Danareksa Sekuritas

Equity Research
Initiation

Wednesday,17 October 2018

HOLD
Initiation

Last price (IDR)	5,000
Target Price (IDR)	**5,300**
Upside/Downside	**+6.0%**
Previous Target Price (IDR)	*5,300*

Stock Statistics

Sector	Towers
Bloomberg Ticker	TBIG IJ
No of Shrs (mn)	4,531
Mkt. Cap (IDRbn/USDmn)	22,657/1,491
Avg. daily T/O (IDRbn/USDmn)	8.9/0.6

Major shareholders (%)

PT Wahana Anugerah Sejahtera	29.4
PT Provident Capital Indonesia	25.5
Estimated free float	38.7

EPS Consensus (IDR)

	2018F	2019F	2020F
Danareksa	207.0	254.7	299.5
Consensus	221.1	267.2	300.4
Danareksa/Cons	(6.4)	(4.7)	(0.3)

TBIG relative to JCI Index

nSource : Bloomberg

Tower Bersama Infrastructure (TBIG IJ)

Facing challenges given only moderate orders

TBIG maintains one of the largest tower portfolios in Indonesia, generating 45%, 23% and 15% of its revenues from Telkomsel, ISAT and EXCL, with a high EBITDA margin of ~86%. The company's long term outlook looks bright given telcos' expansion in 4G LTE, which should create strong demand for tower infrastructure. The stock currently trades at a premium valuation of 10.5x EV/EBITDA given its exposure to TSEL. Nonetheless, challenges remain as tower orders (incl. from TSEL) are subdued. TBIG may also face pricing pressures. HOLD with a TP of Rp5,300, implying EV/EBITDA 2019 of 10.9x.

Organic and inorganic growth from the inclusion of GHON. We expect TBIG's revenues to grow ~7% yoy in 2018 to Rp4.3 tn with the company adding ~2,500 tenancies from new orders and the 766 obtained from the GHON acquisition in 2H18. As such, the company should end FY18 with ~26,229 tenancies. These tenancies are located in ~15,000 towers with TBIG expected to add ~1,000 towers organically and 529 from GHON in FY18. The bulk of the organic growth comes from EXCL, TSEL and FREN. There is little financial headroom for tower or company acquisitions, however, considering TBIG's 5.3x ND/EBITDA ratio vs. the key debt covenant of 6.25x.

To benefit from TSEL's peers tracking its tower footprint. Around 45% of TBIG's revenues come from TSEL which is building tower hotspots throughout Indonesia as the first ex-Java mover. We expect TSEL's peers to selectively track its tower footprint. EXCL already started to do so in 2017 and it accounted for ~50% of TBIG's tenancy orders in 2018. TSEL is TBIG's best customer as it continues to place orders (albeit subdued) while FREN is also a regular customer. TBIG has yet to pick up orders from other telcos, however.

More infra orders due in 4G, but pricing is under pressure. Tower companies may have to provide better pricing to telcos whose earnings have come under severe pressure. 4G technology requires higher network capacity and densification than 3G for telcos to stay competitive. We think some price incentives will help TBIG to pick up tenancies with a higher contribution from TSEL, ISAT and Hutch, as they all bought new spectrum in 2017. It remains to be seen how revenues/tenancy (~Rp15 mn/month in 2Q18) behaves as telcos look for better deals.

HOLD given only moderate orders. Although TBIG trades at close to -2SD EV/EBITDA, we think the stock is fairly priced given the current conditions with telcos looking for better deals. We initiate coverage on TBIG with a HOLD call. Our TP of Rp5,300 implies EV/EBITDA 2019 of 10.9x.

Key Financials

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Revenue (IDRbn)	3,711	4,023	4,308	4,754	5,117
EBITDA (IDRbn)	3,220	3,495	3,738	4,127	4,445
EBITDA Growth (%)	10.6	8.5	7.0	10.4	7.7
Net profit (IDRbn)	714	2,316	938	1,154	1,357
EPS (IDR)	157.5	511.2	207.0	254.7	299.5
EPS growth (%)	(50.1)	224.5	(59.5)	23.1	17.6
BVPS (IDR)	343.3	681.5	629.3	739.2	873.1
DPS (IDR)	146.8	165.5	144.9	165.6	119.8
PER (x)	33.4	10.3	25.4	20.6	17.6
PBV (x)	15.3	7.7	8.4	7.1	6.0
Dividend yield (%)	2.8	3.1	2.8	3.1	2.3
EV/EBITDA (x)	13.2	12.5	12.1	11.1	10.4

Source : TBIG, Danareksa Estimates

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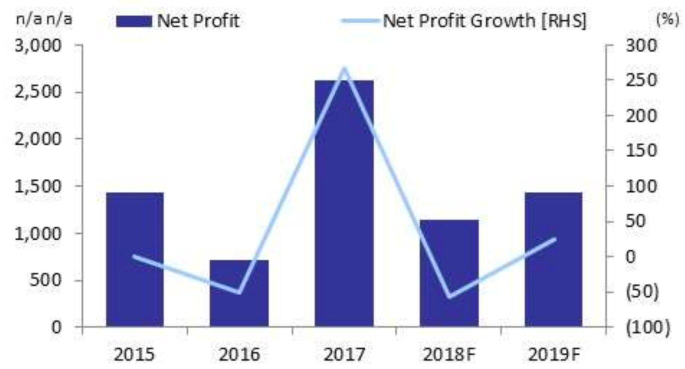
Exhibit 1. Revenues and Growth

Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



Source: Company, Danareksa Sekuritas estimates

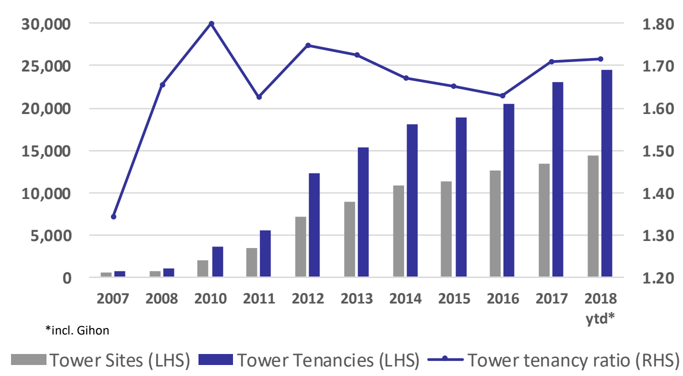
Exhibit 3. Margins

Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level

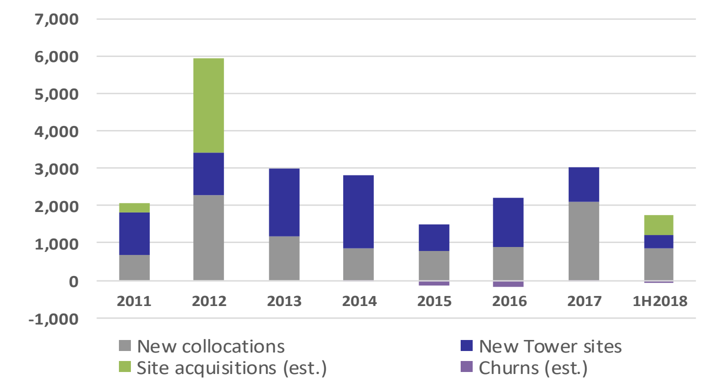
Source: Company, Danareksa Sekuritas estimates

Exhibit 5. Towers, tenancies and tenancy ratio



Source: Company, Danareksa Sekuritas estimates

Exhibit 6. Gross tenancy additions via collos, build-to-suit, acquisitions



Source: Company, Danareksa Sekuritas estimates

Key fundamental qualities in TBIG's business

TBIG generates revenues by leasing out tower space to telco operators for new or existing towers typically on a long-term basis. Telcos demand a specific location for their BTS and TBIG accommodates them accordingly, based on tower/land availability.

A successful tower company model

Where have the towers come from? Telcos unloaded/sold & leased-back their towers to tower companies as they are costly to maintain. The two tower companies under our coverage, TBIG and TOWR, bought most of them and built a sustainable model by unlocking the value of those towers.

Exhibit 7. Tower owners in Indonesia

TowerCo	# Towers	%	Telco	# Towers	%
Sarana Menara Nusantara	16,790	29%	Telkomsel*	18,000	57%
Tower Bersama	14,294	25%	XL Axiata	4,000	13%
Solusi Tunas Pratama	6,818	12%	Indosat Ooredoo	8,600	27%
Dayamitra - Mitratel*	11,061	19%	Other MNOs**	1,000	3%
Inti Bangun Sejahtera*	4,077	7%			
Other ITCs**	4,800	8%			
Total	**57,840**			**31,600**	

*as per 2017, **approximation

Source: Telcos and Tower Cos disclosures

The shift to tower companies and consolidation is expected to continue

TBIG has built on its recent acquisition of a 19.8% stake in Gihon by agreeing to take control of an additional 70.76% stake and consolidate its operations. This effectively adds 529 new towers to TBIG's portfolio and 766 new tenancies. In similar fashion, TOWR previously acquired KIN Komet. Offloading towers to tower companies and further consolidation are expected to continue in the future. With GIHON and KIN Komet now out of the picture, the pricing power of tower companies may potentially improve.

Lasting relationship with telcos

Following tower sale/lease-backs, the relationship between TBIG and telcos is typically stipulated in 10-year master tower lease agreements with provisions to enforce mutual commitment. This locks in the revenues of the tower company for the entire term of the contract. More fundamentally, telcos can operate uninterruptedly and deploy network strategies for the tower footprint, while tower companies can maintain the assets on a contractual basis.

Accelerating tower investment returns

Tower companies can fit new tenants into a tower to collocate with the anchor tenant. Multiple tenancies in a tower (collocation) can help TBIG get a return on an initial investment much faster through multiplication of its revenues. Collocation is an enticing proposition because it is fast; ~2-3 weeks to install, as opposed to building a new tower (4-6 months) and contender telcos can quickly track growth of the first mover's hotspots.

Exhibit 8: TBIG revenues and EBITDA from Towers and Tenancies

(#)	FY16	FY17	*Change*	1H17	1H18	*Change*	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Tower Sites*	**12,539**	**13,461**	***922***	**13,158**	**13,500**	***342***	**11,697**	**11,884**	**12,070**	**12,539**	**12,874**	**13,158**	**13,270**	**13,461**	**13,500**	**14,294**
Tower tenants*	**20,415**	**22,970**	***2,555***	**22,123**	**23,604**	***1,481***	**19,423**	**19,698**	**19,972**	**22,970**	**21,434**	**22,123**	**22,648**	**22,970**	**23,604**	**24,504**
Mon. Revenue / Tower	*24.5*	*24.8*	*1.2%*	*24.5*	*25.6*	*4.4%*	*23.7*	*23.7*	*24.0*	*25.3*	*24.8*	*24.9*	*26.0*	*25.9*	*25.6*	*24.3*
Mon. Revenue / Tenancy	*15.1*	*14.6*	*-3.7%*	*14.6*	*14.7*	*0.4%*	*15.5*	*15.5*	*15.7*	*13.8*	*14.9*	*14.8*	*15.2*	*15.2*	*14.6*	*14.2*
Tenancy Ratio (x)	*1.63*	*1.71*	*4.8%*	*1.68*	*1.75*	*4.0%*	*1.66*	*1.66*	*1.65*	*1.83*	*1.66*	*1.68*	*1.71*	*1.71*	*1.75*	*1.71*

Source: TBIG and Danareksa Sekuritas

Accommodating investment grade telcos network expansion

It typically costs ~Rp1 bn to build a new tower (incl. land rental). TBIG only builds a new tower (build-to-suit) when no tower infrastructure is available in a requested location, and the order for a new tenancy comes from a high debt-rated telco. Thus, every erected tower generates income from day one. Based on the type of infrastructure request and the location, TBIG provides an array of macro and micro towers.

