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IJM: Research firms optimistic

KUALA LUMPUR: Research houses are optimistic over IJM Corp's shares, as its unit, IJM Construction Sdn Bhd, secured the underground package of the Light Rail Transit Line 3 (LRT 3) from Bandar Utama to Johan Setia for a contract sum of RM1.12 billion from Prasarana Malaysia Bhd.

Maybank IB Research in a note, reiterated a maintain "buy" call as IJM's latest job win positively boosts its outstanding orderbook to another record high of RM9.8 billion, further enhancing its medium-long term earnings visibility.

"Our financial year 2019/2020 estimate earnings are raised by three per cent and five per cent, respectively, taking into account contribution from the works package from FY19 estimation onwards," it said.

Maybank IB Research has maintained a "buy" call with an unchanged sum-of-parts-based target price of RM3.40.

Meanwhile, Public Investment Bank Bhd said in separate note, year-to-date, IJM's job replenishment rate was better than expected.

"The completion period of the project is 31 months, and assuming a 10 per cent pre-tax profit margin, the contract is expected to contribute RM85 million during the construction period," it added.

It also maintained an "outperform" call and a target price of RM3.40. – Bernama