



30th Annual General Meeting

**Review of Group Performance & Prospects
Financial Year Ended 31 March 2014**

**By Dato' Teh Kean Ming
CEO & Managing Director
26 August 2014**



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Performance Review

Group Income Statement

	FY2014	FY2013	RM mil' % Δ
Revenue	6,006.5	4,663.4	28.8
Operating profit	1,787.9	1,019.3	75.4
Finance cost	(231.2)	(165.8)	
Operating profit after finance cost	1,556.7	853.5	
Share of results from JV & associates	(140.4)	(17.6)	
Profit before tax	1,416.3	835.8	69.5
Taxation	(340.6)	(273.6)	
Profit after tax	1,075.7	562.2	
Profit after tax & MI	829.6	420.9	97.1
EPS (basic) _{sen}	59.06	30.46	93.9
EPS (fully diluted) _{sen}	57.76	29.92	
DPS _{sen}	15.00	13.00	
Special DPS _{sen}	10.00	-	



Performance Review

Group Balance Sheet

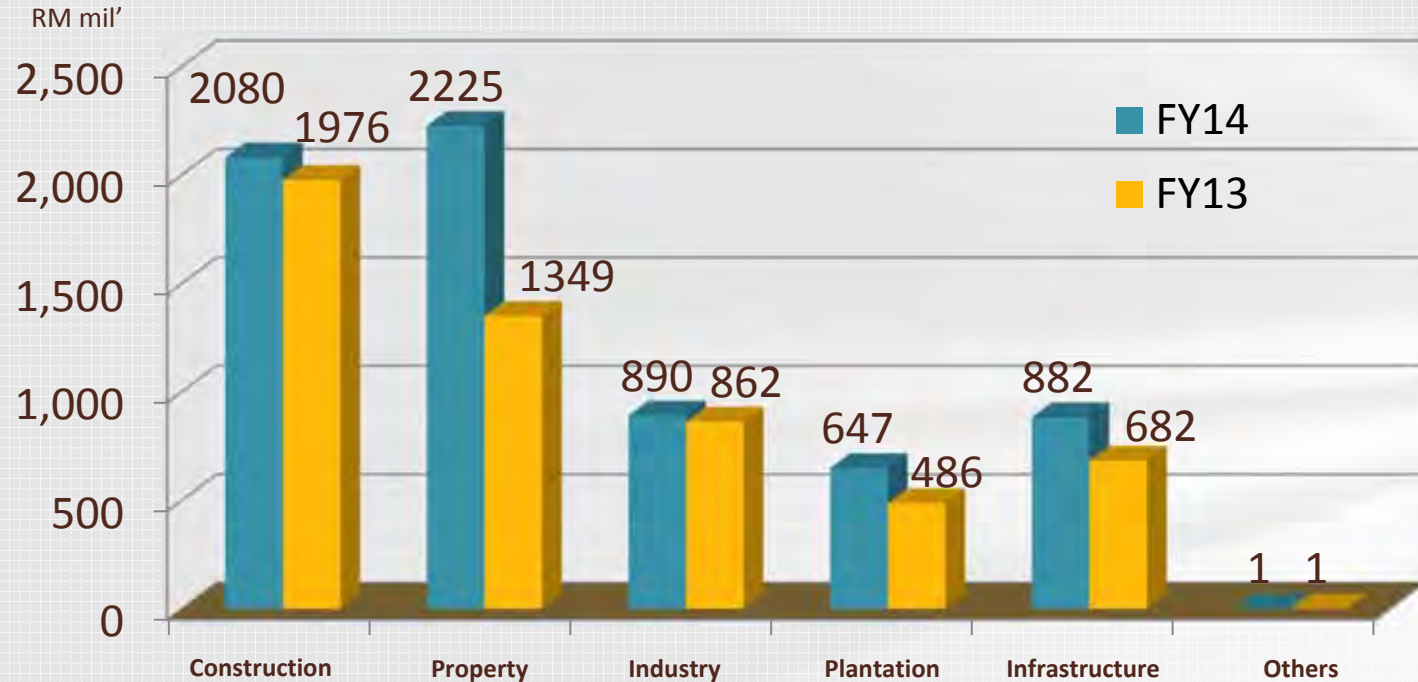
	RM mil'	
	31 Mar 2014	31 Mar 2013
Share capital	1,427.5	1,382.7
Shareholders' funds	6,738.8	5,607.2
Total assets	18,398.5	15,121.3
Net assets per share (RM)	4.73	4.06
Total cash	2,007.7	1,766.1
Total borrowings	5,612.4	5,042.8
Net cash/(debt)*	(3,604.7)	(3,276.7)
Net debt / shareholders' funds (%)	53.5	58.4

* Recourse debt	RM'mil	878.2
Non-recourse debt	RM'mil	2,726.5
Net debt	RM'mil	<u>3,604.7</u>

