

Jasa Marga (JSMR IJ)

Riding on the traffic uptrend

Fast recovery pace - expect FY22F toll revenue to exceed FY19's

Throughout 2021, toll revenue of JSMR seemed better than 2020. Starting August-21, after the government relaxed the PPKM, toll revenue directly picking up. As such, the company seen higher than normal toll revenue from week 36 (around second week of September-21) until now. Noting that, in mid Oct-21 toward the end of year, JSMR toll revenue always higher than 10% from the normal base. As we expect COVID-19 situation is more under control in 2022F, and mobilization to improve, toll revenue of JSMR in FY22F to soar to IDR12.6tn. Actually, in FY21F we also projected stand alone toll revenue to be flattish compare to FY19 numbers. Nevertheless, we are aware of the possibility of lower mobilization if omicron variant cases rise and reach its peak in March-22, in which may lead to tighter restriction. This can be the downside of our toll revenue target in FY22F.

Potential interest rate hike in FY22F; short-term impact may exist

In Jan-22, Bank Indonesia maintained its key policy rate at 3.5%. However, the current fear around how fast Fed's plan to increase its interest rate this year has spooked investors for interest-sensitive stocks like JSMR. We have studied the correlation between Indonesia-10 year government bond yield and JSMR share prices using data from March 2008 to Dec 2021, and we found a moderate negative correlation of 0.68 between both variables.

No longer in major capex cycle; deleveraging is on-going

Aggressive capex to acquire new concession rights and develop new toll roads starting in 2016 until 2020 stretched JSMR's DER (Interest Bearing Debt to Equity Ratio) from 1.8x to 3.3x. Moreover, the pressure on its operating business also can be captured given the RoCE (Return on Capital Employed) that trended down from 9.3% in FY16 to only around 2.1% in FY20. However, we expect major capex period of JSMR has been through. We see going forward the capex will remain high compare to the period before FY15, but the amount will way lower compare to FY16-19 period (average 4-year capex of IDR14.5tn). We project the company to disburse capex of IDR7.5tn in FY22F. Additionally, We view the company's DER to remain above 3x in FY22F, yet the trend is no longer up.

Re-initiate Buy recommendation with TP of IDR4,090/share

On the back of recovery in mobilization, on-schedule tariff adjustment as well as expansion in operating toll road, we expect JSMR to post +12.2% and +11.4% CAGR over FY22-24F of net revenue and EBITDA. We re-initiate coverage of Jasa Marga (JSMR) with a BUY recommendation. Our TP of IDR4,900/share (+38.8% upside potential), implies 11.7x EVEBITDA; derived using DCF-valuation method with 8.2% WACC assumption and no terminal value (until all concession finish). Currently the stock trades at 10.7x 2022F EVEBITDA, or between its 5-year mean and -1stdev. Key risks to our call include 1) Stricter social restriction which lead to a lower mobilization and 2) Lower-than-expected tariff adjustment.

| | 2019A | 2020 | 2021F | 2022F | 2023F |
|--------------------|--------|-------|--------|--------|--------|
| Revenue (IDR bn) | 11,079 | 9,629 | 11,129 | 13,637 | 15,465 |
| GP (IDR bn) | 6,445 | 5,355 | 6,399 | 7,910 | 8,970 |
| EBT (IDR bn) | 4,966 | 4,118 | 4,841 | 6,110 | 6,928 |
| NP (IDR bn) | 2,207 | 501 | 938 | 1,317 | 1,658 |
| Gearing ratio (x) | 2.3 | 3.3 | 3.4 | 3.4 | 3.4 |
| EBITDA (%) | 62.9 | 62.8 | 62.9 | 62.9 | 62.5 |
| NP margin (%) | 19.9 | 5.2 | 8.4 | 9.7 | 10.7 |
| ROE (%) | 11.8 | 2.6 | 4.7 | 6.3 | 7.4 |
| Dividend yield (%) | 1.3 | 1.3 | 0.3 | 0.5 | 0.8 |
| EPS (IDR) | 304 | 69 | 129 | 181 | 228 |
| chg. (% YoY) | 8 | (17) | 18 | 26 | 13 |
| BPS (IDR) | 2,574 | 2,628 | 2,743 | 2,883 | 3,068 |
| DPS (IDR) | 46 | 46 | 10 | 19 | 27 |
| PE (x) | 11.6 | 51.1 | 27.3 | 19.4 | 15.5 |
| PB (x) | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 |
| EVEBITDA (x) | 9.2 | 13.8 | 12.6 | 10.7 | 9.9 |

12M rating **BUY (Re-initiate)**

12M TP **IDR4,900**

Up/downside **38.8%**

Stock Data

| | |
|---------------------------------|-------------|
| JCI (Jan 23) | |
| Stock price (Jan 23, IDR) | 3,530 |
| Market cap (IDR Bn) | 25,620 |
| Shares outstanding (Mn) | 7,257 |
| 52-week high/low (IDR) | 4,740/3,250 |
| 6M avg. daily turnover (IDR Bn) | 18.4 |
| Free float (%) | 30 |

Major shareholders (%)

| | |
|-----------------------|----|
| Republic of Indonesia | 70 |
|-----------------------|----|

Performance

| | 1M | 6M | 12M |
|----------------------|--------|--------|--------|
| Absolute (%) | (7.9) | (2.7) | (24.3) |
| Relative to JCI (%p) | (10.3) | (18.7) | (28.7) |

Stock price trend



Source: Bloomberg

Fahressi Fahalmesta

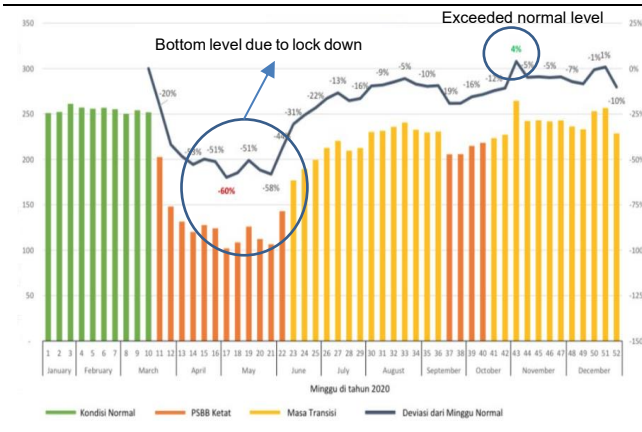
fahressi.f@kisi.co.id

Fast recovery pace; toll revenue in FY22F should exceed FY19's

When COVID-19 pandemic hit Indonesia, JSMR's toll road business was severely impacted due to mobility restrictions, mainly attributed to Indonesian government's effort to curb the number of infected people by implementing large-scale social restrictions. During this period, traffic volume plunged significantly to as low as 40% in April 2020.

