

# Tower Bersama Infrastructure Tbk (TBIG)

## Stable Performance, Yet Lack of Catalyst

For the 2022 results, TBIG posted a 5.55% YoY increase in revenue to IDR 6.542 T (FY: IDR 6.179 T). EBITDA rose 4.29% YoY to IDR 5.662 T (FY21: IDR 5.429 T). Net profit for FY 2022 has increased to IDR 1.638 T (FY21: 1.549 T; +5.74%). Additionally, the merger between Indosat and Hutchison 3 (IOH) in January 2022 caused a decline in tower rental income from IOH. This also led to a slight decrease in TBIG's Tenancy Ratio on a year-on-year basis.

### Revenue and Net Profit Still Growing & Slightly Reduced by Indosat Hutchison (IOH) Merger

- Tower rental segment revenue increased by 4.9% YoY in FY22 to IDR 6.467T (FY21: IDR 6.164T).
- The most significant contribution to the increase in rental income by operators on a YoY basis was EXCL at +8.78%, Telkomsel at +3.72%, FREN, and Smart Telecom at +19.95% and 41.02%, respectively. For FY2022 tower rental income proportion segmentation, the largest contributors by the operator are Telkomsel (35.31%), Indosat (33.98%), and EXCL (16.42%).
- The merger between ISAT and Hutchison 3 (IOH) in January 2022 implied an efficiency due to the merger that impacted tower rental income. This can be seen from the decline in rental income, which fell -1.65% YoY to FY22 IDR 2.205T (FY21 IDR 2.242T; Indosat and Hutchison 3 combined). The decline in tower rental income from IOH not only happened in TBIG but also in another tower issuer, TOWR.

### Still the Best Tenancy Ratio in Its Field

- Regarding operational data for assets, the number of towers in FY21 was recorded at 20,466 units, up 6.31% to 21,758 units in FY22, with the number of Tenancy increasing in FY22 to 40,772 (For FY21: 38,976; +4.61% YoY). This was partly due to lease terminations due to efficiencies from the IOH merger.
- The Tenancy Ratio level in 2022 stands at 1.87 (FY 21: 1.90, -3.72% YoY) but has remained stable in the range of 1.8-1.9x over the last three years. TBIG's Tenancy Ratio is considered the best in its industry compared to TOWR and MTEL.

### TBIG Fiber Optic Business

- Fiber optic segment revenue increased 636% YoY with IDR 48.8 B in FY22 (FY21: IDR 6.6 B). Although the scale is still micro and only contributed 0.75% of TBIG's FY22 revenue, it is quite interesting to watch its development and become a new growth driver for TBIG.

### Overweight Recommendation With TP at IDR 2,390 (+12.2% Upside)

- NHKS Research provides a Overweight rating for TBIG with a target price of IDR 2,390 and an upside potential of +12.2, reflecting FY2023 14.2x Forward EV/EBITDA. The risks of this TBIG call include high-interest rates and expenses, fluctuating exchange rates, and unfavorable macroeconomic situations.

### Tower Bersama Infrastructure Tbk | Summary (IDR bn)

	2022/12F	2023/12F	2024/12F	2025/12F
Revenue	6,524	6,881	7,360	7,879
<i>Revenue growth</i>	5.6%	5.5%	7.0%	7.0%
EBITDA	5,662	5,959	6,253	6,538
Net profit	1,638	1,820	1,942	2,102
EPS (IDR)	72	80	86	93
<i>EPS growth</i>	5.7%	11.1%	6.7%	8.2%
BVPS (IDR)	482	523	569	619
EBITDA margin	86.8%	86.6%	85.0%	83.0%
NPM	25.1%	26.4%	26.4%	26.7%
ROE	15.0%	15.3%	15.1%	15.0%
ROA	3.8%	4.0%	4.0%	4.2%
P/E	29.5x	29.8x	30.7x	31.2x
P/BV	4.4x	4.6x	4.6x	4.7x
EV/EBITDA	13.5x	14.2x	14.5x	14.8x
DPS (IDR)	36	40	43	46
<i>Dividend yield</i>	1.7%	1.7%	1.6%	1.6%

Source: Company Data, Bloomberg, NHKS Research  
Please consider the rating criteria & important disclaimer



Company Report | Apr. 17, 2023

## Overweight

Target Price (IDR)	2,390
Consensus Price (IDR)	2,793
TP to Consensus Price	-14.4%
Potential Upside	+12.2%

### Shares data

Last Price (IDR)	2,130
Price date as of	Apr. 14, 2023
52 wk range (Hi/Lo)	3,260 / 2,020
Free float (%)	14.68
Outstanding sh.(mn)	22,657
Market Cap (IDR bn)	47,580
Market Cap (USD mn)	3,224
Avg. Trd Vol - 3M (mn)	14.863
Avg. Trd Val - 3M (bn)	31,620
Foreign Ownership	87.67%

### Infrastructure

#### Telecommunication Towers

Bloomberg	TBIG IJ
Reuters	TBIG.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-7.0%	-4.5%	2.9%	-31.1%
Rel. Ret.	-6.7%	-4.8%	0.7%	-25.5%

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## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
<b>Revenue</b>	<b>6,524</b>	<b>6,881</b>	<b>7,360</b>	<b>7,879</b>
<i>Growth</i>	8.8%	13.4%	16.0%	4.7%
Cost of Revenue	1,783	1,931	2,176	2,464
<b>Gross Profit</b>	<b>4,741</b>	<b>4,950</b>	<b>5,184</b>	<b>5,414</b>
<i>Gross Margin</i>	72.7%	71.9%	70.4%	68.7%
Operating Expenses	(459)	(471)	(517)	(569)
<b>EBIT</b>	<b>4,282</b>	<b>4,479</b>	<b>4,667</b>	<b>4,845</b>
<i>EBIT Margin</i>	65.6%	65.1%	63.4%	61.5%
<b>EBITDA</b>	<b>5,662</b>	<b>5,959</b>	<b>6,253</b>	<b>6,538</b>
<i>EBITDA Margin</i>	86.8%	86.6%	85.0%	83.0%
Interest Expenses	(1,829)	(1,944)	(2,005)	(2,063)
<b>EBT</b>	<b>1,912</b>	<b>2,057</b>	<b>2,192</b>	<b>2,316</b>
Income Tax	(222)	(185)	(197)	(162)
Minority Interest	(52)	(52)	(52)	(52)
<b>Net Profit</b>	<b>1,638</b>	<b>1,820</b>	<b>1,942</b>	<b>2,102</b>
<i>Growth</i>	5.7%	11.1%	6.7%	8.2%
<i>Net Profit Margin</i>	25.1%	26.4%	26.4%	26.7%

### BALANCE SHEET

(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Cash	966	517	795	1,153
Receivables	270	285	305	326
Inventories	622	656	701	751
<b>Total Current Assets</b>	<b>3,566</b>	<b>3,167</b>	<b>3,514</b>	<b>3,946</b>
Net Fixed Assets	34,428	37,079	38,728	40,374
Other Non Current Assets	1,479	1,479	1,479	1,479
<b>Total Non Current Assets</b>	<b>39,574</b>	<b>42,873</b>	<b>44,522</b>	<b>46,168</b>
<b>Total Assets</b>	<b>43,140</b>	<b>46,040</b>	<b>48,036</b>	<b>50,114</b>
Payables	256	380	382	402
ST Debt	5,915	6,288	6,484	6,673
<b>Total Current Liabilities</b>	<b>8,728</b>	<b>9,250</b>	<b>9,456</b>	<b>9,673</b>
<b>LT Debt</b>	<b>23,491</b>	<b>24,932</b>	<b>25,689</b>	<b>26,419</b>
<b>Total Liabilities</b>	<b>32,220</b>	<b>34,182</b>	<b>35,145</b>	<b>36,092</b>
Capital Stock	453	453	453	453
Retained Earnings	4,583	5,521	6,553	7,684
<b>Shareholders' Equity</b>	<b>10,920</b>	<b>11,858</b>	<b>12,891</b>	<b>14,022</b>

### CASH FLOW STATEMENT

(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Operating Cash Flow	669	1,216	1,978	1,929
Investing Cash Flow	(672)	(60)	(2,725)	(1,701)
Financing Cash Flow	1,065	3,806	1,008	50
<b>Net Changes in Cash</b>	<b>1,062</b>	<b>4,962</b>	<b>261</b>	<b>278</b>

