

PT Jasa Marga (Persero), Tbk

BUY

Investment Consideration

Anticipating Strong growth in toll road revenue

- JSMR is projected to experience a 10% increase in toll road revenue during 2023F. This growth is attributed to tariff adjustments in the first half of 2023 and anticipated adjustments for eight additional toll roads in the second half.
- The introduction of two new toll roads, namely Jakarta – Cikampek South Toll Road Section 3 and Cinere - Serpong Toll Road Section 2, is expected to enhance connectivity and further bolster revenue growth.
- As of the first half of 2023, JSMR's consolidated toll and operating revenue reached IDR 6.98 trillion, reflecting a year-on-year (YoY) growth of +4.9%. In the second quarter of 2023 (2Q2023), revenue growth continued with a YoY increase of +3.9% or +6.0% quarter-on-quarter (QoQ), reaching IDR 3.59 trillion.
- Traffic volume has also exhibited robust growth for JSMR. Toll transaction volume surged by +6.6% YoY in 1H2023, propelled by the Eid festival and holidays. Subsidiary toll road transaction volumes rose by +15.5% YoY, while parent-level transaction volumes grew by +5.2% YoY.
- In terms of capital expenditure (capex), JSMR has allocated IDR 8 trillion – 10 trillion for 2023. For 1H2023, capex expenditure stood at IDR 2.5 trillion.
- Additionally, a planned share buyback for toll roads such as Semarang – Batang, Solo – Ngawi, and Ngawi – Kertosono in 3Q2023 is expected to contribute to JSMR's EBITDA growth. The company aims for EBITDA growth of over 10% this year.
- Based on the sustained volume increase and tariff adjustments, our target for JSMR's toll and operating revenues is IDR 14.8 trillion.

Strong Profitability in 2Q2023

- During 2Q2023, JSMR achieved a higher bottom line profit margin, attributed to a -19% YoY decrease in tax expenses and a -29.7% YoY reduction in finance costs.
- Net profit for 2Q2023 grew impressively by +90% YoY or +31% QoQ, totaling IDR 651 billion. This translated to a higher net profit margin (NPM) of 18.1%.
- However, the company's operating income experienced a -13.2% QoQ decline or -0.7% YoY decrease to IDR 1.37 trillion in 2Q2023.
- This was due to the early payment of Jabodetabek's land tax in 1H2023, amounting to IDR 501.6 billion, marking a +35.5% YoY increase. Consequently, the operating profit margin (OPM) for 2Q2023 slightly decreased to +38.3%. In 1H2023, operating income showed a marginal YoY increase of +1% to IDR 2.96 trillion.
- With the early land tax payment and reduced finance costs, improved operational efficiency is anticipated in JSMR's operating expenses for 2H2023.

Valuation: TP 5,460, Maintain BUY

- Our target share price for JSMR stands at IDR 5,460, resulting in a projected 2024F price-to-earnings (PE) ratio of 15x. This offers investors a potential return of 25%. Considering these factors, we maintain our recommendation to BUY JSMR shares.

| Financial Highlights | 2020A | 2021A | 2022A | 2023F | 2024F |
|---|-----------|------------|------------|------------|------------|
| Toll and other operating revenue (IDR Mn) | 9.587.720 | 11.776.401 | 13.782.558 | 14.843.928 | 16.542.010 |
| Operating Income (IDR Mn) | 4.465.992 | 6.719.673 | 7.383.007 | 6.396.096 | 7.104.769 |
| EBITDA (IDR Mn) | 5.976.747 | 7.869.243 | 10.039.389 | 10.038.118 | 10.560.525 |
| Net Income (IDR Mn) | 501.047 | 1.615.249 | 2.746.884 | 2.550.908 | 2.936.995 |
| EPS (IDR) | 69 | 223 | 378 | 351 | 405 |
| EBITDA Margin (%) | 62% | 67% | 73% | 68% | 64% |
| NPM (%) | 5% | 14% | 20% | 17% | 18% |
| PBV (x) | 1,8 | 1,4 | 1,1 | 1,4 | 1,1 |
| PER (x) | 67 | 17 | 9 | 16 | 13 |
| Tot. Deb / Equity (X) | 4,2 | 3,7 | 3,0 | 2,3 | 1,6 |
| Int. Coverage (x) | (0,0) | 0,2 | 0,6 | 0,6 | 0,7 |

