Equity Research – Company Update

Wednesday, 28 February 2024

Hold

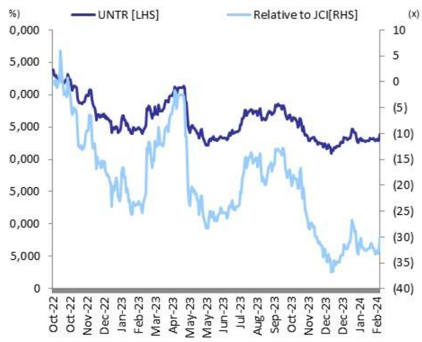
(Maintained)

Last Price (Rp)	**23,850**
Target Price (Rp)	**24,900**
Previous Target Price (Rp)	***24,900***
Upside/Downside	**+4.4%**
No. of Shares (mn)	**3,730**
Mkt Cap (Rpbn/US$mn)	**88,964/5,688**
Avg, Daily T/O (Rpbn/US$mn)	**106.6/6.8**
Free Float (%)	**37.9**
Major Shareholder (%)	
PT. Astra International Tbk	**59.5**

EPS Consensus (Rp)

	2024	**2024F**	**2025F**
BRIDS	4,605	4,070	3,814
Consensus	4,432	4,077	5,047
BRIDS/Cons (%)	**3.9**	**(0.2)**	**(24.4)**

UNTR relative to JCI Index



Source: Bloomberg

BRI Danareksa Sekuritas Analysts

Erindra Krisnawan, CFA
(62-21) 5091 4100 ext. 3500
erindra.krisnawan@brids.co.i

Christian Sitorus
(62-21) 5091 4100 ext. 3506
christian.sitorus@brids.co.id

United Tractors (UNTR IJ)

In-line FY23 net profit; 4Q23 revenue beat largely from coking coal and gold prices

- **UNTR posted in-line FY23 net profit of Rp20.6tr (96%/ 104% of our/ cons. forecast)**
- **4Q23 earnings improved to Rp5.3tr (+3% yoy/ +27% qoq) but was mainly driven by stronger coking coal and gold prices.**
- **We maintain our FY24-25F est. and Hold rating with unchanged SOTP-based TP of Rp24,900 amid our view of further coal price correction.**

Stronger 4Q23 rev. from coal+ gold, but flat/ weak other divisions

UNTR posted 4Q23 net profit of Rp5.3tr (+3% yoy/ +27% qoq), bringing FY23 net profit to Rp20.6tr (-2% yoy, 96%/ 104% of our/ consensus est). 4Q23 earnings improvement were driven by stronger revenues for the coal and gold mining units (combined +51% qoq/ -13% yoy), but with other key divisions posted weaker to flat revenue: heavy equipment -5% qoq/ -12% yoy, mining contracting (Pama) flat qoq yoy/ +5% yoy.

Pama: volume beat in 4Q23; Heavy equipment: aided by better ASPs

Pama's FY23 revenue of Rp54tr came in better-than-expected (at 108% of FY23 est.), driven by a higher FY23 OB volume of 1.16bn bcm (108% of our FY23 est.), inline fees. Pama's Jan24 production volume of 89mn bcm and 9.3Mt coal (+9% and +10% yoy) were also in-line with our FY24 expectation. Heavy equipment business posted FY23 revenue of Rp36.6tr (flat yoy, 105% of our est.), reflecting a slight revenue beat from Komatsu while parts and services revenues (+12% yoy) were in-line. Jan24 sales vol of 518 units (-24% yoy) were in-line with management's FY24 guidance.

Mining: ASPs beat offset slight volume miss in coal/ in-line gold

UNTR's coal mining unit posted FY23 revenue of Rp30.5tr, a slight beat to our est., driven by higher blended 4Q23 ASP of US$200/t, supported by robust 4Q23 coking coal price which more than offset miss in FY23 volume (FY23: 11.8Mt, 93% of our est.). Similarly, its gold mining's revenue beat (Rp5.2tr, 109% of our est.) reflected inline FY23 sales vol., but slightly better ASP.

Maintain Hold rating on expectation of further earnings contraction

We continue to expect UNTR's FY24 earnings to contract amid expectation of further thermal coal price normalization. Thus, we maintain our FY24-25 est and Hold rating on UNTR with an unchanged SOTP-based TP of Rp24,900. Key upside risk to our call is stronger coal price, while key downside risk is lower mining fee and heavy equipment sales.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (Rpbn)	123,607	128,583	114,259	117,054	125,065
EBITDA (Rpbn)	36,748	38,190	30,268	28,727	30,165
EBITDA Growth (%)	60.9	3.9	(20.7)	(5.1)	5.0
Net Profit (Rpbn)	21,005	20,612	17,177	15,183	14,226
EPS (Rp)	5,631.2	5,525.8	4,604.8	4,070.3	3,813.9
EPS Growth (%)	104.3	(1.9)	(16.7)	(11.6)	(6.3)
BVPS (Rp)	22,706.4	21,246.0	28,787.9	30,787.2	32,769.5
DPS (Rp)	7,003.0	2,534.0	2,582.6	2,071.0	1,831.6
PER (x)	4.2	4.3	5.2	5.9	6.3
PBV (x)	1.1	1.1	0.8	0.8	0.7
Dividen yield (%)	29.4	10.6	10.8	8.7	7.7
EV/EBITDA	1.4	2.3	2.2	1.9	1.9

Source: UNTR, BRIDS Estimates

In-line FY23 net profit; 4Q23 revenue beat largely from coking coal and gold prices

Exhibit 1. FY23/ 4Q23 results summary

UNTR 12M23 results (Rp bn)	FY23	FY22	yoy%	4Q23	4Q22	yoy%	3Q23	qoq%	BRIDS FY23F	% of BRIDS	Cons FY23F	% of Cons
Revenues	**128,583**	**123,607**	**4%**	**30,986**	**32,075**	**-3%**	**28,921**	**7%**	**120,256**	**107%**	**124,913**	**103%**
Heavy equipment	36,634	36,498	0%	7,953	9,077	-12%	8,408	-5%	35,031	105%		
Mining contracting	53,973	47,364	14%	14,826	14,133	5%	14,845	0%	50,053	108%		
Coal + gold mining	35,722	38,762	-8%	7,479	8,638	-13%	4,947	51%	34,172	105%		
Construction business	2,240	949	136%	723	220	229%	719	1%	1,200	187%		
COGS	**(92,797)**	**(88,848)**	**4%**	**(20,873)**	**(22,590)**	**-8%**	**(21,938)**	**-5%**	**(84,333)**	**110%**	**(91,963)**	**101%**
Gross profit	**35,786**	**34,759**	**3%**	**10,112**	**9,485**	**7%**	**6,982**	**45%**	**35,924**	**100%**	**32,950**	**109%**
Gross profit margin (%)	28%	28%		33%	30%		24%		30%		26%	
Opex	(6,063)	(5,626)	8%	(1,590)	(1,862)	-15%	(1,461)	9%	5,473	-111%	(6,498)	93%
Opex as % of revenues	4.7%	4.6%		5.1%	5.8%		5.1%		4.6%		-5.2%	
EBIT	**29,723**	**29,133**	**2%**	**8,523**	**7,622**	**12%**	**5,521**	**54%**	**30,450**	**98%**	**26,452**	**112%**
EBIT margin (%)	23%	24%		28%	24%		19%		25%			
Interest expenses	(1,879)	(760)	147%	(737)	(259)	185%	(582)	27%	(168)	1119%		
Interest income	1,127	998	13%	260	321	-19%	281	-7%	915	123%		
Income from associates	635	636	0%	190	143	34%	142	34%	638	100%		
Forex losses	0	0	N/A	0	0	N/A	0	N/A	0	N/A		
Others	(885)	(561)	58%	(739)	(640)	15%	19	-4030%	0	N/A		
Profit before tax	**28,720**	**29,446**	**-2%**	**7,497**	**7,187**	**4%**	**5,381**	**39%**	**31,835**	**90%**	**27,440**	**105%**
Tax	(6,590)	(6,452)	2%	(1,808)	(1,624)	11%	(1,283)	41%	(8,484)	78%	(7,590)	87%
Tax rate (%)	23%	22%		24%	23%		24%		27%			
Minority interest	(1,518)	(1,999)		(426)	(434)		34					
Net income	**20,612**	**20,995**	**-2%**	**5,263**	**5,129**	**3%**	**4,132**	**27%**	**21,407**	**96%**	**19,850**	**104%**
Net margin (%)	16%	17%		17%	16%		14%		18%		16%	

