INDOPREMIER

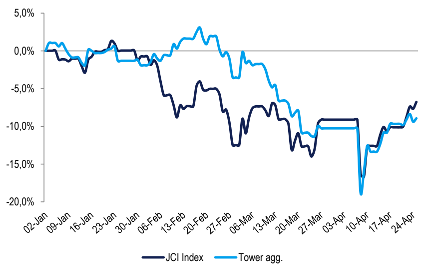
# Towers

**Neutral**

***Sector Initiation | 28 April 2025***

**Sector Index Performance**

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | -8.3% | -6.2% | -4.6% |
| Relative to JCI | -1.5% | 6.3% | 0.5% |




**Summary Valuation Metrics**

| Adj. EV/EBITDA (x) | 2025F | 2026F | 2027F |
|---|---|---|---|
| MTEL IJ | 9.7 | 9.0 | 8.5 |
| TBIG IJ | 14.4 | 14.9 | 15.0 |
| TOWR IJ | 8.5 | 8.3 | 7.9 |
| **P/E (x)** | **2025F** | **2026F** | **2027F** |
| MTEL IJ | 20.2 | 18.1 | 16.9 |
| TBIG IJ | 30.8 | 34.2 | 33.5 |
| TOWR IJ | 8.9 | 8.6 | 8.2 |
| **Div. Yield** | **2025F** | **2026F** | **2027F** |
| MTEL IJ | 3.1% | 3.5% | 3.9% |
| TBIG IJ | 2.5% | 2.6% | 2.3% |
| TOWR IJ | 2.9% | 4.3% | 4.3% |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## Operator consolidation remains the biggest risk; reinitiate with Neutral

- The XL Smart merger may trigger tenancy and pricing rationalization risks, with varying impact across the three players under our coverage.
- Soft purchasing power may also pressure organic demand while govt's budget efficiency effort may weigh on the connectivity segment.
- We expect a muted growth outlook and foresee a further decline in ROE. Reinitiate with a Neutral rating.

**Rationalization risk #1: XL Smart merger**

We expect the telco tower players under our coverage to continue facing tenancy and pricing rationalization risks due to the upcoming XLSmart network integration, after the merger, which potentially lasting until mid-2027F. XLSmart is expected to decommission of c. 20-30% tower sites. TBIG could be the most negatively impacted, given its high revenue exposure from XLSmart (35.0% of total in FY24) with the lowest outside-Java tower portfolio (c.44.4% of total in FY24). TOWR is expected to be less impacted, despite its high revenue exposure from XLSmart (c.40.6% of total in 2024), as we believe the impact could be offset by tower relocation to outside-Java areas. MTEL could benefit from the merger, with the lowest XLSmart exposure among peers (c.19.6% of total as of FY24) and the highest outside-Java tower portfolio (59.0% of total in 2024). Furthermore, based on our channel checks, Smartfren's contract lease rates appear to be lower than those of XL Axiata, posing an additional downside to pricing.

**Rationalization risk #2: soft purchasing power and budget efficiency**

We believe soft purchasing power could also pose a risk for towers from slowdown in organic demand, driven by weaker per tower MNOs revenue generation. We estimate the combined 3 MNOs mobile capex-to-revenue ratio to decline to 20% in FY25F (vs. LT mean: 27%) while aggregate mobile capex growth could decline by -5% yoy in FY25F. Additionally, the government's focus on budget efficiency may weigh on TOWR's connectivity segment, particularly due to a potential slowdown in demand from the hospitality industry.

**Soft growth while still decelerating ROE outlook**

We estimate the sector's aggregate core NP to decline by 0.6% yoy in FY25F, with a 2.6% CAGR growth over FY24–27F. Aggregate EBITDA margin is also expected to weaken, driven by rising non-tower revenue contribution and lower revenue per tenant. ROE has been declining due to margin compression and rising leverage from acquisition and expansion, which we expect to persist through FY25–27F. Further M&A could materialize, given the available assets for sale, potentially weighing on returns. On the upside, the sector should benefit from lower interest rates, as most debt is in the floating rate.

**Reinitiate with Neutral rating; MTEL is our top pick**

Our top pick for the sector is MTEL, given its strongest growth prospect among peers and improving return outlook. TOWR's valuation is attractive, but its earnings growth is expected to bottom only by FY25F. Hence, we assign a HOLD call on TOWR. We also assign a HOLD call on TBIG due to a decelerating earnings growth outlook. Risks are worse-than-expected tenancy outlook, revenue per tenant, macro conditions, and operator MnA.

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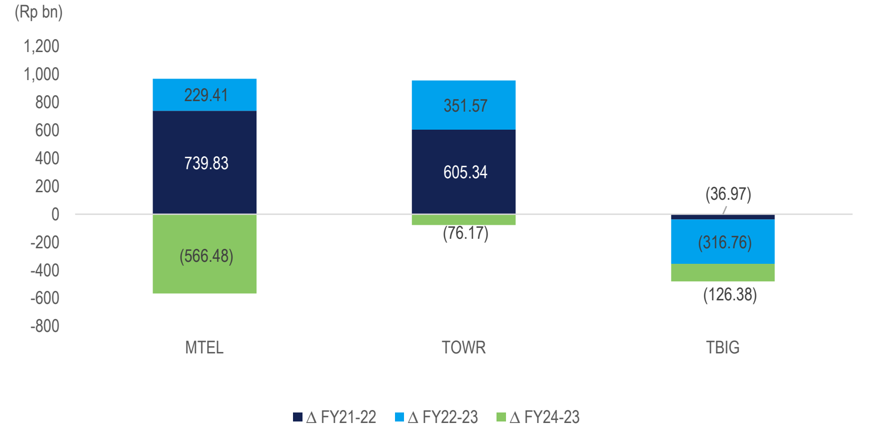
# Rationalization risk #1: XL Smart merger

We expect the Indonesia telco tower sector to continue facing tenancy rationalization risks amid the ongoing wave of mobile network operator (MNO) consolidations. Following the Indosat Ooredoo and Hutchison 3 Indonesia (IOH) merger in 2022, another major consolidation has materialized in April 2025 between XL Axiata (EXCL) and Smartfren (FREN), becoming XL Smart. This shall drive further network integration and a strategic push toward outside-Java expansion, impacting the three tower operators under our coverage - Tower Bersama Infrastructure (TBIG), Sarana Menara Nusantara (TOWR), and Dayamitra Telekomunikasi (Mitratel or MTEL).

### Understanding IOH merger to tower players' tenancy

The IOH merger was completed in 1Q22, with network integration taking place over c.12 months and finalized by 1Q23. So far, the net impact of the merger on tower players' overall revenue has varied, with TBIG experiencing a net negative revenue impact, while TOWR and MTEL saw net positive contributions.

**Fig. 1: Cumulative revenue change from IOH to three tower players under our coverage**



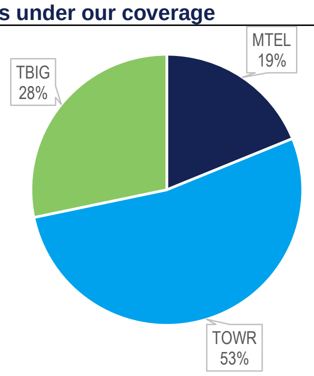

*Source: Company report, Indo Premier*

The impact of network integration and rationalization from the IOH merger became evident in FY23, with TBIG's revenue from IOH declining by 14.1% yoy. In contrast, MTEL and TOWR recorded revenue growth of 17.0% and 8.5% yoy, respectively, during the same period.

TOWR experienced a delayed impact from the IOH merger, resulting in a 1.7% yoy revenue decline from IOH in FY24. The company expects further tower churn related to the IOH merger to occur by FY25F. However, we believe TOWR remains a net beneficiary of the merger, supported by tower relocations to ex-Java regions, where it holds the second-largest portfolio among peers. Additionally, its revenue is supported by value-added services, particularly from its fiber business to IOH. While TOWR's tower segment revenue declined by 2.4% yoy in FY23 and saw only a modest 1.4% yoy increase in FY24—likely reflecting the merger's impact—its fiber-to-the-tower (FTTT) business revenue rose sharply by 49.1% yoy in FY23 and 18.1% yoy in FY24.

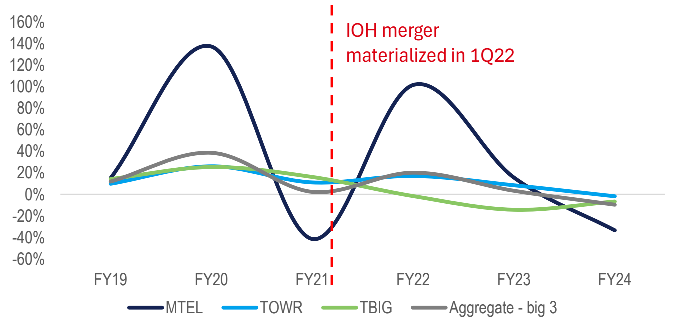
Unlike its peers, MTEL was a clear beneficiary in the tower business segment following the IOH merger. This was largely due to MTEL having the lowest contract exposure to IOH pre-merger—accounting for only 18.8% of total IOH-related revenue in FY22 among the three major tower players. In addition, MTEL had the largest tower portfolio in outside-Java areas, both in terms of its share of total portfolio and the absolute number of sites.

**Fig. 2: TOWR followed by TBIG had the highest revenue contribution from IOH, based on total IOH revenue in FY22 to the three telco players under our coverage**



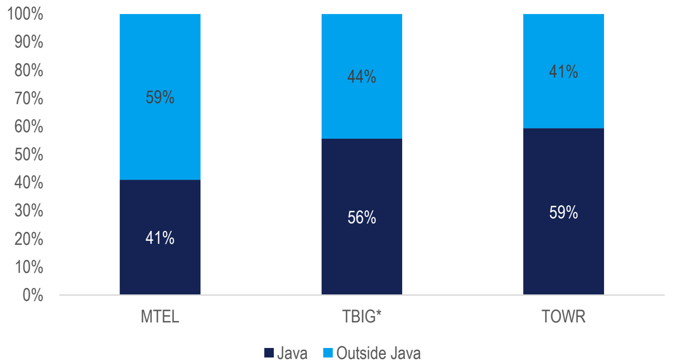

*Source: Company, Indo Premier*

**Fig. 3: Telco infra players' annual revenue growth trend from Indosat Ooredoo Hutchison in FY19-24**




*Source: Company, Indo Premier*

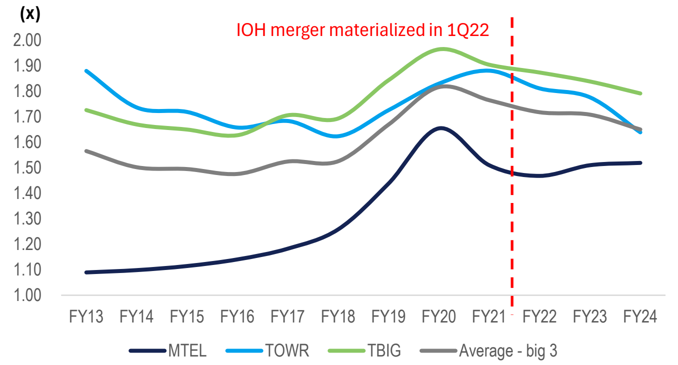
**Fig. 4: MTEL has the largest ex-Java sites portfolio compared to peers (as of FY24)**




*Source: Indo Premier, Company reports*

**TBIG contribution is based on revenue, while TOWR and MTEL contributions are based on tower sites*

**Fig. 5: Tenancy ratio of the big three telco infra players were mainly declining during the merger of IOH, except MTEL**




*Source: Company, Indo Premier*

**Potential impacts from XL Smart merger to tower players' tenancy**

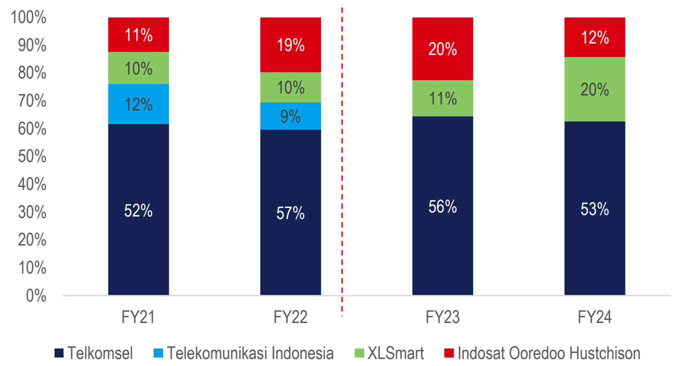
With the upcoming XL Axiata and Smartfren (XL Smart) network integration, we expect another round of tenancy rationalization, particularly in urban and Java-based areas where both operators have significant overlapping coverage. However, the pace and extent of this rationalization will depend on the chosen network integration strategy and technology. As of now, XL Smart has yet to announce whether it will adopt a multi-operator core network (MOCN) or national roaming. Regardless of the approach, tenancy rationalization risk remains during the integration period. XL Smart expects network integration to take place from mid-2025 to mid-2027F.

XL Smart has indicated plans to decommission 20-30% of its tower sites, implying that around 12,000-15,000 sites may be deactivated post-merger, prior to expanding coverage to other areas. The choice of network integration technology will likely influence the pace of rationalization - MOCN could lead to faster and broader site deactivations, while national roaming may result in a more gradual process.

As of FY24, TOWR and TBIG have the highest revenue exposure to XL Smart, at 40.6% and 35.0% of total revenue, respectively, while MTEL has the lowest exposure at 19.6% of total revenue. Given this profile, we believe TBIG could be the most negatively impacted, due to its high revenue dependence on XL Smart pre-merger and significant site concentration in Java.

For TOWR, although it also has the second highest exposure, we believe the impact on revenue could be partially mitigated by site relocation to outside-Java areas and additional value-added revenue streams such as fiber-to-the-tower (FTTT). In contrast, we see MTEL as a potential beneficiary of the merger, similar to its experience during the IOH consolidation, largely thanks to its broader tower footprint in ex-Java regions and the lowest XL Smart exposure among peers pre-merger.

**Fig. 6: MTEL's revenue contribution trend**

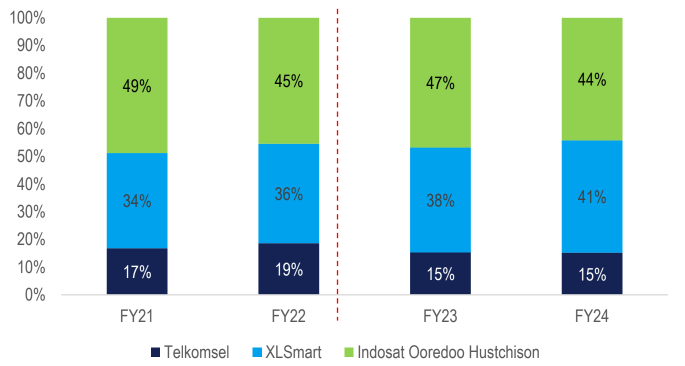



Source: Indo Premier, Company reports

*XLSmart – combined revenue of XL Axiata and Smartfren

Red dotted line – IOH merger materialization in 1Q22

**Fig. 7: TOWR's revenue contribution trend**

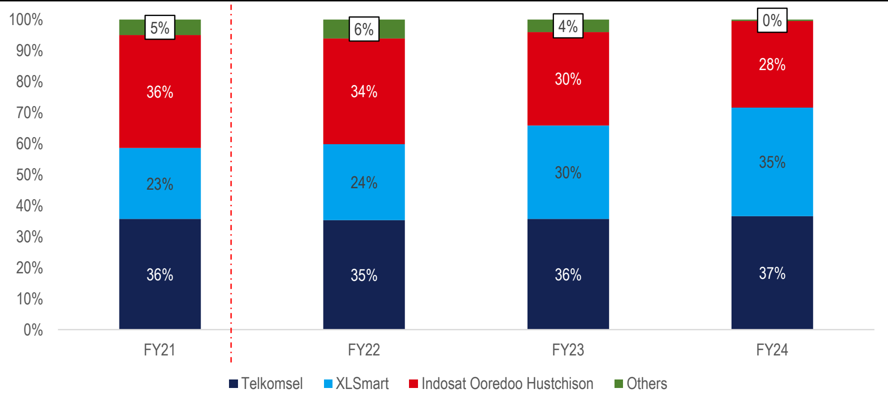



Source: Indo Premier, Company reports

*XLSmart – combined revenue of XL Axiata and Smartfren

Red dotted line – IOH merger materialization in 1Q22

**Fig. 8: TBIG's revenue contribution**




*Source: Company report, Indo Premier*

**XLSmart – combined revenue of XL Axiata and Smartfren*

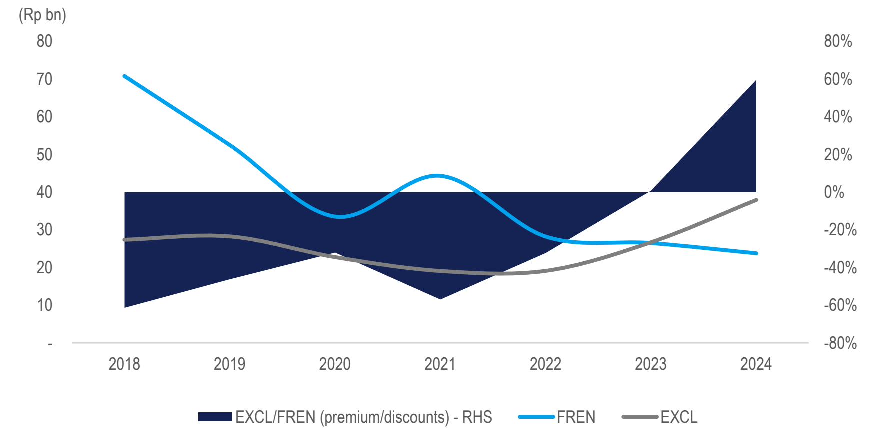
*Red dotted line – IOH merger materialization in 1Q22*

**Contract pricing renegotiation could also materialize**

In addition to tower relocation risks, we believe the XL Smart merger may also introduce potential contract pricing rationalization/renegotiation risk. Based on our channel checks, Smartfren's contract lease rates appear to be significantly lower than those of XL Axiata.

As a reference, we estimate that Smartfren's average leasing expense is approximately 59.5% lower than XL Axiata's. However, we acknowledge that this figure may not be fully precise, as pricing differences could partly reflect variations in lease locations and other contractual terms.

**Fig. 9: XL and FREN – trend of average leasing expense per BTS**



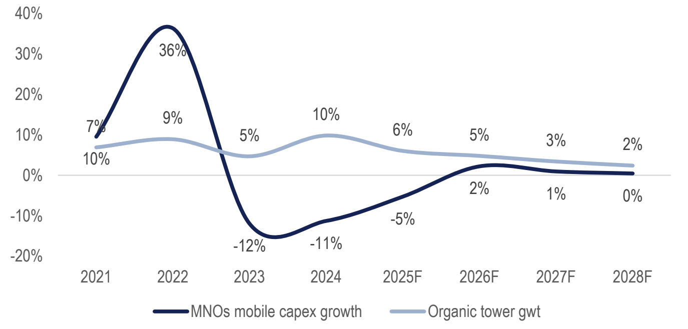

*Source: Indo Premier*

## Rationalization risk #2: soft purchasing power and budget efficiency

We believe that unfavorable macro conditions and persistent soft purchasing power could pose risks to contract renewals and/or new tower demand from mobile network operators (MNOs). We estimate the combined mobile capex-to-revenue ratio of the three largest MNOs could decline to 20% in FY25F (vs. LT mean: 27%), which still excluding the potential impact of the XL Smart merger. Additionally, we estimate the aggregate MNOs mobile capex could decline by 5% yoy in FY25F.

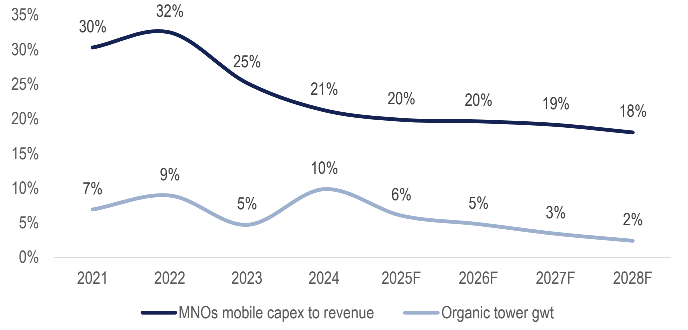
Contract renewal rates for the three tower players under our coverage typically range between 5-10% of total tenant, annually. TOWR indicated that approximately 10% of its portfolio is up for renewal each year. MTEL expects around 13% of its contracts to mature over the next two years. Meanwhile, TBIG noted that roughly 5,000 contracts (c.21% of portfolio as of 2024) are due for renewal over the next five years.

**Fig. 10: We estimate aggregate MNO mobile capex growth could decline by 5% in FY25F (exc. the impact from XL Smart merger)**




*Source: Company, Indo Premier*
*Notes: mobile capex inc. ISAT and TLKM mobile capex, and EXCL total capex*

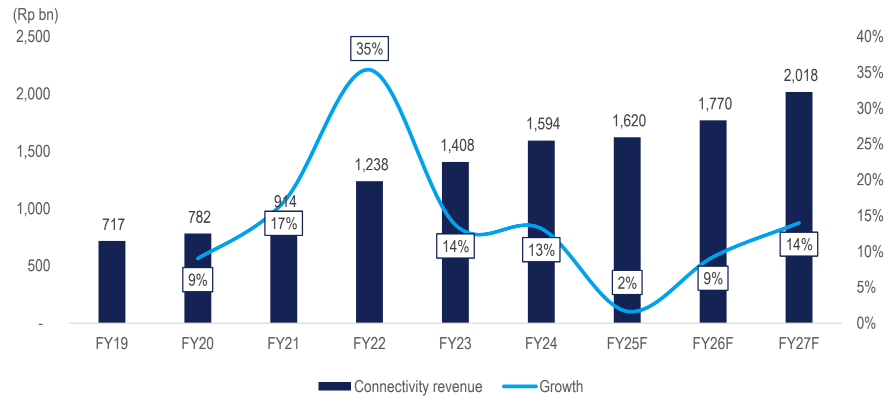
**Fig. 11: Correlations between MNO mobile capex/revenue and tower companies' organic tower growth**




*Source: Company, Indo Premier*
*Notes: mobile capex to revenue inc. ISAT and TLKM mobile capex/mobile revenue, and EXCL total capex/total revenue*

Additionally, we believe the government's budget efficiency measures could also negatively impact TOWR's connectivity business segment, particularly due to a potential slowdown in demand from the hospitality industry. The connectivity segment accounted for 12.5% of TOWR's total revenue in 2024. Anticipating this trend, we conservatively estimate connectivity revenue growth for TOWR by 2% yoy in FY25F, and to improve by 9%/14% yoy in FY26/27F, respectively.

**Fig. 12: TOWR's connectivity revenue and growth**




*Source: Company report, Indo Premier*

## Return outlook may decelerate further

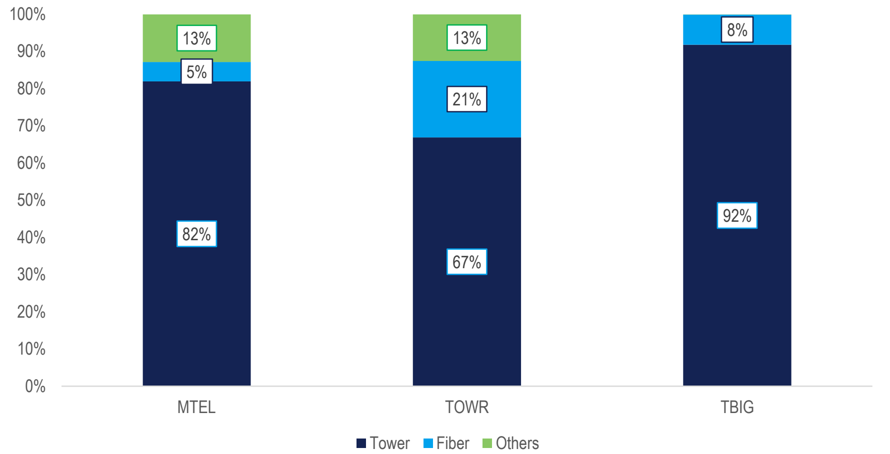
Over the past decade, the tower portfolios of companies under our coverage have grown significantly—quadrupling in size—driven by a combination of inorganic and organic expansion. Each of the three companies has adopted distinct growth strategies. MTEL and TOWR have been aggressively expanding their asset bases through inorganic means, while TBIG has taken a more conservative approach.

Inorganic expansion has been carried out through various strategies, including tower acquisitions from mobile network operators (MNOs) and stake purchases in other tower companies. These moves align with MNOs' shift toward asset-light business models and the need to reallocate capital toward anticipated higher capex for future 5G deployments. Additionally, the implementation of the Omnibus Law which mandated infrastructure sharing, has supported this trend by requiring passive telecommunication infra owners to provide access to other operators.

Beyond tower expansion, TOWR and MTEL have also been diversifying into fiber and other complementary businesses. This strategic shift aligns with MNOs' increasing focus on fiber-heavy infrastructure, driven by rising data consumption, the upcoming 5G rollout and fixed-mobile convergence initiatives. However, these non-tower businesses typically yield lower margin.

As of FY24, non-tower revenues accounted for 33.1% and 18% of total revenue for TOWR and MTEL, respectively, while TBIG maintained a relatively smaller non-tower contribution of 8.2%.

**Fig. 13: Revenue contribution as of FY24**

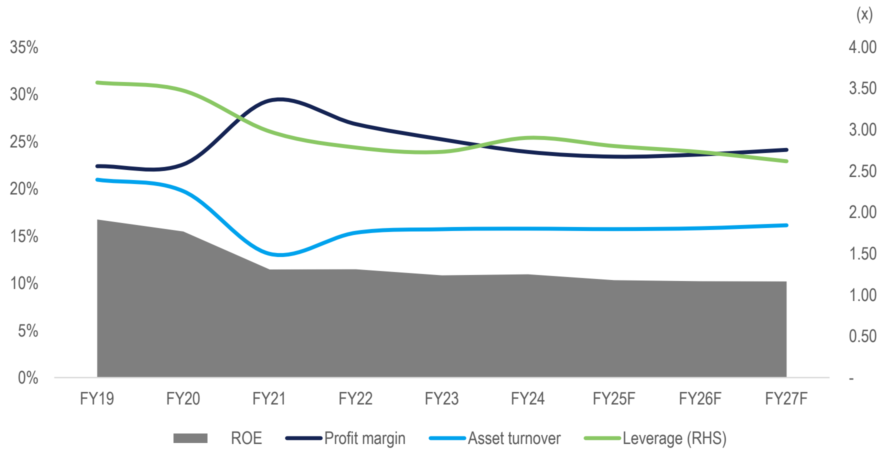



*Source: Company report, Indo Premier*

We assess that aggressive acquisitions and expansion efforts have resulted in higher leverage, along with a shift into lower-margin businesses and declining average revenue per tenant have contributed to a decline in the sector's aggregate ROE. This trend has been primarily driven by the falling ROE of TOWR and TBIG. In contrast, MTEL has shown an improving ROE trajectory since FY21, mainly supported by operating expense efficiency and rising revenue, resulting in better margins and asset turnover.

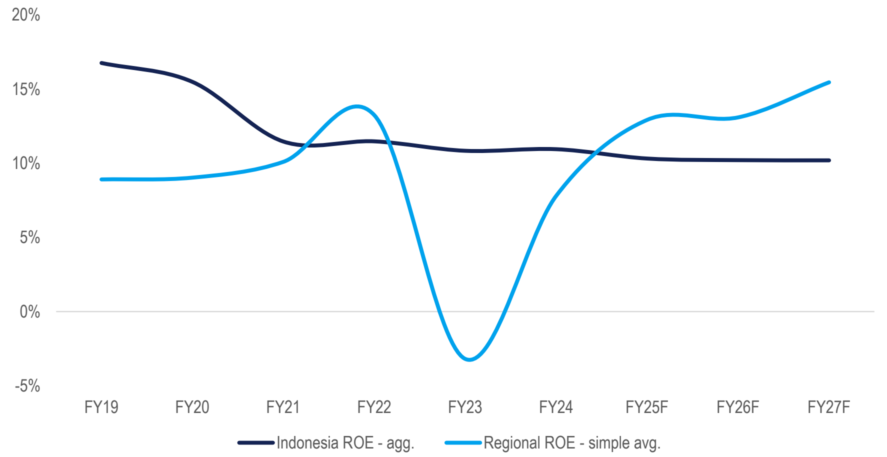
For FY25–27F, we project the sector's ROE to decline further to around 10.2–10.3% from 10.9% in FY24, mainly driven by our expectation of continued ROE pressure on TOWR and TBIG. Meanwhile, we expect MTEL to sustain its improving ROE outlook though still lower than peers', underpinned by increasing contribution from tower rental revenue alongside continued growth in its non-tower businesses.

**Fig. 14: Sector's aggregate dupont analysis**




*Source: Company report, Indo Premier*

**Fig. 15: Indonesia's ROE vs. regional peers ROE (by countries average)**




*Source: Company report, Indo Premier*

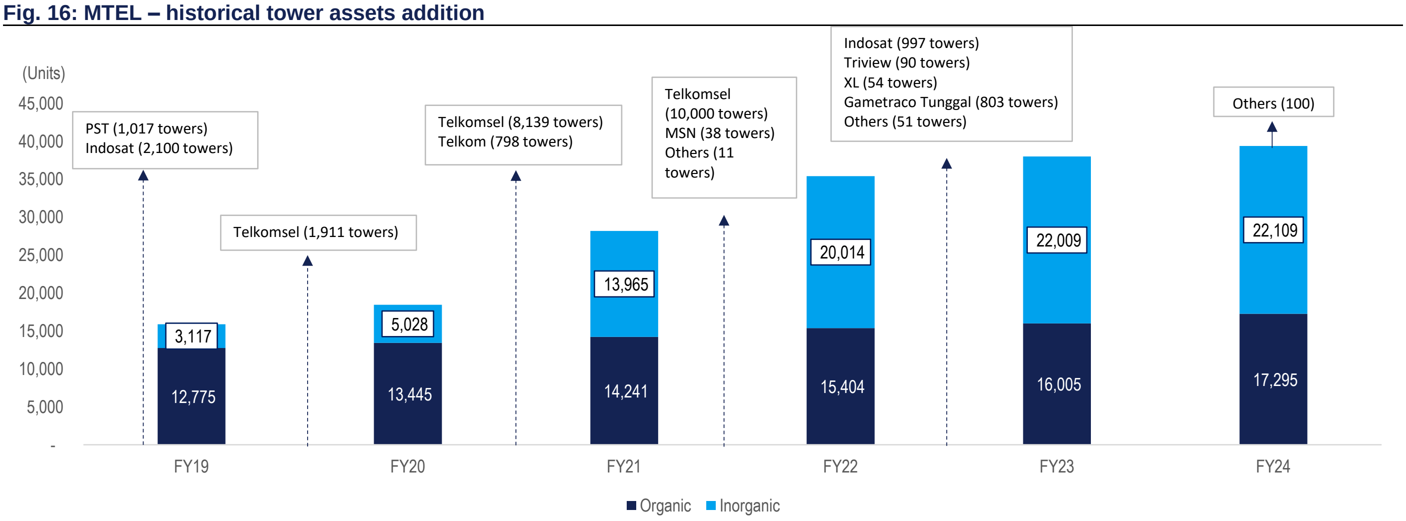
**MTEL's acquisition and expansion overview**

Over the past decade, MTEL has added a net total of 34,061 towers, with c.64.9% of the additions coming through acquisitions. This aggressive expansion has positioned MTEL as the largest tower operator in Indonesia. As of 2024, the company owns 39,404 towers, with a tenancy ratio of 1.52x.

MTEL entered the fiber optic business through an asset transfer from its parent company, Telekomunikasi Indonesia (TLKM IJ, HOLD). The company primarily focuses on fiber-to-the-tower (FTTT), while fiber-to-the-home (FTTH) operations are handled by Telkomsel (TSEL), and the fiber backbone for FTTH remains under TLKM at the parent level.

In Dec 2024, MTEL acquired an additional 8,101 km of fiber optic assets from UMT (a subsidiary of PT PP Infrastruktur Tbk) for a transaction value of Rp650bn. The acquired assets have a billable length of 12,524 km, implying a tenancy ratio of 1.55x - higher compared to MTEL's implied current fiber tenancy ratio of 1.1x. Including this acquisition, MTEL's total fiber optic length reached 51,039 km by end-2024 (+56.9% yoy), with an overall implied tenancy ratio of 1.2x.

**Fig. 16: MTEL – historical tower assets addition**




*Source: Company report, Indo Premier*

**Fig. 17: MTEL – historical assets transaction and company acquisitions**

| Transaction date | Seller | Type of transaction | Transaction value (in bn) | EBITDA Margin of acq. Company | Stake details (%) | Number of towers acq. | Price/tower (mn/unit) | Fibers (in km) | Price/fibers (mn/km) |
|---|---|---|---|---|---|---|---|---|---|
| 2019 | Persada Sokka Tama | Company acq. | N.A | - | 100 | 1,017 | N.A | - | - |
| 2019 | Indosat | Asset acq. | 4,443.0 | - | - | 2,100 | 2,116 | - | - |
| 2020 | Telkomsel | Asset acq. | 4,200.0 | - | - | 1,911 | 2,198 | - | - |
| 2021 | Telkomsel | Asset acq. | 6,099.5 | - | - | 4,139 | 1,474 | - | - |
| 2021 | Telkom Indonesia | Asset acq. | 811.0 | - | - | 798 | 1,016 | - | - |
| 2021 | Telkomsel | Asset acq. | 6,188.0 | - | - | 4,000 | 1,547 | - | - |
| 2022 | Telkomsel | Asset acq. | 10,280.0 | - | - | 6,000 | 1,713 | - | - |
| 2022 | MSN | Asset acq. | N.A | - | - | 38 | N.A | - | - |
| 2022 | Trans Indonesia Superkoridor and Sumber Cemerlang Kencana Permai | Asset acq. | 603.0 | - | - | - | - | 6,012 | 100 |
| 2023 | Power Telecom | Asset acq. | 85.0 | - | - | - | - | 967 | 88 |
| 2023 | Indosat | Asset acq. | 1,648.0 | - | - | 997 | 1,653 | - | - |
| 2023 | Triview Geospatial Mandiri | Asset acq. | 121.0 | - | - | 90 | 1,344 | - | - |
| 2023 | XL Axiata | Asset acq. | 37.0 | - | - | 54 | 685 | - | - |
| 2023 | Gametraco Tunggal | Asset acq. | 1,753.0 | - | - | 803 | 2,183 | - | - |
| 2022 & 23 | Others | Asset acq. | N.A | - | - | 62 | N.A | - | - |
| 2024 | Ultra Mandiri Telekomunikasi | Company acq. | 650.0 | N.A | 100 | - | - | 8,101 | 80 |
| | Average | | | | | | 1,593 | | 89 |

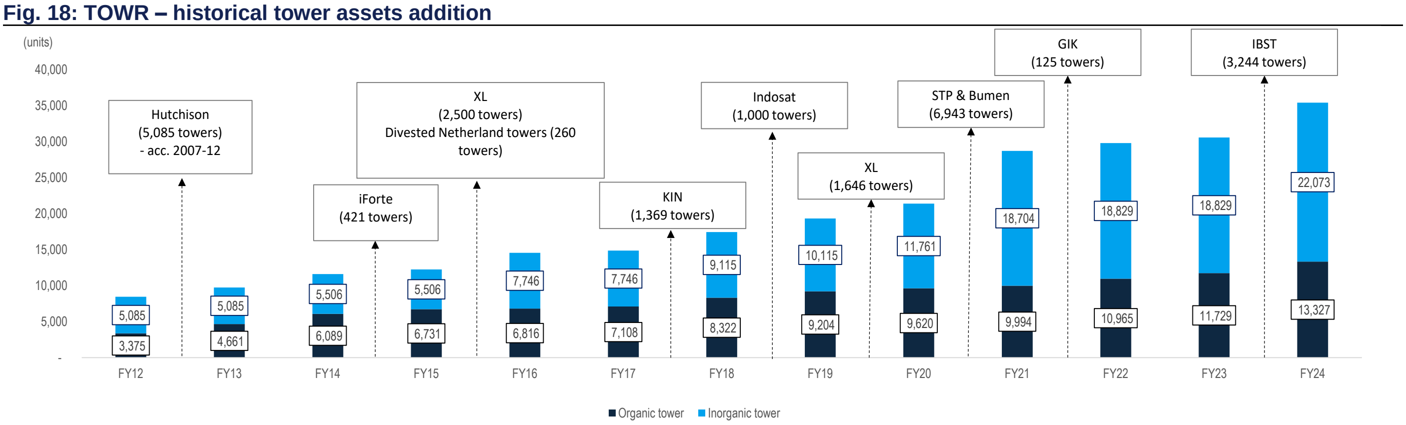
*Source: Company report, Indo Premier*

**TOWR's acquisition and expansion overview**

Over the past ten years, TOWR has added a net total of 23,805 towers, with approximately 69.6% of the additions coming through acquisitions. As of 2024, TOWR is the second-largest tower provider in Indonesia, with a portfolio of 35,400 towers.

The company entered the fiber optic business through the acquisition of a stake in iForte Solusi Infotek in FY15. Established in 2002, iForte initially operated in the VSAT (Very Small Aperture Terminal), internet service provider (ISP), and IT outsourcing segments. It began developing its fiber optic cable network in 2007 and later shifted its focus to telecommunications infrastructure. As of 9M24, iForte owns c.200,000 km of fiber optic cables, connecting more than 20,000 towers across Indonesia.

**Fig. 18: TOWR – historical tower assets addition**




*Source: Company report, Indo Premier*

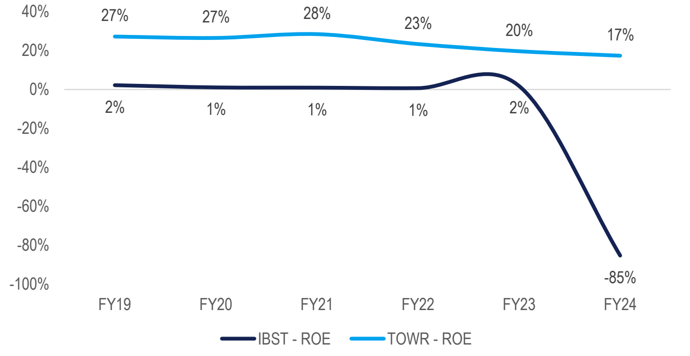
**Fig. 19: TOWR – historical assets transaction and company acquisitions**

| Transaction date | Seller | Type of transaction | Transaction value (in bn) | EBITDA Margin of acq. Company | Stake details (%) | Number of towers acq. | Price/tower (mn/unit) | Fibers (in km) | Price/fibers (mn/km) |
|---|---|---|---|---|---|---|---|---|---|
| 2014 | iForte | Company acq. | <934 | not disclosed | 100 | 421 | 2,219 | - | - |
| 2016 | XL Axiata | Asset acq. | 3,568 | - | - | 2,500 | 1,427 | - | - |
| 2018 | KIN | Company acq. | 1,461 | not disclosed | 100 | 1,455 | 1,004 | - | - |
| 2019 | Indosat | Asset acq. | 1,950 | - | - | 1,000 | 1,950 | - | - |
| 2020 | XL Axiata | Asset acq. | 2,213 | - | - | 1,646 | 1,344 | - | - |
| 2021 | Solusi Tunas Pratama | Company acq. | 16,729 | 90% | 94 | 6,780 | 2,467 | 9,000 | 1,859 |
| 2021 | Bumen (tower acq. by STP) | Asset acq. | - | - | - | 158 | N.A | - | - |
| 2021 | GIK (subsidiary of STP) | Company acq. | - | - | - | 125 | N.A | - | - |
| 2022 | Aliya Praya Mitra | Asset acq. | 800 | - | - | - | - | 10,750 | 74 |
| 2024 | IBST | Company acq. | 3,424 | 49% | 90 | 3,224 | 1,062 | 16,000 | 214 |
| | Average | | | | | | 1,639 | | 716 |

*Source: Company report, Indo Premier*

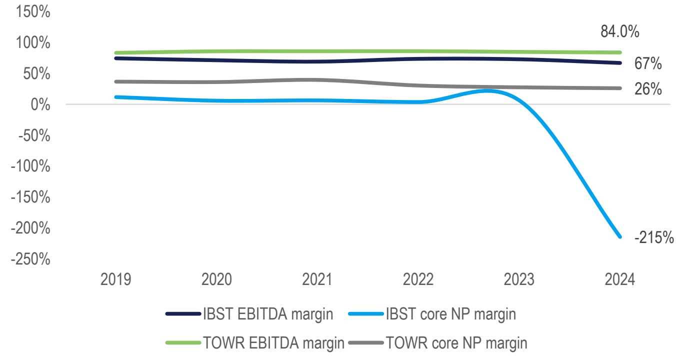
iForte further expanded its fiber optic portfolio through the acquisition of Inti Bangun Sejahtera (IBST IJ, not-rated), which was completed in July 2024. As of 2024, IBST owns 3,245 towers, with a geographic split of 76% in Java and 24% in ex-Java areas, along with more than 17,239 km of fiber optic cables. In FY24, IBST recorded an EBITDA margin of 67.2%, while its net profit margin stood at -214.6%. IBST's ROE was also in negative territory in FY24 due to its high leverage with 3.3x net debt/EBITDA. Historically, IBST's ROE has consistently lagged behind TOWR's.

**Fig. 20: IBST's ROE vs. TOWR's ROE**




*Source: Indo Premier, Company reports*

**Fig. 21: IBST's margin vs. TOWR margin**



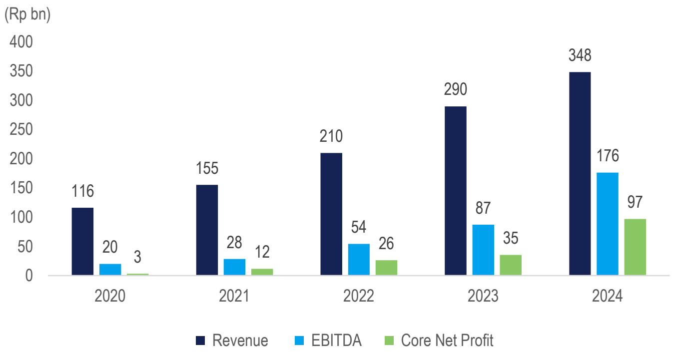

*Source: Indo Premier, Company reports*

By Jan-25, TOWR announced plans to acquire approximately a 40% stake in Remala Abadi (DATA IJ, non-rated), with the intention to become the majority shareholder. As of 24 April 2025, DATA's market capitalization stood at Rp1.4tr, implying FY24 valuations of 8.0x EV/EBITDA and 14.4x P/E. DATA is currently majority-owned by Verah Wahyudi, who holds an 82.8% stake.

Established in 2004, DATA operates as an Internet Service Provider (ISP), offering broadband internet, local link services, managed services (such as IP CAM setup, VOIP, and WiFi devices), server collocation, B2B fiber optic installation, and multimedia connectivity. DATA serves both corporate (under Tachyon.net.id) and retail (Nethome.id) clients in the Greater Jakarta area. Tachyon provides internet dedicated services via fiber and wireless connections. Nethome.id offers affordable FTTH packages, starting from Rp201k/month for 50 Mbps to Rp355k/month for 250 Mbps. As of now, Nethome.id has reached 180k home connects, with a target of 500k by FY25F.

