

PT Jasa Marga (Persero), Tbk

BUY

Investment Consideration

Higher volume and revenue

- Mobility is growing again leading to an increase in toll transaction volume and revenue.
- JSMR transaction volume increased +14% YoY in 1Q2022 with JSMR's subsidiary toll road transaction volume increasing +44.6% YoY and JSMR's branch transaction volume increasing +10% YoY. JSMR consolidated toll revenue reached IDR 2.93 trillion, up +15.6% YoY in 1Q2022 due to tariff adjustments and higher transaction volume, while subsidiaries booked +26.2% growth to IDR 787 billion and the parent level booked +12.2% growth to IDR 2.15 trillion.
- Transactions and revenue reached a peak in mid December with a 22% increase compared to normal conditions. In April 2022, JSMR's consolidated revenue is 26% higher compared to normal conditions due to the national holiday and an improved covid-19 situation.
- We expect the higher volume of transactions will continue in 2022F and JSMR toll and other operating revenue will grow +15% YoY to IDR 13.55 trillion.

Transjava Toll Roads spin off and IPO plans

- JSMR plans to spin off 4 operating toll roads and 9 share ownerships in the Transjava toll road to PT Jasamarga Transjava Tol (JTT) in July 2022. JTT will be managed by JSMR and own Jakarta – Cikampek to Banyuwangi toll roads with a total length of 866 km or 73% of the total 1,184 km. The length of the operating toll roads that will be spun off is 676 km.
- JSMR has received approval from the Minister of SOE in March 2022 for the spin off and after the transaction is completed, JTT will conduct an IPO in 1Q2023.

Higher 1Q2022 Profit

- JSMR recorded a net profit of IDR 392.8 billion in the 1Q2022, +143% YoY (but down -55% QoQ) due to a decrease in interest expenses of -20% and gains from divesting toll roads. The quarterly decrease is due to seasonality after Holiday and Christmas in December.
- EBITDA increased +12.7% YoY to IDR 2.17 trillion and the EBITDA margin increased to 68%.
- We expect better 2022 traffic volume and revenue, with a net profit target of IDR 1.8 trillion which is growth of +16% YoY.

Valuation: TP 5,100, Maintain BUY

- Our target for JSMR share price is IDR 5,100, offering investors a potential return of 36%, we maintain our recommendation to BUY. This would translate to a 2023F PE of 18x.

Financial Highlights	2018A	2019A	2020A	2021A	2022F	2023F
Toll and other operating revenue (IDR Mn)	9.784.488	10.984.104	9.587.720	11.776.401	13.553.181	15.003.926
Operating Income (IDR Mn)	5.415.226	5.857.262	4.465.992	6.719.673	6.993.267	7.730.477
EBITDA (IDR Mn)	6.105.462	6.906.932	5.976.747	7.869.243	9.207.513	9.803.728
Net Income (IDR Mn)	2.202.600	2.207.117	501.047	1.615.249	1.875.566	2.039.068
EPS (IDR)	303	304	69	223	258	281
Operating Margin (%)	55%	53%	47%	57%	52%	52%
EBITDA Margin (%)	62%	63%	62%	67%	68%	65%
NPM (%)	23%	20%	5%	14%	14%	14%
Tot. Deb / Equity (X)	3,7	4,1	4,2	3,7	3,3	2,7
Int. Coverage (x)	1,1	0,9	(0,0)	0,2	0,3	0,3

