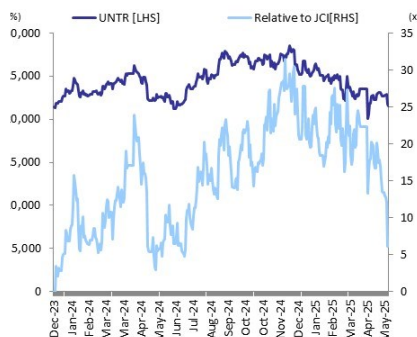


# Buy

(Maintained)

Last Price (Rp)	21,950
Target Price (Rp)	24,900
Previous Target Price (Rp)	31,000
Upside/Downside	+13.4%
No. of Shares (mn)	3,730
Mkt Cap (Rpbn/US\$mn)	81,876/4,947
Avg, Daily T/O (Rpbn/US\$mn)	99.5/6.0
Free Float (%)	37.9
Major Shareholder (%)	
PT. Astra International Tbk	59.5
Iwan Hadianoro	0.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	4,842 4,753 4,769
Consensus	4,855 4,698 4,488
BRIDS/Cons (%)	(0.3) 1.2 6.3

## UNTR relative to JCI Index



Source: Bloomberg

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# United Tractors (UNTR II)

## Earnings Risk Persist in 2Q25; Lowering Est. and TP

- Following 1Q25 earnings miss, we expect 2Q25 earnings to remain soft due to the still above-normal rainfall conditions and weaker coal price.
- We lowered our FY25-27F net profit forecast by -14%/-11%/-3%, taking into account flat growth for Pama's production and lower coal price.
- We maintain our Buy rating but with a lower TP of Rp24,900, as we see that the current 4.5x P/E has priced in the softer earnings expectation.

### Earnings dragged down by production shortfall and weak coal price

UNTR's weak 1Q25 earnings was mainly attributed to the combination of: 1) Production miss at Pama: coal and OB volume fell -12% yoy (15-20% below company's target) due to higher-than-expected rainfall during the quarter – which in turn, compressed margin by an estimated 4-5ppt yoy as production cost rose by an estimated 2% yoy. 2) Lower-than-expected margin from own coal mining. 3) Impairment of asset (RKEF smelter) in NIC (20%-owned) of Rp520bn, which offset the impact of higher nickel production and gold price.

### 2Q25 may remain soft due to weather condition and weaker coal price

While Pama aims to recover its production shortfall from 2Q25 onwards, this hinges on improved weather conditions. UNTR noted that rainfall in Apr25 remained above normal, hence we think Pama's production may remain below target in 2Q25. Coupled with weaker coal prices pressuring ASP, we believe this may delay earnings recovery until 3Q25, when weather conditions are expected to normalize. On a more positive note, management sees that thus far there are no renegotiations for Pama's mining fee adjustment from its clients, noting that such adjustment usually occurs in the 4Q of the year.

### Trimming our FY25-27F estimates

We cut our FY25-27F net profit forecast by -14%/-11%/-3%, mainly taking into consideration the following: 1) flat growth for Pama's production (vs. 10% growth previously), translating to 148Mt/ 1,218mn bcm and 163Mt/ 1,340mn bcm of coal/ OB for FY25/ FY26. 2) Lower coal price assumptions (FY25/ 26F Newcastle coal price of US\$110/ US\$90 per tonne). 3) NIC asset impairment. Our revised forecast now expects FY25 net profit to contract -7.5% yoy, followed by -1.8% in FY26, before expecting a slight recovery in FY27.

### Maintain Buy rating with lower TP of Rp24,900

We maintain our Buy rating but with a lower SOTP-based TP of Rp24,900 (implying 5.0x forward PE), reflecting our lower estimates, but also include our higher LT price assumptions for gold (at US\$2600/oz vs. US\$1800 prev.). While we see earnings risk persisting in FY25, particularly in 2Q25, we believe recent share price correction has priced in the weak outlook as reflected in current valuation discount (4.5x PE, -0.7SD to its 5-year mean).

### Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (IDRbn)	128,583	134,427	137,484	152,118	156,930
EBITDA (IDRbn)	38,965	38,457	33,160	35,668	36,525
EBITDA Growth (%)	3.7	(1.3)	(13.8)	7.6	2.4
Net profit (IDRbn)	20,612	19,531	18,064	17,733	17,788
EPS (IDR)	5,525.8	5,236.1	4,842.7	4,753.9	4,768.8
EPS growth (%)	(1.9)	(5.2)	(7.5)	(1.8)	0.3
BVPS (IDR)	21,246.0	24,918.0	28,521.8	31,338.6	34,205.8
DPS (IDR)	2,270.0	2,210.3	2,094.4	1,937.1	1,901.6
PER (x)	4.0	4.2	4.5	4.6	4.6
PBV (x)	1.0	0.9	0.8	0.7	0.6
Dividend yield (%)	10.3	10.1	9.5	8.8	8.7
EV/EBITDA (x)	2.1	1.9	2.1	1.7	1.4

Source: UNTR, BRIDS Estimates

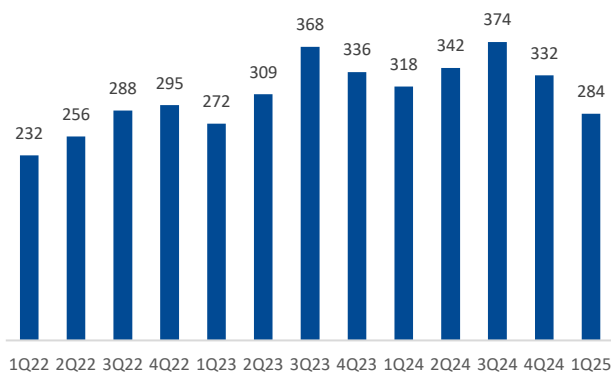
See important disclosure at the back of this report

Exhibit 1. UNTR forecast revision summary

Rpbn	Revised			Previous			Changes		
	2025F	2026F	2027F	2025F	2026F	2027F	2025F	2026F	2027F
Revenue	137,484	152,118	156,930	145,705	162,036	165,201	-6%	-6%	-5%
Gross profit	31,240	33,272	33,267	35,526	39,094	39,891	-12%	-15%	-17%
Operating profit	24,145	25,421	25,168	28,656	30,688	28,327	-16%	-17%	-11%
Pre-tax profit	23,043	24,530	24,632	28,072	29,124	27,086	-18%	-16%	-9%
Net Income	18,064	17,733	17,788	21,019	19,930	18,364	-14%	-11%	-3%
Gross Margin	23%	22%	21%	24%	24%	24%			
Operating Margin	18%	17%	16%	20%	19%	17%			
Net Margin	13%	12%	11%	14%	12%	11%			

