Corporate Update

Kerjaya Prospek Group Berhad

(7161|KPG MK) Main| Construction

3 Stars

SHARIAH Compliant

Maintain **BUY**

Unchanged Target Price **RM3.98**

Gaining Ground in Power Infrastructure

Maintain BUY. We maintain **BUY** on Kerjaya Prospek Group Berhad (Kerjaya) with an unchanged **TP** of **RM3.98**, pegged to 16.3x FY27F PER, warranted by strong earnings visibility from its record RM6.0b order book, providing three years of earnings visibility, and diversifying project mix, with the valuation broadly in line with its current FY26E trading multiple of 16.0x. Stronger project execution, growing exposure to higher-value data centre (DC), mechanical, electrical and plumbing (MEP) and infrastructure works, and a net-cash balance sheet further support the valuation. Its expanding external client base reduces related-party reliance, while recurring jobs from Eastern & Oriental Berhad (E&O) and Kerjaya Prospek Property Berhad (KPP) support replenishment. Dividend payouts of 50%-70% over FY20-25 also remain attractive, exceeding its minimum 25% policy.

Secures RM142.0m TNB substation contract. Kerjaya, through a consortium with Jati Tinggi Holding and Betapac, secured a RM568.2m contract from Tenaga Nasional Berhad (TNB) to build the 500/275/132/33/11kV Paka Gas Insulated Substation (GIS) in Terengganu. Jati Tinggi holds 55% of the consortium, followed by Kerjaya (25%) and Betapac (20%), giving Kerjaya an attributable contract value of RM142.0m. The project carries a 24-month construction period, with earnings contribution expected over FY26E-28F.

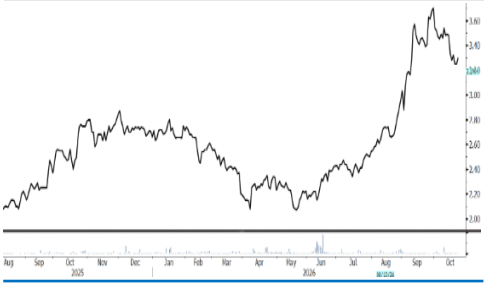
FY26 replenishment assumption within reach. Including the latest RM142.0m contract, Kerjaya's FY26 YTD wins will reach RM3.54b, from RM3.40b previously, just RM160.0m short of our previous RM3.70b FY26E assumption. This is also nearly double the RM1.80b secured in FY25. We expect a potential RM300.0m internal construction award from its Batu Kawan development, which could lift FY26 wins to RM3.84b. Accordingly, we raise our FY26E replenishment assumption slightly to RM3.80b from RM3.70b previously.

Diversifying beyond core building works. We estimate the latest award could lift Kerjaya's order book from RM5.9b to RM6.0b, before billings, providing three years of earnings visibility. External jobs now account for 60.7% of FY26 YTD wins, compared with a nearly equal split between external and related-party projects in its outstanding order book. While the RM142.0m contract represents only 2.4% of its existing order book, it broadens exposure beyond core building works. Following the RM33.0m Jati Tinggi award in Apr-26, the latest contract extends their partnership into substation construction. This adds another avenue for replenishment alongside its RM2.0b tender book, with opportunities spanning larger DC C&S and MEP packages, industrial and infrastructure works.

Earnings estimates and TP. We revised our FY26E/FY27F earnings estimates by +1%/+2%, following a slight lift in our FY26E replenishment assumption from RM3.70b to RM3.80b. We maintain **BUY** with an unchanged **TP** of **RM3.98**, pegging to 16.3x FY27F PER, warranted by strong earnings visibility and diversifying project mix, with the valuation broadly in line with its current FY26E trading multiple of 16.0x.