Sources: Company and Binaartha

27 May 2022

Infrastructure, Toll Road

Price	IDR	3,740
Target Price	IDR	5,100
JKSE Index		6,883.504



Stock Information

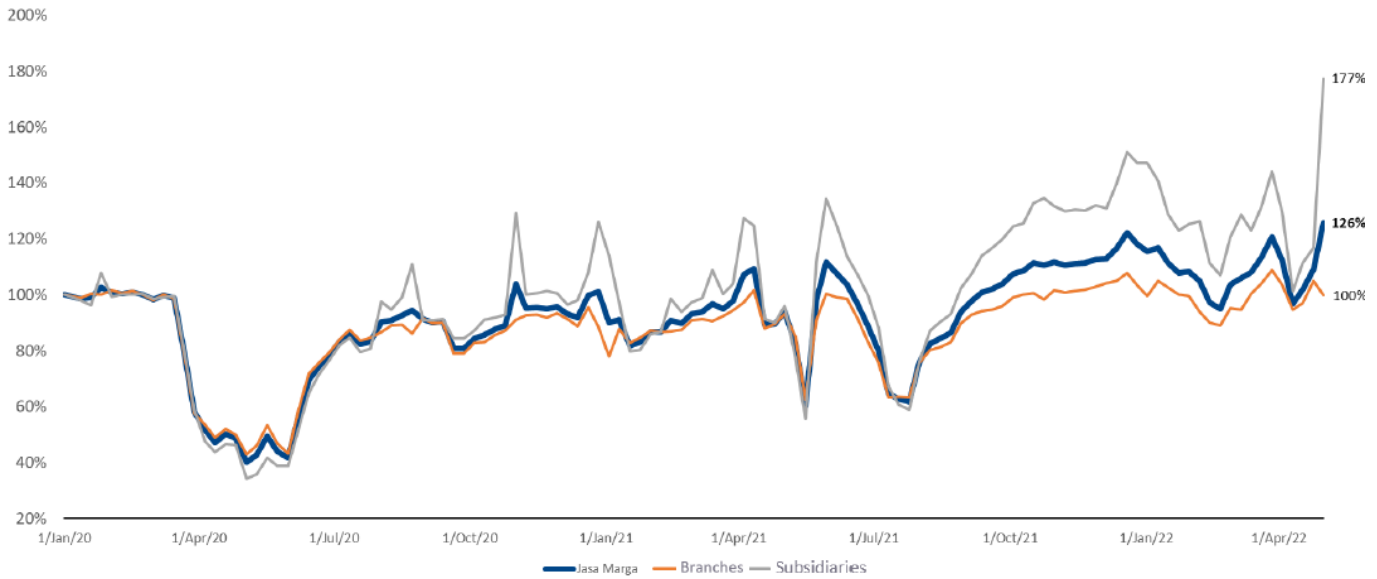
Bloomberg Code	JSMR JJ
Market Cap (IDR bn)	27,800
52-week high (IDR)	4,550
52-week low (IDR)	3,220
Shares issued (mn)	7,257.9
6-m avg. daily Val (IDR)	3,905
Free float (%)	30%

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

USD/ IDR – YE (IDR)	
2021	14,300
2022F (6m-avg)	14,381

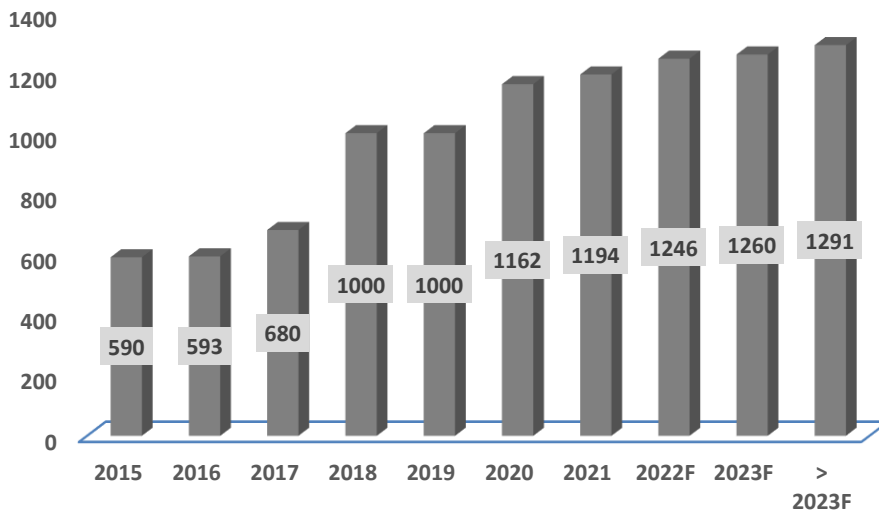
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Chart: Impact on JSMR's Revenue due to Covid-19 Outbreak



Sources: Company

Chart: Operated Toll Road (in KM)



Sources: Company

Table: Additional Operated Toll Road in 2022 (13 km)

	Section	Length (km)
1	Danowudu - Bitung	13,40

Sources: Company

Table: Additional Operated Toll Road 2023 (32 km)

	Section	Length (km)
1	Jakarta - Cikampek II South (Section III)	27.85
2	JORR2: Cinere - Serpong Section II	3,64

Sources: Company

Table: Additional Operated Toll Road >2023 (517 km)

	Section	Length (km)
1	Bogor Ring Road (Section IIIB)	1,01
2	Jakarta - Cikampek II South (Section II-III)	34,15
3	Probolinggo - Banyuwangi (Section I-III)	171,50
4	Gedebage - Cilacap	206,65
5	Ngawi - Kertosono (Section V)	27,90
6	Jogja - Bawen	75,83

