

Cheeding Holdings Berhad (0372)

Backbone of Malaysia’s Energy Future

By Tan Jia Hui / jiahui@tradeviewcapital.my

Subscribe

Target Price: RM 0.610 (+69%)

Current Share Price: RM 0.36

Valuation

Our target price is based on:

FY27F PE of 13.3x, in line with its peers’ forward PE of 13.3x, given its expanding presence in DC-related projects and its expansion into the lower margin underground and substation segment.

IPO Note

Growth

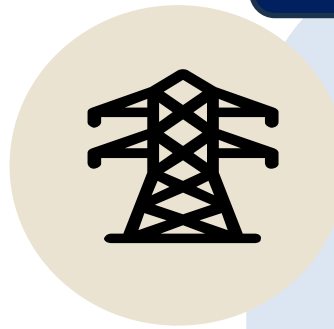
Investment Horizon : 12 months

We recommend a Subscribe rating for Cheeding Holdings Berhad (Cheeding), with a target price of RM0.610, representing a 69% upside. Cheeding is a power infrastructure engineering contractor with a proven track record in EPCC of overhead and underground power infrastructure, as well as substations engineering services. We favour Cheeding for its (i) strong positioning to benefit from Malaysia’s power infrastructure growth, (ii) expanding order book and healthy tender book pipeline, and (iii) horizontal expansion within power infrastructure segment.

Riding on DC-Led TNB CAPEX Expansion

 TNB contributed nearly all of Cheeding’s revenue, showing a clear link between TNB’s CAPEX and revenue recognized. Hyperscale DCs scaling from 33kV to 132kV-275kV are driving PMU (Transmission Main Intake) shortages, forcing TNB to accelerate new PMU builds along with transmission and distribution projects. Contract values depend on PMU-DC distance and voltage level, directly benefiting Cheeding whose expertise covers 132kV–500kV overhead and up to 275kV underground. While heavily reliant on TNB, we see limited risk as DC-led CAPEX should sustain at least three more years, backed by Malaysia’s strategic advantages and policies such as JS-SEZ, aligned with TNB’s 150 DC target but only 21 completed connections as of 1Q25. With structural demand in place, Cheeding’s order book capacity of up to RM400m, and 20–25% tender win rate, its revenue is projected to grow at a 15.7% CAGR from FY25 to FY28.

Supported by Strong Order Book and Tender Pipeline

 Cheeding has entrenched credentials in the power infrastructure segment with 17 years of experience, a 15-year relationship with TNB, and selection under the Green Lane Pathway initiative. As one of fewer than 10 overhead players, competition is less intense, giving it an edge as TNB awards based on work scope weightage and contractors’ specialization, creating barriers to entry. Cheeding’s workforce is backed by over 200 employees and it has access to skilled foreign workers via its project manager from India, enabling consistent execution and timely delivery. Cheeding’s IPO proceeds, allocated to CAPEX, performance bonds, and working capital, will strengthen its ability to bid for larger projects while freeing internal funds for greater flexibility. Its order book stood at RM202.7m as of 15th August 2025, with estimated revenue recognition of RM123.7m in FY26, RM71.8m in FY27, and RM7.1m in FY28. With order book capacity of up to RM400m, we forecast accelerated order book growth from FY25–FY28, driven by DC demand, the RM500m BESS tender, and grid upgrade opportunities in Kulim and ASEAN Grid.

Enhancing Competitiveness through In-house Design and Horizontal Expansion

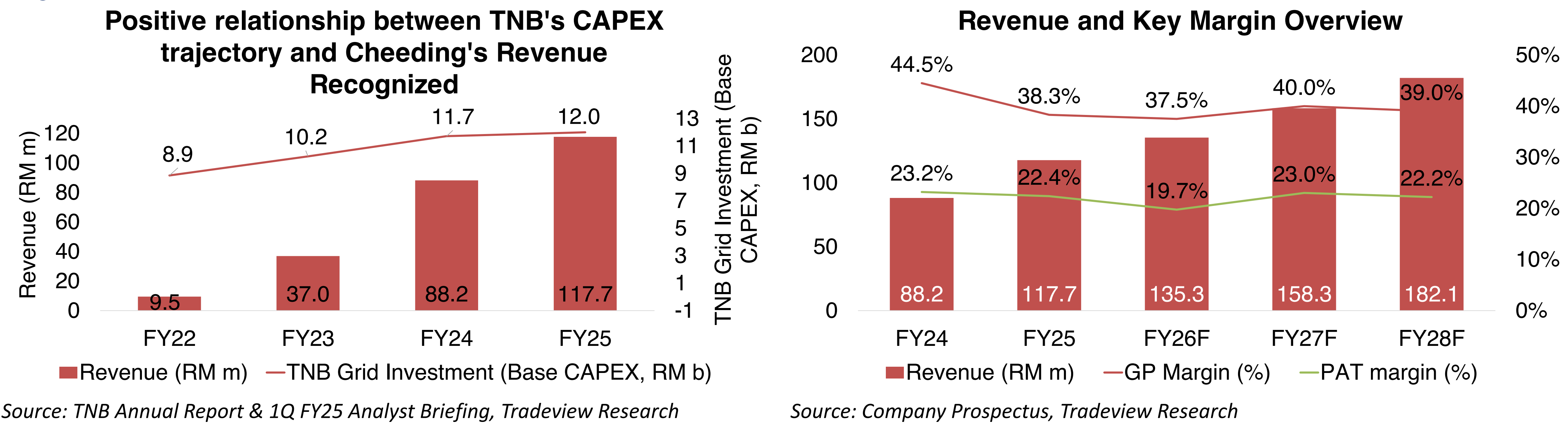
 Cheeding is expanding into underground cabling and substation segments, both essential for DC projects. Underground EPCC contracts carry higher values but thinner margins due to cable procurement costs. Although it has limited experience in full substation EPCC, Cheeding is building credentials via JVs and subcontracting. The establishment of an in-house design department under BC Services is expected to improve cost efficiency and accuracy in bidding. We expect underground and substation works to contribute more than 25% and 10% of revenue respectively over FY26-FY28, diversifying earnings while keeping PAT margins at 20%-23%.

Investment Thesis

Proxy to TNB CAPEX and Data Centre–Driven Grid Expansion

As Cheeding’s largest customer, TNB contributed 53.8%, 90.5%, 99.6% and 98.3% of Cheeding’s total revenue for FYE22, FYE23, FYE24 and FYE25, respectively. We observe a clear correlation between TNB’s CAPEX trajectory and Cheeding’s revenue recognized. Hyperscale DCs typically begin operations with 33kV connections, and up-scaling requires dedicated additional 132kV or usually 275kV feeds from the National Grid via nearby PMUs, which are linked to internal substations. Due to the exponentially increasing power demand coming from DCs, there is a shortage of PMUs and many DCs’ internal substations are currently linked directly with the transmission grid. Therefore, TNB is aggressively building more PMUs, particularly near DC sites without an existing PMU nearby. Once a PMU is constructed, transmission grid projects will follow, linking to the new PMU, and subsequently distribution line projects will connect the PMU with DCs’ internal substations. As noted by the management, contract values are largely determined by PMU-DC distance and voltage level. This creates significant opportunities for Cheeding that has expertise in both high voltage transmission grid and distribution line projects (132kV to 500kV overhead; up to 275kV underground), positioning it favourably against peers and enabling it to capture DC-related projects which are mainly high voltage.

While Cheeding is heavily reliant on TNB, we do not view this as overly concerning, given that TNB’s CAPEX expansion is structurally underpinned by sustained DC-driven power demand, which we expect to continue for at least three more years. This is supported by Malaysia’s favourable location near Singapore, competitive electricity and land costs, and supportive policies such as the establishment of the Johor-Singapore Special Economic Zone (JS-SEZ). Even if TNB’s CAPEX moderates, Cheeding still has the ability to tender and secure private sector projects such as a solar-related project like BESS. As of 1Q 2025, TNB had completed power supply connections to 21 DCs with a combined capacity of 2,778 MW, secured 43 projects with a total capacity of around 6.4GW, signed 5 new Electricity Supply Agreements (ESA) and is targeting 150 DCs in Malaysia eventually. This structural demand underpins multi-year growth visibility for Cheeding, and we expect Cheeding’s revenue to reach RM135.3m in FY26, driven by completing more DC-related projects; RM158.3m in FY27, driven by completing more underground and substation projects; and RM182.1m in FY28, driven by completing more substation projects following gains in experience and credentials, as well as project wins in that segment.