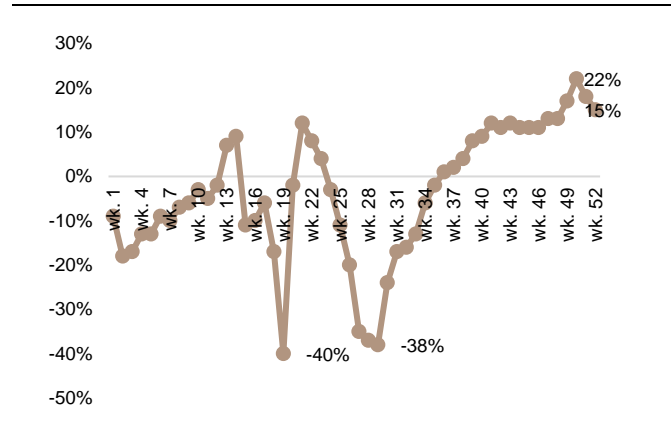
However, from fig 1 on weekly revenue deviation in 2020, we can see that the pace of recovery was relatively quick. During the stricter lockdown period between April-May 2020, JSMR saw its toll revenue hit a 50% level below normal. Meanwhile, in July-August 2020, the deviation narrowed down to only negative 5-16%. Then, in early November 2020, toll revenue exceeded the normal level by 4%.

Fig 1 JSMR toll revenue deviation from normal (2020)



Source: Company, KISI

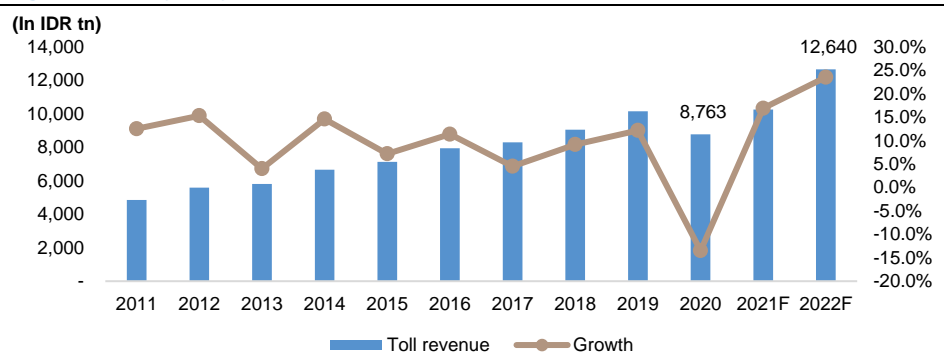
Fig 2 JSMR toll revenue deviation from normal (2021)



Source: Company, KISI

By tracking weekly data throughout 2021, JSMR's toll revenue showed better improvement in average vs. 2020. This is despite two large deviations from normal occurred in May 2021 (at 40% below normal) underpinned by strict restriction of Mudik during Ramadan Festive and at the end of July-21 (at 38% below normal) due to public activity restrictions (PPKM) amid surging delta COVID-19 variants cases. Starting August 2021, government slowly relaxed the activities restrictions and we can see that JSMR's weekly toll revenue directly started to pick up. As such, the company saw higher than normal weekly toll revenue from week 36 (2nd week of September 2021) until now. Note that, from mid-Oct-2021 to end of 2021, JSMR weekly toll revenue was always higher than 10% of the normal base.

Fig 3 JSMR yearly toll revenue



Source: Company, KISI

As such, considering recent improvement in mobilization, we expect JSMR's toll revenue in FY22F to soar to IDR12.6tn (+23.5% YoY). For FY21F, we projected JSMR's standalone toll revenue to be flattish as compared to FY19 numbers. Nevertheless, we are aware of the possibility of lower mobilization considering current rising in covid-19 omicron variant cases, which may lead to tighter activity restriction (a downside risk to our toll revenue target in FY22F)

Aside from the recovering number of traffic volumes, the other source of revenue growth is the bi-annual tariff adjustment. Referring to the company data, after realizing tariff adjustment for 18 toll road sections in 2021, JSMR has 6 of its toll road sections in 2022F scheduled for a tariff increase. We think the company will be able to realize its tariff adjustment plan in 2022 (unlike what happened in 2020).

