

Kerjaya's job wins hit RM1.16bil for this year

Order book provides earnings visibility for three years

CONSTRUCTION

PETALING JAYA: Kerjaya Prospek Group Bhd's wholly owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, has accepted a contract worth RM56.4mil from the Department of the Chief Minister of Pulau Pinang for the construction of steel roof structures including a hawker centre along Jalan Gurney.

In a filing with Bursa Malaysia, the group said the contract, which took effect yesterday, shall be completed within 18 months.

It said the contract is expected to provide an additional stream of revenue for the group over the next two years.

On Tuesday, the construction company also announced that it had accepted letters of award with a total contract value of RM197.7mil. The first contract, valued at RM100.2mil, involves the construction of a 39-storey serviced apartment, Viera 15, in Section 15, Shah Alam.

The second contract, valued at RM97.5mil, entails the construction of five canal bridges on Andaman Island in Penang.

Analysts said they believe that the group's order book should continue to support its near-term earnings visibility and its recent two contract wins could generate a combined RM19.8mil in net earnings over their construction periods.

This is based on a net margin of 10%, consistent with its historical margins from in-house projects, said TA Research.

Kenanga Research said with the two new wins, Kerjaya has secured its eighth and ninth jobs for this year, with an estimated net margin of 10%, bringing year-to-date contract wins to RM1.16bil.

BIMB Research said Kerjaya's order book has expanded to approximately RM3.7bil, providing strong earnings visibility over the

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TA Research

next three years.

The research house made no changes to its earnings forecasts for Kerjaya as the new wins falls within its order book replenishment assumption for this year.

It downgraded the stock to "hold" from a "buy" with an unchanged target price of RM2.59 a share.

BIMB Research said that while it continues to like Kerjaya for its resilient earnings visibility, steady contract replenishment and healthy dividend payout, it believes current valuations have largely priced in its near-term upside.

TA Research kept its "buy" recommendation on the stock with an unchanged target price of RM3.20 a share, premised on the same target price-earnings multiple of 17 times earnings per share for next year.

Kenanga Research also maintained its earnings forecasts with unchanged job-win assumptions of RM1.8bil each for this year and next year.

It maintained its target price of RM2.60 a share valuing Kerjaya's construction business at 16 times forward price-earnings, implying a discount to the 22 times applied to large-cap peers such as Gamuda Bhd, IJM Corp Bhd and Sunway Construction Group Bhd, due to its mid-cap status.

The research house said the risks to its call include further deterioration in the prospects for building jobs, rising input costs, and liquidated ascertained damages from cost overruns and delays.

TA Research said it anticipates Kerjaya's order book replenishment outlook to remain solid, supported by upcoming in-house property project launches with an estimated combined gross development value of about RM1.9bil from Kerjaya Prospek Property Bhd and Eastern & Oriental Bhd (E&O) as well as an external tenders of more than RM3bil.

As most of the tenders are at the final stages of negotiations, TA Research expects the contract awards to materialise soon.

Assuming a conservative 20% win rate on the external tenders, this could translate into potential new jobs of at least RM600mil for the group, placing it well on track to meet order book win target for this year.

Kerjaya won two additional contracts worth a combined RM198mil from sister companies Kerjaya Propek Property and E&O, following a RM88mil award from E&O last week.

Both contracts are scheduled to start this month, with an expected 33 to 34-month completion timeline.

Supportline By FONG MIN YUAN

Sunway-REIT

NOV 12 RM2.23



SUNWAY Real Estate Investment Trust has maintained an uptrend following a surge in buying interest earlier in the week.

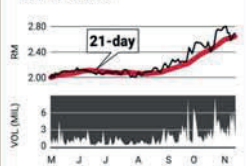
The units are now looking at a recent high of RM2.25, and a historical trading high at RM2.32 given the robust, albeit overbought momentum.

Looking at the technical indicators, the slow-stochastic is overbought at 88 points and appears to be entering a neutralisation phase. However, the 14-day relative strength index (RSI) is on a robust ascent at 60 points while the daily moving average convergence/divergence (MACD) histogram is trending higher in positive territory.

Support for the units are pegged to RM2.05 and RM1.93.

Kerjaya Prospek

NOV 12 RM2.68



KERJAYA Prospek Group Bhd's rebound stalled yesterday as traders took a breather after two days of recovery.

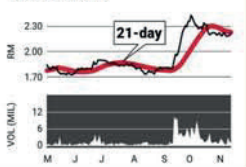
The share hit a trading high of RM2.88 earlier this week, which serves as the highest traded value in recent memory.

Given the return of bullish momentum, the share is expected to reclaim this level as it resumes its upward trend. On the slow-stochastic, the share is headed for the 50-point midline to indicate the return of bullish momentum.

Support lies at RM2.55 and RM2.73.

Binastra

NOV 12 RM2.22



BINASTRA Corp Bhd has entered into a consolidation channel as the stellar momentum seen in September has petered out.

At current levels, the share is finding support at the 38.2% Fibonacci retracement level of the August to October rally at RM2.20.

Subsequently, the share is expected to bounce higher given the bullish flag pattern and growing momentum.

The slow-stochastic is recovering at 46 points while the RSI has crossed above the 50-point midline.

Resistance levels are seen at the historical high of RM2.50 while support is found at RM2.10 and RM2.

The comments above do not represent a recommendation to buy or sell.