

# United Tractors Tbk (UNTR IJ)

## Angin Segar Tambang Emas

Pendapatan dan laba bersih FY19 UNTR masing-masing turun 0,2% YoY dan naik 1,7% YoY, mencapai 97,5% dan 96,2% dari estimasi kami pada 2019. Kami merevisi estimasi 2020F/2021F meliputi: 1) penjualan Komatsu 2.900 unit untuk 2020F dan 2.800 unit untuk 2021F; 2) OB Removal 996,2 juta bcm untuk 2020F dan 996,9 juta bcm untuk 2021F; 3) volume penjualan tambang sebanyak 360 ribu ons untuk 2020F dan 381 ribu ons untuk 2021F. Rasio P/E 2020F/2021F di 7,3x/7,1x yang atraktif ditambah potensi *dividend yield* sebesar 5,1%, maka kami mempertahankan rating BUY dengan target harga di Rp20.000.

### Pendapatan Lebih Rendah

Pendapatan FY19 sebesar Rp84,4 triliun (-0,2% YoY) setara 97,5% dari estimasi kami pada 2019 sebesar Rp86,3 triliun. Penurunan terjadi akibat penjualan Komatsu hanya mencapai 2.926 unit (-40% YoY) dampak dari lesunya industri batu bara. Industri batu bara masih melemah pada 2020 dan 85,9% pendapatan UNTR memiliki eksposur pada batu bara, maka kami mengestimasi pendapatan 2020F sebesar Rp82,2 triliun (-9,6% dari estimasi sebelumnya).

### Peningkatan Signifikan Kinerja Tambang Emas

Tambang emas mencatatkan pendapatan sebesar Rp7,9 triliun (+1.064% YoY) atau sekitar 9% dari total pendapatan UNTR. Senilai USD25 juta dari *capex* 2020 akan dialokasikan untuk eksplorasi emas yang berpotensi memperbesar kontribusi pendapatan jangka panjang. Kami mengestimasi volume penjualan 2020F hanya 360 ribu ons (-12,2% YoY) dengan ASP USD1.380/ons.

### Analisis Sensitivitas

Kami menguji sensitivitas operasional UNTR terhadap penjualan unit Komatsu. Setiap +/- 10% penjualan unit Komatsu (*guidance* 2020: 2.900 unit) maka akan berpengaruh +/- 1,5% pada pendapatan, +/- 1,6% pada laba bersih, dan +/- 1,9% pada EPS UNTR di 2020.

Komatsu Unit	-10%	Base	+10%
Revenue (IDR bn)	81,028	82,253	83,479
Operating Profit (IDR bn)	14,775	15,021	15,258
Net Profit (IDR bn)	10,003	10,197	10,390
EPS (IDR)	2,682	2,734	2,785
Target Price (IDR)	19,875	20,000	21,125

### Mempertahankan Rating BUY dengan Target Harga Lebih Rendah di Rp20.000

Rekomendasi BUY dengan potensi *upside* 22,7% berdasarkan forward P/E 7,1x (-1,7 SD), *implying* rasio P/E dan EV/EBITDA 2020F/2021F di 7,3x/7,1x dan 3,4x/3,2x.

### United Tractors Tbk | Summary

	2019A	2020F	2021F	2022F
Revenue (IDR bn)	84,430	82,253	83,259	84,529
Growth (%)	-0.2	-2.6	1.2	1.5
EBITDA (IDR bn)	25,123	21,651	22,529	23,376
Net Profit (IDR bn)	11,312	10,197	10,564	11,193
EPS (IDR)	3,033	2,734	2,832	3,001
Growth (%)	1.7	-9.8	3.6	6.0
P/E (x)	7.1	7.3	7.1	6.7
P/BV (x)	1.3	1.1	1.0	0.9
EV/EBITDA (x)	3.3	3.4	3.2	3.0
ROE (%)	19.1	16.0	14.8	13.9
DER (%)	82.8	82.9	72.2	61.4
Net Debt (IDR bn)	1,896	-2,098	-3,637	-4,183

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

### Company Update | Mar 12, 2020

## Buy

Dec 2020 TP (IDR)	20,000
Consensus Price (IDR)	23,398
TP to Consensus Price (%)	-14.5
vs. Last Price (%)	+22.7