Sources: Company and Binaartha

5 September 2023
Infrastructure, Toll Road

| | | |
|--------------|-----|-----------|
| Price | IDR | 4,370 |
| Target Price | IDR | 5,460 |
| JKSE Index | | 6,996.750 |



Stock Information

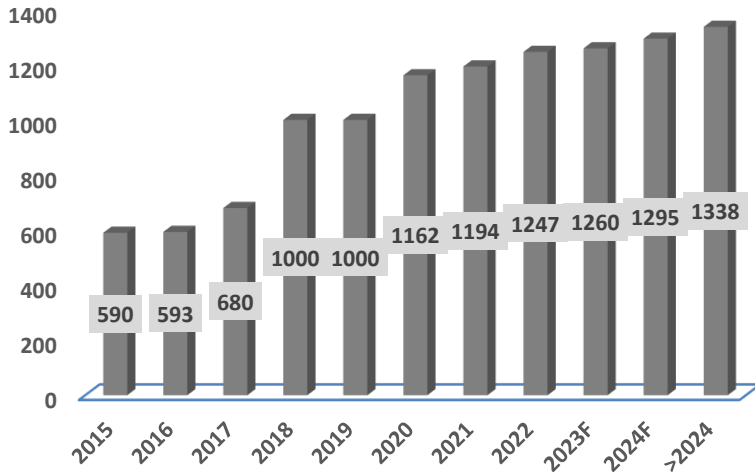
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|---------------------|----------|
| Bloomberg Code | JSMR JJ |
| Market Cap (IDR bn) | 32,007.2 |
| 52-week high (IDR) | 4,280 |
| 52-week low (IDR) | 2,770 |
| Shares issued (mn) | 7,257.9 |
| Free float (%) | 30% |

| | |
|---------------------|-----|
| Major share holders | (%) |
| Government RI | 70% |
| Public | 30% |

| | |
|---------------------|--------|
| USD/ IDR – YE (IDR) | |
| 2022 | 15,592 |
| 2023F (6m-avg) | 15,054 |

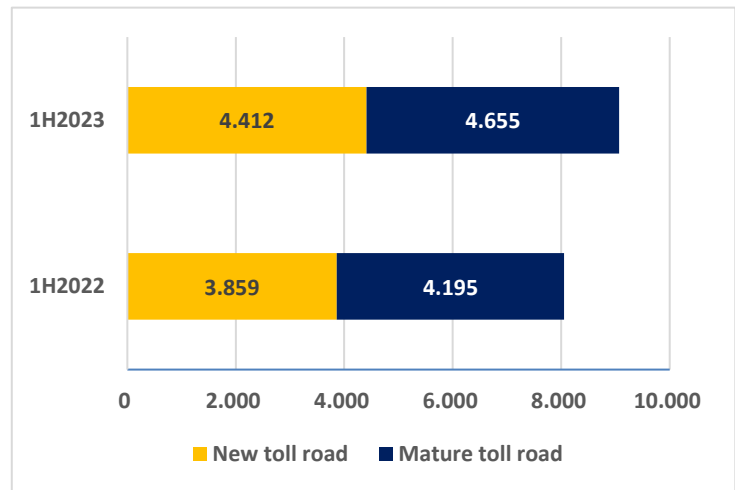
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Chart: Operated Toll Road (in KM)



Sources: Company

Chart: Toll Revenue Mature vs New Toll in IDR Billion



Sources: Company

Table: New Projects to be completed

| Section | Length (km) |
|--------------------------------------|-------------|
| 1 Jakarta - Cikampek II South | 62,00 |
| 2 Johja - Bawen | 75,82 |
| 3 Jogja - Solo | 96,57 |
| 4 Probolinggo - Banyuwangi (I - III) | 171,50 |
| 5 Akses Patimban | 37,05 |

