

13 May 2020  
Infrastructure, Toll Road

Price IDR 3,430  
Target Price IDR 5,000  
JKSE Index 4,554.359



## Investment Consideration

### Expecting a lower 2020F performance

- Due to the covid-19 outbreak and physical distancing which is extended until May 2020, JSMR's performance in terms of toll road revenues, both mature and from subsidiaries, has declined by about 50%.
- JSMR mature toll road revenues has decreased 70% for weekends, and 42% for weekdays. The decrease in revenue will be seen in the 2Q2020 performance as the 1Q2020 performance was still sustained by higher traffic volume in January - February 2020.
- In response, JSMR plans to improve efficiency by cutting operating expenses by approximately IDR 500 billion, slashing capital expenditure by IDR 2 trillion and postponing commercial operating targets for several new toll roads.
- JSMR will also reschedule principal payments and extend tenors for loan facilities at both subsidiary and parent level. Interest rates will be lowered to 7%, and payments will be adjusted to match with JSMR's cash flow.
- For the 2020F full year result, we expect toll road revenues will decrease by 25% yoy to IDR 8.42 trillion.

### 2019FY Results: Improved EBITDA

- JSMR recorded revenue of IDR 10.89 trillion, up +12.3% yoy in 2019FY. EBITDA grew +14.3% yoy to IDR 6.88 trillion due to toll revenue increases and savings from operational direct costs, which resulted in an increase in the EBITDA margin from 61.6% in 2018 to 62.7% in 2019.
- Toll revenue at the subsidiary level increased 40.3% yoy from IDR 1.29 triliion in 2018 to IDR 1.82 trillion in 2019. The higher toll revenue contribution at the subsidiary level is the result of additional new toll road operations. In 2018 the contribution from toll road subsidiaries was 14%, while in 2019 it was 18%.
- Net income grew +21% yoy to IDR 2.21 trillion.
- We are expecting 2020F net income of IDR 1.2 trillion, which would mean a 45% drop, in line with the lower toll road revenue in 2020F.

### Valuation: TP 5,000, Maintain BUY

- We update our one year target price for JSMR to IDR 5,000, offering investors a potential return of 46%. This would also translate into 2021F PE of 16x. We recommend BUY.

## Stock Information

Bloomberg Code JSMR JJ  
Market Cap (IDR bn) 24,890  
52-week high (IDR) 6,225  
52-week low (IDR) 2,230  
Shares issued (mn) 7,257.9  
6-m avg. daily Val (IDR) 4,360  
Free float (%) 30%

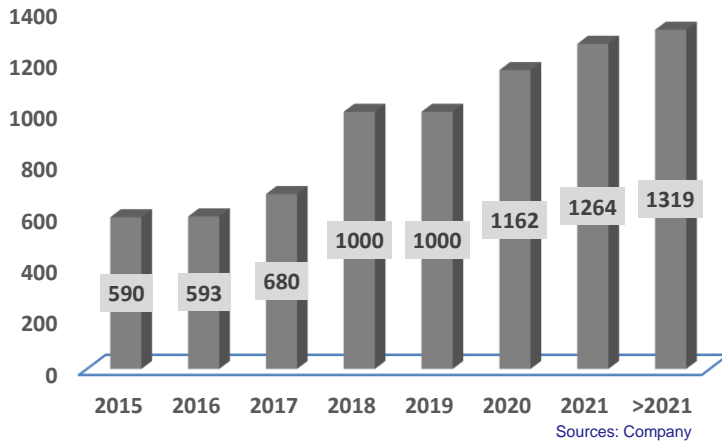
Major share holders (%)  
Government RI 70%  
Public 30%

