

Total Bangun Persada

Sector: Construction (Neutral)

Under Review

(From Buy)

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Price: IDR270

TP: IDR275 (Under Review)

TP/consensus: 85%

JCI: 3,685

3Q11 performance: Net earnings above estimates

- TOTL booked solid 20% y-y growth but 24% q-q lower growth in 3Q11 bottom line to IDR23b, above our and consensus estimates, bringing 9M11 net profit of IDR83.4b (82.5% of our full-year estimate).
- In 3Q11, TOTL booked revenue of IDR343b, down 4.1% y-y and 2.6% q-q, bringing 9M11 top line flat at IDR1.1t, mostly due to shorter working days in 3Q11 as a result of the Muslim festive holiday.
- With its current net cash position, TOTL has financing flexibility to support future expansions. We estimate TOTL will maintain its net cash position until 2012 due to small capex requirements.

Outlook: Remaining positive on growing property demand

We will revisit our forecasts following the release this 3Q11 result performance. Growing demand on offices, apartments and industrial buildings this year should benefit TOTL, which focuses on high rise and commercial products. Continued projects from repeat customers combined with direct contracts and efficient usage of materials will support margin improvements ahead.

Recommendation and valuation: Under Review

With our target price nearly reached, we put TOTL's rating and target price under review, pending our discussion with management post this result release. It is worth noting that TOTL is currently working on two new property projects (Office in TB Simatupang and Condotel/Villas in Benoa, Bali) which we have not included in our forecast. Additional revenue from these property projects should support top line growth and provide margin improvement going forward. Based on our unrevised forecasts, TOTL is trading on 2012 PE of 7.4x, 47% discount to the market.

Exhibit 1. Company information

Market cap (IDRb/USDm)	: 921/102
3M avg.daily t.o.(IDRb/USDm)	: 0.4/0.04
Bloomberg code	: TOTL IJ

Exhibit 2. Shareholders information

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

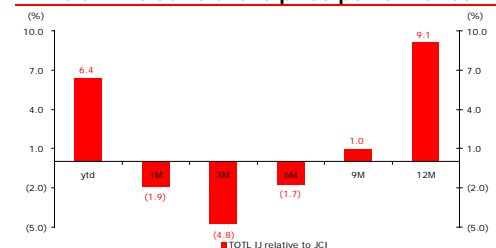
Source: Company

Exhibit 3. Key forecasts and valuations

	2010	2011F	2012F
Sales (IDRb)	1,541	1,708	1,960
Net profit (IDRb)	81	101	125
EPS (IDR)	25	30	37
EPS growth (%)	32.5	16.8	23.7
EV/EBITDA (x)	8.5	6.6	5.3
P/E (x)	10.6	9.1	7.4
BVPS (IDR)	164	179	198
PBV (x)	1.6	1.5	1.4
DPS (IDR)	6	15	18
Yield (%)	2.4	5.4	6.6

Source: Company, Bahana estimates

Exhibit 4. Relative share price performance



Source: Bloomberg

Exhibit 5. Result summary

(IDRb)	3Q10	2Q11	3Q11	q-q (%)	y-y (%)	3Q11/ 3Q11F	9M11	y-y (%)	9M11/ 9M11F	9M11/ 2011F	9M11/ Cons.
Sales	358	352	343	(2.6)	(4.1)	67.9	1,106	3.3	87.2	64.8	65.7
Gross profit	47	55	50	(9.5)	5.3		172	32.5		73.4	
Gross profit after JO projects	47	55	50	(9.0)	6.0		173	30.0		73.4	
G&A expense	23	24	25	5.5	10.7		75	18.6		70.8	
Operating profit	24	31	25	(20.2)	1.5	92.3	98	40.2	97.9	75.5	72.9
Net interest inc./(expenses)	4	7	8	9.9	112.7		21	54.5		94.4	
Forex gain (expenses)	1	0	(0)	na	na		(1)	na		na	
Other income/(expenses)	1	2	1	(75.8)	(45.1)		(2)	na		na	
Pretax profit	30	41	33	(19.4)	10.9		116	36.8		76.4	73.4
Taxation	(11)	(10)	(10)	(0.1)	(2.0)		(33)	4.0		64.8	
Minority interest	0	(0)	0	na	na		0	284.4		na	
Net profit	19	30	23	(23.6)	20.1	119.0	83	56.8	104.4	82.5	76.8
Balance sheet & ratio analysis	3Q10	2Q11	3Q11				9M10	9M11	2011F		
Gross margin (%)	13.3	15.7	14.6				12.1	15.6	13.7		
Gross margin after JO projects (%)	13.3	15.7	14.6				12.4	15.6	13.8		
Operating margin (%)	6.8	8.8	7.2				6.5	8.9	7.6		
Pretax margin (%)	8.3	11.6	9.6				7.9	10.5	8.9		
Net margin (%)	5.3	8.5	6.7				5.0	7.5	5.9		
Inventory Days	na	na	na				na	na	na		
Receivable Days	52.8	43.8	51.7				53.0	48.1	43.3		
Payable Days	22.3	26.1	18.0				22.1	16.9	13.8		
Total cash (IDRb)	348.1	522.9	473.4				348.1	473.4	436.0		
Total debt (IDRb)	0.0	0.0	0.0				-	-	-		
Net gearing (%)	nc	nc	nc				nc	nc	nc		

Source: Company, Bloomberg, Bahana estimates

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