Corporate Update

IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

1QFY27 Results Review
In-Line; Revived Start to FY27

Maintain BUY. We are maintaining our **BUY** recommendation with a revised SOTP-derived **TP** for IJM Corp to **RM3.32**, pegging its revised FY28F EPS of 15.4 sen to a PER of 21.5x. We remain positive on IJM's outlook, with the value realisation strategy revolves around three key initiatives namely the proposed listing of IJM's Construction arm (IJMC), toll monetisation and progressive exit from India operations. IJM unveiled a targeted RM3.0b shareholder distribution plan over the next three years, equivalent to around 83 cents cumulative dividend per share or implied 40% yield.

Stronger start to FY27. IJM Corp's (IJM) core net profit came in at RM114.5m (+52.6%yoy) in 1QFY27 after stripping out unrealised forex gains, while revenue elevated +32.2%yoy to RM2.29b, mainly bolstered by construction and manufacturing and quarrying. The results came in largely within expectations, accounting for 25.2% and 25.3% of our and consensus FY27E estimates, respectively. The group declared a 10sen/share special dividend worth RM365m, funded by the RM385m proceeds from its treasury share resale and over and above its usual dividend payout.

Construction activities gathered pace. Construction revenue surged +36.2%yoy to RM1.32b in 1QFY27, while PBT more than doubled to RM73.3m (+112.0%yoy), spurred by stronger progress from fast-track projects, higher JV contributions and forex gains. Malaysia and Singapore delivered a resilient RM82.2m PBT at a 6.2% margin, partly offset by RM8.9m losses from the UK and India. Management expects FY27 construction revenue at high-RM4b to RM5b, while maintaining its 6-9% PBT margin guidance, with industrial buildings generally yielding more compelling margins.

Property earnings remained subdued. Property revenue ramped up +38.5%yoy to RM333.7m in 1QFY27, mainly from a RM98m MCKIP land sale at a marginal profit margin. PBT slumped -61.7%yoy to RM10.4m, partly due to lower unrealised forex gains of RM13.3m versus RM22.3m in 1QFY26 and weaker associates and JV contributions. Property sales reached RM600m against its unchanged RM1.8b-2.0b FY27 target, backed by RM2.0b unbilled sales and RM1.1b planned launches. Underlying project margins remain intact, although incubation costs from the UK and The Light City remain a drag. The Light City mall and hotel are targeted to open in Oct-26 and by end-26 respectively, while the office tower has secured 81% tenancy.

Manufacturing and quarrying remained strong. Revenue surged +42.3%yoy to RM443.8m in 1QFY27, while PBT grew +13.7%yoy to RM61.7m, primarily stems from higher deliveries of piles and ready-mixed concrete. Orders received reached 0.9-1.0m tonnes during the quarter, well ahead of its typical delivery run rate of 0.2m tonnes per month, lifting the order book to 1.2-1.3m tonnes versus the usual 0.9-1.0m tonnes. Management expects another strong FY27 after four consecutive years of record performance.

3 Stars | SHARIAH Compliant | FTSE4Good

Maintain BUY

Revised Target Price **RM3.32**
(from RM3.17)

RETURN STATISTICS	
Price @ 26th August 2026 (RM)	2.86
Expected share price return (%)	+16.1
Expected dividend yield (%)	+9.8
Expected total return (%)	+25.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	17.7	14.5
3 months	26.5	29.8
12 months	-2.3	-11.6

INVESTMENT STATISTICS

FYE Dec	2027E	2028F	2029F
Revenue	7,705	8,321	8,987
Operating Profit	1,156	1,415	1,797
Profit Before Tax	847	999	1,078
Core Net Profit	462	541	746
Core EPS (sen)	13.2	15.4	21.3
DPS (sen)	28	28	28
Dividend Yield	9.8	9.8	9.8

KEY STATISTICS

FBM KLCI	1,748.54
Issued shares (m)	3505.17
Estimated free float (%)	81.28
Market Capitalisation (RM'm)	10,432.04
52-wk price range	RM2.04 - RM2.98
3-mth average daily volume (m)	11.40
3-mth average daily value (RM'm)	28.64
Top Shareholders (%)	
Employees Provident Fund Board	19.99
Amanah Saham Nasional Bhd	11.89
Kumpulan Wang Persaraan Diperbadan	10.16

