

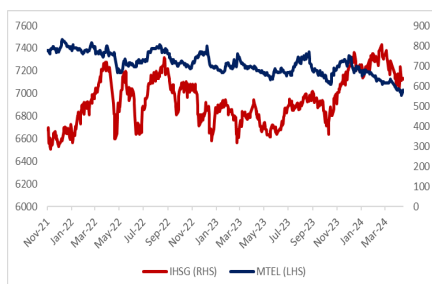


Buy

Price (May 7 th , 24)	575
Target Price	720
Potential Upside	25.21%
Market Cap	6.86 T
Number of Share	86 B
52w Lo/Hi	550-770

Source : IDX | Phintraco Sekuritas Research
| as of May 7th, 2024

IHSG vs MTEL



Source : IDX

Shareholder	%
PT Telekomunikasi Indonesia Tbk	71.84

Source : Company | as of fin. statement FY2023

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	25.18	25.46	-1.11
2025F	26.41	27.86	-5.20

Source : *marketscreener | as of May 3rd, 2024

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PT Dayamitra Telekomunikasi Tbk

(MTEL.JK / MTEL.IJ)

MTEL : Collocation Growth Driving Profitability

MTEL has booked a 7.33% YoY increase in revenue to IDR2.21 trillion (vs IDR2.05 trillion). The increase in revenue was due to the tower leasing segment, which grew by 5.40% YoY (+7.19% QoQ) to Rp1.84 trillion. The growth in tower rental was due to the rapid adoption of collocation, which grew 16.56% YoY (+1.43% QoQ). The main driving force behind collocation growth was the significant surge in non-Telkom customers during 1Q24 (Figure 2). In addition, during 1Q24 MTEL, an increase in tenants of 8.42% YoY (+0.70% QoQ) was recorded. Resulting in EBITDA of Rp1.84 trillion, growing by 39.99% YoY (+27.58% QoQ) as well as generating an EBITDA Margin in 1Q24 of 83.5% (vs. 81.5% 1Q23). This resulted in a net profit of Rp521 billion, growing by 3.98% YoY.

MTEL comes with a massive portfolio as a towering leader in Southeast Asia.

With a total of 38,135 towers spread across Indonesia, MTEL continues to strengthen its presence by adding 121 new towers during 1Q24, with 41% of them located in Java, while the remaining 59% are spread outside Java (Figure 1). We believe the number of tenants will grow by 7.15% CAGR (2024-2029) (Figure 7). We expect tenant growth to be predominantly outside of Java, which is in line with the expansion by telecommunication companies, as well as tenant growth during 1Q24 outside of Java, which grew 10%. Taking into account the 2024 guidance set by management to allocate Rp5.6 trillion for capital expenditure to add 4 thousand new tenants during 2024 as well as the construction of 10km fiber optic, management expects to record revenue and EBITDA growth in the high single-digit.

We estimate that MTEL will record a growth of 9.72%YoY to IDR9.4 trillion in FY24.

We expect the tower leasing segment to be the main revenue driver, with growth estimated at 11.49% CAGR (2024-2029). In addition, we expect MTEL to continue adding new towers both organically and inorganically, which is in line with management's 2024 guidance of realizing 4k new tenants. We also expect significant growth from the collocation segment due to expansion by non-telecom companies. Meanwhile, we anticipate a significant increase in depreciation costs due to tower additions. Nonetheless, we estimate that operating costs can be reduced to expand profit margins. As such, we expect revenue growth of 4.64% YoY to IDR 2.1 trillion in FY24.

Using the Discounted Free Cash Flow method with a Required Return of 5.8% and Terminal Growth of 3% as terminal value.

We assess that MTEL has an upside potential of 25.21% or IDR720 per share (Expected PE at 28x and EV/EBITDA at 10.16x in FY24F); thus, we give a Buy rating to MTEL. However, we need to consider the following risks: 1) Regulatory changes, 2) increased competition from telecommunication and tower operators, 3) economic downturn and rising interest rates may negatively affect MTEL's profitability and tower rental income and squeeze its profit margin.

