

BUY | TP : IDR6,250
JSMR Stock Price Data

Last Price	:	IDR5,450
52wk High	:	IDR5,700
52wk Low	:	IDR3,560
Share Out	:	7.3bn
Market Cap	:	IDR39.6tn

JSMR Stock Price Performance

1-Day	:	0.0%
1-Week	:	+4.8%
1-Month	:	+9.9%
3-Month	:	-0.9%
Year-to-Date	:	+11.9%

Shareholders

Republic of Indonesia	:	70.0%
Public	:	30.0%

PT Jasa Marga (Persero) Tbk (JSMR IJ)

Profound Achievements and Asset Revamp: A Winning Combo

Highlighting JSMR's Promising Performance and Prospects

- In 1Q24, JSMR booked an operational revenue of IDR4.2trillion, reflecting 23.5%/23.0% of MNCS/Consensus estimates. On a quarterly basis, this revenue experienced a -7.6% QoQ slowdown due to seasonality factor, with traffic volume declining by -6.0% QoQ. Meanwhile, on an annual basis, the revenue achieved a +24.5% YoY improvement. However, this was mainly propelled by the RDPT buyback effects that re consolidated three Trans Java toll roads (JSB, JSN, JNK) in 3Q23. If we factor out the re consolidation resulted from this corporate action for more balanced comparability, the operational income rose by 5.1% YoY. Our projections on the operational top-line to climb by +15.1%/+12.8% YoY in FY24E/FY25F, supported by the implementation of toll tariffs hike ([Exhibit 08](#)) and increasing traffic volume ([Exhibit 02](#)) following the mass leaves during national holiday seasons, especially in the New Toll Roads (Metropolitan, Transjava, and Nusantara).
- From the operational earnings standpoints, JSMR recorded an EBITDA of IDR2.6trillion (-10.1% QoQ/+27.4% YoY) with a margin of 61.2% (vs 59.8%/59.0% in 1Q23/FY23). Meanwhile, net profit was reported at IDR655.4billion (-32.3% QoQ/+89.4% YoY), reflecting to 20.3%/20.7% of MNCS/Consensus estimates. This resulted in an NPM of 15.5% (vs 10.2%/17.0% in 1Q23/FY23 without factoring in the gains from one-off transactions). Following this, we estimate the core EBITDA to improve by +21.1%/+11.8% YoY with a margin of 62.1%/61.5% in FY24E/FY25F and core net profit to advance by +22.1%/+25.2% YoY with an NPM of 18.0%/20.0% in FY24E/FY25F.
- JSMR continued to demonstrate effective debt management, evidenced by an improvement in its Net Gearing ratio to 1.7x in 1Q24, down from 1.8x in FY23. Additionally, sound financial stability was reflected by a steady ICR at 1.9x in 1Q24 (unchanged from FY23). We view these healthy financial metrics as favourable for JSMR, especially if loan financing is needed in the future, given that these figures meet the covenant ratios (Net Gearing max 5.0x and ICR min 1.1x). We anticipate this robust performance to continue in FY24E, with Net Gearing projected to be at 2.0x and ICR to improve to 2.2x.

JTT Divestment: A Lucrative Deal Sealed

The JTT deal was officially announced by the purchasers on June 28, 2024, involving 35% of the divested stake. This divestment was sealed at IDR2,068.5/share, amounting to a value of IDR15.8trillion (~USD960.3million). JTT owned a total asset of IDR61.0trillion, a shareholders' equity of IDR22.2 trillion, and a net profit of IDR5.6trillion as of FY23. This resulted in a transaction valuation of 2.0x PBV and 8.0x PER. Hence, we view this not only as a great deal but also as an indication of the purchasers' optimism in JTT's growth potential, reflected by their commitment to pay a premium price. Our perspective on this asset recycle is relatively positive, as the received fund will be beneficial for JSMR's future financing and deleveraging.

Recommendation: BUY with a TP of IDR6,250/share

We maintain a BUY recommendation for JSMR with a TP of IDR6,250/share (+14.7% upside), implying 11.2x/10.8x of FY24E/FY25F EV/EBITDA. Reflecting on its 5-year EV/EBITDA history, JSMR is currently trading at STD-1. The downside risks to our call include: 1) higher interest rate; 2) softer-than-expected purchasing power, leading to lower mobility via toll roads.


Research Analyst

 Vera
 vera.kiang@mncgroup.com

Key Financial Highlight (IDR bn)	FY21	FY22	FY23	FY24E	FY25F
Revenue (exclude Construction)	11,776.4	13,782.6	15,566.0	17,918.4	20,210.3
Net Income	1,584.0	2,719.7	6,757.8	3,229.3	4,043.1
EPS (IDR)	218.2	374.7	931.1	444.9	557.1
PE (x)	25.0	14.5	5.9	12.2	9.8
BVS (IDR)	3,513.5	3,530.2	5,361.2	5,792.5	6,296.9
PBV (x)	1.6	1.5	1.0	0.9	0.9
EV/EBITDA (x)	11.8	8.9	8.6	11.7	11.2
ROA (%)	1.6	3.0	5.2	2.2	2.5
ROE (%)	6.2	10.6	17.4	7.7	8.8

Sources : Bloomberg, MNCS Research

JTT Divestment: A Lucrative Deal Sealed

- The JTT deal was officially announced by the purchasers on June 28, 2024, involving 35% of the divested stake as follows: 1) Metro Pacific Investments Corporation (MPIC), through its indirect subsidiaries, acquired approximately 24.5% of the stake, with Margautama Nusantara PT (MUN) and Metro Pacific Tollways Indonesia Services (MPTIS) holding 4.2% and 20.3% of the stake, respectively; 2) Warrington Investment Pte. Ltd. (WIPL), an indirect entity of GIC, acquired approximately 10.5% of the shares directly.
- This transaction would involve the following composition: 1) 28.5% of JTT's shares, valued at IDR12.8trillion, will be acquired from JSMR's ownership; 2) 0.9% of the shares, worth IDR425million, will be obtained through a purchase from Koperasi Konsumen Karyawan Jalin Margasejahtera (KKJM); 3) 5.6% of the shares will be issued as new JTT shares, valued at IDR2.5trillion. Following this, JSMR will remain the controlling shareholder with a 65% stake.
- This deal was sealed at IDR2,068.5/share, amounting to a value of IDR15.8trillion (~USD960.3million). JTT owned a total asset of IDR61.0trillion, a shareholders' equity of IDR22.2 trillion, and a net profit of IDR5.6trillion as of FY23. This resulted in a transaction valuation of 2.0x PBV and 8.0x PER. Hence, we view this not only as a great deal but also as an indication of the purchasers' optimism in JTT's growth potential, reflected by their commitment to pay a premium price.
- We estimate a notable potential gain of IDR7.8trillion from this divestment. This figure could lead to an increase in operating profit growth to +47.1% YoY in FY24E, compared to -23.6% YoY without factoring in the potential gain (+20.3% YoY if we also exclude the one-off transaction profit in FY23). The OPM could potentially accelerate to 92.6%, up from our initial estimate of 48.1% in FY24E (vs. 72.5% in FY23). Following this, the bottom line might grow by +65.8% YoY to IDR11.2trillion, reversing a projected slowdown of -52.2% YoY in FY24E (+22.1% YoY if we also exclude the one-off transaction profit in FY23), with an NPM of 62.5%, up from 18.0% (vs. 43.4% in FY23). ([Exhibit 01](#))
- Our perspective on this asset recycle is relatively positive, as the received fund will be beneficial for JSMR's future financing and deleveraging. Assuming this potential gain is fully utilized for deleveraging, we estimate potential financial cost savings of IDR 416.7 billion (based on a 5.2% interest cost as in FY23).

Strategic Buyback for Portfolio Maximization

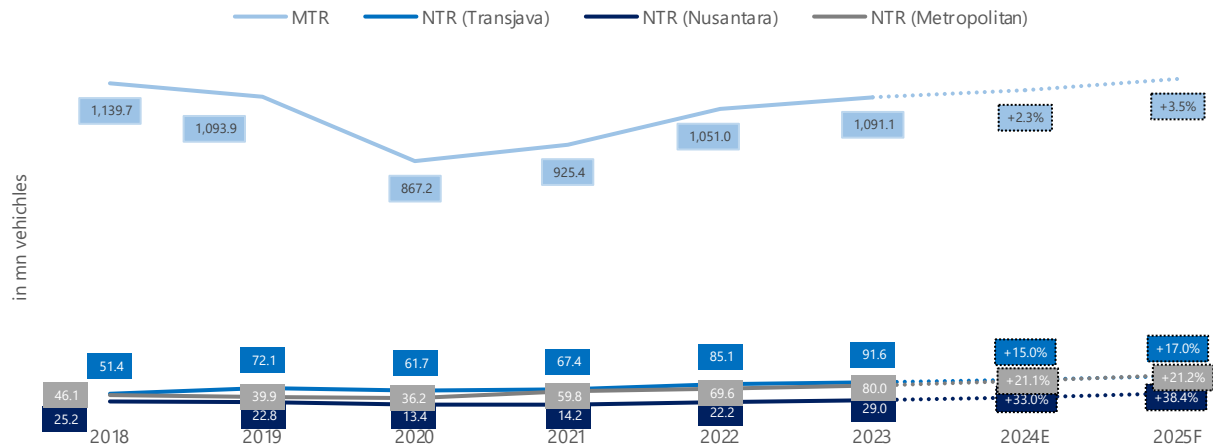
JSMR bought back 10% of JKC shares from Synergy Quest International Limited (SQIL) on July 8, 2024. Prior to the completion, JSMR increased its stakes from 78,7% to 88,7%. Assuming this corporate action was priced fairly, we view this purchase as in line with JSMR's aim to optimize its business portfolio. As of 1Q24, JKC contributed 3.2% to the group's total toll operating revenue.

Exhibit 01. Our estimation of JTT divestment's impact on JSMR's performance in FY24E

In trillion IDR	FY23	FY24E	
		excl.	incl.
Revenue	15.6	17.9	17.9
Gross Profit	8.9	10.4	10.4
Operating Profit	11.3	8.6	16.6
growth		-23.6%	47.1%
OPM	72.5%	48.1%	92.6%
EBITDA	9.2	11.1	11.1
EBITDA Margin	59.0%	62.1%	62.1%
Net Profit	6.8	3.2	11.2
growth		-52.2%	65.8%
NPM	43.4%	18.0%	62.5%

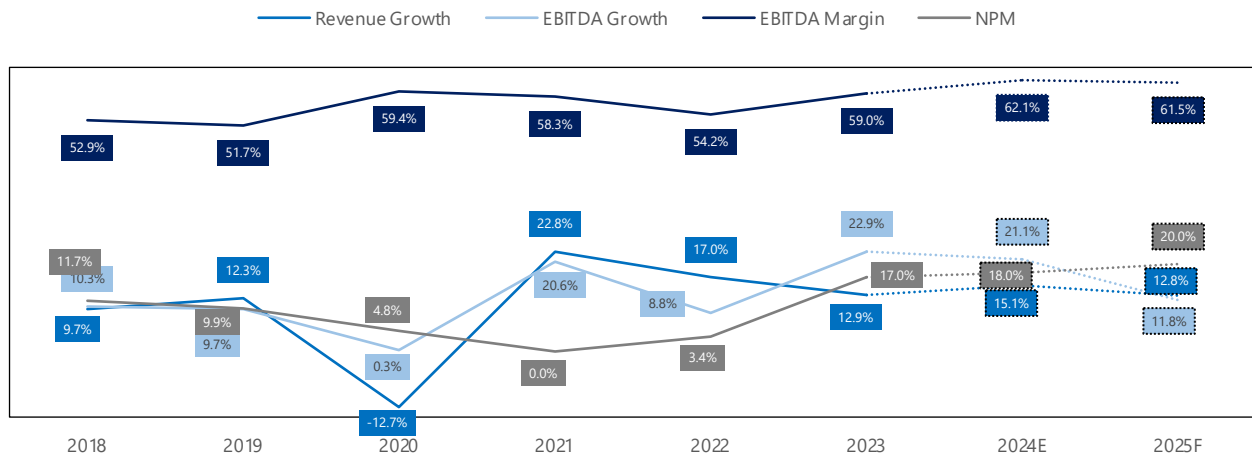
Sources: Company, MNCS

Exhibit 02. Traffic Volumes in JSMR's Mature and New Toll Roads



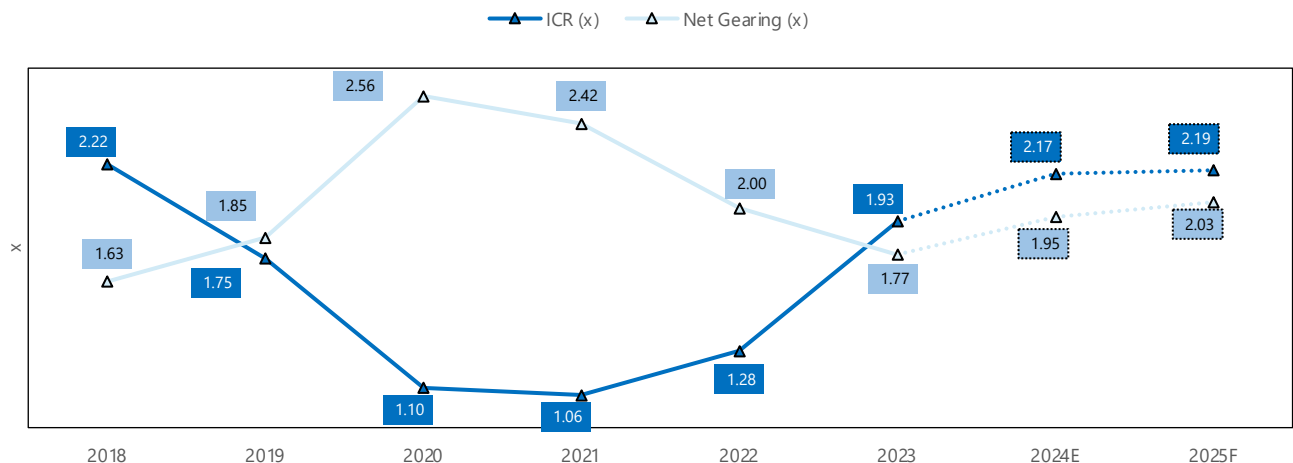
Sources: Company, MNCS

Exhibit 03. JSMR's earnings performance throughout the years (excluding construction and gain/loss from one-time transactions)