Fig 4 JSMR tariff adjustment in 2021-2022F

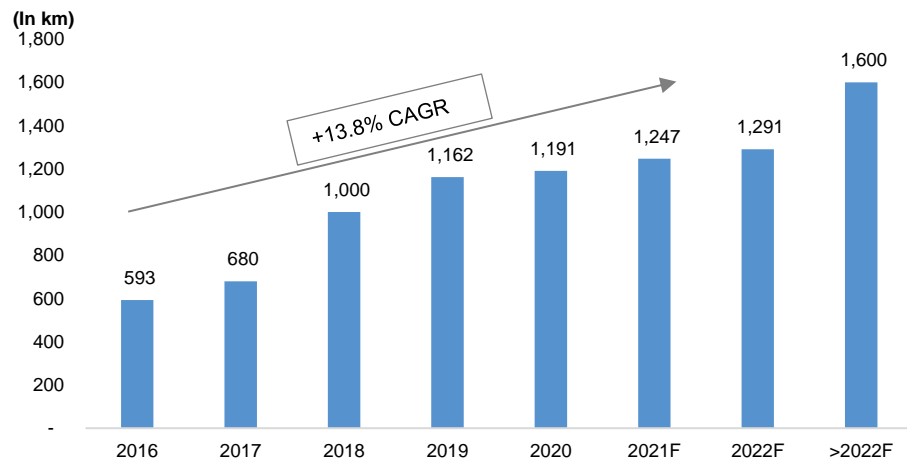
| 2021 | | |
|------|---|-----------|
| No. | Toll Road section | Schedule |
| 1 | Jakarta - Cikampek | 17-Jan-21 |
| 2 | Cipularang - Padaleunyi | 17-Jan-21 |
| 3 | Palimanan - Kanci | 17-Jan-21 |
| 4 | Surabaya - Gempol | 17-Jan-21 |
| 5 | Semarang ABC | 17-Jan-21 |
| 6 | JORR | 17-Jan-21 |
| 7 | Sedyatmo | 29-Apr-21 |
| 8 | Jakarta - Tangerang | 26-Dec-21 |
| 9 | Cikampek Elevated | 17-Jan-21 |
| 10 | Medan - Kualanamu - Tebing Tinggi | 24-May-21 |
| 11 | Solo - Ngawi | 19-Aug-21 |
| 12 | Semarang - Solo | 27-Jun-21 |
| 13 | Semarang - Batang | 19-Aug-21 |
| 14 | Gempol - Pasuruan | 1-Aug-21 |
| 15 | Ngawi - Kertosono | 29-Apr-21 |
| 16 | Bogor Outer Ring Road (BORR) Section 3A | 30-Jan-21 |
| 17 | Cinere - Serpong Section Serpong - Pamulang | 2-Jun-21 |
| 18 | Kunciran - Cengkareng (Start new tariff) | 11-Nov-21 |
| 2022 | | |
| No. | Toll Road section | Schedule |
| 1 | Jagorawi | 2022 |
| 2 | Jakarta Inner-City | 2022 |
| 3 | Kunciran - Serpong | 2022 |
| 4 | Surabaya - Mojokerto | 2022 |
| 5 | Gempol - Pandaan | 2022 |
| 6 | Bali Mandara | 2022 |

Source: Company, KISI

New toll road development to boost future growth

Over FY16-21, JSMR's operating toll roads expanded by 13.8% CAGR to 1,247km, or translate to 77.8% of total concession on hand (1,603km as of Dec-21). The company targets to operate a 44km new toll road this year. As such, by year-end FY22F, JSMR should have 1,291km of toll road online. Those 44km new toll roads include: 1) Jakarta – Cikampek II South (27.85km) 2) JORR2: Cinere – Serpong Section II (3.64km) and 3) Danowudu – Bitung (12.65km).

Fig 5 JSMR operating toll road



Source: Company, KISI

Fig 6 JSMR toll road project plan in 2022F onwards

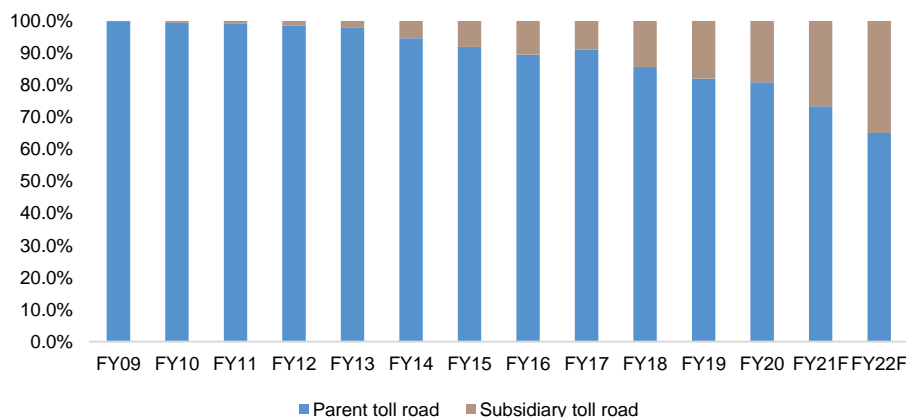
| 2022F | | | >2022F | | |
|-------|---|--------|--------|--|--------|
| No. | Section | Length | No. | Section | Length |
| 1 | Jakarta-Cikampek II South (Section III) | 27.85 | 1 | Bogor Ring Road (Section IIIB) | 1.01 |
| 2 | JORR2: Cinere-Serpong Section II | 3.64 | 2 | Jakarta-Cikampek II South (Section II-III) | 34.15 |
| 3 | Danowudu-Bitung | 12.65 | 3 | Probolinggo-Banyuwangi (Section I-III) | 171.5 |
| | | | 4 | Ngawi-Kertosono (Section V) | 27.9 |
| | | | 5 | Jogja-Bawen | 75.83 |

Source: Company, KISI

In addition, recently, a consortium led by JSMR won the tender for the concession of Gedebage – Tasikmalaya – Cilacap toll road project with a total length of 206.65km and investment value totaling IDR56.2tn. JSMR owns 32.5% interest on the consortium with Daya Mulia Turangga – Gama Group- Jasa Sarana (27.5%), PTPP (10%), WSKT (20%), and WIKA (10%) as the other partners. According to our recent discussion with JSMR, within the next months, this contract agreement will be signed. Therefore, we expect the total concession of JSMR by taking into account the new project will reach 1,809 km.

Since 2011, the revenue contribution of wholly-owned toll road to JSMR's overall toll revenue has been gradually lower (from 99.3% to 73.4%), replaced by subsidiary toll road portion (widened to 26.6%). By owning less than 100%, JSMR managed to diversify its risk and capital requirement to expand its toll road portfolio in operation. This structure helps JSMR's to share operating loss burdens in the early years of new toll road operations due to nonoptimal traffic volumes, while maintaining the profitability of its matured toll roads.

