



Kerjaya Prospek could see over 50% earnings growth in 4Q, says RHB



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KUALA LUMPUR (Feb 25): Kerjaya Prospek Group Bhd (KL:KERJAYA  ) is poised to record more than 50% earnings growth in the fourth quarter from a year earlier, driven by higher contributions from property projects, said RHB Investment Research.

RHB said for the three months ended Dec 31, 2024 (4QFY2024), Kerjaya Prospek's net profit is expected to land at RM35 million to RM50 million, marking a year-on-year (y-o-y) growth of up to 52%.

This surge would be fuelled by higher progress billings and contributions from the group's property development arm, with two major projects collectively valued at around RM800 million.

"Looking ahead, we postulate FY2025 to see an earnings growth of 17% y-o-y, underpinned by a steady flow of job replenishments, particularly from Eastern & Oriental Bhd's (KL:E&O  ) Andaman Island developments in Penang," the research house noted.

These projects, with a cumulative gross development value of RM2.9 billion, are expected to keep Kerjaya Prospek's order book healthy.

Since 2016, Kerjaya Prospek has secured approximately RM2.4 billion worth of contracts related to Andaman Island, including critical infrastructure works such as bridges, coastal protection, and dredging.

"We gathered that there are still more dredging and reclamation works up for grabs for Phases 2B and 2C of Andaman Island, which could be in the excess of RM300 million," said RHB.

Meanwhile, developments in Elmina West are set to provide further revenue streams, with ongoing projects including a RM256 million contract for 360 residential units.

RHB expects Kerjaya Prospek's recurring net profit to be at RM162 million in 2024, rising to RM202 million by 2026.

The company's earnings growth is projected to maintain a compound annual growth rate of 15% from FY2023 to FY2026.

While the outlook remains optimistic, potential headwinds include a slowdown in the property market and rising cost pressures that could dampen margins. Nonetheless, RHB views Kerjaya Prospek as well positioned to capitalise on Malaysia's construction sector recovery, backed by strong project pipelines and sound financial management.

Analysts at RHB have reaffirmed their 'buy' call on the stock, maintaining their target price of RM2.67, implying a 25% upside alongside a projected dividend yield of approximately 5%.

At the time of writing on Tuesday, shares of Kerjaya Prospek were traded at RM2.15, valuing the company at RM2.7 billion.