

BUY (Maintain)

Target Price (IDR) 875 (Unchanged)
Potential Upside (%) 41.1

Price Comparison

Cons. Target Price (IDR) 884
SSI vs. Cons. (%) 109.2

Stock Information

Last Price (IDR) 620
Shares Issued (Mn) 83,539
Market Cap. (IDR Bn) 51,794
52-Weeks High/Low (IDR) 800/605
3M Avg. Daily Value (IDR Bn) 30.4
Free Float (%) 21.5

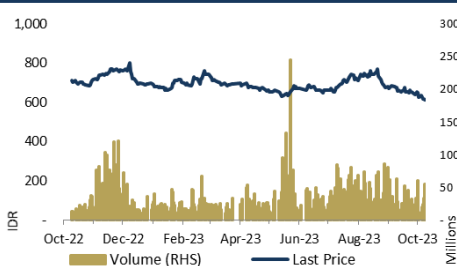
Shareholder Structure:

PT Sapta Adhikari Inv (%) 54.4
 PT Dwimuria Inv Andalan (%) 5.0
 Treasury 2.4
 Public (%) 38.2

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(22.5)	(8.1)	(8.1)	(12.7)
JCI Return	(1.3)	(2.9)	(1.4)	(3.6)
Relative	(21.2)	(5.3)	(6.8)	(9.0)

Stock Price & Volumes, 12M



Company Background

PT Dayamitra Telekomunikasi Tbk (Mitratel), a subsidiary of Telkom, is the largest telecommunications tower operator in Indonesia. Mitratel and its subsidiaries own and operate more than 37 thousand towers, with more than 50 thousand long-term lease contracts.

Yosua Zisokhi

+62 21 2854 8387

Yosua.zisokhi@samuel.co.id

Daniel A. Widjaja

+62 21 2854 8322

Daniel.aditya@samuel.co.id

Driven by Non-Telkom Tenants

EBITDA growth of +12.3% YoY in 3Q23. MTEL's 3Q23 financial performance was quite solid, posting EBITDA growth of +14.0% YoY (+3.3% QoQ), which brought its 9M23 EBITDA growth to +74.9% YoY with an EBITDA margin of 80.6% (3Q23: 79.3%). Its 9M23 EBITDA was in line with SSI's target but slightly below consensus (74.9% of SSI's FY23F target and 72.6% of consensus). The company's strong EBITDA performance was primarily driven by the addition of 986 tenants in 3Q23 (B2S: 373, colocation: 614), bringing the number of MTEL's tenants to 55,704 in 9M23 (+10.5% Ytd) with a tenancy ratio of 1.50x. However, its bottom line were below ours and cons (68.3% of SSI's FY23F target and 67.7% of cons) mainly due to interest rate hike, which led to a spike in financial expense (+36.1% YoY).

Non-Telkom Group tenants as long-term growth drivers. MTEL's 3Q23 revenue growth was mainly driven by non-Telkom Group tenants, especially ISAT and EXCL (MTEL's revenue from both of them rose +37.7% YoY and 40.4% YoY in 3Q23, while revenue from Tsel only rose +6.4% YoY). We believe that non-Telkom tenants will continue to support MTEL's revenue growth in the long term, given its relatively low tenancy ratio (1.5x), which opens up the potential for colocation, especially outside Java; to note, Bali, Kalimantan, and Sulawesi are currently MTEL's fastest-growing operating areas, with tenant growth of more than +7% YTD.

FY23F and FY24F outlook. MTEL's management kept its FY23F revenue and EBITDA growth guidance at +11% YoY, as well as its target of adding ~5,500 tenants and 13,000 km of fiber optic lines. We still believe that these targets will be achieved quite easily, and we project that in FY24F, MTEL will book revenue and EBITDA growth of +8.2% YoY and +9.5% YoY, respectively, supported by the potential for additional ~4,000 (7.0% YoY) tenants (mostly colocation tenants), which will bring its tenancy ratio to 1.59x. Several other factors that might help support MTEL's future growth include: better telco industry climate, the completion of the IOH-H3I consolidation, and 5G penetration in Indonesia.

BUY, TP IDR 875/share. Considering its ample room for growth and solid financial structure (9M23: DER of 0.45x and Net Debt/EBITDA ratio of 1.96x), we decided to maintain our BUY rating on MTEL with a TP of IDR 875/share, reflecting 11.4x EV/EBITDA. Main risks: regulatory changes and slowing demand for telco towers.

Valuations (at closing price IDR 620 per share)

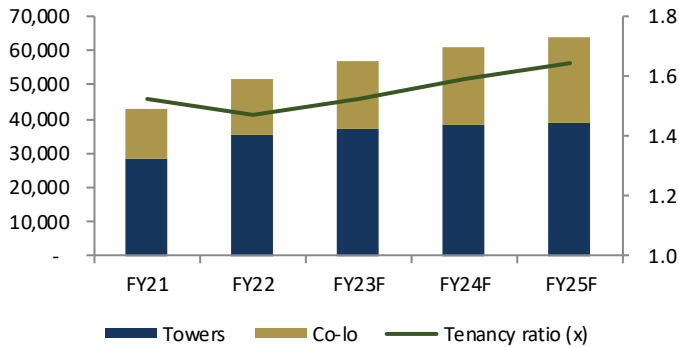
Y/E Dec	21A	22A	23F	24F	25F
Revenue (IDR Bn)	6,870	7,729	8,592	9,296	9,792
EBITDA (IDR Bn)	5,185	6,142	6,854	7,508	7,924
EV/EBITDA (x)	10.4	9.9	9.4	8.4	7.7
Net Profit (IDR Bn)	1,381	1,785	2,073	2,480	2,743
EPS (IDR)	16	21	24	29	32
EPS Growth (%)	129.4	29.3	16.1	19.6	10.6
P/E Ratio (x)	38.5	29.8	25.6	21.4	19.4
BVPS (IDR)	393	395	412	431	451
P/BV Ratio (x)	1.6	1.6	1.5	1.4	1.4
DPS (IDR)	25.5	11.3	7.3	9.7	11.6
Dividend Yield (%)	4.1	1.8	1.2	1.6	1.9
ROAE (%)	6.6	5.3	6.0	6.9	7.3
ROAA (%)	3.3	3.1	3.8	4.6	5.0
Interest Coverage (x)	3.4	3.5	3.9	5.0	6.0
Net Gearing (x)	0.0	0.2	0.3	0.3	0.2

Table 1: 9M23 Results

MTEL (IDR Bn)	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)	FY23/SSI	FY23/Cons
Revenue	1,880	2,074	2,143	3.3	14.0	5,607	6,273	11.9	74.1	72.9
Gross Profit	812	966	1,026	6.2	26.4	2,601	3,071	18.1	74.5	72.8
Operating Profit	689	833	878	5.5	27.6	2,240	2,659	18.7	73.8	70.9
EBITDA	1,514	1,677	1,700	1.4	12.3	4,402	5,054	14.8	74.9	72.6
Net Profit	335	521	408	-21.7	21.8	1,227	1,430	16.6	66.8	67.7
Gross Margin	43.2%	46.6%	47.8%	1 bps	5 bps	46.4%	48.9%	3 bps		
Operating Margin	36.6%	40.1%	41.0%	1 bps	4 bps	40.0%	42.4%	2 bps		
EBITDA Margin	80.5%	80.9%	79.3%	-2 bps	-1 bps	78.5%	80.6%	2 bps		
Net Margin	17.8%	25.1%	19.0%	-6 bps	1 bps	21.9%	22.8%	1 bps		
Additional Unit	3Q22	2Q23	3Q23	QoQ (%)	YoY (%)	9M22	9M23	YoY (%)		
Tower	6,264	280	372	-94%	33%	35,051	37,091	5.8%		
Tenancy	6,490	1,401	986	-85%	-30%	50,390	55,704	10.5%		
FTTT (Kkms)	(5.9)	10.6	(1.8)			14	29	104.5%		
Total (Unit)	9M22	FY22	9M23	Ytd (%)	YoY (%)					
Tower	35,051	35,418	37,091	4.7%	5.8%					
Tenancy	50,390	52,006	55,704	7.1%	10.5%					
Tenancy Ratio	1.44	1.47	1.50	2.3%	4.5%					
FTTT (kms)	14	17	29	74.5%	104.5%					

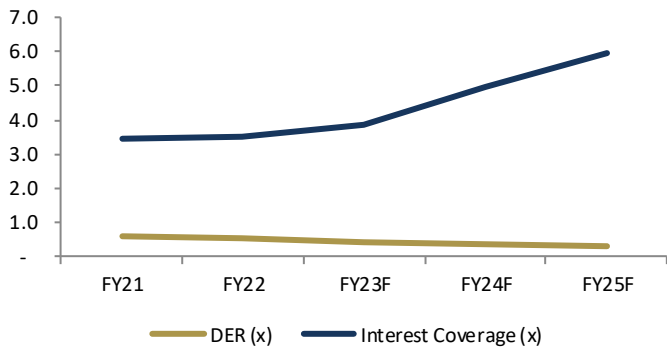
Source: Company, SSI Research

Figure 1. Operational Data



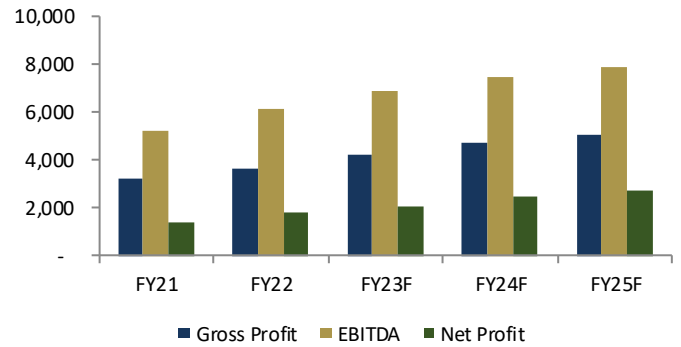
Source: Company, SSI Research

Figure 3. Solvability Ratios



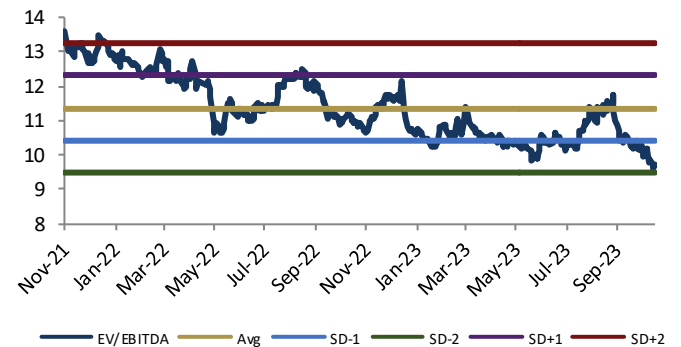
Source: Company, SSI Research

Figure 2. Financial Performance



Source: Company, SSI Research

Figure 4. EV/EBITDA Band



Source: Bloomberg, Company, SSI Research

Table 2. Peers Comparison

Company Ticker	Country	Company Ticker	Market Cap (USD Mn)	PER (x)		EV/EBITDA (x)		PBV (x)		ROE (%)	
				2023F	2024F	2023F	2024F	2023F	2024F	2023F	2024F
CHINA TOWER CO-H	CN	788 HK	16,647	10.8	8.7	3.2	3.1	0.6	0.6	5.5	6.3
INDUS TOWERS LTD	IN	INDUSTOW IN	6,163	9.5	8.9	5.1	4.9	2.1	1.9	23.2	21.9
CROWN CASTLE INC	US	CCI US	40,086	27.6	31.7	14.3	15.0	6.2	7.2	21.2	21.8
AMERICAN TOWER C	US	AMT US	83,155	43.9	36.6	18.0	17.7	17.7	21.2	35.8	50.5
INFRASTRUTTURE W	IT	INW IM	10,818	28.2	23.6	16.4	14.8	2.3	2.4	8.5	10.2
RAI WAY SPA	IT	RWAY IM	1,369	14.4	14.0	8.4	8.0	6.9	6.7	49.5	48.3
TOWER BERSAMA	ID	TBIG IJ	2,948	30.9	29.1	12.9	12.4	4.1	3.9	13.7	13.6
DAYAMITRA TELEKO	ID	MTEL IJ	3,271	25.0	21.9	9.7	8.9	1.5	1.5	6.1	6.7
SARANA MENARA	ID	TOWR IJ	3,013	13.7	12.7	9.3	8.8	2.8	2.5	21.6	20.5
Global Weighted Average			167,470	33.0	29.8	14.6	14.4	10.8	12.7	26.0	33.5

Source: Bloomberg, SSI Research

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Revenue	6,870	7,729	8,592	9,296	9,792
Cost of Revenue	(3,651)	(4,075)	(4,384)	(4,546)	(4,745)
Gross Profit	3,218	3,654	4,208	4,749	5,047
Operating Expense	(478)	(501)	(517)	(534)	(552)
G&A Expense	(207)	(265)	(276)	(288)	(300)
Selling & Marketing Expense	(255)	(253)	(258)	(263)	(268)
Other Income (Expense)	(17)	17	17	17	17
Operating Profit	2,740	3,153	3,691	4,215	4,495
EBITDA	5,185	6,142	6,854	7,508	7,924
Interest Income	76	331	158	86	80
Interest Expense	(913)	(1,056)	(958)	(844)	(752)
Share of JV	-	-	-	-	-
Other Income (Expense)	17	(11)	(11)	(11)	(11)
Pre-tax Profit	1,920	2,417	2,881	3,446	3,812
Taxes	(538)	(632)	(808)	(967)	(1,069)
Minority Interest	-	-	-	-	-
Net Profit	1,381	1,785	2,073	2,480	2,743

Balance Sheet					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Cash	19,133	6,339	3,459	3,189	3,429
Receivables	1,118	1,050	1,398	1,512	1,593
Inventory	-	-	-	-	-
Others	1,052	497	497	497	497
Total Current Asset	21,303	7,886	5,355	5,198	5,520
Net Fixed Asset	29,568	39,328	39,823	39,351	38,558
Other Assets	6,857	8,857	9,203	9,790	10,663
Total Asset	57,728	56,072	54,380	54,339	54,741
Payables	1,289	1,904	1,541	1,598	1,667
ST. Debt and CMLTD	2,828	5,908	2,650	2,336	2,080
Other Current Liabilities	2,359	2,388	2,388	2,388	2,388
Current Liability	6,476	10,201	6,580	6,322	6,136
LT. Debt	17,131	11,603	12,085	10,650	9,487
Other LT. Liabilities	476	461	461	461	461
Total Liability	24,083	22,264	19,125	17,433	16,084
Minority Interest	-	-	-	-	-
Total Equity	33,646	33,807	35,255	36,906	38,657

Cash Flow					
Y/E Dec (IDR Bn)	21A	22A	23F	24F	25F
Net Profit	1,381	1,785	2,073	2,480	2,743
D&A	1,200	1,509	1,585	1,628	1,660
Changes in Working Capital	495	1,267	(711)	(58)	(11)
Operating CF	3,075	4,561	2,947	4,050	4,391
Net Capital Expenditure	(13,164)	(11,269)	(2,080)	(1,156)	(867)
Others	(2,070)	(2,000)	(346)	(587)	(873)
Investing CF	(15,234)	(13,268)	(2,426)	(1,743)	(1,740)
Dividend Paid	(2,181)	(966)	(625)	(829)	(992)
Net Borrowing	6,526	(2,448)	(2,776)	(1,749)	(1,418)
Others	27,375	(672)	-	-	-
Financing CF	31,721	(4,087)	(3,401)	(2,578)	(2,410)
Net - Cash flow	19,562	(12,794)	(2,879)	(271)	241
Adjustment	(945)	-	-	-	-
Cash at Beginning	516	19,133	6,339	3,459	3,189
Cash at Ending	19,133	6,339	3,459	3,189	3,429

Key Ratios					
Y/E Dec	21A	22A	23F	24F	25F
Gross Profit Margin (%)	46.9	47.3	49.0	51.1	51.5
Operating Margin (%)	39.9	40.8	43.0	45.3	45.9
Pretax Margin (%)	27.9	31.3	33.5	37.1	38.9
Net Profit Margin (%)	20.1	23.1	24.1	26.7	28.0
Revenue Growth (%)	11.0	12.5	11.2	8.2	5.3
EBITDA Margin (%)	75.5	79.5	79.8	80.8	80.9
EBITDA Growth (%)	23.9	18.5	11.6	9.5	5.5
Debt to Equity (x)	0.6	0.5	0.4	0.4	0.3

Major Assumptions					
Y/E Dec	21A	22A	23F	24F	25F
Tower Growth (%)	39.7	37.2	5.1	2.7	2.0
Total Tenant Growth (%)	31.5	29.4	9.2	7.0	5.3
Tenancy Ratio (x)	1.6	1.5	1.5	1.6	1.6
Net Debt/EBITDA (x)	0.2	1.3	1.6	1.3	1.0

