



12 May 2023

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

Current Price IDR. 24950  
Target Price IDR. 41100  
JKSE Index 6723.681

#### Investment Consideration

##### 125% 1Q23 revenue growth

In 1Q23, UNTR booked revenue of IDR 34.89 trillion or an increase of 125% YoY. In line with revenue, bottom line profit continued to increase significantly, up 123% YoY to IDR 5.32 trillion. Komatsu sales volume increased by 5.73% YoY from 1,694 units to 1,791 units. Overall, construction machinery revenue increased by 10.20% YoY with 27 mn tons of coal production and 246 mn BCM of overburden removal. Coal mining revenue increased by 38.79% YoY to IDR 10.53 trillion supported by an increase in the average selling price. Gold mining revenue decreased by -4.49% YoY to IDR 1.7 trillion with gold sales volume down -20.27% YoY to 59k ounces. Mining contracting and construction machinery were still the major contributors to total revenue at 33% and 31% respectively. Based on 1Q23 results, we maintain our revenue target in 2023-2024F at a CAGR of 7% with komatsu volume targeted to stay at 4,000 units and an expected less favourable coal market this year compared to 2022A.

#### Transition strategy to renewable energy

Since 2021 UNTR has put renewable energy and other energy business under PT Energia Prima Nusantara (EPN). EPN's projects include rooftop solar PV and mini hydro power plants. As of 1Q23, EPN has installed a total of 6.2 MWp rooftop solar PV across UT and the whole Astra group. After operation of one mini hydro power plant with capacity of 0.5 MW namely PLTM Kalipelus in Central java. UNTR is expected to operate PLTM Besai Kemu with capacity of 7 MW by the end of this year. In addition, UNTR through EPN is targeting several mini hydro projects in Sumatera with a potential capacity of more than 20 MW. Going forward, United Tractors actively conducts studies and reviews of other types of renewable energy, such as solar PV, geothermal, wind power, and waste-to-energy projects. These projects are consistent with UT's strategy to increase its competence in renewable energy in order to achieve a sustainable business portfolio.

#### Valuation: 65% upside potential

Based on 1Q23 result, We maintain our target price for UNTR at IDR 41,100, which is a valuation of 6.04x PER. With 65% upside potential, we maintain our BUY recommendation..

Financial highlights ratio	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
<b>Growth (% YoY)</b>						
Sales	-0.23%	-28.52%	31.67%	55.56%	4.07%	9.61%
EPS	1.68%	-46.93%	71.24%	104.34%	10.17%	9.61%
<b>Profitability</b>						
EBITDA margin(%)	28.72%	27.59%	27.64%	29.69%	28.50%	28.62%
NET Profit margin(%)	13.40%	9.95%	12.94%	16.99%	17.99%	17.99%
<b>Stability</b>						
Current ratio (x)	1.56	2.11	1.99	1.88	2.18	2.31
Debt/Equity (x)	0.22	0.17	0.11	0.01	0.01	0.01

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Stock Code UNTR IJ  
Bloomberg code UNTR IJ  
Market cap (IDR.trn) 103.08  
52-Week High (IDR) 36200  
52-Week Low (IDR) 23600  
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) 14700

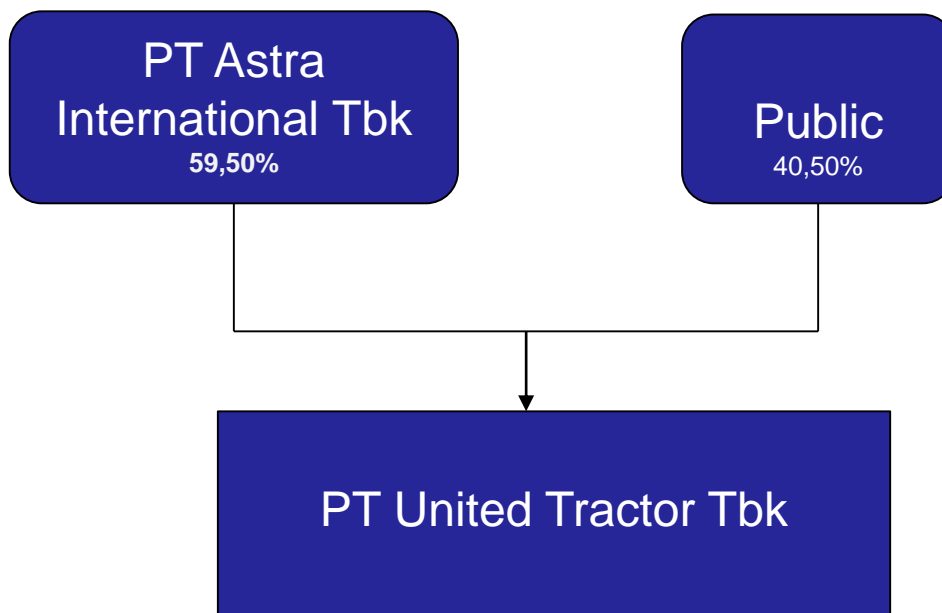
Key Indicators  
Debt/ Equity (x) 0.01  
Current ratio (x) 2.31

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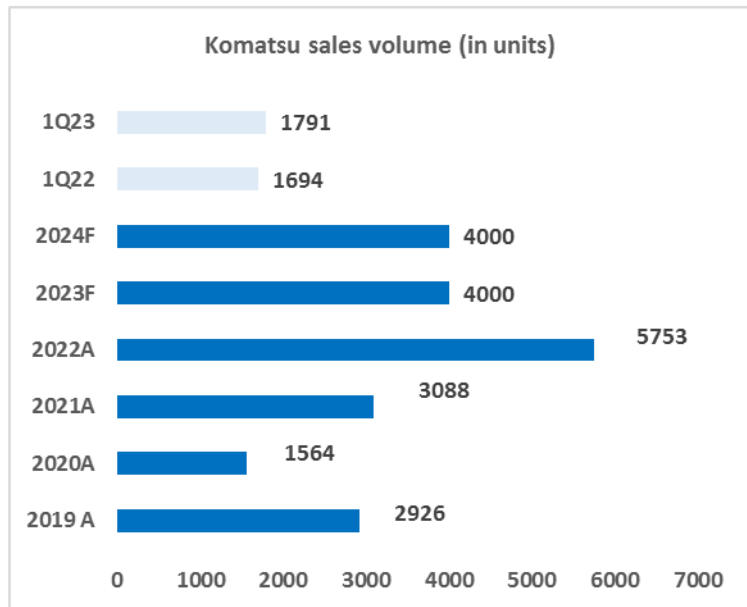
### Company profile

PT United Tractors Tbk is a subsidiary of PT Astra International Tbk ("Astra"), one of the largest and leading business groups in Indonesia with a network of services spanning various industries and sectors. Since September 19, 1989, United Tractors has become a public company by listing its shares on the Indonesia Stock Exchange (formerly the Jakarta Stock Exchange and Surabaya Stock Exchange). Until now Astra owns 59.5% of United Tractors, with the remaining shares owned by the public. Currently United Tractors has developed into one of the major business players in the domestic market through five business pillars, namely Construction Machinery, Mining Contractor, Mining, Construction, and Energy.

