CAB Cakaran Corporation Berhad

Securing 21-Year Terengganu Lease for Modern Poultry Farm

Company update

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Newsbreak

- CAB Cakaran Corporation Berhad (CAB) announced that its indirect wholly-owned subsidiary, CAB Cakaran (Timur) Sdn Bhd (CABT), has entered into three 21-year Lease Agreements with Kerajaan Negeri Terengganu to lease 414.63 hectares (~1,024.5 acres) of agricultural land for a modern poultry farming project. The project carries an estimated total investment cost of RM105.0m to be developed in two phases, featuring 100 closed-house chicken coops with an aggregate rearing capacity of 2.0m chickens (Phase 1: 50 coops / 1.0m capacity over 2 years development at RM52.5m; Phase 2: 50 coops / 1.0m capacity over 2 years development post-Phase 1 at RM52.5m). Total annual lease charges stand at a nominal RM62.2k, with the first two years (RM124.4k) paid upfront. Development work is required to begin within 3 months. The lease will not affect share capital and is not expected to have a material impact on earnings for FY26.

- The development will feature modern Closed-House Systems across all coops to optimize climate control, minimize mortality rates, and protect livestock against biosecurity and disease risks. Furthermore, the facility will incorporate solar energy support systems to power farm operations, aligning with the Group's ESG practices and mitigating long-term grid energy cost fluctuations.

M+ Global View

- We view this long-term land lease as a capital-efficient expansion that secures a massive land footprint in Terengganu at a very minimal annual rental cost of RM62.2k. Leasing directly from the state government preserves initial capital for farm infrastructure and automation. Crucially, this allows CABT, which historically operated mainly in trading with contract farmers, to establish direct, proprietary upstream farming capacity in the East Coast to support its regional distribution and supermarket networks (such as Pasaraya Jaya Gading).

- The project provides long-term structural volume growth for CAB's core Integrated Poultry division over the next 4 years, adding 2.0m birds in rearing capacity upon full completion. The deployment of modern Closed-House Systems integrated with solar support systems also strengthens biosecurity defenses against disease outbreaks while buffering rising grid energy costs.

Valuation & Recommendation

- **Forecast.** Forecasts remain unchanged, as earnings contribution is only expected from FY29. The RM105m project funding structure remains undisclosed; hence, potential financing and depreciation costs are not incorporated pending further clarity.

- **Valuations.** We maintain our Buy recommendation for CAB with an unchanged TP of RM0.89. The target price is derived based on a P/E ratio of 5.5x pegged to FY26f EPS of 16.23 sen.

BUY

Share price	**RM0.525**
Target price	RM0.890
Previous TP	RM0.890
Capital upside	69.5%
Dividend return	-
Total return	69.5%

Company profile

CAB Cakaran Corporation Berhad operates across the full value chain from breeding and broiler farming to slaughtering, processing and value-added production, supported by its supermarket and Kyros Kebab retail businesses.

Stock information

Bursa Code	7174
Bloomberg ticker	CAB MK
Listing market	MAIN
Share issued (m)	701.9
Market Cap (m)	368.5
52W High/Low	0.885-0.495
Est. Free float (%)	22.5
Beta (x)	0.7
3-mth avg vol ('000)	395.6
Shariah compliant	YES

Major shareholders	**%**
Chuah Ah Bee	45.9
Chan Kim Keow	17.6
Plant Wealth Holdings	15.2

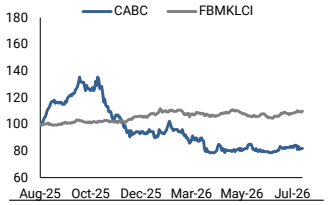
Share price vs. KLCI (%)

Hist. return	1M	3M	12M
Absolute	-0.9	1.9	-17.3
Relative	-1.8	2.6	-24.6

Earnings snapshot

FYE (Sep)	FY25	FY26f	FY27f
PAT (m)	90.7	113.9	119.9
EPS (sen)	12.9	16.2	17.1
P/E (x)	4.1	3.2	3.1

