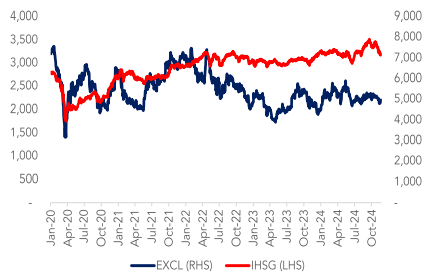


BUY

Price (Nov 22 nd , 24)	2,180
Target Price	2,900
Potential Upside	24.83%
Market Cap	28.62 T
Number of Share	13.13 B
52w Lo/Hi	1,695/2,560

Source : IDX | Phintraco Sekuritas Research
| as of Nov 22nd, 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	127.78	142.00	-9.95
2025F	150.18	175.00	-14.09

Source : *marketscreener | as of Nov 22nd, 2024

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PT XL Axiata Tbk

(EXCL.JK / EXCL.IJ)

Robust 9M24 Performance Amid Declining 3Q24

EXCL recorded a solid EBITDA performance on a cumulative basis despite a quarterly decline. EBITDA stood at IDR4.34 trillion in 3Q24 (-3.67% QoQ, +5.75% YoY), with the cumulative figure reaching IDR13.30 trillion through 9M24 equivalent to 79.68% of our FY24F estimate. This solid performance was driven by data segment revenue growth, which rose annually to IDR7.54 trillion (+3.11% YoY, -5.95% QoQ) despite contracting quarterly. EBITDA margin in 9M24 reached 52.43%, which aligns with management guidance for FY24F >50%. Net profit also grew significantly, reaching IDR411bn in 3Q24 (+12.39% QoQ; +14.33% YoY) with a cumulative figure of IDR1.32tn up to 9M24 representing 83% of our estimate. EXCL's operational efficiency has been maintained, reflected by a manageable increase in operating expenses at a low single-digit level of IDR7.04 trillion in 3Q24 (-2.54% QoQ, +1.13% YoY) and a cumulative figure of IDR21.30 trillion up to 9M24 (+3.22% YoY).

EXCL continued to strengthen its presence in the Fixed Broadband (FBB) segment by recording a growth in subscriber base to 289k (+40% YoY; 8% QoQ) in 9M24. EXCL's acquisition of Link Net in late September included the migration of ~750k First Media customers to EXCL's network. This move will increase EXCL's total FBB subscribers to over 1 million by FY24. In addition, EXCL has expanded its service coverage to reach 6 million homes across 127 cities in Indonesia. With this acquisition synergy, EXCL has positioned itself as the second-largest FBB player after IndiHome. In the future, we believe that EXCL's FBB segment has solid prospects. [Opensignal's](#) survey shows that EXCL's download and upload speeds are competitive compared to peers, providing an opportunity for EXCL to increase market penetration and strengthen customer experience and loyalty ([Figure 2](#)).

Technology adoption will strengthen EXCL's position in the market through its digital applications, which have reached 32.2 million users and have a 55% penetration. Digital applications such as MyXL offer quota flexibility, accumulative bonuses, and active periods to increase revenue while building customer loyalty ([Figure 3](#)). On the other hand, Fixed Broadband (FBB) is expected to be the new growth engine post Link Net acquisition, focusing on network expansion and strategic market penetration outside Java in particular ([Figure 1](#)).

We maintain our BUY rating on EXCL with a target price of IDR2,900, giving an upside potential of 24.83%. This target is based on the DCF method with a WACC of 10.20% and terminal growth of 3%, which implies EV/EBITDA of 4.75x/4.70x for FY24F/FY25F. Possible risks are intense market competition and barriers to expansion outside Java due to low purchasing power and high development costs.

