Fiber inflection drives FY26F earnings growth

28 January 2026

TOWR IJ	BUY
Sector	TowerCo
Price at 27 January 2026 (IDR)	600
Price target (IDR)	800
Upside/Downside (%)	33.3

Stock Information

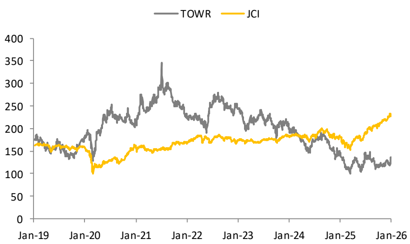
Sarana Menara Nusantara was established in 2008 with the prime focus of its business is to invest in the operating companies who own and operate tower telecommunication sites and lease them to wireless communication companies.

Market cap (IDR bn)	36,936
Shares outstanding (mn)	59,098
52-week range (IDR)	442-700
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	6.84	19.05	-8.09

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TOWR enters 4Q25F at a clear inflection point, with FTTT delivering a visible step-up in growth as fiber monetisation and utilisation accelerate. This reinforces non-tower revenue as the key earnings driver into FY26F, supporting steady margin expansion and earnings growth. Key catalysts remain faster fiber scaling and post-merger tenancy upside, while execution risk on fiber rollout and cost-control are the main watchpoints. Maintain our BUY call with a target price of IDR800, based on 8.9x FY26F EV/EBITDA, (-0.5SD 7yrs-historical mean).

4Q25F: FTTT delivers a clear step-up

TOWR's fiber-led strategy is driving a clear earnings inflection. 4Q25F FTTT revenue is projected to rise 11.6% qoq to IDR615.1 bn, underpinned by higher monetization as revenue-generating fiber length expands to 230.4k km (+4.1% qoq) and utilization improves to 90.9%. As a result, FTTT's revenue contribution increases to 17.4% (from 16.7% in 3Q25), supporting a strong FY25F FTTT revenue forecast of IDR3.0 tn (+16.2% yoy) and reinforcing fiber as a key growth engine.

FY26F outlook: non-tower leads, margins stay intact

Fiber momentum remains broad-based, supported by structurally rising demand for high-speed connectivity. In 9M25, FTTT revenue reached IDR1.6 tn (+7.3% yoy), making it TOWR's second-largest revenue contributor (17%). FTTH revenue rose to IDR485.0 bn (vs. IDR384.0 bn in 9M24), while management targets 2.0 mn homepasses (1.79 mn achieved to date). The 40% acquisition of Remala Abadi further enhances infrastructure depth and long-term optionality.

Into FY26F, we expect further scaling of the fiber platform, with non-tower revenue leading growth (+11.2% yoy to IDR5.2 tn), alongside steady tower-leasing expansion (+6.1% yoy to IDR9.1 tn), driven mainly by incremental tenancies from EXCL post-merger. EXCL leasing revenue already grew 32.0% yoy in 9M25 via B2S and co-location. Overall, total revenue is projected to grow 7.9% yoy in FY26F, accelerating from ~3.9% in FY25F.

The improving revenue mix toward higher-margin fiber-related services (gross margin 61.5%, EBIT margin 45.3%) should cap cost-escalation, limiting CoR growth to 13.7% yoy (IDR4.9 tn) in FY26F, below the five-year average of 16.1%. This supports EBITDA growth of 8.1% yoy to IDR11.7 tn and net profit of IDR3.7 tn (+8.1% yoy), implying a 25.7% margin. FY25F EBITDA is tracking in line with management guidance (LQA ~IDR10.8 tn).

Reiterate BUY with TP of IDR800

Maintain our BUY call with a target price of IDR800, based on 8.9x FY26F EV/EBITDA (-0.5SD 7yrs-historical mean). TOWR currently trades at 8.3x EV/EBITDA, representing a 15.7% discount to its 7yrs mean of 9.9x, offering attractive upside. Catalysts: faster-than-expected FTTT monetization and utilization gains; additional tenancy upside post EXCL-FREN integration. Key risks: slower fiber demand uptake or execution delays; higher operating cost inflation.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue (Rp)	11,740	12,736	13,228	14,276	15,153
EBITDA (Rp)	10,175	11,037	10,815	11,695	12,411
Net profit (Rp)	3,253	3,335	3,401	3,676	4,371
EPS (Rp)	63.8	65.4	66.7	72.1	85.7
EPS growth	-5.5	2.5	2.0	8.1	18.9
ROA	4.9	4.6	4.2	4.3	4.9
ROE	21.1	18.8	14.7	12.9	13.9
PER (x)	11.5	11.2	11.0	10.2	8.6
PBV (x)	2.6	2.3	2.0	1.4	1.2
Interest coverage (x)	3.6	3.5	3.6	3.8	4.1
EV/EBITDA (x)	8.6	8.5	8.0	7.5	6.9

Source: Company, KBVS Research

Exhibit 2: Summary of TOWR's latest results

TOWR's 9M25 Results (IDR bn)	9M25	9M24	YoY (%)	3Q25	3Q24	YoY (%)	2Q25	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
Revenue	9,687	9,449	2.5	3,292	3,295	(0.1)	3,186	3.3	13,228	73.2	13,144	73.7
Cost of service	(3,085)	(2,892)	6.7	(1,059)	(1,034)	2.5	(1,019)	4.0				
Gross profit	6,602	6,557	0.7	2,233	2,261	(1.2)	2,167	3.1				
Operating expenses	(852)	(869)	(2.0)	(286)	(248)	15.0	(285)	0.2				
EBIT	5,750	5,688	1.1	1,948	2,013	(3.2)	1,882	3.5				
EBITDA	8,032	7,946	1.1	2,708	2,812	(3.7)	2,645	2.4	10,815	74.3	10,982	73.1
Other income/expenses	(280)	(395)		(93)	(223)		(50)					
Net finance costs/income	(2,371)	(2,196)	8.0	(750)	(772)	(2.9)	(802)	(6.5)				
Pre-tax income	3,099	3,097		1,105	1,018		1,030					
Taxes	(546)	(619)		(200)	(162)		(186)					
Attributable net profit	2,555	2,447	4.4	903	842	7.2	849	6.4	3,401	75.1	3,501	73.0
Margins (%)												
EBIT Margin	59.4	60.2		59.2	61.1		59.1					
EBITDA margin	82.9	84.1		82.2	85.4		83.0					
Net Margin	26.4	25.9	48.0	27.4	25.6		26.7	77.6				
Operational metrics												
Tower	36,049	35,371	1.9	36,049	35,371	1.9	35,825	0.6				
Tenant	58,213	58,165	0.1	58,213	58,165	0.1	58,158	0.1				
Tenancy ratio (x)	1.61	1.64	(1.8)	1.61	1.64	(1.8)	1.62	(0.5)				

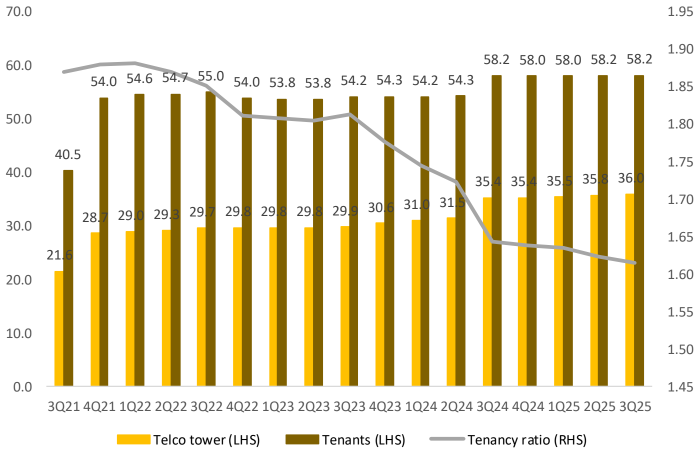
Source: Company, KBVS Research

Exhibit 3: Forecast for 2025F-2026F (unchanged from our latest reports)

	New		Old		Changes		Consensus		New vs consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	13,228	14,276	13,228	14,276	0.0%	0.0%	13,144	13,719	0.6%	4.1%
EBITDA	10,815	11,695	10,815	11,695	0.0%	0.0%	10,982	11,461	-1.5%	2.0%
Net profit	3,401	3,591	3,401	3,591	0.0%	0.0%	3,501	3,765	-2.8%	-4.6%

