

8 December 2021

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

Current Price IDR. 22475

Target Price IDR. 26290



**Stock Code** UNTR IJ  
**Bloomberg code** UNTR IJ  
**Market cap (IDR.bn)** 85510.0  
**52-Week High (IDR)** 28475  
**52-Week Low (IDR)** 18525  
**6-m Avg Daily. Val (IDR)** 23325  
**Free Float (%)** 40.50

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

**USD/IDR-YE**  
**2020A** 14050  
**2021F (Avg)** 14378

**Key Indicators**  
**Debt/ Equity (x)** 0.14  
**Current ratio (x)** 1.98

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### Investment Consideration

#### Targetting 11% revenue growth

As of 9M21, UNTR booked revenue of IDR 57.8 trillion or 24% growth YoY while bottom line profit increased 46% YoY from a slower increase in operating expenses of only 5%. Mining contracting is still the largest contributor to revenue at 42% followed by construction machinery 27%, coal mining 18%, gold mining 11%, and construction 2%. Komatsu's 9M21 heavy equipment sales volume increased 84% YoY to 2,194 units. Coal production increased only 2.34% YoY but ASP increased 6,95% YoY and helped mining contracting revenue to increase 22% in 9M21. Komatsu's sales target remains at 2,500 units driven by stronger demand in mining as coal demand increases together with higher construction activity. We estimate revenue in 2021-2022F will increase at a CAGR of 10.78% compared to 2020A.

#### Gold still second largest profit contributor

As of 9M21, the contribution to pretax profit from gold mining decreased to 28% from 34% in 9M20 but it is still the second largest contribution. As of 9M21, Total sales volume of gold equivalent from Martabe was 258,000 ounces, up 1% compared to 256,000 ounces in 9M20. Gold mining recorded net revenue of IDR 6.5 trillion up 17% YoY. The ASP (Average Selling Price) for Gold was USD. 1,750 per ounce compared to USD. 1,482 per ounce in 9M20. Gold sales volume in 2021 is targeted at 342,400 ounces compared to 320,000 ounces in 2020. We believe UNTR's bottom line profit growth this year will still be driven by gold mining as it remains the second largest contributor.

#### Valuation: 17% upside potential

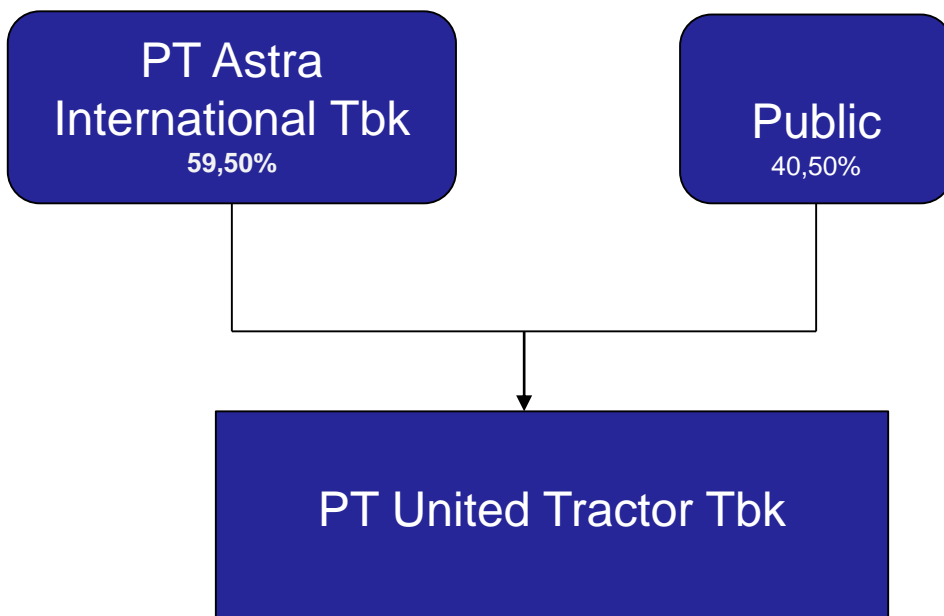
Our target price for UNTR is IDR 26,290, which is a valuation of 10,7x PER with 17% upside potential. We have a HOLD recommendation.

