

Kerjaya Prospek Group Bhd

Buy. Target price: RM2.45



Source: Bloomberg, RHB Research

WE estimate KPG's outstanding orderbook to be at RM4.1 billion (3x cover ratio) with RM980 million worth of new jobs secured YTD (65% of our FY24 job replenishment target of RM1.5 billion). We estimate that at least 30% of KPG's orderbook comes from the Seri Tanjung Pinang Phase 2 (STP2) project. We believe there are still plenty of opportunities amid upcoming property launches in STP2, such as the service apartment called The Lume (GDV: RM689 million). Prospects are further backed by strong demand seen for STP2's existing projects, such as Senna and Fera, which have >90% take-up rates since their launches in January.

The group has clinched RM1.3 billion worth of jobs in the Batu Kawan area awarded by Aspen (Group) Holdings. The latest news that Kerjaya Prospek Property is developing 222k sq ft of land in Batu Kawan into a mixed development via a JV with ASPEN demonstrates that the Batu Kawan area has much to offer in the future.

Other opportunities could stem from Eastern & Oriental's (EAST MK, BUY, RM1.38) Elmina West development (estimated baseline GDV: RM1.5 billion over 135 acres of freehold land). Recall that KPG secured a RM25 million job in Q3'23 to undertake earthworks in Elmina West. We view this development to be important for EAST to mitigate single-location risk and we gathered from management that EAST is looking to expedite this development project in H2'24, as the acquisition of the land in Elmina West was completed in 2015.

Keep BUY with new RM2.45 TP.

Downside risks: Property market slowdown and prolonged cost pressures.