

## Research Team

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<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.56
Previous Target Price:	RM 0.50
Target Price:	↑ RM 0.67
Capital Upside/ Downside:	19.6%
Dividend Yield (%)	0.0%
<b>Total Upside/ Downside</b>	<b>19.6%</b>

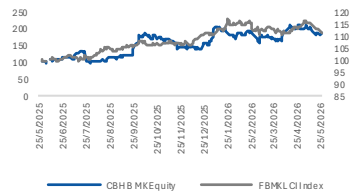
## Stock information

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)	1,053.3
52-Week Price Range (RM)	0.645-0.21
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	6.6
3M Average Value (RM' m)	3.8

## 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 (%)	-9.7	0.0	N/A
Relative (%)	-7.8	1.9	N/A

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	604.2	660.5	731.4
PATAMI (RM'm)	72.1	77.8	85.8
CNP (RM'm)	72.1	77.8	85.8
EPS - core (sen)	3.8	4.1	4.6
P/E(x)	14.6	13.5	12.3

# CBH Engineering Holding Berhad

## Earnings Momentum Intact

- **CBHB's 1QFY26 CNP came in at RM18.2m (-22.7% QoQ, +215.9% YoY), bringing 3MFY26 CNP to RM18.2m, above expectations at 32% of our full-year forecast and 24% in line with consensus estimates, mainly driven by stronger-than-expected progress recognition from ongoing projects that achieved key construction milestones during the quarter.**
- **CBHB's near-to-medium term outlook remains supported by its sizeable RM581m outstanding order book and RM1bn tender book, alongside growing exposure towards renewable energy and energy transition-related infrastructure following its involvement in a battery energy storage system (BESS) project.**
- **Supported by the strong performance of the group's M&E Systems segment, we raise our FY26F and FY27F CNP forecasts by 25% and 35% respectively, while introducing our FY28F earnings forecast.**
- **Maintain BUY with a higher TP of RM0.67 (from RM0.50) after rolling forward our valuation base to FY27F. Our TP is based on 16.3x FY27F EPS of 4.1sen.**

**Above expectations.** CBHB's 1QFY26 core net profit came in at RM18.2m (-22.7% QoQ, +215.9% YoY), bringing 3MFY26 CNP to RM18.2m. This represents 32% above our full-year forecast and 24% in line with consensus estimates, mainly driven by stronger progress recognition from ongoing projects that achieved key construction milestones during the quarter.

**QoQ.** 1QFY26 CNP declined 22.7% to RM18.2m (vs RM23.5m in 4QFY25). Gross profit margin declined to 30.6% in 1QFY26 from 39.9% in 4QFY25 mainly due to certain newly secured projects remained at early stages of work progress and have yet to contribute meaningfully. In addition, margins were affected by variation orders and revisions in budgeted costs for certain M&E Systems projects nearing completion in the preceding quarter.

**YoY.** CBHB's CNP jumped 215.9% to RM18.2m (vs RM5.8m in 1QFY25), underpinned by a strong 145.7% increase in revenue to RM89.5m. The stronger performance was mainly attributable to higher progress recognition as several ongoing projects achieved key construction milestones during the quarter. Consequently, EBITDA and PBT rose 219.0% and 222.9% YoY to RM23.6m and RM24.3m respectively. Gross profit increased 154.8% YoY to RM27.4m (vs RM10.8m in 1QFY25). Meanwhile, CNP margin expanded to 20.3% from 15.8% previously.

**Outlook.** We remain positive on CBHB's earnings outlook, supported by its sizeable RM581m outstanding order book which provides healthy earnings visibility over the next few quarters. We understand that the recently announced RM27.7m battery energy storage system (BESS) contract has already been included within the current order book balance, indicating continued replenishment momentum despite strong earnings delivery in recent quarters. We also view the group's involvement in the BESS project positively, as it marks a further expansion into renewable energy and energy transition-related infrastructure, which could strengthen CBHB's positioning for future opportunities within the renewable energy, grid connectivity and data centre-related infrastructure space. The tender book remains healthy at RM1bn, with approximately 70% comprising DC related projects, including 4 to 5 packages valued between RM50m and RM200m each. The remaining 30% mainly consists of non-DC tenders. Meanwhile, we expect earnings momentum to strengthen further in 2HFY26, supported by progressive milestone recognition from ongoing projects, as a sizeable portion of the current order book is scheduled for completion within FY26. We also believe improving project execution and cost management could support earnings sustainability moving forward.

**Earnings revision.** Supported by the strong performance of the group's M&E Systems segment, we have raised our order book assumption. Consequently, our FY26F and FY27F CNP forecasts increase by 25% and 35% to RM72.09m and RM77.78m (from RM57.6m and RM57.42m) respectively, while introducing our FY28F earnings forecast of RM85.77m.

**Valuation & Recommendation.** We maintain our **BUY** call with a higher **TP of RM0.67** (from RM0.50) after rolling forward our valuation base to FY27F. Our TP is based on 16.3x FY27F EPS of 4.1sen (from 18x FY26F EPS of 2.8sen). The applied multiple remains above the Group's 3-year historical mean forward PE, reflecting a strong execution track record, healthy earnings visibility underpinned by a sizeable order book, as well as growing exposure towards power infrastructure, data centre-related developments and renewable energy-related opportunities.

**Risks.** Key risks include weaker-than-expected order book replenishment, project execution delays and margin compression arising from cost overruns or unfavourable project mix.

# Results Note

Friday, 29 May, 2026

## Results Comparison

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
Revenue	89.5	36.4	145.7	91.2	(1.8)	89.5	36.4	145.7
COGS	(62.1)	(25.7)	142.0	(54.8)	13.4	(62.1)	(25.7)	142.0
Gross profit	27.4	10.8	154.8	36.4	(24.7)	27.4	10.8	154.8
Other income	0.1	0.1	6.7	0.1	42.9	0.1	0.1	6.7
Administrative expenses	(4.3)	(3.7)	14.9	(6.7)	(35.8)	(4.3)	(3.7)	14.9
Other expenses	0.0	(0.0)	nm	(2.7)	nm	0.0	(0.0)	nm
<b>EBITDA</b>	<b>23.6</b>	<b>7.4</b>	<b>219.0</b>	<b>27.5</b>	<b>(14.0)</b>	<b>23.6</b>	<b>7.4</b>	<b>219.0</b>
Depreciation	(0.4)	(0.3)	30.7	(0.4)	(4.8)	(0.4)	(0.3)	30.7
<b>EBIT</b>	<b>23.2</b>	<b>7.1</b>	<b>227.4</b>	<b>27.0</b>	<b>(14.1)</b>	<b>23.2</b>	<b>7.1</b>	<b>227.4</b>
Net Finance Costs	1.0	0.4	146.8	1.0	7.0	1.0	0.4	146.8
<b>Profit Before Tax (PBT)</b>	<b>24.3</b>	<b>7.5</b>	<b>222.9</b>	<b>28.0</b>	<b>(13.4)</b>	<b>24.3</b>	<b>7.5</b>	<b>222.9</b>
Taxation	(6.1)	(1.8)	241.5	(8.3)	(26.7)	(6.1)	(1.8)	241.5
<b>Profit-after tax</b>	<b>18.2</b>	<b>5.7</b>	<b>217.1</b>	<b>19.7</b>	<b>(7.7)</b>	<b>18.2</b>	<b>5.7</b>	<b>217.1</b>
(-) Minority interest	-	-	-	-	-	-	-	-
<b>PAT (-MI)</b>	<b>18.2</b>	<b>5.7</b>	<b>217.1</b>	<b>19.7</b>	<b>(7.7)</b>	<b>18.2</b>	<b>5.7</b>	<b>217.1</b>
<b>Core net profit</b>	<b>18.2</b>	<b>5.8</b>	<b>215.9</b>	<b>23.5</b>	<b>(22.7)</b>	<b>18.2</b>	<b>5.8</b>	<b>215.9</b>
Core EPS (sen)	1.0	0.3		1.2		1.0	0.3	
DPS (sen)	-	-		-		-	-	
EBITDA margin (%)	26.4	20.3		30.1		26.4	20.3	
PBT margin (%)	27.1	20.6		30.7		27.1	20.6	
Effective tax rate (%)	25.1	23.7		29.7		25.1	23.7	
Core PATMI margin (%)	20.3	15.8		25.8		20.3	15.8	

