YTL Corporation Berhad

(4677 | YTL MK) Main | Utilities

3 Stars

Corporate Update

Upcoming Acquisition in Sarawak

Downgrade to **TRADING BUY**

Unchanged Target Price **RM2.99**

Downgrade to TRADING BUY with unchanged TP. We are maintaining our **TP** of **RM2.99** but we are downgrading our call to **TRADING BUY** due to the recent uptick in YTL Corp's share price, though we still expect some upside from positive news flows. We are optimistic on its potential acquisition of SCIB Concrete Manufacturing, which will open up vast opportunities in Sarawak. We continue to like YTL as it is well-positioned to ride the infrastructure upcycle as well as its strategic venture into data centers and renewable energy via its utilities division. The group's cement and building materials business is also a direct beneficiary of a strong construction sector, with projects such as warehouses, data centres and residential projects, with the upcoming Johor-Singapore Special Economic Zone (SEZ) set to serve as a new growth catalyst.

Proposed Sarawak acquisition. According to a Bursa filing by Sarawak Consolidated Industries Berhad (SCIB), it has received an indicative letter of offer from YTL Cement (Sarawak) Sdn Bhd to acquire the entire equity interest in SCIB Concrete Manufacturing Sdn Bhd (SCIB Concrete) at an indicative purchase price of RM113.0m. YTL Cement (Sarawak) is an indirect subsidiary of YTL Corp, through the group's 98.03% stake in YTL Cement Bhd.

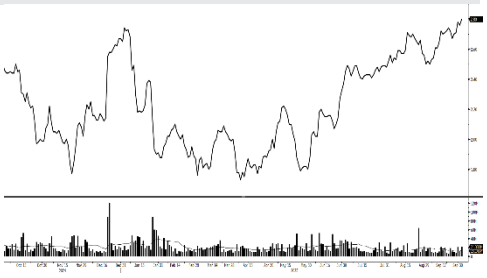
SCIB to accept offer. SCIB's board has resolved to accept the indicative offer, subject to several conditions such as the successful negotiation and execution of a definitive share sale and purchase agreement. SCIB Concrete is involved in investment holding, trading of construction materials, manufacturing and sale of precast concrete pipes, prestressed spun concrete piles, and other related concrete products. SCIB is involved in manufacturing, construction/EPCC and property trading. Manufacturing is SCIB's main business, and it is renowned in East Malaysia for precast concrete and IBS manufacturing.

Our view. The manufacturing segment of SCIB recorded a PBT of RM9.7m in 12MFY25 as of Jun-25, as compared to RM15.3m in 12MFY24. The group has recently changed its FYE to Oct-25. Assuming 70% of the PAT contribution comes from SCIB Concrete, the indicative purchase price of RM113.0m translates to a FY24 PER of 14x, which seems fair in our view, which allows YTL Corp immediate access into the downstream capability in East Malaysia. We believe this will synergise well to with its involvement with the Sarawak Government to strengthen the cement supply chain in the state. Back in Jul-23, YTL Cement inked an MOU with state-owned Innocement Sdn Bhd to improve the cement supply chain in light of the state's rapid infrastructure development.

RETURN STATISTICS	
Price @ 2nd October 2025 (RM)	2.80
Expected share price return (%)	+6.8
Expected dividend yield (%)	+1.8
Expected total return (%)	+8.6*

* we make an exception to our threshold due to positive newsflow

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	11.1	7.1
3months	0.7	6.4
12 months	14.8	15.0

INVESTMENT STATISTICS

FYE Jun	2024A	2025A	2026F
Revenue	30,529	30,818	33,067
Operating Profit	6,769	6,356	5,928
Profit Before Tax	4,565	4,581	4,485
Core PATAMI	1,758	2,070	1,727
Core EPS	17.5	14.2	13.0
DPS	4.5	5.0	5.0
Dividend Yield	1.7	1.9	1.9

KEY STATISTICS	
FBM KLCI	1,637.80
Issue shares (m)	1,637.80
Estimated free float (%)	11434.95
Market Capitalisation (RM'm)	43.23
52-wk price range	32,390.66
3-mth average daily volume (m)	RM1.68 - RM2.82
3-mth average daily value (RM'm)	16.16
Top Shareholders (%)	41.32
Yeoh Tiong Lay & Sons Holdings	
Credit Suisse Group AG	48.20
Employees Provident Fund	8.76

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Sum-of-the-Parts Valuation

Group's businesses	Stake	Valuation method	Value (RMm)	Value/share (RMm)
Listed Units:				
YTL Power	56%	*MBSBR TP*	21,971.5	1.66
YTL Hospitality REIT	56%	*Consensus TP*	1,183.3	0.09
Starhill Global REIT	37%	*Consensus TP*	1,583.8	0.12
Malayan Cement	76%	*MBSBR TP*	7,480.0	0.56
Non-Listed Units:				
ERL concession	45%	*NPV*	383	0.03
Construction	100%	*12x PER*	1,035	0.08
Landbank	93%	*20% discount to RNAV*	11,313	0.85
Gross Value			**44,949**	**3.39**
less: holding co net debt			*-5,328*	*-0.40*
Total SOP Value			**39,621**	**2.99**

*Source: Company, MBSBR *SGD/share ^Converted to RM*

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MBSB INVESTMENT BANK (formerly known MIDF INVESTMENT BANK): GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS	
BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.
SECTOR RECOMMENDATIONS	
POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.
ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell	
☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology