



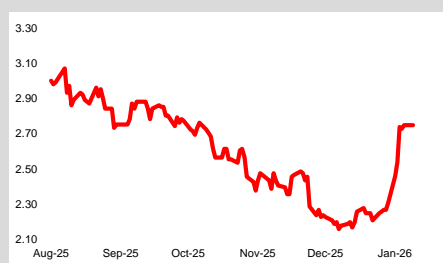
#### DESCRIPTION

IJM is one of the leading conglomerates in Malaysia, with core businesses such as construction, property, manufacturing, quarrying, infrastructure concessions and plantations.

12-month Target Price	RM3.50
Current Price	RM2.75
Expected Return	+27.3%
Previous Target Price	RM3.50

Market	MAIN
Sector	Construction
Bursa Code	3336
Bloomberg Ticker	IJM MK
Shariah-compliant	Yes

#### SHARE PRICE CHART



52 Week Range (RM)	1.79 – 3.13
3-Month Average Vol ('000)	7,946.5

#### SHARE PRICE PERFORMANCE

	1M	3M	6M
Absolute Returns	26.1	-0.5	3.9
Relative Returns	21.9	-4.7	-6.7

#### KEY STOCK DATA

Market Capitalisation (RMm)	8,692.8
No. of Shares (m)	3,505.2

#### MAJOR SHAREHOLDERS

	%
Employees Provident Fund Bhd	18.4
Amanah Saham Nasional	12.9
Kumpulan Wang Persaraan	9.6
Urusharta Jamaah	5.0

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## Voluntary Take-Over Offer by Sunway

IJM Corp has received a conditional voluntary take-over offer from Sunway to acquire all ordinary shares in IJM for RM3.15 per share. The consideration will be satisfied with 10% in cash and the remaining 90% in new Sunway shares to be issued at RM5.65 each. The offer price represents a 14.6% premium to IJM's last closing share price of RM2.75, valuing the group at RM11bn or PER of 21.5x based on our FY26F forecast. The proposal is conditional upon the offeror securing no less than 50% of IJM's total issued shares, which hinges on the stance of majority-holding institutional Bumiputera and government-linked investment companies. While the proposed merger is synergistic in the long term, the proposal is still dependent on institutional Bumiputera firms and government-linked investment companies collectively hold more than half of IJM's shares which might prefer higher cash portion or better price. That said, we view the offer positively and we believe that it will provide IJM investors with a path to benefit from the combined group's growth and business diversification. We maintain our **Outperform** call on IJM.

§ **The offer.** The offer price of RM3.15 per share will be satisfied with 10% in cash and the remaining 90% in new Sunway shares to be issued at RM5.65 each. For illustrative purposes, a holder of 1,000 IJM shares will receive a cash payment of RM315 and 501 new Sunway shares. The offer price translates to an implied EV/EBITDA multiple of 12x. Based on our FY26F forecast, the offer values IJM at 1.0x PBR and 21.5x PER. The proposed offer is subject to approval by shareholders at an EGM to be convened. It is also conditional upon Sunway securing valid acceptances that would result in its ownership of more than 50% of IJM's voting shares before the offer closes. Sunway does not intend to maintain the listing status of IJM if the shareholding rises to 75% and will invoke its rights to compulsory acquisition once its control crosses the 90% mark. Given that institutional Bumiputera firms and government-linked investment companies collectively hold more than half of IJM's shares, we believe achieving an unconditional offer (i.e. gaining >50% acceptance) will hinge on their stance.

§ **Rationale.** The proposed offer aims to create a leading Malaysian property and construction conglomerate with the scale to compete regionally. The combined entity would hold a massive landbank with potential GDV reaching RM118bn and an enlarged order book of RM13bn., the group would achieve significant financial heft. This enhanced profile is likely to attract greater investor interest and secure lower financing costs due to its larger market capitalisation and stronger credit profile.

#### KEY FORECAST TABLE

FYE Mar (RM m)	2024A	2025A	2026F	2027F	2028F	CAGR (%)
Revenue	5,918.8	6,252.0	7,003.4	7,904.2	8,680.2	10.0%
Operating Profit	1,272.8	1,093.7	1,132.6	1,262.3	1,304.7	0.6%
Pre-tax Profit	964.2	791.1	888.9	1,019.7	998.8	0.9%
Net Profit	600.3	403.4	512.6	560.4	583.1	-0.7%
Core Net Profit	501.3	505.7	512.6	560.4	583.1	3.9%
EPS	0.14	0.14	0.15	0.16	0.17	3.9%
P/E (x)	16.9	16.8	16.6	15.1	14.6	
DPS (Sen)	8.00	8.00	8.00	8.00	10.00	
Div Yield (%)	3.3	3.3	3.3	3.3	4.1	

