

Inta Bina Group Berhad

Strikes Jackpot!

TP: RM0.53 (+49.3%)

Last Traded: RM0.355

BUY

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Huge job wins totaling RM497mn

INTA has secured 2 building projects from Eco Sanctuary Sdn Bhd and Eco Ardence Sdn Bhd, each being a subsidiary and a JV company of Eco World Development Group Bhd respectively.

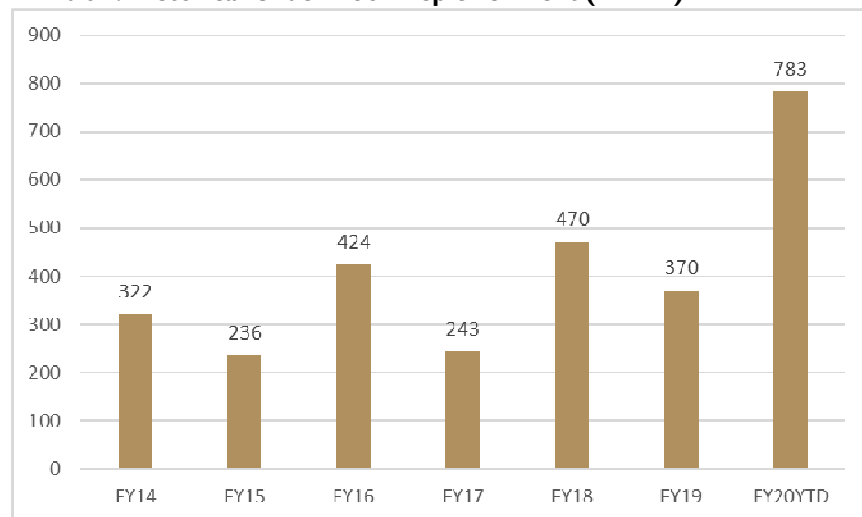
The contracts are to design and build (civil, structural and M&E) for main building works at Eco Sanctuary and Eco Ardence townships. The former carries a contract sum of RM184.2mn while the latter having a higher contract sum of RM312.3mn.

Both projects will commence simultaneously on 1 October 2020 and are to be completed within a period of 33 months.

Our View

The job wins will bump up INTA's YTD job wins to RM783mn, setting a new record for its annual job wins, and boost its outstanding order book to an all-time high of about RM1.1bn, equivalent to 2.7x FY19 revenue.

Exhibit I: Historical Order Book Replenishment (RMmn)



Source: Company, TA Research

Impact

Subsequent to the sizeable job wins, we raise FY20 order book replenishment assumption from RM450mn to RM800mn, and raise FY20/FY21/FY22 earnings forecasts by 8.5%/34.3%/30.8% respectively.

Valuation

Following the earnings upgrade, we raise the target price from RM0.395 to **RM0.53**, based on unchanged 12x CY21 EPS. Maintain **BUY**.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	535.3
Market Cap (RMmn)	190.0
52-wk Hi/Low (RM)	0.40/0.15
12-mth Avg Daily Vol ('000 shrs)	2052.4
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 (%)	8.5	34.3
Net profit (RMmn)	7.5	25.9
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	

Financial Indicators

	FY20	FY21
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	(2.9)	(2.4)
Price / CFPS (x)	(12.1)	(14.8)
ROA (%)	2.2	6.8
NTA/Share (sen)	30.0	30.9
Price/NTA (x)	1.2	1.1

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	44.9	(1.1)
3 mth	65.1	(0.6)
6 mth	115.2	13.8
12 mth	34.0	(5.3)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Earnings Summary (RMmn)
Profit & Loss (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
Revenue	383.1	411.6	300.0	540.0	566.0
EBITDA	36.0	39.9	20.4	47.0	54.5
Depreciation	(6.8)	(8.2)	(8.4)	(10.4)	(10.4)
EBIT	29.2	31.7	12.0	36.6	44.1
Finance cost	(1.7)	(1.9)	(1.8)	(1.3)	(1.6)
PBT	27.5	29.8	10.2	35.3	42.5
Taxation	(6.3)	(7.4)	(2.7)	(9.3)	(11.3)
Net profit	21.2	22.4	7.5	25.9	31.2
Core profit	21.2	22.4	7.5	25.9	31.2
GDPS (sen)	0.8	1.0	0.3	0.8	1.0
Div Yield (%)	2.1	2.8	0.7	2.1	2.8

Cash Flow (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
PBT	27.5	29.8	10.2	35.3	42.5
Adjustments	5.3	8.9	10.2	11.7	12.0
Changes in WC	(18.6)	(11.2)	(14.8)	(37.8)	(5.7)
Interest & tax	(6.7)	(6.8)	(2.7)	(9.3)	(11.3)
Operational cash flow	7.4	20.7	2.9	(0.1)	37.5
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	(15.7)	(14.1)	21.8
Beginning cash	1.3	11.8	18.0	2.3	(11.8)
Ending cash	11.8	18.0	2.3	(11.8)	10.0
Adjustments	33.5	42.1	42.1	42.1	42.1
Cash	45.3	60.1	44.4	30.3	52.1

Assumptions (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
New job wins	470	369	800	450	500

Balance Sheet (RMmn)

YE Dec 31	2018	2019	2020F	2021F	2022F
Fixed assets	27.1	23.9	23.9	21.9	19.9
Others	28.0	28.0	32.6	37.2	41.8
NCA	55.2	51.9	56.5	59.1	61.7
Cash	45.3	60.1	44.4	30.3	52.1
Receivables	228.4	213.7	195.0	297.0	311.3
Others	33.4	34.1	30.0	54.0	56.6
CA	307.1	307.9	269.4	381.3	420.0
Total assets	362.3	359.8	325.9	440.4	481.7
ST borrowings	24.4	31.0	10.8	10.6	10.4
Payables	166.6	156.2	120.0	189.0	198.1
Other liabilities	39.9	26.3	24.9	44.1	46.2
CL	230.9	213.5	155.7	243.7	254.7
Shareholders' funds	121.1	136.8	160.7	182.2	207.5
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	325.9	440.4	481.7

Ratio

YE Dec 31	2018	2019	2020F	2021F	2022F
EBITDA Margins (%)	9.4	9.7	6.8	8.7	9.6
Core EPS (sen)	4.0	4.2	1.4	4.4	5.3
EPS Growth (%)	5.6	5.8	(66.5)	214.0	20.4
PER (x)	9.0	8.5	25.3	8.1	6.7
GDPS (sen)	0.8	1.0	0.3	0.8	1.0
Div Yield (%)	2.1	2.8	0.7	2.1	2.8
Net cash (RMmn)	10.8	20.2	24.7	5.8	22.8
Net gearing (%)	net cash	net cash	net cash	net cash	net cash
ROE (%)	19.2	17.4	5.0	15.1	16.0
ROA (%)	6.9	6.2	2.2	6.8	6.8
NTA (sen)	22.6	25.6	30.0	30.9	35.2
P/NTA(x)	1.6	1.4	1.2	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.

Disclaimer

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As of Thursday, October 01, 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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