

United Tractors Tbk (UNTR)

Coal Price Hike Pushes Demand for Heavy Equipment

UNTR booked FY21 income of IDR79,46 trillion, up 31.67% YoY. The construction machinery segment booked record high growth of 70.02% compared to 2020. The increase in heavy machinery uses boosted Komatsu sales volume throughout FY2021 by 97.44%. Meanwhile, the net profit of FY21 recorded at IDR10.28 trillion or up 71.24% from the same period last year.

FY2021 Performance Increases

- In 4Q21, UNTR booked an increase in Revenue of IDR21.64 trillion (+5.49% QoQ), boosting the FY2021 income to IDR79.49 trillion or up 31.67% YoY (vs IDR60.35 trillion in FY2020).
- Sales from all segments grew throughout in FY2021, with the highest jump seen in the construction machine segment (+70.02% YoY) and coal mining (+43.83% YoY).
- UNTR booked net profit of DR2.46 trillion (-25.41% QoQ) in 4Q21, while overall net profit jumped 71.42% YoY in FY2021 to IDR10.28 trillion (vs IDR6.00 trillion in FY2020).
- Profitability ratios including GPM, OPM, and NPM recorded an increase in FY2021 of 24.75%; 18.72%; and 12.94% (vs. 21.52%; 13.74%; and 9.95% in FY2020) respectively.

Heavy Equipment Demand Growth to Continue

- Komatsu sales volume for FY2021 jumped 97.44% YoY to 3,088 units (vs. 1,564 units in FY2020). In January 2022, UNTR recorded the sales of 530 units, up from December 2021 of 138 units. For 2022F, UNTR aims for Komatsu heavy equipment sales to reach 3,700 units (vs. 3,088 units in 2021).
- The increasing demand for heavy equipment was driven by rising coal prices and increased activities in the heavy equipment sector. Meanwhile, the mining sector dominated heavy equipment sales by 53%, while the construction, forestry and agribusiness sectors accounted for 25%, 12% and 10% respectively.

Positive Sentiment from Coal Price Increase

- The sentiment of rising coal prices certainly has a positive impact on UNTR. Throughout the year, coal prices rose 301.94%. In the future, coal prices are predicted to continue to strengthen due to high demand amid supply disruptions due to geopolitical tensions between Russia and Ukraine.
- As for the gold mining segment, UNTR targets gold sales in 2022F to reach 300 thousand ounces. In FY2021, gold sales volume reached 330 thousand ounces (+ 3.12% YoY) and it was recorded at 25 thousand ounces on January 2022.

Buy Recommendation with TP of IDR31,200

- We provide a BUY recommendation for UNTR with a target price of IDR31,200/share (PE 10.4x or +0.5 STD) with a potential increase of 27.5%. We estimate revenue and net profit for 2022F to increase by IDR86.22 trillion and IDR11.56 trillion, respectively.

United Tractors Tbk | Summary (IDR bn)

	2021A	2022F	2023F	2024F
Revenue	79,461	86,216	88,113	91,197
Growth	31.7%	8.5%	2.2%	3.5%
Net profit	10,280	11,564	12,655	13,115
Growth	71.2%	12.5%	9.4%	3.6%
EPS	2,756	3,004	3,393	3,516
ROE	14.3%	14.4%	14.5%	13.8%
DER	0.1x	0.1x	0.1x	0.1x
P/E	11.3x	10.4x	9.2x	8.9x
EV/EBITDA	4.0x	3.9x	3.3x	2.4x
Dividend Yield	1.1%	4.3%	4.2%	4.7%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

NH Korindo Sekuritas Indonesia

NH KORINDO
SEKURITAS INDONESIA

Company Update | Mar 16, 2021

Buy

Target Price (IDR)	31,200
Consensus Price (IDR)	30,060
TP to Consensus Price	+3.8%
Potential Upside	+27.5%

Shares data

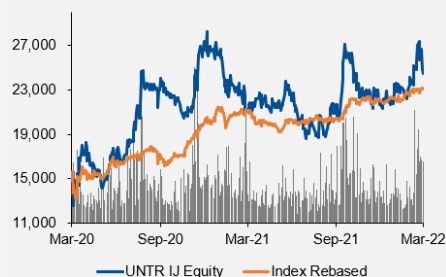
Last Price (IDR)	24,475
Price date as of	Mar 15, 2022
52 wk range (Hi/Lo)	27,750 / 18,525
Free float	40.5%
Outstanding sh.(mn)	3,730
Market Cap (IDR bn)	91,295
Market Cap (USD mn)	6,388
Avg. Trd Vol - 3M (mn)	4.33
Avg. Trd Val - 3M (bn)	103.52
Foreign Ownership	18.6%

Trade

Heavy Equipment

Bloomberg	UNTR IJ
Reuters	UNTR.JK

Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	12.1%	1.2%	12.8%	16.0%
Rel. Ret	8.3%	-0.4%	8.4%	6.6%

