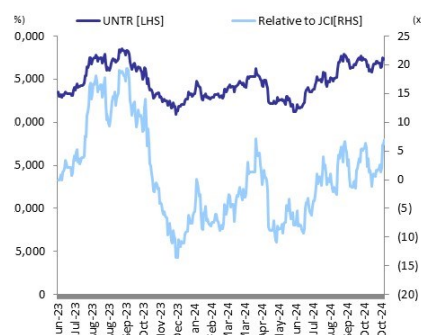


Buy

(Maintained)

Last Price (Rp)	27,350
Target Price (Rp)	31,000
Previous Target Price (Rp)	29,200
Upside/Downside	+13.3%
No. of Shares (mn)	3,730
Mkt Cap (Rpbn/US\$mn)	102,019/6,476
Avg, Daily T/O (Rpbn/US\$mn)	107.3/6.8
Free Float (%)	37.9
Major Shareholder (%)	
PT. Astra International Tbk	59.5
Iwan Hadiangoro	0.0
EPS Consensus (Rp)	
	2024F 2025F 2026F
BRIDS	5,673.1 5,634.8 5,342.9
Consensus	4,882.7 4,639.2 4,721.6
BRIDS/Cons (%)	(16.2) (21.5) (13.2)

UNTR relative to JCI Index



Source: Bloomberg

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United Tractors (UNTR II)

Raising FY24-26F est. post 3Q24 earnings beat; reiterate Buy on bottoming earnings, strong FCF

- UNTR posted robust 3Q24 net profit (+47% yoy/ +22% qoq), driving 9M24 beat, on strong performances of Pama and heavy equipment.
- We raise our FY24-26F net profit est. by 9-15%, taking into consideration expectation of stronger performance from Pama and heavy equipment.
- We reiterate Buy rating on the prospect of bottoming earnings and steady FCF generation, with a higher TP of Rp31k.

Solid 3Q24, supported by robust Pama and above-expected equipment sales

UNTR posted 3Q24 net profit of Rp6.1tr (+22% qoq/ +47% yoy), which brought 9M24 net profit to Rp15.6tr (+2% yoy; 80%/ 86% of BRIDS/ Cons FY24F- beat). The strong results were supported by 9M24 EBIT of Rp20.9tr (-2% yoy; 78%/ 82% of BRIDS/ Cons FY24F- beat), owing to: 1) strong 3Q24 revenue growth from mining contracting, supported by +2% qoq/ +9% yoy total unit (OB+ Coal) growth; 9M24 total unit formed 72% of our FY24F. 2) Above-expected revenue growth from heavy equipment (+36% qoq/ +29% yoy), on the back of stronger-than-expected Komatsu sales of 1,174 units (+15% qoq/ -4% yoy); 9M24 total unit of 3,321 (87% of our FY24F). 3) Higher production contribution from gold and nickel has offset lower revenue from coal mining, which fell -22% qoq in 3Q24 (9M24 revenue came in below our estimate at 70% of FY24F), reflecting lower 3Q24 volume (-26% qoq), likely due to delays in coal transportation.

Raising our FY24-26F est. by 9-15%

We raise our FY24-26F net profit estimate by 9-15%, as we take into consideration the following assumptions: 1) Komatsu sales of 4,480 units in FY24 (vs. 4,100 previously), reflecting -15% yoy and growth assumption of 5% in FY25 and 26F. 2) Unchanged production volumes for Pama (FY24F Coal/ OB of 146Mt/ 1.29bn bcm, +12% yoy), but higher gross margin of 15-17% (vs. our prev. assumptions of 14-15%). 3) Coal mine FY24 sales volume of 12.9Mt (vs. 12.5Mt prev.) and 5% growth in FY25F.

Reiterate Buy rating with a higher SOTP-based TP of Rp31k

We lift our SOTP-based TP to Rp31k to reflect our revised FY24-26F EPS est. Based on our revised numbers, we expect UNTR net profit to see a slight growth of +3% yoy in FY24F and expect a flattish profit in FY25F. We reiterate our Buy rating on combination of strong earnings and free cash flow generation, at attractive valuation of 2.8x EV/ EBITDA (at its 5-year mean). Key risks are: 1) weaker coal price. 2) Pama production disruptions.

Key Financials

Year to 31 Dec	2022A	2023A	2024F	2025F	2026F
Revenue (IDRbn)	123,607	128,583	137,597	145,705	162,036
EBITDA (IDRbn)	37,573	38,965	36,684	38,291	42,006
EBITDA Growth (%)	58.9	3.7	(5.9)	4.4	9.7
Net profit (IDRbn)	21,005	20,612	21,161	21,019	19,930
EPS (IDR)	5,631.2	5,525.8	5,673.1	5,634.8	5,342.9
EPS growth (%)	104.3	(1.9)	2.7	(0.7)	(5.2)
BVPS (IDR)	22,706.4	21,246.0	25,038.0	28,119.9	30,927.1
DPS (IDR)	7,003.0	7,004.0	2,486.6	2,552.9	2,535.7
PER (x)	4.9	4.9	4.8	4.9	5.1
PBV (x)	1.2	1.3	1.1	1.0	0.9
Dividend yield (%)	25.6	25.6	9.1	9.3	9.3
EV/EBITDA (x)	1.7	2.6	2.8	2.6	2.3

Source: UNTR, BRIDS Estimates

See important disclosure at the back of this report

Exhibit 1. 9M24 / 3Q24 Results Summary

UNTR 9M24 results (Rpbn)	9M24	9M23	yoy%	3Q24	3Q23	yoy%	2Q24	qoq%	BRIDS FY24F	% of BRIDS	Cons FY24F	% of Cons
Revenues	99,558	97,598	2%	35,043	28,921	21%	32,102	9%	137,597	72%	124,819	80%
Heavy equipment	26,459	28,681	-8%	10,855	8,408	29%	7,953	36%	35,525	74%		
Mining contracting	43,623	39,147	11%	15,693	14,845	6%	14,585	8%	59,331	74%		
Mining Concession	27,346	28,243	-3%	7,510	4,947	52%	9,669	-22%	40,757	67%		
Construction business	2,082	1,517	37%	974	719	35%	573	70%	1,984	105%		
COGS	(73,842)	(71,924)	3%	(26,196)	(21,938)	19%	(23,420)	12%	(102,206)	72%	(93,075)	79%
Gross profit	25,716	25,674	0%	8,847	6,982	27%	8,682	2%	35,391	73%	31,744	81%
Gross profit margin (%)	26%	26%		25%	24%		27%		26%		25%	
Opex	(4,860)	(4,473)	9%	(1,701)	(1,461)	16%	(1,566)	9%	(6,488)	75%	(6,401)	76%
Opex as % of revenues	4.9%	4.6%		4.9%	5.1%		4.9%		-4.7%		-5.1%	
EBIT	20,856	21,201	-2%	7,146	5,521	29%	7,117	0%	28,903	72%	25,343	82%
EBIT margin (%)	21%	22%		20%	19%		22%		21%			
Interest expenses	(2,048)	(1,142)	79%	(667)	(582)	15%	(701)	-5%	(1,871)	109%		
Interest income	848	867	-2%	310	281	10%	285	9%	713	119%		
Income from associates	379	445	-15%	113	142	-20%	(2)	-6718%	585	65%		
Forex losses	-	-	n.a	-	-	n.a	-		-			
Others	715	(146)	-590%	1,139	19	5955%	(80)	-1522%	(200)			
Profit before tax	20,750	21,224	-2%	8,042	5,381	49%	6,618	22%	28,131	74%	24,530	85%
Tax	(4,516)	(4,782)	-6%	(1,700)	(1,283)	33%	(1,530)	11%	(5,345)	84%	(6,373)	71%
Tax rate (%)	22%	23%		21%	24%		23%		19%			
Minority interest	(643)	(1,093)		(282)	34		(103)		(1,624)			
Net income	15,592	15,349	2%	6,059	4,132	47%	4,985	22%	21,161	74%	18,157	86%
Net margin (%)	16%	16%		17%	14%		16%		15%		15%	

