

Kerjaya Prospek order replenishment on track

Firm's latest RM568.2mil job win from TNB a positive

CORPORATE

PETALING JAYA: Kerjaya Prospek Bhd's recent RM568.2mil contract from Tenaga Nasional Bhd or TNB for the establishment of a transmission main intake substation – Paka GIS – in Terengganu marks its exposure into infrastructure-related works.

To recap, Kerjaya will hold a 25% stake in the joint venture while Jati Tinggi Group Bhd and Betapac Sdn Bhd will hold 55% and 20%, respectively.

The contract was awarded on a fixed lumpsum basis, with works slated for completion within two years of receiving approval, likely in the middle of next month.

In a report, Phillip Capital said with this win, Kerjaya's contracts had reached RM3.5bil, or 88% of its 2026 order-book replenishment target of RM4bil.

"Assuming an 11% net project margin, we estimate the project could contribute RM16mil to profit after tax over 2026 to 2028," the research firm noted.

It added the builder's order-book replenishment pipeline is healthy, underpinned by a RM2bil tender book spanning data centre or DC, hospital, semiconductor facility and infrastructure jobs.

Phillip Capital made no changes to its forecasts on Kerjaya but expects an earnings per share growth of 27% for 2027,

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Phillip Capital

boosted by faster earnings recognition as Kerjaya's DC contract in Iskandar Puteri ramps up.

"We iterate a 'buy' call on the stock with a target price (TP) of RM4.80. We remain positive on Kerjaya's earnings outlook, underpinned by robust contract flow from Eastern & Oriental Bhd (E&O) and Kerjaya Prospek Property Bhd."

Similarly, Apex Securities said the new contract is a positive win for the group seeing as it is its first project in Terengganu, extending a diversification that already includes DC fit-out works.

"As a consortium contract with an established partner and a specialist substation contractor, execution risk is shared and Kerjaya's effective exposure is capped at its 25% participation, which we view as a sensible way to gain exposure to large-scale power infrastructure work without

disproportionate balance sheet or execution risk," Apex Securities noted.

It added together with E&O-linked developments, it expects Kerjaya's order book to remain well-supported over 2027 to 2028.

This underpins continued earnings growth even as the group's job mix and geographic footprint continue to diversify away from its traditional Klang Valley and Penang residential base.

Apex Securities also did not make any changes to its forecasts for Kerjaya as the award falls within its order-book replenishment assumption of RM3.9bil for financial year 2026 (FY26).

"We maintain a 'buy' recommendation with an unchanged TP of RM3.75 based on a 15 times price-to-earnings ratio applied to a higher FY27 earnings per share of 25 sen."