

Research Team

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Recommendation:	BUY
Current Price:	RM 2.26
Previous Target Price:	RM 3.10
Target Price:	↔ RM 3.10
Capital Upside/Downside:	37.2%
Dividend Yield (%):	6.2%
Total Upside/Downside	43.4%

Stock information

Board	MAIN
Sector	Construction
Bursa / Bloomberg Code	7161/ KPGMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,254.2
Market Cap (RM' m)	2,834.4
52-Week Price Range (RM)	1.99-2.92
Beta (x)	0.7
Free float (%)	29.2
3M Average Volume (m)	1.4
3M Average Value (RM' m)	3.1

Top 3 Shareholders (%)

Egovision Sdn Bhd	50.0
Amazing Parade Sdn Bhd	18.0
Amanah Saham Nasional Bhd	2.6

Share Price Performance



	1M	3M	12M
Absolute (%)	4.1	-5.4	8.7
Relative (%)	7.2	-5.2	-2.4

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

Order Book Gets A Lift from New Contract Win

- **KERJAYA has secured a RM529.3m building works contract for the construction of residential development in Bukit Tunku, Kuala Lumpur, commencing on 15 June 2026.**
- **Assuming a PAT margin of 10%, the contract is expected to contribute c.RM52.9m (or 23.3% of FY26F PAT) over FY26F-FY29F.**
- **Expect KERJAYA to remain resilient moving forward, underpinned by its sizeable RM4.5bn outstanding order book.**
- **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 RM529.3m Residential Development Construction Project. KERJAYA has secured a RM529.3m contract for building works related to residential development in Bukit Tunku, Kuala Lumpur. The contract was awarded by BRDB Development Sdn Bhd and the project involves building eight blocks of villa residences totalling 146 units, two car park blocks and two basement levels, along with common facilities and a clubhouse at Taman Duta, Bukit Tunku, Kuala Lumpur. Construction is scheduled to commence on 15 June 2026, and is slated for completion within 33 months.

Our View. We view this contract award **positively**, as it introduces an additional revenue stream over the next three years while strengthening the Group's order book. Assuming a 10% PAT margin, the project is projected to contribute c.RM52.9m in PAT over its 33-month duration, representing 23.3% of our FY26 forecast. Execution risk remains manageable given the Group's well-established track record and strong execution capabilities in high-rise residential developments, which continue to form its core area of expertise. With this latest win, KERJAYA's year-to-date contract wins have climbed to RM1.6bn, lifting its outstanding order book to a healthy RM4.5bn. This translates into a solid book-to-bill ratio of 1.9x based on our FY26F revenue forecast, providing strong medium-term earnings visibility.

Outlook. We expect KERJAYA to maintain resilient performance amid prevailing macro headwinds, supported by a substantial unbilled order book that translates to a book-to-bill ratio of 1.9x based on FY26F revenue. Going forward, order book replenishment is expected to remain well-supported by a steady pipeline of projects from related parties, including KPPB and E&O. The Group also recently announced that it, through its wholly-owned subsidiary, Futuprop Sdn. Bhd. (FSB), has entered into a joint venture agreement with Aspen Vision Development Sdn. Bhd. (AVD) to jointly develop a 34.8-acre mixed-use project in Prai, Penang, on land owned by Railway Assets Corporation (RAC). This marks a further step in the Group's ongoing expansion into the northern property market. In addition, the Group has set a target of RM2.0bn in new contract wins for FY26, with a deliberate shift towards third-party projects aimed at rebalancing its mix to 35% external and 65% internal jobs. This strategy will be further supported by a broadened presence in infrastructure-related segments, encompassing industrial, data centre, 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	1,472.8	1,835.5	2,249.3	2,400.0	2,690.5
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	2.0
EV/EBITDA(x)	13.5	10.5	6.7	7.6	6.7
DPS (sen)	8.0	15.0	12.5	14.0	14.0
Dividend Yield (%)	3.8%	7.2%	6.0%	6.7%	6.7%
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%	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
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	219.1	188.0
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	2,216.5	2,421.7
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	1,240.7	1,324.0
Minority interest	0.7	0.7	0.9	0.8	0.9
Total Equity	1,153.7	1,136.4	1,204.4	1,241.5	1,324.8

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	-176.3	-176.3
Others	18.9	-12.2	-16.9	-2.5	-2.3
Financing cash flow	-69.4	-214.0	-168.3	-178.8	-178.5
Net cash flow	43.7	49.1	-5.7	29.4	-31.1
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
Ending cash	104.1	294.7	381.4	219.1	188.0

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 ³ /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 **Tuesday, 16 Jun, 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.