

CONSTRUCTION & TOLL ROAD

NEUTRAL

- While realization of 2010 new contract target was slower than expected, administrative process improvements within inter-related government institutions in 2011 should accelerate tenders in new government-related infrastructure projects.
- We see two catalysts to bolster infrastructure growth in 2011: acceleration on the completion of the 10,000MW phase I & tenders of the 10,000MW phase II coal-fired power plants as well as further development on the Trans Java toll road.
- On the new land acquisition law, the government is one step closer to submit the draft to the parliament, scheduled in 1H11. In our view, the government's ability to impose this new law would play an instrumental role in domestic infrastructure development. We expect WIKA and JSMR to benefit most, given their market leadership positions and proven operating historical track records.

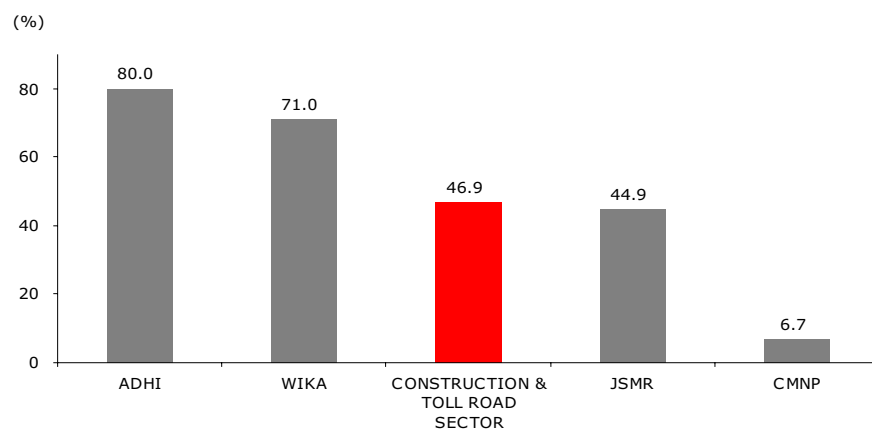
Relative valuations

-----2011F-----											
Code	Rating	CP (IDR)	TP (IDR)	Mkt Cap (USDm)	EV/ EBITDA (X)	EBIT margin (%)	Net Gearing (%)	ROE (%)	P/E (X)	P/BV (X)	Div. yield (%)
JSMR	BUY	3,425	4,500	2,588	10.8	48.4	80.8	16.7	16.4	2.6	3.0
WIKA	BUY	700	820	462	5.7	7.5	nc	17.9	12.0	2.0	2.5
CMNP	HOLD	1,390	1,500	309	5.5	57.0	21.2	14.2	9.2	1.2	3.3
ADHI	HOLD	920	1,000	184	3.8	7.1	63.7	21.4	8.3	1.6	3.6
Sector (market cap wght.)				3,543*	9.3	41.7	64.1	16.9	14.8	2.4	3.0

*Total

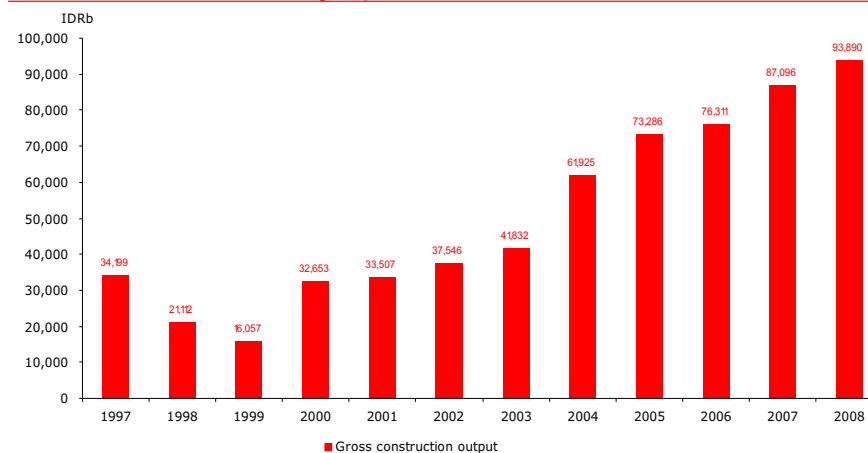
Source: Bloomberg, Bahana estimates

Relative performance ytd to JCI



Source: Bloomberg

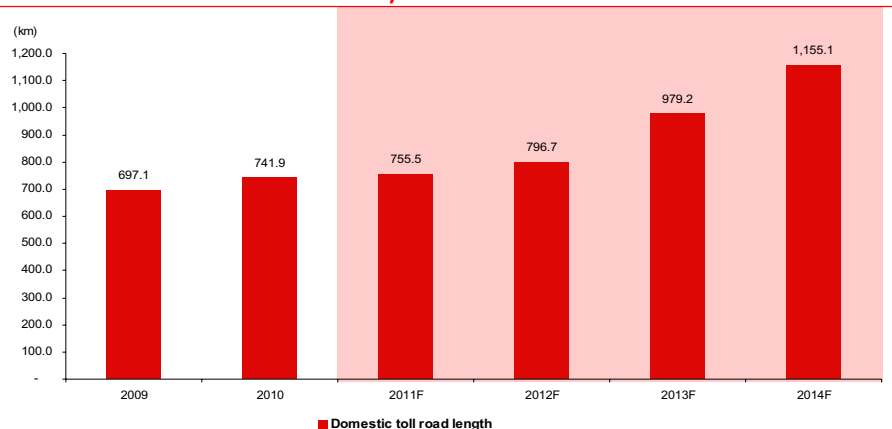
Gross construction output, 1997 - 2008



Source: CEIC

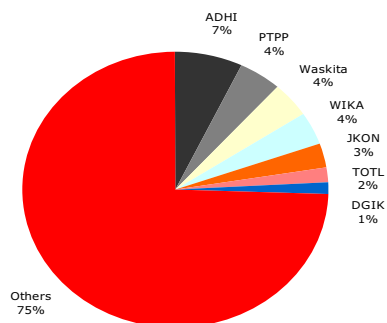
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Domestic toll road estimates, 2009 – 2014F



Source: BPJT, Department of Public works IPU, Bahana estimates

Civil construction market share, 2009



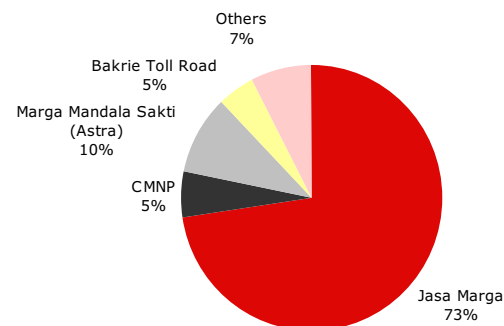
Source: Adhi Karya

Toll road plans

No	Routes	Road length (km)	Investment (IDRb)	Investor	Status
Jasa Marga					
1	Surabaya - Mojokerto	34.1	2,953	PT. Marga Nujuyasomo Agung	LA/Cons.
2	Semarang - Solo	75.7	6,135	PT. Jasa Marga	LA/Cons.
3	BoGOR Ring Road II & III	7.2	1,233	PT. Marga Sarana Jabar	LA
4	JORR W2 North	7.0	1,411	PT. Jasa Marga	DED review/LA
5	Gempol - Pasuruan	33.8	1,800	PT. Jasa Marga	LA
6	Kunciran - Serpong	11.2	1,847	PT. Marga Trans Nusantara	LA, Prep & DED
7	Cengkareng - Kunciran	15.2	1,109	PT. Marga Kuncirang Cengkareng	LA. Prep
Others					
8	Cikampek - Palimanan	116.0	5,906	PT. Lintas Marga Sedaya	LA
9	Pejagan - Pemalang	57.5	3,236	PT. Pejagan Pemalang Toll Road	DED/LA
10	Pemalang - Batang	39.0	2,293	PT. Pemalang Batang Toll Road	DED/LA
11	Semarang - Batang	75.0	3,635	PT. Marga Setiapuritama	DED/LA
12	Solo - Ngawi	69.2	3,217	PT. Solo Ngawi Jaya	PPJT Prep.
13	Ngawi - Kertosono	49.5	2,201	PT. Ngawi Kertosono Jaya	PPJT Prep.
14	Kertosono - Mojokerto	41.7	2,212	PT. Marga Hanurata Intrinsic	LA/Cons.
15	Gempol - Pandaan	13.6	826	PT. Margabumi Adhikarya	LA
16	Pasuruan - Probolinggo	45.3	3,315	PT. Trans - Jawa Paspro Toll Road	LA. Prep
17	Probolinggo - Banyuwangi	156.0	6,700	Regional Government	Tender Prep.
18	Serpong - Cinere	10.1	1,718	Thies - Waskita	No PPJT
19	Depok - Antasari	21.6	2,516	PT. Citra Wassphutowa	LA
20	Bekasi - Kp. Melayu	21.0	6,185	PT. Kresna Kusuma Dyandra Marga	LA
21	Cinere - Jagorawi	14.7	1,867	PT. Trans Lingkar Kita Jaya	LA/Cons.
22	Cimanggis - Cibitung	25.4	3,200	Plus expressway	No PPJT
23	Cibitung - Cilincing	34.5	2,358	MTD - CTP Expressway	DED/LA
24	Ciawi - Sukabumi	54.0	4,924	PT. Trans Jabar Toll Road	LA, Prep & DED
25	Waru - Tg. Perak	17.7	6,491	PT. Margaraya Jawa Toll	LA. Prep
26	Ciranjau - Padalarang	33.0	3,248	PT. Binaburi Nindyacipta Karvatama	Contract default
		1,079	82,534		

Source: BPJT, Department of Public Works (PU), Jasa marga

Toll road market share, 2010



Source: BPJT, Jasa Marga, Bahana estimates