



Buy

Price (Feb 21 st , 24)	2,230
Target Price	2,830
Potential Upside	26.70%
Market Cap	28.89 T
Number of Share	13.13 B
52w Lo/Hi	1,695/2,560

Source : IDX | Phintraco Sekuritas Research
| as of Feb 21st, 2024

IHSG vs EXCL



Source : IDX

Shareholder	%
Axiata Investment Sdn. Bhd.	66.25
Public	33.16

Source : Company | as of fin. statement FY2023

EPS Consensus vs Forecast

	AT	Consensus*	%Diff
2024F	99.75	119.42	-16%
2025F	130.75	151.70	-14%

Source : *marketscreener | as of Nov 21st, 2023

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PT XL Axiata Tbk

(EXCL.JK / EXCL.IJ)

EXCL: Well-Positioned to Capture Growth in the Fixed Broadband Market

EXCL recorded revenue growth of 11% YoY, reaching IDR 32.32 bn in FY23. The company's digital transformation efforts significantly lowered operating costs, particularly evident in the 6% YoY decline in marketing costs to IDR 2.62bn. Solid EBITDA growth of 12% YoY was reflected in ARPU reaching 43k. On the other hand, a 21% YoY surge in data traffic signaled a positive trend. As such, EXCL managed to record Profit after tax (PAT) growth of 15% YoY.

We anticipate a significant increase in data traffic from March to April 2024, triggered by two key factors: the announcement of the election results and the fasting and Lebaran moments. Our projections show that EXCL's data traffic has the potential to increase by double digits compared to the usual daily average. Historically in the last three years, the average increase in data traffic during Lebaran from each operator also shows an upward trend from the usual daily average, where EXCL recorded an average growth of 35%, followed by TLKM with 18.3% and ISAT with 17.30%.

The acquisition of LinkNet in 2022 opens up opportunities for EXCL to become a second player in Indonesia's fixed broadband (FBB) market. This is evidenced by the target of 2 million subscribers in FY23. Optimism is even stronger after increasing coverage from 30 cities in FY22 to 86 cities in FY23. We believe that the migration plan of >750k subscribers from LinkNet to EXCL, scheduled to be completed in 1H24, will have a positive impact on growth and strengthen the company's position in the FBB market. In addition, increased coverage will also drive potential subscriber growth as a result of more homes being reached.

We respond positively to the migration from XL Home to XL Satu. XL Satu offers significant advantages compared to competitors mainly due to the use of fiber optic cable with greater coverage area than competitors. We believe that EXCL has great potential to compete in the Fixed-Mobile Convergence market, especially with the achievement of convergence penetration reaching 75% YoY in FY23. Quoting from Marketsearch Future, the global Fixed-Mobile Convergence market projection shows an interesting trend, with a projected value of US\$7,733.9 million by the end of 2027 and a CAGR of 14.4%.

EXCL's Expansion and Transformation Vision 2024 focuses on increasing revenue. The company maintains an EBITDA margin of around 50% and CapEx allocation of Rp8 trillion. EXCL's service focus extends across Indonesia. EXCL is expanding into Eastern Indonesia, especially in Sulawesi through the construction of 700 4G BTS in the last two years. Sulawesi is considered an important gateway for EXCL to reach customers in the growing Eastern part of Indonesia.

Using Discounted Free Cash Flow method with Required Return of 9.95% and Terminal Growth of 2.5% as terminal value. We assess that EXCL has an upside potential of 26.70% or IDR2,830 per share (Expected PBV at 1.1X), thus we give a BUY rating to EXCL.

PT XL Axiata Tbk

(in Billion IDR)

	FY22	FY23	YoY
Revenue	29,142	32,323	10.91%
Cost of Service	(10,610)	(12,168)	14.68%
Gross Profit	7,954	8,650	8.74%
Operating Income	4,015	4,736	17.96%
Net Income	1,121	1,284	14.56%
Net Income Attributable to Owners	1,109	1,271	14.57%
EPS (IDR)	84.51	96.82	14.57%
Gross Profit Margin (%)	27.30%	26.76%	-53 bps
Operating Income Margin (%)	13.78%	14.65%	88 bps
Net Profit Margin (%)	3.85%	3.97%	13 bps
Net Profit Margin (Owner) (%)	3.81%	3.93%	13 bps

