

Total Bangun Persada

Sector: Construction (Overweight)

HOLD

(From BUY)

Rating momentum*: ↑

Price: IDR860

TP: IDR980 (Unchanged)

TP/consensus: 99%

TP momentum*: ↑

JCI: 4,363

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Site visit note: Menara Verde

Construction of Menara Verde by TOTL: We recently visited Menara Verde, TOTL's apartment property project in Kuningan, South Jakarta. Menara Verde, owned by PT Bangun Kuningan Indah, is a modern tropical apartment complex set on 1.3ha land dedicated exclusively for 3 towers (South, North and East) housing a total of 257 units. Planned for completion in November 2013, Menara Verde has 32 floors/tower and 5 different unit types: 2-bedroom (13 units/ 132-143m²), 3-bedroom (91 units/ 168-217m²), 4-bedroom (6 units/ 345-383m²), patio (3 bedrooms, 2 units/ 318-319m²) and penthouse (4 bedrooms, 2 units/ 752-754m²) with a price range between IDR4-12b (USD412k-1.2m). The exclusive and high-end apartments are a collaboration amongst internationally renown interior designer Yabu Pushelberg, USA, design architect RTKL, USA, landscape Design Belt Collins, Singapore and TOTL as the main contractor. With IDR233b contract value for TOTL, the apartments also have complete public facilities, including pools, jogging track, gym, mini theater, business center, laundry and coffee shop.

Outlook: More revenue contribution from high rise buildings to come

Almost 90% of TOTL's current revenues come from the construction of high-rise and residential buildings. TOTL is the main contractor for several ongoing property projects that will be completed in 2013 (exhibit 6). Given increasing demand coupled with property projects still yet to come, high rises will further boost revenue, helping TOTL to achieve our 16% y-y top line growth in 2013-14.

Recommendation & valuation: HOLD on 14% upside potential

We are of the view that TOTL, on the back of 2013-14 EPS CAGR of 23%, should continue to see rating closer to the sector's 12M forward valuation of 16x PE. The company has no interest bearing debt, and has the highest margin in the sector. At this stage, we believe TOTL should trade at 7.5% discount to the sector, reflecting 12M forward PE of 14.8x. This translates to a fair value of IDR980 per share. With 14% upside potential to our fair value, TOTL remains firmly on our HOLD.

Exhibit 6. TOTL ongoing projects

Project	Location	Year	Remarks
Talavera Suite	South Jakarta	2012-13	Main contractor
Marriott Hotel	Bali	2012-13	Main contractor
Panin Bank	North Java	2012-13	Main contractor
Panin Bank	South Sulawesi	2012-13	Main contractor
The Hermitage	Center Jakarta	2012-13	Main contractor
Ramayana Cibadak	West Java	2012-13	Main contractor
Parung Plaza	West Java	2012-13	Main contractor
Cibinong Mall	West Java	2012-13	Main contractor
Ramayana Klender II	North Jakarta	2012-13	Main contractor

Source: Company

Exhibit 1. Company information

Mkt cap. (IDRb/USDm)	: 2,933 /305
3M avg.daily t.o.(IDRb/USDm)	: 8.2/0.8
Bloomberg code	: TOTL JJ

Exhibit 2. Shareholders information

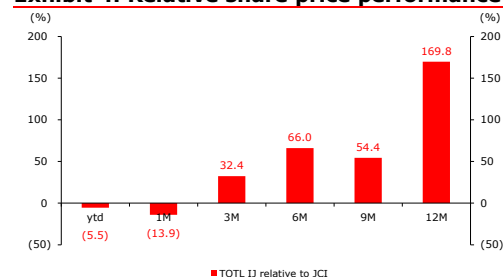
Total Inti Persada (%)	: 56.5
Tanuwidjaja Djadjang	: 8.2
Free float (%)	: 35.3

Exhibit 3. Key forecasts and valuations

Year to 31 Dec	2011	2012F	2013F	2014F
Revenue	1,569	2,111	2,453	2,839
EBIT (IDRb)	139	236	290	336
Net profit	125	182	225	272
Bahana/cns.	-	107	110	113
EPS (IDR)	37	54	66	80
EPS growth	44.3	46.1	23.5	20.5
EPS momentum*	-	↑	↑	↑
EV/EBITDA (x)	15.4	8.9	6.7	5.3
PER (x)	23.5	16.1	13.0	10.8
FCFPS (IDR)	65	69	76	87
FCF yield (%)	7.6	8.0	8.8	10.1
BVPS (IDR)	186	195	229	270
PBV (x)	4.6	4.4	3.8	3.2
DPS (IDR)	15	44	32	40
Yield (%)	1.7	5.1	3.7	4.6
ROAA (%)	7.2	8.7	9.1	9.5
ROAE (%)	21.0	28.1	31.1	31.9
EBIT mgn. (%)	8.8	11.2	11.8	11.8
Net gearing (%)	nc	nc	nc	nc

Source: Bahana estimates

Exhibit 4. Relative share price performance



Source: Bloomberg

Exhibit 5. Menara Verde promotion



Source: Bahana

Disclosure: Bahana Securities does and seeks to do business with companies covered in its research reports. Investors should consider this report as only a single factor in making their investment decision.

