

Buy

(Initiate)

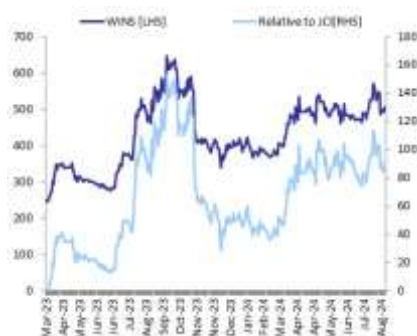
Last Price (Rp)	505
Target Price (Rp)	760
Previous Target Price (Rp)	-
Upside/Downside	+50.5%

No. of Shares (mn)	4,365
Mkt Cap (Rpbn/US\$mn)	2,204/138
Avg, Daily T/O (Rpbn/US\$mn)	3.4/0.2
Free Float (%)	38.8

Major Shareholder (%)	
Wintermarjaya Lestari	34.0

EPS Consensus (US\$cents)	2024F	2025F	2026F
BRIDS	0.6	0.6	0.7
Consensus	n.a	n.a	n.a
BRIDS/Cons (%)	n.a	n.a	n.a

WINS relative to JCI Index



Source: Bloomberg

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Wintermar Offshore Marine (WINS IJ)

Riding the charter rates upcycle; initiate with Buy

- We expect DCR to be supported by growing demand paired with supply tightness in the Gulf of Mexico, W. Africa, and S. America.
- We forecast WINS to deliver 117%/90% core EPS growth in FY24-25E through higher utilization, daily rates, and higher vessel count.
- We initiate with a Buy rating on WINS as it is attractively positioned in the cycle; our TP is Rp760 (blended of PB and PE).

Expect DCR to remain supported by constrained supply and rising demand

We anticipate that offshore support vessel (OSV) daily charter rates (DCR) will remain elevated above US\$20k/day, driven by robust demand from key regions including the Gulf of Mexico, West Africa, and South America. Additionally, a tight OSV supply has led to an increase in utilization to 75% from 67% in FY21 as activity levels pick up. While the current overall utilization rate may appear moderate, taking into consideration the significant portion of idle and laid-up vessels (18% of the total fleet), we believe the effective utilization is closer to 90%, indicating a constrained market. While the SEA OSV daily charter rates have historically lagged due to lower investment activity in the region, we expect DCR to be supported at >US\$20k/day in the medium term [FY24-27], driven by the emerging trend of rising oil and gas investments.

Attractively positioned in the industry, driving potential upsides in rates

WINS currently owns 6 Platform Supply Vessels (PSV). Of these, two are scheduled to begin long-term contracts in Aug24, while the remaining four are positioned for short-term contracts at more favorable spot rates. At present, only one PSV is actively engaged in a spot contract, with the other three still being prepared.

Solid FY24-25F earnings growth outlook from higher rates and utilization

We forecast a strong FY24-25F core profit growth of 117%/90%. This is expected to be driven by these vessels securing spot contracts, with rates currently exceeding US\$20k/day (vs. an average of US\$11.5k/day in FY23), and increased utilization to 70%. WINS is well-positioned for expansion, as its deleveraging efforts through debt repayments and asset sales since FY15 resulted in a net cash position in FY23. This offers the flexibility to acquire high-tier vessels to further leverage the current upcycle.

Initiate with a Buy rating and a TP of Rp760

We initiate coverage with a **Buy** rating on attractive industry position and solid earnings growth. WINS currently trades at 5.5x FY24E PE and 0.7x FY24E PBV, a discount to its regional peers. We set a blended P/B ratio of 1.1x and P/E of 8.3x, slightly lower than peers due to WINS' lower ROE of 13% (vs. peers' 17%), which translates into a target price of Rp760.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (US\$mn)	61	73	89	102	108
EBITDA (US\$mn)	14	20	49	48	52
Net Profit (US\$mn)	1	7	25	28	32
EPS (US\$cents)	0.0	0.2	0.6	0.6	0.7
EPS Growth (%)	510.0	501.1	274.3	11.8	12.6
BVPS (US\$cents)	2.9	3.1	3.7	4.3	5.0
PER (x)	124.4	20.7	5.5	4.9	4.4
PBV (x)	1.1	1.0	0.9	0.7	0.6
EV/EBITDA	10.8	7.1	2.7	2.5	1.6

Source: WINS, BRIDS Estimates

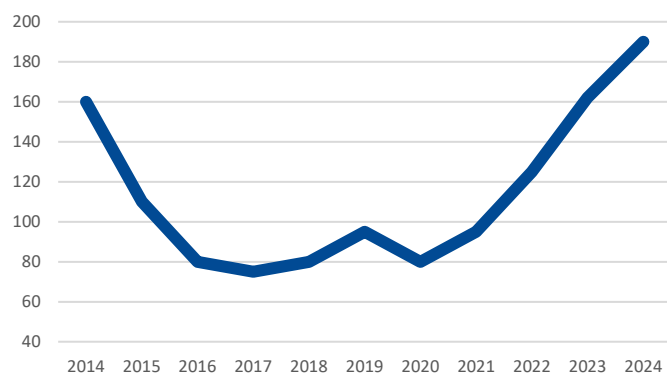
Riding the charter rates upcycle

Will the rates upcycle be sustainable?

