

Dayamitra Telekomunikasi Tbk. (MTEL)

Performance Still Grows Steadily

As of 9M24, MTELL still scored consistent and stable growth performance, as Net Profit grew +7.1% YoY to IDR 1.53 T (9M23: IDR 1.43 T & QoQ: -13.8% QoQ 2Q24: IDR 543B, 3Q24: IDR 468B). MTEL's revenue is still growing steadily, having increased by +8.7% YoY to IDR 6.82T as of 9M24 (9M23: IDR 6.27T & QoQ: +5.52% 2Q24: IDR 2.24T, 3Q24: IDR 2.37T). Meanwhile, EBITDA in the 9M24 period grew by +12.1% YoY to IDR 5.67T in 9M24 (9M23: IDR 5.05T & QoQ: +6.2% 2Q24: IDR 1.86T, 3Q24: IDR 1.97T). As of now, MTEL still maintains its position as the largest tower owner in Indonesia.

Tower Rental Segment Grows Steadily & Fiber as Growth Engine

- Tower rental revenue in 9M24 remained the largest contributor to MTEL's revenue and continued to grow steadily in line with both organic and inorganic tower growth, growing +8.5% YoY to IDR 5.67T (9M23: IDR 5.22T & QoQ: +4.9% 2Q24: IDR 1.87T, 3Q24: IDR 1.96T). In 9M24, the non-tower rental segment revenue, namely tower reseller, decreased by -7.2% YoY to IDR 426B (2Q24: IDR 114B, 3Q24: IDR 159B) and the tower-related business services segment was relatively flat on an annualised basis +0.6% YoY to IDR 452B (2Q24: IDR 170B, 3Q24: IDR 148B). MTEL is gradually reducing its tower reseller business, while trying to find better profitability margin in tower-related business.
- Meanwhile, the fiber segment continues to play a role as MTEL's growth engine, where MTEL continues to carry out organic FTTT (Fiber to The Tower) development. As of 9M24, MTEL has booked revenue of IDR 274B (9M23: IDR 145B, +89.5% YoY & 2Q24: IDR 90B, 3Q24: IDR 99B +10% QoQ).
- The increase in 9M24 net profit was also supported by efficiency performance as reflected in MTEL's operating expenses which decreased -5.5% YoY to IDR 1.15T (9M23: IDR 1.22T). This was mainly supported by a decrease in telecommunication tower planning, operation and maintenance expenses which fell -10.9% YoY to IDR 344B (9M23: IDR 386B) due to the impact of efficiency in 2024.

By Tenant Operator: Telkomsel's Rental Revenue Grows Significantly

- By tenant operator, revenue from Telkomsel which is the largest source of revenue experienced +6.6% YoY revenue growth to IDR 3.74T in 9M24, with strong quarterly performance (9M23: IDR 3.51T and QoQ: +15.9% 2Q24: IDR 1.19T, 3Q24: IDR 1.38T). Revenue from ISAT grew +1.8% YoY to IDR 1.32T in 9M24 (9M23: IDR 1.3T and QoQ: +3.2% 2Q24: IDR 430B, 3Q24: IDR 444B), while EXCL's revenue grew +23.3% YoY to IDR 782B in 9M24 (9M23: IDR 634B and QoQ: -8.5% 2Q24: IDR 266B, 3Q24: IDR 243B).

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

- Currently, MTEL's fiber network which is the engine of future growth to date is recorded to stretch for 39,715 km of Fiber network (9M23: 29,042 km, +36.7% YoY & 2Q24: 37,602 km, +5.6% QoQ). The breakdown of the network is 17,414 km in Java (43.8%) and 22,301 km outside Java (56.2%).
- As for the operational asset data, the number of towers owned by MTEL currently stands at 39,259 units in 9M24 (9M23: 37,091 units, (+5.8% YoY and 2Q24: 38,581 units QoQ +1.8%) and the number of Tenancy has increased at 59,431 tenants (9M23: 55,704 tenants +6.7% YoY and 2Q24: 58,598 tenants QoQ +1.4%). Therefore, MTEL's Tenancy Ratio level in 3Q24 was stable at 1.52x (9M23: 1.50x, 2Q24: 1.52x).

Maintain a Buy Recommendation with TP at IDR 740 Level (+21.3% Upside)

- NHKS Research maintains Buy rating for MTEL with a lower target of IDR 740 (+21.3% Upside), reflecting FY24 10.4x Forward EV/EBITDA (Average). 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. Other factors that support this call are MTEL's future performance and growth, mainly the fiber expansion. However, the risk of this call is the unmet growth expectation from MTEL both from revenue and rental rate, as well as the impact of operator consolidation in Indonesia.

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
Netprofit	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	28.4x	28.4x	28.4x
P/BV	1.5x	1.8x	2.0x	2.2x
EV/EBITDA	9.3x	10.1x	10.3x	10.5x
DPS (IDR)	21	22	23	26
Dividend yield	3.5%	2.9%	2.8%	2.9%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer



Company Report | 28 November 2024

Buy

Target Price (IDR)	740
Consensus Price (IDR)	847
TP to Consensus Price	-12.6%
Potential Upside	+21.3%

Shares data

Last Price (IDR)	610
Price date as of	26 November 2024
52 wk range (Hi/Low)	765 / 550
Free float (%)	25.7
Outstanding sh.(mn)	83,555
Market Cap (IDR bn)	50,969
Market Cap (USD mn)	3,202
Avg. Trd Vol - 3M (mn)	26.88
Avg. Trd Val - 3M (bn)	16.83
Foreign Ownership	9.1%

Infrastructure

Telecommunication Towers

Bloomberg	MTEL.IJ
Reuters	MTEL.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-10.9%	-5.4%	-9.6%	-12.2%
Rel. Ret.	-9.9%	-0.3%	-4.2%	-15.1%

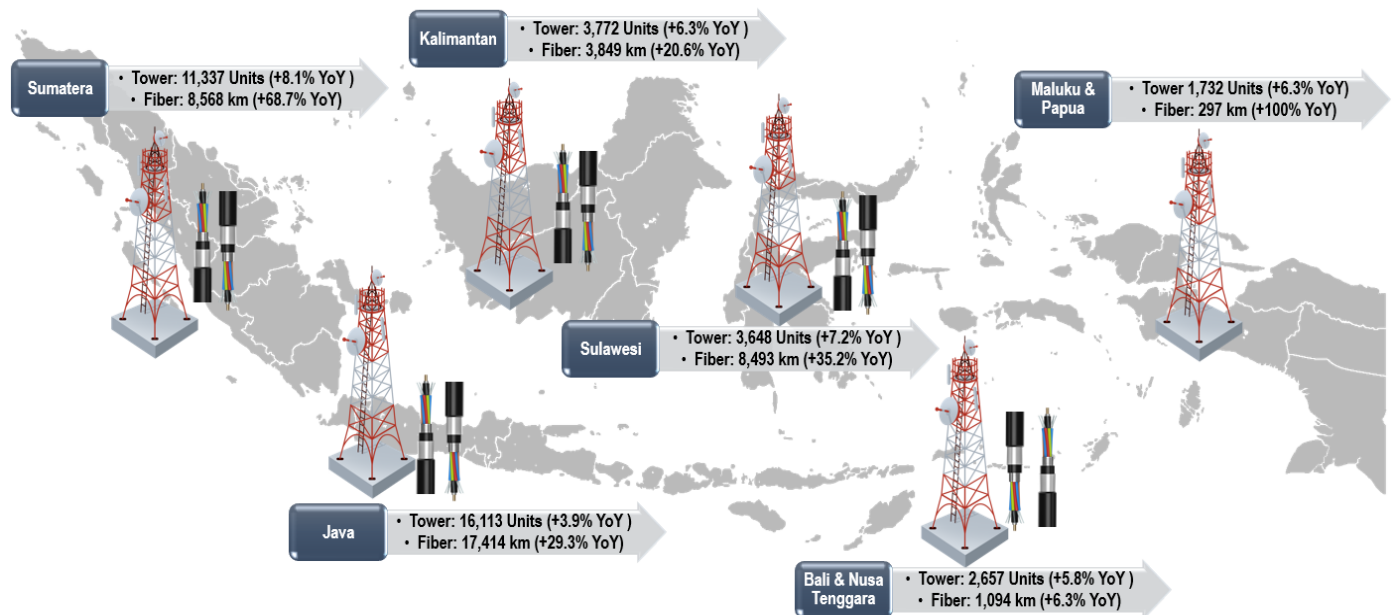
Leonardo Lijuwardi

(021) 5088 9100 ext. 9127

Leonardo.lijuwardi@nhsec.co.id

Performance Highlights for MTEL

Fig 1. Sebaran Portfolio Menara & Jaringan Fiber MTEL di Indonesia (Per 1H24)



Source: Company Data

Fig 2. Jumlah Menara MTEL Berdasarkan Area Regional

Location	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Java	11,987	12,034	12,084	14,666	14,764	15,278	15,441	15,505	15,777	15,825	15,974	16,113
Sumatera	8,097	8,200	8,242	10,066	10,122	10,387	10,444	10,492	10,912	10,959	11,057	11,337
Kalimantan	2,589	2,653	2,700	3,303	3,380	3,492	3,527	3,550	3,605	3,614	3,696	3,772
Sulawesi	2,394	2,447	2,480	3,070	3,160	3,264	3,341	3,403	3,472	3,481	3,562	3,648
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	2,657
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	1,732

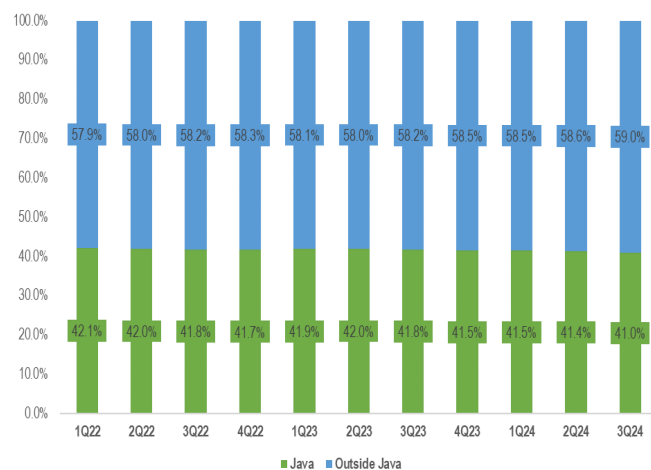
Source: Company Data

Fig 3. Tenancy Ratio MTEL Berdasarkan Area Regional

Location	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24
Java	1.65	1.65	1.67	1.56	1.60	1.59	1.60	1.62	1.63	1.63	1.64	1.63
Sumatera	1.42	1.42	1.45	1.37	1.41	1.40	1.43	1.44	1.46	1.46	1.47	1.46
Kalimantan	1.46	1.46	1.47	1.38	1.42	1.41	1.43	1.44	1.44	1.44	1.45	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	1.46
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	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	1.07	1.07

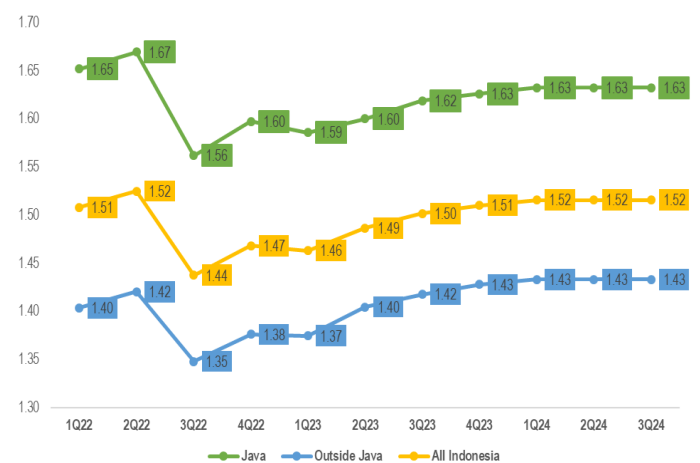
Source: Company Data, NHKSI Research

Fig 4. Persebaran Menara MTEL di Indonesia



Source: Company Data, NHKSI Research

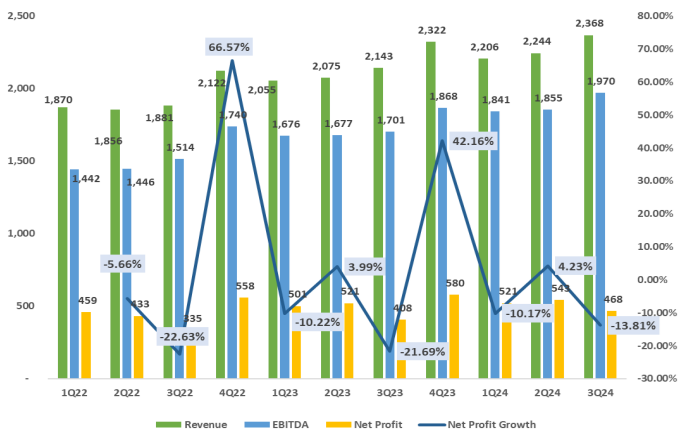
Fig 5. Tenancy Ratio MTEL (Java vs Outside Java)



Source: Company Data, NHKSI Research

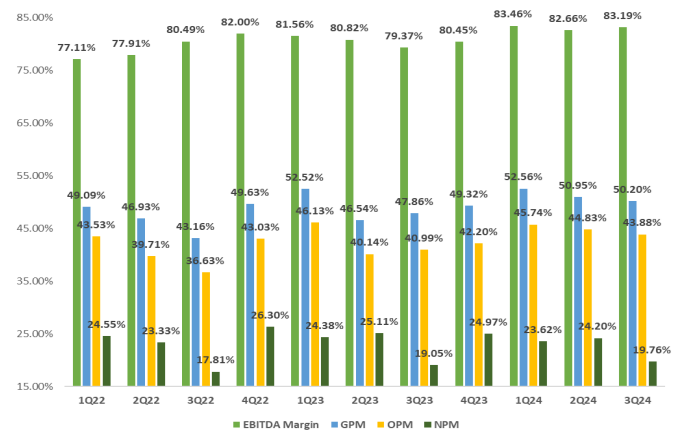
Performance Highlights for MTEL

Fig 6. MTEL Financial Performance (QoQ & In IDR Billion)



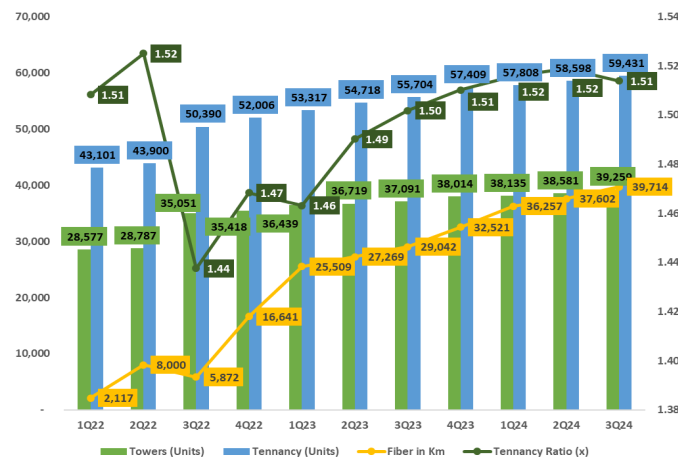
Source: Company, NHKSI Research

Fig 7. MTEL Margin Ratios (In %)



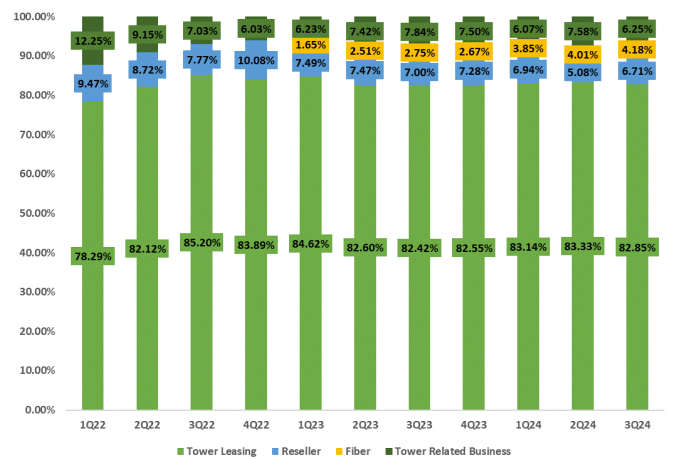
Source: Company, NHKSI Research

Fig 8. MTEL Number Of Towers, Towers Tenancy and Fibers



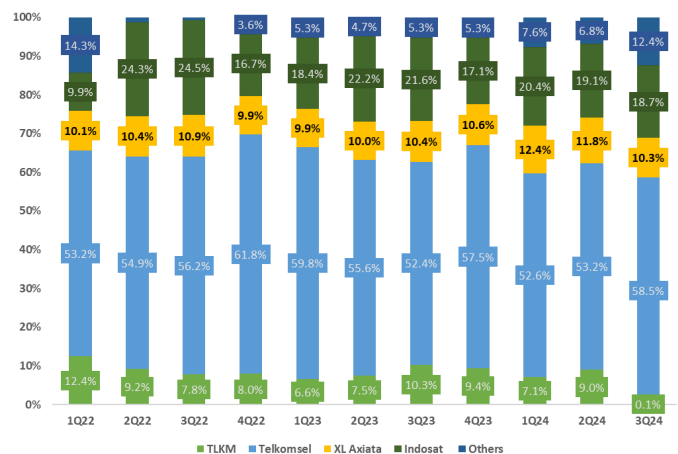
Source: Company, NHKSI Research

Fig 9. MTEL Revenue Breakdown (By Segment)



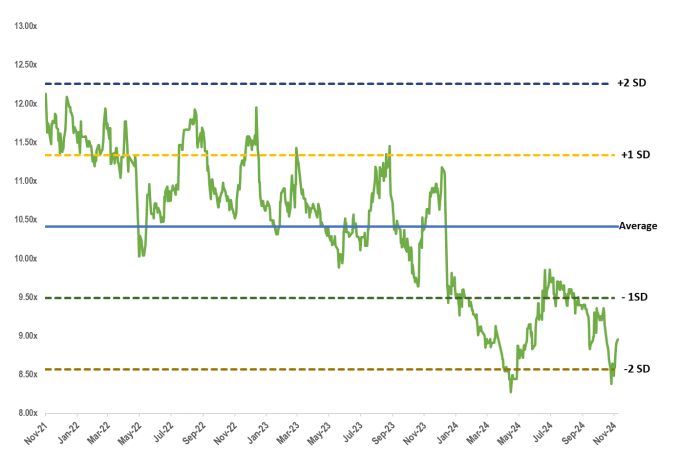
Source: Company, NHKSI Research

Fig 10. MTEL Revenue Contribution (By Operators)



Source: Company, NHKSI Research

Fig 11. 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
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%

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	3.5%	2.9%	2.8%	2.9%
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	740	830	920
Market Cap (IDR tn)	50.96	61.82	69.34	76.86

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
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	2024/12E	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)
Net Changes in Cash	(7,413)	1,523	196	115

Source: Company Data, Bloomberg, NHKSI Research

VALUATION INDEX				
	2023/12A	2024/12E	2025/12F	2026/12F
Price/Earnings	25.3x	28.4x	28.4x	28.4x
Price/Book Value	1.5x	1.8x	2.0x	2.2x
PE/EPS Growth	2.0x	3.5x	2.3x	2.6x
EV/EBITDA	9.3x	10.1x	10.3x	10.5x
EV (IDR bn)	64,416	76,707	83,861	91,055
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	90.91
Singapore	5.68
United States	2.36
Others	1.05

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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein.

All rights reserved by PT NH Korindo Sekuritas Indonesia