### Shares Data

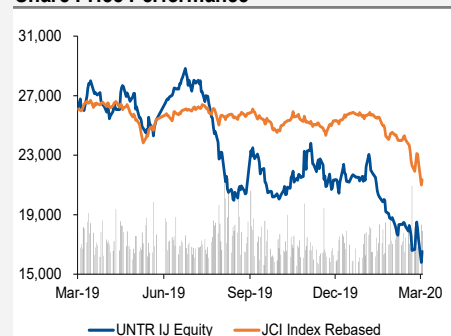
Last Price (IDR)	16,300
Price Date as of	Mar 11, 2020
52 wk Range (Hi/Lo)	28,900/16,100
Free Float (%)	40.4
Outstanding Shares (mn)	3,730
Market Cap (IDR bn)	61,640
Market Cap (USD mn)	4,277
Avg. Trd Vol - 3M (mn)	3.9
Avg. Trd Val - 3M (bn)	78.2
Foreign Ownership (%)	15.9

### Trade

#### Heavy Equipment

Bloomberg	UNTR IJ
Reuters	UNTR.JK

### Share Price Performance



	YTD	1M	3M	12M
Abs. Ret.	-23.1%	-9.6%	-22.4%	-36.7%
Rel. Ret.	-6.2%	2.7%	-6.8%	-18.5%

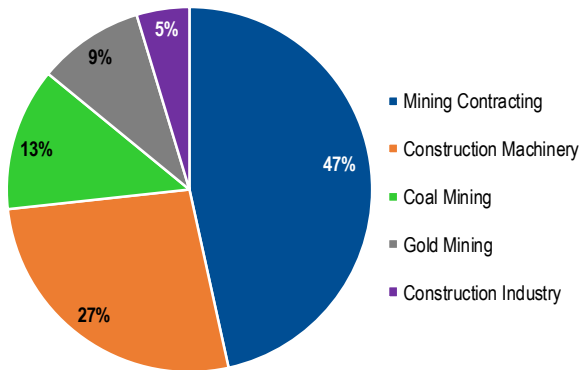


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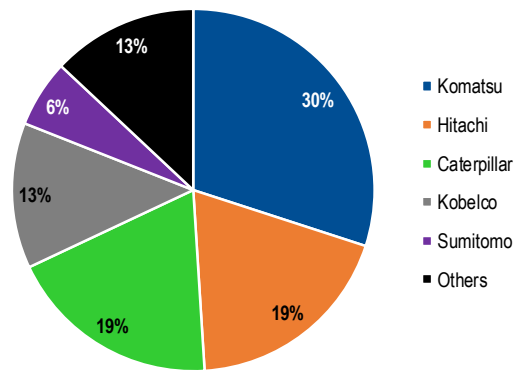
## Performance Highlights in Charts

