Buy

(Maintained)

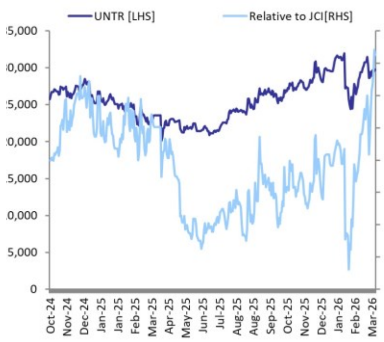
Tactical (3M): **OW**

Last Price (Rp)	**29,775**
Target Price (Rp)	**33,000**
Previous TP (Rp)	***32,000***
Upside/Downside	**10.8%**
No. of Shares (mn)	**3,730**
Mkt Cap (Rpbn/US$mn)	**111,065/6,587**
Avg, Daily T/O (Rpbn/US$mn)	**143.5/8.5**
Free Float (%)	**35.7**
Major Shareholder (%)	
PT. Astra International Tbk	**59.5**
Iwan Hadiantoro	**0.0**

EPS Consensus (Rp)

	2026F	**2027F**	**2028F**
BRIDS	4,771	5,249	4,817
Consensus	4,434	4,572	5,823
BRIDS/Cons (%)	**7.6**	**14.8**	**(17.3)**

UNTR relative to JCI Index



Source: Bloomberg

United Tractors (UNTR IJ)

Retaining Strong FCF Generation Despite Challenging Operational Outlook

- **Martabe gold mine operational halt and potential coal RKAB cut present uncertainties for UNTR in FY26.**
- **Higher coal and gold prices offset earnings impact from lower production vol; we raise our FY26-27 forecast by 8.4%-22.6%.**
- **Reiterate Buy rating with a higher TP of Rp33,000, as intact FCF generation supports better shareholder returns.**

FY26 challenges from Martabe and RKAB cut uncertainties

UNTR enters FY26 facing uncertainties from the Martabe gold mine operational halt and the potential reduction in coal RKAB, which may affect both mining contracting volumes and production at its own mine (TTA). Management indicated that discussions with authorities on Martabe are ongoing, with operations potentially restarting within 1-2 months pending approval and RKAB issuance. Pama is currently operating at full capacity but was affected by heavy rainfall in Feb26, while the impact of potential RKAB cuts from clients is expected to materialize from Apr26 onward. Management expects the impact to be partially mitigated as around 50% of Pama's revenue comes from clients with IUPK licenses, which carry lower risk of RKAB cut. The company also plans to apply for an RKAB revision for its own coal mine in 2Q26.

Earnings to be supported by upside from gold and coal price

We have adjusted our gold production assumption to 120k oz (from 204k prev.) to account for Martabe's current operational halt (assuming production to restart in 2H26) and coal production for UNTR own mines to 14.8Mt (from 18.2Mt prev.) and Pama's OB/ Coal to 935mbcm/ 125Mt (from 1.3bn/141Mt prev.) to account for the RKAB cut. Despite this, we expect FY26 earnings to be supported by the higher gold and coal price (US$4,900 and US$130/t, respectively), as we see positive impact from the energy supply disruption amid Middle East conflict to benefit coal (see our Coal sector report).

Reiterate Buy rating with a higher TP of Rp33,000

We expect UNTR's strong FCF generation to remain intact at around Rp34.7tr in FY26, supporting management's commitment to shareholder returns, as reflected in the Rp4tr share buyback program in 4Q25-1H26. Potential upside in gold and coal prices should help cushion operational risks in FY26. UNTR currently trades at 6.2x PE 2026F (+1.1 SD to 5-year mean) and we expect earnings to recover in FY26 and improve further in FY27, supported by operational normalization and contribution from the Stargate nickel smelter. We maintain our Buy rating with a higher TP of Rp33,000. Key risks include potential Martabe operation revocation, lower coal RKAB approval, and weaker coal and gold prices.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (Rpbn)	134,427	131,301	121,802	128,478	126,073
EBITDA (Rpbn)	38,457	34,269	31,334	34,410	32,846
EBITDA Growth (%)	(1.3)	(10.9)	(8.6)	9.8	(4.5)
Net Profit (Rpbn)	19,531	14,810	17,798	19,580	17,969
EPS (Rp)	5,236.1	3,970.5	4,771.5	5,249.1	4,817.4
EPS Growth (%)	(5.2)	(24.2)	20.2	10.0	(8.2)
BVPS (Rp)	24,918.0	26,211.8	29,074.2	31,738.3	33,712.0
DPS (Rp)	2,270.0	2,151.0	2,151.0	2,585.0	2,843.7
PER (x)	5.7	7.5	6.2	5.7	6.2
PBV (x)	1.2	1.1	1.0	0.9	0.9
Dividen yield (%)	7.6	7.2	7.2	8.7	9.6
EV/EBITDA	2.6	2.7	2.7	2.3	2.2

Source: UNTR, BRIDS Estimates

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Exhibit 1. UNTR forecast revision summary

Rpbn	Revised			Previous			Changes		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2027F
Revenue	121,802	128,478	126,073	130,436	133,111	133,541	*-6.6%*	*-3.5%*	*-5.6%*
Gross profit	31,578	34,054	31,438	30,431	29,766	29,663	*3.8%*	*14.4%*	*6.0%*
Operating profit	25,291	27,423	24,931	23,700	22,896	22,771	*6.7%*	*19.8%*	*9.5%*
Pre-tax profit	24,184	26,584	24,428	22,647	22,076	22,545	*6.8%*	*20.4%*	*8.4%*
Net Income	17,798	19,580	17,969	16,416	15,976	16,325	*8.4%*	*22.6%*	*10.1%*
Gross Margin	26%	27%	25%	23%	22%	22%			
Operating Margin	21%	21%	20%	18%	17%	17%			
Net Margin	15%	15%	14%	13%	12%	12%			
Heavy equipment sales (units)	4,361	4,361	4,361	4,348	4,348	4,348	*0.3%*	*0.3%*	*0.3%*
PAMA OB (Mn bcm)	935	982	982	1,192	1,251	1,251	*-21.5%*	*-21.5%*	*-21.5%*
Coal sales volume ('000 tonnes)	14,775	14,775	14,775	18,173	18,173	18,173	*-18.7%*	*-18.7%*	*-18.7%*
Gold sales volume (K oz)	120	215	215	204	204	204	*-41.2%*	*5.3%*	*5.3%*
Blended coal mining ASP (US$/tonne)	120	107	101	97	92	92	*23.8%*	*15.6%*	*9.6%*
Gold ASP (US$/oz)	4,900	4,410	3,969	3,330	2,970	2,970	*47.1%*	*48.5%*	*33.6%*

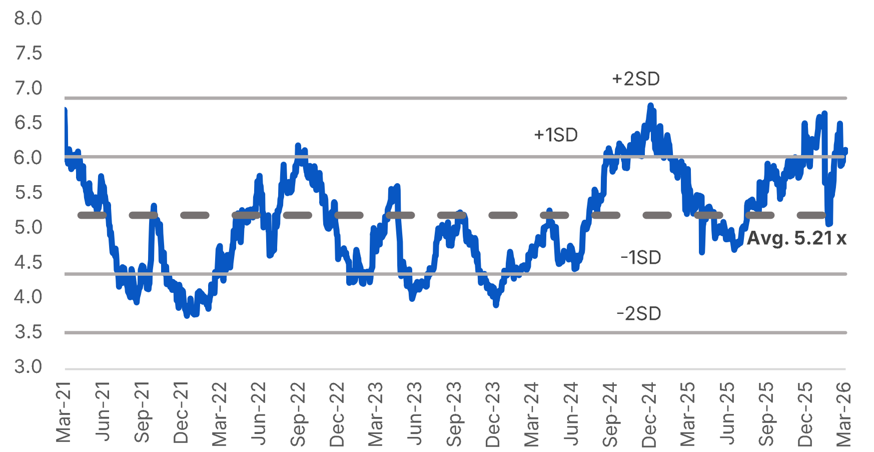
Source: Company, BRIDS Estimates

Exhibit 2. UNTR SOTP Valuation

Valuation summary	Rp tr	Valuation methodology
Coal related	59.2	*DCF (LTG: 0%, WACC: 11%)*
HE + PAMA	*28.5*	*DCF (LTG: 0%, WACC: 11%)*
Thermal + coking coal	*30.7*	*DCF (LTG: 0%, WACC: 11%)*
Gold	49.5	DCF (LTG: 0%, WACC 11%) - implied target EV/resource of US$250/oz
Construction	0.2	Target 1x P/BV
Nickel	6.4	
Asset value	**115.2**	
Cash	26.6	
Debt	18.6	
Equity value	**123.2**	
No of shares (in bn)	3.7	
SOTP-based TP (Rp/sh)	**33,000**	

Source: Company, BRIDS Estimates

Exhibit 3. UNTR forward 5-yr P/E band



Source: Bloomberg, BRIDS Estimates

Exhibit 4. Income Statement

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Revenue	**134,427**	**131,301**	**121,802**	**128,478**	**126,073**
COGS	(100,595)	(101,597)	(90,225)	(94,424)	(94,635)
Gross profit	**33,832**	**29,704**	**31,578**	**34,054**	**31,438**
EBITDA	**38,457**	**34,269**	**31,334**	**34,410**	**32,846**
Oper. profit	**27,182**	**22,065**	**25,291**	**27,423**	**24,931**
Interest income	1,150	1,244	0	1,636	1,869
Interest expense	(2,651)	(2,626)	(2,795)	(2,795)	(2,795)
Forex Gain/(Loss)	0	0	0	0	0
Income From Assoc. Co's	637	(246)	408	320	423
Other Income (Expenses)	(421)	(256)	0	0	0
Pre-tax profit	**25,897**	**20,182**	**24,184**	**26,584**	**24,428**
Income tax	(5,779)	(5,005)	(6,046)	0	(6,107)
Minority interest	(587)	(366)	(340)	(358)	(352)
Net profit	**19,531**	**14,810**	**17,798**	**19,580**	**17,969**
Core Net Profit	**19,531**	**14,810**	**17,798**	**19,580**	**17,969**

Exhibit 5. Balance Sheet

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	25,093	26,571	33,962	38,795	46,121
Receivables	22,153	21,614	18,798	23,643	18,067
Inventory	16,994	16,730	13,219	18,124	13,289
Other Curr. Asset	5,740	7,227	7,227	7,227	7,227
Fixed assets - Net	94,851	99,817	102,920	107,892	109,553
Other non-curr.asset	4,650	5,679	5,679	5,679	5,679
Total asset	**169,481**	**177,637**	**181,805**	**201,360**	**199,936**
ST Debt	402	560	560	560	560
Payables	29,918	30,529	23,680	32,939	23,801
Other Curr. Liabilities	14,982	22,124	22,124	22,124	22,124
Long Term Debt	14,862	6,055	6,055	6,055	6,055
Other LT. Liabilities	11,140	15,233	15,233	15,233	15,233
Total Liabilities	**71,305**	**74,501**	**67,652**	**76,910**	**67,773**
Shareholder'sFunds	92,947	97,774	108,451	118,388	125,750
Minority interests	5,228	5,363	5,703	6,061	6,413
Total Equity & Liabilities	**169,481**	**177,637**	**181,805**	**201,360**	**199,936**

Exhibit 6. Cash Flow

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Net income	19,531	14,810	17,798	19,580	17,969
Depreciation and Amort.	11,276	12,203	6,043	6,987	7,915
Change in Working Capital	350	659	(523)	(491)	1,273
OtherOper. Cash Flow	(1,112)	(530)	340	358	352
Operating Cash Flow	**30,045**	**27,143**	**23,658**	**26,434**	**27,509**
Capex	14,887	14,254	9,926	11,959	9,576
Others Inv. Cash Flow	(29,090)	(27,699)	(19,852)	(23,917)	(19,151)
Investing Cash Flow	**(14,203)**	**(13,446)**	**(9,926)**	**(11,959)**	**(9,576)**
Net change in debt	1,114	(1,188)	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(8,467)	(8,024)	(8,024)	(9,642)	(10,607)
Other Fin. Cash Flow	(2,114)	(3,259)	(4,000)	0	0
Financing Cash Flow	**(9,468)**	**(12,470)**	**(12,024)**	**(9,642)**	**(10,607)**
Net Change in Cash	**6,374**	**1,228**	**1,709**	**4,833**	**7,326**
Cash - begin of the year	18,597	25,093	26,571	33,962	38,795
Cash - end of the year	25,093	26,571	33,962	38,795	46,121

Exhibit 7. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	4.5	(2.3)	(7.2)	5.5	(1.9)
EBITDA	(1.3)	(10.9)	(8.6)	9.8	(4.5)
Operating profit	(8.6)	(18.8)	14.6	8.4	(9.1)
Net profit	(5.2)	(24.2)	20.2	10.0	(8.2)
Profitability (%)					
Gross margin	25.2	22.6	25.9	26.5	24.9
EBITDA margin	28.6	26.1	25.7	26.8	26.1
Operating margin	20.2	16.8	20.8	21.3	19.8
Net margin	14.5	11.3	14.6	15.2	14.3
ROAA	12.1	8.5	9.9	10.2	9.0
ROAE	22.7	15.5	17.3	17.3	14.7
Leverage					
Net Gearing (x)	(0.1)	(0.2)	(0.2)	(0.3)	(0.3)
Interest Coverage (x)	10.3	8.4	9.0	9.8	8.9

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