



Total Bangun Persada

TOTL IJ / TOTL.JK

► **Market Cap**
US\$256.8m
 Rp3,103,100m

► **Avg Daily Turnover**
US\$0.64m
 Rp7,573m

► **Free Float**
38.0%
 3,410 m shares

Current **Rp910.0**
 Target **Rp1,200**
 Prev. Target **Rp850.0**
 Up/Downside **31.9%**

3QFY14 RESULTS NOTE

STOCK RATING

ADD

HOLD

REDUCE

CIMB Analyst(s)



Linda LAUWIRA
 T (62) 21 3006 1734
 E linda.lauwira@cimb.com

Share price info

Share price perf. (%)	1M	3M	12M
Relative	-3.8	13.8	10.2
Absolute	-4.7	13.8	23
Major shareholders	% held		
Total Inti Persada	56.5		

Signs of revival

At 75% of our FY14 estimate and 76% of consensus, TOTL's 9M14 core profit was in line with its 9M achievement of 75% for the past three years. 3Q14 GPM continue to improve from the 1Q low of 14.5%, which indicates that the company has successfully passed through its increased costs, which it had not been able to do in the beginning of the year. New contract signings reached Rp6.2tr (including JO) in October, 24% higher than the initial target of Rp5tr. We fine-tune our FY14-16 earnings by 1-1.5% to incorporate the improving sales and profitability outlook. We upgrade the stock from hold to Add and lift our target price as we roll it forward to end-15, still based on 15x CY16 P/E (20% discount to sector's upcycle P/E).

Improving profitability without any property ►

9M14 revenue remained weak as TOTL recorded a 10% decline to Rp1.6tr due to zero contribution from its property arm (vs. 12% in 9M13). Further scrutiny, however, revealed that construction revenue rose 3% yoy in 9M14 and construction 3Q14 GPM increased by 2% pts from the low of 15.5% in 1Q14. The steady qoq improvement in its construction GPM bodes well for TOTL's profitability as it indicates that management has successfully passed on higher dollar-denominated costs to project owners. Opex-to-sales stayed benign at 8.1% in 3Q14, 90bp lower yoy. TOTL booked Rp16bn interest income in 3Q14 as cash and equivalents swelled by 30% to Rp469bn in 9M14 (1H14: Rp360bn). The recovery of its construction GPM and higher interest income pulled up its core profit margin to 10%, on par with its peak profitability in FY12.

No longer in a slump ►

As of Oct 14, TOTL has clinched new contracts worth Rp6.2tr (including JO), 24% higher than its initial target of Rp5tr. The company indicated that the number may move up slightly from the current level as risk appetite recovers post-election. Another cause for cheer is the YTD new contracts' bias toward non-JO, which may translate into faster revenue recognition in FY15, providing upside potential to our current forecast.

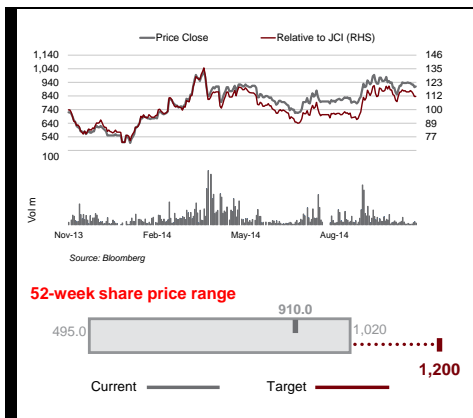
Upgrade to Add ►

Key indicators, i.e. job orders and profitability, point to a much brighter outlook for TOTL. This underpins our recommendation upgrade for TOTL.

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Results Comparison	3QFY14	3QFY13	yoy %	2QFY14	qoq %	3QFY14	3QFY13	yoy %	Prev.	
FYE Dec (Rp bn)	chg			chg		Cum	Cum	chg	FY14F	Comments
Revenue	439.5	546.6	(19.6)	579	(24.1)	1,567	1,736	(9.7)	2,158	In line, 73% and 75% of ours and consensus (vs. 3-yr avg: 74%)
Operating costs	(392.1)	(483.2)	(18.9)	(530)	(26.1)	(1,420)	(1,525)	(6.9)	(1,957)	73% of FY14 CIMBe
EBITDA	47.5	63.4	(25)	49	(3.0)	147	211	(30.2)	201	73% of FY14 CIMBe
EBITDA margin (%)	10.8	11.6		8.4		9.4	12.1		9.3	
Depn & amort.	(4.1)	(4.4)	(6.1)	(5)	(9.6)	(13)	(13)	3.0	(18)	71% of FY14 CIMBe
EBIT	43.4	59.1	(26.5)	44	(2)	134	198	(32.3)	183	In line, 73% and 72% of ours and consensus (vs. 3-yr avg: 75%)
Interest & invt inc	16.6	7.5	121.0	5	233.3	34	24	42.7	42	81% of FY14 CIMBe
Interest expense	(2.7)	(1.5)	76.9	(3)	(5.9)	(8)	(4)	117.0	(10)	81% of FY14 CIMBe
Forex	(0.2)	12.7	(101.3)	1	(112)	(2)	8	(124.8)	-	
Other income/ (exp)	(6.0)	(4.5)	33.7	6	(206)	(0)	(3)	(91.4)	-	
Pretax profit	51.1	73.3	(30.2)	54	(4.6)	157	223.5	(29.8)	214	In line, 73% and 71% of ours and consensus
Tax	(13.0)	(18.2)	(28.4)	(19)	(32.9)	(49)	(57)	(13.7)	(64)	77% of FY14 CIMBe
Tax rate (%)	25.5	24.9		36.2		31.4	25.6	22.9	30.0	
Minority interests	2.1	(4.0)		6		10	(15.8)		10	102% of FY14 CIMBe
Net profit	40.2	51.0	(21.2)	40	1.2	118	151	(21.7)	160	
Core profit	44.2	40.7	8.5	35	27.1	119	144	(17.2)	160	In line, 75% and 76% of ours and consensus (vs. 3-yr avg: 72%)
core profit margin	10.1%	7.5%		6.0%		7.6%	8.3%		7.4%	

SOURCE: CIMB, COMPANY REPORTS



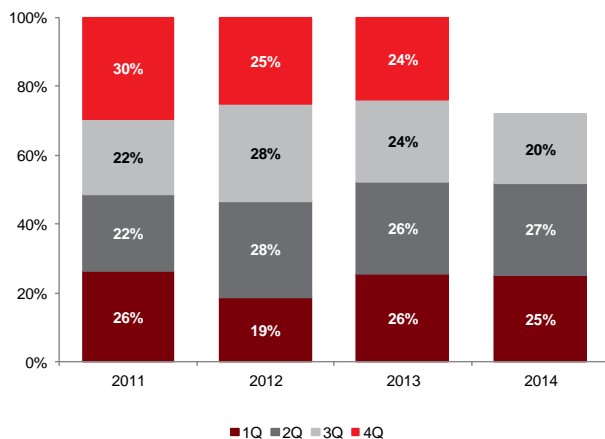
Financial Summary

	Dec-12A	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue (Rpb)	1,834	2,287	2,158	2,489	2,903
Operating EBITDA (Rpb)	204.2	274.6	201.3	256.7	342.7
Net Profit (Rpb)	175.7	194.8	159.9	195.9	272.3
Core EPS (Rp)	51.51	57.13	46.90	57.46	79.84
Core EPS Growth	40.7%	10.9%	(17.9%)	22.5%	39.0%
FD Core P/E (x)	17.67	15.93	19.40	15.84	11.40
DPS (Rp)	44.00	29.33	34.28	28.14	34.48
Dividend Yield	4.84%	3.22%	3.77%	3.09%	3.79%
EV/EBITDA (x)	11.53	9.43	12.49	9.44	6.66
P/FCFE (x)	16.73	NA	18.21	16.33	18.07
Net Gearing	(110%)	(68%)	(73%)	(75%)	(77%)
P/BV (x)	4.71	4.12	3.90	3.46	2.95
ROE	27.4%	27.7%	20.7%	23.3%	28.1%
% Change In Core EPS Estimates			0.00%	1.50%	0.82%
CIMB/consensus EPS (x)			1.02	1.03	1.05

SOURCE: CIMB, COMPANY REPORTS

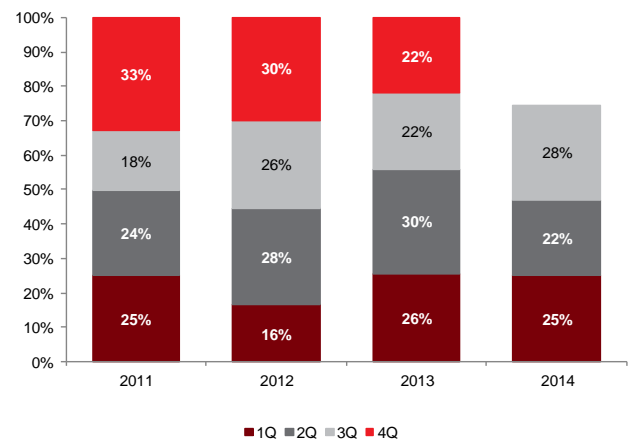
Earnings seasonality

Figure 1: Revenue Seasonality



SOURCES: CIMB, COMPANY REPORTS

Figure 2: Earnings Seasonality



SOURCES: CIMB, COMPANY REPORTS

Sector Comparison

Figure 3: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$m)	Core P/E (x) CY2014	Core P/E (x) CY2015	3-year EPS CAGR (%)	P/BV (x) CY2014	P/BV (x) CY2015	Recurring ROE (%) CY2014	Recurring ROE (%) CY2015	EV/EBITDA (x) CY2014	EV/EBITDA (x) CY2015	Dividend Yield (%) CY2014	Dividend Yield (%) CY2015
Adhi Karya	ADHI IJ	Add	2,755	3,450	411	14.6	10.8	20.9%	2.8	2.3	19.9%	23.3%	4.7	4.0	2.0%	1.6%
Pembangunan Perumahan	PTPP IJ	Add	2,630	3,600	1,054	22.6	17.7	24.6%	5.3	4.3	25.6%	26.7%	8.1	7.5	1.0%	1.3%
Total Bangun Persada	TOTL IJ	Add	910.0	1,200	257	19.4	15.8	6.5%	3.9	3.5	20.7%	23.3%	12.5	9.4	3.8%	3.1%
Wijaya Karya	WIKA IJ	Hold	2,860	2,700	1,455	24.7	19.7	20.5%	3.9	3.4	18.8%	18.5%	11.3	9.2	1.0%	1.2%
Waskita Karya	WSKT IJ	Add	970.0	1,300	776	22.9	17.7	20.4%	3.1	2.7	15.2%	16.5%	9.9	8.2	1.1%	1.3%
Indonesia						20.8	16.4	18.6%	3.8	3.2	20.0%	21.7%	9.3	7.7	1.8%	1.7%
Sino-Thai Eng & Construction	STEC TB	Reduce	26.25	22.50	1,228	25.1	23.1	7.6%	4.8	4.3	19.9%	19.6%	15.3	13.5	1.9%	2.2%
CH. Kamchang	CK TB	Reduce	27.50	25.30	1,429	33.2	25.4	31.5%	2.7	2.5	8.0%	10.1%	20.4	18.0	0.9%	1.1%
Italian-Thai Development	ITD TB	Reduce	5.70	4.41	850	43.3	35.2	12.6%	2.3	2.2	5.4%	6.4%	14.8	14.5	0.9%	0.9%
Thailand						33.9	27.9	17.2%	3.2	3.0	11.1%	12.0%	16.8	15.3	1.2%	1.4%
Gamuda	GAM MK	Add	5.12	5.99	3,618	14.4	13.6	7.3%	1.8	1.8	13.2%	13.1%	20.5	15.0	2.3%	2.3%
IJM Corp Bhd	IJM MK	Add	6.92	7.84	3,114	16.5	14.4	12.8%	1.5	1.6	9.4%	10.8%	14.5	12.5	2.6%	2.4%
Malaysian Resources Corp	MRC MK	Add	1.58	2.08	845	43.5	24.7	na	1.1	1.1	2.6%	4.3%	29.6	22.0	1.8%	1.9%
Muhibbah Engineering	MUHI MK	Add	2.90	3.89	377	12.2	11.0	6.8%	1.7	1.6	14.1%	14.7%	10.0	9.4	1.7%	1.9%
Mudajaya Group	MDJ MK	Hold	2.08	2.50	340	31.8	8.2	5.9%	0.6	0.4	2.2%	6.2%	0.4	1.1	4.8%	5.3%
Sunway Bhd	SWB MK	Add	3.45	3.85	1,806	11.9	11.5	5.6%	1.3	1.1	11.6%	10.5%	9.3	8.8	2.9%	2.9%
WCT Holdings	WCTHG MK	Hold	2.17	2.32	719	13.3	11.6	-6.7%	1.2	1.0	8.9%	9.4%	9.3	8.3	4.1%	4.1%
Malaysia						20.5	13.6	5.3%	1.3	1.2	8.9%	9.9%	13.4	11.0	2.9%	3.0%
Average (all)						23.3	17.4	12.6%	2.5	2.3	13.0%	14.2%	12.7	10.8	2.2%	2.2%

