



## Analysts positive on IJM

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**PETALING JAYA:** An outstanding order book of about RM9.5bil is giving construction firm IJM Corp Bhd a thumbs up from analysts covering the stock.

Analysts have maintained their "buy" calls on the counter after the company announced on Monday its latest contract win.

IJM announced a RM378.2mil contract from Damansara Uptown Retail Centre for the construction of a 31-storey office tower in Damansara Utama.

Meanwhile, its 60%-owned Kuantan Port Consortium Sdn Bhd has roped in a new investor – Hong Kong-listed NewOcean Energy Holdings Ltd – to build and operate a RM5.1bil oil refinery in Kuantan Port.

AmInvestment Bank Research is positive on the development as the company would benefit from annual lease payments for the land, increased throughput at Kuantan Port upon commissioning of the oil refinery complex; and potentially, construction work pack-

ages from the oil refinery complex project.

Maybank Investment Bank Research noted that IJM has secured RM1.22bil in new jobs year-to-date in the financial year ending March 31, 2018 (FY18).

Assuming an 8% pre-tax margin, the research house estimates a net profit contribution of RM23mil (64 sen earnings per share) from this latest win, over the construction period, into FY21.

It added that IJM has set an internal target to achieve RM3bil of job wins for FY18.

"We believe this could come from the Klang Valley Light Railway Transit 3, Gemas-Johor Baru Double Tracking, East Coast Rail Link and Pan Borneo Sabah Highway projects," it said.

HLIB Research likes IJM as a play towards its resurrection in construction earnings, fuelled by record high order book.

It noted that foreign shareholding at end-October 2017 was at a six-year low of 27.9% compared to its peak of 45% in June 2014.

"Its share price retracement of 16.6% since



**New partner:** Aerial View of Kuantan Port. IJM unit has roped in Hong Kong-listed NewOcean Energy Holdings to build and operate a RM5.1bil oil refinery at the port.

its recent peak in early May provides an opportunity to accumulate," the research house said.

While not making any changes to earnings forecasts, it noted that there could be poten-

tial upside to the estimates as the company's annual order book replenishment target was conservative.

IJM Corp shares closed three sen higher at RM3.