

Jasa Marga Tbk (JSMR)

Divestment to Strengthen Capital Structure

JSMR recorded revenue growth of 1.2%, supported by toll road revenue that grew 33.9% throughout the first semester of 2021. Divestment of PT Marga Lingkar Jakarta resulted in higher performance growth, with OPM booked higher by 50.4% and net profit growing 709.2%.

Top Line Starts to Improve amid the Pandemic.

- JSMR recorded a revenue of IDR6.8 trillion, slightly higher at 1.2% YoY in Semester I-2021. The main contributor to revenue is toll revenue segment at 76.1%.
- Toll revenue up 33.9% YoY, 6.0% QoQ to IDR5.2 trillion, with the Jakarta-Cikampek toll road as the largest contributor, growing 12.2% YoY in 1H21.
- Toll tariff increase integration on the Cikampek flyover boosted JSMR's toll revenue reaching up to IDR308.5 billion in 1H21, contributing 5.9% or growing 21.3% QoQ,
- Divestment of PT Marga Lingkar Jakarta (MLJ) amounting to IDR788.7 billion positively impacted the Operating Profit Margin (OPM) of JSMR. OPM was recorded higher at 50.4% vs 30.9% in 1H20.
- Thus, JSMR's net profit in semester I-2021 soared (+709.2% YoY, +307.8% QoQ) to IDR855.6 billion vs IDR105.7 billion in Semester I-2020.

Shares Divestment May Maintain Performance in 2021.

- Java-Bali Emergency PPKM policy starting in July will result in the decline of traffic on JSMR's toll road in the third quarter. The policy was implemented after the jump in Covid-19 cases.
- Meanwhile, JSMR's performance for the second semester of 2021 will still be supported by asset divestments. Other than divesting its investment in MLJ by 14%, JSMR may also divest some toll roads in which its share ownership is higher than 70%.
- Funds from the divestments may potentially reach IDR2 trillion, and can be used to support the company's future capital structure.

Recommend BUY with Target Price of 5,100.

- We recommend buy for JSMR with target price set at 5,100, reflecting the performance growth due to divestments of some of the company's shares.
- Out target reflects EV/EBITDA at level 12.0x. Currently, JSMR is traded at EV/EBITDA level of 11.0x.

Jasa Marga Tbk | Summary (IDR bn)

	2019	2020	2021F	2022F
Revenue	26,345	13,704	19,186	27,244
Growth	-28.7%	-48.0%	40.0%	42.0%
Net Profit	2,207	501	1,024	1,263
Growth	0.2%	-77.3%	104.3%	23.4%
EPS (IDR)	304	66	135	167
P/E	17.0x	68.8x	37.7x	30.6x
P/BV	1.6x	1.3x	1.4x	1.3x
EV/EBITDA	10.4x	14.8x	12.0x	10.5x
ROE	10.2%	2.1%	4.0%	4.7%
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

BUY

Target Price (IDR)	5,100
Consensus Price (IDR)	5,429
TP to Consensus Price	-6.1%
Potential Upside	+31.1%

Shares data

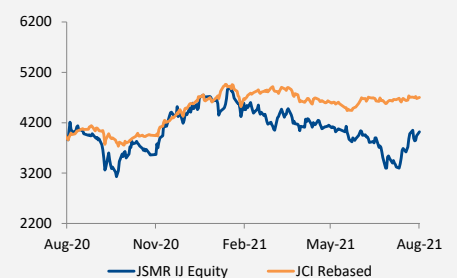
Last Price (IDR)	3,890
Price date as of	Aug. 3, 2021
52 wk range (Hi/Low)	4,990 / 3,050
Free float	24.4%
Outstanding sh.(mn)	7,258
Market Cap (IDR bn)	32,588
Market Cap (USD mn)	2,304
Avg. Trd Vol - 3M (mn)	12.8
Avg. Trd Val - 3M (bn)	50.9
Foreign Ownership	6.3%

Infrastructure

Toll Road

Bloomberg	JSMR IJ
Reuters	JSMR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-13.5%	15.2%	-2.0%	4.1%
Rel. Ret	-13.4%	14.0%	-4.4%	-17.6%

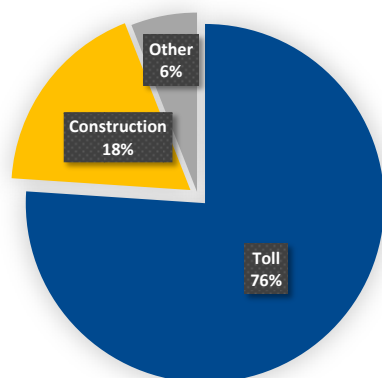
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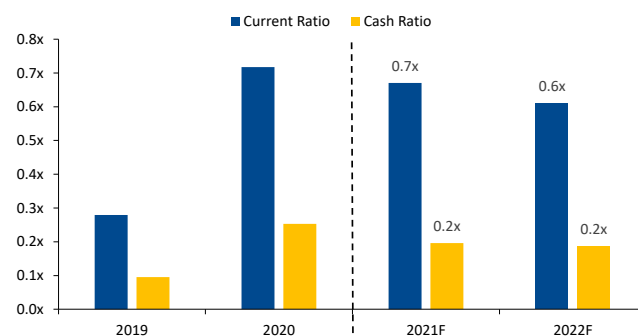
Performance Highlights

Revenue Contributions | 1H21



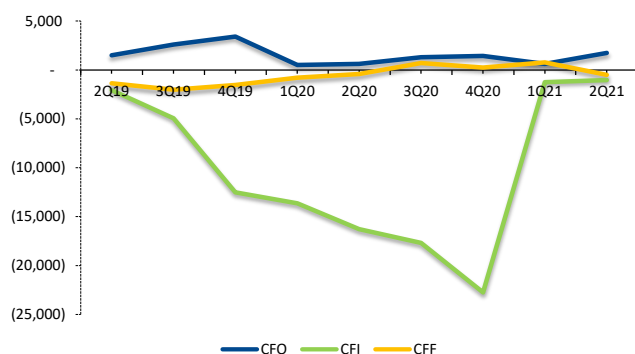
Source: Company, NHKSI Research

Liquidity | 2019 - 2022F



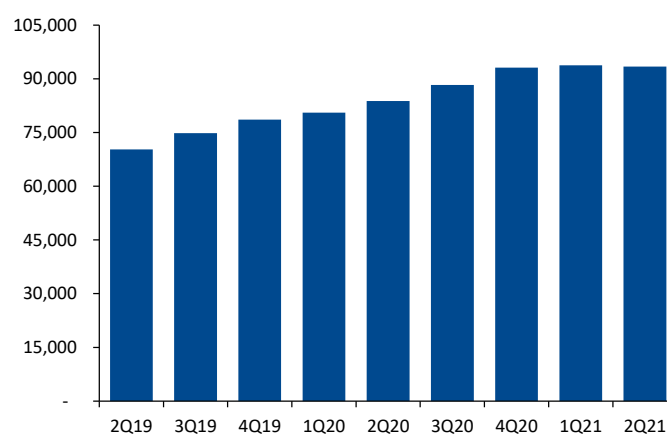
Source: Company, NHKSI Research

Cash Flow Position (bn) | 2Q19 - 2Q21



Source: Company, NHKSI Research

Toll Road Concessions Rights (bn) | 2Q19 - 2Q21



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 fourth highest market capitalization (1,995 USD mn) after Jiangsu Expressway Co Ltd (6,300 USD mn), Zhejiang Expressway Co-H (3,804 USD mn) and Shenzhen Expressway Co-H (2,619 USD mn), its PBV is also still low at 1.4x. Return on Equity (ROE) still good at level 6.5% and Asset value reached 7,475 USD mn.

