Company Update

PT Tower Bersama Infrastructure Tbk (TBIG)

Telecommunications Towers

KB Valbury Sekuritas

Hampered by strong dollar and monetary tightening

19 July 2022

Recommendations : BUY

Stock	
Price on 18/07/2022 (Rp)	2,980
12M target price (Rp)	3,530
Capital gain potential	18%

Stock Data	
Outstanding shares	21,631,053,945
Market cap (Rp)	67,064,718,357,200
Weight VS IHSG (%)	0.71

Shareholders	(%)
Wahana Anugerah Sejahtera	35.85%
Provident Capital Indonesia	23.28%
Management	4.00%
Public	36.88%
Outstanding Shares (unit)	21,631,053,945
Treasury stocks	1,025,945,500

Price Performance	
52-week high/low	Rp3,340/Rp2,670

Capital gain/(loss) (in %)

1 month	3 month	6 month	1 Year	YTD
1.37	(3.270	0.00	(7.50)	0.34

Summary of Financial Performance

In IDR bn	2021A	2022E	2023F
Revenue	6,180	6,824	7,256
Operating Income	4,021	4,683	4,964
OPM (%)	65.08%	68.63%	68.42%
EBITDA	5,144	5,939	6,290
EV to EBITDA (x)	17.84	15.66	15.04
Net Income	1,549	2,005	1,979
NPM (%)	25.07%	29.38%	27.28%
EPS (Rp)	72	93	91
EPS Growth (%)	53.4%	29.4%	-1.3%
Price Earnings (x)*	40.67	32.15	32.57
Price to Book (x)*	6.79	6.13	5.47
Price to Sales (x)*	10.19	9.45	8.88
Return on Equity (%)	16.70%	19.06%	16.79%
Return on Assets (%)	3.70%	4.59%	4.25%
Tot Debt/Equity (x)	3.17	2.79	2.63

**) based on market price (18/07/2022) at Rp2,980*
Sources :Company, Bloomberg and KB Valbury Sekuritas

Analyst(s)
Devi Harjoto
Alfiansyah

Laba bersih TBIG meningkat 56,2% YoY pada 1Q22 menjadi Rp415,3 miliar
Ditopang kebutuhan data yang meningkat ditengah tren suku bunga naik
Rekomendasi BUY dengan target harga Rp3.530 per saham

Pertumbuhan laba yang berkesinambungan

Laba bersih TBIG naik 56,2% YoY pada 1Q22 menjadi Rp415,3 miliar (-11,3% QoQ). Adapun, pendapatan TBIG tumbuh 15,4% YoY pada 1Q22 menjadi Rp1,64 triliun (+1,5% QoQ). Tetapi, gross margin TBIG turun dari 76,4% pada 1Q21 menjadi 75,3% pada 1Q22 ditengah kenaikan beban pokok yang lebih tinggi 20,7% YoY. EBITDA margin cenderung stabil dari 87,1% pada 1Q21 menjadi 87,4% pada 1Q22. Kemudian, beban operasional TBIG naik terkendali 5,6% YoY dari kenaikan beban karyawan. Sehingga margin operasional TBIG terkontraksi dari 69,0% pada 1Q21 menjadi 68,5% pada 1Q22. Sementara itu, TBIG membukukan kenaikan beban pajak final 209,5% YoY pada 1Q22 menjadi Rp130,7 miliar. TBIG berhasil mengurangi beban keuangan dari pinjaman jangka panjang 4,4% YoY pada 1Q22 menjadi Rp455,3 miliar. Dari segi neraca, net gearing TBIG membaik menjadi 2,9x pada 1Q22.

Ditopang oleh ISAT-Hutch

Pertumbuhan pendapatan TBIG pada 1Q22 didorong oleh FREN yang naik 108,9% YoY menjadi Rp226,3 miliar. Seiring dengan pertumbuhan sewa ini, kontribusi FREN meningkat dari 7,6% pada 1Q21 menjadi 13,8% pada 1Q22. Kemudian, diikuti oleh pendapatan sewa dari ISAT-Hutch 9,6% YoY pada 1Q22 menjadi Rp587,2 miliar dan juga Telkomsel yang naik 5,4% YoY. Kontribusi ISAT-Hutch sedikit turun dari 37,7% pada 1Q21 menjadi 35,8% pada 1Q22. Sedangkan, kontribusi dari Telkomsel juga berkurang dari 37,8% pada 1Q21 menjadi 34,5% pada 1Q22. Adapun, pendapatan sewa dari EXCL yang tumbuh 10,0% YoY menjadi Rp258,4 miliar, yang berkontribusi 15,7% turun dibandingkan tahun sebelummya yang mencapai 16,5% pada 1Q21.

