

## Total Bangun Persada

TOTL IJ / TOTL JK

➤ **Market Cap**  
**US\$374.8m**  
Rp3,648,700m

➤ **Avg Daily Turnover**  
**US\$1.28m**  
Rp12,442m

➤ **Free Float**  
**38.0%**  
3,410 m shares

Current  
Target  
Prev. Target  
Up/Downside

**Rp1,070**  
**Rp1,350**  
**Rp1,120**  
**26.2%**

## 1QFY13 RESULTS NOTE

SHORT TERM (3 MTH) LONG TERM

TRADING BUY **OUTPERFORM**

TRADING SELL NEUTRAL

UNDERPERFORM

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### Share price info

Share price perf. (%)	1M	3M	12M
Relative	2	-8.1	61
Absolute	3.9	4.9	81.4
Major shareholders			% held
Total Inti Persada			56.5

# Revving up the growth engine

TOTL delivered strong growth at both the top and bottom lines in 1Q13, brushing aside concerns over its sluggish growth relative to SOE peers, the reason for its YTD underperformance. We rate it an Outperform as we see upside if it maintains this growth for the rest of the year.

1Q13 core earnings were broadly in line, at 22% of our and consensus FY13 forecasts. But we nudge FY13 EPS up by 1% for housekeeping adjustments and raise FY14-15 by 3-4% for faster revenue recognition and margin recovery. In view of its non-existent balance sheet risk and stronger growth outlook, we raise our target price, based on 15.7x CY14 P/E (prev. 13.5x), 15% discount to its 18.5x 2004-07 mid-cycle P/E.

## Strong 1Q with slight margin blip ➤

Revenue jumped 70% yoy, on par with SOE contractors' average of about 69.5% and a big improvement on 1Q12's 16.1% drop. Gross margin slipped 10bp yoy to 16.3%. We expect it to recover to 19.5% in FY13 due to stronger quarters ahead. Opex-to-sales slowed significantly to 6.4%, boosting operating margin to 10.7% in 1Q13 (vs. 3-year historical

average of 8.6%). Investment income was behind expectations, at Rp8.8bn or 16% of our FY13 estimate. Core profit surged 64% yoy to Rp47bn.

## Abundant cash = high dividend payout ratio ➤

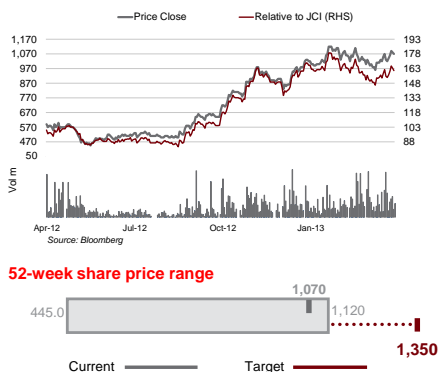
TOTL had cash and equivalents of Rp880bn at end-1Q13, with insignificant debt of Rp48.9bn (at subsidiary level/Bali condotel). It has just announced a Rp100bn cash dividend or DPS of Rp29.3, delivering a yield of 2.7%. This is higher than the peer average of 1.3%. Considering its cash-rich position, we do not see any immediate need for TOTL to gear up, either for future expansion or working capital requirements.

## Laggard due to growth concerns ➤

TOTL has been a laggard in the sector YTD, mainly because of its slower growth compared to SOE peers.

Results Comparison	1QFY13	1QFY12	yoy %	4QFY12	qoq %	Prev.
FYE Dec (Rp bn)			chg		chg	FY13F Comments
Revenue	585	344	69.7	465	25.8	2,192 In line, 27% and 26% of ours and consensus
Operating costs	(519)	(314)	65.4	(418)	24.0	(1,765) Slightly ahead, 30% of our estimates
EBITDA	66	31	114	47	42.0	258 In line, 24% of ours and consensus
EBITDA margin (%)	11.3	9.0		10.0		0.1
Depn & amort.	(4)	(4)	(3.8)	(4)	(3.0)	(10)
EBIT	62	27	131.1	43	46	238 In line, 24% and 20% of ours and consensus
Interest & invt inc	9	10	(13.6)	32	(72.8)	57
Forex	-	3	(100.0)	(9)	(100)	-
Other income/ (exp)	1	1	(4.8)	(10)	112	-
Pretax profit	72	42	74.0	57	27.6	294 In line, 25% and 24% of ours and consensus
Tax	(19)	(11)	77.5	(15)	26.2	(68)
Tax rate (%)	26.1	25.6		26.4		-23%
Minority interests	(6)	1		(1)		(0)
Net profit	48	32	47.8	41	17.2	217 In line, 22% of ours and consensus
Core profit	47	29	64.4	52	(9.4)	217 In line, 22% of ours and consensus

SOURCE: CIMB, COMPANY REPORTS



### Financial Summary

	Dec-11A	Dec-12A	Dec-13F	Dec-14F	Dec-15F
Revenue (Rpb)	1,569	1,834	2,192	2,629	3,164
Operating EBITDA (Rpb)	151.7	204.2	258.1	341.4	407.0
Net Profit (Rpb)	124.8	175.7	216.6	290.7	333.4
Core EPS (Rp)	35.77	51.51	63.53	85.26	97.77
Core EPS Growth	54.7%	44.0%	23.3%	34.2%	14.7%
FD Core P/E (x)	29.92	20.77	16.84	12.55	10.94
DPS (Rp)	14.67	43.93	30.91	38.12	51.16
Dividend Yield	1.37%	4.11%	2.89%	3.56%	4.78%
EV/EBITDA (x)	19.07	14.30	10.43	7.23	5.42
P/FCFE (x)	16.04	19.68	10.38	9.78	8.03
Net Gearing	(118%)	(110%)	(122%)	(125%)	(130%)
P/BV (x)	5.76	5.54	4.74	3.92	3.35
Recurring ROE	20.5%	27.2%	30.3%	34.2%	33.0%
% Change In Core EPS Estimates			1.22%	2.83%	3.68%
CIMB/consensus EPS (x)			1.01	1.12	1.04

