

Inta Bina Group Berhad

TP: RM0.76 (+61.7%)
Steady Margins Recovery
Last Traded: RM0.47
BUY (ESG: ★★★)

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Results Review

- INTA's 9MFY24 core earnings of RM24.2mn beat our expectations, accounting for 81.8% of our full-year estimates. The surprise was mainly driven by stronger-than-expected recovery in the profitability margin resulting from easing input costs.
- YoY, its 9MFY24 core earnings surged by 47.8%, despite relatively flat revenue growth of 0.6%. This was primarily driven by increased contributions from tail-end construction projects, supported by improved margins due to easing input costs.
- QoQ, 3QFY24 revenue rose by 17.5%, driven by growing revenue recognition from newly secured construction projects during 1HFY24. However, core earnings grew moderately by 8.5%, constrained by a higher effective tax rate (+2.6 ppt).
- A second interim dividend of 1.0 sen/share was declared in 3QFY24, bringing the total dividend for 9MFY24 to 2.0 sen/share, (vs 1.0 sen/share in 9MFY23). This exceeded our dividend per share assumption of 1.5 sen/share, translating to a dividend payout ratio of 45.8%.

Impact

- Given the strong earnings improvement, we have revised certain construction projects' margins assumption. As a result, our FY24-26F earnings forecasts have been adjusted higher by 8.4%/5.0%/0.2%, respectively. Meanwhile, we have incorporated the higher dividend declared YTD into our earnings model.

Outlook

- INTA's earnings outlook remains robust, supported by a strong outstanding order book of RM1.7bn as of the end of September, equivalent to 2.6x FY23 revenue. Notably, INTA has secured approximately RM1.2bn in new contracts YTD, achieving 75% of our full-year replenishment assumption of RM1.6bn. However, we are cautious about potential pressures on profitability margins from the proposed increase in minimum wage and EPF contributions for foreign workers, as outlined in the Budget 2025. These adjustments could lead to higher labour costs and impact overall profitability.

Valuation

- Following the earnings adjustment, we have revised our target price higher to **RM0.76** (from RM0.72 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. Maintain **Buy** call on the stock.

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	551.8
Market Cap (RMmn)	259.3
52-wk Hi/Lo (RM)	0.54/0.25
12-mth Avg Daily Vol ('000 shrs)	3486.1
Estimated Free Float (%)	28.3
Beta	1.4
Major Shareholders (%)	
	Apexjaya Industries Sdn Bhd - 30.5
	Lim Ooi Joo - 8.9
	Teo Hock Choon - 8.6

Forecast Revision

	FY24	FY25
Forecast Revision (%)	8.4	5.0
Net profit (RMmn)	32.0	43.3
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)	0.1
Price / CFPS (x)	(12.6)	463.9
ROA (%)	6.0	7.0
NTA/Share (Sen)	34.0	36.4
Price/NTA (x)	1.4	1.3

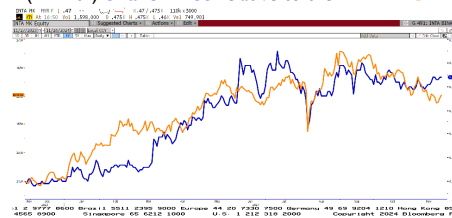
Scorecard

	% of FY	
vs. TA	81.8	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	4.4	(0.9)
3 mth	4.4	(2.2)
6 mth	11.9	(1.0)
12 mth	80.8	10.3

(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	60.4	76.8	90.2
EBITDA	28.5	47.6	57.4	73.1	86.3
EBITDA margin (%)	6.1	7.3	8.2	8.2	8.2
EBIT	16.6	36.1	46.2	61.7	74.9
Reported PBT	13.7	31.8	43.6	58.9	71.9
Core PBT	14.9	32.1	43.6	58.9	71.9
Reported net profit	9.6	22.9	32.0	43.3	52.8
Core profit	10.8	23.2	32.0	43.3	52.8
Core EPS (sen)	2.0	4.3	5.5	6.9	7.8
PER (x)	23.5	10.9	8.6	6.8	6.0
Gross dividend (sen)	0.75	1.50	2.00	2.00	2.50
Dividend yield (%)	1.6	3.2	4.3	4.3	5.3
ROE (%)	7.2	14.4	17.4	20.2	21.4

Table 2: 3QFY24 Results Analysis (RM mn)

FYE Dec	3Q23	2Q24	3Q24	QoQ (%)	YoY (%)	9MFY23	9MFY24	YoY (%)
Revenue	166.4	154.1	181.1	17.5	8.8	491.3	494.2	0.6
Operating profit	9.9	11.7	13.2	18.3	32.1	25.5	34.7	36.2
Finance cost	(1.5)	(1.0)	(1.3)	(32.6)	14.0	(4.2)	(3.4)	19.8
Profit before taxation	8.8	10.9	12.0	9.9	36.2	22.5	32.3	43.6
Core PBT	8.8	10.9	12.0	9.9	36.2	22.5	32.3	43.6
Income tax expense	(2.6)	(2.5)	(3.1)	(22.1)	(18.5)	(6.2)	(8.1)	29.6
Minority Interest	(0.1)	0.2	0.0	(97.8)	104.7	(0.1)	0.0	N.M.
Net profit	6.3	8.2	8.9	8.5	41.6	16.4	24.2	47.8
Core net profit	6.3	8.2	8.9	8.5	41.6	16.4	24.2	47.8
Reported EPS (sen)	1.2	1.5	1.6	2.6	31.4	3.1	4.4	42.8
Core EPS (sen)	1.2	1.5	1.6	2.6	31.4	3.1	4.4	42.8
Dividend (sen)	0.5	1.0	1.0	0.0	100.0	1.0	2.0	100.0
Margin (%):								
- Operating	5.9	7.6	7.3	(0.3)	1.3	5.2	7.0	1.8
- Core PBT	5.3	7.1	6.6	(0.5)	1.3	4.6	6.5	2.0
- PAT	3.8	5.3	4.9	(0.4)	1.1	3.3	4.9	1.6
- Effective tax rate	29.6	23.2	25.8	2.6	(3.8)	27.7	25.0	(2.7)

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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 Wednesday, November 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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