Kerjaya Prospek sees steady earnings from RM5b order book

Strong construction margins lifted Kerjaya Prospek's second-quarter net profit by 22.5% to RM66.7m. – Kerjaya Prospek website

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KUALA LUMPUR: Kerjaya Prospek Group Bhd's outstanding order book reaching a record high of RM5 billion, driven by a series of major contract wins throughout 2026, will provide the group with strong earnings visibility for the next 3-4 years and reinforce the construction segment's role as the primary earnings driver.

Public Investment Bank Bhd (PublicInvest) said this is complemented by the group's strategic acquisition of a 31% stake in ES Sunlogy Bhd, a key growth catalyst.

The bank-backed research firm said this partnership enables Kerjaya Prospek to tap into the growing demand for higher-value mechanical and electrical engineering services, as well as renewable energy solutions, without building these capabilities from the ground up.

It also positions the group to capture a larger share of the project value chain and participate in more complex, integrated projects such as data centres and grid infrastructure, PublicInvest said in a note.

On earnings, PublicInvest said Kerjaya Prospek's Q2'26 revenue fell by 25.3% YoY to RM403.1 million due to lower revenue from both its construction and property division.

The construction division posted a 34.4% YoY revenue drop to RM355.2 million, reflecting slower progress as several existing projects move into their final stages while newer ones remain in their early stages.

Its property segment's revenue declined 31.1% YoY to RM47.4 million as its two key projects, The Vue @ Monterez and Papyrus @ North Kiara, neared completion.

Further, PublicInvest said Kerjaya Prospek's Q2'26 net profit rose 22.5% YoY to RM66.7 million. The earnings growth was attributed to stronger contribution from its construction division.

Profit from the construction segment rose 34.4% YoY to RM59.5 million due to improved project margins from favourable contract terms and more efficient project execution, boosted by a reduction in tax expenses.

This was somewhat offset by marginally weaker contribution from the Property division, which posted a decline of 55.6% YoY to RM4.8 million in tandem with lower revenue.

"We maintain our forecasts and reaffirm our Outperform call on Kerjaya Prospek with an unchanged sum-of-the-parts-based target price of RM3.30.

"A second interim dividend of 3.5 sen was declared, which brings the year-to-date cumulative dividend to 7 sen from 6 sen per share declared in 1H'25," PublicInvest said.