

## RM2 AND RM2.67 TARGET PRICES

# 'Neutral' and 'buy' recommendations on Kerjaya Prospek

**KUALA LUMPUR:** Kerjaya Prospek Group Bhd's RM4.2 billion order book ensures earnings visibility for the next two to three years, said Public Investment Bank Bhd (PublicInvest).

It kept its "neutral" rating with no change to the RM2 target price, and said the group's recent contract win at Elmina West, Shah Alam boosted its outstanding order book by 6.5 per cent to RM4.2 billion.

The RM256.4 million contract,

awarded by Eastern & Oriental Bhd, involves the construction of 360 landed housing units.

PublicInvest noted that the project contributes 12.8 per cent to the group's job replenishment target of RM2 billion for the financial year 2025 and is expected to deliver an average annual contribution of RM11.8 million from financial years 2025 to 2027.

"This job is expected to contribute 5.0-6.0 per cent per annum on average to the group's

earnings during the 26-month contract period, assuming low-teen margins. We keep our forecasts unchanged as this forms part of our financial year 2025 order book replenishment assumption," it said in a note.

The project will be executed in three phases from Jan 20, 2025 until the first quarter of 2027.

In a separate note, RHB Investment Bank Bhd (RHB Research) estimated the project's net margin to be between 9.0 per cent and

10 per cent.

For medium to near term, it highlighted opportunities in Penang, including dredging and land reclamation for Seri Tanjung Pinang Phase 2, with potential contracts exceeding RM500 million.

Launches with a combined gross development value of over RM500 million are anticipated within the next six months.

"We view the stock's financial year 2025 price-to-earnings (P/E)

of 15 times to be undemanding vs the Bursa Malaysia Construction Index's forward P/E of 18 times. Our outlook is reflected in our forecast three-year (2023-2026) earnings compound annual growth rate of 14 per cent, backed by job flows from Penang and the Klang Valley and stronger property development contributions," RHB Research said.

It maintained a "buy" call on the stock with a target price of RM2.67.