



Total Bangun Persada

TOTL IJ / TOTL JK

2QFY14 RESULTS NOTE

Market Cap US\$246.1m Rp2,847,350m	Avg Daily Turnover US\$0.60m Rp7,398m	Free Float 38.0% 3,410 m shares	Current Target Prev. Target Up/Downside	Rp835.0 Rp850.0 Rp1,080 1.8%	STOCK RATING ADD HOLD REDUCE
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CIMB Analyst(s)



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Share price info

Share price perf. (%)	1M	3M	12M
Relative	3.5	-8.4	-34.7
Absolute	8.4	-4.6	-26.1
Major shareholders	% held		
Total Inti Persada	56.5		

Better deals elsewhere

TOTL's 1H14 core profit was behind our and consensus expectations, meeting only 41% of FY14 forecasts compared with 1H's 50% average contribution to full-year earnings in the past three years. There was still no sales contribution from the higher-yield property business, which management blamed on election uncertainties and flagging appetite for investment properties. Construction gross margin improved slightly qoq though it was weaker than 1H13. We cut our FY14-16 earnings forecasts by 17-22% to incorporate softer-than-expected construction gross margins. We downgrade the stock from add to Hold while reducing our target price to Rp850, still based on 15x CY15 earnings (20% discount to sector's upcycle P/E of 18.5x).

Lacklustre sales and weak margin ➤

1H14 revenue pulled back 5% to Rp1.1tr as sales growth from construction tapered to 7% yoy (1H13: 30%) and there was no contribution from its property business. Management reiterated that it is keeping its remaining condotel inventory in the hope of getting better pricing next year. While 1H14 revenue represents 52% of our FY14 forecast and is in line with the 49% average achieved in the past three years, it still lagged behind management's initial guidance of Rp2.4tr. Delays in acquiring permits and licences were to blame for the slower revenue recognition this year. Construction gross profit margin (GPM) saw qoq improvement of 90bp to 16.4% though it was still lower than 2Q13's 18.5%. A rise in dollar-denominated costs was behind the softer GPM.

Headwinds still abound ➤

YTD, TOTL has bagged Rp1.9tr of new contracts, 86% of which were JO contracts. While this is cause for cheer, JO contracts yield lower gross profit margins than non-JO. Project launch delays on the back of the election overhang, tightening liquidity and problems with permits may translate into an unmet FY14 new contract target and slower revenue recognition. This is a concern as TOTL barely had one year of project backlog (Rp1.9tr) at end-13.

Add the state-owned contractors ➤

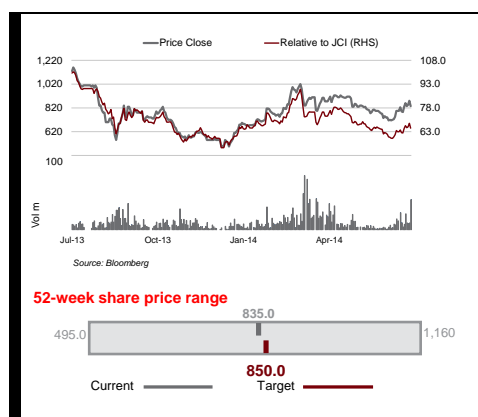
TOTL's contracts are purely property-based as it mainly builds high-rise or commercial buildings. We favour the state-owned contractors which provide exposure to the infrastructure theme.

