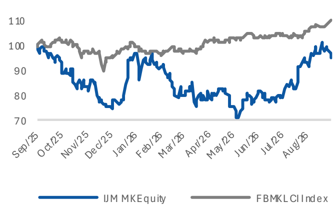
Team Coverage
(603) 7890 8899
research.dept@apexsecurities.com.my

Recommendation:	**BUY**
Current Price:	RM 2.75
Previous Target Price:	N/A
Target Price:	RM 3.48
Capital Upside/Downside:	26.5%
Dividend Yield (%):	3.1%
Total Upside/Downsid	**29.6%**

Stock information	
Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	3336 / IJM MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	3,647.6
Market Cap (RM' m)	10,030.8
52-Week Price Range (RM)	2.041-2.97
Beta (x)	1.1
Free float (%)	81.3
3M Average Volume (m)	11.6
3M Average Value (RM' m)	30.7

Top 3 Shareholders	**(%)**
Employees Provident Fund Board	20.1
Amanah Saham Nasional Bhd	11.9
Kumpulan Wang Persaraan	9.7

Share Price Performance



	1M	**3M**	**12M**
Absolute (%)	1.5	17.1	-5.1
Relative (%)	4.3	19.2	-8.9

Earnings summary

FYE Dec	**FY27F**	**FY28F**	**FY29F**
Revenue (RM'm)	8,217.9	8,699.9	9,845.1
PATAMI (RM'm)	555.1	668.5	572.2
CNP (RM'm)	555.1	668.5	572.2
EPS - core (sen)	15.2	18.3	15.7
P/E (x)	18.1	15.0	17.5

IJM Corporation Berhad

Unlocking the Conglomerate Discount

- **IJM Corporation Berhad (IJM) is one of Malaysia's largest diversified construction and infrastructure conglomerates, ranked among the top large-cap contractors by market capitalisation, and is recognised for its track record delivering landmark projects.**
- **Conglomerate-discount unwind already underway.** The RM3bn Value Realisation programme comprises a planned IJMC construction-arm listing, toll-concession monetisation, and full India exit.
- **Data centre-led Construction is the emerging growth engine.** A RM14.5bn order book and an RM18bn tender pipeline are anchored by hyperscale wins including the Elmina Business Park data centre, the ASRS semiconductor warehouse in Kulim, and the Intuitive Surgical facility in Batu Kawan – 55% of the Malaysian book is now industrial and data-centre work.
- **We initiate coverage on IJM with a BUY recommendation and TP of RM3.48, based on a sum-of-parts valuation, along with a three-star ESG rating.**

Key Investment Highlights

Long-term earnings visibility. IJM's outstanding order book of RM14.5bn will keep the Group busy well into FY29. With an order book-to-revenue coverage ratio of 2.1x against FY26 Construction revenue, earnings visibility extends comfortably beyond the typical 1 to 2-year window most contractors offer. IJM is further equipped with a tender book worth RM18bn. Relative to management's FY27 new-order target of RM9bn (RM6bn Malaysia, RM3bn overseas), the Group has already secured RM1.8bn in new wins year-to-date, keeping it on track to sustain order book growth into FY28.

Robust project pipeline. IJM is well-positioned for Malaysia's data centre and industrial building boom, with 55% of its Malaysian order book now tied to this segment. Beyond its own pipeline, IJM Land's RM1.96bn JV with MOF Inc./Southern Catalyst to develop an industrial park in Sedenak extends exposure to the same corridor, while UK associate JRL (50%-owned) and Singapore associate Hexacon (45.5%-owned) add a further RM5.0bn and RM2.2bn to the order book. These initiatives, together with the planned standalone listing of the Construction arm, IJMC, targeted for Q3 2027, should enhance both earnings visibility and the market's willingness to price Construction on its own merits.

Vertical integration and niche technology, not headline margins, are IJM's edge. Unlike smaller pure-play contractors that command premium net margins through disciplined project selection, IJM's Construction PBT margin (c.4% in FY26) reflects its scale and diversified project mix rather than pricing power alone. IJM's genuine differentiator instead sits in its Industry division, IJM's highest-margin segment at 16.8% PBT margin, built on in-house spun pile manufacturing that doubles as one of Malaysia's largest external pile suppliers. This vertical integration captures margin peers pay away to third parties and insulates Construction from input cost inflation, while proprietary "bubble deck" precast technology, used on RTS Link projects with only one small competitor offering a comparable product, adds a further defensible niche.

Valuation and Recommendation. We **initiate coverage** on IJM with a **BUY** recommendation and a target price of **RM3.48**, based on a sum-of-the-parts valuation combining PE multiples for Construction (22.0x FY27F CNP), Manufacturing & Quarrying (20.0x), and Port (20.0x, 60% attributable), a DCF equity value for toll-way concessions, a 50% discount to RNAV for Property, zero value for Indian concession assets, and market value for listed associate stakes, yielding a gross asset value of RM16,747.7m and an equity value of RM12,708.7m after net debt, or RM3.48 per share.

Risk. Inability to convert the tender book into confirmed contracts, construction input cost inflation running ahead of expectations, and execution risk on the Value Realisation programme underpinning the re-rating thesis.

KDN PP13226/06/2024 (035469)

Company Background

IJM is one of Malaysia's largest diversified conglomerates, formed in 1983 through the merger of IGB Construction, Jurutama, and Mudajaya, and listed on Bursa Malaysia since 1986. The Group operates through four core divisions: construction, property development, industry, and infrastructure (toll roads and port concessions). A pivotal milestone came in 2007 with the acquisition of Road Builder (M) Holdings Berhad, which significantly expanded IJM's portfolio of townships, iconic buildings, and infrastructure concessions and brought several of the Group's current senior leaders into the fold.

