

# Sarana Menara Nusantara Tbk (TOWR)

Tenancy Ratio Naik, Laba Bersih 1Q20 Terdongkrak

Company Report | July 10, 2020

## Hold

<b>Dec 2020 TP (IDR)</b>	<b>1,140</b>
Consensus Price (IDR)	1,063
TP to Consensus Price	+7.3%
vs. Last Price	+6.5%

### Shares data

Last Price (IDR)	1,070
Price date as of	July 09, 2020
52 wk range (Hi/Lo)	1,115 / 575
Free float	47.7%
Outstanding sh.(mn)	51,015
Market Cap (IDR bn)	56,626
Market Cap (USD mn)	3,904
Avg. Trd Vol - 3M (mn)	103.6
Avg. Trd Val - 3M (bn)	95.9
Foreign Ownership	18.97%

### Infrastructure

#### Telecommunication Towers

Bloomberg	TOWR IJ
Reuters	TOWR.JK

1Q20 TOWR membukukan kinerja positif, pendapatan dan laba bersih naik optimis sebesar 22,8% YoY dan 9,8% YoY. *Tenancy Ratio* meningkat menjadi 1,8x vs 1,7x di FY19. Dengan tingkat hutang yang tergolong rendah, TOWR masih memiliki peluang untuk menambah menara-nya.

**Kinerja 1Q20.** TOWR (Perseroan) membukukan pertumbuhan pendapatan pada 1Q20 Rp1,8 triliun (22,8% YoY). Pertumbuhan didorong oleh adanya peningkatan rasio sewa menara sebesar 1,8x vs 1,7x di FY19 menjadi 36.778 jumlah penyewa pada kuartal pertama 2020 (30,6% YoY, 10,3% QoQ). Penyewa dengan kontribusi terbesar Perseroan yakni PT Hutchison 3 Indonesia; PT XL Axiata Tbk; PT Telekomunikasi Selular; dan PT Indosat Tbk. (36,5%, 33,5%, 18,7%, dan 11,3%). Seiring dengan pertumbuhan pendapatan dan adanya manfaat pajak penghasilan pada kuartal pertama, mampu mendorong laba bersih Perseroan menjadi Rp0,5 triliun (9,8% YoY). Estimasi kami pendapatan Perseroan akan tumbuh sebesar 28,1% YoY FY20.

**Peluang TOWR untuk Tambah Aset (Menara).** Tercatat Perseroan hingga saat ini telah memiliki lebih dari 20 ribu menara, bertambah 1.595 unit sejak akhir tahun 2019. penambahan aset terbanyak berasal dari akuisisi menara milik PT XL Axiata Tbk (EXCL) sebanyak 1.399 unit (87,7% kontribusi dari penambahan menara Perseroan) melalui anak usaha Perseroan 'Protelindo'. Hingga akhir tahun, Perseroan mempunyai kesempatan untuk menambah jumlah aset menara telekomunikasi, mengingat bahwa Perseroan masih memiliki nilai kontrak jangka panjang senilai Rp51 triliun hingga tahun 2023 yang akan datang.

Disamping itu, permintaan menara telekomunikasi yang tinggi baik di menara baru maupun kolokasi dapat memberikan dampak positif bagi rasio sewa menara Perseroan, tercatat bahwa setiap tahunnya penyewa dari menara Perseroan selalu meningkat dengan rata-rata peningkatan selama tiga tahun terakhir sebesar 10,5%. Perseroan memiliki tingkat hutang yang masih rendah dengan nilai *Net Debt / EBITDA* sebesar 2.4x FY20e, yang menjadi salah satu peluang perseroan untuk mengandalkan pinjaman eksternal agar lebih leluasa dalam ekspansi menara-nya.

**Kami Memberi Sinyal HOLD untuk Saham TOWR.** Estimasi kami dengan berdasarkan valuasi *Discounted Cash Flow* (DCF) memiliki target harga sampai dengan akhir tahun 2020 dikisaran Rp1.140 per lembar saham, setara dengan nilai *EV / EBITDA* di level 13.2x. sehingga dari itu kami merekomendasikan HOLD untuk saham TOWR dengan *potential upside* sebesar 6,5%.

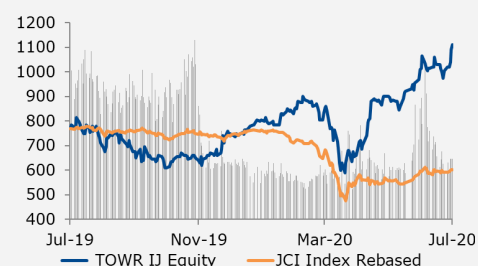
### Sarana Menara Nusantara Tbk | Summary (IDR bn)

	2018	2019	2020 F	2021 F
Revenue	5,868	6,454	8,204	7,721
<i>Revenue growth</i>	9.9%	10.0%	27.1%	-5.9%
EBITDA	4,932	5,385	5,866	5,949
Net profit	2,200	2,342	3,278	2,735
EPS (IDR)	43	46	64	54
BVPS (IDR)	157	172	222	243
EBITDA margin	84.0%	83.4%	71.5%	77.0%
NPM	37.5%	36.3%	40.0%	35.4%
ROE	27.4%	26.7%	29.0%	22.0%
ROA	9.6%	8.5%	10.6%	8.3%
ROIC	12.4%	10.8%	12.9%	9.8%
P/E	16.0x	19.7x	19.5x	23.3x
P/BV	4.4x	5.3x	5.6x	5.1x
EV/EBITDA	9.3x	11.3x	13.2x	12.1x
DPS (IDR)	23	23	21	32
<i>Dividend yield</i>	3.4%	2.6%	1.7%	2.6%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	33.8%	5.4%	52.9%	38.1%
Rel. Ret	53.3%	5.1%	44.2%	59.0%

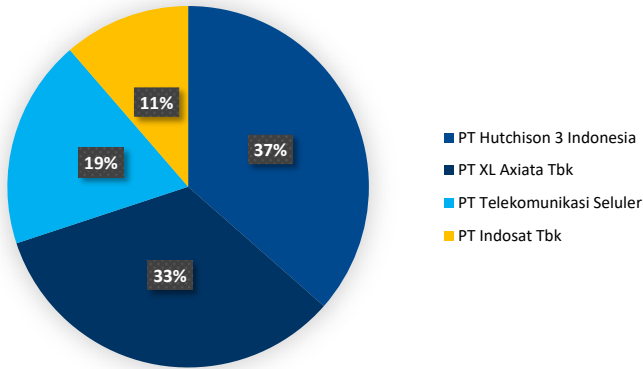
### Restu Pamungkas

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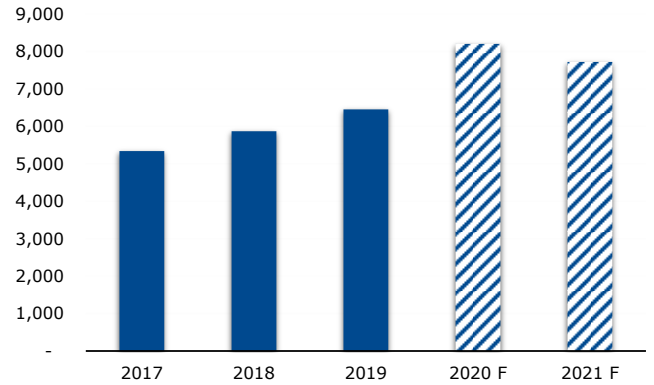
# Performance Highlights

## Revenue Composition 1Q20



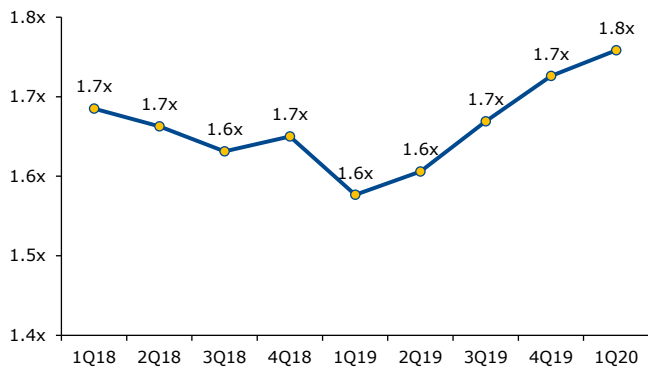
Source: Company, NHKSI Research

## Revenue Projection (Bn)



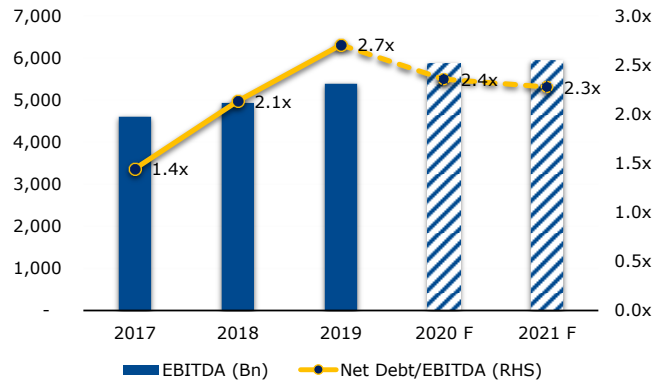
Source: Company, NHKSI Research

## Tenancy Ratio



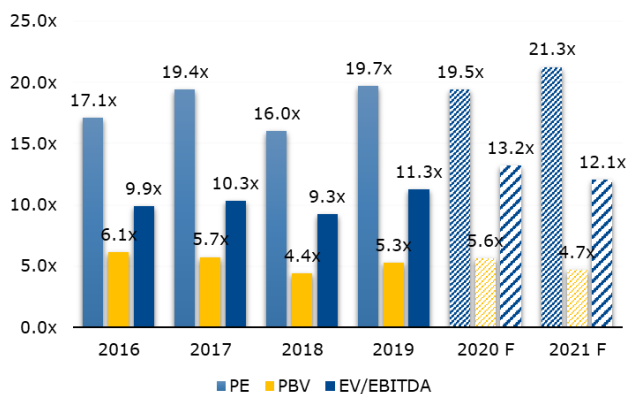
Source: Company, NHKSI Research

## Net Debt/EBITDA (Bn)



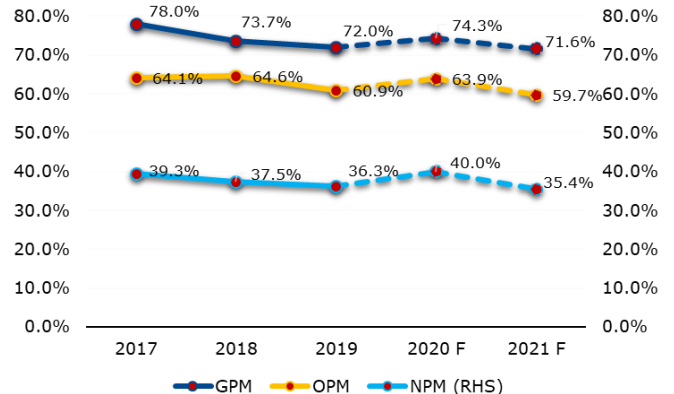
Source: Company, NHKSI Research

## Multiple Valuation



Source: Company, NHKSI Research

## TOWR Margins



Source: Bloomberg, Company, NHKSI Research

**PT Sarana Menara Nusantara Tbk. ("SMN")** didirikan pada tahun 2008 di Kudus, Jawa Tengah. Fokus utama SMN investasi pada perusahaan yang memiliki spesialisasi dalam kepemilikan dan pengoperasian lokasi-lokasi menara untuk disewakan kepada perusahaan telekomunikasi nirkabel. Sejak 2008, SMN telah memiliki 99,99% atas saham beredar dari PT Profesional Telekomunikasi Indonesia ("Protelindo").

Saat ini Protelindo telah memiliki dan mengoperasikan 20.914 menara di Indonesia, dengan 36.778 lokasi sewa, 3.693 VSAT dan lebih dari 35.000 kabel serat optik di seluruh Indonesia.

