

Buy

(Reinitiated)

Last Price (Rp)	5,475
Target Price (Rp)	6,500
Previous Target Price (Rp)	5,100
Upside/Downside	+18.7%
No. of Shares (mn)	7,258
Mkt Cap (Rpbn/US\$mn)	38,737/2,495
Avg, Daily T/O (Rpbn/US\$mn)	36.0/2.3
Free Float (%)	30.0
Major Shareholder (%)	
Government	70.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	548.5 585.4 615.5
Consensus	431.6 506.4 566.4
BRIDS/Cons (%)	27.1 15.6 8.7

JSMR relative to JCI Index



Source: Bloomberg

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Jasa Marga (JSMR II)

Reinitiate with Buy rating; Attractive FY24-25 28%-33% EPS growth from deleveraging and tariff hikes

- We forecast FY24-25F revenue to grow by 11%-24%, driven by new toll roads' traffic acceleration and impact of special tariff hike (18%-35%).
- We expect JTT divestment proceeds to be used for deleveraging, while capex will also be moderating at Rp6tr-7.3tr (vs Rp23tr-46tr in FY17-23).
- We estimate attractive 28%-33% core EPS growth with upsides from lower rates, thus, we reinitiate with a BUY rating and a TP of Rp 6,500.

Revenue growth from special tariff adjustment in FY23-24

In FY23-24, PUPR granted JSMR to increase tariff above the normal rate (~7%) for several toll roads, namely Jakarta-Cikampek, Balikpapan-Samarinda, Semarang-Solo (+17%-35%). Despite the higher price increases, traffic in Jakarta-Cikampek toll road still grew by -5%/+2% qoq in 1Q24/2Q24, and revenue grew by -2%/+49% qoq. In addition, we expect JSMR's FY25F revenue to be boosted by tariff adjustments for Jakarta-Tangerang and Jakarta Intra Urban Tollroad (Tol Dalam Kota), which represents ~33% of JSMR's total volume and contributes ~20% to its total revenue. As such, we expect FY24F/FY25F toll road revenue to grow by 24%/11%, contributed by 3%/4% volume growth. We expect 2%/3% traffic vol growth from mature toll roads (vs 4% in 2023), while we expect a 12% traffic growth for the new toll roads for FY24F-FY25F (vs 16% in FY23).

Deleveraging from JTT proceed; moderating capex cycle in FY24F/FY25F

We expect the JTT divestment proceed to be utilized for deleveraging, which we expect could ease JSMR's net DER to 1.4x/1.3x in FY24F/FY25F (vs 1.7x-2.4x in last 5 years). As not many of the new toll road projects will commence in FY24F/FY25F, we expect capex of Rp 7.3tr/Rp 6tr in FY24F/FY25F (vs. 2023 level at ~Rp 46tr and FY17-19 average of Rp 23tr), mostly for four Java toll roads with a total concession of 120km. We expect the capex cycle to resume from FY26F, given the robust ~348km new toll roads in the pipeline.

Reinitiate with a BUY rating and a TP of Rp 6,500 on higher tariff thesis

We reinitiate JSMR with a **Buy** rating and a DCF-based TP of **Rp 6,500** (implying 8x FY25 EV/ EBITDA) based on our expectation of attractive core net profit growth of 28%/33% yoy in FY24F/FY25F, driven by tariff adjustment and the impact of deleveraging. We expect ROA to reach ~3% in FY24F-26F, surpassing FY17-19 average of 2.7%, despite the doubling concession. JSMR currently trades at -1 std dev 7-years mean, and has not priced in better ROA, net DER, or EBITDAM vs FY17-18, where JSMR is traded at >12x EV/EBITDA. Downside risks: 1) Failure to increase tariffs on major toll roads; 2) Slower traffic growth on new Transjava toll roads.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	13,783	15,566	18,761	20,452	21,939
EBITDA (Rpbn)	8,302	9,584	11,525	12,381	13,201
EBITDA Growth (%)	12.0	15.4	20.3	7.4	6.6
Net Profit (Rpbn)	2,745	6,783	3,981	4,248	4,467
EPS (Rp)	378.3	934.5	548.5	585.4	615.5
EPS Growth (%)	70.0	147.1	(41.3)	6.7	5.2
BVPS (Rp)	3,021.0	3,842.9	5,461.0	5,936.6	6,435.1
DPS (Rp)	0.0	76.5	35.1	109.7	117.1
PER (x)	14.5	5.9	10.0	9.4	8.9
PBV (x)	1.8	1.4	1.0	0.9	0.9
Dividen yield (%)	0.0	1.4	0.6	2.0	2.1
EV/EBITDA	9.9	10.9	8.0	7.4	6.9

Source: JSMR, BRIDS Estimate

See important disclosure at the back of this report

Reinitiate with BUY rating, expecting 28%-31% EPS growth from deleveraging and tariff adjustment

Special tariff improvement should lead to stronger revenue

According to Law No 38/2004, which regulates Indonesian Toll Road Authority (BPJT) as the regulator (from previously JSMR itself) and toll tariffs formula, toll road tariffs in Indonesia are calculated based on users' ability to pay, vehicle cost savings, and the feasibility of investment (estimated investment cost and projected revenue during the concession). Meanwhile, toll road tariffs are adjusted bi-annually, based on the two-year cumulative regional inflation rate. Thus far, JSMR has delivered tariff increases in accordance with this law, with the exception of during pandemic in 2020, though this was backloaded later in FY21 (4%-55%). However, in FY23-24, PUPR granted JSMR the ability to increase tariffs above the usual rate (~7%), applicable for several toll roads such as Balikpapan-Samarinda (+17% in 2Q23), Semarang-Solo (+23% in 3Q23), and Jakarta-Cikampek (+35% for both elevated and non-elevated in 1Q24).

Exhibit 1. Special Tariff Adjustment for JSMR in 2023-24

Period	Toll road	tariff increase (%)
2Q23	Balikpapan - Samarinda	16.70
2Q23	Gempol - Pasuruan	16.80
2Q23	Solo - Ngawi	24.98
2Q23	Surabaya - Gempol	12.30
3Q23	Semarang - Batang	29.50
3Q23	Semarang - Solo	23.00
1Q24	Jakarta - Cikampek	35.00
3Q24	Surabaya Mojokerto	10.16

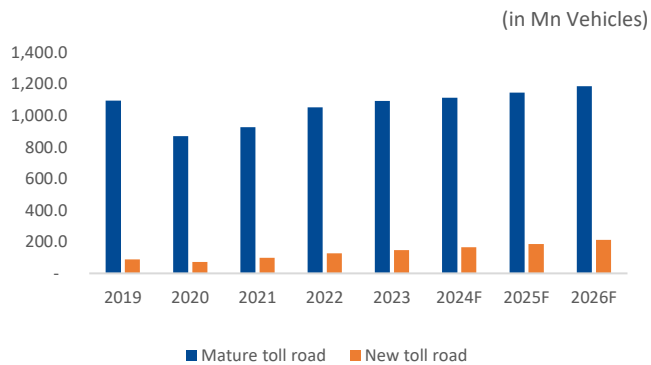
Source: Company, BRIDS

While the tariff increases on toll roads, such as the Jakarta-Cikampek, might affect traffic growth in the short term, we believe these increases will lead to a positive revenue impact that outweighs any decline in traffic volume. For instance, following a significant 35% tariff hike for the Jakarta-Cikampek toll road in early Mar24 (1Q24), traffic growth was observed at -5% qoq in 1Q24 and +2% qoq in 2Q24. Meanwhile, revenue growth reached -2% qoq in 1Q24 and soared to +49% qoq in 2Q24, indicating that the tariff increase had a greater impact on revenue than on traffic volume. Although some might attribute this to the Mudik period, we believe this is not the case (see our further analysis on page 3). This trend aligns with JSMR's performance, where the 5-year CAGR for traffic volume (FY18-23) grew by only 0.5%, while revenue expanded by 9% (with a 4% increase in revenue per km), demonstrating that tariff hikes boost revenue in the long term despite any short-term setbacks in traffic.

As JSMR continues to benefit from the revenue momentum driven by the special rate hike since 2Q23, further growth is anticipated from another tariff adjustment on major toll roads, specifically the Jakarta-Tangerang and Jakarta Intra Urban Tollroad (Tol Dalam Kota). These routes account for approximately 33% of JSMR's total volume and contribute around 20% of its total revenue. While the upcoming tariff increases will adhere to the usual bi-annual adjustment of 6%-7%, we believe their substantial impact on traffic and revenue, combined with the essential role these toll roads play in connecting the Jabodetabek areas, will significantly enhance JSMR's earnings without notably affecting traffic growth. The tariff adjustment is planned for the end of FY24, with the full revenue impact expected to manifest by FY25F.

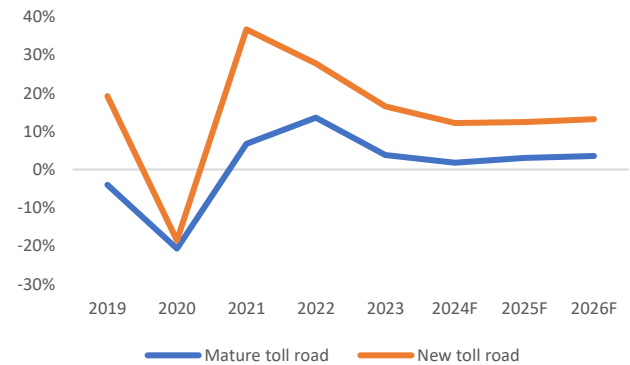
As such, we expect toll road revenue to improve by 24%/11% in FY24F/FY25F, contributed by 3%/4% volume growth. We expect 2%/3% traffic vol growth from mature toll road (vs 4% in 2023), while we expect 12% traffic growth on new toll roads for FY24F-FY25F (vs 16% in FY23).

Exhibit 2. Mature and New Toll Road Traffic Trend



Source: Company, BRIDS estimate

Exhibit 3. Mature and New Toll Road Traffic Growth



Source: Company, BRIDS estimate

Exhibit 4. Historical and Estimation of JSMR Traffic Vol & Revenue

	2017	2018	2019	2020	2021	2022	2023	CAGR 5Y	2024F	2025F
Traffic vol (in mn vehicle)	1,292	1,215	1,183	940	1,025	1,178	1,239	0.4%	1,278	1,332
% growth		-6%	-3%	-21%	9%	15%	5%		3%	4%
Revenue (Rp bn)	8,281	9,036	10,131	8,763	10,786	12,444	13,948	9.1%	17,306	19,143
% growth		9%	12%	-14%	23%	15%	12%		24%	11%
km operated	681	1,000	1,162	1,191	1,246	1,260	1,264		1,267	1,267
Rp'000/km	12.2	9.0	8.7	7.4	8.7	9.9	11.0	4.1%	13.7	15.1
% growth		-26%	-4%	-16%	18%	14%	12%		24%	11%

Source: Company, BRIDS Estimates

Robust economics for tollroad

To further assess how tariffs could affect traffic growth, we conducted a comparison of travel times and costs for driving from one point to another using both non-toll and toll roads. We specifically focused on toll roads with significant tariff adjustments, which are often relatively new with low to medium traffic loads.

Exhibit 5. Comparison of Routes Using Toll Road and Non-Toll Road

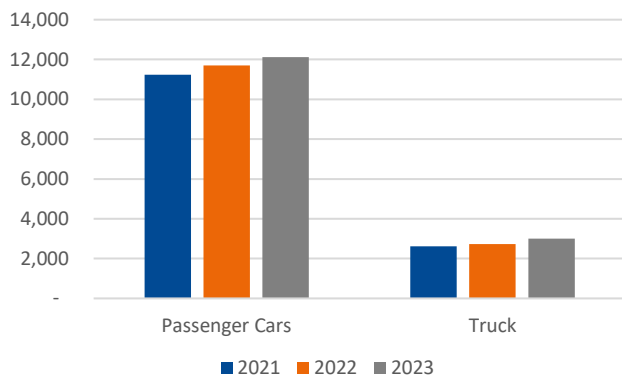
Keraton Surakarta Hadiningrat - Alun Alun Ngawi (using Solo-Ngawi toll road)					
(Duration: 85 mins.)	Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Fuel	12,950	10	86	8.6	111,370
Toll fare					93,500
TOTAL					204,870
Keraton Surakarta Hadiningrat - Alun Alun Ngawi (using non-toll road)					
(Duration: 130 mins.)	Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Fuel	12,950	10	85	8.5	110,075
TOTAL					110,075
Hutan Kota Telaga Sari Balikpapan - Taman Samarendah (using Balikpapan - Samarinda toll road)					
(Duration: 130 mins.)	Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Fuel	12,950	10	117	11.7	151,515
Toll fare					120,500
TOTAL					272,015
Hutan Kota Telaga Sari Balikpapan - Taman Samarendah (using non-toll road)					
(Duration: 180 mins.)	Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Fuel	12,950	10	122	12.2	157,990
TOTAL					157,990
Alun Alun Ambarawa- Alun Alun Batang (using Semarang - Batang toll road)					
(Duration: 100 mins.)	Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Fuel	12,950	10	118	11.8	152,810
Toll fare					134,500
TOTAL					287,310
Alun Alun Ambarawa- Alun Alun Batang (using non-toll road)					
(Duration: 195 mins.)	Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Fuel	12,950	10	120	12.0	155,400
TOTAL					155,400

Source: Google Maps, BRIDS

In summary, we found that although the distance between toll roads and non-toll roads is almost similar, there is a significant difference in time and cost. For instance, traveling from Alun-Alun Ambarawa to Alun-Alun Batang takes 95% longer without using the toll road, but costs 46% less due to the premium toll tariffs (Semarang-Batang). On average, using the toll road reduces travel time by 37%, but increases costs by 81% due to toll fees.

