

Kerjaya Prospek Group Berhad (KPG MK) Inline

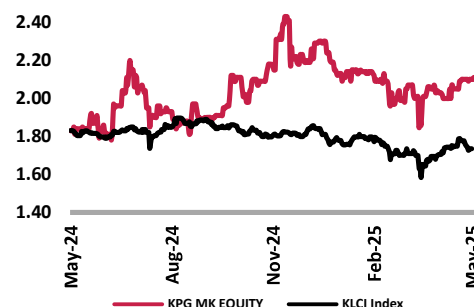
Dividend Hike Signal Confidence in Outlook

- Maintain BUY.** Kerjaya Prospek Group Berhad (Kerjaya)'s 1QFY25 results came broadly within our forecast (at 20.1%) and consensus expectation (at 23.2%). The group declared a higher first interim dividend of 3.0 sen per share (vs. 1QFY25: 2.5 sen), reflecting management's confidence in its earnings outlook and strong cash position. Kerjaya bagged RM870.3mn of new contracts YTD and is on track to hit its minimum target of RM1.6bn new contract wins for FY25 (at 54.3%). We project a strong 3-year (FY24-26) earnings CAGR of 10.1%. Coupled with an attractive dividend yield of 5.6%, we reiterate our BUY call on Kerjaya, with TP remaining unchanged at RM2.59.
- Attractive dividend yield.** A higher first interim dividend of 3.0 sen per share was declared (vs. 1QFY25: 2.5 sen), supported by a strong net cash position of RM316.7mn as of end-March FY25 (vs. RM272.5mn at end-FY24), in line with our expectation. This translates to an 82% payout ratio—above both the group's minimum policy of 25% of PAT and its five-year historical average payout of 69%. We expect a total dividend payout of 12.0 sen for FY25F which translates to a dividend yield of 5.6% on the stock's last closing price.
- Strong quarter.** Kerjaya's 1QFY25 core profit rose by +20.1%yoy to RM46.1mn, largely supported by the construction segment, which saw PAT for the year rise +57.2%yoy to RM51.3mn. The strong results were driven by higher progress billings from at least 36 ongoing jobs, which among the major ones are high-rise residential, namely VIIO (Penang), Astrum Ampang (KL), and The Lume (Penang). Meanwhile, the property development unit's 1QFY25 PAT grew to RM7.6mn from RM801k in 1QFY24 driven by encouraging progress in its two ongoing development projects, The Vue @ Monterez (GDV: RM300mn) and Papyrus @ North Kiara (GDV: RM500mn). Both projects have received high buying interest with take-up rates of approximately 91% and 65%, respectively, as of 1QFY25. Note that the take-up rate is comprised of booking and signed S&P.
- Earnings revision.** We made no changes to our earnings forecasts.
- Codeveloping Aspen Vision City.** The group is acquiring a 49% stake in Aspen Vision Land (AVL) for RM98mn, entering the co-development of Aspen Vision City - a mixed-use project in Batu Kawan, Penang. AVL owns 80% of master developer AVC, with Aspen Group retaining 51% of AVL. The deal is targeted for completion by August 2025. The RM98mn investment will be funded through internal resources and bank borrowings, with RM76mn allocated as capital injection for Aspen Vision City's mixed-development and RM3.5mn for AVL's working capital. The project, located on a 35-acre freehold site in Batu Kawan's Bandar Cassia with an estimated GDV of RM5bn, will include hotel, residential, retail, and office components over a 10-year development period. This strategic move positions Kerjaya to benefit both as project contractor and profit-sharing partner, with management planning to launch the first high-rise development in early 2026.

BUY 

Share Price RM2.10
Target Price RM2.59 +23.3%

Price Chart (RM)



Share Performance (%)	1m	3m	12m
Absolute	4.0	2.0	22.0
vs FBM KLCI	3.6	3.7	22.4

Stock Data	
ESG Rating	Good
Mkt Cap (RM)	2,643.1
Adjusted Beta	0.7
Free float (%)	26.7
Issued shares (mn)	1,258.6
52w H/L (RM)	2.406 / 1.719
3m avg daily volume	997,291

Major Shareholders (%)	
Egovision Sdn Bhd	49.9
Amazing Parade Sdn Bhd	17.9
Employees Provident Fund	5.5

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Results Review

Construction

Equity

- **Prospects.** Total group's outstanding order book stood at RM4.0bn as of March 2025 (equivalent to 2.2x FY24 revenue coverage), of which 78% (or RM3.1bn) are internal projects largely from sister companies i.e. E&O and Kerjaya Prospek Property. Besides internal projects, the group is actively collaborating with external parties e.g. Samsung C&T Corporation on new job tenders, including hyperscale data centres, and industrial projects. Its current tender book now stands at approximately RM2.0bn to RM3.0bn.
- **Valuation.** We maintain our BUY call on Kerjaya at an unchanged TP of RM2.59, based on SOP-based valuation. Despite its steady earnings and good dividend payout, the stock still trades at a forward P/E of around 11.5x, around 14% discount compared to its peers, which trade at around 13x. Besides, we expect a dividend payout of 12.0 sen For FY25F, given the company's strong net cash position, which translates to a dividend yield of 5.6% on the stock's last closing price. We continue to like Kerjaya due to its steady flow of contracts, attractive valuation, and good dividend yield

