

IJM Corporation Berhad

(3336 | IJM MK) Main | Construction



Being Investigated by MACC and IRB

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.

Undergoing investigation. IJM Corp made a bourse filing yesterday that officers from the Malaysian Anti-Corruption Commission (MACC) and the Inland Revenue Board (LHDN) were at the group's office yesterday to obtain information, relating to an ongoing investigation that was confirmed by the MACC. The Malaysian National News Agency (Bernama) [reported](#) the probe was into allegations of a RM2.5b money laundering scheme.

Not the first. Recall that certain allegations against IJM surfaced in Mar-25, which management strongly refuted and also reported the misinformation to the Malaysian Communication and Multimedia Commission (MCMC). During the investors call last year, management stressed their commitment to stringent corporate governance and transparency. It is unclear if the previous allegations and the latest investigation were related.

May complicate proposed takeover? We believe the ongoing investigation by the MACC may further complicate the conditional voluntary take-over offer by Sunway, especially when allegations of share price manipulation were said to have taken place, according to news reports. There may be risks of delays pending findings.

Our view. The MACC probe introduces additional scrutiny and execution risk on the proposed takeover deal but we would like to highlight that the investigations remain ongoing at this juncture and no formal charges have been filed. As per the fundamental legal principle of innocent until proven guilty, it will be too premature to speculate on the matter. That said, we believe this latest development will weigh on the sentiments on IJM until the investigation is complete.

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 12th 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 will be satisfied via a combination of cash (10%) and the issuance of new Sunway shares at RM5.65. This 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.

Accept Offer

Offer Price RM3.15

(Unchanged Fair Value: RM3.29)

RETURN STATISTICS

Price @ 19 th Jan 2026 (RM)	2.65
Expected share price return (%)	+18.9
Expected dividend yield (%)	+3.0
Expected total return (%)	+21.9

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	17.3	14.1
3months	16.7	-4.0
12 months	2.3	-6.4

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	1,712.33
Issue shares (m)	3506.13
Estimated free float (%)	80.38
Market Capitalisation (RM'm)	9,288.69
52-wk price range	RM1.79 - RM3.13
3-mth average daily volume (m)	11.52
3-mth average daily value (RM'm)	29.88
Top Shareholders (%)	
Employees Provident Fund Board	18.80
Amanah Saham Nasional Bhd	12.93
Kumpulan Wang Persaraan Diperbadankan	9.63

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	Cash Flow (RM'm)	2023A	2024A	2025E	2026F	2027F
Revenue	4,572.5	5,918.8	6,252.0	5,001.6	5,251.7	PBT	483.0	964.2	791.1	825.3	866.5
Gross Profit	1,179.9	1,550.2	1,585.2	1,325.4	1,391.7	Operating cash flow	1,078.4	1,159.5	695.8	730.0	771.3
Net Operating Expenses	(439.1)	(277.5)	(491.6)	(240.1)	(262.6)	Capital expenditure	(195.7)	(257.8)	(396.5)	(250.0)	(250.0)
Operating Profit	740.9	1,272.8	1,093.7	1,085.3	1,129.1	Investing cash flow	(159.0)	(294.7)	(765.8)	(918.9)	(1,102.7)
Finance Cost	(255.3)	(307.1)	(283.2)	(200.1)	(240.1)	Debt raised/(repaid)	(220.5)	(36.8)	366.6	146.7	58.7
PBT	483.0	964.2	791.1	825.3	866.5	Dividends paid	(211.4)	(280.7)	(280.5)	(280.7)	(280.7)
Tax	(271.4)	(299.0)	(323.8)	(250.1)	(262.6)	Financing cash flow	(1,001.4)	(835.5)	(314.0)	(534.2)	(622.2)
PAT	158.3	600.3	403.4	395.1	435.9	Net cash flow	(82.0)	29.3	(383.9)	(723.1)	(953.6)
Net Profit	294.1	505.2	523.0	395.1	435.9	Beginning cash flow	2,887.5	2,807.8	2,845.7	2,449.8	1,726.7
Balance Sheet (RM'm)	2023A	2024A	2025E	2026F	2027F	Ending cash flow	2,807.8	2,845.7	2,449.8	1,726.7	773.1
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	2,590.7						
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	2,483.2						
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						

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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