Today, IJM ranks among Malaysia's largest diversified conglomerates and is primarily involved in construction, including a growing data-centre construction franchise, property development, industrial building materials such as piling, ready-mixed concrete, and quarrying, and infrastructure concessions such as toll roads and ports. The Group also maintains an international footprint spanning six countries, anchored by its UK associate JRL Group Holdings and its Singapore associate Hexacon Construction.

Figure 1: Corporate Milestones

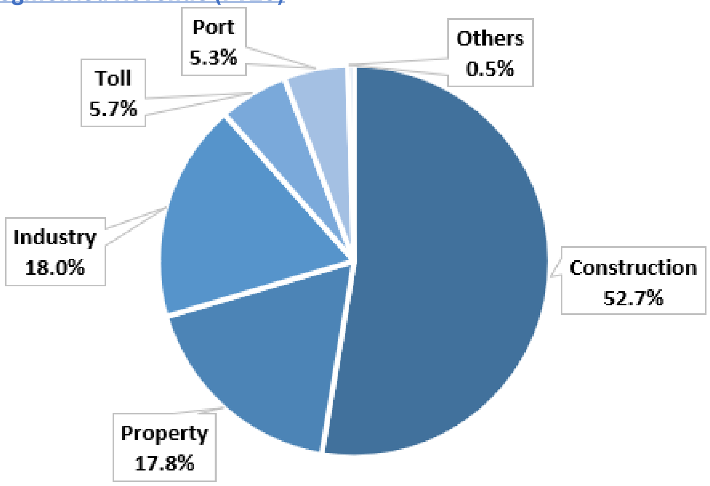
Year	Milestone
1983	IGB Construction, Jurutama, and Mudajaya merge to form IJM
1989	Goes public on Bursa Malaysia
1991	Renamed IJM Corporation Berhad
2003	IJM Plantations listed separately
2007	Acquires Road Builder Group and becomes a major national builder
2014	IJM Land taken private
2020-2025	Expands into UK, data centres, logistic; exits plantation
2026-2030	New strategy: growth, capital optimisation, transformation

Source: Company, Apex Securities

Business Model

IJM operates across four principal segments: (i) Construction, (ii) Property Development, (iii) Manufacturing & Quarrying (Industry), and (iv) Infrastructure (Toll and Port concessions). The Construction segment is now the Group's largest revenue contributor after overtaking Property for the first time in FY25.

Figure 2: Segmented Revenue (FY26)



Source: Company, Apex Securities

Construction Segment (52.7% of FY26 revenue)

IJM Construction specialises in large-scale building construction, civil infrastructure, industrial and data-centre works, spanning both its own property developments, IJM Land, and third-party clients across government, industrial, and commercial sectors. The division has built a strong track record delivering complex projects on schedule, most recently establishing itself as a preferred contractor in Malaysia's data-centre construction boom, securing marquee data-centre awards in Pulai, Johor Bahru (RM1.4bn) and Elmina Business Park (RM2.1bn). Beyond Malaysia, the Group has expanded its construction footprint into Singapore through its 45.5%-owned associate Hexacon Construction, and into the UK through its 50%-owned associate JRL Group Holdings, delivering landmark developments including 25 Finsbury Circus and One Thames City in London.

The Construction segment is IJM's largest and fastest-growing revenue driver, having overtaken property development for the first time in FY25. It secured RM9.3bn in new contract wins in FY26, bringing its outstanding order book to RM14.7bn as at FY26, against an RM18bn tender pipeline. Combined with management's FY27 new-order target of RM6bn from local projects and RM3bn from overseas projects, we expect clear earnings visibility into FY28. Construction is the centrepiece of management's RM3bn Value Realisation programme, where the Malaysia and Singapore operations, excluding India, are being prepared for a standalone IJMC listing targeted for September 2027, currently valued at RM2.2bn, and with IJM retaining 50–60% against 40% held by public shareholders.

Figure 3: Construction Contracts Awarded YTD (FY26)

Malaysia and Singapore

Contract	Contract Value (RM'm)
Data centre in Pulai, Johor Bahru	1,400.0
Data centre in Elmina Business Park	2,100.0
NPE extension	1,400.0
Merione Penang	204.0
Enlave Suites, Pantai Sentral Park	608.0
Habourfront Centre	2,188.0
Total	**7,900.0**

UK

Contract	Contract Value (GBP'm)
Castle Street, Luton	45.5
Brindley Drive	72.4
One Thames City (N1 to N5)	152.3
Finsbury Circus	80.0
Total	**350.2**

Source: Company, Apex Securities

Property Segment (17.8% of FY26 revenue)

IJM's property development segment, operating primarily through IJM Land, is the Group's largest asset base, sitting at RM11.9bn in total assets as at FY25 with a footprint spanning Malaysia, the UK, and a legacy India business now being wound down. Its landbank carries a total potential GDV of RM45.1 billion across 3,316.5 acres, distinct from the RM7.0 billion GDV tied to 45 live ongoing projects as at FY25. FY26 new sales reached RM1.84bn against an FY27 target of RM1.8bn to RM2.0bn, with RM2.0bn of unbilled sales providing forward revenue visibility.

The division swung to a FY26 pre-tax loss of RM101.1m from a RM359.3m profit in FY25, driven by a RM121.6m inventory impairment, RM88.0m of unrealised FX losses, and UK and Malaysia investment-asset incubation costs, though core PBT, stripping these one-offs, still fell 71.9% YoY, pointing to genuine underlying softness alongside the one-off drag. Management attributes FY26 softness to project-approval delays now normalising and to broader buyer hesitancy tied to the Middle East conflict environment. Management's FY27 priorities are to divest surplus landbank, pivot toward quicker-turnaround projects, and continue incubating UK assets.