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*Based on consensus' recent changes ↑ (up), ↓ (down), ↔ (unchanged)

Exhibit 7. Location map



Prime location in the heart of Kuningan with ...

Source: Company

Exhibit 8. Entrance area of South & North Tower



... the exclusive entrance area and also ...

Source: Bahana

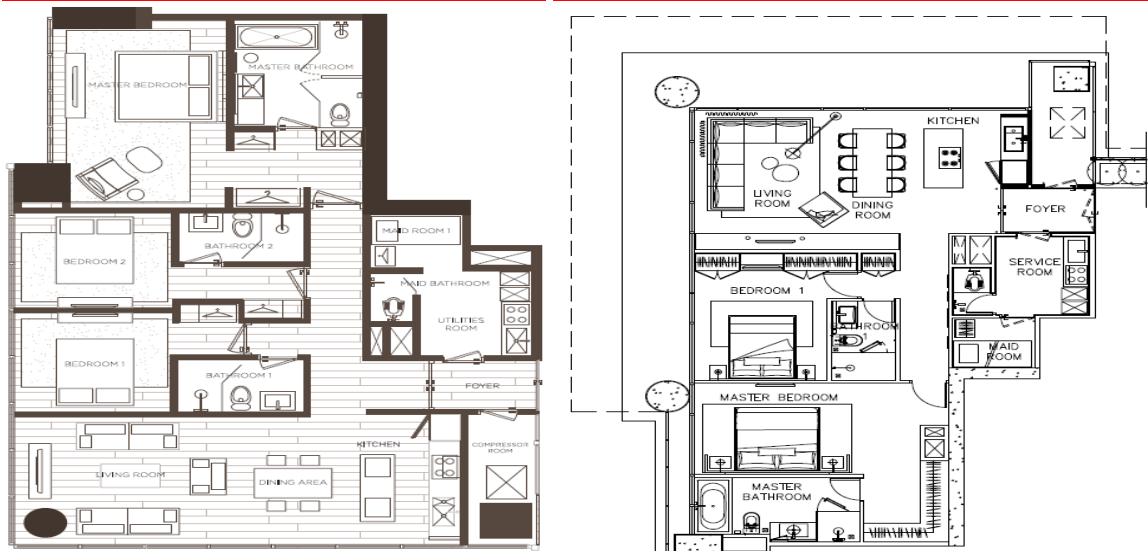
Exhibit 9. The lobby



... luxurious open-air lobby

Source: Bahana

Exhibit 10. Room layout (D2 & C2 type)



