

Buy

(Maintained)

XL Axiata (EXCL IJ)

FY24 results: in-line, resilient 4Q24 performance while awaiting the next milestones in its merger

Last Price (Rp)	2,270		
Target Price (Rp)	2,800		
Previous Target Price (Rp)	3,500		
Upside/Downside	+23.3%		
No. of Shares (mn)	13,072		
Mkt Cap (Rpbn/US\$mn)	29,673/1,822		
Avg. Daily T/O (Rpbn/US\$mn)	53.1/3.3		
Free Float (%)	33.2		
Major Shareholder (%)	Axiata Investments Indonesia Sdn. Bhd. 66.3		
EPS Consensus (Rp)	2025F	2026F	2027F
BRIDS	142.5	167.1	189.4
Consensus	173.5	201.3	206.7
BRIDS/Cons (%)	(17.9)	(17.0)	(8.4)

- XL posted strong 4Q earnings, with revenue growth driven by the new LINK subs and a resilient EBITDA margin, while mobile faced challenges.
- XL strengthens its FMC with an IPTV channels, leveraging an inventory of 6mn HPs, and is open to deploying FWA and 5G to drive growth.
- We take a more conservative stance on XL valuation, applying a 4.2x EV/EBITDA for 2025 alongside our DCF, leading to a revised TP: Rp2,800.

In-line earnings, but challenges persist

XL reported a 4Q24 net profit of Rp502bn (+72.2% qoq, +85.3% yoy), driven by revenue growth and a resilient EBITDA margin. Adjusting for the contribution of 750k fixed BB subscribers, mobile revenue appeared soft, attributed to: a) intensified competition, b) weaker purchasing power, and c) challenges from RT-RW WiFi players. Nonetheless, XL increased its traffic amid improved seasonality with steady ARPU. 4Q24 EBITDA stood at Rp4.52tr, with a 50.4% EBITDA margin (-180bps qoq), impacted by the LINK subs. Additionally, XL recorded Rp75bn in one-offs from merger costs and Rp71bn from minority losses. For FY24, XL's net profit totaled Rp1.82tr (+43.1% yoy), in-line with consensus and broadly in-line vs. our forecast. Revenue grew by +6.4% yoy, and the EBITDA margin increased by +280bps yoy. Meanwhile, pretax profit was below estimates due to one-offs, tax normalization helped offset the impact.

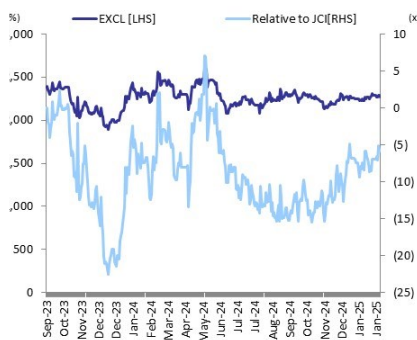
Bolstering FMC with IPTV, while preparing for the merger

XL showcases a full stack of linear channels as part of its IPTV solution and FMC strategy. The company firmly stated that it will adhere to this approach, leveraging its inventory of 6mn homepasses (with 1mn subs to date). Additionally, XL has expressed openness to new technologies, including FWA and 5G, to drive Fixed BB subscriber growth, and indicated it would evaluate bidding for the 80MHz spectrum block allocated for fixed wireless. XL is also considering the launch of a new brand to target the lower-end market. Meanwhile, selling the minority in LINK remain on the table, while the XLsmart merger remains on track to commence in 3Q25.

Adopting a conservative Stance and revising XL valuation

While XL has not provided guidance for FY25, we take a conservative stance on expecting modest growth in XL mobile, with upsides mainly from fixed BB. As a result, we revised down our FY25-27 earnings by -30%/-31%/-33%, for now still excluding any potential upside from the upcoming merger. We adjust our valuation to apply 3yr average EV/EBITDA of 4.2x for FY25, 5yr revenue CAGR of 3.4% and an avg EBITDA margin of 48.6%. This leads to our new TP of Rp2,800. We maintain our BUY rating on an undemanding valuation.

