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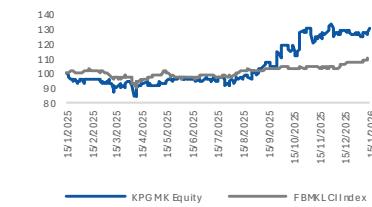
Recommendation	HOLD
Current Price:	RM2.77
Previous Target Price:	RM 2.67
Target Price:	RM 2.67
Capital Upside/ Downside:	-3.6%
Dividend Yield (%):	4.3%
Total Upside/ Downside	0.7%

Stock information

	MAIN
Sector	Construction
Bursa/ Bloomberg Code	7161/ KPGMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares Issued (m)	1,257.3
Market Cap (RM' m)	3,482.8
52-Week Price Range (RM)	1.8-2.92
Beta (x)	0.6
Free float (%)	29.3
3M Average Volume (m)	2.0
3M Average Value (RM' m)	5.5

Top 3 Shareholders	(%)
Egovation Sdn Bhd	49.9
Amazing Parade Sdn Bhd	17.9
Employees Provident Fund Board	5.0

Share Price Performance



	1M	3M	12M
Absolute (%)	1.1	8.2	23.7
Relative (%)	-3.1	1.7	12.6

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

First contract win of the year

- KERJAYA has secured a construction contract worth RM201.3m for the construction of two 39-storey apartments with commercial components in Sungai Buloh, Selangor.**
- Assuming a PBT margin of 13%, the contract is expected to contribute c.RM26.2m (or 8.7% of FY26F PBT) over FY26F-FY29F.**
- Maintain HOLD recommendation with an unchanged TP of RM2.67, 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 RM201.3m. Overnight, KERJAYA clinched a RM201.3m building works contract from its sister company Kerjaya Prospek Property Berhad (KPPB). The project involves the construction of two 39-storey residential blocks in Sungai Buloh, featuring integrated recreational facilities, a five-level parking podium and commercial space. Work is slated to begin on 1 Apr 2026, with a 40-month construction timeline. This represents the Group's second contract for the project, following the initial RM18.5m award in Oct 2024 for site clearance and on-site detention pond works.

Our View. We view this contract favourably as it represents KERJAYA'S first win for FY26, which bolsters the group's earnings visibility through FY29. Based on an estimated 13% PBT margin, the RM201.3m project is projected to yield RM26.2m in PBT over its 40-month duration (representing 8.7% of our FY26F PBT). We believe execution risks remain minimal, backed by KERJAYA's robust track record in high-rise developments.

Outlook. We expect KERJAYA to deliver a resilient performance despite macro headwinds, supported by a substantial RM4.4bn outstanding order book, representing a book-to-bill ratio of 2.4x. Our channel checks indicate that cost pressures remain manageable, with the earlier impact from the crackdown on overloaded commercial vehicles easing as contractors optimize cargo planning and turnaround times. We remain optimistic about the Group's order replenishment pipeline, particularly from its related-parties, KPPB and E&O. Assuming an annual combined GDV of RM3.0bn from E&O and KPPB launches and a 50% construction-to-GDV conversion, KERJAYA is well-positioned to secure c.RM1.5bn in related-party contracts, providing a strong floor for orderbook growth.

Earnings Revision. No change to earnings revision as this award falls within our orderbook replenishment assumption for FY26 of RM1.8bn.

Valuation & Recommendation. We maintain our **HOLD** recommendation on KERJAYA with an unchanged TP of **RM2.67**, based on 15.0x FY26F EPS of 17.8 sen, along with a three-star ESG rating.

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

Company Update

Friday, 16 Jan, 2024

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	321.2	341.1	382.4
EBITDA	189.2	225.4	298.6	317.1	355.5
Depreciation & Amortisation	-16.3	-16.8	-20.9	-21.5	-22.5
EBIT	173.0	208.6	277.7	295.6	333.0
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	285.2	301.8	339.4
Tax	-46.3	-55.9	-73.7	-78.0	-87.7
Profit After Tax	131.7	160.3	211.5	223.8	251.7
Minority Interest	0.2	0.0	0.0	0.0	0.0
Net Profit	131.5	160.2	211.4	223.7	251.6
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	131.5	160.2	211.4	223.7	251.6

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				

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Expected order book replenishment			1800.0	1800.0	1800.0

Valuations	FY26F
Core EPS (RM)	0.178
P/E multiple (x)	15.0
Fair Value (RM)	2.67
ESG premium/discount	0.0%
Implied Fair Value (RM)	2.67

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
Total Current Assets	1307.1	1893.6	2068.3	2244.5	2466.8
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	1195.9	1268.6	1369.1
Minority interest	0.7	0.7	0.8	0.8	0.9
Total Equity	1153.7	1136.4	1196.7	1269.4	1370.0

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	178.0	216.2	285.2	301.8	339.4
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
Operating cash flow	26.3	323.9	199.3	228.6	166.4
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	-151.1	-151.1	-151.1
Others	18.9	-12.2	-2.8	-2.5	-2.3
Financing cash flow	-69.4	-214.0	-153.9	-153.6	-153.4
Net cash flow	43.7	49.1	22.8	51.0	-13.9
Forex	1.1	-10	0.0	0.0	0.0
Others	29.6	211	0.0	0.0	0.0
Beginning cash	29.7	104.1	173.3	196.0	247.0
Ending cash	104.1	173.3	196.0	247.0	233.2

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.