

23 June 2020
Infrastructure, Toll Road

Price IDR 4,200
Target Price IDR 5,200
JKSE Index 4,918.831



Stock Information

Bloomberg Code JSMR IJ
Market Cap (IDR bn) 29,830
52-week high (IDR) 6,225
52-week low (IDR) 2,230
Shares issued (mn) 7,257.9
6-m avg. daily Val (IDR) 4,075
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

June growth Improvement

- In 1Q2020, JSMR's toll road revenues, both mature and subsidiaries, declined by about 45%, due to the covid-19 outbreak and physical distancing which is now entering a re opening period. The March - April 2020 period saw a further deterioration to -50%.
- Mature toll road revenue has dropped 35% for weekends, and 25% for weekdays. While at the subsidiary level toll road revenue has declined 38% for weekends and 30% for weekdays. But there has been an improvement in June weeks 1 and 2 compared to the March – May 2020 period.
- As the re opening period will allow for some economic activities, we expect the rate of decline of JSMR's toll road revenues will reduce gradually.

1Q2020FY: Better than expected

- JSMR recorded IDR 2.73 trillion from toll and other operating revenue, up +8.6% yoy in 1Q2020. The contribution of toll revenue at the subsidiary level was 31.1% or IDR 923 billion in 1Q2020 from IDR 488 in 1Q2019, an increase of 29.7% YoY. The higher toll revenue at the subsidiary level is the result of additional new toll roads.
- EBITDA grew +4.8% yoy to IDR 1.90 trillion, which resulted in a decrease in the EBITDA margin from 71.8% in 1Q2019 to 69.3% in 1Q2020.
- Net income grew +0.53% yoy to IDR 587.9 billion.
- We are upgrading our 2020 forecasts as the 1Q2020 result was above our expectations. We now expect 2020F net income of IDR 2.21 trillion, which would mean growth of +0.2% YoY.

Valuation: TP 5,200, Maintain BUY

- We update our one year target price for JSMR to IDR 5,200, offering investors a potential return of 24%. This would also translate into 2021F PE of 15.6x. We recommend BUY.

Financial Highlights	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	9.702.819	10.969.344
Operating Income (IDR Mn)	4.165.507	4.648.080	5.415.226	5.857.262	5.428.736	6.090.808
EBITDA (IDR Mn)	5.034.625	5.506.241	6.105.462	6.906.932	6.865.515	7.214.781
Net Income (IDR Mn)	1.889.313	2.200.257	2.202.600	2.207.117	2.211.627	2.429.457
EPS (IDR)	260	303	303	304	305	335
Operating Margin (%)	47%	52%	55%	53%	56%	56%
EBITDA Margin (%)	57%	62%	62%	63%	71%	66%
NPM (%)	21%	25%	23%	20%	23%	22%
Tot. Deb / Equity (X)	2,7	4,0	3,7	4,1	4,0	4,0
Int. Coverage (x)	1,2	1,7	1,1	0,9	0,8	0,9