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
Indonesia										
Jasa Marga Tbk	1,995	7,475	53.5%	6.5%	12.0x	1.4x	N/A	22.9x	-0.2%	-48.0%
Hongkong										
Anhui Expressway Co	1,320	2,495	N/A	11.6%	N/A	0.6x	6.0%	4.9x	65.7%	-41.5%
Hopewell Highway Infrastructure	1,149	1,014	N/A	14.0%	N/A	1.5x	7.9%	10.8x	12.5%	N/A
Shenzhen Expressway Co-H	2,619	8,448	N/A	16.5%	N/A	0.7x	6.9%	5.1x	38.9%	25.6%
Yueshi Transport Infrastructure	891	5,572	79.2%	1.5%	11.6x	0.6x	1.7%	35.9x	-85.9%	-3.4%
Zhejiang Expressway Co-H	3,804	19,926	N/A	92.2%	N/A	5.7x	6.2%	6.1x	50.1%	-0.1%
Sichuan Expressway Co-H	1,227	6,190	N/A	8.1%	N/A	0.3x	5.5%	3.6x	226.8%	5.0%
China										
Jiangsu Expressway Co Ltd	6,300	9,360	N/A	12.6%	N/A	1.4x	5.4%	11.7x	16.2%	-20.3%

Source: Bloomberg, NHKSI Research

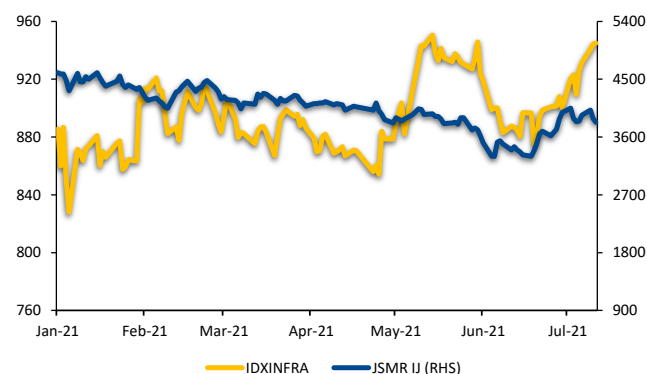
Multiple Valuation

Forward EV/EBITDA is trade level 11x



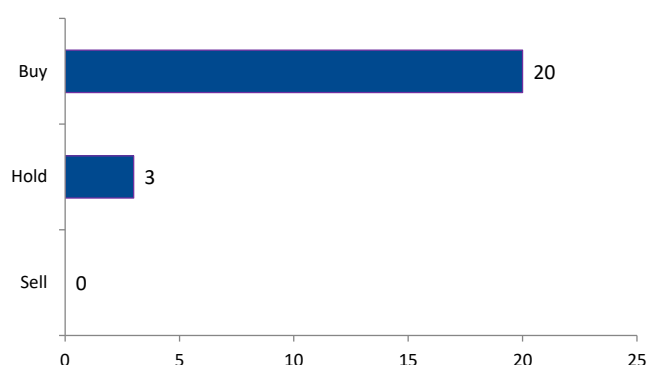
Source: NHKSI Research

IDXINFRA & JSMR IJ



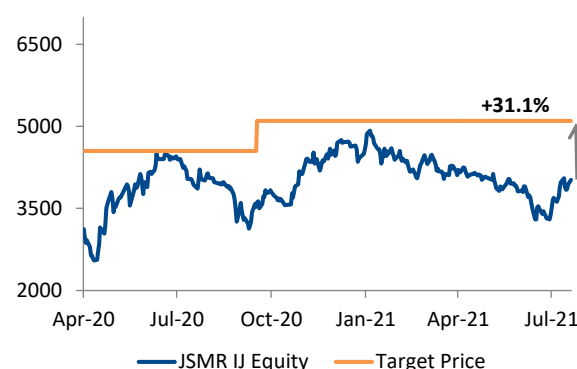
Source: NHKSI Research

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	Potential Upside	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%
08/04/2021	Buy	5,100 (12 Month)	3,890	5,429	+31.1%	-6.1%

