

24 February 2026

Kerjaya Prospek Group Wins RM502m Reclamation Job

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KERJAYA has secured a RM502m reclamation contract from sister company E&O (Not Rated). This is its second job win in FY26 which lifts YTD contract wins to RM704m, making up 35% of our FY26 job replenishment assumption of RM2b. Its current outstanding order book which stands at RM4.5b will keep them busy for the next three years. We keep our earnings forecasts unchanged, TP of RM3.05 and OUTPERFORM rating which is also supported by decent dividend yield of >4%.

Second job in FY26. Yesterday, KERJAYA announced that its wholly-owned sub-subsidiary, Future Rock Sdn Bhd has been awarded a RM502.3m fixed lump sum contract by sister company E&O for reclamation and dredging works for Phase 2B and Phase 2C of the Seri Tanjung Pinang development in Penang. The contract works are scheduled to start in Mar 2026 and expected to be completed by Mar 2029.

Outstanding order book of RM4.9b. We are positive with the latest contract win, which lifts its YTD total job wins to RM703.5m, 35% of our FY26 job replenishment assumption of RM2b (which is in-line with management's target). Following this, its outstanding order book has risen to RM4.5b which will keep them busy for the next three years. The project is expected to deliver a 10% PAT margin.

Outlook. Management has set a FY26 job replenishment target of RM2b, supported by a RM2b-RM3b tender book for building jobs. Together with JV partner Samsung, KERJAYA is also tendering for local factory and data centre projects. Additional opportunities include RM2b worth of infrastructure works at Andaman Island. In property development, its 55%-owned Rivanis (a seven-year redevelopment project in Butterworth) will sustain construction and property earnings over the medium term.

Forecasts. Forecasts maintained with job win assumptions of RM2b for FY26.

Valuations. We maintain our SoP-driven TP of RM3.05 (see Page 2) valuing its construction business at 18x FY26F earnings, at a discount to the 22x we ascribed to large contractors (i.e. **GAMUDA**, **IJM** and **SUNCON**), reflecting KERJAYA's mid-cap status. There is no adjustment to our TP based on ESG given a 3-star ESG rating as appraised by us (see Page 4).

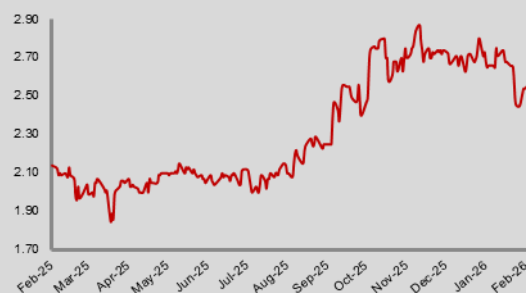
Investment case. We continue to like KERJAYA for: (i) its innovative and hence high-margin formwork construction method (c.10% net margin), (ii) its lean and hands-on management team with a strong execution track record, and (iii) its strong earnings visibility underpinned by a sizeable outstanding order book and recurring orders from related companies (such as **E&O**, **KPPROP**) of at least RM1b a year. OUTPERFORM rating maintained. The stock also offers attractive dividend yields of >4%.

Risks to our call include: (i) further deterioration in the prospects for building jobs, (ii) rising input costs, and (iii) liquidated ascertained damages (LAD) from cost overrun and delays.

OUTPERFORM ↔

Price: **RM2.56**
Target Price: **RM3.05** ↔

Share Price Performance



KLCI	1,757.98
YTD KLCI chg	4.6%
YTD stock price chg	-3.8%

Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KPG MK Equity
Market Cap (RM m)	3,218.8
Shares Outstanding	1,257.3
52-week range (H)	2.92
52-week range (L)	1.80
3-mth avg. daily vol.	1,291,155
Free Float	29%
Beta	0.7

Major Shareholders

Egovision Sdn Bhd	49.9%
Amazing Parade Sdn Bhd	17.9%
Employees Provident Fund	5.0%

Summary Earnings Table

FY Dec (RM m)	2024A	2025F	2026F
Turnover	1835.5	2058.8	2404.6
EBIT	208.9	274.8	313.6
PBT	216.3	282.1	319.4
Net Profit	160.1	207.7	235.2
Core Net Profit	160.0	207.7	235.2
Consensus	-	214.0	240.6
Earnings Revision (%)	-	-	-
Core EPS (sen)	12.7	16.5	18.7
Core EPS Growth (%)	21.4	29.8	13.2
NDPS (sen)	15.0	12.0	12.0
BVPS (RM)	0.90	0.95	1.01
NTA/share (RM)	0.72	0.75	0.82
PER (x)	17.4	15.5	13.7
PBV (x)	2.45	2.70	2.52
P/NTA (x)	3.08	3.40	3.14
Net Gearing (x)	N Cash	N Cash	N Cash
Net Div. Yield (%)	6.8	4.7	4.7

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KERJAYA's SoP Valuation			
Segment	Valuation		Basis
	(RM m)	(RM/share)	
Construction	3,652.1	2.90	18x FY26 PER
Property	183.2	0.15	30% discount to RNAV
Valuation	3,835.2	3.05	

