

Total Bangun Persada

Sector: Construction (Overweight)

BUY

(Unchanged)

Rating momentum*: ↑

Price: IDR430

TP: IDR540 (Unchanged)

TP/consensus: 102%

TP momentum*: ↑

JCI: 4,042

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4Q11 performance: In line with ours but 14% higher than consensus'

- TOTL reported strong 51% y-y and 84% q-q growth in 4Q11 bottom line to IDR42b, bringing 2011 net profit of IDR125b, in line with our forecast but 14% higher than consensus' estimate.
- In 4Q11, TOTL booked revenue of IDR463b, down 1.5% y-y but +35% q-q, resulting in 2011 top line of IDR1.57t, up less than 2% y-y, in line with our forecast but 7% lower than consensus forecast. This was due to the implementation of direct contract scheme that reduced total contracts booked as revenue.
- In spite of reporting higher 4Q11 opex, we see strong 4Q11 gross profit (after JO) growth (+27% y-y and +60% q-q) as well as IDR6b in other incomes, which helped 4Q11 net margin improved to 9%, resulting in 2011 net margin of 8% (2010: 5.2%).

Outlook: High margins to persist

At this stage, we see TOTL's margins, which are the highest compared to its peers, to continue in the coming years on continued projects from repeat customers combined with direct contracts and efficient usage of materials. With its current net cash position, TOTL also has financing flexibility to support its future expansions.

Recommendation & valuation: BUY on 25% upside

Strong 2011 new order books of IDR2.4t (+54% y-y) remain supportive of our 2012 revenue estimate of IDR1.9t (+22% y-y), excluding TOTL's 2 new property projects in Jakarta and Bali. Thus, earnings growth coupled with its high margin status will mean continued market outperformance for TOTL (exhibit 4). At current price, TOTL is trading on 2012 PE of 9.4x, some 37% discount to the market. Reiterate BUY on 25% upside potential to our TP.

Exhibit 5. Result summary

(IDRb)	4Q10	3Q11	4Q11	q-q (%)	y-y (%)	4Q11/4Q11F	2011	y-y (%)	2011/2011F	2011/Cons.
Sales	470	343	463	34.9	(1.5)	100.3	1,569	1.8	100.1	93.2
Gross profit	66	50	72	44.2	9.4	97.2	244	24.5	99.2	
Gross profit after JO projects	63	50	80	60.1	26.9	108.6	253	29.0	102.6	
G&A expense	32	25	40	56.6	24.4		114	20.5	111.4	
Operating profit	31	25	41	63.6	29.3	88.5	139	36.9	96.3	102.7
Net interest inc./(expenses)	6.2	8.2	8.1	(1.0)	29.3		28.9	47.1	105.5	
Forex gain/ (expenses)	1.0	(0.4)	1.1	na	10.7		0.1	(89.6)	na	
Other incomes/(expenses)	3.0	0.5	6.2	1,209.9	104.3		4.6	1.6	2,401.6	
Pretax profit	42	33	56	69.5	34.4	101.3	172	36.0	100.4	108.3
Taxation	(14)	(10)	(16)	48.0	9.9		(49)	5.8	103.6	
Minority interest	0	0	1	805.5	1,944.5		1	na	921.4	
Net profit	28	23	42	84.2	51.4	100.5	125	54.6	100.2	114.5
Balance sheet & ratio analysis	4Q10	3Q11	4Q11			2010	2011	2011F	2012F	2013F
Gross margin (%)	14.0	14.6	15.6			12.7	15.6	15.7	16.1	16.2
Gross margin after JO projects (%)	13.5	14.6	17.4			12.7	16.1	15.7	16.1	16.2
Operating margin (%)	6.7	7.2	8.8			6.6	8.8	9.2	9.6	9.7
Pretax margin (%)	8.9	9.6	12.1			8.2	11.0	10.9	11.1	11.2
Net margin (%)	5.9	6.6	9.0			5.2	8.0	7.9	8.1	8.2
Receivable Days	35.0	51.0	42.9			42.7	50.6	45.2	51.2	53.1
Payable Days	13.2	18.0	14.5			15.9	17.2	14.6	17.9	18.5
Total cash (IDRb)	488	473	661			488	661	429	799	898
Total debt (IDRb)	0	0	0			0	0	0	0	0
Net gearing (%)	nc	nc	nc			nc	nc	nc	nc	nc

Source: Company, Bloomberg, Bahana estimates

Exhibit 1. Company information

Market cap (IDRb/USDm)	: 1,466/160
3M avg.daily t.o.(IDRb/USDm)	: 2.5/0.3
Bloomberg code	: TOTL IJ

Exhibit 2. Shareholders information

Total I.Persada & Founder (%)	: 68.8
Free float (%)	: 31.2

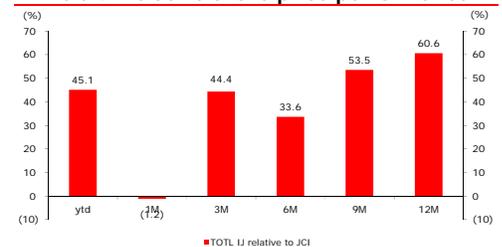
Source: Company

Exhibit 3. Key forecasts and valuations

	2011	2012F	2013F
Sales (IDRb)	1,569	1,922	2,176
Net profit (IDRb)	125	156	179
EPS (IDR)	37	46	52
EPS growth (%)	44.3	24.6	14.8
EPS momentum*	-	↑	↑
EV/EBITDA (x)	5.5	3.6	2.7
P/E (x)	11.7	9.4	8.2
BVPS (IDR)	186	209	234
PBV (x)	2.3	2.1	1.8
DPS (IDR)	15	22	27
Yield (%)	3.4	5.1	6.4

Source: Company, Bahana estimates

Exhibit 4. Relative share price performance



Source: Bloomberg

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