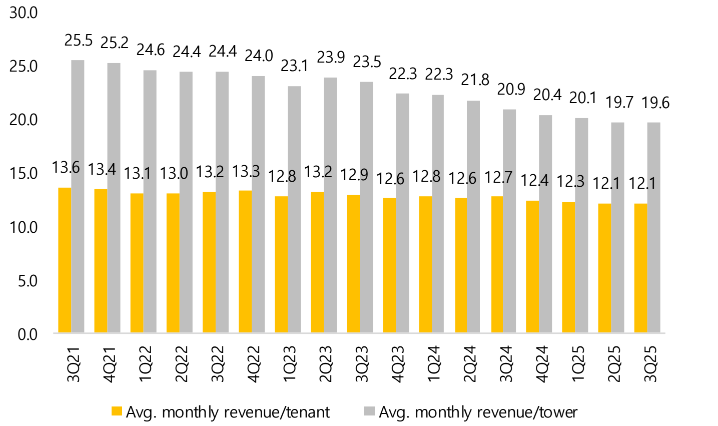
Source: Company, KBVS Research

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



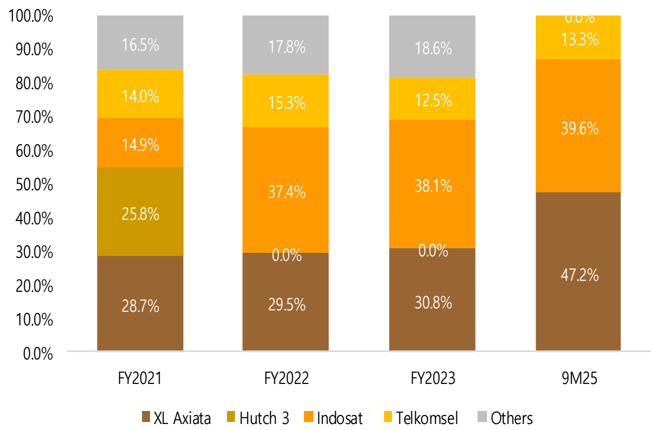
Source: Company, KBVS Research

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



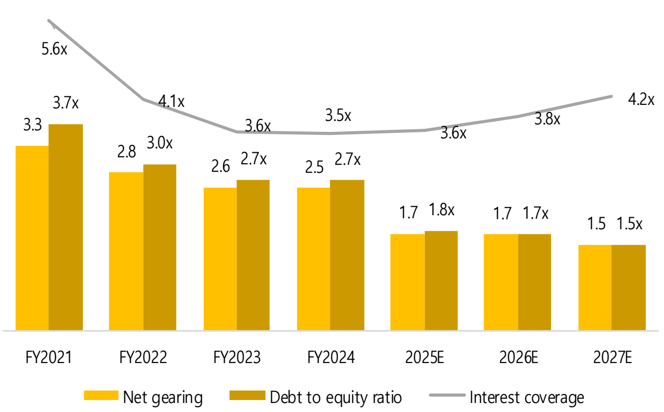
Source: Company, KBVS Research

Exhibit 6: Source of revenue by carrier



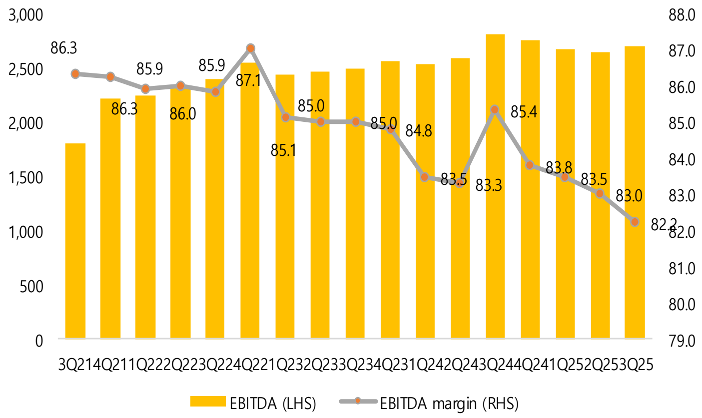
Source: Company, KBVS Research

Exhibit 7: TOWR's leverage metrices



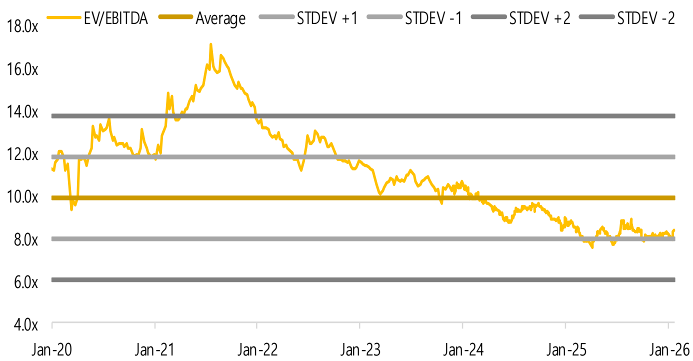
Source: Company, KBVS Research

Exhibit 8: EBITDA & EBITDA margin



Source: Company, KBVS Research

Exhibit 9: Currently trading below 7-years average mean



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	**11,740**	**12,736**	**13,228**	**14,276**	**15,153**
Cost of revenue	(3,528)	(3,996)	(4,321)	(4,914)	(4,899)
Gross profit	8,213	8,739	8,907	9,362	10,253
EBITDA	**10,175**	**11,037**	**10,815**	**11,695**	**12,411**
Operating expenses	(1,076)	(1,137)	(1,314)	(1,392)	(1,447)
Operating profit	7,136	7,602	7,594	7,970	8,806
Net finance income/ cost	(2,838)	(3,070)	(2,999)	(3,034)	(3,001)
Pretax profit	4,104	4,196	4,279	4,624	5,498
Income tax	(800)	(831)	(847)	(883)	(1,050)
Net profit	**3,253**	**3,335**	**3,401**	**3,591**	**3,781**

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	429	1,109	5,394	5,665	5,872
Trade receivables	3,086	3,293	4,160	7,353	5,654
Other current assets	876	518	538	543	548
Total current assets	**4,427**	**4,956**	**10,128**	**13,561**	**12,074**
Non current assets					
Fixed assets	40,385	47,478	47,745	48,801	51,106
Other non current assets	22,463	23,293	23,133	23,222	23,313
Total non current assets	**63,992**	**72,873**	**72,938**	**74,206**	**76,733**
Total assets	**68,419**	**77,828**	**83,065**	**87,767**	**88,808**
Current liabilities					
Tower construction and other payables	1,101	1,008	1,038	1,059	1,080
Accruals	1,463	1,365	1,256	1,218	1,182
Short term debts	18,590	15,200	11,914	12,471	10,696
Other current liabilities	3,146	2,551	2,740	2,858	2,982
