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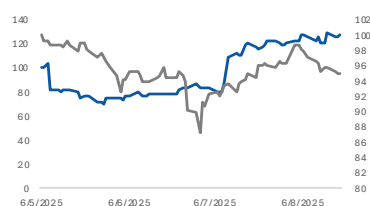
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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM0.31
Previous Target Price:	RM0.41
Target Price:	↔ RM0.41
Capital Upside/Downside:	32.3%
Dividend Yield (%):	0.0%
<b>Total Upside/Downside</b>	<b>32.3%</b>

**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)	583.1
52-Week Price Range (RM)	0.38-0.2
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	3.9
3M Average Value (RM' m)	1.1

<b>Top 3 Shareholders</b>	<b>(%)</b>
Quay Holdings Sdn Bhd	73.0

**Share Price Performance**

	<b>1M</b>	<b>3M</b>	<b>12M</b>
Absolute (%)	5.1	40.9	N/A
Relative (%)	0.9	37.1	N/A

<b>Earnings Summary</b>	<b>FY24</b>	<b>FY25F</b>	<b>FY26F</b>
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)	13.2	15.7	11.2

# CBH Engineering Holding Berhad

## Within Expectations

- CBHB's 2QFY25 CNP stood at RM9.9m (+72.5% QoQ), bringing 6MFY25 CNP to RM15.7m. While this accounts for only 43% of our FY25F forecast, we deem the results within expectations as we anticipate stronger quarters ahead, supported by accelerating revenue recognition from existing contracted projects and a robust order book of RM449.1m, equivalent to 1.7x its FY24 revenue.
- Outlook remains positive, anchored by Johor's expanding pipeline of Tier-4 DC investments, which demand increasingly sophisticated and high-redundancy electrical systems. Recent sizeable project wins collectively worth RM366.7m, including one from a renowned global data centre player, further reinforce confidence in CBHB's execution in the DC segment.
- Maintained our BUY recommendation with an unchanged target price of RM0.41, based on 15x FY26F EPS of 2.8sen and supported by a three-star ESG rating.

**Within expectations.** After adjusting for one-off items (+RM0.1m), CBHB's 2QFY25 core net profit (CNP) came in at RM9.9m, bringing 6MFY25 CNP to RM15.7m. While this accounts for only 43% of our FY25F earnings forecast, we deem the results within expectations. We expect performance to improve in the coming quarters, supported by accelerating revenue recognition from existing contracted projects and a robust order book of RM449.1m, boosted by the recent award of two sizeable projects with a combined value of c.RM366.7m.

**QoQ.** 2QFY25 CNP surged 72.5% to RM9.9m, primarily driven by stronger contributions from the M&E Systems division as construction activities normalised post-festive downtime in 1QFY25, leading to higher revenue recognition from ongoing projects. This was reflected in topline growth of 63.8%, with M&E continuing to account for the majority of revenue. CNP margin expanded slightly by 0.3%-pts to 16.6%, likely supported by increased contributions from private data centre (DC) substation projects that typically command better margins.

**YoY.** As CBHB was only listed in early 2025, there is no YoY comparison available.

**Outlook.** CBHB's earnings are expected to strengthen in the coming quarters, supported by accelerating revenue recognition from contracted projects entering the execution stage. Order book replenishment is also set to gain momentum in 4Q and beyond, with YTD replenishment already achieving 90% of the internal target. Malaysia's DC construction pipeline remains robust (522MW completed, 1,250MW under construction, 3,750MW planned), implying demand for at least 35 new HV substations over the medium term based on our estimates. With RM366.7m of recent contract wins, including from a leading global DC player, CBHB is well-positioned to secure further high-value HV substation projects, particularly in Johor's Tier-4 DC segment, driving orderbook expansion and enhancing earnings visibility.

**Earnings revision.** No change to our earnings forecasts.

**Valuation & Recommendation.** We maintain our **BUY** recommendation on CBHB with an unchanged TP of **RM0.41**, based on 15x FY26F EPS of 2.8 sen and supported by 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.** Policy risks. Inability to secure new contracts. Spike in raw material costs such as copper and steel.

# Results Note

Thursday, 21 Aug, 2025

## Results Comparison

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6M FY25	6M FY24	yoy (%)	Comments
Revenue	59.7	-	nm	36.4	63.8	96.1	-	nm	
COGS	(43.3)	-	nm	(25.7)	68.7	(69.0)	-	nm	
Gross profit	16.3	-	nm	10.8	52.0	27.1	-	nm	
Other income	0.1	-	nm	0.1	78.7	0.2	-	nm	
Administrative expenses	(3.6)	-	nm	(3.7)	(4.2)	(7.3)	-	nm	
Other expenses	(0.0)	-	nm	(0.0)	(92.9)	(0.0)	-	nm	
<b>EBITDA</b>	<b>13.2</b>	-	nm	<b>7.4</b>	<b>78.5</b>	<b>20.6</b>	-	nm	
Depreciation	(0.3)	-	nm	(0.3)	(0.6)	(0.6)	-	nm	
<b>EBIT</b>	<b>12.9</b>	-	nm	<b>7.1</b>	<b>82.1</b>	<b>20.0</b>	-	nm	
Net Finance Costs	10	-	nm	0.4	130.6	14	-	nm	
<b>Profit Before Tax (PBT)</b>	<b>13.9</b>	-	nm	<b>7.5</b>	<b>84.8</b>	<b>21.4</b>	-	nm	
Taxation	(4.1)	-	nm	(18)	129.3	(5.9)	-	nm	
<b>Profit-after tax</b>	<b>9.8</b>	-	nm	<b>5.7</b>	<b>71.0</b>	<b>15.5</b>	-	nm	
(-) Minority interest	-	-	nm	-	-	-	-	nm	
<b>PAT (-M I)</b>	<b>9.8</b>	-	nm	<b>5.7</b>	<b>71.0</b>	<b>15.5</b>	-	nm	Contracted projects that have entered the growth phase
<b>Core net profit</b>	<b>9.9</b>	-	nm	<b>5.8</b>	<b>72.5</b>	<b>15.7</b>	-	nm	
Core EPS (sen)	0.5	-		0.3		0.8	-		
DPS (sen)	-	-		-		-	-		
EBITDA margin (%)	22.2			20.3		21.5			
PBT margin (%)	23.3			20.6		22.3			
Effective tax rate (%)	29.4			23.7		27.4			
Core PATMI margin (%)	16.6			15.8		16.3			

