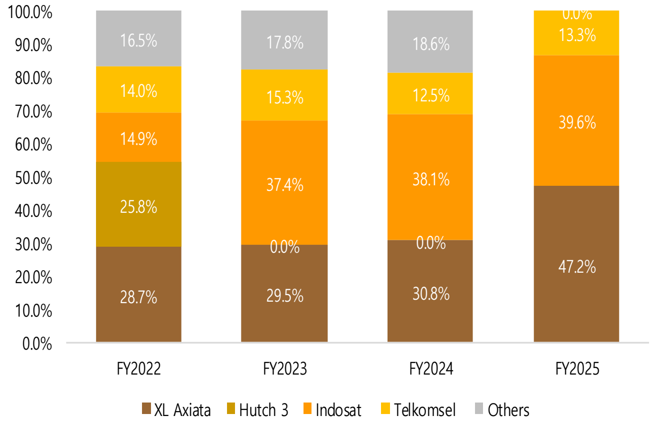
Source: Company, KBVS Research

Exhibit 5: TOWR's avg. revenue/tenant and revenue/site



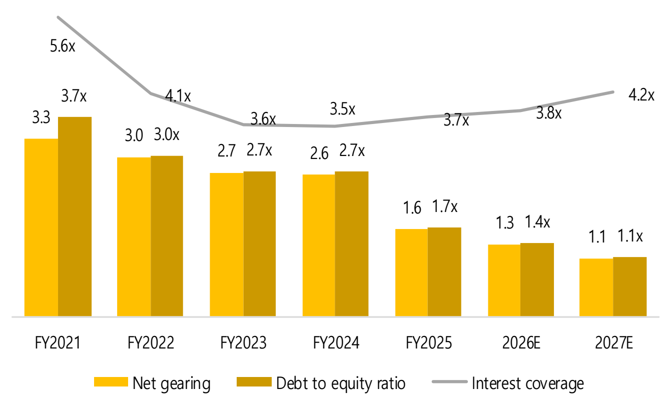
Source: Company, KBVS Research

Exhibit 6: Source of revenue by carrier



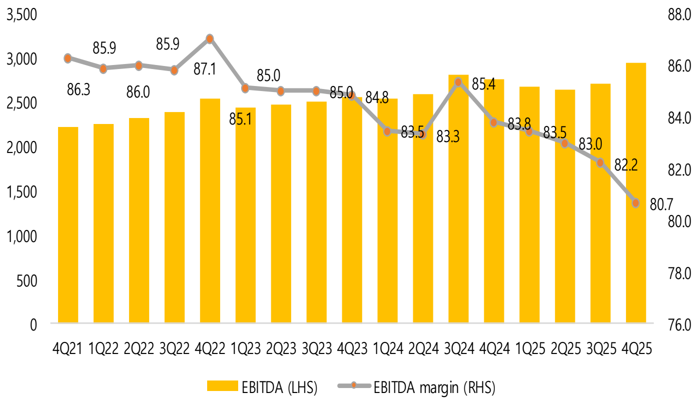
Source: Company, KBVS Research

Exhibit 7: TOWR's leverage metrices



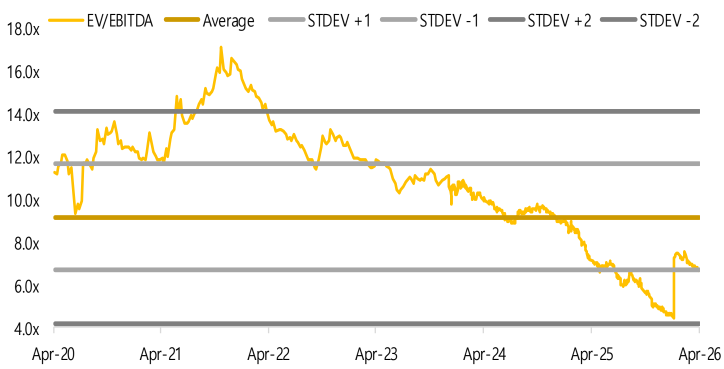
Source: Company, KBVS Research

Exhibit 8: EBITDA & EBITDA margin



Source: Company, KBVS Research

Exhibit 9: Currently trading below 5-years average mean



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue	**12,736**	**13,328**	**14,023**	**14,634**	**15,288**
Cost of revenue	(3,996)	(4,188)	(4,392)	(4,653)	(4,948)
Gross profit	8,739	9,140	9,632	9,981	10,340
EBITDA	**11,037**	**11,370**	**11,806**	**12,289**	**12,799**
Operating expenses	(1,137)	(1,242)	(1,347)	(1,395)	(1,437)
Operating profit	**7,602**	**7,897**	**8,285**	**8,586**	**8,903**
Net finance income/ cost	(3,070)	(3,045)	(3,056)	(2,921)	(2,834)
Pretax profit	4,196	4,453	4,918	5,358	5,765
Income tax	(831)	(771)	(974)	(1,061)	(1,142)
Net profit	**3,335**	**3,678**	**3,939**	**4,292**	**4,618**

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Current assets					
Cash and cash equivalents	1,109	823	751	843	784
Trade receivables	3,293	1,974	3,636	3,681	3,963
Other current assets	518	574	631	694	763
Total current assets	**4,956**	**3,433**	**5,018**	**5,218**	**5,509**
Non current assets					
Fixed assets	47,478	48,297	51,061	54,085	57,175
Other non current assets	23,293	23,573	23,491	23,507	24,542
Total non current assets	**72,873**	**73,836**	**76,853**	**80,398**	**85,001**
Total assets	**77,828**	**77,270**	**81,870**	**85,616**	**90,510**
Current liabilities					
Tower construction and other payables	1,008	1,188	1,212	1,236	1,261
Accruals	1,365	1,086	1,053	1,022	991
Short term debts	15,200	15,748	13,826	11,276	9,728
Other current liabilities	2,551	1,556	1,481	1,409	1,341
