

IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

RM1.0b of New Jobs in Shah Alam and Penang

KEY INVESTMENT HIGHLIGHTS

- **IJM secures a RM584.3m logistics hub project in Shah Alam and a RM378.0m semiconductor manufacturing facility in Penang**
- **Projects' durations are 28 months and 17 months respectively**
- **Outstanding order book stands at RM6.96b, secured 19.2% of FY25 replenishment target of RM5.0b**
- **Maintain BUY with a revised TP of RM3.89**

RM1.0b of new jobs. IJM Corporation Berhad (IJM) has won two new building projects worth RM962.3m via its wholly owned subsidiary IJM Construction Sdn Bhd. The projects are for a logistics hub in Shah Alam and a semiconductor manufacturing facility in Penang.

Shah Alam logistics hub. This is a RM584.3m contract secured from Strategic Sonata Sdn Bhd for the construction of six storeys of ramp-up warehouse with offices, a two-storey cafeteria and all associated ancillary structures and services. The project began on 20th June, and is expected to take 28 months to complete, or by Oct-26.

Penang semiconductor facility. This project is for Phase 1 of a semiconductor manufacturing facility at the Bandar Cassia Technology Park for RM378.0m. The job was awarded by Siliconware Precision Malaysia Sdn Bhd, which is part of the world's largest outsourced semiconductor assembly and test company ASE Technology Holding Co Ltd. The construction works include a four-storey production building with an office, four-storey centralised utilities building, a four-storey warehouse building, a 33 kV substation building, and a link bridge to support advanced semiconductor production. Construction began in May-24 and is expected to be completed in 17 months by Oct-25. IJM will utilise its Smart IBS solution to accelerate construction progress.

Stellar order book of RM7.0b. The two new wins which are within the FY25 replenishment expectations of RM5.0b, now elevates IJM's outstanding orderbook to RM6.96b. The group has achieved 19.2% of its new wins target for FY25. Among jobs on group's radar include the Penang LRT, the Sarawak Autonomous Rapid Transit (ART) Blue Line, the Sabah-Sarawak Link Road (SSLR) and Pan Borneo, industrial buildings and potentially its first data centre project.

Earnings estimates. We are maintaining our earnings estimates for FY25E and FY26F.

Target price. We are upgrading our **TP** to **RM3.89** from **RM3.01** previously, as we roll forward our valuation base year to FY26, pegging the FY26F EPS of 17.7 sen to a forward PER of 22x, which is +1SD above its seven-year mean.

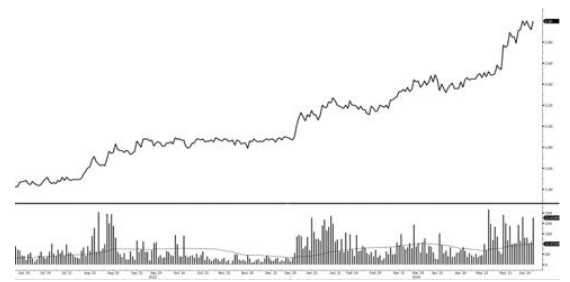
Maintain BUY

Revised Target Price: RM3.89
(Previously RM3.01)

RETURN STATISTICS

Price @ 21 st Jun 2024 (RM)	3.00
Expected share price return (%)	+29.7
Expected dividend yield (%)	+2.1
Expected total return (%)	+31.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	20.5	22.7
3 months	23.5	24.9
12 months	104.1	78.5


INVESTMENT STATISTICS

FYE Mar	2024A	2025F	2026F
Revenue	5,918.8	6,868.5	7,212.0
Operating Profit	1,272.8	1,476.7	1,565.0
Profit Before Tax	964.2	1,133.3	1,190.0
Core PATAMI	505.2	583.8	620.2
Core EPS	14.4	16.7	17.7
DPS	8.0	8.0	8.0
Dividend Yield	2.1%	2.1%	2.1%

KEY STATISTICS

FBM KLCI	1,590.37
Issue shares (m)	
Estimated free float (%)	47.96
Market Capitalisation (RM'm)	10,518.50
52-wk price range	RM1.43-RM3.06
3-mth average daily volume (m)	10.03
3-mth average daily value (RM'm)	26.15
Top Shareholders (%)	
Employees Provident Fund Board	16.75
Amanah Saham Nasional Bhd	16.34
Kumpulan Wang Persaraan	9.79