EXCL relative to JCI Index



Source: Bloomberg

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Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (Rpbn)	32,323	34,392	37,046	38,995	40,861
EBITDA (Rpbn)	15,885	17,879	17,951	18,793	19,629
EBITDA Growth (%)	11.6	12.6	0.4	4.7	4.4
Net Profit (Rpbn)	1,257	1,818	1,863	2,184	2,476
EPS (Rp)	96.2	139.1	142.5	167.1	189.4
EPS Growth (%)	14.0	44.7	2.5	17.2	13.4
BVPS (Rp)	2,013.9	1,993.6	2,024.9	2,092.1	2,164.6
DPS (Rp)	42.0	49.4	111.3	99.8	116.9
PER (x)	23.6	16.3	15.9	13.6	12.0
PBV (x)	1.1	1.1	1.1	1.1	1.0
Dividend yield (%)	1.9	2.2	4.9	4.4	5.2
EV/EBITDA	4.7	4.2	4.2	4.0	3.8

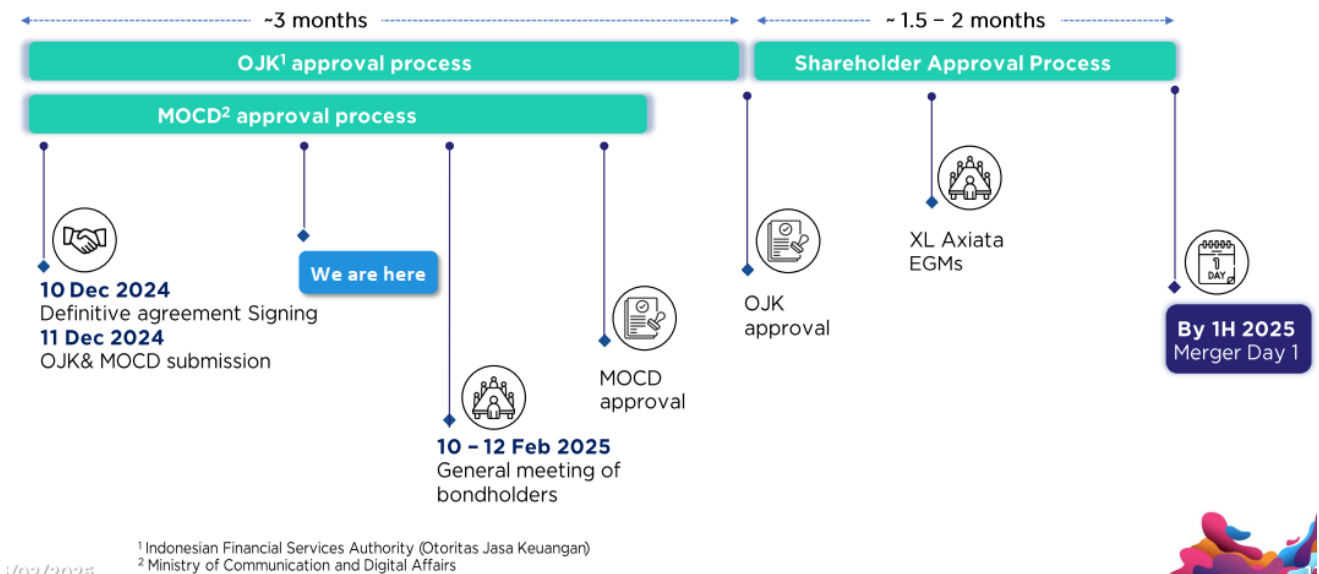
Source: EXCL, BRIDS Estimates

Exhibit 1. Enhancing customer experience through LinkNet’s connectivity and content partnership



