

# Acset Indonusa (ACST IJ)

Share Price: IDR2,250

MCap (USD): 99M

Indonesia

Target Price: IDR2,700(+20%)

ADTV (USD): 0.1M

Construction

**BUY**

(Unchanged)

## Strong 2013 results

- Maintain BUY with unchanged TP of IDR2,700 as FY13 earnings 10% above our forecast.
- FY13 operating margin expands to 15.1% from 11.2% on higher contribution from more profitable foundation business.
- Strong growth in carry over projects to underpin 23.4% YoY earnings growth in FY14.

### What's New

Acset Indonusa reported strong FY13 earnings growth of 90% YoY to IDR99b, 10% above our previous earnings forecast. Higher than expected net profit was mainly driven by a higher contribution to the top line from its foundation business (37% in FY13 vs. 23.4% in FY12). The foundation business had a 30-35% gross margin compared to 10-12% average for general construction. As a result, FY13 operating margin expanded to 15.1% from 11.2% in FY12.

### What's Our View

We raise our 2013 earnings to reflect the actual results, but keep our 2014-2015 earnings intact. Despite a lower growth forecast on fewer new project awards in 2014F due to slower property development in the private sector, ACST has strong carry over project growth of 49% YoY. This will be more than enough to offset the slowdown, paving the way for earnings to grow 23.4% YoY in 2014. In addition, the continued high contribution from the foundation unit is likely to assure stable high margin going forward.

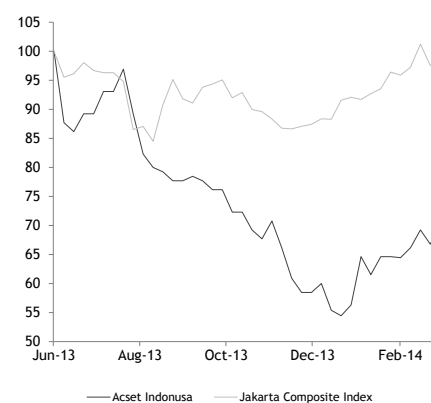
ACST is currently the cheapest in the sector, trading at 9.2x FY14 PE, 50% discount to its domestic peers. With solid 2014F-2015F earnings CAGR of 20%, maintain BUY with unchanged TP of IDR2,700, translating to 11x FY14 PE.

FYE Dec (IDR bn)	FY12A	FY13A	FY14E	FY15E	FY16E
Revenue	669.9	1,014.5	1,279.6	1,477.3	1,736.7
EBITDA	49.9	118.2	143.7	167.4	199.8
Core net profit	52.3	99.4	122.6	144.5	173.1
Core EPS (IDR)	105	199	245	289	346
Core EPS growth (%)	43.4	89.8	23.4	17.9	19.8
Net DPS (IDR)	0	0	0	0	0
Core P/E (x)	21.5	11.3	9.2	7.8	6.5
P/BV (x)	5.2	2.0	1.7	1.4	1.1
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
ROAE (%)	27.3	25.5	19.7	19.2	19.0
ROAA (%)	9.4	9.7	8.4	8.3	8.4
EV/EBITDA (x)	na	0.5	0.5	0.2	nm
Net debt/equity (%)	15.7	9.6	9.5	3.6	net cash

### Key Data

52w high/low (IDR)	na/na
Free float (%)	31.0
Issued shares (m)	500
Market capitalization	IDR1.1T
Major shareholders:	
-Cross Plus Indonesia	38%
-Loka Cipta Kreasi	30%

### Share Price Performance



	1 Mth	3 Mth	12 Mth
Absolute(%)	9.8	17.8	na
Relative to index (%)	5.2	4.7	na

### Maybank vs Market

	Positive	Neutral	Negative
Market Recs	1	0	0
	Maybank Consensus		% +/-
Target Price (IDR)	2,700	2,700	0.0
2014 PATMI (IDRbn)	123	122	0.6
2015 PATMI (IDRbn)	144	144	0.1

Source: FactSet; Maybank

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Figure 1: ACST FY13 financial results