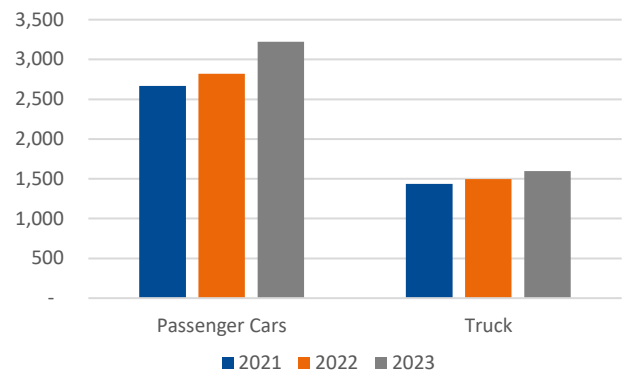
Based on this pattern, we conclude that new toll roads are more suitable for passenger vehicles, particularly for those prioritizing shorter travel times, compared to commercial vehicles, which are more sensitive to price changes. This may limit the upside of traffic growth; however, in the long term, congestion on non-toll roads may drive users to migrate to toll roads as the total costs between them converge. This also explains the increased toll traffic during the Mudik period, separate from overall traffic spikes. Additionally, we observe that passenger car ownership in Java, Sumatra, and Kalimantan has grown by 21%, 8%, and 18% from 2021 to 2023, respectively, while truck ownership increased by 11%, 15%, and 15%, respectively. This indicates rising congestion in the future, suggesting that the availability of alternative routes, like toll roads, could be a viable solution.

Exhibit 6. Vehicle Growth in Java ('000 units)



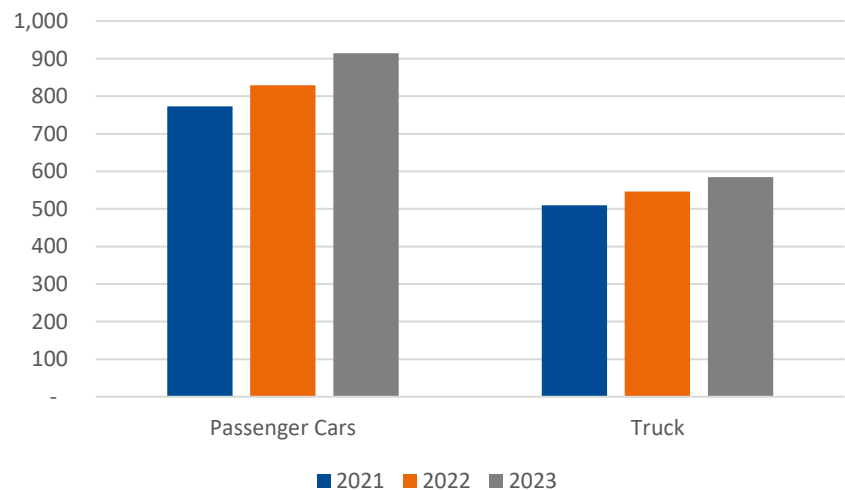
Source: BPS

Exhibit 7. Vehicle Growth in Sumatra ('000 units)



Source: BPS

Exhibit 8. Vehicle Growth in Kalimantan ('000 units)



Source: BPS

Meanwhile, observing that Jakarta-Cikampek traffic remained relatively unaffected by the steep tariff increase, we also compared multiple toll roads experiencing special rate adjustments in 2023-24. Our aim was to determine whether tariff increases could significantly impact traffic volume, addressing concerns raised by some investors.

Exhibit 9. Traffic on Toll Road with Special Tariff Increases

Period	Toll road	tariff increase (%)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	2Q24 traffic vs traffic on first hike	Q+1 traffic vs traffic on first hike
2Q23	Balikpapan - Samarinda	16.70	0.90	0.97	0.96	1.04	0.92	1.05	8.2%	-1.0%
2Q23	Gempol - Pasuruan	16.80	0.70	0.73	0.78	0.90	0.69	0.74	1.4%	6.8%
2Q23	Solo - Ngawi	24.98	2.58	3.15	3.22	3.16	2.68	3.43	8.9%	2.2%
2Q23	Surabaya - Gempol	12.30	24.91	25.43	26.37	26.51	24.63	25.60	0.7%	3.7%
3Q23	Semarang - Batang	29.50	2.45	2.71	2.84	2.95	2.46	2.69	-5.3%	3.9%
3Q23	Semarang - Solo	23.00	4.18	4.80	4.31	4.48	3.86	4.57	6.0%	3.9%
1Q24	Jakarta - Cikampek	35.00	40.65	40.94	42.02	42.35	40.23	40.97	1.8%	1.8%

**blue mark indicate quarter of tariff hike*

Source: Company, BRIDS

In summary, most toll roads were relatively unaffected by the 12%-35% tariff adjustments. The Balikpapan-Samarinda toll road saw an initial impact after a 17% hike but still achieved robust traffic growth of 8% yoy, bolstered by the presence of IKN. We believe this route will continue to have significant growth potential. Conversely, the Semarang-Batang toll road experienced a 5% traffic decline in 2Q24 compared to 3Q23, possibly due to Batang's industrial status, leading commercial vehicles to opt for the Pantura route because of its cheaper total costs. It is important to note that commercial vehicles benefit from subsidized fuel, with subsidized diesel priced at Rp 6,800, 47% lower than Pertamina 92. Hence, nominal costs are more critical for these vehicles than relative cost differences.

To extend our analysis, we investigated whether the Whoosh rail project will pose a threat to Jakarta-Cikampek traffic growth. This is especially concerning for the future cash flow of the MBZ (Jakarta-Cikampek Elevated) toll road, given its relatively recent opening in FY19.

Exhibit 10. Whoosh vs Drive by Yourself for Jakarta-Bandung Route

From Kelapa Gading, Jakarta to Bandung Station						
Whoosh		Drive by Yourself (4W)				
		Pertamax 92 Price	km/litre	Distance (km)	Litre consumed	Total cost
Transport to Halim (2W)	52,500	Fuel	12,950	10	148	15
Whoosh Ticket	250,000	Toll fare				92,500
Padalarang - Bandung	-					
TOTAL	302,500	TOTAL				284,160

Source: Google Maps, KCIC, BRIDS

In conclusion, while the Whoosh rail service offers practicality and a short travel time to Bandung (approximately 30 minutes), cost concerns may limit its appeal. It serves as a viable alternative for business travelers or solo passengers, costing only about 6% more than driving a car. However, for groups of more than one traveler, Whoosh becomes less economical. Additionally, Bandung's transportation system is not as extensive as Jakarta's, making driving the preferable option for some. Furthermore, travelers must account for waiting times associated with Whoosh, including the need to use additional transportation and arrive early at the station, which can increase total travel time.

Referring to Exhibit 3, since Whoosh commenced operations in 3Q23, traffic on the Jakarta-Cikampek toll road continued to grow, with increases of +2.6% qoq/+0.1% yoy in 3Q23 and +0.7% qoq/+2.1% yoy in 4Q23. The weaker traffic observed in 1Q24 was attributed to the off-season period, as the second half of the year typically sees more traffic due to the school holiday at the beginning and the year-end holiday at the end. Furthermore, MBZ revenue in 3Q23 and 4Q23 still saw growth of -0.4% and +5% yoy, respectively.

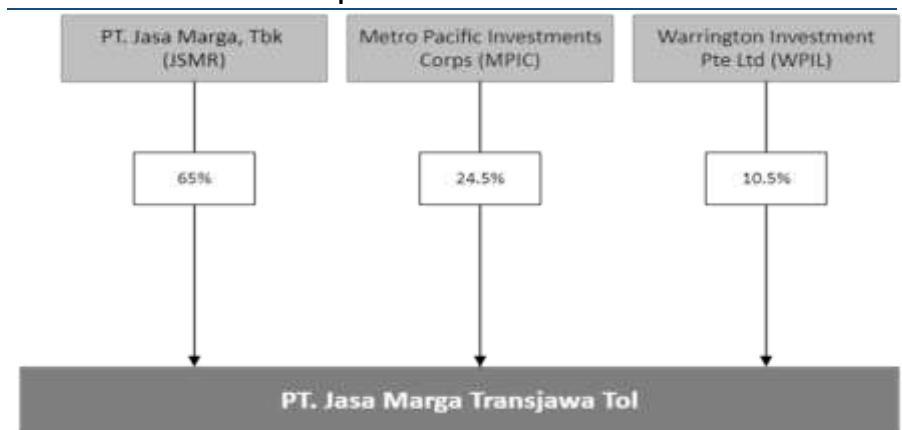
Therefore, we believe the impact of Whoosh on both Jakarta-Cikampek and MBZ will be limited. It is important to note that this route is heavily used by commercial passengers, who are unlikely to switch to alternatives except for non-toll roads. We expect a 1%-1.5% yoy traffic growth for the Jakarta-Cikampek toll road, driven primarily by its status as a mature toll road.

JTT stake divestment: JSMR sold 35% stake with 2x PBV

On June 28th, 2024, the Salim Group, through Metro Pacific Investment Corp (MPIC), and GIC, via Warrington Investment Pte Ltd (WPIL), acquired stakes of 24.5% and 10.5%, respectively, in Jasamarga Transjawa Tol (JTT), which is 99% owned by JSMR. JTT is a JSMR subsidiary, which comprises of 12 Trans Java toll roads that include both mature and new roads. Formed in FY22 to facilitate the spin-off of several JSMR toll roads, JTT initially planned to launch its own IPO. However, its strategy shifted to seeking new investment partners.

The transaction is valued at 2x PBV, with JSMR expected to receive ~Rp 15.7tr cash, record a gain in non-comprehensive income (recorded under equity rather than P&L, as JSMR remains as the controlling entity) of around Rp8tr, and reduce JSMR stake in JTT to 65%. As a result of this transaction, we expect 2%/5% lower EPS due to larger minority interest, as JTT structure also includes Jakarta-Cikampek and Surabaya-Gempol, two mature tollroads that are major contributors to JSMR revenue (~ 17% of JSMR toll revenue).

Exhibit 11. JTT New Ownership Structure



Source: MPIC

Deleveraging from JTT proceed; moderating capex cycle in FY24F/FY25F

We expect the proceed be used by JSMR to deleverage, which we expect to ease JSMR's net DER ratio to 1.4x/1.3x in FY24F/FY25F (vs 1.7x-2.4x in last 5 years). Deleveraging will be beneficial for JSMR, especially given the expectation of lower interest rate in the future, as every 25 bps lower lending cost translates to 3% higher EPS.

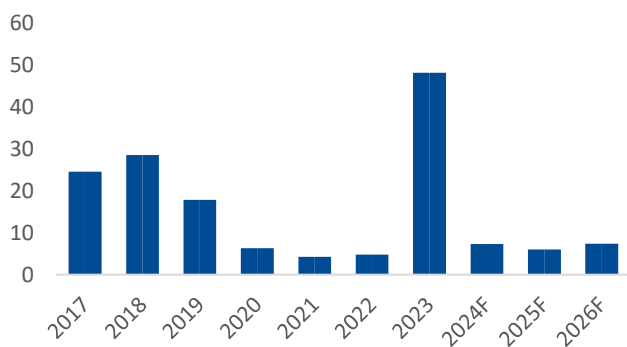
With a few new toll roads expected to commence in FY24F and FY25F, we anticipate capital expenditures of Rp 7.3tr and Rp 6tr, respectively. These figures are significantly lower than the 2023 level of approximately Rp 46tr or the 2017-19 average of Rp 23tr. The capital expenditures will mainly fund four toll roads: Probolinggo-Banyuwangi, South Japek, Jogja Bawean, and Jogja-Solo, totaling 120km in concessions. We expect the capex cycle to increase from 2026F, driven by JSMR's robust pipeline of about 348km in Java. Although leverage levels may rise from 2026F, we believe they will not reach previous cycle peaks, as JSMR plans to add concessions at roughly half the size of the previous cycle, during which about 600 km were added during the peak from FY16-21.

Exhibit 12. Awarded Tollroad Pipeline 2024-Onwards

	Section	Length (Km)
2024 (+/- 54 km)	Jakarta-Cikampek II South (Section III)	31.25
	Jogja-Solo (Section 1A)	22.30
2025 (+/- 67 km)	Probolinggo-Banyuwangi (Phase 1)	49.68
	Jogja-Bawen (Section 1 & 6)	13.78
	Jogja-Solo (Section 2.2B)	3.25
2026+ (+/- 351 km)	Jakarta-Cikampek II South (Section I-II)	30.80
	Bogor Ring Road (Section IIIB)	1.01
	Probolinggo-Banyuwangi (I-III)	126.22
	Ngawi-Kertosono (Section V)	20.30
	Jogja-Bawen	61.34
	Jogja-Solo	71.02
	Akses Patimban	37.05

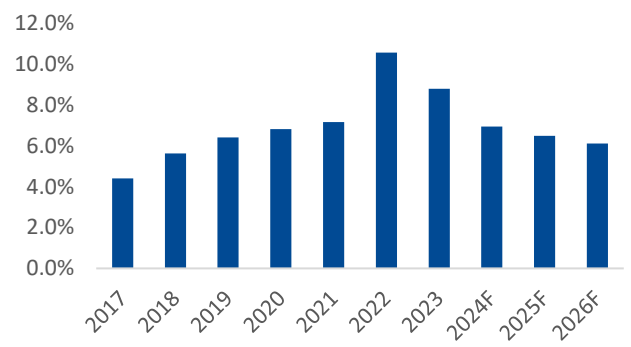
Source: Company

Exhibit 13. Capex Trend (Rp tn)



Source: Company, BRIDS Estimates

Exhibit 14. Cost of Debt Trend



Source: Company, BRIDS Estimates

Reinitiate with BUY rating and TP of Rp 6,500. Special rate tariff adjustment and deleveraging should be accretive for earnings

