

PT Jakarta Lingkar Baratsatu

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CREDIT PROFILE		FINANCIAL HIGHLIGHTS				
		As of/for the year ended	Mar-2018	Dec-2017	Dec-2016	Dec-2015
			(Unaudited)	(Audited)	(Audited)	(Audited)
Corporate Rating	<i>idA+/Stable</i>	Total Adjusted Assets [IDR Bn]	2,564.3	2,572.7	2,613.7	2,568.5
Rated Issues		Total Adjusted Debt [IDR Bn]	1,184.4	1,240.4	1,442.1	1,532.6
<i>Proposed bond</i>	<i>idA+</i>	Total Adjusted Equity [IDR Bn]	1,225.6	1,186.9	1,039.3	1,013.3
Rating Period		Total Sales [IDR Bn]	^109.9	^432.9	^387.7	338.0
<i>June 7, 2018 – June 1, 2019</i>		EBITDA [IDR Bn]	91.8	366.3	323.8	279.0
Rating History		Net Income after MI [IDR Bn]	39.0	147.7	52.3	67.2
-		EBITDA Margin [%]	^83.6	^84.6	^84.8	82.5
		Adjusted Debt/EBITDA [X]	*3.2	3.4	4.4	5.5
		Adjusted Debt/Adjusted Equity [X]	1.0	1.0	1.4	1.5
		FFO/Adjusted Debt [%]	*17.4	15.4	9.9	7.1
		EBITDA/IFCCI [X]	2.8	2.4	1.8	1.5
		USD Exchange Rate [IDR/USD]	13,756	13,548	13,436	13,795

FFO = EBITDA – IFCCI + Interest Income – Current Tax Expense
EBITDA = Operating Profit + Depreciation Expense + Amortization Expense
IFCCI = Gross Interest Expense + Other Financial Charges + Capitalized Interest; (FX Loss not included)
*MI= Minority Interest ^ Not including construction revenue * Annualized*
The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

PEFINDO assigns "idA+" ratings to PT Jakarta Lingkar Baratsatu and proposed bond

PEFINDO has assigned its "idA+" ratings to PT Jakarta Lingkar Baratsatu (JLB1) and its proposed bond of a maximum IDR1.3 trillion. The proceeds from the bond will be used to refinance its existing bank loans and for general purposes. The outlook for the corporate rating is "stable".

An obligor rated idA has a strong capacity to meet its long-term financial commitments relative to that of other Indonesian obligors. However, the obligor is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than higher-rated obligors.

The plus (+) sign indicates that the rating is relatively strong within the respective rating category.

The rating reflects JLB1's steady toll revenue growth, solid profitability indicators, and strong operating cash flow supported by low capital spending. The rating is constrained by its relatively high financial leverage and exposure to traffic risk.

The stable outlook reflects JLB1's stable performance, on account of steadily increasing traffic volume and regular tariff adjustments every two years. The rating could be raised if it significantly exceeds revenue and/or EBITDA projections, while reducing debt, improving its capital structure to a debt to EBITDA ratio of less than 2.0x. The rating could be lowered if there is significant reduction in traffic volume from the current daily average of more than 100,000 vehicles and/or if it incurs additional debt, making its capital structure substantially more aggressive. The rating could also be under pressure if it pays an excessive dividend payment to its shareholders, thereby limiting the scope of deleveraging.

JLB1 was established in 1995 and started operating the 9.7-kilometer JORR-W1 (Kebun Jeruk-Penjarangan) toll road in February 2010. The concession period will expire on February 2, 2042. As of March 31, 2018, its shareholders were PT Bangun Tjipta Sarana (55.7%), PT Marga Utama Nusantara (25.0%), PT Jasa Marga (Persero) Tbk (19.1%), and PT Reka Daya Adicipta (0.2%).

Supporting factors for the above rating are:

- **Steady toll revenue growth.** We are of the view that JLB1 has steady toll revenue growth, on account of steadily increasing traffic volume and regular tariff adjustments every two years. Its toll revenue grew with a compound annual growth rate (CAGR) of 20.3% in 2012-2017. We expect its revenue to grow, driven by increasing traffic volume on the back of the rising population and car ownership, and the regular tariff adjustment once every two years, subject to the fulfillment of minimum service standards. A new tariff is expected to be imposed in 2018. The toll road connects the crowded residential areas in south Jakarta via JORR-W2 and Tangerang to northwest Jakarta as well as the country's main airport, Soekarno-Hatta International Airport, via Sedyatmo. We view the competition with alternative free roads and future public transportation systems (MRT and LRT) as minimal. In 2017, its average daily traffic volume reached 117,559 vehicles with a CAGR of 16.2% from 2012. In 1Q2018, average daily traffic volume was 120,778 vehicles, 4.4% year-on-year (YoY) growth compared to 1Q2017.
- **Solid profitability indicators.** JLB1 has maintained strong profitability measures, which compare more favorably to its peers. Its EBITDA margin was relatively stable at above 80% in the past five years, owing to its high proportion of type I vehicles (passenger cars and small buses and trucks), which accounted for more than 90% of traffic since 2015, so needing less road maintenance requirements. In the near to medium term, we project the ratio to remain comfortably above 80%, supported by steady toll revenue growth and efficiency efforts, particularly in toll road operations through the modernization of facilities and the use of technology.
- **Strong operating cash flow supported by low capital spending.** We expect JLB1 to generate positive operating cash flow over the near to medium term through a combination of traffic and tariff increases. This is further buoyed by its minimum capital spending requirement as a major capital expenditure program was concluded in 2016. As a result, its cash flow protection measures