

Jasa Marga (JSMR IJ)

30 July 2015

Results Note

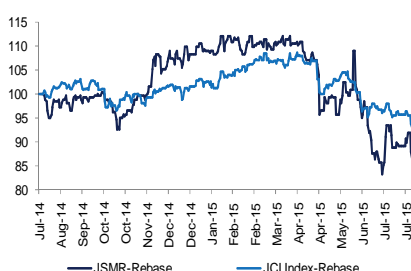
BUY (Unchanged)

StockData

Target price (Rp)	Rp8,175
Prior TP (Rp)	8,175
Shareprice (Rp)	Rp5,575
Upside/downside (%)	+46.6
Sharesoutstanding (m)	6,800
Marketcap. (US\$ m)	2,815
Free float (%)	30.0
Avg. 6m dailyT/O (US\$ m)	3.3

Price Performance

	3M	6M	12M
Absolute (%)	-	-	-
Relative to JCI (%)	-2.9	-	-5.2
52whigh/low (Rp)	5,575 - 5,350		



Major Shareholders

Republic of Indonesia	70.0%
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Estimate Change; Vs. Consensus

	2015F	2016F
Latest EPS (Rp)	222	264
Vs. Prior EPS (%)	-	-
Vs. Consensus (%)	(17.1)	(18.4)

Source: Bloomberg

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Temporary drag on bottom line

- Net income down 20.4% due to higher opex and interest
- Higher contribution in 2H15 from new tolls and tariff hikes
- Daily traffic volume growing by 4.0%
- Maintain Buy, temporary pressure from expansion

Results within expectation. Although net income was down 20.4% yoy and EBITDA fell -1.5% yoy in 1H15, we see results were in line with expectation. The apparent weakness in the result comes from the following factors: 1) three new toll roads have yet to contribute 2) the anticipated tariff increase in 4Q15 is yet to happen 3) increase in opex related salary adjustment and 13th salary payment. As a result of the above factors, we expect a higher contribution, with better margins, in 2H15. That said, we have yet to see the net impact from the current tariff discounts for 10 days during the Lebaran holidays. The company says some of the negative impact has been offset by higher volumes.

Cost increase from operations and financing. Opex has increased by 14% yoy to Rp2.3tn in 1H15 due to salary increase, tax and retribution, and financing cost. Salaries were up 30.7% yoy due to the 13th salary payment and an upfront salary increase in 2Q15 vs 3Q14 in the previous year. Tax and retribution were 36.3% higher yoy due to the new land tax tariff imposed by the regional Government of Jakarta. Interest expense also increased due to higher interest cost as well as higher leverage. The average borrowing cost of JasaMarga's subsidiaries was around 12-13% vs 10% a year before.

Topline continues to grow from volume. Toll road revenue was up 6.0% yoy to Rp3.4tn supported by a 4.0% increase in 1H15 daily traffic volume. Nevertheless other income was down -11.6% yoy to Rp229bn due to lower advertising income, as the economy has been slowing down. The operation of the JORR W2 section has stimulated traffic volume growth of +7.2% yoy in JORR and 8.0% yoy in the Jakarta-Tangerang interconnect section. Strong volume growth has also been seen in non-Greater Jakarta toll roads such as Bali airport express 18.0% yoy, Bogor outer ring road +14.6% yoy and Semarang Solo 179.8%. In Jun15, JSMR inaugurated a new toll road, Gempol-Pandaan. Two more toll roads are expected to start commercial operations in 2H15: Gempol-Pasuruan and Krian-Mojokerto.

Securing its future. JSMR has 13 new toll road concessions in its portfolio with a length of 460km. We believe that the company will target further strategic toll roads, especially the delayed sections of the Trans-Java toll road. According to the finance director, JSMR has only Rp10tn of financing capacity to add new toll roads. It is still unclear whether the Government is willing to participate in any rights issuance.

