

Outlook remains strong on fiber growth

7 August 2025



TOWR IJ	BUY
Sector	TowerCo
Price at 7 August 2025 (IDR)	620
Price target (IDR)	800
Upside/Downside (%)	29.0

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)	31,629
Shares outstanding (mn)	51,015
52-week range (IDR)	442-885
3M average daily vol. ('000)	31,208
3M average daily val. (IDR mn)	21,015

Shareholders (%)

Sapta Adhikari Investama	54.4
Dwimuria Investama Andalan	6.4
Public	39.2

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	18.69	10.43	-22.09

Analyst

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TOWR's 1H25 performance largely met both our and consensus expectations, arriving within a range of 48.3% to 49.5%. EBITDA rose 3.7% yoy, supported by improved operating efficiency. Non-tower segments such as FTTT and Connectivity are also expected to drive revenue growth beyond tower leasing. Its rights issue should lower D/E ratio from 2.7x to 1.9x and improve its net debt/EBITDA ratio from 4.6x to 3.9x. Maintain our BUY call with a target price of IDR800, based on 8.0x '25F EV/EBITDA (-0.5SD of 7yrs EV/EBITDA mean).

Delivers a solid bottom-line in 1H25

Despite a 9.0% yoy increase in cost of revenue, TOWR's EBITDA rose 3.7% to IDR5.3 tn in 1H25, inline with our estimate at 49.5% of the full-year forecast, supported by an 8.8% yoy decline in opex. On a qoq basis, EBITDA slipped 1.2% to IDR2.6 tn, inline with a 0.7% decline in revenue. In 2Q25, net profit increased 5.8% qoq to IDR849.2 bn, driven by a 2.0% reduction in interest expenses. While margins contracted yoy, TOWR's ability to sustain bottom-line growth both qoq and yoy, despite rising cash-costs of 4.4% yoy in 1H25 and 2.9% qoq in 2Q25, is a positive-sign.

Maintains growth outlook on strong fiber momentum

Given the inline 1H25 results, we maintain our '25F forecasts. The company's focus on FTTT drove a 10.0% yoy increase in FTTT revenue to IDR1.1 tn in 1H25, well above the 3.1% growth in tower-leasing. Although FTTT contributed only 17.1% of total revenue, it remains a key growth driver amid ongoing MNO consolidation. FTTH also posted strong growth, with revenue rising 29.3% to IDR314.0 bn. Management targets 2.0mn homepasses, having reached 1.78mn by 6M25.

We remain optimistic about TOWR's fiber expansion, supported by its IDR535.7 bn acquisition of a 40% stake in Remala Abadi, which strengthens its fiber infrastructure presence. For '25F, the non-tower segment is projected to grow 10.2% yoy to IDR4.7 tn, led by a 16.2% increase in FTTT to IDR3.0 tn, backed by the rollout of 36.0k km of fiber, bringing total deployment to 253.5k km. Connectivity is expected to grow 1.2% to IDR1.6 tn, supported by 19.7k new activations. Tower-leasing revenue is forecast to grow modestly by 0.7% to IDR8.6 tn, with 1H25 revenue of IDR4.3 tn tracking inline at 49.7% of our full-year estimate.

The improving revenue mix, driven by higher margin fiber-related services (with 61.4% gross and 44.3% EBIT margins), is expected to result in only a 1.9% increase in the cost of revenue to IDR4.1 tn. This supports a higher gross profit of IDR9.2 tn and an improved gross margin of 69.2% (vs. 68.6% in '24A). EBITDA remains on-track, reaching 49.5% of our FY target, implying full-year EBITDA of IDR11.3 tn. Interest expenses are manageable and tracking our full-year forecast of IDR3.3 tn. We project '25F net profit at IDR3.4 tn, maintaining a stable margin of 25.8%, consistent with 1H25.

Reiterate BUY with TP of IDR800

Maintain our BUY call with a target price of IDR800, based on 8.0x '25F EV/EBITDA (-0.5SD of 7yrs EV/EBITDA mean). TOWR is currently trading at 7.0x EV/EBITDA, representing a 21.4% discount to its 7yrs mean.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue (Rp)	11,740	12,736	13,228	14,276	15,153
EBITDA (Rp)	10,175	11,037	11,265	12,185	12,970
Net profit (Rp)	3,253	3,335	3,408	3,567	4,095
EPS (Rp)	63.8	65.4	66.8	69.9	80.3
EPS growth	-5.5	2.5	2.2	4.7	14.8
ROA	4.9	4.6	4.2	4.0	4.5
ROE	21.1	18.8	14.7	12.6	13.3
PER (x)	9.7	9.5	9.3	8.9	7.7
PBV (x)	2.2	1.9	1.6	1.2	1.1
Interest coverage (x)	3.6	3.5	3.5	3.4	3.7
EV/EBITDA (x)	7.4	7.4	6.6	6.3	5.8

Source: Company, KBVS Research

Exhibit 2: Financial Summary

TOWR's 1H25 Results (IDR bn)	1H25	1H24	YoY (%)	2Q25	2Q24	YoY (%)	1Q25	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
Revenue	6,394	6,154	3.9	3,186	3,114	2.3	3,208	(0.7)	13,171	48.5	13,197	48.5
Cost of service	(2,026)	(1,858)	9.0	(1,019)	(934)	9.1	(1,007)	1.2				
Gross profit	4,369	4,295	1.7	2,167	2,181	(0.6)	2,202	(1.6)				
Operating expenses	(566)	(620)	(8.8)	(285)	(314)	(9.1)	(281)	1.5				
EBIT	3,803	3,675	3.5	1,882	1,867	0.8	1,921	(2.0)				
EBITDA	5,324	5,133	3.7	2,645	2,595	1.9	2,679	(1.2)	10,758	49.5	11,023	48.3
Other income/expenses	(188)	(172)	9.3	(50)	(66)	(24.3)	(137)	(63.4)				
Net finance costs/income	(1,621)	(1,424)	13.8	(802)	(720)	11.3	(819)	(2.1)				
Pre-tax income	1,994	2,079	(4.1)	1,030	1,080	(4.7)	964	6.8				
Taxes	(345)	(457)	(24.5)	(186)	(254)	(26.7)	(159)	17.0				
Attributable net profit	1,652	1,605	2.9	849	808	5.1	803	5.8	3,447	47.9	3,447	47.9
Margins (%)												
EBIT Margin	59.5	59.7		59.1	60.0		59.9					
EBITDA margin	83.3	83.4		83.0	83.3		83.5					
Net Margin	25.8	26.1		26.7	25.9		25.0					
Operational metrics												
Tower	35,825	31,502	13.7	35,825	31,502	13.7	35,506	0.9				
Tenant	58,158	54,326	7.1	58,158	54,326	7.1	58,045	0.2				
Tenancy ratio (x)	1.62	1.72	(5.9)	1.62	1.72	(5.9)	1.63	(0.7)				

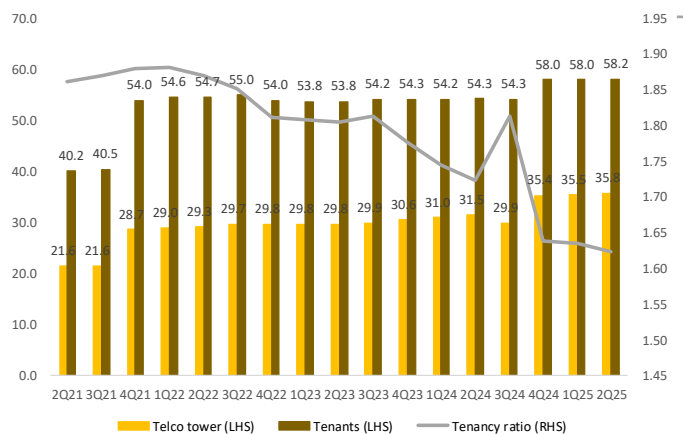
Source: Company, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	13,228	14,276	13,228	14,276	0.0%	0.0%	13,197	13,860	0.2%	3.0%
EBITDA	11,265	12,185	11,265	12,185	0.0%	0.0%	11,023	11,581	2.2%	5.2%
Net profit	3,408	3,567	3,408	3,567	0.0%	0.0%	3,447	3,858	-1.1%	-7.5%

