

Tower Bersama Infrastructure

BUY (unchanged)

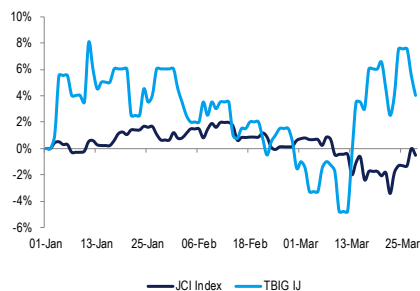
Company Update | Towers | TBIG IJ | 31 March 2024

Stock Data

Target price	Rp2,550
Prior TP	Rp2,550
Current price	Rp1,880
Upside/downside	+36%
Shares outstanding (mn)	22,657
Market cap (Rp bn)	42,595
Free float	10%
Avg. 6m daily T/O (Rp bn)	8

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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4Q23 results: in-line EBITDA; expected weak revenue from IOH/Telkomsel

- FY23 net profit came at Rp1.6tr (-5% yoy), in-line with ours/consensus.
- EBITDA grew by +1% yoy in FY23 to Rp5.7tr, and was also in-line.
- Revenue grew to Rp6.6tr (+2% yoy), in-line with our/consensus forecasts despite soft revenue trend from IOH and Tsel; Reaffirm Buy.

FY23 earnings and EBITDA came in-line with our/consensus estimates

TBIG posted net profit of Rp1.6tr (-5% yoy) in FY23, forming 101% of our and consensus FY23F – in-line. Meanwhile, FY23 EBITDA grew to Rp5.7tr (+1% yoy), which also met our and consensus forecasts at 100/99% of FY23F; this implies a slightly lower EBITDA margin of 86.3% (-53bps yoy). Revenue came at Rp6.6tr (+2% yoy) and came in-line as well (100% of FY23F).

Revenue from IOH and Tsel continued to decline sequentially in 4Q23

4Q23 net profit rose to Rp442bn (+7% yoy/+3% qoq). EBITDA reached Rp1.4tr (+5% yoy/flat qoq), which translates to EBITDA margin of 85.4% (-70bps yoy/-82bps qoq). Of note, cash opex grew by +11% yoy/+7% qoq. 4Q23 revenue came-in at Rp1.7tr (+5% yoy/+1% qoq) where revenue from IOH continued to decline sequentially (-8% yoy/-1% qoq) given some non-renewals of expiring leases. Similarly, revenue from Tsel also remained soft (-4% yoy/-3% qoq). Revenue from EXCL was the key driver for TBIG in the quarter, growing by +14% yoy/+4% qoq.

Net tenancy loss qoq, likely due to non-renewals from IOH

TBIG saw 182 net tower addition qoq in 4Q23 (vs. 149 net adds qoq in 3Q23), but tower tenancy declined by 346 tenants qoq (vs. 137 net adds qoq in the previous quarter), which we believe can be attributable to non-renewals from IOH. As a result, tenancy ratio dropped slightly on sequential basis to 1.84x in 4Q23 (4Q22/3Q23: 1.87x). Blended lease rates rose marginally qoq to Rp13.6mn/month (4Q22: Rp13.1mn/3Q23: Rp13.5mn), likely reflecting the rising take-up of ancillary services i.e. fiber. As of FY23, TBIG had 22.4k tower sites and 41.1 tenants.

Reaffirm BUY, with an unchanged TP of Rp2,550

Soft revenue from IOH and Tsel were already expected, and thus, TBIG's FY23 results came as no surprise. Going forward, rate cuts and faster-than-expected site relocations by IOH are potential catalysts. Its growing fiber business (though still sub-scale at c.2% of total revenue) could also help to support TBIG's growth in the upcoming 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 March 2024

Fig. 1: TBIG IJ – FY23 result summary

(Rp bn)	4Q23	4Q22	% YoY	3Q23	% QoQ	FY23	FY22	% YoY	IP FY23F	% of IP	% of Cons
Revenue	1,688	1,602	5.3%	1,673	0.9%	6,641	6,524	1.8%	6,676	99.5%	99.5%
Cost of revenue	(532)	(372)	43.2%	(597)	-10.9%	(1,902)	(1,783)	6.7%			
Gross profit	1,156	1,231	-6.1%	1,076	7.4%	4,738	4,741	-0.1%			
Operating expenses	(127)	(115)	10.3%	(33)	281.3%	(504)	(459)	9.9%			
Operating profit	1,029	1,116	-7.8%	1,043	-1.3%	4,234	4,282	-1.1%			
EBITDA	1,441	1,380	4.5%	1,443	-0.1%	5,728	5,662	1.2%	5,749	99.6%	99.3%
Other income/(expense)	(479)	(614)	-22.0%	(575)	-16.7%	(2,430)	(2,371)	2.5%			
Pre-tax profit	550	502	9.6%	468	17.6%	1,805	1,912	-5.6%			
Taxes	(93)	(71)	31.1%	(19)	383.3%	(183)	(222)	-17.8%			
Net profit	442	415	6.6%	430	2.9%	1,560	1,638	-4.7%	1,546	100.9%	100.8%
Margin (%)											
Gross margin	68.5%	76.8%		64.3%		71.4%	72.7%				
EBITDA margin	85.4%	86.1%		86.2%		86.3%	86.8%				
Net margin	26.2%	25.9%		25.7%		23.5%	25.1%				
Operational data											
Total sites	22,357	21,758	2.8%	22,175	0.8%	22,357	21,758	2.8%			
Total leased sites	41,109	40,772	0.8%	41,455	-0.8%	41,109	40,772	0.8%			
Tenancy ratio (x)	1.84	1.87		1.87		1.84	1.87				

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)
Gross profit	4,707	4,741	4,977	5,238	5,528
SG&A Expenses	(401)	(459)	(507)	(546)	(589)
Operating profit	4,306	4,282	4,470	4,692	4,939
EBITDA	5,429	5,662	5,967	6,292	6,577
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)
Pre-tax income	1,936	1,912	1,741	2,064	2,291
Income tax	(335)	(222)	(139)	(165)	(183)
Minority interest	(52)	(52)	(55)	(58)	(61)
Net income	1,549	1,638	1,546	1,841	2,046

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
Total current assets	3,021	3,566	3,248	3,422	3,510
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
Total non-current assets	38,849	39,574	39,261	38,820	38,387
Total assets	41,870	43,140	42,509	42,242	41,897
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
Total current liab.	8,432	8,728	8,679	8,435	8,152
Long term loans	23,636	23,372	22,130	21,103	19,992
Other LT liab.	13	120	120	120	120
Total liabilities	32,081	32,220	30,929	29,658	28,264
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
Total SHE + minority int.	9,789	10,920	11,580	12,584	13,633
Total liabilities & equity	41,870	43,140	42,509	42,242	41,897

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
Cash flow from operating	1,302	2,889	2,574	3,275	3,522
Capital expenditure	(5,638)	(1,702)	(587)	(476)	(495)
Others	(443)	(486)	(550)	(636)	(662)
Cash flow from investing	(6,081)	(2,188)	(1,137)	(1,112)	(1,157)
Loans	5,578	194	(1,248)	(1,316)	(1,425)
Equity	(790)	(77)	(49)	(52)	(55)
Dividends	(692)	(816)	(892)	(843)	(1,003)
Others	-	-	-	-	-
Cash flow from financing	4,096	(698)	(2,190)	(2,211)	(2,484)
Changes in cash	(318)	337	(753)	(48)	(119)

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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