

RHB favours Kerjaya Prospek for attractive dividend yield

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KUALA LUMPUR (July 10): RHB Investment Bank favours Kerjaya Prospek Group Bhd (KL:KERJAYA) for its attractive dividend yield of 5% estimated for the financial year ending Dec 31, 2025, alongside a steady profit after tax margin.

In a note on Wednesday, RHB maintained its 'buy' rating for Kerjaya Prospek, with a higher target price of RM2.45 a share, from RM2.15 previously.

No changes were made to the earnings estimates for the group, with a higher target price-earnings (P/E) of 17 times (previously 14 times), according to RHB.

The higher P/E was attributed to Kerjaya Prospek's construction arm in RHB's sum-of-parts valuation, and was justified by Kerjaya Prospek's stronger industrial prospects, which were absent during the 2017 construction upcycle (when the stock was traded at 15 times).

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It is estimated that at least 30% of Kerjaya Prospek's order book comes from the [Seri Tanjung Pinang](#) Phase 2 (STP2) project.

Currently, there is more than just STP2 in Penang for Kerjaya Prospek, said RHB. According to the research house, the group has clinched RM1.3 billion worth of jobs in the [Batu Kawan](#) area awarded by Aspen (Group) Holdings.

RHB emphasised a positive outlook with Kerjaya Prospek Property Bhd's (KL:KPPROP) latest development of 222,000 sq ft of land in Batu Kawan into a mixed development via a joint venture with Aspen.

The research house stated that the new development may demonstrate that the [Batu Kawan](#) area has much to offer.

Meanwhile, other opportunities, said RHB, could stem from Eastern & Oriental Bhd's (KL:E&O) (RM1.38; 'buy'). The house estimated the [Elmina West](#) development to have a baseline gross development value of RM1.5 billion over 135 acres of freehold land.

"Recall that Kerjaya Prospek secured a RM25 million job in the third quarter of 2023 to undertake earthworks in Elmina West.

"We view this development to be important for E&O to mitigate single-location risk," added RHB.

Overall downside risks evaluated by the house included a property market slowdown and prolonged cost pressures.