



## **RECOVERING TIME: IMPROVING SALES AND PRODUCTION**

PT United Tractors Tbk has published the result for its March 31, 2000 Financial Statement. After going through its toughest year ever, UT reported improving first quarter 2000 performance than the previous year's by growing modestly at 5%. The improvement can be seen across the board where three segments reported improving sales.

### **Lower equipment sales**

The Construction Machinery (CM) segment's sales were down by 5% due to lower unit sales. Many customers were bothered by the increasing exchange rate so that they purchased new equipment conservatively.

### **Improving sales by other segments**

Fortunately the other three segments were able to offset the revenue from the CM. The Mining Contracting (MC) segment increased its coal production by 21%, the Coal Mining through PT Berau Coal already achieved 1 million tons of coal sales, and the Material Handling (MH) was able to assemble more engine and sell more forklift, attachment and heavy equipment attachments over the same period last year.

### **MC as major revenue contributor**

In the contribution department, MC continued to lead by contributing 45% to the consolidated revenue. CM dropped its contribution to 39%, while Mining and MH increased their contributions to 12% and 4%, respectively.

### **Highlights of the quarter's result**

	<b>Q1 2000</b>	<b>Q1 1999</b>	<b>% Increase</b>
In: Rp. bn.			
Sales Construction Machinery	383	404	(5.3)
Mining Contracting	442	436	1.3
Mining	121	72	68.3
Material Handling	43	27	62.1
Total Sales	989	939	5.3
Gross Profit	246	294	(16.4)
Operating Profit	183	236	(22.4)
EBITDA	258	302	(14.5)
Net Income	(4)	(32)	87.2
Earning Per Share (Rp.)	(589)	(3,645)	83.8

*March 31, 2000*



## PERFORMANCE OVERVIEW

This year, the gross profit margin (GPM) and the operating profit margin (OPM) have decreased due to new inventories and cost adjustment. The EBITDA margin was still respectable at 26%. However, the exchange rate has increased to Rp 7,590/US\$ from Rp 7,100/US\$ at end 1999 so that the Company reported a loss of Rp. 4.08 billion because of loss on forex amounting to Rp 128.74 billion. The following is the performance from each Division.

### **Lower unit sales for Komatsu**

The Construction Machinery (CM) started the first quarter of the year rather slow compared to the previous year, especially from the unit sales. Komatsu sales reached 131 units, down from 141 units sold domestically in Q1 '99. Nonetheless, Komatsu was able to lead the market with the market share of 37.5%. Meanwhile, revenues from parts and services increased quite significantly. The Company expects that the unit sales would pick up in the coming months especially in the industries whose revenues are in US dollar.

### **Increase coal production**

Driven by high demand for Indonesian coal, the Mining Contracting (MC) through PT Pamapersada Nusantara (Pama) increased its coal production to 5.2 million tons, up from 4.3 million tons last year. In this quarter, over 93% of its revenue were derived in US\$. The Company was able to increase its revenue by 1.3% even though the exchange rate has decreased to Rp. 7,590/US\$ this quarter compared to Rp. 8,685/US\$ last year.

### **Mining's high sales growth**

In the Mining segment, PT Berau Coal sold close to 1 million tons of coal with 46% directed to the export market. The sales were over half a million tons increase over the same period in 1999. In the end of quarter also, Berau signed the debt restructuring agreement amounting to US\$40 million, giving room for Berau to concentrate with its sales now that the negotiation has finished.

### **MH is improving**

The Material Handling segment (MH) showed sign of improvement. The engine assembly line was moving again with 614 engines assembled. The sales of forklift increased to 74 units as compared to 59 units in Q1 '99. MH now concentrates more to increase its production of attachments and components for heavy equipment to the export market. As a breaking news, PT United Tractors Pandu Engineering (UTE) has just signed the debt restructuring agreement with facility totaling US\$ 14.5 million on May 16, 2000.

With improving sales, the Company expects that this year would be a better one. In the EGM on April 10, 2000, it was decided that the Company would distribute bonus shares with ratio 5:9. The distribution is scheduled on June 23, 2000. For this reason also, the Company will start scripless trading by early June 2000.