Results Comp	2QFY14	2QFY13	yoy %	1QFY13	qoq %	2QFY14	2QFY13	yoy %	Prev.	
FYE Dec (Rp bn)			chg		chg	Cum	Cum	chg	FY13F	Comments
Revenue	579.2	604.4	(4.2)	548	5.7	1,127	1,189	(5.2)	2,159	In line with ours and consensus at 52% and 51%
Operating costs	(530.3)	(523.4)	1.3	(497)	6.6	(1,028)	(1,042)	(1.4)	(1,923)	
EBITDA	48.9	81.0	(40)	51	(3.2)	99	147	(32.4)	236	
EBITDA margin (%)	8.4	13.4		9.2		8.8	12.4		10.9	Overall gpm contracted due to decline in construction margin and no property contribution
Depn & amort.	(4.5)	(4.5)	(0.2)	(4)	3.1	(9)	(8)	7.7	(18)	In line
EBIT	44.4	76.4	(41.9)	46	(4)	91	139	(34.8)	217	Behind, 42% and 41% of ours and consensus (3-yrs average: 51%)
Interest & invt inc	5.0	7.4	(32.6)	12	(59.5)	17	16	6.5	42	41% of our FY14 estimates
Interest expense	(2.8)	(2.4)	19.2	(3)	(3.3)	(6)	(2)	142.4	(10)	55% of our FY14 estimates
Forex	1.4	(4.3)	133.6	(3)	143	(2)	(4)	(54.9)	-	
Other income/ (exp)	5.6	0.7	697.4	0	4,578	6	2	200.0	-	
Pretax profit	53.6	77.9	(31.2)	52	2.6	106	150.3	(29.6)	249	
Tax	(19.4)	(20.0)	(3.1)	(17)	15.3	(36)	(39)	(6.8)	(65)	56% of our FY14 estimates
Tax rate (%)	36.2	25.7		32.2		34.3	25.9	32.3	26.2	
Minority interests	5.6	(6.1)		3		8	(11.8)		(3)	
Net profit	39.7	51.7	(23.1)	38	4.8	78	100	(22.0)	181	
Core profit	34.8	55.8	(37.7)	40	(13.6)	75	103	(27.3)	181	Behind, 41% of ours and consensus (3-yrs average: 50%)

SOURCE: CIMB, COMPANY REPORTS

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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	250.6	335.6
Net Profit (Rpb)	175.7	194.8	159.9	193.1	270.1
Core EPS (Rp)	51.51	57.13	46.90	56.61	79.20
Core EPS Growth	40.7%	10.9%	(17.9%)	20.7%	39.9%
FD Core P/E (x)	16.21	14.62	17.80	14.75	10.54
DPS (Rp)	44.00	29.33	34.28	28.14	33.97
Dividend Yield	5.27%	3.51%	4.10%	3.37%	4.07%
EV/EBITDA (x)	10.28	8.49	11.05	8.38	5.74
P/FCFE (x)	15.35	NA	13.95	12.78	14.16
Net Gearing	(110%)	(68%)	(77%)	(82%)	(86%)
P/BV (x)	4.32	3.78	3.58	3.19	2.72
ROE	27.4%	27.7%	20.7%	23.0%	27.9%
% Change In Core EPS Estimates			(11.7%)	(21.6%)	(19.2%)
CIMB/consensus EPS (x)			0.85	0.83	0.73

SOURCE: CIMB, COMPANY REPORTS

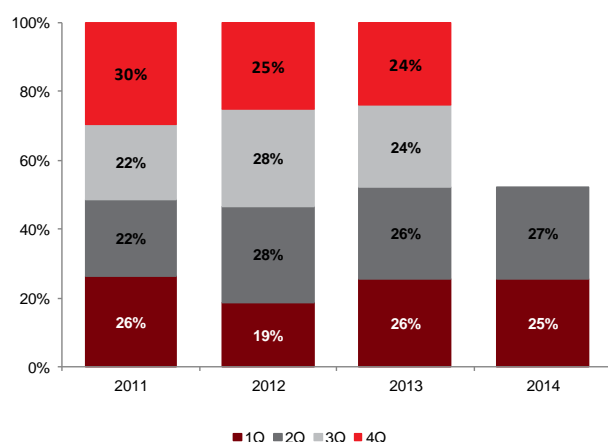
Forecast Changes ►

Figure 1: Forecast changes

	Previous			New			Changes		
	FY14F	FY15F	FY16F	FY14F	FY15F	FY16F	FY14F	FY15F	FY16F
New contract (excl JO)	3,600.0	3,600.0	4,140.0	2,400.0	2,760.0	3,174.0	-33.3%	-23.3%	-23.3%
Revenue (incl JO)	2,159	3,010	3,896	2,179	2,529	2,973	0.9%	-16.0%	-23.7%
Income from JO	11.1	14.4	18.7	21.1	39.8	70.7	90.0%	175.8%	277.0%
Revenue (excl JO)	2,147	2,995	3,878	2,158	2,489	2,903	0.5%	-16.9%	-25.1%
Gross profit	386	535	705	343	401	489	-11.1%	-24.9%	-30.7%
EBIT	217	299	400	183	232	316	-15.8%	-22.3%	-21.0%
Interest expense	(10.4)	(9.3)	(4.4)	(10.4)	(9.3)	(4.4)	0.0%	0.0%	0.0%
Interest & invt inc	42.1	49.5	56.6	41.8	46.1	48.8	-0.7%	-7.0%	-13.9%
Pretax profit	248.9	338.9	452.0	214	269	360	-13.9%	-20.7%	-20.4%
Core net profit	181.0	246.3	334.2	160	193	270	-11.7%	-21.6%	-19.2%
Profitability (%)									
Gross margin	18.0%	17.9%	18.2%	15.9%	16.1%	16.8%	-2.1%	-1.7%	-1.4%
EBIT margin	10.1%	10.0%	10.3%	8.4%	9.2%	10.6%	-1.7%	-0.8%	0.3%
Pretax margin	11.6%	11.3%	11.7%	9.9%	10.8%	12.4%	-1.7%	-0.5%	0.7%
Core net margin	8.4%	8.2%	8.6%	7.4%	7.8%	9.3%	-1.0%	-0.5%	0.7%

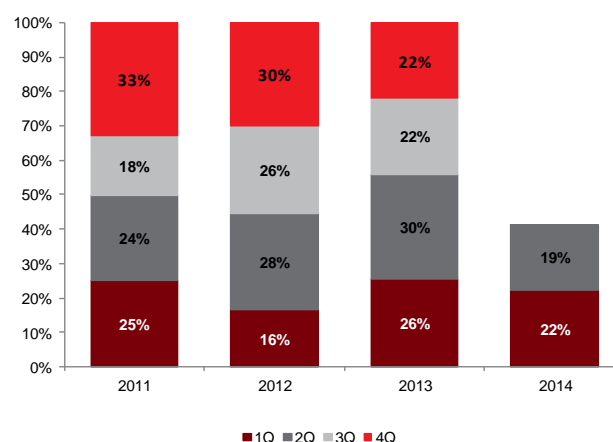
SOURCES: CIMB, COMPANY REPORTS

Figure 2: Revenue Seasonality



SOURCES: CIMB, COMPANY REPORTS

Figure 3: Earnings Seasonality



SOURCES: CIMB, COMPANY REPORTS

Sector comparison ►

Figure 4: Sector Comparisons

Company	Bloomberg Ticker	Recom.	Price (local curr)	Target Price (local curr)	Market Cap (US\$m)	Core P/E (x)		3-year EPS CAGR (%)	P/BV (x)		Recurring ROE (%)		EV/EBITDA (x)		Dividend Yield (%)	
						CY2014	CY2015		CY2014	CY2015	CY2014	CY2015	CY2014	CY2015	CY2014	CY2015
Adhi Karya	ADHI IJ	Add	3,380	3,850	526	15.1	11.8	23.9%	3.3	2.7	23.2%	25.1%	5.3	4.5	1.6%	1.6%
Pembangunan Perumahan	PTPP IJ	Add	2,390	2,750	1,000	20.9	16.2	26.7%	4.8	3.9	24.5%	26.7%	8.4	6.7	1.1%	1.4%
Total Bangun Persada	TOTL IJ	Hold	880.0	850.0	259	20.0	15.5	7.9%	3.8	3.4	19.1%	23.2%	12.2	9.0	3.9%	3.0%
Wijaya Karya	WIKI IJ	Add	2,800	2,700	1,488	24.0	19.2	21.2%	4.1	3.5	19.5%	19.7%	11.5	9.3	1.0%	1.2%
Waskita Karya	WSKT IJ	Add	850.0	1,000.0	710	19.0	14.7	20.7%	2.7	2.4	15.8%	17.2%	9.1	7.1	1.3%	1.6%
Indonesia						19.8	15.5	20.1%	3.7	3.2	20.4%	22.4%	9.3	7.3	1.8%	1.8%
Sino-Thai Eng & Construction	STEC TB	Reduce	23.80	12.70	1,137	24.0	20.7	10.7%	4.4	3.9	19.0%	20.0%	14.6	12.0	2.1%	2.4%
CH. Karnchang	CK TB	Reduce	22.90	11.30	1,215	27.7	21.2	30.7%	2.2	2.1	8.1%	10.1%	18.0	16.1	1.1%	1.3%
Italian-Thai Development	ITD TB	Add	5.45	4.41	830	28.1	24.1	23.0%	2.2	2.0	7.9%	8.7%	13.3	13.2	0.9%	0.9%
Thailand						26.6	22.0	21.5%	2.9	2.7	11.6%	12.9%	15.3	13.8	1.4%	1.5%
Gamuda	GAM MK	Add	4.75	5.65	3,477	14.2	13.0	7.9%	1.9	1.9	13.6%	14.9%	13.4	12.8	2.4%	2.4%
IJM Corp Bhd	IJM MK	Add	6.70	7.99	3,096	15.9	13.9	12.2%	1.5	1.6	9.4%	10.8%	14.6	12.6	2.7%	2.5%
Malaysian Resources Corp	MRC MK	Add	1.69	2.00	937	46.5	26.5	na	1.1	1.2	2.6%	4.3%	31.0	23.2	1.7%	1.8%
Muhibbah Engineering	MUHI MK	Add	3.32	3.66	443	14.0	12.6	6.8%	1.9	1.8	14.1%	14.7%	11.0	10.3	1.5%	1.7%
Mudajaya Group	MDJ MK	Hold	2.54	2.52	432	14.1	8.3	11.4%	0.7	0.5	6.2%	7.2%	2.0	2.1	3.9%	4.3%
Sunway Bhd	SWB MK	Add	3.19	3.63	1,733	11.0	10.6	6.0%	1.2	1.1	11.5%	10.5%	8.8	8.3	3.1%	3.1%
WCT Holdings	WCTHG MK	Hold	2.18	2.26	743	13.3	11.7	-7.1%	1.2	1.0	8.9%	9.4%	9.6	8.6	4.1%	4.1%
Malaysia						18.4	13.8	6.2%	1.4	1.3	9.5%	10.3%	12.9	11.1	2.8%	2.9%
Average (all)						20.5	16.0	14.4%	2.5	2.2	13.6%	14.8%	12.2	10.4	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	441	559
Operating EBITDA	275	201	251	336
Depreciation And Amortisation	(18)	(18)	(18)	(20)
Operating EBIT	256	183	232	316
Financial Income/(Expense)	24	31	37	44
Pretax Income/(Loss) from Assoc.	0	0	0	0
Non-Operating Income/(Expense)	10	0	0	0
Profit Before Tax (pre-EI)	291	214	269	360
Exceptional Items				
Pre-tax Profit	291	214	269	360
Taxation	(77)	(64)	(75)	(87)
Exceptional Income - post-tax				
Profit After Tax	214	150	194	273
Minority Interests	(19)	10	(1)	(3)
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
Net Profit	195	160	193	270
Recurring Net Profit	195	160	193	270
Fully Diluted Recurring Net Profit	195	160	193	270

Balance Sheet

(Rpb)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
Total Cash And Equivalents	648	746	871	954
Total Debtors	335	358	410	475
Inventories	0	0	0	0
Total Other Current Assets	953	898	975	1,076
Total Current Assets	1,936	2,001	2,256	2,505
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	1,191	1,365
Total Current Liabilities	1,226	1,257	1,416	1,585
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	1,598	1,695
Shareholders' Equity	753	796	893	1,048
Minority Interests	66	56	57	60
Total Equity	819	852	950	1,107

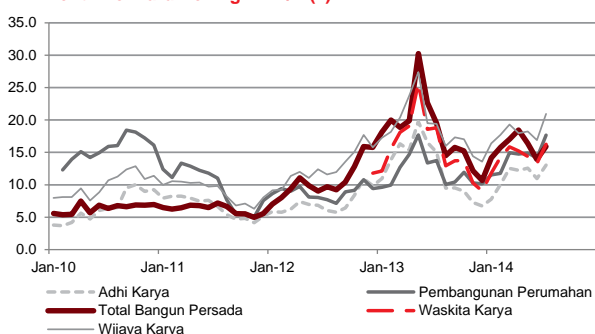
Cash Flow

(Rpb)	Dec-13A	Dec-14F	Dec-15F	Dec-16F
EBITDA	274.6	201.3	250.6	335.6
Cash Flow from Inv. & Assoc.				
Change In Working Capital	330.3	(63.0)	(30.0)	(24.8)
(Incr)/Decr in Total Provisions	(3.4)	(10.0)	1.2	2.5
Other Non-Cash (Income)/Expense	(24.4)	(31.4)	(36.7)	(44.3)
Other Operating Cashflow	(636.2)	157.3	96.6	93.9
Net Interest (Paid)/Received	24.4	31.4	36.7	44.3
Tax Paid	(76.9)	(64.4)	(74.6)	(87.4)
Cashflow From Operations	(111.6)	221.3	243.8	319.8
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)	(115.8)
Preferred Dividends				
Other Financing Cashflow	27.4	10.0	(1.2)	(2.5)
Cash Flow From Financing	(1.0)	(106.9)	(97.1)	(211.6)
Total Cash Generated	(139.3)	97.3	125.6	82.8
Free Cashflow To Equity	(66.6)	204.2	222.8	201.1
Free Cashflow To Firm	(132.1)	214.6	232.1	298.8

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%)	24.5%	33.9%
Operating EBITDA Margin	12.0%	9.3%	10.1%	11.6%
Net Cash Per Share (Rp)	162.8	191.3	228.1	279.8
BVPS (Rp)	220.9	233.5	262.0	307.2
Gross Interest Cover	41.8	17.6	24.9	71.2
Effective Tax Rate	26.5%	30.0%	27.8%	24.3%
Net Dividend Payout Ratio	51.3%	73.1%	49.7%	42.9%
Accounts Receivables Days	40.52	48.86	46.90	46.51
Inventory Days	-	-	-	-
Accounts Payables Days	20.05	23.93	21.83	21.24
ROIC (%)	(538%)	45%	75%	119%
ROCE (%)	34.3%	23.5%	27.3%	33.1%

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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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CIMBS does not confirm nor certify the accuracy of such survey result.

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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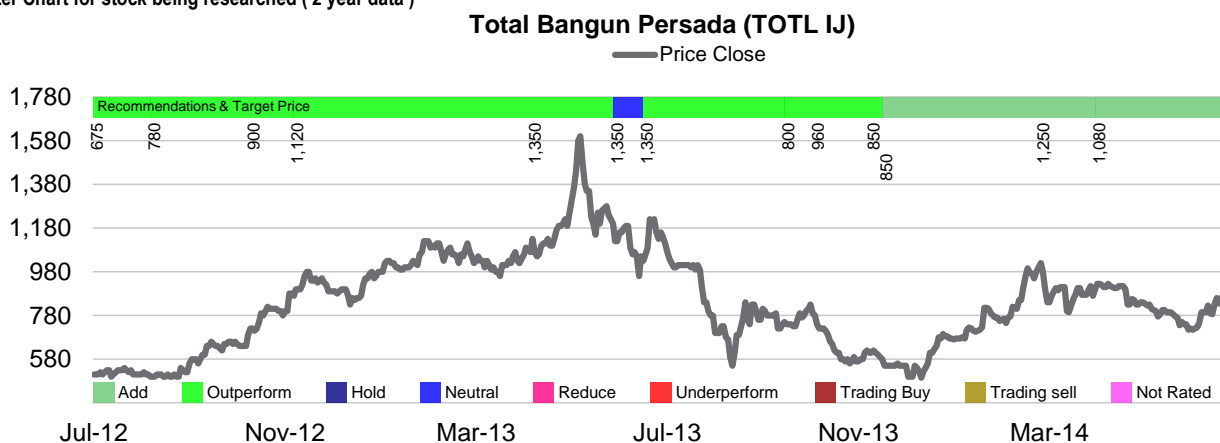
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Distribution of stock ratings and investment banking clients for quarter ended on 30 June 2014		
1467 companies under coverage for quarter ended on 30 June 2014		
	Rating Distribution (%)	Investment Banking clients (%)
Outperform/Buy/Trading Buy/Add	58.9%	7.2%
Neutral/Hold	27.9%	3.9%
Underperform/Sell/Trading Sell/Reduce	13.2%	1.0%

Spitzer Chart for stock being researched (2 year data)



As at the time of publishing this report CIMB is phasing in an absolute recommendation structure for stocks (Framework #1). Please refer to all frameworks for a definition of any recommendations stated in this report.

CIMB Recommendation Framework #1

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.

CIMB Stock Recommendation Framework #2 *

Outperform	The stock's total return is expected to exceed a relevant benchmark's total return by 5% or more over the next 12 months.
Neutral	The stock's total return is expected to be within +/-5% of a relevant benchmark's total return.
Underperform	The stock's total return is expected to be below a relevant benchmark's total return by 5% or more over the next 12 months.
Trading Buy	The stock's total return is expected to exceed a relevant benchmark's total return by 3% or more over the next 3 months.
Trading Sell	The stock's total return is expected to be below a relevant benchmark's total return by 3% or more over the next 3 months.

** This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Taiwan Stock Exchange and National Stock Exchange of India/Bombay Stock Exchange. Occasionally, it is permitted for the total expected returns to be temporarily outside the prescribed ranges due to extreme market volatility or other justifiable company or industry-specific reasons.*

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CIMB Stock Recommendation Framework #3 **

Outperform	Expected positive total returns of 10% or more over the next 12 months.
Neutral	Expected total returns of between -10% and +10% over the next 12 months.
Underperform	Expected negative total returns of 10% or more over the next 12 months.
Trading Buy	Expected positive total returns of 10% or more over the next 3 months.
Trading Sell	Expected negative total returns of 10% or more over the next 3 months.

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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, BEC – Very Good, BGH – not available, BJC – Very Good, BH – Very Good, BIGC – Very Good, BTS – Excellent, CCET – Very Good, CENTEL – Very Good, CK – Excellent, CPALL – Very Good, CPF – Excellent, CPN – Excellent, DELTA – Very Good, DTAC – Excellent, EGCO – Excellent, GLOBAL – Good, GLOW – Very Good, GRAMMY – Excellent, HANA – Excellent, HEMRAJ – Excellent, HMPRO – Very Good, INTUCH – Excellent, ITD – Very Good, IVL – Excellent, JAS – Very Good, KAMART – not available, KBANK – Excellent, KKP – Excellent, KTB – Excellent, LH – Very Good, LPN – Excellent, MAJOR – Very Good, MAKRO – Very Good, MCOT – Excellent, MEGA – not available, MINT – Excellent, PS – Excellent, PSL – Excellent, PTT – Excellent, PTTGC – Excellent, PTTEP – Excellent, QH – Excellent, RATCH – Excellent, ROBINS – Excellent, RS – Excellent, SAMART – Excellent, SC – Excellent, SCB – Excellent, SCC – Excellent, SCCC – Very Good, SIRI – Very Good, SPALI – Excellent, STA – Good, STEC – 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.