The global offshore support vessel (OSV) daily charter rate (DCR) has significantly improved since 2022 and continues to rise in FY24, surpassing the peak rates observed during the 2013-2014 cycle. This increase is driven by intensified oil and gas exploration activity in South America and West Africa, which has recently extended into Southeast Asia (S.E.A.).

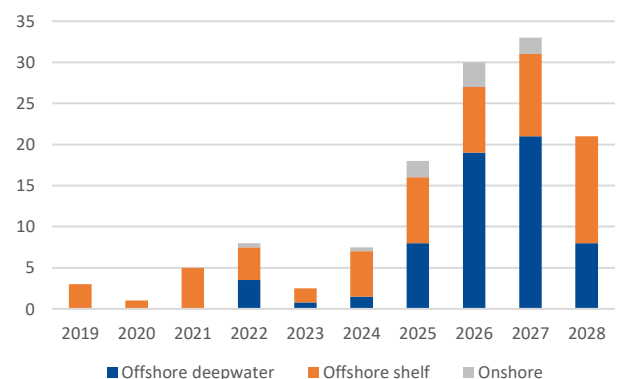
According to Rystad Energy, Southeast Asia has a potential US\$100bn in planned final investment decisions (FIDs) for offshore gas production by 2028—more than double the FIDs from the 2014-2023 period. Key projects include deepwater initiatives in Indonesia and Malaysia, with approximately 75% of Indonesia's offshore gas investment concentrated in Inpex's Abadi LNG, Eni's IDD, and BP's Tangguh UCC. Additionally, recent gas discoveries by Eni in Geng North and Mubadala in South Andaman further highlight the region's growing significance. SKK Migas projects a 29% increase in Indonesia's oil and gas investment in 2024, reaching US\$17bn, as part of efforts to boost declining production through drilling and exploration, including staggered investments in projects slated for later this decade.

Exhibit 1. OSV rate index (2005: 100)



Source: Clarksons, BRIDS

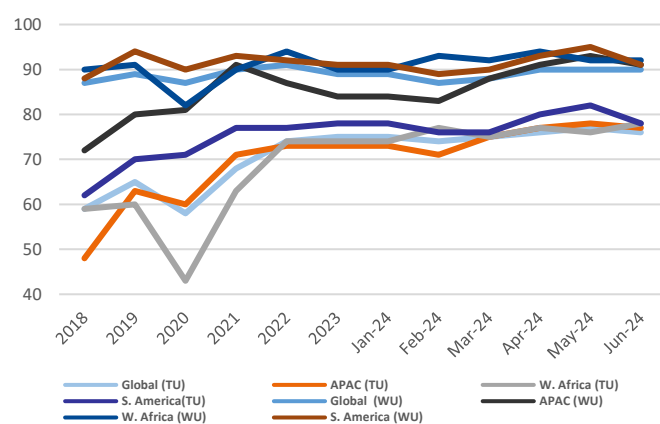
Exhibit 2. Sanctioned gas investments in S.E.A (US\$bn)



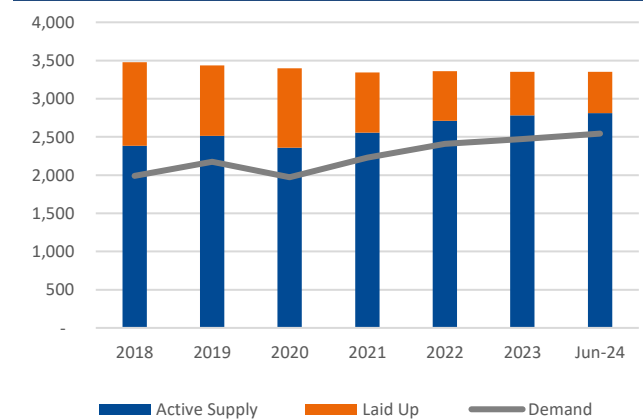
Source: Rystad, BRIDS

Historically, the Southeast Asian OSV market has experienced a lag in daily charter rates compared to more developed regions such as the Gulf of Mexico, North Sea, and West Africa, due to lower investment activity in the region. However, when DCRs in these other regions rise, OSVs from Southeast Asia are often redirected, which in turn pushes up DCRs in Southeast Asia. Although the trend remains true in this upcycle, there is also an emerging trend of O&G investment domestically that could materialize in the following years. Combined with Indonesia's cabotage clause, we believe **these factors suggest that rising DCRs in Southeast Asia may persist for an extended period.**

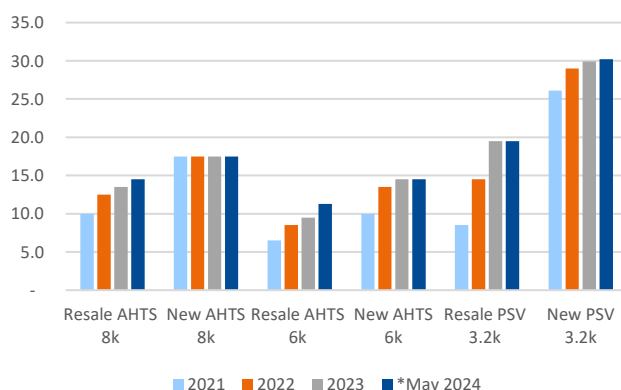
Furthermore, we noted there is a perceived oversupply situation where utilization is low due to the higher number of idle and laid-up vessels (18% of the total fleet) resulting from years of low rates. However, taking into consideration the scrapping of some older vessels, we believe that supply is actually tighter than it appears. We believe the key difference in this upcycle is the constrained vessel supply, driven by significantly fewer new Offshore Support Vessel (OSV) deliveries compared to the previous cycle. Newbuilds are more costly than second-hand vessels, leading to increased transactions in the secondary market. With Day Charter Rates (DCR) now reaching levels that justify newbuilds when long-term contracts are secured, we can anticipate an increase in the orderbook in the coming years. According to Clarkson's report, 98 OSVs, including Anchor Handling Tug Supply (AHTS) and Platform Supply Vessels (PSV), are scheduled for delivery in 2024-25, which will add approximately 2.2% to the global supply.

Exhibit 3. Working (WU) vs. total (TU) utilization (Units)


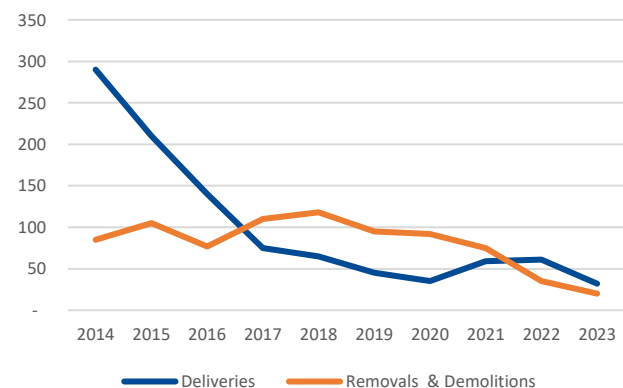
Source: Clarksons, BRIDS

Exhibit 4. Supply and demand of PSV > 1,000 DWT (Units)


Source: Clarksons, BRIDS

Exhibit 5. OSV newbuild and resale price (US\$M)


Source: Clarksons, BRIDS

Exhibit 6. OSV deliveries and removals & demolitions (Units)


