

Kerjaya Prospek set for multi-year earnings growth

Bullish signals suggest share price might extend rebound

CONSTRUCTION

PETALING JAYA: Construction outfit Kerjaya Prospek Group Bhd's earnings visibility continues to strengthen following its latest RM502.3mil project for dredging and reclamation works at Penang's Seri Tanjung Pinang township in Tanjung Tokong.

The related-party contract was awarded by property developer Eastern & Oriental Bhd (E&O), in which Kerjaya Prospek's co-founders hold a controlling stake.

Analysts have maintained a positive outlook for Kerjaya Prospek, which announced another related-party contract in January valued at RM201.3mil.

The company, which targets RM2bil in order book replenishments for the financial year ending Dec 31, 2026 (FY26), has secured RM703.5mil in projects year-to-date.

Hong Leong Investment Bank (HLIB) Research, which does not cover the stock, sees a potential technical rebound in the company's share price amid strong earnings visibility and a robust contract pipeline.

"Looking ahead, earnings visibility remains solid, supported by an active tender book of RM1.5bil to RM2bil, with over half anchored by dependable related-party projects," it said.

It added that the share price could be poised for a further rebound amid bullish signals, following an 18.8% correction from its 52-week high of RM2.92 to a low of RM2.37.

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Hong Leong Investment Bank Research

There is potential technical upside to RM2.87, HLIB Research noted.

While maintaining a "hold" call and a target price (TP) of RM2.67, Apex Securities views the latest project award favourably, as it significantly strengthens earnings visibility through FY29.

"At an estimated 13% profit before tax (PBT) margin, the project is slated to contribute RM65.3mil in PBT over its 36-month tenure, representing a substantial 21.6% of our FY26 forecast," it said, adding that there would be no revision to earnings as the project falls within its RM1.8bil order book replenishment assumption for FY26.

TA Research has maintained a "buy" call on the stock with a TP of RM3.39, noting that related parties E&O and Kerjaya Prospek Property Bhd plan to launch RM1bil worth of projects each, potentially translating into RM1.2bil worth of contracts.

"Beyond related-party projects, we expect the balance of the tender pipeline to be supported by external job opportunities, including two ongoing data centre tenders and multiple industrial property projects under its joint venture with Samsung C&T Corp, collectively estimated at RM1bil to RM2bil."

Phillip Capital Research has also maintained its "buy" call and a TP of RM3.22, with no revisions to earnings as the project falls under its replenishment assumptions.

The brokerage said the outstanding order book stood at RM4.4bil, equivalent to 2.4 times FY24 revenue, providing earnings visibility for the next three to four years.

Kenanga Research has maintained its "outperform" call and a TP of RM3.05, noting that the current outstanding order book will keep the company busy for the next three years.

"The stock also offers attractive dividend yields of more than 4%," it said.