

# Trans Power Marine (TPMA)

## Reliable in choppy waters

### Indicative QTD performance points to decent 2Q23 results

Indicative Apr2023 & May2023 operational data suggest 1) a ~850k tonnes monthly barging volume (similar to 1Q23's monthly average volume of ~830k tonnes) & 2) a ~60% lower monthly floating crane volume vs. 1Q23's average due to scheduled docking. Considering 1) a steady barging volume & fees for existing fleets in Jun2023, 2) the arrival of 2 new 330ft tug & barges sets in May2023, and 3) similarly low floating cranes' volume; we estimate that TPMA should be able to record 2Q23 revenue of USD15.2mn (down 11% QoQ). This should bring 1H23 revenue to USD32.3mn (+12.2% YoY, 45% of our FY23F estimates). Without any significant change in margins, we expect 2Q23 net profit to be ~USD4.3mn (down 11.4% QoQ), bringing 1H23 net profit of USD9.2mn (+55.1% YoY, 51% of our FY23F estimates). TPMA continues to record solid growth in transportation volume, in line with Indonesia's coal production (5M23 @ 302.3mn tonnes, +15% YoY). TPMA has secured multiyear contracts as shown in *Table 2 on the next page*, which should ensure its base revenue generation for the next 2.5 years. In addition to its existing coal & woodchips transportation, we should also expect income contribution from JV (established in early Jan2022 with two partners to transport nickel & ores & products) starting in 4Q23. This additional associated income should provide a buffer for earnings in the future.

### Solid balance sheet allows for aggressive expansion

TPMA's net cash position (of USD12mn) at the end of Mar2023, strong cash flow generation of ~USD30mn p.a., and the loan facilities availability should be able to facilitate its planned aggressive expansion through JV to serve nickel sector, even after the record high dividend distribution of USD10.9mn (which is scheduled to be paid to shareholders on 21Jun2023). For its own organic growth, YTD, TPMA has received 2 new tug & barge sets and expects to receive delivery of 3 new tug & barge sets closer to the end of FY23.

### On track to deliver all-time high earnings - BUY

To reflect on its latest available operational data, the updated timeline for new fleets, and its net cash position (after massive dividend payment), we tweaked our DCF valuation to arrive at TPMA's fair value of USD113mn (or equivalent to IDR650/share), implying 6.4x FY23F PE and 3.9x FY23F EV/EBITDA. TPMA is on track to book yet another record high earnings of ~USD17.9mn (+12% YoY) in FY23 amid still favorable conditions (i.e. shortage in barges with plenty demand of coal & nickel ore going forward).

	2021A	2022A	2023F	2024F	2025F
Sales (USD mn)	42.0	62.8	71.9	69.6	68.1
GP (USD mn)	9.4	21.1	23.0	22.3	21.8
OP (USD mn)	5.5	17.3	18.3	17.7	17.0
NP (USD mn)	4.0	14.3	17.9	20.0	20.4
EBITDA (USD mn)	16.8	28.1	32.5	35.2	36.1
Net debt (USD mn)	6.3	(3.9)	13.0	(0.0)	(5.2)
OP margin (%)	13.1	27.6	25.5	25.5	25.0
ROE (%)	5.1	17.2	19.4	19.8	18.4
Dividend yield (%)	3.0	14.5	13.1	14.7	14.8
EPS (USD)	0.0015	0.0054	0.0068	0.0076	0.0077
chg. (% YoY)	89.9	261.1	25.4	11.8	1.7
BPS (USD)	0.0293	0.0337	0.0364	0.0403	0.0438
DPS (USD)	0.0008	0.0041	0.0037	0.0042	0.0043
PE (x)	19.9	5.0	4.2	3.7	3.7
PB (x)	1.0	0.8	0.8	0.7	0.7
EV/EBITDA (x)	5.1	2.4	2.7	2.1	1.9

# Company Update

## Transportation

Jun 20, 2023

12M rating **BUY (Maintain)**  
12M TP **IDR 650** (Prev. IDR700)  
Upside **51.9%**

### Stock Data

JCI (Jun 19)	6,686
Stock price (Jun 19, IDR)	428
Market cap (IDR bn)	1,127
Shares outstanding (mn)	2,633
52-week high/low (IDR)	550 / 344
6M avg. daily turnover (IDR bn)	3.3
Free float (%)	18.9

