

# United Tractors Tbk (UNTR.IJ)

## Meski Lesu, Tetap Menarik Dilirik

Kinerja 2Q19 menurun lantaran kontribusi lini bisnis Mesin Konstruksi merosot. Tetapi diversifikasi bisnis melalui segmen Kontraktor Pertambangan dan Pertambangan Emas berhasil menjadi penopang kinerja UNTR pada 2Q19. Prospek bisnis UNTR masih baik dan stabil.

Company Update | Aug 12, 2019

## Buy

<b>Dec 2019 TP (IDR)</b>	<b>28,000</b>
Consensus Price (IDR)	33,326
TP to Consensus Price	16.0%
vs. Last Price	20.8%

### Shares data

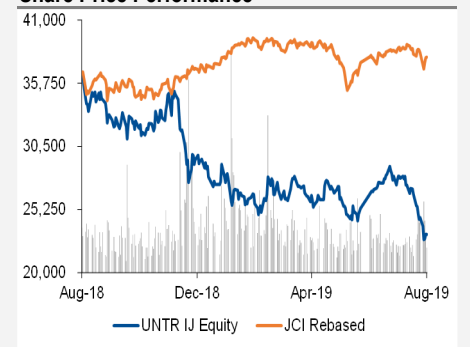
Last Price (IDR)	23,175
Price Date as of	Aug 9, 2019
52 wk Range (Hi/Lo)	37,175 / 22,600
Free Float (%)	40.4
Outstanding sh.(mn)	3,730
Market Cap (IDR bn)	86,446
Market Cap (USD mn)	6,086
Avg. Trd Vol - 3M (mn)	4.12
Avg. Trd Val - 3M (bn)	107.74
Foreign Ownership	17.9%

### Trade

#### Heavy Equipment

Bloomberg	UNTR.IJ
Reuters	UNTR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-15.2%	-16.3%	-11.2%	-36.74%
Rel. Ret.	1.6%	-1.7%	1.3%	3.6%

### Meilki Darmawan

(021)797-6202, ext: 170

meilki.darmawan@nhsec.co.id

### Kinerja Kurang Memuaskan

Pada 2Q19, UNTR mencatatkan pendapatan Rp20,6 triliun (+4% YoY), laba kotor Rp4,9 triliun (+3% YoY), dan laba Rp2,5 triliun (-14% YoY). Penurunan tajam laba bersih disebabkan membengkaknya biaya keuangan hingga Rp260 miliar (+160% YoY). Industri batu bara yang masih lesu berdampak terhadap kontribusi bisnis Mesin Konstruksi UNTR. Sebagai catatan, 47% unit alat berat UNTR dijual ke industri tambang batu bara.

### Penekan Kinerja 2Q19

Bisnis Mesin Konstruksi membukukan pendapatan Rp5,6 triliun (-19% YoY) dengan menjual Komatsu sebanyak 736 unit (-40% YoY). Kami memproyeksikan bahwa pada 2019F UNTR masih mampu menjual 3.900 unit alat berat dengan potensi pendapatan Rp23,6 triliun: penurunan kontribusi sebesar 2% menjadi 26% bagi UNTR. Bisnis Industri Konstruksi melalui ACSET memberikan kontribusi pendapatan Rp742 miliar (-19% YoY) lantaran beberapa proyek sudah mencapai tahap penyelesaian tanpa ada penambahan proyek baru. Kami memperkirakan bahwa pada 2019F ACSET masih mampu membukukan pendapatan Rp2,9 triliun dengan penurunan kontribusi sebesar 1% menjadi 3% bagi pendapatan UNTR.

### PAMA dan Agincourt Menopang Kinerja 2Q19

Bisnis Kontraktor Pertambangan melalui PAMA membukukan pendapatan Rp9,7 triliun (+3% YoY) berkat produksi batu bara yang stabil. Kami memproyeksikan bahwa pada 2019F produksi batu bara bisa mencapai 130 juta tons dan OB Removal menjadi 910 juta bcm sehingga berkontribusi pendapatan Rp48 triliun atau stabil di level kontribusi 44% terhadap pendapatan UNTR. Bisnis Pertambangan emas melalui Agincourt berkontribusi pendapatan Rp1,7 triliun; pencapaian positif bagi lini bisnis baru di tengah penurunan volume produksi. Kami memproyeksikan bahwa pada 2019F, tambang emas Martabe mampu mencapai volume produksi 300.000 oz dengan pendapatan mencapai Rp7 triliun atau naik 2% menjadi 10% kontribusi terhadap pendapatan UNTR.

