

2025F: Fiber-fueled growth

17 July 2025



TOWR IJ	BUY
Sector	TowerCo
Price at 16 July 2025 (IDR)	580
Price target (IDR)	800
Upside/Downside (%)	37.9

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)	29,588
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	16.00	8.41	-27.04

Analyst

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TOWR's planned issuance of 8.08bn new shares could raise approximately IDR5.49 tn, strengthening its balance sheet. To mitigate potential tenant losses from EXCL-FREN merger, TOWR is expected to further expand its fiber business, partly through its IDR535.7 bn acquisition of a 40% stake in Remala Abadi. Non-tower segments such as FTTT and Connectivity are also expected to drive revenue growth beyond tower-leasing. Maintain our BUY call with a target price of IDR800, based on 8.0x '25F EV/EBITDA (-0.5SD of 7yrs EV/EBITDA mean).

Strengthens financials with rights issue

Through the issuance of 8.08bn new shares, we estimate TOWR could raise ~IDR5.49 tn, assuming the rights issue is successfully executed. The proceeds would strengthen its balance sheet and enhance its funding capacity for future corporate actions, such as M&A. Our calculations suggest this capital injection could lower TOWR's D/E ratio from 2.7x to 1.9x and improve its net debt/EBITDA ratio from 4.6x to 3.9x, thereby providing management with greater financial flexibility to support funding-related cash flows.

Pushes fiber growth with 40% Remala Abadi stake

TowerCo is rapidly adopting FTTT technology, driven by rising demand for high-speed internet and its increasing value for MNOs. In 3M25, FTTT revenue reached IDR549.0 bn, up 15.3% yoy, making it TOWR's second-largest revenue contributor at 17.1%, up from 15.7% in 3M24. FTTT also showed strong growth, generating IDR168.0 bn, a 42.7% increase from IDR118.0 bn in 3M24. Management targets 2.0mn homepasses, having reached 1.78mn by 3M25.

We remain optimistic that TOWR will continue expanding its fiber business in '25F to offset potential tenant losses from lease relocations following the EXCL-FREN merger. This strategy is evidenced by its IDR535.7 bn acquisition of a 40% stake in Remala Abadi, which will strengthen TOWR's fiber infrastructure presence, with consolidation starting in 2Q25.

The non-tower segment is projected to grow 35.2% yoy to IDR4.7 tn, led by a 16.2% increase in FTTT revenue to IDR3.0 tn, supported by 253.5k km of fiber rollout. Connectivity is expected to grow 1.2% to IDR1.6 tn, driven by 19.7k new activations. Tower-leasing revenue is forecast to grow modestly by 0.7% to IDR8.6 tn.

Overall, we project TOWR's '25F revenue to rise 3.9% yoy to IDR13.2 tn, supported by robust fiber expansion. With better cost controls, the cost of revenue is expected to grow just 1.9% to IDR4.1 tn, resulting in a higher gross profit of IDR9.2 tn and an improved margin of 69.2% (from 68.6%). EBITDA is estimated at IDR11.3 tn, with a margin of 85.2%. As management actively negotiates lower interest rates, interest expenses are expected to grow by only 3.9% to IDR3.26 tn, down from 9.8% in '24, with the average interest rate falling to 6.2% from 6.4%. Consequently, net profit is projected to grow 2.2% to IDR3.4 tn.

Reiterate BUY with TP of IDR800

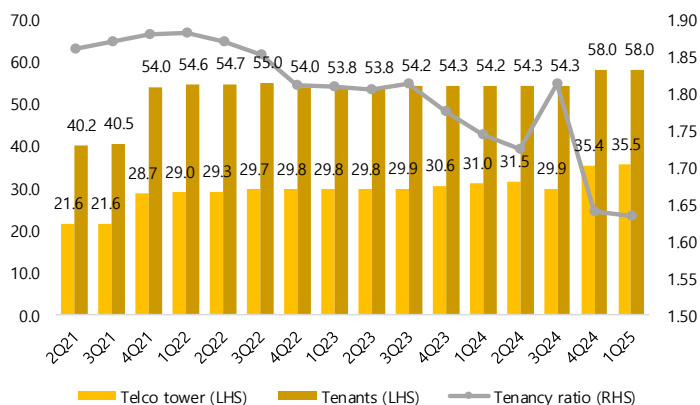
Maintain our BUY call with a target price of IDR800, based on 8.0x '25F EV/EBITDA (-0.5SD of 7yrs EV/EBITDA mean). TOWR is currently trading at 7.0x EV/EBITDA, representing a 21.4% discount to its 7yrs mean. For '25F, while the EXCL-FREN merger poses risks, strong non-tower segment growth, driven by FTTT & connectivity, is expected to mitigate these risks and support long-term growth.

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 growth	-5.5	2.5	2.2	4.7	14.8
ROA	4.9	4.6	4.3	4.3	4.8
ROE	21.1	18.8	16.7	15.6	16.2
PER (x)	9.1	8.9	8.7	8.3	7.2
PBV (x)	2.1	1.8	1.5	1.4	1.2
Interest coverage (x)	3.6	3.5	3.5	3.4	3.7
EV/EBITDA (x)	7.2	7.2	7.0	6.6	6.1

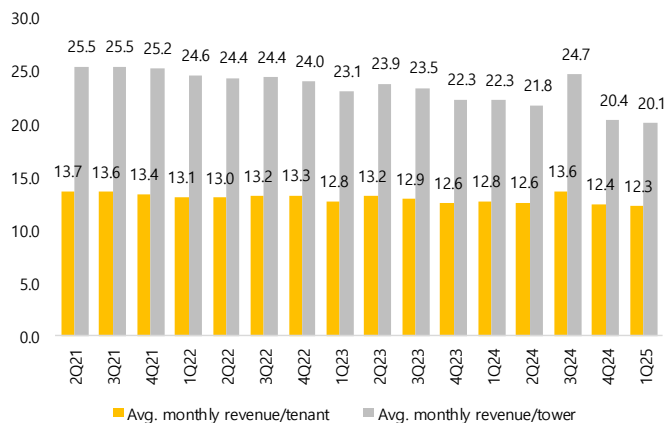
Source: Company, KBVS Research

Exhibit 2: TOWR's towers, tenants and tenancy ratio



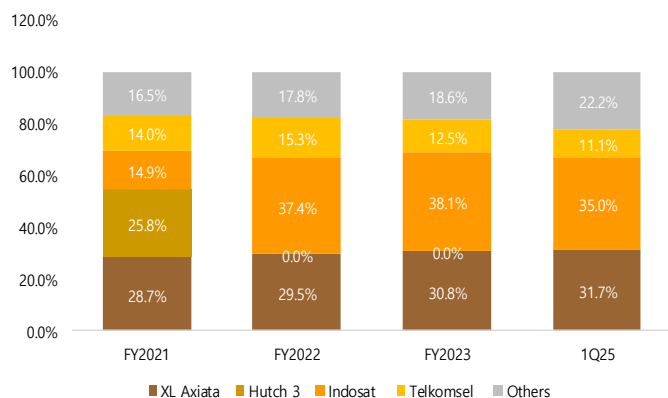
Source: Company, KBVS Research

Exhibit 3: TOWR's avg. revenue/tenant and revenue/site



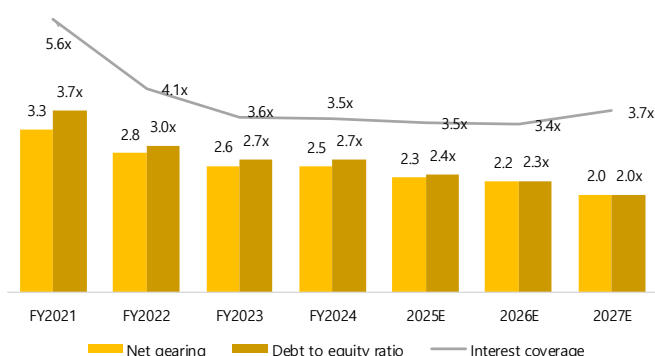
Source: Company, KBVS Research

Exhibit 4: Source of revenue by carrier



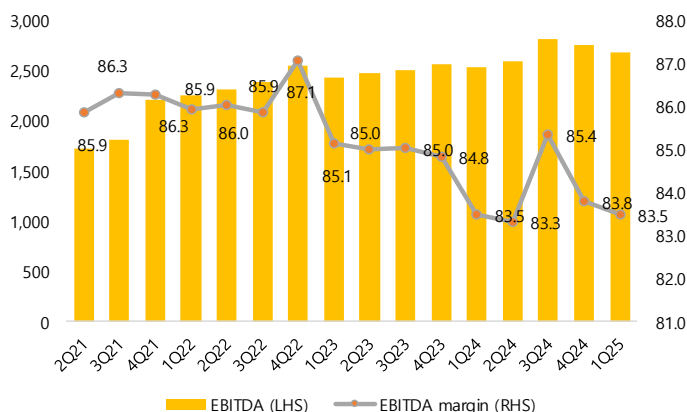
Source: Company, KBVS Research

Exhibit 5: TOWR's leverage metrics



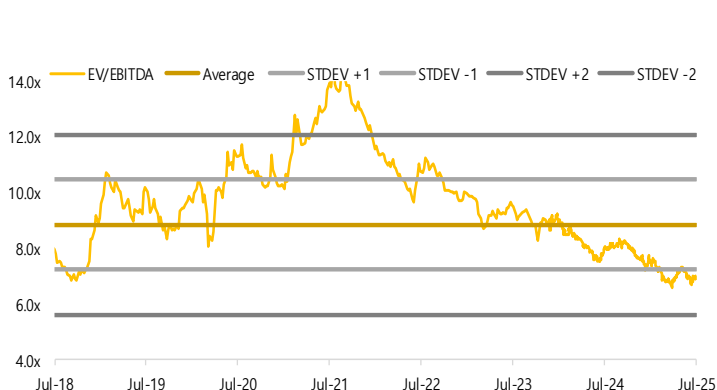
Source: Company, KBVS Research

Exhibit 6: EBITDA & EBITDA margin



Source: Company, KBVS Research

Exhibit 7: Currently trading below 7-years average mean



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 8: 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/ cost	(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 9: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	429	1,109	3,016	3,398	3,482
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	7,750	11,293	9,684
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	80,688	85,499	86,417
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	21,719	23,973	26,511
Total liabilities and equity	68,419	77,828	80,688	85,499	86,417

Source: Company, KBVS Research

Exhibit 10: 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	(40)	(40)	4
CF from financing activities	(1,286)	6,859	(659)	1,143	(3,286)
Change in cash flow	120	680	1,907	382	85
Cash and cash equivalent, beginning	309	429	1,109	3,016	3,398
Cash and cash equivalent, ending	429	1,109	3,016	3,398	3,482

Source: Company, KBVS Research

Exhibit 11: 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	4.3	4.3	4.8
ROE	21.1	18.8	16.7	15.6	16.2
ROCE	19.7	17.4	15.7	14.9	15.4
ROIC	5.3	4.7	4.8	4.7	5.4
Debt/Equity	2.7	2.7	2.4	2.3	2.0
Net debt/Equity	2.7	2.7	2.3	2.2	1.9
Net debt/EBITDA	4.4	4.6	4.4	4.2	3.8
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	425.7	469.9	519.7
Dividend yield	4.1%	3.0%	2.9%	4.2%	5.3%

Source: Company, KBVS Research

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