FY19 Revenue Breakdown



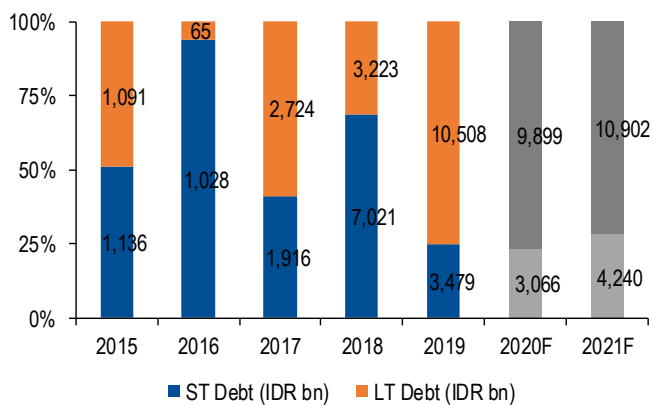
Source: Company Data, NHKSI Research

FY19 Heavy Equipment Domestic Market Share



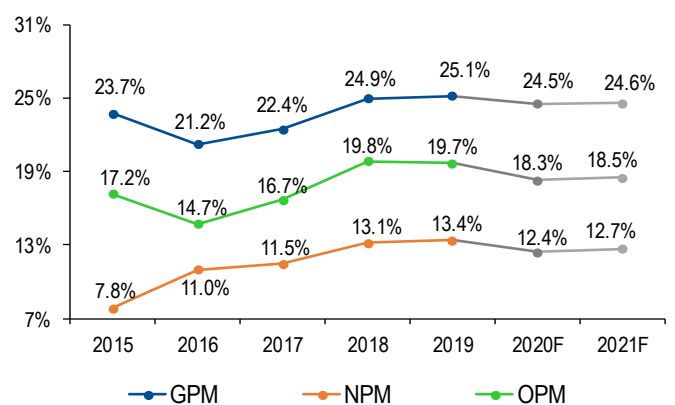
Source: Company Data, NHKSI Research

Debt Portion



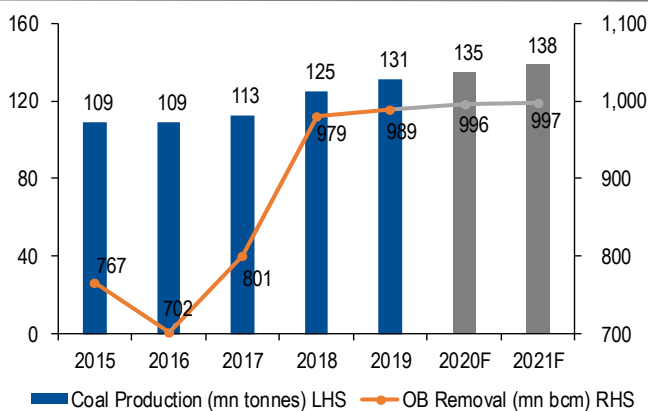
Source: Company Data, NHKSI Research

Margin Ratios



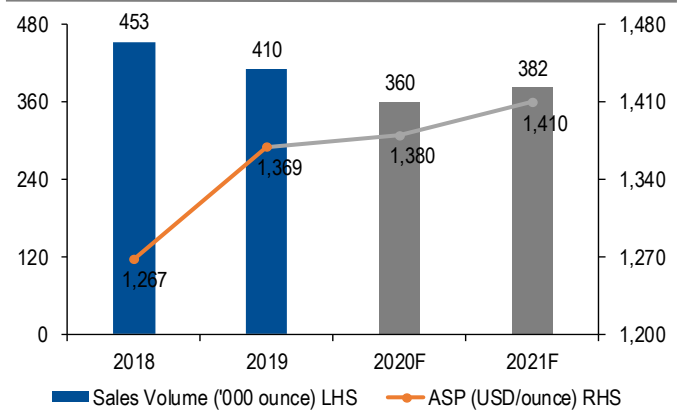
Source: Company Data, NHKSI Research

Coal Production & OB Removal



Source: Company Data, NHKSI Research

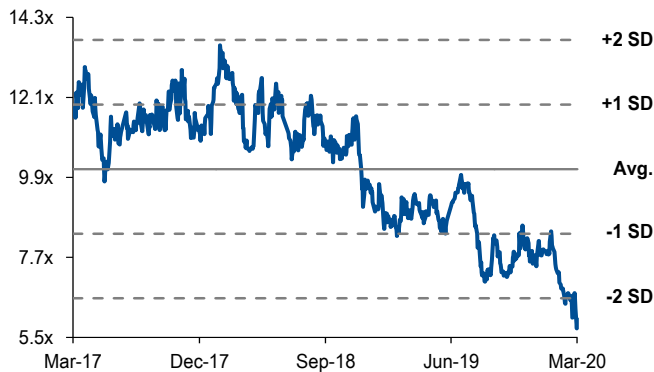
Gold Sales Volume & ASP



Source: Company Data, NHKSI Research

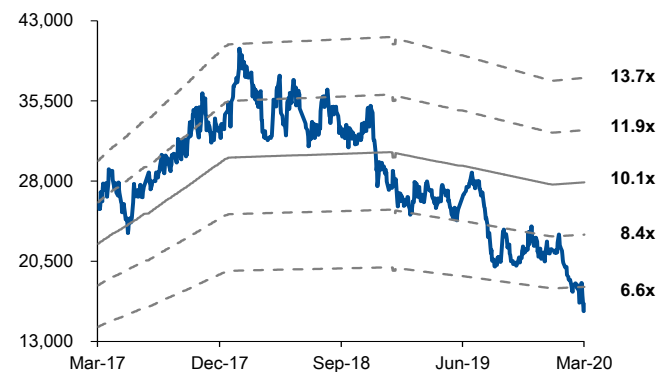
## Valuation & Other Highlights in Charts

### 3-Year Forward P/E Band



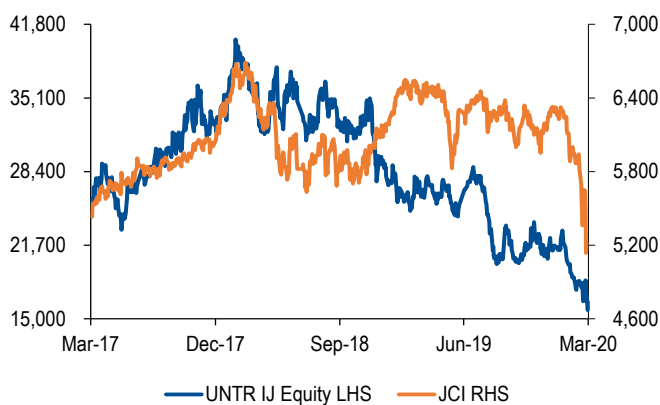
Source: Bloomberg, NHKSI Research

### 3-Year Dynamic Forward P/E Band



Source: Bloomberg, NHKSI Research

### Stock & JCI Movement



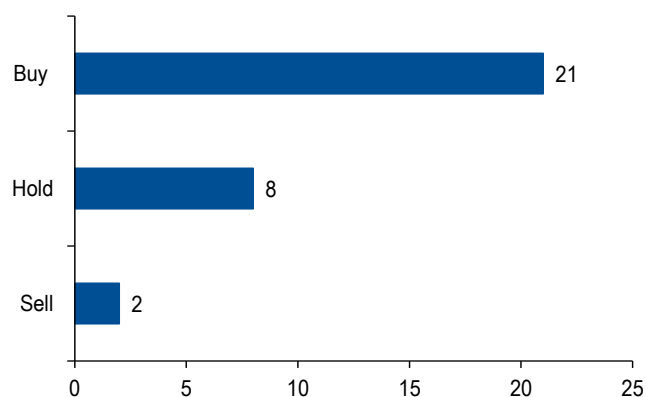
Source: Bloomberg, NHKSI Research

### Stock & Coal Prices Movement



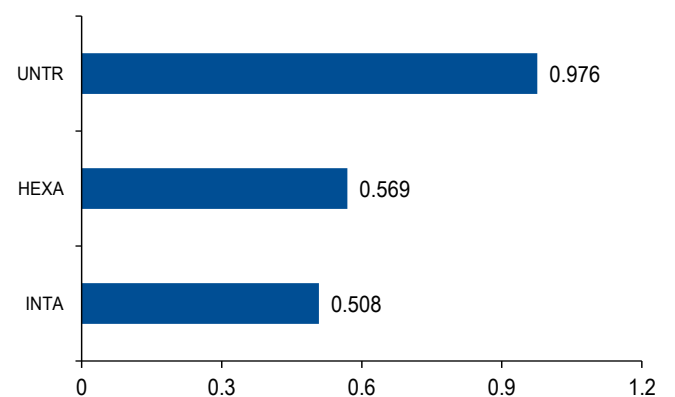
Source: Bloomberg, NHKSI Research

### Recommendations by Analysts



Source: Bloomberg, NHKSI Research

### Beta Comparison with Competitors



Source: Bloomberg, NHKSI Research

## Financial Review

## Quarterly Review

	4Q18	1Q19	2Q19	3Q19	4Q19					1Q20E
					Actual	Estimate	YoY %	QoQ %	Surprise %	
<b>Income Statement</b>										
Revenue	23,499	22,621	20,698	22,238	18,823	20,705	-19.9	-15.6	-9.1	22,764
Gross Profit	6,031	5,700	4,939	5,575	5,017	5,681	-16.8	-10.0	-11.7	6,325
EBIT	4,428	4,584	3,846	4,473	3,703	4,623	-16.4	-17.2	-19.9	4,967
EBITDA	5,930	6,862	6,122	6,652	5,487	6,385	-7.5	-17.5	-14.1	6,593
Net Profit	2,054	3,053	2,522	3,064	2,673	3,120	30.1	-12.8	-14.3	3,461
<b>Margin</b>										
Gross Margin	25.7	25.2	23.9	25.0	26.7	27.4	1.0	1.6	-0.8	27.8
EBIT Margin	18.8	20.3	18.6	20.1	19.7	22.3	0.8	-0.4	-2.7	21.8
EBITDA Margin	25.2	30.3	29.6	29.8	29.2	30.8	3.9	-0.7	-1.7	29.0
Net Profit Margin	8.7	13.5	12.2	13.7	14.2	15.1	5.5	0.5	-0.9	15.2

Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Earnings Revision

		2020F	2021F	2022F
<b>Income Statement</b>				
Revenue	-Revised	82,253	83,259	84,529
	-Previous	90,957	96,199	
	-Change %	-9.6	-13.5	
	-Consensus	82,672	84,376	88,904
Gross Profit	-Revised	20,155	20,482	21,048
	-Previous	22,275	23,761	
	-Change %	-9.5	-13.8	
	-Consensus	20,237	20,860	21,762
EBIT	-Revised	15,021	15,403	16,145
	-Previous	17,670	18,793	
	-Change %	-15.0	-18.0	
	-Consensus	15,045	15,610	17,798
EBITDA	-Revised	21,651	22,529	23,376
	-Previous	26,345	27,777	
	-Change %	-17.8	-18.9	
	-Consensus	21,774	22,712	21,149
Net Profit	-Revised	10,197	10,564	11,193
	-Previous	12,442	12,934	
	-Change %	-18.0	-18.3	
	-Consensus	10,278	10,764	11,274
<b>Margin</b>				
Gross Margin	-Revised	24.5	24.6	24.9
	-Previous	24.5	24.7	
EBIT Margin	-Revised	18.3	18.5	19.1
	-Previous	19.4	19.5	
EBITDA Margin	-Revised	26.3	27.1	27.7
	-Previous	29.0	28.9	
Net Profit Margin	-Revised	12.4	12.7	13.2
	-Previous	13.7	13.4	

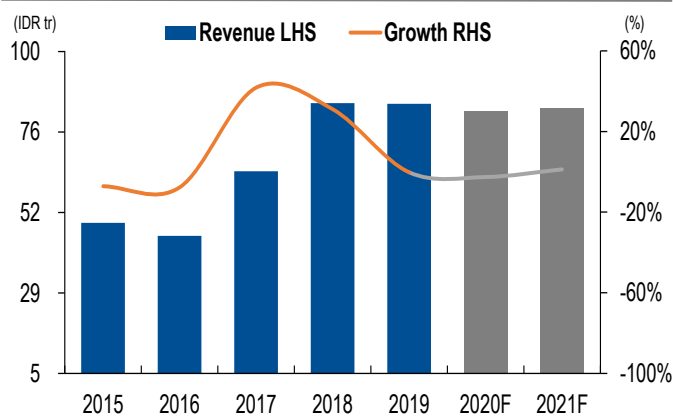
Unit: IDR bn, %

Source: Company Data, NHKSI Research

## Company Overview

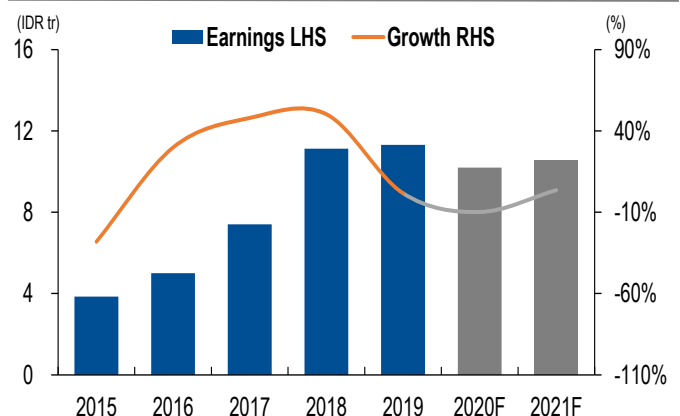
PT United Tractors Tbk (UNTR) merupakan perusahaan swasta yang bergerak di bisnis distributor mesin konstruksi, kontraktor pertambangan, pertambangan batu bara, pertambangan emas, industri konstruksi, dan energi. Didirikan pada 13 Oktober 1972 di Jakarta, PT United Tractors Tbk *go public* pada 1989 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 usahannya melalui PT Pamapersada Nusantara dengan pengalaman di bidang rancang tambang, eksplorasi, penggalian, 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 & Growth Movement



Source: Company Data, NHKSI Research

### Earnings & Growth Movement



Source: Company Data, NHKSI Research

## Asia Pacific Peers Comparison

	Market Cap (USD mn)	Total Asset (USD mn)	Sales LTM (USD mn)	Net Profit LTM (USD mn)	Net Profit Growth LTM (%)	Net Profit Margin (%)	ROE LTM (%)	P/E LTM (x)	P/BV (x)
<b>Indonesia</b>									
UNITED TRACTORS TBK	4,307	8,068	5,970	800	1.7	13.4	20.2	5.5	1.1
HEXINDO ADIPERKASA TBK	170	346	466	47	53.3	10.2	28.8	3.6	1.0
INTRACO PENTA TBK	105	347	152	-17	39.9	-11.3	N/A	N/A	N/A
KOBEXINDO TRACTORS TBK	16	112	87	2	6.9	2.8	7.6	6.7	0.5
<b>China</b>									
ZHONGJI INNOLIGHT CO LTD	6,801	1,175	616	73	-3.3	11.8	8.9	86.8	6.9
<b>Japan</b>									
WAKITA & CO LTD	415	1,172	722	33	-13.6	4.5	3.8	11.9	0.5
RASA CORPORATION	101	288	269	16	5.0	6.0	11.2	5.3	0.6
MAEDA SEISAKUSHO	68	283	341	9	-24.2	2.5	8.0	7.4	0.6
<b>Australia</b>									
SEVEN GROUP HOLDING	3,325	4,379	3,004	136	-34.6	4.5	6.9	26.1	1.8

Unit: USD mn, %, X

Source: Bloomberg, NHKSI Research

## Financial Summary

### INCOME STATEMENT

(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
<b>Revenue</b>	<b>84,430</b>	<b>82,253</b>	<b>83,259</b>	<b>84,529</b>
<i>Growth</i>	-0.2%	-2.6%	1.2%	1.5%
COGS	(63,200)	(62,098)	(62,777)	(63,481)
<b>Gross Profit</b>	<b>21,231</b>	<b>20,155</b>	<b>20,482</b>	<b>21,048</b>
<i>Gross Margin</i>	25.1%	24.5%	24.6%	24.9%
Operating Expenses	(4,626)	(5,134)	(5,079)	(4,903)
<b>EBIT</b>	<b>16,605</b>	<b>15,021</b>	<b>15,403</b>	<b>16,145</b>
<i>EBIT Margin</i>	19.7%	18.3%	18.5%	19.1%
Depreciation	8,518	6,630	7,126	7,231
<b>EBITDA</b>	<b>25,123</b>	<b>21,651</b>	<b>22,529</b>	<b>23,376</b>
<i>EBITDA Margin</i>	29.8%	26.3%	27.1%	27.7%
Interest Expenses	(762)	(720)	(791)	(893)
<b>EBT</b>	<b>15,477</b>	<b>14,114</b>	<b>14,411</b>	<b>15,044</b>
Income Tax	(4,342)	(4,315)	(4,251)	(4,288)
Minority Interest	177	397	404	436
<b>Net Profit</b>	<b>11,312</b>	<b>10,197</b>	<b>10,564</b>	<b>11,193</b>
<i>Growth</i>	1.7%	-9.9%	3.6%	6.0%
<i>Net Profit Margin</i>	13.4%	12.4%	12.7%	13.2%

### PROFITABILITY & STABILITY

	2019/12A	2020/12F	2021/12F	2022/12F
ROE	19.1%	16.0%	14.8%	13.9%
ROA	9.9%	8.7%	8.4%	8.4%
ROIC	15.9%	13.1%	12.0%	11.3%
Cash Dividend (IDR bn)	4,609	3,802	4,147	4,654
Dividend Yield	5.7%	5.1%	5.6%	6.2%
Dividend Payout Ratio	40.7%	37.3%	39.3%	41.6%
DER	82.8%	82.9%	72.2%	61.4%
Net Gearing	29.1%	24.2%	24.2%	23.6%
LT Debt to Equity	17.2%	14.8%	14.4%	14.9%
Capitalization Ratio	18.6%	16.3%	16.7%	16.7%
Equity Ratio	54.7%	54.7%	58.1%	61.9%
Debt Ratio	12.5%	10.6%	11.6%	12.4%
Financial Leverage	196.8%	174.8%	171.3%	161.9%
Current Ratio	156.0%	164.6%	187.0%	223.7%
Par Value (IDR)	250	250	250	250
Total Shares (mn)	3,730	3,730	3,730	3,730
Share Price (IDR)	21,525	20,000	20,000	20,000
Market Cap (IDR tn)	80.3	74.6	74.6	74.6

