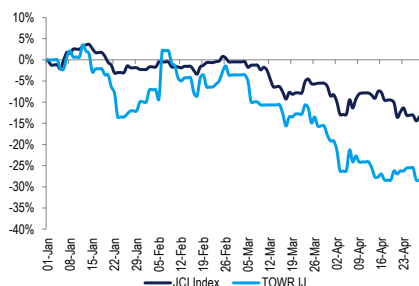


Stock Data

Target price	Rp600
Prior TP	-
Current price	585
Upside/downside	2.6%
Shares outstanding (mn)	51,015
Market cap (Rp bn)	29,844
Free float	37%
Avg. 6m daily T/O (Rp bn)	17

Price Performance

	3M	6M	12M
Absolute	12.5%	-17.0%	-18.2%
Relative to JCI	-1.9%	-18.9%	-21.1%
52w low/high (Rp)			460-880



Major Shareholders

Sapta Adhikari Investama	52.5%
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In line 1Q25 but outlook remains muted

- TOWR recorded revenue/EBITDA of Rp3.2tr/2.7tr (-2.4/-2.8% qoq, +5.3/5.3% yoy), respectively, in line with our/consensus estimates.
- Tower tenancy ratio slightly declined to 1.63x, largely reflecting IOH ongoing relocations while have yet to reflect XL Smart integration impact.
- Growth outlook remains muted. Retain unchanged HOLD call.

In line 1Q25 results with EBITDA declined by -2.8% qoq

TOWR recorded total revenue of Rp3.2tr (-2.4% qoq, +5.3% yoy), in-line with our and consensus estimates. Tower revenue declined by -1.6% qoq to Rp2.1tr, while total non-tower revenue fell by -4% qoq to Rp1.1tr. The decline in non-tower revenue was due to a -14.4% qoq drop in connectivity revenue, although FTTT and FTTH revenues still improved by +0.9% qoq and +5.7% qoq, respectively. Connectivity revenue came in below our expectations but was offset by stronger-than-expected FTTH revenue. 1Q25 EBITDA stood at Rp2.7tr (-2.8% qoq, +5.3% yoy), in line; while core NP of Rp733bn (-24.4% qoq, -8.2% yoy) was below. EBITDA margin came at 83.5% in 1Q25, slightly down from 83.8% in 4Q24, yet still within our expectations. Total debt at end-1Q25 stood at Rp52.4tr, with a net gearing of 2.6x.

In line tower ops performance, while a mixed non-tower performance

In 1Q25, net tower add was 106 to 35,506 units (+0.3% qoq, +14.4% yoy), with net tenants add of 10 to 58,045 (flat qoq, +7.2% yoy). Tenancy ratio slightly declined to 1.63x by end-1Q25 from 1.64x at end-FY24, largely reflecting IOH relocations and not yet reflecting XL Smart integration. Connectivity activation improved to 17,649 (+30.4% yoy) but average revenue per activation declined by -28% yoy, due to termination of existing higher-rate customers, leading to below revenue. FTTH home connect in 1Q25 significantly improved to 182.7k (+46.5% yoy, +8% qoq), above our expectation. FTTT billable length in 1Q25 was in line, reaching 218,836 km (+0.6% qoq).

Retain our unchanged HOLD call

We maintain our unchanged tower revenue estimate (-1% yoy in FY25F) as we anticipate further impacts from XL Smart integration and IOH relocations in the coming quarters. We also maintain our unchanged non-tower revenue estimate, totalling Rp4.4tr (+4% yoy). Overall, we still anticipate a muted outlook in FY25F, with EBITDA potentially declining by -0.1% yoy. We retain our unchanged HOLD call with a TP of Rp600, still based on 8.7x EV/EBITDA FY25F (-1 s.d. below LT mean).

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)	9.0	8.8	9.4	9.0	8.7
Adjusted EV/EBITDA (x)	8.4	8.5	8.6	8.5	8.1
Dividend yield	4.1%	3.1%	2.7%	4.1%	4.1%
Forecast change			N/A	N/A	N/A
IPS vs Cons.			87%	86%	83%

Source: Company, Indo Premier

Share price closing as of: 29 May 2025

Fig. 1: 1Q25 results review

TOWR 1Q25 results (Rp bn)	1Q25	1Q24	% YoY	4Q24	% QoQ	IPS FY25F	% of IPS	Cons FY24F	% of Cons
Revenue	3,208	3,047	5.3%	3,287	-2.4%	12,812	25.0%	13,184	24.3%
Cost of revenue	(1,007)	(925)	8.9%	(1,104)	-8.8%				
Gross profit	2,202	2,122	3.8%	2,183	0.9%				
Operating expenses	(281)	(307)	-8.4%	(268)	4.7%				
Operating profit	1,921	1,815	5.8%	1,914	0.3%				
EBITDA	2,679	2,545	5.3%	2,754	-2.8%	10,692	25.1%	11,012	24.3%
Other income/(expense)	(956)	(809)	18.2%	(816)	17.3%				
Pre-tax profit	964	1,006	-4.2%	1,099	-12.2%				
Taxes	(159)	(204)	-21.8%	(212)	-24.8%				
Net profit	803	797	0.7%	888	-9.6%				
Core net profit	733	799	-8.2%	969	-24.4%	3,112	23.6%	3,568	20.5%
Margin (%)									
Gross margin	68.6%	69.6%		66.4%					
EBITDA margin	83.5%	83.5%		83.8%					
Net margin	25.0%	26.2%		27.0%					
Core net margin	22.8%	26.2%		29.5%					
Operational data - Tower									
Total sites - cumm.	35,506	31,049	14.4%	35,400	0.3%				
Total sites - add. Quarterly	106	491	-78.4%	29	265.5%				
Total tenants - cumm.	58,045	54,170	7.2%	58,035	0.0%				
Total tenants - add. Quarterly	10	(114)	-108.8%	(130)	-107.7%				
Tenancy ratio (x)	1.63	1.74	-6.3%	1.64	-0.3%				
Revenue per tenant - in mn (monthly)	12.30	12.81	-4.0%	12.24	0.5%				
Operational data - Non-tower									
FTTT length (km) - cumm.	118,933	99,240	19.8%	118,210	0.6%				
FTTT length (km) - add. Quarterly	722	1,253	-42.3%	(290)	-348.9%				
FTTT utilization ratio	1.84x	1.88x	-2.1%	1.84x	0.0%				
Billable length (km) - cumm.	218,836	186,571	17.3%	217,507	0.6%				
Revenue per km - in k (monthly)	836	850	-1.7%	795	5.1%				
FTTH length (km) - cumm.	22,161	15,381	44.1%	22,165	0.0%				
FTTH length (km) - add. Quarterly	(4)	2,406	-100.2%	1,815	-100.2%				
Home connect	182,707	124,704	46.5%	169,242	8.0%				
Revenue per home connect - in k (monthly)	307	315	-2.8%	267	14.6%				
Home passes	1,783,700	1,062,000	68.0%	1,781,800	0.1%				
Penetration rate of home passes vs home connect	10%	12%	-12.8%	9%	7.8%				
Connectivity (# of Activations)	17,649	13,534	30%	16,898	4.4%				
Revenue per activations - in k (monthly)	6,610	9,137	-28%	7,861	-15.9%				

