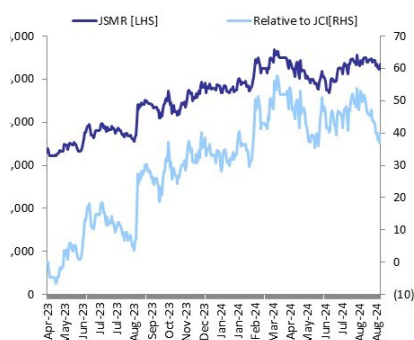


Buy

(Maintained)

Last Price (Rp)	5,350
Target Price (Rp)	6,500
Previous Target Price (Rp)	6,500
Upside/Downside	+21.5%
No. of Shares (mn)	7,258
Mkt Cap (Rpbn/US\$mn)	38,830/2,522
Avg, Daily T/O (Rpbn/US\$mn)	31.9/2.1
Free Float (%)	30.0
Major Shareholder (%)	
Government	70.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	548.5 585.4 615.5
Consensus	460.2 525.3 597.1
BRIDS/Cons (%)	19.2 11.4 3.1

JSMR relative to JCI Index



Source: Bloomberg

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Jasa Marga (JSMR II)

Debunking JTT divestment payment delay risks and earnings impact from minority interest

- Based on our analysis, JSMR can afford to fulfill its ST obligation, even if the second-term payment of JTT divestment is delayed.
- We estimate traffic growth could offset the rising minority impact on net profit in FY25F, but deleveraging is needed to aid FY26F earnings.
- We reiterate Buy rating with a TP of Rp 6,500. JSMR still trades below its historical multiplier despite delivering better ROA and EBITDAM.

Investors' concerns on JSMR: capex, deleveraging, and higher minority interest

In our initiation report on 12th Aug24, our positive view on JSMR is predicated on the following drivers: 1) Special tariff rate adjustments (>20%) for 8 toll roads in FY23/24; 2) Bi-annual tariff adjustment in FY25 that would affect ~70% of JSMR traffic (majority are mature and key toll roads with relatively inelastic demand); 3) JTT divestment proceeds to allow JSMR to deleverage, and amid expectation of lower interest rate, JSMR will see lighter cycle capex in FY24/25 than previous cycle (Rp 5-6tr vs peak at Rp 24-28tr/year); 4) The stock trades at 9x EV/EBITDA, lower than FY17/18 level of 12x EV/EBITDA despite currently having ~200-500 bps higher EBITDA and ~30 bps higher ROA. While we maintain a positive outlook, investors have expressed concerns on the following: 1) Potential delays in cash proceeds from JTT divestment, which could affect JSMR's ability to meet its ST obligations; 2) Deleveraging not occurring; 3) Negative earnings impact from minority interests.

Scenario analysis result: not as bad as investors fear

We conducted several scenarios to assess whether JSMR can manage a delay in cash delivery from the JTT divestment and to evaluate the impact of rising minority interest on earnings. Based on our calculations, the JTT divestment is necessary for JSMR to meet its ST debt and capital expenditure schedule this year. However, the first cash payment (~52% of total) should suffice for immediate obligations. The full payment, expected in the second stage by Dec24, would provide an additional buffer needed for deleveraging (see Exh. 1). Separately, we estimate that volume growth alone is sufficient to offset the increased minority interest impact caused by JTT divestment (see Exh. 2). However, for FY26F, both deleveraging and interest rate cuts will be necessary to counter the higher minority interest, as revenue from JTT is projected to grow, particularly from non-mature Java toll roads, at approximately 12% yoy.

Reiterate with Buy rating and a TP of Rp 6,500

We reiterate our **Buy** rating and a TP of **Rp 6,500**. We believe concerns on JTT payment schedule and rising minority should be mitigated, based on our scenario analysis. JSMR is currently trading at 8.8x EV/EBITDA, -1 std dev of 7-year mean. Downside risks: 1) Slower traffic growth on new Transjava toll roads; 2) Changes in government leading to a contrasting capex schedule.