Analyst
Royce Tan Seng Hooi
royce.tan@midf.com.my
03-2173 8461

Maintain BUY. We expect IJM to be among the key beneficiaries of the positive prospects for the construction sector, on the back of a strong pipeline of jobs that can be expected in 2HCY24 onwards with more civil job flows, on top of private jobs and industrial building projects. The mushrooming of data centres is also a boon for IJM, who has been supplying piles to such projects and is now looking to secure its maiden data centre construction job. All factors considered; we reiterate our **BUY** recommendation on **IJM**. 

FINANCIAL SUMMARY

Income Statement (RM'm)	2022A	2023A	2024F	2025F	2026F
Revenue	4,409.0	4,572.5	5,918.8	6,868.5	7,074.6
Gross profit	762.1	1,179.9	1,550.2	1,820.2	1,911.2
Operating profit	537.5	740.9	1,272.8	1,476.7	1,565.0
Net interest	(188.3)	(255.3)	(307.1)	(295.5)	(288.5)
Profit before tax	317.9	483.0	964.2	1,133.3	1,190.0
Tax	(182.9)	(271.4)	(299.0)	(343.4)	(360.6)
PATAMI	102.1	158.3	600.3	583.8	620.2
Core PATAMI	200.2	294.1	505.2	583.8	620.2

Balance Sheet (RM'm)	2022A	2023A	2024F	2025F	2026F
Fixed assets	5,682.0	5,207.2	5,861.7	5,095.2	5,350.0
Intangible assets	93.6	125.4	111.8	101.6	101.6
Non-current assets	8,653.1	8,676.1	9,212.2	8,435.5	8,690.3
Cash	2,908.7	2,825.2	2,870.4	2,769.3	2,407.9
Trade debtors	1,301.9	1,261.8	1,752.3	2,060.6	2,122.4
Current assets	12,358.9	11,834.5	12,103.1	12,624.2	12,579.4
Trade creditors	2,676.1	2,679.8	2,758.3	2,494.9	2,483.2
Short-term debt	1,609.6	1,696.6	1,723.9	1,600.0	1,600.0
Current liabilities	4,562.5	4,800.8	5,014.8	4,733.3	4,721.6
Long-term debt	3,904.6	3,650.8	3,800.4	3,821.2	3,897.6
Non-current liabilities	4,716.3	4,490.0	4,724.2	4,745.0	4,821.4
Share capital	6,127.7	6,132.4	6,132.4	6,132.4	6,132.4
Retained earnings	4,000.1	4,024.6	4,342.2	4,645.0	4,984.2
Equity	11,460.7	10,961.0	11,278.6	11,581.4	11,920.6

Cash Flow (RM'm)	2022A	2023A	2024F	2025F	2026F
PBT	317.9	483.0	964.2	1,133.3	1,190.0
Operating cash flow	1,217.4	1,276.0	1,000.0	1,169.1	1,225.8
Capital expenditure	(414.7)	(195.7)	70.0	(200.0)	(250.0)
Investing cash flow	1,202.4	(159.0)	(135.2)	(405.2)	(486.2)
Debt raised/(repaid)	(417.9)	(156.3)	(112.4)	(155.0)	(62.0)
Dividends paid	(750.6)	(211.4)	(280.7)	(280.7)	(280.7)
Financing cash flow	(1,909.4)	(1,199.0)	(835.5)	(878.1)	(785.1)
Net cash flow	510.3	(82.0)	29.3	(114.2)	219.3
Beginning cash flow	2,381.0	2,887.5	2,807.8	2,845.7	2,731.5
Ending cash flow	2,887.5	2,807.8	2,845.7	2,731.5	2,950.8

Profitability Margins	2022A	2023A	2024F	2025F	2026F
Gross profit margin	17.3%	25.8%	26.2%	26.5%	27.0%
Operating profit margin	12.2%	16.2%	21.5%	16.6%	17.0%
PBT margin	7.2%	10.6%	16.3%	16.5%	16.5%
PAT margin	2.3%	6.0%	8.5%	8.5%	8.6%
Core PAT margin	4.5%	6.0%	8.5%	8.5%	8.6%

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.

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