

**BUY | TP : IDR4,500**
**Stock Price Data**

Last Price	:	IDR3,770
52wk High	:	IDR4,090
52wk Low	:	IDR2,770
Share Out	:	7.26 bn
Market Cap	:	IDR28.38 tn

**Stock Price Performance**

1-Day	:	+0.26%
1-Week	:	+8.21%
1-Month	:	+16.02%
3-Month	:	+20.31%
Year-to-Date	:	+31.21%

**Shareholders**

Republic of Indonesia	:	70.0%
Public	:	30.0%

**PT Jasa Marga (Persero) Tbk (JSMR IJ)**
**Highway of Profitability**
**Solid 1Q23 Result**

JSMR IJ recorded a 1Q23 revenue of IDR3.4 tn (+6.0% YoY), below our estimates (21.8%/20.4% of MNCS/cons), where its toll segment contributed IDR3.0 tn (+2.6% YoY) or 89.0% of total revenue. EBITDA was booked at IDR2.2 tn (+0.1% YoY), inline with our estimates (24.5%/24.1% of MNCS/cons), implying margin of 64.3% (vs 68.1% in 1Q22). Additionally, net profit was booked at IDR497.6 bn (+26.7% YoY), slightly below our estimates (23.0%/23.1% of MNCS/cons), which translates to a margin of 14.7% (vs 12.3% in 1Q22). Additionally, JSMR was able to reduce its total debt to IDR43.2 tn in 1Q23 (vs IDR51.7 tn in 4Q22) with the help of the proceeds from the MBZ divestment, which were primarily used to pay off short-term contractor payables. This resulted in a DER of 1.7x (vs 2.0x in 4Q22), a decrease of -71.3% YoY.

**The FY23E Earnings Drivers**

- As the industry's market leader (exhibit 7), JSMR has recorded a recovery in both its revenue and toll traffic since the pandemic in FY22. Fulfilling the government's goal of operating 3,196 km of toll roads by FY24F, JSMR has operated 1,260 km of toll roads in 1Q23 or around 50% of operated national toll roads. By FY23E, the company expects for the operation of 3 new toll roads with a combined length of 56.9 km resulting in an increase in traffic volume by ~3%.
- As of 1Q23, the total traffic was recorded at 312.5 mn units (+8.3% YoY), and if the figure is annualized, then the traffic has exceeded the FY19 volume by 1.6%.
- Notable adjustments of toll tariffs occurred in FY23E, such as Bogor Outer Ring Road and Kunciran-Serpong in Mar-2023, which each rose by 7.9% and 5.0%, followed by Cipularang and Purbaleunyi in Jun-2023 with average increases of 6.2% and 5.8%, respectively. With these 4 tolls contributing 8.8% to the overall revenue in 1Q23, we expect that these new adjustments on tariff potentially improve the company's profitability going forward.
- Therefore, with the expected total operated toll road of 1,317 km, normalized traffic volume, and increased in toll tariffs, assuming unchanged ASP of IDR10,117.5/unit in FY23E, we forecast the toll revenue at IDR12.8 tn (+3.0% YoY). However, with historical increment of ASP, we assume increased ASP for toll roads to be rising +7.8% YoY, thus resulting in a revenue of IDR13.8 tn (+11.1% YoY).

**Potentially Generates a Double-Digit Growth in Revenue**

Therefore, with the operation of new toll roads, recovered toll traffic, and adjustment of toll tariffs, in FY23E, we expect a 12.8% YoY increase in revenue to IDR15.5 tn. Meanwhile, we expect EBITDA to reach IDR8.9 tn (+2.6% YoY), yet with a contracted margin of 57.3% (vs 63.0% in FY22) due to the MBZ divestment in FY22 worth IDR4.4 tn which boosted the earnings during the period. Additionally, net profit was expected to be lower at IDR2.2 tn as the company had a one-off gain from MBZ divestment in FY22. This results in a net profit margin of 13.9% (vs 19.7% in FY22) as we believe that the company is able to maintain its interest coverage ratio at <1.6x in FY23E.

