

22 May 2026

Kerjaya Prospek Group

Resilient 1QFY26 Earnings

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KERJAYA delivered a satisfactory 1QFY26, with core profit of RM57.3m matching house/street FY26 estimates at 23%. Despite softer revenue contribution, construction earnings improved on normalised profit margins following the completion of a lower-margin factory project last year. Moving forward, a robust outstanding order book of RM4.4b, combined with a healthy building tender pipeline, will continue to support its multi-year earnings visibility. We maintain our OUTPERFORM rating with a revised TP of RM2.85.

1QFY26 results in line. 1QFY26 core profit of RM57.3m came in within expectations, accounting for 23% each of both our and market consensus full-year FY26 estimates. A first interim NDPS of 3.5 sen was declared (ex-date: 11 Jun; payment date: 26 Jun), which is higher than the 3.0 sen paid in 1QFY25 but tracks flat against the 3.5 sen distributed in 4QFY25.

Lower sequential results. Following a robust 4QFY25 driven by peak construction billings, 1QFY26 core profit retraced 14% QoQ from RM66.7m. Group revenue declined 33% QoQ, primarily dragged by a 32% contraction in construction top-line contribution due to slower structural work progress. Concurrently, property segment earnings fell 24% QoQ to RM7.3m as segment revenue shrank 41% QoQ to RM68.0m. On property metrics as of March 2026, the take-up rate for The Vue held firm at 99%, while Papyrus saw strong momentum, rising to 93% (from 84%). The Vue was successfully handed over in May 2026.

Stronger YoY earnings. Despite a 10% decline in revenue, 1QFY26 core profit expanded 25% YoY from RM46.0m. The bottom-line improvement was driven by construction margin normalization following the completion of a lower-margin factory job last year. Consequently, construction PAT rose 8% YoY to RM55.9m (from RM51.7m), overcoming a 10% YoY revenue dip caused by timing differences in progress recognition. Meanwhile, property segment earnings softened slightly to RM7.3m from RM7.6m in 1QFY25.

Outlook. Management maintains a full-year FY26 job replenishment target of RM2.0b, backed by a healthy building tender book of RM2b-RM3b. In collaboration with its JV partner Samsung C&T, KERJAYA is also actively tendering for commercial factory projects locally. Additional visible pipeline opportunities include up to RM2.0b worth of infrastructure packages at Andaman Island. Over the medium term, earnings visibility will be anchored by its 55%-owned Rivanis project, a 7-year strategic mixed redevelopment in Butterworth. For upcoming launches, it plans to roll out two major developments next year: a project in Tanjung Bungah, Penang with a gross development value (GDV) of RM830m, and another at Jalan Puchong, Kuala Lumpur with an estimated GDV of RM800m.

Forecasts. Maintained FY26-FY27 forecasts with job win assumptions of RM2b each year.

Valuations. In light of the slow pace of data centre award materialising since the company initially unveiled plans to bid for data centres, we take a view to revert back multiple to 16x (from 18x) for construction earnings. By rolling over our valuation base year to FY27 from FY26, our SoP-driven TP is revised to RM2.85 (see Page 2) from RM3.05 previously. The target multiple reflects a discount to the 22x we ascribed to large-cap contractors (i.e. **GAMUDA, SUNCON, and IJM**),

OUTPERFORM ↔

Price: **RM2.09**
Target Price: **RM2.85** ↓

Share Price Performance



| | |
|---------------------|----------|
| KLCI | 1,708.36 |
| YTD KLCI chg | 1.7% |
| YTD stock price chg | -21.4% |

