

PT Jasa Marga (Persero), Tbk

BUY

Investment Consideration

Foreseeing robust growth in toll road revenue

- JSMR experienced a +5.8% increase in toll road revenue during 9M2023 due to tariff adjustments for eight additional toll roads in the second half. Subsidiary toll road transaction volumes rose by +15.0% YoY, while parent-level transaction volumes grew by +4.3% YoY.
- As of 9M2023, JSMR's consolidated toll and operating revenue reached IDR 11 trillion, reflecting a YoY growth of +7.7%. In 3Q2023, revenue growth continued with a YoY increase of +13% or +12.0% quarter-on-quarter (QoQ), reaching IDR 4.02 trillion.
- Concerning capital expenditure (capex), JSMR has allocated IDR 8 trillion – 10 trillion for 2023. For 9M2023, capex expenditure stood at IDR 3.9 trillion.
- JSMR's new projects, including Jakarta – Cikampek II South, Jogja – Bawen, Jogja – Solo, Probolinggo – Banyuwangi (I-III), and Akses Patimban, will enhance connectivity to JSMR's existing portfolio, expected to positively impact revenue in the future.
- Based on sustained volume increases and tariff adjustments, our target for JSMR's toll and operating revenues is IDR 17.2 trillion in 2024F.

Unexpected performance in 3Q2023

- During 3Q2023, JSMR achieved an unexpected bottom-line profit growth of +1678% YoY or +641% QoQ, totaling IDR 4.8 billion due to an asset revaluation to comply with Financial Accounting Standard (PSAK) 22 concerning Business Combinations. This was in connection with the re-consolidation of PT JSB (Semarang – Batang), PT JSN (Solo – Ngawi), and PT JNK (Ngawi Kertosono) through the acquisition of PT Lintas Marga Jawa (LMJ) shares by PT Jasamarga Transjawa Tol (JTT) in July 2023. JSMR booked IDR 4.1 trillion as a gain on asset revaluation.
- Core profit (excluding asset revaluation) grew +167% YoY to IDR 725.8 billion in 3Q2023 and IDR 1.87 trillion or 86% YoY in 9M2023. As a result, the NPM grew to 17% in 9M2023 from last year's 9.9%.
- For 2024, JSMR targets revenue and EBITDA growth of 15% - 17%, driven by higher traffic in line with new interconnections and tariff adjustments.
- The divestment of JTT continues in 2024 after JSMR has fulfilled the requirement to re-consolidate the three toll roads. The divestment will be completed in 1H2024.

Valuation: TP 6,200, Maintain BUY

- Our target share price for JSMR stands at IDR 6,200, resulting in a projected 2024F price-to-earnings (PE) ratio of 6.7x. This offers investors a potential return of 32%. 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	15.297.561	17.206.774
Operating Income (IDR Mn)	4.465.992	6.719.673	7.383.007	12.185.485	9.277.407
EBITDA (IDR Mn)	5.976.747	7.869.243	10.039.389	17.021.590	13.699.309
Net Income (IDR Mn)	501.047	1.615.249	2.746.884	6.648.206	3.290.112
EPS (IDR)	69	223	378	916	453
EBITDA Margin (%)	62%	67%	73%	111%	80%
NPM (%)	5%	14%	20%	43%	19%
PBV (x)	1,8	1,4	1,1	1,5	1,9
PER (x)	67	17	9	5	14
Tot. Deb / Equity (X)	4,2	3,7	3,0	3,8	3,7
Int. Coverage (x)	(0,0)	0,2	0,6	1,2	0,6

Sources: Company and Binaartha

8 January 2024
Infrastructure, Toll Road

Price	IDR	4,690
Target Price	IDR	6,200
JKSE Index		7,283.575



Stock Information

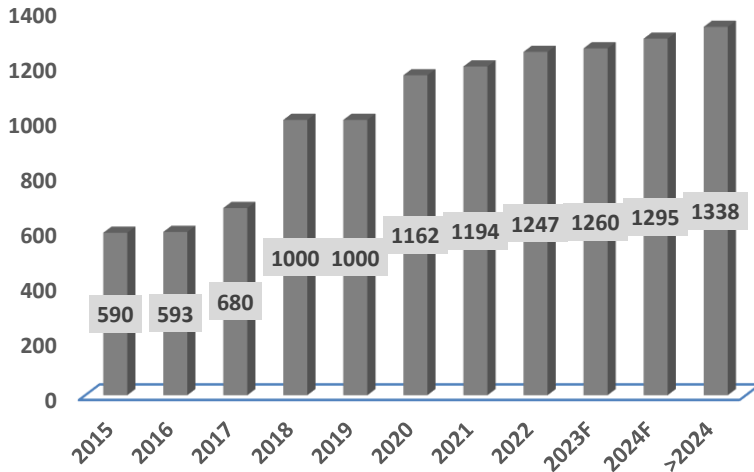
Bloomberg Code	JSMR JJ
Market Cap (IDR bn)	34,039.4
52-week high (IDR)	4,980
52-week low (IDR)	2,960
Shares issued (mn)	7,257.9
Free float (%)	30%

