

Tower Bersama Infrastructure

BUY (unchanged)

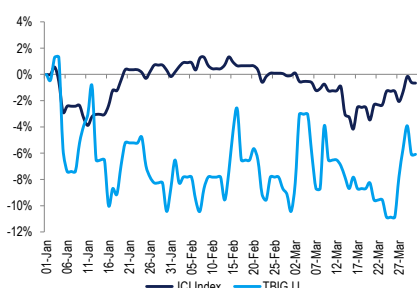
Company Update | Towers | TBIG IJ | 31 March 2023

Stock Data

Target price	Rp2,850
Prior TP	Rp2,850
Current price	Rp2,160
Upside/downside	+30%
Shares outstanding (mn)	22,657
Market cap (Rp bn)	48,939
Free float	15%
Avg. 6m daily T/O (Rp bn)	36

Price Performance

	3M	6M	12M
Absolute	-6.9%	-23.7%	-24.7%
Relative to JCI	-6.1%	-20.4%	-21.0%
52w low/high (Rp)	2,050 – 3,240		



Major Shareholders

Bersama Digital Infrastructure Asia	73.3%
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4Q22 results: broadly in-line, as lower IOH revenue was already expected

- FY22 net profit/EBITDA grew by 6/4% yoy, broadly in-line with our and consensus estimates.
- Revenue rose by 6% yoy in FY22, also in-line, as lower revenue from IOH was already expected.
- Tenancy ratio dropped to 1.9x amidst some non-renewals from IOH. Maintain Buy.

Bottom-line and EBITDA met our/consensus expectations

Net profit reached Rp1.6tr (+5.7% yoy) in FY22, forming 100/99% of ours/cons estimates – in-line. 4Q22 net profit came in at Rp415bn (-11.4% yoy/+4.5% qoq). Meanwhile, FY22 EBITDA rose to Rp5.7tr (+4.3% yoy) – broadly in-line with our/cons forecasts (97%); this implies lower EBITDA margin at 86.8% (-107bps yoy). Notably, cash opex grew by 14.9% yoy, largely driven by higher O&M and personnel expenses (+14.6/9.8% yoy, respectively). In 4Q22, EBITDA declined to Rp1.4tr (-4.2% yoy/-1.1% qoq), which translates to EBITDA margin of 86.1% (-291bps yoy/-9bps qoq).

In-line revenue, as lower revenue from IOH was already expected

The company booked FY22 revenue of Rp6.5tr (+5.6% yoy) – broadly in-line at 98% of our/cons estimates. 4Q22 revenue came in at Rp1.6tr (-0.9% yoy/-1.0% qoq). Revenue from IOH declined further at -13.4% yoy/-5.7% qoq, reflecting a full-quarter impact of the renewed leases (at lower rates) in Aug22 as well as some non-renewals. Meanwhile, revenue from EXCL grew +11.0% yoy/+2.0% qoq and revenue from Tsel remained soft (+0.7% yoy/-0.5% qoq).

Lower lease rates and tenancy due to IOH's renewals and churn

The company saw 205 net tower site addition qoq in 4Q22, but only added 194 new tenants qoq, likely due to some non-renewals from IOH. As a result, tenancy ratio declined to 1.87x in 4Q22 (4Q21: 1.90x/3Q22: 1.88x). Blended lease rates declined to Rp13.1mn/month (4Q21: Rp14.0mn/3Q22: Rp13.4mn), which we believe is largely due to the lower lease rates for IOH post-renewals. As of FY22, TBIG had 21.8k tower sites and 40.8k tenants.

Reaffirm BUY, with an unchanged TP of Rp2,850

Overall, the results came within our expectations. Its growing fiber business (though still sub-scale at this juncture) could support the company's growth during the 5G cycle. Reiterate BUY on TBIG with an unchanged blended valuation-based (DCF and EV/EBITDA multiple) TP of Rp2,850. Downside risks: 1) low tenancy growth; and 2) pressure on lease rates.

Financial Summary (Rp bn)	2021A	2022A	2023F	2024F	2025F
Revenue	6,180	6,524	7,043	7,547	8,132
EBITDA	5,429	5,662	6,134	6,560	7,076
EBITDA growth	17.6%	4.3%	8.3%	6.9%	7.9%
Net profit	1,549	1,638	1,834	2,033	2,503
EPS (Rp)	68	72	81	90	110
EPS growth	53.4%	5.7%	12.0%	10.9%	23.1%
ROE	15.8%	15.0%	13.0%	13.5%	15.4%
PER (x)	33.3	31.5	28.2	25.4	20.6
EV/EBITDA (x)	15.1	13.9	12.6	11.7	10.7
Dividend yield	1.3%	1.6%	1.9%	2.1%	2.6%
IPS vs. consensus			100%	101%	101%

