

Jasa Marga Tbk (JSMR)

Commitment to Maintain Liquidity

JSMR recorded income decline of 45.3% YoY pressured by fall in construction revenue in 1Q20 as much as 71.8% YoY. However, the company's bottom line is still stable as reflected in the cost of revenue that was successfully down by 57.1% in the first quarter of 2020. Moreover, the company is currently issuing continuous bonds with a total of IDR3 trillion to strengthen liquidity amid the pandemic.

1Q20 Performance. JSMR's revenue fell 45.3% YoY to IDR4.2 trillion, as construction income fell by 71.8% YoY. However 2 business lines recorded positive growth, toll operator segment and miscellaneous with 8.3% YoY and 13% YoY. This meant that net income only slightly grew by 0.5% to 0.6 trillion. The company managed to secure its bottom line achievement because the cost of revenue was pressured. Cost to income ratio was successfully reduced by 57.1% compared to the previous year at 78.4% or down by 60.1% YoY.

Challenge to Maintain Liquidity amid Pandemic. JSMR is currently issuing continuous bond. The planned fundraising target is around IDR1 trillion to 2 trillion with the assumption that it will get effective approval from OJK in August. Bond issuance is needed to strengthen company liquidity, Besides, JSMR still has standby loan of IDR2.5 trillion. We expect the company's cash ratio to be at level of 0.1x FY20E, considering the company will spend a huge sum of money to pay for bonds that will be due in October and December with a total amount of IDR5 trillion. Bond issuance is the right step to maintain the company liquidity.

Gearing Ratio Kept at Level 3x. The company recorded a total liability increase of 16.9% to IDR76.4 trillion during the first quarter of 2020 from the previous period of IDR63.4 trillion. DER increased to 0.6x from 0.3x previously in the same period in 2019. With the company's plan to issue bonds until the end of 2020, we estimate that the gearing ratio will still be maintained at the 3x level.

Valuation. We changed our recommendation from **BUY** to **HOLD**, with the same target price at IDR4,550 or equivalent to Forward P/E at 17.0x. Based on our previous report, JSMR has reached a 7.4% increase from the last price on June 12, 2020. We recommend HOLD because we see that the company's revenue growth will drop significantly in the second quarter of 2020 due to the company's operating limitations and restrictions on access to and from the toll road due to the implementation of PSBB. However, we remain optimistic that the company's performance will return positively towards the new normal era with an estimated FY20 revenue of IDR25.0 trillion.

Jasa Marga Tbk | Summary (IDR bn)

	2018	2019	2020/12F	2021/12F
Revenue	36,974	26,345	25,028	26,279
Revenue growth		-28.7%	-5.0%	5.0%
EBITDA	6,511	7,285	7,340	8,238
Net profit	2,292	2,309	1,881	2,025
EPS (IDR)	316	318	248	267
EPS growth		0.8%	-22.0%	7.7%
BVPS (IDR)	2,783	3,195	3,677	4,042
EBITDA margin	17.6%	27.7%	29.3%	31.3%
NPM	23.0%	20.8%	18.4%	18.6%
ROE	11.9%	10.6%	7.5%	7.2%
ROA	2.8%	2.5%	1.7%	1.6%
ROIC	3.2%	3.1%	2.3%	2.3%
P/E	13.6x	16.3x	18.3x	17.0x
P/BV	1.5x	1.6x	1.2x	1.1x
EV/EBITDA	8.8x	10.4x	10.8x	10.1x
DPS (IDR)	61	55	57	47
Dividend yield	1.4%	1.1%	1.3%	1.0%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | July 29, 2020

Hold

Target Price (IDR) **4,550**

Consensus Price (IDR)	5,109
TP to Consensus Price	-10.9%
vs. Last Price	+12.9%

Shares data

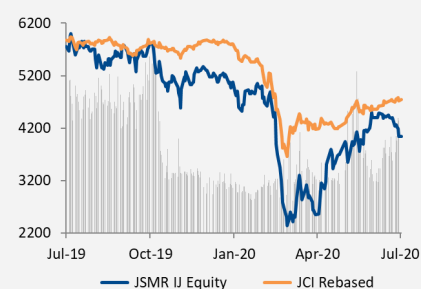
Last Price (IDR)	4,030
Price date as of	July 28, 2020
52 wk range (Hi/Lo)	6,000 / 2,230
Free float	24.4%
Outstanding sh.(mn)	7,258
Market Cap (IDR bn)	29,394
Market Cap (USD mn)	2,015
Avg. Trd Vol - 3M (mn)	18.4
Avg. Trd Val - 3M (bn)	69.1
Foreign Ownership	9.5%

Infrastructure

Toll Road

Bloomberg	JSMR IJ
Reuters	JSMR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-21.9%	-8.2%	57.8%	-29.7%
Rel. Ret	-3.0%	-12.3%	44.7%	-10.5%

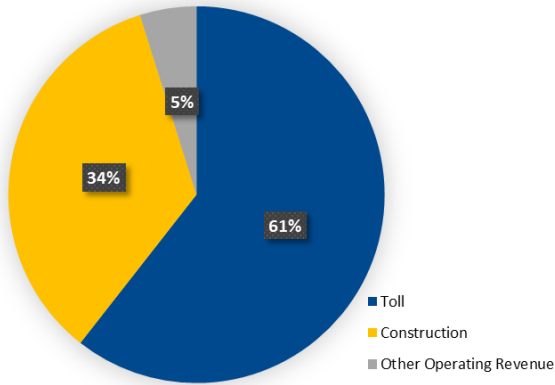
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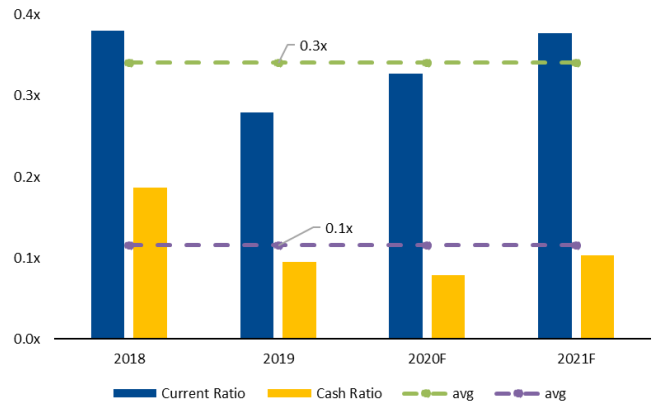
Performance Highlights