Source: Company

Exhibit 2. Indicative Merger Timeline



Source: Company

Exhibit 3. XL Axiata (EXCL:IJ) 4Q/FY24 Financial results

XL Axiata (EXCL IJ) 4Q/FY24 earnings													
Rp bn	4Q23	3Q24	4Q24	QoQ, %	YoY, %	FY23	FY24	YoY, %	2024F BRIDS	A/BRIDS, %	2024F Cons	A/C, %	
Net revenues	8.455	8.310	9.030	8,7	6,8	32.323	34.392	6,4	34.385	100,0%	34.354	100,1%	
Total expenses	(7.177)	(7.029)	(7.502)	6,7	4,5	(27.587)	(28.634)	3,8					
Cash OPEX	(4.325)	(3.971)	(4.447)	12,0	2,8	(16.438)	(16.512)	0,4					
EBITDA	4.130	4.339	4.583	5,6	11,0	15.885	17.880	12,6	17.654	101,3%	17.499	102,2%	
Ebitda margin (%)	48,8	52,2	50,8	(1,5)	1,9	49,1	52,0	5,8	51,3				
EBIT	1.151	1.274	1.531	20,1	33,0	4.380	5.589	27,6	5.695	98,1%			
Ebit margin (%)	13,6	15,3	16,9	1,6	3,3	13,6	16,2						
Operating profit	1.278	1.281	1.529	19,3	19,6	4.736	5.758	21,6	5.973	96,4%			
OP margin (%)	15,1	15,4	16,9	1,5	1,8	14,7	16,7						
Other income (expense)	(813)	(865)	(855)	(1,2)	5,2	(3.031)	(3.330)	9,9	3.269				
Pre-tax profit	465	416	673	62,0	44,9	1.705	2.427	42,4	2.704	89,8%	2.531	95,9%	
Reported net profit	271	292	502	72,2	85,3	1.271	1.819	43,1	1.871	97,2%	1.805	100,8%	
Book Capex	1.613	1.504	1.733	15,2	7,4	7.158	7.382						
Capex Intensity (%)	19,1	18,1	19,2	1,1	0,1	22,1	21,5						
Net debt / ann. EBITDA (x)	2,7	2,7	2,5	(0,2)	(0,2)	2,7	2,5						
Net debt/Equity (x)	0,3	0,4	0,4	0,0	0,1	0,3	0,4						
oFCF	2.517	2.835	2.850	0,5	13,2	8.727	10.498						
EBITDA - CAPEX coverage (x)	2,6	2,9	2,6	(0,2)	0,1	2,2	2,4						

Source: Company, BRIDS Estimates

Exhibit 4. XL Axiata (EXCL:IJ) 4Q/FY24 operational KPIs

Operational Data	4Q23	3Q24	4Q24	qoq, %	yoy, %	FY23	FY24	yoy, %
No. of Subscriber (million unit)	57,5	58,6	58,8	0,3	2,3	57,5	58,8	2,3
Prepaid	55,9	56,9	57,1	0,4	2,1	55,9	57,1	2,1
Postpaid	1,6	1,7	1,7	0,0	6,3	1,6	1,7	6,3
MyXL & Axisnet MAU	29,2	32,2	33,1	0,9	3,9	29,2	33,1	13,4
Blended ARPU YTD (Rp. '000)	43	41	41	0,0	(4,7)	41	43	4,9
	46							
Data Segment								
Data Traffic (Petabytes)	2.529	2.554	2.724	6,7	7,7	9.638	10.547	9,4
FMC Convergence								
Homepass penetration	313,3	348,2	1.219,0	250,1	289,1			
XL Home BB subscribers ('000)	235	289	1.024	254,3	335,7			
FMC Convergence	75%	83%	84%	1,0	9,0			
Network BTS (# '000)	160,1	165,1	165,9	0,5	3,6	160,1	165,9	3,6
2G	54,1	54,4	54,5	0,1	0,8	54,1	54,5	0,8
3G	1,1	0,4	0,3	(7,0)	(67,1)	1,1	0,3	(67,1)
4G	105,0	110,3	111,0	0,6	5,7	105,0	111,0	5,7

Source: Company, BRIDS Estimates

Exhibit 5. XL Axiata Reforecast Table

Rp bn	2024A	OLD			BRIDS NEW			Δ%		
		2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	34.392	38.413	40.204	41.687	37.046	38.995	40.861	-3,6	-3,0	-2,0
growth %	6,4	11,7	4,7	3,7	7,7	5,3	4,8	-4,0	0,6	1,1
EBITDA	17.879	18.555	19.422	20.432	17.951	18.793	19.629	-3,3	-3,2	-3,9
EBITDA margin %	52,0	48,3	48,3	49,0	48,5	48,2	48,0	0,2	-0,1	-1,0
EBIT	5.757	6.969	7.779	8.530	5.799	6.366	6.805	-16,8	-18,2	-20,2
EBIT margin %	16,7	18,1	19,4	20,5	15,7	16,3	16,7	-2,5	-3,0	-3,8
NPATMI	1.818	2.647	3.163	3.669	1.863	2.184	2.476	-29,6	-31,0	-32,5
NI margin %	5,3	6,9	7,9	8,8	5,0	5,6	6,1	-1,9	-2,3	-2,7
ROE	6,9	9,8	11,1	12,3	7,1	8,1	9,5	-2,7	-3,0	-2,8

Source: Company, BRIDS Estimates

Exhibit 6. XL Axiata DCF Valuation

(Rp Bn)	2024A	2025F	2026F	2027F	2028F	2029F
Total Revenues	34.392	37.046	38.995	40.861	42.590	43.016
Growth	6,4%	7,7%	5,3%	4,8%	4,2%	1,0%
EBITDA	17.879	17.951	18.793	19.629	20.637	21.078
EBITDA Margin	52,0%	48,5%	48,2%	48,0%	48,5%	49,0%
EBIT	5.588	5.654	6.221	6.805	7.584	7.576
Taxes	(1.229)	(1.244)	(1.369)	(1.497)	(1.669)	(1.667)
Change in Working Capital	(250)	(255)	(253)	(254)	(253)	(253)
CAPEX	(6.670)	(8.500)	(9.000)	(9.500)	(10.000)	(11.000)
(% of Revenue)	-19%	-23%	-23%	-23%	-23%	-26%
Free Cashflow	9.729	7.953	8.172	8.378	8.716	8.157,5
Terminal Value	59.056					
Terminal Growth Rate (%)	3,0%					
WACC (%)	11,1%					
NPV of Cash Flows	30.393					
NPV of Terminal Value	59.056					
DCF based EV	89.449					
5yr EV/EBITDA	4,20					
EV - 2025	75.396					
Average EV	82.422					
Net Cash/(Debt)	(44.701)					
Implied Equity Value	37.721					
Outstanding Shares (Mn)	13.072					
Implied Per Share Value	2.800					

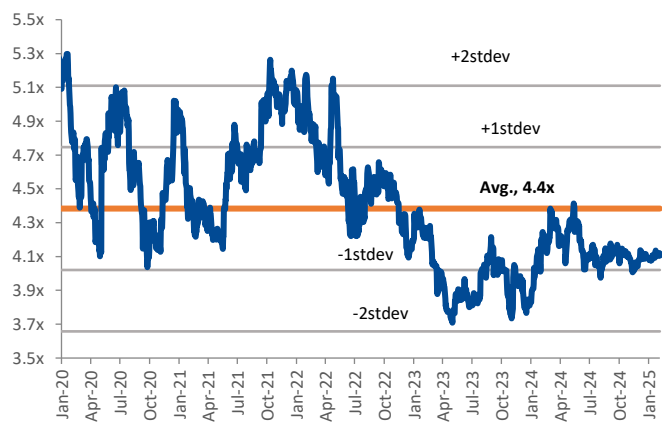
Source: Company, BRIDS Estimates

Exhibit 7. Telco peers valuation

Company	Ticker	Rec.	Target Price (Rp)	Market Cap. (RpBn)	P/E (x)		EV/EBITDA (x)		P/BV (x)		ROAE %		Dividend yield %	
					'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F	'25F	'26F
EXCL	EXCL IJ	BUY	2.800	29.673	15,9	13,6	4,2	4,0	1,1	1,1	7,1	8,1	4,9	4,4
ISAT	ISAT IJ	BUY	3.800	71.920	11,5	10,1	4,1	3,7	1,9	1,8	17,4	18,2	6,1	6,9
TLKM	TLKM IJ	BUY	4.250	259.540	10,8	10,4	3,8	3,6	1,8	1,7	16,9	16,9	7,1	7,5

