

XL Axiata Tbk (EXCL)

Perkuat Program Transformasi Digital Untuk Menarik Pelanggan

Pendapatan EXCL turun -3,8% yoy di 1Q21, Pendorong utama dari beberapa segmen yang turun cukup signifikan. Laba bersih EXCL mencapai Rp320,5 miliar (41% dari estimasi kami). EXCL kembali memperkuat program transformasi digitalnya diimbangi dengan pemanfaatan teknologi Open RAN yang akan berdampak positif untuk jangka panjang.

Beban Melonjak, Laba Bersih Kurang Maksimal.

- EXCL mencatatkan pendapatan Rp6,2 triliun (-3,8% yoy, -1,7% qoq). Vs Rp6,5 triliun di 1Q20. Pendapatan di kuartal pertama mencapai 23,2% dari estimasi kami di FY21.
- Segmen Data tumbuh tipis 0,2% yoy jadi Rp5,2 triliun, dengan kontribusi tertinggi terhadap pendapatan sebesar 83,4%.
- Penurunan di sisi topline didorong oleh menurunnya segmen sewa menara (-81,4% yoy), interkoneksi (-38,3% yoy) dan non data (-28,6% yoy) di 1Q20.
- Kami melihat beban EXCL yang naik 23,0% yoy, membuat EXCL hanya mampu mencetak laba bersih sebesar Rp320,5 miliar vs Rp1,5 triliun pada 1Q20 (karena adanya penjualan menara EXCL)

Teknologi Open RAN akan Membuat EXCL Lebih Efisien untuk Jangka Panjang.

- Di Kuartal-I EXCL mencatatkan nilai OPEX yang naik 6,3% yoy, didorong oleh beban marketing yang naik mencapai 16,0% yoy, 17,4% qoq.
- EXCL telah melakukan uji coba Open RAN (Radio Access Network) di daerah maluku. Di mana apabila dalam jangka panjang EXCL mampu memanfaatkan teknologi ini akan membuat biaya operasional EXCL lebih efisien khususnya di belanja modal.

Gagal Lelang Spektrum 2,3 GHZ, EXCL Perkuat Program Transformasi Digital.

- Pasca gagal lelang, EXCL kembali meningkatkan pemanfaatan *digital IT, artificial intelligence, omni channel* dan *data analytics* untuk kebutuhan pelanggan.
- Saat ini, EXCL memiliki 56 juta pelanggan (+1,0% vs 55,4 juta pelanggan di 1Q20).
- Ekspansi jaringan 4G tak berhenti dilakukan, saat ini EXCL memiliki BTS 4G sebanyak 57.089 (+31,0% yoy vs 43.579 di 1Q20). Sehingga total BTS saat ini sebanyak 147.786 (+10,7% yoy vs 133.536 di 1Q20).

Mempertahankan Rating BUY dengan Target Harga 3.150.

- Kami tetap mempertahankan rating BUY untuk saham EXCL dengan target harga di 3.150 untuk 12 bulan kedepan.
- Implikasi EV/EBITDA target harga kami masih rendah pada kisaran 3,8x; dibandingkan dengan rata-rata 5 tahun pada level 5,3x.

XL Axiata Tbk | Summary (IDR bn)

	2019A	2020F	2021F	2022F
Revenue	25,133	26,009	26,972	28,293
Growth	9.6%	3.5%	3.7%	4.9%
Net profit	713	372	782	855
Growth	N/A	-47.9%	110.4%	9.3%
EPS	67	35	73	80
ROE	3.7%	1.9%	3.9%	4.2%
DER	1.4x	1.8x	1.4x	1.2x
P/BV	1.8x	1.5x	1.7x	1.6x
EV/EBITDA	5.9x	4.6x	3.8x	3.4x
Dividend Yield	0.0%	0.7%	0.3%	0.7%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

BUY

Target Price (IDR)	3,150
Consensus Price (IDR)	3,204
TP to Consensus Price vs. Last Price	-1.7% +53.7%

Shares data

Last Price (IDR)	2,050
Price date as of	Apr. 28, 2021
52 wk range (Hi/Lo)	3,070 / 1,920
Free float	33.6%
Outstanding sh.(mn)	10,725
Market Cap (IDR bn)	21,986
Market Cap (USD mn)	1,516
Avg. Trd Val - 3M (mn)	27.1
Avg. Trd Val - 3M (bn)	59.6
Foreign Ownership	99.1%

Infrastructure

Telecommunication

Bloomberg	EXCL IJ
Reuters	EXCL JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-36.1%	-1.9%	-9.7%	-19.6%
Rel. Ret	-31.2%	1.2%	-9.6%	-51.5%

