

United Tractors Tbk (UNTR IJ)

PAMA dan Agincourt Masih Positif

Sepanjang 9M19, UNTR masih mampu mencatatkan pertumbuhan pendapatan meskipun laba bersih tertekan peningkatan biaya keuangan. Penjualan alat berat terus menurun, tetapi kinerja positif kontraktor pertambangan dan pertambangan emas mengimbangi penurunan tersebut. Hingga akhir tahun, UNTR akan terus mengandalkan PAMA dan Agincourt.

Penurunan Kinerja Masih dalam Batas Wajar

Pada 9M19, UNTR membukukan total pendapatan Rp65,6 triliun (+7,3% YoY) yang didukung volume penjualan batu bara sebanyak 6,4 juta metrik ton (+10,9% YoY). Namun, UNTR hanya menjual 2.568 unit Komatsu dengan kontribusi pendapatan Rp18,2 triliun (-14,8% YoY) ditambah biaya keuangan melonjak di angka Rp583 miliar (+116,3% YoY) sehingga laba bersih tergerus menjadi Rp8,6 triliun (-4,8% YoY). Kendati kinerja penjualan menurun, UNTR mampu meningkatkan OPM dan NPM periode Juli-September di level 20,1% dan 13,7%.

Ditopang PAMA dan Agincourt

PAMA sebagai kontraktor pertambangan, pada 9M19 mencatatkan produksi batu bara sebanyak 96,4 juta metrik ton (+6,5% YoY) dan *OB Removal* sebanyak 750 juta bcm (+4,5% YoY) sehingga menghasilkan pendapatan Rp30 triliun (+3,9% YoY) yang berkontribusi 45,8% terhadap total pendapatan UNTR. Kami masih mempertahankan estimasi sebelumnya (130 juta metrik ton & 910 juta bcm) untuk produksi batu bara dan *OB Removal* di 2019F dengan asumsi cuaca tetap kondusif di lokasi pertambangan. Agincourt yang mengelola tambang emas Martabe mencetak pendapatan Rp5,8 triliun dengan volume penjualan 306.000 ons, yang melampaui estimasi kami (300.000 ons) untuk 2019F. Hingga 9M19, tambang emas berkontribusi 9% terhadap total pendapatan UNTR, dan kami optimis bahwa berdasarkan estimasi sebelumnya untuk 2019F, tambang emas mampu berkontribusi 10% dengan ASP di rentang USD1,350/ons-USD1,390/ons.

Potensi ACSET Walaupun Masih Merugi

Segmen industri konstruksi melalui ACSET, pada 9M19, mampu menghasilkan kontrak senilai Rp1,7 triliun (+103,6% YoY). Proyek jalan tol masih prospektif bagi ACSET untuk memompa kinerja kedepan, pinjaman dana sebesar Rp2,4 triliun dari UNTR memungkinkan proyek yang sudah berjalan dapat selesai dengan tepat waktu dan kesempatan untuk mengikuti tender proyek infrastruktur bisa lebih intensif.

Mempertahankan Rating BUY dengan Target Harga Rp26.300

UNTR masih akan tereksposur dengan kondisi pasar batu bara saat ini, tetapi kami optimis PAMA dan Agincourt sampai akhir 2019 akan konsisten membukukan peningkatan pendapatan. Oleh karena itu, kami mempertahankan rekomendasi BUY dengan target harga lebih rendah di Rp26.300 atau potensi *upside* 15,1% berdasarkan estimasi yang menggunakan metode forward P/E 7,6x (-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	90,957	96,199
Growth (%)	31.1%	2.0%	5.4%	5.8%
EBITDA	21,811	26,020	26,345	27,777
Net Profit	11,126	11,759	12,442	12,934
EPS (IDR)	2,983	3,152	3,336	3,467
Growth (%)	50.3%	5.7%	5.8%	3.9%
P/E	11.2x	10.6x	10.0x	9.6x
P/BV	2.2x	2.0x	1.7x	1.5x
EV/EBITDA	5.7x	4.8x	4.8x	4.5x
ROE (%)	21.3%	19.7%	18.3%	16.7%
DER (%)	18.0%	24.7%	27.8%	30.0%
Net Debt	-3,195	543	413	-653