### Major shareholders (%)

Dwitunggal Perkasa Mandiri	57.8
Patin Resources	12.0
Standard Chartered PLC	6.8
Ascend Bangun Persada	4.6

### Performance

	1M	6M	12M
Absolute (%)	(2.3)	5.8	33.7
Relative to JCI (%)	(11.7)	(4.8)	22.7

### TPMA stock price



Source: Bloomberg

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Fig 1. TPMA 2Q23 operational & financial results preview

TPMA 2Q23 financial result preview										
	Unit	2Q22	1Q23	2Q23F	QoQ	YoY	6M22	6M23F	YoY	% of FY23F KISI
Revenue	USD mn	16.5	17.1	15.2	-11.0%	-7.7%	28.8	32.3	12.2%	44.9%
Gross Profit	USD mn	5.7	6.2	5.7	-7.9%	0.4%	9.0	11.9	32.6%	51.9%
Operating Profit	USD mn	4.7	5.0	4.6	-8.2%	-2.2%	7.1	9.7	36.1%	52.8%
Net Income	USD mn	4.0	4.9	4.3	-11.4%	7.4%	5.9	9.2	55.1%	51.3%
GPM	%	34.7%	36.4%	37.7%			31.3%	37.0%		
OPM	%	28.8%	29.6%	30.5%			24.7%	30.0%		
NPM	%	24.4%	28.5%	28.4%			20.6%	28.5%		
TPMA 2Q23 operational result preview										
	Unit	2Q22	1Q23	2Q23	QoQ	YoY	6M22	6M23F	YoY	% of FY23F KISI
Tug & barges volume	mn tonnes	2.0	2.5	2.5	0.2%	23.3%	3.6	5.0	38.1%	48.4%
Est. transshipment rate	USD / t	2.0	2.2	2.5	14.5%	23.4%	2.0	2.3	15.3%	101.6%
Tug & barges sets in operation	unit	33	33	35			33	35		
Floating cranes volume	mn tonnes	2.1	2.1	1.1	-48.2%	-47.7%	3.9	3.2	-17.5%	35.5%
Est. floating crane rate	USD / t	2.0	2.4	3.0	21.3%	51.4%	2.0	2.6	32.3%	105.6%
Floating cranes in operation	unit	3	3	3			3	3		

Source: Company, KISI

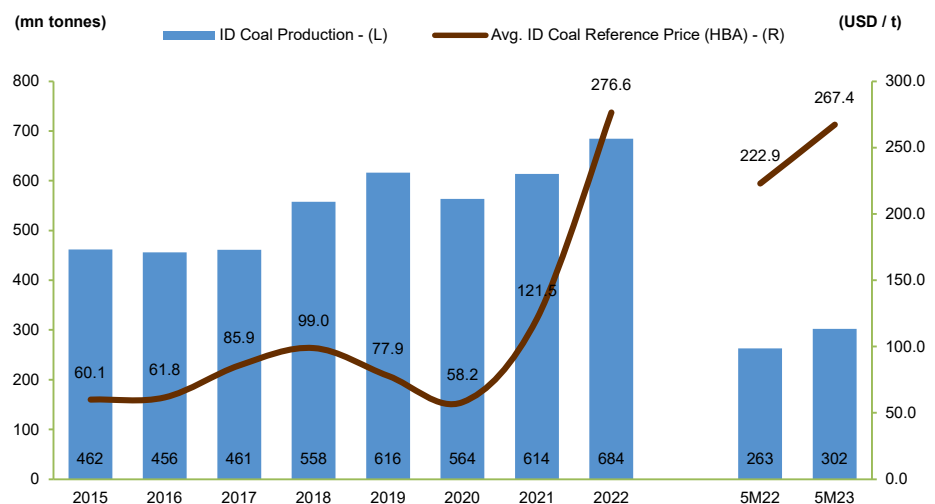
Table 2. TPMA significant contract agreements

