

PARAMITRA RESEARCH COMPANY FOCUS

**PT Citra Marga Nusaphala Persada,
Tbk**Reuters CMNP.JK | Bloomberg CMNP IJ
Indonesia | Infrastructure | Toll Road**Buy**

Target Price: IDR 1.700 (+9.09%)

Share Price Performance

52w weak range	1,210.91-1,710.00
Share outstanding (m)	3,345
Market cap (IDR bn)	3,781
Price (Oct 6, 2017)	1,400

Major Shareholders

BP2S SG/BNP Paribas Singapore	76.69%
Public	23.51%
Free float (bn shares)	-

Avg. daily volume (m)	55,469
Beta	0,42

Figure 1:
Share Price Return Performance (YTD)

Source : Reuters

KEY FINANCIALS

FY Dec (IDR bn)	2015	2016	2017F
Revenue	1,523,590	2,310,039	2,376,678
Operating profit	496,593	695,369	764,906
Net profit	453,344	508,516	559,368
EPS (IDR)	165.14	178.25	203.41
BV/Shares (IDR)	1,703	1,517	1605
P/E (x)	14.75	10.04	n/a
PBV (x)	1.67	1.09	0.87
Debt to Equity (x)	0.32	0.43	0.75
ROE (%)	11.30%	10.86%	9.35
ROA (%)	7.34%	6.18%	5.67

Source : Financial Reportt, Paramitra Research

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Paramitra Alfa Sekuritas

3Q17 Review : A Promising Toll Business

CMNP again posted a net profit increase of 8.45% YoY in Q3 of 2017. In general, CMNP revenue decreased 13% YoY. However, based on our search, the decrease in revenue was caused by decreased rental service and rent income revenue in the 3Q of 2017. The main business of the company, the toll road still recorded a positive growth during the 3rd quarter of 1.78% YoY.

JIUT Toll Revenue Flow Increase

According to our analysis, for the last five years since 2012 CMNP has been able to increase its cash flow from JIUT Toll for 5.09% annually. For the 3Q of 2017 CMNP was able to increase the cash flow of revenue by 0.46% YoY. We are still confident with the prospect of Toll Road business with the potential increase in the number of vehicle streams explaining the Christmas and New Year holidays at the end of 2017. Our forecast, CMNP at the end of the year can increase revenue from JIUT toll by 2% YoY, which is Rp1.115 million.

The Main Player of the Juanda Airport toll Road Business!

CMNP's position through its subsidiary PT Citra Margatama Surabaya (CMS) as the sole provider of toll roads for access to Juanda Airport becomes a key point of the CMNP business in the future! We see the potential of Surabaya as one of the largest cities in Indonesia will become a rival business city of Jakarta, which will affect the current flow of CMNP's revenue for the foreseeable future.

CMNP through CMS since 2012 is able to generate consistent revenue growth of 11.20% annually! For the 3Q of 2017, CMNP was able to increase its profit by 13.5% or Rp103,409 million. For the year 2017, we predict CMNP can achieve revenue from Toll Waru-Juanda by 4% YoY, or IDR 130.348 million. We are still very confident with CMNP's two core businesses with a very bright prospect!

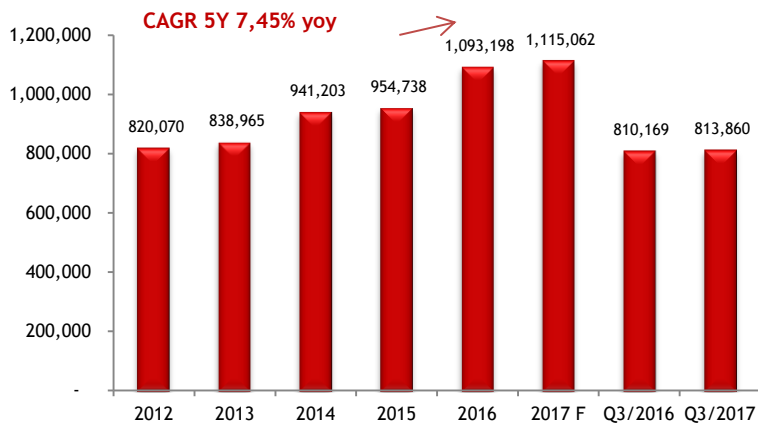
Soft Catalysts from The Effect of Applying 100% Non-Cash Payments

The Government officially stopped the cash payment at all Indonesian toll gates and required toll road users to use electronic money in every toll gate transaction. With this enforcement, CMNP gets a positive catalyst because the non-cash system tends to be more accountable with less potential for fraud. In addition, the burden on employees will be reduced because it no longer puts people at the toll gate (although the company promised not to lay off employees). Looking at 3Q 2017 financial statements, the effect of implementing the non-cash system resulted in a decrease in salaries and employee benefits by 6.2% yoy.