IDRb				4Q13/4Q 2013/2013			
	12M13	12M12	% YoY	4Q12	4Q13	12	F-MKE
Revenue	1,015	670	51	285	425	49.0	100.9
COGS	(807)	(554)	46	(238)	(338)	42.3	99.0
Gross profit	208	116	80	47	86	82.5	108.8
JO	-	-	-	-	-	-	-
Gross profit after JO	208	116	80	47	86	82.5	108.8
Opex	(55)	(40)	36	(13)	(17)	29.6	80.1
Operating profit	153	75	104	34	70	102.3	124.8
Interest income	2	2	(2)	0	1	41.1	16.5
Interest expense	(18)	(7)	159	(3)	(5)	66.8	176.5
Forex gain (Loss)	-	-	-	-	-	-	-
Others	(7)	2	(514)	(0)	(0)	(35.2)	919.1
Pre-tax profit	130	72	80	32	65	106.0	103.8
Tax expense	(31)	(20)	53	(8)	(13)	51.9	87.9
Minority interest	0	0	816	0	0	1,029.8	916.4
Net profit	99	52	90	23	52	126.2	110.1
<b>Margin (%)</b>							
Gross margin	20.5	17.2		16.6	20.3		
Gross margin after JO	20.5	17.2		16.6	20.3		
Operating margin	15.1	11.2		12.1	16.4		
Pre-tax margin	12.8	10.8		11.1	15.3		
Net profit margin	9.8	7.8		8.1	12.3		

Source: Company, Maybank KE

Figure 2: Earnings revisions

	Previous			New			Changes		
	2013F	2014F	2015F	2013F	2014F	2015F	2013F	2014F	2015F
Revenue	1,005	1,280	1,477	1,015	1,280	1,477	0.9	-	-
Gross profit	191	256	295	208	256	295	8.8	-	-
Gross margin (%)	19.0	20.0	20.0	20.5	20.0	20.0			
Operating profit	123	157	182	153	186	217	24.8	18.6	19.2
Operating margin (%)	12.2	12.3	12.3	15.1	14.5	14.7			
Net profit	90	122	144	99	123	144	10.1	0.6	0.1
Net margin (%)	17.2	18.7	18.8	9.8	9.6	9.8			

Source: Company, Maybank KE

FYE 31 Dec (IDR bn)	FY12A	FY13A	FY14E	FY15E	FY16E
<b>Key Metrics</b>					
P/E (reported) (x)	21.5	11.3	9.2	7.8	6.5
Core P/E (x)	21.5	11.3	9.2	7.8	6.5
P/BV (x)	5.2	2.0	1.7	1.4	1.1
P/NTA (x)	5.2	2.0	1.7	1.4	1.1
Net dividend yield (%)	0.0	0.0	0.0	0.0	0.0
FCF yield (%)	nm	nm	nm	2.8	4.1
EV/EBITDA (x)	na	0.5	0.5	0.2	nm
EV/EBIT (x)	na	0.4	0.4	0.1	nm
<b>Income Statement</b>					
Revenue	669.9	1,014.5	1,279.6	1,477.3	1,736.7
Gross profit	115.5	207.9	255.9	295.5	347.3
EBITDA	49.9	118.2	143.7	167.4	199.8
Depreciation	0.0	0.0	0.0	0.0	0.0
Amortisation	0.0	0.0	0.0	0.0	0.0
EBIT	75.2	153.1	186.0	217.0	255.9
Net interest income / (exp)	(4.6)	(15.7)	(17.9)	(20.3)	(22.9)
Associates & JV	0.0	0.0	0.0	0.0	0.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Other pretax income	1.9	(7.4)	(6.0)	(8.0)	(8.0)
Pretax profit	72.4	130.0	162.1	188.6	225.0
Income tax	(20.1)	(30.8)	(39.7)	(44.3)	(52.1)
Minorities	0.0	0.1	0.1	0.1	0.1
Reported net profit	52.3	99.4	122.6	144.5	173.1
Core net profit	52.3	99.4	122.6	144.5	173.1
<b>Balance Sheet</b>					
Cash & Short Term Investments	65.0	48.7	64.2	120.9	199.4
Property, Plant & Equip (net)	134.6	220.8	243.5	273.1	289.7
Intangible assets	0.0	0.0	0.0	0.0	0.0
Investment in Associates & JVs	0.0	0.0	0.0	0.0	0.0
Other assets	555.2	1,028.8	1,295.5	1,493.9	1,754.1
Total assets	754.8	1,298.4	1,603.1	1,887.9	2,243.2
ST interest bearing debt	94.2	85.4	107.7	124.4	146.2
LT interest bearing debt	5.0	16.9	21.1	26.4	33.0
Other liabilities	437.3	635.6	792.4	910.8	1,064.5
Total Liabilities	536.6	737.9	921.2	1,061.6	1,243.7
Shareholders Equity	217.9	560.2	681.7	826.1	999.2
Minority Interest	0.3	0.3	0.3	0.3	0.3
Total shareholders equity	218.2	560.4	681.9	826.4	999.4
<b>Cash Flow</b>					
Pretax profit	72.4	130.0	162.1	188.6	225.0
Depreciation & amortisation	(25.2)	(34.9)	(42.3)	(49.6)	(56.1)
Adj net interest (income)/exp	0.0	0.0	0.0	0.0	0.0
Change in working capital	(0.9)	24.8	5.7	5.0	5.5
Cash taxes paid	(20.1)	(30.8)	(39.7)	(44.3)	(52.1)
Other operating cash flow	0.0	0.0	0.0	0.0	0.0
Cash flow from operations	49.3	(150.3)	66.9	131.3	146.3
Capex	(71.8)	(133.1)	(80.1)	(100.1)	(100.1)
Free cash flow	(22.5)	(283.4)	(13.1)	31.3	46.2
Dividends paid	(0.1)	0.0	0.0	0.0	0.0
Equity raised / (purchased)	0.0	241.8	0.0	0.0	0.0
Change in Debt	68.7	22.1	28.4	23.9	30.7
OTH investing/financing cash flow	(1.5)	3.3	0.2	1.5	1.6
Effect of exch rate changes	0.0	1.1	(1.1)	0.0	0.0
Net cash flow	44.6	(15.2)	14.4	56.7	78.5

FYE 31 Dec (IDR bn)	FY12A	FY13A	FY14E	FY15E	FY16E
<b>Key Ratios</b>					
<b>Growth ratios (%)</b>					
Revenue growth	56.1	51.4	26.1	15.5	17.6
EBITDA growth	61.2	136.7	21.6	16.5	19.4
EBIT growth	50.9	103.7	21.5	16.7	18.0
Pretax growth	46.8	79.6	24.6	16.4	19.3
Reported net profit growth	43.4	89.8	23.4	17.9	19.8
Core net profit growth	43.4	89.8	23.4	17.9	19.8
<b>Profitability ratios (%)</b>					
EBITDA margin	7.5	11.6	11.2	11.3	11.5
EBIT margin	11.2	15.1	14.5	14.7	14.7
Pretax profit margin	10.8	12.8	12.7	12.8	13.0
Payout ratio	0.0	0.0	0.0	0.0	0.0
<b>DuPont analysis</b>					
Net profit margin (%)	7.8	9.8	9.6	9.8	10.0
Revenue/Assets (x)	0.9	0.8	0.8	0.8	0.8
Assets/Equity (x)	3.5	2.3	2.4	2.3	2.2
ROAE (%)	27.3	25.5	19.7	19.2	19.0
ROAA (%)	9.4	9.7	8.4	8.3	8.4
<b>Liquidity &amp; Efficiency</b>					
Cash conversion cycle	nm	nm	nm	nm	nm
Days receivable outstanding	50.7	62.0	68.1	70.8	70.2
Days inventory outstanding	nm	nm	nm	nm	nm
Days payables outstanding	57.1	74.4	84.0	87.6	86.9
Dividend cover (x)	nm	nm	nm	nm	nm
Current ratio (x)	1.2	1.5	1.5	1.6	1.6
<b>Leverage &amp; Expense Analysis</b>					
Asset/Liability (x)	1.4	1.8	1.7	1.8	1.8
Net debt/equity (%)	15.7	9.6	9.5	3.6	net cash
Net interest cover (x)	16.3	9.8	10.4	10.7	11.2
Debt/EBITDA (x)	2.0	0.9	0.9	0.9	0.9
Capex/revenue (%)	10.7	13.1	6.3	6.8	5.8
Net debt/ (net cash)	34.3	53.6	64.6	29.9	(20.2)

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