



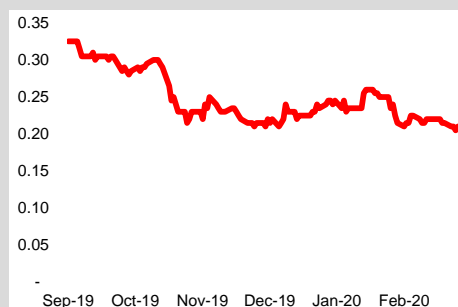
#### DESCRIPTION

The developer of an ultrapolis in Shah Alam spanning across 72 acres, with a total gross development value of RM9bn, an eventual RM1bn property investment portfolio, and a leisure component

**12-Month Target Price** RM0.40  
**Current Price** RM0.21  
**Expected Return** 90.5%

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

#### SHARE PRICE CHART



52 Week Range (RM) RM0.20 – RM0.45  
 3-Month Average Vol ('000) 4,319.1

#### SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-18.0	-4.7	-50.4
Relative Returns	-12.2	3.0	-43.8

#### KEY STOCK DATA

Market Capitalisation (RMm) 250.4  
 No. of Shares (m) 1,116.4

#### MAJOR SHAREHOLDERS

	%
Sumurwang	52.9
Sumur Ventures	7.7
Lim Khuan Eng	1.3

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## No Respite Yet

The Group reported another weak set of numbers for 4QFY19, with net profit of only RM3.5m (-43.6% YoY, -30.6% QoQ) weighed by further losses at its associate, primarily the Central Mall. Cumulative FY19 net profit of RM25.8m (-56.1% YoY) is below our expectation at only 73% of full-year estimates, the discrepancy being the larger-than-expected losses at the mall. The numbers are also below consensus expectations at 92% of full-year estimates. We cut our FY20/FY21 estimates by an average 30% to account for wider near-term losses in its property investment portfolio while also lowering sales assumptions for its project in downtown Kuala Lumpur. Longer-term trend is still intact, underpinned by a remaining ~65% of its gross development value in Shah Alam yet to be realized. We still like I-Berhad's value proposition and affirm our **Outperform** call but trim our TP to RM0.40 (RM0.47 previously) on a higher discount to RNAV in light of near-term earnings weakness.

§ **FY19 earnings overview.** Property development (pretax: -26.6% YoY) remains the major contributor despite the lower numbers (RM54.2m) in absolute terms as on-going losses post-opening of the Central Mall weighs on property investment contributions. The segment's pretax loss widened about 4-fold to RM23.2m (FY18: RM6.5m pretax loss). The leisure segment chipped in with a steady pretax profit of RM10.3m (+2.4% YoY), an encouraging sight amid cautious consumer spending last year, though near-term outlook may be clouded by the recent COVID-19 outbreak. Unbilled sales continue to decline amid the lack of new launches, now at RM97.2m as at end-December, down from RM112.9m at end-September.

§ **Business overview.** The Group is maintaining prudence on its property launches in view of the prevailing property market conditions, focusing instead on its property investment portfolio which it expects to provide steady recurring income over the medium to longer-term. The recent exercise which saw the Group raising some RM151.2m via a rights issue of preference shares puts it on strong financial footing, enabling it to ride out this current soft patch. Its Grade-A GBI-rated office tower has just been completed, kitted with artificial intelligence, and has committed tenancies of between 50% and 60%, we gather. The Double Tree by Hilton Hotel and 2<sup>nd</sup> Convention Centre are slated for opening early-2021.

§ **Risks to earnings** will come from further delays in launches, of which we have accounted for one (valued at ~RM300m) this year, and one (also valued at ~RM300m) next year. Wider-than-expected losses from its mall operations may also weigh. Upside may however come from better-than-expected sales at its soon-to-be completed 8 Kia Peng project. The clearing of inventories estimated at about RM300m will be an added boost.

#### KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2018A *	2019A	2020F	2021F	2022F	CAGR
Revenue	375.1	172.0	191.7	197.9	321.6	-3.8%
Pre-tax Profit	76.8	40.1	36.4	42.9	68.6	-2.8%
Net Profit	58.7	25.8	27.6	32.6	52.1	-2.9%
FD EPS <sup>1</sup> (Sen)	3.2	1.4	1.5	1.8	2.8	-2.9%
FD P/E <sup>1</sup> (x)	6.6	15.1	14.1	12.0	7.5	
DPS <sup>1</sup> (Sen)	1.5	0.6	0.6	0.8	1.2	
Dividend Yield	7.0	3.1	3.1	3.6	5.8	

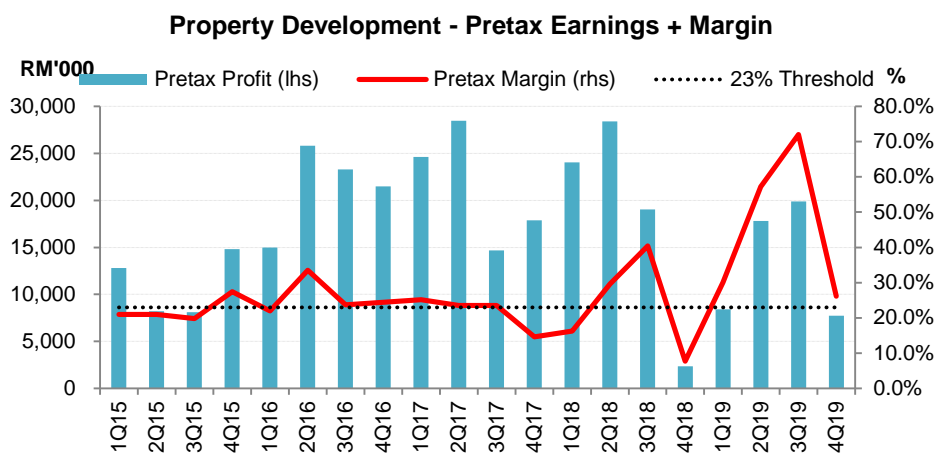
Source: Company, PublicInvest Research estimates

Note: <sup>1</sup> Fully-diluted: 1,857m shares (excluding RCULs conversion) \* re-stated for MFRS15

**Table 1: Results Summary**

<b>FY Dec (RM'm)</b>	<b>4Q FY19</b>	<b>4Q FY18</b>	<b>3Q FY19</b>	<b>YoY chg (%)</b>	<b>QoQ chg (%)</b>	<b>FY19</b>	<b>FY18</b>	<b>YoY chg (%)</b>	<b>Comments</b>
Revenue	47.2	48.0	42.2	-1.7	11.6	172.0	375.1	-54.1	No launches in 2018/2019
Cost of sales	-23.1	-27.2	-11.0	-15.2	109.4	-70.8	-245.8	-71.2	
<b>Gross profit</b>	<b>24.1</b>	<b>20.7</b>	<b>31.2</b>	<b>16.0</b>	<b>-22.9</b>	<b>101.3</b>	<b>129.3</b>	<b>-21.7</b>	
Other income	1.0	1.6	3.4	-33.5	-69.4	6.5	7.7	-15.9	
Admin expenses	-11.4	-14.9	-14.2	-23.0	-19.2	-48.3	-57.3	-15.7	
Associate	-8.7	-1.6	-8.8	456.0	-1.1	-19.3	-3.0	555.2	Wider losses from opening of Central Mall
<b>Pre-tax profit</b>	<b>5.0</b>	<b>5.9</b>	<b>11.7</b>	<b>-15.3</b>	<b>-57.3</b>	<b>40.1</b>	<b>76.8</b>	<b>-47.8</b>	
Income tax	-1.5	0.4	-6.7	-493.1	-77.8	-14.3	-18.0	-21.0	
Minorities	0.0	-0.1	0.0	-67.4	133.3	-0.1	-0.1	0.0	
<b>Net profit</b>	<b>3.5</b>	<b>6.2</b>	<b>5.0</b>	<b>-43.6</b>	<b>-30.6</b>	<b>25.8</b>	<b>58.7</b>	<b>-56.1</b>	
EPS (sen)	0.3	0.6	0.5	-44.8	-35.5	2.4	5.5	-56.2	
Gross Margin (%)	51.0	43.2	73.9	-	-	58.9	34.5	-	
Pre-tax Margin (%)	10.6	12.3	27.7	-	-	23.3	20.5	-	
Net Margin (%)	7.4	12.9	11.9	-	-	15.0	15.6	-	
<b>Segmental (RM'm)</b>	<b>4Q FY19</b>	<b>4Q FY18</b>	<b>3Q FY19</b>	<b>Y-o-Y chg (%)</b>	<b>Q-o-Q chg (%)</b>	<b>Comments</b>			
<b>Revenue</b>									
Prop development	29.6	30.5	27.6	-2.9%	7.1%	RM97m unbilled sales			
Prop investment	2.4	1.9	2.2	25.6%	9.3%				
Leisure	14.0	14.3	11.9	-2.3%	18.0%				
Others	1.2	1.3	0.6	-6.2%	100.7%				
<b>Total</b>	<b>47.2</b>	<b>48.0</b>	<b>42.2</b>	<b>-1.7%</b>	<b>11.6%</b>				
<b>Pretax Profit</b>									
Prop development	7.7	2.3	19.9	230.1%	-61.1%				
Prop investment	-9.8	-3.3	-9.5	197.3%	4.1%				
Leisure	6.4	7.5	2.5	-14.4%	155.5%				
Others	0.7	-0.6	-1.2	n.a.	n.a.				
<b>Total</b>	<b>5.0</b>	<b>5.9</b>	<b>11.7</b>	<b>-15.3%</b>	<b>-57.3%</b>				

