

Fiber-Led Growth, Tower-Like Stability

12 June 2026



TOWR IJ	BUY
Sector	TowerCo
Price at 11 June 2026 (IDR)	332
Price target (IDR)	500
Upside/Downside (%)	50.6

Stock Information

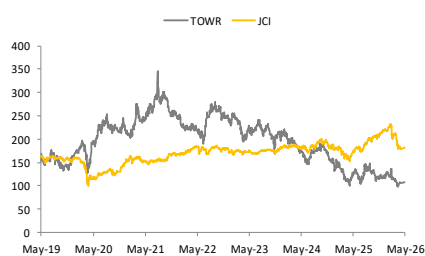
Sarana Menara Nusantara was established in 2008 with the prime focus of its business is to invest in the operating companies who own and operate tower telecommunication sites and lease them to wireless communication companies.

Market cap (IDR bn)	19,502
Shares outstanding (mn)	59,098
52-week range (IDR)	310-700
3M average daily vol. ('000)	31,208
3M average daily val. (IDR mn)	21,015

Shareholders (%)

Sapta Adhikari Investama	45.3
Dwimuria Investama Andalan	20.0
Public	34.7

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	-29.79	-28.57	-39.45

Analyst

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TOWR began FY26F on a solid footing, supported by higher tenancy ratios and accelerating fiber monetization, which continue to enhance revenue quality and earnings resilience. We remain constructive on the growing contribution from fiber services, while key risks include a prolonged higher-for-longer interest-rate environment that could pressure funding costs and sector valuations. Maintain our BUY call with an unchanged target price of IDR500, based on 6.3x FY26F EV/EBITDA (-1.0SD 5yrs historical mean).

Fiber monetization continues to accelerate

Fiber continues to strengthen its role as TOWR's primary growth engine, driving both revenue expansion and improving earnings quality. In FY25, FTTT revenue reached IDR2.9 tn (+12.4% YoY), increasing its contribution to 22.1% of total revenue from 20.6% in FY24, while FTTH revenue expanded to IDR658.0 bn. The achievement of 1.83 mn homepasses, combined with TOWR's 40% stake in Remala Abadi, further strengthens its fiber ecosystem and long-term monetization potential.

For FY26F, we expect non-tower revenue to lead growth, rising 12.0% YoY to IDR5.2 tn, with 1Q26 already achieving 24.4% of our FY26F forecast. FTTT revenue is projected to grow 17.5% YoY to IDR3.5 tn, increasing its contribution to 24.8% of total revenue. Meanwhile, tower-leasing revenue is expected to remain resilient, growing 0.5% YoY to IDR8.8 tn, supported by continued tenancy additions from EXCL. Overall, we forecast FY26F revenue to increase 4.5% YoY to IDR13.9 tn.

Tenancy gains support earnings delivery

TOWR reported 1Q26 EBIT of IDR2.0 tn (+3.3% YoY), broadly in line with expectations, representing 24.6% of our FY26F forecast and 24.3% of consensus estimates. Revenue grew 10.8% YoY to IDR3.6 tn, supported by a 3.0% increase in tower count and a 4.6% rise in tenants, largely driven by incremental demand from EXCL following its merger. Revenue contribution from EXCL expanded 24.0% YoY during the quarter, lifting TOWR's tenancy ratio to 1.66x from 1.63x in 1Q25. Net profit rose 17.2% YoY to IDR940.7 bn, tracking at 25.0% of our full-year estimate and 25.4% of consensus, aided by a 22.3% decline in interest expenses following debt repayments.

Cost discipline and fiber growth reinforce earnings outlook

The ongoing shift toward higher-margin fiber services (gross margin 62.1%, EBIT margin 43.2%) should help cushion cost pressures and support earnings resilience. We estimate FY26F cost of revenue growth at 7.5% YoY to IDR4.5 tn, below the three-year historical average of 13.0%, despite continued network expansion. Cash costs are expected to increase 7.3% YoY to IDR2.5 tn, with 1Q26 already accounting for 22.0% of our full-year forecast. We project FY26F EBITDA to grow 2.9% yoy to IDR11.7 tn, with 1Q26 tracking in line with both our forecast and management guidance. Continued funding-cost discipline should further support the bottom line, leading to FY26F net profit of IDR3.8 tn (+2.5% YoY), with 1Q26 representing 25.0% of our full-year projection.

