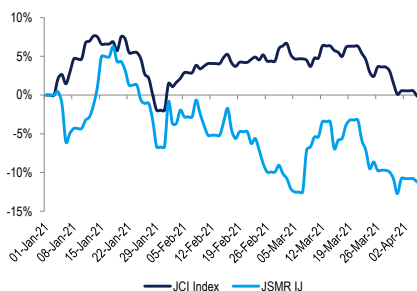


Stock Data

Target price	Rp5,200
Prior TP	Rp5,200
Current price	Rp4,110
Upside/downside	+27%
Shares outstanding (mn)	7,258
Market cap (Rp bn)	29,830
Free float	24%
Avg. 6m daily T/O (Rp bn)	49

Price Performance

	3M	6M	12M
Absolute	-11.2%	17.4%	42.7%
Relative to JCI	-11.1%	-3.8%	13.6%
52w low/high (Rp)	2,550 – 4,920		



Major Shareholders

Republic of Indonesia	70%
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Mudik restriction shall be net positive

- Mar21 average daily revenues were only -4% vs. pre-Covid. Mudik restriction is net positive as it will limit downside to overall traffic.
- We estimate EBITDA CAGR of +20% in FY20-23F on the back of volume recovery and increasing revenue proportion from new concessions.
- It expects to finalize divestment on some of its toll concessions this year, though further details have yet to be confirmed. Maintain Buy.

Continuous traffic recovery, in-line with our FY21F base case

Mar21 average daily revenues were down 4% vs. pre-Covid level, as traffic volume has recovered post PPKM implementation in early Jan. Concurrently, we believe that Mudik restriction shall be net positive for JSMR as 1) limited volume downside (traffic during Lebaran season is usually <5% higher vs. rest of the year), and 2) better handling of Covid cases, which shall result in better traffic post-holiday as previous events of unrestricted holidays (Aug20, Oct20, and Jan21) resulted in c.10% decline in average daily revenues for the next 2-4 weeks (amid tighter PSBB implementation post holiday). At this point, we believe that our FY21F volume growth assumption of +15% yoy remains achievable.

Robust EBITDA growth outlook going forward

The proportion of toll revenues from subsidiary toll roads (non-majority toll road) rose to 32% in FY20 vs. 29% in FY19, with management aiming for 50:50 split between parent and subsidiary revenues (which shall be achievable as early as FY24F). As such, we pencil-in EBITDA growth of 20% FY20-23F CAGR driven by both revenue growth (+17% FY20-23F CAGR on the back of volume recovery and tariff adjustments) and better margin of 64-66% in FY21-23F vs. 62% in FY20, in-line with higher revenue contribution of new concessions (which have higher EBITDA margins of 75-85% vs. old concession of 60-65%).

Greater focus on asset recycling is a positive strategy

JSMR indicated for potential divestments on some of its concessions to be finalized this year, though further details have yet to be confirmed. Based on our preliminary assessment, we expect Rp2.6-3.4tr of proceeds and Rp700bn-1.4tr of potential gains assuming partial divestments on 5 concessions which JSMR has majority ownership (Fig 5 – [further details in our previous report here](#)), representing 30-50% upside to our FY21-22F net profit (assuming divestment is partially done in FY21F and FY22F).

