

Total Bangun Persada

Drivers intact

OUTPERFORM	Maintained
Rp270	@29/09/11
	Target: Rp370
	Construction

TOTL IJ / TOTL.JK

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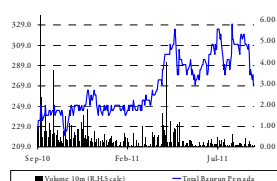
- Maintain Outperform.** Following the market de-rating in Aug 11, we revised our target price for Total accordingly to Rp370 (from Rp430), implying the same discount of 20% to market P/E of 13x (from 14x previously). Nevertheless, Total is still deemed to be the sector outperformer: its growth drivers are intact; margins are staying high, it is cash rich and has an ample order book while its foray into its second property project is progressing smoothly. Total's share price has held up well, still up +2% ytd, despite the massive sell-off in Aug 11. This, in turn, makes its valuation relatively pricey at some 20% premium to the sector, which it deserves in our opinion. We maintain our OUTPERFORM rating. A key catalyst for the stock is strong 3Q results.
- Expect another strong quarter.** Unlike the state contractors, Total's 1H11 results came in above expectations. The company enjoyed high margins of 16% as a result of its direct contracting scheme. This scheme, we believe, will continue to support margins in 3Q. Order book remains strong up to Aug, accumulating Rp971bn, +12% from 1H11, but under on a yoy basis, forming only 50% of its budget. Higher direct contracts portion may explain for the shortfall with upsides on margin.
- Property foray: office building.** With its first property investment underway, Total is set to launch its second project, involving the development of an office building in the rapidly-growing commercial district of T.B Simatupang, South Jakarta. Using a similar scheme, Total will be partnering the land owner in the building of a 28k sq m office complex on 5k sq m of land, to be sold on a strata-title basis. The second property project could be its next catalyst, but has not been factored into our forecast yet.

Financial summary

FYE Dec	2009	2010	2011F	2012F	2013F
Revenue (Rp bn)	1,731	1,541	1,597	1,768	1,881
EBITDA (Rp bn)	101	111	144	181	183
EBITDA margins (%)	5.8%	7.2%	9.0%	10.2%	9.7%
Pretax profit (Rp bn)	104	127	169	199	199
Net profit (Rp bn)	52	81	116	129	139
EPS (Rp)	19	24	34	38	41
EPS growth (%)	16,115.8%	25.0%	43.5%	11.2%	8.0%
P/E (x)	14.3	11.4	8.0	7.2	6.6
Core EPS (Rp)	19	24	34	38	41
Core EPS growth (%)	16,115.8%	25.0%	43.5%	11.2%	8.0%
Core P/E (x)	14.3	11.4	8.0	7.2	6.6
Gross DPS (Rp)	2	6	15	20	15
Dividend yield (%)	0.7%	2.2%	5.4%	7.5%	5.6%
P/BV (x)	1.5	1.6	1.5	1.3	1.2
ROE (%)	11.1%	15.4%	19.6%	19.7%	19.0%
Net cash per share (Rp)	173	178	130	139	129
P/FCFE (x)	5.0	13.0	(76.2)	7.2	52.0
EV/EBITDA (x)	2.7	3.2	3.6	2.9	3.0
% change in EPS estimates			-	-	-
CIMB/Consensus (x)			1.07	1.04	0.96

Source: Company, CIMB Research, Bloomberg

Price chart



Source: Bloomberg

Market capitalisation & share price info

Market cap	Rp921bn/US\$104m	Share price perf. (%)	1M	3M	12M
12-mth price range	Rp330/Rp220	Relative	(5.4)	5.2	13.5
3-mth avg daily volume	1.3m	Absolute	(12.9)	(5.3)	14.9
# of shares (m)	3,410	Major shareholders			% held
Est. free float (%)	38.0	Total Inti Persada			56.5
Conv. secs (m)					
Conv. price ()					

Source: Company, CIMB Research, Bloomberg

Figure 1: Sector comparisons

	Bloomberg ticker	Recom.	Price (Local)	Target price (Local)	Mkt cap (US\$ m)	Core P/E (x)		3-yr EPS CAGR (%)	P/BV (x)	ROE (%)	Div yield (%)
						CY2011	CY2012		CY2011	CY2011	CY2011
Total Bangun Persada	TOTL IJ	O	270	370	104	8.0	7.2	19.9	1.5	19.6	5.4
Adhi	ADHI IJ	O	510	720	104	3.7	5.3	19.0	0.9	42.1	6.2
Pembangunan	PTPP IJ	O	325	520	178	6.2	4.8	24.0	1.1	18.9	4.5
Wika	WIKA IJ	O	490	520	333	10.5	8.5	9.1	1.5	14.5	3.5
Indonesian average						7.1	6.5	18.0	1.3	23.8	4.9
Sino-Thai Engineering	STEC TB	O	9.20	16.30	350	13.8	13.5	30.0	2.2	16.7	2.4
Thailand average						13.8	13.5	30.0	2.2	16.7	2.4
Gamuda	GAM MK	O	2.87	5.13	1,865	12.7	11.1	14.1	3.1	24.3	5.3
IJM Corp	IJM MK	O	5.01	7.67	2,168	16.4	13.1	27.9	2.8	17.8	3.0
MRCB	MRC MK	O	1.78	3.21	776	27.0	17.7	34.1	2.8	11.1	1.1
Muhibbah	MUHI MK	TB	1.03	1.70	132	5.7	5.1	39.3	0.7	12.0	3.9
WCT	WCT MK	O	2.09	3.99	529	10.8	9.9	14.6	1.4	15.5	4.9
Malaysia average						14.5	11.4	26.0	2.2	16.1	3.4
Simple average						12.1	9.8	25.1	1.8	19.2	3.9

O = Outperform, N = Neutral, U = Underperform, TB = Trading Buy and TS = Trading Sell
Source: Company, CIMB Research

Financial tables

PROFIT & LOSS

(Rp bn, FYE Dec)	2009	2010	2011F	2012F	2013F
Revenue	1,731	1,541	1,597	1,768	1,881
Operating expenses	(1,630)	(1,431)	(1,453)	(1,588)	(1,698)
EBITDA	101	111	144	181	183
Depreciation & amortisation	(9)	(9)	(9)	(9)	(9)
EBIT	92	101	135	171	174
Net interest & invt income	21	24	34	28	25
Associates' contribution	0	0	0	0	0
Exceptional items	0	0	0	0	0
Others	(9)	2	0	0	0
Pretax profit	104	127	169	199	199
Tax	(52)	(46)	(47)	(53)	(53)
Minority interests	0	0	(7)	(17)	(7)
Net profit	52	81	116	129	139
Adj. wt. shares (m)	2,750	3,410	3,410	3,410	3,410
Unadj. year-end shares (m)	2,750	3,410	3,410	3,410	3,410

BALANCE SHEET

(Rp bn, end Dec)	2009	2010	2011F	2012F	2013F
Fixed assets	57	61	93	106	119
Intangible assets	0	0	0	0	0
Other long-term assets	115	163	219	247	244
Total non-current assets	172	224	312	352	363
Cash and equivalents	475	607	444	473	439
Stocks	0	0	0	0	0
Trade debtors	167	193	153	194	206
Other current assets	476	566	556	583	604
Total current assets	1,118	1,365	1,153	1,249	1,250
Trade creditors	65	54	56	61	66
Short-term borrowings	0	0	0	0	0
Other current liabilities	661	853	655	707	612
Total current liabilities	726	907	711	768	678
Long-term borrowings	0	0	0	0	0
Other long-term liabilities	71	82	82	82	82
Total long-term liabilities	71	82	82	82	82
Shareholders' funds	492	558	624	683	778
Minority interests	0	42	49	69	76
NTA/share (Rp)	179	164	183	200	228

