



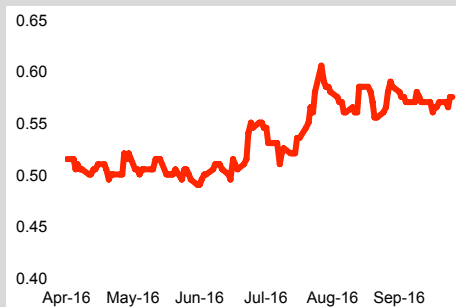
DESCRIPTION

The developer of a soon-to-be booming ultrapolis in Shah Alam spanning across 72 acres, with a gross development value of over RM9bn, an eventual RM1bn property investment portfolio, and a leisure component

12-Month Target Price	RM0.91
Current Price	RM0.58
Expected Return	56.9%

Market	Main
Sector	Property
Bursa Code	4251
Bloomberg Ticker	IBHD MK
Shariah Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	RM0.46 – RM0.62
3-Month Average Vol ('000)	658.4

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	1.8	9.1	14.4
Relative Returns	-1.4	3.9	9.9

KEY STOCK DATA

Market Capitalisation (RMm)	572.5
No. of Shares (m)	995.6

MAJOR SHAREHOLDERS

	%
Sumurwang	59.6
Sumur Ventures	8.6
Tan Sri Lim Kim Hong	0.3

Ching Weng Jin

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

Growth Gathering Pace

I-Berhad reported another set of strong quarterly numbers, underpinned by growing contributions from its property development segment, which remains on track to achieving its medium term goal of generating a steady-state revenue of RM500m per annum. 3QFY16 net profit grew 159.3% YoY to RM22.4m, contributing to a cumulative 9MFY16 net profit growth of 91.6% YoY to RM52.4m. Though only making up 61.6% of our full-year estimates, we deem the results broadly in line as we anticipate stronger recognition in the final quarter to bring numbers in-line. I-Berhad's value proposition is attractive, and we continue to like it for its prime position in benefitting from the urbanization of the outer Klang Valley region (Klang and Shah Alam) despite on-going challenges in the property market. Pace of sales this year has matched last year's, showing no discernible slowdowns as yet, a testament to the market segment it serves which is still seeing demand. With only about 15% of its Gross Development Value (GDV) crystallized, I-Berhad's story is only just unfolding. Our **Outperform** call is reaffirmed, while we raise our target price to RM0.91 (from RM0.73 previously), as we narrow our discount to RNAV, from 60% previously to 50%, with the company continuing to deliver consistently. We see scope for upgrades in the future.

- **Business Overview.** The i-SOHO and i-Suite developments have been fully sold while the Liberty and Parisien Towers projects (launched in 2015) have achieved more than 80% sales, contributing to 3QFY16 revenue of RM113.6m (+105.7% YoY, +31.0% QoQ) and cumulative 9MFY16 revenue of RM280.7m (+53.1% YoY). Unbilled sales are an encouraging RM656.5m. The recently-launched Hyde Towers development has registered 40%. While sales numbers of 8Kia Peng @ KLCC have been relatively anemic, we expect an improvement in market conditions next year to lift contributions.

Piling works on the Central i-City mall and DoubleTree by Hilton hotel continue afoot, both slated for completion by 2018. Both assets are integral parts of its planned RM1bn property investment portfolio, also encompassing wholly-owned car park bays (c. 10k) anticipated to yield steady streams of healthy recurring income. At this juncture however, the segment remains a work-in-progress, with current weakness coming as a result of the expiry of its Ijarah Agreement with Al-Rajhi Banking Corporation last year.

- **Future Developments.** Slated for launch in 2017 is part of the "Central Towers" development, comprising an office tower and residential suite towers above the DoubleTree by Hilton hotel which it has dubbed "Converse @ i-City" given its integration of Internet of Things functionalities. On this note, we view the company's recent partnership with Huawei Technologies positively as it works toward being at the forefront of incorporating technological advancements into its product offerings, which is looking increasingly to be the next wave in property development.

KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2014A	2015A	2016F	2017F	2018F	CAGR
Revenue	261.1	257.4	506.5	561.4	638.8	35.4%
Pre-tax Profit	69.4	54.5	111.9	122.1	138.3	18.8%
Net Profit	53.4	43.0	85.0	92.8	105.1	18.4%
FD EPS ¹ (Sen)	4.1	3.3	6.5	7.1	8.0	18.4%
FD P/E ¹ (x)	14.1	17.6	8.9	8.2	7.3	
DPS ¹ (Sen)	0.9	1.5	2.6	2.8	3.2	
Dividend Yield	1.6%	2.6%	4.5%	4.8%	5.5%	

Source: Company, PublicInvest Research estimates

Note: ¹ Fully-diluted share base: 1,315m shares (excluding warrants)

