

Tuesday, 06 April 2021

BUY
Maintain

Last price (IDR) 4,110
Target Price (IDR) 5,600
Upside/Downside +36.3%
Previous Target Price (IDR) 5,900

Stock Statistics

Sector Toll Road
Bloomberg Ticker JSMR IJ
No of Shrs (mn) 7,258
Mkt. Cap (IDRbn/USDmn) 29,830/2,055
Avg. daily T/O (IDRbn/USDmn) 48.7/3.4

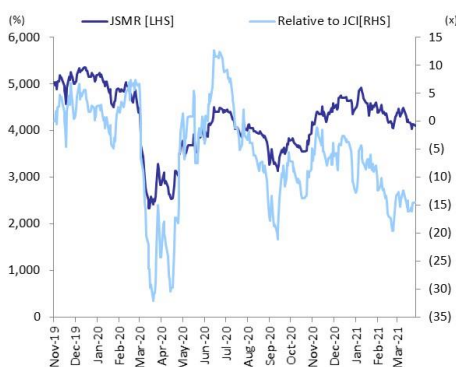
Major shareholders (%)

Government 70.0
Public 30.0

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	158.7	252.4	290.5
Consensus	183.6	255.2	322.8
Danareksa/Cons	(13.6)	(1.1)	(10.0)

JSMR relative to JCI Index



Source : Bloomberg



Maria Renata

(62-21) 5091 4100 ext. 3513

maria.renata@danareksa.co.id

Jasa Marga(JSMR IJ)

Almost back to normal

The weekly toll revenues by the end of Mar21 reached 98% of the normal level. This depicts a gradual improvement from a level of 82% since the implementation of PPKM by the Jakarta Government on 11 Jan21. YTD, the weekly toll revenues in 1Q21 reached 90.7% of the normal level. The ban on visits to hometowns during the Lebaran holiday might not have a significant impact on traffic as people can still travel within the city (inner-city). As such, we expect 8%yoy on traffic growth in 2021, translating into toll revenues reaching 89% of the normal level. We maintain our BUY call on JSMR.

The current weekly toll revenues are 98% of the normal level. JSMR's weekly toll revenues have gradually improved along with lower numbers of new covid cases in Indonesia, especially in Jakarta. The toll road revenues by the twelfth week in 2021 reached 98% of the normal level. The weekly trend shows that the implementation of each new social distancing restriction led to a significant drop in revenues by 18% and that it would take weeks to gradually improve - as was the case in the second week of 2021 when the government imposed public activity restrictions (PPKM). Hence, JSMR is optimistic that the ban on visits to hometowns during the forthcoming Lebaran holiday may not have a significant impact on traffic as people can still travel within the city (inner-city). A significant impact might be seen if the government tightens the PPKM regulation, i.e. imposes earlier closure times for businesses, restaurants, malls, etc.

We expect FY21 toll revenues to grow by +14%yoy. Based on our calculation, the average daily revenues in 2020 reached 82.5% of the normal level, or down by 17.5%. The average weekly revenues in 1Q21 reached 90.7%, only 9.3% lower than the normal level. However, we expect the FY21 traffic to grow by +8%yoy translating to an average level of 89.1% of the normal level. Our moderate growth forecast anticipates the possibility of tightening of PPKM laws by the government. Based on +4.5%yoy consolidated ASP growth, we arrive at 2021 toll revenues targeted growth of +14.2%yoy.

Low capex budget in 2021. JSMR has allocated only IDR7-9tn on capex in 2021 for continuing the development of new toll roads in the pipeline. New toll roads operating in 2020 reached 29km giving JSMR a total of 1,162km of toll roads by Dec20. Another 73km of new toll roads to be operated are targeted in 2021. Furthermore, JSMR has indicated it will need to spend IDR5.0tn on capex in 2022 dedicated for the development of the Jakarta – Cikampek II South toll road.

New investors are welcome. The management is in discussion with the Indonesian SWF regarding assets divestment. JSMR is open for any options for assets recycling as long as the valuation is favorable. There is no IPO plan for this year.

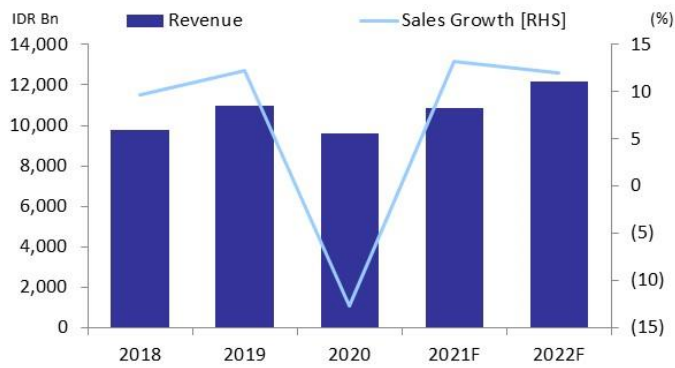
Maintain BUY. We maintain our BUY call on JSMR with a new TP of IDR5,600. Our TP is based on DCF valuation with 10% WACC and 3% TG.

Key Financials

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Revenue (IDRbn)	10,984	9,588	10,855	12,156	13,129
EBITDA (IDRbn)	6,959	6,436	7,444	8,492	9,168
EBITDA Growth (%)	15.3	(7.5)	15.7	14.1	8.0
Net profit (IDRbn)	2,207	501	1,152	1,832	2,108
EPS (IDR)	304.1	69.0	158.7	252.4	290.5
EPS growth (%)	0.2	(77.3)	129.8	59.1	15.1
BVPS (IDR)	2,574.1	2,628.1	2,786.9	3,031.4	3,246.2
DPS (IDR)	45.5	15.2	3.5	7.9	75.7
PER (x)	13.5	59.5	25.9	16.3	14.1
PBV (x)	1.6	1.6	1.5	1.4	1.3
Dividend yield (%)	1.1	0.4	0.1	0.2	1.8
EV/EBITDA (x)	9.8	13.9	11.9	10.8	10.1

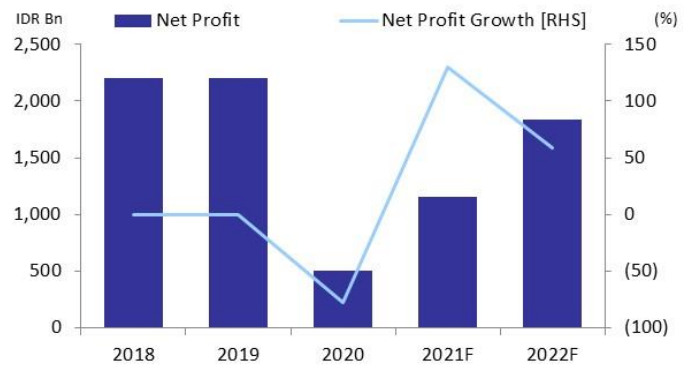
Source : JSMR, Danareksa Estimates

Exhibit 1. Revenues and Growth



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth



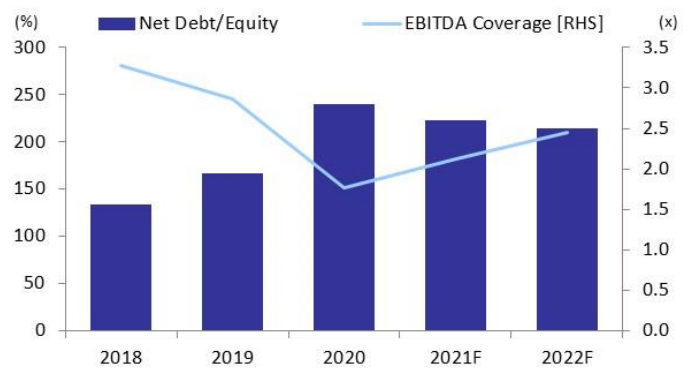
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 3. Margins



Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 4. Gearing Level



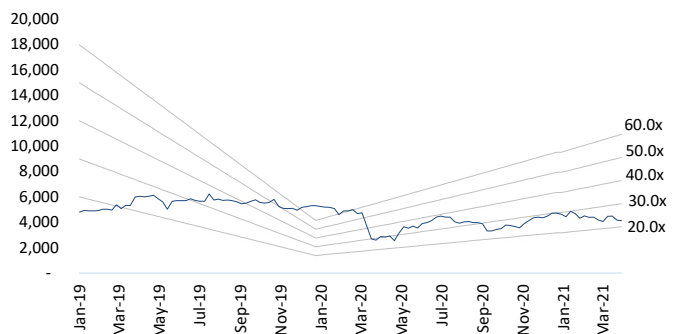
Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 5. PE Band Chart



Source: Bloomberg, BRI Danareksa Sekuritas estimates

Exhibit 6. Share Price Chart



Source: Bloomberg, BRI Danareksa Sekuritas estimates

Exhibit 7. JSMR's weekly toll revenues



Source: Company

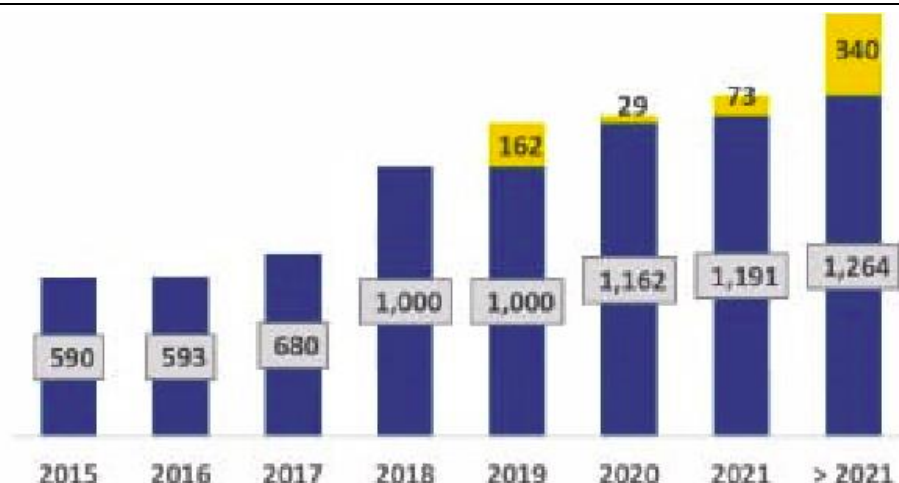
Exhibit 8. JSMR's weekly toll revenues in 1Q21 reached 91%

Week	2021											
	January					February				March		
	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12
No of weeks	1	1	1	1	1	1	1	1	1	1	1	1
Decrease	-9%	-18%	17%	13%	13%	-9%	10%	-7%	-6%	-3%	-5%	-2%
% toll revenues to normal level	91%	82%	83%	87%	87%	91%	90%	93%	94%	97%	95%	98%
Weighted to no of weeks	1.8%	1.6%	1.6%	1.7%	1.7%	1.8%	1.7%	1.8%	1.8%	1.9%	1.8%	1.9%
Avg. weekly toll revenue Jan-Mar21	90.7%											
Decrease	9.3%											

Source: Company, BRI Danareksa Sekuritas estimates

Exhibit 9. JSMR's weekly toll revenues in FY21 to reach 89%

Week	2020				
	W1-W10	W11-W22	W23-W36	W37-W40	W41-W52
No of weeks	10	12	14	4	12
Decrease	0%	-49%	-14%	-17%	-5%
% toll revenues to normal level	100%	51%	86%	83%	95%
Weighted to no of weeks	19.2%	11.8%	23.2%	6.4%	21.9%
Avg. weekly toll revenue level in 2020	82.5%				
Decrease	17.5%				
FY21 %yoy growth	8.0%				
FY21 % to normal	89.1%				
FY21 traffic decrease	10.9%				

Exhibit 10. JSMR's length of toll roads in operation


Source: Company

Exhibit 11. JSMR's target operation of new toll roads

2021 (± 73 km)			> 2021 (± 340 km)		
No	Section	Length (km)	No	Section	Length (km)
1	Bogor Ring Road (Section IIIA)	2.65	1	Bogor Ring Road (Section IIIB)	2.25
2	JORR2: Kunciran-Cengkareng	14.19	2	Jakarta-Cikampek II South (Section I-III)	62.00
3	JORR2: Cinere-Serpong	10.14	3	Probolinggo-Banyuwangi (Section I-III)	172.00
4	Balikpapan-Samarinda (Section I&V)**	33.12	4	Ngawi-Kertosono (Section V)	27.90
5	Danowudu-Bitung	12.65	5	Jogja-Bawen	75.83

Source: Company

Exhibit 12. Changes in our forecast

	2019		2020		New		Old		Chg. (%)		%yoy	
	2019	2020	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Toll road rev.	10,131	8,763	10,005	11,247	11,570	12,493	-13.5%	-10.0%	14.2%	12.4%		
Other op. rev.	853	825	849	909	809	865	5.0%	5.0%	3.0%	7.0%		
Rev fr op.	10,984	9,588	10,855	12,156	12,379	13,358	-12.3%	-9.0%	13.2%	12.0%		
Gross profit	6,445	5,355	6,453	7,442	7,388	7,951	-12.7%	-6.4%	20.5%	15.3%		
Op. profit	4,966	4,118	5,032	5,860	5,777	6,212	-12.9%	-5.7%	22.2%	16.5%		
EBITDA	6,959	6,436	7,444	8,492	7,603	8,209	-2.1%	3.5%	15.7%	14.1%		
Finance cost	(2,434)	(3,648)	(3,511)	(3,469)	(3,637)	(4,033)	-3.5%	-14.0%	-3.8%	-1.2%		
Net profit	2,207	501	1,152	1,832	1,254	1,213	-8.2%	51.0%	129.8%	59.1%		
GPM (%)	58.7%	55.8%	59.4%	61.2%	59.7%	59.5%						
OPM (%)	45.2%	42.9%	46.4%	48.2%	46.7%	46.5%						
EBITDA (%)	63.4%	67.1%	68.6%	69.9%	61.4%	61.5%						
NPM (%)	20.1%	5.2%	10.6%	15.1%	10.1%	9.1%						
No of traffic (bn)	1.28	1.13	1.22	1.26	1.25	1.29						
No of traffic (%yoy)	1.0%	-18.0%	8.0%	3.1%	10.0%	3.4%						
ASP growth			4.5%	3.9%	4.8%	4.2%						

