

EQUITY RESEARCH REPORT

PT Ulima Nitra Tbk (UNIQ IJ)

September 6, 2023

IDXENERGY, MINING SECTOR, ISSI



PT ULIMA NITRA Tbk

BUY

Target Price : IDR 310
Potential Upside : 92.49%
Code : UNIQ IJ
Sector : Energy
Subsector : Oil, Gas & Coal
52-w range : IDR 54 – IDR 220
Market cap : 505.38 B
EPS TTM : 17.40
BVPS (IDR) : 116.74
PBV : 1.38 x
P/E Ratio TTM : 9.25 x
P/E Ratio Ann : 13.44 x

Looks Attractive: Cheap Relative Valuation Among Its Peers with a Strong Result In-Line 1H-2023

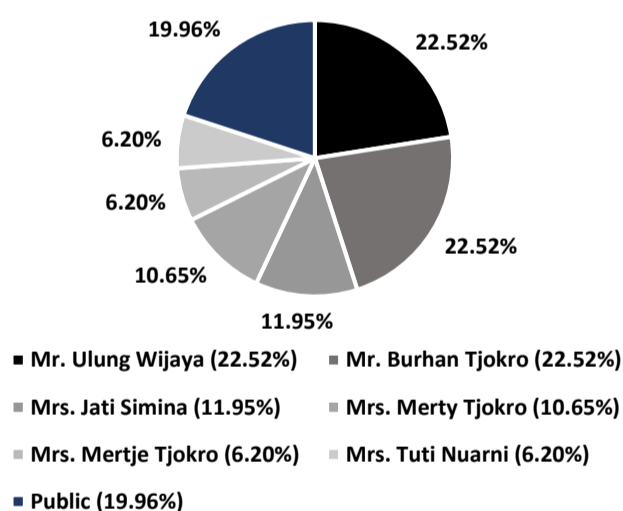
1H-2023 Earnings Beat, All Major Segments Jumped

The company has posted net income of IDR18.8 billion during the first semester of 2023. The performance achieved is impressive from the first semester of 2022 which posted a loss of IDR 9.9 Bn. This increase in performance was driven by the sales growth of 49.71% YoY to IDR 238.3 Bn with an attractive increase in the mining service segment up by 54.97% YoY to IDR 173.9 Bn. Their vehicles, trucks & heavy equipment's increased by 62.83% to IDR 40.03 Bn, and construction services also increased by 24.64% YoY to IDR 23.64 Bn. This surge in profit margin was also driven by the company's success in making efficiency and reducing cost of sales, one of which was by providing a 50% discount on fuels.

New Contract Opportunities, Our FY 2023F of Sales at +12.18% YoY

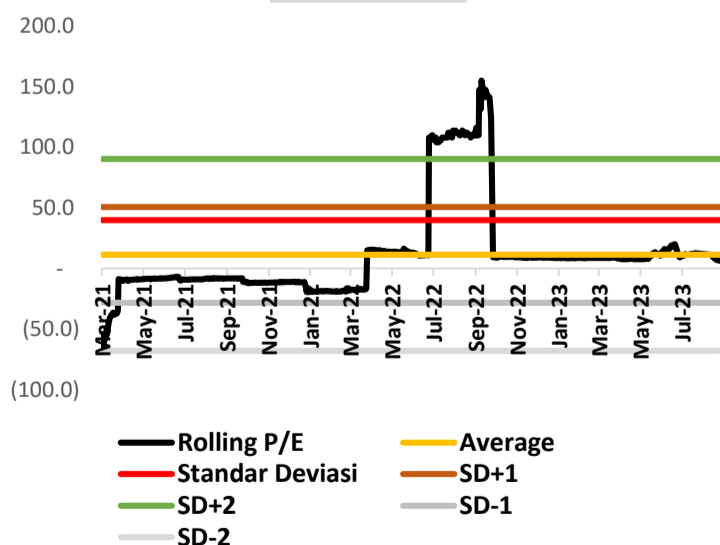
We project sales to reach of 12.18% YoY to IDR 476.52 Bn in FY2023. This is in line with the company's management target of IDR 500 Bn by FY2023. We expect this sales growth is in line with the Company's expansion by developing new contract for mining services in Muara Enim, South Sumatera and Jambi. The Province is the top 5 region with the largest domestic coal reserves. Through 2022, South Sumatera has coal reserves of 9,345.57 Mn tons, while Jambi has coal reserves of 1,538.72 Mn tons. The majority of coal mining products in the South Sumatera region are used as a source of energy for power plants (PLTU). It is located on the island of Sumatera and Java. The demand and amount of coal resources in South Sumatera and surrounding areas are still large. There are plans to build PLTU capacity until 2030, reaching 2,990 megawatts for the South Sumatera region and as much as 1,200 megawatts in the Jambi region. As a result, we indicate that the contract expansion would be an opportunity for the company to continue improving its financial performance.