Source: Company, BRIDS Estimates

Exhibit 8. EXCL IJ 5-year forward EV/EBITDA multiple band



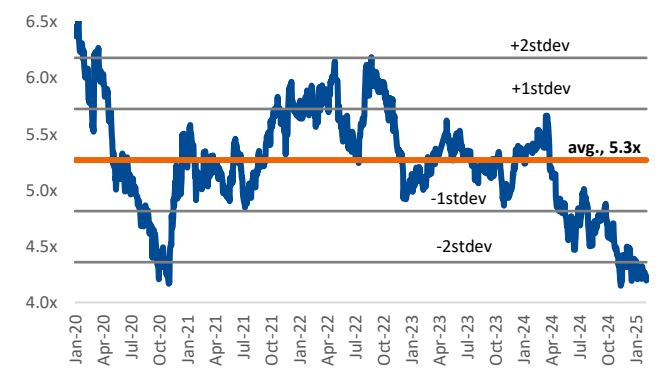
Source: Company, BRIDS Estimates

Exhibit 9. EXCL IJ 3-year forward EV/EBITDA multiple band



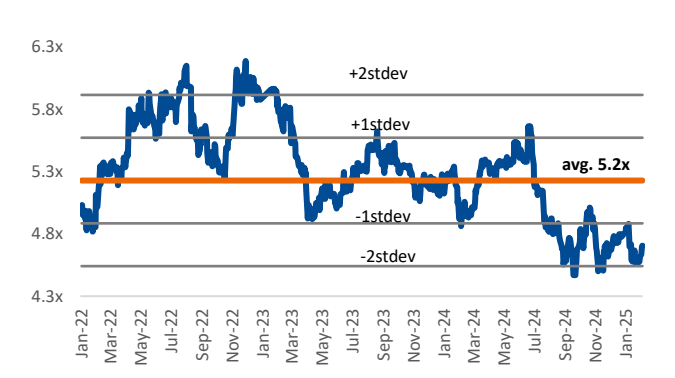
Source: Company, BRIDS Estimates

Exhibit 10. Sector forward 5-yr EV/EBITDA band



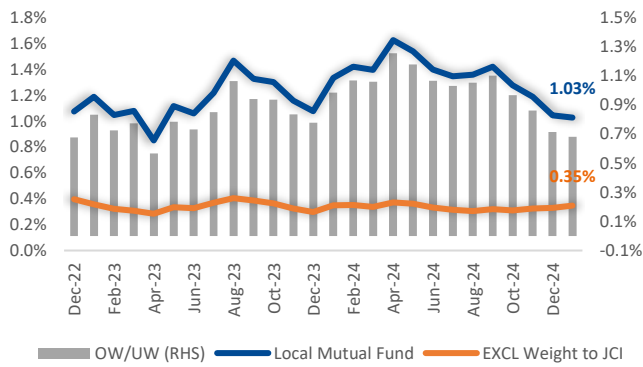
Source: Company, BRIDS Estimates

Exhibit 11. Sector forward 3-yr EV/EBITDA band



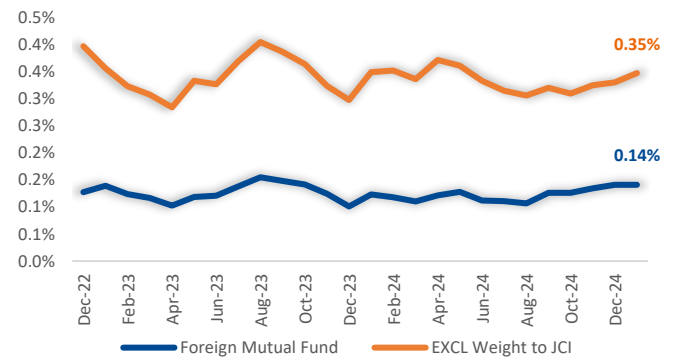
Source: Company, BRIDS Estimates

