KIWOOM SEKURITAS INDONESIA

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PT Dayamitra Telekomunikasi Tbk (MTEL)

Resilient Core Growth, Strategic Merger and Spectrum Upside

Stable Core Growth, Fiber and Colocation Expansion Support 1H26 Performance. MTEL posted 1H26 revenue of IDR 4.69 trillion (+2% y/y), supported by continued growth in Fiber (+8% y/y) and Tower-Related Business (+15% y/y), while Tower Leasing remained resilient at +1% y/y. Operationally, the company expanded its tower portfolio to 40,563 sites (+2% y/y), with colocation rising 10% y/y to 23,303 tenants and fiber length increasing 9% y/y to 59,239 km, reinforcing growth from higher tenancy and fiber monetization. Profitability remained solid, with EBITDA at IDR 3.51 trillion (flat y/y), although EBITDA margin moderated to 74.8% from 76.5% amid slightly higher operating costs. Net profit rose 2% y/y to IDR 1.11 trillion, reflecting resilient recurring earnings despite a 1% decline in gross profit and 5% lower EBIT. On a quarterly basis, 2Q26 revenue was broadly stable at IDR 2.39 trillion, while EBITDA and net profit increased 4% q/q, indicating improving profitability momentum despite limited top-line growth.

PST & UMT Merger: Efficiency and Asset Optimization as Fundamental Catalysts. We view the merger of PST and UMT, effective July 1, 2026, as positive for MTEL's fundamentals, mainly through a simplified group structure, improved opex and capex efficiency, and asset optimization, which could drive higher tenancy ratio and operating leverage. With a tenancy ratio of 1.57x in 1H26, we see room for improvement toward >1.6x over the medium term. Meanwhile, the development of FWA, fiberization, IoT, and power services could provide new growth avenues beyond the tower business and further support MTEL's transformation into a Next-Generation Tower Company.

We view the 700 MHz and 2.6 GHz spectrum auction results as positive for MTEL, with TLKM securing 20 MHz and 80 MHz, ISAT 20 MHz and 60 MHz, and EXCL 30 MHz and 50 MHz, respectively. The additional spectrum should drive coverage expansion, capacity enhancement, and network modernization, supporting demand for colocation, new sites, and fiberization. With Telkomsel as MTEL's largest revenue contributor, monetization could become more visible in FY27-FY29, potentially adding 3,000-3,500 cumulative tenants and IDR360-420 billion in annualized tower revenue once fully active, making the auction a positive medium-to-long-term catalyst for MTEL.

KEY TAKEAWAYS:

- **Resilient 1H26 performance.** Revenue grew 2% y/y to IDR4.69tn, supported by fiber and tower-related growth, while net profit rose 2% y/y to IDR1.11tn despite margin pressure.
- **Merger to unlock efficiency.** The PST-UMT merger should improve opex/capex efficiency and asset utilization, with tenancy ratio potentially rising above 1.6x and new growth from FWA, fiberization, IoT, and power services.
- **Spectrum as a structural catalyst.** The 700 MHz and 2.6 GHz auctions could drive colocation, new sites, and fiberization, potentially adding 3,000–3,500 tenants and IDR360–420bn annualized tower revenue by FY27–FY29.

RECOMMENDATION "BUY"

We revise our MTEL target price to **IDR 635/share** (from IDR 705), based on a blended EV/EBITDA and DCF valuation, supported by the company's long-term growth prospects. This valuation implies 2026F multiples of P/E 24x, EV/EBITDA of 9.6x, and PBV of 1.53x. At the current price of IDR 460, The stock trades at 17.29x P/E and 1.11x PBV, versus peers at 17.0x and 1.33x, respectively. Downside risks include: Dependency on telecom operators, especially Telkomsel, Intense competition from TBIG and TOWR Technology risks (e.g., Open RAN, satellite disruption), Regulatory changes by the government, Financing risks (e.g., rising interest rates), Location-based risks and natural disruptions.

FINANCIAL HIGHLIGHTS

End 31 Dec	2023A	2024A	2025A	2026F	2027F	2028F
Revenue (IDR Bn)	8,595	9,308	9,534	9,937	10,360	10,795
Net Profit (IDR Bn)	2,010	2,104	2,119	2,169	2,362	2,571
EPS (IDR Full)	24	26	26	27	29	32
EBITDA Margin	54%	74%	63%	75%	75%	74%
NPM	23.4%	22.6%	22.2%	21.8%	22.8%	23.8%
Div. Yield (%)	2.6%	3.9%	2.8%	3.1%	3.4%	3.7%
ROE (%)	6%	6%	6%	6%	7%	7%
P/E (x)	29.0	25.17	26.93	23.86	21.92	20.14
P/BV (x)	1.7	1.59	1.71	1.53	1.50	1.47
EV/EBITDA (x)	16.3	10.52	12.91	9.60	9.01	8.47

Source: Company, KSI Research estimates.

STOCK RATING

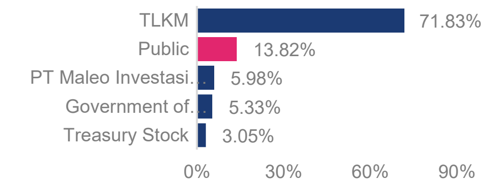
BUY

REITERATED

TP 12M (IDR)	**635**
vs. Last Price	**+38%**
Previous TP	*IDR 705*

Ticker	**MTEL**
Sub-Sector	**Telecommunications**
Last Price (IDR)	**460**
Market Cap (IDR Tn)	**37.50**
Shares Issued (Bn)	**81.50**
AVG 3M Turnover (Bn)	**19.63**

SHAREHOLDER STRUCTURE



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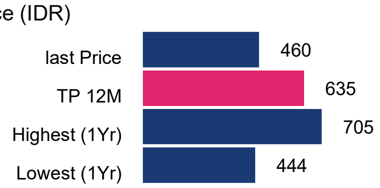
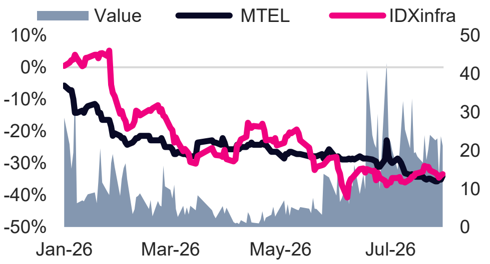
Price (IDR)



Price Performance, YTD(%), Turnover(Bn)



ESG Rating

Environmental	**2.23**
Social	**3.03**
Governance	**5.08**

PERFORMANCE OVERVIEW

Stable Earnings Growth Despite Margin Pressure

IDR Bn	1H25	1H26	y/y	Q2-25	Q1-26	Q2-26	y/y	q/q
Tower leasing	3,798	3,833	1%	1,956	1,847	1,986	2%	8%
Fiber	287	309	8%	147	152	157	7%	3%
Tower-Related Business	260	299	15%	113	166	133	18%	-20%
Reseller	251	251	0%	118	129	122	3%	-5%
Revenue	4,596	4,691	2%	2,334	2,294	2,398	3%	5%
Cost of Revenue	2,209	2,348	6%	1,109	1,159	1,189	7%	3%
Gross Profit	2,388	2,343	-2%	1,226	1,134	1,209	-1%	7%
Selling, General & Adm. Exp.	139	149	7%	79	63	86	8%	37%
EBIT	1,744	1,667	-4%	898	814	853	-5%	5%
Finance Cost	649	569	-12%	308	282	287	-7%	2%
Pre-Tax Income	1,177	1,175	0%	630	584	591	-6%	1%
EBITDA	3,510	3,510	0%	1,800	1,717	1,793	0%	4%
Net income	1,094	1,111	2%	568	545	566	0%	4%
EPS (Full IDR)	13	13.3	3%	6.799	6.523	6.774	0%	4%
	1H25	**1H26**		**Q2-25**	**Q1-26**	**Q2-26**		
Cash and Cash Equivalents	2,768	1,952	-29%	2,768	2,836	1,952	**-29%**	**-31%**
Short Term Debt	4,466	4,416	-1%	4,466	4,477	4,416	**-1%**	**-1%**
Long Term Debt	15,728	16,575	5%	15,728	16,592	16,575	**5%**	**0%**
Liabilities	27,661	28,055	1.4%	27,661	26,904	28,055	**1%**	**4%**
Equity	32,416	32,051	-1.1%	32,416	33,659	32,051	**-1%**	**-5%**
Total Asset	60,076	60,106	0%	60,076	60,563	60,106	**0%**	**-1%**
	1H25	**1H26**		**Q2-25**	**Q1-26**	**Q2-26**		
GPM %	*51.95%*	*49.94%*	-2%	*52.51%*	*49.45%*	*50.41%*	-2%	1%
OPM %	*37.94%*	*35.53%*	-2%	*38.46%*	*35.48%*	*35.58%*	-3%	0%
NPM %	*23.81%*	*23.69%*	0%	*24.34%*	*23.76%*	*23.61%*	-1%	0%
EBITDA %	*76.36%*	*74.83%*	-2%	*77.11%*	*74.87%*	*74.78%*	-2%	0%
ROE (%)	6.8%	6.9%	0%	7.0%	6.5%	7.1%	0%	1%
ROA (%)	3.6%	3.7%	0%	3.8%	3.6%	3.8%	0%	0%
	1H25	**1H26**		**Q2-25**	**Q1-26**	**Q2-26**		
Debt to Equity (x)	0.62x	0.65x	0.03	0.62x	0.63x	0.65x	0.03	0.03
DER (x)	0.85x	0.88x	0.02	0.85x	0.80x	0.88x	0.02	0.08
DAR (x)	0.46x	0.47x	0.01	0.46x	0.44x	0.47x	0.01	0.02
ICR (x)	5.41x	6.17x	0.76	5.85x	6.08x	6.25x	0.40	0.16
Current Ratio (x)	0.28x	0.38x	0.10	0.25x	0.47x	0.38x	0.13	(0.09)
Cash Ratio (%)	5%	8%	3%	7%	24%	8%	1%	-16%