Source: Company, PublicInvest Research estimates

## KEY FINANCIAL DATA

### INCOME STATEMENT DATA

FYE Mar (RM m)	2024A	2025A	2026F	2027F	2028F
Revenue	5,918.8	6,252.0	7,003.4	7,904.2	8,680.2
<b>Gross Profit</b>	<b>1,550.2</b>	<b>1,585.2</b>	<b>1,659.8</b>	<b>1,818.0</b>	<b>1,892.3</b>
Operating expenses	-277.5	-491.6	-527.2	-555.7	-587.5
Operating Profit	1272.8	1093.7	1,132.6	1,262.3	1,304.7
Finance Costs	-307.1	-283.2	-254.8	-253.8	-317.3
<b>Pre-tax Profit</b>	<b>964.2</b>	<b>791.1</b>	<b>888.9</b>	<b>1,019.7</b>	<b>998.8</b>
Income Tax	-299.0	-323.8	-311.1	-356.9	-309.6
Effective Tax Rate (%)	-31.0	-40.9	-35.0	-35.0	-31.0
Minorities	-18.2	-13.9	-15.0	-49.2	-50.8
Perpetual sukuk	-46.7	-50.0	-50.2	-53.2	-55.2
<b>Net Profit</b>	<b>600.3</b>	<b>403.4</b>	<b>512.6</b>	<b>560.4</b>	<b>583.1</b>
Exceptional gain/(loss)	-99.0	102.3	--	--	--
<b>Core Net Profit</b>	<b>501.3</b>	<b>505.7</b>	<b>512.6</b>	<b>560.4</b>	<b>583.1</b>
<b>Growth</b>					
Revenue (%)	4.7	5.6	12.0	12.9	9.8
Gross Profit (%)	21.5	17.5	16.2	16.0	15.0
Core Net Profit	10.1	6.5	7.3	7.1	6.7

Source: Company, PublicInvest Research estimates

### BALANCE SHEET DATA

FYE Mar (RM m)	2024A	2025A	2026F	2027F	2028F
Property, Plant & Equipment	1,097.5	1,232.2	1,277.5	1,367.5	1,457.5
Cash and Cash Equivalents	2,870.4	2,494.0	3,408.2	3,673.3	3,949.0
Inventories	6,848.1	7,155.0	7,365.7	7,582.3	7,805.7
Other Assets	10,499.3	10,670.2	11,764.0	12,628.1	12,983.8
<b>Total Assets</b>	<b>21,315.3</b>	<b>21,551.4</b>	<b>23,815.4</b>	<b>25,251.3</b>	<b>26,196.0</b>
Payables	3,133.3	3,326.0	4,814.7	5,433.9	5,967.4
Borrowings	5,524.4	5,772.1	5,716.7	6,193.5	6,306.2
Other Liabilities	1,338.8	1,122.4	1,442.9	1,503.0	1,569.0
<b>Total Liabilities</b>	<b>9,996.5</b>	<b>10,220.5</b>	<b>11,974.3</b>	<b>13,130.4</b>	<b>13,842.5</b>
Shareholders' Equity	11,318.9	11,330.8	11,841.0	12,120.9	12,353.5
<b>Total Equity and Liabilities</b>	<b>21,315.3</b>	<b>21,551.4</b>	<b>23,815.4</b>	<b>25,251.3</b>	<b>26,196.0</b>

Source: Company, PublicInvest Research estimates

### PER SHARE DATA & RATIOS

FYE Mar (RM m)	2024A	2025A	2026F	2027F	2028F
Book Value Per Share	2.91	2.93	3.06	3.14	3.21
NTA Per Share	2.88	2.90	3.03	3.11	3.18
EPS (RM)	0.14	0.14	0.15	0.16	0.17
DPS (Sen)	8.00	8.00	8.00	8.00	10.00
Payout Ratio (%)	46.7	69.5	54.7	50.1	60.1
ROA (%)	2.4	2.3	2.6	2.3	2.3
ROE (%)	4.4	4.5	5.3	4.6	4.7

Source: Company, PublicInvest Research estimates

## RATING CLASSIFICATION

### STOCKS

<b>OUTPERFORM</b>	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
<b>NEUTRAL</b>	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
<b>UNDERPERFORM</b>	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
<b>TRADING BUY</b>	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
<b>TRADING SELL</b>	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
<b>NOT RATED</b>	The stock is not within regular research coverage.

### SECTOR

<b>OVERWEIGHT</b>	The sector is expected to outperform a relevant benchmark over the next 12 months.
<b>NEUTRAL</b>	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
<b>UNDERWEIGHT</b>	The sector is expected to underperform a relevant benchmark over the next 12 months.

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