Figure 4: Upcoming Property Launches (FY27)

Project	Type	GDV (RM'm)	Launch Date
Phase 12B @ Nasa City, Johor	2-Storey Shop Office	24.4	Aug 2026
Phase 1B RSKU @ Shah Alam 2	Residential	31.6	Sept 2026
Phase 10A @ Nasa City, Johor	2-Storey Link Bungalow	110.8	Sept 2026
Phase 3A @ Utama Park Residence	2-Storey Bungalow	55.0	Sept 2026
Phase 2B @ Rimbayu Indah	2-Storey Terrace	28.0	Sept 2026
Phase 8 @ Austin Duta, Johor	2-Storey Semi-D	117.8	Sept 2026
A1-7 Parcel A @ The Light (Wellness)	Wellness	23.7	Oct 2026
Phase 10 @ Nusa Duta, Johor	2-Storey Terrace	57.2	Oct 2026
A1-7 Parcel A @ The Light (Office)	Office	192.0	Oct 2026
Phase 7A @ Nasa City, Johor	2-Storey Shop Office	40.8	Dec 2026
Phase 4A @ Shah Alam 2	2-Storey Link Terrace	36.0	Jan 2027
Ridge View Phase 4A (Land)	Land	2.9	Jan 2027

Source: Company, Apex Securities

Industry Segment (18.0% of FY26 revenue)

The industry division manufactures construction materials such as industrial concrete piles, ready-mixed concrete, and quarry products through 27 plants, serving both external clients and IJM's own construction and property divisions. It is the Group's most consistently profitable segment, having delivered record profits for three consecutive years: FY26 revenue grew 17.6% YoY to RM1,240.5m with PBT up 9.0% to RM207.9m, a 16.8% margin that comfortably leads all IJM divisions. The division carries an outstanding spun pile order book of 1 million tonnes, including a record 400,000-tonne monthly order secured in April 2026, and a new automated "Smart ICP" facility commenced production in FY27 to lift productivity and lower unit costs.

Figure 5: IJM Industrialised Building System (IBS)

Source: Company

Infrastructure Segment (Toll: 5.7%; Port: 5.3% of FY26 revenue). The infrastructure segment comprises toll and port, providing IJM's most durable, contracted cash-flow base relative to its more cyclical construction and property businesses. FY26 Toll revenue fell 12.7% to RM392.5m on non-recognition of toll compensation following NPE restructuring and a weaker Rupee, though core PBT rose 37.6% to RM118.5m on steady Malaysian toll performance offsetting overseas losses. Two projects anchor the medium-term outlook: NPE2 and WCE Section 3, which are targeted for completion in October 2029 and December 2026 respectively. Both projects are expected to unlock long-haul traffic growth once complete. Port revenue fell 19.3% to RM364.1m and PBT fell 40.2% to RM75.1m on a key customer's maintenance shutdown, with recovery expected in FY27 as operations normalise.

Toll concessions are central to management's RM3 billion Value Realisation programme, targeting RM575m from partial monetisation of mature concessions over the next 1–2 years as a de-gearing and capital-recycling move.

The Value Realisation Programme – A Self-Funding Re-Rating Engine

What distinguishes IJM's current investment case most sharply from a conventional diversified contractor is the RM3 billion, three-year Value Realisation programme the Group has committed to following the lapsed Sunway approach. Rather than simply waiting for the market to re-rate a conglomerate structure, IJM is actively dismantling the discount through three concurrent, largely independent workstreams. The Group characterises the RM3bn target as achievable even allowing for macro risks such as war and elections.

Listing of IJMC (target RM1.2bn, September 2027)
The Malaysia and Singapore construction operations, excluding India, are being prepared for a standalone listing. Management cites a current value of RM2.2bn for the entity, with IJM retaining a 50–60% stake and approximately 40% held by public shareholders. As at August 2026, the Principal Adviser has been selected, with listing still targeted for 3Q 2027.

Toll monetisation (target RM575m, 1-2 years)
Partial monetisation of mature Malaysian toll concessions, structured around the same concession-life-extension mechanism already used on the NPE restructuring, which traded near-term cash compensation for a longer concession runway to enable the NPE2 extension.

India exit (target RM165m, within 2 years)
A full exit from India's construction, property, and toll exposure. The Group has disposed of the first parcel of Raintree Park township in Vijayawada while sale of the second parcel is ongoing.

Figure 6: Value Realisation Programme Summary

Initiative	Target Value	Timeline	Status (as of Aug 2026)
Listing of IJMC	RM1.2bn	Target Sept 2027	Principal Adviser selected
Toll monetisation	RM575m	1–2 years	RFP process ongoing
India exit	RM165m	Within 2 years	Disposal of Vijayawada first parcel completed; deposit received for second parcel

Source: Company, Apex Securities

Key Projects Track Record

IJM's Construction order book stood at RM14.5bn (RM7.2bn Malaysia direct, RM2.2bn Singapore via Hexacon, RM5.0bn UK via JRL) against an RM18bn tender pipeline.

Data Centres & Industrial

- Hyperscale Data Centre, Elmina Business Park (RM2.13bn): Awarded by Sime Darby Property (EBP Asset II) and Pearl Computing Malaysia. Commenced 1 November 2025, targeted completion 30 April 2027.
- Fast-track Data Centre, Pulai, Johor (RM1.44bn): ST Dynamo DC Sdn Bhd is the client. A six-storey data centre with integrated office, commenced 11 August 2025 and targeted completion 10 September 2026.

- Data Centre 60:40 JV with Woh Hup, Tanjung Kupang (RM431m): 12MW IT load facility, commenced January 2025, complete on August 2026.
- Data Centre 50:50 JV with Woh Hup, Gelang Patah (RM508m): Two-building, 120MW IT load facility, commenced July 2024, completed on February 2026.
- ASE Electronics Plant 4 & 5, Bayan Lepas (RM341m): Seven-storey production and utilities complex for ASE Electronics (M), commenced November 2022, completed on February 2026.
- Siliconware Precision Malaysia, Seberang Prai (RM378m): Four-storey production, utilities and warehouse facility, commenced May 2024, completed on May 2026.
- Infineon Kulim Ancillary Building (RM190m): Design-and-build multi-level car park for Infineon Technologies, commenced March 2024, completed on January 2026.
- United Logistics Hub, Shah Alam (RM584.3m): Warehouse and office development for Strategic Sonata, commenced June 2024, completed on October 2025.
- Exio Logistics, Elmina East (RM284.1m): Two automated storage-and-retrieval-system (ASRS) warehouse blocks, commenced December 2024, targeted completion September 2026.

