

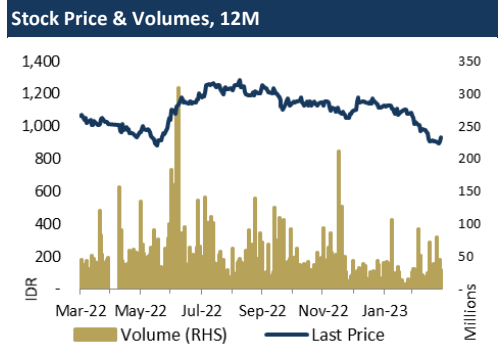
BUY (Maintain)

Target Price (IDR) 1,535 (Unchanged)
Potential Upside (%) 61.6

Price Comparison	
Cons. Target Price (IDR)	1,438
SSI vs. Cons. (%)	106.8

Stock Information	
Last Price (IDR)	950
Shares Issued (Mn)	51,015
Market Cap. (IDR Bn)	48,464
52-Weeks High/Low (IDR)	1,295/870
3M Avg. Daily Value (IDR Bn)	30.4
Free Float (%)	37.6
Shareholder Structure:	
PT Sapta Adhikari Inv (%)	54.4
PT Dwimuria Inv Andalan (%)	5.0
Treasury	2.4
Public (%)	38.2

Stock Performance				
(%)	YTD	1M	3M	12M
Absolute	(13.6)	(9.5)	(13.6)	(10.8)
JCI Return	(0.2)	(0.1)	(0.2)	(3.0)
Relative	(13.5)	(9.5)	(13.5)	(7.8)



Company Background
 PT Sarana Menara Nusantara Tbk merupakan pemilik dan operator menara telekomunikasi independen terbesar di Indonesia. Perusahaan beserta anak usahanya memiliki dan mengoperasikan lebih dari 20 ribu menara serta memiliki lebih dari 30 ribu kontrak penyewaan dan juga memiliki bisnis fiber optik.

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Boosted by Fiber

EBITDA 4Q22 +15.1% yoy, FY22 +28.0% yoy. Sepanjang 4Q22, pendapatan TOWR tumbuh +14.0% yoy (+4.9% qoq) di tengah penurunan -1,602 tenant menara, namun segmen fiber optic dapat bertumbuh dengan tambahan +17.6k km revenue generating fiber optics. Secara total pada FY22, total tenant bertahan di level 53,967 tenant (-0.01% yoy) serta ada ~151k kms fiber optics yang membantu pendapatan untuk tumbuh +27.8% yoy ke level IDR 11.0 triliun, inline dengan target SSI dan konsensus. Seiring pertumbuhan pendapatan, EBITDA juga terangkat +15.1% yoy di 4Q22 atau +28.0% yoy sepanjang FY22 dengan EBITDA margin 86.2% (vs 86.1% di FY21). Laba bersih 4Q22 naik +4.2% yoy didukung upaya perusahaan menekan beban hutang, meski demikian, secara total pad FY22, laba bersih hanya naik +0.4% yoy ke level IDR 3.4 triliun masih sejalan dengan target SSI (98.8% target FY22) dan 95.8% target konsensus.

Mengembangkan bisnis non-tower. Perusahaan terus mengembangkan segmen bisnis fiber optic (FTTT) dan segmen bisnis connectivity, dimana dari total capex mencapai IDR 5-6 triliun, 50-55% akan digunakan untuk bisnis non-tower. Hal ini cukup beralasan, dimana konsolidasi ISAT dan H3I (Menjadi IOH) yang merupakan pelanggan utama TOWR membuat pertumbuhan menara dalam masa ini lebih banyak digunakan untuk memenuhi relokasi dari IOH. Oleh sebab itu, bisnis non-tower akan menjadi penopang pertumbuhan pendapatan TOWR, hingga masa konsolidasi IOH selesai dan penggunaan teknologi 5G merebak. Untuk memenuhi capex, perusahaan diperkirakan akan membutuhkan dana dari eksternal, dikarenakan level cash yang cukup rendah pada FY22. Namun dengan interest ratio yang terjadi di level 4.1x serta Net Debt/EBITDA 4.2x, maka masih mudah bagi perusahaan mendapat pendanaan.

Outlook 23F. Masih terjadinya konsolidasi IOH membuat kami memproyeksikan pertumbuhan tenant pada FY23F sebesar +2.8% yoy menjadi 55,467 tenant dengan B2S sebesar 500 unit dan kolokasi 1,000. Penyewaan menara masih akan menyumbang pendapatan terbesar bagi TOWR (lebih dari 80%). Pendapatan kami perkiraan akan naik +4.4% yoy, EBITDA +4.0% yoy dan laba bersih +7.4% yoy.

Rekomendasi BUY dengan TP IDR 1,535 (EV/EBITDA 12.9x FY23F). Meski terjadi perlambatan pada pertumbuhan bisnis menara yang dikarenakan konsolidasi industry, namun kami menilai dalam jangka panjang konsolidasi tersebut akan membuat persaingan di industri telekomunikasi menjadi lebih sehat. Maka demikian, dengan potensi jangka panjang tersebut serta adanya tambahan permintaan jika 5G sudah mulai merebak, maka akan berdampak positif bagi industri menara serta TOWR. Oleh sebab itu, kami tetap merekomendasikan BUY saham TOWR (TP IDR 1,535) mencerminkan EV/EBITDA 12.9x FY23F. Risiko utama: Perubahan kebijakan pemerintah terhadap industri menara serta pelemahan permintaan dari para operator telekomunikasi di Indonesia.

Valuations (at closing price IDR 950 per share)					
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	8,635	11,036	11,518	12,184	12,876
EBITDA (IDR Bn)	7,434	9,517	9,894	10,469	11,096
EV/EBITDA (x)	12.0	9.7	9.0	8.2	7.4
Net Profit (IDR Bn)	3,427	3,442	3,698	4,265	4,812
EPS (IDR)	69	69	74	86	97
EPS Growth (%)	20.9	0.4	7.4	15.3	12.8
P/E Ratio (x)	13.8	13.7	12.8	11.1	9.8
BVPS (IDR)	242	290	341	402	469
P/BV Ratio (x)	3.9	3.3	2.8	2.4	2.0
DPS (IDR)	28	24	24	26	30
Dividend Yield (%)	3.0	2.5	2.5	2.7	3.2
ROAE (%)	30.8	26.0	23.5	23.1	22.2
ROAA (%)	6.8	5.2	5.5	6.2	6.9
Interest Coverage (x)	3.9	2.9	3.0	3.4	3.9
Net Gearing (x)	3.5	3.1	2.5	1.9	1.5

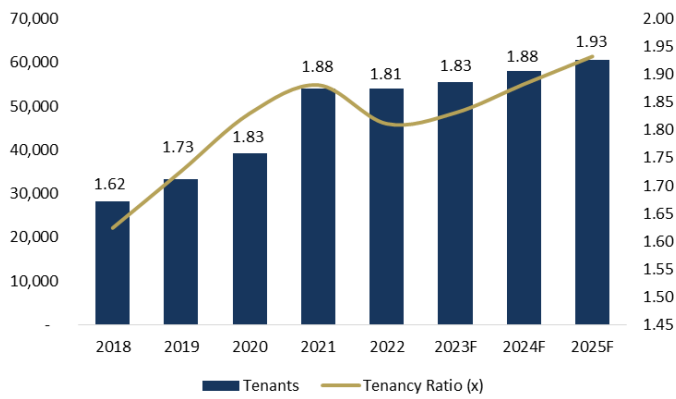
Table 1: FY22 Result

TOWR (IDR Bn)	4Q21	3Q22	4Q22	QoQ (%)	YoY (%)	FY21	FY22	YoY (%)	FY22/SSI	FY22/Cons
Revenue	2,568	2,791	2,929	4.9	14.0	8,635	11,036	27.8	108.8	104.4
Gross Profit	1,859	2,048	2,198	7.3	18.2	6,295	8,121	29.0	108.9	109.2
Operating Profit	1,487	1,673	1,927	15.2	29.6	5,397	6,828	26.5	106.5	101.0
EBITDA	2,216	2,396	2,550	6.4	15.1	7,434	9,517	28.0	109.1	104.6
Net Profit	848	868	883	1.8	4.2	3,427	3,442	0.4	98.8	95.8
Gross Margin	72.4%	73.4%	75.0%	1.7%	2.7%	72.9%	73.6%	0.7%		
Operating Margin	57.9%	59.9%	65.8%	5.8%	7.9%	62.5%	61.9%	-0.6%		
EBITDA Margin	79.8%	81.0%	85.4%	4.4%	5.6%	84.0%	82.8%	-1.3%		
Net Margin	33.0%	31.1%	30.2%	-0.9%	-2.8%	39.7%	31.2%	-8.5%		

Operational	4Q21	3Q22	4Q22	FY21	FY22	YoY (%)	FY22/SSI
Tenant	13,519	313	(1,062)	53,975	53,967	(0.0)	97.1
Tower	7,059	445	86	28,698	29,794	3.8	100.3
Colocation	6,460	(132)	(1,148)	25,277	24,173	(4.4)	93.4
Tenancy ratio (x)				1.88	1.81	(3.7)	

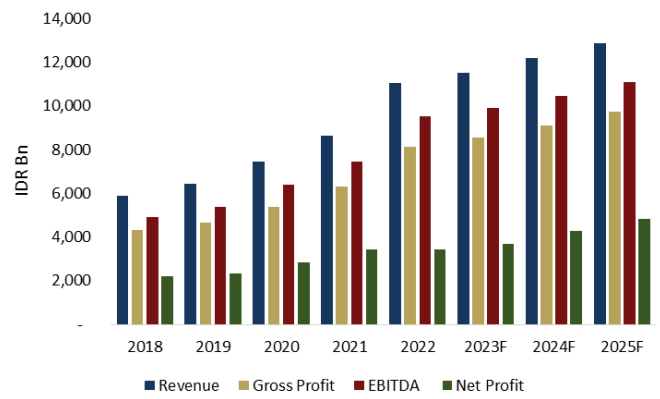
Source: Company, SSI Research

Figure 1. Operational Data



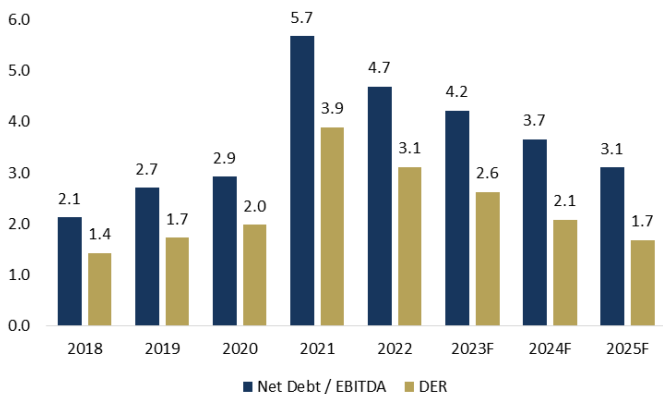
Source: Company, SSI Research

Figure 2. Financial Performance



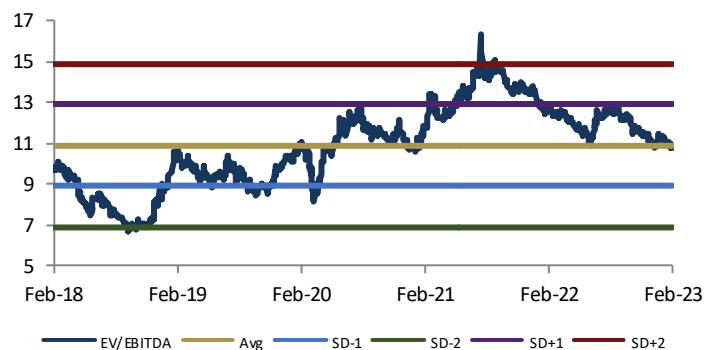
Source: Company, SSI Research

Figure 3. Solvability Ratios



Source: Company, SSI Research

Figure 4. EV/EBITDA Band



Source: Bloomberg, Company, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenue	8,635	11,036	11,518	12,184	12,876
Cost of Revenue	(2,340)	(2,914)	(2,984)	(3,085)	(3,154)
Gross Profit	6,295	8,121	8,534	9,099	9,722
Operating Expense	(899)	(1,294)	(1,384)	(1,458)	(1,524)
G&A Expense	(601)	(742)	(759)	(801)	(833)
Selling & Marketing Expense	(120)	(169)	(224)	(236)	(249)
Other Income (Expense)	(178)	(382)	(401)	(421)	(442)
Operating Profit	5,397	6,828	7,149	7,641	8,198
EBITDA	7,434	9,517	9,894	10,469	11,096
Interest Income	25	23	9	86	101
Interest Expense	(1,370)	(2,392)	(2,373)	(2,218)	(2,093)
Share of JV	-	-	-	-	-
Other Income (Expense)	-	-	-	-	-
Pre-tax Profit	4,051	4,459	4,786	5,509	6,206
Taxes	(603)	(963)	(1,033)	(1,189)	(1,340)
Minority Interest	(21)	(55)	(55)	(55)	(55)
Net Profit	3,427	3,442	3,698	4,265	4,812

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash	4,748	309	2,852	3,379	4,810
Receivables	2,184	2,558	2,670	2,824	2,984
Inventory	2	-	-	-	-
Others	463	785	693	693	693
Total Current Asset	7,398	3,651	6,214	6,895	8,487
Net Fixed Asset	32,951	37,152	36,721	36,262	35,777
Other Assets	25,479	24,822	25,182	25,402	25,670
Total Asset	65,829	65,625	68,116	68,560	69,934
Payables	522	862	883	913	933
ST. Debt and CMLTD	16,794	9,564	9,700	9,067	8,556
Other Current Liabilities	4,565	4,020	4,298	4,598	4,923
Current Liability	21,880	14,446	14,881	14,577	14,412
LT. Debt	30,191	35,409	34,915	32,635	30,799
Other LT. Liabilities	1,695	1,338	1,340	1,343	1,345
Total Liability	53,767	51,193	51,137	48,555	46,557
Minority Interest	31	32	86	141	195
Total Equity	12,062	14,432	16,980	20,004	23,377

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	3,427	3,442	3,698	4,265	4,812
D&A	3,437	1,057	1,071	1,093	1,114
Changes in Working Capital	2,246	326	1,455	1,392	1,428
Operating CF	9,110	4,825	6,224	6,750	7,355
Capital Expenditure	(16,327)	(5,834)	(2,176)	(2,071)	(2,141)
Others	(15,377)	10	-	-	-
Investing CF	(31,704)	(5,823)	(2,176)	(2,071)	(2,141)
Dividend Paid	(1,399)	(1,200)	(1,205)	(1,295)	(1,494)
Net Borrowing	26,788	(2,013)	(357)	(2,914)	(2,346)
Others	54,086	(4,254)	(657)	(5,771)	(4,636)
Financing CF	25,899	(3,441)	(1,505)	(4,152)	(3,783)
Net - Cash flow	3,306	(4,440)	2,543	527	1,431
Adjustment	-	-	-	-	-
Cash at Beginning	1,443	4,748	309	2,852	3,379
Cash at Ending	4,748	309	2,852	3,379	4,810

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	72.9	73.6	74.1	74.7	75.5
Operating Margin (%)	62.5	61.9	62.1	62.7	63.7
Pretax Margin (%)	46.9	40.4	41.6	45.2	48.2
Net Profit Margin (%)	39.7	31.2	32.1	35.0	37.4
Revenue Growth (%)	16.0	27.8	4.4	5.8	5.7
EBITDA Margin (%)	86.1	86.2	85.9	85.9	86.2
EBITDA Growth (%)	16.1	28.0	4.0	5.8	6.0
Debt to Equity (x)	3.9	3.1	2.6	2.1	1.7

Major Assumptions					
Y/E Dec	21A	22A	23F	24F	25F
Tower Growth (%)	34.2	3.8	1.7	1.7	1.6
Total Tenant Growth (%)	37.9	(0.0)	2.8	4.5	4.3
Tenancy Ratio (x)	1.9	1.8	1.8	1.9	1.9
Net Debt/EBITDA (x)	5.7	4.7	4.2	3.7	3.1

Table 2. Peers Comparison

Company Ticker	Country	Company Ticker	Market Cap (USD Mn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
CHINA TOWER CO-H	CN	788 HK	21,080	13.3	10.2	3.3	3.2	0.7	0.7	5.5	6.7
INDUS TOWERS LTD	IN	INDUSTOW IN	4,661	14.3	7.3	6.0	4.4	1.7	1.6	9.7	21.6
CROWN CASTLE INC	US	CCI US	56,798	34.5	36.9	17.6	17.8	8.3	9.3	23.4	25.2
AMERICAN TOWER C	US	AMT US	92,426	44.4	38.9	19.6	18.8	19.6	39.4	39.6	55.2
INFRASTRUTTURA W	IT	INW IM	12,601	31.0	26.8	17.7	16.1	2.6	2.6	8.5	9.8
RAI WAY SPA	IT	RWAY IM	1,632	17.4	16.7	9.6	9.2	8.0	9.5	47.5	47.2
TOWER BERSAMA	ID	TBIG IJ	3,324	29.7	27.8	13.4	12.8	4.7	4.4	16.2	15.5
DAYAMITRA TELEKO	ID	MTEL IJ	3,965	28.4	24.8	10.2	9.5	1.7	1.7	6.1	6.9
SARANA MENARA	ID	TOWR IJ	3,218	12.7	12.0	9.8	9.3	2.9	2.5	23.8	21.6
Global Weighted Average			199,704	35.5	32.7	16.3	15.8	11.9	21.4	27.5	35.7

Source: Bloomberg, SSI Research (closing price at 29/03/2023)

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