

# United Tractors Tbk (UNTR)

## Masih Mampu Tumbuh

Company Report | Mar 13, 2018

### Buy

<b>Dec 2018 TP (IDR)</b>	<b>42,350</b>
Consensus Price (IDR)	36,475
TP to Consensus Price	+16.11%
vs. Last Price	+21.35%

#### Shares data

Last Price (IDR)	34,900
Price date as of	Mar 07, 2018
52 wk range (Hi/Lo)	40,425/23,000
Free float (%)	41
Outstanding sh.(mn)	3,730
Market Cap (IDR bn)	122,628
Market Cap (USD mn)	9,043
Avg. Trd Vol - 3M (mn)	3.01
Avg. Trd Val - 3M (bn)	97.82
Foreign Ownership (%)	21.31

#### Trade

##### Heavy Machinery Distributor

Bloomberg	UNTR.IJ
Reuters	UNTR.JK

#### Yuni

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#### Pertumbuhan Fantastis Segmen Alat Berat

Segmen alat berat mencatatkan penjualan Rp7,3 triliun (+106,6% y-y) pada 4Q17. Lonjakan kenaikan tersebut didukung oleh **volume dan harga jual yang masing-masing tumbuh +76,1% y-y dan 68,0% y-y**.

Kami mengamati bahwa prestasi ini sejalan dengan industri pertambangan yang naik daun pada 2017 dan kondisi ini akan berlanjut sepanjang 2018. Sejalan dengan pertumbuhan penjualan, pendapatan *spare parts & service* juga meningkat sebesar 23,4% y-y menjadi Rp1,9 triliun.

#### Outlook Positif Kontrak Pertambangan

Kontrak pertambangan mencatatkan pertumbuhan pendapatan 34,2% menjadi Rp8,4 triliun. Kami mengamati adanya outlook positif di segmen kontrak pertambangan pada 2018 karena **Pama Persada mendapatkan tambahan suntikan capex 40%**.

Peraturan terbaru pemerintah yang **mengizinkan perusahaan tambang untuk meningkatkan kapasitas produksi hingga 10%** dari kapasitas produksi awal menjadi sentimen positif terkini bagi sektor pertambangan dan memberikan keuntungan bagi kontraktor tambang. Kami memperkirakan produksi batu bara mencapai 121 juta ton (+11,7% y-y).

#### Kenaikan Temporer pada Beban

Total pendapatan UNTR secara keseluruhan naik 57,2% y-y menjadi Rp18,3 triliun. Namun, COGS dan beban penjualan tumbuh lebih besar, yakni 66,5% y-y dan 102,7% y-y. Hal ini **menurunkan laba bersih sebesar 6,1% y-y dan net margin menjadi 9,6%** yang terendah pada 2017.

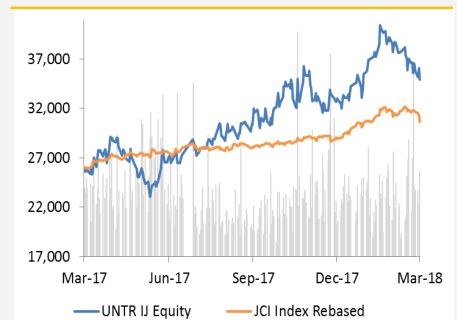
#### United Tractors, Tbk | Summary (IDR bn)

	2016/12A	2017/12A	2018/12E	2019/12E
Revenue	45,539	64,559	71,111	76,984
Revenue growth	-7.7%	41.8%	10.1%	8.3%
EBITDA	10,173	14,596	15,102	16,403
Net profit	5,002	7,403	8,252	8,985
EPS (IDR)	1,341	1,985	2,212	2,409
EPS growth	29.8%	48.0%	11.5%	8.9%
BVPS (IDR)	11,426	12,744	14,184	15,860
EBITDA margin	22.3%	22.6%	21.2%	21.3%
NPM	11.0%	11.5%	11.6%	11.7%
ROE	12.2%	16.4%	16.4%	16.0%
ROA	8.0%	10.1%	9.9%	10.4%
ROIC	6.6%	10.3%	10.6%	10.7%
P/E	15.8x	17.8x	15.8x	14.5x
P/BV	4.0x	4.0x	4.0x	4.0x
EV/EBITDA	6.2x	8.1x	7.7x	7.1x
DPS (IDR)	583	675	714	719
Dividend yield	2.7%	1.9%	2.0%	2.1%

Source: Company Data, Bloomberg, NHKS Research

Please see the last page for rating criteria & important disclaimer

#### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	2.2%	-9.4%	5.8%	34.2%
Rel. Ret.	1.7%	-6.8%	-0.3%	16.4%

Namun, **kenaikan beban lebih disebabkan oleh tingginya biaya provisi**, imbas dari kenaikan saldo piutang. Kami memperkirakan bahwa kenaikan tersebut **tidak akan terulang pada 2018** dan laba bersih 2018 akan mencapai Rp8,2 triliun (+11,5% y-y).

