

XL Axiata Tbk (EXCL)

Strategi Off Net Call Dorong Market Share

EXCL mencatatkan kenaikan Interconnection dan Other Direct Expense sebesar 66% menjadi senilai IDR1,1 triliun 1H22 (IDR690 miliar 1H21), di tengah upaya Perseroan meningkatkan Data Revenue di Luar Jawa. NHKSI Research melihat strategi Off Net Call EXCL adalah untuk meningkatkan penetrasi di wilayah dengan Market Share yang didominasi oleh operator kompetitor.

Kecepatan akses internet mendorong trafik tumbuh 30%

- Penyesuaian harga dan momentum Idul Fitri menopang Data Revenue dan Digital Services EXCL, tumbuh 9% YoY menjadi IDR12,9 triliun 1H22 (1H21 IDR11,8Triliun). Angka ini juga didukung meningkatnya kecepatan akses internet, yang kemudian mendorong kenaikan Data Traffic 30% YoY menjadi 3.840PB (1H21 2.963PB).
- Saat ini, EXCL memiliki BTS sebanyak lebih dari 144 ribu unit, didominasi 61% oleh porsi BTS 4G sebanyak 88 ribu unit, seiring optimasi spektrum BTS 3G saat ini yang kurang dari 5 ribu unit. Dominasi BTS 4G mendorong jumlah Subscriber bertambah menjadi lebih dari 57 juta, dengan jumlah Prepaid Subscriber mendekati 56 juta. Adapun, ARPU Blended meningkat menjadi senilai IDR38ribu (1H21 IDR36 ribu), mengindikasikan meningkatnya Subscriber yang berkualitas.

Kenaikan Interconnection Expense seiring ekspansi luar Jawa

- Interconnection dan Other Direct Expense yang naik 66% menjadi IDR1,1 triliun, menjadi salah satu pemicu tertekannya laba bersih EXCL turun 14% menjadi IDR614 miliar. NHKSI Research melihat kenaikan beban ini seiring upaya Perseroan guna meningkatkan Data Revenue di luar Jawa, yang sebelumnya didominasi oleh operator kompetitor.

Strategi Off Net Call

- Di sisi lain, kami melihat strategi Off Net Call ini berhasil meningkatkan Market Share. Data Revenue EXCL 1H22 tercatat senilai IDR12,9Triliun (1H21 IDR11,8Triliun) atau tumbuh 9% YoY. Data Revenue juga sudah berkontribusi hingga 92% dari total Revenue IDR14,1 triliun. Sebagai catatan, periode 1H21 porsi Data Revenue di bawah 91% dari total Revenue IDR12,9 triliun.

Mempertahankan Rekomendasi Buy dengan Target Harga IDR3.800

- NHKSI Research tetap mempertahankan rating BUY untuk saham EXCL dengan target harga di 3.800 untuk 12 bulan kedepan. Implikasi EV/EBITDA target harga kami pada kisaran 4,0x.
- Selain Debt Repayment dua tahun kedepan yang terjaga, kami juga melihat pertumbuhan pendapatan data dan peningkatan penetrasi di luar Jawa sebagai katalis positif. Di sisi lain, kami tetap mencermati potensi lambatnya ekspansi di luar ekspektasi, dan perang tarif antar operator.

XL Axiata Tbk | Summary (IDR bn)

| | 2021/12A | 2022/12F | 2023/12F | 2024/12F |
|-----------------------|----------|----------|----------|----------|
| Revenue | 26,754 | 27,035 | 28,359 | 29,346 |
| <i>Revenue growth</i> | 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 |
| <i>EPS growth</i> | 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 |
| <i>Dividend yield</i> | 1.0% | 0.3% | 0.9% | 1.1% |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

Company Update | Sept. 8, 2022

BUY

| | |
|---------------------------|--------------|
| Target Price (IDR) | 3,800 |
| Consensus Price (IDR) | 3,837 |
| TP to Consensus Price | -0.9% |
| vs. Last Price | +45.0% |

Shares data

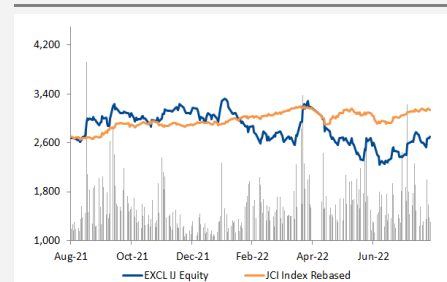
| | |
|------------------------|---------------|
| Last Price (IDR) | 2,620 |
| Price date as of | Sept. 7, 2022 |
| 52 wk range (Hi/Lo) | 3,380 / 2,210 |
| Free float | 38.6% |
| Outstanding sh.(mn) | 10,725 |
| Market Cap (IDR bn) | 30,565 |
| Market Cap (USD mn) | 2,083 |
| Avg. Trd Vol - 3M (mn) | 25.9 |
| Avg. Trd Val - 3M (bn) | 74.4 |
| Foreign Ownership | 99.3% |

Infrastructure

Telecommunication

| | |
|-----------|---------|
| Bloomberg | EXCL.IJ |
| Reuters | EXCL.JK |

Share Price Performance



| | YTD | 1M | 3M | 12M |
|----------|--------|-------|------|--------|
| Abs. Ret | -14.8% | 13.4% | 5.1% | 1.5% |
| Rel. Ret | -23.2% | 9.6% | 1.4% | -16.3% |

