

## Stock Data

<b>Target price</b>	<b>Rp2,820</b>
Prior TP	-
Current price	2,270
Upside/downside	24.2%
Shares outstanding (mn)	13,128
Market cap (Rp bn)	29,802
Free float	33%
Avg. 6m daily T/O (Rp bn)	51

## Price Performance

	3M	6M	12M
Absolute	-0.9%	0.0%	-7.7%
Relative to JCI	10.6%	15.0%	2.9%
52w low/high (Rp)	2,080 – 2,610		



## Major Shareholders

Axiata Investments	66.3%
--------------------	-------

## Aurelia Barus

PT Indo Premier Sekuritas  
aurelia.barus@ipc.co.id  
+62 21 5088 7168 ext. 719

## Belva Monica

PT Indo Premier Sekuritas  
belva.monica@ipc.co.id  
+62 21 5088 7168 ext. 716

## On-track merger progress

- XLSmart expects the merger to materialize by 1H25F.
- Both merger objectives and synergy targets remain unchanged.
- We retain our BUY call with an unchanged TP.

## On-track merger progress

During today's call, XLSmart's potential new management stated that the merger progress is on track and still awaiting approval from the Ministry of Communications and Digital (MoCD) and the OJK effective statement. The EGMS for Axiata (KLSE MK, not rated)/XL Axiata and Smartfren (FREN IJ, not rated) will be conducted on 24/25 Mar 2025, respectively. The merger is still expected to materialize by 1H25F. EXCL intends to disburse annual dividends of Rp1.1tr, or Rp85.7/sh (implying 3.8% yield from the last closing price). This is in-line to our estimate.

## Spectrum outlook

Local news media reported EXCL may need to return its 900MHz spectrum bandwidth as part of the merger requirements. However, it has yet to confirm this during the call, pending the final decision. We believe that if EXCL is required to return all 15MHz of the 900MHz spectrum, it would be reasonable, given that FREN also owns 22MHz of the 900MHz spectrum. If this materializes, the total potential spectrum bandwidth of XLSmart could be 137MHz, putting it on par with Indosat Ooredoo Hutchison (ISAT IJ, BUY, TP Rp2,220). Both players have a similar number of subscribers, with 94.7mn users for ISAT and 94.5mn users for XLSmart as of FY24. (Fig. 5)

## Unchanged merger target and efficiency outlook

The merger aims remain unchanged (Fig. 3) with XLSmart expects to maintain its three existing brands without cannibalization risks, given their distinct customer profiles: youth and value (Axis), urban (FREN), and premium and family (XL). It remains highly confident in achieving an annual run-rate pre-tax synergy of US\$300mn–US\$400mn through opex and capex efficiencies post-integration, similar to the Indosat Ooredoo Hutchison merger. We have conducted the potential impact analysis from the merger in our [previous report](#). One key efficiency measure includes decommissioning 20–30% of overlapping tower sites (c. 12–15k sites), with plans to reallocate these for expansion into new areas—aligning with our expectations. It also stated that negotiations with vendors for this have already begun.

## Retain our BUY call for EXCL

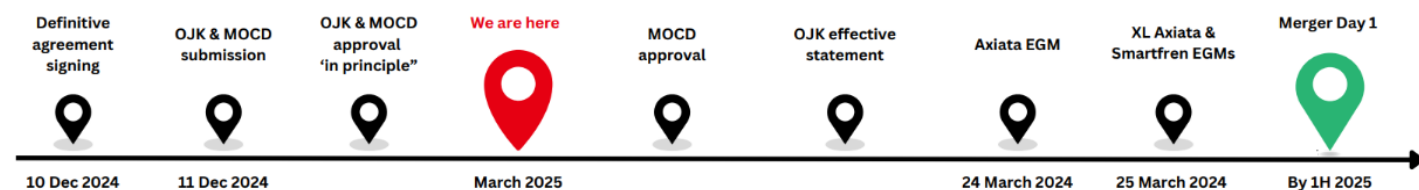
We retain our BUY call for EXCL with an unchanged TP of Rp2,820/sh, based on 4x adjusted EV/EBITDA FY25F (c.0.5 s.d. below LT mean). Potential key risks: merger materialization/execution, a better- or worse-than-expected price competition dynamic and weaker purchasing power.