### PROFITABILITY & STABILITY

	2022/12F	2023/12F	2024/12F	2025/12F
ROE	15.0%	15.3%	15.1%	15.0%
ROA	3.8%	4.0%	4.0%	4.2%
Inventory Turnover	10.5x	10.5x	10.5x	10.5x
Receivables Turnover	21.1x	21.1x	21.1x	21.1x
Payables Turnover	23.4x	16.6x	17.6x	17.9x
Dividend Yield	1.7%	1.7%	1.6%	1.6%
Payout Ratio	50.00%	50.00%	50.00%	50.00%
DER	3.1x	2.6x	2.5x	2.3x
Net Gearing	2.8x	2.7x	2.6x	2.4x
Equity Ratio	0.3x	0.3x	0.3x	0.3x
Debt Ratio	0.7x	0.7x	0.7x	0.7x
Financial Leverage	4.1x	3.9x	3.8x	3.6x
Current Ratio	0.4x	0.3x	0.4x	0.4x
Quick Ratio	0.1x	0.1x	0.1x	0.2x
Total Shares (mn)	22,657	22,656	22,657	22,657
Share Price (IDR)	2,130	2,390	2,629	2,892
Market Cap (IDR tn)	48,259	54,148	59,565	65,524

### VALUATION INDEX

	2022/12F	2023/12F	2024/12F	2025/12F
Price/Earnings	29.5x	29.8x	30.7x	31.2x
Price/Book Value	4.4x	4.6x	4.6x	4.7x
PE/EPS Growth	5.2x	2.7x	4.6x	3.8x
EV/EBITDA	13.5x	14.2x	14.5x	14.8x
EV (IDR bn)	76,253	84,417	90,516	97,043
Revenue CAGR (3-Yr)	11.6%	8.9%	6.0%	6.5%
Net Income CAGR (3-Yr)	26.0%	21.7%	7.8%	8.7%
Basic EPS (IDR)	72	80	86	93
BVPS (IDR)	482	523	569	619
DPS (IDR)	36	40	43	46

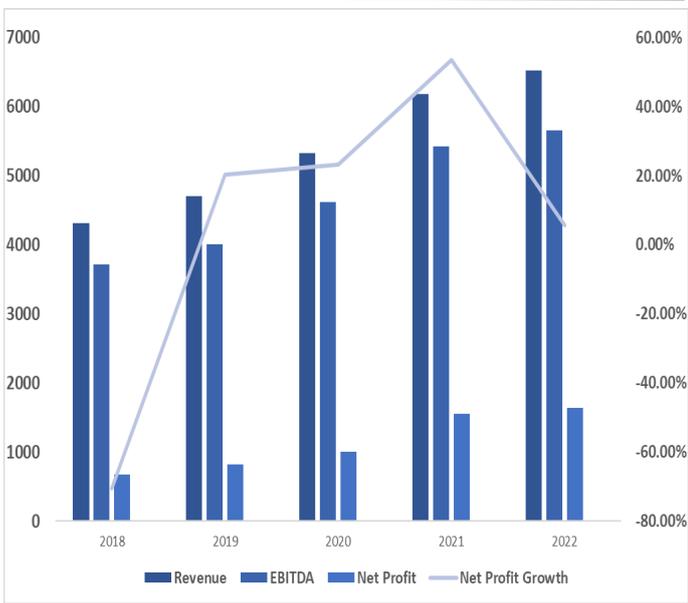
### OWNERSHIP

<b>Shareholders</b>	%
Bersama Digital Infrastructure Asia PTE LTD	74.97
PT Wahana Anugerah Sejahtera	9.26
Vanguard Group Inc.	0.70
Others	15.07
<b>By Geography</b>	%
Indonesia	12.33
Unknown	84.87
United States	1.14
Norway	0.51
Others	1.15

Source: Company Data, Bloomberg, NHKSI Research

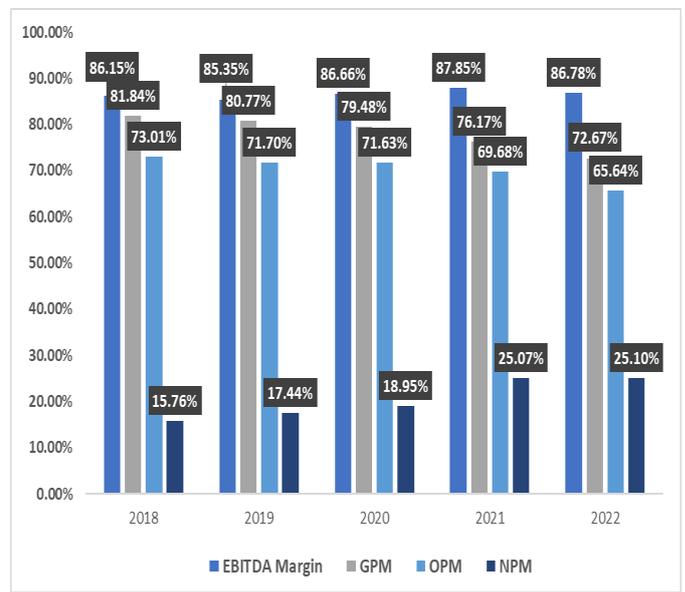
## Performance Highlights

Financial Performance (IDR Billion)