Recommendation : BUY rating and TP of IDR1,700

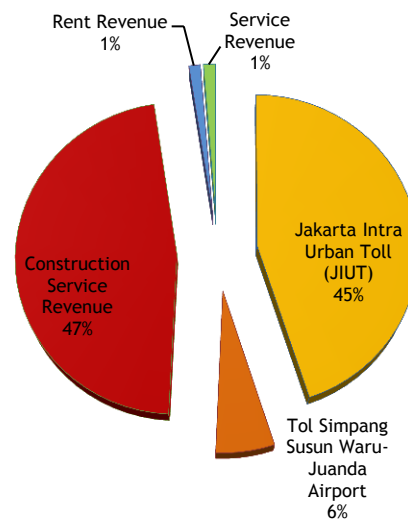
We recommend a long-term target rating with a first target of IDR1,700 by Book Value (BV) and Margin of Safety (MoS) considering Earning Per Share (EPS), P / E Ratio, BI 7 Day Repo Rate, and the AAA Bond coupon, with the second target at IDR4,000 using the DCF ratio. Comparing with Jasa Marga (P / E 20x) and META (P / E 8.78), CMNP is valued at P / E Ratio of 9.77x with sectoral P / E of 10.36x. PBV CMNP (0.90), JSRM, (2.28) and META (0.76). on this basis, we recommend BUY for CMNP.

Toll Revenue from Jakarta Intra Urban Toll (JIUT) from 2012 - 2017F :



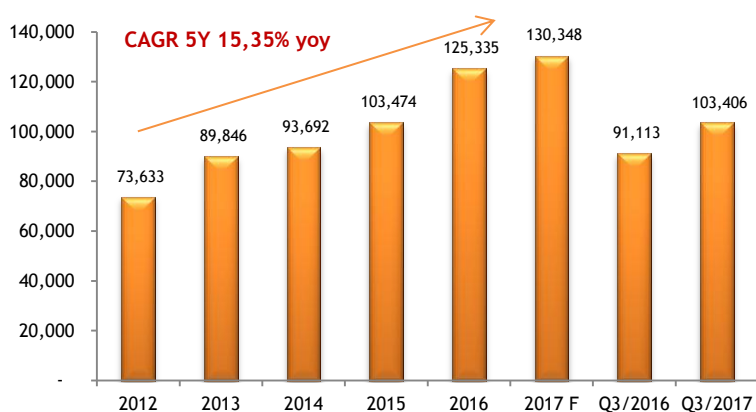
Source : Financial Report, Paramitra Research

REVENUE CONTRIBUTOR Q3/2017



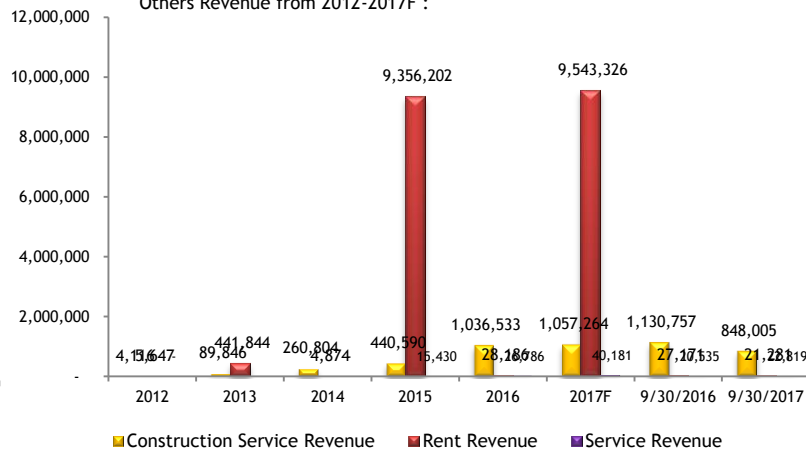
Source : Financial Report, Paramitra Research

Toll Revenue from Toll Simoang Susun Waru-Juanda from 2012 - 2017F :



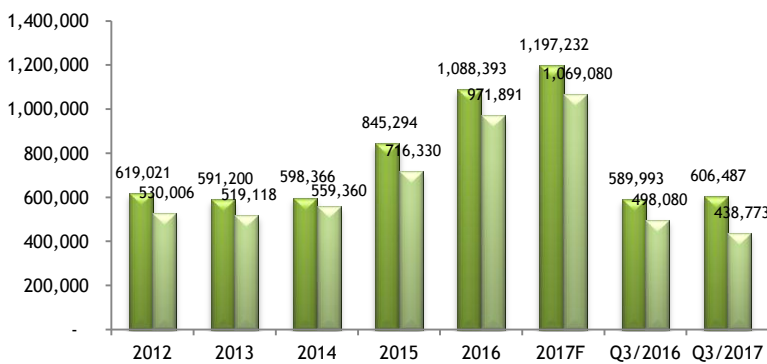
Source : Financial Report, Paramitra Research