Maintain Buy

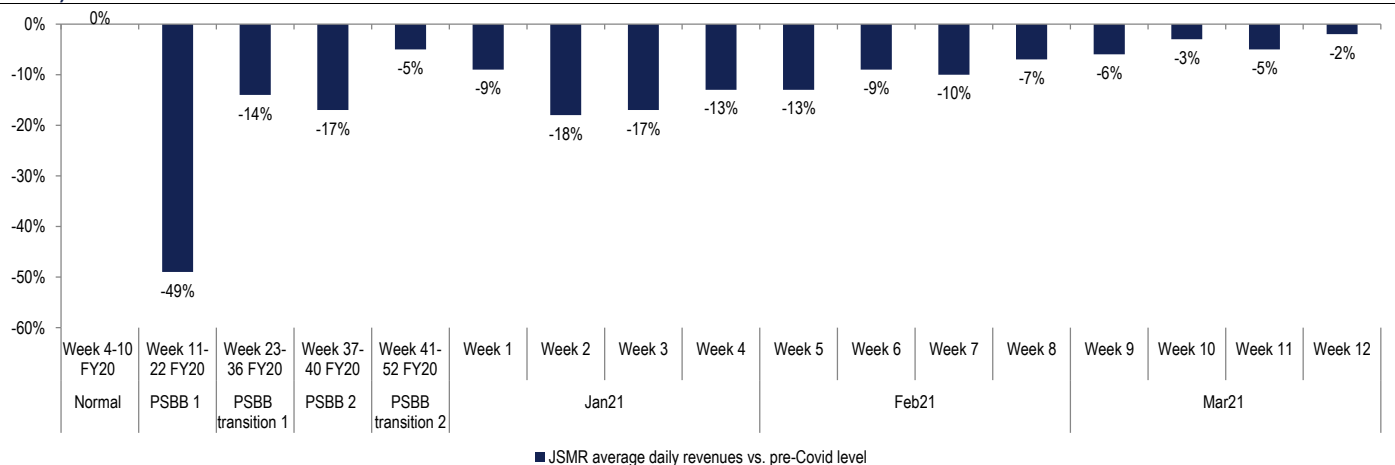
We lower our EPS forecasts by 21-26% largely due to a higher interest expenses assumption, though maintain Buy with an unchanged DCF-based TP (WACC: 10.5%) on the back of robust EBITDA growth and upside from acceleration of asset recycling starting this year. JSMR now trades at 9x FY21F EV/EBITDA (vs. 10Y average of 11x). Main risk is delay to its divestment plan and worse-than-expected traffic volume recovery.

Financial Summary (Rp bn)	2019A	2020A	2021F	2022F	2023F
Revenue	10,984	9,588	11,671	14,003	15,980
EBITDA	6,977	6,026	7,575	9,191	10,525
Net profit	2,207	501	1,042	1,749	2,568
EPS growth	0.2%	-77.3%	107.8%	67.9%	46.8%
ROE	10.2%	2.1%	4.2%	6.9%	9.8%
PER (x)	13.5	59.5	28.6	17.1	11.6
EV/EBITDA (x)	10.3	11.9	9.5	7.8	6.8
Dividend yield	1.5%	0.1%	0.3%	0.6%	3.4%
IPS vs. consensus			77%	94%	142%

Source: Company, Indo Premier

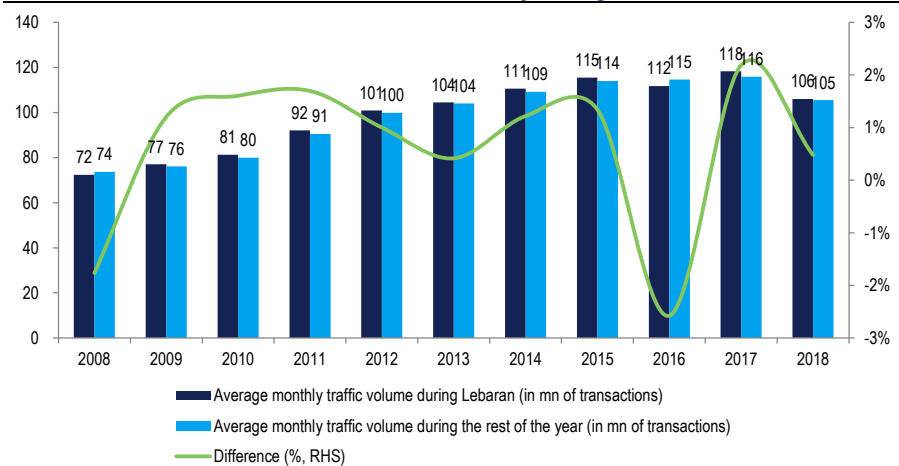
Share price closing as of: 05 April 2021

Fig. 1: JSMR's Mar21 average daily revenues have recovered to only -2% vs. Pre-Covid as of 4th week of Mar (Mar21 average: -4% vs. pre-Covid)



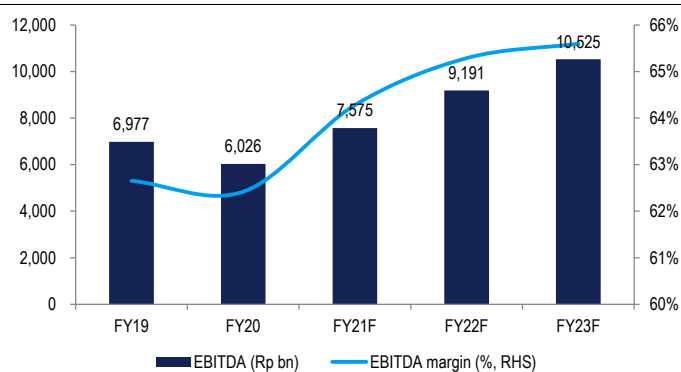
Source: Company, Indo Premier

Fig. 2: Historically, there has been minimal differences between traffic between Lebaran season (i.e. Lebaran month and 1 month before/after) and the rest of the year – we think the downside risk to 2Q21 volume shall be relatively manageable



