

**Non-Rated**

**Trans Power Marine**  
Indonesia Transportation & Logistics

**PX: IDR440**  
JCI: **6,653.84**  
TP/consensus: **NA**

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**Barging within the archipelago**

Trans Power Marine Tbk is a bulk cargo transporter of mainly coal and woodchips across Indonesian waters through transshipment or inter-island deliveries with its fleets of tugs and barges (T&B). Currently, it is on track to expand its operations with 5 new sets of T&Bs scheduled for delivery in 2H23, while another set of 60 T&Bs is being ordered periodically under its JV with Tsingshan group within the next 3-4 years, thus providing a comprehensive revenue growth trajectory.

**Gearing up for growth**

TPMA currently has 38 tugs, 33 barges and 3 floating cranes in operations with 5 new sets of T&B ready by 2H23 and another c.5 sets planned for 2024. Its fleet expansion is in accordance with Indonesia's coal production of 694 million tons in 2023, a 4.7% YoY growth, as its customers are mostly coal producers and PLN (State Electricity Company). TPMA has witnessed sluggish 5% revenue CAGR over the 2016-2021 period compared to its peers at 17% as it favors a stronger balance sheet after its rapid expansion with the purchase of 31 units over 2012-2016. However, with a much improved debt to equity ratio of 0.14x and net gearing of 0.002x at end-September 22 (2016:0.74x/0.7x), TPMA now possesses the ability to expand aggressively through the purchase of new T&Bs whilst riding the wave of higher transportation costs owing to robust coal transportation activity, which was exacerbated by the shortage of T&Bs as well as a higher fuel costs.

**Tsingshan's transporter**

A JV TLP set up in 2021, TPMA with a 30% stake, PPI with a 40% stake and T&J Industrial Holding, a subsidiary of Tsingshan group, with a 30% stake, intends to purchase and operate a set of 60 tugs and barges to facilitate Tsingshan's nickel ore supply for its smelters in Sulawesi. The first round of purchase was done in 2022 with a set of 15 tugs and barges to be delivered between 2H23-1H24, with another set of c.20 planned to be purchased in 2023 and 2024 and for delivery in the following years. Assuming a flat price of USD4mn per set, the fleet will cost USD240mn for the JV or USD72mn for TPMA. With an 80% debt and 20% equity funding scheme, TPMA's equity investment would add up to USD14.4mn within 3-4 years, compared with its cash level of USD12.3mn as at end-September 22.

**Trading at a discount to peers**

TPMA is trading at a discount compared to its peers with 2022-23E PE of 4.8x/4.2x (peers: 10.0x/8.5x), based on the Bloomberg consensus forecasts. It is also trading at 0.7std below its 5-year average PE. Note that its 5-year average dividend payout ratio was c.80%. Downside risks include: 1) longer-than-expected T&B deliveries, 2) lower-than-expected commodity prices, and 3) lower-than-expected utilization rate.

**Exhibit 1. TPMA company information**

|                                 |            |
|---------------------------------|------------|
| Bloomberg ticker                | : TPMA IJ  |
| Current price (IDR/share)       | : 440      |
| Market cap (IDRtn/USDbn)        | : 1.1/0.01 |
| 3M avg. daily t.o.(IDRbn/USDmn) | : 5.5/0.35 |

Source: Bloomberg, Bahana

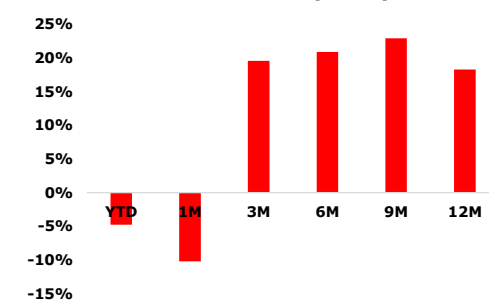
Note: based on 5 January 2023 closing price

**Exhibit 2. Shareholders information**

|                               |         |
|-------------------------------|---------|
| PT Dwitunggal Perkasa Mandiri | : 57.7% |
| PT Ascend Bangun Persada      | : 15.9% |
| Standard Chartered Bank SG    | : 6.8%  |
| Public                        | : 19.4% |
| Treasury shares               | : 0.1%  |

Source: Bloomberg, Bahana

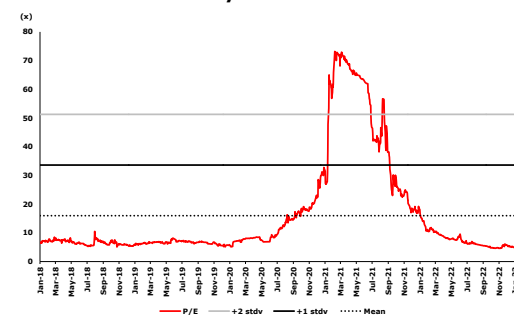
**Exhibit 3. Relative share price performance**



Note: based on 5 January 2023 closing price

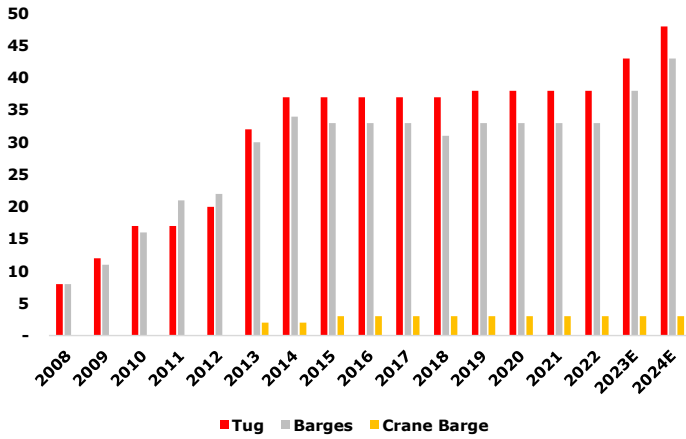
Source: Bloomberg, Bahana

**Exhibit 4. TPMA P/E Band**



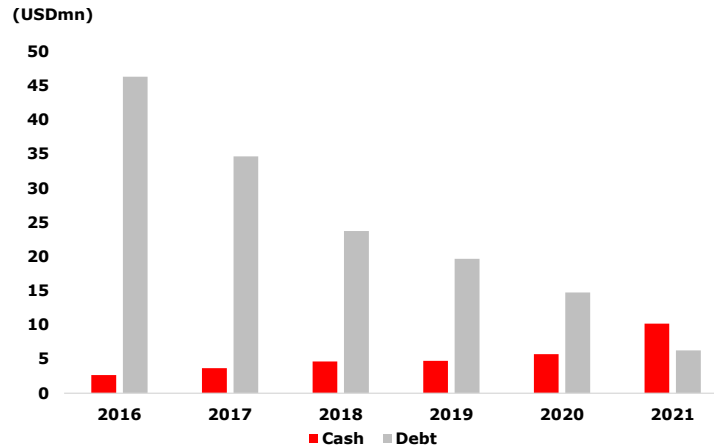
Source: Bloomberg, Bahana

**Exhibit 5. Number of fleet**



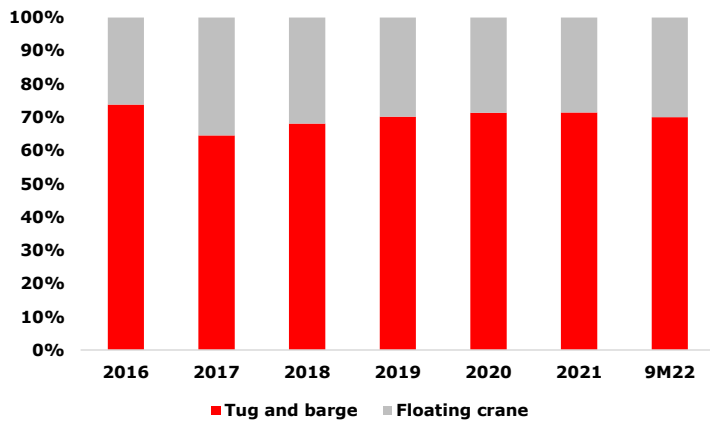
Source: Company, Bahana

**Exhibit 6. Cash and debt level**



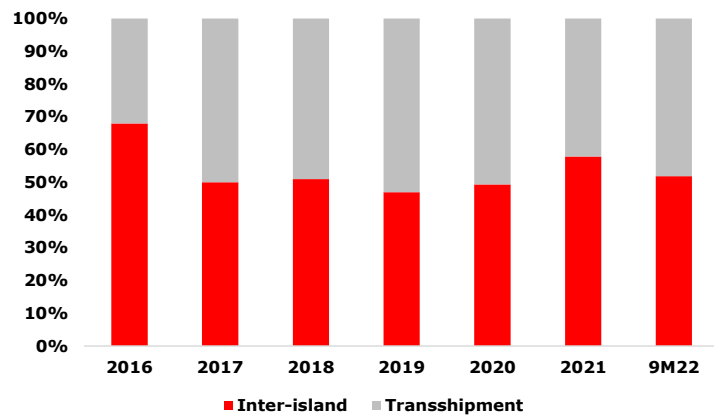
Source: Company, Bahana

**Exhibit 7. Revenue by types of service**



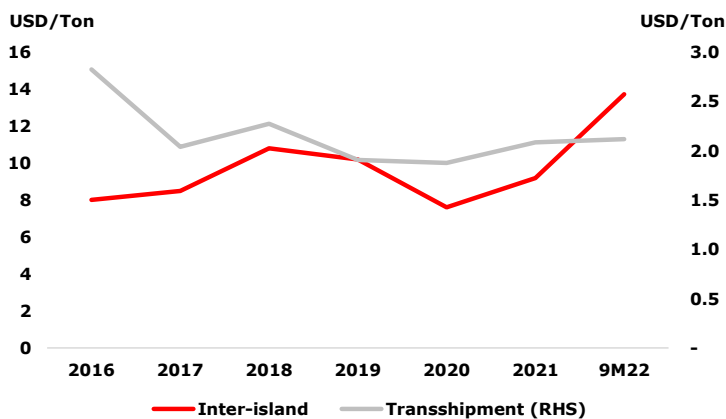
Source: Company, Bahana

**Exhibit 8. Revenue by shipment**



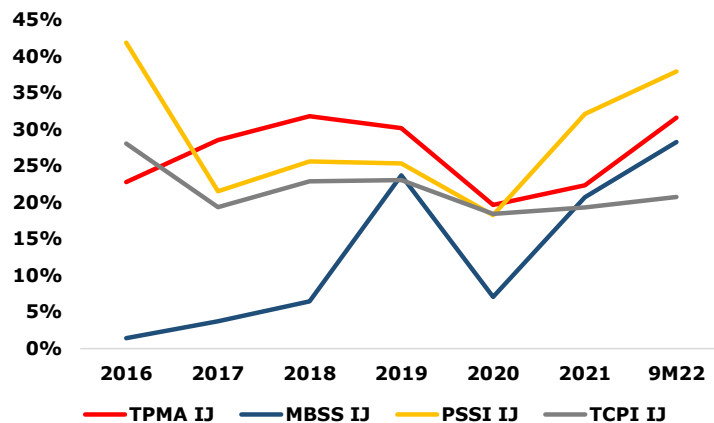
Source: Company, Bahana

**Exhibit 9. Avg. shipment revenue per ton**



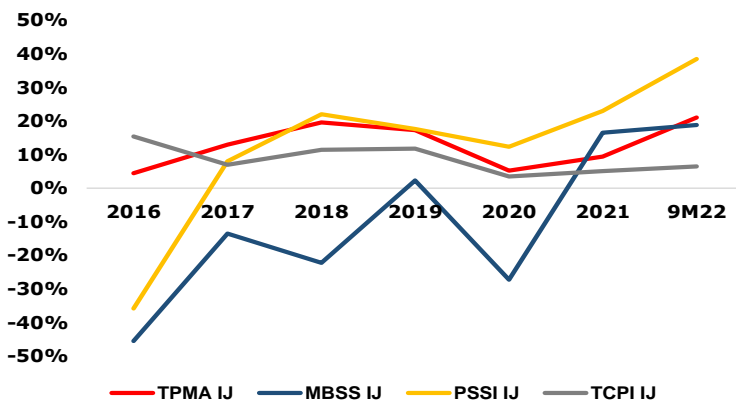
Source: Company, Bahana

