

Inta Bina Group Berhad

TP: RM0.62 (+42.5%)

A Strong Start for FY24

Last Traded: RM0.435

BUY (ESG: ★★★)

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Results Review

- INTA's IQFY24 core net profit of RM7.1mn met our expectations, accounting for 26.9% of our full-year estimates.
- YoY, IQFY24 core profit jumped 74.1% to RM7.1mn, despite a modest revenue growth of 0.6%. The strong earnings performance was mainly driven by improved gross profit margins resulting from stabilising raw material costs.
- QoQ, IQFY24 core earnings rose by 3.6% with a minimal topline growth of 0.1%, driven by a reduced effective tax rate of 26.0% compared to 29.3% in 4QFY23.

Impact

- We maintain our FY24-FY26F earnings forecasts.

Outlook

- The recovery of the construction sector is expected to benefit INTA, particularly with the launch of new residential projects that were delayed in FY22 due to high input costs. As of the end-March 2024, INTA's unbilled order book stood at RM823.5mn. With new contracts totalling RM942.1mn secured in April and May, we estimate the total outstanding order book to be around RM1.8bn, which is equivalent to 2.8x FY23 revenue.

Valuation

- No change to our target price of **RM0.62**, 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 **Buy** call on the stock.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	544.0
Market Cap (RMmn)	236.6
52-wk Hi/Lo (RM)	0.46/0.2
12-mth Avg Daily Vol ('000 shrs)	1696.0
Estimated Free Float (%)	33.6
Beta	0.5

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 34.5
Lim Ooi Joo	- 9.0
Teo Hock Choon	- 8.7

Forecast Revision

	FY24	FY25
Forecast Revision (%)	0.0	0.0
Net profit (RMmn)	26.2	35.6
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

Financial Indicators

	FY24	FY25
Net Debt / Equity (%)	Net Cash	Net Cash
CFPS (sen)	(3.3)	0.3
Price / CFPS (x)	(12.8)	126.4
ROA (%)	5.0	6.1
NTA/Share (Sen)	33.5	35.2
Price/NTA (x)	1.3	1.2

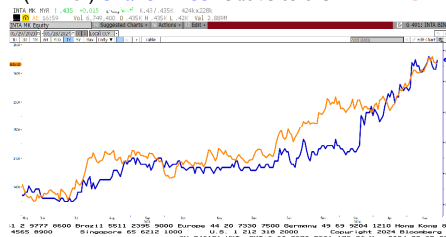
Scorecard

	% of FY	
vs. TA	26.9	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	13.0	2.6
3 mth	47.5	4.5
6 mth	67.3	11.6
12 mth	102.3	15.2

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Table 1: Earnings Summary (RMmn)

FYE Dec (RMmn)	2022	2023	2024F	2025F	2026F
Revenue	466.3	650.1	656.1	807.5	878.4
Gross profit	31.6	52.7	52.5	66.3	73.8
EBITDA	28.5	47.6	49.5	62.6	69.9
EBITDA margin (%)	6.1	7.3	7.5	7.8	8.0
EBIT	16.6	36.1	38.3	51.2	58.5
Reported PBT	13.7	31.8	35.6	48.4	55.4
Core PBT	14.9	32.1	35.6	48.4	55.4
Reported net profit	9.6	22.9	26.2	35.6	40.7
Core profit	10.8	23.2	26.2	35.6	40.7
Core EPS (sen)	2.0	4.3	4.5	5.7	6.1
PER (x)	21.8	10.1	9.7	7.7	7.2
Gross dividend (sen)	0.75	1.50	1.50	1.50	2.00
Dividend yield (%)	1.7	3.4	3.4	3.4	4.6
ROE (%)	7.2	14.4	14.4	17.1	17.3

Table 2: IQFY24 Results Analysis (RMmn)

FYE Dec	1Q23	4Q23	1Q24	QoQ (%)	YoY (%)
Revenue	158.1	158.8	159.0	0.1	0.6
Operating profit	6.8	10.9	9.9	(9.6)	45.3
Finance cost	(1.5)	(1.4)	(1.1)	24.0	27.6
Profit before taxation	5.6	9.4	9.3	(0.6)	67.0
Core PBT	5.6	9.7	9.3	(3.6)	67.0
Income tax expense	(1.5)	(2.7)	(2.4)	11.9	(62.4)
Minority Interest	0.0	0.1	(0.2)	N.M.	N.M.
Net profit	4.1	6.5	7.1	8.2	74.1
Core net profit	4.1	6.8	7.1	3.6	74.1
Reported EPS (sen)	0.8	1.2	1.3	8.3	72.4
Core EPS (sen)	0.8	1.3	1.3	3.6	72.4
Dividend (sen)	0.0	0.5	0.0	(100.0)	N.M.
Margin (%):					
- Operating	4.3	6.9	6.2	(0.7)	1.9
- Core PBT	3.5	6.1	5.9	(0.2)	2.3
- PAT	2.6	4.3	4.4	0.1	1.9
- Effective tax rate	26.7	29.3	26.0	(3.3)	(0.7)

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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 29, 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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