Sources: Company

Sources: Company

Table: Income Statement in IDR Million QoQ & YoY

| Income Statement (IDR. Mn) | 1Q2023 | 2Q2023 | QoQ | 2Q2022 | YoY | 1H2022 | 1H2023 | YoY |
|-----------------------------------|-------------------|-------------------|---------------|-------------------|---------------|-------------------|-------------------|--------------|
| Toll and other operating revenues | 3.388.134 | 3.591.616 | 6,0% | 3.458.119 | 3,9% | 6.654.088 | 6.979.750 | 4,9% |
| Construction revenue | 1.057.351 | 886.668 | -16,1% | 413.334 | 114,5% | 886.239 | 1.944.019 | 119,4% |
| Total Revenue | 4.445.485 | 4.478.284 | 0,7% | 3.871.453 | 15,7% | 7.540.327 | 8.923.769 | 18,3% |
| Toll and other operating expenses | -1.466.738 | -1.888.923 | 28,8% | -1.650.403 | 14,5% | -3.038.771 | -3.355.661 | 10,4% |
| Construction expenses | -1.049.067 | -881.695 | -16,0% | -408.151 | 116,0% | -875.411 | -1.930.762 | 120,6% |
| Total Cost of revenue | -2.515.805 | -2.770.618 | 10,1% | -2.058.554 | 34,6% | -3.914.182 | -5.286.423 | 35,1% |
| Gross Profit | 1.929.680 | 1.707.666 | -11,5% | 1.812.899 | -5,8% | 3.626.145 | 3.637.346 | 0,3% |
| Operating Expense | -344.569 | -332.136 | -3,6% | -427.072 | -22,2% | -694.204 | -676.705 | -2,5% |
| Operating Income | 1.585.111 | 1.375.530 | -13,2% | 1.385.827 | -0,7% | 2.931.941 | 2.960.641 | 1,0% |
| Other Income | -770.480 | -561.739 | -27,1% | -858.434 | -34,6% | -1.766.901 | -1.332.219 | -24,6% |
| Profit Before Tax | 814.631 | 813.791 | -0,1% | 527.393 | 54,3% | 1.165.040 | 1.628.422 | 39,8% |
| Taxes | -388.661 | -224.111 | -42,3% | -277.567 | -19,3% | -635.957 | -612.772 | -3,6% |
| NIAT | 425.970 | 589.680 | 38,4% | 249.826 | 136,0% | 529.083 | 1.015.650 | 92,0% |
| Non-controlling Interest | 71.590 | 61.438 | -14,2% | 92.129 | -33,3% | 205.676 | 133.028 | -35,3% |
| Net Income | 497.560 | 651.118 | 30,9% | 341.955 | 90,4% | 734.759 | 1.148.678 | 56,3% |
| EPS (in IDR) | 69 | 90 | 30,9% | 47 | 90,4% | 101 | 158 | 56,3% |
| GPM | 57,0% | 47,5% | | 52,4% | | 54,5% | 52,1% | |
| OPM | 46,8% | 38,3% | | 40,1% | | 44,1% | 42,4% | |
| NPM | 14,7% | 18,1% | | 9,9% | | 11,0% | 16,5% | |

Sources: Company and Binaartha

Table: Income Statement in IDR Million YoY

| Income Statement (IDR. Mn) | 2020A | 2021A | 2022A | 2023F | 2024F |
|-----------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| Toll and other operating revenues | 9.587.720 | 11.776.401 | 13.782.558 | 14.843.928 | 16.542.010 |
| Construction revenue | 4.116.301 | 3.393.151 | 2.800.291 | 4.200.437 | 5.040.524 |
| Total Revenue | 13.704.021 | 15.169.552 | 16.582.849 | 19.044.365 | 21.582.534 |
| Toll and other operating expenses | -4.274.949 | -5.305.620 | -6.391.616 | -7.050.866 | -7.857.455 |
| Construction expenses | -4.074.539 | -3.361.823 | -2.773.136 | -4.150.031 | -4.980.038 |
| Total Cost of revenue | -8.349.488 | -8.667.443 | -9.164.752 | -11.200.897 | -12.837.492 |
| Gross Profit | 5.354.533 | 6.502.109 | 7.418.097 | 7.843.467 | 8.745.041 |
| Operating Expense | -888.541 | 217.564 | -35.090 | -1.447.372 | -1.640.273 |
| Operating Income | 4.465.992 | 6.719.673 | 7.383.007 | 6.396.096 | 7.104.769 |
| Other Income | -3.769.541 | -4.647.220 | -3.657.212 | -2.856.655 | -3.021.555 |
| Profit Before Tax | 696.451 | 2.072.453 | 3.725.795 | 3.539.441 | 4.083.214 |
| Taxes | -738.080 | -1.201.217 | -1.402.087 | -1.274.199 | -1.469.957 |
| NIAT | -41.629 | 871.236 | 2.323.708 | 2.265.242 | 2.613.257 |
| Non-controlling Interest | 542.676 | 744.013 | 423.176 | 285.665 | 323.738 |
| Net Income | 501.047 | 1.615.249 | 2.746.884 | 2.550.908 | 2.936.995 |
| EPS (in IDR) | 69,0 | 222,6 | 378,5 | 351,5 | 404,7 |
| EBITDA | 5.976.747 | 7.869.243 | 10.039.389 | 10.038.118 | 10.560.525 |

Sources: Company and Binaartha

Table: Statement of Financial Position of JSMR in IDR Million YoY

| Statement of Financial Position (In IDR Mn) | 2019A | 2020A | 2021A | 2022A | 2023F | 2024F |
|--|-------------------|--------------------|--------------------|-------------------|-------------------|--------------------|
| ASSETS | | | | | | |
| CURRENT ASSETS | | | | | | |
| Cash and Cash Equivalents | 4.341.601 | 4.597.204 | 6.279.089 | 8.429.118 | 8.458.803 | 10.312.042 |
| Trade Accounts Receivable | 6.270.361 | 4.418.103 | 2.032.306 | 1.339.992 | 2.551.425 | 2.891.471 |
| Inventories | 61.136 | 137.744 | 139.402 | 98.627 | 113.267 | 128.363 |
| Others Current Assets | 939.468 | 1.552.944 | 1.911.079 | 2.619.475 | 2.094.880 | 2.374.079 |
| Total Current Assets | 11.612.566 | 10.705.995 | 10.361.876 | 12.487.212 | 13.218.375 | 15.705.954 |
| NONCURRENT ASSETS | | | | | | |
| Fixed Assets | 714.262 | 746.237 | 833.394 | 360.716 | 540.345 | 809.425 |
| Intangible Assets | 78.620.143 | 83.443.064 | 79.256.534 | 66.979.662 | 69.228.285 | 71.552.398 |
| Other Noncurrent Assets | 8.732.599 | 9.191.350 | 10.791.080 | 11.311.592 | 12.569.220 | 14.244.404 |
| Total Noncurrent Assets | 88.067.004 | 93.380.651 | 90.881.008 | 78.651.970 | 82.337.850 | 86.606.228 |
| TOTAL ASSETS | 99.679.570 | 104.086.647 | 101.242.884 | 91.139.182 | 95.556.225 | 102.312.182 |
| LIABILITIES AND EQUITY | | | | | | |
| LIABILITIES | | | | | | |
| CURRENT LIABILITIES | | | | | | |
| Bank Loans | 5.245.935 | 3.694.263 | 1.057.861 | 1.853.174 | 4.353.174 | 4.453.174 |
| Contractors Payable | 551.612 | 1.883.433 | 1.290.243 | 457.783 | 525.735 | 595.803 |
| Account Payable | 404.235 | 325.160 | 433.025 | 5.224.379 | 190.444 | 215.825 |
| Current maturities of long term liabilities | 11.885.400 | 1.976.842 | 2.781.255 | 1.460.527 | 2.460.527 | 2.960.527 |
| Others Current Liabilities | 23.439.235 | 7.048.989 | 6.452.199 | 3.147.125 | 8.100.307 | 7.553.887 |
| Total Current Liabilities | 41.526.417 | 14.928.687 | 12.014.583 | 12.142.988 | 15.630.187 | 15.779.216 |
| NONCURRENT LIABILITIES | | | | | | |
| Long-term contractors payable | 568.239 | 754.833 | 362.814 | 213.454 | 245.139 | 277.810 |
| Long-term liabilities - net of current liabilities | 29.389.974 | 56.270.386 | 56.451.902 | 47.583.513 | 43.122.986 | 40.162.459 |
| Others Noncurrent Liabilities | 5.009.203 | 7.357.125 | 6.913.270 | 5.577.838 | 4.761.091 | 4.316.507 |
| Total Noncurrent Liabilities | 34.967.416 | 64.382.344 | 63.727.986 | 53.374.805 | 48.129.216 | 44.756.776 |
| TOTAL LIABILITIES | 76.493.833 | 79.311.031 | 75.742.569 | 65.517.793 | 63.759.403 | 60.535.992 |
| Non-controlling interest | 4.503.057 | 5.701.126 | 4.894.464 | 3.795.786 | 4.359.223 | 4.940.205 |
| EQUITY | 18.682.680 | 19.074.489 | 20.605.851 | 21.825.603 | 27.437.600 | 36.835.985 |
| TOTAL LIABILITIES & EQUITY | 99.679.570 | 104.086.646 | 101.242.884 | 91.139.182 | 95.556.226 | 102.312.182 |

