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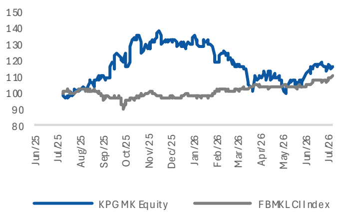
Recommendation:		**BUY**
Current Price:		RM 2.41
Previous Target Price:		RM 3.34
Target Price:	↔	RM 3.34
Capital Upside/Downside:		38.6%
Dividend Yield (%):		5.8%
Total Upside/Downsid		**44.4%**

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)	3,022.5
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)	2.5

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 (%)	4.8	6.6	16.4
Relative (%)	2.7	7.1	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

Another Step Into Data Centre Infrastructure

- **KERJAYA has secured a RM52.5m contract for the execution and completion of civil, structural and basic low-voltage mechanical and electrical works in the Klang Valley.**
- **Assuming a PAT margin of 6%, the contract is expected to contribute c.RM3.2m (or 1.3% of FY26F PAT) over its c.5.5-month tenure.**
- **Expect KERJAYA to remain resilient moving forward, underpinned by its sizeable c.RM4.8bn outstanding order book.**
- **Maintain BUY with an unchanged TP of RM3.34, based on 15.0x PE applied to a FY27F EPS of 23.3 sen, alongside a three-star ESG rating.**

Secured RM52.5m Data Centre-Related Sub-Contract. KERJAYA's wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, has accepted a letter of award from a customer for a fixed lump sum sub-contract valued at RM52.5m. The scope covers the execution, completion, testing and defect rectification of civil, structural and basic low-voltage M&E works for the proposed construction of a new 275-kilovolt consumer landing station for a data centre located in the Klang Valley. Works commenced on 23 July 2026 and are slated for completion by 9 January 2027, a duration of approximately 5.5 months.

Our View. We view this contract award **positively,** as it provides an additional stream of revenue over the next year. We assume a 6% PAT margin for this particular project, lower than the c.10% margin typically assumed for the Group's core residential jobs, likely reflecting the sub-contract nature of the works and a more competitive third-party bidding environment. On this basis, the contract could contribute approximately RM3.2m in PAT over its 5.5-month tenure, equivalent to roughly 1.3% of our FY26F PAT forecast of RM245.2m. We see this contract win as consistent with the Group's target of a broadened push into infrastructure-related segments spanning industrial, data centre and commercial projects, which should help diversify KERJAYA's revenue base beyond its traditional core of high-rise residential construction and related-party jobs. Execution risk remains manageable given the relatively short contract duration and the Group's established track record in structural and M&E works.

Outlook. This latest award follows a run of substantial contract wins in 1H26, including the RM529.3m Bukit Tunku residential job and the RM488.4m AVEA contract at Andaman Island, Penang. With this RM52.5m addition, the outstanding order book now totals c.RM4.8bn, sustaining strong medium-term earnings visibility. Separately, KERJAYA's tender pipeline stands at c.RM2.0bn, though this remains largely weighted towards residential development and related-party jobs (including from KPPB and E&O) rather than third-party infrastructure work. The data centre-related sub-contract continues to stand out as a useful diversification data point, and it remains to be seen whether the Group's tender book increasingly reflects its stated ambition of a higher external job mix, particularly in industrial, data centre and commercial segments. KERJAYA's recent Penang land bank moves, the 49% stake in Aspen Vision Land and full ownership of Tanjung Bungah Development, should also continue to underpin a steady flow of related-party replenishment alongside such third-party wins.

Earnings Revision. We make no changes to our earnings forecasts as this contract award falls within our FY26 orderbook replenishment assumption of RM2.5bn.

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

KDN PP13226/06/2024 (035469)

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, 24 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.