

PublicInvest keeps 'Neutral' call on Kerjaya Prospek



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KUALA LUMPUR: Kerjaya Prospek Group Bhd's latest job win at Elmina West, Shah Alam, has pushed its outstanding orderbook by 6.5 per cent to RM4.2 billion.

The company was appointed by its related party, Eastern & Oriental Bhd, to build 360 units of landed housing in Elmina West for RM256.4 million.

Public Investment Bank Bhd (PublicInvest Research) said this job marks the group's first job win of the year, accounting for 12.8 per cent of the firm's job replenishment target for financial year 2025 (FY25) of RM2 billion.

The firm said that the project will contribute about RM11.8 million per annum on average from FY25-FY27 to the group.

"Based on our estimation, this job is expected to contribute 5-6 per cent per annum on average to the group's earnings during the 26-month contract period, assuming low-teen margins.

"All told, we keep our forecasts unchanged as this forms part of our FY25 orderbook replenishment assumption," it said in a note.

The project involves the construction of 360 units of three-storey terrace houses, alongside a clubhouse, Tenaga Nasional Bhd substation, landscaping, and other related infrastructure.

This project will be delivered in three phases, with construction set to begin on Jan 20, 2025, and completion targeted by the first quarter of 2027 (Q1 2027).

PublicInvest Research said Kerjaya Prospek's current outstanding orderbook provides earnings visibility for the next two to three years.

It maintained a 'Neutral' call on the stock with an unchanged target price of RM2.

In a separate report, RHB Investment Bank Bhd (RHB Research) expects the net margin for this latest contract in Elmina West to be nine to 10 per cent.

"Looking ahead, other opportunities that may arise from Elmina West include the launch of a project of over 110 shophouses by EAST in FY26," it said.

On the medium- to near-term opportunities for the group, RHB Research said Penang still has ample opportunities, such as dredging and land reclamation works for Phases 2B and 2C of Seri Tanjung Pinang Phase 2, which could be in excess of RM500 million, combined with upcoming launches with a gross development value of more than RM500 million in the next six months.

"All in, we view the stock's FY25F price-to-earnings (P/E) of 15x to be undemanding vs. the Bursa Malaysia Construction Index's forward P/E of 18x.

"Our upbeat outlook is reflected in our forecasted three-year (FY23-FY26) earnings CAGR of 14 per cent, backed by steady job flows from Penang and the Klang Valley, coupled with stronger property development contributions," it added.

RHB Research kept its 'Buy' call on the stock with a target price of RM2.67.