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

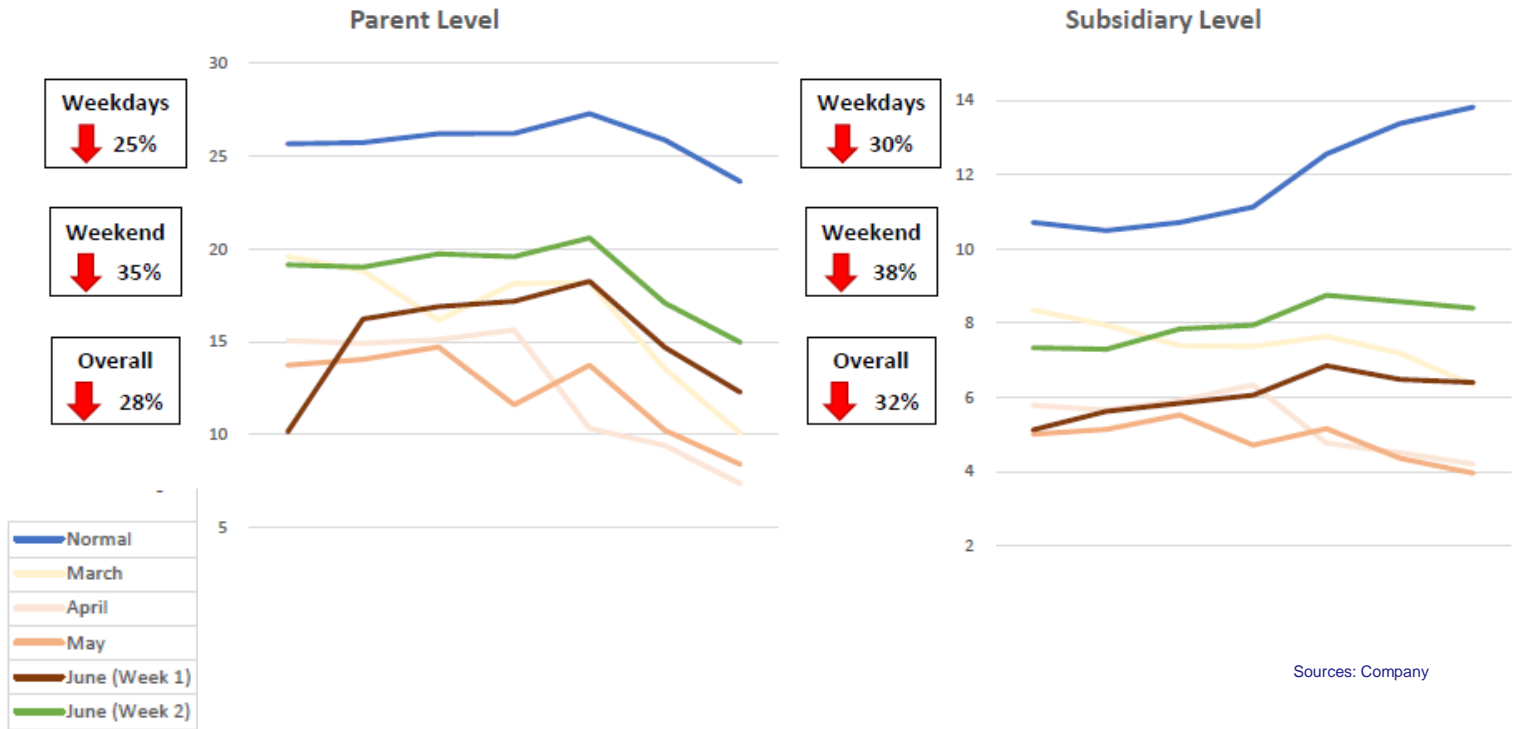


Chart: Operated Toll Road (in KM)

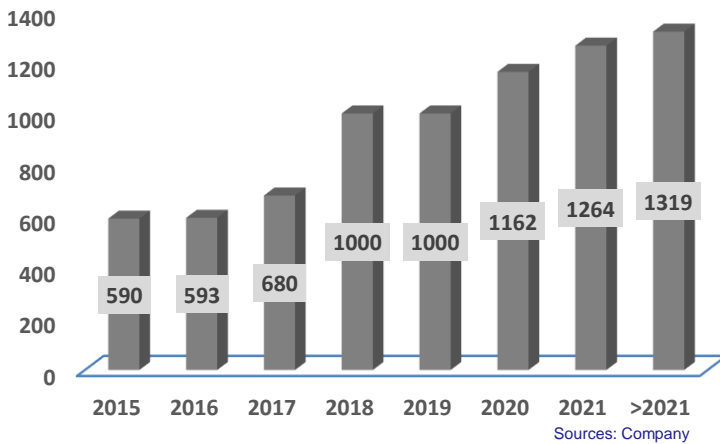


Table: Additional Operated Toll Road in 2020 (102 km)

	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

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	9.702.819	10.969.344
Construction revenue	7.829.055	26.170.528	27.189.585	15.361.156	5.775.052	14.437.630
Total Revenue	16.661.403	35.092.193	36.974.074	26.345.260	15.477.871	25.406.974
Toll and other operating expenses	-4.022.857	-3.772.061	-4.052.643	-4.634.241	-3.852.019	-4.387.738
Construction expenses	-7.782.154	-26.012.247	-27.003.921	-15.266.376	-5.717.301	-14.293.254
Total Cost of revenue	-11.805.012	-29.784.308	-31.056.564	-19.900.617	-9.569.321	-18.680.991
Gross Profit	4.856.391	5.307.885	5.917.510	6.444.643	5.908.550	6.725.983
Operating Expense	-690.884	-659.805	-502.284	-587.381	-479.814	-635.174
Operating Income	4.165.507	4.648.080	5.415.226	5.857.262	5.428.736	6.090.808
Other Income	-1.515.828	-1.397.627	-2.204.919	-2.759.659	-2.476.459	-2.794.767
Profit Before Tax	2.649.679	3.250.453	3.210.306	3.097.603	2.952.277	3.296.041
Taxes	-846.625	-1.156.796	-1.173.815	-1.023.715	-1.003.774	-1.120.654
NIAT	1.803.054	2.093.657	2.036.491	2.073.888	1.948.503	2.175.387
Non-controlling Interest	86.258	106.600	166.109	133.229	263.124	254.070
Net Income	1.889.313	2.200.257	2.202.600	2.207.117	2.211.627	2.429.457
EPS (in IDR)	260,3	303,2	303,5	304,1	304,7	334,7
EBITDA	5.034.625	5.506.241	6.105.462	6.906.932	6.865.515	7.214.781

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
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	4.150.850	4.199.546
Trade Accounts Receivable	164.374	8.278.539	11.547.364	5.550.282	6.270.361	6.345.927	6.605.813
Inventories	20.154	86.975	134.245	40.949	61.136	54.173	55.895
Others Current Assets	221.297	475.484	432.435	279.671	939.468	1.238.230	1.270.349
Total Current Assets	3.729.047	12.965.884	18.987.065	11.813.857	11.612.566	11.789.180	12.131.603
NONCURRENT ASSETS							
Fixed Assets	913.843	884.666	1.035.922	754.806	714.262	811.095	921.056
Intangible Assets	28.821.790	36.898.892	56.089.017	63.453.029	78.620.143	80.413.493	81.798.721
Other Noncurrent Assets	3.260.304	2.750.881	3.080.768	6.396.909	8.732.599	8.714.041	9.040.464
Total Noncurrent Assets	32.995.936	40.534.438	60.205.707	70.604.744	88.067.004	89.938.629	91.760.241
TOTAL ASSETS	36.724.982	53.500.323	79.192.772	82.418.601	99.679.570	101.727.810	103.891.844
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Bank Loans	766.400	4.590.849	1.278.659	2.347.571	5.245.935	5.245.935	5.245.935
Contractors Payable	1.461.349	1.279.575	1.289.211	1.098.460	551.612	619.115	767.686
Account Payable	137.466	134.772	350.924	321.811	404.235	309.557	343.296
Current maturities of long term liabilities	3.727.864	4.198.390	4.150.882	6.430.596	11.885.400	11.980.742	9.217.000
Others Current Liabilities	1.450.333	8.423.404	17.928.265	20.883.037	23.439.235	12.382.297	15.244.184
Total Current Liabilities	7.543.411	18.626.989	24.997.940	31.081.475	41.526.417	30.537.646	30.818.102
NONCURRENT LIABILITIES							
Long-term contractors payable	200.376	394.470	496.700	266.024	568.239	619.115	635.174
Long-term liabilities - net of current liabilities	15.933.171	16.722.160	31.063.085	28.804.315	29.389.974	40.611.533	41.394.533
Others Noncurrent Liabilities	679.360	1.417.864	4.275.608	2.067.801	5.009.203	5.417.255	5.589.534
Total Noncurrent Liabilities	16.812.907	18.534.494	35.835.393	31.138.140	34.967.416	46.647.903	47.619.242
TOTAL LIABILITIES	24.356.318	37.161.483	60.833.333	62.219.615	76.493.833	77.185.549	78.437.343
Non-controlling interest	1.950.159	2.659.715	3.261.786	3.290.481	4.503.057	5.417.255	5.843.604
EQUITY	10.418.505	13.679.125	15.097.653	16.908.505	18.682.680	19.125.005	19.610.897
TOTAL LIABILITIES & EQUITY	36.724.982	53.500.323	79.192.772	82.418.601	99.679.570	101.727.809	103.891.844

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	2.211.627	2.429.457
Depreciation	138.770	157.781	183.720	84.104	96.833	96.833	109.961
Change in WC	3.091.577	2.648.405	3.097.906	12.326.677	9.044.879	-11.356.135	-13.272
Cash From Operating Activities	4.696.728	4.695.498	5.481.883	14.613.381	11.348.829	-9.047.676	2.526.145
Capex	-4.820.527	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-1.968.458	-1.931.572
Cash From Investing Activities	-4.820.527	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-1.968.458	-1.931.572
Long-term contractors payable	200.376	194.094	102.230	-230.676	302.215	50.876	16.060
Long-term liabilities - net of current liabilities	-140.018	788.989	14.340.925	-2.258.770	585.659	11.221.559	783.000
Others Noncurrent Liabilities	214.325	738.504	2.857.744	-2.207.807	2.941.402	408.052	172.279
Equity	-118.446	2.080.863	-179.658	-363.054	779.634	-855.103	-1.517.216
Cash From Financing Activities	156.236	3.802.450	17.121.242	-5.060.307	4.608.911	10.825.383	-545.878
Net Changes in Cash	32.437	801.665	2.748.135	-930.067	-1.601.353	-190.751	48.696
Beginning Balance	3.290.784	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	4.150.850
Ending Balance	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	4.150.850	4.199.546

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020F	2021F
Revenue	69%	111%	5%	-29%	-41%	64%
GP	18%	9%	11%	9%	-8%	14%
OP	20%	12%	17%	8%	-7%	12%
EBITDA	20%	9%	11%	13%	-1%	5%
NP	29%	16%	0%	0%	0%	10%
EPS	20%	9%	11%	13%	-1%	5%
Profitability						
Operating Margin(%)	47%	52%	55%	53%	56%	56%
EBITDA margin(%)	57%	62%	62%	63%	71%	66%
NET Profit margin(%)	21%	25%	23%	20%	23%	22%
ROA(%)	4%	3%	3%	2%	2%	2%
ROE(%)	14%	15%	13%	12%	12%	12%
Stability						
Tot debt/ equity (x)	2,7	4,0	3,7	4,1	4,0	4,0
Int. Coverage (x)	1,2	1,7	1,1	0,9	0,8	0,9
Current Ratio (X)	0,7	0,8	0,4	0,3	0,4	0,4
Per Share data (IDR)						
EPS	260	303	303	304	305	335
BV	1.885	2.080	2.330	2.574	2.635	2.702
EBITDA/share	694	759	841	952	946	994

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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