

# Jasa Marga Tbk (JSMR)

## Increasing Toll Road Tariff and New Projects to Boost Performance

Throughout 2020, JSMR managed to book a net profit of IDR501.0 billion, +562.1% QoQ, -77.1% YoY. This gain is in line with our estimates where in the second semester JSMR will book another income growth in the toll road segment. Traffic has started to recover since social restrictions were relaxed. We are optimistic that in 2021, both the top and bottom line of JSMR will grow.

### Construction Segment Falls, Top Line Depressed through 2020.

- JSMR booked an income of IDR13.7 trillion, down by 48.0% YoY vs IDR26.3 trillion in 2019. On a quarterly basis, it also fell by 16.3% to IDR3.2 trillion in 4Q vs IDR3.8 trillion in 3Q.
- Income from the toll road segment slightly increased by 6.9% in 4Q20, impacted by the cancellation of the Eid collective leave days at the end of 2020.
- Income from the construction segment fell by 67.9% in 4Q, an effect of the pandemic that has not sloped, resulting in the delay of toll road infrastructure construction. This depressed JSMR's top line.
- JSMR's bottom line plummeted by 77.3% YoY. However on a quarterly basis it grew by 562.1% at IDR343.4 billion vs IDR51.9 billion in 3Q. The growth is as result of lower construction segment's financial burdens by 68.2% in 4Q 2020.

### Construction and Toll Road Segment will Grow in 2021.

- Constructions of Jakarta Outer Ring Road (JORR) 2, Balikpapan-Samarinda, and Manado-Bitung Toll Roads will result on the growth of JSMR's construction segment .
- The closure of toll road access due to the prohibition of Eid homecoming will not interfere too much with the income of JSMR's toll road segment, as JSMR has increased the toll road tariffs in several regions. So when the access to toll roads are reopened, the traffic will increase, and income of the toll road segment will get a boost.

### We Recommend BUY with Target Price at IDR5,100.

- We continue to recommend BUY for JSMR with target price set at IDR5,100 considering that income from Construction Segment will grow in 2021.
- Our target price reflects EV/EBITDA level at 14.1x FY22. Currently, JSMR is trade EV/EBITDA level 11.2x.

### Jasa Marga Tbk | Summary (IDR bn)

	2019	2020	2021F	2022F
Revenue	26,345	13,704	19,186	26,860
Growth	-28.7%	-48.0%	40.0%	40.0%
Net Profit	2,207	501	1,000	1,288
Growth	0.2%	-77.3%	99.6%	28.8%
EPS (IDR)	304	66	132	170
P/E	17.0x	68.8x	38.6x	30.0x
P/BV	1.6x	1.3x	1.4x	1.3x
EV/EBITDA	10.4x	18.8x	15.0x	14.1x
ROE	10.2%	2.1%	3.9%	4.8%
DER	1.9x	2.6x	2.9x	2.9x
Dividend Yield	0.3%	0.1%	0.1%	0.1%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer



Company Report | April 15, 2021

# BUY

<b>Target Price (IDR)</b>	<b>5,100</b>
Consensus Price (IDR)	5,548
TP to Consensus Price	-8.1%
vs. Last Price	+21.4%

### Shares data

Last Price (IDR)	4,200
Price date as of	Apr. 14, 2021
52 wk range (Hi/Lo)	4,990 / 2,450
Free float	24.4%
Outstanding sh.(mn)	7,258
Market Cap (IDR bn)	30,265
Market Cap (USD mn)	2,066
Avg. Trd Vol - 3M (mn)	7.2
Avg. Trd Val - 3M (bn)	32.6
Foreign Ownership	10.2%

### Infrastructure

#### Toll Road

Bloomberg	JSMR IJ
Reuters	JSMR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-9.7%	-2.6%	-10.3%	34.6%
Rel. Ret	-8.8%	1.8%	-4.4%	6.1%

