

Team Coverage

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Recommendation	BUY
Current Price:	RM2.10
Previous Target Price:	RM2.50
Target Price:	↔ RM2.50
Capital Upside/Downside:	19.0%
Dividend Yield (%):	5.7%
Total Upside/Downside	24.8%

Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	7161 / KPGMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,258.6
Market Cap (RM' m)	2,643.1
52-Week Price Range (RM)	2.406-1.719
Beta (x)	0.7
Free float (%)	29.4
3M Average Volume (m)	0.9
3M Average Value (RM' m)	1.9

Top 3 Shareholders

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

Share Price Performance



	1M	3M	12M
Absolute (%)	5.0	0.5	18.1
Relative (%)	4.5	3.9	24.5

Earnings summary

FYE Dec	FY24	FY25F	FY26F
Revenue (RM' m)	1835.5	2260.0	2400.0
PATAMI (RM' m)	160.2	198.0	209.5
CNP (RM' m)	160.2	198.0	209.5
EPS - core (sen)	12.7	15.7	16.6
P/E(x)	16.5	13.4	12.6

Kerjaya Prospek Group Bhd

Solid Start to FY25

- KERJAYA's 1QFY25 CNP came in at RM46.1m (+6.1% qoq, +37.3% yoy), in line with ours and market expectations.
- The Group declared a first interim dividend of 3.0 sen in 1QFY25, payable on 30 Jun 2025, which is in line of our FY25 DPS projection of 12.0 sen.
- The Group's project pipeline remains strong at RM4.0bn with ongoing projects from KPPROP and E&O, and further expansion through a 49% stake acquisition in AVL.
- Maintain BUY recommendation with an unchanged TP of RM2.50, based on an assigned 15.0x P/E multiple to its FY26F EPS of 16.6 sen, along with a three-star ESG rating.

Within expectations. KERJAYA's 1QFY25 CNP came in at RM46.1m, accounting for 23% of our full-year forecast and consensus estimates. The results came within expectations, primarily attributable to the Group's increased progress billings from ongoing construction jobs and property sales.

Dividend. The Group declared a first interim dividend of 3.0 sen in 1QFY25, payable on 30 Jun 2025, which is in line of our FY25 dividend per share (DPS) projection of 12.0 sen.

YoY. 1QFY25 CNP rose 37.3% yoy, driven by increased construction activities from RM1.58bn worth of contracts secured in CY24. As at end-March, the Group has secured RM870.3m worth of new contracts, accounting for 48% of our FY25 orderbook target of RM1.8bn and bumping the outstanding orderbook to RM4.0bn. This sizeable orderbook is expected to keep the Group busy for the next three years. On the property front, The Vue @ Monterey (GDV: c.RM300m) and Papyrus @ North Kiara (GDV: c.RM500m), with take-up rates of c.91% and c.65% respectively as of end-March have also supported earnings. We expect further contributions from the property segment in FY25.

QoQ. CNP rose 6.1% qoq, while revenue declined 21.1% qoq, reflecting normalised construction billings following a strong 4QFY24 that benefited from accelerated work recognition. Nevertheless, the Group's core net margin of c.9% continues to support earnings stability despite the revenue decline.

Outlook. KPPROP and E&O, the Group's sister companies, are expected to remain key sources of construction jobs. KPPROP is slated to launch two high-rise residential projects in the Klang Valley by CY25 — a RM290m GDV project in Shah Alam and a RM500m GDV project in Damansara Damai. It also holds a 61-acre land bank, with 40 acres still available for future developments. Meanwhile, E&O is rolling out RM2bn worth of projects at its Andaman Island development in Penang by CY25, with RM1.1bn remaining. Additionally, the Group plans to acquire a 49% stake in Aspen Vision Land Sdn Bhd (AVL) for RM98m to co-develop Aspen Vision City in Batu Kawan, Penang. The upcoming developments on the 35-acre land parcel, valued at RM5bn, will comprise hotels, residences, retail units, and office buildings, unlocking further construction and property development earnings.

Earnings Revision. Forecasts maintained, as results were within expectations.

Valuation & Recommendation. We maintain our **BUY** recommendation on KERJAYA, with an unchanged TP of **RM2.50**, based on an assigned 15.0x P/E multiple to its FY26F EPS of 16.6 sen, along with a three-star ESG rating.

Risks. Rising material costs, labour shortages, and high-rise office oversupply in the property sector.

Results Note

Thursday, 29 May, 2025

Results Comparison

FYE Dec (RM m)	1QFY25	1QFY24	yoy (%)	4QFY24	qoq (%)	3MFY25	3MFY24	yoy (%)	Comments
Revenue	472.0	337.1	40.0	598.1	(21.1)	472.0	337.1	40.0	Down qoq; typical 1Q deceleration in construction activity
EBITDA	71.3	48.4	47.3	62.6	14.0	71.3	48.4	47.3	
Pre-tax profit	63.8	45.8	39.1	61.1	4.4	63.8	45.8	39.1	
Net profit	46.1	33.6	37.3	43.4	6.1	46.1	33.6	37.3	
Core net profit	46.1	33.6	37.3	43.4	6.1	46.1	33.6	37.3	
Core EPS (sen)	3.7	2.7	37.3	3.4	6.1	3.7	2.7	37.3	
EBITDA margin (%)	15.1	14.4		10.5		15.1	14.4		
PBT margin (%)	13.5	13.6		10.2		13.5	13.6		
Core net profit margin (%)	9.8	10.0		7.3		9.8	10.0		

Source: Company, Apex Securities

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	1472.8	1835.5	2260.0	2400.0	2690.5
Gross Profit	197.7	246.2	303.1	321.9	360.9
EBITDA	189.2	225.4	280.5	297.9	334.0
Depreciation & Amortisation	-16.3	-16.8	-20.9	-21.5	-22.5
EBIT	173.0	208.6	259.6	276.4	311.5
Net Finance Income/ (Cost)	5.1	7.6	7.5	6.1	6.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	178.0	216.2	267.1	282.6	317.9
Tax	-46.3	-55.9	-69.0	-73.0	-82.2
Profit After Tax	131.7	160.3	198.0	209.5	235.7
Minority Interest	0.2	0.0	0.0	0.0	0.0
Net Profit	131.5	160.2	198.0	209.5	235.7
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	131.5	160.2	198.0	209.5	235.7

Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	10.4	12.7	15.7	16.6	18.7
P/E (x)	20.1	16.5	13.4	12.6	11.2
P/B (x)	2.3	2.3	2.2	2.1	2.0
EV/EBITDA (x)	13.6	11.1	8.9	8.2	7.4
DPS (sen)	8.0	15.0	12.0	12.0	12.0
Dividend Yield (%)	3.8%	7.1%	5.7%	5.7%	5.7%
EBITDA margin (%)	12.8%	12.3%	12.4%	12.4%	12.4%
EBIT margin (%)	11.7%	11.4%	11.5%	11.5%	11.6%
PBT margin (%)	12.1%	11.8%	11.8%	11.8%	11.8%
PAT margin (%)	8.9%	8.7%	8.8%	8.7%	8.8%
NP margin (%)	8.9%	8.7%	8.8%	8.7%	8.8%
CNP margin (%)	8.9%	8.7%	8.8%	8.7%	8.8%
ROE (%)	11.4%	14.1%	16.7%	16.9%	17.8%
ROA (%)	8.0%	7.2%	8.3%	8.2%	8.5%
Gearing (%)	2.7%	2.5%	2.1%	1.8%	1.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

Core EPS (RM)	0.166
P/E multiple (x)	15.0
Fair Value (RM)	2.50
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.50

