

Kerjaya Prospek Clinches Fifth Job Up North

May 28, 2024

Kerjaya Prospek Group Bhd (KPG) has secured a job from Tanjung Pinang Development (TPD), an indirect subsidiary of Eastern & Oriental to undertake the execution and completion of reclamation and dredging works for Phases 2B and 2C of Seri Tanjung Pinang Phase 2 (STP2) for a contract worth MYR567.7m.

RHB Investment Bank (RHB) said today (May 28), works, expected to commence in July, are scheduled to be completed within 40 months. This is KPG's 17th job related to the Andaman Island under the STP2 development in Penang.

RHB maintains a BUY call on KPG with MYR2.15 TP.

RHB believes this job award is timely, as KPG began works for the coastal protection structure for Phases 2B and 2C of STP2 in Feb 2023 (which are still ongoing and expected to end). Taking this latest job win into consideration, KPG has secured MYR2.4bn worth of contracts under STP2.

RHB estimates KPG's latest outstanding orderbook to be about MYR4.8bn post new job win for STP2 – translating into earnings visibility of four years. YTD, the group has clinched about MYR980m in new contracts.

In the long run, STP2 could provide continuity in job flow for KPG over the next 5-7 years, with projects worth around MYR2bn.

Is there more we can expect from Penang? RHB does not discount the possibility of KPG (together with its partner Samsung C&T) eyeing the contract for Penang International Airport extension works (total value of MYR1.5bn divided across three work packages). They understand that KPG's partner Samsung C&T, via a consortium with a Taiwanese company, had secured a USD1.6bn contract for expansion works at the Taiwan Taoyuan Airport in Mar 2021.

Other pockets of opportunity include securing projects in Batu Kawan, as the group has also won about MYR1.4bn worth of jobs (awarded by Aspen Group) related to the said area

The icing on the cake would be additional lines for the Penang Light Rail Transit (LRT). Penang Chief Minister Chow Kon Yeow has expressed his hope for the Komtar-Tanjung Bungah line to be built in the next phase of the Penang LRT. Should this materialise, we expect to see better connectivity to the areas near STP2 – particularly Tanjung Tokong, as an LRT line may likely go through the said area in order to be linked to Tanjung Bungah.