TRADEVIEW RESEARCH

1 December 2025

CAB Cakaran Corporation Berhad (7174)

JV Catalyst and Cost Tailwinds

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BUY

TP: RM 0.81 (+19%)

Current Share Price: RM 0.68

Results Report

Value

Investment Horizon
12 months

Valuation

Our target price is based on:

FY26F PE of 5.8x, which is lower than its peer's forward PE of 10x, given the longer-than-expected outcome from its JV with Salim group and smaller market size than its peers.

Results Review

CAB's FY25 earnings came in within expectations at 100% of our forecast and 97% of consensus. QoQ, 4QFY25 core earnings dipped by 12% due to higher operational cost led to lower gross margin. The group declared a dividend of 1 sen, which came in as a positive surprise to us.

Outlook

After several years, CAB has finally entered into a joint venture agreement with PT Ternak Ayam Terpadu Indonesia to combine the resources and expertise of both parties to produce halal poultry products for the Indonesian consumer market. Phase 1 involves an estimated investment of USD10mn to set up a food processing plant, which is expected to be implemented in 2QCY26. As the JV is still at an early stage, we have not factored in any estimates for now, but we believe the plant will likely be ready by end-CY26. We also expect CAB to benefit from the strengthening ringgit, which should lower raw material costs such as soybean meal and corn, and led to better margins. As such, we raise our FY26F earnings forecast by 7% to reflect better gross profit margins from lower input costs. We maintain our FY27F forecasts and introduce FY28F projections. We upgrade our call to BUY (from HOLD) with a target price of RM0.81, based on an unchanged 5.8x FY26F PER.

Key Assumptions

Revenue Growth	Before			After		
	FY2026F	FY2027F	FY2028F	FY2026F	FY2027F	FY2028F
Integrated poultry growth	4%	4%	New	4%	4%	5%
# of supermarket	22	25	New	22	25	27
SSSG of supermarket	2%	2%	New	2%	2%	2%
Overall GP margin	12%	12%	New	12%	12%	12%

Results Summary

FYE 30 Sep (RMm)	4QFY24	3QFY25	4QFY25	QoQ (%)	YoY (%)	FY24	FY25	YoY (%)
Revenue	591.9	569.2	569.7	*0.1*	*-3.7*	2297.1	2306.2	*0.4*
Gross profit	47.4	73.6	54.7	*-25.7*	*15.5*	233.3	276.9	*18.7*
EBITDA	31.4	57.6	36.8	*-36.2*	*17.2*	209.1	209.2	*0.0*
Depreciation	-14.9	-14.5	-14.6	*1.1*	*1.7*	-59.2	-59.2	*0.1*
EBIT	16.5	43.2	22.1	*-48.7*	*34.2*	149.9	150.0	*0.1*
Other gains and losses	-1.0	0.5	13.0	*nm*	*nm*	-0.4	11.4	*nm*
joint venture	0.7	-0.5	0.8	*-271.9*	*19.4*	1.8	2.6	*41.5*
Pretax Profit	10.9	39.5	32.6	*-17.4*	*199.6*	131.5	149.8	*13.9*
Taxation	-4.3	-10.7	-8.1	*23.9*	*-88.0*	-38.3	-41.6	*8.5*
Net Profit	6.6	28.8	24.5	*-14.9*	*272.9*	93.2	108.2	*16.1*
Core Net Profit	9.7	22.7	20.0	*-12.0*	*105.2*	75.5	90.7	*20.1*
Margin (%)								
GP	8.0	12.9	9.6			10.2	12.0	
EBITDA	5.3	10.1	6.5			9.1	9.1	
Pretax	1.8	6.9	5.7			5.7	6.5	
Core Net Profit	1.6	4.0	3.5			3.3	3.9	

Financial Exhibits

FYE 30 Sep	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RMm)	2,297.1	2,306.2	2,480.5	2,625.1	2,767.3
EBITDA (RMm)	209.1	209.2	236.8	244.8	242.6
Pretax profit (RMm)	131.5	149.8	157.9	166.7	168.0
Net profit (RMm)	75.5	90.7	98.3	103.7	104.6
EPS (sen)	10.8	12.9	14.0	14.8	14.9
PER (x)	6.3	5.3	4.9	4.6	4.6
Core net profit (RMm)	75.5	90.7	98.3	103.7	104.6
Core EPS (sen)	10.8	13.0	14.1	14.8	14.9
Core EPS growth (%)	(29.2)	20.4	8.5	5.0	0.7
Core PER (x)	6.3	5.2	4.8	4.6	4.6
Net DPS (sen)	1.0	1.0	1.0	1.0	1.0
Dividend Yield (%)	0.7	0.7	0.7	0.7	0.7
ROE (%)	11.1	11.8	12.5	12.9	12.7
P/BV (x)	0.6	0.5	0.5	0.5	0.5

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Tradeview Research Investment Rating System

Equity:

BUY: Total stock return expected to exceed +15% over 12-month period

HOLD: Total stock return to be between -15% and +15% over a 12-month period

SELL: Total stock return expected to below -15% over a 12-month period

TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period