Source: Company, KBVS Research

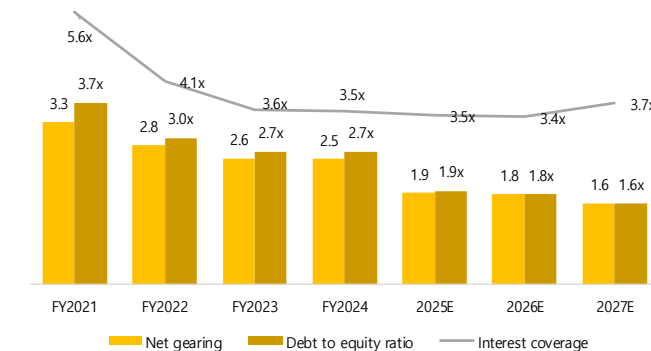
Sarana Menara Nusantara (TOWR)



Source: Company, KBVS Research

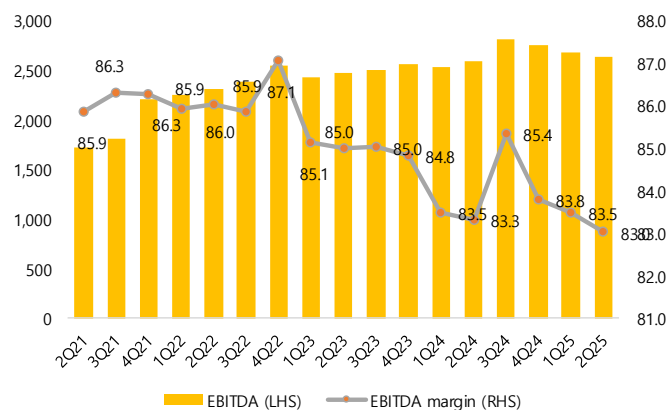
Exhibit 6: Source of revenue by carrier

Exhibit 7: TOWR's leverage metrics



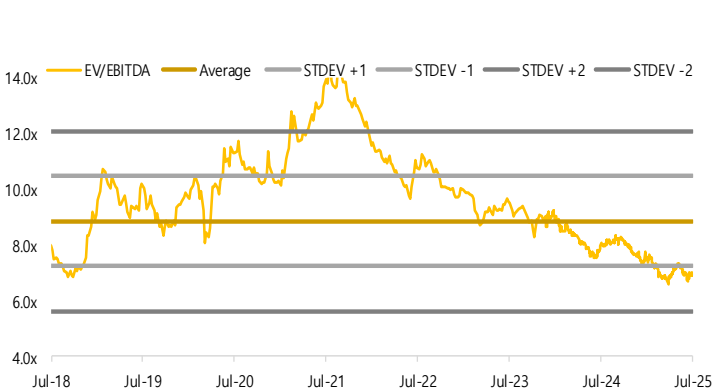
Source: Company, KBVS Research

Exhibit 8: EBITDA & EBITDA margin



Source: Company, KBVS Research

Exhibit 9: Currently trading below 7-years average mean



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2025F	2027F
Revenue	11,740	12,736	13,228	14,276	15,153
Cost of revenue	(3,528)	(3,996)	(4,071)	(4,423)	(4,340)
Gross profit	8,213	8,739	9,157	9,852	10,812
EBITDA	10,175	11,037	11,265	12,185	12,970
Operating expenses	(1,076)	(1,137)	(1,314)	(1,392)	(1,447)
Operating profit	7,136	7,602	7,844	8,461	9,365
Net finance income/ loss	(2,838)	(3,070)	(3,240)	(3,555)	(3,496)
Pretax profit	4,104	4,196	4,287	4,593	5,562
Income tax	(800)	(831)	(849)	(877)	(1,062)
Net profit	3,253	3,335	3,408	3,567	4,095