Unit: IDR bn, %, x

Source: Company Data, Bloomberg, NHKS Research

Please consider the rating criteria & important disclaimer

Buy

Dec 2020 TP (IDR)	26,300
Consensus Price (IDR)	25,755
TP to Consensus Price	+2.1%
vs. Last Price	+15.1%

Shares data

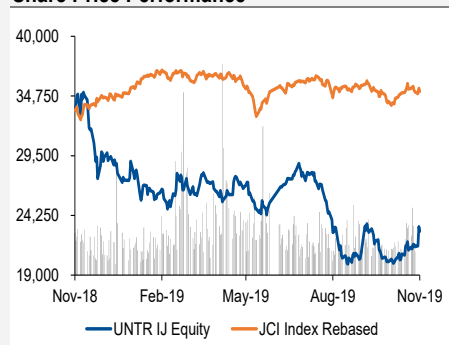
Last Price (IDR)	22,850
Price Date as of	Nov 06, 2019
52 wk Range (Hi/Lo)	35,525 / 19,650
Free Float (%)	40.4
Outstanding sh.(mn)	3,730
Market Cap (IDR bn)	84,861
Market Cap (USD mn)	6,065
Avg. Trd Vol - 3M (mn)	4.56
Avg. Trd Val - 3M (bn)	97.80
Foreign Ownership	17.9%

Trade

Heavy Equipment

Bloomberg	UNTR IJ
Reuters	UNTR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-16.4%	13.1%	0.4%	-31.8%
Rel. Ret.	-17.0%	10.5%	-1.2%	-36.7%

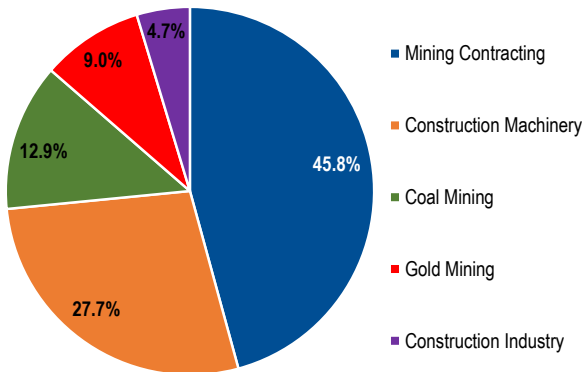
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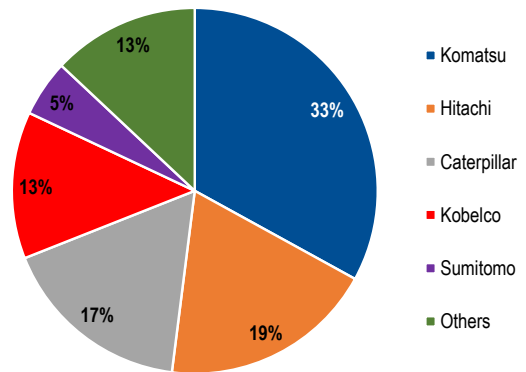
Performance Highlights in Charts