Harapan dari meluasnya 5G

Kami memperkirakan pertumbuhan TBIG dapat tumbuh 10% YoY pada tahun ini, ditengah kebutuhan ekspansi operator yang terus meningkat. Di sisi lain, kami menilai dengan normalisasi kegiatan yang sedang berjalan akan mendorong kebutuhan akan data ditambah dengan konsolidasi antar operator selular akan memberikan ruang operator untuk memperbaiki yield, sehingga mendorong investasi lebih lanjut. Kami memperkirakan pertumbuhan tenan TBIG dapat mencapai 3.500 sepanjang tahun ini yang utamanya dari organic. Selain itu, semakin meluasnya teknologi 5G juga akan mendorong permintaan terhadap fiber. Akan tetapi, kami menilai dengan meningkatnya suku bunga global mempunyai double impacts secara negative bagi TBIG yakni dari 1) apresiasi dolar AS secara tajam dan 2) biaya pendanaan yang meningkat ditengah leverage ratio TBIG dan dominasi oleh porsi utang dalam dolar AS.

Rekomendasi BUY ditengah kontinuitas ekpansi operator

Kami merekomendasikan "BUY" dengan target harga Rp3.530 per saham, dengan valuasi sebesar PE 2022E yakni 32,15x. Rekomendasi kami telah memfaktorisasi 1) berlanjutnya ekspansi operator ditengah peningkatan permintaan data dan digitalisasi; 2) datangnya teknologi 5G yang mengandalkan fiber optic yang telah dikembangkan TBIG; 3) konsolidasi antar operator memberikan ruang untuk investasi jaringan; dan 4) penetrasi internet Indonesia yang lebih rendah dibandingkan dengan negara Asia Tenggara lainnya Namun, kami mencatat beberapa resiko yakni 1) potensi M&A antar operator, sehingga dapat menurunkan potensi pertumbuhan TBIG; 2) leverage ratio yang lebih tinggi dibandingkan kompetitor; 3) volatilitas nilai tukar dan 4) kenaikan suku bunga.

FINANCIAL OVERVIEW

Income Statement (Rp bn)	1CQ2021	1CQ2022	YoY Change	4Q2021	1Q2022	QoQ Change
Revenue	**1,422**	**1,642**	*15.4%*	**1,618**	**1,642**	*1.5%*
Cost of Revenue	(336)	(406)	*20.7%*	(337)	(406)	*20.5%*
Gross Profit	**1,086**	**1,236**	*13.8%*	**1,281**	**1,236**	*(3.5%)*
Gross Margin (%)	***76.4%***	***75.3%***		***79.2%***	***75.3%***	
Operating Expenses	(105)	(111)	*5.6%*	(82)	(111)	*34.7%*
Operating profit	**981**	**1,125**	*14.7%*	**1,199**	**1,125**	*(6.2%)*
Operating profit margin (%)	***69.0%***	***68.5%***		***74.1%***	***68.5%***	
EBITDA	**1,239**	**1,435**	*15.8%*	**1,440**	**1,435**	*(0.4%)*
EBITDA margin	***87.1%***	***87.4%***		***89.0%***	***87.4%***	
Non-Operating Income (Losses)	(590)	(641)	*8.6%*	(572)	(641)	*12.1%*
Pretax Income	**391**	**484**	*23.8%*	**627**	**484**	*(22.8%)*
Income Tax (Expense)/ Benefit	(107)	(53)	*(49.9%)*	(145)	(53)	*(63.2%)*
Profit for This Year	**284**	**430**	*51.4%*	**482**	**430**	*(10.7%)*
Minority	(18)	(15)	*(18.2%)*	(14)	(15)	*10.5%*
Net Profit (Losses)	**266**	**415**	*56.2%*	**468**	**415**	*(11.3%)*
Profit Margin (%)	***18.7%***	***25.3%***		***28.9%***	***25.3%***	

