

## Sarana Menara Nusantara

HOLD (*unchanged*)

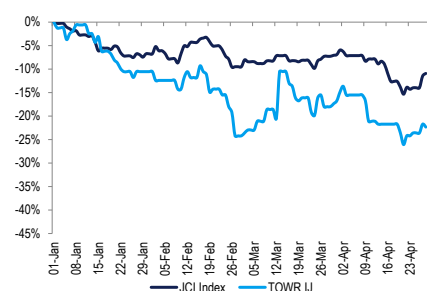
Company Update | Towers | TOWER IJ | 03 July 2025

## Stock Data

Target price	Rp600
Prior TP	Rp600
Current price	550
Upside/downside	9.1%
Shares outstanding (mn)	51,015
Market cap (Rp bn)	28,058
Free float	37%
Avg. 6m daily T/O (Rp bn)	16

## Price Performance

	3M	6M	12M
Absolute	8.9%	-14.1%	-24.6%
Relative to JCI	3.2%	-10.1%	-21.2%
52w low/high (Rp)			460-880



## Major Shareholders

Sapta Adhikari Investama	52.5%
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## Outlook remains tepid

- TOWER announced a premium rights issue for capital injection into Protelindo, while iForte announced MTO of up to 20% of DATA shares.
- TOWER's long-term outlook could improve through further expansion, but medium-term outlook remains challenging.
- We retain our HOLD call as overall outlook hasn't changed materially.

## A premium rights issue plan

TOWER announced further details of its rights issue plan, involving the issuance of 8.08bn new shares equivalent to 13.91% of total shares. Every 619 existing shares will be entitled to 100 rights shares, with an exercise price of Rp680/share with total proceeds of Rp5.5tr. Dwimuria Investama Andalan (DIA) will act as the standby buyer for any unsubscribed rights. The proceeds will be fully allocated as a capital injection into its wholly owned operating company, Protelindo for deleveraging purpose followed by expansion. TOWER plans to inject a total of Rp7.4tr into Protelindo.

## iForte to acquire an additional 20% stake in DATA

Following the 40% stake acquisition in Apr25, iForte plans to acquire an additional stake of up to 20% in Remala Abadi (DATA IJ) as part of a mandatory tender offer (MTO) at a price of Rp974/share which is above the required minimum price of Rp727.7/share—based on the highest daily trading price over the 90 days prior to the acquisition. We now incorporate the 40% DATA stake acquisition, adding Rp32-44bn in associate income p.a. in FY25–27F, with a potential additional profit attribution of c.Rp20bn p.a. after the MTO realization. TOWER targets the DATA acquisition to support further monetization of fiber assets given the company's stronger connectivity business compared to FTTH.

## Outlook remains unexciting – HOLD call retained

TOWER's long-term outlook could improve through further expansion and acquisitions. However, near-term prospects remain muted, especially for the tower and FTTH segments due to weak telco performance and limited expansion. No major progress has been made on XL Smart's network integration, as discussions remain at a detailed stage. The connectivity segment offers some upside, despite the sharp decline in 1Q25 ([see previous report](#)), though recovery depends on spending from sectors like hospitality, education, and government. Our view aligns with the company's muted guidance with margin potentially declining to 83% (-102bp yoy), or 46bps below our estimate. We fine-tune our core EPS by c.1% in FY25-27F and retain our HOLD call.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	11,740	12,736	12,798	13,047	13,473
EBITDA	9,980	10,700	10,681	10,858	11,201
EBITDA growth	5%	7%	0%	2%	3%
Core net profit	3,242	3,322	3,129	3,255	3,388
Core EPS	65	67	63	65	68
Core EPS growth	-4%	2%	-6%	4%	4%
ROE	20%	17%	15%	14%	13%
PER (x)	8.4	8.2	8.8	8.4	8.1
Adjusted EV/EBITDA (x)	8.2	8.3	8.5	8.3	7.9
Dividend yield	4.4%	3.3%	2.9%	4.4%	4.4%
Forecast change			1%	1%	1%
IPS vs. consensus			88%	87%	84%

