

29 May 2026

IJM Corporation

Clean Slate, Massive Yields

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

IJM reported a subpar FY26 results, with RM321.2m core profit missing our forecast by 28% due to sluggish property earnings. However, following a massive kitchen-sinking exercise in 4QFY26, coupled with the unveiling of a RM3b value-realization roadmap to be distributed over the next three years (translating to 28.0 sen or a 13% yield p.a.), IJM is expected to start afresh to prove it can drive growth independently and unlock deep shareholder value. We maintain our **OUTPERFORM** rating with a revised TP of RM3.35.

FY26 results below expectations, with core profit of RM321.2m falling 28%/22% below house/consensus estimates. This was primarily driven by a weaker-than-expected turnaround in core property earnings during 4QFY26, whereas construction earnings remained largely on track despite dipping QoQ. A total NDPS of 6.0 sen (5.0 sen regular and 1.0 sen special) was declared in 4QFY26 (ex-date: 29 Jun; payment date: 24 Jul), bringing the full-year FY26 total NDPS to 8.0 sen, matching the FY25 payout.

A kitchen-sinking quarter in 4QFY26. IJM registered a minor headline net profit of just RM3.2m, severely weighed down by a RM121.6m impairment on unsold inventories (including Hui Hai Plaza in China) and a RM51m major maintenance provision for the Vijayapura Tollway in India. Ex-EI, FY26 core profit fell 32% YoY to RM321.2m (from RM470.9m). This was heavily dragged by lacklustre property earnings, where core PBT plunged to RM108.5m (vs. RM359.3m in FY25) as higher overheads were expensed to nurture long-term investment assets in Malaysia and the UK.

Conversely, Malaysia and Singapore construction earnings jumped 51% YoY to RM247.6m, driven by accelerated billings from the 13-month fast-track hyperscaler data centre project that commenced at the end of 2QFY26. Meanwhile, port PBT slid 40% to RM75.1m as cargo throughput dropped to 20.6MT (from 24.3MT) due to a key customer undergoing major maintenance.

Massive value-realization initiatives. IJM unveiled plans to unlock and distribute RM3b from three key asset monetization exercises over the next three years (see Page 3). This translates to a total NDPS of 83 sen, or roughly 28 sen p.a. The structural timelines are: (i) pure construction unit listing: targeted by 3QCY27; (ii) toll monetisation: expected to wrap up within the next 1-2 years; and (iii) India exit: progressive monetisation to be substantially achieved within three years, backed by an active offer already received for the Vijayawada land.

Outlook. Management has set a new order book replenishment target of RM6b for Malaysia and RM3b for overseas. The domestic pipeline is strongly backed by high-margin data centre packages and two semiconductor projects. Key near-term catalysts include the finalisation of the Penang LRT Mutiara Line (Package 2) by mid-year, alongside the potential rollout of the more than RM1b Nusantara civil servant housing project in Indonesia by year-end.

Forecasts. Factoring in the structural weakness in 4QFY26, we further trim our property earnings assumptions for FY27. Consequently, we cut our FY27 earnings forecast by 15%, while maintaining our baseline Malaysia construction job win assumption at RM5.0b. Concurrently, we introduce our FY28 forecasts, projecting moderate earnings growth of 5% anchored on a steady RM5.0b domestic job win assumption.

Valuations. While the revisions to our property earnings do not affect

OUTPERFORM ↔

Price: RM2.17
Target Price: RM3.35 ↓

Share Price Performance



KLCI	1,684.93
YTD KLCI chg	0.3%
YTD stock price chg	-4.4%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	IJM MK
Market Cap (RM m)	7,606.2
Shares Outstanding	3,505.2
52-week range (H)	3.10
52-week range (L)	2.07
3-mth avg. daily vol.	10,236,960
Free Float	80%
Beta	1.2

Major Shareholders

Employees Provident Fund Board	20.5%
Amanah Saham Nasional	12.9%
Kumpulan Wang Persaraan Diperbadankan	10.6%

