

Inta Bina Group Berhad

Dragged by MCO

TP: RM0.225 (+4.7%)

Last Traded: RM0.215

HOLD

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Results Review

- INTA 1QFY20 net profit of RM3.0mn came in within expectation, accounting for 44.0% of our full-year estimate. We expect a weak 2Q20 as construction works at its project sites were suspended during Movement Control Order (MCO) period.
- YoY, 1Q20 net profit almost halved to RM3.0mn as revenue decreased by 32.8% to RM66.2mn. The lower billing for the quarter under review was due to MCO implemented from 18 March 2020.
- On a sequential basis, gross margin normalised to double digit margin (11.8%) from 7.2% a quarter ago, largely due to revision of profit margin for certain projects. Boosted by the rebound in margin, INTA was able to maintain its 1Q20 net profit at RM3.0mn despite the revenue was 27.6% lower at RM66.2mn.
- Its net cash position eased from RM54.6mn a quarter ago to RM43.0mn.

Impact

- Maintain FY20 to FY22 earnings forecasts.

Outlook

- Its outstanding order book stood at RM509mn as of end-March 2020, translating into 1.2x FY19 revenue.
- Going forward, INTA intends to take on larger tender in the construction of affordable housing, as well as exploring opportunity to diversify into infrastructure sector.

Valuation

- Maintain our target price at **RM0.225**, based on unchanged 8xCY21 earnings. We revise our call from Buy to **Hold** given the reduced potential upside in the stock return.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	535.3
Market Cap (RMmn)	115.1
52-wk Hi/Lo (RM)	0.31/0.15
12-mth Avg Daily Vol ('000 shrs)	1234.7
Estimated Free Float (%)	22.7
Beta	1.33

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	34.48
Ahmad bin Awi	12.60
Lim Ooi Joo	9.16
Teo Hock Choon	8.84

Forecast Revision

	FY20	FY21
Forecast Revision (%)	-	-
Net profit (RMmn)	6.9	15.0
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Downgraded)	

Financial Indicators

	FY20	FY21
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	2.3	(3.3)
Price / CFPS (x)	9.5	(6.5)
ROA (%)	2.1	4.7
NTA/Share (RM)	26.6	28.7
Price/NTA (x)	0.8	0.8

Scorecard

	% of FY	
vs. TA	44.0	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	4.9	3.9
3 mth	26.5	12.7
6 mth	(20.4)	(6.9)
12 mth	(24.6)	(11.0)

(12-Mth) **Share Price** relative to the **FBMKLCI**



Source: Bloomberg

Table 1: Earnings Summary (RMmn)

FYE Dec (RMmn)	2018	2019	2020F	2021F	2022F
Revenue	383.1	411.6	290.0	375.0	401.0
Gross profit	39.5	43.8	23.2	33.8	40.1
EBITDA	36.0	39.9	19.6	30.2	36.0
EBITDA margin (%)	9.4	9.7	6.8	8.0	9.0
EBIT	29.2	31.7	11.2	21.8	27.6
Reported PBT	27.5	29.8	9.4	20.4	26.0
Core PBT	27.5	29.8	9.4	20.4	26.0
Reported net profit	21.2	22.4	6.9	15.0	19.1
Core profit	21.2	22.4	6.9	15.0	19.1
Core EPS (sen)	4.0	4.2	1.3	2.8	3.6
PER (x)	5.4	5.1	16.6	7.7	6.0
Gross dividend (sen)	0.8	1.0	0.3	0.8	1.0
Dividend yield (%)	3.5	4.7	1.2	3.5	4.7
ROE (%)	19.2	17.4	5.0	10.1	11.9

Table 2: IQFY20 Results Analysis (RMmn)

FYE Dec	1Q19	4Q19	1Q20	QoQ (%)	YoY (%)	3MFY19	3MFY20	YoY (%)
Revenue	98.6	91.4	66.2	(27.6)	(32.8)	98.6	66.2	(32.8)
Operating profit	8.4	4.5	4.5	1.8	(45.7)	8.4	4.5	(45.7)
Finance cost	(0.4)	(0.6)	(0.5)	(16.7)	31.5	(0.4)	(0.5)	31.5
Profit before taxation	8.0	3.9	4.1	4.5	(49.2)	8.0	4.1	(49.2)
Core PBT	8.0	3.9	4.1	4.5	(49.2)	8.0	4.1	(49.2)
Income tax expense	(2.0)	(0.9)	(1.0)	13.2	(49.2)	(2.0)	(1.0)	(49.2)
Net profit	6.0	3.0	3.0	1.9	(49.2)	6.0	3.0	(49.2)
Core net profit	6.0	3.0	3.0	1.9	(49.2)	6.0	3.0	(49.2)
Reported EPS (sen)*	1.1	0.6	0.6	1.8	(49.1)	1.1	0.6	(49.1)
Core EPS (sen)*	1.1	0.6	0.6	1.8	(49.1)	1.1	0.6	(49.1)
Dividend (sen)	0.0	0.5	0.0	(100.0)	na	0.0	0.0	na
Margin (%):								
- Operating	8.5	4.9	6.8	2.0	(1.6)	8.5	6.8	(1.6)
- Core PBT	8.1	4.2	6.1	1.9	(2.0)	8.1	6.1	(2.0)
- PAT	6.1	3.3	4.6	1.3	(1.5)	6.1	4.6	(1.5)
- Effective tax rate	25.0	23.1	25.0	1.9	(0.0)	25.0	25.0	(0.0)

Stock Recommendation Guideline

- BUY** : Total return within the next 12 months exceeds required rate of return by 5%-point.
HOLD : Total return within the next 12 months exceeds required rate of return by between 0-5%-point.
SELL : Total return is lower than the required rate of return.
Not Rated: The company is not under coverage. The report is for information only.

Total Return is defined as expected share price appreciation plus gross dividend over the next 12 months. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Required Rate of Return of 7% is defined as the yield for one-year Malaysian government treasury plus assumed equity risk premium.

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As of Friday, June 26, 2020, the analyst, Ooi Beng Hooi, who prepared this report, has interest in the following securities covered in this report:
(a) nil

Kaladher Govindan – Head of Research

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