Corporate Update

IJM Corporation Berhad

(3336 | IJM MK) Main | Construction

SHARIAH Compliant | ESG 3 Stars | FTSE4Good

Sunway Issues Takeover Offer

Accept offer. We are revising our fair value for IJM Corp to RM3.29 from RM3.60 previously after switching our valuation method to sum-of-the-parts (SOTP), to better reflect IJM's diversified business structure. While the voluntary take over offer from Sunway is not great, we believe it is fair and therefore, recommend investors to accept the offer. Investors will still be able to ride on the construction and infrastructure upcycle through shares in Sunway and the synergy potential of the merged group.

Proposed takeover. IJM Corp has 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 will be satisfied via a combination of cash (10%) and the issuance of new Sunway shares at RM5.65. To illustrate the offer, a shareholder with 1,000 units of IJM will receive RM315 in cash and 501 units of Sunway shares, priced at RM5.65.

Conditions for the offer. The VTO is conditional upon Sunway receiving acceptances from more than 50% (50% + 1 share) of IJM's shareholders; approval from Bursa Securities for the listing and quotation of the consideration shares; approval from Sunway's shareholders and the green light from any other relevant authorities or parties, if required. IJM's top three shareholders are the Employees Provident Fund (EPF), Amanah Saham Nasional Bhd (ASNB) and Kumpulan Wang Persaraan Diperbadankan (KWAP), collectively holding 40.7%.

Listing status. Sunway does not intend to maintain IJM's listing status, therefore it will not be taking any measures to address any shortfall in IJM's public shareholding spread. If Sunway only manages to meet the minimum threshold of the acceptance condition, it will run IJM independently "for a while", while aiming for better synergy, improved efficiencies and productivity. Once IJM is fully under Sunway's control, the latter will seek the delisting of IJM and explore consolidation exercises for similar businesses. We expect IJM's construction arm, and potentially the manufacturing and quarrying business to be merged with **Sunway Construction (BUY, TP: RM6.53)** in this scenario.

Our view. The offer price of RM3.15 is a +14.5% premium from IJM's previous close and 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 great and a slight -4.3% discount to our revised fair value, we believe it is fair, based on the above comparisons.

Earnings estimates and fair value. While we are making no changes to our earnings estimates, we are revising our fair value to RM3.29 from RM3.60 previously after switching our valuation method to sum-of-the-parts (SOTP), to better reflect IJM's diversified business structure.

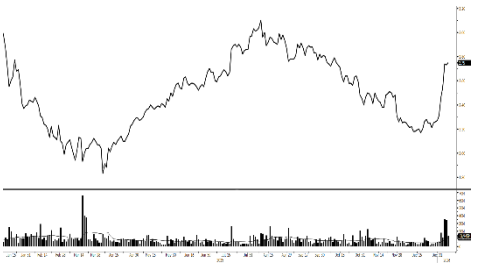
Accept Offer

Offer Price **RM3.15**

(Revised Fair Value: RM3.29)

RETURN STATISTICS	
Price @ 12th Jan 2026 (RM)	2.75
Expected share price return (%)	+14.5
Expected dividend yield (%)	+2.9
Expected total return (%)	+17.4

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	26.1	21.9
3months	21.1	-5.7
12 months	-8.9	-13.8

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	1,695.44
Issue shares (m)	3506.13
Estimated free float (%)	80.38
Market Capitalisation (RM'm)	9,639.21
52-wk price range	RM1.79 - RM3.13
3-mth average daily volume (m)	8.05
3-mth average daily value (RM'm)	20.06
Top Shareholders (%)	
Employees Provident Fund Board	18.11
Amanah Saham Nasional Bhd	12.93
Kumpulan Wang Persaraan Diperbadan	9.61

Analyst
MBSB Research
research@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**

MBSB RESEARCH (formerly known as MIDF RESEARCH) is part of MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad)
197501002077 (24878-X)

(Bank Pelaburan) (A Participating Organisation of Bursa Malaysia Securities Berhad)

DISCLOSURES AND DISCLAIMER

This report is prepared by MBSB Investment Bank Berhad (formerly known as MIDF Amanah Investment Bank Berhad) (Company Registration No.: 197501002077 (23878-X)) and is for distribution only to the intended readers and under such circumstances as may be permitted by applicable law. Readers should be fully aware that this report is provided solely for informational purposes and does not constitute a Shariah advice nor constitute an investment recommendation or basis for any credit or other evaluation in any manner whatsoever.

The opinions and analyses contained in this report are based on information obtained or derived from sources that MBSB Investment Bank Berhad believes to be reliable. Any forward-looking statements in this report speak only as of the date of such statements. However, MBSB Investment Bank Berhad makes no representation or warranty, expressed or implied, as to the accuracy, completeness, or reliability of such information, and it should not be relied upon as such. While the information presented in this report may include references to Shariah -compliant and non-compliant securities or other financial instruments, this report is not, and should not be construed as, an offer to buy or sell any securities or other financial instruments or to promote or endorse any specific investment. Investors are strongly advised to conduct their own due diligence and to consult licensed Shariah or financial advisors before making any investment decisions. Any action taken based on this report is at the sole discretion and risk of the investor.

The analyses in this report are based on numerous assumptions, and different assumptions could yield different results. All opinions and estimates in this report are subject to change without notice.

The research analysts will initiate, update, and cease coverage solely at the discretion of MBSB Investment Bank Berhad.

The directors, employees, and representatives of MBSB Investment Bank Berhad and MBSB Berhad may have interests in any of the securities mentioned and may benefit from the information contained herein. Members of MBSB Berhad and their affiliates may provide services to any company or its affiliates whose securities are mentioned in this report.

This report shall not be reproduced, distributed, or published in any form or for any purpose without the prior written consent of MBSB Investment Bank Berhad.

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