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Mixed performance from infrastructure. Toll revenue declined -11.3%yoy to RM91.2m in 1QFY27, mainly attributable to the absence of NPE toll compensation revenue, an unfavourable traffic mix and weaker Rupee. Nonetheless, PBT soared +47.5%yoy to RM31.0m on lower amortisation, finance costs and forex losses. WCE losses remained relatively stable, with completion targeted by end-26. Meanwhile, port revenue dropped -7.2%yoy to RM94.1m and PBT dipped -13.6%yoy to RM24.4m as cargo throughput slipped to 5.1m tonnes from 5.8m tonnes. A major customer's production ramp-up was delayed by technical issues following blast furnace maintenance, with full ramp-up expected by end-2QFY27 and cargo throughput anticipated to recover thereafter.

Bags RM909.5m across 2 advanced industrial wins. IJM Construction secured two fast-track projects worth RM909.5m, comprising a RM455m Automated Storage and Retrieval System (ASRS) semiconductor warehouse in Kulim for a US tech MNC and a RM454.5m Intuitive Surgical medical device facility in Batu Kawan, both with durations of below 18 months and are in line with management's general 6-9% PBT margin guidance. Including these, YTD FY27 wins reached RM1.8b, achieving 22.5-30.0% of its RM6.0b-8.0b target. This lifts the outstanding order book to RM14.5b, with advanced industrial facilities making up 55% of the domestic book. Its FY27 pipeline is backed by an RM18b tender book, comprising 40% industrial projects, including DC and semiconductor jobs, and another 30-40% public infrastructure opportunities, including Penang LRT CMC2, Penang International Airport expansion, Sungai Rasau water projects.

RM3.0b distribution and value realisation plans take shape. The 10sen/share special dividend, funded by RM385m treasury share proceeds, marks the first instalment of IJM's RM3.0b three-year value realisation plan, equivalent to 83sen/share or 10% average annual yield. IJM Construction remains on track for a 3QCY27 listing, with a principal adviser appointed, while the eventual distribution could be in cash, shares or both. Toll monetisation remains targeted within two years, while the India exit is progressing with the first Vijayawada land parcel completed, deposit received for the second, and discussions ongoing for the Nagpur land and highway assets.

Earnings estimates and TP. We raised our FY27E/FY28F earnings estimates by 2%/2%. We maintain our **BUY** call and revise our TP to **RM3.32** from RM3.17, pegging its revised FY28F EPS of 15.4 sen to a PER of 21.5x, in line with its five-year mean at 21.4x.

IJM: 1QFY27 RESULTS SUMMARY

All in RM'm unless stated otherwise	Quarterly Results					Cumulative		
Income Statement	**1QFY27**	**4QFY26**	**1QFY26**	**QoQ**	**YoY**	**3MFY27**	**3MFY26**	**YoY**
Revenue	2,292.3	1,866.3	1,733.4	**22.8%**	**32.2%**	2,292.3	1,733.4	**32.2%**
Gross Profit	364.3	208.7	324.8	**74.5%**	**12.2%**	364.3	324.8	**12.2%**
Net Operating Expenses	(71.4)	(210.2)	(97.5)	**-66.0%**	**-26.8%**	(71.4)	(97.5)	**-26.8%**
Operating Profit	292.9	(1.4)	227.3	**+>100%**	**28.9%**	292.9	227.3	**28.9%**
Finance Costs	(71.7)	(75.6)	(72.7)	**-5.1%**	**-1.4%**	(71.7)	(72.7)	**-1.4%**
JV and Associates	(19.4)	20.9	(1.8)	**->100%**	**->100%**	(19.4)	(1.8)	**->100%**
Profit Before Tax	201.8	(56.2)	152.7	**+>100%**	**32.1%**	201.8	152.7	**32.1%**
Tax Expense	(59.7)	(134.1)	(45.1)	**-55.4%**	**32.6%**	(59.7)	(45.1)	**32.6%**
Minority Interest	(6.3)	(31.6)	0.4	**80.0%**	**->100%**	(6.3)	0.4	**->100%**
Perps.	11.0	15.2	11.6	**-27.9%**	**-5.7%**	11.0	11.6	**-5.7%**
Reported Net Profit	137.4	(173.9)	95.6	**+>100%**	**43.7%**	137.4	95.6	**43.7%**
Core Net Profit	114.5	(90.4)	75.0	**+>100%**	**52.6%**	114.5	75.0	**52.6%**