USD/ IDR – YE (IDR)  
2019 14,390  
2020F (6m-avg) 14,467

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Financial Highlighths	2016A	2017A	2018A	2019A	2020F	2020F
Toll and other operating revenue (IDR Mn)	8.832.348	8.921.665	9.784.488	10.984.104	8.416.191	10.658.524
Operating Income (IDR Mn)	4.165.507	4.648.080	5.415.226	5.857.262	4.363.717	5.594.670
EBITDA (IDR Mn)	5.034.625	5.506.241	6.105.462	6.906.932	5.382.182	6.750.096
Net Income (IDR Mn)	1.889.313	2.200.257	2.202.600	2.207.117	1.204.259	2.284.220
EPS (IDR)	260	303	303	304	166	315
Operating Margin (%)	47%	52%	55%	53%	52%	52%
EBITDA Margin (%)	57%	62%	62%	63%	64%	63%
NPM (%)	21%	25%	23%	20%	14%	21%
Tot. Deb / Equity (X)	2,7	4,0	3,7	4,1	4,1	4,1
Int. Coverage (x)	1,2	1,7	1,1	0,9	0,5	1,0

**Chart: Operated Toll Road (in KM)**



**Table: Additional Operated Toll Road in 2020 (102 km)**

	Section	Length (km)
1	Pandaan - Malang (Section V)	2,97
2	JORR2: Cinere - Serpong	10,14
3	JORR2: Kunciran - Cengkareng	14,19
4	Balikpapan - Samarinda (Section I & V)	33,12
5	Manado - Bitung	39,00
6	Bogor Ring Road (Section IIIA)	2,65

Sources: Company

**Table: Additional Operated Toll Road in 2021 (55 km)**

	Section	Length (km)
1	Jakarta - Cikampek II South (Section III)	27,85
2	Ngawi - Kertosono (Section V)	27,90

Sources: Company

**Table: Additional Operated Toll Road in > 2021 (208 km)**

	Section	Length (km)
1	Bogor Ring Road (Section IIIB)	2,25
2	Jakarta - Cikampek II South (Section I-II)	34,15
3	Probolinggo - Banyuwangi (Section I-III)	172,00

Sources: Company

**Table: Income Statement in IDR Million YoY**

<b>Income Statement (IDR. Mn)</b>	<b>2015A</b>	<b>2016A</b>	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020F</b>	<b>2021F</b>
Toll and other operating revenues	7.630.678	8.832.348	8.921.665	9.784.488	10.984.104	8.416.191	10.658.524
Construction revenue	2.217.564	7.829.055	26.170.528	27.189.585	15.361.156	19.730.338	20.716.855
<b>Total Revenue</b>	<b>9.848.242</b>	<b>16.661.403</b>	<b>35.092.193</b>	<b>36.974.074</b>	<b>26.345.260</b>	<b>28.146.529</b>	<b>31.375.379</b>
Toll and other operating expenses	-3.518.021	-4.022.857	-3.772.061	-4.052.643	-4.634.241	-3.551.633	-4.497.897
Construction expenses	-2.202.401	-7.782.154	-26.012.247	-27.003.921	-15.266.376	-19.611.956	-20.592.554
<b>Total Cost of revenue</b>	<b>-5.720.422</b>	<b>-11.805.012</b>	<b>-29.784.308</b>	<b>-31.056.564</b>	<b>-19.900.617</b>	<b>-23.163.588</b>	<b>-25.090.451</b>
<b>Gross Profit</b>	<b>4.127.820</b>	<b>4.856.391</b>	<b>5.307.885</b>	<b>5.917.510</b>	<b>6.444.643</b>	<b>4.982.940</b>	<b>6.284.928</b>
Operating Expense	-650.155	-690.884	-659.805	-502.284	-587.381	-619.224	-690.258
<b>Operating Income</b>	<b>3.477.665</b>	<b>4.165.507</b>	<b>4.648.080</b>	<b>5.415.226</b>	<b>5.857.262</b>	<b>4.363.717</b>	<b>5.594.670</b>
Other Income	-1.409.361	-1.515.828	-1.397.627	-2.204.919	-2.759.659	-2.786.506	-2.510.030
<b>Profit Before Tax</b>	<b>2.068.304</b>	<b>2.649.679</b>	<b>3.250.453</b>	<b>3.210.306</b>	<b>3.097.603</b>	<b>1.577.210</b>	<b>3.084.639</b>
Taxes	-749.104	-846.625	-1.156.796	-1.173.815	-1.023.715	-457.391	-894.545
<b>NIAT</b>	<b>1.319.201</b>	<b>1.803.054</b>	<b>2.093.657</b>	<b>2.036.491</b>	<b>2.073.888</b>	<b>1.119.819</b>	<b>2.190.094</b>
Non-controlling Interest	147.181	86.258	106.600	166.109	133.229	84.440	94.126
<b>Net Income</b>	<b>1.466.382</b>	<b>1.889.313</b>	<b>2.200.257</b>	<b>2.202.600</b>	<b>2.207.117</b>	<b>1.204.259</b>	<b>2.284.220</b>
EPS (in IDR)	215,6	260,3	303,2	303,5	304,1	165,9	314,7
<b>EBITDA</b>	<b>4.210.862</b>	<b>5.034.625</b>	<b>5.506.241</b>	<b>6.105.462</b>	<b>6.906.932</b>	<b>5.382.182</b>	<b>6.750.096</b>

Sources: Company and Binaartha

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

Statement of Financial Position (In IDR Mn)	2015A	2016A	2017A	2018A	2019A	2020F	2021F
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	3.196.579	3.467.012
Trade Accounts Receivable	164.374	8.278.539	11.547.364	5.550.282	6.270.361	6.728.690	7.500.576
Inventories	20.154	86.975	134.245	40.949	61.136	65.316	72.809
Others Current Assets	221.297	475.484	432.435	279.671	939.468	608.300	605.220
<b>Total Current Assets</b>	<b>3.729.047</b>	<b>12.965.884</b>	<b>18.987.065</b>	<b>11.813.857</b>	<b>11.612.566</b>	<b>10.598.884</b>	<b>11.645.617</b>
<b>NONCURRENT ASSETS</b>							
Fixed Assets	913.843	884.666	1.035.922	754.806	4.394.889	4.491.722	4.590.689
Intangible Assets	28.821.790	36.898.892	56.089.017	63.453.029	78.620.143	79.898.955	81.275.319
Other Noncurrent Assets	3.260.304	2.750.881	3.080.768	6.396.909	5.051.972	5.096.822	5.708.777
<b>Total Noncurrent Assets</b>	<b>32.995.936</b>	<b>40.534.438</b>	<b>60.205.707</b>	<b>70.604.744</b>	<b>88.067.004</b>	<b>89.487.499</b>	<b>91.574.785</b>
<b>TOTAL ASSETS</b>	<b>36.724.982</b>	<b>53.500.323</b>	<b>79.192.772</b>	<b>82.418.601</b>	<b>99.679.570</b>	<b>100.086.385</b>	<b>103.220.402</b>
<b>LIABILITIES AND EQUITY</b>							
<b>LIABILITIES</b>							
<b>CURRENT LIABILITIES</b>							
Bank Loans	766.400	4.590.849	1.278.659	2.347.571	5.245.935	10.245.935	10.245.935
Contractors Payable	1.461.349	1.279.575	1.289.211	1.098.460	551.612	712.765	794.530
Account Payable	137.466	134.772	350.924	321.811	404.235	338.426	361.376
Current maturities of long term liabilities	3.727.864	4.198.390	4.150.882	6.430.596	11.885.400	7.200.000	4.217.000
Others Current Liabilities	1.450.333	8.423.404	17.928.265	20.883.037	23.439.235	22.517.223	26.669.072
<b>Total Current Liabilities</b>	<b>7.543.411</b>	<b>18.626.989</b>	<b>24.997.940</b>	<b>31.081.475</b>	<b>41.526.417</b>	<b>41.014.349</b>	<b>42.287.913</b>
<b>NONCURRENT LIABILITIES</b>							
Long-term contractors payable	200.376	394.470	496.700	266.024	568.239	607.090	505.825
Long-term liabilities - net of current liabilities	15.933.171	16.722.160	31.063.085	28.804.315	29.389.974	30.189.974	30.972.974
Others Noncurrent Liabilities	679.360	1.417.864	4.275.608	2.067.801	5.009.203	5.351.690	5.965.614
<b>Total Noncurrent Liabilities</b>	<b>16.812.907</b>	<b>18.534.494</b>	<b>35.835.393</b>	<b>31.138.140</b>	<b>34.967.416</b>	<b>36.148.755</b>	<b>37.444.413</b>
<b>TOTAL LIABILITIES</b>	<b>24.356.318</b>	<b>37.161.483</b>	<b>60.833.333</b>	<b>62.219.615</b>	<b>76.493.833</b>	<b>77.163.104</b>	<b>79.732.325</b>
Non-controlling interest	1.950.159	2.659.715	3.261.786	3.290.481	4.503.057	3.999.748	4.107.701
<b>EQUITY</b>	<b>10.418.505</b>	<b>13.679.125</b>	<b>15.097.653</b>	<b>16.908.505</b>	<b>18.682.680</b>	<b>18.923.532</b>	<b>19.380.376</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>36.724.982</b>	<b>53.500.323</b>	<b>79.192.772</b>	<b>82.418.601</b>	<b>99.679.570</b>	<b>100.086.384</b>	<b>103.220.403</b>

