



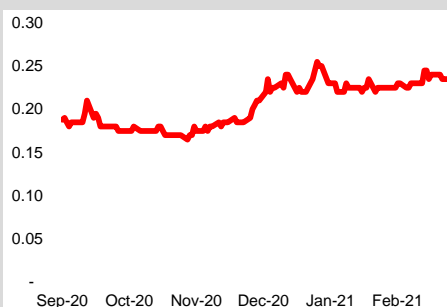
DESCRIPTION

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 RM0.235
Expected Return 10.7%

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

SHARE PRICE CHART



52 Week Range (RM) RM0.10 – RM0.26
3-Month Average Vol ('000) 1,936.6

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) 261.0
No. of Shares (m) 1,110.6

MAJOR SHAREHOLDERS

	%
Sumurwang	53.0
Sumur Ventures	7.7
Lim Khuan Eng	1.3

Ching Weng Jin

T 603 2268 3000

F 603 2268 3014

E research@publicinvestbank.com.my

Staying Profitable

The Group managed to end 2020 on a profitable note though largely due to revaluation surpluses of its investment properties and held-for-sale assets. 4QFY20 net profit of RM764,000 contributed to a full-year FY20 net profit of RM3.3m (-94.7% YoY), which nevertheless fell short of our expectations at only 26% of full-year estimates. With no new launches since 2018, revenue contribution came mostly from sale of its completed units, as the Leisure segment also felt the effects of pandemic-induced movement restrictions and temporary closures. We cut FY21/FY22 estimates by -27.4%/-36.0% to account for further delays in product launches, and changes in sales assumptions. 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.

§ **4QFY20 earnings overview.** Property development contributions slipped into a pretax loss of RM14.8m, with the absence of new launches since 2018 hampering revenue recognition. Revaluation surplus of the Group's investment properties was the saving grace this current quarter, financial year in fact, contributing to a segmental pretax profit of RM18.8m. The segment would otherwise have been mired by challenges (with related financial losses) at the Central Mall as a result of the various movement controls. The Leisure segment recorded a pretax loss of RM6.1m for the quarter and RM10.0m for the year. Property unbilled sales is now at RM41.3m as at end-December, and likely to be exhausted by mid-year.

§ **Business overview.** Soft market conditions continue to hold the Group back from launching new projects. The Group's BeCentral serviced apartment tower is only likely to be launched mid- to end-2021, initially thought to have been end-2020. Its Grade-A GBI-rated office tower is starting to see occupants moving in, though meaningful financial contributions are only anticipated in FY22. Opening of the Double Tree by Hilton Hotel and 2nd Convention Centre is now slated for end-2021, with meaningful contributions only likely late-2022.

§ **Risks to earnings** will come from wider-than-expected losses from its mall operations with consumer sentiment still soft, in addition to ongoing weakness in its Leisure division. We gather the Group is stepping up efforts to address the 8Kia Peng which has been completed but which has seen softer-than-expected sales. Upside to earnings will come from quicker-than-expected turnarounds in its launches, and sale of inventories. There could also be some excitement with regard to development of data centers in line with the government's recently-unveiled MyDigital blueprint.

KEY FORECAST TABLE

FYE Dec (RM m)	2019A *	2020A	2021F	2022F	2023F	CAGR
Revenue	172.0	84.6	110.0	159.7	258.6	10.7%
Pre-tax Profit	40.1	4.6	19.6	33.5	54.2	7.8%
Net Profit	25.8	3.3	14.9	25.4	41.2	12.4%
FD EPS ¹ (Sen)	3.2	1.4	0.2	0.8	1.4	-18.9%
FD P/E ¹ (x)	5.4	12.2	96.4	21.2	12.4	
DPS ¹ (Sen)	1.5	0.6	0.1	0.3	0.6	
Dividend Yield	6.2	2.7	0.3	1.5	2.5	

Source: Company, PublicInvest Research estimates

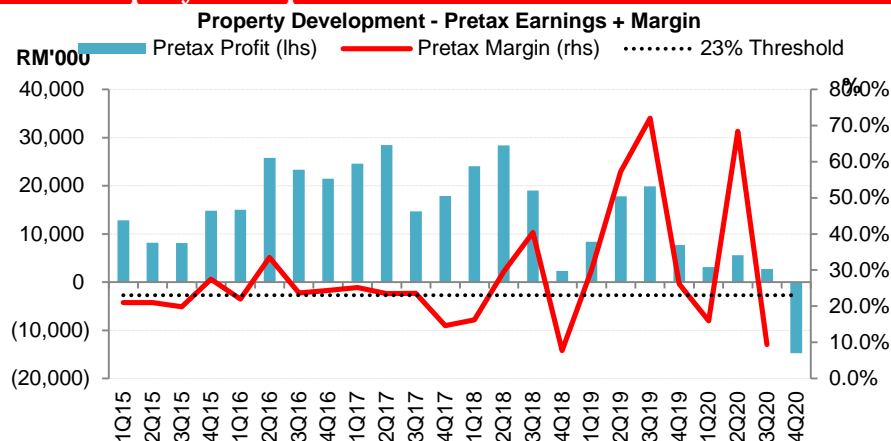
Note: ¹ Fully-diluted: 1,857m shares (excluding RCULs conversion) * re-stated for MFRS15

