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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM2.09
Previous Target Price:	RM3.10
Target Price:	↔ RM3.10
Capital Upside/Downside:	48.3%
Dividend Yield (%):	6.7%
<b>Total Upside/Downside</b>	<b>55.0%</b>

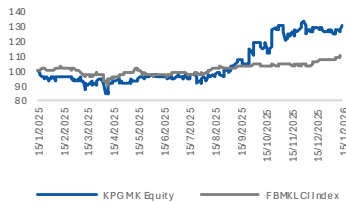
### Stock information

Board	MAIN
Sector	Construction
Bursa/ Bloomberg Code	7161/ KPGMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,257.3
Market Cap (RM' m)	2,627.8
52-Week Price Range (RM)	1.99-2.92
Beta (x)	0.7
Free float (%)	29.3
3M Average Volume (m)	1.3
3M Average Value (RM' m)	3.0

### 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 (%)	-9.9	-17.7	-0.5
Relative (%)	-9.6	-15.7	-10.1

### 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)	11.7	11.7	10.2

# Kerjaya Prospek Group Bhd

## Within Expectations

- **KERJAYA registered 1QFY26 core net profit (CNP) of RM57.3m (+24.5% YoY; -14.1% QoQ). This is in line with ours (25.2%) and consensus (23.3%) expectations.**
- **We expect KERJAYA to continue delivering resilient earnings performance, supported by its sizeable outstanding order book of RM4.4bn, translating into a book-to-bill ratio of 1.8x.**
- **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.**

**Within Expectations.** KERJAYA registered 1QFY26 core net profit (CNP) of RM57.3m (+24.5% YoY; -14.1% QoQ). This is in line with ours (25.2%) and consensus (23.3%) expectations. Notably, the Group's first-quarter performance has historically been seasonally softer due to the higher concentration of public holidays during the period.

**YoY.** CNP grew +24.5% YoY, driven by the completion of several construction projects during the quarter, alongside continued resilience from the Group's Property Development division. Despite the Construction segment recording a -10.4% decline in revenue recognition to RM378.4m, segmental CNP increased +7.4% to RM55.8m, resulting in a +245bps expansion in PAT margin to 14.8%. The stronger margin performance was attributable to provisions write-back for construction projects that were previously accounted for but not utilised. Meanwhile, the Property Development division registered a robust +38.5% increase in revenue to RM68.0m, supported by healthy take-up rates at The Vue and Papyrus, which achieved take-up rates of 99% and 93%, respectively. However, segmental PAT declined marginally by -3.4% to RM7.3m.

**QoQ.** Revenue declined -33.5% YoY to RM446.8m, while CNP fell at a moderate pace of -14.1%, supported by resilient margin performance which saw net margins improving 271bps. The weaker top-line performance was attributable to slower revenue recognition within the Construction segment, which contracted -31.9%, alongside a -41.0% decline in the Property Development segment as ongoing developments approached the tail end of their construction cycles.

**Dividends.** The Group declared a first interim dividend of 3.5 sen per share, with an ex-date of 11 June. Following the stronger-than-expected payout, we revise upward our FY26F dividend per share assumption from 12 sen to 14 sen, underpinned by the Group's robust net cash position and consistently healthy net operating cash flow.

**Outlook.** We expect KERJAYA to continue delivering resilient earnings performance despite prevailing macroeconomic uncertainties, supported by its sizeable outstanding order book of RM4.4bn, which translates into a healthy book-to-bill ratio of 1.8x based on our FY26F revenue forecast. This is further complemented by a robust tender book of RM2.0bn, while management continues to target a gradual rebalancing of its project portfolio toward a 35% external and 65% internal project mix. We view this strategy positively as it broadens the Group's client base, strengthens earnings sustainability and progressively reduces reliance on related-party contracts over the longer term. Meanwhile, margins are expected to remain well supported by operational efficiencies, as c.50% of the Group's outstanding order book is concentrated within the Andaman Island. The close proximity of projects is expected to generate cost savings through lower mobilisation, procurement and labour-related expenses.