Key Operational Highlight

Table 1. Financial Performance EXCL 9M24

PT XL Axiata Tbk										
(in Billion IDR)	9M23	9M24	YoY	3Q23	2Q24	3Q24	YoY	QoQ	Phintas Estimate	%Phintas
Revenue	23,868	25,361	6.26%	8,107	8,612	8,310	2.50%	-3.51%	34,350	73.83%
Data and digital services	21,722	23,377	7.62%	7,311	8,016	7,539	3.11%	-5.95%	31,385	74.48%
Nondata	779	692	-11.17%	246	242	210	-14.50%	-13.22%	975	70.98%
Cellular interconnection services	1,021	716	-29.88%	429	162	343	-20.08%	111.15%	1,488	48.12%
Managed Service and IT Services	358	576	60.77%	121	192	218	79.79%	13.74%	516	111.64%
Operating Expenses	20,638	21,303	3.22%	6,957	7,219	7,036	1.13%	-2.54%	29,226	72.89%
Depreciation Expense	8,415	9,074	7.83%	2,895	3,054	3,012	4.05%	-1.38%	11,224	80.84%
Amortization Expense	110	165	49.61%	62	55	52	-14.96%	-4.90%	341	48.31%
Infrastructure Expense	6,658	6,626	-0.48%	2,181	2,174	2,225	1.99%	2.33%	9,645	68.70%
Interconnection And Other Direct Expenses	6,658	2,279	-65.76%	784	823	693	-11.60%	-15.79%	2,911	78.30%
Salaries And Employee Benefit	1,059	1,257	18.67%	360	461	439	21.93%	-4.76%	1,696	74.12%
Sales and marketing expenses	1,805	1,589	-11.93%	626	546	510	-18.50%	-6.56%	2,997	53.03%
General And Administrative Expense	271	313	15.53%	50	107	105	109.87%	-1.35%	413	75.94%
Operating Profit	3,230	4,058	25.64%	1,150	1,393	1,274	10.79%	-8.55%	5,124	79.20%
EBITDA	11,755	13,297	13.12%	4,103	4,504	4,339	5.75%	-3.67%	16,688	79.68%
Finance Cost	2,174	2,306	6.09%	763	782	766	0.36%	-1.99%	2,739	84.21%
Net Profit	1,011	1,317	30.29%	360	366	411	14.33%	12.39%	1,792	73.48%
Profitability Ratio										
Operating Profit Margin (OPM)	13.53%	16.00%		14.18%	16.17%	15.33%			14.92%	
EBITDA Margin	49.25%	52.43%		50.61%	52.30%	52.21%			48.58%	
Net Profit Margin (NPM)	4.23%	5.19%		4.44%	4.25%	4.95%			5.22%	

Source : Company | Phintraco Sekuritas Research

Table 2. Operational Highlight EXCL

PT XL Axiata Tbk										
Operational Highlight	9M23	9M24	YoY	3Q23	2Q24	3Q24	YoY	QoQ		
Subscriber Postpaid (in Million)	1.60	1.70	6.25%	1.60	1.60	1.70	6.25%	6.25%		
Subscriber Prepaid (in Million)	56.90	56.90	0.00%	55.90	56.90	56.90	1.79%	0.00%		
Total Subscriber (in Million)	58.50	58.60	0.17%	57.50	58.50	58.60	1.91%	0.17%		
ARPU Postpaid (In Thousand)	91.00	88.00	-3.30%	90.00	91.00	86.00	-4.44%	-5.49%		
ARPU Prepaid (In Thousand)	40.00	42.00	5.00%	40.00	43.00	40.00	0.00%	-6.98%		
ARPU Blended	41.00	43.00	4.88%	42.00	44.00	41.00	-2.38%	-6.82%		
Traffic Data (In Petabytes)	7,109	7,823	10.04%	2,453	2,660	2,554	4.12%	-3.98%		

Source : Company | Phintraco Sekuritas Research

Figure 1. Linknet Coverage Area



North Sumatera :

Batam and Medan

Jabodetabek :

Jakarta, Bogor, Depok, Tangerang, Serang-Cilegon dan Bekasi

West Java :

Bandung, Cikampek, Purwakarta, Subang, Sukabumi, Sumedang, Cianjur, Ciamis, Kuningan dan Indramayu

Central Java :

Semarang, Yogyakarta, Solo, Tegal, Purwokerto, Magelang, Pekalongan, Bantul, Pemalang, Demak, Pati, Banyumas dan Purbalingga

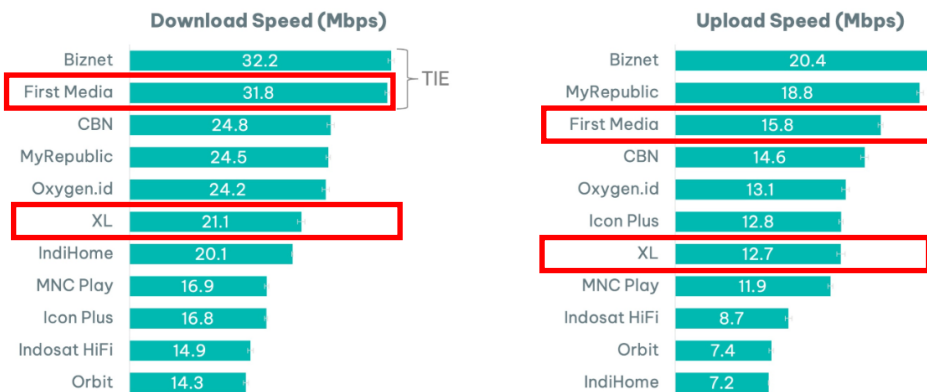
East Java & Bali :

