



isentia.mediaportal

Provided for client's internal research purposes only. May not be further copied, distributed, sold or published in any form without the prior consent of the copyright owner.

back



On hold: (from left): IJM Corp Bhd deputy CEO and deputy managing director Lee Chun Fai, CEO and managing director Datuk Soam Heng Choon and chief financial officer Cyrus Eruch Daruwalla at the company's AGM. Soam says the company is putting off its plans to list its toll division pending greater clarity from the government. > See page 3



▲
back

By DANIEL KHOO
danielkhoo@thestar.com.my

PETALING JAYA: IJM Corp Bhd is putting off its plans to list its toll division pending greater clarity from the government, said CEO and managing director Datuk Soam Heng Choon (pic).

"With the new Pakatan Harapan government in place, there have been plenty of discussions on whether tolls would still be there ... so we need to get some clarity on this front before anything else. But for us, there is also no requirement to list the toll business and it has been there for quite a while," Soam said at a press conference after IJM's AGM yesterday.

"In Malaysia, there is no advantage of listing the toll business. It's treated just like other businesses. Like in India, they have this infrastructure trust where there is a tax incentive like for REITs," he added.

It was reported that the company had a number of years ago considered listing its toll business.

The company also said it has not been approached by the new government pertaining to its toll business thus far and only read statements pertaining to tolled roads in the public domain.

"What you know, we know. We have not been approached," he said.

Locally, IJM currently owns and operates three tolled highways: the 28.9-km Besraya Highway and the 19.6-km New Pantai Expressway with concession periods of 44 and 34 years, respectively.

The company also said in its annual report that it owns 50% of the 44.3-km Kajang Seremban Highway with a concession period of 33 years.

The tolled highway division or infrastructure business segment recorded a pre-tax profit margin of 12% in its financial year 2018 ended March 31.

The pre-tax profit for this division doubled to RM120.12mil from RM62.31mil a year ago.

On a related matter, Soam said there would be a slight delay in the completion of the West Coast Expressway (WCE) that connects Banting and Taiping due to issues with land acquisition.

"Some of the sections of the WCE have

IJM puts off toll-listing plans

Contractor awaits greater clarity from govt



acquisition issues. This involves certain sections such as Section 7 near Tanjung Karang and this is taking a bit of time because of disagreements on the alignment. The government will make a decision very soon on the alignment. Once this is confirmed, it will be the last package that will be tendered out," he said.

"Different stretches have different completion dates. Some stretches will complete by the first half of 2019, some in 2020 and others in 2021. This highway is taking a bit longer because it is traversing soft ground, so we need time to let the ground settle (surcharge)," he added.

Soam said the entire highway is expected to be completed by the end of 2021, and the Meru to Klang stretch in 2019.

Meanwhile, Soam did not confirm nor deny reports that the company was looking to hive off its plantation business.

"The board in its strategy always goes through our investments and what we can do with our assets to enhance shareholder returns and this is always being looked at. There is nothing in writing or anything of that sort that requires us to make an announcement for the time being," he said.

"It is always in our strategy to consider these (issues). When the time is right, if there are any divestments that we may do, we will always comply with listing requirements by making the appropriate announcements," he added. Soam said that if any offer should materialise, it would have to be evaluated by the board of directors in its entirety.

"There is no proposal on the table now. If there is, we will announce it. We (the board) may all disagree so I won't comment on any offer price for the time being," he said.

While the subject of whether the plantation business would be sold is still being speculated about, Soam said that IJM remains committed to building up this business.

"If there are parcels of land nearby our plantations where the owners may want to sell, we are always on the lookout. We definitely will look into it because this business is cyclical: we cannot only acquire when the prices are high," he said.

"If you ask us to buy a few thousand acres of land that is located very far away from where we are situated, we are definitely not interested, but if it's nearby where we're operating, then yes," he added.

He said that the plantation business, which the company has been involved in for more than 30 years, remains its commitment and priority.