

Kerjaya Prospek to post 8.0-10pct higher core earnings in Q3?

By S. Birruntha - November 7, 2023 @ 1:17pm



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KUALA LUMPUR: Kerjaya Prospek Group Bhd's third quarter of 2023 (3Q23) core earnings is expected to be eight to 10 per cent higher year-on-year (YoY), backed by higher progress billings and improved labour supply.

With a plethora of bright prospects underpinning Kerjaya Prospek's job replenishment trends, RHB Research considers the stock undervalued, trading at 1.5 standard deviations below the five-year mean price-to-earnings of the Bursa Malaysia Construction Index.

"Seri Tanjung Pinang Phase 2 (STP2) is divided into Andaman Phase 1 and Phase 2. Kerjaya Prospek was involved in the reclamation and coastal protection structure works of Andaman Phase 1 for a cumulative job value of about RM380 million.

"With Andaman Phase 2 yet to begin any significant reclamation works, we believe the company could stand a fair chance to do the reclamation works for this phase of STP2," it said in a note.

Moreover, RHB Research said Kerjaya Prospek was appointed as the contractor for the developments on STP2, such as The Meg project (1,020 units) for a value of RM265 million, putting it as a frontrunner for other property projects under STP2.

It highlighted that Kerjaya Prospek's venture into industrial buildings via the partnership with Samsung C&T Corporation could serve as a strategic buffer to offset any slowdown in property-related jobs.

RHB Research maintained a "Buy" call on the stock with a higher target price of RM1.78 from RM1.56 previously.

It also increased its earnings projections for financial year 2023 to 2025 (FY23-25) by one to five per cent due to a revised FY23 job replenishment assumption of RM1.8 billion from RM1.5 billion.

"We think that near-term project wins may come from STP2, particularly the Arica project, which is likely to be worth RM100 million to RM200 million," it said.