

Inta Bina Group Berhad

TP: RM0.34 (+28.3%)

Secures RM43.6mn of Building Works

Last Traded: RM0.265

BUY (ESG: ★★★)

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Secures RM43.6mn of Building Works

INTA has secured a RM43.6mn contract from Eco Majestic Development Sdn Bhd.

The contract is for the main building works for Phase 4 of the gated and guarded residential area, known as Precinct 9 Cheerywood, in Hulu Langat, Selangor. The group will build 162 double-storey terraced houses and an electrical substation.

The project will commence on 1 November 2023, and it is expected to be completed within 20 months from the commencement date.

Our View

This is the third construction job secured by INTA in 2023, bringing the total year-to-date contract win to about RM329.5mn. Assuming a gross margin of 10%, the project is estimated to generate RM2.2mn of net earnings throughout the construction period.

Eco Majestic Development Sdn Bhd is a repeat customer of INTA. Following the job win, INTA's total outstanding order book now stands at around RM1.1bn, equivalent to 2.4x FY22 revenue.

Impact

Maintain FY23 to FY25 earnings forecasts as the job win is within our FY23 order book replenishment assumption of RM600mn.

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)	141.9
52-wk Hi/Lo (RM)	0.28/0.2
12-mth Avg Daily Vol ('000 shrs)	90.5
Estimated Free Float (%)	21.5
Beta	0.2

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 (%)	-	-
Net profit (RMmn)	20.9	19.9
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

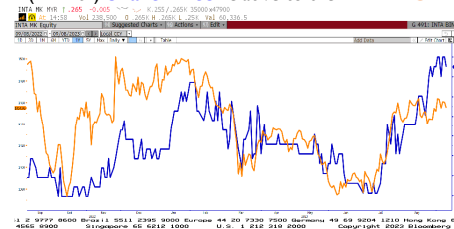
Financial Indicators

	FY23	FY24
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	4.7	3.2
Price / CFPS (x)	5.6	8.3
ROA (%)	4.4	3.8
NTA/Share (sen)	28.1	30.5
Price/NTA (x)	0.9	0.9

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	10.4	0.3
3 mth	20.5	5.8
6 mth	3.9	0.0
12 mth	20.5	(2.7)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Earnings Summary

Profit & Loss (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
Revenue	336.0	466.3	621.6	600.0	625.0
EBITDA	29.5	28.5	42.8	41.9	44.8
Depreciation	(9.9)	(11.3)	(10.9)	(11.2)	(11.4)
EBIT	19.6	16.6	31.9	30.7	33.4
Finance cost	(1.7)	(3.1)	(3.4)	(3.6)	(3.8)
PBT	17.9	13.7	28.4	27.1	29.6
Taxation	(6.2)	(4.1)	(7.5)	(7.2)	(7.9)
Net profit	11.7	9.6	20.9	19.9	21.8
Core profit	11.8	10.8	20.9	19.9	21.8
GDPS (sen)	1.0	0.8	1.0	1.0	1.0
Div Yield (%)	3.8	2.8	3.8	3.8	3.8

Cash Flow (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
PBT	17.9	13.7	28.4	27.1	29.6
Adjustments	10.8	15.3	21.2	14.7	15.2
Changes in WC	16.0	(27.9)	3.7	3.0	(6.6)
Interest & tax	(4.5)	(4.8)	(7.5)	(7.2)	(7.9)
Operational cash flow	30.1	(5.5)	45.8	37.6	30.4
Capex	(5.6)	(4.7)	(8.3)	(9.2)	(10.0)
Others	(1.5)	(6.3)	(5.0)	(5.0)	(5.0)
Investment cash flow	(7.1)	(11.0)	(13.3)	(14.2)	(15.0)
Debt raised/(repaid)	5.4	40.0	4.8	4.8	4.8
Dividend	(4.5)	(5.4)	(5.9)	(5.9)	(5.9)
Others	(14.1)	(11.3)	(3.4)	(3.6)	(3.8)
Financial cash flow	(13.2)	23.4	(4.5)	(4.7)	(4.9)
Net cash flow	9.8	7.0	28.0	18.7	10.5
Beginning cash	14.0	23.8	30.7	58.7	77.4
Ending cash	23.8	30.7	58.7	77.4	87.9
Adjustments	40.4	43.4	35.5	35.5	35.5
Cash	64.2	74.2	94.2	112.9	123.4

Assumptions (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
New job wins	391	626	600	600	700

Balance Sheet (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
Fixed assets	35.8	32.4	30.2	28.6	27.6
Others	34.7	42.7	47.3	51.9	56.5
NCA	70.5	75.1	77.5	80.5	84.1
Cash	64.2	74.2	94.2	112.9	123.4
Receivables	176.8	211.3	292.2	270.0	284.4
Others	73.9	65.1	63.7	61.5	64.0
CA	314.9	350.6	450.0	444.4	471.8
Total assets	385.4	425.7	527.5	524.9	555.9
ST borrowings	37.6	78.6	78.4	78.2	78.0
Payables	159.3	179.4	217.6	210.0	218.8
Other liabilities	29.3	5.8	50.7	36.9	38.4
CL	226.1	263.7	346.6	325.1	335.2
Shareholders' funds	146.9	152.3	166.3	180.2	196.1
LT borrowings	11.2	8.2	13.2	18.2	23.2
Other LT liabilities	1.1	1.5	1.5	1.5	1.5
Total capital	385.4	425.7	527.5	524.9	555.9

Ratio

YE Dec 31	2021	2022	2023F	2024F	2025F
EBITDA Margins (%)	8.8	6.1	6.9	7.0	7.2
Core EPS (sen)	2.2	2.0	3.5	3.4	3.7
EPS Growth (%)	15.9	(8.5)	76.0	(4.8)	9.4
PER (x)	12.0	13.2	7.5	7.9	7.2
GDPS (sen)	1.0	0.8	1.0	1.0	1.0
Div Yield (%)	3.8	2.8	3.8	3.8	3.8
Net cash (RMmn)	15.4	(12.6)	2.6	16.5	22.2
Net gearing (%)	net cash	(12.6)	net cash	net cash	net cash
ROE (%)	8.2	7.2	13.1	11.5	11.6
ROA (%)	3.3	2.7	4.4	3.8	4.0
NTA (sen)	27.4	28.4	28.1	30.5	33.2
P/NTA(x)	1.0	0.9	0.9	0.9	0.8

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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 Monday, September 11, 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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