

Thursday, Sep 5<sup>th</sup>, 2024

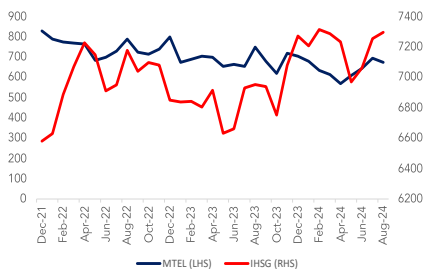
## BUY

Price (Sep 5 <sup>th</sup> , 24)	645
Target Price	720
Potential Upside	10.42%
Market Cap	56.82 T
Number of Share	83.55 B
52w Lo/Hi	550/770

Source : IDX | Phintraco Sekuritas Research

as of Sep 4<sup>th</sup>, 2024

### IHSG vs MTEL



Source : IDX

Shareholder	%
PT Telekomunikasi Indonesia Tbk	71.84
PT Maleo Investasi Indonesia	5.97
Government Singapore	5.33
Public	15.22

Source : Company | as of fin. statement FY2023

### EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	29.02	27.15	+1.87
2025F	30.22	28.88	+1.34

Source : \*marketscreener | as of Sep 4<sup>th</sup>, 2024

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## PT Dayamitra Telekomunikasi Tbk

(MTEL.JK / MTEL.IJ)

*FTS Progresses with Steady Growth and Innovation Toward a New Era of Connectivity*

**MTEL managed to record revenue of IDR2.24 trillion in 2Q24 (+1.72% QoQ, +8.18% YoY; IDR2.07 trillion in 1Q24).** The increase in revenue is in line with our estimate, reflecting 46% of the 2024E target. The tower leasing segment was the engine of revenue growth, growing 7.20% YoY to IDR3.70 trillion (vs. IDR3.45 trillion in 1H23). In addition, the fiber segment showed significant growth of 104.90% YoY, reaching IDR175 billion. During 1H24, MTEL added 5,081 km of optical fiber (36.29% of management target), 567 towers, and 1,189 thousand tenancies (38.63% of management target) acquired organically and inorganically. This increase in revenue also supported EBITDA growth to IDR1.85 trillion (+10.59% YoY), with the EBITDA Margin reaching 82.67% (+181 bps YoY). Positive EBITDA drove net profit growth of 4.19% YoY to IDR543 billion.

**The presence of Flying Tower Station (FTS) is expected to be a solution to improve connectivity in remote areas.** MTEL introduces FTS technology as a complement or replacement for telecommunication towers, especially in remote areas. FTS is designed to operate at an altitude of 20km -50 km above the earth's surface with a coverage area of up to 200 km. This technology is expected to replace the function of towers, especially in remote areas with difficulty building towers due to high production costs and long construction times. FTS is still in the research and development stage, which is expected to be completed by the end of 2025, with a commercialization plan in 2026. We assess that FTS will become a new revenue segment for MTEL in the next 3-5 years after commercialization is implemented (2026-2031). With the presence of FTS, MTEL expands its business portfolio beyond the fiber and tower leasing segments.

**MTEL's innovation in tower design in the IKN area presents a significant difference from typical towers.** By carrying out the theme of sustainability and prioritizing aesthetics, MTEL builds towers with camouflaged designs, as shown in [Figure 4](#). As of 1H24, MTEL has completed 19 tower sites in the IKN area, with a target of reaching 82 towers by the end of the year. In addition, at IKN, MTEL is conducting a service trial that carries the concept of a one-stop service to improve operational efficiency and integrate various one-stop telecommunications infrastructure services.

**We maintain our BUY recommendation for MTEL with a target price of IDR720 per share, reflecting a potential upside of 10.42%.** This valuation is based on a blended valuation between DCF and Multiple Valuation with 5% terminal growth. This potential upside implies a PER and EV/EBITDA valuation of 24.70x and 9.80x, respectively, for FY24F.