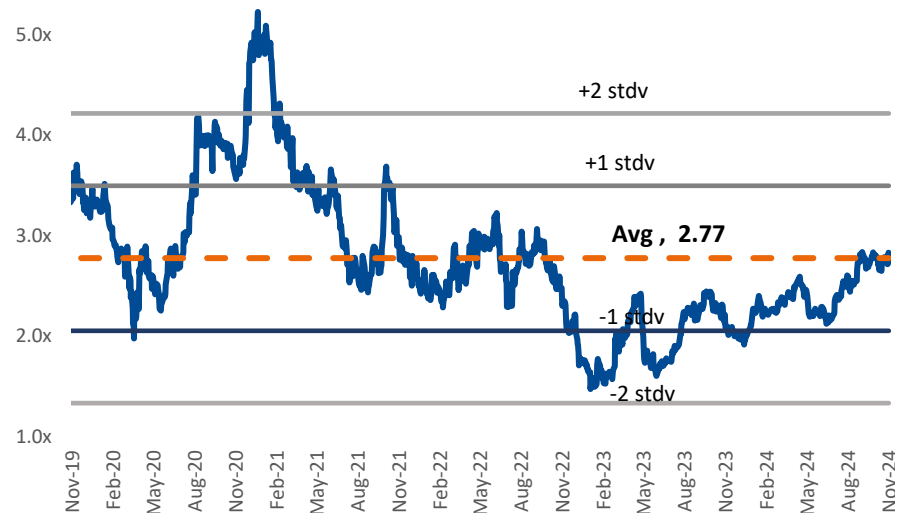
Source: Company, BRIDS Estimates

Exhibit 2. Estimates Revision Summary

Rpbn	New			Previous			Changes		
	2024F	2025F	2026F	2024F	2025F	2026F	2024F	2025F	2026F
Revenue	137,597	145,705	162,036	130,662	136,998	150,402	5%	6%	8%
Gross profit	35,391	35,526	39,094	32,816	31,794	34,959	8%	12%	12%
Operating profit	28,903	28,656	30,688	26,655	25,334	27,156	8%	13%	13%
Pre-tax profit	28,131	28,072	29,124	25,868	24,670	25,449	9%	14%	14%
Net Income	21,161	21,019	19,930	19,411	18,365	17,311	9%	14%	15%
Gross Margin	26%	24%	24%	25%	23%	23%			
Operating Margin	21%	20%	19%	20%	18%	18%			
Net Margin	15%	14%	12%	15%	13%	12%			

Source: Company, BRIDS Estimates

Exhibit 3. UNTR forward 5-year EV/EBITDA 2024-25 band



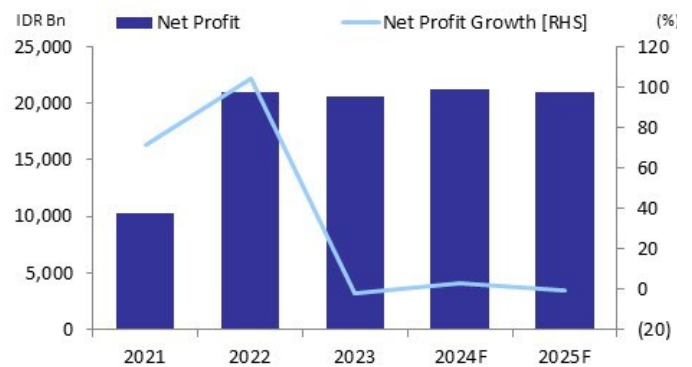
Source: Company, BRIDS

Exhibit 4. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 5. Net Profit and Growth