Table: Income Statement in IDR Million QoQ & YoY

Income Statement (IDR. Mn)	1Q2021	1Q2022	YoY	4Q2021	QoQ
Toll and other operating revenues	2.756.187	3.195.969	16,0%	3.516.914	-9,1%
Construction revenue	736.735	472.905	-35,8%	1.020.766	-53,7%
Total Revenue	3.492.922	3.668.874	5,0%	4.537.680	-19,1%
Toll and other operating expenses	-1.108.229	-1.388.368	25,3%	-1.456.824	-4,7%
Construction expenses	-730.281	-467.260	-36,0%	-1.010.837	-53,8%
Total Cost of revenue	-1.838.510	-1.855.628	0,9%	-2.467.661	-24,8%
Gross Profit	1.654.412	1.813.246	9,6%	2.070.019	-12,4%
Operating Expense	-123.990	-267.132	115,4%	31.623	
Operating Income	1.530.422	1.546.114	1,0%	2.101.642	-26,4%
Other Income	-1.243.404	-908.467	-26,9%	-1.151.486	-21,1%
Profit Before Tax	287.018	637.647	122,2%	950.156	-32,9%
Taxes	-304.048	-358.390	17,9%	-300.158	19,4%
NIAT	-17.030	279.257		649.998	-57,0%
Non-controlling Interest	178.947	113.547	-36,5%	215.835	-47,4%
Net Income	161.917	392.804	142,6%	865.833	-54,6%
EPS (in IDR)	22	54	142,6%	119	-54,6%

Sources: Company and Binaartha

Table: Income Statement in IDR Million YoY

Income Statement (IDR. Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Toll and other operating revenues	8.921.665	9.784.488	10.984.104	9.587.720	11.776.401	13.553.181	15.003.926
Construction revenue	26.170.528	27.189.585	15.361.156	4.116.301	3.393.151	4.071.781	4.886.137
Total Revenue	35.092.193	36.974.074	26.345.260	13.704.021	15.169.552	17.624.962	19.890.063
Toll and other operating expenses	-3.772.061	-4.052.643	-4.634.241	-4.274.949	-5.305.620	-5.895.634	-6.526.708
Construction expenses	-26.012.247	-27.003.921	-15.266.376	-4.074.539	-3.361.823	-4.031.063	-4.837.276
Total Cost of revenue	-29.784.308	-31.056.564	-19.900.617	-8.349.488	-8.667.443	-9.926.697	-11.363.984
Gross Profit	5.307.885	5.917.510	6.444.643	5.354.533	6.502.109	7.698.265	8.526.080
Operating Expense	-659.805	-502.284	-587.381	-888.541	217.564	-704.998	-795.603
Operating Income	4.648.080	5.415.226	5.857.262	4.465.992	6.719.673	6.993.267	7.730.477
Other Income	-1.397.627	-2.204.919	-2.759.659	-3.769.541	-4.647.220	-4.370.991	-4.932.736
Profit Before Tax	3.250.453	3.210.306	3.097.603	696.451	2.072.453	2.622.276	2.797.741
Taxes	-1.156.796	-1.173.815	-1.023.715	-738.080	-1.201.217	-1.363.584	-1.454.825
NIAT	2.093.657	2.036.491	2.073.888	-41.629	871.236	1.258.692	1.342.916
Non-controlling Interest	106.600	166.109	133.229	542.676	744.013	616.874	696.152
Net Income	2.200.257	2.202.600	2.207.117	501.047	1.615.249	1.875.566	2.039.068
EPS (in IDR)	303,2	303,5	304,1	69,0	222,6	258,4	280,9
EBITDA	5.506.241	6.105.462	6.906.932	5.976.747	7.869.243	9.207.513	9.803.728