Source: Company, Indo Premier

Share price closing as of: 02 July 2025

**Fig. 1: TOWR's rights issue - important dates**

Agenda	Date
EGMS	23-Apr-25
Effective Registration Statement	30-Jun-25
Recording Date of Shareholders Eligible for Rights	10-Jul-25
Cum-HMETD in Regular and Negotiated Market	08-Jul-25
Ex-HMETD in Regular and Negotiated Market	09-Jul-25
Cum-HMETD in Cash Market	10-Jul-25
Ex-HMETD in Cash Market	11-Jul-25
HMETD Listing on the Indonesia Stock Exchange	14-Jul-25
Trading and Exercise Period of HMETD	14-18 Jul-25
Final Payment Date for HMETD Exercise	18-Jul-25
Distribution Period of Shares from HMETD Exercise:	16-22 Jul-25
Final Payment Date for Additional Share Subscription	22-Jul-25
Allotment of Additional Shares	23-Jul-25
Payment from Standby Buyer	23-Jul-25
Distribution of Shares from Additional Allotment	25-Jul-25
Refund of Excess Subscription Funds	25-Jul-25

Source: Company

**Fig. 2: DATA IJ MTO – important dates**

Agenda	Date
Tender offer period	1-30 Jul-25
Payment date	11-Aug-25

Source: Company

**Fig. 3: Forecast change**

Fig. 17.1: Growth change										
In Rp bn, unless otherwise stated	Previous				Current			Changes		
	FY24	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
<b>Profit &amp; Loss</b>										
Revenue	12,736	12,812	13,062	13,489	12,798	13,047	13,473	-0.1%	-0.1%	-0.1%
Cost of revenues	(3,996)	(4,591)	(4,996)	(5,313)	(4,590)	(4,994)	(5,311)	0.0%	0.0%	0.0%
Gross profit	8,739	8,221	8,066	8,177	8,209	8,052	8,162	-0.1%	-0.2%	-0.2%
EBIT	7,602	7,051	6,874	6,947	7,040	6,862	6,933	-0.2%	-0.2%	-0.2%
EBITDA	10,700	10,692	10,870	11,215	10,681	10,858	11,201	-0.1%	-0.1%	-0.1%
Other income/(expense)	(3,407)	(3,098)	(2,811)	(2,748)	(3,065)	(2,769)	(2,704)	-1.0%	-1.5%	-1.6%
Pre-tax profit	4,196	3,954	4,064	4,198	3,975	4,093	4,230	0.5%	0.7%	0.7%
Taxes	(831)	(813)	(804)	(806)	(813)	(805)	(807)	0.1%	0.2%	0.2%
Net profit	3,335	3,112	3,230	3,362	3,129	3,255	3,388	0.6%	0.8%	0.8%
Core profit	3,322	3,112	3,230	3,362	3,129	3,255	3,388	0.6%	0.8%	0.8%
EPS	67	62	65	68	63	65	68	0.6%	0.8%	0.8%
Core EPS (Rp)	67	62	65	68	63	65	68	0.6%	0.8%	0.8%
<b>Annual growth, %</b>										
Revenue		1%	2%	3%	0%	2%	3%			
EBIT		-7%	-3%	1%	-7%	-3%	1%			
EBITDA		-0.1%	2%	3%	0%	2%	3%			
Pretax profit		-6%	3%	3%	-5%	3%	3%			
Net profit		-7%	4%	4%	-6%	4%	4%			
Core net profit		-6%	4%	4%	-6%	4%	4%			
EPS		-7%	4%	4%	-6%	4%	4%			
Core EPS (Rp)		-6%	4%	4%	-6%	4%	4%			
<b>Profitability, %</b>										
EBIT margin		55%	53%	51%	55%	53%	51%			
EBITDA margin		83.5%	83%	83%	83%	83%	83%			
Net profit margin		24%	25%	25%	24%	25%	25%			
Core net profit margin		24%	25%	25%	24%	25%	25%			
<b>Revenue breakdown</b>										
In Rp bn, unless otherwise stated	Previous				Current			Changes		
	FY24	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
Tower rental	8,523	8,411	8,238	8,195	8,411	8,238	8,195	-	-	-
FTTT	2,076	2,167	2,334	2,443	2,167	2,334	2,443	-	-	-
Connectivity	1,594	1,620	1,770	2,018	1,607	1,755	2,001	-0.8%	-0.8%	-0.8%
FTTH	543	613	719	833	613	719	833	-	-	-
Total revenue	12,736	12,812	13,062	13,489	12,798	13,047	13,473	-0.1%	-0.1%	-0.1%
<b>Annual growth, %</b>										
Tower rental		-1%	-2%	-1%	-1%	-2%	-1%			
FTTT		4%	8%	5%	4%	8%	5%			
Connectivity		2%	9%	14%	1%	9%	14%			
FTTH		13%	17%	16%	13%	17%	16%			
Total revenue		1%	2%	3%	0%	2%	3%			