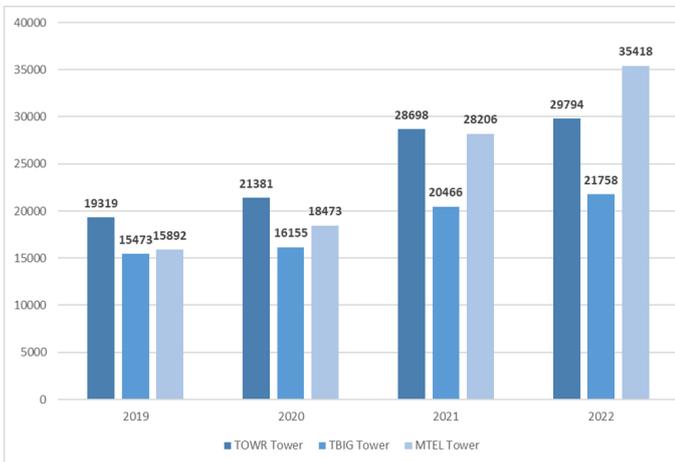
Source: Company, NHKSI Research

Margin Ratios (%)



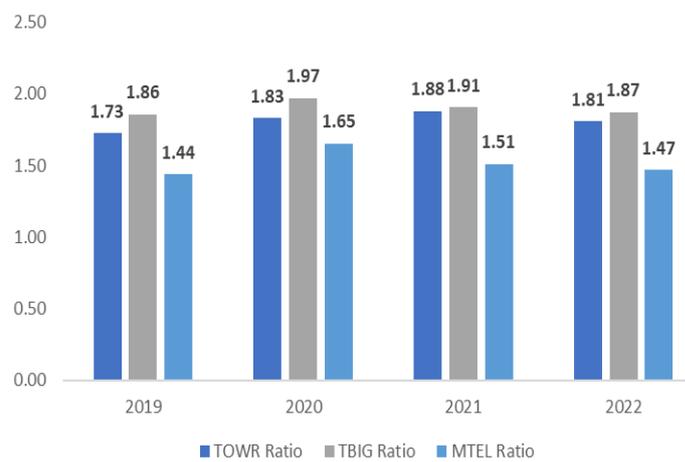
Source: Company, NHKSI Research

TBIG and Indonesian Peers Number of Towers (Units)



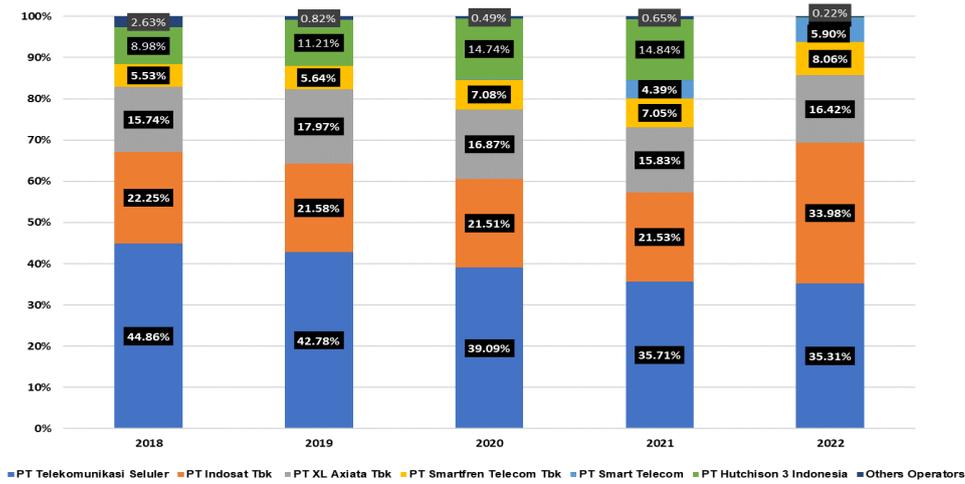
Source: Company, NHKSI Research

TBIG and Indonesian Peers Tenancy Ratio (x)



Source: Company, NHKSI Research

Revenue Breakdown (By Operators)



Notes: In January 2022, Indosat and Hutchison 3 Ind. Officially merged.

Source: Company, NHKSI Research

TOWR, TBIG and MTEL EV/EBITDA Comparison



Source: Company, NHKSI Research

TBIG F-EV/EBITDA



Source: Company, NHKSI Research

**NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings**

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to 15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

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