

Inta Bina Group Berhad

Proposes Private Placement

TP: RM0.395 (+19.7%)

Last Traded: RM0.33

BUY

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Proposed Private Placement of up to 10% of Issued Shares

INTA has proposed to undertake a private placement of up to 10% of its issued shares.

The issue price of the placement shares shall be determined later, at a discount of not more than 10% to the 5-day volume weighted average market price.

Based on an indicative issue price of RM0.33/share, the private placement is expected to raise gross proceeds of up to RM17.7mn, to be utilised in the following manner:

Utilisation of proceeds	Amount (RM'mn)	Timeframe
Capital expenditure	6.000	Within 12 to 24 months
General working capital	11.064	Within 12 months
Estimated expenses for the proposed private placement	0.600	Within 1 month
TOTAL	17.664	

Of the RM6.0mn budgeted for capital expenditure, half of the amount is intended for purchase of aluminium system formwork while the remaining RM3.0mn is for acquisition of machinery and equipment such as tower crane, telehandler, backhoe, climbing platform and accessories.

Our View

We are neutral on the proposed private placement. While there will be dilution to the earnings per share in the near term, the proceeds to be raised are allocated for expansion of its operation and to strengthen its working capital.

The rollout of Bandar Malaysia is seen as a rerating catalyst for the builders. The catalytic development, with an estimated GDV of RM140bn, and to be developed over 20 years, is the biggest ever development in Malaysia.

As such, the proposed fund raising exercise could be timely to prepare the group for various upcoming opportunities.

Impact

As property developers resume procurement of construction services post-Movement Control Order, coupled with the group active participation in tender for new contracts, we raise FY20 order book replenishment assumption from RM300mn to RM450mn. Together with the impact from the proposed private placement, we raise FY21 and FY22 earnings forecast by 15.9% and 14.0% respectively.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	535.3
Market Cap (RMmn)	176.6
52-wk Hi/Lo (RM)	0.40/0.15
12-mth Avg Daily Vol ('000 shrs)	1883.4
Estimated Free Float (%)	22.7
Beta	1.3

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 (%)	-	15.9
Net profit (RMmn)	6.9	19.3
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	

Financial Indicators

	FY20	FY21
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	(5.3)	2.4
Price / CFPS (x)	(6.3)	13.8
ROA (%)	2.0	5.4
NTA/Share (sen)	29.9	29.7
Price/NTA (x)	1.1	1.1

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	32.0	(4.5)
3 mth	50.0	(0.1)
6 mth	100.0	19.5
12 mth	22.2	(5.5)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Valuation

We raise the target price from RM0.375 to **RM0.395**, based on unchanged 12x CY21 EPS. Reiterate **BUY**.

Earnings Summary (RMmn)

Profit & Loss (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
Revenue	383.1	411.6	290.0	440.0	466.0
EBITDA	36.0	39.9	19.6	39.0	45.5
Depreciation	(6.8)	(8.2)	(8.4)	(11.4)	(11.4)
EBIT	29.2	31.7	11.2	27.6	34.1
Finance cost	(1.7)	(1.9)	(1.8)	(1.3)	(1.6)
PBT	27.5	29.8	9.4	26.3	32.5
Taxation	(6.3)	(7.4)	(2.5)	(7.0)	(8.6)
Net profit	21.2	22.4	6.9	19.3	23.9
Core profit	21.2	22.4	6.9	19.3	23.9
GDPS (sen)	0.8	1.0	0.3	0.8	1.0
Div Yield (%)	2.3	3.0	0.8	2.3	3.0

Cash Flow (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
PBT	27.5	29.8	9.4	26.3	32.5
Adjustments	5.3	8.9	10.2	12.7	13.0
Changes in WC	(18.6)	(11.2)	(26.6)	(4.0)	(29.0)
Interest & tax	(6.7)	(6.8)	(2.5)	(7.0)	(8.6)
Operational cash flow	7.4	20.7	(9.5)	28.0	7.9
Capex	(13.8)	(4.3)	(8.0)	(8.0)	(8.0)
Others	(0.1)	(0.4)	(5.0)	(5.0)	(5.0)
Investment cash flow	(13.9)	(4.8)	(13.0)	(13.0)	(13.0)
Debt raised/(repaid)	16.5	5.4	(20.2)	4.8	4.8
Dividend	0.0	(6.7)	(1.3)	(4.4)	(5.9)
Others	0.5	(8.4)	15.9	(1.3)	(1.6)
Financial cash flow	17.0	(9.7)	(5.6)	(0.9)	(2.7)
Net cash flow	10.5	6.3	(28.1)	14.1	(7.8)
Beginning cash	1.3	11.8	18.0	(10.1)	4.0
Ending cash	11.8	18.0	(10.1)	4.0	(3.8)
Adjustments	33.5	42.1	42.1	42.1	42.1
Cash	45.3	60.1	32.0	46.1	38.3

Assumptions (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
New job wins	470	369	450	450	500

Balance Sheet (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
Fixed assets	27.1	23.9	23.9	20.9	17.9
Others	28.0	28.0	32.6	37.2	41.8
NCA	55.2	51.9	56.5	58.1	59.7
Cash	45.3	60.1	32.0	46.1	38.3
Receivables	228.4	213.7	203.0	242.0	279.6
Others	33.4	34.1	29.0	44.0	46.6
CA	307.1	307.9	264.0	332.1	364.5
Total assets	362.3	359.8	320.5	390.2	424.1
ST borrowings	24.4	31.0	10.8	10.6	10.4
Payables	166.6	156.2	116.0	154.0	163.1
Other liabilities	39.9	26.3	24.1	36.1	38.2
CL	230.9	213.5	150.9	200.7	211.7
Shareholders' funds	121.1	136.8	160.1	175.0	193.0
LT borrowings	10.1	8.9	8.9	13.9	18.9
Other LT liabilities	0.3	0.6	0.6	0.6	0.6
Total capital	362.3	359.8	320.5	390.2	424.1

Ratio

YE Dec 31	2018	2019	2020F	2021F	2022F
EBITDA Margins (%)	9.4	9.7	6.8	8.9	9.8
Core EPS (sen)	4.0	4.2	1.3	3.3	4.1
EPS Growth (%)	5.6	5.8	(69.2)	153.8	23.6
PER (x)	8.3	7.9	25.5	10.1	8.1
GDPS (sen)	0.8	1.0	0.3	0.8	1.0
Div Yield (%)	2.3	3.0	0.8	2.3	3.0
Net cash (RMmn)	10.8	20.2	12.3	21.6	9.0
Net gearing (%)	net cash	net cash	net cash	net cash	net cash
ROE (%)	19.2	17.4	4.7	11.5	13.0
ROA (%)	6.9	6.2	2.0	5.4	5.9
NTA (sen)	22.6	25.6	29.9	29.7	32.8
P/NTA(x)	1.5	1.3	1.1	1.1	1.0

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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 Wednesday, September 23, 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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