



Total Bangun Persada is an active construction company that have projects specialization in commercial, residential, medical and religious buildings, and schools.

NEUTRAL - Rp560

Company Update

Share Price	Rp530
Sector	Construction
Price Target	Rp560
Prev. TP	-

Stock Data

Reuters Code	TOTL.JK
Bloomberg Code	TOTL.IJ
Issued Shares (m)	3,410
Mkt Cap (Rpbn)	1,807
Average Daily T/O	3.7m
52-Wk range	Rp540/ Rp205

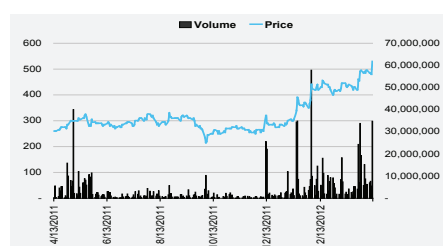
Major Shareholders:

PT Total Inti Persada	56.5%
Ir. Djajang Tanuwidjaja	8.6%
Employees	2.6%
Public	32.4%

Consensus

EPS	12E	13F
Consensus (Rp)	45	51
TRIM VS Cons (%)	9.6	20.0

Stock Price



Total Bangun Persada Well-Managed Construction

Tapping into highest construction margin, Total Bangun Persada develops itself confidently with high potential upside from order book capacity through its synergy and consumer diversification. Total also is in early stage of doing the property business and intended to growing its property arm going forward. Total Bangun Persada valuation already priced-in, our TP arrived at Rp560/share, reflects its historical average at 11.2x 2012 PE.

Improving its Construction Business

Total Bangun Persada has been transforming into highest margin construction business as the adaptation toward rising raw material cost and FY08 3% final tax implementation through direct contract scheme, rising the net profit margin from 1% in FY07 to 10% in FY11. Total Bangun Persada has 73% revenue contribution from the loyal customers that use the direct contract scheme. Going forward, Total Bangun Persada will also diversify its customers and its business.

In Building Capacity

Total Bangun Persada still in building people as the rising industry demand. Hence, combined with company's D/E at 0, Total Bangun have an ample to increase its order book capacity in this synergy, going forward.

Into Property Business

Property business with 10-15% bottom line margin, expected to tap in Rp25bn or 16% additional in net profit in FY12. The current project portfolios are the Ramada Sakala Condotel and GKM Office Tower in South Jakarta. Hence, to add more property business in the pipeline, Total Bangun Persada already allocated Rp100bn to buy new land for new property project.

Already Priced-In

Total Bangun Persada fundamental story in FY12 is likely to continue but we expect a slight lower margin. The impact from increase in fuel price could affect the margin. Our concern also the direct contract targets in FY12 lower than FY11 for 5% to 32% direct contract. Our DCF valuation arrived at Rp800/share, reflect 15x 2012 PE. However, as we use PE basis at 11.2x 2012 PE, as its historical average, the price arrived at Rp560, NEUTRAL.

Forecast & Rating

Year end Dec	2010	2011	2012E	2013F	2014F
Net Profit (Rpbn)	81	123	169	208	224
EPS (Rp)	24	36	50	61	66
EPS Growth (%)	25.2	52.4	37.7	22.6	7.6
DPS (Rp)	6	6	14	20	30
BVPS (Rp)	164	186	243	284	320
P/E (x)	10.8	7.9	11.2	11.0	11.0
P/BV (x)	1.6	1.5	2.3	2.4	2.3
Div Yield (%)	2.4	2.0	2.6	3.0	4.2

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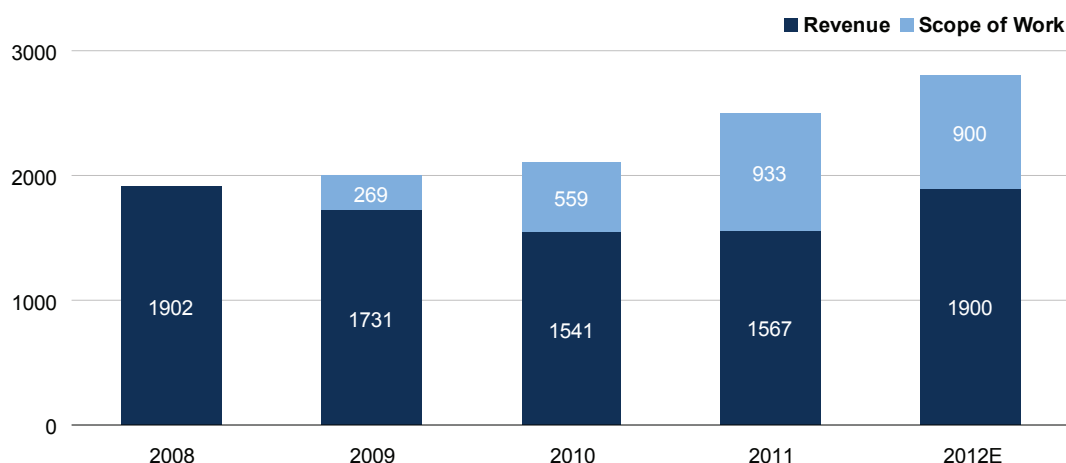
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Fastest Rebound

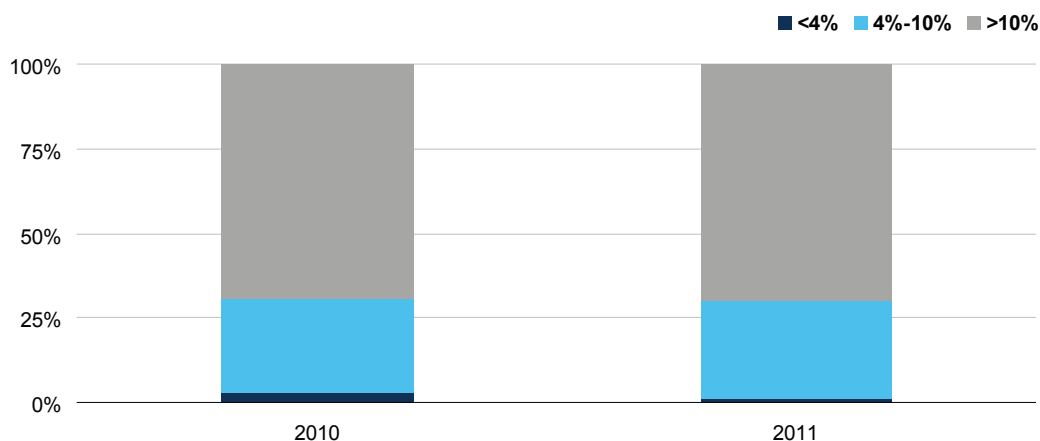
Total Bangun Persada is the only listed contractor that has the fastest turnaround story after the FY08 final tax regulation. New method is introduced, by using direct contract method. Using this scheme, the margin kept high by passing on the rising on important raw material to the consumer, also allowing Total for quoting margin for 2% rate management fee. Total Bangun Persada also improves its efficiency and minimizes waste to improve 1% margin.

Revenue through New Scheme...



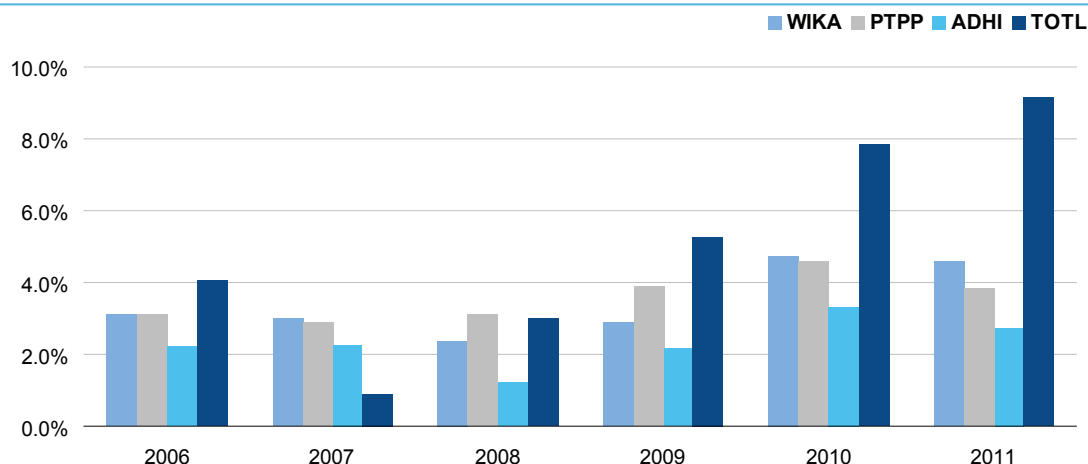
Source: Company

...Make Higher Gross Margin..



Source: Company

...Resulting in Highest Rebound Net Margin



Source: Company

Into More Diversify Customers

Total Bangun Persada has around several loyal customers, including several well-known property developers such as Agung Podomoro Land, Intiland Development, Para Group. Total Bangun Persada also sharpening its customer experience excellence program in order for maintaining the consumer loyalty. These loyal customers, contribute 73% to total revenue in FY11, also keep Total Bangun Persada to have high margin as the direct contract usually held with the loyal-good administration companies. Currently, Total Bangun Persada still focusing on high rise building construction but already doing the civil works of several factories and power plant. Going forward, Total Bangun Persada will explore more into factory and power plant construction.

2012 Update: Already Secured 78% Revenue

Total Bangun Persada already secured 78% of its FY12 revenue target in Rp1.9tr with new contract signed reached Rp416.6bn or 23% to total target new order book at Rp1.8tr in 1Q12.

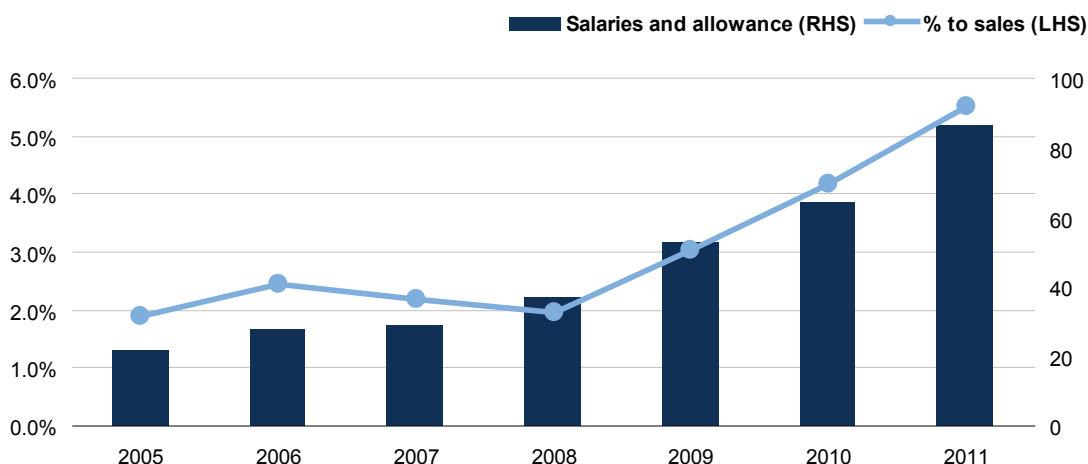
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Building People

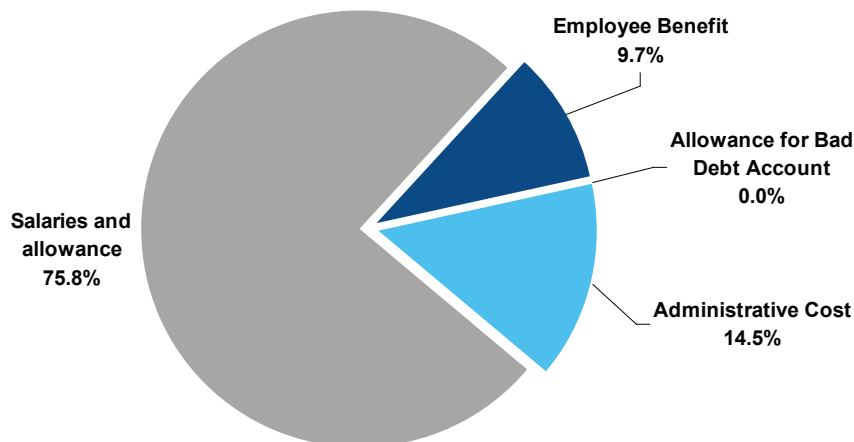
The employee cost increased to 6% to sales, a 4% increase in 3yr. The rising cost mainly due to the increasing scope of work and labor preparation in-line with the rising industry demand. The result will appear in the next few years, enable it to grow faster.

Employee Cost



Source: Company

Operating Cost Breakdown



Source: Company

Potential Synergy: An Upside Potential

Total Bangun Persada hasn't used any debt yet as the management prudent concern. We, however, believe that the leverage added to the skilled labor will create a synergy to have bigger order book and revenue. This synergy remains an upside potential for Total Bangun Persada.

Into Property Business

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Ramada Sakala Resort, Tanjung Benoa Bali

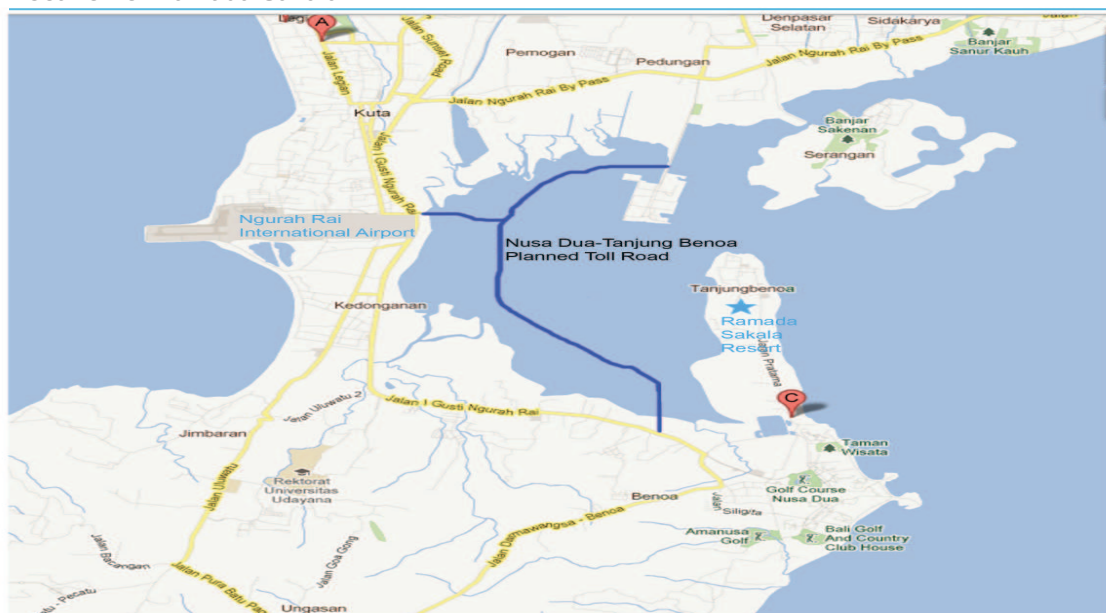
Ramada Sakala condotel, 55% owned project, already in construction stage and planned to be finish in mid-13 and able to contribute 10% to total revenue since 3Q12. There are 240 units to be sold with ASP around Rp1.4mn-Rp4mn/unit, will be operated by Ramada group. Furthermore, the construction on Tanjung Benoa-Nusa Dua toll road by Jasa Marga that expected to be delivered in FY13 will be a strong catalyst for the condotel. Currently, the Ramada Sakala already operates a restaurant, to attract the tourists and potential buyers.

Ramada Sakala Project



Source: Company

Location of Ramada Sakala



Source: Company, TRIM Research

Green Concept Office Tower

Taking part as a minority, 49% ownership, the green concept office tower in T.B. Simatupang, Southern Jakarta, is targeting the expatriates. Total areas 22ksqm with half of it will be sold and half will be for lease as a recurring income. Groundbreaking already begin in Dec'11 and expected to be done in mid-13.

