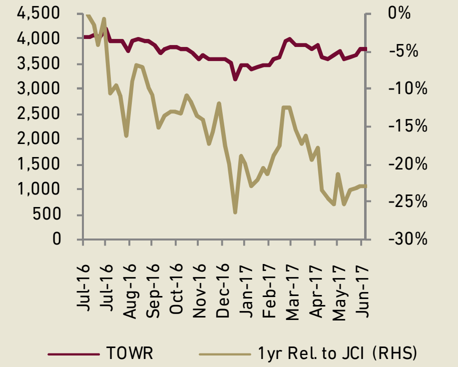
BUY

TP: Rp4,400 (+14.2%)

Sector	Telecommunication Towers
Bloomberg Ticker	TOWR IJ

Share Price Performance

Last price (Rp)			3,850
Avg. daily T/O (Rpbn/USDmn)			4.4/0.3
	3m	**6m**	**12m**
Absolute (%)	-0.8	9.4	-3.8
Relative to JCI (%)	-5.3	-1.2	-20.3
52w High/Low price (Rp)			4,300/3,200



Outstanding shrs (mn)	10,203
Mkt. Cap (Rpbn/USDmn)	39,281/2,934
Estimated free float (%)	67.3
Major shareholders	
PT Sapta Adhikari Investama	32.7%

EPS Consensus

	Ciptadana	Cons.	% Diff
2017F	247.9	270.7	-8.4
2018F	270.1	302.8	-10.8
2019F	282.4	332.6	-15.1

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Sarana Menara Nusantara

Solid fundamentals at attractive valuation

Initiate TOWR with BUY on the back of immense growth in data

TOWR owns the largest towers' portfolio in Indonesia with ~14,600 towers. Telco companies increasingly rely on tower providers to secure ground space for antennae and BTS especially now with the evolution of 4G LTE. Mobile data traffic increase ~69% CAGR in 2015-20 or potential of 3.9x increase in data consumption/user will translate into demand for towers and tower space. TOWR's coverage is well-balanced between Java to capture the growth from telco capacity upgrades and network densification, and non-Java areas to support expansion plans of telcos in less urbanized islands. We view TOWR's valuation undemanding at 2017 EV/EBITDA 9.7x while the company just started to pay dividends. We initiate on TOWR with BUY and TP:Rp 4,400.

To benefit from 2G/3G transition to 4G/LTE that requires network ex densification

Telcos are continuously in a phase of roll-out capex to establish network coverage of 4G LTE currently (OpenSignal: 62.8% coverage in Indonesia). As roll-out capacity intensifies in densely populated areas, TOWR will continue to provide uninterrupted value to operators as well as corporations with iForte's micro-cell/rooftop towers and fibre technology. 3G & 4G LTE technologies have lifecycle of ~20 years each, whereas towers and fibre optic cable can fairly outlive them with minimum capex stretching monetization period. As land & site rentals become scarce in urban areas given zoning restrictions to build, TowerCos can at least resist price pressures from telcos in tower leases.

Stable revenue streams support remarkable 87% EBITDA margin

TOWR's tower portfolio made up of ~42% of its towers are build-to-suit towers "B2S" and remaining towers obtained via acquisitions, has tenancy ratio at 1.65:1 in 1Q17 with capacity to take up to 4 tenants/tower via collocation. Towers acquired especially those from EXCL of #2,500 towers in 2016 may have yet to reach industry levels and the data outlook can well foster improvements. Revenue growth has been accompanied with remarkable EBITDA margin consistently at ~85% and above. We expect this to continue given the favorable industry framework and economics.

Strong balance sheet could comfortably support organic and inorganic growth.

TOWR's scale and financial strength should continue support a combination of organic with and inorganic growth, stable if not progressive dividends without impacting its financial position and investment grade status on its debt from 3 major rating agencies. Net debt has been steady below Rp7 tn level whereas EBITDA has consistently risen. TOWR low financial leverage can absorb more easily the cost of any price pressures and consolidation challenges in the telco space.

Fairly undervalued considering size, performance, financial strength & prospects

Based on EV/EBITDA multiples, Indonesian Tower companies seem fairly undervalued compared to international peers (see exh. 18) while having higher EBITDA margin. Compared to domestic peer TBIG, TOWR could also be considered undervalued. The low valuations can be explained to a degree by the low trading volumes which TOWR is keen on working to improve. We initiate TOWR with a BUY recommendation. Our target price of Rp 4,400, implies EV/EBITDA of 11.1x 2017, would trade slightly below its +1SD historical band and at discount to peers, locally and abroad.

Exhibit 1 : Financial Highlights

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Revenue (Rpbn)	4,470	5,053	5,315	5,541	5,748
Operating profit (Rpbn)	4,508	4,322	4,053	4,419	4,589
Net profit (Rpbn)	2,958	3,040	2,529	2,756	2,881
EPS (Rp)	290.0	297.9	247.9	270.1	282.4
EPS growth (%)	169.0	2.7	-16.8	9.0	4.6
EV/EBITDA (x)	9.4	10.0	9.7	8.6	7.9
PER (x)	13.3	12.9	15.5	14.3	13.6
PBV (x)	5.1	3.7	3.1	2.7	2.4
Dividend yield (%)	0.0	0.0	1.8	1.9	2.5
ROE (%)	38.5	28.4	20.2	19.0	17.5

Source : TOWR, Ciptadana Estimates

Industry review

The industry setting exerts enough comfort for investors to extend lending and investment into telecommunication towers.

Long visibility from recurring revenue

Towers provide the ground infrastructure to cellular telecom operators (Telcos) which accounts close to 70% of the total traffic in Indonesia. Telcos enter into Tower master lease agreements that define the tenancy lease contracts with the tower companies. These are typically non-cancellable contracts and have usually long duration 10-12yrs length as in the case of TOWR. Due contracts show usually high renewal rate since for the telco to relocate would have to commit resources and time to search for new optimized solution and parameterization.

Regulation raises entry barriers in favor for existing Tower Companies (TowerCos)

Construction and provision of tower services sector is under Indonesia's negative investment list to be funded only by local entrepreneurs, effectively reducing competition coming from abroad.