Forward EV/EBITDA Trade in +2SD



Source: NHKSI Research

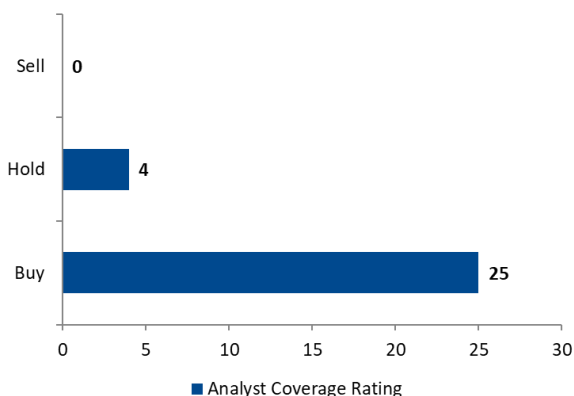
## Rating and Target Price Update

### Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
07/10/2020	Hold	1,140 (Dec 2020)	1,070	1,063	+6.5%	+7.3%

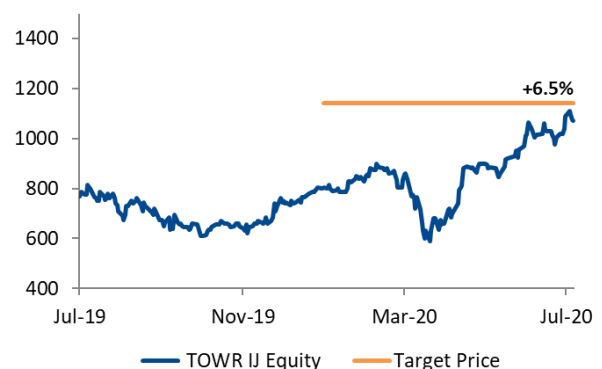
Source: NHKSI Research, Bloomberg

### Analyst Coverage Rating



Source: Bloomberg

### Closing and Target Price



Source: NHKSI Research

### NH Korindo Sekuritas Indonesia (NHKSI) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
  - Buy : Greater than +15%
  - Hold : -15% to +15%
  - Sell : Less than -15%

## Financial Summary

### INCOME STATEMENT

(IDR bn)	2018/12	2019/12	2020/12E	2021/12F
<b>Revenue</b>	<b>5,868</b>	<b>6,454</b>	<b>8,204</b>	<b>7,721</b>
<i>Growth</i>	9.9%	10.0%	27.1%	-5.9%
Cost of Revenue	(1,542)	(1,808)	(2,111)	(2,192)
<b>Gross Profit</b>	<b>4,326</b>	<b>4,646</b>	<b>6,092</b>	<b>5,529</b>
<i>Gross Margin</i>	73.7%	72.0%	74.3%	71.6%
Operating Expenses	(536)	(719)	(849)	(918)
<b>EBIT</b>	<b>3,790</b>	<b>3,928</b>	<b>5,243</b>	<b>4,611</b>
<i>EBIT Margin</i>	64.6%	60.9%	63.9%	59.7%
Depreciation	(1,114)	(1,350)	(1,389)	(1,490)
<b>EBITDA</b>	<b>4,932</b>	<b>5,385</b>	<b>5,866</b>	<b>5,949</b>
<i>EBITDA Margin</i>	84.0%	83.4%	71.5%	77.0%
Interest Expenses	872	958	1,066	1,144
<b>EBT</b>	<b>2,952</b>	<b>3,009</b>	<b>4,196</b>	<b>3,503</b>
Income Tax	(752)	(656)	(915)	(763)
Minority Interest	(0)	(11)	(4)	(4)
<b>Net Profit</b>	<b>2,200</b>	<b>2,342</b>	<b>3,278</b>	<b>2,735</b>
<i>Growth</i>	4.8%	6.4%	40.0%	-16.6%
<i>Net Profit Margin</i>	37.5%	36.3%	40.0%	35.4%

