

24 June 2026

# Kerjaya Prospek Group

## RM2b Job Win Target Exceeded Early

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KERJAYA has secured a RM488m building contract from sister company E&O (Not Rated) for a marina-edge serviced apartment project on Andaman Island, Penang. This eighth job win pushes its YTD contract replenishment to RM2.1b, successfully surpassing its full-year FY26 target of RM2.0b and boosting its outstanding order book to a robust RM5.0b. Consequently, we raise our FY26 earnings forecast by a marginal 2% to reflect a higher FY26 job win assumption of RM2.3b, while keeping our FY27 earnings forecast unchanged. Maintain OUTPERFORM with an unchanged TP of RM2.85.

**Secured E&O building contract worth RM488.4m.** KERJAYA announced yesterday that its wholly-owned unit, Kerjaya Prospek (M) Sdn Bhd, has secured a RM488.4m fixed lump sum contract from its sister company, E&O. The contract is for the construction of AVEA, the second marina-edge residential development at Andaman Island, Penang. The scope of work involves a two-phase development comprising two 46-storey serviced apartment towers housing a total of 1,080 residential units. Project construction is scheduled to commence on 1 July 2026 and is slated for completion within 42 months.

**YTD job wins surpass RM2.0b target.** We are positive on the contract win, which pushes KERJAYA's YTD job replenishment to RM2.10b, successfully surpassing its FY26 target and our assumption of RM2.0b. This boosts the group's outstanding order book to RM5.0b, providing strong earnings visibility over the next three years. However, we remain cautious as profit margins may face headwinds from rising input cost pressures. The PAT margin for this specific project is expected to come in within expectation at 10%.

**Outlook.** Although YTD job wins have already exceeded the FY26 replenishment target, management has yet to reveal a new target. Moving forward, the pipeline remains supported by a healthy building tender book of RM2.0b-RM3.0b. In collaboration with its JV partner Samsung C&T, KERJAYA is also actively tendering for local commercial and factory projects. Additional visible prospects include up to RM2.0b worth of infrastructure packages at Andaman Island, alongside its participation in the tender for Penang LRT Package 2. 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, the group plans to roll out two major developments next year: a project in Tanjung Bungah, Penang (GDV: RM830m), and another at Jalan Puchong, Kuala Lumpur (estimated GDV: RM800m).

**Forecasts.** We revise upward our FY26 job win assumption to RM2.3b (from RM2.0b) and nudge up our FY26 construction revenue forecast by RM60m to RM2.35b. Consequently, our FY26 net earnings forecast is upgraded by a marginal 2%. The earnings impact remains relatively mild because 62% (or RM1.29b) of the YTD job wins are only slated to commence construction in 2HFY26, which means revenue recognition will be minimal in the initial stages of project progress. Meanwhile, we maintain our FY27 forecasts with an unchanged job win assumption of RM2.0b.

**Valuations.** We maintain our SoP-driven TP of RM2.85 (see Page 2) valuing its construction business at 16x FY27F 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).

**OUTPERFORM** ↔

**Price:** RM2.30  
**Target Price:** RM2.85 ↔

### Share Price Performance



KLCI	1,679.92
YTD KLCI chg	0.0%
YTD stock price chg	-13.5%

### Stock Information

Shariah Compliant	Yes
Bloomberg Ticker	KPG MK
Market Cap (RM m)	2,884.6
Shares Outstanding	1,254.2
52-week range (H)	2.87
52-week range (L)	2.00
3-mth avg. daily vol.	1,332,496
Free Float	29%
Beta	0.7

### Major Shareholders

Egovision Sdn Bhd	50.0%
Amazing Parade Sdn Bhd	18.0%
Amanah Saham Nasional	2.6%

### Summary Earnings Table

FY Dec (RM m)	2025A	2026F	2027F
Turnover	2249.3	2494.5	2564.5
EBIT	294.8	331.8	348.3
PBT	306.5	341.8	359.5
<b>Net Profit</b>	<b>224.7</b>	<b>251.7</b>	<b>264.7</b>
<b>Core Net Profit</b>	<b>224.5</b>	<b>251.7</b>	<b>264.7</b>
Consensus		249.9	273.1
Earnings Revision (%)		+2.4	-
Core EPS (sen)	17.8	20.0	21.0
Core EPS Growth (%)	40.2	12.1	5.2
NDPS (sen)	12.5	12.0	12.0
BVPS (RM)	0.95	1.04	1.13
NTA/share (RM)	0.77	0.85	0.94
PER (x)	14.9	11.5	10.9
PBV (x)	2.79	2.21	2.03
P/NTA (x)	3.47	2.71	2.46
Net Gearing (x)	N Cash	N Cash	N Cash
Net Div. Yield (%)	4.7	5.2	5.2

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**Investment case.** We continue to like KERJAYA for its: (i) innovative and hence high-margin formwork construction method (c.10% net margin), (ii) lean and hands-on management team with a strong execution track record, and (iii) 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 is maintained. The stock also offers attractive dividend yields of >5%.

**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.

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
<b>Valuation</b>	<b>3,585.4</b>	<b>2.85</b>	

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.
<b>Stocks Under Coverage</b>																	
GAMUDA	OP	4.34	5.30	22.1%	25,885.1	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	2.30	3.35	45.7%	8,061.9	Y	03/2027	13.5	14.3	53.9%	5.3%	17.0	16.1	0.8	4.7%	8.0	3.5%
KERJAYA	OP	2.30	2.85	23.9%	2,884.6	Y	12/2026	20.3	21.3	12.1%	5.2%	11.4	10.8	2.2	20.1%	12.0	5.2%
KIMLUN	OP	1.00	1.50	50.0%	388.7	Y	12/2026	21.8	20.3	70.1%	-6.8%	4.6	4.9	0.4	10.3%	2.0	2.0%
SUNCON	OP	7.50	8.40	12.0%	9,983.0	Y	12/2026	32.0	36.4	0.3%	13.9%	23.5	20.6	11.2	42.9%	47.2	6.3%
WCT	OP	0.410	0.950	131.7%	639.1	Y	12/2026	3.5	4.1	2.9%	16.3%	11.6	10.0	0.2	1.6%	0.0	0.0%
<b>SECTOR AGGREGATE</b>					<b>47,842.4</b>					<b>14.1%</b>	<b>18.3%</b>	<b>20.2</b>	<b>17.1</b>	<b>1.6</b>	<b>7.9%</b>		<b>3.2%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

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

☆ 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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