Equity Research

Sucor Sekuritas

INITIATION REPORT

TRANS POWER MARINE

Smooth sailing through waves of high rates

April 26th 2023

Limited supply and soaring demand as a result of surge in commodity prices have sent freight rates sky-high. This is expected to benefit TPMA as it maps out expansion strategy by planning to acquire 10 barges within the next two years. The company is also expanding business through a JV with nickel giant Tsingshan, and the JV TLP seeks to purchase 35 barges in 2023–24F. We initiate a BUY rating for TPMA with TP of IDR690 based on DCF-based valuation.

Freight rate is to stay elevated longer
Freight rates have skyrocketed amid the barge tight supply condition. While most companies avoided increasing their capacity in the last eight years due to a downturn cycle, sudden jump in demand for barges has resulted in tight supply.

Barge makers are now facing issues in increasing production due to insufficient skilled labours. Traumatized by the downturn, they are reluctant to hire labors full-time, and in turn, they opt to offering higher wages to "hijack" workers from competitors. As a result, many ships are left unfinished.

Strategically positioned to benefit from expansion
TPMA represents strategic proposition in the middle of rising freight rates due to its expansion plan. The company seeks to acquire up to 10 barges within the next two years and looks to capture the growing nickel demand through a JV with nickel giant Tsingshan; the JV, TLP plans to purchase 35 barges throughout 2023–24F. With this expansion strategy, TLP is set to book income of USD2 mn by 2025F.

Strong management team with proven track records
Established in 2005, TPMA has an excellent management track record. TPMA has sailed throughout many "rough seas" and cycles and is also the only barge company that has been recording positive bottom-lines since the IPO. Managements' conservative approaches are key factors to this.

Initiate BUY with a TP of IDR 690
Our DCF-based TP of IDR690/sh implies 3.7 and 7.3x of 2023F EV/EBITDA and PE, a discount to its Peers' average of 11.8 and 4.7x. We favour TPMA, considering 1) elevated freight due to tight supply, 2) ambitious expansions within the company and its JV, and 3) strong management team with proven track records.

BUY

Current Price	480
Price Target	690
Upside/Downside	+43.8%

INDONESIA

MINING

Stock Data

Bloomberg Ticker	TPMA IJ
Outs. Share (bn)	2.6
Mkt Cap (IDR bn)	1,264.0
52 Week Range (IDR)	334 – 550
6M Avg Val (IDR bn)	3.9
YTD Returns (%)	3.9
Beta (x)	0.8

Month	Absolute	Relative
3m	6.2	5.7
6m	31.9	27.0
12m	36.2	41.5

FINANCIAL HIGHLIGHTS

USD mn	2021	2022	2023F	2024F	2025F
Revenue	42	63	61	65	67
EBITDA	16	28	29	31	32
PATMI	4	14	16	17	20
EPS (IDR)	21	85	94	97	115
EPS Growth (%)	92	298	10	3	19
PER (x)	22.4	5.6	5.1	5.0	4.2
EV/EBITDA (x)	6.0	2.7	2.4	2.3	2.1
ROE (%)	5.1	16.1	16.9	16.0	17.4
Dividend yield (%)	4.5	2.7	10.7	11.8	11.9
Net DER	0.1	(0.0)	(0.1)	(0.1)	(0.1)


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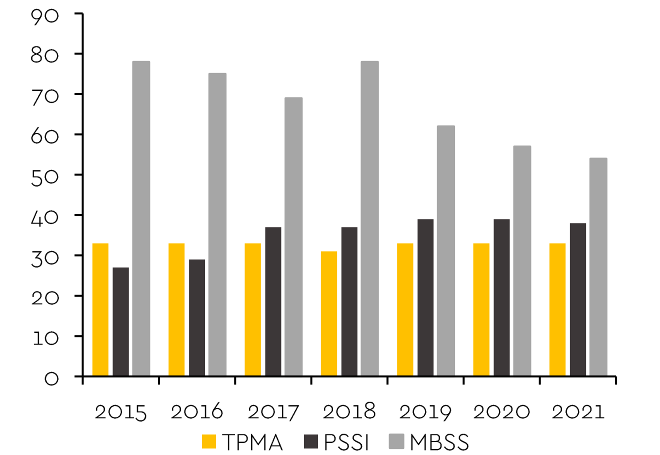
Elevated freight rate amid tight supply

Following the pandemic and a leap on commodity prices, the domestic barge market is experiencing a tight supply at an unprecedented level, and amid this condition, freight rates skyrocketed. Currently, shipping companies must wait for a year in order to get a barge, not to mention the already-long waiting list in front of them. Even worse, there is no guarantee that companies will even be included in that waiting list. According to our channel check, shipmakers often give unreasonable prices as a way to politely reject orders from barging companies.

The tight supply situation is also reflected in the surging barge prices which have gone up to around USD4 mn from only USD2.5 mn in 2018. Even at current price, barge makers are still enjoying high demand.

Unlike today, most companies did not want to increase their capacity in the last eight years, and fleet growth for most public barging companies was relatively low with most companies only adding 0-2 units per year. However, since then, a sudden increase in commodity prices has triggered a supply shock.

Fig. 1: Weak fleet capacity growth over the last 8 years

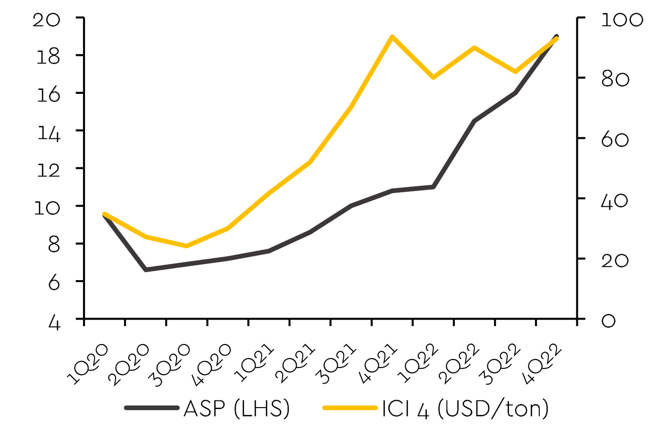


Source: Respective companies, Sucor Sekuritas

One significant reason for the tight supply is insufficient skilled labors. Due to the barge market downturn in 2016, all shipmakers now opt to outsource their labors, who are essential for the sophisticated welding process. It results in limited labor supply which forces shipmakers to offer higher wages to "hijack" workers from competitors. Consequently, many ships are left unfinished.

Meanwhile, nowadays, time charter rates stay between IDR1-1.2 bn per month, from only USD700-800 mn. Channel check reveals that barge players are also unwilling to lower their spot rates as long as the ICI 4 prices remain above USD70/ton.