**Recommendation: BUY with TP IDR4,500/share**

We recommend **BUY** for **JSMR** with **TP: IDR4,500/share (+15.1% upside)**, implying FY23E EV/EBITDA of 8.0x. We expect JSMR to have increased revenue through the addition of new toll roads and higher toll tariffs while maintaining healthy leverage. Downside risks: 1) another mobility restriction; 2) high interest rate; 3) natural disaster.


**Research Analyst**

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Key Financial Highlight (IDR bn)	FY20	FY21	FY22	FY23E	FY24F
Revenue	9,587.7	11,776.4	13,782.6	15,545.8	17,763.1
Net Income	459.3	1,556.0	2,719.7	2,162.5	3,182.1
EPS (IDR)	63.3	214.4	374.7	298.0	438.4
P/E (x)	60.8	18.0	10.3	12.9	8.8
BVS (IDR)	3,413.6	3,513.5	3,530.2	3,768.5	4,141.2
P/B (x)	1.1	1.1	1.1	1.0	0.9
EV/EBITDA (x)	14.4	11.0	8.3	8.0	6.7
ROA (%)	0.4	1.5	3.0	2.3	3.1
ROE (%)	1.9	6.1	10.6	7.9	10.6

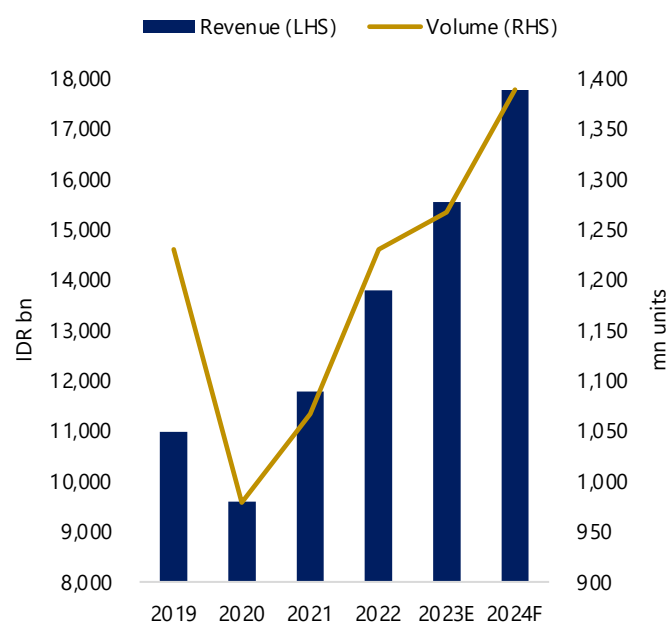
Source : MNCS

**Exhibit 01. JSMR Realized 1Q23 vs MNCS vs Consensus**

IDR bn	1Q22	4Q22	1Q23	QoQ	YoY	Cons.	MNCS	% Cons.	% MNCS
<b>Revenue</b>	<b>3,196.0</b>	<b>3,569.0</b>	<b>3,388.1</b>	<b>-5.1%</b>	<b>6.0%</b>	<b>16,603.3</b>	<b>15,545.8</b>	<b>20.4%</b>	<b>21.8%</b>
COGS	(1,388.4)	(1,717.1)	(1,466.7)	14.6%	-5.6%				
<b>Gross Profit</b>	<b>1,807.6</b>	<b>1,851.9</b>	<b>1,921.4</b>	<b>3.8%</b>	<b>6.3%</b>	<b>7,555.3</b>	<b>7,863.0</b>	<b>25.4%</b>	<b>24.4%</b>
<i>Gross Margin</i>	<i>56.6%</i>	<i>51.9%</i>	<i>56.7%</i>						
Operating Expense	(261.5)	(923.0)	(336.3)	63.6%	-28.6%				
<b>EBIT</b>	<b>1,546.1</b>	<b>928.9</b>	<b>1,585.1</b>	<b>70.6%</b>	<b>2.5%</b>	<b>6,281.9</b>	<b>6,824.6</b>	<b>25.2%</b>	<b>23.2%</b>
<i>EBIT Margin</i>	<i>48.4%</i>	<i>26.0%</i>	<i>46.8%</i>						
<b>EBITDA</b>	<b>2,175.0</b>	<b>2,216.0</b>	<b>2,177.0</b>	<b>-1.8%</b>	<b>0.1%</b>	<b>9,034.4</b>	<b>8,901.5</b>	<b>24.1%</b>	<b>24.5%</b>
<i>EBITDA Margin</i>	<i>68.1%</i>	<i>62.1%</i>	<i>64.3%</i>						
<b>Net Profit</b>	<b>392.8</b>	<b>(532.4)</b>	<b>497.6</b>	<b>193.5%</b>	<b>26.7%</b>	<b>2,151.7</b>	<b>2,162.5</b>	<b>23.1%</b>	<b>23.0%</b>
<i>Net Margin</i>	<i>12.3%</i>	<i>-14.9%</i>	<i>14.7%</i>						