Exhibit 8: TBIG tower portfolio comprises tall towers for high tenancy ratio

Ground based tower >65m

Ground based tower <32m

Rooftop tower

DAS Network

TBIG has a very successful tower model

TBIG has low costs - mostly maintenance and property security expenses. Electricity costs are borne by the telcos for the most part, thus removing a variable element from its cost base. Through economies of scale, TBIG enjoys a massive +86% EBITDA margin.

Exhibit 9: Strong & consistent EBITDA performance

Rp bn	FY16	FY17	*YoY*	1H17	1H18	*YoY*	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Total Revenues	**3,711**	**4,023**	*8.4%*	**1,941**	**2,079**	*7.1%*	**901**	**917**	**942**	**951**	**956**	**985**	**1,034**	**1,048**	**1,036**	**1,042**
EBITDA	**3,220**	**3,495**	*8.5%*	**1,683**	**1,793**	*6.6%*	**784**	**795**	**818**	**823**	**828**	**855**	**904**	**908**	**896**	**898**
EBITDA margin	*86.8%*	*86.9%*	*0.1*	*86.7%*	*86.3%*	*-0.4*	*87.0%*	*86.7%*	*86.9%*	*86.5%*	*86.6%*	*86.8%*	*87.4%*	*86.6%*	*86.4%*	*86.1%*

Source: TBIG and Danareksa Sekuritas

Visibility on returns allows for adequate funding

Stable revenues and strong earnings provide comfort to lenders and bondholders who financed the tower acquisitions and build-to-suit towers. TBIG had debts of ~Rp22 tn in 1H18 – of which Rp20.3 tn are in US$ but hedged till maturity. Taking into account the hedging, TBIG's debt is Rp19 tn. This gives rise to a net debt/LQA EBITDA ratio of 5.3x with little headroom left to the debt covenant of 6.25x.

80% of its interest payments are also hedged and the remaining 20% are naturally hedged by the tower leases in US$ it receives from ISAT. TBIG has standby facilities to potentially raise another US$101 mn. Financial risk still looms, however, as sovereign bond yields are on the rise. Its dollar loan interest payments are pegged to LIBOR and the IDR is under pressure.

Exhibit 10: Key financials

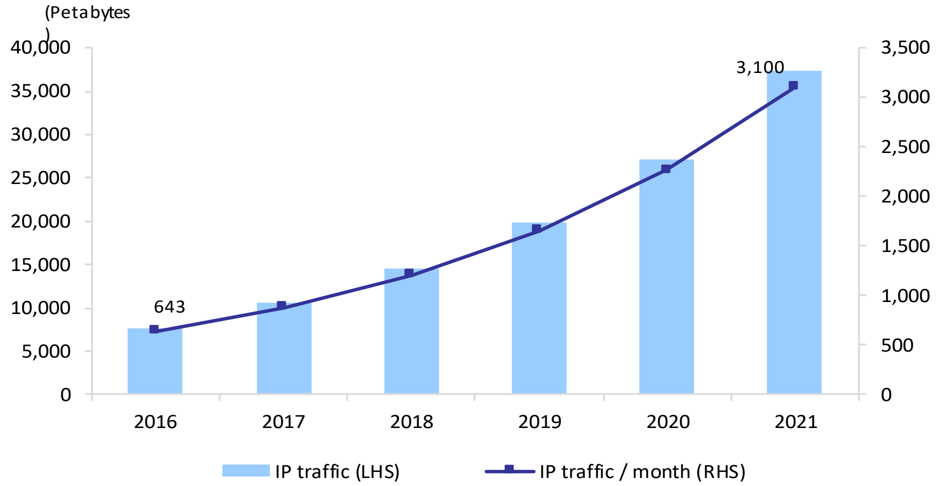
Rp bn	FY16	FY17	*YoY*	1H17	1H18	*YoY*	1Q18	2Q18	*YoY*
Total Revenues	**3,711**	**4,023**	*8.4%*	**1,941**	**2,079**	*7.1%*	**1,036**	**1,042**	*0.6%*
EBITDA	**3,220**	**3,495**	*8.5%*	**1,683**	**1,793**	*6.6%*	**896**	**898**	*0.2%*
EBITDA margin (%)	*86.8%*	*86.9%*	*0.1*	*86.7%*	*86.3%*	*-0.4*	*86.4%*	*86.1%*	*-0.3*
Other income (charges) - net	**(1,872)**	**(2,105)**	*12.4%*	**(1,054)**	**(1,043)**	*-1.0%*	**(520)**	**(523)**	*0.6%*
Net interest expense	(1,686)	(1,809)	*7.3%*	(889)	(941)	*5.8%*	(490)	(451)	*-7.9%*
Financial expense - Others	(99)	(148)	*49.4%*	(107)	(41)	*-62.1%*	(21)	(20)	*-3.2%*
Others	(86)	(147)	*70.2%*	(58)	(62)	*6.1%*	(10)	(52)	*441.1%*
Pre-tax profit	**786**	**908**	*15.5%*	**399**	**475**	*18.9%*	**295**	**289**	*-1.9%*
Pretax margin (%)	*21.2%*	*22.6%*	*1.4*	*27.6%*	*22.8%*	*-4.8*	*28.4%*	*27.7%*	*-0.7*
Tax	(63)	1,431	*n.a.*	(21)	(68)	*216.1%*	(4)	(64)	*1530.2%*
Minority interest	(9)	(23)	*140.9%*	(4)	(4)	*12.0%*	(3)	(1)	*-47.4%*
Net profit	**714**	**2,316**	*224.5%*	**374**	**403**	*7.7%*	**288**	**224**	*-22.3%*
Net Profit margin (%)	*19.2%*	*57.6%*	*38.3*	*26.2%*	*19.4%*	*-6.8*	*27.8%*	*21.5%*	*-6.3*
Capex	*1,365*	*1,864*	*36.5%*	*825.96*	*897.14*	*8.6%*	*468.63*	*428.51*	*-8.6%*
Total interest bearing debt	18,897	20,369	*7.8%*	19,102	21,969	*15.0%*	20,439	21,969	*7.5%*
Net debt / Annual. EBITDA (x)	*5.6*	*5.5*	*-2.4%*	*5.5*	*5.9*	*7.1%*	*5.4*	*5.9*	*8.7%*
Hedged Net debt / Annual. EBITDA	*5.1*	*4.9*	*-2.9%*	*5.0*	*5.3*	*5.0%*	*4.8*	*5.3*	*10.4%*

Source: TBIG and Danareksa Sekuritas

Room to pay dividends and undertake share buybacks
Significant FCF gives TBIG the option to pay dividends of ~60-70% of its earnings for the foreseeable future. This will, however, depend on TBIG's currently ongoing share buyback program.

No end to data growth – a similar trend expected for new tower sites demand
Data is the main revenues driver for telcos with very high traffic volumes projected. To support the traffic, telcos need to invest in more BTS rollout and subsequently require more tower infrastructure. As per CISCO, Indonesia's per capita IP data traffic will grow from 2GB in 2016 to 11GB by 2021, driven by usage for HD/Ultra HD video, VOD, gaming and more networked devices that need to be mobile connected.

Exhibit 11: Indonesia's relentless growth of data traffic



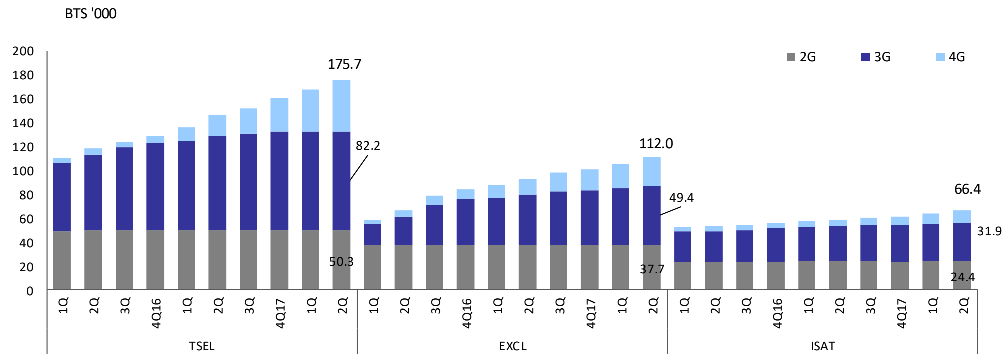
Source: CISCO

IP traffic : traffic following the internet protocol
GB = (Gigabyte) 1,000 MB, TB = (Terabyte) 1,000 GB, PB = (Petabyte) 1,000 TB, or 1PB= 1,000² GB, or 1PB = ~223,000 DVDs (4.7Gb each), or

How passive infrastructure demand is stimulated

3G mobile technology is coming full circle: Telkomsel recently stopped adding 3G BTS and EXCL and ISAT are following this lead. Going forward, data traffic growth will be supported by 4G technology and telcos have already made a head start deploying 4G BTS. Telcos have widespread 3G/4G coverage across Java and adjacent islands. Telcos typically build a wide thin layer of coverage and then invest in capacity to meet demand as subscriber adoption and usage increases.

Exhibit 12: BTS portfolio of big-3 telcos



Source: Telco operators

Contenders to follow TSEL's footprint in 4G rollout

TSEL is a key anchor tenant for TBIG, generating 45% of its revenues. TSEL has been the first mover (especially ex-Java), setting up tower hotspots and sites with the help of TBIG. With urbanization, those hotspots become more popular going forward. As local economies become stronger, network expansion has been undertaken outside Java. EXCL is strategically following TSEL's footprint by collocating at TSEL locations, and taking advantage of the fast rollout (collocation takes only 2-3 weeks).

