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Page 1 of 1

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IJM Corp posts 32.4% drop in 2Q net profit, declares 3 sen interim dividend

BY BILLY TOH

KUALA LUMPUR: IJM Corp Bhd's second-quarter (2Q) net profit fell 32.4% to RM110.9 million or 3.06 sen per share, from RM163.9 million or 4.55 sen a share a year ago, on a lower contribution from the manufacturing and quarrying and plantation divisions.

The decline was also due to the non-recurrence of a one-off gain of RM27.9 million that was contributed by an associate previously, IJM Corp said in a filing with Bursa Malaysia.

Earnings for the quarter ended Sept 30, 2017 were further compounded by a net unrealised foreign exchange loss of RM400,000, compared to a gain of RM16.7 million previously.

IJM Corp said revenue for the quarter rose 7.2% to RM1.59 billion, from RM1.49 billion previously.

In a press release, the group said its construction division saw a 19.2% increase in revenue to RM664.3 million as the progress of construction works at certain major infrastructure projects continued its uptrend. This was further supplemented by the progress achieved by projects that were secured in the previous financial year.

As for the property division, there was a marginal increase of 2.3% in revenue to RM275.8 million on the back of higher sales recorded as well as higher work progress.

The industrial division, however, saw a decline of 4.9% respectively in revenue to RM299.3 million due

to lower volumes in the quarrying and ready-mixed concrete sectors.

The plantation division also posted a 2.5% drop in revenue to RM196.4 million due to lower crude palm oil sales volume in the Malaysian operations.

IJM Corp declared a single-tier first interim dividend of three sen per share, with the ex-dividend date fixed for Dec 13 and payment for Dec 28.

The group's cumulative six-month net profit was down 15.1% to RM237.3 million or 6.55 sen a share, from RM279.4 million or 7.77 sen a share in the corresponding period a year ago. Revenue, however, grew 9.4% to RM3.06 billion from RM2.8 billion.

Moving forward, IJM Corp is confident of its business outlook, especially in the construction and industrial division.

"We are positive about our outlook based on our order book of RM9.4 billion. The group's construction and industrial division will continue to benefit from the ongoing infrastructure spending identified under the 11th Malaysia Plan.

"The group's strong balance sheet puts us in an advantageous position to expand the capacity of our concession and investment property assets," said IJM Corp chief executive officer and managing director Datuk Soam Heng Choon.

He added that the group also has a fast maturing plantation land bank to provide fresh fruit bunch production growth in the next few years.