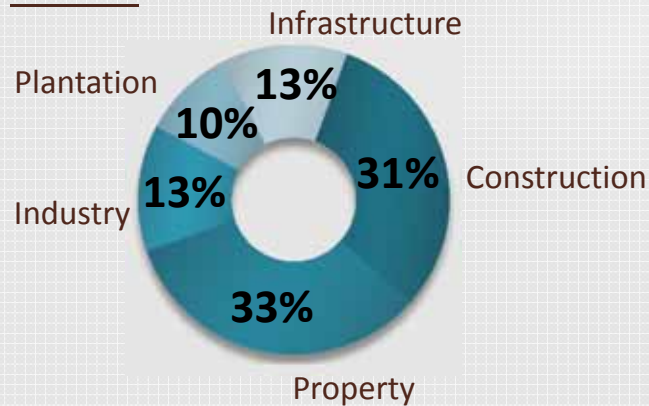


Segmental Performance

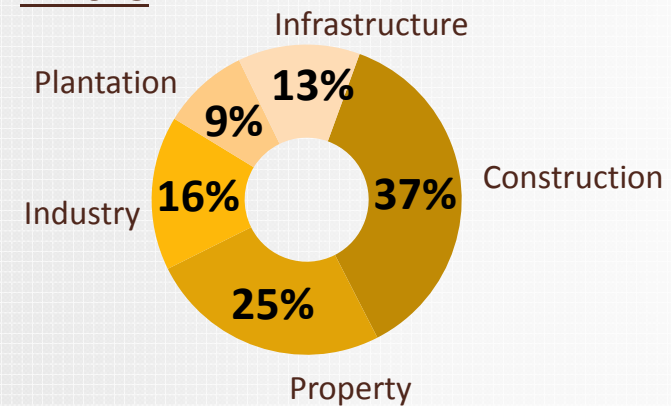
Annual Group Revenue by Division



FY2014



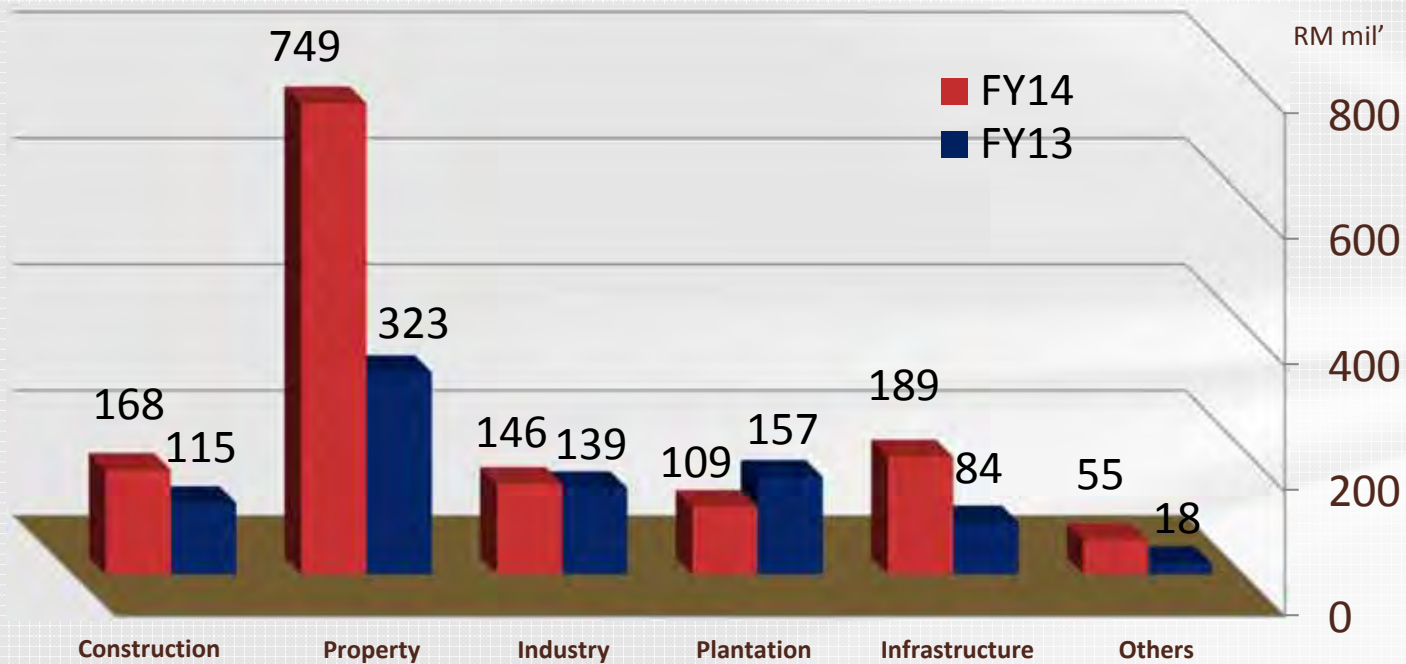
FY2013



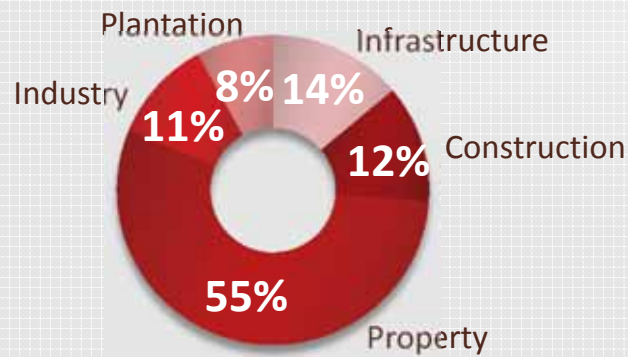


Segmental Performance

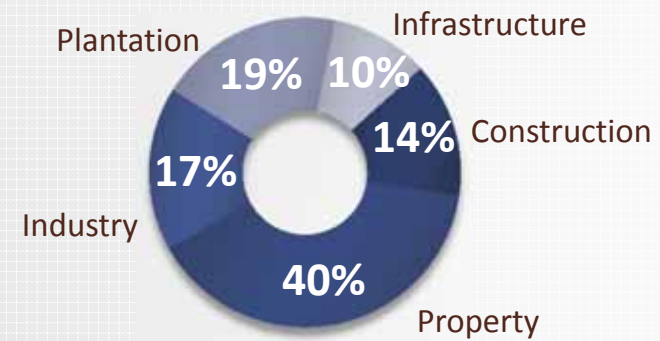
Annual Group PBT by Division



FY2014



FY2013





Segmental Performance

Construction

	<i>RM'million</i>		
	<u>FY2014</u>	<u>FY2013</u>	<u>%Δ</u>
Revenue	2,080.1	1,976.1	5
Profit/(loss) before tax	168.2	115.4	46
PBT %	8.1	5.8	

Results Review

- Revenue for the year increased mainly due to improved construction progress on current projects
- Improvements in PBT and PBT margins were due to the completion of several sizeable projects in the year namely, the Besraya Eastern Extension and National Cancer Institute



Outlook

- Outstanding order book from local projects at historical high following award of West Coast Expressway
- Outlook for order book replenishment is positive
 - Malaysian government's emphasis on infrastructure spending
 - Numerous large scale developments, esp. in Greater KL
 - Significant in-house jobs
- Building material prices, except steel, expected to rise gradually



Construction

Project Highlights



***National Cancer Institute,
Putrajaya***





Legoland Hotel, Johor



Traders Hotel, Johor



Batu Kawan Expressway, Penang



Segmental Performance

Property

	<i>RM'million</i>		
	<u>FY2014</u>	<u>FY2013</u>	<u>%Δ</u>
Revenue	2,225.0	1,348.8	65
Profit before tax	748.7	322.9	132
PBT %	33.6	23.9	

Results Review

- Revenue increased mainly as a result of strong sales achieved and higher work in progress
- PBT for the year increased in line with revenue as well as from gain of RM80.5m on disposal of land in Kemaman and remeasurement gain of RM222.7m on previously held stake in Bandar Rimbayu and after impairing investment in Vietnam for RM58.6m



Outlook

- Buyers becoming more selective, although demand for mid-range and affordable products likely to remain supported due to favourable demographics, resilient domestic economic outlook and accommodative mortgage rates
- Short term earnings underpinned by healthy level of unbilled sales
- Large scale projects such as The Light Phase II, Bandar Rimbayu, Pantai Sentral Park and Sebana Cove to drive growth in the medium term



Segmental Performance

Proposed Privatisation of IJM Land

Property

PROPOSED STRUCTURE

The Proposed Privatisation which will be undertaken by way of a members' scheme of arrangement under Section 176 of The Companies Act 1965, involves the acquisition and transfer of the remaining 558,772,287 IJM Land ("IJML") shares not already owned by IJM Corporation Bhd ("IJM"), representing 35.85% equity interest in IJML at an offer price of RM3.55 per IJML share to be satisfied by RM0.20 in cash and issuance of 0.5 new IJM share at the issue price of RM6.70 per IJM share.

	RM 'million
Total consideration for 558,772,287 IJML shares @ RM3.55/share	1,984
To be satisfied by:	
1) Issuance of 279,386,143 IJM shares @ RM6.70/share on the basis of 0.5 IJM share for 1 IJML shares	1,872
2) Cash consideration of RM0.20 per IJML share	112

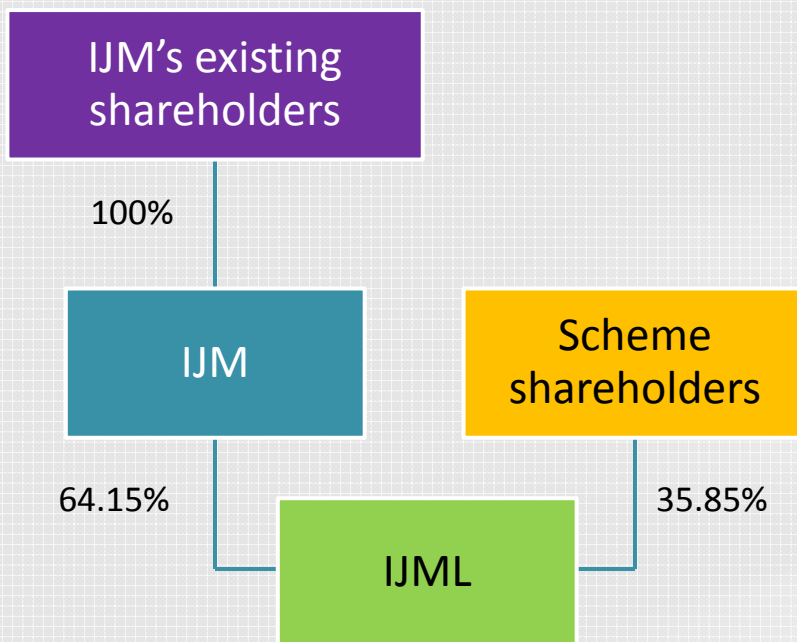


Segmental Performance

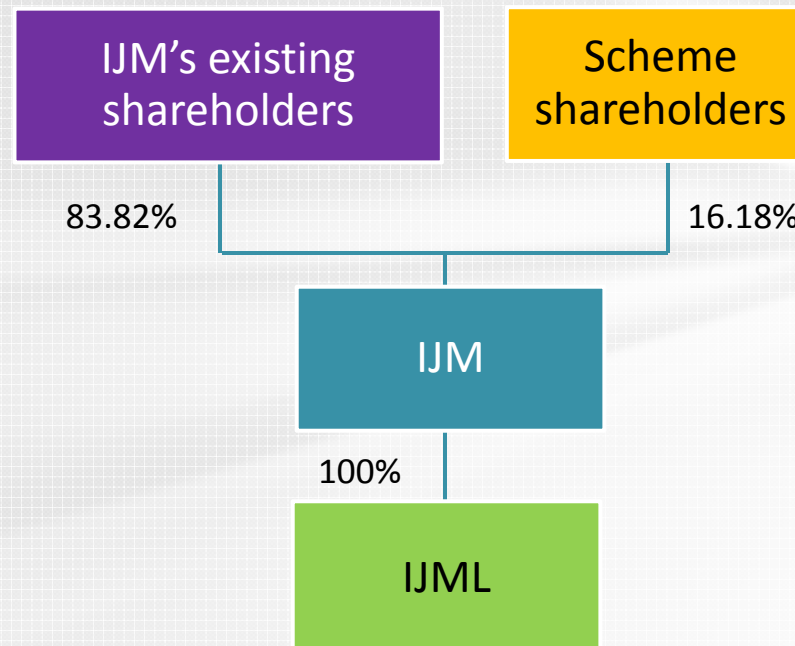
Property

STRUCTURE OF IJM GROUP

Before Proposed Privatisation



After Proposed Privatisation



The Company intends not to maintain the listing status of IJML and accordingly, upon completion of the Proposed Privatisation, IJML shares will be de-listed from the Main Market subject to Bursa's approval.

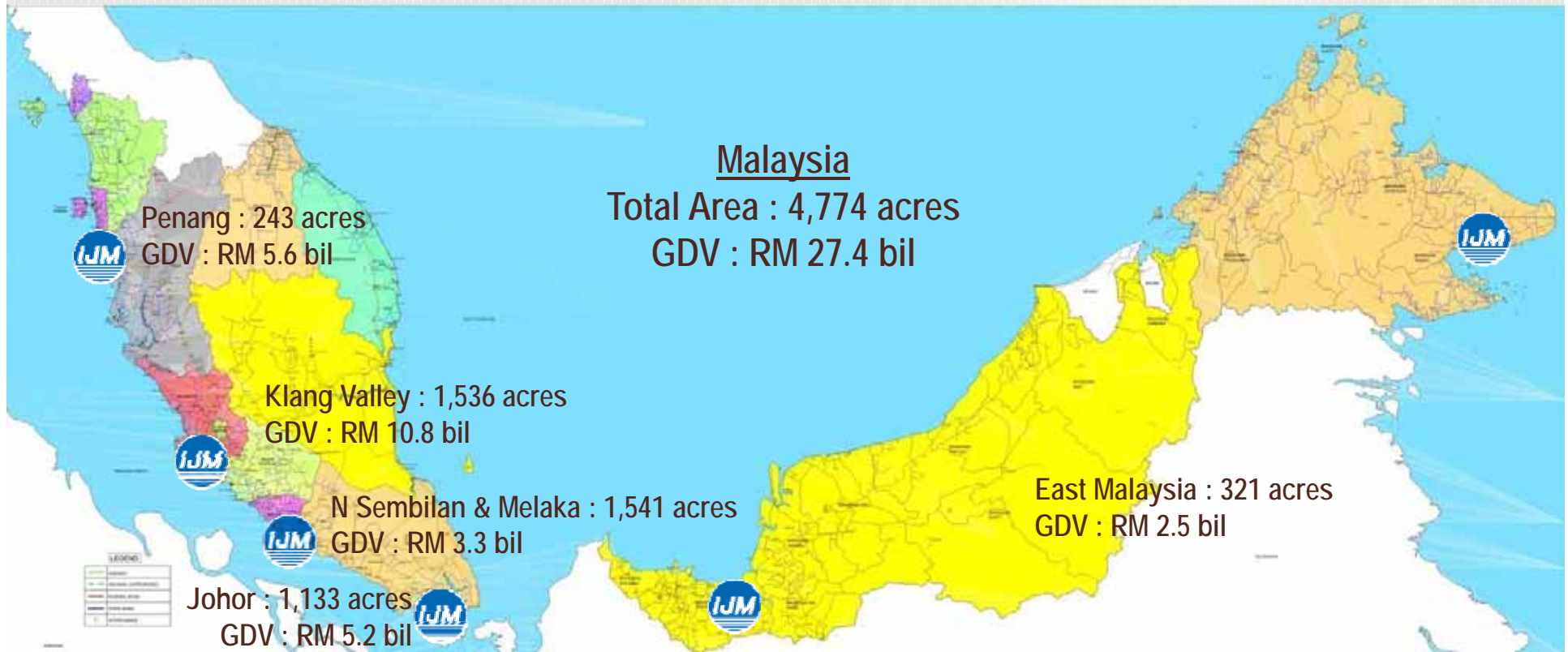
Note:

The above does not take into account the new IJM shares to be issued pursuant to the exercise of Warrants 2009/2014 and ESOS Options prior to the completion of the Proposed Privatisation.



RATIONALE FOR THE PRIVATISATION

- The Proposed Privatisation will enable IJM to have greater liberty to plan and decide on the strategic and future business directions of IJM Land.
- Further consolidation of IJML will enhance the balance sheet, earnings and future cashflows of IJM in view of synergistic benefits and positive future prospects of IJML
- The market has continuously under-valued IJML largely due to low liquidity of IJML's free-float (23.7%) and low trading volume.
- Improves IJML's fund raising ability and funding terms by leveraging on IJM's strong balance sheet, thus able to increase its level of activities.
- IJML shareholders are able to cash out partially while continue to participate in the future of IJML by swapping into IJM shares which have a higher liquidity and diversified earnings profile.



Overseas

	<u>Area (acres)</u>	<u>GDV 'RM mil</u>	<u>Equity Interest</u>
London, UK	1	1,000	51%
Changchun, China	0.8	250	50%
Dong Nai, HCMC, Vietnam	5	350	70%



Property

Project Highlights



Light Collection II, Penang



Property

Project Highlights



Light Collection IV, Penang



The Arc, Bandar Rimbayu, Selangor



Rimbayu Phase 3A – Linked Semi-D (March 2014)



Property

Recent Launches



Pantai Sentral Park, Kuala Lumpur



Property

Project Highlights



***Royal Mint Gardens,
London***



Property

Project Highlights



Raintree Park Dwaraka Krishna, Vijayawada, India



Segmental Performance

Industry

	<i>RM'million</i>		
	<u>FY2014</u>	<u>FY2013</u>	<u>%Δ</u>
Revenue	890.3	862.4	3
Profit before tax	146.2	139.3	5
PBT %	16.4	16.2	

Results Review

- Topline performance for the year flattish due to competitive piles market although sales improved for quarry products and ready-mixed concrete
- PBT and PBT margins experienced marginal growth in line with turnover