Client	Type of Service (coal, nickel or bulk goods)	Start of contract	Contract maturity
Jorong Barutama Greston	Coal transshipment	Jan 2014	Dec 2022
Solusi Bangun Indonesia	Coal transshipment	May 2018	Apr 2023
Kaltim Prima Coal	Coal transshipment	Jan 2023	Dec 2023
Bahtera Adhiguna	Coal transshipment	Jul 2020	Feb 2024
Exploitasi Energi Indonesia	Coal transshipment	Jan 2021	Dec 2024
Dwi Guna Laksana	Coal transshipment	Jan 2021	Dec 2024
Indexim Coalindo	Coal transshipment	Jan 2023	Dec 2024
Borneo Indobara	Coal transshipment	Feb 2020	Jan 2025
Dian Ciptamas Agung	Coal transshipment	Jan 2020	Dec 2025
Korintiga Hutani	Bulk goods transshipment	May 2013	Jan 2028

Source: Company financial statements (end Mar2023), KISI

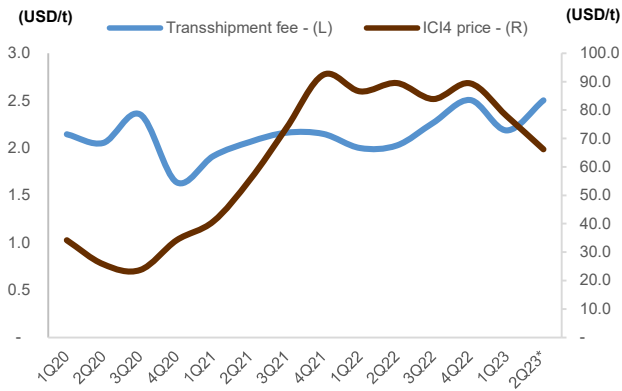
Note: Contracts for Jorong Barutama Greston & Solusi Bangun Indonesia are in-progress for extension

Fig 1. Indonesia coal production & Indonesia coal reference price (HBA)



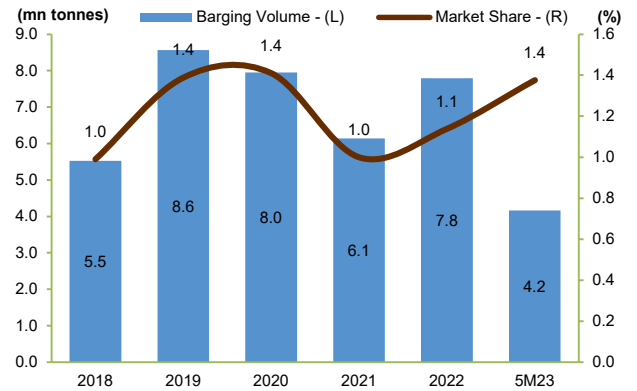
Source: Ministry of Energy & Mineral Resources (MoEMR), KISI

Fig 2. Transshipment fee – less sensitive to coal price



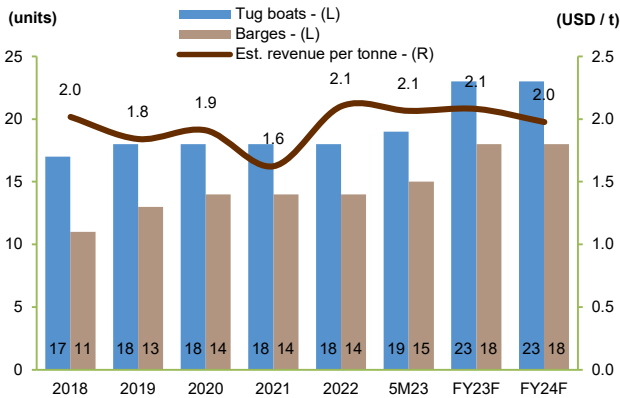
Source: Argus, Company, KISI

Fig 3. TPMA barging volume (as % of coal production)