Table 1: Results Summary

<u>FYE Dec (RMm)</u>	<u>4Q</u> <u>FY20</u>	<u>4Q</u> <u>FY19</u>	<u>3Q</u> <u>FY20</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>QoQ</u> <u>chg</u> <u>(%)</u>	<u>FY20</u>	<u>FY19</u>	<u>YoY</u> <u>chg</u> <u>(%)</u>	<u>Comments</u>
Revenue	7.2	47.2	37.4	-84.7	-80.7	84.6	172.0	-50.8	No launches since 2018
Cost of sales	-18.0	-23.2	-21.6	-22.4	-16.9	-60.4	-70.4	-14.2	
Gross profit	-10.7	24.0	15.8	-144.6	-167.7	24.2	101.7	-76.2	
Other income	12.2	0.9	1.2	1,216.9	877.9	16.6	6.9	139.7	
Admin expenses	-16.1	-10.2	-14.9	57.1	7.8	-49.7	-46.3	7.3	
Associate	18.6	23.4	-0.7	-20.4	-	13.3	12.7	4.7	Revaluation gains
Pre-tax profit	4.0	38.1	1.5	-89.5	172.2	4.6	75.1	-93.9	
Income tax	-3.2	-0.2	-0.5	>100	529.5	-1.3	-12.9	-90.1	
Minorities	0.0	0.0	0.0	-128.6	-200.0	0.0	-0.1	-	
Net profit	0.8	37.9	0.9	-98.0	-19.3	3.3	62.1	-94.7	
EPS (sen)	0.1	3.5	0.1	-98.0	-12.5	0.3	5.8	-94.9	
Gross Margin (%)	-148.1	50.9	42.3	-	-	28.6	59.1	-	
Pre-tax Margin (%)	55.3	80.8	3.9	-	-	5.4	43.7	-	
Net Margin (%)	10.6	80.4	2.5	-	-	3.9	36.1	-	

<u>SEGMENTAL</u> <u>(RM'm)</u>	<u>3Q</u> <u>FY20</u>	<u>3Q</u> <u>FY20</u>	<u>2Q</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	2.7	29.6	29.5	-91.0%	-91.0%	RM41m unbilled sales as at 31 December
Prop investment	1.7	2.4	2.2	-26.9%	-21.9%	
Leisure	1.9	14.0	5.0	-86.4%	-62.2%	
Others	0.9	1.2	0.7	-22.5%	33.2%	
Total	7.2	47.2	37.4	-84.7%	-80.7%	
Pretax Profit						
Prop development	-14.8	7.7	2.8	-	-	
Prop investment	25.1	-9.8	-0.9	-	-	
Leisure	-6.1	6.4	0.1	-	-	
Others	-0.2	0.7	-0.5	-	-51.3%	
Total	4.0	5.0	1.5	-19.9%	172.2%	

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	110.0	159.7	258.6
Cost of Sales	-70.8	-60.4	-69.8	-102.9	-168.9
Gross Profit	101.3	24.2	40.2	56.8	89.7
Other Income	-12.9	30.0	-4.7	-0.2	2.1
Administration Expenses	-48.3	-49.7	-15.9	-23.2	-37.5
Pre-tax Profit	40.1	4.6	19.6	33.5	54.2
Income Tax	-14.3	-1.3	-4.7	-8.0	-13.0
Effective Tax Rate (%)	35.6%	28.1%	24.0%	24.0%	24.0%
Minorities	-0.1	0.0	0.0	0.0	0.0
Core Net Profit	25.8	3.3	14.9	25.4	41.2

Growth

Revenue	-54.1%	-50.8%	30.0%	45.2%	61.9%
Gross Profit	-21.7%	-76.1%	66.0%	41.3%	57.8%
Net Profit	-56.1%	-87.3%	353.8%	71.0%	62.0%

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	25.4	-14.5	36.6
Other assets	440.8	548.1	403.1	404.3	426.8
Total Assets	1,897.0	1,973.7	1,773.1	1,769.5	1,828.2
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	1,135.1	1,152.9	1,181.8
Total Equity and Liabilities	1,897.0	1,973.7	1,773.1	1,769.5	1,828.2

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2019A	2020A	2021F	2022F	2023F
Book Value Per Share	1.13	1.18	1.06	1.07	1.10
NTA Per Share	1.13	1.18	1.06	1.07	1.10
EPS (Sen)	3.2	1.4	0.2	0.8	1.4
DPS (Sen)	1.5	0.6	0.1	0.3	0.6
Payout Ratio (%)	46.4%	46.4%	43.5%	43.5%	43.5%
ROA (%)	1.4%	0.2%	0.8%	1.4%	2.3%
ROE (%)	2.3%	0.3%	1.3%	2.2%	3.5%

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. The analyst(s) and associate analyst(s) may also receive compensation or benefit (including gift and company/issuer-sponsored and paid trips in line with the Bank's policies) in executing his/her duties. 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