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Malaysian market keeps IJM busy

BY A JALIL HAMID AND SHAREN KAUR - 5 APRIL 2016 @ 11:02 AM

KUALA LUMPUR: Infrastructure group IJM Corp Bhd has turned its focus back to the Malaysian market, buoyed by a strong RM7 billion in its construction order book.

The bright spots are its construction, infrastructure and highway divisions, while its property development division may rebound this year after an expected weaker performance last year.

IJM Corp chief executive officer and managing director Datuk Soam Heng Choon said the port-to-plantation group was still eyeing overseas opportunities but added that the domestic sector was keeping it busy currently.

“When we look back, we can say we are a nation builder. We have built quite a number of infrastructure projects,” said Soam, who took over as the head of the country’s most valuable construction firm a year ago.

Formed out of a merger of three local companies in 1983, IJM Corp has grown rapidly to hit annual revenues of up to RM6 billion with operations in 10 countries.

Although property development initially was not its core business, the sector emerged as a major revenue earner. However, things have slowed for now, given the current market headwinds.

“If the wind is against us, we must face it and try to see how to overcome it,” said Soam of the company’s philosophy.

He said IJM Corp would not be too guided by equity analysts’ view of the company.

“We don’t work for the analyst, we do our business, we drive our business.”

Listed in 1986, IJM Corp’s market capitalisation has grown from RM66 million to about RM12 billion today.

The stock, which closed at RM3.58 yesterday, has been over-performing the broader market and its peers. The stock has risen 5.62 per cent year-to-date against a 4.51 per cent rise in the benchmark FTSE Bursa Malaysia KLCI and 0.92 per cent rise in the construction index.

IJM Corp counts the Employees Provident Fund as its single largest shareholder with 13.48 per cent stake. Its

other major shareholders include Permodalan Nasional Bhd (8.01 per cent), Tabung Haji (5.51 per cent) and Kumpulan Wang Amanah Pencen (four per cent). Foreign funds hold some 30 per cent of IJM Corp.

It has five core businesses encompassing construction, property development, industry (manufacturing and quarrying), infrastructure concessions and plantations.

Since its inception, IJM Corp has branded itself as a professionally-run group that is competitive in tenders.

Over the years, it has won many contracts to build all types of infrastructure, including high-rise commercial and residential buildings, hospitals, convention centres, roads, rail, airports and ports.

IJM Corp is riding on the construction upcycle and growth of the industry business where it manufactures spun concrete piles for the Malaysian, Brunei and Singapore markets.

Soam said there was a big market for spun piles which had been used previously in mega projects.

The industry division records more than RM100 million in net profit from this business.

“We are supplying spun piles to port projects, including the Pengerang development in Johor. Our spun piles can be used in various soil conditions.

“A lot of oil and gas players are also using the product. We used to export the spun piles to Iran and the United States and may re-look that as demand is increasing.”

He said India was a big market for IJM Corp and it had four core businesses there, namely, construction, property development, industry and infrastructure in the form of toll concessions.

“The focus overseas would be India. We are looking at emerging markets in Asean but there are challenges. We are also looking for expansion in the United Kingdom and Australia.

“We are doing this to increase revenue contribution from overseas, from the current 10 per cent. India is driving revenue contribution from overseas,” said Soam.

Additional reporting by Goh Thean Howe



IJM Corp Bhd chief executive officer and managing director Datuk Soam Heng Choon says the company is a nation builder because of its many infrastructure projects. Pic by Halimaton Saadiah Sulaiman

