IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Corporate Update

A Tussle for IJM?

Accept Offer

Offer Price **RM3.15**

(Unchanged Fair Value: RM3.29)

Accept offer. We are maintaining our SOTP-derived fair value for IJM Corp at RM3.29. We believe that investigations by the authorities are still at preliminary stages with no charges being brought against the group or any individuals to date. Nevertheless, this would weigh on the sentiments on IJM, which may lead to selling pressure, at least until the investigation is complete. Meanwhile, a potential competitive bidding for IJM will be an incrementally positive situation for the group.

A bidding war for IJM? The Edge reported that there could be at least three or four other offers for IJM Corp, with key potential players being a Sarawak government-led bumiputera consortium; YTL Corp Bhd; UEM Corp Bhd and AFA Group, with the latter open to exploring options to acquire IJM's toll concession business. While none have commented on the matter, we believe a potential competitive bidding could be an incrementally positive situation for IJM, notwithstanding the ongoing graft probe.

Potential rerating. Considering Sunway's RM11.04b voluntary takeover offer at RM3.15 per share, it would be reasonable to expect competing bids, if any, to offer a better deal or structure. Recall that Sunway's offer will be satisfied via a combination of cash (10%) and the issuance of new Sunway shares (90%) at RM5.65.

Investigation overhang. The MACC probe introduces additional scrutiny and execution risk on the proposed takeover deal, with delays likely as all parties would await clarity from the completion of the investigation. We view that the probe will likely affect timing and near-term sentiment rather than the longer-term attractiveness of the group. Sunway had also clarified that it would continue with the takeover offer.

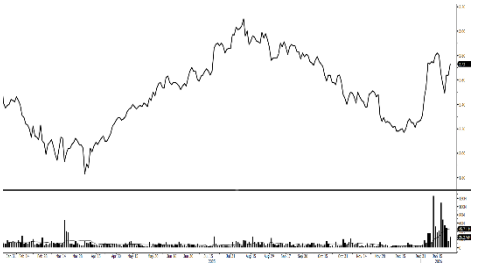
What do we know about the ongoing probe? Going by news reports, the MACC is investigating RM2.5b worth of overseas assets, suspected manipulation of procurement process and potential conflicts of interests. A total of 55 personal and corporate bank accounts with funds amounting to RM15.8m have since been frozen. Reports suggest that MACC is also looking into allegations of share price manipulation.

Earnings estimates and fair value. We are making no changes to our earnings estimates, and our SOTP-derived fair value of RM3.29.

Background on Sunway's takeover offer. On 12 January 2026, IJM received a conditional voluntary take-over (VTO) offer from Sunway Bhd for its entire shares in issue at RM3.15 per share, or a total of RM11.04b, which values the counter at a forward PE multiple of 21.1x, based on our FY27F estimates. This is in line with its five-year mean at 21.4x. This offer price is also close to the NTA per share of IJM of RM3.17. While the offer price of RM3.15 is not generous and a slight -4.3% discount to our fair value, we believe it is fair, based on the above comparisons.

RETURN STATISTICS	
Price @ 26th Jan 2026 (RM)	2.73
Expected share price return (%)	+20.5
Expected dividend yield (%)	+2.9
Expected total return (%)	+23.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	23.5	18.8
3months	20.3	-2.1
12 months	6.2	-4.1

INVESTMENT STATISTICS

FYE Dec	2025A	2026F	2027F
Revenue	6,252.0	5,001.6	5,851.9
Operating Profit	1,093.7	1,085.3	1,258.2
Profit Before Tax	791.1	825.3	965.6
Core PATAMI	523.0	395.1	520.8
Core EPS	14.9	11.3	14.9
DPS	8.0	8.0	8.0
Dividend Yield	2.90%	2.90%	2.90%

KEY STATISTICS	
FBM KLCI	1,744.07
Issue shares (m)	3506.13
Estimated free float (%)	80.38
Market Capitalisation (RM'm)	9,569.10
52-wk price range	RM1.79 - RM3.13
3-mth average daily volume (m)	15.29
3-mth average daily value (RM'm)	39.60
Top Shareholders (%)	
Employees Provident Fund Board	20.12
Amanah Saham Nasional Bhd	12.93
Kumpulan Wang Persaraan Diperbadankan	9.63

