

FTTT emerges as growth pillar in revised '25F outlook

29 April 2025



by Telkom Indonesia 

MTEL IJ	BUY
Sector	TowerCo
Price at 28 April 2025 (IDR)	590
Price target (IDR)	750
Upside/Downside (%)	27.1

Stock Information

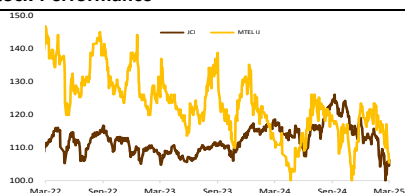
Dayamitra Telekomunikasi is one of the SEA's largest tower telecommunication companies by assets and Indonesia's largest market share of telco tower provider. The company offers an array of telco-related infrastructure service including fiber and power-to-the-tower.

Market cap (IDR bn)	49,300
Shares outstanding (mn)	83,560
52-week range (IDR)	488-700
3M average daily vol. ('000)	15,630
3M average daily val. (IDR mn)	9,436

Shareholders (%)

Telkom Indonesia	71.8
Maleo Investasi Indonesia	6.0
Public	22.2

Stock Performance



Source: Bloomberg

	1M	3M	12M
Performance	4.42	-13.87	3.51

Analyst

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MTEL's 1Q25 performance slightly missed our and consensus expectations, reaching 22.2%-23.5% of estimates. EBITDA declined 7.5% qoq due to a 9.1% revenue decrease, despite reduced opex and CoR from improved operational-efficiency. Maintain our BUY call with a target price of IDR750, based on 9.4x '25F EV/EBITDA (-2.0SD of 3yrs EV/EBITDA mean), while currently trading at 8.0x EV/EBITDA, representing 26.9% disc. to its 3yrs mean.

Cost-efficiency offsets 1Q25 revenue dip

MTEL's 1Q25 EBITDA saw a modest 1.1% yoy increase to IDR1.9 tn, as a 1.4% yoy revenue rise partially offset a 5.9% yoy opex increase. This limited growth reflects MNOs' cost-efficiency strategies. Sequentially, however, EBITDA declined by 7.5% from IDR2.0 tn in 4Q24, following a 9.1% qoq revenue decrease to IDR2.3 tn. Despite a 16.4% qoq opex reduction and a 6.8% qoq drop in CoR driven by high co-location rates improving O&M efficiency, the revenue decline impacted EBITDA.

Adjusts '25 outlook; expects FTTT to drive future growth

The slight underperformance in MTEL's 1Q25 results, prompting us to revise our '25 financial forecasts downward by 1.8%-8.1%. The company's focus on FTTT drove a 27.9% yoy increase in FTTT revenue to IDR140.0 bn in 1Q25, outpacing the tower-leasing segment, which grew just 0.7% yoy. Although FTTT currently accounts for only 6.2% of total revenue, it is expected to be a key growth driver amid ongoing MNOs consolidation. For '25F, we project FTTT revenue to grow 25.0% yoy to IDR607.6 bn, supported by expected acceleration in inorganic initiatives.

Increased business scale from higher MNOs colocation deployments is expected to moderate O&M cost growth to 2.6% in '25F, below the 5yrs average of 3.2%. As a result, CoR growth is projected to ease to 0.7% ('24: 2.9%), while opex is expected to rise just 0.8%. These efficiencies are set to improve the '25F EBIT margin to 45.6%, up 65.2bps from '24. Combined with manageable interest costs, this supports a higher net margin of 22.9% in '25F, compared to 22.6% in '24.

Reiterate BUY with TP of IDR750

Maintain our BUY call with a revised target price of IDR750 (previously IDR800) following downward revisions to our '25 forecasts: revenue (-2.0%), EBITDA (-1.8%), and net profit (-8.1%). Our new TP implies a 9.4x '25F EV/EBITDA, while it is currently trades at 8.0x EV/EBITDA, a 26.9% discount to its 3yrs mean. We see upside from minimizing exposure to potential tenant declines post the EXCL-FREN merger and the growing FTTT segment. However, the industry outlook faces risks from MNOs' cost efficiency strategies and network rollout challenges amid ongoing consolidation.

