

1 December 2020  
Infrastructure, Toll Road

Price IDR 4,140  
Target Price IDR 5,350  
JKSE Index 5,622.741



## Stock Information

Bloomberg Code JSMR IJ  
Market Cap (IDR bn) 24,894  
52-week high (IDR) 5,400  
52-week low (IDR) 2,230  
Shares issued (mn) 7,257.9  
6-m avg. daily Val (IDR) 3,949  
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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## Investment Consideration

### Traffic showing improvement

- Toll revenue has increased again In the week of 9 November – 15 November. Revenue has been steadily recovering and is now only 4.5% away from a return to normal conditions.
- The recovery started in June, after the government eased restrictions and toll revenue gradually increased in line with improving traffic volume. In September revenue dropped again after the government, especially in Jakarta implemented PSBB restrictions again.
- We expect that conditions will continue to improve as the PSBB transition continues, and we expect traffic volume to continue to increase gradually. Compared to most other businesses, toll revenues recover faster.

### 3Q2020FY: Margin Recovery

- JSMR's toll and other operating revenues in 3Q2020 grew double digit +55.1% QoQ to IDR 2.49 trillion compared to 2Q2020 IDR 1.61 trillion.
- The increase is inline with increasing traffic volume in 3Q2020. For 9M2020, JSMR toll and other operating revenue still declined -14% YoY to IDR 6.8 trillion, but operating profit increased +20% QoQ to IDR 1.29 trillion in 3Q2020.
- Net income turned positive at IDR 51.8 billion in 3Q2020 from a loss in 2Q2020 of IDR 482 billion, resulting in a higher net profit margin of 2%.
- JSMR 3Q2020 improvement has not entirely offset the decline in the previous quarter. So for 9M2020, EBITDA still dropped -16.9% YoY to IDR 4.15 trillion from IDR 5.00 trillion in 9M2019. The EBITDA margin dropped to 60.7% from 62.9%. Net income also fell sharply -90% YoY to IDR 157.6 billion from IDR 1.5 trillion in 9M2019. In line with a drop in the Net profit margin from 19% in 9M2019 to only 2% in 9M2020.
- As the situation continues to improve, we are expecting toll road revenues and profits for 2020F to be IDR 8.8 trillion and IDR 242 billion, which is a -19% and -89% decreases respectively.

### Valuation: TP 5350, Maintain BUY

- Our target JSMR shares price is IDR 5.350, offering investors a potential return of 29%, we maintain our recommendation to BUY. This would translate to a 2021F PE of 23x. Buy.

Financial Highligths	2016A	2017A	2018A	2019A	2020F	2021F
Toll and other operating revenue (IDR Mn)	8.832.348	8.921.665	9.784.488	10.984.104	8.852.388	10.039.445
Operating Income (IDR Mn)	4.165.507	4.648.080	5.415.226	5.857.262	4.439.602	5.213.399
EBITDA (IDR Mn)	5.034.625	5.506.241	6.105.462	6.906.932	5.157.309	6.937.328
Net Income (IDR Mn)	1.889.313	2.200.257	2.202.600	2.207.117	242.746	1.652.769
EPS (IDR)	260	303	303	304	33	228
Operating Margin (%)	47%	52%	55%	53%	50%	52%
EBITDA Margin (%)	57%	62%	62%	63%	58%	69%
NPM (%)	21%	25%	23%	20%	3%	16%
Tot. Deb / Equity (X)	2,7	4,0	3,7	4,1	4,2	4,4
Int. Coverage (x)	1,2	1,7	1,1	0,9	(0,1)	0,4

