

## Team Coverage

(603) 7890 8888

[research\\_dept@apexsecurities.com.my](mailto:research_dept@apexsecurities.com.my)

<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.90
Previous Target Price:	RM 1.00
Target Price:	↔ RM 1.00
Capital Upside/ Downside:	11.1%
Dividend Yield (%):	0.0%
<b>Total Upside/ Downside:</b>	<b>11.1%</b>

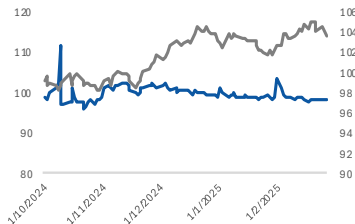
## Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	8052 / CGB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	766.4
Market Cap (RM' m)	689.8
52-Week Price Range (RM)	1.19-0.77
Beta (x)	0.4
Free float (%)	39.6
3M Average Volume (m)	5.1
3M Average Value (RM' m)	4.5

## Top 3 Shareholders (%)

Chew Hian Tat	22.6
Ryrt Holdings Sdn	13.3
Hjt International Group	5.2

## Share Price Performance



	1M	3M	12M
Absolute (%)	3.4	5.9	8.1
Relative (%)	1.5	6.4	5.7

# Central Global Bhd

## Baby Steps To Recovery

### Executive Summary

- CGB's 4QFY25 core net profit at RM1.5m (turnaround from core net loss of -RM2.6m in previous corresponding quarter and +1,341.1% qoq) brings 12MFY25 core net profit to RM1.5m (-12.9% yoy) is deemed within expectations, despite only accounted to 15.0% of our full-year forecasted CNP of RM9.9m, in view of better earnings contribution from the construction segment in subsequent quarters.
- Earnings sustainability will be supported by outstanding orderbook amounting to RM694.9m (6.7x against trailing-12-months construction revenue) that will provide earnings visibility over the till CY28, while cushioning the weakness from the manufacturing segment.
- We re-iterate our BUY recommendation on CGB with unchanged TP of RM1.00, based on SOP valuations and ascribed with three-star ESG rating.

**Results deemed within expectations.** CGB's reported core net profit in 12MFY25 at RM1.5m (-12.9% yoy) is deemed to be within expectations, despite only accounting to only 15.0% of our full-year core net profit forecast at RM9.9m. We project improvement to take place in subsequent quarters, driven by higher billings from Pan Borneo Highway Project which is still at initial stage of construction.

**YoY.** 4QFY25 core net profit (CNP) saw a turnaround vs core net loss of -RM2.6m (after stripping off one-off impairment on trade, other receivables and contract assets amounting to RM42.18 million in relations to Gerbang Bukit Kecil Project and Sungai Pinang Project) recorded in the previous corresponding quarter, mainly lifted by better contribution from the construction segment along with the cost rationalisation and cost containment measures. Revenue for the quarter, however, fell -5.2% yoy to RM43.0m.

**QoQ.** Core net profit surged 1,341.1% qoq as construction works in Pan Borneo Highway project kicked-off, contributing to improved revenue from the construction segment. Revenue for the quarter improved +25.8% qoq.

**Outlook.** We expect core earnings to improve in upcoming quarters, backed by progressive recognition of unbilled order book amounting to RM694.9m (6.7x against trailing-12-months construction revenue) that will provide earnings visibility over the till CY28. Meanwhile, we foresee the manufacturing segment may remain in red as the segment is still in the midst of streamlining operational workflow.

**Earnings Revision.** No changes, given that reported results were deemed in-line with in-house forecast.

**Valuation.** Re-iterate our **BUY** recommendation on CGB, with an unchanged target price of **RM1.00** based on SOP valuations with the manufacturing segment EPS of 0.7 sen in FY26F pegged to P/E multiple of 18.0x, while the Construction segment's FY26F EPS of 3.1 sen is pegged to P/E multiple of 28.0x and ascribed with three-star ESG rating.

**Risk.** Geopolitical tensions, labour shortages, insufficient industrial land, and unexpected further rise in construction cost.

## Earnings Summary

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
Revenue	211.2	218.6	219.1	353.4	429.0
EBITDA	18.8	-30.1	17.1	40.7	49.7
Pre-tax profit	17.0	-32.6	13.2	36.5	45.3
Net profit	7.5	-42.1	9.9	29.2	36.2
Core net profit	9.4	0.1	9.9	29.2	36.2
Core EPS (sen)	1.2	0.0	1.3	3.8	4.7
P/E (x)	73.1	6050.6	69.9	23.6	19.1
P/B (x)	6.9	8.0	7.2	5.5	4.6
EV/EBITDA (x)	5.1	-1.9	3.5	2.7	3.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	1.7%
Net Gearing (%)	3.3%	31.9%	37.9%	13.6%	1.3%

