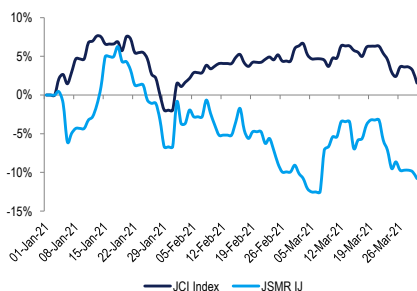


Stock Data

Target price	Rp5,200
Prior TP	Rp5,200
Current price	Rp4,130
Upside/downside	+26%
Shares outstanding (mn)	7,258
Market cap (Rp bn)	29,975
Free float	24%
Avg. 6m daily T/O (Rp bn)	49

Price Performance

	3M	6M	12M
Absolute	-12.5%	15.4%	70.7%
Relative to JCI	-12.1%	-8.4%	33.1%
52w low/high (Rp)	2,420 – 4,920		



Major Shareholders

Republic of Indonesia	70%
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## In-line FY20 results on the back of sequential improvement in revenue

- JSMR posted FY20 core profit of Rp552bn (-71% yoy/+139% qoq), in-line with ours but ahead of consensus estimate.
- Toll revenues were down 13% yoy (+10% qoq) and came in-line. Traffic stabilized in 1Q21, though “mudik” ban in 2Q21 will be the biggest risk.
- EBITDA margin improved to 67% in 4Q20 vs. 64% in 3Q20 (63% in FY20 vs. 64% in FY19) from new toll and stellar costs control. Maintain Buy.

### FY20 core profit came in-line with our estimate but ahead consensus

JSMR FY20 core profit of Rp552bn (-71% yoy/+139% qoq) came in-line at 102% of our estimates but ahead consensus at 107%; however headline profit was a miss (at 59% of our numbers) as we previously factored-in Rp420bn of divestment gains, which did not materialize in FY20 (i.e. deferred to FY21). Nonetheless, both revenues (-13% yoy/+10% qoq) and EBITDA (-14% yoy/+15% qoq) came in-line with expectations.

### Sequential recovery in revenues especially from ex-Java

Toll road revenues were down 13% yoy in FY20 (in-line at 100%/99% of our/consensus estimates), though it recovered on a qoq basis (+10% qoq) which brought the 4Q20 revenues to only 1% below pre-Covid. Ex-Java (-11% yoy/+24% qoq) saw the strongest qoq recovery, followed by Java ex-Jakarta (-12% yoy/+8% qoq) and Greater Jakarta area (+4% yoy/-15% qoq). Our checks with the management also suggest that 1Q21 traffic has been resilient (-5% vs. pre-Covid), though we see a risk in 2Q21 traffic amid the government’s decision to ban the mass exodus during Idul Fitri (mudik).

### Continuous improvement in EBITDA margin

FY20F EBITDA was down 14% yoy (in-line at 102% of ours but ahead at 111% of consensus), though it recovered by 15% qoq which was in-line with improving revenue and margin (67% in 4Q20 vs. 64% in 3Q20) which attributed to higher revenue contribution from new toll roads (all time high of 24% in 4Q20 vs. 23%/22% in 4Q19/3Q20) and has higher EBITDA margin of 75-80% vs. old concessions’ 60-65%, as well as stellar costs control (-18% yoy/+2% qoq). We expect higher EBITDA margin of 65-67% in FY21-23F as revenues from new concessions (+43% CAGR FY20-23F) shall continue to outpace old concessions (+15% CAGR FY20-23F).

### Maintain Buy

We maintain our Buy rating on JSMR with unchanged TP as we see a better outlook in FY21F from traffic recovery and potential asset recycling from SWF. JSMR now trades at 9x FY21F EV/EBITDA (vs. 10Y average of 11x EV/EBITDA). Risk to our call is worse-than-expected traffic volume.

Financial Summary (Rp bn)	2019A	2020A	2021F	2022F	2023F
Revenue	10,984	9,588	12,279	15,145	17,216
EBITDA	6,977	6,026	8,093	10,129	11,502
Net profit	2,207	501	1,328	2,351	3,231
EPS growth	0.2%	-77.3%	164.8%	77.0%	37.4%
ROE	10.2%	2.1%	5.4%	9.1%	11.7%
PER (x)	13.6	59.8	22.6	12.8	9.3
EV/EBITDA (x)	10.3	11.9	8.9	7.1	6.3
Dividend yield	1.5%	0.1%	0.4%	0.8%	4.3%
IPS vs. consensus			88%	127%	N/A