BUY maintained; attractive valuation amid improving fiber visibility

Despite improving fiber monetization visibility and a structurally stronger revenue-mix, TOWR currently trades at just 5.5x FY26F EV/EBITDA, representing a 37.7% discount to its 5yrs historical average of 8.8x. We view this discount as unwarranted given the company's improving earnings quality and resilient cash-flow profile. Key downside risks remain a prolonged higher-rate environment and potential valuation pressure across the sector, although ongoing deleveraging should provide a meaningful buffer against rising funding costs.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue (Rp)	12,736	13,328	13,921	14,531	15,184
EBIT (Rp)	7,602	7,897	8,073	8,110	8,242
EBITDA (Rp)	11,037	11,370	11,703	12,186	12,696
Net profit (Rp)	3,335	3,678	3,770	3,911	4,089
EPS (Rp)	65.4	72.1	73.9	76.7	80.2
EPS growth	2.5	10.3	2.5	3.7	4.6
ROA	4.6	4.7	4.7	4.7	4.7
ROE	18.8	16.0	12.8	11.3	10.2
PER (x)	5.0	4.6	4.5	4.3	4.1
PBV (x)	1.0	0.9	0.6	0.5	0.5
Interest coverage (x)	3.5	3.7	3.8	4.1	4.4
EV/EBITDA (x)	6.3	5.6	5.3	4.9	4.7

Source: Company, KBVS Research

Exhibit 2: TOWR's 1Q26 result

TOWR'S 1Q26 Results (IDR bn)	1Q26	1Q25	YoY (%)	4Q25	QoQ (%)	2026F	% to 2026F	Cons'	% of Cons'
Revenue	3,556	3,208	10.8	3,641	(2.3)	13,921	25.5	13,650	26.0
Cost of service	(1,249)	(1,007)	24.0	(1,104)	13.1				
Gross profit	2,307	2,202	4.8	2,537	(9.1)				
Operating expenses	(322)	(281)	14.7	(391)	(17.5)				
EBIT	1,985	1,921	3.3	2,147	(7.6)	8,073	24.6	8,154	24.3
EBITDA	2,780	2,679	3.8	2,939	(5.4)	11,703	23.8	11,276	24.7
Other income/expenses	(146)	(137)		(119)					
Net finance costs/income	(638)	(819)		(673)					
Pre-tax income	1,200	964		1,354					
Taxes	(228)	(159)		(225)					
Attributable net profit	941	803	17.2	1,123	(16.2)	3,770	25.0	3,703	25.4
Margins (%)									
EBIT Margin	55.8	59.9		59.0					
EBITDA margin	78.2	83.5		80.7					
Net Margin	26.5	25.0		30.8					
Operational metrics									
Tower	36,572	35,506	3.0	36,247	0.9				
Tenant	60,743	58,045	4.6	60,540	0.3				
Tenancy ratio (x)	1.66	1.63	1.6	1.67	(0.6)				

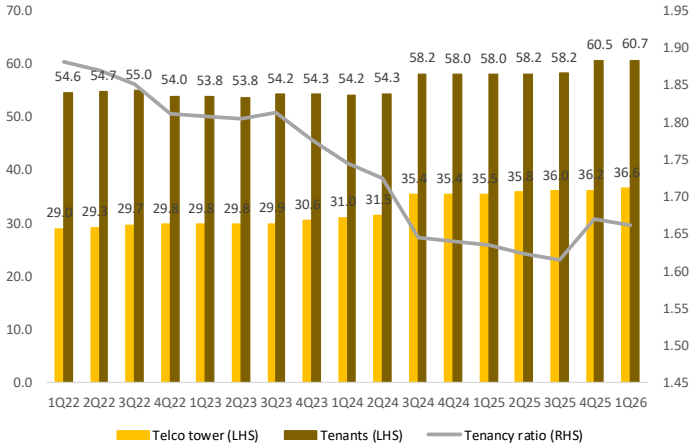
Source: Company, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	13,921	14,531	13,921	14,531	0.0%	0.0%	13,650	14,110	2.0%	3.0%
EBITDA	11,703	12,186	11,703	12,186	0.0%	0.0%	11,276	11,635	3.8%	4.7%
Net profit	3,770	3,911	3,770	3,911	0.0%	0.0%	3,703	3,861	1.8%	1.3%

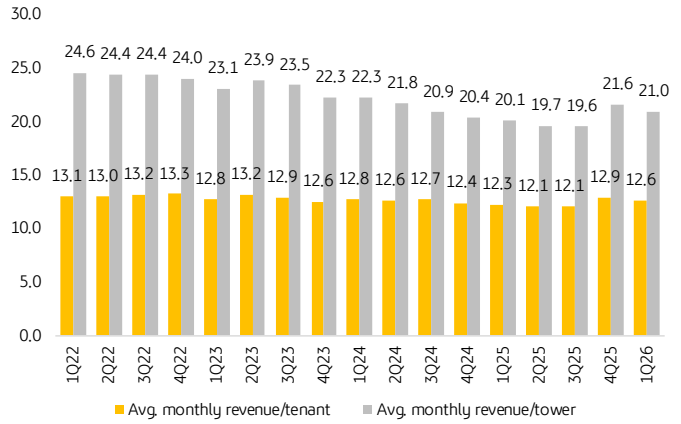
Source: Company, KBVS Research

Exhibit 4: TOWR's towers, tenants and tenancy ratio



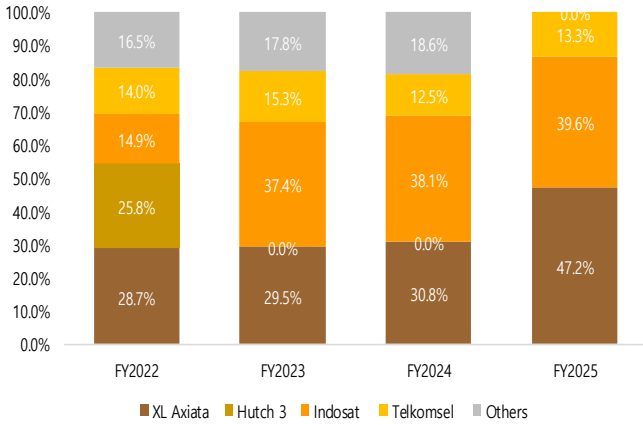
Source: Company, KBVS Research

Exhibit 5: TOWR's avg. revenue/tenant and revenue/site



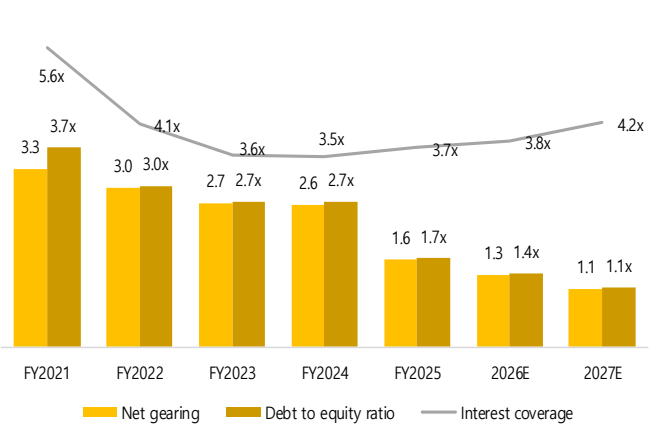
Source: Company, KBVS Research

Exhibit 6: Source of revenue by carrier



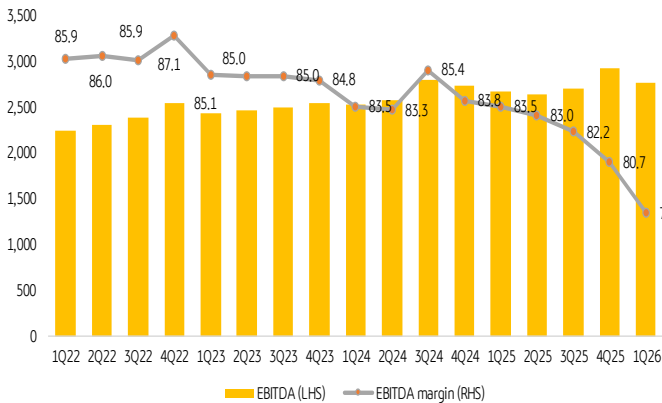
Source: Company, KBVS Research

Exhibit 7: TOWR's leverage metrics



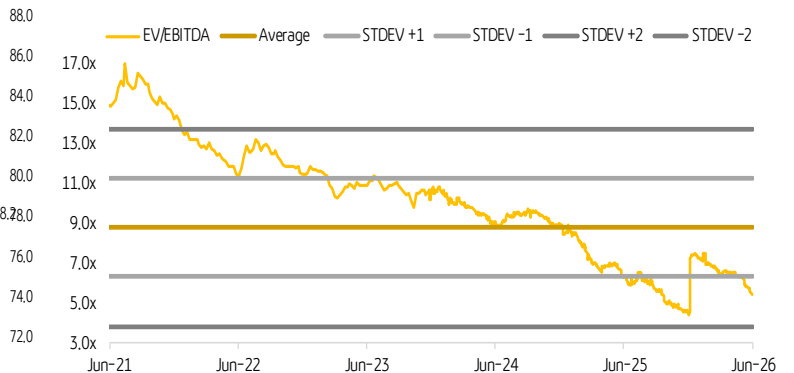
Source: Company, KBVS Research

Exhibit 8: EBITDA & EBITDA margin



Source: Company, KBVS Research

Exhibit 9: Currently trading below 5-years average mean



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Revenue	12,736	13,328	13,921	14,531	15,184
Cost of revenue	(3,996)	(4,188)	(4,501)	(5,026)	(5,505)
Gross profit	8,739	9,140	9,420	9,505	9,679
EBITDA	11,037	11,370	11,703	12,186	12,696
Operating expenses	(1,137)	(1,242)	(1,347)	(1,395)	(1,437)
Operating profit	7,602	7,897	8,073	8,110	8,242
Net finance income/ cost	(3,070)	(3,045)	(3,056)	(2,921)	(2,834)
Pretax profit	4,196	4,453	4,706	4,882	5,104
Income tax	(831)	(771)	(932)	(967)	(1,011)
Net profit	3,335	3,678	3,770	3,911	4,089

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Current assets					
Cash and cash equivalents	1,109	823	2,024	1,658	1,003
Trade receivables	3,293	1,974	3,595	3,671	3,922
Other current assets	518	574	631	694	763
Total current assets	4,956	3,433	6,250	6,022	5,687
Non current assets					
Fixed assets	47,478	48,297	49,603	52,539	55,542
Other non current assets	23,293	23,573	23,491	23,507	24,542
Total non current assets	72,873	73,836	75,394	78,853	83,367
Total assets	77,828	77,270	81,644	84,875	89,055
Current liabilities					
Tower construction and other payables	1,008	1,188	1,212	1,236	1,261
Accruals	1,365	1,086	1,053	1,022	991
Short term debts	15,200	15,748	13,826	11,276	9,728
Other current liabilities	2,551	1,556	1,481	1,409	1,341
