

IJM Corporation (IJM MK)

In a position of strength

Maintain BUY with a revised TP

We maintain our BUY call on IJM with a revised TP of MYR2.14 (+9sen) on updating for latest financials and rolling forward valuation. Catalysts are major orderbook wins and positive asset monetisation, while key risk to earnings is volatility in material prices. That said, we believe its MYR6.6b outstanding construction orderbook and unbilled property sales, and concession assets which are on post-pandemic recovery will provide the support. Positively too, its strong balance sheet puts it in a position of strength for major orderbook replenishment and in driving LT growth.

MYR4.3b o/s orderbook + MYR2.3b unbilled sales

Having secured MYR1.7b of new contracts in FY22 (FY21: MYR1.5b), IJM is targeting a higher MYR3b for FY23. It is also tendering for the KVMRT3 main work packages; we believe the project, on PFI, should not be affected by the government's austerity drive. At its property op, coming from a record MYR2.5b sales in FY22 (FY21: MYR1.7b), the target for FY23 is MYR1.8b on demand challenges amid interest rate normalisation. It will continue on its asset monetisation effort, with MYR600+m worth of properties earmarked. Outstanding construction orderbook was MYR4.3b while unbilled property sales were MYR2.3b as of end-Mar 2022.

Concession assets on post-pandemic recovery

Kuantan Port, which recorded a 15% fall in cargo in FY22, should see recovery with economic activities back to pre-pandemic levels. Positive longer term cargo prospects will come from sizeable new FDIs in MCKIP, with three new investments being finalised adding >10m tonnes (vs. pre-pandemic FY20's 26+m tonnes). Traffic at BESRAYA and LEKAS are at above pre-pandemic levels and NPE about pre-pandemic level, following a sharp fall in FY21 pandemic year - by 36% at NPE and 27% at BESRAYA.

Strong balance sheet puts it in a position of strength

Net gearing stood at 0.25x as of end-Mar 2022. Assuming a 'comfortable' level of 0.5x, we estimate debt headroom of MYR2.6b which will enable it to take on MYR17+b of PFI projects assuming 15% contractor funding. Its debt headroom will also enable its LT growth strategy via brownfield expansion of infrastructure assets, new ventures complementary to its core businesses, regional expansion, and strategic M&As.

FYE Mar (MYR m)	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	4,687	4,409	5,840	6,574	6,300
EBITDA	922	801	987	1,081	1,147
Core net profit	406	260	309	360	389
Core EPS (sen)	11.2	7.3	8.7	10.1	11.0
Core EPS growth (%)	(1.7)	(35.2)	19.8	16.3	8.2
Net DPS (sen)	6.0	21.0	4.3	5.0	5.5
Core P/E (x)	15.1	23.0	19.5	16.8	15.5
P/BV (x)	0.6	0.6	0.6	0.6	0.6
Net dividend yield (%)	3.6	12.6	2.5	2.9	3.2
ROAE (%)	2.2	0.4	3.1	3.5	3.8
ROAA (%)	1.7	1.2	1.5	1.7	1.9
EV/EBITDA (x)	12.9	11.6	8.4	7.9	6.6
Net gearing (%) (incl perps)	35.9	22.8	13.5	14.5	6.8
Consensus net profit	-	-	339	394	na
MKE vs. Consensus (%)	-	-	(8.6)	(8.6)	na

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BUY

Share Price	MYR 1.70
12m Price Target	MYR 2.14 (+29%)
Previous Price Target	MYR 2.05

Company Description

IJM Corp. is a conglomerate with operations in construction, property development, manufacturing and quarrying, plantation, and infrastructure.

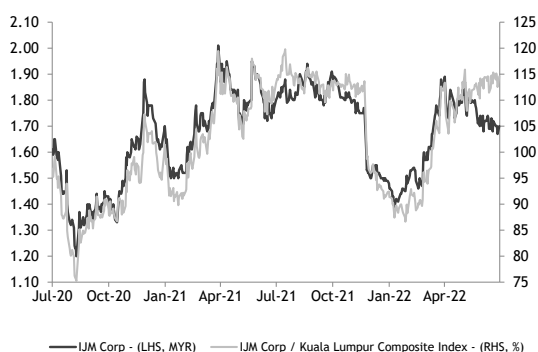
Statistics

52w high/low (MYR)	1.94/1.39
3m avg turnover (USDm)	0.9
Free float (%)	61.0
Issued shares (m)	3,648
Market capitalisation	MYR6.2B
	USD1.4B

Major shareholders:

Employees Provident Fund	16.5%
Kumpulan Wang Persaraan	8.0%
Kuala Lumpur Kepong Bhd.	8.0%

Price Performance



	-1M	-3M	-12M
Absolute (%)	(2)	(8)	(4)
Relative to index (%)	0	2	3

Source: FactSet

Abbreviation

LT = long term

KVMRT3 = Klang Valley Mass Rapid Transit Phase 3

PFI = Private Finance initiative

FDI = foreign direct investments

MCKIP = Malaysia-China Kuantan Industrial Park

Note

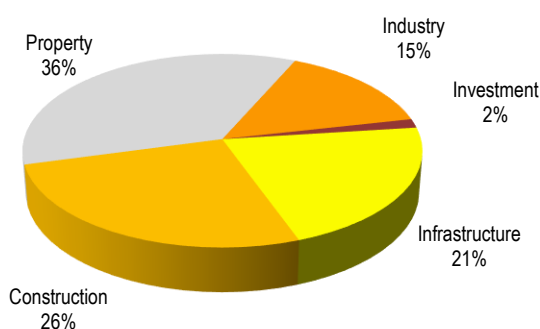
Our calculation of 0.25x net gearing end-Mar 2022 includes MI but excludes perpetual sukuk in the denominator.

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Tear Sheet Insert

Value Proposition

- Leads in construction & civil engineering having built >2,300km of roads, >160km of railways, >MYR10b of commercial & cultural buildings, >MYR1.8b of hospitals & medic centres, >MYR3.2b high-rise residential, amongst others.
- Sizeable property development landbank (3,457 acres net attributable, undeveloped; MYR40b GDV at end-FY21).
- Industry ops is a key supplier of spun piles (largest in SEA), quarry, ready-mixed concrete, scaffolding products.
- Infrastructure holds strategic concessions - Kuantan Port, BESRAYA, NPE. Other assets: LEKAS and WCE in Malaysia; 3 toll roads + 1 powerplant in India; 1 toll road in Argentina.

