

## Rakuten retains 'buy' call on Kerjaya Prospek

By [Sharen Kaur](#) - March 15, 2024 @ 8:11am



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KUALA LUMPUR: Rakuten Trade remains bullish on Kerjaya Prospek Group Bhd, citing a promising outlook fueled by a substantial tender book primarily focused on projects boasting favorable margins.

The company recently clinched contracts totaling RM377.8 million, bolstering its robust order book to RM4.2 billion and ensuring clear earnings visibility for the next two to three years.

"We expect the company to target job wins of about RM1.5 billion for the fiscal year 2024 (FY24). The current tender book ranges from RM2 billion to RM3 billion, with the majority focusing on residential projects, while targeting two to three industrial projects valued at over RM1 billion," the firm said in a note.

Regarding property ventures, the company has outlined several launches slated for this year.

Rakuten Trade highlights that Kerjaya Prospek is currently managing 25 ongoing projects.

"Operationally, labour shortage is no longer a pressing concern, underpinned by its strong workforce totalling 7,000 individuals, with 3,000 of them being subcontractors," it said.

The research firm has upwardly revised its earnings forecast for FY24 and FY25 by 4.0 per cent and 3.0 per cent, respectively, to better reflect the timing of earnings recognition.

It maintains a buy recommendation on the stock with a target price of RM2.10, based on a 15x per earnings ratio (PER) over FY24's earnings per share. This valuation, it said, presents a discount compared to larger contractors, typically trading at 18x PER.