Trimegah SECURITIES

May 12, 2011

TRIM Notes

JSMR: Solid Growth

JSMR book Rp373bn in net profits; represent 26.2% of consensus estimate. Total revenue reaches Rp1.1tr, posting -4.3% QoQ growth and represent 23% of Rp4.8tr total revenue target on 2011. Strong growth in net profit supported by cost efficiency; as its operating expense grow by -8.5% QoQ.

JSMR post 12% YoY traffic growth, with the strongest growth shown in several section: Jagorawi (38% YoY), Jakarta Inner Ring Road (21% YoY), and Semarang (19% YoY).

This company also more efficient in operational cost since its operating expenses increases 6.5% while revenue increases 14%.

On 2011, JSMR capex plans reach Rp6tr with Rp744bn equity injection to its subsidiaries for building 8 tolls section; Rp39bn on Bogor Ring Road, Rp35bn on Pasuruan-Gempol, Rp270bn on Semarang-Solo, Rp32bn on Cengkareng Kunciran, Rp21bn on Kunciran Serpong, Rp148bn on Surabaya-Mojokerto, Rp49bn on JORR W2-North, and Rp150bn on others. The capital injection is needed to get bank financing on toll road projects with 70:30 of banks and JSMR portion.

LCA: Still on Track

The Land Clearing Act (LCA) is on discussion session on parliament and expected to be ratified on Jul' 11. SBY also instructed the implementation regulation to be ratified along with the LCA to fasten the new act implementation.

New Accounting Standard: Downside on Earnings

New accounting standard will be implemented on Dec' 12; requires JSMR to record all of its overlay expense on 1yr period vs. 3yrs of amortization on current accounting standard. On 1Q11, the amortization cost reaches Rp38bn and might increase significantly if the new standards being implemented. JSMR is on negotiation process with Indonesian Accounting Board on this matter.

Brief Updates on Toll Projects

- **Bali Toll Road**

  JSMR is on bidding process 11km of Bali Toll Road project. JSMR will own 60% of the project and cooperates with ADHI, WIKA, Angkasa Pura, and PT Pengembangan Pariwisata Bali.

- **Semarang-Solo Toll Road**

  Despite its recent landslide, management believes Semarang-Ungaran project still in the budget corridor of Rp1.6tr. 1st section is on feasibility study and scheduled to operate on 2Q11. The 2nd section, Ungaran-Bawean, 11.8km long toll road, land acquisition progress has reach 92%.

- **Surabaya-Mojokerto Toll Road**

  Section 1A, Waru-Sepanjang, has completed the land acquisition process and will start the development phase.

Michele Gabriela
Analyst
michele.gabriela@trimegah.com

Valuation

JSMR closed at Rp3475/shr, 16.5x 2011est PE vs. of 15.35x 2011est PE of JCI. The consensus FY2011 of JSMR is Rp4183 per share, reflects 20x PE.

Jasa Marga (JSMR)

QoQ (Rpbn)	1Q11	4Q10	QoQg (%)	Ratio Analysis	1Q11	4Q10
Revenue	1,118	1,168	(4.3)			
GP	602	658	(8.5)	GPM	53.8	56.3
OP	467	417	12.1	OPM	41.8	35.7
NP	373	233	60.0	NPM	33.3	19.9
YTD YoY (Rpbn)	**1Q11**	**1Q10**	**YoYg (%)**	**YTD Margin (%)**	**1Q11**	**1Q10**
Revenue	1,118	1,011	10.6			
GP	602	511	17.8	GPM	53.8	50.5
OP	467	379	23.3	OPM	41.8	37.5
NP	373	303	22.9	NPM	33.3	30.0
Bloomberg Est (Rpbn)			**Realization (%)**	**Margin**	**(%)**	
Revenue	4,854		23.0			
OP	2,283		20.5	OPM	47.0	
NP	1,423		26.2	NPM	29.3	

Source: Company, Bloomberg

PT Trimegah Securities Tbk
18th Fl, Artha Graha Building
Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190, INDONESIA
Tel : (6221) 2924-9088 Fax : (6221) 2924-9163