Profit and Loss (IDR.bn)	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
<b>Revenue</b>	84,625	84,430	60,347	69,015	74,055	80,733
Cost of sales	(63,515)	(63,200)	(47,357)	(55,212)	(57,022)	(62,972)
<b>Gross Profit</b>	21,110	21,231	12,989	13,803	17,033	17,761
Operating expense	4,339	4,626	4,695	4,141	4,443	4,844
<b>Operating Profit</b>	16,770	16,605	8,294	9,662	12,589	12,917
Other income	(1,062)	(1,128)	(1,283)	304	(741)	(807)
<b>PBT</b>	15,709	15,477	7,011	9,966	11,849	12,110
taxes	(4,210)	(4,342)	(1,379)	(1,993)	(2,370)	(2,422)
Minority interest	(372.783)	177.430	370.775	(282.961)	(303.625)	(331.004)
<b>Net Profit</b>	11,126	11,312	6,003	7,690	9,175	9,357
EPS	2983	3033	1609	2061	2460	2508
<b>EBITDA</b>	21,771	24,250	16,649	18,159	19,685	21,214

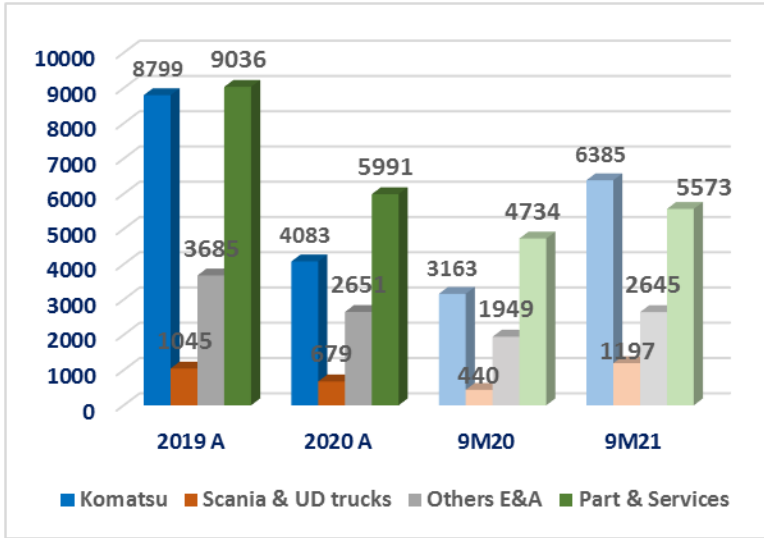
### Company profile

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.