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*March 31, 2000*

# PT UNITED TRACTORS Tbk

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PT UNITED TRACTORS Tbk AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS AS OF MARCH 31, 2000 AND 1999 (in million Rupiah)			PT UNITED TRACTORS Tbk AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS FOR THE THREE MONTHS ENDED MARCH 31, 2000 AND 1999 (in million Rupiah)		
ASSETS		LIABILITIES AND STOCKHOLDERS' EQUITY			
	2000	1999*	2000	1999*	
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	550.271	528.367	Short - term loans	536.727	631.662
Time deposit	79.864	9.909	Accounts payable trade		
Trade account receivable - net			Third parties	287.338	201.050
Third parties	640.237	787.703	Related parties	137.382	38.330
Related parties	47.102	64.414	Other payables		
Other receivables - net			Third parties	9.181	23.235
Third parties	100.214	114.263	Accrued expenses	226.753	193.833
Inventories	731.180	552.124	Taxes payable	33.066	58.006
Advances for purchases & margin deposits on letters of credit	104.266	47.405	Customers' deposit	53.891	34.702
Prepaid taxes and expenses	71.701	88.459	Current portion of long-term debts		
Bank loans			Bank loans	2.165.387	2.797.898
Capital lease obligations			Capital lease obligations	145.076	220.950
<b>Total Current Assets</b>	<b>2.324.835</b>	<b>2.192.644</b>	<b>Total Current Liabilities</b>	<b>3.594.801</b>	<b>4.199.666</b>
<b>OTHER RECEIVABLES TO RELATED PARTIES</b>	<b>12.117</b>	<b>23.467</b>	<b>OTHER PAYABLES TO RELATED PARTIES</b>	<b>14.162</b>	<b>53.462</b>
<b>DEFERRED TAX ASSETS</b>	<b>559.470</b>	<b>616.149</b>	<b>DUE TO RELATED PARTIES</b>	<b>74.460</b>	<b>78.165</b>
<b>INVESTMENTS</b>	<b>144.784</b>	<b>49.082</b>	<b>DEFERRED TAX LIABILITIES - Net</b>	<b>77.824</b>	<b>11.496</b>
<b>PROPERTY, PLANT AND EQUIPMENT</b>			<b>LONG-TERM DEBTS - Net</b>		
Carrying value	1.935.047	1.907.816	Bank loans	298.287	-
Accumulated depreciation	708.145	546.186	Capital lease obligations	114.768	302.619
<b>Net Book Value</b>	<b>1.226.902</b>	<b>1.361.630</b>	<b>Total Long-Term Debts</b>	<b>413.055</b>	<b>302.619</b>
<b>DEFERRED DEVELOPMENT AND EXPLORATION COST - Net</b>	<b>281.814</b>	<b>326.745</b>	<b>UNREALIZED INCOME - Net</b>	<b>8.027</b>	<b>11.581</b>
<b>OTHER ASSETS</b>			<b>MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES</b>	<b>36.958</b>	<b>37.138</b>
Estimated claims for tax refund	113.222	16.311	<b>STOCKHOLDERS' EQUITY</b>		
Deferred charges - net	73.515	79.432	Capital stock	138.000	138.000
Patent - net	15.820	21.238	Additional paid - in capital	16.875	16.875
Loans to employees	11.780	9.990	Revaluation increment	271.150	271.150
Goodwill - net	2.577	2.817	Difference in equity transactions of affiliated companies	13.747	13.747
Others	1.475	2.673	Cumulative translation adjustments	192.187	229.141
<b>Total Other Assets</b>	<b>218.389</b>	<b>132.461</b>	Unrealized gain (loss) on investment	50.014	(43.391)
			Deficit	(132.949)	(617.471)
			<b>Total Stockholders' Equity</b>	<b>549.024</b>	<b>8.051</b>
<b>TOTAL ASSETS</b>	<b>4.768.311</b>	<b>4.702.178</b>	<b>TOTAL LIABILITIES &amp; STOCKHOLDERS' EQUITY</b>	<b>4.768.311</b>	<b>4.702.178</b>

  

	2000	1999*
<b>NET REVENUE</b>	988.989	939.171
<b>COST OF REVENUE</b>	742.925	644.914
<b>GROSS PROFIT</b>	<b>246.064</b>	<b>294.257</b>
<b>OPERATING EXPENSES</b>		
General and administrative	51.118	52.046
Selling	12.263	6.690
<b>Total Operating Expenses</b>	<b>63.381</b>	<b>58.736</b>
<b>INCOME FROM OPERATIONS</b>	<b>182.683</b>	<b>235.521</b>
<b>OTHER CHARGES (INCOME)</b>		
Financing cost	82.568	89.072
Equity in net losses (earnings) of associated companies	(3.680)	6.619
Loss (gain) on foreign exchange and swap cost - net	128.736	211.027
Interest income	(5.485)	(8.403)
Gain on sale of:		
Investment in shares of stocks	-	(7.715)
Property and equipment	(1.970)	(2.613)
Miscellaneous - net	(900)	(1.762)
<b>Other Charges - Net</b>	<b>199.269</b>	<b>286.225</b>
<b>INCOME (LOSS) BEFORE PROVISION FOR INCOME TAX</b>	<b>(16.586)</b>	<b>(50.704)</b>
<b>PROVISION FOR INCOME TAX</b>		
Current	23.091	44.047
Deferred Tax Expense (Income)	(37.018)	(54.284)
<b>Total Provision for Income Tax</b>	<b>(13.927)</b>	<b>(10.237)</b>
<b>INCOME (LOSS) BEFORE MINORITY INTEREST IN NET LOSSES OF SUBSIDIARIES</b>	<b>(2.659)</b>	<b>(40.467)</b>
<b>MINORITY INTEREST IN NET LOSSES OF SUBSIDIARIES</b>	<b>(1.422)</b>	<b>8.551</b>
<b>NET INCOME (LOSS)</b>	<b>(4.081)</b>	<b>(31.916)</b>
<b>EARNINGS (LOSSES) PER SHARE</b>		
Income from operations per share (in Rupiah)	1.324	1.707
Net Income (Loss) per share (in Rupiah)	(30)	(231)

\*The Consolidated financial statements for the year ended March 31, 1999 have been restated, to reflect the application of PSAK No. 46, "Accounting for Income Taxes", PSAK No. 50 "Accounting for Investment in Certain Securities", and the amendment to rule of Capital Market Supervisory Agency (BAPEPAM) No. VIII.G.7, "Guidance to Financial Report Presentation"

Jakarta, May 24, 2000  
PT UNITED TRACTORS Tbk  
THE BOARD OF DIRECTORS