

Trans Power Marine

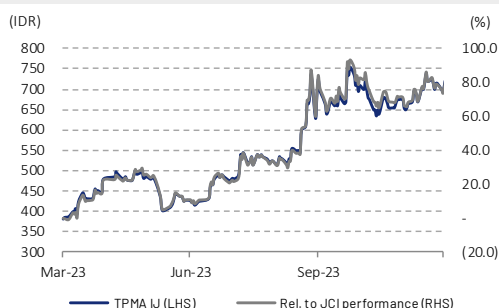
19 March 2024 | Equity Research | Shipping Sector

Company Update

BUY

Target Price	:	1,025
Current Price	:	720
Upside	:	42.4%

12M PRICE PERFORMANCE



Source: Bloomberg

STOCK PERFORMANCE

	YTD	1M	3M	12M
Absolute	2.1%	8.3%	2.9%	88.5%
JCI Return	0.4%	-0.5%	2.6%	10.4%
Relative	1.7%	8.7%	0.3%	78.0%

Source: Bloomberg

MARKET DATA

12M price range (IDR)	378 - 790
12M PE range (x)	4.1 - 7.2
Outstanding shares (mn)	2,633
Market cap (IDRbn)/(USDmn)	1,896 / 133
Avg daily turn. (IDRbn/USDmn)	25.5 / 1.8

Source: Bloomberg

SHAREHOLDERS

Dwitunggal Perkasa Mandiri	56.9%
Patin Resources	12.0%
Standard Chartered Bank	6.8%
Others	24.3%

Source: Bloomberg, BCA Sekuritas

Elgin Gavriel Liman

elgin.liman@bcasekuritas.co.id

All The Right Moves

FY23 Net Profit Beat Ours and Consensus

TPMA just posted their results with a very good numbers. Despite a lower-than-expected top-line at 93% and consensus at 98%, TPMA showcased strength in other areas. Notably, while volumes for LT and floating crane operations fell short of projections, transshipment volumes exceeded forecasts, growing impressively by 62.6% YoY. Despite volume discrepancies, TPMA exhibited strong margins, with a GPM of 41% in 4Q23, a notable improvement from previous quarters. Net profit also surged, reaching USD 6.5mn (+60.3% QoQ +39% YoY) in 4Q23, culminating in a total net profit of USD 19.69mn (+37.8% YoY) for FY23 compared to USD 14.3mn in FY22. Looking ahead, while we anticipate continued volume growth across LT, transshipment, and floating crane operations in FY24, with projections of 4%, 12.5%, and 10% respectively, we expect a flat ASP, which resulting in a 7.9% revenue increase to USD 71.8mn for the year.

The Big Contributor

TLP's exceptional performance in FY23, which contributed an additional USD 1.2mn to the company's books, underscores its strategic significance within TPMA's portfolio. With projections indicating an increase to 53 sets in operation for 2024, we anticipate further revenue growth for TLP, reaching approximately USD 34.4mn. Given TPMA's 30% ownership stake in TLP, the company stands to gain an estimated USD 3.2mn in net profit for FY24, assuming a monthly TC rate of USD 70k per set, translating to an annual revenue of approximately USD 840k per set. As such, we foresee continued improvement in the JV's net profit contribution over the coming years.

Toning Down the Numbers

We have revised our FY24 top-line estimate for TPMA to USD 71.8mn (+7.9% YoY). Our bottom-line projection stands at USD 22.9mn (+16.49% YoY), supported by a slightly improved NPM of 31.81% compared to 29.58% in FY23. Despite adjustments, TPMA's guidance aligns with our expectations, forecasting a top-line growth range of approximately 3% to 8%, alongside a net profit growth of 15% to 20%. However, the timing of new sets' introduction could impact FY24 top-line figures, particularly if they come online earlier than anticipated ([Please refer to our last report](#)). With a positive outlook for coal volumes and our heightened estimates projecting a production of 750mn tonnes in 2024 and dividend distribution in the near time, we maintain our favorable view on TPMA's market prospects.

We reiterate our **BUY** recommendation on TPMA, with a higher **TP of IDR 1,025/sh** (prev. IDR 950/sh), implying a PE multiple of 7.5x based on our 2024 forecast (+1 std on normalized time, excl. 2021). Currently the company is trading at 6.28x PE (-0.5 std) thus there might be still an upside of 42.4%.

Financial highlights	2022	2023	2024F	2025F	2026F
Revenue (USDm)	63	67	72	78	84
Gross Profit (USDm)	21	25	26	28	31
Net Profit (USDm)	14	20	23	25	27
EPS (IDR)	85	117	137	149	162
Net Profit Growth (%)	262.4	37.3	16.5	8.7	8.9
P/E (X)	8.4	6.1	5.3	4.8	4.5
DPS (IDR)	13	94	82	96	104
Div. Yield (%)	1.8	13.0	11.4	13.3	14.4
P/B (X)	1.4	1.3	1.2	1.1	1.0
ROE (%)	24.6	31.4	33.6	33.8	34.0

Financial Summary

Income Statement					
Year-end 31 Dec (USDmn)	2022	2023	2024F	2025F	2026F
Revenue	62.80	66.58	72.13	77.88	84.19
Cost of revenue	41.67	41.66	45.81	49.44	53.46
Gross profit	21.14	24.92	26.32	28.45	30.73
EBIT	17.34	19.87	20.73	22.29	24.15
Net interest income	-0.76	-0.64	-0.49	-0.29	-0.17
Forex gain/(losses)	-1.07	0.36	0.36	0.36	0.36
Other income/(expense)	-0.40	0.91	3.21	3.51	3.81
Pre-tax profit	15.1	20.5	23.8	25.9	28.1
Taxes	-0.76	-0.80	-0.87	-0.93	-1.01
Net income	14.34	19.70	22.94	24.92	27.13
EPS (USD)	0.0054	0.0075	0.0087	0.0095	0.0103

Balance Sheet					
Year-end 31 Dec (USDmn)	2022	2023	2024F	2025F	2026F
Cash and equivalents	15.50	15.29	21.88	31.62	44.68
Accounts receivables	9.45	11.26	12.20	13.17	14.24
Inventories	0.91	0.58	0.64	0.69	0.75
Fixed assets (Vessels & Equipments)	71.48	71.58	72.93	62.87	52.84
Other assets	9.34	16.89	18.30	19.76	21.36
Total assets	107.38	117.41	127.72	129.72	135.53
S-T liabilities	5.57	4.30	4.73	5.10	5.51
Other S-T liabilities	0.54	1.34	1.45	1.57	1.70
L-T liabilities	11.61	18.01	18.53	11.06	6.53
Other L-T liabilities	0.65	0.88	0.96	1.04	1.12
Total liabilities	18.55	24.88	26.05	19.18	15.30
Equity	88.83	92.52	101.67	110.54	120.23
Total liabilities and equity	107.38	117.41	127.72	129.72	135.53

Cash Flow					
Year-end 31 Dec (USDmn)	2022	2023	2024F	2025F	2026F
Net income	14.34	19.70	22.94	24.92	27.13
Depreciation	11.84	12.74	13.82	14.11	14.42
Operating cash flow	18.27	22.73	34.90	37.04	39.38
Capital expenditure	6.20	13.86	15.02	3.89	4.21
Investing cash flow	-5.53	-13.35	-15.04	-3.77	-4.34
Financing cash flow	-7.40	-9.60	-13.27	-23.52	-21.98
Change in cash	5.33	-0.21	6.59	9.74	13.06
Beginning cash flow	10.17	15.50	15.29	21.88	31.62
Ending cash flow	15.50	15.29	21.88	31.62	44.68

Key Ratios	2022	2023	2024F	2025F	2026F
Gross margin (%)	33.66	37.43	36.49	36.52	36.51
EBIT margin (%)	27.61	29.84	28.74	28.62	28.69
Pretax margin (%)	24.04	30.78	33.00	33.20	33.43
Net margin (%)	22.84	29.58	31.80	32.00	32.23
ROAE (%)	24.63	31.42	33.62	33.77	33.98
Net gearing (%)	NC	0.02	NC	NC	NC

