

PT Jasa Marga (Persero), Tbk

5 July 2021

Infrastructure, Toll Road

Price	IDR	3,490
Target Price	IDR	5,100
JKSE Index		6,023.008



BUY

Investment Consideration

Expecting Lower Traffic

- In 1Q2021, JSMR toll revenue increased slightly +0.80% YoY to IDR 2.76 trillion while total transaction volume decreased by -20.4% YoY to 257.3 million vehicle transactions. The decreases was due to the Public Activity Restrictions PPKM since January 2021.
- The traffic increased again in the first week of April +7%. But from the restrictions during Lebaran (second week of April until mid of May) the traffic and revenue decreased by -40% in May.
- From the end of May until June 2021, the traffic and revenue recovered and even reached +12% higher than under normal conditions.
- However, the increases in Covid-19 cases since mid June made the government restrict mobility again which has caused another decrease (-3%) in traffic & revenue.
- We expect lower traffic & revenue in 3Q2021 as the emergency PPKM Java – Bali (work from home 100%, shopping malls close, no dining) will start in July 2021.

Margin Decreased & Divestment

- In 1Q2021, JSMR net income decreased by -72.5% YoY to IDR 161.9 billion, resulting in a lower net profit margin of 6% from 22% in 1Q2020.
- Lower net income was due to higher finance costs +54.7% YoY to IDR 1.19 trillion.
- Operating income also decreased -7.9% to IDR 1.53 trillion with a lower operating margin of 56% from 61%.
- Meanwhile, EBITDA increased +1.7% YoY to IDR 1.93 trillion and the EBITDA margin slightly increased to 70% from 69.3%.
- We cut our JSMR 2021 forecast profit to IDR 727 billion, which is +45% from 2020.
- JSMR sold a 14% stake in PT Marga Lingkar Jakarta (MLJ) the Jakarta Outer Ring Road to PT Jakarta Marga Jaya (Astra Infra) with total proceeds of IDR 260 billion. After the transaction, JSMR owns 51% and Jakarta marga Jaya 49%.

Valuation: TP 5,100, Maintain BUY

- Our target for JSMR share price is IDR 5,100, offering investors a potential return of 46%, we maintain our recommendation to BUY. This would translate to a 2022F PE of 31x. Buy.

Financial Highlights	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Toll and other operating revenue (IDR Mn)	8.832.348	8.921.665	9.784.488	10.984.104	9.587.720	10.541.391	11.613.558
Operating Income (IDR Mn)	4.165.507	4.648.080	5.415.226	5.857.262	4.465.992	5.438.229	5.981.917
EBITDA (IDR Mn)	5.034.625	5.506.241	6.105.462	6.906.932	5.976.747	6.875.075	7.684.779
Net Income (IDR Mn)	1.889.313	2.200.257	2.202.600	2.207.117	501.047	727.658	1.165.722
EPS (IDR)	260	303	303	304	69	100	161
Operating Margin (%)	47%	52%	55%	53%	47%	52%	52%
EBITDA Margin (%)	57%	62%	62%	63%	62%	65%	66%
NPM (%)	21%	25%	23%	20%	5%	7%	10%
Tot. Deb / Equity (X)	2,7	4,0	3,7	4,1	4,2	4,3	4,0
Int. Coverage (x)	1,2	1,7	1,1	0,9	(0,0)	0,0	0,1

