

Tan Wai Wern

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Recommendation:	BUY
Current Price:	RM 2.08
Previous Target Price:	RM 3.10
Target Price:	↔ RM 3.10
Capital Upside/Downside:	49.0%
Dividend Yield (%):	5.8%
Total Upside/Downside	54.8%

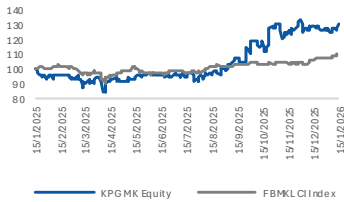
Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	7161 / KPGMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,257.3
Market Cap (RM' m)	2,615.3
52-Week Price Range (RM)	1.99-2.92
Beta (x)	0.7
Free float (%)	29.3
3M Average Volume (m)	1.2
3M Average Value (RM' m)	2.9

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 (%)	-8.4	-18.1	-1.0
Relative (%)	-10.1	-16.9	-10.8

Earnings summary

FYE Dec	FY25	FY26F	FY27F
Revenue (RM' m)	2,249.3	2,400.0	2,690.5
PATAMI (RM' m)	227.0	227.3	259.6
CNP (RM' m)	227.0	227.3	259.6
EPS - core (sen)	18.0	18.1	20.6
P/E(x)	11.6	11.6	10.1

Kerjaya Prospek Group Bhd

New Partnership Unlocks Fresh Growth Avenues

- **KERJAYA clinched a RM174.2m building works contract for the construction of a service apartment in Seremban, commencing on 1 June 2026.**
- **Assuming a PBT margin of 13%, the contract is expected to contribute c.RM22.6m (or 7.4% of FY26F PBT) over FY26F-FY29F.**
- **Expect KERJAYA to remain resilient moving forward, underpinned by its sizeable RM4.3bn outstanding order book and RM2.0bn tender pipeline.**
- **Maintain BUY with an unchanged TP of RM3.10, based on 15.0x PE applied to FY27F EPS of 20.6 sen, alongside a three-star ESG rating.**

Secured RM174.2m Service Apartment Construction Project. KERJAYA has secured a RM174.2m contract for building works related to a serviced apartment development in Seremban, Negeri Sembilan. The contract was awarded by RB Land Sdn Bhd, a subsidiary of IJM Land Berhad. The project comprises a 44-storey serviced apartment tower featuring retail units, private offices, a six-level parking podium and supporting facilities. Construction is scheduled to commence on 1 June 2026, with completion targeted within 35 months. Notably, this marks the Group’s maiden contract award from IJM Land.

Our View. We view the latest contract award **positively**, as it represents KERJAYA’s fourth contract secured in FY26, further reinforcing earnings visibility over the medium term. Based on our estimated 13% PBT margin, the project is expected to contribute c.RM22.6m in PBT over its 35-month duration, equivalent to 7.4% of our FY26 forecast. We believe execution risk remains manageable given the Group’s well-established track record and strong execution capabilities in high-rise residential developments, which continues to form its core area of expertise. This award also reflects the Group’s ability to secure projects from new reputable clients, after securing its previous contract from Sena Letrik (M) Sdn Bhd for the construction of a private hospital in Seremban 2, potentially opening the door for further collaboration opportunities going forward. Following this latest win, KERJAYA’s YTD contract wins have risen to RM976.5m, bringing its outstanding order book to a robust RM4.3bn.

Outlook. We expect KERJAYA to deliver resilient performance despite ongoing macro headwinds, underpinned by its sizeable unbilled order book, which implies a book-to-bill ratio of 1.8x based on FY26F revenue. 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.

Earnings Revision. We make no changes to our earnings forecast as the award falls within our orderbook replenishment assumption of RM1.8bn for FY26.

Valuation & Recommendation. We maintain our **BUY** recommendation on KERJAYA with an unchanged TP of **RM3.10**, based on a 15.0x PE applied to 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.

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	339.1	321.9	366.3
Depreciation & Amortisation	-16.3	-16.8	-18.5	-21.5	-22.5
EBIT	173.0	208.6	320.6	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	308.9	306.6	350.1
Tax	-46.3	-55.9	-81.3	-79.2	-90.5
Profit After Tax	131.7	160.3	227.6	227.3	259.6
Minority Interest	0.2	0.0	-0.6	0.0	0.0
Net Profit	131.5	160.2	227.0	227.3	259.6
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	131.5	160.2	227.0	227.3	259.6

Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	10.4	12.7	18.0	18.1	20.6
P/E (x)	20.0	16.4	11.6	11.6	10.1
P/B (x)	2.3	2.3	2.2	2.1	1.9
EV/EBITDA (x)	13.5	10.5	6.7	7.5	6.6
DPS (sen)	8.0	15.0	12.0	12.0	12.0
Dividend Yield (%)	3.8%	7.2%	5.7%	5.7%	5.7%
EBITDA margin (%)	12.8%	12.3%	15.1%	13.4%	13.6%
EBIT margin (%)	11.7%	11.4%	14.3%	12.5%	12.8%
PBT margin (%)	12.1%	11.8%	13.7%	12.8%	13.0%
PAT margin (%)	8.9%	8.7%	10.1%	9.5%	9.7%
NP margin (%)	8.9%	8.7%	10.1%	9.5%	9.6%
CNP margin (%)	8.9%	8.7%	10.1%	9.5%	9.6%
ROE (%)	11.4%	14.1%	18.8%	17.9%	18.8%
ROA (%)	8.0%	7.2%	9.6%	8.8%	9.2%
Gearing (%)	2.7%	2.5%	1.7%	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	381.4	250.6	244.7
Receivables	851.1	1,125.3	1,114.6	1,282.2	1,437.4
Inventories	216.0	249.6	243.9	263.5	289.9
Other current assets	135.9	224.1	289.0	451.7	506.4
Total Current Assets	1,307.1	1,893.6	2,028.9	2,248.0	2,478.4
Fixed Assets	92.4	92.4	94.0	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	330.2	335.3	339.8
Short-term debt	29.8	24.1	19.2	19.6	17.6
Payables	366.4	429.8	369.2	524.8	577.3
Other current liabilities	32.9	627.3	762.5	759.6	835.6
Total Current Liabilities	429.1	1,081.3	1,150.8	1,303.9	1,430.5
Long-term debt	0.8	3.8	1.7	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	3.9	6.5	6.1
Shareholder's equity	1,153.0	1,135.6	1,203.5	1,272.1	1,380.6
Minority interest	0.7	0.7	0.9	0.8	0.9
Total Equity	1,153.7	1,136.4	1,204.4	1,272.9	1,381.5

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
Pre-tax profit	178.0	216.2	308.9	306.6	350.1
Depreciation & amortisation	16.3	16.8	18.5	21.5	22.5
Changes in working capital	-158.0	88.1	0.5	-16.6	-107.8
Others	-10.0	2.9	-58.4	-79.2	-90.5
Operating cash flow	26.3	323.9	269.5	232.2	174.4
Net capex	11.9	-13.5	-11.5	-24.0	-26.9
Others	74.9	-47.3	-95.4	0.0	0.0
Investing cash flow	86.7	-60.8	-106.9	-24.0	-26.9
Dividends paid	-88.3	-201.8	-151.4	-151.1	-151.1
Others	18.9	-12.2	-16.9	-2.5	-2.3
Financing cash flow	-69.4	-214.0	-168.3	-153.6	-153.4
Net cash flow	43.7	49.1	-5.7	54.6	-5.9
Forex	1.1	-1.0	-0.7	0.0	0.0
Others	29.6	21.1	93.1	0.0	0.0
Beginning cash	29.7	104.1	294.7	196.0	250.6
Ending cash	104.1	294.7	381.4	250.6	244.7

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 FY25.
Energy	★★★	Total energy consumption stood at 35,917MWh in FY25, 42% increase from FY24 due to higher number of ongoing projects.
Water	★★★	Recorded a water intensity of 0.11 m3/RM1,000 Construction revenue in FY25, below 0.18 in FY24.
Compliance	★★★	In compliance with local environmental regulations.

Social

Diversity	★★	Male-dominated workforce for manual labor, 56% male and 44% 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 FY25.
Occupational Safety and Health	★★	All subsidiaries of construction segment certified with ISO 45001 Occupational Health and Safety Management System (OHSMS). 1 non-fatal serious injury and 0 fatalities recorded in FY25.
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.