Fig 7 Parent vs. Subsidiary toll road revenue portion

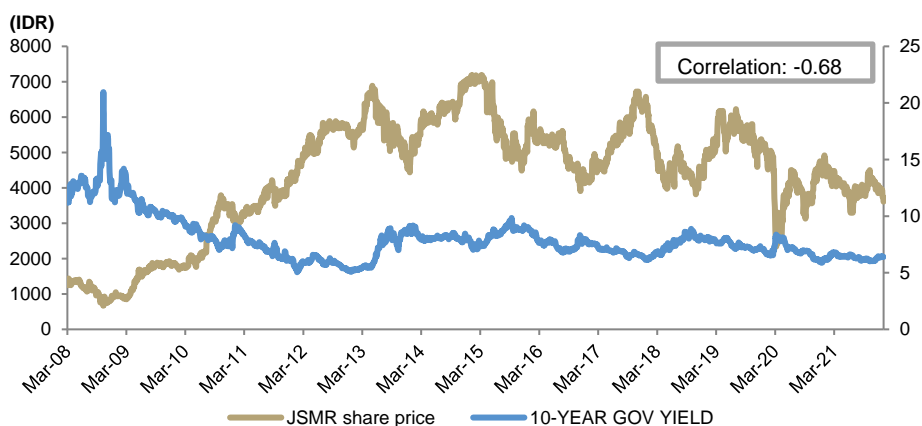


Source: Company, KISI

Potential interest rate hike in 2022F; negatively correlated with share prices

In Jan-22, Bank Indonesia maintained its key policy rate at 3.5%. However, the current fear around how fast Fed's plan to increase its interest rate this year has spooked investors for interest-sensitive stocks like JSMR.

Fig 8 JSMR share prices vs. 10-year Gov. bond yield



Source: Company, KISI

We have studied the correlation between Indonesia-10 year government bond yield and JSMR share prices using data from March 2008 to Dec 2021, and we found a moderate negative correlation of 0.68 between both variables.

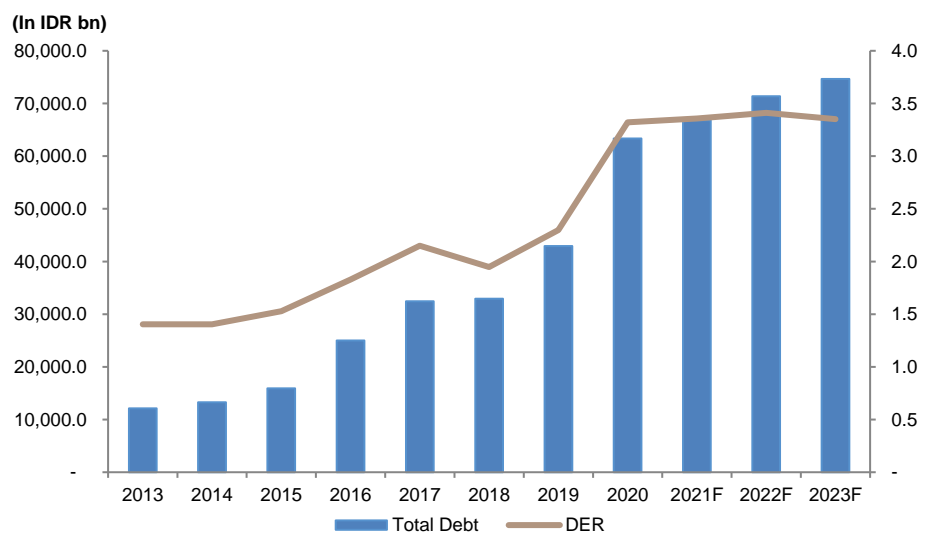
No longer in major capex cycle; deleveraging is on-going

Aggressive capex to acquire new concession rights and develop new toll roads from 2016 to 2020 has stretched JSMR's DER (Interest Bearing Debt to Equity Ratio) from 1.8x to 3.3x. Moreover, the pressure on its operating business also can be captured given the RoCE (Return on Capital Employed) that trended down from 9.3% in FY16 to only around 2.1% in FY20.

After those grueling periods, we expect that the high capex period of JSMR was in the rear mirrors. Going forward, its capex will be much lower as compared to FY16-19 period (with average 4-year capex spending of IDR14.5tn). We project the company to disburse capex of IDR7.5tn in FY22F.

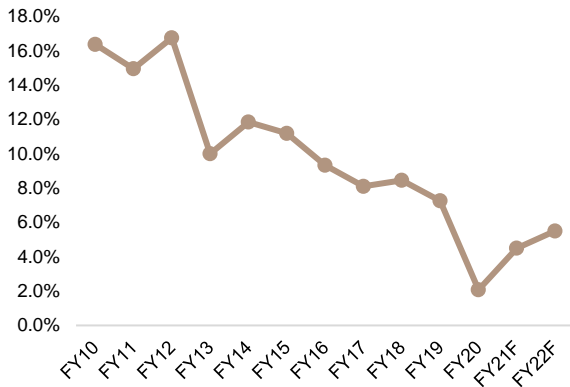
We view the company's DER to remain above 3x in FY22F, but will gradually trend down from FY23F onwards. Note that JSMR still has a divestment plan this year which should accelerate the debt reduction. We have not taken into account potential lower debt from future divestment plans. By and large, we are positive about the company's deleveraging story. With lower leverage in the future, JSMR will start reaping benefits much longer toll road assets.

Fig 9 JSMR Total debt and DER



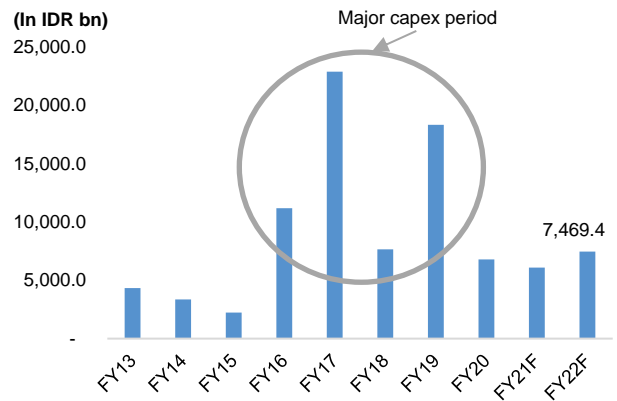
Source: Company, KISI

Fig 10 JSMR RoCE (FY10-22F)



Source: Company, KISI

Fig 11 JSMR Capex

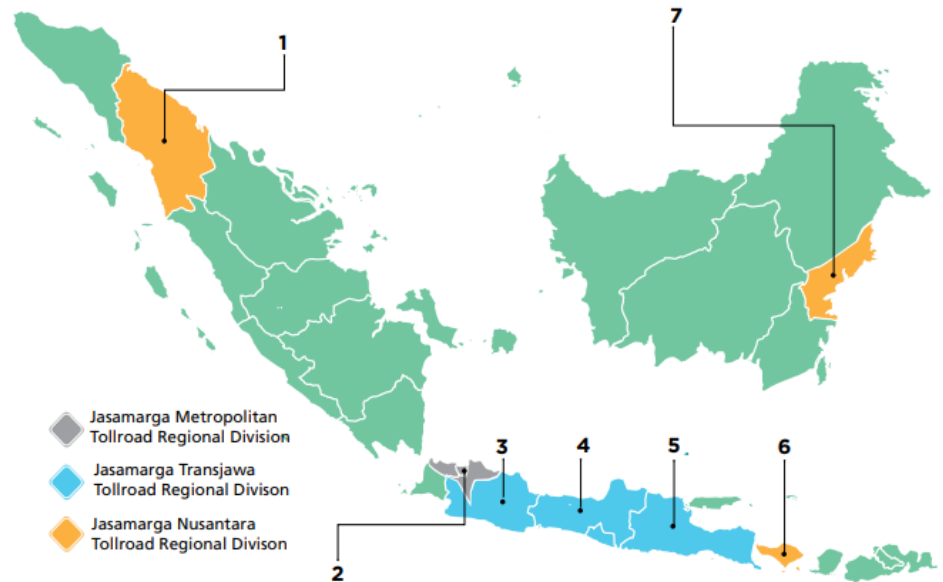


Source: Company, KISI

Spin-off Trans Java toll road is still a priority

JSMR’s plan to spin-off its 13 toll road sections to Trans Java sub-holding through an IPO is still ongoing. The company is waiting for the right time to carry out their plan in order to get an optimal valuation of those 13 toll roads in Trans Java area, which have recently been hampered by covid-19 pandemic. This also presents an alternative way to raise capital and accelerate its deleveraging process.

Fig 12 JSMR operational business areas, the blue one is Trans Java



Source: Company

Fig 13 List of JSMR 13 toll roads to be spin-off

| No. | Sections |
|-----|-----------------------------|
| 1 | Jakarta - Cikampek |
| 2 | Jakarta - Cikampek Elevated |
| 3 | Palikanci |
| 4 | Semarang - Batang |
| 5 | Semarang |
| 6 | Semarang - Solo |
| 7 | Solo - Ngawi |
| 8 | Ngawi - Kertosono |
| 9 | Surabaya - Mojokerto |
| 10 | Surabaya - Gempol |
| 11 | Gempol - Pandaan |
| 12 | Pandaan - Malang |
| 13 | Gempol - Pasuruan |

Source: Company, KISI

Re-instate coverage with Buy recommendation and TP of IDR4,900/sh

In our view, as the biggest Toll Road operator and developer in Indonesia, JSMR is poised to benefit from government ambition to expand toll road networks in Indonesia. Bear in mind that JSMR's toll road assets are relatively feasible with a minimum IRR of 13%.

On the back of a recovery in mobilization, on-schedule tariff adjustment as well as expansion in operating toll road, we expect JSMR to post a 12.2% and an 11.4% CAGR over FY22-24F for its net revenue and EBITDA, respectively. Moreover, we are positive with the company's effort to cultivate financing alternatives amid huge capital requirement to build the toll road.

We re-initiate coverage of Jasa Marga (JSMR) with a BUY recommendation. Our TP of IDR4,900/share (+38.8% upside potential), implies 11.7x FY22F EVEBITDA; derived using DCF-valuation method with 8.2% WACC assumption and no terminal value. Currently, the stock trades at 10.7x 2022F EVEBITDA, or between its 5-year mean and (-)1std dev.

Key investment risk: 1) Stricter social restriction which leads to a lower mobilization and 2) Lower-than-expected tariff adjustment.

Fig 14 JSMR DCF valuation summary

| Summary of DCF-based valuation | | Growth Rate | |
|---|---------------|-------------|--------------|
| WACC | 8.2% | | 0% |
| Sustainable growth rate | 0.0% | 7.8% | 5,939 |
| Total PV cash flow (IDR bn) | 100,448 | 8.0% | 5,409 |
| Cash & cash equivalent (IDR bn) | 5,121 | 8.2% | 4,904 |
| Enterprise value (IDR bn) | 105,569 | 8.4% | 4,422 |
| Total debt (IDR bn) | 69,979 | 8.6% | 3,962 |
| Equity value (IDR bn) | 35,590 | | |
| Numbers of share (bn) | 7 | | |
| Target price per share (IDR) | 4,904 | | |
| Target price per share (IDR) - Rounded | 4,900 | | |

