

Tan Sue Wen

(603) 7890 8888 (ext 2095)

suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM0.29
Previous Target Price:	RM0.38
Target Price:	↔ RM0.38
Capital Upside/Downside:	31.0%
Dividend Yield (%)	0.0%
Total Upside/Downside	31.0%

Stock information	
Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0339 / CBHB MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	1,880.9
Market Cap (RM' m)	545.5
52-Week Price Range (RM)	0.38-0.2
Beta (x)	N/A
Freefloat (%)	26.7
3M Average Volume (m)	3.6
3M Average Value (RM' m)	0.9

Top 3 Shareholders	(%)
Quay Holdings Sdn Bhd	72.8

Share Price Performance



	1M	3M	12M
Absolute (%)	26.1	16.0	N/A
Relative (%)	25.3	13.1	N/A

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	271.7	272.7	352.8
PATAMI (RM'm)	41.7	36.8	47.3
CNP (RM'm)	44.3	36.8	47.3
EPS - core (sen)	2.4	2.0	2.5
P/E(x)	12.3	14.8	11.5

CBH Engineering Holding Berhad

Major RM172m Contract Win

- CBHB has secured a RM172m contract for the design and construction of a 275kV/13.8kV consumer substation to support a proposed data centre in Selangor. This contract win bumps the unbilled order book to RM312m, equivalent to 1.1x FY24 revenue.
- Near-term job flow is expected to remain robust, driven by healthy pipeline of ESAs signed for DCs. By year-end, an additional 10 ESAs are projected to be signed. We estimate the ESA signed for the year to collectively require the construction of at least 15 additional high-voltage substations, excluding any additional redundancy requirements typically associated with DCs.
- CBHB's proven expertise and established track record in delivering HV substation projects position the company favourably to secure further contracts and capitalise on the accelerating demand for DC infrastructure in the region.
- No change to our earnings forecasts as the contract win is within our order book replenishment assumption.
- Maintain BUY recommendation with an unchanged target price of RM0.38, based on 15x FY26F EPS of 2.5 sen and a three-star ESG rating.

RM172.0m Contract. CBHB has been awarded a contract valued at RM172.0m by a Malaysian company for the design and construction of a 275kV/13.8kV consumer substation to support a proposed data centre (DC) in Selangor. The scope of work includes the design, supply, installation, testing, and commissioning of the electrical supply system and all associated civil works. The project is scheduled to run for 14 months starting July 2025, with targeted completion by mid-September 2026.

Our Take. We view the contract award **positively**, as it should sustain CBHB's earnings over the next two financial years. Based on a conservative GP margin of 25%, they are projected to generate a total GP of c.RM43.0m across the 14-month contract. This is expected to translate into c.RM15.4m to be recognised in FY25 (22% of our FY25F forecast) and c.RM27.6m in FY26 (30% of our FY26F forecast). We anticipate no execution challenges, given CBHB's strong track record of successful execution and timely delivery. Incorporating the recent win, CBHB's outstanding order book is estimated at RM312m, representing 1.1x of FY24 revenue.

Outlook. We expect job momentum to remain strong in the near term, supported by the robust pipeline of Electricity Supply Agreements (ESAs) signed for DC projects. To recap, during TNB's latest analyst briefing, the management highlighted the signing of 5 ESAs for DC projects with 666MW of maximum demand in 1QFY25 alone, and expects another 10 ESAs signed for DC projects (averaging 150MW-200MW capacity each) by year-end. We estimate this could collectively require at least 15 additional HV substations (1 for each ESA), not including potential redundancy requirements for DCs. Backed by its proven track record in delivering DC-related substation works, the Group is well positioned to capture additional job opportunities, ensuring its growth prospects remain intact.

Earnings revision. No change to our earnings forecasts as the contract win is within our order book replenishment assumption.

Valuation & Recommendation. We maintain our **BUY** recommendation with an unchanged **TP** of **RM0.38** based on 15x FY26F EPS of 2.5 sen and a three-star ESG rating. We remain positive on CBHB, given its (i) **strategic role as a proxy for Malaysia's rising power demand**, (ii) **established track record in delivering HV substations tailored for DC operators**, and (iii) **robust supplier relationships that enable cost-efficient procurement**.

Risks. High exposure to the DC sector, inability to secure new contracts, and unexpected project delays.

Company Update

Friday, 18 Jul, 2025

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	208.0	271.7	272.7	352.8	456.8
Gross Profit	67.3	73.4	70.0	91.5	117.0
EBITDA	46.1	55.1	49.1	62.9	78.7
Depreciation & Amortisation	-0.7	-0.9	-1.4	-1.3	-1.4
EBIT	45.5	54.1	47.7	61.6	77.3
Net Finance Income/ (Cost)	0.5	0.7	0.7	0.7	0.7
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	46.0	54.8	48.4	62.3	78.0
Tax	-12.9	-13.1	-11.6	-14.9	-18.7
Profit After Tax	33.0	41.7	36.8	47.3	59.3
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	33.0	41.7	36.8	47.3	59.3
Exceptionals	0.0	-2.5	0.0	0.0	0.0
Core Net Profit	33.0	44.3	36.8	47.3	59.3

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.8	2.4	2.0	2.5	3.2
P/E(x)	16.5	12.3	14.8	11.5	9.2
P/B(x)	7.0	5.5	2.5	2.0	1.7
EV/EBITDA(x)	11.9	9.9	13.6	10.6	8.8
DPS (sen)	0.6	0.9	0.0	0.0	0.0
Dividend Yield (%)	2.2%	3.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	22.2%	20.3%	18.0%	17.8%	17.2%
EBITmargin (%)	21.9%	19.9%	17.5%	17.5%	16.9%
PBTmargin (%)	22.1%	20.2%	17.8%	17.7%	17.1%
PATmargin (%)	15.9%	15.4%	13.5%	13.4%	13.0%
NP margin (%)	15.9%	15.4%	13.5%	13.4%	13.0%
CNP margin (%)	15.9%	16.3%	13.5%	13.4%	13.0%
ROE(%)	42.1%	44.6%	16.8%	17.7%	18.2%
ROA (%)	23.1%	27.7%	12.3%	12.8%	12.9%
Gearing (%)	0.0%	0.1%	0.0%	0.0%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

FY26F
Core EPS (RM)
0.025
P/E multiple (x)
15.0
Fair Value (RM)
0.38
ESG premium/discount
0.0%
Implied Fair Value (RM)
0.38

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	42.9	38.9	158.9	158.5	187.4
Receivables	46.6	38.7	70.9	91.5	118.9
Inventories	48.7	75.2	62.7	112.9	146.2
Other current assets	0.5	0.3	0.3	0.3	0.3
Total Current Assets	138.7	153.1	292.8	363.1	452.7
Fixed Assets	2.2	3.6	3.3	3.1	3.2
Intangibles	0.0	1.0	2.0	3.0	4.0
Other non-current assets	2.0	1.9	0.9	-0.1	-1.1
Total Non-Current Assets	4.2	6.5	6.2	6.1	6.1
Short-term debt	0.0	0.1	0.1	0.1	0.1
Payables	50.9	53.8	70.9	91.5	118.9
Other current liabilities	12.3	4.8	8.2	10.3	13.1
Total Current Liabilities	63.2	58.7	79.2	101.9	132.1
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	1.2	1.7	0.4	0.5	0.6
Total Non-Current Liabilities	1.2	1.7	0.4	0.5	0.6
Shareholder's equity	78.4	99.2	219.4	266.7	326.0
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	78.4	99.2	219.4	266.7	326.0

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	46.0	54.8	48.4	62.3	78.0
Depreciation & amortisation	0.7	0.9	1.4	1.3	1.4
Changes in working capital	-10.8	-21.6	-1.9	-49.0	-31.7
Others	0.4	-16.2	-12.3	-15.7	-19.4
Operating cash flow	36.2	18.0	35.6	-1.0	28.2
Capex	-0.3	-1.0	-1.1	-1.2	-1.4
Others	2.9	0.5	0.8	0.8	0.9
Investing cash flow	2.6	-0.6	-0.3	-0.4	-0.5
Dividends paid	-12.1	-21.0	0.0	0.0	0.0
Others	-8.6	-0.6	84.7	0.9	1.2
Financing cash flow	-20.7	-21.6	84.7	0.9	1.2
Net cash flow	18.0	-4.2	120.0	-0.4	28.9
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	13.6	31.6	27.4	147.5	147.0
Ending cash	31.6	27.4	147.5	147.0	175.9

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Scope 1 and Scope 2 GHG emissions totalled 396.6m tCO ₂ e in 2024, marking a 46% yoy decreased from 2023.
Waste & Effluent	★★★	3R (Reduce, Reuse, Recycle) initiative was implemented, with 3R bins placed in each office.
Energy	★★	Energy consumption increased by 66% in FY24.
Water	★★★	Reduced water consumption by 7%, from 0.48m ³ in the previous year to 0.45m ³ .
Compliance	★★★	The Group complies with all local and international environmental regulations.

Social

Diversity	★★★	Female representation at 22% in the workforce and 57% at the management level, higher than the MCCG's recommended 30% female directors on the Board.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labour, and child labour.
Occupational Safety and Health	★★★	3 employees trained in 2024 to enhance workforce competence. No fatalities.
Labour Practices	★★★	Adheres to all relevant labour laws.

Governance

CSR Strategy	★★★	Actively engaged with communities, contributing RM66.4k (+72% yoy) to various initiatives.
Management	★★★	Among the board members, 57% (4 out of 6) were female, while 36% (4 out of 11) were independent directors.
Stakeholders	★★★	Regularly organises corporate events and holds an annual general meeting (AGM) for investors.

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 Friday, 18 Jul, 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.