

**IJM: Govt job flows will resume eventually**

>3



# IJM: Govt job flows will resume eventually

Company says this will happen when govt is on steadier footing

By **DANIEL KHOO**  
 danielkhoo@thestar.com.my

**PETALING JAYA:** IJM Corp Bhd, which is a current beneficiary of government-linked infrastructure contracts said that the review of government jobs by the present administration will actually be a good thing in the longer run.

The company which believes that the reduction in government jobs has already been fully reflected in its share price is confident that such job flows will resume eventually once the Pakatan Harapan government gets on a steadier footing.

Its CEO and managing director Datuk Soam Heng Choon noted that the company also sourced jobs from private sector for growth.

"I think there will still be (government) projects in Malaysia, even though there has been a slowdown in the last two to three months due to the review in projects.

"Many of our projects are actually private sector-led projects rather than just government alone. Moving forward, we expect the government to revamp some of the policies in place today," Soam said.

"In the private sector we construct buildings as well: we are now doing the Damansara Uptown office, the new HSBC headquarters, the Bukit Bintang City Centre Shopping Mall for Mitsui, the UOB Tower for UOB Bank, the foundation works for Affin Bank (tower). There are many building jobs in the private sector we are doing as well. This will help us," Soam said at a press briefing last week.

Soam said government construction jobs



**Soam:** With the new government, the know-how is more important than the know-who.

now consisted about 20% of its total order book. He said government jobs will soon pick up again in time.

"I believe moving forward, the new government will still need contractors that will be able to execute the works properly.

"Also with the new government, the know-how is more important than the know-who. You see, if everything is more transparent with this new government and everything is for tender I believe we may be able to participate in more tenders," Soam said.

He also highlighted that the company's biggest order book actually originated from India

– the construction of the Solapur-Bijapur Highway on a 20-year build operate and transfer basis with a RM1.43bil orderbook price tag.

"Our current orderbook is RM9.4bil. Every year we target to replenish around RM2bil-3bil of orderbook jobs but last year we actually got some jobs earlier than expected and that's why last year it was RM3.8bil. So this year's replenishment is anywhere from RM1.5bil-RM2bil," he said.

IJM's shares had seen a fall in line with other construction stocks after the 14th General Elections (GE14) and had lost about close to 30% of its value to-date since GE14.

Last week, it released its first quarter ended June 30 financial results that were in line with CGSCIMB's expectations.

CGSCIMB said IJM's core net profit came in line at 27% of its full-year forecast and 31% of consensus' estimates.

"We deem the results broadly in line. After removing the RM71mil in net unrealised foreign exchange (forex) losses, IJM's first quarter core net profit rose by 7.2% year-on-year as the property development segment registered an 87% y-o-y jump in pre-tax profit," the research house said.

CGSCIMB retained its "hold" rating on IJM with an unchanged target price of RM1.84.

"We maintain a hold recommendation given our cautious stance on the downturn in government-driven large-scale projects going into 2019.

"We foresee limited catalysts to the share price. Target price remains pegged to a 40% revised net asset value discount. Downside risks are weak job wins while upside risk is a recovery in the job outlook," the research house said.