Source: Company, Indo Premier

Share price closing as of: 31 March 2023

Fig. 1: TBIG IJ – 4Q22 result summary

TBIG (Rp bn)	4Q22	4Q21	% YoY	3Q22	% QoQ	FY22	FY21	% YoY	IP FY22F	% of IP	% of Cons
Revenue	1,602	1,618	-0.9%	1,618	-1.0%	6,524	6,180	5.6%	6,645	98.2%	97.7%
Cost of revenue	(372)	(337)	10.4%	(488)	-23.8%	(1,783)	(1,473)	21.1%			
Gross profit	1,231	1,281	-3.9%	1,131	8.9%	4,741	4,707	0.7%			
Operating expenses	(115)	(82)	40.1%	(119)	-2.9%	(459)	(401)	14.4%			
Operating profit	1,116	1,199	-6.9%	1,012	10.2%	4,282	4,306	-0.5%			
EBITDA	1,380	1,440	-4.2%	1,395	-1.1%	5,662	5,429	4.3%	5,812	97.4%	97.4%
Other income/(expense)	(614)	(572)	7.3%	(548)	11.9%	(2,371)	(2,370)	0.0%			
Pre-tax profit	502	627	-19.9%	464	8.2%	1,912	1,936	-1.2%			
Taxes	(71)	(145)	-51.0%	(54)	31.0%	(222)	(335)	-33.6%			
Net profit	415	468	-11.4%	397	4.5%	1,638	1,549	5.7%	1,646	99.5%	99.4%
Margin (%)											
Gross margin	76.8%	79.2%		69.9%		72.7%	76.2%				
EBITDA margin	86.1%	89.0%		86.2%		86.8%	87.9%				
Net margin	25.9%	28.9%		24.5%		25.1%	25.1%				
Operational data											
Total sites	21,758	20,466	6.3%	21,553	1.0%	21,758	20,466	6.3%			
Total leased sites	40,772	38,976	4.6%	40,578	0.5%	40,772	38,976	4.6%			
Tenancy ratio (x)	1.87	1.90	-1.6%	1.88	-0.5%	1.87	1.90	-1.6%			

Source: Company, Indo Premier

Income Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net revenue	5,328	6,180	6,645	7,043	7,547
Cost of sales	(1,093)	(1,473)	(1,837)	(1,930)	(2,084)
Gross profit	4,235	4,707	4,808	5,113	5,464
SG&A Expenses	(419)	(401)	(440)	(475)	(512)
Operating profit	3,816	4,306	4,368	4,638	4,951
EBITDA	4,617	5,429	5,812	6,134	6,560
Net interest	(2,120)	(2,124)	(1,821)	(1,838)	(1,811)
Forex gain (loss)	37	1	1	4	4
Others	(224)	(247)	(571)	(606)	(709)
Pre-tax income	1,509	1,936	1,976	2,198	2,435
Income tax	(443)	(335)	(277)	(308)	(341)
Minority interest	(57)	(52)	(53)	(56)	(60)
Net income	1,010	1,549	1,646	1,834	2,033

Balance Sheet (Rp bn)	2020A	2021A	2022F	2023F	2024F
Cash & equivalent	947	629	723	608	531
Receivable	974	614	856	907	972
Other current assets	1,306	1,778	2,001	2,279	2,605
Total current assets	3,227	3,021	3,579	3,794	4,108
Fixed assets	29,126	34,085	33,981	33,732	33,483
Other non-current assets	4,168	4,764	4,860	4,957	5,056
Total non-current assets	33,294	38,849	38,841	38,689	38,539
Total assets	36,521	41,870	42,420	42,483	42,647
Payable	649	219	543	571	617
Other payables	2,371	2,424	2,473	2,522	2,573
Current portion of LT loans	10,758	5,789	5,748	5,558	5,366
Total current liab.	13,778	8,432	8,764	8,651	8,555
Long term loans	13,089	23,636	20,380	19,705	19,024
Other LT liab.	350	13	13	13	13
Total liabilities	27,217	32,081	29,157	28,370	27,592
Equity	6,505	5,846	8,481	8,481	8,481
Retained earnings	2,204	3,427	4,250	5,085	6,010
Minority interest	594	516	532	548	564
Total SHE + minority int.	9,304	9,789	13,263	14,113	15,055
Total liabilities & equity	36,521	41,870	42,420	42,483	42,647

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2020A	2021A	2022F	2023F	2024F
Net income	1,010	1,549	1,646	1,834	2,033
Depr. & amortization	801	1,123	1,443	1,496	1,608
Changes in working capital	229	(489)	(91)	(253)	(295)
Others	(207)	(882)	(42)	(41)	(39)
Cash flow from operating	1,833	1,302	2,957	3,037	3,308
Capital expenditure	(4,671)	(5,638)	(822)	(695)	(714)
Others	(341)	(443)	(518)	(552)	(645)
Cash flow from investing	(5,012)	(6,081)	(1,340)	(1,246)	(1,359)
Loans	887	5,578	(3,297)	(865)	(874)
Equity	3,130	(790)	2,597	(40)	(44)
Dividends	(606)	(692)	(823)	(1,000)	(1,108)
Others	-	-	-	-	-
Cash flow from financing	3,412	4,096	(1,523)	(1,905)	(2,026)
Changes in cash	422	(318)	94	(115)	(77)

Key Ratios	2020A	2021A	2022F	2023F	2024F
Gross margin	79.5%	76.2%	72.4%	72.6%	72.4%
EBITDA margin	86.7%	87.9%	87.5%	87.1%	86.9%
Pre-tax margin	28.3%	31.3%	29.7%	31.2%	32.3%
Net margin	19.0%	25.1%	24.8%	26.0%	26.9%
ROA	2.8%	3.7%	3.9%	4.3%	4.8%
ROE	10.9%	15.8%	12.4%	13.0%	13.5%
ROIC	12.1%	11.6%	10.9%	11.6%	12.4%

Acct. receivables TO (days)	60	47	47	47	47
Acct. payables - other TO (days)	164	108	108	108	108

Net debt/EBITDA (inc. leases)					
(x)	5.4	5.5	4.6	4.2	3.8
Net debt/EBITDA (ex. leases) (x)	4.9	5.2	4.3	3.9	3.5
Interest coverage (x)	1.8	2.0	2.4	2.5	2.7

Source: Company, Indo Premier

INVESTMENT RATINGS

BUY : Expected total return of 10% or more within a 12-month period
HOLD : Expected total return between -10% and 10% within a 12-month period
SELL : Expected total return of -10% or worse within a 12-month period

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