



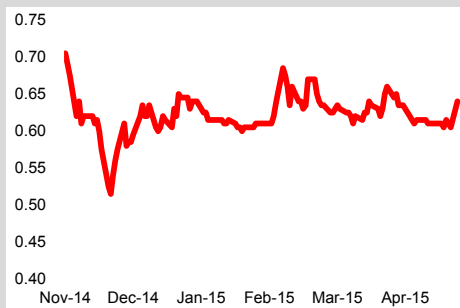
DESCRIPTION

The developer of a soon-to-be booming ultrapolis in Shah Alam spanning across 72 acres, with a gross development value of over RM9bn, an eventual RM1bn property investment portfolio, and a leisure component

12-Month Target Price RM0.92
Current Price RM0.64
Expected Return 43.8%

Market Main
Sector Property
Bursa Code 4251
Bloomberg Ticker IBHD MK

SHARE PRICE CHART



52 Week Range (RM) RM0.52 – RM1.32
3-Month Average Vol ('000) 1,105.2

SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	-4.0	0.0	-17.7
Relative Returns	-1.8	4.0	-12.6

KEY STOCK DATA

Market Capitalisation (RMm) 623.2
No. of Shares (m) 973.7

MAJOR SHAREHOLDERS

	%
Sumurwang	60.8
Sumur Ventures	8.8
Tan Sri Lim Kim Hong	0.3

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Momentum Builds

I-Berhad's 1QFY15 net profit of RM10.3m recorded a 68.9% YoY jump, reflective of our earlier introduction of the company as one at the cusp of an exciting earnings growth phase. Property development featured strongly in the net profit growth, though weighed slightly by pre-opening hotel expenses and seasonality factor in its leisure division. While only making up 12% of our full-year estimates, we remain steadfast in our view of the company and see earnings picking up in subsequent quarters underpinned by its unbilled sales amount of about RM550m and forthcoming launches, of which recent ones have still been relatively successful despite a seemingly soft market. Our **Outperform** call is retained with an unchanged PE-derived target price of **RM0.92**. The recent underperformance of its share price is unwarranted in our view, and we see this period of weakness as opportune for accumulation.

- **Property Development.** The division recorded robust growth numbers as a result of higher percentages of recognition for completed projects and sales of its on-going ones. With a remaining gross development value of about RM8+bn encompassing more than 10 residential and commercial tower blocks, the Group remains well on its way to achieving its strategic vision of attaining a steady state of RM500-600m revenue contribution in 3 years. The Hyde Tower, a fully-furnished residential tower with units ranging from 466-767 sq ft with interior design inspired by a London lifestyle is slated for launching in the second half of this year.
- **Property Investment.** The segment remains a work-in-progress, but which will eventually be a healthy *cash cow* to the Group. An integral part of this division will be the RM763.9m *Central Plaza @ i-City*, the first-of-its-kind regional shopping mall in the country which will be jointly-developed with the Central Pattana Group, Thailand's largest retail developer. On that, the Group announced that it would be varying certain terms and conditions pertaining to its joint venture agreement, but which would still see an eventual 40%(I-Berhad):60% (Central Pattana) ownership structure. The amount retained by the Group will be reduced to RM16.7m however, from the earlier RM20m proposed.
- **Leisure activities.** The opening of new attractions at the Leisure Park contributed to the growing revenue base of the segment, together with the opening of the doors of the 3-star Best Western Hotel. Profitability was hampered by pre-opening expenses of the hotel however, with divisional contributions slumping close to 50%. On a sequential basis, revenue and pretax profit declined coming off the seasonally strong 4Q period which always includes the year-end school and festive holidays.

KEY FORECAST TABLE

FY Dec (RM m)	2013A	2014A	2015F	2016F	2017F	CAGR
Revenue	152.1	261.1	380.3	547.0	892.3	50.6%
Pre-tax Profit	53.0	69.4	109.3	168.5	292.8	53.3%
Net Profit	44.0	53.4	83.0	128.0	222.4	50.0%
FD EPS (Sen)	3.2	3.9	6.0	9.2	16.1	50.0%
FD P/E (x)	20.0	16.4	10.7	6.9	4.0	
DPS ¹ (Sen)	1.0	1.0	3.4	5.2	9.0	
Dividend Yield	1.6%	1.6%	5.3%	8.2%	14.2%	

Source: Company, PublicInvest Research estimates

Note: 1) ¹ On current share base of 740m. 2) Fully-diluted share base: 1,384m shares

The current fair value of the company is stoically underpinned by a sum-of-parts value of RM1.61 per share on a fully-diluted basis. Our target price is a price-earnings derived **value of RM0.92 per share** for the near term however, utilizing a conservative multiple of 10x to reflect the current small-cap nature of the company, and which is at a significant discount to its 3-year earnings CAGR growth of 50+% and translating to a PEG ratio of only 0.2x.

Table 2: Sum-Of-Parts Valuation

DEVELOPMENT	GDV ¹ (RMm)	Discounted Earnings ² (RMm)
i-SOHO (P1) - Tower Block	97.2	13.4
i-Suites	279.1	38.6
Liberty Towers	87.2	12.1
Parisien Towers	187.0	25.8
Hyde Towers	270.0	37.3
i-SOHO (P4) – Retails	470.0	64.9
Serviced Suites	112.0	15.5
280,000 sq ft office	212.0	29.3
Tower Land – P1 Residential	253.0	35.0
Tower Land – P2 Residential	255.0	35.2
Tower Land - Retails	201.0	27.8
JEWEL - Office Towers:	1,099.0	145.3
JEWEL - Residences	2,831.0	374.2
Twins Residences	1,000.0	132.2
Grand i-Residence @ Kia Peng	820.0	113.3
		1,099.8
INVESTMENT		
DCF @ 6% Yield @ 8% Disc.		218.9
LEISURE		
Net Profit @ 5x PE		150.0
		1,468.7
Sub-Total (RMm)		1,468.7
Shareholders' Funds @ post-exc.		762.8
		2,231.5
TOTAL (RMm)		2,231.5
Fully-diluted share base (m)		1,384.3
Fair-value per share (RM)		1.61

Source: PublicInvest Research

Note: ¹ Remaining GDV ² Discounted @ 10%

Table 2: Results Summary

<u>FY Dec (RM'000)</u>	<u>1Q15</u>	<u>1Q14</u>	<u>4Q14</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>	<u>FY15F</u>	<u>FY14A</u>	<u>YoY chg (%)</u>	<u>Comments</u>
Revenue	75.3	44.9	68.2	67.8	10.5	380.3	261.1	45.7	Driven by property development
Cost of sales	-51.7	-28.3	-44.5	82.6	16.2	-235.8	-160.0	47.4	
Gross profit	23.7	16.6	23.7	42.5	-0.1	144.5	101.1	42.9	
Other income	2.4	0.3	3.0	855.3	-20.0	4.2	4.2	0.7	
Fair value gain	0.0	0.0	1.4	0.0	n.m.	0.0	1.4	n.m.	On investment properties (FY14)
Admin expenses	-12.4	-8.5	-10.2	46.4	21.9	-39.4	-37.3	5.6	
Associate	0.0	0.0	0.1	0.0	n.m.	0.0	0.1	n.m.	
Pre-tax profit	13.6	8.4	18.0	63.1	-24.2	109.3	69.5	57.4	
Income tax	-3.4	-2.2	-4.3	51.0	-21.6	-26.2	-16.0	63.8	
Minorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Net profit	10.2	6.1	13.7	67.7	-25.1	83.1	53.5	55.4	
EPS (sen)	2.3	1.4	3.1	67.7	-25.1	18.7	12.0	55.4	
Gross Margin (%)	31.4	37.0	34.7	-	-	38.0	38.7	-	
Pre-tax Margin (%)	18.1	18.6	26.4	-	-	28.7	26.6	-	
Net Margin (%)	13.6	13.6	20.0	-	-	21.8	20.5	-	
<u>SEGMENTAL (RM'000)</u>	<u>1Q15</u>	<u>1Q14</u>	<u>4Q14</u>	<u>YoY chg (%)</u>	<u>QoQ chg (%)</u>				
Revenue									
Property Development	61.0	32.7	48.4	86.3	25.8				
Property Investment	2.2	2.4	3.1	-6.4	-28.2				
Leisure	11.9	9.6	15.2	24.3	-21.9				
Others	0.3	0.2	1.4	8.4	-81.4				
Total	75.3	44.9	68.2	67.8	10.5				
Pretax Profit									
Property Development	12.8	8.8	9.0	46.3	41.9				
Property Investment	-0.6	-0.3	1.8	77.8	n.m.				
Leisure	0.4	0.8	7.4	-49.7	-94.7				
Others	1.0	-0.8	-0.4	n.m.	n.m.				
Total	13.6	8.4	18.0	63.1	-24.2				

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2013A	2014A	2015F	2016F	2017F
Revenue	152.1	261.1	380.3	547.0	892.3
Cost of Sales	-86.6	-160.0	-235.8	-341.1	-559.8
Gross Profit	65.5	101.1	144.4	206.0	332.5
Other Income	14.1	5.6	4.2	4.2	4.2
Administration Expenses	-26.6	-37.3	-39.4	-41.7	-44.0
Pre-tax Profit	53.0	69.4	109.3	168.5	292.8
Income Tax	-9.0	-16.0	-26.2	-40.4	-70.3
Effective Tax Rate (%)	17.0%	23.0%	24.0%	24.0%	24.0%
Minorities	0.0	0.0	0.0	-0.1	-0.1
Core Net Profit	44.0	53.4	83.0	128.0	222.4

Growth

Revenue	128.3%	71.6%	45.6%	43.9%	63.1%
Gross Profit	112.7%	54.3%	42.9%	42.6%	61.5%
Net Profit	161.4%	21.5%	55.4%	54.2%	73.8%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RMm)	2013A	2014A	2015F	2016F	2017F
Investment properties	73.4	283.3	333.3	383.3	433.3
Property development costs	61.7	410.8	461.4	537.7	668.2
Cash and bank balances	7.1	163.5	65.5	25.3	2.8
Other assets	182.8	257.8	284.8	298.3	305.9
Total Assets	325.0	1,115.4	1,145.1	1,244.7	1,410.3
Payables	104.5	136.2	103.7	109.3	114.1
Liabilities – ICULS and RCULS	0.0	205.1	205.1	205.1	205.1
Deferred tax	2.9	6.8	10.7	14.7	18.6
Other liabilities	0.7	4.3	4.3	4.3	4.3
Total Liabilities	108.1	352.4	323.9	333.4	342.1
Total Equity	216.9	763.0	821.2	911.3	1,068.1
Total Equity and Liabilities	325.0	1,115.4	1,145.1	1,244.7	1,410.3

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2013A	2014A	2015F	2016F	2017F
Book Value Per Share	0.95	1.05	1.12	1.25	1.46
NTA Per Share	0.95	1.05	1.12	1.25	1.46
EPS (Sen)	3.2	3.9	6.0	9.2	16.1
DPS (Sen)	6.9	6.0	3.4	5.2	9.0
Payout Ratio (%)	15.6%	12.9%	30.0%	30.0%	30.0%
ROA (%)	13.5%	4.8%	7.2%	10.3%	15.8%
ROE (%)	20.3%	7.0%	10.1%	14.0%	20.8%

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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