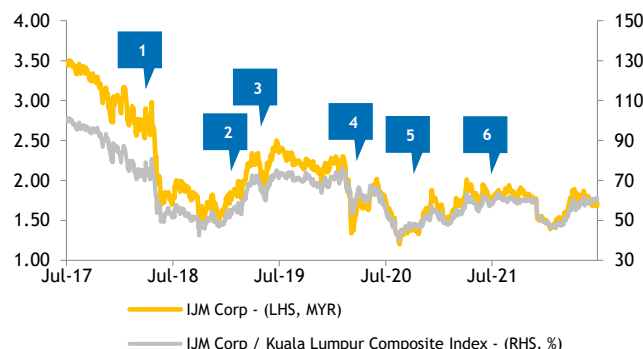
Pretax profit breakdown in FY22



Note: Pretax profit excluding (i) discontinued ops (plantation); and before (ii) impairment of property inventory (MYR66m at MCKIP); (iii) impairment of tolled road assets (Vijayawada & LEKAS of MYR77m). Source: Company

Price Drivers

Historical share price trend



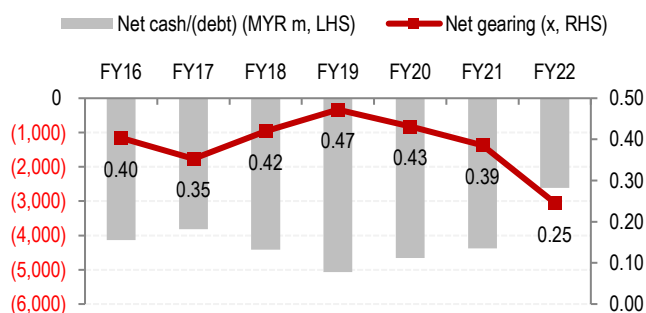
Source: Company, Maybank IBG Research

- Post GE14 (5 May 2018) overhang stemming from (i) review and cancellation of major infrastructure projects and (ii) potential abolition of toll highways.
- Revival of the ECRL project (Apr 2019) lifted sentiment as IJM is a contender to construct one of the packages.
- MRCB George Kent terminates IJM's KVLRT3 underground work package worth MYR1.12b (8 Jul 2019).
- Start of Movement Control Order (MCO) (18 Mar 2020).
- Announcement (on 12 Aug 2020) of IJM's exclusion from MSCI Global Standard Indexes.
- KL Kepong offers to acquire IJM's entire 56.2% stake in IJM Plantation for MYR1.53b cash (9 Jun 2021); deal completed on 6 Sep 2021.

Financial Metrics

- Medium-term earnings to be supported by its outstanding construction orderbook of MYR4.3b and unbilled property sales of MYR2.3b as of end-Mar 2022.
- Targets MYR3b construction job replenishment in FY23 (FY22: MYR1.7b), and at least MYR1.8b property sales in FY23 (FY22: MYR2.5b).
- Traffic at its tolled highways, which had been impacted by various phases of movement control orders, have bounced back as all economic sectors have reopened.
- Kuantan Port's throughput growth rides on new industries and expansion of existing industries operating in MCKIP.
- Net gearing stood at 0.25x as of end-Mar 2022.

Net debt and gearing



Source: Company

Swing Factors

Upside

- Sizeable job wins from the ECRL, and upcoming major infrastructure project roll-outs, such as the KVMRT3.
- Sale of its Malaysian highway concessions at fair value.
- Value unlocking asset monetisation, and/or M&As.

Downside

- Delay in implementation of key infrastructure projects.
- High material, labour and fuel costs impacting its existing construction and property projects.

Risk Rating & Score ¹	33.1 (High)
Score Momentum ²	-2.8
Last Updated	22 May 2022
Controversy Score ³ (Updated: 4 Dec 2021)	0 - No reported incidents

Business Model & Industry Issues

- Due to the diversity of its business operations, IJM's ESG responsibility (on a combined basis) is heavier, and its ESG risks inevitably higher than that of its construction peers.
- Key mitigating factors are IJM's conviction to the highest levels of governance and ethical business conduct throughout all its operations, while its sustainability framework, established in 2017 and comprising 4 pillars - marketplace, environment, community, workplace [\[link\]](#) - provides the guide towards its environmental and social targets.
- In our view, IJM's ESG risks are manageable. Building on these efforts will strengthen its investment case.

Material E issues

- Group-wide: 1) IJM is building internal capacity to address the recommendations of the Task Force on Climate-related Financial Disclosures; 2) Energy: 46% of FY21 consumption (FY20: 40%) was generated by renewable sources ie. biomass, solar; 3) Carbon footprint: Scope 1 GHG down 18% YoY in FY21, Scope 2 -11%, Scope 3 -10%; 4) Waste: 13% of FY21 waste footprint (FY20: 19%) was reused or recycled.
- Construction: Completed green buildings todate comprise 14 GBI, 1 GreenRE and 1 LEED project. In FY21, 51% of waste (mainly concrete) was recycled and reused.
- Property: All on-going and new projects (of >50 ha each) undergo the Environmental Impact Assessment (EIA).
- Plantation (prior to its sale): Committed to 'No Deforestation, No Peat and No Exploitation' (extended to its supply chain), >6,000ha of High Conservation Value areas are set aside for conservation, biodiversity protection and rehabilitation. Also, the business adheres to a strict zero burning policy. In FY21, 99% of its oil palm biomass was recycled as fuel source.
- Industry: Air, water and noise quality are monitored and mitigating measures implemented. Concrete waste like sand and aggregates are recycled and reused.
- In FY21, IJM's Property division received notifications of non-compliance with environmental laws relating to storage of scheduled wastes above the allotted time limit of 180 days. IJM has enhanced its SOPs to ensure compliance.