Others Revenue from 2012-2017F :

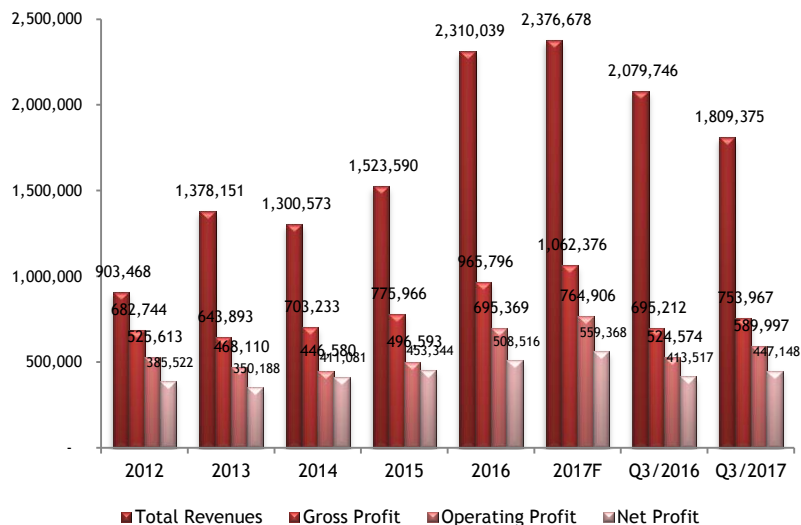


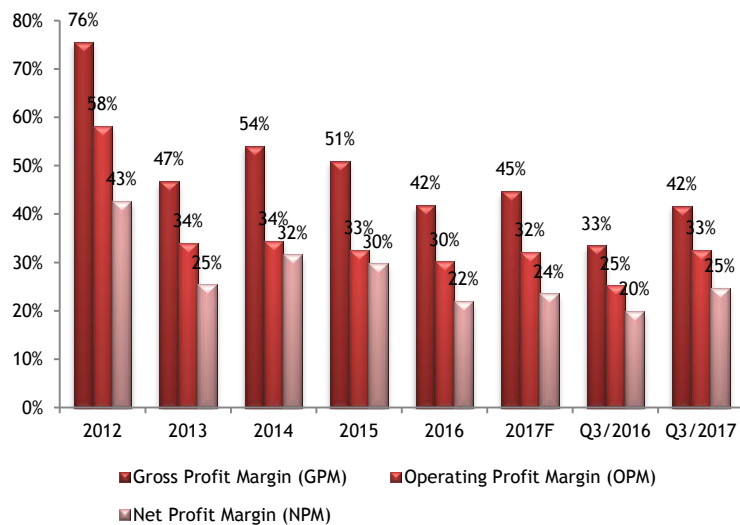
Source : Financial Report, Paramitra Research

Cash Flow Operation Statement 2012-2017F :

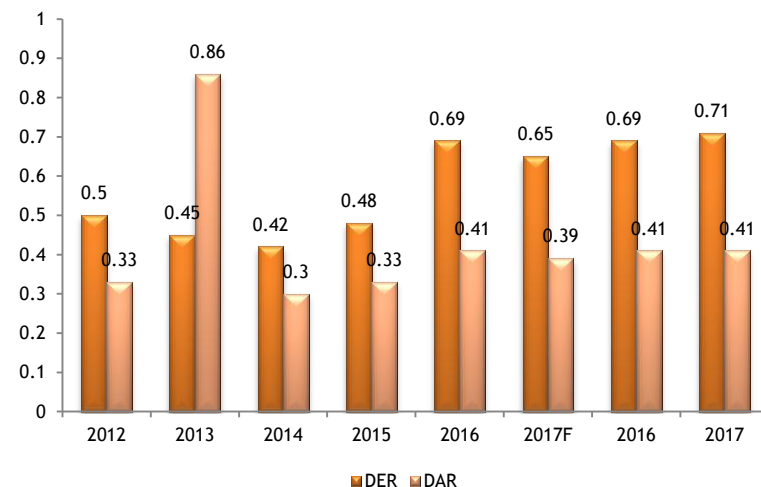


Source : Financial Report, Paramitra Research





Source : Financial Report, Paramitra Research



Source : Financial Report, Paramitra Research

Figure 2. 3Q17 Earnings Review

(IDR bio)	Q3/2016	Q3/2017	YoY(%)	2017 F	Achievement
Revenues	665	690	4%	2,376	29%
Cost of Revenues	-408	-341	-16%		
Gross Income	257	349	36%	998	35%
General and administrative expenses	-63	-65	3%		
Income from Operations	194	284	46%		
Finance income/cost - other	-13	0	-100%		
Income before Income Tax	181	284	57%	734	39%
Income Tax Expense - Net	-39	-64	64%		
Net Income	142	220	55%	551	40%

Source : Financial Report, Paramitra Research

Review of Project :

According to several sources of information we have obtained, the Depok-Antasari toll road project in TB Simatupang area which is the link of South Jakarta and Depok city along 12 kilometers is targeted to be completed by 2018. Currently, the section connecting Antasari to Brigif or Cinere along 6.6 km has been completed 95% for land acquisition. With land acquisition, section I of Antasari - Depok toll road is targeted to operate in October 2017.

