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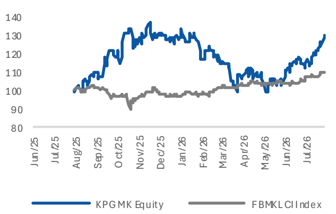
Recommendation:		BUY
Current Price:		RM 2.73
Previous Target Price:		RM 3.34
Target Price:	↔	RM 3.34
Capital Upside/ Downside:		22.3%
Dividend Yield (%):		5.1%
Total Upside/ Downsid		27.5%

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)	3,423.8
52-Week Price Range (RM)	2.06-2.92
Beta (x)	0.6
Free float (%)	29.2
3M Average Volume (m)	1.2
3M Average Value (RM' m)	2.9

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 (%)	13.8	21.3	30.0
Relative (%)	10.5	22.0	17.0

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)	13.9	12.1	15.9

Kerjaya Prospek Group Bhd

Johor Bahru SOHO Win Lifts YTD Contracts to RM2.4bn

- **KERJAYA has secured a RM223m contract for the execution of main building works for a small office or home office (SOHO) development in Johor Bahru.**
- **Assuming a PAT margin of 10%, the contract is expected to contribute c.RM22.3m (or 9.1% of FY26F PAT) over its c.32-month tenure.**
- **The win lifts KERJAYA's YTD contract wins to RM2.4bn, alongside a sizeable c.RM5.0bn 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 RM223m Johor Bahru SOHO Contract. KERJAYA's wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, has accepted a letter of award from Sunway Majestic Sdn Bhd for the construction and completion of main building works at Bandar Johor Bahru, Johor, for a fixed lump sum contract price of RM223m. The development comprises 1,012 SOHO units across two 34-storey towers, comprising 540 and 472 units respectively, together with ten levels of podium parking, two levels of mezzanine commercial space and two levels of facilities. Construction is scheduled to commence on 1 September 2026 and is targeted for completion within 32 months.

Our View. We view this contract award **positively,** as it provides an additional revenue stream for the Group over the next three years. We assume a PAT margin of approximately 10% for this project, consistent with the Group's core high-rise residential and SOHO projects. On this basis, the contract could contribute approximately RM22.3m in PAT over its 32-month tenure, equivalent to roughly 9.1% of our FY26F PAT forecast of RM245.2m. We also note that this marks the Group's third new contract win in Johor Bahru since 2025, reinforcing its growing presence in the southern region and complementing its traditional Klang Valley and Penang footprint. Execution risk is assessed as manageable given the Group's established track record in high-rise residential and SOHO developments.

Outlook. This latest award lifts KERJAYA's YTD FY26 contract wins to RM2.4bn, comfortably surpassing the Group's initial full-year target of RM2.0bn, with management noting that the outstanding order book now stands at c.RM5.0bn. This translates to a book-to-bill ratio of approximately 1.9x based on our FY26F revenue forecast, underpinning continued strong earnings visibility over the coming years. This momentum reflects a broadening geographic footprint, with Johor Bahru emerging as a third growth market alongside the Klang Valley and Penang. Together with the Group's recent Penang land bank moves and its expanding exposure to data centre and industrial-related infrastructure work, this Johor Bahru win reflects a construction group that continues to diversify both its job mix and its regional presence, while maintaining a sizeable base of related-party replenishment.

Earnings Revision. We make no changes to our earnings forecasts. However, we highlight that YTD contract wins of RM2.4bn are now tracking close to our FY26F orderbook replenishment assumption of RM2.5bn, with less than five months remaining in the year. Should this pace of contract wins be sustained, there is a reasonable likelihood of a further upward revision to our FY26F and FY27F replenishment assumptions, and consequently our earnings forecasts.

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.

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