Buana Lintas Lautan (BULL IJ)

1H26: Elevated Rates Drive Earnings Upgrade

Highlights

- 1H26 results beat expectations with EBITDA up 191.1% yoy and core profit reaching US$52.6m, due to a spike in Aframax and MR freight rates.
- Fleet expansion is running ahead of our base case with 16 confirmed by 3Q26. We raise our 2026-28 forecasts on stickier freight rates and additional vessel purchases. Maintain BUY with a higher target price of Rp770.

1H26 Results

Year to 31 Dec (US$m)	2Q25	1Q26	2Q26	qoq (%)	yoy (%)	1H25	1H26	yoy (%)
Revenue	30.6	43.9	84.8	92.9	176.8	70.0	128.7	84.0
Gross profit	8.1	18.5	47.5	157.0	484.4	19.2	66.1	243.3
GP margin (%)	26.6	42.1	56.1			27.5	51.3	
Op. profit	6.6	16.4	44.6	172.2	573.7	15.8	61.0	285.7
Op. margin (%)	21.6	37.3	52.6			22.6	47.4	
EBITDA	11.2	21.6	49.7	130.3	341.7	24.5	71.2	191.1
EBITDA margin (%)	36.7	49.1	58.6			35.0	55.3	
Net profit	1.1	14.2	44.2	211.2	3851.7	7.0	58.4	736.5
Net margin (%)	3.7	32.3	52.1			10.0	45.4	
Core profit	2.0	13.6	39.0	185.7	1891.7	7.2	52.6	633.3
Core profit margin (%)	6.4	31.0	46.0			10.3	40.9	
Net gearing (%)	60.5	49.6	52.4			60.5	52.4	

Source: BULL, UOB Kay Hian

Analysis

- **1H26 results are well above expectations.** Buana Lintas Lautan's (BULL) 1H26 revenue grew 84.0% yoy to US$128.7m, entirely driven by spot vessel charters (+100.2% yoy to US$126.3m), which captured the higher freight rates that followed the US-Iran tensions. Direct costs grew 23.6% yoy accordingly, driven by the two vessels added 1H26, as depreciation (+17.0%) and port charges (+15.4%) scaled with fleet size, while fuel (+47.7%) rose on higher Brent. EBITDA surged +191.1% yoy to US$71.2m, with the EBITDA margin seen expanding to 55.3% (1H25: 35.0%), while net profit jumped 736.5% yoy to US$58.4m.
- **Balance sheet remains manageable despite the fleet build-up.** BULL spent US$55.7m on vessel additions in 1H26, taking the fleet from 10 to 12 vessels. Gross debt rose 48.3% yoy to US$156.2m, though cash also increased to US$18.8m (1H25: US$3.8m) on stronger cash flows, leaving net debt at US$137.4m and net gearing at 52.4% (vs 49.6% in 1Q26). Retained earnings of US$58.4m lifted equity broadly in line with net debt, leaving net gearing almost flat despite the vessel purchases.

Key Financials

Year to 31 Dec (US$m)	2024	2025	2026F	2027F	2028F
Net turnover	140	145	312	325	294
EBITDA	57	51	145	154	134
Operating profit	42	32	116	124	103
Net profit (rep./act.)	14	24	96	100	81
EPS (Rp)	16	28	108	113	92
PE (x)	27.6	15.5	4.0	3.8	4.7
P/B (x)	2.4	1.9	1.3	1.0	0.8
EV/EBITDA (x)	8.9	9.6	3.9	2.9	2.6
Dividend yield (%)	n.a.	n.a.	n.a.	n.a.	2.6
Net margin (%)	9.8	16.8	30.7	30.6	27.6
Net debt/(cash) to equity (%)	81.2	54.3	61.7	16.4	n.a.
Interest cover (x)	3.1	5.1	8.9	7.6	7.2
ROE (%)	9.1	13.6	38.5	28.8	18.8
UOBKH/Consensus (x)	n.a.	n.a.	1.1	1.0	0.9

Source: BULL, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	Rp428
Target Price	Rp770
Upside	+79.9%
Previous TP	Rp750

Stock Data

Sector	Energy
Bloomberg ticker	BULL IJ
Shares issued (m)	15,494
Market cap (Rpb)	6,632
Market cap (US$m)	376
3-mth avg daily t'over (US$m)	9.2

Price Performance (%)

52-week high/low				Rp685/Rp147
1mth	3mth	6mth	1yr	YTD
(6.1)	57.4	(3.6)	179.7	1.9

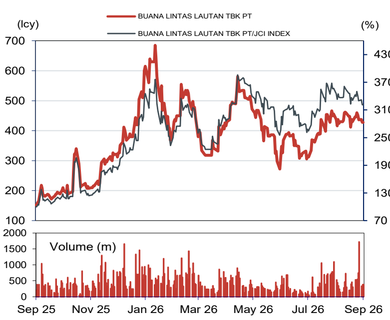
Major Shareholders (%)

Delta Royal Sejahtera	14.5
Fortune Street Ltd	9.1
Interventures Capital	5.0

Balance Sheet Metrics

FY26 NAV/Share (Rp)	338
FY26 Net Debt/Share (Rp)	206

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.

