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Initiating Coverage

PT Jasa Marga (Persero) Tbk (JSMR)

The road to success is not lit by shining colors

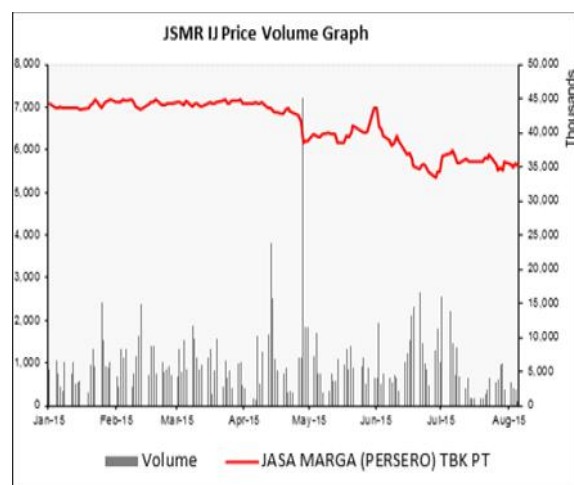
NEUTRAL



PT Jasa Marga (Persero) Tbk is an Indonesian nationwide toll road operator. The company mainly i) collects toll fees, ii) maintains toll roads through repairs and upkeep, iii) offers towing and ambulance services across the highways it operates.

Current Price: IDR 5,550

52-Week Target Price: IDR 5,525



Share Price Performance

Price (IDR)	5,550
52-Week High (05/30/14)	7,250
52-Week Low (05/11/15)	5,275
52-Week Beta	1.01
YTD Change/%	(1,550)/(20.47%)

Stock Information

Market Cap (IDR)	37,740B
Shares Out/Float (M)	6,800/2,040

We initiate coverage on PT Jasa Marga (JSMR) as a HOLD, with a 52-week target price of Rp. 5,525/share, implying a 0.5% downside from the current market price of Rp. 5,550/share. At these forecasts this would imply a forward P/E of 27.2x (v.s. TTM P/E of 27.4x) as we forecast net income to increase by 1.1% in FY15. We project the company's financing charges to increase by 33.6% YoY, attributing to the company's current strategy of aggressive expansions. As the company expands by operating more toll roads that are being built, particularly in Central and East Java, short-term increases in costs that affect the company's net income should be expected. Despite this, the company's top line will grow at a stable pace and will soften the impact of the shorter term increase in costs.

The company's revenue growth will continue to improve. The company generates revenue growth mainly from two sources: i) increase in toll tariffs—determined by the pace of regional inflation, and ii) growth in toll traffic either through existing or newly built toll roads. As nationwide inflation remains rampant, this will enable the company to raise its toll tariffs to even higher levels than previously expected. With toll road tariff increases set to every two years, JSMR should benefit from stable, inflation rate linked growth in revenue from this aspect. In the longer term as more newly built toll roads become fully operational, JSMR will enjoy significant growths in vehicle traffic, setting the company up for vigilant long term growth.

Expect shorter term results to be on the softer side. As the company sets up yearly funds of Rp 4-5 trillion for capital expenditures up to 2018 for expansions, the company's costs of funding is expected to swell in the coming years. In our forecasts, we project interest expenses to grow 33.6% and 4.4% in FY15 and FY16 respectively, with the company to issue rights to raise as much as Rp 7 trillion. However, these increases in costs might be offset by the constant adding of automated toll booths (GTO) up to 50% of all booths by FY16 (v.s. current 30%). This will lower salaries & allowance costs, which currently stands at 35.4% and 35.8% of operating costs in FY14 and FY15E.

Financial Highlights	12/13	12/14	12/15E	12/16F	12/17F
Revenue ex construction	6,311	7,229	7,797	8,593	9,436
% growth		15%	8%	10%	10%
Gross Profit (IDR bn)	2,213	3,019	3,344	3,554	3,586
Net Profit (IDR bn)	882	1,191	1,204	1,301	1,332
% growth		35%	1%	8%	2%
EV/EBITDA (x)	12.3	11.4	11.3	11.3	12.1
Gross Margin (%)	35%	42%	43%	41%	38%
Net Margin (%)	15%	18%	17%	17%	15%
Return on Equity (%)	8.7%	10.8%	10.2%	8.1%	6.5%
Return on Assets (%)	3.3%	4.0%	3.7%	3.4%	3.0%

Source: Bloomberg, Sinarmas Investment Research

Source: Company Data, Sinarmas Investment Research

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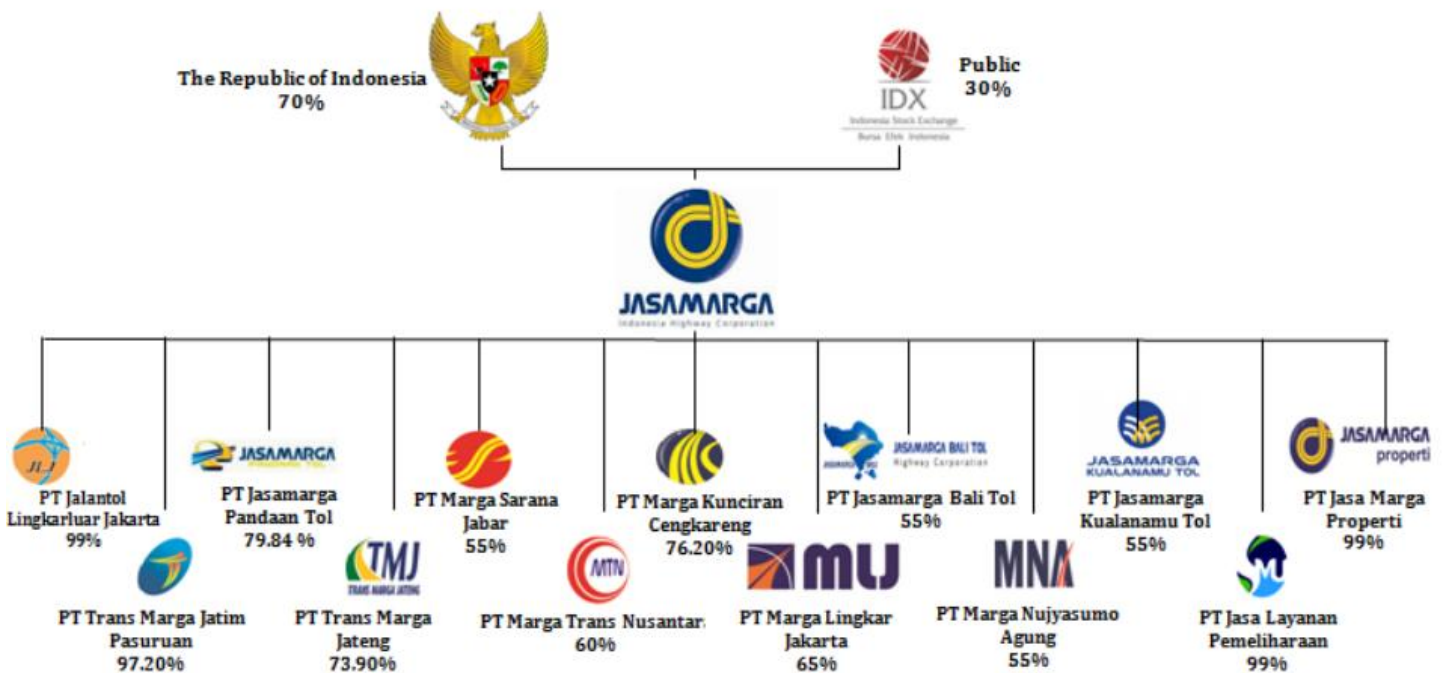
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Company Background

PT Jasa Marga (Persero) Tbk (JSMR) is an Indonesian toll road operator that maintains, operates and provides toll road services such as towing and ambulances. The Indonesian government owns 70% of the company, with the remaining 30% of shares floated in public.

JSMR was established in 1978 as the sole toll road company in Indonesia. As of 2004, other toll operators have been allowed to deal directly with the Government for the concession of newly built tolls in a move to expand the toll road industry. Now, JSMR has a total of 13 subsidiaries, 10 of which are involved in the toll road business. Among those outside of the toll road business, JSMR is also involved in the property sector.

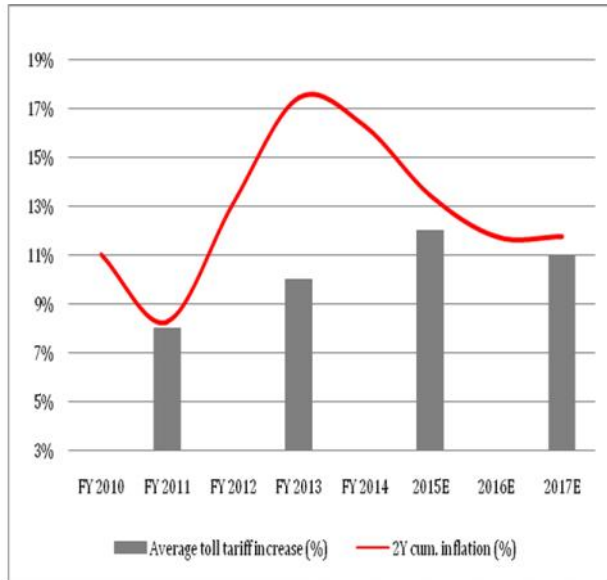
Shareholder and Corporate Structure



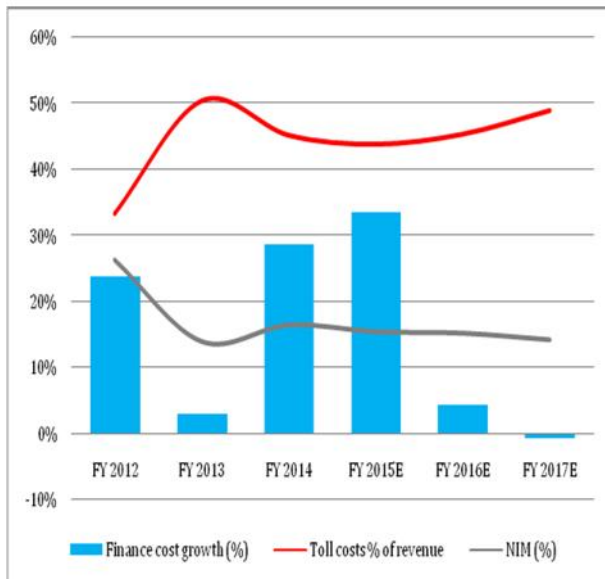
Source: Company data

Investment Theses

Catalysts:



As nationwide inflation grows larger, JSMR's revenue will continue to grow along with the pace of inflation



For the next three years, toll road & financing costs are predicted to rise, taking a toll on net income margin (NIM) above. This, taking into account a rights issue planning to raise Rp 7t (v.s. Current share capital of Rp 5.7t).

Source: Sinarmas Investment Research

- Constant addition to the e-Toll booths will decrease costs**— The company has set a target of implementing 50% of all its toll booths as automated (GTO). For each toll booth addition, the company will be able to save on the salaries of three employees, with total salaries expenses comprising of 35% of total expenses in FY14. In our projections, toll salaries expenses will only grow 8.2% and 14.1% in FY15E and FY16E, despite respective 23.7% and 14.6% projected growths in number of toll booths. By comparison, we project salaries expenses to grow 94% during FY17E—FY19E (with est. 67% growth in no. of toll booths) as the no. of GTO additions is expected to slow down by then, due to company cap of 1:1 ratio between e-Toll and conventional toll booths.
- ... and the e-Toll booths will continue to become more usable.** As per 17 June 2015, Bank Mandiri (now the only bank able to produce e-Toll cards) has approved to share the ability to produce e-Toll cards with BBNI, BBRI and BBTN. In this regard, the e-Toll booths will be more accessible to the public. With e-Toll booths saving as much costs as they do and when they become more popular to the public, the company might in the future revise their 1:1 e-Toll:conventional booth ratio to be more favorable towards e-Toll booths, where future costs can be saved.
- Largely positive in the longer term**— Jasa Marga currently has plans to fully operate ten brand new toll roads by the end of 2018, nine of which are along the island of Java where the government has plans to build trans-Java toll road mainly along the northern coast of the island. When these tolls do become fully functional, Jasa Marga's toll road operational distance will increase to 973 km, indicating a 64% increase from current operational distance of 593.7 km. As toll road tariffs will increase at a (relatively) predictable and stable rate, the company's longer term prospects do look very bright.

Key Risks:

- Aggressive expansions will significantly raise lending costs**—With cash amounting to Rp 3.2T (as of FY14E) and planned capital expenditures of Rp. 4-5T / year, JSMR will turn to bank loans as a primary source to finance its future projects. This will in turn affect its lending costs in the future, with these costs expected to increase by 33.6% and 4.4% in FY15 and FY16, respectively. The company also plans to issue rights in FY16 to raise Rp. 7T, a reason why the projected increase in lending costs in FY16 is estimated to only grow much slower than that of this year.

