



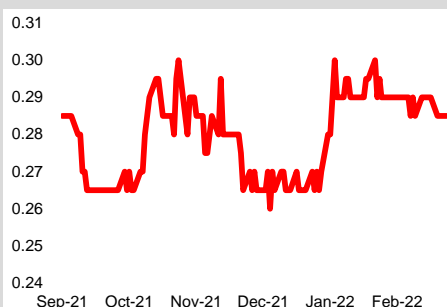
DESCRIPTION

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 RM0.285
Expected Return -8.8%

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

SHARE PRICE CHART



52 Week Range (RM) RM0.23 – RM0.36
3-Month Average Vol ('000) 273.3

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-5.0	1.8	21.3
Relative Returns	-6.8	-1.2	20.5

KEY STOCK DATA

Market Capitalisation (RMm) 323.9
No. of Shares (m) 1,136.4

MAJOR SHAREHOLDERS

	%
Sumurwang	52.0
Sumur Ventures	7.5
Tan Sri Lim Kim Hong	3.2

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Better Year Ahead

The Group reported an improved 4QFY21 net profit of RM5.3m (+>100% YoY, +61.8% QoQ) on the back of a notable turnaround in the performance of the Leisure segment, post-MCO 3.0. Despite numerous operating challenges faced, the Group managed to remain profitable in FY21 with a net profit of RM369,000 recorded, helped in part by fair value gains. The earnings only make up 10% of our full-year estimates however. That said, we keep forward estimates unchanged on expectation of a stronger recovery in its overall performance in the year ahead, with all 3 key segments seeing traction in its recovery momentum. We 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).

§ **4QFY21 earnings overview.** The property development segment recorded revenue of RM13.1m for the quarter, recognized mainly from the completion of the Hill10 residence project as well as recognition of sales of its latest development BeCentral. A pretax loss of RM8.5m was reported however, largely due to the early construction stages of the BeCentral development. Unbilled sales are a healthier RM39.3m as at end-Dec (Sep 2021: RM32.9m), an encouraging sight. The property investment segment reported a pretax profit of RM11.2m due in large part to a revaluation surplus. The Group's leisure segment roared back into action post-lockdown meanwhile, with revenue and pretax profit of RM11.8m and RM3.8m reported respectively for the quarter.

§ **Business overview.** The Group has had a rough two years (2020/2021), though all signs are pointing toward a more promising FY22 and beyond. The Maybank Group has been secured as an anchor tenant for its Grade-A office tower. Together with an insurance company, various multinational companies and an international logistics company, occupancy is now at 80%, a significant development considering that the building has only been in operation for a year. Footfall to the Central i-City mall has also picked up, with tenancy rate at 85%, as we are made to understand. While the Group has not officially launched its BeCentral luxury development, sales are already being recognized, also reflected in its rising unbilled sales amount. The DoubleTree by Hilton which is slated to open its doors mid-2022 will contribute further to its property investment portfolio.

While financial impact is not exactly quantifiable at this juncture, the Group's recent announcements of tie-ups with Huawei and China Mobile is positive, and solidifies its deeper push into the technological sphere which is a defining factor for the Group's developments.

KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2020A *	2021A	2022F	2023F	2024F	CAGR
Revenue	84.6	80.2	155.5	229.1	355.9	43.2%
Pre-tax Profit	4.6	1.3	25.5	45.5	65.5	94.7%
Net Profit	3.3	0.4	19.4	34.6	49.8	97.4%
FD EPS ¹ (Sen)	0.2	0.0	1.0	1.9	2.7	97.4%
FD P/E ¹ (x)	96.4	744.6	16.3	9.1	6.3	
DPS ¹ (Sen)	0.6	0.0	0.5	0.8	1.2	
Dividend Yield	2.1	0.0	1.6	2.8	4.1	

