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Recommendation:	BUY
Current Price:	RM 0.36
Previous Target Price:	N/A
Target Price:	RM 0.73
Capital Upside/Downside:	102.8%
Dividend Yield (%):	3.5%
Total Upside/Downside:	106.3%

Stock information	
Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0372 / CHEEDINGMK
Syariah Compliant	Yes
Shares issued (m)	797.3
Market Cap (RM' m)	287.0
Free float (%)	26.1

Top 3 Shareholders	(%)
Ng Kian Chai	68.1
Tan Sook Hoi	5.8
Ng Chai Hsia	0.1

IPO Timetable	Date
Opening of IPO application	12/9/2025
Closing of IPO application	23/9/2025
Ballotting of IPO application	25/9/2025
Allotment of IPO shares	3/10/2025
Listing of IPO on Bursa Malaysia	7/10/2025

Cheeding Holdings Berhad

Within Expectations

- **CHEEDING's 1QFY26 CNP stood at RM6.9m, which was within expectations, accounting for 23% of our FY26F earnings forecast.**
- **Outlook stays positive, anchored by RP4's doubled average annual capex allocation and rising infrastructure demand from around 150 planned data centres and new industrial parks nationwide.**
- **The tender book is healthy at about RM350m, while the upcoming IPO is expected to ease performance bond limitations and expand tendering capacity, thereby strengthening the Group's ability to pursue larger-scale projects and multi-year growth opportunities.**
- **Maintain BUY recommendation with an unchanged target price of RM0.73, based on 17x FY27F EPS of 4.3sen.**

Within expectations. After adjusting for one-off items (+RM0.1m), CHEEDING's 1QFY26 core net profit (CNP) came in at RM6.9m, which was within expectations, accounting for 23% of our FY26F earnings forecast.

QoQ. Not applicable, as CHEEDING was only recently listed and no prior quarterly comparison is available.

YoY. Not applicable, as CHEEDING was newly listed with no corresponding period for comparison.

Outlook. CHEEDING's earnings momentum is expected to remain strong in the coming quarters, supported by progressive revenue recognition from ongoing EPCC projects that have entered the accelerated execution phase. Order book replenishment should pick up from FY27 onwards, underpinned by post-IPO proceeds that enhance bidding capacity and a typical 3–6-month tender-to-award cycle. Prospects remain favourable, anchored by RP4's doubled average annual capex allocation of RM14.3bn and rising infrastructure demand from around 150 planned data centres and new industrial parks nationwide. These trends should sustain demand for CHEEDING's EPCC expertise in overhead infrastructure, substations, and underground utility works. The Group's order book of ~RM200m and tender book of ~RM350m provide healthy visibility, positioning CHEEDING well to capture larger-scale projects ahead.

Earnings revision. No change, given that reported earnings came within expectations.

Valuation & Recommendation. Maintain our **BUY** recommendation on CHEEDING with an unchanged TP of **RM0.73**, based on 17x FY27F EPS of 4.3sen. We are positive on CHEEDING's outlook, given its: (i) **licensing** strength in up to **500kV transmission**, (ii) **integrated coverage** across overhead transmission, underground utilities, and substations, positioning CHEEDING as a one-stop EPCC provider, (iii) **proven track record** of delivering more than 20 national infrastructure projects, and (iv) **strong core net margins** (>20%) well above sector averages.

Risks. Customer Concentration Risk. Dependence on regulatory and public sector infrastructure spending. Cost overrun risk.

Results Note

Monday, 06 Oct, 2025

Results Comparison

FYE Mar (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3M FY26	3M FY25	yoy (%)	Comments
Revenue	15.6	-	nm	-	nm	15.6	-	nm	
COGS	(4.1)	-	nm	-	nm	(4.1)	-	nm	
Gross profit	11.4	-	nm	-	nm	11.4	-	nm	
Other income	0.7	-	nm	-	nm	0.7	-	nm	
Administrative expenses	(2.8)	-	nm	-	nm	(2.8)	-	nm	
EBITDA	9.8	-	nm	-	nm	9.8	-	nm	
Depreciation	(0.5)	-	nm	-	nm	(0.5)	-	nm	
EBIT	9.3	-	nm	-	nm	9.3	-	nm	
Net Finance Costs	(0.2)	-	nm	-	nm	(0.2)	-	nm	
Profit Before Tax (PBT)	9.1	-	nm	-	nm	9.1	-	nm	
Taxation	(2.3)	-	nm	-	nm	(2.3)	-	nm	
Profit-after tax	6.7	-	nm	-	nm	6.7	-	nm	
(-) Minority interest	-	-	nm	-	nm	-	-	nm	
PAT (-M I)	6.7	-	nm	-	nm	6.7	-	nm	
Core net profit	6.9	-	nm	-	nm	6.9	-	nm	
Core EPS (sen)	0.9	-		-		0.9	-		
DPS (sen)	-	-		-		-	-		
EBITDA margin (%)	62.7					62.7			
PBT margin (%)	58.2					58.2			
Effective tax rate (%)	25.7					25.7			
Core PATMI margin (%)	44.1					44.1			

Source: Company, Apex Securities

Results Note

Monday, 06 Oct, 2025

Financial Highlights

Income Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	88.2	117.7	134.5	147.1	197.6
Gross Profit	39.2	45.1	50.3	57.0	69.5
EBITDA	29.6	36.5	41.3	47.4	55.6
Depreciation	-2.3	-19	-3.0	-3.4	-3.7
EBIT	27.3	34.6	38.3	44.0	51.9
Net Finance Income/ (Cost)	0.1	0.4	0.6	0.6	0.6
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	27.4	35.0	38.9	44.6	52.6
Tax	-7.0	-8.6	-9.3	-10.7	-12.6
Profit After Tax	20.5	26.3	29.6	33.9	40.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	20.5	26.3	29.6	33.9	40.0
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	20.5	26.3	29.6	33.9	40.0

Key Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	2.6	3.3	3.7	4.3	5.0
P/E (x)	14.0	10.9	9.7	8.5	7.2
P/B (x)	6.7	5.7	2.3	1.9	1.6
EV/EBITDA (x)	10.0	8.9	9.1	8.4	7.4
DPS (sen)	2.3	0.9	1.1	1.3	1.8
Dividend Yield (%)	6.4%	2.6%	3.0%	3.5%	4.9%
EBITDA margin (%)	33.5%	31.0%	30.7%	32.2%	28.1%
EBIT margin (%)	31.0%	29.4%	28.5%	29.9%	26.3%
PBT margin (%)	31.1%	29.7%	28.9%	30.3%	26.6%
PAT margin (%)	23.2%	22.4%	22.0%	23.0%	20.2%
NP margin (%)	23.2%	22.4%	22.0%	23.0%	20.2%
CNP margin (%)	23.2%	22.4%	22.0%	23.0%	20.2%
ROE (%)	48.1%	52.3%	24.2%	23.0%	22.5%
ROA (%)	32.2%	28.0%	20.4%	19.5%	19.3%
Gearing (%)	9.7%	6.2%	15%	13%	12%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.04
P/E multiple (x)	17.0
Fair Value (RM)	0.73
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.73

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	14.2	41.3	88.7	110.7	126.4
Receivables	18.3	23.7	23.9	28.2	40.6
Contract assets	13.3	9.8	10.8	11.8	15.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	45.9	74.8	123.4	150.6	182.8
Fixed Assets	9.1	10.8	13.0	14.8	16.3
Investment properties	8.6	8.5	8.3	8.1	7.9
Other non-current assets	0.0	0.0	0.2	0.2	0.2
Total Non-Current Assets	17.7	19.3	21.5	23.1	24.5
Short-term debt	13	14	0.8	0.9	10
Payables	4.1	12.2	6.9	7.4	10.5
Other current liabilities	12.6	28.2	13.8	16.6	16.8
Total Current Liabilities	17.9	41.8	21.6	24.9	28.3
Long-term debt	2.8	17	10	1.1	12
Other non-current liabilities	0.3	0.3	0.3	0.3	0.3
Total Non-Current Liabilities	3.2	1.9	1.2	1.3	1.4
Shareholder's equity	42.5	50.4	122.2	147.6	177.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	42.5	50.4	122.2	147.6	177.6

Cash Flow

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	27.4	35.0	38.9	44.6	52.6
Depreciation	2.3	19	3.0	3.4	3.7
Changes in working capital	-17.2	20.8	2.0	13.1	17.2
Others	4.2	-14.1	-29.0	-25.8	-42.9
Operating cash flow	16.7	43.6	14.9	35.3	30.6
Capex	-2.5	-5.0	-5.0	-5.0	-5.0
Others	0.0	18	0.0	0.0	0.0
Investing cash flow	-2.5	-3.1	-5.0	-5.0	-5.0
Dividends paid	-5.0	-12.0	-7.4	-8.5	-10.0
Others	-6.6	3.7	44.9	0.1	0.2
Financing cash flow	-11.6	-8.3	37.5	-8.4	-9.8
Net cash flow	2.5	32.1	47.4	21.9	15.7
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	0.5	3.0	35.2	82.6	104.5
Ending cash	3.0	35.2	82.6	104.5	120.3

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.