SOURCES: CIMB, COMPANY REPORTS

Profit & Loss

(Rpb)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Net Revenues	2,296	2,179	2,529	2,973
Gross Profit	441	364	447	567
Operating EBITDA	275	201	257	343
Depreciation And Amortisation	(18)	(18)	(18)	(20)
Operating EBIT	256	183	238	323
Financial Income/(Expense)	24	31	33	39
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	10	0	0	0
Profit Before Tax (pre-EI)	291	214	272	362
Exceptional Items				
Pre-tax Profit	291	214	272	362
Taxation	(77)	(64)	(75)	(87)
Exceptional Income - post-tax				
Profit After Tax	214	150	197	275
Minority Interests	(19)	10	(1)	(3)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	195	160	196	272
Recurring Net Profit	195	160	196	272
Fully Diluted Recurring Net Profit	195	160	196	272

Balance Sheet

(Rpb)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	648	712	805	856
Total Debtors	335	358	410	475
Inventories	0	0	0	0
Total Other Current Assets	953	932	1,041	1,173
Total Current Assets	1,936	2,001	2,256	2,504
Fixed Assets	93	95	101	110
Total Investments	89	86	82	79
Intangible Assets	0	0	0	0
Total Other Non-Current Assets	108	108	108	108
Total Non-current Assets	290	289	292	297
Short-term Debt	0	0	0	0
Current Portion of Long-Term Debt	22	22	22	0
Total Creditors	191	189	203	219
Other Current Liabilities	1,013	1,046	1,188	1,362
Total Current Liabilities	1,226	1,257	1,412	1,581
Total Long-term Debt	71	71	71	0
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	84	84	84	84
Total Non-current Liabilities	155	155	155	84
Total Provisions	26	26	26	26
Total Liabilities	1,407	1,438	1,594	1,691
Shareholders' Equity	753	796	896	1,051
Minority Interests	66	56	57	60
Total Equity	819	852	953	1,110

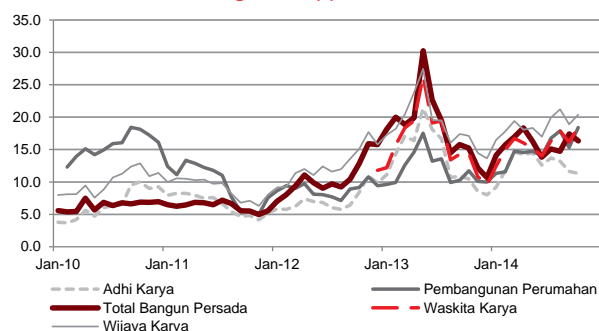
Cash Flow

(Rpb)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	274.6	201.3	256.7	342.7
Cash Flow from Inv. & Assoc.				
Change In Working Capital	330.3	(29.2)	5.7	6.8
(Incr)/Decr in Total Provisions	(3.4)	(10.0)	1.2	2.5
Other Non-Cash (Income)/Expense	(24.4)	(31.4)	(33.5)	(39.4)
Other Operating Cashflow	(636.2)	89.8	22.1	25.7
Net Interest (Paid)/Received	24.4	31.4	33.5	39.4
Tax Paid	(76.9)	(64.4)	(74.6)	(87.4)
Cashflow From Operations	(111.6)	187.6	211.1	290.4
Capex	(9.6)	(17.1)	(21.1)	(25.4)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow	(17.0)	(0.0)	0.0	0.0
Cash Flow From Investing	(26.6)	(17.1)	(21.1)	(25.4)
Debt Raised/(repaid)	71.6	0.0	0.0	(93.3)
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid	(100.0)	(116.9)	(96.0)	(117.6)
Preferred Dividends				
Other Financing Cashflow	27.4	10.0	(1.2)	(2.5)
Cash Flow From Financing	(1.0)	(106.9)	(97.1)	(213.4)
Total Cash Generated	(139.3)	63.5	92.9	51.6
Free Cashflow To Equity	(66.6)	170.4	190.0	171.7
Free Cashflow To Firm	(132.1)	180.8	199.3	269.4

Key Ratios

	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Revenue Growth	24.7%	(5.7%)	15.4%	16.6%
Operating EBITDA Growth	34.4%	(26.7%)	27.5%	33.5%
Operating EBITDA Margin	12.0%	9.3%	10.3%	11.8%
Net Cash Per Share (Rp)	162.8	181.4	208.6	251.1
BVPS (Rp)	220.9	233.5	262.8	308.2
Gross Interest Cover	41.8	17.6	25.5	72.8
Effective Tax Rate	26.5%	30.0%	27.5%	24.1%
Net Dividend Payout Ratio	51.3%	73.1%	49.0%	43.2%
Accounts Receivables Days	40.52	48.86	46.90	46.51
Inventory Days	-	-	-	-
Accounts Payables Days	20.05	23.93	21.87	21.25
ROIC (%)	(538%)	45%	67%	91%
ROCE (%)	34.3%	23.5%	27.5%	33.2%

