

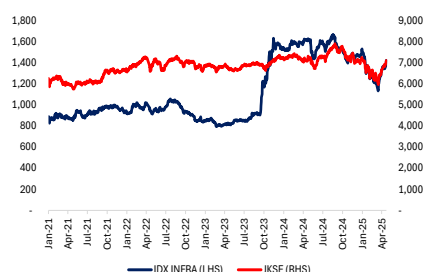


## NEUTRAL

Index (May 16 <sup>th</sup> , 25)	1,422.71
Number of Companies	67
Market Cap	1,973 T
52w Lo/Hi	1,420/1,432
6 Months Changes	-0.47%
YTD Changes	-2.70%

Source : IDX | Phintraco Sekuritas Research  
| as of May 16<sup>th</sup>, 2025

### IHSG vs IDX INFRASTRUCTURES



Source : IDX | Phintraco Sekuritas Research

Stock	Fair Value	Potential Upside
MTEL	700	5.26%
TOWR	650	5.69%
TBIG	2200	8.91%

as of May 16<sup>th</sup>, 2025

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## Infrastructures : Tower

### Navigating Post-Merger Network Rationalization and Fiber Growth in 2H25F

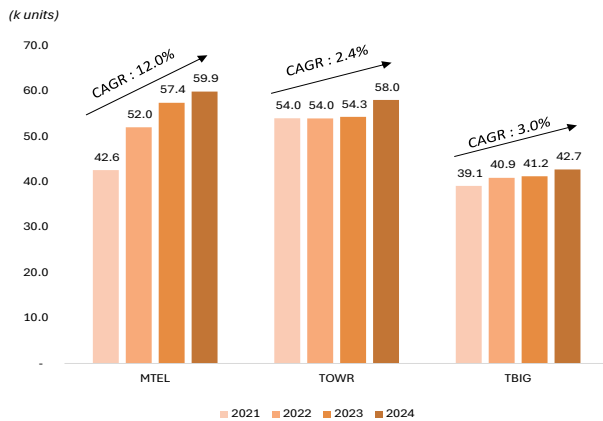
**Our coverage of the three tower players reveals a moderating growth trajectory.** TBIG posted revenue of IDR 1.74 trillion in 4Q24 (+1.63% QoQ), driven by growth in its fiber segment (+4.00% QoQ) and tower leasing (+1.42% QoQ). TBIG's tenancy ratio slightly declined to 1.79x due to more moderate tenant growth of 3.65% YoY. Its EBITDA margin contracted (84.22% in 4Q24 vs. 85.63% in 3Q24), leading to a 12.73% YoY decline in net profit, with a net profit margin of 25.49% in 4Q24. Meanwhile, MTEL recorded revenue of IDR 2.26 trillion in 1Q25 (-9.15% QoQ), following contractions in both tower leasing (-5.91% QoQ) and fiber revenue (-33.96% QoQ). Nevertheless, MTEL remained aggressive in tenant and tower additions, which grew by 4.24% YoY and 47.68% YoY, respectively, while maintaining a stable tenancy ratio at 1.52x. EBITDA fell 7.44% QoQ, although the EBITDA margin remained steady at around 83% (83.05% in 1Q25). The decline in EBITDA led to a 7.93% QoQ decrease in net profit, with a net profit margin of 23.27% in 4Q24. On the other hand, TOWR reported flat revenue growth in 4Q24 (-0.25% QoQ). Despite showing strong expansion in tenant numbers (+6.91% YoY) and fiber assets (+19.34% YoY), its tenancy ratio declined to 1.64x. However, TOWR managed to post a 7.25% YoY increase in net profit, with its net profit margin improving to 27.00% (vs. 25.56% in 3Q24). This was achieved despite a 2.06% QoQ decrease in EBITDA, with the margin slipping to 83.80% (vs. 85.35% in 3Q24).