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	104.1	173.3	182.4	218.9	188.8
Receivables	851.1	1125.3	1207.4	1282.2	1437.4
Inventories	216.0	249.6	239.4	263.5	289.9
Other current assets	135.9	345.5	425.4	451.7	506.4
Total Current Assets	1307.1	1893.6	2054.6	2216.3	2422.5
Fixed Assets	92.4	92.4	94.1	96.6	101.0
Intangibles	227.9	227.9	227.9	227.9	227.9
Other non-current assets	7.3	10.8	10.8	10.8	10.8
Total Non-Current Assets	327.6	331.2	332.8	335.3	339.8
Short-term debt	29.8	24.1	21.7	19.6	17.6
Payables	366.4	429.8	485.7	524.8	577.3
Other current liabilities	32.9	627.3	690.1	759.6	835.6
Total Current Liabilities	429.1	1081.3	1197.6	1303.9	1430.5
Long-term debt	0.8	3.8	3.4	3.1	2.8
Other non-current liabilities	51.2	3.4	3.4	3.4	3.4
Total Non-Current Liabilities	52.0	7.2	6.8	6.5	6.1
Shareholder's equity	1153.0	1135.6	1182.3	1240.4	1324.8
Minority interest	0.7	0.7	0.8	0.8	0.9
Total Equity	1153.7	1136.4	1183.1	1241.3	1325.6

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	178.0	216.2	267.1	282.6	317.9
Depreciation & amortisation	16.3	16.8	20.9	21.5	22.5
Changes in working capital	-158.0	88.1	-33.1	-16.6	-107.8
Others	-10.0	2.9	-69.0	-73.0	-82.2
Operating cash flow	26.3	323.9	185.9	214.4	150.4
Net capex	11.9	-13.5	-22.6	-24.0	-26.9
Others	74.9	-47.3	0.0	0.0	0.0
Investing cash flow	86.7	-60.8	-22.6	-24.0	-26.9
Dividends paid	-88.3	-201.8	-151.3	-151.3	-151.3
Others	18.9	-12.2	-2.8	-2.5	-2.3
Financing cash flow	-69.4	-214.0	-154.1	-153.8	-153.6
Net cash flow	43.7	49.1	9.1	36.5	-30.1
Forex	1.1	-1.0	0.0	0.0	0.0
Others	29.6	50.8	0.0	0.0	0.0
Beginning cash	29.7	74.4	173.3	182.4	218.9
Ending cash	104.1	173.3	182.4	218.9	188.8

ESG Matrix Framework:**Environment**

Parameters	Rating	Comments
Climate	★★★	Adopted LED lighting, implemented energy-saving practices in offices, and invested in renewable energy such as photovoltaic systems to reduce reliance on fossil fuels.
Waste & Effluent	★★★★	100% recycling rate for iron and steel waste in FY24.
Energy	★★★★	Total energy consumption stood at 25,351 MWh in FY24, an 8% decrease from 27,449 MWh in FY23.
Water	★★★★	Recorded a water intensity of 0.18 m3/RM1,000 Construction revenue in FY24, below set target of 0.20.
Compliance	★★★★	In compliance with local environmental regulations.

Social

Diversity	★★	Male-dominated workforce for manual labor, 54% male and 46% female composition for office-based employees.
Human Rights	★★★★	Enforce and adopts a workplace free from harassment, discrimination, enslavement, child, or forced labour. 0 human rights violations recorded in FY24.
Occupational Safety and Health	★★	All subsidiaries of construction segment certified with ISO 45001 Occupational Health and Safety Management System (OHSMS). 1 major accident, 1 non-fatal serious injury, and 0 fatalities recorded in FY24.
Labour Practices	★★★★	Complies with Employee's Minimum Standards of Housing, Accommodations and Amenities Act.

Governance

CSR Strategy	★★★★	Complies with principles and practices set out in the Malaysian Code on Corporate Governance (MCCG).
Management	★★★★	3/8 female board composition, 4/8 Independent Directors.
Stakeholders	★★★★	Major announcements and financial reports were announced in timely manner.

Overall ESG Scoring: ★★★★★

Recommendation Framework:**BUY:** Total returns* are expected to exceed 10% within the next 12 months.**HOLD:** Total returns* are expected to be within +10% to – 10% within the next 12 months.**SELL:** Total returns* are expected to be below -10% within the next 12 months.**TRADING BUY:** Total returns* are expected to exceed 10% within the next 3 months.**TRADING SELL:** Total returns* are expected to be below -10% within the next 3 months.

*Capital gain + dividend yield

Sector Recommendations:**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.**ESG Rating Framework:**

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of **Thursday, 29 May, 2025**, 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) nil.