- **Renewed escalation prolongs elevated freight rates.** Fresh US and Iranian strikes through early-September have pushed Brent oil prices back above US$90/bbl, up around 11% over the past month. War risk premiums now run between 3% and 10% of vessel value, up from about 0.25% before the conflict, while the US Energy Information Administration does not expect Middle East production to return to near pre-conflict levels until early-27. Altogether, this reaffirms the supply-demand asymmetry we flagged in our previous report, and we see rates remaining elevated through 2027.
- **Fleet additions are running ahead of our base case.** As of end-25, BULL operated 10 vessels (three Aframax, five medium range vessels (MR), one liquefied natural gas (LNG), one liquefied petroleum gas (LPG). Two additions during 1H26, one MR and one LNG, took the count to 12 by 30 June, and by early-September a further four had been delivered: one LNG and three MR, bringing the total fleet to 16. An FSO and an FPSO are each expected by end-3Q26, with five more MR tankers in the 4Q26 pipeline, which would take BULL to 23 vessels by year-end if materialised.
- **The funding behind these additions deserves attention.** Gross debt rose 48.3% yoy in 1H26 to US$156.2m, but net gearing of 52.4% understates where the company stands today, because four additional vessels and the funding behind them arrived after 1H26. Adding those in takes gross debt closer to around US$236m assuming each vessel costs around US$20m, potentially lifting net gearing to approximately 80%, before 3Q26 earnings. That remains far from the gearing of about 370% gearing seen in 2021, but the trend sits against the company's deleveraging efforts, and any upset in earnings would lift gearing further as the ratio is cushioned by the jump in retained earnings.
- **The corporate action question stays open.** As flagged in our 28 July report, media reports have South Korea's IMM Private Equity nearing a sale of Hyundai LNG Shipping to Sinar Mas Group, which is both a long-standing debt provider to BULL and a shareholder via several investment vehicles. Hyundai LNG's combined DWT is roughly 2.4x BULL's end-25 capacity, and at an estimated US$2b valuation, the target sits well beyond BULL's balance sheet capacity. Both point to a corporate action, while BULL having its 2Q26 statements audited, which is unusual for an interim quarter, has increased market speculation. However, the company has kept its silence on the matter and we continue to treat this as potential upside risk.

Earnings Revision/Risk

- **We raise our 2026-28 forecasts on faster fleet growth and stickier freight rates.** We now accommodate the 18 vessels expected by end-3Q26, against the 13 in our previous base case, and lift freight rate assumptions by around 4%. Our 2026F EBITDA forecast is raised by 40.8% to US$145.0m and net profit estimate is lifted by 62.4% to US$95.6m. EBITDA margin now runs at 46.5% in 2026 (previously 43.8%) with net margin also widening to 30.7% from 25.0%.
- We lift our 2026 capex estimate to US$172m (previously US$72m) to fund the additions, taking gross debt to US$235.8m in 2026 (previously US$175.8m) and lifting net gearing to 61.7%. However, net gearing is set to retreat to 16.4% in 2027 as retained earnings rebuild equity to US$395.9m.
- **Risks:** a) delays in commissioning new vessels, b) execution on the remaining additions, and c) freight rates normalising faster than we assume.

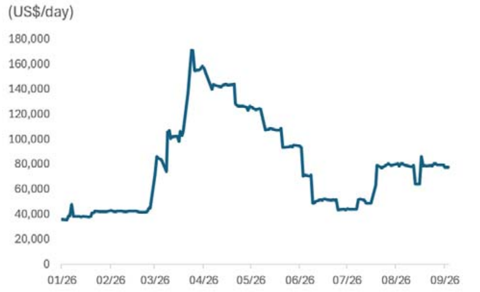
Valuation/Recommendation

- **Maintain BUY with a higher target price of Rp770,** based on 6.0x 2026F EV/EBITDA, still in line with peers. The multiple comes down from 7x in our July report as peer valuations have de-rated, not because of any change in our view on the company.

Share Price Catalyst

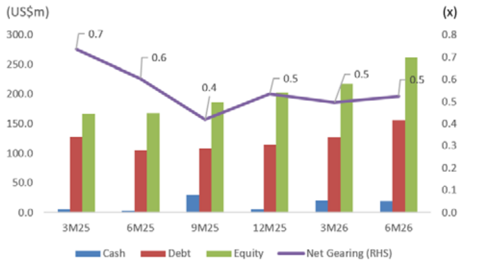
- a) 3Q26 results confirming sticky freight rates, b) timely commissioning of new vessels, and c) clarity on the potential corporate action.