Table 1: Results Summary

FY Dec (RM'000)	3Q16	3Q15	2Q16	Y-o-Y chg (%)	Q-o-Q chg (%)	9M FY16	9M FY15	Y-o-Y chg (%)	Comments
Revenue	113.6	55.2	86.7	105.7	31.0	280.7	183.3	53.1	Property development growth
Cost of sales	-76.2	-37.7	-61.4	102.3	24.3	-191.4	-126.8	51.0	
Gross profit	37.3	17.5	25.3	112.9	47.4	89.3	56.5	58.0	
Other income	2.2	1.3	8.6	60.2	-74.8	11.9	5.4	120.9	
Admin expenses	-13.6	-8.4	-10.3	61.2	32.6	-35.6	-35.6	23.7	
Associate	-0.4	0.0	0.0	n.a.	n.a.	-0.5	0.0	n.a.	
Pre-tax profit	25.4	10.4	23.6	144.4	7.6	65.1	33.1	96.9	
Income tax	-3.0	-1.8	-8.9	63.1	-66.3	-12.7	-5.8	120.8	
Minorities	0.0	0.1	0.0	n.a.	n.a.	0.0	0.0	n.a.	
Net profit	22.4	8.6	14.7	159.3	52.7	52.4	27.4	91.6	

EPS (sen) 2.3 0.9 1.5 159.3 52.7 5.3 2.7 91.6
 Note: EPS based on current share base of 995.61m n.a. = not applicable

Gross Margin (%)	32.9	31.8	29.2	-	-	31.8	30.8	-
Pre-tax Margin (%)	22.4	18.9	27.3	-	-	23.2	18.1	-
Net Margin (%)	19.7	15.7	16.9	-	-	18.7	14.9	-

SEGMENTAL (RM'000)	3Q16	3Q15	2Q16	Y-o-Y chg (%)	Q-o-Q chg (%)	Comments
Revenue						
Property Development	98.6	40.8	77.2	141.4	27.7	RM657m unbilled sales
Property Investment	1.4	2.6	1.6	-45.9	-13.7	
Leisure	15.6	12.7	9.1	23.4	72.1	
Others	0.3	0.3	0.5	19.6	-29.7	
Total	115.9	56.3	88.3	105.7	31.2	
Pretax Profit						
Property Development	23.3	8.1	25.8	187.7	-9.8	
Property Investment	-0.5	-0.8	-0.5	-35.2	-2.2	
Leisure	2.3	2.1	-2.4	9.9	n.a.	
Others	0.0	1.0	0.8	n.a.	n.a.	
Total	25.1	10.4	23.6	140.7	6.1	

Table 2: Sum-Of-Parts Valuation

DEVELOPMENT	GDV ¹ (RMm)	Discounted Earnings ² (RMm)
i-SOHO (P1) - Tower Block	48.8	7.1
i-Suites	142.1	20.6
Liberty Towers	57.3	8.3
Parisien Towers	85.1	12.3
Hyde Towers	268.0	38.9
i-SOHO (P4) – Retails	470.0	68.2
Serviced Suites	123.0	17.8
280,000 sq ft office	212.0	30.8
Tower Land – P1 Residential	278.0	40.3
Tower Land – P2 Residential	281.0	40.8
Tower Land - Retails	201.0	29.2
JEWEL - Office Towers:	1,099.0	152.5
JEWEL - Residences	2,831.0	392.9
Twins Residences	1,000.0	138.8
Grand i-Residence @ Kia Peng	1,000.0	145.1
		1,143.6
INVESTMENT		
DCF @ 6% Yield @ 8% Disc.		260.2
LEISURE		
Net Profit @ 5x PE		150.0
Sub-Total (RMm)		1,553.8
Shareholders' Funds @ 30.9.16		842.5
TOTAL (RMm)		2,396.3
Fully-diluted share base (m) ³		1,315.0
Fair-value per share (RM)		1.82

Source: PublicInvest Research

Note: ¹ Remaining GDV ² Discounted @ 10% ³ Excluding warrants

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2014A	2015A	2016F	2017F	2018F
Revenue	261.1	257.4	506.5	561.4	638.8
Cost of Sales	-160.0	-176.4	-336.7	-373.2	-424.8
Gross Profit	101.1	81.0	169.8	188.2	214.0
Other Income	5.6	9.2	4.3	3.0	2.8
Administration Expenses	-37.3	-35.7	-62.3	-69.0	-78.5
Pre-tax Profit	69.4	54.5	111.9	122.1	138.3
Income Tax	-16.0	-11.4	-26.8	-29.3	-33.2
Effective Tax Rate (%)	23.0%	21.0%	24.0%	24.0%	24.0%
Minorities	0.0	0.0	0.0	0.0	-0.1
Core Net Profit	53.4	43.0	85.0	92.8	105.1

Growth

Revenue	71.6%	-1.4%	96.8%	10.8%	13.8%
Gross Profit	54.3%	-19.9%	109.7%	10.8%	13.7%
Net Profit	21.5%	-19.5%	97.5%	9.2%	13.2%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RMm)	2014A	2015A	2016F	2017F	2018F
Investment properties	273.9	284.8	294.8	304.8	314.8
Property development costs	410.8	469.9	535.1	607.5	690.4
Cash and bank balances	163.5	96.5	37.8	32.1	21.9
Other assets	262.7	322.4	361.3	372.9	389.6
Total Assets	1,110.8	1,173.5	1,229.0	1,317.3	1,416.7
Payables	136.2	170.9	153.2	161.3	171.9
Liabilities – ICULS and RCULS	205.1	193.0	207.9	223.1	238.3
Deferred tax	2.3	5.4	5.4	5.4	5.4
Other liabilities	4.3	1.3	0.0	0.0	0.0
Total Liabilities	347.9	370.6	366.6	389.9	415.7
Total Equity	763.0	802.9	862.4	927.4	1,001.0
Total Equity and Liabilities	1,110.8	1,173.5	1,229.0	1,317.3	1,416.7

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2014A	2015A	2016F	2017F	2018F
Book Value Per Share	1.05	0.81	0.87	0.94	1.01
NTA Per Share	1.05	0.81	0.87	0.94	1.01
EPS (Sen)	4.1	3.3	6.5	7.1	8.0
DPS (Sen)	0.9	1.5	2.6	2.8	3.2
Payout Ratio (%)	12.9%	33.9%	30.0%	30.0%	30.0%
ROA (%)	4.8%	3.7%	6.9%	7.0%	7.4%
ROE (%)	7.0%	5.4%	9.9%	10.0%	10.5%

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

DISCLAIMER

This document has been prepared solely for information and private circulation only. It is for distribution under such circumstances as may be permitted by applicable law. The information contained herein is prepared from data and sources believed to be reliable at the time of issue of this document. The views/opinions expressed herein are subject to change without notice and solely reflects the personal views of the analyst(s) acting in his/her capacity as employee of Public Investment Bank Berhad ("PIVB"). PIVB does not make any guarantee, representations or warranty neither expressed or implied nor accepts any responsibility or liability as to its fairness liability adequacy, completeness or correctness of any such information and opinion contained herein. No reliance upon such statement or usage by the addressee/anyone shall give rise to any claim/liability for loss of damage against PIVB, Public Bank Berhad, its affiliates and related companies, directors, officers, connected persons/employees, associates or agents.

This document is not and should not be construed or considered as an offer, recommendation, invitation or a solicitation of an offer to purchase or subscribe or sell any securities, related investments or financial instruments. Any recommendation in this document does not have regards to the specific investment objectives, financial situation, risk profile and particular needs of any specific persons who receive it. We encourage the addressee of this document to independently evaluate the merits of the information contained herein, consider their own investment objectives, financial situation, particular needs, risks and legal profiles, seek the advice of their, amongst others, tax, accounting, legal, business professionals and financial advisers before participating in any transaction in respect of any of the securities of the company(ies) covered in this document.

PIVB, Public Bank Berhad, our affiliates and related companies, directors, officers, connected persons/employees, associates or agents may own or have positions in the securities of the company(ies) covered in this document or any securities related thereto and may from time to time add or dispose of, or may be materially interested in, any such securities. Further PIVB, Public Bank Berhad, our affiliates and related companies, associates or agents do and/or seek to do business with the company(ies) covered in this document and may from time to time act as market maker or have assumed an underwriting commitment in the securities of such company(ies), may sell them or buy them from customers on a principal basis, may have or intend to accommodate credit facilities or other banking services and may also perform or seek to perform investment banking, advisory or underwriting services for or relating to such company(ies) as well as solicit such investment advisory or other services from any entity mentioned in this document. The analyst(s) and associate analyst(s) principally responsible for the preparation of this document may participate in the solicitation of businesses described aforesaid and would receive compensation based upon various factors, including the quality of research, investor client feedback, stock pickings and performance of his/her recommendation and competitive factors. Hence, the addressee or any persons reviewing this document should be aware of the foregoing, amongst others, may give rise to real or potential conflicts of interest.

Published and printed by:

PUBLIC INVESTMENT BANK BERHAD (20027-W)

9th Floor, Bangunan Public Bank

6, Jalan Sultan Sulaiman

50000 Kuala Lumpur

T 603 2268 3000

F 603 2268 3014

Dealing Line 603 2268 3129