Financial Summary (Rp bn)	2023A	2024A	2025F	2026F	2027F
Revenue	32,323	34,392	39,098	40,279	41,395
EBITDA	15,885	17,880	19,094	19,278	19,895
EBITDA growth	11.6%	12.6%	6.8%	1.0%	3.2%
Core net profit	916	1,508	1,882	2,101	2,403
Core EPS	70	115	144	161	184
Core EPS growth	-17.4%	64.6%	24.8%	11.7%	14.3%
ROE	4.7%	6.9%	7.0%	7.5%	8.1%
PER (x)	32.4	19.7	15.8	14.1	12.4
Adjusted EV/EBITDA (x)	4.4	3.9	3.4	3.1	2.7
Dividend yield	1.9%	2.1%	3.8%	3.2%	3.6%

Source: Company, Indo Premier

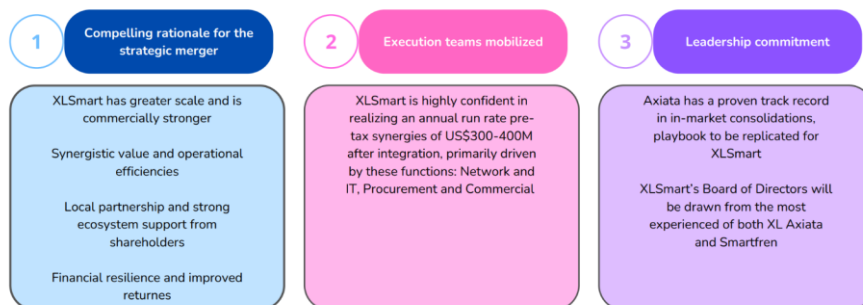
Share price closing as of: 10 March 2025

**Fig. 2: XLSmart merger is on track to materialize by 1H25F**



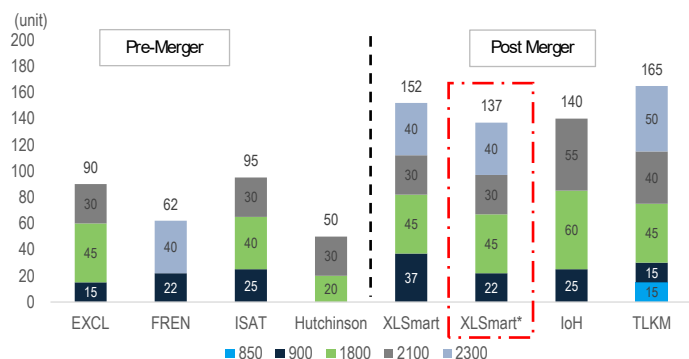
Source: Company, Indo Premier

**Fig. 3: Path forward and execution commitment**



Source: Company, Indo Premier

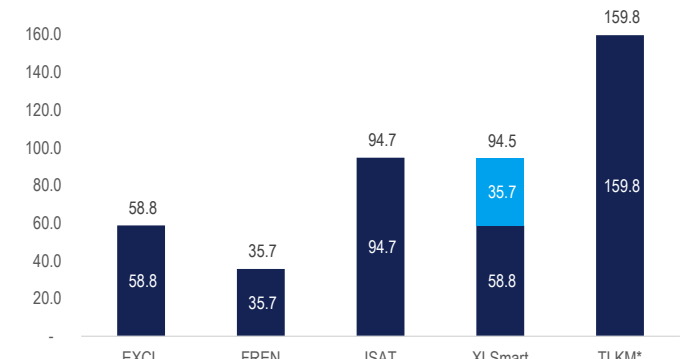
**Fig. 4: XLSmart will have similar spectrum bandwidth compared to IoH, if it needs to return 15MHz of 900MHz spectrum**



Source: Company, Indo Premier

\*Note: Assumption if XLSmart returned 15MHz to government

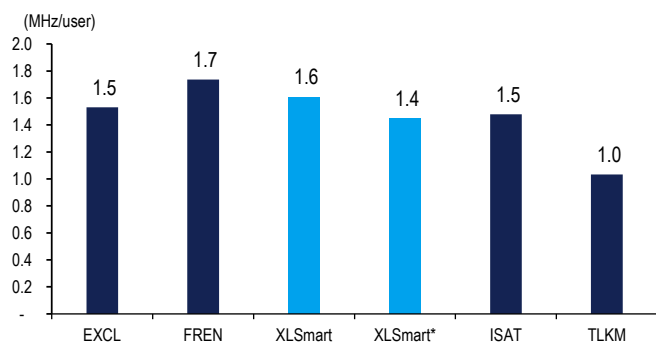
**Fig. 5: Subscriber base at the end of 2024**



Source: Company, Indo Premier

\*Note: TLKM used 9M24 subscriber base

**Fig. 6: Comparison of spectrum bandwidth per user (higher value means more capacity per user and generally better service quality)**

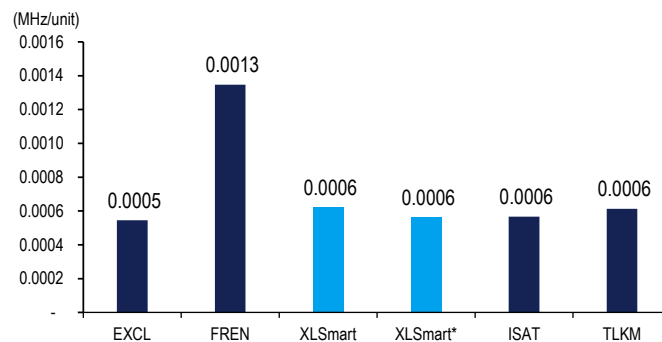


Source: Company, Indo Premier

Note: XL Smart assumption in FY27F, post-merger and expansion, based on our assumption

\*Note: XLSmart assumption if it gives back 15MHz

**Fig. 7: Comparison of spectrum bandwidth per BTS (higher value indicates BTS congestion)**



Source: Company, Indo Premier

Note: XL Smart assumption in FY27F, post-merger and expansion, based on our assumption

\*Note: XLSmart assumption if it gives back 15MHz

## Valuation

**Fig. 8: Our TP for EXCL is Rp2,820/sh (rounded from Rp2,837)**

### Adjusted EV/EBITDA valuation

Debt (Rp bn)	11,105.09
Market cap (Rp bn)	36,905.33
Cash (Rp bn)	2,032.92
Minority interest (Rp bn)	161.98
Adj. EBITDA (Rp bn)	11,534.87
Implied EV (Rp bn)	46,139.47
EV/EBITDA (x)	4.00
TP/sh (Rp)	2,823.25
Current px (Rp)	2,270
Potential upside/downside	24%

