

## Kerjaya Prospek secures second win of FY25, RM51 mln earthworks job

**KUCHING:** Kerjaya Prospek Group Bhd (KPG) has secured its second contract win in its financial year 2025 (FY25), a RM51 million piling and earthworks job for a proposed service apartment at Bandar Tanjung Pinanag, Andaman Island, Penang.

In a bursa filing on March 10, KPG announced that its whole-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd had accepted the RM51 million contract from its sister company Eastern & Oriental Bhd (E&O).

Note that KPG's non-independent non-executive chairman, Datuk Tee Eng Ho, is E&O's executive chairman and an indirect major shareholder of E&O.

The contract works are slated to start in April 2025 and its construction period is expected to last 12 months.

The research house of TA Securities Holdings Bhd (TA Securities) forecasts that the contract would likely generate a net profit of around RM5.1 million through the construction period if they assume the a 10 per cent margin which is based on the group's three-year historical net margin.

Overall, analysts have received this development positive as this second FY25 job win from KPG has boosted its year to date (YTD) to RM307.4 million and its total outstanding orderbook to RM4.1 billion which its equivalent to 2.4-times its FY24 construction revenue and expected to keep the group busy for the next three years.

The win is also in line with KPG's job replenishment target of RM1.6 billion for FY25 which is backed by a RM2 billion tender book for building jobs.

Though it should be noted

both TA Securities and the research arm of Kenanga Investment Bank Bhd (Kenanga Research) are forecasting that KPG will likely be able to meet a higher FY25 job replenishment target of RM1.8 billion.

Furthermore, the group's outlook is also sustained by its property development segment as its 55 per cent owned Rivanis redevelopment project in Butterworth is expected to sustain its construction and property earnings for the next seven years.

With strong earnings visibility from its sizeable outstanding orderbook and recurring orders from sister companies such as E&O and Kerjaya Prospek Property Bhd (Kpprop), as well as lean management and potential growth in the industrial property thanks to their partnership with Samsung, both analysts guide that they are positive on the group's outlook.

Kenanag Research maintains their 'market perform' call on KPG with an unchanged sum-of-parts derived target price (TP) of RM2.10 which is based on its construction business valued at a 14-times forward price earnings ratio (PER) which is a discount to the 22-times ascribed to larger contractors to reflect KPG's focus on the high-rise building sector which is currently weighed down by oversupply in office and residential segments.

Meanwhile, TA Securities maintains their 'buy' call on KPG with they unchanged TP of RM2.72 which is based on a 18-times 2025 earnings per share (EPS).

"The stock presents an attractive dividend yield of 5.8 per cent based on our projected dividend of 12 sen per share for FY25," they said.