

## JSMR: Sustainable Growth

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JSMR post Rp2.4tr revenue during 1H11, 12% YoY growth or 49% consensus estimates. Net Profit grew 16% YoY to Rp752bn, reflects 52.9% consensus estimates. NPM improve 1.1%, backed by higher interest income that increase 31% YoY.

JSMR						
QoQ (Rpbn)	2Q11	1Q11	QoQg (%)	Qtr Margin (%)	2Q11	1Q11
Revenue	1,205	1,155	4.4			
GP	806	775	4.1	GPM	66.9	67.1
OP	510	467	9.1	OPM	42.3	40.5
NP	381	371	2.7	NPM	31.6	32.1
YTD YoY (Rpbn)	1H11	1H10	YoYg (%)	YTD Margin (%)	1H11	1H10
Revenue	2,360	2,103	12%			
GP	1,581	1,399	13%	GPM	67.0	66.5
OP	977	813	20%	OPM	41.4	38.6
NP	752	648	16%	NPM	31.9	30.8
Bloomberg Est (Rpbn)	Realization (%)		Margin (%)			
Revenue	4,866		48.5			
OP	2,286		42.7	OPM	47.0	
NP	1,422		52.9	NPM	29.2	

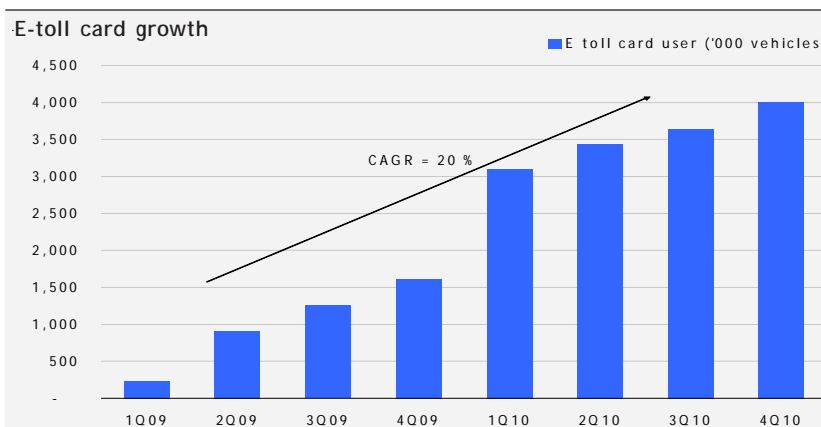
Source: Company, Bloomberg

### Acquire More Toll Road in the Pipeline

The biggest contributor of this growth is JORR, with revenue increase 20% YoY. JSMR also planning to add more toll road projects such as Surabaya-Mojokerto, JORR W2 North, the extension of BORR, and the Bali toll road to support growth as they see the traffic to and from big cities is having rapid growing.

### Reducing Cost

JSMR apply a good cost management as the operating profit margin increase 2.8% YoY to 41%, supported by the application of e-toll card for payment and the implementation automatic card machine for its most of closed traffic system. JSMR committed not to recruit more labor as the labor becomes the major cost for this business. Hence they will allocate the excess labor to the new toll road along with the finished toll road projects.



Source: Company, TRIM Research

### Price Increase After Lebaran

There will be no worry as the revenue is 49% of consensus estimates in FY11 as they will increase the tariff after the Lebaran holiday. The tariff increase will be about 11% in the most JSMR toll road. Without tariff increase, annualize, there will be Rp4.6tr revenue. Hence with the tariff increase, there will be additional Rp86bn revenue, which is 13% upside potential of consensus estimates, without considering holiday effect. With the holiday effect that usually lower the traffic, we expect to get 9.0% top line upside potential from consensus estimates.

### Valuation

JSMR currently traded in 18.8 x Forward PE, higher compared to the peers as CMNP traded at 9.4 x Forward PE. This premium price is likely to be given to JSMR as the biggest toll road operator in Indonesia. Currently, CMNP operates 2 toll roads (JIUT and Waru-Juanda) and one project waiting for construction, Depok-Antasari project. ELTY, through its subsidiary, PT Bakrie Toll Road is in progress of developing three toll road projects. In contrast, JSMR already operates 11 toll road and at least 4 toll road projects in progress.

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