

Kawasan Industri Jababeka (KIJA IJ)

Not Rated

Visit To Kendal Industrial Park

Fair Value (Return):	IDR210 (+14%)
Price:	IDR184
Market Cap:	USD244m
Avg Daily Turnover (IDR/USD)	25,883m/1.65m

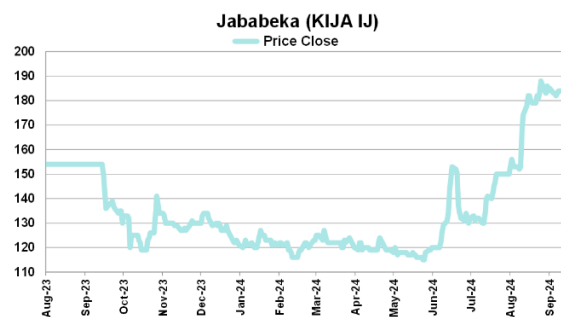
- **FV of IDR210.** Valuing its industrial business only, Kawasan Industri Jababeka currently trades at a 75% discount to NAV, slightly below peers' 45-50% discount to NAV. We visited Kendal Industrial Park (KIP) that has been able to capture the higher demand for industrial estates in Central Java. Our concern lies in KIJA's heavy balance sheet: IDR4.6tn debt as of 1H24 (mainly denominated in USD). Our FV is based on a 50% discount to NAV that only includes its saleable Cikarang and Kendal areas.
- **We had the opportunity to visit KIP,** a special economic zone for industrial development in Central Java, c.27km from Semarang city (about a 30- to 40-minute car ride via toll road) and the nearby Tanjung Emas international seaport. This JV between KIJA (51% stake) and Sembcorp Industries' (SCI SP, NR) subsidiary Sembcorp Development (49%) has brought in >50,000 workers for 58 business entities (39 already in operation, the remainder in the construction phase), and expects more workers as it welcomes an additional 59 companies – bringing the total number of committed business entities to 117.
- **Robust presales from KIP to continue.** 84.6ha of KIP was sold in 1H24 (+23% YoY) and contributed to 92% of KIJA's total presales during the period. Management guided that 90% of Phase 1 (c.1,000ha) has been sold, with the remaining area as well as Phase 2, (1,200ha) being eyed by investors, as indicated by the long waiting list. KIJA also revealed that there is a higher demand from Chinese investors that already makes up to 40% of the current tenancy in KIP. The fashion, auto, and electronics sectors are among the dominant industries occupying the industrial estate. KIJA targets IDR2.5trn of presales to be booked by FY24F (+13% YoY) – mainly driven by KIP.
- **Should be enough resources to develop KIP further.** Phase 2 is currently undergoing preparation (most of the land is still in the acquisition process with the basic infrastructure being constructed). While we believe it can be completed in stages, we estimate that KIJA needs at least IDR1.5trn to acquire and prepare at least 260ha of land to cater to the potential demand over the next two years. This amount should be well covered by its internal cash position as well as support from its JV partner, on top of an estimated current cash position of IDR700-800bn under the JV itself as of 1H24.
- **Risks include** lower-than-expected demand for its land sales, changes in government regulations, higher-than-expected input costs, and other issues that could jeopardise investment decisions.

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Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	37.3	5.8	42.6	50.8	21.1
Relative	34.1	8.6	39.2	47.8	12.1
52-wk Price low/high (IDR)				110 – 197	



Source: Bloomberg

Forecasts and Valuation	Dec-21	Dec-22	Dec-23	6M23	6M24
Total turnover (IDRbn)	2,490	2,747	3,292	1,755	2,378
Operating profit (IDRbn)	585	908	977	495	691
Recurring net profit (IDRbn)	(5)	(64)	306	205	50
Recurring net profit growth (%)	N/A	N/A	N/A	N/A	(75.7)
Recurring P/E (x)	N/A	N/A	12.5		
P/B (x)	0.6	0.6	0.6		
Dividend Yield (%)	0.0	0.0	0.0		
Return on average equity (%)	N/A	N/A	4.5	3.1	0.7
Net debt to equity (%)	49.4	56.1	28.5	45.7	43.5

Source: Company data, RHB

Note:

Small cap stocks are defined as companies with a market capitalisation of less than USD0.5bn.

8 October 2024

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Valuation basis

Target discount to NAV based on peers

Key drivers

- Industrial land sales from Kendal and Cikarang;
- Appreciating IDR against USD

Key risks

- Lower-than-expected land sales;
- Higher than expected input cost;
- Changes in regulations.

Company Profile

Kawasan Industri Jababeka's core business includes the development of industrial estates, supported by infrastructure and city management services. Its flagship project, Kota Jababeka in Cikarang, spans 5,600 hectares and accommodates around 1,650 companies, including major multinationals, with a focus on light, medium, and automotive industries. KIJA has also expanded into residential, commercial, and infrastructure services, including power generation and dry port facilities.

Financial Summary (IDR)	Dec-21	Dec-22	Dec-23	6M23	6M24
Recurring EPS (IDR)	(0)	(3)	15	10	2
DPS (IDR)	0	0	0	0	0
BVPS	306	312	333	334	338
Return on average equity (%)	N/A	N/A	4.5	3.1	0.7

Income Statement (IDRbn)	Dec-21	Dec-22	Dec-23	6M23	6M24
Total turnover	2,490	2,747	3,292	1,755	2,378
Gross profit	1,093	1,427	1,530	782	1,010
EBITDA	746	1,081	1,168	588	790
Depreciation and amortization	(161)	(173)	(190)	(92)	(98)
Operating profit	585	908	977	495	691
Interest income	30	44	164	130	53
Interest expense	(467)	(516)	(386)	(191)	(191)
Pre-tax profit	100	49	567	393	298
Taxation	(13)	(8)	(39)	(12)	(28)
Reported net profit	(5)	(64)	306	205	50
Recurring net profit	(5)	(64)	306	205	50

Cash Flow (IDRbn)	Dec-21	Dec-22	Dec-23	6M23	6M24
Change in working capital	7,319	6,979	7,302	7,302	8,404
Cash flow from operations	335	655	564	439	940
Capex	(62)	(275)	(187)	(85)	(143)
Cash flow from investing activities	(272)	(395)	(394)	(109)	(219)
Dividends paid	0	0	0	0	0
Cash flow from financing activities	(131)	(52)	(399)	(158)	(237)
Cash at beginning of period	1,178	1,111	1,326	1,326	1,095
Net change in cash	(67)	215	(231)	162	493
Ending balance cash	1,111	1,326	1,095	1,488	1,588

Balance Sheet (IDRbn)	Dec-21	Dec-22	Dec-23	6M23	6M24
Total cash and equivalents	1,111	1,326	1,095	1,488	1,588
Tangible fixed assets	1,948	2,062	2,046	2,042	2,029
Total investments	272	265	232	252	232
Total assets	12,292	13,110	12,947	13,167	13,435
Short-term debt	28	704	263	483	358
Total long-term debt	4,230	4,271	2,806	4,179	4,291
Total liabilities	5,920	6,605	6,016	6,218	6,392
Total equity	6,372	6,505	6,931	6,949	7,043
Total liabilities & equity	12,292	13,110	12,947	13,167	13,435

Key Metrics	Dec-21	Dec-22	Dec-23	6M23	6M24
Revenue Growth (%)	3.9	10.3	19.8	54.3	35.5
Recurrent EPS Growth (%)	N/A	N/A	N/A	N/A	(75.7)
Gross margin (%)	43.9	52.0	46.5	44.5	42.5
Operating EBITDA margin (%)	29.9	39.4	35.5	33.5	33.2
Net profit margin (%)	N/A	N/A	9.3	11.7	2.1
Dividend Payout Ratio (%)	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data, RHB

Figure 1: Well developed infrastructure at KIP's Phase 1...



