



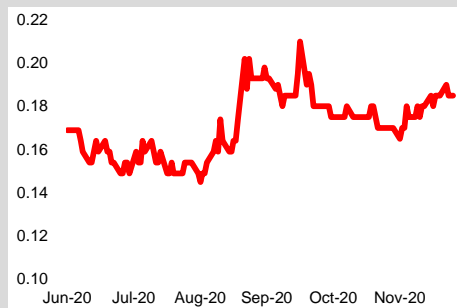
**DESCRIPTION**

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** RM0.185  
**Expected Return** 40.5%

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

**SHARE PRICE CHART**



**52 Week Range (RM)** RM0.10 – RM0.28  
**3-Month Average Vol ('000)** 1,319.4

**SHARE PRICE PERFORMANCE**

	1M	3M	12M
Absolute Returns	8.8	-1.6	-10.8
Relative Returns	0.9	-15.3	-15.5

**KEY STOCK DATA**

**Market Capitalisation (RMm)** 205.5  
**No. of Shares (m)** 1,110.8

**MAJOR SHAREHOLDERS**

	%
Sumurwang	53.0
Sumur Ventures	7.7
Lim Khuan Eng	1.3

**Ching Weng Jin**

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**Waiting On New Launches**

The Group managed to remain in the black, though barely, with a 3QFY20 net profit of RM0.9m (-83.2% YoY, +85.7% QoQ) adding to a cumulative 9MFY20 net profit of RM2.5m (-89.5% YoY) which remains below expectations at only 20.0% of full-year estimates however. Weakness in the investment property (mall) and Leisure (theme park) segments as a result of the COVID-19 pandemic have weighed significantly, as has the lack of launches since 2018. Re-imposition of the Conditional Movement Control Order (CMCO) will impact 4QFY20 numbers, compelling us to cut FY20/FY21/FY22 estimates by 55.0%/35.2%/25.8% as we also make changes to billing assumptions. Potential earnings uplift could come from the clearing of its current inventory of completed properties totaling about RM600m. While near-term prospects are likely to remain hazy in light of the current operating challenges, we still like I-Berhad's long-term value proposition underpinned by a remaining ~60% of its gross development value in Shah Alam yet to be realized. Our unchanged target price of RM0.26 (based on an already-steep 80% discount to fully-diluted RNAV) appears to provide significant price performance upside. We retain our **Neutral** call nonetheless given the lack of near-term re-rating catalysts.

§ **3QFY20 earnings overview.** Property development pretax profit of RM2.8m (-86.1% YoY, -50.6% QoQ) continues to underpin Group earnings, segment-wise though contributions are still from sales of completed units given the absence of new launches since 2018. The property investment segment registered a pretax loss of RM0.9m (-90.4% YoY, -81.1% QoQ), seeing brief respite during the Recovery MCO period. The leisure segment recorded a marginal RM0.1m pretax gain (-94.7% YoY, +>100% QoQ) for the same reasons. Property unbilled sales has slipped further to RM45.5m as at end-September (June: RM63.3m).

§ **Business overview.** We gather that the Group is gearing up to launch a residential tower block worth ~RM300m by this year-end, confident on the value proposition of its product offering. The Group will also focus on its property investment portfolio despite the longer gestational periods. With its Grade-A GBI-rated office tower completed, works continue afoot on its second convention centre and Double Tree by Hilton Hotel, both slated for completion and opening in 3QFY21.

§ **Upside to earnings** could come from the disposal of RM600m worth of completed properties in Shah Alam and downtown Kuala Lumpur. A quicker-than-expected recovery from the COVID-19 pandemic will also alleviate concerns over its mall, hotels and theme park exposures, reducing the drag on Group earnings.