We reinitiate JSMR with a **Buy** rating on attractive 28-33% core EPS growth, with further upside from deleveraging and lower interest rates, amid its peak capex cycle in FY23. Our TP is **Rp 6,500** (implying 8x FY25E EV/ EBITDA), which we derived based on the DCF method, with a risk-free rate of 6.8%, WACC of 11.3%, and a 2% terminal growth. JSMR currently trades at its -1 std dev of 7-years mean. We believe that JSMR's peak capex and EPS growth upside from deleveraging and lower rates is yet to be fully priced in. At current valuation, JSMR is expected to have a net DER of 1.1x-1.2x, EBITDAM of 60%-61% and ROAA of ~3%, vs 2017-18 when JSMR was traded at >12x EV/EBITDA with a net DER of 1.3x, EBITDAM of 55%-59%, and ROAA of 2.7%-2.8%

We forecast FY24/25F a revenue growth of 24%/11% yoy and EBITDA margin to reach 61.4%/60.5%, which translates to EBITDA growth of 20%/7% yoy and core net profit growth of 28%/33% yoy (excluding divestment gain, one-off tax adjustment). Our net profit estimate is 23%/11% higher than consensus, as we think consensus has not included a one-off tax reversal of ~Rp600b in 1H24. Meanwhile, we expect lower net debt compared to consensus for FY25F, as we see JSMR has room to deleverage, leading us to expect a 10% higher net profit estimate.

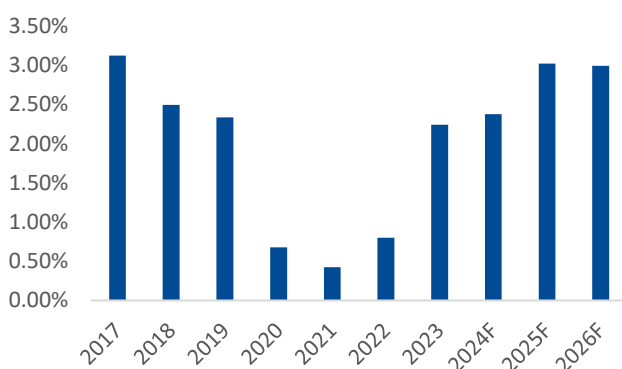
We believe that the special tariff adjustments in FY23-24 will continue to be key drivers for JSMR's revenue, particularly in FY24F and FY25F. Additionally, we anticipate that the tariff adjustments of approximately 6-7% on the Jakarta Intraurban Tollroad (Tol Dalam Kota) and Jakarta-Tangerang routes will further boost earnings in FY25F. We expect the demand for these routes to remain relatively inelastic, given their role as essential corridors in the Jabodetabek area. Consequently, we project JSMR's ROA to reach approximately 3% in FY24F-26F, surpassing the FY17-19 average of 2.7%, even though the size of the concessions has doubled since FY17. This demonstrates JSMR's successful monetization of its new toll roads, with revenue contributions growing from about 9% in FY17 to approximately 31% in FY23, and we expect this to increase to around 35% by FY30F.

Exhibit 15. JSMR BRIDS Estimates vs Consensus

Rpbn	Ours			Consensus			% Diff ours vs cons.		
	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F	FY24F	FY25F	FY26F
Revenue	18,761	20,452	21,939	18,001	19,628	21,530	4%	4%	2%
Gross profit	10,950	11,883	12,647	10,311	11,183	12,268	6%	6%	3%
EBIT	8,559	9,229	9,829	8,352	8,993	9,924	2%	3%	-1%
EBITDA	11,525	12,381	13,201	11,180	12,258	13,605	3%	1%	-3%
Net profit	3,981	4,248	4,467	3,240	3,822	4,368	23%	11%	2%
Core profit	3,160	4,206	4,401						
Gross Margin	58.4%	58.1%	57.6%	57.3%	57.0%	57.0%			
EBIT Margin	45.6%	45.1%	44.8%	46.4%	45.8%	46.1%			
EBITDA Margin	61.4%	60.5%	60.2%	62.1%	62.5%	63.2%			
Net Margin	21.2%	20.8%	20.4%	18.0%	19.5%	20.3%			

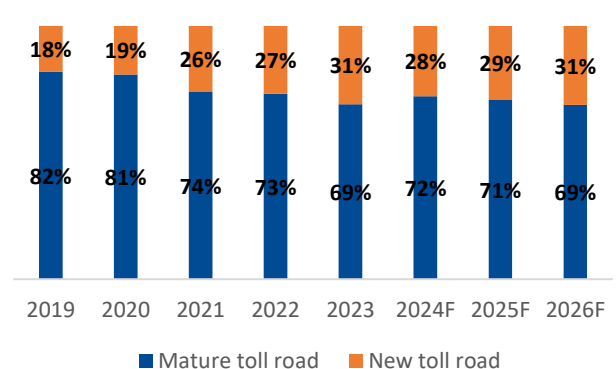
Source: BRIDS Estimate, Bloomberg

Exhibit 16. ROA Trend



Source: Company, BRIDS Estimates

Exhibit 17. Mature & New Toll Road Revenue Mix



Source: Company, BRIDS Estimates

Furthermore, we forecast capex cycle to decrease to ~Rp 6-7tr/year in FY24F/FY25F, while we also see JSMR has room to deleverage from JTT sale proceed. In long-term, we believe the capex cycle and leverage are less likely to return to FY17-23 levels (~Rp 23-46t capex with 1.7-2.4x net DER), despite the pipeline of future toll roads, as the size of expected concession in coming years (~348 km) is almost half to last peak cycle (~600km).

Currently, local mutual fund has an overweight position on JSMR, and this has been increasing since Dec23, while foreign mutual fund presence is relatively muted. We think foreign inflow could become a new catalyst for JSMR to rerate, especially due to the anticipated benefits from a rate cut.

Downside risks to our view: 1) Inability to increase tariff on major toll roads; 2) Slower traffic growth on new Transjava toll roads.

Exhibit 18. DCF Valuation on JSMR

		2025	2026	2027	2028	2029	2030	2031	2032
		-	1	2	3	4	5	6	7
EBIT * (1-tax)	+	6,922	7,371	8,050	8,531	9,276	9,809	10,659	11,268
Depreciation	+	3,152	3,373	3,551	3,736	3,920	4,107	4,183	4,261
Change in working capital	+	(869)	(1,816)	(1,670)	(1,822)	(2,687)	(1,308)	(1,538)	(1,203)
Capex	-	6,020	7,397	5,200	6,200	7,200	7,200	200	200
Minority interest	-	286	493	668	852	983	1,094	1,201	1,297
FCFF		2,898	1,038	4,063	3,392	2,326	4,313	11,903	12,829
Discount factor		1.00	1.11	1.24	1.38	1.53	1.71	1.90	2.12
Present value of FCFF		2,898	932	3,280	2,460	1,516	2,526	6,262	6,064
Terminal value									153,552
PV of terminal value									72,581
NPV	Rp bn		98,520						
Net debt (as of end 2022)	Rp bn		51,422						
Equity value	Rp bn		47,098						
Outstanding shares	bn sh		7.3						
Target price	Rp/sh		6,500						

