

XL Axiata Tbk (EXCL)

Data Traffic Grows Significantly

EXCL recorded a revenue growth of 7.9% YoY to IDR 6.7 trillion for the 1Q22 period, still dominated by data services which accounted for around 95%. In more detail, data traffic increased by 33.5% YoY to 1,857 Petabytes, supported by the addition of BTS which reached 133 thousand units. Meanwhile, 4G network services have increased to 460 cities.

Number of BTS Increases With Spectrum Optimization

- EXCL's increased internet access speed pushed up data traffic by 33.5% YoY to 1,857 Petabytes.
- EXCL has 133 thousand BTS units, with a 4G portion of up to 63% or 83 thousand units, while spectrum optimization with 3G BTS is currently less than 5 thousand units.
- The dominance of 4G BTS has made the area served by the 4G network expand to as many as 460 cities.
- Meanwhile, the number of subscribers grew by 1.7% YoY with maintained ARPU, in line with EXCL's focus on quality customers.

No USD Denominated Loan Amid Rupiah Depreciation

- Meanwhile, EXCL floating rate loans of up to 81%, in the midst of BI keeping the BI 7DRRR at its lowest level of 3.50%, made the management of loan payments measurable for the next two years.
- This made the net debt to EBITDA EXCL ratio at 0.7 times in 1Q22, maintained compared to 1Q21 at 0.6 times. For the record, gross debt rose 12.4% YoY, with net debt up 16.3% YoY.

Capex Worth IDR 1.2 Trillion

- EXCL's capitalized capex is IDR 1.2 trillion for 1Q22 period, or down by 34.9% YoY. However, throughout 2022, the Company allocated capex with a relatively similar value to last year, IDR 9 trillion.
- It will be used to finance the construction of a wider network to encourage revenue growth. 70% of the capex is used for network development for the mobile, fixed, and enterprise segments.

Maintaining a BUY Rating with a Target Price of 3,800

- NHKS Research maintains its BUY rating for EXCL shares with a target price of 3,800 for the next 12 months.
- Implications for our EV/EBITDA target price in the 4.0x range. However, we also continue to observe that rising inflation is starting to erode consumer purchasing power.

XL Axiata Tbk | Summary (IDR bn)

		2021/12A	2022/12F	2023/12F	2024/12F
Revenue		26,754	27,035	28,359	29,346
	Revenue growth	6.5%	3.9%	6.0%	8.6%
EBITDA		1,708	1,922	2,154	1,884
Net profit		1,288	1,345	1,433	1,470
EPS (IDR)		120	126	134	138
	EPS growth	246.6%	4.5%	6.5%	2.6%
BVPS (IDR)		1,879	1,906	2,002	2,093
EBITDA margin		6.4%	7.1%	7.6%	6.4%
NPM		4.8%	5.0%	5.1%	5.0%
ROE		6.4%	6.6%	6.7%	6.6%
ROA		1.8%	2.1%	2.3%	2.6%
P/E		26.3x	30.2x	30.2x	30.2x
P/BV		1.7x	2.0x	2.0x	2.0x
EV/EBITDA		5.1x	4.0x	3.7x	3.3x
DPS (IDR)		32	10	38	47
Dividend yield		1.0%	0.3%	0.9%	1.1%

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Company Update | May 23, 2022

BUY

Target Price (IDR)	3,800
Consensus Price (IDR)	3,773
TP to Consensus Price	+0.7%
vs. Last Price	+41.3%

Shares data

Last Price (IDR)	2,690
Price date as of	May 20, 2022
52 wk range (Hi/Lo)	3,380 / 2,180
Free float	38.6%
Outstanding sh.(mn)	10,725
Market Cap (IDR bn)	30,565
Market Cap (USD mn)	2,083
Avg. Trd Vol - 3M (mn)	25.9
Avg. Trd Val - 3M (bn)	74.4
Foreign Ownership	99.2%

Infrastructure

Telecommunication

Bloomberg	EXCL IJ
Reuters	EXCL.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-10.1%	4.8%	-7.5%	41.1%
Rel. Ret	-10.3%	13.9%	-4.3%	30.0%