Transport Infrastructure

- MRT 1 & MRT 2 packages (RM2.7bn combined): Multiple stations under both lines, including Taman Mutiara, Taman Midah, Taman Connaught, and Taman Pertama (MRT1), plus the PICC–Jinjang to Jalan Ipoh package (MRT2).
- RTS Link Immigration, Customs & Quarantine Complex (RM1.2bn): Packages 2A and 2B for Malaysia Rapid Transit System Sdn Bhd, connecting Johor Bahru to Singapore. Commenced October 2023, targeted completion December 2026.
- Rembus Depot, Kota Samarahan (RM260.8m): Depot construction for the Kuching Urban Transportation System (KUTS), on behalf of Sarawak Metro. Commenced January 2024, targeted completion March 2027.

Institutional & Government Buildings

- Hospital Kapar, Klang (RM831m, via IJM Ganda Imbuhan JV): Turnkey design-and-build of a 312-bed hospital for the Ministry of Works Malaysia, including 120 units of staff quarters. Commenced November 2022, targeted completion November 2026.
- Tun Razak Exchange (TRX): Builder of choice for Malaysia's first international financial district, a 70-acre government-led development. IJM's footprint includes Menara Prudential, the new HSBC Malaysia headquarters, and the new Affin Bank headquarters.

Port-Linked Infrastructure

- ECRL Kuantan Port Spurline (RM300m): Subgrade earthworks, freight yard, culvert and bridge work for China Communications Construction (ECRL). Commenced October 2023, completed on October 2025.
- Malaysia China Kuantan International Logistics Park, MCKIP 3 (RM300m): Integrated mixed industrial, logistics, residential and commercial development on a 640-acre site. Commenced January 2024, targeted completion January 2029.

Industry Overview

Malaysia's Construction Industry

In 2025, the Malaysian construction sector recorded significant growth, with a total value of RM178.6bn, a 12.5% yoy increase. Growth was driven by the private sector, contributing RM29.3bn or 63.2% of the total, with strong performances in non-residential buildings, which grew by 18.6% yoy. Non-residential construction alone accounted for RM14 billion in 4Q2025, up 18.6% year-on-year. This growth was largely driven by private sector investment in non-residential projects such as data centres and industrial buildings, a trend we expect to continue in the coming years. Nearly 63% of 4Q2025 work done was concentrated in four states: Selangor with RM11.0 billion or 23.8%, Johor with RM8.3 billion or 17.9%, Sarawak with RM5.0 billion or 10.8%, and Wilayah Persekutuan with RM4.8 billion or 10.4%. This maps directly onto IJM's own data-centre order book, with recent wins in Elmina Business Park in Selangor and Pulai, Johor

Bahru sitting squarely in the two most active construction states nationally, confirming that IJM's data-centre pipeline is positioned in the sector's genuine growth centres rather than peripheral markets.

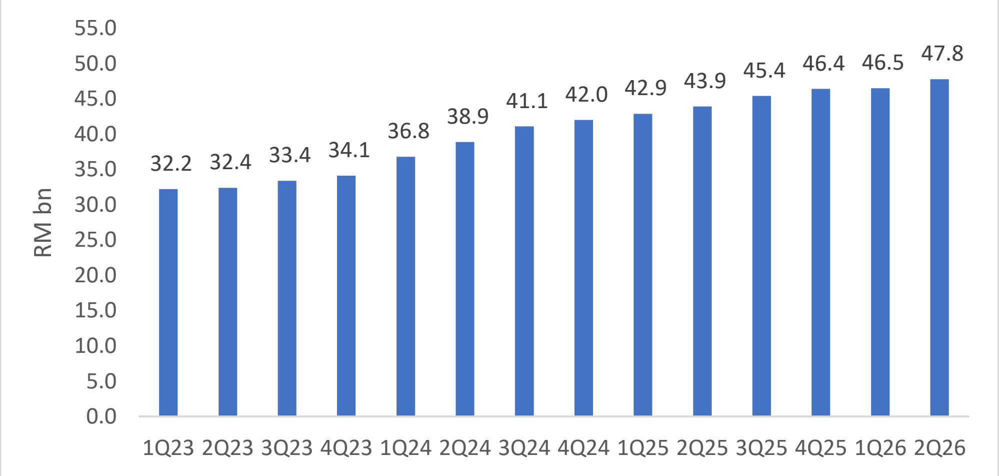
Date Centre Wave

Malaysia's data centre market, valued at roughly USD 6 billion in 2025 and forecast to grow strongly through 2030, is increasingly concentrated in Johor, which has emerged as Southeast Asia's fastest-growing hub by capturing spillover demand from space and power constrained Singapore, alongside Selangor's established Cyberjaya and Elmina corridor. Major hyperscalers including Microsoft, Google, and NTT DATA have committed billions in capital to campuses across these two states, drawn by lower construction costs than Singapore, though rising power tariffs and emerging water availability constraints are becoming real cost and permitting risks.

Near-Term Headwinds

Building material costs have partially, not fully, retraced as Middle East tensions eased. Key construction input prices rose 25% between October 2025 and June 2026, first on stricter domestic overloading enforcement, then compounded by the conflict's impact on energy and logistics costs. Bulk commodity inputs such as ready-mixed concrete, sand, bitumen, and aggregates surged 21% to 44%, far outpacing the 5% to 7% rise in steel and cement. Diesel and aluminium prices show the same pattern, where both have cooled well off their conflict-driven peaks, but remain above pre-conflict levels.