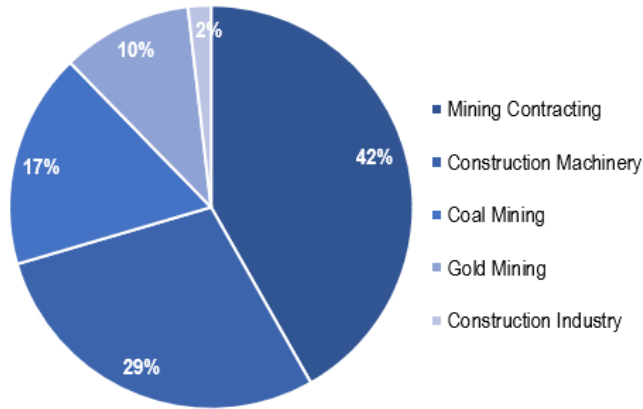
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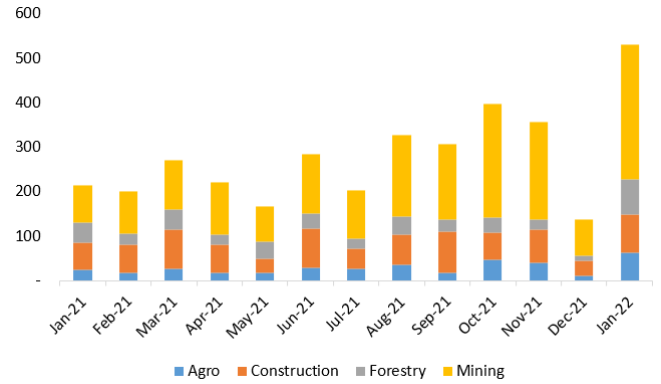
Performance Highlights

Revenue Contributions FY2021



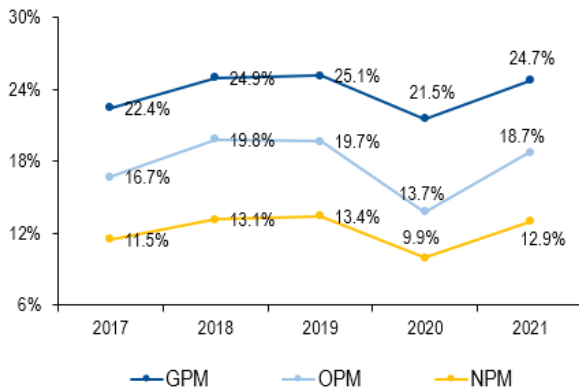
Source: Company, NHKSI Research

Komatsu Sales Volume (in Unit)



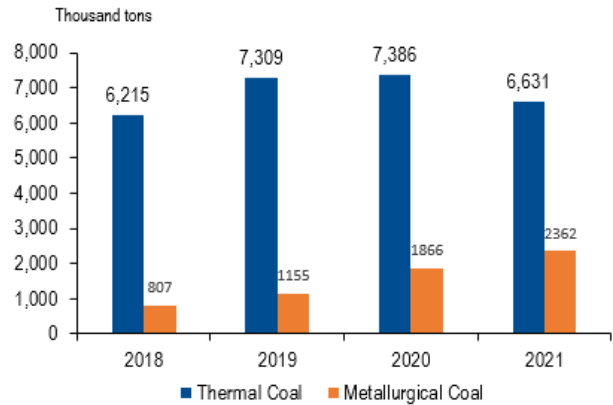
Source: Company, NHKSI Research

Margin Ratios (2017 - 2021)