CASH FLOW

(Rp bn, FYE Dec)	2009	2010	2011F	2012F	2013F
Pretax profit	104	127	169	199	199
Depreciation & non-cash adj.	9	9	9	9	9
Working capital changes	81	65	(131)	(24)	(124)
Cash tax paid	(52)	(46)	(47)	(53)	(53)
Others	54	44	7	17	7
Cash flow from operations	196	199	8	148	38
Capex	(4)	(30)	(20)	(20)	(20)
Net investments & sale of FA	0	0	0	0	0
Others	(42)	(18)	0	0	0
Cash flow from investing	(46)	(48)	(20)	(20)	(20)
Debt raised/(repaid)	0	(81)	0	0	0
Equity raised/(repaid)	0	0	0	0	0
Dividends paid	(5)	(21)	(50)	(69)	(51)
Cash interest & others	6	1	(100)	(30)	0
Cash flow from financing	1	(100)	(150)	(99)	(51)
Change in cash	150	51	(162)	29	(34)
Change in net cash/(debt)	150	132	(162)	29	(34)
Ending net cash/(debt)	474	606	444	473	439

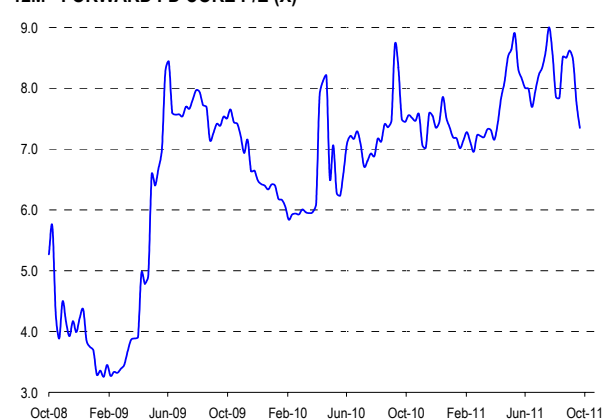
KEY RATIOS

(FYE Dec)	2009	2010	2011F	2012F	2013F
Revenue growth (%)	(9.0)	(10.9)	3.6	10.7	6.4
EBITDA growth (%)	116.2	9.7	30.6	25.1	1.4
Pretax margins (%)	6.0	8.2	10.6	11.2	10.6
Net profit margins (%)	3.0	5.2	7.2	7.3	7.4
Interest cover (x)	69.7	174.5	N/A	N/A	N/A
Effective tax rates (%)	50.0	36.3	27.6	26.8	26.7
Net dividend payout (%)	7.3	19.2	32.4	40.5	27.8
Debtors turnover (days)	37.6	42.6	39.5	35.8	38.8
Stock turnover (days)	0.0	0.0	0.0	0.0	0.0
Creditors turnover (days)	18.8	14.1	12.5	12.1	12.3

KEY DRIVERS

(FYE Dec)	2010	2011F	2012F	2013F
Construction margins (%)	12.7%	14.9%	16.0%	15.1%
Outstanding orderbook (Rp bn)	3,004	3,448	3,284	3,773

12M - FORWARD FD CORE P/E (X)



Source: Company, CIMB Research, Bloomberg

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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 5% 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 5% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 3 months.

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RECOMMENDATION FRAMEWORK #2 **

STOCK RECOMMENDATIONS

OUTPERFORM: Expected positive total returns of 15% or more over the next 12 months.

NEUTRAL: Expected total returns of between -15% and +15% over the next 12 months.

UNDERPERFORM: Expected negative total returns of 15% or more over the next 12 months.

TRADING BUY: Expected positive total returns of 15% or more over the next 3 months.

TRADING SELL: Expected negative total returns of 15% or more over the next 3 months.

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 12 months.

NEUTRAL: The industry, as defined by the analyst's coverage universe, has either (i) an equal number of stocks that are expected to have total returns of +15% (or better) or -15% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +15% to -15%; both over the next 12 months.

UNDERWEIGHT: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 12 months.

TRADING BUY: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +15% or better over the next 3 months.

TRADING SELL: The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -15% or worse over the next 3 months.

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