Source : KSI Research & Bloomberg

OPERATIONAL PERFORMANCE

					vs FY24				vs FY25	
	1H25	1H26	y/y		1Q25	2Q25	3Q25	4Q25	1Q26	2Q26
Tower	39,782	40,563	2%	add/less	189	189	320	128	97	236
Colocation	21,125	23,303	10%	add/less	202	459	760	969	152	297
Tenant	60,907	63,866	5%	add/less	391	648	1,080	1,097	249	533
Reseller	2,659	2,650	0%	add/less	-71	-30	-	-9	-	-
Tenant Inc. Reseller	63,566	66,516	5%	add/less	320	618	1,080	1,088	249	533
Tenancy Ratio (x)	1.53	1.57	3%							
Fiber (km)	54,447	59,239	9%	add/less	2,505	903	1,146	1,606	1,080	960

Source : KSI Research & Bloomberg

VALUATION

Revised TP IDR 635; Rated BUY

BUY TP 12M: IDR 635

vs. Last Price (IDR 460, 26 August 2026): +38% upside | Previous TP: IDR 705

DCF (IDR Bn)	2026F	2027F	2028F	2029F	2030F	2031F
EBIT	4,264	4,455	4,643	4,835	5,034	5,239
marginal tax rate	6%	6%	6%	6%	6%	6%
EBIT (1-tax)	4,019	4,200	4,377	4,559	4,746	4,939
+ D & A	3,188	3,274	3,365	3,459	3,556	3,658
- Capex	(2,981)	(2,072)	(2,159)	(2,249)	(2,341)	(2,437)
Changes in working capital	762	(214)	(137)	1	1	1
Free Cash Flow	**4,988**	**5,189**	**5,445**	**5,769**	**5,962**	**6,162**
Terminal Value						**72,736**
Discount Factor	1.00	0.91	0.82	0.75	0.68	0.62

Firm Value	71,344	**Key Assumption**			
Cash	1,643				
Interest Bearing Debt	21,430	**Perpetuity Growth**	**1.5%**	**W.E**	60.8%
Equity Value	**51,556**	Beta	0.65	**W.D**	39.2%
Share	81.5	RF	6.96%		
Fair Value (IDR)	**630**	RP	8.89%		
Last Price	IDR 460	Cost of Equity	12.74%		
Potential Upside (%)	37%	Cost of Debt	6.00%		
		WACC	10.10%		

BLENDED VALUATION

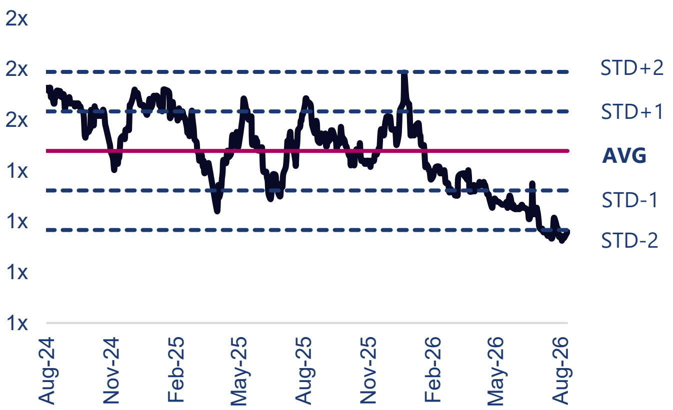
Multiple Valuation	Base Amount	Target Multiple	Value (Bn)	Weight (%)	The Value of the firm
DCF	51,556	1x	51,556	60%	30,933
EV/EBITDA	7,451	10x	74,513	40%	29,805

