

## Team Coverage

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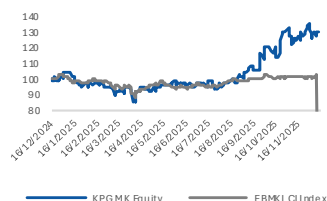
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Recommendation	HOLD
Current Price:	RM 2.72
Previous Target Price:	RM 2.34
Target Price:	↑ RM 2.67
Capital Upside/Downside:	-1.8%
Dividend Yield (%):	4.4%
Total Upside/Downside	2.6%

Stock information	
Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	7161 / KPGMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,257.3
Market Cap (RM' m)	3,420.0
52-Week Price Range (RM)	1.8-2.92
Beta (x)	0.7
Free float (%)	29.3
3M Average Volume (m)	2.5
3M Average Value (RM' m)	6.6

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 (%)	3.4	18.8	23.1
Relative (%)	2.7	16.0	20.9

## Earnings summary

FYE Dec	FY24	FY25F	FY26F
Revenue (RM'm)	1835.5	2260.0	2400.0
PATAMI (RM'm)	160.2	211.4	223.7
CNP (RM'm)	160.2	211.4	223.7
EPS - core (sen)	12.7	16.8	17.8
P/E(x)	16.3	12.4	11.7

## Kerjaya Prospek Group Bhd

## Second Award from Majestic Gen

- KERJAYA has secured a construction contract worth RM225.0m for the construction of a 50-storey serviced apartment tower with commercial components in Johor Bahru, Johor.
- Assuming a PBT margin of 11%, the contract is expected to contribute c.RM24.8m (or 8.8% of FY26F PBT) over FY26F-FY28F.
- We have raised our FY25 order book replenishment assumption from RM1.2bn to RM1.8bn following the latest contract win. In addition, we have upgraded our margin assumptions after stronger-than-expected 3QFY25 results. Collectively, these revisions lift our FY25F-FY27F earnings forecasts by 9.8%/14.2%/16.0%.
- Maintain HOLD recommendation with an increased TP of RM2.67 (from RM2.34), based on 15.0x P/E multiple applied to its FY26F EPS of 17.8 sen, along with a three-star ESG rating.

**Secures Construction Contract Worth RM225.0m.** On 12 Dec 2025, KERJAYA's wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, secured a RM225.0m building works contract from Majestic Gen Sdn Bhd for the development of a serviced apartment tower in Johor Bahru, Johor. The project, which involves the construction of a 50-storey serviced apartment block with integrated commercial space and two levels of recreational facilities, is scheduled to commence on 16 Jan 2026 and will span a construction period of 38 months. This marks the Group's second project awarded by Majestic Gen Sdn Bhd, following an earlier RM162.0m contract secured in May for a 47-storey transit-oriented serviced apartment development.

**Our View.** We view the latest contract win **positively**, as it marks the Group's 12<sup>th</sup> secured project for FY25, increasing its total order book replenishment for the year to RM1.8bn, allowing the Group to underpin earnings through FY28. Assuming an 11% PBT margin, the RM225.0m job is expected to contribute c.RM24.8m in PBT over the 38-month construction period starting Jan 2026 (8.8% of our FY26F PBT). Execution risks appear manageable given KERJAYA's strong and consistent track record in high-rise construction. With this award, KERJAYA's unbilled order book rises to c.RM4.3bn, equivalent to 2.3x FY24 revenue, ensuring solid earnings visibility over the next three years.

**Outlook.** With proactive measures in place to mitigate external headwinds such as labour shortages and rising material costs, we anticipate the Group to deliver resilient performance, underpinned by its sizable construction order book of RM4.3bn. We are optimistic on the Group's ability to secure contracts moving forwards with its recent series of awards. Assuming a combined GDV of RM3.0bn from yearly launches by its related parties, Eastern & Oriental Bhd and Kerjaya Prospek Property Bhd, and applying a 50% construction-cost-to-GDV ratio, the Group stands to secure approximately RM1.5bn in annual order book replenishment from related-party projects.

**Earnings Revision.** We have raised our FY25 order book replenishment assumption from RM1.2bn to RM1.8bn following the latest contract win. In addition, we have upgraded our margin assumptions after stronger-than-expected 3QFY25 results. Collectively, these revisions lift our FY25F-FY27F earnings forecasts by 9.8%/14.2%/16.0%.

**Valuation & Recommendation.** We maintain our **HOLD** recommendation on KERJAYA with an increased TP of **RM2.67** (from RM2.34), based on 15.0x FY26F EPS of 17.8 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

Monday, 15 Dec, 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>321.2</b>	<b>341.1</b>	<b>382.4</b>
<b>EBITDA</b>	<b>189.2</b>	<b>225.4</b>	<b>298.6</b>	<b>317.1</b>	<b>355.5</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>277.7</b>	<b>295.6</b>	<b>333.0</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>285.2</b>	<b>301.8</b>	<b>339.4</b>
Tax	-46.3	-55.9	-73.7	-78.0	-87.7
<b>Profit After Tax</b>	<b>131.7</b>	<b>160.3</b>	<b>211.5</b>	<b>223.8</b>	<b>251.7</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>211.4</b>	<b>223.7</b>	<b>251.6</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>211.4</b>	<b>223.7</b>	<b>251.6</b>

### Key Ratios

FYE Dec	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	10.4	12.7	16.8	17.8	20.0
P/E (x)	19.9	16.3	12.4	11.7	10.4
P/B (x)	2.3	2.3	2.2	2.1	1.9
EV/EBITDA (x)	13.5	11.0	8.2	7.6	6.8
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%	13.2%	13.2%	13.2%
EBIT margin (%)	11.7%	11.4%	12.3%	12.3%	12.4%
PBT margin (%)	12.1%	11.8%	12.6%	12.6%	12.6%
PAT margin (%)	8.9%	8.7%	9.4%	9.3%	9.4%
NP margin (%)	8.9%	8.7%	9.4%	9.3%	9.4%
CNP margin (%)	8.9%	8.7%	9.4%	9.3%	9.4%
ROE (%)	11.4%	14.1%	17.7%	17.6%	18.4%
ROA (%)	8.0%	7.2%	8.8%	8.7%	9.0%
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)	0.178
P/E multiple (x)	15.0
<b>Fair Value (RM)</b>	<b>2.67</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>2.67</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	104.1	173.3	196.0	247.0	233.2
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>2068.3</b>	<b>2244.5</b>	<b>2466.8</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	1195.9	1268.6	1369.1
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>1196.7</b>	<b>1269.4</b>	<b>1370.0</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>285.2</b>	<b>301.8</b>	<b>339.4</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	-73.7	-78.0	-87.7
<b>Operating cash flow</b>	<b>26.3</b>	<b>323.9</b>	<b>199.3</b>	<b>228.6</b>	<b>166.4</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	-2018	-151.1	-151.1	-151.1
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>-153.9</b>	<b>-153.6</b>	<b>-153.4</b>
<b>Net cash flow</b>	<b>43.7</b>	<b>49.1</b>	<b>22.8</b>	<b>51.0</b>	<b>-13.9</b>
Forex	1.1	-1.0	0.0	0.0	0.0
Others	29.6	21.1	0.0	0.0	0.0
Beginning cash	29.7	104.1	173.3	196.0	247.0
<b>Ending cash</b>	<b>104.1</b>	<b>173.3</b>	<b>196.0</b>	<b>247.0</b>	<b>233.2</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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(a) nil.