Total current liabilities	**20,124**	**19,578**	**17,571**	**14,943**	**13,320**
Non current liabilities					
Long term debts	37,136	29,472	30,896	31,505	31,815
Other non current liabilities	1,399	1,137	1,107	1,078	1,050
Total non-current liabilities	**38,535**	**30,609**	**32,003**	**32,583**	**32,866**
Shareholder equity	19,169	27,083	32,296	38,090	44,324
Total liabilities and equity	**77,828**	**77,270**	**81,870**	**85,616**	**90,510**

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net profit	3,335	3,678	3,939	4,292	4,618
D&A	3,098	3,073	3,209	3,396	3,594
Changes in working capital	(634)	143	(1,741)	(187)	(425)
CF from operating activities	**5,799**	**6,894**	**5,407**	**7,501**	**7,787**
Investment in fixed assets	(10,191)	(3,892)	(5,974)	(6,419)	(6,684)
Others	(1,788)	(145)	(252)	(522)	(1,512)
CF from investing activities	**(11,978)**	**(4,037)**	**(6,225)**	**(6,942)**	**(8,196)**
Dividends paid	(901)	(1,205)	1,320	1,502	1,616
Debt raised/ repaid	7,423	(7,117)	(498)	(1,940)	(1,238)
Others	337	5,179	(76)	(29)	(28)
CF from financing activities	**6,859**	**(3,143)**	**746**	**(467)**	**350**
Change in cash flow	**680**	**(286)**	**(72)**	**92**	**(59)**
Cash and cash equivalent, beginning	429	1,109	823	751	843
Cash and cash equivalent, ending	1,109	823	751	843	784

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Gross profit margin	68.6	68.6	68.7	68.2	67.6
Operating profit margin	59.7	59.3	59.1	58.7	58.2
EBITDA margin	86.7	85.3	84.2	84.0	83.7
Net profit margin	26.2	27.6	28.1	29.3	30.2
Receivables turnover (x)	4.0	5.1	5.0	4.0	4.0
ROA	4.6	4.7	5.0	5.1	5.2
ROE	18.8	16.0	13.3	12.2	11.2
ROCE	17.4	13.6	12.2	11.3	10.4
ROIC	4.7	5.1	5.2	5.4	5.4
Debt/Equity	2.7	1.7	1.4	1.1	0.9
Net debt/Equity	2.7	1.6	1.4	1.1	0.9
Net debt/EBITDA	4.6	3.9	3.7	3.4	3.2
Sales/Assets turnover (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	3.5	3.7	3.8	4.2	4.5
BV/Share (Rp)	375.8	530.9	633.1	746.6	868.8
Dividend yield	3.5%	4.7%	5.2%	5.9%	6.4%

Source: Company, KBVS Research

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