Team Coverage
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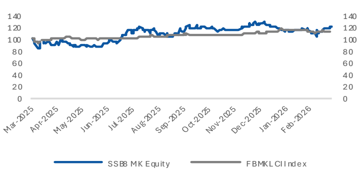
Recommendation:	BUY
Current Price:	RM 0.59
Previous Target Price:	-
Target Price:	RM 0.81
Capital Upside/Downside:	37.3%
Dividend Yield (%):	1.7%
Total Upside/Downside:	39.0%

Stock information	
Board	ACE
Sector	Construction
Bursa / Bloomberg Code	0045/SSB8 MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	2,272.6
Market Cap (RM' m)	1,340.8
52-Week Price Range (RM)	0.375-0.645
Beta (x)	1.1
Free float (%)	26.5
3M Average Volume (m)	1.4
3M Average Value (RM' m)	0.8

Top 3 Shareholders	(%)
Super Advantage Property Sdn Bhd	43.4
Gan Yee Hin	14.2
Ambank M Bhd	4.5

Share Price Performance



	1M	3M	12M
Absolute (%)	2.6	-6.3	18.0
Relative (%)	2.8	-7.9	4.3

Earnings summary

FYE Jun (RM m)	FY25	FY26F	FY27F
Revenue (RM'm)	221.1	465.3	526.9
PATAMI (RM'm)	40.2	75.3	103.5
CNP (RM'm)	40.2	75.3	103.5
EPS - core (sen)	1.8	3.3	4.6
P/E (x)	33.3	17.8	12.9

Southern Score Builders Berhad

Maximising Returns Through an Asset-Light Model

Executive Summary

- **SSB8 principally provides turnkey and main construction services for high-rise residential buildings and civil infrastructure projects, complemented by its M&E and digital engineering solutions.**
- **We project a net profit CAGR of 42.0% between FY25 to FY28F, underpinned by the Group's robust outstanding order book of RM1.4bn and our assumed annual order book replenishment of RM500m from FY26F to FY28F.**
- **We initiate coverage on SSB8 with a BUY call and a TP of RM0.81, derived from 17.6x P/E applied to FY27F EPS of 4.6 sen.**

Key Investment Highlights

DC Growth Driver. The Group is positioning itself as a key beneficiary of Malaysia's data centre boom through its Mechanical and Electrical (M&E) arm, SJEE Engineering, which focuses on higher-margin, shorter-cycle projects with turnaround periods of 12–18 months and net margins of approximately 15%. By targeting Tier 3 and Tier 4 data centres, which require advanced technical capabilities, SJEE is well placed to capitalise on rising hyperscaler investments. With an estimated build cost of RM25m per MW and M&E works accounting for c.RM4m per MW, a typical 50MW data centre represents an addressable M&E opportunity of approximately RM200m.

Robust Orderbook Visibility. The Group maintains an outstanding RM1.4bn orderbook with a healthy 3.0x book-to-bill ratio, providing clear earnings visibility through FY28. To maintain this momentum, the Group targets annual replenishment of approximately RM500m, driven by the high-growth data centre and residential sectors. This growth is supported by an asset-light model that enhances flexibility and capital efficiency, enabling the Group to achieve higher returns on equity while scaling efficiently with new contract wins.

Strategic Related-Party Synergies. A core pillar of the investment thesis is the Group's strategic alignment with Platinum Victory and Radium Development Berhad, providing a consistent and predictable pipeline of turnkey projects. This deep-rooted relationship mitigates the replenishment outlook by offering priority access to high-value developments in prime Klang Valley locations without the uncertainty of competitive open tenders. With these partners targeting RM1bn in annual new launches, the Group maintains a relatively captive pipeline that provides some buffer against market volatility and ensures long-term earnings visibility through its efficient asset-light model.

Robust Earnings Outlook. The Group is projected to achieve strong core earnings growth of 87.2%, 37.6%, and 11.0% from FY26F to FY28F, supported by an RM1.4bn orderbook and a steady RM500m annual replenishment target. This acceleration is driven by the execution of high-margin data centre projects with short 12 to 18-month cycles, complemented by a stable revenue foundation from residential projects that comprise 79.8% of the Group's current unbilled order book. This strategic mix provides a balanced profile, combining medium-term visibility with potential margin upside from technical infrastructure projects.