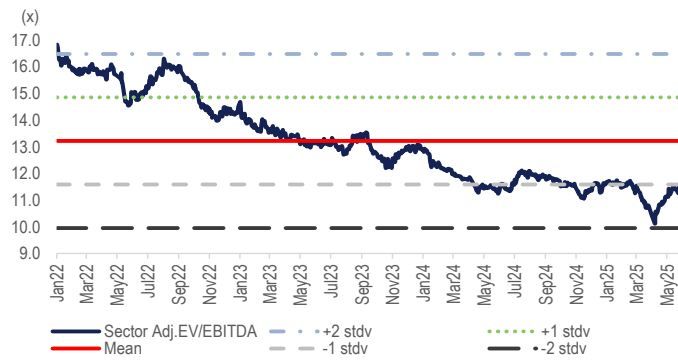
Source: Company report, Indo Premier

Fig. 2: Tower sector valuation comparisons – based on 28 May 2025 closing price

Company	Bloomberg	Amount of towers (as of 2024)	Market Cap (US\$m)	Last Price (local curr.)	Target Price	P/E (x)			P/B (x)			Adjusted EV/EBITDA (x)			EV/EBITDA (x)			Price to Cash Flow (x)			Net Gearing (x)			ROE (%)			Net Profit CAGR (%)
	Ticker					2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	
Indonesia																											
Dayamitra Telekomunikasi	MTEL IJ Equity	39,404	3,109	605	780	21.2	19.0	17.7	1.4	1.4	1.4	10.1	9.3	8.8	8.6	8.0	7.6	9.1	7.6	7.3	0.6	0.5	0.5	6.8	7.4	7.7	9.7
Sarana Menara Nusantara	TOWR IJ Equity	35,400	1,835	585	600	9.4	9.0	8.7	1.4	1.2	1.1	8.6	8.5	8.1	7.4	7.2	6.8	3.8	3.8	3.7	2.4	2.1	1.8	14.5	13.7	13.1	0.4
Tower Bersama Infrastructure	TBIG IJ Equity	23,778	3,065	2,200	1,300	34.3	38.1	37.3	4.5	4.5	4.4	15.4	15.9	16.0	14.1	14.4	14.6	15.0	16.1	15.7	0.3	0.2	0.1	13.2	11.7	11.7	(3.8)
Total																											
						8,010																					
Simple average						21.6	22.0	21.2	2.4	2.4	2.3	11.4	11.2	11.0	10.0	9.9	9.6	9.3	9.2	8.9	1.1	0.9	0.8	11.5	11.0	10.8	2.1
Median						21.2	19.0	17.7	1.4	1.4	1.4	10.1	9.3	8.8	8.6	8.0	7.6	9.1	7.6	7.3	0.6	0.5	0.5	13.2	11.7	11.7	0.4
Regional																											
Indus Towers	INDUSTOW IN I	225,910	12,086	391		14.6	13.2	12.2	3.0	2.9	2.6				7.0	6.5	6.3	7.7	6.9	6.7	0.3	0.3	0.1	20.9	22.4	22.9	(2.0)
Digital Telecommunications Infrastructure Fund	DIF TB Equity	16,059	2,659	8		7.5	7.3	7.8	0.5	0.5	0.5				8.7	8.7	8.8	7.7	7.5	n.a	0.1	0.1	n.a	6.7	6.5	6.4	(0.9)
China Tower Corporation Ltd	788 HK Equity	2,094,000	26,404	12		16.0	10.7	10.1	0.9	0.9	0.9				4.1	4.1	4.0	2.9	3.1	n.a	n.a	n.a	n.a	5.8	8.5	8.9	20.4
HKBN Ltd	1310 HK Equity	2,070,000	930	5		27.4	15.4	13.7	2.8	2.8	2.8				7.0	6.7	6.5	3.7	3.4	3.3	3.9	n.a	4.0	11.1	n.a	23.6	274.1
Total																											
						42,079																					
Simple average						16.4	11.7	10.9	1.8	1.8	1.7				6.7	6.5	6.4	5.5	5.2	5.0	1.4	0.2	2.1	11.1	12.4	15.5	
Median						15.3	11.9	11.2	1.8	1.9	1.7				7.0	6.6	6.4	5.7	5.1	5.0	0.3	0.2	2.1	8.9	8.5	15.9	
International																											
American Tower	AMT US Equity	148,957	99,461	212		34.4	29.9	27.5	28.8	20.0	21.4				20.3	19.2	18.3	19.6	18.7	17.3	9.8	10.8	12.2	82.8	106.1	126.1	16.3
Crown Castle	CCI US Equity	40,049	43,389	100		117.5	34.3	30.3	n.a	n.a	n.a				24.1	22.9	21.8	23.8	21.5	19.3	(28.9)	(11.6)	(10.7)	(44.8)	(71.3)	(76.3)	(171.8)
Total																											
						75.9	32.1	28.9	28.8	20.0	21.4				22.2	21.1	20.1	21.7	20.1	18.3	(9.6)	(0.4)	0.8	19.0	17.4	24.9	
Weighted average						75.9	32.1	28.9	28.8	20.0	21.4				22.2	21.1	20.1	21.7	20.1	18.3	(9.6)	(0.4)	0.8	19.0	17.4	24.9	
Median						75.9	32.1	28.9	28.8	20.0	21.4				22.2	21.1	20.1	21.7	20.1	18.3	(9.6)	(0.4)	0.8	19.0	17.4	24.9	