Aframax Freight Rates (Ytd)



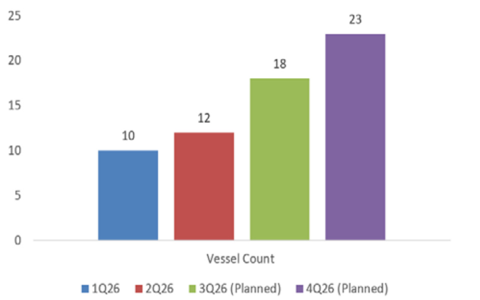
Source: Bloomberg, UOB Kay Hian

Cash, Debt, and Equity



Source: BULL, UOB Kay Hian

Planned Fleet Size



Source: BULL, UOB Kay Hian

Forecast Updates

	New		Old		Change	
(US$m)	2026F	2027F	2026F	2027F	2026F	2027F
Revenue	311.7	325.2	235.2	236.1	32.5%	37.7%
Gross profit	133.5	142.5	95.2	95.4	40.2%	49.4%
Op. profit	115.7	123.9	81.9	82.0	41.2%	51.0%
EBITDA	145.0	154.0	103.0	103.8	40.8%	48.4%
Net profit	95.6	99.7	58.9	58.4	62.4%	70.6%
Core profit	95.6	99.7	58.9	58.4	62.4%	70.6%
GP margin	42.8%	43.8%	40.5%	40.4%		
Op. margin	37.1%	38.1%	34.8%	34.7%		
EBITDA margin	46.5%	47.3%	43.8%	44.0%		
Net margin	30.7%	30.6%	25.0%	24.7%		
Core margin	30.7%	30.6%	25.0%	24.7%		
Cash	53.0	152.0	60.3	111.5		
Debt	235.8	216.8	175.8	156.8		
Equity	296.3	395.9	238.3	296.7		
Net gearing	61.7%	16.4%	48.5%	15.3%		

Source: BULL, UOB Kay Hian

Profit & loss

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Net turnover	145	312	325	294
EBITDA	51	145	154	134
Deprec. & amort.	18	29	30	31
EBIT	32	116	124	103
Total other non-operating income	2	(4)	(4)	(4)
Associate contributions	0	0	0	0
Net interest income/(expense)	(10)	(16)	(20)	(19)
Pre-tax profit	24	96	100	81
Tax	(0)	0	0	0
Minorities	0	0	0	0
Net profit	24	96	100	81

Balance Sheet

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Fixed assets	198	340	321	303
Other LT assets	115	115	115	115
Cash/ST investment	5	53	152	229
Other current assets	51	131	129	124
Total assets	369	639	717	770
ST debt	62	130	120	112
Other current liabilities	49	102	100	99
LT debt	52	106	96	87
Other LT liabilities	2	2	2	2
Shareholders' equity	201	296	396	467
Minority interest	3	3	3	3
Total liabilities & equity	369	639	717	770

Cash flow

Year to 31 Dec (US$m)	2025	2026F	2027F	2028F
Operating	50	98	129	117
Pre-tax profit	24	96	100	81
Tax	(0)	0	0	0
Deprec. & amort.	18	29	30	31
Working capital changes	6	(21)	(4)	8
Non-cash items	2	(5)	4	(3)
Investing	(47)	(172)	(11)	(12)
Capex	(29)	(172)	(11)	(12)
Others	(18)	0	0	0
Financing	(6)	122	(19)	(28)
Dividend payments	0	0	0	(10)
Issue of shares	15	0	0	0
Proceeds from borrowings	0	122	0	0
Loan repayment	(22)	0	(19)	(18)
Others/interest paid	2	0	0	0
Net cash inflow (outflow)	(2)	48	99	77
Beginning cash & cash equivalent	8	5	53	152
Ending cash & cash equivalent	5	53	152	229

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	35.0	46.5	47.3	45.7
Pre-tax margin	16.8	30.7	30.6	27.6
Net margin	16.8	30.7	30.6	27.6
ROA	6.8	19.0	14.7	10.9
ROE	13.6	38.5	28.8	18.8
Growth				
Turnover	3.7	114.4	4.3	(9.6)
EBITDA	(11.0)	185.2	6.2	(12.9)
Pre-tax profit	79.2	291.5	4.3	(18.6)
Net profit	77.3	291.9	4.3	(18.6)
Net profit (adj.)	77.3	291.9	4.3	(18.6)
EPS	77.3	291.9	4.3	(18.6)
Leverage				
Debt to total capital	56.2	78.9	54.4	42.3
Debt to equity	56.9	79.6	54.8	42.6
Net debt/(cash) to equity	54.3	61.7	16.4	n.a.
Interest cover (x)	5.1	8.9	7.6	7.2

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