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Companies

Beyond growth and revenue

It's not just about figures or numbers for Indrawan Sumantri. Creativity and efficiency are equally important for him as finance director of Indonesia's publicly-listed pioneer toll-road operator. He talked to **Yanto Soegiarto**.

Roads have a special meaning for PT Citra Marga Nusaphala Persada Tbk (CMNP). "It's not all about revenues from toll road tariffs increasing. You have to help the government in reducing congested traffic and implement an efficiency drive in toll road construction and maintenance," finance director Indrawan Sumantri, 49, told *GlobeAsia*.

With the current road and traffic conditions with the number of motor vehicles increasing by two and a half times and motorcycles fivefold since 2000, according to the Association of Indonesia Automotive Industries (Gaikindo), equilibrium can only be achieved by the construction of mass rapid transportation systems.

And, admits Indrawan, it's also a matter of money. "For our part, we need to give good service to toll-road users. If toll roads are congested and traffic is very slow, we don't get the money and at the end of the day we won't get the target revenues," he said.

The award-winning company is now embarking on a de-bottlenecking project which will disperse traffic in four main junctions which interconnect the 32-km inner city toll road network, such as the Cawang intersection. It is increasing capacity of toll road ramps at Tanjung Priok and Jemberan Tiga-Pluit. "This is our contribution to the nation to solve the traffic problem," said Indrawan.

As part of the efficiency drive, Indrawan achieved another significant target by enlarging the role of three CMNP subsidiaries: PT Citra Persada Infrastruktur (CPI), PT Girder Indonesia (GI) and PT Citra Margatama Surabaya (CMS). CPI handles all operations and maintenance, collection systems, IT expansion joints, and billboard and building management. GI specializes in precast concrete, serving

third-party contracts including the Suramadu bridge in East Java, the Ir. Soekarno bridge at Manado in North Sulawesi, the Jakarta Outer Ring Road (JORR) W1 section and the Manila Skyway Phase-2 in the Philippines' capital.

CMS operates the Sempang Susun Waru-Bandarua Jaanda Surabaya toll road, which is seeing increasing traffic.

Another CMNP subsidiary, PT Citra Wapahitowa (CW), will be the operator of the Depok-Antasari toll road which, when completed, will connect with the JORR1, JORR2 and Bogor Ring Road toll sections.

"We have transferred toll-road operation and maintenance management to one of the subsidiaries. So, CMNP will later only be the concession holder," says Indrawan. "In construction, the subsidiary is getting contracts from main contractors such as Karabah and NRC in building six sections of the Cikampek-Palimanan project."

Indrawan, who earned his masters degree in Australia, added that he expects PT Girder to contribute more revenue as soon as the 2014 financial year.

Unlike other companies, senior toll road collectors who have worked with CMNP since the days of founder Siti Hardiyanti Rukmana are still employed. They too have been transferred to the subsidiary.

Go digital

Indrawan is upbeat on ideas and innovations. E-toll cards must be popularized to reduce queuing at toll gates. "They should not be e-toll cards to be used for toll roads only but some kind of debit card that functions for other purposes as well such as buying gas or shopping," he said.

"Now e-toll card users are only 5%. Imagine a cashless system using ATM-like cards, we can save a lot of time from giving change from large denominations and reduce the risk of counterfeit notes at the toll gates."

CMNP is targeting solid growth during 2014. It expects to see revenue rise to Rp1.5 trillion compared to a projected Rp1.1 trillion from 2013. That will come from an increase in toll road tariffs as of December 5. "Although we have yet to enjoy the results of the tariff increase, our subsidiaries and toll road



Indrawan Sumantri

operator in Surabaya will contribute more to our revenue streams. The Surabaya toll road is used by around 39,000 vehicles a day," he said.

Tariffs for cars on the Priok-Cawang-Pluit toll roads in Jakarta have been increased from Rp7,000 to Rp8,000 while trucks now pay between Rp10,000 and Rp19,000.

Operating costs jumped 37% to Rp518.1 billion in 2013 compared to Rp377.8 billion in 2012, mostly due to higher road maintenance costs because of overloading as the number of heavy vehicles increases. "Road maintenance costs have gone from Rp60 billion a year to around Rp120 billion a year," the keen golfer and father of two noted.