Source: Clarksons, BRIDS

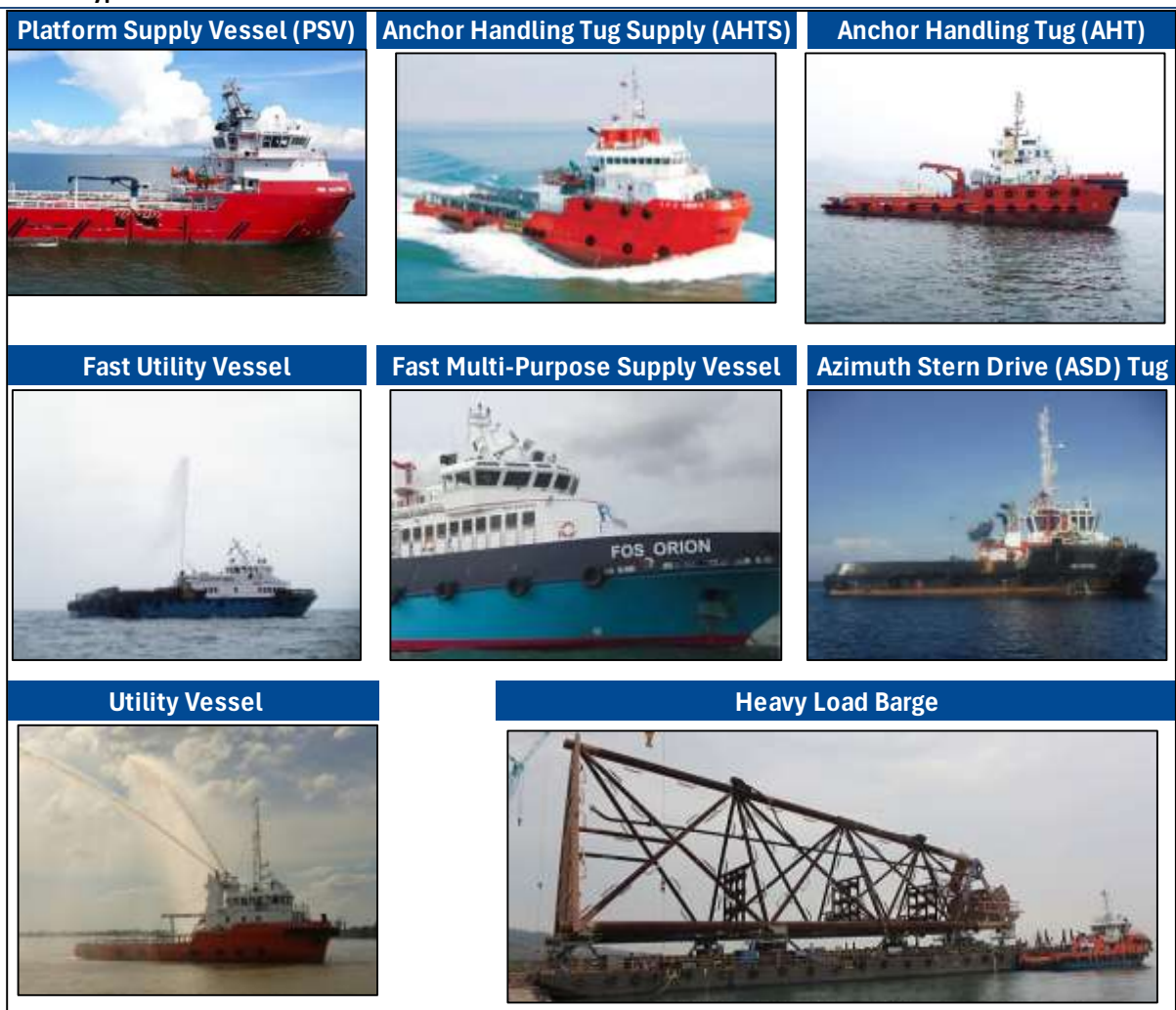
Thus, at this juncture, we estimate that DCR should remain elevated and may increase further in the medium term due to: **1) strong demand from the Gulf of Mexico, West Africa, and South America; 2) tight OSV supply, evidenced by rising utilization rates; and 3) late-stage demand from Southeast Asia once offshore gas investments materialize.** However, there is a downside risk from a growing OSV order book, though this risk is likely to be minimal due to ongoing vessel removals and demolitions, as well as the potential reactivation of idle and laid-up vessels.

WINS – A Leading Regional Player in the Offshore Support Vessel (OSV)

Wintermar Offshore (WINS) is an Indonesian company working to international standards, operating in 13 countries across Asia, the Middle East and Africa. Currently, the company has a fleet of 42 Offshore vessels, including 6 high-tier Platform Supply Vessels (PSV).

WINS offers a range of services, including rig moves, crew changes, emergency rescues, offshore supply, diving support, seismic support, accommodation, and, more recently, support for the wind farm renewables industry.

Exhibit 7. Vessel Type

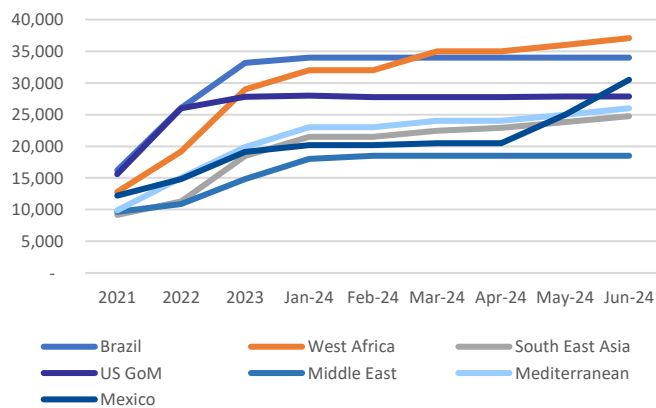


Source: Company

Attractively positioned in the rate upcycle

WINS owns a fleet of 42 vessels, comprising 10 high-tier, 30 medium-tier, and 2 low-tier vessels. Among these, Platform Supply Vessels (PSV) and Anchor Handling Tug Supply (AHTS) vessels stand out in this upcycle. They play essential roles in various stages of the oil and gas process, and thus, we expect these vessels to be the main drivers of WINS' growth and profitability in FY24-27.

