



## Kerjaya Prospek's tender book robust at RM3bil

**PETALING JAYA:** Kerjaya Prospek Group Bhd's outstanding order book which stands at RM4.5bil will keep the company busy for the next three years, according to Kenanga Research.

However, the research house was cautious as profit margins could face headwinds with rising input cost pressures.

"Furthermore, non-residential projects typically command slightly lower margins than the 10% profit after tax margin usually achieved in residential projects," Kenanga Research added.

Kerjaya Prospek recently secured a RM98.8mil building contract from a new client Sena Letrik to build a private hospital in Seremban 2, Negri Sembilan.

TA Research said: "Assuming a 6% net margin, this contract is estimated to contribute RM5.9mil of net earnings to Kerjaya Prospek over the construction timeframe."

BIMB Securities Research said based on Kerjaya Prospek's historical margins, the contract is estimated to contribute low single-digit earnings uplift, broadly within 1% of group core profit annually, adds

Phillip Research said this project marked

Kerjaya Prospek's entry into the healthcare segment, diversifying beyond its core residential exposure.

"We expect net profit margins to be slightly lower at 8% versus typical 10% for residential projects, given the likely subcontracting of mechanical and engineering works, with estimated profit after tax and minority contribution of RM8mil over 2026-2027," added the research house.

TA Research estimated that Kerjaya's Prospek's tender book would remain robust at RM2bil to RM3bil, which should support continued order book replenishment momentum in FY26.

"This includes potential high-rise projects of RM0.5bil to RM1.0bil from Eastern & Oriental Bhd and Kerjaya Prospek Property, alongside external opportunities of RM1bil to RM2bil from two ongoing data centre tenders and industrial projects under its joint venture with Samsung C&T Corp," it said.

RHB Research said: "We ascribe a lower target price (TP) to earnings ratio of 16 times for the construction arm from 18.5 times to flag risks related to the Middle East

conflict, which could put further upward pressure on building material costs.

"We arrive at new sum-of-parts derived TP of RM3.11 from RM3.52 a share, which includes a 2% environmental, social and governance premium."

It added that any wins from the industrial space would be a re-rating catalyst.

The last time Kerjaya Prospek secured a major project with Samsung C&T was in October 2022 and September 2023 for Texas Instruments' plant in Melaka worth RM450mil (30% effective share) and RM203mil (for concrete structure works).

"We upgrade Kerjaya Prospek to 'buy' from 'hold' with an unchanged TP of RM2.73 a share, following the recent share price weakness, which we view as driven primarily by broader macro uncertainties rather than any deterioration in fundamentals," said BIMB Research.

Phillip Research and TA Research retained their "buy" calls with a TP of RM3.25 and RM3.47 a share respectively.

Kenanga Research kept its TP of RM3.05 a share and an "outperform" rating, supported by dividend yield of more than 5%.