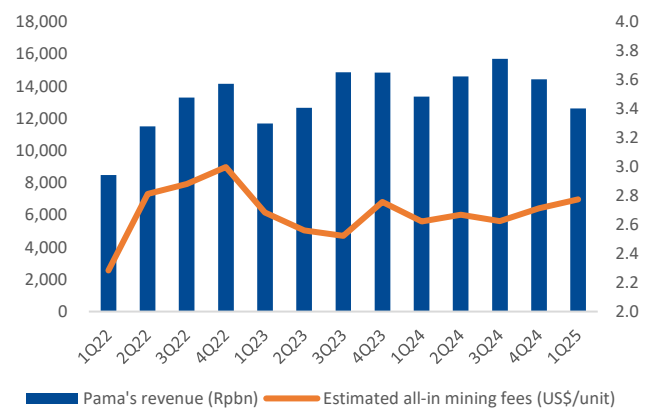
Source: Company, BRIDS Estimates

Exhibit 2. Pama's coal production and overburden volume



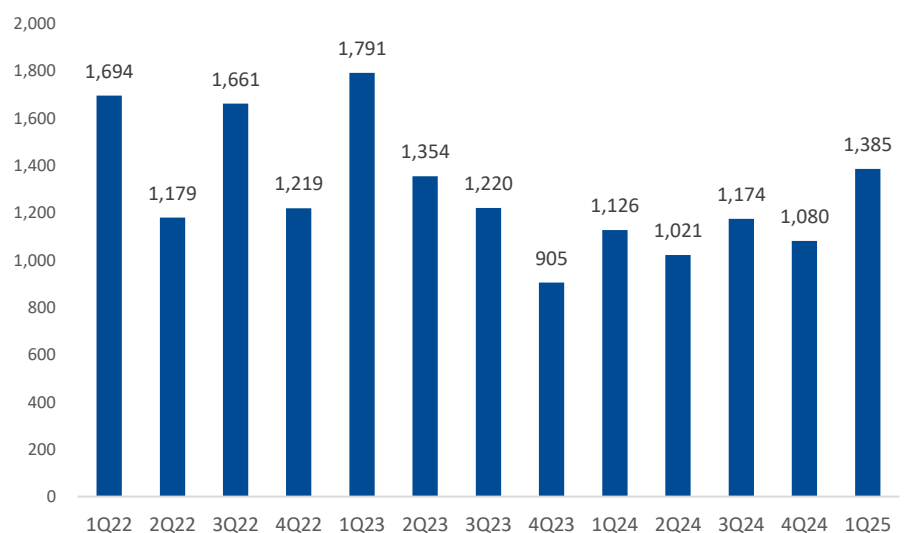
Source: Company, BRIDS

Exhibit 3. Pama's estimated mining fees



Source: Company, BRIDS

Exhibit 4. Komatsu quarterly sales volume



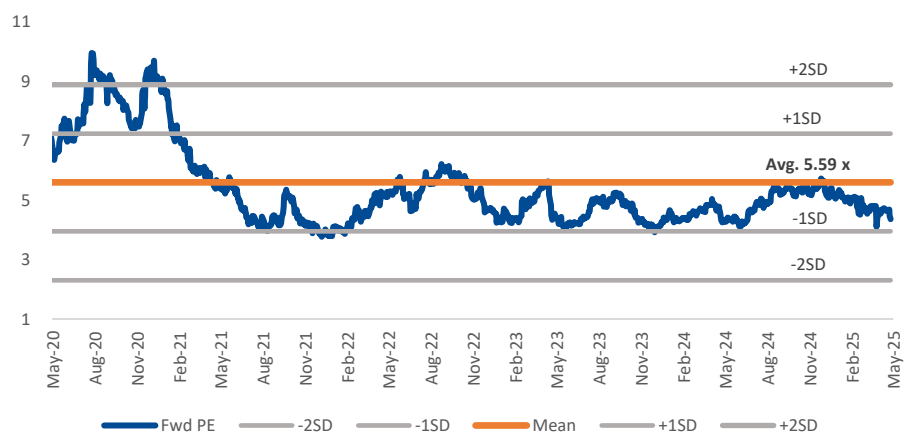
Source: Company, BRIDS

### Exhibit 5. Valuation summary

Valuation summary	Rp tr Valuation methodology
Coal related	60.7 DCF (LTG: 0%, WACC: 11%)
HE + PAMA	30.1 DCF (LTG: 0%, WACC: 11%)
Thermal + coking coal	30.6 DCF (LTG: 0%, WACC: 11%)
Gold	20.5 DCF (LTG: 0%, WACC: 11%) - implied target EV/resource of US\$250/oz
Construction	0.2 Target 1x P/BV
Nickel	6.4
<b>Asset value</b>	<b>87.7</b>
Cash	25.1
Debt	19.8
<b>Equity value</b>	<b>93.0</b>
No of shares (in bn)	3.7
<b>SOTP-based TP (Rp/sh)</b>	<b>24,900</b>

Source: BRIDS Estimates

### Exhibit 6. UNTR forward 5-yr P/E band



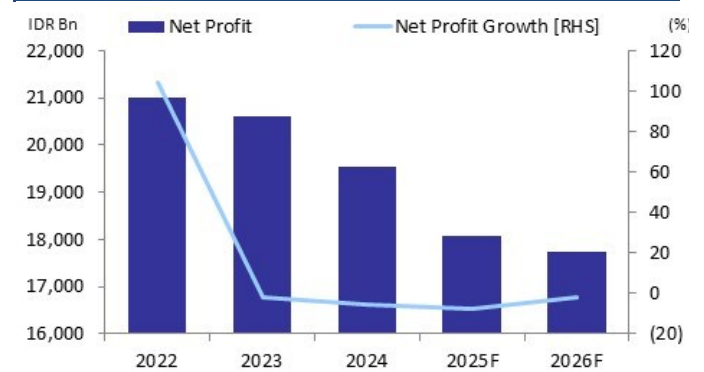
Source: Bloomberg, BRIDS Estimates

**Exhibit 7. Revenue and Growth**



Source: Company, BRIDS Estimates

**Exhibit 8. Net Profit and Growth**



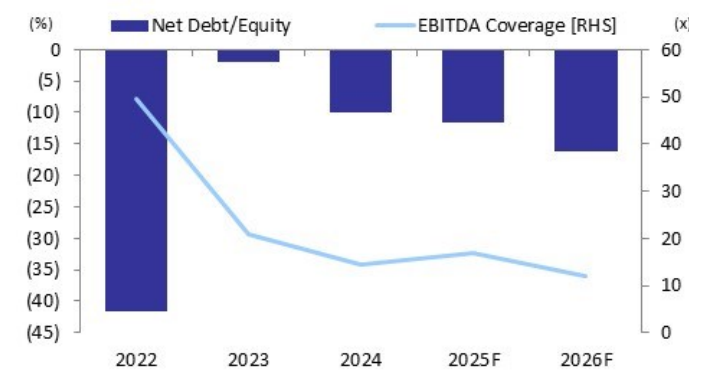
Source: Company, BRIDS Estimates

**Exhibit 9. Margins**



Source: Company, BRIDS Estimates

**Exhibit 10. Gearing Level**



Source: Company, BRIDS Estimates

**Exhibit 11. Income Statement**

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
<b>Revenue</b>	<b>128,583</b>	<b>134,427</b>	<b>137,484</b>	<b>152,118</b>	<b>156,930</b>
COGS	(92,797)	(100,595)	(106,243)	(118,845)	(123,662)
<b>Gross profit</b>	<b>35,786</b>	<b>33,832</b>	<b>31,240</b>	<b>33,272</b>	<b>33,267</b>
<b>EBITDA</b>	<b>38,965</b>	<b>38,457</b>	<b>33,160</b>	<b>35,668</b>	<b>36,525</b>
<b>Oper. profit</b>	<b>29,723</b>	<b>27,182</b>	<b>24,145</b>	<b>25,421</b>	<b>25,168</b>
Interest income	1,127	(1,150)	1,408	1,674	2,117
Interest expense	(1,879)	(2,651)	(1,982)	(2,974)	(2,974)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	635	637	(528)	408	320
Other Income (Expenses)	(885)	(421)	0	0	0
<b>Pre-tax profit</b>	<b>28,720</b>	<b>25,897</b>	<b>23,043</b>	<b>24,530</b>	<b>24,632</b>
Income tax	(6,590)	(5,779)	(4,378)	(6,132)	(6,158)
Minority interest	(1,518)	(587)	(601)	(665)	(686)
<b>Net profit</b>	<b>20,612</b>	<b>19,531</b>	<b>18,064</b>	<b>17,733</b>	<b>17,788</b>
<b>Core Net Profit</b>	<b>20,612</b>	<b>19,531</b>	<b>18,064</b>	<b>17,733</b>	<b>17,788</b>