RETURN STATISTICS	
Price @ 22nd Oct 2026 (RM)	3.30
Expected share price return (%)	+20.6
Expected dividend yield (%)	+4.5
Expected total return (%)	+25.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-3.8	0.3
3 months	-10.8	46.0
12 months	32.5	32.5

INVESTMENT STATISTICS

FYE Dec	2026E	2027F	2028F
Revenue	2,641.5	3,283.5	3,416.8
Operating Profit	361.3	449.1	467.3
Profit Before Tax	360.0	447.5	465.6
Core Net Profit	269.4	328.3	341.7
Core EPS (sen)	20.4	24.8	25.8
DPS (sen)	12.2	14.9	15.5
Dividend Yield	3.7	4.5	4.7

KEY STATISTICS	
FBM KLCI	1,608.14
Issued shares (m)	1257.34
Estimated free float (%)	29.16
Market Capitalisation (RM'm)	4,138.71
52-wk price range	RM2.06 - RM3.74
3-mth average daily volume (m)	1.89
3-mth average daily value (RM'm)	5.98
Top Shareholders (%)	
Egovision Sdn Bhd	50.02
Amazing Parade Sdn Bhd	17.99
Amanah Saham Nasional Bhd	2.58

Analyst

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FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F	Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	**1,835.5**	**2,249.3**	**2,641.5**	**3,283.5**	**3,416.8**	PBT	**216.3**	**306.5**	**360.0**	**447.5**	**465.6**
Operating profit	217.7	307.7	361.3	449.1	467.3	Depreciation	14.3	18.5	16.4	16.4	17.1
PBT	216.3	306.5	360.0	447.5	465.6	Change in NWC	380.3	62.0	94.5	71.6	30.4
Taxation	56.2	81.9	90.5	119.1	124.0	**Operating cash flow**	**323.9**	**269.5**	**348.8**	**411.1**	**393.3**
PAT	160.1	224.7	269.4	328.3	341.7	Capital expenditure	-32.4	-11.7	-20.8	-21.6	-18.0
Core earnings	**160.2**	**225.5**	**269.4**	**328.3**	**341.7**	**Investing cash flow**	**-60.8**	**-106.9**	**-27.0**	**-64.9**	**-66.3**
						Debt raised/(repaid)	-	-	-	-	-
EPS (sen)	12.1	17.0	20.4	24.8	25.8	Dividends paid	-201.8	-151.4	-147.1	-166.8	-155.1
PER (x)	27.2	19.4	16.2	13.3	12.8	**Financing cash flow**	**-214.0**	**-168.3**	**-157.7**	**-170.1**	**-162.1**
DPS (sen)	8.5	9.5	12.2	14.9	15.5	**Net cash flow**	**49.1**	**-5.7**	**17.0**	**9.3**	**9.8**
Dividend yield (%)	2.6	2.9	3.7	4.5	4.7	**Beginning cash flow**	**104.1**	**173.3**	**169.7**	**186.7**	**196.0**
						Ending cash flow	**173.3**	**169.7**	**186.7**	**196.0**	**205.8**

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F	Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
Fixed assets	92.4	87.8	86.0	81.7	77.6	Operating margin	11.9	13.7	13.7	13.7	13.7
Other investments and assets	238.7	242.4	532.0	532.0	533.0	PBT margin	11.8	13.6	13.6	13.6	13.6
Non-current assets	**331.2**	**330.2**	**618.0**	**613.7**	**610.6**	PAT margin	8.7	10.0	10.2	10.0	10.0
Cash	173.3	169.7	186.7	196.0	205.8	Core PAT margin	8.7	10.0	10.2	10.2	10.2
Trade debtors	1,125.3	1,114.6	1,369.4	1,369.4	1,370.4						
Current assets	**1,893.6**	**2,028.9**	**2,300.7**	**2,310.1**	**2,320.9**						
Trade creditors	429.8	369.2	387.6	407.0	427.3						
Short-term debt	12.0	8.3	9.1	9.2	9.4						
Current liabilities	**1,081.3**	**1,150.8**	**1,170.1**	**1,189.6**	**1,210.1**						
Long-term debt	7.2	3.9	4.7	5.6	6.7						
Non-current liabilities	**7.2**	**3.9**	**576.9**	**557.7**	**533.0**						
Equity	**1,136.4**	**1,204.4**	**1,171.7**	**1,176.6**	**1,188.4**						

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MBSB INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology