

Inta Bina Group Berhad

Eyeing for Another Record High Revenue for FY23

TP: RM0.28 (+21.7%)
Last Traded: RM0.23
BUY (ESG: ★★★)

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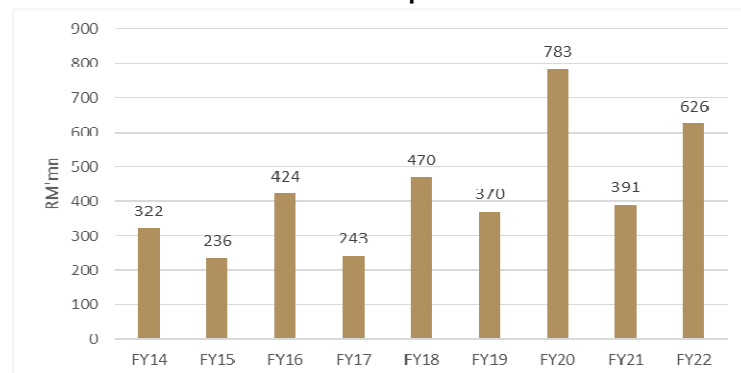
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Following our recent meet-up with INTA, we remain optimistic about the group's outlook. The group is eyeing to hit another record high in revenue for FY23. It is backed by a healthy outstanding order book of RM1.2bn, translating to about 2.6x FY22 revenue. With a tender book of RM2.4bn, management has set an order book replenishment target of RM800.0mn for FY23. Meanwhile, the joint venture (JV) company with Lagenda Properties Bhd (Lagenda) is eyeing to secure RM1.1bn construction jobs for the next 5 to 7 years. On the other hand, the group intends to launch its first residential high-rise project in Selangor with an estimated gross development value (GDV) of RM200.0mn. Overall, we maintain a Buy call on INTA with an unchanged target price of RM0.28.

Looking to Hit Another Record High of Revenue

For FY22, the group recorded the highest revenue of RM466.3mn since it was listed in Bursa in 2017. The group is targeting to hit another record high in revenue for FY23. As of end-March 2023, INTA's outstanding construction order book stood at around RM1.2bn. The current outstanding construction order book is healthy as it translates into 2.6x FY22 revenue, which could provide earnings visibility to the group for the next three years. Meanwhile, management guided that the foreign labour shortage issue has started to resolve it.

Exhibit I: Historical Order Book Replenishment



Source: Company, TA Securities

For FY23, 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 RM80.0mn.

Still Actively Looking for New Jobs

The group is still actively bidding for new jobs. Currently, the group has a tender book of about RM2.4bn. The tender book mostly comprises residential projects. Meanwhile, management revealed that the new lift and elevator

Share Information

Bloomberg Code	INTA MK
Bursa	INTA
Stock Code	0192
Listing	Main Market
Share Cap (mn)	535.3
Market Cap (RMmn)	123.1
52-wk Hi/Lo (RM)	0.27/0.205
12-mth Avg Daily Vol ('000 shrs)	62.0
Estimated Free Float (%)	23.1
Beta	0.3

Major Shareholders (%)

Apexjaya Industries Sdn Bhd	- 35.0
Ahmad bin Awi	- 12.6
Lim Ooi Joo	- 9.2
Teo Hock Choon	- 8.8

Forecast Revision

	FY23	FY24
Forecast Revision (%)	-	-
Net profit (RMmn)	14.2	16.6
Consensus	-	-
TA's / Consensus (%)	-	-
Previous Rating	Buy (Maintained)	
Consensus Target Price	-	

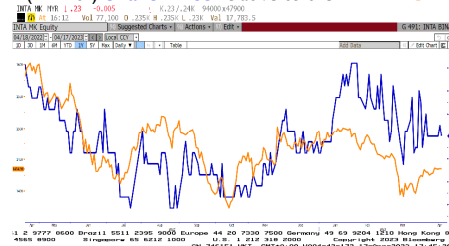
Financial Indicators

	FY23	FY24
Net Debt / Equity (%)	net cash	net cash
CFPS (sen)	7.1	1.1
Price / CFPS (x)	3.2	21.4
ROA (%)	3.2	3.5
NTA/Share (sen)	27.2	29.0
Price/NTA (x)	0.8	0.8

Share Performance (%)

Price Change	INTA	FBM KLCI
1 mth	(2.1)	1.6
3 mth	(8.0)	(4.3)
6 mth	9.5	3.5
12 mth	(14.8)	(9.7)

(12-Mth) Share Price relative to the FBMKLCI



Source: Bloomberg

business has started generating a small income for the group. On the other hand, the JV with Lagenda has so far managed to secure three construction jobs in Kedah and Perak with a total contract value of RM195.0mn. The JV is eyeing to secure RM1.1bn construction jobs for the next 5 to 7 years.