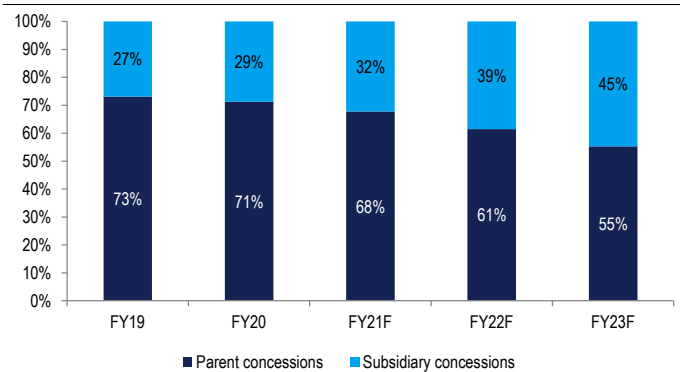
Source: Company, Indo Premier

Fig. 3: We expect EBITDA CAGR of +20% in FY20-23F supported by revenue growth and higher EBITDA margin of 64-66% in FY21-23F vs. 62% in FY20



Source: Bloomberg, Company, Indo Premier

Fig. 4: Revenue breakdown – higher EBITDA margin shall be in-line with increasing proportion of revenues from subsidiary concessions



Source: Bloomberg, Company, Indo Premier

Fig. 5: We identified 5 major concessions that could be subject to divestment – assuming 10-20% share divestment (as JSMR plans to retain position as largest shareholder to ensure management of the toll road), we estimate Rp2.6-3.4tr of potential proceeds

JSMR concession	JSMR stake (as of 9M20)	Book value (Rp tr) - 100% basis, based on 9M20	Stake divestment assumption (%)	JSMR ownership after divestment (%)	Estimated proceeds (Rp tr)			Potential Gain (Rp tr)		
					1.5x P/BV	1.75x P/BV	2.0x P/BV	1.5x P/BV	1.75x P/BV	2.0x P/BV
Gempol Pasuruan	99.4%	0.9	20.0%	79.4%	0.3	0.3	0.4	0.1	0.1	0.1
Jakarta Cikampek Elevated II	80.0%	4.7	20.0%	60.0%	1.4	1.7	1.9	0.4	0.6	0.8
Kunciran Cengkareng	76.2%	0.8	20.0%	56.2%	0.2	0.3	0.3	0.1	0.1	0.1
Pandaan Malang	60.0%	1.8	20.0%	40.0%	0.5	0.6	0.7	0.1	0.2	0.3
Semarang Solo	50.9%	0.6	10.9%	40.0%	0.1	0.1	0.1	0.0	0.0	0.1
Total		18.0			2.6	3.0	3.4	0.7	1.0	1.4
Ex Japek Elevated					1.1	1.3	1.5	0.9	1.1	1.2