Material S issues

- IJM's staff force is diversified in ethnicity (Malaysia workforce in FY21: Bumiputra [65%], Chinese [26%], Indian [7%]), and gender (women made up about one-third). In FY21, over 4,200 employees and workers clocked >24,800 training hours.
- Besides diversity and inclusion, IJM's Human Rights Policy provides guiding principles in areas of workplace security, no child labour nor exploitation in any forms, health & safety, and community rights. Its labour unions represent 2% of its work-force (all in the Port division).
- In FY21, IJM contributed MYR2.9m to the community in the form of charitable gifts (91%) and strategic initiatives (9%). This included MYR1m to *The Edge COVID-19 Epidemic Fund* to support healthcare workers and frontliners. IJM Scholarship Award Programme (since 1994) has benefitted >340 students, including 10 in FY21.

Key G metrics and issues

- IJM's Board comprises 10 Directors of which 8 are Non-Executive (incl. Chairman) and 2 are Executive. Of its Non-Exec Directors, 6 (60% of total) are Independent. Independent Directors have not served a cumulative term of >9 years each, per recommendation of the Malaysian Code on Corporate Governance.
- There are presently 2 women on IJM's Board (20% representation), short of the 30% requirement.
- IJM provides detailed disclosure on remuneration of directors but not its top senior management. In FY21, remuneration to directors was 0.7% of pretax profit. Disclosures of its top 5 senior management's remuneration are in bands of MYR50k.
- IJM has been audited by PricewaterhouseCoopers since FY2000, at least.
- An Anti-Bribery and Corruption (ABC) System manages and consolidates policies and processes in compliance with the ABC laws, with IJM's ABC Policy forming part of the ABC System, setting out the parameters. IJM has also adopted the (i) Code of Conduct and Ethics for Employees, (ii) Code of Business Conduct for Third Parties (where ABC principles are extended to associates, business partners and supply chain), and (iii) Whistleblowing Policy, amongst others.
- Transactions with related parties that arose within the Group have been fair and reasonable, and there were no material contracts involving Directors and major shareholders during our period of review (FY16-FY21).

Policies in-place

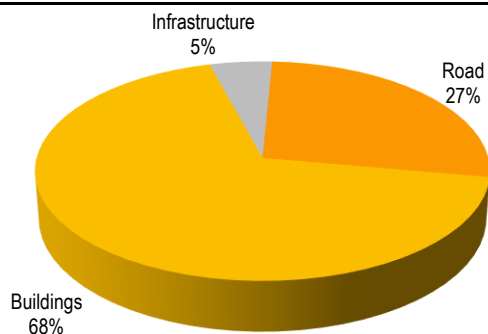
Board Policy	Corporate Codes & Policies	Sustainability Policies
Board Diversity Policy	Anti-Bribery and Corruption Policy	Community Investment Policy
	Code of Conduct and Ethics for Employees	Diversity and Inclusion Policy
	Code of Business Conduct for Third Parties	Environment Policy
	Corporate Disclosure Policy	Human Rights Policy
	External Auditors Policy	Responsible Supply Chain Policy
	Privacy Policy	Occupational Safety and Health Policy
	Remuneration Policy	Quality Policy
	Whistleblowing Policy	

Source: FY21 Annual Report

¹**Risk Rating & Score** - derived by Sustainalytics and assesses the company's exposure to unmanaged ESG risks. Scores range between 0 - 50 in order of increasing severity with low/high scores & ratings representing negligible/significant risk to the company's enterprise value, respectively, from ESG-driven financial impacts. ²**Score Momentum** - indicates changes to the company's score since the last update - a **negative** integer indicates a company's improving risk score; a **positive** integer indicates a deterioration. ³**Controversy Score** - reported periodically by Sustainalytics in the event of material ESG-related incident(s), with the impact severity scores of these events ranging from Category 0-5 (0 - no reports; 1 - negligible risks; ...; 5 - poses serious risks & indicative of potential structural deficiencies at the company).

Construction

Fig 1: Construction - outstanding orderbook of MYR4.26b @ end-FY22



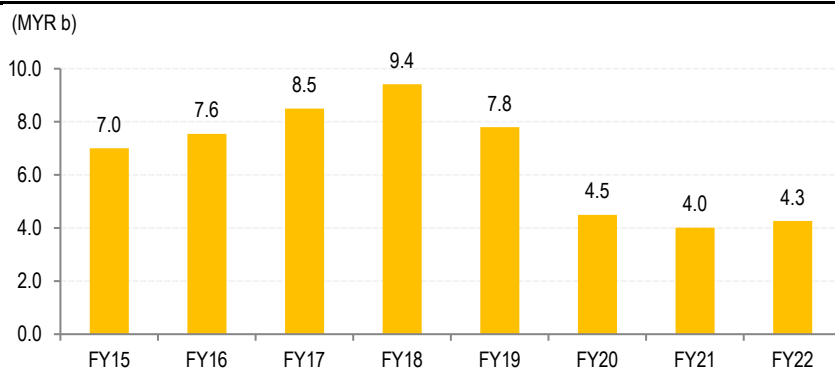
Source: Company

- **MYR1.68b wins in FY22 lifted the outstanding orderbook to MYR4.26b as of end-FY22**, providing visibility into FY24. This compares to MYR1.5b of job wins in FY21 and an outstanding orderbook of MYR4b end-FY21.

Of the MYR1.68b wins in FY22, 2/3 were building works - infra building works at TRX (MYR90m), *Mezzo Residential Tower in Light City* (MYR238m), *The ERA @ Duta North* (MYR242m), Hotayi Electronic factory expansion (MYR55m), *Jendela Residences* (MYR383m), ViTrox 3 main building works (MYR77m) - and the remaining were infra & road works - ECRL sub-structure - Sg Pahang bridge (MYR258m), *The Waterfront Penang* master infrastructure (MYR66m), and West Coast Expressway - Beruas-Taiping South (MYR261m).

- **Targets MYR3b replenishment in FY23**, which includes industrial building and hospital projects, supported by its recently completed fully automated Industry 4.0 Industrialised Building System (IBS) plant in Kuala Selangor [\[link\]](#). Also, IJM is tendering for the KVMRT3 main work packages, where the award is expected from 4Q22, according to MRT Corp. IJM's low net gearing level of 0.25x as of end-Mar 2022 will enable it to easily fund the initial 2 years of construction worth at least 10% of the contract value, which is required of the winning bid (for the KVMRT3 main packages).

