

IJM Corp Q2 earnings higher



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KUALA LUMPUR: Infrastructure-property company IJM Corporation Bhd posted higher earnings of RM156.38mil in the second quarter ended Sept 30, 2015, boosted by lower income tax expense.

It said on Tuesday, the earnings were up 40.2% from the RM111.48mil a year ago. It declared an interim dividend of three sen a share to be paid on Dec 23. The income tax expense was RM47mil in the just ended quarter compared with RM72.74mil a year ago.

IJM Corp said its operating revenue rose 3.6% to RM1.338bil from RM1.292bil, mainly due to higher revenues contributed by the construction, industry and infrastructure divisions.

Pre-tax profit was down 6.8% to RM221.81mil from RM237.99mil mainly due to lower contributions from the group's construction, property, plantation and infrastructure divisions.

IJM managing director & CEO Datuk Soam Heng Choon said the group's prospects under the construction, industry and infrastructure divisions were underpinned by the strong current outstanding order book levels and further supported by the ongoing infrastructure spending identified by the Malaysian Economic Transformation Programme and projects recently announced in Budget 2016.

“The group also has a fast maturing plantation land bank profile to provide fresh fruit bunches production growth in the next few years.

“Despite the challenging property market outlook, the group’s property division possesses a wide variety of products that cater to the demands in its respective geographical markets,” he said.

Divisions’ revenue

Elaborating on the revenue of the construction division, it increased by 62.5% to RM360.1mil from RM221.6mil a year ago, mainly driven by higher contribution from newer projects that were secured in the previous year.

Revenue of the industry division rose 12.4% to RM247.7mil from RM220.4mil a year ago due to higher sales volume.

The group’s infrastructure division recorded an increase in revenue of 71.4% to RM301.3mil from RM175.8mil as a result of continued traffic growth at its toll operations as well as higher cargo throughput at the port concession.

As for the property division, revenue fell 43.2% to RM284.5mil from RM501.1mil due to the lower level of unbilled sales. IJM Corp cited a reduced take-up rate because of the challenging property market conditions and also completion of several projects in the preceding year.

Its plantations division reported revenue fell 16.5% to RM145.1mil from RM173.7mil due to lower commodity price and lower sales volume.

Divisions’ pre-tax profit

As for the profit before tax of the various divisions, IJM Corp said the construction division saw an 11.8% fall to RM41.8mil from RM47.3mil a year ago as certain projects that contributed significantly to the previous year had since been completed.

The property segment reported a 24.6% fall to RM84.2mil as compared to RM111.7mil a year.

The industry division saw a 15.6% increase in its pre-tax profit to RM38.1mil due to an increase in the delivery tonnage of piles.

As for the plantations division, it was impacted by lower sales volume and lower commodity price. This saw it incurring unrealised forex losses of RM45.9mil arising from the strengthening US dollar against the Indonesian Rupiah.

The division posted a loss before tax of RM32.3mil versus pre-tax profit of RM34.4mil a year ago.

IJM Corp said the infrastructure division sustained a pre-tax loss of RM37.9mil mainly due to RM149.6mil unrealised forex losses arising from its US dollar denominated borrowings used to finance the group’s investments in India.

“The extent of the unrealised forex losses incurred by the infrastructure division was, however, largely mitigated by unrealised forex gains amounting to RM116.7mil attributable to the group’s US dollar denominated assets and recognised under “Investment & Others” for segmental reporting purposes,” it said.