

28 August 2025

IJM Corporation

A Slow Start in 1QFY26; Outlook Intact

By Teh Kian Yeong | tehky@kenanga.com.my

IJM posted a slow start to FY26 with 1QFY26 recording core profit of RM88.3m (-11% YoY), broadly within expectations. Yesterday, it signed the concession agreement for NPE2, paving the way for the RM1.4b contract award. This will lift YTD job wins to RM2.9b, surpassing the RM2.7b secured in FY25. Looking ahead, IJM has tendered for 2–4 data centre projects (RM1b each) and other large-scale jobs to meet its FY26 target of RM6b–RM8b of new wins (vs. our assumption of RM5b). We maintain our forecasts and **OUTPERFORM** rating with TP of RM3.40.

A slow start of 1QFY26 as expected. At 16% of both ours and consensus FY26 forecasts, 1QFY26 core profit of RM88.3m was in line with expectations, as the first quarter is seasonally weak, and that we expect catch-up potential in later quarters to include data centre work which is usually fast tracked. No dividend was declared, in line with its usual half-yearly payout practice.

YoY. 1QFY26 core profit declined 11% YoY to RM88.3m from RM98.8m. Earnings were flat at the PBT level at RM152.7m. Segmental breakdown showed growth in construction (+46%, on 79% higher revenue), manufacturing & quarrying (+24%, supported by stronger deliveries of piles, quarry and ready-mix concrete), and toll infrastructure (+44%, driven by Besraya and NPE and narrower overseas losses). This was offset by weaker property earnings (-32%, due to lower sales) and port infrastructure (-35%, as throughput slipped to 5.8m tonnes from 7.1m tonnes).

QoQ. Revenue fell 3% QoQ, dragged by property development (-41%, on slower work progress), toll infrastructure (-21%, on lower traffic volume), and port infrastructure (-17%, on softer cargo throughput). Consequently, 1QFY26 core profit contracted 49% QoQ to RM88.3m (from RM174.8m in 4QFY25).

Outlook. IJM is targeting RM6b–RM8b in order book replenishment for FY26, backed by multiple large-scale prospects including 2–4 data centre projects (~RM1b each) and the Nusantara civil servant housing project (>RM1b). Other key opportunities include the Penang LRT Mutiara Line Package 2 (~RM4b), Menara 118 block works, and the Penang Airport expansion. YTD, IJM has secured RM1.5b new orders in Malaysia (vs. RM2.7b in FY25). Yesterday, IJM signed the supplemental concession agreement with the government for the NPE2, paving the way for the formal award of the RM1.4b contract. Its outstanding order book now stands at RM5.8b (Malaysia), RM1.0b (Singapore) and RM4.7b (UK).

Forecasts: Maintain our earnings forecasts which assumes Malaysia job wins of RM5b each in FY26–FY27, respectively.

Valuations. We maintain our SoP-based TP to RM3.40 (see Page 2). Our valuation for the construction segment remains unchanged at 22x CY27F PER, consistent with our approach for large-cap peers such as **GAMUDA (OP; TP: RM6.10)** and **SUNCON (OP; TP: RM6.50)**. No ESG-related adjustment is made to our TP, in line with our 3-star ESG rating (see Page 5).

Investment case. We like IJM as: (i) it is poised to garner a slice of action in the Penang LRT Mutiara Line given its involvement in the previous LRT projects, (ii) its strong earnings visibility is underpinned by an outstanding Malaysia construction order book of RM5.8b and new property sales of RM187m in 1QFY26, (iii) its Kuantan Port is the largest port in the East Coast, capturing export and import activities

OUTPERFORM ↔

Price: RM2.98
Target Price: RM3.40 ↔

Share Price Performance



KLCI	1,587.91
YTD KLCI chg	-3.3%
YTD stock price chg	-1.6%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IJM MK Equity
Market Cap (RM m)	10,445.4
Shares Outstanding	3,506.1
52-week range (H)	3.29
52-week range (L)	1.79
3-mth avg. daily vol.	8,160,363
Free Float	81%
Beta	1.1

Major Shareholders

Employees Provident Fund Board	18.2%
Amanah Saham Nasional	12.9%
Kumpulan Wang Persaraan Diperbadankan	9.6%

Summary Earnings Table

FY Mar (RM m)	2025A	2026F	2027F
Turnover	6252.0	6628.8	7025.8
EBIT	1059.6	1221.1	1252.4
PBT	791.1	994.2	1030.4
Net Profit (NP)	403.4	569.5	592.4
Core net profit	470.9	569.5	592.4
Consensus (NP)		550.8	619.4
Earnings Revision (%)		-	-
Core EPS (sen)	12.9	15.6	16.2
Core EPS Growth (%)	-8.2	20.9	4.0
NDPS (sen)	8.0	8.0	8.0
BVPS (RM)	2.82	2.89	2.97
NTA/share (RM)	2.79	2.86	2.94
PER (x)	16.3	19.1	18.3
PBV (x)	0.75	1.03	1.00
P/NTA (x)	0.75	1.04	1.01
Net Gearing (x)	0.33	0.29	0.30
Net Div. Yield (%)	3.8	2.7	2.7

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growth, and (iv) the potential divestment of its toll road to lighten its balance sheet and recycle capital could act as a re-rating catalyst. **OUTPERFORM** maintained.

Risks to our call include: (i) sustained weak construction jobs flow, (ii) project cost overrun and liabilities arising from liquidated ascertained damages (LAD), and (iii) rising cost of building materials.

Income Statement								
FYE Mar (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Turnover	1,733.4	1,791.5	-3%	1,404.3	23%	1,733.4	1,404.3	23%
EBITDA	265.2	376.8	-30%	288.7	-8%	265.2	288.7	-8%
Depreciation	-68.8	-53.3	29%	-78.5	-12%	-68.8	-78.5	-12%
EBIT	196.4	323.5	-39%	210.2	-7%	196.4	210.2	-7%
Interest expense	-72.7	-70.1	4%	-76.6	-5%	-72.7	-76.6	-5%
Associates	-9.8	1.2	-935%	-8.4	16%	-9.8	-8.4	16%
JV incomes	7.9	12.7	-37%	4.4	81%	7.9	4.4	81%
Exceptional items	7.3	-45.9	N/A	-12.0	N/A	7.3	-12.0	N/A
Pretax profit	152.7	257.4	-41%	153.1	0%	152.7	153.1	0%
Taxation	-45.1	-125.4	-64%	-46.5	-3%	-45.1	-46.5	-3%
Profit after tax	107.7	132.0	-18%	106.6	1%	107.7	106.6	1%
Perpetual Sukuk	-11.6	-14.9	-22%	-11.6	0%	-11.6	-11.6	0%
Minority interest	-0.4	11.8	-104%	-8.1	-94%	-0.4	-8.1	-94%
Net profit	95.6	129.0	-26%	86.9	10%	95.6	86.9	10%
Core net profit	88.3	174.8	-49%	98.8	-11%	88.3	98.8	-11%
EPS (sen)	2.4	4.8	-49%	2.7	-11%	2.4	2.7	-11%
NDPS (sen)	0.00	6.00	-100%	0.00	N/A	0.00	0.00	N/A
NTA/share (RM)	2.75	2.79	-1%	2.73	1%	2.75	2.73	1%
EBITDA margin	15.3%	21.0%		20.6%		15.3%	20.6%	
EBIT margin	11.3%	18.1%		15.0%		11.3%	15.0%	
Pretax margin	8.8%	14.4%		10.9%		8.8%	10.9%	
Core net margin	5.1%	9.8%		7.0%		5.1%	7.0%	
Effective tax rate	29.5%	48.7%		30.4%		29.5%	30.4%	

