

Research Team

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Recommendation:	BUY
Current Price:	RM 2.30
Previous Target Price:	RM 3.10
Target Price:	↑ RM 3.34
Capital Upside/Downside:	45.2%
Dividend Yield (%)	6.1%
Total Upside/Downside	51.3%

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)	2,884.6
52-Week Price Range (RM)	1.99-2.92
Beta (x)	0.7
Free float (%)	29.2
3M Average Volume (m)	1.3
3M Average Value (RM' m)	3.0

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 (%)	7.0	-4.2	10.0
Relative (%)	9.1	-2.5	-0.8

Earnings summary

FYE Dec	FY25	FY26F	FY27F
Revenue (RM' m)	2,249.3	2,622.6	3,297.3
PATAMI (RM' m)	227.0	245.2	280.3
CNP (RM' m)	227.0	245.2	280.3
EPS - core (sen)	18.0	19.5	22.3
P/E(x)	12.8	11.9	10.4

Kerjaya Prospek Group Bhd

Order Book Surges to RM5.0bn on Latest Contract Win

- **KERJAYA has secured a RM488.4m building works contract for the construction of AVÉA, the second marina-edge residence at Andaman Island, Penang, with works set to commence on 1 July 2026.**
- **Assuming a PAT margin of 10%, the contract is expected to contribute c.RM48.8m (or 19.9% of FY26F PAT) over FY26F-FY29F.**
- **Expect KERJAYA to remain resilient moving forward, underpinned by its sizeable RM5.0bn outstanding order book.**
- **Maintain BUY with an increased TP of RM3.34 (from RM3.10), based on 15.0x PE applied to a higher FY27F EPS of 23.3 sen, alongside a three-star ESG rating.**

Secured RM488.4m Residential Development Construction Contract. KERJAYA has been awarded a RM488.4m building works contract for a residential development at Andaman Island, Penang, granted by Persada Mentari Sdn. Bhd., an indirect subsidiary of Eastern & Oriental Berhad. The project involves the execution and completion of the two-phase development comprising two 46 storey serviced apartment towers with a total of 1,080 residential units, together with basement parking, facilities, and commercial space. Construction is scheduled to commence on 1 July 2026, with completion targeted within 42 months.

Our View. We view this contract award **positively**, as it introduces an additional revenue stream over the next three years while bolstering the Group's order book. Assuming a 10% PAT margin, the project is estimated to contribute approximately RM48.8m in PAT over its 42-month tenure, representing 19.9% of our FY26 forecast. Execution risk remains manageable, underpinned by the Group's well-established track record and proven capabilities in high-rise residential developments, which remain its core area of expertise. With this latest win, KERJAYA's year-to-date contract wins have risen to RM2.1bn, pushing its outstanding order book to a healthy RM5.0bn. This translates to a robust book-to-bill ratio of 1.9x based on our FY26F revenue forecast, offering strong earnings visibility.

Outlook. We expect KERJAYA to maintain resilient performance amid prevailing macro headwinds, supported by its sizeable outstanding order book and recurring flow of related-party developments. KERJAYA has also completed its acquisition of a 49% equity stake in Aspen Vision Land Sdn. Bhd., supporting the continued development of Aspen Vision City in Batu Kawan, Penang. Additionally, the Group has acquired the remaining stake in Tanjung Bungah Development Sdn. Bhd., securing full ownership and control of a development project in Tanjung Bungah. These strategic moves are expected to strengthen KERJAYA's footprint in Penang, complement its existing land bank and development portfolio, and provide exposure to well-located developments with strong connectivity and long-term growth prospects.

Earnings Revision. Following the new contract award, KERJAYA's FY26 order book replenishment has surpassed our initial assumption of RM1.8bn. We have revised our FY26 order book replenishment assumption upward to RM2.5bn, while also raising our FY27 and FY28 assumptions from RM1.8bn to RM2.1bn each. Consequently, our earnings forecasts for FY26F and FY27F have been revised upward by 7.3% and 8.0%, respectively, while we introduce FY28F earnings at RM214.3m.