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>4Q FY21</u>	<u>4Q FY20</u>	<u>3Q FY21</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>12M FY21</u>	<u>12M FY20</u>	<u>YoY chg (%)</u>	<u>Comments</u>
Revenue	28.6	2.7	21.6	>100	32.5	80.2	80.1	0.1	No launches since 2018, but starting to recognize sales from new BeCentral project
Cost of sales	-16.1	-16.2	-6.9	-0.8	134.3	-45.0	-58.7	-23.3	
Gross profit	12.5	-13.5	14.7	n.a.	-15.1	35.2	21.4	64.2	
Other income	0.4	10.4	8.2	-96.5	-95.6	3.1	14.9	-78.9	
Admin expenses	-30.6	-13.7	-14.2	>100	>100	-50.2	-47.3	6.1	
Associate	22.2	17.0	-3.4	30.1	n.a.	13.2	11.8	12.4	Revaluation surplus of 40%-owned Central i-City Mall
Pre-tax profit	4.5	0.2	5.3	>100	-16.7	1.3	0.8	67.5	
Income tax	0.8	-1.1	-2.2	n.a.	n.a.	-0.9	0.8	n.a.	
Minorities	-0.1	0.0	0.0	>100	30.8	-0.1	0.0	52.8	
Net profit	5.2	-0.9	3.2	n.a.	61.8	0.4	1.7	-71.2	
EPS (sen)	0.5	-0.1	0.3	n.a.	64.3	0.0	0.2	-73.3	
Gross Margin (%)	43.7	-496.5	68.1	-	-	43.9	26.8	-	
Pre-tax Margin (%)	15.6	9.1	24.8	-	-	1.7	1.0	-	
Net Margin (%)	18.0	-32.4	14.8	-	-	0.5	2.1	-	

<u>SEGMENTAL (RM'm)</u>	<u>4Q FY21</u>	<u>4Q FY20</u>	<u>3Q FY21</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>Comments</u>
Revenue						
Prop development	13.1	-1.9	17.1	n.a.	-23.3%	RM39.3m unbilled sales as at 31 Dec
Prop investment	2.6	1.7	1.5	47.3%	69.0%	
Leisure	11.8	1.9	2.3	>100%	>100%	
Others	1.1	0.9	0.7	27.2%	67.4%	
Total	28.6	2.7	21.6	>100%	32.5%	
Pretax Profit						
Prop development	-8.5	-16.8	6.4	-49.5%	n.a.	
Prop investment	11.2	23.4	1.0	-52.1%	>100%	
Leisure	3.8	-6.1	-2.0	n.n.	n.a.	
Others	-2.1	-0.2	0.0	>100%	n.a.	
Total	4.5	0.2	5.3	>100%	-16.7%	

n.a. = not applicable

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2020A	2021A	2022F	2023F	2024F
Revenue	84.6	80.2	155.5	229.1	355.9
Cost of Sales	-60.4	-45.0	-102.7	-152.4	-238.0
Gross Profit	24.2	35.2	52.8	76.7	117.9
Other Income	30.0	16.4	-4.7	2.0	-0.8
Administration Expenses	-49.7	-50.2	-22.5	-33.2	-51.6
Pre-tax Profit	4.6	1.3	25.5	45.5	65.5
Income Tax	-1.3	-0.9	-6.1	-10.9	-15.7
Effective Tax Rate (%)	28.1%	68.4%	24.0%	24.0%	24.0%
Minorities	0.0	0.0	0.0	0.0	0.0
Net Profit	3.3	0.4	19.4	34.6	49.8

Growth

Revenue	-50.8%	-5.2%	93.8%	47.4%	55.3%
Gross Profit	-76.1%	45.3%	50.0%	45.4%	53.6%
Net Profit	-87.3%	-87.1%	4475.1%	78.3%	43.9%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RMm)	2020A	2021A	2022F	2023F	2024F
Investment properties	555.7	554.0	554.0	554.0	554.0
Property development costs	795.0	771.0	783.8	721.3	658.8
Cash and bank balances	38.4	23.3	7.7	57.4	66.6
Other assets	537.6	558.8	617.8	646.9	679.6
Total Assets	1,926.6	1,907.1	1,963.3	1,979.6	1,958.9
Payables	448.8	429.0	443.3	459.8	477.9
Liabilities – RCCPS and RCULS	215.8	210.3	56.6	32.2	0.0
Deferred tax	11.0	10.9	6.3	6.3	6.3
Other liabilities	111.9	114.9	327.8	327.8	286.4
Total Liabilities	787.5	765.1	834.1	826.1	770.6
Total Equity	1,139.2	1,142.0	1,129.2	1,153.5	1,188.4
Total Equity and Liabilities	1,926.6	1,907.1	1,963.3	1,979.6	1,958.9

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2020A	2021A	2022F	2023F	2024F
Book Value Per Share	0.61	0.62	0.61	0.62	0.64
NTA Per Share	0.61	0.62	0.61	0.62	0.64
EPS (Sen)	0.2	0.0	1.0	1.9	2.7
DPS (Sen)	0.6	0.0	0.5	0.8	1.2
Payout Ratio (%)	344.4%	43.1%	43.1%	43.1%	43.1%
ROA (%)	0.2%	0.0%	1.0%	1.7%	2.5%
ROE (%)	0.3%	0.0%	1.7%	3.0%	4.2%

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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