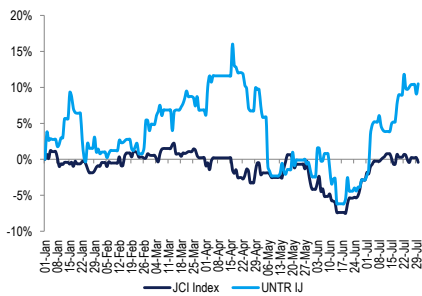


Stock Data

Target price	Rp27,500
Prior TP	Rp27,500
Current price	Rp25,000
Upside/downside	+10%
Shares outstanding (mn)	3,730
Market cap (Rp bn)	93,253
Free float	38%
Avg. 6m daily T/O (Rp bn)	104

Price Performance

	3M	6M	12M
Absolute	0.5%	7.2%	-9.2%
Relative to JCI	-0.7%	6.0%	-13.7%
52w low/high (Rp)	20,925 – 28,500		



Major Shareholders

Astra International	59.5%
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2Q24 results: beat amidst strong Pama performance

- UNTR reported Rp9.5tr NP in 1H24 (-15% qoq), in-line with ours but above consensus estimates (at 52%/55% IPS/consensus).
- Pama posted robust sales volume growth (+7% qoq) and mining fee (+2% qoq) which led to 367bps qoq margin expansion.
- We maintain our FY24-26F estimates and maintain Buy at Rp27,500/sh.

2Q24 earnings improved on Pama margin; 1H24 above ours/cons

UNTR reported 1H24 NP of Rp9.5tr (-15% yoy), which came in-line with ours but above consensus estimates (at 52/55%) primarily driven by higher Pama mining fee (+1% yoy) and higher-than expected blended coal ASP (at Rp2mn/t in 1H24, 113% IPS). On a quarterly basis, NP rose by +10% qoq to Rp4.9tr despite relatively flat revenue (-1% qoq) thanks to higher mining contracting and HE pre-tax margin (+149/+367bps qoq), which more than offset lower coal and gold/mineral mining margin (-172/-345bps qoq).

Heavy equipment: higher margin despite soft Komatsu volume

Construction machinery pre-tax profit improved +11% qoq, despite lower Komatsu sales volume (-9% qoq) and ASP (-23% qoq), presumably due to higher contribution from parts, services, and other equipment. Meanwhile, the decline in ASP was likely driven by lower portion of big machine amid soft demand from mining sector (-25% qoq). Overall, Komatsu 1H24 sales volume and ASP remained in-line with our FY24 forecast (at 54%/98%).

Mining contracting: Pama posted robust performance

Mining contracting pre-tax profit recorded robust 32% qoq growth, driven by higher sales volume (+7% qoq) and slightly higher mining fee (+2% qoq). Consequently, margin improved 367bps qoq on operating efficiency. Overall, 1H24 sales volume remained in-line with our estimates (at 50%), but mining fee was above (at 106%).

Coal margin declined qoq; Stargate drags down gold margin

Coal mining pre-tax margin declined to 15% (-172bps qoq) attributed to lower sales volume (-10% qoq), ASP (-5% qoq) and potential provision for BLU/MIP scheme. On mineral mining segment, gold sales volume and ASP recorded robust growth of 22%/14% qoq respectively. However, margins declined by 345bps qoq following Stargate's ramp-up period. Overall, mining operational numbers remained roughly in-line with our forecast, with the exception of coal ASP (at 113% IPS).