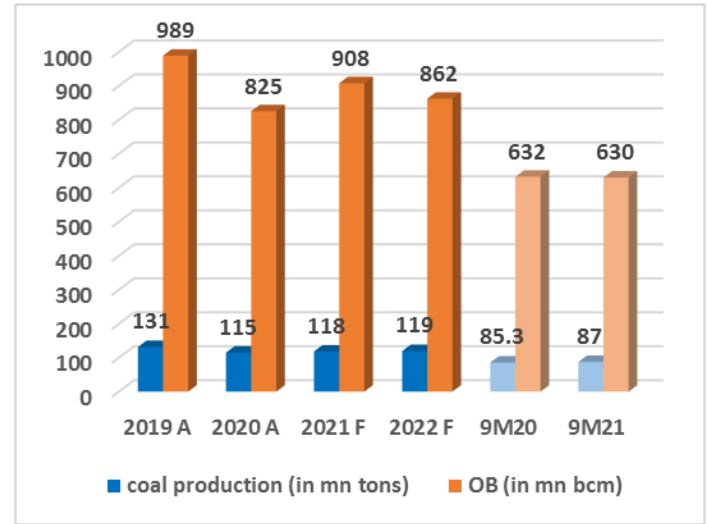
### Company structure



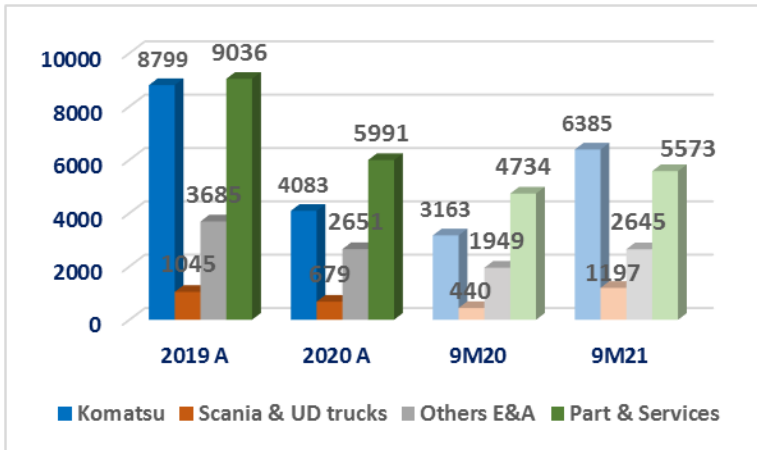
Construction Machinery revenue breakdown (Rp.in bn) yoy



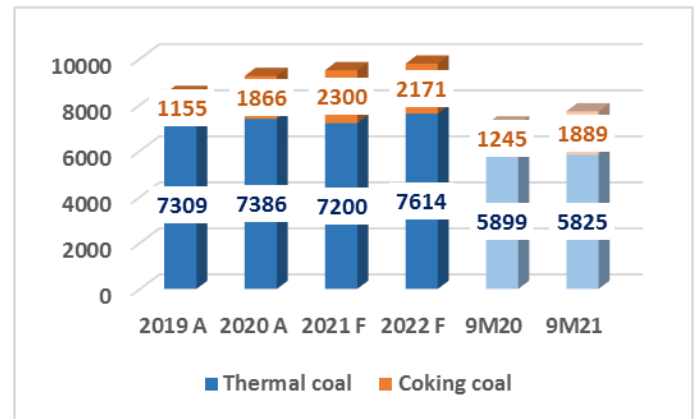
Mining contracting, coal production vs Overburden volume yoy



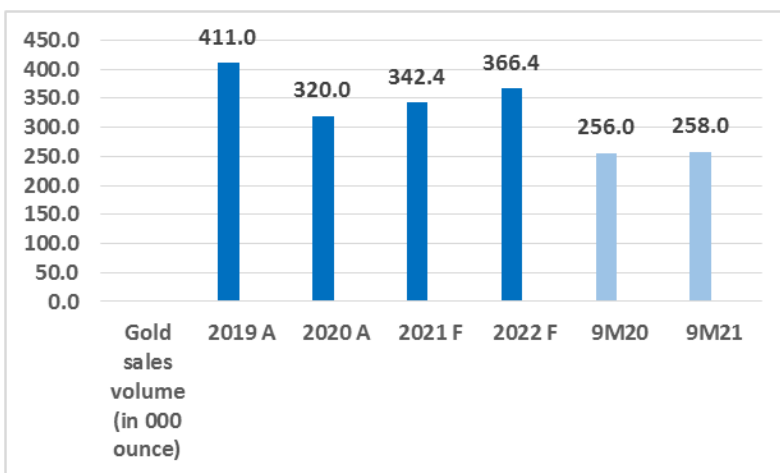
Komatsu sales volume (units) yoy



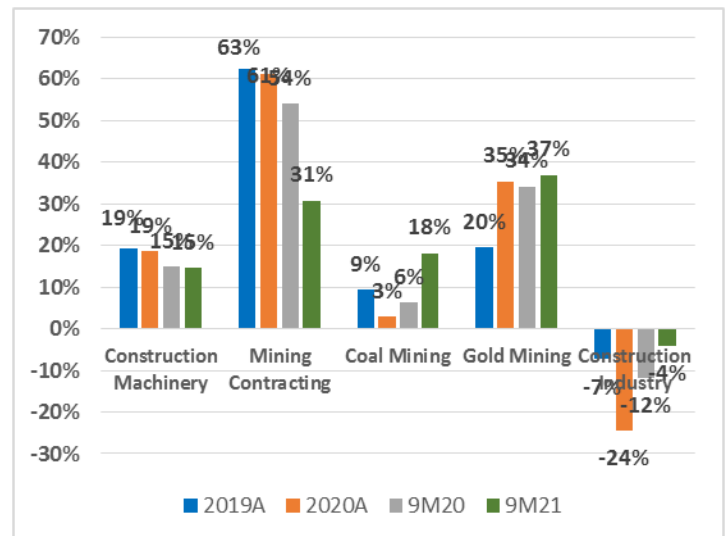
Coal Mining, sales volume of coal breakdown (in 000 tons) yoy