Segmental Performance

Industry

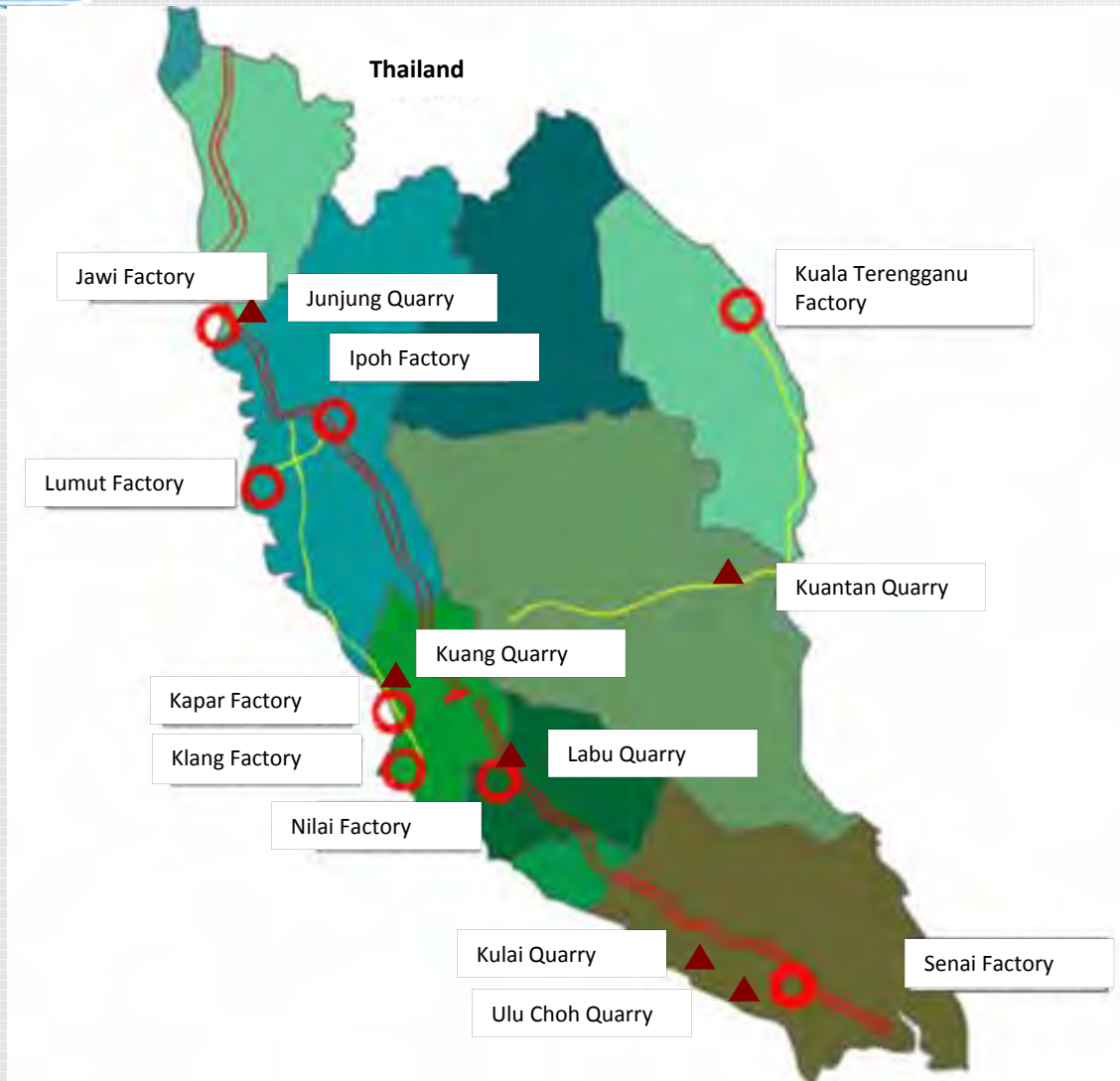
Outlook

- Healthy order book, both in piles and aggregate markets
- Performance expected to pick up from increasing infrastructure spending in Malaysia



Industry

ICP Group Pile Factories & Quarries





ICP piles for shipment at ICP Lumut Jetty



Kuantan Quarry Operations



ICP Piles used at Ahlone Container Terminal, Yangon, Myanmar



Segmental Performance

Plantations

	<i>RM'million</i>		
	<u>FY2014</u>	<u>FY2013</u>	<u>%Δ</u>
Revenue	647.0	486.3	33
Profit before tax	109.1	156.6	(30)
PBT %	16.9	32.2	
Average CPO price per tonne (RM)	2,385	2,620	
FFB Yield Per Hectare (tonne)	25.0	26.5	
OER %	20.8	20.7	

Results Review

- Topline for the year increased due to higher sales volume from Indonesian operations
- PBT for the year decreased primarily due to lower average CPO prices, unrealised forex losses amounting to RM20.8 million and full fixed costs against young acreage in Indonesia



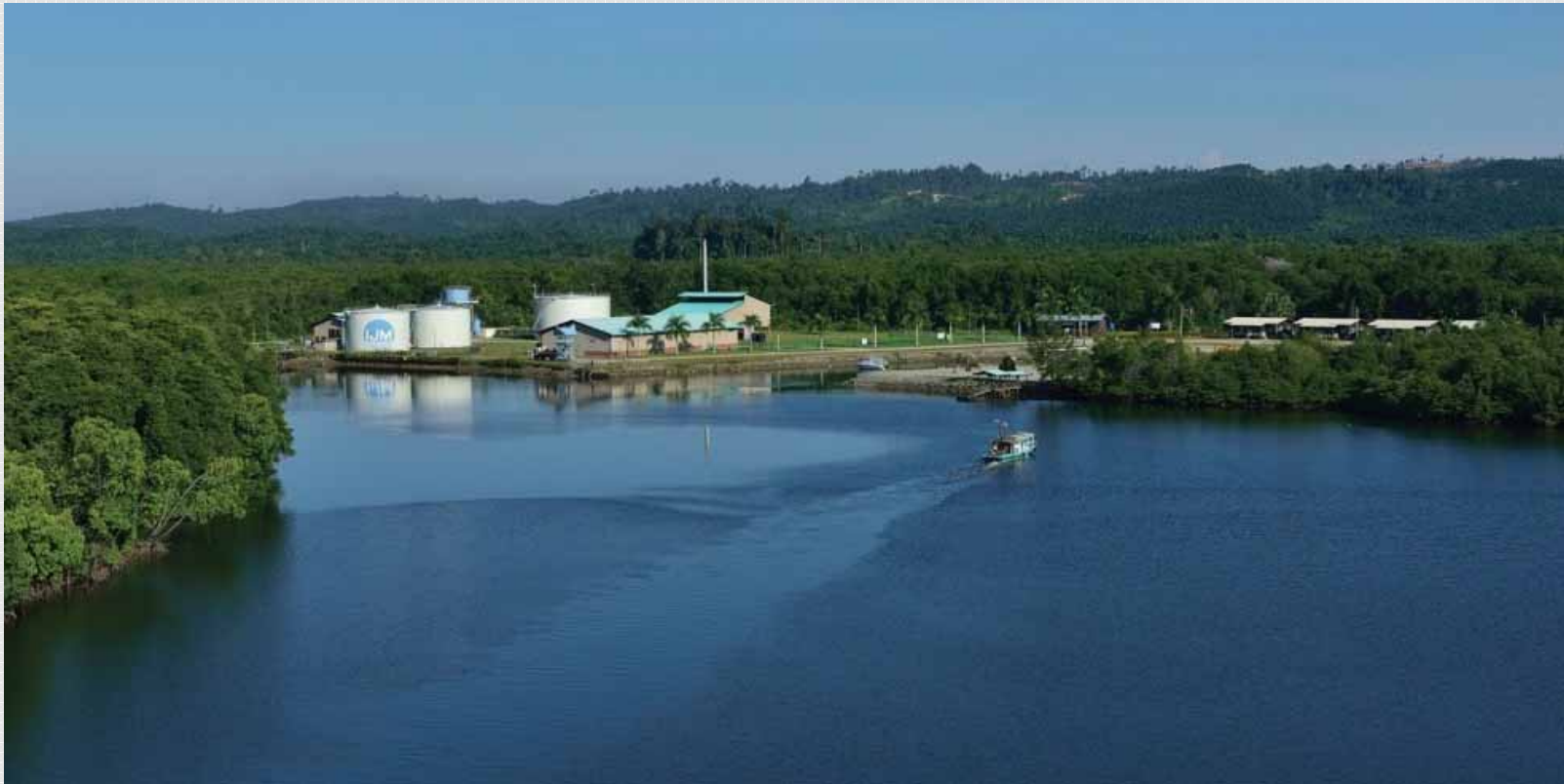
Outlook

- Crop production growth in Malaysia is expected to be flat due to areas coming into full maturity being offset by replanting activities
- Expansion of land bank in Indonesia progressing well. As at end-March, more than 30,000 ha planted



Plantation

Plantation Operations in Malaysia



***Jetty and Bunking Facilities in Sg Sabang,
Sugut, Sabah***



Plantation

Plantation Operations in Indonesia



Palm Oil Mill in East Kalimantan, Indonesia



Plantation

Plantation Operations in Indonesia



Biomass Plant in East Kalimantan, Indonesia



Segmental Performance

Infrastructure

RM'million

	<u>FY2014</u>	<u>FY2013</u>	<u>%Δ</u>
Revenue	881.6	682.4	29
Profit before tax	189.1	83.7	126

Results Review

- Full year revenue increased steadily from higher Port operations and continued traffic growth at our highways
- PBT for the year saw gain on disposal of interest in Kemaman Port RM25.9m, gain on disposal of stake in Trichy Tollway RM56.6m, fair value gains of RM267.2m due to additional equity acquisition in Swarna Tollway, impairment of RM187.3m in Vijayawada Tollway, impairment of RM81.2m in LEKAS and unrealised forex losses of RM47.3m



Segmental Performance

Non-recurring adjustments

Infrastructure

Details	Construction	Property	Industry	Plantation	Infrastructure	Investments	Total
	RM 'm	RM 'm	RM 'm	RM 'm	RM 'm	RM 'm	RM 'm
Operational PBT before FX & One-Offs	182.4	477.4	143.5	129.9	177.1	15.4	1,125.7
FX Gains/(losses)	(14.2)	26.6	2.8	(20.8)	(47.3)	13.1	(39.9)
Operational PBT before One-Offs	168.2	504.0	146.2	109.1	129.8	28.5	1,085.8
<u>Add / (Less) Realised One-Offs:</u>							
Gain on disposal of Trichy					56.5		56.5
Gain on disposal of Kemaman Port		80.5			25.9	26.6	133.0
Gain on disposal of KPC **					-		-
Sub-Total Realised One-Offs	-	80.5	-	-	82.5	26.6	189.5
Operational PBT with Realised One-Offs	168.2	584.5	146.2	109.1	212.3	55.1	1,275.3
<u>Add / (Less) Unrealised One-Offs:</u>							
Remeasurement Gain on Swarna Tollway					267.2		267.2
Remeasurement Gain on Radiant Pillar		222.7			-		222.7
Remeasurement Gain on VTPL					-		-
Impairment Loss on LEKAS					(81.3)		(81.3)
Impairment Loss on Vijayawada Tollway					(187.2)		(187.2)
Impairment Loss on Vietnam development		(58.6)			-		(58.6)
Impairment Loss on Argentinian Tollway					(21.9)		(21.9)
Sub-Total Unrealised One-Offs	-	164.2	-	-	(23.2)	-	141.0
Operational PBT after All One-Offs	168.2	748.7	146.2	109.1	189.1	55.1	1,416.3

** Gain of RM 259,705 has been directly credited against Reserves for this disposal.



Outlook

- Extension of Besraya Highway by 12.3km completed and started tolling on 14 May 2014
- Kuantan port expected to see doubling of capacity from proposed NDWT in the long term
- Addition of SILK Highway to our portfolio



Segmental Performance

SILK Highway Connects Our Toll Roads

Infrastructure



Enables a seamless road network : NPE – Besraya – SILK – Lekas



Segmental Performance

Infrastructure

SILK Highway Rationale

Enhance Critical Mass of Concession Assets

- Proposed acquisition of SILK is in line with IJM Group's strategy to expand its portfolio of concession assets
- Total road length of Malaysian toll concessions will increase from 325.8km to 362.8km

Improves Connectivity of Our Roads & Network

- SILK Highway links our toll roads thereby improving connectivity and complimenting our Besraya, NPE and Lekas Highways
- Enhances the Group's exposure to the fast growing Kajang corridor

Increase Recurring Income Contribution

- Proposed acquisition expected to contribute positively to the future earnings and cash flows of the IJM Group as SILK is a growing highway with increasing traffic growth



***Besraya Eastern Extension Highway,
Kuala Lumpur***



***Unloading operations at Kuantan Port,
Pahang***



***Traffic control centre at Swarna Highway,
India***



Corporate Responsibility

IJM CR Pillars

marketplace

community

environment

workplace



Corporate Responsibility

Marketplace



Malaysian-ASEAN Corporate Governance Index 2013 – Industry Excellence Award



Industries Division R & D Centre



CEO of IJM Plantations, Joseph Tek, receiving the 2014 MIRA award for Best CEO for IR (mid-cap)