Source: Company, Indo Premier

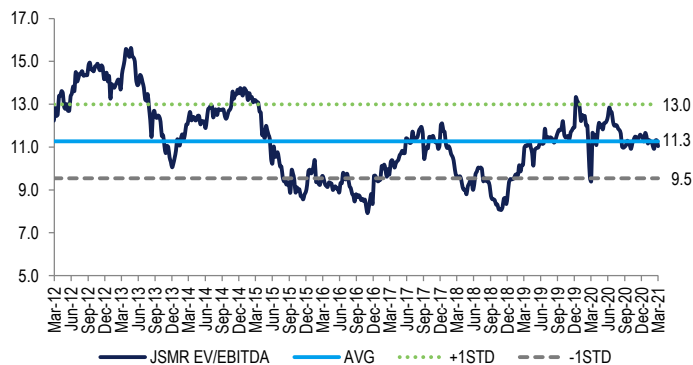
Share price closing as of: 30 March 2021

Fig. 1: JSMR 4Q20 results summary

JSMR 4Q20 results (Rp bn)	FY20	FY19	yoy%	4Q20	4Q19	yoy%	3Q20	qoq%	IPS FY20F	% of IPS	Cons FY20F	% of cons
Revenues (ex construction)	9,588	10,984	-13%	2,748	3,028	-9%	2,496	10%	9,580	100%	9,648	99%
COGS (ex construction)	(4,275)	(4,634)	-8%	(1,305)	(1,380)	-5%	(1,087)	20%	(4,160)	103%	(3,559)	120%
<b>Gross profit (ex construction)</b>	<b>5,313</b>	<b>6,350</b>	<b>-16%</b>	<b>1,443</b>	<b>1,647</b>	<b>-12%</b>	<b>1,409</b>	<b>2%</b>	<b>5,420</b>	<b>98%</b>	<b>6,255</b>	<b>85%</b>
<b>Gross profit margin (ex construction)</b>	<b>55%</b>	<b>58%</b>		<b>53%</b>	<b>54%</b>		<b>56%</b>		<b>57%</b>		<b>59%</b>	
Opex	(1,237)	(1,479)	-16%	(330)	(537)	-39%	(298)	10%	(1,135)	109%	(2,166)	57%
<b>EBIT</b>	<b>4,118</b>	<b>4,966</b>	<b>-17%</b>	<b>1,120</b>	<b>1,127</b>	<b>-1%</b>	<b>1,123</b>	<b>0%</b>	<b>4,336</b>	<b>95%</b>	<b>4,089</b>	<b>101%</b>
<b>EBIT margin (%)</b>	<b>43%</b>	<b>45%</b>		<b>41%</b>	<b>37%</b>		<b>45%</b>		<b>45%</b>		<b>42%</b>	
Depreciation	1,909	2,011	-5%	717	767	-6%	472	52%	1,667	114%		
<b>EBITDA</b>	<b>6,026</b>	<b>6,977</b>	<b>-14%</b>	<b>1,837</b>	<b>1,895</b>	<b>-3%</b>	<b>1,596</b>	<b>15%</b>	<b>5,902</b>	<b>102%</b>	<b>5,418</b>	<b>111%</b>
<b>EBITDA margin (%)</b>	<b>63%</b>	<b>64%</b>		<b>67%</b>	<b>63%</b>		<b>64%</b>		<b>63%</b>		<b>56%</b>	
Interest income	450	532	-16%	115	241	-52%	89	29%				
Interest expenses	(3,648)	(2,434)	50%	(1,096)	(741)	48%	(925)	19%	(2,733)	133%		
Divestment gains	0	1,027	-100%	0	916	N/A	0	N/A	420	0%		
Net loss from associates	(122)	(326)	-63%	362	(41)	N/A	(171)	-311%	(888)			
Other *	(67)	(620)	-89%	(149)	(597)	N/A	90	-265%	(48)	140%		
<b>Profit before tax</b>	<b>731</b>	<b>3,147</b>	<b>-77%</b>	<b>352</b>	<b>906</b>	<b>-61%</b>	<b>206</b>	<b>70%</b>	<b>1,135</b>	<b>64%</b>	<b>561</b>	<b>130%</b>
Tax expenses	(772)	(1,073)	-28%	(174)	(248)	-30%	(311)	-44%	(397)	195%		
Minority interests	543	133	308%	166	46	260%	157	6%	116	468%		
<b>Net profit</b>	<b>501</b>	<b>2,207</b>	<b>-77%</b>	<b>344</b>	<b>705</b>	<b>-51%</b>	<b>52</b>	<b>563%</b>	<b>854</b>	<b>59%</b>	<b>514</b>	<b>98%</b>
<b>Core profit</b>	<b>552</b>	<b>1,901</b>	<b>-71%</b>	<b>220</b>	<b>465</b>	<b>-53%</b>	<b>92</b>	<b>139%</b>	<b>539</b>	<b>102%</b>	<b>514</b>	<b>107%</b>