SOURCE: CIMB, COMPANY REPORTS

Figure 1: 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 (%)	
						CY2013	CY2014		CY2013	CY2014	CY2013	CY2014	CY2015	CY2013	CY2014	CY2013	CY2014
Adhi Karya	ADHI IJ	Outperform	2,975	3,300	551	14.7	10.4	35.1%	3.62	2.83	27.3%	30.7%	25.8%	4.5	3.7	1.1%	1.9%
Pembangunan Perumahan	PTPP IJ	Outperform	1,420	1,600	706	16.9	13.1	28.7%	3.49	2.90	22.4%	24.2%	26.0%	7.1	5.8	1.4%	1.8%
Total Bangun Persada	TOTL IJ	Outperform	1,070	1,120	375	17.0	12.9	22.3%	4.75	3.96	30.0%	33.5%	32.2%	8.8	6.2	2.9%	3.5%
Wijaya Karya	WIKA IJ	Outperform	2,400	2,550	1,506	23.7	16.1	41.7%	5.18	4.13	23.9%	28.6%	30.3%	12.9	9.5	1.3%	1.9%
<b>Indonesia average</b>						<b>19.2</b>	<b>13.7</b>	<b>34.3%</b>	<b>4.38</b>	<b>3.53</b>	<b>24.9%</b>	<b>28.4%</b>	<b>28.5%</b>	<b>8.4</b>	<b>6.6</b>	<b>1.5%</b>	<b>2.1%</b>
Sino-Thai Eng & Construction	STEC TB	Outperform	28.00	30.50	1,457	25.4	23.8	25.7%	5.38	4.74	20.8%	21.2%	22.6%	13.5	10.2	0.1%	1.7%
CH. Kamcham	CK TB	Neutral	27.50	24.00	1,551	52.7	31.0	54.7%	2.90	2.72	7.0%	9.0%	11.5%	32.6	24.0	3.3%	0.9%
Italian-Thai Development	ITD TB	Underperform	8.40	4.20	1,202	86.0	51.7	na	4.20	3.98	4.9%	7.9%	na	15.3	14.7	0.6%	0.6%
<b>Thailand average</b>						<b>42.8</b>	<b>31.2</b>	<b>40.2%</b>	<b>3.86</b>	<b>3.57</b>	<b>10.0%</b>	<b>11.9%</b>	<b>17.1%</b>	<b>18.2</b>	<b>15.7</b>	<b>1.4%</b>	<b>1.1%</b>
Gamuda	GAM MK	Neutral	4.07	3.98	2,877	13.1	11.5	0.0%	3.68	3.38	29.5%	30.5%	31.0%	14.4	13.0	2.8%	2.8%
UJM Corp Bhd	UJM MK	Neutral	5.45	5.27	2,483	13.9	12.5	na	2.78	2.84	20.3%	22.5%	na	10.3	9.8	2.6%	2.8%
Malaysian Resources Corp	MRC MK	Neutral	1.41	1.33	643	23.2	20.2	23.1%	1.95	1.78	8.8%	9.2%	10.0%	10.9	8.8	2.1%	2.1%
Muhibbah Engineering	MUHI MK	Neutral	1.12	1.24	150	6.1	5.4	na	0.70	0.66	11.8%	12.6%	13.2%	7.0	6.9	2.7%	3.1%
Mudajaya Group	MDJ MK	Trading Buy	2.44	2.93	435	4.1	3.5	20.5%	0.83	0.66	22.7%	20.8%	18.7%	1.0	0.2	4.1%	4.5%
Sunway Bhd	SWB MK	Neutral	2.90	2.95	1,232	9.4	8.4	6.3%	0.95	0.83	10.8%	10.6%	9.2%	7.5	6.4	3.4%	3.4%
WCT Bhd	WCT MK	Trading Buy	2.40	2.55	856	10.7	9.6	11.5%	1.31	1.14	13.2%	12.7%	12.0%	8.3	7.5	3.4%	3.8%
<b>Malaysia average</b>						<b>11.3</b>	<b>10.0</b>	<b>12.3%</b>	<b>1.84</b>	<b>1.66</b>	<b>17.3%</b>	<b>17.5%</b>	<b>15.7%</b>	<b>9.2</b>	<b>8.4</b>	<b>2.9%</b>	<b>3.0%</b>
NCC Limited	NJCC IN	Outperform	30.95	78.20	148	10.8	6.7	52.2%	0.32	0.31	3.0%	4.6%	6.7%	3.4	3.1	1.5%	2.8%
Hindustan Construction	HCC IN	Neutral	14.00	16.10	158	na	63.1	na	0.74	0.74	-7.0%	1.2%	6.6%	9.0	6.9	0.0%	1.1%
IVRCL Ltd	IVRCL IN	Underperform	19.35	18.10	110	53.1	16.3	na	0.27	0.27	0.5%	1.6%	3.3%	6.4	6.0	0.6%	0.9%
<b>India average</b>						<b>663.5</b>	<b>13.2</b>	<b>52.2%</b>	<b>16.39</b>	<b>16.05</b>	<b>0.1%</b>	<b>2.9%</b>	<b>5.4%</b>	<b>6.2</b>	<b>5.3</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Average (all)</b>						<b>15.9</b>	<b>13.1</b>	<b>34.7%</b>	<b>2.18</b>	<b>1.97</b>	<b>14.4%</b>	<b>15.8%</b>	<b>16.7%</b>	<b>9.8</b>	<b>8.6</b>	<b>2.2%</b>	<b>2.3%</b>

SOURCES: CIMB, COMPANY REPORTS

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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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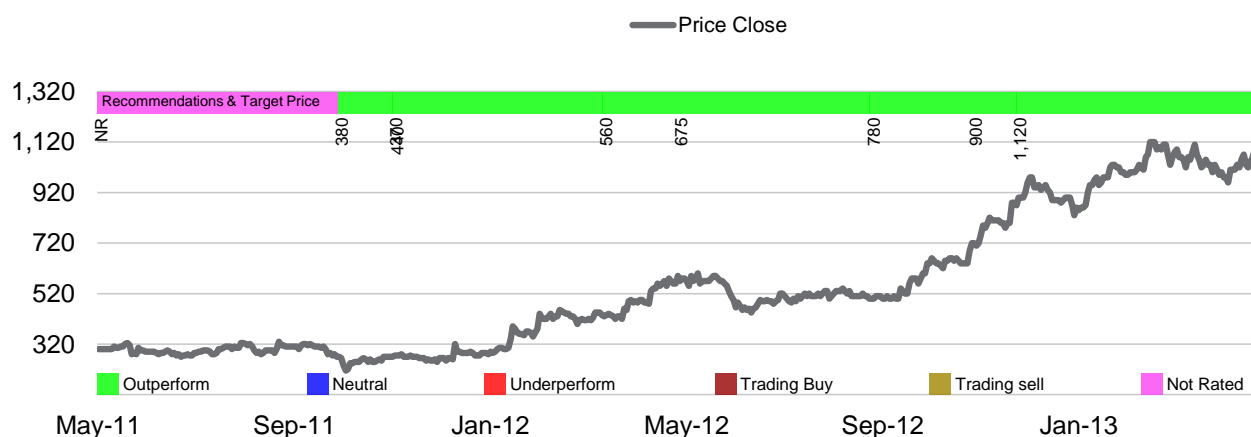
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Spitzer Chart for stock being researched ( 2 year data )



