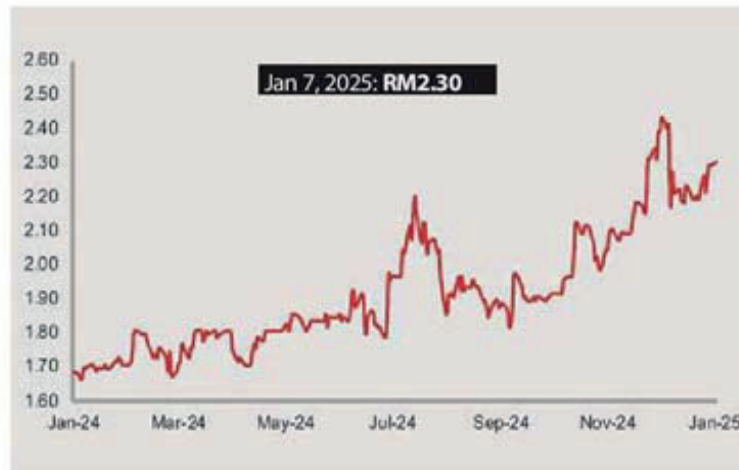


Kerjaya Prospek Group Bhd

Market Perform. Target price: RM2.21



Source: Kenanga Research

KERJAYA announced that its wholly owned subsidiary, Kerjaya Prospek (M) Sdn Bhd has been awarded a RM256.4 million contract by sister company E&O for building works for a proposed development in Elmina West, Shah Alam, Selangor. The project, which covers over three phases, includes the construction of 360 units of 3-storey terrace houses, alongside a clubhouse, landscaping works and other related infrastructure. The contract works will start in Jan 2025 with a construction period of 26 months.

We are positive on this first job win for FY25 of RM256.4 million, against our FY25 job replenishment assumption of RM1.8 billion (and management's target of RM1.5 billion). Its current total outstanding order book stands at RM4.2 billion which will keep them busy for the next three years. Meanwhile, its current tender book of RM4 billion comprises RM2 billion building jobs (70% are RPT) and RM2 billion industrial job including data centre and logistic warehouse jobs.

We continue to like **KERJAYA** for: (i) its innovative and hence high-margin formwork construction method (10% net margin), (ii) its lean and hands-on management team with a strong execution track record, (iii) its strong earnings visibility underpinned by a sizeable outstanding order book and recurring orders from related companies (such as E&O, KPPROP) of at least RM1 billion a year.

Risks to our call include: (i) further deterioration in the prospects for building jobs, (ii) rising input costs, and (iii) liquidated ascertained damages (LAD) from cost overrun and delays.

MARKET PERFORM with RM2.21 TP. – *Kenanga Research, Jan 7*