Source: Company

Exhibit 2. 4Q23 operational summary

Heavy equipment sales (in units)	12M23	12M22	yoy%	Dec-23	Dec-22	yoy%	Nov-23	mom%
Mining	3,217	3,423	-6%	113	160	-29%	221	-49%
Agri	701	528	33%	23	15	55%	44	-48%
Construction	899	1,153	-22%	56	68	-17%	77	-27%
Forestry	453	649	-30%	17	53	-69%	26	-35%
Heavy equipment sales	**5,270**	**5,753**	**-8%**	**209**	**296**	**-29%**	**369**	**-43%**

Mining contracting	12M23	12M22	yoy%	Dec-23	Dec-22	yoy%	Nov-23	mom%
Coal production (m tonnes)	130	116	11%	8.2	10.6	-23%	11.6	-29%
Overburden removal (m bcm)	1,155	954	21%	84.1	91.7	-8%	102.7	-18%
Total volume	1,285	1,070	20%	92	102.3	-10%	114	-19%
Strip ratio (x)	8.9	8.2	9%	10.3	8.7	19%	8.9	16%

Coal mining	12M23	12M22	yoy%	Dec-23	Dec-22	yoy%	Nov-23	mom%
Thermal coal sales (k tonnes)	9,246	7,566	22%	1,068	483	121%	1,002	7%
Coking coal sales (k tonnes)	2,543	2,369	7%	263	298	-12%	244	8%
Total coal sales	**11,789**	**9,935**	**19%**	**1,331**	**781**	**70%**	**1,246**	**7%**

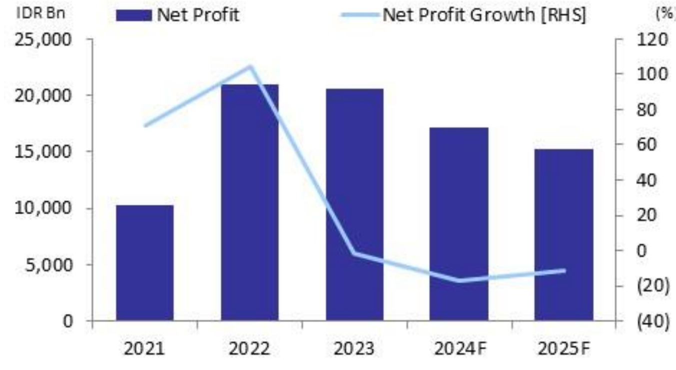
Gold mine	12M23	12M22	yoy%	Dec-23	Dec-22	yoy%	Nov-23	mom%
Volume in k oz	176	287	-39%	9	23	-61%	10	-10%

