

## Tower Bersama Infrastructure

BUY (unchanged)

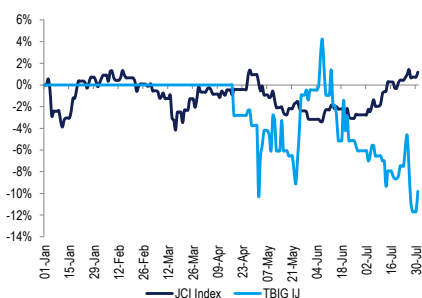
Company Update | Towers | TBIG IJ | 7 November 2023

## Stock Data

Target price	Rp2,550
Prior TP	Rp2,550
Current price	Rp2,060
Upside/downside	+24%
Shares outstanding (mn)	22,657
Market cap (Rp bn)	46,673
Free float	14%
Avg. 6m daily T/O (Rp bn)	14

## Price Performance

	3M	6M	12M
Absolute	5.6%	1.0%	-12.3%
Relative to JCI	6.3%	-0.1%	-9.8%
52w low/high (Rp)	1,875 – 2,410		



## Major Shareholders

Bersama Digital Infrastructure Asia	73.3%
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## Another VTO by BDIA shall provide near-term support to share price

- BDIA plans to conduct a VTO for 1bn shares (or 4.4% of total shares outstanding) at Rp2,300/share.
- At Rp2,300/share, the VTO price implies 13.1x FY24F EV/EBITDA, on our estimates, a c.35/11% premium over its local/global peers' average.
- We see minimal net impact on TBIG's operations, but VTO shall help providing near-term share price support. Reaffirm Buy.

## BDIA to conduct another voluntary tender offer

Bersama Digital Infrastructure Asia (BDIA), which owns 75.4% of TBIG, announced a voluntary tender offer (VTO) for up to 1bn shares (or 4.4% of total shares outstanding) at Rp2,300/share. The VTO price reflects 11.5% premium of TBIG's last 90-days trading price average (up until 6 Nov 2023) or 11.7% premium over its last closing price (on 7 Nov 2023). The tender offer period will start on 14 Dec 2023 through 12 Jan 2024. Payment date will be on 24 Jan 2024. Post-VTO, BDIA would own 79.8% of TBIG's total shares outstanding (vs. 75.4% previously), while overall free float would decline from 14.7% to 10.2%. Note that this is the second VTO conducted by BDIA in two years (previous VTO was in FY22 for 2.48bn shares or 11.0% of total shares outstanding at Rp3,200/share).

## VTO price of Rp2,300/share implies 13.1x FY24F EV/EBITDA; it could provide near-term share price support

At Rp2,300/share, the VTO price implies 13.1x FY24F EV/EBITDA, on our estimates, a c.35/11% premium over its local/global peers' average, but in-line with its 10-yr mean of 13.5x. Looking ahead to FY24F, a peak (or reversal) in interest rates and faster-than-expected site relocations by IOH are potential catalysts. Furthermore, its growing fiber business (though still sub-scale at this juncture) could help to support the company's growth during the 5G cycle. This upcoming VTO could also potentially allow for near-term share price support.

## Minimal net impact on TBIG's operational performance

We believe the change in shareholders composition post-VTO is unlikely to have a meaningful impact on TBIG's operational performance, given that it is a shareholder transaction. We continue to expect TBIG to deliver 5% yoy EBITDA growth in FY23-24F, partly supported by higher co-location (from 1.88x in 1H23 to 1.91x in FY24F).

## Reaffirm BUY on TBIG, with an unchanged TP of Rp2,550

We maintain our Buy call on TBIG with an unchanged blended valuation-based (DCF and EV/EBITDA multiple) TP of Rp2,550. TBIG is currently trading at 12x FY24F EV/EBITDA (-0.25SD of its 10-yr mean). 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	6,905	7,305	7,648
EBITDA	5,429	5,662	5,967	6,292	6,577
EBITDA growth	17.6%	4.3%	5.4%	5.4%	4.5%
Net profit	1,549	1,638	1,546	1,841	2,046
EPS growth	53.4%	5.7%	-5.6%	19.0%	11.2%
ROE	15.8%	15.0%	13.4%	14.6%	15.0%
PER (x)	30.1	28.5	30.2	25.4	22.8
EV/EBITDA (x)	14.2	13.6	12.9	12.3	11.7
Dividend yield	1.5%	1.7%	1.9%	1.8%	2.1%
IPS vs. consensus			103%	116%	118%

Source: Company, Indo Premier

Share price closing as of: 7 November 2023

**Fig. 1: Ownership summary**

TBIG	% Affiliation
Bersama Digital Infrastructure Asia	75.4% -
Wahana Anugerah Sejahtera	9.3% Saratoga
BoD/BoC	0.7%
Public	14.7% -
<b>Bersama Digital Infrastructure Asia (BDIA)</b>	<b>% Affiliation</b>
Lynwood Hills Investment Solution Pte. Ltd.	29.5% Saratoga
Perean Holdings Pte. Ltd.	19.5% Provident
Pujung Investments Pte. Ltd.	7.3% Provident
Kosambi Holdings Pte. Ltd.	8.3% Provident
Sudirman Agung Pte. Ltd.	3.1% Provident
MAIF3 Investments Indonesia 2 Pte. Ltd.	32.3% Macquarie Asset Management

Source: Company, Indo Premier

**Fig. 2: TBIG's ownership summary**

TBIG	% Affiliation	
	Before VTO	After VTO
Bersama Digital Infrastructure Asia	75.4%	79.8% -
Wahana Anugerah Sejahtera	9.3%	9.3% Saratoga
BoD/BoC	0.7%	0.7%
Public	14.7%	10.2% -

Source: Company, Indo Premier

Fig. 3: Towers comparable

	P/E			EV/EBITDA			Div' Yield		
	23F	24F	25F	23F	24F	25F	23F	24F	25F
<b>Captive Weighted-Average</b>	<b>19.2</b>	<b>16.7</b>	<b>15.0</b>	<b>8.6</b>	<b>7.9</b>	<b>7.5</b>	<b>2.9</b>	<b>3.7</b>	<b>4.2</b>
China Tower Corp Ltd	13.4	11.8	9.6	3.4	3.3	3.2	1.3	1.6	1.9
Dayamitra Telekomunikasi PT	24.7	21.7	19.2	9.6	8.8	8.2	2.6	2.6	2.6
Indus Towers Ltd	9.2	8.6	8.6	5.0	4.8	4.8	3.5	6.0	7.1
Infrastrutture Wireless Italia	29.3	24.7	22.6	16.6	14.9	13.9	4.2	4.7	5.1
Vantage Towers AG	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Independent Weighted-Average</b>	<b>8.3</b>	<b>(2.6)</b>	<b>24.4</b>	<b>14.3</b>	<b>13.9</b>	<b>13.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>
American Tower Corp	46.0	37.6	34.1	19.7	19.4	18.5	3.4	3.6	3.9
Cellnex Telecom SA	(76.2)	(250.5)	3.6	14.2	13.3	12.4	0.2	0.4	1.1
Centratama Telekomunikasi Indo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Crown Castle Inc	28.7	33.7	37.5	16.1	16.9	17.1	6.4	6.5	6.5
Helios Towers PLC	(28.4)	81.0	19.8	7.2	6.3	5.7	0.0	0.0	0.0
SBA Communications Corp	42.8	37.1	37.0	20.4	19.8	19.0	1.6	1.9	2.2
Sarana Menara Nusantara Tbk PT	14.4	13.3	12.4	9.6	9.1	8.7	3.3	3.3	3.3
PT Tower Bersama Infrastructur	31.1	29.4	26.8	13.1	12.6	12.0	2.3	2.3	2.3
<b>Captive Average</b>	<b>19.2</b>	<b>16.7</b>	<b>15.0</b>	<b>8.6</b>	<b>7.9</b>	<b>7.5</b>	<b>2.9</b>	<b>3.7</b>	<b>4.2</b>
<b>Independent Average</b>	<b>8.3</b>	<b>(2.6)</b>	<b>24.4</b>	<b>14.3</b>	<b>13.9</b>	<b>13.3</b>	<b>2.5</b>	<b>2.6</b>	<b>2.8</b>
<b>Global Average</b>	<b>12.3</b>	<b>4.4</b>	<b>21.0</b>	<b>12.3</b>	<b>11.7</b>	<b>11.2</b>	<b>2.6</b>	<b>3.0</b>	<b>3.3</b>
	P/E			EV/EBITDA			Div' Yield		
	23F	24F	25F	23F	24F	25F	23F	24F	25F
<b>Indonesia Weighted-Average</b>	<b>22.6</b>	<b>19.5</b>	<b>17.1</b>	<b>10.3</b>	<b>9.7</b>	<b>9.2</b>	<b>2.7</b>	<b>2.8</b>	<b>3.4</b>
Centratama Telekomunikasi Indo	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dayamitra Telekomunikasi PT	24.0	20.8	18.0	8.9	8.2	7.7	3.3	2.9	3.9