Source: Company, Apex Securities

## Segmental Breakdown

FYE Dec (RM m)	1QFY26	1QFY25	yoy (%)	4QFY25	qoq (%)	3MFY26	3MFY25	yoy (%)
<b>Revenue</b>								
M&E Systems	89.5	36.4	145.8	91.1	(1.7)	89.5	36.4	145.8
M&E Maintenance	-	0.0	(100.0)	0.1	(100.0)	-	0.0	(100.0)
<b>Total</b>	<b>89.5</b>	<b>36.4</b>	<b>145.7</b>	<b>91.2</b>	<b>(1.8)</b>	<b>89.5</b>	<b>36.4</b>	<b>145.7</b>

Source: Company, Apex Securities

# Results Note

Friday, 29 May, 2026

## Financial Highlights

### Income Statement

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Revenue</b>	<b>271.7</b>	<b>218.8</b>	<b>604.2</b>	<b>660.5</b>	<b>731.4</b>
<b>Gross Profit</b>	<b>73.4</b>	<b>73.4</b>	<b>140.2</b>	<b>152.1</b>	<b>168.2</b>
<b>EBITDA</b>	<b>55.1</b>	<b>61.5</b>	<b>93.5</b>	<b>100.9</b>	<b>111.5</b>
Depreciation & Amortisation	-0.9	-1.4	-2.2	-2.3	-2.5
<b>EBIT</b>	<b>54.1</b>	<b>60.1</b>	<b>91.2</b>	<b>98.6</b>	<b>109.0</b>
Net Finance Income/ (Cost)	0.7	3.5	3.6	3.7	3.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
<b>Pre-tax Profit</b>	<b>54.8</b>	<b>63.6</b>	<b>94.9</b>	<b>102.3</b>	<b>112.9</b>
Tax	-13.1	-15.5	-22.8	-24.6	-27.1
<b>Profit After Tax</b>	<b>41.7</b>	<b>48.1</b>	<b>72.1</b>	<b>77.8</b>	<b>85.8</b>
Minority Interest	0.0	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>41.7</b>	<b>48.1</b>	<b>72.1</b>	<b>77.8</b>	<b>85.8</b>
Exceptionals	-2.5	0.0	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>44.3</b>	<b>48.1</b>	<b>72.1</b>	<b>77.8</b>	<b>85.8</b>

### Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	2.4	2.6	3.8	4.1	4.6
P/E (x)	23.8	21.9	14.6	13.5	12.3
P/B (x)	10.6	4.6	3.5	2.8	2.3
EV/EBITDA (x)	9.9	10.8	6.7	6.8	6.8
DPS (sen)	0.9	0.0	0.0	0.0	0.0
Dividend Yield (%)	1.6%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	20.3%	28.1%	15.5%	15.3%	15.2%
EBIT margin (%)	19.9%	27.5%	15.1%	14.9%	14.9%
PBT margin (%)	20.2%	29.1%	15.7%	15.5%	15.4%
PAT margin (%)	15.4%	22.0%	11.9%	11.8%	11.7%
NP margin (%)	15.4%	22.0%	11.9%	11.8%	11.7%
CNP margin (%)	16.3%	22.0%	11.9%	11.8%	11.7%
ROE (%)	44.6%	21.0%	24.0%	20.6%	18.5%
ROA (%)	27.7%	16.6%	15.1%	13.5%	12.5%
Gearing (%)	0.1%	0.2%	0.1%	0.1%	0.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

### Valuations

	FY27F
Core EPS (RM)	0.041
P/E multiple (x)	16.3
<b>Fair Value (RM)</b>	<b>0.67</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>0.67</b>

