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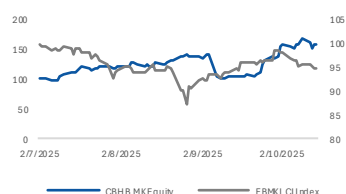
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Recommendation:	BUY
Current Price:	RM 0.54
Previous Target Price:	RM 0.50
Target Price:	↑ RM 0.60
Capital Upside/Downside:	11.1%
Dividend Yield (%):	0.0%
Total Upside/Downside	11.1%

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)	1,006.3
52-Week Price Range (RM)	0.57-0.2
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	10.6
3M Average Value (RM' m)	4.4

Top 3 Shareholders	(%)
Quay Holdings Sdn Bhd	72.8
Kaf Investment Funds	2.6
Lembaga Tabung Haji	2.3

Share Price Performance



	1M	3M	12M
Absolute (%)	52.9	98.1	N/A
Relative (%)	51.7	85.8	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)	22.7	26.1	16.2

CBH Engineering Holding Berhad

Another DC-Related Contract Secured

- **CBHB has secured a RM20.7m contract for the design and installation of high-voltage early works for a 275kV substation supporting a proposed data centre in Johor. The award lifts its outstanding order book to RM522.6m, equivalent to 1.9x FY24 revenue.**
- **Assuming a gross profit margin of 20% (excluding SST), the project is expected to generate c.RM3.9m in gross profit over 11 months, with the majority of earnings recognition in FY26F.**
- **No change to our earnings forecasts as the contract win is within our order book replenishment assumption.**
- **Maintain BUY with a higher TP of RM0.60 (from RM0.50), based on 18x FY26F EPS of 3.3 sen and supported by a three-star ESG rating. We have raised our target PE multiple from 15x to 18x to reflect CBHB's robust growth outlook driven by data-centre opportunities.**

RM20.7m Contract. CBHB has secured a RM20.7m contract from a Malaysian company for the design and installation of HV early works for a 275kV substation supporting a proposed data centre in Johor Darul Ta'zim. The scope covers in-ground conduit systems, earthing systems, steel structures, cable sealing ends, and related high-voltage installations. The contract is effective from 16 Oct 2025 and is expected to achieve practical completion by 15 Sep 2026.

Our Take. We view the award **positively**, as it should support CBHB's earnings growth through FY26F. This marks the fourth contract secured in FY25, bringing total YTD wins to RM471.6m. Assuming a 20% gross profit margin given the early-works nature and after stripping out SST, the contract is expected to generate c.RM3.9m in gross profit over the 11-month duration, with the bulk of earnings recognition expected in FY26F. We see minimal execution risk, as the contract value is relatively small. Following this award, CBHB's outstanding order book stands at an estimated RM522.6m (1.9x FY24 revenue), strengthening its medium-term earnings visibility.

Outlook. We expect near-term data-centre job momentum to remain strong, supported by continued hyperscaler investments in DC and AI infrastructure. Based on Electricity Supply Agreements (ESAs) signed, c.6.1GW of data-centre projects are still under construction, underscoring strong demand for HV substation works over the next 12-18 months. With a proven track record in delivering HV substation projects for data-centre clients, we believe CBHB remains a key beneficiary in this segment. The company's tender book remains healthy at around RM650m, with the majority linked to DC-related projects and supported by a robust historical win rate of about 20%.

Earnings revision. No change to our earnings forecasts as the contract win is within our order book replenishment assumption of RM560m.

Valuation & Recommendation. We have raised our target PE multiple from 15x to 18x to reflect CBHB's robust growth outlook driven by data-centre opportunities following the recent contract win. New TP of **RM0.60** (from RM0.50) is based on 18x FY26F EPS of 3.3 sen and incorporates a three-star ESG rating. Reiterate **BUY**. 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)	30.4	22.7	26.1	16.2	14.3
P/B(x)	12.8	10.1	4.5	3.6	2.8
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 (%)	1.2%	1.7%	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)	18.0
Fair Value (RM)	0.60
ESG premium/ discount	0.0%
Implied Fair Value (RM)	0.60

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

Company Update

Friday, 17 Oct, 2025

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.