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

We maintain our FY24-26F estimates for now, pending further clarity from the earnings call. Reiterate our Buy rating at unchanged SOTP-based TP of Rp27,500. UNTR is currently trading at 5.1x FY24F P/E (on par with ITMG). Key downside risk is 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: 30 July 2024

Fig. 1: 1H24 results summary

UNTR 1H24 results	1H24	1H23	% yoy	2Q24	2Q23	% yoy	1Q24	% qoq	IPS FY24F	% of IPS	Cons FY24F	% of cons
Revenue	64,514	68,677	-6%	32,102	33,788	-5%	32,412	-1%	122,814	53%	119,920	54%
COGS	(47,646)	(50,009)	-5%	(23,420)	(23,793)	-2%	(24,226)	-3%	(90,395)	53%	(89,674)	53%
Gross profit	16,869	18,668	-10%	8,682	9,996	-13%	8,187	6%	32,419	52%	30,246	56%
Gross profit margin (%)	26%	27%		27%	30%		25%		26%		25%	
Opex	(3,159)	(3,013)	5%	(1,566)	(1,549)	1%	(1,593)	-2%	(6,141)	51%	(6,001)	53%
EBIT	13,710	15,655	-12%	7,117	8,446	-16%	6,594	8%	26,278	52%	24,245	57%
EBIT margin (%)	21%	23%		22%	25%		20%		21%		20%	
Depreciation & amortization	5,513	4,375	26%	3,337	2,229	50%	2,175	53%	10,598	52%	8,261	67%
EBITDA	19,223	20,031	-4%	10,454	10,676	-2%	8,769	19%	36,876	52%	32,506	59%
EBITDA margin (%)	30%	29%		33%	32%		27%		30%		27%	
Interest income	538	586	-8%	285	277	3%	253	13%	1,007	53%		
Interest expense	(1,381)	(560)	147%	(701)	(335)	110%	(680)	3%	(3,114)	44%		
Income from associates	265	303	-12%	(2)	124	-101%	267	-101%	800	33%		
Others	(575)	(141)	308%	(231)	(187)	23%	(344)	-33%	0	N/A		
Profit before tax	12,558	15,843	-21%	6,467	8,325	-22%	6,090	6%	24,971	50%	23,087	54%
Income tax	(2,665)	(3,499)	-24%	(1,379)	(1,845)	-25%	(1,286)	7%	(5,494)	49%		
Tax rate (%)	21%	22%		21%	22%		21%		22%			
Minority interest	(360)	(1,127)	-68%	(103)	(587)	-82%	(257)	-60%	(1,249)	29%		
Net profit	9,532	11,216	-15%	4,985	5,893	-15%	4,547	10%	18,229	52%	17,220	55%
Net margin (%)	15%	16%		16%	17%		14%		15%		14%	
Core profit	9,985	11,326	-12%	5,167	6,039	-14%	4,818	7%	18,229			

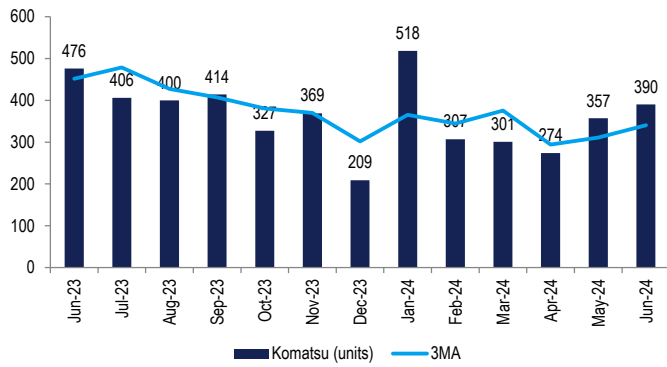
Source: Company, Indo Premier

Fig. 2: 1H24 operational summary

Operational summary	1H24	1H23	% yoy	2Q24	2Q23	% yoy	1Q24	% qoq	IPS FY24F	% of IPS	UNTR FY24F	% of cons
Komatsu												
Mining	1,347	1,982	-32%	575	833	-31%	771	-25%		N/A		N/A
Forestry	220	445	-51%	128	190	-33%	92	39%		N/A		N/A
Cons	275	481	-43%	132	213	-38%	143	-8%		N/A		N/A
Agro	305	236	29%	186	118	57%	120	55%		N/A		N/A
Total units	2,147	3,145	-32%	1,021	1,354	-25%	1,126	-9%	4,000	54%	4,000	54%
Komatsu ASP (Rp bn)	3.44	3.52	-2%	2.99	3.89	-23%	3.86	-23%	3.50	98%		N/A
Komatsu revenue (Rp bn)	7,393	11,073	-33%	3,048	5,261	-42%	4,345	-30%	14,000	53%		N/A
Mining contracting												
Coal (Mt)	70	57	21%	37	31	22%	33	14%	135	52%	137	51%
OB (mbcm)	590	524	13%	304	278	9%	286	6%	1,181	50%	1,200	49%
Total units	659	581	13%	341	308	11%	319	7%	1,316	50%	1,337	49%
SR (x)	8.5	9.1	-7%	8.2	9.1	-10%	8.8	-7%	8.8	97%	8.8	97%
All-in mining fee (Rp k/t)	42.36	41.82	1%	42.80	41.00	4%	41.89	2%	40.00	106%		N/A
Pama revenue (Rp bn)	27,930	24,302	15%	14,585	12,637	15%	13,345	9%	52,626	53%		N/A
Coal mining												
Thermal (Mt)	5.9	5.2	14%	2.7	2.9	-7%	3.2	-16%	12.5	47%	9.0	65%
Coking (Mt)	1.6	1.3	30%	0.9	0.6	55%	0.8	15%	3.0	55%	3.0	55%
Total volume (Mt)	7.5	6.4	17%	3.6	3.5	3%	4.0	-10%	15.5	49%	12.0	63%
Blended coal ASP (Rp k/t)	2,052	3,126	-34%	1,997	2,773	-28%	2,102	-5%	1,821	113%		N/A
TTA revenue (Rp bn)	15,462	20,104	-23%	7,123	9,574	-26%	8,339	-15%	28,226	55%		N/A
Gold mining												
Gold volume (k oz)	109	110	-1%	60	51	18%	49	22%	235	46%	235	46%
Gold ASP (Rp mn/oz)	40.13	29.02	38%	42.44	29.27	45%	37.29	14%	32.55	123%		N/A
Gold revenue (Rp bn)	4,374	3,192		2,547	1,493	71%	1,827	39%	7,649	57%		N/A
Nickel mining												
Limonite	547	N/A	N/A	367	N/A	N/A	180	104%	1,700	32%	1,700	32%
Saprolite	421	N/A	N/A	217	N/A	N/A	204	6%	300	140%	300	140%
Total volume (Mt)	968	N/A	N/A	584	N/A	N/A	384	52%	2,000	48%	2,000	48%

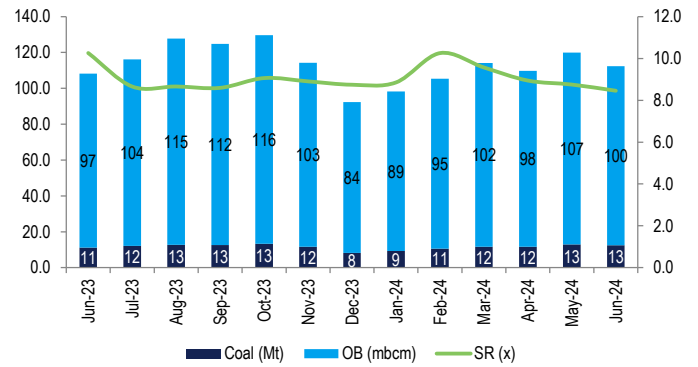
Source: Company, Indo Premier

Fig. 3: HE unit sales



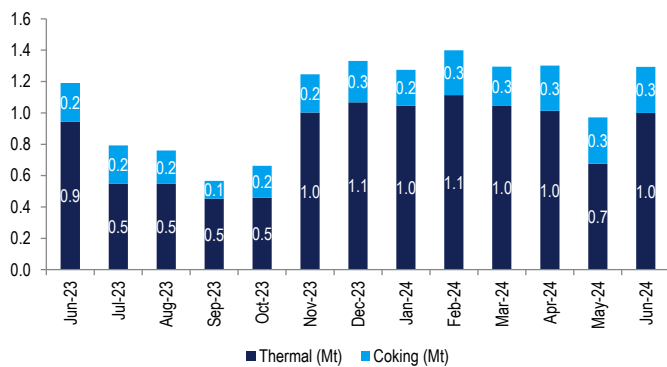
Source: Company, Indo Premier

Fig. 4: Pama's production



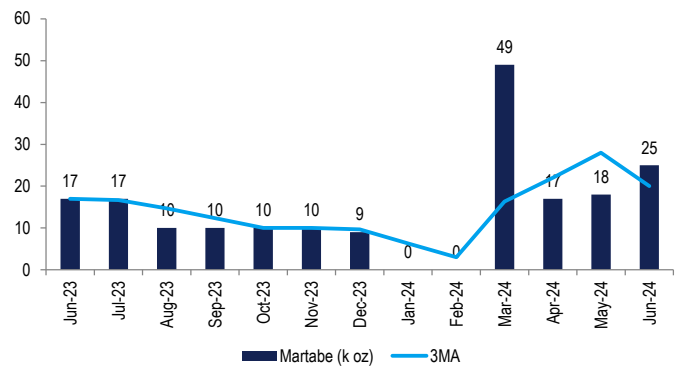
Source: Company, Indo Premier

Fig. 5: TTA coal sales



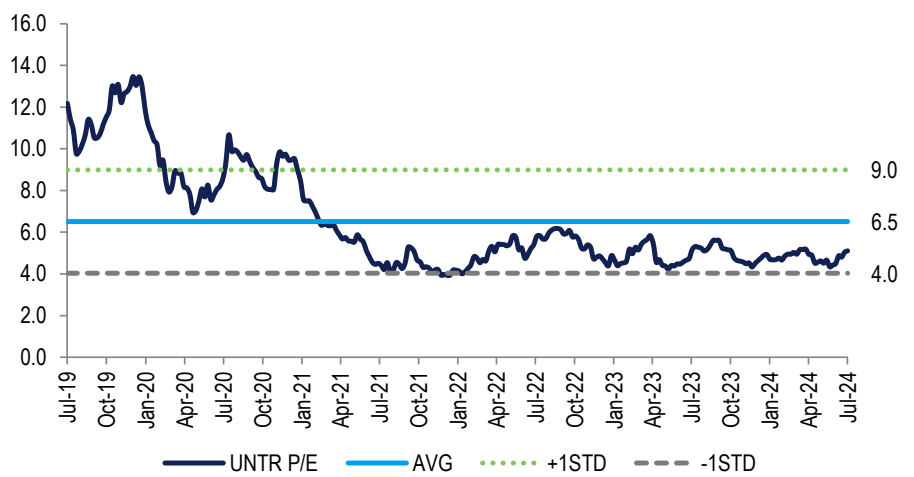
Source: Company, Indo Premier

Fig. 6: Gold sales volume



Source: Company, Indo Premier

Fig. 7: UNTR P/E valuation band



Source: Bloomberg, Company, Indo Premier

Fig. 8: 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	25,000	
Upside/(downside)	10%	
Implied FY24F P/E	5.6	

Source: Indo Premier

Fig. 9: 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	14.3	2.4	3.0	5.8	17.6%	12.6%	9.2%
PTBA IJ	Bukit Asam	Sell	2,000	8.5	10.1	10.3	4.9	5.4	5.2	13.9%	4.1%	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)	2022A	2023A	2024F	2025F	2026F
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)	2022A	2023A	2024F	2025F	2026F
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
Total current liab.	42,037	43,038	43,404	43,306	43,742
Long term loans	1,015	17,580	17,580	17,580	17,580
Other LT liab.	7,912	9,374	9,374	9,374	9,374
Total non-current 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)	2022A	2023A	2024F	2025F	2026F
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	2022A	2023A	2024F	2025F	2026F
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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