Total current liabilities	**24,299**	**20,124**	**16,948**	**17,606**	**15,941**
Non current liabilities					
Long term debts	26,323	37,136	37,542	39,292	39,650
Other non current liabilities	1,285	1,399	1,364	1,389	1,393
Total non-current liabilities	**27,608**	**38,535**	**38,906**	**40,681**	**41,043**
Shareholder equity	16,512	19,169	27,211	29,480	31,824
Total liabilities and equity	**68,419**	**77,828**	**83,065**	**87,767**	**88,808**

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	3,253	3,335	3,401	3,591	3,781
D&A	2,843	3,098	2,904	3,413	3,297
Changes in working capital	171	(634)	(777)	(3,060)	1,803
CF from operating activities	**6,267**	**5,799**	**5,528**	**3,944**	**8,880**
Investment in fixed assets	(6,076)	(10,191)	(3,171)	(4,469)	(5,602)
Others	1,215	(1,788)	202	(213)	(222)
CF from investing activities	**(4,861)**	**(11,978)**	**(2,969)**	**(4,682)**	**(5,824)**
Dividends paid	(1,200)	(901)	(850)	(1,257)	(1,437)
Debt raised/ repaid	(59)	7,423	(2,880)	2,307	(1,417)
Others	(27)	337	5,456	(40)	4
CF from financing activities	**(1,286)**	**6,859**	**1,726**	**1,010**	**(2,849)**
Change in cash flow	**120**	**680**	**4,285**	**272**	**207**
Cash and cash equivalent, beginning	309	429	1,109	5,394	5,665
Cash and cash equivalent, ending	429	1,109	5,394	5,665	5,872

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Gross profit margin	70.0	68.6	67.3	65.6	67.7
Operating profit margin	60.8	59.7	57.4	55.8	58.1
EBITDA margin	86.7	86.7	81.8	81.9	81.9
Net profit margin	27.7	26.2	25.7	25.2	25.0
Receivables turnover (x)	4.2	4.0	3.6	2.5	2.3
ROA	4.9	4.6	4.2	4.2	4.3
ROE	21.1	18.8	14.7	12.7	12.3
ROCE	19.7	17.4	12.5	12.2	11.9
ROIC	5.3	4.7	4.8	4.8	5.0
Debt/Equity	2.7	2.7	1.8	1.8	1.6
Net debt/Equity	2.7	2.7	1.6	1.6	1.4
Net debt/EBITDA	4.4	4.6	4.1	3.9	3.6
Sales/Assets turnover (x)	0.2	0.2	0.2	0.2	0.2
Interest coverage (x)	3.6	3.5	3.6	3.8	4.1
BV/Share (Rp)	323.7	375.8	533.4	577.9	623.8
Dividend yield	4.3%	3.2%	3.0%	4.5%	5.1%

Source: Company, KBVS Research

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