## Key Operational Highlight

PT Dayamitra Telekomunikasi Tbk (in Billion IDR)	1H23	1H24	YoY	1Q24	2Q24	QoQ
<b>Income Statement</b>						
Revenue	4,130	4,450	7.75%	2,206	2,244	1.72%
Gross Profit	2,045	2,303	12.61%	1,159	1,143	-1.38%
Operating Income	1,781	2,015	13.14%	1,009	1,006	-0.31%
EBITDA	3,353	3,696	10.22%	1,841	1,855	0.75%
Net Income	1,022	1,064	4.09%	521	543	4.24%
<b>Profitability Ratios</b>						
Gross Profit Margin (%)	49.52%	51.75%		52.56%	50.96%	
Operating Profit Margin (%)	43.13%	45.28%		45.74%	44.83%	
EBITDA Margin (%)	81.20%	83.06%		83.46%	82.67%	
Net Profit Margin (%)	24.75%	23.91%		23.62%	24.20%	
<b>Operational Data</b>						
Tower	36,719	38,581	5.07%			
Colocation	17,999	20,017	11.21%			
Tenant	54,718	58,598	7.09%			
Reseller	2,818	2,780	-1.35%			
Tenancy Ratio (x)	1.49	1.52	1.92%			
Fiber (km)	27,269	37,602	37.89%			

Source : Company | Phintraco Sekuritas Research

Figure 1. Blended Valuation

EV/EBITDA 24F (STD-1)	9.85
EBITDA 24F	7,850
EV 24F	77,312
DEBT 24F	18,000
CASH 24F	985
MINORITY 24F	-
M.CAP 24F	60,297
Outs. Shares	84
Target Price	722

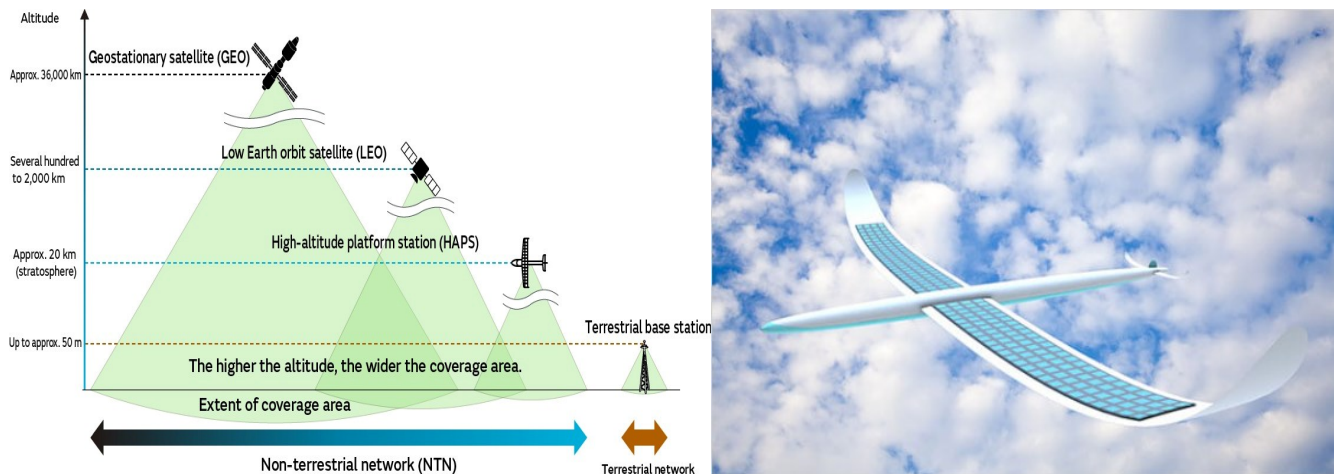
## TARGET PRICE

Fair Value	717
Multiple Valuation	722

	Weight	Fair Value	TP
DCF Valuation	70%	502	720
Multiple Valuation	30%	216	

Source : Company | Phintraco Sekuritas Research

Figure 2. High Altitude Platform System (HAPS) dan Flying Tower Station



Source : Murata Manufacturing Ltd

**The High Altitude Platform System (HAPS)** is an innovative technology designed to extend the reach of communication networks, especially in remote areas. HAPS operates using a platform such as a Flying Tower Station (FTS), a crewless aircraft, or a drone. HAPS technology provides more excellent coverage than terrestrial base stations, with lower latency than geostationary satellites. FTS offers excellent flexibility as it can be moved as needed. In addition, FTS also has a lower production cost than satellites. So, FTS is expected to be an economical way to improve connectivity.

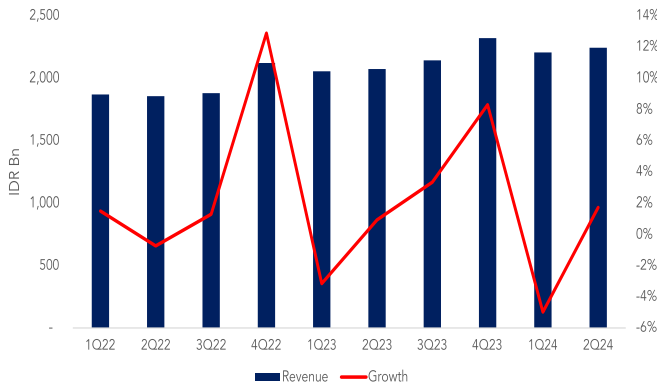
Figure 3. Tower Design in IKN



Source : Kompas.com

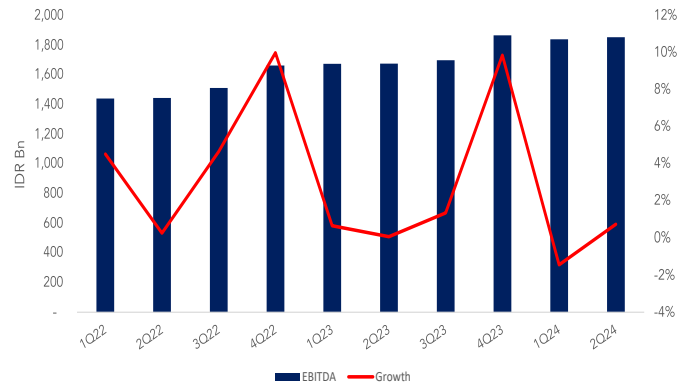
**The tower design in the IKN area is very different from the typical one.** This design carries the theme of sustainability and prioritizes aesthetics in line with IKN's vision, which causes the production cost per tower to be higher. If constructing one tower usually costs around IDR1 - IDR2 billion rupiah, then the price increases to around IDR2 - IDR3 billion rupiah. This increase in production cost is due to the materials that must cover the tower construction. However, to control costs, the tower rental fee increased to ~ IDR12.5 million per month, higher than the usual rental price of around IDR10.5 million per month.

Figure 4. Revenue Trajectory



Source : Company | Phintraco Sekuritas Research

Figure 5. EBITDA Trajectory



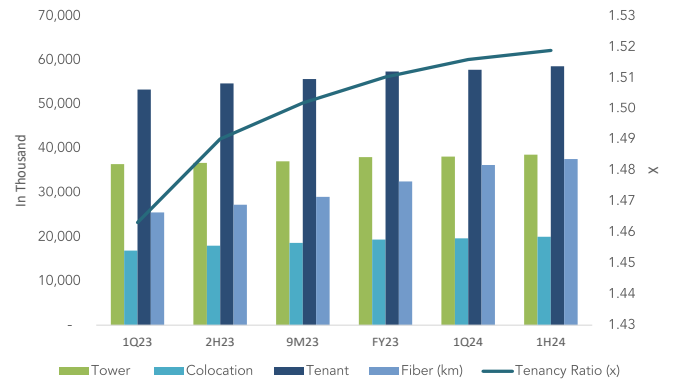
Source : Company | Phintraco Sekuritas Research

Figure 6. Margin Ratios



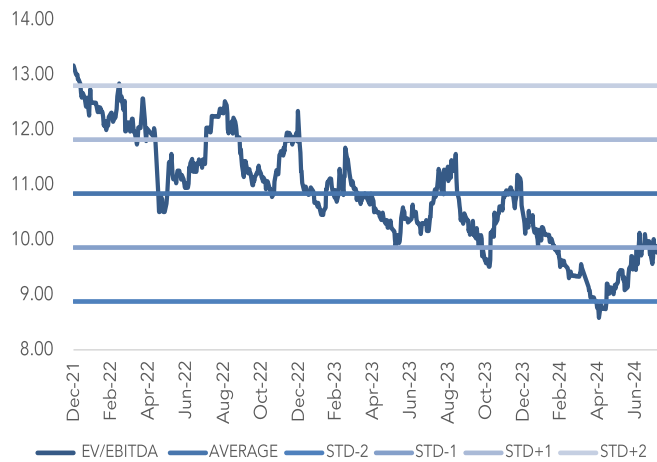
Source : Company | Phintraco Sekuritas Research

Figure 7. Operational Data



Source : Company | Phintraco Sekuritas Research

Figure 8. EV/EBITDA Band



Source : Company | Phintraco Sekuritas Research

Figure 9. Sensitivity Analysis

		Terminal Growth				
		4%	5%	5%	6%	6%
WACC	9%	750	840	950	1,090	1,270
	10%	660	730	820	930	1,070
	10%	590	640	720	800	910
	11%	520	570	630	700	780
	11%	470	510	560	620	680

Source : Company | Phintraco Sekuritas Research



(in Billion Rupiah)

BALANCE SHEET	FY21	FY22	FY23	FY24E	FY25F
<b>Asset</b>					
Cash	19,133	6,339	879	985	937
Accounts Receivable	1,118	1,050	1,607	1,553	1,630
Total Current Assets	21,303	7,886	3,420	3,358	3,547
Fixed Assets	29,568	39,328	43,772	46,513	48,159
Total Non Current Assets	36,426	48,185	53,590	57,141	59,721
Total Asset	57,728	56,072	57,010	60,499	63,268
<b>Liabilities</b>					
Short-term bank loan	-	3,300	3,450	4,030	4,335
Account Payable	1,273	1,892	2,079	2,159	2,290
Short Term Loans	2,406	2,322	2,375	2,774	2,984
Lease Liabilities	422	286	359	420	451
Total Current Liabilities	6,476	10,201	11,071	11,333	12,174
Long-term bank loan	15,665	9,668	9,583	11,195	12,041
Lease Liabilities	1,465	1,935	2,077	2,426	2,609
Total Non Current Liabilities	17,607	12,064	11,901	14,012	14,990
Total Liabilities	24,083	22,264	22,973	25,346	27,164
<b>Equity</b>	33,646	33,807	34,038	35,153	36,104

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

CASH FLOW	FY21	FY22	FY23	FY24E	FY25F
<b>Cash Flow from Operating</b>					
Net Income	6,870	7,729	8,595	9,593	10,090
Depreciation & Amortization	1,200	1,509	1,661	1,771	1,885
Working Capital	428	686	(370)	134	53
Others	67	581	(29)	(745)	5
Net-CFFO	8,564	10,504	9,857	10,753	12,033
<b>Cash Flow from Investing</b>					
CAPEX	(13,164)	(11,269)	(6,105)	(4,512)	(3,531)
Others	(2,070)	(2,000)	(962)	(810)	(934)
Net-CFFI	(15,234)	(13,268)	(7,067)	(5,322)	(4,465)
<b>Cash Flow from Financing</b>					
Short Term Debt	(1,159)	3,080	276	1,040	546
Long Term Debt	7,685	(5,528)	57	1,962	1,029
Change in other non-current liabilities	156	(12)	(213)	148	(49)
Equity	27,220	(660)	(20)	-	-
Net-CFFF	25,287	(10,031)	(8,251)	(5,325)	(7,616)
<b>NET CASH FLOW</b>	18,617	(12,794)	(5,460)	106	(48)

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

INCOME STATEMENT	FY21	FY22	FY23	FY24E	FY25F
Revenue	6,870	7,729	8,595	9,593	10,090
<i>Growth</i>	11.04%	12.51%	11.20%	11.62%	5.18%
Cost of Revenues	(3,651)	(4,075)	(4,379)	(4,650)	(4,877)
Gross Profit	3,218	3,654	4,216	4,943	5,213
<i>GPM</i>	46.85%	47.28%	49.05%	51.52%	51.67%
EBITDA	5,185	6,142	6,922	7,850	8,409
<i>EBITDA Margin</i>	75.48%	79.47%	80.53%	81.83%	83.34%
EBIT	2,740	3,153	3,639	4,278	4,485
<i>EBIT Margin</i>	39.89%	40.80%	42.35%	44.59%	44.45%
Finance Cost	(798)	(897)	(1,174)	(1,267)	(1,364)
Profit Before Tax	1,920	2,417	2,739	3,304	3,440
<i>EBT Margin</i>	27.94%	31.28%	31.87%	34.44%	34.09%
Net Profit After Tax	1,381	1,785	2,010	2,425	2,525
<i>NPM</i>	20.10%	23.10%	23.39%	25.28%	25.02%

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

RATIOS	FY20	FY21	FY22	FY24E	FY25F
<b>Profitability Ratio (%)</b>					
GPM	46.85%	47.28%	49.05%	51.52%	51.67%
EBITDA Margin	75.48%	79.47%	80.53%	81.83%	83.34%
NPM	20.10%	23.10%	23.39%	25.28%	25.02%
ROA	2.39%	3.18%	3.53%	4.01%	3.99%
ROE	4.10%	5.28%	5.91%	6.90%	6.99%
ROIC	7.10%	6.34%	6.48%	7.19%	7.20%
<b>Activity Ratio (X)</b>					
Inventory Turnover	-	-	-	-	-
Receivables Turnover	6.15	7.36	5.35	6.18	6.19
Payables Turnover	2.87	2.15	2.11	2.15	2.13
Days of Inventory	-	-	-	-	-
Days of Receivables	58.56	48.92	67.32	58.27	58.17
Days of Payables	125.54	167.14	170.95	167.14	169.05
Cash Operating Cycle	(66.98)	(118.22)	(103.63)	(108.87)	(110.88)
<b>Leverage Ratio (%)</b>					
Debt to Asset Ratio	0.31	0.27	0.27	0.30	0.31
Debt to Equity Ratio	0.54	0.45	0.45	0.51	0.54
Net Gearing Ratio	(1,062)	8,951	14,529	17,015	18,423
Net Debt / EBITDA	(0.20)	1.46	2.10	2.17	2.19
Interest Rate	5.24%	5.38%	7.65%	7.90%	7.65%
<b>Liquidity Ratio (X)</b>					
Current Ratio	3.29	0.77	0.31	0.30	0.29
Quick Ratio	3.29	0.77	0.31	0.30	0.29
Cash Ratio	2.95	0.62	0.08	0.09	0.08
<b>Price Ratio</b>					
Price per Share at the end of the year	830	800	705	717	717
Outstanding Shares (in Billion)	56.33	83.55	83.55	83.55	83.55
EPS (IDR) (annualized)	24.52	21.36	24.06	29.02	30.22
BVPS (IDR)	597	405	407	421	432
PER(X)	33.86	37.45	29.30	24.70	23.72
PBV(X)	1.39	1.98	1.73	1.70	1.66
EV/EBITDA (annualized)	8.81	12.34	10.61	9.80	9.31
<b>Dividends</b>					
DPS	38.72	11.56	21.15	15.64	18.86
DPR	362%	70%	99%	65%	65%
Div. Yield	4.66%	1.45%	3.00%	2.18%	2.63%

Source : Company | Phintraco Sekuritas Research

## 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 &amp; Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation &amp; Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
FBB	: <i>Fixed Broadband</i>
FMC	: <i>Fixed Mobile Convergence</i>
FTTH	: <i>Fiber to the Home</i>
FTTT	: <i>Fiber to the Tower</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>



# PHINTRACO SEKURITAS

## 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"

**PHINTRACO SEKURITAS**  
Kantor Cabang & Mitra GI BEI



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