Targeting to Launch its First Residential High-rise Project in Selangor

Recap, the group had bought 3.2 acres of land from Mah Sing Group Bhd in Mutiara Subang, Shah Alam, Selangor, for a cash consideration of RM9.3mn in 2021. The group has decided to kick-start its first property development project on this land. Based on management's guidance, the group intends to develop residential serviced apartments with 521 units. The total estimated GDV is around RM200.0mn. The group is eyeing to launch the project in 2H2023.

Forecast

Maintain FY23 to FY25 earnings forecasts.

Valuation

No change to our target price of **RM0.28**, based on unchanged 10x CY24 earnings. Maintain a **Buy** call on the stock.

Earnings Summary

Profit & Loss (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
Revenue	336.0	466.3	491.6	535.0	565.0
EBITDA	29.5	31.5	33.6	37.4	40.4
Depreciation	(9.9)	(14.7)	(10.9)	(11.2)	(11.4)
EBIT	19.6	16.8	22.7	26.2	29.0
Finance cost	(1.7)	(3.1)	(3.4)	(3.6)	(3.8)
PBT	17.9	13.6	19.3	22.6	25.2
Taxation	(6.2)	(4.1)	(5.1)	(6.0)	(6.7)
Net profit	11.7	9.5	14.2	16.6	18.5
Core profit	11.8	10.7	14.2	16.6	18.5
GDPS (sen)	1.0	0.8	1.0	1.0	1.0
Div Yield (%)	4.3	3.3	4.3	4.3	4.3

Cash Flow (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
PBT	17.9	13.6	19.3	22.6	25.2
Adjustments	10.8	14.7	22.4	14.7	15.2
Changes in WC	16.0	(30.5)	23.2	(6.1)	(7.0)
Interest & tax	(4.5)	(4.8)	(5.1)	(6.0)	(6.7)
Operational cash flow	30.1	(7.0)	59.8	25.3	26.7
Capex	(5.6)	(13.6)	(8.3)	(9.2)	(10.0)
Others	(1.5)	1.0	(5.0)	(5.0)	(5.0)
Investment cash flow	(7.1)	(12.6)	(13.3)	(14.2)	(15.0)
Debt raised/(repaid)	5.4	38.0	4.8	4.8	4.8
Dividend	(4.5)	(5.4)	(5.9)	(5.9)	(5.9)
Others	(13.0)	(7.3)	(3.4)	(3.6)	(3.8)
Financial cash flow	(12.2)	25.4	(4.5)	(4.7)	(4.9)
Net cash flow	10.8	5.8	42.0	6.3	6.8
Beginning cash	14.0	24.9	30.6	72.6	78.9
Ending cash	24.9	30.6	72.6	78.9	85.8
Adjustments	39.3	43.6	35.5	35.5	35.5
Cash	64.2	74.2	108.1	114.4	121.2

Assumptions (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
New job wins	391	626	600	600	700

Balance Sheet (RMmn)

YE Dec 31	2021	2022	2023F	2024F	2025F
Fixed assets	35.8	32.4	30.2	28.6	27.6
Others	34.7	42.7	47.3	51.9	56.5
NCA	70.5	75.1	77.5	80.5	84.1
Cash	64.2	74.2	108.1	114.4	121.2
Receivables	176.8	212.7	231.1	240.8	257.1
Others	73.9	63.7	49.3	53.6	56.6
CA	314.9	350.6	388.4	408.8	434.9
Total assets	385.4	425.7	465.9	489.3	519.0
ST borrowings	37.6	78.6	78.4	78.2	78.0
Payables	159.3	179.4	172.1	187.3	197.8
Other liabilities	29.3	5.8	40.2	33.0	34.8
CL	226.1	263.8	290.7	298.5	310.6
Shareholders' funds	146.9	152.3	160.5	171.2	183.8
LT borrowings	11.2	8.2	13.2	18.2	23.2
Other LT liabilities	1.1	1.5	1.5	1.5	1.5
Total capital	385.4	425.7	465.9	489.3	519.0

Ratio

YE Dec 31	2021	2022	2023F	2024F	2025F
EBITDA Margins (%)	8.8	6.7	6.8	7.0	7.2
Core EPS (sen)	2.2	2.0	2.4	2.8	3.1
EPS Growth (%)	15.9	(9.1)	20.0	17.4	11.5
PER (x)	10.4	11.5	9.6	8.2	7.3
GDPS (sen)	1.0	0.8	1.0	1.0	1.0
Div Yield (%)	4.3	3.3	4.3	4.3	4.3
Net cash (RMmn)	15.4	(12.6)	16.5	18.0	20.1
Net gearing (%)	net cash	0.1	net cash	net cash	net cash
ROE (%)	8.2	7.2	9.1	10.0	10.5
ROA (%)	3.3	2.6	3.2	3.5	3.7
NTA (sen)	27.4	28.4	27.2	29.0	31.1
P/NTA(x)	0.8	0.8	0.8	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 55.6% independent directors with 22.0% 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.

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As of Tuesday, April 18, 2023, the analyst, Chan Mun Chun, who prepared this report, has interest in the following securities covered in this report:
(a) nil

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