Total current liabilities	20,124	19,578	17,571	14,943	13,320
Non current liabilities					
Long term debts	37,136	29,472	30,896	31,505	31,815
Other non current liabilities	1,399	1,137	1,107	1,078	1,050
Total non-current liabilities	38,535	30,609	32,003	32,583	32,866
Shareholder equity	19,169	27,083	32,070	37,349	42,869
Total liabilities and equity	77,828	77,270	81,644	84,875	89,055

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2024A	2025A	2026F	2027F	2028F
Net profit	3,335	3,678	3,770	3,911	4,089
D&A	3,098	3,073	3,319	3,769	4,150
Changes in working capital	(634)	143	(1,701)	(217)	(394)
CF from operating activities	5,799	6,894	5,388	7,462	7,845
Investment in fixed assets	(10,191)	(3,892)	(4,624)	(6,706)	(7,153)
Others	(1,788)	(145)	(252)	(522)	(1,512)
CF from investing activities	(11,978)	(4,037)	(4,876)	(7,228)	(8,665)
Dividends paid	(901)	(1,205)	1,263	1,369	1,431
Debt raised/ repaid	7,423	(7,117)	(498)	(1,940)	(1,238)
Others	337	5,179	(76)	(29)	(28)
CF from financing activities	6,859	(3,143)	689	(601)	165
Change in cash flow	680	(286)	1,201	(366)	(654)
Cash and cash equivalent, beginning	429	1,109	823	2,024	1,658
Cash and cash equivalent, ending	1,109	823	2,024	1,658	1,003

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2024A	2025A	2026F	2027F	2028F
Gross profit margin	68.6	68.6	67.7	65.4	63.7
Operating profit margin	59.7	59.3	58.0	55.8	54.3
EBITDA margin	86.7	85.3	84.1	83.9	83.6
Net profit margin	26.2	27.6	27.1	26.9	26.9
Receivables turnover (x)	4.0	5.1	5.0	4.0	4.0
ROA	4.6	4.7	4.7	4.7	4.7
ROE	18.8	16.0	12.8	11.3	10.2
ROCE	17.4	13.6	11.8	10.5	9.5
ROIC	4.7	5.1	5.0	5.0	4.9
Debt/Equity	2.7	1.7	1.4	1.1	1.0
Net debt/Equity	2.7	1.6	1.3	1.1	0.9
Net debt/EBITDA	4.6	3.9	3.6	3.4	3.2
Sales/Assets turnover (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	3.5	3.7	3.8	4.1	4.4
BV/Share (Rp)	375.8	530.9	628.6	732.1	840.3
Dividend yield	5.4%	7.2%	7.5%	8.1%	8.5%

Source: Company, KBVS Research

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