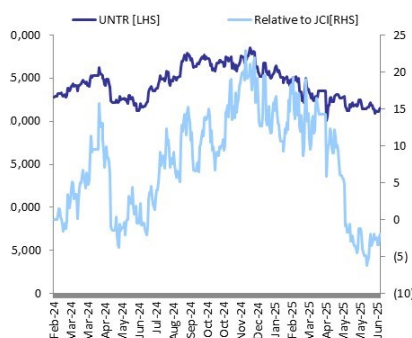


# Buy

(Maintained)

Last Price (Rp)	21,475
Target Price (Rp)	23,800
Previous Target Price (Rp)	24,900
Upside/Downside	+10.8%
No. of Shares (mn)	3,730
Mkt Cap (Rpbn/US\$mn)	80,105/4,945
Avg, Daily T/O (Rpbn/US\$mn)	96.6/6.0
Free Float (%)	37.9
Major Shareholder (%)	
PT. Astra International Tbk	59.5
Iwan Hadianoro	0.0
EPS Consensus (Rp)	
	2025F 2026F 2027F
BRIDS	4,451 4,285 4,157
Consensus	4,609 4,443 4,192
BRIDS/Cons (%)	(3.4) (3.5) (0.8)

## UNTR relative to JCI Index



Source: Bloomberg

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# United Tractors (UNTR II)

## Earnings Risk from Pama Volumes and Weak Coal Price

- Despite Pama's improving May25 production volumes, 5M25 achievement remains well below FY25 target (at 37% of FY25).
- We trimmed our FY25-27F estimates by -8%/-10%/-13% to reflect lower Pama's production and weaker-than-expected coal price.
- We Maintain Buy rating with lower SOTP-based TP of Rp23,800, as UNTR's strong FCF generation remains intact.

### Pama's volume shortfall remains a key risk for earnings

Following soft 1Q25 and Apr25 production volume delivery due to above-average rainfall, Pama's May25 OB/ coal volume showed improvement to 95mn bcm/ 12Mt (+12%/ 16% m-m), but still trailing May24 levels (-11%/ -4% yoy). The company indicated that weather conditions have started to improve since May25, with expectation of more normal conditions to prevail in Jun25. Nonetheless, with 5M25 OB volumes of 433mn bcm (-12% yoy) only making up for 37% of our FY25 target (1,157mn bcm), we believe it is challenging for Pama to attain FY25 target.

### Komatsu sales: front-loaded demand in 5M25; 2H25 normalization

Komatsu sales remain the bright spot for UNTR, up 34% yoy in 5M25, driven by sales to forestry sector (+64% yoy). Mgmt attributed the robust volume partly to spillover demand from the mining sector in FY24, with some clients opting for early deliveries in 1H25. As a result, sales volumes are expected to taper in 2H25, and management reiterated its full-year sales volume target of 4,500–4,600 units, despite 5M25 already accounting for 51% of the target.

### Weaker-than-expected coal price underscores persisting oversupply

The Newcastle coal price has averaged at US\$104.1/t in 5M25, down 21% yoy and below our average FY25 forecast of US\$115/t. Price pressures stem from a combination of declining demand (China's import -5%, India -4% yoy in 4M25), combined with robust supply as China, Australia and Indonesia have increased production. With seasonal restocking only expected to start in 4Q25, we see ST price trend to remain bearish.

### Maintain Buy rating with lower SOTP-based TP of Rp23,800

We lowered Pama's FY25 OB volumes forecast to -5% and Newcastle coal price assumption to US\$105/t. These factors lead us to revise down of our FY25-27F est. by -8%/-10%/-13% and lower our SOTP-based TP to Rp23,800 (from Rp24,900 prev.). While we see earnings risk persisting in 2Q25, we believe recent share price underperformance has priced in the weak outlook as reflected in current valuation discount (4.5x PE, -0.7SD to its 5-year mean). Thus, we maintain our Buy rating as UNTR's strong FCF generation remains intact. Key risks are Pama's production disruption and weaker coal price.

### Key Financials

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
Revenue (IDRbn)	128,583	134,427	131,573	141,814	145,128
EBITDA (IDRbn)	38,965	38,457	31,329	33,335	33,507
EBITDA Growth (%)	3.7	(1.3)	(18.5)	6.4	0.5
Net profit (IDRbn)	20,612	19,531	16,604	15,987	15,509
EPS (IDR)	5,525.8	5,236.1	4,451.2	4,285.8	4,157.9
EPS growth (%)	(1.9)	(5.2)	(15.0)	(3.7)	(3.0)
BVPS (IDR)	21,246.0	24,918.0	28,130.3	30,635.6	33,079.2
DPS (IDR)	2,270.0	2,210.3	2,094.4	1,780.5	1,714.3
PER (x)	3.9	4.1	4.8	5.0	5.2
PBV (x)	1.0	0.9	0.8	0.7	0.6
Dividend yield (%)	10.6	10.3	9.8	8.3	8.0
EV/EBITDA (x)	2.0	1.8	2.2	1.9	1.6

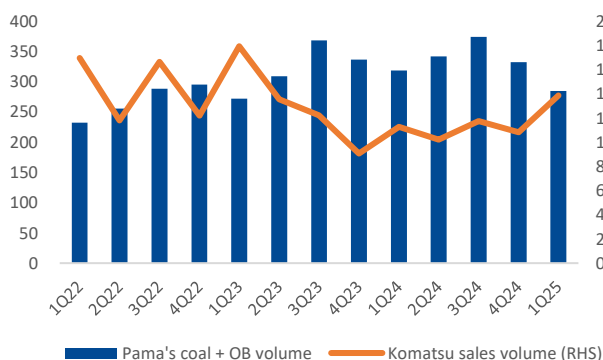
Source: UNTR, BRIDS Estimates

### Exhibit 1. UNTR 5M25 operational summary

Heavy equipment sales (units)	5M25	5M24	yoy%	May-25	May-24	yoy%	Apr-25	mom%	BRIDS FY25	% of BRIDS
Mining	1,522	1,156	32%	269	203	32%	321	-16%	3,016	50%
Agro	295	220	34%	79	64	22%	85	-8%	524	56%
Construction	273	224	22%	56	43	30%	35	58%	712	38%
Forestry	258	158	64%	60	46	30%	60	0%	369	70%
<b>Heavy equipment sales</b>	<b>2,349</b>	<b>1,757</b>	<b>34%</b>	<b>463</b>	<b>357</b>	<b>30%</b>	<b>501</b>	<b>-8%</b>	<b>4,621</b>	<b>51%</b>
<b>Mining contracting</b>	12%									
Coal production (Mt)	55	57	-3%	12	13	-4%	11	16%	148	37%
Overburden removal (Mn bcm)	433	491	-12%	95	107	-11%	85	12%	1,157	37%
Total volume	488	547	-11%	108	120	-10%	96	12%	1,305	37%
Strip ratio (x)	7.9	8.6	-9%	7.7	8.3	-7%	8.0	-4%	7.8	101%
<b>Coal mining ('000 tonnes)</b>										
Thermal coal sales	4,793	4,892	-2%	1,324	676	96%	740	79%	13,592	35%
Coking coal sales	1,777	1,348	32%	323	295	9%	351	-8%	2,543	70%
<b>Total coal sales</b>	<b>6,570</b>	<b>6,240</b>	<b>5%</b>	<b>1,647</b>	<b>971</b>	<b>70%</b>	<b>1,091</b>	<b>51.0%</b>	<b>16,135</b>	<b>41%</b>
<b>Nickel Mining ('000 wmt)</b>										
Limonite	597	422	41%	121	114.0	6%	106	14%	1,200	50%
Saprolite	291	365	-20%	67	74.0	-9%	69	-3%	800	36%
<b>Total Nickel Ore Sales</b>	<b>888</b>	<b>787</b>	<b>13%</b>	<b>188</b>	<b>188</b>	<b>0%</b>	<b>175</b>	<b>7%</b>	<b>2,000</b>	<b>44%</b>
<b>Gold mine (K oz)</b>										
Volume	100	84	19%	11	18	-40%	32	-66%	300	33%

