

HLIB Research

PP 9484/12/2012 (031413)

Edwin Woo, CFA
ckwoo@hlib.hongleong.com.my

(603) 2083 1718

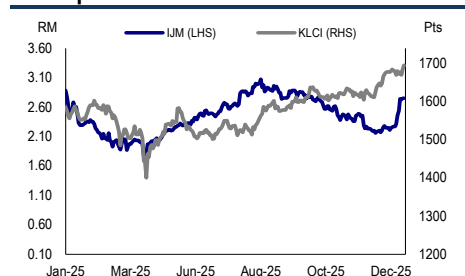
ACCEPT (Maintain)

Target Price: **RM3.15**
Previously: **RM3.15**
Current Price: **RM2.65**

Capital upside	18.9%
Dividend yield	0.0%
Expected total return	18.9%

Sector coverage: Construction

Company description: IJM is involved in construction, property development, plantations, industrial products, ports and toll concessions.

Share price


Historical return (%)	1M	3M	12M
Absolute	17.3	0.4	0.8
Relative	14.5	-6.3	-9.7

Stock information

Bloomberg ticker	IJM MK
Bursa code	3336
Issued shares (m)	3,505
Market capitalisation (RM m)	9,666
3-mth average volume ('000)	7516
SC Shariah compliant	Yes
F4GBM Index member	No
ESG rating	★★★

Major shareholders

EPF	18.8%
KWAP	9.6%

Earnings summary

FYE (Mar)	FY25	FY26f	FY27f
PATMI - core (RM m)	528.3	534.0	630.1
EPS - core (sen)	15.1	15.2	18.0
P/E (x)	17.6	17.4	14.7

IJM Corporation

A visit from MACC & LHDN

IJM confirmed that MACC and LHDN officers were present at its office to obtain information; the investigation's nature was not disclosed. Separately, Bernama reported that MACC has identified a member of IJM's senior management and a company advisor as persons of interest. IJM had in Mar-25 refuted a similar allegation. The development comes a week after Sunway's conditional VGO at RM3.15/share. Under SC rules, an offeror cannot withdraw without prior written SC approval, and the probe could heighten due diligence delaying completion previously targeted for 3QCY26. In a downside scenario, withdrawal or failure to secure EGM approval could bar Sunway from making a new offer for 12 months. No change to forecasts. Reiterate ACCEPT to the ongoing offer.

NEWSBREAK

In an announcement yesterday, IJM confirmed that the Malaysian Anti-Corruption Commission (MACC) and Lembaga Hasil Dalam Negeri Malaysia (LHDN) officers were present at the company's office to obtain information. IJM reassured stakeholders that the company is cooperating fully with the authorities and that business operations are continuing as usual. The nature of the ongoing investigation was not made known in IJM's announcement on Bursa. On a related note, Bernama reported that MACC has identified a member of IJM's senior management along with a company advisor as persons of interest in its probe into an alleged money laundering scheme. Note that similar allegations against the company were also made by another news portal back in Mar-25, where IJM subsequently convened an analyst briefing to refute all allegations.

HLIB'S VIEW

A week after the takeover offer. This latest development comes just a week after both Sunway and IJM announced a conditional voluntary general offer proposed by the former to the latter's shareholders at an offer price of RM3.15 per share. Note that under the Securities Commission's (SC) rules, an acquirer/offeree is unable to cancel or withdraw the offer without first obtaining prior written approval from the SC. Assuming a best case scenario for the deal, we foresee delay risks towards the target deal completion timeline, previously slated for 3QCY26. This is considering the possibility of heightened deal due diligence procedures with the ongoing probe. On the other hand, a worst case scenario to our knowledge would entail either withdrawal in writing to SC or failure in obtaining shareholders' approval (EGM), resulting in Sunway being prohibited from making another takeover offer for the next 12 months.

Recap of the offer. We view Sunway's ongoing bid for IJM positively as the offer price translates into fair FY26/27/28 P/E of 20.7x/17.5x/17.2x and an audited P/B of 1.1x versus IJM's 5-year mean trading multiples of 17.3x P/E and 0.67x P/B. Importantly, the deal structure delivers a 10% cash component upfront while preserving upside via Sunway shares, with IJM shareholders holding ~20.6% of the enlarged MergeCo, alongside potential synergy and value unlocking from Sunway's integrated township playbook on IJM's land bank and monetisation of non-core assets.

Forecast. No change to forecasts.

ACCEPT the offer. We advise shareholders to accept the offer given that it is within reasonable margin to our previous TP of RM3.40. Shareholders can also rollover their investments into the MergeCo, riding on further upside as synergies gradually materialise.

