

Research Team

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Recommendation:	BUY
Current Price:	RM0.79
Previous Target Price:	RM0.67
Target Price:	↑ RM0.95
Capital Upside/ Downside:	20.3%
Dividend Yield (%):	0.4%
Total Upside/ Downside	20.6%

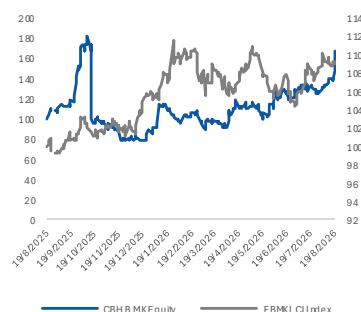
Stock information

Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0339 / CBHB MK
Syariah Compliant	Yes
ESGRating	★★★
Shares issued (m)	1,880.9
Market Cap (RM' m)	1,683.4
52-Week Price Range (RM)	0.92-0.3
Beta (x)	N/A
Freefloat (%)	26.7
3M Average Volume (m)	9.8
3M Average Value (RM' m)	6.6

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 (%)	27.9	64.2	188.7
Relative (%)	26.9	62.5	164.2

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)	20.6	19.1	17.3

CBH Engineering Holding Berhad

Earnings Momentum Intact

- CBHB's 2QFY26 CNP came in at RM24.5m (+34.8% QoQ, +146.8% YoY), bringing 1HFY26 CNP to RM42.6m, above expectations at 59% of our full-year forecast and 53% of 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 RM744m outstanding order book and RM1.3bn tender book, alongside growing exposure to data centre and power infrastructure opportunities, including renewable energy-related projects such as BESS.
- Supported by the strong performance of the group's M&E Systems segment, we maintain our FY26F, FY27F and FY28F CNP forecasts of RM72.1m, RM77.8m and RM85.8m respectively.
- Maintain BUY with a higher TP of RM0.95, based on 23.1x FY27F EPS of 4.1 sen, reflecting our higher P/E multiple in line with the peers' average forward P/E.

Above our expectation. CBHB's 2QFY26 core net profit came in at RM24.5m (+34.8% QoQ, +146.8% YoY), bringing 1HFY26 CNP to RM42.6m. **This represents 59% of our full-year forecast and 53% of consensus estimates**, running ahead of our expectations at the halfway mark, mainly driven by stronger progress recognition from ongoing projects that achieved key construction milestones during the quarter.

QoQ. 2QFY26 CNP rose 34.8% to RM24.5m (vs RM18.2m in 1QFY26), on a 35.1% increase in revenue to RM120.9m as ongoing projects progressed into higher-value work stages. Gross profit margin held broadly steady at 30.1% in 2QFY26 (vs 30.6% in 1QFY26), as newly secured projects began contributing more meaningfully to progress recognition.

YoY. CBHB's CNP jumped 146.8% to RM24.5m (vs RM9.9m in 2QFY25), underpinned by a strong 102.6% increase in revenue to RM120.9m. 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 143.3% and 134.2% YoY to RM32.2m and RM32.5m respectively. Gross profit increased 123.0% YoY to RM36.5m (vs RM16.3m in 2QFY25).

YTD. 1HFY26 CNP surged 172.1% YoY to RM42.6m (vs RM15.7m in 1HFY25), underpinned by a 119.0% increase in revenue to RM210.5m as several ongoing projects achieved key construction milestones. Gross profit rose 135.6% YoY to RM63.9m, lifting gross profit margin to 30.3% (from 28.2%), while EBITDA and PBT climbed 170.5% and 165.3% YoY to RM55.8m and RM56.8m respectively.

Outlook. CBHB's near-term earnings visibility is anchored by its latest RM246.0m contract win, secured directly from the asset owner rather than on a subcontract basis, for the supply, installation, testing and commissioning of high-voltage transformers and related equipment for a 275kV substation supporting a data centre in Johor. The contract will run from 3 July 2026 to 15 September 2028, providing earnings visibility over the next two years. While the customer was not named, it was described as a Malaysian private company involved in data centre, telecommunications, IT and AI GPU services, reinforcing CBHB's exposure to the growing data centre infrastructure ecosystem. Assuming a 12% net margin, in line with the group's historical data centre-related M&E projects, we estimate the contract could contribute approximately RM29.5m in net profit over its tenure. Including this win, CBHB's total outstanding order book rises to RM744.0mn, translating into a strong 3.4x cover of FY25 revenue, while year-to-date contract wins of c.RM330.0m keep the group on track to meet its c.RM600.0m annual replenishment target.

