

Solusi Sinergi Digital Tbk (WIFI IJ)

Triple Digit Growth, the Rise of Telco Segment!

PT Solusi Sinergi Digital Tbk. (WIFI) mencatat laba bersih sepanjang 9M-2024 sebesar Rp 152,07 miliar atau +339% YoY jika dibandingkan periode yang sama tahun 2023 yaitu sebesar Rp 34,6 Miliar. Pertumbuhan Bottom Line didorong juga oleh penguatan pendapatan pada 9M-2024 sebesar Rp 505 miliar atau +46,2 % jika dibandingkan 9M-2023 sebesar Rp 345,4 miliar.

Solid Results QoQ & YoY (Topline Growth & Bottomline Turnaround)!

- Pada Q3-24, Pendapatan WIFI tumbuh (+24% YoY, +16% QoQ) menjadi Rp 195,6 miliar, didukung dengan penurunan beban pendapatan (-45% YoY, -3% QoQ) menjadi Rp 67,7 miliar. Sehingga laba kotor menjadi melonjak (+275% YoY, +29% QoQ) menjadi Rp 128,2 miliar. EBITDA perusahaan juga tumbuh (+245% YoY, +24% QoQ) menjadi Rp 142,7 miliar. Lalu, Laba usaha tumbuh (+328% YoY, +24% QoQ) menjadi Rp 104,5 miliar. Sehingga *Net Income* perusahaan juga menunjukkan pertumbuhan yang luar biasa (+341% YoY, +3% QoQ) menjadi Rp 62,2 miliar.
- Dari sisi Neraca, **liabilitas jangka panjang naik +44.9% QoQ**, berhubungan dengan pencatatan obligasi seri B & seri C dari anak usaha IJE (Weave) dengan total sebesar Rp 449 miliar, dimana dana tersebut digunakan untuk CAPEX yang tercatat dalam penambahan / perolehan aset tetap baru sebanyak Rp 439 miliar (+127% QoQ), demi mendukung kegiatan usaha telekomunikasi pada anak perusahaan. Kenaikan liabilitas ini membuat rasio DER pada WIFI naik menjadi 144% dari kuartal sebelumnya sebesar 78%.

All Eyes on WIFI's Telco Segment

- Seiring dengan strategi perusahaan yang semakin fokus pada segmen telekomunikasi, **akhirnya terlihat pada results kuartal ini dimana tingkat kontribusi pendapatan Telco menyumbang 70%** terhadap total pendapatan perusahaan (naik dari kuartal sebelumnya 31%), sedangkan segmen *Advertising* menyumbang 30%.
- Pendapatan dari segmen Telco melonjak sebesar **(+983% YoY, +162% QoQ)** menjadi Rp 136,9 miliar, yang juga membuat laba usaha pada segmen ini naik **(+3226% YoY, +241% QoQ)** menjadi Rp 94,9 miliar, dengan EBIT Margin mencapai 69,3%. Pertumbuhan ini mencerminkan keberhasilan strategi perusahaan dalam memperluas pasar dan memanfaatkan peluang baru di sektor telekomunikasi.

Strategic Partnership Update untuk Segmen Telco

- Setelah sebelumnya mengumumkan beragram rangkaian kerjasama serta MoU dengan Qualcomm, Nokia & Arsari Group. Kali ini pada November 2024, WIFI dan NTT e-Asia Corporation (NTTeA) menandatangani Nota Kesepahaman (MoU) untuk memperkuat infrastruktur ICT di Indonesia. Dimana fokus utama kolaborasi ini meliputi pengembangan Fiber Optic Backbone (termasuk jaringan darat dan bawah laut), *Fiber to the Home* (FTTH), dan *Fixed Wireless Access* (FWA) untuk meningkatkan konektivitas digital di seluruh negeri. Kemitraan ini juga mencakup pendirian pusat pelatihan serta pertukaran pengetahuan untuk mendukung transformasi digital di Indonesia.
- Dimana kerjasama ini mendukung misi SURGE untuk menyediakan internet murah untuk 25 juta rumah di pulau Jawa, yang juga diharapkan dapat mempercepat penetrasi (*Fixed Broadband*) di Indonesia, yang saat ini hanya mencapai 15%.