Exhibit 1. FY23 Results

TPMA IJ	4Q22	3Q23	4Q23	0o0	YoY	12M22	12M23	YoY	to FY23F	to FY23F
Result review (USDm)				(%)	(%)				BCAS (%)	Consensus (%)
Revenue	17	15.6	18.6	18.9	8.0	63	67	6.0	93	98
Cost of revenue	10	10	11	14.1	4.8	42	42	(0.0)		
Gross profit	7	6	8	26.5	13.0	21	25	17.9	106	103
EBIT	6	5	6	27.5	3.0	17	20	14.6		
EBITDA	9	8	9	16.8	7.6	29	33	12.3		
Net interest income	(0.2)	(0.2)	(0.2)	28.4	48.6	(1)	(1)	(15.9)		
Pretax profit	5	4	7	58.4	37.7	15	20	36.2		
Net profit	4.7	4.1	6.5	60.3	39.0	14	20	37.8	113	109
Gross margin (%)	39.1	38.5	41.0			33.7	37.4			
EBIT margin (%)	34.5	30.7	32.9			27.6	29.8			
Pre-tax margin (%)	28.6	27.4	36.5			24.0	30.8			
Net margin (%)	27.4	26.1	35.3			22.8	29.6			

Sources: Company, BCA Sekuritas

Exhibit 2. Change of Forecast

Year-end Dec-31 (USD mn)	2024F			2025F			Cons.	
	Old	New	Δ (%)	Old	New	Δ (%)	2024F	2025F
Revenue	78.4	72.1	(8.0)	84.0	77.9	(7.3)	72.4	76.3
Gross profit	23.5	26.3	12.0	28.4	28.4	0.1	25.3	27.2
Operating profit	19.0	20.7	9.1	23.1	22.3	(3.4)	20.8	22.1
Net profit	21.2	22.9	8.2	25.2	24.9	(0.9)	21.3	23.7
EPS (IDR)	126	137	8.5	150	149	(0.9)		
BVPS (IDR)	648	598	(7.6)	728	651	(10.6)		

Sources: Company, BCA Sekuritas

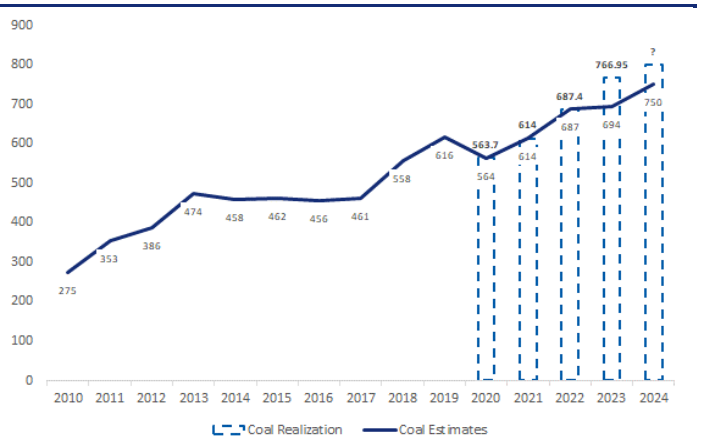
Exhibit 3. Operational volume

Service	FY22		FY23		Volume growth	Amount growth
	Volume (mn MT)	Amount (USD mn)	Volume (mn MT)	Amount (USD mn)		
Long Towing	2.1	30.7	2.0	30.0	-3.5%	-2.0%
Transshipment	5.7	13.2	9.3	18.3	62.6%	38.8%
FC	8.3	19.0	7.3	18.3	-12.3%	-3.6%
Total	16.1	62.9	18.6	66.6	15.4%	6.0%

Sources: Company, BCA Sekuritas

Exhibit 4. Number of fleets


Sources: MoEMR, BCA Sekuritas

Exhibit 5. Coal Production Estimates


Sources: Company, BCA Sekuritas

Equity Research

research@bcasekuritas.co.id

Institutional Equity Market

ecm@bcasekuritas.co.id

Sales Equity Market

sales@bcasekuritas.co.id

PT BCA Sekuritas

Menara BCA – Grand Indonesia, 41st Floor
 Jl. MH Thamrin No. 1, Jakarta 10310
 Tel. +62 21 2358 7222
 Fax. +62 21 2358 7250/300

DISCLAIMER

By receiving this research report ("Report"), you confirm that: (i) you have previously requested PT BCA Sekuritas to deliver this Report to you and you are legally entitled to receive the Report in accordance with Indonesian prevailing laws and regulations, and (ii) you have fully read, understood and agreed to be bound by and comply with the terms of this Report as set out below. Your failure to comply with the terms below may constitute a violation of law.

