

Monday, August 29 2016

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IJM Corp's revenue grows 11% in 1Q

By [Gho Chee Yuan](#) / theedgemarkets.com | August 24, 2016 : 7:55 PM MYT

KUALA LUMPUR (Aug 24): IJM Corp Bhd's revenue expanded 11% to RM1.31 billion in the first financial quarter ended June 30, 2016 (1QFY17) from RM1.18 billion a year ago. The growth was mainly driven by its construction division.

However, the diversified group's 1QFY17 net profit declined nearly 66% to RM115.52 million or 3.22 sen per share from RM336.87 million or 9.46 sen per share previously. The lower earnings is partly due to a one-off gain of RM168.7 million in the previous corresponding quarter, arising from the disposal of a 74% equity interest in Jaipur-Mahua Tollway Pte Ltd.

The group's pre-tax profit shrank 59% to RM174.56 million in 1QFY17 from RM426.6 million a year ago.

Excluding the one-off gain, IJM Corp said its pre-tax profit would have been down by 32% year-on-year due to lower contributions from property development, manufacturing and quarrying, and infrastructure divisions.

The net unrealised foreign exchange losses totalling RM5.9 million also affected its net income for the quarter. No dividend was declared for the quarter. Going forward, the group expects its construction division to perform satisfactorily on its strong order book position, underpinned by substantial ongoing development activities from its in-house property projects and also the government's continuous efforts in implementing the remaining projects under the 11th Malaysia Plan.

On its property segment, IJM believed with unbilled sales of about RM1.7 billion, the division is expected to sustain its performance in the current financial year ending March 31, 2017.

Notwithstanding the operating environment in the domestic and external markets remaining challenging, its industry division expects the performance for the current financial year to be positive as the order book remains healthy.

IJM Corp said plantation division's performance for FY17 will be challenging due to uncertain global demand and effect of the El Nino weather pattern in the previous financial year impacting the recovery of the overall crop production.

"The toll and port operations are expected to remain profitable as its existing concessions mature, which further enhance the bottom line of the group's infrastructure division," it added.

IJM noted that while it is positive on its long-term outlook, it remains vigilant in FY17 in light of the constantly changing external environment.

The stock closed unchanged at RM3.40, for a market value of RM12.25 billion.