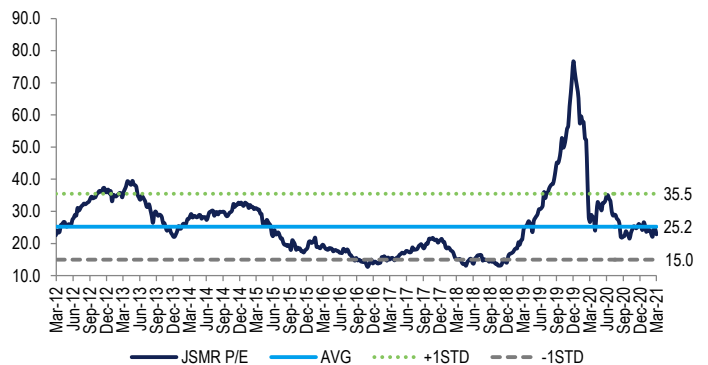
Source: Company, Indo Premier

Fig. 2: JSMR's EV/EBITDA – now trading at 8.9x 2021F EV/EBITDA vs. 10-year average of 11.3x EV/EBITDA



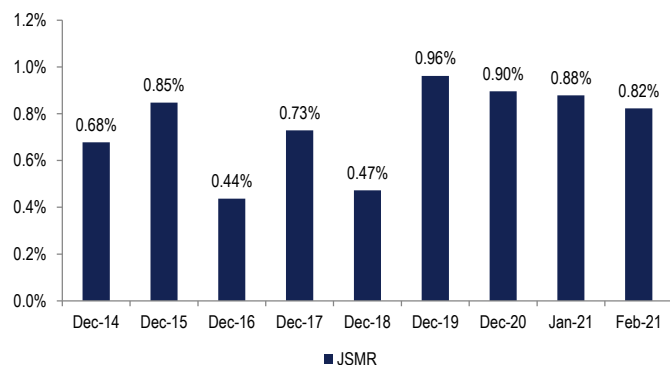
Source: Bloomberg, Company, Indo Premier

Fig. 3: JSMR's P/E – now trading at 22.6x 2021F P/E vs. 10-year average of 25.2x P/E



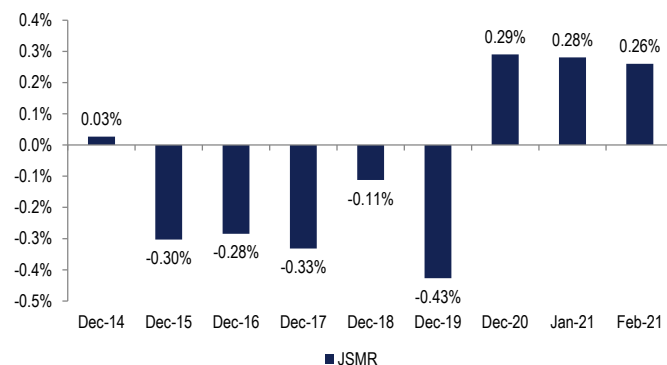
Source: Bloomberg, Company, Indo Premier

**Fig. 4: JSMR's local fund positioning vs. JCI – local investors' weight (relative) to JCI remains relatively ample**



Source: Bloomberg, KSEI, Indo Premier

**Fig. 5: JSMR's foreign fund positioning vs. MSCI – foreign investors' weight (relative) to MSCI)**



Source: Bloomberg, KSEI, MSCI, Indo Premier

Income Statement (Rp bn)	2019A	2020A	2021F	2022F	2023F
Net revenue	10,984	9,588	12,279	15,145	17,216
Cost of sales	(4,634)	(4,275)	(4,900)	(5,999)	(6,672)
<b>Gross profit</b>	<b>6,350</b>	<b>5,313</b>	<b>7,378</b>	<b>9,146</b>	<b>10,544</b>
SG&A Expenses	(1,479)	(1,237)	(1,413)	(1,679)	(2,071)
<b>Operating profit</b>	<b>4,966</b>	<b>4,118</b>	<b>6,029</b>	<b>7,508</b>	<b>8,473</b>
Net interest	(1,950)	(3,233)	(3,512)	(3,704)	(3,690)
Forex gain (loss)	0	0	0	0	0
Others	82	(189)	(703)	(470)	(133)
<b>Pre-tax income</b>	<b>3,097</b>	<b>696</b>	<b>1,814</b>	<b>3,334</b>	<b>4,649</b>
Income tax	(1,024)	(738)	(635)	(1,167)	(1,627)
Minority interest	133	543	149	184	209
<b>Net income</b>	<b>2,207</b>	<b>501</b>	<b>1,328</b>	<b>2,351</b>	<b>3,231</b>

