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ES Sunlogy stake boosts Kerjaya Prospek's renewable energy push

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KUALA LUMPUR: Kerjaya Prospek Group Bhd's acquisition of a 9.09 per cent stake in ES Sunlogy Bhd will strengthen its presence in the engineering and renewable energy (RE) sectors while opening the door to future collaboration, RHB Research said.

The research house said the investment allows Kerjaya Prospek to tap into ES Sunlogy's growth prospects as demand for sustainable energy solutions continues to rise.

Even before the investment, Kerjaya Prospek had engaged ES Sunlogy to supply, install, test and commission electrical and extra-low voltage systems for one of its high-rise projects in Batu Kawan, Penang.

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

Kerjaya Prospek subscribed to 70 million new ordinary shares in ES Sunlogy at 26.8 sen apiece under the latter's private placement exercise, giving it a 9.09 per cent stake.

RHB Research said the investment was unsurprising given Kerjaya Prospek's strong balance sheet, with a net cash position of RM352 million as at the end of March 2026.

It added that the subscription price values ES Sunlogy at a trailing 12-month price-to-earnings (P/E) ratio of 8.9 times, which it considers reasonable for a company with a market capitalisation of RM203 million.

"Other mechanical and engineering players are currently trading at forward P/E multiples of above 10 times," the firm said.

RHB Research said the acquisition is not expected to have an immediate earnings impact as the 9.09 per cent stake is too small to give Kerjaya Prospek significant influence over ES Sunlogy under Malaysian Financial Reporting Standards 128.

The firm maintained its "Buy" call and target price of RM3.19 for Kerjaya Prospek.

"A major catalyst for Kerjaya Prospek would be if the company is involved in a major infrastructure project such as the Penang Light Rail Transit," it said.