



1 March 2023

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

Current Price **IDR. 28075**
 Target Price **IDR. 41100**
 JKSE Index **6857.042**

Investment Consideration

Targetting 6.80% revenue growth

As of 2022, UNTR booked revenue of IDR 123.6 trillion or an increase of +56% YoY. In line with revenue, bottom line profit continued to increase significantly, up 104% YoY to IDR 21 trillion helped by a slower increase in operating expenses of only 17% YoY. Komatsu sales volume increased by 86% YoY from 3,088 units to 5,753 units. Overall, construction machinery revenue increased by 43% YoY with 116 mn tons of coal production and 954 mn BCM of overburden removal. Coal mining revenue increased by 127% YoY to IDR 31.1 trillion supported by the increase in the average selling price. Gold mining revenue decreased by -8% YoY to IDR 7.7 trillion with gold sales volume down -13% YoY to 286k ounces. Mining contracting and construction machinery were still the major contributors to total revenue at 38% and 30% respectively. Based on 2022 results, we revise up our revenue target in 2023-2024F to a CAGR of 7% within 2 years with komatsu volumes targeted to stay at 4,000 units with an expected less favourable coal market this year compared to 2022A.

Diversify into nickle mining

UNTR through its subsidiary, PT Danusa Tambang Nusantara signed a Conditional Shares Sale and Purchase Agreement (CSPA) to acquire 90% of the shares of PT Stargate Pacific Resources (SPR) that holds a mining business license for nickel production and acquired 90% of the shares of PTStargate Mineral Asia (SMA) which holds a license to develop and operate a nickel smelter processing plant. This is part of UNTR's strategy to diversify and expand their business portfolio into nickel. We believe, this will strengthen UNTR's earnings in the future.

Valuation: 46% upside potential

Based on 2022 result, We revise our target price for UNTR to IDR 41,100, which is a valuation of 6.04x PER. With 46% upside potential, we maintain our BUY recommendation.

	2019 A	2020 A	2021 A	2022 A	2023 F	2024 F
Growth (% YoY)						
Sales	-0.23%	-28.52%	31.67%	55.56%	4.07%	9.61%
OP	-0.99%	-50.05%	79.35%	95.84%	-7.27%	9.61%
EBITDA	11.39%	-31.35%	31.93%	67.10%	-0.12%	10.08%
NP	1.68%	-46.93%	71.24%	104.34%	10.17%	9.61%
EPS	1.68%	-46.93%	71.24%	104.34%	10.17%	9.61%
Profitability						
Operating Margin(%)	19.67%	13.74%	18.72%	23.57%	21.00%	21.00%
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%
Stability						
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 **103.08**
 Market cap (IDR.trn) **36200**
 52-Week High (IDR) **23600**
 52-Week Low (IDR) **29079**
 6-m Avg Daily. Val (IDR) **40.50**
 Free Float (%)

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

USD/IDR-YE
 2022A **15731**
 2023F (Avg) **15200**

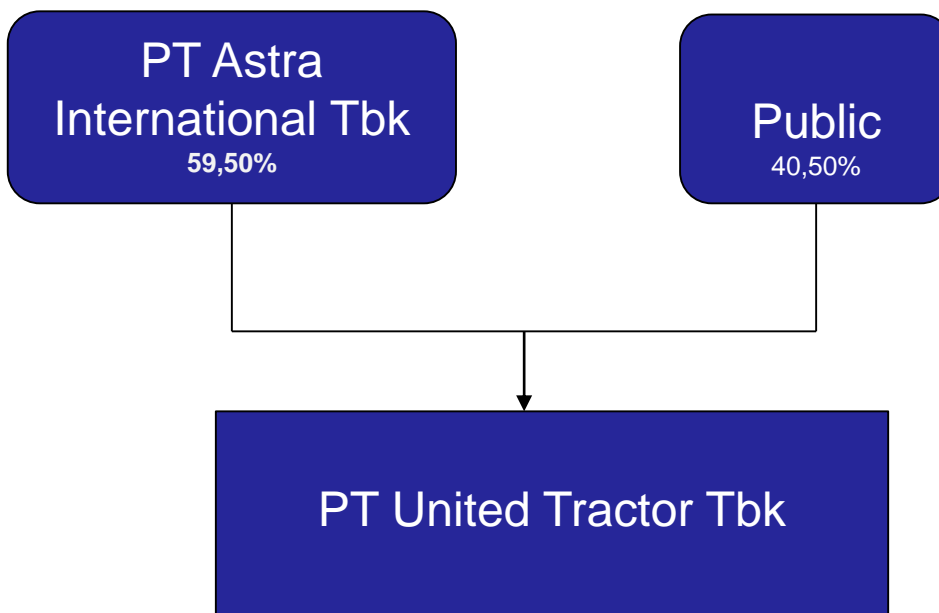
Key Indicators
 Debt/ Equity (x) **0.01**
 Current ratio (x) **2.31**

