Buana Lintas Lautan (BULL IJ)

Positive Momentum In 2H26

BUY (Maintained)	
Share Price	Rp416
Target Price	Rp750
Upside	+80.3%

Analyst(s)
Willinoy Sitorus
willinoysitorus@kh.co.id
+6221 2993 3845
Audrey Celia
audreycelia@kh.co.id
+6221 2993 3860

Highlights

- **Solid 2Q26 results expected.** We expect BULL's 2Q26 audited results to be released in August, likely showing a strong qoq performance.
- **Double positive sentiment.** Sentiment is supported by both ongoing M&A speculation and rising oil prices.
- **Maintain BUY with a target price of Rp750** based on 7x 2026F EV/EBITDA, in line with global and regional peers in the industry.

Analysis

- **Positive sentiment amid higher oil prices.** Brent crude has recently touched the US$100/bbl level (before a correction to the current US$93/bbl), rebounding after softening in June amid rising geopolitical tensions. Tanker traffic through the Strait of Hormuz has declined over the past three weeks. On a more constructive note, several regional tanker rates have shown recovery, with Aframax rates, for instance, having rebounded to about US$77,000/day, though still below the over US$100,000 peak seen in March. With over 90% of Buana Lintas Lautan's (BULL) vessels operating overseas on short-term spot contracts, the company is well positioned to benefit from rising oil prices. As noted in our previous report, some contracts saw rates double in 2Q26, which we expect to translate into a strong qoq net profit result. Notably, management has argued that even a potential de-escalation is unlikely to trigger an immediate decline in freight rates, as the conflict has shifted global priorities from energy cost to energy security and availability, a dynamic that should keep voyage distances structurally longer for the foreseeable future.
- **A potential deal nearing completion?** Media reports indicate that South Korea's IMM Private Equity and IMM Investment Corp are nearing completion of the sale of Hyundai LNG Shipping to Sinar Mas Group, following a months-long national security review. Separately, based on public disclosures, BULL has an existing long-term banking relationship with Sinar Mas as a debt provider and the latter has equity stake in BULL via several vehicles. Based on publicly available fleet data on Hyundai LNG's website, we estimate its combined deadweight tonnage (DWT) capacity is about 2.4x BULL's own DWT position as of end-25. Assuming Hyundai LNG's value is roughly estimated at US$2b, BULL should face balance sheet constraint to fund such an acquisition, hence, a potential corporate action is plausible in our view – though no formal scheme has been disclosed and this remains our own inference rather than confirmed information. We also expect BULL's audited 2Q26 financial report to be released in August, per company. Logically, LNG contracts are usually long-term, hence any potential synergy with BULL would provide a diversified balance between spot and recurring revenue streams.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	140	145	235	236	214
EBITDA	57	51	103	104	89
Operating profit	42	32	82	82	67
Net profit (rep./act.)	14	24	59	58	46
Net profit (adj.)	23	22	59	58	46
EPS (Rp)	15	27	66	66	52
PE (x)	24.3	14.2	5.9	6.0	7.6
P/B (x)	2.3	1.9	1.4	1.1	1.0
EV/EBITDA (x)	2.3	2.1	1.1	0.4	(0.3)
Dividend yield	n.a.	n.a.	n.a.	n.a.	2.1
Net margin (%)	9.8	16.8	25.0	24.7	21.4
Net debt/(cash) to equity (%)	81.2	54.3	48.5	15.3	-2.6
Interest cover (x)	2.3	3.2	4.0	3.9	3.6
ROE (%)	8.7	12.2	24.7	19.7	13.6

Source: BULL, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	Energy
Bloomberg ticker:	BULL IJ
Shares issued (m):	15,494
Market cap (Rpb):	6,446
Market cap (US$m):	358
3-mth avg daily t'over (US$m):	6.3

Price Performance (%)

52 weeks high/low: Rp685/Rp125

1mth	3mth	6mth	1yr	YTD
18.9	(21.5)	(24.4)	205.9	(1.0)