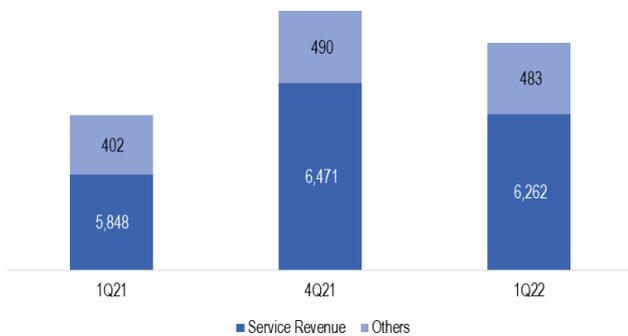
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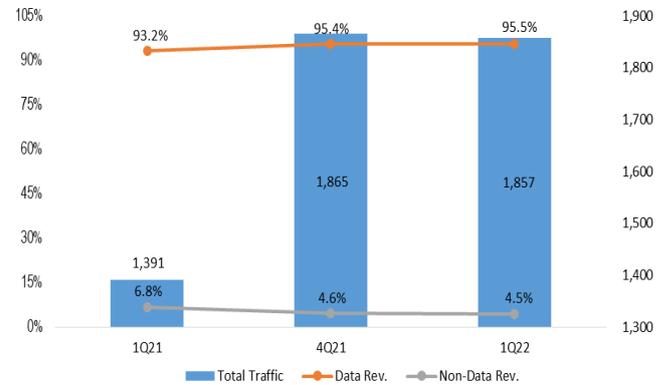
Performance Highlights

Revenue (IDR Bn)



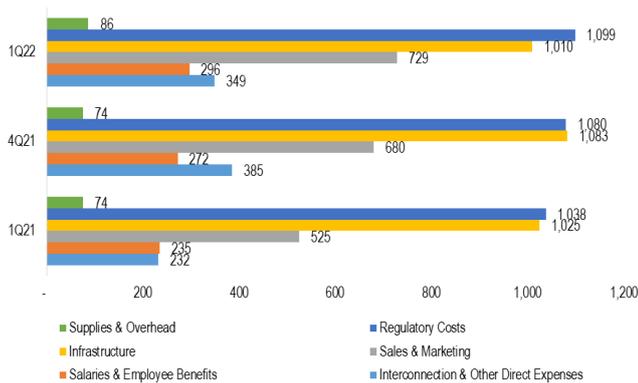
Source: Company, NHKSI Research

Total Traffic (PB)



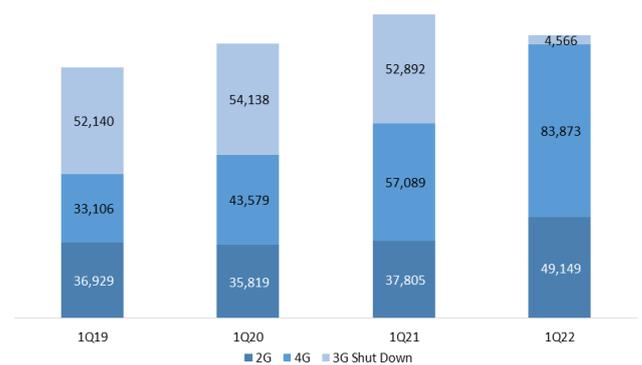
Source: Company, NHKSI Research

Operating Expenses



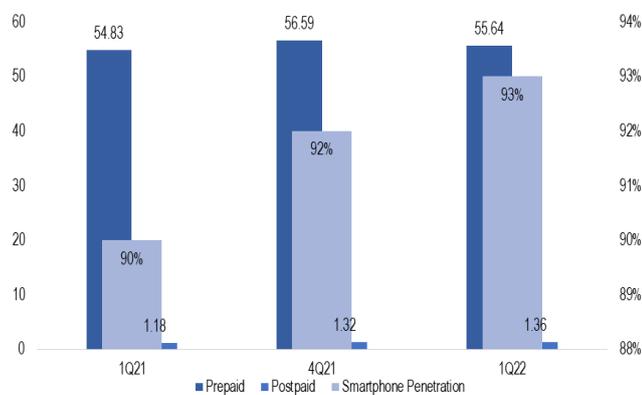
Source: Company, NHKSI Research

BTS Quantity



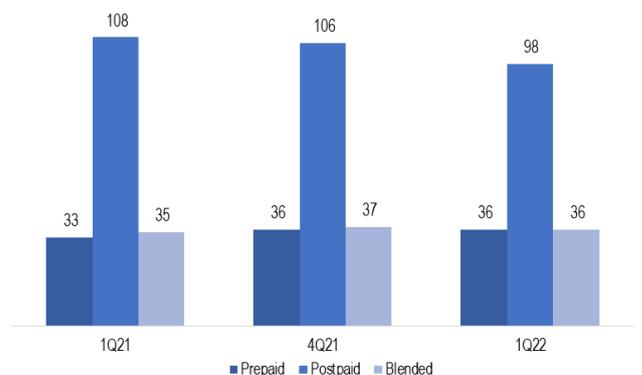
Source: Company, NHKSI Research

Subscribers (Mn) & Smartphone Penetration (%)



Source: Company, NHKSI Research

ARPU (IDR k)