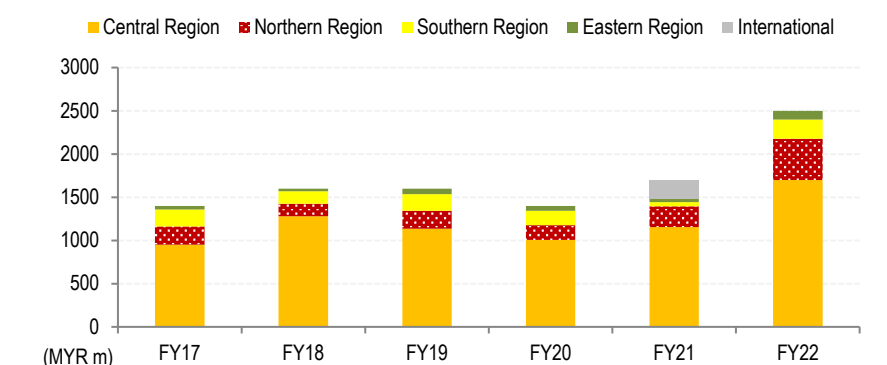
Fig 2: Construction - outstanding orderbook at end-FYs



Source: Company Annual Reports

Property

Fig 3: Property - MYR2.5b sales in FY22, a new record

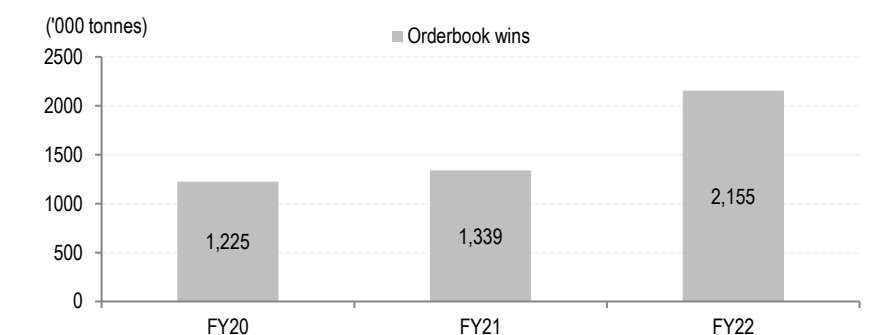


Source: Company

- **MYR2.5b new sales in FY22 (FY21: MYR1.7b), a new record.** This included MYR1.2b worth of inventories that were successfully pared down during the year to MYR800+m as of end-FY22. Of the MYR2.5b new sales, 68% were from its developments in the Central Region - *Seremban 2*, *Rimbayu*, 19% from the Northern, 9% from Southern, and 4% from East Malaysia (Sandakan).
- **Targets MYR1.8b new sales in FY23**, lower than FY22's MYR2.5b, as it acknowledges demand challenges amid interest rate normalisation by BNM. New launches lined up for FY23 totaled MYR1.4b. At the same time, it will continue on its asset monetisation effort which includes its property op, with MYR600+m earmarked for FY23 (land in MCKIP, Penang and London).
- **Unbilled sales stood at MYR2.3b as of end-FY22 (end-FY21: MYR1.4b).**

Industry

Fig 4: Industry - orderbook wins of 2.16m tonnes in FY22

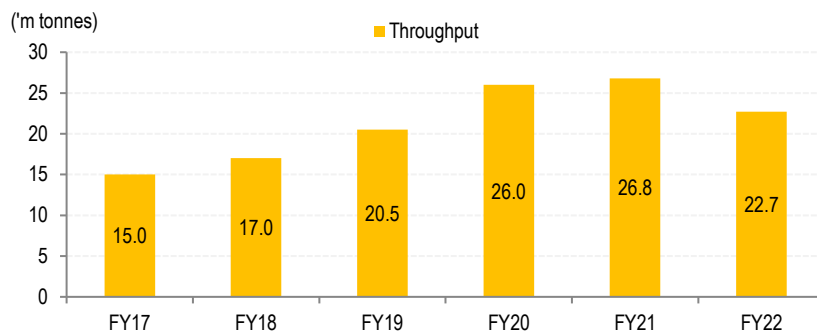


Source: Company

- **Balance orderbook of 1m tonnes as of end-FY22**, equivalent to 7 months of sales. Major ICP piles projects secured in FY22 were for a paper factory in Banting, Intel Penang in Bayan Lepas, and Batang Lupur Bridge in Sarawak.
- **Targets to, at least, sustain FY22 orderbook wins (2.16m tonnes) in FY23**, as IJM sees encouraging prospects from industrial building developments in Malaysia and pick-up in export sales. Positively, the op is able to pass on material cost escalation, thus preserving margins.

Infrastructure

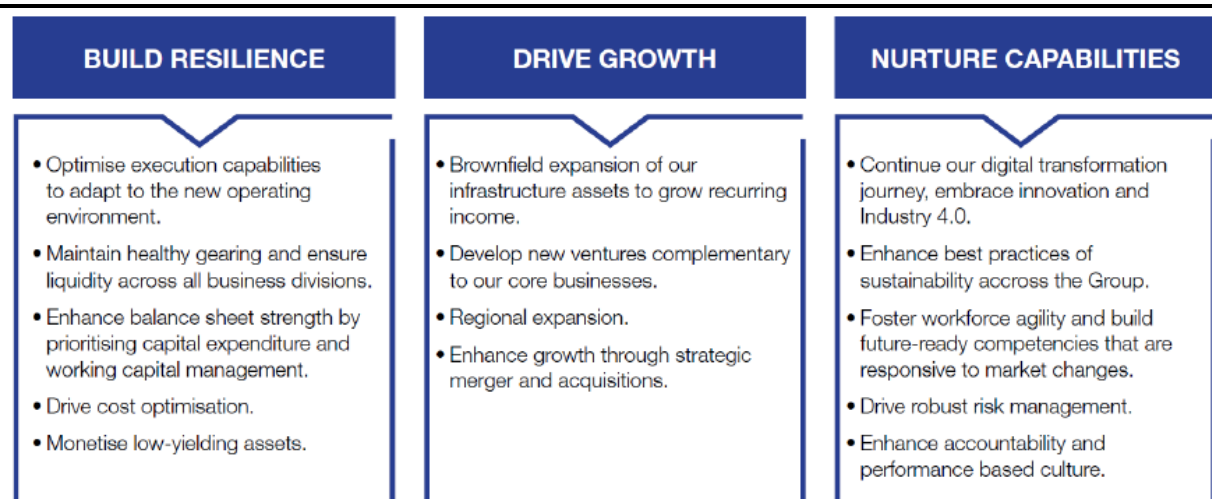
Fig 5: Kuantan Port - 22.7m tonnes in FY22 (-15% YoY)



