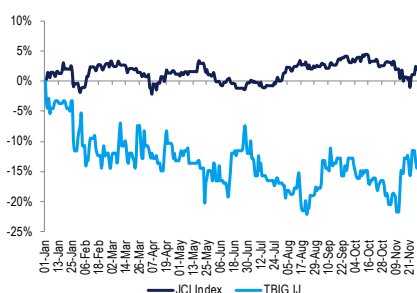


Stock Data

Target price	Rp2,550
Prior TP	Rp2,550
Current price	Rp2,090
Upside/downside	+22%
Shares outstanding (mn)	22,657
Market cap (Rp bn)	47,353
Free float	14%
Avg. 6m daily T/O (Rp bn)	12

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%
-------------------------------------	-------

Giovanni Dustin

PT Indo Premier Sekuritas  
giovanni.dustin@ipc.co.id  
+62 21 5088 7168 ext. 719

Michelle Nugroho

PT Indo Premier Sekuritas  
michelle.nugroho@ipc.co.id  
+62 21 5088 7168 ext. 717

### 3Q23 results: broadly in-line despite soft revenue trend from IOH and Tsel

- 9M23 net profit was Rp1.1tr (-9% yoy), which met our/cons estimates.
- EBITDA came in flat yoy at Rp4.3tr and was broadly in-line.
- Revenue was also in-line at Rp5.0tr (flat yoy), as soft revenue from IOH and Tsel were already expected; Reaffirm Buy.

#### 9M23 net profit and EBITDA met our/cons expectations

Net profit reached Rp1.1tr (-9% yoy) in 9M23, and was broadly in-line with our/cons FY23F estimates at 72/75% run-rate. Meanwhile, 9M23 EBITDA came at Rp4.3tr (flat yoy) – largely in-line with our/cons forecasts (72/74%); this implies a slightly lower EBITDA margin of 86.5% (-46bps yoy). The company booked 9M23 revenue of Rp5.0tr (flat yoy), which also met our/cons expectations (72/74% of our/cons).

#### Revenue from IOH declined further sequentially; soft Tsel revenue

3Q23 net profit came in at Rp430bn (+8% yoy/+20% qoq). In 3Q23, EBITDA reached Rp1.4tr (+3% yoy/flat qoq), which translates to EBITDA margin of 86.2% (+3bps yoy/-96bps qoq). Of note, cash opex grew by +3% yoy/+8% qoq. 3Q23 revenue came-in at Rp1.7tr (+3% yoy/+1% qoq) where revenue from IOH continued to decline sequentially (-13% yoy/-4% qoq) given some non-renewals of expiring leases. Meanwhile, revenue from EXCL grew by +12% yoy/+6% qoq and revenue from Tsel remained soft (-2% yoy/-1% qoq).

#### Slower tenancy net add sequentially; tenancy ratio declined marginally

TBIG saw 149 net tower addition qoq in 3Q23 (only slightly higher than 146 net add qoq in 2Q23), and added 137 new tenants qoq (lower than 419 net add qoq in the previous quarter). As a result, tenancy ratio decreased slightly on sequential basis to 1.87x in 3Q23 (3Q22: 1.88x/2Q23: 1.88x). Blended lease rates were flat qoq at Rp13.5mn/month (3Q22: Rp13.4mn/2Q23: Rp13.5mn). As of 9M23, TBIG had 22,175 tower sites and 41,455 tenants.

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

Soft revenue from IOH and Tsel were already expected, and thus, overall 9M23 results were broadly in-line with our expectations. In the near-term, VTO could help to provide share price support, while looking ahead to FY24F, a peak (or reversal) in interest rates and faster-than-expected site relocations by IOH are potential catalysts. Its growing fiber business (though still sub-scale at this juncture) could also help to support the company's growth during the 5G cycle. Reiterate BUY with an unchanged blended valuation-based (DCF and EV/EBITDA multiple) TP of Rp2,550. 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 (Rp)	68	72	68	81	90
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)	28.2	26.7	28.3	23.8	21.4
EV/EBITDA (x)	13.6	13.1	12.1	11.3	10.6
Dividend yield	1.6%	1.9%	2.0%	1.9%	2.3%
IPS vs. consensus			96%	105%	105%

Source: Company, Indo Premier

Share price closing as of: 28 November 2023

Fig. 1: TBIG IJ – 3Q23 result summary

(Rp bn)	3Q23	3Q22	% YoY	2Q23	% QoQ	9M23	9M22	% YoY	IP FY23F	% of IP	% of Cons
<b>Revenue</b>	<b>1,673</b>	<b>1,618</b>	<b>3.4%</b>	<b>1,662</b>	<b>0.7%</b>	<b>4,953</b>	<b>4,922</b>	<b>0.6%</b>	<b>6,905</b>	<b>71.7%</b>	<b>74.4%</b>
Cost of revenue	(597)	(488)	22.4%	(342)	74.4%	(1,370)	(1,412)	-2.9%			
<b>Gross profit</b>	<b>1,076</b>	<b>1,131</b>	<b>-4.8%</b>	<b>1,320</b>	<b>-18.5%</b>	<b>3,583</b>	<b>3,510</b>	<b>2.1%</b>			
Operating expenses	(33)	(119)	-71.9%	(216)	-84.6%	(377)	(343)	9.8%			
<b>Operating profit</b>	<b>1,043</b>	<b>1,012</b>	<b>3.0%</b>	<b>1,103</b>	<b>-5.5%</b>	<b>3,205</b>	<b>3,167</b>	<b>1.2%</b>			
<b>EBITDA</b>	<b>1,443</b>	<b>1,395</b>	<b>3.4%</b>	<b>1,449</b>	<b>-0.4%</b>	<b>4,286</b>	<b>4,282</b>	<b>0.1%</b>	<b>5,967</b>	<b>71.8%</b>	<b>74.3%</b>
Other income/(expense)	(575)	(548)	4.9%	(697)	-17.5%	(1,951)	(1,757)	11.0%			
<b>Pre-tax profit</b>	<b>468</b>	<b>464</b>	<b>0.8%</b>	<b>406</b>	<b>15.2%</b>	<b>1,255</b>	<b>1,410</b>	<b>-11.0%</b>			
Taxes	(19)	(54)	-64.5%	(37)	-47.5%	(90)	(151)	-40.7%			
<b>Net profit</b>	<b>430</b>	<b>397</b>	<b>8.3%</b>	<b>357</b>	<b>20.4%</b>	<b>1,118</b>	<b>1,223</b>	<b>-8.5%</b>	<b>1,546</b>	<b>72.3%</b>	<b>74.7%</b>
<b>Margin (%)</b>											
Gross margin	64.3%	69.9%		79.4%		72.3%	71.3%				
EBITDA margin	86.2%	86.2%		87.2%		86.5%	87.0%				
Net margin	25.7%	24.5%		21.5%		22.6%	24.8%				
<b>Operational data</b>											
Total sites	22,175	21,553	2.9%	22,026	0.7%	22,175	21,553	2.9%			
Total leased sites	41,455	40,578	2.2%	41,318	0.3%	41,455	40,578	2.2%			
Tenancy ratio (x)	1.87	1.88		1.88		1.87	1.88				

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**

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

## **DISCLAIMERS**

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.