Fiber expansion strengthens growth outlook

31 October 2025

SARANA MENARA NUSANTARA

TOWR IJ	BUY
Sector	TowerCo
Price at 30 October 2025 (IDR)	550
Price target (IDR)	800
Upside/Downside (%)	45.5

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)	32,504
Shares outstanding (mn)	59,098
52-week range (IDR)	442-805
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	4.76	-12.70	-31.25

Analyst

Steven Gunawan

steven.gunawan@kbvalbury.com

TOWR's 9M25 performance largely met both our and consensus expectations, arriving within a range of 73.7% to 75.0%. EBITDA rose 1.1% yoy, driven by improved operating efficiency, while non-tower segments such as FTTT and FTTH are expected to further support revenue growth beyond tower leasing. Maintain our BUY call with a target price of IDR800, based on 7.9x '25F EV/EBITDA, which is within 7yrs avg. historical mean.

9M25 EBITDA inline; net profit up 6.4% qoq on lower interest costs

Despite a 6.7% yoy increase in CoR to IDR3.1 tn, TOWR's EBITDA rose 1.1% to IDR8.0 tn in 9M25, inline with our estimate at 74.3% of the full-year forecast, supported by a 2.0% yoy decline in opex to IDR851.7 bn. On a qoq basis, EBITDA grew 2.4% to IDR2.7 tn, matching the 3.3% increase in revenue to IDR3.3 tn. In 3Q25, net profit climbed 6.4% qoq to IDR903.2 bn, driven by a 6.5% reduction in interest expenses to IDR759.1 bn. TOWR's ability to sustain bottom-line growth of 4.4% yoy and 6.4% qoq despite higher cash-costs, up 9.6% yoy in 9M25 and 7.4% qoq in 3Q25, underscores its solid operational resilience.

Solid fiber progress supports stable '25F outlook

Given the inline 9M25 performance, we maintain our '25F forecasts. FTTT revenue grew 7.3% yoy to IDR1.6 tn, outperforming the 0.6% growth in tower-leasing revenue, reflecting management's strategic focus on fiber-led expansion. Although FTTT contributed only 17.0% of total revenue, it remains the key growth driver amid ongoing MNO consolidation.

FTTH also posted strong results, with revenue up 26.3% yoy to IDR485.0 bn. Management targets 2.0 mn homepasses by FY25, with 1.79 mn achieved as of 9M25. The 40% acquisition of Remala Abadi further strengthens TOWR's fiber infrastructure footprint, reinforcing its long-term growth platform.

For '25F, non-tower revenue is projected to rise 10.2% yoy to IDR4.7 tn, driven by a 16.2% increase in FTTT revenue to IDR3.0 tn, supported by the rollout of 36.0k km of new fiber, bringing total deployment to 253.5k km (87.3% of our FY target). Connectivity revenue is expected to grow 1.2% yoy to IDR1.6 tn, supported by 19.7k new activations, while tower-leasing revenue should edge up 0.7% yoy to IDR8.6 tn, with 9M25 results tracking inline at 74.4% of our full-year estimate.

An improving revenue mix, supported by higher-margin fiber-related services (61.5% gross and 45.3% EBIT margins), should limit CoR growth to 8.1% yoy at IDR4.3 tn in '25F, below the 13.3% increase recorded in '24A. This should sustain gross profit growth of 1.9% yoy to IDR8.9 tn (74.1% of our FY target already achieved in 9M25), with operating profit expected to remain stable at IDR7.6 tn.

EBITDA is on track, reaching 74.3% of our FY target, implying full-year EBITDA of IDR10.8 tn. Interest expenses remain manageable and inline with our forecast of IDR3.0 tn. We project '25F net profit of IDR3.4 tn (+2.0% yoy), with a margin of 25.7%. The 9M25 net profit of IDR2.6 tn represents 75.1% of our full-year forecast.

Reiterate BUY with TP of IDR800

Maintain our BUY call with a target price of IDR800, based on 7.9x '25F EV/EBITDA, which is within 7yrs avg. historical mean. TOWR is currently trading at 7.0x EV/EBITDA, representing a 20.3% discount to its 7yrs mean, offering attractive upside potential.

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	3,591	3,781
EPS growth	-5.5	2.5	2.0	5.6	5.3
ROA	4.9	4.6	4.2	4.2	4.3
ROE	21.1	18.8	14.7	12.7	12.3
PER (x)	8.6	8.4	8.2	7.8	7.4
PBV (x)	1.9	1.7	1.5	1.0	1.0
Interest coverage (x)	3.6	3.5	3.6	3.8	4.1
EV/EBITDA (x)	7.1	7.1	6.6	6.3	5.8

Source: Company, KBVS Research

Exhibit 2: Financial Summary

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)				

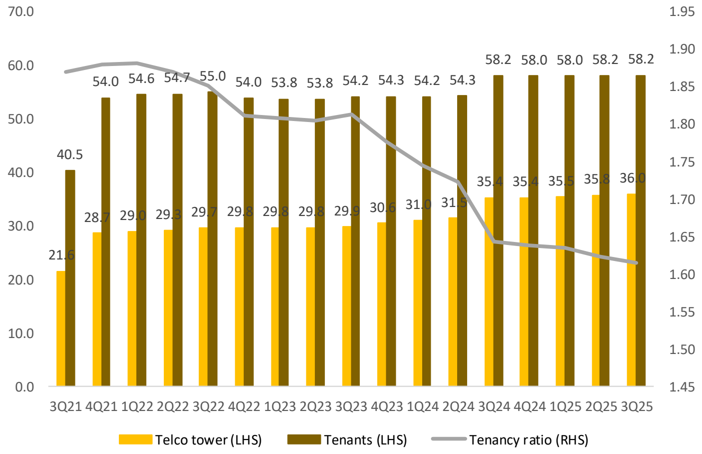
Source: Company, KBVS Research

Exhibit 3: Forecast revisions

	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%

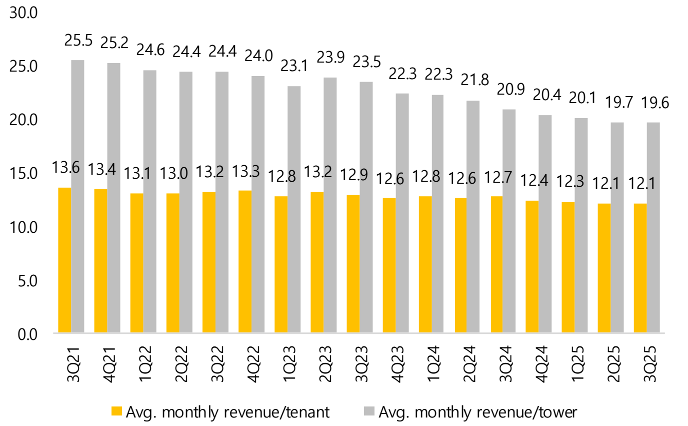
Source: Company, KBVS Research

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



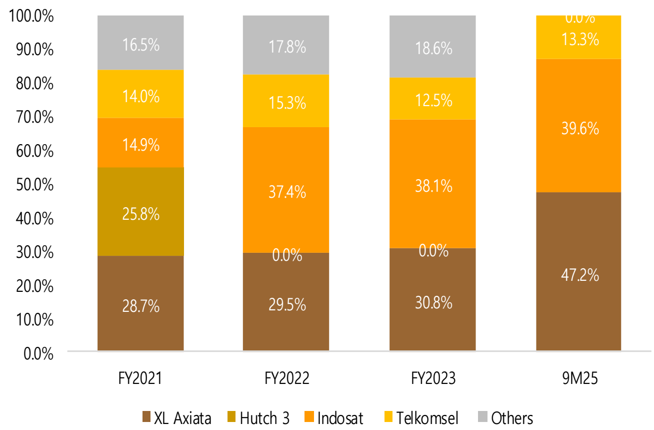
Source: Company, KBVS Research

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



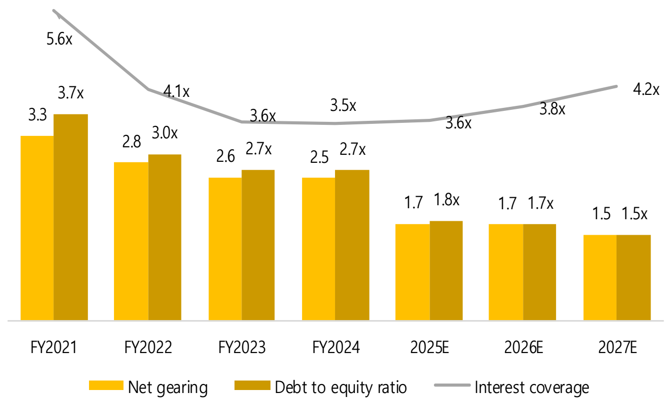
Source: Company, KBVS Research

Exhibit 6: Source of revenue by carrier



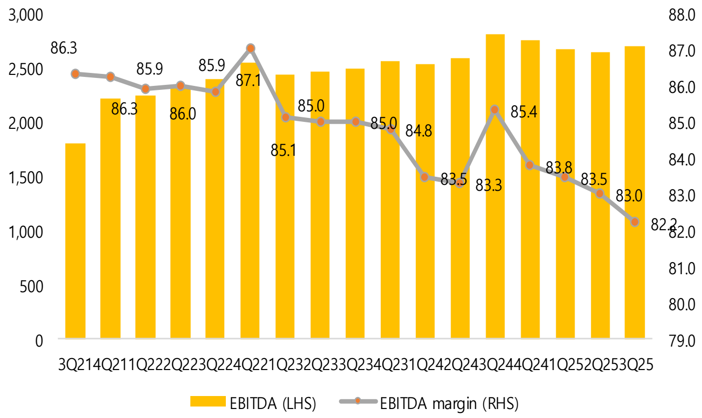
Source: Company, KBVS Research

Exhibit 7: TOWR's leverage metrices



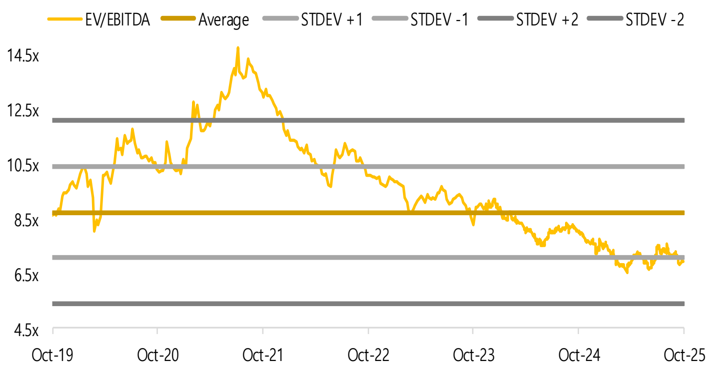
Source: Company, KBVS Research

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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KB Valbury Sekuritas Head Office

Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Kelurahan Karet Tengsin,
Kecamatan Tanah Abang, Jakarta Pusat 10220, Indonesia
T. (021) 25098300
F. (021) 25098400

Branch Office

Jakarta – Sudirman
Sahid Sudirman Center 41st Floor Unit A-C
Jalan Jenderal Sudirman No. 86 Karet Tengsin,
Tanah Abang, Jakarta Pusat 10220
T. (021) 25098300/301

Jakarta - Kelapa Gading
Rukan Plaza Pasifik
Jl. Boulevard Barat Raya Blok A1 No. 10
Jakarta Utara 14240
T. (021) 29451577

Jakarta - Puri Indah
Rukan Grand Aries Niaga Blok E1 No. IV
Jl. Taman Aries, Kembangan