12-month Forward Rolling FD P/E (x)



Key Drivers

(Rpb)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Outstanding Orderbook	4,746	5,133	5,747	6,463
Order Book Depletion	2,012	2,146	2,459	2,851
Orderbook Replenishment	1,952	2,400	2,760	3,174
ASP (% chg, main prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% main prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% main prod./serv.)	N/A	N/A	N/A	N/A
ASP (% chg, 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Unit sales grth (% 2ndary prod./serv.)	N/A	N/A	N/A	N/A
Util. rate (% 2ndary prod./serv.)	N/A	N/A	N/A	N/A

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Score Range:	90 - 100	80 - 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	

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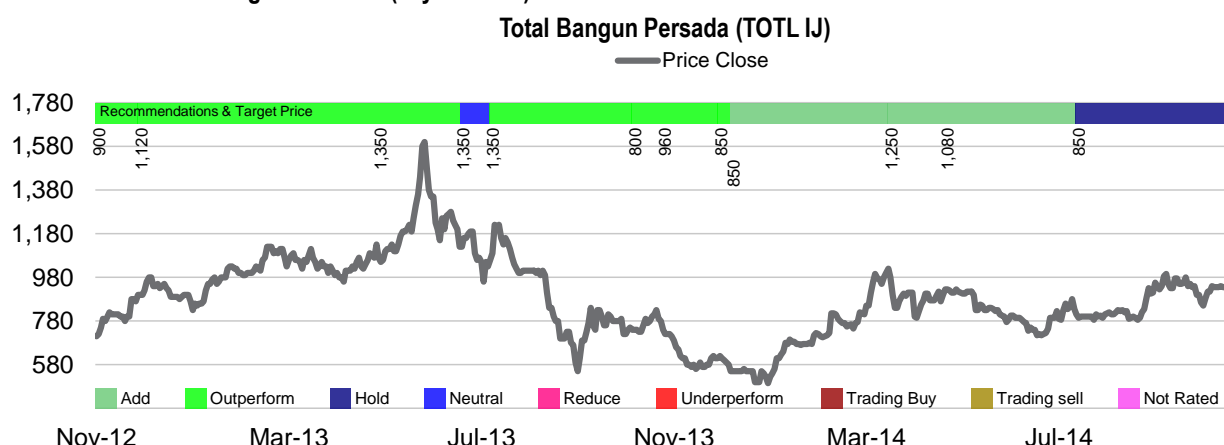
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Distribution of stock ratings and investment banking clients for quarter ended on 30 September 2014		
1552 companies under coverage for quarter ended on 30 September 2014		
	Rating Distribution (%)	Investment Banking clients (%)
Add	54.9%	5.0%
Hold	29.5%	2.3%
Reduce	15.6%	1.0%

Spitzer Chart for stock being researched (2 year data)



Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2013.

AAV - Good, ADVANC - Excellent, AMATA - Very Good, ANAN - Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCH - Good, BCP - Excellent, BEAUTY - Good, BEC - Very Good, BECL - Excellent, BGH - not available, BH - Very Good, BIGC - Very Good, BJC - Very Good, BMCL - Very Good, BTS - Excellent, CCET - Very Good, CENTEL - Very Good, CHG - not available, CK - Excellent, CPALL - Very Good, CPF - Excellent, CPN - Excellent, DELTA - Very Good, DTAC - Excellent, EA - Good, EGCO - Excellent, GFPT - Very Good, GLOBAL - Good, GLOW - Very Good, GRAMMY - Excellent, HANA - Excellent, HEMRAJ - Excellent, HMPRO - Very Good, ICHI - not available, INTUCH - Excellent, ITD - Very Good, IVL - Excellent, JAS - Very Good, KAMART - not available, KBANK - Excellent, KCE - Very Good, KKP - Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, M - not available, MAJOR - Very Good, MAKRO - Very Good, MC - not available, MCOT - Excellent, MEGA - not available, MINT - Excellent, OFM - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - Excellent, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, RS - Excellent, SAMART - Excellent, SAPPE - not available, SC - Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIM - Excellent, SIRI - Very Good, SPALI - Excellent, STA - Good, STEC - Very Good, SVI - Excellent, TESCO - Very Good, TCAP - Excellent, THAI - Excellent, THCOM - Excellent, TICON - Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Excellent, TTW - Excellent, TUF - Very Good, VGI - Excellent, WORK - Good.

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Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.

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