Source: Company

- **22.7m tonnes of throughput at Kuantan Port in FY22 (-15% YoY; 1Q: 5.9m, 2Q: 5.3m, 3Q: 5.7m, 4Q: 5.8m);** the lower YoY volume was due to pandemic lock-downs which had affected the pace of economic activities.
- **Positive longer term cargo prospects from sizeable new FDIs in MCKIP.** Three new investments are being finalised in MCKIP1 & 2 - Dongguan Jianhui Paper, Bosai Minerals Group and Alliance Steel expansion - which could add >10m tonnes of throughput for Kuantan Port after they commence ops in 2024/25. MCKIP1 & 2 will be fully occupied with these new investments.
- **Traffic at BESRAYA and LEKAS have recovered above pre-pandemic levels,** and NPE at about pre-pandemic levels as of May 2022. This follows a sharp fall in traffic during the FY21 pandemic year - by 36% at NPE and 27% at BESRAYA. IJM has since FY20 stopped equity accounting for its share of losses (50%) in LEKAS which had been fully accounted for up to its investment cost. It further provided for impairment on its investment in LEKAS in FY22.
- **Awaiting Government's decision on its highway concessions restructuring.** The first phase of the restructuring, we believe, would involve BESRAYA, NPE and LEKAS, with WCE still under construction (c.81% completed based on total km length, we estimate). If the restructuring proposal is approved, IJM will continue to manage the concessions, and is unlikely to exit totally. This would be in-line with one of its strategic focus to drive growth - "brownfield expansion" of its infra assets to grow its recurring income base.

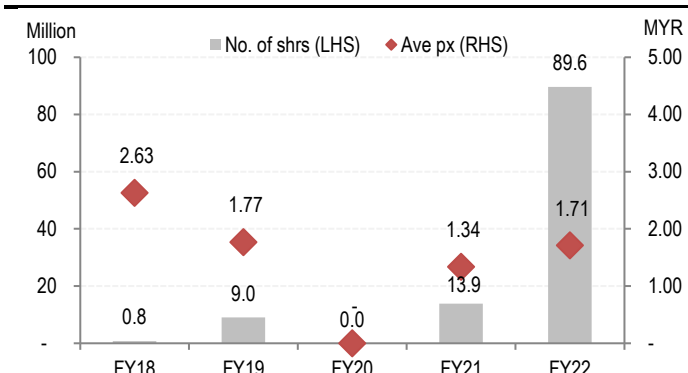
Fig 6: Group Strategic Focus



Source: Company

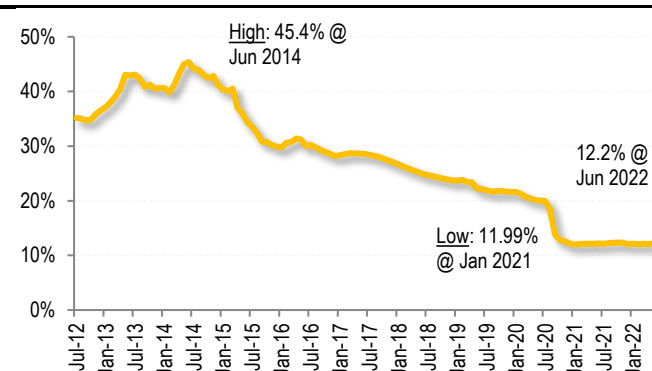
Share buy-backs & foreign holding

Fig 7: Share buy-back - 3.1% of paid-up



Source: Company data, Maybank IBG Research

Fig 8: Foreign shareholding



Source: Company

- **113.3m treasury shares (3.1% of paid-up) as of end-FY22.** In-line with its strategic focus to be more proactive in capital management, IJM's share buy-back programme stepped up in FY22 with 89.6m shares re-acquired at an average MYR1.71/shr. This brought total treasury shares to 113.3m with an average re-purchase price of MYR1.68/shr, we estimate. In all, we estimate MYR190m have been spent on its share repurchase programme since FY18.
- **Foreign shareholding hovering at an all-time low, at 12.2% as of end-Jun 2022 vs. low of 11.99% at Jan 2021.** Foreign retreat was pronounced in Aug/Sep 2020 after announcement (on 12 Aug 2020) of IJM's exclusion from MSCI Global Standard Indexes - it fell to 13.8% end-Sep 2020 vs. 20% end-Jul 2020.