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	2QFY25	2QFY24	yoy (%)	1QFY25	qoq (%)	6M FY25	6M FY24	yoy (%)	Comments
<b>Revenue</b>									
M&E Systems	59.4	-	nm	36.4	63.2	95.9	-	nm	Construction activities normalised post-festive downtim
M&E Maintenance	0.2	-	nm	0.0	3,933.3	0.2	-	nm	
<b>Total</b>	<b>59.7</b>	-	nm	<b>36.4</b>	<b>63.8</b>	<b>96.1</b>	-	nm	

Source: Company, Apex Securities

# Results Note

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## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Revenue</b>	<b>208.0</b>	<b>271.7</b>	<b>288.4</b>	<b>382.6</b>	<b>455.3</b>
<b>Gross Profit</b>	<b>67.3</b>	<b>73.4</b>	<b>71.9</b>	<b>100.5</b>	<b>117.6</b>
<b>EBITDA</b>	<b>46.1</b>	<b>55.1</b>	<b>49.5</b>	<b>68.9</b>	<b>79.5</b>
Depreciation & Amortisation	-0.7	-0.9	-1.4	-1.3	-1.4
<b>EBIT</b>	<b>45.5</b>	<b>54.1</b>	<b>48.1</b>	<b>67.6</b>	<b>78.1</b>
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
<b>Pre-tax Profit</b>	<b>46.0</b>	<b>54.8</b>	<b>48.8</b>	<b>68.3</b>	<b>78.8</b>
Tax	-12.9	-13.1	-11.7	-16.4	-18.9
<b>Profit After Tax</b>	<b>33.0</b>	<b>41.7</b>	<b>37.1</b>	<b>51.9</b>	<b>59.9</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>33.0</b>	<b>41.7</b>	<b>37.1</b>	<b>51.9</b>	<b>59.9</b>
Exceptionals	0.0	-2.5	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>33.0</b>	<b>44.3</b>	<b>37.1</b>	<b>51.9</b>	<b>59.9</b>

### 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)	17.6	13.2	15.7	11.2	9.7
P/B(x)	7.4	5.9	2.7	2.1	1.8
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 (%)	2.1%	2.9%	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
<b>Fair Value (RM)</b>
<b>0.41</b>
ESG premium/ discount
0.0%
<b>Implied Fair Value (RM)</b>
<b>0.41</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank balances	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
<b>Total Current Assets</b>	<b>138.7</b>	<b>153.1</b>	<b>298.2</b>	<b>375.8</b>	<b>457.5</b>
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
<b>Total Non-Current Assets</b>	<b>4.2</b>	<b>6.5</b>	<b>6.2</b>	<b>6.1</b>	<b>6.1</b>
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
<b>Total Current Liabilities</b>	<b>63.2</b>	<b>58.7</b>	<b>84.3</b>	<b>109.8</b>	<b>131.5</b>
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
<b>Total Non-Current Liabilities</b>	<b>1.2</b>	<b>1.7</b>	<b>0.4</b>	<b>0.5</b>	<b>0.6</b>
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
<b>Total Equity</b>	<b>78.4</b>	<b>99.2</b>	<b>219.7</b>	<b>271.6</b>	<b>331.5</b>

### Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
<b>Pre-tax profit</b>	<b>46.0</b>	<b>54.8</b>	<b>48.8</b>	<b>68.3</b>	<b>78.8</b>
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
<b>Operating cash flow</b>	<b>36.2</b>	<b>18.0</b>	<b>32.5</b>	<b>-2.2</b>	<b>38.4</b>
Capex	-0.3	-1.0	-1.1	-1.2	-1.4
Others	2.9	0.5	0.8	0.8	0.9
<b>Investing cash flow</b>	<b>2.6</b>	<b>-0.6</b>	<b>-0.3</b>	<b>-0.4</b>	<b>-0.5</b>
Dividends paid	-12.1	-21.0	0.0	0.0	0.0
Others	-8.6	-0.6	84.8	1.0	1.2
<b>Financing cash flow</b>	<b>-20.7</b>	<b>-21.6</b>	<b>84.8</b>	<b>1.0</b>	<b>1.2</b>
<b>Net cash flow</b>	<b>18.0</b>	<b>-4.2</b>	<b>117.0</b>	<b>-1.5</b>	<b>39.1</b>
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
<b>Ending cash</b>	<b>31.6</b>	<b>27.4</b>	<b>144.4</b>	<b>142.9</b>	<b>182.0</b>

# Results Note

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## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★★	Scope 1 and Scope 2 GHG emissions totalled 396.6m tCO <sub>2</sub> 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 <sup>3</sup> in the previous year to 0.45m <sup>3</sup> .
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 MCGG's recommended 30% female directors on the Board.
Human Rights	★★★	Enforces strict policies against human trafficking, forced labor, and child labor.
Occupational Safety and Health	★★★	3 employees trained in 2024 to enhance workforce competence. No fatalities.
Labour Practices	★★★	Adheres to all relevant labor 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 organizes 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.