Sources : Company and KB Valbury Sekuritas

FINANCIAL TABLES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Year End Dec (IDR bn)	2020A	2021A	2022E	2023F	2024F
Revenue	**5,328**	**6,180**	**6,824**	**7,256**	**7,680**
Revenue growth yoy	13.4%	16.0%	10.4%	6.3%	5.8%
- Cost of Goods Sold	(1,093)	(1,473)	(1,402)	(1,499)	(1,639)
Gross Income	**4,235**	**4,707**	**5,422**	**5,757**	**6,041**
- Operating Expenses	(574)	(685)	(739)	(793)	(834)
Operating Income	**3,660**	**4,021**	**4,683**	**4,964**	**5,207**
Op income growth yoy	8.7%	9.9%	16.5%	6.0%	4.9%
- Non Operating Gains (Losses)	(2,151)	(2,085)	(2,157)	(2,421)	(2,448)
EBITDA	**4,461**	**5,144**	**5,939**	**6,290**	**6,657**
Pretax Income	**1,509**	**1,936**	**2,526**	**2,543**	**2,760**
- Income Tax Expense	(443)	(335)	(463)	(503)	(510)
Profit for This Year	**1,067**	**1,601**	**2,062**	**2,040**	**2,250**
- Minority Interests	(57)	(52)	(58)	(61)	(67)
Net Income	**1,010**	**1,549**	**2,005**	**1,979**	**2,183**
Net income growth yoy	23.2%	53.4%	29.4%	-1.3%	10.3%
EPS (IDR)	**47**	**72**	**93**	**91**	**101**
Dividends Per Share (IDR)	**32**	**36**	**46**	**46**	**50**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Year End Dec (IDR bn)	2020A	2021A	2022E	2023F	2024F
Total Current Assets	**3,227**	**3,021**	**3,680**	**4,289**	**4,706**
+ Cash & Near Cash Items	947	629	816	896	902
+ Accounts & Notes Receivable	711	539	645	764	857
+ Inventories	118	226	271	321	360
+ Other Current Assets	1,451	1,627	1,948	2,307	2,587
Total Long-Term Assets	**33,294**	**38,849**	**39,989**	**42,249**	**44,633**
+ Property, Plant & Equip, Net	31,353	37,101	37,871	39,501	41,322
Property, Plant & Equip	33,176	39,127	40,172	42,139	44,057
Accumulated Depreciation	1,823	2,026	2,301	2,638	2,735
+ Long Term Investments	388	447	482	520	562
+ Other Long Term Assets	1,553	1,301	1,636	2,228	2,749
Total Assets	**36,521**	**41,870**	**43,669**	**46,538**	**49,338**
Total Current Liabilities	**13,778**	**8,432**	**9,341**	**10,261**	**11,022**
+ Payables & Accruals	1,805	1,327	1,465	1,506	1,547
+ Short Term Borrowings	10,911	5,789	6,539	7,399	8,100
+ Other Short Term Liabilities	1,062	1,317	1,336	1,356	1,375
Total Long Term Liabilities	**13,440**	**23,649**	**22,834**	**23,622**	**24,438**
+ Long Term Borrowings	13,403	23,636	22,820	23,607	24,422
+ Other Long Term Borrowings	36	13	14	15	16
Total Liabilities	**27,217**	**32,081**	**32,175**	**33,883**	**35,460**
+ Share Capital & APIC	(67)	(188)	(188)	(188)	(188)
- Treasury Stock	1,028	1,028	1,028	1,028	1,028
+ Retained Earnings & Other Eq.	2,204	3,427	4,429	5,419	6,510
+ Other Equity	7,601	7,062	7,308	7,586	7,812
Total Shareholders Equity	**8,710**	**9,273**	**10,521**	**11,789**	**13,106**
+ Minority/Non Controlling Int.	594	516	973	866	773
Total Equity	**9,304**	**9,789**	**11,494**	**12,655**	**13,878**
Total Liabilities & Equity	**36,521**	**41,870**	**43,669**	**46,538**	**49,338**
Book Value Per Share	**403**	**429**	**486**	**545**	**606**

Sources: Company, Bloomberg and KB Valbury Sekuritas

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year End Dec (IDR bn)	2020A	2021A	2022E	2023F	2024F
Net Income	1,010	1,549	2,005	1,979	2,183
+ Depreciation & Amortization	801	1,123	975	1,037	1,097
+ Other Non-Cash Adjustments	200	(377)	(328)	(348)	(369)
Cash From Operating Activities	**2,011**	**2,295**	**2,652**	**2,667**	**2,911**
+ Capital Expenditures	(1,965)	(7,001)	(2,780)	(2,956)	(3,129)
+ Change in Investment	(87)	(5)	35	38	41
+ Other Investing Activities	0	(171)	(335)	(592)	(521)
Cash From Investing Activities	**(2,052)**	**(7,176)**	**(3,079)**	**(3,510)**	**(3,609)**
+ Dividends Paid	(606)	(692)	(1,002)	(990)	(1,091)
+ Change in long Term Borr.	636	4,685	1,184	1,587	1,314
+ Other Financing Activities	433	571	432	325	479
Cash From Financing Activities	**463**	**4,563**	**614**	**923**	**703**
Net Changes in Cash	**422**	**(318)**	**187**	**81**	**5**

Sources: Company, Bloomberg and KB Valbury Sekuritas

RATIO ANALYSIS

Year End Dec	2020A	2021A	2022E	2023F	2024F
Valuation Ratios					
Price Earnings*	33.96	40.67	32.15	32.57	29.53
EV to EBIT*	15.75	22.82	18.74	18.00	17.28
EV to EBITDA*	12.92	17.84	15.66	15.04	14.43
Price to Sales*	6.44	10.19	9.45	8.88	8.39
Price to Book*	3.94	6.79	6.13	5.47	4.92
Dividend Yield*	2.0%	1.2%	1.6%	1.5%	1.7%
Profitability Ratios					
Gross Margin	79.48%	76.17%	79.46%	79.35%	78.66%
EBITDA Margin	83.74%	83.25%	87.02%	86.68%	86.67%
Operating Margin	68.70%	65.08%	68.63%	68.42%	67.80%
Profit Margin	18.95%	25.07%	29.38%	27.28%	28.42%
Return on Assets	2.76%	3.70%	4.59%	4.25%	4.42%
Return on Equity	11.59%	16.70%	19.06%	16.79%	16.65%
Leverage & Coverage Ratios					
Current Ratio	0.23	0.36	0.39	0.42	0.43
Quick Ratio	0.23	0.33	0.36	0.39	0.39
Interest Coverage Ratio (EBIT/I)	1.71	1.88	2.25	2.12	2.22
Tot Debt/Capital	0.41	0.32	0.31	0.32	0.34
Tot Debt/Equity	2.79	3.17	2.79	2.63	2.48
Others					
Asset Turnover	0.15	0.15	0.16	0.16	0.16
Accounts Receivable Turnover	7.50	11.47	10.58	9.50	8.97
Accounts Payable Turnover	2.95	4.66	4.66	4.82	4.97
Inventory Turnover	45.03	27.29	25.17	22.60	21.33

**) based on market price (18/07/2022) at Rp2,980*

Sources: Company, Bloomberg and KB Valbury Sekuritas

Disclaimer

This report is prepared by PT KB Valbury Sekuritas, a member of the Indonesia Stock Exchange, or its subsidiaries or its affiliates ("KBVS"). All the material presented in this report is under copyright to KBVS. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form or by any means or altered in any way, or transmitted to, or distributed to any other party without the prior written consent of KBVS.

The research presented in this report is based on the information obtained by KBVS from sources believed to be reliable, however KBVS do not make representations as to their accuracy, completeness or correctness. KBVS accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this report and further communication given or relied in relation to this document. The material in this report is not to be construed as an offer or a solicitation of an offer to buy or sell any securities or financial products. This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts and estimates contained in this report reflects a judgement at its original date of publication by KBVS and are subject to change without notice, its accuracy is not guaranteed ot it may be incomplete.