Already Priced-In

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Income Statement (Rpbn)

Year end 31 Dec	2010	2011	2012E	2013F	2014F
Revenue	1,541	1,569	1,957	2,064	2,225
% growth	(10.9)	1.8	24.7	5.5	7.8
Gross Profit	196	244	303	329	354
Opr Profit	101	139	156	174	187
EBITDA	170	214	242	274	301
% growth	10.8	25.7	13.2	13.0	9.8
Net Int Inc/(Exp)	20	29	46	60	67
Gain/(loss) Forex	1	0	-	-	-
Other Inc/(Exp)	4	5	1	1	1
Pre-tax Profit	127	173	203	234	255
Tax	(46)	(49)	(58)	(62)	(66)
Minority Int.	0	(1)	-	-	-
Extra. Items	-	-	-	-	-
Net Profit	81	123	169	208	224
% growth	55.2	52.4	37.7	22.6	7.6

Balance Sheet (Rpbn)

Year end 31 Dec	2010	2011	2012E	2013F	2014F
Cash and Deposits	607	796	967	1,130	1,217
Other Current Assets	759	809	929	992	1,064
Net Fixed Assets	61	84	105	128	147
Other Assets	163	208	308	308	358
Total Assets	1,589	1,897	2,309	2,558	2,786
ST Debt					
Other Current Liabilities	907	1,143	1,334	1,436	1,535
LT Debt					
Other LT Liabs	82	80	94	98	103
Minority Interest	42	40	50	53	57
Total Liabilities	989	1,224	1,428	1,534	1,638
Shareholder's Equity	558	633	830	970	1,090
Net Debt/(Cash)	(488)	(661)	(967)	(1,130)	(1,217)
Net Working capital	70	161	84	43	33

Cash Flow (Rpbn)

Year end 31 Dec	2010	2011	2012E	2013F	2014F
Net Profit	81	123	169	208	224
Depr/Amort	(7)	(11)	(9)	(13)	(13)
Others	-	-	-	-	-
Chg in Opr Ass&Liab	69.8	161.0	84.1	43.4	32.9
CF's from Oprs	143.6	273.4	245.0	237.9	243.3
Capex	2	(12)	(12)	(9)	(6)
Others	-	-	-	-	-
CF's from Investing	8	(14)	(102)	(6)	(52)
Net Change in Debt	-	-	-	-	-
Others	(18)	(58)	27	(68)	(104)
CF's from Financing	(18)	(58)	27	(68)	(104)
Net Cash Flow	133	202	170	164	87
Cash at BoY	500	633	835	1,005	1,169
Cash at EoY	633	835	1,005	1,169	1,256
Free Cashflow	154	248	131	223	185

Key Ratio Analysis

Year end 31 Dec	2010	2011	2012E	2013F	2014F
Profitability					
Gross Margins (%)	12.7	15.6	15.5	15.9	15.9
Op Margins (%)	6.6	8.8	8.0	8.4	8.4
EBITDA Margins (%)	11.1	13.6	12.4	13.3	13.5
Net Margins (%)	5.2	7.8	8.7	10.1	10.1
ROE (%)	15.4	20.7	23.2	23.1	21.7
ROA (%)	5.6	7.1	8.1	8.5	8.4
Stability					
Current Ratio (x)	1.5	1.4	1.4	1.5	1.5
Net Debt/Equity (x)	-	-	-	-	-
Int Coverage (x)	174.6	253.4	284.7	317.8	342.4
Efficiency					
A/P days	15	15	15	15	15
A/R days	46	41	41	41	41
Inventory Days	-	317	317	317	317

Interim Result (Rpbn)

	4Q10	1Q11	2Q11	3Q11	4Q11
Sales	470	411	352	343	463
Gross Profit	66	67	55	50	72
Operating Profit	31	42	31	25	41
Net Profit	27	30	31	22	42
Gross Margins (%)	14.0	16.3	15.7	14.6	15.6
Opr Margins (%)	6.6	10.3	8.8	7.2	8.8
Net Margins (%)	5.8	7.3	8.7	6.4	9.1

Capital History

Date	
1-Jul-06	IPO @ Rp345
28-Jun-10	Bonus share 100:24

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