**Earnings Revision.** We make no changes to our earnings forecast.

**Valuation & Recommendation.** Maintain our **BUY** rating 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.

## Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	446.8	472.0	(5.3)	671.7	(33.5)	446.8	472.0	(5.3)
EBITDA	76.2	71.3	6.9	89.5	(14.9)	76.2	71.3	6.9
Pre-tax profit	76.0	63.8	19.2	89.2	(14.8)	76.0	63.8	19.2
Net profit	57.3	46.1	24.5	66.7	(14.1)	57.3	46.1	24.5
Core net profit	57.3	46.1	24.5	66.7	(14.1)	57.3	46.1	24.5
Core EPS (sen)	4.6	3.7	24.5	5.3	(14.1)	4.6	3.7	24.5
EBITDA margin (%)	17.1	15.1		13.3		17.1	15.1	
PBT margin (%)	17.0	13.5		13.3		17.0	13.5	
Core net profit margin (%)	12.8	9.8		9.94		12.8	9.8	

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
<b>Revenue</b>								
Construction	378.4	422.2	(10.4)	555.7	(31.9)	378.4	422.2	(10.4)
Property development	68.0	49.1	38.5	115.2	(41.0)	68.0	49.1	38.5
Manufacturing & others	0.5	0.7	(27.0)	0.7	(33.8)	0.5	0.7	(27.0)
<b>Total</b>	<b>446.8</b>	<b>472.0</b>	<b>(5.3)</b>	<b>671.7</b>	<b>(33.5)</b>	<b>446.8</b>	<b>472.0</b>	<b>(5.3)</b>
<b>Profit after tax (PAT)</b>								
Construction	55.8	52.0	7.4	66.9	(16.6)	55.8	52.0	7.4
Property development	7.3	7.6	(3.4)	9.6	(24.0)	7.3	7.6	(3.4)
Manufacturing & others	(5.9)	(12.8)	(54.0)	(9.8)	(39.9)	(5.9)	(12.8)	(54.0)
<b>Total</b>	<b>57.2</b>	<b>46.7</b>	<b>22.6</b>	<b>66.7</b>	<b>(14.2)</b>	<b>57.2</b>	<b>46.7</b>	<b>22.6</b>
<b>PAT margin (%)</b>								
Construction	14.8%	12.3%		12.0%		14.8%	12.3%	
Property development	10.7%	15.4%		8.3%		10.7%	15.4%	
Manufacturing & others	-1239.2%	-1966.2%		-1366.8%		-1239.2%	-1966.2%	
<b>Aggregate Total</b>	<b>12.8%</b>	<b>9.9%</b>		<b>9.9%</b>		<b>12.8%</b>	<b>9.9%</b>	

Source: Company, Apex Securities

# Results Note

Friday, 22 May, 2026

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
<b>Revenue</b>	<b>1,472.8</b>	<b>1,835.5</b>	<b>2,249.3</b>	<b>2,400.0</b>	<b>2,690.5</b>
<b>Gross Profit</b>	<b>197.7</b>	<b>246.2</b>	<b>353.1</b>	<b>345.9</b>	<b>393.2</b>
<b>EBITDA</b>	<b>189.2</b>	<b>225.4</b>	<b>339.1</b>	<b>321.9</b>	<b>366.3</b>
Depreciation & Amortisation	-16.3	-16.8	-18.5	-21.5	-22.5
<b>EBIT</b>	<b>173.0</b>	<b>208.6</b>	<b>320.6</b>	<b>300.4</b>	<b>343.8</b>
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
<b>Pre-tax Profit</b>	<b>178.0</b>	<b>216.2</b>	<b>308.9</b>	<b>306.6</b>	<b>350.1</b>
Tax	-46.3	-55.9	-81.3	-79.2	-90.5
<b>Profit After Tax</b>	<b>131.7</b>	<b>160.3</b>	<b>227.6</b>	<b>227.3</b>	<b>259.6</b>
Minority Interest	0.2	0.0	-0.6	0.0	0.0
<b>Net Profit</b>	<b>131.5</b>	<b>160.2</b>	<b>227.0</b>	<b>227.3</b>	<b>259.6</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>227.0</b>	<b>227.3</b>	<b>259.6</b>

### Key Ratios

FYE Dec	FY23	FY24	FY25	FY26F	FY27F
EPS (sen)	10.4	12.7	18.0	18.1	20.6
P/E (x)	20.2	16.6	11.7	11.7	10.2
P/B (x)	2.3	2.3	2.2	2.1	2.0
EVEBITDA (x)	13.7	10.6	6.8	7.6	6.8
DPS (sen)	8.0	15.0	12.5	14.0	14.0
Dividend Yield (%)	3.8%	7.1%	5.9%	6.6%	6.6%
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%	18.3%	19.6%
ROA (%)	8.0%	7.2%	9.6%	8.9%	9.4%
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
<b>Fair Value (RM)</b>	<b>3.10</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>3.10</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
<b>Cash</b>	<b>104.1</b>	<b>294.7</b>	<b>381.4</b>	<b>219.1</b>	<b>188.0</b>
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
<b>Total Current Assets</b>	<b>1,307.1</b>	<b>1,893.6</b>	<b>2,028.9</b>	<b>2,216.5</b>	<b>2,421.7</b>
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
<b>Total Non-Current Assets</b>	<b>327.6</b>	<b>331.2</b>	<b>330.2</b>	<b>335.3</b>	<b>339.8</b>
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
<b>Total Current Liabilities</b>	<b>429.1</b>	<b>1,081.3</b>	<b>1,150.8</b>	<b>1,303.9</b>	<b>1,430.5</b>
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
<b>Total Non-Current Liabilities</b>	<b>52.0</b>	<b>7.2</b>	<b>3.9</b>	<b>6.5</b>	<b>6.1</b>
Shareholder's equity	1,153.0	1,135.6	1,203.5	1,240.7	1,324.0
Minority interest	0.7	0.7	0.9	0.8	0.9
<b>Total Equity</b>	<b>1,153.7</b>	<b>1,136.4</b>	<b>1,204.4</b>	<b>1,241.5</b>	<b>1,324.8</b>

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25	FY26F	FY27F
<b>Pre-tax profit</b>	<b>178.0</b>	<b>216.2</b>	<b>308.9</b>	<b>306.6</b>	<b>350.1</b>
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
<b>Operating cash flow</b>	<b>26.3</b>	<b>323.9</b>	<b>269.5</b>	<b>232.2</b>	<b>174.4</b>
Net capex	11.9	-13.5	-11.5	-24.0	-26.9
Others	74.9	-47.3	-95.4	0.0	0.0
<b>Investing cash flow</b>	<b>86.7</b>	<b>-60.8</b>	<b>-106.9</b>	<b>-24.0</b>	<b>-26.9</b>
Dividends paid	-88.3	-201.8	-151.4	-176.3	-176.3
Others	18.9	-12.2	-16.9	-2.5	-2.3
<b>Financing cash flow</b>	<b>-69.4</b>	<b>-214.0</b>	<b>-168.3</b>	<b>-178.8</b>	<b>-178.5</b>
<b>Net cash flow</b>	<b>43.7</b>	<b>49.1</b>	<b>-5.7</b>	<b>29.4</b>	<b>-31.1</b>
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	189.8	219.1
<b>Ending cash</b>	<b>104.1</b>	<b>294.7</b>	<b>381.4</b>	<b>219.1</b>	<b>188.0</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 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 m <sup>3</sup> /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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As of Friday, 22 May, 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.