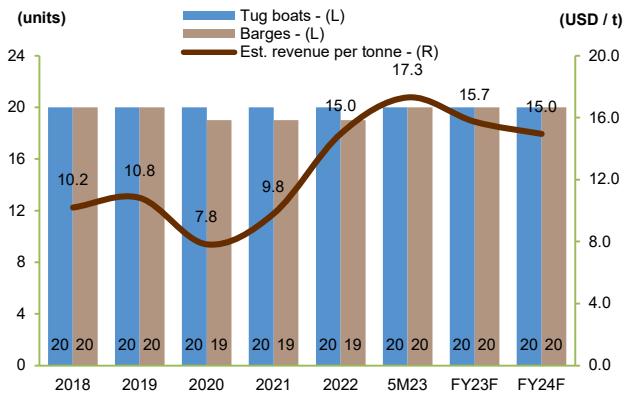
Source: Company, Ministry of Energy and Mineral Resources, KISI

Fig 4. TPMA's T&B units for transshipment & rev/tonne



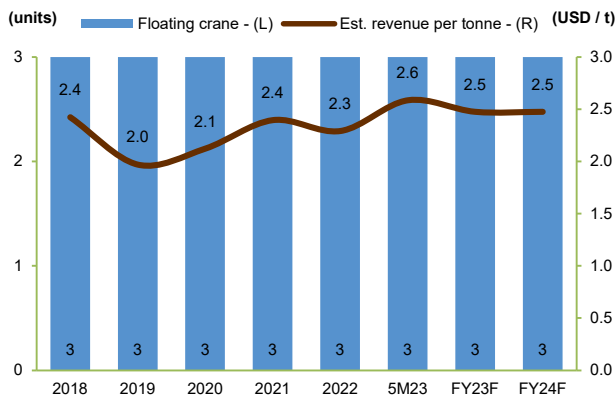
Source: Company, KISI

Fig 5. TPMA's T&B units for inter-island & rev/tonne



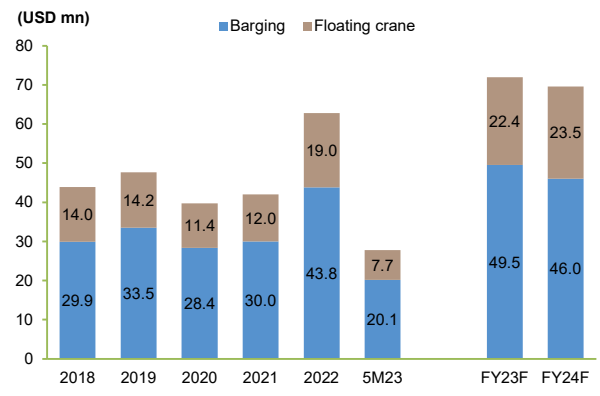
Source: Company, KISI

Fig 6. TPMA's floating crane units & rev/tonne



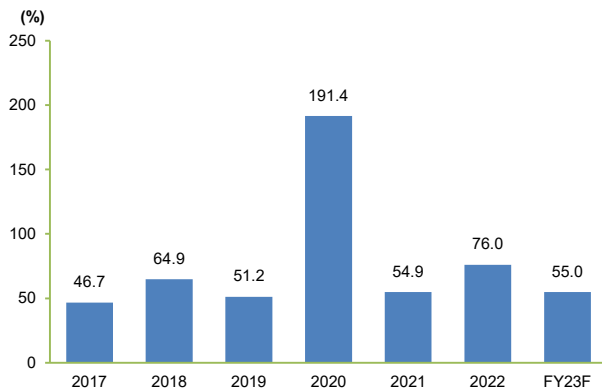
Source: Company, KISI

Fig 7. TPMA's revenue breakdown



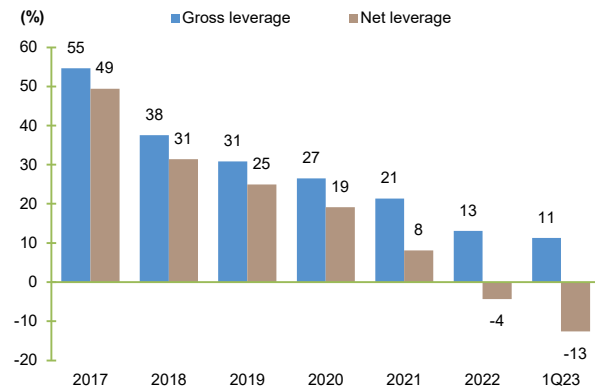
Source: Company, KISI

Fig 8. TPMA's dividend payout trend



Source: Company, KISI

Fig 9. TPMA's leverage trend



Source: Company, Bloomberg, KISI

Table 3. TPMA's DCF estimates

Assumptions		Equity Value calculation	
Beta	0.9	Enterprise value (USD mn)	126
Equity Risk Premium	4.5%	Net debt (USD mn)	13
Risk Free Rate (RFR)	6.5%	<b>Equity Value (USD mn)</b>	<b>113</b>
Cost of Equity	10.6%	Shares outstanding (bn)	2.6
Cost of Debt	5.8%		
Tax	22.0%	<b>Equity value per share (IDR)</b>	<b>650</b>
Cost of Debt (adjusted for tax)	4.6%		
Equity Portion	84.5%		
Debt Portion	15.5%		
<b>WACC</b>	<b>9.6%</b>		

Source: KISI

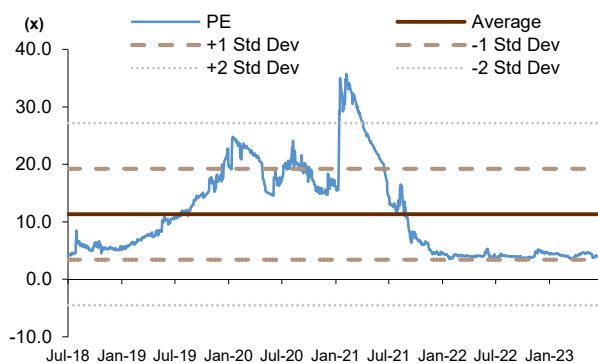
Table 4. TPMA valuation vs. peers

Company	Bloomberg code	Market cap	PE (x)		EV/EBITDA (x)		ROE (%)		Div. yield (%)
		USD mn	FY23F	FY24F	FY23F	FY24F	FY23F	FY23F	FY23F
Trans Power Marine	TPMA IJ Equity	75.1	4.2	3.7	2.7	2.1	19.4	13.1	
Mitrabaha Segara Sejati	MBSS IJ Equity	142.9	6.9	6.4	1.8	1.3	10.0	11.1	
Pelita Samudera Shipping Tbk	PSSI IJ Equity*	207.6	3.9	3.5	3.9	3.5	32.2	10.6	
Rig Tenders Indonesia Tbk	RIGS IJ Equity*	18.1	5.5	5.0	1.2	1.1	6.0	-	
Habco Trans Maritima Tbk	HATM IJ Equity*	137.2	14.3	13.0	11.9	10.8	17.1	-	
<b>Average peers</b>			<b>7.6</b>	<b>7.0</b>	<b>4.7</b>	<b>4.2</b>	<b>16.3*</b>	<b>10.9</b>	

Source: Bloomberg, KISI

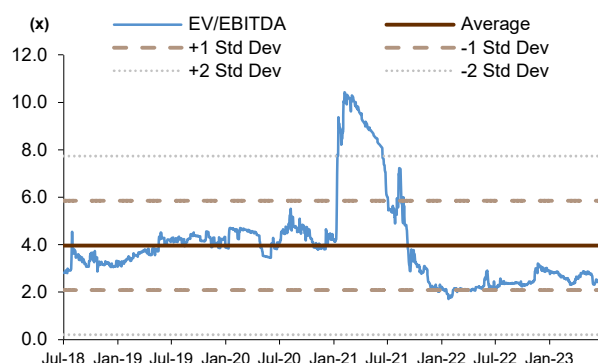
Note: \* not under KISI coverage – valuation is estimated based on Bloomberg data

Fig 10. TPMA's PE band



Source: Bloomberg, KISI

Fig 11. TPMA's EV/EBITDA band



Source: Bloomberg, KISI

Table 5. Summary of changes in assumptions

Assumptions	Unit	Revised			Previous	
		FY23F	FY24F	FY25F	FY23F	FY24F
Tug & barges volume	mn tonnes	10.4	10.8	10.8	11.0	12.5
Change (%)		-5%	-14%	new		
Blended rate per tonne *	USD/t	4.8	4.3	4.1	5.0	4.5
Change (%)		-5%	-5%	new		
Floating crane volume	mn tonnes	9.1	9.5	9.5	9.1	9.5
Change (%)		0%	0%	new		
Rate per tonne	USD/t	2.5	2.5	2.5	2.3	2.3
Change (%)		7%	7%	new		
Revenue	USD mn	71.9	69.6	68.1	75.9	78.0
Change (%)		-5%	-11%	new		
Gross profit	USD mn	23.0	22.3	21.8	23.5	23.8
Change (%)		-2%	-6%	new		
Income from JV	USD mn	0.8	3.3	4.2	-	2.2
Change (%)		NM	49%	new		
EBITDA	USD mn	32.5	35.2	36.1	33.0	37.3
Change (%)		-2%	-6%	new		
Net profit	USD mn	17.9	20.0	20.4	18.9	19.7
Change (%)		-5%	1%	new		
Target price	IDR		650			700
Change (%)			-7%			
Recommendation			BUY			BUY

Source: KISI

## Company Overview

PT Trans Power Marine Tbk (TPMA) was established in 2005 as a marine shipping transportation company that provided services; including transportation of coal, iron ore, gypsum, sand, and woodchip commodities. Initially, TPMA only used chartered vessels. However, over time, it gradually managed to own several fleets. TPMA was successfully listed on the Indonesia Stock Exchange in 2013.

Currently, TPMA operates 3 crane barges, 38 tug boats, and 33 barges to service a wide-ranging client base including PLN, Indo Tambangraya Megah, Golden Energy Mines, etc. To manage its operating activities, TPMA has 1 branch office in Banjarmasin (South Kalimantan) and 2 representative offices in Cilacap (Central Java) and Kumai (Central Kalimantan).

Early 2022, TPMA transformed its subsidiary PT Trans Logistik Perkasa (TLP) into a JV with PT Pacifik Pelayaran Indonesia (PPI) and T&J Industrial Holding Limited. This JV targets to purchase and operate 60 sets of tugs and barges within four years.

Fig 12. TPMA shareholding structure as of end 2022



Source: Company, KISI

**Balance sheet** (USD mn)

FY-ending Dec. (US\$ m)	2021A	2022A	2023F	2024F	2025F
<b>Current assets</b>					
Cash & cash equivalent	10.2	15.5	4.6	11.5	10.2
Accounts & other receivables	9.5	9.5	16.7	11.1	16.1
Inventories	0.7	0.9	0.6	0.7	0.5
Others	0.4	0.6	0.9	0.9	0.9
<b>Non-current assets</b>					
Fixed assets	77.9	71.5	88.7	91.0	88.2
Intangible assets	-	-	-	-	-
Investment in shares	-	4.1	4.9	8.2	12.5
Other non-current assets	0.6	5.3	5.0	3.0	3.0
<b>Total assets</b>	<b>99.3</b>	<b>107.4</b>	<b>121.4</b>	<b>126.4</b>	<b>131.5</b>
<b>Current liabilities</b>					
Accounts & other payables	3.3	5.6	5.9	6.7	5.7
ST debt	6.2	6.1	6.0	6.0	6.0
Current portion of LT debt	4.5	3.5	4.3	2.0	(0.4)
Others	1.2	0.7	2.3	2.3	2.3
<b>Non-current liabilities</b>					
LT debt	5.8	2.0	7.3	3.4	(0.6)
Notes payable	-	-	-	-	-
Employee benefits liability	-	-	-	-	-
Other non-current liabilities	1.3	0.7	-	-	4.0
<b>Total liabilities</b>	<b>22.2</b>	<b>18.6</b>	<b>25.8</b>	<b>20.4</b>	<b>17.0</b>
<b>Controlling interest</b>					
Capital stock	28.3	28.3	28.3	28.3	28.3
Additional paid-in capital	4.9	4.9	4.9	4.9	4.9
Other equities	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Retained earnings	43.9	55.7	62.8	73.0	82.3
Minority interest	-	-	-	-	-
<b>Shareholders' equity</b>	<b>77.1</b>	<b>88.8</b>	<b>95.9</b>	<b>106.1</b>	<b>115.4</b>
<b>Cash flow</b> (USDmn)					
FY-ending Dec. (US\$ m)	2021A	2022A	2023F	2024F	2025F
<b>C/F from operating</b>					
Net profit	4.0	14.3	17.9	20.0	20.4
Depreciation	11.3	11.8	13.4	14.2	14.8
Net incr. in W/C	1.5	(0.1)	(5.3)	6.2	(5.9)
Others	-	-	-	-	-
<b>C/F from investing</b>					
CAPEX	(4.7)	(10.7)	(31.6)	(17.6)	(13.1)
Others	0.3	(3.9)	-	-	-
<b>C/F from financing</b>					
Incr. in equity	-	-	-	-	-
Incr. in debts	(3.9)	(5.4)	5.5	(6.2)	(6.4)
Dividends	(4.0)	(2.2)	(10.9)	(9.9)	(11.0)
Others	-	0.6	-	-	-
<b>C/F from others</b>	<b>4.0</b>	<b>14.3</b>	<b>17.9</b>	<b>20.0</b>	<b>20.4</b>
<b>Increase in cash</b>	<b>11.3</b>	<b>11.8</b>	<b>13.4</b>	<b>14.2</b>	<b>14.8</b>

**Income statement** (USD mn)

FY-ending Dec. (US\$ m)	2021A	2022A	2023F	2024F	2025F
Sales	42.0	62.8	71.9	69.6	68.1
COGS	(32.6)	(41.7)	(48.9)	(47.3)	(46.3)
<b>Gross profit</b>	<b>9.4</b>	<b>21.1</b>	<b>23.0</b>	<b>22.3</b>	<b>21.8</b>
SG&A expense	(3.9)	(3.8)	(4.7)	(4.5)	(4.8)
<b>Operating profit</b>	<b>5.5</b>	<b>17.3</b>	<b>18.3</b>	<b>17.7</b>	<b>17.0</b>
<b>Financial income</b>					
Interest income	-	-	-	-	-
<b>Financial expense</b>					
Interest expense	(1.0)	(0.8)	(0.4)	(0.2)	(0.1)
Other non-operating profit	(0.0)	(1.5)	0.8	3.3	4.2
<b>Earnings before tax</b>	<b>4.5</b>	<b>15.1</b>	<b>18.8</b>	<b>20.9</b>	<b>21.2</b>
Final taxes	(0.5)	(0.8)	(0.9)	(0.8)	(0.8)
<b>Net profit</b>	<b>4.0</b>	<b>14.3</b>	<b>17.9</b>	<b>20.0</b>	<b>20.4</b>
Non-controlling interest	-	-	-	-	-
<b>Other comprehensive profit</b>					
Total comprehensive profit					
Total comprehensive profit of controlling interest					
<b>EBITDA</b>	<b>16.8</b>	<b>28.1</b>	<b>32.5</b>	<b>35.2</b>	<b>36.1</b>

**Key financial data**

FY-ending Dec.	2021A	2022A	2023F	2024F	2025F
per share data (USD)					
EPS	0.0015	0.0054	0.0068	0.0076	0.0077
BPS	0.0293	0.0337	0.0364	0.0403	0.0438
DPS	0.0008	0.0041	0.0037	0.0042	0.0043
Growth (%)					
Sales growth	5.7	49.5	14.5	(3.3)	(2.0)
OP growth	30.0	214.1	5.8	(3.3)	(4.0)
NP growth	89.9	261.1	25.4	11.8	1.7
EBITDA growth	16.9	67.4	15.7	8.3	2.3
Profitability (%)					
OP margin	13.1	27.6	25.5	25.5	25.0
NP margin	9.4	22.8	24.9	28.8	29.9
EBITDA margin	40.0	44.8	45.2	50.6	52.9
ROA	3.9	13.8	15.7	16.2	15.8
ROE	5.1	17.2	19.4	19.8	18.4
Dividend yield	3.0	14.5	13.1	14.7	14.8
Dividend payout ratio	191.4	54.9	76.0	55.0	55.0
Stability					
Net debt (USD mn)	6.3	(3.9)	13.0	(0.0)	(5.2)
Int-bearing debt/equity (%)	21.3	13.1	18.4	10.8	4.3
Valuation (X)					
PE	19.9	5.0	4.2	3.7	3.7
PB	1.0	0.8	0.8	0.7	0.7
EV/EBITDA	5.1	2.4	2.7	2.1	1.9

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