IOI Properties Group Berhad

(5249 | IOIPG MK) Property| Property

High base in FY21

***Maintain* BUY**

***Unchanged* Target Price: RM1.29**

KEY INVESTMENT HIGHLIGHTS

- **FY22 earnings slightly above expectations**
- **High base in FY21**
- **FY22 new property sales at RM1.93b**
- **Earnings forecast revised upwards**
- **Maintain BUY with unchanged TP of RM1.29**

FY22 earnings slightly above expectations. IOI Properties Group (IOIPG) FY22 core net income of RM715m came in slightly above expectations, making up 108% of our and consensus estimates. The slight earnings surprise could be attributed to the lower than expected expenses in 4QFY22. No dividend was announced for FY22.

High base in FY21. Sequentially, 4QFY22 core net income increased to RM201.5m (+18.2%qoq) mainly due to lower operating expenses and higher contribution from joint ventures. That brought FY22 core net income to RM715m (-10.6%yoy). Core net earnings were lower in FY22 despite higher topline (+4.1%yoy) as earnings in FY21 were high base, boosted by contribution from JV in Singapore. Meanwhile, operating profit of property development division was higher, driven by higher sale of properties in Malaysia and higher contribution from project in China. Similarly, operating profit of property investment division improved on the back of contribution from leasing income from IOI Mall, Xiamen and higher rental income from its shopping malls in Malaysia.

FY22 new property sales at RM1.93b. IOIPG reported new property sales of RM616m in 4QFY22, higher than new property sales of RM418m in 3QFY22. That brought total new sales to RM1.93b in FY22, lower than new sales of RM2.3b in FY21. New property sales in FY22 were 77% contributed by project in Malaysia while the remaining 23% were contributed by project in China. On the other hand, unbilled sales increased to RM605m in 4QFY22 from RM537m in 3QFY22, providing less than 1year earnings visibility to property development division.

Maintain BUY with unchanged TP of RM1.29. We revise our FY23F earnings forecast by +2.8% after factoring in lower expenses. We also introduce our earnings forecast for FY24. Our TP for IOIPG is unchanged at **RM1.29**, based on 68% discount to RNAV. We maintain our BUY call on IOIPG as we see better earnings outlook for IOIPG, driven mainly by investment properties division and turnaround of leisure & hospitality segments. Valuation of IOIPG is also attractive, trading at steep discount of 74% to latest NTA of RM3.71 per share.

RETURN STATISTICS	
Price @ 22 Aug 2022 (RM)	0.975
Expected share price return (%)	32.3
Expected dividend yield (%)	1.0
Expected total return (%)	**33.3**

SHARE PRICE CHART



Share price performance (%)	Absolute	Relative
1 month	3.2	1.7
3 months	-2.5	-1.4
12 months	-18.1	-16.4

KEY STATISTICS	
FBM KLCI	1,487.37
Syariah compliant	Yes
F4BGM Index	Yes
ESG Grading Band (Star rating)	☆☆☆☆
Issue shares (m)	5,506.15
Estimated free float (%)	13.19
Market Capitalisation (RM'm)	5,368.49
52-wk price range (RM)	RM0.93 - RM1.33
Beta vs FBM KLCI (x)	1.24
Monthly velocity (%)	2.57
Monthly volatility (%)	13.17
3-mth average daily volume (m)	0.79
3-mth average daily value (RM'm)	0.78
Top Shareholders (%)	
Vertical Capacity Sdn Bhd	65.67
Employees Provident Fund Board	8.06
Amanah Saham Nasional Bhd	6.38

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INVESTMENT STATISTICS

FYE June (RM m)	FY20	FY21	FY22	FY23F	FY24F
Revenue	2,116	2,489	2,590	2,568	2,663
EBIT	1,100	1,033	1,040	929	949
PBT	1,115	1,217	1,103	1,001	1,021
Net Income	505	660	687	736	751
Core Net Income	672	799	715	736	751
EPS (sen)	9.17	12	12.5	13.3	13.6
Core EPS (sen)	12.21	15	13.0	13.3	13.6
Net DPS (sen)	1.50	2	0.0	1.0	2.0
Net Div Yield	1.5%	2.1%	0.0%	1.0%	2.1%
Core PER	8.0	6.7	7.5	7.3	7.2
NTA/share	3.4	3.6	3.7	3.8	3.7
P/NTA	0.3	0.3	0.3	0.3	0.3
Core ROE	3.5%	2.6%	3.5%	3.5%	3.6%
Core ROA	2.0%	1.5%	1.8%	1.8%	1.9%

Source: MIDF Research

IOI Properties Group: 4QFY22 RESULTS SUMMARY

FYE June (RM'm, unless otherwise stated)	Quarterly Results			Cumulative	
	4QFY22	%YoY	%QoQ	FY22	%YoY
Revenue	715.9	8.7%	-3.0%	2,590.3	4.1%
Core EBIT	174.4	-50.1%	-43.0%	858.6	-16.9%
Core PBT	303.0	-15.7%	-7.0%	1,131.0	-7.1%
Net Income	292.5	147.1%	389.8%	686.7	4.0%
Core Net Income	201.5	-31.3%	18.2%	715.0	-10.6%
EPS (sen)	5.3	147.1%	389.8%	12.5	4.0%
Core EPS (sen)	3.7	-31.3%	18.2%	13.0	-10.6%
Net DPS (sen)	0.0	-100.0%	N/A	0.0	-100.0%
NTA/share (RM)	3.7	4.6%	NA	3.7	NA
Net Gearing (x)	0.7	NA	NA	0.7	NA
Core EBIT Margin	24.4%	NA	NA	33.1%	NA
Core PBT Margin	42.3%	NA	NA	43.7%	NA

Source: Company, MIDF Research

IOIPG RNAV

	Stake	Est remaining GDV (RM m)	WACC (%)	Value (RM m)
Klang Valley Projects				
16 Sierra, South Puchong	100%	2745	11%	312
Bandar Puchong Jaya, Puchong	100%	750	11%	99
Bandar Puteri, Puchong	100%	2837	11%	338
IOI Resort City, Putrajaya	100%	19200	11%	1185
Bandar Puteri Bangi, Selangor	100%	3450	11%	411
Bandar Puteri Warisan, Sepang	100%	1083	11%	142
Johor Projects				
Bandar Putra Kulai, Johor	100%	1592	11%	151
Bandar Putra Segamat, Johor	100%	18	11%	3
Taman Lagenda Putra, Kulai, Johor	100%	27	11%	4
Taman Kempas Utama, Johor Bahru, Johor	100%	812	11%	102
The Platino, Johor Bahru, Johor	100%	100	11%	13
i-Synergy, Senai, Kulai, Johor	100%	1720	11%	205
Other States Projects				
Desaria , Sungai Ara, Penang	100%	156	11%	21
Bandar IOI, Bahau, Negeri Sembilan	100%	806	11%	96
Singapore Projects				
South Beach, Beach Road, Singapore	50%	1667	11%	109
The Trilinq @ Jalan Lempeng, Singapore	88%	1250	11%	144
Cape Royale @ Sentosa Cove, Singapore	65%	4500	11%	283
Cityscape @ Farrer Park, Singapore	60%	1200	11%	77
Seascape @ Sentosa Cove	50%	825	11%	54

China Projects				
IOI Park Bay, Xiamen, PRC	100%	419	11%	55
IOI Palm City, Xiamen, PRC	100%	2170	11%	247
Unbilled sales		1500		186
Subtotal				4165
Remaining Landbank				**Net Surplus (RM m)**
Nusa Jaya	100%			0
Mukim of Pulai	100%	16		0
Segamat	100%	1254		0
Kulai Jaya	100%	467		0
Ayer Keroh	100%	1338		0
Bandar IOI, Bahau	100%	745		0
Investment Properties	100%			0
Total				**4237**
Shareholder Funds				17996.0
Total RNAV				22233
Enlarged share base				5534.8
Fully-diluted RNAV per share (RM)				4.02
Discount				68%
Target Price (RM)				**1.29**

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MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS	
STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	Stock price is expected to *rise* by >10% within 3-months after a Trading Buy rating has been assigned due to positive newsflow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	Stock price is expected to *fall* by >10% within 3-months after a Trading Sell rating has been assigned due to negative newsflow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology