Ancara Logistics Indonesia

Bloomberg: ALII.IJ | Reuters: ALII.JK

Shipping Sector

26 February 2025

JCI Index 7,084

BUY (Initiation)

Target Price (IDR)	**550**
Potential Upside (%)	**43.9**

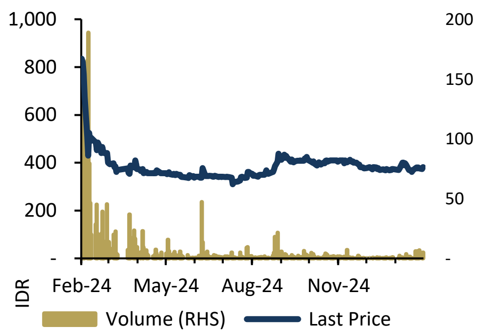
Price Comparison	
Cons. Target Price (IDR)	590
SSI vs. Cons. (%)	847.5

Stock Information	
Last Price (IDR)	382
Shares Issued (Mn)	15,826
Market Cap. (IDR Bn)	5,856
52-Weeks High/Low (IDR)	870/286
3M Avg. Daily Value (IDR Bn/USDk)	0.5
Free Float (%)	17.6
Shareholder Structure:	
PT Graha Adika Niaga (%)	32.9
Solomed Capital Pte. Ltd. (%)	31.6
PT Borneo Logistik Indonesia (%)	11.0
Others (%)	4.5
Public (%)	20.0

Stock Performance

(%)	YTD	1M	3M	12M
Absolute	(0.5)	-	(8.4)	(51.9)
JCI Return	(6.9)	(8.1)	(9.9)	(9.7)
Relative	6.4	8.1	1.5	(42.3)

Stock Price & Volumes, 12M



Company Background

Established in 2019 and listed on 07 February 2024, Ancara Logistics Indonesia Tbk provides tug and barge services for coal transport in East Kalimantan. Leveraging its expertise and the backing of the Bakrie Group, ALII has managed to secure long-term contracts, positioning the company for sustainable future growth.

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Accelerating

Ancara Logistics Indonesia (ALII), the country's largest listed tug and barge service provider by both market cap and fleet, is projected to experience significant average earnings growth of more than 65% in 2025-26F, up from 55% in FY24F, mainly due to volume expansions. This year's revenue is expected to rise +36.3% YoY to IDR 1.3tn, driven by higher barging at 6.7mn tons (+50.1% YoY) and loading/unloading volumes (+48.3% YoY), supported by higher barge fleet from 49 in 2024 to 57 in 2025F, before reaching 70 in 2026F. In 2H25, ALII will also see volume growth stemming from plans to extend loading and unloading segment in a new port (Kotabangun), generating additional incomes. On the cost front, we forecast 2025-26F EBITDA margin of 44.2% - 45.3% (2024F: 42.1%) helped by lower transportation distances and fuel costs. Given ALII's strong growth outlook helped by secured 25-year coal contracts, we initiate coverage with a BUY and DCF-based TP of IDR 550, reflecting 44% upside potential.

New terminal and +50% freight volume jump to drive 2025F top-line growth +36% YoY. ALII's core business predominantly revolves around loading/unloading and transportation of goods, accounting for 91% of aggregate 2025F revenues totalling IDR 1.1tn (+39.9% YoY) despite lower blended ASP (-8.7% YoY) due to lower coal price. On the volume front, support will come from additional 8 self-owned and rented barges (+16.3% YoY), which should increase freight volumes to 6.7mn tons (+50.1% YoY) and loading/unloading volumes to 3.9mn tons (+48.3% YoY). Aside from freight and loading, ALII is expected to experience growth from its floating transshipment business (established in early 2023), which we expect to book 3.4mn tons (+28.9% YoY). However, in 2H25, ALII plans to launch ship-to-ship coal transfer service in Kotabangun, a 4-day journey from ALII's main clients, APT and GPB, much shorter than the 7-day trip to MCT (current terminal), allowing for faster and more cost-effective coal transportation.

More than 90% of top-line secured by 25-year coal contracts. One key advantage that ALII holds over its peers is long-term contracts with its two largest clients, APT and GPB. These two clients, which we expect to account for 95% of ALII's 2025F freight and loading/ unloading top line, have signed long-term contracts (25 years), aligned with expected lifetime of their mines. This, combined with potential increase in demand for coal and transport services, provides us with confidence in ALII's ability to deliver strong performance. Moreover, demand for inter-island coal transportation is expected to increase in line with the growing need for coal, as Indonesia's 2024 coal production reached all-time high of 836 MT, +8% YoY, before reaching 860 MT in 2025F.

BUY with DCF-based TP of 550 reflecting FY25F EV/EBITDA of 15.7x. Given the growth potential of tug and barges industry and ALII's future expansion strategies, we expect the company to achieve 2025F-2028F revenue CAGR of 29.5%, justifying its premium valuation. Therefore, we initiate our coverage on ALII with BUY rating and DCF-based TP of IDR 550/share with the following assumptions: WACC: 10.8%, terminal growth: 2.0%. Our TP implies valuation of 19.3x P/E and 15.7x EV/EBITDA FY25F. Main risks: 1) Lower-than-expected freight volumes, 2) low water discharge and 3) lower coal prices.

Key Ratios and Valuations (at closing price IDR 382 per share)

Y/E Dec	22A	23A	24F	25F	26F
Revenue (IDR Bn)	670	931	921	1,255	2,262
EBITDA (IDR Bn)	302	353	387	561	1,036
EV/EBITDA (x)	23.0	18.1	14.7	10.7	5.6
Net Profit (IDR Bn)	164	187	289	451	847
EPS (IDR)	10	12	18	28	54
EPS Growth (%)	(13.5)	14.2	54.9	55.8	87.8
P/E Ratio (x)	37.0	32.4	18.6	12.6	6.7
BVPS (IDR)	22	40	112	141	194
P/BV Ratio (x)	17.4	9.5	3.0	2.6	1.9
ROAE (%)	60.1	38.0	24.0	22.5	31.9
ROAA (%)	12.5	11.2	13.0	16.5	24.9
Net Gearing (%)	254.9	161.4	17.9	13.6	4.0

BUSINESS OVERVIEW

Founded in 2019, Ancara Logistics Indonesia specializes in providing tug and barge services, primarily for coal transport. ALII's operations are supported by its subsidiary, PT Mahakam Coal Terminal (MCT), which manages specialized terminals for loading coal from barges to stockpiles and vice versa.

ALII specializes in providing tug and barge services for coal transport

Figure 1. ALII's Business Segments

Source: ALII, SSI Research

ALII mainly operates in Mahakam River, East Kalimantan

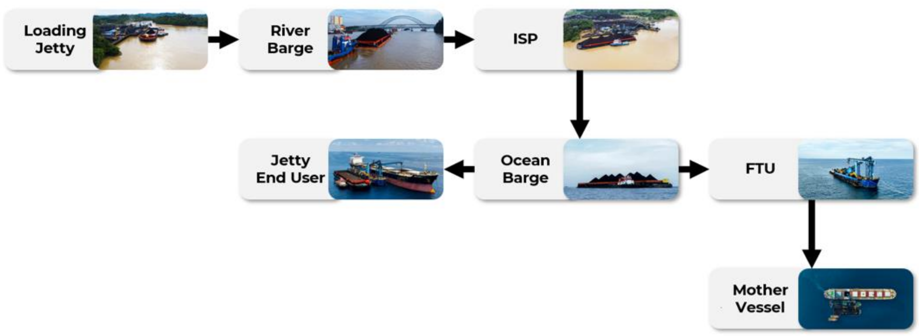
The company primarily operates on the Belayan River, a tributary of the Mahakam River in East Kalimantan, with operational office at Bakrie Tower, South Jakarta. ALII currently operates a fleet of 49 tug boats and 49 barges (vs 2019: 4 tug boats and 6 barges), with barge capacities ranging from 1,800 MT (180ft) to 7,500 MT (300ft). Earlier this year, ALII further strengthened its fleet by acquiring a Floating Transshipment Vessel (FTV) with capacity of 20,000 per weather working day (PWWD).

ALII boasts massive fleet with huge load capacity

ALII employs five key business strategies to generate revenue: Sustainable Business Model, Capacity Expansion, Operational Excellence, Profitability Improvements, and High-Quality Workforce. These strategies allow ALII to focus more on LoM contracts and meet key client expectations by expanding its fleet to capitalize on growth opportunities. In addition, the company has implemented digital monitoring system to optimize productivity yield and boost efficiency.

ALII employs five key business strategies to drive revenue

Figure 2. Business Process



Source: ALII, SSI Research

ALII's business starts from jetty loading/unloading to loading to mother vessels

ALII currently runs three business lines: Barging, Inter Transshipment Point, and Floating Transshipment. At the time of ALII's prospectus publication (2023), the company owned 40 river barges and chartered 12 more, most of which were used to transport coal. ALII usually chartered ships under short-term rental contracts, allowing the company to adjust its fleet according to cargo transportation needs, providing greater flexibility. The company's barge capacities range from 1,800 MT to 7,500 MT. In 9M24, ALII's river barge fleet transported 3.2 million tons of coal, down 11.9% YoY due to lower water levels caused by drought.

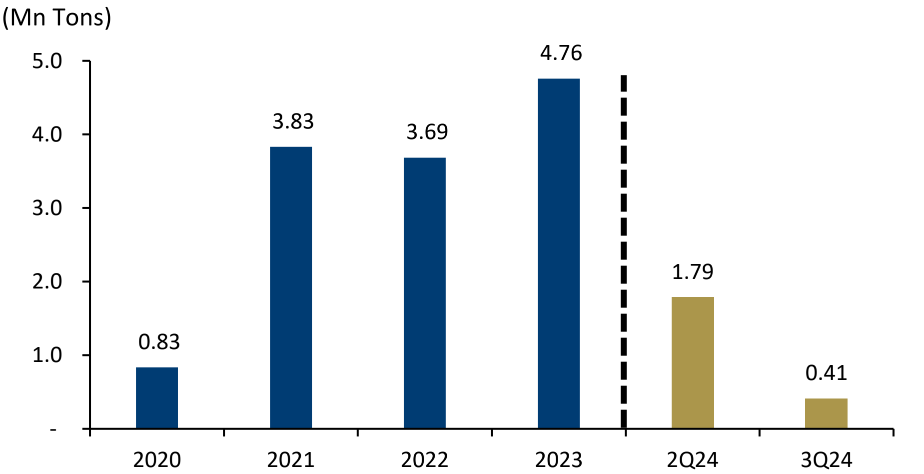
ALII currently runs three business lines: Barging, Inter Transshipment Point, and Floating Transshipment

Figure 3. Tug and Barges

Source: ALII, SSI Research

The company currently owns 49 river barges and chartered 12 more, most of which were used to transport coal

Figure 4. Total Transported Coal – Barging Segment



Source: ALII, SSI Research

In 3Q24, ALII transported 0.41mn tons of coal, with cumulative 9M24 figure of 3.22mn tons (-11.9% YoY)

ALII's Inter Transshipment Point (ISP) business is primarily operated by its subsidiary, Mahakam Coal Terminal (MCT). MCT's core activities involve loading and unloading coal from barges to the stockpile and vice versa, with a capacity of 1,500 tons per hour. The company's stockpile capacity stands at 230,000 tons. In the first nine months of 2024, MCT handled 2.1 million tons of coal (-1.1% YoY).

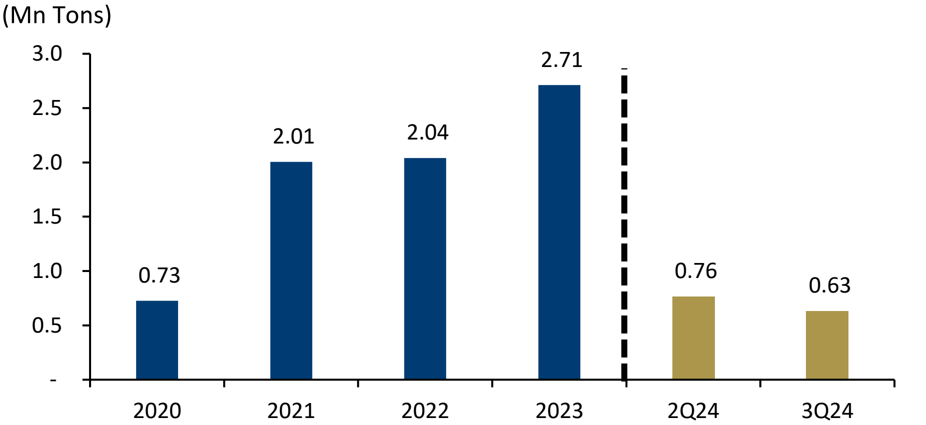
ALII's ISP segment reached 2024 capacity of 1,500 tons/hour, unchanged YoY

Figure 5. Inter Transshipment Point

Source: ALII, SSI Research

ALII's ISP segment is operated by its subsidiary (MCT)

Figure 6. Loaded/Unloaded Coal Volumes – ISP Segment



Source: ALII, SSI Research

By the end of 9M24, ALII's ISP segment had booked 2.10mn tons of loaded/unloaded coal volume (-1.1% YoY)

ALII's third business line is Floating Transhipper (FT), a loading and unloading aid to move coal cargo to larger vessels, such as Mother Vessel (MV). The company has an FT at Muara Berau port, Samarinda, with capacity of 20,000 tons PWWD. Acquired in early 2023, the FT had loaded/unloaded 2.06 million tons of coal by the end of 9M24.

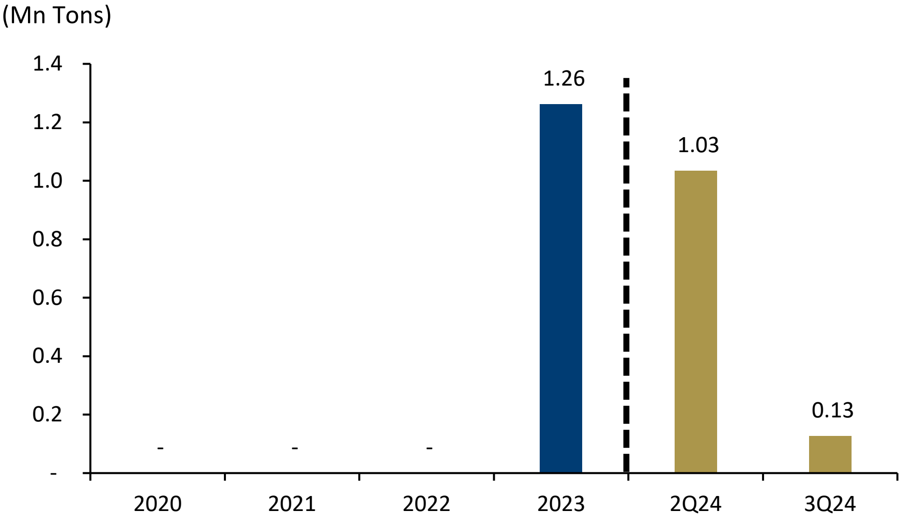
ALII's FT, with capacity of 20,000 tons PWWD, is located in Muara Berau port, Samarinda

Figure 7. Floating Transhipper

Source: ALII, SSI Research

The FT is used to load and unload coal to larger vessels, such as Mother Vessel (MV)