Source: RHB

Figure 2: ...with matured commercial lots



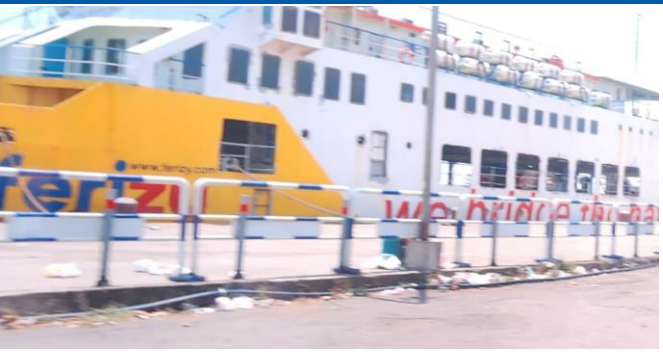
Source: RHB

Figure 3: Access to Phase 2 is currently under construction



Source: RHB

Figure 4: KIP is equipped with its own domestic port, while construction of an international port is expected to commence



Source: RHB

Figure 5: KIP houses the largest producer of anode materials for batteries outside of China



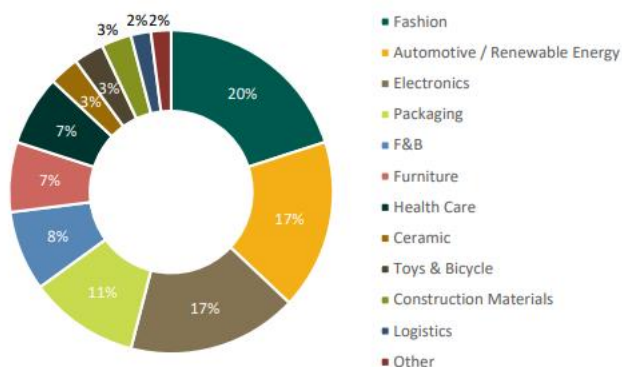
Source: RHB

Figure 6: The land was formerly for pond/fish farm use



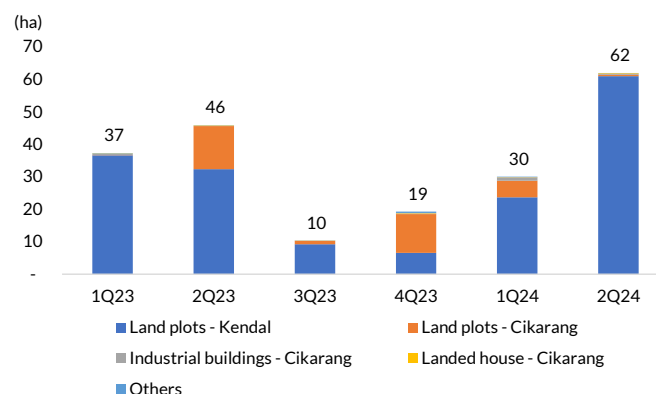
Source: RHB

Figure 7: KIP's tenant breakdown as of 1H24



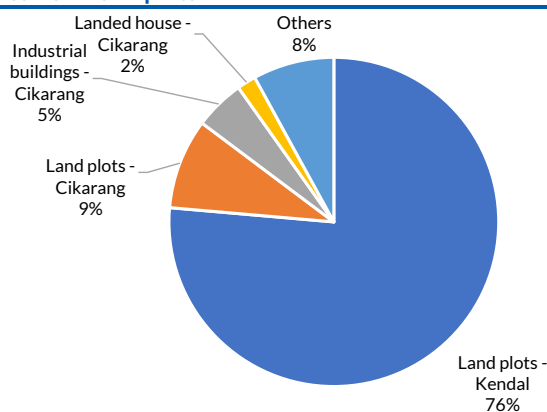
Source: Company data

Figure 8: Quarterly presales breakdown by area



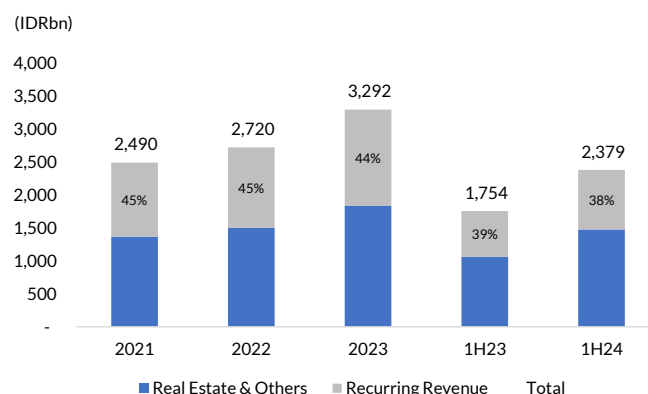
Source: Company data, RHB

Figure 9: KIJA's 1H24 presales were IDR1.7trn (+13.6% YoY) driven by sales of land plots in KIP



Source: company, RHB

Figure 10: KIJA's revenue breakdown



Source: company, RHB

Figure 11: NAV calculation

Landbank	Ownership (%)	Saleable Area (ha)	Estimated Value* IDRbn
Cikarang	100.0%	569	14,225
Kendal	51.0%	131	1,337
Tanjung Lesung	100.0%	734	3,668
Morotai	100.0%	714	3,568
Total		2,147	22,797

Inventory (IDRbn)	
Land	1,058
House and building under construction	152
House and building available for sale	238
Others	25
NAV (IDRbn)	12,871
Debt	4,649
Cash	1,588
NAV/sh	765

Source: RHB

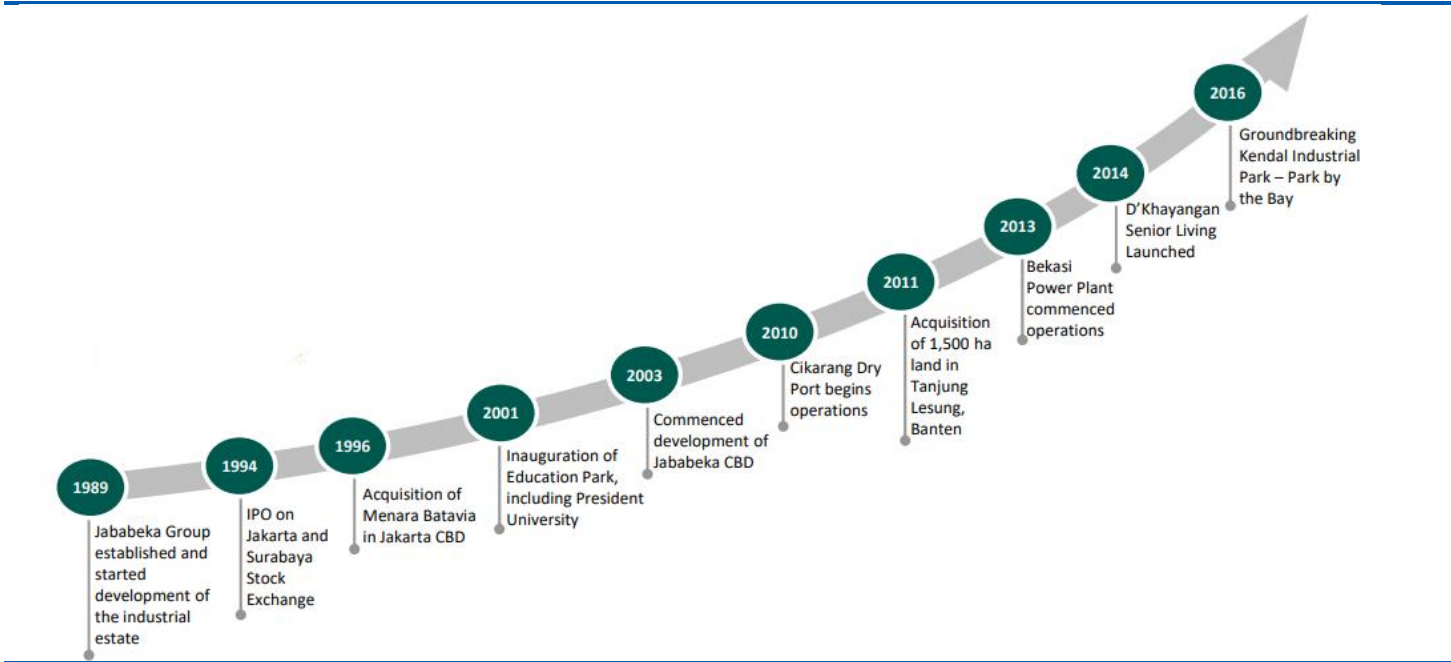
Company Profile

Kawasan Industri Jababeka is an Indonesian industrial estate developer established in 1989. Listed on the Jakarta and Surabaya Stock Exchanges since 1994, the company's main business activities involve the development of industrial estates, supported by infrastructure and city management services. KIJA's primary project is the 5,600ha Kota Jababeka in Cikarang, strategically located 35km east of Jakarta along the Bekasi-Cikampek corridor. The development accommodates light, medium, and automotive industries, and is positioned as a key industrial zone within the region.

Kota Jababeka is home to approximately 1,650 companies from over 30 countries, including multinationals such as L'Oréal, Samsung, and Unilever, with around 700,000 workers and 4,300 expatriates. Over time, the company has expanded its offerings to include residential and commercial developments, as well as infrastructure services such as power generation and dry port facilities. KIJA's diversification into these areas reflects its focus on providing integrated services within the industrial estate to meet the needs of its tenants and the surrounding community.





In addition to Kota Jababeka, the company has expanded its portfolio with developments such as Tanjung Lesung, a tourism-oriented project in West Java, and KIP in Central Java, a JV with Sembcorp Development. Through these initiatives, the company is involved in the broader development of industrial estates, supporting infrastructure in Indonesia.

Figure 12: Company milestones






Source: Company data

Figure 13: Board of Directors

Name	Position	Description
