

PT Jasa Marga (Persero), Tbk

BUY

Investment Consideration

Traffic back to Normal

- JSMR's traffic or toll transaction volume has now fully recovered across all toll roads. JSMR transaction volumes increased +21.3% YoY in 9M2022. Subsidiary toll road transaction volumes increased +30.2% YoY while parent level transaction volumes increased +17.8% YoY.
- JSMR consolidated toll revenue reached IDR 9.32 trillion, up +22.6% YoY in 9M2022. JSMR's subsidiaries booked +35.5% YoY growth to IDR 2.57 trillion and the parent company booked +18.3% YoY growth to IDR 6.74 trillion.
- Contribution from new toll roads increased to 45.5% in 9M2022 from 40% in 9M2021.
- Because of tariff adjustments and volume growth, we revise up our JSMR top line growth forecasts. We expect the higher volume of transactions will continue until the end of 2022 and JSMR toll and other operating revenues will grow +25% YoY to IDR 14.7 trillion.

3Q2022: Lower net income

- Despite higher sales, JSMR had a -20.1% QoQ net income decline. But this is much better than the loss in the 3Q2021.
- The lower quarterly profit was due to higher salary and allowance expenses in line with salary adjustments of +384.6% to IDR 606 billion in 3Q2022. Despite this, JSMR's 9M2022 net profit had double digit growth of +35% YoY to IDR 1 trillion. With the higher salary costs, Operating expenses jumped +59.4% QoQ, resulting in lower operating income -9.8% QoQ to IDR 1.25 trillion. For 9M2022, operating income also decreased -9.3% YoY to IDR 4.18 trillion.
- EBITDA increased +20.2% YoY to IDR 6.46 trillion while the EBITDA margin decreased to 63.3%.
- JSMR recently divestment 40% of its stake in the Jakarta – Cikampek Elevated toll road with a total transaction value of IDR 4 trillion.
- With the upcoming one-off gain from Jakarta – Cikampek Elevated II, we are expecting a jump in JSMR's net income to IDR 3.14 trillion, up +95% YoY.

Valuation: TP 5,420, Maintain BUY

- Our target for JSMR share price is IDR 5,420, offering investors a potential return of 64%, we maintain our recommendation to BUY. This would translate to a 2023F PE of 15x.

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	14.767.750	16.234.106
Operating Income (IDR Mn)	5.415.226	5.857.262	4.465.992	6.719.673	9.370.438	8.641.368
EBITDA (IDR Mn)	6.105.462	6.906.932	5.976.747	7.869.243	11.896.623	10.992.618
Net Income (IDR Mn)	2.202.600	2.207.117	501.047	1.615.249	3.145.543	2.645.003
EPS (IDR)	303	304	69	223	433	364
EBITDA Margin (%)	62%	63%	62%	67%	81%	68%
NPM (%)	23%	20%	5%	14%	21%	16%
PBV (x)	2	2	2	1	2	1
PER (x)	14	17	67	17	13	15
Tot. Deb / Equity (X)	3,7	4,1	4,2	3,7	2,9	2,2
Int. Coverage (x)	1,1	0,9	(0,0)	0,2	0,6	0,5

Sources: Company and Binaartha

8 November 2022
Infrastructure, Toll Road

Price	IDR	3,300
Target Price	IDR	5,420
JKSE Index		7,102.396



Stock Information

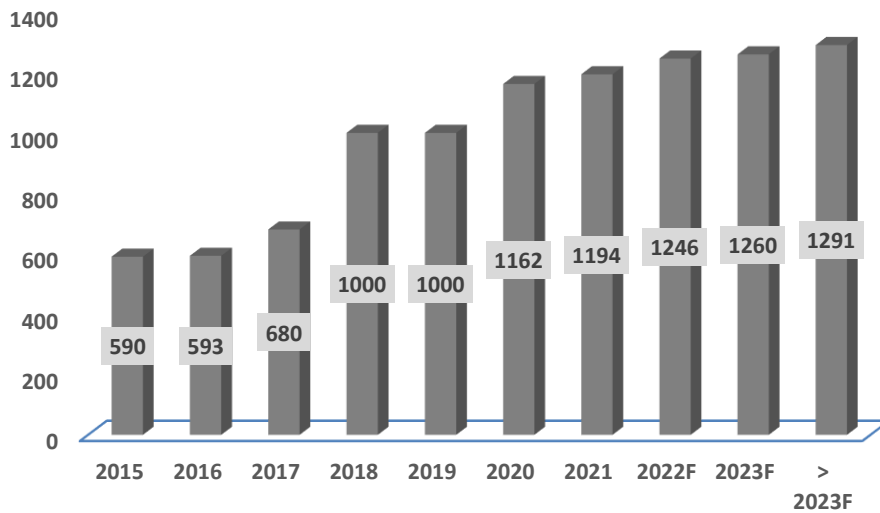
Bloomberg Code	JSMR IJ
Market Cap (IDR bn)	23,951
52-week high (IDR)	4,330
52-week low (IDR)	3,220
Shares issued (mn)	7,257.9
6-m avg. daily Val (IDR)	3,548
Free float (%)	30%