Figure 7: Value of Construction Work Completed in Malaysia



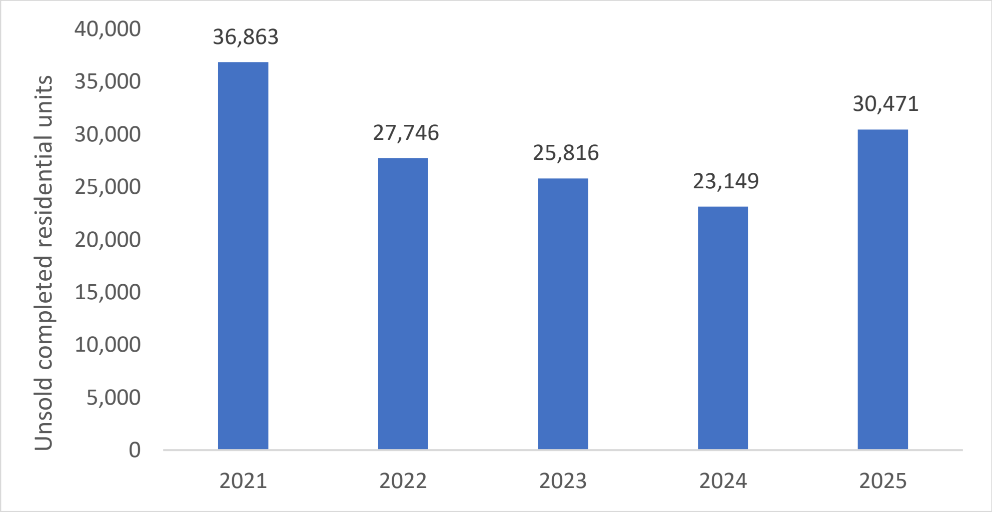
Source: DOSM, Apex Securities

Property Market Outlook

Malaysia recorded 416,413 property transactions worth RM241.87bn in 2025, with volume down 1.0 per cent but value up 4.1 per cent from 2024, supported by economic growth, a lower Overnight Policy Rate of 2.75 per cent and Budget 2025 housing incentives. Residential property remained the dominant segment, accounting for 61.6 per cent of transaction volume worth RM108.27 billion, while commercial property contributed 24.3 per cent of value from just 11.2 per cent of volume. Industrial property was the standout performer, with transaction value surging 21.3 per cent to RM33.8 billion, led by Selangor at 35.7 per cent and Johor at 18.1 per cent of national industrial transactions, both states linked directly to logistics, manufacturing and data centre related demand. House prices firmed moderately, with terraced houses leading price growth at 3.3 per cent ahead of high-rise units at just 0.6 per cent.

The overhang picture worsened over the year, with unsold completed residential units rising sharply in both volume and value, concentrated mainly in Perak, Johor and Selangor, and dominated by condominiums and apartments rather than terraced houses. New launches and sales performance both softened from 2024. For IJM, Selangor and Johor are simultaneously its most overhang-exposed property markets and its strongest construction demand centres, while the stronger pricing trend in landed housing plays to IJM's traditional product strength over the high-rise segment driving most of the national overhang.

Figure 8: Malaysia Residential Overhang Trend (2021-2025)



Source: NAPIC Property Market Report 2025, Apex Securities

Political Sensitive and Government-Managed Toll Concession

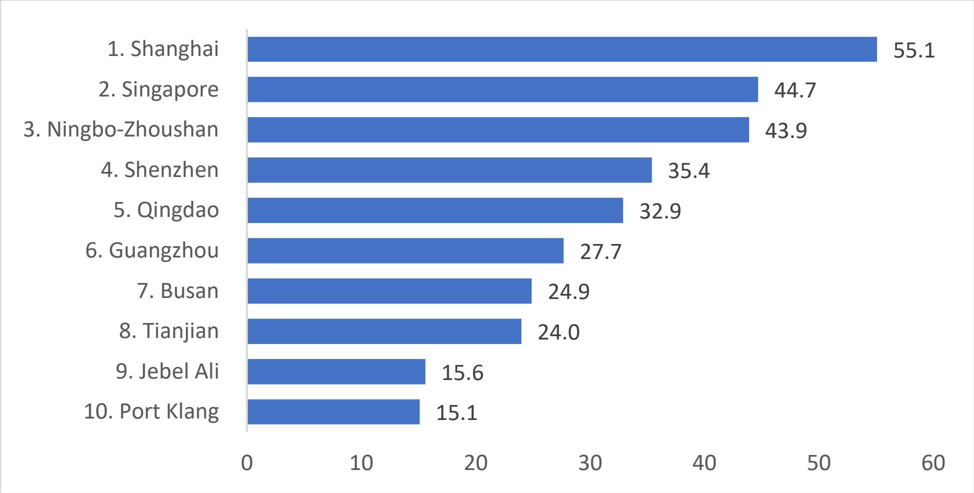
Malaysia's toll road industry operates under a structural policy of protecting motorists from fare increases, with the federal government repeatedly absorbing the cost rather than allowing concessionaires to raise rates. For 2026 alone, the government will forgo toll hikes on 10 major highways nationwide, compensating concessionaires RM591.56 million, on top of earlier festive discount compensation of roughly RM19.5 million for Chinese New Year and RM21 million for Hari Raya. The government has increasingly used concession-life extensions rather than cash compensation to keep tolls flat, most notably extending PLUS Malaysia's concession to 2068, Anih Bhd's KL-Karak and East Coast Expressway concession by 37 years to 2069, and the NPE's concession from 2030 to 2057 specifically to enable the NPE2 extension while holding tolls at RM2.30.