Source: Company

Exhibit 3. Revenue and Growth

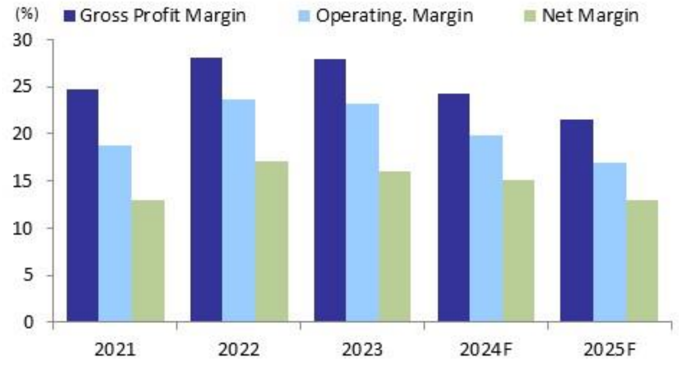
Source: Company, BRIDS Estimates

Exhibit 4. Net Profit and Growth



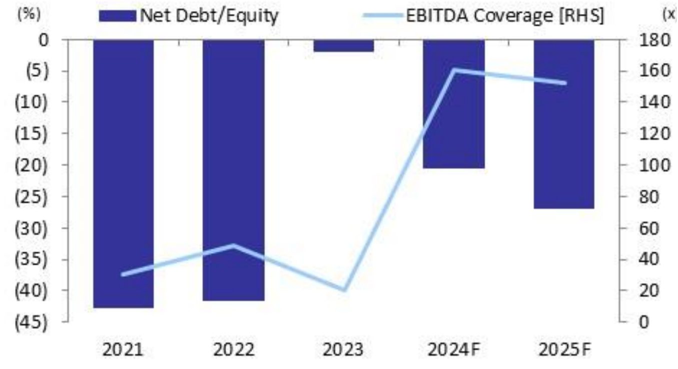
Source: Company, BRIDS Estimates

Exhibit 5. Margins



Source: Company, BRIDS Estimates

Exhibit 6. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 7. Income Statement

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Revenue	**123,607**	**128,583**	**114,259**	**117,054**	**125,065**
COGS	(88,848)	(92,797)	(86,494)	(91,860)	(98,375)
Gross profit	**34,759**	**35,786**	**27,765**	**25,193**	**26,690**
EBITDA	**36,748**	**38,190**	**30,268**	**28,727**	**30,165**
Oper. profit	**29,133**	**29,723**	**22,564**	**19,866**	**20,199**
Interest income	998	1,127	714	802	918
Interest expense	(760)	(1,879)	(188)	(188)	(283)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	636	635	585	790	1,017
Other Income (Expenses)	(561)	(885)	(200)	(200)	(200)
Pre-tax profit	**29,446**	**28,721**	**23,475**	**21,069**	**21,651**
Income tax	(6,452)	(6,590)	(4,460)	(4,003)	(5,413)
Minority interest	(1,989)	(1,518)	(1,838)	(1,883)	(2,012)
Net profit	**21,005**	**20,612**	**17,177**	**15,183**	**14,226**
Core Net Profit	**21,005**	**20,612**	**17,177**	**15,183**	**14,226**

Exhibit 8. Balance Sheet

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Cash & cash equivalent	38,282	18,597	23,829	33,690	32,162
Receivables	19,649	22,315	17,975	18,723	20,211
Inventory	15,390	17,184	16,021	10,796	17,923
Other Curr. Asset	5,610	4,571	5,610	5,610	5,610
Fixed assets - Net	35,583	53,847	48,487	53,584	56,296
Other non-curr.asset	25,965	37,514	39,374	39,374	39,374
Total asset	**140,478**	**154,028**	**151,295**	**161,776**	**171,575**
ST Debt	1,029	294	0	0	0
Payables	25,432	29,766	10,821	11,961	12,353
Other Curr. Liabilities	15,576	12,978	15,576	15,576	15,576
Long Term Debt	0	16,573	0	0	0
Other LT. Liabilities	8,927	10,381	8,927	8,927	8,927
Total Liabilities	**50,964**	**69,993**	**35,324**	**36,464**	**36,857**
Shareholder'sFunds	84,698	79,251	107,383	114,840	122,235
Minority interests	4,816	4,785	8,589	10,472	12,484
Total Equity & Liabilities	**140,478**	**154,028**	**151,295**	**161,776**	**171,575**

Exhibit 9. Cash Flow

Year to 31 Dec (Rpbn)	2022A	2023A	2024F	2025F	2026F
Net income	21,005	20,612	17,177	15,183	14,226
Depreciation and Amort.	7,616	8,466	7,704	8,862	9,966
Change in Working Capital	(1,087)	(173)	(6,702)	5,618	(8,222)
OtherOper. Cash Flow	5,358	(2,558)	1,838	1,883	2,012
Operating Cash Flow	**32,892**	**26,347**	**20,017**	**31,545**	**17,982**
Capex	11,167	13,992	13,940	13,959	12,678
Others Inv. Cash Flow	(21,568)	(47,432)	(27,881)	(27,918)	(25,356)
Investing Cash Flow	**(10,401)**	**(33,440)**	**(13,940)**	**(13,959)**	**(12,678)**
Net change in debt	(6,283)	15,796	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(3,252)	(9,452)	(9,633)	(7,725)	(6,832)
Other Fin. Cash Flow	(9,117)	(18,574)	0	0	0
Financing Cash Flow	**(18,653)**	**(12,230)**	**(9,633)**	**(7,725)**	**(6,832)**
Net Change in Cash	**3,837**	**(19,323)**	**(3,557)**	**9,861**	**(1,528)**
Cash - begin of the year	33,322	38,282	18,597	23,829	33,690
Cash - end of the year	38,282	18,597	23,829	33,690	32,162