\*Denotes 18 months data following change of FYE from Dec to Jun

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Results Comparison

FYE Jun (RM m)	4QFY25	4QFY23	yoy (%)	3QFY25	qoq (%)	12MFY25	12MFY23	yoy (%)	Comments
Revenue	43.0	45.4	(5.2)	34.2	25.8	139.0	218.6	(36.4)	Fell yoy due to weaker manufacturing & trading segment
EBITDA	2.4	(43.2)	nm	1.7	45.2	7.2	(30.2)	(123.8)	following the discontinuation the loss margin items sales
Pre-tax profit	1.2	(43.4)	nm	0.1	1,796.7	2.5	(32.6)	(107.8)	
Net profit	1.1	(44.7)	nm	0.1	1,341.1	1.5	(40.5)	(103.6)	
Core net profit	1.1	(2.6)	nm	0.1	1,341.1	1.5	1.7	(12.9)	Turnaround, bearing fruit from cost rationalisation and
Core EPS (sen)	0.1	(0.3)	nm	0.0	1,341.1	0.2	0.2	(12.9)	cost containment measures
EBITDA margin (%)	5.6	(95.1)		4.9		5.2	(13.8)		
PBT margin (%)	2.7	(95.7)		0.2		1.8	(14.9)		
Core net profit margin (%)	2.4	(5.7)		0.2		1.1	0.8		

Comparison of yoy in FY25 vs FY23 due to change in FYE

Source: Company, Apex Securities

# Results Note

Friday, 28 Feb, 2025

## Financial Highlights

### Income Statement

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
<b>Revenue</b>	<b>211.2</b>	<b>218.6</b>	<b>219.1</b>	<b>353.4</b>	<b>429.0</b>
<b>Gross Profit</b>	<b>34.6</b>	<b>26.6</b>	<b>32.9</b>	<b>60.1</b>	<b>72.9</b>
<b>EBITDA</b>	<b>18.8</b>	<b>-30.1</b>	<b>17.1</b>	<b>40.7</b>	<b>49.7</b>
Depreciation & Amortisation	-1.4	-2.1	-3.2	-3.5	-3.9
<b>EBIT</b>	<b>17.4</b>	<b>-32.2</b>	<b>13.9</b>	<b>37.2</b>	<b>45.8</b>
Net Finance Income/ (Cost)	-0.4	-0.4	-0.8	-0.7	-0.5
Associates & JV	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>17.0</b>	<b>-32.6</b>	<b>13.2</b>	<b>36.5</b>	<b>45.3</b>
Tax	-3.9	-5.3	-3.3	-7.3	-9.1
<b>Profit After Tax</b>	<b>13.1</b>	<b>-37.9</b>	<b>9.9</b>	<b>29.2</b>	<b>36.2</b>
Minority Interest	5.7	4.2	0.0	0.0	0.0
<b>Net Profit</b>	<b>7.5</b>	<b>-42.1</b>	<b>9.9</b>	<b>29.2</b>	<b>36.2</b>
Exceptionals	2.0	42.2	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>9.4</b>	<b>0.1</b>	<b>9.9</b>	<b>29.2</b>	<b>36.2</b>

### Key Ratios

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
EPS (sen)	1.2	0.0	1.3	3.8	4.7
P/E (x)	73.1	6050.6	69.9	23.6	19.1
P/B (x)	6.9	8.0	7.2	5.5	4.6
EV/EBITDA (x)	5.1	-1.9	3.5	2.7	3.0
DPS (sen)	0.0	0.0	0.0	0.0	1.5
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	1.7%
EBITDA margin (%)	8.9%	-13.8%	7.8%	11.5%	11.6%
EBIT margin (%)	8.3%	-14.7%	6.3%	10.5%	10.7%
PBT margin (%)	8.1%	-14.9%	6.0%	10.3%	10.5%
PAT margin (%)	6.2%	-17.3%	4.5%	8.3%	8.4%
NP margin (%)	3.5%	-19.2%	4.5%	8.3%	8.4%
CNP margin (%)	4.5%	0.1%	4.5%	8.3%	8.4%
ROE (%)	9.4%	0.1%	10.3%	23.3%	24.0%
ROA (%)	5.0%	0.0%	4.0%	10.8%	11.6%
Gearing (%)	11.3%	42.0%	52.6%	36.3%	27.1%
Net gearing (%)	3.3%	31.9%	37.9%	13.6%	1.3%

### Valuations

#### FY26F Valuation methodology

Core EPS (RM) - Manufacturing	0.007
Fair Value (RM) - Manufacturing	0.12 18.0x P/E (slight premium to peers average)
Core EPS (RM) - Construction	0.031
Fair Value (RM) - Construction	0.88 28.0x P/E (20% discount to Bursa Construction sector)
<b>Total Fair Value (RM)</b>	<b>1.00</b>

