

December 5, 2022



Research Center

# Morning KISI/

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# Mitrabahtera Segara Sejati (MBSS)

## Too much cash to handle

### Divested two more floating cranes as part of its fleet rejuvenation...

MBSS sold two units of floating crane (FC) barges; 1) "Nicholas" (20k tpd capacity) for USD6.25mn on 29Nov2022 and 2) "Vittoria" (50k tpd capacity) for USD15.25mn on 1Dec2022; to Pelita Samudera Shipping (PSSI) subsidiary Pusaka Luatan Berlian. This is part of MBSS' fleet rejuvenation and revenue streamlining program to focus more on barging segment. Earlier on 22Jul2022, MBSS sold 1 unit floating crane barge "Ben Glory" (20k tpd capacity) to PSSI for USD4.4mn.

### ...provides room for a much higher dividend payout

Recent large divestments of its FC units as described above would slash MBSS' FY23/24F FC sales volume by 43%, which subsequently reduce both our FY23/24F revenue and net profit estimates by 10% and 13%, respectively. On the flip side, proceeds from these divestments would pad up MBSS's cash position to an unprecedented level above USD 80mn (~55% of its current market capitalization). Considering its strong operational cashflow (given the shortage in tug & barges serving commodities sector) and decent but not too aggressive capex expansion (due to the shipyard's limitation to take new orders), we see a potential for much higher dividend payout going forward from our current expectations of 75% DPR starting next year.

### Consolidated its subsidiaries to minimize minority interests

On other corporate actions, on 1Dec2022, MBSS signed Sale & Purchase Agreement (SPA) to acquire 29% additional stakes of its subsidiary Mitra Swire CTM for USD5.32mn, which would result in MBSS controlling 99% stakes. This follows a similar corporate action on 17Mar2022, in which MBSS acquired additional 39% stakes of its subsidiary Mitra Alam Segara Sejati (MASS) for USD3.47mn to increase its stakes to 99%. These corporate actions would minimize MBSS' minority interests in both income statement and balance sheet from FY23 onwards.

### Maintain BUY call with slightly lower TP

We tweaked our DCF valuation to reflect the corporate actions done in the past week resulting in a new MBSS' fair value of USD203mn (or equivalent to IDR1,770/share), implying 9x FY23F PE. We expect MBSS to deliver a sizable 42% CAGR earnings between FY21 and FY24 from 1) steady business in coal sector and 2) increasing contribution from nickel transport, which started in 3Q22.

	2020A	2021A	2022F	2023F	2024F
Sales (USD mn)	54.9	73.4	86.7	105.6	127.9
GP (USD mn)	3.9	15.2	26.0	34.3	44.8
OP (USD mn)	(6.7)	7.8	19.5	26.5	36.0
NP (USD mn)	(15.0)	11.5	17.7	22.8	32.7
EBITDA (USD mn)	9.5	34.6	42.4	55.5	70.2
Net debt (USD mn)	(10.2)	(27.2)	(78.2)	(71.9)	(74.1)
OP margin (%)	(12.2)	10.6	22.5	25.1	28.1
ROE (%)	(9.1)	7.1	10.2	12.6	16.8
Dividend yield (%)	-	-	9.0	11.6	16.6
EPS (USD)	(0.0086)	0.0066	0.0101	0.0130	0.0187
chg. (% YoY)	NM	NM	53.6	29.3	43.4
BPS (USD)	0.0896	0.0966	0.1011	0.1066	0.1156
DPS (USD)	-	-	0.0076	0.0098	0.0140
PE (x)	(10.6)	13.7	8.8	6.5	4.5
PB (x)	1.0	0.9	0.9	0.8	0.7
EV/EBITDA (x)	16.8	4.1	1.6	1.4	1.1

## Company Update

### Transportation

Dec 5, 2022

12M rating **BUY (Maintain)**  
12M TP **IDR 1,770** (Prev 1,800)  
Upside **+40%**

#### Stock Data

JCI (Dec 2)	7,020
Stock price (Dec 2, IDR)	1,280
Market cap (IDR bn)	2,214
Shares outstanding (mn)	1,750
52-week high/low (IDR)	1,550 / 755
6M avg. daily turnover (IDR bn)	0.8
Free float (%)	12.3

#### Major shareholders (%)

Galley Adhika Arnawama	82.5
Suwantara Gotama	5.2

#### Performance

	1M	6M	12M
Absolute (%)	0.0	(8.9)	50.9
Relative to JCI (%p)	(0.8)	(6.6)	41.2

#### MBSS stock price



Source: Bloomberg

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## Market Commentary

### Market Commentary

- JCI ended flat on Friday trading, to close right above its MA200 support weighed by decline in GOTO IJ and large-cap banks, JCI reported 0.48% weekly loss.
- Meanwhile, IDR led gains in most regional peers amid slower Fed hikes optimism.
- Regional and European equities fell along with US futures as traders awaited US jobs report later today.
- Sectoral wise 7/11 sectors ended in the red, led by finance and tech shares while energy shares managed to remained in the green thanks to outsized gain in BYAN IJ.
- GOTO IJ -6.38% led tech shares lower as the ecommerce giant has traded at limit down for five straight sessions on post lock-up period, with more than 30bn shares traded in NG market.
- BYAN IJ rose as much as 20% post stock split, although other coal miners fell following a pullback in coal prices. ADRO IJ -1.28%, UNTR IJ -4.72%.
- Top Gainers : BMRI (+1.20%), TLKM (+1.01%), BYAN (+19.84%)
- Top Losers: GOTO (-6.38%), BBCA (-1.11%), BBRI (-1.01%)