Valuation & Recommendation. We initiate coverage on SSB8 with a **BUY** recommendation and a target price of **RM0.81**. Our valuation is derived from a target P/E multiple of 17.6x applied to our FY2027F EPS of 4.6 sen. This valuation represents one standard deviation above the Malaysian construction sector's 3-year average P/E and a c.24% premium to peers' average. We believe this is justified by SSB8's: (i) healthy net cash balance sheet, (ii) asset-light business model and (iii) exposure to high-growth DC segment.

Company Background

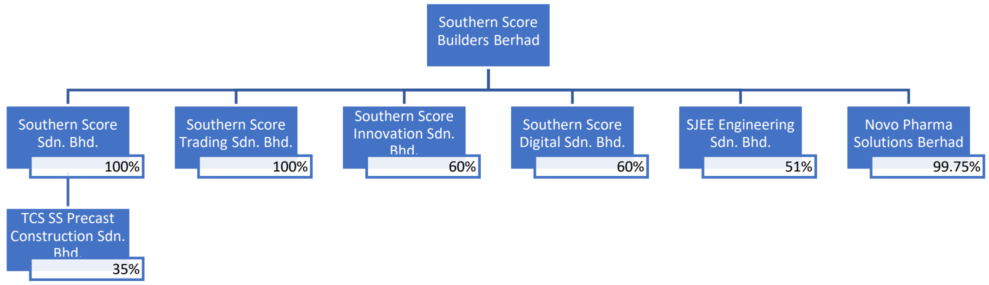
Southern Score Builders Berhad (SSB8) is a construction services provider listed on the ACE Market of Bursa Malaysia Securities Berhad following a reverse takeover (RTO) of G Neptune Bhd in November 2022. The Group principally provides turnkey and main construction services for high-rise residential buildings and civil infrastructure projects, complemented by its Mechanical and Electrical (M&E) engineering and digital engineering solutions. The Group traces its roots to the establishment of its core operating subsidiary, Southern Score Sdn. Bhd., in 2010. Over the years, the Group has built a track record in delivering high-rise residential developments and infrastructure works across the Klang Valley. Its portfolio includes projects such as Vista Sentul Residences, PV9 Residences and Platinum Arena Residences.

SSB8 operates an asset-light construction model under which construction works are primarily outsourced to subcontractors. This approach allows the Group to maintain a lean balance sheet with lower capital intensity while retaining flexibility to scale operations according to project demand. The model also helps manage execution risk and optimise cost efficiency through strategic procurement and subcontractor management. The Group holds a Grade 7 contractor licence issued by the Construction Industry Development Board ("CIDB"), which allows it to undertake construction projects of unlimited value. Over the past decade, SSB8 has progressively expanded its capabilities beyond core construction management into adjacent services that strengthen its integrated project delivery offering.

In recent years, SSB8 has broadened its business scope through strategic acquisitions and new subsidiaries. In 2025, the Group acquired a 51% stake in SJEE Engineering Sdn. Bhd., an established M&E engineering specialist with over 30 years of experience in power distribution and electrical systems. The acquisition enables SSB8 to participate in high-value sectors such as data centres, healthcare facilities and advanced industrial developments. In addition, the Group has established Southern Score Digital Sdn. Bhd. to provide digital engineering advisory and Building Information Modelling ("BIM") services, further enhancing its capabilities in technology-driven construction solutions. These initiatives position SSB8 to capture opportunities in complex, high-tech developments while strengthening its end-to-end project delivery capabilities.

In December 2025, the Group completed the acquisition of a 33% stake in Nova Pharma Solutions Berhad ("NPS") for a total cash consideration of RM18.2m or RM0.37 per share. The Group has since raised its stake to 99.75% and is expected to acquire all outstanding shares from dissenting shareholders via a compulsory acquisition notice within two months. NPS is an engineering consultancy and project management specialist for the pharmaceutical and biotechnology sectors which has successfully delivered numerous projects across the globe including biopharmaceutical plants, vaccine facilities and R&D labs. The highly synergistic acquisition will enable the Group to deliver solutions across a wider range of industries while enhancing project efficiency, reducing execution risks and improving bid competitiveness.