Stock Information

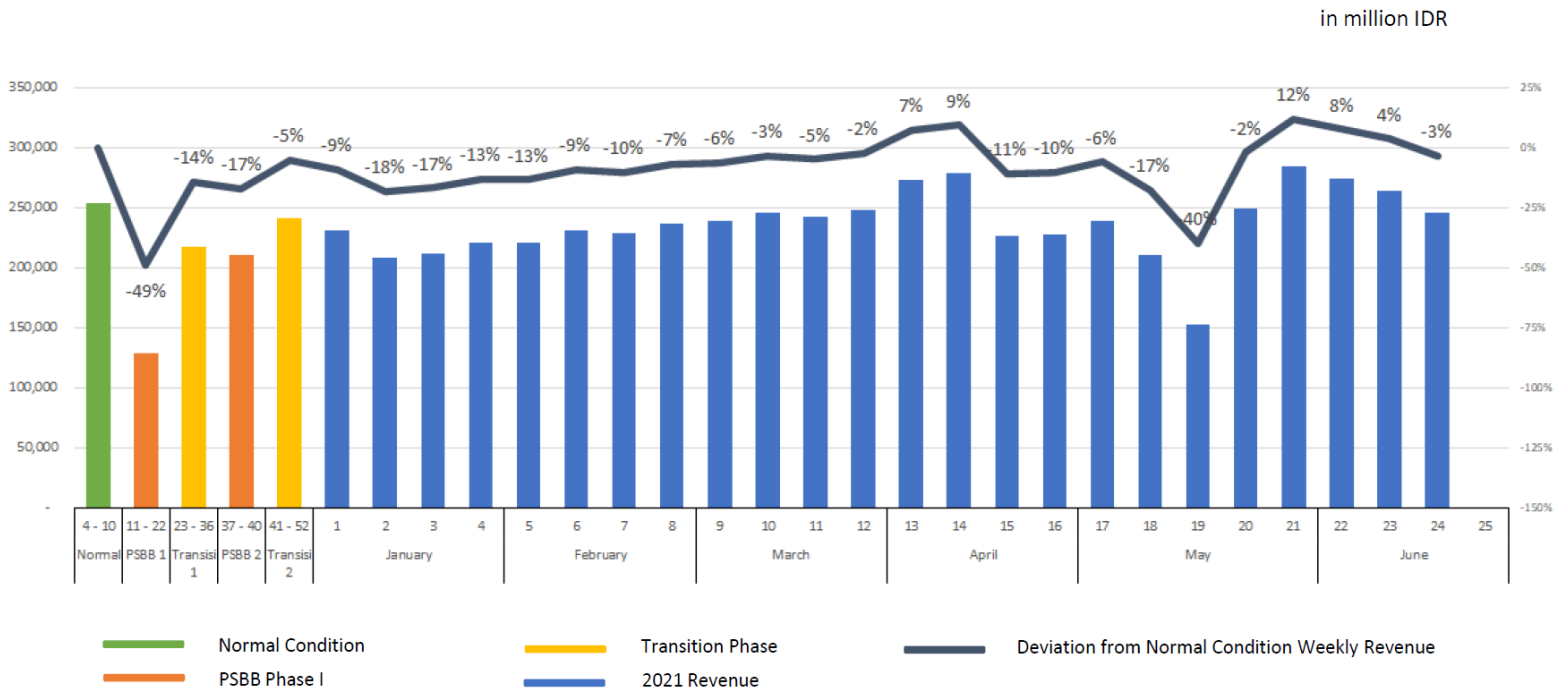
Bloomberg Code	JSMR JJ
Market Cap (IDR bn)	25,690
52-week high (IDR)	4,990
52-week low (IDR)	3,050
Shares issued (mn)	7,257.9
6-m avg. daily Val (IDR)	4,218
Free float (%)	30%

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

USD/ IDR – YE (IDR)	
2020	14,175
2021F (6m-avg)	14,426

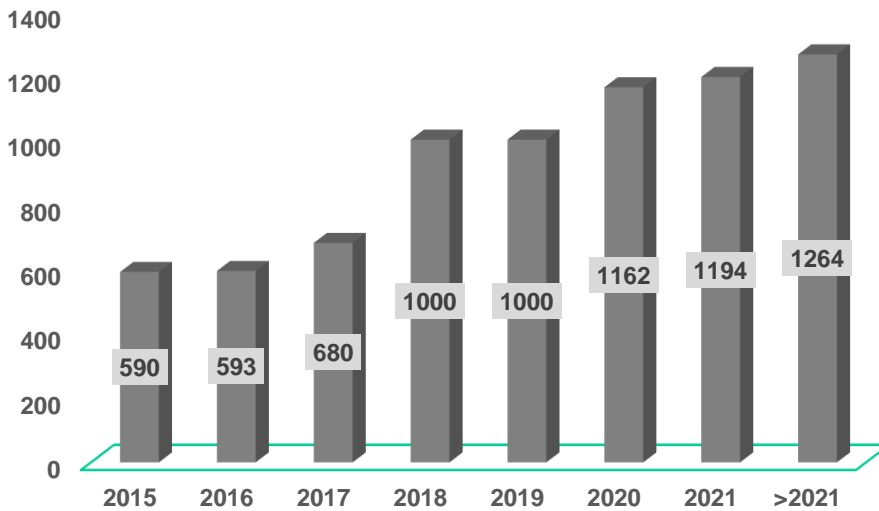
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Chart: Impact on JSMR's Revenue due to Covid-19 Outbreak