Source: MBSBR

Sum of the parts valuation

Segments	**Stake**	**Methodology**	**Valuation**
Construction	100%	25x FY28F PER	3,673.46
Manufacturing	100%	20x FY28F PER	3,484.07
Property	100%	50% discount to RNAV	4,059.00
Toll concession	Various	DCF	2,155.00
Port	60%	DCF	926.40
WCE Holdings	28.16%	Market value	645.80
(-) Net debt			(3,320.20)
Total sum of the parts			11,623.53
Diluted number of shares ('m)			3506.13
Target price (RM)			**3.32**

Source: MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2025A	2026A	2027E	2028F	2029F
Revenue	6,252.0	6,879.0	7,704.5	8,320.9	8,986.5
Gross Profit	1,585.2	1,179.0	1,540.9	1,830.6	2,246.6
Net Operating Expenses	(491.6)	(644.4)	(385.2)	(416.0)	(449.3)
Operating Profit	1,093.7	534.7	1,155.7	1,414.5	1,797.3
Finance Cost	(283.2)	(275.6)	(352.5)	(380.5)	(410.9)
PBT	791.1	298.0	847.5	998.5	1,078.4
Tax	(323.8)	(301.1)	(385.2)	(416.0)	(449.3)
PAT	403.4	3.2	462.3	540.9	611.1
Net Profit	523.0	177.5	462.3	540.9	745.9
Balance Sheet (RM'm)	**2025A**	**2026A**	**2027E**	**2028F**	**2029F**
Fixed assets	5,564.4	5,842.6	6,134.7	6,441.5	6,763.5
Intangible assets	112.4	111.3	101.6	102.6	103.6
Non-current assets	**9,382.1**	**10,439.1**	**10,721.6**	**11,029.3**	**11,352.4**
Cash	2,494.0	2,015.1	2459.8	2323.0	2266.0
Trade debtors	2,264.6	2,698.5	2,228.8	2,407.1	2,599.7
Current assets	**12,387.2**	**12,512.6**	**12,770.1**	**13,119.3**	**13,578.0**
Trade creditors	3,130.5	3,773.2	2483.2	2484.2	2485.2
Short-term debt	1,832.4	2,782.2	1,790.0	1,791.0	1,792.0
Current liabilities	**5,523.9**	**7,225.5**	**5,935.5**	**5,936.5**	**5,937.5**
Long-term debt	3,960.9	4,040.1	4,120.9	4,203.3	4,287.4
Non-current liabilities	**4,914.5**	**4,742.1**	**4,822.9**	**4,905.3**	**4,989.4**
Share capital	6,132.4	6,132.4	6,132.4	6,133.4	6,134.4
Retained earnings	4,465.2	4,188.0	4,527.2	4,866.4	5,205.6
Equity	**11,330.8**	**10,984.2**	**11,323.4**	**11,662.6**	**12,001.8**

Cash Flow (RM'm)	2025A	2026A	2027E	2028F	2029F
PBT	791.1	298.0	847.5	998.5	1,078.4
Operating cash flow	**695.8**	**287.9**	**807.1**	**952.8**	**1,029.8**
Capital expenditure	(396.5)	(1,008.5)	(250.0)	(249.0)	(248.0)
Investing cash flow	**(765.8)**	**(1,052.3)**	**(1,157.6)**	**(1,273.3)**	**(1,273.3)**
Debt raised/(repaid)	366.6	146.7	58.7	23.5	9.4
Dividends paid	(280.5)	(280.4)	(280.7)	(279.7)	(278.7)
Financing cash flow	**(314.0)**	**302.8**	**214.5**	**180.3**	**167.3**
Net cash flow	**(383.9)**	**(461.6)**	**(135.9)**	**(140.2)**	**(76.3)**
Beginning cash flow	**2,845.7**	**2,449.8**	**1,961.7**	**1,825.9**	**1,685.7**
Ending cash flow	**2,449.8**	**1,961.7**	**1,825.9**	**1,685.7**	**1,609.4**

Profitability Ratios (%)	2025A	2026A	2027E	2028F	2029F
Operating profit margin	17.5%	7.8%	15.6%	18.7%	18.7%
PBT margin	12.7%	4.3%	11.0%	12.0%	12.0%
PAT margin	6.5%	0.0%	6.0%	6.5%	6.8%
Core PAT margin	8.4%	2.6%	6.0%	6.5%	8.3%

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MBSB 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

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology