

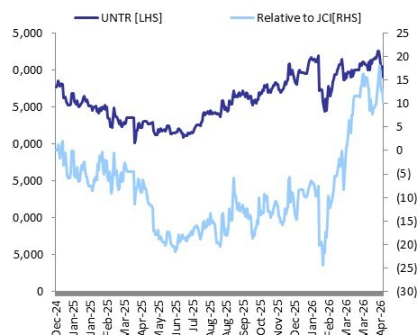
Buy

(Maintained)

Tactical (3M): **OW**

Last Price (Rp)	29,100		
Target Price (Rp)	30,600		
Previous TP (Rp)	32,000		
Upside/Downside	5.2%		
No. of Shares (mn)	3,730		
Mkt Cap (Rpbn/US\$mn)	108,360/6,244		
Avg, Daily T/O (Rpbn/US\$mn)	153.3/8.8		
Free Float (%)	35.0		
Major Shareholder (%)			
PT. Astra International Tbk	59.5		
Iwan Hadiantoro	0.0		
EPS Consensus (Rp)			
	2026F	2027F	2028F
BRIDS	2,767	4,095	4,580
Consensus	4,194	4,781	5,148
BRIDS/Cons (%)	(34.0)	(14.3)	(11.0)

UNTR relative to JCI Index



Source: Bloomberg

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United Tractors (UNTR IJ)

FY26: A Transition Year; Estimates and TP Cut Post 1Q26 Miss, Shareholder Return Intact

- UNTR 1Q26 earnings miss reflects one-offs but also a weak underlying operating result due to RKAB and Martabe uncertainty.
- Mgmt guidance cut implies slower recovery, with pressure from RKAB uncertainty, lower Pama OB, and delayed Martabe ramp-up.
- Maintain Buy with lower TP of Rp30.6k, as we cut FY26-28F est. by 4.9%-44.1%; intact FCF to support dividend payout and buybacks.

1Q26 miss: operational weakness beyond the one-offs

Key takeaways from 1Q26 earnings and the management call are: 1) headline 1Q26 earnings were distorted by one-off charges, but the underlying operating result was also weak amid uncertain operating conditions. UNTR reported 1Q26 net profit of Rp643bn, down 80% yoy, forming only 4% of ours and consensus FY26F. 2) Mgmt revised conservative guidance points to FY26 as a transition year, with risk concentrated in Pama and TTA (both linked to RKAB revision), and Martabe's production ramp-up. 3) Martabe production expected to restart around late May or early Jun26, although full normalization still depends on RKAB issuance, sales system approval, and land clearance for the tailings facility. 4) Upside risk could come from successful RKAB relaxation in 2H26, faster Martabe ramp-up.

Lowering our FY26 base case; expect FY27 recovery

Management revised Komatsu sales guidance to 4,000 units, down 11% yoy, with big-sized equipment sales expected to fall 44% yoy to 600 units. Pama's OB guidance was cut to 900mn bcm, down 17% yoy, with the RKAB impact expected to be more visible in 2H26. For own coal mining, TTA's approved RKAB is currently only 7.5Mt vs. original 15Mt target, while gold sales guidance now stands at 82k oz, comprising 60k oz from Martabe and 22k oz from SJR. Following the management call, we cut our FY26 operating assumptions to reflect slower Komatsu sales, but assume a slightly more positive outlook for Pama at 935mn bcm, TTA coal sales of 12.7Mt to account for possible RKAB revision, and gold sales of 85k oz. We expect 2027 growth to recover on the back of Martabe normalization, potential recovery in TTA volumes, and contribution from Stargate nickel.

Maintain Buy rating with lower TP of Rp30,600; cash return story intact

We lower our FY26-28F earnings forecast by 4.9-44.1% and our SOTP-based TP to Rp30.6k from Rp32k. We maintain our Buy rating, as we believe the share price has partly reflected the operational uncertainty, while UNTR's FCF generation remains supportive of shareholder returns (dividend yield of 5.1%) and continuation of share buyback programs. Key risks are disappointment in RKAB revision and delays in Martabe restart.

Key Financials

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Revenue (Rpbn)	134,427	131,301	110,582	119,611	126,877
EBITDA (Rpbn)	38,457	34,269	21,196	28,893	32,225
EBITDA Growth (%)	(1.3)	(10.9)	(38.1)	36.3	11.5
Net Profit (Rpbn)	19,531	14,810	9,951	15,276	17,084
EPS (Rp)	5,236.1	3,970.5	2,668.6	4,095.2	4,580.0
EPS Growth (%)	(5.2)	(24.2)	(32.8)	53.5	11.8
BVPS (Rp)	24,918.0	26,211.8	26,891.3	29,488.2	31,768.2
DPS (Rp)	2,151.0	2,230.0	1,498.2	2,300.0	2,572.3
PER (x)	5.6	7.3	10.5	7.1	6.4
PBV (x)	1.2	1.1	1.1	1.0	0.9
Dividen yield (%)	7.4	7.7	5.1	7.9	8.8
EV/EBITDA	2.6	2.6	4.1	3.0	2.4

See important disclosure at the back of this report

1

Exhibit 1. UNTR forecast revision summary

Rpbn	Revised			Previous			Changes		
	2026F	2027F	2028F	2026F	2027F	2028F	2026F	2027F	2027F
Revenue	110,582	119,611	126,877	121,802	128,478	126,073	-9.2%	-6.9%	0.6%
Gross profit	23,575	28,088	30,734	31,578	34,054	31,438	-25.3%	-17.5%	-2.2%
Operating profit	15,157	21,915	24,186	25,291	27,423	24,931	-40.1%	-20.1%	-3.0%
Pre-tax profit	13,679	20,812	23,251	24,184	26,584	24,428	-43.4%	-21.7%	-4.8%
Net Income	9,951	15,276	17,084	17,798	19,580	17,969	-44.1%	-22.0%	-4.9%
Gross Margin	21%	23%	24%	26%	27%	25%			
Operating Margin	14%	18%	19%	21%	21%	20%			
Net Margin	9%	13%	13%	15%	15%	14%			
Heavy equipment sales (units)	4,054	4,257	4,470	4,361	4,361	4,361	-7.0%	-2.4%	2.5%
PAMA OB (Mn bcm)	935	982	1,031	935	982	982	0.0%	0.0%	5.0%
Coal sales volume ('000 tonnes)	12,737	12,737	12,737	14,775	14,775	14,775	-13.8%	-13.8%	-13.8%
Gold sales volume (K oz)	85	155	212	120	215	215	-28.9%	-27.9%	-1.4%
Blended coal mining ASP (US\$/tonne)	122	109	104	120	107	101	1.9%	2.3%	2.6%
Gold ASP (US\$/oz)	4,650	4,604	4,604	4,900	4,410	3,969	-5.1%	4.4%	16.0%

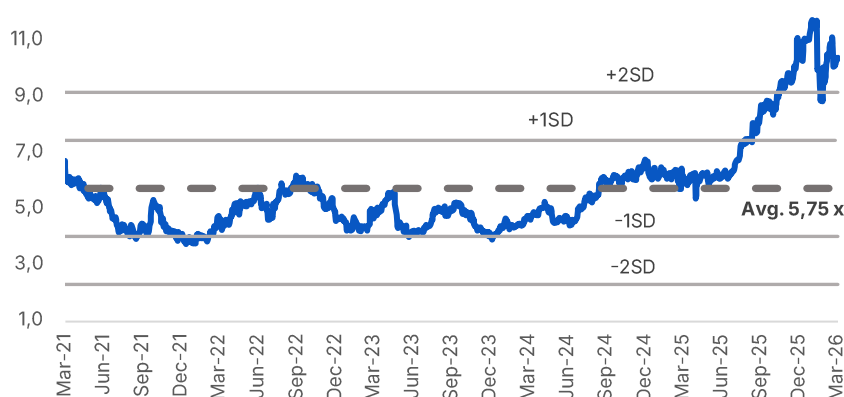
Source: Company, BRIDS Estimates

Exhibit 2. UNTR SOTP Valuation

Valuation summary	Rp tr Valuation methodology
Coal related	55.6 DCF (LTG: 0%, WACC: 11%)
HE + PAMA	28.1 DCF (LTG: 0%, WACC: 11%)
Thermal + coking coal	27.5 DCF (LTG: 0%, WACC: 11%)
Gold	44.1 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	106.3
Cash	26.6
Debt	18.6
Equity value	114.2
No of shares (in bn)	3.7
SOTP-based TP (Rp/sh)	30,600