Sources: Company

Chart: Operated Toll Road (in KM)



Sources: Company

Table: Additional Operated Toll Road in 2021 (73 km)

	Section	Length (km)
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
5	Bogor Ring Road (Section III A)	2,65

Sources: Company

Table: Additional Operated Toll Road in 2022 (31 km)

	Section	Length (km)
1	Jakarta - Cikampek II South (Section I-II)	27,85
2	JORR2: Cinere-Serpong Section II	3,64

Sources: Company

Table: Additional Operated Toll Road >2022 (309 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	Ngawi - Kertosono (Section V)	27,90
5	Jogja - Bawen	75,83

Table: Income Statement in IDR Million YoY

Income Statement (IDR. Mn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Toll and other operating revenues	8.832.348	8.921.665	9.784.488	10.984.104	9.587.720	10.541.391	11.613.558
Construction revenue	7.829.055	26.170.528	27.189.585	15.361.156	4.116.301	1.714.301	2.057.161
Total Revenue	16.661.403	35.092.193	36.974.074	26.345.260	13.704.021	12.255.692	13.670.720
Toll and other operating expenses	-4.022.857	-3.772.061	-4.052.643	-4.634.241	-4.274.949	-4.321.970	-4.761.559
Construction expenses	-7.782.154	-26.012.247	-27.003.921	-15.266.376	-4.074.539	-1.698.873	-2.038.647
Total Cost of revenue	-11.805.012	-29.784.308	-31.056.564	-19.900.617	-8.349.488	-6.020.843	-6.800.206
Gross Profit	4.856.391	5.307.885	5.917.510	6.444.643	5.354.533	6.234.849	6.870.514
Operating Expense	-690.884	-659.805	-502.284	-587.381	-888.541	-796.620	-888.597
Operating Income	4.165.507	4.648.080	5.415.226	5.857.262	4.465.992	5.438.229	5.981.917
Other Income	-1.515.828	-1.397.627	-2.204.919	-2.759.659	-3.769.541	-4.289.492	-4.374.630
Profit Before Tax	2.649.679	3.250.453	3.210.306	3.097.603	696.451	1.148.737	1.607.287
Taxes	-846.625	-1.156.796	-1.173.815	-1.023.715	-738.080	-1.033.863	-1.125.101
NIAT	1.803.054	2.093.657	2.036.491	2.073.888	-41.629	114.874	482.186
Non-controlling Interest	86.258	106.600	166.109	133.229	542.676	612.785	683.536
Net Income	1.889.313	2.200.257	2.202.600	2.207.117	501.047	727.658	1.165.722
EPS (in IDR)	260,3	303,2	303,5	304,1	69,0	100,3	160,6
EBITDA	5.034.625	5.506.241	6.105.462	6.906.932	5.976.747	6.875.075	7.684.779