**KEY FORECAST TABLE (RM m)**

FY Dec (RM m)	2018A *	2019A *	2020F	2021F	2022F	CAGR
Revenue	375.1	172.0	105.3	122.8	251.5	-9.5%
Pre-tax Profit	76.8	40.1	7.4	17.5	38.8	-15.7%
Net Profit	58.7	25.8	5.6	13.3	29.5	-15.8%
FD EPS <sup>1</sup> (Sen)	3.2	1.4	0.3	0.7	1.6	-15.8%
FD P/E <sup>1</sup> (x)	5.4	12.2	56.1	23.8	10.7	
DPS <sup>1</sup> (Sen)	1.5	0.6	0.1	0.3	0.7	
Dividend Yield	8.9	3.9	0.8	1.9	4.2	

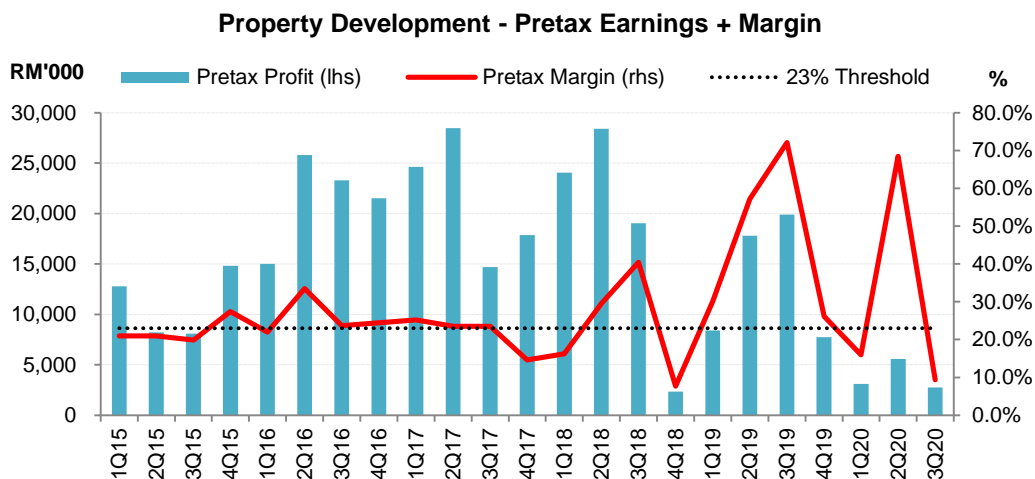
Source: Company, PublicInvest Research estimates