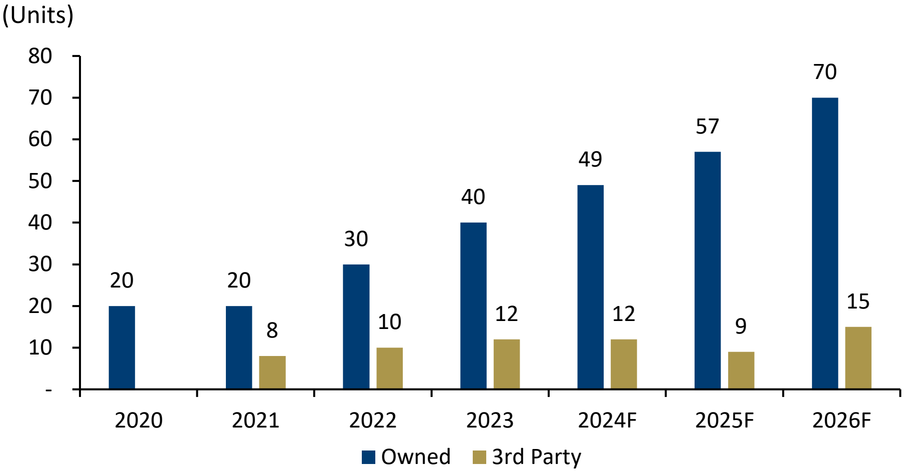
Figure 8. Loaded/Unloaded Coal Volumes – FT Segment



Source: ALII, SSI Research

By the end of 3Q24, the FT segment booked 0.13mn tons of coal with cumulative 9M24 figure of 2.06mn tons (206.7% YoY)

Figure 9. Barge Portfolio



Source: ALII, SSI Research

ALII plans to aggressively expand its fleet in 2025-26F to 57 (16.3% YoY) and 70 (22.8% YoY), respectively

FINANCIAL OVERVIEW

Modest 3Q24 Performance

In 3Q24, ALII recorded revenue of IDR 186 billion (-30.5% QoQ, +3.6% YoY). Despite negative QoQ growth due to seasonality, ALII's 3Q24 revenue was higher than in 3Q23, mainly due to the 2.6% YoY increase in coal barging revenue (ALII's largest revenue contributor) and 137.1% spike in floating loading revenue. However, ALII has shown improving margins on a yearly basis, with the EBITDA margin increasing to 13.0% from 2.4% in 3Q24, and the net profit margin rising to 14.0% from -8.0%, mainly due to lower freight costs and the absence of professional fees.

In 3Q24, ALII booked IDR 186bn (-30.5 % QoQ, +3.6% YoY) of revenue due to lower water levels...

Figure 10. ALII 3Q24 Results

3Q24 Results (IDR Bn)	3Q23	2Q24	3Q24	QoQ (%)	YoY (%)	9M23	9M24	YoY (%)	9M24/ SSI (%)
Revenue	179	267	186	(30.5)	3.6	716	703	(1.8)	67.1
Gross Profit	45	130	64	(50.6)	42.0	306	315	2.9	63.0
EBITDA	4	133	24	(81.9)	453.7	251	259	2.9	57.9
Operating Profit	14	114	44	(61.2)	223.1	251	257	2.4	61.7
Net Profit	-14	108	26	(76.0)	(281.9)	157	208	32.5	58.8
Key Ratios									
GPM (%)	*25.2*	*48.6*	*34.6*	-	-	*42.8*	*44.8*	-	-
EBITDA Margin (%)	*2.4*	*49.8*	*13.0*	-	-	*35.1*	*36.8*	-	-
OPM (%)	*7.6*	*42.7*	*23.8*	-	-	*35.1*	*36.6*	-	-
NPM (%)	*-8.0*	*40.4*	*14.0*	-	-	*21.9*	*29.5*	-	-

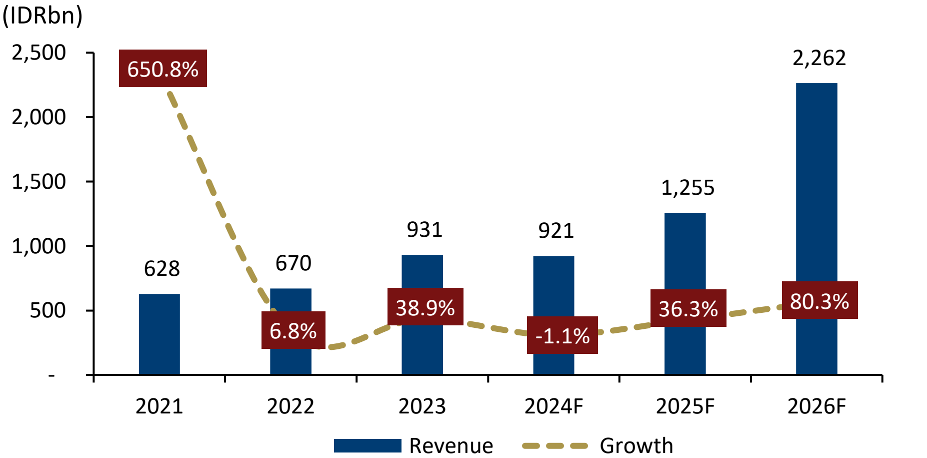
Source: ALII, SSI Research

... but margins increased significantly thanks to lower freight costs and the absence of professional fees

Going forward, we expect ALII to achieve 36.3% YoY revenue growth in 2025F, reaching IDR 1.3 trillion, and 80.3% YoY growth in 2026F, bringing its revenue to IDR 2.3 trillion. This growth will be primarily driven by the company's aggressive fleet expansion, with the number of owned vessels increasing from 49 in 2024 to 57 in 2025F, along with the introduction of a new ship-to-ship coal transport operation in Kotabangun, which will reduce transportation distances and increase transport frequencies, as the 4-day trip is shorter than the 7-day journey to MCT, which support its freight volumes to 6.7mn tons (+50.1% YoY) and loading/unloading volumes to 3.9mn tons (+48.3% YoY), despite lower blended ASP (-8.7% YoY) due to lower coal price. Aside from freight and loading, ALII is expected to experience growth from its floating transshipment business (established in early 2023), which we expect to book 3.4mn tons (+28.9% YoY).

ALII's growth will be primarily driven by the company's aggressive fleet expansion and the introduction of a new ship-to-ship coal transport

Figure 11. Revenue and Growth Trajectory, 2021 - 2026F



Source: ALII, SSI Research

Revenue is projected to experience strong growth through 2026, with 2024-26 CAGR of 56.8%

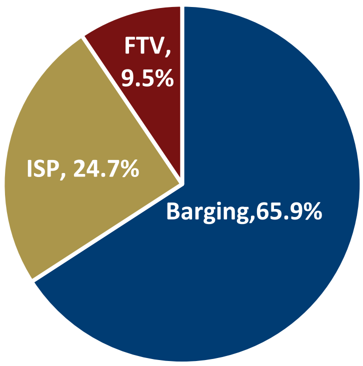
Figure 12. Key Operational Assumptions

Operational Assumptions					
Y/E Dec	22A	23A	24F	25F	26F
Number of Barges - 180ft, owned & charter (units)	40	52	61	66	85
Coal Volume -180ft (mn tons)	2.0	2.8	2.6	4.0	7.3
Barge Rate - 180ft (IDRk/ton)	175	157	133	120	130
Number of Barges - 300ft, charter (units)	11	11	12	15	20
Coal Volume -300ft (mn tons)	1.7	1.9	1.8	2.7	4.6
Barge Rate - 300ft (IDRk/ton)	93	120	138	128	135
Loading/Unloading Coal Volume (mn tons)	2.0	2.7	2.6	3.9	6.6
Loading/Unloading Rate (IDRk/ton)	80	80	80	80	80
Floating Loading Coal Volume (mn tons)	-	1.3	2.6	3.4	4.0
Floating Loading Rate (IDRk/ton)	-	36	41	35	42

Source: SSI Research

In 2025F, ALII's fleet expansion is expected to support its barging volumes despite lower barge rates due to lower coal prices