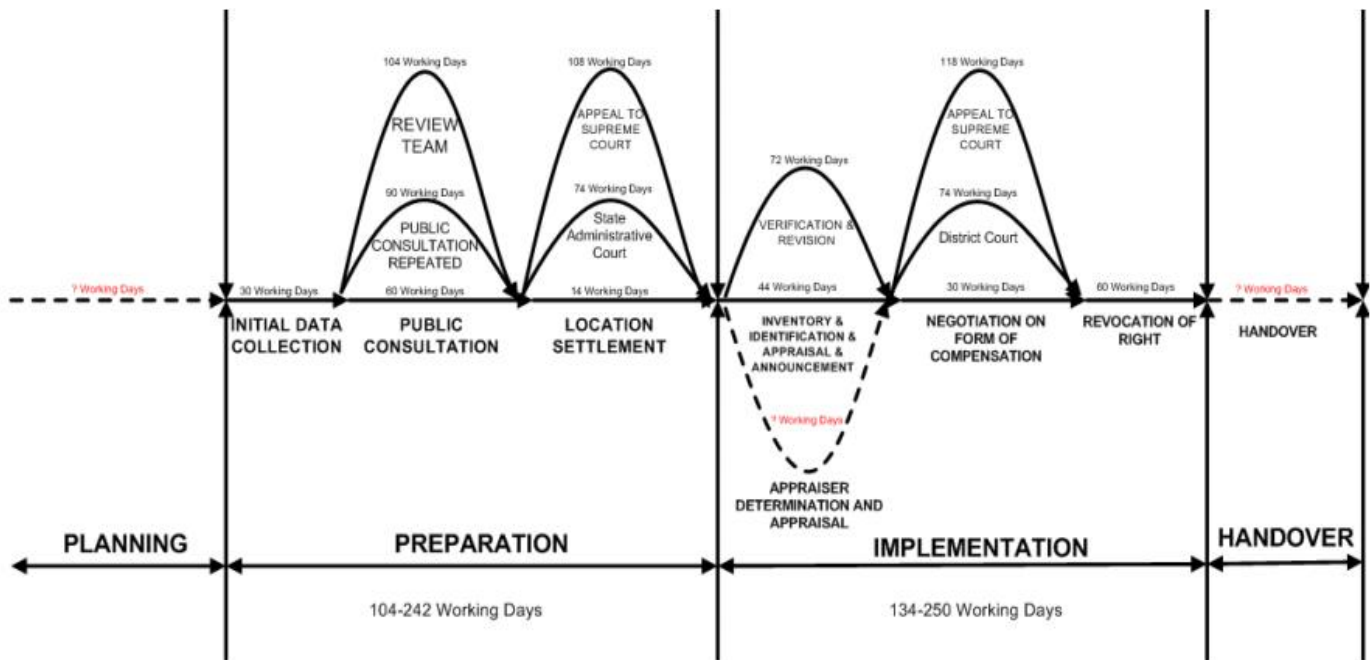
Several potential delays may disrupt the company's timeline

Rampant inflation may not be such a good thing for JSMR

- **Land acquisition concerns**— On paper, the new land acquisition regulations (see pg.6) is very beneficial towards JSMR's prospects. However, we raise our concerns over the timeliness of the land acquisition process against the company's planned timeline, and hence the timeliness of start of operations. For instance, in the Solo-Kertosono project, land acquisition has not been completed as of date (v.s. company timeline of 2Q15). Also, the Medan-Kualanamu-Tebing Tinggi toll road shares a similar fate, with land acquisition still in a prolonged process (v.s. timeline of land acquisition completion by 3Q15). With these delays, we will continue to remain cautious on the company's ability to operate the highways w.r.t. its timeline, and will therefore impact our projections of future earnings.
- **Possible funding issues**—As per the new regulations of government supporting the land acquisition process (pg. 6 for details), it is crucial that the government funds are distributed to the company in time. As government funding has proven to be somewhat delayed over several sectors such as construction and banking, we reiterate our concerns of there being further delay from the government's aspects, in addition to potential land acquisition delays.
- **Government efforts to control inflation may impact JSMR's revenues**— The government is well aware that current inflation levels are higher than normally expected and has taken measures to control it, such as i) lowering cement prices to lower ASP of commercial and residential property, one of the main contributors to this high inflation and ii) the dropping of tax for luxury consumer goods, to decrease the ASP. These efforts look set to continue and this might put a cap on the amount of toll tariff increases in the future, which is pegged to the inflation rate.

New Regulations

- Land Acquisition Process**—Based on UU no. 2/2012, the total land acquisition process of planning, preparation, implementation and handover could take 247-492 working days in total. This includes data collection, location settlement, independent appraisal and negotiations. However, new regulations (as per Perpres no. 30 yr. 2015) state that when an investor has already completed a significant portion of the land acquisition, the investor does not have to repeat the whole process for the remaining unacquired land. Instead, for the remaining unacquired land the investor is allowed to jump right to the stage of the land acquisition it was at with the already acquired land, therefore speeding up the process.



Source: Company data

Land Acquisition Process as per UU no. 2/2012

- Land Capping Scheme**—The government, through a land capping scheme, guarantees a fixed maximum amount that a toll road investor has to compensate in the land acquisition plan. In this regard, any additional costs incurred during the land acquisition process, in excess of the pre-set amount, will be the full responsibility of the Government.

Toll Road Investment Process

- Investment Decision**—In investing into new toll roads, the company follows a strict set of criteria to determine its decision on whether to move on with the project. For the project to be approved, it must: i) be financially feasible, with an IRR of 12-16% over the concession of the toll road, which historically ranges from 32-45 years; ii) connect to existing toll roads, which increases mobility and transport efficiency and; iii) be located around or in big cities where traffic is likely to grow at a fast pace. The company has operated under these guidelines since inception and currently enjoys 80% of the nation's toll road vehicle traffic.
- Toll road tariffs**—Initial toll tariff is calculated based on the set IRR and the ability of potential users to pay. This fee is included in the concession prior to construction and is therefore taken into consideration by the Minister of Public Works. Every two years since the start of operation, toll tariffs are adjusted based on regional CPI in which each toll operates and is regulated by law.

Current Operations & Strategies

Going forward, the company has implemented several strategies to increase revenues and cut costs.

Widening roads and re-positioning toll booths

- **Improve transportation efficiency**—The company has expressed its concerns to the ongoing traffic in a number of its toll roads. As a result, the company has chosen to address this issue by widening toll roads and re-positioning several toll booths. Toll booths have been re-positioned to be more vertical to one another rather than the “horizontal-to-one-another across-the-lanes” conventional model. This increases the number of vehicles that can be accommodated at once whilst saving space, thus increasing traffic flow.