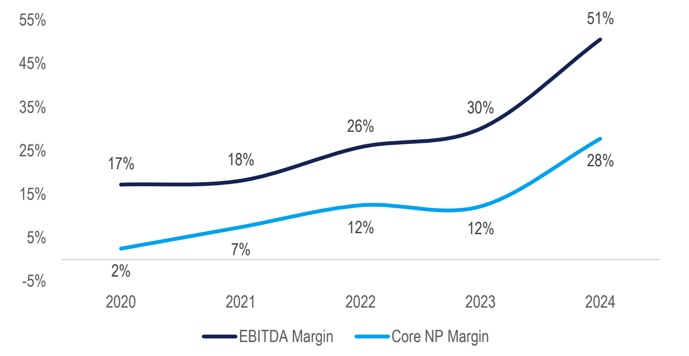
According to our discussion with TOWR, the acquisition is aimed at enhancing monetization of its fiber assets. Currently, DATA operates by leasing fiber from third parties. In FY24, DATA posted an EBITDA margin of 50.6%—lower than TOWR's—but a higher core net margin of 27.7%, and ROE of 36.7%, both above TOWR's metric`s. Given this financial profile, we believe the acquisition should be net positive for TOWR. The company also indicated the acquisition will likely be financed through internal cash.

**Fig. 22: DATA IJ: revenue, EBITDA, and core net profit trend**



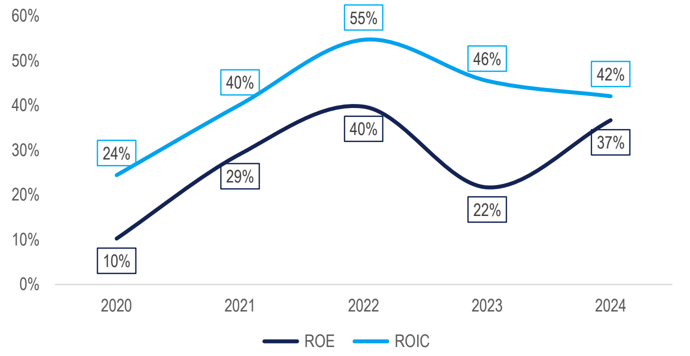

*Source: Company, Indo Premier*

**Fig. 23: DATA IJ: EBITDA margin and core net profit margin trend**



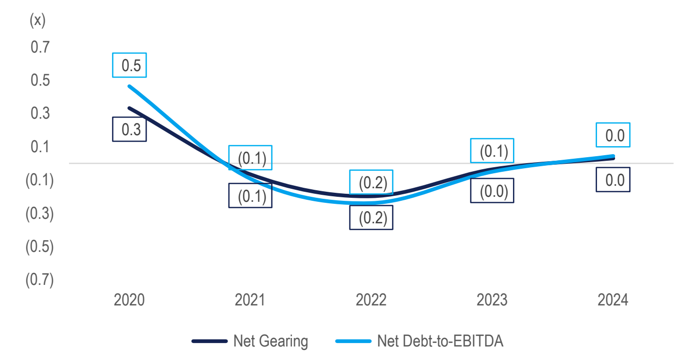

*Source: Company, Indo Premier*

**Fig. 24: DATA IJ: ROE and ROIC trend**




*Source: Company, Indo Premier*

**Fig. 25: DATA IJ: net gearing and net debt to EBITDA trend**



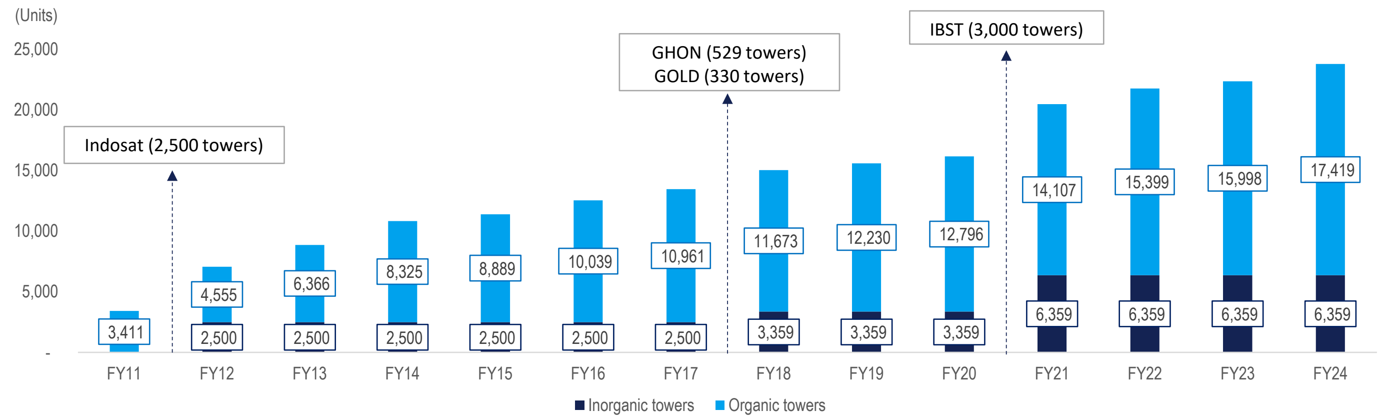

*Source: Company, Indo Premier*

TOWR may pursue further acquisitions or expansion beyond the potential acquisition of DATA, as it has received approval to conduct rights issue - in 2Q25F or 3Q25F, to issue up to 15bn new shares, implying potential dilution of up to 23.06% for shareholders not exercising their rights. Meanwhile, currently, the public ownerships in TOWR are c.36.75%. Proceeds are expected to be used for loan repayment and/or working capital for its wholly owned subsidiary, Protelindo (Profesional Telekomunikasi Indonesia).

Previously in Dec24, the company postponed its rights issue due to macroeconomic and market conditions. The earlier plan involved issuing up to 5bn new shares at Rp900/share, targeting proceeds of up to Rp4.5tr, with dilution risk of up to 9%.

**TBIG's acquisition and expansion overview**
TBIG has taken a less aggressive approach to inorganic growth compared to MTEL and TOWR. Nonetheless, it successfully added approximately 12,953 towers over the past ten years, with 70.2% of the additions driven by organic expansion. As of 2024, TBIG is the third largest tower provider in Indonesia, operating a total of 23,778 towers.

**Fig. 26: TBIG - historical tower assets addition**




*Source: Company report, Indo Premier*

**Fig. 27: TBIG - historical transaction of tower and company acquisitions**

| Transaction date | Seller | Type of transaction | Transaction value (in bn) | EBITDA Margin of acq. Company | Stake details (%) | Number of towers acq. | Price/tower (mn/unit) | Fibers (in km) | Price/fibers (mn/km) |
|---|---|---|---|---|---|---|---|---|---|
| 2012 | Indosat | Asset acq. | 3,857.0 | | | 2,500 | 1,543 | - | - |
| 2018 | GHON | Company acq. | N.A | | 50 | 529 | N.A | - | - |
| 2018 | GOLD | Company acq. | N.A | | 51 | 330 | N.A | - | - |
| 2021 | IBST | Asset acq. | 3,975 | | | 3,000 | 1,325 | - | - |
| | Average | | | | | | 1,434 | | - |

*Source: Company report, Indo Premier*

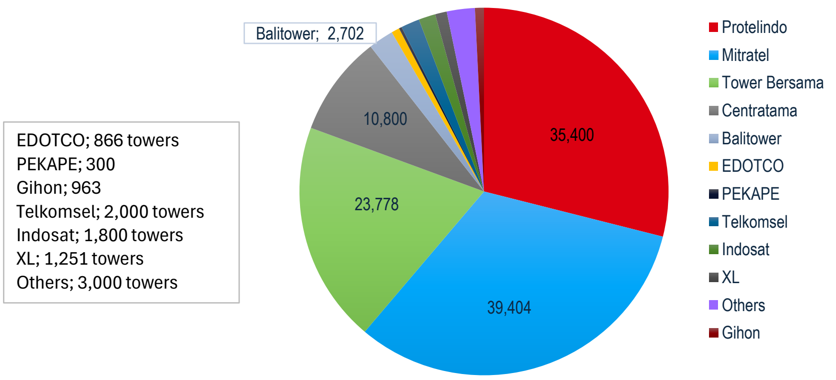
## More M&A may be actually dilutive

Our discussions with industry players indicate that tower assets are currently available for sale, including those owned by Digital Bridge in Southeast Asia, operated under EdgePoint Infrastructure. These include tower portfolios in Malaysia, the Philippines, and Indonesia. In Indonesia, EdgePoint's assets are held under Centratama Telekomunikasi Indonesia (CENT IJ), with further details provided on page 16.

According to media reports, I Squared Capital is exploring the acquisition of select Digital Bridge assets in Malaysia and the Philippines, with an estimated deal value of around US$2bn. However, a final agreement on valuation has not yet been reached. Separately, Digital Bridge's tower assets in Indonesia are reported to be valued at approximately US$1bn. (link)

Our discussions also suggest that further consolidation among tower players would be ideal, especially considering the mobile network operator (MNO) landscape has consolidated into three major groups. However, there are still approximately 5 tower players operating in Indonesia.

**Fig. 28: Tower players in Indonesia and number of towers – as of FY24**




*Source: TowerXchange, Company report, Indo Premier*

**Gihon & PEKAPE are part of TBIG group; EDOTCO is part of Axiata Berhad*

Other than tower assets, we gather that several fiber-related assets are currently available for sale, including:

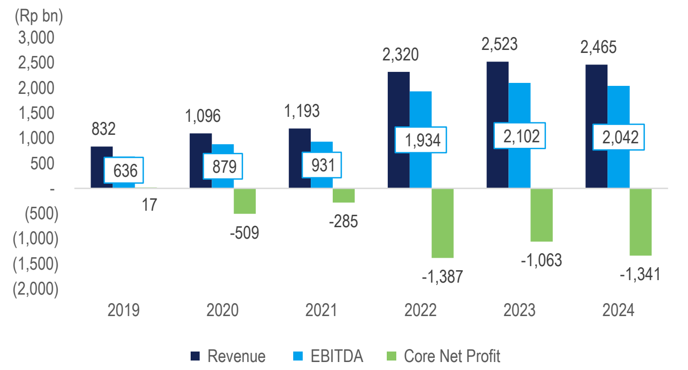
- Indosat Ooredoo Hutchison (ISAT IJ, BUY) is considering either a full or partial divestment of approximately 90,000 km of fiber optic cable. According to news reports, the potential transaction value could reach US$1bn, implying a transaction price of Rp184.4mn/km.
- Axiata Group Berhad (KLSE-AXIATA, not-rated) is reportedly exploring a partial sale of its stake in Linknet (LINK IJ, not-rated), with a potential transaction value of US$1bn (approximately Rp16.6tr). Based on our channel checks, the stake sale is aimed at raising funds for further expansion. Previously, in 2022, Axiata and EXCL increased their stakes, and by 2024 they held 75.4% and 19.2% of LINK, respectively. Following this, LINK transferred its business-to-consumer (B2C) segment, First Media, to EXCL (see details on LINK in page 17).

**CENT IJ (non-rated)**

Centratama Telekomunikasi Indonesia (CENT IJ, not-rated) is a publicly listed tower player, majority owned by EP ID Holdings Pte. Ltd. As of 25 April 2025, it has a market capitalization of Rp4.0tr, implying 7.7x EV/EBITDA FY24 and -3.0x P/E FY24.

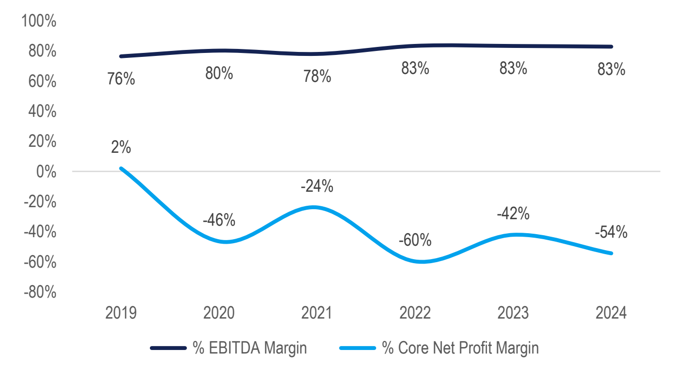
As of 2023, CENT owns 9,689 towers with a tenancy ratio of 1.73x, with 55% of its sites located in Java and 45% outside Java. In addition, CENT owns 1,403km of fiber optic infrastructure (+739km yoy, +111% yoy), used for FTTT and enterprise backhaul. As of FY24, the company recorded an EBITDA margin of 82.9% and a core net profit margin of -54.4%.

**Fig. 29: CENT IJ: revenue, EBITDA, and core net profit trend**



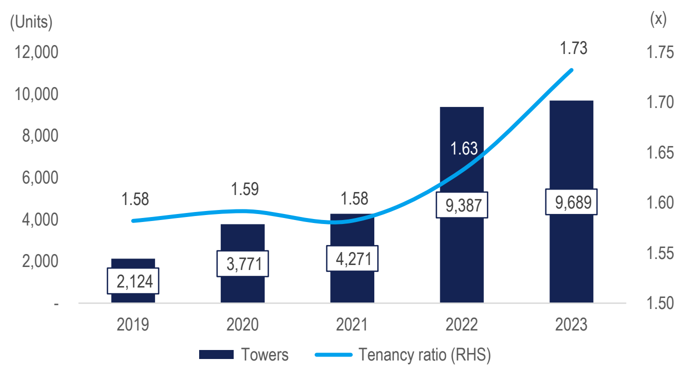

*Source: Company, Indo Premier*

**Fig. 30: CENT IJ: EBITDA margin and core net profit margin trend**



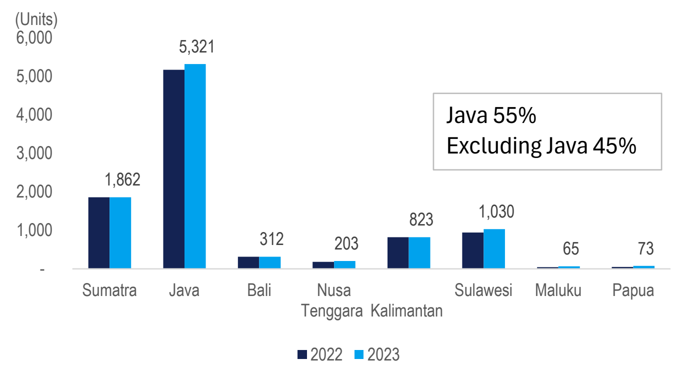

*Source: Company, Indo Premier*

**Fig. 31: CENT IJ: tower assets and tenancy ratio trend**



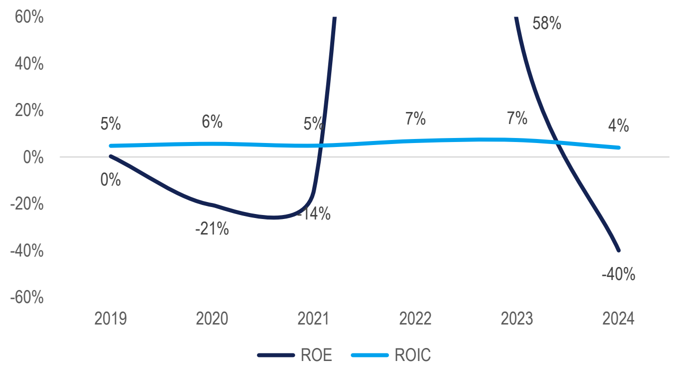

*Source: Company, Indo Premier*

**Fig. 32: CENT IJ: tower assets location (as of 2023)**



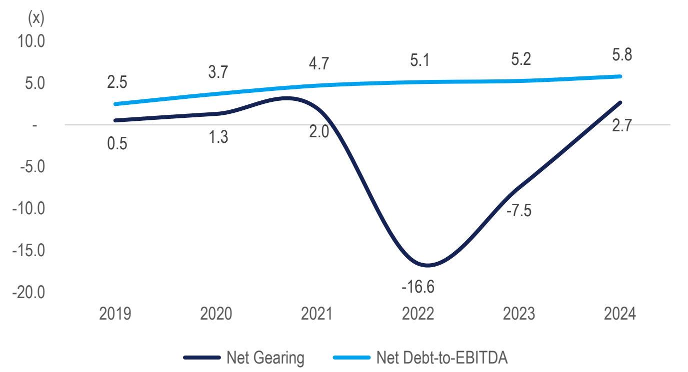

*Source: Company, Indo Premier*

**Fig. 33: CENT IJ: ROE and ROIC trend**




*Source: Company, Indo Premier*

**Fig. 34: CENT IJ: net gearing and net debt to EBITDA trend**




*Source: Company, Indo Premier*

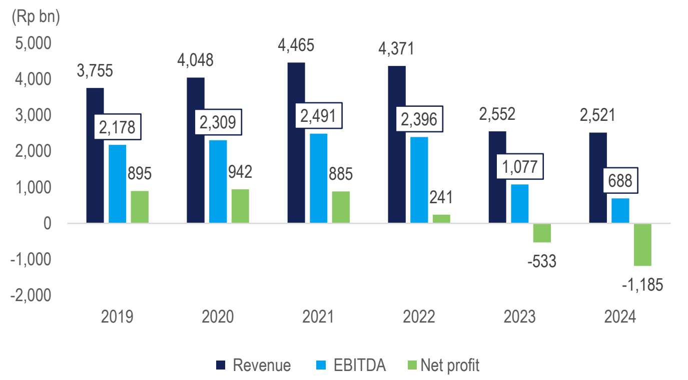
**LINK IJ (non-rated)**

Link Net (LINK IJ, not-rated) is a publicly listed company, and majorly owned by Axiata Investment Sdn Bhd. As of 25 April 2025, its current market capitalization is at Rp5.4tr, implying a 16.8x EV/EBITDA FY24 and -4.6x P/E FY24.

In 2022, Axiata Investment Sdn Bhd and XL Axiata (EXCL) acquired Link Net, increasing their share ownership to 46%/20%, respectively. Following the acquisition, in May24, EXCL and LINK entered into a B2C business transfer agreement for ServeCo, which includes ISP, IPTV, PayTV, and approximately 750k residential customers, for Rp1.8tr (link). LINK will install, integrate, and lease the HFC/FTTH facilities under a Master Service Agreement valid for 10 years, extendable for 5 years by mutual agreement. EXCL will pay Rp120k/Rp80k per home connected for ≤25%/≥25% penetration rates.

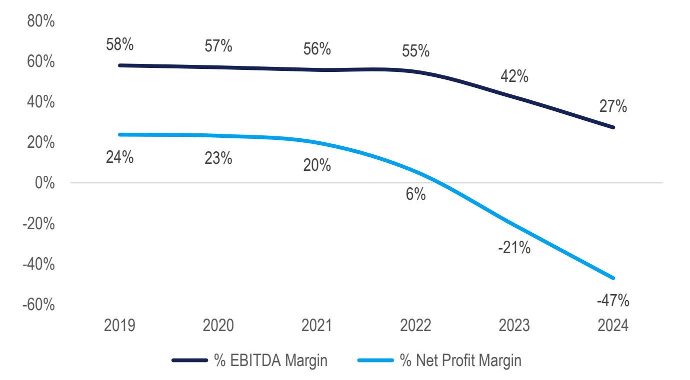
After the business transfer, LINK will focus on its fiber business (FiberCo), content products (MediaCo), and serving B2B customers (EnterpriseCo). As of 3Q24, LINK's home-passed figure stood at 4mn, with a total penetration rate of 18.5%.

**Fig. 35: LINK IJ: revenue, EBITDA, and core net profit trend**



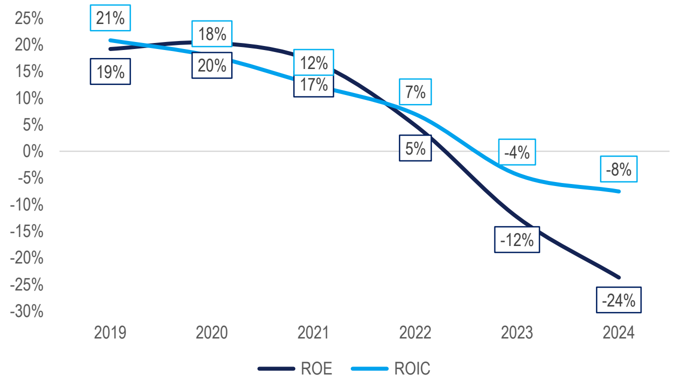

*Source: Company, Indo Premier*

**Fig. 36: LINK IJ: EBITDA margin and core net profit margin trend**



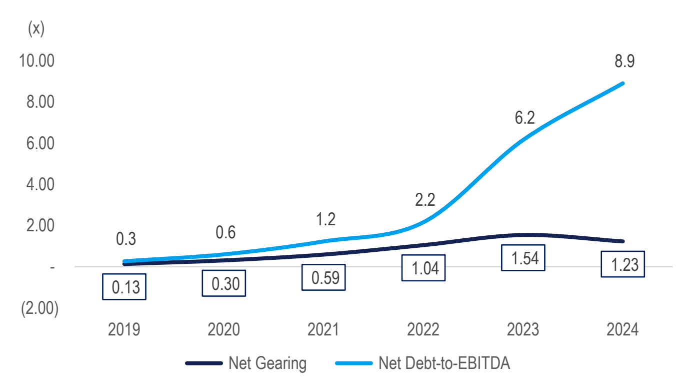

*Source: Company, Indo Premier*

**Fig. 37: LINK IJ: ROE and ROIC trend**




*Source: Company, Indo Premier*

**Fig. 38: LINK IJ: net gearing and net debt to EBITDA trend**




*Source: Company, Indo Premier*

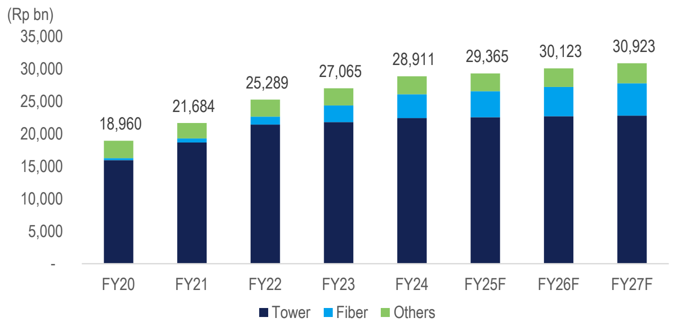
# Operational and financial outlook

**Soft growth outlook**

We estimate the sector's aggregate total revenue to grow by 1.6% in FY25F, with a CAGR of +2.3% over FY24–27F. Our revenue forecast is more conservative compared to Bloomberg consensus, which expects 2.6% yoy growth in FY25F. Our estimates factor in potential risks from tenancy rationalization due to the XLSmart merger, as well as a more cautious view on consumer purchasing power and government budget efficiency measures.

