KERJAYA PROSPEK

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Kerjaya Prospek Profile Rises With 10 Contract Wins In FY26 Surpassing Targets

Kerjaya Prospek Group Bhd (KERJAYA) has secured a RM223 million fixed lump-sum building contract from Sunway Majestic Sdn Bhd, lifting its year-to-date contract wins to RM2.37 billion and strengthening its earnings visibility over the next three years.

According to Kenanga Research, the contract was awarded to KERJAYA's wholly owned subsidiary, Kerjaya Prospek (M) Sdn Bhd, and involves the construction of two blocks comprising 1,012 SOHO apartment units in Johor Bahru, Johor.

Construction is scheduled to begin on Sept 1, 2026, with the project expected to take 32 months to complete.

Kenanga viewed the latest contract win positively, noting that it represents KERJAYA's 10th contract win for FY2026 and has increased its outstanding order book to approximately RM5 billion.

The research house expects the project to deliver a profit-after-tax margin of around 10%.

YTD Job Wins Surpass Targets

With the latest award, KERJAYA's year-to-date job replenishment has reached RM2.37 billion, exceeding Kenanga's previous FY2026 assumption of RM2.3 billion as well as management's initial target of RM2 billion.

Kenanga expects the company to announce a revised job-win target during its upcoming briefing later this month.

The research house said KERJAYA's tender pipeline remains healthy, with a RM2 billion to RM3 billion building tender book providing further opportunities for order replenishment.

In addition, the company is working with its joint venture partner Samsung C&T to tender for commercial and factory projects in Malaysia.

Other visible opportunities include up to RM2 billion worth of infrastructure packages at Andaman Island, as well as KERJAYA's participation in the tender for Penang LRT Package 2.

Over the medium term, earnings visibility is also expected to be supported by its 55%-owned Rivanis project, a seven-year strategic mixed redevelopment project in Butterworth.

Two Major Property Launches Planned

KERJAYA is also preparing for two major property development launches next year.

These comprise a project in Tanjung Bungah, Penang, with an estimated gross development value (GDV) of RM830 million, and another development along Jalan Puchong, Kuala Lumpur, with an estimated GDV of RM800 million.

Kenanga said the latest contract win would have minimal impact on FY2026 earnings given the timing of construction commencement.

As a result, it maintained its FY2026 earnings forecasts but raised its FY2026 job-win assumption to RM2.5 billion from RM2.3 billion.

For FY2027, Kenanga increased its job-win assumption to RM2.2 billion from RM2 billion, while raising its revenue recognition assumption to RM2.65 billion from RM2.4 billion.

This resulted in a 9% upgrade to its FY2027 earnings forecast.

The research house also raised its net dividend per share (NDPS) forecasts to 14 sen from 12 sen for both FY2026 and FY2027.

Target Price Raised

Following the earnings revisions, Kenanga raised its sum-of-the-parts (SoP)-based target price for KERJAYA to RM3.13 from RM2.85.

The construction business continues to be valued at 16 times FY2027 forecast earnings, representing a discount to the 22 times earnings multiple assigned to larger contractors such as Gamuda, IJM and Sunway Construction.

Kenanga said the discount reflects KERJAYA's mid-cap status.

No ESG adjustment was made to the target price, with the company receiving a three-star ESG rating under Kenanga's assessment.

High-Margin Construction Model Remains Key

Kenanga maintained its positive investment view on KERJAYA, highlighting the company's innovative formwork construction method, which supports a relatively high net profit margin of around 10%.

The research house also cited KERJAYA's lean and hands-on management team as among the factors supporting its investment case.

With a growing order book, strong tender pipeline and additional property development opportunities, Kenanga expects KERJAYA to maintain healthy earnings visibility despite the limited near-term earnings contribution from the latest Johor project.

OUTPERFORM rating is maintained. The stock also offers attractive dividend yields of >5%.