

# Kerjaya Prospek Group

## First Job Win in FY26

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KERJAYA has secured its first contract win in FY26, a building contract worth RM201.3m from sister company KPPROP (Not Rated). This makes up 10% of our FY26 job replenishment assumption of RM2b. Its current outstanding order book which stands at RM4.4b will keep them busy for the next three years. We keep our earnings forecasts unchanged, TP of RM3.05 and OUTPERFORM rating which is also supported by decent dividend yield of >4%.

**First job in FY26.** Yesterday, KERJAYA announced that its wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd has been awarded a RM201.3m fixed lump sum contract by sister company **KPPROP** for building works for a proposed development in Damansara Damai, Sungai Buloh, Selangor. The project comprises of two blocks of 39-storey apartments (390 units each), five levels of podium car parking and one and a half levels of commercial space. The contract works will start in Apr 2026 with a construction period of 40 months.

**Outstanding order book of RM4.4b.** Our FY26 job replenishment assumption of RM2.0b (which is the same as management's target) is reaffirmed with this first job win for FY26. This brings its outstanding order book to RM4.4b which will keep them busy for the next three years. The project is expected to deliver a 10% PAT margin.

**Outlook.** Management has set a FY26 job replenishment target of RM2b, supported by a RM2b-RM3b tender book for building jobs. Together with JV partner Samsung, KERJAYA is also tendering for local factory and data centre projects. Additional opportunities include RM2b worth of infrastructure works at Andaman Island. In property development, its 55%-owned Rivanis (a seven-year redevelopment project in Butterworth) will sustain construction and property earnings over the medium term.

**Forecasts.** Forecasts maintained with job win assumptions of RM1.8b and RM2.0b for FY25 and FY26, respectively.

**Valuations.** We maintain our SoP-driven TP of RM3.05 (see Page 2) valuing its construction business at 18x FY26F earnings, at a discount to the 22x we ascribed to large contractors (i.e. **GAMUDA**, **IJM** and **SUNCON**), reflecting KERJAYA's mid-cap status. There is no adjustment to our TP based on ESG given a 3-star ESG rating as appraised by us (see Page 4).

**Investment case.** We continue to like KERJAYA for: (i) its innovative and hence high-margin formwork construction method (c.10% net margin), (ii) its lean and hands-on management team with a strong execution track record, and (iii) its strong earnings visibility underpinned by a sizeable outstanding order book and recurring orders from related companies (such as **E&O**, **KPPROP**) of at least RM1b a year. OUTPERFORM rating maintained. The stock also offers attractive dividend yields of >4%.

**Risks to our call include:** (i) further deterioration in the prospects for building jobs, (ii) rising input costs, and (iii) liquidated ascertained damages (LAD) from cost overrun and delays.

**OUTPERFORM** 

Price: **RM2.77**  
Target Price: **RM3.05** 

### Share Price Performance



KLCI

1,715.16

YTD KLCI chg

2.1%

YTD stock price chg

4.1%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KPG MK Equity
Market Cap (RM m)	3,482.8
Shares Outstanding	1,257.3
52-week range (H)	2.92
52-week range (L)	1.80
3-mth avg. daily vol.	2,045,958
Free Float	29%
Beta	0.6

### Major Shareholders

Egovision Sdn Bhd	49.9%
Amazing Parade Sdn Bhd	17.9%
Employees Provident Fund	5.0%

### Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	1835.5	2058.8	2404.6
EBIT	208.9	274.8	312.8
PBT	216.3	282.1	319.4
<b>Net Profit</b>	<b>160.1</b>	<b>207.7</b>	<b>235.2</b>
<b>Core Net Profit</b>	<b>160.0</b>	<b>207.7</b>	<b>235.2</b>
Consensus	-	218.3	242.6
Earnings Revision (%)	-	-	-
Core EPS (sen)	12.7	16.5	18.7
Core EPS Growth (%)	21.4	29.8	13.2
NDPS (sen)	15.0	12.0	12.0
BVPS (RM)	0.90	0.95	1.01
NTA/share (RM)	0.72	0.75	0.82
PER (x)	17.4	16.8	14.8
PBV (x)	2.45	2.92	2.73
P/NTA (x)	3.08	3.68	3.39
Net Gearing (x)	N Cash	N Cash	N Cash
Net Div. Yield (%)	6.8	4.3	4.3

### KERJAYA's SoP Valuation

Segment	Valuation		Basis
	(RM m)	(RM/share)	
Construction	3,652.1	2.90	18x FY26 PER
Property	183.2	0.15	30% discount to RNAV
<b>Valuation</b>	<b>3,835.2</b>	<b>3.05</b>	

Source: Kenanga Research

### Income Statement

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Revenue	1122	1458	1835	2059	2405
EBITDA	171	191	226	288	327
Depreciation	-26	-17	-17	-14	-14
Operating Profit	145	174	209	274	313
Interest Incomes	4	7	9	9	8
Interest Expense	-1	-2	-1	-1	-1
Associate	0	0	0	0	0
Exceptional	0	0	0	0	0
PBT	148	179	216	282	319
Taxation	-34	-47	-56	-73	-83
Minority Interest	0	0	0	-1	-1
Net Profit	115	132	160	208	235
Core Net Profit	114	132	160	208	235

### Balance Sheet

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Fixed Assets	90	92	92	93	94
Goodwill	228	228	228	239	244
Other FA	8	7	11	11	12
Inventories	202	216	250	267	313
Receivables	628	851	1125	1181	1364
Other CA	8	44	224	235	240
Cash	256	196	295	270	194
Total Assets	1420	1635	2225	2297	2460
Payables	220	366	430	412	480
ST Borrowings	11	29	22	23	21
Other ST Liability	17	34	630	661	674
LT Borrowings	0	0	0	0	0
Other LT Liability	50	52	7	8	8
Minority Interest	1	1	1	1	1
<b>Net Assets</b>	<b>1121</b>	<b>1153</b>	<b>1136</b>	<b>1192</b>	<b>1276</b>
Share Capital	683	683	683	683	683
Reserves	438	470	453	509	593
<b>Equity</b>	<b>1121</b>	<b>1153</b>	<b>1136</b>	<b>1192</b>	<b>1276</b>

### Cashflow Statement

FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F
Operating CF	104	29	375	149	97
Investing CF	-10	-21	-61	-20	-20
Financing CF	-49	-69	-214	-154	-153
Change In Cash	44	-61	100	-25	-76
Free CF	94	8	314	129	77

Source: Kenanga Research

### Financial Data & Ratios

FY Dec	2022A	2023A	2024A	2025F	2026F
<b>Growth (%)</b>					
Revenue	14.9	29.9	25.9	12.2	16.8
EBITDA	6.2	12.0	18.0	27.9	13.5
Operating Income	12.7	20.1	20.1	31.5	14.1
Pre-tax Income	12.7	20.6	20.8	30.4	13.2
Net Income	18.4	15.2	21.1	29.7	13.2
Core Net Income	13.6	15.2	21.4	29.8	13.2
<b>Profitability (%)</b>					
EBITDA Margin	15.2	13.1	12.3	14.0	13.6
Operating Margin	12.9	11.9	11.4	13.3	13.0
PBT Margin	13.2	12.3	11.8	13.7	13.3
Net Margin	10.2	9.1	8.7	10.1	9.8
Core Net Margin	10.2	9.0	8.7	10.1	9.8
Effective Tax Rate	22.7	26.0	26.0	26.0	26.0
ROE	8.2	8.6	8.3	9.2	9.9
ROA	10.7	11.6	14.0	17.8	19.1
<b>DuPont Analysis</b>					
Net margin (%)	10.2	9.0	8.7	10.1	9.8
Assets Turnover (x)	0.8	0.9	0.8	0.9	1.0
Leverage Factor (x)	1.3	1.4	2.0	1.9	1.9
ROE (%)	10.2	11.4	14.1	17.4	18.4
<b>Leverage</b>					
Debt/Asset (x)	0.01	0.02	0.01	0.01	0.01
Debt/Equity (x)	0.01	0.02	0.02	0.02	0.02
Net Debt/(Cash)	245	167	273	249	174
Net Debt/Equity (x)	-0.22	-0.14	-0.24	-0.21	-0.14
<b>Valuations</b>					
Core EPS (sen)	9.0	10.4	12.7	16.5	18.7
NDPS (sen)	6.0	8.0	15.0	12.0	12.0
BV/share (RM)	0.88	0.91	0.90	0.95	1.01
NTA/share (RM)	0.70	0.73	0.72	0.75	0.82
Core PER (x)	13.0	14.9	17.4	16.8	14.8
Net Div. Yield (%)	5.1	5.2	6.8	4.3	4.3
PBV (x)	1.32	1.70	2.45	2.92	2.73
P/NTA (x)	1.66	2.13	3.08	3.68	3.39
EV/EBITDA (x)	7.2	9.4	11.1	11.2	10.1

