

HLIB Research

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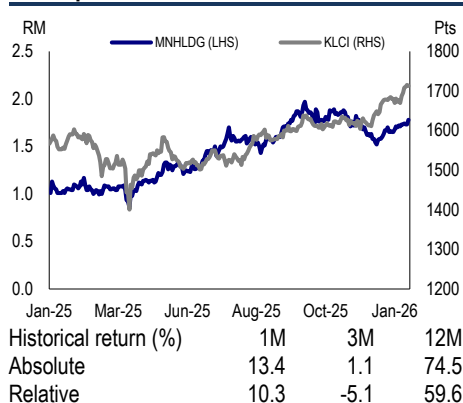
BUY (Maintain)

Target Price: **RM2.23**
Previously: **RM2.23**
Current Price: **RM1.78**

Capital upside	25.3%
Dividend yield	0.0%
Expected total return	25.3%

Sector coverage: Construction

Company description: MNH is principally engaged in the provision of underground utilities and substation engineering services and solutions.

Share price

Stock information

Bloomberg ticker	MNHLDG MK
Bursa code	0245
Issued shares (m)	658
Market capitalisation (RM m)	1,171
3-mth average volume ('000)	3,972
SC Shariah compliant	Yes
F4GBM Index member	No
ESG rating	N/A

Major shareholders

Toh Eng Keat	15.4
Loy Siong Hay	13.5
Dang Siong Diang	6.2

Earnings summary

FYE (June)	FY25	FY26f	FY27f
PATMI – core	62.3	70.3	76.1
EPS – core (sen)	8.5	9.6	10.3
P/E (x)	21.0	18.6	17.2

MN Holdings

New DC win

MNH announced four LOAs from Customer A worth RM122m for DC projects in Cyberjaya and Johor. This lifts group orderbook to RM918m (1.7x FY25 revenue cover), with YTD wins at c.RM270m. We expect further contract flows from Tenaga and DCs, with incremental upside from the upcoming LSS5 and LSS5+ programmes supporting broader power infrastructure demand. We maintain BUY with an unchanged TP of RM2.23.

NEWSBREAK

MNH, via its wholly owned subsidiary MN Utilities Engineering Sdn. Bhd., has accepted four LOAs from Customer A with a combined value of RM122m. The scope covers the supply, delivery, installation and commissioning of power transformers, together with related equipment and systems. The project commenced on 13 Jan-26 and is scheduled for completion by Jun-27.

HLIB's VIEW of

Timely replenishment. The latest contract wins lift the group's orderbook to RM918m (1.7x FY25 revenue cover), with FY26 YTD wins at c.RM270m. We understand this DC project is for a western-based hyperscaler and marks MNH's first engagement with this customer. Unlike its traditional full-turnkey CLS job, this recent job scope is narrower, comprising mainly the supply and installation of four 275kV transformers across Cyberjaya and Johor DC campuses (two units each). The first two transformers are targeted for installation and commissioning by Dec-26, with the remaining two by Jun-27.

Expecting more job wins. We believe more Tenaga and DC-related contracts will come on-stream moving forward. For Tenaga, we estimate annual investments of RM3.0–3.5bn from its base capex into grid infrastructure, translating into a RM6.7–7.8bn job opportunities within the transmission substation segment for M&E players. On the DC front, we continue to see a robust pipeline, underpinned by expansion plans of existing clients and the anticipated entry of new DC operators into Malaysia. In particular, we are encouraged by Customer A's sizeable investment pipeline, which could offer MNH multi-year growth opportunities. Beyond Tenaga and DCs, the upcoming LSS5 and LSS5+ programmes are expected to drive further demand for power infrastructure, opening additional avenues for contract wins. With a strong track record in serving these sectors, MNH is well-positioned to capitalise on these emerging opportunities.

Forecast. Unchanged.

Maintain BUY with an unchanged TP of RM2.23, based on 22x CY26 fully diluted EPS (see Figure #1). All in, we favour the group for its strong exposure to high-growth sectors such as solar and DC. Additionally, MNH is well-positioned as a proxy for Malaysia's rising power demand and stands to benefit from Tenaga's capex upcycle.

Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE June	FY24	FY25	FY26f	FY27f	FY28f
Cash	41.5	105.7	121.0	151.5	231.3
Receivables	55.9	113.7	170.6	223.9	230.4
Contract Asset	89.5	140.4	203.3	201.4	207.2
PPE	7.4	8.8	7.6	5.9	3.9
Others	11.9	24.1	23.8	23.6	23.3
Assets	206.2	392.7	526.2	606.2	696.0
Payables	55.6	119.6	182.9	186.7	188.5
Debt	19.8	9.1	9.1	9.1	9.1
Others	12.5	69.3	69.3	69.3	69.3
Liabilities	87.9	198.0	261.3	265.2	266.9
Shareholder's equity	118.4	194.6	265.0	341.1	429.1
Minority interest	0.0	0.0	1.0	2.0	3.0
Equity	118.4	194.6	265.0	341.1	429.1

Cash Flow Statement

FYE June	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	24.7	68.5	93.1	100.7	116.5
D&A	3.5	3.1	4.6	5.0	5.4
Working capital	-34.6	-12.2	-56.6	-47.5	-10.6
Taxation	-7.6	-20.3	-22.8	-24.6	-28.5
Others	5.8	25.0	0.0	0.0	0.0
CFO	-8.2	64.1	18.4	33.6	82.8
Capex	-3.3	-4.1	-3.1	-3.1	-3.1
Others	0.6	-19.6	0.0	0.0	0.0
CFI	-2.8	-23.7	-3.1	-3.1	-3.1
Shares issued	28.4	23.3	0.0	0.0	0.0
Dividends	0.0	-0.7	0.0	0.0	0.0
Others	6.2	-8.9	0.0	0.0	0.0
CFF	34.6	13.7	0.0	0.0	0.0
Net cash flow	23.7	54.1	15.3	30.5	79.8
Forex	0.0	0.0	0.0	0.0	0.0
Others	-2.8	10.1	0.0	0.0	0.0
Beginning cash	20.5	41.5	105.7	121.0	151.5
Ending cash	41.5	105.7	121.0	151.5	231.3

Income Statement

FYE June	FY24	FY25	FY26f	FY27f	FY28f
Revenue	256.2	540.4	782.7	805.4	828.8
EBITDA	29.6	73.3	99.4	102.6	124.0
EBIT	26.1	70.2	94.8	102.6	118.6
Profit before tax	24.7	68.5	93.1	100.7	116.5
Tax	-7.6	-20.3	-22.8	-24.6	-28.5
Net profit	17.2	48.2	70.3	76.1	88.1
Minority interest	0.0	1.0	2.0	3.0	4.0
Reported PATMI	17.2	48.2	70.3	76.1	88.1
Exceptionals	1.9	0.0	0.0	0.0	1.0
Core PATMI	19.1	62.3	70.3	76.1	88.1
Consensus core PATMI			67.7	73.8	83.5
HLIB/ Consensus			104%	103%	105%

Valuation & Ratios

FYE June	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	2.6	8.5	9.6	10.3	12.0
P/E (x)	68.6	21.0	18.6	17.2	14.9
DPS (sen)	0.0	0.3	0.0	0.0	0.0
Dividend yield (%)	0.0%	0.1%	0.0%	0.0%	0.0%
BVPS (RM)	0.2	0.3	0.4	0.5	0.6
P/B (x)	11.1	6.7	4.9	3.8	3.1
EBITDA margin	11.6%	13.6%	12.7%	12.7%	15.0%
EBIT margin	10.2%	13.0%	12.1%	12.7%	14.3%
PBT margin	9.6%	12.7%	11.9%	12.5%	14.1%
Net margin	7.5%	11.5%	9.0%	9.4%	10.6%
ROE	16.1%	32.0%	26.5%	22.3%	20.5%
ROA	9.3%	15.9%	13.4%	12.6%	12.7%
Net gearing	CASH	CASH	CASH	CASH	CASH

Assumptions

FYE June	FY24	FY25	FY26f	FY27f	FY28f
Order replenishment ('m)	-	-	450	650	650

Figure #1 FV calculation

Valuation	Basic	Fully Diluted
FY27F projected after tax earnings (RM'm)	73.2	73.2
+Net Interest savings	-	1.5
Adjusted FY26F projected earnings (RM'm)	73.2	74.7
Number of shares (m)	594.8	594.8
+ Number of warrents (m)	-	71.6
+ Number of private placement (m)		59.5
+ESOS	-	9.7
Number of fully diluted shares (m)	594.8	735.7
EPS	12.3	10.2
Fair Value (RM)	2.71	2.23

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Stock rating guidelines

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result to a change from the previous rating.
NOT RATED	Stock is not or no longer within regular coverage.

Sector rating guidelines

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

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