

Friday, 18 May 2022

BUY
Maintain

Last price (IDR)	3,930
Target Price (IDR)	5,400
Upside/Downside	+37.4%
Previous Target Price (IDR)	5,400

Stock Statistics

Sector	Toll Road
Bloomberg Ticker	JSMR IJ
No of Shrs (mn)	7,258
Mkt. Cap (IDRbn/USDmn)	28,523/2,002
Avg. daily T/O (IDRbn/USDmn)	14.7/1.0

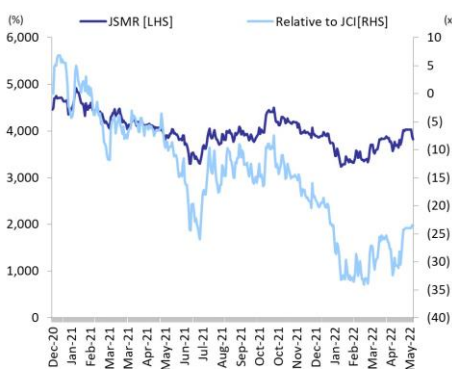
Major shareholders (%)

Government	70.0
Public	30.0
Estimated free float	30.0

EPS Consensus (IDR)

	2021F	2022F	2023F
Danareksa	161.6	189.6	203.3
Consensus	138.9	224.4	348.5
Danareksa/Cons	16.3	(15.5)	(41.7)

JSMR relative to JCI Index



Source : Bloomberg



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Jasa Marga(JSMR IJ)

A good start for the year

JSMR booked a +15.7% yoy higher topline, mainly due to higher toll traffic, tariff adjustments, and an additional operating toll road in 1Q21. The overall 1Q22 result is pretty much inline with our forecast and the consensus. The recent festive season also contributed to the significant jump in toll revenues last month, translating into potentially higher revenues in 2Q22. The company also shared its next plan after the toll road spin-off to its subsidiary, paving the way for external equity financing for its legacy toll roads in Java. Maintain BUY.

Inline 1Q22 result. JSMR booked IDR2.9tn of revenues in 1Q22, an increase of 15.7% yoy and -19% qoq. The negative qoq in this quarter is due to cyclical factors after Christmas and the NY festive period in 4Q. The yoy positive growth mainly reflects from 1) higher toll traffic, 2) tariff adjustments in several toll roads during Feb-Mar, and 3) newly operating Manado-Bitung toll road in February. Traffic volume growth in 1Q22 is 14% yoy, with 44.6% growth owing to the new toll roads (subsidiary and JV). The revenue contribution from new toll roads increased from 39% in 1Q21 to 45% in 1Q22. The topline is inline with our forecast and the consensus. The gross profit in 1Q22 is IDR1.8tn (+9.6% yoy, -54.6% qoq). At the bottomline, the company booked a significant jump of +143% yoy growth to IDR393tn, mainly due to a 20% decrease of interest expenses, and a gain from associates deriving from: **Trans Marga Jateng, JM Ngawi Kertosono, and JM Solo Ngawi**. The latter two associates were losing money last year. The bottom line is inline with our estimate and the consensus.

Asset recycling plan: The ultimate goal is an IPO of JTT. As the continuation of its asset recycling program, JSMR is aiming to divest its subsidiary, **Jasamarga Transjawa Tol (JTT)**, through an IPO, with a target of 1Q23 at the latest. In July, JSMR sought to finish the spin-off program that was previously agreed on 27 April. JSMR has divested its 4 mature and 9 new Transjawa toll roads to the JTT. This asset recycling program is paving the way for a more balanced capital structure. For the debt financing, JSMR now has 40% fixed-rate-loans and it is aiming to increase this proportion to reduce potentially higher interest rate exposure in the future. Other asset recycling programs to be accomplished in 2022 include the divestment of **Jakarta-Cikampek Elevated** (named as the **MBZ Elevated** toll road) and the **Balikipapan-Samarinda** toll road.

Festive period impact and toll road progress. JSMR booked a significant jump in the traffic during the recent Lebaran festive period, as Indonesians were allowed to go back to their hometowns this year, after the govt banned this practice for 2 years. The monthly toll revenue in April'22 increased 26% from the pre-covid level on a consolidated level. This was mainly supported by its toll roads at the subsidiary level (+77%) and in the Transjawa area (+93%).