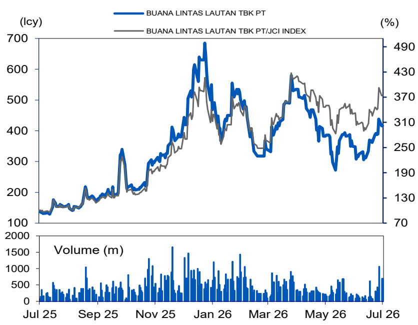
Major Shareholders

Major Shareholders	%
Delta Royal Sejahtera	14.5
Fortune Street Ltd	9.1
Interventures Capital	5.0

Balance Sheet Metrics

FY26 NAV/Share (Rp)	299
FY26 Net Cash/Share (Rp)	126

Price Chart



Source: Bloomberg

Company Description

Buana Lintas Lautan is Indonesia's leading oil and gas tanker operator, established in 2005, offering vessel chartering, ship management, and agency services across domestic and international markets with a fleet capacity of about 700,000 DWT.

- **Freight rates to stay elevated even if geopolitical tensions ease.** Following the US-Iran war which disrupted global oil trade, OECD countries (including US) are expected to have only about 50 days of oil inventory by end-26, the lowest since 2003 when they first started counting. The replenishment of reserves in the US and Asia is expected to last until 2028, which raises demand for oil tankers. In addition, sanctions on Iran, Russia, and Venezuela have already pulled around 15.6% of the global oil tanker fleet from the market. Governments are now also prioritising energy security and diversification over cost efficiency alone, which includes steering oil trade away from the Middle East. Altogether, these drivers point to an asymmetrical supply-demand in oil transport, which is set to inflate freight rates even as the geopolitical tensions ease in our view.
- **BULL is expanding its fleet aggressively to capitalise.** As of 2Q26, BULL had a fleet of 11 vessels: Three Aframax, five Handysize, two LNGs, one LPG. By 2H26, management expects that to reach 21 units, adding six Handysize tankers and two LNG carriers by 3Q26, plus an FPSO and FSO. This expansion is aggressive, with 2026 capex expected to jump from around US$29m in 2025 to about US$72m. The momentum behind this expansion carries risk, but the fundamentals underpinning it remain intact.

  The prolonged conflict has kept oil prices elevated, causing a structural shift in global oil sourcing away from the Middle East. As a result, voyage distances are set to increase, directly benefitting BULL's overseas, fully spot-exposed fleet. BULL's balance sheet also provides some cushion, with its D/E recorded at just 0.6x as of 1Q26, down from 3.7x in 2021. This is supported by the company's strategy of acquiring mid-to-late-cycle vessels around 20 years old, with each vessel set to pay off its purchase price minus scrap value in under a year of operating.

Earnings Revision/Risk

- **We maintain our current 2026-27 forecasts, though we see meaningful upside risk.** Tanker rates have stayed high through 2Q26, with management confirming Aframax rates holding around US$100,000/day and Handysize rates at about US$50,000/day, both above 2025 levels. Combined with the fleet expansion toward 21 vessels by 2H26, we see potential for 2026 earnings to exceed our base case, but prefer to wait for the 2Q26 results before revising our numbers. Our current base case only assumes seven additional vessels this year compared to company's guidance of about 11 additional vessels.
- **The key risk is its inherent nature of low earnings clarity.** The risk lies in BULL's ability to take timely delivery and commissioning of its new vessels, and secure spot contracts quickly enough to keep cash flows steady. The company also needs to ensure this expansion goes smoothly so it doesn't strain its balance sheet.

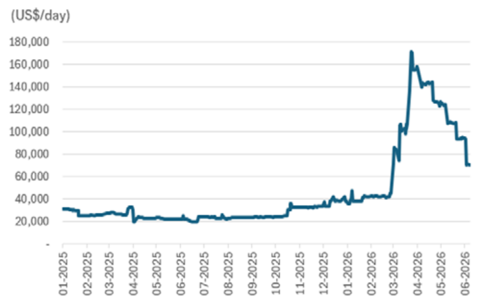
Valuation/Recommendation

- **Maintain BUY with an unchanged target price of Rp750,** based on 7x 2026F EV/EBITDA, in line with peers. We think this multiple is justified given BULL's aggressive fleet expansion and healthy balance sheet to support the move.

Share Price Catalyst

- a) Strong 2Q26 results expected in August, b) timely delivery of newly acquired vessels throughout 2H26, and c) further clarity on the potential corporate action.

Aframax Freight Rates (YTD)

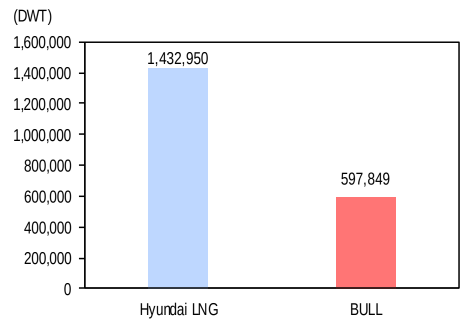


Source: Bloomberg, UOB Kay Hian

Handysize Freight Rates (YTD)

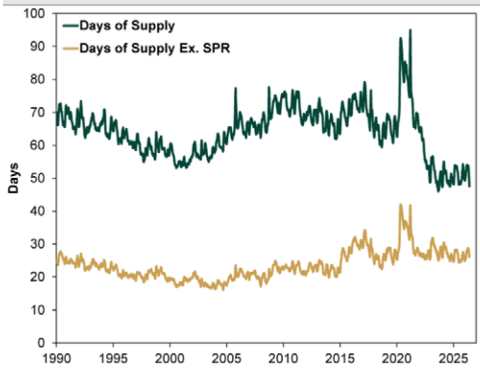
Source: Fearnleys, UOB Kay Hian

BULL vs Hyundai LNG's Total Vessel Tonnage Capacity



Source: BULL, Hyundai LNG website, UOB Kay Hian

US Oil Inventory Nearing Multi-Decade Low



Source: Fisher Investments, UOB Kay Hian

Profit & Loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	145	235	236	214
EBITDA	51	103	104	89
Deprec. & amort.	18	21	22	22
EBIT	32	82	82	67
Net interest income/(expense)	(10)	(20)	(21)	(18)
Pre-tax profit	24	62	61	48
Tax	0	(3)	(3)	(3)
Minorities	0	0	0	0
Net profit	24	59	58	46
Net profit (adj.)	22	59	58	46

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	198	237	227	216
Other LT assets	115	91	91	91
Cash/ST investment	5	60	111	147
Other current assets	51	113	109	106
Total assets	369	502	538	560
ST debt	62	74	68	63
Other current liabilities	49	83	80	80
LT debt	52	102	89	76
Other LT liabilities	2	2	2	2
Shareholders' equity	201	238	297	337
Minority Interest	3	3	3	3
Total liabilities & equity	369	502	538	560

Cash Flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	50	77	75	67
Pre-tax profit	24	62	61	48
Tax	0	(3)	(3)	(3)
Deprec. & amort.	18	21	22	22
Working capital changes	6	(11)	(2)	6
Other operating cashflows	2	8	(3)	(8)
Investing	(47)	(72)	(11)	(12)
Capex (growth)	(29)	(72)	(11)	(12)
Others	(18)	0	0	0
Financing	(47)	19	(13)	(18)
Dividend payments	0	0	0	(6)
Issue of shares	15	0	0	0
Proceeds from borrowings	34	19	(13)	(13)
Others/interest paid	(54)	0	0	0
Net cash inflow (outflow)	(2)	24	51	36
Beginning cash & cash equivalent	8	36	60	111
Changes due to forex impact	0	0	0	0
Ending cash & cash equivalent	5	60	111	147

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	35.0	43.8	44.0	41.8
Pre-tax margin	16.8	26.2	25.9	22.6
Net margin	16.8	25.0	24.7	21.4
ROA	6.6	11.7	10.9	8.2
ROE	12.2	24.7	19.7	13.6
Growth				
Turnover	3.7	61.8	0.4	(9.5)
EBITDA	(11.0)	102.5	0.8	(13.9)
Pre-tax profit	79.2	152.7	(0.7)	(21.1)
Net profit	77.3	141.3	(0.7)	(21.6)
Net profit (adj.)	(3.6)	162.1	(0.7)	(21.6)
EPS	77.3	141.3	(0.7)	(21.6)
Leverage				
Debt to total capital (x)	0.6	0.4	0.3	0.3
Debt to equity (x)	0.6	0.7	0.5	0.4
Net debt/(cash) to equity (x)	0.5	0.5	0.2	0.0
Interest cover (x)	3.2	4.0	3.9	3.6