Summary Earnings Table

FY Mar (RM m)	2026F	2027F	2028F
Turnover	6879.0	6871.8	7091.4
EBIT	759.1	1110.1	1146.7
PBT	298.0	878.3	920.1
Net Profit (NP)	3.2	494.2	520.6
Core net profit	321.2	494.2	520.6
Consensus (NP)	-	504.9	560.6
Earnings Revision (%)	-	-14.7	NEW
Core EPS (sen)	12.2	13.5	14.3
Core EPS Growth (%)	-31.8	53.9	5.3
NDPS (sen)	8.0	8.0	8.0
BVPS (RM)	2.86	2.91	2.97
NTA/share (RM)	2.83	2.88	2.94
PER (x)	17.7	16.0	15.2
PBV (x)	0.76	0.75	0.73
P/NTA (x)	0.77	0.75	0.74
Net Gearing (x)	0.30	0.32	0.32
Net Div. Yield (%)	3.7	3.7	3.7

our property RNAV valuation due to a mere timing shift, we lower our SoP-based TP slightly to RM3.35 (see Page 3) from RM3.40 as we roll over our valuation base year to FY27 from FY26. Our valuation for the construction segment remains unchanged at 22x CY27F PER, which is 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 6).

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 RM1.2b in 1HFY26, (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 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)	4Q FY26	3Q FY26	Q-o-Q Chg	4Q FY25	Y-o-Y Chg	12M FY26	12M FY25	Y-o-Y Chg
Turnover	1,866.3	1,605.1	16%	1,791.5	4%	6,879.0	6,252.0	10%
EBITDA	229.9	225.1	2%	376.8	-39%	980.6	1,293.4	-24%
Depreciation	-55.9	-56.9	-2%	-53.3	5%	-247.2	-269.5	-8%
EBIT	174.0	168.1	3%	323.5	-46%	733.4	1,023.9	-28%
Interest expense	-75.6	-64.9	17%	-70.1	8%	-275.6	-283.2	-3%
Associates	16.0	4.7	238%	1.2	1275%	13.3	-55.1	N/A
JV incomes	4.8	1.3	267%	12.7	-62%	25.7	35.7	-28%
Exceptional items	-210.7	-57.8	265%	-45.9	359%	-317.9	-67.6	371%
Pretax profit	-56.2	80.7	-170%	257.4	-122%	298.0	791.1	-62%
Taxation	-134.1	-65.3	105%	-125.4	7%	-301.1	-323.8	-7%
Profit after tax	-190.3	15.4	-1338%	132.0	-244%	-3.0	467.3	-101%
Perpetual Sukuk	-15.2	-12.6	21%	-14.9	2%	-51.1	-50.0	2%
Minority interest	31.6	12.9	144%	11.8	167%	57.4	-13.9	N/A
Net profit	-173.9	15.8	-1204%	129.0	-235%	3.2	403.4	-99%
Core net profit	36.8	73.5	-50%	174.8	-79%	321.2	470.9	-32%
EPS (sen)	1.0	2.0	-50%	4.8	-79%	8.8	12.9	-32%
NDPS (sen)	6.00	0.00	N/A	6.00	0%	8.00	8.00	0%
NTA/share (RM)	2.69	2.75	-2%	2.79	-3%	2.69	2.79	-3%
EBITDA margin	12.3%	14.0%		21.0%		14.3%	20.7%	
EBIT margin	9.3%	10.5%		18.1%		10.7%	16.4%	
Pretax margin	-3.0%	5.0%		14.4%		4.3%	12.7%	
Core net margin	2.0%	4.6%		9.8%		4.7%	7.5%	
Effective tax rate	-238.7%	81.0%		48.7%		101.0%	40.9%	

Source: Company/Bloomberg

Segment Breakdown								
FYE Mar (RM m)	4Q FY26	3Q FY26	Q-o-Q Chg	4Q FY25	Y-o-Y Chg	12M FY26	12M FY25	Y-o-Y Chg
Turnover								
Construction	969.5	859.4	13%	841.9	15%	3,622.8	2,567.8	41%
Property Development	400.0	252.9	58%	410.4	-3%	1,223.0	1,698.7	-28%
Manufacturing & Quarrying	315.6	303.2	4%	277.3	14%	1,240.5	1,054.7	18%
Infrastructure – Toll	90.5	96.1	-6%	130.6	-31%	392.5	449.5	-13%
Infrastructure – Port	80.6	85.6	-6%	121.9	-34%	364.1	450.9	-19%
Investment & Others	10.0	7.9	28%	9.3	8%	36.1	30.4	19%
Group Turnover	1,866.3	1,605.1	16%	1,791.5	4%	6,879.0	6,252.0	10%
Segment Results								
Construction	28.7	42.5	-32%	41.4	-31%	143.2	113.1	27%
Property Development	-93.4	-42.0	123%	118.6	-179%	-101.1	359.3	-128%
Manufacturing & Quarrying	53.9	47.2	14%	55.1	-2%	207.9	190.7	9%
Infrastructure – Toll	-48.9	26.8	-283%	-0.9	5591%	8.5	-0.1	N/A
Infrastructure – Port	15.6	13.3	18%	31.5	-50%	75.1	125.5	-40%
Investment & Others	-12.2	-7.0	73%	11.6	-205%	-35.5	2.4	-1560%
Group PBT	-56.2	80.7	-170%	257.4	-122%	298.0	791.1	-62%
PBT Margin								
Construction	3.0%	4.9%		4.9%		4.0%	4.4%	
Property Development	-23.4%	-16.6%		28.9%		-8.3%	21.2%	
Manufacturing & Quarrying	17%	16%		19.9%		16.8%	18.1%	
Infrastructure – Toll	-54%	28%		-0.7%		2.2%	0.0%	
Infrastructure – Port	19%	15%		25.8%		20.6%	27.8%	
Investment & Others	-121%	-89%		124.4%		-98.2%	8.0%	
Group PBT Margin	-3%	5%		14.4%		4.3%	12.7%	

Source: Company

Update on 3 Value Realisation Initiatives	
Listing of IJMC	<ul style="list-style-type: none"> Request For Proposal (RFP) process on-going for Principal Advisor and evaluating the appointment of other advisors. Target listing Q3 2027
Toll Monetisation	<ul style="list-style-type: none"> The RFP process is ongoing and assessing the preliminary proposals on the monetisation plan from financial advisors. Target 1-2 years depending on monetisation method
India Exit	<ul style="list-style-type: none"> Engaging financial advisors / buyer on the disposal of tollroads. Received offer for Vijayawada land. Exit will be progressive but substantially achieved within 2 years

Source: Company

Source of Distribution		
Source of distribution	Basis	Amount (RMmil)
Annual dividend over the next 3 years	7sen p.a. x 3.6b shares x 3 years	766
Share dividend (treasury shares)	140m treasury shares x share price RM2.10	294
Listing of IJMC		1,200
Toll Monetisation		575
India exit		165
Total		3,000

Source: Company

IJM's Sum-of-Parts Valuation		
	Valuation (RM m)	Basis
Construction & Building Materials	6,774.3	22x CY27 PER
Property	3,839.1	50% discount to RNAV
Ports (60% ownership)	1,301.6	20x CY27 PER
Toll-way Concessions	1,682.8	DCF Equity value
Net Debts	-1,372.5	Estimated FY27F
SoP	12,225.3	
SoP (RM/share)	RM3.35	

Source: Kenanga Research

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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. (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	4.27	5.30	24.1%	25,451.2	Y	07/2026	17.8	23.4	5.3%	31.3%	24.0	18.2	2.0	8.5%	10.0	2.3%
IJM	OP	2.17	3.35	54.4%	7,606.2	Y	03/2027	13.5	14.3	53.9%	5.3%	16.0	15.2	0.7	4.7%	8.0	3.7%
KERJAYA	OP	2.21	2.85	29.0%	2,775.5	Y	12/2026	16.7	18.9	29.8%	13.2%	13.2	11.7	2.3	17.8%	12.0	5.4%
KIMLUN	OP	1.03	1.50	45.6%	400.4	Y	12/2026	21.8	20.3	70.1%	-6.8%	4.7	5.1	0.5	10.3%	2.0	1.9%
SUNCON	OP	7.50	7.76	3.5%	9,969.9	Y	12/2026	32.0	33.6	0.3%	5.1%	23.5	22.3	9.1	38.9%	47.2	6.3%
WCT	OP	0.425	0.950	123.5%	662.5	Y	12/2026	3.5	4.1	2.9%	16.3%	12.0	10.3	0.2	1.6%	0.0	0.0%
Sector Aggregate					46,865.8					15.5%	17.7%	20.2	17.2	1.6	7.8%		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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Published by:

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