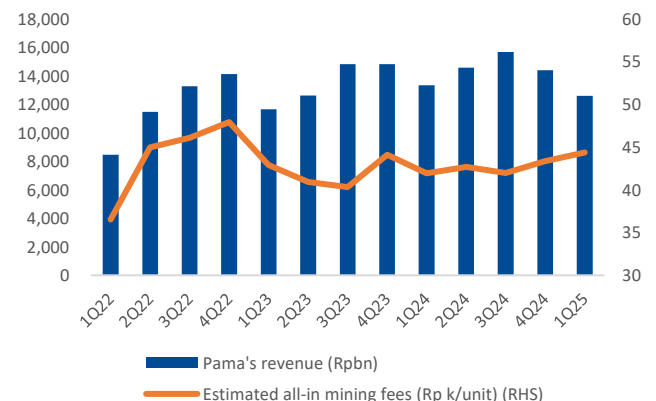
Source: Company, BRIDS Estimates

### Exhibit 2. Pama's production & Komatsu sales volume



Source: Company, BRIDS

### Exhibit 3. Pama's estimated mining fees



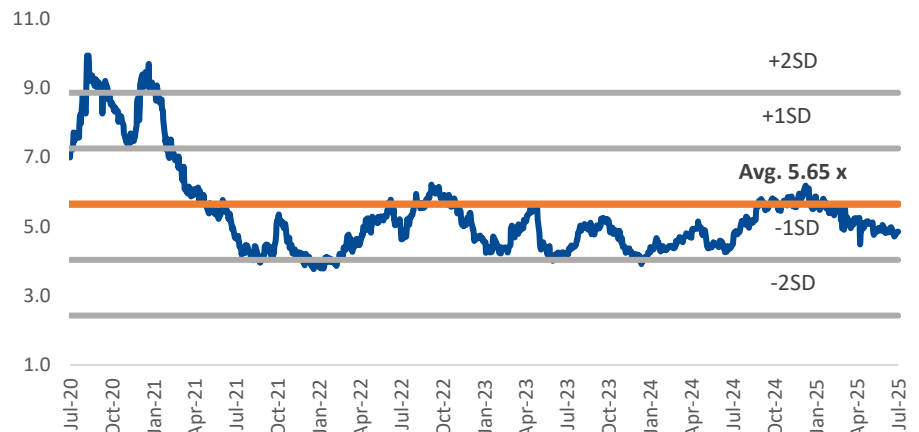
Source: Company, BRIDS

### Exhibit 4. Valuation summary

Valuation summary	Rp tr Valuation methodology
Coal related	52.6 DCF (LTG: 0%, WACC: 11%)
HE + PAMA	23.2 DCF (LTG: 0%, WACC: 11%)
Thermal + coking coal	29.4 DCF (LTG: 0%, WACC: 11%)
Gold	24.2 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>83.3</b>
Cash	25.1
Debt	19.8
<b>Equity value</b>	<b>88.6</b>
No of shares (in bn)	3.7
<b>SOTP-based TP (Rp/sh)</b>	<b>23,800</b>

