

Research Team

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Recommendation:	BUY
Current Price:	RM 2.80
Previous Target Price:	RM 3.48
Target Price:	↔ RM 3.48
Capital Upside/Downside:	24.3%
Dividend Yield (%):	3.0%
Total Upside/Downside	27.3%

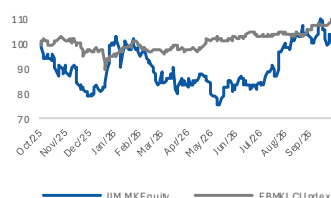
Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	3336 / IJM MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	3,647.6
Market Cap (RM' m)	10,213.2
52-Week Price Range (RM)	1.973-2.968
Beta (x)	1.0
Free float (%)	81.3
3M Average Volume (m)	14.0
3M Average Value (RM' m)	38.4

Top 3 Shareholders

	(%)
Employees Provident Fund Board	19.7
Amanah Saham Nasional Bhd	12.1
Kumpulan Wang Persaraan	9.6

Share Price Performance



	1M	3M	12M
Absolute (%)	2.0	24.8	4.3
Relative (%)	6.3	31.0	4.1

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)	18.4	15.3	17.8

IJM Corporation Berhad

Bags RM1.23bn AT&S Job in Kulim

- IJM has secured a RM1.23bn design-and-build contract from AT&S to build a semiconductor manufacturing facility in Kulim Hi-Tech Park, Kedah.
- The contract accounts for c.12% of IJM Construction's outstanding order book and is expected to contribute from FY27, with the bulk recognised in FY28 given its c.14-month tenure.
- This latest win lifts IJM's FY27 new contract wins to c.RM2.8bn and IJM Construction's outstanding order book to c.RM10.6bn.
- Maintain BUY with an unchanged TP of RM3.48, based on a sum-of-parts valuation, alongside a three-star ESG rating.

Secured RM1.23bn Design-and-Build Contract. IJM's wholly-owned subsidiary, IJM Construction Sdn Bhd, has accepted a letter of award from AT&S Austria Technologie & Systemtechnik (Malaysia) Sdn Bhd (AT&S) for the Manufacturing Facilities Construction Project in Kulim Hi-Tech Park, Kedah, for a contract sum of approximately RM1.23bn. The integrated scope covers design development, procurement, construction, testing and commissioning of the facility, including civil, structural and architectural works, M&E systems, cleanroom and process utilities, and supporting infrastructure. The development comprises a 4-storey production building, a 3-storey central utility building, water and wastewater infrastructure, and external works. IBS precast components will be used, and the production building is targeted to achieve LEED Gold certification. Works are scheduled to commence in 4Q2026 and complete in 4Q2027.

Our View. We view this contract win **positively**, as it is sizeable, fast-tracked and further deepens IJM's footprint in high-tech manufacturing facilities. **The RM1.23bn contract represents c.12% of IJM Construction's outstanding order book of c.RM10.6bn and c.41% of its FY27 new contract wins to date of c.RM.** With works running from 4Q2026 to 4Q2027 (3QFY27 to 3QFY28), we expect only a modest contribution in FY27, with the bulk of recognition in FY28. The implied average billing of c.RM88m per month is demanding, but IJM has a solid record in fast-track advanced industrial builds, including the RM455m semiconductor ASRS warehouse in Kulim and the RM454.5m Intuitive Surgical manufacturing facility in Batu Kawan secured in August 2026, while its IBS precast capabilities should help support delivery certainty. The client is a strong anchor: AT&S, an Austrian maker of IC substrates and high-end printed circuit boards, announced in June 2026 a EUR1.5-2.0bn expansion of its Kulim site backed by long-term agreements with AMD and another technology customer, which we believe could lead to follow-on packages for IJM. That said, the integrated design-and-build scope, which includes cleanroom and process utilities, carries higher cost-overrun risk, and the compressed timeline leaves little room for delays in specialist M&E works.

Outlook. This latest award lifts IJM Construction's FY27 new contract wins to c.RM2.8bn, or c.47% of management's FY27 Malaysian new-order target of RM6.0bn (total FY27 target of RM9.0bn, including RM3.0bn overseas). **IJM Construction's outstanding order book now stands at c.RM10.6bn (Malaysia and Singapore), translating to a book-to-bill ratio of approximately 3.0x based on FY26 Construction revenue.** With a tender book of c.RM18bn and advanced industrial and data centre work already making up c.55% of the Malaysian order book, we expect data centre, semiconductor and other high-tech manufacturing jobs to continue driving replenishment. Coupled with the Value Realisation Programme, including the proposed IJM Construction listing targeted for 3Q2027, we believe IJM is well positioned for a sustained earnings recovery.

Earnings Revision. Following this new contract award, IJM's FY27 order book replenishment of c.RM2.8bn has accounted for 35% of our RM8.0bn assumption. **We maintain our FY27-FY29 order book replenishment assumptions at RM8.0bn per annum**, as the contract is within our expectations. Consequently, our earnings forecasts for FY27F/FY28F/FY29F are unchanged at RM555.1m/RM668.5m/RM572.2m, respectively.

Valuation & Recommendation. We maintain our **BUY** recommendation on IJM with an unchanged TP of **RM3.48**, based on a sum-of-parts valuation that applies a 22.0x PE to FY27F Construction core net profit, a 20.0x PE to Manufacturing & Quarrying and Port (60% attributable), DCF for toll concessions, a 50% discount to RNAV for Property, and market value for listed associate stakes, alongside a three-star ESG rating.

Risks. Rising material pricing, FX volatility, property overhang, and execution risk on Value Realisation Programme.

Company Update

Tuesday, 13 Oct, 2026

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)	25.3	3404.4	18.4	15.3	17.8
P/B (x)	0.9	0.9	0.8	0.8	0.8
EV/EBITDA (x)	10.1	19.1	10.4	9.7	10.9
DPS (sen)	9.7	8.5	8.5	8.5	8.5
Dividend Yield (%)	3.5%	3.0%	3.0%	3.0%	3.0%
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)
Manufacturing & 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	1,011.3	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	1,162.5	486.8	-96.1
Net capex	-397.0	-1,008.0	-397.0	-397.0	-397.0
Others	-369.0	-44.0	442.0	507.0	485.0
Investing cash flow	-766.0	-1,052.0	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 + dividend yield

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

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As of Tuesday, 13 Oct, 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.