

Tower Bersama Infrastructure

BUY (unchanged)

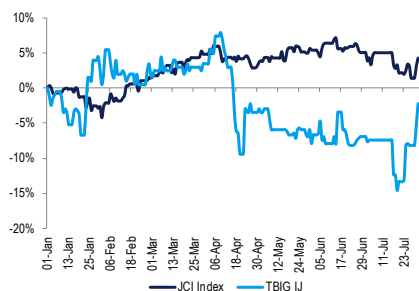
Company Update | Towers | TBIG IJ | 31 July 2024

Stock Data

Target price	Rp2,300
Prior TP	
Current price	Rp2,000
Upside/downside	+15%
Shares outstanding (mn)	22,657
Market cap (Rp bn)	45,314
Free float	10%
Avg. 6m daily T/O (Rp bn)	6

Price Performance

	3M	6M	12M
Absolute	1.3%	-6.4%	-3.2%
Relative to JCI	0.2%	-13.8%	-10.0%
52w low/high (Rp)	1,725 – 2,230		



Major Shareholders

Bersama Digital Infrastructure Asia	73.3%
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2Q24 results: in-line EBITDA and revenue, mainly driven by EXCL

- 1H24 net profit came at Rp731bn (+6% yoy), slightly softer-than-expected due to elevated interest burden.
- EBITDA grew by +3 yoy in 1H24 to Rp2.9tr, and was also in-line.
- Revenue grew to Rp3.4tr (+4% yoy), in-line with our/consensus forecasts, mainly driven by revenue from EXCL (+13% yoy); Reaffirm Buy.

1H24 EBITDA met our/consensus estimates

TBIG posted net profit of Rp731bn (+6% yoy) in 1H24, softer-than-expected at 44% of our and consensus FY24F due to elevated interest burden. Meanwhile, 1H24 EBITDA grew to Rp2.9tr (+3% yoy) and met our and consensus forecasts at 50% of FY24F; this implies a slightly lower EBITDA margin of 86.0% (-68bps yoy). Revenue came at Rp3.4tr (+4% yoy) and was in-line at 49/50% of our/consensus FY24F.

2Q24 revenue was mainly driven by EXCL

2Q24 net profit rose to Rp381bn (+7% yoy/+9% qoq) while EBITDA reached Rp1.5tr (+2% yoy/flat qoq), which translates to EBITDA margin of 86.1% (-111bps yoy/+13bps qoq). Of note, cash opex grew by +12% yoy but declined marginally by -1% qoq. 2Q24 revenue was flat at Rp1.7tr (+3% yoy/flat qoq), as revenue from all telcos remained relatively flat qoq, except from EXCL, which grew by +2 % qoq (+13 % yoy). Revenue from Tsel was flat yoy while revenue from ISAT declined by -9% yoy given some non-renewals of expiring leases in recent quarters.

Positive net tenancy qoq; tenancy ratio declined marginally to 1.81x

TBIG saw 373 net tower addition qoq in 2Q24 (vs. 481 net adds qoq in 1Q24), while tower tenancy increased by 368 tenants qoq (vs. 584 net adds qoq in the previous quarter). As a result, tenancy ratio declined marginally to 1.81x in 2Q24 (2Q23/1Q24: 1.88/1.83x). Blended lease rates remained relatively flattish at Rp13.6mn/month (2Q23/1Q24: Rp13.5/13.7mn). As of 1H24, TBIG had 23.2k tower sites and 42.1k tenants.

Reaffirm BUY, with an unchanged TP of Rp2,300

Overall, TBIG's 2Q24 results came within our/consensus expectations. Going forward, rate cuts and faster-than-expected site relocations by IOH are potential catalysts. Its growing fiber business 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 Rp2,300. Downside risks: 1) low tenancy growth; and 2) pressure on lease rates.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	6,524	6,641	6,918	7,323	7,730
EBITDA	5,662	5,728	5,933	6,272	6,617
EBITDA growth	4.3%	1.2%	3.6%	5.7%	5.5%
Net profit	1,638	1,560	1,655	1,756	1,849
EPS (Rp)	72	69	73	78	82
EPS growth	5.7%	-4.7%	6.0%	6.2%	5.3%
ROE	15.0%	12.6%	12.8%	13.0%	13.1%
PER (x)	27.3	28.7	27.0	25.5	24.2
EV/EBITDA (x)	13.3	13.2	12.7	12.0	11.4
Dividend yield	1.8%	3.1%	2.4%	2.6%	2.7%
Forecast changes			N/A	N/A	N/A
IPS vs. consensus			101%	98%	90%