Setyono Djuandi Darmono 	President Director	<p>Indonesian citizenship, 74 years old. He is one of the founders and served as the President Commissioner of the company from 2015 to 2024. In the Annual General Meeting of Shareholders (AGMS) on 28 Jun 2024, the company reappointed him as President Director.</p> <p>He started as the Managing Director/CEO of the company in 1989, became Vice President Director in 1994, Commissioner in 1996, and again, President Director/CEO from 2000 until 2015. Before founding KIJA, he served as President Director and founder of PT Permada Binangun Jaya, a housing developer in South Jakarta. He was also a senior manager at Imperial Chemical Industries (ICI).</p>
T. Budianto Liman 	Vice President Director	<p>Indonesian citizenship, 61 years old, holds a Bachelor's degree in Chemical Engineering and a Master of Commerce in Accounting from the University of New South Wales, Sydney, Australia. He served as the Vice President Director of the company from 2006 to 2015, and from 2015 to 2024 he held the position of President Director. In the AGMS on 28 June 2024, the company appointed him as Vice President Director. He is also the company's Corporate Secretary, a position he has held since 1995.</p>
Tjahjadi Rahardja 	Director	<p>Indonesian citizenship, 56 years old, completed studies in Electrical Engineering at Carnegie Mellon University, US. He served as Director of the company from 2014 to 2021, then as Vice President Director from 2022 to 2024, and has since been reappointed as Director. He has also served as Director of PT Banten West Java Tourism Development since 1994.</p>
Hyanto Wihadhi 	Director	<p>Indonesian citizenship, 59 years old, completed his studies at Atmajaya University, Yogyakarta, earning a Bachelor's degree in Technical Engineering. He continues to serve as Director of the company, a position he has held since 2008.</p> <p>Previously, he served as General Manager of Operations for the company from 2001 to 2007. He is also a Director in several subsidiaries of the company.</p>

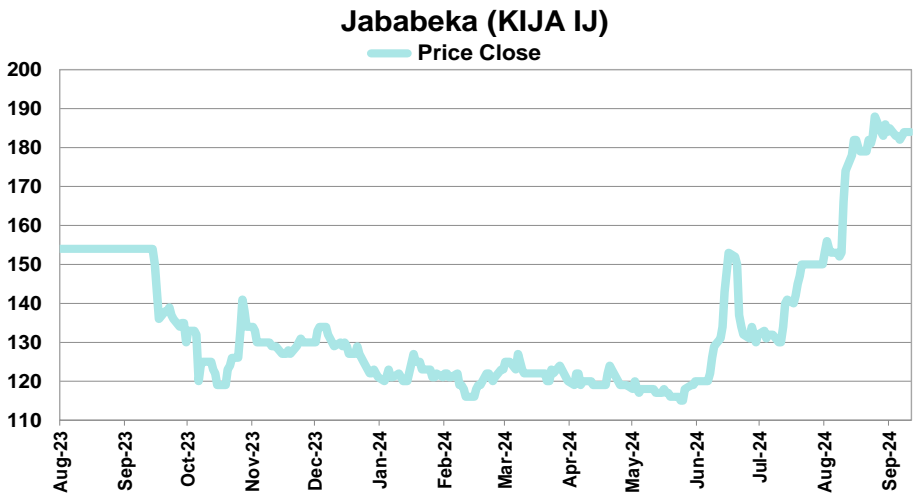
Source: Company data

Figure 14: Board of Commissioners

Name	Position	Description
Suhardi Alius 	President Commissioner (Independent)	<p>Indonesian citizenship, 61 years old. He earned a Bachelor's degree from Perguruan Tinggi Ilmu Kepolisian in 1992 and a Master's degree in Business Law from Gadjah Mada University in 2005. He was appointed Vice President Commissioner/Independent Commissioner on 8 Sep 2021. In the AGMS on 28 June 2024, he reappointed as President Commissioner. Currently, he also serves as President Commissioner of PT Dana Tabungan dan Asuransi Pegawai Negeri or PT Taspen (Persero).</p> <p>Previously, he served as the Head of the National Counter-Terrorism Agency (2016-2020), Principal Secretary of Lemhanas (2015-2016), Head of the Criminal Investigation Agency of the Indonesian National Police (2013-2015), and Chief of West Java Regional Police (2013).</p>
Gan Michael 	Commissioner	<p>Indonesian citizenship, 66 years old. Serving as the company's Commissioner since 2013.</p> <p>He previously served as President Director of PT Sumber Sarana Baja Utama. He was also the President Director and Commissioner of several steel, armour and mining companies such as PT Multi Artha Bara Mega, PT Cahaya Triwiriana, and PT Tradindo Resources. In addition, he is currently Director of PT Sumber Mas Mekar Raya, a position held since 1985.</p>
Basuri Tjahaja Purnama 	Commissioner (Independent)	<p>Indonesian citizenship, 56 years old. He earned a Master of Medicine degree from the University of Indonesia. He was Director of the company from 2018 to 2020, and now serves as the company's Commissioner. He was also President Director of PT Jababeka Morotai and Director of Kendal Industrial Estate, a subsidiary of KIJA.</p>

Source: Company data

Recommendation Chart



Source: RHB, Bloomberg

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