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/F	2023/F	2024/12F
Revenue	26,754	27,035	28,359	29,346
Growth	6.5%	3.9%	6.0%	8.6%
COGS	-	-	-	-
Gross Profit	26,754	27,035	28,359	29,346
Gross Margin	-	-	-	-
Operating Expenses	(22,765)	(22,927)	(23,889)	(25,112)
Operating Profit	3,989	4,108	4,470	4,234
OP Margin	14.9%	15.2%	15.8%	14.4%
Financial Cost	(2,378)	(2,482)	(2,540)	(2,622)
Finance Income	88	297	225	273
EBIT	1,708	1,922	2,154	1,884
EBIT Margin	6.4%	7.1%	7.6%	6.4%
Income Tax	(420)	(577)	(722)	(415)
EAT	1,288	1,345	1,433	1,470
Non Controlling Interest	-	-	-	-
Net Profit	1,288	1,345	1,433	1,470
Growth	246.6%	4.5%	6.5%	2.6%
Net Profit Margin	4.8%	5.0%	5.1%	5.0%

BALANCE SHEET

(IDR bn)	2021/12A	2022/F	2023/F	2024/12F
Cash	2,665	2,252	2,733	2,391
Receivables	525	483	494	459
Inventories	156	129	135	141
Total Current Assets	7,734	6,884	7,384	7,005
Net Fixed Assets	51,912	44,454	40,868	36,435
Other Non Current Assets	13,108	13,315	13,635	13,972
Total Non Current Assets	65,020	57,769	54,503	50,407
Total Assets	72,754	64,652	61,886	57,412
Trade Payables	10,638	7,237	7,540	7,927
Lease Liabilities	4,531	2,046	1,794	1,341
LT Loan	7,157	5,536	4,369	3,833
Total Current liabilities	20,954	20,812	20,094	18,635
Total Liabilities	52,665	44,282	40,486	35,043
Capital Stock	1,072	1,069	1,069	1,069
Retained Earnings	6,934	7,203	8,234	9,202
Shareholders' Equity	20,089	20,370	21,400	22,369

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/F	2023/F	2024/12F
Operating Cash Flow	15,415	13,707	14,905	15,728
Investing Cash Flow	(17,375)	(10,123)	(9,920)	(9,737)
Financing Cash Flow	1,642	(4,298)	(4,503)	(6,332)
Net Changes in Cash	(317)	(715)	482	(342)

PROFITABILITY & STABILITY

	2021/12A	2022/F	2023/F	2024/12F
ROE	6.4%	6.6%	6.7%	6.6%
ROA	1.8%	2.1%	2.3%	2.6%
Inventory Turnover	145.5x	177.5x	177.5x	177.5x
Receivables Turnover	43.9x	45.0x	46.2x	51.4x
Payables Turnover	2.1x	3.2x	3.2x	3.2x
Dividend Yield	1.0%	0.3%	0.9%	1.1%
Payout Ratio	0.0	0.0	0.0	0.0
DER	1.8x	1.4x	1.1x	0.8x
Net Gearing	0.4x	0.3x	0.2x	0.2x
Equity Ratio	27.6%	31.5%	34.6%	39.0%
Debt Ratio	49.0%	42.7%	39.1%	31.5%
Financial Leverage	3.6x	3.4x	3.0x	2.7x
Current Ratio	0.4x	0.3x	0.4x	0.4x
Quick Ratio	0.4x	0.3x	0.4x	0.4x
Par Value (IDR)	100	100	100	100
Total Shares (mn)	10,689	10,688	10,688	10,688
Share Price (IDR)	3,170	3,800	4,046	4,151
Market Cap (IDR tn)	33,884	40,614	43,245	44,369

VALUATION INDEX

	2021/12A	2022/F	2023/F	2024/12F
Price/Earnings	26.3x	30.2x	30.2x	30.2x
Price/Book Value	1.7x	2.0x	2.0x	2.0x
PE/EPS Growth	0.1x	6.7x	4.7x	11.6x
EV/EBITDA	5.1x	4.0x	3.7x	3.3x
EV (IDR bn)	66,867	65,939	64,705	60,063
Revenue CAGR (3-Yr)	-1.9%	-4.3%	3.2%	5.1%
Net Income CAGR (3-Yr)	-173.1%	23.6%	56.8%	4.5%
Basic EPS (IDR)	120	126	134	138
BVPS (IDR)	1,879	1,906	2,002	2,093
DPS (IDR)	32	10	38	47

OWNERSHIP

	%
Top Shareholders	
Axiata Investment	61.2
Norges Bank	1.4
Vanguard Group	1.2
Others	36.3
By Geography	
Malaysia	89.3
United States	5.9
Norway	2.0
Indonesia	0.7
Others	2.2

Source: Company Data, NHKSI Research

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%

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