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
EBITDAM 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)	14.1	5.7	9.8	9.1	8.7
PBV (x)	1.8	1.4	1.0	0.9	0.8
Dividen yield (%)	0.0	1.4	0.7	2.1	2.2
EV/EBITDA	9.8	10.8	7.9	7.3	6.8

Source: JSMR, BRIDS Estimates

See important disclosure at the back of this report

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Exhibit 1. FY24E Cash Flow with Multiple Scenarios

(in Rpbn)	Scenario 1	Scenario 2	Base Case
	Cancellation of JTT purchase	35% of JTT is bought, but 2nd cash payment is delayed until 2025	35% of JTT is bought, 100% cash received at Sep-24 and Dec-24
Cash as of FY23	4,439	4,439	4,439
FY24E operating CF	11,096	11,096	11,096
ST debt due in FY24	(12,640)	(12,640)	(12,640)
FY24E capex	(7,839)	(7,839)	(7,839)
JTT proceed	-	8,256	15,740
Remaining cash in FY24	(4,944)	3,312	10,796

Source: Company, BRIDS Estimates

Exhibit 2. Impact of Rising Minority Interest in Different Scenarios

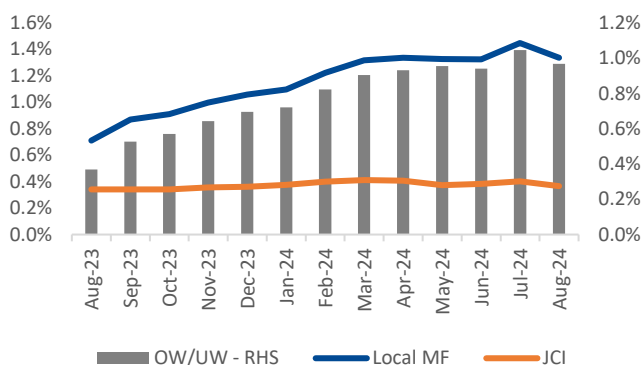
Base case: deleveraging, lower interest rate in FY25-26					
(in Rp bn)	FY24E	FY25E	FY26E	FY25E vs FY24E (chg)	FY26E vs FY25E (chg)
OP	8,559	9,229	9,829	670	600
Interest income	400	483	396	83	(87)
Interest expense	(4,463)	(3,848)	(3,807)	615	41
Minority interest	(15)	(286)	(493)	(271)	(207)
Core profit	3,160	4,206	4,401	1,045	195
net nominal Rp bn change in P/L				1,098	346

Scenario 1: no deleveraging, no interest rate cut					
(in Rp bn)	FY24	FY25	FY26	FY25E vs FY24E (chg)	FY26E vs FY25E (chg)
OP	8,559	9,229	9,829	670	600
Interest income	400	483	396	83	(87)
Interest expense	(4,463)	(4,175)	(4,460)	289	(286)
Minority interest	(15)	(286)	(493)	(271)	(207)
Core profit	3,160	3,880	3,747	719	(132)
net nominal Rp bn change in P/L				771	20

Scenario 2: no deleveraging, no interest rate cut, toll road increase postponed to FY26E					
(in Rp bn)	FY24	FY25	FY26	FY25E vs FY24E (chg)	FY26E vs FY25E (chg)
OP	8,559	8,803	9,827	243	1,025
Interest income	400	483	396	83	(87)
Interest expense	(4,463)	(4,175)	(4,460)	289	(286)
Minority interest	(15)	(268)	(500)	(253)	(231)
Core profit	3,160	3,568	3,800	408	232
net nominal Rp bn change in P/L				362	421

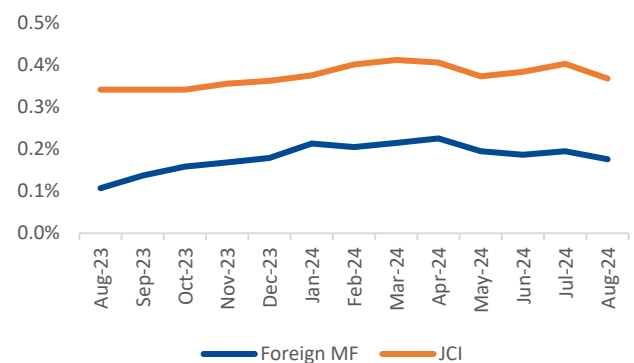
Source: Company, BRIDS Estimates

Exhibit 3. Local Fund Positioning



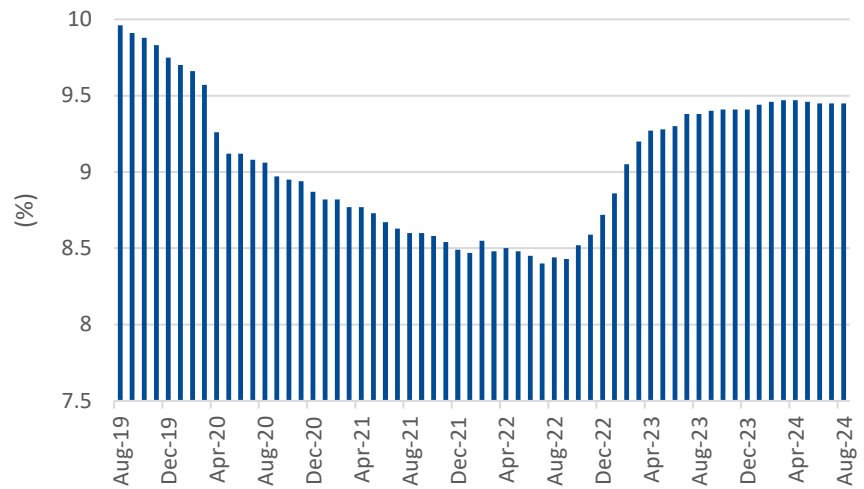
Source: KSEI, BRIDS

Exhibit 4. Foreign Fund Positioning



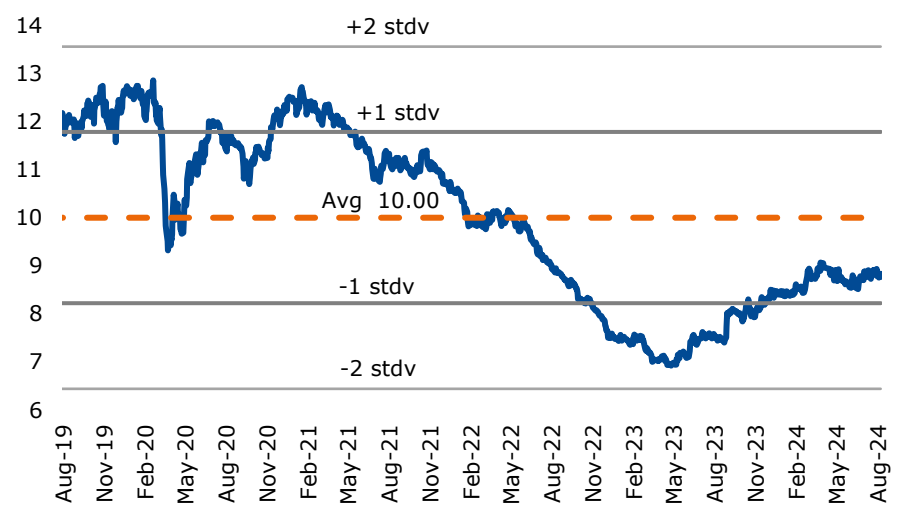
Source: KSEI, BRIDS

Exhibit 5. Indonesia Investment IDR Loan Rates



Source: Bloomberg, BRIDS

Exhibit 6. Historical EV/EBITDA



Source: Bloomberg, BRIDS Estimates

Exhibit 7. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 8. Net Profit and Growth



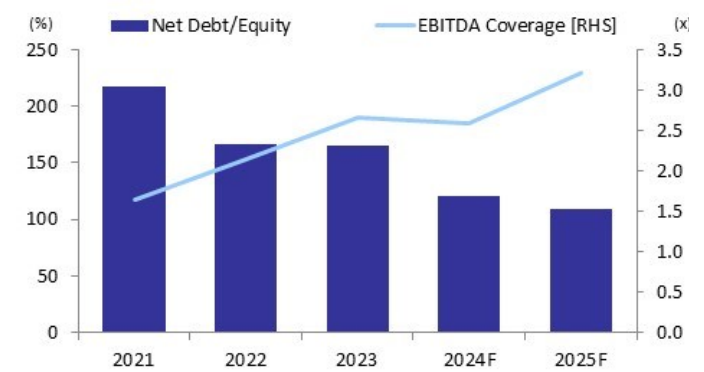
Source: Company, BRIDS Estimates

Exhibit 9. Margins



Source: Company, BRIDS Estimates

Exhibit 10. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 11. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
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 12. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
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 13. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
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 14. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
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
Core profit	76.8	220.8	27.9	33.1	4.6
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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