



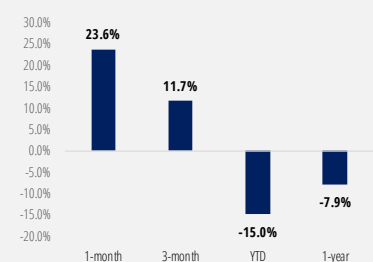
PT JASA MARGA TBK.

Ticker: JSMR
Last Price (27/11/20): 4,400
Shares (million): 7,258
Market Cap (million rupiah) 31,934,633

RECOMMENDATION BUY
12-Month Target Price 6,030
Upside Potential 37.0%

SHAREHOLDERS
Government of RI 70.0%
Public 30.0%

PRICE PERFORMANCE



JSMR vs. JCI (LAST ONE YEAR)



ANALYST

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IT'S UNDER CONTROL SO FAR

JSMR's 9M20 toll road revenue stood at Rp6.3T (-15% Y/Y) vs. that of 9M19 at Rp7.4T. High interest expense has further taken a toll on JSMR's financials, bringing net profit to Rp158B (-89.5% Y/Y; 10% of our 2020F estimate).

WEEKLY TOLL REVENUE HAS ALMOST RECOVERED TO PRE-PANDEMIC LEVEL

The reenactment of large-scale social restrictions (PSBB) in September is proven to be a little bit too much for JSMR, as weekly toll road revenue suddenly nosedived by -19%. However, we notice that JSMR is coping well so far, despite prolonged mobility restrictions. In fact, unlike the figures in March to May, toll road revenue quickly recovered to almost pre pandemic level in late October and mid-November, indicating that 4Q20 top line result may be better than expected. In addition, long holiday season by the end of the year, if not axed, may fuel volume transactions.

TARIFF INTEGRATION IS SET TO BE ANNOUNCED, ALBEIT UP IN THE AIR

JSMR is set to announce tariff integration on Jakarta - Cikampek toll road. Long story short, there will be no tariff difference between the original Jakarta - Cikampek and the elevated one; JSMR will not calculate traffic volume separately. However, the tariff and the schedule are still under discussion.

DOVISH MONETARY POLICY MEANS SO MUCH

JSMR has been successful in restructuring its subsidiaries' loans so far, bringing down the WACD to 7.9% in September 2020 from 9.2% in the same month last year. But recent interest rates cut is equivalent to lower pressure from interest expense. As a matter of fact, JSMR did not renegotiate terms for all of its subsidiaries' loans, hence interest expense rollover, which will be accrued next year, as a result of restructuring scheme may not be as high as initially expected.

BEING CONSERVATIVE NEXT YEAR

As of November, JSMR's capex realization reached Rp16.3T, while capex allocation next year will be at around Rp9-10T, with maintenance capex standing at around Rp1-2T per year. Given the newly-operated toll roads do not need much maintenance capex, it will not significantly increase for the next five years. In addition, JSMR will be keen on new toll roads, but being more conservative, JSMR will look for toll roads that offer attractive, if not mouthwatering, IRR.

VALUATION

We maintain our BUY recommendation with 12-month target price of Rp6,030/share (previous TP: Rp6,030/share), given the fact that JSMR has succeeded in lowering its WACD, which has become an issue for some time. TP reflects 12-month P/E and P/B of 20.5x and 1.7x, respectively.

Fiscal Year Ending	2018	2019	2020F	2021F	2022F
Revenue	9,784	10,984	10,039	13,976	16,036
EBITDA	5,687	6,394	6,459	8,782	10,385
Net Profit	2,203	2,207	1,580	2,131	3,107
EPS	303	304	218	294	428
BVPS	2,783	3,195	3,397	3,647	3,987
P/E (x)	14.5	14.5	20.2	15.0	10.3
P/B (x)	1.6	1.4	1.3	1.2	1.1
EV/EBITDA (x)	10.3	11.0	11.2	7.4	6.2

Sources: JSMR, MPIS Research

APPENDIX

Figure A-1
INCOME STATEMENT

(Rp Billions)	2018	2019	2020F	2021F	2022F
Revenue	9,784	10,984	10,039	13,976	16,036
Cost of Revenues	(4,053)	(4,634)	(4,166)	(5,870)	(6,735)
Gross Profit	5,918	6,445	5,898	8,126	9,345
Operating Expenses	(1,325)	(1,479)	(1,305)	(1,747)	(1,924)
Operating Profit	4,592	4,966	4,593	6,379	7,420
Finance Income	270	483	284	330	619
Finance Expenses	(1,840)	(2,434)	(2,448)	(3,219)	(3,048)
Equity Net Profit	(365)	(326)	(301)	(419)	(481)
Gain on divestment	877	1,027	-	-	-
Others	(324)	(620)	50	(140)	(160)
Pre-tax Profit	3,210	3,098	2,179	2,931	4,350
Taxes	(1,174)	(1,024)	(719)	(967)	(1,435)
Minority Interest	(166)	(133)	(120)	(168)	(192)
Net Profit	2,203	2,207	1,580	2,131	3,107