Distribution of stock ratings and investment banking clients for quarter ended on 31 March 2013  
983 companies under coverage

	Rating Distribution (%)	Investment Banking clients (%)
Outperform/Buy/Trading Buy	50.8%	8.1%
Neutral	35.3%	4.8%
Underperform/Sell/Trading Sell	13.9%	5.9%

#### Recommendation Framework #1 \*

##### Stock

**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 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

**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.

\* This framework only applies to stocks listed on the Singapore Stock Exchange, Bursa Malaysia, Stock Exchange of Thailand, Jakarta Stock Exchange, Australian Securities Exchange, Korea 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.

## Recommendation Framework #2 \*\*

Stock	Sector
<b>OUTPERFORM:</b> Expected positive total returns of 10% or more over the next 12 months.	<b>OVERWEIGHT:</b> The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 12 months.
<b>NEUTRAL:</b> Expected total returns of between -10% and +10% over the next 12 months.	<b>NEUTRAL:</b> 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 +10% (or better) or -10% (or worse), or (ii) stocks that are predominantly expected to have total returns that will range from +10% to -10%; both over the next 12 months.
<b>UNDERPERFORM:</b> Expected negative total returns of 10% or more over the next 12 months.	<b>UNDERWEIGHT:</b> The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 12 months.
<b>TRADING BUY:</b> Expected positive total returns of 10% or more over the next 3 months.	<b>TRADING BUY:</b> The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of +10% or better over the next 3 months.
<b>TRADING SELL:</b> Expected negative total returns of 10% or more over the next 3 months.	<b>TRADING SELL:</b> The industry, as defined by the analyst's coverage universe, has a high number of stocks that are expected to have total returns of -10% or worse over the next 3 months.

**\*\* This framework only applies to stocks listed on the Hong Kong Stock Exchange and China listings on the Singapore 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.**

### Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (IOD) in 2011.

AAV – not available, ADVANC - Excellent, AMATA - Very Good, AOT - Excellent, AP - Very Good, BANPU - Excellent, BAY - Excellent, BBL - Excellent, BCH - Good, BEC - Very Good, BECL - Very Good, BGH - not available, BH - Very Good, BIGC - Very Good, BTS - Very Good, CCET - Good, CK - Very Good, CPALL - Very Good, CPF - Very Good, CPN - Excellent, DELTA - Very Good, DTAC - Very Good, GLOBAL - not available, GLOW - Very Good, GRAMMY – Excellent, HANA - Very Good, HEMRAJ - Excellent, HMPRO - Very Good, INTUCH – Very Good, ITD - Good, IVL - Very Good, JAS – Very Good, KAMART – not available, KBANK - Excellent, KK - Excellent, KTB - Excellent, LH - Very Good, LPN - Excellent, MAJOR - Very Good, MCOT - Excellent, MINT - Very Good, PS - Excellent, PSL - Excellent, PTT - Excellent, PTTGC - not available, PTTEP - Excellent, QH - Excellent, RATCH - Excellent, ROBINS - Excellent, RS - Excellent, SC – Excellent, SCB - Excellent, SCC - Excellent, SCCC - Very Good, SIRI - Very Good, SPALI - Very Good, STA - Very Good, STEC - Very Good, TCAP - Very Good, THAI - Very Good, THCOM – Very Good, TISCO - Excellent, TMB - Excellent, TOP - Excellent, TRUE - Very Good, TUF - Very Good, WORK - Good.