Exhibit 13: Contribution by operator to TBIG revenues

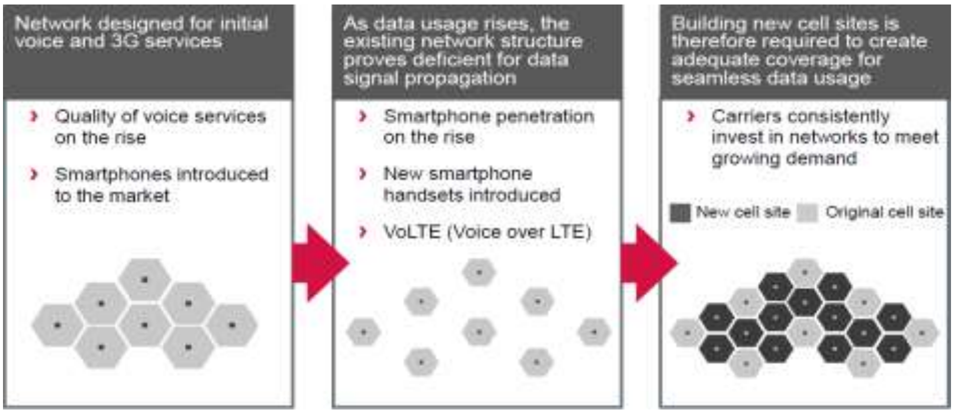
Rp bn	FY16	FY17	*YoY*	1H17	1H18	*YoY*	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18
Total Revenues	**3,711**	**4,023**	*8.4%*	**1,941**	**2,079**	*7.1%*	**901**	**917**	**942**	**951**	**956**	**985**	**1,034**	**1,048**	**1,036**	**1,042**
Telkomsel	1,502	1,822	*21.3%*	874	931	*6.5%*	357	367	377	401	423	451	494	454	465	466
Indosat	896	931	*3.9%*	450	464	*3.2%*	215	212	228	241	225	225	223	258	228	237
XL Axiata	524	582	*11.2%*	266	319	*20.2%*	130	133	130	131	132	134	154	162	160	159
Hutch 3	377	378	*0.5%*	188	189	*0.6%*	95	94	95	93	94	94	95	95	96	93
Smartfren	148	178	*20.4%*	96	108	*13.1%*	32	36	39	41	49	47	37	45	54	55
Internux	91	101	*10.8%*	50	49	*-1.9%*	25	(2)	48	20	23	27	25	26	25	24
Telkom	153	0	*n/a*	0	0	*n/a*	46	46	45	16	0	0	0	0	0	0
Others	21	31	*48.3%*	17	17	*3.0%*	3	32	(21)	6	9	8	6	8	9	9
Total Revenues %																
Telkomsel	40%	45%	*4.8%*	45%	45%	*-0.3%*	40%	40%	40%	42%	44%	46%	48%	43%	45%	45%
Indosat	24%	23%	*-1.0%*	23%	22%	*-0.8%*	24%	23%	24%	25%	24%	23%	22%	25%	22%	23%
XL Axiata	14%	14%	*0.4%*	14%	15%	*1.7%*	14%	14%	14%	14%	14%	14%	15%	15%	15%	15%
Hutch 3	10%	9%	*-0.7%*	10%	9%	*-0.6%*	10%	10%	10%	10%	10%	10%	9%	9%	9%	9%
Smartfren	4%	4%	*0.4%*	5%	5%	*0.3%*	4%	4%	4%	4%	5%	5%	4%	4%	5%	5%
Internux	2%	3%	*0.1%*	3%	2%	*-0.2%*	3%	0%	5%	2%	2%	3%	2%	3%	2%	2%
Telkom	4%	0%	*-4.1%*	0%	0%	*0.0%*	5%	5%	5%	2%	0%	0%	0%	0%	0%	0%
Others	1%	1%	*0.2%*	1%	1%	*0.0%*	0%	3%	-2%	1%	1%	1%	1%	1%	1%	1%

Source: TBIG and Danareksa Sekuritas

Demand for new towers will be fueled by network densification

Telco networks are expected to deliver seamless data to subscribers. This requires strong network performance. Improving signal propagation with more BTS installations for a given radius would greatly improve network performance.

Exhibit 14: 4G LTE necessitates network densification

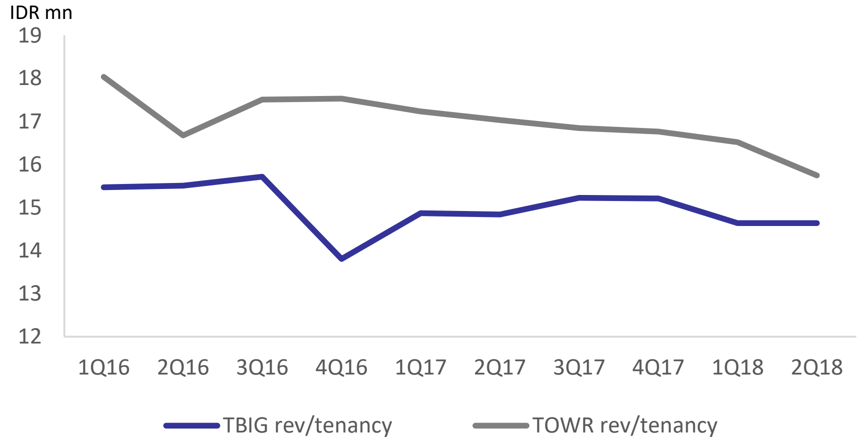


Source: American Tower

As telcos' EBITDA margins are being pressurized, they seek tower lease discounts

The data business arguably generates lower margins. Cost savings are thus imperative for telcos, and they often request lower tower lease rates. Based on TBIG's guidance, the average life of a contract is 5½ years. When the lease needs to be renewed, the lease rate is up for negotiation. The company says that it has 650-700 tenancies which need to be renewed on a yearly basis going forward with a large chunk (about 2,500 tenancies) in 2022. Monthly lease rates are currently seen flattish for TBIG.

Exhibit 15: Monthly revenue per tenancy for TBIG and TOWR



Infrastructure demand depends on what telcos are currently doing

TBIG's order book is dependent on what Telcos are doing at the present time. TBIG sees growth of ~2,500 orders in FY18 of which ~1,000 are from build-to-suit towers and the rest from collocation.

