

PT Jasa Marga (Persero), Tbk

BUY

Investment Consideration

4Q2020 traffic volume increase

- JSMR toll revenue decreased 12.7% YoY to IDR 9.59 trillion in line with lower volume of -20.4% YoY to 978.45 million vehicle transactions in 2020. For 4Q2020, toll revenue grew 10% QoQ to IDR 2.74 trillion, this is almost equal to 1Q2020 revenue.
- In early 2021, traffic has decreased again and will mean a toll revenue decrease of up to -13% compared to normal conditions due to the implementation of Public Activity Restriction (PPKM) since 11 Jan 2021.
- However, in March revenue has been steadily recovering and is now only 2% away from a return to normal conditions.
- JSMR will also raise several toll road tariffs in 1H2021 which should have been done in 2020.
- The government has again banned homecoming this year. The government also will implement strict regulation H-7 at Eid (entering or leaving Jakarta must be with a permit letter).
- We are conservative for traffic volume growth this year. We expect traffic in 1H2021 will not be different from last year. But we expect better traffic in 2H2021 amid a decreased in the number of covid-19 cases and the vaccine program that continues on schedule.

4Q2020FY: Recovery continues

- After a fall in 2Q2020, then a recovery with more positive results in 3Q2020 the recovery continued in the 4Q2020 results.
- Net income grew by 562% QoQ to IDR 343.4 billion from IDR 51.8 billion, resulting in a higher net profit margin of 12% from 2% in 3Q2020.
- However, the 4Q2020 improvement still has not offset the decline in the previous quarters. So for 2020, EBITDA still dropped -13% YoY to IDR 5.98 trillion from IDR 6.88 trillion in 2019. The EBITDA margin slightly decreased to 62.4% from 62.7%. Net income also fell sharply -77% YoY to IDR 501 billion from IDR 2.2 trillion in 2019. In line with a drop in the Net profit margin from 20% in 2019 to only 5% in 2020.
- As we expect the recovery to continue in 2021, we are forecasting toll road revenue and profits for 2021F to be IDR 10.5 trillion and IDR 987 billion, which is a +10% and +97% increase respectively.

Valuation: TP 5,730, Maintain BUY

- Our target for JSMR shares price is IDR 5,730, offering investors a potential return of 34%, we maintain our recommendation to BUY. This would translate to a 2022F PE of 23x. 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	4.973.223	5.454.992
EBITDA (IDR Mn)	5.034.625	5.506.241	6.105.462	6.906.932	5.976.747	5.582.160	5.201.880
Net Income (IDR Mn)	1.889.313	2.200.257	2.202.600	2.207.117	501.047	987.443	1.829.712
EPS (IDR)	260	303	303	304	69	136	252
Operating Margin (%)	47%	52%	55%	53%	47%	47%	47%
EBITDA Margin (%)	57%	62%	62%	63%	62%	53%	45%
NPM (%)	21%	25%	23%	20%	5%	9%	16%
Tot. Deb / Equity (X)	2,7	4,0	3,7	4,1	4,2	4,2	3,7
Int. Coverage (x)	1,2	1,7	1,1	0,9	(0,0)	0,1	0,4