### BALANCE SHEET

(IDR bn)	2018/12	2019/12	2020/12E	2021/12F
Cash	963	600	1,861	2,764
Receivables	1,018	1,378	1,436	1,330
Inventories	-	-	-	-
<b>Total Current Assets</b>	<b>2,275</b>	<b>2,474</b>	<b>3,793</b>	<b>4,590</b>
Net Fixed Assets	15,980	19,648	21,342	21,975
Other Non Current Assets	4,704	5,543	5,934	6,376
<b>Total Assets</b>	<b>22,960</b>	<b>27,666</b>	<b>31,070</b>	<b>32,940</b>
Payables	704	641	880	913
Curr Maturities of LT Debt	1,733	1,945	2,011	2,090
LT Debt	8,343	11,230	11,612	12,069
<b>Total Liabilities</b>	<b>14,926</b>	<b>18,905</b>	<b>19,758</b>	<b>20,532</b>
Capital Stock	21	21	21	21
Retained Earnings	7,548	8,704	11,292	12,389
<b>Shareholders' Equity</b>	<b>8,033</b>	<b>8,761</b>	<b>11,312</b>	<b>12,408</b>

### CASH FLOW STATEMENT

(IDR bn)	2018/12	2019/12	2020/12E	2021/12F
Operating Cash Flow	3,021	2,587	4,178	3,663
Investing Cash Flow	(5,637)	(5,055)	(2,708)	(1,741)
Financing Cash Flow	1,232	2,105	(572)	(1,020)
<b>Net Changes in Cash</b>	<b>(1,385)</b>	<b>(363)</b>	<b>898</b>	<b>902</b>

Source: Company Data, NHKSI Research

### PROFITABILITY & STABILITY

	2018/12	2019/12	2020/12E	2021/12F
ROE	27.4%	26.7%	29.0%	22.0%
ROA	9.6%	8.5%	10.6%	8.3%
ROIC	12.4%	10.8%	12.9%	9.8%
Cash Dividend (IDR bn)	1,199	1,185	1,054	1,639
Dividend Yield	3.4%	2.6%	1.7%	2.6%
Payout Ratio	183.5%	197.7%	311.1%	166.9%
DER	1.4x	1.7x	1.4x	1.3x
Net Gearing	1.5x	1.7x	1.4x	1.3x
LT Debt to Equity	1.4x	1.7x	1.4x	1.3x
Capitalization Ratio	0.6x	0.6x	0.6x	0.6x
Equity Ratio	0.3x	0.3x	0.4x	0.4x
Debt Ratio	0.5x	0.5x	0.5x	0.5x
Financial Leverage	2.8x	3.0x	2.9x	2.7x
Current Ratio	0.5x	0.5x	0.8x	0.9x
Par Value (IDR)	50	50	50	50
Total Shares (mn)	51,015	51,015	51,015	51,015
Share Price (IDR)	690	905	1,250	1,250
Market Cap (IDR tn)	34,865	40,415	55,096	55,096

### VALUATION INDEX

	2018/12	2019/12	2020/12E	2021/12F
Price/Earnings	16.0x	19.7x	19.5x	23.3x
Price/Book Value	4.4x	5.3x	5.6x	5.1x
Price/Sales	6.0x	7.2x	7.8x	8.3x
PE/EPS Growth	3.4x	3.1x	0.5x	-1.4x
EV/EBITDA	9.3x	11.3x	13.2x	12.1x
EV/EBIT	12.1x	15.5x	14.8x	15.5x
EV (IDR bn)	45,721	60,736	77,592	71,695
Sales CAGR (3-Yr)	-8.7%	-7.8%	-13.3%	-8.7%
EPS CAGR (3-Yr)	10.4%	-3.0%	-13.8%	-7.0%
Basic EPS (IDR)	43	46	64	54
Diluted EPS (IDR)	43	46	64	54
BVPS (IDR)	157	172	222	243
Sales PS (IDR)	115	127	161	151
DPS (IDR)	23	23	21	32

### OWNERSHIP

By Geography	% Shareholders	%
Indonesia	81.0	PT Sapta Adhikari Inv. 51.5
United States	14.1	T Rowe Price Group I. 7.1
Hongkong	1.0	Harriss Associates LP 0.8
Luxembourg	0.9	Ario Wibisono 0.6

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