Promising Order and Tender Book Expansion

Management notes that TNB’s contractor selection criteria prioritize proven execution track record, workforce capability, and competitive pricing. There are fewer than 10 competitors in the overhead segment, where Cheeding is the only listed player, compared to more than 20 competitors in the underground segment including both listed and private contractors. With 17 years of experience and a 15-year working relationship with TNB, Cheeding has entrenched credentials in the power infrastructure segment and is one of the most experienced overhead contractors. Additionally, with over 200 employees across the Engineering, Project, Safety and Environment Department, we believe Cheeding has sufficient manpower to tender for more projects and deliver on time, avoiding potential penalties. Management also noted manpower capacity will never be an issue as Cheeding has a project manager from India capable of bringing skilled workers from India when needed. Furthermore, Cheeding is among TNB’s selected contractors under the Green Lane Pathway initiative for both overhead and underground projects, providing it with tender access to DC-related works. TNB also assigns projects based on scope specialization. For example, when a project is primarily overhead, it will only award it to overhead-focused contractors like Cheeding, excluding underground-focused peers. This selective awarding, leveraging on Green Lane Pathway initiative inclusion, strengthens Cheeding’s moat and creates barriers to entry for new entrants. Even in cases where peers secure awards, Cheeding can participate as a subcontractor when peers face a lack of technical competency or manpower capabilities.

Investment Thesis

The IPO proceeds of RM3.2m, RM16.2m, and RM24.6m will be allocated for CAPEX, performance bonds for future projects, and working capital, respectively, enhancing Cheeding's capability to tender for more and larger projects. Typically, 5% of the total contract value is required as a performance bond, with an additional 10% requested before job completion. For example, based on the 5% requirement, the RM16.2m allocation would allow Cheeding to secure performance bonds for contracts with a total value of up to RM323.0m. This frees up Cheeding's internally generated funds, providing greater flexibility to pursue more contracts while preserving excess cash for working capital. As of 15 August 2025, Cheeding's order book stood at RM202.7m, with estimated revenue recognition of RM123.7m in FY26, RM71.8m in FY27, and RM7.1m in FY28. With an order book capacity of up to RM400m, Cheeding's order book is expected to grow rapidly over FY26–FY28, driven by winning more DC-related projects, especially larger underground projects with higher contract values as well as substation projects. On the tender side, Cheeding's tender book currently stands at around RM375m with an estimated 20%-25% win rate, consisting mostly of multi-segment DC-related projects and a RM500m Battery Energy Storage System (BESS) project, where its attributable scope is RM120m. The BESS project is a JV with Nestcon, which is not in TNB's contractor recognition list, where Cheeding will undertake the civil works with margins likely around the level of underground projects. It is worth noting that there are only 132kV grids around Kulim area. Therefore, potential grid upgrading or construction of new high voltage transmission grid to fulfil industrial demand in the near future also provide opportunities to Cheeding. Future potential tenders include ASEAN Grid, as well as upcoming DC-related projects across Malaysia. Overall, we believe that Cheeding is well-positioned to ride the electricity demand upcycle, while sustaining order book and tender book growth.

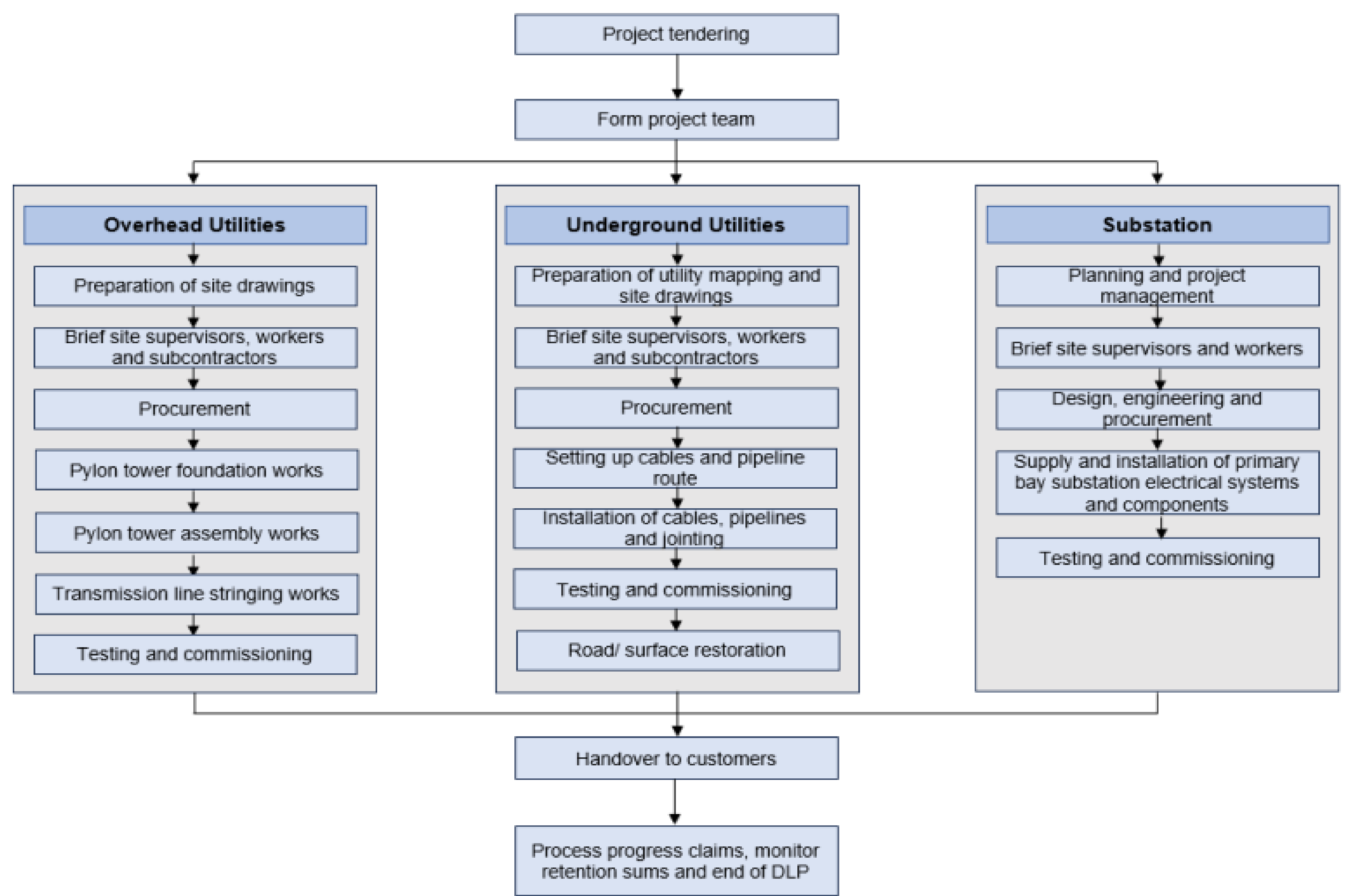
Diversifying Revenue Source and Setting-up In-house Design Department

Leveraging existing competencies, Cheeding is currently taking on more underground and substation projects as DC construction typically involves a combination of overhead, underground and substation scopes. EPCC underground contracts carry higher values but generally lower margins due to costly cable procurement and a more competitive tendering environment. Conversely, erection-only works, where TNB supplies cables, provide higher margins. Currently, Cheeding has limited experience in full substation EPCC, focusing instead on modification and replacement works. To build credentials, Cheeding is actively entering into JVs and subcontract roles in substation projects, creating a pathway to ultimately expand into EPCC for substation engineering services. We believe this is a proactive strategy to grow its top-line revenue, given the increasing number of substation projects, since all DCs require internal substations. By securing more DC-related projects involving underground and substation work, we believe Cheeding can aggressively grow its top-line revenue, although gross profit margins may shrink slightly. Furthermore, Cheeding also plans to set up a design department under its wholly-owned subsidiary, BC Services, to oversee all engineering survey and design for its utilities projects, with expected cost savings of about 2.5% of cost of sales. As noted by the management, TNB typically gives contractors discretion over detailed execution. This means that an in-house design department enables Cheeding to control both design quality and cost of sales. For example, Cheeding is given the freedom to determine the number of transmission towers that have to be built for a given distance as well as the freedom to determine the type of tower foundation. Therefore, an in-house design department will be a key factor that enables Cheeding to limit overall gross margin compression driven from the underground and substation segment. Besides, given the short 1-week tender notification period and reliance on limited TNB data, having in-house design capability allows Cheeding to submit more accurate and competitive bids as the consultant's turnaround is long. Hence, we expect the design arm to enhance both tender conversion rates and gross profit margins, while broadening Cheeding's addressable market.

With these expansions, we expect Cheeding to diversify its revenue stream, with EPCC of underground power infrastructure contributing 25%, 27%, and 29% of total revenue, while substation engineering services are expected to contribute 10%, 13%, and 15% of total revenue for FY26, FY27, and FY28 respectively. On top of that, we project that the overall top-line growth will remain strong; gross margins may compress slightly from procurement-heavy underground works but limited by in-house design capability as well as management preference to prioritize tendering of overhead projects; PAT margins remain stable in the range of 20%-23%, supported by improving operational efficiency and maintaining a low gearing ratio to avoid heavy interest expenses. Cheeding's allocation of RM2.3m from IPO proceeds to repay its outstanding borrowings of RM2.5m is expected to generate estimated interest savings of approximately RM0.28m, further supporting its target to maintain a low gearing. Particularly, we expect Cheeding's gross margin to drop slightly to 37.5% in FY26 as a result of margin compression from securing more underground and substation projects, rise slightly to 40% in FY27 after the establishment of the design department in 1Q 2026, before dropping to 39.0% in FY28 as a consequence of further expanding into the underground and substation segments.

Company Overview

Cheeding Holdings Berhad was incorporated in Malaysia on 11 September 2024 as a private limited company before being converted to a public limited company on 6 November 2024. Cheeding’s roots trace back to the incorporation of Pembinaan Bukit Cheeding in 1993, which shifted from garment retail and wholesale to civil engineering works under the leadership of current Managing Director Ng Kian Chai in 1996. In 2007, Cheeding ventured into subcontracting works for overhead infrastructure for utilities. In 2009, Cheeding secured the Mergong Project, its first overhead infrastructure for utilities project as a main contractor. Over the years, Cheeding expanded into the EPCC and maintenance of overhead and underground utilities infrastructure, as well as substation engineering services. In 2014, BC Services was acquired to strengthen in-house capabilities in project design, costing, and site surveys. Since securing its first main contractor project in 2009, Pembinaan Bukit Cheeding has secured a series of high-voltage transmission projects across Malaysia, including large-scale contracts such as the RM66.0m Pahang 2 Project in 2018 and the RM61.0m Ayer Tawar Project in 2023. Cheeding’s operations are conducted through its subsidiaries, focusing on delivering integrated utilities engineering solutions to the power transmission sector.



Utilisation of Proceeds

Purposes	RM'm	%	Estimated timeframe for utilisation from the listing date
Repayment of bank borrowings	2.3	4.5	6 months
Capital expenditure	3.2	6.2	24 months
Performance bond for future projects	16.2	31.4	24 months
Working capital	24.6	47.8	24 months
Estimated listing expenses	5.2	10.1	3 months

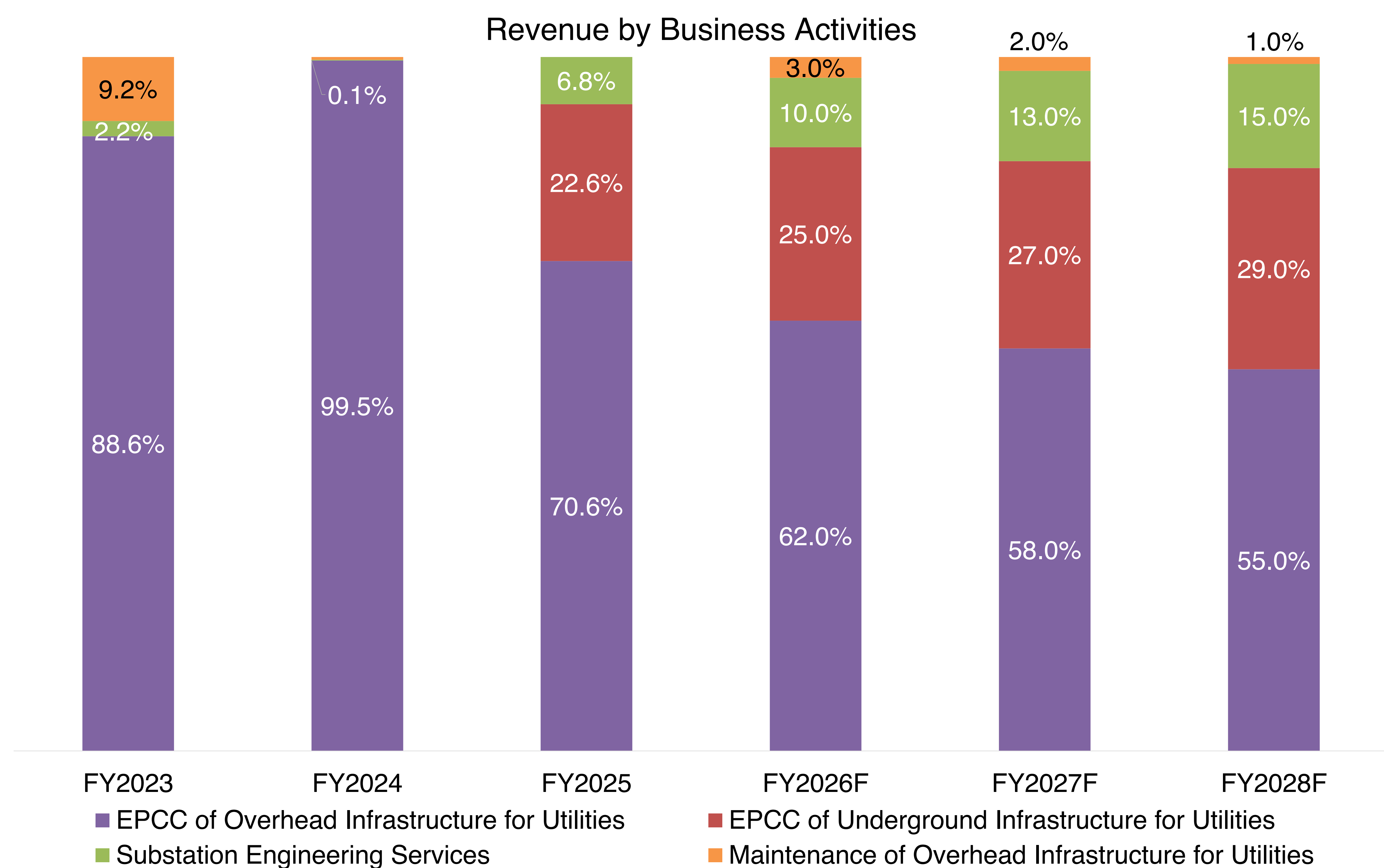
Source: Company Prospectus, Tradeview Research

Company Overview

Business Segment

Segments	Description	Visualization	
EPCC and maintenance of overhead infrastructure for utilities	Procure, supply, deliver, install, construct, relocate, test and commission as well as inspect, repair and maintain overhead infrastructure for utilities Maintenance services for overhead infrastructure for utilities involving in replacement and refurbishment activities	 Lattice Pylon Towers	 Monopole Pylon Towers
EPCC of underground infrastructure for utilities	Undertake planning, procurement, construction and commissioning of underground infrastructure for utilities	 Open Trench Excavation Method	 HDD Method
Substation engineering services	Undertake substation engineering works involving technical design and build of primary equipment inside the primary bay of a new or existing substation	 Primary Bay of Substation	 Aerial View

