

Tan Sue Wen

(603) 7890 8888 (ext 2095)

suewen.tan@apexsecurities.com.my

Ong Tze Hern

(603) 7890 8888 (ext 2113)

tzehern.ong@apexsecurities.com.my

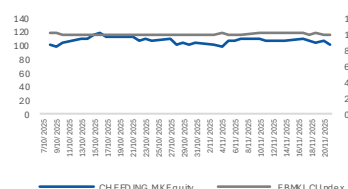
Recommendation:	BUY
Current Price:	RM 0.80
Previous Target Price:	RM 0.73
Target Price:	↑ RM 0.96
Capital Upside/Downside:	20.0%
Dividend Yield (%):	0.0%
Total Upside/Downside	20.0%

Stock information

Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0372 / CHEEDINGMK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	797.3
Market Cap (RM' m)	633.8
52-Week Price Range (RM)	0.96-0.7
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	N/A
3M Average Value (RM' m)	N/A

Top 3 Shareholders

	(%)
Chai Ng Kian	72.8
Shein Ng Lam	2.6
Hsia Ng Chai	2.3

Share Price Performance

	1M	3M	12M
Absolute (%)	-9.1	N/A	N/A
Relative (%)	-9.4	N/A	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	117.7	134.5	147.1
PATAMI (RM'm)	26.3	33.3	38.4
CNP (RM'm)	26.3	33.3	38.4
EPS - core (sen)	3.3	4.2	4.8
P/E(x)	24.1	19.1	16.5

Cheeding Holdings Berhad

Strong 2Q Beats Expectations

- CHEEDING's 2QFY26 CNP** came in at RM8.7m, bringing 6MFY26 CNP to RM15.6m, exceeding expectations at 52.7% of our FY26F forecast. The outperformance was driven by better-than-expected margins from EPCC in overhead infrastructure.
- Earnings** should remain strong in the sequential quarters, supported by progressive revenue recognition from ongoing EPCC projects that have now entered the accelerated execution phase.
- We have raised our margin assumptions for EPCC in overhead infrastructure following the stronger-than-expected profitability in the quarter. As a result, earnings are revised upward by 12.4%/13.2%/11.2% for FY26F-FY28F.**
- Reiterate BUY with a higher TP of RM0.96 (from RM0.73), based on 20x FY27F EPS of 4.8 sen.**

Exceeds expectations. After adjusting for one-off items (+RM0.3m), CHEEDING's 2QFY26 core net profit (CNP) came in at RM8.7m, bringing 6MFY26 CNP to RM15.6m. The results exceeded expectations, accounting for 52.7% of our FY26F earnings forecast. The outperformance was mainly driven by better-than-expected margins from EPCC activities in overhead infrastructure.

QoQ. 2QFY26 CNP increased by 26.7%, mainly driven by stronger contributions from EPCC activities in overhead infrastructure, supported by accelerated revenue recognition in the S-curve (+59.1% in revenue). During the quarter, GP margin contracted from 73.4% to 56.2% as most overhead infrastructure projects entered more material-intensive phases, evidenced by material costs rising sharply to RM7.6m (from RM1.1m in 1Q). As a result, CNP margin contracted by 9.0-pts to 35.2%.

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

Outlook. Earnings should remain strong in the sequential quarters, supported by progressive revenue recognition from ongoing EPCC projects that have now entered the accelerated execution phase. The **order book** has risen to **RM218.2m** (1.9x FY25 revenue), comprising 68.6% overhead infrastructure, 21.0% underground utilities, 9.7% substation, and 0.7% maintenance. Meanwhile, the **tender book** remains healthy at close to **RM200m**, with the bulk comprising overhead infrastructure opportunities. Tender activity is expected to remain muted in the near term due to the timing of project rollouts, with momentum likely to re-accelerate from FY27 onwards. With TNB's RP4 outlining an average annual capex allocation of RM14.3bn, coupled with the continued expansion of Malaysia's data centre sector with c.6GW of planned capacity in the pipeline, we believe demand for CHEEDING's EPCC expertise in overhead infrastructure, substations and underground utilities will remain robust in the medium term.

Earnings revision. We have raised our margin assumptions for EPCC in overhead infrastructure following the stronger-than-expected margins achieved in the quarter, while maintaining our order book replenishment forecasts. As a result, we revise our earnings upward by 12.4%/13.2%/11.2% for FY26F-FY28F.