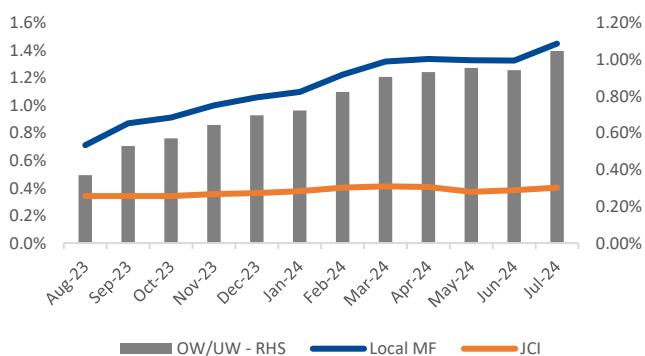
Source: BRIDS Estimates

Exhibit 19. Price Sensitivity Table

		WACC				
		9%	10%	11%	12%	13%
Terminal growth	1.0%	10,000	7,800	6,000	4,500	3,300
	1.5%	10,900	8,400	6,500	4,900	3,600
	2.0%	11,900	9,200	7,000	5,300	4,000
	2.5%	13,100	10,000	7,600	5,800	4,300
	3.0%	14,400	10,900	8,300	6,300	4,800

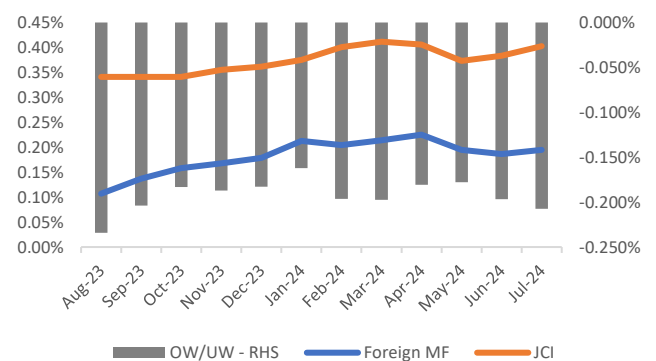
Source: BRIDS Estimates

Exhibit 20. Local Fund Positioning



Source: KSEI, BRIDS

Exhibit 21. Foreign Fund Positioning



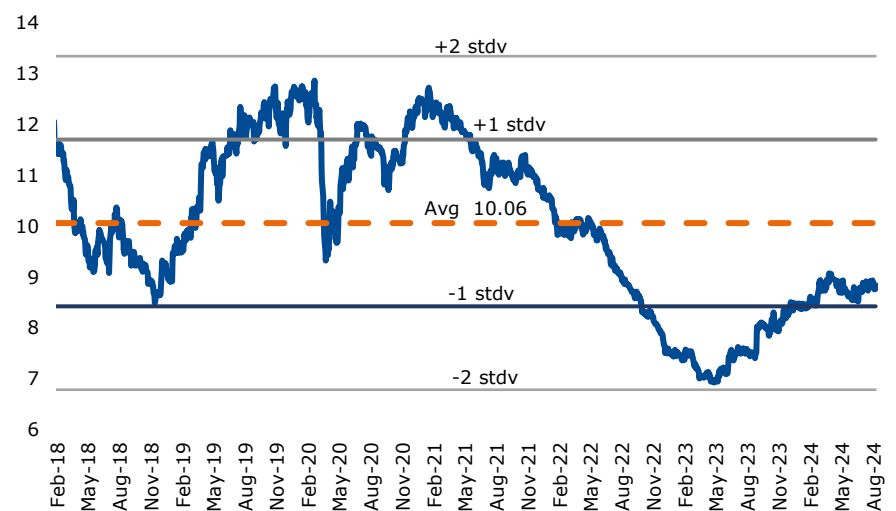
Source: KSEI, BRIDS

Exhibit 22. Peers Comparison

Date	9-Aug-24	Company	Mkt. Cap (IDR Bn)	2023	P/E 24F	25F	2023	EV/EBITDA 24F	25F	2023	ROA 24F	25F	2023	ROE 24F	25F
Indonesia (IDR bn)	Indonesia														
JSMR IJ	JSMR IJ Equity	JASA MARGA (PERSERO) TBK PT	39,736.8	5.9	10.0	9.4	10.9	8.0	7.4	6.15	3.0	3.1	27.2	11.8	10.3
CMNP IJ	CMNP IJ Equity	CITRA MARGA NUSAPHALA PER PT	8,074.2	8.9	7.3	-	8.2	7.2	-	5.1	-	-	9.3	-	-
Asia Pacific (USD)	Asia Pacific														
ALX AU	ALX AU Equity	ATLAS ARTERIA	77,028.8	28.6	13.0	12.2	6.4	11.6	11.6	11.0	11.7	12.3	6.0	9.2	(1.8)
1052 HK	1052 HK Equity	YUEXIU TRANSPORT INFRASTRUCT	11,857.1	8.2	6.9	6.3	6.9	7.2	6.8	2.6	1.9	2.0	7.8	5.6	6.5
576 HK	576 HK Equity	ZHEJIANG EXPRESSWAY CO-H	63,648.5	4.9	5.4	5.1	4.4	4.1	4.3	2.7	2.6	2.9	12.0	9.7	9.6
BEM TB	BEM TB Equity	BANGKOK EXPRESSWAY & METRO P	52,498.0	32.6	30.9	27.4	21.3	20.4	18.7	3.0	3.3	3.5	8.9	9.8	10.3
995 HK	995 HK Equity	ANHUI EXPRESSWAY CO LTD-H	47,664.7	8.9	8.2	7.5	7.0	6.9	6.3	7.6	7.6	7.1	14.0	13.7	14.1
AVERAGE				14.0	11.7	11.3	9.3	9.3	9.2	5.5	5.0	5.2	12.2	10.0	8.1

Source: Bloomberg, BRIDS Estimates

Exhibit 23. Historical EV/EBITDA



Source: Bloomberg, BRIDS Estimates

Company Profile

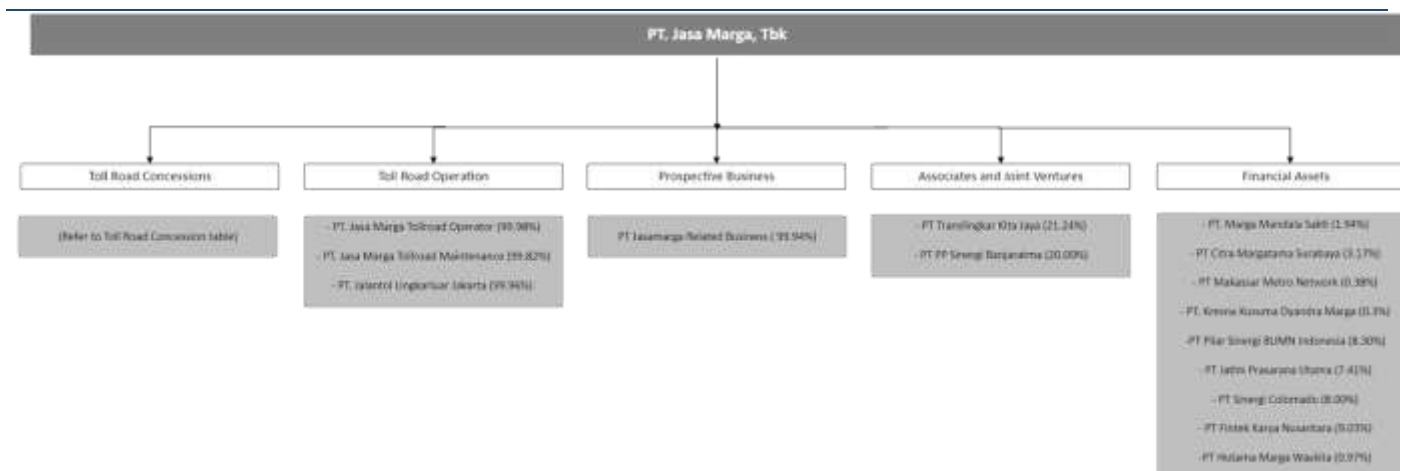
Largest toll road developer and operator