### Rating BUY dengan Target Harga Rp28.000

Diversifikasi bisnis membuat UNTR memiliki kestabilan bisnis jangka panjang sehingga kami mempertahankan rekomendasi BUY dengan target harga Rp28.000 atau potensi *upside* 20,8% berdasarkan estimasi menggunakan metode *forward P/E* 7,7x (-1 SD). Saat ini, UNTR diperdagangkan dengan *P/E* 2019F 10,6x.

### United Tractors Tbk | Summary

	2018A	2019F	2020F	2021F
Sales	84,625	86,312	90,845	94,195
Growth (%)	31.1%	2.0%	5.3%	3.7%
EBITDA	21,811	25,413	30,857	27,195
Net Profit	11,126	11,720	13,636	14,092
EPS (IDR)	2,982	3,142	3,656	3,778
Growth (%)	50.3%	5.3%	16.4%	3.3%
P/E	11.2x	10.6x	9.1x	8.8x
P/BV	2.2x	1.9x	1.7x	1.4x
EV/EBITDA	5.7x	5.4x	4.1x	4.6x
ROE (%)	21.3%	19.3%	20.0%	17.7%
DER (%)	18.0%	26.9%	20.5%	15.8%
Net Debt	-3,195	1,721	-5,016	-8,895

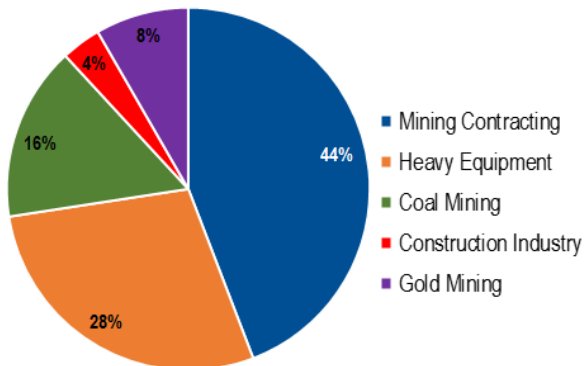
Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

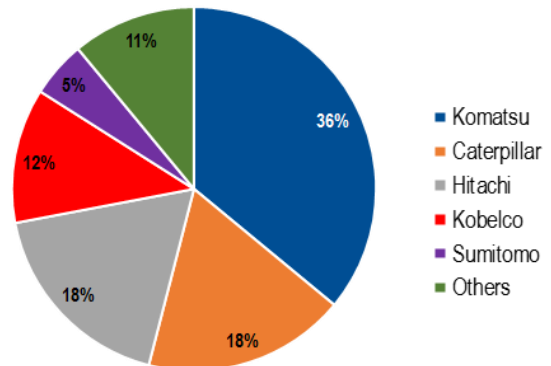
## Performance Highlights in Charts

6M19 Revenue Breakdown



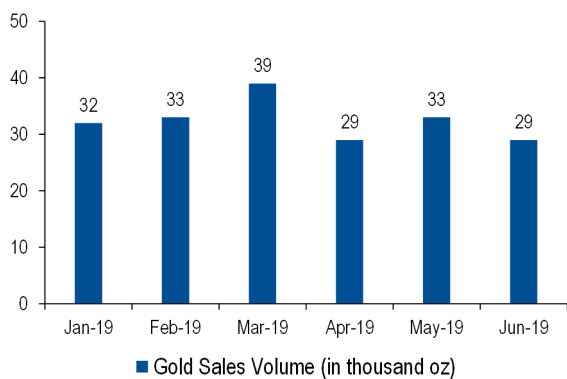
Source: Company Data, NHKS Research

6M19 Heavy Equipment Domestic Shares



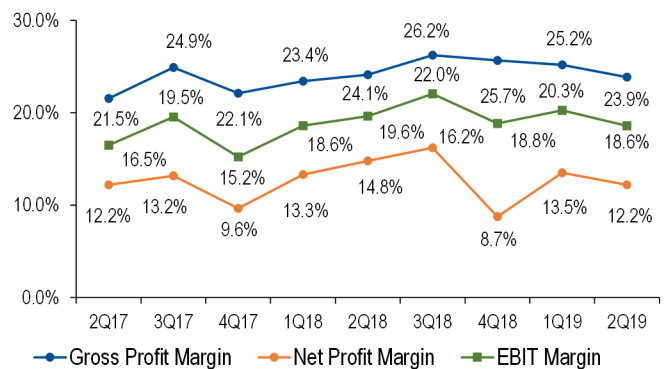
Source: Company Data, NHKS Research

Gold Sales Volume



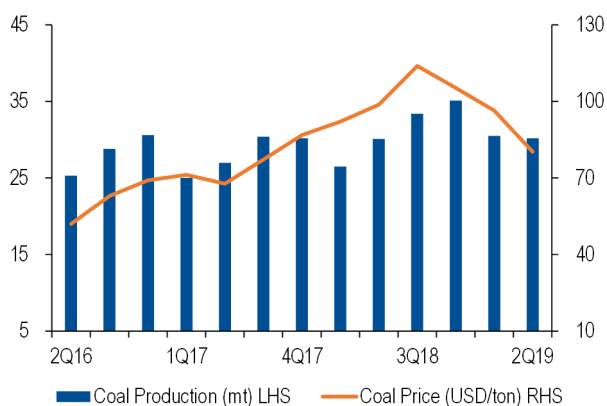
Source: Company Data, NHKS Research

Margin Ratios



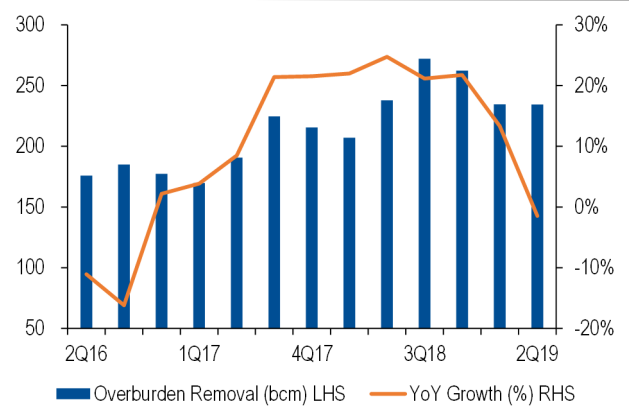
Source: Company Data, NHKS Research

Coal Production & Prices



Source: Company Data, NHKS Research

Overburden Removal & YoY Growth



Source: Company Data, NHKS Research

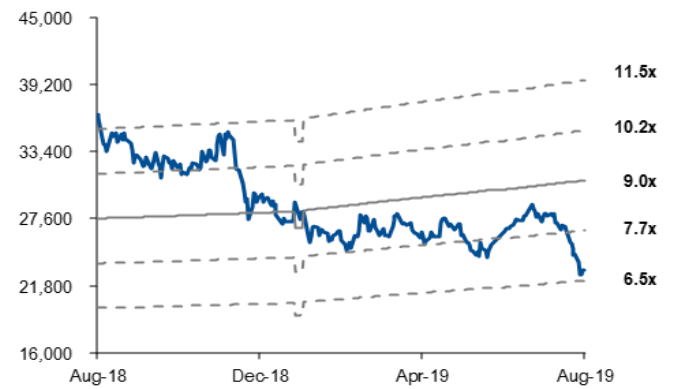
## Valuation Highlights in Charts

12-Month Forward P/E Band



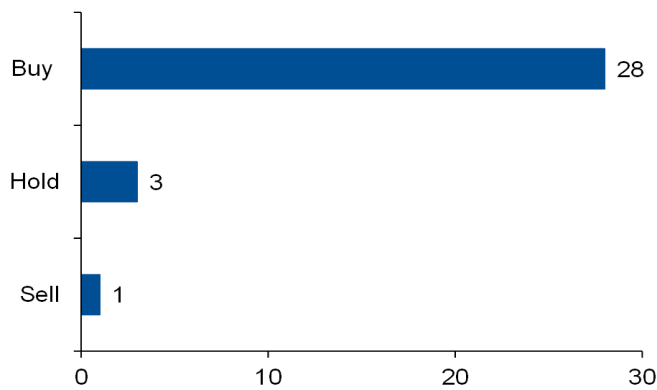
Source: Bloomberg, NHKS Research

12-Month Dynamic Forward P/E Band



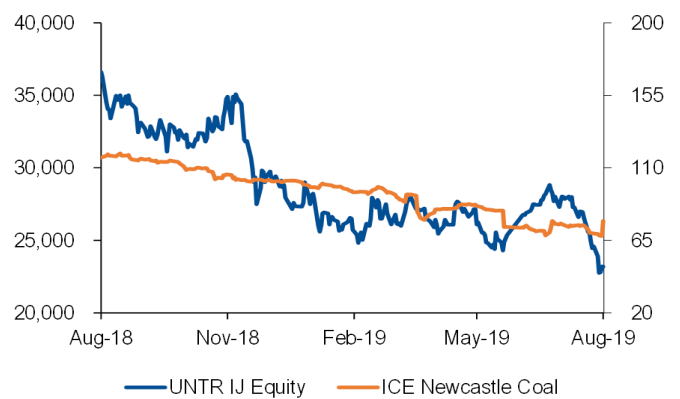
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Stock and Coal Prices Correlated Positively



Source: Bloomberg, NHKS Research

## Quarterly Review

	2Q18	3Q18	4Q18	1Q19	2Q19			3Q19E	
					Actual	Estimate	Y-Y		Q-Q
<b>Income statement</b>									
Sales	19,934	22,181	23,499	22,621	20,698		3.8%	-8.5%	21,332
Gross Profit	4,809	5,818	6,031	5,700	4,939		2.7%	-13.3%	5,789
EBIT	3,914	4,890	4,428	4,584	3,846		-1.7%	-16.1%	4,700
EBITDA	5,127	6,126	5,930	6,862	6,122		19.4%	-10.8%	6,092
Net Profit	2,948	3,593	2,054	3,053	2,522		-14.4%	-17.4%	2,432
<b>Margin</b>									
Gross Margin	24.1%	26.2%	25.7%	25.2%	23.9%		-0.3%	-1.3%	27.1%
EBIT Margin	19.6%	22.0%	18.8%	20.3%	18.6%		-1.1%	-1.7%	22.0%
EBITDA Margin	25.7%	27.6%	25.2%	30.3%	29.6%		3.9%	-0.8%	28.6%
Net Profit Margin	14.8%	16.2%	8.7%	13.5%	12.2%		-2.6%	-1.3%	11.4%

Unit: IDR bn, %

Source: Company Data, NHKS Research

## Earnings Revision

		2019F	2020F	2021F
<b>Income Statement</b>				
Sales	-Revised	86,312	90,845	94,195
	-Previous	109,946	121,427	
	-Change	-21.5%	-25.2%	
Gross Profit	-Revised	22,323	23,973	24,541
	-Previous	28,924	30,751	
	-Change	-22.8%	-22.0%	
EBIT	-Revised	17,901	19,318	19,619
	-Previous	23,286	24,400	
	-Change	-23.1%	-20.8%	
EBITDA	-Revised	25,413	30,857	27,195
	-Previous	35,562	40,742	
	-Change	-28.5%	-24.3%	
Net Profit	-Revised	11,720	13,639	14,094
	-Previous	17,050	17,731	
	-Change	-31.1%	-23.1%	
<b>Margin</b>				
Gross Margin	-Revised	25.9%	26.4%	26.1%
	-Previous	26.3%	25.3%	
EBIT Margin	-Revised	20.7%	21.3%	20.8%
	-Previous	21.2%	20.1%	
EBITDA Margin	-Revised	29.4%	34.0%	28.9%
	-Previous	32.3%	33.6%	
Net Profit Margin	-Revised	12.8%	15.0%	15.0%
	-Previous	15.5%	14.6%	

