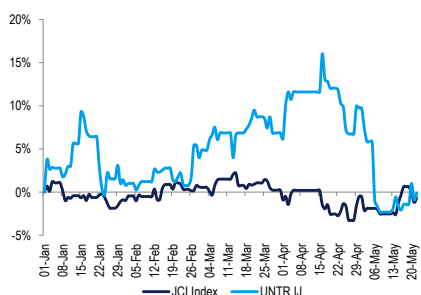


Stock Data

Target price	Rp27,500
Prior TP	Rp27,500
Current price	Rp22,600
Upside/downside	+22%
Shares outstanding (mn)	3,730
Market cap (Rp bn)	84,301
Free float	38%
Avg. 6m daily T/O (Rp bn)	113

Price Performance

	3M	6M	12M
Absolute	-1.3%	-0.8%	-7.8%
Relative to JCI	0.5%	-4.5%	-15.0%
52w low/high (Rp)	20,925 – 28,500		



Major Shareholders

Astra International	59.5%
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## Apr24 operational: broadly in-line; gold volume to catch up from SJR mine

- Pama total volume slightly declined (-4% mom) on lower SR (-3% mom), despite relatively resilient production volume (-1% mom).
- TTA coal sales volume was flat mom and was in-line; expect gold sales volume to catch up as SJR mine commence operation in May/Jun24.
- We upgrade our rating to Buy at unchanged SOTP-based TP of Rp27,500 post steep correction in share price (ex-dividend).

### Komatsu continued to decline in Apr24, but remained in-line

Komatsu sales volume continued its downward trajectory in Apr24 and stood at 274 units (-9% mom/-16% yoy), primarily driven by a decline in demand from the mining industry (-17% mom/-18% yoy). Overall, Komatsu deliveries dropped to 1,400 units in 4M24 (-34% yoy), but remained in-line with our estimate at 35% of FY24 forecast.

### Pama coal production remained resilient but SR slightly declined

Total volume slightly declined to 110 units in Apr24 (-4% mom) despite relatively stable production volume of 12Mt (-1% mom). The decline in volume was primarily attributed to lower OB volume (-4% mom) due to declining SR (-3% mom), as most miners complete pre-stripping in Q4/Q1. Overall, coal production/OB volume reached 43Mt/384mbcm in 4M24 (+22/+15% yoy), in-line with our FY24 estimates (at 32/33% respectively).

### TTA volume remained robust; higher coking offsets soft thermal

TTA coal sales volume remained flat mom in Apr24 at 1.3Mt, as lower thermal sales volume of 1Mt (-3% mom) was offset by higher coking sales volume of 0.3Mt (+15% mom). Overall, 4M24 thermal/coking coal sales volume reached 4.2/1.1Mt respectively (+20/+36% yoy), which came in-line with our FY24 estimates at 34/35%.

### Expect gold sales volume to improve from SJR mine

Martabe gold mine sales volume remained stable at 17k oz in Apr24, on par with 1Q24 monthly run rate. Cumulatively, 4M24 sales volume of 66k oz (-14% yoy) remained below our FY24 estimate (at 28% IPS), but we expect volume to catch up in the upcoming months as Sumbawa (SJR) mine is expected to commence operation in May/Jun24. To note, UNTR guides for 35k oz sales volume from SJR mine in FY24F.

### Upgrade to Buy at unchanged SOTP-based TP of Rp27,500/share

We maintain our FY24-26F estimates for now as Apr24 operational volumes remained broadly in-line with our estimates. We upgrade our rating to Buy at unchanged SOTP-based TP of Rp27,500, following a steep decline in share price post ex-dividend. UNTR is currently trading at an attractive valuation of 4.6x FY24F P/E, compared to ADRO/ITMG at 4.6x/5x FY24F P/E. UNTR typically trades at 7/17% premium to ADRO/ITMG.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	123,607	128,583	122,814	122,363	124,841
EBITDA	37,263	37,367	36,876	38,974	41,784
Net profit	21,005	20,612	18,229	18,260	19,233
EPS growth	104%	-2%	-12%	0%	5%
ROE	23%	25%	19%	17%	16%
PER (x)	4.0	4.1	4.6	4.6	4.4
EV/EBITDA (x)	1.3	2.3	2.2	2.0	1.7
Dividend yield	8%	30%	9%	9%	9%
IPS vs. consensus			105%	113%	123%

Source: Company, Indo Premier

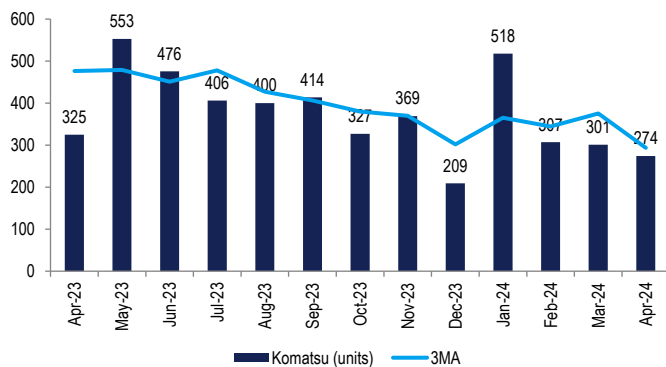
Share price closing as of: 22 May 2024

**Fig. 1: 4M24 operational summary**

Operational summary	4M24	4M23	% yoy	Apr-24	Apr-23	% yoy	Mar-24	% mom	UNTR FY24F	% of target	IPS FY24F	% of IPS
<b>Komatsu</b>												
Mining	952	1,370	-31%	181	221	-18%	217	-17%				
Forestry	111	277	-60%	19	23	-16%	6	219%				
Cons	181	314	-42%	38	46	-16%	45	-15%				
Agro	155	154	1%	36	36	0%	33	8%				
<b>Total units</b>	<b>1,400</b>	<b>2,116</b>	<b>-34%</b>	<b>274</b>	<b>325</b>	<b>-16%</b>	<b>301</b>	<b>-9%</b>	<b>4,000</b>	<b>35%</b>	<b>4,000</b>	<b>35%</b>
<b>Mining contracting</b>												
Coal (Mt)	43	35	22%	11.6	8.5	36%	11.7	-1%	137	32%	135	32%
OB (mbcm)	384	333	15%	98	87	13%	102	-4%	1,200	32%	1,181	33%
<b>Total units</b>	<b>428</b>	<b>369</b>	<b>16%</b>	<b>110</b>	<b>96</b>	<b>15%</b>	<b>114</b>	<b>-4%</b>	<b>1,337</b>	<b>32%</b>	<b>1,316</b>	<b>32%</b>
SR (x)	8.9	9.4	-6%	8.5	10.3	-18%	8.8	-3%	8.8	102%	8.8	102%
<b>Coal mining</b>												
Thermal (Mt)	4.2	3.5	20%	1.0	1.2	-18%	1.0	-3%	9.0	47%	12.5	34%
Coking (Mt)	1.1	0.8	36%	0.3	0.1	269%	0.3	15%	3.0	35%	3.0	35%
<b>Total volume (Mt)</b>	<b>5.3</b>	<b>4.3</b>	<b>23%</b>	<b>1.3</b>	<b>1.3</b>	<b>-1%</b>	<b>1.3</b>	<b>0%</b>	<b>12.0</b>	<b>44%</b>	<b>15.5</b>	<b>34%</b>
<b>Gold mining</b>												
Gold volume (k oz)	66	77	-14%	17	18	-6%	49	-65%	235	28%	235	28%
<b>Nickel mining</b>												
Limonite (k w mt)	309	0	N/A	129	0	N/A	101		1,700	18%	1,700	18%
Saprolite (k w mt)	291	0	N/A	87	0	N/A	119		300	97%	300	97%
<b>Total volume (k w mt)</b>	<b>600</b>	<b>0</b>	<b>N/A</b>	<b>216</b>	<b>0</b>	<b>N/A</b>	<b>220</b>		<b>2,000</b>	<b>30%</b>	<b>2,000</b>	<b>30%</b>

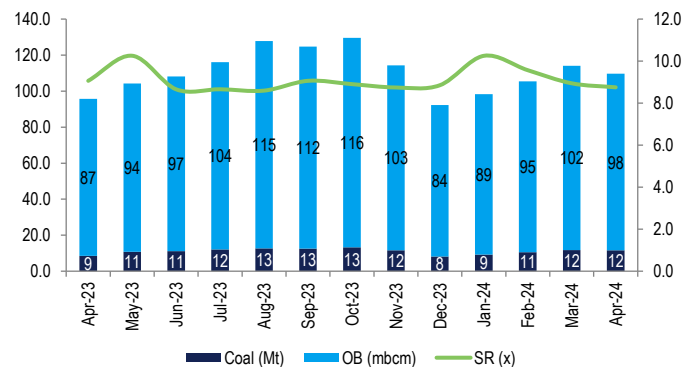
Source: Company, Indo Premier

**Fig. 2: HE unit sales**



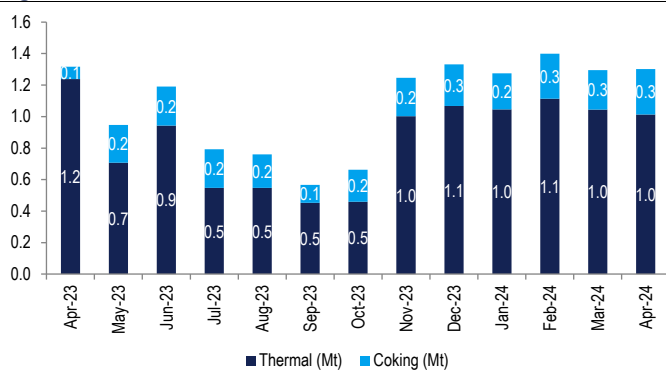
Source: Company, Indo Premier

**Fig. 3: Pama's production**



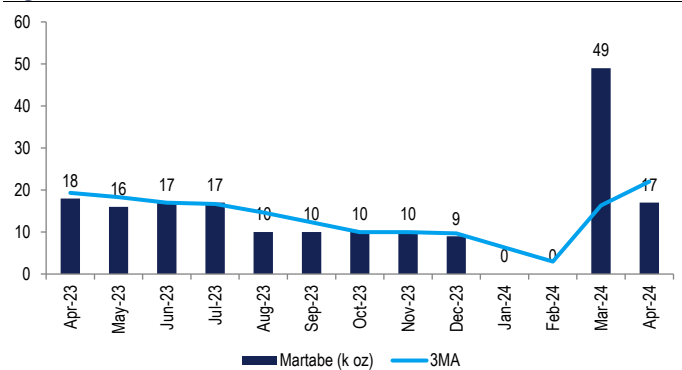
Source: Company, Indo Premier

**Fig. 4: TTA coal sales**



Source: Company, Indo Premier

**Fig. 5: Gold sales volume**



Source: Company, Indo Premier

Fig. 6: UNTR SOTP valuation summary

SOTP valuation summary	Rp bn	Remarks
Construction machinery	16,498	Target multiple - 6x FY24F P/E
Mining contracting	42,603	Target multiple - 5x FY24F P/E
Coal mining	20,344	Target multiple - 4x FY24F P/E
Gold mining	16,154	Target multiple - 10x FY24F P/E
NIC	5,754	Target multiple - 11x FY24F P/E
SPR	530	Target multiple - 9x FY24F P/E
<b>Equity value (Rp bn)</b>	<b>101,883</b>	
Outstanding shares	3.7	
<b>Target price (Rp/sh)</b>	<b>27,500</b>	
Current share price	22,600	
Upside/(downside)	22%	
Implied FY24F P/E	5.6	

Source: Indo Premier

Fig. 7: UNTR P/E valuation band



Source: Bloomberg, Company, Indo Premier

Fig. 8: Peers comparison table

Ticker	Company	Rating	Target price (Rp/share)	P/E			EV/EBITDA			Dividend yield (%)		
				24F	25F	26F	24F	25F	26F	24F	25F	26F
ADRO IJ	Adaro Energy Indonesia	Buy	3,000	4.6	6.0	7.8	1.7	2.1	2.2	10.9%	8.8%	6.7%
ITMG IJ	Indo Tambangraya Megah	Hold	22,000	5.0	6.8	13.8	2.2	2.8	5.4	18.3%	13.1%	9.6%
PTBA IJ	Bukit Asam	Sell	2,000	8.2	9.8	10.0	4.7	5.2	5.0	14.3%	4.3%	3.6%
UNTR IJ	United Tractors	Buy	27,500	4.6	4.6	4.4	2.2	2.0	1.7	9.4%	9.2%	9.4%

Source: Company, Indo Premier

Income Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net revenue	123,607	128,583	122,814	122,363	124,841
Cost of sales	-88,849	-92,797	-90,395	-90,101	-91,409
<b>Gross profit</b>	<b>34,759</b>	<b>35,786</b>	<b>32,419</b>	<b>32,261</b>	<b>33,432</b>
SG&A Expenses	-5,626	-6,063	-6,141	-6,118	-6,242
<b>Operating profit</b>	<b>29,133</b>	<b>29,723</b>	<b>26,278</b>	<b>26,143</b>	<b>27,190</b>
Net interest	238	-752	-2,107	-1,930	-1,643
Forex gain (loss)	636	635	800	800	800
Others	-561	-885	0	0	0
<b>Pre-tax income</b>	<b>29,446</b>	<b>28,720</b>	<b>24,971</b>	<b>25,014</b>	<b>26,347</b>
Income tax	-6,452	-6,590	-5,494	-5,503	-5,796
Minority interest	-1,989	-1,518	-1,249	-1,251	-1,317
<b>Net income</b>	<b>21,005</b>	<b>20,612</b>	<b>18,229</b>	<b>18,260</b>	<b>19,233</b>

Balance Sheet (Rp bn)	2021A	2022A	2023F	2024F	2025F
Cash & equivalent	38,282	18,597	22,384	26,325	32,693
Receivable	19,649	20,275	20,469	20,394	20,807
Inventory	15,390	17,184	15,066	15,017	15,235
Other current assets	5,610	6,612	6,612	6,612	6,612
<b>Total current assets</b>	<b>78,930</b>	<b>62,667</b>	<b>64,531</b>	<b>68,347</b>	<b>75,346</b>
Fixed assets	23,678	36,002	47,118	55,941	62,945
Mining properties	11,905	17,846	16,806	15,827	14,905
Other non-current assets	37,870	55,360	54,320	53,341	52,419
<b>Total non-current assets</b>	<b>61,548</b>	<b>91,361</b>	<b>101,438</b>	<b>109,282</b>	<b>115,364</b>
<b>Total assets</b>	<b>140,478</b>	<b>154,028</b>	<b>165,969</b>	<b>177,630</b>	<b>190,710</b>
ST loans	987	1,294	1,294	1,294	1,294
Payable	25,432	29,766	30,132	30,034	30,470
Other payables	15,618	11,978	11,978	11,978	11,978
Current portion of LT loans	<b>42,037</b>	<b>43,038</b>	<b>43,404</b>	<b>43,306</b>	<b>43,742</b>
<b>Total current liab.</b>	<b>1,015</b>	<b>17,580</b>	<b>17,580</b>	<b>17,580</b>	<b>17,580</b>
Long term loans	7,912	9,374	9,374	9,374	9,374
Other LT liab.	<b>8,927</b>	<b>26,954</b>	<b>26,954</b>	<b>26,954</b>	<b>26,954</b>
<b>Total liabilities</b>	<b>50,964</b>	<b>69,993</b>	<b>70,358</b>	<b>70,260</b>	<b>70,696</b>
Equity	10,636	10,636	10,636	10,636	10,636
Retained earnings	71,324	66,871	77,198	87,706	99,033
Minority interest	7,554	6,528	7,776	9,027	10,344
<b>Total SHE + minority int.</b>	<b>89,514</b>	<b>84,036</b>	<b>95,611</b>	<b>107,370</b>	<b>120,014</b>
<b>Total liabilities &amp; equity</b>	<b>140,478</b>	<b>154,028</b>	<b>165,969</b>	<b>177,630</b>	<b>190,710</b>

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2021A	2022A	2023F	2024F	2025F
Net income	21,005	20,612	18,229	18,260	19,233
Depr. & amortization	8,130	7,644	10,598	12,831	14,594
Changes in working capital	-1,091	1,914	2,289	26	-195
Others	4,848	-3,823	1,249	1,251	1,317
<b>Cash flow from operating</b>	<b>32,892</b>	<b>26,347</b>	<b>32,365</b>	<b>32,368</b>	<b>34,949</b>
Capital expenditure	-10,037	-19,797	-20,675	-20,675	-20,675
Others	-364	-13,643	0	0	0
<b>Cash flow from investing</b>	<b>-10,401</b>	<b>-33,440</b>	<b>-20,675</b>	<b>-20,675</b>	<b>-20,675</b>
Loans	-7,185	16,872	0	0	0
Equity	1,488	-995	0	0	0
Dividends	-6,427	-25,686	-7,902	-7,752	-7,906
Others	-6,529	-2,421	0	0	0
<b>Cash flow from financing</b>	<b>-18,653</b>	<b>-12,230</b>	<b>-7,902</b>	<b>-7,752</b>	<b>-7,906</b>
FX effect	1,123	-362	0	0	0
<b>Changes in cash</b>	<b>4,960</b>	<b>-19,685</b>	<b>3,788</b>	<b>3,941</b>	<b>6,368</b>

Key Ratios	2021A	2022A	2023F	2024F	2025F
Gross margin	28%	28%	26%	26%	27%
Operating margin	24%	23%	21%	21%	22%
Pre-tax margin	24%	22%	20%	20%	21%
Net margin	17%	16%	15%	15%	15%
ROA	15%	13%	11%	10%	10%
ROE	23%	25%	19%	17%	16%
Acct. receivables TO (days)	6.3	6.3	6.0	6.0	6.0
Inventory TO (days)	5.8	5.4	6.0	6.0	6.0
Payable TO (days)	3.5	3.1	3.0	3.0	3.0
Debt to equity	0.0	0.2	0.2	0.2	0.2
Interest coverage ratio (x)	49.0	19.9	11.8	12.5	13.4
Net gearing	(0.4)	0.0	(0.0)	(0.1)	(0.1)

Source: Company, Indo Premier

## **INVESTMENT RATINGS**

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

## **ANALYSTS CERTIFICATION**

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

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