Source: Kenanga Research

Income Statement						Financial Data & Ratios					
FY Dec (RM m)	2022A	2023A	2024A	2025F	2026F	FY Dec	2022A	2023A	2024A	2025F	2026F
Revenue	1122	1458	1835	2059	2405	Growth (%)					
EBITDA	171	191	226	288	327	Revenue	14.9	29.9	25.9	12.2	16.8
Depreciation	-26	-17	-17	-14	-14	EBITDA	6.2	12.0	18.0	27.9	13.5
Operating Profit	145	174	209	274	313	Operating Income	12.7	20.1	20.1	31.5	14.1
Interest Incomes	4	7	9	9	8	Pre-tax Income	12.7	20.6	20.8	30.4	13.2
Interest Expense	-1	-2	-1	-1	-1	Net Income	18.4	15.2	21.1	29.7	13.2
Associate	0	0	0	0	0	Core Net Income	13.6	15.2	21.4	29.8	13.2
Exceptional	0	0	0	0	0						
PBT	148	179	216	282	319	Profitability (%)					
Taxation	-34	-47	-56	-73	-83	EBITDA Margin	15.2	13.1	12.3	14.0	13.6
Minority Interest	0	0	0	-1	-1	Operating Margin	12.9	11.9	11.4	13.3	13.0
Net Profit	115	132	160	208	235	PBT Margin	13.2	12.3	11.8	13.7	13.3
Core Net Profit	114	132	160	208	235	Net Margin	10.2	9.1	8.7	10.1	9.8
						Core Net Margin	10.2	9.0	8.7	10.1	9.8
						Effective Tax Rate	22.7	26.0	26.0	26.0	26.0
						ROE	8.2	8.6	8.3	9.2	9.9
						ROA	10.7	11.6	14.0	17.8	19.1
						DuPont Analysis					
						Net margin (%)	10.2	9.0	8.7	10.1	9.8
						Assets Turnover (x)	0.8	0.9	0.8	0.9	1.0
						Leverage Factor (x)	1.3	1.4	2.0	1.9	1.9
						ROE (%)	10.2	11.4	14.1	17.4	18.4
						Leverage					
						Debt/Asset (x)	0.01	0.02	0.01	0.01	0.01
						Debt/Equity (x)	0.01	0.02	0.02	0.02	0.02
						Net Debt/(Cash)	245	167	273	249	174
						Net Debt/Equity (x)	-0.22	-0.14	-0.24	-0.21	-0.14
						Valuations					
						Core EPS (sen)	9.0	10.4	12.7	16.5	18.7
						NDPS (sen)	6.0	8.0	15.0	12.0	12.0
						BV/share (RM)	0.88	0.91	0.90	0.95	1.01
						NTA/share (RM)	0.70	0.73	0.72	0.75	0.82
						Core PER (x)	13.0	14.9	17.4	15.5	13.7
						Net Div. Yield (%)	5.1	5.2	6.8	4.7	4.7
						PBV (x)	1.32	1.70	2.45	2.70	2.52
						P/NTA (x)	1.66	2.13	3.08	3.40	3.14
						EV/EBITDA (x)	7.2	9.4	11.1	10.3	9.3

Source: Kenanga Research

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Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside	Market Cap (RM m)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE	Net Div. (sen)	Net Div Yld
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
Stocks Under Coverage																	
GAMUDA	OP	4.21	5.30	25.9%	24,962.8	Y	07/2026	17.8	23.4	5.3%	31.3%	23.6	18.0	2.0	8.5%	10.0	2.4%
IJM	OP	2.59	3.40	31.3%	9,078.4	Y	03/2026	14.4	15.9	11.8%	10.1%	17.9	16.3	0.9	5.1%	8.0	3.1%
KERJAYA	OP	2.56	3.05	19.1%	3,218.8	Y	12/2025	16.7	18.9	29.8%	13.2%	15.3	13.5	2.7	17.8%	12.0	4.7%
KIMLUN	OP	1.28	1.50	17.2%	497.5	Y	12/2025	21.8	20.3	70.1%	-6.8%	5.9	6.3	0.6	10.3%	2.0	1.6%
SUNCON	OP	6.31	6.55	3.8%	8,345.1	Y	12/2025	28.4	30.1	-11.0%	6.1%	22.3	21.0	7.6	34.4%	28.0	4.4%
WCT	OP	0.565	1.25	121.2%	880.8	Y	12/2025	5.0	5.6	67.4%	12.7%	11.3	10.0	0.2	2.1%	0.5	0.9%
SECTOR AGGREGATE					46,983.4					12.5%	18.9%	20.2	17.0	1.6	7.8%		2.8%

Source: Kenanga Research

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Stock ESG Ratings:

	Criterion	Rating				
GENERAL	Earnings Sustainability & Quality	★	★	★	★	
	Corporate Social Responsibility	★	★	★		
	Management/Workforce Diversity	★	★	★		
	Accessibility & Transparency	★	★	★	★	
	Corruption-Free Pledge	★	★	★		
	Carbon-Neutral Initiatives	★	★	★		
SPECIFIC	Migrant Worker Welfare	★	★	★	☆	
	Waste Disposal/Pollution Control	★	★	★		
	Work Site Safety	★	★	★	☆	
	Environmentally Friendly Construction Technology	★	★	★	☆	
	Supply Chain Auditing	★	★	★		
	Energy Efficiency	★	★	★	★	
OVERALL		★	★	★		

☆ denotes half-star
 ★ -10% discount to TP
 ★★ -5% discount to TP
 ★★★ TP unchanged
 ★★★★ +5% premium to TP
 ★★★★★ +10% premium to TP

Stock Ratings are defined as follows:

Stock Recommendations

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

Sector Recommendations***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

*****Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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