## News

### Macroeconomic, Sector and Corporate News

- POWR – To distribute IDR24.7 interim dividend (~3.5% yield). Cum: 9Dec2022. (Bisnis)
- PSSI – Increased budget allocation for share buyback (9Dec2022-30Jun2023) from IDR100bn to IDR300bn. (Bisnis)
- DSSA – Obtained additional loan facility from BMRI up to USD19.5mn for working capital. (Bisnis)
- MORA – Secured IDR460bn loan facility from BMRI for expansion. (Investor daily)
- KRAS – Plans to do early payment of USD 1.7bn in 2027 out of its outstanding USD 2.2bn debt (maturing in 2050) through restructurings, profit, and assets divestment. (Investor daily)
- MBSS – Increased its stake in subsidiary PT Mitra Swire CTM (MSC) to 99%, by acquiring 11.44mn shares from Swire CTM Bulk Logistics Limited (SCBL) for USD 5.31mn. (Investor daily)
- SIPD – Secured shareholders' approval of pre-emptive rights issue of 500mn new shares (~37% of capital). (Investor daily)
- MGRO – Recorded 9M22 net loss of IDR 48.1bn (vs. 9M21 net profit of IDR 49.5bn). (Investor daily)
- DGIK – Booked 9M22 new contracts of IDR 814.7bn (vs. FY21's IDR167bn). (Kontan)
- MAIN – Plans to export frozen and processed chickens to Singapore. (Kontan)

## Outliers

### Outlier Stocks

- Sharp Movers (Up) : MTPS (+34%), AYLS (+29.9%), BYAN (+19.8%)
- Sharp Movers (Down) : MPPA (-7%), BSBK (-7%), RAFI (-6.9%)

Macro Calendar

December 5, 2022

Mon	Tue	Wed	Thu	Fri
3	4	5	6	7
<p>Korea &gt; <b>Market closed (National Foundation Day)</b> September exports and imports (announced October 1) US&gt; September ISM manufacturing PMI China&gt; <b>Market closed (National Day)</b></p>	<p>US&gt; August durable goods (F) China&gt; <b>Market closed (National Day)</b></p>	<p><b>OPEC+ ministerial meeting</b> Korea&gt; September CPI US&gt; September ISM services PMI MBA mortgage applications China&gt; <b>Market closed (National Day)</b></p>	<p>US&gt; New jobless claims China&gt; <b>Market closed (National Day)</b></p>	<p>US&gt; September non-farm payrolls September jobless rate China&gt; <b>Market closed (National Day)</b> September FX reserves</p>
10	11	12	13	14
<p>Korea&gt; <b>Market closed (substitute holiday for Hangul Day)</b> US&gt; <b>Market closed (Columbus Day)</b> China&gt; September Caixin services PMI (announced October 8) Japan&gt; <b>Market closed (Sports Day)</b></p>	<p><b>OECD leading economic index</b></p>	<p><b>The OPEC Monthly Oil Market Report</b> Korea&gt; <b>MPC meeting</b> US&gt; <b>FOMC minutes release</b> MBA mortgage applications September PPI</p>	<p>Korea&gt; <b>Stock options expiry</b> US&gt; September CPI Initial jobless claims</p>	<p>Korea&gt; September jobless rate US&gt; September retail sales October Michigan Consumer Confidence (P) China&gt; September PPI September CPI September exports and imports September trade balance</p>
17	18	19	20	21
<p>US&gt; October manufacturing index (New York) China&gt; September mining and manufacturing production September retail sales September fixed asset investment 3Q22 GDP Japan&gt; August mining and manufacturing production (F)</p>	<p>US&gt; September industrial production</p>	<p>US&gt; <b>Fed Beige Book release</b> MBA mortgage applications September housing starts Europe&gt; September CPI (F)</p>	<p>US&gt; Initial jobless claims September existing home sales China&gt; <b>PBOC LPR release</b></p>	<p>Japan&gt; September CPI</p>
24	25	26	27	28
	<p>US&gt; October Conference Board Consumer Expectations Index</p>	<p>US&gt; September new home sales</p>	<p>Korea&gt; 3Q22 GDP (A) US&gt; Initial jobless claims September durable goods orders (P) 3Q22 GDP (A) Europe&gt; <b>ECB MPC meeting</b></p>	<p>US&gt; September PCE October Michigan Consumer Confidence (F) Japan&gt; <b>BoJ MPC meeting</b></p>
31				
<p>Korea&gt; September mining and manufacturing production China&gt; October manufacturing PMI October services PMI Europe&gt; October CPI (P) Japan&gt; September manufacturing production (P)</p>				

Note: 1) Figures in parentheses represent the latest reported figures, Bloomberg estimates and previous reported figures

in that order. For example: Data (actual reported figures, Bloomberg estimate, previous reported figures). Bloomberg estimates are subject to change 2) Earnings release date is from Bloomberg or company announcement

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