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	429	1,109	8,513	8,895	8,979
Trade receivables	3,086	3,293	4,160	7,353	5,654
Other current assets	876	518	538	543	548
Total current assets	4,427	4,956	13,247	16,790	15,181
Non current assets					
Fixed assets	40,385	47,478	47,745	48,801	51,106
Other non current assets	22,463	23,293	23,133	23,222	23,313
Total non current assets	63,992	72,873	72,938	74,206	76,733
Total assets	68,419	77,828	86,184	90,996	91,914
Current liabilities					
Tower construction and other payables	1,101	1,008	1,038	1,059	1,080
Accruals	1,463	1,365	1,256	1,218	1,182
Short term debts	18,590	15,200	13,714	14,368	12,281
Other current liabilities	3,146	2,551	2,740	2,858	2,982
Total current liabilities	24,299	20,124	18,748	19,503	17,525
Non current liabilities					
Long term debts	26,323	37,136	38,856	40,635	40,988
Other non current liabilities	1,285	1,399	1,364	1,389	1,393
Total non-current liabilities	27,608	38,535	40,221	42,024	42,381
Shareholder equity	16,512	19,169	27,216	29,469	32,008
Total liabilities and equity	68,419	77,828	86,184	90,996	91,914

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	3,253	3,335	3,408	3,567	4,095
D&A	2,843	3,098	3,104	3,413	3,297
Changes in working capital	171	(634)	(777)	(3,060)	1,803
CF from operating activities	6,267	5,799	5,735	3,920	9,194
Investment in fixed assets	(6,076)	(10,191)	(3,371)	(4,469)	(5,602)
Others	1,215	(1,788)	202	(213)	(222)
CF from investing activities	(4,861)	(11,978)	(3,169)	(4,682)	(5,824)
Dividends paid	(1,200)	(901)	(852)	(1,249)	(1,556)
Debt raised/ repaid	(59)	7,423	234	2,432	(1,734)
Others	(27)	337	5,456	(40)	4
CF from financing activities	(1,286)	6,859	4,838	1,143	(3,286)
Change in cash flow	120	680	7,404	382	85
Cash and cash equivalent, beginning	309	429	1,109	8,513	8,895
Cash and cash equivalent, ending	429	1,109	8,513	8,895	8,979

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Gross profit margin	70.0	68.6	69.2	69.0	71.4
Operating profit margin	60.8	59.7	59.3	59.3	61.8
EBITDA margin	86.7	86.7	85.2	85.4	85.6
Net profit margin	27.7	26.2	25.8	25.0	27.0
Receivables turnover (x)	4.2	4.0	3.6	2.5	2.3
ROA	4.9	4.6	4.2	4.0	4.5
ROE	21.1	18.8	14.7	12.6	13.3
ROCE	19.7	17.4	12.5	12.1	12.8
ROIC	5.3	4.7	4.8	4.7	5.4
Debt/Equity	2.7	2.7	1.9	1.9	1.7
Net debt/Equity	2.7	2.7	1.6	1.6	1.4
Net debt/EBITDA	4.4	4.6	3.9	3.8	3.4
Sales/Assets turnover (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	3.6	3.5	3.5	3.4	3.7
BV/Share (Rp)	323.7	375.8	533.5	577.7	627.4
Dividend yield	3.8%	2.8%	2.7%	3.9%	4.9%

Source: Company, KBVS Research

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