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2015A	2016A	2017A	2018A	2019A	2020F	2021F
Net Income	1.466.382	1.889.313	2.200.257	2.202.600	2.207.117	1.204.259	2.284.220
Depreciation	138.770	157.781	183.720	84.104	96.833	96.833	98.967
Change in WC	3.091.577	2.648.405	3.097.906	12.326.677	9.044.879	-643.409	497.265
<b>Cash From Operating Activities</b>	<b>4.696.728</b>	<b>4.695.498</b>	<b>5.481.883</b>	<b>14.613.381</b>	<b>11.348.829</b>	<b>657.683</b>	<b>2.880.451</b>
Capex	-4.820.527	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-1.517.328	-2.186.253
<b>Cash From Investing Activities</b>	<b>-4.820.527</b>	<b>-7.696.283</b>	<b>-19.854.989</b>	<b>-10.483.141</b>	<b>-17.559.093</b>	<b>-1.517.328</b>	<b>-2.186.253</b>
Long-term contractors payable	200.376	194.094	102.230	-230.676	302.215	38.851	-101.265
Long-term liabilities - net of current liabilities	-140.018	788.989	14.340.925	-2.258.770	585.659	800.000	783.000
Others Noncurrent Liabilities	214.325	738.504	2.857.744	-2.207.807	2.941.402	342.487	613.923
Equity	-118.446	2.080.863	-179.658	-363.054	779.634	-1.466.716	-1.719.423
<b>Cash From Financing Activities</b>	<b>156.236</b>	<b>3.802.450</b>	<b>17.121.242</b>	<b>-5.060.307</b>	<b>4.608.911</b>	<b>-285.377</b>	<b>-423.765</b>
<b>Net Changes in Cash</b>	<b>32.437</b>	<b>801.665</b>	<b>2.748.135</b>	<b>-930.067</b>	<b>-1.601.353</b>	<b>-1.145.022</b>	<b>270.434</b>
Beginning Balance	3.290.784	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	3.196.579
Ending Balance	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	3.196.579	3.467.012

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020F	2021F
Revenue	69%	111%	5%	-29%	7%	11%
GP	18%	9%	11%	9%	-23%	26%
OP	20%	12%	17%	8%	-25%	28%
EBITDA	20%	9%	11%	13%	-22%	25%
NP	29%	16%	0%	0%	-45%	90%
EPS	20%	9%	11%	13%	-22%	25%
<b>Profitability</b>						
Operating Margin(%)	47%	52%	55%	53%	52%	52%
EBITDA margin(%)	57%	62%	62%	63%	64%	63%
NET Profit margin(%)	21%	25%	23%	20%	14%	21%
ROA(%)	4%	3%	3%	2%	1%	2%
ROE(%)	14%	15%	13%	12%	6%	12%
<b>Stability</b>						
Tot debt/ equity (x)	2,7	4,0	3,7	4,1	4,1	4,1
Int. Coverage (x)	1,2	1,7	1,1	0,9	0,5	1,0
Current Ratio (X)	0,7	0,8	0,4	0,3	0,3	0,3
<b>Per Share data (IDR)</b>						
EPS	260	303	303	304	166	315
BV	1.885	2.080	2.330	2.574	2.607	2.670
EBITDA/share	694	759	841	952	742	930

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**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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