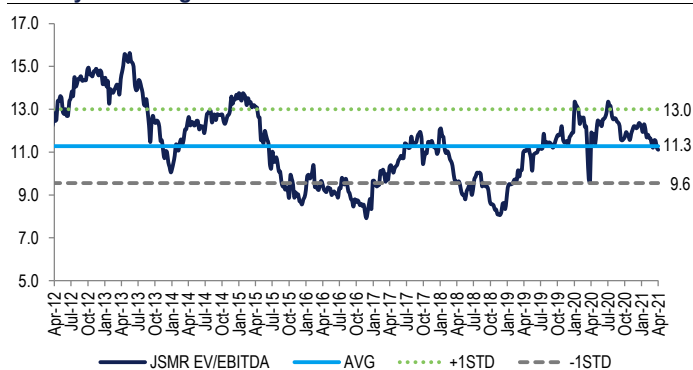
Source: Company, Indo Premier

Fig. 6: Forecast changes – we lower our FY21-23F EPS by 21-26%

Income Statement (Rp bn)	New			Previous			Changes		
	2021F	2022F	2023F	2021F	2022F	2023F	2021F	2022F	2023F
Net revenue	11,671	14,003	15,980	12,279	15,145	17,216	-5%	-8%	-7%
Cost of sales	(4,813)	(5,748)	(6,399)	(4,900)	(5,999)	(6,672)	-2%	-4%	-4%
Gross profit	6,858	8,254	9,581	7,378	9,146	10,544	-7%	-10%	-9%
SG&A Expenses	(1,390)	(1,620)	(2,007)	(1,413)	(1,679)	(2,071)	-2%	-3%	-3%
Operating profit	5,542	6,683	7,617	6,029	7,508	8,473	-8%	-11%	-10%
Net interest	(4,240)	(4,715)	(4,889)	(3,512)	(3,704)	(3,690)	21%	27%	33%
Forex gain (loss)	0	0	0	0	0	0	0%	0%	0%
Others	(716)	(496)	(168)	(703)	(470)	(133)	2%	6%	27%
Pre-tax income	586	1,471	2,559	1,814	3,334	4,649	-68%	-56%	-45%
Income tax	(205)	(515)	(896)	(635)	(1,167)	(1,627)	-68%	-56%	-45%
Minority interest	661	793	905	149	184	209	0%	0%	0%
Net income	1,042	1,749	2,568	1,328	2,351	3,231	-22%	-26%	-21%

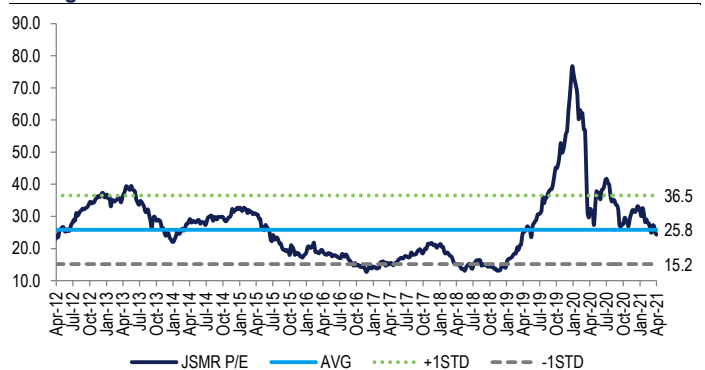
Source: Indo Premier

Fig. 7: JSMR's EV/EBITDA – now trading at 9.5x FY21F EV/EBITDA vs. 10-year average of 11.3x EV/EBITDA



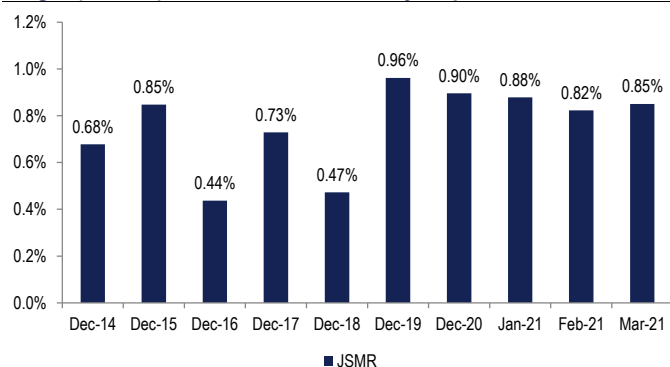
Source: Bloomberg, Company, Indo Premier

Fig. 8: JSMR's P/E – now trading at 28.6x FY21F P/E vs. 10-year average of 25.8x P/E



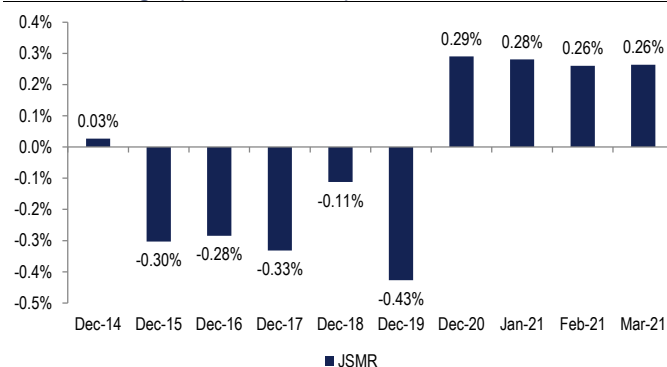
Source: Bloomberg, Company, Indo Premier

