

Kerjaya on track to hit replenishment target

PETALING JAYA: Construction and property outfit Kerjaya Prospek Group Bhd has taken a step towards achieving its target of RM1.6bil for order-book replenishment after it secured another contract from Eastern & Oriental Bhd (E&O) worth RM98mil.

This follows a recent contract win of RM291mil, also from E&O.

Kerjaya's non-executive director and chairman and major shareholder Datuk Seri Tee Eng Ho also serves as the executive chairman and major shareholder of E&O.

BIMB Research, which maintained a "buy" call on Kerjaya with an unchanged target price of RM2.59 per share, said despite steady earnings and a good dividend payout, the stock still trades at a 14% discount to peers. Kerjaya trades at a forward price-earnings ratio of 11.2 times compared with 13 times for its peers.

"Besides, we expect a dividend payout of 12 sen for this year, given the group's strong net cash

position, which translates to a dividend yield of 6.3% on the stock's last closing price.

"We continue to like Kerjaya due to its steady flow of contracts, attractive valuation and good dividend yield," the research house added.

Kenanga Research said the latest contract brings the year-to-date order book total to RM708.3mil, or 44% of the company's target and 39% of the research house's target of RM1.8bil of secured contracts for this year.

The group's current total outstanding order book stands at RM4.4bil, which should keep the company busy for three years.

Kenanga Research, which recently upgraded its call on the stock to "outperform", has maintained the call with a target price of RM2.10 a share.

The research house said upcoming tenders to look out for include RM3bil of data centre jobs in a joint venture with Samsung C&T Corp, upcoming projects worth RM1bil in the the electrical

and electronics sector, and the company's 55%-owned Rivanis property redevelopment project in Perai, Penang.

RHB Research said a re-rating catalyst for the group would be earlier-than-expected wins of new industrial jobs before the middle of this year as its last industrial job was secured back in October 2022.

The research house said there are also more job opportunities in the pipeline from E&O's Andaman Island development, valued in excess of RM300mil.

"Between 2026 and 2030, E&O targets to develop RM3.8bil worth of properties, which could lead to construction values of RM1.5bil," it said, adding that demand for residential property in Penang remains resilient.

It kept a "buy" call on Kerjaya with a target price of RM2.67.

TA Research said the latest contract, the fifth successful bid so far this year, brings Kerjaya's order book to RM4.4bil or 2.4 times last year's construction revenue.