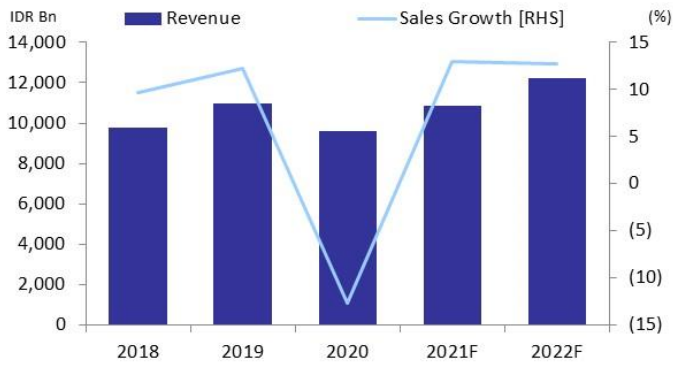
In 2023, the **Jakarta-Cikampek II South Section 3** and **Cinere-Serpong** toll roads are targeted to be operational (see exhibit 9). However, the Cinere-Serpong toll road is subject to the progress of **Cinere-Jagorawi Toll Road section III** – namely **Cijago Toll Road** (see exhibit9) which is targeted to be finished in October this year. JSMR targeted cash capex to be around IDR1.5-2tn in 2022 and IDR4-5tn in 2023 for the payment of the remaining billing on the Manado-Bitung toll road (in 2022 only) and Jakarta-Cikampek II South Section 3.

Maintain BUY with a TP of IDR5,400. Banking on its proven growth on toll traffic as well as its continuation of the asset recycling program, we still maintain our BUY stance on JSMR. The stock is currently trading at 17.3x PE, slightly above its -1SD PE.

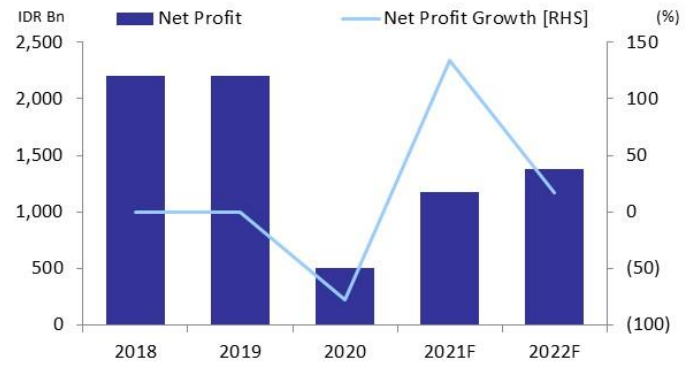
Key Financials

Year to 31 Dec	2019A	2020A	2021A	2022F	2023F
Revenue (IDRbn)	26,345	13,704	15,170	15,904	17,599
EBITDA (IDRbn)	6,959	6,436	7,502	8,821	9,612
EBITDA Growth (%)	15.3	(7.5)	16.6	17.6	9.0
Net profit (IDRbn)	2,207	501	1,615	1,571	1,674
EPS (IDR)	304.1	69.0	222.6	216.5	230.7
EPS growth (%)	(0.2)	(77.3)	222.4	(2.7)	6.5
BVPS (IDR)	2,574	2,628	2,839	3,015	3,181
DPS (IDR)	45.5	15.2	-	44.5	65.0
PER (x)	12.9	56.9	17.7	18.2	17.0
PBV (x)	1.5	1.5	1.4	1.3	1.2
Dividend yield (%)	1.2	0.4	-	1.1	1.7
EV/EBITDA (x)	9.3	13.3	10.9	10.1	9.6

Source : JSMR, Danareksa Estimates

Exhibit 1. Revenues and Growth


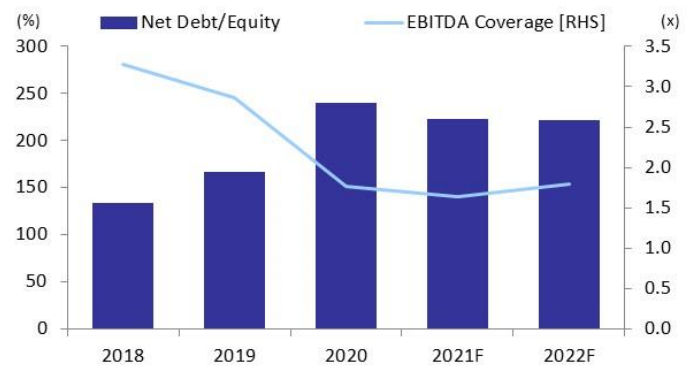
Source: Company, Danareksa Sekuritas estimates

