

# Not Rated

## Link Net (LINK IJ)

### Link Net new business model as a Fiber Factory

- LINK targets 8.4mn HPs by 27F through ISP partnerships, leveraging its B2S, EntCo, and MediaCo promising business segments.
- No corporate actions confirmed by mgmt., but a new investor entry remains due to expansion financing needs.
- DealStreet quotes USD1bn, ~9.7x EV/EBITDA valuation, supported potentially by govt's new housing program, while LINK currently trades at ~6.9x EV/EBITDA 2024.

Last Price (Rp)	2,430
Target Price (Rp)	n.a
Upside/Downside	n.a
No. of Shares (mn)	3,042
Mkt Cap (Rpbn/US\$mn)	6,957/423
Avg, Daily T/O (Rpbn/US\$mn)	1.0/0.1

#### Key Financials:

	2021	2022	2023
EPS (Rp)	322	87	-194
PER (x)	12.4	30.1	n.a
PBV (x)	2.1	1.4	0.8
EV/EBITDA (x)	5.6	5.9	6.4
Dividend yield (%)	2.3	5.4	2.2
ROAE (%)	17.94	4.71	-11.5

#### LINK partners with more ISPs to monetize its backbone and HPs portfolio

During its Pubex on 3<sup>rd</sup> Feb25, LINK reiterated its position as a FibreCo company, offering open access to its network to 3rd party ISPs with a 4.03mn HP portfolio. In Nov24, LINK partnered with Surge (WIFI IJ) to provide network infrastructure covering backbone, feeder, and last-mile connectivity. LINK mgmt. indicated that more ISPs has joined its open-access model as of YE-FY24. Furthermore, LINK offers a B2S infrastructure model, securing an order from XL to roll out 2.4mn HPs. LINK remains optimistic about securing further ISP partnerships, targeting an 8.4mn HP portfolio by 2027.

#### Enterprise and Media pillars to offer complementary services to ISPs

LINK will retain the EntCo and MediaCo segments on a B2B basis. The enterprise segment will provide E2E solutions, including connectivity, ICT, cybersecurity, and corporate TV. Meanwhile, the media segment will shift its focus from retail to wholesale, offering Pay TV, OTT, and content rights to ISP clients. Both segments have strong potential, in our view. Notably, LINK's MediaCo could have an edge, as small ISPs currently sell only 1-play fixed broadband, and LINK can help them upgrade to 2-play.

#### There remains a potential stake divestment by Axiata

During Pubex, mgmt. clarified that LINK has no immediate plans for corporate actions and that media speculation regarding a potential sale falls under its shareholders' discretion. However, a recent DealStreetAsia report suggests that Axiata is considering divesting its whole stake in LINK. LINK targets an additional 3mn HP rollout by FY25, with 2.4mn already secured through orders from EXCL. A new investor could inject fresh capital, enabling LINK to expand HP deployment for its key client, EXCL. If Axiata exits, there is also a high likelihood that XL Axiata will divest its stake in LINK and cease to incur losses below its EBIT line.

#### ICT infra valuations driven by potential strong demand.

LINK's current market cap is Rp6.64tn, with net debt at Rp4.8tn. We estimate EBITDA could reach Rp1.6tn in FY24 under the new model, implying a ~6.9x EV/EBITDA 2024, and ND/EBITDA of 2.9x. Based on DealStreetAsia, LINK's EV is set at ~US\$1bn, translating to a demanding ~9.7x EV/EBITDA, with peer companies WIFI & DATA potentially trading north of LINK's valuation. These valuations could be supported by the govt's upcoming mass housing program, expected to drive demand for ICT infra. Kindly refer to the related note: [ICT Infra - Towers](#).

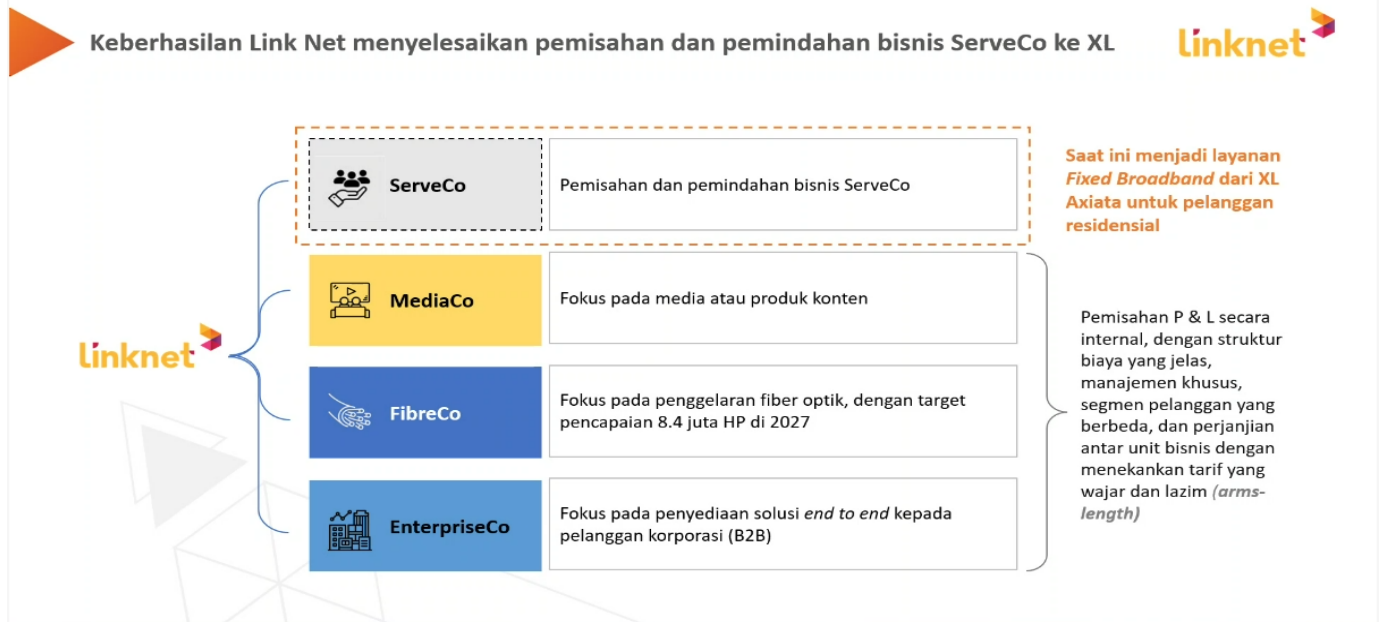
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**Exhibit 1. LINK's upcoming business model**


Source: Company

**Exhibit 2. FiberCo will serve as core of LINK's business**

**Penciptaan Nilai Bisnis FiberCo**  
**Pengelolaan Arus Kas dan Pertumbuhan Masa Mendatang**



Source: Company

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**INVESTMENT RATING**

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

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