Shareholders



Source: Company Data, Research Erdikha

P/E Band



Source: Company Data, Research Erdikha

Recommendation: BUY with TP IDR 310 per share

We recommend BUY on PT Ulima Nitra Tbk (UNIQ) with a TP of IDR 310 per share. Our new target price offers 92.51% upside. It is based on Multiple P/E TTM 3-years-mean, PBV, and EV/EBITDA. This target price is implying 17.81 x, 2.65 x, and 30.72 x of 2023F P/E TTM, PBV, and EV/EBITDA. Risk to our call: The decline in global coal demand as more countries switch to renewable energy, fluctuating coal prices that could affect the quality of payments to the company, the loss of contracts, the coal production in the project was not maximized, and the weather has an impact on the durability of the hauling unit whose breakdown performance.

Key Financial Summary					
IDR Million	2020	2021	2022	2023F	2024F
Net Sales	296,492	318,296	424,782	476,526	545,136
Gross Profit	25,312	16,840	50,472	47,123	59,340
Operating Profit	12,680	(4,803)	25,202	21,833	28,659
Net Profit	(1,990)	(9,468)	22,936	43,737	39,821
EBITDA	102,668	79,445	106,800	130,666	143,270
EPS (IDR)	(0.80)	(3.12)	7.31	13.93	12.69
PER (x)	(201.25)	(51.60)	22.02	11.55	12.69
PBV (x)	1.84	1.50	1.41	1.11	1.14
ROA (%)	-0.37%	-1.83%	3.94%	7.22%	6.06%
ROE (%)	-0.72%	-2.81%	6.39%	12.16%	9.75%

Source: Company Data, Research Erdikha

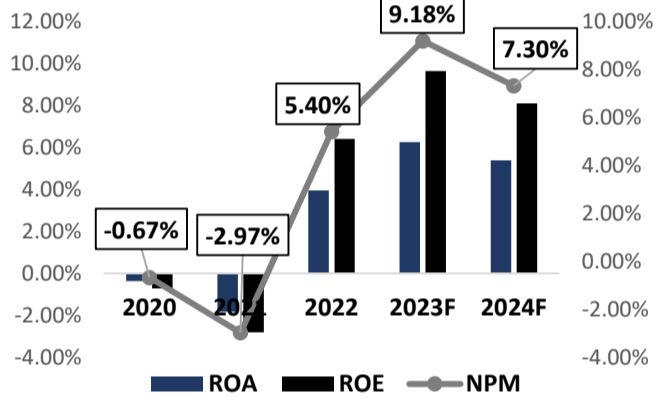
Financial Performance

Latest Financial Performance				Growth	
IDR Million	Q2-2023	Q1-2023	Q2-2022	YoY	QoQ
Net sales	238,263	104,513	159,151	49.71%	127.97%
Cost of sales	(214,701)	(99,032)	(166,123)	29.24%	116.80%
Gross Profit	23,562	5,481	(6,971)	437.97%	329.87%
Operating Expenses	(12,645)	(4,467)	(10,550)	19.86%	183.07%
Operating Profit	10,916	1,014	(17,521)	162.30%	976.56%
Other Income (Expenses)	2,236	373	4,899	-54.35%	499.61%
Profit Before Tax	13,153	1,387	(12,622)	204.20%	848.31%
Tax expense	5,654	1,631	2,624	115.52%	246.74%
Net Income	18,807	3,018	(9,999)	288.09%	523.23%

Gross Profit Margin	9.89%	5.24%	-4.38%
Operating Profit Margin	4.58%	0.97%	-11.01%
Net Profit Margin	7.89%	2.89%	-6.28%

