

Dayamitra Telekomunikasi Tbk. (MTEL)

Creating a Solid & Stable Ground

MTEL started the year by posting consistent and steady growth, with Net Profit growing +4% YoY to IDR 521B (1Q23: IDR 501B). MTEL's revenue grew steadily, by +7.3% YoY to IDR 2.21T in 1Q24 (1Q23: 2.06T). EBITDA in this period grew by 9.9% YoY to IDR 1.84T in 1Q24 (1Q23: 1.68T). In the midst of the ongoing higher for longer situation and the issue of operator consolidation (EXCL-FREN), MTEL can still book a stable growth performance due to MTEL's balance sheet and its relatively manageable debt ratio as well as no exposure to foreign currency risk.

Tower Segment Grows Steadily and Remains the Main Driver

- Tower rental income in 1Q24 was still the largest contributor to MTEL's revenue and continued to grow steadily, growing +5.4% YoY to IDR 1.83T (1Q23: IDR 1.74T). The tower revenue grew in line with the addition of towers from the IOH tower acquisition in 1Q23 & PT Gametraco Tunggal in 4Q23. Other tower related segment posted +5.1% YoY increase in revenue to IDR 134B (1Q23: IDR 128B) and tower reseller segment decreased -0.9% YoY to IDR 153B in 1Q24 (1Q23: IDR 154B).
- Besides being supported by tower growth, the increase in net profit in 1Q24 was also supported by MTEL's operating expenses which decreased -3.8% YoY to IDR 365 B (1Q23: IDR 379 B). This was supported by telecommunication tower planning, operation and maintenance expenses which decreased -19% YoY due to efficiency in 2024 to IDR 104 Bio in 1Q24 and a decrease in other expenses which decreased -56% YoY due to the transition of the company's business model change.

Tower Rentals Grow from EXCL and ISAT, Telkomsel Stagnates

- By tenant operator, Telkomsel's revenue decreased by -5.7% YoY and -13.1% QoQ to IDR 1.16T in 1Q24 (1Q23: IDR 1.23T and 4Q23: IDR 1.33T). Although tower rental income from Telkomsel decreased due to the ongoing contract renewal process, revenue from IOH (ISAT) and EXCL were able to increase MTEL's tower rental income growth. The revenue from ISAT grew +19.2% YoY and +12.9% QoQ to IDR 450B in 1Q24 (1Q23: IDR 377B and 4Q23: IDR 398B), while from EXCL grew +34.3% YoY and +10.4% QoQ to IDR 273B in 1Q24 (1Q23: IDR 203B and 4Q23: IDR 247B). If we look at the proportion of revenue from MTEL, where the largest contribution is contributed by Telkomsel, the consolidation-merger between EXCL and FREN should not have a significant effect on MTEL's revenue.

Portfolio Data: Tenancy Ratio Rises Steadily & Fiber to Spearhead Future Growth.

- MTEL's Fiber network, which is the hope of future growth, is currently recorded to stretch 36,257 km of Fiber network (1Q23: 25,509 km, +42.1% YoY & 4Q23: 32,521 km, +11.5% QoQ). The breakdown of the network is 15,924 km in Java (44%) and 20,333 km outside Java (56%). Fiber network segment in 1Q24 has booked revenue of IDR 85B (1Q23: IDR 34B, +148.8% YoY & 4Q23: IDR 62B, +37.1% QoQ).
- As for the operational asset data, the number of towers owned by MTEL currently stands at 38,135 units in 1Q24 (1Q23: 36,439 units, +4.7% YoY and 4Q23: 38,014 units QoQ +0.3%) and the number of Tenancy has increased at 57,808 tenants (1Q23: 53,317 tenants +8.4% YoY and 4Q23: 57,409 tenants QoQ +0.7%). Tenancy Ratio level in 1Q24 was at 1.52x (1Q23: 1.46x, 4Q23: 1.52x).

Buy Recommendation with TP at IDR 765 Level (+25.56% Upside)

- NHKS Research maintains a Buy rating for MTEL with a lower target price of IDR (+25.56% Upside), reflecting FY24 11.x Forward EV/EBITDA. MTEL's valuation is currently at a quite attractive number where MTEL is currently trading below the average standard deviation of EV/EBITDA since its IPO. Other things that support this call are tenant growth and revenue growth as well as future expansion related to tower related business such as segments. The risk of this MTEL call is the non-achievement of growth expectations from MTEL both from revenue and rental rates and the impact of operator consolidation in Indonesia as well as the expectation of a prolonged higher for longer situation.

Dayamitra Telekomunikasi Tbk | Summary (IDR bn)

		2023/12A	2024/12F	2025/12F	2026/12F
Revenue		8,595	9,311	10,016	10,746
	Revenue growth	7.6%	7.3%	2.8%	5.8%
EBITDA		6,922	7,582	8,134	8,674
Net profit		2,010	2,174	2,439	2,711
EPS (IDR)		24	26	29	32
	EPS growth	12.6%	8.2%	12.2%	11.1%
BVPS (IDR)		407	409	415	421
EBITDA margin		80.5%	81.4%	81.2%	80.7%
NPM		23.4%	23.4%	24.4%	25.2%
ROE		5.9%	6.4%	7.0%	7.7%
ROA		3.5%	3.7%	4.1%	4.5%
P/E		25.3x	29.4x	29.3x	29.3x
P/BV		1.5x	1.9x	2.1x	2.3x
EV/EBITDA		9.3x	10.4x	10.6x	10.8x
DPS (IDR)		21	22	23	26
Dividend yield		3.5%	2.8%	2.7%	2.8%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | 3 June, 2024

Buy

Target Price (IDR)	765
Consensus Price (IDR)	801
TP to Consensus Price	-4.5%
Potential Upside	+27.5%

Shares data

Last Price (IDR)	610
Price date as of	31 May 2024
52 wk range (Hi/Low)	770 / 550
Free float (%)	21.5
Outstanding sh.(mn)	83,553
Market Cap (IDR bn)	51,385
Market Cap (USD mn)	3,161
Avg. Trd Vol - 3M (mn)	37.23
Avg. Trd Val - 3M (bn)	22.59
Foreign Ownership	9.29%

Infrastructure

Telecommunication Towers

Bloomberg	MTEL.IJ
Reuters	MTEL.JK

Share Price Performance



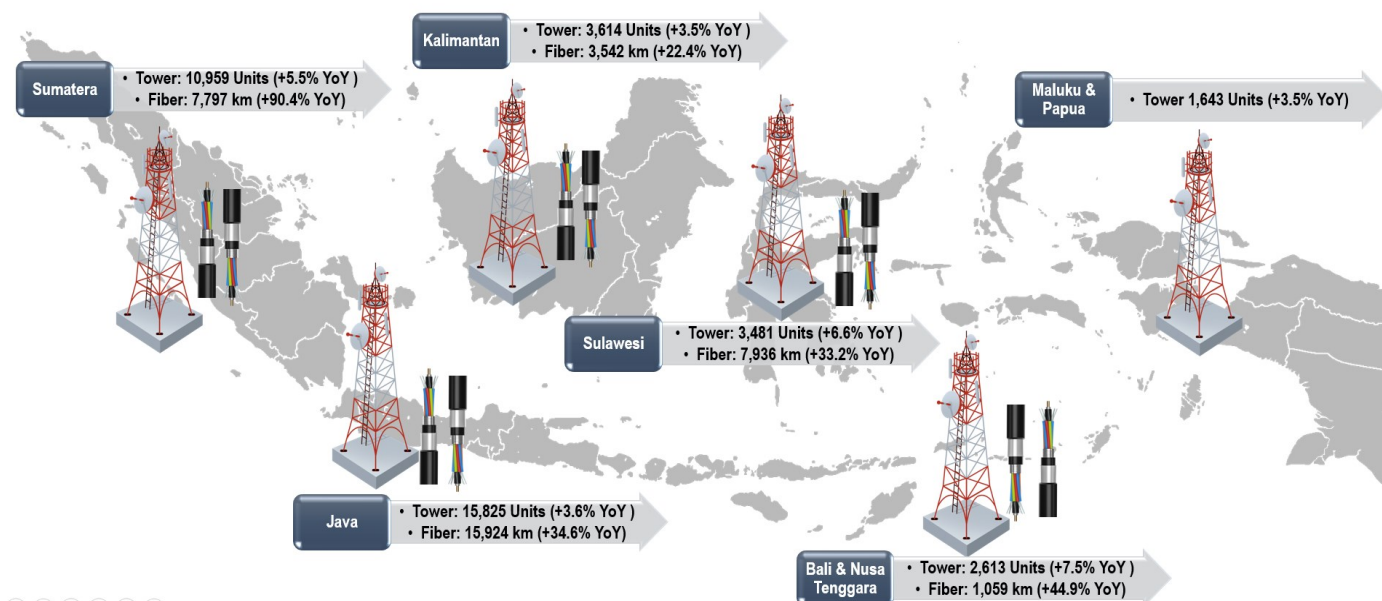
	YTD	1M	3M	12M
Abs. Ret.	-19.2%	7.0%	-3.9%	-6.9%
Rel. Ret.	-21.0%	10.7%	0.8%	-12.0%

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Sebaran Portfolio Menara & Jaringan Fiber MTEL di Indonesia (Per 1Q24)



Source: Company Data

Jumlah Menara MTEL Berdasarkan Area Regional

Location	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Java	11,987	12,034	12,084	14,666	14,764	15,278	15,441	15,505	15,777	15,825
Sumatera	8,097	8,200	8,242	10,066	10,122	10,387	10,444	10,492	10,912	10,959
Kalimantan	2,589	2,653	2,700	3,303	3,380	3,492	3,527	3,550	3,605	3,614
Sulawesi	2,394	2,447	2,480	3,070	3,160	3,264	3,341	3,403	3,472	3,481
Bali & Nusa Tenggara	1,919	1,945	1,961	2,404	2,410	2,430	2,443	2,511	2,606	2,613
Maluku and Papua	1,220	1,298	1,320	1,542	1,582	1,588	1,610	1,630	1,642	1,643

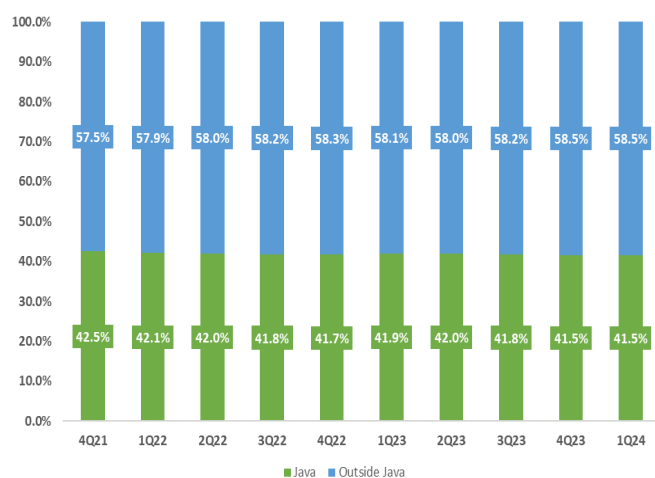
Source: Company Data

Tenancy Ratio MTEL Berdasarkan Area Regional

Location	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24
Java	1.65	1.65	1.67	1.56	1.60	1.59	1.60	1.62	1.63	1.63
Sumatera	1.42	1.42	1.45	1.37	1.41	1.40	1.43	1.44	1.46	1.46
Kalimantan	1.46	1.46	1.47	1.38	1.42	1.41	1.43	1.44	1.44	1.44
Sulawesi	1.51	1.51	1.53	1.43	1.44	1.44	1.46	1.47	1.47	1.47
Bali & Nusa Tenggara	1.37	1.37	1.37	1.31	1.33	1.35	1.43	1.46	1.47	1.47
Maluku and Papua	1.04	1.03	1.04	1.02	1.04	1.04	1.04	1.04	1.04	1.06

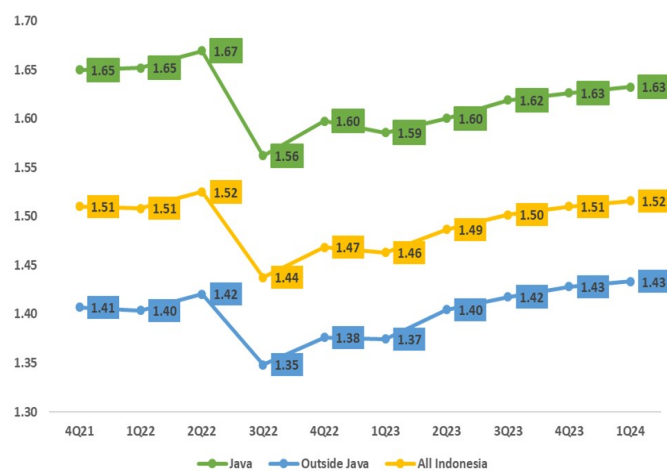
Source: Company Data

Persebaran Menara MTEL



Source: Company Data, NHKSI Research

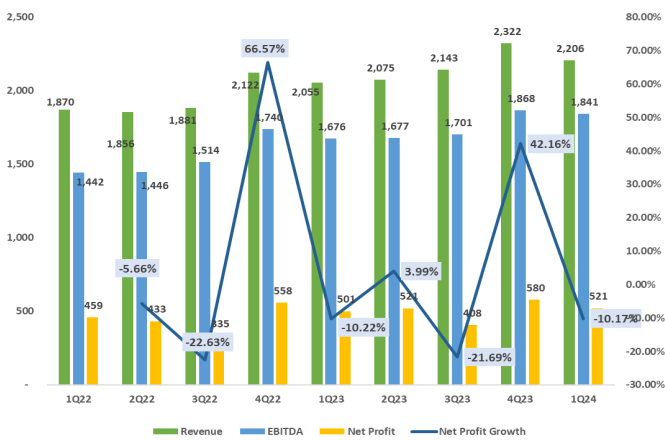
Tenancy Ratio MTEL (Java vs Outside Java)



Source: Company Data, NHKSI Research

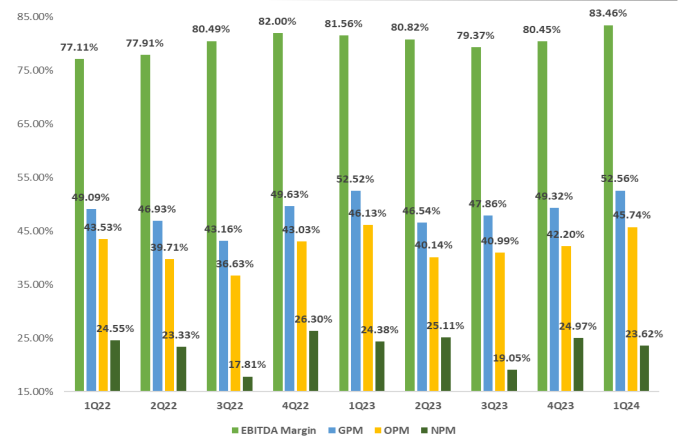
Performance Highlights

MTEL Financial Performance (In IDR Billion)



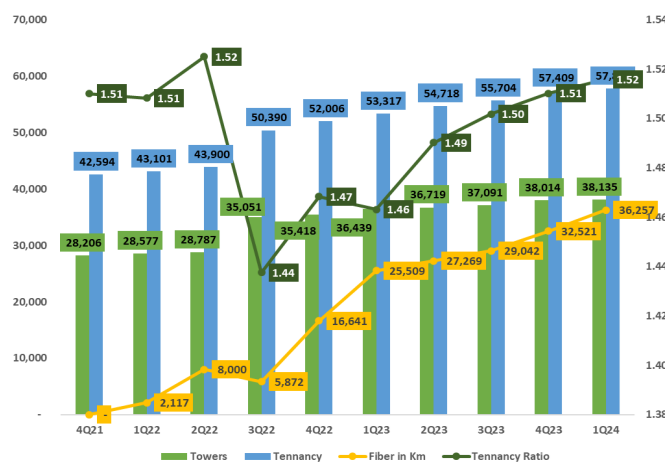
Source: Company, NHKSI Research

MTEL Margin Ratios (In %)



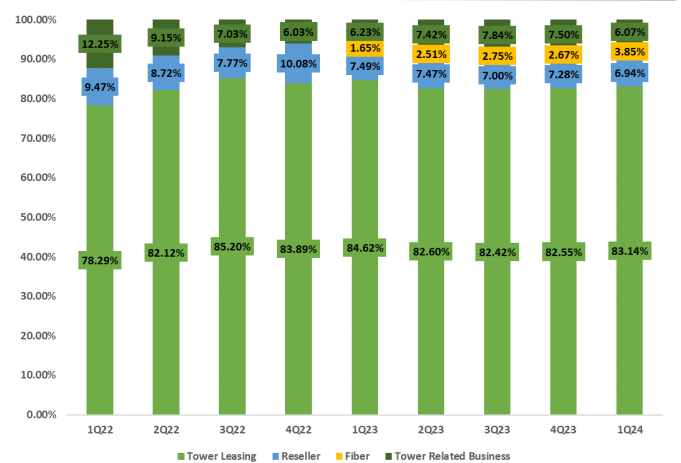
Source: Company, NHKSI Research

MTEL Number Of Towers, Tenancy and Fibers



Source: Company, NHKSI Research

MTEL Revenue Breakdown (By Segment)



Source: Company, NHKSI Research

F-EV/EBITDA MTEL Since IPO



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Revenue	8,595	9,311	10,016	10,746
Growth	7.6%	7.3%	2.8%	5.8%
Cost of Revenue	(4,379)	(4,571)	(4,851)	(5,135)
Gross Profit	4,216	4,740	5,165	5,610
Gross Margin	49.1%	50.9%	51.6%	52.2%
Operating Expenses	(553)	(602)	(654)	(720)
EBIT	3,639	4,114	4,482	4,857
EBIT Margin	42.3%	44.2%	44.7%	45.2%
Depreciation	(3,282)	(3,468)	(3,652)	(3,816)
EBITDA	6,922	7,582	8,134	8,674
EBITDA Margin	80.5%	81.4%	81.2%	80.7%
Interest Expenses	1,190	1,435	1,464	1,471
EBT	2,739	2,976	3,322	3,698
Income Tax	(729)	(802)	(883)	(987)
Net Profit	2,010	2,174	2,439	2,711
Growth	12.6%	8.2%	12.2%	11.1%
Net Profit Margin	23.4%	23.4%	24.4%	25.2%

BALANCE SHEET

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Cash	879	2,402	2,599	2,714
Receivables	1,607	1,507	1,618	1,828
Other Current Assets	933	755	776	740
Total Current Assets	3,420	4,664	4,993	5,282
Net Fixed Assets	43,772	44,335	44,473	44,508
Other Non Current Assets	9,818	10,255	10,716	11,203
Total Non Current Assets	53,590	54,590	55,189	55,710
Total Assets	57,010	59,255	60,182	60,993
Curr Maturities of LT Debt	2,734	3,204	3,173	3,134
Total Current Liabilities	11,071	11,176	11,742	12,190
LT Debt	11,901	13,919	13,798	13,646
Total Liabilities	22,973	25,095	25,540	25,836
Capital Stock + APIC	31,438	31,438	31,438	31,438
Retained Earnings	2,599	2,721	3,204	3,719
Shareholders' Equity	34,038	34,160	34,642	35,157

CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F
Operating Cash Flow	1,152	4,787	4,475	4,742
Investing Cash Flow	(6,524)	(1,955)	(1,682)	(2,253)
Financing Cash Flow	(2,041)	(1,309)	(2,596)	(2,373)
Net Changes in Cash	(7,413)	1,523	196	115

Source: Company Data, Bloomberg, NHKSI Research

PROFITABILITY & STABILITY

	2023/12A	2024/12F	2025/12F	2026/12F
ROE	5.91%	6.37%	7.04%	7.71%
ROA	3.53%	3.67%	4.06%	4.45%
Receivables Turnover	5.3x	6.2x	6.2x	5.9x
Payables Turnover	2.1x	2.3x	2.2x	2.2x
Dividend Yield	3.5%	2.8%	2.7%	2.8%
Payout Ratio	87.9%	83.2%	80.2%	81.0%
DER	0.43x	0.51x	0.49x	0.48x
Net Gearing	0.94x	1.09x	1.05x	1.01x
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	0.3x	0.4x	0.4x	0.4x
Par Value (IDR)	228	228	228	228
Total Shares (mn)	83,539	83,539	83,539	83,539
Share Price (IDR)	610	765	855	950
Market Cap (IDR tn)	50.959	63.908	71.426	79.362

VALUATION INDEX

	2023/12A	2024/12F	2025/12F	2026/12F
Price/Earnings	25.3x	29.4x	29.3x	29.3x
Price/Book Value	1.5x	1.9x	2.1x	2.3x
PE/EPS Growth	2.0x	3.6x	2.4x	2.6x
EV/EBITDA	9.3x	10.4x	10.6x	10.8x
EV (IDR bn)	64,416	78,796	85,949	93,561
Revenue CAGR (3-Yr)	-	14.6%	13.4%	11.6%
Net Income CAGR (3-Yr)	-	53.4%	20.9%	14.9%
Basic EPS (IDR)	24	26	29	32
BVPS (IDR)	407	409	415	421
DPS (IDR)	21	22	23	26

OWNERSHIP

Shareholders	%
PT Telkom Indonesia Tbk.	71.84
PT Maleo Investasi Indonesia	5.98
GIC PTE LTD	5.33
Others	16.85
By Geography	%
Indonesia	90.71
Singapore	5.74
United States	2.22
Others	1.33

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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