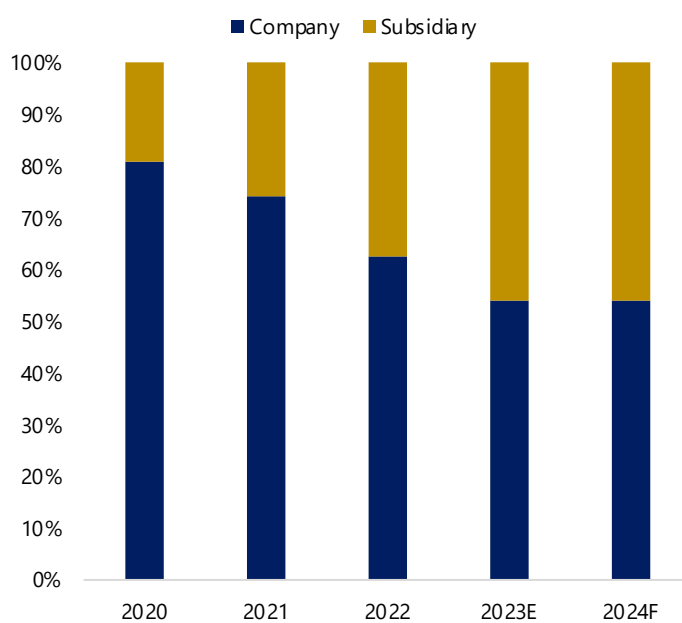
Sources : Bloomberg, MNCS

**Exhibit 02. Strong Correlation between Total Revenue and Toll Volume**



Sources : MNCS

**Exhibit 03. Subsidiary Segment has a Significant Increased Contribution towards Total Revenue amid PT JTT Spin-Off**



Sources : MNCS

**Exhibit 04. Company and Subsidiaries Contribution towards Overall Toll Revenue**

	FY20	FY21	FY22	FY23E	FY24F
<b>Company</b>					
Jakarta - Cikampek	18.7%	16.7%	8.7%	0.0%	0.0%
Jagorawi	11.5%	11.8%	13.2%	15.6%	15.2%
Cawang - Tomang - Cengkareng	15.3%	14.8%	19.4%	24.1%	23.9%
Purbaleunyi	16.8%	17.2%	20.3%	25.5%	27.0%
JORR Seksi Non S	11.7%	11.4%	13.7%	16.1%	15.7%
Jakarta - Tangerang	10.5%	10.1%	12.3%	13.9%	13.4%
Surabaya - Gempol	6.8%	8.9%	5.0%	0.0%	0.0%
Palikanci	2.8%	3.0%	1.8%	0.0%	0.0%
Semarang	2.5%	2.5%	1.4%	0.0%	0.0%
Belawa	1.7%	1.8%	2.1%	2.4%	2.3%
Pondok Aren - Bintaro Viaduct - Ulujami	1.8%	1.8%	2.1%	2.5%	2.5%
<b>Subsidiaries</b>					
Transjawa	0.0%	0.0%	28.8%	38.6%	36.0%
Surabaya - Mojokerto	5.5%	5.5%	11.8%	9.5%	9.1%
Medan - Kualanmu - Tebing Tinggi	4.5%	5.1%	10.7%	8.5%	7.9%
Gempol - Pasuruan	2.9%	3.3%	6.7%	5.7%	5.8%
Pandaan - Malang	3.1%	3.1%	0.0%	0.0%	0.0%
Bogor Outer Ring Road	2.0%	2.7%	5.4%	4.6%	4.6%
Balikpapan - Samarinda	0.6%	1.7%	5.7%	5.9%	6.3%
Ulujami - Kebon Jeruk	3.4%	1.6%	0.0%	0.0%	0.0%
Kunciran - Serpong	0.8%	1.6%	4.6%	4.8%	6.1%
Cengkareng - Batuceper - Kunciran	0.0%	0.6%	7.6%	8.2%	8.8%
Nusa Dua - Benoa	0.8%	0.5%	2.0%	3.1%	2.5%
Manado - Bitung	0.1%	0.4%	1.1%	1.0%	1.1%
Cinere Serpong Jaya	0.0%	0.3%	1.3%	1.8%	2.8%