Clearing the land is a headache

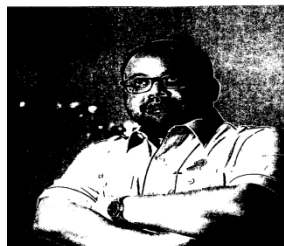
As for plans for 2014, Indrawan said he is allocating investments of around Rp2.2 trillion

for widening the junctions of the Jakarta inner city toll road and construction of the Depok-Antasari toll, where the company is currently acquiring land. It is also participating in the tender for the Serpong-Balaraja toll road.

The Depok-Antasari toll road construction will be in two stages; the 12-km stretch from Jl. Antasari to Sawangan near Depok and the 9.5-km stretch from Sawangan to Bojong Gede, a district in Bogor, West Java. The Antasari-Depok toll road project also involves companies including PT Waskita Raya, PT Hartama Karya and PT Pembangunan Perumahan.

Work on the inner city toll road is slated to be completed in 2016 and should ease traffic at the four critical sections of the city toll-road network. "We are still waiting for approval from the government and if we get it soon, we will start construction in May," said Indrawan. Meanwhile, the

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land-clearing progress for the Depok-Antasari project has reached 60% and construction is time-tabled to begin in the first quarter.

Changes at the helm

CMNP's last extraordinary shareholders' meeting restructured its board of commissioners and board of directors. Danty Indriastuty Purnamasari, daughter of Siti Hardiyanti Rukmana, former president Suharto's daughter and founder of CMNP, replaced Jusuf Hamka as president director. The meeting also appointed Reza Surjaningrat as president commissioner replacing Shadik Wahono.

The restructuring was aimed at maintaining good company performance, management and governance. The main shareholders of the company are Siti Hardiyanti Rukmana, Jusuf Hamka and Robby Sumanpouw. The company's share price has not been affected by the negative winds sweeping the stock exchange, and market capitalization stood at Rp6.71 trillion as per December 6, 2013.

As financial director and acting corporate secretary, Indrawan is very familiar with construction costs, trends and technology. He runs through the factors that affect the cost of building a stretch of road. "For an ordinary section it costs Rp30 to Rp60 billion but that depends on the hardness of the land. For elevated toll roads such as the ones we have, it is between Rp250 and Rp300 billion a kilometer," he said.

"The hardest part is land clearing. "By the time we reach construction stage, the rest just follows. The problem is that here in Indonesia the private company has to go head-to-head with people in clearing land, when this is actually the responsibility of the government."

Finance is not an issue and the election year is not expected to change that situation. CMNP's books are in profit and he focuses on local investors. "Our books are good. We have zero debt. Under 55-45% revenue sharing, we earn net about Rp2.5 to Rp3 billion a day."

"Our underwriters tell us that during this year of politics, many investors are looking for rare infrastructure bonds which are safe and provide fixed income for at least five years. There are many multi-finance bonds but infrastructure ones are preferred."

Indrawan has worked for Bank Danamon and was involved in the establishment of Indika Energy as a private equity company in the past. CMNP, he said, is aiming at urban concept projects and won't go for trans-city projects which will have seasonal traffic.

"Imagine, if our proposed Bojong Gede-Ciawi section is approved, it will be like a circle interconnecting Cimanggis, Cinere, Jagorawi and Antasari. There will be alternative roads parallel to the Jakarta-Bandung road. The feasibility study has been completed," he said.

Indrawan, a Pangudi Luhur high school graduate, said Jakarta Governor Joko Widodo is very well-informed about toll road developments. "I was surprised that he is so knowledgeable about all sides, whether it is on top or under the toll roads. He is very systematic in deciding what must be first and what comes later."

Pangudi Luhur (PL) High School has produced many of the nation's successful people whether in private life, business or government. Trade Minister Gita Wirjawan, businessman Sandiaga Uno, Senior Deputy Bank Indonesia Governor Mirza Adityaswara and many others are alumni of the prestigious school.

Indrawan said he is naturally proud to be one of the school's alumni. "My greatest pride is the fact that I am one of the PL alumni. We have a great network of people." But, he added, the founders and pioneers of the elevated toll roads in the city also deserve widespread respect and appreciation. "Without their bold initiatives, we couldn't have built the network. It would have been just impossible," mused Indrawan. ■