Corporate Update

IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain **BUY**

Unchanged Target Price **RM3.60**

IJM Construction Officially Awarded NPE 2 Job

Maintain BUY. We maintain our BUY call on IJM with an unchanged target price of RM3.60, pegging its FY26F EPS of 14.8 sen to a PER of 24.3×, which is in line with its three-year mean. Replenishment efforts remain firmly on track, supported by major secured jobs such as the NPE 2 and the Elmina Business Park hyperscale DC project, with further upside from two potential Nusantara PFI contracts currently under feasibility review. The company's disciplined cost management and prudent balance sheet (net gearing at 0.26x) provide ample headroom to support future tenders and potential private-finance initiatives. We see the combination of strong replenishment momentum, margin accretion from DC works, and the ramp-up of international contracts (JRL and Hexacon) as key drivers of sustained earnings growth over FY26-27. With a robust Malaysian order book of RM9.33b, expanding exposure to high-margin digital and industrial developments, and a strong execution track record, we continue to see IJM as well-positioned to capitalise on the ongoing infrastructure and datacentre upcycle.

RM1.4b NPE 2 extension. IJM Construction Sdn Bhd, a wholly owned subsidiary of IJM Corp, has accepted a letter of award from New Pantai Expressway Sdn Bhd (NPE) for the design and build of the New Pantai Highway Extension (NPE 2). The RM1.4b contract involves the construction of a fully elevated highway with a new toll plaza. NPE is a related company.

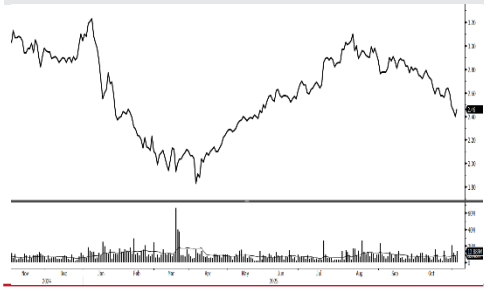
Project details. The fully elevated highway will measure 15km, which includes directional ramps. This will connect the existing Pantai Dalam Toll Plaza to the Jalan Istana Interchange via Jalan Syed Putra. The project is scheduled to commence in 4QCY25 and is expected to be completed within 48 months or by 4QCY29.

Background. The project win by IJM Construction is expected. Recall that in May-25, IJM Corp secured the government's approval for NPE 2. As part of the approval, the existing NPE concession will be restructured, with current toll rates maintained until the end of the extended concession period. Management indicated that monetisation of its toll division remains a strategic objective, with the NPE restructuring serving as a precursor to broader capital recycling efforts. Management previously reiterated that any monetisation will not involve full divestment, but rather a partial stake sale to strengthen the balance sheet. Post-monetisation, IJM is expected to explore expansion opportunities abroad. The group currently owns or holds stakes in six toll roads: NPE (100%), BESRAYA (100%), LEKAS (50%), West Coast Expressway (41%), as well as two highway concessions in India, Swarnabhoomi Raj Expressway (100%) and Rewa Tollway (100%). The addition of the NPE Extension is expected to further support long term toll revenue, enhance recurring earnings visibility.

Order book remains at RM9.33b. IJM's outstanding order book remains at RM9.33b as the RM1.4b project had previously been recognised. Including its attributable share of works in the JRL (UK) and Hexacon (Singapore) ventures, the broader group order book now stands at an estimated RM15.2b. IJM has secured RM5.03b of new jobs thus far in FY26, already hitting the higher end of its FY26 domestic replenishment target of RM3.0–5.0b (excluding JRL and Hexacon). Management continues to target new opportunities across industrial buildings (logistics, semiconductor foundries), the Penang LRT (tender by end-CY25), Penang International Airport expansion, Sarawak development projects, and a Merdeka 118 commercial block. Progress in Nusantara also remains steady, with design approval already obtained and feasibility approval expected by end-CY25.

RETURN STATISTICS	
Price @ 5th Nov 2025 (RM)	2.46
Expected share price return (%)	+46.3
Expected dividend yield (%)	+3.3
Expected total return (%)	+49.6

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-12.1	-11.2
3months	-12.8	-22.8
12 months	-18.5	-17.9

INVESTMENT STATISTICS

FYE Mar	2025A	2026F	2027F
Revenue	6,252.0	6,564.6	6,892.8
Operating Profit	1,093.7	1,424.5	1,482.0
Profit Before Tax	791.1	1,083.2	1,137.3
Core PATAMI	523.0	518.6	572.1
Core EPS	14.9	14.8	16.3
DPS	8.0	8.0	8.0
Dividend Yield	3.3%	3.3%	3.3%

KEY STATISTICS	
FBM KLCI	1,621.55
Issued shares (m)	3506.13
Estimated free float (%)	80.64
Market Capitalisation (RM'm)	8,622.71
52-wk price range	RM1.79 - RM3.28
3-mth average daily volume (m)	9.33
3-mth average daily value (RM'm)	26.32
Top Shareholders (%)	
Employees Provident Fund Board	18.13
Amanah Saham Nasional Bhd	12.93
Kumpulan Wang Persaraan Diperbadankan	9.65

Analyst

Royce Tan Seng Hooi
royce.tan@midf.com.my
03-2173 8461

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025A	2026E	2027F
Revenue	4,572.5	5,918.8	6,252.0	6,564.6	6,892.8
Gross profit	1,179.9	1,550.2	1,585.2	1,739.6	1,826.6
Operating profit	740.9	1,272.8	1,093.7	1,424.5	1,482.0
Net interest	(255.3)	(307.1)	(283.2)	(262.6)	(310.0)
Profit before tax	483.0	964.2	791.1	1,083.2	1,137.3
Tax	(271.4)	(299.0)	(323.8)	(328.2)	(344.6)
PATAMI	158.3	600.3	403.4	518.6	572.1
Core PATAMI	294.1	505.2	523.0	518.6	572.1
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025A**	**2026E**	**2027F**
Fixed assets	5,207.2	5,861.7	5,564.4	5,842.6	6,134.7
Intangible assets	125.4	111.8	112.4	101.6	101.6
Non-current assets	**8,676.1**	**9,212.2**	**9,382.1**	**9,649.5**	**9,941.7**
Cash	2,825.2	2,870.4	2,494.0	2,407.9	2590.7
Trade debtors	1,261.8	1,752.3	2,264.6	2,163.6	2,271.8
Current assets	**11,834.5**	**12,103.1**	**12,387.2**	**12,467.6**	**13,050.7**
Trade creditors	2,679.8	2,758.3	3,130.5	2,488.5	2483.2
Short-term debt	1,696.6	1,701.3	1,832.4	1,790.0	1,790.0
Current liabilities	**4,800.8**	**5,014.8**	**5,523.9**	**4,881.9**	**4,876.6**
Long-term debt	3,651.0	3,800.4	3,960.9	4,040.1	4,120.9
Non-current liabilities	**4,490.0**	**4,724.2**	**4,914.5**	**4,993.8**	**5,074.6**
Share capital	6,132.4	6,132.4	6,132.4	6,132.4	6,132.4
Retained earnings	4,024.6	4,342.2	4,465.2	4,804.4	5,143.6
Equity	**10,961.1**	**11,318.9**	**11,330.8**	**11,670.0**	**12,009.2**

Cash Flow (RM'm)	2023A	2024A	2025A	2026E	2027F
PBT	483.0	964.2	791.1	1,083.2	1,137.3
Operating cash flow	**1,078.4**	**1,000.0**	**695.8**	**987.9**	**1,042.1**
Capital expenditure	(195.7)	(287.9)	(396.5)	(250.0)	(250.0)
Investing cash flow	**(159.0)**	**(135.2)**	**(765.8)**	**(918.9)**	**(1,102.7)**
Debt raised/(repaid)	(220.5)	(56.0)	366.6	146.7	58.7
Dividends paid	(211.4)	(280.7)	(280.5)	(280.7)	(280.7)
Financing cash flow	**(1,001.4)**	**(835.5)**	**(314.0)**	**(534.2)**	**(622.2)**
Net cash flow	**(82.0)**	**29.3**	**(383.9)**	**(465.2)**	**(682.8)**
Beginning cash flow	**2,887.5**	**2,807.8**	**2,845.7**	**2,449.8**	**1,984.6**
Ending cash flow	**2,807.8**	**2,845.7**	**2,449.8**	**1,984.6**	**1,301.8**

Profitability Ratios (%)	2023A	2024A	2025A	2026E	2027F
Gross profit margin	25.8%	26.2%	25.4%	26.5%	26.5%
Operating profit margin	16.2%	21.5%	17.5%	17.0%	18.7%
PBT margin	10.6%	16.3%	12.7%	16.5%	16.5%
PAT margin	6.0%	10.1%	6.5%	7.9%	8.3%
Core PAT margin	6.0%	8.5%	8.4%	7.9%	8.3%

Source: Bloomberg, MBSBR

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) 197501002077 (24878-X).

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report has been prepared by MBSB Investment Bank Berhad (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) 197501002077 (24878-X).

It is for distribution only under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is for information purposes only. The opinions contained in this report are based on information obtained or derived from sources that we believe are reliable. MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) makes no representation or warranty, expressed or implied, as to the accuracy, completeness or reliability of the information contained therein and it should not be relied upon as such. This report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. All opinions and estimates are subject to change without notice. The research analysts will initiate, update and cease coverage solely at the discretion of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD). The directors, employees and representatives of MBSB INVESTMENT BANK BERHAD (formerly known as MIDF AMANAH INVESTMENT BANK BERHAD) may have an interest in any of the securities mentioned and may benefit from the information herein. Members of the MBSB Group and their affiliates may provide services to any company and affiliates of such companies whose securities are mentioned herein This document may not be reproduced, distributed or published in any form or for any purpose.

MBSB INVESTMENT BANK (formerly known as MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

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

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell