KERJAYA PROSPEK

THE EDGE MALAYSIA

IJM eyes RM5 bil valuation for construction unit's IPO

27 Jul 2026

This article first appeared in The Edge Malaysia Weekly on July 20, 2026 - July 26, 2026

IJM Corp Bhd (KL:IJM ASK EDGE) has taken a concrete step towards listing its construction arm, appointing two investment banks to advise on the corporate exercise as the group seeks a valuation of about RM5 billion for the unit, according to people familiar with the matter.

The advisers are understood to be RHB Investment Bank Bhd and AmInvestment Bank Bhd, the sources say.

The proposed initial public offering (IPO) is expected to see IJM retain a 70% stake in the construction subsidiary, with 25% offered to the public and the remaining 5% distributed to existing IJM shareholders as a dividend in specie.

"IJM is exploring the listing of its construction unit. However, at this juncture, we are unable to either confirm or provide comments on the matter," an IJM spokesperson tells The Edge in response to queries about the appointment of advisers and the proposed RM5 billion valuation. The spokesperson adds that any material developments would be announced in accordance with Bursa Malaysia's Listing Requirements.

The appointment marks the first tangible milestone in IJM's previously announced plan to unlock value through a listing of its flagship construction business, after management said earlier this year that it was targeting an IPO before end-2027 as part of a broader three-year asset monetisation programme.

At a proposed RM5 billion valuation, the construction arm alone would be worth almost 60% of IJM's market capitalisation of RM8.39 billion as at last Thursday (July 16).

The implied valuation would exceed Kerjaya Prospek Group Bhd's (KL:KERJAYA ASK EDGE) market cap of RM3.04 billion and Binastra Corp Bhd's (KL:BNASTRA ASK EDGE) RM2.31 billion, although it would remain below Sunway Construction Group Bhd's (KL:SUNCON ASK EDGE) RM9.98 billion and industry heavyweight Gamuda Bhd's (KL:GAMUDA ASK EDGE) RM25.41 billion.

As at March 31, 2026, IJM's construction business had an outstanding order book of RM14.7 billion, larger than SunCon's RM8.16 billion, Binastra's RM6.8 billion and Kerjaya Prospek's RM4.3 billion, although still well below Gamuda's record RM52 billion as at April 30, 2026.

For the financial year ended March 31, 2026 (FY2026), IJM's construction division generated RM3.62 billion in external revenue, accounting for about 53% of the group's total revenue of RM6.88 billion.

Segment earnings before interest, tax, depreciation and amortisation (Ebitda) rose 4.8% year on year to RM209.2 million in FY2026.

Back-of-the-envelope calculations show that based on the proposed RM5 billion valuation, the construction unit would be valued at about 23.9 times Ebitda.

Meanwhile, the trading price-earnings (PE) multiples of listed construction peers are SunCon at 24.6 times; Gamuda, 24.0 times; Binastra, 16.3 times; and Kerjaya Prospek, 12.4 times.

Besides construction, IJM's toll concessions could be the next in its portfolio that the conglomerate will look at for unlocking asset value.

Its toll road portfolio includes the New Pantai Expressway (NPE), Sungai Besi Expressway (Besraya) and Kajang-Seremban Highway (Lekas), together with an equity stake in the West Coast Expressway via its 28.12% equity interest in WCE Holdings Bhd (KL:WCEHB ASK EDGE).

The group's core businesses also include property development through IJM Land Bhd, and building materials and quarrying under its industry division. Furthermore, it owns a seaport business that is anchored by Kuantan Port, which serves the Malaysia-China Kuantan Industrial Park and is expected to benefit from the completion of the East Coast Rail Link (ECRL).

Upon completion, the listing would leave IJM focused on its property, industry and infrastructure businesses, while retaining a controlling stake in the separately listed construction company.

Only months ago, IJM shareholders rejected Sunway Bhd's (KL:SUNWAY ASK EDGE) RM11 billion takeover proposal amid concerns that it undervalued the conglomerate. IJM subsequently reaffirmed plans to unlock shareholder value through standalone initiatives, including listing the construction division, monetising land assets, rationalising its India portfolio, and potentially selling or listing its toll road assets.

IJM's major shareholders include the Employees Provident Fund, with a 20.75% stake, and Permodalan Nasional Bhd, through its various funds, with 13.3%. Other government-linked shareholders include Kumpulan Wang Persaraan (Diperbadankan) with 10.63%, Minister of Finance Inc-owned Urusharta Jamaah Sdn Bhd with 2.84%, and Lembaga Tabung Haji with 1.47%.