Source : Company | Phintraco Sekuritas Research

Performance Highlight

Figure 1. Revenue Breakdown FY23

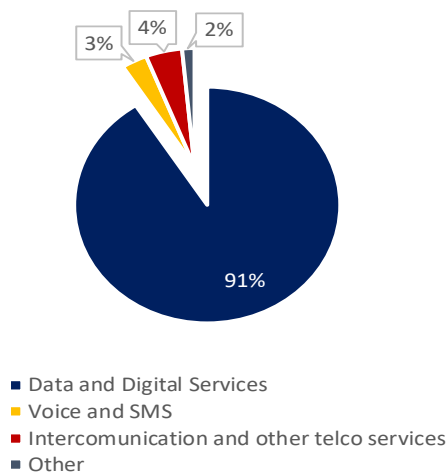


Figure 2. ARPU & Subscribers

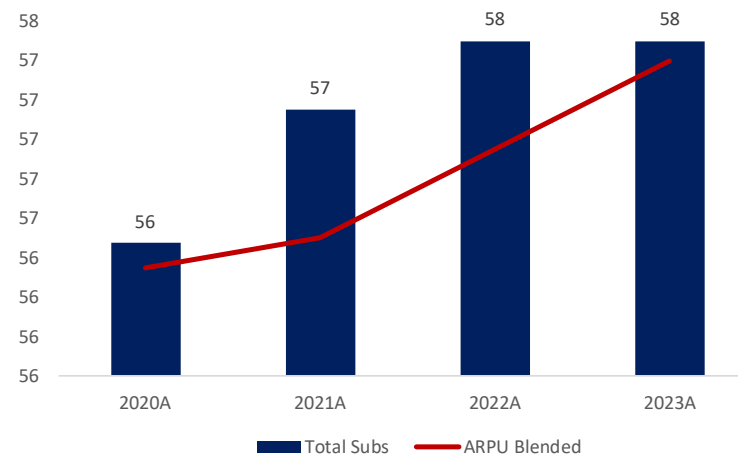


Figure 3. Profitability Margin

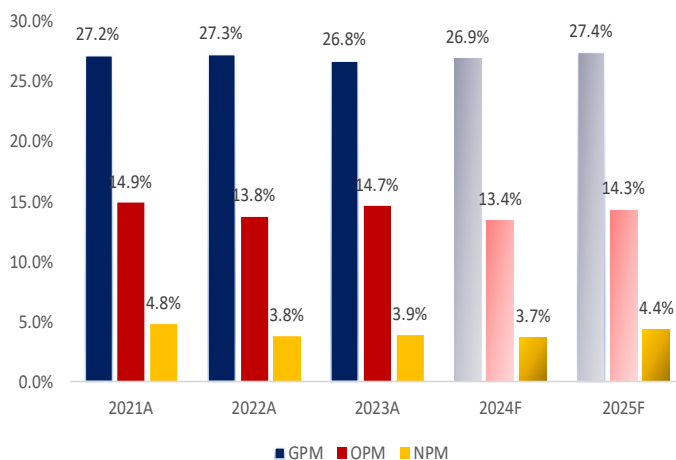
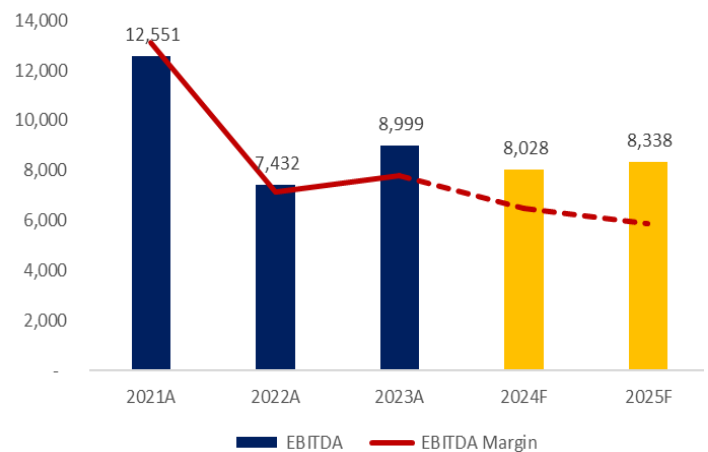