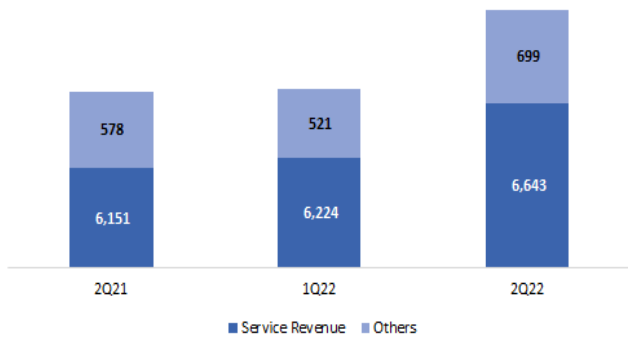
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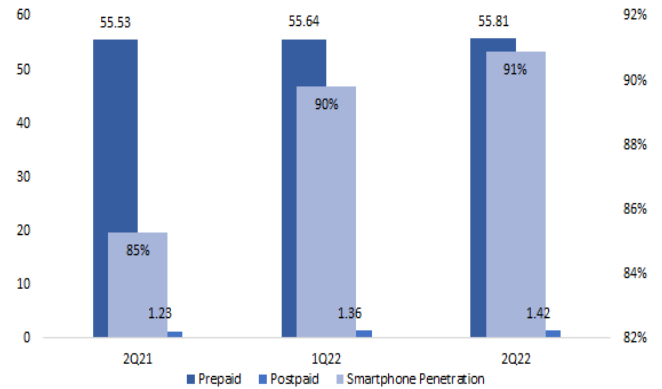
Performance Highlights

Revenue (IDR Bn)



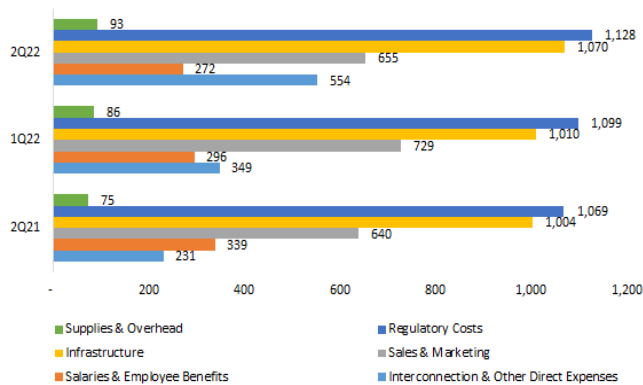
Source: Company, NHKSI Research

Subscriber (Mn)



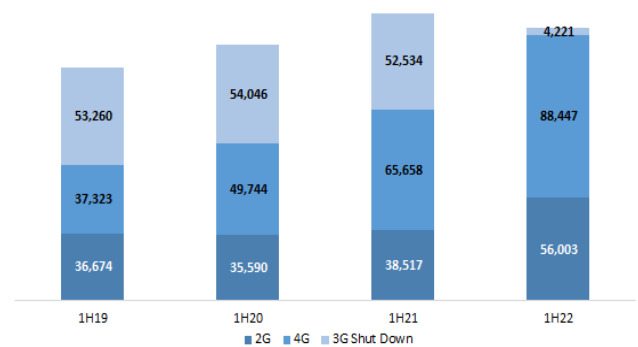
Source: Company, NHKSI Research

Operating Expenses



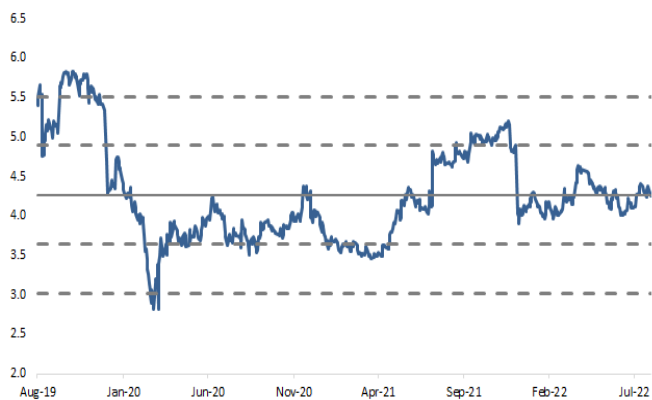
Source: Company, NHKSI Research

BTS Quantity



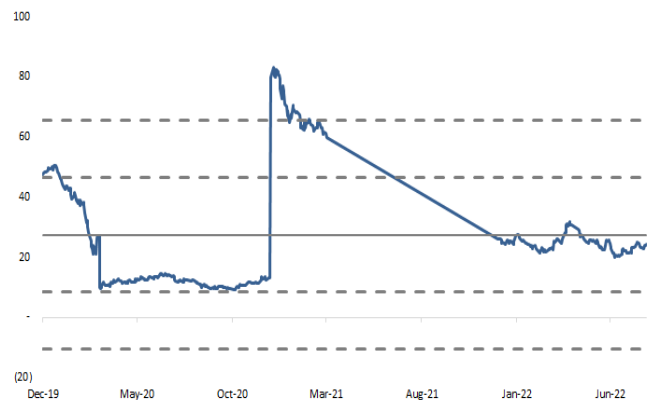
Source: Company, NHKSI Research

EV/EBITDA | Last 3-Years



Source: Company, NHKSI Research

PER | Last 3-Years



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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