Surabaya, Sidoarjo, Gresik, Malang, Kediri, Tulungagung, Madiun, Bojonegoro, Probolinggo, Ponorogo dan Mojokerto

Source : Linknet | Mapchart | Phintraco Sekuritas Research

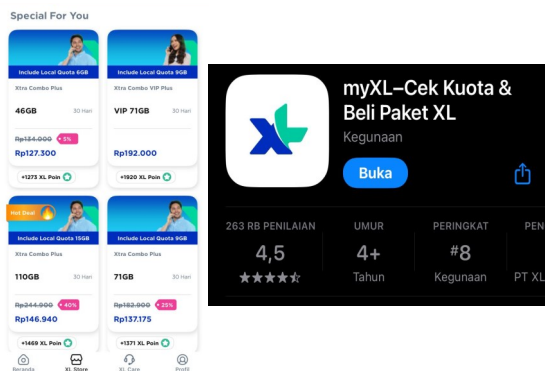
Figure 2. Internet Service Provider Fixed Broadband Experience in Java (Survey July-24)

Broadband Experience by Internet Service Provider in Java



Source : Opensignal

Figure 3. Ratings MyXL on Appstore



MyXL is a digital application designed to provide users with convenience and a personalized experience. With features such as the flexibility to choose quota packages according to their needs, quota bonus accumulation, and validity period customization, MyXL offers relevant solutions for customers. In addition, the intuitive and responsive interface design enhances user convenience, creating added value that strengthens customer loyalty and supports the growth of EXCL's digital services.

Source : Phintraco Sekuritas Research

(in Billion Rupiah)

BALANCE SHEET	FY21	FY22	FY23	FY24F	FY25F
Asset					
Cash	2,664	5,184	966	902	963
Accounts Receivable	610	852	1,435	1,525	1,613
Inventories	140	78	83	90	94
Total Current Assets	7,733	10,408	7,174	7,442	7,914
Fixed Assets	51,912	60,474	63,890	67,938	72,069
Total Non Current Assets	65,020	76,869	80,515	86,207	91,489
Total Asset	72,753	87,278	87,688	93,649	99,403
Liabilities					
Trade Payables	10,638	11,337	9,383	9,813	10,471
St Debt Bond	6,085	10,788	6,837	7,340	7,951
Obligations under finance lease	191	131	40	43	47
Total Current Liabilities	20,954	26,351	20,142	21,875	23,286
LT Debt Bond	8,527	6,488	9,251	9,932	10,758
Obligations under finance lease	20,845	26,553	29,791	31,985	34,645
Total Non Current Liabilities	31,711	35,153	41,041	44,168	47,809
Total Liabilities	52,665	61,504	61,183	66,042	71,095
Equity	20,089	25,774	26,505	27,607	28,308

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	1,792	1,678
Depreciation & Amortization	9,011	9,002	9,314	8,797	9,416
Working Capital	3,196	206	(2,507)	277	565
Others	(1,597)	393	(642)	617	(179)
NetCFFO	11,899	10,710	7,436	11,483	11,479
Cash Flow from Investing					
CAPEX	(13,761)	(17,563)	(12,731)	(12,844)	(13,547)
Others	(96)	(3,288)	(228)	(1,645)	(1,151)
NetCFFI	(13,858)	(20,851)	(12,959)	(14,489)	(14,698)
Cash Flow from Financing					
Short Term Debt	34	4,642	(4,042)	507	614
Long Term Debt	1,987	3,669	6,000	2,876	3,486
Change in other non current liabilities	(26)	(95)	(99)	259	165
Equity	(14)	4,939	-	-	-
NetCFFF	1,658	12,661	1,306	2,943	3,279
NET CASH FLOW	(301)	2,520	(4,218)	(64)	60