Source: Indo Premier

**Fig. 9: Telco forward adjusted EV/EBITDA Band**



Source: Indo Premier, Bloomberg

**Fig. 10: Telco forward EV/EBITDA band**



Source: Indo Premier, Bloomberg

**Fig. 11: Telco forward P/B band**



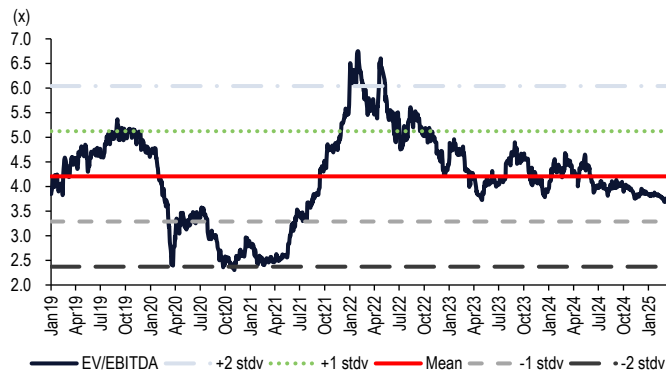
Source: Indo Premier, Bloomberg

**Fig. 12: Telco forward P/E band**



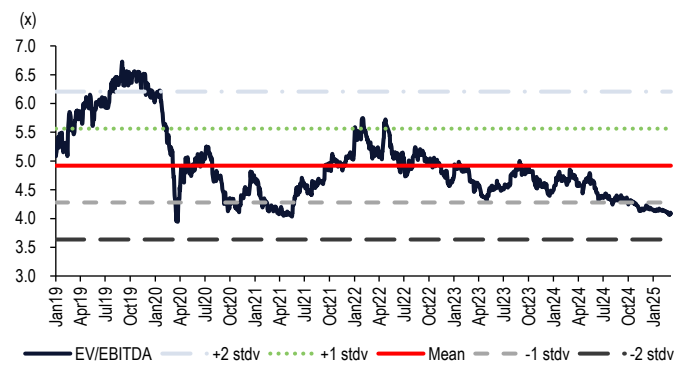
Source: Indo Premier, Bloomberg

Fig. 13: EXCL IJ forward adjusted EV/EBITDA band



Source: Indo Premier, Bloomberg

Fig. 14: EXCL IJ forward EV/EBITDA band



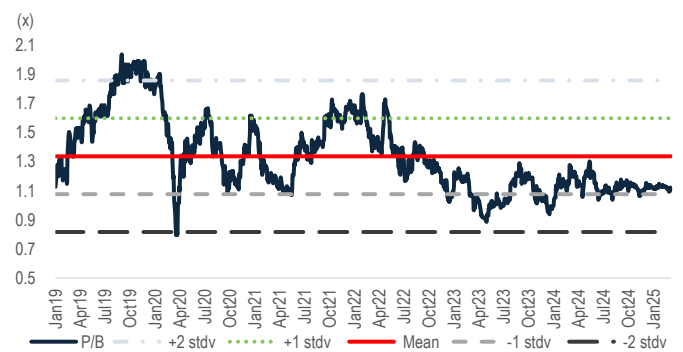
Source: Indo Premier, Bloomberg

Fig. 15: EXCL IJ forward P/E band



Source: Indo Premier, Bloomberg

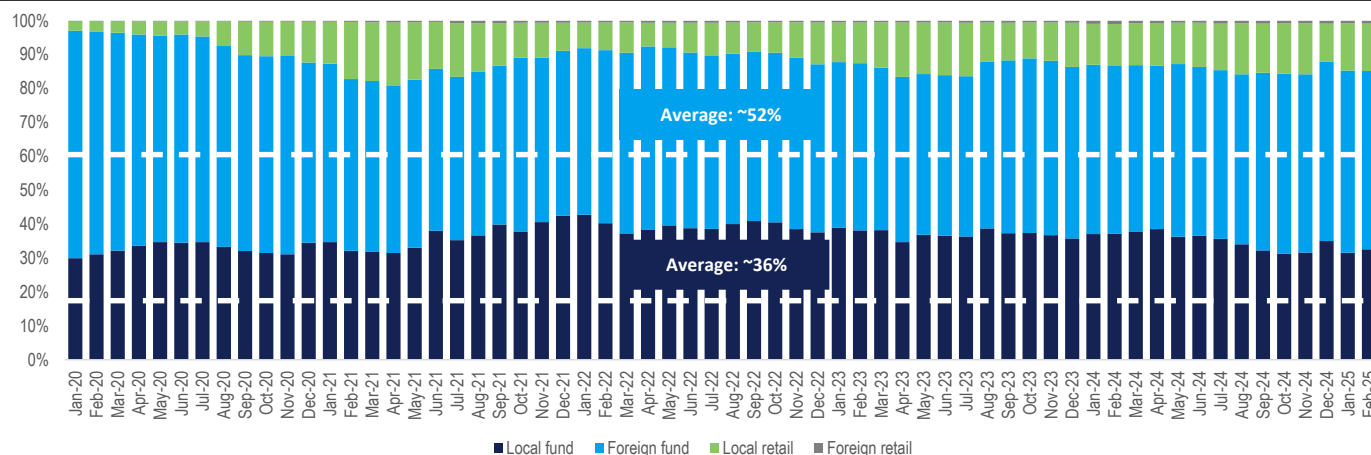
Fig. 16: EXCL IJ forward P/B band



Source: Indo Premier, Bloomberg

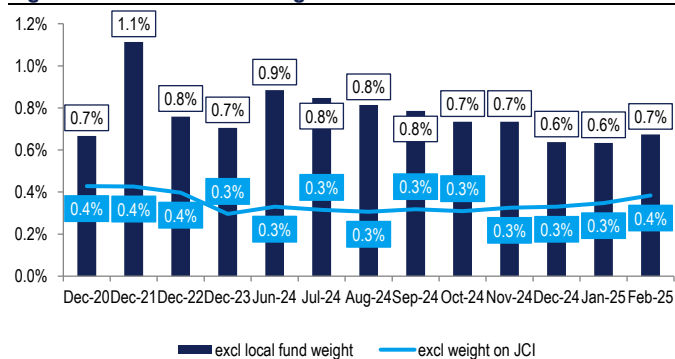
## Share ownerships

**Fig. 17: EXCL's historical share ownerships – Local fund have been reducing position in EXCL. We think a strong merger execution could lead to returning local fund interest in the stock.**



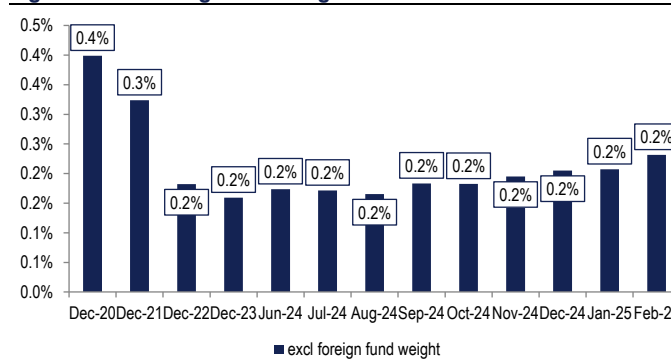
Source: KSEI, Bloomberg, Indo Premier

**Fig. 18: EXCL local fund weight**



Source: KSEI, Bloomberg Indo, Premier

**Fig. 19: EXCL foreign fund weight**



Source: KSEI, Bloomberg, Indo Premier

Fig. 20: Telco sector valuation comparisons – based on the 10 March 2025 closing prices

Company	Bloomberg	Market Cap	Last Price	Target	P/E (x)			P/B (x)			Adjusted EV/EBITDA (x)			EV/EBITDA (x)			Price to Cash Flow (x)			Net Gearing (x)			ROE (%)			Net Profit CAGR (%)	
	Ticker	(US\$mn)	(local curr.)	Price	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F	2024-27F	
Indonesia																											
Telkom Indonesia	TLKM IJ Equity	14,486	2,390	2,750	10.1	10.1	9.4	1.4	1.4	1.3	3.9	3.8	3.7	3.9	3.8	3.7	4.0	3.8	3.6	0.2	0.2	0.2	14.0	13.7	14.1	3.5	
Indosat Ooredoo Hutchison	ISAT IJ Equity	3,039	1,540	2,220	8.2	7.1	6.4	1.2	1.1	1.0	3.4	3.1	2.9	3.6	3.4	3.2	3.2	3.0	2.8	0.3	0.3	0.2	14.9	15.8	16.2	16.9	
XL Axiata	EXCL IJ Equity	1,823	2,270	2,820	15.8	14.1	12.4	1.1	1.1	1.0	3.4	3.1	2.7	3.8	3.7	3.4	2.0	1.9	1.9	0.3	0.2	0.1	7.0	7.5	8.1	16.8	
Total		19,348																									
Simple average					11.4	10.4	9.4	1.2	1.2	1.1	3.5	3.3	3.1	3.8	3.6	3.5	3.1	2.9	2.8	0.3	0.2	0.2	12.0	12.3	12.8	12.4	
Median					10.1	10.1	9.4	1.2	1.1	1.0	3.4	3.1	2.9	3.8	3.7	3.4	3.2	3.0	2.8	0.3	0.2	0.2	14.0	13.7	14.1	16.8	
Malaysia																											
Telekom Malaysia	T MK Equity	5,910	7		14.6	14.1	13.2	2.3	2.1	2.1				5.7	5.7	n.a	5.8	5.7	n.a	0.0	0.0	n.a	15.6	15.3	n.a	6.5	
Axiata Group	AXIATA MK Equity	3,779	2		14.9	13.2	n.a	0.8	0.8	n.a				4.6	4.5	5.0	1.9	1.8	n.a	1.0	1.0	n.a	4.6	5.0	n.a	24.7	
Celcomdigi Berhad	CDB MK Equity	9,418	4		20.1	19.0	14.8	2.5	2.5	n.a				8.7	8.7	8.8	8.1	7.9	n.a	0.7	0.6	0.6	12.5	12.8	14.8	5.8	
Maxis Berhad	MAXIS MK Equity	5,792	3		16.5	15.7	14.9	4.1	4.1	n.a				8.1	8.1	7.7	7.4	7.6	n.a	1.2	1.0	1.0	25.2	25.1	24.0	4.8	
Total		24,900																									
Simple average					16.5	15.5	14.3	2.4	2.4	n.a				6.8	6.8	7.2	5.8	5.7	n.a	0.7	0.6	0.8	14.5	14.5	n.a	10.4	
Median					15.7	14.9	14.8	2.4	2.3	n.a				6.9	6.9	7.7	6.6	6.6	n.a	0.8	0.8	0.8	14.0	14.0	n.a	6.2	
India																											
Bharti Airtel	BHARTI IN Equity	111,699	1,631		43.5	32.7	24.6	9.0	7.4	6.1				13.1	10.9	9.5	14.0	11.7	10.4	1.8	1.1	0.6	24.4	25.1	28.1	73.9	
Vodafone Idea	IDEA IN Equity	5,935	7		n.a	n.a	n.a	n.a	n.a	n.a				15.7	13.5	11.1	12.4	35.4	16.1	(2.1)	(1.6)	(1.7)	26.0	18.3	15.9	(10.7)	
Reliance Jio	RELIANCE IN Equi	191,908	1,238		23.8	19.8	17.4	2.0	1.6	1.6				11.7	10.2	9.2	12.1	11.2	10.3	0.3	0.2	0.2	8.5	9.2	9.7	10.9	
Total		309,543																									
Simple average					33.6	26.2	21.0	5.5	4.5	3.9				13.5	11.5	9.9	12.8	19.5	12.3	(0.0)	(0.1)	(0.3)	19.6	17.5	17.9	24.7	
Median					33.6	26.2	21.0	5.5	4.5	3.9				13.1	10.9	9.5	12.4	11.7	10.4	0.3	0.2	0.2	24.4	18.3	15.9	10.9	
Thailand																											
Advanced Info Service	ADVANC TB Equity	23,580	268		20.7	18.8	17.4	7.9	7.5	7.3				8.5	8.2	8.0	7.6	7.4	7.2	1.6	1.3	1.3	39.1	39.8	41.2	9.3	
True Corp.	TRUE TB Equity	11,142	11		19.4	15.6	0.6	3.5	3.6	n.a				7.0	6.9	6.1	4.2	4.0	n.a	3.7	3.0	n.a	19.8	21.2	n.a	53.5	
Total		34,722																									
Simple average					20.0	17.2	9.0	5.7	5.5	7.3				7.8	7.6	7.1	5.9	5.7	7.2	2.7	2.1	n.a	29.5	30.5	41.2	31.4	
Median					20.0	17.2	9.0	5.7	5.5	7.3				7.8	7.6	7.1	5.9	5.7	7.2	2.7	2.1	1.3	29.5	30.5	41.2	31.4	