Exhibit 2. Net Profits and Growth


Source: Company, Danareksa Sekuritas estimates

Exhibit 3. Margins


Source: Company, Danareksa Sekuritas estimates

Exhibit 4. Gearing Level


Source: Company, Danareksa Sekuritas estimates

Exhibit 5. Result note 1Q22

IDRbn	1Q21	4Q21	1Q22	4Q21		BRIDS FY22	1Q22/BRIDS	FY22 Cons	1Q22/Cons
				QoQ Chg %	YoY Chg %				
Revenue	3,493	4,538	3,669	-19.1%	5.0%	15,904	23.1%	16,492	22.2%
Gross Profit	1,654	2,070	1,813	-12.4%	9.6%	7,352	24.7%	8,535	21.2%
Operating Profit	1,427	1,459	1,529	4.8%	7.1%	6,189	24.7%	6,294	24.3%
Net profit	162	866	393	-54.6%	142.7%	1,537	25.5%	1,477	26.6%
GPM (%)	60.0	58.9	56.7						
OPM (%)	51.8	41.5	47.8						
NPM (%)	5.9	24.6	12.3						

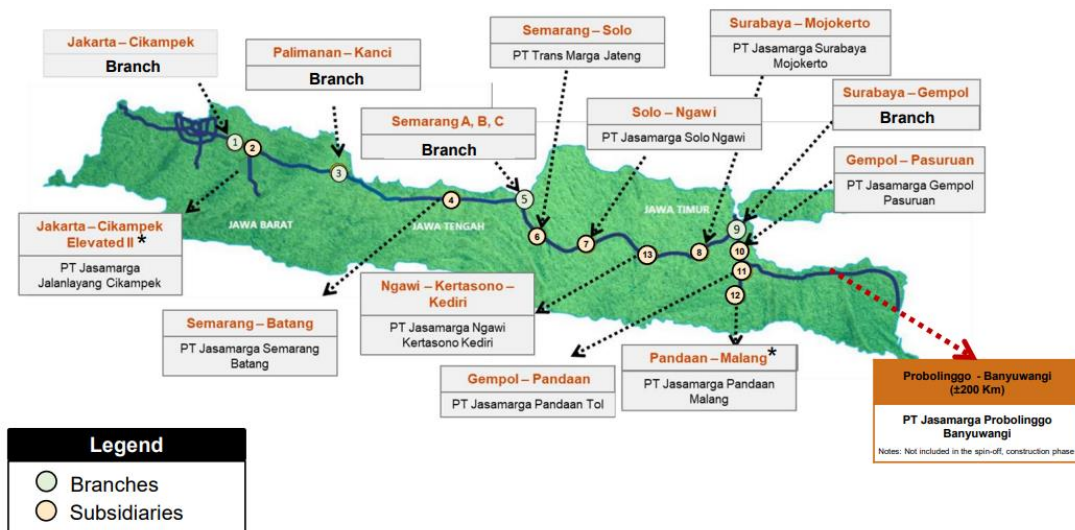
Source: BRI Danareksa Sekuritas

Exhibit 6. Monthly toll revenue from Branches and Subsidiaries



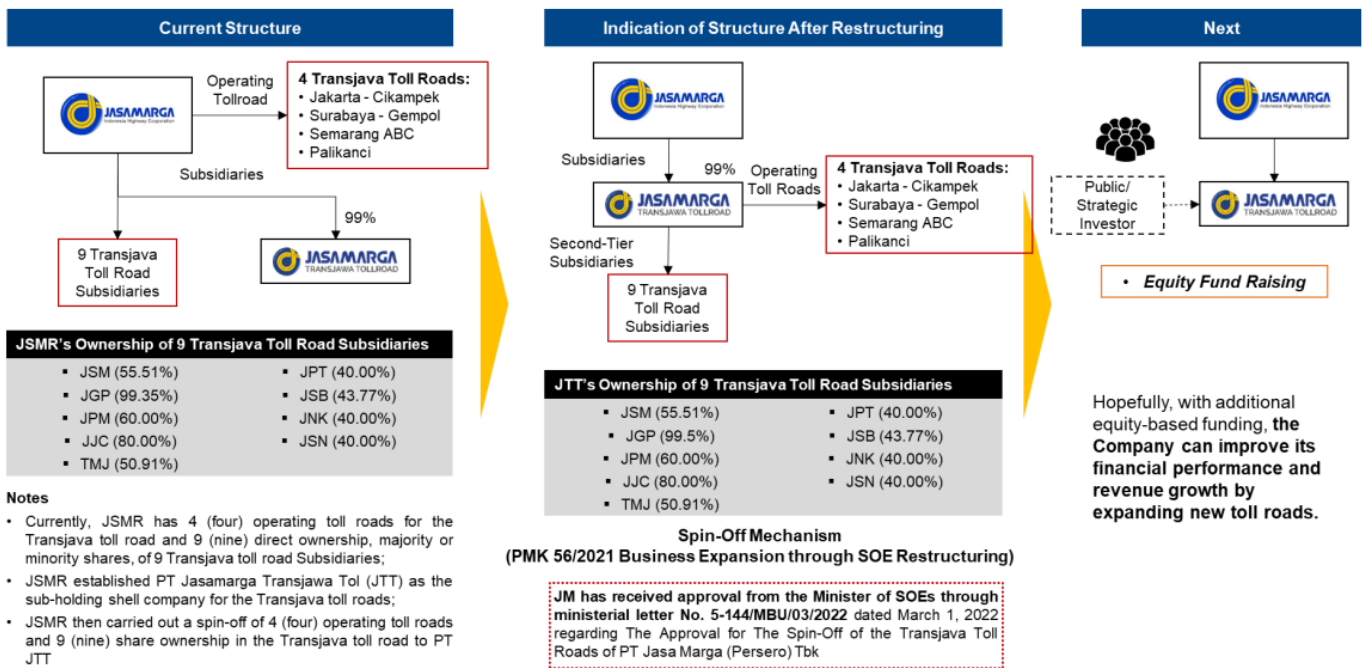
Source: Company

Exhibit 7. Divested toll roads to JTT



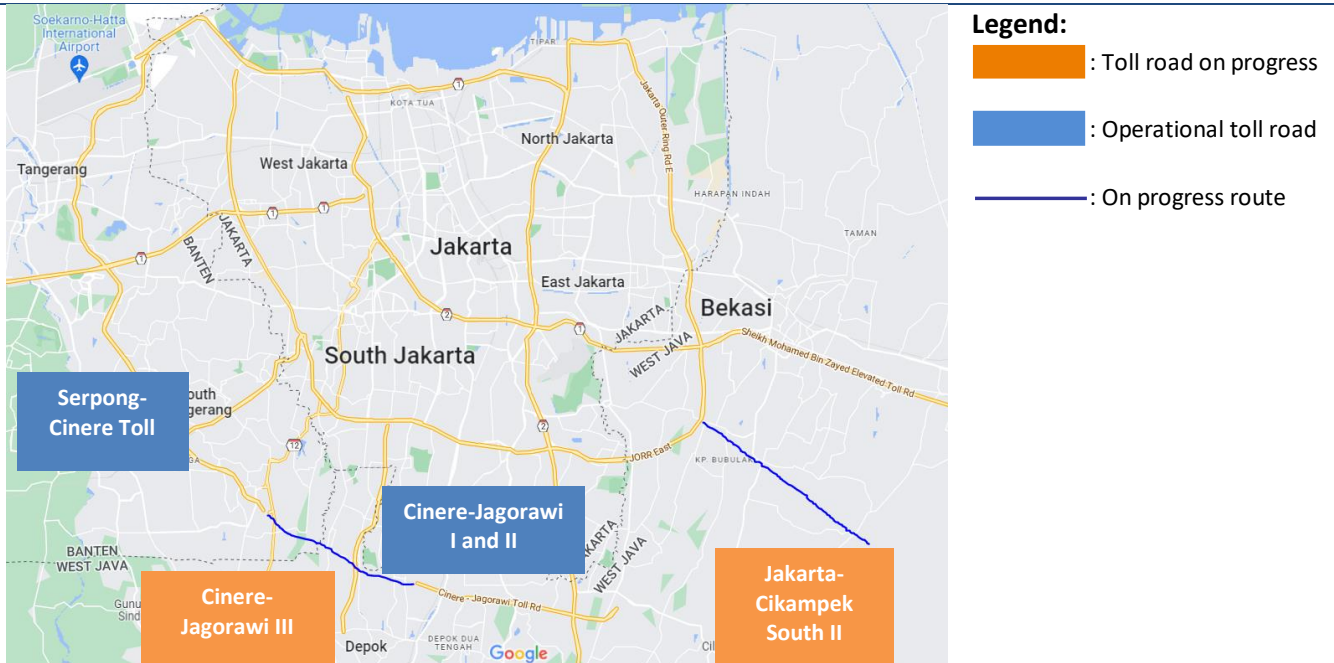
Source: Company

Exhibit 8. Asset recycling plan on JTT



Source: Company

Exhibit 9. Toll roads progress on Jakarta area



Source: BRI Danareksa Sekuritas, Company, Google Maps

Exhibit 10. Income Statement

Year to 31 Dec (IDRbn)	2019A	2020A	2021A	2022F	2023F
Revenue	26,345	13,704	15,170	15,904	17,599
COGS	(19,901)	(8,349)	(8,667)	(8,552)	(9,547)
Gross profit	6,445	5,355	6,502	7,352	8,052
EBITDA	6,959	6,436	7,502	8,821	9,612
Oper. profit	4,966	4,118	5,090	6,189	6,778
Interest income	483	415	323	440	343
Interest expense	(2,434)	(3,648)	(4,520)	(4,790)	(4,667)
Forex Gain/(Loss)	-	-	-	-	-
Income From Assoc. Co's	(326)	(122)	(127)	(140)	(140)
Other Income (Expenses)	408	(67)	1,307	-	-
Pre-tax profit	3,098	696	2,072	1,698	2,314
Income tax	(1,024)	(738)	(1,201)	(671)	(671)
Minority interest	(133)	(543)	(744)	(544)	(31)
Net profit	2,207	501	1,615	1,571	1,674
Core Net Profit	2,207	501	1,615	1,571	1,674

Exhibit 11. Balance Sheet

Year to 31 Dec (IDRbn)	2019A	2020A	2021A	2022F	2023F
Cash & cash equivalent	4,342	4,597	6,279	3,814	1,593
Receivables	6,270	4,418	2,032	2,093	2,156
Inventory	61	138	139	88	70
Other Curr. Asset	939	1,553	1,911	1,821	1,960
Fixed assets - Net	714	746	833	1,145	1,685
Other non-curr.asset	87,353	92,634	90,048	102,850	109,282
Total asset	99,680	104,087	101,243	111,811	116,747
ST Debt	17,131	8,614	6,354	8,415	8,879
Payables	956	2,209	1,723	700	1,120
Other Curr. Liabilities	23,439	4,106	3,937	8,963	9,394
Long Term Debt	28,530	58,112	58,162	60,614	61,686
Other LT. Liabilities	6,438	6,271	5,566	5,854	6,661
Total Liabilities	76,494	79,311	75,743	84,546	87,740
Shareholder's Funds	18,683	19,074	20,606	21,881	23,084
Minority interests	4,503	5,701	4,894	5,384	5,922
Total Equity & Liabilities	99,680	104,087	101,243	111,811	116,747

Exhibit 12. Cash Flow

Year to 31 Dec (IDRbn)	2019A	2020A	2021A	2022F	2023F
Net income	2,207	501	1,615	1,571	1,674
Depreciation and Amort.	1,993	2,319	2,412	2,632	2,835
Change in Working Capital	3,433	(17,061)	1,379	3,526	1,357
Other Oper. Cash Flow	(77)	103	(83)	-	-
Operating Cash Flow	7,556	(14,138)	5,324	7,730	5,866
Capex	(18,325)	(7,174)	1,687	(15,487)	(8,850)
Others Inv. Cash Flow	(2,105)	(759)	(2,504)	135	(754)
Investing Cash Flow	(20,430)	(7,933)	(817)	(15,352)	(9,604)
Net change in debt	10,084	21,327	(1,969)	4,998	1,480
New Capital	0	-	-	-	-
Dividend payment	(330)	(110)	-	(323)	(471)
Other Fin. Cash Flow	1,519	1,110	(855)	483	508
Financing Cash Flow	11,273	22,327	(2,825)	5,158	1,517
Net Change in Cash	(1,601)	256	1,682	(2,465)	(2,221)
Cash - begin of the year	5,943	4,342	4,597	6,279	3,814
Cash - end of the year	4,342	4,597	6,279	3,814	1,593

Exhibit 13. Key Ratios

Year to 31 Dec	2019A	2020A	2021A	2022F	2023F
Growth (%)					
Sales	12.3	(12.7)	47.9	(11.1)	9.5
EBITDA	15.3	(7.5)	16.6	17.6	9.0
Operating profit	8.1	(17.1)	23.6	21.6	9.5
Net profit	1.8	(102.0)	(2,192.9)	17.9	60.0
Profitability (%)					
Gross margin	57.8	55.4	62.6	58.3	58.3
EBITDA margin	63.4	67.1	52.9	69.9	69.6
Operating margin	45.2	42.9	35.9	49.1	49.1
Net margin	20.1	5.2	11.4	12.5	12.1
ROAA	2.4	0.5	1.6	1.5	1.5
ROAE	12.4	2.7	8.1	7.4	7.4
Leverage					
Net Gearing (x)	1.9	2.6	2.4	2.4	2.4
Interest Coverage (x)	2.0	1.1	1.1	1.3	1.5

Source : JSMR, Danareksa Estimates

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