

Research Team

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Recommendation:	BUY
Current Price:	RM 3.30
Previous Target Price:	RM 3.75
Target Price:	↔ RM 3.75
Capital Upside/ Downside:	13.6%
Dividend Yield (%):	4.2%
Total Upside/ Downsid	17.9%

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)	4,138.7
52-Week Price Range (RM)	2.06-3.74
Beta (x)	0.6
Freefloat (%)	29.2
3M Average Volume (m)	1.9
3M Average Value (RM' m)	6.0

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 (%)	-3.8	36.9	32.5
Relative (%)	0.7	45.7	32.1

Earnings summary

FYE Dec	FY26F	FY27F	FY28F
Revenue (RM'm)	2,762.6	3,817.3	3,109.5
PATAMI (RM'm)	254.4	314.3	257.8
CNP (RM'm)	254.4	314.3	257.8
EPS - core (sen)	20.2	25.0	20.5
P/E(x)	16.3	13.2	16.1

Kerjaya Prospek Group Bhd

Powering into Utility Infrastructure with TNB Paka Award

- **KERJAYA** via a consortium in which it holds a 25% participation, has accepted a RM568.2m contract from TNB to establish the PMU 500/275/132/33/11kV Paka GIS in Terengganu, to be completed within 24 months; KPG's share is c.RM142.1m.
- The award lifts YTD FY26 new wins to c.RM3.5bn and the Group's order book to c.RM6.0bn, c.2.7x FY25 revenue, extending earnings visibility to FY29.
- The Group's tender book stands at c.RM2.0bn, while recent wins in data centre MEP works and power infrastructure broaden its reach beyond high-rise building works.
- Maintain BUY with an unchanged TP of RM3.75, based on 15.0x PE applied to a FY27F EPS of 25.0 sen, alongside a three-star ESG rating.

Secured RM568.2m TNB substation contract in Terengganu. KERJAYA's wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, together with Jati Tinggi Holding Sdn Bhd (a wholly-owned subsidiary of Jati Tinggi Group Bhd) and Betapac Sdn Bhd, received a letter of award from Tenaga Nasional Bhd (TNB) on 21 October 2026 through the JTHSB-KPMSB-BSB Joint Venture, an unincorporated consortium, and accepted it on 22 October 2026. The RM568.2m contract covers the execution and establishment of the PMU 500/275/132/33/11kV Paka GIS, a transmission main intake substation in Terengganu, to be completed within 24 months from the commencement date. Rights and obligations are shared 55:25:20 among Jati Tinggi Holding (JTHSB), KERJAYA and Betapac (BSB), giving KERJAYA a 25% participation, or c.RM142.1m of the contract value. The Group expects the contract to contribute positively to earnings for FY2026 to FY2028.

Our View. We view this contract win **positively**. While KERJAYA's c.RM142.1m share is modest at c.2.4% of its order book, the award marks the Group's entry into power infrastructure for TNB and its first project in Terengganu, extending a diversification that already includes data centre fit-out works. **Assuming a 10% net profit margin, KERJAYA's 25% share of the contract could contribute c.RM14.2m in PAT over the 24-month tenure, equivalent to c.5.6% of our FY26F CNP forecast on a full-contract basis.** Strategically, this marks KERJAYA's first foray into Terengganu, extending its geographic diversification beyond the Klang Valley, Penang and Johor Bahru, and adds power transmission infrastructure to a growing list of infrastructure-related segments the Group is building a track record in, alongside data centres and industrial works. As a consortium contract with an established partner (JTHSB) and a specialist substation contractor (BSB), execution risk is shared and KERJAYA's effective exposure is capped at its 25% participation, which we view as a sensible way to gain exposure to large-scale power infrastructure work without disproportionate balance sheet or execution risk.

Outlook. KERJAYA's order book now stands at c.RM6.0bn, c.2.7x FY25 revenue, providing earnings visibility through FY29. YTD FY26 new wins of c.RM3.5bn are already well above the Group's initial RM2.0bn target, and include the RM858m mechanical, electrical and plumbing fit-out contract for a data centre in Iskandar Puteri, Johor, secured in September 2026, its first data centre job. Its tender book remains healthy at c.RM2.0bn. Beyond construction, the Group's recent 31% stake in ES Sunlogy Bhd adds exposure to mechanical and electrical engineering and renewable energy. Together with continued related-party replenishment from E&O-linked developments, we expect KERJAYA's order book to remain well-supported over FY27-FY28, underpinning continued earnings growth even as the Group's job mix and geographic footprint continue to diversify away from its traditional Klang Valley and Penang residential base.

Earnings Revision. We make no changes to our earnings forecast as the award falls within our orderbook replenishment assumption of RM3.9bn for FY26.

Valuation & Recommendation. We maintain our **BUY** recommendation on KERJAYA with an unchanged TP of **RM3.75**, based on a 15.0x PE applied to a higher FY27F EPS of **25.0 sen**, alongside a three-star ESG rating.

Risks. Rising material costs, labour shortages, continued reliance on related-party contract awards, and oversupply of high-rise residential projects in the property sector.

Company Update

Friday, 23 Oct, 2026

Financial Highlights

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1835.5	2249.3	2762.6	3817.3	3109.5
Gross Profit	246.2	353.1	386.8	477.2	394.9
EBITDA	225.4	339.1	359.1	439.0	363.8
Depreciation & Amortisation	-16.8	-18.5	-22.2	-25.1	-26.2
EBIT	208.6	320.6	337.0	413.9	337.6
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	343.1	422.9	346.7
Tax	-55.9	-81.3	-88.7	-108.6	-88.9
Profit After Tax	160.3	227.6	254.4	314.3	257.8
Minority Interest	0.0	-0.6	0.0	0.0	0.0
Net Profit	160.2	227.0	254.4	314.3	257.8
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	160.2	227.0	254.4	314.3	257.8

Key Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	12.7	18.0	20.2	25.0	20.5
P/E (x)	25.9	18.3	16.3	13.2	16.1
P/B (x)	3.7	3.4	3.3	3.0	2.8
EV/EBITDA (x)	17.3	11.2	11.4	10.1	11.4
DPS (sen)	15.0	12.5	14.0	14.0	14.0
Dividend Yield (%)	4.5%	3.8%	4.2%	4.2%	4.2%
EBITDA margin (%)	12.3%	15.1%	13.0%	11.5%	11.7%
EBIT margin (%)	11.4%	14.3%	12.2%	10.8%	10.9%
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%	20.1%	22.3%	17.3%
ROA (%)	7.2%	9.6%	9.1%	9.5%	8.7%
Gearing (%)	2.5%	1.7%	1.8%	1.4%	1.2%
Net gearing (%)	Net Cash	Net Cash	Net Cash	19.8%	0.4%

FYE Dec (RM m)	FY26F	FY27F	FY28F
Expected order book replenishment	3900.0	2400.0	2100.0

Valuations	FY27F
Core EPS (RM)	0.250
P/E multiple (x)	15.0
Fair Value (RM)	3.75
ESG premium/discount	0.0%
Implied Fair Value (RM)	3.75

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	294.7	381.4	81.7	-258.1	12.5
Receivables	125.3	114.6	1475.9	2039.4	1661.2
Inventories	249.6	243.9	307.5	385.7	293.4
Other current assets	224.1	289.0	520.0	718.5	585.3
Total Current Assets	1893.6	2028.9	2385.1	2885.4	2552.4
Fixed Assets	92.4	94.0	99.6	112.7	117.6
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	397.2	412.9	420.5
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	1267.8	1405.7	1487.2
Minority interest	0.7	0.9	0.8	0.9	0.9
Total Equity	1136.4	1204.4	1268.6	1406.6	1488.1

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	216.2	308.9	343.1	420.3	344.1
Depreciation & amortisation	16.8	18.5	22.2	25.1	26.2
Changes in working capital	88.1	0.5	-119.3	-459.8	198.7
Others	2.9	-58.4	-88.7	-108.6	-88.9
Operating cash flow	323.9	269.5	157.3	-123.1	480.0
Net capex	-13.5	-11.5	-27.6	-38.2	-31.1
Others	-47.3	-95.4	-58.9	0.0	0.0
Investing cash flow	-60.8	-106.9	-86.6	-38.2	-31.1
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	-108.1	-339.8	270.6
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	81.7	-258.1
Ending cash	294.7	381.4	81.7	-258.1	12.5

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

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(a) nil.