Fig. 2: TPMA's freight rates vs ICI 4

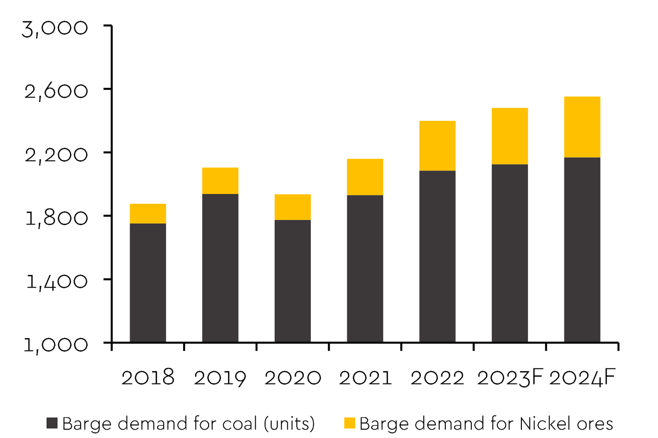


Source: Trans Power Marine, Bloomberg, Sucor Sekuritas

High demand is here to stay

The domestic demand for barges is predicted to be around 2,480 units in 2023F (Fig.3), driven by higher coal and nickel ore shipment. It is worth noting that about 90% of domestic coal shipping uses barges, so there are 613 mn tons of coal to be delivered per year. Meanwhile, all of nickel shipment is delivered via barges, and the commodity contributes 69 mn tons per year, or equal to 14% of barge demand.

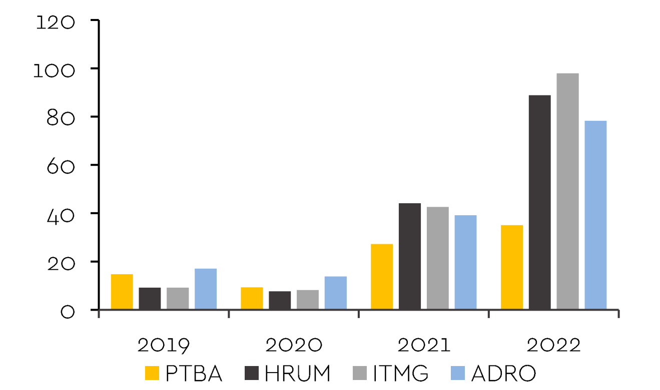
Fig. 3: Growing demand due to flourishing coal and nickel productions



Source: Trans Power Marine, ESDM, Wood Mckenzee, Sucor Sekuritas

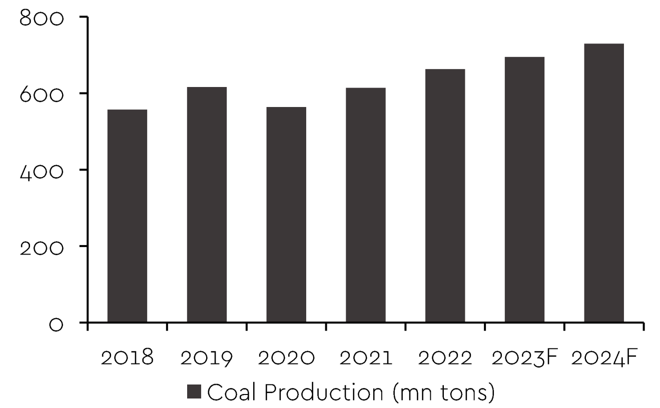
Despite the plunging coal prices, we see coal shipping demand to stay elevated as industry players can still record lucrative margins (Fig.4). We predict coal production to grow to 695-730mn tons, increasing by 5% yoy in 2023-24F. Another potential upside is the switch from DMO (the current regulation) to MIP. The proposed MIP encourages some coal players to increase their domestic sales as domestic prices would be equal to market prices. The barge demand will likely increase following the switch to more domestic sales.

Fig. 4: Coal miners' EBITDA/ton remain lucrative (USD/ton)



Source: Respective companies, Sucor Sekuritas

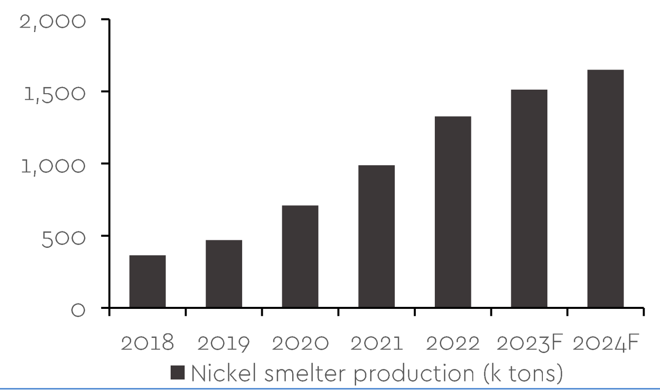
Fig. 5: Indonesia's coal production



Source: ESDM, Sucor Sekuritas

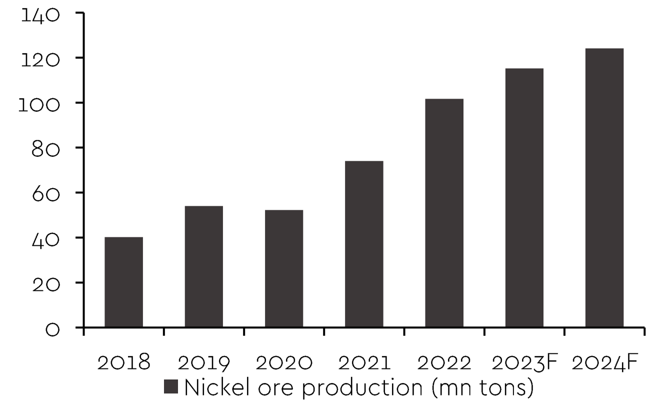
The barge market also benefits from downstream nickel focus in Indonesia. Following the ban on nickel ore export, nickel smelters are growing at a tremendous pace. The existing smelters' capacity stands at 1.3 mn ton, and we forecast nickel ore production to grow to 115-124 mn tons (+14 and 9%yoy) in 2023-24F.

Fig. 6: Indonesian nickel smelter productions (k tons)



Source: Wood Mckenzee, Sucor Sekuritas

Fig. 7: Indonesian nickel ore production (mn tons)

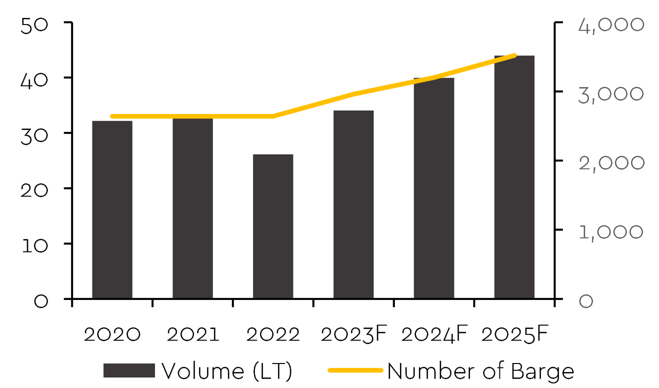


Source: Wood Mckenzee, Sucor Sekuritas

Ambitious fleet capacity expansion plans

TPMA represents strategic proposition amid today's rising freight rates due to its expansion plan. The company currently operates 33 fleets with a total delivery capacity of 2.6 mn tons per year, and it aims to acquire up to 10 barges within the next two years—with five of which being scheduled to be delivered this year. Due to TPMA's proven track record and well-established relations with shipmakers, it should be able to secure new fleets despite the tight supply condition.

Fig. 8: Growing fleet capacity



Source: Trans Power Marine, Sucor Sekuritas

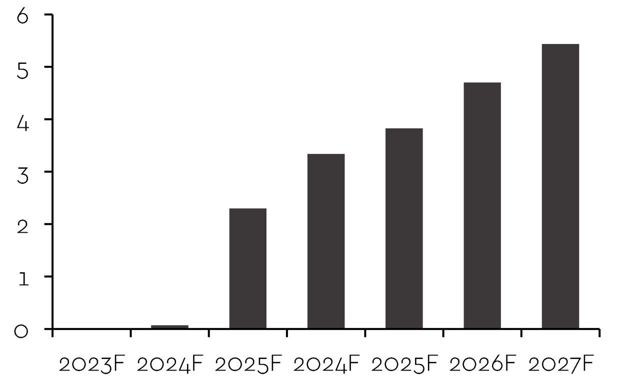
To expand its fleet, TPMA has secured USD20 mn capex for 2023F, from USD14 mn last year. About 20% of the capex will be taken from internal cash while the rest will be financed by debts.

Tapping into growing nickel market through a Tsingshan collaboration

TPMA is looking to capture the growing nickel demand through a JV with Chinese nickel giant Tsingshan. In 2022, the company spun off its subsidiary, PT Trans Logistik Perkasa (TLP), into a JV. While TPMA owns 30% stake in the TLP, the rest is held by PT Pacifik Pelayaran Indonesia (40%) and Tsingshan through T&J Industrial Holding Limited (30%).

TLP is specifically designated to serve Tsingshan's smelters and comes with a promising plan to purchase 35 barges throughout 2023-24F, with 80% debt-equity financing. With its expansion strategy, TLP is set to book USD2 mn of income by 2025F. Furthermore, in the long term, the company plans to acquire 60 barges.

Fig. 9: TLP's Income to grow to USD5.4 mn by 2027F



Source: Trans Power Marine, Sucor Sekuritas

We believe Tsingshan is the best partner for TLP to tap into the nickel market. Despite a huge opportunity present, there is a substantial amount of bad debt in nickel deliveries. Due to the overwhelming amount of nickel traders, ship companies have to do business with traders instead of miners (Fig. 10). However, these traders often face cash flow problems, and with Tsingshan as its partner, TLP can minimize risks related to uncollectable receivables.

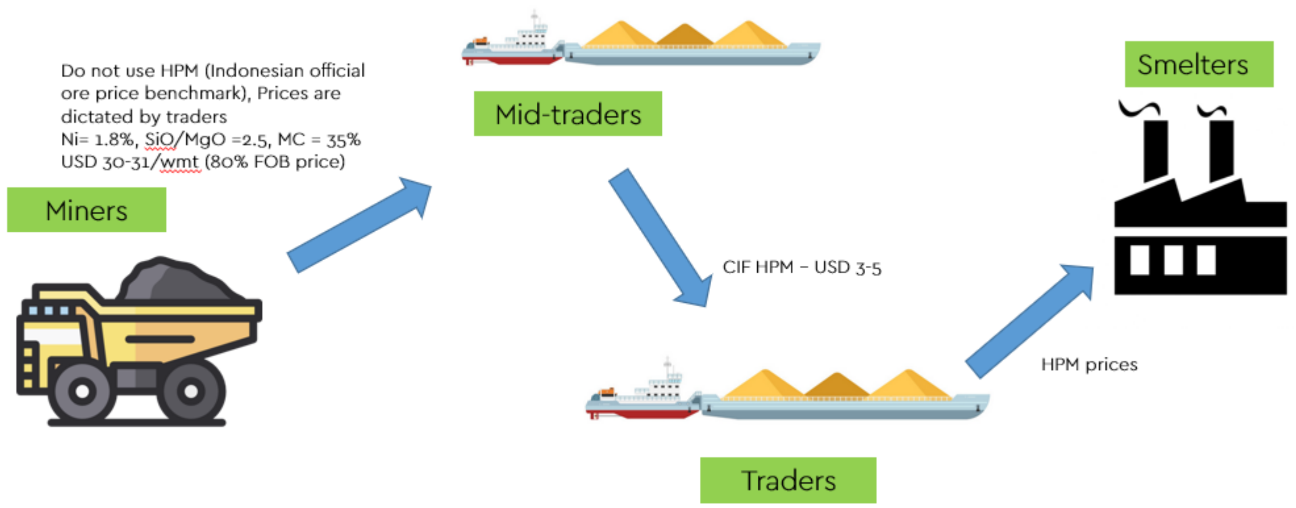
Also, TLP will likely benefit from Tsingshan's fast development. Currently, Tsingshan has around 80 lines of NPI smelters and is set up to establish 120 lines of smelters by next year. This means Tsingshan will need more than 100 mn tons of nickel ores per year.

A more resilient proxy to commodities

TPMA is considered less cyclical than mining companies due to the nature of its business model which relies heavily on the volume of coal deliveries rather than the prices of coal. TPMA's freight rates for long-term contracts are calculated using fuel prices, transportation distance, cycle time, and crew wages. The high demand for barges, however, provide further upsides for the freight rates, and TPMA has leverage to increase rates during high demand.

There are certain ranges in coal prices in which miners are bound to increase or decrease their production. A 10-dollar change in coal prices is unlikely to affect coal production and rates. Our channel check shows that shipping companies are reluctant to decrease rates if the ICI 4 prices stay above USD70/ton.

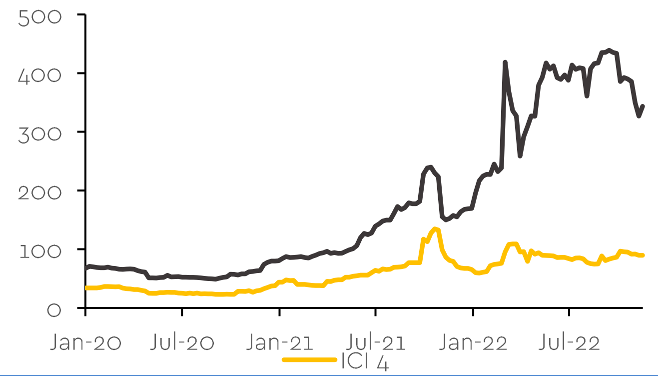
Fig. 10: Nickel ore transaction process



Source: APNI, Sucor Sekuritas

After declining by about 24% since the beginning of the year, ICI4 has stabilized above USD72/ton for weeks. We believe the market has already priced in the weakening demand due to the declining gas prices and potential developed market recessions. Besides, ICIs are far more stable compared to Newcastle, which plunged 50% since the start of the year. With our economist expecting higher demand for commodities following Chinese reopening and rate cut in 2H23, coal prices are bound to move nowhere but north.

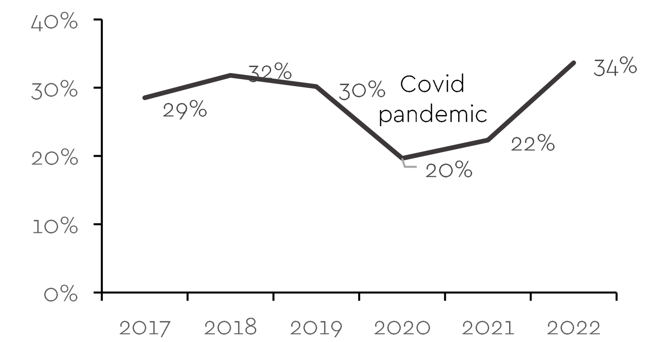
Fig. 11: ICIs remained relatively stable vs. Newcastle (USD/ton)



Source: ICI, Bloomberg, Sucor Sekuritas

Based on historical gross margin trends, the company will likely overcome price increase in fuel, which accounts 30% of total costs. Meanwhile, EBITDA and net margins are more prone to change in rates.

Fig. 12: TPMA's gross margins remain relatively stable



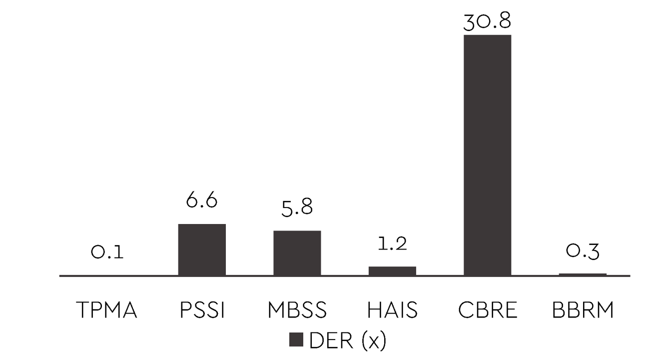
Source: Trans Power Marine, Sucor Sekuritas

Strong management team with proven track records

Established in 2005, TPMA has an excellent management track record. It has sailed through many "rough seas" and cycles. Not only did TPMA survive downturn cycles, but it is also the only barge company that has been recording positive bottom-lines since IPO.

One driving factor behind TPMA's outstanding performance is the management's conservative approach. Apart from its peers, TPMA's DER stood at low 0.1x.

Fig. 13: TPMA has low DER compared to its peers (x)



Aside from that, TPMA's strong customer portfolio also ensures a steady delivery volume. TPMA predominantly serves big coal players and big woodchip makers, and beside having stable production volume, they have the capacity to maintain it during volatile prices. Furthermore, TPMA can always opt to finding short-term customers if the company has extra capacities.

Fig. 14: List of TPMA's big customers

Customer	Product	Year Started
Kaltim Prima Coal	Coal	Since 2013
Exploitasi Energi Indonesia	Coal	Since 2018
DDE	Coal	Since 2020
Solusi Bangun Indonesia	Coal	Since 2019
Jorong Barutama Greston	Coal	Since 2005
Pelayaran Bahtera Adhiguna	Coal	Since 2010
Korindo	Woodchips	Since 2012
Dian Ciptamas Agung	Coal	Since 2020
Borneo Indobara	Coal	Since 2015

Source: Trans Power Marine, Sucor Sekuritas

Fig. 15 TPMA's main long-term contracts

Name of project	Owner	Start of project	End of project
Coal Transhipment Contract	PT Pelayaran Bahtera Adhiguna	Jul-20	Feb-24
Coal Transhipment Contract	PT Dian Ciptamas Agung	Jan-20	Dec-25
Coal Transhipment Contract	PT Borneo Indobara	May-20	Jan-25
Coal Transhipment Contract	PT Solusi Bangun Indonesia Tbk	Jan-21	Apr-23
Coal Transhipment Contract	PT Exploitasi Energi Indonesia Tbk	Jan-21	Dec-24
Coal Transhipment Contract	PT Dwi Guna Laksana	Jan-21	Dec-24
Coal Transhipment Contract	PT Indexim Coalindo	Dec-22	Dec-24

Source: Trans Power Marine, Sucor Sekuritas

Valuation

We construct our DCF-based valuation model using 12% WACC and 0.5% terminal growth rate, in effect generating USD121 mn equity value. Our DCF-based valuation suggests a fair value of IDR690/sh.

Our sensitivity analysis indicates a DCF-based valuation range of IDR 619–871/sh, with WACC and TG ranges of 11–13% and 0.1–2.5%.

Based on the average 5-year average PE multiple of 11.2, TPMA could trade at IDR1,050/sh. Meanwhile, using the 5-year average EV/EBITDA multiple of 4.2, we derived a fair value of IDR760/sh.

We further emphasize that our valuation estimate for TPMA is conservative. Our DCF-based TP of IDR690/sh implies 3.7 and 7.3x of 2023F EV/EBITDA and PE, a discount to its Peers' average of 11.8 and 4.7x.

Aside from its cheap valuation, we favour TPMA, considering 1) elevated freight due to tight supply, 2) ambitious expansions within the company and its JV, and 3) strong management team with proven track records.

Fig. 16: DCF valuation

Cash Flow	Unit	2023F	2024F	2025F	2026F	2027F	2028F	2029F	2030F	Terminal
Net income	Mn USD	16	17	20	15	11	13	14	13	
Depreciation & amortization	Mn USD	10	11	11	12	12	13	13	14	
Change in working capital	Mn USD	(2)	(1)	(1)	(0)	1	(1)	0	1	
Interest after tax	Mn USD	(1)	(1)	(2)	(2)	(2)	(2)	(1)	(1)	
Capex	Mn USD	(12)	(11)	(15)	(8)	(9)	(9)	(8)	(8)	
Investment in shares	Mn USD	(1)	(4)	(3)	-	(1)	(2)	-	(2)	
FCFF	Mn USD	11	10	10	17	13	12	18	16	139.59
Adj. FCFF	Mn USD	11	9	8	12	8	7	9	70	

Assumption	Unit	
Disc. Rate	%	12%
Terminal growth rate	%	0.5%
NAV	Mn USD	134
Net Debt	Mn USD	-11.777
Equity value	Mn USD	122
Minority	Mn USD	0
Equity value (minority)	Mn USD	122
OS Share	Mn Share	2,633
Share price	USD/sh	0.046
Share price	IDR/sh	690

Source: Trans Power Marine, Bloomberg, Sucor Sekuritas

Fig. 17: DCF-Sensitivity analysis

Terminal Growth	WACC 11%	12%	12%	13%	13%
0.1%	751	715	682	652	625
0.3%	759	722	689	658	630
0.5%	768	730	690	664	635
2.0%	845	798	756	718	683
2.5%	877	826	780	739	702

Source: Trans Power Marine, Sucor Sekuritas

Fig. 18: TPMA's multiple valuation

Multiple	5-Y average (x)	Share Price (IDR/sh)
PE	11.2	1,050
EV/EBITDA	4.2	760

Source: Trans Power Marine, Sucor Sekuritas

Fig. 19: Peers' comparisons

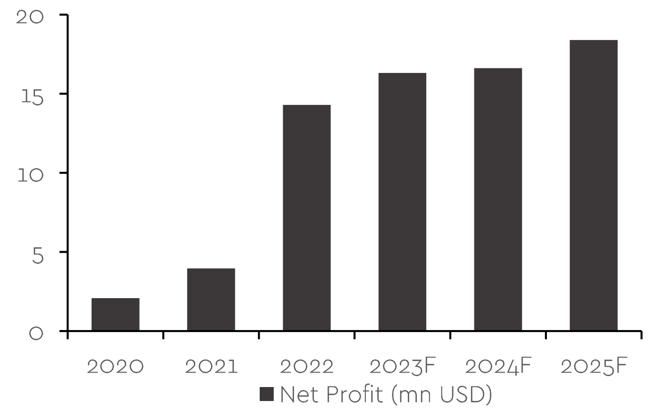
Ticker/ Company	Market Cap (USD mn)	PE (x) 2023F	PE (x) 2024F	EV/EBITDA (x) 2023F	EV/EBITDA (x) 2024F	ROE 2023F	ROE 2024F	Dividend Yield (%) 2023F	Dividend Yield (%) 2024F	EBITDA Margin (%) 2023F	EBITDA Margin (%) 2024F	EBITDA Growth (%) 2023F	EBITDA Growth (%) 2024F
TPMA IJ	75	4.8	4.7	2.3	2.1	16.9	16.0	20.9	21.1	48.1	47.4	4.2	4.0
MBSS IJ	143	6.4	4.4	1.9	1.6	12.6	16.8	11.9	16.7	52.4	54.8	47.7	26.5
YANG MING TT	7399	24.9	22.1	N/A	N/A	1	3	5	4	22	19	1	87
COCO MK	275	4.0	9.4	7.6	7.4	18.7	7.3	N/A	N/A	83.9	77.1	-45.2	39.5
Average		**11.8**	**12.0**	**4.7**	**4.5**	**10.7**	**9.0**	**8.3**	**10.3**	**52.8**	**50.3**	**1.2**	**50.8**

Source: Trans Power Marine, Bloomberg, Sucor Sekuritas

Financial Performance

Earnings growth remains solid
We expect earnings to grow by 14-2%yoy in 2023-24F, supported by higher delivery volumes and elevated rates, and net profit to reach USD16 mn and USD17 mn in 2023-24F.

Fig. 20: TPMA's profit growth



Source: Trans Power Marine, Sucor Sekuritas

Due to the tight supply, ship delivery schedule is the key factor in our model, and we create scenario analyses to determine earnings sensitivity towards it. Our base case earnings (Fig. 17) assume freight rates of USD13.7-12.9 per ton and 4-6 ships delivery in 2023-24F. Meanwhile, our bull case scenario assumes freight rates of USD13.0-11.5 per ton and 1-2 ship deliveries, and considers all management's orders are executed in timely manner. Our bear case, on the other hand, assumes freight rates of USD13.9-13.1 per ton and 7-4 ship deliveries in 2023-24F.

Higher rates and JV contributions = increasing profitability
TPMA reported strong profitability growth in recent years, largely bolstered by higher shipping rates. Net margin improved to 22.8% from 13% in 2017 while EBITDA margin rose to 45%, increasing sharply from 20% in 2017.

Such strong profitability is expected to continue in the coming period due to higher delivery volumes, elevated rates, and JV contributions. TPMA's low interest costs also play a major role in maintaining the company's profitability.

Fig. 21: Scenario analyses

Assumptions	Unit	Bear case		Base Case		Bull Case	
		2023F	2024F	2023F	2024F	2023F	2024F
Long Towing:							
Freight rate	*USD/MT*	13.0	11.5	13.7	12.9	13.9	13.1
Fuel Price	*USD/L*	1.4	1.2	1.4	1.2	1.4	1.2
No. of Barge	*Unit*	34	36	37	40	40	44
Barge Utilization	*Unit*	83%	90%	83%	90%	83%	90%

Income Statement	Unit	Bear case		Base Case		Bull Case	
		2023F	2024F	2023F	2024F	2023F	2024F
Revenue	*Mn USD*	56	60	61	65	67	79
Gross Profit	*Mn USD*	20	20	23	24	29	36
EBITDA	*Mn USD*	25	27	29	31	35	43
Net Profit	*Mn USD*	12	13	16	17	21	29

Source: Trans Power Marine, Bloomberg, Sucor Sekuritas

Sturdy balance sheet to support further expansions

The company has maintained stable leverage profile over the years with Net Debt-to-Equity ratio (DER) ranging between 0.2 x – (0.0) x in the past three years. Its current net DER stood at (0.0) x in 2022, declining by 10 bps yoy. We foresee the declining trend to continue in 2023, following a sharp rise in selling prices which could help reduce the overall debt level and/or boosting its equity level.

Additionally, the company also has strong loan repayment capabilities with interest coverage ratio reaching an average of 10.4-36.9x in recent years.

TPMA is sitting on a huge net cash position of USD4 mn in 2022, and it should be adequate to finance its aggressive near-term growth strategy. Additionally, the sharply declining net gearing ratio would also provide room for the company to grow its assets.

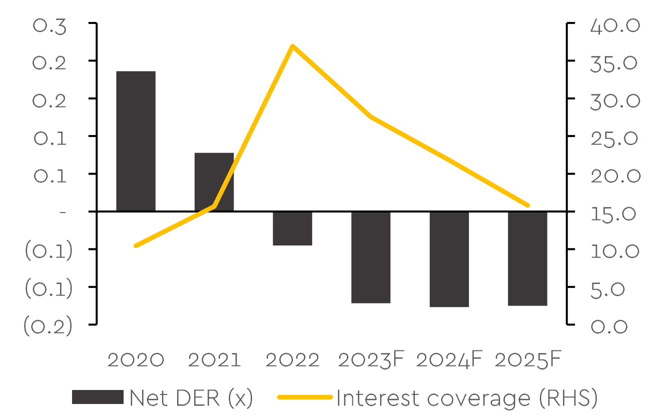
Ample room for dividend due to strong cash position

TPMA managed to maintain high dividend in the last five years with Dividend Payout Ratios ranging between 46-191% during the period—as a result of the company's strong cash position.

We see the dividend to remain attractive this year, backed by the strong earnings outlook and the opportunity for higher dividends. Despite the ambitious expansion plan, TPMA will finance its 80% ship acquisitions by debt.

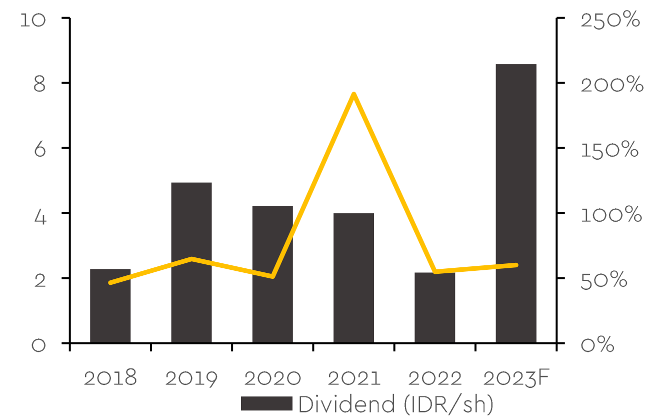
The company should be able to maintain decent cash dividend of USD9 mn this year (11% Div. yield) with a similar payout ratio of 60%. Using our assumptions, it will still have USD28 mn of cash by 2023F.

Fig. 22: TPMA's profit growth



Source: Trans Power Marine, Sucor Sekuritas

Fig. 23: TPMA's ample dividend



Source: Trans Power Marine, Sucor Sekuritas

Company Profile

Established in 2005, TPMA is a bulk cargo transporter of mainly coal, woodchips, and recently nickel ore across Indonesian waters. TPMA's successful expansion story cannot be separated from Patin Resource's supports as major shareholder. Patin Resource started its voyage in national maritime industry in 1994 by establishing a private company, PT Mitra Bahtera Segarasejati, which is known as MBSS today.

Starting out with ship-brokering contract, MBSS gained contracts and trust from big mining companies (KPC, Adaro, Berau Coal, Sinar Mas, etc.) over the years. The company managed to own a few sets of tug and barges, allowing it to expand to material handling, barging, and floating crane service before eventually listing company shares and becoming a public company in 2011. It then partnered with one of Indonesia's prominent energy companies, Indika Group, as company shareholders.

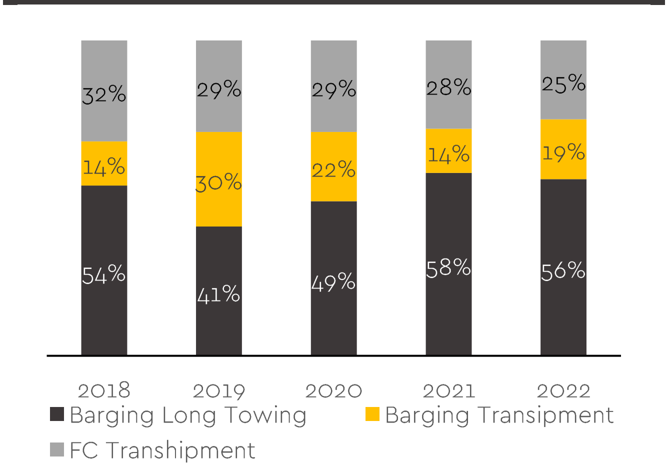
After years of partnership, Patin Resources group sold all of its shares in MBSS in mid-2014 and later acquired PT Trans Power Marine. With more than 20 years of experience, knowledge, and good reputation, Patin group brings Trans Power Marine to become a reputable shipping company in the industry.

The company focuses on two main business, i.e. transhipment and inter island transportation, supported by large fleets consisting of 38 tug boats, 33 barges, and three floating cranes. In managing operational activities, the company runs a branch office in Banjarmasin (South Kalimantan) and two representative offices in Cilacap (Central Java) and Kumai (Central Kalimantan). TPMA competes in this business by providing cost efficient and timely bulk materials transportation services for prominent domestic coal miners, cement producers, state-owned electricity companies, and wood-processing companies.

By 2022, 75% of the company's revenue came from barging which includes long towing and transhipment revenues. Long towing (long distance transportation often between island to island) accounted for 56% while transhipments (short distance transportation often from jetty to the middle of the sea) accounted for 25% of the total revenue. The remaining 19% came from floating crane transhipment.

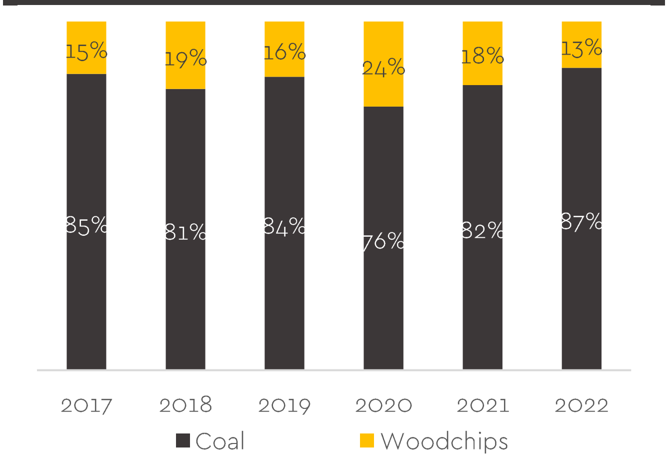
Also by 2022, 87% of its current revenue was heavily concentrated in coal transport while the remaining 13% came from the transport of woodchips. The future contribution from revenue per product will be more diversified as it will include the transport of nickel from their JV.

Fig. 24: TPMA's revenue breakdown



Source: Trans Power Marine, Sucor Sekuritas

Fig. 25: Revenue breakdown based on products



Source: Trans Power Marine, Sucor Sekuritas

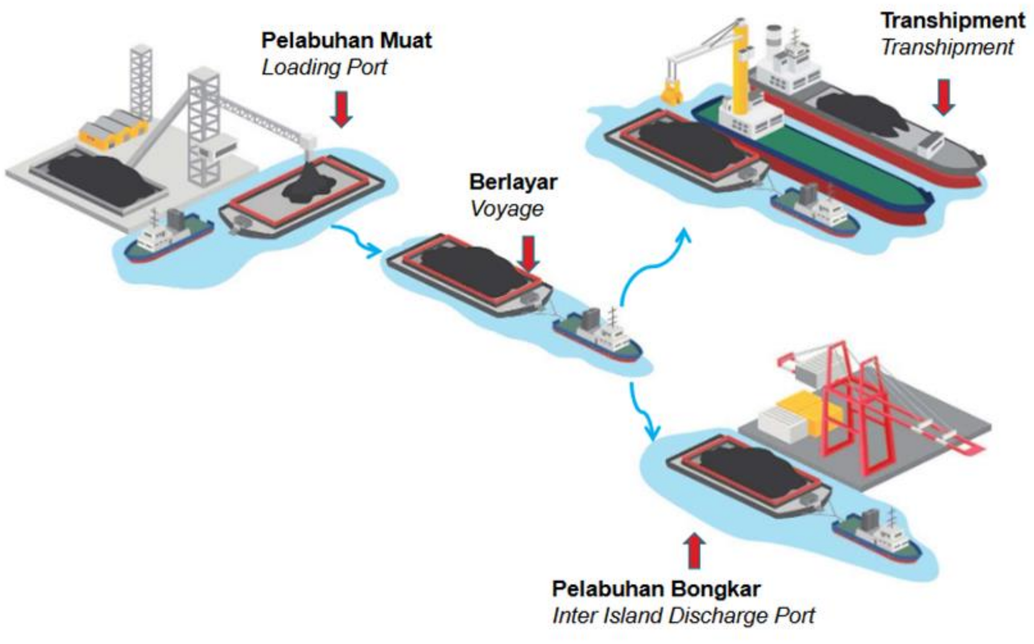
TPMA benefits from the "asas cabotage", or cabotage principle, whose implementation is backed by several regulations, including Presidential Decree No. 5/2005, Ministry of Transportation's Regulation No. 71/2005, and Law No. 17/2008 on Shipping. The asas cabotage regulates that all vessels used for domestic shipping activities (including for transport of various commodities) must be manned by Indonesian crew and carry the Indonesian flag. Along with a 49% foreign ownership cap limit for Indonesia's domestic and foreign sea transportation business, this policy gives a competitive edge to local bulk materials transportation service providers like TPMA.

As investments in the country's nickel sector continues to grow at a remarkable pace, TPMA has positioned itself extremely well by laying the groundwork for rapid growth beyond 2023 through a joint venture with PT Pacifik Pelayaran Indonesia (PPI) and T&J Industrial Holding Limited. The move allows for the purchase of 60 sets of tug and barges in stages within four years, to transport mainly nickel ores and products.

The company has been recording net profit since the IPO, even in the middle of an recession. It has more than 15 years of experience in ship operations, and fuel price fluctuations fail to affect its margins. Its customers are loyal while its crane barge and barging transhipment contracts can last up to 10 years.

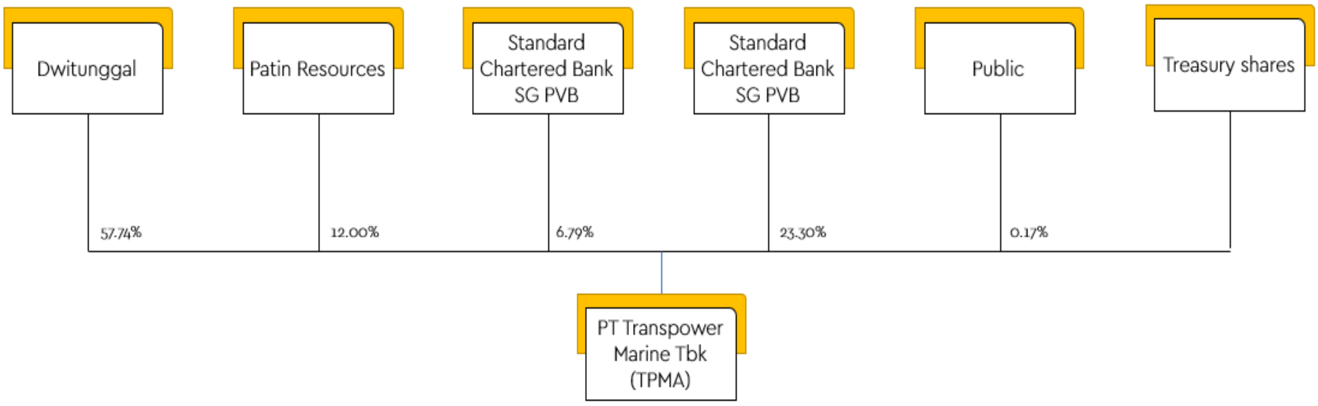
Moreover, the company has diversified their income: not only from coal, but also from woodchips. It is also worth mentioning that all of its revenue, both from barging and crane barge, is freight charter revenue. Lastly, on operations, the company uses a satellite tracking and monitoring system installed on its ships.

Fig. 26: TPMA's business lines



Source: Trans Power Marine, Sucor Sekuritas

Fig. 27: Shareholder's structure



Source: Trans Power Marine, Sucor Sekuritas

Name		Historical Background
	**RONNY KURNIAWAN**	Current Position: President Director The company's president director Ronny Kurniawan is well experienced in the shipping sector as he served as Chief Financial Officer of PT Mitrabahtera Segara Sejati Tbk (2008-2012) before taking on the role of Managing Director of PT Trans Power Marine Tbk (2012-2014). He also has served as Vice President Commissioner of PT Trans Power Marine Tbk. (2014-2015). Since he joined the company in 2012 and provided leadership and guidance in different roles, TPMA has never had a year of net loss. He earned his Bachelor of Management degree in 1990 from Universitas Tarumanagara, Jakarta.
	**DANIEL WARDOJO**	Current Position: Vice President Director The company's president director is well versed in the shipping sector. His previous roles include President Director of PT Trans Power Marine Tbk. (2012-2015), President Director of PT Dwitunggal Perkasa Mandiri (2012-2019), Business Development and Commercial Manager and Operational Deputy Manager of PT Mitrabahtera Segara Sejati Tbk. (2004-2011), and Marketing & Sales Manager of PT Edward Makmur (2001-2002). He earned his Master of Science degree in Logistics in 2004 from the University of Wollongong, New South Wales, Australia.
	**RUDY SUTIONO**	Current Position: Director Previously, he served as Director of PT Dwitunggal Perkasa Mandiri (2012-2019), Director of PT The Univenus (2010-2011), Finance Controller of Sinarmas Pulp and Paper (2005-2012), Accounting Head of Sinarmas Pulp and Paper (1996-2005), and Supervisor at public accounting firm Prasetio Utomo & Co. (1992-1996). He earned a Bachelor of Accounting degree in 1993 from Universitas Trisakti. As of December 31, 2021, he had also assumed other positions, such as the Corporate Secretary of PT Trans Power Marine Tbk. (since 2012).
	**AMAN SUAEDI**	Current Position: Director Formerly, he served as the Business Development Manager of the company (2010-2014), Operational Manager of the company (2006-2010), Senior Marine Surveyor of PT Inquiry Marine Services (2004-2006), Ship Master of Ocean Tankers Pte, Ltd. (2002-2004), Sea Officer of Chief, Ocean Tankers Pte, Ltd. (2001-2002), and Chief Officer Sea of Mitsubishi Chemical and Logistic Co., Ltd. (1998-2001). He started his higher education, majoring in Shipping (3rd Degree Marine Officer) at BPLP Semarang, in 1998 and headed to the Marine and Port Authority of Singapore in 2001. In 2010, he undertook a short course through the Management Development Program and a short course in Supervisory and Management from Prasetiya Mulya Business School to obtain a master's degree.