Gold mining, sales volume of gold (in 000 ounce) yoy



Gold mining pretax income contribution (%) yoy



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<b>PBT</b>	<b>15,709</b>	<b>15,477</b>	<b>7,011</b>	<b>9,966</b>	<b>11,849</b>	<b>12,110</b>
taxes	(4,210)	(4,342)	(1,379)	(1,993)	(2,370)	(2,422)
Minority interest	(372.783)	177.430	370.775	(282.961)	(303.625)	(331.004)
<b>Net Profit</b>	<b>11,126</b>	<b>11,312</b>	<b>6,003</b>	<b>7,690</b>	<b>9,175</b>	<b>9,357</b>
EPS	2983	3033	1609	2061	2460	2508
<b>EBITDA</b>	<b>21,771</b>	<b>24,250</b>	<b>16,649</b>	<b>18,159</b>	<b>19,685</b>	<b>21,214</b>

## Balance Sheet (IDR.bn)

Balance sheet (IDR.bn)	2018A	2019A	2020A	2021F	2022F	2023F
Cash and cash equivalent	13,438.18	12,090.66	20,498.57	32,502.10	29,226.37	33,423.27
Trade Account Receivable	20,610.33	19,680.70	10,024.22	13,235.73	14,202.29	16,588.91
inventory	13,617.87	11,014.02	8,002.36	9,075.93	9,373.51	10,524.00
Other current asset	7,985.44	8,041.57	5,670.63	6,211.34	5,924.39	7,588.87
<b>Current Asset</b>	<b>55,651.81</b>	<b>50,826.96</b>	<b>44,195.78</b>	<b>61,025.10</b>	<b>58,726.56</b>	<b>68,125.06</b>
Net Fixed Asset	24,584.55	27,469.01	24,319.37	20,446.78	22,284.95	23,128.24
advances investment in associates and JV	1,871.22	1,811.09	1,375.36	2,760.59	2,962.19	3,229.31
other long term asset	34,173.44	31,606.33	26,760.82	31,746.84	34,065.22	37,137.04
<b>Non current Asset</b>	<b>60,629.21</b>	<b>60,886.42</b>	<b>55,605.18</b>	<b>54,954.22</b>	<b>59,312.36</b>	<b>63,494.59</b>
<b>Total Asset</b>	<b>116,281.02</b>	<b>111,713.38</b>	<b>99,800.96</b>	<b>115,979.31</b>	<b>118,038.92</b>	<b>131,619.65</b>
Trade payable	32,115.32	20,697.53	10,087.73	14,181.14	12,173.40	13,271.13
taxes payable	3,230.61	1,172.35	198.50	1,380.30	1,481.10	1,614.65
bank loans	0.00	2,432.68	2,468.74	5,464.50	6,393.47	7,672.16
finance lease abilities	109.66	153.72	827.73	731.56	784.98	855.77
Other Current liabilities	13,330.13	8,129.25	7,361.13	12,422.68	8,886.58	9,687.92
<b>Current liabilities</b>	<b>48,785.72</b>	<b>32,585.53</b>	<b>20,943.82</b>	<b>34,180.17</b>	<b>29,719.52</b>	<b>33,101.63</b>
Long term loans	2,896.20	10,078.23	7,757.75	3,567.81	3,924.59	4,513.28
Financial lease	326.46	429.50	626.91	690.15	740.55	807.33
other borrowings	63.08	104.12	51.40	27.61	29.63	32.30
Other Long term liabilities	7,158.88	7,405.92	7,273.95	8,318.76	8,926.25	8,880.60
<b>Non current liabilities</b>	<b>10,444.62</b>	<b>18,017.77</b>	<b>15,710.00</b>	<b>12,604.33</b>	<b>13,621.02</b>	<b>14,233.50</b>
<b>Total Liabilities</b>	<b>59,230.34</b>	<b>50,603.30</b>	<b>36,653.82</b>	<b>46,784.50</b>	<b>43,340.54</b>	<b>47,335.13</b>
<b>Total Equities</b>	<b>57,050.68</b>	<b>61,110.07</b>	<b>63,147.14</b>	<b>69,194.82</b>	<b>74,698.39</b>	<b>84,284.52</b>
<b>Total Liabilities and equity</b>	<b>116,281.02</b>	<b>111,713.38</b>	<b>99,800.96</b>	<b>115,979.31</b>	<b>118,038.92</b>	<b>131,619.65</b>