Source: Company, Apex Securities

### Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Revenue</b>	<b>271.7</b>	<b>218.8</b>	<b>604.2</b>	<b>660.5</b>	<b>731.4</b>
Cash and bank balances	38.9	158.3	115.3	177.7	245.1
Receivables	38.7	60.0	162.4	177.9	197.1
Inventories	75.2	63.0	193.3	211.3	234.0
Other current assets	0.3	0.3	0.3	0.3	0.3
<b>Total Current Assets</b>	<b>153.1</b>	<b>281.5</b>	<b>471.3</b>	<b>567.2</b>	<b>676.5</b>
Fixed Assets	3.6	5.3	5.2	5.5	5.9
Intangibles	0.0	1.0	2.0	3.0	4.0
Other non-current assets	2.9	1.0	0.0	-1.0	-2.0
<b>Total Non-Current Assets</b>	<b>6.5</b>	<b>7.3</b>	<b>7.3</b>	<b>7.5</b>	<b>7.9</b>
Short-term debt	0.1	0.4	0.4	0.4	0.4
Payables	53.8	48.6	162.4	177.9	197.1
Other current liabilities	4.8	9.5	14.8	17.4	21.8
<b>Total Current Liabilities</b>	<b>58.7</b>	<b>58.5</b>	<b>177.6</b>	<b>195.8</b>	<b>219.3</b>
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	1.7	1.8	0.5	0.6	1.0
<b>Total Non-Current Liabilities</b>	<b>1.7</b>	<b>1.8</b>	<b>0.5</b>	<b>0.6</b>	<b>1.0</b>
Shareholder's equity	99.2	228.1	300.2	377.9	463.7
Minority interest	0.0	0.3	0.3	0.3	0.3
<b>Total Equity</b>	<b>99.2</b>	<b>228.4</b>	<b>300.5</b>	<b>378.3</b>	<b>464.1</b>

### Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Pre-tax profit</b>	<b>54.8</b>	<b>63.6</b>	<b>94.9</b>	<b>102.3</b>	<b>112.9</b>
Depreciation & amortisation	0.9	1.4	2.2	2.3	2.5
Changes in working capital	-21.6	-7.4	-116.8	-17.2	-21.6
Others	-16.2	-17.2	-26.4	-28.3	-30.9
<b>Operating cash flow</b>	<b>18.0</b>	<b>40.3</b>	<b>-46.1</b>	<b>59.2</b>	<b>62.8</b>
Capex	-1.0	-2.0	-2.2	-2.6	-3.0
Others	0.5	-5.2	3.7	3.9	4.1
<b>Investing cash flow</b>	<b>-0.6</b>	<b>-7.3</b>	<b>1.5</b>	<b>1.3</b>	<b>1.2</b>
Dividends paid	-21.0	0.0	0.0	0.0	0.0
Others	-0.6	82.0	1.7	1.8	3.4
<b>Financing cash flow</b>	<b>-21.6</b>	<b>82.0</b>	<b>1.7</b>	<b>1.8</b>	<b>3.4</b>
<b>Net cash flow</b>	<b>-4.2</b>	<b>115.1</b>	<b>-42.9</b>	<b>62.4</b>	<b>67.4</b>
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	31.6	27.4	142.5	99.6	161.9
<b>Ending cash</b>	<b>27.4</b>	<b>142.5</b>	<b>99.6</b>	<b>161.9</b>	<b>229.3</b>

# Results Note

Friday, 29 May, 2026

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Aligning disclosures with IFRS S2 and reporting Scope 1, 2, and limited Scope 3 emissions.
Waste & Effluent	★★★	Manages environmental risks through project planning, site inspections, and compliance with DOE requirements.
Energy	★★★	Uses electricity and diesel fuel, while adopting solar energy at its main office.
Water	★★★	Uses treated water mainly for office purposes and does not operate in high water-stressed areas.
Compliance	★★★★	Maintained zero environmental non-compliance cases and holds ISO 14001:2015 certification.

### Social

Diversity	★★★★	Female representation stands at 31% of workforce and 57% of Board members.
Human Rights	★★★	Reported zero human rights violation complaints and complies with Malaysian labour laws.
Occupational Safety and Health	★★★★	Achieved zero fatalities and zero TRIR for three consecutive years under ISO 45001:2018 standards.
Labour Practices	★★★	Invests in employee training and upskilling, though a significant portion of workers are contractual due to project-based operations.

### Governance

CSR Strategy	★★★	Integrates sustainability and risk management into long-term value creation while supporting community initiatives.
Management	★★★★	Sustainability oversight is supported by multiple governance committees led by the Board and independent directors.
Stakeholders	★★★	Maintains stakeholder engagement through AGMs, disclosures, and dedicated communication channels.

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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As of Friday, 29 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.