Sources : MNCS

**Exhibit 05. Toll Tariff Adjustment in 2023 So Far**

Toll	Type	Before (IDR)	After (IDR)	Increase (%)
<b>Cikampek – Purwakarta – Padalarang (Cipularang)</b>	I	42,500	45,000	+5.9
	II	71,500	76,000	+6.3
	III	71,500	76,000	+6.3
	IV	103,500	110,000	+6.3
	V	103,500	110,000	+6.3
<b>Purwakarta - Bandung – Cileunyi (Purbaleunyi)</b>	I	10,000	10,500	+5.0
	II	17,500	18,500	+5.7
	III	17,500	18,500	+5.7
	IV	23,500	25,000	+6.4
	V	23,500	25,000	+6.4
<b>Bogor Ring Road Segmen Sentul Selatan – Simpang Semplak</b>	I	14,000	15,000	+7.1
	II	21,000	22,500	+7.1
	III	21,000	22,500	+7.1
	IV	28,000	30,000	+7.1
	V	28,000	30,000	+7.1

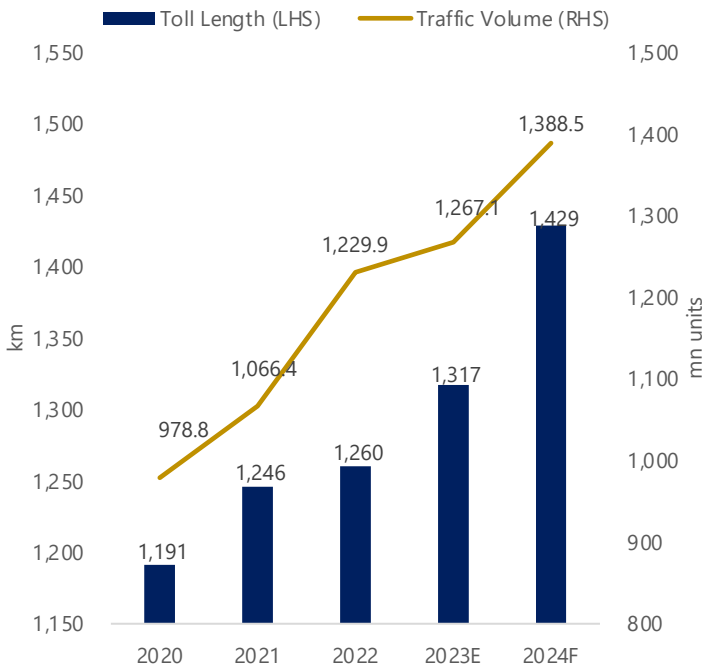
Sources : Company, MNCS

**Exhibit 05 (cont.) Toll Tariff Adjustment in 2023 So Far**

<b>Toll</b>	<b>Type</b>	<b>Before</b>	<b>After</b>	<b>Increase (%)</b>
<b>Bogor Ring Road Segmen Cibadak – Simpang Semplak</b>	I	5,000	5,500	+10.0
	II	7,500	8,000	+6.7
	III	7,500	8,000	+6.7
	IV	10,000	11,000	+10.0
	V	10,000	11,000	+10.0
<b>Kunciran - Parigi</b>	I	12,000	12,500	+4.2
	II	18,000	19,000	+5.6
	III	18,000	19,000	+5.6
	IV	24,000	25,000	+4.2
	V	24,000	25,000	+4.2
<b>Kunciran - Serpong</b>	I	20,000	21,000	+5.0
	II	30,000	31,500	+5.0
	III	30,000	31,500	+5.0
	IV	39,500	41,500	+5.1
	V	39,500	41,500	+5.1
<b>Parigi - Serpong</b>	I	12,000	12,500	+4.2
	II	18,000	19,000	+5.6
	III	18,000	19,000	+5.6
	IV	24,000	25,000	+4.2
	V	24,000	25,000	+4.2
<b>Serpong - Parigi</b>	I	8,000	8,500	+6.3
	II	12,000	12,500	+4.2
	III	12,000	12,500	+4.2
	IV	15,500	16,500	+6.5
	V	15,500	16,500	+6.5
<b>Serpong - Kunciran</b>	I	20,000	21,000	+5.0
	II	30,000	31,500	+5.0
	III	30,000	31,500	+5.0
	IV	39,500	41,500	+5.1
	V	39,500	41,500	+5.1
<b>Average Increase (%)</b>				<b>+5.9</b>
<b>Median Increase (%)</b>				<b>+5.6</b>

