

Inta Bina Group Berhad

TP: RM0.72 (+60.0%)

Firm Earnings Outlook

Last Traded: RM0.45

BUY (ESG: ★★★)

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Results Review

- INTA's IHFY24 core net earnings of RM15.3mn exceeded our expectations, accounting for 57.3% of our full-year estimates. This positive surprise was primarily due to a quicker-than-anticipated margin recovery, driven by recently secured construction projects.
- The group experienced a moderate revenue decline of 3.7% YoY in IHFY24, largely due to reduced contributions from certain tail-end construction projects. Despite this, PBT jumped 51.7% YoY, supported by improved margins from the newly secured projects.
- On a QoQ basis, INTA's PBT grew by 16.5%, despite the revenue decreasing by 3.1%, mainly due to the aforementioned reasons.
- A first interim dividend of 1.0sen/share was declared in 2QFY24 (2QFY23: 0.5sen/share).

Impact

- Given the better-than-expected results, we toned up our progress billing and margin assumptions for certain projects. Correspondingly, our FY24/25/26F earnings forecasts have been adjusted upward by 10.9%/2.0%/1.6%, respectively.

Outlook

- Looking ahead, we expect the earnings outlook to remain robust, supported by a strong outstanding order book of RM1.7bn as of end-June, equivalent to 2.7x FY23 revenue. Notably, INTA has secured approximately RM1.1bn in new jobs YTD, representing 68.8% of our new job replenishment assumption of RM1.6bn for the year. These new contracts, which offer better margins, are anticipated to contribute positively to INTA's bottom line in 2HFY24.

Valuation

- Following the earnings revision, we raised our target price to **RM0.72** (from RM0.71 previously), premised 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. Reiterate **Buy**.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	550.5
Market Cap (RMmn)	247.7
52-wk Hi/Lo (RM)	0.54/0.245
12-mth Avg Daily Vol ('000 shrs)	3042.5
Estimated Free Float (%)	38.7
Beta	0.8

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 30.4
Lim Ooi Joo	- 9.1
Teo Hock Choon	- 8.8

Forecast Revision

	FY24	FY25
Forecast Revision (%)	10.9	2.0
Net profit (RMmn)	29.5	41.2
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

Financial Indicators

	FY24	FY25
Net Debt / Equity (%)	Net Cash	Net Cash
CFPS (sen)	(3.7)	(0.2)
Price / CFPS (x)	(12.3)	(200.7)
ROA (%)	5.5	6.7
NTA/Share (Sen)	34.0	36.2
Price/NTA (x)	1.3	1.2

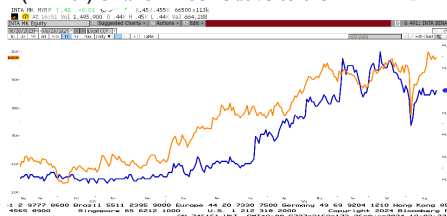
Scorecard

	% of FY	
vs. TA	57.3	Above
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	(5.3)	1.6
3 mth	7.1	1.2
6 mth	55.2	5.9
12 mth	66.7	13.5

(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	696.1	887.5	1,058.4
Gross profit	31.6	52.7	57.1	74.0	90.1
EBITDA	28.5	47.6	54.1	70.3	86.1
EBITDA margin (%)	6.1	7.3	7.8	7.9	8.1
EBIT	16.6	36.1	42.9	58.9	74.7
Reported PBT	13.7	31.8	40.2	56.1	71.7
Core PBT	14.9	32.1	40.2	56.1	71.7
Reported net profit	9.6	22.9	29.5	41.2	52.7
Core profit	10.8	23.2	29.5	41.2	52.7
Core EPS (sen)	2.0	4.3	5.1	6.6	7.8
PER (x)	22.5	10.5	8.9	6.9	5.7
Gross dividend (sen)	0.75	1.50	1.50	2.00	2.50
Dividend yield (%)	1.7	3.3	3.3	4.4	5.6
ROE (%)	7.2	14.4	16.1	19.3	21.5

Table 2: 2QFY24 Results Analysis (RM mn)

FYE Dec	2Q23	1Q24	2Q24	QoQ (%)	YoY (%)	IHFY23	IHFY24	YoY (%)
Revenue	166.9	159.0	154.1	(3.1)	(7.7)	325.0	313.1	(3.7)
Operating profit	8.8	9.9	11.7	18.3	32.1	15.6	21.5	37.9
Finance cost	(1.2)	(1.1)	(1.0)	7.1	17.7	(2.7)	(2.1)	23.2
Profit before taxation	8.1	9.3	10.9	17.2	35.5	13.7	20.3	48.4
Core PBT	8.1	9.3	10.9	17.2	35.5	13.7	20.3	48.4
Income tax expense	(2.1)	(2.4)	(2.5)	(4.7)	(20.2)	(3.6)	(5.0)	37.7
Minority Interest	(0.1)	(0.2)	0.2	N.M.	N.M.	(0.0)	0.0	N.M.
Net profit	6.0	7.1	8.2	16.5	36.7	10.1	15.3	51.7
Core net profit	6.0	7.1	8.2	16.5	36.7	10.1	15.3	51.7
Reported EPS (sen)	1.1	1.3	1.5	15.3	34.8	1.9	2.8	50.0
Core EPS (sen)	1.1	1.3	1.5	15.3	34.8	1.9	2.8	50.0
Dividend (sen)	0.5	0.0	1.0	N.M.	100.0	0.5	1.0	100.0
Margin (%):								
- Operating	5.3	6.2	7.6	(0.7)	1.9	4.8	6.9	2.1
- Core PBT	4.8	5.9	7.1	(0.2)	2.3	4.2	6.5	2.3
- PAT	3.6	4.4	5.3	0.1	1.9	3.1	4.9	1.8
- Effective tax rate	26.2	26.0	23.2	(3.3)	(0.7)	26.4	24.5	(1.9)

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Sector Recommendation Guideline

OVERWEIGHT: The total return of the sector, as per our coverage universe, exceeds 12%.

NEUTRAL: The total return of the sector, as per our coverage universe, is within the range of 7% to 12%.

UNDERWEIGHT: The total return of the sector, as per our coverage universe, is lower than 7%.

Stock Recommendation Guideline

BUY : Total return of the stock exceeds 12%.

HOLD : Total return of the stock is within the range of 7% to 12%.

SELL : Total return of the stock is lower than 7%.

Not Rated: The company is not under coverage. The report is for information only.

Total Return of the stock includes expected share price appreciation, adjustment for ESG rating and gross dividend. Gross dividend is excluded from total return if dividend discount model valuation is used to avoid double counting.

Total Return of the sector is market capitalisation weighted average of total return of the stocks in the sector.

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. +5% premium to target price

★★★★ (60-79%) : Above adequate integration of ESG factors into most aspects of operations, management and future directions. +3% premium to target price

★★★ (40-59%) : Adequate integration of ESG factors into operations, management and future directions. No changes to target price

★★ (20-39%) : Have some integration of ESG factors in operations and management but are insufficient. -3% discount to target price

★ (<20%) : Minimal or no integration of ESG factors in operations and management. -5% discount to target price

Disclaimer

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As of Tuesday, August 27, 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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