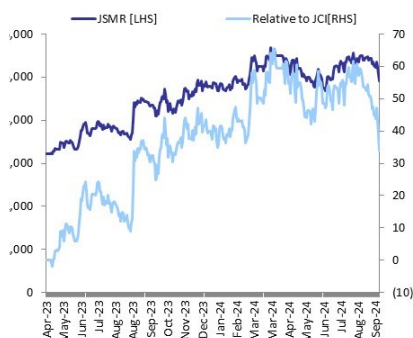


# Buy

(Maintained)

Last Price (Rp)	4,920
Target Price (Rp)	6,500
Previous Target Price (Rp)	6,500
Upside/Downside	+32.1%
No. of Shares (mn)	7,258
Mkt Cap (Rpbn/US\$mn)	35,709/2,311
Avg, Daily T/O (Rpbn/US\$mn)	33.2/2.1
Free Float (%)	30.0
Major Shareholder (%)	
Government	70.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	548.5 585.4 615.5
Consensus	465.3 525.3 597.1
BRIDS/Cons (%)	17.9 11.4 3.1

## JSMR relative to JCI Index



Source: Bloomberg

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# Jasa Marga (JSMR II)

## Debunking Investors' Concerns, Part Deux: Expect Interest expense to Remain Manageable

- We expect JSMR's interest expense to be at Rp 3.8tr-4.1tr in FY25F, incl. additional interest from new tolls, with upside if the lending rate drops.
- Strong revenue momentum will still bring a positive increment to JSMR's FY25F net profit, even under our most extreme scenario.
- We think concerns about JTT payment delay and higher interest burden are overdone, and thus, we reiterate our Buy rating with a TP Rp 6,500.

### Expect interest expense to remain manageable at ~Rp4tr level until FY25F

In addition to concerns on JTT proceed addressed in our [previous report](#), we also receive questions regarding JSMR interest expense in upcoming years. Based on our analysis, assuming the completion of 5 tolls roads in FY24F-FY25F, we expect these new projects to incur ~Rp720bn additional interest expense in FY25F (see exhibit 1). Combined with our expectations of deleveraging and lower lending rate, we estimate interest expense to be at Rp4.4tr/Rp3.8tr in FY24F/FY25F. Even under our most extreme case (Scenario 2 in Exh.3, with no deleveraging and lending rate cut), we estimate FY25F interest expense to reach Rp 4.1tr (8% higher than base case), which would lead to 21% core profit growth in FY25F (vs 33% in our base case). We find that this ample growth room is supported by: 1) Approximately ~Rp9tr short term debt due in FY24F and no urgent need for refinancing; 2) High revenue growth due to special tariff adjustment in FY24F and toll tariff adjustment for ~70% JSMR traffic in FY25F.

### Minority impact will not cause a drag on FY25F net profit

Continuing our scenario analysis in our prev. report, we further stretched our assumptions (Exh. 2 and 3). We revised down our assumptions, as we previously assumed Rp15tr in JTT proceeds, while actual proceed may only be Rp12tr, based on our latest check with management, and further apply discount for estimated fee and expenses. We also lower our deleveraging assumptions from Rp8tr to Rp6tr. In conclusion, we still find that rising minority will not have a negative impact on JSMR's FY25F net profit. Lower deleveraging and proceeds (scenario 1) lead to a net increment of Rp687bn in FY25F net profit (37% lower than our base case). But even in our extreme scenario (scenario 3), JSMR would still deliver ~Rp352bn net increment NP without a tariff adjustment in FY25F. We await the final JTT calculation from management before revising our projections.

### Reiterate our Buy rating and a TP of Rp 6,500

We reiterate our **Buy** rating and a TP of Rp 6,500, as we believe the concerns about JTT payment delay and interest burden are overdone. JSMR currently trades at 8.3x EV/EBITDA, -1 SD 7-year mean. Key risks: 1) Slower traffic on the new Transjava toll; 2) New government plans may lead to major capex change.

### 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)	13.0	5.3	9.0	8.4	8.0
PBV (x)	1.6	1.3	0.9	0.8	0.8
Dividen yield (%)	0.0	1.6	0.7	2.2	2.4
EV/EBITDA	9.5	10.4	7.6	7.0	6.6

Source: JSMR, BRIDS Estimates

**Exhibit 1. Interest Expense Calculation (Base Case)**

	Completion Year	km	Cost/km	Debt (assume 70% of total)	Interest	Interest expense	
						2024E	2025E
Jakarta-Cikampek II South (Sect 3)	2024	31.3	247.7	5,419	7.0%	31.6	379.3
Jogja-Solo (Sect 1A)	2024	22.3	284.6	4,443	7.0%	25.9	311.0
Probolinggo-Banyuwangi (Phase 1)	2025	49.7	121.5	4,227	7.0%		24.7
Jogja-Bawen (Section 1 & 6)	2025	13.8	159.2	1,536	7.0%		9.0
Jogja - Solo (Section 2.2B)	2025	3.3	284.6	648	7.0%		3.8
<b>Total interest from new toll</b>						(58)	(728)
<b>Total interest from existing debt</b>						(4,475)	(3,680)
<b>Impact of deleveraging (Rp 8tr)</b>						70	560
<b>Interest expense on FS</b>						(4,463)	(3,848)

Source: Company, BRIDS Estimates

**Exhibit 2. FY24E Cash Flow with Multiple Scenarios**

	Scenario 1	Scenario 2	Base Case
	JTT is bought (revised price), but 2nd cash payment is delayed until 2025	JTT is bought (revised price), 100% cash received at Sep-24 and Dec-24	JTT is bought (previous price), 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	6,000	10,000	15,000
<b>Remaining cash in FY24</b>	<b>1,056</b>	<b>5,056</b>	<b>10,056</b>

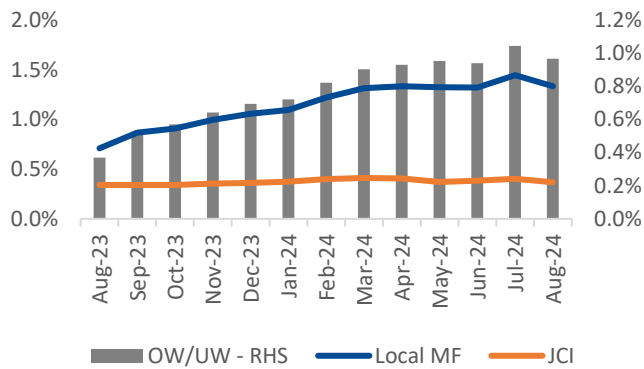
Source: Company, BRIDS Estimates

Exhibit 3. Impact of Rising Minority Interest in Different Scenarios

Base Case					
	FY24F	FY25F	FY26F	FY25F vs FY24F	FY26F vs FY25F
EBIT	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	1,046	195
net nominal Rp bn change in P/L				1,098	347
Scenario 1: Lower JTT proceed, deleveraging yet lower, interest cut					
	FY24F	FY25F	FY26F	FY25F vs FY24F	FY26F vs FY25F
EBIT	8,559	9,229	9,829	670	600
Interest income	400	215	188	(185)	(27)
Interest expense	(4,463)	(3,980)	(3,937)	483	43
Minority interest	(15)	(296)	(502)	(281)	(206)
Core profit	3,160	3,881	4,126	720	245
Core NP vs base case	0%	-8%	-6%		
net nominal Rp bn change in P/L				687	410
Scenario 2: Lower JTT proceed, no deleveraging and rate cut					
	FY24F	FY25F	FY26F	FY25F vs FY24F	FY26F vs FY25F
EBIT	8,559	9,229	9,829	670	600
Interest income	400	355	486	(45)	131
Interest expense	(4,463)	(4,175)	(4,460)	289	(286)
Minority interest	(15)	(297)	(507)	(282)	(210)
Core profit	3,160	3,837	3,943	676	106
Core NP vs base case	0%	-9%	-10%		
net nominal Rp bn change in P/L				632	235
Scenario 3: Lower JTT proceed, no deleveraging and rate cut, toll fare hike postponed to FY26E					
	FY24F	FY25F	FY26F	FY25F vs FY24F	FY26F vs FY25F
EBIT	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)	(279)	(507)	(263)	(228)
Core profit	3,160	3,645	3,854	484	209
Core NP vs base case	0%	-13%	-12%		
net nominal Rp bn change in P/L				352	424

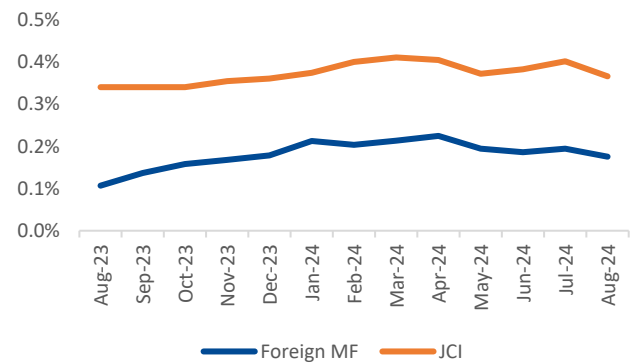
Source: Company, BRIDS Estimates

Exhibit 4. Local Fund Positioning



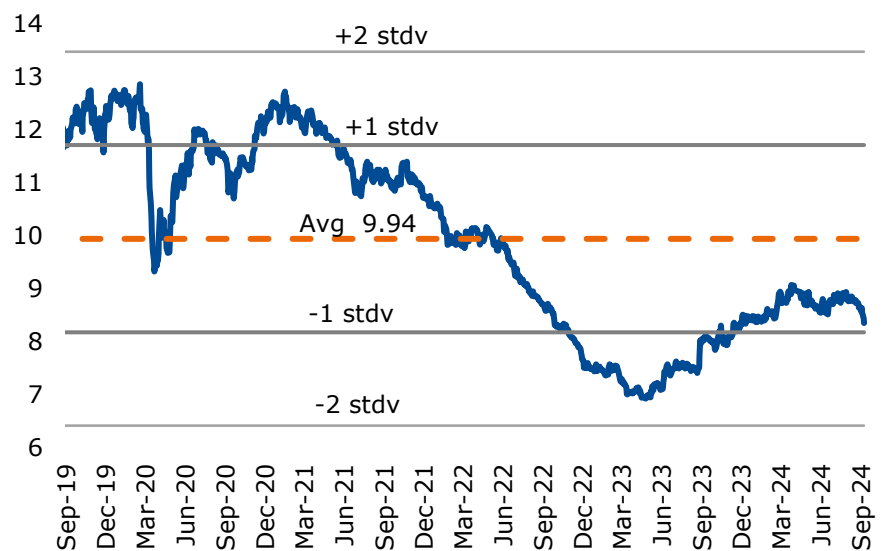
Source: KSEI, BRIDS

Exhibit 5. Foreign Fund Positioning



Source: KSEI, BRIDS

Exhibit 6. Historical EV/EBITDA



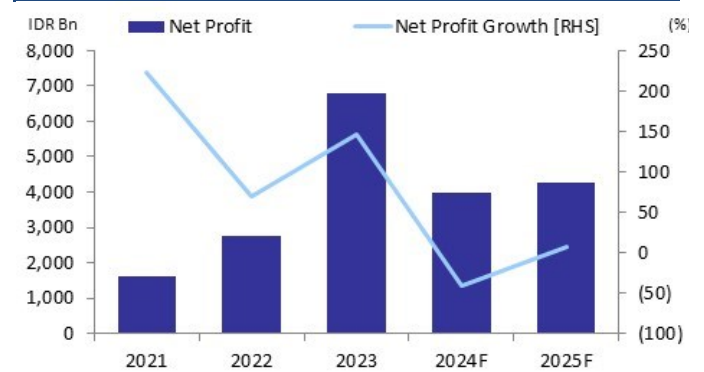
Source: Bloomberg, BRIDS Estimates

## Exhibit 7. Revenue and Growth



Source: Company, BRIDS Estimates

## Exhibit 8. Net Profit and Growth



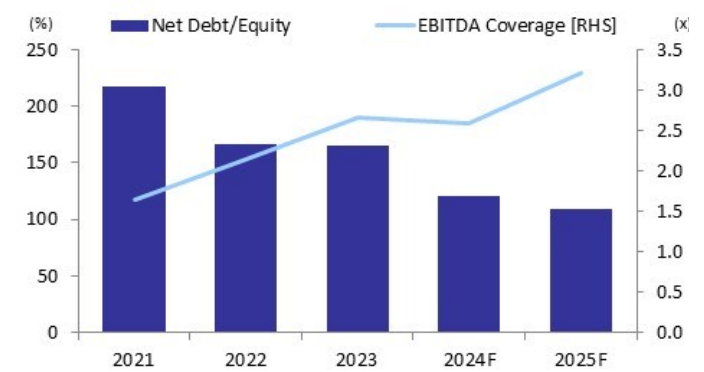
Source: Company, BRIDS Estimates

## 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
<b>Revenue</b>	<b>13,783</b>	<b>15,566</b>	<b>18,761</b>	<b>20,452</b>	<b>21,939</b>
COGS	(6,392)	(6,643)	(7,851)	(8,597)	(9,313)
<b>Gross profit</b>	<b>7,391</b>	<b>8,923</b>	<b>10,910</b>	<b>11,855</b>	<b>12,626</b>
<b>EBITDA</b>	<b>8,302</b>	<b>9,584</b>	<b>11,525</b>	<b>12,381</b>	<b>13,201</b>
<b>Oper. profit</b>	<b>5,483</b>	<b>6,951</b>	<b>8,559</b>	<b>9,229</b>	<b>9,829</b>
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)
<b>Pre-tax profit</b>	<b>3,726</b>	<b>7,926</b>	<b>4,716</b>	<b>5,906</b>	<b>6,484</b>
Income tax	(1,402)	(1,177)	(720)	(1,372)	(1,524)
Minority interest	422	33	(15)	(286)	(493)
<b>Net profit</b>	<b>2,745</b>	<b>6,783</b>	<b>3,981</b>	<b>4,248</b>	<b>4,467</b>
<b>Core Net Profit</b>	<b>770</b>	<b>2,471</b>	<b>3,160</b>	<b>4,206</b>	<b>4,401</b>

**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	134,754	139,731	145,882
<b>Total asset</b>	<b>91,139</b>	<b>129,312</b>	<b>144,372</b>	<b>150,436</b>	<b>162,565</b>
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
<b>Total Liabilities</b>	<b>65,518</b>	<b>90,401</b>	<b>85,393</b>	<b>86,606</b>	<b>93,831</b>
Shareholder's Funds	21,826	27,891	39,635	43,087	46,705
Minority interests	3,796	11,020	19,344	20,311	21,327
<b>Total Equity &amp; Liabilities</b>	<b>91,139</b>	<b>129,312</b>	<b>144,372</b>	<b>150,436</b>	<b>162,565</b>

**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
<b>Operating Cash Flow</b>	<b>12,812</b>	<b>19,384</b>	<b>15,193</b>	<b>11,721</b>	<b>12,533</b>
Capex	9,931	(47,014)	(7,303)	(6,020)	(7,397)
Others Inv. Cash Flow	(3,503)	3,415	(137)	(301)	(505)
<b>Investing Cash Flow</b>	<b>6,428</b>	<b>(43,599)</b>	<b>(7,439)</b>	<b>(6,321)</b>	<b>(7,902)</b>
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)
<b>Financing Cash Flow</b>	<b>(15,582)</b>	<b>20,398</b>	<b>(13,262)</b>	<b>(4,381)</b>	<b>1,479</b>
<b>Net Change in Cash</b>	<b>3,658</b>	<b>(3,816)</b>	<b>(5,508)</b>	<b>1,019</b>	<b>6,110</b>
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
<b>Growth (%)</b>					
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	76.8	220.8	27.9	33.1	4.6
<b>Profitability (%)</b>					
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	2.8	2.8	2.7
ROAE	12.9	27.2	10.0	9.8	9.4
<b>Leverage</b>					
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

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

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