### BALANCE SHEET

(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Cash	12,091	15,064	18,779	21,243
Receivables	19,681	24,996	25,187	25,762
Inventories	11,014	14,312	14,926	15,336
<b>Total Current Assets</b>	<b>50,827</b>	<b>62,478</b>	<b>67,809</b>	<b>72,149</b>
Net Fixed Assets	47,972	45,759	48,624	51,536
Other Non Current Asset	12,914	13,735	13,910	14,015
<b>Total Assets</b>	<b>111,713</b>	<b>121,973</b>	<b>130,344</b>	<b>137,700</b>
Payables	20,909	22,435	22,626	22,941
ST Bank Loan	3,479	3,066	4,240	4,350
LT Debt	10,508	9,899	10,902	12,709
<b>Total Liabilities</b>	<b>50,603</b>	<b>55,275</b>	<b>54,634</b>	<b>52,403</b>
Capital Stock	933	933	933	933
Retained Earnings	47,060	52,648	61,691	71,307
<b>Total Equity</b>	<b>61,110</b>	<b>66,698</b>	<b>75,710</b>	<b>85,298</b>

### VALUATION INDEX

	2019/12A	2020/12F	2021/12F	2022/12F
Price/Earnings	7.1x	7.3x	7.1x	6.7x
Price/Book Value	1.3x	1.1x	1.0x	0.9x
Price/Sales	1.0x	0.9x	0.9x	0.9x
PE/EPS Growth	4.2x	-0.7x	2.0x	1.1x
EV/EBITDA	3.3x	3.4x	3.2x	3.0x
EV/EBIT	5.0x	4.9x	4.6x	4.4x
EV (IDR bn)	82,703	73,020	71,450	70,875
Sales CAGR (3-Yr)	22.8%	8.4%	-0.5%	0.0%
EPS CAGR (3-Yr)	15.2%	-2.9%	-2.3%	3.2%
Basic EPS (IDR)	3,033	2,734	2,832	3,001
Diluted EPS (IDR)	3,033	2,734	2,832	3,001
BVPS (IDR)	16,383	17,881	20,297	22,867
Sales PS (IDR)	22,635	22,051	22,321	22,661
DPS (IDR)	1,236	1,019	1,112	1,248

### CASH FLOW STATEMENT

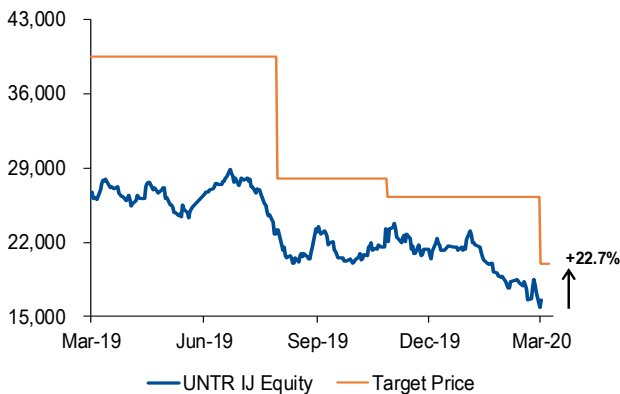
(IDR bn)	2019/12A	2020/12F	2021/12F	2022/12F
Operating Cash Flow	9,603	13,937	13,208	12,424
Investing Cash Flow	(9,925)	(5,335)	(10,117)	(10,272)
Financing Cash Flow	(750)	(5,630)	625	312
<b>Net Changes in Cash</b>	<b>(1,071)</b>	<b>2,973</b>	<b>3,715</b>	<b>2,464</b>

### TOP OWNERSHIP

By Geography	% Shareholders	%
Indonesia	84.1	Astra International 59.5
United States	9.2	Vanguard Group 1.5
Luxembourg	2.2	Sun Life Financial 1.4
Canada	1.3	Schroder Investment 1.4

Source: Company Data, NHKSI Research

Closing & Target Price Update



Source: Bloomberg, NHKSI Research

Rating & 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
2020.03.12	Buy	IDR20,000	IDR23,398

Source: NHKSI Research

NHKSI 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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