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Construction and industry divisions to drive IJM

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(Left to right): IJM Corporation Berhad's deputy CEO & deputy managing director Lee Chun Fai, CEO & managing director Datuk Soam Heng Choon and chief financial officer Cyrus Eruch Daruwalla looking at the annual report during the press conference after the 32nd AGM at Holiday Villa Hotel in Subang Jaya.- Star/Sia Hong Kiau



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PETALING JAYA: IJM Corp Bhd is confident that it will be able to maintain its financial performance moving forward, driven by its construction and industry divisions.

The group has a construction order book of RM8.6bil, of which building jobs are worth an estimated RM1bil to date.

“We are of the opinion that there will be more rollout of infrastructure jobs, such as the LRT3, high speed rail, and even MRT3.

“The construction segment is still very positive,” said IJM Corp CEO and managing director Datuk Soam Heng Choon.

Soam is confident that the group would be able to achieve its order book replenishment target, which is within the range of RM2bil to RM2.5bil.

For the first quarter of FY17 alone, IJM Corp had secured orders worth RM1.7bil.

Construction is the group’s leading contributor in revenue for FY16, at 29%.

Revenue from property development and infrastructure both made up 22% of the group’s revenue for FY16.

For the first quarter ended June 30, 2016, the construction segment registered revenue of RM494.1mil, which increased by 131.5% from the corresponding period last year.

With the government spending more on infrastructure, IJM Corp’s industry division is able to derive more revenue from increased construction projects in the market.

The group is undertaking three major projects at the moment, namely, West Coast Expressway, New Deep Water Terminal, and a recently secured MRT2 project.

The Alliance Steel mill, which is being constructed in the Malaysia-China Kuantan Industrial Park 1, is expected to contribute 7 million to 8 million tonnes of cargo throughput at IJM Corp’s concession port, Kuantan Port, when fully operational.

“We are doubling the port’s capacity from 26 million tonnes to 52 million tonnes, whereby the first phase will be completed end 2018.

“Come FY19, we will be able to see the full year effect of the cargo throughput contribution from the steel mill,” said Soam.

As for its property development division, IJM Corp is facing headwinds due to a lacklustre property market.

According to Soam, the overall property transaction in Malaysia has reduced by some 15% in volume.

Meanwhile, the group’s plantation division is riding on the higher crude palm oil (CPO) prices as its average CPO price for FY16 was about RM2,100 per tonne.

The current CPO price is around RM2,600 per tonne.

IJM Corp was not as affected by the effects of El Niño due to its young tree profile in Indonesia.