



2 August 2023

Heavy equipment, mining contractor, Coal & Gold Mining, Equity

Current Price **IDR. 26525**
 Target Price **IDR. 36000**
 JKSE Index **6858.86**



Investment Consideration

Komatsu sales volume up 9% YoY

In 1H23, Komatsu experienced a significant increase in sales volume, with a growth of +9% YoY. The sales volume rose to 3,145 units from 2,873 units in 1H22, surpassing our initial estimation. These sales can be attributed to the construction machinery segment. During the same period, construction machinery contributed 30% to UNTR's revenue, making it the second-largest revenue generator. The booked revenue for this segment also saw a YoY increase of +16%. According to UNTR, Komatsu holds a leading position in the heavy equipment market with a market share of 32%. Taking into account the latest results, we have adjusted our estimation for Komatsu's sales volume in 2023F to 5,500 units, which is slightly lower than the 2022FY figure of 5,753 units.

Mining contracting segment up +22% YoY

As of 1H23, mining contracting remains the main contributor to UNTR's revenue, accounting for 35% of total revenue, with PAMA being the main driver. During 1H23, mining contracting generated revenue of IDR 24.3 trillion, reflecting a YoY increase of +22%. PAMA also achieved significant growth in coal production, with a YoY increase of +18% to 59 million tons. Overburden removal also saw a YoY increase of +20% to 524 million bcm. The total average strip ratio increased to 8.9x compared to 8.7x in 1H22. Considering the volatility in the coal market going forward, we have adjusted our estimation for coal production in 2023F to 127.6 million tons. This adjustment takes into account uncertainties and fluctuations in the coal market.

Other segments flat

The coal mining segment of the company has achieved a revenue of IDR 20.1 trillion in the current period, representing an increase of +8% YoY compared to IDR 18.7 trillion in 1H22. Additionally, there was a notable +11% YoY increase in coal sales volume, reaching 6.4 million tons. On the other hand, the gold mining segment experienced a decrease in revenue by -18% YoY, amounting to IDR 3.2 trillion. The sales volume of gold also declined by -24% YoY, with 110,000 ounces sold in the current period compared to 144,000 ounces in 1H22.

Nickle industry expansion

In June 2023, UNTR, through its subsidiary PT Danusa Tambang Nusantara (DTN), acquired a 19.99% stake in Nickel Industries Limited (NIC) for a total transaction value of A\$ 943 million. This investment presents UNTR with additional opportunities to expand its portfolio in nickel production moving forward.

Valuation: 36% upside potential

Based on the 1H23 results, we are maintaining our target price for UNTR at IDR 36,000, which represents a valuation of 4.51x PER (Price-to-Earnings Ratio). With a potential upside of 36%, we are also maintaining our BUY recommendation for UNTR.

Stock Code **UNTR IJ**
 Bloomberg code **UNTR IJ**
 Market cap (IDR.trn) **99.60**
 52-Week High (IDR) **36200**
 52-Week Low (IDR) **22300**
 6-m Avg Daily. Val (IDR) **29079**
 Free Float (%) **40.50**

Major Shareholders (%)
 PT Astra International Tbk **59.50%**
 Others/Public **40.50%**

