



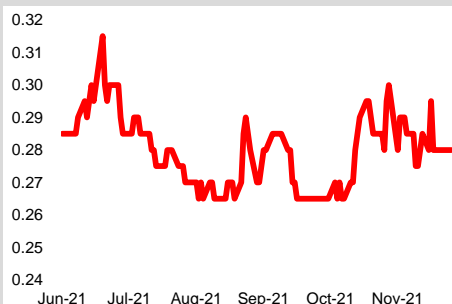
DESCRIPTION

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 RM0.28
Expected Return -7.1%

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

SHARE PRICE CHART



52 Week Range (RM) RM0.18 – RM0.36
3-Month Average Vol ('000) 283.1

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-1.8	-1.8	51.4
Relative Returns	2.5	-0.4	58.8

KEY STOCK DATA

Market Capitalisation (RMm) 318.2
No. of Shares (m) 1,136.4

MAJOR SHAREHOLDERS

	%
Sumurwang	52.0
Sumur Ventures	7.5
Tan Sri Lim Kim Hong	3.1

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Commendable Quarter

The Group reported a net profit of RM3.2m for 3QFY21, turning around from the RM3.4m loss in the immediate preceding quarter. This was very much helped by fair value gains however, though there are some nascent signs of encouragement for the coming financial year. Cumulative 9MFY21 net loss of RM4.8m is below expectations, with the movement restrictions re-imposed in the months under review weighing heavily. We cut FY21 estimates by 63% to reflect the current challenges, though we still expect the Group to remain profitable this financial year on expectation of stronger recovery in its leisure segment this year-end. We continue to like I-Berhad's long-term value proposition underpinned by a remaining ~60% of its gross development value yet to be realized, though we retain our **Neutral** call in the absence of near-term re-rating catalysts. Our target price is unchanged at RM0.26 (based on a steep 80% discount to fully-diluted RNAV).

§ **3QFY21 earnings overview.** The property development segment remained profitable in the current quarter with a pretax profit of RM6.4m recorded (2QFY21: +RM2.2m) as the Group continued to recognize earnings from construction progress of its Hill10 project, while also recognizing sales of its latest development, Be Central. We understand keys are already being handed over to Hill10 purchasers, which should see billings rise in 4Q, though possibly lowering unbilled sales which is currently at RM32.9m as at end-Sept (June 2021: RM48.6m). The property investment segment reported a pretax profit of RM1.0m due in large part to a fair value gain from development cost savings for the corporate office tower, which would have otherwise been weighed by losses at the mall due to the lockdown imposed during the quarter. The Group's leisure segment was not spared the latter, sinking to a pretax loss of RM2.0m.

§ **Business overview.** The Group will continue to work on reducing its inventory levels which currently stand at RM811.5m, of which about RM500m is its 8KiaPeng project in downtown Kuala Lumpur. On a positive note, it has been reported that the Maybank Group will be taking up 14 floors at its Grade-A corporate office in Shah Alam, consequently bringing up occupancy rate to 80%. Its BeCentral serviced apartment tower which has yet to be officially launched continues to see sales recognized in its books meanwhile. With the completion and gradual handover of the Hill10 Residences, the DoubleTree by Hilton is also now slated to open its doors mid-2022, all pointing toward a more meaningful FY22 for the Group.

KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2019A *	2020A	2021F	2022F	2023F	CAGR
Revenue	172.0	84.6	71.7	146.4	244.7	9.2%
Pre-tax Profit	101.3	24.2	26.1	50.9	83.5	-4.7%
Net Profit	40.1	4.6	4.8	25.0	45.6	3.3%
FD EPS ¹ (Sen)	25.8	3.3	3.6	19.0	34.6	7.7%
FD P/E ¹ (x)	1.4	0.2	0.2	1.0	1.9	7.7%
DPS ¹ (Sen)	12.2	96.4	86.9	16.6	9.1	
Dividend Yield	0.6	0.1	0.1	0.4	0.8	

Source: Company, PublicInvest Research estimates

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

Table 1: Results Summary

FY Dec (RM'm)	3Q FY21	3Q FY20	2Q FY21	Y-o-Y chg (%)	Q-o-Q chg (%)	9M FY21	9M FY20	YoY chg (%)	Comments
Revenue	21.6	37.4	16.9	-42.4	27.6	51.6	77.4	-33.3	No launches since 2018, but starting to recognize sales from new BeCentral project (not launched yet)
Cost of sales	-6.9	-21.6	-12.6	-68.2	-45.6	-28.9	-42.4	-31.9	
Gross profit	14.7	15.8	4.3	-7.2	244.7	22.7	34.9	-35.0	
Other income	8.2	1.2	1.2	>100	572.4	10.9	4.5	142.4	
Admin expenses	-14.2	-14.9	-6.2	-4.7	127.9	-27.7	-33.6	-17.4	
Associate	-3.4	-0.8	-2.7	>100	26.7	-9.0	-5.3	69.3	Losses at 40%-owned Central Mall
Pre-tax profit	5.3	1.4	-3.4	287.1	n.a.	-3.1	0.6	n.a.	
Income tax	-2.2	-0.5	-0.1	320.7	2,915.3	-1.7	2.0	n.a.	
Minorities	0.0	0.0	0.0	n.a.	-68.3	0.0	0.0	35.7	
Net profit	3.2	0.9	-3.4	272.0	-192.6	-4.8	2.5	n.a.	
EPS (sen)	0.3	0.1	-0.3	250.0	-193.3	-0.4	0.2	n.a.	
Gross Margin (%)	68.1	42.3	25.2	-	-	44.0	45.2	-	
Pre-tax Margin (%)	24.8	3.7	-20.2	-	-	-6.0	0.7	-	
Net Margin (%)	14.8	2.3	-20.4	-	-	-9.3	3.3	-	
SEGMENTAL (RM'm)	3Q FY21	3Q FY20	2Q FY21	Y-o-Y chg (%)	Q-o-Q chg (%)	Comments			
Revenue									
Prop development	17.1	29.5	10.5	-41.9%	63.3%	RM32.9m unbilled sales as at 30 Sept			
Prop investment	1.5	2.2	2.0	-31.9%	-25.6%				
Leisure	2.3	5.0	3.7	-55.2%	-39.1%				
Others	0.7	0.7	0.7	-2.1%	1.2%				
Total	21.6	37.4	16.9	-42.4%	27.6%				
Pretax Profit									
Prop development	6.4	2.8	2.2	130.6%	193.2%				
Prop investment	1.0	-0.9	-4.1	n.a.	n.a.				
Leisure	-2.0	0.1	-0.6	n.a.	>100%				
Others	0.0	-0.5	-0.9	-94.1%	-96.8%				
Total	5.3	1.5	-3.4	263.4%	n.a.				

n.a. = not applicable

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2019A	2020A	2021F	2022F	2023F
Revenue	172.0	84.6	71.7	146.4	244.7
Cost of Sales	-70.8	-60.4	-45.6	-95.5	-161.2
Gross Profit	101.3	24.2	26.1	50.9	83.5
Other Income	-12.9	30.0	2.3	-4.7	-2.4
Administration Expenses	-48.3	-49.7	-23.7	-21.2	-35.5
Pre-tax Profit	40.1	4.6	4.8	25.0	45.6
Income Tax	-14.3	-1.3	-1.1	-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	3.6	19.0	34.6

Growth

Revenue	-54.1%	-50.8%	-15.2%	104.1%	67.1%
Gross Profit	-21.7%	-76.1%	7.9%	94.8%	64.0%
Net Profit	-56.1%	-87.3%	10.9%	422.9%	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	32.4	-21.7	25.0
Other assets	440.8	548.1	388.2	399.2	421.4
Total Assets	1,897.0	1,973.7	1,765.3	1,757.2	1,811.2
Payables	497.8	513.0	366.8	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	40.5	24.7	24.7
Total Liabilities	777.8	790.8	638.0	616.6	646.4
Total Equity	1,119.2	1,182.9	1,127.2	1,140.5	1,164.8
Total Equity and Liabilities	1,897.0	1,973.7	1,765.3	1,757.2	1,811.2

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2019A	2020A	2021F	2022F	2023F
Book Value Per Share	1.13	1.18	1.05	1.06	1.08
NTA Per Share	1.13	1.18	1.05	1.06	1.08
EPS (Sen)	1.4	0.2	0.2	1.0	1.9
DPS (Sen)	0.6	0.1	0.1	0.4	0.8
Payout Ratio (%)	46.4%	43.5%	43.5%	43.5%	43.5%
ROA (%)	1.4%	0.2%	0.2%	1.1%	1.9%
ROE (%)	2.3%	0.3%	0.3%	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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