

Brokers Digest: Local Equities - Telecommunication, Swift Energy Technology Bhd, Kerjaya Prospek Group Bhd, Gamuda Bhd

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Kerjaya Prospek Group Bhd

Target price: **RM2.60 BUY**

PHILLIP CAPITAL (MARCH 11): Kerjaya Prospek Group (KL:KERJAYA ) has secured a RM51 million contract for piling and earthworks from Eastern & Oriental Bhd (KL:E&O ) for a planned 52-storey development on Andaman Island, Penang. With this latest award, the group's outstanding order book stands at RM4.1 billion, translating into 2.4 times 2024 construction revenue cover ratio and providing revenue visibility until 2027. Assuming a group blended 10% profit after tax margin, we estimate this project to contribute RM5.1 million in Patami over 2025-2026. This contract brings year-to-date wins to RM307 million, accounting for 19% of our RM1.6 billion full-year 2025 order book replenishment assumption. Going forward, we expect contract flows to remain robust, underpinned by contracts from both E&O and Kerjaya Prospek Property Bhd (KL:KPPROP ). Near-term prospects include Kerjaya Prospek Property's upcoming projects in Shah Alam (RM250 million estimated gross development value, or GDV) and Damansara Damai (RM430 million estimated GDV) as well as E&O's Maris (RM690 million estimated GDV).

We remain optimistic about Kerjaya Prospek Group's earnings prospects, which are underpinned by its robust contract flows from E&O and Kerjaya Prospek Property. Key downside risks include lower-than-expected order book replenishment and project margin deterioration.

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