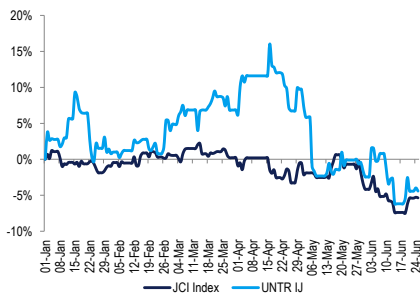


Stock Data

Target price	Rp27,500
Prior TP	Rp27,500
Current price	Rp21,625
Upside/downside	+27%
Shares outstanding (mn)	3,730
Market cap (Rp bn)	80,571
Free float	38%
Avg. 6m daily T/O (Rp bn)	117

Price Performance

	3M	6M	12M
Absolute	-11.9%	-1.8%	-7.1%
Relative to JCI	-5.2%	3.1%	-10.4%
52w low/high (Rp)	20,925 – 28,500		



Major Shareholders

Astra International	59.5%
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May24 ops: Komatsu/Pama recovered after Lebaran; overall in-line

- Pama coal production recovered (+11% mom) after Lebaran, but SR continued to decline (-2% mom) after pre-stripping in 4Q23/1Q24.
- TTA coal sales volume declined by 25% mom amid logistical challenge on lower rainfall, while gold sales slightly improved mom (+6%).
- We reiterate our Buy rating at unchanged SOTP-based TP of Rp27,500.

Komatsu recovered post Lebaran sales dip in Apr24

Komatsu sales volume recovered to 357 units in May24 (+30% mom/-35% yoy), after a low-base in Apr-24 due to Lebaran holidays with recovery seen across sectors on monthly basis. Overall, 5M24 Komatsu sales dropped to 1,757 units (-34% yoy), roughly in-line with ours and management guidance at c.44% of FY24F forecast.

Pama coal production rebounded but SR continued to decline

Similarly, Pama production volume improved to 13Mt in May24 (+11% mom). However, OB volume grew at a slower rate to 107mbcm (+9% mom) on the back of lower SR (8.3x, -2% mom) following pre-stripping in 4Q23/1Q24. Overall, coal production/OB volume reached 56Mt/491mbcm in 5M24 (+22/+15% yoy), in-line with our estimates (at 42%/42% respectively).

TTA volume declined on logistical issue, but remained in-line

TTA coal sales volume saw a steep decline to 1Mt (-25% mom) due to logistical issue from lower rainfall, with thermal coal sales volume declining to 0.7Mt in May24 (-33% mom) while coking coal sales volume remained relatively stable at 0.3Mt (+2% mom). Overall, 5M24 thermal/coking coal sales volume reached 4.9/1.3Mt (+16%/+33% yoy), which came broadly in-line with our estimates (at 39%/45% respectively).

Expect SJR mine to start contributing in 2H24F

Gold sales volume slightly improved to 18k oz (+6% mom), solely driven by higher production from Martabe. Cumulatively, 5M24 sales volume of 84k oz (-10% yoy) remained below our FY24F estimate (at 36% IPS), but we expect volume to catch up when SJR mine commences production in 2H24F. Note that SJR has yet to kick-start production as of Jun24.

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

We maintain our FY24-26F estimates for now as May24 operational volumes remained broadly in-line with our estimates. We reiterate our Buy rating at unchanged SOTP-based TP of Rp27,500. UNTR is currently trading at an attractive valuation of 4.4x FY24F P/E, compared to ADRO/ITMG at 4.2x/4.8x FY24F P/E. UNTR typically trades at 7/17% premium to ADRO/ITMG. We think the weakness in share price has been primarily driven by investors' concern regarding dividend, considering UNTR's aggressive M&A plan going forward.

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)	3.8	3.9	4.4	4.4	4.2
EV/EBITDA (x)	1.2	2.2	2.1	1.9	1.6
Dividend yield	8%	32%	10%	10%	10%
IPS vs. consensus			106%	110%	122%