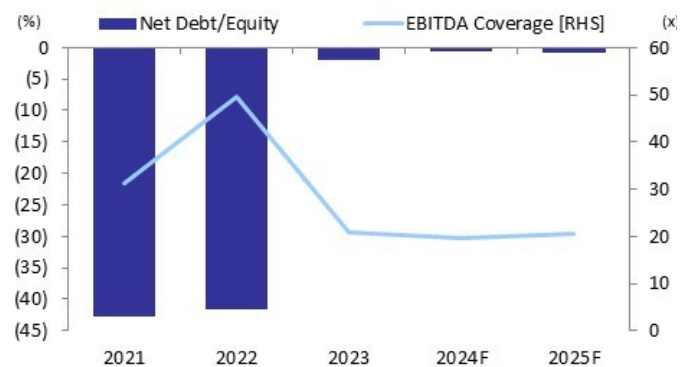
Source: Company, BRIDS Estimates

Exhibit 6. Margins



Source: Company, BRIDS Estimates

Exhibit 7. Gearing Level



Source: Company, BRIDS Estimates

Exhibit 8. Income Statement

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Revenue	123,607	128,583	137,597	145,705	162,036
COGS	(88,848)	(92,797)	(102,206)	(110,179)	(122,942)
Gross profit	34,759	35,786	35,391	35,526	39,094
EBITDA	37,573	38,965	36,684	38,291	42,006
Oper. profit	29,133	29,723	28,903	28,656	30,688
Interest income	998	1,127	713	698	783
Interest expense	(760)	(1,879)	(1,871)	(1,871)	(2,806)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	636	635	585	790	659
Other Income (Expenses)	(561)	(885)	(200)	(200)	(200)
Pre-tax profit	29,446	28,720	28,131	28,072	29,124
Income tax	(6,452)	(6,590)	(5,345)	(5,334)	(7,281)
Minority interest	(1,989)	(1,518)	(1,624)	(1,720)	(1,913)
Net profit	21,005	20,612	21,161	21,019	19,930
Core Net Profit	21,005	20,612	21,161	21,019	19,930

Exhibit 9. Balance Sheet

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Cash & cash equivalent	38,282	18,597	17,399	17,810	21,705
Receivables	19,649	22,315	22,331	24,706	27,146
Inventory	15,390	17,184	18,693	19,983	23,173
Other Curr. Asset	5,610	4,571	4,571	4,571	4,571
Fixed assets - Net	58,048	87,263	103,914	116,482	123,334
Other non-curr.asset	3,500	4,098	4,098	4,098	4,098
Total asset	140,478	154,028	171,006	187,649	204,028
ST Debt	1,029	294	294	294	294
Payables	25,432	29,766	30,975	34,402	38,397
Other Curr. Liabilities	15,576	12,978	12,978	12,978	12,978
Long Term Debt	0	16,573	16,573	16,573	16,573
Other LT. Liabilities	8,927	10,381	10,381	10,381	10,381
Total Liabilities	50,964	69,993	71,202	74,629	78,623
Shareholder's Funds	84,698	79,251	93,395	104,891	115,362
Minority interests	4,816	4,785	6,409	8,130	10,042
Total Equity & Liabilities	140,478	154,028	171,006	187,649	204,028

Exhibit 10. Cash Flow

Year to 31 Dec (Rpbn)	2021A	2022A	2023F	2024F	2025F
Net income	21,005	20,612	21,161	21,019	19,930
Depreciation and Amort.	8,440	9,241	7,781	9,635	11,318
Change in Working Capital	(1,087)	(173)	(316)	(237)	(1,636)
Other Oper. Cash Flow	4,534	(3,333)	1,624	1,720	1,913
Operating Cash Flow	32,892	26,347	30,251	32,137	31,524
Capex	11,167	21,244	22,173	22,203	18,170
Others Inv. Cash Flow	(21,568)	(54,684)	(44,347)	(44,406)	(36,341)
Investing Cash Flow	(10,401)	(33,440)	(22,173)	(22,203)	(18,170)
Net change in debt	(6,283)	15,796	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(3,252)	(9,452)	(9,275)	(9,523)	(9,458)
Other Fin. Cash Flow	(9,117)	(18,574)	0	0	0
Financing Cash Flow	(18,653)	(12,230)	(9,275)	(9,523)	(9,458)
Net Change in Cash	3,837	(19,323)	(1,198)	411	3,895
Cash - begin of the year	33,322	38,282	18,597	17,399	17,810
Cash - end of the year	38,282	18,597	17,399	17,810	21,705

Exhibit 11. Key Ratio

Year to 31 Dec	2021A	2022A	2023F	2024F	2025F
Growth (%)					
Sales	55.6	4.0	7.0	5.9	11.2
EBITDA	58.9	3.7	(5.9)	4.4	9.7
Operating profit	95.8	2.0	(2.8)	(0.9)	7.1
Net profit	104.3	(1.9)	2.7	(0.7)	(5.2)
Profitability (%)					
Gross margin	28.1	27.8	25.7	24.4	24.1
EBITDA margin	30.4	30.3	26.7	26.3	25.9
Operating margin	23.6	23.1	21.0	19.7	18.9
Net margin	17.0	16.0	15.4	14.4	12.3
ROAA	16.6	14.0	13.0	11.7	10.2
ROAE	27.4	25.1	24.5	21.2	18.1
Leverage					
Net Gearing (x)	(0.4)	0.0	0.0	0.0	0.0
Interest Coverage (x)	38.3	15.8	15.4	15.3	10.9

Source: UNTR, BRIDS Estimates

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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

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