Exhibit 12. EXCL's Domestic Fund Positioning



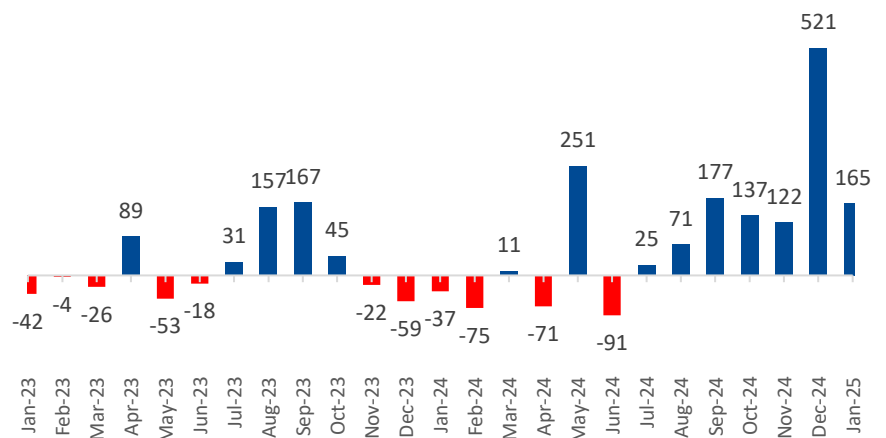
Source: KSEI, BRIDS

Exhibit 13. EXCL's Foreign Ownership



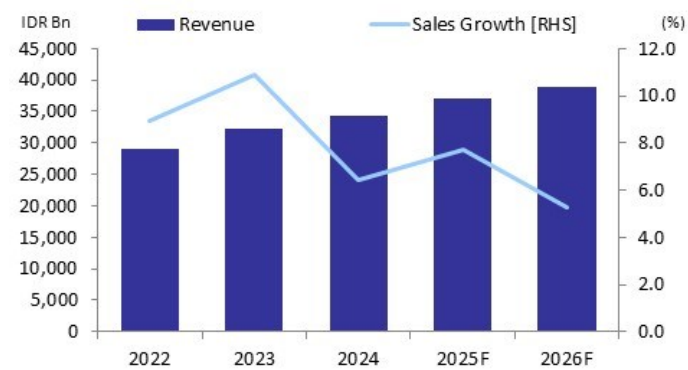
Source: KSEI, BRIDS

Exhibit 14. EXCL's Monthly Foreign Flow (Rpbn)



Source: IDX, BRIDS

Exhibit 15. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 16. Net Profit and Growth



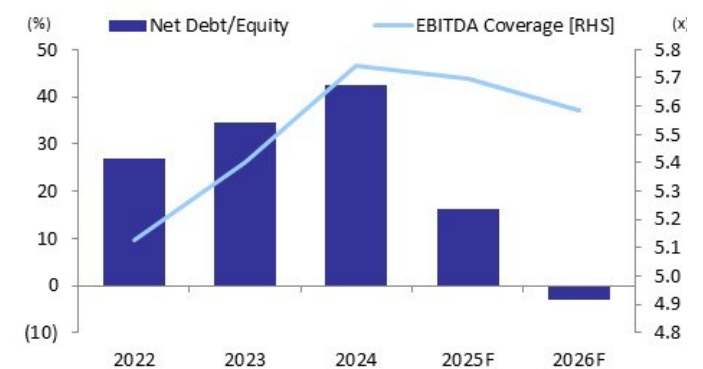
Source: Company, BRIDS Estimates

Exhibit 17. Margins



Source: Company, BRIDS Estimates

Exhibit 18. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 19. Income Statement

