

# Dayamitra Telekomunikasi Tbk (MTEL)

## Tower Issuers with Room for Expansive Growth

For the 2022 results, MTEL recorded a 12.5% increase in revenue to IDR 7.729 T on a year-on-year basis (FY21: IDR 6.869 T). As for EBITDA, it experienced a rise of 18.5% YoY to IDR 6.142 T (FY21: IDR 5.185 T). FY 2022 experienced a relatively good increase of 29.2% at IDR 1.785 T (FY21: IDR 1.381 T). The EBITDA margin level increased by 3.99% to 79.47% in FY22 (FY21: 75.48%), and the Net Profit Margin level increased by 0.43% to 47.28% in FY22 (FY21: 46.85%)

### Revenue Still Growing Favorably with Strong and Healthy Balance Sheet

- In terms of segmentation, the tower leasing segment was the most significant contributor to the increase in revenue for MTEL, with IDR 6.371 T in FY22 (FY21: IDR 5.425 T, +17.4% YoY). As for the tower seller segment, it increased by 6.9% YoY to IDR 699 B (FY21: IDR 653 B). The other tower-related segments posted a decrease in revenue of -16.7% YoY to IDR 659 B (FY21: IDR 791 B).
- By tenant operator (Customer), the most significant revenue growth sequentially came from ISAT, Telkomsel, and EXCL, which in FY22 grew by 99.1%, 21.6%, and 19.3% to IDR 1.450 T, IDR 4.382 T, and IDR 796 B, respectively (FY21: IDR 729B, IDR 3.605T and IDR 667B). Meanwhile, the surge in revenue from ISAT resulted from consolidation due to Indosat's merger with Hutchison 3 Indonesia. The decrease in revenue by customers came from TLKM, which decreased by -15.1% to IDR 717B (FY21: IDR 846B).
- One of MTEL's strengths and uniqueness compared to its peers (TOWR and TBIG) comes from its strong, solid, and healthy balance sheet. Moreover, the impressive results of this balance sheet are quite attractive, where in this era of high-interest rates, MTEL's Debt to Equity ratio in FY22 of 0.43x is relatively low if compared to its peers (TOWR and TBIG in FY22 of 3.1x and 3.1x respectively).

### Indonesia's Most Tower Ownership and Room to Grow

- MTEL is a tower sector issuer that owned the most towers compared to its peers in Indonesia, with 35,418 tower units in FY22, an increase of +25.6% from FY21 with 28,206 units. Although MTEL's Tenancy ratio is quite low compared to its competitors, at 1.47 in FY22 (TOWR: 1.81 and TBIG: 1.87), the number of towers owned by MTEL as the largest in its class is interesting, where there can still be great opportunities and space to increase the number of tenants.
- Regarding the distribution of MTEL's towers, 41.7% or 14,764 units are in Java, and the remaining 58.3%, with 20,654 units are outside Java. For the operating segment outside Java, the average Tenancy Ratio is still quite low at 1.38x and 1.6x throughout Java in FY22. This tower segment outside Java is rather attractive as one of the revenue growth drivers for MTEL in the future, where a room for tenant growth is available.
- As for portfolios other than towers, the Fiber segment has experienced massive development, where MTEL has 16,641 km of Fiber network in 2022. As for details, the networks are located 9,705 km in Java (58.3%) and the rest 6,936 km placed outside Java (41.7%).

### Buy Recommendation with a TP of IDR 865 (+23.6% Upside)

- NHKS Research provides a Buy rating for MTEL, with a target price of IDR 865 and an upside potential of +23.6%, reflecting FY2023 11.7x Forward EV/EBITDA. MTEL's valuation is currently at a number that is quite attractive, where it trades below the average standard deviation of EV/EBITDA since its IPO. Other things that support this call are tenant and revenue growth and tower-related expansion business in the future, such as FTTH and PTTT segments and 5G infrastructure. The risk of this MTEL call is the unmet growth expectations from MTEL, both in revenue and rental rates.