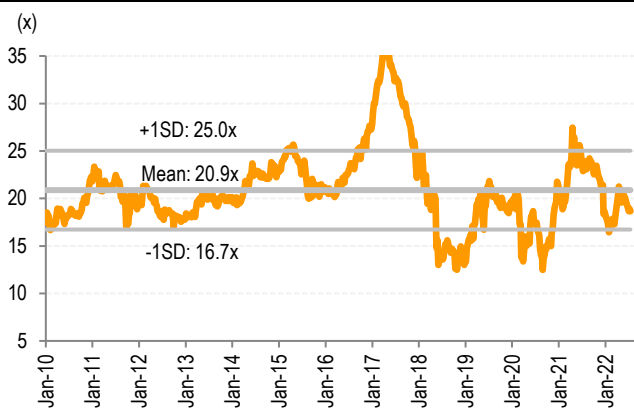
Financials & valuation

Fig 9: RNAV

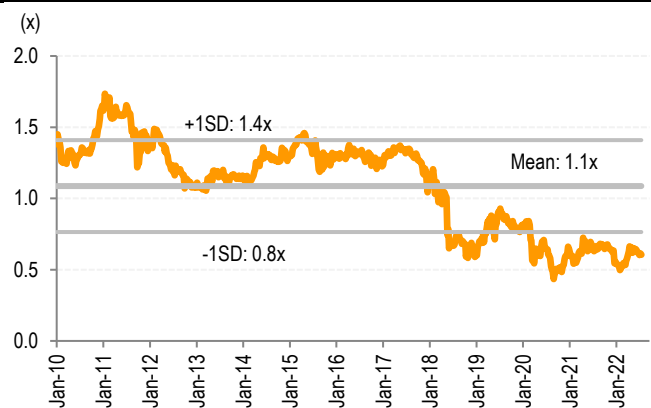
	Value (MYR)	Stake (%)	Attr. Value (MYR m)	Per shr (MYR)	% of total	Comments on methodology
Construction	1,264	100%	1,264	0.36	17%	13x (unchanged) FY23E profit
Property development	4,444	100%	4,444	1.25	58%	NPV of future profits (unchanged)
Industry	475	100%	475	0.13	6%	8x (unchanged) FY23E profit
Infrastructure						
BESRAYA	487	100%	487	0.14	6%	Equity DCF (ke: 8.5%)
NPE	785	100%	785	0.22	10%	Equity DCF (ke: 8.5%)
WCE	708	41%	292	0.08	4%	0.7x (unchanged) FY22 BV
Kuantan Port	848	60%	509	0.14	7%	Equity DCF (ke: 11.9%)
			2,071	0.58	27%	
Less: Holding coy net debt @ end-FY21			(1,634)	(0.46)	(21%)	
Add: Cash proceed from IJMP sale (net of special dividend paid on 30 Dec 2021)			983	0.28	13%	
RNAV / Target price			7,604	2.14	100%	Based on 3,555.8 shares as of end-Mar 2022

Source: Maybank IBG Research

- **FY23E earnings unchanged, +12% for FY24E, introducing FY25E.** On updating for its latest financials (including balance sheet and strong property sales of MYR2.5b in FY22), our FY23E earnings forecasts are just marginally tweaked, but raised by 12% for FY24E. Our current assumptions are MYR2b construction orderbook win p.a. in FY23/FY24E, and MYR1.8b/MYR2b of property sales in FY23/FY24E respectively.
- **Higher RNAV-TP (+9sen) on rolling forward valuation and new share base.** Our valuation methodology for the respective ops are unchanged with construction & industry on forward PERs, property on NPV of future profits and concessions on equity DCF. We have however rolled forward valuations, raise cost of equity (ke) assumption for equity DCF to 8.5% from 8.3% for the expressways on revising our risk free rate (Rf) assumption to 3.75% from 3%. Also, we have incorporated its revised (lower) share base post share buy-backs in FY22.

Fig 10: 12M forward PER (on core EPS)