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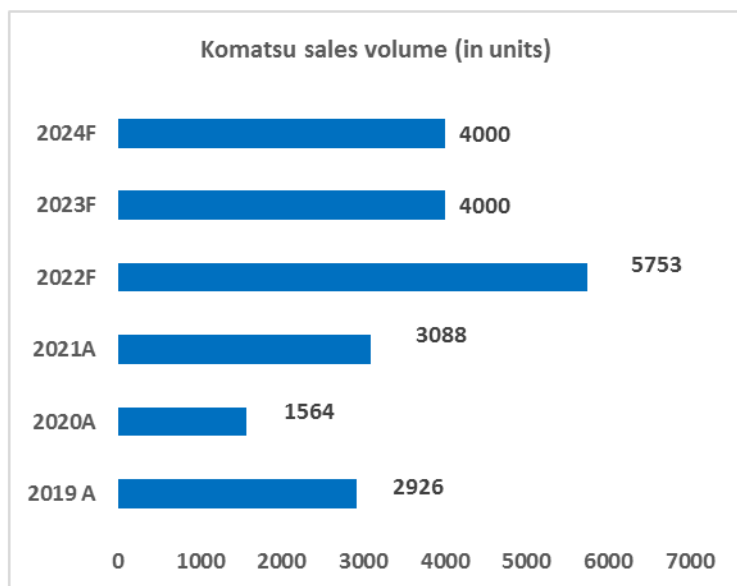
Company profile

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.

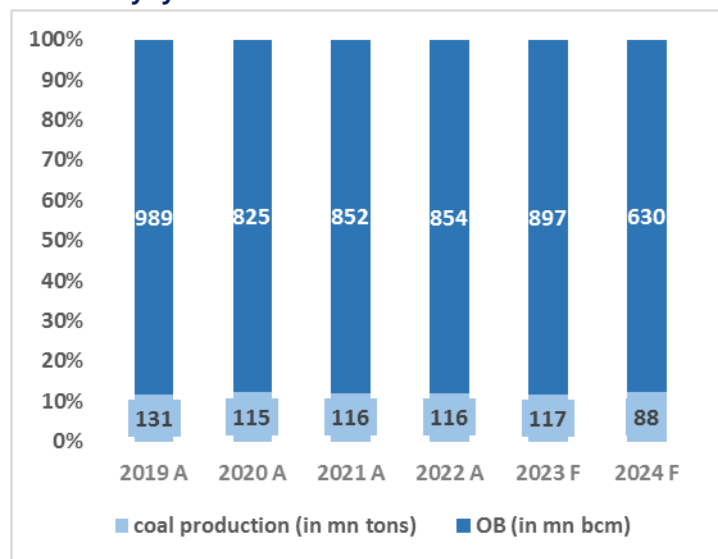
Company structure



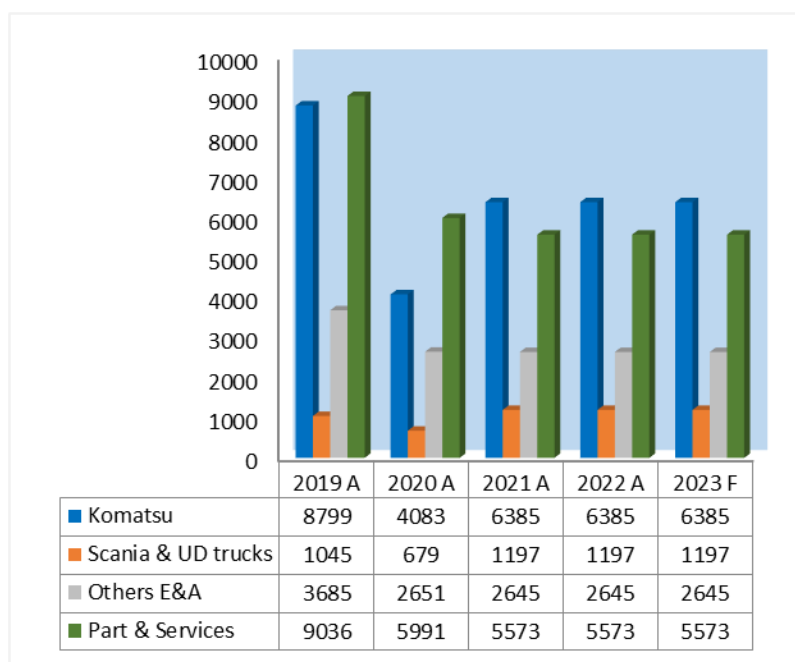
Komatsu sales volume (units) yoy



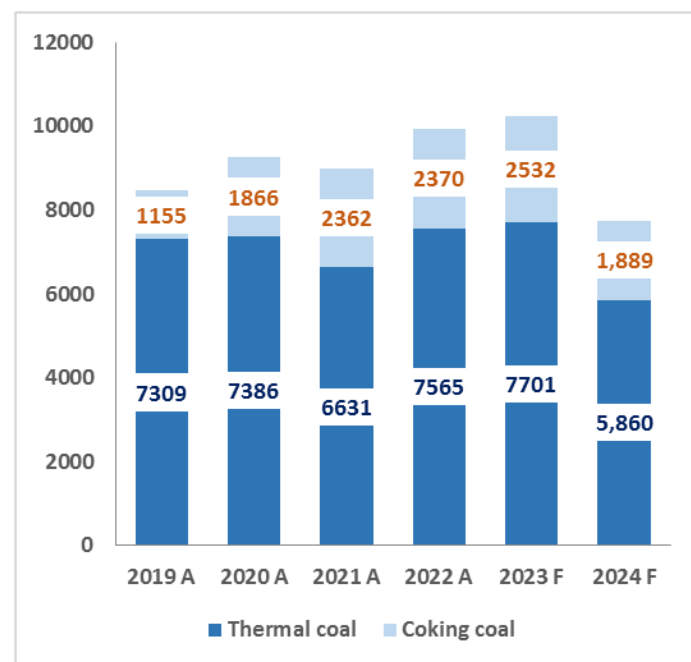
Mining contracting, coal production vs Overburden volume yoy



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
Current Asset	55,651.81	50,826.96	44,195.78	60,604.07	78,930.05	93,556.84	108,802.87	128,581.24
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
Non current Asset	60,629.21	60,886.42	55,605.18	51,957.29	61,548.17	65,959.78	73,134.50	81,182.64
Total Asset	116,281.02	111,713.38	99,800.96	112,561.36	140,478.22	159,516.62	181,937.37	209,763.88
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 abilities	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
Current liabilities	48,785.72	32,585.53	20,943.82	30,489.22	42,037.40	42,944.28	47,070.94	51,678.32
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
Non current liabilities	10,444.62	18,017.77	15,710.00	10,249.38	8,926.99	8,688.22	9,523.10	13,551.29
Total Liabilities	59,230.34	50,603.30	36,653.82	40,738.60	50,964.40	51,632.51	56,594.04	65,229.61
Total Equities	57,050.68	61,110.07	63,147.14	71,822.76	89,513.83	107,884.11	125,343.33	144,534.27
Total Liabilities and equity	116,281.02	111,713.38	99,800.96	112,561.36	140,478.22	159,516.62	181,937.37	209,763.88

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)
Cash From Operating Activities	5,028.82	17,498.44	22,987.91	25,682.60	26,575.58	33,158.24	36,339.23
capex	(6,696.80)	(2,816.62)	(3,100.06)	(16,086.40)	(11,278.19)	(14,873.53)	(16,729.32)
cash from investing activities	(6,696.80)	(2,816.62)	(3,100.06)	(16,086.40)	(11,278.19)	(14,873.53)	(16,729.32)
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)
cash from financing activities	320.47	(6,273.91)	(7,064.68)	(4,636.43)	(5,010.82)	(7,072.06)	(4,629.90)
Net Changes in Cash	(1,347.51)	8,407.91	12,823.17	4,959.77	10,286.58	11,212.64	14,980.01
Beginning Balance	13,438.18	12,090.66	20,498.57	33,321.74	38,281.51	48,568.09	59,780.73
Ending balance	12,090.66	20,498.57	33,321.74	38,281.51	48,568.09	59,780.73	74,760.74

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
Revenue	84,625	84,430	60,347	79,461	123,607	128,640	141,001	154,803
Cost of sales	(63,515)	(63,200)	(47,357)	(59,796)	(88,849)	(96,480)	(105,751)	(116,102)
Gross Profit	21,110	21,231	12,989	19,665	34,759	32,160	35,250	38,701
Operating expense	4,339	4,626	4,695	4,789	5,626	5,146	5,640	6,192
Operating Profit	16,770	16,605	8,294	14,876	29,133	27,014	29,610	32,509
Other income	(1,062)	(1,128)	(1,283)	(413)	313	2,573	2,820	3,096
PBT	15,709	15,477	7,011	14,462	29,446	29,587	32,430	35,605
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)
Net Profit	11,126	11,312	6,003	10,280	21,005	23,142	25,366	27,849
EPS	2,983	3,033	1,609	2,756	5,631	6,204	6,800	7,466
EBITDA	21,771	24,250	16,649	21,964	36,701	36,657	40,353	44,532

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%	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%
Profitability							
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%
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	2.18	2.31	2.49
Int. Coverage (x)	6.63	4.55	19.18	38.75	145.24	144.72	144.44
Per Share data (IDR)							
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.

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