Figure 4. EBITDA & EBITDA Margin



Key Financial Figures

(in Billion Rupiah)					
INCOME STATEMENT	FY21	FY22	FY23	FY24F	FY25F
Revenue	26,754	29,142	32,323	35,090	39,112
<i>Growth</i>	2.86%	8.93%	10.91%	8.56%	11.46%
Cost of Service	(9,526)	(10,610)	(12,168)	(13,210)	(14,724)
Gross Profit	7,272	7,954	8,650	9,446	10,729
<i>GPM</i>	27.18%	27.30%	26.76%	26.92%	27.43%
EBITDA	12,551	7,432	8,999	8,291	7,836
<i>EBITDA Margin</i>	46.91%	25.50%	27.84%	23.63%	20.03%
EBIT	8,739	12,577	8,153	8,980	9,182
<i>EBIT Margin</i>	32.67%	43.16%	25.22%	25.59%	23.48%
Net Interest Income (Expenses)	(1,625)	(2,130)	(2,486)	(2,282)	(2,662)
Profit Before Tax	1,708	1,353	1,705	1,756	2,296
<i>EBT Margin</i>	6.38%	4.64%	5.27%	5.00%	5.87%
Net Profit After Tax	1,288	1,109	1,271	1,310	1,717
<i>NPM</i>	4.81%	3.81%	3.93%	3.73%	4.39%

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)					
BALANCE SHEET	FY21	FY22	FY23	FY24F	FY25F
Asset					
Cash	2,664	5,184	966	1,764	2,177
Accounts Receivable	525	738	1,386	1,170	1,304
Inventories	156	408	378	395	510
Total Current Assets	7,733	10,408	7,174	7,772	8,435
Fixed Assets	51,912	60,474	63,890	68,154	71,728
Total Non Current Assets	65,020	76,869	80,515	84,350	87,938
Total Asset	72,753	87,278	87,688	92,123	96,374
Liabilities					
Trade Payables	10,638	11,337	9,383	9,260	10,250
St Debt Bond	1,745	5,622	854	925	967
Obligations under finance lease	4,531	5,297	6,023	6,526	6,823
Total Current Liabilities	20,954	26,351	20,142	20,594	21,923
LT Debt Bond	8,527	6,488	9,251	10,023	10,480
Obligations under finance lease	20,845	26,553	29,791	32,278	33,748
Total Non Current Liabilities	31,711	35,153	41,041	44,413	46,339
Total Liabilities	52,665	61,504	61,183	65,007	68,262
Equity	20,089	25,774	26,505	27,115	28,111

Source : Company | Phintraco Sekuritas Research

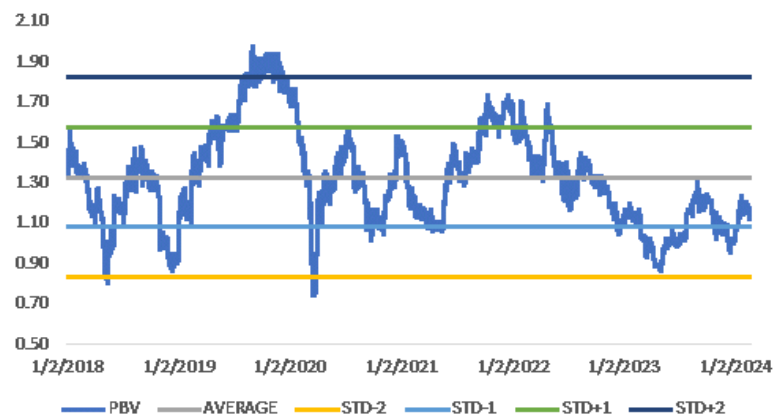
(in Billion Rupiah)					
CASH FLOW	FY21	FY22	FY23	FY24F	FY25F
Cash Flow from Operating					
Net Income	1,288	1,109	1,271	1,310	1,717
Depreciation & Amortization	4,750	8,562	3,417	4,263	3,574
Working Capital	3,172	234	(2,572)	77	740
Others	(1,573)	365	(578)	-	-
Net-CFFO	7,637	10,270	1,538	5,650	6,030
Cash Flow from Investing					
CAPEX	(9,500)	(17,123)	(6,834)	(8,526)	(7,149)
Others	(96)	(3,288)	(228)	427	(14)
Net-CFFI	(9,596)	(20,411)	(7,062)	(8,099)	(7,162)
Cash Flow from Financing					
Short Term Debt	34	4,642	(4,042)	574	339
Long Term Debt	1,987	3,669	6,000	3,260	1,926
Change in other non-current liabilities	(26)	(95)	(99)	112	-
Equity	(14)	4,939	-	-	-
Net-CFFF	1,658	12,661	1,306	3,247	1,545
NET CASH FLOW	(301)	2,520	(4,218)	798	413