Jasa Marga (JSMR), established in 1978, is Indonesia's pioneer and largest toll road developer and operator, holding a 50% market share of the nation's commercial toll roads. The Indonesian Government owns 70% of JSMR's shares. The company oversees 36 toll road concessions, covering approximately 1,736 kilometers, primarily on Java Island including Jabodetabek.

In 1978, JSMR started operating the first toll road in Indonesia, which is Jakarta-Bogor-Ciawi (Jagorawi). In 2007, JSMR went public, and listed on the Indonesia Stock Exchange. In 2017, 100% of toll road payment had been changed to electronic payment. In 2022, JSMR spin off Transjawa Tollroad Regional Division to become PT Jasamarga Transjawa Tollroad (JTT) as a sub holding.

JSMR's main activities include the construction, operation, and maintenance of toll roads. One of JSMR subsidiaries, Jasamarga Tollroad Operators (JMTO) operate 106km toll roads on behalf of third party, such as Medan-Binjai (owned by Hutama Karya) and Bogor-Ciawi-Sukabumi (owned by Bakrie Toll Road). Additionally, the company engages in property management, operates rest areas, and provides operational and maintenance services for both JSMR and other toll road investors

Exhibit 24. JSMR & Subsidiaries Structure

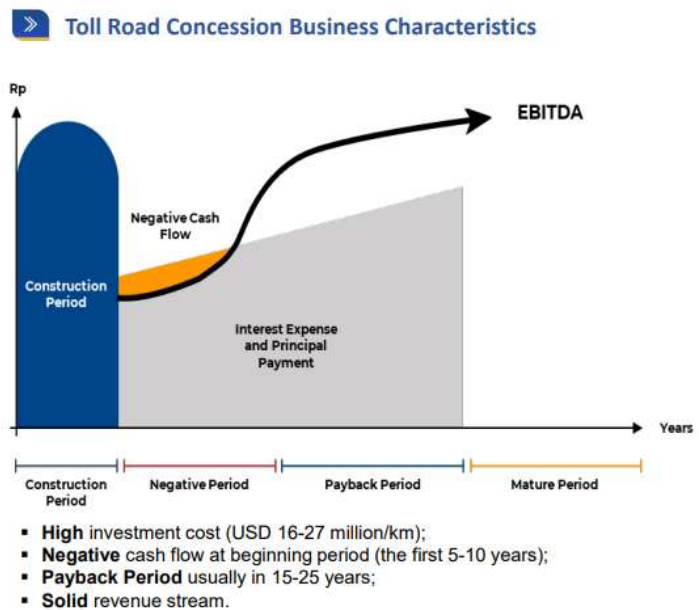


Source: Company

Exhibit 25. JSMR's Toll Road Concessions & JVs

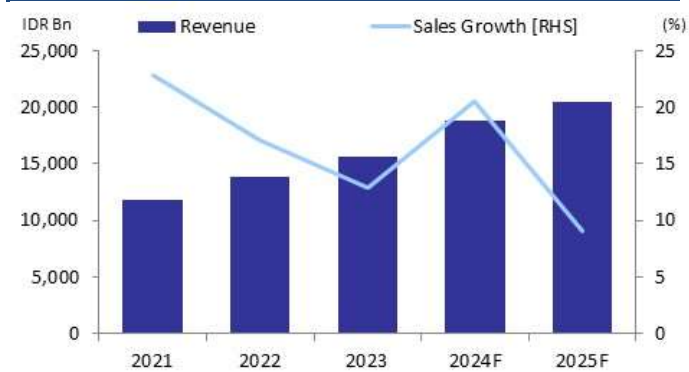
Concessions	Length (Km)	% Ownership	Concessions	Length (Km)	% Ownership
Jakarta Bogor-Ciawi (Jagorawi)	59.0	21.2	Medan-Kualanamu-Tebing Tinggi	61.7	55.0
Jakarta-Tangerang	33.0	100.0	*Solo-Ngawi	90.4	42.6
Prof Dr. Ir Sedyatmo	14.3	100.0	*Ngawi-Kertosono-Kediri	114.9	59.6
Cawang-Tomang-Pluit	23.6	100.0	Cinere-Serpong	10.1	55.0
Padalarang-Cileunyi (Padaleunyi)	64.4	100.0	Jakarta-Cikampek (Japek)	83.0	99.0
Cikampek-Padalarang (Cipularang)	58.5	100.0	*Semarang A, B, C	24.8	100.0
Belawan-Medan-Tanjung Morawa (Belmera)	42.7	100.0	*Surabaya-Gempol (Surgem)	48.8	100.0
Jakarta Outer Ring ROAD (JORR) seksi E1,E2,E3,W2S	28.3	55.0	*Palimanan-Kanci (Palikanci)	26.3	100.0
Ulujami-Pondok Aren	5.6	51.0	*Batang-Semarang	75.0	44.2
JORR W2 Utara	7.9	51.0	Balikpapan-Samarinda	97.3	67.4
Bogor Outer Ring Road (BORR)	11.3	55.0	Manado-Bitung	39.9	65.0
Cengkareng-Batupeper-Kunciran	14.2	78.7	*Pandaan-Malang	38.5	51.0
Kunciran-Serpong	11.1	60.0	*Jalan Layang Sheikh Mohammed Bin Zayed (MBZ)	38.0	40.0
*Semarang-Solo	72.6	50.9	Probolinggo-Banyuwangi	172.9	95.0
*Surabaya-Mojokerto	36.3	55.5	Jakarta-Cikampek II Selatan	64.0	91.0
*Gempol-Pasuruan	34.2	99.4	Yogyakarta-Bawen	75.8	68.7
*Gempol-Pandaan	13.6	40.0	Solo-Yogyakarta-NYIA Kuloprogo	96.6	52.8
Nusa Dua-Ngurah Rai-Benoa	9.7	64.4	Akses Patimban	37.1	57.2
*Under JTT					