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

USD/ IDR – YE (IDR)	
2023	15,439
2024F (6m-avg)	15,493

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Chart: Operated Toll Road (in KM)



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

Table: Income Statement in IDR Million QoQ & YoY

Income Statement (IDR. Mn)	1Q2023	2Q2023	3Q2023	QoQ	3Q2022	YoY	9M2022	9M2023	YoY
Toll and other operating revenues	3.388.134	3.591.616	4.022.102	12,0%	3.559.477	13,0%	10.213.565	11.001.852	7,7%
Construction revenue	1.057.351	886.668	1.134.636	28,0%	621.082	82,7%	1.507.321	3.078.655	104,2%
Total Revenue	4.445.485	4.478.284	5.156.738	15,1%	4.180.559	23,4%	11.720.886	14.080.507	20,1%
Toll and other operating expenses	-1.466.738	-1.888.923	-1.545.141	-18,2%	-1.635.707	-5,5%	-4.674.478	-4.900.802	4,8%
Construction expenses	-1.049.067	-881.695	-1.129.998	28,2%	-614.132	84,0%	-1.489.543	-3.060.760	105,5%
Total Cost of revenue	-2.515.805	-2.770.618	-2.675.139	-3,4%	-2.249.839	18,9%	-6.164.021	-7.961.562	29,2%
Gross Profit	1.929.680	1.707.666	2.481.599	45,3%	1.930.720	28,5%	5.556.865	6.118.945	10,1%
Operating Expense	-344.569	-332.136	3.620.426		-680.755	-631,8%	-1.374.959	2.943.721	
Operating Income	1.585.111	1.375.530	6.102.025	343,6%	1.249.965	388,2%	4.181.906	9.062.666	116,7%
Other Income	-770.480	-561.739	-935.080	66,5%	-914.328	2,3%	-2.681.229	-2.267.299	-15,4%
Profit Before Tax	814.631	813.791	5.166.945	534,9%	335.637	1439,4%	1.500.677	6.795.367	352,8%
Taxes	-388.661	-224.111	-335.582	49,7%	-146.640	128,8%	-782.597	-948.354	21,2%
NIAT	425.970	589.680	4.831.363	719,3%	188.997	2456,3%	718.080	5.847.013	714,3%
Non-controlling Interest	71.590	61.438	-5.551	-109,0%	82.409	-106,7%	288.085	127.477	-55,8%
Net Income	497.560	651.118	4.825.812	641,2%	271.406	1678,1%	1.006.165	5.974.490	493,8%
Core Profit	497.560	651.118	725.812	11,5%	271.406	167,4%	1.006.165	1.874.490	86,3%
EPS (in IDR)	69	90	665	641,2%	37	1678,1%	139	823	493,8%
GPM	57,0%	47,5%	61,7%		54,2%		54,4%	55,6%	
OPM	46,8%	38,3%	151,7%		35,1%		40,9%	82,4%	
Core NPM	14,7%	18,1%	18,0%		7,6%		9,9%	17,0%	
NPM	14,7%	18,1%	120,0%		7,6%		9,9%	54,3%	

Sources: Company

Table: Income Statement in IDR Million YoY

Income Statement (IDR. Mn)	2019A	2020A	2021A	2022A	2023F	2024F
Toll and other operating revenues	10.984.104	9.587.720	11.776.401	13.782.558	15.297.561	17.206.774
Construction revenue	15.361.156	4.116.301	3.393.151	2.800.291	4.200.437	5.040.524
Total Revenue	26.345.260	13.704.021	15.169.552	16.582.849	19.497.997	22.247.298
Toll and other operating expenses	-4.634.241	-4.274.949	-5.305.620	-6.391.616	-7.036.878	-7.915.116
Construction expenses	-15.266.376	-4.074.539	-3.361.823	-2.773.136	-4.175.234	-5.010.281
Total Cost of revenue	-19.900.617	-8.349.488	-8.667.443	-9.164.752	-11.212.112	-12.925.397
Gross Profit	6.444.643	5.354.533	6.502.109	7.418.097	8.285.886	9.321.901
Operating Expense	-587.381	-888.541	217.564	-35.090	3.899.599	-44.495
Operating Income	5.857.262	4.465.992	6.719.673	7.383.007	12.185.485	9.277.407
Other Income	-2.759.659	-3.769.541	-4.647.220	-3.657.212	-4.094.579	-4.449.460
Profit Before Tax	3.097.603	696.451	2.072.453	3.725.795	8.090.906	4.827.947
Taxes	-1.023.715	-738.080	-1.201.217	-1.402.087	-1.618.181	-1.738.061
NIAT	2.073.888	-41.629	871.236	2.323.708	6.472.724	3.089.886
Non-controlling Interest	133.229	542.676	744.013	423.176	175.482	200.226
Net Income	2.207.117	501.047	1.615.249	2.746.884	6.648.206	3.290.112
EPS (in IDR)	304,1	69,0	222,6	378,5	916,0	453,3
EBITDA	6.906.932	5.976.747	7.869.243	10.039.389	17.021.590	13.699.309

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	3.178.127	2.321.460
Trade Accounts Receivable	6.270.361	4.418.103	2.032.306	1.339.992	1.462.350	1.557.311
Inventories	61.136	137.744	139.402	98.627	115.965	132.316
Others Current Assets	939.468	1.552.944	1.911.079	2.619.475	2.144.780	2.224.730
Total Current Assets	11.612.566	10.705.995	10.361.876	12.487.212	6.901.222	6.235.817
NONCURRENT ASSETS						
Fixed Assets	714.262	746.237	833.394	360.716	416.627	481.204
Intangible Assets	78.620.143	83.443.064	79.256.534	66.979.662	107.228.285	110.828.124
Other Noncurrent Assets	8.732.599	9.191.350	10.791.080	11.311.592	8.481.629	8.342.737
Total Noncurrent Assets	88.067.004	93.380.651	90.881.008	78.651.970	116.126.541	119.652.065
TOTAL ASSETS	99.679.570	104.086.647	101.242.884	91.139.182	123.027.763	125.887.882
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Bank Loans	5.245.935	3.694.263	1.057.861	1.853.174	2.353.174	2.453.174
Contractors Payable	551.612	1.883.433	1.290.243	457.783	538.258	614.155
Account Payable	404.235	325.160	433.025	5.224.379	194.980	222.473
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	10.723.899	12.013.541
Total Current Liabilities	41.526.417	14.928.687	12.014.583	12.142.988	16.270.838	18.263.870
NONCURRENT LIABILITIES						
Long-term contractors payable	568.239	754.833	362.814	213.454	250.978	286.367
Long-term liabilities - net of current liabilities	29.389.974	56.270.386	56.451.902	47.583.513	61.122.986	58.162.459
Others Noncurrent Liabilities	5.009.203	7.357.125	6.913.270	5.577.838	10.918.879	12.458.487
Total Noncurrent Liabilities	34.967.416	64.382.344	63.727.986	53.374.805	72.292.842	70.907.313
TOTAL LIABILITIES	76.493.833	79.311.031	75.742.569	65.517.793	88.563.680	89.171.182
Non-controlling interest	4.503.057	5.701.126	4.894.464	3.795.786	11.308.838	12.903.433
EQUITY	18.682.680	19.074.489	20.605.851	21.825.603	23.155.244	23.813.267
TOTAL LIABILITIES & EQUITY	99.679.570	104.086.646	101.242.884	91.139.182	123.027.763	125.887.882

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	6.648.206	3.290.112
Depreciation	145.665	129.188	179.629	55.911	64.577
Change in WC	-25.435.556	-888.100	153.098	4.462.849	1.801.769
Cash From Operating Activities	-24.788.844	856.337	3.079.611	11.166.967	5.156.458
Change in Non-Current Asset	-5.459.312	2.370.455	12.049.409	-37.530.482	-3.590.101
Cash From Investing Activities	-5.459.312	2.370.455	12.049.409	-37.530.482	-3.590.101
Long-term contractors payable	186.594	-392.019	-149.360	37.524	35.389
Long-term liabilities - net of current liabilities	26.880.412	181.516	-8.868.389	13.539.473	-2.960.527
Others Noncurrent Liabilities	2.347.922	-443.855	-1.335.432	5.341.041	1.539.608
Equity	1.088.831	-890.549	-2.625.810	2.194.487	-1.037.495
Cash From Financing Activities	30.503.759	-1.544.907	-12.978.991	21.112.525	-2.423.025
Net Changes in Cash	255.603	1.681.885	2.150.029	-5.250.991	-856.668
Beginning Balance	4.341.601	4.597.204	6.279.089	8.429.118	3.178.127
Ending Balance	4.597.204	6.279.089	8.429.118	3.178.127	2.321.460

Table: Ratio Highlights YoY

Growth (% YoY)	2020A	2021A	2022A	2023F	2024F
Revenue	-48%	11%	9%	18%	14%
GP	-17%	21%	14%	12%	13%
OP	-24%	50%	10%	65%	-24%
EBITDA	-13%	32%	28%	70%	-20%
NP	-77%	222%	70%	142%	-51%
EPS	-13%	32%	28%	70%	-20%
Profitability					
Operating Margin(%)	47%	57%	54%	80%	54%
EBITDA margin(%)	62%	67%	73%	111%	80%
NET Profit margin(%)	5%	14%	20%	43%	19%
ROA(%)	0%	2%	3%	5%	3%
ROE(%)	3%	8%	13%	29%	14%
Stability					
Tot debt/ equity (x)	4,2	3,7	3,0	3,8	3,7
Int. Coverage (x)	(0,0)	0,2	0,6	1,2	0,6
Current Ratio (X)	0,7	0,9	1,0	0,4	0,3
Per Share data					
EPS (IDR)	69	223	378	916	453
PBV (x)	1,8	1,4	1,1	1,5	1,9
PER (x)	67	17	9	5	14
EBITDA/share	823	1.084	1.383	2.345	1.888

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**.

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