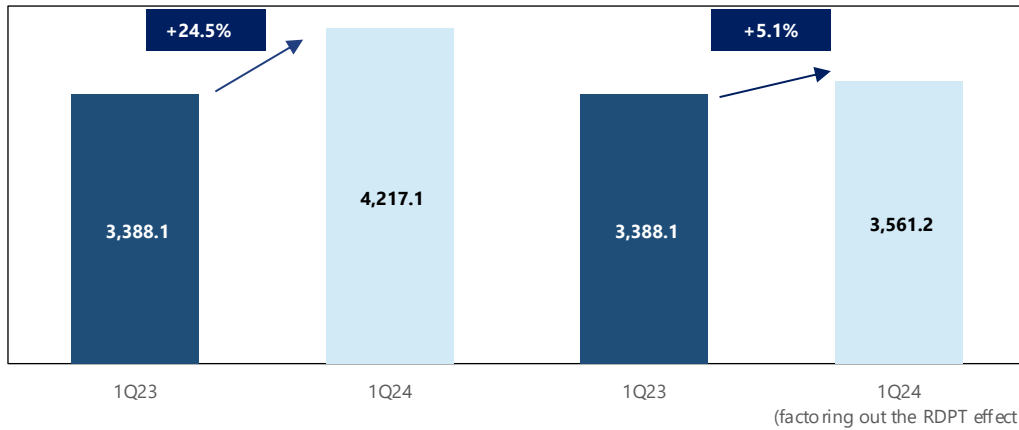
Sources: Company, MNCS

Exhibit 04. JSMR demonstrated effective debt management and sound financial stability throughout the years, comfortably meeting the covenant ratios for future loan refinancing when needed



Sources: Company, MNCS

Exhibit 05. RDPT buyback involved the reconsolidation of three entities, Semarang-Batang (JSB), Solo-Ngawi (JSN) and Ngawi-Kertosono (JNK) effectively in Jul-2023



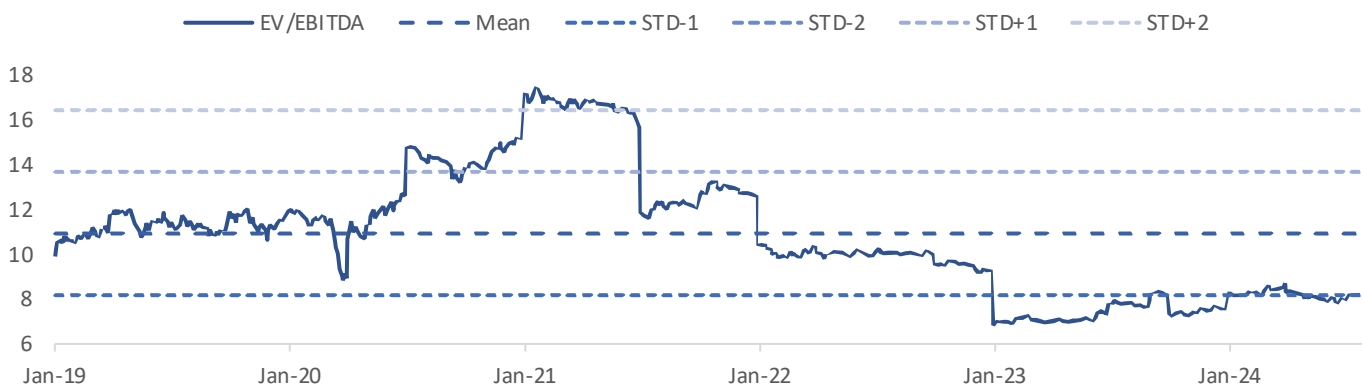
Sources: Company, MNCS

Exhibit 06. The performance of JSMR in 1Q24 compared to consensus and our projections

IDR billion	1Q23	4Q23	1Q24	QoQ	YoY	FY24E Consensus	FY24E MNCS	% Consensus	% MNCS
Revenue (excl. construction revenue)	3,388.1	4,564.1	4,217.1	-7.6%	24.5%	18,342.4	17,918.4	23.0%	23.5%
Cost of Revenue (excl. construction expense)	(1,477.2)	(1,742.5)	(1,785.9)	2.5%	20.9%	(7,605.9)	(7,486.0)	23.5%	23.9%
Gross Profit	1,910.9	2,821.7	2,431.3	-13.8%	27.2%	10,736.5	10,432.4	22.6%	23.3%
Gross Profit Margin	56.4%	61.8%	57.7%			58.5%	58.2%		
Operating Profit	1,576.8	2,237.7	1,987.9	-11.2%	26.1%	8,517.2	8,625.2	23.3%	23.0%
Operating Profit Margin	45.8%	46.5%	46.0%			46.6%	46.0%		
EBITDA	2,025.2	2,870.6	2,580.8	-10.1%	27.4%	11,516.8	11,122.2	22.4%	23.2%
EBITDA Margin	59.8%	62.9%	61.2%			62.8%	62.1%		
Profit Before Tax	806.3	1,113.2	999.2	-10.2%	23.9%	4,518.1	4,931.2	22.1%	20.3%
Net Profit	346.1	968.0	655.4	-32.3%	89.4%	3,170.1	3,229.3	20.7%	20.3%
Net Profit Margin	10.2%	21.2%	15.5%			17.3%	18.0%		

