

## Team Coverage

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.89
Previous Target Price:	RM 1.00
Target Price:	↔ RM 1.00
Capital Upside/Downside:	12.4%
Dividend Yield (%):	0.0%
<b>Total Upside/Downside:</b>	<b>12.4%</b>

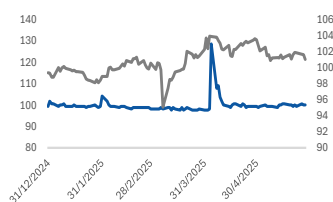
## Stock information

Board	MAIN
Sector	Industrial
Bursa / Bloomberg Code	8052 / CGB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	789.6
Market Cap (RM' m)	698.8
52-Week Price Range (RM)	1.19-0.79
Beta (x)	0.5
Free float (%)	39.2
3M Average Volume (m)	5.8
3M Average Value (RM' m)	5.1

## Top 3 Shareholders

	(%)
Chew Hian Tat	24.7
Ryrt Holdings Sdn. Bhd.	12.1
Hjt International Group M Sdn Bd	5.2

## Share Price Performance



	1M	3M	12M
Absolute (%)	2.9	-0.6	7.3
Relative (%)	2.6	2.6	13.6

## Earnings summary

FYE Jun	FY23	FY25F*	FY26F
Revenue (RM'm)	218.6	186.2	336.3
PATAMI (RM'm)	-42.1	7.1	27.7
CNP (RM'm)	0.1	7.1	27.7
EPS - core (sen)	0.0	0.9	3.6
P/E (x)	5949.7	94.9	24.5

## Central Global Bhd

## Subdued Performance YTD; Eyes on Stronger Finish in 6QFY25

- CGB's 5QFY25 CNP surged 6,610% yoy and 270% qoq to RM3.9m, bringing 15MFY25 CNP to RM5.4m, accounting for only 54% of our estimates, missing expectations. Shortfall was due to lower-than-expected revenue recognition in the construction segment from 1QFY25 to 3QFY25.
- Earnings sustainability will be supported by outstanding orderbook amounting to RM625.2m (3.3x against trailing-12-months construction revenue) that will provide earnings visibility until CY28, while offsetting the challenges faced in the manufacturing segment.
- Maintain BUY recommendation with an unchanged TP of RM1.00, based on SOP valuations and ascribed with three-star ESG rating.

**Results missed expectations.** CGB's 5QFY25 CNP came in at RM3.9m, bringing 15MFY25 CNP to RM5.4m, accounting for only 54% of our estimates, missing expectations. The shortfall was mainly due to weaker performance from 1QFY25 to 3QFY25, driven by slower work progress in the construction segment.

**YoY.** 5QFY25 CNP surged 6,610.3% yoy, driven by higher work progress alongside cost rationalisation and containment efforts within the construction segment. Revenue for the quarter improved +170.5% yoy.

**QoQ.** Core net profit surged 270% qoq, primarily due to accelerated works on the Bekalan Air Luar Bandar Project and work commencement on Pan Borneo Highway Project in the construction segment. Revenue for the quarter improved +79.3% qoq.

**Outlook.** While results fell short of expectations, CGB demonstrated resilience with a strong recovery in core earnings (+6,610.3% yoy, +270% qoq). We anticipate further improvement in 6QFY25 and into FY26F, supported by higher billings from the construction segment. The Group's unbilled orderbook currently stands at RM625.2m — 3.3x its trailing 12-month construction revenue — providing earnings visibility through to CY28. Manufacturing wise, we expect the segment to remain in the red as the Group's new masking tape plant is still undergoing trial runs. To meet growing demand and enhance operational efficiency, the new facility is projected to raise production capacity to 39.0m m<sup>2</sup> by end of CY25 and 50.0m m<sup>2</sup> by end of CY26, barring unforeseen delays.

**Earnings Revision.** We have revised our project progress assumptions to reflect slower revenue recognition in FY25F. As a result, FY25F earnings forecast was lowered by 27.5%. Our orderbook assumptions for FY26F and FY27F remain unchanged at RM600m respectively, supported by a positive outlook for the construction sector.

**Valuation.** We maintain our **BUY** recommendation on CGB, with an unchanged TP 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 2.9 sen is pegged to P/E multiple of 29.8x and ascribed with three-star ESG rating.

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

# Results Note

Wednesday, 28 May, 2025

## Results Comparison

FYE Jun (RM m)	5QFY25	1QFY25	yoy (%)	4QFY25	qoq (%)	15MFY25	3MFY25	yoy (%)	Comments
Revenue	77.1	28.5	170.5	43.0	79.3	216.1	28.5	657.8	
EBITDA	8.4	1.4	506.6	2.4	245.5	15.5	1.4	1,027.7	
Pre-tax profit	7.0	0.5	1,224.4	1.2	504.4	9.5	0.5	1,703.6	
Net profit	3.9	0.1	6,610.3	1.1	270.0	5.4	0.1	9,153.4	
Core net profit	3.9	0.1	6,610.3	1.1	270.0	5.4	0.1	9,153.4	
Core EPS (sen)	0.5	0.0	6,610.3	0.1	270.0	0.7	0.0	9,153.4	
EBITDA margin (%)	10.8	4.8		5.6		7.2	4.8		
PBT margin (%)	9.1	1.9		2.7		4.4	1.9		
Core net profit margin (%)	5.0	0.2		2.4		2.5	0.2		

