

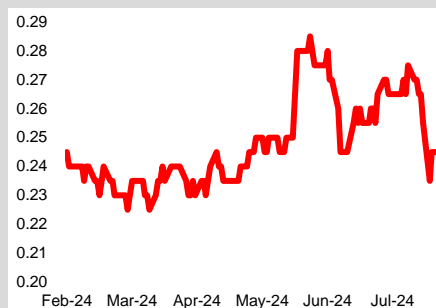


DESCRIPTION

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	RM0.32
Current Price	RM0.245
Expected Return	+30.6%
<i>Previous Target Price</i>	RM0.32
Market	Main
Sector	Property
Bursa Code	4251
Bloomberg Ticker	IBHD MK
Shariah Compliant	Yes

SHARE PRICE CHART



52 Week Range (RM)	RM0.22 – RM0.29
3-Month Average Vol ('000)	654.7

SHARE PRICE PERFORMANCE

	1M	3M	12M
Absolute Returns	-3.9	4.3	0.8
Relative Returns	-2.8	5.1	-8.8

KEY STOCK DATA

Market Capitalisation (RMm)	454.9
No. of Shares (m)	1,856.8

MAJOR SHAREHOLDERS

	%
Sumurwang	57.2
Sumur Ventures	8.3
Tan Sri Lim Kim Hong	3.6

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Building Up Leisure Portfolio

I-Berhad recently unveiled, at a ground-breaking ceremony officiated by Selangor Menteri Besar Datuk Seri Amirudin Shari, a new attraction to its Leisure portfolio, SkyCity, reportedly Malaysia's highest glass water slide standing at 60m tall. While the cost of this new attraction has not been disclosed, we view this development positively as the Group strives to maintain the momentum made from its recent Leisure-related contributions in recent quarters. On a separate note, shareholders will also be voting (later today) on the proposed issuance of redeemable preference shares (RPS) solely to a major shareholder amounting to RM100m. Since our recent recommendation upgrade on 4 June, the share price raced to a high of 29sen (+18.4%) before retracing to current levels following the recent market rout. We see this as another buying opportunity, remaining encouraged by the Group's steady fundamental improvements. Scope for longer-term upside is still attractive with ~50% of its gross development value (~RM5bn) yet to be realized, in addition to the growing traction from its investment- and leisure-related portfolios. We retain our **Trading Buy** call with an unchanged target price of RM0.32 (~50% discount to book value versus industry average of 40%).

§ **SkyCity** is a 60-meter high tower featuring a 600-meter long glass slide meant to evoke the feeling of "swim(ming) in the sky, fly(ing) on water", the latter being the attraction's tagline. Slated to open on 11 December 2024, this, amongst others, is expected to contribute notably to the state government's Visit Selangor 2025 initiative, and potentially lead to the drawing of about five million local and international tourists into i-City next year. Incidentally, the state government has a seven million tourist target for 2025. To note, the Group's Leisure and Hospitality segment saw sustained revenue contributions, amounting to RM25.9m (+25.8% YoY, -3.1% QoQ) in the recent 1QFY24 results, with segmental pretax profit an encouraging RM4.2m. We anticipate stronger numbers in the coming quarters, underpinned by continued improvements in contribution from the DoubleTree Hilton hotel, and recent new attractions (Race Karting, Immersive Winterland and Digital Sports Arena).

§ **RPS**. The issuance of these securities is an inexpensive way to raise funds, and is a welcome move considering its non-dilutive effects. While net proceeds into the company from this exercise will only amount to slightly under RM55m considering RM45m is to be utilised to repay previous advances by its major shareholder, we reckon this is still sufficient for its ongoing development works and working capital needs. We are also encouraged by this development as it signifies a strong vote of confidence in the Group's long-term prospects and reflects the major shareholder's unwavering financial support toward the success of the company, uncharacteristic of various other corporate exercises which typically involve cash-sapping rights issues and/or dilutive private placement exercises. The 3% dividend rate on the RPS also costs lower vis-à-vis bank borrowings.

KEY FORECAST TABLE (RM m)

FY Dec (RM m)	2022A	2023A	2024F	2025F	2026F	CAGR*
Revenue	119.6	175.6	196.5	345.4	527.2	44.3%
Gross Profit	72.7	107.5	102.7	152.9	213.8	25.8%
Pre-tax Profit	27.1	17.3	24.7	29.1	46.3	38.7%
Net Profit	26.9	11.7	19.6	23.3	36.4	46.1%
EPS ¹ (Sen)	1.5	0.6	1.1	1.3	2.0	46.1%
P/E ¹ (x)	16.9	39.0	23.2	19.5	12.5	
DPS ¹ (Sen)	0.6	0.3	0.5	0.5	0.8	
Dividend Yield	2.6	1.1	1.9	2.2	3.4	

Source: Company, PublicInvest Research estimates

Note: ¹ Excluding RCULs conversion * CAGR (2023-2026)

KEY FINANCIAL DATA
INCOME STATEMENT DATA

FYE Dec (RMm)	2022A	2023A	2024F	2025F	2026F
Revenue	119.6	175.6	196.5	345.4	527.2
Cost of Sales	-46.9	-68.1	-93.7	-192.5	-313.4
Gross Profit	72.7	107.5	102.7	152.9	213.8
Other Income	21.2	-3.7	0.6	14.4	17.0
Other Expenses	-66.8	-86.5	-78.6	-138.2	-184.5
Pre-tax Profit	27.1	17.3	24.7	29.1	46.3
Income Tax	-0.2	-5.6	-5.1	-5.8	-9.9
Effective Tax Rate (%)	0.6%	32.2%	20.6%	19.9%	21.4%
Minorities	0.0	-0.1	0.0	0.0	0.0
Net Profit	26.9	11.7	19.6	23.3	36.4
Growth					
Revenue	49.1%	46.8%	11.9%	75.8%	52.6%
Gross Profit	106.5%	47.9%	-4.4%	48.8%	39.8%
Net Profit	>100.0%	-56.7%	68.2%	18.9%	55.8%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RMm)	2022A	2023A	2024F	2025F	2026F
Investment properties	571.7	577.9	554.0	554.0	554.0
Property development costs	771.0	751.8	655.3	658.8	596.3
Cash and bank balances	19.4	25.3	48.5	32.4	14.6
Other assets	556.9	473.9	621.3	628.7	709.5
Total Assets	1,919.0	1,828.9	1,879.1	1,873.9	1,874.4
Payables	384.5	294.5	477.9	497.8	519.6
Liabilities – RCULS and Debt	322.4	296.7	267.3	215.5	215.5
Deferred tax	3.0	2.2	6.3	6.3	6.3
Other liabilities	40.1	58.2	-29.1	-18.7	-65.6
Total Liabilities	750.0	651.6	722.4	700.8	675.9
Total Equity	1,169.0	1,177.4	1,156.7	1,173.1	1,198.5
Total Equity and Liabilities	1,919.0	1,828.9	1,879.1	1,873.9	1,874.4

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec	2022A	2023A	2024F	2025F	2026F
Book Value Per Share	0.63	0.63	0.62	0.63	0.65
NTA Per Share	0.63	0.63	0.62	0.63	0.65
EPS (Sen)	1.5	0.6	1.1	1.3	2.0
DPS (Sen)	0.6	0.3	0.5	0.5	0.8
Payout Ratio (%)	43.1%	43.1%	43.1%	43.1%	43.1%
ROA (%)	1.4%	0.6%	1.0%	1.2%	1.9%
ROE (%)	2.3%	1.0%	1.7%	2.0%	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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