Relative performance chart



Financial Forecast

All items in (RM m) unless otherwise stated

Balance Sheet

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	74	94	11	138	267
Receivables	241	225	273	289	297
Inventories	101	88	111	117	120
PPE	668	693	671	659	649
Others	475	521	521	521	521
Assets	**1,559**	**1,621**	**1,587**	**1,723**	**1,855**
Debts	360	324	324	324	324
Payables	252	247	292	309	318
Others	86	91	91	91	91
Liabilities	**698**	**661**	**707**	**724**	**733**
Shareholder's equity	683	766	880	1,000	1,122
Minority interest	178	194	-	-	-
Equity	**861**	**960**	**880**	**1,000**	**1,122**

Cash Flow Statement

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	132	150	178	188	191
Depreciation & amortis	58	59	64	67	70
Changes in working ca	(8)	23	(25)	(5)	(3)
Share of JV profits	(2)	(3)	(3)	(3)	(3)
Taxation	(38)	(42)	(42)	(44)	(45)
Others	18	(26)	-	-	-
Operating cash flow	**159**	**162**	**172**	**202**	**210**
Net capex	(56)	(77)	(50)	(55)	(60)
Others	(2)	5	-	-	-
Investing cash flow	**(58)**	**(72)**	**(50)**	**(55)**	**(60)**
Changes in borrowings	(50)	(36)	(0)	0	0
Issuance of shares	-	(0)	-	-	-
Dividends paid	(1)	(10)	-	-	-
Others	(23)	(13)	-	-	-
Financing cash flow	**(74)**	**(59)**	**(0)**	**0**	**0**
Net cash flow	**26**	**32**	**(83)**	**127**	**129**
Forex	(3)	0	-	-	-
Others	(45)	(12)	-	-	-
Beginning cash	96	74	94	11	138
Ending cash	74	94	11	138	267

Income Statement

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	**2,297**	**2,306**	**2,701**	**2,854**	**2,935**
EBITDA	203	219	251	263	270
EBIT	145	160	187	197	200
Net finance income/ (co	(15)	(13)	(12)	(12)	(12)
Associates & JV	2	3	3	3	3
Profit before tax	**132**	**150**	**178**	**188**	**191**
Tax	(38)	(42)	(42)	(44)	(45)
Net profit	**93**	**108**	**136**	**143**	**146**
Minority interest	(18)	(18)	(22)	(23)	(24)
Core earnings	**75**	**91**	**114**	**120**	**122**
Exceptional items	-	-	-	-	-
Reported earnings	75	91	114	120	122

Valuation & Ratios

FYE Sep (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	10.8	12.9	16.2	17.1	17.4
P/E (x)	4.9	4.1	3.2	3.1	3.0
EV/EBITDA (x)	0.4	0.4	0.4	0.3	0.3
DPS (sen)	0.2	1.4	-	-	-
Dividend yield	0.3%	2.7%	0.0%	0.0%	0.0%
BVPS (RM)	0.97	1.09	1.25	1.42	1.60
P/B (x)	0.5	0.5	0.4	0.4	0.3
EBITDA margin	8.8%	9.5%	9.3%	9.2%	9.2%
EBIT margin	6.3%	6.9%	6.9%	6.9%	6.8%
PBT margin	5.7%	6.5%	6.6%	6.6%	6.5%
Net margin	3.3%	3.9%	4.2%	4.2%	4.2%
ROE	11.7%	12.5%	13.8%	12.8%	11.5%
ROA	4.9%	5.7%	7.1%	7.2%	6.8%
Net gearing	41.8%	30.0%	35.5%	18.6%	5.1%

Source: M+ Research

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As of **Friday, 14 Aug, 2026**, the analyst(s), Muhammad Nabil, whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:

(a) nil.

Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months

NOT RATED	No recommendation is assigned