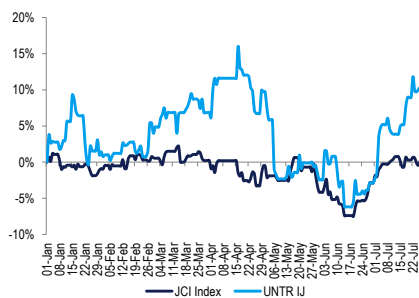


Stock Data

Target price	Rp27,500
Prior TP	Rp27,500
Current price	Rp24,975
Upside/downside	+10%
Shares outstanding (mn)	3,730
Market cap (Rp bn)	93,160
Free float	38%
Avg. 6m daily T/O (Rp bn)	106

Price Performance

	3M	6M	12M
Absolute	3.0%	8.0%	-5.3%
Relative to JCI	1.1%	6.5%	-11.0%
52w low/high (Rp)	20,925 – 28,500		



Major Shareholders

Astra International	59.5%
---------------------	-------

Reggie Parengkuan

PT Indo Premier Sekuritas
reggie.parengkuan@ipc.co.id
+62 21 5088 7168 ext. 714

Ryan Winipta

PT Indo Premier Sekuritas
ryan.winipta@ipc.co.id
+62 21 5088 7168 ext. 718

Jun24 operational: drop in Pama was offset by higher Komatsu/TTA/Martabe

- Pama coal production declined in Jun24 (-3% mom) due to higher rainfall, while SR also trended lower (-4% mom).
- TTA coal sales volume improved by +33% mom on easing logistical issue, while gold & Komatsu sales volume improved +39%/+9% mom.
- We reiterate our Buy rating at unchanged SOTP-based TP of Rp27,500.

Komatsu continued to improve post Lebaran sales dip in Apr24

Komatsu deliveries continued to improve to 390 units in Jun24 (+9% mom/-18% yoy), driven by higher demand from the forestry (+34% mom), construction (+18% mom), and agro (+34% mom). Meanwhile, demand from the mining sector remained relatively soft (-6% mom). Overall, 1H24 sales volume declined significantly to 2,147 units (-32% yoy) but in-line with our forecast and management guidance (at 54% of FY24F).

Pama coal production/OB volume declined on higher rainfall

However, Pama Jun24 production volume declined by -3% mom to 12.5Mt due to higher rainfall. Consequently, SR also declined to 8x (-4% mom), bringing total volume lower to 112 units (-6% mom). Overall, 1H24 coal production/OB volume reached 69Mt/591mbcm (+20%/+13% yoy), in-line with our FY24 estimates at 51%/50, respectively.

TTA volume improved on easing logistical issue due to higher rainfall

Due to higher rainfall, logistical issue eased for TTA and thus sales volume rose to 1.3Mt in Jun24 (+33% mom). The increase in sales volume was driven by higher thermal coal sales of 1Mt (+48% mom), while metallurgical coal sales remained flat mom at 300kt in Jun24. Overall, 1H24 thermal/coking coal sales volume reached 5.9/1.6Mt, respectively (+14%/+30% yoy), broadly in-line with our FY24 forecast (at 47%/55%).

Strong Martabe sales volume; SJR has started production in Jul24

Gold sales volume saw a significant improvement to 25k oz in Jun24 (+39% mom), solely driven by higher production from Martabe. Cumulatively, 1H24 sales volume of 109k oz (-1% yoy) remained in-line with our estimate (at 46%) as we expect volume to catch up from SJR mine as it has started production in Jul24. To add, management conservatively maintains their FY24 sales guidance at 235k oz despite Martabe's current monthly run rate of 25k oz in Jun24 implies FY24 total sales of 285k oz.

Reiterate Buy at an unchanged SOTP-based TP of Rp27,500/share

We maintain our FY24-26F estimates and TP as 1H24 operational volumes remained broadly in-line with our FY24F forecasts. We have UNTR as our top pick amid its attractive valuation of 5.1x FY24F P/E (on par with ITMG vs. premium historically). Downside risks include lower thermal/metallurgical coal price and lower Pama volume due to La Nina.