Tender pipeline. The tender book remains healthy at RM1.3bn, with c.80% comprising DC-related projects and c.20% non-DC tenders, spread fairly evenly between new and existing clients. Management expects the data centre upcycle to remain firm over the next one to two years, with larger developments likely to be rolled out in phases. Beyond data centres, the group is pursuing

substation packages at solar plants and is targeting semiconductor-related facilities in Johor, though these remain at an early tendering stage. It continues to monitor Tenaga Nasional Berhad (TNB) opportunities but is keeping its focus on private-sector work, having yet to build a sizeable TNB track record. We expect earnings momentum to strengthen in 2HFY26, driven by progressive milestone recognition, with a sizeable portion of the order book scheduled for completion in FY26. Management remains cautiously optimistic, supported by favourable demand for power distribution systems and ongoing opportunities across DC and non-DC projects.

Margins. The stronger margins recorded over the past two quarters were largely underpinned by a higher mix of private-sector jobs. Management guides for net margins to normalise towards 12-15% over the next two quarters as the project mix rebalances, and for group earnings growth of 10-20% in the coming year.

Competition and sourcing. While new entrants are emerging in the broader data centre tender space, management notes that competition for high-voltage substation packages specifically remains limited, with most newcomers drawing on high-voltage experience from solar plants and heavy industries. Transformer procurement is also not seen as a bottleneck, with the key consideration being vendors' ability to meet client specifications, with lead times of c.5-8 months for China-brand equipment and up to 12 months for non-China brands.

Earnings revision. We make no changes to our earnings forecasts. Our FY26F, FY27F and FY28F CNP forecasts are maintained at RM72.1m, RM77.8m and RM85.8m respectively.

Valuation & Recommendation. We maintain our **BUY** call with a **higher TP of RM0.95** (from RM0.67 previously), based on an updated **P/E multiple of 23.1x** and FY27F EPS of 4.1 sen. We raise our valuation multiple to the **peers' average forward P/E of 23.1x**, as we believe CBHB's strengthened order book, improving earnings visibility and growing exposure to data centre and power infrastructure projects warrant a valuation closer to its peers. The latest contract win further reinforces its growth prospects, while the healthy tender pipeline provides scope for continued order book replenishment.

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

Figure 1: Peers Comparison

Company	FYE	Market Cap (RM)	Price (RM) as at 19 Aug 2026	P/E (x)		Dividend Yield (%)	Target Price	Potential Upside
CBH Engineering Holding Bhd	Dec	1683.40	0.79	20.6	19.1	0.32	0.95	20.7%
HE Group Bhd	Dec	396.00	0.92	26.3	23.6	1.11	1.06	15.2%
MN Holdings Bhd	Jun	2267.54	3.39	27.1	20.8	0.29	3.90	15.0%
Critical Holdings Bhd	Jun	769.50	2.06	13.3	24.8	0.91	2.40	16.5%
Simple Average Ex. CBHB				22.2	23.1			

Source: Bloomberg, Apex Securities

Results Note

Thursday, 20 Aug, 2026

Results Comparison

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue	120.9	59.7	102.6	89.5	35.1	210.5	96.1	119.0
COGS	(84.5)	(43.3)	95.0	(62.1)	36.0	(146.6)	(69.0)	112.4
Gross profit	36.5	16.3	123.0	27.4	33.0	63.9	27.1	135.6
Other income	0.1	0.1	(56.7)	0.1	(27.5)	0.1	0.2	(34.0)
Administrative expenses	(4.9)	(3.6)	36.1	(4.3)	13.4	(9.1)	(7.3)	25.3
Other expenses	-	(0.0)	(100.0)	0.0	(100.0)	0.0	(0.0)	nm
EBITDA	32.2	13.2	143.3	23.6	36.1	55.8	20.6	170.5
Depreciation	(0.5)	(0.3)	66.6	(0.4)	26.6	(0.9)	(0.6)	48.6
EBIT	31.7	12.9	145.1	23.2	36.3	54.9	20.0	174.3
Net Finance Costs	0.9	1.0	(9.5)	1.0	(15.4)	1.9	1.4	37.8
Profit Before Tax (PBT)	32.5	13.9	134.2	24.3	34.1	56.8	21.4	165.3
Taxation	(7.9)	(4.1)	93.8	(6.1)	30.2	(14.0)	(5.9)	138.7
Profit-after tax	24.6	9.8	151.1	18.2	35.4	42.8	15.5	175.4
(-) Minority interest	0.1	-	nm	-	nm	0.1	-	nm
PAT (-MI)	24.5	9.8	150.2	18.2	34.9	42.7	15.5	174.9
Core net profit	24.5	9.9	146.8	18.2	34.8	42.6	15.7	172.1
Core EPS (sen)	1.3	0.5		1.0		2.3	0.8	
DPS (sen)	0.3	-		-		0.3	-	
EBITDA margin (%)	26.6	22.2		26.4		26.5	21.5	
PBT margin (%)	26.9	23.3		27.1		27.0	22.3	
Effective tax rate (%)	24.4	29.4		25.1		24.7	27.4	
Core PATMI margin (%)	20.2	16.6		20.3		20.3	16.3	