Achieved TP, Hold Recommendation di Rp 452

- Setelah berhasil mencapai target kami sebelumnya di Rp 424, perkembangan WIFI melebihi ekspektasi kami, namun kami tidak merubah **dan tetap mempertahankan model forecast kami dengan view yang sangat konservatif** yaitu pada pendapatan usaha Rp669 miliar pada 24F dengan 268.000 *Home Connect*, lalu dengan EBITDA 24F yang kami *adjust* pada kuartal lalu menjadi Rp 410,4 miliar dan *net profit* pada 24F yang kami proyeksikan tumbuh sebesar 195,2% YoY.
- Kami merekomendasikan **HOLD untuk saham WIFI dengan target harga konservatif di 452**, berdasarkan Forward EPS yang kami *Annualized*-kan yakni mencerminkan 5,6x Forward PE 24F yang setara dengan 2 *Years Average Standard Deviation Forward*-nya atau 4,79x Forward EV/EBITDA 24F. Rekomendasi ini didasarkan pada fakta bahwa pertumbuhan yang signifikan telah terlihat dalam laporan keuangan Q3. Meskipun kami merekomendasikan HOLD, kami percaya kemitraan strategis WIFI & manajemen baru memberikan potensi ruang pertumbuhan yang masih besar ke depan, tidak menutup kemungkinan kami akan *meng-upgrade rating* setelah hasil *full year* serta implementasi dari *right issue*, dan kami juga akan terus tetap memantau perkembangan bisnis *Telco* WIFI lebih lanjut.

PT Solusi Sinergi Digital Tbk. | Summary (IDR Bn)

In IDR Bn		2023A	2024F	2025F	2026F
Revenue		439	669	846	1,131
	<i>Growth</i>	-4.8%	52.4%	26.4%	33.8%
Net profit		59	173	226	313
	<i>Growth</i>	0.1%	195.2%	31.0%	38.1%
EPS (IDR)		26	73	96	133
P/E		5.93x	6.08x	4.64x	3.36x
P/BV		0.47x	1.12x	0.90x	0.67x
EV/EBITDA		3.44x	4.78x	4.14x	3.18x
ROE		7.9%	18.4%	19.5%	19.9%
DER		78%	120%	121%	109%
ROA		3.7%	7.0%	7.3%	7.9%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

HOLD

Price Target (IDR)	452
Consensus Price (IDR)	#N/A
TP to Consensus Price	#N/A
Potential Upside	5%

Shares data

Last Price (IDR)	430
Price Date as of	29 Nov-24
52 wk Range (Hi/Lo)	472/128

Free Float (%)	49.6
----------------	------

Outstanding sh.(mn)	2,359
Market Cap (IDR bn)	1,014
Market Cap (USD mn)	64

Avg. Trd Vol - 3M (mn)	111
------------------------	-----

Avg. Trd Val - 3M (IDR bn)	36.85
Foreign Ownership (%)	8.14

Technology

Software & IT Services	WIFI IJ
Bloomberg	WIFI IJ
Reuters	WIFI JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	177.4%	12.0%	52.5%	162.2%
Rel. Ret.	180.3%	18.8%	59.8%	161.1%

