Kerjaya Prospek Group Bhd

Hits the Ground Running

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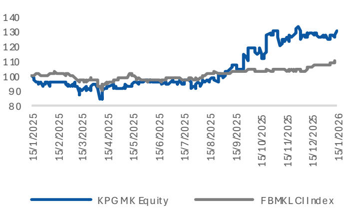
Recommendation		HOLD
Current Price:		RM 2.56
Previous Target Price:		RM 2.67
Target Price:	↔	RM 2.67
Capital Upside/Downside:		4.3%
Dividend Yield (%):		4.7%
Total Upside/Downsid		**9.0%**

Stock information	
Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	7161/ KPGMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,257.3
Market Cap (RM' m)	3,218.8
52-Week Price Range (RM)	1.8-2.92
Beta (x)	0.7
Free float (%)	29.3
3M Average Volume (m)	1.3
3M Average Value (RM' m)	3.5

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 (%)	-3.8	-5.2	19.6
Relative (%)	-5.8	-12.8	8.3

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 has secured a construction contract worth RM502.3m for the execution and completion of reclamation and dredging works for Phase 2 of STP2.**
- **Assuming a PBT margin of 13%, the contract is expected to contribute c.RM65.3m (or 21.6% 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 Land Reclamation and Dredging Works Contract Worth RM502.3m. KERJAYA has secured a RM502.3m contract from its sister company, Eastern & Oriental Berhad (E&O). The scope includes reclamation and dredging works for Phases 2B and 2C of the Seri Tanjung Pinang (STP2) development, covering approximately 507 acres. The project is scheduled to begin on 11 March 2026 with a 36-month completion timeline. This award is significant as it consolidates the entire STP2 reclamation project under KERJAYA, following the Phase 1 contract win in May 2024.

Our View. We view this latest award **favourably** as it marks KERJAYA'S second win for FY26, significantly strengthening earnings visibility through FY29. At an estimated 13% PBT margin, the project is slated to contribute RM65.3m in PBT over its 36-month tenure, representing a substantial 21.6% of our FY26 forecast. Given the Group's successful execution of Phase 1 of STP2, we see limited execution risk. This win brings YTD awards to RM703.5m and boosts the total outstanding orderbook to a robust RM4.4bn.

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. We remain optimistic about the Group's orderbook 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.

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	Net Cash	Net Cash	Net Cash	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	-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
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

As of **Tuesday, 24 Feb, 2026**, 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.