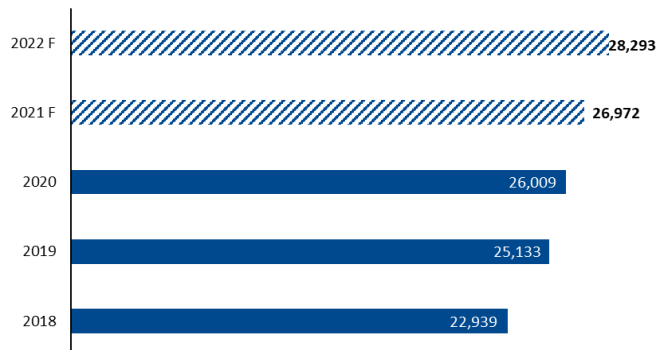
Restu Pamungkas

+62 21 5088 9133

restu.pamungkas@nhsec.co.id

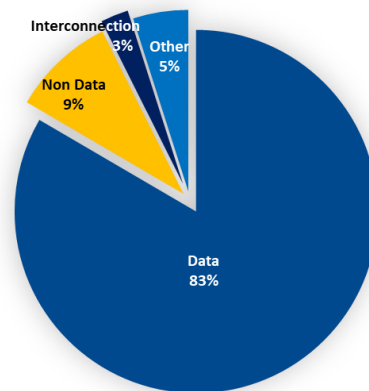
Performance Highlights

Revenue Projections (mn)



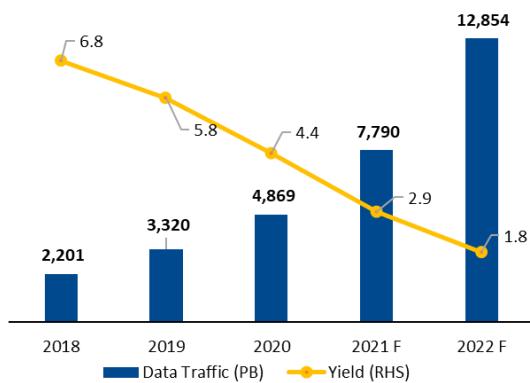
Source: Company, NHKSI Research

Revenue Contributions 1Q21



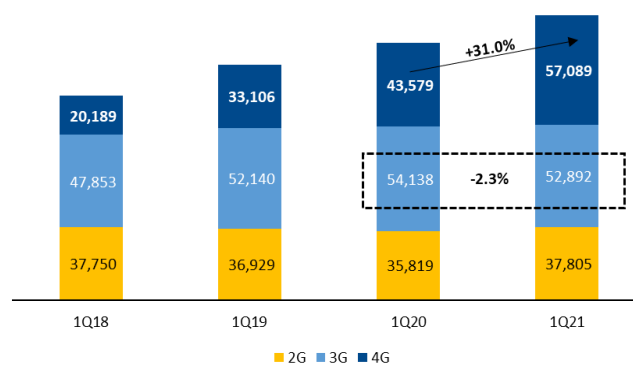
Source: Company, NHKSI Research

Data Traffic (PB) and Yield (IDR/MB)



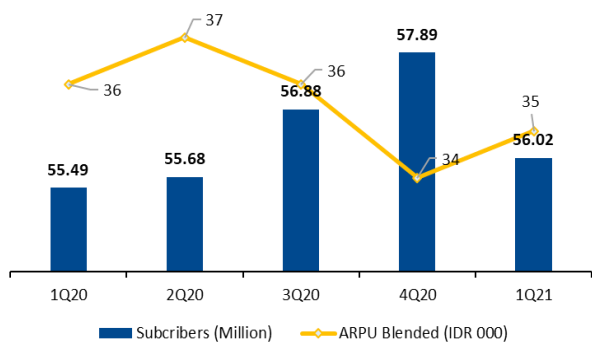
Source: Company, NHKSI Research

BTS Quantity



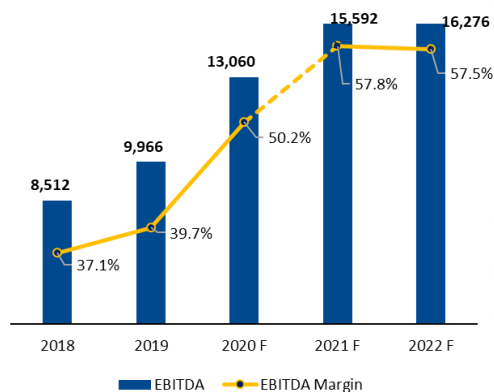
Source: Company, NHKSI Research

Subscribers and ARPU Blended



Source: Company, NHKSI Research

EBITDA Margin (bn)



Source: Company, NHKSI Research



PT **XL Axiata Tbk** (EXCL) merupakan perusahaan seluler swasta pertama di Indonesia. 66.4% saham XL dimiliki oleh Axiata Investment (Indonesia) yang tergabung dalam Axiata Group Berhad dan public sebesar 33,6%. Saat ini XL telah memiliki 57,089 BTS jaringan 4G, 52,892 jaringan 3G dan 37,805 jaringan 2G. Jumlah pelanggan tumbuh 1% menjadi 56 juta pelanggan di kuartal pertama tahun 2021. Hingga kini, XL masih terus berinovasi dan menjadi operator telekomunikasi pertama di Indonesia yang meluncurkan 4,5G.

