

Tan Sue Wen

(603) 7890 8888 (ext 2095)

suewen.tan@apexsecurities.com.my

Recommendation:	BUY
Current Price:	RM0.36
Previous Target Price:	RM0.50
Target Price:	↔ RM0.50
Capital Upside/Downside:	38.9%
Dividend Yield (%)	0.0%
Total Upside/Downside	38.9%

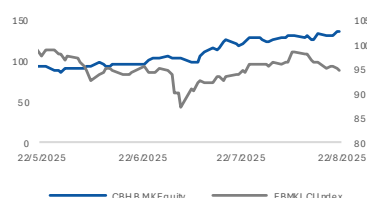
Stock information

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)	677.1
52-Week Price Range (RM)	0.38-0.2
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	5.5
3M Average Value (RM' m)	1.7

Top 3 Shareholders

	(%)
Quay Holdings Sdn Bhd	73.0

Share Price Performance



	1M	3M	12M
Absolute (%)	12.5	56.5	N/A
Relative (%)	12.1	48.1	N/A

Earnings Summary	FY24	FY25F	FY26F
Revenue (RM' m)	271.7	303.1	462.7
PATAMI (RM' m)	41.7	38.5	62.2
CNP (RM' m)	44.3	38.5	62.2
EPS - core (sen)	2.4	2.0	3.3
P/E (x)	15.3	17.6	10.9

CBH Engineering Holding Berhad

Another Win for CBHB

- **CBHB has secured a RM31.4m contract for mechanical and electrical works at a 132kV consumer landing station (CLS) to support a proposed data centre in Johor. The contract lifts its outstanding order book to RM533.3, equivalent to 2.0x FY24 revenue.**
- **Assuming a conservative GP margin of 25%, the project is expected to generate c.RM7.9m in gross profit over six months, with c.RM3.2m recognised in FY25F and c.RM4.7m in FY26F.**
- **No changes to our earnings forecasts, as the contract win is within our FY25F order book replenishment assumption.**
- **Maintain BUY, with an unchanged TP of RM0.50, based on 15x FY26F EPS of 3.3 sen, supported by a three-star ESG rating.**

RM31.4m Contract in Johor. CBHB has secured a RM31.4m contract from an undisclosed main contractor for mechanical and electrical works at a 132kV consumer landing station (CLS) to support a proposed data centre in Johor. The scope covers supply, installation, testing and commissioning of M&E systems. The project commenced on 7 Sep 2025 and is scheduled for completion by 10 Mar 2026.

Our Take. We view the award **positively**, as it should sustain earnings growth through FY26F. This marks a new client win (Customer A), demonstrating CBHB's ability to broaden its client portfolio. The contract lifts total YTD wins to RM450.9m. Assuming a GP margin of 25%, the contract is expected to generate c.RM7.9m in gross profit over six months, with c.RM3.2m recognised in FY25 (4.2% of our FY25F forecast) and c.RM4.7m in FY26 (3.8% of our FY26F forecast). We see limited execution risk, such as delays or cost overruns, as the scope is well within the group's core expertise in M&E and HV substation installations. Following this award, CBHB's outstanding order book is estimated at RM533.3m (2.0x FY24 revenue), strengthening medium-term earnings visibility.

Outlook. We see no signs of a slowdown in Malaysia's data centre build-out. According to TNB's latest analyst briefing, 47 projects with a combined 6.7GW of maximum demand have signed electricity supply agreements (ESA) as of 15 Aug 2025. Of these, 24 projects (3.5GW) were delivered as at 1HFY2025, including 740MW in 2QFY2025, while the remaining 3.2GW is under execution. This sizeable backlog underpins sustained demand for HV substations over the next 12-24 months. In addition, CBHB has also ventured into TNB tenders (33kV/132kV) with project values of <RM100m, diversifying its revenue base away from heavy reliance on private-sector data centres. We believe CBHB is well-positioned to capture additional substation jobs, backed by its solid execution record and capacity to absorb additional c.RM150m in new contracts without straining resources. The tender book remains robust at c.RM650m, with around 50% linked to private data centre infrastructure and a historical win rate of c.20%.

Earnings revision. We make no changes to our earnings forecasts, as the latest contract win falls within our FY25F order book replenishment assumption of RM560m.

Valuation & Recommendation. We maintain our **BUY** call with an unchanged TP of **RM0.50**, derived from 15x FY26F EPS of 3.3 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. 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	303.1	462.7	540.4
Gross Profit	67.3	73.4	75.3	122.1	140.2
EBITDA	46.1	55.1	51.4	82.5	93.4
Depreciation & Amortisation	-0.7	-0.9	-1.4	-1.3	-1.4
EBIT	45.5	54.1	50.0	81.1	92.1
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	50.7	81.8	92.8
Tax	-12.9	-13.1	-12.2	-19.6	-22.3
Profit After Tax	33.0	41.7	38.5	62.2	70.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	33.0	41.7	38.5	62.2	70.5
Exceptionals	0.0	-2.5	0.0	0.0	0.0
Core Net Profit	33.0	44.3	38.5	62.2	70.5

Key Ratios

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
EPS (sen)	1.8	2.4	2.0	3.3	3.7
P/E(x)	20.5	15.3	17.6	10.9	9.6
P/B (x)	8.6	6.8	3.1	2.4	1.9
EV/EBITDA (x)	11.9	9.9	12.9	7.9	7.5
DPS (sen)	0.6	0.9	0.0	0.0	0.0
Dividend Yield (%)	1.8%	2.5%	0.0%	0.0%	0.0%
EBITDA margin (%)	22.2%	20.3%	16.9%	17.8%	17.3%
EBIT margin (%)	21.9%	19.9%	16.5%	17.5%	17.0%
PBT margin (%)	22.1%	20.2%	16.7%	17.7%	17.2%
PAT margin (%)	15.9%	15.4%	12.7%	13.4%	13.0%
NP margin (%)	15.9%	15.4%	12.7%	13.4%	13.0%
CNP margin (%)	15.9%	16.3%	12.7%	13.4%	13.0%
ROE (%)	42.1%	44.6%	17.4%	21.9%	19.9%
ROA (%)	23.1%	27.7%	12.4%	15.0%	13.8%
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)	0.033
P/E multiple (x)	15.0
Fair Value (RM)	0.50
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.50

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Cash and bank balances	42.9	38.9	154.2	142.0	190.4
Receivables	46.6	38.7	79.7	119.2	140.1
Inventories	48.7	75.2	69.7	148.1	172.9
Other current assets	0.5	0.3	0.3	0.3	0.3
Total Current Assets	138.7	153.1	303.9	409.5	503.6
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	79.7	119.2	140.1
Other current liabilities	12.3	4.8	8.8	12.4	15.0
Total Current Liabilities	63.2	58.7	88.6	131.7	155.2
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	0.7
Total Non-Current Liabilities	1.2	1.7	0.4	0.5	0.7
Shareholder's equity	78.4	99.2	221.1	283.3	353.8
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	78.4	99.2	221.1	283.3	353.8

Cash Flow

FYE Dec (RM m)	FY23	FY24	FY25F	FY26F	FY27F
Pre-tax profit	46.0	54.8	50.7	81.8	92.8
Depreciation & amortisation	0.7	0.9	1.4	1.3	1.4
Changes in working capital	-10.8	-21.6	-8.4	-76.0	-23.7
Others	0.4	-16.2	-12.8	-20.3	-23.0
Operating cash flow	36.2	18.0	30.8	-13.2	47.5
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	84.9	1.3	1.4
Financing cash flow	-20.7	-21.6	84.9	1.3	1.4
Net cash flow	18.0	-4.2	115.4	-12.3	48.4
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	142.8	130.5
Ending cash	31.6	27.4	142.8	130.5	178.9

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 MCGG'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 **Tuesday, 23 Sep, 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.