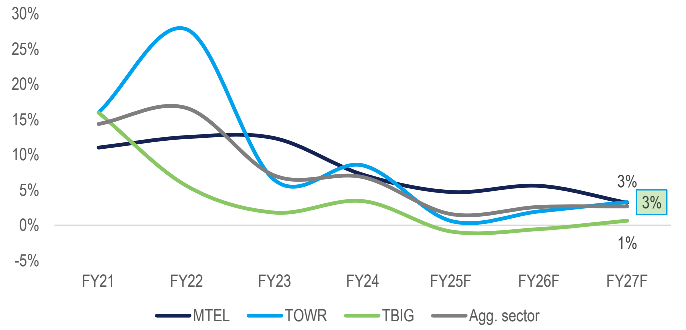
Among the peers, we project MTEL to deliver the strongest revenue growth with a CAGR of +4.5% in FY24-27F, driven by its large footprint outside Java and net positive impact from the XLSmart merger. TOWR is expected to post slower growth at 1.9%, while TBIG may experience a decline in revenue growth of 0.3% over the next three years.

**Fig. 39: The sector's aggregate revenue is expected to remain dominated by tower rentals, although contributions from non-tower businesses are increasing**




*Source: Company, Indo Premier*

**Fig. 40: The sector's revenue growth outlook is expected to be soft**

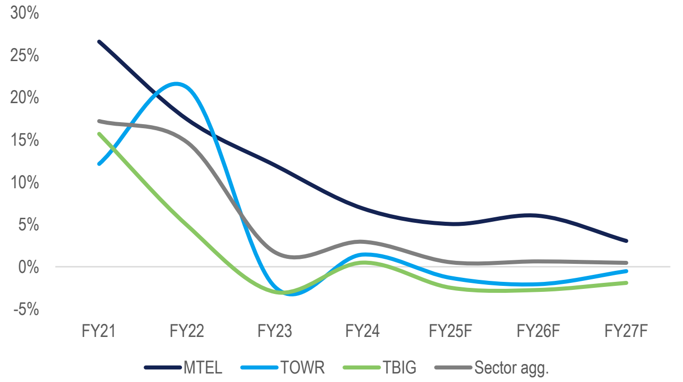



*Source: Company, Indo Premier*

We estimate the sector's aggregate tower rental revenue to grow by 0.5% yoy in FY25F, translating to a CAGR of 0.5% over FY24–27F. In comparison, we expect the aggregate non-tower businesses to grow at a faster pace of 5.2% yoy in FY25F, with a CAGR of 7.9% over the same period. This shift will likely lead to a rising revenue contribution from non-tower segments—particularly for TOWR and TBIG—as they continue expanding into fiber and connectivity services.

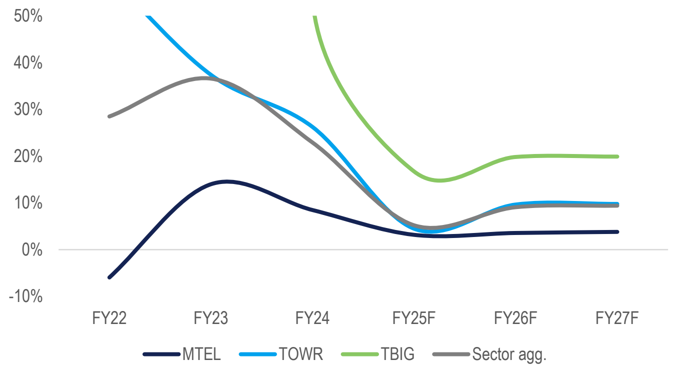
On the other hand, MTEL is expected to maintain an improving revenue mix from tower rentals, while also growing its non-tower business. This positions MTEL to benefit from both stable core operations and complementary revenue streams.

**Fig. 41: Tower rental revenue growth outlook**




*Source: Company, Indo Premier*

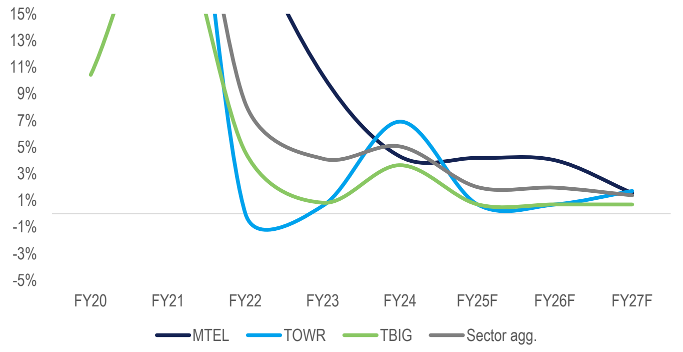
**Fig. 42: Non-tower revenue growth outlook**




*Source: Company, Indo Premier*

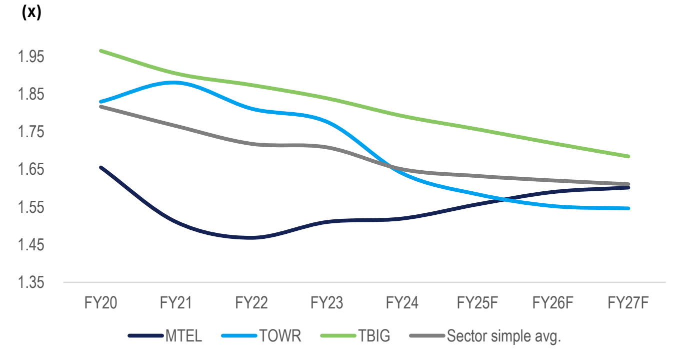
In the tower business segment, we estimate the aggregate tenant growth to be at 2.0% yoy in FY25F with a 1.8% CAGR in FY24-27F. The highest tenancy growth is expected for MTEL, while lower growth is expected for TOWR and TBIG. We expect the average tenancy ratio could decline for the sector, due to more expansion to the outside Java areas, leading for potentially lower collocation in Java areas.

**Fig. 43: Tower tenancy growth outlook**




*Source: Company, Indo Premier*

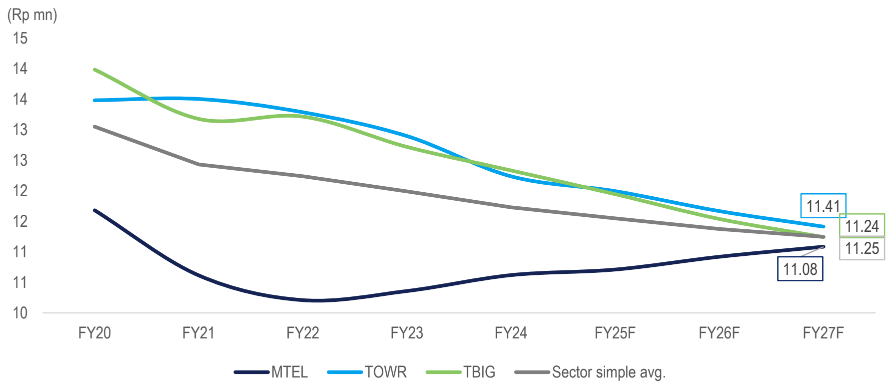
**Fig. 44: Tower tenancy ratio outlook**




*Source: Company, Indo Premier*

We expect the sector's average revenue per tenant could decline by 1.5% in FY25F with -1.4% CAGR in FY24–27F. We anticipate a lower average revenue per tenant for TBIG and TOWR, mainly attributed to the potential XLSmart merger. On the other hand, we estimate MTEL could still see growing average revenue per tenant, given its lowest revenue per tenant compared to peers.

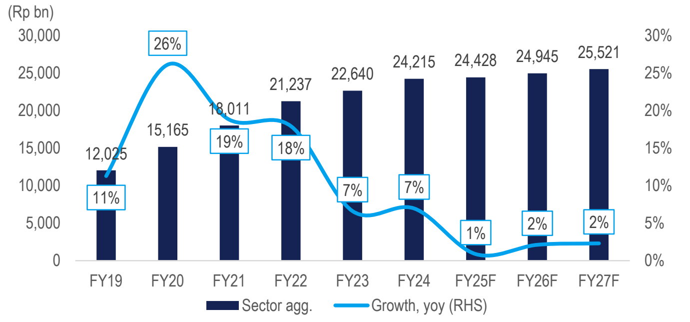
**Fig. 45: Average revenue per tenant/month – three companies and sector**




*Source: Company report, Indo Premier*

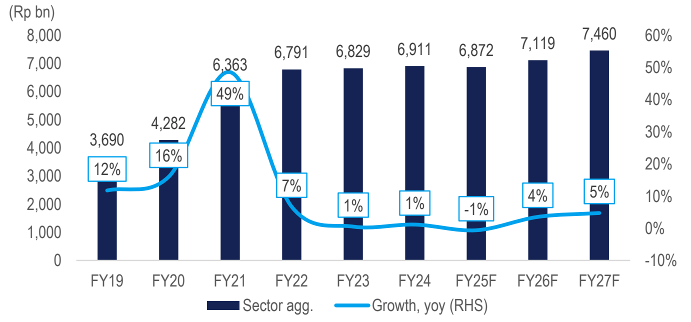
We estimate the sector's aggregate EBITDA could grow by 0.9% yoy in FY25F, with a 1.8% CAGR in FY24–27F. Meanwhile, core NP could decline by 0.6% yoy in FY25F, with a 2.6% CAGR in FY24–27F.

**Fig. 46: Sector's EBITDA and growth**




*Source: Company, Indo Premier*

**Fig. 47: Sector's core NP and growth**



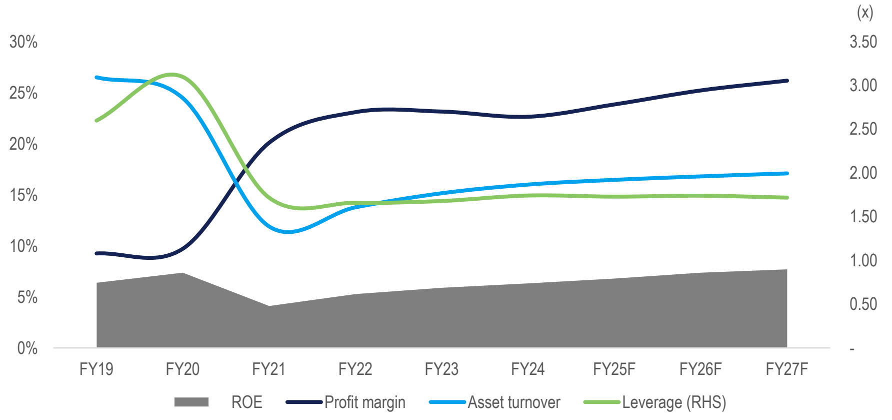

*Source: Company, Indo Premier*

### Dupont analysis

**MTEL's** ROE has been improving since FY21, though it remains the lowest among peers. The improvement in ROE was mainly driven by better margins, attributed to robust revenue growth combined with opex efficiency despite a steady rise in leverage.

In FY25–27F, we expect MTEL's ROE could continue to improve steadily to 6.8-7.7% from 6.3%, supported by further margin improvement.

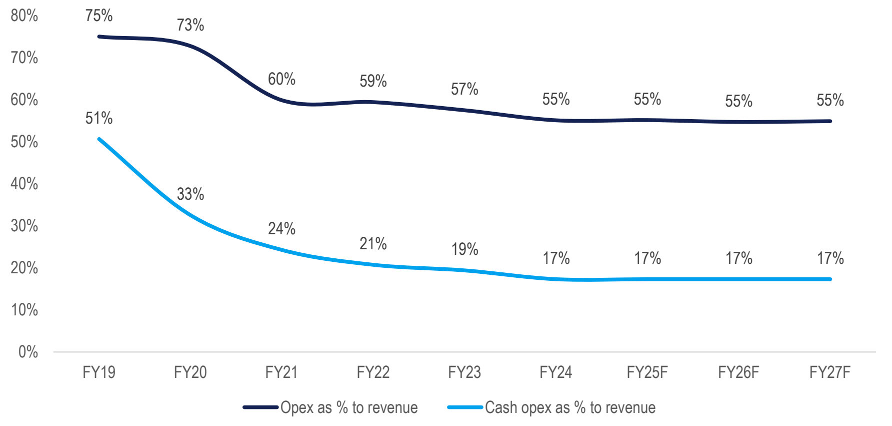
**Fig. 48: MTEL's dupont analysis**




*Source: Company report, Indo Premier*

MTEL's total opex to revenue has declined to 55.1% in FY24 from 59.9% in FY21. Its cash opex to revenue has also decreased to 17.3% from 24.3% in FY21. This led to an improvement in EBITDA margin to 82.7% in FY24 from 75.7% in FY21, catching up with the peers' average.

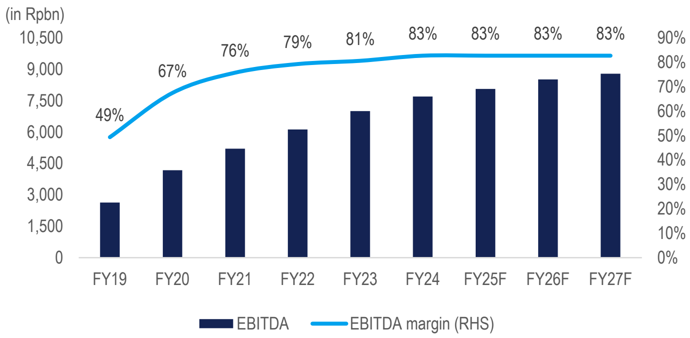
**Fig. 49: MTEL's opex and cash opex to revenue trend have been declining over time**




*Source: Company report, Indo Premier*

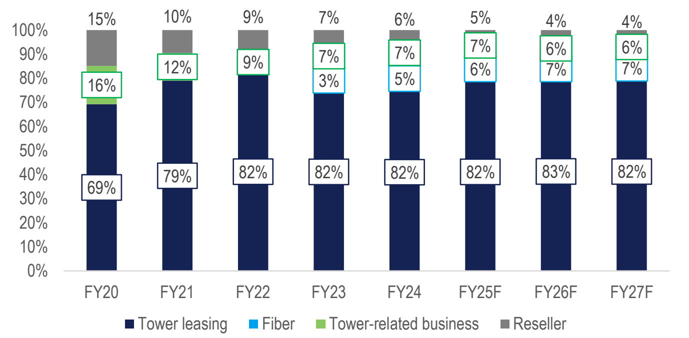
Going forward, we expect MTEL's EBITDA margin to remain steady, attributed to the continued rise in tower rental revenue attribution over non-tower businesses. We expect MTEL's tower business to grow above the peers' average, benefiting from its strong position in outside Java areas.

**Fig. 50: We estimate MTEL's EBITDA margin outlook**




*Source: Indo Premier, Company reports*

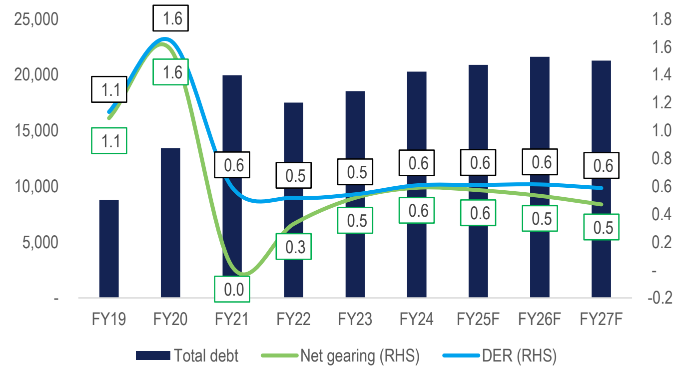
**Fig. 51: MTEL's revenue contribution outlook**




*Source: Indo Premier, Company reports*

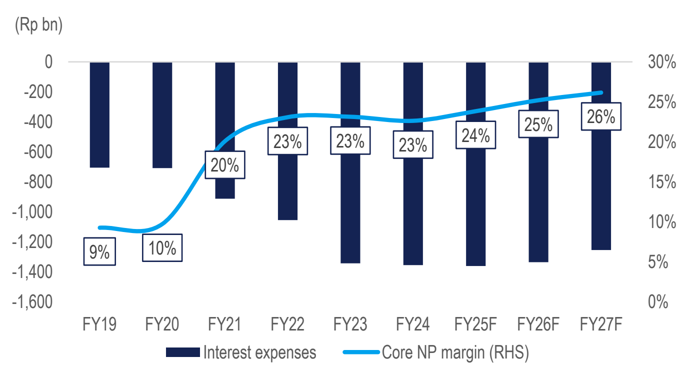
We expect MTEL's DER outlook to remain steady with slight improvement in FY25–27F. As of FY24, MTEL had 96% of its debt in floating rates, making it as the key beneficiary of lower interest rates. Hence, we expect its interest expense to decline over the next three years, assuming a declining rate outlook. This supports an improvement in the overall core NP margin outlook.

**Fig. 52: MTEL's total debts vs. DER and net gearing outlook**




*Source: Indo Premier, Company reports*

**Fig. 53: MTEL's interest expense and core NP margin outlook**

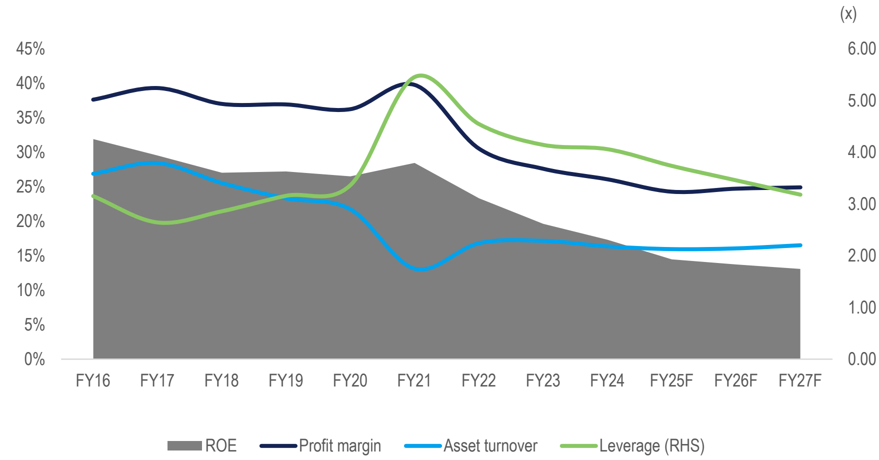



*Source: Indo Premier, Company reports*

**TOWR's** ROE has been declining, mainly due to higher leverage from acquisitions and expansion, along with lower margins. TOWR's DER reached its peak in 2021 and has improved since then. However, its DER in FY24 remains higher compared to FY20. At the same time, its margin has been gradually declining due to increasing exposure to non-tower businesses and a lower average revenue per tenant in the tower business.

In FY25-27F, we expect TOWR's ROE to continue declining to 13-15%. This is due to margin compression in FY25F. Meanwhile, in FY26–27F, although we expect margin improvement starting in FY26F, we estimate ROE could still decline, assuming a stable dividend payout of Rp1.2tr annually, or returning to the normalize average. In FY25F, TOWR has decided to payout a total lower dividend of Rp800bn.

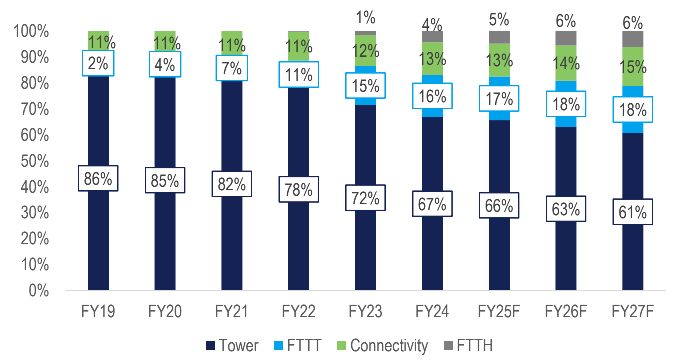
**Fig. 54: TOWR's dupont analysis**




*Source: Company report, Indo Premier*

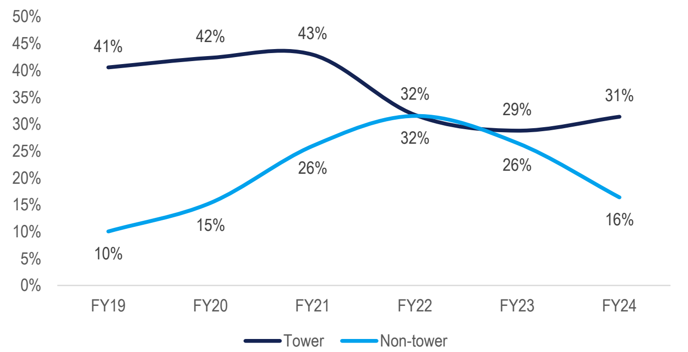
We estimate the attribution of TOWR's non-tower businesses could further increase, reaching 39% in FY27F from 33% in FY24. On the other hand, we estimate tower revenue attribution could decline to 61% in FY27F from 67% in FY24.