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

**Table 1: Results Summary**

FY Dec (RM'm)	3Q FY20	3Q FY19	2Q FY20	Y-o-Y chg (%)	Q-o-Q chg (%)	9M FY20	9M FY19	YoY chg (%)	Comments
Revenue	37.4	42.2	11.2	-11.4	232.8	77.4	124.9	-38.0	No launches since 2018
Cost of sales	-21.6	-11.0	-1.6	95.8	1,232.5	-42.4	-47.7	-11.0	
<b>Gross profit</b>	<b>15.8</b>	<b>31.2</b>	<b>9.6</b>	<b>-49.3</b>	<b>64.5</b>	<b>34.9</b>	<b>77.2</b>	<b>-54.7</b>	
Other income	1.2	3.4	1.7	-63.6	-26.0	4.5	6.5	-30.9	
Admin expenses	-14.9	-13.5	-9.4	10.1	57.8	-33.6	-36.0	-6.8	
Associate	-0.7	-8.8	-4.2	-92.0	-83.2	-5.3	-10.7	-50.4	Mall-related losses
<b>Pre-tax profit</b>	<b>1.5</b>	<b>12.3</b>	<b>-2.3</b>	<b>-88.1</b>	<b>-163.2</b>	<b>0.6</b>	<b>37.0</b>	<b>-98.5</b>	
Income tax	-0.5	-6.7	2.8	-92.3	-118.2	2.0	-12.8	-115.4	
Minorities	0.0	0.0	0.0	-33.3	-260.0	0.0	0.0	-196.6	
<b>Net profit</b>	<b>0.9</b>	<b>5.7</b>	<b>0.5</b>	<b>-83.2</b>	<b>85.7</b>	<b>2.5</b>	<b>24.2</b>	<b>-89.5</b>	
EPS (sen)	0.1	0.5	0.1	-84.9	60.0	0.2	2.3	-89.9	
Gross Margin (%)	42.3	73.9	85.6	-	-	45.2	61.8	-	
Pre-tax Margin (%)	3.9	29.2	-20.7	-	-	0.7	29.6	-	
Net Margin (%)	2.5	13.4	4.5	-	-	3.3	19.4	-	
<b>SEGMENTAL (RM'm)</b>	<b>3Q FY20</b>	<b>3Q FY20</b>	<b>2Q FY20</b>	<b>Y-o-Y chg (%)</b>	<b>Q-o-Q chg (%)</b>	<b>Comments</b>			
<b>Revenue</b>									
Prop development	29.5	27.6	8.2	6.7%	261.5%	RM46m unbilled sales as at 30 September			
Prop investment	2.2	2.2	1.8	2.4%	23.6%				
Leisure	5.0	11.9	0.7	-57.5%	636.3%				
Others	0.7	0.6	0.6	16.7%	15.5%				
<b>Total</b>	<b>37.4</b>	<b>42.2</b>	<b>11.2</b>	<b>-11.4%</b>	<b>232.8%</b>				
<b>Pretax Profit</b>									
Prop development	2.8	19.9	5.6	-86.1%	-50.6%				
Prop investment	-0.9	-9.5	-4.8	-90.4%	-81.1%				
Leisure	0.1	2.5	-2.8	-94.7%	>100%				
Others	-0.5	-1.2	-0.3	-59.0%	90.6%				
<b>Total</b>	<b>1.5</b>	<b>11.7</b>	<b>-2.3</b>	<b>-87.4%</b>	<b>&gt;100%</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	105.3	122.8	251.5
Cost of Sales	-245.8	-70.8	-71.9	-84.4	-176.8
Gross Profit	129.3	101.3	33.4	38.5	74.7
Other Income	3.5	-12.9	-10.7	-3.2	0.6
Administration Expenses	-56.0	-48.3	-15.3	-17.8	-36.5
Pre-tax Profit	76.8	40.1	7.4	17.5	38.8
Income Tax	-18.0	-14.3	-1.8	-4.2	-9.3
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>5.6</b>	<b>13.3</b>	<b>29.5</b>

**Growth**

Revenue	-17.6%	-54.1%	-38.8%	16.6%	104.7%
Gross Profit	-7.4%	-21.7%	-67.0%	15.3%	94.2%
Net Profit	-4.9%	-56.1%	-78.2%	135.9%	122.0%

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	95.8	69.3	8.5
Other assets	445.3	440.8	357.6	353.5	397.9
<b>Total Assets</b>	<b>1,678.8</b>	<b>1,897.0</b>	<b>1,763.0</b>	<b>1,767.5</b>	<b>1,786.1</b>
Payables	485.0	497.8	357.2	371.6	398.3
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	56.6	32.7	30.9
<b>Total Liabilities</b>	<b>703.7</b>	<b>777.8</b>	<b>639.9</b>	<b>635.0</b>	<b>632.9</b>
<b>Total Equity</b>	<b>975.1</b>	<b>1,119.2</b>	<b>1,123.2</b>	<b>1,132.5</b>	<b>1,153.1</b>
<b>Total Equity and Liabilities</b>	<b>1,678.8</b>	<b>1,897.0</b>	<b>1,763.0</b>	<b>1,767.5</b>	<b>1,786.1</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	1.04	1.05	1.07
NTA Per Share	0.98	1.12	1.04	1.05	1.07
EPS (Sen)	3.2	1.4	0.3	0.7	1.6
DPS (Sen)	1.5	0.6	0.1	0.3	0.7
Payout Ratio (%)	46.4%	46.4%	43.5%	43.5%	43.5%
ROA (%)	3.5%	1.4%	0.3%	0.8%	1.7%
ROE (%)	6.0%	2.3%	0.5%	1.2%	2.6%

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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