Total Value (Bn)	60,739
Share (Bn)	81.5
Margin of safety	*15%*
Target Price (IDR)	635

Blended fair value: IDR635/share (Total Value IDR60,739bn ÷ 81.5mn shares), combining DCF valuation (60% weight) and EV/EBITDA valuation (40% weight). DCF assumptions use a 10.1% WACC, 0.65 beta, and 1.5% perpetual growth.

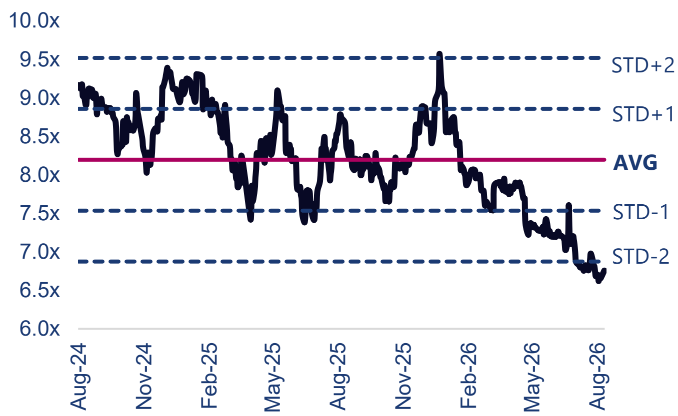
Source : KSI Research & Bloomberg

HISTORICAL PBV 3Y (BELOW AVG)



Source : KSI Research & Bloomberg

HISTORICAL EV/EBITDA 3Y (BELOW AVG)



Source : KSI Research & Bloomberg

FINANCIAL EXHIBITS

Income Statement, Balance Sheet & Cash Flow

Income Stetement

End 31 Dec (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Revenue	**8,595**	**9,308**	**9,534**	**9,937**	**10,360**	**10,795**
Costs of revenue	4,379	4,507	4,665	4,862	5,069	5,282
Gross profit	**4,216**	**4,801**	**4,869**	**5,075**	**5,291**	**5,513**
Operating profit	**2,057**	**4,173**	**3,514**	**4,264**	**4,455**	**4,643**
Interest expense	1,333.0	1,357.0	1,306	1,287	1,271	1,243
Interest income	(441.0)	(97.0)	(1,145)	15	41	77
EBITDA	**4,658**	**6,910**	**6,036**	**7,451**	**7,730**	**8,007**
Income before tax	**2,138**	**2,261**	**2,248**	**2,301**	**2,505**	**2,727**
Tax expenses	128	157	129	132	143	156
Minority interests	-	-	-	-	-	-
Net income	**2,010**	**2,104**	**2,119**	**2,169**	**2,362**	**2,571**
EPS (IDR)	24.3	25.6	26.0	26.6	29.0	31.5

Balance sheet

End 31 Dec (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Cash and equivalents	879	597	609	1,643	3,075	4,425
Account receivables	1,607	2,004	2,212	1,932	1,870	1,949
Fixed assets	51,246	52,918	53,782	53,576	52,374	51,168
Other assets	3,278	2,622	1,747	1,745	1,785	1,825
Total assets	57,010	58,140	58,350	58,896	59,104	59,367
S-T liabilities	6,732	8,082	4,254	4,500	4,399	4,298
Other S-T liabilities	4,339	4,204	3,246	3,286	3,371	3,462
L-T liabilities	11,660	12,214	17,224	16,930	16,550	16,169
Other L-T liabilities	241	253	275	286	298	311
Total liabilities	22,973	24,753	24,999	25,002	24,619	24,240
Equity	34,038	33,387	33,351	33,894	34,484	35,127
BVPS (IDR)	412	407	409	416	423	431

Cash Flows Statement

End 31 Dec (IDR Bn)	2023A	2024A	2025A	2026F	2027F	2028F
Net Income	2,010	2,104	2,119	2,169	2,362	2,571
Depreciation	2,601	2,736	2,522	3,188	3,274	3,365
Change in working capital	(4,733)	(3,935)	(9,020)	(4,760)	(5,598)	(6,033)
Operating cash flow	**(122)**	**905**	**(4,378)**	**598**	**38**	**(98)**
Capital expenditure	(4,989)	(1,672)	(865)	207	1,202	1,206
Others	(416)	569	259	(30)	(31)	(32)
Investing cash flow	**(5,405)**	**(1,103)**	**(606)**	**176**	**1,171**	**1,174**
Dividend paid	(18)	(25)	(19)	(20)	(22)	(24)
Net change in debt	68	(0)	5,010	(294)	(380)	(381)
Others	17	(59)	5	574	625	679
Financing cash flow	**68**	**(85)**	**4,996**	**260**	**223**	**274**
Effect of Foreign Exc. Rates	-	-	-	-	-	-
Change in cash	**(5,460)**	**(282)**	**12**	**1,034**	**1,432**	**1,350**
Beginning cash flow	6,339	879	597	609	1,643	3,075
Ending cash flow	879	597	609	1,643	3,075	4,425

Source: Bloomberg, Company & KSI Research estimates

FINANCIAL RATIOS

Stronger Earnings, Healthier Balance Sheet

Key Ratios	2023A	2024A	2025A	2026F	2027F	2028F
Growth (%)						
Revenue Growth (%)	11%	11%	2%	4%	4%	4%
Gross Profit Growth (%)	15%	14%	1%	4%	4%	4%
Operating Profit Growth (%)	119%	103%	-16%	21%	4%	4%
EBITDA Growth (%)	38%	48%	-13%	23%	4%	4%
Net Profit Growth (%)	13%	5%	1%	2%	9%	9%
EPS Growth (%)	13%	5%	1%	2%	9%	9%
Profitability / Margin (%)						
Gross margin (%)	49%	52%	51%	51%	51%	51%
EBITDA margin (%)	54%	74%	63%	75%	75%	74%
EBIT margin (%)	24%	45%	37%	43%	43%	43%
Pretax margin (%)	25%	24%	24%	23%	24%	25%
Net margin (%)	23%	23%	22%	22%	23%	24%
ROE (%)	6%	6%	6%	6%	7%	7%
ROA (%)	4%	4%	4%	4%	4%	4%
Liquidity (x)						
Current ratio (x)	0.3x	0.3x	0.4x	0.5x	0.7x	0.8x
Quick ratio (x)	0.3x	0.3x	0.4x	0.5x	0.7x	0.8x
Leverage (x)						
LT D/Equity (x)	0.34x	0.37x	0.52x	0.50x	0.48x	0.46x
DER (x)	0.67x	0.74x	0.75x	0.74x	0.71x	0.69x
DAR (x)	0.40x	0.43x	0.43x	0.42x	0.42x	0.41x
Interest Coverage (x)	2x	3x	3x	3x	4x	4x
Activity Ratio						
Inventory turnover (x)	6.5	5.2	4.5	4.8	5.4	5.7
AP turnover (days)	56	71	81	76	67	65
Shareholder Return (%)						
Cash Ratio	8%	5%	8%	21%	40%	57%
Sustainable Growth (%)	1%	0%	2%	2%	2%	2%
Earning Yield (%)	3%	4%	4%	4%	5%	5%
Dividend Yield (%)	2.59%	3.93%	2.79%	3.14%	3.42%	3.72%
Multiple Valuation (x)						
PE (x)	29.0x	25.2x	26.9x	23.9x	21.9x	20.1x
PBV (x)	1.7x	1.6x	1.7x	1.5x	1.5x	1.5x
P/Sales	6.8x	5.7x	6.0x	5.2x	5.0x	4.8x
EV/Ebitda	16.3x	10.5x	12.9x	9.6x	9.0x	8.5x

Source: Bloomberg, Company & KSI Research estimates

Rating Guide, Disclaimer & Contact

KIWOOM SEKURITAS GUIDE TO SECTOR / STOCK RATINGS

SECTOR / INDUSTRY

OVERWEIGHT	Sector & Industry outlook has potential and good condition
NEUTRAL	Sector & Industry outlook stable or tends to be stagnant
UNDERWEIGHT	Sector & Industry outlook has challenges and bad condition

STOCK

BUY	Performance > +15% over the next 12 months (ex-dividend)
TRADING BUY	Performance +5% to +15%, minor to medium term
HOLD	Performance -10% to +15% over the next 12 months (ex-dividend)
SELL	Performance < -15% over the next 12 months (ex-dividend)
TRADING SELL	Performance -5% to -15%, minor to medium term
NOT RATED	Stock not within regular research coverage

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