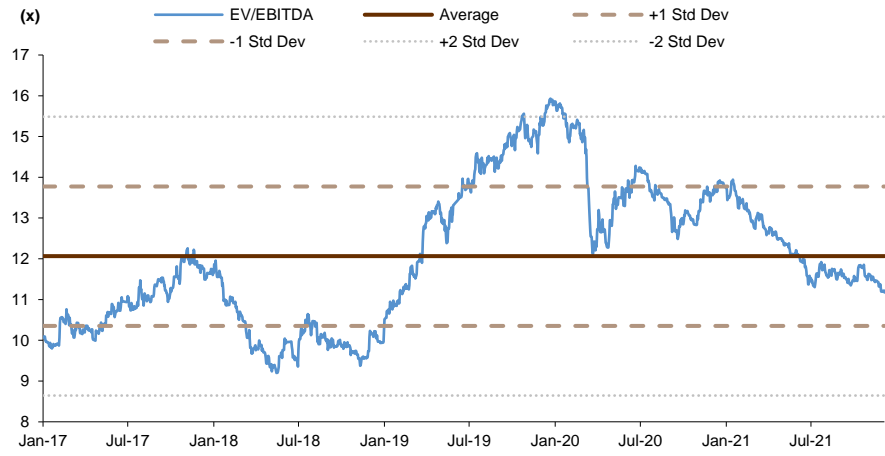
Source: KISI

Fig 15 Peers comparison

| No. | Bbg. Ticker | Market cap (USDm) | 2021F | | | | | | | 2022F | | | | | |
|-----|------------------|-------------------|----------------|-------------|---------------|------------|------------|---------------|----------------|-------------|---------------|------------|-------------|---------------|--|
| | | | EPS growth (%) | PER (x) | EV/EBITDA (x) | PBV (x) | ROE (%) | Dvd yield (%) | EPS growth (%) | PER (x) | EV/EBITDA (x) | PBV (x) | ROE (%) | Dvd yield (%) | |
| 1 | JSMR IJ EQUITY | 1,797 | 87 | 27.3 | 12.6 | 1.3 | 4.7 | 0.3 | 40 | 19.4 | 10.7 | 1.2 | 6.3 | 0.5 | |
| 2 | 600350 CH Equity | 4,054 | 61.7 | 8.2 | N/A | N/A | 9.7 | N/A | (36.3) | 7.0 | N/A | N/A | 10.9 | N/A | |
| 3 | BEM TB EQUITY | 3,751 | (49.1) | 122.7 | 46.0 | 3.3 | 2.5 | 0.6 | (49.1) | 122.7 | 46.0 | 3.3 | 2.5 | 0.6 | |
| 4 | 107 HK EQUITY | 1,828 | 53.8 | 4.9 | 10.0 | 0.3 | 6.2 | 7.2 | 53.8 | 4.9 | 10.0 | 0.3 | 6.2 | 7.2 | |
| 5 | GMRI IN Equity | 3,231 | 38.2 | N/A | 29.9 | N/A | N/A | N/A | (86.6) | N/A | 20.1 | N/A | 34.0 | N/A | |
| 6 | 200429 CH Equity | 2,315 | 94.0 | 6.0 | 4.8 | 1.1 | 19.5 | 11.8 | (30.0) | 6.4 | 5.0 | 1.1 | 17.2 | 10.8 | |
| | | 16,976 | 39.0 | 33.3 | 18.9 | 1.0 | 6.7 | 2.5 | (30.1) | 32.2 | 16.9 | 1.0 | 13.3 | 2.4 | |

Source: Bloomberg, KISI

Fig 16 JSMR 5-year EVEBITDA



Source: Bloomberg, KISI

Company Overview

Jasa Marga (JSMR) was established in 1978 by the Government of Indonesia with the intention to boost economic growth. Its main role is to plan, build, operate and maintain the toll roads. The first segment built was Jakarta-Bogor-Ciawi (Jagorawi) in 1978 with a total length of 46 km and the segment was handed over to JSMR in a form of equity by the government.

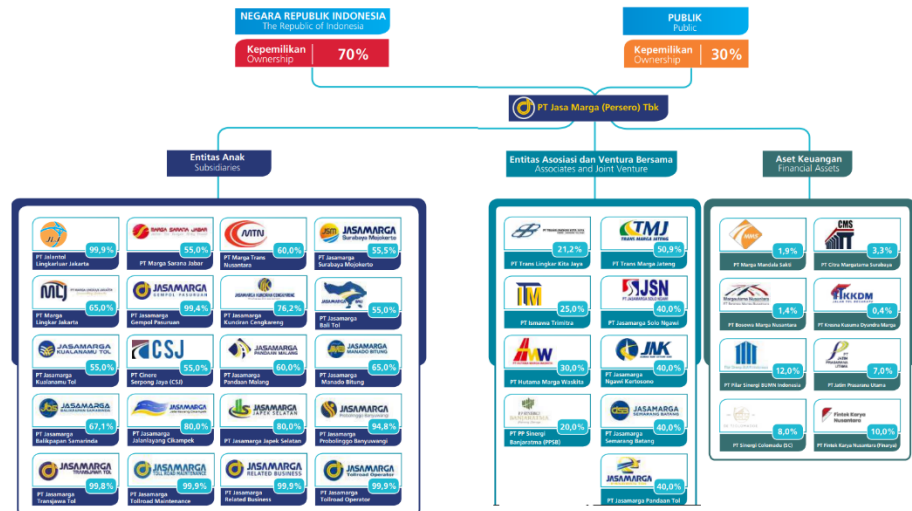
Back in 1990's, JSMR supported private investors who were in a challenging situation. For example, Jakarta Outer Ring Road (JORR) and Cipularang were acquired by JSMR. However, given stipulated regulation in 2005, the company just acted as the developer and operator. Furthermore, the company commenced an IPO in 2007 with the issuance of around 30% of its shares to the public. The proceeds were utilized for its expansion plan. Currently, JSMR operates 1,246 km of toll roads and 1,603 km of concession rights across Indonesia, yet mostly in Java.