Source: Company/Bloomberg

Segment Breakdown								
FYE Mar (RM m)	1Q FY26	4Q FY25	Q-o-Q Chg	1Q FY25	Y-o-Y Chg	3M FY26	3M FY25	Y-o-Y Chg
Turnover								
Construction	968.7	841.9	15%	540.5	79%	968.7	540.5	79%
Property Development	240.9	410.4	-41%	342.6	-30%	240.9	342.6	-30%
Manufacturing & Quarrying	311.8	277.3	12%	268.5	16%	311.8	268.5	16%
Infrastructure – Toll	102.8	130.6	-21%	120.5	-15%	102.8	120.5	-15%
Infrastructure – Port	101.4	121.9	-17%	125.3	-19%	101.4	125.3	-19%
Investment & Others	7.7	9.3	-17%	6.9	11%	7.7	6.9	11%
Group Turnover	1,733.4	1,791.5	-3%	1,404.3	23%	1,733.4	1,404.3	23%
Segment Results								
Construction	34.6	41.4	-17%	23.6	46%	34.6	23.6	46%
Property Development	27.2	118.6	-77%	40.0	-32%	27.2	40.0	-32%
Manufacturing & Quarrying	54.3	55.1	-2%	43.9	24%	54.3	43.9	24%
Infrastructure – Toll	21.0	-0.9	N/A	14.5	44%	21.0	14.5	44%
Infrastructure – Port	28.2	31.5	-10%	43.2	-35%	28.2	43.2	-35%
Investment & Others	-12.5	11.6	-208%	-12.2	3%	-12.5	-12.2	3%
Group PBT	152.7	257.4	-41%	153.1	0%	152.7	153.1	0%
PBT Margin								
Construction	3.6%	4.9%		4.4%		3.6%	4.4%	
Property Development	11.3%	28.9%		11.7%		11.3%	11.7%	
Manufacturing & Quarrying	17%	20%		16.4%		17.4%	16.4%	
Infrastructure – Toll	20%	-1%		12.1%		20.4%	12.1%	
Infrastructure – Port	28%	26%		34.5%		27.8%	34.5%	
Investment & Others	-162%	124%		-175.8%		-162.3%	-175.8%	
Group PBT Margin	9%	14%		10.9%		8.8%	10.9%	

Source: Company

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IJM's Sum-of-Parts Valuation		
	Valuation (RM m)	Basis
Construction & Building Materials	6,691.5	22x CY26 PER
Property	3,839.1	50% discount to RNAV
Ports (60% ownership)	1,276.1	20x CY26 PER
Toll-way Concessions	1,773.0	DCF Equity value
Net Debts	-1,162.9	Estimated FY27F
SoP	12,416.8	
SoP (RM/share)	RM3.40	

Source: Kenanga Research

IJM's Property RNAV			
Project	Remaining Land Bank (acres)	Outstanding GDV (RM m)	NPV of Profit (RM m)
Land banks (as of FY24)			
Penang	160	11,674	162.5
Klang Valley	964	15,437	214.8
Johor	387	4,315	60.1
Seremban	890	5,207	72.5
Pahang	1083	453	6.3
Sabah	215	3,078	42.8
Overseas	0.45	724	36.7
	3699	40,889	595.6
Unbilled Sales (as of FY24)		3,000	278.0
Property NAV (as of FY24)			6,804.6
Total RNAV			7,678.2
Discount to RNAV			50%
Discounted RNAV			3,839.1

Source: Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAMUDA	OP	5.61	6.10	8.7%	32,516.6	Y	07/2025	17.6	24.4	8.9%	38.7%	31.9	23.0	2.8	8.7%	10.0	1.8%
IJM	OP	2.98	3.40	14.1%	10,445.4	Y	03/2026	15.6	16.2	20.9%	4.0%	19.1	18.3	1.0	5.5%	8.0	2.7%
KERJAYA	OP	2.20	2.30	4.5%	2,766.2	Y	12/2025	16.7	18.1	29.8%	8.0%	13.2	12.2	2.3	17.8%	12.0	5.5%
KIMLUN	OP	1.29	1.53	18.6%	455.8	Y	12/2025	18.2	19.7	29.1%	8.4%	7.1	6.5	0.5	7.9%	2.0	1.6%
SUNCON	OP	6.30	6.50	3.2%	8,270.6	Y	12/2025	25.0	28.1	99.5%	12.2%	25.2	22.4	8.4	35.0%	20.0	3.2%
WCT	OP	0.835	1.25	49.7%	1,301.7	Y	12/2025	5.0	5.6	67.4%	12.7%	16.7	14.8	0.4	2.1%	0.5	0.6%
Sector Aggregate					55,756.3					30.1%	21.4%	25.0	20.6	2.0	7.9%		2.5%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	☆		
	Corporate Social Responsibility	★	★	★	☆	
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★		
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★	★	
SPECIFIC	Migrant Worker Welfare	★	★	★	☆	
	Waste Disposal/Pollution Control	★	★	★		
	Work Site Safety	★	★	★	☆	
	Environmentally Friendly Construction Technology	★	★	★	☆	
	Supply Chain Auditing	★	★	★		
	Energy Efficiency	★	★	★	★	
	OVERALL		★	★	★	

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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KENANGA INVESTMENT BANK BERHAD (15678-H)
 Level 17, Kenanga Tower, 237, Jalan Tun Razak, 50400 Kuala Lumpur, Malaysia
 Telephone: (603) 2172 0880 Website: www.kenanga.com.my E-mail: research@kenanga.com.my

