Kerjaya Prospek beats full-year target early

PETALING JAYA: As contracts keep rolling in, Kerjaya Prospek Group Bhd has bagged more contracts in eight months than its initial target for the entire financial year of 2026 (FY26).

The management had expected RM2bil worth of new contracts in FY26, but with the latest contract from Sunway Group, the value of jobs clinched this year has hit nearly RM2.4bil.

Following this, a number of analysts have raised their target for new job wins and earnings delivery.

BIMB Research and TA Research upped their job replenishment assumption for FY26 to RM2.8bil, while RHB Research raised its target to RM2.75bil.

Kenanga Research revised its target upward to RM2.5bil.

On Aug 12, Kerjaya Prospek (M) Sdn Bhd secured a RM223mil construction contract for the proposed development of a Soho (small office, home office) project in Johor Baru.

The contract covers the construction and completion of main building works, comprising 1,012 Soho units across two 34-storey towers, a 10-level podium car park, two levels of mezzanine commercial space, and other ancillary works.

The project has a 32-month construction period, with commencement scheduled for Sept 1, 2026.

The contract was secured from Sunway Majestic, a joint venture between Sunway Property and Majestic Gen.

BIMB Research said the latest award lifts Kerjaya Prospek's estimated outstanding order book to approximately RM5.27bil, providing more than two years of revenue coverage.

"Continued tendering activity across residential, industrial and data centre-related developments provides further upside potential to FY26 replenishment," the research house said.

BIMB Research noted that the RM223mil Sunway Majestic award further improves Kerjaya Prospek's external contract mix.

Based on year-to-date (y-t-d) contracts, external awards now amount to approximately RM1.08bil, representing around 46% of total FY26 y-t-d wins of RM2.37bil, compared with about 40% previously.

"We view the improving external contribution positively as it demonstrates Kerjaya Prospek's ability to secure sizeable projects from third-party developers, while gradually addressing investor concerns over related-party concentration," it added.

Meanwhile, RHB Research believes that there are still potential opportunities in the pipeline before the second half of FY26 ends.

These include Aspen Group's Mezon @ Park Enclave in Batu Kawan, which may be worth RM200mil to RM400mil based on previous contracts; and Kerjaya Prospek Property Bhd's RM720mil gross development value project in Batu Kawan.

A major catalyst for Kerjaya Prospek would be if the group becomes involved in any major infrastructure project such as the Penang light rail transit (LRT).

It was previously reported that Kerjaya Prospek – via a consortium with SinoHydro Corp and Power China Group – is eyeing the second package of the Penang LRT, estimated at RM4bil.

"Post-adjustment in our FY26 job replenishment assumption, we nudged up earnings forecasts by 2% for FY26, 3% for FY27 and 4% for FY28."

Moving forward, Kenanga Research said the contract pipeline for Kerjaya Prospek remains supported by a healthy building tender book of RM2bil to RM3bil.

"We continue to like Kerjaya Prospek for its innovative and high-margin formwork construction method (approximately 10% net margin), lean and hands-on management team with a strong execution track record, and strong earnings visibility underpinned by a sizeable outstanding order book and recurring orders from related companies of at least RM1bil a year," the research house added.

"The stock also offers attractive dividend yields of over 5%."

Kenanga Research has an "outperform" call on the stock, with a higher target price of RM3.13 per share.