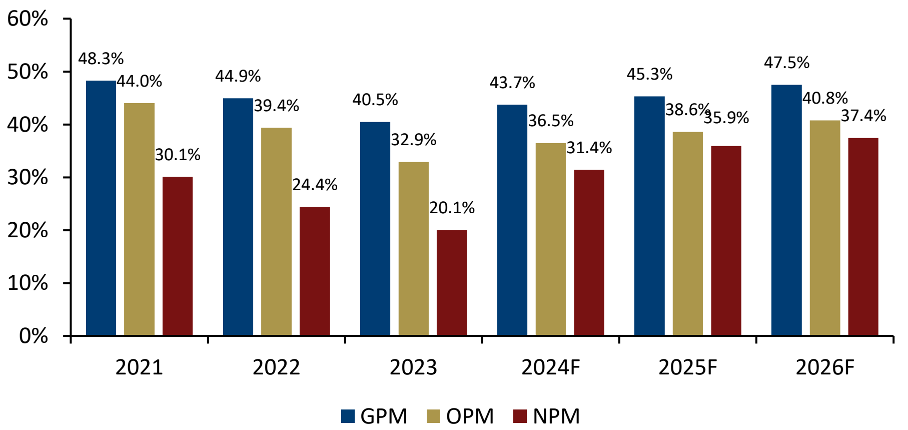
Figure 13. Revenue Breakdown (%), 2025F



Source: ALII, SSI Research

Most of ALII's revenues come from barge services, ~65.9% of 2025F top-line

Figure 14. Profit Margins (%), 2021-2026F



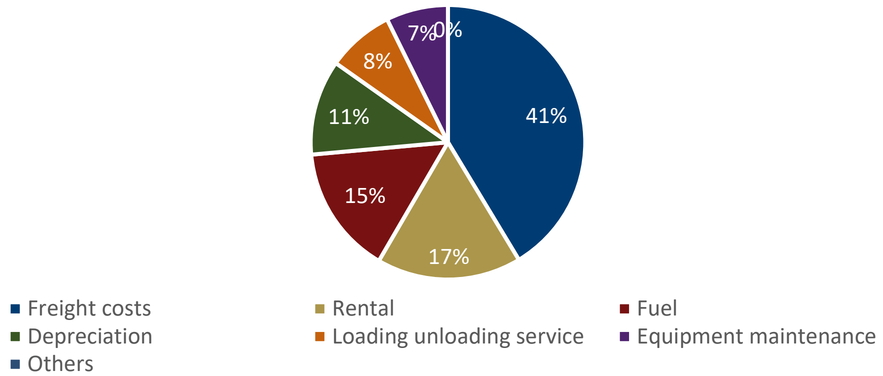
Source: ALII, SSI Research

Between 2024-2026F, net profit margins are projected to remain well above 30% on the back of increased efficiencies

Like other tug and barge companies, ALII's profitability is highly dependent on fuel, rental, and freight expenses. ALII benefits from a third-party fuel supplier that offers prices below market rates, helping the company reduce its fuel costs. We estimate that 73.6% of ALII's COGS in 2025F will be attributed to fuel, rental, and freight expenses, with total COGS projected to reach IDR 505bn in 2025F and IDR 891bn in 2026F.

ALII's profitability heavily hinges on fuel, rental and freight expenses, which are expected to…

Figure 15. COGS Contribution (2025F)



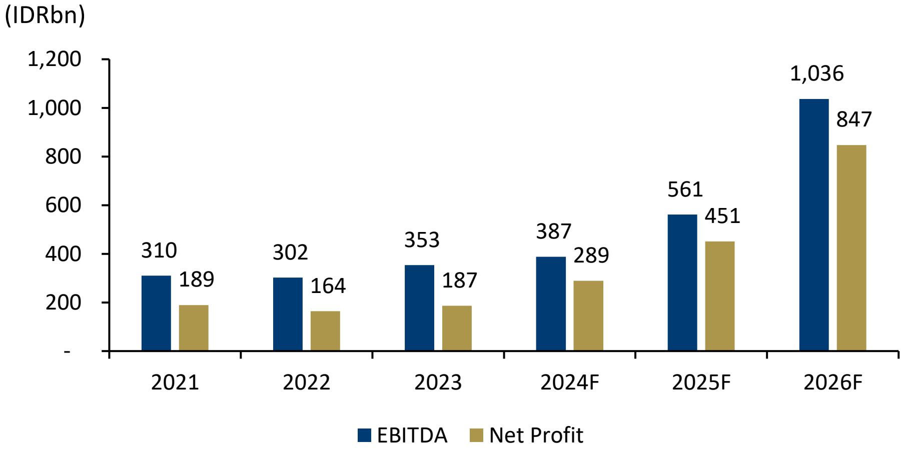
Source: ALII, SSI Research

… account for 73.6% of 2025F COGS

Regarding its bottom line, we expect ALII to book 2025F EBITDA of IDR 561bn (+44.7% YoY) and net profit of IDR 451bn (+55.8% YoY). In FY26F, and we project ALII to post EBITDA of IDR 1.0tn and net profit of IDR 847bn, implying EBITDA growth of +84.7% YoY and net profit growth of +87.8% YoY due to higher transport volume, 13 additional barges and fully operated ship-to-ship in Kotabangun.

ALII's 2025F net profit is expected to reach IDR 451bn (+55.8% YoY)

Figure 16. EBITDA & Net Profit Projections, 2021 - 2026F



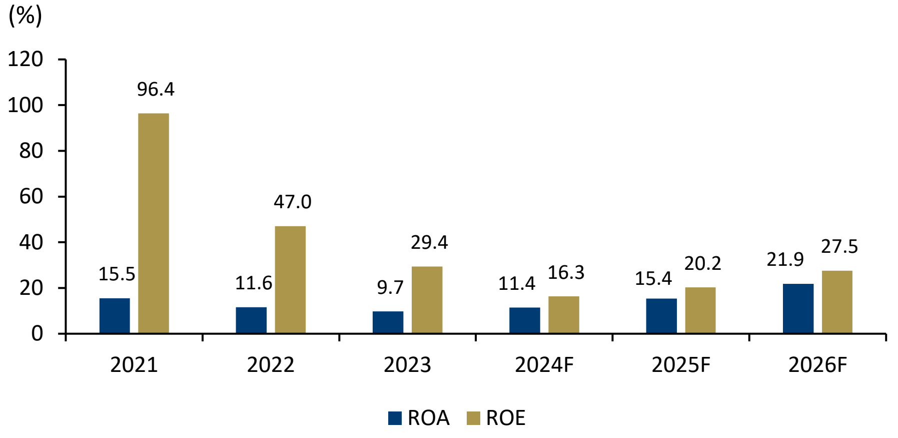
Source: ALII, SSI Research

ALII's fleet expansion is expected to boost EBITDA and net profit going forward

Supported by healthier balance sheet (higher equity and debt payment), we project ALII to book ROE of 20.2% and ROA of 15.4% in 2025F, followed by higher ROE (27.5%) and ROA (21.9%) in 2026F.

Driven by its higher equity and reduced debt, ...

Figure 17. ROA & ROE, 2021 - 2026F



Source: ALII, SSI Research

... we expect favorable ROE and ROA of 20.2% and 15.4% in 2025F

VALUATIONS

Fair value of IDR 550/share, reflecting 2025F EV/EBITDA of 15.7x and PE of 19.3x

To derive ALII's fair value, we used 5-year DCF valuation method to determine the range of its intrinsic value with WACC of 10.8%, based on risk-free rate of 6.70%, equity risk premium of 6.25%, beta of 0.5x and terminal growth of 2.0%.

We derive our intrinsic value using 5-year DCF valuation method…

Figure 18. DCF Assumptions

Assumptions	
Risk Free Rate	6.70%
Equity Risk Premium	6.25%
Beta	0.5
Cost of Equity	9.8%
Cost of Debt	15.0%
Tax Rate	1.2%
Terminal Growth	2.0%
WACC	**10.8%**

Source: SSI Research

… with WACC of 10.8% and terminal growth of 2.0%...

Figure 19. DCF Valuation Sensitivity to WACC and Terminal Growth (IDRbn)

		WACC				
		8.7%	9.7%	10.8%	11.9%	13.1%
Terminal Gwt	3.0%	13,816	11,582	9,758	8,383	7,216
	2.5%	12,810	10,864	9,241	7,996	6,925
	2.0%	11,954	10,239	8,783	7,648	6,661
	1.5%	11,217	9,690	8,373	7,334	6,420
	1.0%	10,574	9,204	8,006	7,049	6,199

Source: SSI Research

… with enterprise value standing at IDR 8.8tn...

Figure 20. DCF Valuation (IDRbn)

PT Ancara Logistics Indonesia Tbk (ALII IJ)	2025F	2026F	2027F	2028F	2029F
EBIT	508	945	1,054	1,163	1,214
EBIT (1-Tax)	577	1,063	1,193	1,311	1,364
Add (+) Depreciation & Amortization	77	114	141	159	180
Less (-) Capex	(420)	(733)	(581)	(469)	(531)
Changes in Working Capital	(112)	(94)	(71)	(40)	(7)
FCFF	**122**	**350**	**682**	**962**	**1,006**
Discount Factor	0.9	0.8	0.7	0.7	0.6
Terminal Value					11,681
PV of FCFF	**110**	**285**	**501**	**639**	**7,602**
Sum FCF	9,137				
Less: Debt	449				
Less: Minority Interest	9				
Add: Cash	105				
Enterprise value	8,783				
Shares (in Bn)	16				
Target Price - DCF	**550**				

Source: SSI Research

… implying a target price of IDR 550...

Our calculation yields enterprise value of IDR 8.8bn with target price of IDR 550/share, reflecting 15.7x FY25F EV/EBITDA.

… reflecting 15.7x EV/EBITDA in 2025F

Figure 21. Peer Comparables

Company Ticker	Market Cap. (IDR Tn)	Last Price (IDR)	Target Price (IDR	2025F P/E (x)	EPS Gwt (%)	EV/EBITDA (%)	P/B (x)	ROE (%)	Net Gearing Ratio (%)
ALII IJ	5.8	382	550	12.6	55.8	10.7	2.6	22.5	13.6
COCO MK	2.4	1.19	*1.86*	5.5	4.7	2.3	0.3	6.3	-0.2
TPMA IJ	2.1	600	*1,125*	4.6	14.6	6.2	0.9	18.9	0.2
PSSI IJ	2.1	392	-	6.3	NA	3.0	0.8	12.5	0.0
BESS IJ	2.7	785	-	62.0	NA	22.3	4.8	3.6	0.0
MBSS IJ	1.8	1000	-	5.0	NA	-1.3	0.5	10.7	-0.6
HAIS IJ	0.6	210	-	4.6	NA	3.6	0.8	17.3	0.2
Sector	***17.4***			***16.5***	***21.0***	***8.4***	***1.9***	***14.3***	***4.5***

*Cons TP

Source: SSI Research

ALII's high growth potential deserves premium valuation

Figure 22. Shareholder Structure: Pre and Post IPO

PT Ancara Logistics Indonesia Tbk	Pre-IPO	Post-IPO
PT Graha Adika Niaga	41.1%	32.9%
Solomed Capital Pte. Ltd.	39.5%	31.6%
Nalinkant Amratlal Rathod	2.6%	2.1%
PT Borneo Logistik Indonesia	13.8%	11.0%
Aninditha Anestya Bakrie	3.0%	2.4%
Public	0.0%	20.0%

Source: ALII, SSI Research

ALII's majority shareholder is PT Graha Adika Niaga, with pre-IPO stake of 41.1% and post-IPO stake of 32.9%

Figure 23. Management Profile

Board of Commissioners		Position	Years of Experience
	Nalinkant Amratlal Rathod (73 years old) earned his Bachelor's in Commerce degree from Andhra University in 1970. He joined PT Ancara Logistics Indonesia Tbk in 2019 and currently also serves as President Commissioner of PT Mahakam Coal Terminal and Commissioner at PT Darma Henwa Tbk.	**President Commissioner**	**53 years**
	Aninditha Anestya Bakrie (46 years old) obtained her Master's in Science degree from Georgetown University in 2002 and joined PT Ancara Logistics Indonesia Tbk in 2023. She also serves as Commissioner at PT Mahakam Coal Terminal and Executive Director of PT Bakrie Untuk Negeri.	**Commissioner**	**21 years**
	Agus Suharyono (58 years old) earned his Master's in Agricultural Economics degree from the University of Maine in 2004 and joined PT Ancara Logistics Indonesia Tbk in 2023. He previously served as Director at PT Telkom Akses and Commissioner at PT Jasa Marga Tbk.	**Independent Commissioner**	**13 years**

Board of Directors		Position	Years of Experience
	*Faisal Mohamad Nur* (53 years old) received his Masters of Commerce in Finance degree from the University of New South Wales in 2000 and joined PT Ancara Logistic Tbk in 2023. He also serves as Commissioner at PT Mahakam Coal Terminal.	**President Director**	**30 years**
	Rahul Nalin Rathod (38 years) obtained his Bachelors of Science degree from Indiana University in 2007 and joined PT Ancara Logistics Tbk in 2019. He also serves as Director at PT Mahakam Coal Terminal and Managing Director of Solomed Capital Pte Ltd.	**Director**	**16 years**
	Vishal Manharlal Parekh (41 years old) received his Bachelors of Commerce (Honors) degree from Mumbai University in 2003 and joined PT Ancara Logistics Indonesia Tbk in 2020. He also serves as Director of PT Leap Coal Indonesia and Director of PT Mahakam Coal Terminal.	**Director**	**25 years**
	Munawir (63 years old) obtained his Level 3 in Nautical Expert (ANT-III) diploma from Politeknik Ilmu Pelayaran Semarang in 1982 and joined PT Ancara Logistics Indonesia Tbk in 2019. He also serves as President Director of PT Mahakam Coal Terminal.	**Director**	**41 years**
	Aulia (46 years old) obtained his Bachelors of Law degree from the University of Indonesia in 2001 and joined PT Ancara Logistics Indonesia Tbk in 2022. He also serves as Chief Legal Officer of PT Kutai Bara Nusantara.	**Director**	**22 years**

Source: ALII, SSI Research

INDONESIA INDUSTRY OVERVIEW

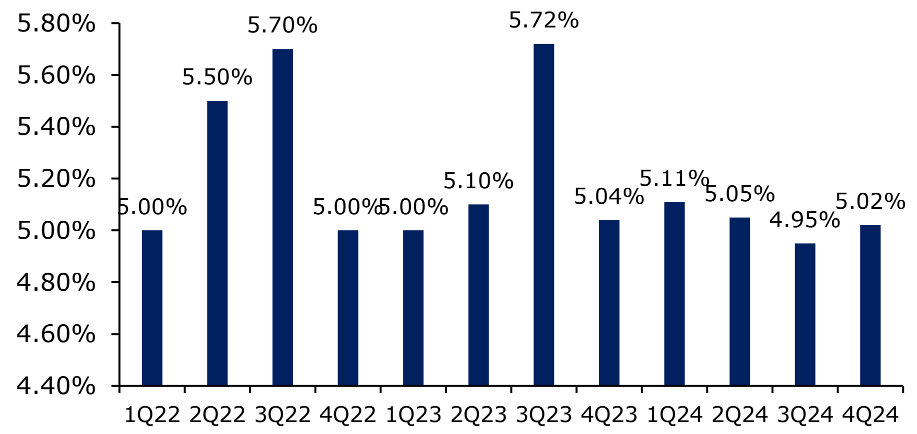
Solid GDP Growth

Despite the global macroeconomic turmoil caused by Ukraine–Russia war in 2022 and Israel–Palestine war in 2023, which pushed several countries into economic crisis, Indonesia still managed to book positive economic growth in 2022 of 5.31% and maintained steady growth in 2023, with 5.05% growth, and 5.03% in 2024.