Chart: Impact on JSMR's Revenue due to Covid-19 Outbreak

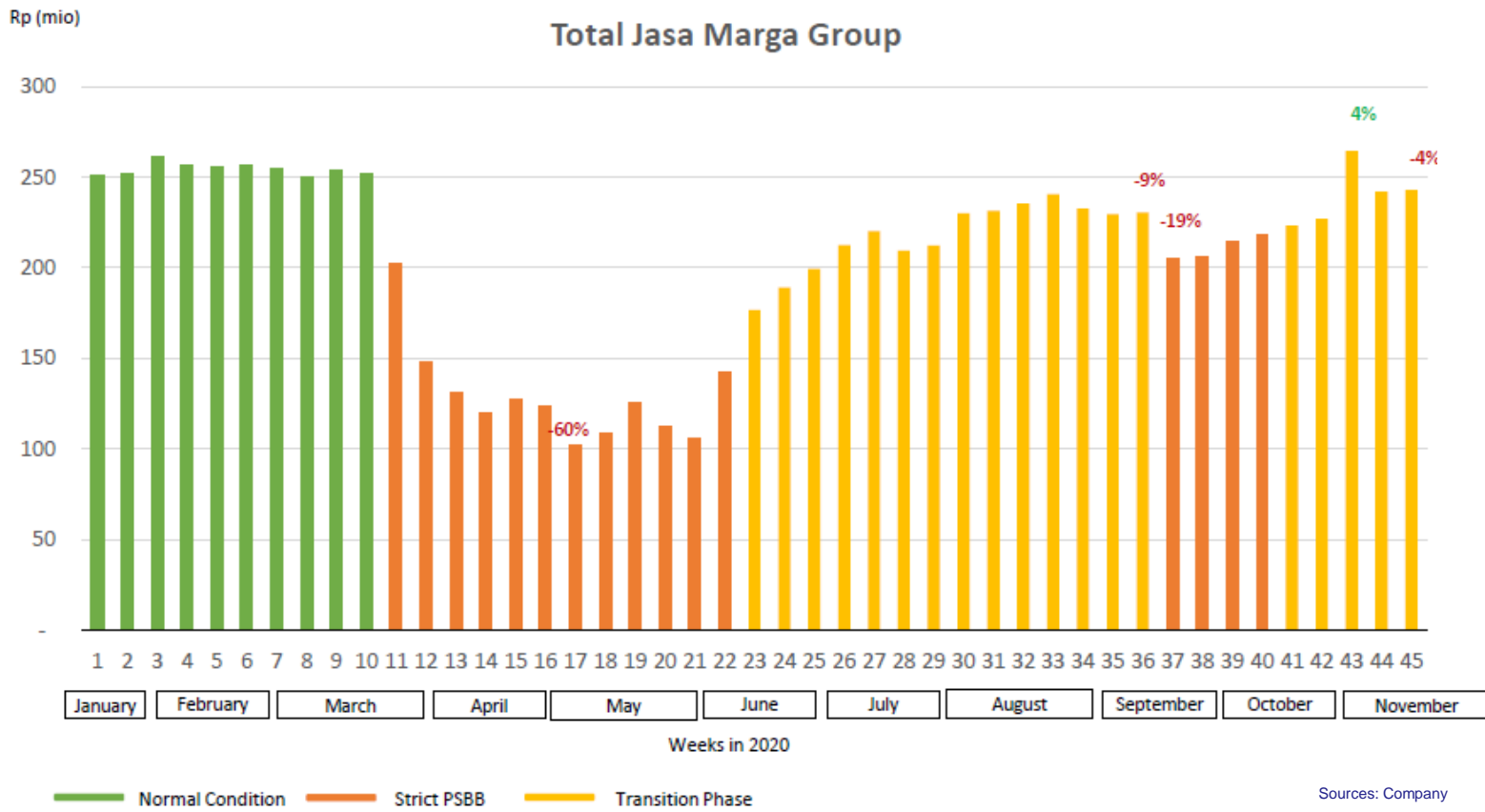
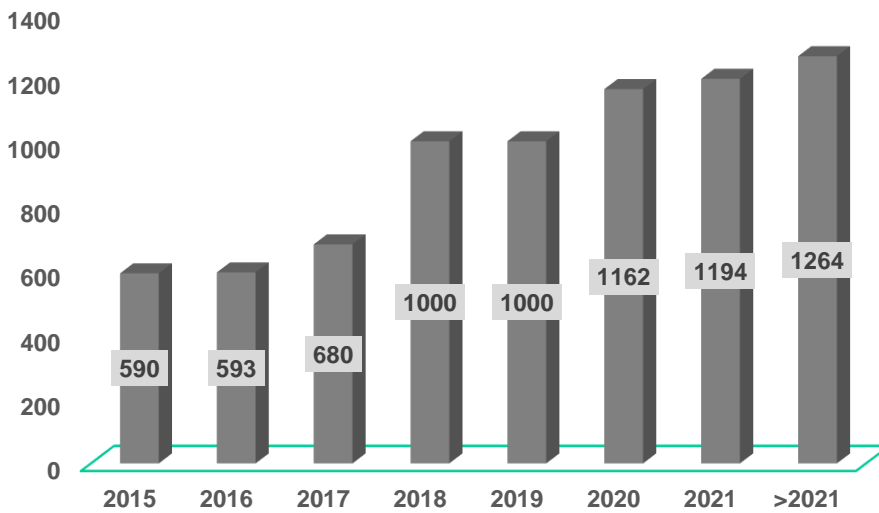