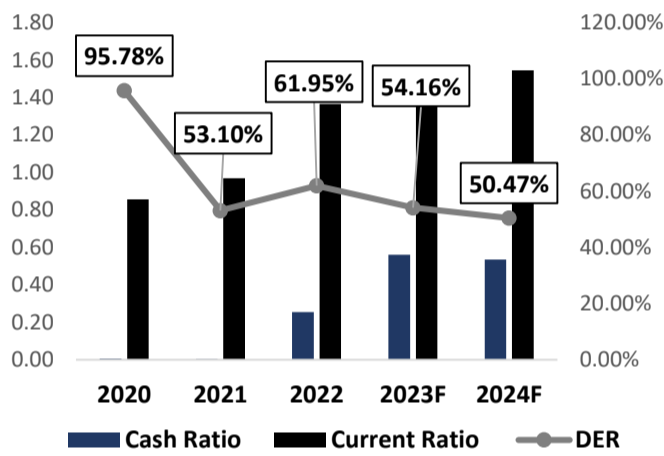
Source: Company Data, Research Erdikha

Profitability



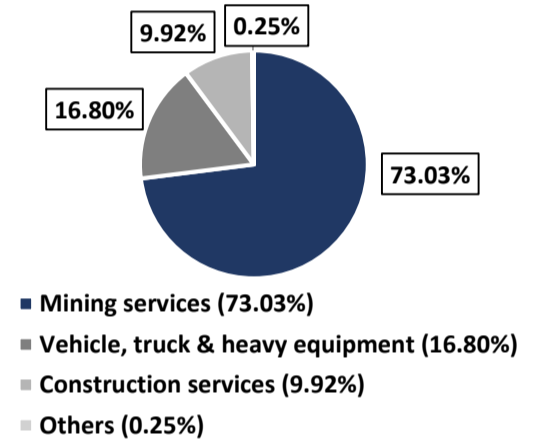
Source: Company Data, Research Erdikha

Liquidity



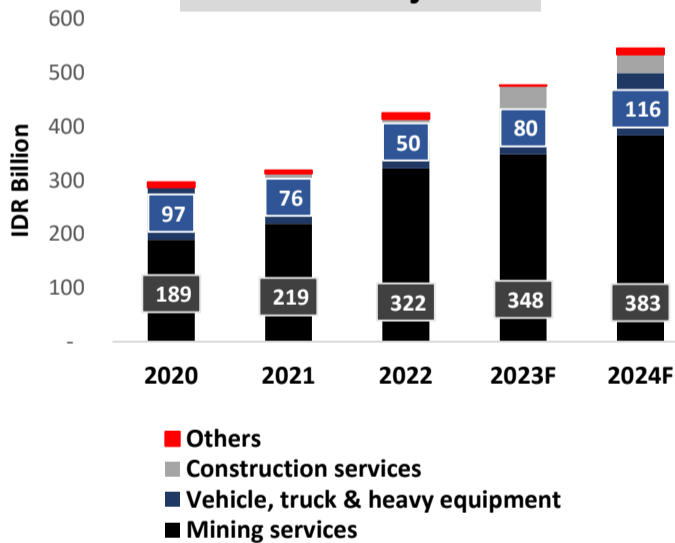
Source: Company Data, Research Erdikha

Revenue Contribution



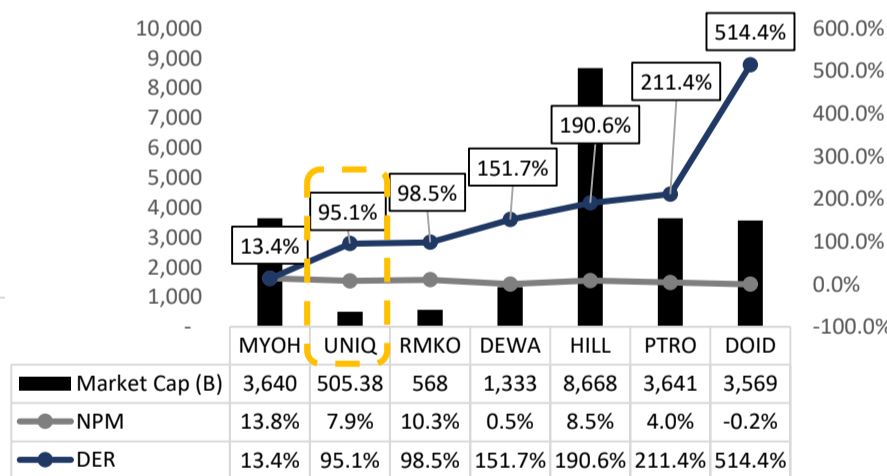
Source: Company Data, Research Erdikha

Revenue Projection



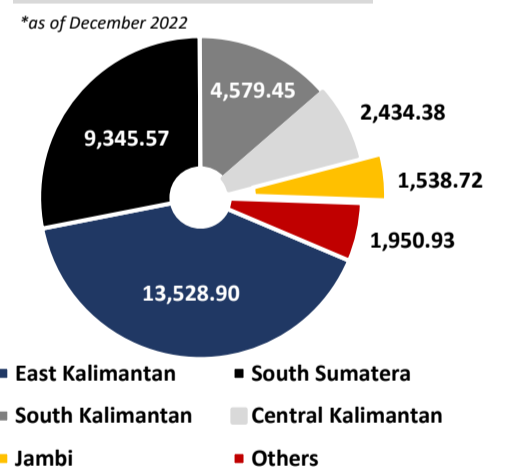
Source: Company Data, Research Erdikha

Peers



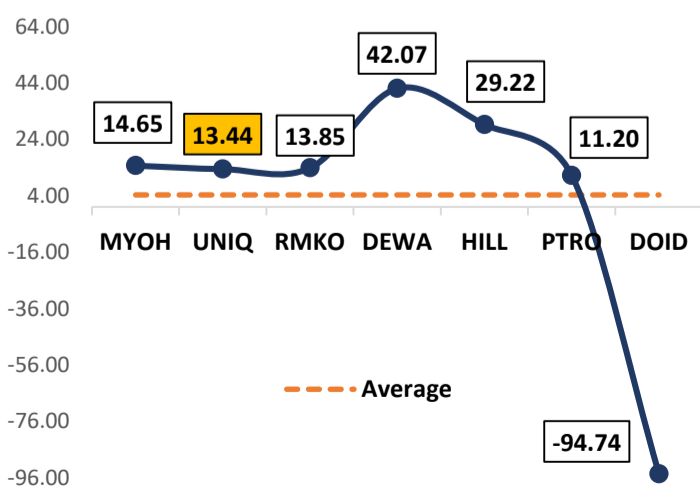
Source: Company Data, Research Erdikha

Verified Coal Reserves (Mn Ton)



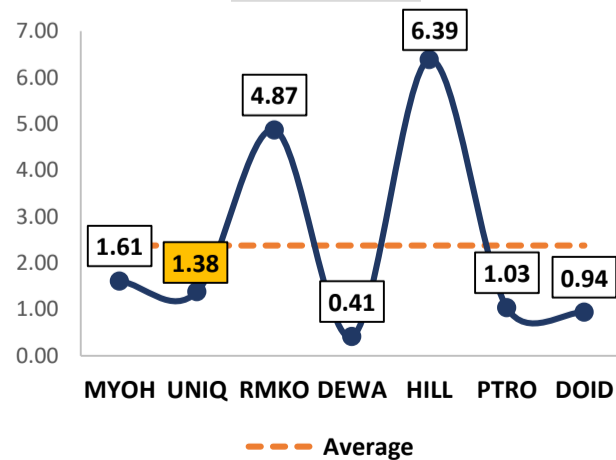
Source: MoEMR, Research Erdikha

P/E Annualized



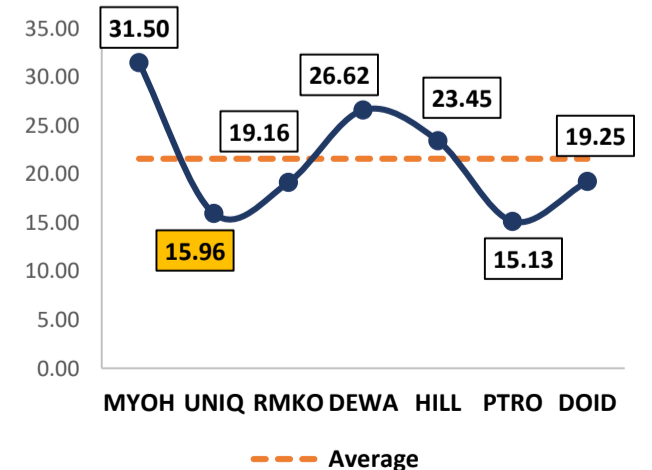
Source: Company Data, Research Erdikha

PBV Ratio



Source: Company Data, Research Erdikha

EV/EBITDA



Source: Company Data, Research Erdikha

Balance Sheet					
IDR Million	2020	2021	2022	2023F	2024F
Cash on hand in banks	1,289	565	41,091	109,619	105,582
Trade accounts receivable	130,376	132,443	144,622	150,916	165,251
Other accounts receivable	509	753	2,865	1,480	1,934
Inventories	3,529	3,869	5,456	4,732	5,408
Prepaid expenses	6,529	9,943	3,024	7,388	8,031
Advances	37,273	2,233	23,878	23,131	18,304
Total Current Assets	179,505	149,807	220,936	297,267	304,509
Property and equipment	355,202	352,653	353,894	394,027	425,437
Other non-current assets	4,447	13,560	6,687	9,296	11,635
Total Non-Current Assets	359,649	366,213	360,582	403,323	437,073
TOTAL ASSETS	539,154	516,020	581,518	700,590	741,582
Short-term bank loan	52,040	49,343	50,489	56,346	60,332
Trade accounts payable	42,660	38,567	41,417	45,463	48,407
Bank loans	36,661	26,652	22,519	31,988	31,359
Consumer financing payable	29,463	24,847	26,912	30,111	31,569
Other current liabilities	48,929	15,165	20,362	31,339	25,436
Total Current Liabilities	209,754	154,573	161,699	195,248	197,103
Bank loans	26,543	12,802	23,945	23,271	22,866
Consumer financing payable	21,686	8,233	27,488	20,895	21,402
Other non-current liabilities	5,781	3,367	9,305	6,716	7,362
Total Noncurrent Liabilities	54,010	24,402	60,738	50,881	51,630
Total Liabilities	263,764	178,975	222,437	246,129	248,733
Total Equity	275,391	337,045	359,081	454,461	492,849
TOTAL LIABILITIES AND EQUITY	539,154	516,020	581,518	700,590	741,582
Check	-	-	-	-	-

Income Statement					
IDR Million	2020	2021	2022	2023F	2024F
Net sales	296,492	318,296	424,782	476,526	545,136
Cost of sales	(271,181)	(301,456)	(374,310)	(429,403)	(485,796)
Gross Profit	25,312	16,840	50,472	47,123	59,340
G&A Expenses	(12,632)	(21,387)	(24,104)	(24,274)	(29,351)
Final tax	0	(256)	(1,166)	(1,016)	(1,329)
Total Operating Expenses	(12,632)	(21,643)	(25,270)	(25,290)	(30,681)
Operating Profit	12,680	(4,803)	25,202	21,833	28,659
Interest income	35	24	21	82	61
Interest and other financial change	(20,700)	(13,775)	(12,810)	(12,848)	(15,569)
Other Income (Expenses)	10,916	5,156	27,648	23,362	31,191
Other Income (Expenses) - Net	(9,749)	(8,594)	14,859	10,596	15,683
Profit Before Tax	2,931	(13,397)	40,061	32,429	44,342
Tax expense	(4,922)	3,930	(17,126)	11,309	(4,521)
Profit (Loss) For The Year	(1,990)	(9,468)	22,936	43,737	39,821
EPS	(0.80)	(3.12)	7.31	13.93	12.69

Source: Company Data, Research Erdikha

DISCLAIMER

Based on a stock's forecasted absolute return over a period of 12 months from the date of publication. 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 -15% and sell less than -15%. The information contained herein has been compiled from sources that we believe to be reliable. No warranty (express or implied) is made to the accuracy or completeness of the information. All opinions and estimates included in this report constitute our judgment as of this date, without regards to its fairness, and are subject to change without notice. This document has been prepared for general information only, without regards to the specific objectives, financial situation and needs of any person who may receive it. No responsibility or liability whatsoever or howsoever arising is accepted in relation to the contents hereof by any company mentioned herein, or any their respective directors, officers, or employees. This document is not an offer to sell or a solicitation to buy any securities. This firms and its affiliates and their officers and employees may have a position, make markets, act as principal, or engage in transaction in securities or related investments of any company mentioned herein, may perform services for or solicit business from any company mentioned herein, and may have acted upon or used any of the recommendations herein before they have been provided to you. Available only to person having professional experience in matters relating to investments.

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