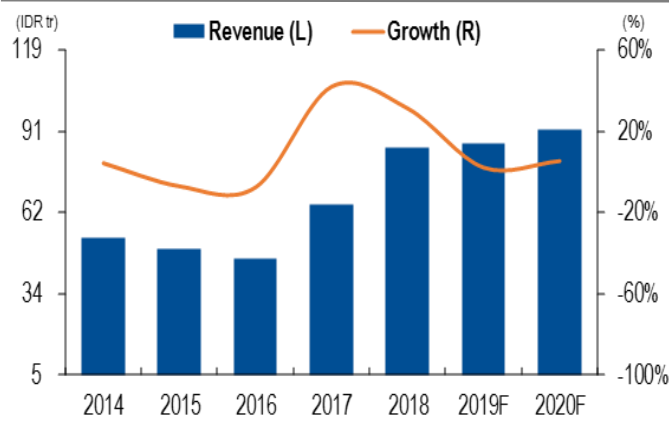
Unit: IDR bn, %

Source: Company Data, NHKS Research

## Company Overview

- PT United Tractors Tbk merupakan perusahaan swasta yang bergerak di bisnis distributor Mesin Kontruksi, Kontraktor Pertambangan, Pertambangan Batu Bara, Pertambangan Emas, Industri Konstruksi, dan Energi. Didirikan pada 13 Oktober 1972 di Jakarta dan *go public* pada 1989 dengan PT Astra International Tbk sebagai pemilik saham mayoritas.
- Unit usaha Mesin Konstruksi sebagai distributor tunggal produk Komatsu, UD Trucks, Scania, Bomag, Tadano, dan Komatsu Forest yang telah digunakan di industri pertambangan, perkebunan, konstruksi bangunan, dan kehutanan.
- Unit usaha Kontraktor Pertambangan melalui anak usaha PT Pamapersada Nusantara dengan pengalaman di bidang rancang tambang, eksplorasi, penggalian, pengangkutan melalui darat, sungai, dan pengapalan.
- Unit usaha Pertambangan Batu Bara melalui anak usaha PT Tuah Turangga Agung yang memiliki konsesi tambang batu bara dengan total cadangan sebesar 400 juta ton terdiri dari batu bara kualitas menengah dan tinggi.

### Revenue and Growth Movements



Source: Company Data, NHKS Research

### Earnings and Growth Movements



Source: Company Data, NHKS Research

### Asia Pacific Companies Peers Analysis

	Market Cap (USD mn)	Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM	Net Profit Margin	ROE (LTM)	P/E LTM	P/BV
<b>Indonesia</b>									
UNITED TRACTORS TBK	5,980	8,060	6,162	777	18.6%	12.6%	21.6%	7.6x	1.6x
HEXINDO ADIPERKASA TBK	195	346	461	38	66.7%	8.2%	23.5%	5.2x	1.2x
DELTA DUNIA MAKMUR TBK	253	1,184	943	62	9.8%	6.6%	29.5%	4.3x	1.0x
<b>India</b>									
ZHONGJI INNOLIGHT CO LTD	3,892	1,175	689	86	83.2%	12.4%	10.8%	43.0x	4.3x
<b>Japan</b>									
YAMAZEN CORP	870	2,217	4,748	110	19.3%	2.3%	13.7%	7.5x	1.0x
JCHX MINING MANAGEMENT CO LTD	694	912	469	44	29.5%	9.4%	7.4%	16.6x	1.2x
<b>Australia</b>									
MINERAL RESOURCES LTD	1,831	1,542	990	92	-45.5%	9.2%	10.0%	22.2x	2.2x

Unit: IDR bn, %, X

Source: Bloomberg, NHKS Research

## Summary of Financials

### INCOME STATEMENT

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
<b>Sales</b>	<b>84,625</b>	<b>86,312</b>	<b>90,845</b>	<b>94,195</b>
<i>Growth</i>	31.1%	2.0%	5.3%	3.7%
COGS	(63,515)	(63,988)	(66,872)	(69,653)
<b>Gross Profit</b>	<b>21,110</b>	<b>22,323</b>	<b>23,973</b>	<b>24,541</b>
<i>Gross Margin</i>	24.9%	25.9%	26.4%	26.1%
Operating Expenses	(4,339)	(4,422)	(4,655)	(4,923)
<b>EBIT</b>	<b>16,770</b>	<b>17,901</b>	<b>19,318</b>	<b>19,619</b>
<i>EBIT Margin</i>	19.8%	20.7%	21.3%	20.8%
Depreciation	5,041	7,513	11,538	7,576
<b>EBITDA</b>	<b>21,811</b>	<b>25,413</b>	<b>30,857</b>	<b>27,195</b>
<i>EBITDA Margin</i>	25.8%	29.4%	34.0%	28.9%
Interest Expenses	(475)	(889)	(802)	(345)
<b>EBT</b>	<b>15,709</b>	<b>16,250</b>	<b>19,197</b>	<b>19,995</b>
Income Tax	(4,210)	(4,489)	(5,215)	(5,541)
Minority Interest	(373)	(42)	(343)	(362)
<b>Net Profit</b>	<b>11,126</b>	<b>11,720</b>	<b>13,639</b>	<b>14,092</b>
<i>Growth</i>	50.3%	5.3%	16.4%	3.3%
<i>Net Profit Margin</i>	13.1%	13.6%	15.0%	15.0%

### PROFITABILITY & STABILITY

	2018/12A	2019/12F	2020/12F	2021/12F
ROE	21.3%	19.3%	20.0%	17.7%
ROA	11.2%	9.7%	10.5%	10.4%
ROIC	18.2%	15.9%	16.1%	14.1%
Cash Dividend (IDR bn)	3,088	1,425	1,668	1,724
Dividend Yield	2.5%	1.1%	1.3%	1.4%
Payout Ratio	27.8%	12.2%	12.2%	12.2%
DER	18.0%	26.9%	20.5%	15.8%
Net Gearing	24.7%	34.5%	23.8%	18.4%
LT Debt to Equity	5.6%	19.7%	10.8%	7.3%
Capitalization Ratio	15.2%	21.2%	17.0%	13.7%
Equity Ratio	49.1%	50.9%	53.8%	63.4%
Debt Ratio	8.8%	13.7%	11.0%	10.0%
Financial Leverage	157.3%	191.8%	184.6%	169.1%
Current Ratio	114.1%	133.9%	130.5%	146.9%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	3,730	3,730	3,730	3,730
Share Price (IDR)	33,300	33,300	33,300	33,300
Market Cap (IDR tn)	124.2	124.2	124.2	124.2

### BALANCE SHEET

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
Cash	13,438	15,574	19,870	22,624
Receivables	20,610	23,656	21,336	18,732
Inventories	13,618	7,011	12,636	8,824
<b>Total Current Assets</b>	<b>55,652</b>	<b>56,032</b>	<b>62,731</b>	<b>55,742</b>
Net Fixed Assets	47,444	56,991	61,789	71,153
Other Non Current Asset	13,186	13,034	9,984	10,076
<b>Total Assets</b>	<b>116,281</b>	<b>126,057</b>	<b>134,504</b>	<b>136,970</b>
Payables	32,691	20,634	26,243	27,193
ST Bank Loan	7,021	4,641	7,063	7,375
LT Debt	3,223	12,654	7,792	6,354
<b>Total Liabilities</b>	<b>59,230</b>	<b>61,835</b>	<b>62,189</b>	<b>50,171</b>
Capital Stock	933	933	933	933
Retained Earnings	40,522	49,155	61,369	73,793
<b>Shareholders' Equity</b>	<b>57,051</b>	<b>64,221</b>	<b>72,315</b>	<b>86,799</b>

### VALUATION INDEX

	2018/12A	2019/12F	2020/12F	2021/12F
Price/Earnings	11.2x	10.6x	9.1x	8.8x
Price/Book Value	2.2x	1.9x	1.7x	1.4x
Price/Sales	1.5x	1.4x	1.4x	1.3x
PE/EPS Growth	0.2x	2.0x	0.6x	2.7x
EV/EBITDA	5.7x	5.4x	4.1x	4.6x
EV/EBIT	7.4x	7.6x	6.5x	6.3x
EV (IDR bn)	123,640	136,792	125,937	124,117
Sales CAGR (3-Yr)	19.7%	23.8%	12.1%	3.6%
EPS CAGR (3-Yr)	30.5%	16.6%	7.0%	6.3%
Basic EPS (IDR)	2,983	3,142	3,656	3,778
Diluted EPS (IDR)	2,983	3,142	3,656	3,778
BVPS (IDR)	15,295	17,217	19,387	23,270
Sales PS (IDR)	22,687	23,139	24,354	25,252
DPS (IDR)	828	382	447	462

### CASH FLOW STATEMENT

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
Operating Cash Flow	19,139	15,238	26,577	20,968
Investing Cash Flow	(27,910)	(16,952)	(14,296)	(17,481)
Financing Cash Flow	1,316	4,053	(7,986)	(734)
<b>Net Changes in Cash</b>	<b>(7,455)</b>	<b>2,339</b>	<b>4,296</b>	<b>2,753</b>

### TOP OWNERSHIP

By Geography	% Shareholders	%
Indonesia	84.0	Astra International 59.5
United States	9.6	Vanguard Group 1.5
Luxembourg	2.3	Schroder Investment 1.4
Ireland	0.9	Matthew International 1.3

Source: Company Data, NHKS Research

Closing and target price update



Source: Bloomberg, NHKS Research

Rating and target price update

Date	Rating	Target price	Consensus
2017.11.16	Buy	IDR39,425	IDR33,884
2018.01.13	Buy	IDR42,350	IDR36,475
2018.08.27	Buy	IDR44,750	IDR43,200
2018.10.31	Buy	IDR39,550	IDR42,962
2019.08.09	Buy	IDR28,000	IDR33,326

Source: NHKS Research

NHKS stock ratings

- Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
- Buy: greater than +15%, Hold: -15% to +15%, Sell: less than -15%.
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