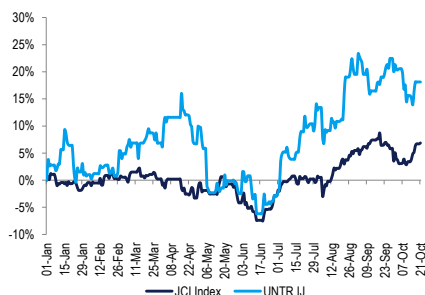


Stock Data

Target price	Rp33,000
Prior TP	Rp33,000
Current price	Rp26,725
Upside/downside	+23%
Shares outstanding (mn)	3,730
Market cap (Rp bn)	99,968
Free float	38%
Avg. 6m daily T/O (Rp bn)	116

Price Performance

	3M	6M	12M
Absolute	8.4%	5.4%	3.5%
Relative to JCI	1.9%	-4.2%	-10.0%
52w low/high (Rp)	20,925 – 27,900		



Major Shareholders

Astra International	59.5%
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3Q24F preview: potential beat from stellar Pama

- Pama pre-tax margin may expand by c.100bps qoq on higher volume (+8% qoq) amid dry season; Komatsu sales/ASP to remain resilient.
- Both Pama and Komatsu is set to offset soft coal business (TTA) performance as coal sales volume declined by -33% qoq.
- Maintain our FY24-26F NP estimates for now and reiterate Buy at unchanged SOTP-based TP of Rp33,000.

3Q24F: stellar Pama shall offset soft TTA; above consensus estimates

We expect UNTR 3Q24F NP to be relatively flattish at Rp4.9tr (-2% qoq), as weaker thermal/coking coal sales volume (c.-32/-33% qoq) coupled with lower ASP (c.-2% qoq) shall be offset by stellar Pama performance. Coal mining margin is expected to remain depressed at c.13% in 3Q24F (2Q24: 15%) due to further MIP provision, though potential reversal is possible if the regulation is delayed. We expect Pama pre-tax margin to expand by c.100bps in 3Q24F, driven by higher total volume (+8% qoq) amid dry season, per our estimates. Overall, we project 9M24F NP of Rp14.4tr (-6% yoy) to be ahead of consensus but in-line with our forecast (at 80/75%).

Robust Komatsu sales; ASP to improve on higher big machine sales

We expect UNTR to record 1,200 units of Komatsu sales in 3Q24F (+18% qoq), and based on our check, sales of big machines are higher compared to last quarter (c.60% qoq) amid improving demand from the mining sector; this shall translate to higher ASP (+10% qoq), based on our estimates. However, pre-tax margin should remain flat qoq given that Komatsu is primarily a trading business. Additionally, Petrosea (PTRO) and Darma Henwa (DEWA) has recently announced plan to allocate Rp6/3tr capex respectively on heavy equipment, +ve tailwind to Komatsu's order book.

Lower Martabe gold sales volume; 2Q24 was a high base

We expect Martabe gold sales volume to remain stable at 18k oz in Sep24, but 3Q24F volume is set to decline to 54k oz (-10% qoq) due to high base effect vs 2Q24. As a result, we expect pre-tax margin to slightly decline by c.750bps despite higher ASP (c.+1% qoq). SJR gold mine is currently in early production stage and is expected to start recording sales in 4Q24F.

Reiterate our Buy rating at unchanged SOTP-based TP of Rp33,000

We maintain our FY24-26F earnings estimates for now and reiterate our Buy rating at unchanged SOTP-based TP of Rp33,000/sh. UNTR is currently trading at an attractive 5.2x FY24F P/E (on par with ADRO/ITMG). Recent decline in share price was primarily driven by foreign outflow, but fundamentals remain intact, in our view. Downside risks are lower coal prices and lower Pama volume from La Nina.

Financial Summary (Rp bn)	2022A	2023A	2024F	2025F	2026F
Revenue	123,607	128,583	128,841	128,190	130,906
EBITDA	37,263	37,367	39,701	41,814	44,098
Net profit	21,005	20,612	19,248	19,350	20,069
EPS growth	104%	-2%	-7%	1%	4%
ROE	23%	25%	20%	18%	17%
PER (x)	4.7	4.8	5.2	5.2	5.0
EV/EBITDA (x)	1.7	2.7	2.4	2.1	1.9
Dividend yield	6%	26%	9%	8%	8%
IPS vs. consensus			106%	108%	111%

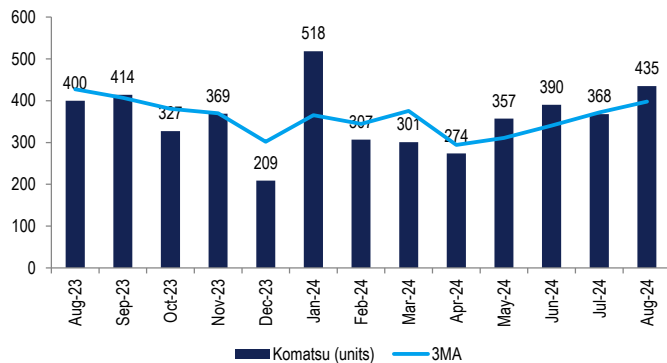
Source: Company, Indo Premier

Share price closing as of: 21 October 2024

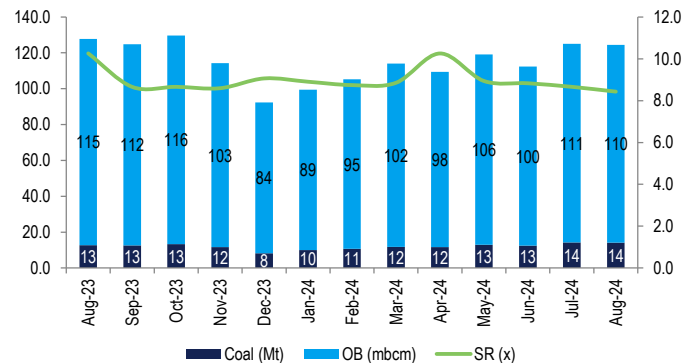
Fig. 1: 8M24 operational summary

Operational summary	9M24F	9M23	% yoy	3Q24F	2Q23	% yoy	2Q24	% qoq	IPS FY24F	% of IPS	UNTR FY24F	% of cons
Komatsu												
Mining	N/A	2,722	N/A	N/A	833	N/A	575	N/A		N/A		N/A
Forestry	N/A	583	N/A	N/A	190	N/A	128	N/A		N/A		N/A
Cons	N/A	677	N/A	N/A	213	N/A	132	N/A		N/A		N/A
Agro	N/A	382	N/A	N/A	118	N/A	186	N/A		N/A		N/A
Total units	3,347	4,365	-23%	1,200	1,354	-11%	1,021	18%	4,500	74%	4,500	74%
Komatsu ASP (Rp bn)	3.4	3.4	-1%	3.3	3.9	-15%	3.0	11%	3.5	97%		N/A
Komatsu revenue (Rp bn)	11,353	14,926	-24%	3,960	5,261	-25%	3,048	30%	15,750	72%		N/A
Mining contracting												
Coal (Mt)	112	95	18%	42	31	38%	37	13%	144	78%	144	78%
OB (mbcm)	917	855	7%	328	278	18%	304	8%	1,195	77%	1,200	76%
Total units	1,029	950	8%	370	308	20%	341	8%	1,339	77%	1,344	77%
SR (x)	8.2	9.0	-9%	7.8	9.1	-14%	8.2	-5%	8.3	99%	8.3	99%
All-in mining fee (Rp k/t)	42.21	41.22	2%	41.94	41.00	2%	42.80	-2%	42.20	100%		N/A
Pama revenue (Rp bn)	43,430	39,147	11%	15,500	12,637	23%	14,585	6%	56,514	77%		N/A
Coal mining												
Thermal (Mt)	7.7	6.7	15%	1.8	2.9	-38%	2.7	-33%	10.0	77%	9.0	85%
Coking (Mt)	2.2	1.8	22%	0.6	0.6	6%	0.9	-32%	3.0	75%	3.0	75%
Total volume (Mt)	9.9	8.5	16%	2.4	3.5	-30%	3.6	-33%	13.0	76%	12.0	83%
Blended coal ASP (Rp k/t)	2,031	2,802	-28%	1,963	2,773	-29%	1,997	-2%	2,032	100%		N/A
TTA revenue (Rp bn)	20,173	23,957	-16%	4,710	9,574	-51%	7,123	-34%	26,416	76%		N/A
Gold mining												
Gold volume (k oz)	163	147	11%	54	51	6%	60	-10%	235	69%	235	69%
Gold ASP (Rp mn/oz)	41.08	29.16	41%	43.00	29.27	47%	42.44	1%	42.65	96%		N/A
Gold revenue (Rp bn)	6,695	4,286		2,322	1,493	56%	2,547	-9%	10,023	67%		N/A

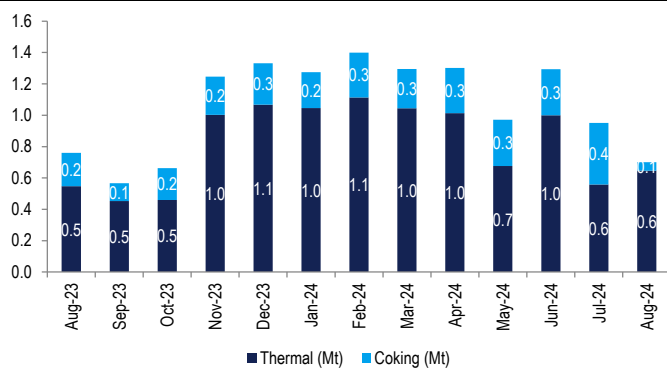
Source: Company, Indo Premier

Fig. 2: HE unit sales


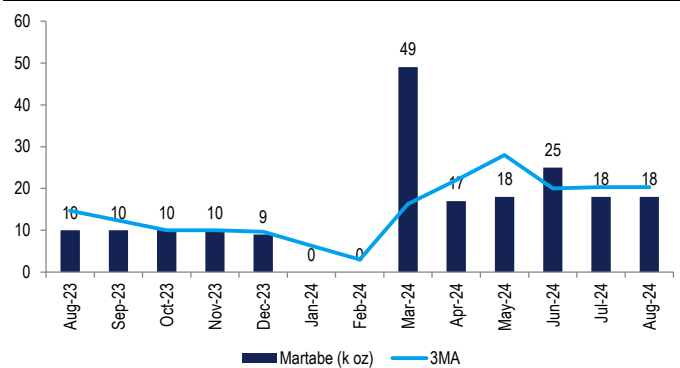
Source: Company, Indo Premier

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	17,285	Target multiple - 6x FY24F P/E
Mining contracting	57,161	Target multiple - 5.5x FY24F P/E
Coal mining	25,020	Target multiple - 5x FY24F P/E
Gold mining	16,932	Target multiple - 10x FY24F P/E
NIC	5,754	Target multiple - 11x FY24F P/E
SPR	571	Target multiple - 9x FY24F P/E
Equity value (Rp bn)	122,724	
Outstanding shares	3.7	
Target price (Rp/sh)	33,000	
Current share price	26,725	
Upside/(downside)	23%	
Implied FY24F P/E	6.4	

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	3,900	4.9	6.3	8.2	2.1	2.6	2.8	10.7%	8.2%	6.3%
ITMG IJ	Indo Tambangraya Megah	Hold	22,000	5.1	7.0	14.2	2.3	2.9	5.7	17.8%	12.7%	9.3%
PTBA IJ	Bukit Asam	Hold	2,900	7.7	7.2	6.0	4.7	4.3	3.7	13.2%	9.8%	10.4%
UNTR IJ	United Tractors	Buy	33,000	5.2	5.2	5.0	2.4	2.1	1.9	8.8%	8.2%	8.4%

Source: Company, Indo Premier

Income Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net revenue	123,607	128,583	128,841	128,190	130,906
Cost of sales	(88,849)	(92,797)	(94,761)	(94,265)	(96,254)
Gross profit	34,759	35,786	34,080	33,925	34,652
SG&A Expenses	(5,626)	(6,063)	(6,442)	(6,409)	(6,545)
Operating profit	29,133	29,723	27,638	27,516	28,107
Net interest	238	(752)	(1,761)	(1,505)	(1,150)
Forex gain (loss)	636	635	450	450	450
Others	(561)	(885)	(1,000)	(1,000)	(1,000)
Pre-tax income	29,446	28,720	25,327	25,461	26,407
Income tax	(6,452)	(6,590)	(5,319)	(5,347)	(5,546)
Minority interest	(1,989)	(1,518)	(760)	(764)	(792)
Net income	21,005	20,612	19,248	19,350	20,069

Balance Sheet (Rp bn)	2022A	2023A	2024F	2025F	2026F
Cash & equivalent	38,282	18,597	23,265	28,832	36,557
Receivable	19,649	20,275	21,473	21,365	21,818
Inventory	15,390	17,184	15,794	15,711	16,042
Other current assets	5,610	6,612	6,612	6,612	6,612
Total current assets	78,930	62,667	67,144	72,520	81,029
Fixed assets	23,678	36,002	45,653	53,009	58,615
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	99,973	106,350	111,034
Total assets	140,478	154,028	167,117	178,870	192,063

ST loans	987	1,294	1,294	1,294	1,294
Payable	25,432	29,766	31,587	31,422	32,085
Other payables	15,618	11,978	11,978	11,978	11,978
Current portion of LT loans	42,037	43,038	44,859	44,693	45,357
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	71,813	71,648	72,311

Equity	10,636	10,636	10,636	10,636	10,636
Retained earnings	71,324	66,871	77,380	88,534	100,272
Minority interest	7,554	6,528	7,288	8,051	8,844
Total SHE + minority int.	89,514	84,036	95,304	107,222	119,752
Total liabilities & equity	140,478	154,028	167,117	178,870	192,063

Source: Company, Indo Premier

Cash Flow Statement (Rp bn)	2022A	2023A	2024F	2025F	2026F
Net income	21,005	20,612	19,248	19,350	20,069
Depr. & amortization	8,130	7,644	12,063	14,298	15,991
Changes in working capital	(1,091)	1,914	2,012	26	(121)
Others	4,848	(3,823)	760	764	792
Cash flow from operating	32,892	26,347	34,084	34,438	36,732
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)	(8,740)	(8,196)	(8,332)
Others	(6,529)	(2,421)	0	0	0
Cash flow from financing	(18,653)	(12,230)	(8,740)	(8,196)	(8,332)
FX effect	1,123	(362)	0	0	0
Changes in cash	4,960	(19,685)	4,669	5,567	7,725

Key Ratios	2022A	2023A	2024F	2025F	2026F
Gross margin	28%	28%	26%	26%	26%
Operating margin	24%	23%	21%	21%	21%
Pre-tax margin	24%	22%	20%	20%	20%
Net margin	17%	16%	15%	15%	15%
ROA	15%	13%	12%	11%	10%
ROE	23%	25%	20%	18%	17%
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	14.0	14.8	15.6
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

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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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