Source: Indo Premier, Bloomberg

Income Statement	FY23	FY24	FY25F	FY26F	FY27F
Net revenue	32,323	34,392	39,098	40,279	41,395
SG&A Expenses	(27,944)	(28,803)	(33,064)	(34,206)	(34,987)
<b>Operating profit</b>	<b>4,378</b>	<b>5,589</b>	<b>6,033</b>	<b>6,073</b>	<b>6,408</b>
<b>EBITDA</b>	<b>15,885</b>	<b>17,880</b>	<b>19,094</b>	<b>19,278</b>	<b>19,895</b>
Net interest	(2,840)	(3,033)	(2,914)	(2,646)	(2,566)
Forex gain (loss)	13	(16)	-	-	-
Others	139	(112)	(600)	(619)	(636)
<b>Pre-tax income</b>	<b>1,690</b>	<b>2,427</b>	<b>2,519</b>	<b>2,809</b>	<b>3,207</b>
Income tax	(420)	(580)	(605)	(674)	(770)
Minority interest	(13)	(29)	(33)	(34)	(34)
<b>Net income</b>	<b>1,257</b>	<b>1,819</b>	<b>1,882</b>	<b>2,101</b>	<b>2,403</b>
<b>Core net profit</b>	<b>916</b>	<b>1,508</b>	<b>1,882</b>	<b>2,101</b>	<b>2,403</b>

