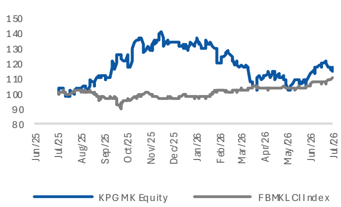
Research Team
(603) 7890 8888
research.dept@apexsecurities.com.my

Recommendation:		BUY
Current Price:		RM 2.40
Previous Target Price:		RM 3.34
Target Price:	↔	RM 3.34
Capital Upside/ Downside:		39.2%
Dividend Yield (%):		5.8%
Total Upside/ Downsid		**45.0%**

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)	3,010.0
52-Week Price Range (RM)	1.99-2.92
Beta (x)	0.6
Free float (%)	29.2
3M Average Volume (m)	1.1
3M Average Value (RM' m)	2.6

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 (%)	3.4	5.3	17.6
Relative (%)	2.7	3.6	3.9

Earnings summary

FYE Dec	FY26F	FY27F	FY28F
Revenue (RM'm)	2,622.6	3,297.3	2,514.5
PATAMI (RM'm)	245.2	280.3	214.3
CNP (RM'm)	245.2	280.3	214.3
EPS - core (sen)	19.5	22.3	17.0
P/E (x)	11.9	10.4	13.6

Kerjaya Prospek Group Bhd

Takes 9.09% Strategic Stake in ES Sunlogy for RM18.76m

- **KERJAYA, via wholly-owned subsidiary Acumen Marketing Sdn. Bhd., has subscribed for 70.0m new shares in ES Sunlogy Berhad at RM0.268 per share, for a total consideration of RM18.76m.**
- **Post-subscription, KERJAYA emerges as a substantial shareholder with an approximate 9.09% stake in ES Sunlogy, an M&E engineering firm with an operating solar asset portfolio.**
- **We view the deal positively as a low-cost way to broaden the Group's exposure to the higher-growth M&E and renewable energy space, complementing its core construction business.**
- **Maintain BUY with an unchanged TP of RM3.34, based on 15.0x PE applied to FY27F EPS of 23.3 sen, alongside a three-star ESG rating.**

Acquired 9.09% equity stake in ES Sunlogy. KERJAYA, through its wholly-owned subsidiary Acumen Marketing Sdn. Bhd., has subscribed for 70.0 million new ordinary shares in ES Sunlogy Berhad ("ES Sunlogy") under a private placement exercise, at an issue price of RM0.268 per share, for a total consideration of RM18.76 million. ES Sunlogy is an ACE Market-listed provider of mechanical and electrical (M&E) engineering services across industrial, commercial, residential and solar facilities. Upon completion, KERJAYA will hold approximately 9.09% of ES Sunlogy's enlarged issued share capital, emerging as a substantial shareholder in the company.

Our View. We view the investment **positively** as it broadens KERJAYA's exposure to the higher-growth M&E engineering and renewable energy sectors, complementing its core construction business while providing indirect exposure to recurring income from ES Sunlogy's operating solar asset portfolio. Beyond the investment merits, we believe the stake could create opportunities for future collaboration in M&E engineering, solar-related construction works and integrated project delivery, potentially strengthening KERJAYA's competitive positioning as demand for energy-efficient and sustainable developments continues to rise. While the RM18.76m investment is unlikely to materially enhance earnings in the near term given its relatively modest size, it represents a strategically sensible bolt-on investment that strengthens the Group's long-term growth platform without materially increasing its financial risk.

Balance Sheet and Cash Flow Impact. On the balance sheet, cash and cash equivalents will fall by RM18.76m, offset by a corresponding increase in investment in financial assets. Total assets and shareholders' equity are unchanged at the point of acquisition, as this is purely an asset swap funded internally with no new debt raised. On the cash flow statement, the RM18.76m consideration will be reflected as an investing cash outflow (acquisition of financial assets), with no impact on operating cash flow from KERJAYA's construction business and no financing cash flow impact. Given KERJAYA's strong balance sheet, with a forecast net cash position, net gearing of only around 1.8% and a forecast cash balance of about RM233.7m for FY26, the RM18.76m investment is relatively small, representing roughly 8% of forecast FY26 cash and about 1.5% of forecast FY26 total equity. As such, the impact on net cash, gearing and liquidity should be immaterial.

Earnings Revision. We make no changes to our earnings forecasts as the transaction is not expected to materially affect FY26–FY28 earnings.

Valuation & Recommendation. We maintain our **BUY** recommendation on KERJAYA with an unchanged TP of **RM3.34**, based on a 15.0x PE applied to 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

As of **Friday, 17 Jul, 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.