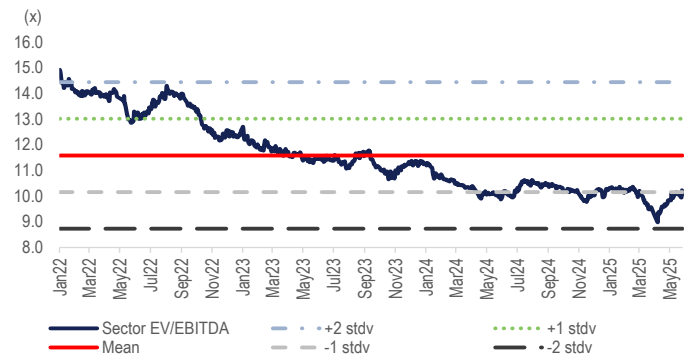
Source: Company, Indo Premier

Fig. 3: Sector forward adjusted EV/EBITDA



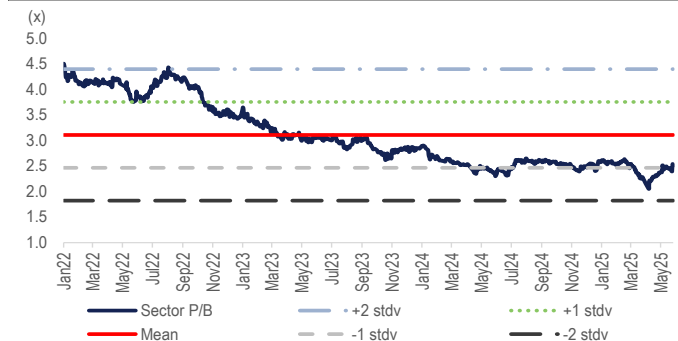
Source: Company, Indo Premier

Fig. 4: Sector forward EV/EBITDA



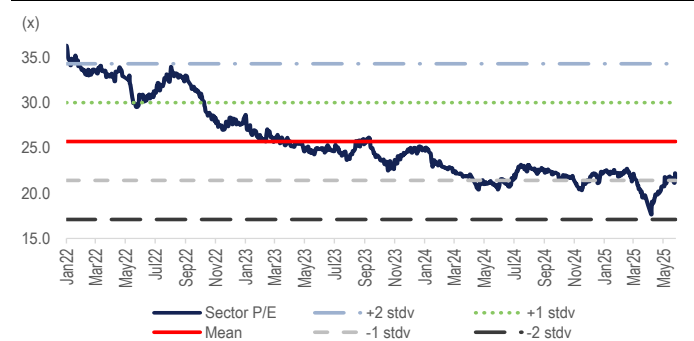
Source: Company, Indo Premier

Fig. 5: Sector forward P/B Band



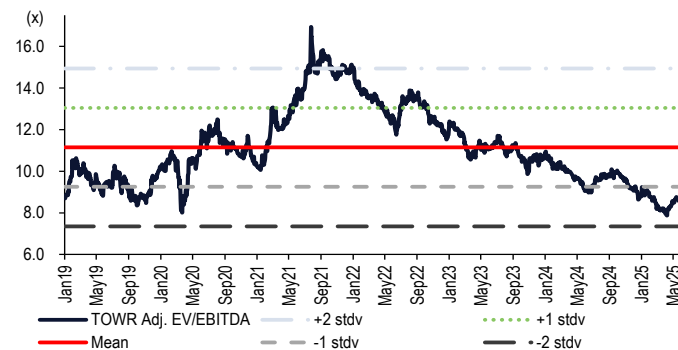
Source: Company, Indo Premier

Fig. 6: Sector forward P/E band



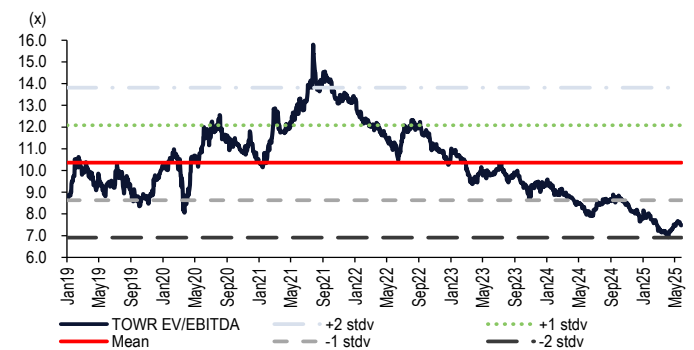
Source: Company, Indo Premier

Fig. 7: TOWR IJ forward adjusted EV/EBITDA