### Dayamitra Telekomunikasi Tbk | Summary (IDR bn)

		2022/12F	2023/12F	2024/12F	2025/12F
Revenue		7,729	8,648	9,597	10,619
	Revenue growth	11.0%	10.6%	6.6%	10.1%
EBITDA		6,142	6,949	7,713	8,535
Net profit		1,785	2,224	2,515	2,895
EPS (IDR)		21	27	30	35
	EPS growth	29.3%	24.6%	13.1%	15.1%
BVPS (IDR)		405	412	420	431
EBITDA margin		79.5%	80.4%	80.4%	80.4%
NPM		23.1%	25.7%	26.2%	27.3%
ROE		5.3%	6.5%	7.2%	8.0%
ROA		3.2%	3.7%	4.0%	4.5%
P/E		32.8x	16.4x	5.8x	12.6x
P/BV		1.7x	2.1x	2.3x	2.6x
EV/EBITDA		10.8x	11.7x	12.0x	12.4x
DPS (IDR)		21	17	21	24
Dividend yield		3.0%	2.0%	2.2%	2.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | May 2, 2023

## Buy

Target Price (IDR)	865
Consensus Price (IDR)	940
TP to Consensus Price	-7.98%
Potential Upside	+23.6%

### Shares data

Last Price (IDR)	700
Price date as of	Apr. 28, 2023
52 wk range (Hi/Low)	805 /640
Free float (%)	21.4
Outstanding sh.(mn)	83,515
Market Cap (IDR bn)	58,043
Market Cap (USD mn)	3,947
Avg. Trd Vol - 3M (mn)	24.05
Avg. Trd Val - 3M (bn)	16.86
Foreign Ownership	9.83%

### Infrastructure

#### Telecommunication Towers

Bloomberg	MTEL IJ
Reuters	MTEL.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-7.3%	-1.4%	2.9%	-9.1%
Rel. Ret.	-8.2%	-3.7%	2.3%	-7.2%

### Leonardo Lijuwardi

(021) 5088 9100 ext. 9127

Leonardo.lijuwardi@nhsec.co.id

## Summary of Financials

INCOME STATEMENT				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Revenue	7,729	8,648	9,597	10,619
Growth	11.0%	10.6%	6.6%	10.1%
Cost of Revenue	(4,075)	(4,499)	(4,916)	(5,275)
Gross Profit	3,654	4,149	4,681	5,344
Gross Margin	47.3%	48.0%	48.8%	50.3%
Operating Expenses	(503)	(530)	(589)	(652)
EBIT	3,153	3,590	4,061	4,659
EBIT Margin	40.8%	41.5%	42.3%	43.9%
Depreciation	(2,989)	(3,360)	(3,652)	(3,876)
EBITDA	6,142	6,949	7,713	8,535
EBITDA Margin	79.5%	80.4%	80.4%	80.4%
Interest Expenses	1,138	1,150	1,246	1,307
EBT	2,417	2,851	3,237	3,784
Income Tax	(632)	(627)	(722)	(889)
Net Profit	1,785	2,224	2,515	2,895
Growth	29.3%	24.6%	13.1%	15.1%
Net Profit Margin	23.1%	25.7%	26.2%	27.3%

BALANCE SHEET				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Cash	6,354	7,482	6,804	6,855
Receivables	1,050	1,545	1,527	1,677
Total Current Assets	7,886	9,759	9,013	9,097
Net Fixed Assets	39,328	41,088	44,502	46,687
Other Non Current Assets	8,857	8,751	8,975	9,206
Total Non Current Assets	48,185	49,839	53,477	55,893
Total Assets	56,072	59,599	62,491	64,990
Curr Maturities of LT Debt	2,608	2,957	3,202	3,360
Total Current Liabilities	10,201	10,647	11,394	12,054
LT Debt	12,064	13,639	14,756	15,481
Total Liabilities	22,264	24,286	26,150	27,535
Capital Stock + APIC	32,129	32,129	32,129	32,129
Retained Earnings	2,356	2,927	3,662	4,546
Shareholders' Equity	33,807	34,378	35,114	35,998

