

Tan Sue Wen

(603) 7890 8888 (ext 2095)

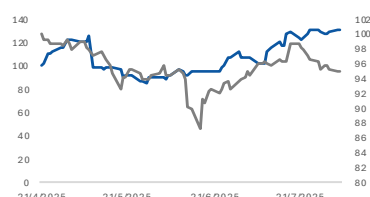
suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM0.30
Previous Target Price:	RM0.38
Target Price:	↑ RM0.41
Capital Upside/Downside:	36.7%
Dividend Yield (%)	0.0%
Total Upside/Downside	36.7%

Stock information	
Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0339 / CBHB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,880.9
Market Cap (RM' m)	564.3
52-Week Price Range (RM)	0.38-0.2
Beta (x)	N/A
Freefloat (%)	26.7
3M Average Volume (m)	4.5
3M Average Value (RM' m)	1.2

Top 3 Shareholders	(%)
Quay Holdings Sdn Bhd	72.8

Share Price Performance



	1M	3M	12M
Absolute (%)	22.4	1.7	N/A
Relative (%)	23.4	1.8	N/A

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM'm)	271.7	288.4	382.6
PATAMI (RM'm)	41.7	37.1	51.9
CNP (RM'm)	44.3	37.1	51.9
EPS - core (sen)	2.4	2.0	2.8
P/E(x)	12.3	14.7	10.5

CBH Engineering Holding Berhad

Major RM194.7m Contract Win

- CBHB has secured a RM194.7m contract for the EPCC of a 275kV consumer substation to support a proposed data-centre (DC) in Selangor. The contract win lifts its unbilled order book to RM430m, equivalent to 1.6x FY24 revenue.
- Based on a conservative GP margin of 25%, they are projected to generate a total GP of c.RM48.7m across the 17-month contract.
- Following the recent contract win, CBHB has exceeded our order book replenishment assumption of RM254m for FY25F. We raise our FY25F replenishment assumption to RM405m, while maintaining our projections for FY26F and FY27F. As a result, our earnings forecasts are revised upward by 0.7%/9.6%/1.0% for FY25F/FY26F/FY27F respectively.
- Maintain BUY recommendation with a revised target price of RM0.41 (from RM0.38), based on 15x FY26F EPS of 2.8sen and supported by a three-star ESG rating.

RM194.7m Contract. CBHB has been awarded a contract valued at RM194.7m by a Malaysian company for the EPCC of a 275kV consumer substation to support a proposed data-centre (DC) in Selangor. The scope of work includes the supply, erection, installation, testing, and commissioning of all substation equipment and associated works for the electrical supply system. The contract is set to begin on 5 Aug 2025, with targeted completion by 31 Dec 2026.

Our Take. We view the contract award **positively**, as it should sustain CBHB's earnings growth through FY26F. Based on a conservative GP margin of 25%, they are projected to generate a total GP of c.RM48.7m across the 17-month contract. This is expected to translate into c.RM12.2m to be recognised in FY25 (17% of our FY25F forecast) and c.RM36.5m in FY26 (36.3% 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 RM430m, representing 1.6x of FY24 revenue.

Outlook. We expect DC job momentum to remain strong in the foreseeable future, supported by continued hyperscaler investments in AI infrastructure. To date, four major hyperscalers that we actively track have committed over USD15bn to Malaysia (Amazon USD6.2bn, Microsoft USD2.2bn, Google USD2.0bn and Oracle USD6.2bn). Additionally, the US AI Action Plan, which streamlines AI chip exports, is expected to further support sector growth. These investments are driving sustained demand for power-infrastructure services among electrical contractors.

We see CBHB as a prime beneficiary of ongoing DC expansion, supported by its strong exposure to the sector and established track record in delivering HV substation projects. The Group is well-positioned to capture additional high-value contract wins, particularly as Johor's adoption of Tier IV DCs drives demand for more technically complex, higher-specification power infrastructure. CBHB's tender book remains robust at c.RM700m, with the majority linked to DC-related projects.

Earnings revision. Following the recent contract win, CBHB has exceeded our order book replenishment assumption of RM254m for FY25F. We raise our FY25F replenishment assumption to RM405m, while maintaining our projections for FY26F and FY27F. As a result, our earnings forecasts are revised upwards by 0.7%/9.6%/1.0% for FY25F/FY26F/FY27F respectively.

Valuation & Recommendation. We have revised our target price upward to **RM0.41** (from RM0.38) following our earnings adjustment, based on 15x FY26F EPS of 2.8sen and supported by a three-star ESG rating. Maintain our **BUY** recommendation. 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.

Financial Highlights

Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Revenue	208.0	271.7	288.4	382.6	455.3
Gross Profit	67.3	73.4	71.9	100.5	117.6
EBITDA	46.1	55.1	49.5	68.9	79.5
Depreciation & Amortisation	-0.7	-0.9	-1.4	-1.3	-1.4
EBIT	45.5	54.1	48.1	67.6	78.1
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	48.8	68.3	78.8
Tax	-12.9	-13.1	-11.7	-16.4	-18.9
Profit After Tax	33.0	41.7	37.1	51.9	59.9
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	33.0	41.7	37.1	51.9	59.9
Exceptionals	0.0	-2.5	0.0	0.0	0.0
Core Net Profit	33.0	44.3	37.1	51.9	59.9

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.8	2.4	2.0	2.8	3.2
P/E(x)	16.5	12.3	14.7	10.5	9.1
P/B(x)	7.0	5.5	2.5	2.0	1.6
EV/EBITDA(x)	11.9	9.9	13.4	9.6	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%	17.2%	18.0%	17.5%
EBIT margin (%)	21.9%	19.9%	16.7%	17.7%	17.2%
PBT margin (%)	22.1%	20.2%	16.9%	17.8%	17.3%
PAT margin (%)	15.9%	15.4%	12.9%	13.6%	13.2%
NP margin (%)	15.9%	15.4%	12.9%	13.6%	13.2%
CNP margin (%)	15.9%	16.3%	12.9%	13.6%	13.2%
ROE (%)	42.1%	44.6%	16.9%	19.1%	18.1%
ROA (%)	23.1%	27.7%	12.2%	13.6%	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)	0.028
P/E multiple (x)	15.0
Fair Value (RM)	0.41
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.41

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash	42.9	38.9	155.9	154.4	193.4
Receivables	46.6	38.7	75.8	98.7	118.2
Inventories	48.7	75.2	66.3	122.4	145.7
Other current assets	0.5	0.3	0.3	0.3	0.3
Total Current Assets	138.7	153.1	298.2	375.8	457.5
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	75.8	98.7	118.2
Other current liabilities	12.3	4.8	8.5	10.9	13.2
Total Current Liabilities	63.2	58.7	84.3	109.8	131.5
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	219.7	271.6	331.5
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	78.4	99.2	219.7	271.6	331.5

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	46.0	54.8	48.8	68.3	78.8
Depreciation & amortisation	0.7	0.9	1.4	1.3	1.4
Changes in working capital	-10.8	-21.6	-5.2	-54.7	-22.2
Others	0.4	-16.2	-12.4	-17.1	-19.6
Operating cash flow	36.2	18.0	32.5	-2.2	38.4
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	84.8	1.0	1.2
Financing cash flow	-20.7	-21.6	84.8	1.0	1.2
Net cash flow	18.0	-4.2	117.0	-1.5	39.1
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	144.4	142.9
Ending cash	31.6	27.4	144.4	142.9	182.0

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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(a) nil.