Exhibit 10. Key Ratio

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Growth (%)					
Sales	55.6	4.0	(11.1)	2.4	6.8
EBITDA	60.9	3.9	(20.7)	(5.1)	5.0
Operating profit	95.8	2.0	(24.1)	(12.0)	1.7
Net profit	104.3	(1.9)	(16.7)	(11.6)	(6.3)
Profitability (%)					
Gross margin	28.1	27.8	24.3	21.5	21.3
EBITDA margin	29.7	29.7	26.5	24.5	24.1
Operating margin	23.6	23.1	19.7	17.0	16.2
Net margin	17.0	16.0	15.0	13.0	11.4
ROAA	16.6	14.0	11.3	9.7	8.5
ROAE	27.4	25.1	18.4	13.7	12.0
Leverage					
Net Gearing (x)	(0.4)	0.0	(0.2)	(0.3)	(0.2)
Interest Coverage (x)	38.3	15.8	119.7	105.4	71.4

Source : UNTR, BRIDS Estimates

BRI Danareksa Equity Research Team		
Erindra Krisnawan, CFA	Head of Equity Research, Strategy, Coal	erindra.krisnawan@brids.co.id
Natalia Sutanto	Consumer, Cigarettes, Pharmaceuticals, Retail	natalia.sutanto@brids.co.id
Niko Margaronis	Telco, Tower, Technology, Media	niko.margaronis@brids.co.id
Hasan Barakwan	Metal, Oil and Gas	hasan.barakwan@brids.co.id
Victor Stefano	Banks, Poultry	victor.stefano@brids.co.id
Ismail Fakhri Suweleh	Healthcare, Property, Industrial Estate	ismail.suweleh@brids.co.id
Richard Jerry, CFA	Automotive, Cement	richard.jerry@brids.co.id
Ni Putu Wilastita Muthia Sofi	Research Associate	wilastita.sofi@brids.co.id
Naura Reyhan Muchlis	Research Associate	naura.muchlis@brids.co.id
Sabela Nur Amalina	Research Associate	sabela.amalina@brids.co.id
Christian Immanuel Sitorus	Research Associate	christian.sitorus@brids.co.id

BRI Danareksa Economic Research Team		
Helmy Kristanto	Chief Economist, Macro Strategy	helmy.kristanto@brids.co.id
Dr. Telisa Aulia Falianty	Senior Advisor	telisa.falianty@brids.co.id
Kefas Sidauruk	Economist	kefas.sidauruk@brids.co.id

BRI Danareksa Institutional Equity Sales Team		
Yofi Lasini	Head of Institutional Sales and Dealing	yofi.lasini@brids.co.id
Novrita Endah Putrianti	Institutional Sales Unit Head	novrita.putrianti@brids.co.id
Ehrliech Suhartono	Institutional Sales Associate	ehrliech@brids.co.id
Yunita Nababan	Institutional Sales Associate	yunita@brids.co.id
Adeline Solaiman	Institutional Sales Associate	adeline.solaiman@brids.co.id
Andreas Kenny	Institutional Sales Associate	andreas.kenny@brids.co.id
Christy Halim	Institutional Sales Associate	christy.halim@brids.co.id
Jason Joseph	Institutional Sales Associate	Jason.joseph@brids.co.id

BRI Danareksa Sales Traders		
Mitcha Sondakh	Head of Sales Trader	mitcha.sondakh@brids.co.id
Suryanti Salim	Sales Trader	suryanti.salim@brids.co.id

INVESTMENT RATING	
BUY	Expected total return of 10% or more within a 12-month period
HOLD	Expected total return between -10% and 10% within a 12-month period
SELL	Expected total return of -10% or worse within a 12-month period