

# Jasa Marga Tbk (JSMR)

## Toll Road Segment Recovery Grows Faster

JSMR's revenue improved during 3Q/20, with an increase of +45.3% QoQ. The toll road segment contributed 62.3% to the revenue, with a growth of 70.1% QoQ vs -45.5% in 2Q/20. We project that the toll segment revenue in 4Q/20 will grow limited due to the curbing of the Christmas and New Year holidays at the end of 2020.

**Top Line Recovers in 3Q/20.** JSMR booked IDR3.7 trillion in July-September, up by 45.3% QoQ. The main contributor was toll road income that grew 70.1% due to the normalizing toll road traffic access as PSBB was relaxed (vs -45.5% QoQ in 2Q/20). Meanwhile, construction segment income also grew in 3Q by 29.3% QoQ. This increased JSMR's Net Profit Margin (NPM) to 1.4%, better than the April-June that booked a net loss of IDR482.2 billion (NPM -18.6% in 2Q/20).

**Top-Bottom Line Target Revised Lower in 2020.** We revise our income and net profit JSMR for the end of 2020 to be lower than our initial estimates considering the increase in Covid-19 cases and PSBB implemented in Q2/20, significantly impacting the income of toll road and construction segments. The income of construction segment fell the lowest in 9M20, declining by 71.9% YoY to IDR3.7 trillion vs IDR13.2 trillion in 9M19. This caused top-line to go down by 50.1% YoY in 9M20. Thus, we project JSMR's top line to decline from our initial estimates, assuming FY20E of IDR14.5 trillion (-45% YoY) and bottom-line of IDR865 billion (-60.8% YoY).

**4Q/20 Income Growth Limited as Christmas and New Year Holiday Slashed.** In line with the government's policy to cut the long holiday in the Christmas and New Year 2021 to decrease the spread of Covid-19 cases, as well as retightening of PSBB will impact the company's income in 4Q/20. We estimate toll road income to grow limited by 4.5% QoQ in 4Q/20.

**New Project Execution Awaits in 2021.** JSMR's subsidiary; PT Jasamarga Related Business (JMRB) will start three Toll Corridor Development (TCD) plans in the second quarter of 2021. The three plans are targeted to require investment funds worth more than IDR 1 trillion. The development is expected to increase revenue from the non-toll road segment.

**We Recommend Overweight with Target Price of IDR5,100.** We revise our target price considering in 2021 toll road traffic access and construction income will gradually recover after vaccination will soon be implemented in Indonesia so that community mobilization can return to normal. We project JSMR's income in FY21F to be IDR20.3 trillion, and net profit of IDR2.1 trillion. Our target price is equal to forward P/E of 18.8x.

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

|                       | 2018   | 2019   | 2020/12F | 2021/12F |
|-----------------------|--------|--------|----------|----------|
| Revenue               | 36,974 | 26,345 | 14,490   | 20,286   |
| <i>Revenue growth</i> |        | -28.7% | -45.0%   | 40.0%    |
| EBITDA                | 6,511  | 7,285  | 4,156    | 6,678    |
| Net profit            | 2,203  | 2,207  | 865      | 2,067    |
| EPS (IDR)             | 303    | 304    | 114      | 273      |
| <i>EPS growth</i>     |        | 0.2%   | -62.5%   | 138.9%   |
| BVPS (IDR)            | 2,783  | 3,195  | 3,525    | 3,922    |
| EBITDA margin         | 17.6%  | 27.7%  | 28.7%    | 32.9%    |
| NPM                   | 6.0%   | 8.4%   | 6.0%     | 10.2%    |
| ROE                   | 11.4%  | 10.2%  | 3.5%     | 7.6%     |
| ROA                   | 2.7%   | 2.4%   | 0.8%     | 1.7%     |
| ROIC                  | 3.2%   | 3.1%   | 0.9%     | 1.6%     |
| P/E                   | 14.1x  | 17.0x  | 39.9x    | 18.7x    |
| P/BV                  | 1.5x   | 1.6x   | 1.3x     | 1.3x     |
| EV/EBITDA             | 8.8x   | 10.4x  | 19.2x    | 13.3x    |
| DPS (IDR)             | 61     | 55     | 55       | 21       |
| <i>Dividend yield</i> | 1.4%   | 1.1%   | 1.2%     | 0.4%     |