Fig. 9: JSMR's local fund positioning vs. JCI – local investors' weight (relative) to JCI remains relatively ample



Source: Bloomberg, KSEI, Indo Premier

Fig. 10: 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	11,671	14,003	15,980
Cost of sales	(4,634)	(4,275)	(4,813)	(5,748)	(6,399)
Gross profit	6,350	5,313	6,858	8,254	9,581
SG&A Expenses	(1,479)	(1,237)	(1,390)	(1,620)	(2,007)
Operating profit	4,966	4,118	5,542	6,683	7,617
Net interest	(1,950)	(3,233)	(4,240)	(4,715)	(4,889)
Forex gain (loss)	0	0	0	0	0
Others	82	(189)	(716)	(496)	(168)
Pre-tax income	3,097	696	586	1,471	2,559
Income tax	(1,024)	(738)	(205)	(515)	(896)
Minority interest	133	543	661	793	905
Net income	2,207	501	1,042	1,749	2,568

Balance Sheet (Rp bn)	2019A	2020A	2021F	2022F	2023F
Cash & equivalent	4,342	4,597	3,788	4,092	5,496
Receivable	6,270	4,418	10,807	6,508	4,781
Inventory	61	138	138	138	138
Other current assets	510	919	919	919	919
Total current assets	11,183	10,072	15,652	11,657	11,333
Fixed assets	1,081	1,204	1,217	1,254	1,311
Other non-current assets	87,415	92,811	101,524	106,144	109,551
Total non-current assets	88,496	94,015	102,741	107,398	110,862
Total assets	99,680	104,087	118,393	119,054	122,196
ST loans	14,780	6,228	3,684	3,684	3,684
Payable	23,449	5,746	18,222	15,319	14,825
Other payables	928	213	213	213	213
Current portion of LT loans	2,369	2,741	2,741	2,741	2,741
Total current liab.	41,526	14,929	24,861	21,958	21,463
Long term loans	26,970	57,661	61,759	64,542	67,542
Other LT liab.	7,997	6,721	6,721	6,721	6,721
Total liabilities	76,494	79,311	93,341	93,221	95,726
Equity	6,919	7,012	7,012	7,012	7,012
Retained earnings	11,764	12,063	13,000	14,575	16,116
Minority interest	4,503	5,701	5,040	4,247	3,342
Total SHE + minority int.	23,186	24,776	25,052	25,834	26,469
Total liabilities & equity	99,680	104,087	118,393	119,054	122,196

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2019A	2020A	2021F	2022F	2023F
Net income	2,207	501	1,042	1,749	2,568
Depr. & amortization	2,011	1,909	2,034	2,508	2,909
Changes in working capital	4,478	(17,900)	6,087	1,397	1,232
Others	(5,291)	16,931	(661)	(793)	(905)
Cash flow from operating	3,405	1,441	8,501	4,861	5,804
Capital expenditure	(18,128)	(6,552)	(10,760)	(7,165)	(6,373)
Others	2,213	(17,631)	0	(0)	0
Cash flow from investing	(15,915)	(24,183)	(10,760)	(7,165)	(6,373)
Loans	8,811	22,138	1,554	2,783	3,000
Equity	0	0	0	0	0
Dividends	(441)	(25)	(104)	(175)	(1,027)
Others	2,613	885	0	0	0
Cash flow from financing	10,983	22,998	1,450	2,608	1,973
Changes in cash	(1,527)	256	(809)	305	1,403

Key Ratios	2019A	2020A	2021F	2022F	2023F
Gross margin	57.8%	55.4%	58.8%	58.9%	60.0%
Operating margin	44.3%	42.5%	46.9%	47.4%	47.4%
Pre-tax margin	28.2%	7.3%	5.0%	10.5%	16.0%
Net margin	20.1%	5.2%	8.9%	12.5%	16.1%
ROA	2.4%	0.5%	0.9%	1.5%	2.1%
ROE	10.2%	2.1%	4.2%	6.9%	9.8%
ROIC	9.5%	6.3%	6.8%	8.0%	8.8%
Acct. receivables TO (days)	77	88	365	91	91
Inventory TO (days)	82	142	122	122	122
Payable TO (days)	7	14	9	9	9
Debt to equity	2.6	2.6	2.6	2.6	2.6
Interest coverage ratio (x)	2.9	1.7	1.7	1.8	2.0
Net gearing	1.6	2.4	2.5	2.5	2.5

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

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