

23 April 2026

# IJM Corporation

## Proving its Worth

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Following the lapse of SUNWAY's takeover offer, IJM has established a board-level committee to oversee a three-year asset unlocking exercise. Meanwhile, at the management level, IJM is working towards value creation alongside efficiency improvement. With that, FY27 is poised for a stronger showing, driven by recovering property earnings and aggressive execution of two major data centre projects. With clear catalysts from its construction and toll operations' listings, and India exit, the group is well-positioned to enhance shareholder returns. Maintain **OUTPERFORM** and TP of **RM3.40**.

**Three years to complete asset unlocking.** Yesterday, we met with IJM's management to get updates following SUNWAY's takeover offer. IJM has established a board-level committee to monitor the progress of its asset unlocking exercise. Management expects to decide within the next two months the final framework for a pure construction listing, which would carry a 12-month timeline. Meanwhile, the strategic exit from India involves a two-year window to optimize disposal gains. With book value already reflecting market levels, we expect the divestment to be realized profitably without the risk of heavy impairments. The plan for a potential listing or business trust of local toll assets (excluding WCE) may take longer, as it requires authority approval regarding concession ownership. Consequently, a reasonable timeline to complete these three assets unlocking is approximately three years.

**A better FY27.** FY26 (YE: Mar) is a lacklustre year. The property unit registered a 9MFY26 pre-tax loss of RM7.6m, dragged by higher UK operating costs and forex effects, while the Malaysian unit saw weak sales. However, property earnings are expected to improve in FY27. Construction earnings should also see a strong year in FY27, as the aggressive S-curve progress for two major data centre projects (RM1.40b in Pulau and RM1.26b core and shell contract for Pearl Computing in Elmina) falls within the financial year. Management echoed the views of other builders we have checked as the war-induced rise in input costs has had a bearable impact on margins thus far. However, should the conflict persist for another three months, margins will likely compress further. Government projects remain shielded due to variation of price (VOP) clauses, similar to cost-plus contracts, but fixed lump-sum contracts remain at risk if the war is prolonged.

**Outlook.** While FY27 details are not yet finalised, IJM has already secured RM6.5b in job wins YTD, hitting its FY26 replenishment target of RM6b–RM8b. This is supported by multiple large-scale opportunities including data centre jobs and two semiconductor projects. The timeline for the Penang LRT Mutiara Line (Package 2) is likely by mid-year, while the >RM1b Nusantara civil servant housing project is expected by year-end.

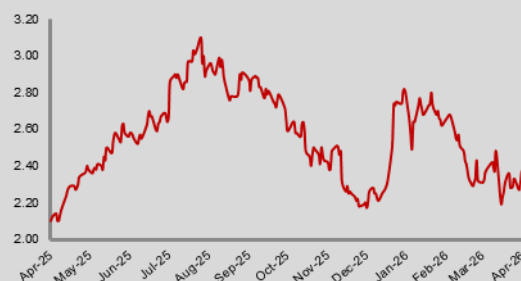
**Valuations.** We maintain our SoP-based TP to RM3.40. Our valuation for the construction segment remains unchanged at 22x CY27F PER, aligned with large-cap peers such as **GAMUDA (OP; TP: RM5.30)** and **SUNCON (OP; TP: RM7.76)**. No ESG-related adjustments are made to our TP, consistent with our 3-star 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 RM9.1b for Malaysia and new property sales of RM1.2b in 9MFY26, (iii) its Kuantan Port is the largest port in the East Coast, capturing export and import activities growth, and (iv) the potential divestment of its toll road to lighten its

# OUTPERFORM ↔

**Price:** **RM2.31**  
**Target Price:** **RM3.40** ↔

### Share Price Performance



KLCI	1,710.39
YTD KLCI chg	1.8%
YTD stock price chg	1.8%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IJM MK
Market Cap (RM m)	8,096.9
Shares Outstanding	3,505.2
52-week range (H)	3.10
52-week range (L)	2.10
3-mth avg. daily vol.	11,136,560
Free Float	80%
Beta	1.1

### Major Shareholders

Employees Provident Fund	20.4%
Amanah Saham Nasional	12.9%
Kumpulan Wang Persaraan	10.6%

### Summary Earnings Table

FY Mar (RM m)	2025A	2026F	2027F
Turnover	6252.0	6453.8	6941.8
EBIT	1059.6	1030.6	1236.7
PBT	791.1	802.9	1013.6
<b>Net Profit (NP)</b>	<b>403.4</b>	<b>446.7</b>	<b>579.5</b>
<b>Core net profit</b>	<b>470.9</b>	<b>446.7</b>	<b>579.5</b>
Consensus (NP)	-	410.5	500.3
Earnings Revision (%)	-	-	-
Core EPS (sen)	12.9	12.2	15.9
Core EPS Growth (%)	-8.2	-5.2	29.7
NDPS (sen)	8.0	8.0	8.0
BVPS (RM)	2.82	2.86	2.94
NTA/share (RM)	2.79	2.83	2.90
PER (x)	16.3	18.9	14.5
PBV (x)	0.75	0.81	0.79
P/NTA (x)	0.75	0.82	0.80
Net Gearing (x)	0.33	0.30	0.31
Net Div. Yield (%)	3.8	3.5	3.5

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balance sheet and recycle capital could act as a re-rating catalyst. **OUTPERFORM** rating 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.

IJM's Data Centre Project				
Date	Effective Contract Value (RM b)	Client	Remark	
1 Jun 2024	0.33	TM Technology	DC in Iskandar Puteri	
2 Aug 2024	0.25	Undisclosed	50:50 JV with Woh Hup to build a DC from an international DC developer	
3 Feb 2025	0.26	Undisclosed	60% JV to build a DC in Johor	
4 Aug 2025	1.40	Undisclosed	DC in Pulau	
5 Oct 2025	1.26	SIMEPROP	Pearl Computing DC in Elmina Business Park (C&S Package 1)	
6 Oct 2025	0.87	Pear Computing	Pearl Computing DC in Elmina Business Park (M&E Package 1)	
7 Apr 2026	0.66	SIMEPROP	Pearl Computing DC in Elmina Business Park (C&S Package 2)	

Source: Company, Kenanga Research

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
<b>SoP</b>	<b>12,416.8</b>	
<b>SoP (RM/share)</b>	<b>3.40</b>	

Source: Company, Kenanga Research

IJM's Property RNAV			
Project	Remaining land bank (acres)	Outstanding GDV (RM m)	NPV of profit (RM m)
<b>Land banks (as of FY23)</b>			
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	1,083	453	6.3
Sabah	215	3,078	42.8
Overseas	0.45	724	36.7
	<b>3,699</b>	<b>40,889</b>	<b>595.6</b>
Unbilled Sales (as of FY23)		3,000	<b>278.0</b>
Property NAV (as of FY21)			<b>6,804.6</b>
Total RNAV			<b>7,678.2</b>
Discount to RNAV			50%
<b>Discounted RNAV</b>			<b>3,839.1</b>

Source: Company, 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. (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.
<b>Stocks Under Coverage</b>																	
GAMUDA	OP	4.46	5.30	18.8%	26,565.9	Y	07/2026	17.8	23.4	5.3%	31.3%	25.0	19.1	2.1	8.5%	10.0	2.2%
IJM	OP	2.31	3.40	47.2%	8,096.9	Y	03/2026	14.4	15.9	11.8%	10.1%	16.0	14.5	0.8	5.1%	8.0	3.5%
KERJAYA	OP	2.35	3.05	29.8%	2,954.7	Y	12/2026	16.7	18.9	29.8%	13.2%	14.1	12.4	2.4	17.8%	12.0	5.1%
KIMLUN	OP	1.06	1.50	41.5%	412.0	Y	12/2026	21.8	20.3	70.1%	-6.8%	4.9	5.2	0.5	10.3%	2.0	1.9%
SUNCON	OP	6.92	7.76	12.1%	9,192.1	Y	12/2026	32.0	33.6	0.3%	5.1%	21.6	20.6	8.4	38.9%	32.0	4.6%
WCT	OP	0.395	1.13	186.1%	615.8	Y	12/2026	4.1	4.4	19.2%	7.3%	9.6	9.0	0.2	1.9%	0.0	0.0%
<b>Sector Aggregate</b>					<b>47,837.5</b>					<b>9.4%</b>	<b>18.3%</b>	<b>20.2</b>	<b>17.1</b>	<b>1.6</b>	<b>7.9%</b>		<b>2.9%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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