

Kerjaya Prospek earnings set to scale new heights

PETALING JAYA: Kerjaya Prospek Group Bhd's earnings are expected to scale new heights in 2024, underpinned by its sizeable outstanding order book and recurring job orders.

UOB Kay Hian (UOBKH) Research in a report said the company stands ahead of its peers, given its lower dependence on government jobs, its ability to bag private sector projects and steady internal job flows.

"This ensures its earnings visibility in the long term amid slower infrastructure job flows."

UOBKH Research expects Kerjaya Prospek's earnings to scale new heights this year, as it believes the group will continue to ramp up progress billings of ongoing projects following the resolution of labour shortage issues.

"Meanwhile, the transition into newer projects as well as the continued easing of building material prices are also expected

to result in margin improvement.

"These catalysts should bode well for Kerjaya Prospek to accomplish earnings growth in 2023 to 2026."

TA Research said Kerjaya Prospek's current outstanding construction order book is around RM4.2bil, which translates to about 2.9 times the group's financial year 2023 revenue.

"Meanwhile, the group has an active tender book of up to RM2bil," it said.

RHB Investment Bank, meanwhile, noted that opportunities stem from Eastern & Oriental Bhd's (E&O) Elmina West development in Shah Alam, Selangor.

"Recall that Kerjaya Prospek has secured a RM25mil job in the third quarter of 2023 to undertake earthworks for the said development in Elmina West.

"We view this development to be important for E&O to mitigate its single-location risk."

Meanwhile, Kenanga Research said it

continues to like Kerjaya Prospek for its innovative and high-margin formwork construction method, as well as its lean and hands-on management team.

In the fourth quarter ended Dec 31, 2023, Kerjaya Prospek posted a net profit of RM35.74mil, up from RM28.6mil in the year-ago quarter.

Its earnings per share improved to 2.83 sen from 2.27 sen in the comparative quarter.

Revenue during the quarter rose to RM489.04mil from RM285.26mil in the previous corresponding quarter.

Over the entire financial year, Kerjaya Prospek recorded a net profit of RM132.29mil against RM114.8mil in financial year 2022, while revenue rose to RM1.46bil from RM1.12bil in the previous year.

The group has declared a fourth interim dividend of two sen per share, payable on April 5, 2024.

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