

Research Team

(603) 7890 8888

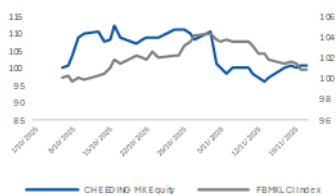
research.dept@apexsecurities.com.my

Recommendation	BUY
Current Price:	RM 0.67
Previous Target Price:	RM 0.96
Target Price:	RM 0.96
Capital Upside/Downside:	43.3%
Dividend Yield (%):	1.7%
Total Upside/Downside	45.0%

Stock information	
Board	ACE
Sector	Industrial
Bursa/ Bloomberg Code	0372/ CHEEDING.MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares Issued (m)	797.3
Market Cap (RM'm)	534.2
52-Week Price Range (RM)	0.96-0.575
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	1.7
3M Average Value (RM'm)	1.1

Top 3 Shareholders (%)	
Chai Ng Kian	72.8
NorgesBank	2.6
Shein Ng Lam	2.3

Share Price Performance



	1M	3M	12M
Absolute (%)	-7.6	-5.0	# N/A
Relative (%)	-5.9	-4.0	# N/A

Earnings Summary	FY26	FY27F	FY28F
Revenue (RM'm)	110.7	147.1	197.6
PATAMI (RM'm)	35.3	38.4	44.3
CNP (RM'm)	36.2	38.4	44.3
EPS - core (sen)	4.5	4.8	5.6
P/E(x)	14.8	13.9	12.1

Cheeding Holdings Berhad

Earnings Beat Despite Softer Revenue

- CHEEDING's 4QFY26 CNP came in at RM10m (-6.4% QoQ), bringing 12MFY26 CNP to RM36.3m, above expectations at 109% of both our and consensus estimates, supported by stronger margins and lower administrative expenses despite weaker contribution from overhead infrastructure EPCC projects.
- CHEEDING's FY27 outlook continues to be supported by its RM164.6m outstanding orderbook and RM303m tender book.
- We maintain our earnings projections for FY27F–FY28F without further revisions, as results remain within our upgraded estimates.
- Maintain BUY with an unchanged TP of RM0.96, based on 20x FY27F EPS of 4.8 sen.

Above expectations. After adjusting for Eis (+RM0.2m), CHEEDING's 4QFY26 core net profit (CNP) came in at RM10m (-6.4% QoQ), bringing 12MFY26 CNP to RM36.3m. The results were above expectation, accounting for 109% of both our and consensus estimates, supported by stronger margins and lower administrative expenses despite weaker contribution from EPCC of overhead infrastructure for utilities projects.

QoQ. 4QFY26 CNP decline 6.4% as revenue decrease 30.2% to RM28.9m, mainly attributable to lower progress billings from overhead infrastructure EPCC projects. Meanwhile, administrative expenses declined sharply by 51.8% QoQ to RM3.3m, partly due to lower listing-related expenses. Effective tax rate also eased to 22.6% from 30.9% in the preceding quarter. Consequently, CNP margin expanded to 34.6%, representing an 8.8 percentage-point improvement QoQ.

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

Outlook. We remain positive on CHEEDING's FY27 outlook, supported by a healthy outstanding orderbook of RM164.6m, equivalent to 1.5x FY26 revenue. The orderbook remains well diversified across overhead infrastructure (64.1%), substation engineering (20.6%), underground utilities (14.4%) and maintenance works (0.9%). In addition, the Group's tender book has expanded to RM303m, which should support orderbook replenishment moving forward. Going forward, management intends to expand its presence in underground utilities and substation engineering services, while strengthening its internal engineering capabilities via the establishment of an in-house Design Department. Coupled with its stronger balance sheet post-listing, we believe CHEEDING is better positioned to secure larger-scale utilities infrastructure projects moving forward.

Earnings revision. No changes to our earnings forecasts at this juncture. We maintain our FY27F and FY28F net profit projections as results are tracking within our upgraded estimates.

Valuation & Recommendation. We maintain our BUY call and our unchanged TP of RM0.96. Our valuation remains pegged on a 20x FY27F EPS of 4.8sen. We continue to remain constructive on CHEEDING's outlook, given its: (i) established track record in utilities infrastructure EPCC works, (ii) expansion into higher-value underground utilities and substation engineering services, (iii) stronger execution and tendering capabilities post-listing, and (iv) direct exposure to Malaysia's ongoing grid modernisation and rising power infrastructure requirements.

Risks. Delay in project rollouts, customer concentration risk, and cost overrun risk.

Results Comparison

FYE Mar (RM m)	4QFY26	4QFY25	yoy (%)	3QFY26	qoq (%)	12MFY26	12MFY25	yoy (%)
Revenue	28.9	-	<i>nm</i>	41.4	(30.2)	110.7	-	<i>nm</i>
COGS	(13.6)	-	<i>nm</i>	(20.0)	(31.9)	(48.6)	-	<i>nm</i>
Gross profit	15.3	-	<i>nm</i>	21.4	(28.6)	62.1	-	<i>nm</i>
Other income	0.8	-	<i>nm</i>	0.6	26.0	2.6	-	<i>nm</i>
Administrative expenses	(3.3)	-	<i>nm</i>	(6.9)	(51.8)	(15.9)	-	<i>nm</i>
EBITDA	13.3	-	<i>nm</i>	15.7	(15.1)	50.8	-	<i>nm</i>
Depreciation	(0.6)	-	<i>nm</i>	(0.6)	0.4	(2.2)	-	<i>nm</i>
EBIT	12.7	-	<i>nm</i>	15.1	(15.7)	48.7	-	<i>nm</i>
Net Finance Costs	(0.1)	-	<i>nm</i>	(0.0)	88.2	(0.6)	-	<i>nm</i>
Profit Before Tax (PBT)	12.7	-	<i>nm</i>	15.1	(15.9)	48.1	-	<i>nm</i>
Taxation	(2.9)	-	<i>nm</i>	(4.7)	(38.6)	(12.8)	-	<i>nm</i>
Profit-after tax	9.8	-	<i>nm</i>	10.4	(5.8)	35.3	-	<i>nm</i>
(-) Minority interest	-	-	<i>nm</i>	-	-	-	-	<i>nm</i>
PAT (-MI)	9.8	-	<i>nm</i>	10.4	(5.8)	35.3	-	<i>nm</i>
Core net profit	10.0	-	<i>nm</i>	10.7	(6.4)	36.3	-	<i>nm</i>
Core EPS (sen)	1.3	-		1.3		4.6	-	
DPS (sen)	-	-		-		-	-	
EBITDA margin (%)	46.0			37.9		45.9		
PBT margin (%)	43.9			36.4		43.4		
Effective tax rate (%)	22.6			30.9		26.5		
Core PATMI margin (%)	34.6			25.8		32.8		

Source: Company, Apex Securities

Results Note

Thursday, 28 May, 2026

Financial Highlights

Income Statement

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	117.7	110.7	147.1	197.6	296.0
Gross Profit	45.1	62.1	62.9	75.5	108.1
EBITDA	36.5	50.3	53.6	61.3	84.3
Depreciation	-1.9	-2.2	-3.0	-3.0	-3.0
EBIT	34.6	48.2	50.6	58.3	81.4
Net Finance Income/ (Cost)	0.4	-0.2	0.0	0.0	0.0
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	35.0	48.0	50.6	58.3	81.3
Tax	-8.6	-12.8	-12.1	-14.0	-19.5
Profit After Tax	26.3	35.3	38.4	44.3	61.8
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	26.3	35.3	38.4	44.3	61.8
Exceptionals	0.0	-0.9	0.0	0.0	0.0
Core Net Profit	26.3	36.2	38.4	44.3	61.8

Key Ratios

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
EPS (sen)	3.3	4.5	4.8	5.6	7.8
P/E (x)	20.3	14.8	13.9	12.1	8.6
P/B (x)	10.6	3.9	3.3	2.7	2.2
EV/EBITDA (x)	15.7	12.7	12.5	11.3	8.6
DPS (sen)	2.3	0.8	1.2	1.4	1.9
Dividend Yield (%)	3.5%	1.2%	1.8%	2.1%	2.9%
EBITDA margin (%)	31.0%	45.5%	36.4%	31.0%	28.5%
EBIT margin (%)	29.4%	43.5%	34.4%	29.5%	27.5%
PBT margin (%)	29.7%	43.4%	34.4%	29.5%	27.5%
PAT margin (%)	22.4%	31.9%	26.1%	22.4%	20.9%
NP margin (%)	22.4%	31.9%	26.1%	22.4%	20.9%
CNP margin (%)	22.4%	32.7%	26.1%	22.4%	20.9%
ROE (%)	52.3%	26.7%	23.4%	22.4%	25.4%
ROA (%)	28.0%	22.5%	20.4%	19.7%	21.9%
Gearing (%)	6.2%	0.8%	0.7%	0.7%	0.7%
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)	FY25	FY26	FY27F	FY28F	FY29F
Cash and bank balances	41.3	104.7	135.0	157.8	191.1
Receivables	23.7	32.4	28.2	40.6	60.8
Contract assets	9.8	4.5	5.9	8.0	11.9
Other current assets	0.0	0.2	0.0	0.0	0.0
Total Current Assets	74.8	141.8	169.2	206.4	263.9
Fixed Assets	10.8	10.6	11.1	10.9	11.0
Investment properties	8.5	8.3	8.1	7.9	7.8
Other non-current assets	0.0	0.0	0.2	0.2	0.2
Total Non-Current Assets	19.3	18.9	19.4	19.0	19.0
Short-term debt	1.4	0.1	0.5	0.6	0.8
Payables	12.2	6.4	7.1	10.3	15.8
Other current liabilities	28.2	17.7	16.1	16.3	21.6
Total Current Liabilities	41.8	24.3	23.7	27.1	38.1
Long-term debt	1.7	0.9	0.7	0.8	0.9
Other non-current liabilities	0.3	0.1	0.1	0.1	0.1
Total Non-Current Liabilities	1.9	1.0	0.7	0.8	1.0
Shareholder's equity	50.4	135.4	164.2	197.4	243.8
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	50.4	135.4	164.2	197.4	243.8

Cash Flow

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	35.0	48.0	50.6	58.3	81.3
Depreciation	1.9	2.2	3.0	3.0	3.0
Changes in working capital	-17.2	12.1	-1.7	11.1	13.3
Others	23.9	-37.4	-8.7	-36.1	-46.2
Operating cash flow	43.6	24.9	43.2	36.2	51.5
Capex	-5.0	-1.7	-3.4	-2.6	-3.0
Others	1.8	-0.3	0.0	0.0	0.0
Investing cash flow	-3.1	-2.1	-3.4	-2.6	-3.0
Dividends paid	-18.5	-6.5	-9.6	-11.1	-15.5
Others	10.2	40.3	0.1	0.2	0.3
Financing cash flow	-8.3	33.8	-9.5	-10.9	-15.2
Net cash flow	32.1	56.7	30.3	22.8	33.3
Forex	0.0	-0.6	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	3.0	35.2	91.3	121.6	144.4
Ending cash	35.2	91.3	121.6	144.4	177.7

Results Note

Thursday, 28 May, 2026

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	No open burning at operational sites to reduce air pollution.
Waste & Effluent	★★★★	Construction waste is sorted and disposed of according to regulations to minimize wastage.
Energy	★★★	Practices energy conservation under ISO 14001:2015 standards.
Water	★★	Involved in water infrastructure construction, though no specific internal water management initiatives were disclosed.
Compliance	★★★★	Maintains ISO 14001:2015 certification and monitors compliance with environmental laws annually.

Social

Diversity	★★★	Equal opportunities for all employees; 4 out of 6 Board members are female.
Human Rights	★★★	Prohibits discrimination and child labour; no reported human rights complaints.
Occupational Safety and Health	★★★	Operates under ISO 45001:2018 with regular safety training, inspections, and PPE provision.
Labour Practices	★★★	Provides fair wages and complies with employment laws and workers' housing regulations.

Governance

CSR Strategy	★★★	Focuses on long-term sustainable growth and annual ESG disclosures in line with Bursa requirements.
Management	★★★★	Majority independent Board with anti-corruption and zero-bribery policies in place.
Stakeholders	★★★★	Emphasises stakeholder communication and supports local supply chains to benefit the local economy.

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

Disclaimer: The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Thursday, 28 May, 2026**, 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.