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

## Overweight

|                           |              |
|---------------------------|--------------|
| <b>Target Price (IDR)</b> | <b>5,100</b> |
| Consensus Price (IDR)     | 5,429        |
| TP to Consensus Price     | -6.1%        |
| vs. Last Price            | +13.6%       |

### Shares data

|                        |               |
|------------------------|---------------|
| Last Price (IDR)       | 4,490         |
| Price date as of       | Dec. 16, 2020 |
| 52 wk range (Hi/Lo)    | 5,400 / 2,230 |
| Free float             | 24.4%         |
| Outstanding sh.(mn)    | 7,258         |
| Market Cap (IDR bn)    | 32,588        |
| Market Cap (USD mn)    | 2,304         |
| Avg. Trd Vol - 3M (mn) | 12.8          |
| Avg. Trd Val - 3M (bn) | 50.9          |
| Foreign Ownership      | 8.7%          |

### Infrastructure

#### Toll Road

|           |         |
|-----------|---------|
| Bloomberg | JSMR IJ |
| Reuters   | JSMR.JK |

### Share Price Performance



|          | YTD    | 1M    | 3M    | 12M    |
|----------|--------|-------|-------|--------|
| Abs. Ret | -11.9% | 5.3%  | 26.7% | -14.8% |
| Rel. Ret | -7.3%  | -4.1% | 10.2% | -11.6% |

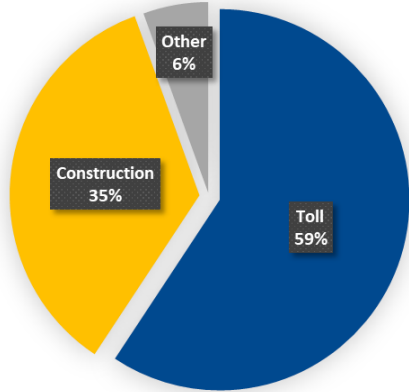
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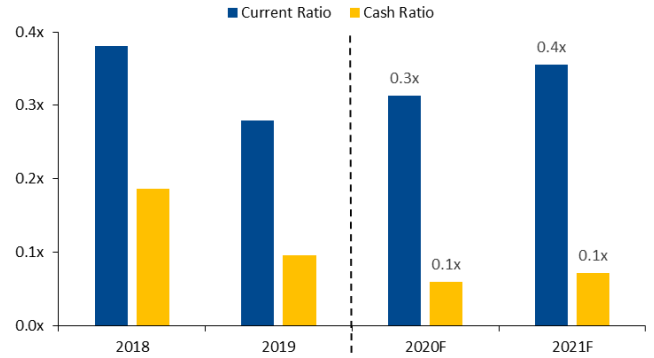
# Performance Highlights

## Revenue Contributions | 3Q20



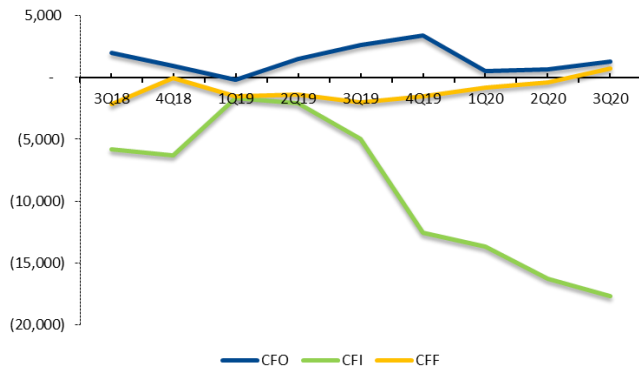
Source: Company, NHKSI Research

## Liquidity | 2018 - 2021F



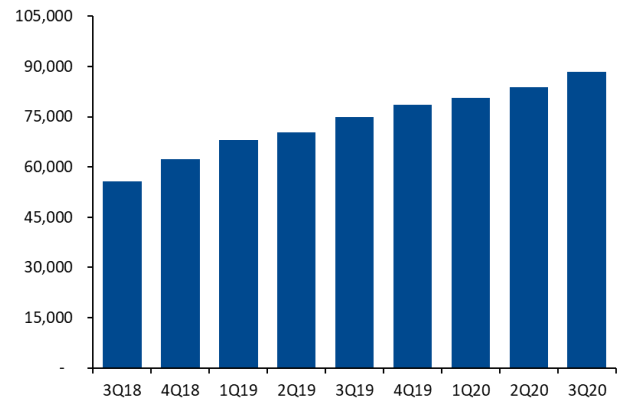
Source: Company, NHKSI Research

## Cash Flow Position (bn) | 3Q18 - 3Q20



Source: Company, NHKSI Research

## Toll Road Concessions Rights (bn) | 3Q18 - 3Q20



Source: Company, NHKSI Research

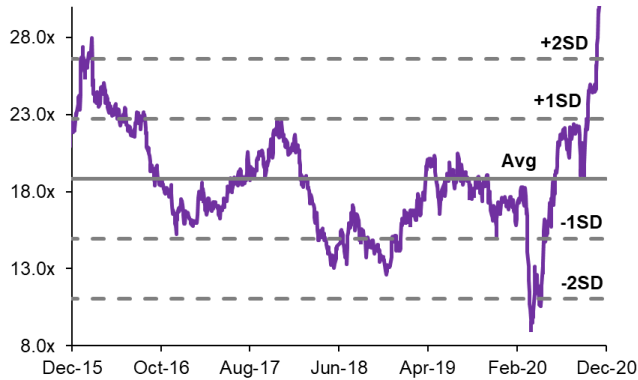
## Asia Pacific Peers Comparison

|                                 | 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 |
|---------------------------------|---------------------|----------------------|---------------|-------------|-------|-----------|------|----------------|-------|-------------------|----------------|
| <b>Indonesia</b>                |                     |                      |               |             |       |           |      |                |       |                   |                |
| Jasa Marga Tbk                  | 2,304               | 7,199                | 25.6%         | 185%        | 12.4% | 11.9x     | 1.5x | 1.2%           | 12.4x | 0.2%              | -28.7%         |
| <b>Hongkong</b>                 |                     |                      |               |             |       |           |      |                |       |                   |                |
| Anhui Expressway Co             | 1,404               | 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                  | N/A           | 6%          | 12.2% | N/A       | 1.6x | 8.0%           | 12.4x | -6.7%             | N/A            |
| Shenzen Expressway Co-H         | 2,639               | 6,451                | N/A           | 71%         | 10.5% | N/A       | 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               | N/A           | 149%        | 16.5% | N/A       | 1.0x | 6.9%           | 7.6x  | -22.1%            | N/A            |
| 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%          |
| <b>China</b>                    |                     |                      |               |             |       |           |      |                |       |                   |                |
| Jiangsu Expressway Co Ltd       | 6,814               | 7,988                | N/A           | 59%         | 11.2% | N/A       | 1.8x | 4.6%           | 16.2x | -28.7%            | 1.1%           |