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	27,244
Growth	-28.7%	-48.0%	40.0%	42.0%
COGS	(19,901)	(8,349)	(11,689)	(16,599)
Gross Profit	6,445	5,355	7,496	10,645
Gross Margin	24.5%	39.1%	39.1%	39.1%
Operating Expenses	(587)	(889)	(832)	(984)
Operating Income	5,857	4,466	6,665	9,661
Operating Income Margin	22.2%	32.6%	34.7%	35.5%
Depreciation	(1,428)	(1,689)	(2,365)	(1,200)
EBITDA	7,285	6,155	9,030	10,861
EBITDA Margin	27.7%	44.9%	47.1%	39.9%
Interest Expenses	(2,434)	(3,648)	(4,751)	(4,799)
EBT	3,098	696	719	1,077
Income Tax	(1,024)	(738)	(238)	(356)
Minority Interest	(133)	(543)	(543)	(543)
Net Profit	2,207	501	1,024	1,263
Growth	0.2%	-77.3%	104.3%	23.4%
Net Profit Margin	8.4%	3.7%	5.3%	4.6%

PROFITABILITY & STABILITY				
	2019/12	2020/12	2021/12F	2022/12F
ROE	10.2%	2.1%	4.0%	4.7%
ROA	2.4%	0.5%	0.9%	1.0%
Inventory Turnover	325.51x	60.62x	143.62x	113.07x
Receivables Turnover	4.2x	3.1x	4.2x	3.8x
Payables Turnover	96.5x	49.2x	25.7x	43.1x
Dividend Yield	0.3%	0.1%	0.1%	0.1%
Payout Ratio	4.4%	9.8%	2.5%	3.4%
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

BALANCE SHEET				
In IDR bn	2019/12	2020/12	2021/12F	2022/12F
Cash	4,342	4,597	4,831	4,485
Receivables	6,270	4,418	7,667	6,122
Other Current Assets	609	867	189	194
Total Current Assets	11,613	10,706	13,552	11,709
Net Fixed Assets	714	746	1,250	1,756
Other Non Current Assets	8,605	9,048	11,582	13,501
Total Non Current Assets	88,067	93,381	103,939	115,155
Total Assets	99,680	104,087	117,491	126,864
Payables	956	2,209	856	2,203
ST Borrowing	14,797	5,691	14,492	14,637
Total Current Liabilities	41,526	14,929	20,204	19,179
LT Debt	28,140	57,661	61,988	67,702
Total Liabilities	76,494	79,311	91,198	98,950
Capital Stock	3,629	3,629	3,629	3,629
Retained Earnings	11,764	12,063	12,735	13,815
Shareholders' Equity	23,186	24,776	26,293	27,914

VALUATION INDEX				
	2019/12	2020/12	2021/12F	2022/12F
Price/Earnings	17.0x	68.8x	37.7x	30.6x
Price/Book Value	1.6x	1.3x	1.4x	1.3x
PE/EPS Growth	2.0x	18.8x	7.1x	6.6x
EV/EBITDA	10.4x	14.8x	12.0x	10.5x
EV (IDR bn)	75,449	91,165	108,196	114,450
Revenue CAGR (3-Yr)	7.7%	2.0%	2.9%	1.9%
Net Incomes CAGR (3-Yr)	5.3%	-38.9%	-22.5%	-17.0%
Basic EPS (IDR)	304	66	135	167
BVPS (IDR)	3,195	3,414	3,623	3,846
DPS (IDR)	13.3	6.8	3.5	5.9

OWNERSHIP	
Top Shareholders	%
Republic of Indonesia	70.0
Norges Bank	1.2
Vanguard Group	1.0
Blackrock	0.6
By Geography	%
Indonesia	93.7
United States	2.6
Norway	1.6
Luxembourg	1.1
Others	1.1

CASH FLOW STATEMENT				
In IDR bn	2019/12	2020/12	2021/12F	2022/12F
Operating Cash Flow	3,207	1,956	(2,748)	2,790
Investing Cash Flow	(17,401)	(38,331)	(10,900)	(9,354)
Financing Cash Flow	11,103	35,434	13,882	6,218
Net Changes in Cash	(3,091)	(941)	234	(346)

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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