Source: Company, Indo Premier

Share price closing as of: 31 July 2024

Fig. 1: TBIG IJ – 1H24 result summary

(Rp bn)	2Q24	2Q23	%YoY	1Q24	%QoQ	1H24	1H23	%YoY	IP FY24F	% of IP	% of Cons.
Revenue	1,710	1,662	2.9%	1,705	0.3%	3,414	3,280	4.1%	6,918	49.4%	49.7%
Cost of revenue	(484)	(342)	41.4%	(465)	4.2%	(949)	(773)	22.7%			
Gross profit	1,225	1,320	-7.1%	1,240	-1.2%	2,466	2,507	-1.6%			
Operating expenses	(148)	(216)	-31.7%	(143)	2.9%	(291)	(344)	-15.3%			
Operating profit	1,078	1,103	-2.3%	1,097	-1.7%	2,174	2,163	0.5%			
EBITDA	1,472	1,449	1.6%	1,465	0.4%	2,937	2,844	3.3%	5,933	49.5%	49.8%
Other income/(expense)	(671)	(697)	-3.8%	(714)	-6.0%	(1,385)	(1,376)	0.6%			
Pre-tax profit	407	406	0.2%	383	6.2%	790	787	0.4%			
Taxes	(9)	(37)	-74.6%	(20)	-54.3%	(30)	(70)	-57.7%			
Net profit	381	357	6.8%	350	8.9%	731	689	6.1%	1,655	44.2%	43.7%
Margin (%)											
Gross margin	71.7%	79.4%		72.7%		72.2%	76.4%				
EBITDA margin	86.1%	87.2%		86.0%		86.0%	86.7%				
Net margin	22.3%	21.5%		20.5%		21.4%	21.0%				
Operational data											
Total sites	23,211	22,026	5.4%	22,838	1.6%	23,211	22,026	5.4%			
Total leased sites	42,061	41,318	1.8%	41,693	0.9%	42,061	41,318	1.8%			
Tenancy ratio (x)	1.81	1.88		1.83		1.81	1.88				

Source: Company, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	6,524	6,641	6,918	7,323	7,730
Cost of sales	(1,783)	(1,902)	(1,878)	(1,998)	(2,099)
Gross profit	4,741	4,738	5,040	5,324	5,631
SG&A Expenses	(459)	(504)	(542)	(587)	(635)
Operating profit	4,282	4,234	4,499	4,737	4,995
EBITDA	5,662	5,728	5,933	6,272	6,617
Net interest	(1,815)	(1,805)	(1,869)	(1,949)	(2,057)
Forex gain (loss)	2	(21)	(7)	(7)	(8)
Others	(557)	(603)	(713)	(754)	(796)
Pre-tax income	1,912	1,805	1,910	2,027	2,134
Income tax	(222)	(183)	(193)	(205)	(216)
Minority interest	(52)	(61)	(62)	(66)	(70)
Net income	1,638	1,560	1,655	1,756	1,849

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	966	801	877	922	894
Receivable	309	1,734	1,061	1,123	1,186
Other current assets	2,290	2,723	2,930	3,155	3,389
Total current assets	3,566	5,258	4,868	5,200	5,470
	34,893	36,393	38,180	40,318	42,482
Fixed assets	4,681	5,316	5,369	5,423	5,477
Other non-current assets	39,574	41,709	43,549	45,741	47,959
Total non-current assets	43,140	46,966	48,417	50,941	53,429
Total assets	402	477	432	460	483
Payable	2,078	3,906	3,945	3,984	4,024
Other payables	6,248	10,874	9,271	9,826	10,366
Current portion of LT loans	8,728	15,258	13,648	14,270	14,873
Total current liab.	23,372	19,140	21,632	22,928	24,187
	120	207	208	208	208
Long term loans	32,220	34,605	35,487	37,406	39,268
Other LT liab.					
Total liabilities	5,747	6,670	6,670	6,670	6,670
	4,583	5,045	5,607	6,205	6,825
Equity	591	647	653	660	667
Retained earnings	10,920	12,361	12,930	13,535	14,161
Minority interest	43,140	46,966	48,417	50,941	53,429
Total SHE + minority int.	966	801	877	922	894
Total liabilities & equity	309	1,734	1,061	1,123	1,186

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	1,638	1,560	1,655	1,756	1,849
Depr. & amortization	1,379	1,494	1,434	1,535	1,621
Changes in working capital	(370)	45	459	(220)	(234)
Others	242	(486)	9	12	16
Cash flow from operating	2,889	2,613	3,558	3,083	3,252
Capital expenditure	(1,702)	(2,356)	(2,624)	(3,042)	(3,136)
Others	(486)	(638)	(597)	(631)	(650)
Cash flow from investing	(2,188)	(2,993)	(3,221)	(3,673)	(3,786)
Loans	194	395	888	1,851	1,799
Equity	(77)	918	(56)	(59)	(63)
Dividends	(816)	(1,366)	(1,092)	(1,158)	(1,229)
Others	-	-	-	-	-
Cash flow from financing	(698)	(53)	(260)	634	506
Changes in cash	337	(166)	76	44	(27)

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	72.7%	71.4%	72.9%	72.7%	72.8%
EBITDA margin	86.8%	86.3%	85.8%	85.7%	85.6%
Pre-tax margin	29.3%	27.2%	27.6%	27.7%	27.6%
Net margin	25.1%	23.5%	23.9%	24.0%	23.9%
ROA	3.8%	3.3%	3.4%	3.4%	3.5%
ROE	15.0%	12.6%	12.8%	13.0%	13.1%
ROIC	10.5%	10.0%	10.2%	10.3%	10.3%

Acct. receivables TO (days)	26	56	56	56	56
Acct. payables - other TO (days)	64	84	84	84	84

Net debt/EBITDA (inc. leases)					
(x)	5.4	5.4	5.4	5.4	5.4
Net debt/EBITDA (ex. leases) (x)	4.9	5.0	4.9	5.0	5.0
Interest coverage (x)	2.3	2.3	2.4	2.4	2.4

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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