9M19 Revenue Breakdown



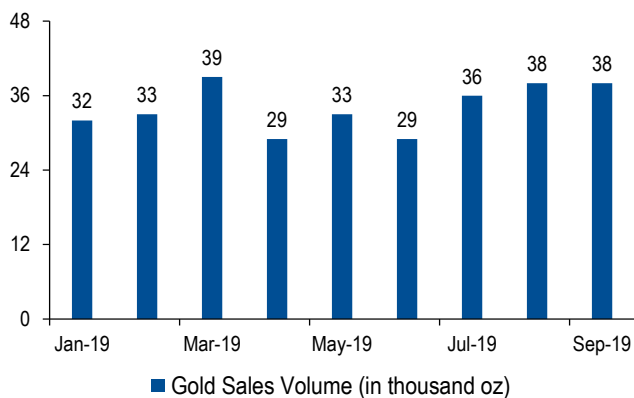
Source: Company Data, NHKS Research

9M19 Heavy Equipment Domestic Market Share



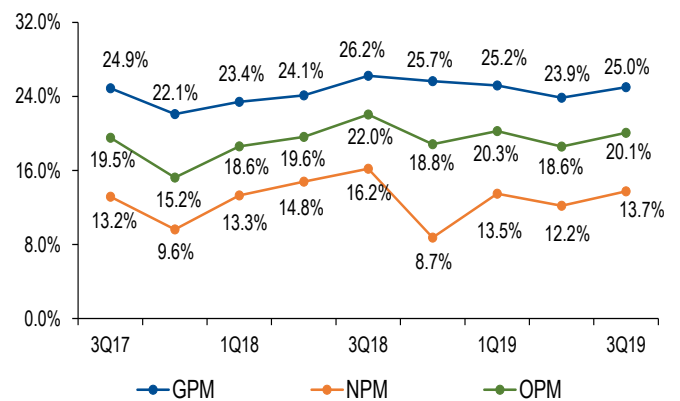
Source: Company Data, NHKS Research

Gold Sales Volume



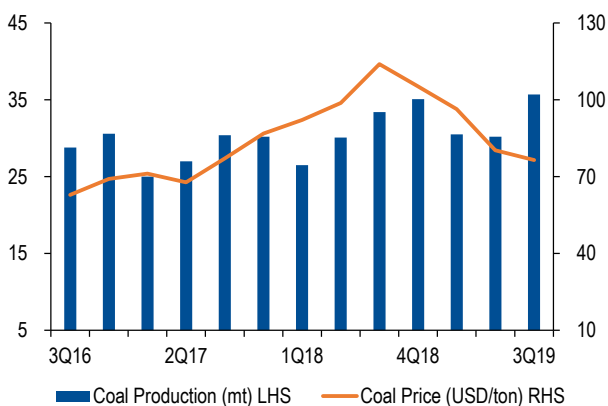
Source: Company Data, NHKS Research

Margin Ratios



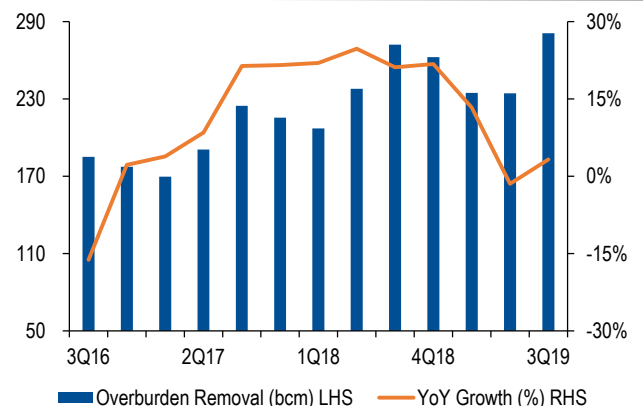
Source: Company Data, NHKS Research

Coal Production & Prices



Source: Company Data, NHKS Research

Overburden Removal & YoY Growth



Source: Company Data, NHKS Research

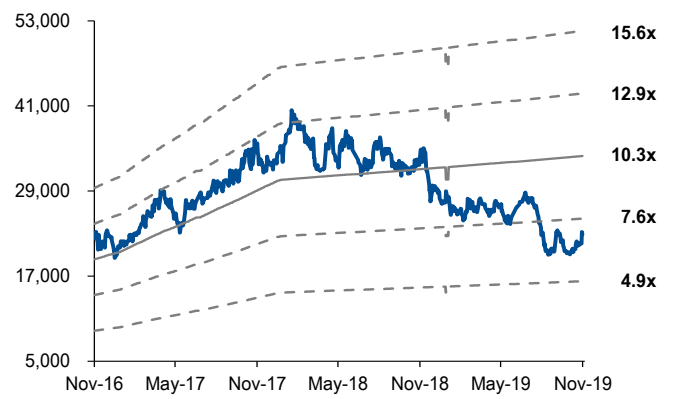
Valuation Highlights in Charts

3-Year Forward P/E Band



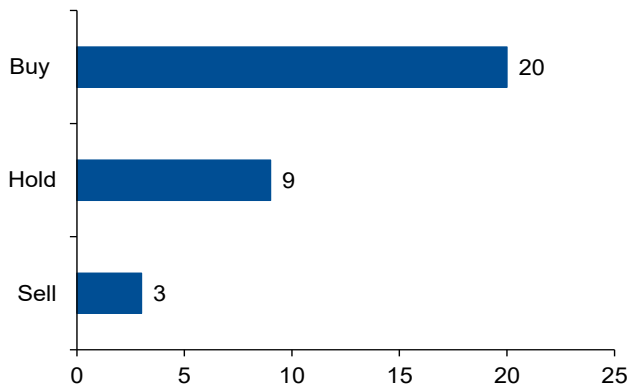
Source: Bloomberg, NHKS Research

3-Year Dynamic Forward P/E Band



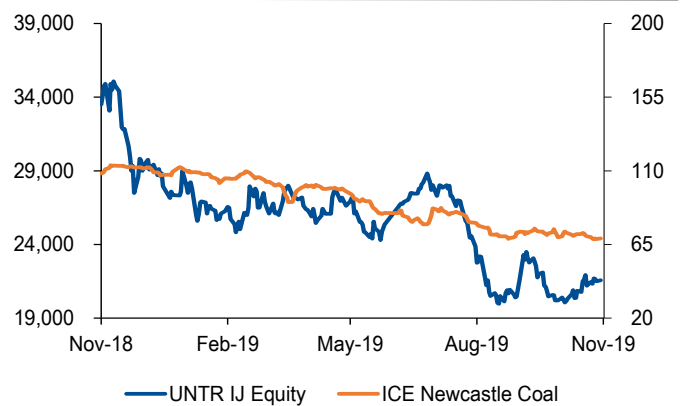
Source: Bloomberg, NHKS Research

Recommendations by Analysts



Source: Bloomberg, NHKS Research

Stock and Coal Prices Correlated Positively



Source: Bloomberg, NHKS Research

Quarterly Review

	3Q18	4Q18	1Q19	2Q19	3Q19					4Q19E
					Actual	Estimate	Y-Y	Q-Q	Surprise	
Income statement										
Sales	22,181	23,499	22,621	20,698	22,238	21,332	0.5%	7.7%	4.5%	20,705
Gross Profit	5,818	6,031	5,700	4,939	5,575	5,789	-4.2%	12.9%	-3.7%	5,681
EBIT	4,890	4,428	4,584	3,846	4,473	4,700	-8.5%	16.3%	-4.8%	4,623
EBITDA	6,126	5,930	6,862	6,122	6,652	6,092	8.6%	8.7%	9.2%	6,385
Net Profit	3,593	2,054	3,053	2,522	3,064	2,432	-14.7%	21.5%	26.0%	3,120
Margin										
Gross Margin	26.2%	25.7%	25.2%	23.9%	25.0%	27.1%	-1.2%	1.2%	-2.1%	27.4%
EBIT Margin	22.0%	18.8%	20.3%	18.6%	20.1%	22.0%	-2.0%	1.5%	-2.0%	22.3%
EBITDA Margin	27.6%	25.2%	30.3%	29.6%	29.8%	28.6%	2.2%	0.3%	1.3%	30.8%
Net Profit Margin	16.2%	8.7%	13.5%	12.2%	13.7%	11.4%	-2.4%	1.6%	2.3%	15.1%

Unit: IDR bn, %

Source: Company Data, NHKS Research

Earnings Revision

		2019F	2020F	2021F
Income Statement				
Sales	-Revised	86,312	90,957	96,199
	-Previous	86,312	90,845	94,195
	-Change	0.0%	0.1%	2.1%
Gross Profit	-Revised	21,895	22,275	23,761
	-Previous	22,323	23,973	24,541
	-Change	-1.9%	-7.1%	-3.2%
EBIT	-Revised	17,525	17,670	18,793
	-Previous	17,901	19,318	19,619
	-Change	-2.1%	-8.5%	-4.2%
EBITDA	-Revised	26,020	26,345	27,777
	-Previous	25,413	30,857	27,195
	-Change	2.4%	-14.6%	2.1%
Net Profit	-Revised	11,759	12,442	12,934
	-Previous	11,720	13,639	14,094
	-Change	0.3%	-8.8%	-8.2%
Margin				
Gross Margin	-Revised	25.4%	24.5%	24.7%
	-Previous	25.9%	26.4%	26.1%
EBIT Margin	-Revised	20.3%	19.4%	19.5%
	-Previous	20.7%	21.3%	20.8%
EBITDA Margin	-Revised	30.1%	29.0%	28.9%
	-Previous	29.4%	34.0%	28.9%
Net Profit Margin	-Revised	13.6%	13.7%	13.4%
	-Previous	12.8%	15.0%	15.0%