Financial Projections for IJM Corporation

Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	2,870	2,494	3,732	4,558	5,107
Receivables	2,437	3,222	2,857	2,906	2,983
Inventories	1,182	1,093	1,428	1,780	1,830
Land for property development	551	701	551	551	551
Associates	1,869	2,102	2,083	2,063	2,044
PPE	1,174	1,293	1,544	1,813	2,100
Plantation development expenditure	-	-	-	-	-
Others	11,232	10,864	11,074	11,121	11,180
Assets	21,315	21,769	23,270	24,792	25,795
Payables	3,580	3,987	4,345	5,002	5,134
Debt	5,524	5,835	6,335	6,835	7,335
Others	892	616	892	892	892
Liabilities	9,996	10,438	11,572	12,730	13,361
Shareholder's equity	11,064	11,127	11,444	11,808	12,179
Minority interest	255	203	255	255	255
Equity	11,319	11,331	11,698	12,063	12,434

Cash Flow Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Profit before taxation	868	916	895	1,055	1,075
D&A	301	269	276	287	300
Working capital	(485)	(153)	273	173	9
Associates & JV	1	19	19	19	19
Taxation	(299)	(324)	(293)	(344)	(350)
Others	774	(32)	45	(400)	(533)
CFO	1,160	696	1,216	791	520
Capex	(316)	51	(200)	(200)	(200)
Others	21	(816)	-	-	-
CFI	(295)	(766)	(200)	(200)	(200)
Changes in debt	169	311	500	500	500
Shares issued	-	-	-	-	-
Dividends	(282)	(280)	(278)	(266)	(271)
Others	(723)	(345)	-	-	-
CFF	(835)	(314)	222	234	229
Net cash flow	29	(384)	1,239	825	549
Forex	-	-	-	-	-
Others	16	8	-	-	-
Beginning cash	2,825	2,870	2,494	3,732	4,558
Ending cash	2,870	2,494	3,732	4,558	5,107

Income Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	5,919	6,252	7,115	8,287	8,507
EBITDA	1,477	1,488	1,477	1,671	1,713
EBIT	1,177	1,219	1,201	1,384	1,413
Finance cost	(307)	(283)	(286)	(310)	(319)
Associates & JV	(1)	(19)	(19)	(19)	(19)
Profit before tax	868	916	895	1,055	1,075
Tax	(299)	(324)	(293)	(344)	(350)
Net profit	569	592	603	711	725
Minority interest	(65)	(64)	(69)	(81)	(83)
PATMI (core)	504	528	534	630	642
Exceptionals	96	(125)	-	-	-
PATMI (reported)	600	403	534.0	630	642

Valuation & Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	14.4	15.1	15.2	18.0	18.3
P/E (x)	18.4	17.6	17.4	14.7	14.5
EV/EBITDA (x)	8.7	8.6	8.7	7.7	7.5
DPS (sen)	8.1	8.0	7.9	7.6	7.7
Dividend yield	3.0	3.0	3.0	2.9	2.9
BVPS (RM)	2.9	2.9	3.0	3.1	3.2
P/B (x)	0.91	0.9	0.9	0.8	0.82
EBITDA margin	19.9%	19.5%	16.9%	16.7%	16.6%
EBIT margin	25.0%	23.8%	20.8%	20.2%	20.1%
PBT margin	14.7%	14.7%	12.6%	12.7%	12.6%
Net margin	8.5%	8.5%	7.5%	7.6%	7.6%
ROE	5.0%	5.2%	5.1%	5.8%	5.8%
ROA	2.4%	2.5%	2.4%	2.6%	2.5%
Net gearing	26.0%	32.5%	24.6%	20.8%	19.7%

Disclaimer

The information contained in this report is based on data obtained from sources believed to be reliable. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the info or opinions in the report.

Accordingly, neither Hong Leong Investment Bank Berhad nor any of its related companies and associates nor person connected to it accept any liability whatsoever for any direct, indirect or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the info or opinions in this publication.

Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Hong Leong Investment Bank Berhad has no obligation to update its opinion or the information in this report.

Investors are advised to make their own independent evaluation of the info contained in this report and seek independent financial, legal or other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you.

Under no circumstances should this report be considered as an offer to sell or a solicitation of any offer to buy any securities referred to herein.

Hong Leong Investment Bank Berhad and its related companies, their associates, directors, connected parties and/or employees may, from time to time, own, have positions or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Hong Leong Investment Bank Berhad. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Hong Leong Investment Bank Berhad takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Hong Leong Investment Bank Berhad own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Hong Leong Investment Bank Berhad website shall be at your own risk.

1. As of 20 January 2026, Hong Leong Investment Bank Berhad has proprietary interest in the following securities covered in this report:

(a) -.

2. As of 20 January 2026, the analyst(s) whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) -.

Published & printed by:

Hong Leong Investment Bank Berhad (10209-W)

Level 28, Menara Hong Leong,

No. 6, Jalan Damanlela,

Bukit Damansara,

50490 Kuala Lumpur

Tel: (603) 2083 1800

Fax: (603) 2083 1766

Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

The stock rating guide as stipulated above serves as a guiding principle to stock ratings. However, apart from the abovementioned quantitative definitions, other qualitative measures and situational aspects will also be considered when arriving at the final stock rating. Stock rating may also be affected by the market capitalisation of the individual stock under review.