Kerjaya deepens bet on Sunlogy with 31% stake

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PETALING JAYA: Kerjaya Prospek Group Bhd's enlarged stake in ACE Market-listed ES Sunlogy Bhd reflects the strong conviction it has in the real value and potential of Sunlogy experience across the mechanical and electrical (M&E) engineering and renewable energy (RE) space.

Kerjaya now owns 31% in Sunlogy – research firms say this will play a more active role in Sunlogy's long-term growth.

To recap, Sunlogy provides M&E services for electricity supply distribution systems and buildings, and generates and sells RE via its large-scale solar photovoltaic project in Kedah.

At the end of July 31, 2025, Sunlogy had an outstanding order book worth RM180mil, and for financial year 2026 (FY26), Sunlogy has already secured RM220mil in new jobs – three are from a client in Singapore.

RHB Investment Bank Bhd (RHB Research) said the increasing adoption of sustainable energy solutions is set to provide growing opportunities.

"Kerjaya had engaged Sunlogy for the supply, delivery, installation, testing and commissioning of electrical voltage services for one of its high-rise projects in Batu Kawan, Penang.

"As such, there could be opportunities for future collaboration, as Kerjaya may want to expand into specialised engineering and RE segments," RHB Research said.

It projects Kerjaya's share of Sunlogy's profit for the remaining five months of FY26 and calendar year 2027 (CY27) and CY28 to be RM1.5mil, RM5mil and RM6mil.

"As a result, we increased Kerjaya's FY26 to FY28 earnings by 1%, 2% and 2%. We then arrive at a new sum-of-parts-derived target price (TP) of RM3.41."

BIMB Research noted the acquisition is fair and is a strategic move as both unlock high-value opportunities.

It also said at 28.27% equity interest (before Aug 17), Sunlogy could potentially be equity-accounted as an associate should Kerjaya demonstrate significant influence.

"Based on Sunlogy's profit after tax of RM12.4mil, Kerjaya's 28.27% share would translate into an illustrative annual earnings contribution of about RM3.5mil, equivalent to only 1.3% of our FY27 core earnings forecast," BIMB Research said.

The research house said it makes no changes to the FY26 to FY28 earnings, but will maintain a "buy" recommendation on the stock with a TP of RM2.91.

"Our positive view remains underpinned by Kerjaya's robust construction order book, proven execution track record, net cash balance sheet and attractive FY26 to FY28 dividend yields of 5.4% to 6.2%."

Similarly, according to TA Research, the acquisition has pushed Kerjaya beyond a building construction company to M&E opportunities.

"Its strategic stake in Sunlogy provides an efficient avenue to tap into the growing demand for data centre-related M&E works and Tenaga Nasional Bhd grid infrastructure. More importantly, the partnership could enable Kerjaya to participate in larger and more complex M&E projects without having to build the required capabilities from the ground up," it opined.

TA Research said given the larger stake acquired, it now views Sunlogy as an associate and will incorporate its earnings into its forecasts.

"We raise Kerjaya's FY26 to FY28 earnings forecasts by 1.5%, 1.7% and 1.8%, respectively. We maintain a 'buy' call on the stock with a higher TP of RM3.63."