

28 November 2025

IJM Corporation

Soft 1HFY26; Expecting a Stronger 2H

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IJM reported 1HFY26 core profit of RM210.8m (-10% YoY), missing expectations due to weaker-than-expected property earnings amid soft sales. However, a stronger 2HFY26 is anticipated, supported by the commencement of its hyperscaler data centre project at end-2QFY26. The group is actively tendering for three additional data centre jobs and two industrial projects. We cut our FY26–FY27 earnings forecasts by 8%–2%. Maintain OUTPERFORM with an unchanged TP of RM3.40.

1HFY26 results fell short of expectations, with core profit of RM210.8m accounting for only 37%/39% of house/street's FY26 forecasts. The shortfall stemmed from weaker-than-expected property earnings, while construction is poised to accelerate in 2HFY26 as the fast-track 13-month hyperscaler data centre project kicked off at end-2QFY26. IJM declared a first interim NDPS of 2.0 sen (ex-date: 12 Dec 2025; payment date: 7 Jan 2026), unchanged from 2QFY25.

QoQ. 2QFY26 core profit surged 39% to RM122.5m despite a 3% dip in revenue, supported by stronger associate and JV contributions, lower interest expenses, and a positive minority interest of RM13.4m (vs. a negative RM0.4m previously). Operationally, topline decline was mainly due to lower construction revenue (-15%), though segment earnings still rose 8%. Property development remained soft, with earnings dropping to RM7.1m from RM27.2m on sustained weak revenue.

YoY. 1HFY26 revenue grew 17% to RM3.41b, driven by stronger construction (+54%, on higher site activity) and manufacturing & quarrying (+16%, on higher deliveries of piles and ready-mixed concrete). However, core profit slipped 10% to RM210.8m, weighed down by property development (-51%, on weaker sales) and port operations (-40%, on lower cargo throughput of 11.2m tonnes vs. 13.6m tonnes). This was partially offset by higher earnings from construction (+37%), manufacturing & quarrying (+16%) and toll infrastructure (+127%, on higher profit share from its Argentinian associate).

Outlook. IJM targets RM6b–RM8b in order book replenishment for FY26, underpinned by multiple large-scale opportunities including three data centre jobs, two industrial projects, and the >RM1b Nusantara civil servant housing project. Management expects to secure another hyperscaler data centre contract by end-FY26. Other key prospects include the Penang LRT Mutiara Line (Package 2), Menara 118's next block, Penang Airport expansion, and road projects in Sarawak.

Forecasts. We trim our FY26–FY27 earnings forecasts by 7.5%–2.2% after lowering our property earnings assumptions, having shifted recognition to later periods. However, we maintain our Malaysia construction job wins assumption of RM5b each for FY26 and FY27.

Valuations. Despite the earnings cut, we maintain our SoP-based TP of RM3.40 (see Page 2), as the timing shift in property earnings recognition does not affect our property RNAV valuation. Our valuation for the construction segment stays unchanged at 22x CY27F PER, aligned with large-cap peers such as **GAMUDA (OP; TP: RM6.13)** and **SUNCON (OP; TP: RM6.50)**. No ESG-related adjustments are made to our TP, consistent 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 construction order book of RM8.4b for Malaysia and new property sales of RM555.6m in 1HFY26, (iii) its Kuantan Port is the

OUTPERFORM ↔

Price: **RM2.48**
Target Price: **RM3.40** ↔

Share Price Performance



KLCI	1,614.81
YTD KLCI chg	-1.7%
YTD stock price chg	-19.7%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IJM MK Equity
Market Cap (RM m)	8,517.6
Shares Outstanding	3,505.2
52-week range (H)	3.29
52-week range (L)	1.79
3-mth avg. daily vol.	8,185,659
Free Float	80%
Beta	1.1

Major Shareholders

Employees Provident Fund Board	18.1%
Amanah Saham Nasional	12.9%
Kumpulan Wang Persaraan Diperbadankan	9.6%

Summary Earnings Table

FY Mar (RM m)	2025A	2026F	2027F
Turnover	6252.0	6453.8	6941.8
EBIT	1059.6	1155.3	1234.0
PBT	791.1	929.6	1013.6
Net Profit (NP)	403.4	526.5	579.5
Core net profit	470.9	526.5	579.5
Consensus (NP)	-	539.3	603.9
Earnings Revision (%)	-	-7.5	-2.2
Core EPS (sen)	12.9	14.4	15.9
Core EPS Growth (%)	-8.2	11.8	10.1
NDPS (sen)	8.0	8.0	8.0
BVPS (RM)	2.82	2.88	2.96
NTA/share (RM)	2.79	2.85	2.93
PER (x)	16.3	17.2	15.6
PBV (x)	0.75	0.86	0.84
P/NTA (x)	0.75	0.87	0.85
Net Gearing (x)	0.33	0.28	0.30
Net Div. Yield (%)	3.8	3.2	3.2