Source: Company, Indo Premier

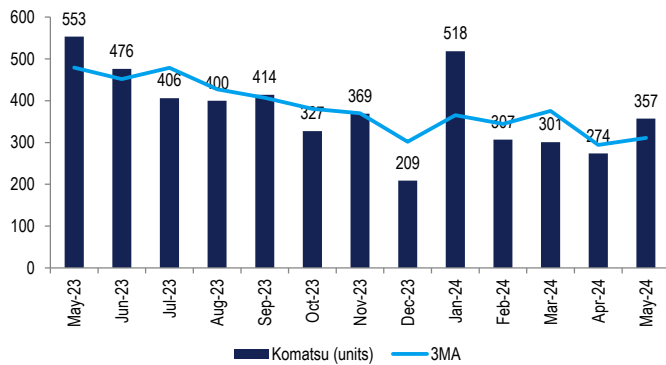
Share price closing as of: 25 June 2024

Fig. 1: 5M24 operational summary

Operational summary	5M24	5M23	% yoy	May-24	May-23	% yoy	Apr-24	% mom	IPS FY24F	% of IPS	UNTR FY24F	% of target
<b>Komatsu</b>												
Mining	1,156	1,697	-32%	203	326	-38%	181	13%				
Forestry	158	388	-59%	46	111	-58%	19	142%				
Cons	224	386	-42%	43	72	-40%	38	12%				
Agro	220	198	11%	64	44	45%	36	80%				
<b>Total units</b>	<b>1,757</b>	<b>2,669</b>	<b>-34%</b>	<b>357</b>	<b>553</b>	<b>-35%</b>	<b>274</b>	<b>30%</b>	<b>4,000</b>	<b>44%</b>	<b>4,000</b>	<b>44%</b>
<b>Mining contracting</b>												
Coal (Mt)	56	46	22%	12.9	10.8	19%	11.6	11%	135	42%	137	41%
OB (mbcm)	491	427	15%	107	94	14%	98	9%	1,181	42%	1,200	41%
<b>Total units</b>	<b>547</b>	<b>473</b>	<b>16%</b>	<b>120</b>	<b>104</b>	<b>15%</b>	<b>110</b>	<b>9%</b>	<b>1,316</b>	<b>42%</b>	<b>1,337</b>	<b>41%</b>
SR (x)	8.8	9.3	-5%	8.3	8.7	-4%	8.5	-2%	8.8	100%	8.8	100%
<b>Coal mining</b>												
Thermal (Mt)	4.9	4.2	16%	0.7	0.7	-4%	1.0	-33%	12.5	39%	9.0	54%
Coking (Mt)	1.3	1.0	33%	0.3	0.2	23%	0.3	2%	3.0	45%	3.0	45%
<b>Total volume (Mt)</b>	<b>6.2</b>	<b>5.2</b>	<b>19%</b>	<b>1.0</b>	<b>0.9</b>	<b>3%</b>	<b>1.3</b>	<b>-25%</b>	<b>15.5</b>	<b>40%</b>	<b>12.0</b>	<b>52%</b>
<b>Gold mining</b>												
Gold volume (k oz)	84	93	-10%	18	16	13%	17	6%	235	36%	235	36%
<b>Nickel mining</b>												
Limonite (k w mt)	423	0	N/A	114	0	N/A	129		1,700	25%	1,700	25%
Saprolite (k w mt)	365	0	N/A	74	0	N/A	87		300	122%	300	122%
<b>Total volume (k w mt)</b>	<b>788</b>	<b>0</b>	<b>N/A</b>	<b>188</b>	<b>0</b>	<b>N/A</b>	<b>216</b>		<b>2,000</b>	<b>39%</b>	<b>2,000</b>	<b>39%</b>

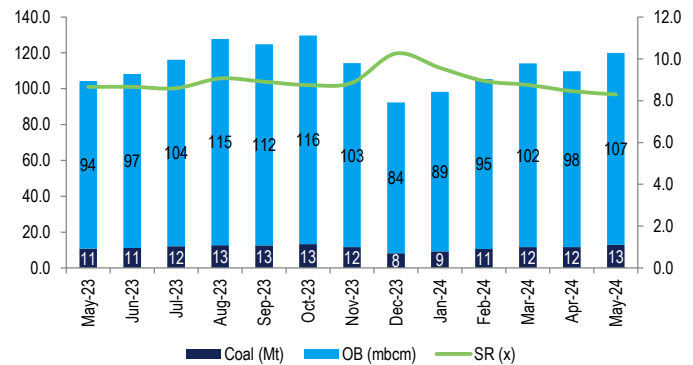
Source: Company, Indo Premier

Fig. 2: HE unit sales



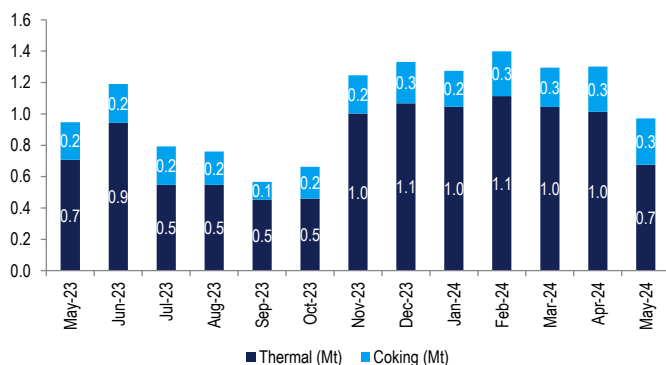
Source: Company, Indo Premier

Fig. 3: Pama's production



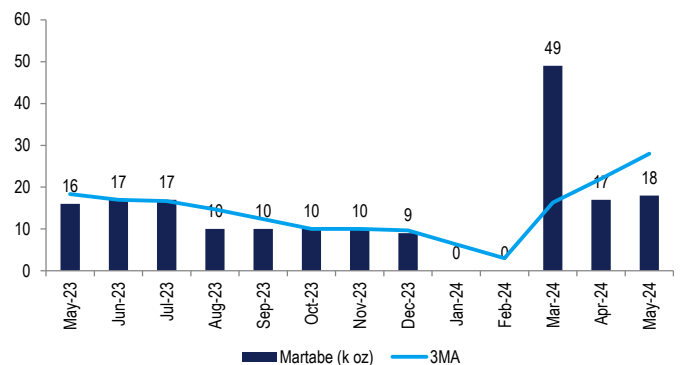
Source: Company, Indo Premier

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	21,625	
Upside/(downside)	27%	
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	4.2	5.6	7.3	1.5	1.9	1.9	11.7%	9.4%	7.2%
ITMG IJ	Indo Tambangraya Megah	Hold	22,000	4.8	6.6	13.3	2.1	2.6	5.1	18.9%	13.5%	9.9%
PTBA IJ	Bukit Asam	Sell	2,000	7.6	9.1	9.3	4.4	4.8	4.6	15.4%	4.6%	3.9%
UNTR IJ	United Tractors	Buy	27,500	4.4	4.4	4.2	2.1	1.9	1.6	9.8%	9.6%	9.8%

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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