- TSEL has been TBIG's best customer. Revenues from TSEL peaked in 3Q17 but declined in the last two quarters as some TSEL tenancies may not have been renewed. TBIG's management says that TSEL new orders were subdued in 2017-18. We think orders will gain steam going forward but there will be uncertainty in regard to how prices behave.
- EXCL is sourcing tower infrastructure from both TBIG and TOWR (two companies under our coverage). EXCL is strategically following TSEL's footprint and is actively seeking to increase scale.
- ISAT with new 2100MHz spectrum is strategically rolling out its network in Lampung in Sumatra, and in south Kalimantan and Sulawesi. We understand that ISAT wants to save on tower leases and get better deals.
- Hutch 3 also bought new 2100MHz spectrum and will need to roll out its network to justify this purchase.
- TBIG has received some orders from Smartfren. This company is also looking for tower bargains, and at our recent meeting with FREN we learnt that the company is also looking for better deals.

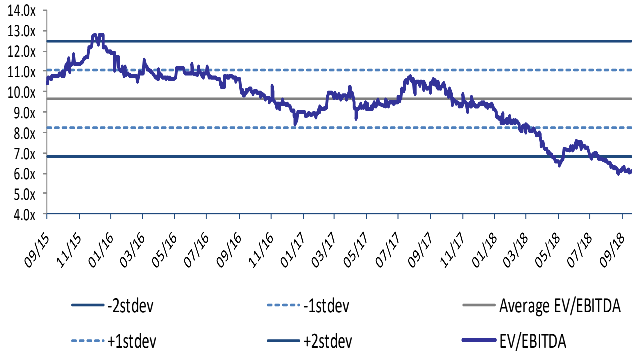
Valuation and Rating

TBIG's order book does not have major upside except from EXCL. At the same time, TSEL has called for more cost savings through lower tower lease rates. Meanwhile, upside potential from asset acquisitions is limited given the small financial headroom with downside risk in its cost of funding.

We initiate coverage on Tower Bersama (TBIG:IJ) with a HOLD recommendation, using the DCF valuation method which gives a target price of Rp5,300, or implying 2019 EV/EBITDA of 10.9x. The current valuation is at 10.5x or close to -2SD below its 3-year average multiple. Its EV/tower is estimated at about 2.2x the cost to acquire or 3.2x the cost of build-to-suit. TBIG trades at a deserved premium to its closest competitor TOWR (2019 EV/EBITDA of 8.5x) - which exhibits similar profitability but has lower leverage - given its higher exposure to the market leader TSEL.

Exhibit 16: TBIG 3yr EV/EBITDA valuation

Exhibit 17: TOWR 3yr EV/EBITDA valuation

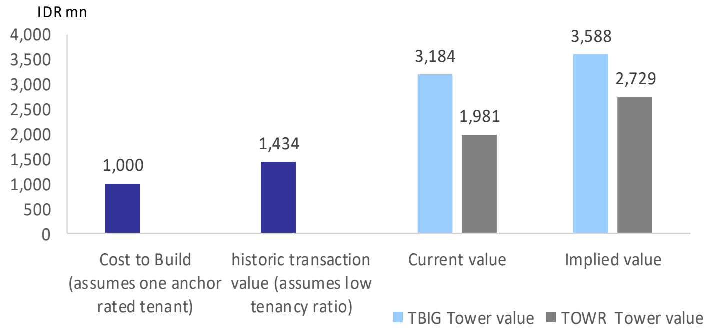


Source : Bloomberg, Danareksa

Exhibit 18: Previous tower transactions (selective)

Year	Seller	Buyer	Rp bn / tower	Towers/Sites	Transaction value
2008	Hutch 3	TOWR	1.31	3,692	US$500mn
2008	Bakrie Telecom	SUPR	2.43	543	US$136mn
2010	Hutch 3	TOWR	1.02	1,482	US$165.9mn
2011	Mitrayasa "Infratel"	TBIG	n/a	595	n/a
2012	Indosat	TBIG	1.95	2,500	US$519mn
2012	PT Central Investindo	TOWR	n/a	152	n/a
2012	Hutch 3	TOWR	n/a	503	n/a
2014	XL Axiata	SUPR	1.56	3,500	US$460mn
2016	XL Axiata	TOWR	1.33	2,500	US$250mn
2017	STI Sampoerna	IBST	1.12	371	US$31mn
2018	KIN Komet	TOWR	0.99	1,400	US$96.6mn
2018	Gihon	TBIG	1.20	529	~US$8.8mn / 19.8% or US$44.4mn / 100%
Average			**1.43**		

Exhibit 19: Tower valuations (indicative)



Source : TowerExchange, Danareksa

Business and Financial Risks

- Pricing pressure on leases during contract renewals with telcos becoming more aggressive
- Possible telcos' consolidation which may destabilize revenues and create the risk of trade receivables write-offs.
- Slowdown of collocation and tenancy ratio improvement

About the Company

The management team has got results & is backed by reputable shareholders

The management team has a long track record in the Indonesian Tower industry. Site acquisition is critical for the installation and organic growth of new towers in new areas as there is no consistency concerning the acquisition of permits from local governments, land exploration, and negotiations of tenancy leases with telcos and rent leases for land with landlords. The company also needs to demonstrate its ability to make acquisitions of other tower companies or tower portfolios in line with its objective to enlarge its scale.