Di Operator Telekomunikasi ASEAN, EXCL memiliki nilai PBV yang paling murah sebesar 1,1x di ikuti oleh perusahaan dari Thailand (True Corp) yang juga memiliki PBV 1,3x. EV/EBITDA EXCL 3,9x masih lebih murah dibanding nilai rata-rata kompetitor di ASEAN yang berada di level 7,1x, di ikuti oleh kompetitor dalam negeri seperti ISAT 4,4x dan TLKM 4,6x.

ASEAN Telecommunication Operators

Company	Market Cap (USD mn)	Asset (USD mn)	Revenue LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE LTM	EV/EBITDA LTM	P/BV
Indonesia									
EXCL	1,516	4,865	1,771	(57)	N/A	-3.2%	-4.1%	3.9x	1.1x
TLKM	21,448	15,975	9,182	1,305	-6.79%	14.2%	18.8%	4.6x	3.1x
ISAT	2,445	4,508	1,919	(49)	N/A	-2.6%	-5.8%	4.4x	3.0x
Singapore									
Singtel	31,502	34,378	11,354	1,206	13.54%	10.6%	6.13%	9.5x	1.5x
Malaysia									
Maxis	8,809	5,455	2,122	326	-7.10%	15.4%	19.38%	11.9x	5.2x
DiGi.Com	7,921	2,036	1,472	277	-18.94%	18.8%	186.00%	10.8x	55.0x
Axiata Group	8,540	16,904	5,763	87	-74.95%	1.5%	2.16%	6.3x	2.0x
Thailand									
Advanced Info Service	16,261	11,674	5,530	878	-12.04%	15.9%	37.88%	7.4x	6.7x
True Corp	3,487	20,588	4,421	34	-81.40%	0.8%	1.00%	7.3x	1.3x
Total Access Comm.	2,435	5,810	2,521	163	-0.44%	6.5%	20.73%	5.0x	3.1x
Phillipine									
PLDT	5,650	11,993	3,650	490	7.83%	13.4%	21.40%	5.8x	2.4x
Globe Telecom	5,190	7,077	3,237	375	-16.57%	11.6%	22.50%	6.2x	3.1x

Source: Bloomberg

Forward EV/EBITDA Trade in 3.1x



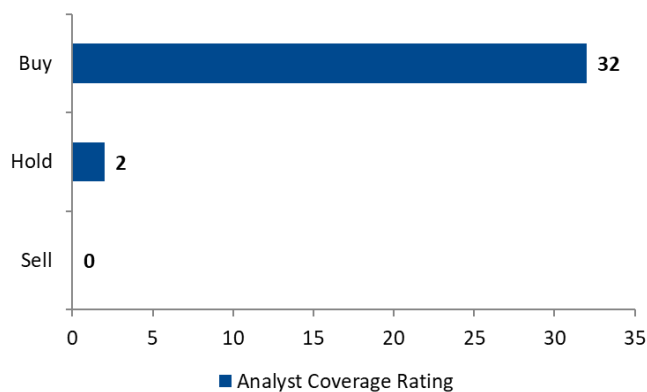
Source: Bloomberg, NHKSI Research

EXCL vs JAKINF



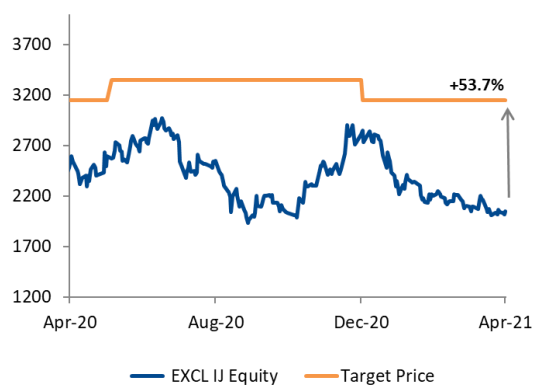
Source: Bloomberg, NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
07/03/2020	Buy	3,350 (Dec 2020)	2,720	3,395	+23.2%	-1.3%
09/11/2020	Buy	3,350 (12 Month)	2,040	3,455	+64.2%	-3.0%
11/16/2020	Buy	3,350 (12 Month)	2,300	3,390	+45.7%	-1.2%
02/23/2021	Buy	3,150 (12 Month)	2,130	3,446	+47.9%	-8.6%
04/29/2021	Buy	3,150 (12 Month)	2,050	3,204	+53.7%	-1.7%