Valuation & Recommendation. We have raised our target PE multiple from 17x to 20x to reflect CHEEDING's robust growth outlook, supported by RP4-driven utility spending and c.6GW of planned data centre build-out. This results in a new TP of **RM0.96** (from RM0.73), based on 20x FY27F EPS of 4.8sen. Reiterate **BUY**. 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, 24 Nov, 2025

Results Comparison

FYE Mar (RM m)	2QFY26	2QFY25	YoY (%)	1QFY26	qoq (%)	6MFY26	6MFY25	YoY (%)	Comments
Revenue	24.8	-	nm	15.6	59.1	40.4	-	nm	
COGS	(10.9)	-	nm	(4.1)	162.0	(15.0)	-	nm	
Grossprofit	13.9	-	nm	11.4	21.8	25.4	-	nm	Margin normalised
Other income	0.5	-	nm	0.7	(26.5)	1.1	-	nm	
Administrative expenses	(2.9)	-	nm	(2.8)	3.4	(5.7)	-	nm	
EBITDA	12.1	-	nm	9.8	23.5	21.8	-	nm	
Depreciation	(0.6)	-	nm	(0.5)	15.5	(1.0)	-	nm	
EBIT	11.5	-	nm	9.3	23.9	20.8	-	nm	
Net Finance Costs	(0.3)	-	nm	(0.2)	9.2	(0.5)	-	nm	
Profit Before Tax (PBT)	11.3	-	nm	9.1	24.3	20.3	-	nm	
Taxation	(2.9)	-	nm	(2.3)	23.8	(5.2)	-	nm	
Profit-after tax	8.4	-	nm	6.7	24.4	15.1	-	nm	
(-) Minority interest	-	-	nm	-	-	-	-	nm	
PAT (-MI)	8.4	-	nm	6.7	24.4	15.1	-	nm	stronger
Core net profit	8.7	-	nm	6.9	26.7	15.6	-	nm	contribution from overhead
Core EPS (sen)	1.1	-		0.9		2.0	-		
DPS (sen)	-	-		-		-	-		
EBITDA margin (%)	48.7			62.7		54.1			
PBT margin (%)	45.4			58.2		50.4			
Effective tax rate (%)	25.7			25.7		25.7			
Core PATMI margin (%)	35.2			44.1		38.6			

Source: Company, Apex Securities

Results Note

Monday, 24 Nov, 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	55.1	62.9	75.5
EBITDA	29.6	36.5	46.2	53.3	61.6
Depreciation	-2.3	-1.9	-3.0	-3.4	-3.7
EBIT	27.3	34.6	43.2	49.9	57.9
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	43.8	50.5	58.5
Tax	-7.0	-8.6	-10.5	-12.1	-14.0
Profit After Tax	20.5	26.3	33.3	38.4	44.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	20.5	26.3	33.3	38.4	44.5
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	20.5	26.3	33.3	38.4	44.5

Key Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	2.6	3.3	4.2	4.8	5.6
P/E(x)	31.0	24.1	19.1	16.5	14.2
P/B(x)	14.9	12.6	5.1	4.1	3.4
EV/EBITDA(x)	21.8	18.4	15.7	14.0	12.5
DPS (sen)	0.6	2.3	1.0	1.2	1.4
Dividend Yield (%)	0.8%	2.9%	1.3%	1.5%	1.8%
EBITDA margin (%)	33.5%	31.0%	34.3%	36.2%	31.2%
EBIT margin (%)	31.0%	29.4%	32.1%	33.9%	29.3%
PBT margin (%)	31.1%	29.7%	32.5%	34.3%	29.6%
PAT margin (%)	23.2%	22.4%	24.7%	26.1%	22.5%
NP margin (%)	23.2%	22.4%	24.7%	26.1%	22.5%
CNP margin (%)	23.2%	22.4%	24.7%	26.1%	22.5%
ROE (%)	48.1%	52.3%	26.6%	25.0%	23.8%
ROA (%)	32.2%	28.0%	22.6%	21.4%	20.6%
Gearing (%)	9.7%	6.2%	1.4%	1.3%	1.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.05
P/E multiple (x)	20.0
Fair Value (RM)	0.96
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.96

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	14.2	41.3	91.1	116.3	135.4
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	125.8	156.3	191.8
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	6.5	6.9	10.0
Other current liabilities	12.6	28.2	13.8	16.6	16.8
Total Current Liabilities	17.9	41.8	21.2	24.4	27.8
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	124.9	153.7	187.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	42.5	50.4	124.9	153.7	187.1

Cash Flow

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	27.4	35.0	43.8	50.5	58.5
Depreciation	2.3	1.9	3.0	3.4	3.7
Changes in working capital	-17.2	21.2	2.1	13.1	17.4
Others	4.2	-14.5	-30.6	-27.3	-44.5
Operating cash flow	16.7	43.6	18.2	39.7	35.1
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	-8.3	-9.6	-11.1
Others	-6.6	3.7	44.9	0.1	0.2
Financing cash flow	-11.6	-8.3	36.6	-9.5	-11.0
Net cash flow	2.5	32.1	49.8	25.2	19.1
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	85.0	110.2
Ending cash	3.0	35.2	85.0	110.2	129.3

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.