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

INCOME STATEMENT	FY21	FY22	FY23	FY24F	FY25F
Revenue	26,754	29,142	32,323	34,350	36,340
<i>Growth</i>	<i>2.86%</i>	<i>8.93%</i>	<i>10.91%</i>	<i>6.27%</i>	<i>5.79%</i>
Operating Expenses	23,423	25,484	27,943	29,226	31,184
Operating Profit	3,331	3,658	4,380	5,124	5,156
<i>Operating Profit Margin</i>	<i>12.45%</i>	<i>12.55%</i>	<i>13.55%</i>	<i>14.92%</i>	<i>14.19%</i>
EBITDA	13,287	14,235	15,885	16,688	17,594
<i>EBITDA Margin</i>	<i>49.66%</i>	<i>48.85%</i>	<i>49.14%</i>	<i>48.58%</i>	<i>48.41%</i>
EBIT	3,998	4,019	4,544	4,945	4,977
<i>EBIT Margin</i>	<i>14.94%</i>	<i>13.79%</i>	<i>14.06%</i>	<i>14.40%</i>	<i>13.70%</i>
Finance Cost	(2,378)	(2,777)	(2,940)	(2,739)	(2,926)
Profit Before Tax	1,708	1,353	1,705	2,315	2,168
<i>PBT Margin</i>	<i>6.38%</i>	<i>4.64%</i>	<i>5.27%</i>	<i>6.74%</i>	<i>5.97%</i>
Net Profit	1,288	1,109	1,271	1,792	1,678
<i>Net Profit Margin</i>	<i>4.81%</i>	<i>3.81%</i>	<i>3.93%</i>	<i>5.22%</i>	<i>4.62%</i>

Source : Company | Phintraco Sekuritas Research

(in Billion Rupiah)

RATIOS	FY21	FY22	FY23	FY24F	FY25F
Profitability Ratio (%)					
<i>EBITDA Margin</i>	49.66%	48.85%	49.14%	48.58%	48.41%
<i>EBIT Margin</i>	14.94%	13.79%	14.06%	14.40%	13.70%
<i>EBT Margin</i>	6.38%	4.64%	5.27%	6.74%	5.97%
<i>NPM</i>	4.81%	3.81%	3.93%	5.22%	4.62%
<i>ROA</i>	1.77%	1.27%	1.45%	1.91%	1.69%
<i>ROAA</i>	1.83%	1.39%	1.45%	1.98%	1.74%
<i>ROE</i>	6.41%	4.30%	4.80%	6.49%	5.93%
<i>ROAE</i>	6.57%	4.84%	4.86%	6.62%	6.00%
Activity Ratio (X)					
<i>Inventory Turnover</i>	171.02	71.40	85.54	77.83	81.50
<i>Receivables Turnover</i>	43.86	34.21	22.53	22.53	22.53
<i>Payables Turnover</i>	2.20	2.25	2.98	2.98	2.98
<i>Days of Inventory</i>	2.11	5.04	4.21	4.63	4.42
<i>Days of Receivables</i>	8.21	10.52	15.98	15.98	15.98
<i>Days of Payables</i>	163.50	160.16	120.88	120.88	120.88
<i>Cash Operating Cycle</i>	212.67	103.36	105.09	97.38	101.05
Leverage Ratio (%)					
<i>Debt to Asset Ratio</i>	0.49x	0.50x	0.52x	0.45x	0.46x
<i>Debt to Equity Ratio</i>	1.77x	1.71x	1.74x	1.53x	1.61x
<i>Net Gearing Ratio</i>	1.64x	1.51x	1.71x	1.49x	1.58x
<i>Net Debt / EBITDA</i>	2.48x	2.72x	2.83x	2.46x	2.53x
<i>Interest Rate</i>	6.87%	6.98%	6.54%	6.85%	6.85%
Liquidity Ratio (X)					
<i>Current Ratio</i>	0.37	0.39	0.36	0.34	0.34
<i>Quick Ratio</i>	0.36	0.38	0.34	0.32	0.32
<i>Cash Ratio</i>	0.24	0.20	0.31	0.30	0.30
Price Ratio					
<i>Price per Share at the end of the yec</i>	3,170	2,140	2,000	2,900	2,900
<i>Outstanding Shares (in Billion)</i>	11	13	13	13	13
<i>EPS (IDR)</i>	2,403	2,019	2,103	2,156	2,237
<i>BVPS (IDR)</i>	103.4x	96.8x	136.5x	127.8x	150.2x
<i>PER(X)</i>	30.6x	22.1x	14.7x	22.7x	19.3x
<i>PBV(X)</i>	1.3x	1.1x	1.0x	1.3x	1.3x
<i>EV/EBITDA</i>	5.0x	4.7x	4.5x	4.7x	4.7x
Dividend					
<i>DPS</i>	31.53	41.44	41.82	53.25	75.07
<i>DPR</i>	91.01%	42.25%	49.49%	55.00%	55.00%
<i>Div. Yield</i>	0.99%	1.94%	2.09%	1.84%	2.59%

Source : Company | Phintraco Sekuritas Research

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>
ROAA	: <i>Return on Average Asset</i>
ROE	: <i>Return on Equity</i>
ROAE	: <i>Return on Average 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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