Analyst

Royce Tan Seng Hooi

royce.tan@mbsb.com

Table 1: Sum of the parts valuation

Segments	Stake	Methodology	Valuation
Construction	100%	23x FY27 PER	4,693.87
Manufacturing	100%	15x FY27 PER	2,375.50
Property	100%	50% discount to RNAV	4,059.00
Toll concession	Various	DCF	2,155.00
Port	60%	DCF	926.40
WCE Holdings	28.16%	Market value	645.80
(-) Net debt			(3,320.20)
Total sum of the parts			11,535.37
Diluted number of shares ('m)			3506.13
Target price (RM)			**3.29**

Source: MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	4,572.5	5,918.8	6,252.0	5,001.6	5,251.7
Gross Profit	1,179.9	1,550.2	1,585.2	1,325.4	1,391.7
Net Operating Expenses	(439.1)	(277.5)	(491.6)	(240.1)	(262.6)
Operating Profit	740.9	1,272.8	1,093.7	1,085.3	1,129.1
Finance Cost	(255.3)	(307.1)	(283.2)	(200.1)	(240.1)
PBT	483.0	964.2	791.1	825.3	866.5
Tax	(271.4)	(299.0)	(323.8)	(250.1)	(262.6)
PAT	158.3	600.3	403.4	395.1	435.9
Net Profit	294.1	505.2	523.0	395.1	435.9
Balance Sheet (RM'm)	**2023A**	**2024A**	**2025E**	**2026F**	**2027F**
Fixed assets	5,207.2	5,861.7	5,564.4	5,842.6	6,134.7
Intangible assets	125.4	111.8	112.4	101.6	101.6
Non-current assets	**8,676.1**	**9,212.2**	**9,382.1**	**9,649.5**	**9,941.7**
Cash	2,825.2	2,870.4	2,494.0	2,407.9	2590.7
Trade debtors	1,261.8	1,752.3	2,264.6	2,163.6	2,271.8
Current assets	**11,834.5**	**12,103.1**	**12,387.2**	**12,467.6**	**13,050.7**
Trade creditors	2,679.8	2,758.3	3,130.5	2,488.5	2483.2
Short-term debt	1,696.6	1,701.3	1,832.4	1,790.0	1,790.0
Current liabilities	**4,800.8**	**5,014.8**	**5,523.9**	**4,881.9**	**4,876.6**
Long-term debt	3,651.0	3,800.4	3,960.9	4,040.1	4,120.9
Non-current liabilities	**4,490.0**	**4,724.2**	**4,914.5**	**4,993.8**	**5,074.6**
Share capital	6,132.4	6,132.4	6,132.4	6,132.4	6,132.4
Retained earnings	4,024.6	4,342.2	4,465.2	4,804.4	5,143.6
Equity	**10,961.1**	**11,318.9**	**11,330.8**	**11,670.0**	**12,009.2**

Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
PBT	483.0	964.2	791.1	825.3	866.5
Operating cash flow	**1,078.4**	**1,159.5**	**695.8**	**730.0**	**771.3**
Capital expenditure	(195.7)	(257.8)	(396.5)	(250.0)	(250.0)
Investing cash flow	**(159.0)**	**(294.7)**	**(765.8)**	**(918.9)**	**(1,102.7)**
Debt raised/(repaid)	(220.5)	(36.8)	366.6	146.7	58.7
Dividends paid	(211.4)	(280.7)	(280.5)	(280.7)	(280.7)
Financing cash flow	**(1,001.4)**	**(835.5)**	**(314.0)**	**(534.2)**	**(622.2)**
Net cash flow	**(82.0)**	**29.3**	**(383.9)**	**(723.1)**	**(953.6)**
Beginning cash flow	**2,887.5**	**2,807.8**	**2,845.7**	**2,449.8**	**1,726.7**
Ending cash flow	**2,807.8**	**2,845.7**	**2,449.8**	**1,726.7**	**773.1**

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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