

Total Bangun Persada

TOTL IJ / TOTL JK

Market Cap
US\$189.3m
Rp1,773,200m

Avg Daily Turnover
US\$0.54m
Rp5,041m

Free Float
38.0%
3,410 m shares

Current **Rp520.0**
Target **Rp675.0**
Previous Target **Rp675.0**
Up/downside **29.8%**

SHORT TERM (3 MTH) LONG TERM
TRADING BUY **OUTPERFORM**
TRADING SELL NEUTRAL
UNDERPERFORM

CIMB Analyst

Lydia Toisuta
T (62) 21 30061724
E lydia.toisuta@cimb.com

Linda Lauwira
T (62) 21 30061734
E linda.lauwira@cimb.com

Share price info

Share price perf. (%)	1M	3M	12M
Relative	-6.4	8.6	76.2
Absolute	5.1	7.2	79.3
Major shareholders	% held		
Total Inti Persada	56.5		

Playing for higher stakes

Amongst the Indonesian construction companies, TOTL boasts the widest net margin and a squeaky clean balance sheet. Its latest dividend payout underlines its cash-rich position, which we believe is sustainable even with its recent foray into EPC projects.

Given the above, TOTL is attractive despite benign growth given minimal exposure to infrastructure and other government projects. TOTL is pursuing EPC projects, trying to cash in on the MP3EI. Reiterate Outperform and target price, based on 13.5x CY13 P/E, the sector's midcycle P/E in the 2004-07 boom.

Upping the ante

The emphasis on infrastructure projects due to MP3EI has more or less pushed both civil construction and EPC to the forefront. But the aggressive plan in pursuit of strengthening the seven economy corridors of Indonesia brought about by the improvement of inadequate infrastructure would not be possible if the Indonesian economy was as flimsy as Greek sovereign papers. Strong economic growth has lifted GDP per capita, raising the purchasing power of Indonesians and enabling them to spend on or invest in big-ticket items like property and real estate. TOTL has been cashing in on the flourishing property and real estate industry by building high-rise residences. Now it is upping the ante by establishing

Total Persada Industry (TPI), a subsidiary handling civil construction and EPC projects.

Brand capitalising

70% of TOTL's 2011 order book came from longstanding repeat clients. Repeat clients usually mean fatter margins than new clients (13-14% vs 11-12% in gross margins) as TOTL has more bargaining power than other construction companies. We believe this is because of its imposing track record of delivering impeccable finished buildings without unnecessary delays. Its longstanding clientele includes Agung Podomoro Land, Jakarta Intiland, and Ramayana.

Dividend play

Despite benign topline growth, due to the lack of new contracts, TOTL delivered a remarkable bottomline through efficiencies that supported its fat margins and lower taxes from implied revenue. Its strong cash position and high retained earnings enabled TOTL to reward shareholders with relatively high dividends, making it the only dividend play in the construction sector.

Financial Summary

	Dec-10A	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue (Rpb)	1,541	1,569	2,025	2,057	2,147
Operating EBITDA (Rpb)	110.2	143.0	209.2	216.7	227.4
Net Profit (Rpb)	80.8	124.8	168.3	169.9	172.9
Core EPS (Rp)	23.37	36.57	49.35	49.82	50.69
Core EPS Growth	4.6%	56.5%	34.9%	0.9%	1.8%
FD Core P/E (x)	19.99	14.22	10.54	10.44	10.26
DPS (Rp)	5.14	12.47	37.34	25.17	25.41
Dividend Yield	0.99%	2.40%	7.18%	4.84%	4.89%
EV/EBITDA (x)	10.96	7.12	5.93	6.17	5.59
P/FCFE (x)	7.6	8.1	NA	295.8	10.7
Net Gearing	(101%)	(118%)	(83%)	(63%)	(65%)
P/BV (x)	3.18	2.80	2.72	2.46	2.24
Recurring ROE	15.2%	20.9%	26.2%	24.8%	22.9%
% Change In Core EPS Estimates			0.000%	0.000%	0.000%
CIMB/consensus EPS (x)			1.02	0.86	0.79

SOURCE: CIMB, COMPANY REPORTS



Profit & Loss

(Rpb)	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue	1,569	2,025	2,057	2,147
Other Operating Income				
Cost Of Sales	(1,325)	(1,702)	(1,715)	(1,786)
Gross Profit	244.2	322.3	341.9	360.9
Total Operating Costs	(114.4)	(124.3)	(136.4)	(144.7)
Operating Profit	129.8	198.0	205.5	216.2
Operating EBITDA	143.0	209.2	216.7	227.4
Depreciation And Amortisation	(13.14)	(11.23)	(11.23)	(11.23)
Operating EBIT	129.8	198.0	205.5	216.2
Net Interest Income	34.70	32.97	22.44	20.63
Exchange Gains	0.13	0.00	0.00	0.00
JV/Associates Profit	8.74	0.00	0.00	0.00
Other Income	(1.18)	(1.29)	1.00	(3.00)
Profit Before Tax (pre-EI)	172.2	229.7	228.9	233.8
Exceptional Items	-	-	-	-
Pre-tax Profit	172.2	229.7	228.9	233.8
Taxation	(48.72)	(61.38)	(59.06)	(60.96)
Exceptional Income - post-tax				
Profit After Tax	123.5	168.3	169.9	172.9
Minority Interests	1.32	0.00	0.00	0.00
Other Adjustments - post-tax				
Net Profit	124.8	168.3	169.9	172.9
Recurring Net Profit	124.7	168.3	169.9	172.9

Balance Sheet

(Rpb)	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Fixed Assets	84.3	125.5	136.6	147.8
Intangible Assets	-	-	-	-
Other Long Term Assets	207.9	225.7	223.3	220.8
Total Non-current Assets	292.2	351.1	359.9	368.7
Total Cash And Equivalents	795.8	572.5	477.5	541.9
Inventories	-	-	-	-
Accounts Receivable	244.2	221.9	225.4	235.3
Other Current Assets	565.3	554.6	561.9	577.6
Total Current Assets	1,605	1,349	1,265	1,355
Trade Creditors	72.37	69.96	70.48	73.40
Short-term Debt	-	-	-	-
Other Current Liabilities	1,071	858	713	738
Total Current Liabilities	1,143	928	783	811
Total Long-term Debt	-	-	-	-
Other Liabilities	80.26	80.26	80.26	80.26
Deferred Tax	-	-	-	-
Total Non-current Liabilities	80.26	80.26	80.26	80.26
Shareholders' Equity	633.2	651.7	720.6	791.6
Minority Interests	40.49	40.49	40.49	40.49
Preferred Shareholders Funds				
Total Equity	673.7	692.2	761.1	832.0

Cash Flow

(Rpb)	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Pre-tax Profit	172.2	229.7	228.9	233.8
Depreciation And Non-cash Adj.	(30.43)	(21.73)	(11.21)	(9.39)
Change In Working Capital	208.4	(182.9)	(155.1)	2.2
Tax Paid	(48.72)	(61.38)	(59.06)	(60.96)
Other Operating Cashflow	(35.3)	33.0	22.4	20.6
Cashflow From Operations	266.2	(3.3)	26.0	186.3
Capex	(34.02)	(50.00)	(20.00)	(20.00)
Disposals Of FAs/subsidiaries	-	-	-	-
Acq. Of Subsidiaries/investments	0.00	(20.17)	0.00	0.00
Other Investing Cashflow	(13.42)	0.00	0.00	0.00
Cash Flow From Investing	(47.44)	(70.17)	(20.00)	(20.00)
Debt Raised/(repaid)	-	-	-	-
Equity Raised/(Repaid)	(0.000)	-	-	-
Dividends Paid	(50.0)	(149.8)	(101.0)	(101.9)
Net Cash Interest	-	-	-	-
Other Financing Cashflow	(4.83)	0.00	0.00	0.00
Cash Flow From Financing	(54.9)	(149.8)	(101.0)	(101.9)
Total Cash Generated	163.9	(223.3)	(95.0)	64.4
Change In Net Cash	163.9	(223.3)	(95.0)	64.4
Free Cashflow To Equity	218.8	(73.5)	6.0	166.3

Key Ratios

	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Revenue Growth	1.8%	29.0%	1.6%	4.4%
Operating EBITDA Growth	29.7%	46.3%	3.6%	4.9%
Operating EBITDA Margin	9.1%	10.3%	10.5%	10.6%
Net Cash Per Share (Rp)	233.4	167.9	140.0	158.9
BVPS (Rp)	185.7	191.1	211.3	232.1
Gross Interest Cover	237.2	N/A	N/A	N/A
Tax Rate	28.3%	26.7%	25.8%	26.1%
Net Dividend Payout Ratio	34.1%	75.7%	50.5%	50.1%
Accounts Receivables Days	50.81	42.13	39.69	39.16
Inventory Days	-	-	-	-
Accounts Payables Days	17.39	15.30	14.94	14.70
ROIC (%)	(562%)	327%	62%	48%
ROCE (%)	25.9%	33.8%	31.4%	29.7%

Key Drivers

(Rpb)	Dec-11A	Dec-12F	Dec-13F	Dec-14F
Outstanding Orderbook	3,870.2	4,111.4	4,272.4	4,818.4
Orderbook Depletion	N/A	N/A	N/A	N/A
Orderbook Replenishment	2,177.6	1,800.0	2,123.8	2,514.8
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