

Kerjaya Prospek's Growing Presence In The South

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RHB Investment Bank Bhd (RHB Research) has maintained its *BUY* call on Kerjaya Prospek Group Bhd, with a target price of RM2.67, representing a 30% upside. This comes after the company secured its sixth job win for FY25, valued at RM162 million.

The contract, awarded by Majestic Gen, involves the main building works for the Gen Rise project, a 47-storey transit-oriented service development located near the Bukit Chagar Rapid Transit System (RTS) station and the customs, immigration, and quarantine complex in Johor Bahru. The project, which includes 732 units, is expected to be completed within 36 months, with work scheduled to commence on 1 August.

Kerjaya Prospek's continued strong presence in Johor is evident, as the latest project adds to its impressive record in the state, where it has previously secured contracts worth approximately RM1.3 billion. The proximity of the Gen Rise project to the Bukit Chagar RTS station is expected to boost Kerjaya Prospek's visibility among developers in the region.

Furthermore, data from the National Property Information Centre shows that Johor's overhang unit numbers have been steadily decreasing over the past four years, largely due to the anticipated completion of the Johor Bahru-Singapore RTS Link by December 2026.

Following the new contract, Kerjaya Prospek's construction orderbook stands at around RM4.6 billion, with a cover ratio of 2.6x. The total value of new contracts secured for FY25 has reached RM870.3 million, in line with RHB Research's FY25 replenishment target of RM1.6 billion.

The company is also actively tendering for additional contracts worth RM2-3 billion, including a data centre project it is bidding for independently, as well as industrial sector tenders (such as factories and warehouses) in a joint venture with Samsung C&T.

Further growth opportunities are on the horizon for Kerjaya Prospek, with the company exploring dredging and reclamation works for Phase 2B and 2C of Andaman Island in Penang, valued at over RM300 million. Additionally, Eastern & Oriental (EAST MK) is set to develop properties worth approximately RM3.8 billion between 2026 and 2030, which could generate around RM1.5 billion worth of construction jobs for companies like Kerjaya Prospek.

RHB Research has made no changes to its earnings estimates, as the recent job win aligns with its FY25 job replenishment assumption of RM1.6 billion. The analysts maintain their sum-of-parts derived target price of RM2.67, which includes a 2% environmental, social, and governance (ESG) premium.

Kerjaya Prospek's FY25F P/E ratio of 13.7x is considered undemanding compared to the Bursa Malaysia Construction Index's P/E ratio of 15-16x during the 2017 construction upcycle. A potential rerating catalyst for the company could arise from earlier-than-expected wins of new industrial contracts, such as data centres, before mid-FY25.