Source: BRI Danareksa Sekuritas estimates

Exhibit 13. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Revenue	10,984	9,588	10,855	12,156	13,129
COGS	(4,634)	(4,275)	(4,402)	(4,714)	(5,087)
Gross profit	6,350	5,313	6,453	7,442	8,042
EBITDA	6,959	6,436	7,444	8,492	9,168
Oper. profit	4,966	4,118	5,032	5,860	6,333
Interest income	483	415	322	298	416
Interest expense	(2,434)	(3,648)	(3,511)	(3,469)	(3,525)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	(326)	(122)	(116)	(110)	(104)
Other Income (Expenses)	408	(67)	0	0	0
Pre-tax profit	3,098	696	1,727	2,579	3,119
Income tax	(1,024)	(738)	(705)	(730)	(886)
Minority interest	133	543	129	(17)	(125)
Net profit	2,207	501	1,152	1,832	2,108
Core Net Profit	2,207	501	1,152	1,832	2,108

Exhibit 14. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Cash & cash equivalent	4,342	4,597	4,974	4,620	6,032
Receivables	6,270	4,418	4,551	4,687	4,828
Inventory	61	138	110	88	71
Other Curr. Asset	548	730	752	768	807
Fixed assets - Net	714	746	871	1,145	1,685
Other non-curr.asset	87,353	92,634	99,064	102,209	105,684
Total asset	99,680	104,087	111,227	114,514	120,203
ST Debt	14,803	6,269	6,490	6,566	7,062
Payables	956	2,209	2,281	700	700
Other Curr. Liabilities	25,768	6,451	11,285	10,616	11,046
Long Term Debt	28,141	57,702	57,471	60,158	61,642
Other LT. Liabilities	6,827	6,680	7,201	7,574	8,604
Total Liabilities	76,494	79,311	84,728	85,614	89,055
Shareholder's Funds	18,683	19,074	20,227	22,002	23,560
Minority interests	4,503	5,701	6,271	6,898	7,588
Total Equity & Liabilities	99,680	104,087	111,227	114,514	120,203

Exhibit 15. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021F	2022F	2023F
Net income	2,207	501	1,152	1,832	2,108
Depreciation and Amort.	1,993	2,319	2,412	2,632	2,835
Change in Working Capital	1,171	(16,448)	4,893	(1,988)	261
Other Oper. Cash Flow	4,212	2,620	3,346	2,813	3,746
Operating Cash Flow	9,584	(11,008)	11,803	5,289	8,950
Capex	(18,325)	(7,174)	(8,300)	(5,500)	(5,850)
Others Inv. Cash Flow	(1,622)	(344)	(192)	64	(217)
Investing Cash Flow	(19,947)	(7,518)	(8,492)	(5,436)	(6,067)
Net change in debt	9,998	20,414	(18)	2,754	1,971
New Capital	0	0	0	0	0
Dividend payment	(330)	(110)	(25)	(58)	(550)
Other Fin. Cash Flow	(829)	(2,163)	(2,891)	(2,903)	(2,893)
Financing Cash Flow	8,839	18,141	(2,934)	(206)	(1,471)
Net Change in Cash	(1,524)	(385)	376	(353)	1,412
Cash - begin of the year	5,943	4,342	4,597	4,974	4,620
Cash - end of the year	4,342	4,597	4,974	4,620	6,032

Exhibit 16. Key Ratios

Year to 31 Dec	2019A	2020A	2021F	2022F	2023F
Growth (%)					
Sales	12.3	(12.7)	13.2	12.0	8.0
EBITDA	15.3	(7.5)	15.7	14.1	8.0
Operating profit	8.1	(17.1)	22.2	16.5	8.1
Net profit	0.2	(77.3)	129.8	59.1	15.1
Profitability (%)					
Gross margin	57.8	55.4	59.4	61.2	61.3
EBITDA margin	63.4	67.1	68.6	69.9	69.8
Operating margin	45.2	42.9	46.4	48.2	48.2
Net margin	20.1	5.2	10.6	15.1	16.1
ROAA	2.4	0.5	1.1	1.6	1.8
ROAE	12.4	2.7	5.9	8.7	9.3
Leverage					
Net Gearing (x)	1.7	2.4	2.2	2.1	2.0
Interest Coverage (x)	2.0	1.1	1.4	1.7	1.8

Source : JSMR, Danareksa Estimates

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