**Exhibit 10. GPM vs peers**



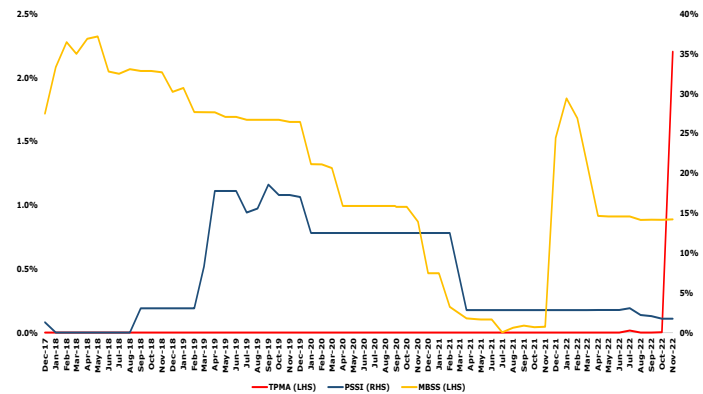
Source: Company, Bahana

**Exhibit 11. NPM vs peers**



Source: Company, Bahana

**Exhibit 12. Domestic institution holders in tug and barge companies**



Source: Company, Bahana

**Exhibit 13. Industry comparables**

| Ticker                   | Company Name                  | Country | Market cap (IDRtn) | 2022E P/E (X) | 2023E P/E (X) | 2022E PBV (X) | 2023E PBV (X) |
|--------------------------|-------------------------------|---------|--------------------|---------------|---------------|---------------|---------------|
| TPMA IJ (Consensus est.) | TRANS POWER MARINE            | IJ      | 1.2                | 4.8           | 4.1           | 0.8           | 0.7           |
| <b>Indonesia</b>         |                               |         |                    |               |               |               |               |
| TCPI IJ                  | TRANSCOAL PACIFIC             | IJ      | 39.3               | n.a.          | n.a.          | n.a.          | 0.3           |
| PSSI IJ                  | PELITA SAMUDERA SHIPPING      | IJ      | 3.3                | 7.8           | 6.0           | 0.3           | 0.3           |
| HATM IJ                  | HABCO TRANS MARITIMA          | IJ      | 2.3                | n.a.          | n.a.          | n.a.          | n.a.          |
| MBSS IJ                  | MITRABAHTERA SEGARA SEJATI    | IJ      | 2.1                | n.a.          | n.a.          | n.a.          | n.a.          |
| HAIS IJ                  | HASNUR INTERNASIONAL SHIPPING | IJ      | 0.6                | 17.3          | 15.2          | 4.4           | 3.8           |
| <b>Average</b>           |                               |         |                    | <b>10.0</b>   | <b>8.5</b>    | <b>1.9</b>    | <b>1.3</b>    |
| <b>Asia Average</b>      |                               |         |                    | <b>7.4</b>    | <b>6.7</b>    | <b>3.0</b>    | <b>2.8</b>    |
| <b>EU Average</b>        |                               |         |                    | <b>6.7</b>    | <b>5.2</b>    | <b>4.7</b>    | <b>4.4</b>    |
| <b>America Average</b>   |                               |         |                    | <b>5.9</b>    | <b>6.0</b>    | <b>4.9</b>    | <b>4.7</b>    |
| <b>Global Average</b>    |                               |         |                    | <b>7.5</b>    | <b>6.6</b>    | <b>3.6</b>    | <b>3.3</b>    |

