

Kerjaya Prospek Group Bhd

Buy. Target price: RM2.67



Source: RHB Research, Bloomberg

THE construction arm saw a PAT of RM44 million (+19% YoY) in 9M'24, backed by higher progress billings from ongoing jobs – sustaining a commendable PAT margin of 10.1% (9M'23: 10.7%). Meanwhile, the property development segment recorded a PAT of RM6.9 million in 9M'24 (9M'23: RM2.4 million), backed by property sales for The Vue @ Monterez (GDV: RM300 million) and Papyrus @ North Kiara (GDV: RM500 million) projects with 74% and 44% take-up rates (bookings and signed sales & purchase agreements) as of end Q3'24.

KPG's construction orderbook as of Nov 26 is RM4.4 billion (3x cover ratio). The group has secured RM1.6 billion worth of new jobs YTD vs our FY24 job replenishment target of RM1.7 billion. KPG has tenders worth between RM3 billion and RM4 billion, with RM1.5 billion related to a data centre and logistics warehouse job.

Penang still has ample opportunities – e.g. dredging and reclamation works for Phases 2B and 2C of Seri Tanjung Pinang (STP) Phase 2 (GDV: RM60 billion) – which could be in excess of RM500 million, combined with upcoming launches with a total GDV of >RM500 million for STP in the next six months. Eastern & Oriental's (EAST MK, BUY, RM1.38) land at Elmina West (66 acres) could likely see the first launch of 360 stratified landed terrace houses in FY25 followed by >110 shophouses in FY26. Recall: KPG secured a RM25 million job in Q3'23 to undertake earthworks for said development at Elmina West. All in, we view the stock's FY25 P/E of 14x to be undemanding vs the Bursa Malaysia Construction Index's 16-17x during the 2017 construction upcycle.

BUY with RM2.67 TP. – **RHB Research, Nov 28**