Source: Company, NHKSI Research

Coal Sales Volume



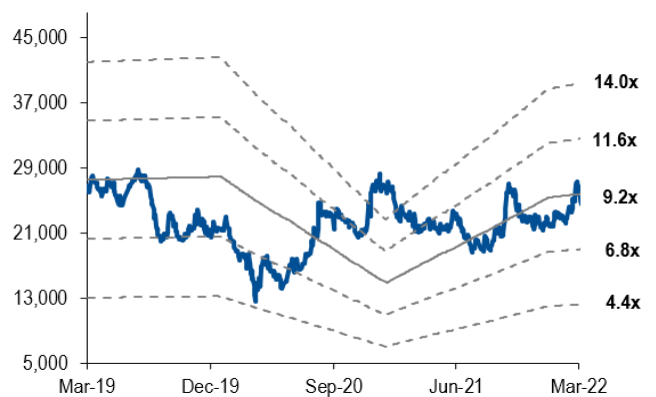
Source: Company, NHKSI Research

Forward P/E Band



Source: Company, NHKSI Research

Dynamic Forward P/E Band



Source: Company, NHKSI Research

Summary of Financials

INCOME STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Revenue	79,461	86,216	88,113	91,197
<i>Growth</i>	31.7%	8.5%	2.2%	3.5%
COGS	(59,796)	(65,145)	(66,745)	(69,173)
Gross Profit	19,665	21,071	21,367	22,024
<i>Gross Margin</i>	24.7%	24.4%	24.3%	24.2%
Operating Expenses	(4,789)	(5,050)	(5,026)	(5,356)
EBIT	14,876	16,021	16,342	16,668
<i>EBIT Margin</i>	18.7%	18.6%	18.5%	18.3%
Depreciation	8,765	8,092	8,061	9,022
EBITDA	23,640	24,113	24,402	25,691
<i>EBITDA Margin</i>	29.8%	28.0%	27.7%	28.2%
Interest Expenses	(431)	(393)	(515)	(446)
EBT	14,462	16,490	16,338	16,565
Income Tax	(3,854)	(4,561)	(3,872)	(3,644)
Minority Interest	(329)	(365)	189	194
Net Profit	10,280	11,564	12,655	13,115
<i>Growth</i>	71.2%	12.5%	9.4%	3.6%
<i>Net Profit Margin</i>	12.9%	13.4%	14.4%	14.4%

PROFITABILITY & STABILITY

	2021/12A	2022/12F	2023/12F	2024/12F
ROE	14.3%	14.4%	14.5%	13.8%
ROA	9.1%	10.0%	9.6%	9.2%
Inventory Turnover	6.9x	5.5x	5.7x	6.0x
Receivable Turnover	7.2x	4.8x	5.1x	5.5x
Payables Turnover	4.8x	3.1x	4.5x	3.7x
Dividend Yield	1.1%	4.3%	4.2%	4.7%
Payout Ratio	12.2%	44.6%	38.7%	41.5%
DER	0.1x	0.1x	0.1x	0.1x
Net Gearing	13.6%	10.6%	13.6%	13.6%
Equity Ratio	63.8%	69.3%	66.3%	66.5%
Debt Ratio	8.1%	6.9%	8.5%	8.6%
Financial Leverage	157.3%	154.2%	154.1%	157.2%
Current Ratio	198.8%	261.6%	263.9%	282.4%
Quick Ratio	167.8%	201.2%	216.1%	226.4%
Par Value (IDR)	250	251	252	253
Total Shares (mn)	3,730	3,730	3,730	3,730
Share Price (IDR)	31,200	31,200	31,200	31,200
Market Cap (IDR tn)	116.4	116.4	116.4	116.4

BALANCE SHEET

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Cash	33,322	32,768	43,627	59,644
Receivables	12,152	12,702	19,176	13,992
Inventories	9,454	10,343	10,901	12,261
Total Current Assets	60,604	62,202	80,495	92,452
Net Fixed Assets	39,000	40,644	38,396	37,721
Other Non Current Asset	12,957	12,970	12,643	12,486
Total Assets	112,561	115,816	131,534	142,659
Payables	14,518	12,175	17,490	20,004
ST Bank Loan	6,205	5,622	6,382	7,235
LT Debt	2,959	2,409	4,848	5,044
Total Liabilities	40,738	35,501	44,347	47,765
Capital Stock	933	933	933	933
Retained Earnings	56,673	65,224	72,067	79,787
Shareholders' Equity	71,823	80,315	87,187	94,894

VALUATION INDEX

	2021/12A	2022/12F	2023/12F	2024/12F
Price/Earnings	11.3x	10.4x	9.2x	8.9x
Price/Book Value	1.6x	1.4x	1.3x	1.2x
PE/EPS Growth	0.2x	0.8x	1.0x	2.4x
EV/EBITDA	4.0x	3.9x	3.3x	2.4x
EV/EBIT	6.3x	5.8x	4.9x	3.8x
EV (IDR bn)	93,474	92,871	80,737	62,686
Sales CAGR (3-Yr)	-2.1%	0.7%	13.4%	4.7%
EPS CAGR (3-Yr)	-3.1%	23.1%	7.2%	5.4%
Basic EPS (IDR)	2,756	3,004	3,393	3,516
BVPS (IDR)	19,255	21,531	23,374	25,440
DPS (IDR)	335	1,340	1,313	1,458

CASH FLOW STATEMENT

(IDR bn)	2021/12A	2022/12F	2023/12F	2024/12F
Operating Cash Flow	23,324	8,153	24,167	28,563
Investing Cash Flow	(3,198)	(4,967)	(4,783)	(5,108)
Financing Cash Flow	(7,160)	(3,740)	(4,040)	(4,360)
Net Changes in Cash	12,965	(554)	15,344	19,095

TOP OWNERSHIP

Shareholders	%
Astra International Tbk	59.5
FMR LLC	2.8
Massachusetts Financial Service Co	2.5
By Geography	%
Indonesia	81.4
United States	12.2
Luxembourg	1.7

Source: Company Data, NHKSI Research

NH Korindo Sekuritas Indonesia (NHKSI) Stock Ratings

1. Based on a stock's forecasted absolute return over a period of 12 months from the date of publication.
2. Rating system based on a stock's potential upside from the date of publication
 - Buy : Greater than +15%
 - Overweight : +5% to +15%
 - Hold : -5% to +5%
 - Underweight : -5% to -15%
 - Sell : Less than -15%

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