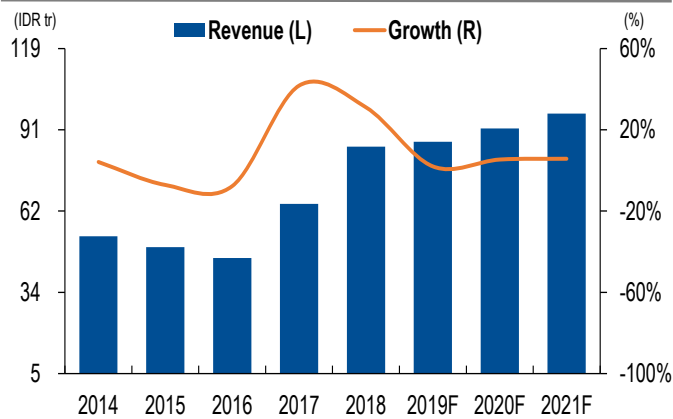
Unit: IDR bn, %

Source: Company Data, NHKS Research

Company Overview

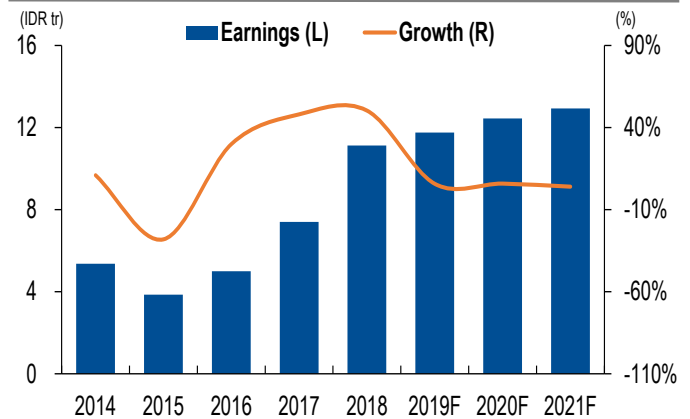
- PT United Tractors Tbk merupakan perusahaan swasta yang bergerak di bisnis distributor mesin konstruksi, kontraktor pertambangan, pertambangan batu bara, pertambangan emas, industri konstruksi, dan energi. Didirikan pada 13 Oktober 1972 di Jakarta, PT United Tractors Tbk *go public* pada 1989 dengan PT Astra International Tbk sebagai pemilik saham mayoritas.
- Unit usaha mesin konstruksi adalah 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 menjalankan usahanya melalui PT Pamapersada Nusantara dengan pengalaman di bidang rancang tambang, eksplorasi, penggalan, pengangkutan darat, sungai, dan pengapalan.
- Unit usaha pertambangan batu bara menjalankan usahan melalui PT Tuah Turangga Agung yang memiliki konsesi tambang batu bara dengan total cadangan 400 juta ton 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
Indonesia									
UNITED TRACTORS TBK	5,899	8,060	6,222	747	-1.3%	12.0%	19.8%	7.7x	1.5x
HEXINDO ADIPERKASA TBK	210	346	490	49	96.5%	9.9%	25.4%	4.3x	1.2x
DELTA DUNIA MAKMUR TBK	201	1,184	945	54	-16.7%	5.7%	26.6%	3.6x	0.8x
India									
ZHONGJI INNOLIGHT CO LTD	4,489	1,175	616	73	-3.3%	11.8%	8.9%	58.0x	4.6x
Japan									
YAMAZEN CORP	902	2,217	4,618	98	-3.1%	2.1%	12.2%	9.0x	1.1x
JCHX MINING MANAGEMENT CO LTD	716	912	478	44	14.1%	9.1%	7.3%	16.7x	1.2x
Australia									
MINERAL RESOURCES LTD	1,898	2,216	1,081	117	-39.9%	10.8%	12.4%	16.8x	2.0x