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

Source: Company, Apex Securities

## Financial Highlights

### Income Statement

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
Revenue	211.2	218.6	186.2	336.3	397.9
Gross Profit	34.6	26.6	27.9	57.2	67.6
EBITDA	18.8	-30.1	13.3	38.6	45.9
Depreciation & Amortisation	-1.4	-2.1	-3.0	-3.3	-3.7
EBIT	17.4	-32.2	10.3	35.3	42.3
Net Finance Income/ (Cost)	-0.4	-0.4	-0.7	-0.7	-0.4
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	17.0	-32.6	9.5	34.6	41.8
Tax	-3.9	-5.3	-2.4	-6.9	-8.4
Profit After Tax	13.1	-37.9	7.1	27.7	33.5
Minority Interest	5.7	4.2	0.0	0.0	0.0
Net Profit	7.5	-42.1	7.1	27.7	33.5
Exceptionals	2.0	42.2	0.0	0.0	0.0
Core Net Profit	9.4	0.1	7.1	27.7	33.5

### Key Ratios

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
EPS (sen)	1.2	0.0	0.9	3.6	4.4
P/E (x)	72.3	5983.3	95.4	24.6	20.4
P/B (x)	6.8	7.9	7.3	5.6	4.7
EV/EBITDA (x)	5.1	-1.9	4.4	3.0	3.3
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%	7.1%	11.5%	11.5%
EBIT margin (%)	8.3%	-14.7%	5.5%	10.5%	10.6%
PBT margin (%)	8.1%	-14.9%	5.1%	10.3%	10.5%
PAT margin (%)	6.2%	-17.3%	3.8%	8.2%	8.4%
NP margin (%)	3.5%	-19.2%	3.8%	8.2%	8.4%
CNP margin (%)	4.5%	0.1%	3.8%	8.2%	8.4%
ROE (%)	9.4%	0.1%	7.7%	22.9%	23.3%
ROA (%)	5.0%	0.0%	3.3%	10.3%	11.1%
Gearing (%)	11.3%	42.0%	54.1%	37.6%	28.4%
Net gearing (%)	3.3%	31.9%	36.5%	4.9%	Net Cash

### 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	0.029
Fair Value (RM) - Construction	0.88 29.8x P/E (in line with Bursa construction sector P/E of 29.8x)
<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
Cash	7.9	8.7	16.4	39.4	48.2
Receivables	104.6	164.1	127.5	147.4	163.5
Inventories	22.8	12.8	13.0	15.3	16.3
Other current assets	18.7	1.5	1.9	3.4	4.0
<b>Total Current Assets</b>	<b>154.0</b>	<b>187.1</b>	<b>158.8</b>	<b>205.5</b>	<b>232.0</b>
Fixed Assets	12.6	27.4	37.4	40.8	45.1
Intangibles	21.1	21.1	18.6	20.2	19.9
Other non-current assets	1.7	1.5	1.9	3.4	5.0
<b>Total Non-Current Assets</b>	<b>35.5</b>	<b>50.0</b>	<b>57.9</b>	<b>64.4</b>	<b>70.0</b>
Short-term debt	10.0	9.4	10.4	9.3	8.4
Payables	50.2	84.6	52.0	60.7	72.2
Other current liabilities	25.7	29.2	19.9	41.7	44.0
<b>Total Current Liabilities</b>	<b>85.9</b>	<b>123.2</b>	<b>82.3</b>	<b>111.8</b>	<b>124.6</b>
Long-term debt	1.3	26.7	40.0	36.0	32.4
Other non-current liabilities	2.4	1.3	1.3	1.3	1.3
<b>Total Non-Current Liabilities</b>	<b>3.6</b>	<b>28.0</b>	<b>41.3</b>	<b>37.3</b>	<b>33.7</b>
Shareholder's equity	92.0	85.9	93.1	120.8	142.7
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>93.1</b>	<b>120.8</b>	<b>143.7</b>

### Cash Flow

FYE Jun (RM m)	FY22	FY23	FY25F*	FY26F	FY27F
Pre-tax profit	17.0	-32.6	9.5	34.6	41.8
Depreciation & amortisation	1.4	2.1	3.0	3.3	3.7
Changes in working capital	-32.8	-43.2	-3.7	13.8	5.7
Others	3.1	46.0	-2.4	-6.9	-8.4
<b>Operating cash flow</b>	<b>-11.4</b>	<b>-27.6</b>	<b>6.5</b>	<b>44.8</b>	<b>42.8</b>
Net capex	0.5	-11.1	-13.0	-6.7	-8.0
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>-13.0</b>	<b>-6.7</b>	<b>-8.0</b>
Dividends paid	0.0	0.0	0.0	0.0	-11.5
Others	10.5	37.2	14.3	-15.0	-14.5
<b>Financing cash flow</b>	<b>10.5</b>	<b>37.2</b>	<b>14.3</b>	<b>-15.0</b>	<b>-26.0</b>
<b>Net cash flow</b>	<b>-0.5</b>	<b>-1.5</b>	<b>7.7</b>	<b>23.0</b>	<b>8.9</b>
Forex	0.0	0.1	0.0	0.0	0.0
Others	1.8	2.2	0.0	0.0	0.0
Beginning cash	6.5	7.9	8.7	16.4	39.4
<b>Ending cash</b>	<b>7.9</b>	<b>8.7</b>	<b>16.4</b>	<b>39.4</b>	<b>48.2</b>

# Results Note

Wednesday, 28 May, 2025

## 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 + dividend yield

## 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 **Wednesday, 28 May, 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.