Kerjaya Prospek Group Bhd

First Venture into Hospital Construction

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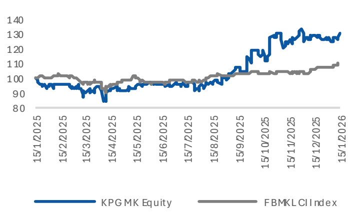
Recommendation:	↑	BUY
Current Price:		RM 2.15
Previous Target Price:		RM 2.71
Target Price:	↑	RM 3.10
Capital Upside/Downside:		44.2%
Dividend Yield (%):		5.6%
Total Upside/Downsid		49.8%

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)	2,703.3
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)	3.3

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 (%)	-13.3	-18.3	7.0
Relative (%)	-12.2	-19.4	-5.1

Earnings summary

FYE Dec	FY25	FY26F	FY27F
Revenue (RM'm)	2,249.3	2,400.0	2,690.5
PATAMI (RM'm)	225.3	227.3	259.6
CNP (RM'm)	225.3	227.3	259.6
EPS - core (sen)	17.9	18.1	20.6
P/E (x)	12.0	11.9	10.4

- **KERJAYA clinched a RM98.8m building works contract for the construction of a hospital complex in Seremban 2.**
- **We expect KERJAYA to remain resilient moving forward, underpinned by its sizeable RM4.3bn outstanding order book and RM2.0bn tender pipeline.**
- **Upgrade to BUY (from HOLD) with an increased TP of RM3.10 (from RM2.71), based on 15.0x PE applied to rolled forward FY27F EPS of 20.6 sen, alongside a three-star ESG rating.**

Secured Private Hospital Construction Project Worth RM98.8m. KERJAYA has been awarded a RM98.8m building works contract for a private hospital in Seremban 2 by a new client, Sena Letrik (M) Sdn Bhd. The project comprises the construction of an 8-storey hospital complex, including the main building, mechanical and electrical (M&E) installations, as well as external works. Construction is set to commence immediately, with completion targeted within 18 months.

On the Client. Founded in 1984, Sena Letrik (M) Sdn Bhd is an established M&E contractor registered with the Construction Industry and Development Board (CIDB), Suruhanjaya Tenaga (ST) and Kementerian Kewangan Malaysia (KKM). Backed by more than 35 years of experience, the group has delivered a diverse range of projects, including airfield ground lighting (AGL) systems, traffic light systems and healthcare infrastructure. Under the leadership of Group Managing Director Tan Sri Dato' (Dr) Tan Boon Hock, Sena Letrik has built a strong track record in AGL projects across Malaysia, with notable works at airports such as Penang, Subang and Johor.

Our View. We view this latest award **positively,** as it marks KERJAYA's third award for FY26 and further enhances earnings visibility moving forward. Based on an estimated 12% PBT margin, the project is expected to contribute c.RM11.9m in PBT over its 18-month duration, equivalent to 3.2% of our FY26 forecast. As this represents the Group's initial foray into the healthcare segment, we have adopted a conservative margin assumption relative to its core residential projects, which typically deliver an estimated 13% PBT margin. Nonetheless, we see limited execution risk given the Group's proven track record across a broad range of developments, including industrial, infrastructure and land reclamation projects, in addition to its core residential expertise. This award lifted YTD contract wins to RM802.3m and strengthens the Group's outstanding order book to a robust RM4.3bn.

Outlook. We expect KERJAYA to deliver resilient performance despite ongoing macro headwinds, underpinned by its sizeable RM4.3bn outstanding order book, which implies a book-to-bill ratio of 1.8x. Looking ahead, replenishment remains supported by a visible pipeline from related parties such as KPPB and E&O. Assuming combined annual GDV launches of RM3.0bn and a 50% construction-to-GDV conversion, the Group could secure RM1.5bn in related-party contracts, providing a solid baseline for order book growth. In addition, the Group is targeting RM2.0bn in new contract wins for FY26, with a greater focus on third-party projects to rebalance its mix to 35% external and 65% internal jobs. This will be complemented by increased participation in infrastructure-related segments, including industrial, data centres and commercial projects. Overall, the existing RM4.3bn order book, together with an estimated RM2.0bn tender pipeline, supports strong earnings visibility ahead.

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

Valuation & Recommendation. Following the recent share price weakness, we upgrade the stock to a **BUY** rating (from HOLD) with an increased TP of **RM3.10** (from RM2.71), based on a 15.0x PE applied to our rolled forward FY27F EPS of 20.6 sen, alongside a three-star ESG rating.

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

KDN PP13226/06/2024 (035469)

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Revenue	**1472.8**	**1835.5**	**2249.3**	**2400.0**	**2690.5**
Gross Profit	**197.7**	**246.2**	**353.1**	**345.9**	**393.2**
EBITDA	**189.2**	**225.4**	**335.4**	**321.9**	**366.3**
Depreciation & Amortisation	-16.3	-16.8	-17.1	-21.5	-22.5
EBIT	**173.0**	**208.6**	**318.2**	**300.4**	**343.8**
Net Finance Income/ (Cost)	5.1	7.6	11.7	6.1	6.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**178.0**	**216.2**	**306.5**	**306.6**	**350.1**
Tax	-46.3	-55.9	-81.3	-79.2	-90.5
Profit After Tax	**131.7**	**160.3**	**225.3**	**227.3**	**259.6**
Minority Interest	0.2	0.0	0.0	0.0	0.0
Net Profit	**131.5**	**160.2**	**225.3**	**227.3**	**259.6**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**131.5**	**160.2**	**225.3**	**227.3**	**259.6**

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	10.4	12.7	17.9	18.1	20.6
P/E (x)	20.6	16.9	12.0	11.9	10.4
P/B (x)	2.3	2.4	2.3	2.1	2.0
EV/EBITDA (x)	13.9	10.8	7.0	7.7	6.8
DPS (sen)	8.0	15.0	12.0	12.0	12.0
Dividend Yield (%)	3.7%	7.0%	5.6%	5.6%	5.6%
EBITDA margin (%)	12.8%	12.3%	14.9%	13.4%	13.6%
EBIT margin (%)	11.7%	11.4%	14.1%	12.5%	12.8%
PBT margin (%)	12.1%	11.8%	13.6%	12.8%	13.0%
PAT margin (%)	8.9%	8.7%	10.0%	9.5%	9.7%
NP margin (%)	8.9%	8.7%	10.0%	9.5%	9.6%
CNP margin (%)	8.9%	8.7%	10.0%	9.5%	9.6%
ROE (%)	11.4%	14.1%	18.7%	17.9%	18.8%
ROA (%)	8.0%	7.2%	10.9%	8.8%	9.2%
Gearing (%)	2.7%	2.5%	1.8%	1.8%	1.5%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Expected order book replenishment			1800.0	1800.0	1800.0

Valuations	FY27F
Core EPS (RM)	0.206
P/E multiple (x)	15.0
Fair Value (RM)	**3.10**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**3.10**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Cash	104.1	294.7	377.0	250.6	244.7
Receivables	851.1	1125.3	1075.5	1282.2	1437.4
Inventories	216.0	249.6	277.5	263.5	289.9
Other current assets	135.9	224.1	10.6	451.7	506.4
Total Current Assets	**1307.1**	**1893.6**	**1740.6**	**2248.0**	**2478.4**
Fixed Assets	92.4	92.4	95.2	96.6	101.0
Intangibles	227.9	227.9	227.9	227.9	227.9
Other non-current assets	7.3	10.8	8.3	10.8	10.8
Total Non-Current Assets	**327.6**	**331.2**	**331.4**	**335.3**	**339.8**
Short-term debt	29.8	24.1	21.6	19.6	17.6
Payables	366.4	429.8	290.4	524.8	577.3
Other current liabilities	32.9	627.3	555.3	759.6	835.6
Total Current Liabilities	**429.1**	**1081.3**	**867.2**	**1303.9**	**1430.5**
Long-term debt	0.8	3.8	0.5	3.1	2.8
Other non-current liabilities	51.2	3.4	2.2	3.4	3.4
Total Non-Current Liabilities	**52.0**	**7.2**	**2.7**	**6.5**	**6.1**
Shareholder's equity	1153.0	1135.6	1201.1	1272.1	1380.6
Minority interest	0.7	0.7	0.9	0.8	0.9
Total Equity	**1153.7**	**1136.4**	**1202.1**	**1272.9**	**1381.5**

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	**178.0**	**216.2**	**306.5**	**306.6**	**350.1**
Depreciation & amortisation	16.3	16.8	17.1	21.5	22.5
Changes in working capital	-158.0	88.1	-2.9	-16.6	-107.8
Others	-10.0	2.9	-57.0	-79.2	-90.5
Operating cash flow	**26.3**	**323.9**	**263.8**	**232.2**	**174.4**
Net capex	11.9	-13.5	-10.9	-24.0	-26.9
Others	74.9	-47.3	-24.4	0.0	0.0
Investing cash flow	**86.7**	**-60.8**	**-35.3**	**-24.0**	**-26.9**
Dividends paid	-88.3	-201.8	-151.0	-151.1	-151.1
Others	18.9	-12.2	-15.2	-2.5	-2.3
Financing cash flow	**-69.4**	**-214.0**	**-166.3**	**-153.6**	**-153.4**
Net cash flow	**43.7**	**49.1**	**62.2**	**54.6**	**-5.9**
Forex	1.1	-1.0	-0.7	0.0	0.0
Others	29.6	21.1	20.8	0.0	0.0
Beginning cash	29.7	104.1	294.7	196.0	250.6
Ending cash	**104.1**	**294.7**	**377.0**	**250.6**	**244.7**

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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 **Monday, 06 Apr, 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.