Table: Cash Flow in IDR Million YoY

| Cash Flow (In IDR Mn) | 2020A | 2021A | 2022A | 2023F | 2024F |
|--|--------------------|-------------------|--------------------|-------------------|-------------------|
| Net Income | 501.047 | 1.615.249 | 2.746.884 | 2.550.908 | 2.936.995 |
| Depreciation | 145.665 | 129.188 | 179.629 | 179.629 | 269.080 |
| Change in WC | -25.435.556 | -888.100 | 153.098 | 2.785.721 | -485.310 |
| Cash From Operating Activities | -24.788.844 | 856.337 | 3.079.611 | 5.516.257 | 2.720.765 |
| Change in Non-Current Asset | -5.459.312 | 2.370.455 | 12.049.409 | -3.865.509 | -4.537.458 |
| Cash From Investing Activities | -5.459.312 | 2.370.455 | 12.049.409 | -3.865.509 | -4.537.458 |
| Long-term contractors payable | 186.594 | -392.019 | -149.360 | 31.685 | 32.671 |
| Long-term liabilities - net of current liabilities | 26.880.412 | 181.516 | -8.868.389 | -4.460.527 | -2.960.527 |
| Others Noncurrent Liabilities | 2.347.922 | -443.855 | -1.335.432 | -816.747 | -444.584 |
| Equity | 1.088.831 | -890.549 | -2.625.810 | 3.624.526 | 7.042.372 |
| Cash From Financing Activities | 30.503.759 | -1.544.907 | -12.978.991 | -1.621.063 | 3.669.932 |
| Net Changes in Cash | 255.603 | 1.681.885 | 2.150.029 | 29.685 | 1.853.239 |
| Beginning Balance | 4.341.601 | 4.597.204 | 6.279.089 | 8.429.118 | 8.458.803 |
| Ending Balance | 4.597.204 | 6.279.089 | 8.429.118 | 8.458.803 | 10.312.042 |

Table: Ratio Highlights YoY

| Growth (% YoY) | 2020A | 2021A | 2022A | 2023F | 2024F |
|-----------------------|-------|-------|-------|-------|-------|
| Revenue | -48% | 11% | 9% | 15% | 13% |
| GP | -17% | 21% | 14% | 6% | 11% |
| OP | -24% | 50% | 10% | -13% | 11% |
| EBITDA | -13% | 32% | 28% | 0% | 5% |
| NP | -77% | 222% | 70% | -7% | 15% |
| EPS | -13% | 32% | 28% | 0% | 5% |
| Profitability | | | | | |
| Operating Margin(%) | 47% | 57% | 54% | 43% | 43% |
| EBITDA margin(%) | 62% | 67% | 73% | 68% | 64% |
| NET Profit margin(%) | 5% | 14% | 20% | 17% | 18% |
| ROA(%) | 0% | 2% | 3% | 3% | 3% |
| ROE(%) | 3% | 8% | 13% | 9% | 8% |
| Stability | | | | | |
| Tot debt/ equity (x) | 4,2 | 3,7 | 3,0 | 2,3 | 1,6 |
| Int. Coverage (x) | (0,0) | 0,2 | 0,6 | 0,6 | 0,7 |
| Current Ratio (X) | 0,7 | 0,9 | 1,0 | 0,8 | 1,0 |
| Per Share data | | | | | |
| EPS (IDR) | 69 | 223 | 378 | 351 | 405 |
| PBV (x) | 1,8 | 1,4 | 1,1 | 1,4 | 1,1 |
| PER (x) | 67 | 17 | 9 | 16 | 13 |
| EBITDA/share | 823 | 1.084 | 1.383 | 1.383 | 1.455 |

Stock Ratings:

Buy : a recommendation to purchase the security with upside potential of **20% or greater**

Hold : a recommendation to neither buy nor sell a security with upside potential of **0-19%**.

Sel : a recommendation to close out a long position in a security with upside potential **below 0% or negative**.

RESEARCH TEAM
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