Fig 17 JSMR list of toll road and concession

| | Toll Road Segment | Concession Period | Length | JSMR Ownership |
|---|---|---------------------|--------------|----------------|
| | 13 Old Concession | 2044 | 512.1 | 100.0% |
| A. Fully Operate | | | | |
| 1 | Nusa Dua-Ngurah Rai-Benoa | 2057 | 9.7 | 55.0% |
| 2 | JORR W2 North (Part of JORR) | 2044 | 7.7 | 51.0% |
| 3 | Surabaya-Mojokerto (Part of Trans Java) | 2049 | 36.3 | 55.5% |
| 4 | Solo-Ngawi (Part of Trans Java) | 2055 | 91.1 | 43.0% |
| 5 | Semarang-Solo (Part of Trans Java) | 2055 | 72.6 | 50.9% |
| 6 | Gempol-Pasuruan (Part of Trans Java) | 2058 | 34.2 | 99.4% |
| 7 | Batang-Semarang (Part of Trans Java) | 2061 | 75.0 | 43.8% |
| 8 | Medan-Kualanamu-Tebing Tinggi | 2054 | 61.7 | 55.0% |
| 9 | Gempol-Pandaan | 2049 | 13.6 | 40.0% |
| 10 | JORR2 (Kinciran-Serpong) | 2052 | 11.1 | 60.0% |
| 11 | Jakarta-Cikampek II Elevated | 2061 | 36.4 | 80.0% |
| 12 | Pandaan-Malang | 2051 | 38.5 | 60.0% |
| 13 | JORR2 (Cengkareng-Kunciran) | 2052 | 14.2 | 76.2% |
| 14 | Balikpapan-Samarinda | 2055 | 98.9 | 67.2% |
| B. Partially Operate | | | | |
| 15 | Bogor Ring Road | 2054 | 12.0 | 55.0% |
| 16 | Ngawi-Kertosono-Kediri (Part of Trans Java) | 2066 | 114.9 | 45.0% |
| 17 | Manado-Bitung | 2056 | 39.9 | 65.0% |
| 18 | JORR2 (Serpong-Cinere) | 2052 | 10.1 | 55.0% |
| C. land acquisition and construction stage | | | | |
| 19 | Jakarta-Cikampek II South | 35 years since SPMK | 64.0 | 80.0% |
| 20 | Probolinggo-Banyuwangi | 35 years since SPMK | 172.9 | 94.8% |
| 21 | Jogja-Bawen | 40 years since SPMK | 75.8 | 60.0% |
| Total | | | 1,603 | |

Source: Company, KISI

Fig 18 JSMR Corporate Structure



Source: Company

Balance sheet

(IDR bn)

| FY-ending Dec. (IDR bn) | 2019A | 2020A | 2021F | 2022F | 2023F |
|---------------------------------|---------------|----------------|----------------|----------------|----------------|
| Current Assets | | | | | |
| Cash & cash equivalent | 4,733 | 5,421 | 4,109 | 5,121 | 4,980 |
| Accounts & other receivables | 6,270 | 4,418 | 5,255 | 6,440 | 7,303 |
| Inventories | 61 | 138 | 118 | 143 | 162 |
| Others | 548 | 730 | 667 | 808 | 916 |
| Non-current assets | | | | | |
| Fixed assets | 714 | 746 | 809 | 901 | 1,007 |
| Concession rights | 78,620 | 83,443 | 87,316 | 92,221 | 97,540 |
| Other non-current assets | 8,733 | 9,191 | 9,269 | 11,198 | 12,691 |
| Total assets | 99,680 | 104,087 | 107,543 | 116,832 | 124,600 |
| Current liabilities | | | | | |
| Accrued expenses | 22,493 | 3,537 | 3,144 | 3,764 | 4,268 |
| ST debt | 14,797 | 5,691 | 4,668 | 6,555 | 6,485 |
| Others | 4,236 | 5,700 | 5,541 | 6,248 | 7,095 |
| Non-current liabilities | | | | | |
| LT debt & financial liabilities | 28,140 | 57,661 | 62,161 | 64,815 | 68,165 |
| LT accrued expenses | 2,433 | 2,366 | 2,617 | 3,170 | 3,594 |
| Other non-current liabilities | 4,394 | 4,355 | 4,498 | 5,219 | 5,764 |
| Total liabilities | 4,627 | 5,168 | 5,451 | 5,907 | 6,055 |
| Controlling interest | | | | | |
| Capital stock | 3,629 | 3,629 | 3,629 | 3,629 | 3,629 |
| Additional paid-in capital | 3,997 | 3,997 | 3,997 | 3,997 | 3,997 |
| Other Reserves | (707) | (614) | (518) | (676) | (791) |
| Retained earnings | 11,764 | 12,063 | 12,797 | 13,974 | 15,434 |
| Minority interest | 4,503 | 5,701 | 5,008 | 6,137 | 6,959 |
| Shareholders' equity | 23,186 | 24,776 | 24,914 | 27,061 | 29,229 |

Cash flow

(IDR bn)

| FY-ending Dec. | 2019A | 2020A | 2021F | 2022F | 2023F |
|---------------------------|----------------|------------|----------------|--------------|--------------|
| C/F from operating | | | | | |
| Net profit | 2,207 | 501 | 938 | 1,317 | 1,658 |
| Depreciation | 2,002 | 1,933 | 2,157 | 2,472 | 2,743 |
| Net incr. in W/C | 2,210 | (16,469) | (959) | 545 | 781 |
| Others | 1,704 | 2,554 | 3,110 | 3,318 | 3,509 |
| C/F from investing | | | | | |
| CAPEX | (18,334) | (6,788) | (6,093) | (7,469) | (8,168) |
| Others | (217) | 6 | (32) | (1,224) | (944) |
| C/F from financing | | | | | |
| Incr. in equity | - | - | - | - | - |
| Incr. in debts | 9,998 | 20,414 | 3,478 | 4,541 | 3,280 |
| Dividends | (330) | (330) | (75) | (141) | (198) |
| Others | (593) | (1,134) | (3,835) | (2,347) | (2,802) |
| C/F from others | | | | | |
| | - | - | - | - | - |
| Increase in cash | (1,353) | 687 | (1,312) | 1,012 | (141) |

Income statement

(IDR bn)

| FY-ending Dec. (IDR bn) | 2019A | 2020A | 2021F | 2022F | 2023F |
|--|--------------|--------------|--------------|--------------|--------------|
| Sales | 11,079 | 9,629 | 11,129 | 13,637 | 15,465 |
| COGS | 4,634 | 4,275 | 4,730 | 5,728 | 6,495 |
| Gross profit | 6,445 | 5,355 | 6,399 | 7,910 | 8,970 |
| SG&A expense | 1,479 | 1,237 | 1,558 | 1,800 | 2,041 |
| Operating profit | 4,966 | 4,118 | 4,841 | 6,110 | 6,928 |
| Financial income | | | | | |
| Interest income | 1,568 | 513 | 1,283 | 911 | 898 |
| Financial expense | | | | | |
| Interest expense | (2,434) | (3,648) | (4,443) | (4,740) | (5,013) |
| Other non-operating profit | (677) | (164) | (167) | (205) | (232) |
| Gains (Losses) in associates, subsidiaries and JV | (326) | (122) | (120) | (119) | (118) |
| Earnings before tax | 3,098 | 696 | 1,393 | 1,957 | 2,463 |
| Income taxes | (1,024) | (738) | (509) | (714) | (899) |
| Net profit | 2,207 | 501 | 938 | 1,317 | 1,658 |
| Other comprehensive profit | - | - | - | - | - |
| Total comprehensive profit | - | - | - | - | - |
| Total comprehensive profit of controlling interest | - | - | - | - | - |
| EBITDA | 6,968 | 6,050 | 6,998 | 8,581 | 9,672 |

Key financial data

| FY-ending Dec. | 2019A | 2020A | 2021F | 2022F | 2023F |
|------------------------------|--------|--------|--------|--------|--------|
| per share data (IDR) | | | | | |
| EPS | 304 | 69 | 129 | 181 | 228 |
| BPS | 2,574 | 2,628 | 2,743 | 2,883 | 3,068 |
| DPS | 46 | 46 | 10 | 19 | 27 |
| Growth (%) | | | | | |
| Sales growth | 11 | (13) | 16 | 23 | 13 |
| OP growth | 8 | (17) | 18 | 26 | 13 |
| NP growth | 0 | (77) | 87 | 40 | 26 |
| EBITDA growth | 12 | (13) | 16 | 23 | 13 |
| Profitability (%) | | | | | |
| EBITDA margin | 62.9 | 62.8 | 62.9 | 62.9 | 62.5 |
| NP margin | 19.9 | 5.2 | 8.4 | 9.7 | 10.7 |
| ROE | 11.8 | 2.6 | 4.7 | 6.3 | 7.4 |
| Dividend yield | 1.3 | 1.3 | 0.3 | 0.5 | 0.8 |
| Stability | | | | | |
| Net debt (IDR bn) | 42,938 | 63,352 | 66,830 | 71,370 | 74,650 |
| Int.-bearing debt/equity (%) | 2.3 | 3.3 | 3.4 | 3.4 | 3.4 |
| Valuation (X) | | | | | |
| PE | 11.6 | 51.1 | 27.3 | 19.4 | 15.5 |
| PB | 1.4 | 1.3 | 1.3 | 1.2 | 1.2 |
| EV/EBITDA | 9.2 | 13.8 | 12.6 | 10.7 | 9.9 |

Disclaimer

This Research Report ("Report") is prepared by PT Korea Investment and Sekuritas Indonesia, or its subsidiaries or its affiliates ("KISI").

By receiving this Report, you confirm that: (a) you have previously requested KISI to deliver this Report to you and you are legally entitled to receive the Report in accordance with Indonesian prevailing laws and regulations, and (b) you have fully read, understood and agreed to be bound by and comply with the terms of this Report as set out below. Your failure to comply with the terms below may constitute a violation of law.

All the material presented in this Report is under copyright to KISI. This Report is strictly confidential and is for private circulation only to clients of KISI. This Report is being supplied to you strictly on the basis that it will remain confidential and that you will maintain its confidentiality at all times. None of the parts of this material, nor its contents, may be copied, photocopied, or duplicated in any form of by any means or altered in any way, or transmitted to, or distributed to any other party without prior written consent of KISI.

This Report is based on the information obtained by KISI from sources believed to be reliable, however KISI do not make representations as to their accuracy, completeness or correctness. This Report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. KISI accepts no liability for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from the use of the material presented in this Report and further communication given or relied in relation to this document.

This Report is intended for circulation among KISI' clients only and does not consider any specific investment objectives, financial situation and the particular needs of any specific person who may receive this Report. The entire content of this Report is not and cannot not be construed or considered as an offer, recommendation, invitation or solicitation to enter into any transaction (including trading and hedging) relating to the securities, other financial instruments, and other form of investments issued or offered by the company(ies) covered in this Report. It is your own responsibility to: (a) independently evaluate the content of this Report, (b) consider your own individual investment objectives, financial situation and particular needs, and (c) consult your own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this Report.

This report is not to be relied upon in substitution for the exercise of independent judgement. Past performance and analysis should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, valuations, opinions, forecasts, and estimates contained in this report reflects a judgment at its original date of publication by KISI and are subject to change without notice, its accuracy is not guaranteed or it may be incomplete.

The views expressed in this Report reflect the personal views of the individual analyst(s) at KISI about the securities or company(ies) mentioned in the Report and the compensation of the individual analyst(s), is, or will be directly or indirectly related to the performance of KISI' activities. KISI prohibits the individual analyst(s) who prepared this Report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company (including those covered in the Report). However, the individual analyst(s) may receive compensation based on the scope of his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations.

In reviewing this Report, you should be aware that any or all of the above activities of KISI and its officers, directors and employees, among other things, may give rise to real or potential conflicts of interest. KISI and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. KISI may, to the extent permitted by law, act upon or use the information presented herein, or the research or analysis on which they are based, before the material is published.

Please note that the securities of the company(ies) covered in this Report might not be eligible for sale in all jurisdictions or to all categories of investors. The availability of those securities and your eligibility to invest in those securities will be subject to, among others, the prevailing laws of the relevant jurisdiction covering those securities. Furthermore, the value and income of any of the securities covered in this Report can fall as well as rise and an investor (including you) may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred.

PT Korea Investment and Sekuritas Indonesia is Securities Company Member of the Indonesia Stock Exchange, licensed, registered and supervised by the Indonesia Financial Services Authority (Otoritas Jasa Keuangan).

©Copyright 2019, PT Korea Investment and Sekuritas Indonesia