

## Research Team

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Recommendation	BUY
Current Price:	RM 2.08
Previous Target Price:	RM 2.50
Target Price:	↔ RM 2.50
Capital Upside/ Downside:	20.2%
Dividend Yield (%)	5.8%
Total Upside/ Downside	26.0%

## Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	7161/ KPGMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,258.5
Market Cap (RM' m)	2,617.8
52-Week Price Range (RM)	2.406-1.719
Beta (x)	0.7
Freefloat (%)	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 (%)	-3.3	3.0	16.4
Relative (%)	-5.3	2.0	20.6

## 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

## Strategic Joint Venture Formation and Land Bank Growth

- **KERJAYA** has entered into a **60:40** joint venture agreement with **Aspen Vision Tanjung Sdn Bhd** to undertake a mixed-use development in **Tanjung Bungah, Penang**.
- **The Group** is also acquiring three freehold land parcels, measuring a total land area of approximately **7.4-ac**, in **Kuchai Lama** for a cumulative consideration of **RM112.8m**.
- **Maintain BUY** recommendation with an unchanged **TP** of **RM2.50**, based assigned **15.0x P/E** multiple to its **FY26F** EPS of **16.6 sen**, along with a three-star ESG rating.

**Joint Venture to Undertake Mixed-Use Development.** KERJAYA, through its wholly-owned subsidiary, Kerjaya Prospek Ventures Sdn. Bhd. (KPV), has entered into a joint venture agreement alongside a subscription and shareholders agreement with Aspen Vision Tanjung Sdn. Bhd. (AVT), a subsidiary of Singapore-listed Aspen (Group) Holdings Limited, to jointly develop two freehold land parcels measuring 4.5-ac in Tanjung Bungah, Penang.

This development will be completed via a special purpose vehicle, namely Tanjung Bungah Development Sdn. Bhd. (TBD), in which KPV holds a 60% stake and AVT holds the remaining 40%. The land, acquired from Hong Hong Distribution Sdn. Bhd. (HHD), shall be purchased for a total consideration of RM117m – comprising RM105m in cash and RM12m in in-kind property units. Purchase will be funded through bank borrowings and internal resources. The transactions are expected to be completed by Dec 2025. The gross development value of the project has yet to be determined.

**Increasing Land Bank Reserves.** KERJAYA has entered into 3 separate sale and purchase agreements to acquire three parcels of strategically located freehold land at Jalan Puchong, Kuala Lumpur via its wholly-owned subsidiary, Senandung Raya Sdn. Bhd. The three parcels of land, measuring a total of approximately 7.4-ac, will be purchased for a sum of RM112.8m, funded through a mix of internally generated funds and/or bank borrowings. The transactions are expected to be completed by Sep 2025 and will increase the Group's land bank to 68-ac. The exact use of the land has not been determined.

**Outlook.** We view this development **positively** as it expands the Group's project pipeline to capture future market opportunities.

**Earnings Revision.** No change to our earnings forecast pending further disclosures from management.

**Valuation & Recommendation.** We maintain our **BUY** recommendation on KERJAYA, with an unchanged **TP** of **RM2.50**, based 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.

# Company Update

Wednesday, 02 Jul, 2025

## Financial Highlights

### Income Statement

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

### Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	10.4	12.7	15.7	16.6	18.7
P/E (x)	19.9	16.4	13.2	12.5	11.1
P/B (x)	2.3	2.3	2.2	2.1	2.0
EV/EBITDA (x)	13.5	11.0	8.8	8.1	7.4
DPS (sen)	8.0	15.0	12.0	12.0	12.0
Dividend Yield (%)	3.8%	7.2%	5.8%	5.8%	5.8%
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

	FY26F
Core EPS (RM)	0.166
P/E multiple (x)	15.0
<b>Fair Value (RM)</b>	<b>2.50</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>2.50</b>

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
<b>Total Current Assets</b>	<b>1307.1</b>	<b>1893.6</b>	<b>2054.6</b>	<b>2216.3</b>	<b>2422.5</b>
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
<b>Total Non-Current Assets</b>	<b>327.6</b>	<b>331.2</b>	<b>332.8</b>	<b>335.3</b>	<b>339.8</b>
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
<b>Total Current Liabilities</b>	<b>429.1</b>	<b>1081.3</b>	<b>1197.6</b>	<b>1303.9</b>	<b>1430.5</b>
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
<b>Total Non-Current Liabilities</b>	<b>52.0</b>	<b>7.2</b>	<b>6.8</b>	<b>6.5</b>	<b>6.1</b>
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
<b>Total Equity</b>	<b>1153.7</b>	<b>1136.4</b>	<b>1183.1</b>	<b>1241.3</b>	<b>1325.6</b>

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>178.0</b>	<b>216.2</b>	<b>267.1</b>	<b>282.6</b>	<b>317.9</b>
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
<b>Operating cash flow</b>	<b>26.3</b>	<b>323.9</b>	<b>185.9</b>	<b>214.4</b>	<b>150.4</b>
Net capex	11.9	-13.5	-22.6	-24.0	-26.9
Others	74.9	-47.3	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>86.7</b>	<b>-60.8</b>	<b>-22.6</b>	<b>-24.0</b>	<b>-26.9</b>
Dividends paid	-88.3	-201.8	-151.3	-151.3	-151.3
Others	18.9	-12.2	-2.8	-2.5	-2.3
<b>Financing cash flow</b>	<b>-69.4</b>	<b>-214.0</b>	<b>-154.1</b>	<b>-153.8</b>	<b>-153.6</b>
<b>Net cash flow</b>	<b>43.7</b>	<b>49.1</b>	<b>9.1</b>	<b>36.5</b>	<b>-30.1</b>
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
<b>Ending cash</b>	<b>104.1</b>	<b>173.3</b>	<b>182.4</b>	<b>218.9</b>	<b>188.8</b>

## 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 **Wednesday, 02 Jul, 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.