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# Kerjaya Prospek Group Bhd

## Maiden RM858m DC Contract Lifts Order Book to a Record RM5.9bn

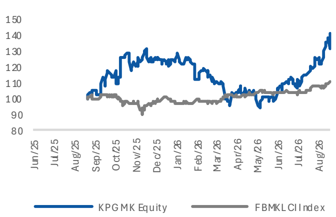
| Recommendation: | | BUY |
|---|---|---|
| Current Price: | | RM 3.08 |
| Previous Target Price: | | RM 3.38 |
| Target Price: | ↑ | RM 3.58 |
| Capital Upside/ Downside: | | 16.2% |
| Dividend Yield (%): | | 4.5% |
| Total Upside/ Downsid | | 20.8% |

**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) | 3,862.8 |
| 52-Week Price Range (RM) | 2.06-3.15 |
| Beta (x) | 0.6 |
| Free float (%) | 29.2 |
| 3M Average Volume (m) | 1.2 |
| 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 (%) | 20.8 | 42.6 | 40.6 |
| Relative (%) | 21.5 | 39.1 | 29.4 |

**Earnings summary**

| FYE Dec | FY26F | FY27F | FY28F |
|---|---|---|---|
| Revenue (RM'm) | 2,722.6 | 3,647.3 | 2,864.5 |
| PATAMI (RM'm) | 250.6 | 300.1 | 237.1 |
| CNP (RM'm) | 250.6 | 300.1 | 237.1 |
| EPS - core (sen) | 19.9 | 23.8 | 18.8 |
| P/E(x) | 14.9 | 12.5 | 15.8 |

- **KERJAYA has secured its first direct data centre contract, worth RM858.0m, for mechanical, electrical and plumbing (MEP) fit-out works at a data centre in Iskandar Puteri, Johor, awarded by a data centre developer.**
- **Assuming a PAT margin of 5%, the contract is expected to contribute c.RM42.9m (or 17.1% of FY26F PAT) over its c.8-month tenure.**
- **This latest win lifts KERJAYA's total new contract wins for 2026 to a record RM3.2bn, well above the Group's already-raised expectations, and pushes the outstanding order book to a record RM5.9bn.**
- **Maintain BUY with an increased TP of RM3.58 (from RM3.38), based on 15.0x PE applied to a higher FY27F EPS of 23.8 sen, alongside a three-star ESG rating.**

**Secured RM858m Data Centre Contract.** KERJAYA's wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, has been awarded a RM858.0m contract by a data centre developer, comprising mechanical, electrical and plumbing (MEP) fit-out works for a data centre located in Iskandar Puteri, Johor. The project is expected to commence in third quarter of 2026 and is targeted for completion within eight months.

**Our View.** We view this contract win **positively**, as it provides an additional revenue stream for the Group through FY27. **We assume a PAT margin of approximately 5% for this project, the contract could contribute approximately RM42.9m in PAT over its 8-month tenure, equivalent to roughly 17.1% of our FY26F PAT forecast on a full-contract basis.** Unlike KERJAYA's earlier RM52.5m data centre-related sub-contract in July 2026, which covered civil, structural and basic low-voltage M&E works, this latest award is a substantially larger, direct MEP-scope contract awarded by a data centre developer – a meaningful validation of KERJAYA's stated ambition to build a genuine presence in data centre construction, rather than a one-off diversification data point. We expect this win to strengthen KERJAYA's credentials and track record in the data centre space, supporting a larger pipeline of similar contracts over time as demand for data centre infrastructure in Malaysia and the region continues to grow.

**Outlook.** This latest award lifts KERJAYA's total new contract wins for FY26 to a record RM3.2bn, comfortably surpassing the Group's original full-year target of RM2.0bn. **The outstanding order book has correspondingly risen to a record RM5.9bn, translating to a book-to-bill ratio of approximately 2.6x based on FY25 revenue**, underpinning continued strong earnings visibility over the coming years. This momentum reflects KERJAYA's successful foray into the data centre sector, with this maiden RM858.0m MEP contract marking a significant new growth avenue alongside the Group's traditional Klang Valley, Penang and Johor Bahru residential and related-party pipeline. Together with the Group's recent ES Sunlogy stake and its broader push into M&E engineering and industrial infrastructure work, this data centre win reflects a construction group that continues to diversify both its job mix and its sector exposure, while maintaining a sizeable base of related-party replenishment.

**Earnings Revision**. Following the new contract award, KERJAYA's FY26 order book replenishment has surpassed our assumption of RM2.5bn. We have revised our FY26 order book replenishment assumption upward to RM3.5bn, while maintaining our FY27 and FY28 assumptions of RM2.1bn each. Consequently, our earnings forecasts for FY26F/FY27F/FY28F have been revised upward by 2.2%/6.0%/9.3% to RM250.6m/RM300.1m/RM237.1m, respectively.

**Valuation & Recommendation**. We maintain our **BUY** recommendation on KERJAYA with an increased TP of **RM3.58** (from **RM3.38**), based on a 15.0x PE applied to a higher FY27F EPS of 23.8 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** | **2722.6** | **3647.3** | **2864.5** |
| **Gross Profit** | **246.2** | **353.1** | **381.2** | **455.9** | **363.8** |
| **EBITDA** | **225.4** | **339.1** | **353.9** | **419.4** | **335.1** |
| Depreciation & Amortisation | -16.8 | -18.5 | -22.1 | -24.7 | -25.4 |
| **EBIT** | **208.6** | **320.6** | **331.9** | **394.7** | **309.7** |
| 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** | **338.0** | **403.7** | **318.8** |
| Tax | -55.9 | -81.3 | -87.4 | -103.7 | -81.7 |
| **Profit After Tax** | **160.3** | **227.6** | **250.6** | **300.0** | **237.1** |
| Minority Interest | 0.0 | -0.6 | 0.0 | 0.0 | 0.0 |
| **Net Profit** | **160.2** | **227.0** | **250.6** | **300.1** | **237.1** |
| Exceptionals | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Core Net Profit** | **160.2** | **227.0** | **250.6** | **300.1** | **237.1** |

**Key Ratios**

| FYE Dec | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| EPS (sen) | 12.7 | 18.0 | 19.9 | 23.8 | 18.8 |
| P/E (x) | 24.2 | 17.1 | 15.5 | 12.9 | 16.4 |
| P/B (x) | 3.4 | 3.2 | 3.1 | 2.8 | 2.7 |
| EV/EBITDA (x) | 16.0 | 10.4 | 10.7 | 9.7 | 11.2 |
| DPS (sen) | 15.0 | 12.5 | 14.0 | 14.0 | 14.0 |
| Dividend Yield (% ) | 4.9% | 4.1% | 4.5% | 4.5% | 4.5% |
| EBITDA margin (% ) | 12.3% | 15.1% | 13.0% | 11.5% | 11.7% |
| EBIT margin (% ) | 11.4% | 14.3% | 12.2% | 10.8% | 10.8% |
| PBT margin (% ) | 11.8% | 13.7% | 12.4% | 11.1% | 11.1% |
| PAT margin (% ) | 8.7% | 10.1% | 9.2% | 8.2% | 8.3% |
| NP margin (%) | 8.7% | 10.1% | 9.2% | 8.2% | 8.3% |
| CNP margin (% ) | 8.7% | 10.1% | 9.2% | 8.2% | 8.3% |
| ROE (% ) | 14.1% | 18.8% | 19.8% | 21.6% | 16.4% |
| ROA (% ) | 7.2% | 9.6% | 9.0% | 9.1% | 8.1% |
| Gearing (% ) | 2.5% | 1.7% | 1.8% | 1.5% | 1.3% |
| Net gearing (% ) | Net Cash | Net Cash | Net Cash | 12.4% | Net Cash |

| FYE Dec (RM m) | FY26F | FY27F | FY28F |
|---|---|---|---|
| Expected order book replenishment | 3500.0 | 2100.0 | 2100.0 |

| Valuations | FY27F |
|---|---|
| Core EPS (RM) | 0.238 |
| P/E multiple (x) | 15.0 |
| **Fair Value (RM)** | **3.58** |
| ESG premium/discount | 0.0% |
| **Implied Fair Value (RM)** | **3.58** |

*Source: Company, Apex Securities*

**Balance Sheet**

| FYE Dec (RM m) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| Cash | 294.7 | 381.4 | 107.1 | -151.7 | 154.1 |
| Receivables | 1125.3 | 1114.6 | 1454.6 | 1948.5 | 1530.4 |
| Inventories | 249.6 | 243.9 | 307.5 | 385.7 | 293.4 |
| Other current assets | 224.1 | 289.0 | 512.5 | 686.5 | 539.2 |
| **Total Current Assets** | **1893.6** | **2028.9** | **2381.6** | **2869.0** | **2517.1** |
| Fixed Assets | 92.4 | 94.0 | 99.2 | 111.0 | 114.2 |
| 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** | **396.9** | **411.3** | **417.1** |
| 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 | 1264.0 | 1387.7 | 1448.4 |
| Minority interest | 0.7 | 0.9 | 0.8 | 0.9 | 0.9 |
| **Total Equity** | **1136.4** | **1204.4** | **1264.8** | **1388.5** | **1449.3** |

**Cash Flow**

| FYE Dec (RM m) | FY24 | FY25 | FY26F | FY27F | FY28F |
|---|---|---|---|---|---|
| **Pre-tax profit** | **216.2** | **308.9** | **338.0** | **401.1** | **316.2** |
| Depreciation & amortisation | 16.8 | 18.5 | 22.1 | 24.7 | 25.4 |
| Changes in working capital | 88.1 | 0.5 | -90.4 | -365.9 | 252.9 |
| Others | 2.9 | -58.4 | -87.4 | -103.7 | -81.7 |
| **Operating cash flow** | **323.9** | **269.5** | **182.3** | **-43.8** | **512.8** |
| Net capex | -13.5 | -11.5 | -27.2 | -36.5 | -28.6 |
| Others | -47.3 | -95.4 | -58.9 | 0.0 | 0.0 |
| **Investing cash flow** | **-60.8** | **-106.9** | **-86.2** | **-36.5** | **-28.6** |
| 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** | **-82.7** | **-258.8** | **305.8** |
| 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 | 107.1 | -151.7 |
| **Ending cash** | **294.7** | **381.4** | **107.1** | **-151.7** | **154.1** |


KDN PP13226/06/2024 (035469)

## 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, 04 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.