Source: Company Prospectus, Shutterstock, Tradeview Research

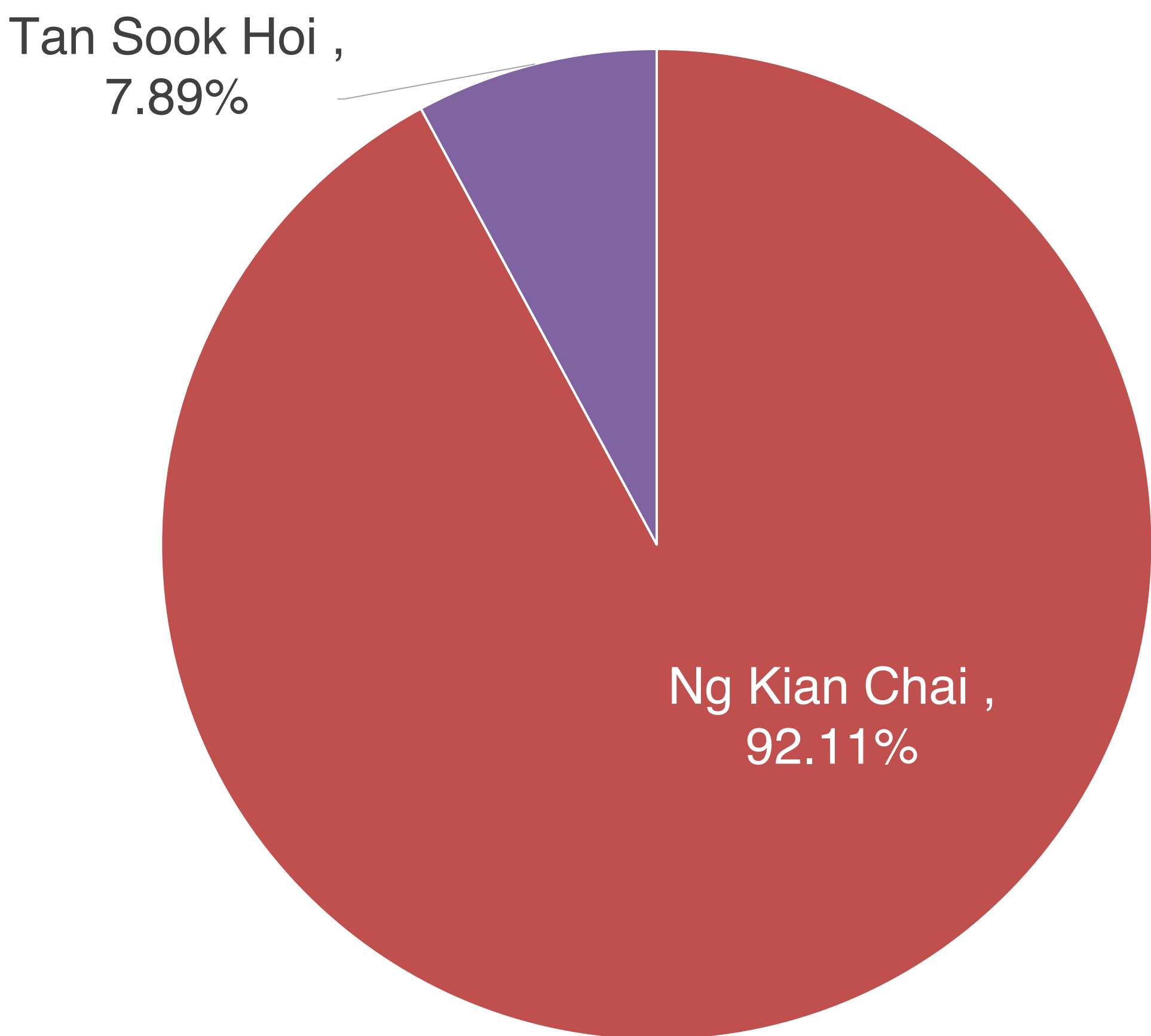


Source: Company Prospectus, Tradeview Research

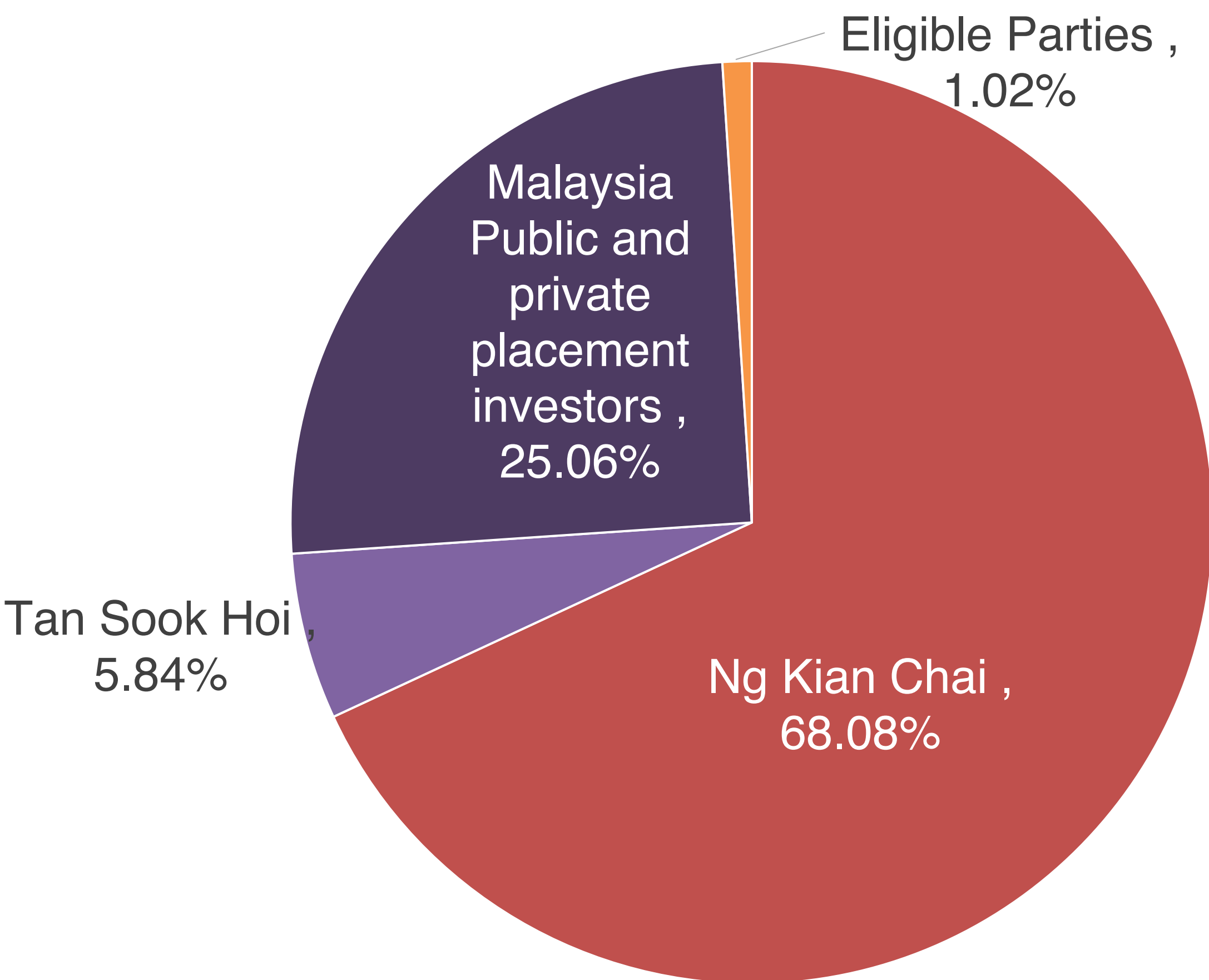
Management Team

- Ng Kian Chai is the Managing Director of Cheeding, appointed to the Board in September 2024. He is responsible for Cheeding’s overall strategic direction, business expansion, and client relationship management. He began his career in 1970 as a vegetable farmer before moving into handyman, carpentry, and construction labour work. In 1990, he founded Ng Brothers Engineering Construction, a subcontractor for transmission tower foundation works, which has been dormant since 2015. In 1996, he was appointed Director and later shareholder of Pembinaan Bukit Cheeding, where he redirected the business towards civil engineering works. Under his leadership, Cheeding expanded into EPCC and maintenance of overhead and underground utilities, as well as substation engineering. He is the spouse of substantial shareholder Tan Sook Hoi and father to Executive Director Ng Chai Hsia, Chief Operating Officer Ng Lam Shein, and Project Director Ng Lam Tiong.
- Ng Chai Hsia is the Executive Director of Cheeding, appointed to the Board in September 2024. She oversees human resources, administrative functions, and asset management, and supports the Managing Director in implementing business decisions. She holds a Bachelor of Business from the University of Technology, Australia, and joined Cheeding in 2006 as an Executive in tender preparation. In 2010, her portfolio expanded to include finance, accounts, and tax matters, and prior to the appointment of the CFO in 2024, she oversaw Cheeding’s financial management. She also manages foreign worker recruitment and liaises with regulatory authorities. She was appointed Director of Pembinaan Bukit Cheeding in 2023 and Executive Director of Cheeding in 2024.
- Ng Lam Shein is the Chief Operating Officer of Cheeding. He oversees resource planning, site operations, and environmental, safety, and health compliance for Cheeding’s utilities engineering services. He holds a Bachelor of Environments and a Master of Engineering from the University of Melbourne and has been registered as a Graduate Engineer (Civil) with the Board of Engineers Malaysia since 2017. He joined Cheeding in 2017 as Project Engineer, was promoted to Project Manager in 2019, and to Chief Operating Officer in 2024.
- Ng Lam Tiong is the Project Director of Cheeding. He is responsible for tender submissions, project design, budgeting, and costing. He holds a Bachelor of Accounting (Honours) from Universiti Tenaga Nasional and joined Cheeding in 2004 as Project Manager, where he was involved in tender documentation, project execution, and site management. In 2014, he acquired BC Services and became its Director, overseeing its daily operations. He was appointed Project Director of Cheeding in 2024.
- Yap Hoong Yun is the Chief Financial Officer of Cheeding. He is responsible for financial and risk management, reporting, taxation, and internal controls. He holds a Bachelor of Accounting from the University of Malaya and has been a member of the Malaysian Institute of Accountants since 2014. Yap began his career at Crowe Malaysia PLT in 2012, where he progressed from Associate to Senior Manager by 2021. He joined Cheeding as Chief Financial Officer in 2024.

Shareholding Structure
Pre-IPO



Post-IPO

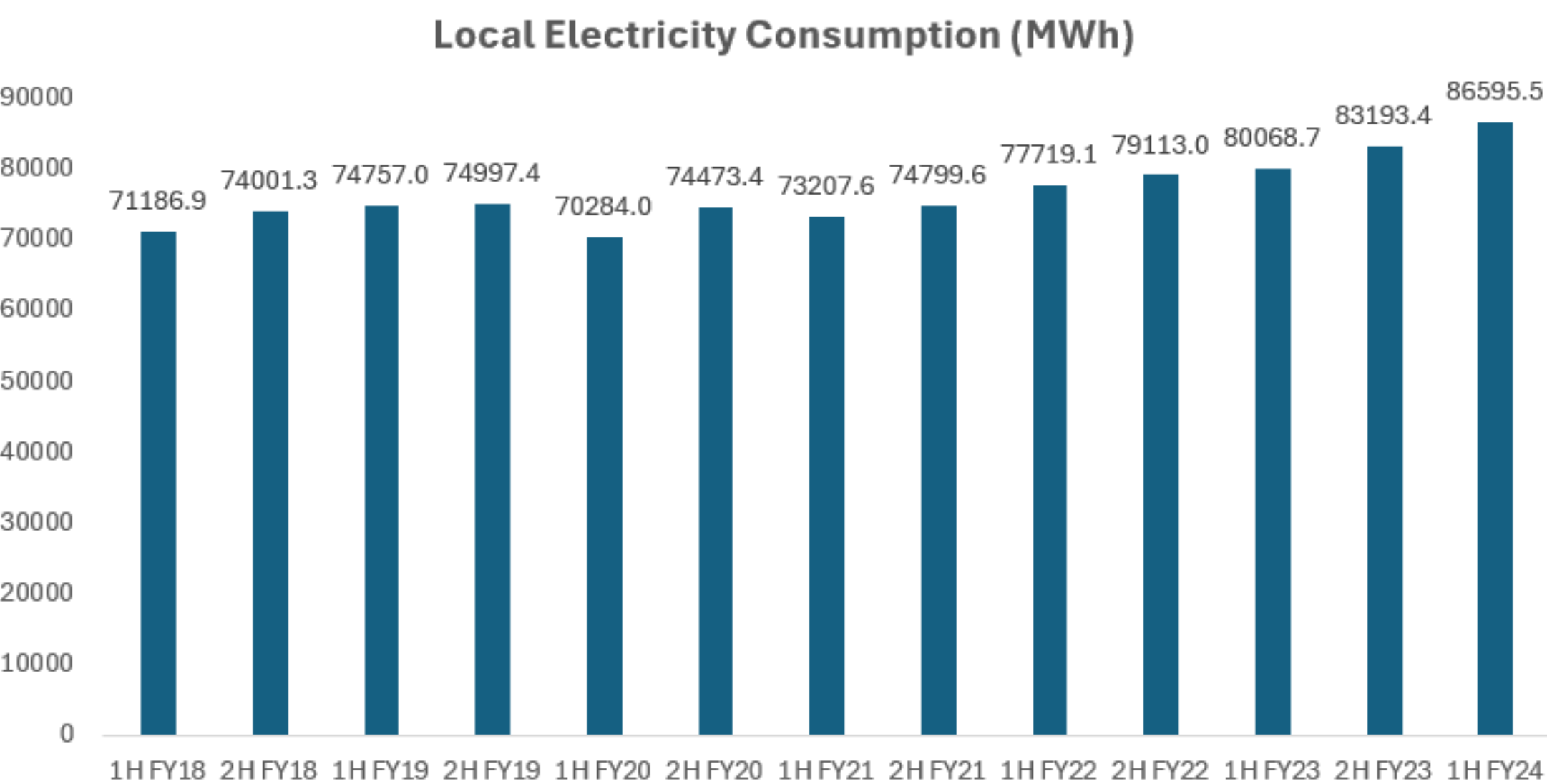


Source: Company Prospectus

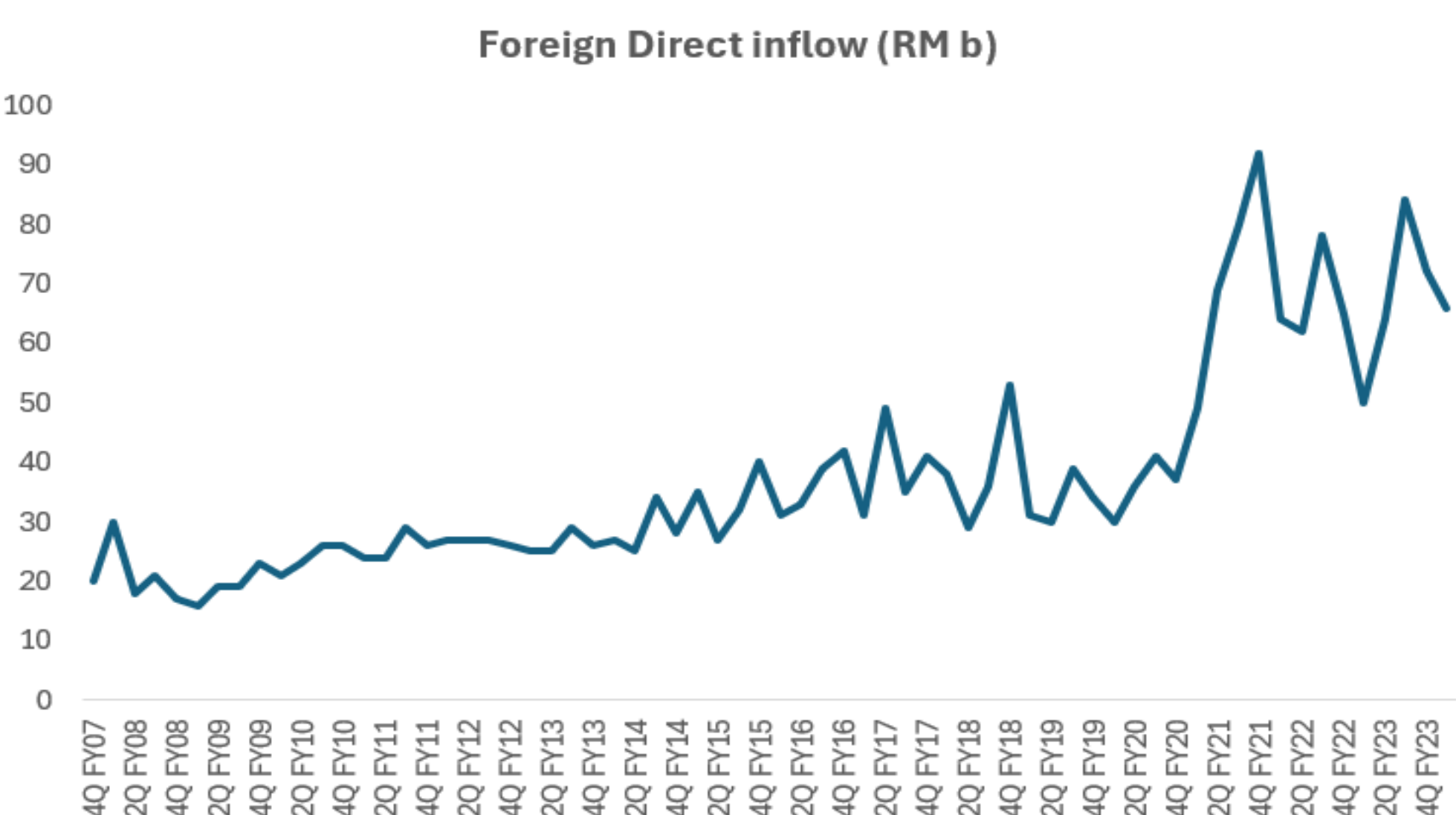
Industry outlook

TNB CAPEX Expansion Driven by FDI Wave and Hyperscale Data Centre Expansion

The allowed CAPEX of Tenaga Nasional Berhad’s (TNB) Regulatory Period 4 (RP4) for January 2025 to December 2027 amounts to RM42.8b, comprising RM26.6b base CAPEX and RM16.3b contingent CAPEX. TNB’s CAPEX rose from RM7.9b in 2020 to RM11.7b in 2024, a CAGR of 10.3%. Beyond RP4, expansion is also supported by rising power demand, underpinned by Malaysia’s strong approved investments and FDI. In 2024, Malaysia secured RM378.5b in approved investments (+14.9% YoY), with foreign investments contributing 45.0% (RM170.4b), led by the USA (RM32.8b), Germany (RM32.2b) and China (RM28.2b). This was driven by the “China plus one” strategy, particularly among US companies mitigating geopolitical risks. Over the past five years, technology leaders such as AMD, Celestica and Micron have expanded in Penang, Kulim and Johor. Hyperscalers including AWS, Microsoft, Google and ByteDance are also accelerating data centre investments, especially in Johor and the Klang Valley. According to Data Center Asia, small data centres may consume 14,400–432,000 kWh annually, medium 720,000–8,760,000 kWh, while large and hyperscale facilities can exceed 87.6m kWh annually. This underscores the exponential increase in electricity demand as DCs scale, driving structural requirements for high-voltage transmission, underground cabling and substation infrastructure.



