# Kerjaya Prospek's outlook stays robust

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PETALING JAYA: A healthy pipeline of projects is ensuring market confidence in construction outfit Kerjaya Prospek Group Bhd's outlook.

Analysts were positive on the company's latest secured contract valued at RM38mil from property developer Eastern & Oriental Bhd (E&O), a related party transaction, as both Kerjaya Prospek and E&O share controlling shareholders.

The latest contract win pushed the outstanding order book to RM5.9bil while on a year-to-date (y-t-d) basis, it has reached RM3.4bil, far surpassing the company's RM2bil target for the financial year ending Dec 31, 2026 (FY26).

Apex Research kept a "buy" recommendation on the stock. It has revised the target price (TP) to RM3.75 from RM3.58, based on 15 times price-earnings applied to a higher financial year 2027 (FY27) earnings per share of 25 sen from 23.8 sen.

"Following this new contract award, Kerjaya Prospek's FY26 order-book replenishment accounted for 95% of our RM3.5bil assumption.

"We have revised our FY26 and FY27 order-book replenishment assumptions upward to RM3.9bil and RM2.4bil, respectively, while maintaining our FY28 assumption of RM2.1bil."

Consequently, it increased the earnings forecast for FY26 by 1.5% to RM254.4mil, while raising the FY27 earnings by 4.7% to RM314.3mil and FY28 by 8.7% to RM257.8mil. The y-t-d order book translates to a book-to-bill ratio of approximately 2.6 times based on FY25 revenue, underpinning continued strong earnings visibility over the coming years.

Analysts expect order book prospects to remain positive, supported by a RM2bil tender book and a project mix spanning data centres (DCs), civil infrastructure works and industrial infrastructure.

BIMB Research has maintained a "buy" call and raised the TP to RM3.90 from RM3.40. The earnings forecast for FY26 was left unchanged, although the research house's order-book replenishment assumption was raised to RM4bil from RM3.5bil, supported by further DC as well as mechanical, electrical and plumbing opportunities.

The research house said the FY27 core earnings have been raised by 3.7% to RM315.6mil, while its FY28 has been raised by 5.5% to RM339.9mil on higher replenishment assumptions.

BIMB Research said the new TP values the construction business at 19 times FY27 earnings, compared with 17 times FY28 earnings previously.

The research house also said external contracts accounted for RM1.9bil, or 59% of y-t-d wins, while related party contracts accounted for RM1.3bil, or 41%.

"The stronger external contribution highlights Kerjaya Prospek's increasingly diversified client base, while related developers continue to provide a steady base of recurring work," it noted.

Meanwhile, Phillip Capital Research maintained a "buy" call on the stock and an unchanged TP of RM4.06, with no changes to the earnings forecast as the contract falls within the research house's order-book replenishment assumptions of RM4bil.

"In our view, this contract also positions Kerjaya Prospek for potential future superstructure work awards on the same project," it said.

The research house added that the earnings outlook continues to be underpinned by robust contract flow from E&O and Kerjaya Prospek Property Bhd.