Increase e-Toll penetration

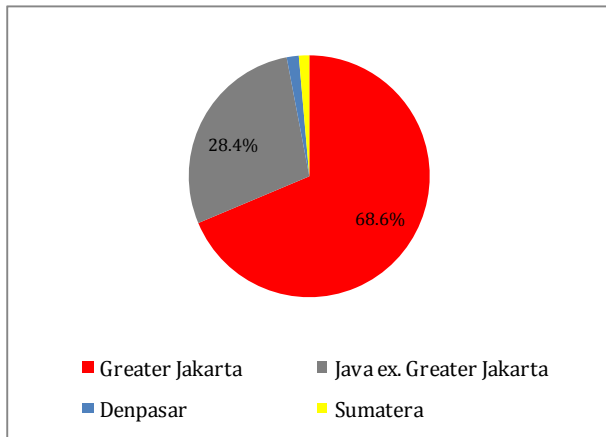
- **Increase the number of automated toll booths (GTO)** - Since the introduction of the automated toll booths (otherwise known as e-Toll), the company has increased the number of GTOs from 9 (in FY11) to 373 (in FY14), representing 30% of all toll booths. Going forward, the company plans to have 50% of all toll booths automated, or have a total of 881 GTOs by the end of FY16.

E-Toll becomes more usable

- **The GTOs have also become much more usable.** Pre-mid 2015, the only bank at which owners of the e-Toll card could top up their balances was Bank Mandiri. As of June 2015, Bank Mandiri has allowed Bank Negara Indonesia (BBNI), Bank Rakyat Indonesia (BBRI) and Bank tabungan Negara (BBTN) to enact this feature, hence grabbing a larger market share of Indonesia’s toll road users.

Make use of bank loans as a source of funding

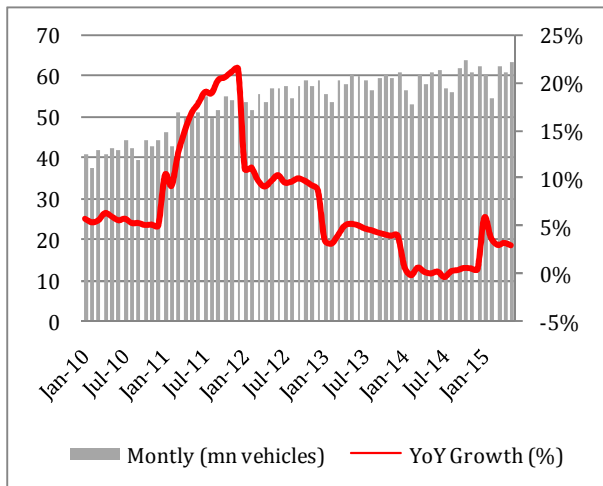
- **Implement higher capex up to 2018.** The company currently has 10 ongoing toll road projects, the last of which is expected to be fully functional by 2018. As the company takes on bank loans to finance its Rp. 4-5T yearly capex, its interest expenses will swell up to 2018. However after this the company will have a much larger market share of the Indonesian toll road system.

FY14 Revenue Breakdown by Geography

The Toll Roads

In our forecasts, over 92% of revenues have consistently come from toll road based fees. Among these, JSMR currently operates 15 toll roads across Greater Jakarta, Java and Denpasar. Yet, as of FY14, 67.6% of revenues still came from the Greater Jakarta region and this percentage is set to continue in FY15, according to our estimates. Looking forward, growth is set to pick up in Java as well as Sumatera, where the company has several projects lined up.

The Mature Ones

Over the years JSMR has built its reputation as a premier toll operator in Indonesia by successfully operating four of its major revenue contributing toll roads.

Four Tolls Combined Traffic


Since 2013, the four tolls combined have struggled to consistently break through 3% growth in traffic volume. This suggests their capacity is being reached and further revenue from traffic growth here is limited.

Source: Sinarmas Investment Research, Company data

- Tol Jagorawi:** This toll road has a total length of 47 km and connects Jakarta, Depok, Bogor and Ciawi. Although not impressively long in distance, it is JSMR's most crowded inter-city toll road, with 200.5 million vehicles recorded in FY14 traffic. As a result, it is one of four toll roads that are said to be mature, experiencing consistent sub-3% traffic growth rates YoY over a few years.
- Tol Jakarta-Cikampek:** This toll road stretches 72 km from Jakarta, through the industrial-heavy region of Bekasi and into Cikampek. It is JSMR's second most traffic-heavy inter-city toll road, serving 199.5 million vehicles in 2014 and 201.6 million vehicles in 2013.
- Tol Cawang-Tomang-Tangerang:** As Jakarta has grown into a metropolitan city, this toll road, otherwise known as "Tol Dalam Kota" or the "Intra-city Toll", is JSMR's most crowded, serving over 282 million vehicles in 2014 while only spanning a distance of 70 km. Growth in traffic has somewhat stalled in this toll road as it is a major contributor to traffic jams in the city.
- Tol JORR non-S:** Also known as the Jakarta Outer Ring Road, this toll stretches on the outer borders of the city of Jakarta and is often seen as an alternative to the traffic-heavy "Intra-city toll". Over the years this toll has become more and more popular among commuters and is also starting to become full.
- The four tolls described above have volume-to-capacity (VC) ratios of ~0.9-1.1x, indicating that traffic growth is seen to be limited.

The Up-And Coming Ones

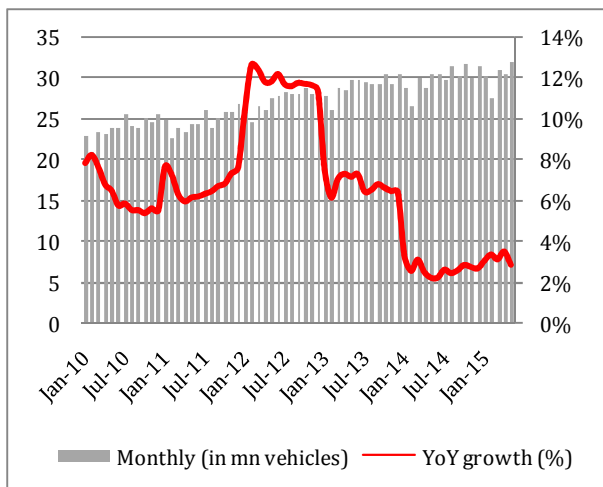
In this section we discuss those toll roads under JSMR's portfolio that have been around for a while, but reaching full capacity in these tolls cannot be seen in the foreseeable future.

The Purbaleunyi toll is an extension to allow Jakarta-Bandung commutes

"Growth in Indonesia's toll roads will be in Eastern Java"

- **Tol Jakarta-Tangerang:** This toll road is the most used out of the bunch, with a total length of 33 km and goes through two provinces, D.K.I. Jakarta and Banten. It is easily one of the more profitable toll roads as the minimum wage in Banten is less than 60% of that in Jakarta.
- **Tol Purbaleunyi:** The Purbaleunyi toll is an extension of the Cikampek -Padalarang toll road, which is connected to the Jakarta-Cikampek toll. The series of these three tolls enables commuters to travel from Jakarta to the tourist city of Bandung in around two hours, saving commuters a lot of time than before this toll was built. At 88 km long, as of FY14 this toll charged the highest tariff, with charges of Rp. 42,000 per vehicle for the lowest tariff band.
- **Tol Surabaya-Gempol:** With a distance of 27 km, this toll is set to be at the forefront of expansions of toll roads into East Java. Connecting the urban city of Surabaya and the industrial estates near Gempol and Pandaan, this toll is set for growths in traffic resulting in planned building of additional toll roads around the area.
- **Tol Palikanci:** This toll road is certainly one under a lot of attention at the moment. As part of the trans-Java toll road project, this toll incorporates two industrial cities of Palimanan and Kanci. With the recent operation of the Cipali (Cikampek-Palimanan) toll that connected the Jakarta-Cikampek toll to the Palikanci toll, average traffic of the Palikanci toll road is expected to rise significantly.
- **Tol Semarang:** Again part of the trans-Java project, this toll connects the northern part of Semarang to the southern.
- **Tol Belawan-Medan-Tj Morawa:** Like the Surabaya-Gempol toll road, this highway is set to be at the forefront of expansions of toll roads in the island of Sumatera. As Sumatera becomes a more commodity and natural resource heavy area, more and more estates are to be established in the future.
- These tolls, although growing at a slower rate, still have the capacity in case additional traffic is required.

Combined Growth in Traffic

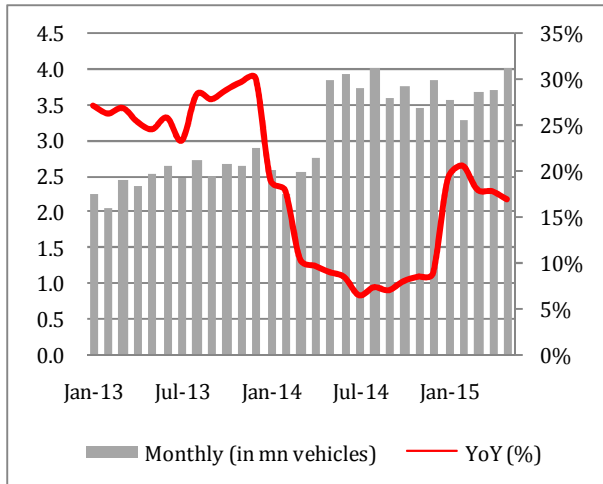


Source: Sinarmas Investment Research, Company data

The Rapidly Growing Ones

Five of the fifteen toll roads operated by JSMR has experienced YoY growth of mostly > 10% over the past three years. These include newly tolls built, yet we only have significant data on three of the five tolls operated as they have been around for more than two years. These include:

3-Toll Combined Growth in Traffic



Source: Sinarmas Investment Research, Company data

- Tol BORR:** Also known as the Bogor Outer Ring Road, only Phase I has been completed to date (i.e. Sentul-Kedung Halang). This year alone the toll road has recorded double digit percentage growths in traffic in every month, and is a prospective toll road as the city of Bogor experiences more urbanization.
- Tol Surabaya-Mojokerto:** As part of the efforts to connect most parts of Eastern Java together, the first phase of this toll road, tol Waru-Sepanjang, has been completed. From FY12 to FY13 this toll road experienced a 32% growth in traffic and has since recorded high single digit percentage growths in traffic. As Eastern Java becomes more connected and the trans-Java project reaches completion, more and more commuters should make use of this toll road as it connects Surabaya to industrial cities and huge property developments in Krian and eventually Mojokerto.
- Tol Semarang-Solo:** Solo is located away from the northern coast of Java and into the center of the island. This is a unique addition to the trans-Java project but it gives plenty of support to commuters that wish to travel into other parts of Java, most notably away from the northern coast. At a total project length of 61 km, only the first phase, tol Ungaran-Bawen, has been completed. This toll road is currently JSMR's fastest growing toll road with consistent above 50% growth in traffic annually over the past two years. It encapsulates the industrial estate in Bawen and also a relatively popular local tourist city of Salatiga.

PT Jasa Marga also operates two other toll roads, one in Denpasar and another in Jakarta, just starting operations this year.

Appendix I: Valuations and Forecasts—Existing tolls revenue

In Millions of IDR except Per Share	FY 2013	FY 2014	2015E	2016E	2017E	2018E
Existing tolls						
Jagorawi	548,248.47	607,461.07	608,954.66	657,888.88	673,688.67	719,378.53
Traffic (mn vehicles)	198.81	200.53	196.43	198.59	198.52	197.84
Implied Average Tariff	2,757.65	3,029.28	3,100.16	3,312.82	3,393.64	3,636.10
Jakarta-Cikampek	976,573.38	1,023,430.46	1,190,095.41	1,229,378.72	1,320,893.33	1,351,365.44
Traffic (mn vehicles)	201.60	193.46	198.65	199.90	193.34	199.30
Implied Average Tariff	4,844.17	5,130.89	5,991.05	6,149.89	6,626.41	6,780.72
Jakarta-Tangerang	408,011.26	467,116.72	504,378.67	568,663.95	598,580.55	659,009.38
Traffic (mn vehicles)	112.81	119.58	126.16	133.11	136.78	140.54
Implied Average Tariff	3,616.96	3,906.43	3,997.84	4,272.08	4,376.30	4,688.96
Cawang-Tomang-Tangerang	1,109,956.63	1,212,321.58	1,300,261.77	1,374,562.10	1,441,547.45	1,520,781.27
JIRR	686,795.16	754,275.56	773,324.67	827,609.45	845,628.15	904,170.47
Traffic (mn vehicles)	207.63	205.96	206.33	206.64	206.31	206.43
Implied Average Tariff	3,307.73	3,662.26	3,747.96	4,005.05	4,098.80	4,380.07
Prof. Dr. Sedjatmo (harga naik 10/2014)	423,161.47	458,046.02	526,937.09	546,952.65	595,919.30	616,610.80
Traffic (mn vehicles)	74.58	76.32	75.43	76.27	77.12	77.98
Implied Average Tariff	5,673.67	6,001.81	6,986.23	7,171.46	7,727.14	7,907.08
Purbaleunyi	1,017,383.68	1,175,926.14	1,251,363.65	1,390,447.84	1,477,409.02	1,634,794.87
Traffic (mn vehicles)	63.62	66.06	68.69	71.43	74.27	77.23
Implied Average Tariff	15,991.57	17,800.88	18,217.42	19,467.04	19,892.43	21,168.61
Surabaya-Gempol	270,467.52	309,024.66	322,495.22	351,415.66	366,021.27	396,714.26
Traffic (mn vehicles)	81.47	82.66	84.29	85.95	87.65	89.37
Implied Average Tariff	3,319.79	3,738.70	3,826.18	4,088.64	4,176.18	4,438.80
Semarang	104,770.03	106,496.44	110,579.32	119,889.30	124,393.33	134,591.80
Traffic (mn vehicles)	48.61	47.88	48.58	49.29	50.01	50.74
Implied Average Tariff	2,155.53	2,224.04	2,276.08	2,432.21	2,487.28	2,652.48
Belawan-Medan-Tj Merawa	81,566.27	91,347.98	100,409.04	115,242.95	126,643.64	140,245.03
Traffic (mn vehicles)	23.95	25.29	27.16	29.18	31.34	32.50
Implied Average Tariff	3,405.40	3,611.86	3,696.38	3,949.93	4,041.38	4,315.74
Palikanci	107,487.14	112,435.75	126,573.42	148,781.28	159,273.99	176,856.65
Traffic (mn vehicles)	20.09	19.84	21.82	24.00	25.20	26.46
Implied Average Tariff	5,349.02	5,668.17	5,800.80	6,198.71	6,319.88	6,683.37
Jakarta Outer Ring Road (non-JORR S)	842,482.31	971,627.99	1,020,304.87	1,118,735.91	1,159,859.10	1,247,534.28
JORR S Assumed (margin set to 0%)	212,540.91	210,821.06	210,821.06	210,821.06	210,821.06	210,821.06
BORR						
Sentul-Kedung Halang	45,553.67	67,171.37	92,998.65	106,749.50	122,291.90	139,704.23
Traffic (mn vehicles)	12.46	13.55	14.86	16.30	17.88	19.62
Implied Average Tariff	3,657.02	4,956.71	6,256.40	6,547.15	6,837.91	7,121.53
Surabaya-Mojokerto						
Waru-Sepanjang	17,554.36	18,784.88	21,755.80	26,182.23	31,439.60	35,204.57
Traffic (mn vehicles)	11.20	11.87	13.61	15.61	17.91	19.22
Implied Average Tariff	1,566.85	1,582.42	1,597.98	1,676.83	1,755.67	1,831.32
Semarang-Solo						
Traffic (mn vehicles)	6.55	15.01	20.96	22.85	23.88	24.42
Implied Average Tariff	5,569.53	7,147.11	8,724.70	9,179.99	9,635.28	10,083.13
Nusa Dua-Benoa (construction 10/2013)						
Traffic (mn vehicles)	0.27	13.62	15.66	18.01	20.71	23.81
Implied Average Tariff		7,795.51	7,977.92	8,525.17	8,717.64	9,295.04

New tolls revenue

In Millions of IDR except Per Share	FY 2013	FY 2014	2015E	2016E	2017E	2018E
New tolls						
Yearly revenue based on IRR						
Gempol-Pandaan (2Q15)		264,133.44		56,378.87	112,757.73	169,136.60
Krian-Mojokerto (4Q15)		258,774.28		27,205.47	108,821.88	163,232.82
Tj Morawa-Kualanamu (4Q15)		201,208.29		21,181.61	84,726.43	127,089.64
Gempol-Rembang (1Q16)		255,127.65		13,333.75	106,669.96	160,004.94
Bawen-Salatiga (4Q16)		162,489.86		-	17,093.76	68,375.02
WRR-Krian (4Q16)		207,982.29			21,810.37	87,241.46
Cengkareng-Kunciran (2Q17)		161,653.38				34,398.59
Kunciran-Serpong (2Q17)		69,499.80				14,825.45
Pebarakan-Lubuk Pakam (2Q17)		115,577.31				24,686.48
Rembang-Pasuruan (3Q17)		563,642.56				89,525.87
Lubuk Pakam-Tebing Tinggi (4Q17)		355,720.84				18,591.05
Salatiga-Boyolali (4Q17)		176,600.09				18,591.05
Pasuruan-Grati (1Q18)		2,593,372.19				135,354.86

Source: SinarMas Investment Research

Assumptions

- On the year tariff increases, 75% of revenue is recognized in the 3Q leading up to the increase (if Oct increase), and 50% in the 2Q (if June increase)
- Long-term national inflation is set to the average of trailing 5 years, excluding fuel price hikes
- Construction income is set to Rp. 0 as per the company's guidance
- Revenues from JORR S toll road assumed to be at cost, and constant, due to company's accounting methods

Balance Sheet

Balance Sheet (IDR Bn)	FY 2013	FY 2014	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Assets						
Cash & Equivalents	3,514.06	3,290.78	3,292.80	3,294.81	3,296.83	3,298.85
Total Current Assets	3,514.06	3,290.78	3,292.80	3,294.81	3,296.83	3,298.85
Appropriated Funds	459.32	816.90	638.11	727.51	682.81	705.16
Fixed Assets	-	-	-	-	-	-
Toll Road Concession Rights	30,515.80	33,284.16	37,490.60	41,683.11	45,846.14	50,066.89
Less Accumulated Depreciation	(8,553.68)	(9,348.75)	(10,343.85)	(11,255.50)	(12,216.70)	(13,260.25)
Property & Equipment	1,156.66	1,302.55	1,456.14	1,621.57	1,804.61	1,925.69
Less Accumulated Depreciation	(565.35)	(600.82)	(401.76)	(437.87)	(480.88)	(510.02)
Other Assets	772.08	2,304.73	2,444.69	2,586.75	2,740.68	2,898.86
Goodwill	41.85	41.85	41.85	41.85	41.85	41.85
Total Long-Term Assets	24,270.28	28,216.58	31,745.83	35,387.38	38,837.17	42,287.72
Total Assets	28,058.58	31,857.95	33,375.31	43,316.84	44,811.74	46,912.87
Liabilities & Shareholders' Equity						
Accounts Payable	100.03	191.68	213.30	235.06	257.75	294.17
Contractor Payable	1,153.45	990.49	1,156.32	1,100.08	1,082.30	1,112.90
Short term bank loan	655.84	610.50	-	-	-	-
Current maturity of LT Liabilities	-	-	-	-	-	-
Bank loans	295.22	43.16	-	-	-	-
Bonds Payable	700.00	-	1,478.30	1,500.00	1,078.30	1,000.00
Provision for Overlay	206.14	209.40	209.40	209.40	651.20	1,153.98
Total Current Liabilities	4,871.30	4,312.92	4,975.06	4,756.45	4,736.69	5,338.05
LT Liabilities - net of current	-	-	-	-	-	-
Bank loans	5,320.20	6,484.84	8,484.84	10,484.84	10,484.84	10,484.84
Bonds Payable	5,144.38	6,144.43	4,666.13	4,644.43	5,066.13	5,144.43
Provision for Overlay	124.95	156.71	598.51	1,101.29	1,238.04	1,331.77
Other LT Liabilities	458.67	819.42	375.01	403.61	444.37	538.06
Total Long-Term Liabilities	12,629.34	16,120.04	16,192.69	18,507.13	19,155.70	19,678.04
Total Liabilities	17,500.63	20,432.95	21,167.75	23,263.59	23,892.38	25,016.09
Equity	-	-	-	-	-	-
Share Capital & APIC	5,853.89	5,853.89	5,853.89	12,853.89	12,853.89	12,853.89
Minority Interest	1,561.17	1,558.80	1,558.80	1,558.80	1,558.80	1,558.80
Total Equity	10,557.95	11,425.00	12,207.56	20,053.26	20,919.35	21,896.78
Total Liabilities & Equity	28,058.58	31,857.95	33,375.31	43,316.84	44,811.74	46,912.87

Source: Sinarmas Investment Research

Income Statement

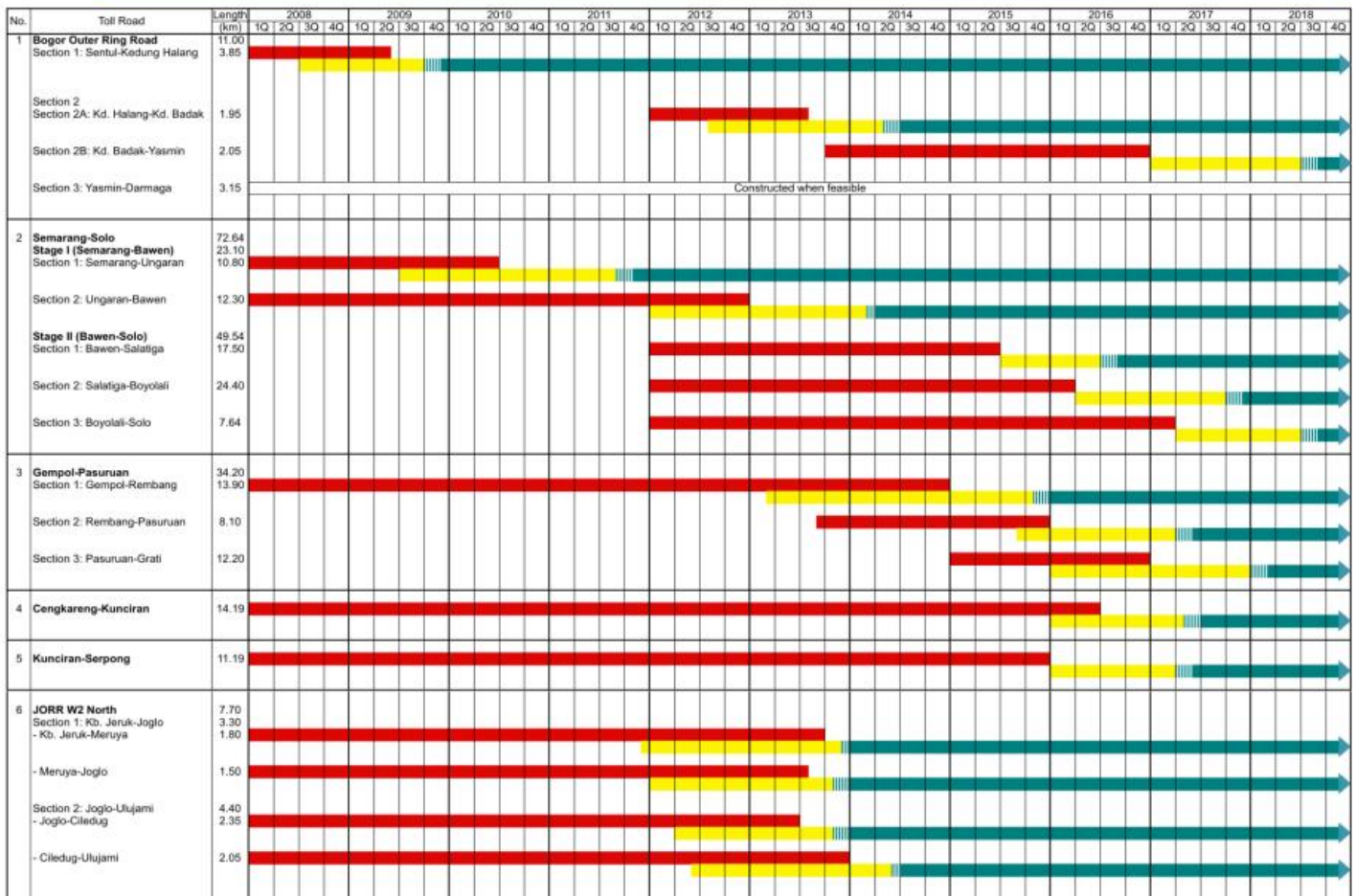
Income Statement (IDR Bn)	FY 2013	FY 2014	FY 2015E	FY 2016E	FY 2017E	FY 2018E
Toll Revenues	5,802.7	6,646.4	7,168.8	7,900.1	8,675.3	9,945.6
Other Operating Revenues	508.2	583.1	628.4	692.5	760.4	871.8
Operating Revenue excl. Construction	6,310.9	7,229.5	7,797.2	8,592.6	9,435.8	10,817.4
<i>Growth</i>		15%	8%	10%	10%	15%
Other Income	254.7	287.6	312.4	312.4	312.4	312.4
Toll Road Expenses	(2,923.3)	(3,003.9)	(3,144.5)	(3,589.3)	(4,254.0)	(5,171.2)
<i>% of toll revenues</i>	50%	45%	44%	45%	49%	52%
Joint Operation Expenses	(308.0)	(313.0)	(325.0)	(337.2)	(343.9)	(357.2)
<i>Growth</i>		2%	4%	4%	2%	4%
Construction Expenses	0.0	0.0	0.0	0.0	0.0	0.0
General & Admin Expenses	(1,087.8)	(1,160.6)	(1,239.9)	(1,370.3)	(1,512.7)	(1,713.1)
Other Expenses	(33.5)	(20.3)	(56.5)	(54.1)	(51.1)	(58.9)
Operating Costs	(4,097.9)	(4,210.2)	(4,453.5)	(5,038.5)	(5,849.3)	(6,987.9)
Operating Income	2,213.1	3,019.3	3,343.7	3,554.1	3,586.4	3,829.5
<i>Operating Margin</i>	35%	42%	43%	41%	38%	35%
Finance Charges - net	(944.2)	(1,215.3)	(1,623.8)	(1,695.4)	(1,682.9)	(1,681.3)
<i>Growth</i>		29%	34%	4%	-1%	0%
Gain (loss) of Associates	(4.3)	(6.7)	0.0	0.0	0.0	0.0
Pretax Income	1,264.6	1,797.2	1,719.9	1,858.7	1,903.5	2,148.2
Income Tax Expense	(381.9)	(606.6)	(516.0)	(557.6)	(571.1)	(644.5)
<i>Effective Tax Rate</i>	30%	34%	30%	30%	30%	30%
Net Income	882.70	1,190.6	1,203.9	1,301.1	1,332.5	1,503.7
<i>Margin</i>	14%	16%	15%	15%	14%	14%
<i>Growth (YoY)</i>		35%	1%	8%	2%	13%
Unrealized Gain (Loss) on Securities	(1.2)	0.5	0.0	0.0	0.0	0.0
Extraordinary Account	0.0	0.0	0.0	0.0	0.0	0.0
Minority Interests	0.0	0.0	0.0	0.0	0.0	0.0
Total Comprehensive Income	881.5	1,191.1	1,203.9	1,301.1	1,332.5	1,503.7
Net Income	881.5	1,191.1	1,203.9	1,301.1	1,332.5	1,503.7
Non-controlling interest	98.9	188.1	188.1	188.1	188.1	188.1
Owner of parent entity	980.4	1,379.2	1,392.0	1,489.2	1,520.5	1,691.8

Source: SinarMas Investment Research

Appendix II: Planned New Tolls Timeline A



New Projects Timeline
(as of June 2015)

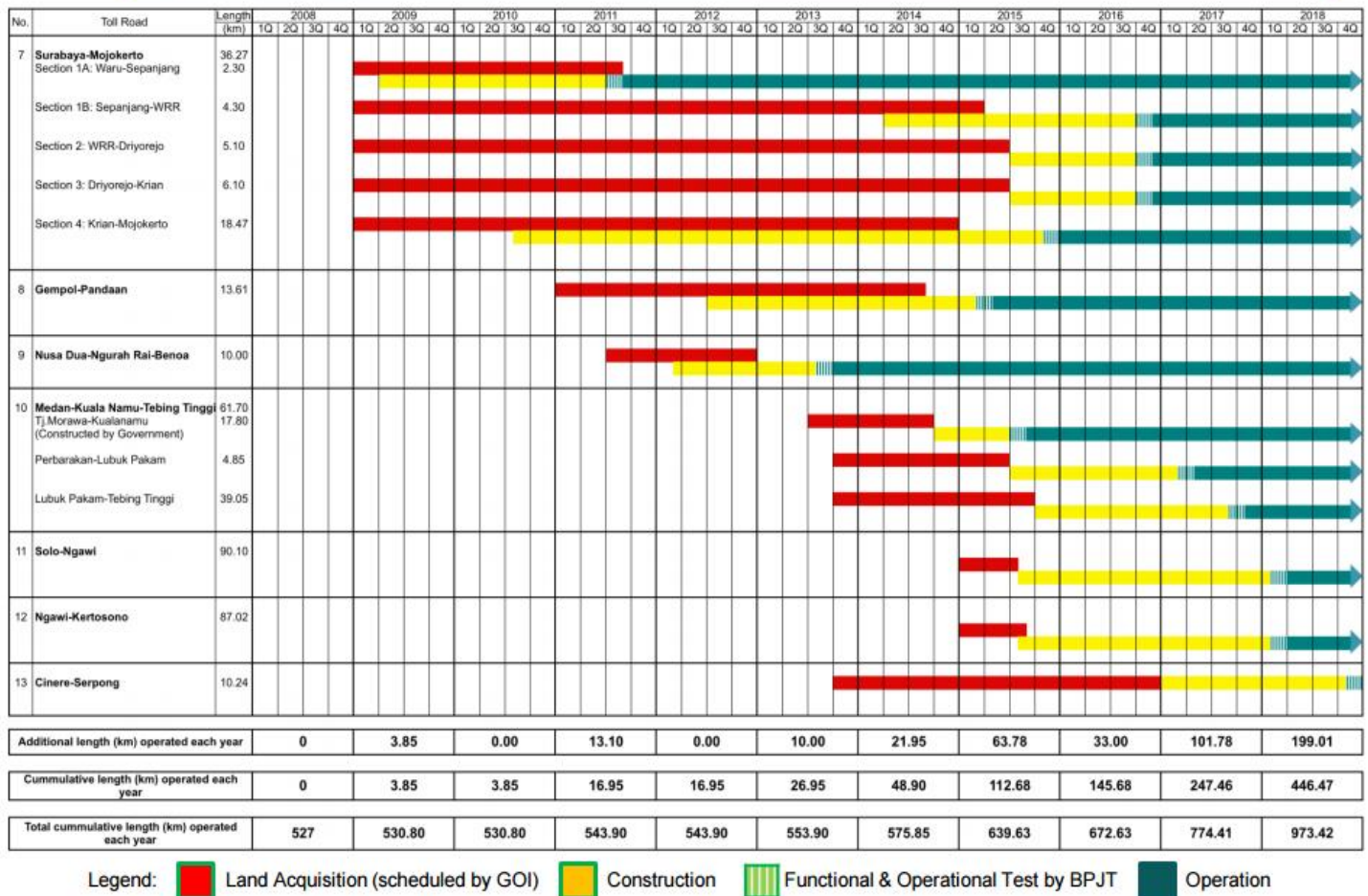


Source: Company Data

Appendix II: Planned New Tolls Timeline B


New Projects Timeline (Continued)

(as of June 2015)



Source: Company Data

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