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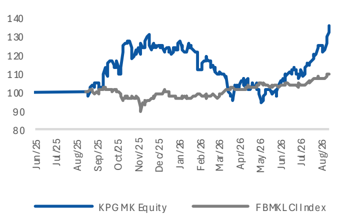
Recommendation:		**BUY**
Current Price:		RM 2.96
Previous Target Price:		RM 3.38
Target Price:	↔	RM 3.38
Capital Upside/Downside:		14.2%
Dividend Yield (%):		4.7%
Total Upside/Downsid		**18.9%**

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)	3,712.3
52-Week Price Range (RM)	2.06-2.98
Beta (x)	0.6
Free float (%)	29.2
3M Average Volume (m)	1.1
3M Average Value (RM' m)	2.8

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 (%)	17.9	33.3	35.2
Relative (%)	17.9	30.0	23.4

Earnings summary

FYE Dec	**FY26F**	**FY27F**	**FY28F**
Revenue (RM'm)	2,622.6	3,297.3	2,514.5
PATAMI (RM'm)	245.2	283.0	217.0
CNP (RM'm)	245.2	283.0	217.0
EPS - core (sen)	19.5	22.5	17.2
P/E (x)	15.2	13.2	17.2

Kerjaya Prospek Group Bhd

Within Expectations

- **KERJAYA's 1HFY26 core net profit of RM117.0m (+16.5% YoY) accounted for 47.7% of our FY26F forecast and 46.1% of consensus estimates, which is in line with our expectation.**
- **We expect KERJAYA to continue delivering resilient earnings performance, supported by its sizeable outstanding order book of RM5.0bn, translating to a robust revenue coverage of 2.22x FY25 revenue.**
- **We maintain our FY26F/FY27F/FY28F core net profit forecasts of RM245.2m/RM283.0m/RM217.0m.**
- **Maintain our BUY recommendation with an unchanged TP of RM3.38, based on 15.0x PE applied to FY27F EPS of 22.5 sen, alongside a three-star ESG rating.**

Result Inline. KERJAYA reported a 2QFY26 core net profit of RM54.9m (-11.8% QoQ, +0.8% YoY), after adjusting reversal of ECL (-RM11.82m). This brought 1HFY26 core net profit of RM117.0m (+16.5% YoY), accounting for 47.7% of our FY26F forecast and 46.1% of consensus estimates, in line with our expectations, driven by progressive contributions from the core construction and property development segments.

QoQ. Core net profit rose 49.6% QoQ to RM54.9m (1QFY26: RM62.2m), even as revenue declined 9.8% QoQ to RM403.1m amid slower construction and property development billings following the seasonally stronger first quarter. PBT margin expanded to 21.2% (1QFY26: 17.0%), supported by a RM11.82m reversal of ECL and a low-base-driven increase in other income to RM15.7m (1QFY26: RM4.9m).

YoY. Revenue fell 25.3% YoY to RM403.1m (2QFY25: RM539.5m), as construction revenue recognition declined 24.4% YoY to RM355.2m on lower work-in-progress across ongoing projects, while property development revenue fell 31.1% YoY to RM47.4m as The Vue @ Monterez and Papyrus @ North Kiara neared completion. Despite lower revenue, core net profit increased by 0.8% to RM54.9m, mainly driven by prudent cost management and contributions from higher-margin projects.

YTD. 1HFY26 revenue fell 16.0% YoY to RM849.9m as flagship property development projects progressed past their peak billing stages and construction revenue recognition normalised from the prior year's elevated base. Core net profit nonetheless rose 16.5% YoY to RM117.0m, underpinned by margin expansion across the Group's core segments and a 35.2% increase in other income to RM20.6m.

Dividends. The Group declared a second interim single-tier **dividend of 3.5 sen per share**, with an **ex-date of 14 Sep 2026**.

Outlook. We expect KERJAYA to continue delivering resilient earnings performance despite prevailing macroeconomic uncertainties, supported by its sizeable **outstanding order book of RM5.0bn**, underpinned by robust FY26 YTD contract wins of c.RM2.4bn, translating into a book-to-bill ratio of c.2.2x based on our FY25 revenue forecast and providing healthy multi-year earnings visibility. Notably, the Group has secured five new external clients YTD FY26, including IJM Corporation and Sunway Majestic, marking further progress towards its targeted 35% external and 65% internal project mix and reducing reliance on related-party contracts over the longer term. The Group's gross landbank stands at 88 acres, further bolstered by the recent acquisition of three parcels of land totalling 7.4 acres in Jalan Puchong, providing a pipeline of future launches to sustain the division's contribution over the medium term. Subsequent to the quarter, KERJAYA acquired a 30% stake in ES Sunlogy Berhad for a total consideration of RM64.3m, becoming its largest shareholder – a move we view positively as it broadens KERJAYA's exposure to M&E engineering and renewable energy, complementing its own industrial and data centre-related project pipeline.

Earnings Revision. We make no changes to our earnings forecast.

Valuation & Recommendation. We maintain our **BUY** recommendation on KERJAYA with an unchanged TP of **RM3.38,** based on a 15.0x PE applied to FY27F EPS of 22.5 sen, alongside a three-star ESG rating.

Risks. Rising material costs, labour shortages and oversupply of high-rise residential projects in the property sector.

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	403.1	539.5	*(25.3)*	446.8	*(9.8)*	849.9	1,011.4	*(16.0)*
EBITDA	85.7	81.2	*5.5*	76.2	*12.4*	161.9	152.5	*6.1*
Pre-tax profit	85.4	81.7	*4.5*	76.0	*12.4*	161.4	145.5	*10.9*
Net profit	66.7	54.4	*22.5*	57.3	*16.3*	124.0	100.5	*23.4*
Core net profit	54.9	54.4	*0.8*	62.2	*(11.8)*	117.0	100.5	*16.5*
Core EPS (sen)	4.4	4.3	*0.8*	4.9	*(11.8)*	9.3	8.0	*16.5*
EBITDA margin (%)	21.3	15.1		17.1		19.0	15.1	
PBT margin (%)	21.2	15.1		17.0		19.0	14.4	
Core net profit margin (%)	13.6	10.1		13.92		13.8	9.9	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
Construction	355.2	470.0	*(24.4)*	378.4	*(6.1)*	733.6	892.2	*(17.8)*
Property development	47.4	68.8	*(31.1)*	68.0	*(30.3)*	115.4	117.9	*(2.1)*
Manufacturing & others	0.5	0.7	*(25.2)*	0.5	*6.5*	1.0	1.3	*(26.1)*
Total	**403.1**	**539.5**	***(25.3)***	**446.8**	***(9.8)***	**849.9**	**1,011.4**	***(16.0)***
Profit after tax (PAT)								
Construction	59.5	44.3	*34.4*	55.8	*6.6*	115.3	96.2	*19.8*
Property development	4.8	10.9	*(55.6)*	7.3	*(33.8)*	12.1	18.4	*(34.2)*
Manufacturing & others	2.1	(0.8)	*nm*	(5.9)	*nm*	(3.8)	(13.6)	*(72.2)*
Total	**66.5**	**54.4**	***22.2***	**57.2**	***16.2***	**123.7**	**101.1**	***22.4***
PAT margin (%)								
Construction	16.8%	9.4%		14.8%		15.7%	10.8%	
Property development	10.2%	15.8%		10.7%		10.5%	15.6%	
Manufacturing & others	418.9%	-111.3%		-1239.2%		-384.1%	-1020.6%	
Aggregate Total	**16.5%**	**10.1%**		**12.8%**		**14.6%**	**10.0%**	

Source: Company, Apex Securities

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	2.6	2.6
Pre-tax Profit	**216.2**	**308.9**	**330.8**	**380.7**	**291.7**
Tax	-55.9	-81.3	-85.5	-97.7	-74.7
Profit After Tax	**160.3**	**227.6**	**245.3**	**283.0**	**217.0**
Minority Interest	0.0	-0.6	0.0	0.0	0.0
Net Profit	**160.2**	**227.0**	**245.2**	**283.0**	**217.0**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**160.2**	**227.0**	**245.2**	**283.0**	**217.0**

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	12.7	18.0	19.5	22.5	17.2
P/E (x)	23.3	16.4	15.2	13.2	17.2
P/B (x)	3.3	3.1	3.0	2.7	2.6
EV/EBITDA (x)	15.4	9.9	10.3	9.3	11.0
DPS (sen)	15.0	12.5	14.0	14.0	14.0
Dividend Yield (%)	5.1%	4.2%	4.7%	4.7%	4.7%
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%	11.6%
PAT margin (%)	8.7%	10.1%	9.4%	8.6%	8.6%
NP margin (%)	8.7%	10.1%	9.4%	8.6%	8.6%
CNP margin (%)	8.7%	10.1%	9.4%	8.6%	8.6%
ROE (%)	14.1%	18.8%	19.5%	20.7%	15.4%
ROA (%)	7.2%	9.6%	8.8%	8.7%	7.5%
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)	FY26F	FY27F	FY28F
Expected order book replenishment	2500.0	2100.0	2100.0

Valuations	FY27F
Core EPS (RM)	0.225
P/E multiple (x)	15.0
Fair Value (RM)	**3.38**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**3.38**

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	294.7	381.4	174.8	82.3	370.2
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**	**2377.0**	**2850.2**	**2480.3**
Fixed Assets	92.4	94.0	98.4	107.5	108.5
Intangibles	227.9	227.9	286.8	289.4	292.0
Other non-current assets	10.8	8.3	10.8	10.8	10.8
Total Non-Current Assets	**331.2**	**330.2**	**396.1**	**407.8**	**411.4**
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	1365.3	1405.9
Minority interest	0.7	0.9	0.8	0.9	0.9
Total Equity	**1136.4**	**1204.4**	**1259.4**	**1366.1**	**1406.8**

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	-58.9	0.0	0.0
Investing cash flow	**-60.8**	**-106.9**	**-85.2**	**-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**	**-15.0**	**-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	174.8	82.3
Ending cash	**294.7**	**381.4**	**174.8**	**82.3**	**370.2**

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 **Tuesday, 01 Sep, 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.