Source: Bloomberg, Bahana

**Exhibit 14. TPMA's financial summary**

**Trans Power Marine**

**Year to 31 December**                      **2017**    **2018**    **2019**    **2020**    **2021**

**PROFIT & LOSS (USDmn)**

|                                  |             |             |             |             |             |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Revenue</b>                   | <b>37.7</b> | <b>43.9</b> | <b>47.7</b> | <b>39.8</b> | <b>42.0</b> |
| <b>Gross Profit</b>              | <b>10.8</b> | <b>14.0</b> | <b>14.4</b> | <b>7.8</b>  | <b>9.4</b>  |
| <b>Operating Profit</b>          | <b>7.6</b>  | <b>10.4</b> | <b>10.6</b> | <b>4.2</b>  | <b>5.5</b>  |
| Other operating income/(expense) | 0.0         | -0.4        | -0.1        | -0.3        | 0.0         |
| <b>EBIT</b>                      | <b>7.6</b>  | <b>10.0</b> | <b>10.5</b> | <b>3.9</b>  | <b>5.5</b>  |
| Net interest income/ (expense)   | -2.3        | -1.9        | -1.7        | -1.4        | -1.0        |
| <b>Pre-tax profit</b>            | <b>5.3</b>  | <b>8.1</b>  | <b>8.8</b>  | <b>2.6</b>  | <b>4.5</b>  |
| Taxes                            | -0.5        | -0.5        | -0.6        | -0.5        | -0.5        |
| Minority Interest                | -0.2        | 0.0         | 0.0         | 0.0         | 0.0         |
| <b>Net Profit</b>                | <b>4.7</b>  | <b>7.6</b>  | <b>8.2</b>  | <b>2.1</b>  | <b>4.0</b>  |

**2017**    **2018**    **2019**    **2020**    **2021**

**BALANCE SHEET (USDmn)**

|                                     |              |              |              |              |             |
|-------------------------------------|--------------|--------------|--------------|--------------|-------------|
| Cash and equivalents                | 3.7          | 4.6          | 4.7          | 5.7          | 10.2        |
| Trade receivables                   | 9.6          | 11.8         | 13.0         | 11.2         | 9.5         |
| Inventories                         | 0.4          | 0.5          | 0.4          | 0.3          | 0.7         |
| Vessel and equipments - net         | 99.1         | 92.5         | 91.2         | 83.3         | 77.6        |
| Other assets                        | 2.3          | 2.2          | 2.3          | 3.3          | 1.3         |
| <b>Total assets</b>                 | <b>115.0</b> | <b>111.5</b> | <b>111.6</b> | <b>103.8</b> | <b>99.3</b> |
| Trade payables                      | 4.5          | 5.3          | 5.6          | 3.8          | 3.3         |
| Interest bearing liabilities        | 38.3         | 28.4         | 24.4         | 20.4         | 16.4        |
| Other liabilities                   | 2.0          | 2.1          | 2.6          | 2.6          | 2.5         |
| <b>Total Liabilities</b>            | <b>44.8</b>  | <b>35.8</b>  | <b>32.6</b>  | <b>26.8</b>  | <b>22.2</b> |
| <b>Shareholder's equity</b>         | <b>70.2</b>  | <b>75.6</b>  | <b>79.1</b>  | <b>77.0</b>  | <b>77.1</b> |
| <b>Total Liabilities and Equity</b> | <b>115.0</b> | <b>111.5</b> | <b>111.6</b> | <b>103.8</b> | <b>99.3</b> |