#### Target Harga Rp 42.350

Kami menggunakan estimasi *forward P/E* sebesar 17,6x (2SD di atas rata-rata 1 tahun sebesar 14,5x) untuk memperoleh target harga pada Desember 2018. Target harga ini mengimplikasikan P/E 2018E sebesar 19,1x.

#### Sekilas tentang UNTR

UNTR merupakan anak usaha Astra Intenasional Grup, bisnis perusahaan berfokus pada tambang batu bara. UNTR membagi bisnisnya menjadi tiga segmen, yaitu mesin konstruksi, kontrak pertambangan, dan tambang batu bara.

**Segmen Bisnis Mesin Konstruksi:** UNTR melalui segmen ini menyediakan peralatan berat untuk pertambangan, konstruksi, transportasi, and perkebunan. UNTR merupakan agen distributor tunggal untuk **Komatsu, UD Truck, Scania, Bomag, Tadano, dan produk Komatsu Forset**. Selain menjual alat berat, segmen bisnis ini juga menyediakan pelayanan berkala dan suku cadang.

**Kontrak Pertambangan:** Di segmen ini, UNTR melalui anak usahanya, PT Pamapersada Nusantara (PAMA), menyediakan pelayanan pertambangan bagi perusahaan batu bara di Indonesia. PAMA yang berkompetensi di desain tambang, eksplorasi, penggalian, pengangkutan, pengerukan-kapal tongkang, dan pengiriman komoditas membantu pemilik tambang untuk memanfaatkan potensi sumber daya alam sejak penilaian awal, konstruksi infrastruktur, eksploitasi hingga ekspansi tambang. PAMA adalah salah satu kontrak pertambangan terbesar di Indonesia.

#### Industri Alat Berat di ASEAN

Perkembangan industri alat berat terjadi tidak hanya di Indonesia tetapi juga di negara ASEAN seiring dengan kenaikan harga-harga komoditas yang menghidupkan kembali dunia tambang. Namun, industri alat berat di Indonesia bertumbuh lebih pesat dibandingkan pertumbuhan industri alat berat di beberapa negara di ASEAN. Hal ini didukung oleh merajainya kapasitas produksi batu bara Indonesia di antara negara-negara ASEAN serta status Indonesia sebagai produsen timah dan nikel terbesar kedua di dunia.

UNTR memiliki kapitalisasi pasar dan total aset terbesar dibandingkan kompetitornya di ASEAN. Tingginya profitabilitas UNTR dengan ROE 16,4% , serta P/E sebesar 17,8x, menjadikan valuasi UNTR masih cukup menarik dibandingkan dengan salah satu kompetitornya di Thailand yang memiliki P/E hingga 22,9x.

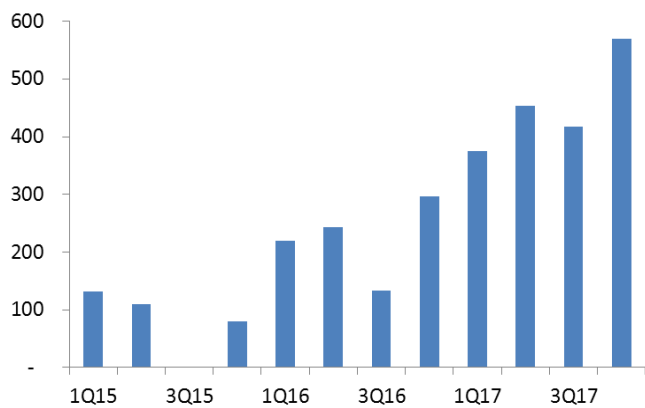
#### ASEAN Heavy Equipment

Company	Market Cap (USD mn)	Total Asset (USD mn)	Net Profit Growth	Net Profit Margin	ROE	P/E	P/BV	Dividend Yield
UNTR	9,043	6,054	48.0%	11.5%	16.4%	17.8x	4.0x	1.9%
<b>Thailand</b>								
CH Karnchang PCL	1,325	2,434	-9.6%	5.0%	8.1%	22.9x	1.8x	2.0%
WHA Corp PCL	1,865	2,260	12.7%	34.3%	14.0%	18.3x	2.3x	5.0%
Unique Engineering & Construction	458	846	0.8%	7.1%	12.7%	16.0x	2.0x	2.5%
Syentec Construction PCL	274	305	15.9%	11.1%	21.8%	8.5x	1.7x	2.8%
<b>Vietnam</b>								
Cottecons Construction JSC	560	705	16.2%	6.1%	23.2%	8.0x	1.7x	3.1%
Ho Chi Minh City Infrastructure Investime	365	914	80.1%	74.5%	35.8%	5.6x	1.7x	1.6%
Development Investment Construction JSC	286	259	56.2%	14.0%	3.2%	71.3x	2.2x	1.6%

