

# Jasa Marga Tbk (JSMR)

## Divestment Strengthens Capital Structure

In 9M24, JSMR managed to record an operating income of IDR 13.86 trillion, which grew 25.93% compared 9M23. However, JSMR's operating profit decreased by 24.7% YoY to IDR 6.76 trillion, so the company's net profit also decreased by 44.8% YoY to IDR 3.3 trillion due to high-based comparison with significant non-cash gains in 9M23.

### Tariff Adjustment & Earnings Result

- Toll revenue continued to grow in Q3-24** to IDR 4.3 trillion (vs 19% YoY & -2% QoQ), as total transaction volume on toll roads also increased in 9M24 to 968.9 million vehicles (+1.2% YoY), with the Jakarta-Cikampek toll road contributing the largest share of toll revenue at 29.3%, with a growth rate of 12.2% YoY in 9M24. Supported by tariff adjustment on the toll road which increased by 35% in March 2024. However, due to the tariff increase on the toll road, there was a decrease in vehicle volume of -0.6% YoY in 9M24.
- The decrease on this period's net profit was mainly due to the difference in other-income (non-cash gain) contribution**, which came from corporate actions that made the profit jump to IDR 4.11 trillion in 9M23. The corporate action happened due to the fulfillment of PSAK 22 in relation to business combination, which included the consolidation of PT Jasamarga Solo Ngawi, PT Jasamarga Semarang Batang, and PT Jasamarga Ngawi Kertosono through the acquisition of PT Lintas Marga Jawa shares by PT Jasamarga Transjawa Toll. Moreover, in 9M23, there was also a non-cash gain from fulfilling the Minister of Finance regulation (PMK) 72 related to depreciation of tangible assets and/or amortization of intangible assets, which was recorded at only IDR 702.38 billion.
- Despite the other-income (non-cash gain), the company is still growing in overall.** Seeing from its EBITDA Margin reaching 67.04% (vs 62.09%, 9M23). The company's core profit for 9M-24 grew to Rp 2.60 trillion (+39.52% YoY). In addition, it should be noted that as of September 2024, WACD (Weighted Average Cost of Debt) recorded a slight increase to 6.72% (compared to 6.71% in June 2024). This increase also affected finance cost, which was recorded at IDR 1.05 trillion (vs +1.83% QoQ, & +9.66% YoY) in Q3-24. We expect results in Q4-24 to improve, driven by an increase in traffic volume due to seasonal factors, as well as the impact of the 6.82% increase in the Jakarta-Tangerang toll tariff that took effect in October 2024. The Jakarta-Tangerang toll road contributed 5.9% to toll revenue in 9M24.

### Divestment, Deleveraging & CAPEX

- In September 2024, JSMR also divested Jalan Tol Transjawa (JTT) for a total transaction of Rp 12.82 trillion, with Jasa Marga's 65% shareholding in JTT (after Right Issue), resulting in an improved capital structure, with liabilities to equity of 1.71x (vs 2.3x Q3-23).
- CAPEX fund realization continued in 9M24 at IDR 7.06 trillion (vs IDR 4.36 trillion in 1H24), in line with management's minimum target of IDR 8 trillion with an estimated maximum investment value of IDR 10 trillion. With the proceeds from the divestment, Jasa Marga will be more selective in expanding its network & acquiring new toll roads focusing on good margins as well as prioritizing on connectivity projects in Java such as Project: Jakarta-Cikampek II South, Jogja-Bawen, Jogja-Solo, Probolinggo-Banyuwangi, and Patimban Access.

### Maintains BUY with Target Stays at IDR 6.450

- We maintain our target price at IDR 6,450, reflecting an 8.5x EV/EBITDA ratio for FY24F, with an upside potential of +36.94%. This growth potential is driven by increased revenue from higher toll rates, effective utilization of divestment proceeds as well as improved capital structure through lower debt and interest expenses. The risks to be considered include counterproductive changes in regulatory policies, increase in interest expenses, and instability in macroeconomic conditions.

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

	2023A	2024F	2025F	2026F
Total Revenue	21,319	25,352	26,457	27,834
Toll Road & Other Revenue	15,566	18,216	19,370	21,011
Growth	12.9%	17.0%	6.3%	8.5%
Net profit	6,794	4,113	4,793	5,686
Growth	147.3%	-39.5%	16.5%	18.6%
EPS (IDR)	936	567	660	783
P/E	5.2x	11.4x	9.8x	8.2x
P/BV	0.9x	0.9x	0.8x	0.7x
EV/EBITDA	10.4x	8.5x	8.3x	7.8x
ROE	17.5%	7.5%	8.1%	8.9%
DER	1.77x	1.29x	1.21x	1.10x

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia



Company Report | Nov 6, 2024

## BUY

**Target Price (IDR)** **6,450**

Consensus Price (IDR)	6,548
TP to Consensus Price	-1.50%
Potential Upside	36.94%

### Shares data

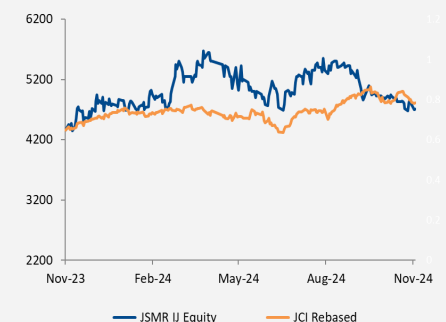
Last Price (IDR)	4,710
Price date as of	5-Nov-24
52 wk range (Hi/Low)	4290/5700
Free float	30.0
Outstanding sh.(mn)	7,258
Market Cap (IDR bn)	34,185
Market Cap (USD mn)	2,171
Avg. Trd Vol - 3M (mn)	6.0
Avg. Trd Val - 3M (bn)	30.2
Foreign Ownership	11.49%

### Infrastructure

#### Toll Road

Bloomberg	JSMR IJ
Reuters	JSMR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	-2.89%	-3.48%	-11.13%	8.03%
Rel. Ret	-5.17%	-3.42%	-17.24%	-2.32%

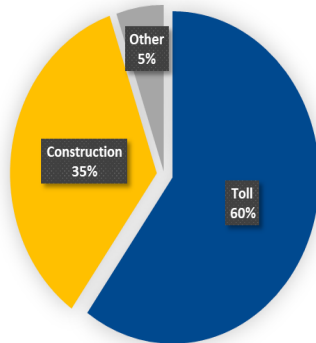
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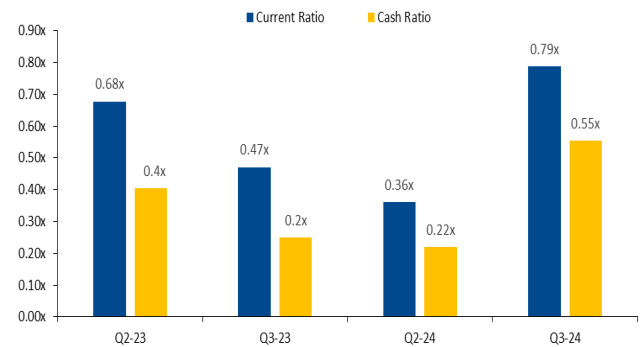
## Performance Highlights

### Revenue Contributions | 3Q-24



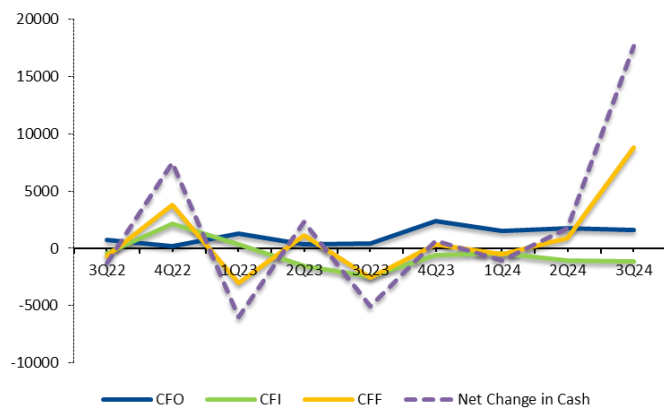
Source: Company, NHKSI Research

### Liquidity Ratio



Source: Company, NHKSI Research

### Cash Flow Position (bn)



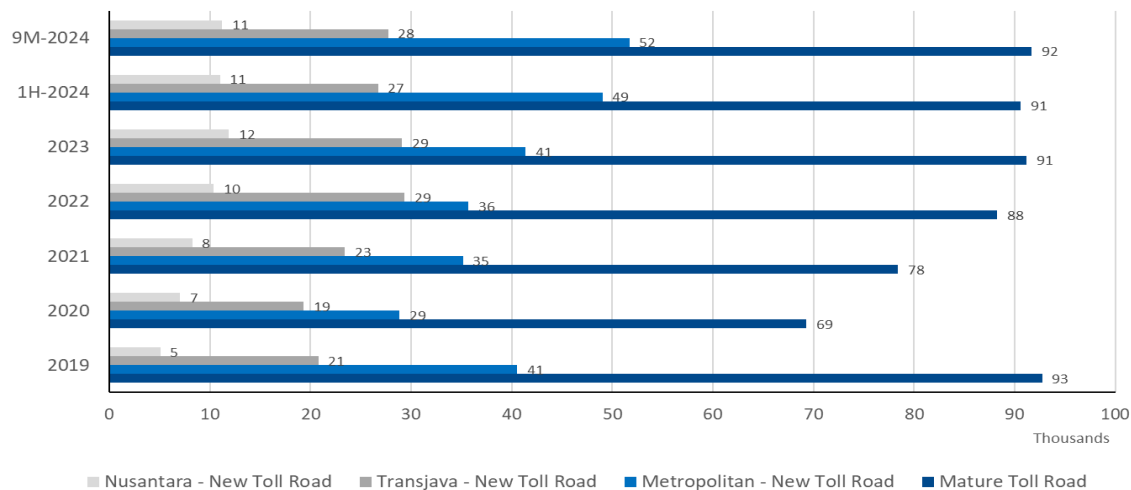
Source: Company, NHKSI Research

### Projects to be Completed

	Section	Length (km)
2024	Jogja-Solo (Section 1.1)	22.30
2025 (± 70 km)	Probolinggo-Banyuwangi (Phase 1) <sup>1</sup>	49.68
	Jogja-Solo (Section 1.2)	20.08
2026 (± 72 km)	Jakarta-Cikampek II South (Section II-III)	54.75
	Jogja-Bawen (Section 1 & 6)	13.78
	Jogja-Solo (Section 2.2B)	3.25
2027+ (± 304 km)	Jakarta-Cikampek II South (Section I)	7.25
	Bogor Ring Road (Section IIIB)	1.01
	Probolinggo-Banyuwangi (Phase 2-3) <sup>1</sup>	126.22
	Ngawi-Kertosono (Section V)	20.30
	Jogja-Bawen (Section 2-5)	61.34
	Jogja-Solo (Phase 2 & Phase 3)	51.12
	Akses Patimban	37.05

Source: Company

### Segment Traffic Volume (Vehicle/Day) | 9M24



Source: Company, NHKSI Research

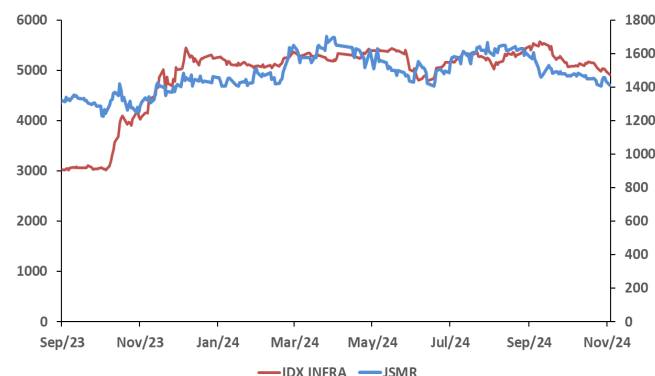
## Multiple Valuation

### Blended Forward EV/EBITDA 5 Years



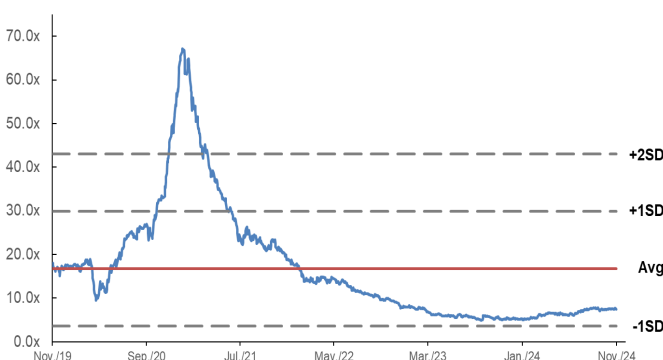
Source: Bloomberg, NHKSI Research

### IDXINFRA & JSMR IJ



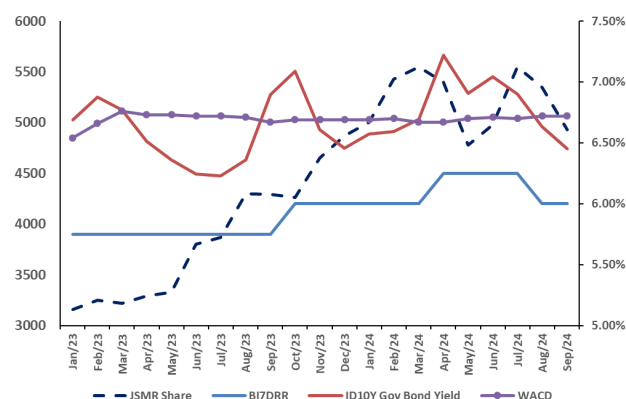
Source: NHKSI Research

### Forward PE 5 Years



Source: NHKSI Research

### JSMR WACD vs BI7DRR & ID10Y



Source: NHKSI Research, Bloomberg, Company

### Asia Pacific Peers Comparison

	Market Cap (IDR Tn)	Asset (IDR Tn)	ROE	EV/ EBITDA	P/BV	P/E	Dividend Yield	Revenue Growth	EBITDA Growth	Debt/ Equity
<b>Indonesia</b>										
Jasa Marga Tbk	34.33	129.31	13.7%	10.1x	1.0x	8.3x	0.8%	29%	37.6%	177%
Citra Marga Nusaphala Persada	7.91	21.58	9.6%	7.2x	0.7x	7.9x	#N/A	71%	22.4%	37%
<b>Hongkong</b>										
Anhui Expressway Co	44.87	47.20	13%	#N/A	1.1x	8.7x	7.3%	27%	6.7%	46%
Hopewell Highway Infrastructure	11.76	26.91	13%	24.7x	1.2x	8.9x	11.2%	20%	52%	53%
Shenzen Expressway Co-H	42.75	146.32	12%	#N/A	0.8x	8.5x	8.3%	-1%	11%	114%
Yuexiu Transport Infrastructure	12.77	79.12	6%	8.0x	0.5x	8.8x	7.2%	21%	18%	115%
Zhejiang Expressway Co-H	65.57	450.27	14%	#N/A	0.7x	5.5x	6.4%	11%	0%	137%
Sichuan Expressway Co-H	31.22	124.94	7%	#N/A	0.6x	7.4x	8.2%	11%	20%	227%
<b>China</b>										
Jiangsu Expressway Co Ltd	130.51	170.50	14%	#N/A	1.9x	14.6x	3.6%	15%	34%	82%

Source: Bloomberg, NHKSI Research

## Summary of Financials

INCOME STATEMENT					PROFITABILITY & STABILITY				
(IDR bn)	2023A	2024F	2025F	2026F		2023A	2024F	2025F	2026F
Total Revenue	21,319	25,352	26,457	27,834	ROE	17.5%	7.5%	8.1%	8.9%
<b>Toll Revenue &amp; Other Revenue</b>	<b>15,566</b>	<b>18,216</b>	<b>19,370</b>	<b>21,011</b>					
Growth		17%	6.3%	8.5%	ROA	5.3%	2.8%	3.1%	3.6%
Total COGS	(12,360)	(14,609)	(15,021)	(15,594)	Inventory Turnover	103.4x	122.8x	107.8x	91.2x
<b>Toll Revenue &amp; Other Cost</b>	<b>(6,643)</b>	<b>(7,517)</b>	<b>(7,994)</b>	<b>(8,825)</b>					
<b>Gross Profit</b>	<b>8,959</b>	<b>10,743</b>	<b>11,435</b>	<b>12,240</b>	Payables Turnover	69.0x	66.1x	70.5x	71.2x
Gross Margin	42.0%	42.4%	43.2%	44.0%	Dividend Yield	1.6%	0.6%	1.8%	2.0%
Net Operating Expenses	(2,009)	(2,058)	(2,148)	(2,755)	Payout Ratio	20.2%	4.2%	20.0%	20.0%
<b>Operating Income</b>	<b>6,950</b>	<b>8,685</b>	<b>9,288</b>	<b>9,485</b>	DER	1.77x	1.29x	1.21x	1.10x
Depreciation	2,962	2,609	3,131	3,757	Net Gearing	235%	171%	160%	144%
<b>EBITDA</b>	<b>9,912</b>	<b>11,294</b>	<b>12,418</b>	<b>13,242</b>	Debt Ratio	0.5x	0.5x	0.5x	0.4x
Interest Expenses	(3,592)	(3,701)	(3,738)	(3,506)	Financial Leverage	4.2x	4.2x	4.1x	3.8x
<b>EBT</b>	<b>7,926</b>	<b>5,450</b>	<b>5,653</b>	<b>6,522</b>	Current Ratio	0.3x	1.0x	0.7x	0.6x
Income Tax	(1,177)	(809)	(839)	(968)	Quick Ratio	0.2x	0.2x	0.2x	0.2x
Minority Interest	(44)	528	20	(133)	Interest Coverage Ratio	1.9x	2.3x	2.5x	2.7x
<b>Net Profit</b>	<b>6,794</b>	<b>4,113</b>	<b>4,793</b>	<b>5,686</b>	Total Shares (mn)	7258	7258	7258	7258
Growth	147.3%	-39.5%	16.5%	18.6%	Share Price (IDR)	4870	6450	6450	6450
Net Profit Margin	31.9%	16.2%	18.1%	20.4%	Market Cap (IDR tn)	35	47	47	47

BALANCE SHEET					VALUATION INDEX				
In IDR bn	2023A	2024F	2025F	2026F		2023A	2024F	2025F	2026F
Cash	4,439	17,893	10,930	9,580	Price/Earnings	5.2x	11.4x	9.8x	8.2x
Inventory	119	119	139	171	Price/Book Value	0.9x	0.9x	0.8x	0.7x
Other Current Assets	3,416	3,989	4,132	4,188	EV/EBITDA	10.4x	8.5x	8.3x	7.8x
<b>Total Current Assets</b>	<b>7,975</b>	<b>22,001</b>	<b>15,201</b>	<b>13,939</b>	EV (IDR bn)	102,883	95,739	103,316	103,117
Net Fixed Assets	1,238	1,150	1,916	3,129	Basic EPS (IDR)	936	567	660	783
Other Non Current Assets	120,099	123,623	135,910	142,757	BVPS (IDR)	5,361	7,557	8,135	8,814
<b>Total Non Current Assets</b>	<b>121,337</b>	<b>124,773</b>	<b>137,827</b>	<b>145,886</b>					
<b>Total Assets</b>	<b>129,312</b>	<b>146,774</b>	<b>153,027</b>	<b>159,825</b>					
Payables	179	221	213	219					
ST Borrowing	10,752	10,245	10,347	7,803					
<b>Total Current Liabilities</b>	<b>22,821</b>	<b>22,753</b>	<b>22,860</b>	<b>21,870</b>					
LT Debt	58,001	60,596	61,202	62,315					
<b>Total Liabilities</b>	<b>90,401</b>	<b>91,926</b>	<b>93,595</b>	<b>94,580</b>					
Capital Stock + APIC	7,626	7,626	7,626	7,626					
Retained Earnings	22,669	26,497	30,468	35,195					
<b>Shareholders' Equity</b>	<b>38,911</b>	<b>54,849</b>	<b>59,041</b>	<b>63,973</b>					

CASH FLOW STATEMENT					OWNERSHIP	
In IDR bn	2023A	2024F	2025F	2026F		%
Operating Cash Flow	4,378	7,015	7,899	10,874	<b>Top Shareholders</b>	
Investing Cash Flow	(8,537)	(7,473)	(14,969)	(10,039)	Republic of Indonesia	70.0
Financing Cash Flow	168	13,912	108	(2,185)	DJS Ketenagakerjaan	3.4
<b>Net Changes in Cash</b>	<b>(3,990)</b>	<b>13,454</b>	<b>(6,963)</b>	<b>(1,350)</b>	BYNM RE BNYMLB RE	2.4
					PT Taspen Persero THT	2.2
					<b>By Geography</b>	%
					Indonesia	88.9
					Unknown	7.0
					United States	2.7
					Finland	0.4
					Ireland	0.4

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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