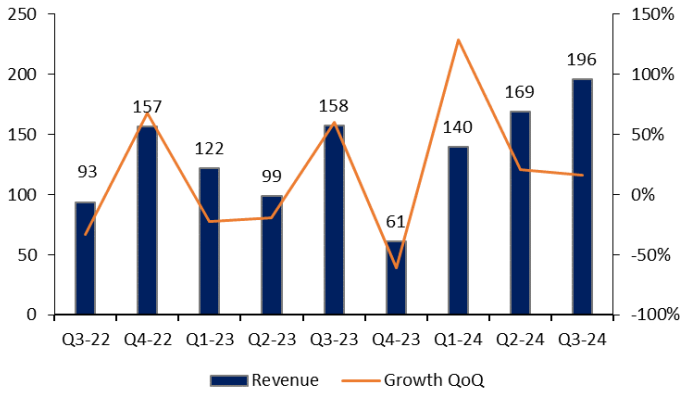
Richard Jonathan Halim

(021) 5088 9128

richard.jonathan@nhsec.co.id

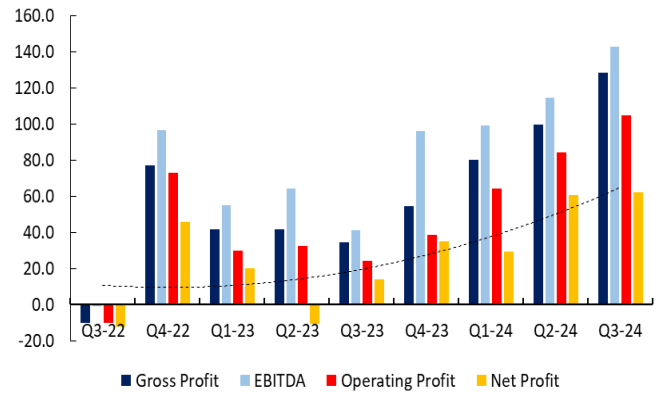
Performance Highlights

WIFI's Revenue Growth (IDR Bn)



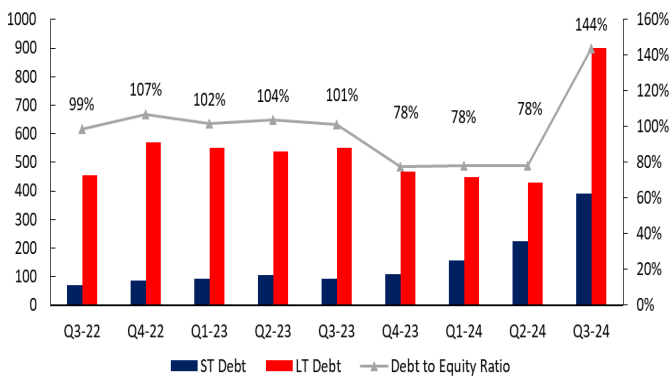
Source: Company Data, NHKSI Research

WIFI's Profitability (IDR Bn)



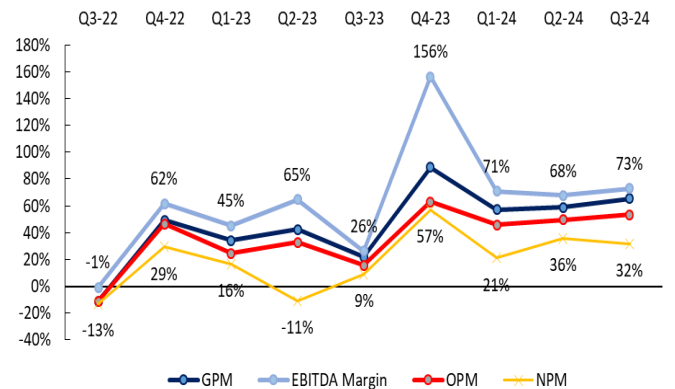
Source: Company Data, NHKSI Research

WIFI's Debt & Debt to Equity Ratio (IDR Bn)



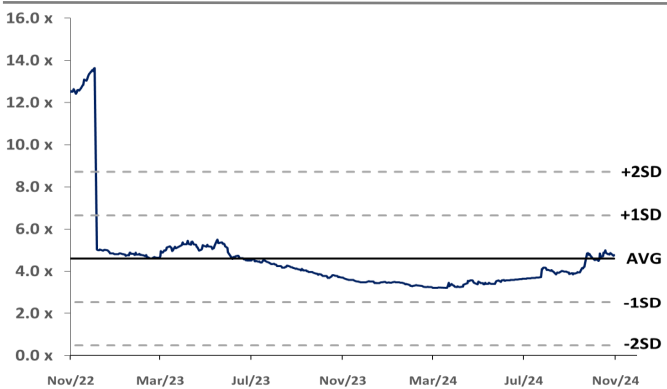
Source: Company Data, NHKSI Research

WIFI's Profitability Margin



Source: Company Data, NHKSI Research

WIFI's Forward EV/EBITDA | 2 Year



Source: NHKSI Research

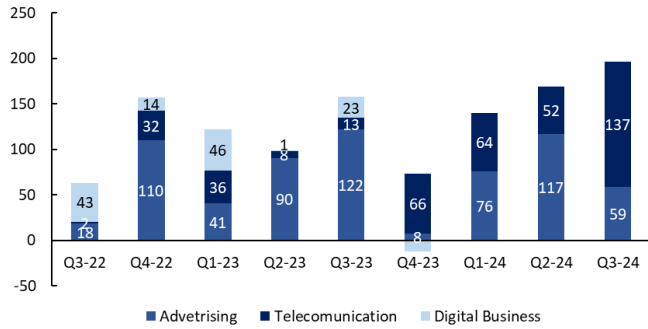
WIFI's Forward PE | 2 Year



Source: NHKSI Research

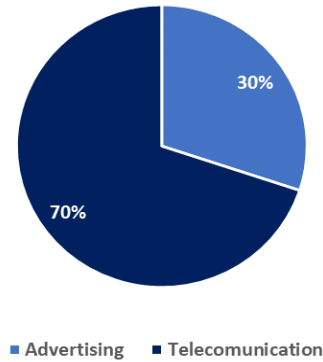
Performance Highlights

WIFI's Revenue by Segment (IDR Bn)



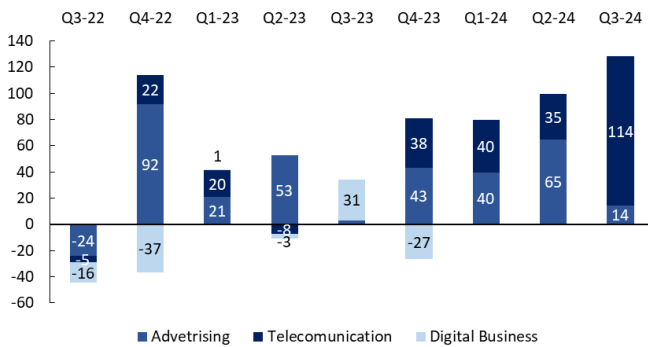
Source: Company Data, NHKSI Research

WIFI's Revenue Breakdown Q3-24 (In %)



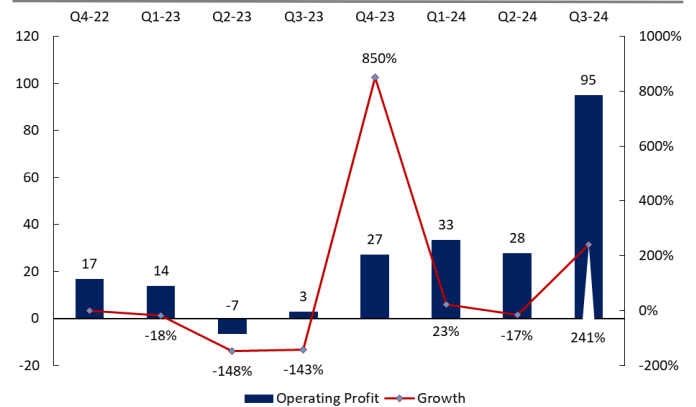
Source: Company Data, NHKSI Research

Gross Profit by Segment (IDR Bn)



Source: Company Data, NHKSI Research

Telco Segment Operating Profit (IDR Bn)



Source: Company Data, NHKSI Research

Vs Peers (29/11/2024)

Ticker Name	Code	Market Cap (IDR Bn)	Net Income Growth TTM	ROE (LTM)	P/E (x)	P/B (x)	EV/EBITDA TTM
SOLUSI SINERGI DIGITAL TBK P	WIFI IJ Equity	1,015	133%	24.5%	5.4x	1.1x	5.40
RAILTEL CORP OF INDIA LTD	RAILTEL IN Equity	24,623	30%	14.2%	53.3x	7.2x	27.58
TELKOM INDONESIA PERSERO TBK	TLKM IJ Equity	268,459	-4%	17.1%	11.8x	2.0x	4.45
PT XL AXIATA TBK	EXCL IJ Equity	29,145	40%	6.1%	18.5x	1.1x	4.22
INDOSAT TBK PT	ISAT IJ Equity	77,402	46%	18.2%	13.8x	2.4x	5.09
Average (Exclude-Rail Tel)		125,002	28%	14%	12.37x	1.66x	4.79x

Source: Company Data, NHKSI Research, Bloomberg

Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F		2023/12A	2024/12F	2025/12F	2026/12F
Revenues	439	669	846	1,131	ROE	7.9%	18.4%	19.5%	19.9%
Growth (% y/y)	-4.8%	52.4%	26.4%	33.8%	ROA	3.7%	7.0%	7.3%	7.9%
Cost of Revenues	(267)	(357)	(435)	(578)	Inventory Turnover	0.0x	0.0x	0.0x	0.0x
Gross Profit	172	313	411	553	Receivables Turnover	4.5x	5.6x	10.0x	14.0x
Gross Margin	39.1%	46.7%	48.5%	48.9%	Payables turnover	7.8x	6.4x	6.0x	5.0x
Operating Expenses	47	62	118	153	Dividend Yield	0.0%	0.2%	0.5%	0.9%
EBIT	125	250	292	401	Payout Ratio	0.0%	1.1%	2.0%	3.0%
EBIT Margin	28.5%	37.4%	34.5%	35.4%	DER	0.78x	1.20x	1.21x	1.09x
Depreciation	131	160	218	320	Net Gearing	72.1%	97.2%	91.7%	79.1%
EBITDA	256	410	511	721	Equity Ratio	47.5%	38.3%	37.6%	39.7%
EBITDA Margin	58.3%	61.3%	60.4%	63.7%	DAR	0.37x	0.46x	0.46x	0.43x
Interest Expenses	(56)	(60)	(106)	(145)	Net Profit Margin	13.3%	25.8%	26.8%	27.6%
EBT	68	200	199	273	Current Ratio	117.9%	145.2%	146.3%	139.9%
Income Tax	9	28	30	44	Quick Ratio	117.9%	145.2%	146.3%	139.9%
Net Profit	59	173	226	313	Total Shares (mn)	2,255	2,359	2,359	2,359
Growth (% y/y)	0.1%	195.2%	31.0%	38.1%	Share Price (IDR)	154	424	424	424
Net Profit Margin	13.3%	25.8%	26.8%	27.6%	Market Cap (IDR tn)	0.3	1.0	1.0	1.0

BALANCE SHEET					VALUATION INDEX				
(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F		2023/12A	2024/12F	2025/12F	2026/12F
Cash	40	215	340	463	Price /Earnings	5.9x	5.8x	4.4x	3.2x
Receivables	91	119	85	81	Price /Book Value	0.5x	1.1x	0.9x	0.6x
Inventories	-	-	-	-	EV/EBITDA	3.4x	4.7x	4.0x	3.1x
Other Current Assets	132	140	145	150	EV (IDR bn)	883	1,914	2,066	2,245
Total Current Assets	263	474	569	694	Basic EPS (IDR)	26	73	96	133
Net Fixed Assets	1,198	1,871	2,404	3,151	BVPS (IDR)	329	398	492	667
Other Non Current Assets	103	110	113	120	DPS (IDR)	-	1	2	4
Total Non Current Assets	1,301	1,981	2,517	3,271					
Total Assets	1,564	2,455	3,087	3,965					
Payables	49	56	73	116					
ST Debt	110	190	230	290					
Total Current Liabilities	223	326	389	496					
LT Debt	466	938	1,175	1,417					
Total Non Current Liabilities	599	1,188	1,537	1,896					
Total Liabilities	822	1,515	1,926	2,392					
Capital Stock + APIC	493	564	564	684					
Retained Earnings	173	343	565	869					
Shareholders' Equity	743	940	1,161	1,573					

CASH FLOW STATEMENT					OWNERSHIP	
(IDR bn)	2023/12A	2024/12F	2025/12F	2026/12F	By Geography	%
Operating Cash Flow	225	392	438	680	Unknown	99.59
Investing Cash Flow	(205)	(723)	(584)	(839)	United Kingdom	0.35
Financing Cash Flow	(1)	506	271	282	Malaysia	0.06
Net Changes in Cash	19	175	125	123		

Shareholders		%
PT INVEST SUKSES BERSAMA		50.1
TINAWATI		0.3
Nichejungle ICAV		0.2
Other		49.4

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%

DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.