USD/IDR-YE
 2022A **15731**
 2023F (Avg) **15092**

Key Indicators
 Debt/ Equity (x) **0.01**
 Current ratio (x) **2.39**

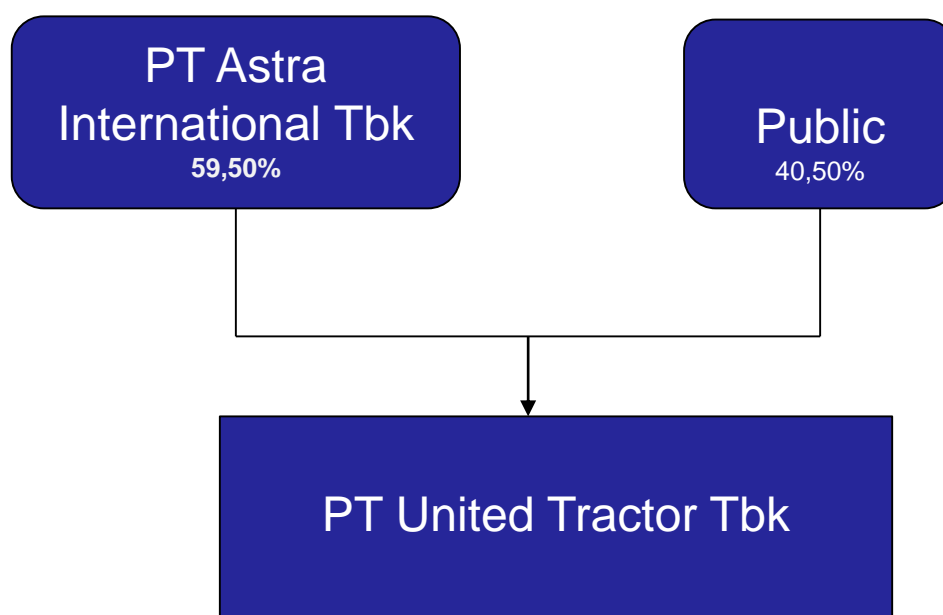
Analyst: Revita Dhiah Anggrainy
 revita.anggrainy@binaartha.com

Financial highlights ratio	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)							
Sales	-0.23%	-28.52%	31.67%	55.56%	12.41%	9.25%	9.44%
EPS	1.68%	-46.93%	71.24%	104.34%	34.88%	9.25%	9.44%
Profitability							
EBITDA margin(%)	27.29%	27.16%	27.21%	28.82%	28.94%	29.07%	29.23%
NET Profit margin(%)	13.40%	9.95%	12.94%	16.99%	20.39%	20.39%	20.39%
Stability							
Current ratio (x)	1.56	2.11	1.99	1.88	2.16	2.35	2.58
Debt/Equity (x)	0.22	0.17	0.11	0.01	0.01	0.01	0.01

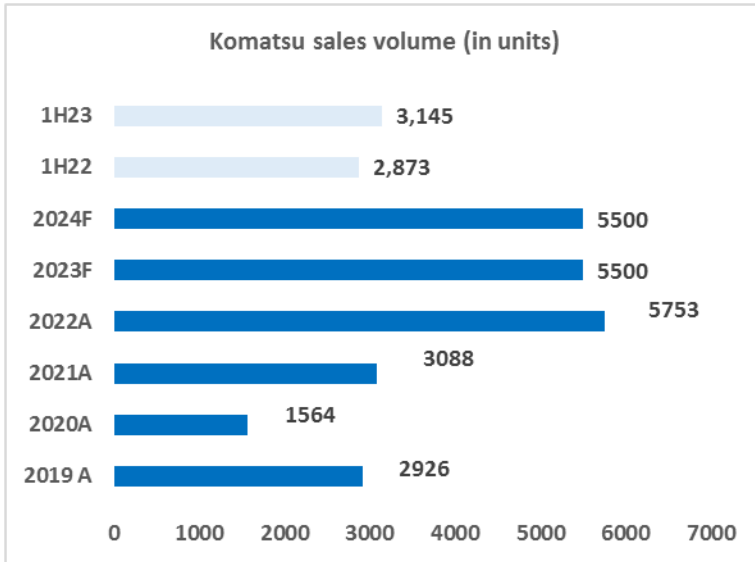
Company profile

PT United Tractors Tbk is a subsidiary of PT Astra International Tbk, which is a prominent business group in Indonesia with a wide range of services across various industries and sectors. United Tractors became a public company on September 19, 1989, by listing its shares on the Indonesia Stock Exchange (formerly known as the Jakarta Stock Exchange and Surabaya Stock Exchange). As of now, Astra holds a 59.5% ownership stake in United Tractors, while the remaining shares are owned by the public. United Tractors has established itself as a significant player in the domestic market, operating through five main business pillars: Construction Machinery, Mining Contractor, Mining, Construction, and Energy.

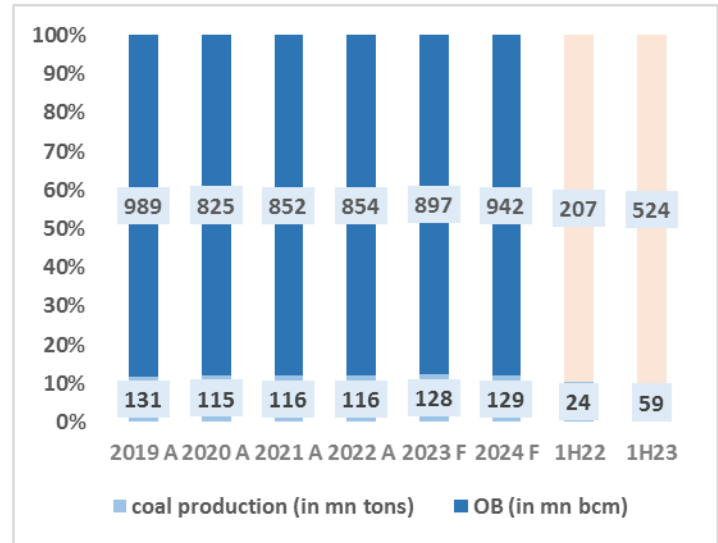
Company structure



Komatsu sales volume (units) yoy

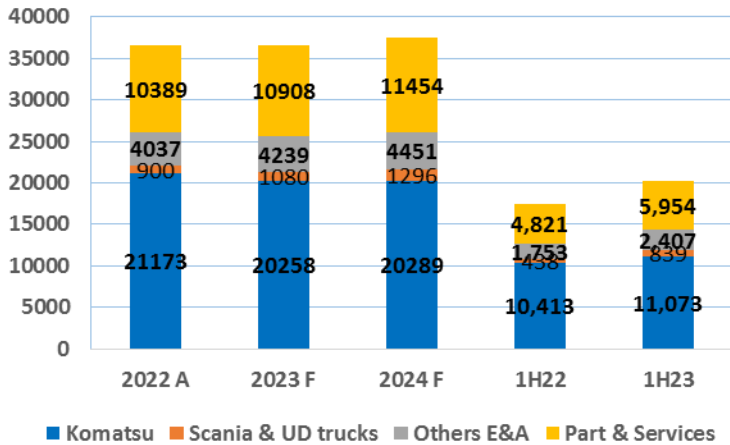


Mining contracting, coal production vs OB volume yoy

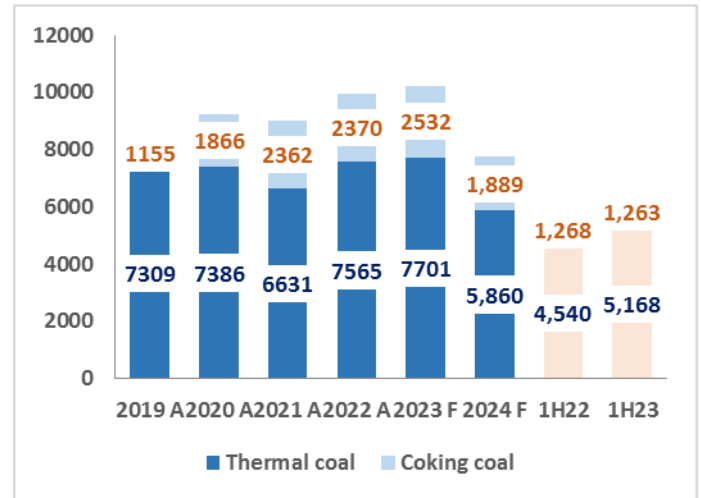


Construction machinery revenue YoY (IDR.bn)

Cons. machinery revenue (IDR.bn)

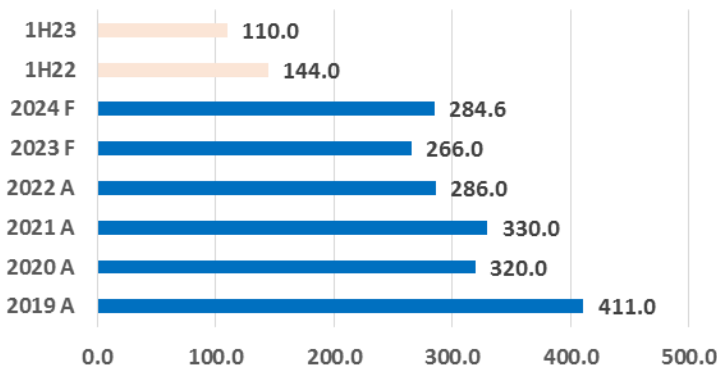


Coal Mining, sales volume of coal breakdown (in 000 tons) yoy



Gold sales volume (in 000 ounce) YoY

Gold sales volume (in 000 ounce)