Source : Company | Phintraco Sekuritas Research

RATIOS	FY21	FY22	FY23	FY24F	FY25F
Profitability Ratio (%)					
<i>GPM</i>	15.46%	27.18%	27.30%	26.76%	26.92%
<i>OPM (EBITDA Margin)</i>	14.91%	13.78%	14.65%	13.44%	14.34%
<i>NPM</i>	4.81%	3.81%	3.93%	3.73%	4.39%
<i>ROA</i>	1.77%	1.27%	1.45%	1.42%	1.78%
<i>ROE</i>	6.41%	4.30%	4.80%	4.83%	6.11%
Activity Ratio (X)					
<i>Inventory Turnover</i>	171.02	71.40	72.00	88.91	76.64
<i>Receivables Turnover</i>	51.01	39.48	36.00	30.00	30.00
<i>Payables Turnover</i>	1.83	1.87	2.52	2.77	2.77
<i>Days of Inventory</i>	2.11	5.04	5.00	4.05	4.70
<i>Days of Receivables</i>	7.06	9.12	10.00	12.00	12.00
<i>Days of Payables</i>	196.58	192.63	142.68	130.00	130.00
<i>Cash Operating Cycle</i>	220.19	109.01	105.48	116.14	103.87
Leverage Ratio (%)					
<i>Debt to Asset Ratio</i>	0.72	0.70	0.70	0.71	0.71
<i>Debt to Equity Ratio</i>	2.14	2.28	2.54	2.62	2.39
<i>Interest Rate</i>	6.67%	6.32%	6.00%	6.00%	6.33%
Liquidity Ratio (X)					
<i>Current Ratio</i>	0.37	0.39	0.36	0.38	0.38
<i>Quick Ratio</i>	(0.36)	(0.38)	(0.34)	(0.36)	(0.36)
<i>Cash Ratio</i>	7.86	5.08	20.85	11.67	10.07
Price Ratio					
<i>EPS (IDR) (annualized)</i>	120	85	97	100	131
<i>BVPS (IDR)</i>	1,873	1,963	2,019	2,065	2,141
<i>RPS (IDR)</i>	2,495	2,220	2,462	2,673	2,979
<i>PER(X)</i>	25.39	24.78	21.90	21.25	16.21
<i>PBV(X)</i>	1.63	1.07	1.05	1.03	0.99
<i>EV/EBITDA (annualized)</i>	10.32	16.49	13.88	15.55	16.73
Dividends					
<i>DPS</i>	338	544	549	699	720
<i>DPR</i>	91.01%	42.25%	49.49%	55.00%	55.00%
<i>Div. Yield</i>	13.08%	17.85%	26.22%	32.98%	33.97%

Source : Company | Phintraco Sekuritas Research

Figure 5. PBV Band 5 Years



Glossarium

ARPU	: <i>Average Revenue per User</i>
BVPS	: <i>Book Value per Share</i>
CFFF	: <i>Cash Flow from Financing</i>
CFFI	: <i>Cash Flow from Investing</i>
CFFO	: <i>Cash Flow from Operating</i>
DPR	: <i>Dividend Payout Ratio</i>
DPS	: <i>Dividend per Share</i>
EBIT	: <i>Earning Before Interes & Tax</i>
EBITDA	: <i>Earning Before Interest, Tax, Depreciation & Amortization</i>
EBT	: <i>Earning Before Tax</i>
EPS	: <i>Earning per Share</i>
EV	: <i>Enterprise Value</i>
FBB	: <i>Fixed Broadband</i>
FMC	: <i>Fixed Mobile Convergence</i>
FTTH	: <i>Fiber to the Home</i>
NPM	: <i>Net Profit Margin</i>
NPM	: <i>Net Profit Margin</i>
OPM	: <i>Operating Profit Margin</i>
PBV	: <i>Price to Book Value</i>
PER	: <i>Price to Earning Ratio</i>
ROA	: <i>Return on Asset</i>
ROE	: <i>Return on Equity</i>



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Rating for Stocks :

- Buy : The stock is expected to give total return (price appreciation + dividend yield) of $> +10\%$ over the next 12 months.
- Hold : The stock is expected to give total return of $> 0\%$ to $\leq +10\%$ over the next 12 months.
- Sell : The stock is expected to give total return of $< 0\%$ over the next 12 months.
- Outperform : The stock is expected to do slightly better than the market return. Equal to "moderate buy"
- Underperform : The stock is expected to do slightly worse than the market return. Equal to "moderate sell"

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Kantor Cabang & Mitra GI BEI



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