Jakarta Barat 11620
T. (021) 22542390

Jakarta – Pluit
Jl. Pluit Putra Raya No. 2
Jakarta Utara 14450
T. (021) 6692119

Bandung
Jl. Abdul Rivai No. 1A, Kel. Pasirkaliki,
Kec. Cicendo Bandung 40171
T. (022) 3003133

Malang
Jl. Pahlawan Trip No. 7
Malang 65112
T. (0341) 585888

Banjarmasin
Jl. Gatot Subroto No. 33
Banjarmasin 70235
T. (0511) 3265918

Pekanbaru
Jl. Tuanku Tambusai, Komple
Blok A No. 3 Pekanbaru 282
T. (0761) 839393

Palembang
Komplek PTC Mall Blok I No. 7
Jl. R. Sukamto
Palembang 30114
T. (0711) 2005050

Surabaya
Pakuwon Center Lt 21
Jl. Embong Malang No.1
Surabaya 60261
T. (031) 21008080

Padang
Jl. Proklamasi No. 60A
Padang Timur 25121
T. (0751) 8688080

Yogyakarta
Jl. Magelang KM 5.5 No. 75
Yogyakarta 55000
T. (0274) 8099090

Semarang
Jl. Gajahmada 23A,
Kecamatan Semarang Tengah,
Kelurahan Kembang Sari 50241
T. (024) 40098080

Makassar
Komplek Ruko Citraland City Losari
Business Park, Blok B2 No. 09
Jl. Citraland Boulevard Makassar 90111
T. (0411) 6000818

Medan
Komplek Golden Trade Center
Jl. Jenderal Gatot Subroto No. 18-19
Medan 20112
T. (061) 50339090

Denpasar
Jl. Teuku Umar No. 177
Komplek Ibis Styles Hotel
Denpasar Bali 80114
T. (0361) 225229

Pontianak
Jl. Prof. M Yamin No. 14
Kotabaru, Pontianak Selatan
Kalimantan Barat 78116

Investment Gallery

Jakarta
Citra Garden 6 Ruko Sixth Avenue
Blok J.1 A/18, Cengkareng
Jakarta Barat 11820
T. (021) 52392181

Tangerang
Ruko Aniva Junction Blok D No. 32
Gading Serpong, Tangerang,
Banten 15334
T. (021) 35293147

Semarang
Jl. Jati Raya No. D6,
Srondol Wetan, Banyumanik,
Semarang 50263
T. (024) 8415195

Salatiga
Jl. Diponegoro No. 68
Salatiga 50711
T. (0298) 313007

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T. (0271) 3199090

Jambi
Jl. Orang Kayo Hitam No. 48 B
Jambi Timur 36123
T. (0741) 3068533

KB Valbury Sekuritas