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largest port in the East Coast, capturing export and import activities 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 job 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)	2Q FY26	1Q FY26	Q-o-Q Chg	2Q FY25	Y-o-Y Chg	1H FY26	1H FY25	Y-o-Y Chg
Turnover	1,674.2	1,733.4	-3%	1,516.3	10%	3,407.6	2,920.6	17%
EBITDA	260.5	265.2	-2%	335.9	-22%	525.7	624.6	-16%
Depreciation	-65.6	-68.8	-5%	-71.1	-8%	-134.4	-149.6	-10%
EBIT	194.9	196.4	-1%	264.8	-26%	391.3	475.0	-18%
Interest expense	-62.3	-72.7	-14%	-72.1	-14%	-135.1	-148.7	-9%
Associates	2.2	-9.8	N/A	-17.2	N/A	-7.5	-25.6	-71%
JV incomes	11.6	7.9	46%	3.3	246%	19.5	7.7	152%
Exceptional items	-56.7	7.3	-880%	-61.3	-7%	-49.4	-73.2	-33%
Pretax profit	120.8	152.7	-21%	152.2	-21%	273.5	305.3	-10%
Taxation	-56.6	-45.1	26%	-64.4	-12%	-101.6	-110.9	-8%
Profit after tax	64.2	107.7	-40%	87.8	-27%	171.9	194.4	-12%
Perpetual Sukuk	-11.8	-11.6	2%	-11.7	0%	-23.4	-23.4	0%
Minority interest	13.4	-0.4	N/A	-1.8	N/A	12.9	-9.9	N/A
Net profit	65.8	95.6	-31%	74.2	-11%	161.4	161.1	0%
Core net profit	122.5	88.3	39%	135.5	-10%	210.8	234.3	-10%
EPS (sen)	3.4	2.4	39%	3.7	-10%	5.8	6.4	-10%
NDPS (sen)	2.00	0.00	N/A	2.00	0%	2.00	2.00	0%
NTA/share (RM)	2.77	2.75	1%	2.74	1%	2.77	2.74	1%
EBITDA margin	15.6%	15.3%		22.2%		15.4%	21.4%	
EBIT margin	11.6%	11.3%		17.5%		11.5%	16.3%	
Pretax margin	7.2%	8.8%		10.0%		8.0%	10.5%	
Core net margin	7.3%	5.1%		8.9%		6.2%	8.0%	
Effective tax rate	46.8%	29.5%		42.3%		37.2%	36.3%	

Source: Company/Bloomberg

Segment Breakdown								
FYE Mar (RM m)	2Q FY26	1Q FY26	Q-o-Q Chg	2Q FY25	Y-o-Y Chg	1H FY26	1H FY25	Y-o-Y Chg
Turnover								
Construction	825.1	968.7	-15%	623.3	32%	1,793.9	1,163.8	54%
Property Development	329.3	240.9	37%	405.2	-19%	570.1	747.7	-24%
Manufacturing & Quarrying	309.9	311.8	-1%	266.7	16%	621.7	535.1	16%
Infrastructure – Toll	103.0	102.8	0%	100.1	3%	205.8	220.6	-7%
Infrastructure – Port	96.4	101.4	-5%	114.3	-16%	197.8	239.6	-17%
Investment & Others	10.5	7.7	36%	6.7	56%	18.2	13.7	33%
Group Turnover	1,674.2	1,733.4	-3%	1,516.3	10%	3,407.6	2,920.6	17%
Segment Results								
Construction	37.3	34.6	8%	28.7	30%	71.9	52.3	37%
Property Development	7.1	27.2	-74%	30.2	-77%	34.3	70.1	-51%
Manufacturing & Quarrying	52.5	54.3	-3%	47.9	10%	106.8	91.9	16%
Infrastructure – Toll	9.6	21.0	-54%	-1.1	N/A	30.6	13.5	127%
Infrastructure – Port	18.0	28.2	-36%	33.8	-47%	46.2	77.1	-40%
Investment & Others	-3.8	-12.5	-70%	12.7	-130%	-16.3	0.5	-3510%
Group PBT	120.8	152.7	-21%	152.2	-21%	273.5	305.3	-10%
PBT Margin								
Construction	4.5%	3.6%		4.6%		4.0%	4.5%	
Property Development	2.2%	11.3%		7.4%		6.0%	9.4%	
Manufacturing & Quarrying	17%	17%		18.0%		17.2%	17.2%	
Infrastructure – Toll	9%	20%		-1.1%		14.9%	6.1%	
Infrastructure – Port	19%	28%		29.6%		23.4%	32.2%	
Investment & Others	-36%	-162%		188.1%		-89.4%	3.5%	
Group PBT Margin	7%	9%		10.0%		8.0%	10.5%	

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

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. 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	5.45	6.13	12.5%	31,926.0	Y	07/2026	23.8	33.7	37.3%	41.6%	22.9	16.2	2.4	11.0%	10.0	1.8%
IJM	OP	2.48	3.40	37.1%	8,692.8	Y	03/2026	14.4	15.9	11.8%	10.1%	17.2	15.6	0.9	5.1%	8.0	3.2%
KERJAYA	MP	2.80	2.60	-7.1%	3,520.5	Y	12/2025	16.7	18.1	29.8%	8.0%	16.7	15.5	2.9	17.8%	12.0	4.3%
KIMLUN	OP	1.32	1.50	13.6%	513.1	Y	12/2025	21.8	20.3	70.1%	-6.8%	6.1	6.5	0.6	10.3%	2.0	1.5%
SUNCON	OP	5.90	6.50	10.2%	7,789.3	Y	12/2025	27.0	28.1	115.4%	3.9%	21.8	21.0	12.0	46.2%	48.0	8.1%
WCT	OP	0.620	1.25	101.6%	966.5	Y	12/2025	5.0	5.6	67.4%	12.7%	12.4	11.0	0.3	2.1%	0.5	0.8%
Sector Aggregate					53,408.2					45.1%	25.2%	20.4	16.3	1.8	8.8%		3.3%

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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