A Mid-Tier Bulk Hub Amid Larger National Container Growth

Malaysia's container throughput remains strong, led by Port Klang, which handled a record 14.64 million TEUs in 2024 and grew a further 5.4% in the first five months of 2026 despite earlier trade disruption from the Iran conflict, with subsequent peace talks expected to lift trade volumes further. Transport Minister has since linked the subsequent West Asia peace agreement to an expected further boost in Malaysia's trade volumes and exports, a dynamic that mirrors the building materials cost relief discussed elsewhere in this overview and offers a broadly positive signal for port-linked cargo activity nationally. Against this national backdrop, IJM's Kuantan Port, jointly operated with Guangxi based Beibu Gulf Holding, remains a considerably smaller, bulk cargo focused facility handling around 20.6 million tonnes annually rather than a comparable container hub, with the improving trade environment and the upcoming East Coast Rail Link representing the clearest near-term catalysts for volume recovery.

Together, these initiatives are creating a more optimistic outlook for the construction sector in all three regions, presenting ample opportunities for growth and development across the country.

Figure 9: World Top Container Ports 2026



Source: WTCP 2026, Container Management, Apex Securities

Growth Vectors – Order Book, Value Realisation & Beyond

Beyond the Value Realisation programme detailed above, three further vectors support the multi-year earnings case, each modelled with an appropriately conservative degree of base-case credit given execution uncertainty.

Order book conversion

RM14.5bn outstanding against an RM18bn tender pipeline, with roughly 45–50% of the remaining domestic book tied to data-centre demand. We model organic conversion in line with management's FY27 new-order targets of RM6bn (Malaysia) and RM3bn (overseas) as the base case.

Property recovery from a cyclical trough

FY26's pre-tax loss reflected a combination of one-off impairment/FX items and genuine underlying softness. RM2.0bn of unbilled sales provides FY27 visibility.

Industrial division margin resilience

IJM's most consistently profitable segment, underpinned by in-house piling manufacture and niche technology (proprietary "bubble deck" precast panels used on RTS Link, with only one small competitor offering comparable technology). We model continued high-single-digit segment growth, in line with FY26's 9.0% PBT growth, without assuming step-change margin expansion.

Financial Highlights

Net gearing spikes to 41.8% in FY26 (from 29.5% in FY25), coinciding with the earnings trough and a jump in capex to RM1,008.0m against a RM397.0m run-rate in the surrounding years. But our financial model shows a swifter de-lever than a continued multi-year climb would suggest thats FY27F gearing falls back to 33.2% as operating cash flow recovers alongside earnings, before drifting up again to 32.0% and 35.7% in FY28F-29F as capex and working-capital needs grow with the order book. This reads as an FY26 spike-and-partial-reversal, not a structural multi-year deterioration – the backdrop against which the Value Realisation programme's de-gearing objective should be read.

FY26 – earnings inflection

Core net profit dropped to RM321m from RM471m the year before – the "kitchen-sinking" year, with impairments (unsold inventory including Hui Hai Plaza in China) and a major maintenance provision for Vijayapura Tollway dragging property and toll earnings down.

1QFY27 – trajectory intact.

Core profit tripled QoQ (RM36.8m → RM115.6m) and grew 31% YoY (RM88.6m → RM115.6m), driven by construction margin expansion as the fast-track, higher-margin data centre projects ramped. That's the first quarter of proof that FY27F's projected recovery (RM494m core NP) is actually showing up in the numbers, not just in the forecast.

Order Book & Revenue Visibility.

As of August 2026, IJM Construction's unbilled order book of RM14.5bn represents approximately 2.1x FY26 Construction revenue, providing multi-year earnings visibility, while Property's RM2.0bn of unbilled sales covers roughly 1.5x FY26 Property revenue.

Figure 10: Financial Summary (FY25-FY29F)

Financial Summary (RM'm)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	6,252	6,754	8,218	8,700	9,845
EBITDA	1,363	782	1,379	1,483	1,379
EBIT	1,093	535	1,196	1,268	1,153
Finance Costs	(283)	(276)	(277)	(292)	(307)
Associates & JV	(19)	39	35	35	35
Pre-tax Profit	791	298	953	1,037	910
Core Net Profit	**403**	**3**	**555**	**668**	**572**
EPS (sen)	11.0	0.1	15.2	18.3	15.7
EBITDA Margin	21.8%	11.6%	16.8%	17.1%	14.0%
CNP Margin	6.4%	0.0%	6.8%	7.7%	5.8%
P/E (x)	24.8x	3,331x	18.0x	15.0x	17.5x
EV/EBITDA (x)	9.9x	18.8x	10.3x	9.6x	10.8x

Source: Company, Apex Securities

Earnings Outlook. Going forward, we project IJM's core net profit to register at RM555.1m/RM668.5m/RM572.2m in FY27F/FY28F/FY29F, respectively. Projected growth is expected to be underpinned by (i) an increase in regional infrastructure projects, including growing UK and Singapore construction contributions, (ii) progressive recognition of the outstanding order book of RM14.5bn, and (iii) an in-house order book replenishment assumption of RM8.0bn per annum for Malaysia — at the top end of management's own RM6.0bn-RM8.0bn guidance. The outlook is further reinforced by a sizeable tender book worth RM18bn.

Valuation & Recommendation

We **initiate coverage** on IJM with a **BUY** recommendation and a target price of **RM3.48**. Our target price is derived from a sum-of-the-parts valuation: applying a 22.0x peer-average PER to our FY27F core net profit estimate of RM243.9m for Construction, and a 20.0x peer PER to RM205.3m for Manufacturing & Quarrying and RM48.7m for the 60%-attributable Ports segment, alongside RNAV-based Property of RM3.84bn and DCF-based Toll-way Concessions of RM1.68bn valuations. This yields a gross asset value of RM16.77bn which after deducting net debt of RM4.05bn gives an implied equity value of RM12.73bn and a target price of **RM3.48** per share based on 3,647.6 million shares in issue.

Figure 11: P/E Valuation

Component	Methodology	Equity Value (RM'm)
Construction	22.0x sector peer average PE × FY27F CNP of RM244m	5,367
Manufacturing & Quarrying (Industry)	20.0x sector peer average PE × FY27F CNP of RM205m	4,106
Infrastructure – Port	20.0x sector peer average PE × FY27F CNP of RM49m	974
Toll-way Concession	DCF equity value	1,797
Property	50% discount to RNAV of RM7,678	3,839
Listed assets (WCE Holdings 28.14%)	Market value	664
Less: Net Debt		(4,053)
Equity Value (RM)		12,694
Issued Shares (m)		3,648
Fair Value (RM)		3.48
ESG Premium/Discount	Three-star: 0% adjustment	0%
Target Price (RM)		**3.48**

Source: Apex Securities

Figure 12: Peers Comparison

Company	Market Group	FYE	Price (RM) as at 7 Sep 26	P/E (x) 2026F	P/E (x) 2027F	Revenue (RM'm)	Dividend Yield (%)
IJM Corporation Group Bhd	**MAIN**	**Mar**	**2.75**	**21.1**	**20.0**	**6,879.00**	**2.5**
Gamuda Bhd	MAIN	Jul	4.75	24.9	18.9	15,970.20	2.1
Kerjaya Prospek Group Bhd	MAIN	Dec	3.43	14.0	12.1	2,249.30	3.9
Sunway Construction Group Bhd	MAIN	Dec	7.08	25.0	19.0	5,338.70	0.6
				21.3	**16.7**		

**Trailing 12M*
Source: Bloomberg, Apex Securities

Investment Risk

1. Rising Material Prices.

Recent geopolitical events, supply chain disruptions, and inflationary pressures can significantly influence construction material prices. Key construction input prices rose 25% between October 2025 and June 2026, driven first by stricter domestic enforcement on overloaded commercial vehicles from October 2025, then compounded by Middle East conflict-linked energy and logistics disruption from late February 2026. For IJM, rising input costs reduce profitability margins most directly on fixed-price contracts signed before this cost escalation began.

2. FX Volatility.

FX was the single largest swing factor in FY26 results. The Group carries meaningful USD, GBP, and INR-denominated debt against a Ringgit revenue base, and a newly surfaced Argentina toll concession (Western Access Tollway, Buenos Aires) would add a further, currently unmodelled Argentine Peso and country-risk dimension if confirmed as belonging to IJM.

3. Property Overhang.

Elevated unsold residential inventory poses a genuine risk to IJM's Property division, and national data confirms this is not an isolated concern. Per NAPIC's full-year 2025 Property Market Report, unsold completed residential units rose 31.6% yoy to 30,471 nationally, worth

RM17.73 billion, a sharp deterioration from 2024's 23,149 units. IJM faces a realistic risk of further inventory impairments beyond FY26's, continued downward pricing pressure on any high-rise or investment assets it holds, and a longer runway before the Property division's core PBT recovers to pre-FY26 levels.

4. Execution Risk on Value Realisation.

Delays to the IJMC listing, toll monetisation, or India exit would postpone the key catalysts underpinning this report's valuation and BUY call. The IJMC listing remains the least advanced, with no confirmed adviser as of the FY26 briefing and open questions on retained stake and structure; toll monetisation depends on uncertain regulatory approval timelines; and the India exit, while furthest along, carries tax and repatriation risk that could reduce net proceeds.

Figure 13: Key Investment Risks

Risk	Likelihood	Impact	Key Mitigant
Rising material pricing	High	Medium	In-house Industry division (piles, quarry) gives partial vertical-integration buffer; diesel and aluminium prices are partially retracing
FX volatility	High	Medium	India exit reduces INR exposure over time; company has used forward FX contracts previously; Argentina exposure still unverified
Property overhang	Medium	Medium	Landed housing outperforming pricing-wise vs. the condominium segment driving most overhang
Execution risk on value realisation	Low	Low	Multiple independent workstreams reduce single-point-of-failure risk

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	**6,252.0**	**6,754.0**	**8,217.9**	**8,699.9**	**9,845.1**
Gross Profit	**1,585.0**	**1,179.0**	**1,757.1**	**1,198.8**	**1,147.4**
EBITDA	**1,363.0**	**782.0**	**1,379.2**	**1,483.9**	**1,378.5**
Depreciation & Amortisation	-270.0	-247.0	-184.1	-190.1	-196.0
EBIT	**1,093.0**	**535.0**	**1,195.2**	**1,293.8**	**1,182.5**
Net Finance Income/ (Cost)	-283.0	-276.0	-277.5	-291.7	-307.2
Associates & JV	-19.0	39.0	35.0	35.0	35.0
Pre-tax Profit	**791.0**	**298.0**	**952.7**	**1,037.2**	**910.4**
Tax	-324.0	-301.0	-339.5	-310.7	-280.1
Profit After Tax	**467.0**	**-3.0**	**613.1**	**726.5**	**630.2**
Minority Interest	-14.0	57.0	-7.0	-7.0	-7.0
Distribution to perpetual sukuk	-50.00	-51.00	-51.00	-51.00	-51.00
Net Profit	**403.0**	**3.0**	**555.1**	**668.5**	**572.2**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**403.0**	**3.0**	**555.1**	**668.5**	**572.2**

Key Ratios

FYE Dec	FY25	FY26	FY27F	FY28F	FY29F
EPS (sen)	11.0	0.1	15.2	18.3	15.7
P/E (x)	24.9	3343.6	18.1	15.0	17.5
P/B (x)	0.9	0.9	0.8	0.8	0.8
EV/EBITDA (x)	10.0	18.9	10.3	9.6	10.8
DPS (sen)	9.7	8.5	8.5	8.5	8.5
Dividend Yield (%)	3.5%	3.1%	3.1%	3.1%	3.1%
EBITDA margin (%)	21.8%	11.6%	16.8%	17.1%	14.0%
EBIT margin (%)	17.5%	7.9%	14.5%	14.9%	12.0%
PBT margin (%)	12.7%	4.4%	11.6%	11.9%	9.2%
PAT margin (%)	7.5%	0.0%	7.5%	8.4%	6.4%
NP margin (%)	6.4%	0.0%	6.8%	7.7%	5.8%
CNP margin (%)	6.4%	0.0%	6.8%	7.7%	5.8%
ROE (%)	3.6%	0.0%	4.6%	5.3%	4.3%
ROA (%)	1.9%	0.0%	2.2%	2.5%	2.0%
Gearing (%)	51.5%	60.1%	57.5%	57.7%	58.4%
Net gearing (%)	29.5%	41.8%	33.2%	32.0%	35.7%

