

Inta Bina Group Berhad

TP: RM0.34 (+30.8%)

Record High Revenue in 9 Months

Last Traded: RM0.26

Buy (ESG: ★★★)

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Results Review

- INTA's 9MFY23 net profit of RM16.4mn came in within expectations, accounting for 78.2% of our full-year estimate.
- A second interim dividend of 0.5sen/share was declared, bringing the YTD dividend to 1.0sen/share. (9MFY22: 0.5sen/share)
- YoY, 9MFY23 net profit jumped 103.4% to RM16.4mn, thanks to higher work progress and better gross margin as a result of gradual stabilisation of certain construction materials and labour costs. Meanwhile, the group saw its revenue jump 43.1% to a record high of RM491.3mn.
- QoQ, 3QFY23 net profit surged 4.7% to RM6.3mn although revenue was 0.3% lower at RM166.4mn. The stronger bottom line was mainly due to higher gross margin.

Impact

- Maintain FY23 to FY25 earnings forecasts.

Outlook

- As of end-September 2023, the group's outstanding construction order book stood at RM1.1bn, translating to around 2.4x FY22 revenue. This could provide earnings visibility to the group for the next 3 years.

Valuation

- No change to our target price of **RM0.34**, based on unchanged 10x CY24 earnings. Reiterate a **Buy** call on the stock.

Share Information

| | |
|----------------------------------|-------------|
| Bloomberg Code | INTA MK |
| Bursa | INTA |
| Stock Code | 0192 |
| Listing | Main Market |
| Share Cap (mn) | 535.3 |
| Market Cap (RMmn) | 139.2 |
| 52-wk Hi/Lo (RM) | 0.28/0.20 |
| 12-mth Avg Daily Vol ('000 shrs) | 103.6 |
| Estimated Free Float (%) | 21.6 |
| Beta | 0.1 |

Major Shareholders (%)

| | |
|-----------------------------|------|
| Apexjaya Industries Sdn Bhd | 35.0 |
| Ahmad bin Awi | 12.6 |
| Lim Ooi Joo | 9.1 |
| Teo Hock Choon | 8.8 |

Forecast Revision

| | FY23 | FY24 |
|------------------------|------------------|------|
| Forecast Revision (%) | 0.0 | 0.0 |
| Net profit (RMmn) | 20.9 | 19.9 |
| Consensus | - | - |
| TA's / Consensus (%) | - | - |
| Previous Rating | Buy (Maintained) | |
| Consensus Target Price | - | |

Financial Indicators

| | FY23 | FY24 |
|-----------------------|----------|----------|
| Net Debt / Equity (%) | net cash | net cash |
| CFPS (sen) | 4.7 | 3.2 |
| Price / CFPS (x) | 5.5 | 8.2 |
| ROA (%) | 4.4 | 3.8 |
| NTA/Share (Sen) | 28.1 | 30.5 |
| Price/NTA (x) | 0.9 | 0.9 |

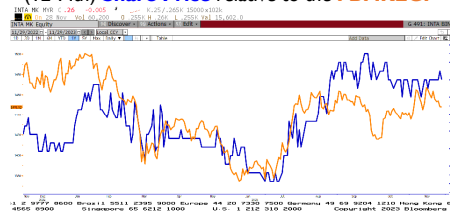
Scorecard

| | % of FY | |
|---------------|---------|--------|
| vs. TA | 78.2 | Within |
| vs. Consensus | - | - |

Share Performance (%)

| Price Change | INTA | FBM KLCI |
|--------------|-------|----------|
| 1 mth | 0.0 | 0.3 |
| 3 mth | (1.9) | 0.1 |
| 6 mth | 20.9 | 3.1 |
| 12 mth | 10.6 | (2.7) |

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Table 1: Earnings Summary (RMmn)

| FYE Dec (RMmn) | 2021 | 2022 | 2023F | 2024F | 2025F |
|----------------------|-------|-------|-------|-------|-------|
| Revenue | 336.0 | 466.3 | 621.6 | 600.0 | 625.0 |
| Gross profit | 31.5 | 31.6 | 44.4 | 43.2 | 45.9 |
| EBITDA | 29.5 | 28.5 | 42.8 | 41.9 | 44.8 |
| EBITDA margin (%) | 8.8 | 6.1 | 6.9 | 7.0 | 7.2 |
| EBIT | 19.6 | 16.6 | 31.9 | 30.7 | 33.4 |
| Reported PBT | 17.9 | 13.7 | 28.4 | 27.1 | 29.6 |
| Core PBT | 17.9 | 14.9 | 28.4 | 27.1 | 29.6 |
| Reported net profit | 11.7 | 9.6 | 20.9 | 19.9 | 21.8 |
| Core profit | 11.8 | 10.8 | 20.9 | 19.9 | 21.8 |
| Core EPS (sen) | 2.2 | 2.0 | 3.5 | 3.4 | 3.7 |
| PER (x) | 11.8 | 12.9 | 7.3 | 7.7 | 7.0 |
| Gross dividend (sen) | 1.0 | 0.75 | 1.0 | 1.0 | 1.0 |
| Dividend yield (%) | 3.8 | 2.9 | 3.8 | 3.8 | 3.8 |
| ROE (%) | 8.2 | 7.2 | 13.1 | 11.5 | 11.6 |

Table 2: 3QFY23 Results Analysis (RMmn)

| FYE Dec | 3Q22 | 2Q23 | 3Q23 | QoQ (%) | YoY (%) | 9MFY22 | 9MFY23 | YoY (%) |
|------------------------|-------|-------|-------|---------|---------|--------|--------|---------|
| Revenue | 118.2 | 166.9 | 166.4 | (0.3) | 40.8 | 343.3 | 491.3 | 43.1 |
| Operating profit | 4.1 | 8.8 | 9.9 | 12.0 | 139.1 | 12.8 | 25.5 | 99.1 |
| Finance cost | (0.8) | (1.2) | (1.5) | 26.9 | 85.6 | (2.1) | (4.2) | 101.1 |
| Profit before taxation | 3.3 | 8.1 | 8.8 | 9.4 | 168.0 | 10.7 | 22.5 | 110.0 |
| Core PBT | 3.3 | 8.1 | 8.8 | 9.4 | 168.0 | 10.7 | 22.5 | 110.0 |
| Income tax expense | (0.9) | (2.1) | (2.6) | 23.9 | 207.2 | (2.7) | (6.2) | 128.4 |
| Net profit | 2.4 | 6.0 | 6.3 | 4.7 | 157.8 | 8.0 | 16.4 | 103.4 |
| Core net profit | 2.4 | 6.0 | 6.3 | 4.7 | 157.8 | 8.0 | 16.4 | 103.4 |
| Reported EPS (sen) | 0.5 | 1.1 | 1.2 | 5.4 | 156.5 | 1.5 | 3.1 | 102.6 |
| Core EPS (sen) | 0.5 | 1.1 | 1.2 | 5.4 | 156.5 | 1.5 | 3.1 | 102.6 |
| Dividend (sen) | 0.5 | 0.5 | 0.5 | 0.0 | 0.0 | 0.5 | 1.0 | 100.0 |
| Margin (%): | | | | | | | | |
| - Operating | 3.5 | 5.3 | 5.9 | 0.7 | 2.4 | 3.7 | 5.2 | 1.5 |
| - Core PBT | 2.8 | 4.8 | 5.3 | 0.5 | 2.5 | 3.1 | 4.6 | 1.5 |
| - PAT | 2.1 | 3.6 | 3.8 | 0.2 | 1.7 | 2.3 | 3.3 | 1.0 |
| - Effective tax rate | 25.8 | 26.2 | 29.6 | 3.5 | 3.8 | 25.4 | 27.7 | 2.2 |

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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.

ESG Scoring & Guideline

| | Environmental | Social | Governance | Average |
|----------------|--|---|---|---------|
| Scoring | ★★★ | ★★★ | ★★★ | ★★★ |
| Remark | Have yet to set up comprehensive environmental policy but generally in compliance with project environmental requirements. | Gave back to society through scholarship, donation and biweekly gotong-royong campaign. | The board is presented by 55.6% independent directors with 22.0% women directors. | |

- ★★★★★ (≥80%) : Displayed market leading capabilities in integrating ESG factors in all aspects of operations, management and future directions.
★★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions.
★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions.
★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient.
★ (<20%) : Minimal or no integration of ESG factors in operations and management.

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As of Wednesday, November 29, 2023, the analyst, Chan Mun Chun, 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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