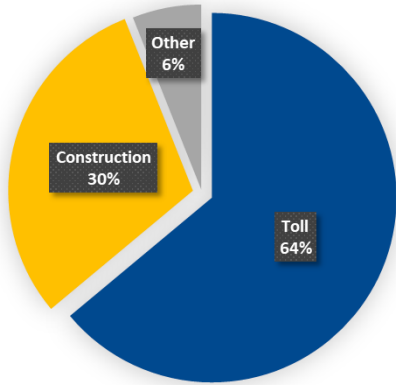
### Restu Pamungkas

+62 21 5088 9133

[restu.pamungkas@nhsec.co.id](mailto:restu.pamungkas@nhsec.co.id)

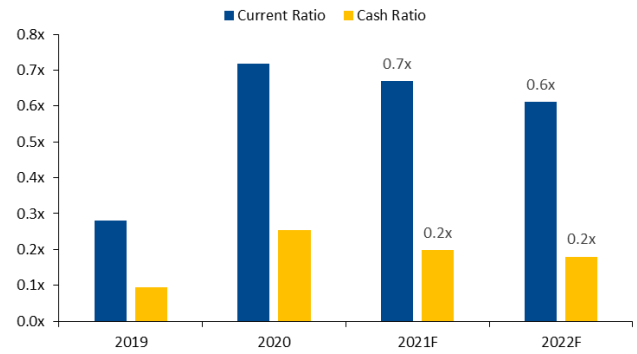
# Performance Highlights

## Revenue Contributions | 4Q20



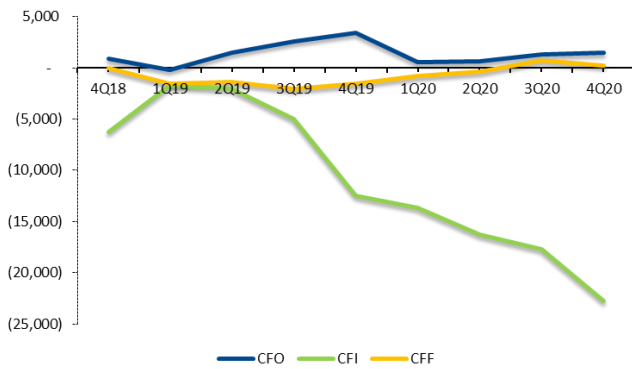
Source: Company, NHKSI Research

## Liquidity | 2019 - 2022F



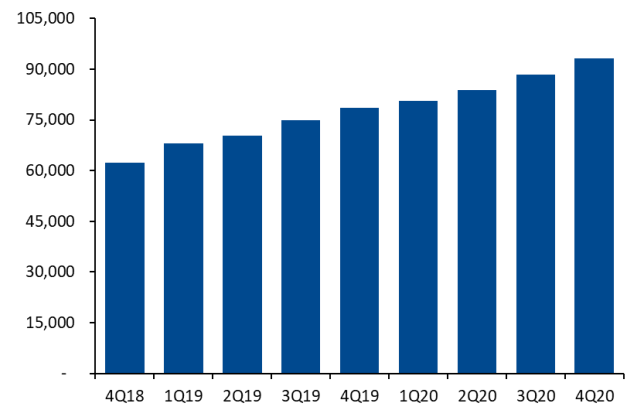
Source: Company, NHKSI Research

## Cash Flow Position (bn) | 4Q18 - 4Q20



Source: Company, NHKSI Research

## Toll Road Concessions Rights (bn) | 4Q18 - 4Q20



Source: Company, NHKSI Research



**PT Jasa Marga (Persero) Tbk (JSMR)** is a State-Owned Enterprises whose main task is to plan, build, operate, and maintain toll roads and their supporting facilities. Currently, Jasa Marga is operating 25 toll roads and 10 subsidiaries. In 2017, Jasa Marga has completed 100% of electronic-based payments across all of the company's toll roads in Indonesia .

In the Asia Pacific, JSMR owns the third highest market capitalization after Zhejiang Expressway Co-H (4,194 USD mn) and Shenzen Expressway Co-H (3,064 USD mn). Its PBV is also still low at 1.6x. The declining JSMR income in 2020 was caused by the decreasing toll road infrastructure construction projects and traffic in the toll roads amid the Covid-19 pandemic in the past year.

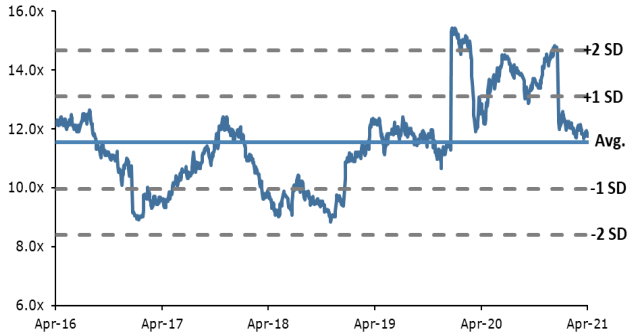
**Asia Pacific Peers Comparison**

	Market Cap (USD mn)	Asset (USD mn)	EBITDA Margin	ROE	EV/ EBITDA	P/BV	Dividend Yield	P/E	Net Profit Growth	Revenue Growth
<b>Indonesia</b>										
Jasa Marga Tbk	2,083	7,199	38.3%	4.7%	14.1x	1.6x	0.4%	35.3x	-55.4%	-28.7%
<b>Hongkong</b>										
Anhui Expressway Co	1,675	2,488	N/A	8.3%	N/A	0.7x	4.4%	8.6x	-16.3%	-43.3%
Hopewell Highway Infrastructure	1,167	1,014	N/A	14.0%	N/A	1.5x	7.8%	11.1x	12.5%	N/A
Shenzen Expressway Co-H	3,064	8,448	N/A	10.9%	N/A	0.8x	6.8%	7.5x	-19.9%	25.6%
Yuexiu Transport Infrastructure	1,028	5,572	79.2%	1.5%	11.6x	0.6x	4.4%	41.8x	-85.9%	-3.4%
Zhejiang Expressway Co-H	4,194	19,926	N/A	13.1%	N/A	1.1x	5.2%	9.1x	-18.7%	-0.1%
Sichuan Expressway Co-H	1,289	6,190	N/A	1.5%	N/A	0.3x	6.4%	21.3x	-37.9%	5.0%
<b>China</b>										
Jiangsu Expressway Co Ltd	7,297	9,360	N/A	8.7%	N/A	1.8x	4.6%	20.3x	-41.3%	-20.3%

Source: Bloomberg, NHKSI Research

## Multiple Valuation

Forward EV/EBITDA is trade level 11.2x



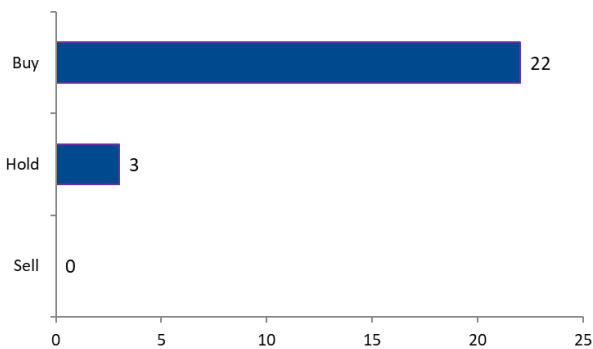
Source: NHKSI Research

JAKINF and JSMR IJ



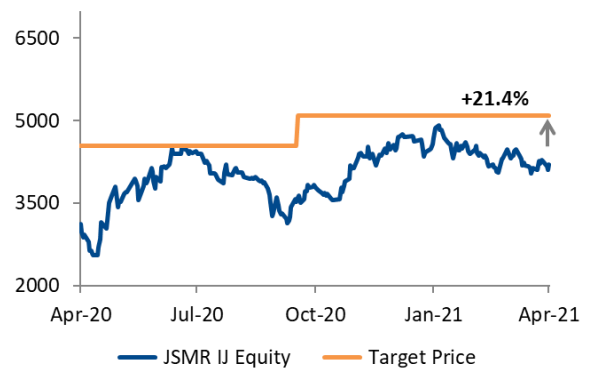
Source: NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