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Expected order book replenishment			8000.0	8000.0	8000.0

Valuations	FY27F	Basis
Construction	5,367	PE (22.0x FY27F NP)
Manufaturing & Quarrying	4,106	PE (20.0x FY27F NP)
Property	3,839	50% discount to RNAV
Ports (60% ownership)	974	PE (20.0x FY27F NP)
Toll-way Concessions	1,797	DCF equity value
Listed assets	664	Market value
Net debts	- 4,053	
SoP	12,694	
Shares issued	3,648	
Fair Value (RM)	**3.48**	
ESG premium/discount	0%	
Implied Fair Value (RM)	**3.48**	

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash	2,494.0	2,015.0	2,932.5	3,252.7	2,986.4
Receivables	2,265.0	2,699.0	2,701.8	2,860.2	3,236.7
Inventories	6,453.0	6,872.0	7,880.2	8,342.3	9,440.5
Other current assets	1,175.0	927.0	1,125.7	1,191.8	1,348.6
Total Current Assets	**12,387.0**	**12,513.0**	**14,640.2**	**15,647.0**	**17,012.3**
Fixed Assets	5,563.0	6,407.0	6,619.9	6,826.9	7,027.9
Intangibles	112.0	111.0	111.0	111.0	111.0
Other non-current assets	3,705.0	3,921.0	3,931.0	3,941.0	3,951.0
Total Non-Current Assets	**9,380.0**	**10,439.0**	**10,661.9**	**10,878.9**	**11,089.9**
Short-term debt	1,874.0	2,833.0	2,833.0	2,833.0	2,833.0
Payables	3,131.0	3,773.0	4,728.1	5,005.4	5,664.3
Other current liabilities	519.0	620.0	620.0	620.0	620.0
Total Current Liabilities	**5,524.0**	**7,226.0**	**8,181.1**	**8,458.4**	**9,117.3**
Long-term debt	3,961.0	3,769.0	4,100.0	4,461.0	4,856.0
Other non-current liabilities	953.0	973.0	973.0	973.0	973.0
Total Non-Current Liabilities	**4,914.0**	**4,742.0**	**5,073.0**	**5,434.0**	**5,829.0**
Shareholder's equity	10,275.0	9,939.0	10,945.0	11,472.4	11,936.9
Perpetual sukuk	851.0	906.0	957.0	1,008.0	1,059.0
Minority interest	203.0	139.0	146.0	153.0	160.0
Total Equity	**11,329.0**	**10,984.0**	**12,048.0**	**12,633.4**	**13,155.9**

Cash Flow

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	**791.0**	**298.0**	**954.0**	**1011.3**	**881.2**
Depreciation & amortisation	270.0	247.0	184.1	190.1	196.0
Changes in working capital	-599.7	-610.7	-254.6	-409.3	-972.7
Others	234.7	353.7	279.0	-305.2	-200.6
Operating cash flow	**696.0**	**288.0**	**1162.5**	**486.8**	**-96.1**
Net capex	-397.0	-1008.0	-397.0	-397.0	-397.0
Others	-369.0	-44.0	442.0	507.0	485.0
Investing cash flow	**-766.0**	**-1052.0**	**45.0**	**110.0**	**88.0**
Dividends paid	-341.0	-299.0	-299.0	-299.0	-299.0
Others	27.0	602.0	7.0	22.3	40.8
Financing cash flow	**-314.0**	**303.0**	**-292.0**	**-276.7**	**-258.2**
Net cash flow	**-384.0**	**-461.0**	**915.5**	**320.2**	**-266.2**
Forex	-12.0	-26.0	0.0	0.0	0.0
Others	43.0	8.0	2.0	0.0	0.0
Beginning cash	2847.0	2494.0	2015.0	2932.5	3252.7
Ending cash	**2494.0**	**2015.0**	**2932.5**	**3252.7**	**2986.4**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Construction, Property, Industry and Toll Divisions retained ISO 14001:2015 Environmental Management Systems certification.
Waste & Effluent	★★★	5,209.4 tonnes of waste diverted from landfill in FY26.
Energy	★★	Renewable energy consumption: 6,950.2 MWh in FY26.
Water	★★	Recorded a water savings of 3,303.2 m^3 from rainwater harvesting initiatives.
Compliance	★★★	ISO 14001:2015 certification maintained across four divisions, reflecting stringent environmental standards and regulatory compliance.

Social

Diversity	★★	Women comprised 33.6% of the Group's workforce. At the Board level, women represent 36% (4 of 11 Directors).
Human Rights	★★★	Human Rights Policy aligned with the UN Global Compact's Ten Principles; strict prohibition on child and forced labour; transparent grievance mechanism in place.
Occupational Safety and Health	★★★	LTI frequency rate: 0.3; LTI severity rate: 5.7. Over 1,600 employees trained on health and safety standards.
Labour Practices	★★	Complies with Employee's Minimum Standards of Housing, Accommodations and Amenities Act.

Governance

CSR Strategy	★★★	Complies with MCCG 2021, Bursa Malaysia MMLR, Companies Act 2016 and IFRS Sustainability Disclosure Standards.
Management	★★★	Board comprises 11 Directors: 55% Independent, 45% Non-Independent, with 36% female representation.
Stakeholders	★★★	Major announcements and financial reports were announced in timely manner.

Overall ESG Scoring: ★★★

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Bhd. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Bhd and are subject to change without notice. Apex Securities Bhd has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Bhd does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Bhd. Apex Securities Bhd may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Bhd.

As of **Thursday, 17 Sep, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.