Although there are some obstacles related to land acquisition, through the Head of Operations and Business Control CMNP said this year should be completed.

We maintain our rating with the potential for future cash flows to the company with a buy rating.



PT. CITRA MARGA NUSAPHALA PERSADA Tbk (CMNP) [CMNP IJ/BUY/TP 1,700]

Balance Sheet (Summarized)

(IDR bio)	2015	2016	2017F	2018 F
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	1,788	1,690	1,791	1,934
Trade receivables	83	69	85	90
Other receivables	5	674	560	660
Other current assets	102	186	200	250
TOTAL CURRENT ASSETS	1,978	2,619	2,636	2,934
NON-CURRENT ASSETS				
Investments in associates - net	116	114	120	130
Toll road concession rights - net	3,055	4,075	5,501	7,426
Fixed assets - net	207	158	320	440
Investment properties - net	665	693	700	720
Deferred charges	3	3	3	3
Other non-current assets	164	277	416	614
TOTAL NON-CURRENT ASSETS	4,209	5,319	7,060	9,333
TOTAL ASSETS	6,187	7,938	9,696	12,267
CURRENT LIABILITIES	2015	2016	2017 F	2018 F
Accrued expenses	399	396	401	426
Trade payables	29	44	37	40
Taxes payable	21	61	41	51
Current maturities: of long-term debts	12	21	17	21
Other	226	388	582	715
TOTAL CURRENT LIABILITIES	687	910	1,077	1,253
NON-CURRENT LIABILITIES				
Long-term debts - net of current maturities:	1,282	1,940	2,716	3,530
Deferred tax liabilities	36	24	60	120
Other	10	381	196	288
TOTAL NON-CURRENT LIABILITIES	1,328	2,345	2,972	3,938
TOTAL LIABILITIES	2,015	3,255	4,048	5,191
EQUITY				
Share capital - par value	1,375.0	1,375.0	1,375.0	1,375.0
Additional paid-in capital Retained earnings	1,399.0	1,399.0	1,399.0	1,399.0
Appropriated	1,247.0	1,740.0	2,436	3,410
Non-controlling interests	152.0	170.0	161.0	165.0
TOTAL EQUITY	4,173.0	4,684.0	5,371.0	6,349.0

Source : Financial Report, Paramitra Research

Income Statement (Summarized)

(IDR bio)	2015	2016	2017F	2018 F
Revenues	1,524	2,310	2,376	2,447
Cost of Revenues	(747)	(1,344)	(1,378)	(1,419)
Gross Income	777	966	998	1,028
General and administrative expenses	(280)	(270)	(289)	(298)
Income from Operations	497	696	709	730
Finance income/cost - other	73	(24)	25	25
Income before Income Tax	570	672	734	755
Income Tax Expense - Net	(116)	(164)	(183)	(188)
Net Income	454	508	551	567

Cash Flow Statement (Summarized)

(IDR bio)	2015	2016	2017F	2018 F
Net Cash Provided by	716	972	1,312	1,771
Net Cash Used in Investing Activities	(884)	(2,025)	(1,455)	(1,455)
Net Cash Provided by (Used in) Financing Activities	(69)	957	444	444
NET DECREASE	(237)	(96)	302	761
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,024	1,788	1,906	1,847
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,787	1,692	2,208	2,608

Key Performance Indicator

(IDR)	2016	2015	2017 F	2018 F
Share Outstanding	2.75 B	2.75 B	2.75 B	2.75 B
EPS (Annual)	178.25	165.14	200.36	206.18
PE Ratio (Annual)	10.04	14.75	7.83	8.78
Price to Sales (Annual)	2.13	4.4	2.13	2.89
Return on Assets (Annual)	6.18%	7.34%	6.68%	7.62%
Return on Equity (Annual)	10.86%	11.30%	9.35%	8.66%
Return on Capital Employed (Annual)	11.10%	9.68%	10%	11.12%
Interest Coverage (Annual)	6.64	5.99	4.31	4.24

Source : Financial Report, Paramitra Research

Disclosures:

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Ratings guide:

Buy	: Relative Performance of 15% or Greater
Trading Buy	: Relative Performance of 10% Greater, but with volatility
Hold	: Relative Performance -10% and 10%
Sell	: Relative Performance of -10%

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