Source: Bloomberg, Maybank IBG Research

Fig 11: 12M forward P/B


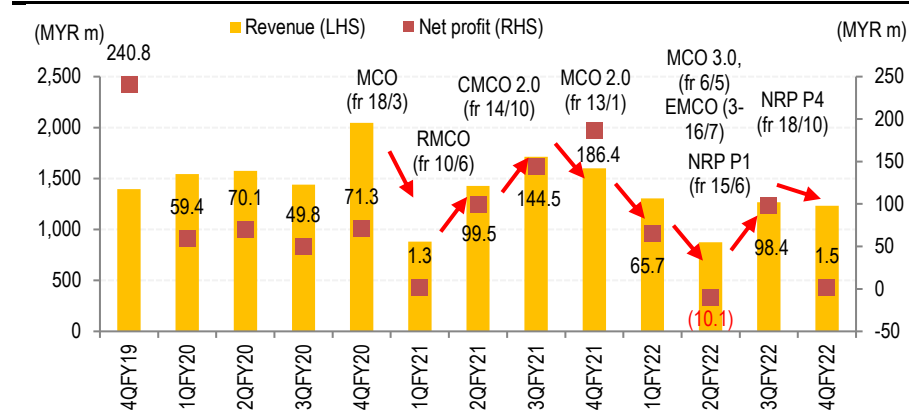
Source: Bloomberg, Maybank IBG Research

4QFY22 results re-cap

Fig 12: Results Summary

	Quarterly					Cumulative			Comments
FY Mar (MYR m)	4QFY22	4QFY21	% YoY	3QFY22	% QoQ	12MFY22	12MFY21	% YoY	
Turnover	1,232.5	1,354.8	(9.0)	1,268.0	(2.8)	4,409.0	4,687.2	(5.9)	
EBIT	141.8	263.0	(46.1)	183.9	(22.9)	537.5	783.6	(31.4)	
Interest expense	(50.0)	(51.6)	(3.1)	(44.4)	12.7	(188.3)	(198.3)	(5.0)	
Assoc's	(28.6)	(37.4)	(23.6)	(7.6)	274.6	(64.1)	(84.4)	(24.1)	
JV's	5.6	11.6	(51.8)	26.8	(79.0)	32.8	10.2	221.4	
Pre-tax profit	68.8	185.6	(62.9)	158.6	(56.6)	317.9	511.1	(37.8)	
Tax	(79.0)	20.4	NM	(45.1)	75.2	(182.9)	(78.9)	131.9	
Discontinued ops	0.5	60.1	(99.2)	-	NM	750.3	215.0	249.0	Relates to the plantation op (sale completed on 6 Sep 2021).
Minority Ints	22.6	(68.5)	NM	(3.4)	NM	(43.8)	(166.8)	(73.8)	
Perpetual Sukuk	(11.5)	(11.5)	0.0	(11.7)	(2.2)	(46.5)	(46.5)	0.0	
Net profit	1.5	186.1	(99.2)	98.4	(98.5)	794.9	433.9	83.2	
Core net profit	133.1	273.7	(51.4)	86.3	54.1	260.2	406.3	(36.0)	
EPS (sen)	0.15	5.14	(97.1)	2.80	(94.6)	22.19	11.97	85.4	
DPS (sen)	4.00	4.00	-	0.00	NM	21.00	6.00	250.0	
	4QFY22	4QFY21	ppt YoY	3QFY22	ppt QoQ	12MFY22	12MFY21	ppt YoY	
EBIT margin (%)	11.5	19.4	(7.9)	14.5	(3.0)	12.2	16.7	(4.5)	
Pre-tax margin (%)	5.6	13.7	(8.1)	12.5	(6.9)	7.2	10.9	(3.7)	
Tax rate (%)	81.1	(9.1)	90.2	27.1	54.0	47.9	13.2	34.6	
SEGMENTAL	4QFY22	4QFY21	% YoY	3QFY22	% QoQ	12MFY22	12MFY21	% YoY	
Turnover:									
Construction	377.6	566.4	(33.3)	427.0	(11.6)	1,529.3	1,947.9	(21.5)	
Property	396.7	366.2	8.3	384.0	3.3	1,273.7	1,296.8	(1.8)	
Industry	229.7	244.7	(6.1)	253.6	(9.4)	856.9	691.0	24.0	
Infrastructure	228.4	177.4	28.8	203.4	12.3	748.5	751.0	(0.3)	
Inv.'t & others	0.0	0.0	16.2	0.1	(38.6)	0.6	0.6	4.3	
Total	1,232.5	1,354.8	(9.0)	1,268.0	(2.8)	4,409.0	4,687.2	(5.9)	
Pre-tax profit:									
Construction	48.6	29.9	62.7	33.6	44.4	121.7	137.7	(11.6)	4Q: Finalisation of account of certain JV projects.
Property	20.0	82.1	(75.6)	61.3	(67.3)	99.2	180.3	(45.0)	12M: Higher losses from an assoc.
Industry	25.2	58.1	(56.6)	17.2	46.8	68.5	68.2	0.4	4Q/12M: Included MYR66m inventory impairment relating to MCKIP, and unrealised FX loss.
Infrastructure	(28.0)	15.0	NM	46.1	NM	21.6	117.1	(81.5)	Ex- MYR78.6m gain from sale of an overseas subsidiary and certain PPE in FY21, FY22 profit rose 760% YoY.
Inv.'t & others	3.0	0.6	407.4	0.4	582.3	6.8	7.9	(13.8)	4Q/12M: Incl. MYR77m impairment in toll concession assets.
Total	68.8	185.6	(62.9)	158.6	(56.6)	317.9	511.1	(37.8)	
Pre-tax margin:									
Construction	12.9	5.3	7.6	7.9	5.0	8.0	7.1	0.9	
Property	5.0	22.4	(17.4)	16.0	(10.9)	7.8	13.9	(6.1)	
Industry	11.0	23.7	(12.8)	6.8	4.2	8.0	9.9	(1.9)	
Infrastructure	(12.2)	8.5	(20.7)	22.7	(34.9)	2.9	15.6	(12.7)	
Overall	5.6	13.7	(8.1)	12.5	(6.9)	7.2	10.9	(3.7)	

Source: Company, Maybank IBG Research

Fig 13: Quarterly revenue and profit at various movement restriction phases


Note: 2QFY22 excludes MYR639m gain from sale of subsidiaries i.e. IJM Plant & Kemena Ind

Source: Company data, Maybank IBG Research

FYE 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
Key Metrics					
P/E (reported) (x)	26.6	138.8	19.5	16.8	15.5
Core P/E (x)	15.1	23.0	19.5	16.8	15.5
P/BV (x)	0.6	0.6	0.6	0.6	0.6
P/NTA (x)	0.6	0.6	0.6	0.6	0.6
Net dividend yield (%)	3.6	12.6	2.5	2.9	3.2
FCF yield (%)	19.3	45.0	20.6	1.5	19.3
EV/EBITDA (x)	12.9	11.6	8.4	7.9	6.6
EV/EBIT (x)	19.0	19.1	12.5	11.3	9.4

INCOME STATEMENT (MYR m)

Revenue	4,687.2	4,409.0	5,839.8	6,574.3	6,300.1
EBITDA	921.7	801.4	987.0	1,080.7	1,147.3
Depreciation	(96.0)	(116.3)	(122.1)	(128.2)	(134.6)
Amortisation	(199.8)	(199.8)	(199.8)	(199.8)	(199.8)
EBIT	625.9	485.4	665.1	752.7	812.9
Net interest income / (exp)	(68.1)	(37.1)	(44.6)	(52.9)	(62.2)
Associates & JV	(74.2)	(31.3)	(41.9)	(36.8)	(36.8)
Exceptionals	27.6	(99.1)	0.0	0.0	0.0
Other pretax income	0.0	0.0	0.0	0.0	0.0
Pretax profit	511.1	317.9	578.5	662.9	714.0
Income tax	(78.9)	(182.9)	(202.5)	(232.0)	(249.9)
Minorities	(166.8)	(43.8)	(20.1)	(24.6)	(28.1)
Perpetual securities	(46.5)	(46.5)	(46.5)	(46.5)	(46.5)
Discontinued operations	215.0	750.3	0.0	0.0	0.0
Reported net profit	218.9	44.6	309.4	359.8	389.5
Core net profit	406.3	260.2	309.4	359.8	389.5

BALANCE SHEET (MYR m)

Cash & Short Term Investments	2,406.2	2,908.7	3,530.9	2,961.8	3,444.9
Accounts receivable	1,707.8	1,301.9	1,724.4	1,941.3	1,860.4
Inventory	7,341.8	7,037.3	6,066.0	6,867.0	6,441.0
Property, Plant & Equip (net)	2,635.7	1,045.0	972.9	894.8	810.2
Intangible assets	4,170.0	4,235.9	4,036.1	3,836.3	3,636.5
Investment in Associates & JVs	1,747.0	1,429.4	1,387.5	1,350.6	1,313.9
Other assets	3,477.9	3,053.9	3,044.3	3,044.3	3,044.3
Total assets	23,486.4	21,012.0	20,762.1	20,896.1	20,551.2
ST interest bearing debt	1,839.8	1,620.4	1,420.4	1,220.4	1,020.4
Accounts payable	2,932.6	2,676.1	2,656.5	2,998.2	2,845.6
LT interest bearing debt	4,942.2	3,899.3	3,680.3	3,461.3	3,242.3
Other liabilities	1,583.0	1,355.0	1,368.0	1,372.0	1,377.0
Total Liabilities	11,298.0	9,551.3	9,124.8	9,052.2	8,485.3
Shareholders Equity	9,972.4	9,937.5	10,094.0	10,276.1	10,470.0
Minority Interest	1,367.7	675.3	695.4	719.9	748.0
Total shareholder equity	11,340.1	10,612.8	10,789.4	10,996.0	11,217.9
Perpetual securities	848.3	847.9	847.9	847.9	847.9
Total liabilities and equity	23,486.4	21,012.0	20,762.1	20,896.1	20,551.2