## Cash Flow (IDR.bn)

Cash Flow (in IDR. bn)	2019A	2020A	2021F	2022F	2023F
+ Net Income	11,312.07	6,003.20	7,689.64	9,175.39	9,356.92
+Depreciation	6,439.59	8,097.86	6,079.84	5,520.63	6,462.64
- Change in WC	(12,722.85)	3,397.38	8,410.56	(5,437.85)	(1,819.48)
<b>Cash From Operating Activities</b>	<b>5,028.82</b>	<b>17,498.44</b>	<b>22,180.04</b>	<b>9,258.17</b>	<b>14,000.08</b>
capex	(6,696.80)	(2,816.62)	(5,428.88)	(9,878.78)	(10,644.86)
<b>cash from investing activities</b>	<b>(6,696.80)</b>	<b>(2,816.62)</b>	<b>(5,428.88)</b>	<b>(9,878.78)</b>	<b>(10,644.86)</b>
Long term liabilities	7,182.03	(2,320.48)	(4,189.94)	356.78	588.69
Financial lease	103.04	197.40	63.24	50.40	66.78
other borrowings	41.03	(52.72)	(23.79)	2.02	2.67
Other Long term liabilities	247.05	(131.97)	1,044.81	607.49	(45.66)
equity	(7,252.68)	(3,966.13)	(1,641.96)	(3,671.83)	229.21
<b>cash from financing activities</b>	<b>320.47</b>	<b>(6,273.91)</b>	<b>(4,747.63)</b>	<b>(2,655.13)</b>	<b>841.69</b>
<b>Net Changes in Cash</b>	<b>(1,347.51)</b>	<b>8,407.91</b>	<b>12,003.53</b>	<b>(3,275.74)</b>	<b>4,196.91</b>
<b>Beginning Balance</b>	<b>13,438.18</b>	<b>12,090.66</b>	<b>20,498.57</b>	<b>32,502.10</b>	<b>29,226.37</b>
<b>Ending balance</b>	<b>12,090.66</b>	<b>20,498.57</b>	<b>32,502.10</b>	<b>29,226.37</b>	<b>33,423.27</b>

## Ratio Highlights

Ratio Highlights	2018 A	2019 A	2020 A	2021 F	2022 F	2023 F
<b>Growth (% YoY)</b>						
Sales		-0.23%	-28.52%	14.36%	7.30%	9.02%
OP		-0.99%	-50.05%	16.50%	30.30%	2.60%
EBITDA		11.39%	-31.35%	9.07%	8.40%	7.76%
NP		1.68%	-46.93%	28.09%	19.32%	1.98%
EPS		1.68%	-46.93%	28.09%	19.32%	1.98%
<b>Profitability</b>						
Operating Margin(%)	19.82%	19.67%	13.74%	14.00%	17.00%	16.00%
EBITDA margin(%)	25.73%	28.72%	27.59%	26.31%	26.58%	26.28%
NET Profit margin(%)	13.15%	13.40%	9.95%	11.14%	12.39%	11.59%
ROA(%)	9.57%	10.13%	6.02%	6.63%	7.77%	7.11%
ROE(%)	19.50%	18.51%	9.51%	11.11%	12.28%	11.10%
<b>Stability</b>						
Debt/ Equity (X)	0.05	0.20	0.16	0.13	0.14	0.14
Current ratio (X)	1.14	1.56	2.11	1.79	1.98	2.06
Int. Coverage (x)	10.93	6.63	4.55	4.72	5.12	4.59
<b>Per Share data (IDR)</b>						
EPS	2983	3033	1609	2061	2460	2508
BVS	15,295	16,383	16,929	18,550	20,026	22,596

**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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