

05 September 2018 | Corporate Update

IJM Corp Bhd

Bagged Affin Bank's Building Contract

INVESTMENT HIGHLIGHTS

- **IJM has accepted the award for construction of 47-storey building amounting to RM505.0m issued by Affin Bank Berhad**
- **Scope includes construction and completion of the building's superstructure**
- **Outstanding construction orderbook increased to RM9.3b**
- **We maintain BUY with an adjusted target price of RM3.10 per share**


Secured RM505.0m job. IJM Construction Sdn Bhd, a wholly-owned subsidiary of the Company, has accepted the Letter of Award issued by Affin Bank Berhad for the construction of 47-storey office building for a sum worth RM505.5m at Tun Razak Exchange, Jalan Tun Razak, Kuala Lumpur.

Scope. The construction and completion of superstructure which usually involves the construction of frame, upper floors, stairs and ramp, external and internal wall, windows and doors.

Duration. The duration of the job is 26 months and will expect to be completed before December, 2020

Orderbook increased to over RM9.3bn. With this new contract, the estimated orderbook increased accordingly to RM9.3bn or +5.6%.

Impact on Earnings. Altogether the impact is positive and falls within our job replenishment assumptions hence we make no changes to our earnings forecasts at this juncture.

Recommendation. Due to recent market sell-off, the share price of IJM is at an attractive level. Hence, we maintain our **BUY** recommendation with an adjusted TP of **RM3.10** per share based on FY18 sum-of-parts valuation. 

Maintain BUY

Adjusted Target Price (TP): RM3.10
(From RM3.30)

| RETURN STATS | |
|------------------------------|---------------|
| Price (4 Sept 2018) | RM1.91 |
| Target Price | RM3.10 |
| Expected Share Price Return | +62.3% |
| Expected Dividend Yield | +1.0% |
| Expected Total Return | +63.3% |

| STOCK INFO | |
|------------------------|---------------------|
| KLCI | 1812.76 |
| Bursa / Bloomberg | 3336 / IJM MK |
| Board / Sector | Main / Construction |
| Syariah Compliant | Yes |
| Issued shares (mil) | 3572.6 |
| Par Value (RM) | 1.00 |
| Market cap. (RM'b) | 6935.01 |
| Price over NA | 0.752x |
| 52-wk price Range | RM1.60 – RM3.43 |
| Beta (against KLCI) | 1.19x |
| 3-mth Avg Daily Vol | 5.36m |
| 3-mth Avg Daily Value | RM9.94m |
| Major Shareholders (%) | |
| EPF | 14.55 |
| ASB | 6.96 |
| LTH | 6.48 |

INVESTMENT STATISTICS

| FYE March | FY16 | FY17 | FY18 | FYE19 | FYE20 |
|--------------------------|-------|-------|-------|-------|-------|
| Revenue (RM'm) | 5,128 | 6,065 | 6,146 | 5,800 | 5,900 |
| Pre-tax Profit (RM'm) | 1,155 | 1,010 | 988 | 693 | 736 |
| Normalised PATAMI (RM'm) | 788 | 653.7 | 494 | 348 | 354 |
| FD EPS (sen) | 22 | 18 | 34 | 10 | 10 |
| EPS growth (%) | -29 | -99 | 90 | -71.8 | 2.1 |
| PER (x) | 8.7 | 10.7 | 5.6 | 19.9 | 19.5 |
| Net Dividend (sen) | 16 | 18 | 17 | 15 | 15 |
| Net Dividend Yield (%) | 1.3 | 1.0 | 1.0 | 1.0 | 1.0 |

Source: MIDFR

SOP VALUATION

| Segments | Stake | Basis | Value (RM'm) | Per Share (RM) |
|---------------------------------|---------|--------------------|-----------------|----------------|
| Construction | 100% | DCF@6.7% | 2,007.8 | 0.56 |
| Industrial | 100% | FY19 PER of 9x | 1,554.0 | 0.43 |
| IJM Plantation | 55% | MIDFR TP of RM2.30 | 1,117.8 | 0.31 |
| Property | | | | |
| Malaysia | Various | DCF@6.7% | 5,252.0 | 1.47 |
| JVs | | | 899.2 | 0.25 |
| Overseas | | | 388.0 | 0.11 |
| Concessions Assets | | | | |
| Kuantan Port | 60% | DCF@6.7% | 1,200.2 | 0.34 |
| Highways | Various | PE 12x | 982.9 | 0.40 |
| GVK Gautami Power Limited | 20% | Book Value | 336.0 | 0.09 |
| Hexacon Construction | 46% | Book Value | 305.8 | 0.09 |
| Keuro | 26% | Enterprise Value | 802.2 | 0.11 |
| Scomi Group | 24% | Enterprise Value | 357.8 | 0.20 |
| | | | | 4.37 |
| Total value | | | 15,203.7 | 4.26 |
| (Net debt) / net cash | | | -4,100.0 | -1.15 |
| SOP per share | | | | 3.1 |
| No. of shares outstanding (mil) | | | | 3,572.6 |

Source: MIDFR

DAILY PRICE CHART



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Source: Bloomberg, MIDFR

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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 <i>rise</i> 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 <i>fall</i> 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. |