

Results Note

Thursday, 26 Feb, 2026

Research Team

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Recommendation:	BUY
Current Price:	RM 0.70
Previous Target Price:	RM 0.96
Target Price:	↔ RM 0.96
Capital Upside/Downside:	37.1%
Dividend Yield (%):	0.0%
Total Upside/Downside	37.1%

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)	558.1
52-Week Price Range (RM)	0.96-0.585
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	N/A
3M Average Value (RM' m)	N/A

Top 3 Shareholders

	(%)
Chai Ng Kian	72.8
Shein Ng Lam	2.6
Hsia Ng Chai	2.3

Share Price Performance



	1M	3M	12M
Absolute (%)	-5.4	N/A	N/A
Relative (%)	-5.6	N/A	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	117.7	134.5	147.1
PATAMI (RM'm)	26.3	33.3	38.4
CNP (RM'm)	26.3	33.3	38.4
EPS - core (sen)	3.3	4.2	4.8
P/E(x)	24.1	19.1	16.5

Cheeding Holdings Berhad

S-Curve Acceleration Fuels 67% QoQ Revenue Jump

- **CHEEDING's 3QFY26 CNP** came in at RM10.7m, bringing 9MFY26 CNP to RM26.3m, within expectations at 79% of our FY26F forecast, underpinned by a robust 67.1% QoQ revenue jump.
- **We maintain our earnings projections for FY26F–FY28F without further revisions. While margins have normalized due to material-intensive project phases, results are tracking within our upgraded estimates.**
- **Reiterate BUY with an unchanged TP of RM0.96, based on 20x FY27F EPS of 4.8 sen.**

Within expectations. After adjusting for one-off items (+RM0.3m), CHEEDING's 3QFY26 core net profit (CNP) came in at RM10.7m, bringing 9MFY26 CNP to RM26.3m. The results were deemed within expectations underpinned by a robust 67.1% QoQ revenue jump to RM41.4m as EPCC projects reached peak execution.

QoQ. 3QFY26 CNP grew 22.7% as revenue surged 67.1% to RM41.4m, driven by accelerated S-curve recognition in overhead infrastructure EPCC. This growth was partially tempered by a GP margin contraction to 51.7% (from 56.2% in 2QFY26) as projects entered material-intensive phases, with material costs more than doubling to RM16.98m. Additionally, the effective tax rate rose to 30.93% (from 27.92% in 2QFY26) due to non-deductible listing expenses. Consequently, CNP margin contracted to 25.8%, a 9.3 percentage-point decrease from the preceding quarter.

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

Outlook. We anticipate a robust conclusion to FY26, with 4Q earnings anchored by the ongoing S-curve acceleration of overhead infrastructure projects. The **order book** remains strong at RM184.5m (1.6x FY25 revenue), diversified across overhead infrastructure (65.2%), underground utilities (18.4%), substations (15.7%), and maintenance (0.8%). While near-term tender activity may remain muted due to rollout timing, momentum is expected to re-accelerate from FY27 onwards, supported by a healthy **RM200m tender book**. Post-IPO, the Group's liquidity has surged to RM103.2m, providing the capital necessary for larger-scale national projects. Medium-term visibility is secured by TNB's RP4 annual capex of RM14.3bn and Malaysia's 6GW data centre pipeline, both of which is expected to sustain demand for CHEEDING's specialized EPCC expertise. Furthermore, the strategic use of IPO proceeds for performance bonds and capital expenditure will significantly expand tendering capacity for upcoming substation and underground utility opportunities.

Earnings revision. No changes to our earnings forecasts at this juncture. We maintain our FY26F/FY27F/FY28F net profit projections as results are tracking within our upgraded estimates.

Valuation & Recommendation. We reiterate 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 positive on CHEEDING's outlook, given its: (i) **licensing** strength in up to **500kV transmission**, (ii) **high-margin** integrated EPCC model (iii) **proven track record** of delivering more than 20 national infrastructure projects, and (iv) **direct beneficiary status** of Malaysia's energy transition and digital infrastructure growth.

Risks. Customer Concentration Risk. Dependence on regulatory and public sector infrastructure spending. Cost overrun risk.

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Results Comparison

FYE Mar (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)	Comments
Revenue	41.4	-	nm	24.8	67.1	81.8	-	nm	
COGS	(20.0)	-	nm	(10.9)	84.3	(35.0)	-	nm	
Grossprofit	21.4	-	nm	13.9	53.7	46.8	-	nm	Margin normalisation
Other income	0.6	-	nm	0.5	29.0	1.8	-	nm	
Administrative expenses	(6.9)	-	nm	(2.9)	138.8	(12.6)	-	nm	
EBITDA	15.7	-	nm	12.1	30.0	37.5	-	nm	
Depreciation	(0.6)	-	nm	(0.6)	2.5	(1.6)	-	nm	
EBIT	15.1	-	nm	11.5	31.3	35.9	-	nm	
Net Finance Costs	(0.0)	-	nm	(0.3)	(86.4)	(0.5)	-	nm	
Profit Before Tax (PBT)	15.1	-	nm	11.3	33.9	35.4	-	nm	
Taxation	(4.7)	-	nm	(2.9)	61.5	(9.9)	-	nm	
Profit-after tax	10.4	-	nm	8.4	24.4	25.5	-	nm	
(-) Minority interest	-	-	nm	-	-	-	-	nm	
PAT (-MI)	10.4	-	nm	8.4	24.4	25.5	-	nm	stronger
Core net profit	10.7	-	nm	8.7	22.7	26.3	-	nm	contribution from EPCC
Core EPS (sen)	1.3	-		1.1		3.3	-		
DPS (sen)	-	-		-		-	-		
EBITDA margin (%)	37.9			48.7		45.9			
PBT margin (%)	36.4			45.4		43.3			
Effective tax rate (%)	30.9			25.7		27.9			
Core PATMI margin (%)	25.8			35.2		32.1			

Source: Company, Apex Securities

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Financial Highlights

Income Statement

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	88.2	117.7	134.5	147.1	197.6
Gross Profit	39.2	45.1	55.1	62.9	75.5
EBITDA	29.6	36.5	46.2	53.3	61.6
Depreciation	-2.3	-1.9	-3.0	-3.4	-3.7
EBIT	27.3	34.6	43.2	49.9	57.9
Net Finance Income/ (Cost)	0.1	0.4	0.6	0.6	0.6
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	27.4	35.0	43.8	50.5	58.5
Tax	-7.0	-8.6	-10.5	-12.1	-14.0
Profit After Tax	20.5	26.3	33.3	38.4	44.5
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	20.5	26.3	33.3	38.4	44.5
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	20.5	26.3	33.3	38.4	44.5

Key Ratios

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	2.6	3.3	4.2	4.8	5.6
P/E(x)	31.0	24.1	19.1	16.5	14.2
P/B(x)	14.9	12.6	5.1	4.1	3.4
EV/EBITDA(x)	21.8	18.4	15.7	14.0	12.5
DPS (sen)	0.6	2.3	1.0	1.2	1.4
Dividend Yield (%)	0.8%	2.9%	1.3%	1.5%	1.8%
EBITDA margin (%)	33.5%	31.0%	34.3%	36.2%	31.2%
EBIT margin (%)	31.0%	29.4%	32.1%	33.9%	29.3%
PBT margin (%)	31.1%	29.7%	32.5%	34.3%	29.6%
PAT margin (%)	23.2%	22.4%	24.7%	26.1%	22.5%
NP margin (%)	23.2%	22.4%	24.7%	26.1%	22.5%
CNP margin (%)	23.2%	22.4%	24.7%	26.1%	22.5%
ROE (%)	48.1%	52.3%	26.6%	25.0%	23.8%
ROA (%)	32.2%	28.0%	22.6%	21.4%	20.6%
Gearing (%)	9.7%	6.2%	1.4%	1.3%	1.1%
Net gearing (%)	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)	FY24	FY25	FY26F	FY27F	FY28F
Cash and bank balances	14.2	41.3	91.1	116.3	135.4
Receivables	18.3	23.7	23.9	28.2	40.6
Contract assets	13.3	9.8	10.8	11.8	15.8
Other current assets	0.0	0.0	0.0	0.0	0.0
Total Current Assets	45.9	74.8	125.8	156.3	191.8
Fixed Assets	9.1	10.8	13.0	14.8	16.3
Investment properties	8.6	8.5	8.3	8.1	7.9
Other non-current assets	0.0	0.0	0.2	0.2	0.2
Total Non-Current Assets	17.7	19.3	21.5	23.1	24.5
Short-term debt	1.3	1.4	0.8	0.9	1.0
Payables	4.1	12.2	6.5	6.9	10.0
Other current liabilities	12.6	28.2	13.8	16.6	16.8
Total Current Liabilities	17.9	41.8	21.2	24.4	27.8
Long-term debt	2.8	1.7	1.0	1.1	1.2
Other non-current liabilities	0.3	0.3	0.3	0.3	0.3
Total Non-Current Liabilities	3.2	1.9	1.2	1.3	1.4
Shareholder's equity	42.5	50.4	124.9	153.7	187.1
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	42.5	50.4	124.9	153.7	187.1

Cash Flow

FYE Mar (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	27.4	35.0	43.8	50.5	58.5
Depreciation	2.3	1.9	3.0	3.4	3.7
Changes in working capital	-17.2	21.2	2.1	13.1	17.4
Others	4.2	-14.5	-30.6	-27.3	-44.5
Operating cash flow	16.7	43.6	18.2	39.7	35.1
Capex	-2.5	-5.0	-5.0	-5.0	-5.0
Others	0.0	1.8	0.0	0.0	0.0
Investing cash flow	-2.5	-3.1	-5.0	-5.0	-5.0
Dividends paid	-5.0	-12.0	-8.3	-9.6	-11.1
Others	-6.6	3.7	44.9	0.1	0.2
Financing cash flow	-11.6	-8.3	36.6	-9.5	-11.0
Net cash flow	2.5	32.1	49.8	25.2	19.1
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	0.5	3.0	35.2	85.0	110.2
Ending cash	3.0	35.2	85.0	110.2	129.3

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.