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Revenue	32,323	34,392	37,046	38,995	40,861
COGS	(23,674)	(24,518)	(27,211)	(28,280)	(29,076)
Gross profit	8,648	9,873	9,835	10,715	11,785
EBITDA	15,885	17,879	17,951	18,793	19,629
Oper. profit	4,378	5,588	5,654	6,221	6,805
Interest income	100	80	65	74	81
Interest expense	(2,940)	(3,113)	(3,152)	(3,365)	(3,519)
Forex Gain/(Loss)	13	(16)	0	0	1
Income From Assoc. Co's	(191)	(298)	(191)	(128)	(85)
Other Income (Expenses)	330	185	145	145	0
Pre-tax profit	1,690	2,427	2,521	2,947	3,283
Income tax	(420)	(580)	(637)	(739)	(784)
Minority interest	(13)	(29)	(21)	(25)	(23)
Net profit	1,257	1,818	1,863	2,184	2,476
Core Net Profit	1,244	1,835	1,863	2,184	2,475

Exhibit 20. Balance Sheet

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	956	1,387	8,090	12,425	19,025
Receivables	1,435	2,175	1,678	1,772	1,834
Inventory	378	194	421	444	460
Other Curr. Asset	4,395	4,680	4,790	4,735	4,763
Fixed assets - Net	63,898	61,035	58,929	56,598	54,065
Other non-curr.asset	16,623	16,708	16,665	16,687	16,676
Total asset	87,685	86,179	90,573	92,661	96,822
ST Debt	854	3,721	3,399	2,658	3,260
Payables	9,383	8,251	10,896	11,223	11,560
Other Curr. Liabilities	9,937	9,044	9,262	9,749	10,215
Long Term Debt	9,251	8,772	9,011	8,892	9,070
Other LT. Liabilities	31,790	30,167	31,374	32,629	34,261
Total Liabilities	61,215	59,956	63,942	65,151	68,364
Shareholder's Funds	26,326	26,060	26,469	27,348	28,296
Minority interests	144	162	162	162	162
Total Equity & Liabilities	87,685	86,179	90,573	92,661	96,822

Exhibit 21. Cash Flow

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Net income	1,257	1,818	1,863	2,184	2,476
Depreciation and Amort.	11,506	12,291	12,297	12,572	12,824
Change in Working Capital	(2,412)	(2,866)	3,022	752	698
Other Oper. Cash Flow	649	1,964	2,893	3,098	3,245
Operating Cash Flow	11,000	13,208	20,076	18,605	19,242
Capex	(3,994)	(5,563)	(7,200)	(7,250)	(7,300)
Others Inv. Cash Flow	(128)	(4)	107	53	91
Investing Cash Flow	(4,123)	(5,567)	(7,093)	(7,197)	(7,209)
Net change in debt	1,112	766	1,124	394	2,411
New Capital	0	(1,499)	0	0	0
Dividend payment	(549)	(646)	(1,455)	(1,304)	(1,529)
Other Fin. Cash Flow	(11,663)	(5,892)	(5,949)	(6,163)	(6,316)
Financing Cash Flow	(11,101)	(7,272)	(6,280)	(7,073)	(5,434)
Net Change in Cash	(4,223)	368	6,703	4,335	6,600
Cash - begin of the year	5,184	956	1,387	8,090	12,425
Cash - end of the year	956	1,387	8,090	12,425	19,025

Exhibit 22. Key Ratios

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Growth (%)					
Sales	10.9	6.4	7.7	5.3	4.8
EBITDA	11.6	12.6	0.4	4.7	4.4
Operating profit	19.7	27.6	1.2	10.0	9.4
Net profit	14.0	44.7	2.5	17.2	13.4
Profitability (%)					
Gross margin	26.8	28.7	26.5	27.5	28.8
EBITDA margin	49.1	52.0	48.5	48.2	48.0
Operating margin	13.5	16.2	15.3	16.0	16.7
Net margin	3.9	5.3	5.0	5.6	6.1
ROAA	1.4	2.1	2.1	2.4	2.6
ROAE	4.8	6.9	7.1	8.1	8.9
Leverage					
Net Gearing (x)	0.3	0.4	0.2	0.0	(0.2)
Interest Coverage (x)	1.5	1.8	1.8	1.8	1.9

Source : EXCL, Danareksa Estimates

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INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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