CASH FLOW (MYR m)

Pretax profit	511.1	317.9	578.5	662.9	714.0
Depreciation & amortisation	295.8	316.1	321.9	328.0	334.4
Adj net interest (income)/exp	68.1	37.1	44.6	52.9	62.2
Change in working capital	(44.1)	300.2	538.7	(676.2)	354.3
Cash taxes paid	(220.8)	(160.7)	(202.5)	(232.0)	(249.9)
Other operating cash flow	728.3	406.9	12.1	4.8	4.6
Cash flow from operations	1,338.5	1,217.4	1,293.3	140.4	1,219.6
Capex	(153.5)	1,474.5	(50.0)	(50.0)	(50.0)
Free cash flow	1,185.1	2,691.8	1,243.3	90.4	1,169.6
Dividends paid	(108.7)	(750.6)	(152.9)	(177.8)	(195.6)
Equity raised / (purchased)	(18.6)	(153.3)	0.0	0.0	0.0
Change in Debt	(98.4)	(1,262.4)	(419.0)	(419.0)	(419.0)
Perpetual securities distribution	(46.7)	(46.9)	(46.5)	(46.5)	(46.5)
Other invest/financing cash flow	(606.4)	31.7	(2.7)	(16.1)	(25.4)
Net cash flow	306.3	510.3	622.2	(569.0)	483.1

FYE 31 Mar	FY21A	FY22A	FY23E	FY24E	FY25E
Key Ratios					
Growth ratios (%)					
Revenue growth	(29.0)	(5.9)	32.5	12.6	(4.2)
EBITDA growth	(25.4)	(13.1)	23.2	9.5	6.2
EBIT growth	(25.5)	(22.5)	37.0	13.2	8.0
Pretax growth	(1.3)	(37.8)	82.0	14.6	7.7
Reported net profit growth	(12.7)	(79.6)	593.4	16.3	8.2
Core net profit growth	(1.8)	(36.0)	18.9	16.3	8.2
Profitability ratios (%)					
EBITDA margin	19.7	18.2	16.9	16.4	18.2
EBIT margin	13.4	11.0	11.4	11.4	12.9
Pretax profit margin	10.9	7.2	9.9	10.1	11.3
Payout ratio	99.4	nm	49.4	49.4	50.2
DuPont analysis					
Net profit margin (%)	4.7	1.0	5.3	5.5	6.2
Revenue/Assets (x)	0.2	0.2	0.3	0.3	0.3
Assets/Equity (x)	2.4	2.1	2.1	2.0	2.0
ROAE (%)	2.2	0.4	3.1	3.5	3.8
ROAA (%)	1.7	1.2	1.5	1.7	1.9
Liquidity & Efficiency					
Cash conversion cycle	602.3	602.5	402.0	354.0	387.5
Days receivable outstanding	137.2	122.9	93.3	100.4	108.6
Days inventory outstanding	779.7	786.3	520.6	450.7	497.1
Days payables outstanding	314.6	306.7	211.9	197.0	218.3
Dividend cover (x)	1.0	0.1	2.0	2.0	2.0
Current ratio (x)	2.4	2.7	2.9	2.9	3.1
Leverage & Expense Analysis					
Asset/Liability (x)	2.1	2.2	2.3	2.3	2.4
Net gearing (%) (incl perps)	35.9	22.8	13.5	14.5	6.8
Net gearing (%) (excl. perps)	38.6	24.6	14.5	15.6	7.3
Net interest cover (x)	9.2	13.1	14.9	14.2	13.1
Debt/EBITDA (x)	7.4	6.9	5.2	4.3	3.7
Capex/revenue (%)	3.3	nm	0.9	0.8	0.8
Net debt/ (net cash)	4,375.9	2,611.0	1,569.8	1,719.9	817.8

Source: Company; Maybank IBG Research

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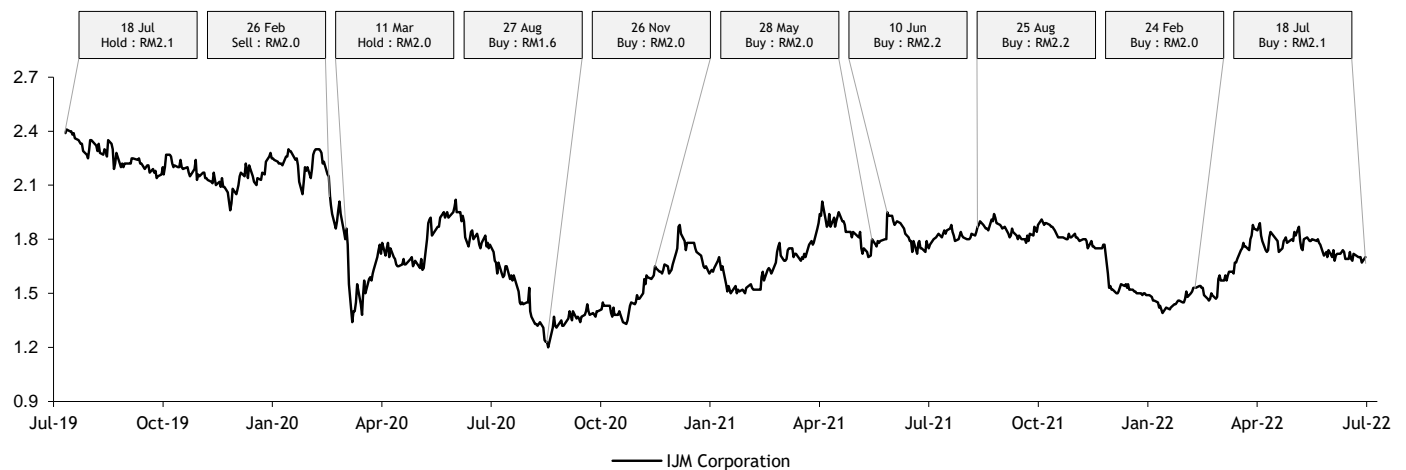
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