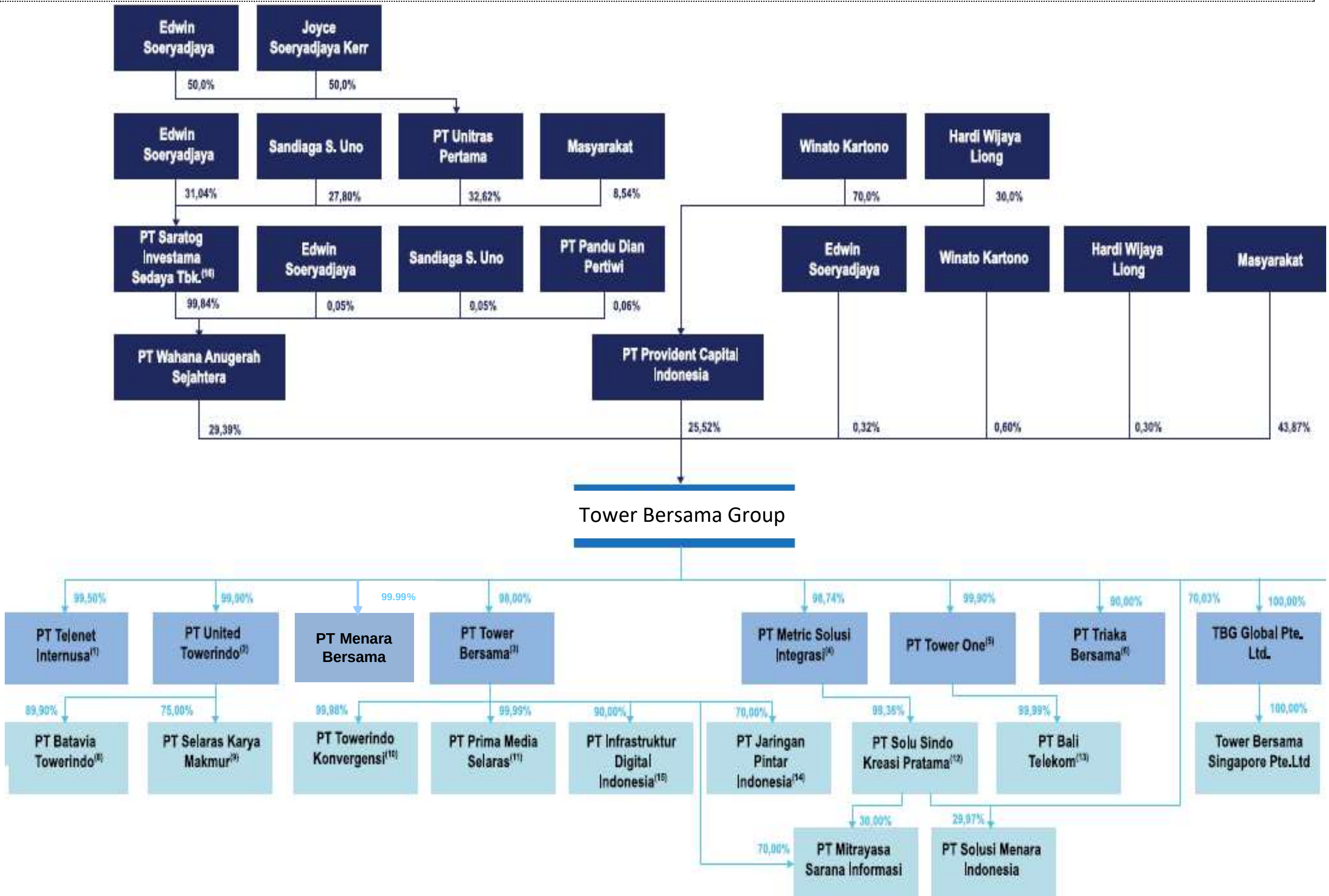
The two controlling shareholders who were founders of TBIG are the Saratoga group and Provident Capital Indonesia (PCI). The Saratoga group was established 15 years ago by Edwin Soeryadjaya and Sandiaga Uno. Saratoga is a leading business group in Indonesia and is one of the controlling shareholders of PT Adaro Indonesia. It also has interests in oil & gas, digital services, plantations and infrastructure.

Exhibit 20: Tower Bersama milestones

Period	Milestones of TBIG	# Total Sites	# Total Tenancies	# Tower Sites	# Tower Tenancies	(x) Tower tenancy ratio
2004	Establishment of Tower Bersama Group Acquisition of PT Telenet Internusa First contracts with Telkom and Telkomsel signed					
2005	Focus on organic growth (Build-to-suit)					
2006	Acquisition of Mobile-8 (now Smartfren) core tower assets First contracts with Bakrie telecom & Mobile-8 (now Smartfren) signed	350	350			
2007	Acquisition of PT Bali Telecom First contracts with PT Natrindo Telepon Seluler NTS (now Axis Telekom), PT Hutchison CP Telecommunication (Hutchison 3) and XL Axiata signed	561	729	507	680	1.34
2008	Acquisition of the first set of PT Prima Media Selaras' assets	832	1,415	625	1,034	1.65
2009	First contracts with Indosat Ooredoo signed Acquisition of the final set of PT Prima Media Selaras assets	998	1,896	716	1,378	1.92
2010	Merger and consolidation of PT SoluSindo Kreasi Pratama ("SKP") Signed USD2 bn Debt Programme Initial Public Offering ("IPO") of PT Tower Bersama Infrastructure	3,104	4,729	2,035	3,660	1.80
2011	Acquisition of PT Mitrayasa Sarana Informasi ("Infratel") Fulfills OHSAS 18001:2007 certification standards for occupational health and safety standards	4,868	7,002	3,411	5,545	1.63
2012	Acquisition of 2,500 tower assets from Indosat	8,439	13,708	7,055	12,324	1.75
2013	Organic growth (build-to-suit) with a record 1,811 new sites in 2013 Issued debut USD300 mn 5 year Bonds Issued debut IDR740 bn Bonds	10,134	16,577	8,866	15,309	1.73
2014	Organic growth (build-to-suit) with a record 1,976 new sites in 2014 Refinanced existing bank facilities with USD1.3 bn unsecured term and Revolving Credit Facilities	11,820	19,076	10,825	18,081	1.67
2015	Issued debut USD350 mn 7 year Bonds Executed USD275 mn bank loan	12,389	19,796	11,389	18,796	1.65
2016	Organic growth (bulid-to-suit) with 1,314 new sites in 2016 Issued IDR230 billion 5 year IDR Bonds Cancelled 265,126,310 treasury shares	12,610	20,486	12,539	20,415	1.63
2017	Organic growth (built-to-suit and collocation) with 3,009 new tenants Executed USD500 million bank loan Issued IDR1.4 trillion of 3 year IDR Bonds	13,509	23,018	13,461	23,018	1.71
2018 ytd	Consolidating Gihon (GHON) to add sites and tenancies in its portfolio	13,821	23,794	13,765	23,738	1.72

