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**PT Jasa Marga (Persero) Tbk is an Indonesian nationwide toll road operator. The company mainly i) collects toll fees, ii) maintains toll roads through repairs and upkeep, iii) offers towing and ambulance services across the highways it operates.**

**Current Price: IDR 5,450**

**52-Week Target Price: IDR 5,500**

<b>Financial Highlights</b>	<b>12/14</b>	<b>12/15E</b>	<b>12/16F</b>
Revenue ex construction	7,229	7,708	8,593
% growth	15%	7%	11%
Gross Profit (IDR bn)	3,019	3,252	3,554
Net Profit (IDR bn)	1,191	1,140	1,301
% growth	35%	-4%	14%
EV/EBITDA (x)	11.4	11.5	11.3
Gross Margin (%)	42%	42%	41%
Net Margin (%)	18%	15%	17%
Return on Equity (%)	10.8%	9.7%	8.1%
Return on Assets (%)	4.0%	3.5%	3.4%

<b>Effect</b>	<b>Before</b>	<b>After</b>
Revenue growth (%)	7.9%	6.6%
Income growth (%)	1.1%	-4.3%
Net Margin (%)	15.6%	14.8%
<b>Target price (Rp)</b>	<b>5,525</b>	<b>5,500</b>

## Company Update

### PT Jasa Marga (Persero) Tbk (JSMR)

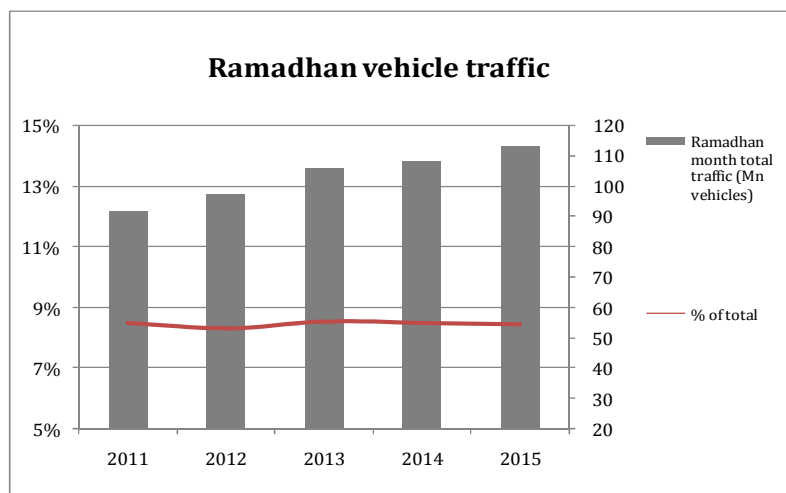
#### The Effect of Ramadhan Toll Tariff Intervention

**NEUTRAL**

**We maintain a HOLD on PT Jasa Marga (Persero) Tbk (JSMR) with a 52-week target price of Rp. 5,500/share, down 0.5% from our previous TP of Rp. 5,525/share and implying a 1.0% upside from the current price.** At these forecasts this would imply a forward P/E of 32.85x (v.s. TTM P/E of 27.4x) as we forecast net income to decrease by 4.3% (v.s. previous estimates of an increase of 1.1%) in FY15. We also forecast the company's revenues to grow 6.6% (v.s. previous forecasts of 7.9%) in FY15. This is due to the 35% toll tariff discount implemented by the government during the Ramadhan period.

**Traffic during the festive period grew a healthy 8.5% YoY.** This number comes above the average 5.7% YoY growth over the past three Ramadhan months. This shows that substantial traffic growth, at least during the Ramadhan holidays, can be achieved by reducing tariff costs. Main major toll road contributors to this growth were: Jakarta-Cikampek (+12.4% YoY), Surabaya-Gempol (+13.4% YoY) and Semarang-Solo (+11.3% YoY). In our view. Furthermore, there was positive traffic growths in 'saturated' tolls such as Jagorawi (+3% YoY), possibly due to these tolls being relatively empty during the festive months. Intervention in tariffs is one way of stimulating traffic growth in 'unsaturated' tolls (those with VC < 0.8). In this regard we have a negative view on the company if another similar intervention happens as revenue and net income is expected to fall.

**Newer tolls showing huge promise.** Going forward, JSMR's new tolls, especially those outside Jabodetabek have shown potential; Semarang-Solo (+30% YoY), Surabaya-Mojokerto (+18% YoY) and Bali-Mandara (+109% YoY). If JSMR can leverage on their new tolls in high growth areas outside Jabodetabek, the company will enjoy massive traffic growths looking forward.



Source: Bloomberg, Sinarmas Investment Research

Source: Company Data, Sinarmas Investment Research

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