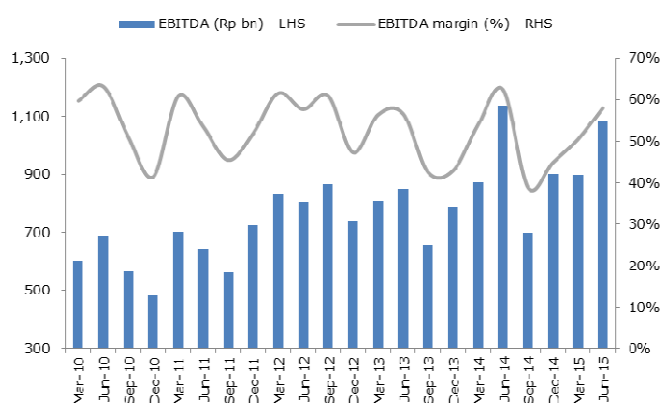
Year To 31 Dec	2013A	2014A	2015F	2016F	2017F
Revenue(RpBn)	10,271	9,175	8,178	8,972	9,860
EBITDA(RpBn)	2,430	3,604	4,190	4,547	4,037
EBITDA Growth (%)	(32.0)	48.3	16.3	8.5	(11.2)
Net Profit(RpBn)	933	1,222	1,509	1,793	2,164
EPS (Rp)	137	180	222	264	318
EPS Growth (%)	(39.2)	31.0	23.4	18.9	20.7
Net Gearing (%)	81.5	87.5	80.6	77.9	70.0
PER (x)	46.3	35.3	28.6	24.1	20.0
PBV (x)	4.1	3.8	3.5	3.2	2.9
Dividend Yield (%)	1.2	1.5	1.4	1.7	2.0
EV/EBITDA (x)	21.3	14.8	12.7	11.8	13.2

Source : JSMR,IndoPremier

Share Price Closing as of : 30-July-2015

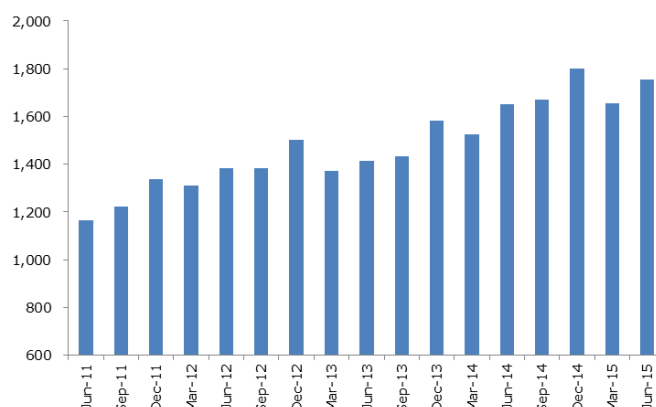
JSMR Results Note

Fig. 1: Quarterly EBITDA and margins



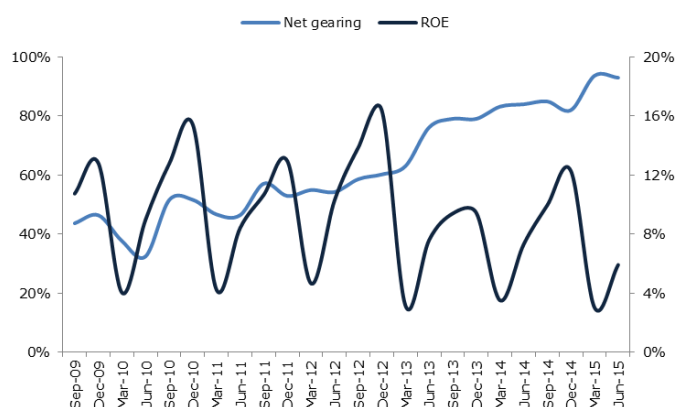
Source: JSMR and IndoPremier

Fig. 2: Quarterly toll road revenue (Rpbn)