Balance Sheet	FY23	FY24	FY25F	FY26F	FY27F
Cash & equivalents	966	1,387	2,033	2,186	3,321
Receivables	1,386	1,863	1,846	1,902	1,955
Other current assets	4,822	5,187	5,214	5,231	5,245
<b>Total current assets</b>	<b>7,174</b>	<b>8,436</b>	<b>9,093</b>	<b>9,319</b>	<b>10,520</b>
Fixed assets	63,897	61,034	59,592	58,581	57,476
Other non-current assets	16,624	16,708	17,221	17,653	18,003
<b>Total non-current assets</b>	<b>80,521</b>	<b>77,743</b>	<b>76,812</b>	<b>76,234</b>	<b>75,479</b>
<b>Total assets</b>	<b>87,695</b>	<b>86,179</b>	<b>85,905</b>	<b>85,553</b>	<b>85,999</b>
Payables	9,383	8,251	8,266	8,551	8,747
Other current liab.	3,914	3,675	3,675	3,675	3,675
Lease liabilities	6,023	5,369	5,369	5,369	5,369
Current portion of LT loans	854	3,721	3,154	2,405	1,892
<b>Total current liab.</b>	<b>20,173</b>	<b>21,017</b>	<b>20,465</b>	<b>20,000</b>	<b>19,683</b>
Lease liabilities	29,791	28,226	28,544	29,151	29,932
Long term loans	9,251	8,772	7,951	6,295	4,926
Other LT liab.	2,010	1,942	1,942	1,942	1,942
<b>Total liabilities</b>	<b>61,225</b>	<b>59,956</b>	<b>58,901</b>	<b>57,388</b>	<b>56,483</b>
Equity	18,058	16,593	16,593	16,593	16,593
Retained earnings	8,267	9,467	10,248	11,409	12,761
Minority interest	144	162	162	162	162
<b>Total SHE + minority int.</b>	<b>26,470</b>	<b>26,222</b>	<b>27,004</b>	<b>28,164</b>	<b>29,516</b>
<b>Total liabilities &amp; equity</b>	<b>87,695</b>	<b>86,179</b>	<b>85,905</b>	<b>85,553</b>	<b>85,999</b>

Source: Company, Indo Premier



Cash Flow Statement	FY23	FY24	FY25F	FY26F	FY27F
Net income	1,257	1,819	1,882	2,101	2,403
Depr. & amortization	9,675	11,590	13,061	13,204	13,487
Changes in working capital	1,200	6,643	4	212	129
Others	-	-	-	-	-
<b>Cash flow from operating</b>	<b>12,131</b>	<b>20,052</b>	<b>14,947</b>	<b>15,517</b>	<b>16,018</b>
Capex (i.e. FA, RoU)	(13,555)	(9,259)	(12,131)	(12,625)	(12,732)
Others	3,179	(2,107)	-	-	-
<b>Cash flow from investing</b>	<b>(10,376)</b>	<b>(11,366)</b>	<b>(12,131)</b>	<b>(12,625)</b>	<b>(12,732)</b>
Loans	(2,005)	2,389	(1,388)	(2,405)	(1,881)
Leases	3,964	(2,219)	319	607	781
Equity	(21)	(1,447)	-	-	-
Dividends	(549)	(635)	(1,101)	(941)	(1,051)
Others	(7,359)	(6,361)	-	-	-
<b>Cash flow from financing</b>	<b>(5,971)</b>	<b>(8,273)</b>	<b>(2,170)</b>	<b>(2,739)</b>	<b>(2,151)</b>
<b>Changes in cash</b>	<b>(4,216)</b>	<b>414</b>	<b>646</b>	<b>153</b>	<b>1,135</b>

Key Ratios	FY23	FY24	FY25F	FY26F	FY27F
Gross margin	14%	16%	15%	15%	15%
EBITDA margin	49%	52%	49%	48%	48%
Pre-tax margin	5%	7%	6%	7%	8%
Net margin	4%	5%	5%	5%	6%
ROA	1%	2%	2%	2%	3%
ROE	5%	7%	7%	7%	8%
ROIC (inc. leases)	13%	17%	17%	17%	17%
Acct. receivables TO (days)	8	12	17	17	17
Acct. payables - other TO (days)	155	133	110	90	90
Net debt/EBITDA (inc. leases) (x)	2.8	2.5	2.3	2.1	2.0
Net debt/EBITDA (ex. leases) (x)	0.6	0.6	0.5	0.3	0.2
Interest coverage (x)	1.5	1.8	2.0	2.2	2.3

Source: Company, Indo Premier

## SECTOR RATINGS

- OVERWEIGHT** : An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation
- NEUTRAL** : A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation
- UNDERWEIGHT** : An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation

## COMPANY RATINGS

- 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

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

## DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.