Source: Company, BRIDS Estimates

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



Source: Company

Exhibit 6. Revenue and Growth



Source: Company, BRIDS Estimates

Exhibit 7. Net Profit and Growth



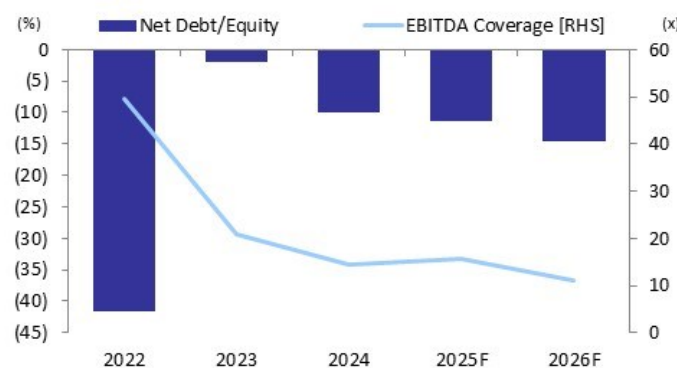
Source: Company, BRIDS Estimates

Exhibit 8. Margins



Source: Company, BRIDS Estimates

Exhibit 9. Gearing Level



Source: Company, BRIDS Estimates

**Exhibit 10. Income Statement**

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
<b>Revenue</b>	<b>128,583</b>	<b>134,427</b>	<b>131,573</b>	<b>141,814</b>	<b>145,128</b>
COGS	(92,797)	(100,595)	(102,457)	(111,389)	(115,447)
<b>Gross profit</b>	<b>35,786</b>	<b>33,832</b>	<b>29,116</b>	<b>30,426</b>	<b>29,680</b>
<b>EBITDA</b>	<b>38,965</b>	<b>38,457</b>	<b>31,329</b>	<b>33,335</b>	<b>33,507</b>
<b>Oper. profit</b>	<b>29,723</b>	<b>27,182</b>	<b>22,326</b>	<b>23,106</b>	<b>22,190</b>
Interest income	1,127	1,150	1,392	1,601	1,988
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>21,208</b>	<b>22,142</b>	<b>21,525</b>
Income tax	(6,590)	(5,779)	(4,029)	(5,535)	(5,381)
Minority interest	(1,518)	(587)	(575)	(620)	(634)
<b>Net profit</b>	<b>20,612</b>	<b>19,531</b>	<b>16,604</b>	<b>15,987</b>	<b>15,509</b>
<b>Core Net Profit</b>	<b>20,612</b>	<b>19,531</b>	<b>16,604</b>	<b>15,987</b>	<b>15,509</b>

**Exhibit 11. Balance Sheet**

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Cash & cash equivalent	18,597	25,093	27,796	33,000	42,520
Receivables	22,315	22,153	21,584	25,221	22,576
Inventory	17,184	16,994	17,817	20,028	19,196
Other Curr. Asset	4,571	5,740	5,740	5,740	5,740
Fixed assets - Net	87,263	94,851	105,651	108,522	110,614
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>183,238</b>	<b>197,161</b>	<b>205,296</b>
ST Debt	294	402	402	402	402
Payables	29,766	29,918	31,119	35,076	33,463
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>72,506</b>	<b>76,464</b>	<b>74,850</b>
Shareholder's Funds	79,251	92,947	104,930	114,275	123,390
Minority interests	4,785	5,228	5,803	6,422	7,056
<b>Total Equity &amp; Liabilities</b>	<b>154,028</b>	<b>169,481</b>	<b>183,238</b>	<b>197,161</b>	<b>205,296</b>

**Exhibit 12. Cash Flow**

Year to 31 Dec (IDRbn)	2023A	2024A	2025F	2026F	2027F
Net income	20,612	19,531	16,604	15,987	15,509
Depreciation and Amort.	9,241	11,276	9,003	10,229	11,317
Change in Working Capital	(173)	350	947	(1,891)	1,863
Other Oper. Cash Flow	(3,333)	(1,112)	575	620	634
<b>Operating Cash Flow</b>	<b>26,347</b>	<b>30,045</b>	<b>27,128</b>	<b>24,944</b>	<b>29,324</b>
Capex	21,244	14,887	16,612	13,099	13,409
Others Inv. Cash Flow	(54,684)	(29,090)	(33,224)	(26,198)	(26,818)
<b>Investing Cash Flow</b>	<b>(33,440)</b>	<b>(14,203)</b>	<b>(16,612)</b>	<b>(13,099)</b>	<b>(13,409)</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)	(6,641)	(6,395)
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>(6,641)</b>	<b>(6,395)</b>
<b>Net Change in Cash</b>	<b>(19,323)</b>	<b>6,374</b>	<b>2,704</b>	<b>5,204</b>	<b>9,520</b>
Cash - begin of the year	38,282	18,597	25,093	27,796	33,000
Cash - end of the year	18,597	25,093	27,796	33,000	42,520

**Exhibit 13. Key Ratio**

Year to 31 Dec	2023A	2024A	2025F	2026F	2027F
<b>Growth (%)</b>					
Sales	4.0	4.5	(2.1)	7.8	2.3
EBITDA	3.7	(1.3)	(18.5)	6.4	0.5
Operating profit	2.0	(8.6)	(17.9)	3.5	(4.0)
Net profit	(1.9)	(5.2)	(15.0)	(3.7)	(3.0)
<b>Profitability (%)</b>					
Gross margin	27.8	25.2	22.1	21.5	20.5
EBITDA margin	30.3	28.6	23.8	23.5	23.1
Operating margin	23.1	20.2	17.0	16.3	15.3
Net margin	16.0	14.5	12.6	11.3	10.7
ROAA	14.0	12.1	9.4	8.4	7.7
ROAE	25.1	22.7	16.8	14.6	13.1
<b>Leverage</b>					
Net Gearing (x)	0.0	(0.1)	(0.1)	(0.1)	(0.2)
Interest Coverage (x)	15.8	10.3	11.3	7.8	7.5

Source : UNTR, BRIDS Estimates

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**INVESTMENT RATING**

<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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