Source: Company, Apex Securities

Segmental Breakdown

FYE Dec (RM m)	2QFY26	2QFY25	yoy (%)	1QFY26	qoq (%)	6MFY26	6MFY25	yoy (%)
Revenue								
M&E Systems	120.9	59.4	103.5	89.5	35.1	210.5	95.9	119.5
M&E Maintenance	-	0.2	(100.0)	-	-	-	0.2	(100.0)
Total	120.9	59.7	102.6	89.5	35.1	210.5	96.1	119.0

Source: Company, Apex Securities

Results Note

Thursday, 20 Aug, 2026

Financial Highlights

Income Statement

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

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)	33.6	30.9	20.6	19.1	17.3
P/B(x)	15.0	6.5	5.0	4.0	3.3
EV/EBITDA(x)	9.9	10.8	6.6	6.7	6.6
DPS (sen)	0.9	0.0	0.3	0.3	0.3
Dividend Yield (%)	1.1%	0.0%	0.3%	0.4%	0.4%
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%	24.4%	21.2%	19.2%
ROA (%)	27.7%	16.6%	15.2%	13.8%	12.8%
Gearing (%)	0.1%	0.2%	0.1%	0.1%	0.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

Core EPS (RM)	0.041
P/E multiple(x)	23.1
Fair Value (RM)	0.95
ESG premium/ discount	0.0%
Implied Fair Value (RM)	0.95

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	38.9	158.3	110.3	167.2	228.5
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
Total Current Assets	153.1	281.5	466.3	556.7	659.9
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
Total Non-Current Assets	6.5	7.3	7.3	7.5	7.9
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
Total Current Liabilities	58.7	58.5	177.6	195.8	219.3
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
Total Non-Current Liabilities	1.7	1.8	0.5	0.6	1.0
Shareholder's equity	99.2	228.1	295.1	367.4	447.1
Minority interest	0.0	0.3	0.3	0.3	0.3
Total Equity	99.2	228.4	295.4	367.7	447.4

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	54.8	63.6	94.9	102.3	112.9
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
Operating cash flow	18.0	40.3	-46.1	59.2	62.8
Capex	-1.0	-2.0	-2.2	-2.6	-3.0
Others	0.5	-5.2	3.7	3.9	4.1
Investing cash flow	-0.6	-7.3	1.5	1.3	1.2
Dividends paid	-21.0	0.0	-5.1	-5.5	-6.0
Others	-0.6	82.0	1.7	1.8	3.4
Financing cash flow	-21.6	82.0	-3.4	-3.7	-2.7
Net cash flow	-4.2	115.1	-48.0	56.9	61.3
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	94.5	151.4
Ending cash	27.4	142.5	94.5	151.4	212.7

Results Note

Thursday, 20 Aug, 2026

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Emitted 141,062.15 tCO_2e in absolute GHG emissions during FYE20251.
Waste & Effluent	★★★	Integrates environmental risk assessments into project planning and recorded zero environmental non-compliance incidents in FYE2025.
Energy	★★★	Total energy consumption was 510.21 GJ , with rooftop solar at its head office helping offset grid electricity usage.
Water	★★★	Water consumption was 585 m³ , with operations located outside high-water-stressed areas and usage mainly for office and general utilities.
Compliance	★★★★	Maintains a zero environmental compliance incident target, which was achieved in FYE2025.

Social

Diversity	★★★★	Women represent 31% of the workforce and 57% of Board members , exceeding the 30% gender diversity target.
Human Rights	★★★	Maintains compliance with labour laws, with zero substantiated human rights complaints in FYE2025.
Occupational Safety and Health	★★★★	Achieved zero TRIR and fatalities for three consecutive years under ISO 45001:2018.
Labour Practices	★★★	Provided 1,246 training hours to 97 employees , while 46.26% of the workforce comprises contractual employees due to the project-based nature of operations.

Governance

CSR Strategy	★★★	Contributed RM69,830 to community initiatives in FYE2025, including support for education and underserved communities.
Management	★★★★	Governance is overseen by four Board committees, supported by policies covering ethics, whistleblowing and anti-bribery.
Stakeholders	★★★	Maintains transparent stakeholder engagement through its corporate website, AGM and Bursa Securities' CSI platform.

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 **Thursday, 20 Aug, 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.