Stock Information

| | |
|-----------------------|-----------|
| Shariah Compliant | Yes |
| Bloomberg Ticker | KPG MK |
| Market Cap (RM m) | 2,626.8 |
| Shares Outstanding | 1,256.8 |
| 52-week range (H) | 2.87 |
| 52-week range (L) | 2.00 |
| 3-mth avg. daily vol. | 1,364,545 |
| 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) | 2025A | 2026F | 2027F |
|------------------------|--------------|--------------|--------------|
| Turnover | 2249.3 | 2434.5 | 2564.5 |
| EBIT | 294.8 | 323.7 | 349.2 |
| PBT | 306.5 | 333.7 | 359.5 |
| Net Profit | 224.7 | 245.7 | 264.7 |
| Core Net Profit | 224.5 | 245.7 | 264.7 |
| Consensus | - | 248.8 | 271.2 |
| Earnings Revision (%) | - | - | - |
| Core EPS (sen) | 17.8 | 19.5 | 21.0 |
| Core EPS Growth (%) | 40.2 | 9.4 | 7.7 |
| NDPS (sen) | 12.5 | 12.0 | 12.0 |
| BVPS (RM) | 0.95 | 1.04 | 1.13 |
| NTA/share (RM) | 0.77 | 0.84 | 0.93 |
| PER (x) | 14.9 | 10.7 | 9.9 |
| PBV (x) | 2.79 | 2.02 | 1.86 |
| P/NTA (x) | 3.47 | 2.47 | 2.24 |
| Net Gearing (x) | N. Cash | N. Cash | N. Cash |
| Net Div. Yield (%) | 4.7 | 5.7 | 5.7 |

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capturing KERJAYA's mid-cap status. There is no adjustment to our TP based on ESG, given the 3-star ESG rating 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. OUTEPEFORM 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.

| Income Statement | | | | | | | | |
|-------------------------|------------|------------|--------------|------------|--------------|------------|------------|--------------|
| FY Dec (RM m) | 1Q FY26 | 4Q FY25 | Q-o-Q Chg | 1Q FY25 | Y-o-Y Chg | 3M FY26 | 3M FY25 | Y-o-Y Chg |
| Turnover | 446.8 | 671.7 | -33% | 472.0 | -5% | 446.8 | 472.0 | -5% |
| EBITDA | 76.3 | 88.2 | -13% | 71.3 | 7% | 76.3 | 71.3 | 7% |
| Depreciation | -3.4 | -2.6 | 29% | -10.2 | -67% | -3.4 | -10.2 | -67% |
| EBIT | 72.9 | 85.6 | -15% | 61.2 | 19% | 72.9 | 61.2 | 19% |
| Interest & other income | 3.3 | 3.9 | -15% | 2.9 | 14% | 3.3 | 2.9 | 14% |
| Interest expense | -0.3 | -0.3 | 4% | -0.3 | -15% | -0.3 | -0.3 | -15% |
| Pretax profit | 76.0 | 89.2 | -15% | 63.8 | 19% | 76.0 | 63.8 | 19% |
| Taxation | -18.8 | -22.5 | -17% | -17.1 | 10% | -18.8 | -17.1 | 10% |
| Profit after tax | 57.2 | 66.7 | -14% | 46.7 | 23% | 57.2 | 46.7 | 23% |
| Minority interest | 0.1 | 0.0 | 265% | -0.6 | N/A | 0.1 | -0.6 | N/A |
| Net profit | 57.3 | 66.7 | -14% | 46.1 | 24% | 57.3 | 46.1 | 24% |
| Core net profit | 57.3 | 66.7 | -14% | 46.0 | 25% | 57.3 | 46.0 | 25% |
| EPS (sen) | 4.6 | 5.3 | -14% | 3.7 | 25% | 4.6 | 3.7 | 25% |
| NDPS (sen) | 3.50 | 3.50 | 0% | 3.00 | 17% | 3.50 | 3.00 | 17% |
| NTA/share (RM) | 0.79 | 0.77 | 2% | 0.73 | 8% | 0.79 | 0.73 | 8% |
| EBITDA margin | 17.1% | 13.1% | | 15.1% | | 17.1% | 15.1% | |
| EBIT margin | 16.3% | 12.7% | | 13.0% | | 16.3% | 13.0% | |
| Pretax margin | 17.0% | 13.3% | | 13.5% | | 17.0% | 13.5% | |
| Core margin | 12.8% | 9.9% | | 9.8% | | 12.8% | 9.8% | |
| Effective tax rate | 24.7% | 25.2% | | 26.8% | | 24.7% | 26.8% | |