Source: DOSM



Source: DOSM

Rising Electricity Consumption

Malaysia’s electricity demand has maintained a steady upward trajectory, driven by rapid urbanization, industrial expansion, and the rising digital economy. Local electricity consumption increased from 71,187 MWh in 1H2018 to 86,596 MWh in 1H2024, reflecting the structural growth in demand. More recently, the acceleration of AI adoption, cloud computing, and data-intensive industries has further amplified electricity requirements, supported by sustained inflows of foreign direct investment (FDI) into the data center sector. Concurrently, robust manufacturing activity and the government’s continued push for urban development contribute additional baseline demand. With AI workloads expected to multiply and Malaysia positioning itself as a regional digital hub, we believe electricity consumption will continue to rise with similar momentum over the medium term, underpinning stable demand for power infrastructure and grid enhancements, providing recurring opportunities for Cheeding.

Budget-Led Urbanization and Infrastructure Upgrades

The Malaysian Government’s Budget 2025 underscores its commitment to strengthening electricity infrastructure in line with population growth, urbanization, and rural connectivity needs. Key measures include the RM16.0b investment by UEM Lestra Berhad and TNB to expand transmission and distribution capacity while decarbonizing industrial parks, alongside a RM2.9b allocation to upgrade rural and remote infrastructure, of which RM500m is earmarked for providing water and electricity to 5,150 homes in East Malaysia. According to the 2024 Revision of the World Population Prospects, Malaysia’s population is projected to reach approximately 41.4m by 2040, with the urbanization rate expected to climb to 85.0%, compared to the current population and urbanization rate of 34.2m and 79.2%, respectively. These demographic and policy-driven trends are anticipated to accelerate demand for electrification of industrial parks and last-mile distribution networks. Against this backdrop, Cheeding is well-positioned to benefit from a sustained pipeline of government-led projects.

Green Energy Reform and Renewable Integration

Malaysia’s National Energy Transition Roadmap (NETR), targeting 70% renewable energy by 2050, requiring cumulative investments estimated at approximately RM637b up to 2050 in both renewable generation and supporting grid infrastructure. Key initiatives include the Corporate Green Power Programme with a total allocation of 600 MW, the LSS-Energy Transition SuRiA (LSS5) programme offering 2,000 MWac of solar capacity, and the Corporate Renewable Energy Supply Scheme to enhance corporate access to green electricity through open grid access. The NETR also projects solar capacity to reach 59 GW by 2050, supported by the development of five 100 MW of centralized large-scale solar parks and 2.5 GW of hybrid hydro-floating solar photovoltaic projects by TNB in phase 1 of NETR. Achieving these targets will require substantial investment in overhead and underground transmission lines, substations, and grid-forming systems. Cheeding’s expertise in EPCC of power infrastructure positions it to capitalize on the demand for renewable energy interconnection and grid reinforcement projects over the coming decades.

Valuation

Recommending a **Subscribe** rating and a target price of RM0.61 based on FY27F PE of 13.3x, in line with the simple average of peers’ forward PE of 13.3x. This is justified by Cheeding’s expanding presence in DC-related projects and its ongoing expansion into the lower margin underground and substation segments, which we expect will gradually bring margins closer to peer levels.

We like Cheeding for its entrenched position in Malaysia’s power infrastructure value chain, supported by recurring project flows from TNB’s multi-year CAPEX programme and the structural demand from hyperscale data centers. Key growth drivers include (i) Exposure to Structural Growth in Electricity Demand and Grid Investments, (ii) an entrenched relationship with TNB with a proven track record in executing EPCC projects, and (iii) horizontal expansion which provides enhanced visibility and an additional revenue source. These factors further support and justify Cheeding’s valuation at 13.3x FY27F EPS of 4.6 sen, in line with its domestic power infrastructure as well as Mechanical and Electrical peers. However, the 13.3x multiple is still lower than its construction peers’ forward PE of 22x, given its much smaller market capitalization.

Peer Comparison

Name	Gross Margin (%)				EBITDA Margin (%)				Profit Margin (%)			
	FY24A	FY25A	FY26F	FY26F	FY24A	FY25A	FY26F	FY26F	FY24A	FY25A	FY26F	FY26F
MN HOLDINGS BHD	20.3	21.6	N/A	N/A	12.2	13.1	11.5	12.2	7.1	9.0	8.1	8.5
UUE HOLDINGS BHD	30.1	27.6	27.2	27.2	21.2	18.9	23.3	23.2	12.7	13.5	14.4	15.2
JATI TINGGI GROUP BHD	13.5	15.1	N/A	N/A	10.0	14.8	N/A	N/A	5.3	7.6	N/A	N/A
CBH ENGINEERING HOLDING BHD	27.0	26.3	26.4	25.9	21.6	19.9	19.8	19.7	16.4	15.4	13.0	12.9
HE GROUP BHD	15.2	18.3	N/A	N/A	9.9	9.5	10.0	10.5	6.6	9.0	7.5	7.9
CRITICAL HOLDINGS BHD	18.4	15.1	N/A	N/A	11.2	11.4	12.4	12.3	7.1	8.5	9.6	9.5
GAMUDA BHD	16.3	13.6	12.8	10.9	7.3	7.2	10.2	10.2	6.9	6.3	7.0	7.0
SUNWAY CONSTRUCTION GROUP BHD	16.3	13.6	16.6	14.4	6.1	5.9	8.2	8.4	5.1	5.3	6.0	6.2
Simple Avg	20.2	18.9	20.7	19.6	12.5	12.6	13.6	13.8	8.4	9.3	9.4	9.6

CHEEDING HOLDINGS BHD	44.5	38.3	37.5	40.0	33.5	30.8	27.9	32.1	23.2	22.4	19.7	23.0
-----------------------	------	------	------	------	------	------	------	------	------	------	------	------

Name	Last price	Market Cap	FYE	Earnings Growth			PE		Div. Yield		ROE
	(RM)	(RM'm)		1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.	Hist.

Power Infrastructure, M&E

MN HOLDINGS BHD	1.77	1,158.0	06/2025	14.5	13.7	19.2	17.3	15.2	0.1	29.2
UUE HOLDINGS BHD	0.82	498.8	02/2025	34.1	19.9	18.0	13.4	11.2	1.4	21.2
JATI TINGGI GROUP BHD	0.63	269.4	11/2024	N/A	N/A	25.1	N/A	N/A	N/A	18.5
CBH ENGINEERING HOLDING BHD	0.37	686.5	12/2024	31.8	13.8	16.8	12.6	11.1	0.0	17.0
HE GROUP BHD	0.44	191.4	12/2024	26.9	24.2	13.2	13.2	10.6	0.9	17.2
CRITICAL HOLDINGS BHD	0.96	356.9	06/2025	17.9	9.7	12.8	9.8	8.9	2.5	31.7
Simple Avg				25.1	16.3	17.5	13.3	11.4	1.2	22.5

Construction

GAMUDA BHD	5.55	32,476.8	07/2025	31.1	16.4	31.7	21.1	18.1	2.0	9.6
SUNWAY CONSTRUCTION GROUP BHD	6.17	8,117.0	12/2024	8.9	8.1	29.0	22.9	21.1	3.0	33.5
Simple Avg				20.0	12.3	30.3	22.0	19.6	2.5	21.5

CHEEDING HOLDINGS BHD	0.36	287.0	03/2025	1.4	36.3	10.9	9.0	7.9	3.0	52.3
-----------------------	------	-------	---------	-----	------	------	-----	-----	-----	------

As 22nd September 2025

SWOT Analysis

Strengths - Established track record with TNB. - Workforce strength of over 200 employees, with capacity to mobilise additional skilled labour from India. - Participation in TNB’s Green Lane Pathway initiative, ensuring access to DC-related tenders	Weakness - High customer concentration risk with TNB as the dominant revenue contributor. - Smaller order book scale compared to larger peers. - Tender and contract-based revenue model, leading to volatility in revenue performance and cash flows.
Opportunities - Multi-year demand from hyperscale DC. - In-house design unit enhancing tender win rate and margin profile. - Expansion into EPCC for substations and underground utilities broadening revenue base.	Threat - Potential policy shifts in TNB’s CAPEX or regulatory changes in grid investment. - Rising competition from other licensed players in the utilities segment. - Execution risks in scaling to new service lines and larger contract values.

