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Inta Bina Group Berhad

TP: RM0.50 (+44.9%)
Bags RM348.9mn of Main Building Works
Last Traded: RM0.345
BUY (ESG: ★★★)

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Secures RM348.9mn of Building Works

INTA has accepted a letter of award for a contract worth RM348.9mn from Eco Ardence Sdn Bhd to carry out the main building works for:

- (i) Phase 1 – commercial shop lots, office tower, podium car park and Tower A facilities deck, and
- (ii) Phase 2 – serviced apartment Tower A & B and Tower B facilities deck.

The project is scheduled to commence on 15 April 2024, with completion expected within 33 months for Phase 1 and 39 months for Phase 2.

Our View

This is the first construction job that INTA secured in 2024, lifting the total outstanding order book to approximately RMI.3bn, equivalent to 2.1x FY23 revenue.

Assuming a PBT margin of 5.4%, this project is expected to contribute RMI4.1mn of net profit throughout the construction period.

Impact

We maintain our FY24-26F earnings estimates as the job win falls within our FY24 order book replenishment assumption of RM800mn.

Valuation

No change to our target price of **RM0.50**, based on unchanged 11x CY25 earnings. We continue to like INTA for the following factors: (i) a direct beneficiary of the robust domestic property sector, (ii) strong earnings visibility backed by a resilient orderbook, and (iii) improving profitability. Maintain a **Buy** call on the stock.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	540.6
Market Cap (RMmn)	186.5
52-wk Hi/Lo (RM)	0.375/0.2
12-mth Avg Daily Vol ('000 shrs)	875.6
Estimated Free Float (%)	22.2
Beta	0.5

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 34.8
Ahmad bin Awi	- 12.5
Lim Ooi Joo	- 9.1
Teo Hock Choon	- 8.8

Forecast Revision

	FY24	FY25
Forecast Revision (%)	-	-
Net profit (RMmn)	25.7	28.3
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

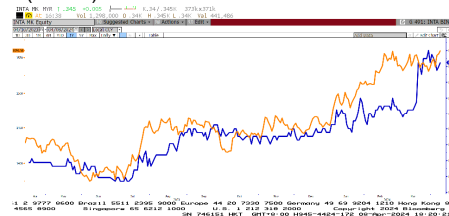
Financial Indicators

	FY23	FY24
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	(3.3)	1.8
Price / CFPS (x)	(10.5)	19.5
ROA (%)	4.9	5.1
NTA/Share (sen)	33.4	34.0
Price/NTA (x)	1.0	1.0

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	21.1	1.3
3 mth	19.0	4.3
6 mth	30.2	10.1
12 mth	50.0	9.3

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Earnings Summary

Profit & Loss (RMmn)

YE Dec 31	2022	2023	2024F	2025F	2026F
Revenue	466.3	650.1	648.1	687.5	746.4
EBITDA	28.5	47.0	48.8	52.7	58.7
Depreciation	(11.3)	(10.9)	(11.2)	(11.4)	(11.4)
EBIT	16.6	36.1	37.6	41.3	47.3
Finance cost	(3.1)	(5.6)	(2.6)	(2.8)	(3.0)
PBT	13.7	31.9	35.0	38.5	44.3
Taxation	(4.1)	(9.0)	(9.3)	(10.2)	(11.7)
Net profit	9.6	22.9	25.7	28.3	32.6
Core profit	10.8	23.2	25.7	28.3	32.6
GDPS (sen)	0.8	1.5	1.5	1.5	2.0
Div Yield (%)	2.2	4.3	4.3	4.3	5.8

Cash Flow (RMmn)

YE Dec 31	2022	2023	2024F	2025F	2026F
PBT	13.7	31.9	35.0	38.5	44.3
Adjustments	15.3	23.4	13.7	14.2	14.4
Changes in WC	(27.9)	37.9	(37.9)	(9.0)	(8.5)
Interest & tax	(4.8)	(9.0)	(9.3)	(10.2)	(11.7)
Operational cash flow	(5.5)	84.1	1.5	33.6	38.4
Capex	(4.7)	(8.3)	(9.2)	(10.0)	(10.0)
Others	(6.3)	(5.0)	(5.0)	(5.0)	(5.0)
Investment cash flow	(11.0)	(13.3)	(14.2)	(15.0)	(15.0)
Debt raised/(repaid)	40.0	4.8	4.8	4.8	4.8
Dividend	(5.4)	(8.1)	(8.8)	(9.4)	(13.5)
Others	(11.3)	(5.6)	(2.6)	(2.8)	(3.0)
Financial cash flow	23.4	(8.9)	(6.6)	(7.4)	(11.7)
Net cash flow	7.0	62.0	(19.3)	11.1	11.8
Beginning cash	23.8	30.7	92.7	73.4	84.6
Ending cash	30.7	92.7	73.4	84.6	96.3
Adjustments	43.4	35.5	35.5	35.5	35.5
Cash	74.2	128.2	108.9	120.0	131.8

Assumptions (RMmn)

YE Dec 31	2022	2023	2024F	2025F	2026F
New job wins	626	453	800	800	800

Balance Sheet (RMmn)

YE Dec 31	2022	2023	2024F	2025F	2026F
Fixed assets	32.4	32.9	31.3	30.3	29.3
Others	42.7	32.0	36.6	41.2	45.8
NCA	75.1	64.8	67.8	71.4	75.0
Cash	74.2	101.3	108.9	120.0	131.8
Receivables	211.3	255.9	291.6	312.8	339.6
Others	65.1	87.5	66.4	70.3	76.2
CA	350.6	444.7	466.9	503.2	547.6
Total assets	425.7	509.5	534.7	574.6	622.7
ST borrowings	78.6	51.8	51.6	51.4	51.2
Payables	179.4	247.1	226.8	240.6	261.2
Other liabilities	5.8	26.7	41.6	44.0	47.5
CL	263.7	325.6	320.1	336.1	360.0
Shareholders' funds	152.3	169.6	195.3	214.2	233.3
LT borrowings	8.2	13.9	18.9	23.9	28.9
Other LT liabilities	1.5	0.4	0.4	0.4	0.4
Total capital	425.7	509.5	534.7	574.6	622.7

Ratio

YE Dec 31	2022	2023	2024F	2025F	2026F
EBITDA Margins (%)	6.1	7.2	7.5	7.7	7.9
Core EPS (sen)	2.0	4.3	4.4	4.5	4.8
EPS Growth (%)	(8.5)	115.0	2.4	2.4	7.4
PER (x)	17.3	8.0	7.8	7.7	7.1
GDPS (sen)	0.8	1.5	1.5	1.5	2.0
Div Yield (%)	2.2	4.3	4.3	4.3	5.8
Net cash (RMmn)	(12.6)	35.5	38.4	44.7	51.7
Net gearing (%)	(12.6)	net cash	net cash	net cash	net cash
ROE (%)	7.2	14.4	14.1	13.9	14.6
ROA (%)	2.7	5.0	4.9	5.1	5.4
NTA (sen)	28.2	31.4	33.4	34.0	34.6
P/NTA(x)	1.2	1.1	1.0	1.0	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.

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% woman director.	

- ★★★★★ (≥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.

Disclaimer

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As of Tuesday, April 09, 2024, the analyst, Raymond Ng Ing Yeow, 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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