Source: Bloomberg, NHKSI Research

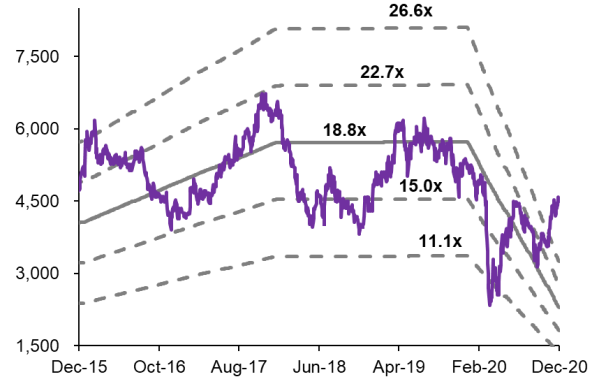
## Multiple Valuation

Forward P/E band



Source: NHKSI Research

Dynamic Forward P/E band



Source: NHKSI Research

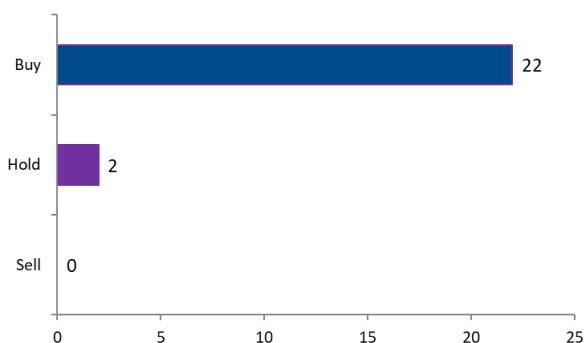
## Rating and Target Price Update

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%        |

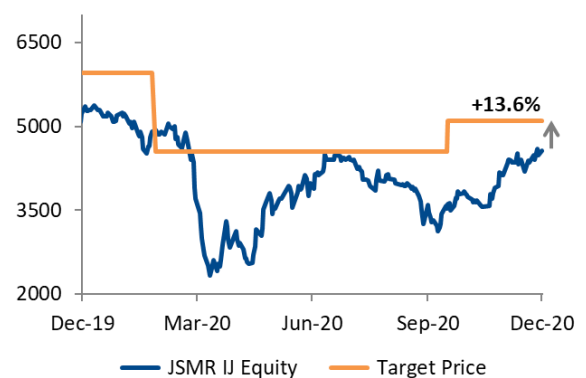
Source: Bloomberg, NHKSI Research

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKSI Research

## Summary of Financials

### INCOME STATEMENT

| (IDR bn)                       | 2018/12       | 2019/12       | 2020/12F      | 2021/12F      |
|--------------------------------|---------------|---------------|---------------|---------------|
| <b>Revenue</b>                 | <b>36,974</b> | <b>26,345</b> | <b>14,490</b> | <b>20,286</b> |
| <i>Growth</i>                  | 5.4%          | -28.7%        | -45.0%        | 40.0%         |
| COGS                           | (31,057)      | (19,901)      | (10,945)      | (15,323)      |
| <b>Gross Profit</b>            | <b>5,918</b>  | <b>6,445</b>  | <b>3,545</b>  | <b>4,962</b>  |
| <i>Gross Margin</i>            | 16.0%         | 24.5%         | 24.5%         | 24.5%         |
| Operating Expenses             | (502)         | (587)         | (1,510)       | (858)         |
| <b>Operating Income</b>        | <b>5,415</b>  | <b>5,857</b>  | <b>2,035</b>  | <b>4,104</b>  |
| <i>Operating Income Margin</i> | 14.6%         | 22.2%         | 14.0%         | 20.2%         |
| Depreciation                   | (1,095)       | (1,428)       | (2,121)       | (2,573)       |
| <b>EBITDA</b>                  | <b>6,511</b>  | <b>7,285</b>  | <b>4,156</b>  | <b>6,678</b>  |
| <i>EBITDA Margin</i>           | 17.6%         | 27.7%         | 28.7%         | 32.9%         |
| Interest Expenses              | (1,840)       | (2,434)       | (2,366)       | (2,464)       |
| <b>EBT</b>                     | <b>3,210</b>  | <b>3,098</b>  | <b>1,101</b>  | <b>2,896</b>  |
| Income Tax                     | (1,174)       | (1,024)       | (364)         | (957)         |
| Minority Interest              | (166)         | (133)         | (128)         | (128)         |
| <b>Net Profit</b>              | <b>2,203</b>  | <b>2,207</b>  | <b>865</b>    | <b>2,067</b>  |
| <i>Net Profit Margin</i>       | 6.0%          | 8.4%          | 6.0%          | 10.2%         |

### PROFITABILITY & STABILITY

|                        | 2018/12 | 2019/12 | 2020/12F | 2021/12F |
|------------------------|---------|---------|----------|----------|
| ROE                    | 11.4%   | 10.2%   | 3.5%     | 7.6%     |
| ROA                    | 2.7%    | 2.4%    | 0.8%     | 1.7%     |
| ROIC                   | 3.2%    | 3.1%    | 0.9%     | 1.6%     |
| Cash Dividend (IDR bn) | 440     | 396     | 397      | 156      |
| Dividend Yield         | 1.4%    | 1.1%    | 1.2%     | 0.4%     |
| Payout Ratio           | 20.0%   | 18.0%   | 45.9%    | 7.5%     |
| DER                    | 1.6x    | 1.9x    | 2.0x     | 2.0x     |
| Net Gearing            | 2.4x    | 2.8x    | 3.2x     | 3.2x     |
| LT Debt to Equity      | 131.3%  | 121.4%  | 133.6%   | 133.3%   |
| Capitalization Ratio   | 62.0%   | 64.9%   | 66.4%    | 66.7%    |
| Equity Ratio           | 24.5%   | 23.3%   | 21.8%    | 21.7%    |
| Debt Ratio             | 0.4x    | 0.4x    | 0.4x     | 0.4x     |
| Financial Leverage     | 4.2x    | 4.2x    | 4.4x     | 4.6x     |
| Current Ratio          | 0.4x    | 0.3x    | 0.3x     | 0.4x     |
| Par Value (IDR)        | 500     | 500     | 500      | 500      |
| Total Shares (mn)      | 7,258   | 7,258   | 7,258    | 7,258    |
| Share Price (IDR)      | 4,280   | 5,175   | 4,550    | 5,100    |
| Market Cap (IDR tn)    | 31.1    | 37.6    | 33.0     | 37.0     |