**Merger between EXCL and FREN is expected to slow down the tower leasing segment,** driven by potential overlapping sites resulting from network consolidation. Based on various sources, approximately 14,000 to 20,000 overlapping sites are anticipated equivalent to around 20–30% of the combined total sites of both operators. We believe that the post-merger network rationalization between EXCL and FREN will exert the greatest pressure on TOWR and TBIG compared to MTEL, given the relatively higher revenue exposure of the former two to XL Axiata and Smartfren (TOWR: ~30%, TBIG: ~18%, and MTEL: ~12%). In contrast, we view MTEL as more resilient, with revenue contributions from the two operators estimated at only 10–12%. Considering the anticipated scenario, we assess that MTEL's more geographically diversified tower portfolio offers better defense against the risk of overlapping site reductions. As the largest tower owner in Indonesia, with more than 50% of its tower assets located outside Java, MTEL provides greater flexibility for operators to relocate overlapping sites potentially minimizing the number of sites that will be decommissioned.

**Mounting pressure on the tower leasing business has driven companies to seek new sources of growth.** The fiber optic segment is showing a consistent upward trajectory and is emerging as the next potential growth engine. The Indonesian fiber optic market is projected to grow at a CAGR of 11.78% over 2025–2029F, supported by increasing demand for backbone and backhaul networks to enable data centers and low-latency connectivity. Amid this promising industry outlook, consolidated revenue from the fiber segment reached IDR 3.19 trillion in FY24, marking a 16.2% YoY increase. In terms of fiber revenue market share, TOWR remains the dominant player (65%), followed by MTEL (18%) and TBIG (17%). While the growth potential is substantial, we note a key barrier: the high capital expenditure requirement. Based on our channel checks with one of tower companies, capex to build 1 km of fiber network is estimated at IDR 80–100 million. Given these conditions, we believe MTEL has relatively greater expansion capacity, supported by its strong funding structure and healthy balance sheet. On the other hand, although TOWR's high Debt-to-Equity and Net Gearing ratios may pose some limitations, its extensive 212k km fiber portfolio provides ample opportunity for further monetization of existing assets.

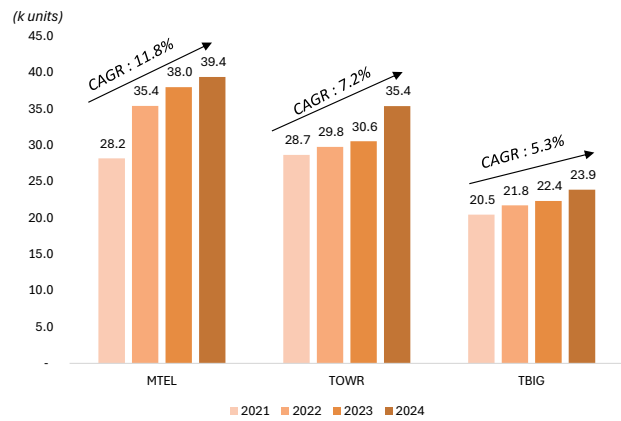
**We assign a Neutral rating to the tower sector,** taking into account the potential for a continued wave of consolidation. The impact of this consolidation is expected to put pressure on the core tower leasing segment, which we anticipate will remain flat or even decline in the near term. Nonetheless, we see promising expansion opportunities in the fiber segment, although its current contribution to overall revenue remains relatively low. We favor **MTEL (HOLD; TP: IDR 700)** as our top pick, as we believe the company will be relatively resilient amid the ongoing consolidation. In addition to its limited revenue exposure to EXCL, MTEL's more diversified tower portfolio is expected to help mitigate the impact of overlapping sites. Moreover, MTEL's strong balance sheet offers ample flexibility to pursue both organic and inorganic expansion strategies. We also like **TOWR (HOLD; TP: IDR 650)** as our second pick. Although TOWR is likely to be significantly affected by the current consolidation, its extensive fiber network presents a valuable opportunity for further monetization—providing an alternative source of revenue as the core business faces pressure. As for our third pick, **TBIG (HOLD; TP: IDR 2,200)**, we see a relatively higher downside risk due to the potential negative impact from telecom operator consolidation, which could weigh on the company's performance. **Upside risks** to our view include: 1) A lower-than-expected number of decommissioned sites, 2) The ability to optimize other business segments to sustain performance.

Figure 1. Tenant Trends Tower Companies



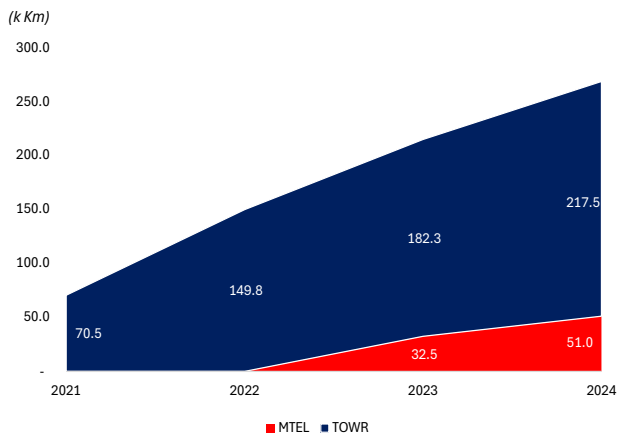
Source : Company | Phintraco Sekuritas Research

Figure 2. Tower Industry Trends



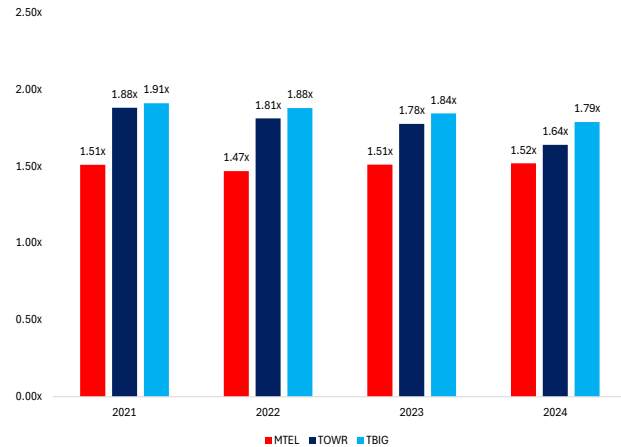
Source : Company | Phintraco Sekuritas Research

Figure 3. Fiber Deployment Trends of Tower Companies



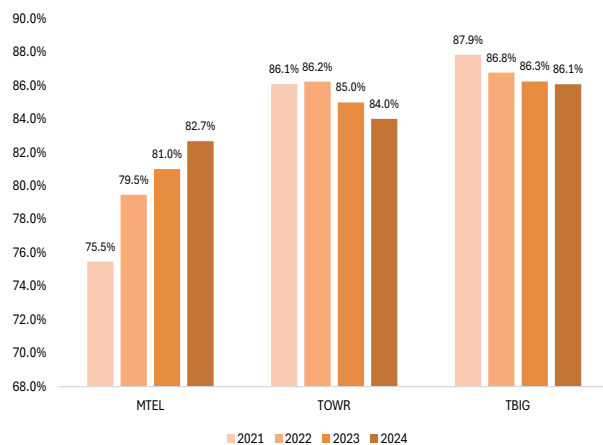
Source : Company | Phintraco Sekuritas Research

Figure 4. Tenancy Ratio Trends of Tower Companies



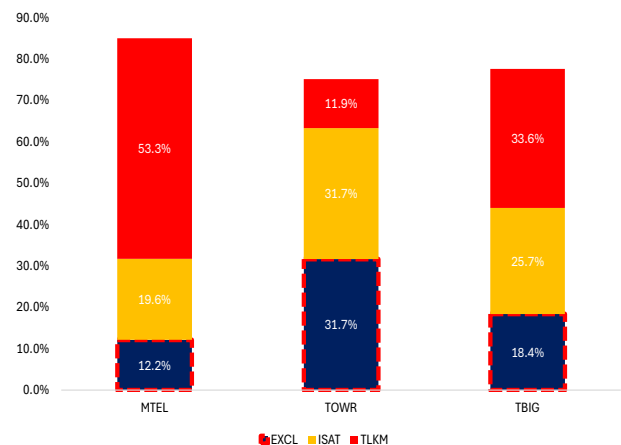
Source : Company | Phintraco Sekuritas Research

Figure 5. EBITDA Margin Trends of Tower Companies



Source : Company | Phintraco Sekuritas Research

Figure 6. EXCL's Contribution to Revenue



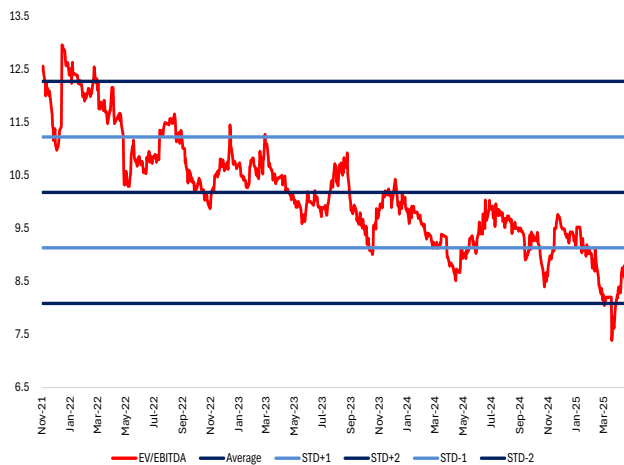
Source : Company | Phintraco Sekuritas Research

Figure 7. Peers Comparison

Company Name	Ticker	*Last Price	Market Cap (In IDR Bn)	P/E (x)	P/BV (x)	EV / EBITDA (x)	ROE (%)	Dividend Yield (%)
PT Dayamitra Telekomunikasi Tbk	MTEL.IJ	665	55,567	18.60x	1.25x	7.97x	6.78%	4.27%
PT Sarana Menara Nusantara Tbk	TOWR.IJ	615	31,374	7.20x	1.25x	7.41x	17.56%	4.55%
PT Tower Bersama Infrastructure Tbk	TBIG.IJ	2,020	45,767	25.74x	3.46x	12.41x	13.41%	2.59%
<b>Weighted Average</b>				<b>18.37x</b>	<b>2.01x</b>	<b>9.37x</b>	<b>11.61%</b>	<b>3.76%</b>

Source : Bloomberg | \*as of May16<sup>th</sup> 2025

Figure 8. EV EBITDA TTM MTEL



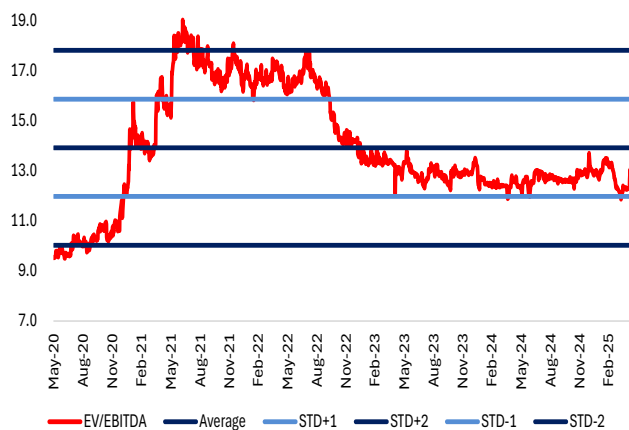
Source : Bloomberg | Phintraco Sekuritas Research

Figure 9. EV EBITDA TTM TOWR



Source : Bloomberg | Phintraco Sekuritas Research

Figure 10. EV/EBITDA TTM TBIG



Source : Bloomberg | Phintraco Sekuritas Research

## Glossarium

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