YTL Corporation Berhad

(4677 | YTL MK) Main | Utilities

Corporate Update

MTO for CEPCO

Maintain **BUY**

Revised Target Price **RM3.44**
(from RM3.26)

Maintain BUY. We maintain our **BUY** recommendation on YTL Corp on the with a revised SOTP-derived **TP of RM3.44** from RM3.26 previously after incorporating our new target prices for YTL Power International and Malayan Cement. 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.

Unconditional takeover of CEPCO. YTL Corp, through its unit YTL Cement Bhd, has issued an unconditional mandatory takeover offer (MTO) for Concrete Engineering Products Berhad (CEPCO) for all the remaining ordinary shares it does not own. The group is offering a cash consideration of RM2.60 per share. YTL Cement recently acquired a 53.49% stake in CEPCO for RM103.8m and is now extending the offer to the remaining 46.51% stake. The first closing date for the offer is on 13 May 2026. In the maximum scenario, this would involve an additional RM90.2m.

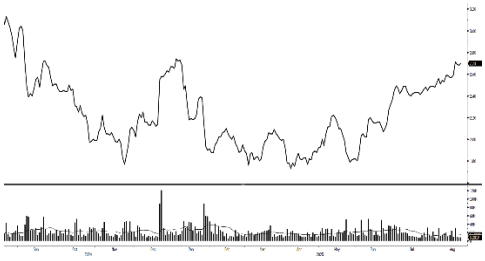
Rationale for acquisition. CEPCO is a manufacturer of spun concrete piles and poles in Malaysia. We view that the acquisition strengthens YTL Cement's vertical integration strategy by adding substructure precast capabilities and would synergise well with its existing cement, aggregates and precast superstructure operations. Demand for precast concrete is expected to be favourable in the long-term, supported by the need for higher productivity, faster project delivery and better construction efficiency across public infrastructure, residential, industrial and data centre developments. YTL Cement intends to maintain the listing status of CEPCO.

Our view. CEPCO's core earnings of RM19.5m in FY25 ending August is equivalent to a core EPS of 26.1 sen. YTL Cement's offer price of RM2.60 translates to a FY25 PER of 10x, which is fair in our view. Malayan Cement is currently trading at 16x, based on a one-year forward PER. We view the acquisition as strategically positive for YTL Corp as it strengthens YTL Cement's downstream building materials ecosystem.

Earnings estimates and TP. While we make no changes to our earnings estimates for now, we are revising our SOTP-derived TP upwards to RM3.44 from RM3.26 previously after incorporating our recent changes in TPs for YTL Power International and Malayan Cement.

RETURN STATISTICS	
Price @ 23rd Apr 2026 (RM)	2.02
Expected share price return (%)	+70.3
Expected dividend yield (%)	+2.5
Expected total return (%)	+72.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	21.0	20.0
3months	19.5	-11.5
12 months	11.6	-2.3

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	1,721.70
Issue shares (m)	11314.28
Estimated free float (%)	38.51
Market Capitalisation (RM'm)	23,465.24
52-wk price range	RM1.58 - RM2.82
3-mth average daily volume (m)	14.99
3-mth average daily value (RM'm)	27.78
Top Shareholders (%)	
Yeoh Tiong Lay & Sons Holdings	47.67
Employees Provident Fund	9.97
Credit Suisse Group AG	4.28

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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%	*MBSB TP*	25,348.3	1.91
YTL Hospitality REIT	56%	*Consensus TP*	1,183.3	0.09
Starhill Global REIT	37%	*Consensus TP*	1,748.8	0.13
Malayan Cement	76%	*MBSB TP*	9,986.6	.75
Non-Listed Units:				
ERL concession	45%	*NPV*	383	0.03
Construction	100%	*12x PER*	992	0.07
Landbank	93%	*20% discount to RNAV*	11,313	0.85
Gross Value			**50,955**	**3.84**
less: holding co net debt			*-5,328*	*-0.40*
Total SOP Value			**45,627**	**3.44**

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

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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