Balance Sheet (Rp bn)	2019A	2020A	2021F	2022F	2023F
Cash & equivalent	4,342	4,597	6,801	6,048	5,794
Receivable	6,270	4,418	9,615	3,615	4,801
Inventory	61	138	61	61	61
Other current assets	510	1,553	510	510	510
<b>Total current assets</b>	<b>11,183</b>	<b>10,706</b>	<b>16,987</b>	<b>10,234</b>	<b>11,167</b>
Fixed assets	1,081	1,204	1,108	1,165	1,243
Other non-current assets	87,415	92,177	100,414	103,815	107,071
<b>Total non-current assets</b>	<b>88,496</b>	<b>93,381</b>	<b>101,522</b>	<b>104,979</b>	<b>108,314</b>
<b>Total assets</b>	<b>99,680</b>	<b>104,087</b>	<b>118,509</b>	<b>115,214</b>	<b>119,480</b>
ST loans	14,780	7,250	3,000	3,000	3,000
Payable	23,449	5,746	14,566	11,389	10,926
Other payables	928	1,105	928	928	928
Current portion of LT loans	2,369	828	2,369	2,369	2,369
<b>Total current liab.</b>	<b>41,526</b>	<b>14,929</b>	<b>20,863</b>	<b>17,686</b>	<b>17,223</b>
Long term loans	26,970	56,270	64,722	62,672	65,672
Other LT liab.	7,997	8,112	7,997	7,997	7,997
<b>Total liabilities</b>	<b>76,494</b>	<b>79,311</b>	<b>93,582</b>	<b>88,355</b>	<b>73,669</b>
Equity	6,919	7,012	6,919	6,919	6,919
Retained earnings	11,764	12,063	13,771	15,886	17,825
Minority interest	4,503	5,701	4,238	4,054	3,845
<b>Total SHE + minority int.</b>	<b>23,186</b>	<b>24,776</b>	<b>24,927</b>	<b>26,859</b>	<b>28,589</b>
<b>Total liabilities &amp; equity</b>	<b>99,680</b>	<b>104,087</b>	<b>118,509</b>	<b>115,214</b>	<b>119,480</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2019A	2020F	2021F	2022F	2023F
Net income	2,207	854	1,328	2,351	3,231
Depr. & amortization	2,011	1,566	2,064	2,621	3,029
Changes in working capital	4,478	(13,140)	912	2,823	(1,649)
Others	(5,291)	(116)	(149)	(184)	(209)
<b>Cash flow from operating</b>	<b>3,405</b>	<b>(10,836)</b>	<b>4,155</b>	<b>7,611</b>	<b>4,402</b>
Capital expenditure	(18,128)	(7,382)	(9,274)	(6,078)	(6,364)
Others	2,213	0	0	(0)	0
<b>Cash flow from investing</b>	<b>(15,915)</b>	<b>(7,381)</b>	<b>(9,274)</b>	<b>(6,078)</b>	<b>(6,364)</b>
Loans	8,811	17,505	8,467	(2,050)	3,000
Equity	0	0	0	0	0
Dividends	(441)	(43)	(133)	(235)	(1,292)
Others	2,613	(0)	0	0	0
<b>Cash flow from financing</b>	<b>10,983</b>	<b>17,462</b>	<b>8,334</b>	<b>(2,285)</b>	<b>1,708</b>
<b>Changes in cash</b>	<b>(1,527)</b>	<b>(755)</b>	<b>3,215</b>	<b>(753)</b>	<b>(254)</b>

Key Ratios	2019A	2020A	2021F	2022F	2023F
Gross margin	57.8%	55.4%	60.1%	60.4%	61.2%
Operating margin	44.3%	42.9%	48.6%	49.3%	49.2%
Pre-tax margin	28.2%	7.3%	14.8%	22.0%	27.0%
Net margin	20.1%	5.2%	10.8%	15.5%	18.8%
ROA	2.4%	0.5%	1.2%	2.0%	2.8%
ROE	10.2%	2.1%	5.4%	9.1%	11.7%
ROIC	9.5%	6.4%	7.4%	8.8%	9.7%
Acct. receivables TO (days)	73	203	73	365	365
Inventory TO (days)	82	142	140	115	89
Payable TO (days)	7	16	11	13	22
Debt to equity	2.7	2.6	2.7	2.7	2.7
Interest coverage ratio (x)	2.9	1.7	2.1	2.5	2.9
Net gearing	1.6	2.4	2.4	2.2	2.2

Source: Company, Indo Premier

## INVESTMENT RATINGS

BUY	: Expected total return of 10% or more within a 12-month period
HOLD	: Expected total return between -10% and 10% within a 12-month period
SELL	: Expected total return of -10% or worse within a 12-month period

## ANALYSTS CERTIFICATION

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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