



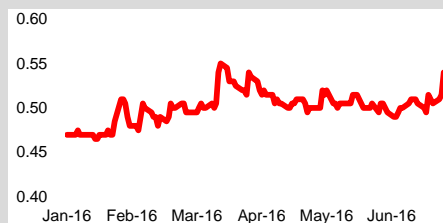
DESCRIPTION

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	RM0.73
Current Price	RM0.54
Expected Return	35.1%

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

SHARE PRICE CHART



52 Week Range (RM)	RM0.46 – RM0.70
3-Month Average Vol ('000)	348.4

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	2.0	-1.0	8.4
Relative Returns	6.8	7.3	11.4

KEY STOCK DATA

Market Capitalisation (RMm)	535.7
No. of Shares (m)	992.0

MAJOR SHAREHOLDERS

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

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Within Expectations

I-Berhad registered 2QFY16 net profit of RM14.7m (+72.3% YoY, -6.5% QoQ), attributed mainly by higher contribution from property development division. Other divisions performed within expectations with leisure division weaker due to the festive season. The group's 1H2016 net profit of RM30.0m constituted only 35.3% of our full year estimate but we deem it in line as we expect stronger earnings in 2H2016 from completion of i-SOHO and faster billings from on-going projects such as i-Suites, Parisien, Liberty and Hyde Tower. No change to our earnings estimates. Maintain **Outperform** and RM0.73 TP, pegged at 60% discount to SOP value of RM1.83 as we continue to like its value proposition and its prime position in benefitting from the urbanization of the outer Klang Valley region (Klang and Shah Alam) given its prime location.

§ **Property Development.** 2QFY16 revenue of RM77.2m (+94.4% YoY, +13.0% QoQ), was markedly higher YOY due to encouraging sales from existing projects such as i-SOHO that is nearing completion. Other key projects include i-Suite, Liberty, Parisien Towers Hyde Tower and 8Kia Peng. Unbilled sales stood at RM718.6m, from RM743.0m in the previous quarter. Slated for launch this year-end is the "Central Towers" development, a project which comprises an office tower, two residential towers, the DoubleTree by Hilton hotel, a convention center and a performing arts center. Estimated GDV is RM1.2bn.

§ **Property Investment.** Contribution from property investment is still not meaningful yet as most investment assets are still under construction or at early stages. As mentioned earlier, we believe that this division will eventually be a mainstay of the Group upon full maturity with an estimated portfolio size of c.RM1bn. Works on the Central i-City mall and DoubleTree by Hilton hotel are already underway, with the recent award of two contracts worth a combined RM140.4m to Pintaras Jaya for earth, piling and sub-structure works.

KEY FORECAST TABLE

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)	13.2	16.4	8.3	7.6	6.8	
DPS ¹ (Sen)	0.9	1.5	2.6	2.8	3.2	
Dividend Yield	1.7	2.8	4.8	5.2	5.9	

Source: Company, PublicInvest Research estimates

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

Table 1: Results Summary

<u>FYE Dec (RM'000)</u>	<u>2Q16</u>	<u>2Q15</u>	<u>1Q15</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>FY16F</u>	<u>FY15A</u>	<u>YoY chg (%)</u>	<u>Comments</u>
Revenue	86.7	52.7	74.1	64.4	17.0	167.1	128.1	30.5	Mainly from property development
Cost of sales	-61.4	-37.4	-49.6	63.9	23.7	-115.2	-89.1	29.2	
Gross profit	25.3	15.3	24.5	65.5	3.3	51.9	39.0	33.3	
Other income	8.6	1.6	4.1	424.4	109.2	9.8	4.1	141.0	
Admin expenses	-10.3	-7.9	-7.0	30.0	46.6	-22.0	-20.3	8.1	
Associate	0.0	0.0	-0.3	n.m.	n.m.	0.0	0.0	n.m.	
Pre-tax profit	23.6	9.0	21.4	161.1	10.3	39.7	22.7	75.1	
Income tax	-8.9	-0.5	-5.7	1627.2	57.0	-9.7	-3.9	148.1	
Minorities	0.0	0.0	0.0	n.m.	n.m.	0.0	0.0	n.m.	
Net profit	14.7	8.5	15.7	72.3	-6.5	30.0	18.8	60.2	

EPS (sen) 1.5 0.9 1.6 72.3 -6.5 3.0 1.9 60.2

Note: EPS based on current share base of 992.02m n.m. = not meaningful

Gross Margin (%)	29.2	29.0	33.1	-	-	31.1	30.4	-
Pre-tax Margin (%)	27.2	17.1	28.9	-	-	23.8	17.7	-
Net Margin (%)	16.9	16.2	21.2	-	-	18.0	14.6	-

<u>SEGMENTAL (RM'000)</u>	<u>2Q16</u>	<u>2Q15</u>	<u>1Q15</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>Comments</u>
Revenue						
Property Development	77.2	39.7	68.3	94.4	13.0	
Property Investment	1.7	3.1	1.2	-45.8	38.5	
Leisure	9.1	12.0	10.6	-24.5	-14.2	
Others	0.4	0.3	0.3	51.7	44.7	
Total	88.4	55.1	80.4	60.4	9.9	
Pretax Profit						
Property Development	25.7	8.2	15.0	212.2	71.6	
Property Investment	-0.5	-0.4	-0.5	2.9	-7.8	
Leisure	0.6	1.1	0.9	-46.1	-35.8	
Others	0.8	0.0	0.6	n.m.	32.2	
Total	26.7	8.9	16.0	199.7	66.6	

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 @ 31.3.15		818.1
Residual from i-SOHO, i-Suites, Liberty, Parisien		41.5
TOTAL (RMm)		2,413.4
Fully-diluted share base (m) ³		1,315.0
Fair-value per share (RM)		1.83

Source: PublicInvest Research

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

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RM m)	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.

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