

Inta Bina Group Berhad

TP: RM0.28 (+14.3%)

Hit by MCO

Last Traded: RM0.245

BUY

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Results Review

- INTA's 1H20 net profit of RM2.0mn came in within expectations, accounting for 28.8% of our full-year estimate. We deem the results to be in line as we expect an improved 2H20 after construction activities at project sites have resumed in early May 20 following the suspension of works from 18 March 2020 to curb the spread of Covid-19.
- YoY, 1H20 revenue plunged 48.4% to RM111.8mn mainly due to suspension of works for about 1.5 months during the Movement Control Order (MCO) period. Gross margin declining from 11.1% a year ago to 8.0%, resulted in 1H20 net profit fell at a faster pace by 85.0% to RM2.0mn.
- On a sequential basis, INTA sank into a minor loss of RM1.1mn for the same reason above as revenue dropped by 31.3% to RM45.5mn. It is the first quarterly loss recorded by INTA since its listing in May 2017.
- Its net cash position shrank from RM43.0mn a quarter ago to RM5.2mn.

Impact

- Maintain FY20 to FY22 earnings forecasts.

Outlook

- Including the recent job win with a contract value of RM199mn, which was announced on 17 August 2020, its outstanding order book stood at RM659mn as of end-June 2020, translating into 1.6x FY19 revenue.
- Going forward, INTA intends to take on larger tender in the construction of affordable housing, as well as exploring opportunity to diversify into infrastructure sector.

Valuation

- Maintain our target price at **RM0.28**, based on unchanged 9xCY21 earnings. Maintain **Buy**.

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)	0.30/0.15
12-mth Avg Daily Vol ('000 shrs)	1120.7
Estimated Free Float (%)	22.7
Beta	1.32

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 34.48
Ahmad bin Awi	- 12.60
Lim Ooi Joo	- 9.16
Teo Hock Choon	- 8.84

Forecast Revision

	FY20	FY21
Forecast Revision (%)	-	-
Net profit (RMmn)	6.9	15.0
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	

Financial Indicators

	FY20	FY21
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	2.3	(3.8)
Price / CFPS (x)	10.8	(6.4)
ROA (%)	2.1	5.1
NTA/Share (RM)	26.6	29.0
Price/NTA (x)	0.9	0.8

Scorecard

	% of FY	
vs. TA	28.8	Within
vs. Consensus	-	-

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	2.1	(2.2)
3 mth	19.5	8.2
6 mth	(7.5)	4.0
12 mth	(7.5)	(2.8)

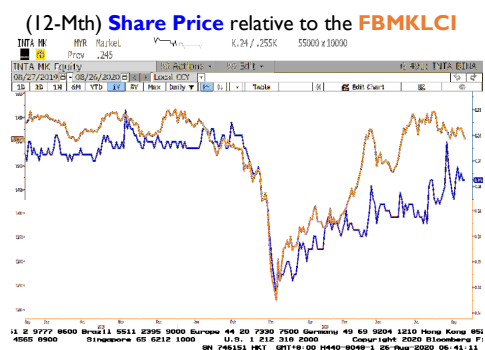


Table 1: Earnings Summary (RMmn)

FYE Dec (RMmn)	2018	2019	2020F	2021F	2022F
Revenue	383.1	411.6	290.0	400.0	426.0
Gross profit	39.5	43.8	23.2	36.0	42.6
EBITDA	36.0	39.9	19.6	32.4	38.5
EBITDA margin (%)	9.4	9.7	6.8	8.1	9.0
EBIT	29.2	31.7	11.2	24.0	30.1
Reported PBT	27.5	29.8	9.4	22.7	28.5
Core PBT	27.5	29.8	9.4	22.7	28.5
Reported net profit	21.2	22.4	6.9	16.7	20.9
Core profit	21.2	22.4	6.9	16.7	20.9
Core EPS (sen)	4.0	4.2	1.3	3.1	3.9
PER (x)	6.2	5.8	19.0	7.9	6.3
Gross dividend (sen)	0.8	1.0	0.3	0.8	1.0
Dividend yield (%)	3.1	4.1	1.0	3.1	4.1
ROE (%)	19.2	17.4	5.0	11.2	12.9

Table 2: 2QFY20 Results Analysis (RMmn)

FYE Dec	2Q19	4Q19	1Q20	2Q20	QoQ (%)	YoY (%)	6MFY19	6MFY20	YoY (%)
Revenue	118.2	91.4	66.2	45.5	(31.3)	(61.5)	216.8	111.8	(48.4)
Operating profit	10.4	4.5	4.5	(1.1)	(124.3)	(110.6)	18.8	3.4	(81.7)
Finance cost	(0.5)	(0.6)	(0.5)	(0.3)	(31.0)	(32.7)	(0.9)	(0.8)	(5.4)
Profit before taxation	9.9	3.9	4.1	(1.4)	(135.4)	(114.4)	17.9	2.6	(85.4)
Core PBT	9.9	3.9	4.1	(1.4)	(135.4)	(114.4)	17.9	2.6	(85.4)
Income tax expense	(2.6)	(0.9)	(1.0)	0.4	(138.0)	(114.7)	(4.6)	(0.6)	(86.4)
Net profit	7.3	3.0	3.0	(1.1)	(134.5)	(114.3)	13.3	2.0	(85.0)
Core net profit	7.3	3.0	3.0	(1.1)	(134.5)	(114.3)	13.3	2.0	(85.0)
Reported EPS (sen)*	1.4	0.6	0.6	(0.2)	(135.1)	(114.6)	2.5	0.4	(85.1)
Core EPS (sen)*	1.4	0.6	0.6	(0.2)	(135.1)	(114.6)	2.5	0.4	(85.1)
Dividend (sen)	0.0	0.5	0.0	0.0	na	na	0.0	0.0	na
Margin (%):									
- Operating	8.8	4.9	6.8	(2.4)	(9.3)	(11.3)	8.7	3.1	(5.6)
- Core PBT	8.4	4.2	6.1	(3.2)	(9.3)	(11.6)	8.3	2.3	(5.9)
- PAT	6.2	3.3	4.6	(2.3)	(6.9)	(8.5)	6.1	1.8	(4.4)
- Effective tax rate	26.4	23.1	25.0	26.8	1.8	0.4	25.8	24.0	(1.8)

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.

Disclaimer

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As of Wednesday, August 26, 2020, the analyst, Ooi Beng Hooi, 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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