## Rating and Target Price Update

Target Price

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
06/12/2020	Buy	4,550 (Dec 2020)	3,760	4,451	+21.0%	+2.2%
07/29/2020	Hold	4,550 (12 Month)	4,030	5,109	+12.9%	-10.9%
08/28/2020	Buy	4,550 (12 Month)	3,940	5,033	+15.5%	-9.6%
12/17/2020	Overweight	5,100 (12 Month)	4,490	5,429	+13.6%	-6.1%
04/15/2021	Buy	5,100 (12 Month)	4,200	5,548	+21.4%	-8.1%

Source: Bloomberg, NHKSI Research

## Summary of Financials

INCOME STATEMENT				
(IDR bn)	2019/12	2020/12	2021/12F	2022/12F
Revenue	26,345	13,704	19,186	26,860
Growth	-28.7%	-48.0%	40.0%	40.0%
COGS	(19,901)	(9,655)	(13,516)	(18,923)
<b>Gross Profit</b>	<b>6,445</b>	<b>4,050</b>	<b>5,669</b>	<b>7,937</b>
Gross Margin	24.5%	29.5%	29.5%	29.5%
Operating Expenses	(587)	(889)	(827)	(990)
<b>Operating Income</b>	<b>5,857</b>	<b>3,161</b>	<b>4,843</b>	<b>6,947</b>
Operating Income Margin	22.2%	23.1%	25.2%	25.9%
Depreciation	(1,428)	(1,689)	(2,365)	(1,200)
<b>EBITDA</b>	<b>7,285</b>	<b>4,850</b>	<b>7,208</b>	<b>8,147</b>
EBITDA Margin	27.7%	35.4%	37.6%	30.3%
Interest Expenses	(2,434)	(3,648)	(4,751)	(4,799)
<b>EBT</b>	<b>3,098</b>	<b>696</b>	<b>683</b>	<b>1,114</b>
Income Tax	(1,024)	(738)	(226)	(368)
Minority Interest	(133)	(543)	(543)	(543)
<b>Net Profit</b>	<b>2,207</b>	<b>501</b>	<b>1,000</b>	<b>1,288</b>
Growth	0.2%	-77.3%	99.6%	28.8%
Net Profit Margin	8.4%	3.7%	5.2%	4.8%

BALANCE SHEET				
In IDR bn	2019/12	2020/12	2021/12F	2022/12F
Cash	4,342	4,597	4,864	4,369
Receivables	6,270	4,418	7,591	6,282
Other Current Assets	609	867	189	194
<b>Total Current Assets</b>	<b>11,613</b>	<b>10,706</b>	<b>13,509</b>	<b>11,753</b>
Net Fixed Assets	714	746	1,250	1,756
Other Non Current Assets	8,605	9,048	11,582	13,501
<b>Total Non Current Assets</b>	<b>88,067</b>	<b>93,381</b>	<b>103,939</b>	<b>115,155</b>
<b>Total Assets</b>	<b>99,680</b>	<b>104,087</b>	<b>117,448</b>	<b>126,908</b>
Payables	956	2,209	837	2,241
ST Borrowing	14,797	5,691	14,492	14,637
<b>Total Current Liabilities</b>	<b>41,526</b>	<b>14,929</b>	<b>20,185</b>	<b>19,217</b>
LT Debt	28,140	57,661	61,988	67,702
<b>Total Liabilities</b>	<b>76,494</b>	<b>79,311</b>	<b>91,179</b>	<b>98,988</b>
Capital Stock	3,629	3,629	3,629	3,629
Retained Earnings	11,764	12,063	12,712	13,820
<b>Shareholders' Equity</b>	<b>23,186</b>	<b>24,776</b>	<b>26,269</b>	<b>27,920</b>

CASH FLOW STATEMENT				
In IDR bn	2019/12	2020/12	2021/12F	2022/12F
Operating Cash Flow	3,207	1,956	(2,716)	2,637
Investing Cash Flow	(17,401)	(38,331)	(10,900)	(9,354)
Financing Cash Flow	11,103	35,434	13,882	6,222
<b>Net Changes in Cash</b>	<b>(3,091)</b>	<b>(941)</b>	<b>266</b>	<b>(495)</b>

