

Construction, property sales bolster Kerjaya Prospek

Group to benefit from growth in Selangor and Penang

PROPERTY

PETALING JAYA: Kerjaya Prospek Group Bhd's earnings are expected to be supported by its sizeable order book and improved progress on construction activity.

Kenanga Research said the property development group's results for the nine-month period for the financial year 2024 (9M24) met expectations with core profit rising 21% year-on-year (y-o-y) to RM116.7mil on higher construction billings and property sales.

"The net dividend per share in the third quarter of financial year 2024 (3Q24) of seven sen, including a four sen special dividend, came as a pleasant surprise," the research house said in a report yesterday.

Kenanga Research said improved progress on construction work contributed to the 24% jump quarter-on-quarter (q-o-q) in Kerjaya Prospek's 3Q24 core profit to RM46.1mil. Revenue for the period also rose by 28% q-o-q.

"However, the profit after tax margin for its construction segment fell to 8.9% from 11.8% due to a joint venture job in partner-

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Kenanga Research

ship with Samsung, which comes at lower margin due to its role as project manager," the research house said.

Moreover, Kerjaya Prospek's property segment also contributed to the group's y-o-y earnings growth, with revenue rising 28%.

"Property revenue jumped to RM44.1mil from RM17.7mil in 9M24 due to its new projects The Vue @ Monterez in Shah Alam and Papyrus @ North Kiara in Kuala Lumpur," Kenanga Research said.

Year-to-date, Kerjaya Prospek has won 10 new jobs worth a total of RM1.58bil, surpassing its target of RM1.5bil for this year and close to Kenanga Research's

forecast of RM1.6bil.

"Some 81% of the value of the new contracts is in related-party transactions (RPTs) including six jobs from Eastern & Oriental Bhd and three from Kerjaya Prospek Property Bhd. Currently, its outstanding order book stands at RM4.4bil with 28 on-going projects," the research house said, adding that 48% its order book is tied to RPTs.

The group's job replenishment target for FY25 is RM1.5bil versus Kenanga Research's assumption of RM1.8bil.

Additionally, Kerjaya Prospek's current tender book of RM4bil comprises RM2bil in building jobs

(70% RPT) and RM2bil in industrial jobs including data centres and logistic warehouses.

Kenanga Research downgraded its call for Kerjaya Prospek to "market perform" from "outperform" with an unchanged target price of RM2.21, as the market has already priced in the group's positives.

Meanwhile, RHB Research forecast a three-year (FY23 to FY26) earnings compound annual growth rate of 14% for Kerjaya Prospek, backed by steady job flows from Penang and the Klang Valley, coupled with stronger property development contributions.

"Penang still has ample opportunity – for example, dredging and reclamation work for the second phase of the Seri Tanjung Pinang (STP) development – which could be in excess of RM500mil, combined with upcoming launches with a total gross development value of more than RM500mil for STP in the next six months," the research house said.

RHB Research maintained a "buy" call for Kerjaya Prospek with a target price of RM2.67.