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Friday, 15 January 2016 | MYT 9:50 AM

New contract to yield RM22mil for IJM

KUALA LUMPUR: IJM Corp has secured its second building job for the financial year ending March 31, 2016, after the Equatorial Plaza project back in September 2015.

The new job, which was awarded by UEM Sunrise, is to complete the building works for a mixed development in Johor for RM484.2mil.

In a note on Friday, PublicInvest Research said: "By assuming 6% PBT, the job is expected to yield RM22mil during the construction period. With this, the group has secured about RM940mil worth of new jobs thus far."

However, the research house kept its earnings forecast unchanged as the job is within its replenishment expectations of about RM2bil per annum. It maintains a Neutral call on IJM with a target price of RM3.40.

"With the limited upside, IJM is kept at Neutral for now," it said.

The award by UEM Sunrise is for main building works phase 1A and 1B for the

proposed mixed use development known as "Almās" at Puteri Harbour on Lot CS1 for a total contract sum of RM484.2mil.

The scope of works, among others include the structural, architectural, mechanical and electrical, associated external and landscaping works. Phase 1A is expected to complete within 34 months while phase 1B is targeted to complete within 25 months from the award.

In addition to the Equatorial Hotel contract, the group's outstanding orderbook is estimated to be in excess of RM7.5bil. PublicInvest believes that will underpin the group's construction earnings for the next 2-3 years. Going forward, jobs eyed include MRT2, LRT3, Pan Borneo and highways such as SUKE and DASH.

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