

Dayamitra Telekomunikasi (MTEL): IDR 635 – BUY, SSI TP: IDR 780 (From IDR 800); Cons. TP: IDR 836



MTEL Results: (IDR Bn)	3Q24	2Q24	3Q23	QoQ (%)	YoY (%)	9M24	9M23	YoY (%)	SSI (%)	Cons (%)
Revenue	2,368	2,244	2,143	5.5	10.5	6,818	6,273	8.7	74.1	73.6
Gross Profit	1,189	1,143	1,026	4.0	15.9	3,492	3,071	13.7	73.5	73.8
Operating Profit	1,039	1,006	878	3.3	18.3	3,054	2,659	14.8	73.8	74.0
Net Profit	468	543	408	-13.8	14.8	1,532	1,430	7.1	76.1	70.4

Key Ratios

GPM (%)	50.2	51.0	47.8	-	-	51.2	48.9	-	-	-
OPM (%)	43.9	44.8	41.0	-	-	44.8	42.4	-	-	-
NPM (%)	19.8	24.2	19.0	-	-	22.5	22.8	-	-	-
# of Tower (unit)	-	-	-	-	-	39,259	37,091	5.8	-	-
# of Tenant (unit)	-	-	-	-	-	59,431	55,704	6.7	-	-
Tenancy Ratio (x)	-	-	-	-	-	1.5	1.5	-	-	-
Fiber Optic (km)	-	-	-	-	-	39,714	29,042	36.7	-	-

SWOT Analysis of the Results (In line with ours & cons)

Strength

Positive revenue growth in 3Q24 of +10.5% YoY, driven by increased number of towers, tenants, and the expansion of MTEL's fiber optic network; higher lease rate thanks to MTEL's new service, Power-as-a-Service (PaaS), which has been bundled into 1,647 of its towers

Weakness

-13.8% QoQ decline in 3Q24 earnings, mainly due to interest changes from the IDR 1.6tn bank loans taken to support expansions; higher net gearing ratio of 0.52x in 3Q24 (2Q24: 0.46x)

Opportunity

MNOs' expansion to cover underserved areas (such as Eastern Indonesia) may increase demand for Build-to-Suit towers; intense competition among MNOs could boost tenancy ratios of tower companies; YTD market underperformance may result in buying opportunities

Threat

Slower-than-expected MNO expansion due to intense price war, high regulatory risk, and lack of incentive may hinder tower companies' growth; MNO consolidation could lead to discontinuation of some lease contracts; possible continued market underperformance on the back of the aforementioned threats

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	24,464	NA	-	15.5	11.1	4.0	45.9	5.5
INDUSTOW IN	20,824	NA	-	12.1	25.7	5.8	75.7	25.6
HMFC IN	3,003	NA	-	28.0	0.0	14.3	16.2	9.3
1310 HK	601	NA	-	17.2	2,400.0	5.9	342.9	7.9
Regional Average				15.2	52.0	5.1	5.7.4	11.5
MTEL IJ	3,445	635	780	24.8	9.0	9.2	51.5	6.3
TBIG IJ	2,702	1,890	1,900	27.1	0.7	12.0	236.3	13.0
TOWR IJ	2,540	805	1,535	11.5	4.0	8.2	269.2	19.1
Local Average				21.5	4.9	9.8	174.5	12.2
Blended Average				16.4	43.0	6.0	79.7	11.7

Relative Performance vs JCI