This Report is strictly confidential and is for private circulation only to clients of PT BCA Sekuritas. This Report is being supplied to you strictly on the basis that it will remain confidential and that you will maintain its confidentiality at all times. Without the prior written consent of PT BCA Sekuritas authorized representative(s), no part of this Report may be (i) copied or reproduced in any form by any means, (ii) redistributed or delivered, directly or indirectly, to any person other than you, or (iii) used for any other purpose that is not in line with the terms of the Report.

PT BCA Sekuritas, its affiliates and related companies, their directors, associates, connected parties and/or employees (excluding the individual analysts who prepare this Report) may own or have positions in securities of the company(ies) covered in this Report and may from time to time buy or dispose, or may have material interest in, those securities.

Further, PT BCA Sekuritas, its affiliates and its related companies do and seek to do business with the company(ies) covered in this Report and may from time to time: (i) act as market maker or have assumed an underwriting commitment in the securities of such company(ies), (ii) sell to or buy those securities from other investors for its own account, (iii) perform or seek to perform significant investment banking, advisory or underwriting services for or relating to such company(ies), or (iv) solicit any investment, advisory or other services from any entity covered in this Report. Furthermore, the personnel involved in the preparation of this Report may also participate in the solicitation of the businesses as described above.

The views expressed in this Report reflect the personal views of the individual analyst(s) at PT BCA Sekuritas about the securities or companies mentioned in the Report and the compensation of the individual analyst(s), is, or will be directly or indirectly related to the performance of PT BCA Sekuritas' activities. PT BCA Sekuritas prohibits the individual analyst(s) who prepared this Report from receiving any compensation, incentive or bonus based on specific investment banking transactions or for providing a specific recommendation for, or view of, a particular company (including those covered in the Report). However, the individual analyst(s) may receive compensation based on the scope of his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations.

In reviewing this Report, you should be aware that any or all of the above activities of PT BCA Sekuritas, its affiliates and related companies, their directors, associates, connected parties and/or employees, among other things, may give rise to real or potential conflicts of interest between them and you.

The content of this Report is prepared based on data believed to be correct and reliable on the date of this Report. However, this Report: (i) is not intended to contain all necessary information that a prospective investor may need, (ii) is not and should not be considered as an investment advice in any way, and (iii) cannot be relied as a basis for making an informed investment decision. Accordingly, PT BCA Sekuritas does not guarantee the adequacy, accuracy, completeness, reliability or fairness of any content of this Report and PT BCA Sekuritas, its affiliates and related companies, their directors, associates, connected parties and/or employees (including the analysts) will not be liable in any way for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) arising from or relating to any reliance on or use of the content of this Report by any person (including you).

This Report is general in nature and has been prepared for information purposes only. It is intended for circulation amongst PT BCA Sekuritas' clients only and does not consider any specific investment objectives, financial situation and the particular needs of any specific person who may receive this Report. The entire content of this Report is not and cannot be construed or considered as an offer, recommendation, invitation or solicitation to enter into any transaction (including trading and hedging) relating to the securities, other financial instruments, and other form of investments issued or offered by the company(ies) covered in this Report.

It is your own responsibility to: (i) independently evaluate the content of this Report, (ii) consider your own individual investment objectives, financial situation and particular needs, and (iii) consult your own professional and financial advisers as to the legal, business, financial, tax and other aspects before participating in any transaction in respect of the securities of company(ies) covered in this Report.

Please note that the securities of the company(ies) covered in this Report might not be eligible for sale in all jurisdictions or to all categories of investors. The availability of those securities and your eligibility to invest in those securities will be subject to, among others, the prevailing laws of the relevant jurisdiction covering those securities. Furthermore, the value and income of any of the securities covered in this Report can fall as well as rise and an investor (including you) may get back less than invested. Future returns are not guaranteed, and a loss of original capital may be incurred. Foreign-currency denominated securities are subject to fluctuation in exchange rates that could have a positive or adverse effect on the value, price or income of such securities and financial instruments. Past performance is not indicative of comparable future results and no guarantee regarding future performance is provided in this Report.

This Report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to the applicable laws or regulation of such jurisdiction.