Source: Company

| Segmental Breakdown | | | | | | | | |
|------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| FY Dec (RM m) | 1Q FY26 | 4Q FY25 | Q-o-Q Chg | 1Q FY25 | Y-o-Y Chg | 3M FY26 | 3M FY25 | Y-o-Y Chg |
| Turnover | | | | | | | | |
| Construction & manufacturing | 378.4 | 555.7 | -32% | 422.2 | -10% | 378.4 | 422.2 | -10% |
| Property development | 68.0 | 115.2 | -41% | 49.1 | 39% | 68.0 | 49.1 | 39% |
| Investment | 0.0 | 0.0 | N/A | 0.0 | N/A | 0.0 | 0.0 | N/A |
| Others & elimination | 0.5 | 0.7 | -34% | 0.7 | -27% | 0.5 | 0.7 | -27% |
| Group turnover | 446.8 | 671.7 | -33% | 472.0 | -5% | 446.8 | 472.0 | -5% |
| Segment results | | | | | | | | |
| Construction & manufacturing | 55.9 | 67.0 | -17% | 51.7 | 8% | 55.9 | 51.7 | 8% |
| Property development | 7.3 | 9.6 | -24% | 7.6 | -3% | 7.3 | 7.6 | -3% |
| Investment | 56.5 | 34.8 | 63% | 31.2 | 81% | 56.5 | 31.2 | 81% |
| Others & elimination | -62.4 | -44.7 | 40% | -44.3 | 41% | -62.4 | -44.3 | 41% |
| Group net profit | 57.3 | 66.7 | -14% | 46.1 | 24% | 57.3 | 46.1 | 24% |
| Net margin | | | | | | | | |
| Construction & manufacturing | 14.8% | 12.1% | | 12.2% | | 14.8% | 12.2% | |
| Property development | 10.7% | 8.3% | | 15.4% | | 10.7% | 15.4% | |
| Investment | N/A | N/A | | N/A | | N/A | N/A | |
| Others & elimination | N/A | N/A | | N/A | | N/A | N/A | |
| Group net margin | 12.8% | 9.9% | | 9.8% | | 12.8% | 9.8% | |

Source: Company

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| KERJAYA's SoP Valuation | | | |
|--------------------------------|------------------|-------------------|----------------------|
| Segment | Valuation | | Basis |
| | (RM m) | (RM/share) | |
| Construction | 3,402.2 | 2.70 | 16x FY27 PER |
| Property | 183.2 | 0.15 | 30% discount to RNAV |
| Valuation | 3,585.4 | 2.85 | |

Source: Kenanga Research

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 | 4.34 | 5.30 | 22.1% | 25,868.5 | Y | 07/2026 | 17.8 | 23.4 | 5.3% | 31.3% | 24.3 | 18.5 | 2.0 | 8.5% | 10.0 | 2.3% |
| IJM | OP | 2.07 | 3.40 | 64.3% | 7,255.7 | Y | 03/2026 | 14.4 | 15.9 | 11.8% | 10.1% | 14.3 | 13.0 | 0.7 | 5.1% | 8.0 | 3.9% |
| KERJAYA | OP | 2.09 | 2.85 | 36.4% | 2,627.8 | Y | 12/2026 | 16.7 | 18.9 | 29.8% | 13.2% | 12.5 | 11.0 | 2.2 | 17.8% | 12.0 | 5.7% |
| KIMLUN | OP | 1.05 | 1.50 | 42.9% | 408.1 | Y | 12/2026 | 21.8 | 20.3 | 70.1% | -6.8% | 4.8 | 5.2 | 0.5 | 10.3% | 2.0 | 1.9% |
| SUNCON | OP | 7.64 | 7.76 | 1.6% | 10,154.9 | Y | 12/2026 | 32.0 | 33.6 | 0.3% | 5.1% | 23.9 | 22.7 | 9.3 | 38.9% | 47.2 | 6.2% |
| WCT | OP | 0.450 | 1.13 | 151.1% | 701.5 | Y | 12/2026 | 4.1 | 4.4 | 19.2% | 7.3% | 11.0 | 10.2 | 0.2 | 1.9% | 0.0 | 0.0% |
| Sector Aggregate | | | | | 47,016.6 | | | | | 9.4% | 18.3% | 19.9 | 16.8 | 1.6 | 7.9% | | 3.3% |

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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