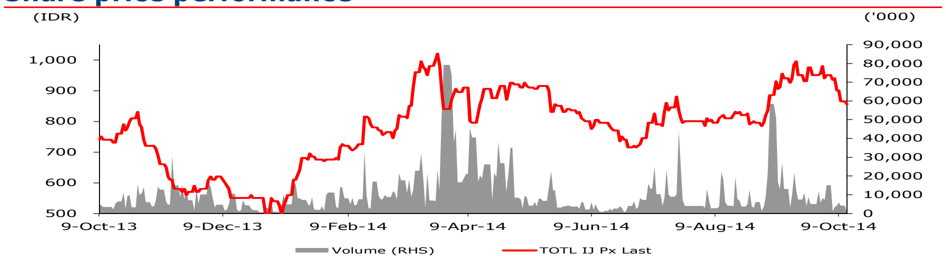
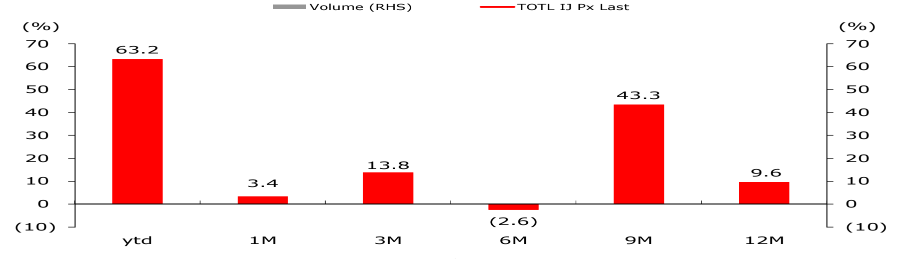
# TOTAL BANGUN PERSADA

## REDUCE — PX: IDR900 - TP: IDR825

- TOTL, the only non-state-owned listed construction company in our coverage, focuses on high-rise buildings for residential, commercial and office projects. Prestigious development projects include: Menara Astra and MNC Media Tower (both JO projects with Shimizu).
- Going into 2015, TOTL's performance should be supported by tourism-related projects: the Holiday Inn, Tanjung Benoa, Bali and the education-related development of Binus campus in Alam Sutera, Tangerang. Although we expect a rebound in 2015 net profit, earnings should still remain below 2013's achievement.
- On valuation, we think our IDR825 TP, based on a 16.5x 2015F PER, the regional peer average, demands a REDUCE rating given its unattractive valuation. With the recent share-price appreciation, TOTL offers about 8% downside potential from current levels. Risks to our call include better-than-expected delivery on new projects.

## Share price performance




*Source: Bloomberg*

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## Financial highlights

| Year to 31 Dec | 2012A | 2013A | 2014F | 2015F | 2016F |
|---|---|---|---|---|---|
| Revenues (IDRbn) | 1,834 | 2,287 | 1,935 | 2,230 | 2,503 |
| EBIT (IDRbn) | 188 | 256 | 167 | 214 | 239 |
| Net profit (IDRbn) | 176 | 194 | 143 | 171 | 186 |
| Bahana/consensus (%) | - | - | 79 | 77 | 56 |
| EPS (IDR) | 52 | 57 | 42 | 50 | 55 |
| EPS growth (%) | 40.7 | 10.6 | (26.2) | 19.1 | 9.2 |
| EV/EBITDA (x) | 11.9 | 9.3 | 14.2 | 11.5 | 10.2 |
| P/E (x) | 17.5 | 15.8 | 21.4 | 18.0 | 16.5 |
| FCFPS (IDR) | 29 | (34) | (0) | 21 | 28 |
| FCF yield (%) | 3.2 | (3.7) | (0.0) | 2.4 | 3.2 |
| BVPS (IDR) | 193 | 221 | 229 | 254 | 289 |
| P/BV (x) | 4.7 | 4.1 | 3.9 | 3.5 | 3.1 |
| DPS (IDR) | 29 | 35 | 21 | 25 | 27 |
| Div. yield (%) | 3.3 | 3.9 | 2.3 | 2.8 | 3.0 |

*Source: Company, Bahana estimates* *note: based on 09 October 2014 closing price*

## Major assumptions

| Year to 31 Dec | 2012A | 2013A | 2014F | 2015F | 2016F |
|---|---|---|---|---|---|
| Carried over (IDRbn) | 1,832 | 1,798 | 1,461 | 3,526 | 6,185 |
| New contracts (IDRbn) | 1,800 | 1,950 | 4,000 | 4,400 | 4,840 |
| Total book orders (IDRbn) | 3,632 | 3,748 | 5,461 | 7,926 | 11,025 |

*Source: Company, Bahana estimates*

## Company information

| | | |
|---|---|---|
| 12M high/low (IDR) | : | 1,020/495 |
| 12M High/low consensus TP (IDR) | : | 1,260/710 |
| Majority shareholder (%) | : | Total Inti Persada (56.5) |
| Shares outstanding (mn)/Free float (%) | : | 3,410/34.8 |
| Mkt. cap. (IDRbn/USDmn) | : | 3,069/252 |
| 3-m avg.daily t.o.(IDRbn/USDmn) | : | 10.0/0.8 |
| Bloomberg/Reuters code | : | TOTL IJ/TOTL.JK |

*Source: Bloomberg, Reuters; based on 09 October 2014 closing price*

# TOTAL BANGUN PERSADA

## Profit & loss

| Year to 31 Dec (IDRbn) | 2012A | 2013A | 2014F | 2015F | 2016F |
|---|---|---|---|---|---|
| **Sales** | **1,834** | **2,287** | **1,935** | **2,230** | **2,503** |
| **Gross profit** | **349** | **441** | **368** | **420** | **470** |
| **EBITDA** | **199** | **272** | **186** | **231** | **256** |
| Depreciation | 11 | 16 | 18 | 17 | 17 |
| **EBIT** | **188** | **256** | **167** | **214** | **239** |
| Net interest inc./(expense) | 30 | 50 | 32 | 31 | 32 |
| Forex gain/(losses) | 9 | 10 | (4) | 3 | 2 |
| Other income/(expense) | 14 | (26) | 12 | 10 | 10 |
| **Pre-tax profit** | **241** | **290** | **207** | **258** | **284** |
| Taxes | (59) | (77) | (58) | (83) | (93) |
| Minority interest | (6) | (19) | (6) | (4) | (4) |
| Extraordinary gain/(losses) | - | - | - | - | - |
| **Net profit** | **176** | **194** | **143** | **171** | **186** |

*Source: Company, Bahana estimates*

## Balance sheet

| Year to 31 Dec (IDRbn) | 2012A | 2013A | 2014F | 2015F | 2016F |
|---|---|---|---|---|---|
| Cash and equivalents | 698 | 548 | 432 | 419 | 451 |
| S-T investments | 99 | 100 | 103 | 106 | 109 |
| Trade receivables | 228 | 280 | 243 | 279 | 304 |
| Inventories | 134 | 185 | 241 | 313 | 407 |
| Fixed assets | 100 | 93 | 129 | 145 | 160 |
| Other assets | 806 | 1,020 | 940 | 1,078 | 1,183 |
| **Total assets** | **2,064** | **2,226** | **2,088** | **2,340** | **2,615** |
| Interest bearing liabilities | 22 | 93 | 57 | 57 | 58 |
| Trade payables | 66 | 94 | 80 | 92 | 103 |
| Other liabilities | 1,271 | 1,220 | 1,100 | 1,252 | 1,391 |
| **Total liabilities** | **1,358** | **1,407** | **1,237** | **1,401** | **1,553** |
| **Minority interest** | **47** | **66** | **69** | **73** | **76** |
| **Shareholders' equity** | **659** | **753** | **782** | **867** | **987** |

*Source: Company, Bahana estimates*

## Cash flow

| Year to 31 Dec (IDRbn) | 2012A | 2013A | 2014F | 2015F | 2016F |
|---|---|---|---|---|---|
| EBIT | 188 | 256 | 167 | 214 | 239 |
| Depreciation | 11 | 16 | 18 | 17 | 17 |
| Working capital | 72 | (199) | 49 | (47) | (36) |
| Other operating items | (144) | (157) | (205) | (82) | (93) |
| **Operating cash flow** | **127** | **(84)** | **29** | **102** | **127** |
| Net capital expenditure | (29) | (30) | (30) | (30) | (30) |
| **Free cash flow** | **98** | **(114)** | **(1)** | **72** | **97** |
| Equity raised/(bought) | - | - | - | - | - |
| Net borrowings | - | 71 | (36) | - | 1 |
| Other financing | (62) | (87) | (80) | (85) | (66) |
| **Net cash flow** | **37** | **(131)** | **(117)** | **(12)** | **32** |
| Cash flow at beginning | 661 | 698 | 548 | 432 | 419 |
| **Ending cash flow** | **698** | **567** | **432** | **419** | **451** |

*Source: Company, Bahana estimates*

## Key ratios

| Year to 31 Dec | 2012A | 2013A | 2014F | 2015F | 2016F |
|---|---|---|---|---|---|
| ROAE (%) | 50.2 | 27.5 | 18.7 | 20.7 | 20.4 |
| ROAA (%) | 8.9 | 9.1 | 6.6 | 7.7 | 7.6 |
| EBITDA margin (%) | 10.9 | 11.9 | 9.6 | 10.3 | 10.2 |
| EBIT margin (%) | 10.3 | 11.2 | 8.6 | 9.6 | 9.6 |
| Net margin (%) | 9.6 | 8.5 | 7.4 | 7.7 | 7.6 |
| Payout ratio (%) | 56.9 | 61.0 | 50.0 | 50.0 | 50.0 |
| Current ratio (x) | 1.4 | 1.6 | 1.7 | 1.6 | 1.6 |
| Interest coverage (x) | na | na | na | na | na |
| Net gearing (%) | nc | nc | nc | nc | nc |
| Debts to assets (%) | 1.1 | 4.2 | 2.7 | 2.4 | 2.2 |
| Debtor turnover (days) | 51 | 45 | 45 | 46 | 45 |
| Creditor turnover (days) | 18 | 17 | 18 | 18 | 18 |
| Inventory turnover (days) | 14 | 28 | 37 | 49 | 56 |

*Source: Company, Bahana estimates*