

Research Team

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Recommendation:	BUY
Current Price:	RM 1.10
Previous Target Price:	RM 1.05
Target Price:	RM 1.31
Capital Upside/ Downside:	↑ 19.3%
Dividend Yield (%):	0.3%
Total Upside/ Downside	19.7%

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)	2,050.2
52-Week Price Range (RM)	1.15-0.405
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	10.7
3M Average Value (RM' m)	9.0

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 (%)	21.1	69.0	131.9
Relative (%)	27.1	71.1	127.4

Earnings Summary	FY26F	FY27F	FY28F
Revenue (RM'm)	604.2	660.5	731.4
PATAMI (RM'm)	89.7	97.0	107.0
CNP (RM'm)	89.7	97.0	107.0
EPS - core (sen)	4.8	5.2	5.7
P/E(x)	23.1	21.3	19.3

CBH Engineering Holding Berhad

Scaling Up with Data Centre Momentum

- Greater confidence in earnings delivery as CBHB scales up execution of its RM890m outstanding order book, supported by continued data centre-related project wins.
- Raise FY26F-FY28F core net profit by 24-25%, mainly reflecting stronger operating leverage as administrative expenses remained at 4.3% of revenue in 1HFY26 versus 8.2% in FY25.
- Maintain revenue, gross margin and order book replenishment assumptions, with the RM1.0bn FY26 tender book supporting our RM600m new-order replenishment assumption.
- Maintain BUY with TP raised to RM1.31 from RM1.05, based on an unchanged 23.1x FY28F P/E; the TP upgrade is entirely earnings-driven.

Stronger Earnings Visibility. CBHB's share price has surpassed our previous TP of RM1.05, prompting us to revisit our earnings assumptions. We now have greater confidence in the company's ability to execute its enlarged order book, underpinned by sustained data centre-related project wins and its established track record in HV substation works.

Our View. We are increasingly confident in CBHB's earnings delivery as the company scales up its data centre-related project execution. **Its outstanding order book of c.RM890m, equivalent to 4.1x FY25 revenue,** provides strong medium-term revenue visibility, while its established track record in HV substation works supports our confidence in execution. Recent project wins further reinforce the sustainability of its data centre pipeline.

Importantly, the sharp increase in revenue has yet to translate into a commensurate increase in administrative expenses. Admin expenses were only RM9.1m, or 4.3% of revenue, in 1HFY26 versus 8.2% in FY25. We therefore see scope for operating costs to remain well controlled as the business scales, supporting stronger earnings conversion.

Outlook. We expect DC-related job momentum to remain strong, supported by continued hyperscaler investment in data centre and AI infrastructure. CBHB's **substation tender book stands at c.RM1.0b** for FY26, and at our assumed win rate of c.60%, this underpins our RM600m replenishment assumption. With six contracts secured YTD and a proven record in delivering HV substations for DC clients, we believe CBHB remains a key beneficiary in this segment. CBHB remains in a net cash position throughout our forecast period, with cash balances of RM142.5m in FY25A and RM126.6m in FY26F, which are sufficient to fund working capital on the enlarged order book without new borrowings.

Forecast Revision. We raise FY26F-FY28F core net profit by 24%, 25% and 25% to RM89.7m, RM97.0m and RM107.0m, respectively. The upgrade primarily reflects our increased confidence in operating leverage following the stronger-than-expected administrative cost performance in 1HFY26. We now assume admin expenses at 4.3% of revenue through FY28F, versus our previous assumption based on the FY25 ratio of 8.2%. Revenue, gross margin and order book replenishment assumptions remain unchanged.

Valuation & Recommendation. We maintain **BUY** and raise our **TP to RM1.31** (from RM1.05), based on P/E of 23.1x, rolled over to our revised FY28F EPS of 5.7 sen. The TP upgrade is therefore entirely earnings-driven, rather than from multiple expansion. We believe the combination of a sizeable order book, continued data centre-related job wins and improving operating leverage provides greater confidence in CBHB's earnings trajectory.

Risks. Delays in data centre project rollouts, execution and manpower constraints on the enlarged order book, cost overruns on fixed-price contracts, and customer concentration in the data centre segment.

Company Update

Wednesday, 30 Sep, 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	116.6	126.2	139.5
Depreciation & Amortisation	-0.9	-1.4	-2.2	-2.3	-2.5
EBIT	54.1	60.1	114.4	123.9	137.0
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	118.0	127.6	140.8
Tax	-13.1	-15.5	-28.3	-30.6	-33.8
Profit After Tax	41.7	48.1	89.7	97.0	107.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	41.7	48.1	89.7	97.0	107.0
Exceptionals	-2.5	0.0	0.0	0.0	0.0
Core Net Profit	44.3	48.1	89.7	97.0	107.0

Key Ratios

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	2.4	2.6	4.8	5.2	5.7
P/E (x)	46.7	43.0	23.1	21.3	19.3
P/B (x)	20.9	9.1	6.6	5.1	4.1
EV/EBITDA (x)	9.9	10.8	6.4	6.6	6.6
DPS (sen)	0.9	0.0	0.3	0.4	0.4
Dividend Yield (%)	0.8%	0.0%	0.3%	0.3%	0.4%
EBITDA margin (%)	20.3%	28.1%	19.3%	19.1%	19.1%
EBIT margin (%)	19.9%	27.5%	18.9%	18.8%	18.7%
PBT margin (%)	20.2%	29.1%	19.5%	19.3%	19.3%
PAT margin (%)	15.4%	22.0%	14.8%	14.7%	14.6%
NP margin (%)	15.4%	22.0%	14.8%	14.7%	14.6%
CNP margin (%)	16.3%	22.0%	14.8%	14.7%	14.6%
ROE (%)	44.6%	21.0%	28.8%	24.1%	21.3%
ROA (%)	27.7%	16.6%	18.3%	16.2%	14.8%
Gearing (%)	0.1%	0.2%	0.1%	0.1%	0.1%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

	FY28F
Core EPS (RM)	0.057
P/E multiple (x)	23.1
Fair Value (RM)	1.31
ESG premium/discount	0.0%
Implied Fair Value (RM)	1.31

Source: Company, Apex Securities

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	38.9	158.3	237.7	320.3	411.7
Receivables	38.7	60.0	51.2	58.9	67.8
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	482.6	590.8	713.8
Fixed Assets	3.6	5.3	5.2	5.5	5.9
Intangibles	0.0	0.0	0.0	0.0	0.0
Other non-current assets	2.9	2.0	2.0	2.0	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	311.4	401.5	501.0
Minority interest	0.0	0.3	0.3	0.3	0.3
Total Equity	99.2	228.4	311.8	401.9	501.4

Cash Flow

FYE Dec (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	54.8	63.6	118.0	127.6	140.8
Depreciation & amortisation	0.9	1.4	2.2	2.3	2.5
Changes in working capital	-21.6	-7.4	-5.7	-9.3	-11.3
Others	-16.2	-17.2	-31.9	-34.4	-37.6
Operating cash flow	18.0	40.3	82.6	86.3	94.4
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	-6.3	-6.8	-7.5
Others	-0.6	82.0	1.7	1.8	3.4
Financing cash flow	-21.6	82.0	-4.6	-5.0	-4.2
Net cash flow	-4.2	115.1	79.5	82.6	91.4
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	222.0	304.5
Ending cash	27.4	142.5	222.0	304.5	395.9

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★	Emitted 141,062.15 tCO ₂ e in absolute GHG emissions during FYE2025.
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 **Wednesday, 30 Sep, 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.