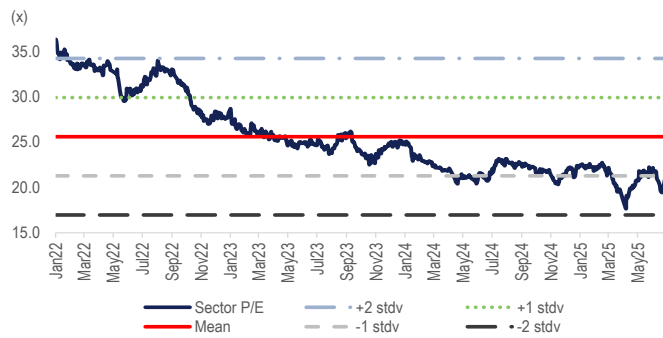
Source: Indo Premier

**Fig. 4: Operational data forecast change**

Operational data	Previous				Current			Changes		
	FY24	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
<b>Tower</b>										
Total sites	35,400	36,900	37,900	38,700	36,900	37,900	38,700	-	-	-
Total tenants	58,035	58,435	58,835	59,835	58,435	58,835	59,835	-	-	-
Tenancy ratio (x)	1.64	1.58	1.55	1.55	1.58	1.55	1.55	-	-	-
Revenue per tenant - in mn (monthly)	12.2	12.0	11.7	11.4	12.0	11.7	11.4	-	-	-
<b>Fiber</b>										
FTTT length (km)	118,210	122,710	128,710	134,710	122,710	128,710	134,710	-	-	-
FTTT utilization ratio (x)	1.84	1.85	1.90	1.90	1.85	1.90	1.90	-	-	-
Billable length (km)	217,507	227,014	244,550	255,950	227,014	244,550	255,950	-	-	-
Revenue per km - in k (monthly)	795	795	795	795	795	795	795	-	-	-
<b>Home connect</b>										
Home connect	169,242	185,585	211,329	237,592	185,585	211,329	237,592	-	-	-
Revenue per home connect - in k (monthly)	267	275	284	292	275	284	292	-	-	-
Home passes	1,781,800	1,801,800	1,821,800	1,841,800	1,801,800	1,821,800	1,841,800	-	-	-
Penetration rate of home passes vs home connect	9%	10%	12%	13%	10%	12%	13%	-	-	-
<b>Connectivity</b>										
Connectivity (# of Activations)	16,898	18,081	20,793	24,952	20,278	23,319	27,983	12.1%	12.1%	12.1%
Revenue per activations - in k (monthly)	7,861	7,468	7,094	6,740	6,603	6,273	5,959	-11.6%	-11.6%	-11.6%

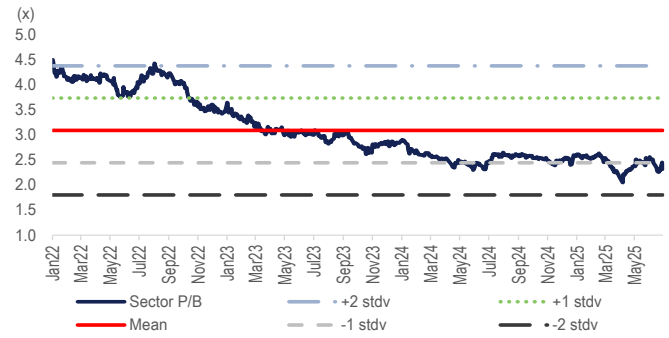
Source: Indo Premier

**Fig. 5: Sector's forward PE band**



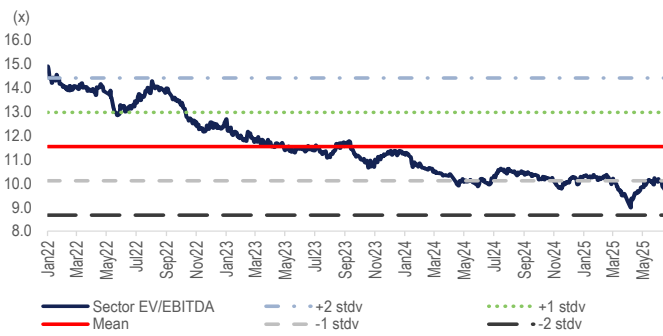
Source: Company, Indo Premier

**Fig. 6: Sector's forward PB band**



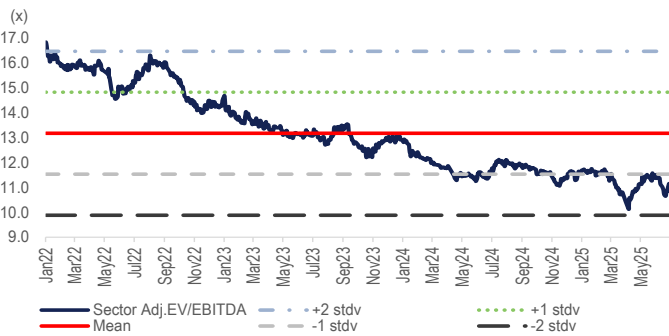
Source: Company, Indo Premier

**Fig. 7: Sector's forward EV/EBITDA band**



Source: Company, Indo Premier

**Fig. 8: Sector's forward adjusted EV/EBITDA band**



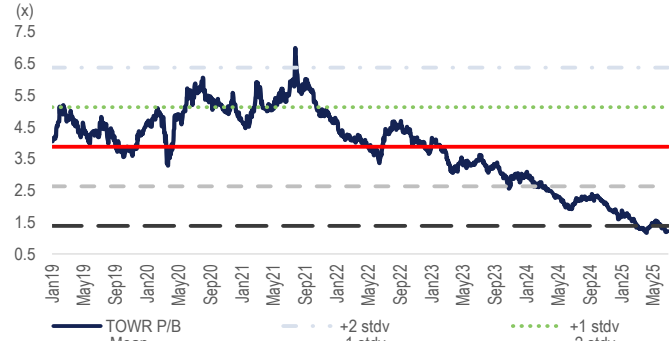
Source: Company, Indo Premier

**Fig. 9: TOWR's forward PE band**



Source: Company, Indo Premier

**Fig. 10: TOWR's forward PB band**



Source: Company, Indo Premier

**Fig. 11: TOWR's forward EV/EBITDA band**



Source: Company, Indo Premier

**Fig. 12: TOWR's forward adjusted EV/EBITDA band**



Source: Company, Indo Premier

Fig. 13: Tower sector valuation comparisons – based on 02 July 2025 closing price

Company	Bloomberg	Amount of	Market Cap	Last Price	Target	P/E (x)			P/B (x)			Adjusted EV/EBITDA (x)			EV/EBITDA (x)			Price to Cash Flow (x)			Net Gearing (x)			ROE (%)			Net Profit	
	Ticker	towers (as of 2024)	(US\$m)	(local curr.)	Price	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2024-27F	
Indonesia																												
Dayamitra Telekomunikasi	MTEL IJ Equity	39,404	2,753	535	780	18.8	16.8	15.7	1.3	1.2	1.2	9.2	8.5	8.0	7.8	7.3	6.9	8.1	6.7	6.5	0.6	0.5	0.5	6.8	7.4	7.7	9.7	
Sarana Menara Nusantara	TOWR IJ Equity	35,400	1,728	550	600	8.8	8.5	8.1	1.3	1.2	1.1	8.4	8.3	7.9	7.3	7.0	6.6	3.6	3.6	3.4	2.4	2.1	1.8	14.5	13.7	13.1	0.4	
Tower Bersama Infrastructure	TBIG IJ Equity	23,778	2,805	2,010	1,300	31.3	34.8	34.1	4.1	4.1	4.0	14.6	15.0	15.2	13.4	13.7	13.8	13.7	14.7	14.3	0.3	0.2	0.1	13.2	11.7	11.7	(3.8)	
Total			7,286																									
Simple average						19.6	20.0	19.3	2.2	2.2	2.1	10.7	10.6	10.4	9.5	9.3	9.1	8.4	8.4	8.1	1.1	0.9	0.8	11.5	11.0	10.8	2.1	
Median						18.8	16.8	15.7	1.3	1.2	1.2	9.2	8.5	8.0	7.8	7.3	6.9	8.1	6.7	6.5	0.6	0.5	0.5	13.2	11.7	11.7	0.4	
Regional																												
Indus Towers	INDUSTOW IN I	225,910	12,965	421		15.7	14.2	13.2	3.2	3.1	2.9					7.5	7.0	6.7	8.3	7.4	7.2	0.2	0.3	0.1	21.1	22.7	23.4	(2.1)
Digital Telecommunications Infrastructure Fund	DIF TB Equity	16,059	2,620	8		7.3	7.2	7.6	0.5	0.5	0.5		8.6	8.6	8.6	16.3	15.7	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	25,337	11		15.2	10.3	9.6	0.9	0.9	0.8		4.0	3.9	3.8	2.9	3.0	n.a	n.a	n.a	n.a	5.9	8.4	8.8	20.2			
HKBN Ltd	1310 HK Equity	2,070,000	938	5		27.7	15.6	13.8	2.8	2.8	2.9		7.0	6.7	6.6	3.7	3.4	3.3	3.9	n.a	4.0	11.1	n.a	23.6	274.1			
Total			41,860																									
Simple average						16.5	11.8	11.1	1.9	1.8	1.8				6.8	6.6	6.4	7.8	7.4	5.3	1.4	0.2	2.1	11.2	12.5	15.5		
Median						15.5	12.3	11.4	1.8	1.8	1.8				7.2	6.8	6.7	6.0	5.4	5.3	0.2	0.2	2.1	8.9	8.4	16.1		
International																												
American Tower	AMT US Equity	148,957	105,083	224		36.5	31.5	29.1	30.5	25.3	27.9					21.0	20.0	19.0	20.7	19.7	18.3	9.8	10.7	12.2	82.8	106.1	126.1	16.4
Crown Castle	CCI US Equity	40,049	45,166	104		151.6	38.1	31.7	n.a	n.a	n.a		24.8	23.5	22.4	24.8	22.4	20.1	(26.2)	(12.0)	(10.5)	(44.8)	(71.3)	(76.3)	(171.7)			
Total			150,249																									
Weighted average						94.1	34.8	30.4	30.5	25.3	27.9		22.9	21.7	20.7	22.7	21.0	19.2	(8.2)	(0.6)	0.8	19.0	17.4	24.9				
Median						94.1	34.8	30.4	30.5	25.3	27.9	22.9	21.7	20.7	22.7	21.0	19.2	(8.2)	(0.6)	0.8	19.0	17.4	24.9					

Source: Company, Indo Premier

Income Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net revenue	11,740	12,736	12,798	13,047	13,473
Cost of sales	(3,528)	(3,996)	(4,590)	(4,994)	(5,311)
<b>Gross profit</b>	<b>8,213</b>	<b>8,739</b>	<b>8,209</b>	<b>8,052</b>	<b>8,162</b>
SG&A Expenses	(1,076)	(1,137)	(1,168)	(1,190)	(1,228)
<b>Operating profit</b>	<b>7,136</b>	<b>7,602</b>	<b>7,040</b>	<b>6,862</b>	<b>6,933</b>
<b>EBITDA</b>	<b>9,980</b>	<b>10,700</b>	<b>10,681</b>	<b>10,858</b>	<b>11,201</b>
Net interest	(2,838)	(3,070)	(2,972)	(2,682)	(2,616)
Others	(195)	(336)	(93)	(128)	(132)
<b>Pre-tax income</b>	<b>4,104</b>	<b>4,196</b>	<b>3,975</b>	<b>4,093</b>	<b>4,230</b>
Income tax	(800)	(831)	(813)	(805)	(807)
Minority interest	(51)	(29)	(32)	(33)	(35)
<b>Net income</b>	<b>3,253</b>	<b>3,335</b>	<b>3,129</b>	<b>3,255</b>	<b>3,388</b>
<b>Core net income</b>	<b>3,242</b>	<b>3,322</b>	<b>3,129</b>	<b>3,255</b>	<b>3,388</b>

Balance Sheet (Rp bn)	2023A	2024A	2025F	2026F	2027F
Cash & equivalents	429	940	1,395	1,148	746
Receivables	3,086	3,293	3,040	3,099	3,200
Other current assets	912	723	711	725	749
<b>Total current assets</b>	<b>4,427</b>	<b>4,956</b>	<b>5,146</b>	<b>4,972</b>	<b>4,695</b>
Fixed assets	40,385	47,478	49,932	51,412	52,402
Other non-current assets	23,607	25,395	25,207	24,941	24,611
<b>Total non-current assets</b>	<b>63,992</b>	<b>72,873</b>	<b>75,139</b>	<b>76,354</b>	<b>77,014</b>
<b>Total assets</b>	<b>68,419</b>	<b>77,828</b>	<b>80,285</b>	<b>81,326</b>	<b>81,709</b>
Payables	1,207	1,008	1,136	1,157	1,194
Other payables	4,502	3,916	4,579	5,163	5,727
Current portion of LT loans	18,590	15,200	9,480	16,161	10,315
<b>Total current liab.</b>	<b>24,299</b>	<b>20,124</b>	<b>15,195</b>	<b>22,482</b>	<b>17,236</b>
Long term loans	26,323	37,136	42,186	33,857	37,249
Other LT liab.	1,285	1,399	1,406	1,433	1,480
<b>Total liabilities</b>	<b>51,907</b>	<b>58,659</b>	<b>58,786</b>	<b>57,771</b>	<b>55,964</b>
Equity	(232)	(24)	(24)	(24)	(24)
Retained earnings	16,689	19,123	21,452	23,507	25,694
Minority interest	55	71	71	72	75
<b>Total SHE + minority int.</b>	<b>16,512</b>	<b>19,169</b>	<b>21,499</b>	<b>23,555</b>	<b>25,745</b>
<b>Total liabilities &amp; equity</b>	<b>68,419</b>	<b>77,828</b>	<b>80,285</b>	<b>81,326</b>	<b>81,709</b>

Cash Flow Statement (Rp bn)	2023A	2024A	2025F	2026F	2027F
Net income	3,253	3,335	3,129	3,255	3,388
Depr. & amortization	2,496	3,751	3,483	3,836	4,103
Changes in working capital	171	(802)	1,055	533	475
Others	-	0	-	0	(0)
<b>Cash flow from operating</b>	<b>5,920</b>	<b>6,284</b>	<b>7,668</b>	<b>7,624</b>	<b>7,966</b>
Capital expenditure	(4,627)	(11,163)	(5,734)	(4,990)	(4,658)
Others	113	(1,469)	(15)	(61)	(105)
<b>Cash flow from investing</b>	<b>(4,514)</b>	<b>(12,632)</b>	<b>(5,750)</b>	<b>(5,051)</b>	<b>(4,763)</b>
Loans	(59)	7,423	(670)	(1,648)	(2,454)
Equity	26	223	0	1	2
Dividends	(1,200)	(901)	(800)	(1,200)	(1,200)
Others	(53)	114	7	27	47
<b>Cash flow from financing</b>	<b>(1,286)</b>	<b>6,859</b>	<b>(1,463)</b>	<b>(2,820)</b>	<b>(3,605)</b>
<b>Changes in cash</b>	<b>120</b>	<b>512</b>	<b>455</b>	<b>(247)</b>	<b>(402)</b>

Key Ratios	2023A	2024A	2025F	2026F	2027F
Gross margin	70.0%	68.6%	64.1%	61.7%	60.6%
EBITDA margin	85.0%	84.0%	83.5%	83.2%	83.1%
Pre-tax margin	35.0%	32.9%	31.1%	31.4%	31.4%
Core net margin	27.6%	26.1%	24.5%	24.9%	25.1%
ROA	4.7%	4.3%	3.9%	4.0%	4.1%
ROE	19.6%	17.3%	14.6%	13.8%	13.2%
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

## 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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