PT Dayamitra Telekomunikasi Tbk

(in Billion IDR)	1Q23	4Q23	1Q24	QoQ	YoY
Revenue	2,055	2,321	2,206	-5.0%	7.33%
Cost of Revenue	(976)	(1,176)	(1,046)	-11.0%	7.21%
Gross Profit	1,079	1,145	1,159	1.2%	7.44%
Operating Income	948	980	1,009	3.0%	6.39%
Net Income	501	580	521	-10.2%	3.98%
Gross Profit Margin (%)	52.51%	49.33%	52.56%		
Operating Income Margin (%)	46.14%	42.21%	45.74%		
Net Profit Margin (%)	24.38%	24.99%	23.62%		

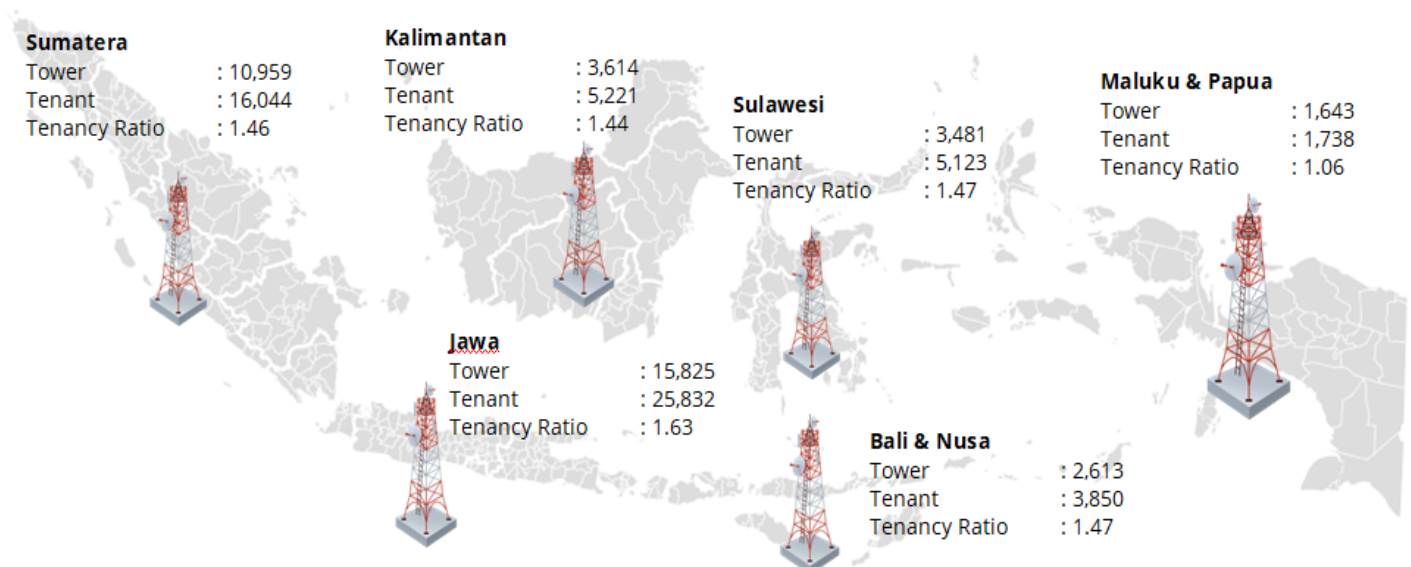
Source : Company | Phintraco Sekuritas Research

PT Dayamitra Telekomunikasi Tbk

Operational Highlight	1Q23	4Q23	1Q24	QoQ	YoY
Tower	36,439	38,014	38,135	0.32%	4.65%
Colocation	16,878	19,395	19,673	1.43%	16.56%
Tenant	53,317	57,409	57,808	0.70%	8.42%
Reseller	2,818	2,818	2,800	-0.64%	-0.64%
Tenancy Ratio (x)	1.46	1.51	1.52	0.38%	3.60%
Fiber (km)	25,509	32,521	36,257	11.49%	42.13%