Source: Company Data, NHKSI Research

PROFITABILITY & STABILITY				
	2019/12	2020/12	2021/12F	2022/12F
ROE	10.2%	2.1%	3.9%	4.8%
ROA	2.4%	0.5%	0.9%	1.1%
Inventory Turnover	325.51x	70.09x	160.79x	127.34x
Receivables Turnover	4.2x	3.1x	4.2x	3.8x
Payables Turnover	96.5x	49.2x	29.7x	46.6x
Dividend Yield	0.3%	0.1%	0.1%	0.1%
Payout Ratio	4.4%	9.8%	3.0%	3.6%
DER	1.9x	2.6x	2.9x	2.9x
Net Gearing	5.5x	5.0x	5.9x	0.0x
Equity Ratio	23.3%	23.8%	22.4%	22.0%
Debt Ratio	0.4x	0.6x	0.7x	0.6x
Financial Leverage	4.2x	4.2x	4.3x	4.5x
Current Ratio	0.3x	0.7x	0.7x	0.6x
Quick Ratio	0.3x	0.7x	0.7x	0.6x
Par Value (IDR)	500	500	500	500
Total Shares (mn)	7,258	7,258	7,258	7,258
Share Price (IDR)	5,175	4,550	5,100	5,100
Market Cap (IDR tn)	37.6	33.0	37.0	37.0

VALUATION INDEX				
	2019/12	2020/12	2021/12F	2022/12F
Price/Earnings	17.0x	68.8x	38.6x	30.0x
Price/Book Value	1.6x	1.3x	1.4x	1.3x
PE/EPS Growth	2.0x	18.8x	7.4x	6.3x
EV/EBITDA	10.4x	18.8x	15.0x	14.1x
EV (IDR bn)	75,449	91,165	108,164	114,567
Revenue CAGR (3-Yr)	7.7%	2.0%	2.7%	2.1%
Net Incomes CAGR (3-Yr)	5.3%	-38.9%	-23.1%	-16.4%
Basic EPS (IDR)	304	66	132	170
BVPS (IDR)	3,195	3,414	3,619	3,847
DPS (IDR)	13.3	6.8	4.1	6.4

OWNERSHIP	
<b>Top Shareholders</b>	%
Republic of Indonesia	70.0
BPJS Ketenagakerjaan	3.4
Taspen PT	2.2
Norges Bank	1.2
<b>By Geography</b>	%
Indonesia	89.8
United States	2.4
Norway	1.4
Luxembourg	1.0
Others	5.4

## NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
  - Buy : Greater than +15%
  - Overweight : +5% to +15%
  - Hold : -5% to +5%
  - Underweight : -5% to -15%
  - Sell : Less than -15%

### DISCLAIMER

This document is strictly confidential and is being supplied to you solely for your information. The recipients of this report must make their own independent decisions regarding any securities or financial instruments mentioned herein. This document may not be quoted, reproduced, exhibited, redistributed, transmitted, edited, translated, or published, in whole or in part, for any purpose without notice. Any failure to comply with this restriction may constitute a violation of civil or criminal laws.

This report and any electronic access hereto are restricted and intended only for the clients and related entities of PT NH Korindo Sekuritas Indonesia. This report is only for information and recipient use. It is not reproduced, copied, or made available for others. Under no circumstances is it considered as a selling offer or solicitation of securities buying. Any recommendation contained herein may not be suitable for all investors. Although the information hereof is obtained from reliable sources, its accuracy and completeness cannot be guaranteed. PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, and agents are held harmless from any responsibility and liability for claims, proceedings, action, losses, expenses, damages, or costs filed against or suffered by any person as a result of acting pursuant to the contents hereof. Neither is PT NH Korindo Sekuritas Indonesia, its affiliated companies, employees, nor agents are liable for errors, omissions, misstatements, negligence, inaccuracy contained herein. All rights reserved by PT NH Korindo Sekuritas Indonesia.