Research Team			
Prasetya Gunadi	Head of Equity Research, Strategy, Banking, Digital Banks	prasetya.gunadi@samuel.co.id	+6221 2854 8320
Lionel Priyadi	Macro Equity Strategist	lionel.priyadi@samuel.co.id	+6221 2854 8854
Muhamad Alfatih, CSA, CTA, CFTe	Senior Technical Analyst	m.alfatih@samuel.co.id	+6221 2854 8129
Yosua Zisokhi	Cement , Cigarette, Paper, Plantation, Telco Infra, Chemicals	yosua.zisokhi@samuel.co.id	+6221 2854 8387
M. Farras Farhan	Media, Poultry, Oil & Gas, Technology	farras.farhan@samuel.co.id	+6221 2854 8346
Pebe Peresia	Automotive, Consumer Staples, Retail	pebe.peresia@samuel.co.id	+6221 2854 8339
Juan Oktavianus Harahap	Coal, Metal Mining	juan.oktavianus@samuel.co.id	+6221 2854 8846
Jonathan Guyadi	Banking, Healthcare, Telco	jonathan.guyadi@samuel.co.id	+6221 2854 8321
Adolf Richardo	Editor	adolfo.richardo@samuel.co.id	+6221 2864 8397
Ashalia Fitri Yuliana	Research Associate	ashalia.fitri@samuel.co.id	+6221 2854 8389
Daniel Aditya Widjaja	Research Associate	daniel.aditya@samuel.co.id	+6221 2854 8322
Laurencia Hiemas	Research Associate	laurencia.hiemas@samuel.co.id	+6221 2854 8392
Brandon Boedhiman	Research Associate	brandon.boedhiman@samuel.co.id	+6221 2854 8392
Haikal Putra Samsul	Research Associate	haikal.putra@samuel.co.id	+6221 2854 8353

Equity Institutional Team			
Widya Meidrianto	Head of Institutional Equity Sales	widya.meidrianto@samuel.co.id	+6221 2854 8317
Ronny Ardianto	Institutional Equity Sales	ronny.ardianto@samuel.co.id	+6221 2854 8399
Fachruly Fiater	Institutional Sales Trader	fachruly.fiater@samuel.co.id	+6221 2854 8325
Lucia Irawati	Institutional Sales Trader	lucia.irawati@samuel.co.id	+6221 2854 8173
Alexander Tayus	Institutional Equity Dealer	alexander.tayus@samuel.co.id	+6221 2854 8319
Leonardo Christian	Institutional Equity Dealer	leonardo.christian@samuel.co.id	+6221 2854 8147

Equity Retail Team			
Joseph Soegandhi	Director of Equity	joseph.soegandhi@samuel.co.id	+6221 2854 8872
Damargumilang	Head of Equity Retail	damargumilang@samuel.co.id	+6221 2854 8309
Anthony Yunus	Head of Equity Sales	anthony.yunus@samuel.co.id	+6221 2854 8314
Clarice Wijana	Head of Equity Sales Support	clarice.wijana@samuel.co.id	+6221 2854 8395
Gitta Wahyu Retnani	Equity Sales & Trainer	gitta.wahyu@samuel.co.id	+6221 2854 8365
Vincentius Darren	Equity Sales	darren@samuel.co.id	+6221 2854 8348
Michael Alexander	Equity Sales	michael.alexander@samuel.co.id	+6221 2854 8369
Sylviawati	Equity Sales	sylviawati@samuel.co.id	+6221 2854 8112
Handa Sandiawan	Equity Sales	handa.sandiawan@samuel.co.id	+6221 2854 8302
Denzel Obaja	Equity Sales	denzel.obaja@samuel.co.id	+6221 2854 8342
Wahyudi Budiyo	Dealer	wahyudi.budiyo@samuel.co.id	+6221 2854 8152

Fixed Income Sales Team			
R. Virine Tresna Sundari	Head of Fixed Income	virine.sundari@samuel.co.id	+6221 2854 8170
Rudianto Nugroho	Fixed Income Sales	rudianto.nugroho@samuel.co.id	+6221 2854 8306
Sany Rizal Keliobas	Fixed Income Sales	sany.rizal@samuel.co.id	+6221 2854 8337
Safitri	Fixed Income Sales	safitri@samuel.co.id	+6221 2854 8376
Khairanni	Fixed Income Sales	khairanni@samuel.co.id	+6221 28548104
Saldy Achmad Yanuar	Fixed Income Sales	saldy.achmad@samuel.co.id	+6221 28548384
Nadya Attahira	Fixed Income Sales	nadya.attahira@samuel.co.id	+6221 2854 8305

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