Despite global economic uncertainties, Indonesia managed to book solid economic growth …

Figure 23. Indonesia's GDP Growth 1Q22 – 4Q24

… averaging 5.18% between 1Q22 to 4Q24



Source: BPS, SSI Research

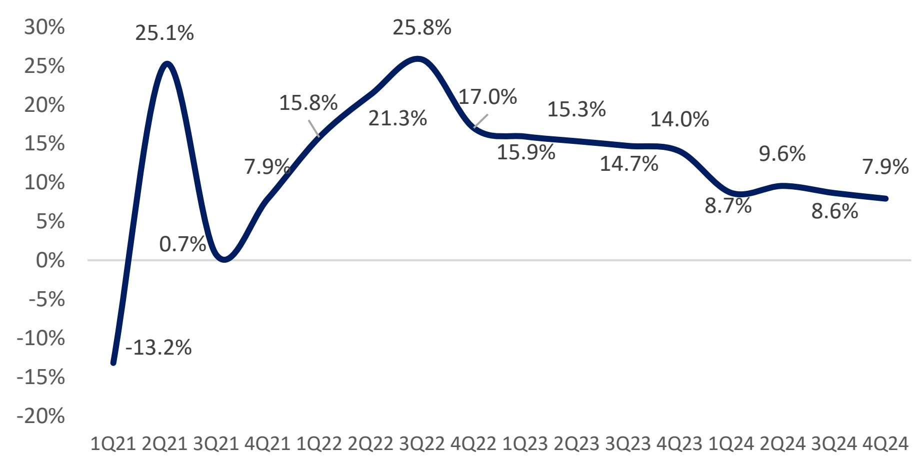
Transportation and Logistic Growth

One of the main reasons enabling Indonesia to book positive GDP growth is the solid transport and logistic sector, which grew 7.9% YoY in 4Q24. We expect the sector, specifically coal transportation, to grow further as the production volume is expected to increase above 3%.

Transport and logistics will continue to post solid growth thanks to increase in coal volume, …

Figure 24. Transport and Logistic Growth 1Q21 – 4Q24

… averaging 12.2% over the past 3 years



Source: BPS, SSI Research

COAL INDUSTRY

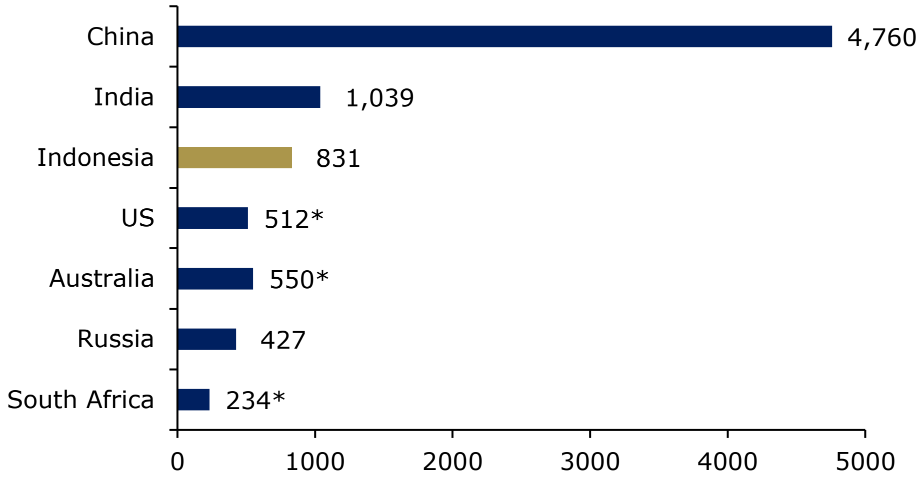
Huge Potential from Coal

Global coal production has been growing steadily, with a 2018-2024 CAGR of +6.9%, and it is expected to grow further with a CAGR of +0.4% through 2026. Approximately 9% of global coal production in 2024 (830.5 million tons) came from Indonesia, making the country the world's third largest coal producer, only behind China and India.

Global coal production is expected to grow with CAGR of +0.4% through 2026

Figure 25. Global Coal Production (2024)

(Mn Tons)



*: expected

Source: Energy Institute, SSI Research

Indonesia is the world's third largest coal producer with 830.5mn tons in FY24

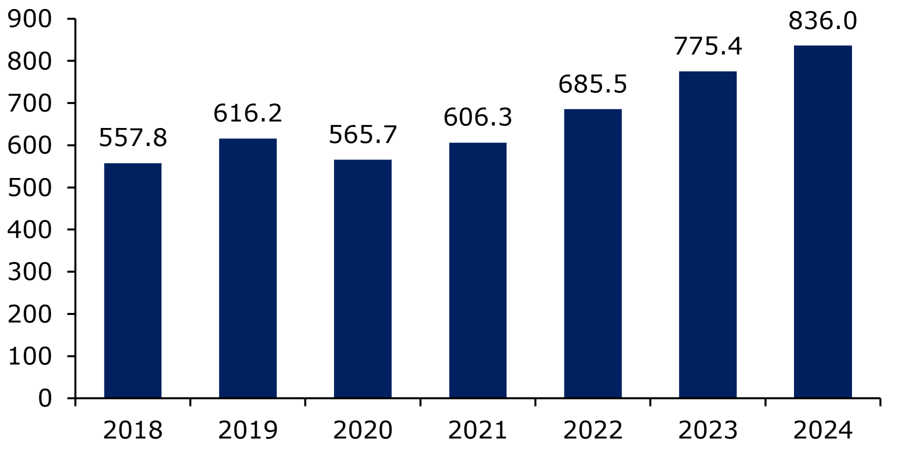
Indonesia's Coal Production to Grow Further

According to the Ministry of Energy and Mineral Resources (ESDM), Indonesia's coal production in 2024 reached 836 million tons (+7.8% YoY), and 431 million tons were exported to other countries. In 2025F, the ministry expects domestic coal production to reach 735 million tons, which we believe the actual number will be higher than the target as it was also happenned in 2024 (target 2024: 710 million tons).

2024F domestic coal production reached 836 million tons (+7.9% YoY)

Figure 26. Indonesia's Coal Production 2018 – 2024

(Mn Tons)



Source: Ministry of Energy and Mineral Resources, SSI Research

With the exception of COVID years (2020-2021), Indonesia's coal production has been steadily growing

Solid Domestic Coal Demand

According to the RUPTL of Indonesia's State Electricity Company (PLN), the estimated coal usage in both the optimal case and low carbon case is expected to reach 165mn tons and 153mn tons in 2030F (10-year CAGR: optimal case: +3.6%, low carbon case: +3.3%). Regarding the energy mix, coal is expected to be the primary energy source in Indonesia for a while, accounting for more than 60% of the country's energy supply in 2025F, mainly due to the government's commitment to numerous ongoing coal projects (to reduce the fundamental cost of electricity supply).

Indonesia is expected to continue relying on coal as main energy source for a while

Figure 27. Energy Sources for Indonesia's Electricity Generation (Optimal Case)

Energy Sources	2021	2022	2023	2024F	2025F
Coal	68.2%	68.7%	68.8%	68.9%	62.1%
Water	6.5%	6.1%	6.4%	6.7%	8.0%
Gas	15.7%	16.7%	16.0%	15.6%	14.5%
Oil	3.2%	1.9%	1.3%	0.6%	0.4%
Geo Thermal	5.5%	5.4%	5.6%	5.6%	7.6%
Others	1.0%	1.2%	1.9%	2.7%	7.5%

Source: PLN, SSI Research

Coal is expected to contribute more than 60% of Indonesia's energy supply in 2025F …

Figure 28. Energy Sources for Indonesia's Electricity Generation (Low Carbon Case)

Energy Sources	2021	2022	2023	2024F	2025F
Coal	67.0%	66.1%	67.0%	67.7%	61.0%
Water	5.0%	5.6%	5.5%	5.9%	8.0%
Gas	16.6%	18.0%	18.1%	17.4%	15.6%
Oil	3.5%	3.0%	1.5%	0.5%	0.4%
Geo Thermal	5.8%	5.8%	5.9%	5.9%	7.4%
Others	1.3%	1.5%	2.0%	2.7%	7.7%

Source: PLN, SSI Research

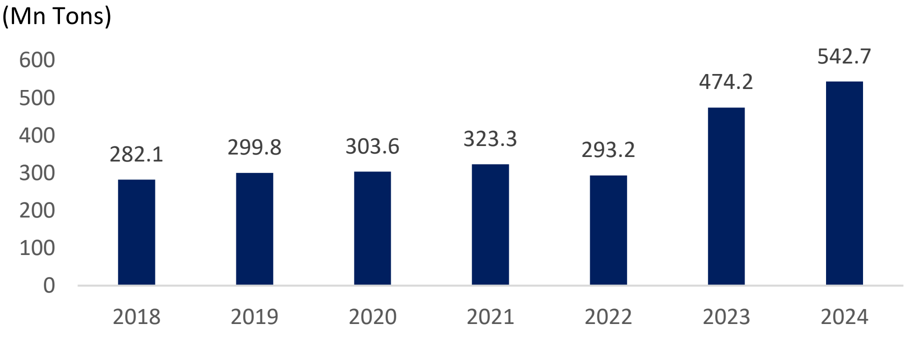
… still dominating in low-carbon case as well

Positive Catalyst from China

We noticed that China might be a positive catalyst for Indonesia's coal industry as well as its supporting industries. China, as the largest coal consumer, has extended its lead in imports as it hit record 542.7mn tons in 2024. This marked a significant increase from 474.2 million tons in 2023, driven by a growing preference among Chinese buyers for foreign coal, which was offered at a discount compared to domestic prices.

China's high coal prices may drive higher imports, particularly from Indonesia, which accounts for approximately 49% of China's coal imports

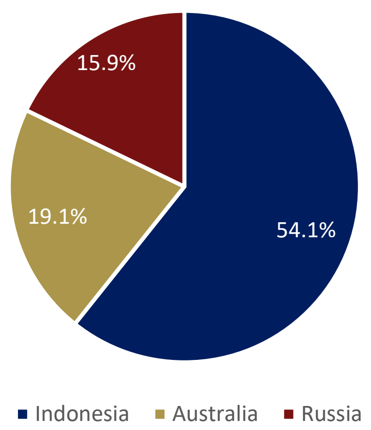
Figure 29. China's Coal Import Volumes



Source: Bloomberg, SSI Research

China's coal import rose +14.4% YoY to 542.7mn tons in 2024

Figure 30. China's Coal Importers (2024)



Source: Bloomberg, SSI Research

Approx. 54.1% of China's coal imports comes from Indonesia

Coal Prices to Slightly Lower in 2025F

We expect coal prices to decline slightly in 2025F due to lower demand from China and weak oil prices. However, demand for Indonesia's coal is expected to remain high, particularly from China, India and ASEAN, which could drive an increase in Indonesia's coal production volume.

We expect Indonesia's coal demand to remain high, particularly from China, followed by India and ASEAN…

Figure 31. Global Coal Prices YTD

(USD/ton)

Source: ALII, SSI Research

… despite global coal prices is expected to slightly decrease in 2025F due to lower demand from China and low oil price

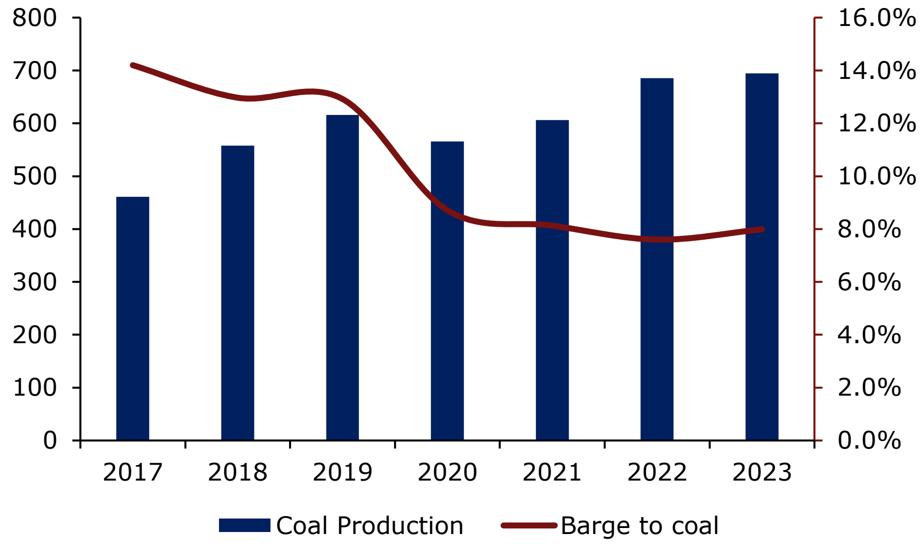
TUG AND BARGE INDUSTRY

During the Covid-19 pandemic in 2020, most smaller shipping companies started to sell their assets (ships) since many could not sail due to Covid-19 restrictions, as reflected by the significant drop in the number of tug and barges available in 2020 (-38.1% YoY), which led to a considerable decline in barge capacity to coal production ratio (-420bps YoY in 2020). As the world starts to recover from the company, coal production begins to recover, but not the number of ships available to transport them, which leads to higher tariffs.

The tug and barge industry is experiencing supply shortage

Figure 32. Barge Capacity to Coal Production Ratio 2017 – 2023

(Mn Tons)

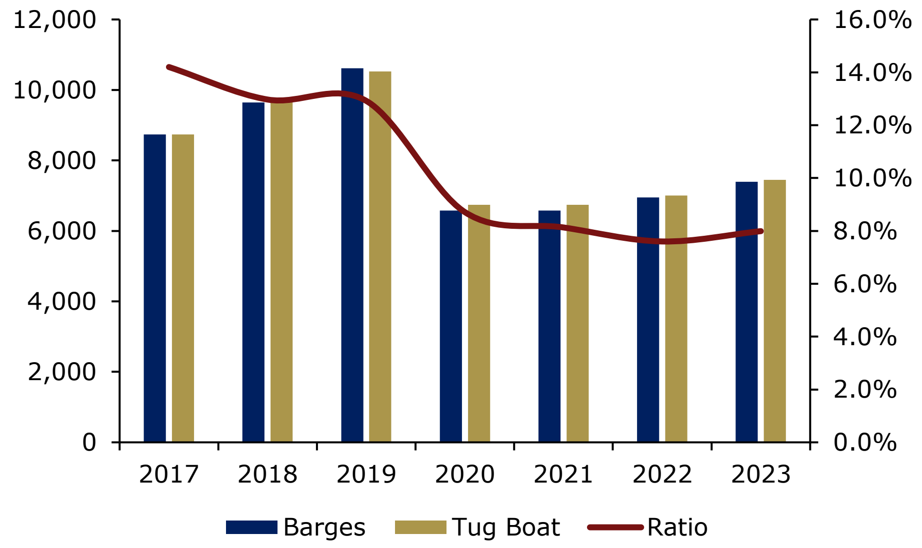


Source: Ministry of Transportation, MMoER, SSI Research

Indonesia's barge-to-coal ratio is stil relatively low …

Figure 33. Indonesia's Tug and Barge Availability 2017 – 2023

(Units)



Source: Ministry of Transportation, MMoER, SSI Research

… due to slow recovery in barge availability

Most tug and barge companies started to add more fleet to their portfolio

As demand for barges started to soar due to higher coal production and prices, leading many miners to deliver their coals to buyers as soon as possible, many tug and barge companies started to expand their fleets by adding more tugboats, barges, floating crane, and even mother vessels. In the future, ALII expects to expand its fleet to more than 70 tug boats and barges to cater to its clients' demands.

ALII's current fleet size prior to its expansions is already quite comparable to its peers

Figure 34. Tug and Barge Companies' Fleet Comparison, 2023

Company	Market Cap (IDRbn)	Number of Tug	Number of Barge	Operational Area
ALII	5,982	40	40	East Kalimantan
TPMA	2,157	41	35	Sumatera, Kalimantan, Java, Sulawesi
MBSS	1,768	34	49	Sumatera, Kalimantan, Java, Sulawesi, Maluku
PSSI	2,123	26	31	Sumatera, Kalimantan, Java, Sulawesi, Papua
BESS	1,806	18	18	South Kalimantan
HAIS	567	14	15	South Kalimantan, Central Kalimantan

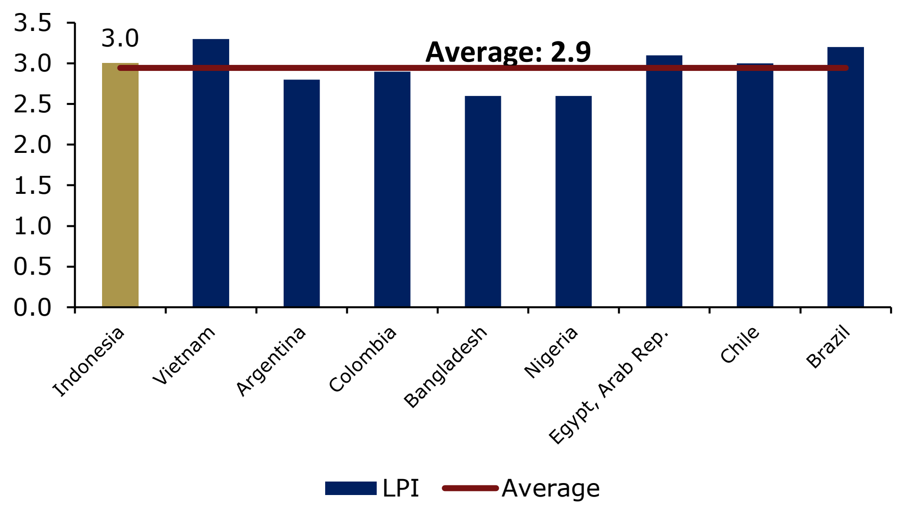
Source: PLN, SSI Research

Indonesia's Integrated Port Industry

Aside from having abundant natural resources, Indonesia is also blessed with a strategic geographical structure, consisting of lots of islands, giving Indonesia more added value as a global trade terminal. According to Logistic Performance Index (LPI) data released by the World Bank in 2023, Indonesia is ranked 63rd out of 139 countries, with an LPI score of 3.0. The LPI rank itself is calculated based on six dimensions; 1) customs, 2) infrastructure, 3) international shipments, 4) logistics competence and quality, 5) timelines, and 6) tracking and tracing.

Indonesia's LPI score is 3.0 (ranked 63rd out of 139), …

Figure 35. Emerging Countries LPI Score



Source: World Bank, SSI Research

… slightly higher than emerging countries' average

Figure 36. Indonesia's LPI Score Breakdown

Source: World Bank, SSI Research

Timeliness score is the highest in Indonesia's LPI Breakdown

Key Financial Figures

Profit and Loss					
Y/E Dec (IDR Bn)	**22A**	**23A**	**24F**	**25F**	**26F**
Revenue	**670**	**931**	**921**	**1,255**	**2,262**
Cost of Revenue	(369)	(554)	(518)	(687)	(1,188)
Gross Profit	**301**	**377**	**403**	**569**	**1,075**
Operating Expense	**(37)**	**(71)**	**(67)**	**(85)**	**(152)**
Opex	(37)	(71)	(67)	(85)	(152)
Operating Profit	**264**	**306**	**336**	**484**	**922**
EBITDA	**302**	**353**	**387**	**561**	**1,036**
Interest Income	0	0	1	4	6
Interest Expense	(178)	(193)	(109)	(65)	(64)
Gain (Loss) on Disposal	(4)	(1)	(3)	(1)	(1)
Other Income (Expense)	66	83	85	87	82
Pre-tax Profit	**147**	**194**	**310**	**508**	**945**
Taxes	5	(11)	(27)	(66)	(115)
Minority Interest	12	4	6	9	17
Net Profit	**164**	**187**	**289**	**451**	**847**

ALII's revenue is expected to book over IDR 1.3tn in 2025F and IDR 1.8tn with 2024-26F CAGR of 56.8%

Balance Sheet					
Y/E Dec (IDR Bn)	**22A**	**23A**	**24F**	**25F**	**26F**
Cash	36	1	105	147	283
Receivables	170	235	506	517	683
Inventory	5	2	2	3	5
Others	12	7	51	69	124
Total Current Asset	**223**	**244**	**663**	**735**	**1,095**
Net Fixed Asset	381	716	941	1,284	1,904
Other Assets	800	959	936	918	874
Total Asset	**1,405**	**1,920**	**2,540**	**2,937**	**3,873**
Payables	31	94	99	125	216
ST. Debt and CMLTD	909	272	330	351	316
Other Current Liabilities	42	79	155	48	86
Current Liability	**981**	**445**	**584**	**523**	**618**
LT. Debt	14	754	93	99	89
Other LT. Liabilities	62	86	86	87	90
Total Liability	**1,057**	**1,285**	**764**	**710**	**797**
Minority Interest	3	(1)	2	3	4
Total Equity	**348**	**635**	**1,776**	**2,228**	**3,076**

The company also has a strong balance sheet structure with low net gearing ratio at 13.6% in 2025F

Cash Flow					
Y/E Dec (IDR Bn)	**22A**	**23A**	**24F**	**25F**	**26F**
Net Profit	164	187	289	451	847
D&A	29	39	51	77	114
Changes in Working Capital	(13)	44	(234)	(112)	(94)
Operating CF	**180**	**270**	**106**	**416**	**867**
Capital Expenditure	(49)	(374)	(276)	(420)	(733)
Others	(131)	(135)	24	19	47
Investing CF	**(180)**	**(509)**	**(252)**	**(401)**	**(687)**
Dividend Paid	-	-	-	-	-
Net Borrowing	34	103	(602)	26	(45)
Others	(12)	100	852	1	1
Financing CF	**22**	**204**	**250**	**27**	**(44)**
Net - Cash flow	**22**	**(35)**	**104**	**42**	**136**
Adjustment	-	-	-	-	-
Cash at Beginning	14	36	1	105	147
Cash at Ending	**36**	**1**	**105**	**147**	**283**

The company's ability to generate earnings is expected to keep cash flow positive despite high capex and debt payments in 2025-26F

Key Ratios					
Y/E Dec	**22A**	**23A**	**24F**	**25F**	**26F**
Gross Profit Margin (%)	44.9	40.5	43.7	45.3	47.5
Operating Margin (%)	39.4	32.9	36.5	38.6	40.8
Net Profit Margin (%)	24.4	20.1	31.4	35.9	37.4
Revenue Growth (%)	6.8	38.9	(1.1)	36.3	80.3
EBITDA Margin (%)	45.1	37.9	42.1	44.7	45.8
EBITDA Growth (%)	(2.5)	17.0	9.6	44.9	84.7
Debt to Equity (x)	2.7	1.6	0.2	0.2	0.1

ALII's margins are expected to increase in 2025-26F as the company becomes more efficient, supported by lower transportation distances and fuel costs

Key Assumption					
Y/E Dec	**22A**	**23A**	**24F**	**25F**	**26F**
Barging Volume (mn tons)	3.7	4.8	4.5	6.7	11.9
Barging Volume Growth (%)	(3.8)	29.1	(6.1)	50.1	77.5
Loading Volume Growth (%)	1.8	32.8	(3.6)	48.3	69.7
FC Volume Growth (%)	-	-	108.5	28.9	16.6

ALII's barging volumes are expected to accelerate due to higher barge fleet from 49 in 2024 to 57 in 2025F, before reaching 70 in 2026F

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