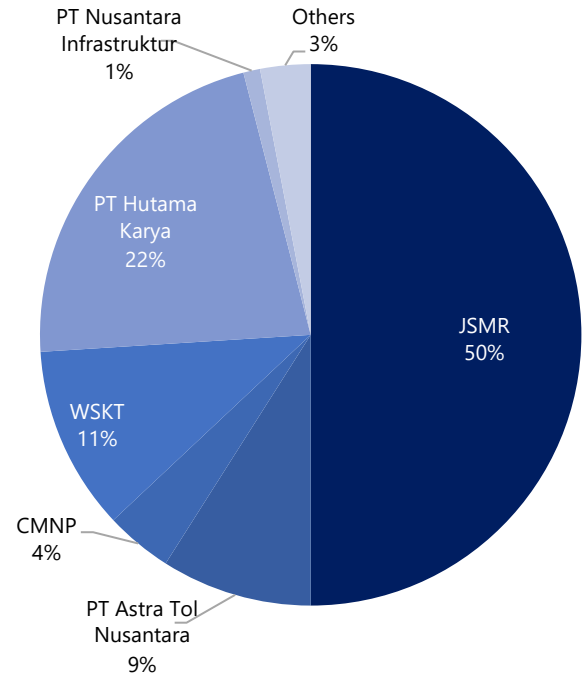
Sources : Company, MNCS

**Exhibit 06. JSMR's Toll Revenue & Volume**



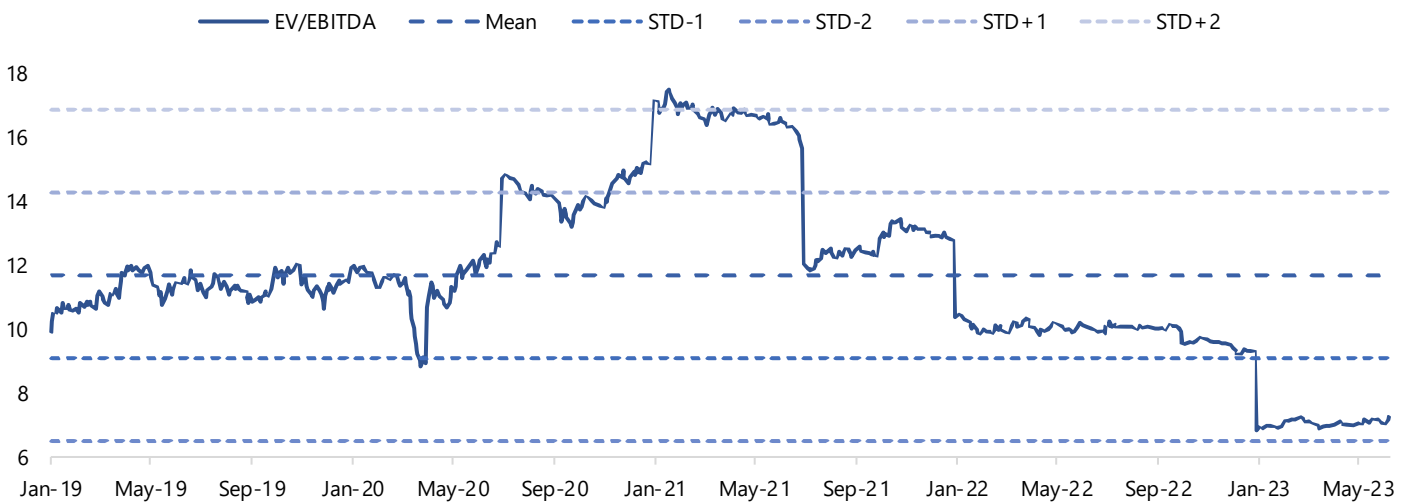
Sources : Company, MNCS

**Exhibit 07. Market Share of National Toll Roads as of 1Q23**



Sources : Company, MNCS

**Exhibit 08. JSMR is currently traded near STD-2 of 5-year EV/EBITDA**



Sources : Bloomberg, MNCS

**Exhibit 09. Financial Projections**

Income Statement						Balance Sheet					
IDR bn	2020	2021	2022	2023E	2024F	IDR bn	2020	2021	2022	2023E	2024F
<b>Revenues</b>	<b>9,587.7</b>	<b>11,776.4</b>	<b>13,782.6</b>	<b>15,545.8</b>	<b>17,763.1</b>	<b>Current Assets</b>	<b>10,706.0</b>	<b>10,361.9</b>	<b>12,487.2</b>	<b>13,027.0</b>	<b>15,025.3</b>
COGS	(4,274.9)	(5,333.6)	(6,391.6)	(7,682.8)	(8,560.4)	Cash & Cash Equivalents	4,597.2	6,279.1	8,429.1	8,729.7	10,122.3
<b>Gross Profit</b>	<b>5,312.8</b>	<b>6,442.8</b>	<b>7,390.9</b>	<b>7,863.0</b>	<b>9,202.8</b>	Account Receivable	4,418.1	2,032.3	1,340.0	1,509.9	1,723.5
Operating Expense	(888.5)	217.6	(35.1)	(1,038.5)	(400.1)	Inventories	137.7	139.4	98.6	128.2	141.0
EBIT	<b>4,424.2</b>	<b>6,660.4</b>	<b>7,355.9</b>	<b>6,824.6</b>	<b>8,802.7</b>	Others current Assets	1,552.9	1,911.1	2,619.5	2,659.1	3,038.4
<b>EBITDA</b>	<b>5,984.0</b>	<b>7,676.0</b>	<b>8,680.0</b>	<b>8,901.5</b>	<b>10,880.5</b>	<b>Non-Current Assets</b>	<b>93,380.7</b>	<b>90,881.0</b>	<b>78,652.0</b>	<b>82,141.8</b>	<b>87,441.5</b>
Interest Expense	3,647.9	4,520.4	3,885.3	4,404.5	5,219.2	Fixed Asset-net	746.2	445.6	360.7	360.6	510.9
Other	(121.6)	(126.9)	228.1	(81.2)	(2.5)	Other Non-Current Assets	92,634.4	90,435.4	78,291.3	81,781.2	86,930.6