Sources: Company and Binaartha

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

Statement of Financial Position (In IDR Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	6.873.021	5.942.954	4.341.601	4.597.204	6.279.089	5.608.430	5.990.380
Trade Accounts Receivable	11.547.364	5.550.282	6.270.361	4.418.103	2.032.306	2.643.744	2.983.510
Inventories	134.245	40.949	61.136	137.744	139.402	176.250	198.901
Others Current Assets	432.435	279.671	939.468	1.552.944	1.911.079	2.114.995	2.386.808
Total Current Assets	18.987.065	11.813.857	11.612.566	10.705.995	10.361.876	10.543.420	11.559.598
NONCURRENT ASSETS							
Fixed Assets	1.035.922	754.806	714.262	746.237	833.394	962.582	1.111.796
Intangible Assets	56.089.017	63.453.029	78.620.143	83.443.064	79.256.534	80.403.777	81.851.045
Other Noncurrent Assets	3.080.768	6.396.909	8.732.599	9.191.350	10.791.080	9.808.006	12.055.898
Total Noncurrent Assets	60.205.707	70.604.744	88.067.004	93.380.651	90.881.008	91.174.365	95.018.739
TOTAL ASSETS	79.192.772	82.418.601	99.679.570	104.086.647	101.242.884	101.717.784	106.578.337
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Bank Loans	1.278.659	2.347.571	5.245.935	3.694.263	1.057.861	1.157.861	1.357.861
Contractors Payable	1.289.211	1.098.460	551.612	1.883.433	1.290.243	1.092.310	1.232.690
Account Payable	350.924	321.811	404.235	325.160	433.025	304.279	422.071
Current maturities of long-term liabilities	4.150.882	6.430.596	11.885.400	1.976.842	2.781.255	5.358.623	5.360.124
Others Current Liabilities	17.928.265	20.883.037	23.439.235	7.048.989	6.452.199	4.406.241	4.972.516
Total Current Liabilities	24.997.940	31.081.475	41.526.417	14.928.687	12.014.583	12.319.314	13.345.262
NONCURRENT LIABILITIES							
Long-term contractors payable	496.700	266.024	568.239	754.833	362.814	590.832	746.015
Long-term liabilities - net of current liabilities	31.063.085	28.804.315	29.389.974	56.270.386	56.451.902	56.093.279	53.413.217
Others Noncurrent Liabilities	4.275.608	2.067.801	5.009.203	7.357.125	6.913.270	5.457.810	5.967.019
Total Noncurrent Liabilities	35.835.393	31.138.140	34.967.416	64.382.344	63.727.986	62.141.921	60.126.251
TOTAL LIABILITIES	60.833.333	62.219.615	76.493.833	79.311.031	75.742.569	74.461.235	73.471.514
Non-controlling interest	3.261.786	3.290.481	4.503.057	5.701.126	4.894.464	4.400.019	5.764.343
EQUITY	15.097.653	16.908.505	18.682.680	19.074.489	20.605.851	22.856.531	27.342.480
TOTAL LIABILITIES & EQUITY	79.192.772	82.418.601	99.679.570	104.086.646	101.242.884	101.717.784	106.578.337

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	2.200.257	2.202.600	2.207.117	501.047	1.615.249	1.875.566	2.039.068
Depreciation	183.720	84.104	96.833	145.665	129.188	129.188	149.214
Change in WC	3.097.906	12.326.677	9.044.879	-25.435.556	-888.100	-547.472	391.720
Cash From Operating Activities	5.481.883	14.613.381	11.348.829	-24.788.844	856.337	1.457.283	2.580.002
Change in Non-Current Asset	-19.854.989	-10.483.141	-17.559.093	-5.459.312	2.370.455	-422.545	-3.993.589
Cash From Investing Activities	-19.854.989	-10.483.141	-17.559.093	-5.459.312	2.370.455	-422.545	-3.993.589
Long-term contractors payable	102.230	-230.676	302.215	186.594	-392.019	228.018	155.184
Long-term liabilities - net of current liabilities	14.340.925	-2.258.770	585.659	26.880.412	181.516	-358.623	-2.680.062
Others Noncurrent Liabilities	2.857.744	-2.207.807	2.941.402	2.347.922	-443.855	-1.455.460	509.209
Equity	-179.658	-363.054	779.634	1.088.831	-890.549	-119.332	3.811.206
Cash From Financing Activities	17.121.242	-5.060.307	4.608.911	30.503.759	-1.544.907	-1.705.397	1.795.536
Net Changes in Cash	2.748.135	-930.067	-1.601.353	255.603	1.681.885	-670.659	381.950
Beginning Balance	4.124.886	6.873.021	5.942.954	4.341.601	4.597.204	6.279.089	5.608.430
Ending Balance	6.873.021	5.942.954	4.341.601	4.597.204	6.279.089	5.608.430	5.990.380

Table: Ratio Highlights YoY

Growth (% YoY)	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	5%	-29%	-48%	11%	16%	13%
GP	11%	9%	-17%	21%	18%	11%
OP	17%	8%	-24%	50%	4%	11%
EBITDA	11%	13%	-13%	32%	17%	6%
NP	0%	0%	-77%	222%	16%	9%
EPS	11%	13%	-13%	32%	17%	6%
Profitability						
Operating Margin(%)	55%	53%	47%	57%	52%	52%
EBITDA margin(%)	62%	63%	62%	67%	68%	65%
NET Profit margin(%)	23%	20%	5%	14%	14%	14%
ROA(%)	3%	2%	0%	2%	2%	2%
ROE(%)	13%	12%	3%	8%	8%	7%
Stability						
Tot debt/ equity (x)	3,7	4,1	4,2	3,7	3,3	2,7
Int. Coverage (x)	1,1	0,9	(0,0)	0,2	0,3	0,3
Current Ratio (X)	0,4	0,3	0,7	0,9	0,9	0,9
Per Share data (IDR)						
EPS	303	304	69	223	258	281
BV	2.330	2.574	2.628	2.839	3.149	3.767
EBITDA/share	841	952	823	1.084	1.269	1.351

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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