Analyst briefing on our quarterly financial performance



IJM's flood relief project in Kuantan



Fun Fair Fiesta at Seremban 2



IJM GIVE Day Out - Rehabilitation of charity home



NPE & Adidas King of the Road 2013



Angel Cup- International Rhythmic Gymnastic Tournament



School Rugby Development Programme



Corporate Responsibility

Workplace



IJMers enjoying a game of futsal



IJM Culture Booklet launched at SMF



Blood Donation Drives, Health Screening and Health Talks



IJMP Borneo Bird Festival



IJMers clearing a path for a new trail



Learning about migratory birds at the annual Raptor Watch



Planting mangrove saplings



Concluding Remarks

Key Group Strategies

Short Term

1) Continue domestic growth agenda

- execution of existing order book & land bank to underpin earnings
- focus on Malaysian Government projects modelled on PFI to build up order book and recurrent income

2) Ride opportunistic sector/market positives eg. Malaysian construction sector

3) Selective participation in overseas project tenders



Concluding Remarks

Key Group Strategies

Long Term

1) Continued Focus On Core Competencies

- proven track record in execution

2) Strengthen Regional Presence

- significant growth opportunities in Asean
- continue to expand our addressable market via exports & direct investments

3) Grow Recurrent Income Base

- develop our concession-based portfolio
- doubling of our plantation land bank

4) Value Realisation

- unlock value of our assets



Concluding Remarks

- Malaysian market outlook appears promising for earnings growth
- Selective participation in overseas construction tenders
- Investments in capacity expansions augur well for the Group
- Diversity in earnings base to provide sustainable growth in shareholder value over the long term

	Construction	Property	Industry	Infrastructure	Plantation
Malaysia	•	•	•	•	•
India	•	•	•	•	
Middle East	•				
China		•	•		
Pakistan			•		
Vietnam		•		•	
Argentina				•	
Indonesia					•
Singapore	•	•			
United Kingdom		•			

- Overall business environment is expected to remain encouraging. The Group remains vigilant and ready to exploit any opportunities



Questions & Answers

Questions from





Question 1

On page 81 under the Infrastructure segment it was stated that LEKAS had incurred a significant impairment recognition of RM96 million. Please elaborate on the contributing factors to the impairment and what would be the expectations/outlook going forward?



Reply 1

The impairment is principally due to lower than expected initial traffic and traffic growth since the highway commenced full tolling in September 2010. Having ascertained a stabilised traffic pattern and restructuring of its debts, the Group decided to make the impairment to an amount commensurate with the shortfall in the present value of projected future cash flows.

Efforts to create better public awareness such as improvements in signage as well as advertising and promotional campaigns have been undertaken and are yielding some positive results. Additionally, the traffic is expected to improve considerably in the coming years due to the heightened pace of developments in the Kajang corridor.



Question 2

Please indicate what was the amount for the Group's impairment incurred in respect of the Argentina's toll concession operations as mentioned in the Chairman's Statement on page 56 of the Annual Report. Could the Board shed some light on this issue and how did the impairment come about?



Reply 2

IJM has impaired its investment in Grupo Concesionario del Oeste S.A. by RM21.9 mil in the year mainly due to a weaker Argentine peso that has fallen from RM0.5839 in April 2013 to RM0.4076 in March 2014 as well as domestic cost inflationary pressures.



Question 3

Property investor sentiments appear to dampen property sales following the cooling measures. Has this development taken a toll on IJM's property developments, if any, and what measures would be taken to make IJM distinguishable from other competitors?



Reply 3

As reported in the CEO's Review of Operations, property sales in FY14 amounted to RM2.9 billion, which is the highest ever recorded by IJM Land. We are, nonetheless, cognisant of the current property market where buyers are facing tougher borrowing assessments by banks, additional government measures as well as general affordability challenges due to recent price increases, especially in major cities.

As a developer with over 4,700 acres spread across Malaysia, IJM Land has a wide range of products that include integrated developments, residential townships, high-rise condominiums, office towers, retail malls and commercial properties. Our aim is to provide quality products to our buyers in the various market segments. In addition to underscoring the construction quality of our products, the Group makes continuous improvement efforts in areas such as brand development, building material selection, design trends, customer service, information technology, security ecosystems, environmental sustainability and infrastructure connectivity to constantly build value for our target demography.



Question 4

Share of losses from joint ventures increased three-fold from loss of RM37.87 million in FY2013 to a loss of RM143.3 million in FY2014. How and what has the Board done to improve the situation and what is the expectation going forward?



Reply 4

The increase in share of losses from joint ventures was primarily due to the impairment of RM96 million made in relation to LEKAS. As this is a one-off item, and with the rate of development taking place in the Kajang corridor as explained in the reply to Q1, we believe traffic at LEKAS should improve going forward.



Question 5

Could the Board clarify the reason(s) for the resignation of a former Executive Director, Dato Tan Gim Foo?



Reply 5

Dato' Tan Gim Foo retired as the Deputy CEO and Deputy Managing Director of IJM on 6 June 2013 at the retirement age of 55 and therefore resigned from the Board accordingly. Dato' Tan was a dedicated IJM employee for 30 years and played an instrumental role in the growth and success of the Construction Division.



To Continue Delivering...



Thank You