Exhibit 1: Key Statistics

Year end Dec (IDR bn)	2023A	2024A	2025E	2026E	2027E
Revenue (Rp)	8,595	9,308	9,532	9,936	10,393
EBITDA (Rp)	6,922	7,696	7,853	8,179	8,521
Operating profit (Rp)	3,651	4,179	4,342	4,700	5,010
Net profit (Rp)	2,010	2,108	2,178	2,349	2,450
EPS	24.1	25.2	26.1	28.1	29.3
ROA (%)	3.6	3.7	3.7	3.8	3.8
ROAE (%)	5.9	6.3	6.5	6.8	7.0
PER (x)	24.5	23.4	22.6	21.0	20.1
PBV (x)	1.4	1.5	1.4	1.4	1.4
EV/EBITDA (x)	9.7	9.0	8.7	8.5	8.4
Div. yield (%)	3.6	3.1	3.1	3.3	3.5

Source: Company, KBVS Research

Exhibit 2: Financial Summary

MTEL's 1Q25 Results (IDR bn)	1Q25	1Q24	YoY (%)	4Q24	QoQ (%)	2025F	% to '25F	Cons'	% of Cons'
Revenue	2,262	2,230	1.4	2,490	-9.1	9,725	23.3%	9,681	23.4%
Cost of revenue	-1,100	-1,055	4.3	-1,180	-6.8				
Gross profit	1,162	1,176	-1.2	1,309	-11.2				
Operating expenses	-147	-155	-5.3	-185	-20.3				
EBIT	1,015	1,020	-0.5	1,125	-9.8	4,394	23.1%	4,536	22.4%
EBITDA	1,879	1,859	1.1	2,030	-7.4	7,995	23.5%	8,018	23.4%
Other income/expenses	14	28	-50.8	51	-72.6				
Net finance cost/income	-313	-318	-1.7	-372	-15.9				
Pre-tax income	716	730	-1.9	804	-10.9				
Taxes	-190	-205	-7.4	-232	-18.2				
Attributable net profit	526	525	0.2	572	-7.9	2,369	22.2%	2,152	24.5%
Margins (%)									
EBIT Margin	44.9	45.7		45.2	106.7				
EBITDA margin	83.0	83.3		81.5	81.4				
Net Margin	23.3	23.5		23.0	86.7				

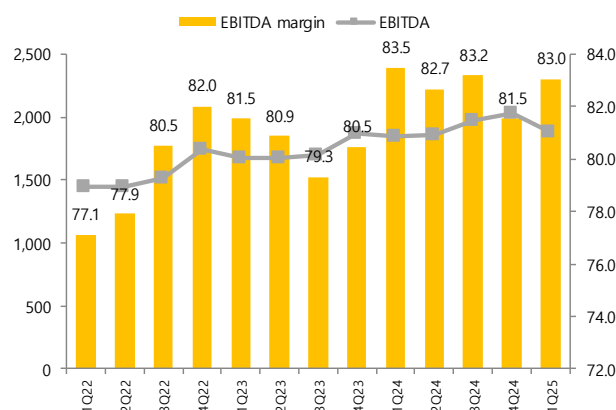
Source: Company, KBVS Research

Exhibit 3: Forecast revisions

	New		Old		Changes		Consensus		New vs. consensus	
	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F	2025F	2026F
Revenue	9,532	9,936	9,725	10,298	-2.0	-3.5	9,645	10,029	-1.2	-0.9
EBITDA	7,853	8,179	7,995	8,466	-1.8	-3.4	7,984	8,323	-1.6	-1.7
Net profit	2,178	2,349	2,369	2,573	-8.1	-8.7	2,183	2,296	-0.2	2.3

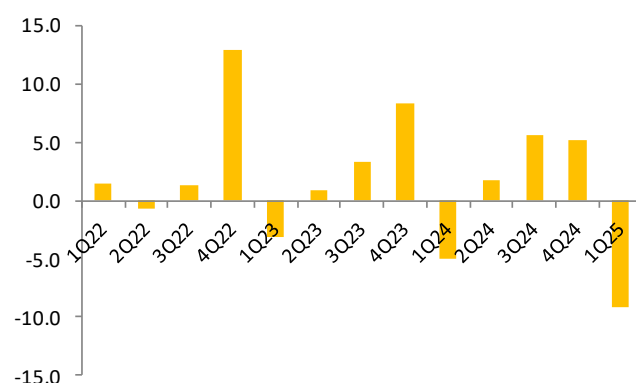
Source: Company, Bloomberg, KBVS Research

Exhibit 4: MTEL EBITDA margin (%)