Sources: JSMR, MPIS Research

Figure A-2
BALANCE SHEET

(Rp Billions)	2018	2019	2020F	2021F	2022F
Cash and cash equivalents	6,087	4,733	5,500	10,318	3,064
Accounts Receivable	5,191	6,270	5,501	7,658	8,787
Inventories	41	61	57	80	92
Other Current Assets	312	548	392	531	593
Current Assets	11,630	11,613	11,450	18,587	12,537
Fixed Assets	1,058	1,081	914	923	1,019
Concession Rights	63,453	78,706	81,358	82,682	86,159
Investment in Associates	3,160	4,395	4,395	4,395	4,395
Other Non-Current Assets	3,117	3,885	3,012	3,774	4,009
Non-Current Assets	70,789	88,067	89,679	91,774	95,582
Total Assets	82,419	99,680	101,128	110,361	108,119
Accounts Payable	322	404	365	515	590
Short-term Loans	6,420	14,803	11,361	10,180	8,569
Other Current Liabilities	24,339	26,320	24,093	32,145	35,279
Current Liabilities	31,081	41,526	35,819	42,840	44,439
Long-term Loans	26,534	28,141	34,631	33,364	26,724
Other Non-Current Liabilities	4,605	6,827	6,023	7,687	8,018
Non-Current Liabilities	31,138	34,967	40,654	41,050	34,742
Total Liabilities	62,220	76,494	76,473	83,890	79,180
Capital Stock	3,629	3,629	3,629	3,629	3,629
Additional paid-in Capital	3,997	3,997	3,997	3,997	3,997
Retained Earnings	9,887	11,764	13,234	15,049	17,517
Others	(605)	(707)	(707)	(707)	(707)
Minority Interest	3,290	4,503	4,503	4,503	4,503
Total Equity	20,199	23,186	24,655	26,471	28,938
Total Liabilities and Equity	82,419	99,680	101,128	110,361	108,119

Sources: JSMR, MPIS Research

Figure A-3

CASH FLOW STATEMENTS

(Rp Billions)	2018	2019	2020F	2021F	2022F
Net Profit	2,203	2,207	1,580	2,131	3,107
Depreciation & Amortization	1,095	1,428	1,866	2,403	2,965
Changes in NWC	9,418	727	(1,336)	5,881	2,007
Others	(4,141)	426	70	902	96
Operating Cash Flow	8,575	4,788	2,180	11,318	8,174
Investments	(8,240)	(16,703)	(4,351)	(3,736)	(6,538)
Others	(1,397)	(207)	-	-	-
Investing Cash Flow	(9,636)	(16,910)	(4,351)	(3,736)	(6,538)
Debt Changes	481	9,989	3,048	(2,449)	(8,250)
Equity Changes	77	1,110	-	-	-
Dividends	(440)	(330)	(110)	(316)	(639)
Others	0	-	-	-	-
Financing Cash Flow	118	10,769	2,938	(2,765)	(8,890)
Net Cash Changes	(944)	(1,353)	767	4,817	(7,253)

Sources: JSMR, MPIS Research

Figure A-4

RESULT COMPARISON

(Rp Billions)	3Q19	2Q20	3Q20	Q/Q	Y/Y	9M19	9M20	Y/Y	2020F	% of Forecast
Revenue	2,800	1,609	2,496	55.1%	-10.9%	7,956	6,840	-14.0%	10,039	68.1%
Cost of Service	(1,147)	(929)	(1,087)	17.0%	-5.2%	(3,254)	(2,970)	-8.7%		
Gross Profit	1,681	690	1,422	106.1%	-15.4%	4,780	3,905	-18.3%	5,898	66.2%
Operating Expenses	(284)	(343)	(298)	-13.1%	5.1%	(942)	(907)	-3.7%		
Operating Income	1,397	347	1,123	224.0%	-19.6%	3,839	2,998	-21.9%	4,593	65.3%
Finance Income	73	110	81	-26.3%	11.3%	251	308	22.7%		
Finance Expenses	(599)	(853)	(925)	8.5%	54.4%	(1,693)	(2,552)	50.7%		
Equity Net Profit	(134)	(213)	(171)	-19.6%	27.4%	(285)	(484)	69.6%		
Others	(49)	(27)	90	-429.3%	-284.7%	88	82	-7.4%		
Pre-tax Profit	688	(636)	199	-131.3%	-71.1%	2,199	352	-84.0%	2,179	16.2%
Taxes	(290)	0	(304)	-2532575.0%	4.7%	(784)	(572)	-27.1%		
Minority Interest	(45)	(154)	(157)	2.0%	248.5%	(87)	(377)	332.9%		
Net Profit	443	(482)	52	-110.8%	-88.3%	1,502	158	-89.5%	1,580	10.0%

Sources: JSMR, MPIS Research

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