Source : Company | Phintraco Sekuritas Research

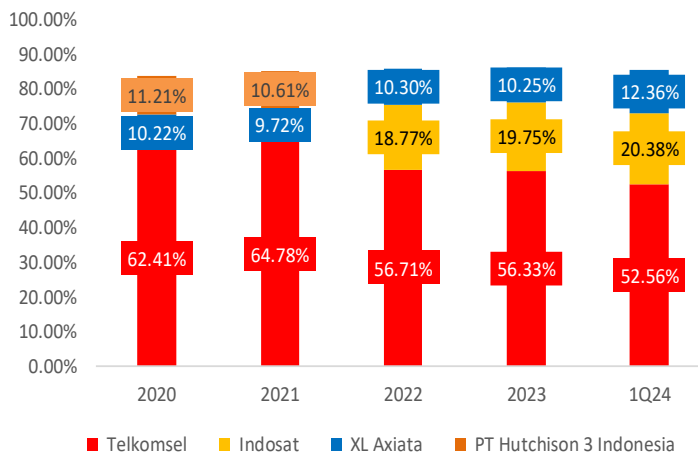
Figure 1. Distribution of Telecommunication Towers MTEL'S



Source : Company | Phintraco Sekuritas Research

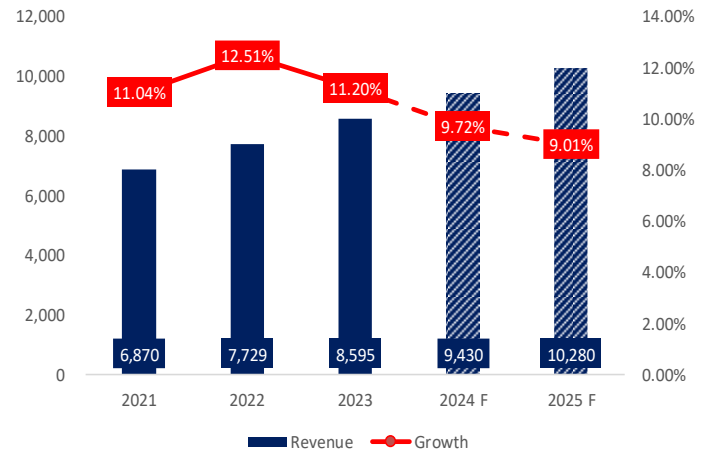
Performance Highlight

Figure 2. Customer Segments



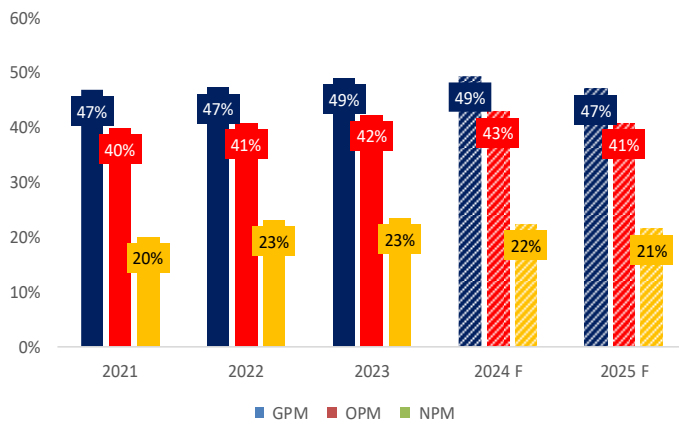
Source : Company | Phintraco Sekuritas Research

Figure 3. Revenue Trajectory



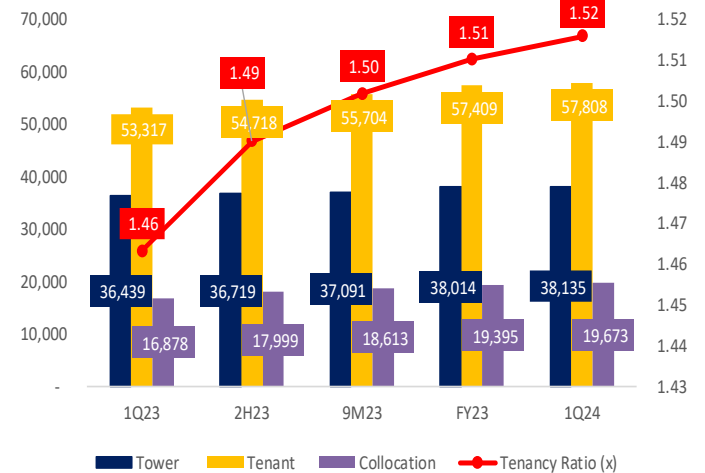
Source : Company | Phintraco Sekuritas Research

Figure 4. Margin Ratios



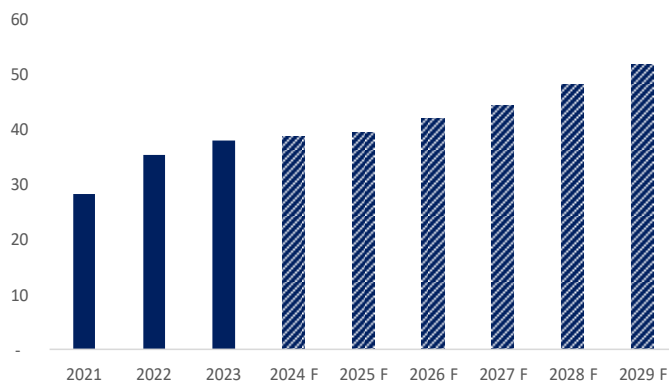
Source : Company | Phintraco Sekuritas Research

Figure 5. Operational Highlight



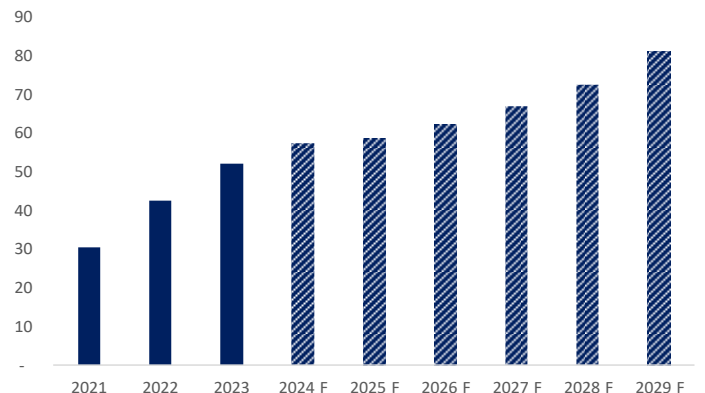
Source : Company | Phintraco Sekuritas Research

Figure 6. Portfolio and Projection Tower of MTEL



Source : Company | Phintraco Sekuritas Research

Figure 7. Portfolio and Projection Tenants of MTEL



Source : Company | Phintraco Sekuritas Research

Key Financial Figures

(in Billion Rupiah)						(in Billion Rupiah)					
BALANCE SHEET	FY21	FY22	FY23	FY24F	FY25F	INCOME STATEMENT	FY21	FY22	FY23	FY24F	FY25F
Asset						Revenue	6,870	7,729	8,595	9,430	10,280
Cash	19,133	6,339	879	1,262	965	Growth	11.04%	12.51%	11.20%	9.72%	9.01%
Accounts Receivable	1,118	1,050	1,607	1,522	1,791	Cost of revenue	(3,651)	(4,075)	(4,379)	(4,769)	(5,444)
Total Current Assets	21,303	7,886	3,420	3,073	2,985	Gross Profit	3,218	3,654	4,216	4,661	4,836
Fixed Assets	29,568	39,328	43,772	45,486	47,544	GPM	46.85%	47.28%	49.05%	49.43%	47.04%
Total Non Current Assets	36,426	48,185	53,590	56,155	59,076						
Total Asset	57,728	56,072	57,010	59,227	62,061	EBITDA	5,185	6,142	6,922	7,644	8,074
						EBITDA Margin	75.48%	79.47%	80.53%	81.06%	78.55%
Liabilities						EBIT	2,740	3,153	3,639	4,045	4,187
Short-term bank loan	-	3,300	3,450	3,870	4,228	EBIT Margin	39.89%	40.80%	42.35%	42.90%	40.73%
Account Payable	1,273	1,892	2,079	1,129	1,116						
Long Term Loans	2,406	2,322	2,375	2,664	2,911	Other Income/(Charge)					
Lease Liabilities	422	286	359	403	440	Interest Income	76	331	142	158	175
Total Current Liabilities	6,476	10,201	11,071	10,930	11,686	Interest Expense	(798)	(897)	(1,174)	(1,252)	(1,335)
Long-term bank loan	15,665	9,668	9,583	10,749	11,745	Net Interest Income (Expenses)	(821)	(736)	(901)	(1,240)	(1,245)
Lease Liabilities	1,465	1,935	2,077	2,329	2,545						
Total Non Current Liabilities	17,607	12,064	11,901	13,473	14,711	Profit Before Tax	1,920	2,417	2,739	2,805	2,942
Total Liabilities	24,083	22,264	22,973	24,403	26,397	EBT Margin	27.94%	31.28%	31.87%	29.74%	28.62%
						Net Profit After Tax	1,381	1,785	2,010	2,104	2,207
Equity	33,646	33,807	34,038	34,824	35,664	NPM	20.10%	23.10%	23.39%	22.31%	21.47%

Source : Company | Phintraco Sekuritas Research

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(in Billion Rupiah)						RATIOS	FY21	FY22	FY23	FY24F	FY25F
CASH FLOW	FY21	FY22	FY23	FY24F	FY25F	Profitability Ratio (%)					
Cash Flow from Operating						<i>GPM</i>	46.85%	47.28%	49.05%	49.43%	47.04%
Net Income	6,870	7,729	8,595	9,430	10,280	<i>OPM</i>	39.89%	40.80%	42.35%	42.90%	40.73%
Depreciation & Amortiz	1,200	1,509	1,661	1,798	1,942	<i>NPM</i>	20.10%	23.10%	23.39%	22.31%	21.47%
Working Capital	428	686	(370)	(866)	(282)	<i>ROA</i>	2.39%	3.18%	3.53%	3.55%	3.56%
Others	67	581	(29)	702	185	<i>ROE</i>	4.10%	5.28%	5.91%	6.04%	6.19%
Net-CFFO	8,564	10,504	9,857	11,064	12,126	Activity Ratio (X)					
Cash Flow from Investing						<i>Receivables Turnover</i>	6	7	5	6	6
CAPEX	(13,164)	(11,269)	(6,105)	(3,512)	(4,000)	<i>Payables Turnover</i>	4	5	6	4	5
Others	(2,070)	(2,000)	(962)	(850)	(864)	<i>Days of Receivables</i>	59	49	67	58	63
Net-CFFI	(15,234)	(13,268)	(7,067)	(4,362)	(4,864)	<i>Days of Payables</i>	102	69	62	85	74
Cash Flow from Financing						<i>Cash Operating Cycle</i>					
Short Term Debt	(1,159)	3,080	276	752	643	Leverage Ratio (%)					
Long Term Debt	7,685	(5,528)	57	1,418	1,213	<i>Debt to Asset Ratio</i>	42%	40%	40%	41%	43%
Equity Financing	27,220	(660)	(20)	-	-	<i>Debt to Equity Ratio</i>	72%	66%	67%	70%	74%
Dividend	(8,615)	(6,910)	(8,351)	(8,633)	(9,440)	<i>Interest Rate</i>	5%	5%	7%	7%	7%
Other	156	(12)	(213)	144	25	Liquidity Ratio (X)					
Net-CFFF	25,287	(10,031)	(8,251)	(6,319)	(7,559)	<i>Current Ratio</i>	3.29	0.77	0.31	0.28	0.26
NET CASH FLOW	18,617	(12,794)	(5,460)	383	(297)	<i>Cash Ratio</i>	0.90	0.80	0.26	0.41	0.32
						Price Ratio					
						<i>EPS (IDR) (annualized)</i>	25	21	24	25	26
						<i>BVPS (IDR)</i>	597	405	407	417	427
						<i>PER(X)</i>	33.86	37.45	29.30	28.00	26.69
						<i>PBV(X)</i>	1.39	1.98	1.73	1.69	1.65
						<i>EV/EBITDA (annualized)</i>	3.09	9.18	12.70	10.96	10.16
						Dividend					
						<i>DPS</i>	2,181	966	1,767	1,307	1,367
						<i>DPR</i>	158%	54%	88%	65%	65%
						<i>Div. Yield</i>	5%	1%	3%	2%	2%

Source : Company | Phintraco Sekuritas Research

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Glossarium

BVPS	: <i>Book Value per Share</i>
CFFF	: <i>Cash Flow from Financing</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFO	: <i>Cash Flow from Operating</i>
DPR	: <i>Dividend Payout Ratio</i>
DPS	: <i>Dividend per Share</i>
EBIT	: <i>Earning Before Interes & Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
NPM	: <i>Net Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
PBV	: <i>Price to Book Value</i>
PER	: <i>Price to Earning Ratio</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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