

# United Tractors Tbk (UNTR)

Sales Realization Reached 45.7%

UNTR posted 1Q22 revenue of IDR 27.9 trillion or up 56.3% YoY. The construction machinery segment recorded the largest growth at 122.1% YoY compared to 1Q21. The increased activity of heavy equipment usage boosted Komatsu's sales volume during 1Q22 by 146.2% YoY. Meanwhile, 1Q22 net profit was recorded at IDR 4.3 trillion, up 131.4% YoY from the same period the previous year.

## Coal and Nickel Support Mining Sector

- In 1Q22, UNTR posted revenue of IDR 27.9 trillion (+56.3% YoY Vs. IDR 17.8 trillion 1Q21).
- Three of the five segments recorded an increase in sales for the 1Q22 period, with the largest increase being recorded in the construction machinery segment (+122.1% YoY).
- Meanwhile, the increase in coal and nickel commodity prices boosted mining segment sales.
- Sales of the mining contractor, coal mining, and gold mining segments still dominated heavy equipment sales by more than 60% during the 1Q22 period. UNTR's net profit in 1Q22 was IDR 4.3 trillion (+131.4% YoY).
- However, a number of expenses also increased, such as cost of revenue which increased to IDR 20.9 trillion (+45.8% YoY).
- Then followed by selling expenses of IDR 215.41 billion (+112.6% YoY), and general and administrative expenses of IDR 938.0 billion (+5.0% YoY).

## Heavy Equipment Demand Remains High

- Komatsu's 1Q22 sales volume rose 146.2% YoY to 1,694 units (vs. 688 units in 1Q21). In January, February, and March 2022, UNTR recorded Komatsu sales volumes of 530 units, 528 units, and 636 units respectively.
- Meanwhile, UNTR targets Komatsu heavy equipment sales to reach 3,700 units (vs 3,088 units in 2021) in 2022.
- The increase in sales of heavy equipment was in line with the increase in mining and construction activities.
- The mining sector still dominated sales of heavy equipment, followed by the construction, forestry, and agribusiness sectors with 18%, 12%, and 9% respectively.

## Overweight Recommendation with TP IDR 32,000

- NHKS Research recommends Overweight for UNTR with a target price of IDR 32,000/share (PE 10.7x or +1.0 STD) and a potential increase of 5.7%.
- The increase in TP that we did was supported by the realization of heavy equipment sales which had reached 45.7% of the 2022 target.
- We estimate revenue and net profit for 2022F to increase by IDR 86.22 trillion and IDR 11.56 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	8.0x	10.7x	10.8x	11.9x
EV/EBITDA	2.5x	4.0x	4.1x	4.0x
Dividend Yield	1.5%	4.2%	3.6%	3.5%

Source: Company Data, Bloomberg, NHKSI Research

Please consider the rating criteria & important disclaimer

Company Update | May 9, 2022

## Overweight

Target Price (IDR)	32,000
Consensus Price (IDR)	31,878
TP to Consensus Price	+0.4%
Potential Upside	+5.7%

## Shares data

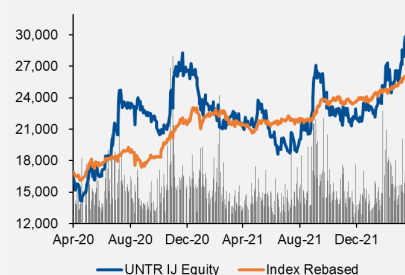
Last Price (IDR)	30,275
Price date as of	Apr. 28, 2022
52 wk range (Hi/Lo)	30,800 / 18,525
Free float	40.5%
Outstanding sh.(mn)	3,730
Market Cap (IDR bn)	112,929
Market Cap (USD mn)	7,804
Avg. Trd Vol - 3M (mn)	5.53
Avg. Trd Val - 3M (bn)	145.43
Foreign Ownership	18.7%

## INDUSTRIALS

### Industrial Goods

Bloomberg	UNTR IJ
Reuters	UNTR.JK

## Share Price Performance



	YTD	1M	3M	12M
Abs. Ret	38.7%	13.8%	30.2%	41.3%
Rel. Ret	30.3%	11.3%	21.4%	20.3%

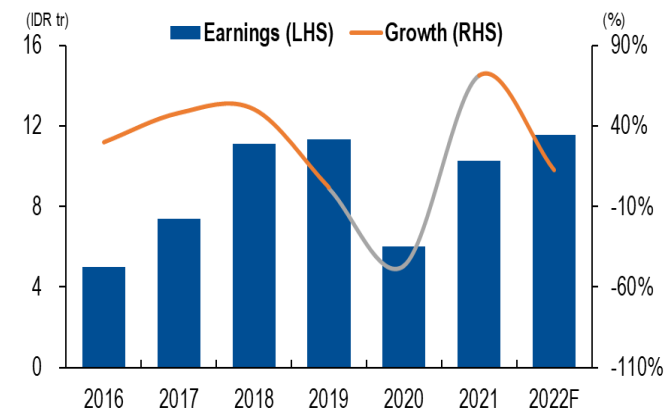
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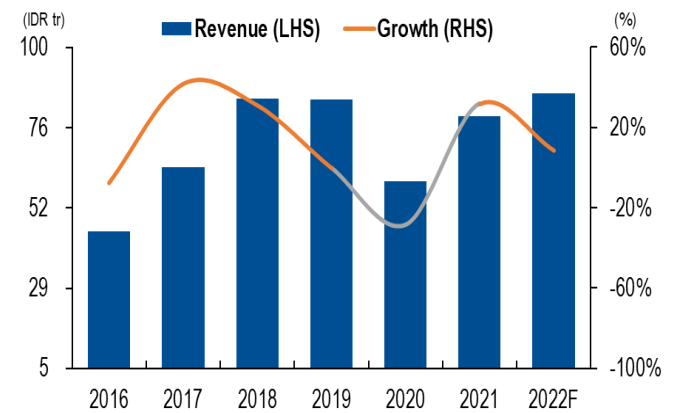
# Performance Highlights

Earnings Vs. Growth



Source: Company, NHKSI Research

Revenue Vs. Growth



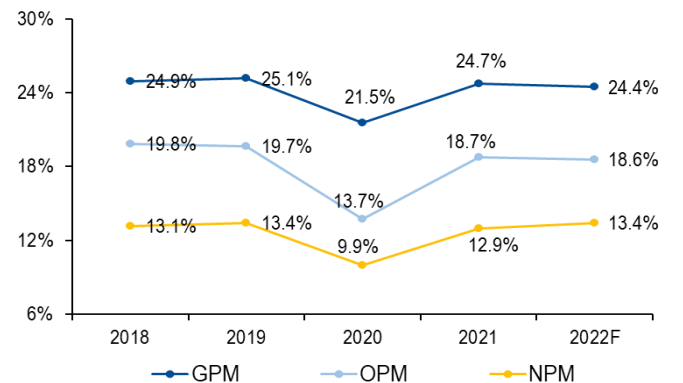
Source: Company, NHKSI Research

Earnings Vs. GrKomatsu Sales Volume (in Unit)



Source: Company, NHKSI Research

Profitability Ratios



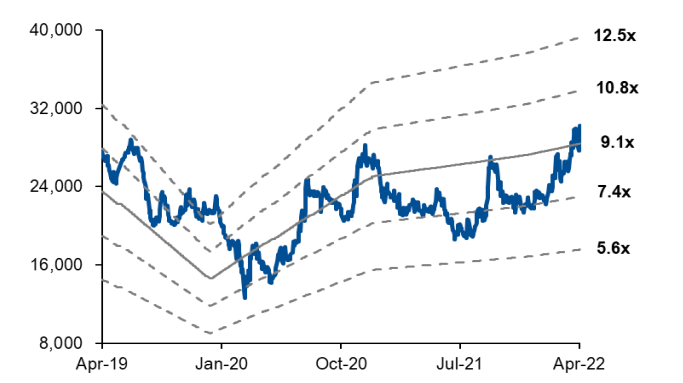
Source: Company, NHKSI Research

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
<b>Revenue</b>	<b>79,461</b>	<b>86,216</b>	<b>88,113</b>	<b>91,197</b>
<i>Growth</i>	31.7%	8.5%	2.2%	3.5%
COGS	(59,796)	(65,145)	(66,745)	(69,173)
<b>Gross Profit</b>	<b>19,665</b>	<b>21,071</b>	<b>21,367</b>	<b>22,024</b>
<i>Gross Margin</i>	24.7%	24.4%	24.3%	24.2%
Operating Expenses	(4,789)	(5,050)	(5,026)	(5,356)
<b>EBIT</b>	<b>14,876</b>	<b>16,021</b>	<b>16,342</b>	<b>16,668</b>
<i>EBIT Margin</i>	18.7%	18.6%	18.5%	18.3%
Depreciation	8,765	8,092	8,061	9,022
<b>EBITDA</b>	<b>23,640</b>	<b>24,113</b>	<b>24,402</b>	<b>25,691</b>
<i>EBITDA Margin</i>	29.8%	28.0%	27.7%	28.2%
Interest Expenses	(431)	(393)	(515)	(446)
<b>EBT</b>	<b>14,462</b>	<b>16,490</b>	<b>16,338</b>	<b>16,565</b>
Income Tax	(3,854)	(4,561)	(3,872)	(3,644)
Minority Interest	(329)	(365)	189	194
<b>Net Profit</b>	<b>10,280</b>	<b>11,564</b>	<b>12,655</b>	<b>13,115</b>
<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	1.5%	4.2%	3.6%	3.5%
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)	22,150	32,000	36,596	41,859
Market Cap (IDR tn)	82.6	119.4	136.5	156.1

### 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
<b>Total Current Assets</b>	<b>60,604</b>	<b>62,202</b>	<b>80,495</b>	<b>92,452</b>
Net Fixed Assets	39,000	40,644	38,396	37,721
Other Non Current Asset	12,957	12,970	12,643	12,486
<b>Total Assets</b>	<b>112,561</b>	<b>115,816</b>	<b>131,534</b>	<b>142,659</b>
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
<b>Total Liabilities</b>	<b>40,738</b>	<b>35,501</b>	<b>44,347</b>	<b>47,765</b>
Capital Stock	933	933	933	933
Retained Earnings	56,673	65,224	72,067	79,787
<b>Shareholders' Equity</b>	<b>71,823</b>	<b>80,315</b>	<b>87,187</b>	<b>94,894</b>

### VALUATION INDEX

	2021/12A	2022/12F	2023/12F	2024/12F
Price/Earnings	8.0x	10.7x	10.8x	11.9x
Price/Book Value	1.2x	1.5x	1.6x	1.6x
PE/EPS Growth	0.1x	0.9x	1.1x	3.3x
EV/EBITDA	2.5x	4.0x	4.1x	4.0x
EV/EBIT	4.0x	6.0x	6.2x	6.1x
EV (IDR bn)	59,716	95,855	100,864	102,444
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

### TOP OWNERSHIP

Shareholders	%
Astra International Tbk	59.5
FMR LLC	2.8
Others	37.7
By Geography	%
Indonesia	81.3
United States	12.2
Others	6.6

### 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)
<b>Net Changes in Cash</b>	<b>12,965</b>	<b>(554)</b>	<b>15,344</b>	<b>19,095</b>

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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