On-going Projects

Project	Description	Contract Value	Customer	Duration
Ayer Tawar Project	EPCC of 275kV overhead transmission line project from Ayer Tawar substation to Seri Iskandar West substation in Perak.	RM61.0m	TNB	Jan 2023 – Nov 2025
Kampung Gajah Project	EPCC of 275kV overhead transmission line project from Seri Iskandar West substation to Kampung Gajah substation in Perak.	RM55.5m	TNB	Nov 2023 – Aug 2026
Iskandar Puteri Project	EPCC of 275kV double circuit overhead line project from Gelang Patah / Perling substation to a data center substation in Iskandar Puteri, Johor. The scope of works involves EPCC of underground infrastructure for utilities, EPCC of overhead infrastructure for utilities and substation engineering services.	RM25.4m	TNB	May 2025 – Mar 2026
Bedong Project	Upgrading works for double circuit 275kV overhead transmission lines project from Bedong substation to Gurun East substation in Kedah.	RM32.7m	TNB	Mar 2025 – Mar 2027
Cyberjaya Project	EPCC of 275kV single circuit overhead line project from Cyberjaya South substation to a data centre substation in Cyberjaya, Selangor. The scope of works involves EPCC of underground infrastructure for utilities, EPCC of overhead infrastructure for utilities and substation engineering services.	RM31.0m	TNB	Feb 2025 – Aug 2026
Gurun East Project	EPCC of 500kV overhead transmission lines project from Gurun West substation to Gurun East substation in Kedah	RM54.8m	TNB	Jul 2024 - Jun 2025
Sedenak Project	EPCC of 132kV double circuit underground cable project from Sedenak substation to a data center substation in Johor	RM14.1m	TNB	Sep 2025 – Mar 2026

Source: Company Prospectus, Tradeview Research

Investment Risk

- Customer concentration risk. Cheeding is heavily reliant on Tenaga Nasional Berhad (TNB) as its principal customer, with TNB contributing 53.8%, 90.5%, 99.6% and 98.3% of total revenue in FYE2022, FYE2023, FYE2024 and FYE2025, respectively, and accounting for 99.8% of its order book. Any reduction in TNB’s capital expenditure on power transmission projects, failure to secure tenders, or inability to meet TNB’s stringent safety, technical, and quality standards could lead to loss of contracts and materially impact financial performance.
- Project-based revenue risk. Cheeding’s revenue is entirely project-based and dependent on competitive tenders, with no assurance of recurring awards. Earnings may fluctuate due to changes in customers’ budgets, economic conditions, project cancellations, or delays. Failure to secure new projects with comparable value or margins could materially impact future financial performance, making historical results a poor indicator of future outcomes.
- Contract termination risk. Customer contracts typically allow for early termination in cases such as persistent non-compliance, delayed payments, or insolvency. Early termination could lead to revenue loss, unrecoverable costs, and potential legal liabilities, adversely impacting financial condition and reputation.

Financial Overview

Financial review

Cheeding's revenue saw 78.5% CAGR from FY23 to FY25, resulting from national grid modernization where TNB expanded its CAPEX, which led to more project awards from TNB. In FY25 specifically, Cheeding's revenue rose by 33.5%, attributed to the commencement of several key TNB projects carrying higher contract values. FY25 earnings saw a softer growth rate of 28.8% YoY, primarily driven by gross margin compression from securing more underground and substation projects, which also led to a lower PBT margin.

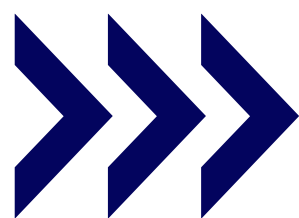
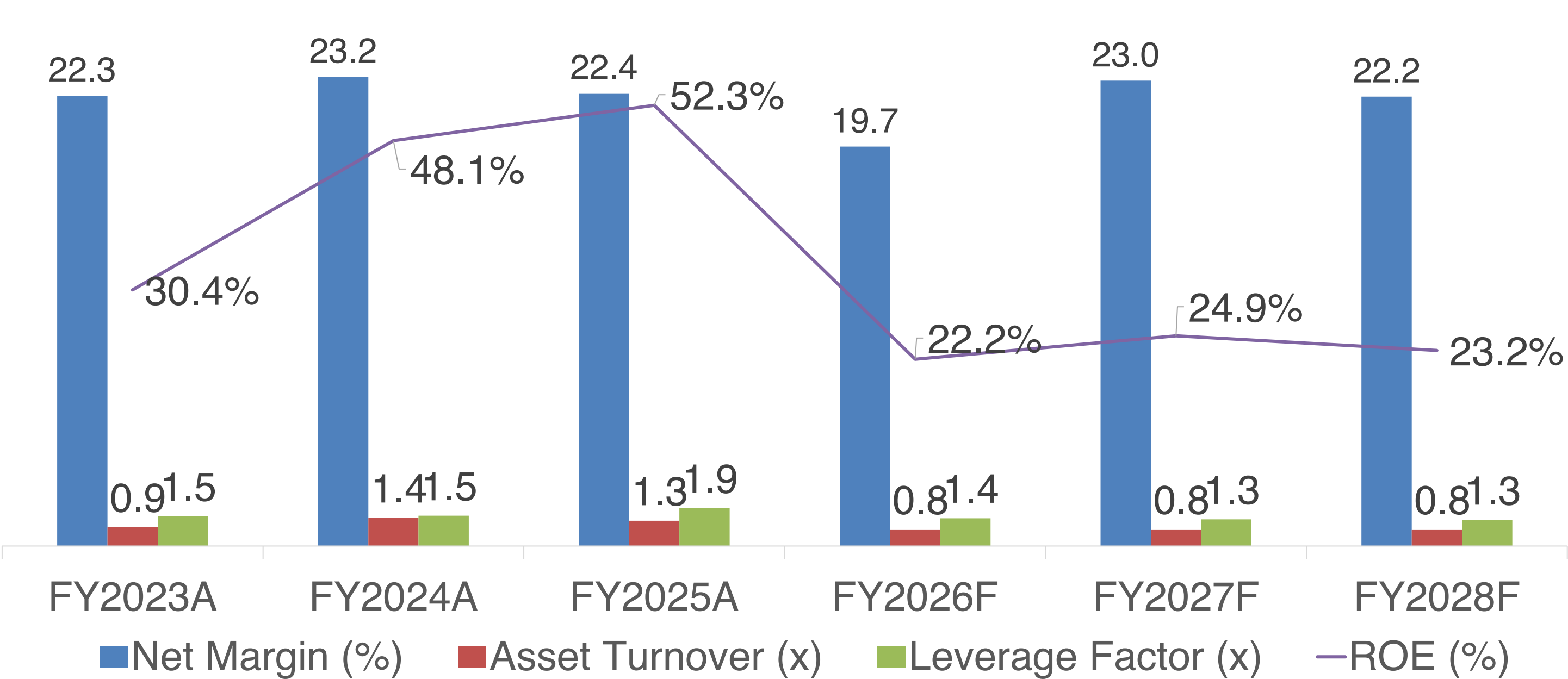
Financial forecast

We are projecting Cheeding’s core earnings to be RM26.7m in FY26F and RM36.4m in FY27F, driven by (i) sustained TNB CAPEX under RP4, (ii) rising DC-related power infrastructure contract wins, and (iii) revenue diversification into underground utilities and substation engineering segment, while sustaining a core PAT margin of around 20% over the next 3 years.