16 January 2026

### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net. Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.				
<b>Stocks Under Coverage</b>																	
GAMUDA	OP	4.66	6.13	31.5%	27,501.8	Y	07/2026	23.8	33.7	37.3%	41.6%	19.6	13.8	2.1	11.0%	10.0	2.1%
IJM	OP	2.82	3.40	20.6%	9,884.6	Y	03/2026	14.4	15.9	11.8%	10.1%	19.5	17.7	1.0	5.1%	8.0	2.8%
KERJAYA	OP	2.77	3.05	10.1%	3,482.8	Y	12/2025	16.7	18.9	29.8%	13.2%	16.6	14.6	2.9	17.8%	12.0	4.3%
KIMLUN	OP	1.35	1.50	11.1%	524.7	Y	12/2025	21.8	20.3	70.1%	-6.8%	6.2	6.6	0.6	10.3%	2.0	1.5%
SUNCON	OP	5.96	6.50	9.1%	7,875.7	Y	12/2025	27.0	28.1	115.4%	3.9%	22.0	21.2	12.1	46.2%	48.0	8.1%
WCT	OP	0.625	1.25	100.0%	974.3	Y	12/2025	5.0	5.6	67.4%	12.7%	12.5	11.1	0.3	2.1%	0.5	0.8%
<b>SECTOR AGGREGATE</b>					<b>50,244.0</b>					<b>45.1%</b>	<b>25.6%</b>	<b>19.2</b>	<b>15.3</b>	<b>1.7</b>	<b>8.8%</b>		<b>3.3%</b>

Source: Kenanga Research

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### Stock ESG Ratings:

	Criterion	Rating			
GENERAL	Earnings Sustainability & Quality	★	★	★	★
	Corporate Social Responsibility	★	★	★	
	Management/Workforce Diversity	★	★	★	
	Accessibility & Transparency	★	★	★	★
	Corruption-Free Pledge	★	★	★	
	Carbon-Neutral Initiatives	★	★	★	
SPECIFIC	Migrant Worker Welfare	★	★	★	☆
	Waste Disposal/Pollution Control	★	★	★	
	Work Site Safety	★	★	★	☆
	Environmentally Friendly Construction Technology	★	★	★	☆
	Supply Chain Auditing	★	★	★	
	Energy Efficiency	★	★	★	★
OVERALL		★	★	★	

- ☆ denotes half-star
- ★ -10% discount to TP
- ★★ -5% discount to TP
- ★★★ TP unchanged
- ★★★★ +5% premium to TP
- ★★★★★ +10% premium to TP

### Stock Ratings are defined as follows:

#### Stock Recommendations

- OUTPERFORM : A particular stock's Expected Total Return is MORE than 10%
- MARKET PERFORM : A particular stock's Expected Total Return is WITHIN the range of -5% to 10%
- UNDERPERFORM : A particular stock's Expected Total Return is LESS than -5%

#### Sector Recommendations\*\*\*

- OVERWEIGHT : A particular sector's Expected Total Return is MORE than 10%
- NEUTRAL : A particular sector's Expected Total Return is WITHIN the range of -5% to 10%
- UNDERWEIGHT : A particular sector's Expected Total Return is LESS than -5%

\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.

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