Source: Bloomberg, NHKS research

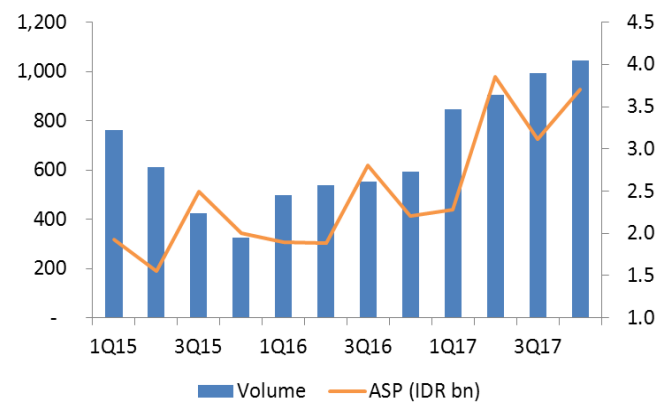
## Operational Performance

UD Truck & Scania Sales Volume | 1Q15—4Q17



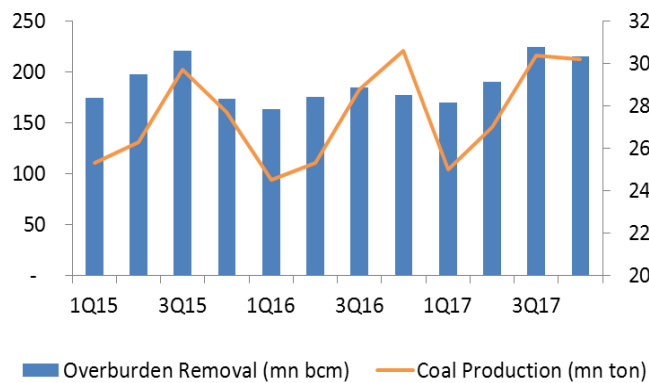
Source: Company, NHKS research

Komatsu Sales | 1Q15— 4Q17



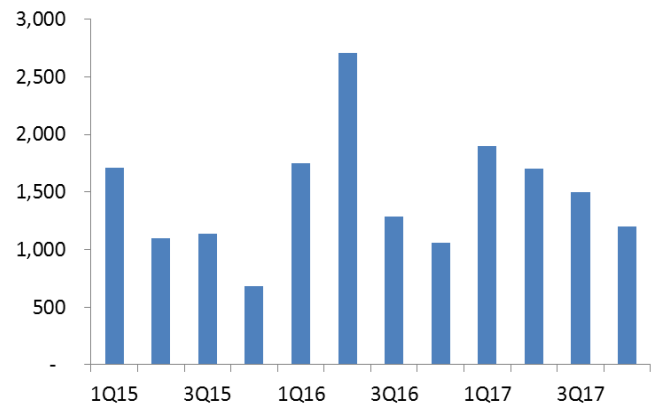
Source: Company, NHKS research

Mining Contracting Performance | 1Q15—4Q17



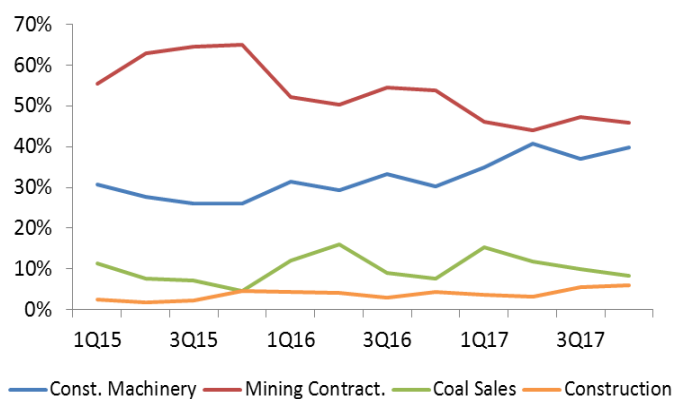
Source: Company, NHKS research

Coal Sales Volume ('000 ton) | 1Q15— 4Q17



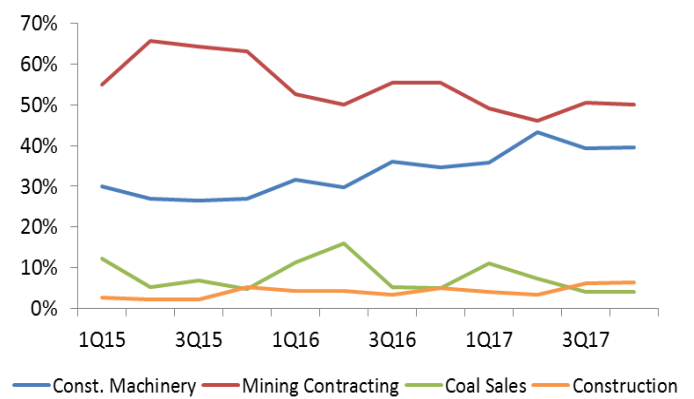
Source: Company, NHKS research

Revenue Contribution | 1Q15—4Q17



Source: Company, NHKS research

COGS Contribution | 1Q15— 4Q17



Source: Company, NHKS research

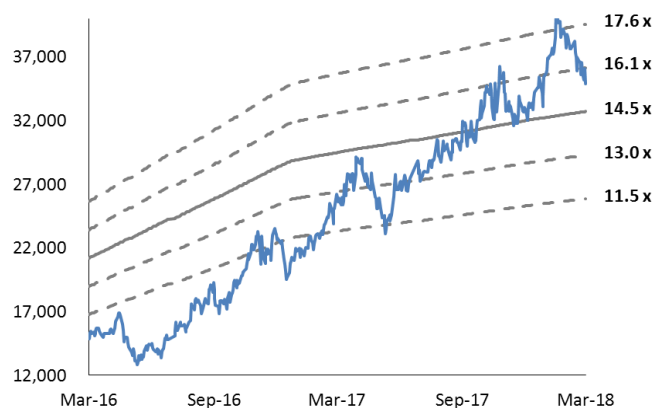
## Multiple Valuation

Forward P/E band | Last 1 year



Source: NHKS research

Dynamic Forward P/E band | Last 1 year



Source: NHKS research

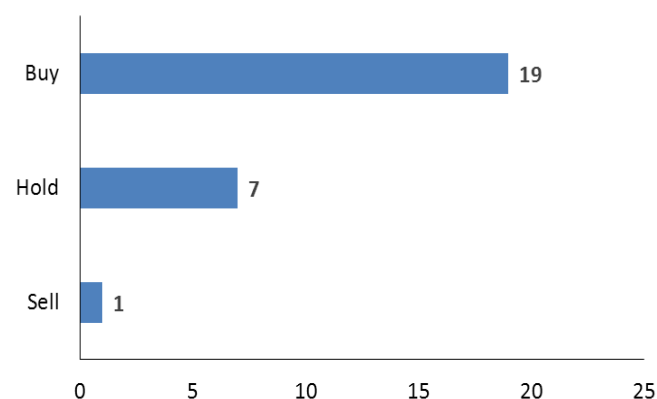
## Rating and target price update

Target Price Revision

Date	Rating	Target Price	Last Price	Consensus	vs Last Price	vs Consensus
10/12/2017	Buy	38,200 (Dec 2018)	33,125	33,884	+15.3%	+12.7%
11/13/2017	Buy	39,425 (Dec 2018)	32,875	37,127	+19.9%	+6.2%
03/13/2018	Buy	42,350 (Dec 2018)	34,900	36,475	+21.3%	+16.1%

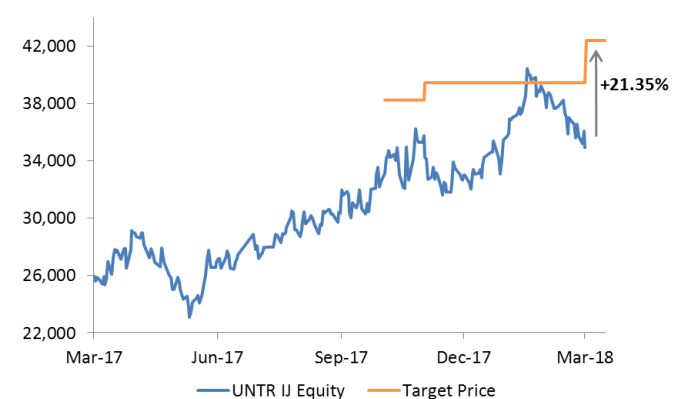
Source: NHKS Research, Bloomberg

Analyst Coverage Rating



Source: Bloomberg

Closing and Target Price



Source: NHKS research

### NH Korindo Sekuritas Indonesia (NHKS) stock ratings

1. Period: End of year target price
2. Rating system based on a stock's absolute return from the date of publication
  - Buy : Greater than +15%
  - Hold : -15% to +15%
  - Sell : Less than -15%

## Summary of Financials

<b>UNTR Summary</b>		
Last Price (IDR)	March 7, 2018	34,900
Target Price (IDR)	Dec 2018	42,350
Analyst: Yuni	Rating:	Buy

### INCOME STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
<b>Sales</b>	45,539	64,559	71,111	76,984
Growth (% y/y)	-7.7%	41.8%	10.1%	8.3%
<b>COGS</b>	(35,878)	(50,075)	(55,121)	(59,677)
<b>Gross Profit</b>	9,661	14,484	15,990	17,307
Gross Margin	21.2%	22.4%	22.5%	22.5%
<b>Operating Expenses</b>	(2,955)	(3,727)	(4,042)	(4,307)
<b>EBIT</b>	6,706	10,756	11,948	13,000
EBIT Margin	14.7%	16.7%	16.8%	16.9%
<b>Depreciation</b>	3,467	3,839	3,154	3,403
<b>EBITDA</b>	10,173	14,596	15,102	16,403
EBITDA Margin	22.3%	22.6%	21.2%	21.3%
<b>Interest (net)</b>	(491)	(874)	(578)	(704)
<b>EBT</b>	6,730	10,523	11,408	12,455
<b>Income Tax</b>	(1,626)	(2,849)	(2,969)	(3,242)
<b>Minority Interest</b>	(102)	(270)	(186)	(228)
<b>Net Profit</b>	5,002	7,403	8,252	8,985
Growth (% y/y)	29.8%	48.0%	11.5%	8.9%
Net Profit Margin	11.0%	11.5%	11.6%	11.7%

### BALANCE SHEET

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
<b>Cash</b>	19,461	20,831	20,982	21,881
<b>Receivables</b>	11,042	16,555	18,513	18,819
<b>Inventories</b>	7,108	7,855	9,786	9,313
<b>Total Current Assets</b>	42,197	51,202	55,660	56,886
<b>Net Fixed Assets</b>	17,352	23,487	23,348	23,103
<b>Other Non Current Assets</b>	4,442	7,573	6,256	7,204
<b>Total Assets</b>	63,991	82,262	85,264	87,194
<b>Payables</b>	14,119	24,933	20,372	15,598
<b>ST Bank Loan</b>	1,028	1,916	2,664	2,885
<b>LT Debt</b>	18,042	18,043	18,044	18,045
<b>Other Non Current Liab.</b>	2,948	3,623	3,456	3,280
<b>Other Current Liabilities</b>	3,208	1,527	2,882	2,839
<b>Total Liabilities</b>	21,369	34,724	32,358	28,032
<b>Shareholders' Equity</b>	42,622	47,538	52,907	59,162

### CASH FLOW STATEMENT

In IDR bn	2016/12A	2017/12A	2018/12E	2019/12E
<b>Net Income</b>	5,002	7,403	8,252	8,985
<b>Deprec &amp; Amortization</b>	3,467	3,839	3,154	3,403
<b>Chg. In Working Capital</b>	1,594	794	(7,515)	(5,144)
<b>CFO</b>	10,063	12,036	3,891	7,244
<b>Capex</b>	(2,542)	(6,586)	(3,015)	(3,159)
<b>CFI</b>	(2,555)	(11,036)	(1,865)	(4,283)
<b>Dividends Paid</b>	(2,174)	(2,528)	(2,665)	(2,682)
<b>Net Borrowing (PMT)</b>	(1,145)	2,843	1,007	668
<b>CFF</b>	(3,460)	300	(1,876)	(2,062)
<b>Net Changes in Cash</b>	4,048	1,371	150	899

### OWNERSHIP

By Geography	% Shareholders	%
Indonesia	78.7	PT Astra International
United States	10.8	Frankling Adv. Inc.
Luxembourg	5.7	Matthews Int.
Ireland	1.3	Vanguard Group Inc.

