

Inta Bina Group Berhad

TP: RM0.87 (+85.1%)
Bracing for Higher Earnings Growth
Last Traded: RM0.47
BUY (ESG: ★★★)

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Results Review

- INTA's FY24 core net profit of RM32.4mn was in line with expectations, accounting for 101.3% of our full-year estimates.
- YoY, FY24 revenue saw a moderate increase of 6.3%, driven by timely revenue recognition from its expanding order book. Core net profit registered a significant 40.1% growth, driven by newly secured higher-margin construction projects coupled with easing input costs and tax expenses.
- QoQ, its 4QFY24 revenue grew by 8.6%, attributed to higher progress billing from ongoing construction projects. However, core net profit declined by 7.3% due to increased finance costs and lower-margin contributions from certain tail-end projects.
- No dividend was declared in the quarter under review.

Impact

- Following a review of our earnings estimates, we have adjusted our property progress billing assumptions higher and raised the FY25/26F new job replenishment assumptions for the construction division from RM800mn to RM1bn. At the same time, we have lowered our project margin assumptions to reflect the impact of higher minimum wages. As a result, our FY25-26F earnings estimates have been revised upwards by 5.3% and 5.0%, respectively.
- We also introduce our FY27 earnings projection, forecasting a net profit of RM58.1mn, implying a YoY net profit growth of 4.9%.

Outlook

- With RM1.2bn in new job wins during FY24, INTA's outstanding order book stood at RM1.5bn as of end-Dec, equivalent to 2.3x FY24 construction revenue. The construction division remains robust, supported by a substantial tender book of approximately RM5bn. Assuming a success rate of 25%, this could translate to RM1bn-1.2bn in new contracts, aligning with the management's internal target of RM1bn for FY25.
- Additionally, INTA is positioning itself to expand its presence in the Johor region, capitalising on potential spillover effects from the Johor-SG Special Economic Zone (JS-SEZ). To facilitate this, the company is actively participating in tenders for new projects in the southern region.
- Following the recent land acquisition in Bukit Jelutong, which is expected to be completed by 1HFY25, INTA plans to develop a mixed-use project

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	553.2
Market Cap (RMmn)	260.0
52-wk Hi/Lo (RM)	0.545/0.275
12-mth Avg Daily Vol ('000 shrs)	3738.5
Estimated Free Float (%)	28.1
Beta	1.3
Major Shareholders (%)	0.76
	Apexjaya Industries Sdn Bhd - 30.7
	Lim Ooi Joo - 8.9
	Teo Hock Choon - 8.6

Forecast Revision

	FY25	FY26
Forecast Revision (%)	5.3	5.0
Net profit (RMmn)	45.6	55.4
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

Financial Indicators

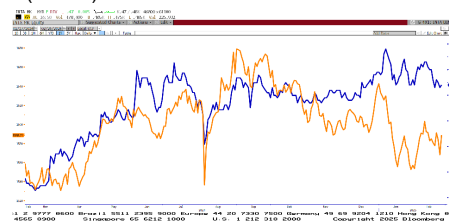
	FY25	FY26
Net Debt / Equity (%)	Net Cash	Net Cash
CFPS (sen)	6.0	6.5
Price / CFPS (x)	7.9	7.3
ROA (%)	7.2	7.4
NTA/Share (Sen)	38.2	44.8
Price/NTA (x)	1.2	1.0

Scorecard

	% of FY	
vs. TA	101.3	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	(5.1)	1.0
3 mth	0.0	(0.9)
6 mth	4.4	(3.1)
12 mth	62.1	2.7

 (12-Mth) Share Price relative to the **FBMKLCI**


Source: Bloomberg

comprising commercial shop lots and serviced residences, with an estimated GDV of RM220mn. This will mark its second property development project, following the maiden launch of “Senuri Residences” in 2023. The new development is expected to launch by end-CY25, with all necessary approvals in place.

- However, profitability margins may come under slight pressure due to the implementation of a new RM1,700 minimum wage and the proposed mandatory foreign worker EPF contribution. Recall, the government has announced the foreign worker EPF contribution rate will be capped at 2% for both employer and employee in February 2025, and is pending to be tabled in the Parliament. INTA, with a workforce of over 1,500 foreign workers, expects these regulations to increase operating expenses by approximately 2%, leading to a projected net margin contraction of 1%. Nevertheless, management remains confident in mitigating this impact through proactive cost control measures and enhanced operational efficiency. Furthermore, future tender projects will factor in these additional costs to safeguard project margins.

Valuation

- Following the earnings adjustment, we have adjusted our target price higher to **RM0.87** (from RM0.76 previously) based on unchanged PE of 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.

Table I: Earnings Summary (RMmn)

FYE Jan (RMmn)	2023	2024	2025F	2026F	2027F
Revenue	650.1	690.8	940.5	1,073.2	1,144.2
Gross profit	52.7	68.6	76.1	86.9	92.6
EBITDA	47.0	52.5	71.2	84.6	88.6
EBITDA margin (%)	7.2	7.6	7.6	7.9	7.7
EBIT	36.1	48.5	63.5	76.4	80.0
PBT	31.8	43.4	60.0	73.0	76.6
PAT	22.9	33.2	45.6	55.4	58.1
Core net profit	23.3	32.4	45.6	55.4	58.1
Core EPS (sen)	4.0	5.9	7.9	9.6	10.1
PER (x)	11.6	8.0	5.9	4.9	4.7
Gross dividend (sen)	1.5	2.0	2.5	3.0	3.5
Dividend yield (%)	3.2	4.3	5.3	6.4	7.4
ROE (%)	14.2	17.7	22.2	23.1	20.9

Source: TA Research

Table 2: FY24 Results Analysis (RM mn)

FYE Dec	4Q23	3Q24	4Q24	QoQ (%)	YoY (%)	FY23	FY24	YoY (%)
Revenue	158.8	181.1	196.6	8.6	23.8	650.1	690.8	6.3
Operating profit	10.9	13.2	13.7	18.3	32.1	36.4	48.5	33.1
Finance cost	(1.4)	(1.3)	(2.7)	(103.5)	(90.7)	(5.6)	(6.0)	(7.8)
Profit before taxation	9.4	12.0	11.2	(7.0)	19.1	31.9	43.4	36.4
Core PBT	9.7	12.0	10.4	(13.2)	7.8	32.1	42.7	32.8
Income tax expense	(2.7)	(3.1)	(2.3)	24.5	15.0	(9.0)	(10.4)	15.9
Minority Interest	0.1	0.0	(0.2)	N.M.	N.M.	0.0	(0.1)	N.M.
Net profit	6.5	8.9	9.0	1.0	38.2	22.9	33.2	45.1
Core net profit	6.8	8.9	8.3	(7.3)	21.3	23.2	32.4	40.1
Reported EPS (sen)	1.2	1.6	1.6	5.2	34.7	4.3	6.0	40.5
Core EPS (sen)	1.3	1.6	1.5	(3.5)	18.3	4.3	5.9	35.7
Dividend (sen)	0.5	1.0	0.0	(100.0)	(100.0)	1.5	2.0	33.3
Margin (%):								
- Operating	6.9	7.3	7.0	(0.3)	0.1	5.6	7.0	1.4
- Core PBT	6.1	6.6	5.3	(1.3)	(0.8)	4.9	6.2	1.2
- Core PAT	4.3	4.9	4.2	(0.7)	(0.1)	3.6	4.7	1.1
- Effective tax rate	29.3	25.8	20.9	(4.8)	(8.4)	28.1	23.9	(4.2)

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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 Thursday, February 27, 2025, 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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