**2017**    **2018**    **2019**    **2020**    **2021**

**RATIOS**

|                      |       |       |       |       |       |
|----------------------|-------|-------|-------|-------|-------|
| Gross margin (%)     | 28.5% | 31.8% | 30.2% | 19.7% | 22.3% |
| Operating margin (%) | 20.1% | 23.8% | 22.2% | 10.7% | 13.1% |
| Net margin (%)       | 12.4% | 17.3% | 17.3% | 5.2%  | 9.4%  |
| ROA (%)              | 4.1%  | 6.8%  | 7.4%  | 2.0%  | 4.0%  |
| ROE (%)              | 6.6%  | 10.0% | 10.4% | 2.7%  | 5.1%  |
| Net debt/ equity (x) | 0.5   | 0.3   | 0.2   | 0.2   | 0.1   |

**TPMA**                                      **3Q22**    **2Q22**    **3Q21**    **q-q (%)**    **y-y (%)**    **9M22**    **9M21**    **y-y (%)**    **% of Cons**

**PROFIT & LOSS (USDmn)**

|                               |             |             |             |             |              |             |             |              |             |
|-------------------------------|-------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|
| <b>Revenue</b>                | <b>16.9</b> | <b>16.5</b> | <b>10.7</b> | <b>2.5</b>  | <b>57.3</b>  | <b>45.6</b> | <b>30.3</b> | <b>50.4</b>  | <b>67.6</b> |
| Cost of revenue               | -11.5       | -10.8       | -8.2        | 6.6         | 39.7         | -31.2       | -23.0       | 35.8         |             |
| <b>Gross profit</b>           | <b>5.4</b>  | <b>5.7</b>  | <b>2.5</b>  | <b>-5.1</b> | <b>114.1</b> | <b>14.4</b> | <b>7.4</b>  | <b>96.1</b>  |             |
| Operating expenses            | -1.1        | -1.0        | -1.0        | 15.3        | 13.8         | -3.0        | -2.8        | 8.6          |             |
| <b>Operating profit</b>       | <b>4.3</b>  | <b>4.7</b>  | <b>1.5</b>  | <b>-9.3</b> | <b>177.6</b> | <b>11.4</b> | <b>4.6</b>  | <b>148.8</b> | <b>67.9</b> |
| Other income/(expense)        | -0.2        | -0.3        | 0.1         | -22.4       | -575.5       | -0.7        | 0.0         | 1591.9       |             |
| <b>EBIT</b>                   | <b>4.0</b>  | <b>4.4</b>  | <b>1.6</b>  | <b>-8.3</b> | <b>152.9</b> | <b>10.8</b> | <b>4.5</b>  | <b>136.5</b> |             |
| Net interest income/(expense) | -0.2        | -0.2        | -0.2        | -10.1       | -24.9        | -0.6        | -0.8        | -19.4        |             |
| <b>Pre-tax profit</b>         | <b>3.9</b>  | <b>4.2</b>  | <b>1.4</b>  | <b>-8.2</b> | <b>184.2</b> | <b>10.1</b> | <b>3.8</b>  | <b>167.7</b> |             |
| Taxes                         | -0.2        | -0.2        | -0.1        | 2.5         | 57.3         | -0.5        | -0.4        | 50.4         |             |
| Non-controlling interests     | <b>0.0</b>  | 0.0         | 0.0         | 0.0         | 0.0          | 0.0         | 0.0         | <b>0.0</b>   |             |
| <b>Net profit</b>             | <b>3.7</b>  | <b>4.0</b>  | <b>1.2</b>  | <b>-8.8</b> | <b>197.4</b> | <b>9.6</b>  | <b>3.4</b>  | <b>180.2</b> | <b>65.7</b> |

**Margins (%)**

|                  |      |      |      |  |  |      |      |  |  |
|------------------|------|------|------|--|--|------|------|--|--|
| Gross margin     | 32.1 | 34.7 | 23.6 |  |  | 31.6 | 24.2 |  |  |
| Operating margin | 25.5 | 28.8 | 14.4 |  |  | 25.0 | 15.1 |  |  |
| Net margin       | 21.7 | 24.4 | 11.5 |  |  | 21.0 | 11.3 |  |  |

Source: Company, Bahana

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