

Kerjaya Prospek downgraded to 'Neutral' as rally limits upside, despite strong order book



PublicInvest has downgraded its recommendation on Kerjaya Prospek Group Bhd to 'Neutral'.

KUALA LUMPUR: Public Investment Bank Bhd (PublicInvest) has downgraded its recommendation on Kerjaya Prospek Group Bhd to 'Neutral', citing the recent share price rally and limited upside potential to its unchanged target price of RM2.85.

"We believe the near-term positives for Kerjaya Prospek have been largely priced in. The group will continue to pursue higher-margin projects while monitoring and implementing appropriate strategies to address ongoing business and economic challenges," it said in a note.

Despite the downgrade, PublicInvest noted that Kerjaya Prospek remains fundamentally strong, supported by its robust balance sheet, disciplined cost management, and ongoing partnerships with major developers such as Eastern & Oriental Bhd (E&O).

Kerjaya Prospek's outstanding construction order book has risen to RM3.6 billion, and this will provide earnings visibility for the next two to three years.

PublicInvest said year-to-date job wins have reached RM870.3 million, achieving 54.4 per cent of its financial year 2025 order book replenishment target of RM2 billion.

The latest RM87.7 million contract was awarded by E&O's indirect subsidiary, E&O Express Sdn Bhd, for the construction of 133 shop lots in Elmina, Shah Alam.

The project is expected to commence on Nov 17, 2025, and will take about 30 months to complete.

PublicInvest estimated the contract would contribute around RM8 million in profit over the construction period, assuming low-teen profit margins.

The job accounts for about 4.4 per cent of its FY25 replenishment target and raises the group's cumulative year-to-date new contracts to RM958 million, or 47.9 per cent of the full-year target.