Sarana Menara Nusantara Tbk PT	13.7	12.3	10.6	9.2	8.7	8.2	2.8	3.6	4.1
PT Tower Bersama Infrastructur	30.2	25.4	22.8	12.9	12.3	11.7	1.9	1.8	2.1
<b>Asia Weighted-Average</b>	<b>18.1</b>	<b>15.3</b>	<b>13.4</b>	<b>8.1</b>	<b>7.1</b>	<b>6.7</b>	<b>1.9</b>	<b>2.9</b>	<b>3.5</b>
China Tower Corp Ltd	13.4	11.8	9.6	3.4	3.3	3.2	1.3	1.6	1.9
Indus Towers Ltd	9.2	8.6	8.6	5.0	4.8	4.8	3.5	6.0	7.1
GTL Infrastructure Ltd	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Railtel Corp of India Ltd	31.7	25.6	22.0	15.8	13.2	12.2	0.8	1.0	1.5
<b>Europe Weighted-Average</b>	<b>(15.1)</b>	<b>(32.6)</b>	<b>15.0</b>	<b>11.6</b>	<b>10.6</b>	<b>10.0</b>	<b>2.8</b>	<b>3.0</b>	<b>3.4</b>
Cellnex Telecom SA	(76.2)	(250.5)	3.6	14.2	13.3	12.4	0.2	0.4	1.1
Helios Towers PLC	(28.4)	81.0	19.8	7.2	6.3	5.7	0.0	0.0	0.0
Infrastrutture Wireless Italia	29.3	24.7	22.6	16.6	14.9	13.9	4.2	4.7	5.1
RAI Way SpA	14.8	14.3	13.8	8.4	8.0	7.9	6.7	7.0	7.2
Vantage Towers AG	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>North America Weighted-Average</b>	<b>39.8</b>	<b>8.4</b>	<b>23.0</b>	<b>15.6</b>	<b>15.3</b>	<b>14.0</b>	<b>2.4</b>	<b>2.5</b>	<b>2.8</b>
American Tower Corp	46.0	37.6	34.1	19.7	19.4	18.5	3.4	3.6	3.9
Crown Castle Inc	28.7	33.7	37.5	16.1	16.9	17.1	6.4	6.5	6.5
DigitalBridge Group Inc	(10.3)	(123.1)	6.6	30.0	30.1	23.8	0.3	0.4	0.7
IHS Holding Ltd	(1.5)	7.8	8.3	5.0	4.9	4.7	0.0	0.0	0.0
SBA Communications Corp	42.8	37.1	37.0	20.4	19.8	19.0	1.6	1.9	2.2
Sitios Latinoamerica SAB de CV	60.9	15.0	14.2	7.6	6.3	5.6	N/A	N/A	N/A
Operadora De Sites Mexicanos S	112.2	50.4	23.0	10.5	9.8	9.1	2.9	2.8	3.3
<b>Developed Markets' Average</b>	<b>19.9</b>	<b>(6.5)</b>	<b>20.0</b>	<b>14.2</b>	<b>13.6</b>	<b>12.5</b>	<b>2.6</b>	<b>2.7</b>	<b>3.0</b>
<b>Emerging Markets' Average</b>	<b>20.4</b>	<b>17.4</b>	<b>15.3</b>	<b>9.2</b>	<b>8.4</b>	<b>8.0</b>	<b>2.3</b>	<b>2.8</b>	<b>3.4</b>
<b>Global Average</b>	<b>20.0</b>	<b>1.9</b>	<b>18.4</b>	<b>12.4</b>	<b>11.8</b>	<b>10.9</b>	<b>2.5</b>	<b>2.8</b>	<b>3.2</b>

Source: Bloomberg, Company, Indo Premier

Fig. 4: TBIG EV/EBITDA band



Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	6,180	6,524	6,905	7,305	7,648
Cost of sales	(1,473)	(1,783)	(1,928)	(2,066)	(2,121)
<b>Gross profit</b>	<b>4,707</b>	<b>4,741</b>	<b>4,977</b>	<b>5,238</b>	<b>5,528</b>
SG&A Expenses	(401)	(459)	(507)	(546)	(589)
<b>Operating profit</b>	<b>4,306</b>	<b>4,282</b>	<b>4,470</b>	<b>4,692</b>	<b>4,939</b>
<b>EBITDA</b>	<b>5,429</b>	<b>5,662</b>	<b>5,967</b>	<b>6,292</b>	<b>6,577</b>
Net interest	(2,124)	(1,815)	(1,842)	(1,689)	(1,665)
Forex gain (loss)	1	2	3	4	4
Others	(247)	(557)	(891)	(942)	(987)
<b>Pre-tax income</b>	<b>1,936</b>	<b>1,912</b>	<b>1,741</b>	<b>2,064</b>	<b>2,291</b>
Income tax	(335)	(222)	(139)	(165)	(183)
Minority interest	(52)	(52)	(55)	(58)	(61)
<b>Net income</b>	<b>1,549</b>	<b>1,638</b>	<b>1,546</b>	<b>1,841</b>	<b>2,046</b>

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	629	966	214	165	47
Receivable	614	309	757	801	838
Other current assets	1,778	2,290	2,278	2,456	2,625
<b>Total current assets</b>	<b>3,021</b>	<b>3,566</b>	<b>3,248</b>	<b>3,422</b>	<b>3,510</b>
Fixed assets	34,085	34,893	34,533	34,045	33,564
Other non-current assets	4,764	4,681	4,728	4,775	4,823
<b>Total non-current assets</b>	<b>38,849</b>	<b>39,574</b>	<b>39,261</b>	<b>38,820</b>	<b>38,387</b>
<b>Total assets</b>	<b>41,870</b>	<b>43,140</b>	<b>42,509</b>	<b>42,242</b>	<b>41,897</b>
Payable	219	402	338	362	372
Other payables	2,424	2,078	2,099	2,120	2,141
Current portion of LT loans	5,789	6,248	6,242	5,952	5,639
<b>Total current liab.</b>	<b>8,432</b>	<b>8,728</b>	<b>8,679</b>	<b>8,435</b>	<b>8,152</b>
Long term loans	23,636	23,372	22,130	21,103	19,992
Other LT liab.	13	120	120	120	120
<b>Total liabilities</b>	<b>32,081</b>	<b>32,220</b>	<b>30,929</b>	<b>29,658</b>	<b>28,264</b>
Equity	5,846	5,747	5,747	5,747	5,747
Retained earnings	3,427	4,583	5,237	6,235	7,278
Minority interest	516	591	597	603	609
<b>Total SHE + minority int.</b>	<b>9,789</b>	<b>10,920</b>	<b>11,580</b>	<b>12,584</b>	<b>13,633</b>
<b>Total liabilities &amp; equity</b>	<b>41,870</b>	<b>43,140</b>	<b>42,509</b>	<b>42,242</b>	<b>41,897</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	1,549	1,638	1,546	1,841	2,046
Depr. & amortization	1,123	1,379	1,497	1,599	1,638
Changes in working capital	(489)	(370)	(478)	(177)	(176)
Others	(882)	242	9	11	14
<b>Cash flow from operating</b>	<b>1,302</b>	<b>2,889</b>	<b>2,574</b>	<b>3,275</b>	<b>3,522</b>
Capital expenditure	(5,638)	(1,702)	(587)	(476)	(495)
Others	(443)	(486)	(550)	(636)	(662)
<b>Cash flow from investing</b>	<b>(6,081)</b>	<b>(2,188)</b>	<b>(1,137)</b>	<b>(1,112)</b>	<b>(1,157)</b>
Loans	5,578	194	(1,248)	(1,316)	(1,425)
Equity	(790)	(77)	(49)	(52)	(55)
Dividends	(692)	(816)	(892)	(843)	(1,003)
Others	-	-	-	-	-
<b>Cash flow from financing</b>	<b>4,096</b>	<b>(698)</b>	<b>(2,190)</b>	<b>(2,211)</b>	<b>(2,484)</b>
<b>Changes in cash</b>	<b>(318)</b>	<b>337</b>	<b>(753)</b>	<b>(48)</b>	<b>(119)</b>

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	76.2%	72.7%	72.1%	71.7%	72.3%
EBITDA margin	87.9%	86.8%	86.4%	86.1%	86.0%
Pre-tax margin	31.3%	29.3%	25.2%	28.3%	30.0%
Net margin	25.1%	25.1%	22.4%	25.2%	26.8%
ROA	3.7%	3.8%	3.6%	4.4%	4.9%
ROE	15.8%	15.0%	13.4%	14.6%	15.0%
ROIC	11.6%	10.5%	10.9%	11.7%	12.5%

Acct. receivables TO (days)	47	26	40	40	40
Acct. payables - other TO (days)	108	64	64	64	64

Net debt/EBITDA (inc. leases) (x)	5.5	5.4	4.8	4.3	3.9
Net debt/EBITDA (ex. leases) (x)	5.2	4.9	4.6	4.2	3.8
Interest coverage (x)	2.0	2.3	2.4	2.8	3.0

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

**ANALYSTS CERTIFICATION**

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