Balance Sheet (IDR.bn)

Balance sheet (IDR.bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Cash and cash equivalent	12,090.66	20,498.57	33,321.74	38,281.51	54,074.80	68,110.21	86,639.38
Trade Account Receivable	19,680.70	10,024.22	12,151.55	17,633.39	20,216.64	22,482.06	24,600.04
inventory	11,014.02	8,002.36	9,454.04	15,390.28	16,143.91	17,343.31	18,977.17
Other current asset	8,041.57	5,670.63	5,676.74	7,624.87	8,049.90	8,792.09	9,620.37
Current Asset	50,826.96	44,195.78	60,604.07	78,930.05	98,485.25	116,727.67	139,836.97
Net Fixed Asset	27,469.01	24,319.37	20,456.69	23,677.86	26,547.62	29,935.10	33,754.82
advances investment in associates and JV	1,811.09	1,375.36	2,517.34	5,145.85	5,585.37	6,100.33	6,675.03
other long term asset	31,606.33	29,910.45	28,983.25	32,724.46	35,519.52	38,794.39	42,449.10
Non current Asset	60,886.42	55,605.18	51,957.29	61,548.17	67,652.51	74,829.82	82,878.95
Total Asset	111,713.38	99,800.96	112,561.36	140,478.22	166,137.77	191,557.49	222,715.92
Trade payable	20,697.53	10,087.73	14,517.99	24,848.75	26,465.43	28,905.51	31,628.62
taxes payable	1,172.35	198.50	2,246.19	3,581.02	3,886.88	4,245.25	4,645.18
Short term bank loan	817.92	696.45	174.67	1,028.86	1,131.75	1,244.92	1,369.41
Current portion of long term debt							
Bank loans	2,432.68	2,468.74	5,350.88	0.00	0.00	0.00	0.00
Finance lease liabilities	153.72	827.73	650.63	939.65	1,019.91	1,113.95	1,218.89
Other Current liabilities	7,311.32	6,664.68	7,548.87	11,639.12	13,416.50	14,653.49	16,033.96
Current liabilities	32,585.53	20,943.82	30,489.22	42,037.40	44,788.72	48,918.19	53,526.65
Long term loans	10,078.23	7,757.75	2,497.08	0.00	0.00	0.00	0.00
Financial lease	429.50	626.91	462.31	897.41	974.06	1,063.87	1,164.09
other borrowings	104.12	51.40	22.16	117.42	37.42	40.87	44.72
Other Long term liabilities	7,405.92	7,273.95	7,267.84	7,912.16	8,049.90	8,792.09	12,827.16
Non current liabilities	18,017.77	15,710.00	10,249.38	8,926.99	9,061.38	9,896.83	14,035.97
Total Liabilities	50,603.30	36,653.82	40,738.60	50,964.40	53,850.10	58,815.02	67,562.62
Total Equities	61,110.07	63,147.14	71,822.76	89,513.83	112,287.67	132,742.47	155,153.30
Total Liabilities and equity	111,713.38	99,800.96	112,561.36	140,478.22	166,137.77	191,557.49	222,715.92

Cash Flow (IDR.bn)

Cash Flow (in IDR. bn)	2019A	2020A	2021A	2022A	2023F	2024F	2025F
+ Net Income	11,312.07	6,003.20	10,279.68	21,005.11	27,356.24	29,878.46	32,693.24
+Depreciation	6,439.59	8,097.86	6,747.95	6,495.52	6,866.58	7,698.81	8,681.18
- Change in WC	(12,722.85)	3,397.38	5,960.28	(1,818.02)	(1,010.60)	(77.53)	28.33
Cash From Operating Activities	5,028.82	17,498.44	22,987.91	25,682.60	33,212.22	37,499.74	41,402.75
capex	(6,696.80)	(2,816.62)	(3,100.06)	(16,086.40)	(12,970.92)	(14,876.12)	(16,730.31)
cash from investing activities	(6,696.80)	(2,816.62)	(3,100.06)	(16,086.40)	(12,970.92)	(14,876.12)	(16,730.31)
Long term liabilities	7,182.03	(2,320.48)	(5,260.68)	(2,497.08)	0.00	0.00	0.00
Financial lease	103.04	197.40	(164.60)	435.11	76.65	89.81	100.22
other borrowings	41.03	(52.72)	(29.24)	95.26	(80.01)	3.45	3.85
Other Long term liabilities equity	247.05	(131.97)	(6.11)	644.32	137.74	742.19	4,035.07
(7,252.68)	(3,966.13)	(1,604.07)	(3,314.04)	(4,582.40)	(9,423.66)	(10,282.41)	
cash from financing activities	320.47	(6,273.91)	(7,064.68)	(4,636.43)	(4,448.02)	(8,588.21)	(6,143.26)
Net Changes in Cash	(1,347.51)	8,407.91	12,823.17	4,959.77	15,793.28	14,035.41	18,529.17
Beginning Balance	13,438.18	12,090.66	20,498.57	33,321.74	38,281.51	54,074.80	68,110.21
Ending balance	12,090.66	20,498.57	33,321.74	38,281.51	54,074.80	68,110.21	86,639.38

Profit and Loss (IDR.bn)

Profit and Loss (IDR.bn)	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Revenue	84,430	60,347	79,461	123,607	134,165	146,535	160,340
Cost of sales	(63,200)	(47,357)	(59,796)	(88,849)	(96,599)	(105,505)	(115,444)
Gross Profit	21,231	12,989	19,665	34,759	37,566	41,030	44,895
Operating expense	4,626	4,695	4,789	5,626	5,367	5,861	6,414
Operating Profit	16,605	8,294	14,876	29,133	32,200	35,168	38,481
Other income	(1,128)	(1,283)	(413)	313	2,683	2,931	3,207
PBT	15,477	7,011	14,462	29,446	34,883	38,099	41,688
taxes	(4,342)	(1,379)	(3,854)	(6,452)	(6,977)	(7,620)	(8,338)
Minority interest	177	371	(329)	(1,989)	(550)	(601)	(657)
Net Profit	11,312	6,003	10,280	21,005	27,356	29,878	32,693
EPS	3,033	1,609	2,756	5,631	7,334	8,010	8,765
EBITDA	23,045	16,392	21,624	35,628	39,066	42,867	47,163

Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)							
Sales	-0.23%	-28.52%	31.67%	55.56%	8.54%	9.22%	9.42%
OP	-0.99%	-50.05%	79.35%	95.84%	10.53%	9.22%	9.42%
EBITDA	7.71%	-28.87%	31.92%	64.77%	9.65%	9.73%	10.02%
NP	1.68%	-46.93%	71.24%	104.34%	30.24%	9.22%	9.42%
EPS	1.68%	-46.93%	71.24%	104.34%	30.24%	9.22%	9.42%
Profitability							
Operating Margin(%)	19.67%	13.74%	18.72%	23.57%	24.00%	24.00%	24.00%
EBITDA margin(%)	27.29%	27.16%	27.21%	28.82%	29.12%	29.25%	29.41%
NET Profit margin(%)	13.40%	9.95%	12.94%	16.99%	20.39%	20.39%	20.39%
ROA(%)	10.13%	6.02%	9.13%	14.95%	16.47%	15.60%	14.68%
ROE(%)	18.51%	9.51%	14.31%	23.47%	24.36%	22.51%	21.07%
Stability							
Debt/ Equity (X)	0.22	0.17	0.11	0.01	0.01	0.01	0.01
Current ratio (X)	1.56	2.11	1.99	1.88	2.20	2.39	2.61
Per Share data (IDR)							
EPS	3033	1609	2756	5631	7334	8010	8765
BVS	16,383	16,929	19,255	23,997	30,103	35,587	41,595

Stock Ratings:

Buy: a recommendation to purchase the security with upside potential of 20% or greater

Hold: a recommendation to neither buy nor sell a security with upside potential of 0-19%.

Sell: a recommendation to close out a long position in a security with upside potential below 0% or negative.

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