3 bedrooms 168-217m2 and 2 bedrooms 132-143m2

Source: Company

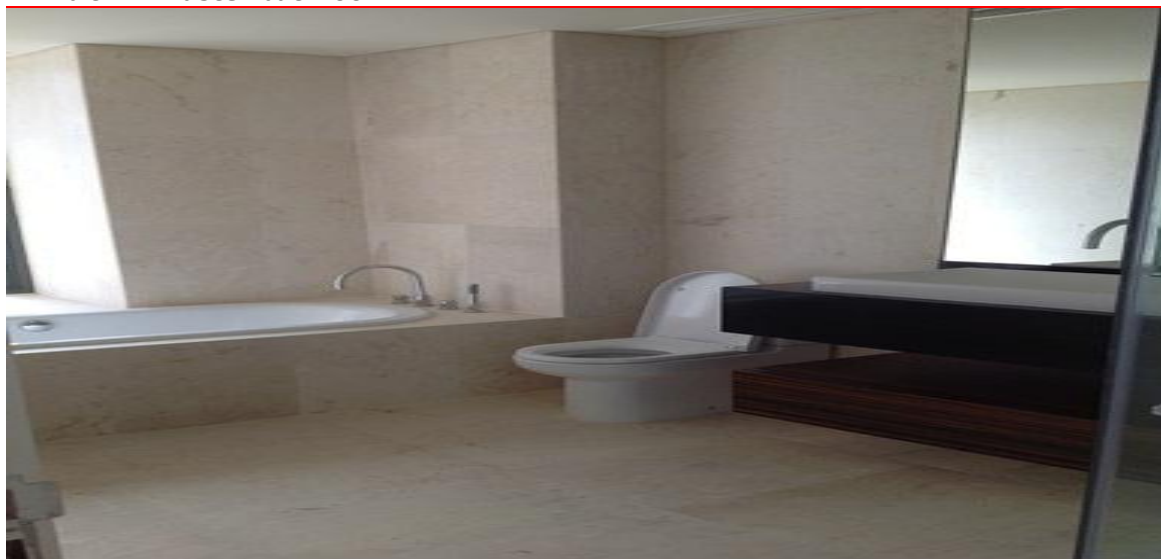
Exhibit 11. The room



Our first room visit: 200m2, 3,500MW, 3 bedrooms, and 5 bathrooms, ...

Source: Bahana

Exhibit 12. Master bathroom



...using cerama light marble for the flooring, GRC board with emulsion paint finishing for the ceiling, TOTO sanitary fittings, ...

Source: Bahana

Exhibit 13. Fully furnished kitchen



*... granite tables, and
parquet flooring*

Source: Bahana

Exhibit 14. Patio room's backyard



*Using timber deck
solid wood flooring
for the 90sqm
backyard*

Source: Bahana

Exhibit 15. The gym



*Plenty of exercise
equipment*

Source: Bahana

Total Bangun Persada
Year to 31 December

	2011	2012F	2013F	2014F
PROFIT & LOSS (IDRb)				
Sales	1,569	2,111	2,453	2,839
Gross profit	253	371	444	522
EBITDA	147	247	304	352
Depreciation	9	11	14	17
EBIT	139	236	290	336
Net interest inc./ (expense)	29	28	29	39
Forex gain/(losses)	0	-	-	-
Other income/(expense)	5	(0)	2	2
Pre-tax profit	172	263	320	376
Taxes	(49)	(82)	(96)	(106)
Minority interest	1	1	1	1
Extraordinary gain/(losses)	3	4	5	5
Net profit	125	182	225	272

Higher net profit on new businesses ...

BALANCE SHEET (IDRb)

Cash and equivalents	661	748	899	1,065
S-T investments	135	139	143	147
Trade receivables	246	330	384	444
Inventories	3	4	5	5
Fixed assets	84	97	113	128
Other assets	768	958	1,113	1,283
Total assets	1,897	2,277	2,656	3,073
Interest bearing liabilities	-	-	-	-
Trade payables	72	95	112	130
Other liabilities	1,151	1,478	1,724	1,983
Total liabilities	1,224	1,573	1,836	2,113
Minority interest	40	43	45	47
Shareholders' equity	633	666	782	920

... resulting in higher equity value

CASH FLOW (IDRb)

EBIT	139	236	290	336
Depreciation	9	11	14	17
Working capital	39	(83)	(48)	(58)
Other operating items	84	101	36	37
Operating cash flow	270	264	292	331
Net capital expenditure	(48)	(29)	(34)	(34)
Free cash flow	223	235	258	297
Equity raised/(bought)	-	-	-	-
Net borrowings	-	-	-	-
Other financing	(50)	(148)	(107)	(133)
Net cash flow	173	87	150	166
Cash flow at beginning	488	661	748	899
Ending cash flow	661	748	899	1,065

Continued expansions will ...

RATIOS

ROAE (%)	21.0	28.1	31.1	31.9
ROAA (%)	7.2	8.7	9.1	9.5
EBITDA margin (%)	9.4	11.7	12.4	12.4
EBIT margin (%)	8.8	11.2	11.8	11.8
Net margin (%)	8.0	8.6	9.2	9.6
Payout ratio (%)	62.0	120.0	60.0	60.0
Current ratio (x)	1.4	1.3	1.3	1.3
Interest coverage (x)	na	na	na	na
Net gearing (%)	nc	nc	nc	nc
Debts to assets (%)	na	na	na	na
Debtor turnover (days)	52	57	57	57
Creditor turnover (days)	17	20	20	20
Inventory turnover (days)	na	na	na	na

... improve ROE to the 31.9% level by 2014

MAJOR ASSUMPTIONS

Carry over from previous year	1,000	1,832	1,671	1,686
New order book	2,400	1,800	2,250	2,813
Total order book	3,400	3,632	3,921	4,498
Carry over to next year	1,832	1,671	1,686	1,934

Source: Company, Bahana estimates

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