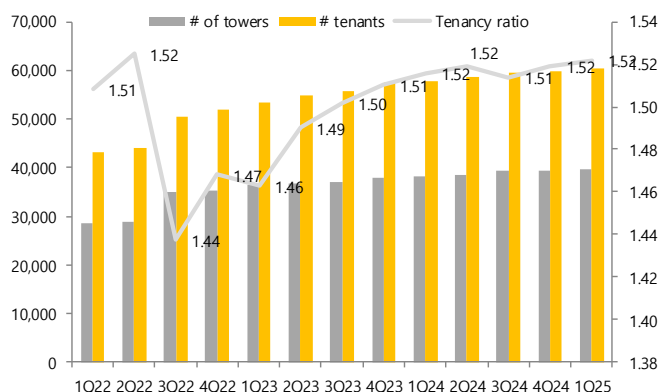
Source: Company, KBVS Research

Exhibit 5: MTEL revenue growth (%)



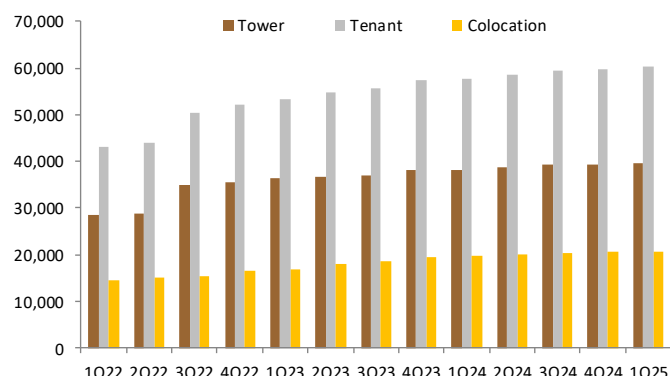
Source: Company, KBVS Research

Exhibit 6: Tenancy ratio



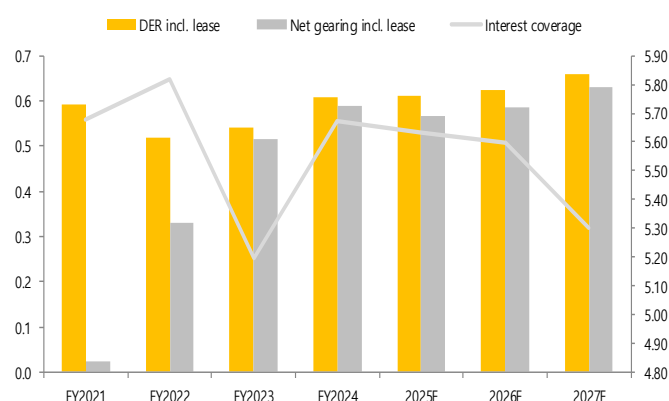
Source: Company, KBVS Research

Exhibit 7: Tower, tenant and colocation



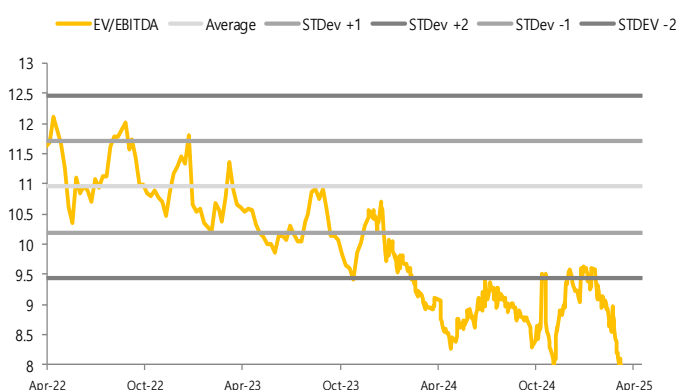
Source: Company, KBVS Research

Exhibit 8: MTEL leverage metrics (%)



Source: Company, KBVS Research

Exhibit 9: EV/EBITDA valuation



Source: Company, Bloomberg, KBVS Research

FINANCIAL TABLES

Exhibit 10: Profit & Loss summary

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Revenue	8,595	9,308	9,532	9,936	10,393
Cost of revenue	(4,379)	(4,507)	(4,537)	(4,595)	(4,718)
Gross profit	4,216	4,801	4,995	5,341	5,675
Operating expenses	(577)	(622)	(653)	(642)	(665)
Operating profit	3,651	4,179	4,342	4,700	5,010
EBITDA	6,922	7,696	7,853	8,179	8,521
Other income/net	278	100	80	33	35
Finance income/costs net	(1,190)	(1,321)	(1,358)	(1,428)	(1,573)
Pretax profit	2,739	2,958	3,064	3,304	3,472
Income tax	(729)	(850)	(886)	(955)	(1,021)
After tax profit	2,010	2,108	2,178	2,349	2,450

Source: Company, KBVS Research

Exhibit 11: Balance sheet

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Current assets					
Cash and cash equivalents	879	597	1,554	1,322	983
Trade receivables	1,607	2,004	1,662	676	1,770
Other current assets	933	846	880	1,745	1,472
Total current assets	3,420	3,447	4,097	3,743	4,225
Non current assets					
Fixed assets	43,772	45,240	47,432	49,429	51,343
Other non current assets (*)	9,818	9,453	9,487	9,323	9,666
Total non current assets	53,590	54,693	56,919	58,752	61,008
Total assets	57,010	58,140	61,016	62,495	65,234
Current liabilities					
Trade payables	2,079	1,977	1,391	1,409	1,447
Taxes payable	73	86	221	478	511
Accrued expenses	1,101	1,332	1,437	1,455	1,494
Short term debts	6,732	8,082	8,925	8,504	9,504
Other current liabilities	1,086	808	812	846	885
Total current liabilities	11,071	12,286	12,786	12,692	13,840
Non current liabilities					
Long term debts	11,660	12,214	13,726	14,672	15,313
Other non current liabilities (*)	241	253	505	467	721
Total non-current liabilities	11,901	12,467	14,230	15,139	16,034
Shareholder equity	34,038	33,387	34,000	34,665	35,360
Total liabilities and equity	57,010	58,140	61,016	62,495	65,234

Source: Company, KBVS Research

Exhibit 12: Cash flow

Year End Dec (IDR bn)	2023A	2024A	2025F	2026F	2027F
Net profit	2,010	2,108	2,178	2,349	2,450
Depreciation	3,282	3,517	3,511	3,479	3,511
Changes in working capital	(947)	(445)	(35)	448	(672)
CF from operating activities	4,346	5,180	5,654	6,276	5,290
Investment in fixed assets	(6,118)	(3,316)	(4,132)	(3,925)	(3,813)
Others	(2,569)	(1,304)	(1,606)	(1,387)	(1,954)
CF from investing activities	(8,687)	(4,619)	(5,737)	(5,311)	(5,768)
Dividends paid	(1,767)	(1,504)	(1,525)	(1,644)	(1,715)
Debt raised/ repaid	882	1,904	2,354	526	1,640
Others	(233)	(1,242)	211	(78)	214
CF from financing activities	(1,118)	(843)	1,041	(1,197)	139
Change in cash flow	(5,460)	(282)	957	(232)	(339)
Cash and cash equivalent, beginning	6,339	879	597	1,554	1,322
Cash and cash equivalent, ending	879	597	1,554	1,322	983

Source: Company, KBVS Research

Exhibit 13: Ratio analysis

Year End Dec	2023A	2024A	2025F	2026F	2027F
Gross profit	49.1	51.6	52.4	53.8	54.6
Operating profit margin	42.5	44.9	45.6	47.3	48.2
EBITDA margin	80.5	82.7	82.4	82.3	82.0
Net profit margin	23.4	22.6	22.9	23.6	23.6
Receivables turnover (x)	6.47	5.16	5.20	8.50	8.50
Sales/Assets turnover (x)	0.15	0.16	0.16	0.16	0.16
Payable turnover (x)	14.2	13.2	9.2	9.2	9.2
ROA	3.6	3.7	3.7	3.8	3.8
ROE	5.9	6.3	6.5	6.8	7.0
ROIC	3.9	4.0	4.0	4.2	4.1
Debt/Equity	0.5	0.6	0.6	0.6	0.7
Net debt/Equity	0.5	0.6	0.6	0.6	0.6
Net debt/EBITDA	2.5	2.6	2.4	2.5	2.6
Interest coverage (x)	5.2	5.7	5.6	5.6	5.3
BV/Share (Rp)	407.3	399.6	406.9	414.8	423.2
Dividend yield	3.6	3.1	3.1	3.3	3.5

Source: Company, KBVS Research

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