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	110,582	119,611	126,877
COGS	(100,595)	(101,597)	(87,007)	(91,523)	(96,142)
Gross profit	33,832	29,704	23,575	28,088	30,734
EBITDA	38,457	34,269	21,196	28,893	32,225
Oper. profit	27,182	22,065	15,157	21,915	24,186
Interest income	1,150	1,244	1,280	1,373	1,436
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)	(371)	0	0
Pre-tax profit	25,897	20,182	13,679	20,812	23,251
Income tax	(5,779)	(5,005)	(3,420)	(5,203)	(5,813)
Minority interest	(587)	(366)	(309)	(334)	(354)
Net profit	19,531	14,810	9,951	15,276	17,084
Core Net Profit	19,531	14,810	9,951	15,276	17,084

Exhibit 5. Balance Sheet

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Cash & cash equivalent	25,093	26,571	28,490	29,817	36,818
Receivables	22,153	21,614	15,388	24,358	17,596
Inventory	16,994	16,730	12,151	18,229	13,684
Other Curr. Asset	5,740	7,227	7,227	7,227	20,911
Fixed assets - Net	94,851	99,817	102,850	107,782	112,310
Other non-curr.asset	4,650	5,679	5,679	5,679	5,679
Total asset	169,481	177,637	171,785	193,092	206,999
ST Debt	402	560	560	560	560
Payables	29,918	30,529	21,834	33,120	24,485
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	65,806	77,092	68,456
Shareholder's Funds	92,947	97,774	100,308	109,995	118,500
Minority interests	5,228	5,363	5,671	6,005	6,359
Total Equity & Liabilities	169,481	177,637	171,785	193,092	193,315

Exhibit 6. Cash Flow

Year to 31 Dec (Rpbn)	2024A	2025A	2026F	2027F	2028F
Net income	19,531	14,810	10,322	15,276	17,084
Depreciation and Amort.	11,276	12,203	6,040	6,978	8,038
Change in Working Capital	350	659	2,109	(3,761)	2,670
Other Oper. Cash Flow	(1,112)	(530)	309	334	354
Operating Cash Flow	30,045	27,143	18,779	18,826	28,147
Capex	14,887	14,254	9,853	11,910	12,566
Others Inv. Cash Flow	(29,090)	(27,699)	(19,705)	(23,821)	(25,133)
Investing Cash Flow	(14,203)	(13,446)	(9,853)	(11,910)	(12,566)
Net change in debt	1,114	(1,188)	0	0	0
New Capital	0	0	0	0	0
Dividend payment	(8,467)	(8,024)	(8,318)	(5,589)	(8,579)
Other Fin. Cash Flow	(2,114)	(3,259)	(4,000)	0	0
Financing Cash Flow	(9,468)	(12,470)	(12,318)	(5,589)	(8,579)
Net Change in Cash	6,374	1,228	(3,392)	1,327	7,001
Cash - begin of the year	18,597	25,093	26,571	28,490	29,817
Cash - end of the year	25,093	26,571	28,490	29,817	36,818

Exhibit 7. Key Ratio

Year to 31 Dec	2024A	2025A	2026F	2027F	2028F
Growth (%)					
Sales	4.5	(2.3)	(15.8)	8.2	6.1
EBITDA	(1.3)	(10.9)	(38.1)	36.3	11.5
Operating profit	(8.6)	(18.8)	(31.3)	44.6	10.4
Net profit	(5.2)	(24.2)	(30.3)	48.0	11.8
Profitability (%)					
Gross margin	25.2	22.6	21.3	23.5	24.2
EBITDA margin	28.6	26.1	19.2	24.2	25.4
Operating margin	20.2	16.8	13.7	18.3	19.1
Net margin	14.5	11.3	9.3	12.8	13.5
ROAA	12.1	8.5	5.9	8.4	8.5
ROAE	22.7	15.5	10.4	14.5	15.0
Leverage					
Net Gearing (x)	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Interest Coverage (x)	10.3	8.4	5.4	7.8	8.7

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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