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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

RM33.9m Contract from TNB ahead of Listing

- CHEEDING** has secured a RM33.9m contract from TNB for the design, supply, installation, testing, and commissioning of HV infrastructure to support Computility Technology's data centre in Johor. This award lifts the Group's unbilled order book to RM227m, equivalent to 1.9x FY25 revenue.
- We view the contract award positively, as the short project turnaround cycle allows for accelerated earnings recognition, with the majority of contribution expected in FY26F and the remainder spilling into early FY27F.
- No change to our earnings forecasts as the contract win is within our order book replenishment assumption.
- Maintain BUY with an unchanged target price of RM0.73, based on 17x FY27F EPS of 4.3sen.

RM33.9m Contract. CHEEDING has secured a RM33.9m contract (inclusive of SST) from **Tenaga Nasional Berhad (TNB)** (BUY, TP: RM15.77) for the proposed 275kV Bulk Supply to Computility Technology Sdn Bhd's Plot 1 in Tropicana Development, Gelang Patah, Johor. The project entails interim power supply works for Computility Technology's upcoming data centre, encompassing the design, supply, installation, testing, and commissioning of high-voltage (HV) infrastructure. The contract commenced on 2 Oct 2025 and is scheduled for completion within 240 days, or by 30 May 2026, based on our calculation.

Our Take. We view the contract positively, as the short project turnaround cycle allows for accelerated earnings recognition, with the majority of contribution expected in FY26F and the remainder spilling into early FY27F. Based on our assessment, the scope likely encompasses a balanced mix of underground utilities, transmission line, and substation works, which align with CHEEDING's core competencies. Assuming a blended gross profit margin of 30%, and after stripping out SST, the project is expected to deliver RM9.6m in gross profit over its duration, with an estimated RM7.2m recognised in FY26F (14.3% of our FY26F forecast) and RM2.4m in FY27F (4.2% of our FY27F forecast). Execution risks are manageable, supported by CHEEDING's healthy balance sheet and strong net cash position. Post-award, the Group's outstanding order book is estimated at RM227.0m (1.9x FY25 revenue), reinforcing its medium-term earnings visibility.

Outlook. Order book replenishment is expected to strengthen from FY27F, supported by post-IPO proceeds that enhance bidding capacity and ease performance bond constraints, consistent with the Group's typical 3-6-month tender cycle. Management's strategic focus on EPCC works for HV overhead lines, underground utility solutions, substations, and data-centre-related infrastructure positions the Group favourably to capture upcoming grid expansion and industrial development opportunities under RP4. The current tender book of c.RM300m is expected to expand further as the Group's tendering capacity increases following the IPO.

Earnings revision. No change to our earnings forecasts as the contract win is within our order book replenishment assumption of RM56m for FY26.

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.

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	19	16
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%	310%	30.7%	32.2%	28.1%
EBIT margin (%)	310%	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	1.3	1.4	0.8	0.9	1.0
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	1.7	1.0	1.1	1.2
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	1.9	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	1.8	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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As of **Tuesday, 07 Oct, 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.