Table 1: Earnings forecasts

FYE 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Turnover	1,472.8	1,835.5	2,385.1	2,382.5	2,454.0
Pre-tax profit	178.0	216.3	310.1	312.1	333.7
PATAMI	131.2	174.4	229.5	231.0	247.0
Core EPS (sen)	10.5	13.8	18.2	18.3	19.6
Core EPS growth (%)	13.9	32.0	31.6	0.7	6.9
PER (x)	20.0	15.2	11.5	11.5	10.7
DPS (sen)	8.0	15.0	12.0	13.0	14.0
Div. Yield (%)	3.8	7.1	5.7	6.2	6.7
P/B (x)	1.2	1.2	1.0	1.0	1.0
Net gearing (x)	net cash	net cash	net cash	net cash	net cash
Key Ratios (%)					
ROE	11.5	13.5	17.7	17.9	18.1
Pretax margin	12.1	11.8	13.0	13.1	13.6
Core net margin	8.9	9.5	9.6	9.7	10.1

Source: Company, BIMB Securities

Table 2: Results Review

Kerjaya Prospek	Quarterly			Change		BIMB	3M/F25
FYE 31 Dec (RMmn)	1Q24	4Q24	1Q25	QoQ	YoY		
Revenue	337.1	598.1	472.0	-21.1%	40.0%	1,999.3	23.6%
EBIT	57.0	61.3	64.1	4.5%	12.3%	293.4	21.8%
Pretax Profit	45.8	61.1	63.8	4.4%	39.1%	301.3	21.2%
Taxation	(12.2)	(17.9)	(17.1)	-4.5%	39.6%	(72.3)	23.6%
Net Profit	33.6	43.2	46.7	8.1%	38.9%	229.5	20.3%
Core Net Profit	33.6	43.4	46.1	6.1%	37.3%	229.5	20.1%
EPS (sen)	2.7	3.4	3.7	0.1	0.4	18.2	20.1%
DPS declared (sen)	2.5	3.0	3.0	0.0	0.2	15.0	20.0%
Chg (ppts)							
EBIT margin	16.9%	10.3%	13.6%	3.3	-3.3	14.7%	
PBT margin	13.6%	10.2%	13.5%	3.3	-0.1	15.1%	
Core Net Profit margin	10.0%	7.3%	9.8%	2.5	-0.2	11.5%	
Effective tax rate	26.7%	29.3%	26.8%	-2.5	0.1	24.0%	

Source: Company, BIMB Securities

Table 3: Job wins YTD

	Description	Client	Date	RM Mil
1	Construction of 360 units of 3-storey terrace houses, featuring a clubhouse, landscaping works and other related infrastructure in Elmina West, Shah Alam	Eastern & Oriental Express	Jan-25	256.4
2	Piling and earthworks contract for the proposed service apartment at Bandar Tanjung Pinang, Pulau Andaman	Persada Mentari Sdn. Bhd.	Mar-25	51.0
3	Execution and completion of Gurney pedestrian ramp, access to Gurney and all associated works at Bandar Tanjung Pinang, Pulau Andaman,	Tanjung Pinang Development Sdn. Bhd.	Mar-25	11.36
4	Execution and completion of a building contract at Bandar Tanjung Pinang, Pulau Andaman (Maris—50-storey serviced apartment)	Persada Mentari Sdn. Bhd.	Apr-25	291.4
5	Execution and completion of a building contract at Bandar Tanjung Pinang, Pulau Andaman (Phase 3 and 4 of the Fera and Senna)	Persada Mentari Sdn. Bhd.	Apr-25	98.1
6	Construction of building a 47-storey, transit-oriented serviced residence featuring 732 units with nine levels of podium parking and ancillary facilities in JB	Majestic Gen Sdn. Bhd.	May-25	162.0

Source: Company

DEFINITION OF RATINGS

BIMB Securities uses the following rating system:

STOCK RECOMMENDATION

BUY	Total return (price appreciation plus dividend yield) is expected to exceed 10% in the next 12 months.
TRADING BUY	Share price may exceed 15% over the next 3 months, however longer-term outlook remains uncertain.
HOLD	Share price may fall within the range of +/- 10% over the next 12 months
TAKE PROFIT	Target price has been attained. Fundamentals remain intact. Look to accumulate at lower levels.
TRADING SELL	Share price may fall by more than 15% in the next 3 months.
SELL	Share price may fall by more than 10% over the next 12 months.
NOT RATED	Stock is not within regular research coverage.

SECTOR RECOMMENDATION

OVERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to outperform the relevant primary market index over the next 12 months
NEUTRAL	The Industry as defined by the analyst's coverage universe, is expected to perform in line with the relevant primary market index over the next 12 months
UNDERWEIGHT	The Industry as defined by the analyst's coverage universe, is expected to underperform the relevant primary market index over the next 12 months

Applicability of ratings

The respective analyst maintains a coverage universe of stocks, the list of which may be adjusted according to needs. Investment ratings are only applicable to the stocks which form part of the coverage universe. Reports on companies which are not part of the coverage do not carry investment ratings as we do not actively follow developments in these companies.

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Printed and published by



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