Revenue Contributions | 1Q20



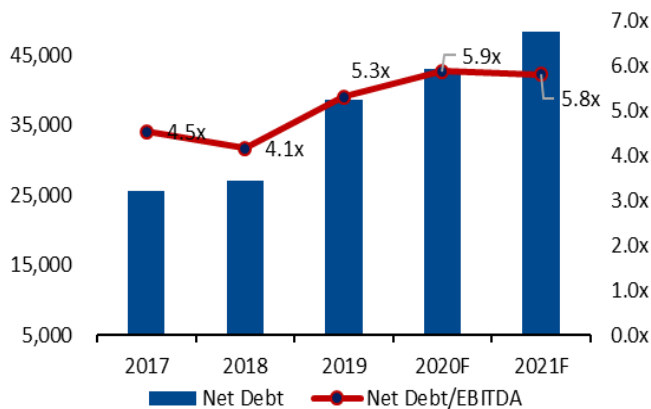
Source: Company, NHKSI Research

Liquidity | 2018 - 2021F



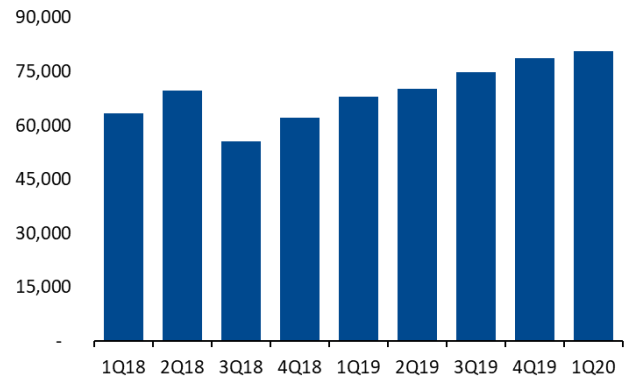
Source: Company, NHKSI Research

Leverage | FY2017 - 2021F



Source: Company, NHKSI Research

Toll Road Concessions Rights | 1Q19 - 1Q20



Source: Company, NHKSI Research

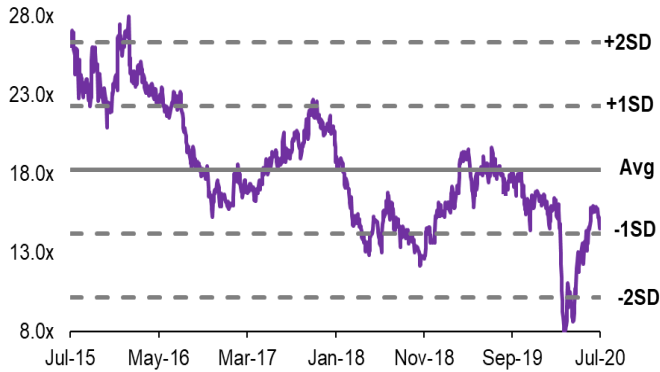
Asia Pacific Peers Comparison

	Market Cap (USD mn)	Total Asset (USD mn)	EBITDA Margin	Debt/Equity	ROE	EV/EBITDA	P/BV	Dividend Yield	P/E	Net Profit Growth	Revenue Growth
Indonesia											
Jasa Marga Tbk	2,020	7,199	25.6%	185%	12.4%	11.9x	1.5x	1.2%	12.4x	0.2%	-28.7%
Hongkong											
Anhui Expressway Co	1,100	2,293	55.0%	18%	10.5%	4.3x	0.5x	6.7%	5.1x	-1.9%	19.7%
Hopewell Highway Infrastructure	1,078	753	NA	6%	12.2%	NA	1.6x	8.0%	12.4x	-6.7%	NA
Shenzen Expressway Co-H	2,639	6,451	NA	71%	10.5%	NA	0.9x	5.1%	8.5x	-45.9%	6.5%
Yuexiu Transport Infrastructure	1,112	5,284	85.6%	135%	11.0%	11.7x	0.7x	7.6%	6.9x	7.9%	6.2%
Zhejiang Expressway Co-H	3,133	15,018	NA	149%	16.5%	NA	1.0x	6.9%	7.6x	-22.1%	NA
Sichuan Expressway Co-H	1,284	5,437	36.0%	104%	7.3%	7.6x	0.3x	6.6%	4.7x	27.8%	14.5%
China											
Jiangsu Expressway Co Ltd	6,712	7,988	NA	59%	11.2%	NA	1.8x	4.6%	16.2x	-28.7%	1.1%

Source: Bloomberg, NHKSI Research

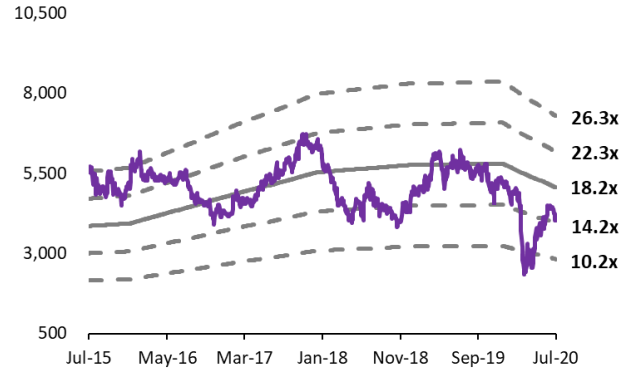
Multiple Valuation

Forward P/E band | Last 5 years



Source: NHKSI Research

Dynamic Forward P/E band | Last 5 years



Source: NHKSI Research

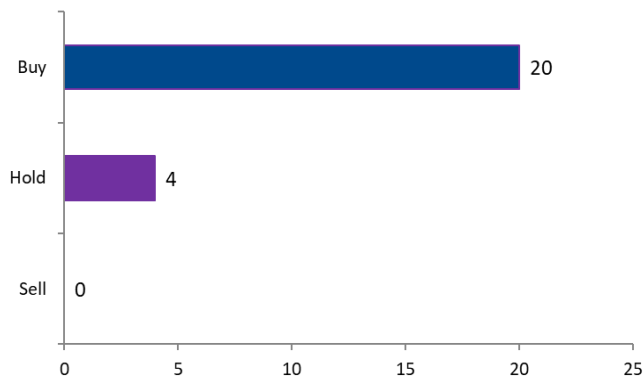
Rating and Target Price Update

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%

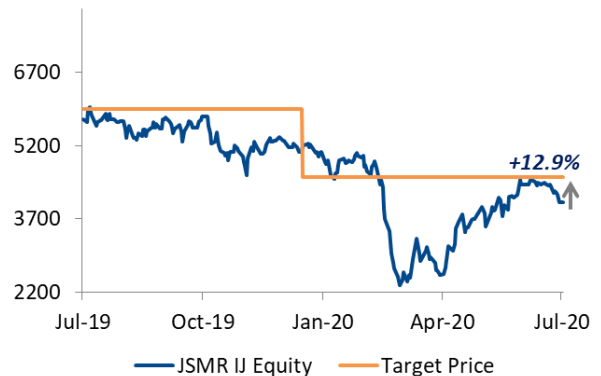
Source: NHKSI Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
 - Buy : Greater than +15%
 - Hold : -15% to +15%
 - Sell : Less than -15%

Financial Summary

INCOME STATEMENT					PROFITABILITY & STABILITY				
In IDR bn	2018/12	2019/12	2020/12F	2021/12F		2018/12	2019/12	2020/12F	2021/12F
Revenue	36,974	26,345	25,028	26,279	ROE	11.9%	10.6%	7.5%	7.2%
<i>Growth</i>	5.4%	-28.7%	-5.0%	5.0%	ROA	2.8%	2.5%	1.7%	1.6%
COGS	(31,057)	(19,901)	(18,906)	(19,851)	ROIC	3.2%	3.1%	2.3%	2.3%
Gross Profit	5,918	6,445	6,122	6,429	Cash Dividend (IDR bn)	440	396	416	338
<i>Gross Margin</i>	16.0%	24.5%	24.5%	24.5%	Dividend Yield	1.4%	1.1%	1.3%	1.0%
Operating Expenses	(502)	(587)	(903)	(764)	Payout Ratio	19.2%	17.2%	22.1%	16.7%
Operating Income	5,415	5,857	5,219	5,664	DER	1.6x	1.9x	1.9x	1.9x
<i>Operating Income Margin</i>	14.6%	22.2%	20.9%	21.6%	Net Gearing	2.4x	2.8x	3.0x	3.0x
Depreciation	(1,095)	(1,428)	(2,121)	(2,573)	LT Debt to Equity	131.3%	121.4%	129.3%	128.3%
EBITDA	6,511	7,285	7,340	8,238	Capitalization Ratio	62.0%	64.9%	65.7%	65.8%
<i>EBITDA Margin</i>	17.6%	27.7%	29.3%	31.3%	Equity Ratio	24.5%	23.3%	22.7%	22.3%
Interest Expenses	(1,750)	(2,332)	(2,307)	(2,653)	Debt Ratio	0.4x	0.4x	0.4x	0.4x
EBT	3,299	3,200	2,577	2,790	Financial Leverage	419.4%	419.7%	435.6%	445.0%
Income Tax	(1,174)	(1,024)	(825)	(893)	Current Ratio	0.4x	0.3x	0.3x	0.4x
Minority Interest	(166)	(133)	(128)	(128)	Par Value (IDR)	500	500	500	500
Net Profit	2,292	2,309	1,881	2,025	Total Shares (mn)	7,258	7,258	7,258	7,258
<i>Net Profit Margin</i>	23.0%	20.8%	18.4%	18.6%	Share Price (IDR)	4,280	5,175	4,550	4,550
					Market Cap (IDR tn)	31.1	37.6	33.0	33.0

BALANCE SHEET					VALUATION INDEX				
In IDR bn	2018/12	2019/12	2020/12F	2021/12F		2018/12	2019/12	2020/12F	2021/12F
Cash	5,943	4,342	4,173	5,891	Price /Earnings	13.6x	16.3x	18.3x	17.0x
Receivables	5,550	6,270	10,767	13,468	Price /Book Value	1.5x	1.6x	1.2x	1.1x
Other Current Assets	177	609	264	204	Price/Sales	0.8x	1.4x	1.3x	1.3x
Total Current Assets	11,814	11,613	15,615	19,995	PE/EPS Growth	0.6x	0.8x	1.0x	0.9x
Net Fixed Assets	755	714	239	248	EV/EBITDA	8.8x	10.4x	10.8x	10.1x
Other Non Current Assets	6,355	8,605	8,950	10,713	EV/EBIT	10.6x	12.9x	15.2x	14.7x
Total Assets	82,419	99,680	117,580	131,739	EV (IDR bn)	57,456	75,449	79,359	83,161
Payables	1,420	956	1,876	1,145	Sales CAGR (3-Yr)	9.3%	7.7%	4.0%	3.0%
ST Borrowing	6,415	14,797	16,531	18,865	EPS CAGR (3-Yr)	13.6%	6.9%	-6.5%	-5.4%
LT Debt	26,524	28,140	34,493	37,633	Basic EPS (IDR)	316	318	248	267
Total Liabilities	62,220	76,494	91,430	102,936	Diluted EPS (IDR)	316	318	248	267
Capital Stock	3,629	3,629	3,629	3,629	BVPS (IDR)	2,783	3,195	3,677	4,042
Retained Earnings	9,887	11,764	13,265	14,952	Sales PS (IDR)	5,094	3,630	3,448	3,621
Shareholders' Equity	20,199	23,186	26,685	29,339	DPS (IDR)	60.6	54.6	57.3	46.6

CASH FLOW STATEMENT					OWNERSHIP			
In IDR bn	2018/12	2019/12	2020/12F	2021/12F	By Geography	% Shareholders	%	
Operating Cash Flow	2,481	3,207	4,358	4,860	Indonesia	90.5	Republic of Indonesia	70.0
Investing Cash Flow	(10,163)	(17,401)	(14,197)	(9,243)	United States	2.8	BPJS Ketenagakerjaan	3.4
Financing Cash Flow	7,230	11,103	9,670	6,101	Luxembourg	0.9	Taspen PT	2.2
Net Changes in Cash	(452)	(3,091)	(169)	1,718	Japan	0.3	Public	24.4

Source: Company Data, NHKSI Research

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