n.a. = not applicable

**Figure 1: Pretax Profit - Property Development**


Source: Company, PublicInvest Research

**KEY FINANCIAL DATA**
**INCOME STATEMENT DATA**

FYE Dec (RMm)	2018A	2019A	2020F	2021F	2022F
Revenue	375.1	172.0	191.7	197.9	321.6
Cost of Sales	-245.8	-70.8	-121.9	-125.6	-208.2
Gross Profit	129.3	101.3	69.9	72.2	113.4
Other Income	3.5	-12.9	-5.7	-0.7	1.8
Administration Expenses	-56.0	-48.3	-27.8	-28.7	-46.6
Pre-tax Profit	76.8	40.1	36.4	42.9	68.6
Income Tax	-18.0	-14.3	-8.7	-10.3	-16.5
Effective Tax Rate (%)	23.5%	35.6%	24.0%	24.0%	24.0%
Minorities	-0.1	-0.1	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>58.7</b>	<b>25.8</b>	<b>27.6</b>	<b>32.6</b>	<b>52.1</b>

**Growth**

Revenue	-17.6%	-54.1%	11.5%	3.2%	62.5%
Gross Profit	-7.4%	-21.7%	-31.0%	3.4%	57.0%
Net Profit	-4.9%	-56.1%	7.2%	17.8%	60.1%

Source: Company, PublicInvest Research estimates

**BALANCE SHEET DATA**

FYE Dec (RMm)	2018A	2019A	2020F	2021F	2022F
Investment properties	439.8	506.2	534.8	582.3	629.9
Property development costs	774.8	810.9	774.8	762.3	749.8
Cash and bank balances	18.8	139.2	77.7	69.1	8.5
Other assets	445.3	440.8	391.1	382.6	425.0
<b>Total Assets</b>	<b>1,678.8</b>	<b>1,897.0</b>	<b>1,778.5</b>	<b>1,796.4</b>	<b>1,813.2</b>
Payables	485.0	497.8	362.4	375.5	401.6
Liabilities – ICULS and RCULS	0.0	203.9	219.9	224.5	197.4
Deferred tax	5.3	5.7	6.3	6.3	6.3
Other liabilities	213.4	70.4	51.4	28.8	10.0
<b>Total Liabilities</b>	<b>703.7</b>	<b>777.8</b>	<b>639.9</b>	<b>635.0</b>	<b>615.3</b>
<b>Total Equity</b>	<b>975.1</b>	<b>1,119.2</b>	<b>1,138.6</b>	<b>1,161.4</b>	<b>1,197.9</b>
<b>Total Equity and Liabilities</b>	<b>1,678.8</b>	<b>1,897.0</b>	<b>1,778.5</b>	<b>1,796.4</b>	<b>1,813.2</b>

Source: Company, PublicInvest Research estimates

**PER SHARE DATA & RATIOS**

FYE Dec	2018A	2019A	2020F	2021F	2022F
Book Value Per Share	0.98	1.12	1.06	1.08	1.11
NTA Per Share	0.98	1.12	1.06	1.08	1.11
EPS (Sen)	3.2	1.4	1.5	1.8	2.8
DPS (Sen)	1.5	0.6	0.6	0.8	1.2
Payout Ratio (%)	46.4%	46.4%	43.5%	43.5%	43.5%
ROA (%)	3.5%	1.4%	1.6%	1.8%	2.9%
ROE (%)	6.0%	2.3%	2.4%	2.8%	4.4%

Source: Company, PublicInvest Research estimates

## RATING CLASSIFICATION

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	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.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

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

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