FY25\* denotes 18 months figures following the change from FYE Dec to FYE Jun

Source: Company, Apex Securities

### Balance Sheet

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
<b>Revenue</b>	<b>7.9</b>	<b>8.7</b>	<b>14.1</b>	<b>28.3</b>	<b>38.9</b>
Cash	104.6	164.1	150.1	154.9	176.3
Receivables	22.8	12.8	15.3	16.1	17.6
Inventories	18.7	1.5	2.2	3.5	4.3
Other current assets	<b>154.0</b>	<b>187.1</b>	<b>181.7</b>	<b>202.8</b>	<b>237.1</b>
<b>Total Current Assets</b>	<b>154.0</b>	<b>187.1</b>	<b>181.7</b>	<b>202.8</b>	<b>237.1</b>
Fixed Assets	12.6	27.4	39.5	43.1	47.8
Intangibles	21.1	21.1	21.9	21.2	21.5
Other non-current assets	1.7	1.5	2.2	3.5	5.3
<b>Total Non-Current Assets</b>	<b>35.5</b>	<b>50.0</b>	<b>63.6</b>	<b>67.8</b>	<b>74.6</b>
Short-term debt	10.0	9.4	10.4	9.3	8.4
Payables	50.2	84.6	60.4	64.1	77.7
Other current liabilities	25.7	29.2	29.2	29.2	29.2
<b>Total Current Liabilities</b>	<b>85.9</b>	<b>123.2</b>	<b>100.0</b>	<b>102.7</b>	<b>115.3</b>
Long-term debt	1.3	26.7	40.0	36.0	32.4
Other non-current liabilities	2.4	1.3	9.5	7.0	13.2
<b>Total Non-Current Liabilities</b>	<b>3.6</b>	<b>28.0</b>	<b>49.5</b>	<b>43.0</b>	<b>45.6</b>
Shareholder's equity	92.0	85.9	95.8	125.0	149.7
Minority interest	8.0	0.0	0.0	0.0	1.0
<b>Total Equity</b>	<b>100.0</b>	<b>85.9</b>	<b>95.8</b>	<b>125.0</b>	<b>150.7</b>

### Cash Flow

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
<b>Pre-tax profit</b>	<b>17.0</b>	<b>-32.6</b>	<b>13.2</b>	<b>36.5</b>	<b>45.3</b>
Depreciation & amortisation	1.4	2.1	3.2	3.5	3.9
Changes in working capital	-32.8	-43.2	12.7	2.2	9.4
Others	3.1	46.0	-3.3	-7.3	-9.1
<b>Operating cash flow</b>	<b>-11.4</b>	<b>-27.6</b>	<b>25.8</b>	<b>34.8</b>	<b>49.5</b>
Net capex	0.5	-11.1	-30.7	-10.6	-12.9
Others	0.0	0.0	0.0	0.0	0.0
<b>Investing cash flow</b>	<b>0.5</b>	<b>-11.0</b>	<b>-30.7</b>	<b>-10.6</b>	<b>-12.9</b>
Dividends paid	0.0	0.0	0.0	0.0	-11.5
Others	10.5	37.2	14.3	-10.0	-14.5
<b>Financing cash flow</b>	<b>10.5</b>	<b>37.2</b>	<b>14.3</b>	<b>-10.0</b>	<b>-26.0</b>
<b>Net cash flow</b>	<b>-0.5</b>	<b>-1.5</b>	<b>9.4</b>	<b>14.2</b>	<b>10.6</b>
Forex	0.0	0.1	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	6.5	6.1	4.7	14.1	28.3
<b>Ending cash</b>	<b>6.1</b>	<b>4.7</b>	<b>14.1</b>	<b>28.3</b>	<b>38.9</b>

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Vigilant in monitoring sustainability issues relevant to business, including climate-related risks and opportunities
Waste & Effluent	★★★	Total Co2 emissions stood at 2,069kg in FY23
Energy	★★★	Total energy consumption stood in 10,826 GJ in FY23
Water	★★★	Water consumption stood at 51,968m3 in FY23
Compliance	★★★	In compliance with local and international environmental regulations

### Social

Diversity	★★	>80% of average employees age below 50, <30% of employees are female
Human Rights	★★★	Enforce and adopts Code of Ethics and Conduct
Occupational Safety and Health	★★★	91 employees trained on OSH with zero fatalities in FY23
Labour Practices	★★★	Observe Children and Young Persons (Employment) (Amendment) Act 2010

### Governance

CSR Strategy	★★★	Donation to Sekolah Semangat Maju and participated in the Pesta Makanan Amal 2023
Management	★★	Average board members age @ 58, 28.6% female board composition, 4/7 Independent Directors
Stakeholders	★★★	Major announcements and financial reports were announced in timely manner

Overall ESG Scoring: ★★★

### Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to -10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain

### Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

### ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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As of Friday, 28 Feb, 2025, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.