

Research Team

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Recommendation:	BUY
Current Price:	RM0.62
Previous Target Price:	RM0.96
Target Price:	↔ RM0.96
Capital Upside/ Downside:	54.8%
Dividend Yield (%):	0.5%
Total Upside/ Downside:	55.3%

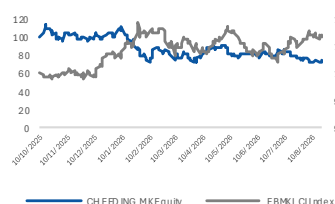
Stock information

Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0372 / CHEEDINGMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	797.3
Market Cap (RM' m)	490.3
52-Week Price Range (RM)	0.96-0.575
Beta (x)	N/A
Freefloat (%)	26.7
3M Average Volume (m)	2.1
3M Average Value (RM' m)	1.4

Top 3 Shareholders

	(%)
Chai Ng Kian	72.8
Hoi Tan Shook	2.6
Citibank New York S/A Norges Bank	2.3

Share Price Performance



	1M	3M	12M
Absolute (%)	-5.4	-4.7	-
Relative (%)	-6.3	-6.2	-

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)	39.0	38.4	44.3
EPS - core (sen)	4.9	4.8	5.6
P/E(x)	13.7	13.9	12.1

Cheeding Holdings Berhad

In line growth as margins hold firm

- CHEEDING's 1QFY27 core net profit came in at RM6.8m (-31.6% QoQ, -0.5% YoY), in line with our FY27F forecast at 17.8% and consensus FY27F forecast at 17.6%, supported by stronger margins and lower administrative expenses despite weaker contribution from overhead infrastructure EPCC projects.**
- We remain positive on CHEEDING's FY27 outlook, anchored by normalizing progress billings, strong grid and data centre tailwinds, and medium-term earnings diversification into underground utilities and substation works.**
- We maintain our earnings projections for FY27F-FY28F CNP at 38.4m and 44.3m respectively.**
- Maintain BUY with an unchanged TP of RM0.96, based on 20x FY27F EPS of 4.8 sen.**

In line with expectations. After adjusting for unrealised forex gains (-RM0.1m) and a fair-value gain on insurance surrender value (-RM0.1m), CHEEDING's 1QFY27 core net profit came in at RM6.8m (-31.6% QoQ, -0.5% YoY). The results were in line with our and consensus estimates at 17.8% and 17.6%, supported by sequentially stronger margins and lower administrative expenses despite weaker contribution from EPCC of overhead infrastructure for utilities projects.

QoQ. 1QFY27 core net profit declined 31.6% as revenue decreased 35.0% QoQ to RM18.8m, mainly due to lower revenue from underground infrastructure EPCC projects. Meanwhile, administrative expenses declined by 28.6% QoQ to RM2.4m. The effective tax rate rose to 25.0% from 22.6% in the preceding quarter. Nonetheless, core net profit margin expanded to 36.4%, representing a 1.8 percentage-point improvement QoQ.

YoY. 1QFY27 core net profit was largely flat (-0.5% YoY) despite a 20.7% increase in revenue to RM18.8m, as core net profit margin narrowed to 36.4% from 44.1% in 1QFY26 on a less favourable project mix.

Declares Dividend. CHEEDING declared a 0.30sen interim dividend with an ex-dividend date of 8th September 2026.

Outlook. We remain positive on CHEEDING's FY27 prospects, with overhead infrastructure EPCC works contributing c.98% of 1QFY27 revenue, we expect progress billings to normalise in the coming quarters as ongoing packages advance, while orderbook replenishment remains the key near-term catalyst. Sector demand remains underpinned by ongoing grid modernisation and expansion, data centre developments, industrial growth and the Government's energy transition initiatives, which are expected to sustain demand for utilities engineering services. Over the medium term, management's push into underground utilities and substation engineering services, together with the establishment of an in-house Design Department, should broaden its earnings base beyond overhead infrastructure works. Coupled with its stronger balance sheet post-listing, we believe CHEEDING is better positioned to compete for larger-scale utilities infrastructure projects moving forward.

Earnings revision. No changes to our earnings forecasts at this juncture.

Valuation & Recommendation. We maintain our **BUY** call and our unchanged TP of **RM0.96**. Our valuation remains pegged on a 20x FY27F EPS of 4.8 sen. As we 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. Customer concentration risk, material cost fluctuations, and tender pricing risk.

Results Note

Friday, 21 Aug, 2026

Results Comparison

FYE Mar (RM m)	1QFY27	1QFY26	yoy (%)	4QFY26	qoq (%)	3MFY27	3MFY26	yoy (%)	Comments
Revenue	18.8	15.6	20.7	28.9	(35.0)	18.8	15.6	20.7	
COGS	(7.9)	(4.1)	89.5	(13.6)	(42.4)	(7.9)	(4.1)	89.5	
Gross profit	11.0	11.4	(4.2)	15.3	(28.3)	11.0	11.4	(4.2)	
Other income	1.4	0.7	107.7	0.8	73.8	1.4	0.7	107.7	
Administrative expenses	(2.4)	(2.8)	(15.1)	(3.3)	(28.6)	(2.4)	(2.8)	(15.1)	
EBITDA	10.5	9.8	7.5	13.3	(21.1)	10.5	9.8	7.5	
Depreciation	(0.6)	(0.5)	16.0	(0.6)	(2.5)	(0.6)	(0.5)	16.0	
EBIT	10.0	9.3	7.1	12.7	(21.9)	10.0	9.3	7.1	
Net Finance Costs	(0.6)	(0.2)	160.7	(0.1)	832.8	(0.6)	(0.2)	160.7	
Profit Before Tax (PBT)	9.4	9.1	3.2	12.7	(26.2)	9.4	9.1	3.2	
Taxation	(2.3)	(2.3)	0.1	(2.9)	(18.5)	(2.3)	(2.3)	0.1	
Profit-after tax	7.0	6.7	4.3	9.8	(28.5)	7.0	6.7	4.3	
(-) Minority interest	-	-	-	-	-	-	-	-	
PAT (-MI)	7.0	6.7	4.3	9.8	(28.5)	7.0	6.7	4.3	
Core net profit	6.8	6.9	(0.5)	10.0	(31.6)	6.8	6.9	(0.5)	
Core EPS (sen)	0.9	0.9		1.3		0.9	0.9		
DPS (sen)	0.3	-		-		0.3	-		
EBITDA margin (%)	55.8	62.7		46.0		55.8	62.7		
PBT margin (%)	49.7	58.2		43.9		49.7	58.2		
Effective tax rate (%)	25.0	25.7		22.6		25.0	25.7		
Core PATMI margin (%)	36.4	44.1		34.6		36.4	44.1		

Source: Company, Apex Securities

Results Note

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Financial Highlights

Income Statement

FYEMar (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

FYEMar (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

FYEMar (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

FYEMar (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

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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

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(a) nil.