FYE 31 March	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RMm)	88.2	117.7	135.3	158.3	182.1
EBITDA (RMm)	29.6	36.3	37.7	50.9	56.5
Pretax profit (RMm)	27.4	35.0	35.2	47.9	53.2
Net profit (RMm)	20.5	26.3	26.7	36.4	40.5
EPS (sen)	2.8	3.3	3.4	4.6	5.1
PER (x)	12.9	10.9	9.0	7.9	7.1
Core net profit (RMm)	20.5	26.3	31.9	36.4	40.5
Core EPS (sen)	2.6	3.3	4.0	4.6	5.1
Core EPS growth (%)	148.6	28.8	21.2	14.1	11.1
Core PER (x)	14.0	10.9	9.0	7.9	7.1
Net DPS (sen)	0.7	2.5	1.1	1.5	1.7
Dividend Yield (%)	1.9	7.0	3.0	4.1	4.6
ROE (%)	48.1	52.3	22.2	24.9	23.2
P/BV (x)	6.2	5.7	2.4	2.0	1.6

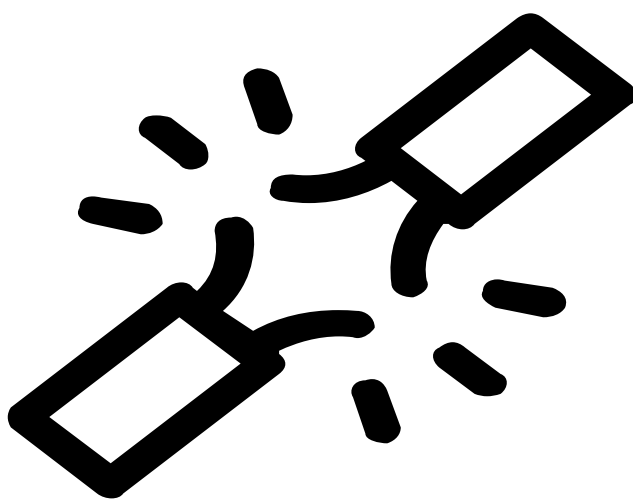
EPS and DPS are divided by the enlarged issued shares of 797,257,000 upon listing

Return on Equity



We project healthy ROE from FY26F to FY28F, as the company continues to generate good profits. The dip in FY26F was due to the increase in shareholders’ equity from the IPO exercise.

Key Assumptions



Revenue growth	FY2026F	FY2027F	FY2028F
EPCC of Overhead Infrastructure for Utilities	1.0%	9.5%	9.1%
EPCC of Underground Infrastructure for Utilities	27.2%	26.4%	23.5%
Substation Engineering Services	69.2%	52.1%	32.7%

Sensitivity Analysis

Case 1 : Changes in revenue growth against earnings margin to derive earnings

Revenue in FY27F: RM158.3m

Gross Profit in FY27F: RM63.3m

Revenue growth (%) / Gross Profit margin (%)	15%	16%	17%	18%	19%	20%
35%	29.9	30.2	30.4	30.7	30.9	31.2
37%	32.3	32.5	32.8	33.1	33.4	33.7
40%	35.8	36.1	36.4	36.7	37.1	37.4
42%	38.2	38.5	38.8	39.2	39.5	39.8
44%	40.6	40.9	41.2	41.6	41.9	42.3
46%	42.9	43.3	43.7	44.0	44.4	44.8

Case 2 : Changes in net profit against PE to derive target price

Net Profit in FY27F: RM36.4m

Net profit (RM m) / PE (x)	30.5	33.5	36.5	39.5	42.5	45.5
11.3	0.43	0.47	0.52	0.56	0.60	0.64
12.3	0.47	0.52	0.56	0.61	0.66	0.70
13.3	0.51	0.56	0.61	0.66	0.71	0.76
14.3	0.55	0.60	0.65	0.71	0.76	0.82
15.3	0.59	0.64	0.70	0.76	0.82	0.87
16.3	0.62	0.68	0.75	0.81	0.87	0.93

Financial Exhibits

Income Statement

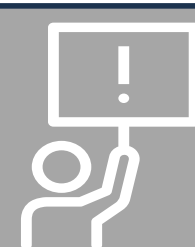
FYE 31 March	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	37.0	88.2	117.7	135.3	158.3	182.1
Operating expenses	(24.3)	(58.6)	(81.4)	(97.6)	(107.5)	(125.6)
EBITDA	12.7	29.6	36.3	37.7	50.9	56.5
Depreciation	1.5	2.3	1.9	3.0	3.4	3.8
EBIT	11.1	27.3	34.4	34.7	47.5	52.8
Net int income/(expense)	0.2	0.6	0.8	0.7	0.7	0.7
Exceptional gains / (losses)	0.0	0.0	0.0	(5.2)	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	11.2	27.4	35.0	35.2	47.9	53.2
Tax	(3.0)	(7.0)	(8.6)	(8.4)	(11.5)	(12.8)
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	8.2	20.5	26.3	26.7	36.4	40.5
Core net profit	8.2	20.5	26.3	31.9	36.4	40.5

Balance Sheet Statement

FYE 31 March	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	7.6	9.1	10.8	12.3	13.9	15.3
Other long term assets	8.8	8.6	8.5	8.3	8.1	8.0
Total non-current assets	16.4	17.7	19.3	20.6	22.0	23.3
Cash and equivalents	0.5	3.0	32.0	97.5	118.8	143.7
Inventories	0.0	0.0	0.0	0.0	0.0	0.0
Receivables	7.3	18.3	23.7	28.1	32.5	37.0
Other current assets	15.5	24.5	19.1	19.1	19.1	19.1
Total current assets	23.4	45.9	74.8	144.7	170.4	199.9
Payables	6.0	4.1	5.7	13.3	14.8	17.2
Short term borrowings	0.9	1.3	1.4	1.4	1.4	1.4
Other current liabilities	2.7	12.6	34.6	28.1	28.1	28.1
Total current liabilities	9.6	17.9	41.8	42.9	44.4	46.8
Long term borrowings	2.7	2.8	1.7	1.7	1.7	1.7
Other long term liabilities	0.4	0.3	0.3	0.3	0.3	0.3
Total long term liab.	3.1	3.2	1.9	1.9	1.9	1.9
Shareholders' Funds	27.1	42.5	50.4	120.6	146.1	174.4
Minority Interest	0.0	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

FYE 31 March	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	11.2	27.4	35.0	35.2	47.9	53.2
Depreciation & amortisation	1.5	2.3	1.9	3.0	3.4	3.8
Working capital changes	(10.6)	(5.7)	17.2	3.1	(2.8)	(2.1)
Cash tax paid	(1.0)	(7.2)	(10.4)	(8.4)	(11.5)	(12.8)
Others	(0.1)	(0.1)	(0.1)	(0.5)	(0.5)	(0.5)
C/F from operation	1.1	16.7	43.6	32.4	36.5	41.6
Capex	(0.7)	(2.5)	(5.0)	(4.4)	(4.8)	(5.0)
Others	0.0	0.0	1.8	0.0	0.0	0.0
C/F from investing	(0.7)	(2.5)	(3.1)	(4.4)	(4.8)	(5.0)
Debt raised/(repaid)	(0.2)	(0.6)	(1.5)	0.0	0.0	0.0
Dividends paid	0.0	(5.0)	(12.0)	(8.0)	(10.9)	(12.1)
Others	(1.7)	(6.0)	5.2	45.5	0.5	0.5
C/F from financing	(1.9)	(11.6)	(8.3)	37.4	(10.5)	(11.7)
Net change in cash flow	(1.5)	2.5	32.1	65.5	21.3	25.0
Free Cash Flow	0.4	14.1	38.6	28.0	31.7	36.6



DISCLOSURE AND DISCLAIMER



This report is prepared and issued by Tradeview Capital Sdn Bhd (“Tradeview”) for general circulation only and shall not be construed or considered as an offer, recommendation, invitation and/or solicitation to purchase, subscribe to or sell any securities of the subject company mentioned in this report.

The information contained herein are based on data and sources believed to be reliable at the time of issuance and are subject to change without further notice. Readers are encouraged to evaluate any specific investment or strategy based on individual circumstances, risk profile, investment objectives and/or to seek legal, tax, financial and/or other advice prior to executing any transaction.

Tradeview does not make any representations and/or guarantee to the accuracy and completeness of the information and opinion contained herein and accepts no liability for any direct or consequential loss arising from the reliance of this report. Tradeview and its affiliates, directors, shareholders, employees and/or agents may have positions in the subject company covered in this report and may, from time to time, buy or sell securities of the subject company. This report can be found on <https://www.tradeviewcapital.my/research-depository/>

This report has been prepared by Tradeview pursuant to the Research Incentive Program under Bursa Research Incentive Scheme Plus (“Bursa RISE+”) administered by Bursa Malaysia Berhad. This report has been produced independent of any influence from Bursa Malaysia Berhad or the subject company. Bursa Malaysia Berhad and its group of companies disclaims any and all liability, howsoever arising, out of or in relation to the administration of Bursa Research Incentive Program and/or this report. This report can be found on <https://www.bursamarketplace.com/>

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

IPO Note:

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

NEUTRAL: Total stock return expected to below +15% over 12-month period