

Total Bangun expects profit to rise 15%

PT Total Bangun Persada, Indonesia's biggest publicly traded contractor, forecasts profit will rise about 15 percent next year after the company signed new contracts to build apartments and office complexes.

Profit may rise to Rp 115 billion (US\$12.6 million) next year from an estimated Rp 100 billion in 2006, Reyno Stephanus Adhiputranto, president of Total Bangun, said in

an interview on Nov. 10.

Revenue may rise 28 percent to Rp 1.6 trillion in the period, he said.

"The risk is on the upside," said Herry Dion Mahargono, an analyst with DBS Vickers Securities in Jakarta, which rates the stock "buy on weakness."

"Outlook for the industry is good as the central bank eases rates, which will boost construction activity."

Bank Indonesia's move to

cut borrowing costs has helped revive demand for homes in Asia's third-most populated nation.

The central bank has cut its policy rate six times this year to 10.25 percent from a three-year high of 12.75 percent in December.

The government expects Southeast Asia's largest economy to expand 6.3 percent next year, the fastest pace in 11 years on higher consump-

tion and investment.

About three-fourth of Total Bangun's business comes from repeat customers, which helps the company reduce marketing costs, DBS' Mahargono said.

Total Bangun's shares, which began trading on July 25, surged as much as 5.8 percent in Jakarta. The company has projects valued at Rp 2.2 trillion under construction, Total Bangun said on its Website. — *Bloomberg*