

Solusi Sinergi Digital

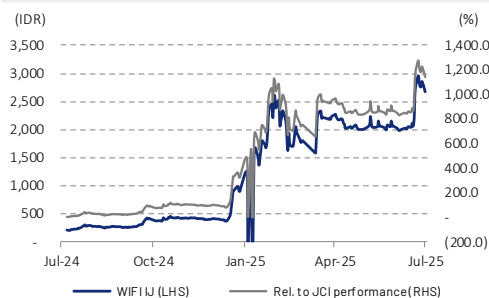
29 July 2025 | Equity Research | Technology Sector

Company Update

BUY

Target Price	:	4,000
Current Price	:	2,670
Upside	:	49.8%

12M PRICE PERFORMANCE



Source: Bloomberg

STOCK PERFORMANCE

	YTD	1M	3M	12M
Absolute	551.2%	29.6%	18.1%	1147.7%
JCI Return	7.6%	10.4%	13.3%	4.2%
Relative	543.7%	19.2%	4.9%	1143.5%

Source: Bloomberg

MARKET DATA

12M price range (IDR)	204 - 3,200
12M PE range (x)	3.4 - 26.6
Outstanding shares (mn)	5,309
Market cap (IDRbn)/(USDmn)	14,174 / 992
Avg daily turn. (IDRbn/USDmn)	25.5 / 1.8

Source: Bloomberg

SHAREHOLDERS

Investasi Sukses Bersama	50.1%
Public	49.9%

Source: Bloomberg, BCA Sekuritas

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A Gem in the Making

More and more people are buying into the story

WIFI's rights issue and bond issuance in July 2025 were met with oversubscribed demand, signaling growing investor confidence in the company's plans to deploy massive connectivity infrastructure under its unique local ISP partnership model. With financing now secured, execution remains the key 'make-or-break' factor. We remain optimistic—while maintaining a realistic view—that WIFI can successfully deliver on its growth story. Maintain BUY with a higher TP of IDR 4,000

Money in hand, ready for execution

Financing is secured... A key characteristic of infrastructure companies is their heavy capex requirements; therefore, the ability to secure funding is a crucial part of the journey. Recently, WIFI successfully raised capital through multiple channels, including equity funding of IDR 5.9tn, a private placement from NTT-East worth IDR 1tn in cash, and bond issuances totaling IDR 2.5tn

.. next on the list is execution. WIFI plans to deploy 4 million homepasses (HP) within one year, averaging 1mn per quarter. The company is also optimistic about securing the 1.4 GHz frequency auction, which would support the expansion of its 5G FWA network. In addition, WIFI is targeting a massive rollout across 390 railway station areas throughout Java. Aside from securing funding, the company has strengthened its execution capabilities by collaborating with experienced strategic partners, vendors, and contractors.

Our view? optimistic yet realistic

Take-up rate is expected to rise gradually. While WIFI has set take up target of 80%, we believe the company will need time—supported by marketing campaigns and one-on-one home activations—to reach this level, particularly for newly built homepasses. Accordingly, our model assumes a gradual increase in take-up rate from 56% in 2026F to 75% by 2031F

More expenses to weigh on margins.

- ✓ As HP deployment scales, depreciation costs will start to catch up, making the current EBITDA margin level (78% average over the past four quarters) unsustainable. Our estimates point to a normalized EBITDA margin of around 60%.
- ✓ We project the company will require additional funding of approximately IDR 1-2tn annually until 2029, before operating cash flow is sufficient to fully cover capex. We assume future fundraising will rely primarily on debt financing, leading to higher interest expenses. Furthermore, the strategic partner's ownership in IJE will raise minority interest allocation, resulting in a lower portion of net profit attributable to the parent.

Make it or break it. We believe the next 12 months will be a pivotal period for the company to demonstrate the feasibility of delivering massive, high-quality, and affordable digital infrastructure under its local ISP partnership model. Key profitability drivers to watch include: a) take up rate, b) capex and opex discipline, c) homepass rollout speed and quantity, d) demand in targeted markets, and e) customer loyalty.

Maintain BUY with new target price of IDR 4,000

We maintain our **BUY** recommendation on WIFI with a higher TP of **IDR 4,000** (from IDR 2,500), incorporating the recent capital raising. The TP is based on a DCF valuation with 14.7% WACC and 3% terminal growth, with an additional 3% company-specific premium applied to the cost of equity to reflect execution risks. The valuation implies 10.2x 2026F EV/EBITDA, which we view as fair compared to digital infrastructure (tower) peers trading at 7-13x.

As is typical for infrastructure companies entering a capex-heavy cycle, we expect negative free cash flow and low single-digit ROE and ROA in the early years. We project WIFI to achieve positive FCF by 2029F, with ROE and ROA reaching 20% and 11%, respectively, by 2030F.

- ✓ **Upside risk:** a) lower interest rate, b) higher-than-expected take up rate, c) chance of passing on the VAT to customer, and d) higher selling prices
- ✓ **Downside risk:** a) lower demand that lead to lower take up rate, b) further drop in customer's (target market) purchasing power, c) higher interest rate, and d) slow execution.

Exhibit 1. Our assumption and DCF valuation

Assumption	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Homepass - Existing	-	176	2,675	6,657	10,657	14,657	18,657
Homepass - Addition	-	2,499	4,000	4,000	4,000	4,000	4,000
Homeconnect	-	1,606	3,740	6,926	10,126	13,326	16,526
Average take up rate		60%	56%	65%	69%	71%	73%
cost of equity	16.0%						
cost of debt *(1-tax)	10.5%						
WACC	14.7%						
terminal growth	3.0%						
IDR bn	FY2024	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
EBIT *(1-tax)	280	515	1,221	2,455	3,812	5,173	6,536
add back: depreciation	146	236	850	1,590	2,358	3,126	3,894
Capex	-	(3,722)	(5,760)	(6,234)	(6,240)	(6,240)	(6,240)
Net chg. Working capital	42	28	(26)	(5)	(1)	(9)	(29)
FCFF	468	(2,942)	(3,716)	(2,193)	(71)	2,050	4,161
Terminal Value							60,510
Year		0	1	2	3	4	5
Discount Factor		1.00	1.15	1.32	1.51	1.73	1.98
Present Value		(2,942)	(3,240)	(1,667)	(47)	1,185	32,601
Total Present Value		25,890					
(less Debt)		4,551					
Net Present Value		21,339					
NPV per share (TP)		4,000					
Implied EV/EBITDA		2025F	2026F				
market cap (at last price IDR 2,700)		21,339	21,339				
other EV components		(1,709)	2,683				
EV		19,630	24,023				
EBITDA		872	2,357				
EV/EBITDA		22.5x	10.2x				

Sources: BCA Sekuritas

Financial Summary

Income Statement					
Year-end 31 Dec (IDRbn)	2023	2024	2025F	2026F	2027F
Revenue	439	672	1,532	3,954	7,573
Cost of revenue	(267)	(257)	(744)	(2,250)	(4,327)
Gross profit	172	415	787	1,704	3,247
Operating expense	(48)	(69)	(151)	(196)	(216)
Operating income	124	346	636	1,507	3,031
EBITDA	228	492	872	2,357	4,621
Net interest expense	(58)	(73)	(220)	(464)	(632)
Net other income (losses)	2	(1)	59	-	-
Pre-tax Income	68	272	475	1,043	2,398
Income tax	(9)	(43)	(90)	(198)	(456)
Minority interest	0	2	(44)	(318)	(857)
Net profit	59	231	341	527	1,085
EPS	29	98	64	99	204
Balance Sheets					
Year-end 31 Dec (IDRbn)	2023	2024	2025F	2026F	2027F
Cash	40	18	7,101	3,549	1,438
Receivables	91	136	112	128	198
Other current assets	132	431	518	621	745
Fixed Assets	1,198	2,299	5,785	10,696	15,339
Other non-current assets	103	22	23	24	26
Total assets	1,564	2,907	13,538	15,018	17,745
Account payables	49	33	109	188	361
ST Debt	110	414	736	260	260
LT Debt	487	877	3,814	5,132	6,632
Other liabilities	176	613	674	741	816
Total liabilities	822	1,938	5,334	6,321	8,068
Total equities	743	970	8,204	8,697	9,677
Total liabilities & equities	1,564	2,907	13,538	15,018	17,745
Cash Flow Statement					
Year-end 31 Dec (IDRbn)	2023	2024	2025F	2026F	2027F
Net Income	59	231	341	527	1,085
Depreciation & amortization	104	146	236	850	1,590
Working capital and others	62	42	28	(26)	(5)
Operating cash flow	225	419	605	1,350	2,671
Net capital expenditure	(255)	(1,210)	(3,722)	(5,760)	(6,234)
Others	50	(268)	47	51	56
Investing cashflow	(205)	(1,477)	(3,675)	(5,709)	(6,177)
Dividend paid	-	-	(5)	(34)	(105)
Net change in debt	(59)	695	3,259	841	1,500
Other financing	58	342	6,898	-	-
Financing cashflow	(1)	1,037	10,152	807	1,395
Cash at beginning period	21	40	18	7,101	3,549
Ending cash balance	40	18	7,101	3,549	1,438
Growth and ratios					
	2023	2024	2025F	2026F	2027F
Revenue growth (%)	-4.8%	52.9%	128.0%	158.1%	91.5%
Net profit growth (%)	0.1%	294.9%	47.4%	54.6%	106.0%
Dividend payout ratio (%)	0.0%	0.0%	2.0%	10.0%	20.0%
Gross profit margin (%)	39.1%	61.7%	51.4%	43.1%	42.9%
Operating margin (%)	28.2%	51.5%	41.5%	38.1%	40.0%
EBITDA margin (%)	51.8%	73.2%	56.9%	59.6%	61.0%
Net margin (%)	13.3%	34.4%	22.2%	13.3%	14.3%
ROE (%)	7.9%	23.8%	4.2%	6.1%	11.2%
ROA (%)	3.7%	8.0%	2.5%	3.5%	6.1%
Net debt to equity (x)	0.7	1.3	(0.3)	0.2	0.6

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