### BALANCE SHEET

| In IDR bn                   | 2018/12       | 2019/12       | 2020/12F       | 2021/12F       |
|-----------------------------|---------------|---------------|----------------|----------------|
| Cash                        | 5,943         | 4,342         | 3,433          | 4,392          |
| Receivables                 | 5,550         | 6,270         | 10,788         | 13,487         |
| Other Current Assets        | 177           | 609           | 264            | 204            |
| <b>Total Current Assets</b> | <b>11,814</b> | <b>11,613</b> | <b>15,072</b>  | <b>18,701</b>  |
| Net Fixed Assets            | 755           | 714           | 239            | 246            |
| Other Non Current Assets    | 6,355         | 8,605         | 9,036          | 11,566         |
| <b>Total Assets</b>         | <b>82,419</b> | <b>99,680</b> | <b>117,123</b> | <b>131,295</b> |
| Payables                    | 1,420         | 956           | 2,446          | 580            |
| ST Borrowing                | 6,415         | 14,797        | 16,381         | 19,018         |
| LT Debt                     | 26,524        | 28,140        | 34,180         | 37,939         |
| <b>Total Liabilities</b>    | <b>62,220</b> | <b>76,494</b> | <b>91,537</b>  | <b>102,831</b> |
| Capital Stock               | 3,629         | 3,629         | 3,629          | 3,629          |
| Retained Earnings           | 9,887         | 11,764        | 12,166         | 14,077         |
| <b>Shareholders' Equity</b> | <b>20,199</b> | <b>23,186</b> | <b>25,586</b>  | <b>28,464</b>  |

### VALUATION INDEX

|                   | 2018/12 | 2019/12 | 2020/12F | 2021/12F |
|-------------------|---------|---------|----------|----------|
| Price/Earnings    | 14.1x   | 17.0x   | 39.9x    | 18.7x    |
| Price/Book Value  | 1.5x    | 1.6x    | 1.3x     | 1.3x     |
| Price/Sales       | 0.8x    | 1.4x    | 2.3x     | 1.8x     |
| PE/EPS Growth     | 2.4x    | 2.0x    | 6.7x     | 1.8x     |
| EV/EBITDA         | 8.8x    | 10.4x   | 19.2x    | 13.3x    |
| EV/EBIT           | 10.6x   | 12.9x   | 39.1x    | 21.7x    |
| EV (IDR bn)       | 57,456  | 75,449  | 79,635   | 89,112   |
| Sales CAGR (3-Yr) | 9.3%    | 7.7%    | 4.1%     | 3.1%     |
| EPS CAGR (3-Yr)   | 12.1%   | 5.3%    | -27.8%   | -3.5%    |
| Basic EPS (IDR)   | 303     | 304     | 114      | 273      |
| Diluted EPS (IDR) | 303     | 304     | 114      | 273      |
| BVPS (IDR)        | 2,783   | 3,195   | 3,525    | 3,922    |
| Sales PS (IDR)    | 5,094   | 3,630   | 1,996    | 2,795    |
| DPS (IDR)         | 60.6    | 54.6    | 54.7     | 21.5     |

### CASH FLOW STATEMENT

| In IDR bn                  | 2018/12      | 2019/12        | 2020/12F     | 2021/12F   |
|----------------------------|--------------|----------------|--------------|------------|
| Operating Cash Flow        | 2,481        | 3,207          | 3,716        | 3,759      |
| Investing Cash Flow        | (10,163)     | (17,401)       | (13,849)     | (10,007)   |
| Financing Cash Flow        | 7,230        | 11,103         | 9,224        | 7,208      |
| <b>Net Changes in Cash</b> | <b>(452)</b> | <b>(3,091)</b> | <b>(909)</b> | <b>959</b> |

### OWNERSHIP

| By Geography  | % Shareholders | %                          |
|---------------|----------------|----------------------------|
| Indonesia     | 91.3           | Republic of Indonesia 70.0 |
| United States | 2.5            | BPJS Ketenagakerjaan 3.4   |
| Luxembourg    | 0.7            | Taspen PT 2.2              |
| Others        | 5.5            | Others 24.4                |

Source: Company Data, NHKSI Research

## 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%

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