

Kerjaya Prospek's latest job win to uplift earnings

Potential growth in industrial property added edge

CORPORATE

PETALING JAYA: Kerjaya Prospek Group Bhd's latest contract win raises the group's outstanding order book to about RM4bil, translating to 2.1 times the financial year 2025 (FY25) revenue forecast, providing near-term earnings visibility.

Assuming a historical net margin of 10%, this project is expected to contribute RM8.8mil in net earnings over the construction period, said TA Research.

The win marked Kerjaya's seventh new job win in FY25, lifting its FY25's year-to-date new order book win to RM958mil.

Kenanga Research in a report said it now factors in a potential data centre win, prompting a re-rating of its construction business to 16 times the price earnings ratio from 14 times.

Following a 30% share price rally over the past two months, the research house downgraded Kerjaya to a "market perform" with a higher target price or TP of RM2.60 a share.

According to Kenanga Research, the risks to its call include further deterioration in the prospects for building jobs, rising input costs and liquidated ascertained damages from cost overrun and delays.

TA Research, meanwhile, maintained its "buy" recommendation on the stock with a revised target price of RM3.20 a share from RM3.02 a share.

This is based on a higher target price to

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TA Research

earnings ratio (PE) multiple of 17 times 2026 earnings per share from 16 times previously.

TA Research believes that the higher PE multiple is warranted, given Kerjaya's robust job replenishment visibility backed by sustained strong double-digit net margins of 10% to 12% for FY25 to FY27.

Its attractive dividend yield of 4.4% and 5.2% based on its projected dividend per share of 12 sen and 14 sen for FY25 and FY26, respectively, remains the strongest among the mid-big cap peers.

TA Research continues to like Kerjaya for its solid earnings visibility, consistent and robust replenishment of its order book and the potential growth in industrial property construction leveraging the partnership with Samsung.

Kerjaya won a RM87.7mil building contract from Eastern & Oriental Bhd (E&O) to construct 133 units of shop lots with two units of electrical substation and one unit

of compact substation in Elmina, Shah Alam. Completion is expected within a 30-month timeframe.

TA Research noted the upcoming inhouse developments are expected to support replenishment momentum, including E&O's Andaman Island launches with a gross development value (GDV) of RM1bil and Kerjaya Property's planned projects in Shah Alam (GDV: RM250mil), Damansara Damai (GDV: RM430mil) and Batu Kawan (GDV: RM630mil).

Assuming a conservative gross development cost of 50%, these inhouse property projects alone could translate into RM1.2bil worth of new construction jobs for Kerjaya.

Kerjaya's external tender book remains robust at RM1.5bil to RM2bil.

This largely comprises residential projects, alongside two ongoing data centre tenders and several industrial jobs in partnership with Samsung C&T worth RM2bil to RM3bil.