Zoning laws restrict tower companies to build towers in proximity to each other, in effect enhancing utilization of existing towers and limit ability to build more towers in the same location, thus favoring those who invested early in the region and the sector in general.

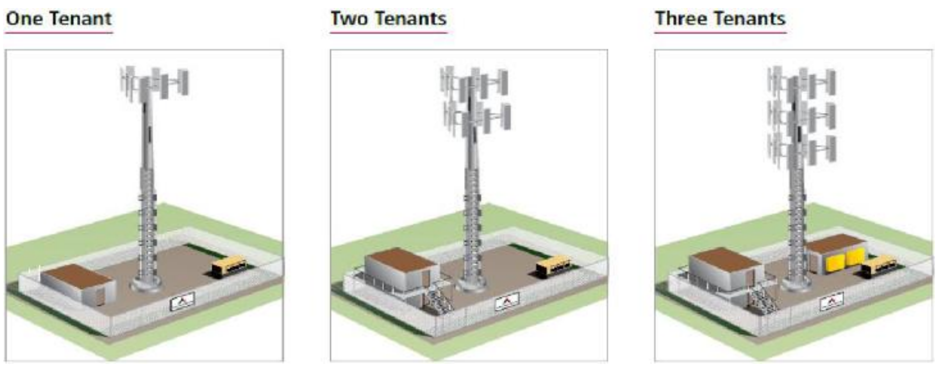
TowerCos in Indonesia enjoy high profit margins and operating leverages.

Lease per tower ranges between 10-17mn/month and after rent leases and site maintenance, it can enjoy high EBITDA margin of over 85%. The contracts have lease price escalations based on inflation to align with running costs and maintenance of towers, protecting profit margins.

High profit margins are supported through operating leverages that can be unlocked from collocation allowing more than one telco tenant to occupy space per each tower (4 on average by TOWR, FY16 tenancy ratio at 1.66x) while opex remains relatively flat.

-

Exhibit 2: typical tenancy additions via collocation

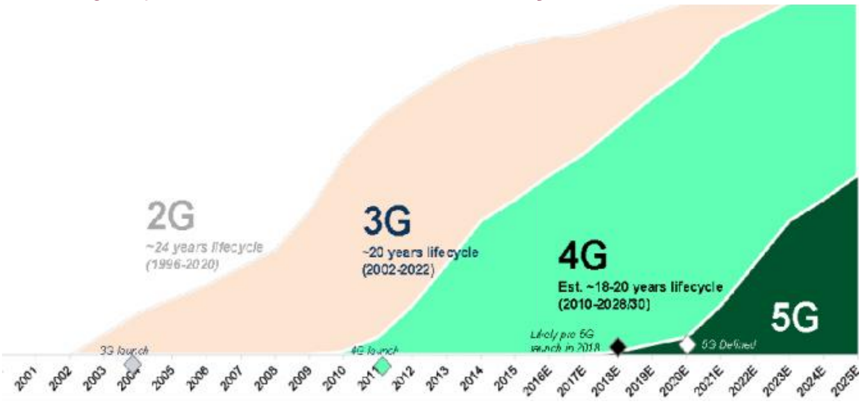


Opportunity for high capital returns

CAPEX should be mostly discretionary upon demand to build new tower (Build-to-suit "B2S") usually by a leading telco company. The CAPEX per tower is estimated to be over Rp 1bn to build for the anchor tenant. Adding more tenants or adding more tower capacity for the existing tenant requires fairly minimal CAPEX for each addition compared to the initial tower investment, effectively reducing the payback period.

The industry accepted depreciable life of a tower is 20 years, but TOWR believes the actual tower life can be longer if properly maintained. Towers potentially may well outlive the 3G data lifecycle and capture value from 4G LTE as well as 5G data technologies. Maintaining high profit margins and continue monetize on all 3 technologies, allows to grow capital returns.

Exhibit 3: longevity assets can outlive current technologies

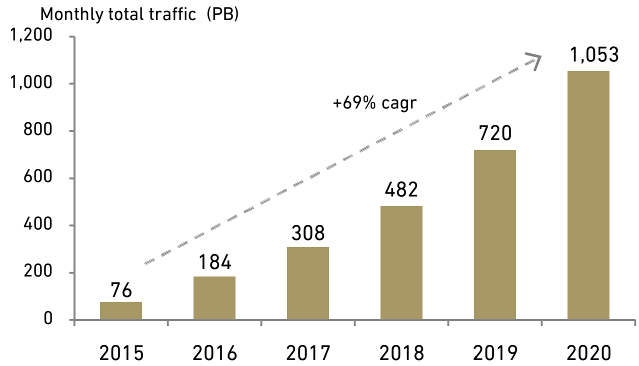


Source : American Tower

Riding the rising data trend

There is a clear and sustainable demand trend for wireless data. Much of the basis for this growth is due to the smartphone adoption with high capacity for data and video consumption.

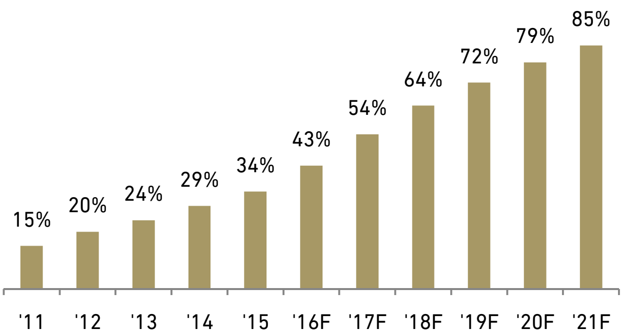
Exhibit 4: Average monthly data traffic / year