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	2020A	2021F	2022F
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	4.124.886	6.873.021	5.942.954	4.341.601	4.597.204	6.497.953	5.753.744
Trade Accounts Receivable	8.278.539	11.547.364	5.550.282	6.270.361	4.418.103	3.921.822	4.374.630
Inventories	86.975	134.245	40.949	61.136	137.744	122.557	136.707
Others Current Assets	475.484	432.435	279.671	939.468	1.552.944	1.348.126	1.503.779
Total Current Assets	12.965.884	18.987.065	11.813.857	11.612.566	10.705.995	11.890.457	11.768.861
NONCURRENT ASSETS							
Fixed Assets	884.666	1.035.922	754.806	714.262	4.590.955	4.736.620	4.886.907
Intangible Assets	36.898.892	56.089.017	63.453.029	78.620.143	83.443.064	84.929.746	86.342.540
Other Noncurrent Assets	2.750.881	3.080.768	6.396.909	8.732.599	5.346.632	4.840.998	5.126.520
Total Noncurrent Assets	40.534.438	60.205.707	70.604.744	88.067.004	93.380.651	94.507.364	96.355.966
TOTAL ASSETS	53.500.323	79.192.772	82.418.601	99.679.570	104.086.647	106.397.822	108.124.827
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Bank Loans	4.590.849	1.278.659	2.347.571	5.245.935	3.694.263	3.194.263	4.694.263
Contractors Payable	1.279.575	1.289.211	1.098.460	551.612	1.883.433	980.455	1.093.658
Account Payable	134.772	350.924	321.811	404.235	325.160	187.512	209.162
Current maturities of long term liabilities	4.198.390	4.150.882	6.430.596	11.885.400	1.976.842	5.217.000	5.560.124
Others Current Liabilities	8.423.404	17.928.265	20.883.037	23.439.235	7.048.989	4.902.277	5.468.288
Total Current Liabilities	18.626.989	24.997.940	31.081.475	41.526.417	14.928.687	14.481.507	17.025.495
NONCURRENT LIABILITIES							
Long-term contractors payable	394.470	496.700	266.024	568.239	754.833	612.785	683.536
Long-term liabilities - net of current liabilities	16.722.160	31.063.085	28.804.315	29.389.974	56.270.386	61.053.386	57.493.262
Others Noncurrent Liabilities	1.417.864	4.275.608	2.067.801	5.009.203	7.357.125	6.127.846	6.835.360
Total Noncurrent Liabilities	18.534.494	35.835.393	31.138.140	34.967.416	64.382.344	67.794.017	65.012.158
TOTAL LIABILITIES	37.161.483	60.833.333	62.219.615	76.493.833	79.311.031	82.275.524	82.037.652
Non-controlling interest	2.659.715	3.261.786	3.290.481	4.503.057	5.701.126	4.902.277	5.468.288
EQUITY	13.679.125	15.097.653	16.908.505	18.682.680	19.074.489	19.220.021	20.618.887
TOTAL LIABILITIES & EQUITY	53.500.323	79.192.772	82.418.601	99.679.570	104.086.646	106.397.822	108.124.828

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Net Income	1.889.313	2.200.257	2.202.600	2.207.117	501.047	727.658	1.165.722
Depreciation	157.781	183.720	84.104	96.833	145.665	145.665	150.287
Change in WC	2.648.405	3.097.906	12.326.677	9.044.879	-25.435.556	269.107	1.921.375
Cash From Operating Activities	4.695.498	5.481.883	14.613.381	11.348.829	-24.788.844	1.142.430	3.237.384
Capex	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-5.459.312	-1.272.378	-1.998.889
Cash From Investing Activities	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-5.459.312	-1.272.378	-1.998.889
Long-term contractors payable	194.094	102.230	-230.676	302.215	186.594	-142.048	70.751
Long-term liabilities - net of current liabilities	788.989	14.340.925	-2.258.770	585.659	26.880.412	4.783.000	-3.560.124
Others Noncurrent Liabilities	738.504	2.857.744	-2.207.807	2.941.402	2.347.922	-1.229.279	707.514
Equity	2.080.863	-179.658	-363.054	779.634	1.088.831	-1.380.976	799.155
Cash From Financing Activities	3.802.450	17.121.242	-5.060.307	4.608.911	30.503.759	2.030.697	-1.982.703
Net Changes in Cash	801.665	2.748.135	-930.067	-1.601.353	255.603	1.900.749	-744.208
Beginning Balance	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	4.597.204	6.497.953
Ending Balance	4.124.886	6.873.021	5.942.954	4.341.601	4.597.204	6.497.953	5.753.744

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue	69%	111%	5%	-29%	-48%	-11%	12%
GP	18%	9%	11%	9%	-17%	16%	10%
OP	20%	12%	17%	8%	-24%	22%	10%
EBITDA	20%	9%	11%	13%	-13%	15%	12%
NP	29%	16%	0%	0%	-77%	45%	60%
EPS	20%	9%	11%	13%	-13%	15%	12%
Profitability							
Operating Margin(%)	47%	52%	55%	53%	47%	52%	52%
EBITDA margin(%)	57%	62%	62%	63%	62%	65%	66%
NET Profit margin(%)	21%	25%	23%	20%	5%	7%	10%
ROA(%)	4%	3%	3%	2%	0%	1%	1%
ROE(%)	14%	15%	13%	12%	3%	4%	6%
Stability							
Tot debt/ equity (x)	2,7	4,0	3,7	4,1	4,2	4,3	4,0
Int. Coverage (x)	1,2	1,7	1,1	0,9	(0,0)	0,0	0,1
Current Ratio (X)	0,7	0,8	0,4	0,3	0,7	0,8	0,7
Per Share data (IDR)							
EPS	260	303	303	304	69	100	161
BV	1.885	2.080	2.330	2.574	2.628	2.648	2.841
EBITDA/share	694	759	841	952	823	947	1.059

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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