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)	4.4	4.5	5.1	5.1	4.8
EV/EBITDA (x)	1.5	2.5	2.4	2.2	1.9
Dividend yield	7%	28%	8%	8%	8%
IPS vs. consensus			106%	110%	118%

Source: Company, Indo Premier

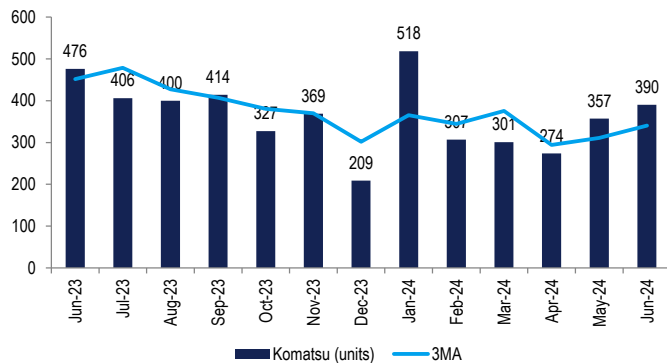
Share price closing as of: 26 July 2024

Fig. 1: 1H24 operational summary

Operational summary	1H24	1H23	% yoy	Jun-24	Jun-23	% yoy	May-24	% mom	IPS FY24F	% of IPS	UNTR FY24F	% of target
Komatsu												
Mining	1,347	1,982	-32%	191	286	-33%	203	-6%				
Forestry	220	445	-51%	62	57	9%	46	34%				
Cons	275	481	-43%	51	95	-47%	43	18%				
Agro	305	236	29%	86	38	125%	64	34%				
Total units	2,147	3,145	-32%	390	476	-18%	357	9%	4,000	54%	4,000	54%
Mining contracting												
Coal (Mt)	69	57	20%	12.5	11.2	12%	12.9	-3%	135	51%	137	50%
OB (mbcm)	591	524	13%	100	97	3%	107	-7%	1,181	50%	1,200	49%
Total units	660	581	14%	112	108	4%	120	-6%	1,316	50%	1,337	49%
SR (x)	8.6	9.1	-6%	8.0	8.7	-8%	8.3	-4%	8.8	98%	8.8	98%
Coal mining												
Thermal (Mt)	5.9	5.2	14%	1.0	0.9	6%	0.7	48%	12.5	47%	9.0	65%
Coking (Mt)	1.6	1.3	30%	0.3	0.2	19%	0.3	0%	3.0	55%	3.0	55%
Total volume (Mt)	7.5	6.4	17%	1.3	1.2	9%	1.0	33%	15.5	49%	12.0	63%
Gold mining												
Gold volume (k oz)	109	110	-1%	25	17	47%	18	39%	235	46%	235	46%
	284											
Nickel mining												
Limonite (k w mt)	547	0	N/A	124	0	N/A	114		1,700	32%	1,700	32%
Saprolite (k w mt)	421	0	N/A	56	0	N/A	74		300	140%	300	140%
Total volume (k w mt)	968	0	N/A	180	0	N/A	188		2,000	48%	2,000	48%

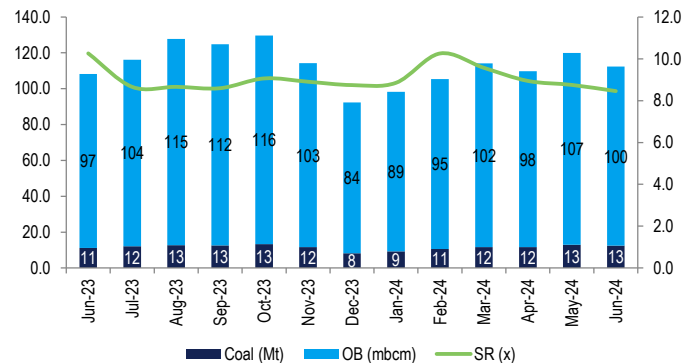
Source: Company, Indo Premier

Fig. 2: HE unit sales



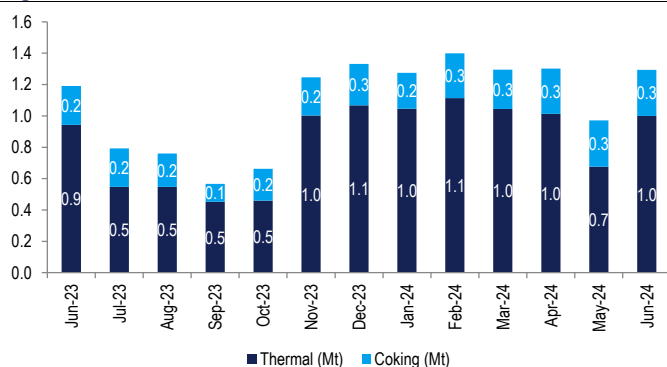
Source: Company, Indo Premier

Fig. 3: Pama's production



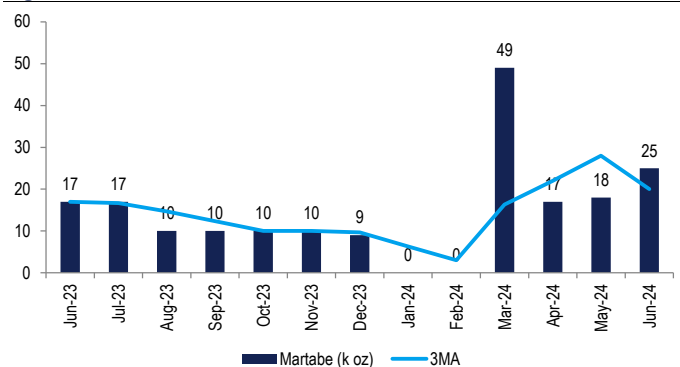
Source: Company, Indo Premier

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
Equity value (Rp bn)	101,883	
Outstanding shares	3.7	
Target price (Rp/sh)	27,500	
Current share price	24,975	
Upside/(downside)	10%	
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	4.8	6.3	8.3	1.8	2.3	2.5	10.3%	8.3%	6.3%
ITMG IJ	Indo Tambangraya Megah	Hold	22,000	5.2	7.1	14.5	2.4	3.0	5.9	17.4%	12.5%	9.1%
PTBA IJ	Bukit Asam	Sell	2,000	8.4	10.0	10.3	4.9	5.3	5.2	13.9%	4.2%	3.5%
UNTR IJ	United Tractors	Buy	27,500	5.1	5.1	4.8	2.4	2.2	1.9	8.5%	8.3%	8.5%

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
Gross profit	34,759	35,786	32,419	32,261	33,432
SG&A Expenses	-5,626	-6,063	-6,141	-6,118	-6,242
Operating profit	29,133	29,723	26,278	26,143	27,190
Net interest	238	-752	-2,107	-1,930	-1,643
Forex gain (loss)	636	635	800	800	800
Others	-561	-885	0	0	0
Pre-tax income	29,446	28,720	24,971	25,014	26,347
Income tax	-6,452	-6,590	-5,494	-5,503	-5,796
Minority interest	-1,989	-1,518	-1,249	-1,251	-1,317
Net income	21,005	20,612	18,229	18,260	19,233

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
Total current assets	78,930	62,667	64,531	68,347	75,346
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
Total non-current assets	61,548	91,361	101,438	109,282	115,364
Total assets	140,478	154,028	165,969	177,630	190,710

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	42,037	43,038	43,404	43,306	43,742
Total current liab.	1,015	17,580	17,580	17,580	17,580
Long term loans	7,912	9,374	9,374	9,374	9,374
Other LT liab.	8,927	26,954	26,954	26,954	26,954
Total liabilities	50,964	69,993	70,358	70,260	70,696

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
Total SHE + minority int.	89,514	84,036	95,611	107,370	120,014
Total liabilities & equity	140,478	154,028	165,969	177,630	190,710

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
Cash flow from operating	32,892	26,347	32,365	32,368	34,949
Capital expenditure	-10,037	-19,797	-20,675	-20,675	-20,675
Others	-364	-13,643	0	0	0
Cash flow from investing	-10,401	-33,440	-20,675	-20,675	-20,675
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
Cash flow from financing	-18,653	-12,230	-7,902	-7,752	-7,906
FX effect	1,123	-362	0	0	0
Changes in cash	4,960	-19,685	3,788	3,941	6,368

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.

DISCLAIMERS

This research is based on information obtained from sources believed to be reliable, but we do not make any representation or warranty nor accept any responsibility or liability as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendations contained in this document do not have any regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is not and should not be construed as an offer or a solicitation of an offer to purchase or subscribe or sell any securities. PT Indo Premier Sekuritas or its affiliates may seek or will seek investment banking or other business relationships with the companies in this report.