

3 November 2023
Heavy equipment, mining contractor, Coal & Gold Mining, Equity

Current Price IDR. 23800
Target Price IDR. 36000
JKSE Index 6802.00



Investment Consideration

Komatsu sales volume down -4 YoY

In 9M23, Komatsu experienced a decrease in sales volume, with a YoY growth of -4%. The sales volume declined to 4,365 units from 4,534 units in 9M22, in line with our initial estimation for 2023FY, indicating a decrease compared to last year. This decline can be attributed to the construction machinery segment. During the same period, the construction machinery segment recorded a revenue increase of +5% YoY to IDR 28.7 trillion. According to UNTR, Komatsu holds a leading position in the heavy equipment market with a market share of 31%. 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 +18% YoY

As of 9M23, mining contracting remains the main contributor to UNTR's revenue, accounting for 40% of total revenue, with PAMA being the main driver. During 9M23, mining contracting generated revenue of IDR 39.1 trillion, reflecting a YoY increase of +18%. PAMA also achieved significant growth in coal production, with a YoY increase of +16% to 96 million tons. Overburden removal also saw a YoY increase of +23% to 853 million bcm. The total average strip ratio increased to 8.9x compared to 8.3x in 9M22. 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 potential uncertainties and fluctuations in the coal market.

Renewable energy

Through its owned subsidiary, PT Energia Prima Nusantara (EPN), UNTR is focusing on renewable energy as one of its transition strategies. As of September 2023, EPN has installed 12.8 Mwp of rooftop solar PV in UT and Astra group. EPN is currently in the process of constructing a mini hydro power plant, PLTM Kemu in Lampung, Sumatera. The capacity of PLTM Besai Kemu is 7MW and is expected to operate by the end of 2023. In addition, EPN also targets several mini hydro projects in Sumatera with a total potential capacity of more than 20 MW.

Valuation: 51.3% upside potential

Based on the 9M23 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 51.3%, we are also maintaining our BUY recommendation for UNTR.

Stock Code
Bloomberg code UNTR IJ
Market cap (IDR.trn) 87.80
52-Week High (IDR) 31700
52-Week Low (IDR) 22200
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) 15800

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

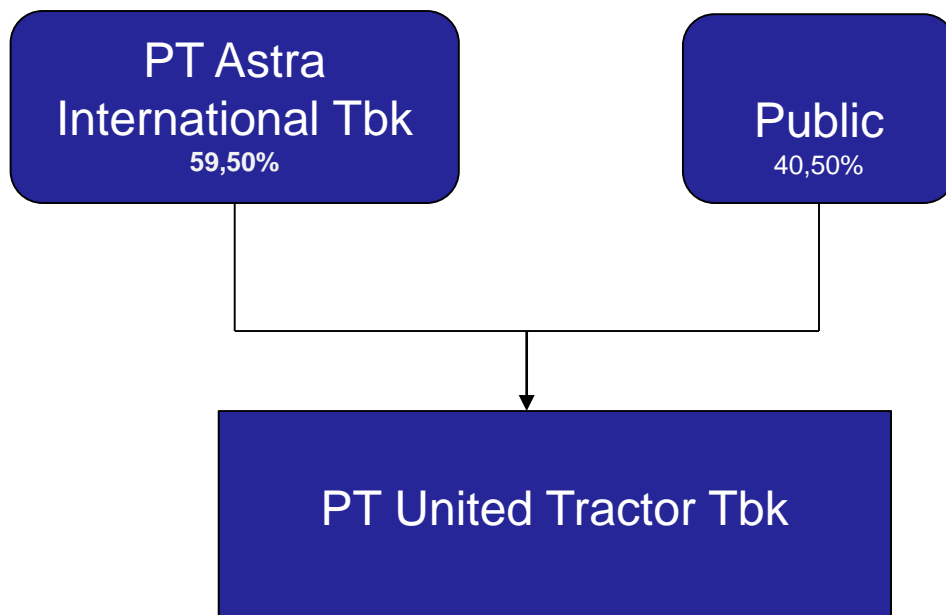
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Financial highlights ratio	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
Growth (% YoY)							
Sales	-0.23%	-28.52%	31.67%	55.56%	8.54%	9.22%	9.42%
EPS	1.68%	-46.93%	71.24%	104.34%	30.24%	9.22%	9.42%
Profitability							
EBITDA margin(%)	27.29%	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%
Stability							
Current ratio (x)	1.56	2.11	1.99	1.88	2.20	2.39	2.61
Debt/Equity (x)	0.22	0.17	0.11	0.01	0.01	0.01	0.01

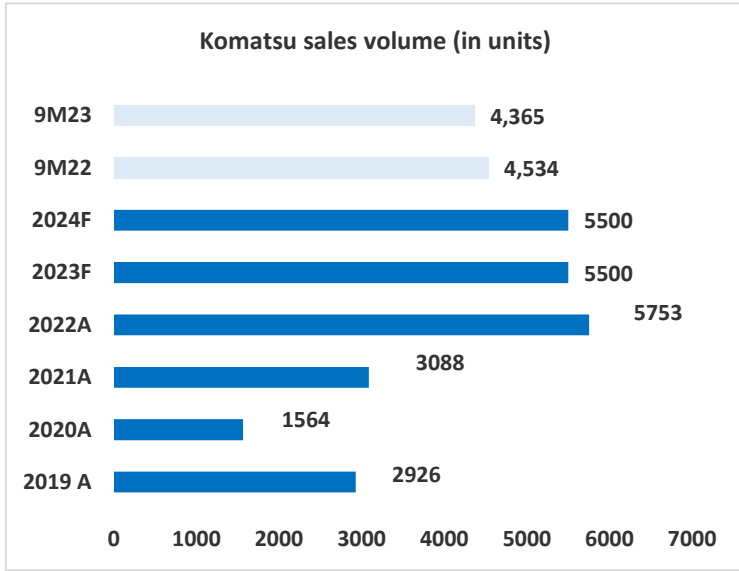
Company profile

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

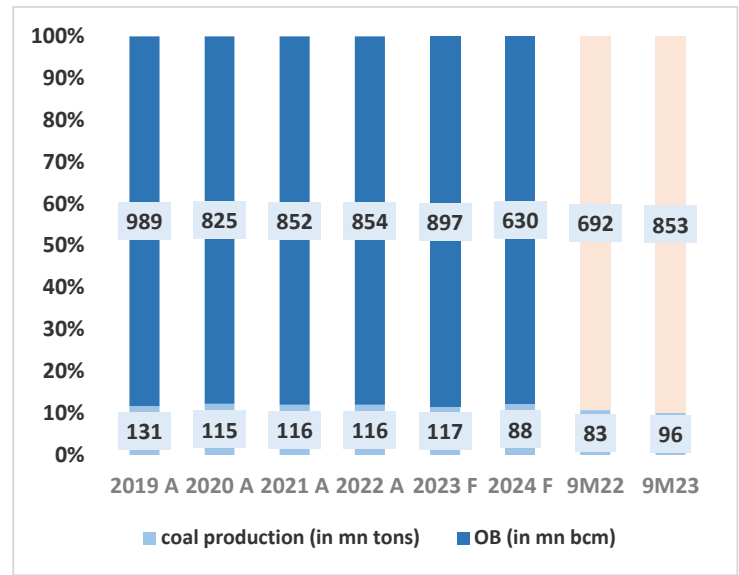
Company structure



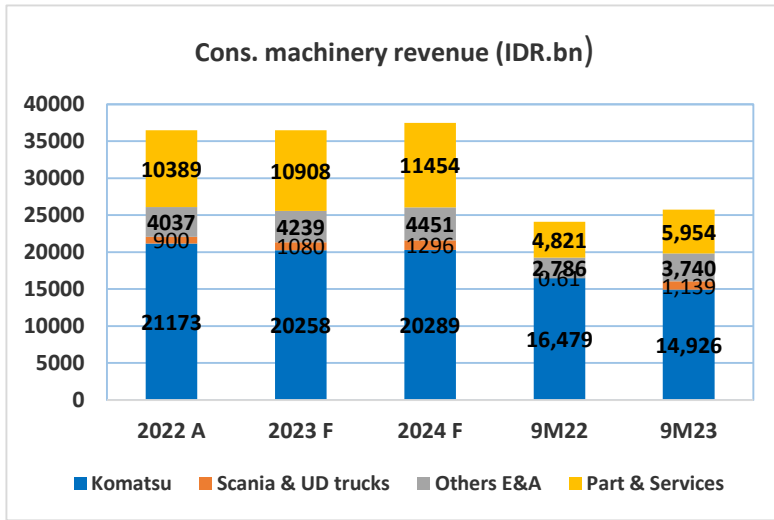
Komatsu sales volume (units) yoy



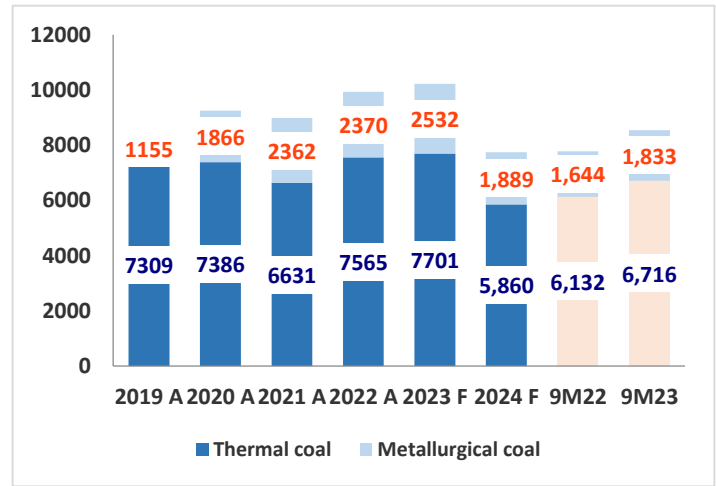
Mining contracting, coal production vs OB volume yoy



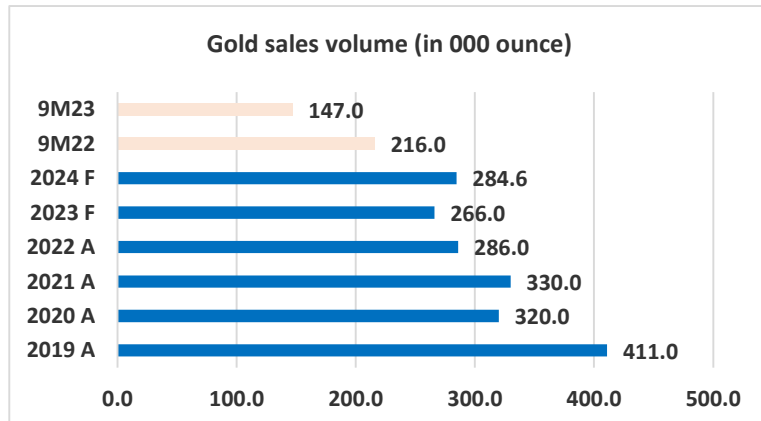
Construction machinery revenue YoY (IDR.bn)



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



Gold sales volume (in 000 ounce) YoY



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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