9 April 2021

Infrastructure, Toll Road

Price	IDR	4,280
Target Price	IDR	5,730
JKSE Index		6,071.724



Stock Information

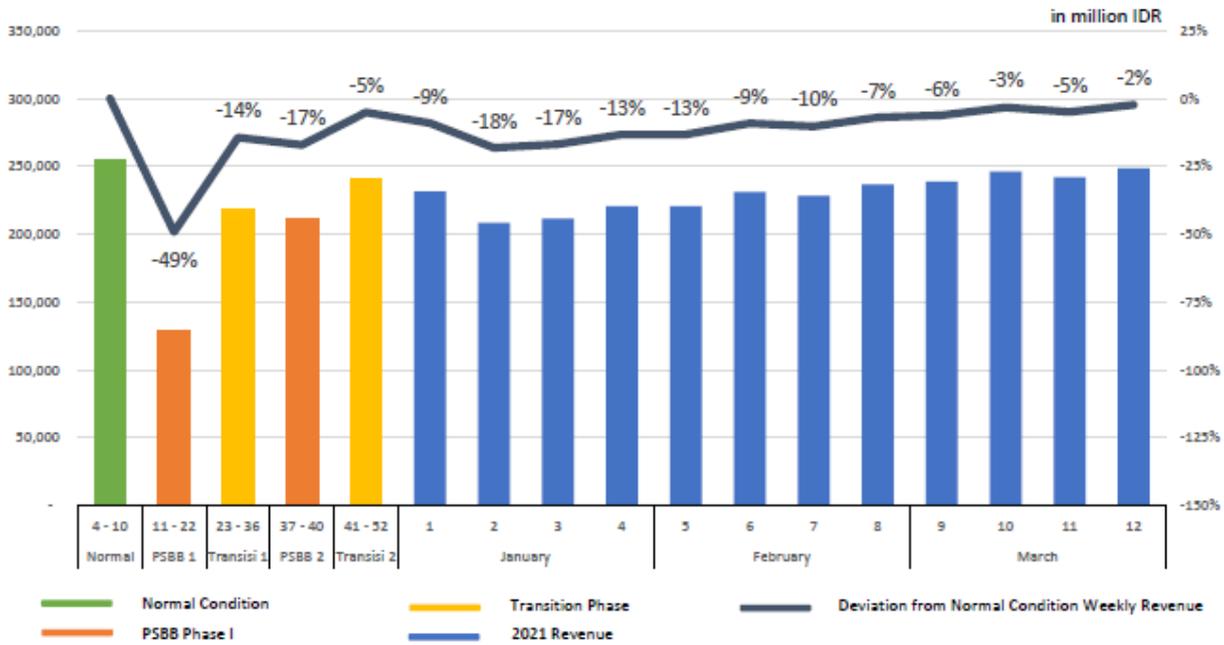
Bloomberg Code	JSMR JJ
Market Cap (IDR bn)	31,060
52-week high (IDR)	4,990
52-week low (IDR)	2,450
Shares issued (mn)	7,257.9
6-m avg. daily Val (IDR)	4,291
Free float (%)	30%

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

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

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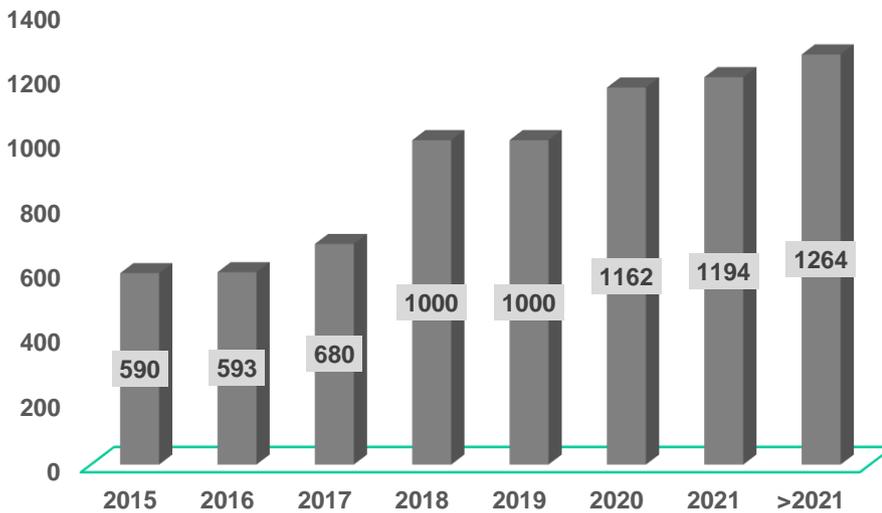
Chart: Impact on JSMR's Revenue due to Covid-19 Outbreak



Sources: Company

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Chart: Operated Toll Road (in KM)



Sources: Company

Table: Additional Operated Toll Road in 2020 (29 km)

	Section	Length (km)
1	Pandaan - Malang (Section V)	2,97
2	Manado - Danowudu	26,35

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 > 2021 (340 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

Sources: Company

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	4.450.290	5.340.348
Total Revenue	16.661.403	35.092.193	36.974.074	26.345.260	13.704.021	14.991.681	16.953.906
Toll and other operating expenses	-4.022.857	-3.772.061	-4.052.643	-4.634.241	-4.274.949	-4.638.212	-5.109.966
Construction expenses	-7.782.154	-26.012.247	-27.003.921	-15.266.376	-4.074.539	-4.405.787	-5.286.944
Total Cost of revenue	-11.805.012	-29.784.308	-31.056.564	-19.900.617	-8.349.488	-9.043.999	-10.396.910
Gross Profit	4.856.391	5.307.885	5.917.510	6.444.643	5.354.533	5.947.682	6.556.996
Operating Expense	-690.884	-659.805	-502.284	-587.381	-888.541	-974.459	-1.102.004
Operating Income	4.165.507	4.648.080	5.415.226	5.857.262	4.465.992	4.973.223	5.454.992
Other Income	-1.515.828	-1.397.627	-2.204.919	-2.759.659	-3.769.541	-4.047.754	-3.390.781
Profit Before Tax	2.649.679	3.250.453	3.210.306	3.097.603	696.451	925.469	2.064.211
Taxes	-846.625	-1.156.796	-1.173.815	-1.023.715	-738.080	-462.734	-743.116
NIAT	1.803.054	2.093.657	2.036.491	2.073.888	-41.629	462.734	1.321.095
Non-controlling Interest	86.258	106.600	166.109	133.229	542.676	524.709	508.617
Net Income	1.889.313	2.200.257	2.202.600	2.207.117	501.047	987.443	1.829.712
EPS (in IDR)	260,3	303,2	303,5	304,1	69,0	136,1	252,1
EBITDA	5.034.625	5.506.241	6.105.462	6.906.932	5.976.747	5.582.160	5.201.880

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	4.193.256	5.447.797
Trade Accounts Receivable	8.278.539	11.547.364	5.550.282	6.270.361	4.418.103	4.497.504	4.747.094
Inventories	86.975	134.245	40.949	61.136	137.744	44.975	50.862
Others Current Assets	475.484	432.435	279.671	939.468	1.552.944	1.199.334	1.356.312
Total Current Assets	12.965.884	18.987.065	11.813.857	11.612.566	10.705.995	9.935.070	11.602.065
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	5.771.797	5.510.019
Total Noncurrent Assets	40.534.438	60.205.707	70.604.744	88.067.004	93.380.651	95.438.163	96.739.466
TOTAL ASSETS	53.500.323	79.192.772	82.418.601	99.679.570	104.086.647	105.373.233	108.341.531
LIABILITIES AND EQUITY							
LIABILITIES							
CURRENT LIABILITIES							
Bank Loans	4.590.849	1.278.659	2.347.571	5.245.935	3.694.263	5.694.263	7.694.263
Contractors Payable	1.279.575	1.289.211	1.098.460	551.612	1.883.433	2.098.835	2.204.008
Account Payable	134.772	350.924	321.811	404.235	325.160	299.834	339.078
Current maturities of long term liabilities	4.198.390	4.150.882	6.430.596	11.885.400	1.976.842	9.217.000	7.560.124
Others Current Liabilities	8.423.404	17.928.265	20.883.037	23.439.235	7.048.989	7.495.840	8.476.953
Total Current Liabilities	18.626.989	24.997.940	31.081.475	41.526.417	14.928.687	24.805.772	26.274.426
NONCURRENT LIABILITIES							
Long-term contractors payable	394.470	496.700	266.024	568.239	754.833	749.584	847.695
Long-term liabilities - net of current liabilities	16.722.160	31.063.085	28.804.315	29.389.974	56.270.386	47.053.386	44.493.262
Others Noncurrent Liabilities	1.417.864	4.275.608	2.067.801	5.009.203	7.357.125	7.495.840	8.476.953
Total Noncurrent Liabilities	18.534.494	35.835.393	31.138.140	34.967.416	64.382.344	55.298.810	53.817.910
TOTAL LIABILITIES	37.161.483	60.833.333	62.219.615	76.493.833	79.311.031	80.104.583	80.092.336
Non-controlling interest	2.659.715	3.261.786	3.290.481	4.503.057	5.701.126	5.996.672	6.781.562
EQUITY	13.679.125	15.097.653	16.908.505	18.682.680	19.074.489	19.271.978	21.467.632
TOTAL LIABILITIES & EQUITY	53.500.323	79.192.772	82.418.601	99.679.570	104.086.646	105.373.233	108.341.531

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	987.443	1.829.712
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	10.244.063	1.056.199
Cash From Operating Activities	4.695.498	5.481.883	14.613.381	11.348.829	-24.788.844	11.377.171	3.036.198
Capex	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-5.459.312	-2.203.177	-1.451.590
Cash From Investing Activities	-7.696.283	-19.854.989	-10.483.141	-17.559.093	-5.459.312	-2.203.177	-1.451.590
Long-term contractors payable	194.094	102.230	-230.676	302.215	186.594	-5.249	98.111
Long-term liabilities - net of current liabilities	788.989	14.340.925	-2.258.770	585.659	26.880.412	-9.217.000	-2.560.124
Others Noncurrent Liabilities	738.504	2.857.744	-2.207.807	2.941.402	2.347.922	138.715	981.113
Equity	2.080.863	-179.658	-363.054	779.634	1.088.831	-494.408	1.150.833
Cash From Financing Activities	3.802.450	17.121.242	-5.060.307	4.608.911	30.503.759	-9.577.942	-330.068
Net Changes in Cash	801.665	2.748.135	-930.067	-1.601.353	255.603	-403.948	1.254.541
Beginning Balance	3.323.221	4.124.886	6.873.021	5.942.954	4.341.601	4.597.204	4.193.256
Ending Balance	4.124.886	6.873.021	5.942.954	4.341.601	4.597.204	4.193.256	5.447.797

Table: Ratio Highlights YoY

Growth (% YoY)	2016A	2017A	2018A	2019A	2020A	2021F	2022F
Revenue	69%	111%	5%	-29%	-48%	9%	13%
GP	18%	9%	11%	9%	-17%	11%	10%
OP	20%	12%	17%	8%	-24%	11%	10%
EBITDA	20%	9%	11%	13%	-13%	-7%	-7%
NP	29%	16%	0%	0%	-77%	97%	85%
EPS	20%	9%	11%	13%	-13%	-7%	-7%
Profitability							
Operating Margin(%)	47%	52%	55%	53%	47%	47%	47%
EBITDA margin(%)	57%	62%	62%	63%	62%	53%	45%
NET Profit margin(%)	21%	25%	23%	20%	5%	9%	16%
ROA(%)	4%	3%	3%	2%	0%	1%	2%
ROE(%)	14%	15%	13%	12%	3%	5%	9%
Stability							
Tot debt/ equity (x)	2,7	4,0	3,7	4,1	4,2	4,2	3,7
Int. Coverage (x)	1,2	1,7	1,1	0,9	(0,0)	0,1	0,4
Current Ratio (X)	0,7	0,8	0,4	0,3	0,7	0,4	0,4
Per Share data (IDR)							
EPS	260	303	303	304	69	136	252
BV	1.885	2.080	2.330	2.574	2.628	2.655	2.957
EBITDA/share	694	759	841	952	823	769	717

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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