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

USD/ IDR – YE (IDR)	
2021	14,310
2022F (6m-avg)	15,451

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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)	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
6 Gedebage - Cialcap	206,65

Table: Income Statement in IDR Million QoQ & YoY

Income Statement (IDR. Mn)	1Q2022	2Q2022	3Q2022	QoQ	3Q2021	YoY	9M2021	9M2022	YoY
Toll and other operating revenues	3.195.969	3.458.119	3.559.477	2,9%	2.614.739	36,1%	8.259.487	10.213.565	23,7%
Construction revenue	472.905	413.334	621.082	50,3%	1.134.341	-45,2%	2.372.385	1.507.321	-36,5%
Total Revenue	3.668.874	3.871.453	4.180.559	8,0%	3.749.080	11,5%	10.631.872	11.720.886	10,2%
Toll and other operating expenses	-1.388.368	-1.650.403	-1.635.707	-0,9%	-1.292.007	26,6%	-3.854.323	-4.674.478	21,3%
Construction expenses	-467.260	-408.151	-614.132	50,5%	-1.123.578	-45,3%	-2.350.986	-1.489.543	-36,6%
Total Cost of revenue	-1.855.628	-2.058.554	-2.249.839	9,3%	-2.415.585	-6,9%	-6.205.309	-6.164.021	-0,7%
Gross Profit	1.813.246	1.812.899	1.930.720	6,5%	1.333.495	44,8%	4.426.563	5.556.865	25,5%
Operating Expense	-267.132	-427.072	-680.755	59,4%	-188.594	261,0%	185.941	-1.374.959	-839,5%
Operating Income	1.546.114	1.385.827	1.249.965	-9,8%	1.144.901	9,2%	4.612.504	4.181.906	-9,3%
Other Income	-908.467	-858.434	-914.328	6,5%	-1.111.299	-17,7%	-3.495.734	-2.681.229	-23,3%
Profit Before Tax	637.647	527.393	335.637	-36,4%	33.602	898,9%	1.116.770	1.500.677	34,4%
Taxes	-358.390	-277.567	-146.640	-47,2%	-325.325	-54,9%	-901.059	-782.597	-13,1%
NIAT	279.257	249.826	188.997	-24,3%	-291.723		215.711	718.080	232,9%
Non-controlling Interest	113.547	92.129	82.409	-10,6%	179.980		528.178	288.085	-45,5%
Net Income	392.804	341.955	271.406	-20,6%	-111.743		743.889	1.006.165	35,3%
EPS (in IDR)	54	47	37	-20,6%	-15		102	139	35,3%

Sources: Company and Binaartha

Chart: JSMR EBITDA Margin YoY

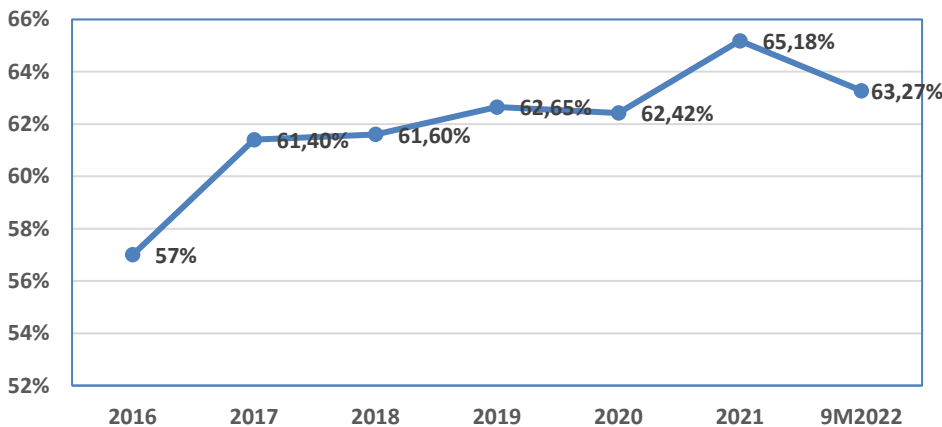


Table: Income Statement in IDR Million YoY

Income Statement (IDR. Mn)	2016A	2017A	2018A	2019A	2020A	2021A	2022F	2023F
Toll and other operating revenues	8.832.348	8.921.665	9.784.488	10.984.104	9.587.720	11.776.401	14.767.750	16.234.106
Construction revenue	7.829.055	26.170.528	27.189.585	15.361.156	4.116.301	3.393.151	2.009.761	2.411.714
Total Revenue	16.661.403	35.092.193	36.974.074	26.345.260	13.704.021	15.169.552	16.777.511	18.645.819
Toll and other operating expenses	-4.022.857	-3.772.061	-4.052.643	-4.634.241	-4.274.949	-5.305.620	-6.763.629	-7.435.220
Construction expenses	-7.782.154	-26.012.247	-27.003.921	-15.266.376	-4.074.539	-3.361.823	-1.985.644	-2.382.773
Total Cost of revenue	-11.805.012	-29.784.308	-31.056.564	-19.900.617	-8.349.488	-8.667.443	-8.749.274	-9.817.993
Gross Profit	4.856.391	5.307.885	5.917.510	6.444.643	5.354.533	6.502.109	8.028.237	8.827.826
Operating Expense	-690.884	-659.805	-502.284	-587.381	-888.541	217.564	1.342.201	-186.458
Operating Income	4.165.507	4.648.080	5.415.226	5.857.262	4.465.992	6.719.673	9.370.438	8.641.368
Other Income	-1.515.828	-1.397.627	-2.204.919	-2.759.659	-3.769.541	-4.647.220	-3.691.052	-4.102.080
Profit Before Tax	2.649.679	3.250.453	3.210.306	3.097.603	696.451	2.072.453	5.679.386	4.539.287
Taxes	-846.625	-1.156.796	-1.173.815	-1.023.715	-738.080	-1.201.217	-2.953.281	-2.360.429
NIAT	1.803.054	2.093.657	2.036.491	2.073.888	-41.629	871.236	2.726.105	2.178.858
Non-controlling Interest	86.258	106.600	166.109	133.229	542.676	744.013	419.438	466.145
Net Income	1.889.313	2.200.257	2.202.600	2.207.117	501.047	1.615.249	3.145.543	2.645.003
EPS (in IDR)	260,3	303,2	303,5	304,1	69,0	222,6	433,4	364,4
EBITDA	5.034.625	5.506.241	6.105.462	6.906.932	5.976.747	7.869.243	11.896.623	10.992.618

Sources: Company and Binaartha

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

Statement of Financial Position (In IDR Mn)	2018A	2019A	2020A	2021A	2022F	2023F
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	5.942.954	4.341.601	4.597.204	6.279.089	4.593.787	5.352.485
Trade Accounts Receivable	5.550.282	6.270.361	4.418.103	2.032.306	2.348.852	2.423.957
Inventories	40.949	61.136	137.744	139.402	167.775	186.458
Others Current Assets	279.671	939.468	1.552.944	1.911.079	2.181.076	2.423.957
Total Current Assets	11.813.857	11.612.566	10.705.995	10.361.876	9.291.490	10.386.856
NONCURRENT ASSETS						
Fixed Assets	754.806	714.262	746.237	833.394	431.366	498.234
Intangible Assets	63.453.029	78.620.143	83.443.064	79.256.534	80.403.777	81.851.045
Other Noncurrent Assets	6.396.909	8.732.599	9.191.350	10.791.080	9.517.318	10.577.147
Total Noncurrent Assets	70.604.744	88.067.004	93.380.651	90.881.008	90.352.461	92.926.426
TOTAL ASSETS	82.418.601	99.679.570	104.086.647	101.242.884	99.643.951	103.313.282
LIABILITIES AND EQUITY						
LIABILITIES						
CURRENT LIABILITIES						
Bank Loans	2.347.571	5.245.935	3.694.263	1.057.861	557.861	757.861
Contractors Payable	1.098.460	551.612	1.883.433	1.290.243	1.145.644	1.175.185
Account Payable	321.811	404.235	325.160	433.025	289.649	395.668
Current maturities of long term liabilities	6.430.596	11.885.400	1.976.842	2.781.255	8.914.865	9.914.865
Others Current Liabilities	20.883.037	23.439.235	7.048.989	6.452.199	5.872.129	5.593.746
Total Current Liabilities	31.081.475	41.526.417	14.928.687	12.014.583	16.780.148	17.837.325
NONCURRENT LIABILITIES						
Long-term contractors payable	266.024	568.239	754.833	362.814	562.423	699.348
Long-term liabilities - net of current liabilities	28.804.315	29.389.974	56.270.386	56.451.902	48.537.037	43.579.605
Others Noncurrent Liabilities	2.067.801	5.009.203	7.357.125	6.913.270	5.195.385	5.593.746
Total Noncurrent Liabilities	31.138.140	34.967.416	64.382.344	63.727.986	54.294.845	49.872.698
TOTAL LIABILITIES	62.219.615	76.493.833	79.311.031	75.742.569	71.074.993	67.710.023
Non-controlling interest	3.290.481	4.503.057	5.701.126	4.894.464	4.188.455	5.403.748
EQUITY	16.908.505	18.682.680	19.074.489	20.605.851	24.380.503	30.199.510
TOTAL LIABILITIES & EQUITY	82.418.601	99.679.570	104.086.646	101.242.884	99.643.951	103.313.282

Table: Cash Flow in IDR Million YoY

Cash Flow (In IDR Mn)	2018A	2019A	2020A	2021A	2022F	2023F
Net Income	2.202.600	2.207.117	501.047	1.615.249	3.145.543	2.645.003
Depreciation	84.104	96.833	145.665	129.188	129.188	66.868
Change in WC	12.326.677	9.044.879	-25.435.556	-888.100	4.150.649	720.509
Cash From Operating Activities	14.613.381	11.348.829	-24.788.844	856.337	7.425.380	3.432.381
Change in Non-Current Asset	-10.483.141	-17.559.093	-5.459.312	2.370.455	399.359	-2.640.832
Cash From Investing Activities	-10.483.141	-17.559.093	-5.459.312	2.370.455	399.359	-2.640.832
Long-term contractors payable	-230.676	302.215	186.594	-392.019	199.609	136.925
Long-term liabilities - net of current liabilities	-2.258.770	585.659	26.880.412	181.516	-7.914.865	-4.957.433
Others Noncurrent Liabilities	-2.207.807	2.941.402	2.347.922	-443.855	-1.717.885	398.360
Equity	-363.054	779.634	1.088.831	-890.549	-76.900	4.389.297
Cash From Financing Activities	-5.060.307	4.608.911	30.503.759	-1.544.907	-9.510.041	-32.850
Net Changes in Cash	-930.067	-1.601.353	255.603	1.681.885	-1.685.302	758.698
Beginning Balance	6.873.021	5.942.954	4.341.601	4.597.204	6.279.089	4.593.787
Ending Balance	5.942.954	4.341.601	4.597.204	6.279.089	4.593.787	5.352.485

Table: Ratio Highlights YoY

Growth (% YoY)	2018A	2019A	2020A	2021A	2022F	2023F
Revenue	5%	-29%	-48%	11%	11%	11%
GP	11%	9%	-17%	21%	23%	10%
OP	17%	8%	-24%	50%	39%	-8%
EBITDA	11%	13%	-13%	32%	51%	-8%
NP	0%	0%	-77%	222%	95%	-16%
EPS	11%	13%	-13%	32%	51%	-8%
Profitability						
Operating Margin(%)	55%	53%	47%	57%	63%	53%
EBITDA margin(%)	62%	63%	62%	67%	81%	68%
NET Profit margin(%)	23%	20%	5%	14%	21%	16%
ROA(%)	3%	2%	0%	2%	3%	3%
ROE(%)	13%	12%	3%	8%	13%	9%
Stability						
Tot debt/ equity (x)	3,7	4,1	4,2	3,7	2,9	2,2
Int. Coverage (x)	1,1	0,9	(0,0)	0,2	0,6	0,5
Current Ratio (X)	0,4	0,3	0,7	0,9	0,6	0,6
Per Share data						
EPS (IDR)	303	304	69	223	433	364
PBV (x)	2	2	2	1	2	1
PER (x)	14	17	67	17	13	15
EBITDA/share	841	952	823	1.084	1.639	1.515

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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