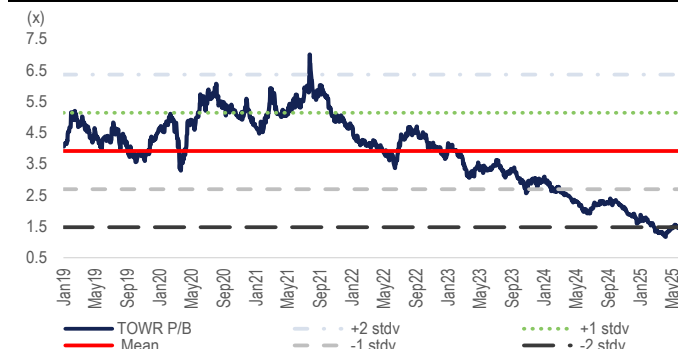
Source: Company, Indo Premier

Fig. 8: TOWR IJ forward EV/EBITDA



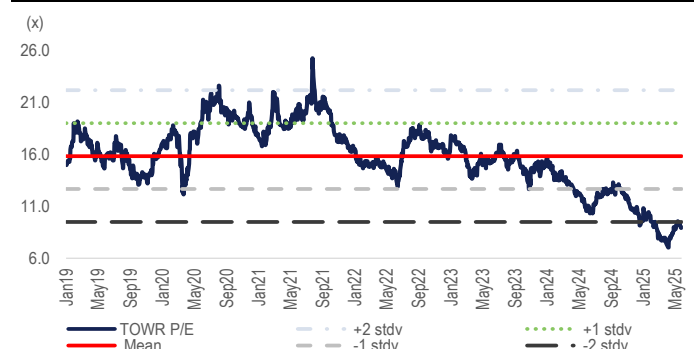
Source: Company, Indo Premier

Fig. 9: TOWR IJ forward P/B Band



Source: Company, Indo Premier

Fig. 10: TOWR IJ forward P/E band



Source: Company, 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

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

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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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