Source : TBIG

Exhibit 21: Corporate ownership & group structure



Source : TBIG

Exhibit 22. Income Statement

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Revenue	**3,711**	**4,023**	**4,308**	**4,754**	**5,117**
COGS	(738)	(668)	(757)	(834)	(906)
Gross profit	**2,973**	**3,355**	**3,551**	**3,920**	**4,211**
EBITDA	**3,220**	**3,495**	**3,738**	**4,127**	**4,445**
Oper. profit	**2,658**	**3,012**	**3,186**	**3,517**	**3,779**
Interest income	6	7	7	7	7
Interest expense	(1,692)	(1,816)	(1,960)	(2,103)	(2,129)
Forex Gain/(Loss)	25	14	0	0	0
Income From Assoc. Co's	0	0	0	0	0
Other Income (Expenses)	(211)	(309)	(144)	(81)	(81)
Pre-tax profit	**786**	**908**	**1,089**	**1,340**	**1,576**
Income tax	(63)	1,431	(142)	(174)	(205)
Minority interest	(9)	(23)	(9)	(12)	(14)
Net profit	**714**	**2,316**	**938**	**1,154**	**1,357**
Core Net Profit	**689**	**2,302**	**938**	**1,154**	**1,357**

Exhibit 23. Balance Sheet

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Cash & cash equivalent	365	407	677	777	540
Receivables	409	266	285	314	338
Inventory	217	20	23	25	28
Other Curr. Asset	969	1,278	1,316	1,355	1,396
Fixed assets - Net	18,232	19,799	20,627	21,478	22,100
Other non-curr.asset	3,428	3,826	4,564	4,792	5,271
Total asset	**23,620**	**25,596**	**27,492**	**28,742**	**29,673**
ST Debt	1,016	4	22	23	28
Payables	185	193	219	241	262
Other Curr. Liabilities	1,699	1,792	2,089	2,131	2,174
Long Term Debt	17,892	20,376	22,148	22,813	23,041
Other LT. Liabilities	1,204	46	55	67	80
Total Liabilities	**21,996**	**22,411**	**24,534**	**25,275**	**25,584**
Shareholder'sFunds	1,556	3,088	2,852	3,350	3,957
Minority interests	68	97	107	118	132
Total Equity & Liabilities	**23,620**	**25,596**	**27,492**	**28,742**	**29,673**

Exhibit 24. Cash Flow

Year to 31 Dec (IDRbn)	2016A	2017A	2018F	2019F	2020F
Net income	714	2,316	938	1,154	1,357
Depreciation and Amort.	562	483	552	610	666
Change in Working Capital	819	(1,547)	(267)	(7)	(3)
OtherOper. Cash Flow	1,686	1,809	1,954	2,096	2,122
Operating Cash Flow	**3,782**	**3,061**	**3,176**	**3,853**	**4,142**
Capex	(1,365)	(1,790)	(1,588)	(1,690)	(1,766)
Others Inv. Cash Flow	(1,047)	(1,573)	7	7	7
Investing Cash Flow	**(2,412)**	**(3,363)**	**(1,581)**	**(1,683)**	**(1,759)**
Net change in debt	850	1,302	1,790	666	233
New Capital	0	0	0	0	0
Dividend payment	(592)	(665)	(750)	(656)	(750)
Other Fin. Cash Flow	(2,611)	(1,872)	(2,366)	(2,080)	(2,102)
Financing Cash Flow	**(2,353)**	**(1,236)**	**(1,325)**	**(2,071)**	**(2,620)**
Net Change in Cash	**(983)**	**(1,538)**	**270**	**100**	**(237)**
Cash - begin of the year	296	365	407	677	777
Cash - end of the year	365	407	677	777	540

Exhibit 25. Key Ratios

Year to 31 Dec	2016A	2017A	2018F	2019F	2020F
Growth (%)					
Sales	8.5	8.4	7.1	10.4	7.6
EBITDA	10.6	8.5	7.0	10.4	7.7
Operating profit	(0.1)	13.3	5.8	10.4	7.4
Net profit	(50.1)	224.5	(59.5)	23.1	17.6
Profitability (%)					
Gross margin	80.1	83.4	82.4	82.4	82.3
EBITDA margin	86.8	86.9	86.8	86.8	86.9
Operating margin	71.6	74.9	74.0	74.0	73.9
Net margin	19.2	57.6	21.8	24.3	26.5
ROAA	3.1	9.4	3.5	4.1	4.6
ROAE	46.3	99.8	31.6	37.2	37.2
Leverage					
Net Gearing (x)	11.4	6.3	7.3	6.4	5.5
Interest Coverage (x)	1.6	1.7	1.6	1.7	1.8

Source : TBIG, Danareksa Estimates

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