

# Kerjaya Prospek secures RM256mil contract

## Construction job in Shah Alam to begin on Jan 20

### CORPORATE

**PETALING JAYA:** Construction outfit Kerjaya Prospek Group Bhd's wholly-owned subsidiary, Kerjaya Prospek (M) Sdn Bhd has accepted a letter of award valued at RM256.4mil from Eastern & Oriental Express Sdn Bhd (E&OE) to execute and complete building construction works in Elmina West, Shah Alam.

The award marks the first contract win for the group for 2025.

In a statement, Kerjaya Prospek said the scope of the project includes the construction of 360 units of three-storey terrace houses, alongside a clubhouse, landscaping works, and other related infrastructure.

The project will be delivered in three phases, with construction slated to begin on Jan 20, 2025 and expected completion within 26 months.

The contract was undertaken on an arm's length basis and based on normal commercial terms.

E&OE is an indirect subsidiary of Eastern & Oriental Bhd, in which certain directors and major shareholders of Kerjaya Prospek have direct or indirect interests.

Kerjaya Prospek chief executive officer and executive director Tee Eng Tiong noted that with the addition of this project, the company's total outstanding order book now stands at approximately RM4.2bil.

He said this would ensure sustained

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earnings visibility for the next three years.

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“We look forward to continue delivering exceptional results and maintaining our momentum of growth as we embark on this new financial year,” he said.

In the third quarter of financial year ended Sept 30, 2024 (3Q24), Kerjaya Prospek posted a net profit of RM46.09mil, up from RM35.57mil in the year-ago quarter, which translates into an earnings per share of 3.65 sen as compared to 2.82 sen previously.

Revenue, meanwhile, rose to RM504.84mil from RM362.23mil in the comparative quarter.

For the nine months period, the group's net profit rose to RM116.73mil from RM96.55mil in the previous corresponding period while revenue increased to

RM1.24bil from RM968.75mil.

The board of directors declared a third interim dividend of three sen per share, with ex-date on Dec 13, 2024, and payable on Dec 20, 2024.

In a filing accompanying its 3Q24 financial performance, Kerjaya Prospek said it will continue to monitor and implement appropriate business strategies in a timely manner to address potential challenges.

This, the company said, included the volatility of the ringgit, shortage of skill manpower and rising material costs, which may have an impact on the operations and financial performance of the group.

“Moving forward, the group will focus on its construction segment to be the main revenue driver for the group.

“Notwithstanding the group's objective is to expand its core business in construction, the group intends to maintain its manufacturing segment to complement its core business.”

## Start of big projects this year to lift builders

**PETALING JAYA:** A robust pipeline of infrastructure and data centres, coupled with a starting of delayed projects will continue supporting the uptrend for the construction sector in 2025.

According to Kenanga Research, 2024 was a relatively slow year for the rollout of projects.

However, data centres are expected to drive growth in private-sector projects this year, as tech giants have announced significant investments into the sector in Malaysia.

Report last year stated that there were 7,200 megawatts (MW) of data centre capacity planned in the country, with 4,700MW secured already.

"We believe large-cap builders such as Gamuda Bhd, IJM Corp Bhd and Sunway Construction Group Bhd (Suncon) hold a competitive edge due to their industrial-building-system solutions, which enable faster project completion.

"Data centre projects are typically fast-tracked and demand shorter construction periods, a factor that naturally commands higher profit margins," the research house said.

Additionally, construction for the Mass Rapid Transit 3 project in the Klang Valley is expected to begin in 2026 with the entire line anticipated to be fully operational by 2032.

The research house said if this timeline materialises, 2025 could surpass 2016's peak for contract awards.

"Other major projects in the pipeline include the Penang Airport expansion, the second phases of the Pan Borneo

Highway and Sabah-Sarawak Link Road and the Subang Airport redevelopment plan," it said.

It added a total of RM185.1bil in main-contractor construction contracts were awarded up to end-November 2024, surpassing the RM152.8bil total value of contracts awarded in 2023.

"We maintain our three-year average annual contract-awards assumption of RM180bil over 2024 to 2026, which is 11% growth against the previous upcycle average of RM161bil in 2016 to 2018," the research house said.

Kenanga Research said Gamuda Bhd was likely to achieve an end-2024 outstanding order book of RM31.8bil, while setting an ambitious outstanding order book target of RM40bil to RM45bil for 2025.

The research house said it was maintaining an "overweight" call on the sector, anchored by Gamuda for large caps, while it also anticipated a better risk-reward profile for mid to small-cap builders such as Kimlun Corp Bhd and WCT Holdings Bhd.

Meanwhile, RHB Research said, alongside Gamuda and Suncon, it also had Kerjaya Prospek Group Bhd as one of its top picks.

The research house said domestic job-flow trends were expected to increase significantly this year, with the total value of projects worth an estimated RM199bil being the highest seen in eight years.

"This is mainly premised on the Works Ministry's projection of construction

spending to be worth RM200bil in 2025, with RM88bil from the government's budget, RM32bil estimated to be from projects by government-linked companies and the remaining RM80bil anticipated to come from the private sector," the research house said.

It added that domestic water-related infrastructure would be another key theme this year, with approval from the Energy Transition and Water Transformation Ministry for 43 high-priority flood mitigation projects worth RM10.5bil.

"In the same vein, a budget of RM2.5bil had been approved by the Cabinet for the National Non-Revenue Water programme to begin from 2025 to 2030," RHB Research said.

It also said that the Bursa Malaysia Construction Index is trading at a forward price-earnings ratio of 18.2 times.

"While it is above the 15 to 16 times observed during the 2017 construction upcycle – we believe that the sector is not ripe for substantial profit-taking, in light of continuing news flows about initiatives such as the Johor-Singapore Special Economic Zone and public-private partnership projects," it noted.

The research house said potential catalysts for the sector could include stronger foreign direct inflows this year, as well as the implementation of the Johor Baru LRT or the Autonomous Rapid Transit system which has yet to see any new updates.

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