Source: NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT

(IDR bn)	2019/12	2020/12	2021/F	2022/12F
Revenue	25,133	26,009	26,972	28,293
Growth	9.6%	3.5%	3.7%	4.9%
COGS	-	-	-	-
Gross Profit	25,133	26,009	26,972	28,293
Gross Margin	-	-	-	-
Operating Expenses	(21,858)	(23,377)	(23,908)	(25,203)
Operating Profit	3,274	2,632	3,064	3,090
OP Margin	13.0%	10.1%	11.4%	10.9%
Financial Cost	(2,243)	(2,668)	(2,344)	(2,177)
Finance Income	111	183	297	198
EBIT	1,144	146	1,016	1,110
EBIT Margin	4.6%	0.6%	3.8%	3.9%
Income Tax	(432)	225	(234)	(255)
EAT	713	372	782	855
Non Controlling Interest	-	-	-	-
Net Profit	713	372	782	855
Growth	N/A	-47.9%	110.4%	9.3%
Net Profit Margin	2.8%	1.4%	2.9%	3.0%

BALANCE SHEET

(IDR bn)	2019/12	2020/12	2021/F	2022/12F
Cash	1,603	2,966	1,981	2,156
Receivables	663	450	482	493
Inventories	75	143	147	155
Total Current Assets	7,146	7,571	6,629	6,826
Net Fixed Assets	42,082	47,162	44,454	40,868
Other Non Current Assets	13,498	13,011	13,315	13,635
Total Non Current Assets	55,580	60,174	57,769	54,503
Total Assets	62,725	67,745	64,398	61,329
Trade Payables	8,042	7,379	7,547	7,955
Lease Liabilities	1,997	4,667	2,046	1,794
LT Loan	4,267	5,536	5,536	4,369
Total Current liabilities	21,293	18,857	21,121	20,509
Total Liabilities	43,603	48,607	44,591	40,901
Capital Stock	1,069	1,071	1,069	1,069
Retained Earnings	5,851	5,969	6,640	7,261
Shareholders' Equity	19,122	19,137	19,806	20,428

CASH FLOW STATEMENT

(IDR bn)	2019/12	2020/12	2021/F	2022/12F
Operating Cash Flow	8,235	11,838	13,437	14,430
Investing Cash Flow	(11,386)	(16,342)	(10,123)	(9,920)
Financing Cash Flow	3,707	5,907	(4,298)	(4,335)
Net Changes in Cash	556	1,402	(984)	175

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY

	2019/12	2020/12	2021/F	2022/12F
ROE	3.7%	1.9%	3.9%	4.2%
ROA	1.1%	0.5%	1.2%	1.4%
Inventory Turnover	293.0x	163.0x	163.0x	163.0x
Receivables Turnover	32.9x	46.4x	45.0x	46.2x
Payables Turnover	2.7x	3.2x	3.2x	3.2x
Dividend Yield	0.0%	0.7%	0.3%	0.7%
Payout Ratio	-	0.0	0.0	0.0
DER	1.4x	1.8x	1.4x	1.2x
Net Gearing	0.2x	0.3x	0.3x	0.2x
Equity Ratio	30.5%	28.2%	30.8%	33.3%
Debt Ratio	42.9%	49.6%	42.8%	39.4%
Financial Leverage	3.2x	3.4x	3.4x	3.1x
Current Ratio	0.3x	0.4x	0.3x	0.3x
Quick Ratio	0.3x	0.4x	0.3x	0.3x
Par Value (IDR)	100	100	100	100
Total Shares (mn)	10,688	10,689	10,688	10,688
Share Price (IDR)	3,150	2,730	3,150	3,150
Market Cap (IDR tn)	33,667	29,181	33,667	33,667

VALUATION INDEX

	2019/12	2020/12	2021/F	2022/12F
Price/Earnings	47.2x	78.5x	43.1x	39.4x
Price/Book Value	1.8x	1.5x	1.7x	1.6x
PE/EPS Growth	N/A	-1.6x	0.4x	4.2x
EV/EBITDA	5.9x	4.6x	3.8x	3.4x
EV (IDR bn)	58,993	59,843	59,263	55,703
Revenue CAGR (3-Yr)	3.4%	-1.9%	-4.3%	3.2%
Net Income CAGR (3-Yr)	23.8%	-148.3%	3.1%	32.0%
Basic EPS (IDR)	67	35	73	80
BVPS (IDR)	1,789	1,790	1,853	1,911
DPS (IDR)	-	20	10	22

OWNERSHIP

Top Shareholders	%
Axiata Investment	66.3
Norges Bank	1.5
Brandes Investment	1.1
Vanguard Group	1.0
By Geography	%
Malaysia	87.6
United States	5.3
Norway	2.0
Indonesia	0.9
Others	4.2

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.