<table>
<tr><th colspan="2">Name</th><th>Historical Background</th></tr>
<tr><td></td><td>I. ADE SUNDARI P.</td><td>Current Position: President Commissioner

The company's President Commissioner is well experienced in the shipping sector, having played a major role in the progress and development of PT Mitra Bahtera Segarasejati (MBSS) as she was a Commissioner (1997–2010 and 2013) and an individual shareholder in MBSS. She also holds a concurrent position as the Commissioner of PT Patin Resources (since 2007).

She earned a Bachelor of Business Administration from the University of Oklahoma in 1994, Master of Business Administration from Oklahoma City University in 1997, and Master of Liberal Arts in Business Administration from Harvard University in 2019.</td></tr>
<tr><td></td><td>HONGISISILIA</td><td>Current Position: Independent Commissioner

She earned a Bachelor of Economics degree in Accounting from Universitas Negeri Riau, Sumatra, Indonesia. As of December 31, 2021, she had served other positions as follows:
Commissioner of PT Bangun Karya Berkat (since 2020)
Commissioner of PT Anak Sehat Idaman Hati (since 2020)
Commissioner of PT Medicare Indonesia (since 2020)
Independent Commissioner of PT Ifishdeco Tbk (since 2019)
Independent Commissioner of PT Megapolitan Development Tbk. (since 2012)
Commissioner of PT Kalla Arebama (since 2005)
Director of PT Artha Jasakonsulindo (since 2003)
Audit Committee of PT Bali Towerindo Sentra Tbk. (since 2014)
Commissioner of PT Aneka Permainan Elektronik (since 2019)</td></tr>
</table>

APPENDIX

Fig. 28: Income Statement and Balance Sheet

Profit & Loss (USD mn)	2021	2022	2023F	2024F	2025F
Revenue	**42**	**63**	**61**	**65**	**67**
Cost of revenue	(33)	(42)	(38)	(41)	(42)
Gross profit	**9**	**21**	**23**	**24**	**25**
Opex	9	21	23	24	25
Operating profit	**6**	**17**	**20**	**20**	**21**
EBITDA	16	28	29	31	32
Finance income	-	-	-	-	-
Finance expense	(1)	(1)	(1)	(1)	(2)
Gain (loss) on Forex	(0)	(1)	(1)	(1)	(1)
Income from JV	-	-	0	0	3
Others	(0)	(0)	(0)	(0)	(0)
Pre-tax profit	4	15	17	17	21
Tax expense	(1)	(1)	(1)	(1)	(1)
Minority interest	-	-	-	-	-
Net profit to parent entity	**4**	**14**	**16**	**17**	**20**
EPS (IDR)	21	85	94	97	115

Balance Sheet (USD mn)	2021	2022	2023F	2024F	2025F
Cash and equivalents	10	15	28	34	45
Trade Receivables	9	9	10	12	13
Inventories	1	1	1	1	1
Fixed Assets	78	71	74	74	78
Other assets	1	10	6	10	13
Total Assets	**99**	**107**	**118**	**130**	**149**
Trade payables	3	6	4	4	5
Short-term debt + CMLTD	11	10	12	15	21
Long term loan	6	2	4	6	9
Other liabilties	3	1	1	1	1
Total Liabilities	**22**	**19**	**21**	**27**	**35**
Issued Capital	28	28	28	28	28
Retained earnings	44	56	64	70	80
Minority interest	-	-	-	-	-
Other equities	5	5	5	5	5
Total Equity	**77**	**89**	**97**	**104**	**113**

Source: Trans Power Marine, Sucor Sekuritas

Fig. 29: Cash Flow and Key Ratios

Cash Flow (USD mn)	2021	2022	2023F	2024F	2025F
Net income	4	14	16	17	20
Depreciation & amortization	10	11	10	11	11
Change in working capital	2	1	(2)	(1)	(1)
Cash flow from operations	**16**	**26**	**24**	**26**	**30**
Capex	(5)	(5)	(12)	(11)	(15)
Others	1	(9)	4	(4)	(3)
Cash flow from investments	**(3)**	**(13)**	**(8)**	**(15)**	**(18)**
Changes in debt	(4)	(5)	5	5	8
Changes in equity	-	(0)	0	-	-
Dividends paid	(4)	(2)	(9)	(10)	(10)
Others	0	(0)	0	0	0
Cash flow from financing	**(8)**	**(7)**	**(4)**	**(5)**	**(2)**
Net Cash Flow	**4**	**5**	**12**	**6**	**10**

Key Ratios (%)	2021	2022	2023F	2024F	2025F
Revenue growth	5.7	49.5	(2.7)	5.7	3.5
EBIT growth	30.0	214.1	12.7	2.7	4.0
EBITDA growth	10.0	77.9	4.2	4.0	5.5
Net profit growth	0.9	2.6	0.14	0.0	0.2
Gross margin	22.3	33.7	38.3	37.1	37.0
EBIT margin	13.1	27.6	32.0	31.1	31.2
EBITDA margin	37.7	44.9	48.1	47.4	48.3
Net margin	9.4	22.8	26.7	25.7	29.5
ROA	4.0	13.3	13.8	12.7	13.3
ROE	5.1	16.1	16.9	16.0	17.4
Net gearing (x)	7.8	(4.5)	(12.2)	(12.7)	(13.4)
Net debt/EBITDA (x)	37.8	(14.2)	(40.1)	(43.0)	(47.2)
Interest coverage ratio (x)	1,567.4	3,693.3	2,752.9	2,180.5	1,650.3

Source: Trans Power Marine, Sucor Sekuritas

Sucor Sekuritas rating definition, analysts certification, and important disclosure

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Overweight : We expect the industry to perform better than the primary market index (JCI) over the next 12 months.

Neutral : We expect the industry to perform in line with the primary market index (JCI) over the next 12 months.

Underweight : We expect the industry to underperform the primary market index (JCI) over the next 12 months

Ratings for Stocks

Buy : We expect this stock to give return (excluding dividend) of above 10% over the next 12 months.

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Sell : We expect this stock to give return of -10% or lower over the next 12 months

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