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IJM committed to further investments in plantations

KUALA LUMPUR: IJM Corporation Bhd is committed to investing further in its plantation business and expanding its oil palm plantation acreage despite market talk of IJM Plantations Bhd being a takeover target.

Chief Executive Director and Managing Director Datuk Soam Heng Choon said IJM was always on the lookout for oil palm plantations adjacent to its current plantations.

"If (the oil palm plantation is) near where we have our presence and if anybody is willing to let it go, we are always on the lookout," he told reporters after the company's annual general meeting here on Tuesday.

However, the group would also consider various factors such as the trees' age profile, he added.

On IJM Plantations being a takeover target, Soam said there was no proposal on the table and the market talk was merely speculation.

He said from the financial standpoint, the group had the ability to acquire more plantation land as raising money for the purpose would not be an issue.

"We are debt-free in Sabah and most of our borrowings are for plantations in Indonesia," he added.

IJM Plantations, which owns 60,981 hectares of plantation land in Sabah, Kalimantan and Sumatera, was in the spotlight recently as it was said to be a target due to the maturity of its plantations in Sabah.

The market speculated that IOI Corporation Bhd, Hap Seng Plantations Holdings Bhd and Kuala Lumpur Kepong Bhd were keen to

acquire the business as there was an increase in preference for brownfield plantations.

To a question on the group's toll and port operations, Soam said IJM did not foresee the business being listed separately on the local bourse.

"There's no advantage in listing the business, so no, at the current time, because there is no special incentives. It is similar to other businesses, unlike in India, where they have infrastructure investment trusts and tax incentives such as for real estate investment trusts.

"Malaysia doesn't have this yet, so no requirement (for listing)," he added.

Commenting on the construction order book, Soam said the outstanding value stood at RM8.8 million, which provided earnings visibility over the next few years.

"Going forward, IJM is well-poised to meet the new construction landscape as the country is still in need of quality contractors to execute its infrastructure ambitions," he added.
—Bernama