**Exhibit 12. Balance Sheet**

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	18,597	25,093	28,409	35,169	45,254
Receivables	22,315	22,153	23,354	26,536	24,795
Inventory	17,184	16,994	19,103	21,275	20,740
Other Curr. Asset	4,571	5,740	5,740	5,740	5,740
Fixed assets - Net	87,263	94,851	105,655	108,602	111,066
Other non-curr.asset	4,098	4,650	4,650	4,650	4,650
<b>Total asset</b>	<b>154,028</b>	<b>169,481</b>	<b>186,911</b>	<b>201,974</b>	<b>212,246</b>
ST Debt	294	402	402	402	402
Payables	29,766	29,918	33,306	37,196	36,088
Other Curr. Liabilities	12,978	14,982	14,982	14,982	14,982
Long Term Debt	16,573	14,862	14,862	14,862	14,862
Other LT. Liabilities	10,381	11,140	11,140	11,140	11,140
<b>Total Liabilities</b>	<b>69,993</b>	<b>71,305</b>	<b>74,693</b>	<b>78,583</b>	<b>77,475</b>
Shareholder's Funds	79,251	92,947	106,390	116,897	127,592
Minority interests	4,785	5,228	5,828	6,493	7,179
<b>Total Equity &amp; Liabilities</b>	<b>154,028</b>	<b>169,481</b>	<b>186,911</b>	<b>201,974</b>	<b>212,246</b>

**Exhibit 13. Cash Flow**

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Net income	20,612	19,531	18,064	17,733	17,788
Depreciation and Amort.	9,241	11,276	9,016	10,246	11,357
Change in Working Capital	(173)	350	77	(1,464)	1,168
Other Oper. Cash Flow	(3,333)	(1,112)	601	665	686
<b>Operating Cash Flow</b>	<b>26,347</b>	<b>30,045</b>	<b>27,758</b>	<b>27,180</b>	<b>30,998</b>
Capex	21,244	15,351	16,628	13,194	13,821
Others Inv. Cash Flow	(54,684)	(29,554)	(33,257)	(26,388)	(27,641)
<b>Investing Cash Flow</b>	<b>(33,440)</b>	<b>(14,203)</b>	<b>(16,628)</b>	<b>(13,194)</b>	<b>(13,821)</b>
Net change in debt	15,796	1,114	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(9,452)	(8,245)	(7,812)	(7,226)	(7,093)
Other Fin. Cash Flow	(18,574)	(2,337)	0	0	0
<b>Financing Cash Flow</b>	<b>(12,230)</b>	<b>(9,468)</b>	<b>(7,812)</b>	<b>(7,226)</b>	<b>(7,093)</b>
<b>Net Change in Cash</b>	<b>(19,323)</b>	<b>6,374</b>	<b>3,317</b>	<b>6,760</b>	<b>10,085</b>
Cash - begin of the year	38,282	18,597	25,093	28,409	35,169
Cash - end of the year	18,597	25,093	28,409	35,169	45,254

**Exhibit 14. Key Ratio**

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Sales	4.0	4.5	2.3	10.6	3.2
EBITDA	3.7	(1.3)	(13.8)	7.6	2.4
Operating profit	2.0	(8.6)	(11.2)	5.3	(1.0)
Net profit	(1.9)	(5.2)	(7.5)	(1.8)	0.3
<b>Profitability (%)</b>					
Gross margin	27.8	25.2	22.7	21.9	21.2
EBITDA margin	30.3	28.6	24.1	23.4	23.3
Operating margin	23.1	20.2	17.6	16.7	16.0
Net margin	16.0	14.5	13.1	11.7	11.3
ROAA	14.0	12.1	10.1	9.1	8.6
ROAE	25.1	22.7	18.1	15.9	14.6
<b>Leverage</b>					
Net Gearing (x)	0.0	(0.1)	(0.1)	(0.2)	(0.2)
Interest Coverage (x)	15.8	10.3	12.2	8.5	8.5

Source : UNTR, BRIDS Estimates

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<b>BUY</b>	Expected total return of 10% or more within a 12-month period
<b>HOLD</b>	Expected total return between -10% and 10% within a 12-month period
<b>SELL</b>	Expected total return of -10% or worse within a 12-month period

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