Chart: Operated Toll Road (in KM)



**Table: Additional Operated Toll Road in 2020 (32 km)**

	<b>Section</b>	<b>Length (km)</b>
1	Pandaan - Malang (Section V)	2,97
2	Manado - Danowudu	26,35
3	Bogor Ring Road (Section IIIA)	2,65

Sources: Company

**Table: Additional Operated Toll Road in 2021 (70 km)**

	<b>Section</b>	<b>Length (km)</b>
1	Balikpapan - Samarinda (Section I&V)	33,12
2	JORR2: Cinere - Serpong	10,14
3	JORR2: Kunciran - Cengkareng	14,19
4	Danowudu - Bitung	12,65

Sources: Company

**Table: Additional Operated Toll Road in > 2021 (340 km)**

	<b>Section</b>	<b>Length (km)</b>
1	Bogor Ring Road (Section IIIB)	2,25
2	Jakarta - Cikampek II South (Section I-II)	62,00
3	Probolinggo - Banyuwangi (Section I-III)	172,00
4	Ngawi - Kertosono (Section V)	27,90
5	Jogja - Bawen	75,83

Sources: Company

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

Income Statement (IDR. Mn)	2016A	2017A	2018A	2019A	2020F	2021F
Toll and other operating revenues	8.832.348	8.921.665	9.784.488	10.984.104	8.852.388	10.039.445
Construction revenue	7.829.055	26.170.528	27.189.585	15.361.156	5.775.052	10.395.094
<b>Total Revenue</b>	<b>16.661.403</b>	<b>35.092.193</b>	<b>36.974.074</b>	<b>26.345.260</b>	<b>14.627.440</b>	<b>20.434.539</b>
Toll and other operating expenses	-4.022.857	-3.772.061	-4.052.643	-4.634.241	-3.806.527	-4.316.961
Construction expenses	-7.782.154	-26.012.247	-27.003.921	-15.266.376	-5.723.077	-10.291.143
<b>Total Cost of revenue</b>	<b>-11.805.012</b>	<b>-29.784.308</b>	<b>-31.056.564</b>	<b>-19.900.617</b>	<b>-9.529.603</b>	<b>-14.608.104</b>
<b>Gross Profit</b>	<b>4.856.391</b>	<b>5.307.885</b>	<b>5.917.510</b>	<b>6.444.643</b>	<b>5.097.836</b>	<b>5.826.435</b>
Operating Expense	-690.884	-659.805	-502.284	-587.381	-658.235	-613.036
<b>Operating Income</b>	<b>4.165.507</b>	<b>4.648.080</b>	<b>5.415.226</b>	<b>5.857.262</b>	<b>4.439.602</b>	<b>5.213.399</b>
Other Income	-1.515.828	-1.397.627	-2.204.919	-2.759.659	-3.949.409	-3.269.526
<b>Profit Before Tax</b>	<b>2.649.679</b>	<b>3.250.453</b>	<b>3.210.306</b>	<b>3.097.603</b>	<b>490.193</b>	<b>1.943.872</b>
Taxes	-846.625	-1.156.796	-1.173.815	-1.023.715	-686.270	-699.794
<b>NIAT</b>	<b>1.803.054</b>	<b>2.093.657</b>	<b>2.036.491</b>	<b>2.073.888</b>	<b>-196.077</b>	<b>1.244.078</b>
Non-controlling Interest	86.258	106.600	166.109	133.229	438.823	408.691
<b>Net Income</b>	<b>1.889.313</b>	<b>2.200.257</b>	<b>2.202.600</b>	<b>2.207.117</b>	<b>242.746</b>	<b>1.652.769</b>
EPS (in IDR)	260,3	303,2	303,5	304,1	33,4	227,7
<b>EBITDA</b>	<b>5.034.625</b>	<b>5.506.241</b>	<b>6.105.462</b>	<b>6.906.932</b>	<b>5.157.309</b>	<b>6.937.328</b>

Sources: Company and Binaartha

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

Statement of Financial Position (In IDR Mn)	2016A	2017A	2018A	2019A	2020F	2021F
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	4.124.886	6.873.021	5.942.954	4.341.601	5.436.656	6.907.999
Trade Accounts Receivable	8.278.539	11.547.364	5.550.282	6.270.361	4.388.232	6.130.362
Inventories	86.975	134.245	40.949	61.136	61.435	61.304
Others Current Assets	475.484	432.435	279.671	939.468	1.316.470	1.328.245
<b>Total Current Assets</b>	<b>12.965.884</b>	<b>18.987.065</b>	<b>11.813.857</b>	<b>11.612.566</b>	<b>11.202.793</b>	<b>14.427.910</b>
<b>NONCURRENT ASSETS</b>						
Fixed Assets	884.666	1.035.922	754.806	714.262	878.542	1.080.607
Intangible Assets	36.898.892	56.089.017	63.453.029	78.620.143	83.217.876	84.965.451
Other Noncurrent Assets	2.750.881	3.080.768	6.396.909	8.732.599	7.971.955	8.991.197
<b>Total Noncurrent Assets</b>	<b>40.534.438</b>	<b>60.205.707</b>	<b>70.604.744</b>	<b>88.067.004</b>	<b>92.068.373</b>	<b>95.037.255</b>
<b>TOTAL ASSETS</b>	<b>53.500.323</b>	<b>79.192.772</b>	<b>82.418.601</b>	<b>99.679.570</b>	<b>103.271.166</b>	<b>109.465.165</b>
<b>LIABILITIES AND EQUITY</b>						
<b>LIABILITIES</b>						
<b>CURRENT LIABILITIES</b>						
Bank Loans	4.590.849	1.278.659	2.347.571	5.245.935	3.866.650	5.866.650
Contractors Payable	1.279.575	1.289.211	1.098.460	551.612	585.098	617.441
Account Payable	134.772	350.924	321.811	404.235	365.686	408.691
Current maturities of long term liabilities	4.198.390	4.150.882	6.430.596	11.885.400	11.980.742	9.217.000
Others Current Liabilities	8.423.404	17.928.265	20.883.037	23.439.235	6.582.348	9.195.542
<b>Total Current Liabilities</b>	<b>18.626.989</b>	<b>24.997.940</b>	<b>31.081.475</b>	<b>41.526.417</b>	<b>23.380.523</b>	<b>25.305.325</b>
<b>NONCURRENT LIABILITIES</b>						
Long-term contractors payable	394.470	496.700	266.024	568.239	585.098	510.863
Long-term liabilities - net of current liabilities	16.722.160	31.063.085	28.804.315	29.389.974	48.611.533	51.394.533
Others Noncurrent Liabilities	1.417.864	4.275.608	2.067.801	5.009.203	6.728.622	7.152.089
<b>Total Noncurrent Liabilities</b>	<b>18.534.494</b>	<b>35.835.393</b>	<b>31.138.140</b>	<b>34.967.416</b>	<b>55.925.253</b>	<b>59.057.485</b>
<b>TOTAL LIABILITIES</b>	<b>37.161.483</b>	<b>60.833.333</b>	<b>62.219.615</b>	<b>76.493.833</b>	<b>79.305.776</b>	<b>84.362.810</b>
Non-controlling interest	2.659.715	3.261.786	3.290.481	4.503.057	5.119.604	5.926.016
<b>EQUITY</b>	<b>13.679.125</b>	<b>15.097.653</b>	<b>16.908.505</b>	<b>18.682.680</b>	<b>18.845.785</b>	<b>19.176.339</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>53.500.323</b>	<b>79.192.772</b>	<b>82.418.601</b>	<b>99.679.570</b>	<b>103.271.165</b>	<b>109.465.165</b>

**Table: Cash Flow in IDR Million YoY**

<b>Cash Flow (In IDR Mn)</b>	<b>2016A</b>	<b>2017A</b>	<b>2018A</b>	<b>2019A</b>	<b>2020F</b>	<b>2021F</b>
Net Income	1.889.313	2.200.257	2.202.600	2.207.117	242.746	1.652.769
Depreciation	157.781	183.720	84.104	96.833	164.280	202.065
Change in WC	2.648.405	3.097.906	12.326.677	9.044.879	-16.641.065	171.028
<b>Cash From Operating Activities</b>	<b>4.695.498</b>	<b>5.481.883</b>	<b>14.613.381</b>	<b>11.348.829</b>	<b>-16.234.039</b>	<b>2.025.861</b>
Capex	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-4.165.649	-3.170.947
<b>Cash From Investing Activities</b>	<b>-7.696.283</b>	<b>-19.854.989</b>	<b>-10.483.141</b>	<b>-17.559.093</b>	<b>-4.165.649</b>	<b>-3.170.947</b>
Long-term contractors payable	194.094	102.230	-230.676	302.215	16.859	-74.234
Long-term liabilities - net of current liabilities	788.989	14.340.925	-2.258.770	585.659	19.221.559	2.783.000
Others Noncurrent Liabilities	738.504	2.857.744	-2.207.807	2.941.402	1.719.419	423.466
Equity	2.080.863	-179.658	-363.054	779.634	536.906	-515.803
<b>Cash From Financing Activities</b>	<b>3.802.450</b>	<b>17.121.242</b>	<b>-5.060.307</b>	<b>4.608.911</b>	<b>21.494.743</b>	<b>2.616.429</b>
<b>Net Changes in Cash</b>	<b>801.665</b>	<b>2.748.135</b>	<b>-930.067</b>	<b>-1.601.353</b>	<b>1.095.055</b>	<b>1.471.343</b>
<b>Beginning Balance</b>	<b>3.323.221</b>	<b>4.124.886</b>	<b>6.873.021</b>	<b>5.942.954</b>	<b>4.341.601</b>	<b>5.436.656</b>
<b>Ending Balance</b>	<b>4.124.886</b>	<b>6.873.021</b>	<b>5.942.954</b>	<b>4.341.601</b>	<b>5.436.656</b>	<b>6.907.999</b>

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020F	2021F
Revenue	69%	111%	5%	-29%	-44%	40%
GP	18%	9%	11%	9%	-21%	14%
OP	20%	12%	17%	8%	-24%	17%
EBITDA	20%	9%	11%	13%	-25%	35%
NP	29%	16%	0%	0%	-89%	581%
EPS	20%	9%	11%	13%	-25%	35%
<b>Profitability</b>						
Operating Margin(%)	47%	52%	55%	53%	50%	52%
EBITDA margin(%)	57%	62%	62%	63%	58%	69%
NET Profit margin(%)	21%	25%	23%	20%	3%	16%
ROA(%)	4%	3%	3%	2%	0%	2%
ROE(%)	14%	15%	13%	12%	1%	9%
<b>Stability</b>						
Tot debt/ equity (x)	2,7	4,0	3,7	4,1	4,2	4,4
Int. Coverage (x)	1,2	1,7	1,1	0,9	(0,1)	0,4
Current Ratio (X)	0,7	0,8	0,4	0,3	0,5	0,6
<b>Per Share data (IDR)</b>						
EPS	260	303	303	304	33	228
BV	1.885	2.080	2.330	2.574	2.597	2.642
EBITDA/share	694	759	841	952	711	956

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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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