CASH FLOW STATEMENT				
(IDR bn)	2022/12F	2023/12F	2024/12F	2025/12F
Operating Cash Flow	6,019	3,784	5,252	5,644
Investing Cash Flow	(10,893)	(3,312)	(5,539)	(4,489)
Financing Cash Flow	(7,920)	520	(392)	(1,105)
Net Changes in Cash	(12,794)	991	(678)	51

Source: Company Data, Bloomberg, NHKSI Research

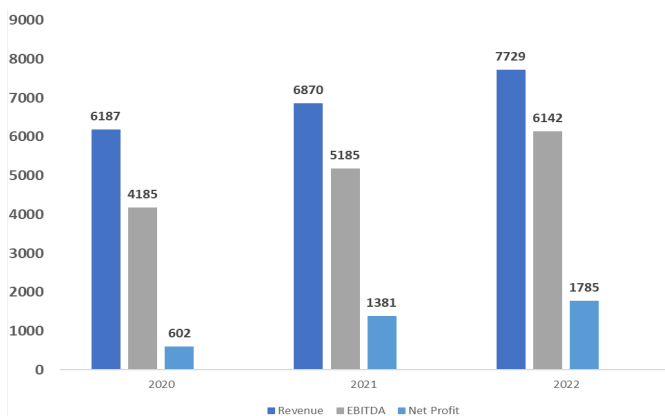
PROFITABILITY & STABILITY				
	2022/12F	2023/12F	2024/12F	2025/12F
ROE	5.28%	6.47%	7.16%	8.04%
ROA	3.18%	3.73%	4.02%	4.45%
Receivables Turnover	7.4x	5.6x	6.3x	6.3x
Payables Turnover	2.1x	2.7x	2.7x	2.7x
Dividend Yield	3.0%	2.0%	2.2%	2.1%
Payout Ratio	98.0%	64.2%	70.7%	69.5%
DER	0.43x	0.48x	0.51x	0.52x
Net Gearing	0.94x	1.03x	1.06x	1.06x
Equity Ratio	0.6x	0.6x	0.6x	0.6x
Debt Ratio	0.3x	0.3x	0.3x	0.3x
Financial Leverage	1.7x	2.0x	1.7x	1.7x
Current Ratio	0.8x	0.9x	0.8x	0.8x
Par Value (IDR)	228	228	228	228
Total Shares (mn)	83,539	83,539	83,539	83,539
Share Price (IDR)	700	865	978	1,126
Market Cap (IDR tn)	58,478	72,261	81,721	94,080

VALUATION INDEX				
	2022/12F	2023/12F	2024/12F	2025/12F
Price/Earnings	32.8x	32.5x	32.5x	32.5x
Price/Book Value	1.7x	2.1x	2.3x	2.6x
PE/EPS Growth	1.1x	1.3x	2.5x	2.1x
EV/EBITDA	10.8x	11.7x	12.0x	12.4x
EV (IDR bn)	66,620	81,215	92,699	105,885
Revenue CAGR (3-Yr)	-	11.8%	11.8%	11.2%
Net Income CAGR (3-Yr)	-	54.6%	22.1%	17.5%
Basic EPS (IDR)	21	27	30	35
BVPS (IDR)	405	412	420	431
DPS (IDR)	21	17	21	24

OWNERSHIP	
Shareholders	%
PT Telkom Indonesia Tbk.	71.85
PT Maleo Investasi Indonesia	5.98
GIC PTE LTD	5.65
Others	16.52
By Geography	%
Indonesia	90.17
Singapore	6.13
United States	2.13
Others	1.57