**Fig. 55: TOWR's revenue contribution outlook**




*Source: Indo Premier, Company reports*

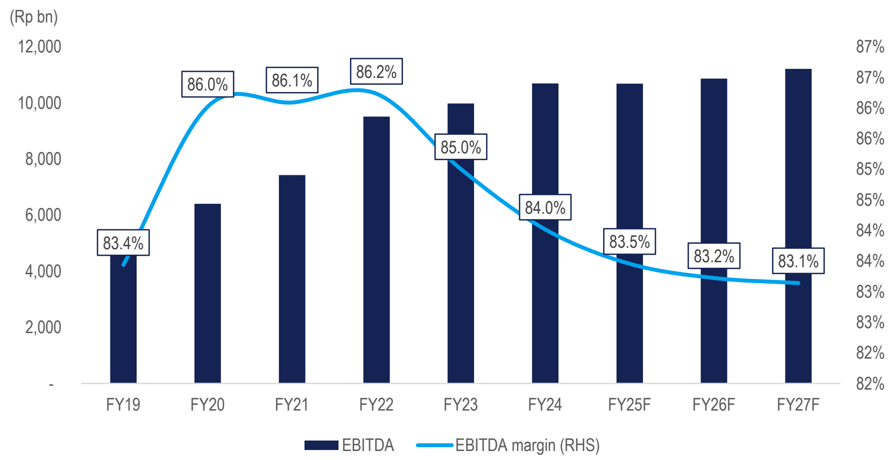
**Fig. 56: TOWR's businesses net profit margin comparison**




*Source: Indo Premier, Company reports*

We estimate TOWR's EBITDA margin could gradually decline, reaching 83.1% in FY27F from 84.0% in FY24, due to rising non-tower business revenue and network expansion.

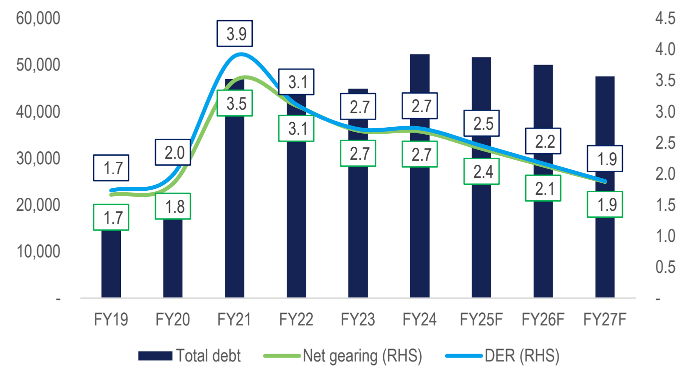
**Fig. 57: TOWR's EBITDA and EBITDA margin outlook**




*Source: Company report, Indo Premier*

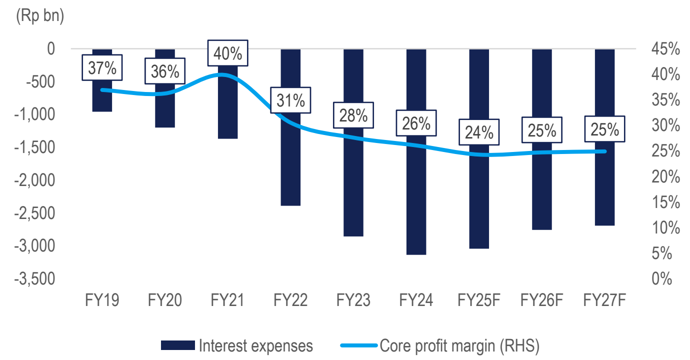
However, we expect its core NP margin could improve in FY26–27F, after bottoming in FY25F. This is mainly due to lower interest expense from declining leverage and interest rate outlook. In FY25–27F, we expect its leverage could gradually improve, with DER declining to 1.8–2.4x from 2.7x in FY24. As of FY24, TOWR mentioned that 63.5% of its debt is at floating rates. Hence, it is also a beneficiary of the declining interest rate environment.

**Fig. 58: TOWR's total debt and DER outlook**




*Source: Indo Premier, Company reports*

**Fig. 59: TOWR's interest expense and core NP margin outlook**

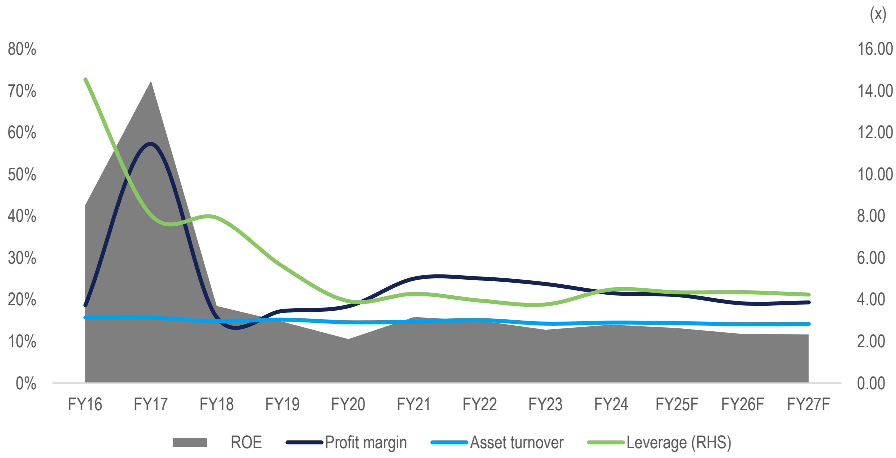



*Source: Indo Premier, Company reports*

**TBIG's** ROE has declined to 14.0% in FY24 from 15.8% in FY21, mainly due to lower margin and rising leverage. The lower margin is attributed to the declining average revenue per tenant for its tower business, while leverage increased due to a sizeable acquisition in FY21.

In FY25–27F, we estimate TBIG's ROE could continue to decline to 11.7–13.2% from 14.0% in FY24.

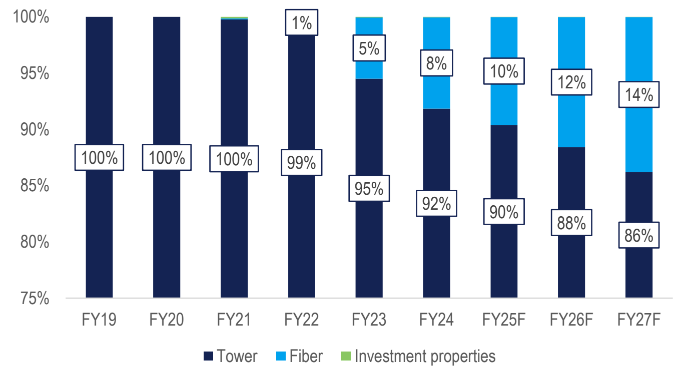
**Fig. 60: TBIG's dupont analysis**




*Source: Company report, Indo Premier*

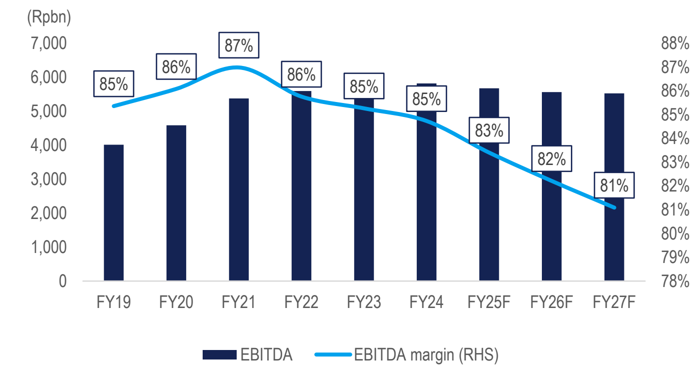
We estimate TBIG's tower rental revenue growth could decline, anticipating the impact from the XL Smart merger related to relocations outside Java. At the same time, we estimate the attribution of TBIG's non-tower businesses could further increase. Hence, overall, we anticipate a further drop in EBITDA margin for TBIG.

**Fig. 61: TBIG's revenue attribution**




*Source: Indo Premier, Company reports*

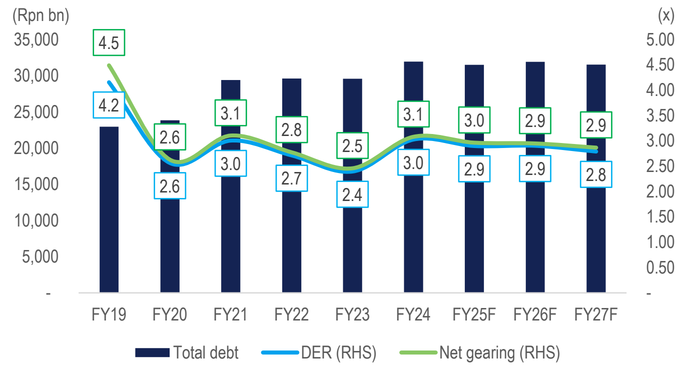
**Fig. 62: TBIG's EBITDA and EBITDA margin outlook**




*Source: Indo Premier, Company reports*

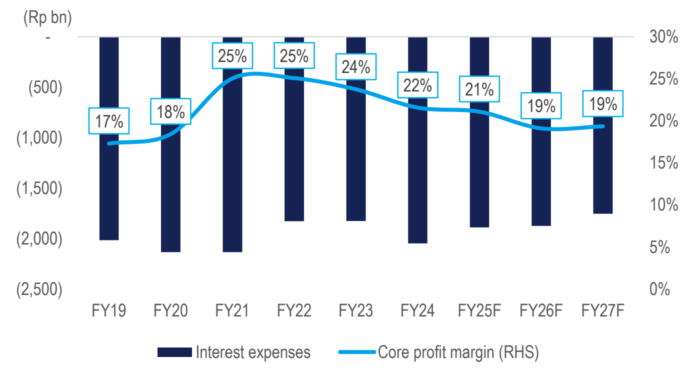
In FY25–27F, we estimate its debts to remain stable, with an improvement in DER. Despite stable debt levels, we estimate its interest expense could decline, benefiting from the lower interest rate outlook. However, due to declining revenue and operational margin, we estimate its core NP margin could still decline, resulting in a continuous decline in ROE outlook.

**Fig. 63: TBIG's total debts and gearing outlook**




Source: Indo Premier, Company reports

**Fig. 64: TBIG's interest expense and core NP margin outlook**




Source: Indo Premier, Company reports

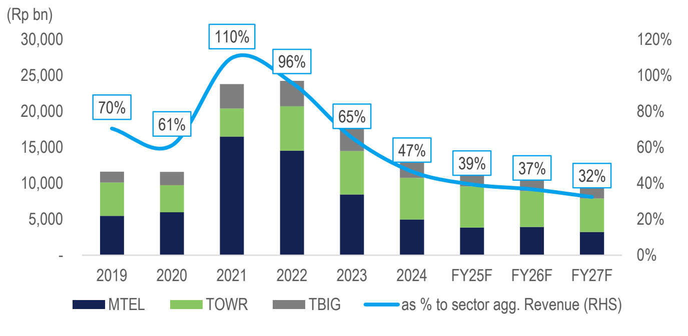
**Capex, dividend, and FCF outlook**

We estimate the aggregate capex/revenue for the sector could remain at c.32-39%, including declining capex for TOWR and TBIG, and relatively stable capex for MTEL. Our capex assumptions only consider organic expansion.

We estimate the sector aggregate FCFF to be in positive territory. We expect MTEL could turn FCFF positive by FY25F.

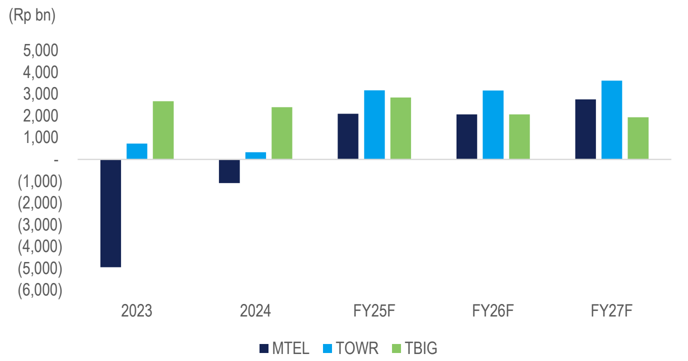
We expect dividend payout outlook for the sector to be similar with the historical payout ratio for TBIG and MTEL, and like the historical normal absolute amount for TOWR (c. Rp1.2tr p.a.).

**Fig. 65: Sector's aggregate capex outlook**



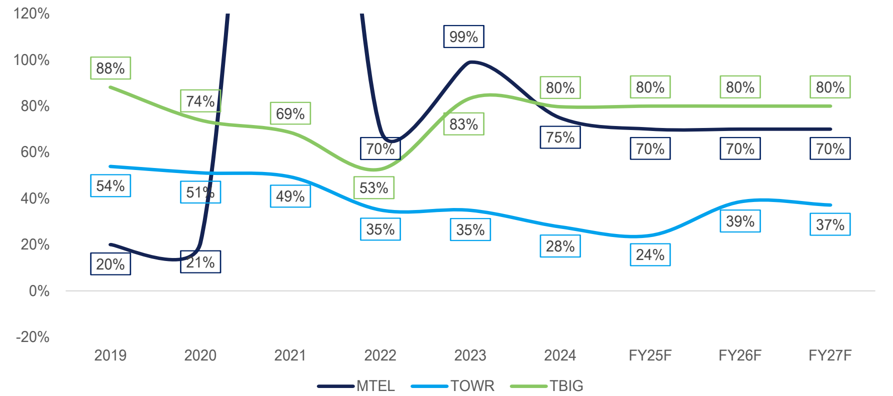

Source: Indo Premier, Company reports

**Fig. 66: Sector's FCFF outlook**




Source: Indo Premier, Company reports

**Fig. 67: Dividend payout ratio outlook**




Source: Company report, Indo Premier

# FY24 results review

**MTEL: in line FY24 results**

Financial results highlights:

- In 4Q24, MTEL recorded total revenue of Rp2.5tr (+5.1% qoq), with FY24 revenue of Rp9.3tr (+7.2% yoy), in-line with consensus estimates. 4Q24 EBITDA was Rp2.0tr (+3.0% qoq), resulting in FY24 EBITDA of Rp7.7tr (+10.2% yoy), also in line with consensus estimates. 4Q24 core NP came in at Rp575bn (+22.8% qoq), bringing FY24 core NP to Rp2.1tr (+4.8% yoy).
- In Dec24, MTEL acquired Ultra Mandiri Telekomunikasi (UMT), which owns 12,524km of billable length fiber optic. Since the transaction is considered as a transaction under common control, complying with PSAK 338, the bookkeeping was recorded as if UMT had been acquired from the beginning of FY24. However, the actual recorded revenue and expenses only account for one month, in Dec24. The normalized revenue, EBITDA, and net profit in FY24 were Rp9.2tr (7.2% yoy), Rp7.6tr (10.4% yoy), and Rp2.1tr (4.8% yoy), still in-line with the consensus expectations.
- At the end of FY24, total debt stood at Rp20.3tr, with a net debt/EBITDA ratio of 2.56x and a net gearing ratio of 0.59x.

Operational performance highlights:

- In 4Q24, MTEL added 145 new sites (-78.6% qoq), bringing its total site count to 39,404 units at end of FY24 (+3.7% yoy). Implied revenue per tenant in FY24 stood at Rp10.8mn/month (+0.3% yoy).
- It reported a net tenant addition of 437 in 4Q24 (-47.5% qoq), resulting in a total of 59,868 tenants by end-FY24 (+4.3% yoy). The tenancy ratio increases to 1.52x in FY24 (+0.3% yoy).

**Fig. 68: MTEL: FY24 results review**

| MTEL's 4Q24 results (Rp bn) | 12M24 | 12M23 | % YoY | 4Q24 | 4Q23 | % YoY | 3Q24 | % QoQ | Cons FY24F | % of Cons |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **9,308** | **8,684** | 7.2% | **2,490** | **2,411** | 3.3% | **2,368** | 5.1% | **9,243** | **100.7%** |
| Cost of revenue | (4,507) | (4,409) | 2.2% | (1,180) | (1,206) | -2.1% | (1,179) | 0.1% | | |
| **Gross profit** | **4,801** | **4,275** | 12.3% | **1,309** | **1,205** | 8.7% | **1,189** | 10.1% | | |
| Operating expenses | (622) | (598) | 4.1% | (187) | (186) | 0.5% | (152) | 23.5% | | |
| **Operating profit** | **4,179** | **3,678** | 13.6% | **1,122** | **1,017** | 10.3% | **1,037** | 8.2% | | |
| **EBITDA** | **7,696** | **6,984** | 10.2% | **2,027** | **1,929** | 5.0% | **1,968** | 3.0% | **7,577** | **101.6%** |
| Other income/(expense) | (1,225) | (923) | 32.7% | (321) | (227) | 41.5% | (355) | -9.7% | | |
| **Pre-tax profit** | **2,954** | **2,754** | 7.2% | **804** | **790** | 1.7% | **684** | 17.5% | | |
| Taxes | (850) | (733) | 16.0% | (232) | (199) | 16.7% | (216) | 7.7% | | |
| **Net profit** | **2,108** | **2,010** | 4.8% | **575** | **580** | -0.8% | **468** | 22.8% | | |
| **Core net profit** | **2,108** | **2,010** | 4.8% | **575** | **580** | -0.8% | **468** | 22.8% | **2,157** | **97.7%** |
| | | | | | | | | | | |
| **Margin (%)** | | | | | | | | | | |
| Gross margin | 51.6% | 49.2% | | 52.6% | 50.0% | | 50.2% | | | |
| EBITDA margin | 82.7% | 80.4% | | 81.4% | 80.0% | | 83.1% | | | |
| Net margin | 22.6% | 23.2% | | 23.1% | 24.1% | | 19.8% | | | |
| Core net margin | 22.6% | 23.2% | | 23.1% | 24.1% | | 19.8% | | | |
| | | | | | | | | | | |
| **Operational data** | | | | | | | | | | |
| Total sites | 39,404 | 38,014 | 3.7% | 145 | 923 | -84.3% | 678 | -78.6% | | |
| Total tenant | 59,868 | 57,409 | 4.3% | 437 | 1,705 | -74.4% | 833 | -47.5% | | |
| Tenancy ratio | 1.52 | 1.51 | 0.6% | - | - | - | - | - | | |
| Revenue per tenant - in mn (monthly) | 10.8 | 10.8 | 0.3% | 10.8 | 10.8 | 0.3% | 10.7 | 0.4% | | |
| Fiber asset - length | 51,039 | 32,521 | 56.9% | 11,325 | 3,479 | 225.5% | 2,112 | 436.2% | | |

*Source: Company, Indo Premier*

**TOWR: in line FY24 results**

Financial results highlights:

- In 4Q24, TOWR recorded total revenue of Rp3.3tr (-0.3% qoq), bringing FY24 revenue to Rp12.7tr (+8.5% yoy). 4Q24 EBITDA stood at Rp2.8tr (-2.1% qoq), resulting in FY24 EBITDA of Rp10.7tr (+7.2% yoy), in line with consensus estimates. 4Q24 core net profit was Rp969bn (+24.6% qoq), bringing FY24 core net profit to Rp3.32tr (+2.5% yoy), also in-line with consensus estimates.
- As of end-FY24, total debt stood at Rp52.3tr, with net debt/EBITDA at 4.80x and net gearing at 2.68x.
- FY24 revenue and core net profit figures include the consolidation of IBST in 2H24, contributing Rp432.6bn and Rp169.2bn, respectively.

Operational performance highlights:

- In 4Q24, TOWR added 29 new sites (-99.3% qoq), bringing its total site count at end of FY24 to 35,400 units (+15.8% yoy). Implied revenue per tenant in FY24 stood at Rp12.6mn/month (-2.4% yoy).
- It a net tenant reduction of 130 in 4Q24 (-103.4% qoq), resulting in a total of 58,035 tenants by end-FY24 (+6.9% yoy). The tenancy ratio declined to 1.64x in FY24 (-7.7% yoy).

**Fig. 69: TOWR: FY24 results review**

| TOWR 4Q24 results (Rp bn) | 12M24 | 12M23 | % YoY | 4Q24 | 4Q23 | % YoY | 3Q24 | % QoQ | Cons FY24F | % of Cons |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **12,736** | **11,740** | **8.5%** | **3,287** | **3,021** | **8.8%** | **3,295** | **-0.3%** | **12,487** | **102.0%** |
| Cost of revenue | (3,996) | (3,528) | 13.3% | (1,104) | (1,062) | 4.0% | (1,034) | 6.8% | | |
| **Gross profit** | **8,739** | **8,213** | **6.4%** | **2,183** | **1,959** | **11.4%** | **2,261** | **-3.5%** | | |
| Operating expenses | (1,137) | (1,076) | 5.6% | (268) | (295) | -9.1% | (248) | 8.0% | | |
| **Operating profit** | **7,602** | **7,136** | **6.5%** | **1,914** | **1,664** | **15.1%** | **2,013** | **-4.9%** | | |
| **EBITDA** | **10,700** | **9,980** | **7.2%** | **2,754** | **2,563** | **7.5%** | **2,812** | **-2.1%** | **10,512** | **101.8%** |
| Other income/(expense) | (3,407) | (3,033) | 12.3% | (816) | (660) | 23.6% | (995) | -18.0% | | |
| **Pre-tax profit** | **4,196** | **4,104** | **2.2%** | **1,099** | **1,004** | **9.4%** | **1,018** | **7.9%** | | |
| Taxes | (831) | (800) | 3.9% | (212) | (174) | 21.4% | (162) | 30.6% | | |
| **Net profit** | **3,335** | **3,253** | **2.5%** | **888** | **828** | **7.3%** | **842** | **5.5%** | | |
| **Core net profit** | **3,322** | **3,242** | **2.5%** | **969** | **828** | **17.1%** | **778** | **24.6%** | **3,385** | **98.1%** |
| | | | | | | | | | | |
| **Margin (%)** | | | | | | | | | | |
| Gross margin | 68.6% | 70.0% | | 66.4% | 64.8% | | 68.6% | | | |
| EBITDA margin | 84.0% | 85.0% | | 83.8% | 84.8% | | 85.4% | | | |
| Net margin | 26.2% | 27.7% | | 27.0% | 27.4% | | 25.6% | | | |
| Core net margin | 26.1% | 27.6% | | 29.5% | 27.4% | | 23.6% | | | |
| | | | | | | | | | | |
| **Operational data** | | | | | | | | | | |
| Total sites | 35,400 | 30,558 | 15.8% | 29 | 643 | -95.5% | 3,869 | -99.3% | | |
| Total tenants | 58,035 | 54,284 | 6.9% | (130) | 35 | -471.4% | 3,839 | -103.4% | | |
| Tenancy ratio (x) | 1.64 | 1.78 | -7.7% | - | - | | - | | | |
| Revenue per tenant - in mn (monthly) | 12.24 | 12.90 | -5.1% | 12.24 | 12.90 | -5.1% | 12.13 | 0.9% | | |

*Source: Company report, Indo Premier*

**TBIG: FY24 results – operationally in line; missed on bottom line**

Financial results highlights:

- In 4Q24, TBIG recorded total revenue of Rp1.7tr (+1.6% qoq), with FY24 revenue of Rp6.8tr (+3.4% yoy), aligning with consensus estimates. 4Q24 EBITDA was Rp1.4tr (-3.5% qoq), leading to FY24 EBITDA of Rp5.8tr (+2.8% yoy), also in-line with consensus estimates.
- Other expenses (including FX gain and loss) increased significantly in 4Q24, implied for +265.5% yoy in FY24, due to a change in auditor, which resulted in a write-off of non-cash items. This lead to a headline NP of Rp1.4tr (-12.7% yoy) in FY24. Meanwhile, core NP was Rp1.5tr (-6.1% yoy) in FY24, or behind consensus estimates.
- As of end-FY24, total debt stood at Rp31.9tr, with net debt/EBITDA at 5.2x and net gearing at 2.9x.

Operational performance highlights:

- In 4Q24, sites addition reached 97 sites (-46.7% qoq), bringing total sites owned by the company to 23,778 units (+6.4% yoy). Implied revenue per tenant in FY24 was at Rp12.3mn/month (-3.0% yoy).
- TOWR recorded tenants add in 4Q24 of 62 tenants (-87.29% qoq), bringing total tenants to 42,608 tenants at end of FY24 (+3.6% yoy). Tenancy ratio stood at 1.79x in FY24 (-2.5% yoy).

**Fig. 70: TBIG: FY24 results review**

| TBIG 4Q24 results (in Rp bn) | 12M24 | 12M23 | % YoY | 4Q24 | 4Q23 | % YoY | 3Q24 | % QoQ | Cons FY24F | % of Cons |
|---|---|---|---|---|---|---|---|---|---|---|
| **Revenue** | **6,867** | **6,641** | **3.4%** | **1,741** | **1,688** | **3.1%** | **1,713** | **1.6%** | **6,847** | **100.3%** |
| Cost of revenue | (1,941) | (1,902) | 2.0% | (494) | (532) | -7.2% | (499) | -1.0% | | |
| **Gross profit** | **4,926** | **4,738** | 4.0% | **1,247** | **1,156** | 7.9% | **1,214** | 2.7% | | |
| Operating expenses | (607) | (504) | 20.5% | (169) | (127) | 33.4% | (147) | 15.4% | | |
| **Operating profit** | **4,319** | **4,234** | **2.0%** | **1,077** | **1,029** | **4.7%** | **1,067** | **1.0%** | | |
| **EBITDA** | **5,819** | **5,662** | **2.8%** | **1,415** | **1,428** | **-0.9%** | **1,467** | **-3.5%** | **5,860** | **99.3%** |
| Interest income | 31 | 20 | 52.8% | 8 | 7 | 7.5% | 5 | 43.1% | | |
| interest expenses | (1,871) | (1,696) | 10.3% | (484) | (442) | 9.5% | (472) | 2.6% | | |
| Other financial expenses | (177) | (129) | 37.0% | (43) | 56 | -176.5% | (54) | -20.1% | | |
| Other income/(expense) | (184) | (59) | 214.7% | (97) | 25 | -484.8% | 10 | -1085% | | |
| **Pre-tax profit** | **2,117** | **2,370** | **-10.7%** | **461** | **675** | **-31.7%** | **557** | **-17.2%** | | |
| Taxes | (694) | (749) | -7.3% | (247) | (218) | 13.1% | (108) | 128.1% | | |
| **Net profit** | **1,362** | **1,560** | **-12.7%** | **194** | **442** | **-56.0%** | **437** | **-55.5%** | | |
| **Core net profit** | **1,481** | **1,577** | **-6.1%** | **313** | **453** | **-30.9%** | **423** | **-26.0%** | **1,572** | **94.2%** |
| | | | | | | | | | | |
| **Margin (%)** | | | | | | | | | | |
| Gross margin | 71.7% | 71.4% | | 71.6% | 68.5% | | 70.9% | | | |
| EBITDA margin | 84.7% | 85.3% | | 81.3% | 84.6% | | 85.6% | | | |
| Net margin | 19.8% | 23.5% | | 11.2% | 26.2% | | 25.5% | | | |
| Core net margin | 21.6% | 23.7% | | 18.0% | 26.9% | | 24.7% | | | |
| | | | | | | | | | | |
| **Operational data** | | | | | | | | | | |
| Total sites | 23,778 | 22,357 | 6.4% | 97 | 182 | -46.7% | 470 | -79.4% | | |
| Total tenants | 42,608 | 41,109 | 3.6% | 62 | (346) | -117.9% | 485 | -87.2% | | |
| Tenancy ratio | 1.79 | 1.84 | -2.5% | | | | | | | |
| Revenue per tenant in mn - monthly | 12.3 | 12.7 | -3.0% | 12.3 | 12.7 | -3.0% | 12.3 | 0.2% | | |

*Source: Company report, Indo Premier*

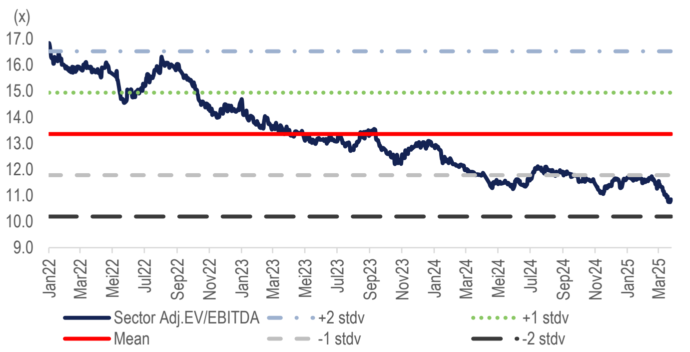
## Reinitiate with a Neutral rating

We re-initiate coverage on the tower sector with a Neutral rating, primarily due to the soft growth outlook amid the XLSmart merger, weak purchasing power, and the impact of government's spending cut. Furthermore, we expect the sector's aggregate return outlook to remain under pressure and potentially decline further in FY25-27F. We believe only MTEL could see an improving return outlook within the sector.

Our top pick in the sector is MTEL with a BUY call and a target price of Rp780/sh, based on 12.0x EV/EBITDA FY25F (-1 s.d. below the long-term mean). We favor MTEL for its solid growth and improving return prospects.

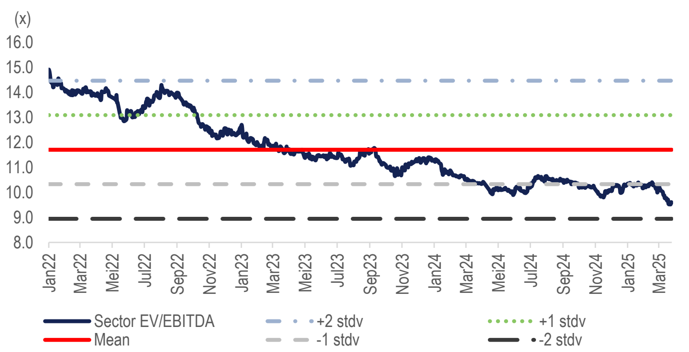
Meanwhile, we assign HOLD calls on TOWR and TBIG. TOWR's valuation is attractive relative to its historical average, but its earnings growth is expected to bottom only by FY25F. Additionally, we expect its ROE to decline further. For TBIG, our HOLD call is based on the declining outlook for both earnings and ROE through FY27F. Our TP for TOWR is Rp600/sh, based on 8.7x EV/EBITDA FY25F (1 s.d. below the long-term mean), while our TP for TBIG is Rp1,300/sh, based on 11.5x EV/EBITDA FY25F (1 s.d. below the long-term mean).

**Fig. 71: Telco infra forward adjusted EV/EBITDA band**



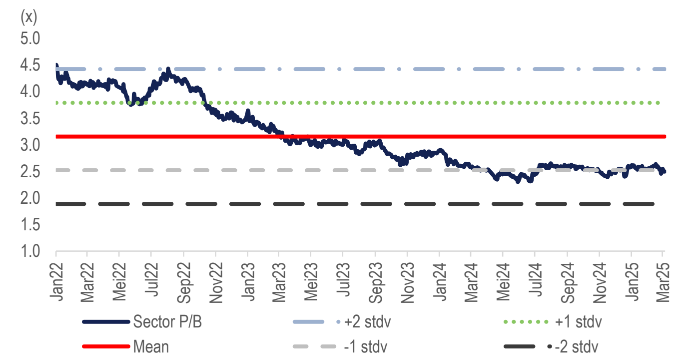

*Source: Company, Indo Premier*

**Fig. 72: Telco infra forward EV/EBITDA band**



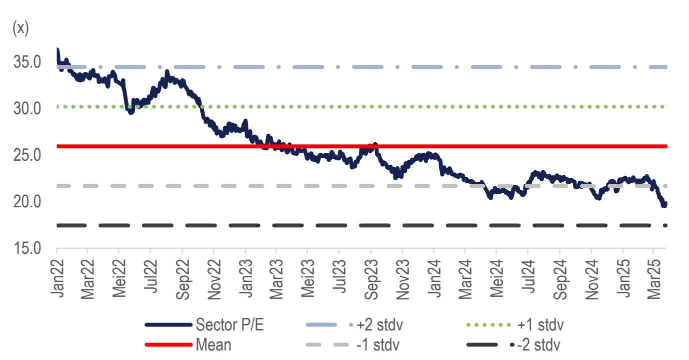

*Source: Company, Indo Premier*

**Fig. 73: Telco infra forward P/B band**




*Source: Company, Indo Premier*

**Fig. 74: Telco infra forward P/E band**




*Source: Company, Indo Premier*

**Fig. 75: Sector comparison**

| Company | Bloomberg Ticker | Amount of towers (as of 2024) | Market Cap (US$mn) | Last Price (local curr.) | Target Price | P/E (x) 2025F | P/E (x) 2026F | P/E (x) 2027F | P/B (x) 2025F | P/B (x) 2026F | P/B (x) 2027F | Adjusted EV/EBITDA (x) 2025F | Adjusted EV/EBITDA (x) 2026F | Adjusted EV/EBITDA (x) 2027F | EV/EBITDA (x) 2025F | EV/EBITDA (x) 2026F | EV/EBITDA (x) 2027F | Price to Cash Flow (x) 2025F | Price to Cash Flow (x) 2026F | Price to Cash Flow (x) 2027F | Net Gearing (x) 2025F | Net Gearing (x) 2026F | Net Gearing (x) 2027F | ROE (%) 2025F | ROE (%) 2026F | ROE (%) 2027F | Net Profit CAGR (%) 2024-27F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Indonesia** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Dayamitra Telekomunikasi | MTEL IJ Equity | 39,404 | 2,855 | 575 | 780 | 20.2 | 18.1 | 16.9 | 1.4 | 1.3 | 1.3 | 9.7 | 9.0 | 8.5 | 8.3 | 7.7 | 7.3 | 8.7 | 7.3 | 6.9 | 0.6 | 0.5 | 0.5 | 6.8 | 7.4 | 7.7 | 9.7 |
| Sarana Menara Nusantara | TOWR IJ Equity | 35,400 | 1,682 | 555 | 600 | 8.9 | 8.6 | 8.2 | 1.3 | 1.2 | 1.1 | 8.5 | 8.3 | 7.9 | 7.3 | 7.0 | 6.7 | 3.6 | 3.6 | 3.5 | 2.4 | 2.1 | 1.8 | 14.5 | 13.7 | 13.1 | 0.4 |
| Tower Bersama Infrastructure | TBIG IJ Equity | 23,778 | 2,659 | 1,975 | 1,300 | 30.8 | 34.2 | 33.5 | 4.1 | 4.0 | 3.9 | 14.4 | 14.9 | 15.0 | 13.2 | 13.5 | 13.6 | 13.5 | 14.5 | 14.1 | 0.3 | 0.2 | 0.1 | 13.2 | 11.7 | 11.7 | (3.8) |
| **Total** | | | **6,399** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Simple average** | | | | | | **19.9** | **20.3** | **19.5** | **2.2** | **2.2** | **2.1** | **10.9** | **10.7** | **10.5** | **9.6** | **9.4** | **9.2** | **8.6** | **8.5** | **8.2** | **1.1** | **0.9** | **0.8** | **11.5** | **11.0** | **10.8** | **2.1** |
| **Median** | | | | | | **20.2** | **18.1** | **16.9** | **1.4** | **1.3** | **1.3** | **9.7** | **9.0** | **8.5** | **8.3** | **7.7** | **7.3** | **8.7** | **7.3** | **6.9** | **0.6** | **0.5** | **0.5** | **13.2** | **11.7** | **11.7** | **0.4** |
| **Regional** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Indus Towers | INDUSTOW IN I | 225,910 | 11,283 | 371 | | 11.0 | 14.3 | 12.8 | 3.0 | 2.9 | 2.7 | | | | 5.9 | 6.8 | 6.3 | 6.7 | 7.3 | 6.8 | 0.4 | 0.3 | 0.2 | 30.6 | 21.4 | 22.6 | 11.6 |
| Digital Telecommunications Infrastructure | DIF TB Equity | 16,059 | 2,341 | 8 | | 6.8 | 7.1 | 7.2 | 0.5 | 0.5 | 0.5 | | | | 8.3 | 8.2 | 8.1 | 7.2 | 7.0 | n.a | 0.1 | 0.1 | n.a | 6.5 | 6.5 | 6.3 | 1.4 |
| China Tower Corporation Ltd | 788 HK Equity | 2,094,000 | 23,700 | 10 | | 14.3 | 9.8 | 7.9 | 0.8 | 0.9 | 0.8 | | | | 3.8 | 3.7 | 3.6 | 2.9 | 2.9 | 3.0 | 0.2 | 0.2 | 0.1 | 6.3 | 8.8 | 10.3 | 26.8 |
| HKBN Ltd | 1310 HK Equity | 2,070,000 | 912 | 5 | | 36.2 | 20.3 | 16.4 | 3.0 | 3.2 | 3.5 | | | | 6.9 | 6.7 | 6.5 | 3.8 | 3.5 | 3.4 | 3.9 | 4.2 | 4.5 | 8.2 | 15.7 | 22.6 | 256.1 |
| **Total** | | | **38,455** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Simple average** | | | | | | **17.1** | **12.9** | **11.1** | **1.8** | **1.9** | **1.9** | | | | **6.2** | **6.4** | **6.1** | **5.1** | **5.2** | **4.4** | **1.2** | **1.2** | **1.6** | **12.9** | **13.1** | **15.5** | |
| **Median** | | | | | | **12.6** | **12.1** | **10.4** | **1.9** | **1.9** | **1.8** | | | | **6.4** | **6.7** | **6.4** | **5.2** | **5.3** | **3.4** | **0.3** | **0.2** | **0.2** | **7.4** | **12.2** | **16.5** | |
| **International** | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| American Tower | AMT US Equity | 148,957 | 95,805 | 205 | | 31.8 | 28.5 | 26.6 | 19.3 | 20.7 | 22.7 | | | | 19.8 | 18.7 | 17.8 | 18.2 | 16.9 | 15.8 | 10.2 | 12.4 | 15.4 | 90.2 | 122.5 | 160.5 | 16.6 |
| Crown Castle | CCI US Equity | 40,049 | 41,292 | 95 | | 118.1 | 39.4 | 29.2 | n.a | n.a | n.a | | | | 23.5 | 21.9 | 20.9 | 23.4 | 20.7 | 18.5 | (31.5) | (28.1) | (41.8) | (64.6) | (158.9) | (284.4) | (170.8) |
| SBA Communications | SBAC US Equity | 39,749 | 22,531 | 209 | | 23.9 | 22.7 | 20.8 | n.a | n.a | n.a | | | | 18.9 | 17.9 | 17.2 | 16.7 | 15.6 | 16.0 | (2.7) | (2.8) | (2.9) | (19.4) | (21.8) | (23.6) | 11.1 |
| **Total** | | | **159,629** | | | | | | | | | | | | | | | | | | | | | | | | |
| **Weighted average** | | | | | | 57.9 | 30.2 | 25.5 | 19.3 | 20.7 | 22.7 | | | | 20.7 | 19.5 | 18.6 | 19.5 | 17.7 | 16.8 | (8.0) | (6.2) | (9.8) | 2.1 | (19.4) | (49.1) | |
| **Median** | | | | | | **31.8** | **28.5** | **26.6** | **19.3** | **20.7** | **22.7** | | | | **19.8** | **18.7** | **17.8** | **18.2** | **16.9** | **16.0** | **(2.7)** | **(2.8)** | **(2.9)** | **(19.4)** | **(21.8)** | **(23.6)** | |

*Source: Indo Premier, Bloomberg*

INDOPREMIER

# Dayamitra Telekomunikasi

**BUY**

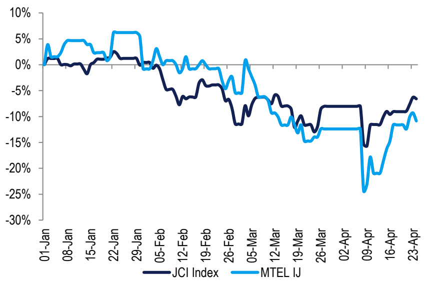
***Company Initiation | Towers | MTEL IJ | 28 April 2025***

**Stock Data**

| | |
|---|---|
| **Target price** | **Rp780** |
| *Prior TP* | - |
| Current price | Rp575 |
| *Upside/downside* | 35.6% |
| Shares outstanding (mn) | 83,560 |
| Market cap (Rp bn) | 48,047 |
| Free float | 20% |
| Avg. 6m daily T/O (Rp bn) | 12 |

**Price Performance**

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | -16.1% | -10.2% | -1.7% |
| Relative to JCI | -8.4% | -14.3% | -7.8% |
| 52w low/high (Rp) | | | 488 – 700 |




**Major Shareholders**

| | |
|---|---|
| Telekomunikasi Indonesia | 71.8% |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## A potential beneficiary of MNO consolidation

- We view MTEL as a potential beneficiary of MNO consolidation, primarily due to its extensive tower portfolio outside Java.
- We estimate that MTEL could potentially deliver the strongest growth among peers, supported by an improving ROE outlook.
- We reinitiate with a BUY call and a TP of Rp780/sh. Our top pick.

**A potential beneficiary of XL Smart merger**

During the Indosat Ooredoo Hutchison (IOH) integration in FY21–23, MTEL cumulatively recorded an Rp969bn net revenue increase (+53% CAGR in FY21-23) from IOH the highest among its peers. We observe that this was primarily due to its extensive tower portfolio outside of Java. Additionally, prior to the merger, MTEL had the lowest exposure to IOH, which allowed it to benefit from the reallocation of tower sites to regions outside Java, where the reallocation risk was lower compared to peers. As of FY24, MTEL continues to own the largest portfolio of tower sites outside Java compared to its peers, accounting for 59% of its total sites (versus TOWR's 41% and TBIG's 44% of total revenue from outside Java). Furthermore, MTEL had the lowest revenue exposure to XL Smart prior to the merger among its peers. Therefore, we believe it could potentially once again become the key beneficiary of the XL Smart merger.

**MTEL could deliver the highest growth with improved ROE outlook**

We estimate MTEL could achieve a better tower tenancy ratio and revenue per tenant outlook—differentiating it from peers—primarily driven by its large footprint outside Java. We expect MTEL to deliver the highest growth among peers, with EBITDA and core net profit projected to grow at a CAGR of 4.5%/9.7% in FY24–27F, compared to the peers' aggregate EBITDA/core net profit CAGR of 0.4%/-0.9%, respectively. In recent years, MTEL's ROE has been improving though lower compared to peers, mainly supported by margin expansion, driven by robust revenue growth and opex efficiency. We estimate its ROE could further improve to 6.8–7.7% in FY25-27F from 6.3% in FY24 (peers ROE decline to 12-14% in FY25-27F from 16% in FY24), supported by margin improvement resulting from balanced growth between tower and non-tower revenue, coupled with the potential for lower interest rates.

**Reinitiate with a BUY call; our sector top pick**

We reinitiate MTEL with a BUY call and a TP of Rp780/sh, based on 12x EV/EBITDA 12M fwd (-1 sd below the LT mean). Key risks: better/worse XL Smart merger outcome, MNO expansion, and macro condition.

| Financial Summary (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Revenue | 8,684 | 9,308 | 9,748 | 10,294 | 10,623 |
| EBITDA | 6,998 | 7,696 | 8,060 | 8,511 | 8,784 |
| EBITDA growth | 14% | 10% | 5% | 6% | 3% |
| Core net profit | 2,010 | 2,108 | 2,325 | 2,596 | 2,781 |
| Core EPS | 24.3 | 25.9 | 28.5 | 31.8 | 34.1 |
| Core EPS growth | 13% | 6% | 10% | 12% | 7% |
| ROE | 5.9% | 6.3% | 6.8% | 7.4% | 7.7% |
| PER (x) | 23.6 | 22.2 | 20.2 | 18.1 | 16.9 |
| Adjusted EV/EBITDA (x) | 11.3 | 10.2 | 9.7 | 9.0 | 8.5 |
| Dividend yield | 3.7% | 3.2% | 3.1% | 3.5% | 3.9% |
| Forecast change | | | N/A | N/A | N/A |
| IPS vs Cons. | | | 98% | 102% | 111% |

*Source: Company, Indo Premier*

*Share price closing as of: 25 April 2025*

**Reinitiate with a BUY call (TP Rp780/sh)**

We re-initiate MTEL IJ with a BUY call with a TP of Rp780/sh, based on 12x EV/EBITDA FY25F (-1 s.d. below the LT mean). We estimate MTEL to have the strongest growth outlook in the sector as it is likely to be a beneficiary of XLSmart merger, and further outside Java expansion by MNO in the future.

Furthermore, we expect MTEL could have an improvement in the ROE outlook, though it is still the lowest among peers' in the sector.

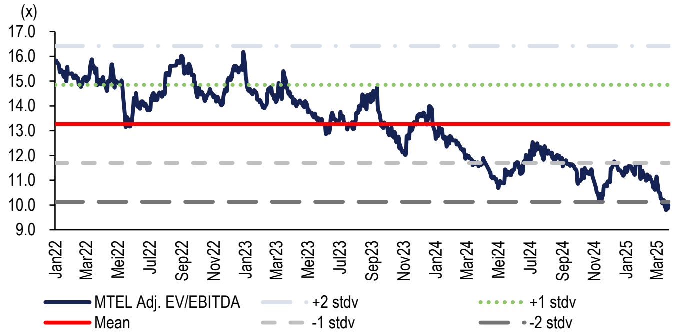
Key risks: better-/worse-than-expected tenancy outlook, revenue per tenant, other business performance, macroeconomic condition, and acquisition.

**Fig. 76: Our TP for MTEL is Rp780/sh (rounded from Rp783)**

| MTEL adjusted EV/EBITDA valuation | |
|---|---|
| Debt (Rp bn) | 17,474 |
| Market cap (Rp bn) | 63,822 |
| Cash (Rp bn) | 1,826 |
| Minority interest (Rp bn) | - |
| Adj. EBITDA (Rp bn) | 6,622 |
| | |
| Implied EV (Rp bn) | 79,469 |
| EV/EBITDA (x) | 12.0 |
| | |
| TP/sh (Rp) | 783 |
| Current px (Rp) | 575 |
| Potential upside/downside | 36% |

*Source: Company, Indo Premier*

**Fig. 77: MTEL IJ forward adjusted EV/EBITDA**

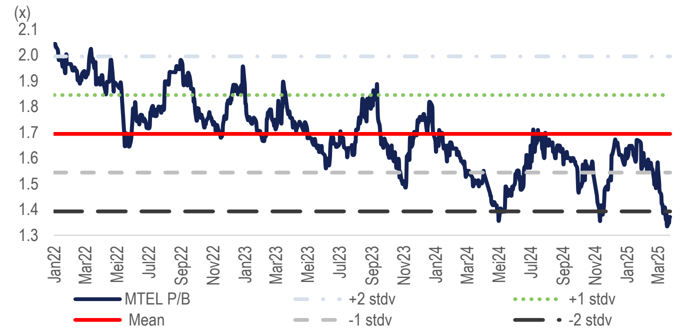



*Source: Company, Indo Premier*

**Fig. 78: MTEL IJ forward EV/EBITDA**

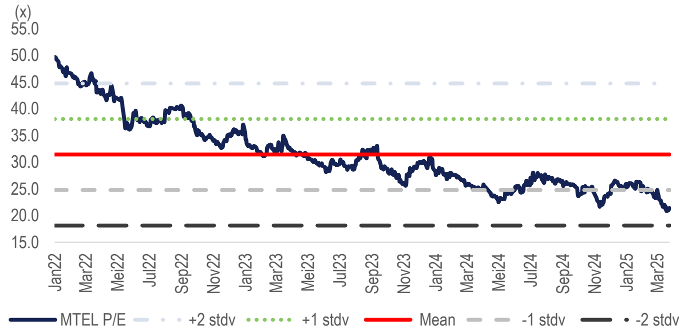

*Source: Company, Indo Premier*

**Fig. 79: MTEL IJ forward P/B Band**



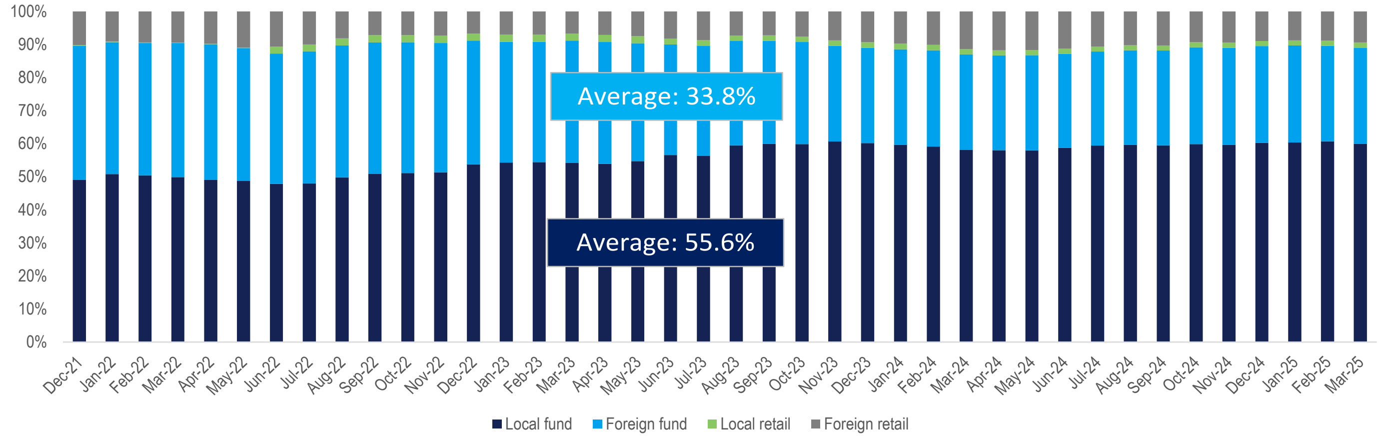

*Source: Company, Indo Premier*

**Fig. 80: MTEL IJ forward P/E band**




*Source: Company, Indo Premier*

**Fig. 81: MTEL's shareholding trend has been stable over the past few months and has one of the lowest levels of foreign ownership among its peers**




*Source: Company report, Indo Premier*

| Income Statement (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net revenue | 8,684 | 9,308 | 9,748 | 10,294 | 10,623 |
| Cost of sales | (4,409) | (4,507) | (4,724) | (4,944) | (5,122) |
| **Gross profit** | **4,275** | **4,801** | **5,023** | **5,350** | **5,501** |
| SG&A Expenses | (583) | (622) | (651) | (688) | (710) |
| **Operating profit** | **3,692** | **4,179** | **4,372** | **4,663** | **4,792** |
| **EBITDA** | **6,998** | **7,696** | **8,060** | **8,511** | **8,784** |
| Net interest | (1,201) | (1,321) | (1,266) | (1,230) | (1,144) |
| Forex gain (loss) | - | - | - | - | - |
| Others | 263 | 96 | 100 | 106 | 109 |
| **Pre-tax income** | **2,754** | **2,954** | **3,207** | **3,538** | **3,757** |
| Tax expenses | (733) | (850) | (882) | (942) | (976) |
| Minority interest | - | - | - | - | - |
| **Net income** | **2,010** | **2,108** | **2,325** | **2,596** | **2,781** |
| **Core net income** | **2,010** | **2,108** | **2,325** | **2,596** | **2,781** |

| Balance Sheet (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Cash & equivalents | 890 | 597 | 1,288 | 2,903 | 4,265 |
| Receivables | 1,636 | 2,004 | 1,990 | 2,102 | 2,169 |
| Other current assets | 933 | 846 | 886 | 936 | 966 |
| **Total current assets** | **3,460** | **3,447** | **4,164** | **5,941** | **7,400** |
| Fixed assets | 43,997 | 45,240 | 45,631 | 46,012 | 45,615 |
| Other non-current assets | 9,823 | 9,453 | 9,387 | 9,285 | 9,100 |
| **Total non-current assets** | **53,819** | **54,693** | **55,018** | **55,297** | **54,716** |
| **Total assets** | **57,279** | **58,140** | **59,182** | **61,237** | **62,115** |
| | | | | | |
| Payables | 2,113 | 1,977 | 2,099 | 2,197 | 2,276 |
| Other payables | 2,261 | 2,226 | 1,680 | 1,926 | 2,099 |
| Current portion of LT loans | 6,751 | 8,082 | 2,526 | 3,014 | 5,972 |
| **Total current liab.** | **11,124** | **12,286** | **6,305** | **7,137** | **10,347** |
| Long term loans | 11,794 | 12,214 | 18,375 | 18,615 | 15,310 |
| Other LT liab. | 242 | 253 | 265 | 280 | 289 |
| **Total liabilities** | **23,160** | **24,753** | **24,946** | **26,032** | **25,947** |
| | | | | | |
| Equity | 31,438 | 30,184 | 30,184 | 30,184 | 30,184 |
| Retained earnings | 2,599 | 3,203 | 4,052 | 5,021 | 5,984 |
| Minority interest | - | - | - | - | - |
| **Total SHE + minority int.** | **34,118** | **33,387** | **34,236** | **35,205** | **36,168** |
| **Total liabilities & equity** | **57,279** | **58,140** | **59,182** | **61,237** | **62,115** |

| Cash Flow Statement (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net income | 2,010 | 2,108 | 2,325 | 2,596 | 2,781 |
| Depr. & amortization | 2,747 | 2,805 | 3,534 | 3,687 | 3,825 |
| Changes in working capital | (941) | (1,235) | 334 | 183 | 155 |
| Others | 30 | 785 | (785) | 0 | (0) |
| **Cash flow from operating** | **3,847** | **4,462** | **5,408** | **6,465** | **6,760** |
| Capital expenditure | (7,864) | (4,180) | (3,841) | (3,945) | (3,231) |
| Others | (547) | 501 | (17) | (21) | (13) |
| **Cash flow from investing** | **(8,411)** | **(3,680)** | **(3,858)** | **(3,966)** | **(3,244)** |
| Loans | 772 | 1,753 | 610 | 734 | (343) |
| Equity | (151) | (1,324) | 12 | 15 | 9 |
| Dividends | (1,767) | (1,504) | (1,475) | (1,627) | (1,817) |
| Others | 263 | (2) | (5) | (6) | (4) |
| **Cash flow from financing** | **(884)** | **(1,077)** | **(858)** | **(885)** | **(2,155)** |
| **Changes in cash** | **(5,448)** | **(294)** | **691** | **1,615** | **1,362** |

| Key Ratios | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Gross margin | 49.2% | 51.6% | 51.5% | 52.0% | 51.8% |
| EBITDA margin | 80.6% | 82.7% | 82.7% | 82.7% | 82.7% |
| Pre-tax margin | 31.7% | 31.7% | 32.9% | 34.4% | 35.4% |
| Net margin | 23.2% | 22.6% | 23.8% | 25.2% | 26.2% |
| ROA | 3.5% | 3.6% | 3.9% | 4.2% | 4.5% |
| ROE | 5.9% | 6.3% | 6.8% | 7.4% | 7.7% |
| ROIC | 7.0% | 7.8% | 7.9% | 8.2% | 8.3% |
| | | | | | |
| Acct. receivables TO (days) – related parties | 44 | 48 | 48 | 48 | 48 |
| Acct. payables TO (days) – related parties | 23 | 20 | 20 | 20 | 20 |
| | | | | | |
| Net debt/EBITDA (inc.leases) (x) | 2.5 | 2.6 | 2.4 | 2.2 | 1.9 |
| Net debt/EBITDA (ex. leases) (x) | 2.2 | 2.2 | 2.0 | 1.8 | 1.5 |
| Interest coverage (x) | 5.2 | 5.7 | 5.9 | 6.4 | 7.0 |

*Source: Company, Indo Premier*

# INDOPREMIER

# Sarana Menara Nusantara

**HOLD**

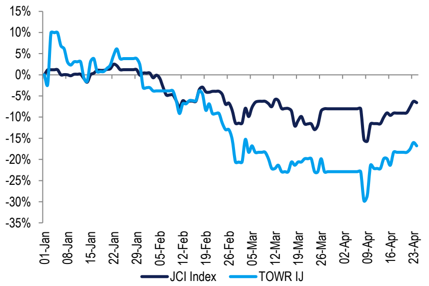
***Company Initiation | Towers | TOWR IJ | 28 April 2025***

**Stock Data**

| | |
|---|---|
| **Target price** | **Rp600** |
| *Prior TP* | - |
| Current price | Rp555 |
| *Upside/downside* | *8.1%* |
| Shares outstanding (mn) | 51,015 |
| Market cap (Rp bn) | 28,313 |
| Free float | 37% |
| Avg. 6m daily T/O (Rp bn) | 17 |

**Price Performance**

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | -19.9% | -32.3% | -31.9% |
| Relative to JCI | -7.7% | -14.3% | -7.8% |
| 52w low/high (Rp) | | | 2,310 – 3,510 |




**Major Shareholders**

| | |
|---|---|
| Sapta Adhikari Investama | 54.5% |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## Tepid FY25F growth prospect

- We estimate TOWR could deliver muted growth trajectories in FY25F, with EBITDA/core NP declining by -0.1%/-6.3% yoy, respectively.
- TOWR could potentially materialize further acquisitions; but we estimate the ROE outlook may continue to decelerate.
- We reinitiate TOWR with a HOLD call and a TP of Rp600/sh.

**Anticipating a muted growth outlook in FY25F**

In FY25F, we estimate TOWR's revenue could grow by 0.6% yoy, while EBITDA may remain flat and core NP could decline by 6.3% yoy. We anticipate tower tenants to grow by 0.7% yoy, supported by the potential final batch of IOH tower reallocation (c.700 sites) and possible reallocation from the XL-Smart merger. However, non-tower business growth may slow due to macro condition and budget efficiency, while margins could further decelerate from a higher non-tower revenue mix.

**More acquisitions could materialize**

In Jan-25, TOWR announced plans to acquire c. 40% stake in Remala Abadi (DATA IJ, non-rated), an internet service provider (ISP), with the intention of becoming the majority shareholder to enhance monetization of its fiber assets. If materialized, the acquisition should be net accretive for TOWR, given the higher NP margin (27.7% in FY24) and ROE (36.7% in FY24). TOWR may also pursue further acquisitions, having received shareholder approval to conduct a rights issue of up to 15bn new shares, implying potential dilution of up to 23.06% for shareholders who do not exercise their rights.

**ROE could further decelerate**

TOWR's ROE has decelerated in recent years, reaching 17.3% in FY24, mainly due to higher leverage from acquisitions and expansion, coupled with lower margin. We estimate ROE could further decline to 13.1%-14.5% in FY25-27F, driven by margin compression. While margin improvement may begin in FY26F from potential lower interest rates, ROE could still decline in FY26-27F, assuming a total dividend payout of Rp1.2tr annually, or returning to normalized average. In FY25F, it has decided to lower payout to Rp800bn.

**Reinitiate with HOLD call and a TP of Rp600/sh**

We reinitiate coverage on TOWR with a HOLD call, as the growth outlook appears unappealing in FY25F. Key risks include better-/worse-than-expected XL-Smart merger, MNO expansion, and macro conditions.

| Financial Summary (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Revenue | 11,740 | 12,736 | 12,812 | 13,062 | 13,489 |
| EBITDA | 9,980 | 10,700 | 10,692 | 10,870 | 11,215 |
| EBITDA growth | 5% | 7% | 0% | 2% | 3% |
| Core net profit | 3,253 | 3,335 | 3,112 | 3,230 | 3,362 |
| Core EPS | 65 | 67 | 62 | 65 | 68 |
| Core EPS growth | -4% | 2% | -6% | 4% | 4% |
| ROE | 20% | 17% | 14% | 14% | 13% |
| PER (x) | 8.5 | 8.3 | 8.9 | 8.6 | 8.2 |
| Adjusted EV/EBITDA (x) | 8.2 | 8.3 | 8.5 | 8.3 | 7.9 |
| Dividend yield | 4.3% | 3.3% | 2.9% | 4.3% | 4.3% |
| Forecast change | | | N/A | N/A | N/A |
| IPS vs Cons. | | | 86% | 83% | 84% |

*Source: Company, Indo Premier* *Share price closing as of: 25 April 2025*

**Reinitiate with a HOLD call (TP Rp600/sh)**

We re-initiate TOWR IJ with a HOLD call with a TP of Rp600/sh, based on 8.7x EV/EBITDA FY25F (1 s.d. below LT mean). We estimate TOWR's core NP growth could decline by -6.3% yoy in FY25F, before improving in FY26F. We estimate its core NP could have a CAGR of +0.4% in FY25-27F.

We expect TOWR's ROE could further decelerate to 13.3-14.8% in FY25-27F from 17.3% in FY24, though improvement of core NP by FY26F. However, this depends on its dividend payout outlook. For now, we maintain a conservative estimate with Rp1.2tr dividend payout p.a. in FY25-27F, in line with the historical absolute payout.

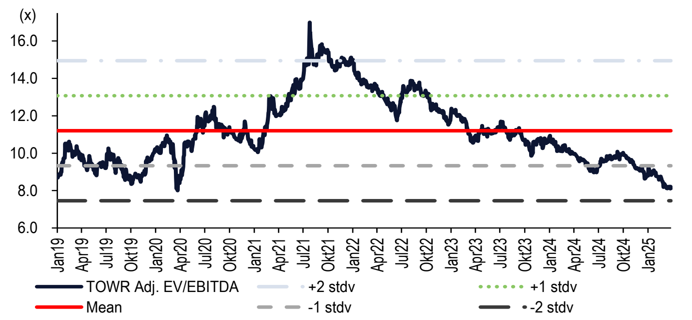
Key risks: better-/worse-than-expected tenancy outlook, revenue per tenant, other business performance, macroeconomic condition, and acquisition.

**Fig. 82: Our TP for TOWR is Rp600/sh (rounded from Rp609)**

| TOWR adjusted EV/EBITDA valuation | |
|---|---|
| Debt (Rp bn) | 50,101 |
| Market cap (Rp bn) | 30,304 |
| Cash (Rp bn) | 1,285 |
| Minority interest (Rp bn) | 71 |
| Adj. EBITDA (Rp bn) | 9,103 |
| | |
| Implied EV (Rp bn) | 79,192 |
| EV/EBITDA (x) | 8.7 |
| | |
| TP/sh (Rp) | 609 |
| Current px (Rp) | 555 |
| Potential upside/downside | 10% |

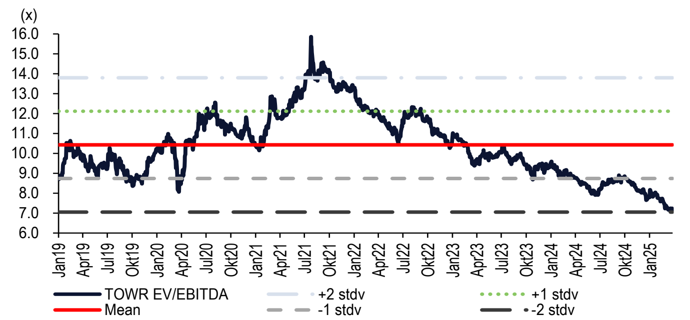
*Source: Company, Indo Premier*

**Fig. 83: TOWR IJ forward adjusted EV/EBITDA**



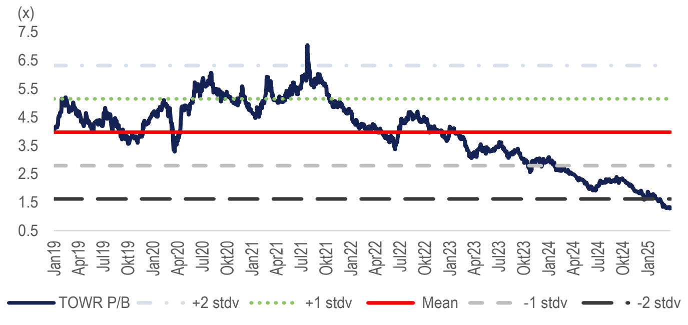

*Source: Company, Indo Premier*

**Fig. 84: TOWR IJ forward EV/EBITDA**



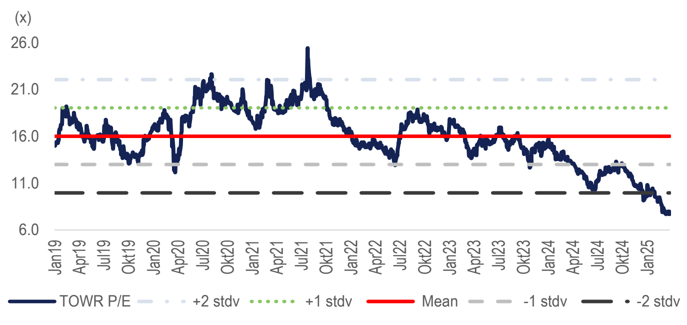

*Source: Company, Indo Premier*

**Fig. 85: TOWR IJ forward P/B Band**



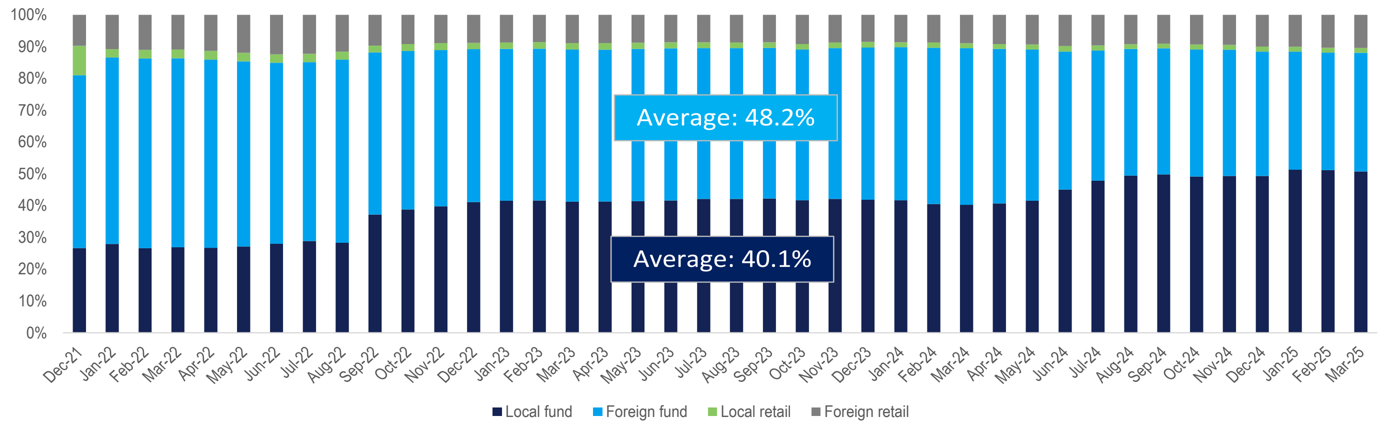
*Source: Company, Indo Premier*

**Fig. 86: TOWR IJ forward P/E band**



*Source: Company, Indo Premier*

**Fig. 87: TOWR's foreign fund shareholding has been declining over the past year and has stabilized over the past three months**




*Source: Company report, Indo Premier*

| Income Statement (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net revenue | 11,740 | 12,736 | 12,812 | 13,062 | 13,489 |
| Cost of sales | (3,528) | (3,996) | (4,591) | (4,996) | (5,313) |
| **Gross profit** | **8,213** | **8,739** | **8,221** | **8,066** | **8,177** |
| SG&A Expenses | (1,076) | (1,137) | (1,169) | (1,192) | (1,230) |
| **Operating profit** | **7,136** | **7,602** | **7,051** | **6,874** | **6,947** |
| **EBITDA** | **9,980** | **10,700** | **10,692** | **10,870** | **11,215** |
| Net interest | (2,838) | (3,070) | (2,972) | (2,682) | (2,616) |
| Others | (195) | (336) | (126) | (128) | (132) |
| **Pre-tax income** | **4,104** | **4,196** | **3,954** | **4,064** | **4,198** |
| Income tax | (800) | (831) | (813) | (804) | (806) |
| Minority interest | (51) | (29) | (29) | (30) | (31) |
| **Net income** | **3,253** | **3,335** | **3,112** | **3,230** | **3,362** |
| **Core net income** | **3,242** | **3,322** | **3,112** | **3,230** | **3,362** |

| Balance Sheet (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Cash & equivalents | 429 | 940 | 1,376 | 1,102 | 673 |
| Receivables | 3,086 | 3,293 | 3,043 | 3,102 | 3,204 |
| Other current assets | 912 | 723 | 712 | 726 | 750 |
| **Total current assets** | **4,427** | **4,956** | **5,131** | **4,931** | **4,627** |
| Fixed assets | 40,385 | 47,478 | 49,932 | 51,412 | 52,402 |
| Other non-current assets | 23,607 | 25,395 | 25,212 | 24,948 | 24,620 |
| **Total non-current assets** | **63,992** | **72,873** | **75,144** | **76,360** | **77,022** |
| **Total assets** | **68,419** | **77,828** | **80,275** | **81,291** | **81,649** |
| | | | | | |
| Payables | 1,207 | 1,008 | 1,137 | 1,159 | 1,196 |
| Other payables | 4,502 | 3,916 | 4,582 | 5,166 | 5,730 |
| Current portion of LT loans | 18,590 | 15,200 | 9,480 | 16,161 | 10,315 |
| **Total current liab.** | **24,299** | **20,124** | **15,199** | **22,486** | **17,241** |
| Long term loans | 26,323 | 37,136 | 42,187 | 33,858 | 37,250 |
| Other LT liab. | 1,285 | 1,399 | 1,407 | 1,434 | 1,481 |
| **Total liabilities** | **51,907** | **58,659** | **58,793** | **57,778** | **55,973** |
| | | | | | |
| Equity | (232) | (24) | (24) | (24) | (24) |
| Retained earnings | 16,689 | 19,123 | 21,435 | 23,465 | 25,626 |
| Minority interest | 55 | 71 | 71 | 72 | 75 |
| **Total SHE + minority int.** | **16,512** | **19,169** | **21,482** | **23,513** | **25,676** |
| **Total liabilities & equity** | **68,419** | **77,828** | **80,275** | **81,291** | **81,649** |

| Cash Flow Statement (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net income | 3,253 | 3,335 | 3,112 | 3,230 | 3,362 |
| Depr. & amortization | 2,496 | 3,751 | 3,484 | 3,836 | 4,103 |
| Changes in working capital | 171 | (802) | 1,055 | 533 | 475 |
| Others | - | 0 | - | 0 | (0) |
| **Cash flow from operating** | **5,920** | **6,284** | **7,650** | **7,599** | **7,940** |
| Capital expenditure | (4,627) | (11,163) | (5,736) | (4,991) | (4,660) |
| Others | 113 | (1,469) | (19) | (61) | (105) |
| **Cash flow from investing** | **(4,514)** | **(12,632)** | **(5,755)** | **(5,053)** | **(4,765)** |
| Loans | (59) | 7,423 | (669) | (1,649) | (2,453) |
| Equity | 26 | 223 | 0 | 1 | 2 |
| Dividends | (1,200) | (901) | (800) | (1,200) | (1,200) |
| Others | (53) | 114 | 8 | 27 | 47 |
| **Cash flow from financing** | **(1,286)** | **6,859** | **(1,460)** | **(2,820)** | **(3,604)** |
| **Changes in cash** | **120** | **512** | **436** | **(274)** | **(429)** |

| Key Ratios | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Gross margin | 70.0% | 68.6% | 64.2% | 61.8% | 60.6% |
| EBITDA margin | 85.0% | 84.0% | 83.5% | 83.2% | 83.1% |
| Pre-tax margin | 35.0% | 32.9% | 30.9% | 31.1% | 31.1% |
| Core net margin | 27.6% | 26.1% | 24.3% | 24.7% | 24.9% |
| ROA | 4.7% | 4.3% | 3.9% | 4.0% | 4.1% |
| ROE | 19.6% | 17.3% | 14.5% | 13.7% | 13.1% |
| ROIC | 9.1% | 8.4% | 7.7% | 7.4% | 7.5% |
| Acct. receivables TO (days) | 86 | 90 | 85 | 85 | 85 |
| Acct. payables - other TO (days) | 342 | 351 | 350 | 350 | 350 |
| | | | | | |
| Net debt/EBITDA (inc. leases) (x) | 4.5 | 4.8 | 4.7 | 4.5 | 4.2 |
| Net debt/EBITDA (ex. leases) (x) | 4.4 | 4.7 | 4.6 | 4.4 | 4.1 |
| Interest coverage (x) | 2.5 | 2.4 | 2.3 | 2.5 | 2.6 |

*Source: Company, Indo Premier*

INDOPREMIER

# Tower Bersama Infrastructure

**HOLD**

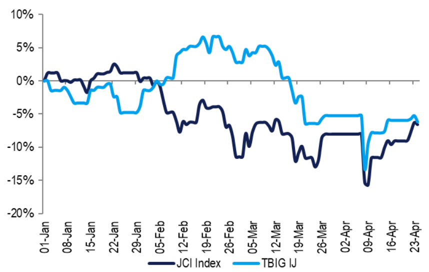
***Company Initiation | Towers | TBIG IJ | 28 April 2025***

**Stock Data**

| | |
|---|---|
| **Target price** | **Rp1,300** |
| *Prior TP* | - |
| Current price | Rp1,975 |
| *Upside/downside* | *-34.2%* |
| Shares outstanding (mn) | 22,657 |
| Market cap (Rp bn) | 44,748 |
| Free float | 8% |
| Avg. 6m daily T/O (Rp bn) | 3 |

**Price Performance**

| | 3M | 6M | 12M |
|---|---|---|---|
| Absolute | -1.5% | 5.1% | 5.9% |
| Relative to JCI | 6.2% | 19.4% | 13.7% |
| 52w low/high (Rp) | | 1,740 – 2,240 | |




**Major Shareholders**

| | |
|---|---|
| Bersama Digital Infrastructure Asia Pte, Ltd. | 79.8% |

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## Challenged by MNO consolidation

- We anticipate TBIG's growth outlook could face challenges, primarily due to the upcoming XLSmart network integration.
- We estimate TBIG's EBITDA/core NP growth in FY24-27F could post a -1.7%/-3.8% CAGR, with a potential further decelerating ROE outlook.
- Reinitiate TBIG with a HOLD call and a TP of Rp1,300/sh

### Challenging growth outlook, affected by XL Smart merger

During the Indosat Ooredoo Hutchison (IOH) integration in FY21-23, TBIG experienced a net revenue decline of Rp353bn (-8.2% CAGR FY21-23) from IOH, while peers posted net revenue CAGR of 13-53% from IOH amid their heavier Java footprint, leading to tenancy churn to competitors with stronger outside-Java presence. Although TBIG has entered the fiber business, its portfolio remains among the smallest based on revenue size, limiting its ability to offset tower revenue declines. With the upcoming XL-Smart integration, TBIG may face similar challenges, given its ~35% revenue exposure to XL Smart in FY24.

### ROE outlook could further decelerating

We estimate TBIG's tower rental revenue growth could decline, anticipating the impact from the XL-Smart merger related to relocations outside Java. At the same time, we estimate the attribution of TBIG's non-tower businesses could further increase. Hence, overall, we anticipate a further drop in EBITDA margin for TBIG to 81-83% in FY25-27F from 85% in FY24. In FY25–27F, we estimate its debt to remain stable, with an improvement in DER to 2.8-2.9x (vs. 3x in FY24). Despite stable debt levels, we estimate its interest expense could decline, benefiting from the lower interest rate outlook. However, due to declining revenue and operational margin, we estimate its core NP margin could still decline, resulting in a continuous decline in ROE outlook in FY25-27F to 11.7-13.2%. Previously, ROE has declined to 14.0% in FY24 from 15.8% in FY21, mainly due to lower margin and rising leverage. This is due to the declining average revenue per tenant for its tower business, while leverage increased due to a sizeable acquisition in FY21.

### Reinitiate with HOLD call and a TP of Rp1,300/sh

We reinitiate coverage on TBIG with a HOLD call and a TP of Rp1,300. Based on 11.5x 12M fwd EV/EBITDA (1 s.d. below LT mean). Key risks include better-/worse-than-expected outcomes from the XL-Smart merger, MNO expansion, and macroeconomic conditions.

| Financial Summary (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Revenue | 6,641 | 6,867 | 6,806 | 6,767 | 6,810 |
| EBITDA | 5,662 | 5,819 | 5,676 | 5,563 | 5,522 |
| EBITDA growth | 1% | 3% | -2% | -2% | -1% |
| Core net profit | 1,577 | 1,481 | 1,435 | 1,293 | 1,318 |
| Core EPS | 70 | 66 | 64 | 58 | 59 |
| Core EPS growth | -5% | -5% | -3% | -10% | 2% |
| ROE | 13% | 14% | 13% | 12% | 12% |
| PER (x) | 28.4 | 29.8 | 30.8 | 34.2 | 33.5 |
| Adjusted EV/EBITDA (x) | 14.2 | 14.1 | 14.4 | 14.9 | 15.0 |
| Dividend yield | 3.1% | 2.8% | 2.5% | 2.6% | 2.3% |
| Forecast change | | | N/A | N/A | N/A |
| IPS vs Cons. | | | 84% | 72% | 93% |

*Source: Company, Indo Premier* *Share price closing as of: 25 April 2025*

**Reinitiate with a HOLD call (TP Rp1,300/sh)**

We re-initiate TBIG IJ with a HOLD call with a TP of Rp1,300/sh, based on 11.5x EV/EBITDA FY25F (1 s.d. below LT mean). We estimate TBIG's core NP growth could decline by 3.1% yoy in FY25F, with a potential -3.8% CAGR in FY24-27F.

We expect TBIG's ROE could further decelerate to 11.7-13.2% in FY25-27F from 14.0% in FY24.

Key risks: better-/worse-than-expected tenancy outlook, revenue per tenant, other business performance, macroeconomic condition, and acquisition.

**Fig. 88: Our TP for TBIG is Rp1,300/sh (rounded from Rp1,299/sh)**

| TBIG adjusted EV/EBITDA valuation | |
|---|---|
| Debt (Rp bn) | 31,165 |
| Market cap (Rp bn) | 29,061 |
| Cash (Rp bn) | 1,303 |
| Minority interest (Rp bn) | - |
| Adj. EBITDA (Rp bn) | 5,124 |
| | |
| Implied EV (Rp bn) | 58,924 |
| EV/EBITDA (x) | 11.5 |
| | |
| TP/sh (Rp) | 1,299 |
| Current px (Rp) | 1,975 |
| Potential upside/downside | -34% |

*Source: Company, Indo Premier*

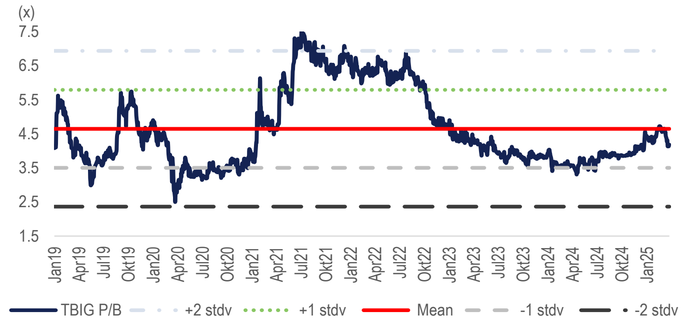
**Fig. 89: TBIG IJ forward Adjusted EV/EBITDA**


*Source: Company, Indo Premier*

**Fig. 90: TBIG IJ forward EV/EBITDA**

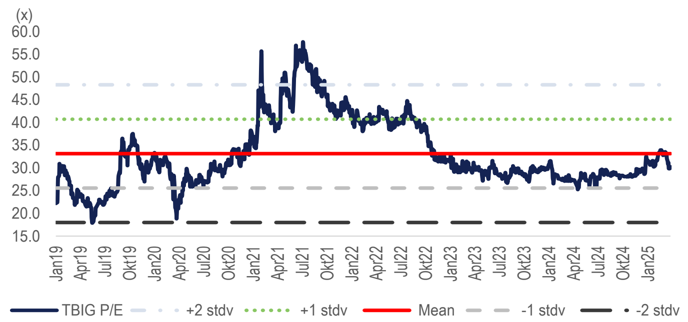

*Source: Company, Indo Premier*

**Fig. 91: TBIG IJ forward P/B Band**



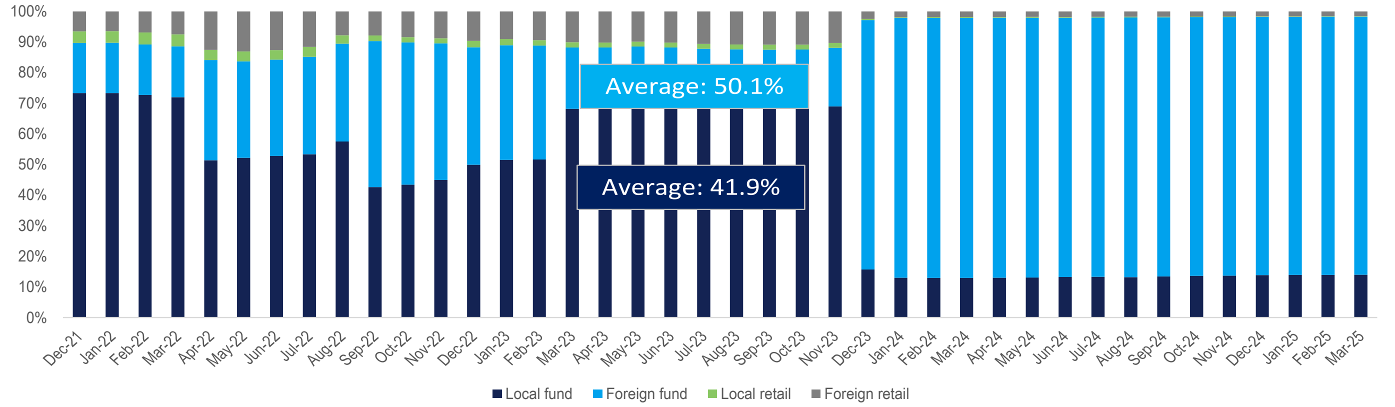

*Source: Company, Indo Premier*

**Fig. 92: TBIG IJ forward P/E band**




*Source: Company, Indo Premier*

**Fig. 93: TBIG has the highest foreign fund ownership among the tower players under our coverage, mainly attributed from Bersama Digital Infrastructure holding**




*Source: Company report, Indo Premier*

| Income Statement (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net revenue | 6,641 | 6,867 | 6,806 | 6,767 | 6,810 |
| Cost of sales | (1,902) | (1,941) | (2,022) | (2,119) | (2,222) |
| **Gross profit** | **4,738** | **4,926** | **4,783** | **4,648** | **4,588** |
| SG&A Expenses | (504) | (607) | (691) | (738) | (789) |
| **Operating profit** | **4,234** | **4,319** | **4,092** | **3,910** | **3,799** |
| **EBITDA** | **5,662** | **5,819** | **5,676** | **5,563** | **5,522** |
| Net interest | (1,805) | (2,017) | (1,862) | (1,845) | (1,720) |
| Forex gain (loss) | (21) | - | - | - | - |
| Others | (37) | (184) | (41) | (41) | (41) |
| **Pre-tax income** | **2,370** | **2,117** | **2,189** | **2,024** | **2,038** |
| Tax expenses | (749) | (694) | (691) | (669) | (658) |
| Minority interest | (61) | (61) | (63) | (63) | (63) |
| **Net income** | **1,560** | **1,362** | **1,435** | **1,293** | **1,318** |
| **Core net income** | **1,577** | **1,481** | **1,435** | **1,293** | **1,318** |

| Balance Sheet (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Cash & equivalents | 801 | 1,482 | 1,238 | 1,431 | 1,018 |
| Receivables | 1,734 | 1,984 | 1,842 | 1,832 | 1,843 |
| Other current assets | 1,873 | 1,409 | 1,396 | 1,388 | 1,397 |
| **Total current assets** | **4,407** | **4,874** | **4,476** | **4,651** | **4,258** |
| Fixed assets | 36,462 | 36,002 | 36,423 | 36,956 | 37,483 |
| Other non-current assets | 5,677 | 6,441 | 6,394 | 6,303 | 6,199 |
| **Total non-current assets** | **42,140** | **42,442** | **42,817** | **43,259** | **43,683** |
| **Total assets** | **46,547** | **47,316** | **47,293** | **47,910** | **47,940** |
| Payables | 183 | 112 | 168 | 179 | 191 |
| Other payables | 4,200 | 4,459 | 4,513 | 4,586 | 4,696 |
| Current portion of LT loans | 10,750 | 18,730 | 11,880 | 12,937 | 8,295 |
| **Total current liab.** | **15,133** | **23,301** | **16,561** | **17,702** | **13,182** |
| Long term loans | 18,852 | 13,244 | 19,649 | 19,001 | 23,244 |
| Other LT liab. | 201 | 206 | 205 | 203 | 205 |
| **Total liabilities** | **34,186** | **36,751** | **36,414** | **36,907** | **36,631** |
| | | | | | |
| Equity | 6,670 | 4,481 | 4,454 | 4,438 | 4,456 |
| Retained earnings | 5,045 | 5,417 | 5,763 | 5,907 | 6,191 |
| Minority interest | 647 | 668 | 662 | 658 | 662 |
| **Total SHE + minority int.** | **12,361** | **10,566** | **10,879** | **11,003** | **11,309** |
| **Total liabilities & equity** | **46,547** | **47,316** | **47,293** | **47,910** | **47,940** |

| Cash Flow Statement (Rp bn) | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Net income | 1,560 | 1,362 | 1,435 | 1,293 | 1,318 |
| Depr. & amortization | 745 | 181 | 1,584 | 1,654 | 1,723 |
| Changes in working capital | 896 | 402 | 264 | 102 | 102 |
| Others | - | - | - | - | - |
| **Cash flow from operating** | **3,201** | **1,944** | **3,283** | **3,049** | **3,143** |
| Capital expenditure | (2,369) | 586 | (1,983) | (2,111) | (2,130) |
| Others | (546) | (1,069) | 24 | 15 | (17) |
| **Cash flow from investing** | **(3,310)** | **(483)** | **(1,958)** | **(2,096)** | **(2,146)** |
| Loans | (18) | 2,372 | (445) | 409 | (399) |
| Equity | 979 | (2,168) | (33) | (20) | 23 |
| Dividends | (1,366) | (1,244) | (1,089) | (1,148) | (1,034) |
| Others | 349 | 259 | (2) | (1) | 1 |
| **Cash flow from financing** | **(56)** | **(780)** | **(1,568)** | **(760)** | **(1,410)** |
| **Changes in cash** | **(166)** | **681** | **(244)** | **193** | **(414)** |

| Key Ratios | 2023A | 2024A | 2025F | 2026F | 2027F |
|---|---|---|---|---|---|
| Gross margin | 71.4% | 71.7% | 70.3% | 68.7% | 67.4% |
| EBITDA margin | 85.3% | 84.7% | 83.4% | 82.2% | 81.1% |
| Pre-tax margin | 35.7% | 30.8% | 32.2% | 29.9% | 29.9% |
| Core net income margin | 23.7% | 21.6% | 21.1% | 19.1% | 19.3% |
| ROA | 3.4% | 3.1% | 3.0% | 2.7% | 2.7% |
| ROE | 12.8% | 14.0% | 13.2% | 11.7% | 11.7% |
| ROIC | 8.0% | 8.2% | 7.8% | 7.3% | 7.1% |
| Acct. receivables TO (days) | 7 | 4 | 4 | 4 | 4 |
| Acct. payables TO (days) | 157 | 87 | 87 | 87 | 87 |
| | | | | | |
| Net debt/EBITDA (inc. leases) (x) | 5.1 | 5.2 | 5.3 | 5.5 | 5.5 |
| Net debt/EBITDA (ex. leases) (x) | 5.0 | 5.2 | 5.3 | 5.4 | 5.4 |
| Interest coverage (x) | 2.3 | 2.1 | 2.2 | 2.1 | 2.2 |

*Source: Company, Indo Premier*

**SECTOR RATINGS**

| | | |
|---|---|---|
| OVERWEIGHT | : | An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation |
| NEUTRAL | : | A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation |
| UNDERWEIGHT | : | An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation |

**COMPANY RATINGS**

| | | |
|---|---|---|
| BUY | : | Expected total return of 10% or more within a 12-month period |
| HOLD | : | Expected total return between -10% and 10% within a 12-month period |
| SELL | : | Expected total return of -10% or worse within a 12-month period |

**ANALYSTS CERTIFICATION**

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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