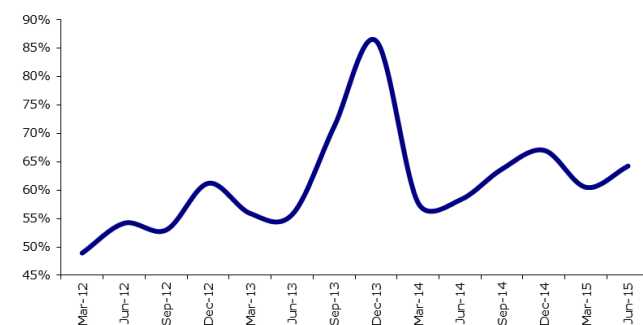
Source: JSMR

Fig. 3: Rising net gearing to support toll road expansion



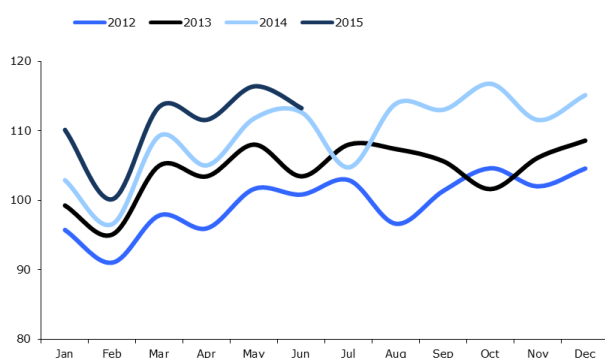
Source: JSMR

Fig. 4: Rising opex to sales to be offset with tariff hike in 4Q



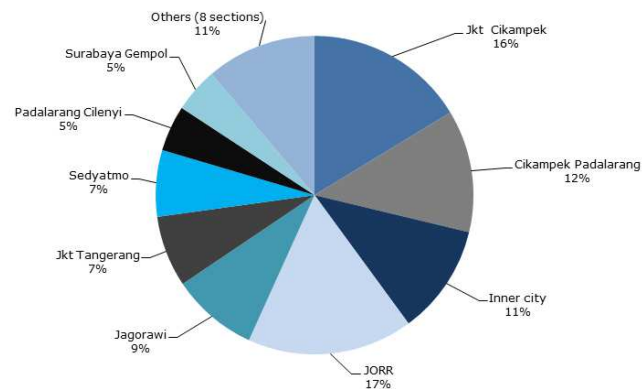
Source: JSMR

Fig. 5: Monthly toll road volume (mn vehicles)



Source: JSMR

Fig. 6: Toll road contribution by section



Source: JSMR

JSMR Results Note

Rpbn	1H15	1H14	%	2Q15	1Q15	%	FY15	%
Toll revenue	3,639	3,433	6.0	1,863	1,776	4.9	8,178	44.5
EBITDA	1,979	2,009	-1.5	1,082	897	20.6	4,190	47.2
Operating Profit	1,372	1,454	-5.6	669	703	-4.9	3,375	40.7
Net Int. & Invest. Inc.	(665)	(557)	19.5	(335)	(330)	1.6	(1,364)	48.8
Except. & Others	147	128	14.3	90	57	57.4		nm
Group Pretax	854	1,026	-16.8	423	430	-1.6	2,011	42.4
Taxation	(264)	(285)	-7.3	(113)	(151)	-24.7	(503)	52.5
Net Profit	590	741	-20.4	310	280	10.8	1,509	39.1
EBITDA margin	54.4%	58.5%		58.1%	50.5%		51.2%	

Source : JSMR,IndoPremier

JSMR Results Note

Year To 31 Dec (RpBn)	2013A	2014A	2015F	2016F	2017F
Income Statement					
Net Revenue	10,271	9,175	8,178	8,972	9,860
Cost of Sales	0	0	0	0	0
Gross Profit	10,271	9,175	8,178	8,972	9,860
SG&A Expenses	(8,234)	(6,399)	(4,803)	(5,351)	(5,822)
Operating Profit	2,038	2,777	3,375	3,621	4,037
Net Interest	(944)	(1,215)	(1,364)	(1,230)	(1,152)
Forex Gain (Loss)	0	0	0	0	0
Others-Net	221	267	0	0	0
Pre-Tax Income	1,315	1,829	2,011	2,391	2,886
Income Tax	(382)	(607)	(503)	(598)	(721)
Minorities	0	0	0	0	0
Net Income	933	1,222	1,509	1,793	2,164
Balance Sheet					
Cash & Equivalent	3,521	3,298	4,557	3,353	1,927
Receivable	177	149	123	135	148
Inventory	0	0	0	0	0
Other Current Assets	90	195	177	195	215
Total Current Assets	3,788	3,641	4,857	3,683	2,290
Fixed Assets - Net	23,194	26,820	27,740	28,514	29,778
Goodwill	0	0	0	0	0
Non Current Assets	632	980	980	980	980
Total Assets	28,058	31,858	34,014	33,636	33,530
ST Loans	656	610	2,200	2,500	2,500
Payable	156	265	0	259	285
Other Payables	3,064	3,394	3,336	2,405	2,378
Current Portion of LT Loans	995	43	0	0	0
Total Current Liab.	4,871	4,313	5,772	5,164	5,163
Long Term Loans	10,465	12,629	12,295	11,298	9,722
Other LT Liab.	2,165	3,491	3,623	3,773	3,946
Total Liabilities	17,501	20,433	21,690	20,235	18,831
Equity	5,856	5,857	5,854	5,854	5,854
Retained Earnings	3,141	4,010	4,921	5,995	7,294
Minority Interest	1,562	1,559	1,549	1,552	1,552
Total SHE + Minority Int.	10,558	11,425	12,324	13,401	14,699
Total Liabilities & Equity	28,059	31,858	34,014	33,636	33,530

Source : JSMR, IndoPremier

JSMR Results Note

Year to 31 Dec	2013A	2014A	2015F	2016F	2017F
Cash Flow					
Net Income (Excl.Extraordinary&Min.Int)	933	1,222	1,509	1,793	2,164
Depr. & Amortization	393	827	815	926	981
Changes in Working Capital	58	43	(107)	33	38
Others	1,526	1,575	1,565	1,492	293
Cash Flow From Operating	2,910	3,667	3,782	4,245	3,477
Capital Expenditure	(4,414)	(4,801)	(1,735)	(1,700)	(2,246)
Others	(5)	7	143	215	135
Cash Flow From Investing	(4,419)	(4,794)	(1,591)	(1,485)	(2,110)
Loans	1,908	1,167	1,212	(698)	(1,576)
Equity	0	0	0	0	0
Dividends	(535)	(641)	(607)	(716)	(866)
Others	(49)	(31)	(1,480)	(1,408)	(1,250)
Cash Flow From Financing	1,324	495	(875)	(2,822)	(3,691)
Changes in Cash	(185)	(632)	1,316	(61)	(2,324)
Financial Ratios					
Gross Margin (%)	100.0	100.0	100.0	100.0	100.0
Operating Margin (%)	19.8	30.3	41.3	40.4	40.9
Pre-Tax Margin (%)	12.8	19.9	24.6	26.6	29.3
Net Margin (%)	9.1	13.3	18.4	20.0	22.0
ROA (%)	3.5	4.1	4.6	5.3	6.4
ROE (%)	9.2	11.1	12.7	13.9	15.4
ROIC (%)	4.6	5.5	6.9	8.0	9.1
Acct. Receivables TO (days)	4.0	6.5	6.1	5.2	5.2
Acct. Receivables - Other TO (days)	0.0	0.0	0.0	0.0	0.0
Inventory TO (days)	0.0	0.0	0.0	0.0	0.0
Payable TO (days)	0.0	0.0	0.0	0.0	0.0
Acct. Payables - Other TO (days)	0.0	0.0	0.0	0.0	0.0
Debt to Equity (%)	114.7	116.3	117.6	103.0	83.1
Interest Coverage Ratio (x)	0.5	0.4	0.5	0.4	0.3
Net Gearing (%)	81.5	87.5	80.6	77.9	70.0

Source : JSMR, IndoPremier

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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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