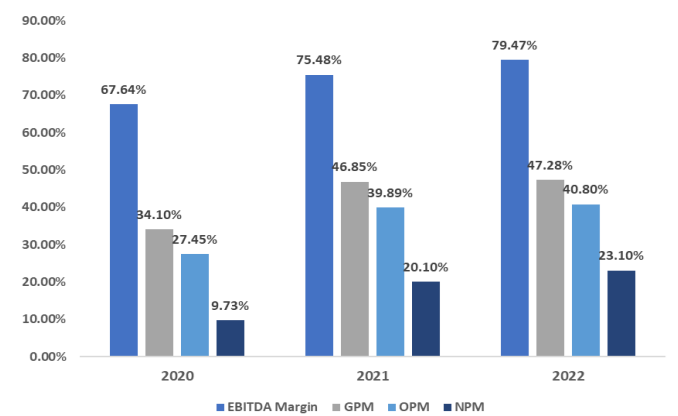
## Performance Highlights

### Financial Performance (IDR Billion)



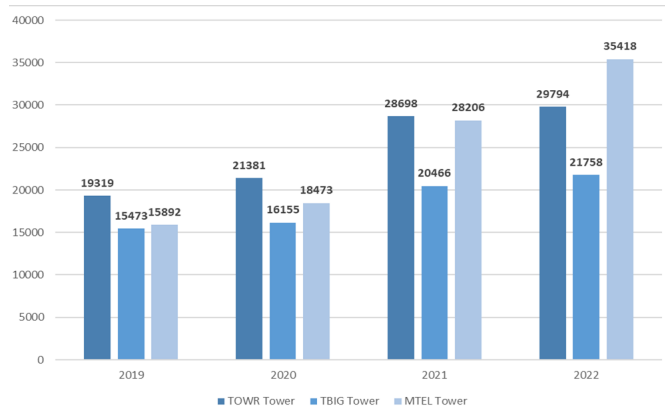
Source: Company, NHKSI Research

### Margin Ratios (%)



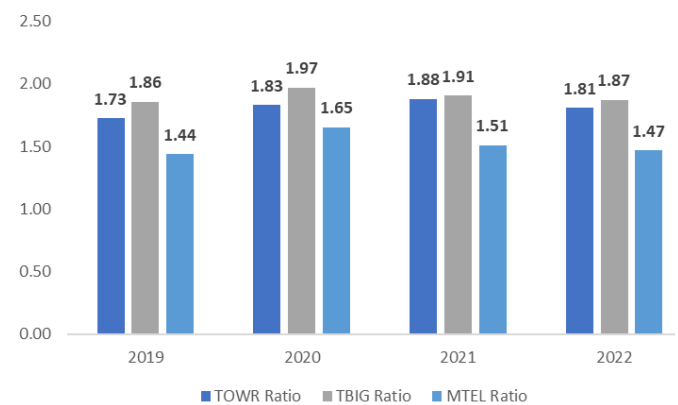
Source: Company, NHKSI Research

### MTEL and Indonesian Peers Number of Towers (Units)



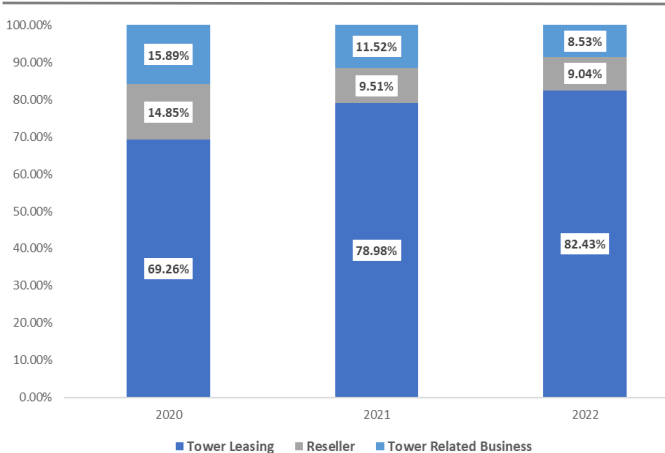
Source: Company, NHKSI Research

### MTEL and Indonesian Peers Tenancy Ratio (x)



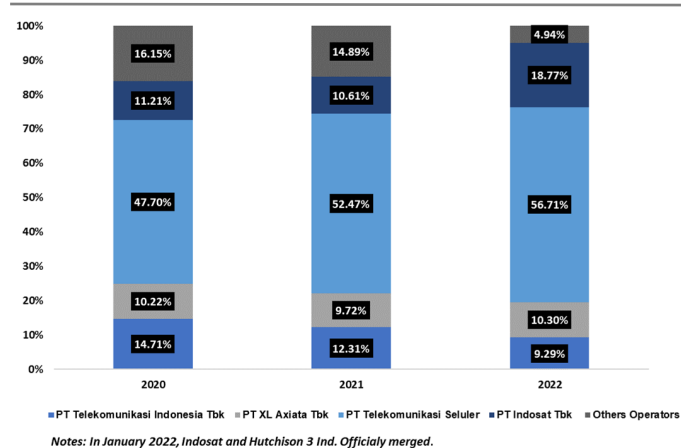
Source: Company, NHKSI Research