Valuation & Recommendation. We maintain our **BUY** recommendation on KERJAYA with an increased TP of **RM3.34** (from RM3.10), based on a 15.0x PE applied to a higher FY27F EPS of 23.3 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)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1835.5	2249.3	2622.6	3297.3	2514.5
Gross Profit	246.2	353.1	372.8	428.6	331.9
EBITDA	225.4	339.1	346.5	395.7	306.8
Depreciation & Amortisation	-16.8	-18.5	-21.9	-23.9	-24.1
EBIT	208.6	320.6	324.6	371.8	282.6
Net Finance Income/ (Cost)	7.6	11.7	6.1	6.4	6.5
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	216.2	308.9	330.8	378.1	289.1
Tax	-55.9	-81.3	-85.5	-97.7	-74.7
Profit After Tax	160.3	227.6	245.3	280.4	214.4
Minority Interest	0.0	-0.6	0.0	0.0	0.0
Net Profit	160.2	227.0	245.2	280.3	214.3
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	160.2	227.0	245.2	280.3	214.3

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	12.7	18.0	19.5	22.3	17.0
P/E (x)	18.2	12.8	11.9	10.4	13.6
P/B (x)	2.6	2.4	2.3	2.1	2.1
EV/EBITDA (x)	11.7	7.5	7.8	7.0	8.1
DPS (sen)	15.0	12.5	14.0	14.0	14.0
Dividend Yield (%)	6.5%	5.4%	6.1%	6.1%	6.1%
EBITDA margin (%)	12.3%	15.1%	13.2%	12.0%	12.2%
EBIT margin (%)	11.4%	14.3%	12.4%	11.3%	11.2%
PBT margin (%)	11.8%	13.7%	12.6%	11.5%	11.5%
PAT margin (%)	8.7%	10.1%	9.4%	8.5%	8.5%
NP margin (%)	8.7%	10.1%	9.4%	8.5%	8.5%
CNP margin (%)	8.7%	10.1%	9.4%	8.5%	8.5%
ROE (%)	14.1%	18.8%	19.5%	20.6%	15.3%
ROA (%)	7.2%	9.6%	8.8%	8.6%	7.4%
Gearing (%)	2.5%	1.7%	1.8%	1.5%	1.3%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Expected order book replenishment		1800.0	2500.0	2100.0	2100.0

Valuations	FY27F
Core EPS (RM)	0.223
P/E multiple (x)	15.0
Fair Value (RM)	3.34
ESG premium/discount	0.0%
Implied Fair Value (RM)	3.34

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	294.7	381.4	233.7	141.2	429.2
Receivables	1125.3	1114.6	1401.1	1761.6	1343.4
Inventories	249.6	243.9	307.5	385.7	293.4
Other current assets	224.1	289.0	493.6	620.6	473.3
Total Current Assets	1893.6	2028.9	2436.0	2909.1	2539.3
Fixed Assets	92.4	94.0	98.4	107.5	108.5
Intangibles	227.9	227.9	227.9	227.9	227.9
Other non-current assets	10.8	8.3	10.8	10.8	10.8
Total Non-Current Assets	331.2	330.2	337.2	346.2	347.2
Short-term debt	24.1	19.2	19.6	17.6	15.8
Payables	429.8	369.2	601.3	756.2	617.3
Other current liabilities	627.3	762.5	886.4	1111.8	845.8
Total Current Liabilities	1081.3	1150.8	1507.3	1885.6	1479.0
Long-term debt	3.8	1.7	3.1	2.8	2.5
Other non-current liabilities	3.4	2.2	3.4	3.4	3.4
Total Non-Current Liabilities	7.2	3.9	6.5	6.1	5.9
Shareholder's equity	1135.6	1203.5	1258.6	1362.7	1400.7
Minority interest	0.7	0.9	0.8	0.9	0.9
Total Equity	1136.4	1204.4	1259.4	1363.5	1401.6

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	216.2	308.9	330.8	378.1	289.1
Depreciation & amortisation	16.8	18.5	21.9	23.9	24.1
Changes in working capital	88.1	0.5	-18.2	-185.3	252.9
Others	2.9	-58.4	-85.5	-97.7	-74.7
Operating cash flow	323.9	269.5	249.0	119.0	491.4
Net capex	-13.5	-11.5	-26.2	-33.0	-25.1
Others	-47.3	-95.4	0.0	0.0	0.0
Investing cash flow	-60.8	-106.9	-26.2	-33.0	-25.1
Dividends paid	-201.8	-151.4	-176.3	-176.3	-176.3
Others	-12.2	-16.9	-2.5	-2.3	-2.0
Financing cash flow	-214.0	-168.3	-178.8	-178.5	-178.3
Net cash flow	49.1	-5.7	44.0	-92.5	287.9
Forex	-1.0	-0.7	0.0	0.0	0.0
Others	21.1	93.1	0.0	0.0	0.0
Beginning cash	104.1	294.7	189.8	233.7	141.2
Ending cash	294.7	381.4	233.7	141.2	429.2

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 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.