

Inta Bina Group Berhad

TP: RM0.28 (+30.2%)
A Good Start
Last Traded: RM0.215
Buy (ESG: ★★★)

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Results Review

- INTA's IQFY23 core profit of RM4.1mn came in within expectations, accounting for 28.6% of our full-year estimate.
- YoY, IQFY23 core profit grew 43.3% to RM4.1mn as revenue was 41.9% higher at RM158.1mn. The stronger earnings performance was largely driven by higher revenue contribution from the construction of residential and commercial properties.
- QoQ, IQFY23 core profit jumped 51.0% to RM4.1mn while revenue was 28.6% higher at RM158.1mn. The better earnings performance was largely attributed to the improvement in gross margin as a result of gradual stabilisation of certain construction materials and labour costs.

Impact

- Maintain FY23 to FY25 earnings forecasts

Outlook

- As of end-March 2023, the group's outstanding construction order book stood at RM1.2bn, translating to about 2.6x FY22 revenue. This could provide earnings visibility to the group for the next 3 years.

Valuation

- No change to our target price of **RM0.28**, based on unchanged 10x CY24 earnings. Maintain 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)	115.1
52-wk Hi/Lo (RM)	0.27/0.205
12-mth Avg Daily Vol ('000 shrs)	50.8
Estimated Free Float (%)	21.5
Beta	0.3

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 35.0
Ahmad bin Awi	- 12.6
Lim Ooi Joo	- 9.2
Teo Hock Choon	- 8.8

Forecast Revision

	FY23	FY24
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	14.2	16.6
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

Financial Indicators

	FY23	FY24
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	5.5	1.1
Price / CFPS (x)	3.9	19.7
ROA (%)	3.2	3.5
NTA/Share (Sen)	27.0	28.8
Price/NTA (x)	0.8	0.7

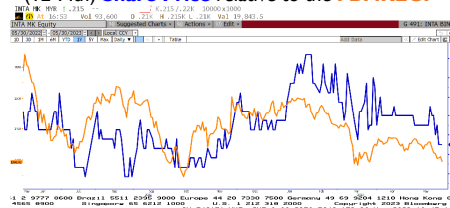
Scorecard

	% of FY	
vs. TA	28.6	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	(6.5)	(1.3)
3 mth	(14.0)	(3.9)
6 mth	(12.2)	(6.2)
12 mth	(10.4)	(9.5)

(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	491.6	535.0	565.0
Gross profit	31.5	31.6	35.2	38.7	41.5
EBITDA	29.5	28.5	33.6	37.4	40.4
EBITDA margin (%)	8.8	6.1	6.8	7.0	7.2
EBIT	19.6	16.6	22.7	26.2	29.0
Reported PBT	17.9	13.7	19.3	22.6	25.2
Core PBT	17.9	14.9	19.3	22.6	25.2
Reported net profit	11.7	9.6	14.2	16.6	18.5
Core profit	11.8	10.8	14.2	16.6	18.5
Core EPS (sen)	2.2	2.0	2.4	2.8	3.1
PER (x)	9.8	10.7	9.0	7.6	6.8
Gross dividend (sen)	1.0	0.75	1.0	1.0	1.0
Dividend yield (%)	4.7	3.5	4.7	4.7	4.7
ROE (%)	8.2	7.2	9.1	10.1	10.5

Table 2: IQFY23 Results Analysis (RMmn)

FYE Dec	1Q22	4Q22	1Q23	QoQ (%)	YoY (%)	3MFY22	3MFY23	YoY (%)
Revenue	111.4	122.9	158.1	28.6	41.9	111.4	158.1	41.9
Operating profit	4.5	3.7	6.8	82.5	52.4	4.5	6.8	52.4
Finance cost	(0.7)	(1.1)	(1.5)	38.8	125.2	(0.7)	(1.5)	125.2
Profit before taxation	3.8	2.9	5.6	92.0	47.0	3.8	5.6	47.0
Core PBT	3.8	4.1	5.6	35.1	47.0	3.8	5.6	47.0
Income tax expense	(1.0)	(1.4)	(1.5)	8.1	46.2	(1.0)	(1.5)	46.2
Net profit	2.8	1.5	4.1	178.0	43.3	2.8	4.1	43.3
Core net profit	2.8	2.7	4.1	51.0	43.3	2.8	4.1	43.3
Reported EPS (sen)	0.5	0.3	0.8	181.5	43.4	0.5	0.8	43.4
Core EPS (sen)	0.5	0.5	0.8	52.9	43.4	0.5	0.8	43.4
Dividend (sen)	0.0	0.3	0.0	(100.0)	na	0.0	0.0	na
Margin (%):								
- Operating	4.0	3.0	4.3	1.3	0.3	4.0	4.3	0.3
- Core PBT	3.4	3.4	3.5	0.2	0.1	3.4	3.5	0.1
- PAT	2.5	2.2	2.6	0.4	0.0	2.5	2.6	0.0
- Effective tax rate	26.9	47.4	26.7	(20.7)	(0.2)	26.9	26.7	(0.2)

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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, May 31, 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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