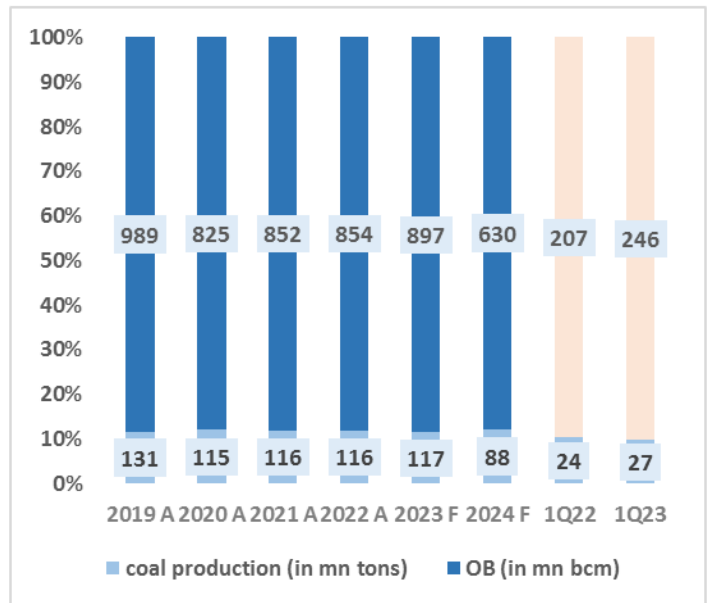
### Company structure



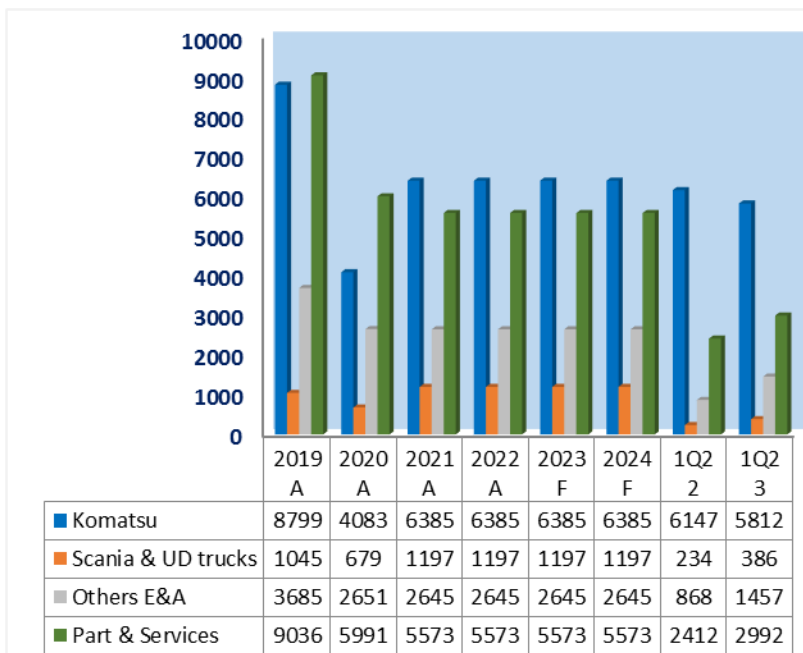
### Komatsu sales volume (units) yoy



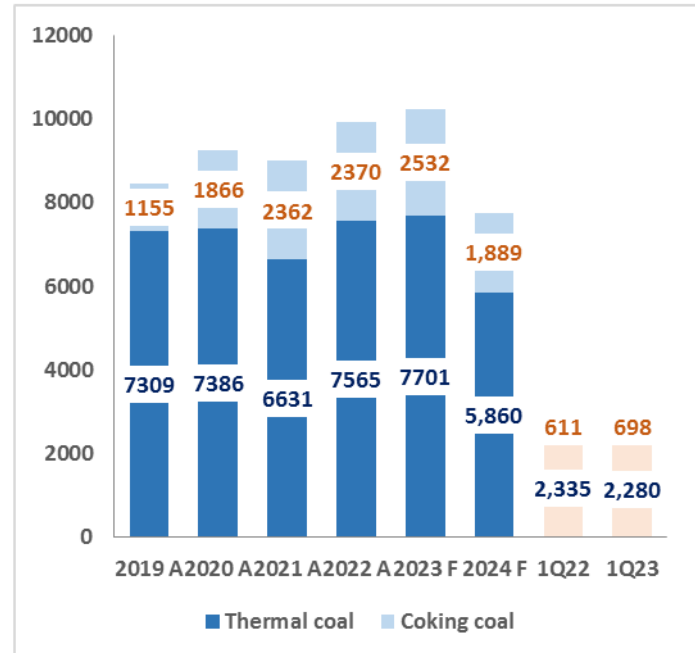
### Mining contracting, coal production vs Overburden volume yoy



