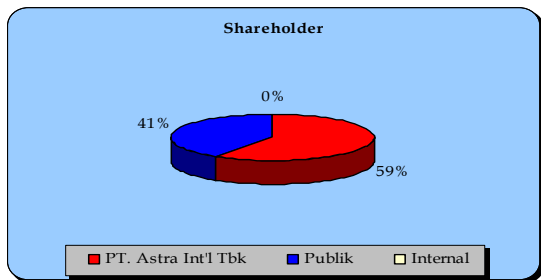


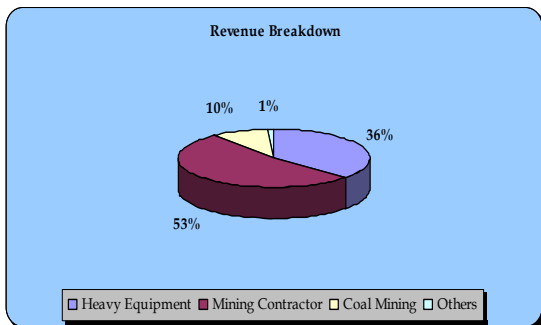
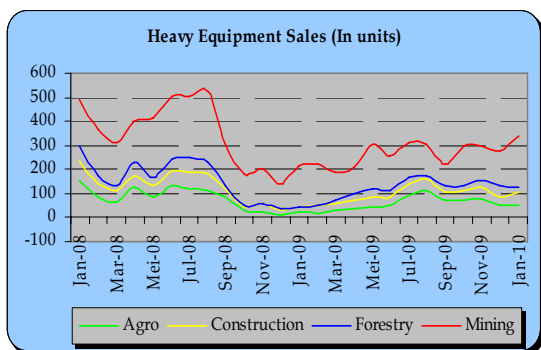
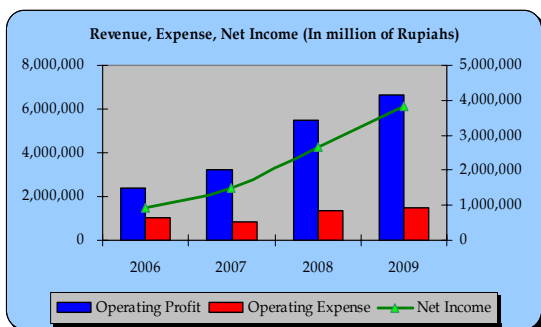
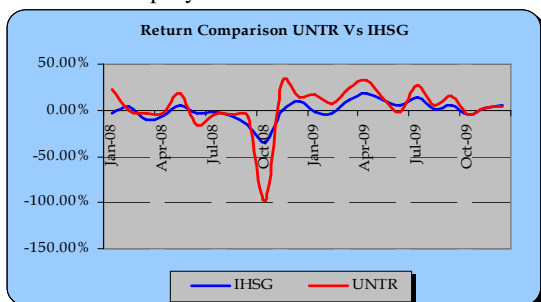
**Target Price:
Rp 14,500 / Share**

PT. United Tractors Tbk (UNTR)

Heavy Equipment Sector



Source: Company



Source: Research Department PT. FBI

Company Highlight:

- United Tractors (UNTR) is one of Astra International valuable subsidiaries. With 59% ownership has put them as majority followed by public 41% and Internal by 0%.
- UNTR main business is a major distributor for heavy equipment tools from well-known brand Komatsu. They sell tools for agro, construction, forestry, and mining sector. Then, they expand its business to mining contractor and coal mining through subsidiaries.
- Year end 2009, UNTR booked operating profit 6,67 trillions an increased of 21% from 2008 at 5,49 trillions. Line's mining contractor contributed 53% at 15,4 trillions followed by heavy equipment 36% at 10,6 trillion, coal mining 10% at 2,8 trillions, and others 1% at 363 billions.
- Sales of heavy equipment were down 28% from total 4.345 units in 2008 to 3.111 units in 2009. This were likely caused by a downturn in commodities prices pushing end-user to hold buy new tools at the moment for cost efficiency and new entrants from China that has price relatively cheap.
- Operating profit also risen 12% from 1,34 trillions in 2008 to 1,50 trillions in 2009. After sales service is the only account change drastically upward 76% from 10,62 billions in 2008 become 18,66 billions. The reason is to gain loyalty by improving service quality. Overall, expense accounts are relatively stable.
- As a result UNTR perform well with 2009 net income 3,81 trillions. It is reflected in its share after a deep down in 2008 around 58%, UNTR shares bounce back in 2009 with return 135% above benchmark IHSG that generate return 26%.
- Along with company plan to generate consolidated capital expenditure in 2010 around 400 million us dollars and a growth assumption of 9%, using FCFE method resulted in target price for UNTR shares Rp 14,500. As of March 24, 2010 UNTR traded at price Rp 18,050 therefore the price is overvalued.

Analyst:
Gerry Juan Carlos
Adler H. Manurung

www.finansialbisnis.com
 +6221-85918040 Ext.104
risetfbi@finansialbisnis.com

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FORECASTS AND VALUATION

Key Forecast

	2008A	2009E	2010F	2011F	2012F	2013F
EPS	800	1,147	1,251	1,363	1,486	1,620
PER	5.50	13.51	14.72	16.05	17.49	19.07
ROE	23.75%	27.36%	29.83%	32.51%	35.44%	38.63%
ROA	11.65%	15.64%	17.05%	18.58%	20.26%	22.08%
Net Profit Margin	48.38%	57.23%	62.38%	67.99%	74.11%	80.78%
Current Ratio	0.61	0.60	0.66	0.72	0.78	0.85
Leverage Ratio	1.60	1.69	1.85	2.01	2.19	2.39
Gearing Ratio	-0.16	-0.12	-0.13	-0.14	-0.15	-0.16
Gross Margin	75.62%	77.48%	84.45%	92.05%	100.34%	109.37%
EV/EBITDA	3.52	9.77	10.65	11.61	12.66	13.79
EV/Sales	2.70	7.68	8.37	9.13	9.95	10.84
EV/FCFF	20.16	9.21	10.04	10.94	11.93	13.00
Cash Turn Over	1.10	1.41	1.53	1.67	1.82	1.99
Inventory to Net Working Capital	1.05	0.84	0.91	0.99	1.08	1.18

Source: Research Department PT. Finansial Bisnis Informatika

Proforma Balance Sheet

(Expressed in million Rupiah)

	2008A	2009A	2010F	2011F	2012F	2013F
Current Asset	12,883,590	11,969,001	13,046,211	14,220,370	15,500,203	16,895,222
Non-Current Asset	9,964,131	12,435,827	13,555,051	14,775,006	16,104,757	17,554,185
Total Asset	22,847,721	24,404,828	26,601,263	28,995,376	31,604,960	34,449,406
Current Liabilities	7,874,135	7,225,966	7,876,303	8,585,170	9,357,836	10,200,041
Non-Current Liabilities	3,770,781	3,227,782	3,518,282	3,834,928	4,180,071	4,556,278
Minority Interest	71,198	107,370	117,033	127,566	139,047	151,562
Equity	11,131,607	13,843,710	15,089,644	16,447,712	17,928,006	19,541,526
Total Liabilities & Equity	22,847,721	24,404,828	26,601,263	28,995,376	31,604,960	34,449,406

Source: Research Department PT. Finansial Bisnis Informatika

Proforma Income Statement

(Expressed in million Rupiah)

	2008A	2009A	2010F	2011F	2012F	2013F
Operating Revenue	5,499,204	6,671,059	7,271,454	7,925,885	8,639,215	9,416,744
Operating Expense	1,340,541	1,502,315	1,637,523	1,784,900	1,945,541	2,120,640
Operating Profit	4,158,663	5,168,744	5,633,931	6,140,985	6,693,673	7,296,104
Other Income (Interest)	312,258	266,390	290,365	316,498	344,983	376,031
Profit (loss) from associate	5,542	9,104	9,923	10,816	11,790	12,851
Income Before Income Taxes	3,851,947	5,444,238	5,934,219	6,468,299	7,050,446	7,684,986
Income Taxes	1,166,512	1,594,543	1,738,052	1,894,477	2,064,979	2,250,828
Income Before Minority Interest	2,685,435	3,849,695	4,196,168	4,573,823	4,985,467	5,434,159
Minority Interest	24,693	32,154	35,048	38,202	41,640	45,388
Net Income	2,660,742	3,817,541	4,161,120	4,535,620	4,943,826	5,388,771

Source: Research Department PT. Finansial Bisnis Informatika

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