GB = (Gigabyte) 1000 MB
TB = (Terabyte) 1000 GB
PB = (Petabyte) 1000 TB

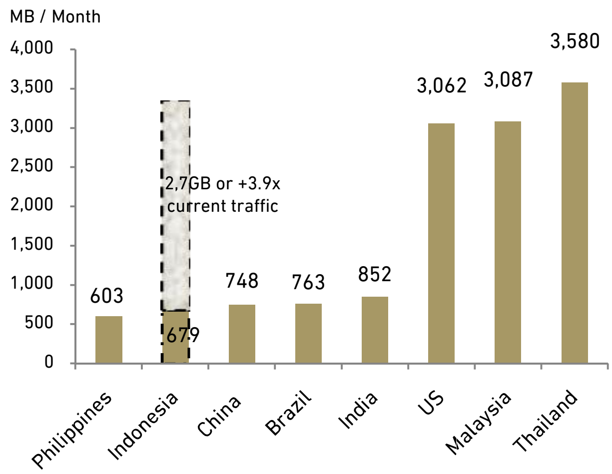
Source: Cisco VNI Mobile, Feb 2017

Exhibit 5: Smartphone Penetration to population in Indonesia



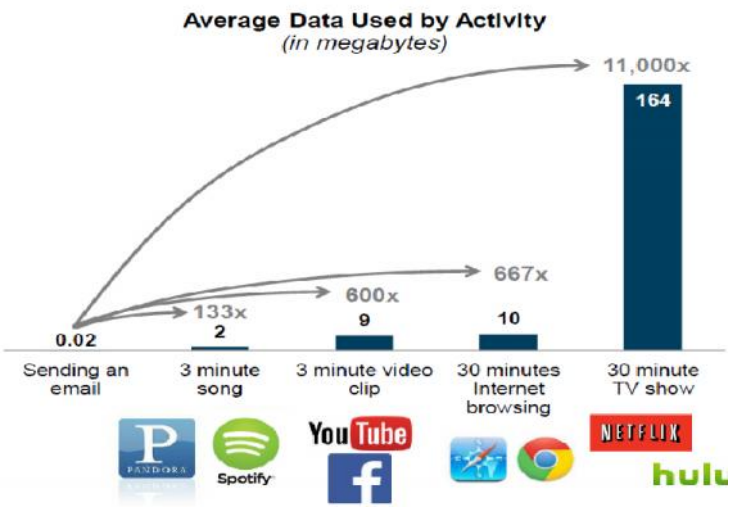
Source: Analysys Mason, TOWR

Exhibit 6: Traffic increase via a) increase usage per each user potentially +3.9x current traffic ...



Source : Analysys Mason, TOWR

Exhibit 7: ... b) with more data–intensive internet uses

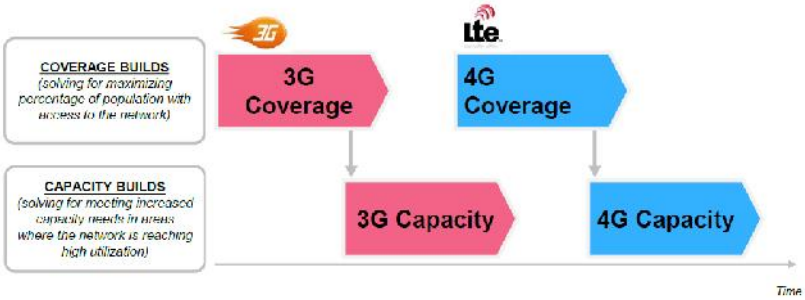


Source: American Tower

From 2G technology to 3G & 4G LTE

Telco network rollouts should typically be aimed for 2 purposes: coverage and capacity. Depending on the data technology and the geography region, telcos are balancing their CAPEX between fitting coverage for 4G LTE while beefing up data network as per consumer demand. Both should have positive effect on Tower companies.

Exhibit 8: Coverage and Capacityinvestment phases in telcos

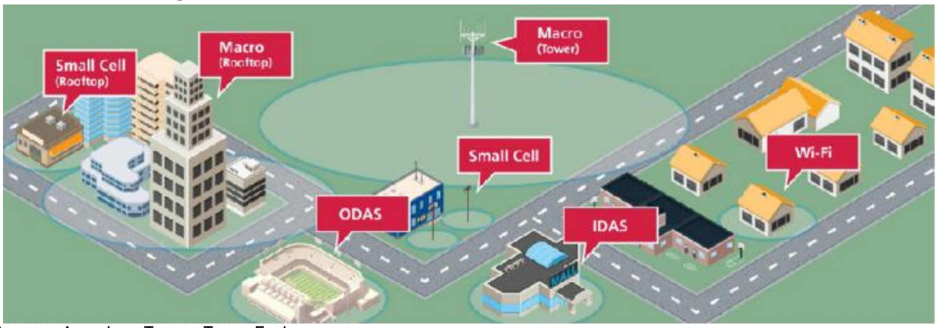


Source : American Tower, TowerExchange

Going from 2G to 4G/LTE requires use of more technologies

In an effort to support seamless data service in dense urban areas, network deployments have started to integrate multiple infra layers to form the Heterogeneous Networks (HetNets). Traditional macro cell towers have long height and provide a blanket coverage, while underneath a combination of other structures are deployed to improve Telcos' network. Multiple solutions including DAS, Rooftop sites, small-cell/micro sites, fibre and wi-fi technologies can be combined to support heavy traffic and help infill network gaps. These solutions are effective due to their lighter tower infrastructure, and ability to increase capacity in hotspot areas.

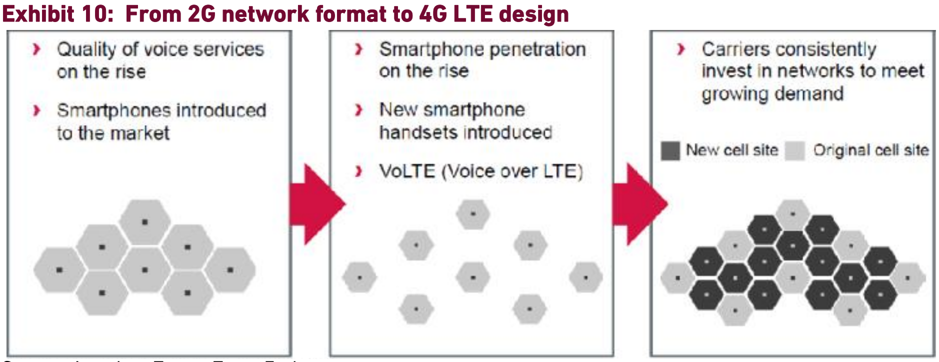
Exhibit 9: Heterogeneous Network model (Hetnets)



Source : American Tower, TowerExchange

Furthermore, as devices become more advanced, the increasing demand for high-bandwidth applications result in a narrower range at which signals can be transmitted. As a result, Telcos are expected to invest in denser networks. Also with 3G/4G sites having smaller radius than 2G sites, there will be need for more 3G/4G in-fill sites, i.e. additional sites in existing coverage.