### Revenue MTEL Breakdown (By Segment)



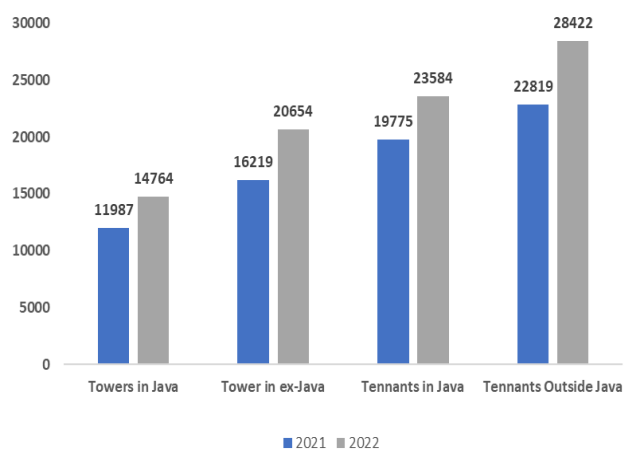
Source: Company, NHKSI Research

### Revenue MTEL Breakdown (By Operators)



Source: Company, NHKSI Research

## Tower and Tennant Based on Geographic Condition



Source: Company, NHKSI Research

## Tennancy Ratio Based on Geographic Condition (X)



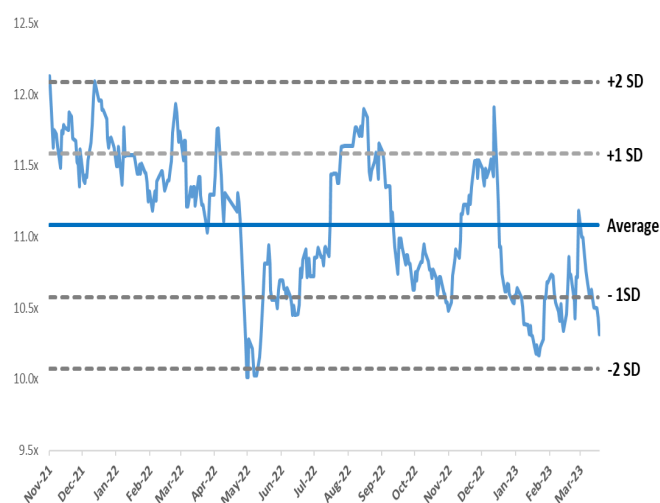
Source: Company, NHKSI Research

## MTEL, TBIG and MTEL EV/EBITDA Comparison



Source: Company, NHKSI Research

## MTEL Forward 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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