Exhibit 8. PSV daily charter rate across region (US\$)



Source: Clarksons, BRIDS

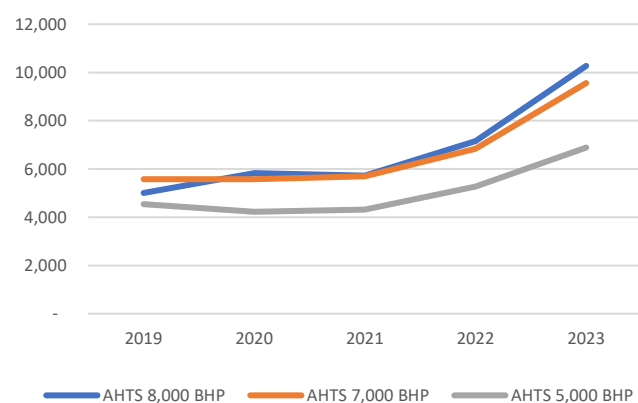
Exhibit 9. O&G process and vessel needs

WINS Vessel Segment	
Seismic Survey	AHT, AHTS, PSV, FMPV, FUV
Exploration and Drilling	AHTS, PSV, FMPV
Field Development and Construction	AHT, AHTS, PSV, HLB
Production Maintenance and Repair	AHTS, PSV, FUV, FMPV, UV, DSV
Decommissioning	AHTS, PSV, HLB

Source: Company, BRIDS

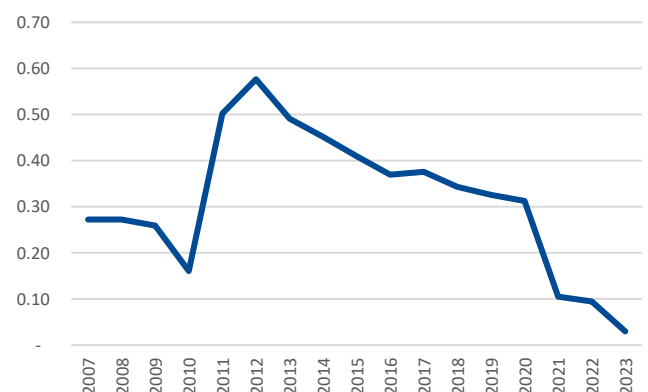
WINS currently owns 6 Platform Supply Vessels (PSV). Of these, two are scheduled to begin long-term contracts in August, while the remaining four are positioned for short-term contracts at more favorable spot rates. At present, only one PSV is actively engaged in a spot contract, with the other three still being prepared. We anticipate increased utilization and improved day rates once these vessels become operational in August, November, and early FY25. Although all vessels are currently involved in domestic projects, their day rates are competitive with Asia-Pacific (APAC) rates, which reached US\$24k/day in June, compared to WINS' YTD average of US\$14k/day as of May (this figure encompasses both PSV and AHTS rates).

Exhibit 10. AHTS daily charter rate in S.E.A. (US\$)



Source: Clarksons, BRIDS

Exhibit 11. Net gearing



Source: Bloomberg, BRIDS

WINS has the option to either continue taking on short-term contracts domestically or embark on an overseas trip to secure long-term contracts. Although both are equally lucrative, we believe the ideal path is to secure long-term contracts domestically, as daily rates are just as high but operate at no additional cost, thus yielding the best margin.

Furthermore, with a cabotage clause in effect, WINS is shielded from international competition as only vessels with Indonesian flags are permitted to operate in the country. This protection should translate into a firmer charter rate and higher utilization once domestic offshore gas projects reach optimal production capacity.

Exhibit 12. Vessel Count (Units)

Current Fleet	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Low Tier	40	38	32	28	27	25	24	19	12	4	2	2	1	2	2
Mid Tier	17	26	27	36	38	38	38	38	36	33	30	25	29	31	30
High Tier	2	3	5	7	12	12	12	12	11	11	11	11	11	11	10
Total	59	67	64	71	77	75	74	69	59	48	43	38	41	44	42

Source: Company, BRIDS

Earnings outlook

During the previous cyclical peak in FY13-FY14, WINS achieved revenue and net profit of US\$187mn and US\$27mn in FY13, and US\$177mn and US\$22mn in FY14, respectively, with a fleet of 77 vessels in FY14. At that time, the majority of its fleet comprised medium-tier (38 units) and low-tier (27 units) vessels, while the number of high-tier vessels increased significantly towards the end of the cycle (from 7 units in FY13 to 12 units in FY14). In the following years, WINS focused on divesting its low-tier vessels, leaving only 2 by FY24. Meanwhile, it has retained most of its high-tier vessels (11 units) and slightly reduced its medium-tier vessels to 30 units.

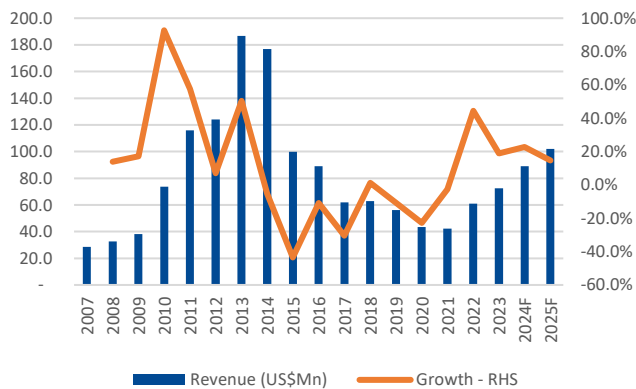
Through the gradual sale of assets, WINS was able to reduce its peak net gearing of 0.4x in FY13 down to a net cash position in FY24. Thus, we believe WINS is currently well-positioned for expansion as management targets a net gearing ceiling of 0.3x. In line with management's guidance, WINS plans to purchase an additional PSV this year or the next, with a total capex of US\$35mn in FY24, whilst also securing capital from vessel sales and new loans to prepare for vessel purchase.

Thus, in contrast to the the previous cycle, which was dominated by low and medium-tier vessels, this cycle will focus on high tier vessels that yields higher profitability margin. Nonetheless, we forecast WINS to grow FY24-25F core profit by 117%/90% on the back of 23%/14% revenue growth.

Our forecast is predicated on the following assumptions:

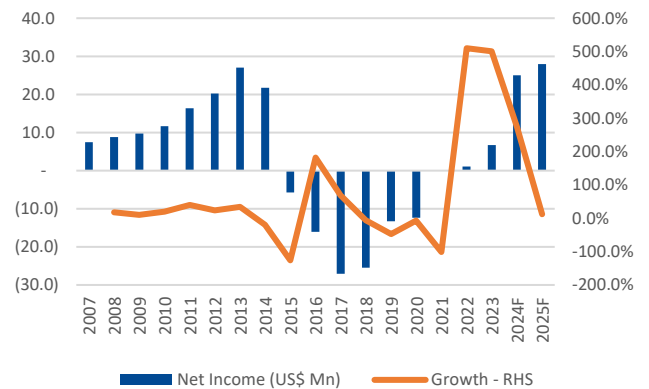
- 1) increased average day rates to US\$15.2k and US\$17.5k per day in FY24-25E (vs. US\$11.5k/day) from high-tier vessels engaged in short-term projects at spot prices.
- 2) further fleet acquisitions (we assume additional high-tier PSV in 2025) supported by its low net gearing and strong free cash flow; and
- 3) improved utilization rates (68%/70% in FY24-25E and 72% long-term) once offshore projects enter the production phase.

Exhibit 13. Revenue and Growth



Source: Company, Bloomberg, BRIDS Estimates

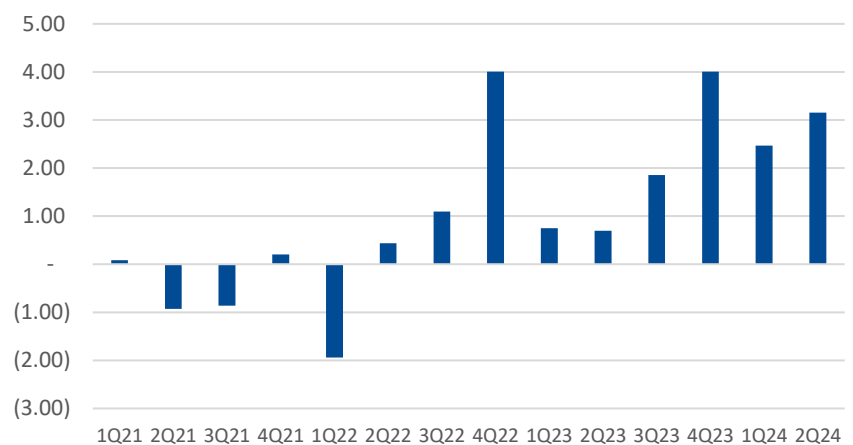
Exhibit 14. Net Income and Growth



Source: Company, Bloomberg, BRIDS Estimates

Exhibit 15. Core profit

(US\$ Mn)



Source: Company, BRIDS

Valuation and recommendation

WINS currently trades at 5.5x PE and 0.7x PBV, a discount to its regional peers. We believe this discount reflects its lower ROE compared to its peers. We initiate coverage with a **Buy** rating on attractive earnings growth potential from higher utilization for its high and medium tier vessels, which are now available to take on higher spot charter rates.