Source: Company

Exhibit 26. JSMR's Concession Scheme


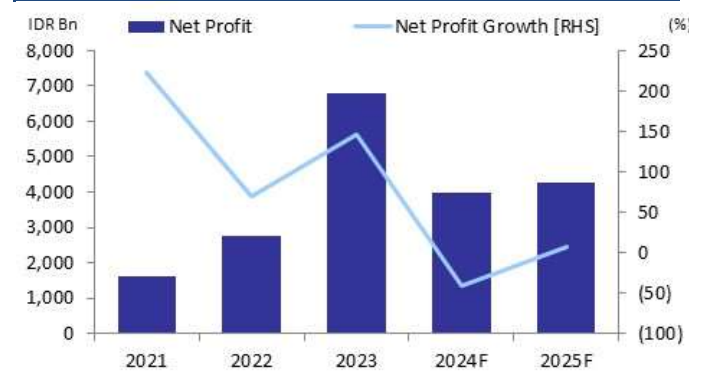
Source: Company

Exhibit 27. Revenue and Growth



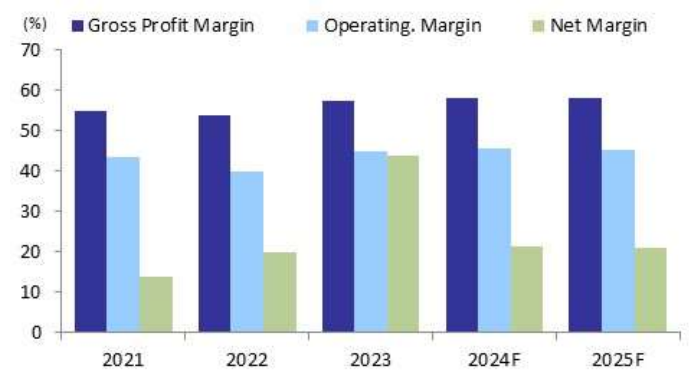
Source: Company, BRIDS Estimates

Exhibit 28. Net Profit and Growth



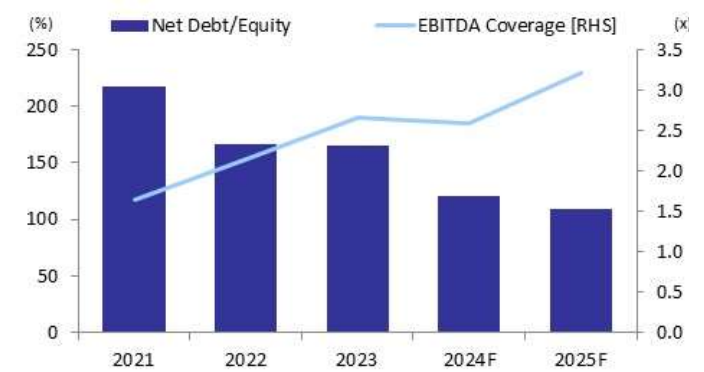
Source: Company, BRIDS Estimates

Exhibit 29. Margins



Source: Company, BRIDS Estimates

Exhibit 30. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 31. Income Statement

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Revenue	13,783	15,566	18,761	20,452	21,939
COGS	(6,392)	(6,643)	(7,851)	(8,597)	(9,313)
Gross profit	7,391	8,923	10,910	11,855	12,626
EBITDA	8,302	9,584	11,525	12,381	13,201
Oper. profit	5,483	6,951	8,559	9,229	9,829
Interest income	152	256	400	483	396
Interest expense	(3,885)	(3,592)	(4,463)	(3,848)	(3,807)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	228	200	221	243	267
Other Income (Expenses)	1,747	4,112	0	(200)	(200)
Pre-tax profit	3,726	7,926	4,716	5,906	6,484
Income tax	(1,402)	(1,177)	(720)	(1,372)	(1,524)
Minority interest	422	33	(15)	(286)	(493)
Net profit	2,745	6,783	3,981	4,248	4,467
Core Net Profit	770	2,471	3,160	4,206	4,401

Exhibit 32. Balance Sheet

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Cash & cash equivalent	8,429	4,439	6,898	7,916	14,026
Receivables	1,340	1,266	1,304	1,343	1,182
Inventory	99	119	96	76	61
Other Curr. Asset	225	789	838	905	992
Fixed assets - Net	361	474	482	465	422
Other non-curr.asset	78,291	120,863	125,677	129,295	134,194
Total asset	91,139	129,312	136,792	141,648	152,689
ST Debt	3,343	10,752	8,743	8,503	9,438
Payables	593	740	109	89	110
Other Curr. Liabilities	8,207	11,329	16,367	17,289	18,104
Long Term Debt	47,875	58,001	50,604	50,835	55,737
Other LT. Liabilities	5,500	9,578	9,571	9,891	10,441
Total Liabilities	65,518	90,401	85,393	86,607	93,831
Shareholder's Funds	21,926	27,891	39,635	43,087	46,705
Minority interests	3,796	11,020	3,797	3,987	4,186
Total Equity & Liabilities	91,240	129,312	128,826	133,681	144,722

Exhibit 33. Cash Flow

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Net income	2,745	6,783	3,981	4,248	4,467
Depreciation and Amort.	2,819	2,633	2,966	3,152	3,373
Change in Working Capital	2,710	2,202	4,239	652	747
Other Oper. Cash Flow	4,538	7,766	4,007	3,669	3,945
Operating Cash Flow	12,812	19,384	15,193	11,721	12,533
Capex	9,931	(47,014)	(7,303)	(6,020)	(7,397)
Others Inv. Cash Flow	(3,503)	3,415	(137)	(301)	(505)
Investing Cash Flow	6,428	(43,599)	(7,439)	(6,321)	(7,902)
Net change in debt	(10,536)	17,526	(9,419)	(24)	5,822
New Capital	0	0	0	0	0
Dividend payment	0	0	(255)	(796)	(850)
Other Fin. Cash Flow	(5,046)	2,872	(3,587)	(3,561)	(3,493)
Financing Cash Flow	(15,582)	20,398	(13,262)	(4,381)	1,479
Net Change in Cash	3,658	(3,816)	(5,508)	1,019	6,110
Cash - begin of the year	6,279	8,429	4,439	6,898	7,916
Cash - end of the year	8,429	4,439	6,898	7,916	14,026

Exhibit 34. Key Ratio

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Growth (%)					
Sales	17.0	12.9	20.5	9.0	7.3
EBITDA	12.0	15.4	20.3	7.4	6.6
Operating profit	7.7	26.8	23.1	7.8	6.5
Net profit	70.0	147.1	(41.3)	6.7	5.2
Profitability (%)					
Gross margin	53.6	57.3	58.2	58.0	57.6
EBITDA margin	60.2	61.6	61.4	60.5	60.2
Operating margin	39.8	44.7	45.6	45.1	44.8
Net margin	19.9	43.6	21.2	20.8	20.4
ROAA	2.9	6.2	3.0	3.1	3.0
ROAE	12.9	27.2	11.8	10.3	10.0
Leverage					
Net Gearing (x)	1.7	1.7	1.2	1.1	1.0
Interest Coverage (x)	1.4	1.9	1.9	2.4	2.6

Source: JSMR, BRIDS Estimates

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INVESTMENT RATING

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

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