

Inta Bina Group Berhad

Eying to Resume its Growth Trajectory

TP: RM0.47 (+74.1%)

Last Traded: RM0.27

BUY (ESG: ★★★)

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Following an analyst briefing yesterday, we remain optimistic on the outlook for INTA. The group is currently backed by i) a strong outstanding order book of RM1.2bn, which could provide earnings visibility to the group for the next 3 years, ii) a healthy tender book of RM3.6bn, and iii) a decent net cash position of RM10.0mn. Meanwhile, the group intends to gradually shift its focus to high-rise projects as the project value is higher and allows the group to enjoy better utilisation of resources. Overall, we maintain Buy call on INTA with an unchanged target price of RM0.47.

Backed by Strong Outstanding Construction Order Book

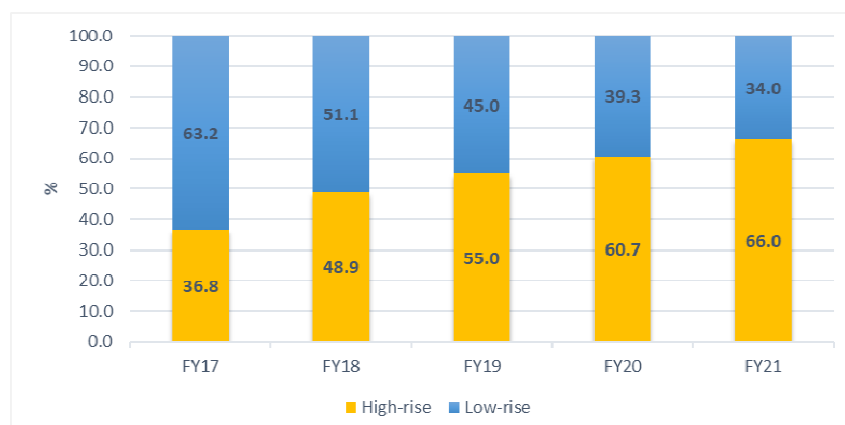
As of end-December 2021, INTA's outstanding construction order book increased slightly from RM1.1bn a quarter ago to RM1.2bn. We reckon the current outstanding construction order book is strong as it translates into 3.6x FY21 revenue, which could provide earnings visibility to the group for the next 3 years. Meanwhile, management guided that the business operations have fully resumed following the relaxation of movement restrictions. For FY22, the management has set an order book replenishment target of RM800.0mn, versus our assumption of RM600.0mn. The total year-to-date contract win is about RM160.0mn.

Actively Hunting for New Jobs

The group is still actively bidding for new jobs. Currently, the group has a tender book of about RM3.6bn. The tender book mostly comprises residential projects. Given that INTA generates most of its revenue from the Klang Valley, it has recently set up a joint venture company with Lagenda Properties Bhd (Lagenda) in order to scale and expand its construction activities nationwide. The joint venture company will undertake the construction activities of Lagenda in Pahang, Johor and Kedah with approximately RM1.3bn of total construction value for the next 5 to 7 years.

Intends to Shift its Focus to High-rise Projects

Exhibit I: Revenue Breakdown



Source: Company, TA Securities

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	535.3
Market Cap (RMmn)	144.5
52-wk Hi/Lo (RM)	0.35/0.25
12-mth Avg Daily Vol ('000 shrs)	578.5
Estimated Free Float (%)	28.5
Beta	1.0

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	28.1
Ahmad bin Awi	12.6
Lim Ooi Joo	9.2
Teo Hock Choon	8.8

Forecast Revision

	FY22	FY23
Forecast Revision (%)	-	-
Net profit (RMmn)	27.4	33.1
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	

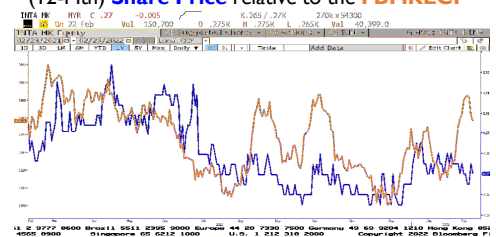
Financial Indicators

	FY22	FY23
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	1.8	1.2
Price / CFPS (x)	14.9	21.6
ROA (%)	6.5	6.7
NTA/Share (sen)	28.1	32.2
Price/NTA (x)	1.0	0.8

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	2.1	3.3
3 mth	1.3	3.3
6 mth	4.4	3.9
12 mth	(3.0)	0.4

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

Management revealed that the group intends to gradually shift its focus to high-rise projects as the project value is higher and allows the group to enjoy better utilisation of resources. Additionally, management also guided that high-rise projects generally have higher barriers of entry as compared to low-rise projects. Based on the current tender book of RM3.6bn, about 65.0% is high-rise projects while the remaining 35% is low-rise projects. Besides, the group plans to undertake facility management projects such as lifts and escalator maintenance services to build a recurring income.

Forecast

Maintain our FY22 to FY24 earnings forecasts.

Valuation

No change to our target price of **RM0.47**, based on unchanged 10xCY22 earnings. Maintain **Buy** call on INTA. Key risks include: 1) escalating raw materials cost, 2) shortage of workers, and 3) new lockdown due to the Covid-19 outbreak.

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Earnings Summary

Profit & Loss (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
Revenue	280.3	336.0	576.0	621.6	655.0
EBITDA	22.6	29.8	49.7	58.1	62.2
Depreciation	(8.0)	(9.9)	(10.4)	(10.9)	(11.2)
EBIT	14.5	19.9	39.3	47.2	51.0
Finance cost	(1.6)	(2.0)	(2.1)	(2.2)	(2.3)
PBT	12.9	17.9	37.2	45.0	48.7
Taxation	(4.8)	(6.1)	(9.9)	(11.9)	(12.9)
Net profit	8.1	11.9	27.4	33.1	35.8
Core profit	10.2	11.9	27.4	33.1	35.8
GDPS (sen)	0.9	1.0	1.5	1.5	1.5
Div Yield (%)	3.1	3.7	5.6	5.6	5.6

Cash Flow (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
PBT	12.9	17.9	37.2	45.0	48.7
Adjustments	10.3	11.0	17.4	13.1	13.5
Changes in WC	(14.0)	(2.2)	(16.0)	(19.3)	(18.8)
Interest & tax	(5.2)	(4.3)	(9.9)	(11.9)	(12.9)
Operational cash flow	4.0	22.4	28.8	26.9	30.6
Capex	(5.1)	(19.4)	(7.0)	(8.3)	(9.2)
Others	2.0	1.5	(5.0)	(5.0)	(5.0)
Investment cash flow	(3.1)	(17.9)	(12.0)	(13.3)	(14.2)
Debt raised/(repaid)	2.6	10.9	4.8	4.8	4.8
Dividend	(5.4)	(4.5)	(8.8)	(8.8)	(8.8)
Others	(2.4)	(6.7)	(2.1)	(2.2)	(2.3)
Financial cash flow	(5.1)	(0.4)	(6.1)	(6.2)	(6.4)
Net cash flow	(4.2)	4.1	10.7	7.4	10.0
Beginning cash	18.3	14.0	18.2	28.8	36.2
Ending cash	14.0	18.2	28.8	36.2	46.2
Adjustments	35.5	40.5	35.5	35.5	35.5
Cash	49.5	58.7	64.3	71.7	81.6

Assumptions (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
New job wins	783	391	600	600	600

Balance Sheet (RMmn)

YE Dec 31	2020	2021	2022F	2023F	2024F
Fixed assets	26.3	45.1	42.1	39.9	38.3
Others	22.7	24.4	29.0	33.6	38.2
NCA	49.0	69.6	71.2	73.6	76.6
Cash	49.5	58.7	64.3	71.7	81.6
Receivables	198.6	176.6	276.5	310.8	327.5
Others	41.2	70.9	57.7	62.3	65.6
CA	289.3	306.3	398.5	444.8	474.8
Total assets	338.2	375.8	469.7	518.3	551.3
ST borrowings	30.7	36.3	36.1	35.9	35.7
Payables	151.6	152.7	201.6	217.6	229.3
Other liabilities	8.8	26.3	48.0	51.7	41.2
CL	191.1	215.3	285.7	305.1	306.2
Shareholders' funds	139.6	146.9	165.4	189.7	216.6
LT borrowings	7.1	12.4	17.4	22.4	27.4
Other LT liabilities	0.5	1.1	1.1	1.1	1.1
Total capital	338.2	375.8	469.7	518.3	551.3

Ratio

YE Dec 31	2020	2021	2022F	2023F	2024F
EBITDA Margins (%)	8.1	8.9	8.6	9.3	9.5
Core EPS (sen)	1.9	2.2	4.6	5.6	6.1
EPS Growth (%)	(54.7)	16.8	109.6	20.7	8.2
PER (x)	14.2	12.2	5.8	4.8	4.4
GDPS (sen)	0.9	1.0	1.5	1.5	1.5
Div Yield (%)	3.1	3.7	5.6	5.6	5.6
Net cash (RMmn)	11.7	10.0	10.8	13.4	18.5
Net gearing (%)	net cash	net cash	net cash	net cash	net cash
ROE (%)	7.4	8.3	17.5	18.6	17.6
ROA (%)	2.9	3.3	6.5	6.7	6.7
NTA (sen)	26.1	27.4	28.1	32.2	36.7
P/NTA(x)	1.0	1.0	1.0	0.8	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 50% independent directors with 12.5% woman director.	

- ★★★★★ (≥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.

Disclaimer

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As of Wednesday, February 23, 2022, the analyst, Chan Mun Chun, 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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