

# Dayamitra Telekomunikasi Tbk. (MTEL)

## Stable Growth & Solid Operating Performance

As of 1H24, MTEL still scored consistent and stable growth performance where Net Profit grew +4.11% YoY to IDR 1.06T (1H23: IDR 1.02T & QoQ: +4.23% 1Q24: IDR 521B). MTEL's revenue is still growing steadily, increasing by +7.75% YoY to IDR 4.45T as of 1H24 (1H23: IDR 4.13T & QoQ: +1.73% 1Q24: IDR 2.21T). Meanwhile, EBITDA in this 1H24 period experienced a growth of +10.23% YoY to IDR 3.7T in 1H24 (1H23: IDR 3.35T & QoQ: +0.76% 1Q24: IDR 1.84T). As of now, MTEL still maintains its position as the largest tower owner in Indonesia. Despite the ongoing higher for longer situation, MTEL's healthy balance sheet and the overall composition of MTEL's IDR denominated debt means that it has minimal risk exposure to foreign currencies. The tower leasing segment grew steadily with Fiber Segment as MTEL's future growth engine.

### Tower Rental Segment Grows Steadily & Fiber as Growth Engine

- Tower rental revenue in 1H24 remain to be the largest contributor to MTEL's revenue and keep growing steadily aligned with both organic and inorganic tower growth, where it grew +7.3% YoY to IDR 3.7T (1H23: IDR 3.45T & QoQ: +2% 1Q24: IDR 1.83T). Other tower-related segment posted +7.8% YoY increase in revenue to IDR 304B (1H23: IDR 282B & QoQ: +26.9% 1Q24: IDR 134B) as this segment grew in line with the additional services offered. However, the tower reseller segment declined -13.6% YoY to IDR 267B in 1H24 (1H23: IDR 309B & QoQ: -25.5% 1Q24: IDR 153B), it expected that this segment will continue to decline in the coming years due to the consolidation trend in the tower industry.
- Another growth driver for MTEL is the fiber segment, which as of 1H24 has booked revenue of IDR 175B (1H23: IDR 86B, +103.5% YoY & 1Q24: IDR 85B, +5.6% QoQ).
- The increase in 1H24 net profit was also supported by MTEL's operating expenses which decreased -3.0% YoY to IDR 754B (1H23: IDR 777B). This was supported by telecommunication tower planning, operation and maintenance expenses which fell -13% YoY as a result of efficiency in 2024 to IDR 235B in 1H24.

### Based on Tenant Operator: Tower Rentals Continue to Grow on EXCL and ISAT, while Telkomsel Relatively Stagnant

- By tenant operator, revenue from Telkomsel which is the largest source of revenue experienced a decline of -1.22% YoY and +3% QoQ to IDR 2.35T in 1Q24 (1H23: IDR 2.38T and 1Q24: IDR 1.16T). Although tower rental income from Telkomsel decreased due to contract renewal, revenue from IOH (ISAT) and EXCL were able to increase MTEL's tower rental income growth. The revenue from ISAT grew +5.1% YoY and -4.4% QoQ to IDR 879B in 1H24 (1H23: IDR 837B and 1Q24: IDR 450B), while from EXCL grew +31.1% YoY and -2.5% QoQ to IDR 539B in 1H24 (1H23: IDR 411B and 1Q24: IDR 273B).

### MTEL Portfolio Data: Stable Tenancy Ratio & Fiber as MTEL's Growth Spearhead

- MTEL's Fiber network, which is the hope of future growth, is currently recorded to stretch 37,602 km of Fiber network (1H23: 29,042 km, +29.5% YoY & 1Q24: 36,257 km, +3.7% QoQ). The breakdown of the network is 16,417 km in Java (43.7%) and 21,185 km outside Java (56.3%).
- As for the operational asset data, the number of towers owned by MTEL currently stands at 38,581 units in 1H24 (1H23: 36,719 units, +5.1% YoY and 1Q24: 38,135 units QoQ +1.2%) and the number of Tenancy has increased at 58,598 tenants (1H23: 54,718 tenants +7.1% YoY and 1Q24: 57,808 tenants QoQ +1.4%). Tenancy Ratio level in 1Q24 stood at 1.52x (1H23: 1.49x, 1Q24: 1.52x).

### Maintaining a Buy Recommendation with TP at IDR 840 Level (+20.9% Upside)

- NHKS Research maintains a Buy rating for MTEL, with a target of IDR 840 (+20.9% Upside), reflecting FY24 11.4x Forward EV/EBITDA. MTEL's valuation is currently at a quite attractive number, as MTEL is currently trading below the average standard deviation of EV/EBITDA since its IPO. Another thing that supports this call is MTEL's future growth, especially fiber-related expansion. The risk of this MTEL call is the unmet 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	2024/12E	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	27.6x	29.4x	29.3x	29.3x
P/BV	1.6x	1.9x	2.1x	2.3x
EV/EBITDA	9.3x	10.4x	10.6x	10.8x
DPS (IDR)	21	22	23	26
Dividend yield	3.2%	2.8%	2.7%	2.8%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



### Company Report | 1 August 2024

## Buy

Target Price (IDR)	840
Consensus Price (IDR)	801
TP to Consensus Price	+4.9%
Potential Upside	+20.9%

### Shares data

Last Price (IDR)	695
Price date as of	31 July 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	8.30%

### Infrastructure

#### Telecommunication Towers

Bloomberg	MTEL IJ
Reuters	MTEL.JK

### Share Price Performance



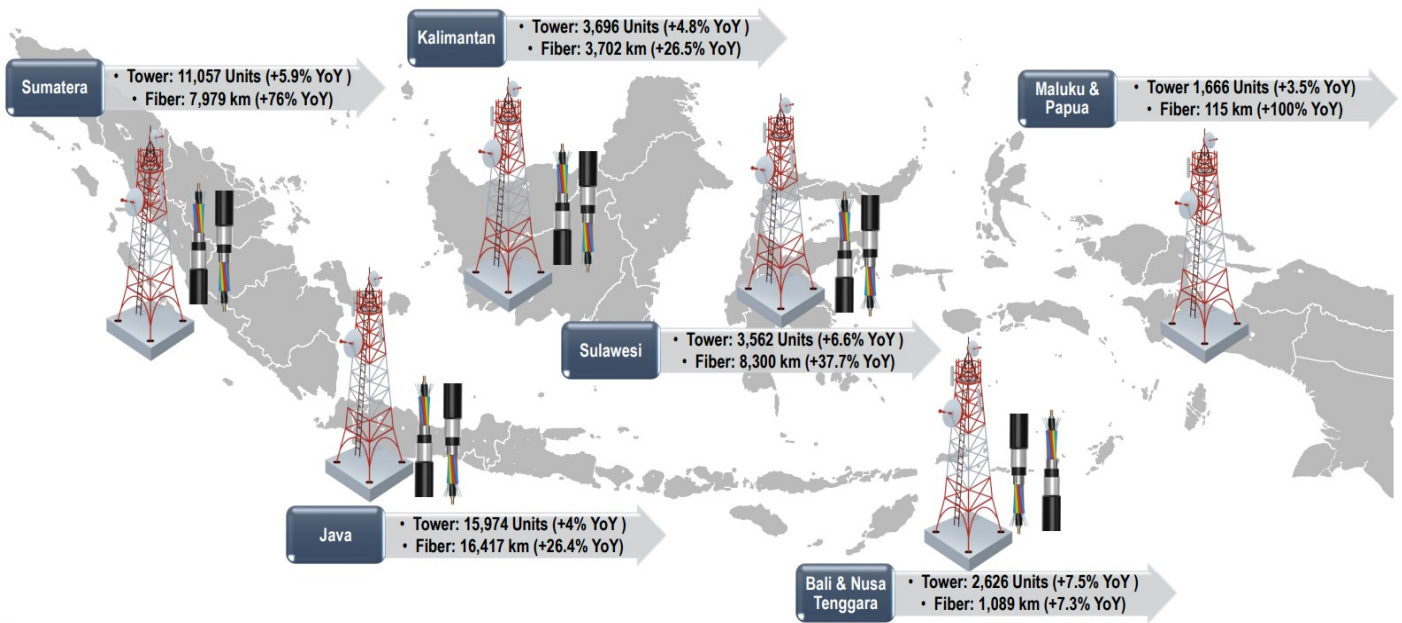
	YTD	1M	3M	12M
Abs. Ret.	-7.9%	7.8%	21.9%	6.1%
Rel. Ret.	-13.9%	5.0%	21.6%	1.4%

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## MTEL Tower & Fiber Network Portfolio Distribution in Indonesia (As of 1H24)



Source: Company Data

### Number of MTEL Towers by Regional Area

Location	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Java	11,987	12,034	12,084	14,666	14,764	15,278	15,441	15,505	15,777	15,825	15,974
Sumatera	8,097	8,200	8,242	10,066	10,122	10,387	10,444	10,492	10,912	10,959	11,057
Kalimantan	2,589	2,653	2,700	3,303	3,380	3,492	3,527	3,550	3,605	3,614	3,696
Sulawesi	2,394	2,447	2,480	3,070	3,160	3,264	3,341	3,403	3,472	3,481	3,562
Bali & Nusa Tenggara	1,919	1,945	1,961	2,404	2,410	2,430	2,443	2,511	2,606	2,613	2,626
Maluku and Papua	1,220	1,298	1,320	1,542	1,582	1,588	1,610	1,630	1,642	1,643	1,666

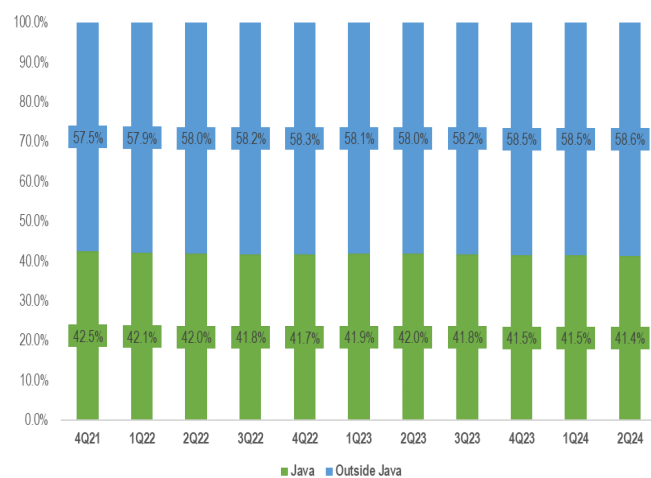
Source: Company Data

### MTEL's Tenancy Ratio by Regional Area

Location	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
Java	1.65	1.65	1.67	1.56	1.60	1.59	1.60	1.62	1.63	1.63	1.64
Sumatera	1.42	1.42	1.45	1.37	1.41	1.40	1.43	1.44	1.46	1.46	1.47
Kalimantan	1.46	1.46	1.47	1.38	1.42	1.41	1.43	1.44	1.44	1.44	1.45
Sulawesi	1.51	1.51	1.53	1.43	1.44	1.44	1.46	1.47	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	1.48
Maluku and Papua	1.04	1.03	1.04	1.02	1.04	1.04	1.04	1.04	1.04	1.06	1.07

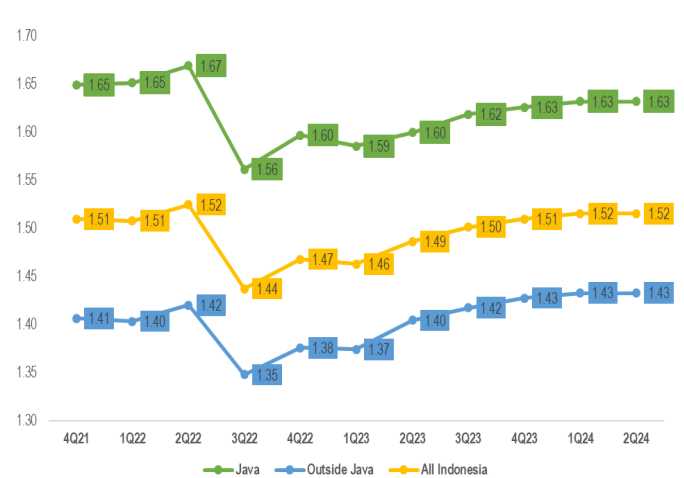
Source: Company Data, NHKSI Research

### MTEL Tower Distribution



Source: Company Data, NHKSI Research

### Tenancy Ratio MTEL (Java vs Outside Java)



Source: Company Data, NHKSI Research

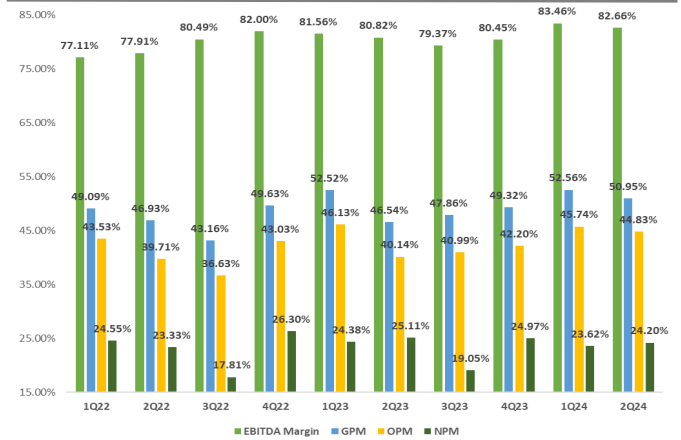
# Performance Highlights

## MTEL Financial Performance (QoQ & In IDR Billion)



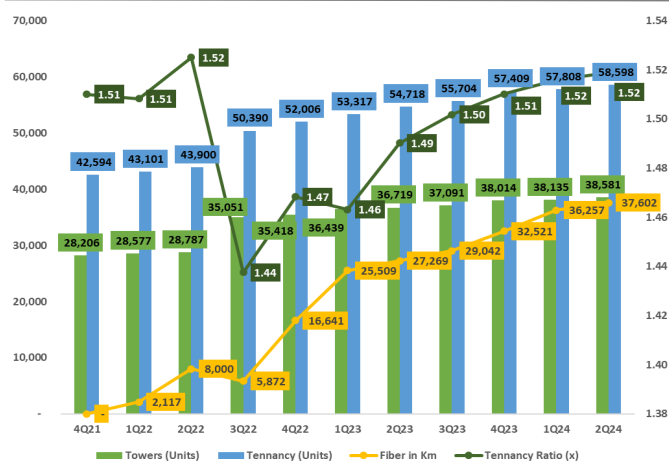
Source: Company, NHKSI Research

## MTEL Margin Ratios (In %)



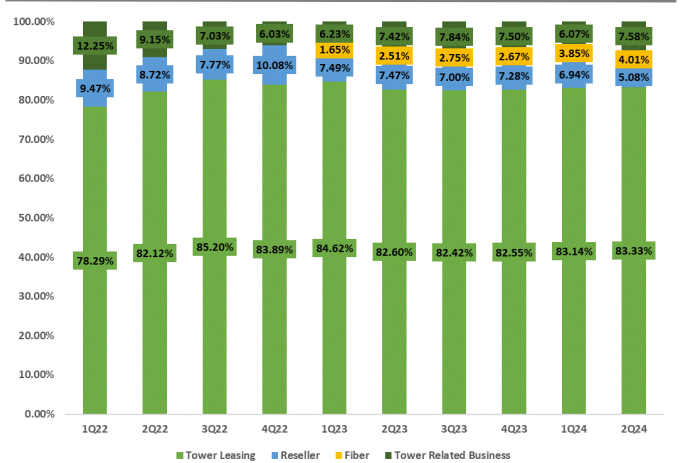
Source: Company, NHKSI Research

## MTEL Number Of Towers, Towers Tenancy and Fibers



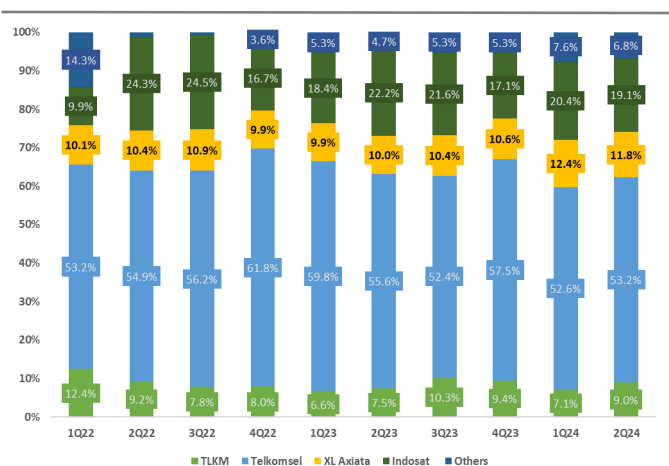
Source: Company, NHKSI Research

## MTEL Revenue Breakdown (By Segment)



Source: Company, NHKSI Research

## MTEL Revenue Contribution (By Operators)



Source: Company, NHKSI Research

## F-EV/EBITDA MTEL Since IPO



Source: Company, NHKSI Research

## Summary of Financials

### INCOME STATEMENT

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

### PROFITABILITY & STABILITY

	2023/12A	2024/12E	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	3.0%	2.6%	2.5%	2.5%
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)	695	840	940	1,040
Market Cap (IDR tn)	58.060	70.173	78.527	86.881

### BALANCE SHEET

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

### CASH FLOW STATEMENT

(IDR bn)	2023/12A	2024/12E	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)
<b>Net Changes in Cash</b>	<b>(7,413)</b>	<b>1,523</b>	<b>196</b>	<b>115</b>

### VALUATION INDEX

	2023/12A	2024/12E	2025/12F	2026/12F
Price/Earnings	28.9x	32.3x	32.2x	32.1x
Price/Book Value	1.7x	2.1x	2.3x	2.5x
PE/EPS Growth	2.3x	4.0x	2.6x	2.9x
EV/EBITDA	9.3x	11.2x	11.4x	11.7x
EV (IDR bn)	64,416	85,061	93,050	101,079
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

<b>Shareholders</b>	%
PT Telkom Indonesia Tbk.	71.84
PT Maleo Investasi Indonesia	5.98
GIC PTE LTD	5.33
Others	16.85
<b>By Geography</b>	%
Indonesia	91.70
Singapore	5.74
United States	1.99
Others	0.57

Source: Company Data, Bloomberg, 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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