



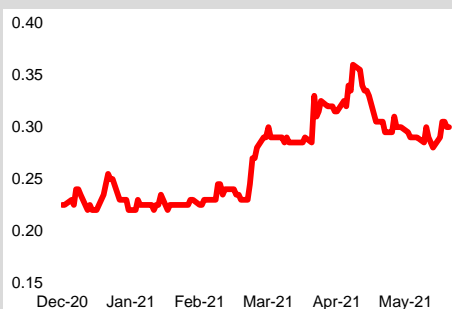
DESCRIPTION

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 RM0.26
Current Price RM0.30
Expected Return -13.3%

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

SHARE PRICE CHART



52 Week Range (RM) RM0.15 – RM0.26
 3-Month Average Vol ('000) 4,411.3

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-1.5	30.4	94.4
Relative Returns	-0.7	29.1	71.5

KEY STOCK DATA

Market Capitalisation (RMm) 340.7
 No. of Shares (m) 1,135.6

MAJOR SHAREHOLDERS

	%
Sumurwang	52.0
Sumur Ventures	7.5
Tan Sri Lim Kim Hong	2.8

Ching Weng Jin

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Movement Restrictions Bite

The Group reported a 1QFY21 net loss of RM4.5m as compared to a net profit of RM1.6m a year ago, with pretax losses seen in all its business segments. Revenue contribution continues to come from sale of its completed units, while the Leisure and Property Investment segments were weighed by effects of movement restrictions. Falling short of our expectations of a full-year net profit, we are compelled to cut FY21/FY22/FY23 estimates by a further -34.6%/-25.3%/-16.0% to account for higher losses in its 40%-owned Central Mall as recovery is delayed. Near-term prospects of the Group are likely to remain hazy in light of the current operating challenges, though we still like I-Berhad's long-term value proposition underpinned by a remaining ~60% of its gross development value yet to be realized. Our target price remains unchanged at RM0.26 (based on an already-steep 80% discount to fully-diluted RNAV), with **Neutral** call retained owing to the lack of near-term re-rating catalysts.

§ **1QFY21 earnings overview.** The property development segment recorded an RM722,000 pretax loss, with no launches since 2018 continuing to hamper revenue recognition. Property unbilled sales is RM40.4m as at end-March (Dec 2020: RM41.3m), and will be exhausted by this year should it deliver the Hill10 residences by 3Q/4Q as anticipated. Losses in the property investment (mall) and leisure segments were the result of movement restrictions (MCO 2.0) imposed during the period. With operating conditions not appearing to look any better in the near term, prospects are not encouraging.

§ **Business overview.** The Group has maintained a very prudent stance amid the soft market conditions, and continues to hold back from launching new projects. The Group's BeCentral serviced apartment tower remains on track for launch toward end-2021, though that is still contingent on the current pandemic situation. Its Grade-A GBI-rated office tower is anticipated to see notable pick-up in occupancy, though meaningful financial contributions will only be seen in FY22.

§ **Outlook.** Risks to earnings, as indicated in the previous quarter and which has actualized this current one, is from wider-than-expected losses in its mall operations with consumer sentiment still soft. Our forecast assumes a property launch this year, which remains subject to the pandemic situation, and is therefore highly susceptible to changes. Upside to earnings could come from quicker-than-expected turnarounds in its launches, and sale of inventories however. Near-term excitement could also come when the Group unveils its plans for the development of its 2 new data centers (of 100,000 square feet each).

KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2019A *	2020A	2021F	2022F	2023F	CAGR
Revenue	172.0	84.6	97.4	146.4	244.7	9.2%
Pre-tax Profit	40.1	4.6	12.8	25.0	45.6	3.3%
Net Profit	25.8	3.3	9.7	19.0	34.6	7.7%
FD EPS ¹ (Sen)	3.2	1.4	0.2	0.5	1.0	-24.6%
FD P/E ¹ (x)	5.4	12.2	96.4	32.5	16.6	
DPS ¹ (Sen)	1.5	0.6	0.1	0.2	0.4	
Dividend Yield	4.9	2.1	0.3	0.8	1.5	

Source: Company, PublicInvest Research estimates

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

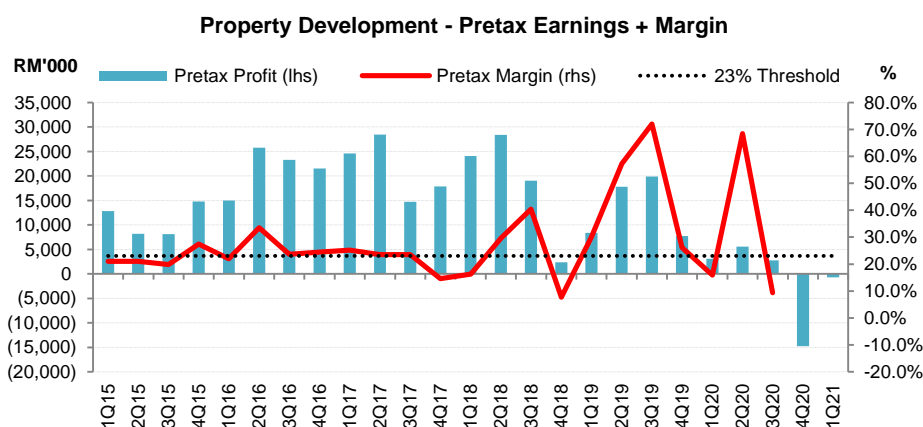
Table 1: Results Summary

<u>FY Dec (RM'm)</u>	<u>1Q</u> <u>FY21</u>	<u>1Q</u> <u>FY20</u>	<u>4Q</u> <u>FY20</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>QoQ</u> <u>chg</u> <u>(%)</u>	<u>1Q</u> <u>FY21</u>	<u>1Q</u> <u>FY20</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>Comments</u>
Revenue	13.2	28.7	7.2	-54.1	81.9	13.2	28.7	-54.1	No launches since 2018
Cost of sales	-9.4	-19.2	-18.0	-51.0	-47.6	-9.4	-19.2	-51.0	
Gross profit	3.8	9.5	-10.7	-60.4	-135.1	3.8	9.5	-60.4	
Other income	1.4	1.6	12.2	-9.5	-88.4	1.4	1.6	-9.5	
Admin expenses	-7.3	-9.2	-16.1	-20.9	-54.6	-7.3	-9.2	-20.9	Instituting cost-control measures
Associate	-2.9	-0.4	18.6	630.0	-115.7	-2.9	-0.4	630.0	Losses at the Central Mall
Pre-tax profit	-5.0	1.4	4.0	n.a	n.a	-5.0	1.4	n.a	
Income tax	0.5	-0.3	-3.2	n.a	n.a	0.5	-0.3	n.a	
Minorities	0.0	0.0	0.0	-48.4	100.0	0.0	0.0	-48.4	
Net profit	-4.5	1.1	0.8	-512.7	-689.4	-4.5	1.1	-512.7	
EPS (sen)	-0.4	0.1	0.1	-510.0	-685.7	-0.4	0.1	-510.0	
Gross Margin (%)	28.6	33.0	-148.1	-	-	28.6	33.0	-	
Pre-tax Margin (%)	-38.3	4.9	55.3	-	-	-38.3	4.9	-	
Net Margin (%)	-34.2	3.8	10.6	-	-	-34.2	3.8	-	

<u>SEGMENTAL</u> <u>(RM'm)</u>	<u>1Q</u> <u>FY21</u>	<u>1Q</u> <u>FY20</u>	<u>4Q</u> <u>FY20</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>QoQ</u> <u>chg</u> <u>(%)</u>	<u>Comments</u>
Revenue						
Prop development	6.9	19.5	2.7	-64.5%	160.7%	RM40.4m unbilled sales as at 31 March
Prop investment	2.2	2.1	1.7	1.7%	25.2%	
Leisure	3.4	6.4	1.9	-46.7%	79.2%	
Others	0.6	0.7	0.9	-1.1%	-30.9%	
Total	13.2	28.7	7.2	-54.1%	81.9%	

Pretax Profit					
Prop development	-0.7	3.1	-14.8	n.a.	-95.1%
Prop investment	-3.4	-0.6	25.1	473.7%	n.a.
Leisure	-0.5	-1.1	-6.1	-58.4%	-92.2%
Others	-0.4	0.0	-0.2	n.a.	63.7%
Total	-5.0	1.4	4.0	n.a	n.a

n.a. = not applicable

Figure 1: Pretax Profit - Property Development


Source: Company, PublicInvest Research

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2019A	2020A	2021F	2022F	2023F
Revenue	172.0	84.6	97.4	146.4	244.7
Cost of Sales	-70.8	-60.4	-62.8	-95.5	-161.2
Gross Profit	101.3	24.2	34.6	50.9	83.5
Other Income	-12.9	30.0	-7.7	-4.7	-2.4
Administration Expenses	-48.3	-49.7	-14.1	-21.2	-35.5
Pre-tax Profit	40.1	4.6	12.8	25.0	45.6
Income Tax	-14.3	-1.3	-3.1	-6.0	-10.9
Effective Tax Rate (%)	35.6%	28.1%	24.0%	24.0%	24.0%
Minorities	-0.1	0.0	0.0	0.0	0.0
Net Profit	25.8	3.3	9.7	19.0	34.6

Growth

Revenue	-54.1%	-50.8%	15.1%	50.4%	67.1%
Gross Profit	-21.7%	-76.1%	42.8%	47.2%	64.0%
Net Profit	-56.1%	-87.3%	196.6%	95.5%	82.3%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RMm)	2019A	2020A	2021F	2022F	2023F
Investment properties	506.2	555.6	582.3	629.9	627.5
Property development costs	810.9	831.6	762.3	749.8	737.3
Cash and bank balances	139.2	38.4	26.7	-17.5	29.3
Other assets	440.8	548.1	398.2	399.2	421.4
Total Assets	1,897.0	1,973.7	1,769.5	1,761.4	1,815.4
Payables	497.8	513.0	369.3	388.2	413.3
Liabilities – ICULS and RCULS	203.9	198.8	224.5	197.4	202.0
Deferred tax	5.7	10.0	6.3	6.3	6.3
Other liabilities	70.4	68.9	38.0	24.7	24.7
Total Liabilities	777.8	790.8	638.0	616.6	646.4
Total Equity	1,119.2	1,182.9	1,131.5	1,144.8	1,169.1
Total Equity and Liabilities	1,897.0	1,973.7	1,769.5	1,761.4	1,815.4

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2019A	2020A	2021F	2022F	2023F
Book Value Per Share	1.13	1.18	1.05	1.07	1.09
NTA Per Share	1.13	1.18	1.05	1.07	1.09
EPS (Sen)	3.2	1.4	0.2	0.5	1.0
DPS (Sen)	1.5	0.6	0.1	0.2	0.4
Payout Ratio (%)	46.4%	46.4%	43.5%	43.5%	43.5%
ROA (%)	1.4%	0.2%	0.5%	1.1%	1.9%
ROE (%)	2.3%	0.3%	0.9%	1.7%	3.0%

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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