### PROFITABILITY & STABILITY

	2016/12A	2017/12A	2018/12E	2019/12E
ROE	12.2%	16.4%	16.4%	16.0%
ROA	8.0%	10.1%	9.9%	10.4%
ROIC	6.6%	10.3%	10.6%	10.7%
EBITDA/Equity	23.9%	30.7%	28.5%	27.7%
EBITDA/Assets	15.9%	17.7%	17.7%	18.8%
Cash Dividend (IDR bn)	2,175	2,518	2,665	2,682
Dividend Yield (%)	2.7%	1.9%	2.0%	2.1%
Payout Ratio (%)	43.5%	34.0%	32.3%	29.8%
DER	2.6%	9.8%	10.7%	10.7%
Net Gearing	65.5%	58.9%	52.4%	45.7%
LT Debt to Equity	42.3%	38.0%	34.1%	30.5%
Capitalization Ratio	30.9%	29.6%	28.1%	26.1%
Equity Ratio	66.6%	57.8%	62.1%	67.9%
Debt Ratio	29.8%	24.3%	24.3%	24.0%
Financial Leverage	153.5%	162.2%	166.8%	153.9%
Current Ratio	229.9%	180.4%	214.8%	266.8%
Quick Ratio	166.2%	131.8%	152.4%	190.9%
Cash Ratio	106.0%	73.4%	81.0%	102.6%
Cash Conversion Cycle	83.1	49.4	(1.6)	36.9
Par Value (IDR)	250	250	250	250
Total Shares (mn)	3,730	3,730	3,730	3,730
Share Price (IDR)	21,250	35,400	34,900	34,900
Market Cap (IDR bn)	79,265	132,047	130,182	130,182

### VALUATION INDEX

	2016/12A	2017/12A	2018/12E	2019/12E
Price /Earnings	15.8x	17.8x	15.8x	14.5x
Price /Book Value	4.0x	4.0x	4.0x	4.0x
Price/Sales	1.7x	2.0x	1.8x	1.7x
PE/EPS Growth	0.5x	0.4x	1.4x	1.6x
EV/EBITDA	6.2x	8.1x	7.7x	7.1x
EV/EBIT	9.3x	11.0x	9.8x	9.0x
EV (IDR bn)	62,659	118,031	116,770	116,438
Sales CAGR (3-Yr)	-5.0%	9.4%	16.0%	6.0%
EPS CAGR (3-Yr)	-2.3%	24.3%	18.2%	6.7%
Basic EPS (IDR)	1,341	1,985	2,212	2,409
Diluted EPS (IDR)	1,341	1,985	2,212	2,409
BVPS (IDR)	11,426	12,744	14,184	15,860
Sales PS (IDR)	12,208	17,307	19,064	20,638
DPS (IDR)	583	675	714	719

### DCF, RIM & EVA

	2016/12A	2017/12A	2018/12E	2019/12E
<b>DCF (IDR bn)</b>				
NOPAT	5,086	7,844	8,838	9,616
+Depr./Amor.	3,467	3,839	3,154	3,403
-CAPEX	(2,542)	(6,586)	(3,015)	(3,159)
-Incr. (Decr.) in Working Cap.	1,594	794	(7,515)	(5,144)
(Unlevered) FCFF	7,605	5,891	1,462	4,717
<b>WACC</b>				
Cost of Debt (Tax Adj.)	7.3%	6.6%	6.6%	6.6%
Cost of Equity (COE)	10.0%	11.9%	11.9%	11.9%
WACC (%)	7.8%	7.3%	7.3%	7.3%
<b>RIM</b>				
Spread (FROE-COE) (%)	2.7%	5.5%	5.5%	5.1%
Residual Income (IDR)	1,077	2,335	2,600	2,694
Equity Charge	3,925	5,068	5,652	6,291
<b>EVA</b>				
Invested Capital (IDR bn)	43,715	52,178	58,554	65,477
ROIC-WACC (%)	-1.2%	3.0%	3.2%	3.3%
EVA (IDR bn)	(527)	1,551	1,889	2,169

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