<b>Profit Before Tax</b>	<b>654.7</b>	<b>2,013.1</b>	<b>3,698.6</b>	<b>2,338.9</b>	<b>3,581.0</b>	<b>TOTAL ASSETS</b>	<b>104,086.6</b>	<b>101,242.9</b>	<b>91,139.2</b>	<b>95,168.8</b>	<b>102,466.8</b>
Tax Expense (Benefit)	738.1	1,201.2	1,402.1	599.6	822.0	<b>Current Liabilities</b>	<b>14,928.7</b>	<b>12,014.6</b>	<b>12,143.0</b>	<b>13,143.9</b>	<b>14,325.5</b>
Net Income Before MI	(83.4)	811.9	2,296.6	1,739.3	2,759.0	Account Payable	4,075.6	5,231.2	6,602.7	7,857.1	8,667.1
Minority Interest	(542.7)	(744.0)	(423.2)	(423.2)	(423.2)	ST Debt	8,077.8	6,357.0	4,817.3	4,346.9	4,718.6
<b>Net Profit</b>	<b>459.3</b>	<b>1,556.0</b>	<b>2,719.7</b>	<b>2,162.5</b>	<b>3,182.1</b>	Other current liabilities	2,775.3	426.4	723.0	939.9	939.9
<b>Core Net Profit</b>	<b>459.3</b>	<b>(27.3)</b>	<b>474.7</b>	<b>2,162.5</b>	<b>3,182.1</b>	<b>Non-Current Liabilities</b>	<b>64,382.3</b>	<b>63,728.0</b>	<b>53,374.8</b>	<b>54,673.6</b>	<b>58,085.1</b>
EPS (full amount)	63.3	214.4	374.7	298.0	438.4	LT Debt	54,372.7	55,559.4	46,887.7	47,356.6	49,724.5
						Other Non-Current Liabilities	10,009.6	8,168.6	6,487.1	7,317.0	8,360.6
						<b>TOTAL EQUITY</b>	<b>24,775.6</b>	<b>25,500.3</b>	<b>25,621.4</b>	<b>27,351.4</b>	<b>30,056.2</b>
						<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>104,086.6</b>	<b>101,242.9</b>	<b>91,139.2</b>	<b>95,168.8</b>	<b>102,466.8</b>
Cash Flow						Ratios					
IDR bn	2020	2021	2022	2023E	2024F	IDR bn	2020	2021	2022	2023E	2024F
<b>CFO Total</b>	<b>(14,362.9)</b>	<b>1,821.0</b>	<b>3,491.7</b>	<b>5,471.6</b>	<b>5,464.2</b>	Revenue Growth (%)	(48.0)	10.7	9.3	7.9	10.5
Net Income	459.3	(27.3)	474.7	2,162.5	3,182.1	EBIT Growth (%)	(6.6)	14.8	0.7	8.3	21.9
Depr.	1,559.8	1,015.6	1,324.1	2,077.0	2,077.8	Net Profit Growth (%)	(78.3)	238.8	74.8	(20.5)	47.2
Change in Working Capital	(17,529.6)	3,539.7	2,104.6	1,054.9	583.5	Current Ratio (%)	71.7	86.2	102.8	99.1	104.9
Change in Others	1,147.6	(2,707.0)	(411.8)	177.2	(379.3)	Quick Ratio (%)	70.8	85.1	102.0	98.1	103.9
<b>CFI Total</b>	<b>(6,873.4)</b>	<b>1,484.0</b>	<b>10,904.9</b>	<b>(5,566.8)</b>	<b>(7,377.5)</b>	Receivable Days	168.2	63.0	35.5	35.5	35.4
Capex	(1,591.7)	(715.0)	(1,239.3)	(2,076.8)	(2,228.1)	Payable Days	348.0	358.0	377.1	373.3	369.6
Change in Others	(5,281.7)	2,199.0	12,144.1	(3,490.0)	(5,149.3)	Net gearing (x)	2.3	2.2	1.7	1.6	1.5
<b>CFF Total</b>	<b>21,458.3</b>	<b>(3,181.8)</b>	<b>(12,991.6)</b>	<b>395.8</b>	<b>3,305.8</b>	Debt to EBITDA (x)	9.7	7.2	5.0	4.8	4.1
Net Change in Debt	18,474.3	(534.1)	(10,211.4)	(1.6)	2,739.5	Gross Margin (%)	55.4	54.7	53.6	50.6	51.8
Equity financing	-	-	-	-	-	Operating Margin (%)	46.1	56.6	53.4	43.9	49.6
Dividend payment	(101.2)	-	-	(432.5)	(477.3)	EBITDA Margin (%)	62.4	65.2	63.0	57.3	61.3
Others	3,085.2	(2,647.7)	(2,780.2)	829.9	1,043.6	Net Margin (%)	4.8	13.2	19.7	13.9	17.9
<b>Net Cash Increase</b>	<b>255.6</b>	<b>1,681.9</b>	<b>2,150.0</b>	<b>300.6</b>	<b>1,392.5</b>	ROA (%)	0.4	1.5	3.0	2.3	3.1
<b>Closing Balance</b>	<b>4,597.2</b>	<b>6,279.1</b>	<b>8,429.1</b>	<b>8,729.7</b>	<b>10,122.3</b>	ROE (%)	1.9	6.1	10.6	7.9	10.6

Sources : Company, MNCS

### 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

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