Exhibit 10: From 2G network format to 4G LTE design



Source : American Tower, TowerExchange

TOWR acquired iForte to capitalize the opportunity in Hetnets and network densification. (iForte owned +400 micro towers back in 2015 and now counts over 600 microcell capacity). iForte has secured permits to install in trans Jakarta busway corridors, well positioned to serve telco heavy traffic. iForte continued growing having deployed over 1000 km of fibre optic cable in Jakarta currently.

iForte is also expected to connect Jakarta & Surabaya through the southern and northern routes effectively circling Java island in a fibre loop with length of ~ 2,400 km. iForte already serves the affiliates of the Djarum Group including BCA bank supporting its ATM network, and expanding its client base outside the group supporting multinational companies in Indonesia. iForte also utilizes VPN and legacy VSAT technology to address pent-up demand in B2B communication solutions in the government, mining, maritime, farming and plantation sector companies.

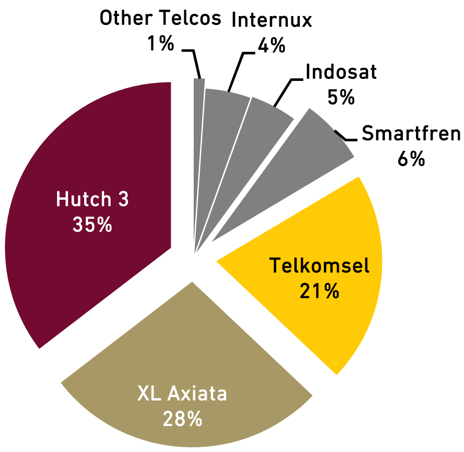
Exposure to leading telcos improves tenancy prospects

Mobile market in Indonesia is very attractive to investors due to its population size and the favorable demographics. It is dominated by Telkomsel (owned by Government and Singtel) with 169mn subscribers and 136k BTS, joined by aggressive players backed by foreign investors like Indosat Ooredoo with 96mn subscribers and 58k BTS (backed by Ooredoo based in Qatar), XL Axiata with 48mn subscribers and 88k BTS (backed by Axiata group from Malaysia), and Hutchison 3 (Hong-Kong group based). The market is rounded by smaller players Internux, Smartfren and Sampoerna Telekomunikasi controlled by local prominent families with aspirations for market share.

TOWR maintains customer relationship with all but as telco market evolved, exposure to smaller telcos has been declining, with larger telcos increasing their share of revenue. The larger telcos increased contribution to TOWR total revenue, mainly due to their higher telco capex spending over the years. Hutch 3, XL Axiata and Telkomsel currently contribute more than 10% to TOWR revenues.

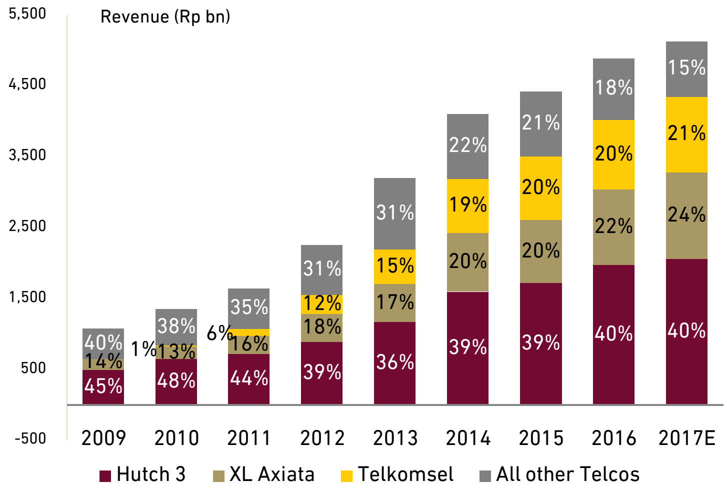
From early Hutch 3 has been a core revenue stream having sold and leased back to TOWR a total of 5,060 towers. XL Axiata has gradually raised revenue contribution and in 2016 also sold and leased back of its ~2500 towers to TOWR. Telkomsel has becoming steadily the 3rd largest revenue contributor for TOWR mainly due to its nationwide coverage and dominant position in telco industry. TOWR currently has ~ 6,660 towers with Hutch 3 being the anchor tenant (including Built-to-suit). Management expects tower revenue will further increase especially from collocations on the tower acquisitions from Hutch 3 and XL Axiata. We share the same view as tower demand will pick up from Telcos due to underlying data trends and more spectrum to be auctioned by the government in 2100 & 2300 Mhz frequency bands.

Exhibit 11: Tenancy contribution / telco operator 1Q17



Source: Cisco VNI Mobile, Feb 2017

Exhibit 12: Revenue Contribution per telco operator



Source: Analysys Mason, TOWR

Currently the Telcos are sizing their cost structures bracing for full market transition from voice to data services as data is expected to generate lower margins. Given the intense competition in volumes and prices and frequency spectrum scarcity, we can foresee some form of telco consolidation taking place in the not so distant future that can result to revenue hiccups to adjacent tower industry. Churning of telco customers does not happen often due to strong lease contracts, but we can refer to consolidation of Mobile 8 with Sinarmas Group and XL Axiata absorbing Axis Telecom forcing churning. We also witnessed the collapse of Bakrie Telecom resulting to TowerCos having to write-off their receivables, and the recent termination of tenancies from Telkom CDMA arm "Flexi" due to redundancy of their technology and whose tenancies were not immediately substituted.

However, pending regulatory matters namely the revision of interconnection fees, regulation of data tariffs, the pending process for spectrum auction in 2100 Mhz and 2.3 Ghz, all have ways to facilitate the market and incentivize Telcos to spend more capex. Furthermore, the government-led projects of Palapa Rings serve the mandate to increase telecom coverage to rural areas and spread across Indonesia, which is a positive in the foreseeable future to drive demand for tower tenancies.

Business milestones

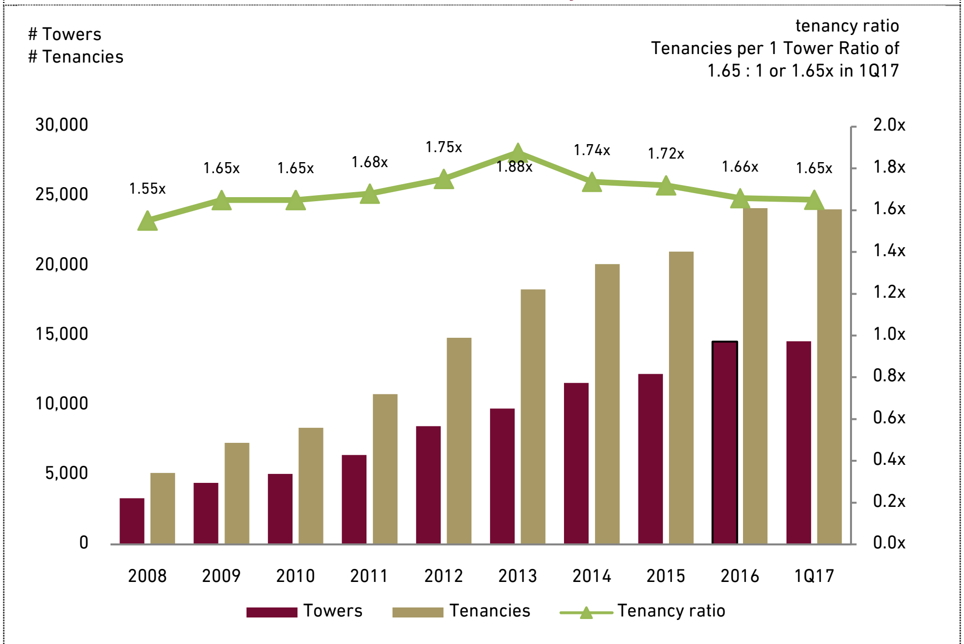
The 4G LTE data cycle will spur a renewed interest in the sector. TOWR has the scale owning the largest tower portfolio which is well balanced between Java to capture the densification phases, and outside Java to cater the telco expansion into less urban areas. TOWR has the financial vigor to finance organic and inorganic growth, distribute dividends and ability to sustain challenges in the telco space.

Despite restrictions for foreign investment in the Indonesian towers, TOWR in 2008 was managed by team of industry experts led by entrepreneur Michael Gearon. Gearon sold his US site acquisition company in 1998 to American Tower International, a leading TowerCo in US, Mexico, Brazil and other countries and subsequently became its top executive. The prevailing business model in US, considered highly successful and perceived as the "gold standard" for tower investments, was brought by Gearon to be emulated by TOWR and its subsidiary Protelindo setting the foundations for growth. Until 2010 the tower portfolio increased to 4,828 that included "B2S" towers and the acquisition of first batch of 3,603 towers from Hutch 3 for a 12yr term.

TOWR business grew by purchasing and leasing back to Hutch 3 a total of 5,060 towers from 2008 through to 2013. During that period TOWR managed to improve the tenancy ratio to its total tower portfolio from 1.55x to 1.88x.

Management of the business was gradually phased in and fully turned over to Djarum executive team by 2015, which by then it was fully seasoned. They promptly moved into microcell and fibre space with the potentially value accretive acquisition of iForte, bought-leased 2,500 towers to XL Axiata and divested its tower business in Netherlands.

Exhibit 13: # Total Towers and Tenancies since early establishment



Source : TOWR

Telcos through "asset-light" strategies, divested their towers to TowerCos to invest further on their core networks and capacity more quickly than if they had to build and operate their own towers. TOWR moved early to capitalize on this opportunity by offering Telcos:

- financial capacity, unloading tower assets from telco balance sheet to TowerCos
- cost reduction opportunity, by not having to maintain tower assets
- unlocking tower value by realizing collocation upsides
- quick telco network expansion opportunity, with access to other operators and B2S towers owned now by TowerCos.

TowerCos are inherently connected to telco growth. In the future, opportunities and challenges in cellular business will have impact on TowerCos too. Foremost they can ride too on the strong data consumption trends.

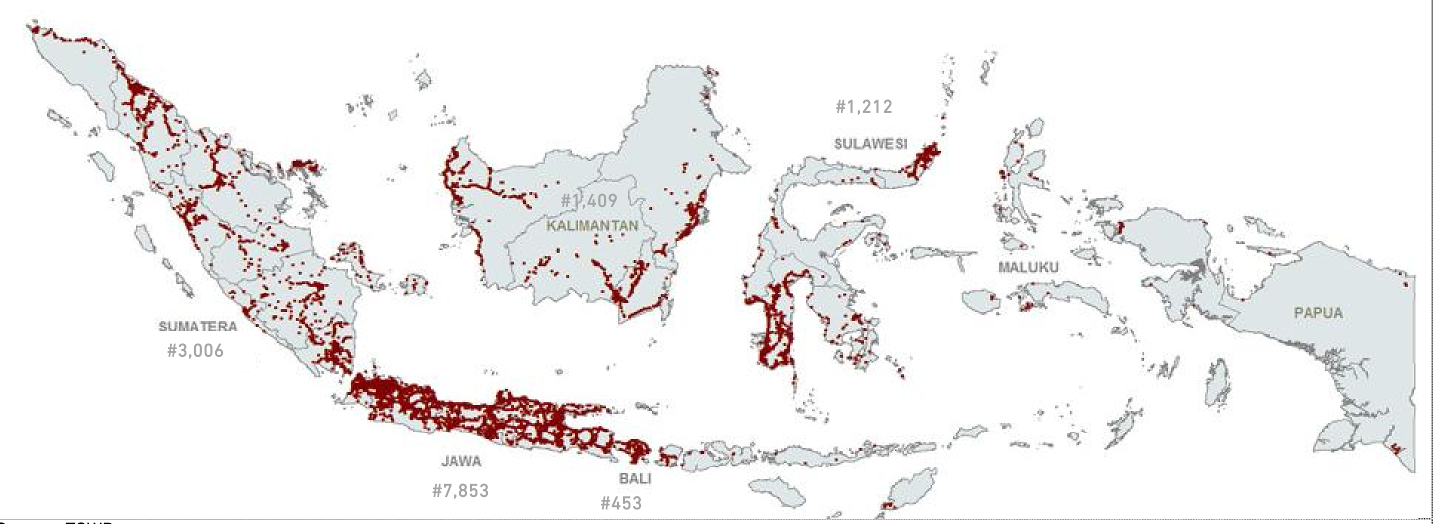
Balanced coverage between Java and outer islands

TOWR is geographically balanced with 54% of its ~14,600 towers located in Java and the rest outside Java giving TOWR the scope to benefit from the data trends in both geographical markets.

Firstly, XL Axiata, Indosat and more often than not Hutch 3 have often expressed intentions to expand further in the other islands of Indonesia as a way to boost their blended ARPU. Additionally the government is overseeing the Palapa Ring plan to set up a nationwide fibre optic cable infrastructure circling Indonesian islands to provide more cost-effective interconnection to telco operators and ultimately improve the economies in outer regions. We expect developments will boost traction for more traffic generated from outside Java.

Secondly the higher projected data traffic will drive demand for capacity and network densification. This consequently will drive demand for towers in densely populated areas of Java.

Exhibit 14: TOWR "Protelindo" coverage of tower sites



Source : TOWR

More opportunities to acquire assets

More opportunities for acquisitions of tower portfolios may be available in the near future as Telcos will further seek finance to invest on their core networks by divesting towers. We believe TOWR will take on such opportunity to avoid costs later as tower assets gradually become scarce and more valuable during Telcos expansion. TOWR due to its financial superiority with Net Debt / LQA EBITDA being below 2.0x, can steer better between sale and lease back deals or opt to search new site and build B2S towers to accommodate telco expansion.

TOWR has every incentive to acquire tower sites portfolio with running tenancies, as land gradually become scarce to build new towers in urban areas. Zoning restriction laws also limit options further to build new towers in nearby areas. Consequently we should expect existing tower assets to be more valuable in the future. Additionally it allows the acquirer to grow revenue and profit from the onset of the acquisition as the tower is packaged with anchor tenant.

Exhibit 15: Market landscape – Independent and Telco tower owners

TowerCo	# Towers	%	Telco	# Towers	%
Protelindo	14,562	18%	Telkomsel	17,000	21%
Tower Bersama	12,539	16%	Indosat Ooredoo	8,600	11%
Mitratel	9,100	11%	XL Axiata	4,000	5%
Solusi Tunas Pra	6,349	8%	Sampoerna Tel	400	0%
IBS Tower	3,677	5%	Others *	1,000	1%
Centratama (Retower)	719	1%			
Nusantara Infra	1,228	2%			
Bali Tower	1,040	1%			
Others *	3,200	4%			
Total	49,214	61%	TOTAL	31,000	39%
Grand Total				80,214	

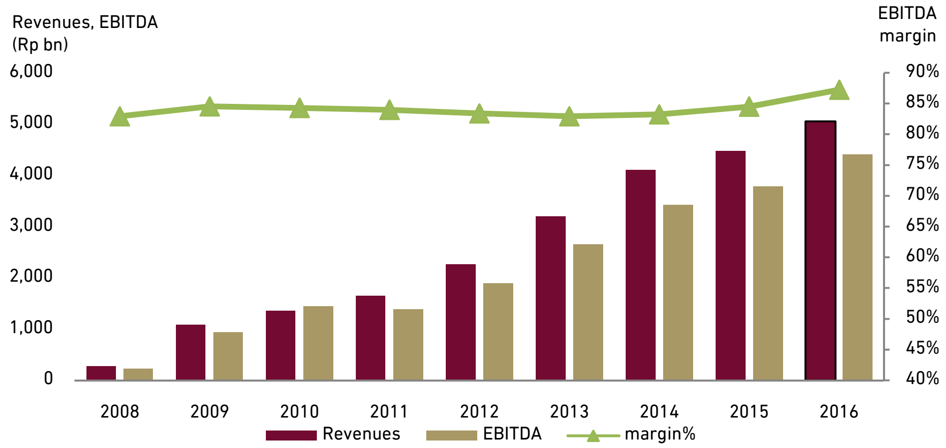
Source : Source: companies information, TowerExchange, Analysys Mason, internet, estimates*

Favorable economics supports TOWR high EBITDA

TOWR takes advantage of the favorable setting in Indonesia. Running costs include amortization of license/permit costs, site maintenance, security/monitoring and electricity in Indonesia. Main bulk of electricity cost is passed-through to the tenants. Ground leases and licenses form part of capex for Indonesian Tower companies and is being amortized. The cost structure generates significant operating leverage as accommodating additional tenants with collocation typically requires minimum incremental costs.

Additionally, expecting Telcos to increase network coverage and raise capacity for 3G and 4G LTE, we can safely assume that orders for tenancies will come in higher numbers to boost revenues and EBITDA further. Stable profit margins may continue through disciplined expansion of build to suit towers with manageable costs.

Exhibit 16: Revenues, EBITDA & EBITDA margin



Source : Source: TOWR, Ciptadana

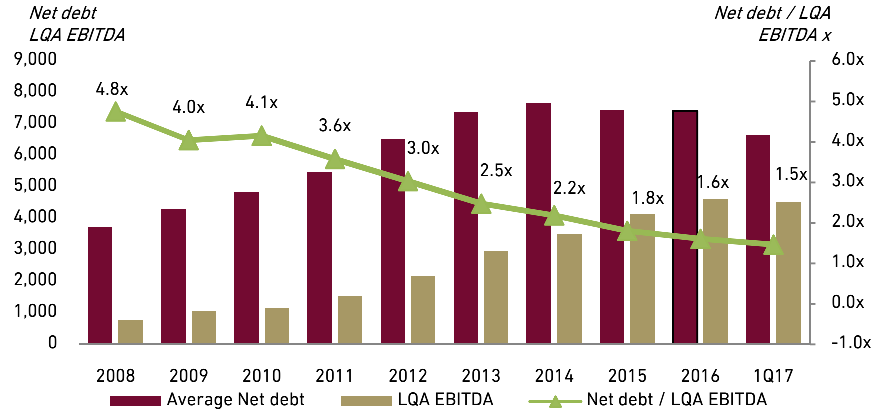
Best in the class

TOWR has maintained net debt stable at the Rp7 tn level during 2014-16 despite having had acquisitions of iForte in 2015 and 2,500 towers from XL Axiata in 2016 while last quarter annualized LQA EBITDA is steadily rising. TOWR has the lowest net debt / EBITDA from its closest competitors (TBIG & SUPR) and the major rating agencies have rated TOWR with investment grade (Baa3, BBB-, BBB-) from Moody's, S&P and Fitch respectively. Owning the largest tower portfolio in Indonesia with worthy assets offers scale and flexibility to adjust to tenancy price pressures and challenges in the telco space.

The above provide credibility to TOWR to raise and return capital to conduct sale and lease back deals with Telcos and capacity to spend capex for build-to-suit B2S towers.

TOWR recently initiated dividends at 23% payout ratio on FY16 earnings and corresponds to 69 Rp/share. We expect dividend distribution to continue at that amount level minimum.

Exhibit 17: Net Debt & LQA EBITDA



Source : Source: TOWR, Ciptadana

VALUATION & RATING

We initiate coverage on Sarana Menara Nusantara - Protelindo (TOWR) with BUY, using DCF valuation method which gives us target price of Rp4,400, or implies 2017 11.1x EV/EBITDA. Current undemanding valuation is moving at below its 7-year historical average. In comparison to valuations of leading peers abroad, Indonesian Tower Industry fundamentals have still room to grow.

Our assumptions include using WACC of 8.4% to discount 10 year free cash flows, terminal growth rate of 3.5%, Indonesian 10-yr government bond average rate as risk free rate, equity risk premium of 5.5% and beta of 0.9. We use theoretical capital structure of 50:50 for equity & debt respectively to reflect ability to leverage given long visibility on revenues, and use interest cost of 6.7%.

We use DCF as the appropriate method to value the company to encapsulate rising demand of tower space based on underlying trends in telecommunications of Indonesia. Using EV/EBITDA multiple, Indonesian TowerCos seem fairly undervalued compared to international peers despite high EBITDA margin performance. Compared to closest Indonesian peer TBIG, TOWR is also undervalued. We reckon the low valuations can be explained to a large degree by the low trading volumes which TOWR is keen on working on to improve and concerns over any telco developments.

The 4G LTE data cycle will spur a renewed interest in the sector. TOWR has the scale owning the largest tower portfolio which is well balanced between Java to capture the densification phases and outside Java to cater the telco expansion into less urban areas. TOWR has the financial vigor to finance organic and inorganic growth, distribute dividends and ability to sustain challenges in the telco space. We initiate TOWR with a BUY recommendation. Our target price of Rp 4,400, implies EV/EBITDA of 11.1x 2017, would trade slightly below its +1SD historical band and at discount with peers, locally and abroad.

Exhibit 18: Comparable multiples vs. peers

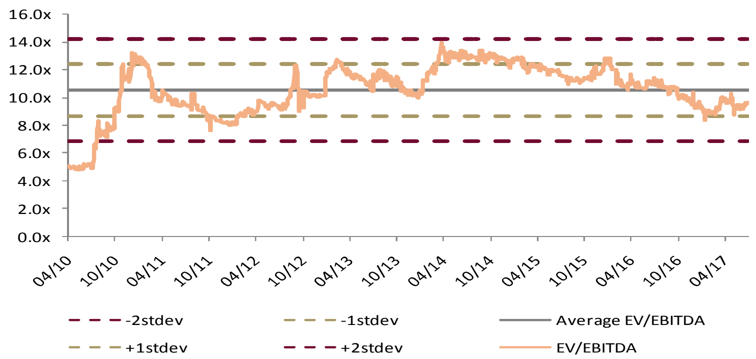
Relative Valuation		EV/ Revenue		EV/EBITDA		EBITDA Margin		Net Debt / EBITDA	EBITDA / Int. Expense
Company	Code	2017F	2018F	2017F	2018F	2017F	2018F		
Tower Bersama	TBIG IJ	11.6x	10.5x	13.6x	12.2x	85.5%	85.7%	5.9x	1.8x
Protelindo	TOWR IJ	8.6x	8.2x	9.7x	8.6x	86.5%	86.5%	1.4x	7.0x
Solusi Tunas Pratama	SUPR IJ	-	-	-	-	85.3%	85.3%	4.8x	3.1x
Bharti Infratel	BHIN IJ	10.4x	9.8x	22.3x	20.7x	46.6%	47.2%	-	-
American Tower C	AMT US	11.8x	11.0x	19.4x	18.0x	61.0%	61.3%	5.3x	4.7x
Crown Castle Int	CCI US	11.9x	11.4x	20.9x	19.8x	57.0%	57.5%	5.6x	4.0x
SBA Comm Corp	SBAC US	14.5x	13.7x	20.9x	19.5x	69.5%	70.4%	8.4x	3.1x
CellNex Telecom	CLNX SM	7.3x	6.7x	16.9x	15.0x	42.9%	44.3%	5.7x	-
	Average	**10.9x**	**10.2x**	**17.7x**	**16.3x**	**66.8%**	**67.3%**	**5.3x**	**4.0x**

Source : Source: Bloomberg, Ciptadana

Business and Financial Risks

- Pricing pressure on leases during contract renewals with Telcos become too aggressive
- Upward pressure in land leases especially in densed areas may drive higher capex
- Possible telco consolidation action may destabilize revenues trajectory and include trade receivables write-offs. Slowdown of collocations and tenancy ratio improvement
- 2G service uncertain when in medium term to be terminated. New tenancies in newer technologies may not fully compensate tenancies churned owed to 2G.

Exhibit 19: Historical band for TOWR EV/EBITDA multiple



Source : Source: TOWR, Ciptadana

Exhibit 20 - Income Statement

Year to 31 Dec (Rpbn)	2015A	2016A	2017F	2018F	2019F
Revenue	**4,470**	**5,053**	**5,315**	**5,541**	**5,748**
COGS	-572	-669	-759	-783	-804
Gross profit	**3,898**	**4,384**	**4,556**	**4,758**	**4,944**
Oper. expenses	610	-62	-504	-339	-355
Oper. profit	**4,508**	**4,322**	**4,053**	**4,419**	**4,589**
EBITDA	**4,936**	**4,610**	**4,530**	**4,908**	**5,089**
Interest income	12	56	57	58	60
Interest expense	-563	-669	-717	-780	-784
Other income (exp.)	0	373	0	0	0
Pre-tax profit	**3,958**	**4,082**	**3,392**	**3,697**	**3,865**
Income tax	-993	-1,039	-864	-941	-984
Minority interest	-6	-3	0	0	0
Net profit	**2,958**	**3,040**	**2,529**	**2,756**	**2,881**

Exhibit 21 - Balance Sheet

Year to 31 Dec (Rpbn)	2015A	2016A	2017F	2018F	2019F
Cash & cash equivalent	2,987	2,905	3,563	5,530	6,178
Acct, receivables	471	352	370	386	400
Inventory	11	0	0	0	0
Other curr, asset	65	338	355	370	384
Total current asset	**3,533**	**3,595**	**4,288**	**6,286**	**6,962**
Fixed assets - net	2,642	2,764	2,740	2,713	2,686
Other non-curr.asset	558	398	541	564	585
Total asset	**21,417**	**25,025**	**26,355**	**28,947**	**30,207**
ST debt + curr. maturity	446	1,515	590	609	632
Acct, payable	217	189	95	98	101
Advances received	0	0	0	0	0
Other curr. liab	1,315	1,598	1,606	1,604	1,715
Long term debt	9,456	8,403	8,655	8,943	7,834
Other non-curr, liab,	2,304	2,610	2,872	3,159	3,475
Total liabilities	**13,738**	**14,317**	**13,818**	**14,413**	**13,756**
Shareholder equity	7,680	10,708	12,537	14,534	16,451
Minority interest	0	0	0	0	0
Total liab + SHE	**21,417**	**25,025**	**26,355**	**28,947**	**30,207**

Exhibit 22 - Per Share Data

Year to 31 Dec(Rp)	2015A	2016A	2017F	2018F	2019F
EPS	290.0	297.9	247.9	270.1	282.4
BVPS	752.7	1,049.5	1,228.8	1,424.5	1,612.4
DPS	0.0	0.0	68.6	74.4	94.5
FCF per share	-49.4	-38.6	173.5	208.8	233.5

Source : TOWR, Ciptadana Estimates

Exhibit 23 - Cash Flow

Year to 31 Dec (Rpbn)	2015A	2016A	2017F	2018F	2019F
Net income	2,958	3,040	2,529	2,756	2,881
Depreciation	428	288	477	489	499
Chg in working cap.	-219	113	-122	-30	85
Other	0	0	0	0	0
CF-Oper activities	**3,167**	**3,442**	**2,884**	**3,215**	**3,466**
Capital expenditure	-3,443	-3,996	-970	-1,061	-1,062
Others	-228	160	-143	-23	-21
CF-Investing activities	**-3,671**	**-3,836**	**-1,114**	**-1,084**	**-1,084**
Net change in debt	549	16	-674	308	-1,086
Net change in equity	0	0	0	0	0
Dividend payment	0	0	-700	-759	-964
Other financing	933	296	261	287	316
CF-Financing activities	**1,481**	**313**	**-1,113**	**-164**	**-1,735**
Net cash flow	**977**	**-82**	**658**	**1,967**	**647**
Cash - begin of the year	2,010	2,987	2,905	3,563	5,530
Cash - end of the year	2,987	2,905	3,563	5,530	6,178

Exhibit 24 - Key Ratios

Year to 31 Dec	2015A	2016A	2017F	2018F	2019F
Growth					
Revenue (%)	8.9	13.1	5.2	4.2	3.7
Operating profit (%)	87.4	-4.1	-6.2	9.0	3.9
Net profit (%)	169.0	2.7	-16.8	9.0	4.6
Profitability Ratios					
Gross margin (%)	87.2	86.8	85.7	85.9	86.0
Operating margin (%)	100.9	85.5	76.2	79.7	79.8
EBITDA margin (%)	110.4	91.2	85.2	88.6	88.5
Net margin (%)	66.2	60.2	47.6	49.7	50.1
ROA (%)	13.8	12.1	9.6	9.5	9.5
ROE (%)	38.5	28.4	20.2	19.0	17.5
Liquidity Ratios					
Current ratio (x)	1.8	1.1	1.9	2.7	2.8
Quick ratio (x)	1.8	1.1	1.9	2.7	2.8
Cash conversion cycle (days)	21.5	0.0	0.0	0.0	0.0
Activity Ratio					
Inventory turnover (days)	7.1	0.0	0.0	0.0	0.0
Receivable turnover (days)	42.6	29.7	24.8	24.9	24.9
Payable turnover (days)	28.1	14.7	9.8	6.4	6.3
Solvency Ratio					
Interest cover (x)	8.8	6.9	6.3	6.3	6.5
Debt to equity ratio (x)	1.3	0.9	0.7	0.7	0.5
Net debt to equity (x)	0.9	0.7	0.5	0.3	0.1

Source : TOWR, Ciptadana Estimates

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