Sources: Company, MNCS

Exhibit 07. JSMR is currently trading at STD-1 of its 5-Year EV/EBITDA



Sources: Bloomberg, MNCS

Exhibit 08. The implementation of toll tariffs changes as one of the revenue growth drivers for JSMR

Implementation Date	Toll Road	Type	2023	2024	Tariff Increase
13/1/2024	Kunciran - Cengkareng	I	25,500	27,000	5.9%
		II	38,000	41,000	7.9%
		III	38,000	41,000	7.9%
		IV	51,000	54,500	6.9%
		V	51,000	54,500	6.9%
21/2/2024	Serpong - Pamulang	I	11,000	12,000	9.1%
		II	16,500	18,000	9.1%
		III	16,500	18,000	9.1%
		IV	22,000	24,000	9.1%
		V	22,000	24,000	9.1%
21/2/2024	Pamulang - Cinere	I	-	18,500	Newly operated
		II	-	28,000	Newly operated
		III	-	28,000	Newly operated
		IV	-	37,000	Newly operated
		V	-	37,000	Newly operated
9/3/2024	Jakarta - Cikampek Segment I	I	4,000	5,500	37.5%
		II	6,000	8,000	33.3%
		III	6,000	8,000	33.3%
		IV	8,000	11,000	37.5%
		V	8,000	11,000	37.5%
	Segment II	I	7,000	9,500	35.7%
		II	10,500	14,000	33.3%
		III	10,500	14,000	33.3%
		IV	14,000	19,000	35.7%
		V	14,000	19,000	35.7%
	Segment III	I	12,000	16,500	37.5%
		II	18,000	24,500	36.1%
		III	18,000	24,500	36.1%
		IV	24,000	32,500	35.4%
		V	24,000	32,500	35.4%
	Segment IV	I	20,000	27,000	35.0%
II		30,000	40,500	35.0%	
III		30,000	40,500	35.0%	
IV		40,000	54,000	35.0%	
V		40,000	54,000	35.0%	
27/4/2024	Bali Mandara	I	13,000	14,000	7.7%
		II	19,500	21,000	7.7%
		III	19,500	21,000	7.7%
		IV	25,500	28,000	9.8%
		V	25,500	28,000	9.8%
		VI	5,000	5,500	10.0%
27/4/2024	Gempol - Pandaan Gempol IC - Gempol JC	I	3,000	3,500	16.7%
		II	5,000	5,500	10.0%
		III	5,000	5,500	10.0%
		IV	6,000	7,000	16.7%
		V	6,000	7,000	16.7%
	Gempol IC - Pandaan IC	I	11,500	12,500	8.7%
		II	19,000	21,000	10.5%
		III	19,000	21,000	10.5%
		IV	24,000	26,500	10.4%
		V	24,000	26,500	10.4%
	Gempol JC - Pandaan IC	I	13,000	14,500	11.5%
		II	21,500	23,500	9.3%
		III	21,500	23,500	9.3%
		IV	27,000	29,500	9.3%
		V	27,000	29,500	9.3%

Sources: Company, MNCS

Exhibit 09. Financial Projections

Income Statement						Balance Sheet					
IDR Billion	2021	2022	2023	2024E	2025F	IDR Billion	2021	2022	2023	2024E	2025F
Revenues (excl. construction)	11,776.4	13,782.6	15,566.0	17,918.4	20,210.3	Total Current Assets	10,361.9	12,372.2	7,974.8	6,735.3	8,094.9
Cost of Revenues (excl. construction)	(5,333.6)	(6,391.6)	(6,643.3)	(7,486.0)	(8,492.5)	Cash and Cash Equivalents	6,279.1	8,429.1	4,439.0	2,716.0	3,664.3
Gross Profit	6,442.8	7,390.9	8,922.7	10,432.4	11,717.8	Other Receivables	2,032.3	1,225.0	1,266.3	1,552.3	2,130.5
Operating Expense	245.6	(35.1)	2,359.8	(1,807.2)	(2,011.4)	Inventories	139.4	98.6	119.5	166.8	193.3
Operating Profit	6,688.3	7,355.9	11,282.5	8,625.2	9,706.4	Other Current Assets	1,911.1	2,619.5	2,150.0	2,300.2	2,106.8
EBITDA	8,452.0	9,721.1	13,297.2	11,122.2	12,429.4	Total Non-Current Assets	90,881.0	78,767.0	121,337.2	140,445.6	153,619.4
Interest Expense	(4,520.4)	(3,885.3)	(3,592.4)	(3,793.6)	(4,231.7)	Intangible Assets - net	80,010.5	67,102.6	111,397.7	128,578.3	140,598.0
Other income (expense)	(126.9)	228.1	200.5	99.6	197.3	Other Non-Current Assets	10,870.5	11,664.4	9,939.5	11,867.3	13,021.4
Profit Before Tax	2,041.1	3,698.6	7,890.6	4,931.2	5,672.0	Total Assets	101,242.9	91,139.2	129,312.0	147,180.9	161,714.2
Tax Expense	(1,201.2)	(1,402.1)	(1,176.9)	(1,747.1)	(1,675.3)	Total Current Liabilities	12,014.6	12,143.0	22,821.2	21,031.7	21,887.3
Minority Interest	744.0	423.2	44.1	45.2	46.4	Account Payables	1,723.3	592.5	739.5	2,316.4	2,101.2
Net Income	1,584.0	2,719.7	6,757.8	3,229.3	4,043.1	Short-term Debt	4,135.2	3,343.1	10,752.2	7,660.8	9,223.0
EPS (full amount)	218.2	374.7	931.1	444.9	557.1	Other Current Liabilities	6,156.2	8,207.4	11,329.4	11,054.6	10,563.2
						Total Long-Term Liabilities	63,728.0	53,374.8	67,579.6	84,107.7	94,124.6
						Long-Term Debt	57,613.0	47,874.6	58,001.2	74,525.6	83,518.9
						Other Long-Term Liabilities	6,115.0	5,500.2	9,578.4	9,582.1	10,605.7
						Total Equity	25,500.3	25,621.4	38,911.2	42,041.4	45,702.3
						Total Liabilities & Equity	101,242.9	91,139.2	129,312.0	147,180.9	161,714.2

Cash Flow						Ratios					
IDR Billion	2021	2022	2023	2024E	2025F	2021	2022	2023	2024E	2025F	
CFO	3,619.9	5,614.5	14,535.2	6,675.2	5,803.8	Revenue Growth (%)	22.8	17.0	12.9	15.1	12.8
Net Income	1,615.3	2,746.9	6,793.6	3,293.8	4,118.0	EBITDA Growth (%)	48.3	15.0	36.8	(16.4)	11.8
Depreciation	2,020.4	2,448.5	2,191.1	2,714.9	2,897.2	Operating Profit Growth (%)	51.2	10.0	53.4	(23.6)	12.5
Change in Working Capital	(487.0)	(1,090.0)	126.2	1,529.5	(241.7)	Net Income Growth (%)	244.9	71.7	148.5	(52.2)	25.2
Change in Others	471.2	1,509.0	5,424.4	(863.0)	(969.7)	Current Ratio (x)	0.9	1.0	0.3	0.3	0.4
CFI	1,203.6	10,306.6	(46,635.5)	(21,671.2)	(15,977.5)	Receivables Days	77.6	35.8	21.3	22.5	26.5
Capex	(4,512.6)	(4,811.9)	(8,770.6)	(8,358.3)	(9,563.1)	Payable Days	106.0	57.6	38.3	75.5	57.1
Change in Others	5,716.2	15,118.5	(37,865.0)	(13,312.9)	(6,414.4)	Net Gearing Ratio (x)	2.4	2.0	1.8	2.0	2.0
CFF	(3,141.6)	(13,771.1)	28,110.2	13,273.1	11,121.9	Interest Coverage Ratio (x)	1.4	1.9	3.1	2.2	2.2
Change in ST Debt	(1,596.7)	(792.1)	7,409.1	(3,091.4)	1,562.2	Gross Profit Margin (%)	54.7	53.6	57.3	58.2	58.0
Change in LT Debt	(88.8)	(9,738.4)	10,126.6	16,524.4	8,993.3	Operating Profit Margin (%)	56.8	53.4	72.5	48.1	48.0
Change in Equity	-	-	-	-	-	EBITDA Margin (%)	71.8	70.5	85.4	62.1	61.5
Dividend	-	-	(549.4)	(274.8)	(440.9)	Net Profit Margin (%)	13.5	19.7	43.4	18.0	20.0
Others	(1,456.1)	(3,240.6)	11,123.9	115.0	1,007.3	ROA (%)	1.6	3.0	5.2	2.2	2.5
Change in Cash	1,681.9	2,150.0	(3,990.2)	(1,722.9)	948.2	ROE (%)	6.2	10.6	17.4	7.7	8.8
Closing Balance	6,279.1	8,429.1	4,439.0	2,716.0	3,664.3						

Sources : Company, MNCS Research

MNC Research Industry Ratings Guidance

- **OVERWEIGHT** : Stock's total return is estimated to be above the average total return of our industry coverage universe over next 6-12 months
- **NEUTRAL** : Stock's total return is estimated to be in line with the average total return of our industry coverage universe over next 6-12 months
- **UNDERWEIGHT** : Stock's total return is estimated to be below the average total return of our industry coverage universe over next 6-12 months

MNC Research Investment Ratings Guidance

- **BUY** : Share price may exceed 10% over the next 12 months
- **HOLD** : Share price may fall within the range of +/- 10% of the next 12 months
 - **SELL** : Share price may fall by more than 10% over the next 12 months
 - **Not Rated** : Stock is not within regular research coverage

PT MNC SEKURITAS

MNC Bank Tower Lt. 15 – 16
Jl. Kebon Sirih No. 21 - 27, Jakarta Pusat 10340
Telp : (021) 2980 3111
Fax : (021) 3983 6899
Call Center : 1500 899

Disclaimer

This research report has been issued by PT MNC Sekuritas, It may not be reproduced or further distributed or published, in whole or in part, for any purpose. PT MNC Sekuritas has based this document on information obtained from sources it believes to be reliable but which it has not independently verified; PT MNC Sekuritas makes no guarantee, representation or warranty and accepts no responsibility to liability as to its accuracy or completeness. Expression of opinion herein are those of the research department only and are subject to change without notice. This document is not and should not be construed as an offer or the solicitation of an offer to purchase or subscribe or sell any investment. PT MNC Sekuritas and its affiliates and/or their offices, director and employees may own or have positions in any investment mentioned herein or any investment related thereto and may from time to time add to or dispose of any such investment. PT MNC Sekuritas and its affiliates may act as market maker or have assumed an underwriting position in the securities of companies discusses herein (or investment related thereto) and may sell them to or buy them from customers on a principal basis and may also perform or seek to perform investment banking or underwriting services for or relating to those companies.