

Inta Bina Group Berhad

TP: RM0.34 (+38.8%)
On Track to Full Recovery
Last Traded: RM0.245
Buy (ESG: ★★★)

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Results Review

- INTA's IHFY23 net profit of RM10.1mn exceeded expectations, accounting for 71.1% of our full-year estimate. The positive variance was mainly due to higher-than-expected work progress following the arrival of new foreign workers.
- A first interim dividend of 0.5sen/share was declared. (IHFY22: Nil)
- YoY, IHFY23 net profit surged 79.7% to RM10.1mn as revenue was 44.3% higher at RM325.0mn. The robust earnings performance was mainly driven by higher work progress and better gross margin due to the gradual stabilisation of certain construction materials and labour costs.
- QoQ, 2QFY23 net profit jumped 48.4% to RM6.0mn while revenue was 5.6% higher at RM166.9mn. The better earnings performance was primarily driven by higher gross margin.

Impact

- Given the stronger-than-expected results, we adjust our revenue recognition assumptions for certain ongoing projects. Consequently, earnings forecasts for FY23/FY24/FY25 are raised by 47.7%/19.7%/17.5%, respectively.

Outlook

- We expect the group to register another decent earnings performance in 2H2023, underpinned by its healthy outstanding order book as well as more manageable construction costs. As of end-June 2023, the group's outstanding construction order book stood at RM1.0bn, translating to around 2.1x FY22 revenue.

Valuation

- After revising the earnings forecasts, we revised the target price from RM0.28 to **RM0.34** 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)	131.1
52-wk Hi/Lo (RM)	0.27/0.20
12-mth Avg Daily Vol ('000 shrs)	78.9
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 (%)	47.7	19.7
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)	5.2	7.7
ROA (%)	4.4	3.8
NTA/Share (Sen)	28.1	30.5
Price/NTA (x)	0.9	0.8

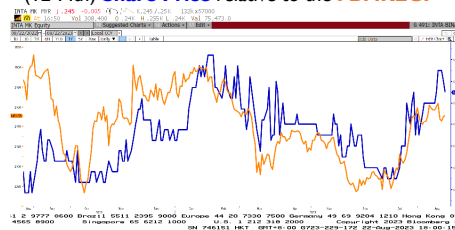
Scorecard

	% of FY	
vs. TA	71.1	Above
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	2.1	2.7
3 mth	6.5	2.3
6 mth	0.0	(0.9)
12 mth	14.0	(2.4)

(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)	11.1	12.2	6.9	7.3	6.6
Gross dividend (sen)	1.0	0.75	1.0	1.0	1.0
Dividend yield (%)	4.1	3.1	4.1	4.1	4.1
ROE (%)	8.2	7.2	13.1	11.5	11.6

Table 2: 2QFY23 Results Analysis (RMmn)

FYE Dec	2Q22	1Q23	2Q23	QoQ (%)	YoY (%)	6MFY22	6MFY23	YoY (%)
Revenue	113.8	158.1	166.9	5.6	46.7	225.2	325.0	44.3
Operating profit	4.2	6.8	8.8	30.2	109.1	8.7	15.6	80.0
Finance cost	(0.6)	(1.5)	(1.2)	(18.2)	96.2	(1.3)	(2.7)	111.2
Profit before taxation	3.6	5.6	8.1	44.4	123.4	7.4	13.7	84.3
Core PBT	3.6	5.6	8.1	44.4	123.4	7.4	13.7	84.3
Income tax expense	(0.9)	(1.5)	(2.1)	41.5	148.2	(1.9)	(3.6)	92.6
Net profit	2.8	4.1	6.0	48.4	116.7	5.6	10.1	79.7
Core net profit	2.8	4.1	6.0	48.4	116.7	5.6	10.1	79.7
Reported EPS (sen)	0.5	0.8	1.1	47.4	115.4	1.1	1.9	79.0
Core EPS (sen)	0.5	0.8	1.1	47.4	115.4	1.1	1.9	79.0
Dividend (sen)	0.0	0.0	0.5	na	na	0.0	0.5	na
Margin (%):								
- Operating	3.7	4.3	5.3	1.0	1.6	3.9	4.8	1.0
- Core PBT	3.2	3.5	4.8	1.3	1.7	3.3	4.2	0.9
- PAT	2.4	2.6	3.6	1.0	1.2	2.5	3.1	0.6
- Effective tax rate	23.5	26.7	26.2	(0.5)	2.6	25.2	26.4	1.1

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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, August 23, 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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