

Telecommunication Tower: 9M24 Results Round-up

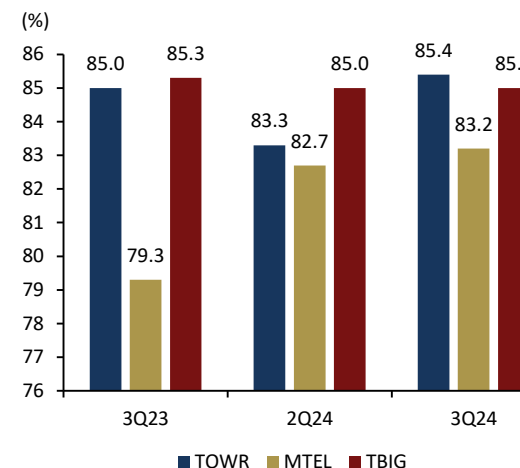
3Q24 Performance

- Our telco tower coverage (TOWR, MTEL, and TBIG) showed solid 3Q24 performance, with aggregate revenue reaching IDR 7.4tn (+4.5% QoQ, +9.1% YoY). The growth was primarily driven by TOWR (+6.0% QoQ, +12.0% YoY), which gained revenue boost from its recent acquisition of IBST, and MTEL (+5.5% QoQ, +10.5% YoY), attributed to organic tower and tenant expansion, as well as the addition of approximately 2,000 km of fiber optic lines. Meanwhile, TBIG lagged behind the pack, with flattish revenue growth of +0.2% QoQ and +2.4% YoY. On the bottom line, aggregate net profit slightly declined on YoY basis, totaling IDR 1.7tn (+0.9% QoQ, -2.7% YoY), primarily due to higher interest expenses and margin pressures from IBST on TOWR.
- We anticipate 2025 to be a promising year for telco tower industry, mainly due to: 1) tight competition among MNOs, which could help boost tenancy ratios; 2) the transformation of Kominfo to Komdigi (Communication and Digital), signaling the government's strong commitment to digital advancement and penetration; and 3) opportunities to build more towers in uncovered areas, particularly in Eastern Indonesia, as MNOs seek to develop their subscriber base by expanding coverage. Potential downside risks include higher churn rates and discontinuation of lease contracts following the consolidation of EXCL and FREN.
- Our pecking orders are TOWR (BUY, IDR 1,160), MTEL (BUY, IDR 780), and TBIG (HOLD, IDR 1,920).

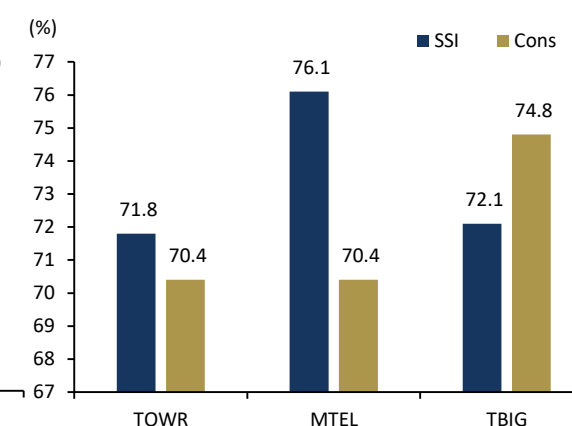
Peer Comparables

Company Ticker	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR)	2024F				
				P/E (x)	EPS Gwt (%)	EV/EBITDA (x)	Net Gearing (%)	ROE (%)
788 HK	23,229	NA	-	15.5	11.1	4.0	45.9	5.5
INDUSTOW IN	9,954	NA	-	11.2	27.1	5.4	75.7	25.6
HMFC IN	2,170	NA	-	28.0	0.0	14.3	16.2	9.3
1310 HK	657	NA	-	24.8	1,862.5	5.9	401.5	9.6
Regional Average	36,080	-	-	15.2	48.6	5.0	58.8	11.4
MTEL IJ	3,052	580	780	22.2	8.7	8.5	51.5	6.3
TBIG IJ	2,668	1,870	1,920	26.9	0.7	12.1	236.3	13.0
TOWR IJ	2,297	715	1,160	10.6	3.2	7.7	269.2	19.0
Local Average	8,016	-	-	20.5	4.5	9.5	175.4	12.2
Blended Average	44,097	-	-	16.2	40.6	5.8	80.0	11.5

9M24 EBITDA Margin



9M24 Net Profit/SSI & Cons



YTD Relative Performance vs JCI