Unit: USD mn, %, X

Source: Bloomberg, NHKS Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
Sales	84,625	86,312	90,957	96,199
<i>Growth</i>	31.1%	2.0%	5.4%	5.8%
COGS	(63,515)	(64,418)	(68,682)	(72,438)
Gross Profit	21,110	21,895	22,275	23,761
<i>Gross Margin</i>	24.9%	25.4%	24.5%	24.7%
Operating Expenses	(4,339)	(4,370)	(4,605)	(4,967)
EBIT	16,770	17,525	17,670	18,793
<i>EBIT Margin</i>	19.8%	20.3%	19.4%	19.5%
Depreciation	5,041	8,495	8,675	8,984
EBITDA	21,811	26,020	26,345	27,777
<i>EBITDA Margin</i>	25.8%	30.1%	29.0%	28.9%
Interest Expenses	(475)	(791)	(896)	(1,239)
EBT	15,709	16,154	17,457	18,291
Income Tax	(4,210)	(4,560)	(4,778)	(5,106)
Minority Interest	(373)	165	(237)	(251)
Net Profit	11,126	11,759	12,442	12,934
<i>Growth</i>	50.3%	5.7%	5.8%	3.9%
<i>Net Profit Margin</i>	13.1%	13.6%	13.7%	13.4%

PROFITABILITY & STABILITY

	2018/12A	2019/12F	2020/12F	2021/12F
ROE	21.3%	19.7%	18.3%	16.7%
ROA	11.2%	9.9%	10.0%	9.7%
ROIC	18.2%	16.1%	13.7%	12.7%
Cash Dividend (IDR bn)	3,088	3,494	3,733	3,770
Dividend Yield	2.5%	2.8%	3.0%	3.0%
Payout Ratio	27.8%	29.7%	30.0%	29.1%
DER	18.0%	24.7%	27.8%	30.0%
Net Gearing	24.7%	31.8%	34.4%	36.1%
LT Debt to Equity	5.6%	18.8%	22.0%	24.9%
Capitalization Ratio	15.2%	19.8%	21.8%	23.1%
Equity Ratio	49.1%	52.0%	56.7%	59.2%
Debt Ratio	8.8%	12.8%	15.8%	17.8%
Financial Leverage	157.3%	194.3%	177.6%	166.0%
Current Ratio	114.1%	152.7%	196.0%	243.3%
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	14,902	19,891	25,298
Receivables	20,610	21,912	22,216	22,800
Inventories	13,618	14,097	15,452	15,714
Total Current Assets	55,652	59,213	66,690	73,856
Net Fixed Assets	47,444	47,957	48,378	50,938
Other Non Current Asset	13,186	13,318	13,782	13,913
Total Assets	116,281	120,487	128,850	138,707
Payables	32,691	20,256	21,141	22,520
ST Bank Loan	7,021	3,656	4,265	4,190
LT Debt	3,223	11,790	16,040	20,456
Total Liabilities	59,230	57,873	57,285	58,037
Capital Stock	933	933	933	933
Retained Earnings	40,522	47,672	58,103	67,304
Shareholders' Equity	57,051	62,614	73,048	82,153

VALUATION INDEX

	2018/12A	2019/12F	2020/12F	2021/12F
Price/Earnings	11.2x	10.6x	10.0x	9.6x
Price/Book Value	2.2x	2.0x	1.7x	1.5x
Price/Sales	1.5x	1.4x	1.4x	1.3x
PE/EPS Growth	0.2x	1.9x	1.7x	2.4x
EV/EBITDA	5.7x	4.8x	4.8x	4.5x
EV/EBIT	7.4x	7.2x	7.1x	6.6x
EV (IDR bn)	123,640	125,910	125,723	124,592
Sales CAGR (3-Yr)	19.7%	23.8%	12.1%	4.4%
EPS CAGR (3-Yr)	30.5%	16.7%	3.8%	3.2%
Basic EPS (IDR)	2,983	3,152	3,336	3,467
Diluted EPS (IDR)	2,983	3,152	3,336	3,467
BVPS (IDR)	15,295	16,786	19,583	22,024
Sales PS (IDR)	22,687	23,139	24,384	25,790
DPS (IDR)	828	937	1,001	1,011

CASH FLOW STATEMENT

(IDR bn)	2018/12A	2019/12F	2020/12F	2021/12F
Operating Cash Flow	19,139	8,318	13,263	16,569
Investing Cash Flow	(27,910)	(9,310)	(9,641)	(11,675)
Financing Cash Flow	1,316	1,995	1,368	513
Net Changes in Cash	(7,455)	1,003	4,989	5,407

TOP OWNERSHIP

By Geography	% Shareholders	%
Indonesia	84.0	Astra International 59.5
United States	10.2	Vanguard Group 1.5
Luxembourg	2.2	Schroder Investment 1.4
Ireland	0.8	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
2019.11.07	Buy	IDR26,300	IDR25,755

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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