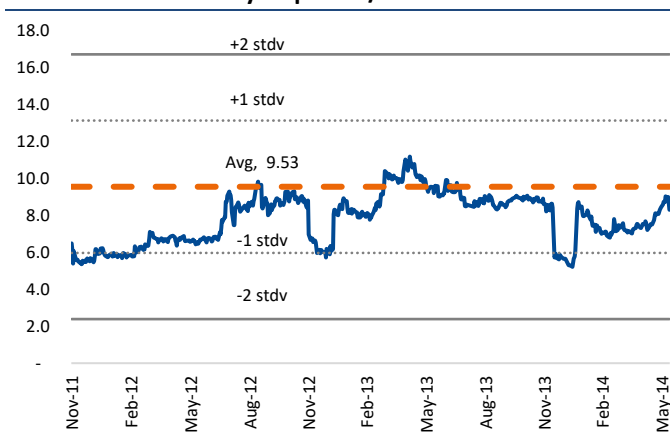
Due to the cyclical nature of the OSV industry, we opted for a blended valuation methodology of P/B and P/E to better gauge its peak valuation in the past upcycles (2013-2014) while also taking into consideration peers comparable. Thus, we set a P/B ratio of 1.1x and P/E of 8.3x, slightly lower than peers due to WINS' lower ROE of 13% (vs. peers 17%) which translates into a target price of Rp760.

Exhibit 16. Peers Comparison

Date	12-Aug-24	Company	Mkt.Cap (US\$ Mn)	PE (x)		PB (x)		EV/EBITDA (x)		ROE (%)	
				24F	25F	24F	25F	24F	25F	24F	25F
WINS IJ	WINS IJ Equity	WINTERMAR OFFSHORE MARINE	138	5.4	4.8	0.7	0.6	6.6	6.4	13.4	13.0
600938 CH	600938 CH Equity	CNOOC LTD-A	124,428	9.0	8.6	1.7	1.6	2.9	2.8	19.4	17.8
ADNOC DRI UH	ADNOC DRI UH Equity	ADNOC DRILLING CO PJSC	20,038	16.5	15.1	5.4	4.9	11.6	10.6	33.7	33.0
TDW US	TDW US Equity	TIDEWATER INC	4,441	19.5	9.6	3.5	2.7	7.7	5.7	25.0	34.3
1052 HK	1052 HK Equity	YUEXIU TRANSPORT INFRASTRUCT	736	6.8	6.2	0.4	0.4	7.2	6.7	5.6	6.5
DEHB MK	DEHB MK Equity	DAYANG ENTERPRISE HLDGS BHD	716	12.6	11.4	1.7	1.5	6.4	5.8	13.7	14.2
PVD VN	PVD VN Equity	PETROVIETNAM DRILLING AND WE	594	15.7	10.0	1.0	0.9	6.3	5.1	6.1	9.4
MMHE MK	MMHE MK Equity	MALAYSIA MARINE AND HEAVY EN	155	17.2	17.2	0.5	0.5	6.5	6.2	3.6	4.1
ABL NO	ABL NO Equity	ABL GROUP ASA	142	10.7	7.0	1.4	1.4	5.0	4.0	12.6	17.2
Avg.				13.5	10.7	2.0	1.7	6.7	5.9	15.0	17.0

Source: Bloomberg, BRIDS Estimates

Exhibit 17. Previous cycle peak P/E Band



Source: Company, BRIDS Estimates

Exhibit 18. P/B Band



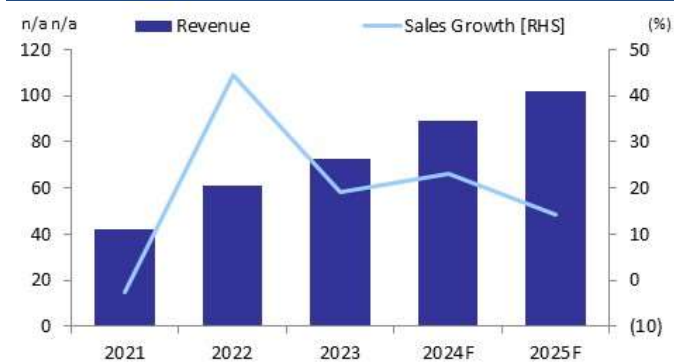
Source: Bloomberg, Company, BRIDS Estimates

Exhibit 19. Valuation

	2024	2025
Current price	505	
Current PB	0.7	0.6
PB target	1.1	1.1
TP	754	
Current PE	5.5	4.9
PE target	8.3	8.3
TP	760	
Blended TP	760	
Upside	50.5%	

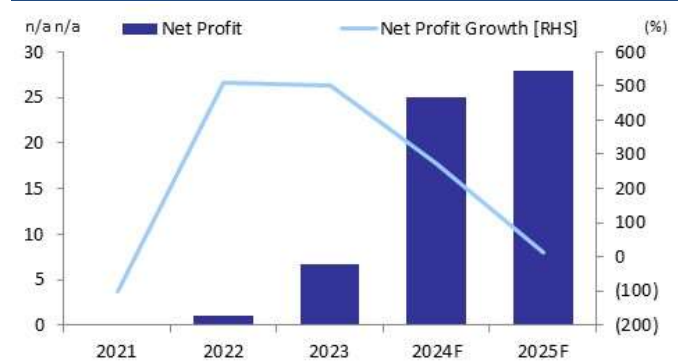
Source: BRIDS Estimates

Exhibit 20. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 21. Net Profit and Growth



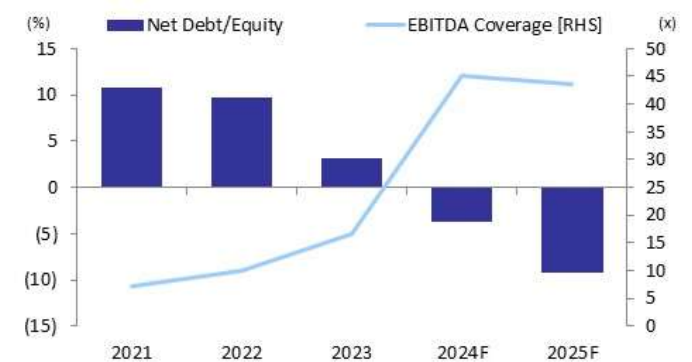
Source: Company, BRIDS Estimates

Exhibit 22. Margins



Source: Company, BRIDS Estimates

Exhibit 23. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 24. Income Statement

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Revenue	61	73	89	102	108
COGS	(50)	(58)	(58)	(57)	(57)
Gross profit	11	15	31	45	51
EBITDA	14	20	49	48	52
Oper. profit	2	7	36	32	38
Interest income	0	0	0	0	0
Interest expense	(1)	(1)	(1)	(1)	(1)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	0	1	2	2	2
Other Income (Expenses)	0	0	0	0	0
Pre-tax profit	1	7	36	33	38
Income tax	0	0	(3)	0	0
Minority interest	0	0	(8)	(5)	(6)
Net profit	1	7	25	28	32
Core Net Profit	1	7	14	27	31

Exhibit 25. Balance Sheet

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	2	9	21	34	69
Receivables	27	26	29	34	35
Inventory	0	0	0	0	0
Other Curr. Asset	11	8	8	8	8
Fixed assets - Net	129	131	140	152	148
Other non-curr.asset	20	21	21	21	21
Total asset	189	195	220	249	282
ST Debt	6	6	6	6	6
Payables	9	12	12	13	14
Other Curr. Liabilities	1	2	2	2	2
Long Term Debt	11	8	8	8	8
Other LT. Liabilities	7	5	5	5	5
Total Liabilities	34	33	33	34	35
Shareholder's Funds	128	135	160	188	220
Minority interests	28	27	27	27	27
Total Equity & Liabilities	189	195	220	249	282

Exhibit 26. Cash Flow

Year to 31 Dec (US\$mn)	2022A	2023A	2024F	2025F	2026F
Net income	1	7	25	28	32
Depreciation and Amort.	12	13	13	15	15
Change in Working Capital	(2)	4	(3)	(3)	0
Other Oper. Cash Flow	(2)	1	(9)	(12)	3
Operating Cash Flow	9	25	26	28	50
Capex	(12)	(13)	(13)	(15)	(15)
Others Inv. Cash Flow	0	0	0	0	0
Investing Cash Flow	(12)	(13)	(13)	(15)	(15)
Net change in debt	(5)	(5)	0	0	0
New Capital	1	0	0	0	0
Dividend payment	0	0	0	0	0
Other Fin. Cash Flow	0	0	0	0	0
Financing Cash Flow	(4)	(6)	0	0	0
Net Change in Cash	(7)	6	12	13	35
Cash - begin of the year	10	2	9	21	34
Cash - end of the year	2	9	21	34	69

Exhibit 27. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	44.4	19.0	22.9	14.2	4.9
EBITDA	(9.0)	43.1	142.7	(3.4)	8.0
Operating profit	(15.8)	268.6	386.7	(9.4)	12.8
Net profit	510.0	501.1	274.3	11.8	12.6
Profitability (%)					
Gross margin	18.4	20.7	34.9	44.5	46.9
EBITDA margin	23.3	28.0	55.2	46.7	48.1
Operating margin	3.3	10.1	40.2	31.8	34.2
Net margin	1.8	9.2	28.0	27.4	29.4
ROAA	0.6	3.5	12.1	11.9	11.9
ROAE	0.9	5.1	17.0	16.1	15.5
Leverage					
Net Gearing (x)	0.1	0.0	0.0	(0.1)	(0.2)
Interest Coverage (x)	1.4	6.0	32.8	29.7	33.5

Source: WINS, BRIDS Estimates

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BRI Danareksa Sales Traders

Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING

BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period

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