The Research Analyst(s) primarily responsible for the content of this research report, in part or as a whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The Analyst also certifies that no part of his/her compensation was, is or will related to specific recommendation views expressed in this report. It also certifies that the views and recommendations expressed in this report do not and will not take into account client circumstances, objectives, needs and no intentions involved as a use for recommendations for sale or buy any securities or financial instruments.

KB Valbury Sekuritas

Headquarters
Menara Karya, 9th Floor
Jl. H.R. Rasuna Said Blok X-5 Kav 1-2
Jakarta 12950, Indonesia
T +62 21 255 33 600
F +62 21 255 33 778

Branch Office

Jakarta - Kelapa Gading
Rukan Plaza Pasifik
Jl. Raya Boulevard Barat Blok A1 No. 10
Jakarta 11620
T +62 21 - 29451577

Jakarta - Puri Indah
Rukan Grand Aries Niaga
Blok E.1 No. 1 V Jl. Taman Aries, Kembangan,
Jakarta 14450
T +62 21 - 22542390
F +62 21 - 29264310

Jakarta - Pluit
Jl. Pluit Putra Raya No. 2
Jakarta 14240
T +62 21 - 29264300
F +62 21 - 22542391

Bandung
Jl. HOS Cokroaminoto No. 82
Bandung 40171
T +62 22 - 87255888
T +62 22 - 87255800
F +62 22 - 87255811

Semarang
Candi Plaza Building Lt. Dasar
Jl. Sultan Agung No. 90-90A
Semarang 50252
T +62 24 - 3521888
T +62 24 - 8501122
F +62 24 - 8507450

Yogyakarta
Jl. Magelang KM 5.5 no. 75
Yogyakarta 55284
T +62 274 - 4469500
T +62 274 - 623111
F +62 274 - 623222

Surabaya
Pakuwon Center Tunjungan Plaza Lantai 21
Jl. Embong Malang No.1
Surabaya 60261
T +62 31 - 2955777
T +62 31 - 2955788
F +62 31 - 2955716

Denpasar
Komplek Ibis Styles Hotel
Jl. Teuku Umar No. 177
Denpasar Bali 80114
T +62 361 - 255888
T +62 361 - 225229
F +62 361 - 225339

Banjarmasin
Jl.Gatot Subroto No.33 Kel. Kebun Bunga
Kec. Banjarmasin Timur
Kalimantan Selatan 70235
T +62 511 - 3265918
F +62 511 - 3253432

Solo
Jl. Ronggo Warsito no. 34
Solo 57118
T +62 271 632888
F +62 271 656988

Makasar
Ratulangi Points Lt. 3
Jl. Dr Sam Ratulangi No. 2 Kunjungmae, Mariso
Makassar, Sulawesi Selatan 90125
T +62 411 8955999

Malang
Jl. Pahlawan Trip no. 7
Malang 65112
T +62 341 - 585888
F +62 341 - 560056

Medan
Komplek Jati Junction No. P5-5A
Jl. Perintis Kemerdekaan
Medan 20218
T +62 61 - 88816222
F 62 61 - 88816333

Pekanbaru
Jl. Tuanku Tambusai
Komplek CNN Blok A No.3 Pekanbaru 28291
T +62 761 - 839393
Galeri Investasi

Padang
Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado
Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang
Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi

Padang
Jl. Kampung Nias II no. 10,
Kel. Belakang Pondok,
Kec. Padang Selatan
T +62 751 8955747

Manado
Kawasan Megamas, Ruko Megaprofit
Blok IF2 No. 38 Manado. 95254
T +62 431 7917 836
F +62 431 880 2129

Solo
Jl. Ronggowarsito No. 34
Surakarta 57118
T +62 271 - 632888

Palembang
Komp. PTC Mall Blok I No. 7 Jl. R. Sukamto Kel. 8 Ilir
Kec. Ilir Timur II Palembang 30114
T 07115700281

Galeri Investasi BEI - KBVS

Yogyakarta
Universitas Kristen Duta Wacana
T +62 274 - 544032

Manado
Universitas Prisma Manado
T 0431 8800850

Jakarta
Universitas Gunadarma
T +62 21 - 8727541