### Sales of Komatsu based on unit sectors (%)



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



## Balance Sheet (IDR.bn)

Balance sheet (IDR.bn)	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F
Cash and cash equivalent	13,438.18	12,090.66	20,498.57	33,321.74	38,281.51	48,568.09	59,780.73	74,760.74
Trade Account Receivable	20,610.33	19,680.70	10,024.22	12,151.55	17,633.39	21,146.30	23,178.32	25,447.04
inventory	13,617.87	11,014.02	8,002.36	9,454.04	15,390.28	16,124.05	17,383.74	19,085.28
Other current asset	7,985.44	8,041.57	5,670.63	5,676.74	7,624.87	7,718.40	8,460.09	9,288.17
<b>Current Asset</b>	<b>55,651.81</b>	<b>50,826.96</b>	<b>44,195.78</b>	<b>60,604.07</b>	<b>78,930.05</b>	<b>93,556.84</b>	<b>108,802.87</b>	<b>128,581.24</b>
Net Fixed Asset	24,584.55	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	1,871.22	1,811.09	1,375.36	2,517.34	5,145.85	5,355.36	5,869.97	6,444.53
other long term asset	34,173.44	31,606.33	29,910.45	28,983.25	32,724.46	34,056.80	37,329.43	40,983.29
<b>Non current Asset</b>	<b>60,629.21</b>	<b>60,886.42</b>	<b>55,605.18</b>	<b>51,957.29</b>	<b>61,548.17</b>	<b>65,959.78</b>	<b>73,134.50</b>	<b>81,182.64</b>
<b>Total Asset</b>	<b>116,281.02</b>	<b>111,713.38</b>	<b>99,800.96</b>	<b>112,561.36</b>	<b>140,478.22</b>	<b>159,516.62</b>	<b>181,937.37</b>	<b>209,763.88</b>
Trade payable	32,115.32	20,697.53	10,087.73	14,517.99	24,848.75	25,375.56	27,813.98	30,536.45
taxes payable	3,230.61	1,172.35	198.50	2,246.19	3,581.02	3,726.82	4,084.94	4,484.78
Short term bank loan	6,856.69	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	0.00	2,432.68	2,468.74	5,350.88	0.00	0.00	0.00	0.00
Finance lease liabilities	109.66	153.72	827.73	650.63	939.65	977.91	1,071.88	1,176.80
Other Current liabilities	6,473.44	7,311.32	6,664.68	7,548.87	11,639.12	12,864.00	14,100.14	15,480.29
<b>Current liabilities</b>	<b>48,785.72</b>	<b>32,585.53</b>	<b>20,943.82</b>	<b>30,489.22</b>	<b>42,037.40</b>	<b>42,944.28</b>	<b>47,070.94</b>	<b>51,678.32</b>
Long term loans	2,896.20	10,078.23	7,757.75	2,497.08	0.00	0.00	0.00	0.00
Financial lease	326.46	429.50	626.91	462.31	897.41	933.95	1,023.69	1,123.89
other borrowings	63.08	104.12	51.40	22.16	117.42	35.88	39.32	43.17
Other Long term liabilities	7,158.88	7,405.92	7,273.95	7,267.84	7,912.16	7,718.40	8,460.09	12,384.23
<b>Non current liabilities</b>	<b>10,444.62</b>	<b>18,017.77</b>	<b>15,710.00</b>	<b>10,249.38</b>	<b>8,926.99</b>	<b>8,688.22</b>	<b>9,523.10</b>	<b>13,551.29</b>
<b>Total Liabilities</b>	<b>59,230.34</b>	<b>50,603.30</b>	<b>36,653.82</b>	<b>40,738.60</b>	<b>50,964.40</b>	<b>51,632.51</b>	<b>56,594.04</b>	<b>65,229.61</b>
<b>Total Equities</b>	<b>57,050.68</b>	<b>61,110.07</b>	<b>63,147.14</b>	<b>71,822.76</b>	<b>89,513.83</b>	<b>107,884.11</b>	<b>125,343.33</b>	<b>144,534.27</b>
<b>Total Liabilities and equity</b>	<b>116,281.02</b>	<b>111,713.38</b>	<b>99,800.96</b>	<b>112,561.36</b>	<b>140,478.22</b>	<b>159,516.62</b>	<b>181,937.37</b>	<b>209,763.88</b>

## Cash Flow (IDR.bn)

Cash Flow (in IDR. bn)	2019A	2020A	2021A	2022A	2023F	2024F	2024F
+ Net Income	11,312.07	6,003.20	10,279.68	21,005.11	23,142.33	25,366.16	27,849.03
+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)	(3,433.33)	93.27	(190.99)
<b>Cash From Operating Activities</b>	<b>5,028.82</b>	<b>17,498.44</b>	<b>22,987.91</b>	<b>25,682.60</b>	<b>26,575.58</b>	<b>33,158.24</b>	<b>36,339.23</b>
capex	(6,696.80)	(2,816.62)	(3,100.06)	(16,086.40)	(11,278.19)	(14,873.53)	(16,729.32)
<b>cash from investing activities</b>	<b>(6,696.80)</b>	<b>(2,816.62)</b>	<b>(3,100.06)</b>	<b>(16,086.40)</b>	<b>(11,278.19)</b>	<b>(14,873.53)</b>	<b>(16,729.32)</b>
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	36.54	89.75	100.20
other borrowings	41.03	(52.72)	(29.24)	95.26	(81.55)	3.45	3.85
Other Long term liabilities	247.05	(131.97)	(6.11)	644.32	(193.76)	741.69	3,924.14
equity	(7,252.68)	(3,966.13)	(1,604.07)	(3,314.04)	(4,772.04)	(7,906.94)	(8,658.09)
<b>cash from financing activities</b>	<b>320.47</b>	<b>(6,273.91)</b>	<b>(7,064.68)</b>	<b>(4,636.43)</b>	<b>(5,010.82)</b>	<b>(7,072.06)</b>	<b>(4,629.90)</b>
<b>Net Changes in Cash</b>	<b>(1,347.51)</b>	<b>8,407.91</b>	<b>12,823.17</b>	<b>4,959.77</b>	<b>10,286.58</b>	<b>11,212.64</b>	<b>14,980.01</b>
<b>Beginning Balance</b>	<b>13,438.18</b>	<b>12,090.66</b>	<b>20,498.57</b>	<b>33,321.74</b>	<b>38,281.51</b>	<b>48,568.09</b>	<b>59,780.73</b>
<b>Ending balance</b>	<b>12,090.66</b>	<b>20,498.57</b>	<b>33,321.74</b>	<b>38,281.51</b>	<b>48,568.09</b>	<b>59,780.73</b>	<b>74,760.74</b>

## Profit and Loss (IDR.bn)

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
<b>Revenue</b>	<b>84,625</b>	<b>84,430</b>	<b>60,347</b>	<b>79,461</b>	<b>123,607</b>	<b>128,640</b>	<b>141,001</b>	<b>154,803</b>
Cost of sales	(63,515)	(63,200)	(47,357)	(59,796)	(88,849)	(96,480)	(105,751)	(116,102)
<b>Gross Profit</b>	<b>21,110</b>	<b>21,231</b>	<b>12,989</b>	<b>19,665</b>	<b>34,759</b>	<b>32,160</b>	<b>35,250</b>	<b>38,701</b>
Operating expense	4,339	4,626	4,695	4,789	5,626	5,146	5,640	6,192
<b>Operating Profit</b>	<b>16,770</b>	<b>16,605</b>	<b>8,294</b>	<b>14,876</b>	<b>29,133</b>	<b>27,014</b>	<b>29,610</b>	<b>32,509</b>
Other income	(1,062)	(1,128)	(1,283)	(413)	313	2,573	2,820	3,096
<b>PBT</b>	<b>15,709</b>	<b>15,477</b>	<b>7,011</b>	<b>14,462</b>	<b>29,446</b>	<b>29,587</b>	<b>32,430</b>	<b>35,605</b>
taxes	(4,210)	(4,342)	(1,379)	(3,854)	(6,452)	(5,917)	(6,486)	(7,121)
Minority interest	(373)	177	371	(329)	(1,989)	(527)	(578)	(635)
<b>Net Profit</b>	<b>11,126</b>	<b>11,312</b>	<b>6,003</b>	<b>10,280</b>	<b>21,005</b>	<b>23,142</b>	<b>25,366</b>	<b>27,849</b>
EPS	2,983	3,033	1,609	2,756	5,631	6,204	6,800	7,466
<b>EBITDA</b>	<b>21,771</b>	<b>24,250</b>	<b>16,649</b>	<b>21,964</b>	<b>36,701</b>	<b>36,657</b>	<b>40,353</b>	<b>44,532</b>

## Ratio Highlights

Ratio Highlights	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F	2025 F
<b>Growth (% YoY)</b>							
Sales	-0.23%	-28.52%	31.67%	55.56%	4.07%	9.61%	9.79%
OP	-0.99%	-50.05%	79.35%	95.84%	-7.27%	9.61%	9.79%
EBITDA	11.39%	-31.35%	31.93%	67.10%	-0.12%	10.08%	10.36%
NP	1.68%	-46.93%	71.24%	104.34%	10.17%	9.61%	9.79%
EPS	1.68%	-46.93%	71.24%	104.34%	10.17%	9.61%	9.79%
<b>Profitability</b>							
Operating Margin(%)	19.67%	13.74%	18.72%	23.57%	21.00%	21.00%	21.00%
EBITDA margin(%)	28.72%	27.59%	27.64%	29.69%	28.50%	28.62%	28.77%
NET Profit margin(%)	13.40%	9.95%	12.94%	16.99%	17.99%	17.99%	17.99%
ROA(%)	10.13%	6.02%	9.13%	14.95%	14.51%	13.94%	13.28%
ROE(%)	18.51%	9.51%	14.31%	23.47%	21.45%	20.24%	19.27%
<b>Stability</b>							
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	2.18	2.31	2.49
Int. Coverage (x)	6.63	4.55	19.18	38.75	145.24	144.72	144.44
<b>Per Share data (IDR)</b>							
EPS	3033	1609	2756	5631	6204	6800	7466
BVS	16,383	16,929	19,255	23,997	28,922	33,603	38,748

**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.

**RESEARCH TEAM**  
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