

## IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

### Clinched TRX Contract Worth RM530m

#### KEY INVESTMENT HIGHLIGHTS

- **IJM Corp awarded a contract worth RM530m**
- **Project completion duration is 36 months**
- **Maiden job awarded in FY20 for IJM Corp**
- **Current outstanding order book estimated around RM5b**
- **No changes to earnings estimates**
- **Upgrade to BUY with unchanged TP of RM1.95**

**IJM Corp awarded a package worth RM530m.** The Group announced that it has executed the Letter of Acceptance from LQ Residential 1 Sdn Bhd (a joint venture between international property and infrastructure group Lendlease and TRX master developer TRX City Sdn Bhd) yesterday. Under the contract, IJM Corp is to undertake the superstructure works of the proposed two blocks of service apartment, namely TRX Residences at Tun Razak Exchange, Jalan Tun Razak/Jalan Davis, Bandaraya Kuala Lumpur. The project comprises Tower A of 53-storey (443 units) and Tower B of 57-storey (453 units). The residential facilities includes (1) seven levels of podium and elevated car park, (2) one level of mezzanine floor, (3) one level of commercial space at ground floor, and (4) two levels of basement car park.

**Duration of contract.** The completion period of the TRX project is 36 months. As for the scheduled completion date, the project is slated for completion by May FY23.

**Maiden job awarded in FY20 for IJM Corp.** We understand that TRX Residences, the first contract bagged by IJM Corp in FY20, is a fourth addition to the Group's portfolio of iconic construction projects in TRX. It is an acknowledgement of its extensive expertise in high-rise building construction. In regard above, IJM Corp is undertaking the construction of HSBC Malaysia's and Affin Bank's new headquarters in TRX. The construction works are scheduled to be completed by end of this year. As for the TRX's Menara Prudential (developed and owned by IJM Corp), it was completed in May FY19 and currently 81% tenanted.

**Current order book estimated around RM5b.** We note that as of end February FY20, IJM Corp order book stood at RM4.5b – consist of 32% building projects, 11% infrastructure works and 56% road works. The new contract award will add another RM530m, for a total of outstanding order book around RM5b.

**Upgrade to BUY**  
(from NEUTRAL)

**Unchanged Target Price : RM1.95**

#### RETURN STATISTICS

Price @ 10 <sup>th</sup> March 2020 (RM)	RM1.80
Expected share price return (%)	+8.33
Expected dividend yield (%)	+2.78
<b>Expected total return (%)</b>	<b>+11.11</b>

#### SHARE PRICE CHART




Share price performance (%)	Absolute	Relative
1 month	-15.9	-9.3
3 months	-17.1	-5.1
12 months	-9.5	6.2

#### KEY STATISTICS

FBM KLCI	1,430.47
Syariah compliant	Yes
Issue shares (m)	3626.65
Estimated free float (%)	59.29
Market Capitalisation (RM'm)	6,533.01
52-wk price range	RM1.76 - RM2.51
Beta vs FBM KLCI (x)	1.60
Monthly velocity (%)	0.80
Monthly volatility (%)	19.03
3-mth average daily volume (m)	3.34
3-mth average daily value (RM'm)	7.19
Top Shareholders (%)	
Employees Provident Fund Board	15.64
Kumpulan Wang Persaraan Diperbadan	7.56
Skim Amanah Saham Bumiputera	6.96

**KIFNI** Kamaruddin  
Head, Strategy  
[smkifni@midf.com.my](mailto:smkifni@midf.com.my)  
03 -2173 8383

**Earnings estimates.** We make no changes to our earnings estimates as the value of new job secured is within our contract replenishment assumptions.

**Upgrade to BUY.** Due to recent price weakness, we upgrade our call to **BUY** from NEUTRAL. We maintain our TP of RM1.95 (pegging the FY21 BVPS to 0.7x PBV). Our TP implies +11.11% upside. 

## INVESTMENT STATISTICS

FYE March	FY17	FY18	FY19	FY20E	FY21F	FYE22F
Revenue (RM'm)	6,065.30	6,146.04	5,655.70	4,293.33	6,628.00	6,666.52
Pre-tax Profit (RM'm)	1,010.00	987.75	761.00	558.13	662.80	666.65
Normalised PATAMI (RM'm)	653.70	494.00	531.90	257.60	437.45	439.99
FD EPS (sen)	18.0	13.6	11.6	7.1	12.1	12.1
EPS growth (%)	-17.0	-24.4	-14.8	-38.8	69.8	0.6
PER (x)	11.6	15.4	18.0	29.4	17.3	17.2
Net Dividend (sen)	7.5	6.0	4.0	4.0	5.0	6.0
Net Dividend Yield (%)	3.6	2.9	1.9	1.9	2.4	2.9

Source: Company, MIDFR

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### MIDF AMANAH INVESTMENT BANK : GUIDE TO RECOMMENDATIONS

#### STOCK RECOMMENDATIONS

<b>BUY</b>	Total return is expected to be >10% over the next 12 months.
<b>TRADING BUY</b>	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.
<b>NEUTRAL</b>	Total return is expected to be between -10% and +10% over the next 12 months.
<b>SELL</b>	Total return is expected to be <10% over the next 12 months.
<b>TRADING SELL</b>	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

<b>POSITIVE</b>	The sector is expected to outperform the overall market over the next 12 months.
<b>NEUTRAL</b>	The sector is to perform in line with the overall market over the next 12 months.
<b>NEGATIVE</b>	The sector is expected to underperform the overall market over the next 12 months.