Figure 1: Corporate Structure



Source: Company, Apex Securities

Figure 2: Notable Completed Projects

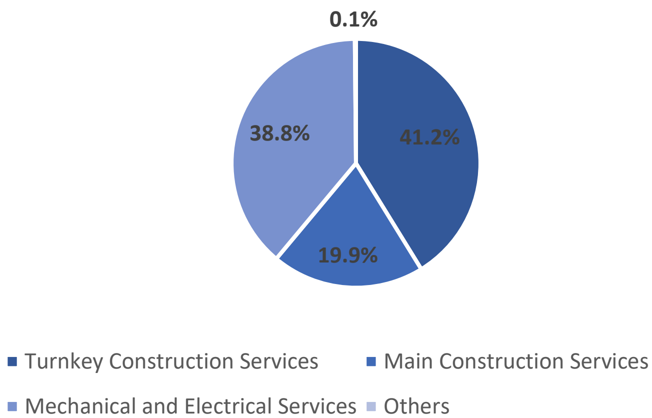
No.	Project Details	Location	Contract Value, m
1	Vista Wirajaya	Taman Melati, KL	308.9
2	Platinum Arena Residences	Old Klang Road, PJ	204.1
3	Vista Sentul Residences	Jalan Sentul, Sentul	148.6
4	Vista Harmoni Residences	Jalan Pelangi, Sentul	132.1
5	Site Clearance & Relocation Works	PT27043, Mukim Batu	8.3

Source: Company, Apex Securities

Business Overview

Business Model. The Group's core business activities now span: (i) T**urnkey Construction Services**, (ii) **M&E Engineering Services,** (iii) **Main Construction Services** and (iv) **Others services**.

Figure 3: 1HFY26 Revenue Segmentation by Business Activities



Source: Company, Apex Securities

Turnkey Construction Services (41.2% of 1HFY26 Revenue)

Key Revenue Contributor. The turnkey construction services segment serves as SSB8's primary revenue contributor, accounting for RM74.3m or 41.2% of total revenue in 1HFY26. Under this model, the Group undertakes end-to-end project delivery, covering design coordination, project planning, procurement, construction management and final completion. This integrated structure allows clients to rely on a single contractor to oversee the entire development process, improving execution efficiency and simplifying project coordination.

The Group typically works directly with developers or landowners, managing architectural and engineering coordination, subcontractor engagement, material procurement and site supervision to ensure projects are delivered according to agreed specifications, timelines and budgets. SSB8's turnkey activities are largely concentrated in high-rise residential developments across the Klang Valley, where it has established a track record in delivering large-scale multi-tower projects with integrated facilities such as podium car parks and lifestyle amenities.

Leveraging its asset-light operating model, SSB8 outsources physical construction works to a network of subcontractors while retaining control over project management, procurement and quality assurance. This approach allows the Group to undertake larger contract values and capture greater value across the construction chain, while maintaining operational flexibility and capital efficiency. Its established reputation in the high-rise residential segment has also enabled the Group to secure repeat projects from property developers, supporting order book replenishment and earnings visibility.

Figure 4: Vista Harmoni Residences (left) and Berlian Setapak 2 Residences (Right)

Source: Company

Mechanical and Electrical Services (38.8% of 1HFY26 Revenue)

Synergistic Acquisition. The M&E services segment contributed RM69.9m, or 38.8% of total revenue, in 1HFY26. The segment was established following the Group's acquisition of a 51% stake in SJEE, marking a strategic expansion into higher value-added engineering services. It specialises in the design, installation, testing, and commissioning of electrical power distribution systems, including medium- and low-voltage switchgear, transformers, substations and related electrical infrastructure. With over three decades of industry experience, SJEE has built an established track record in delivering M&E solutions across a wide variety of developments.

The addition of SJEE significantly enhances SSB8's capabilities beyond its core construction operations by enabling the Group to participate in the electrical infrastructure component of large-scale developments. M&E works typically represent a significant portion of total construction costs, particularly in technically complex projects such as data centres, healthcare facilities and advanced manufacturing plants. As such, the segment allows the Group to capture a larger share of the project value chain while strengthening its integrated project delivery capabilities.

Importantly, the acquisition positions SSB8 to capitalise on emerging opportunities in high-growth sectors that require specialised electrical infrastructure. Data centres, for instance, demand highly reliable power distribution systems and backup electrical networks, making M&E expertise a critical component of project execution. By combining SSB8's construction management capabilities with SJEE's technical engineering expertise, the Group is well positioned to pursue more complex and higher-value projects moving forward.

In addition to external contracts, SJEE also provides strategic synergies to the Group's existing construction operations. The in-house M&E capability allows SSB8 to improve project coordination, enhance cost efficiency and reduce reliance on third-party electrical subcontractors. Over time, management expects the M&E segment to become an increasingly important contributor to the Group's earnings, driven by rising demand for electrical engineering solutions in data centres, infrastructure projects and specialised industrial developments.

Figure 5: Data Centre (left) and Hospital Pendang (Right)

Source: Company

Main Construction Services (19.9% of 1HFY26 Revenue)

Total Solutions Provider. This segment represents a vital strategic pillar for SSB8, contributing RM35.8m, or 19.9% of total revenue in 1HFY26. The main construction services segment involves the Group undertaking construction works as the principal contractor for projects awarded by property developers, government-linked entities or other contractors. Unlike turnkey arrangements, the Group's role in these contracts is primarily focused on executing the construction scope based on predetermined designs and specifications provided by the project owner or consultant team.

Under this model, SSB8 is responsible for site execution, subcontractor management, construction scheduling and quality control to ensure projects are completed according to agreed timelines and technical requirements. While the scope is generally narrower compared to turnkey projects, the segment enables the Group to leverage its project management expertise and established subcontractor network to deliver construction works efficiently.

Main construction projects typically include high-rise residential developments, mixed-use buildings, and supporting infrastructure works. This segment complements the Group's turnkey operations by allowing SSB8 to participate in a broader range of construction opportunities, while maintaining operational flexibility under its asset-light business model.

Figure 6: Flood Detention Pond

Source: Company

Other Services (0.1% of 1HFY26 Revenue)

Ancillary Services. The Others segment comprises ancillary services that complement the Group's core construction operations, primarily through its digital engineering and project advisory activities. This includes Building Information Modelling ("BIM"), digital construction solutions, and engineering consultancy services that support project planning, design coordination and construction management. While still relatively small in terms of revenue contribution, these services play an increasingly important role in enhancing the Group's overall project delivery capabilities.

Through its digital engineering initiatives, the Group leverages BIM and other digital tools to improve design accuracy, project visualisation and coordination among various project stakeholders. These technologies help identify potential design conflicts at an early stage, optimise construction sequencing and improve cost and time efficiency during project execution. The adoption of digital engineering solutions is also aligned with broader industry trends towards greater digitalisation in construction and infrastructure development.

Although the segment currently contributes a modest share of the Group's overall revenue, management views these capabilities as a strategic complement to its construction and engineering services. Over time, the integration of digital engineering and advisory solutions is expected to strengthen the Group's value proposition by enabling more efficient project management and supporting its positioning as an integrated construction solutions provider.

Figure 7: Provides BIM Services for Radium Hospital Ayer Keroh

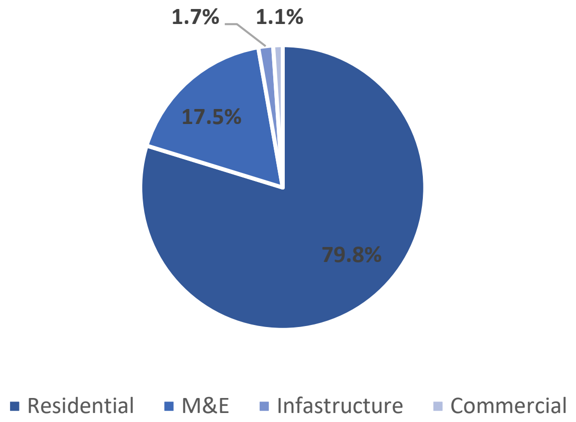
Source: Company

Robust Outstanding Orderbook. As at 31 December 2025, the Group's unbilled orderbook stood at RM1.4bn, of which 82.5% was attributable to SSB and 17.5% to SJEE, providing clear medium-term earnings visibility. The orderbook remains heavily skewed towards residential projects (79.8%), followed by M&E works (17.5%), with infrastructure (1.7%) and commercial developments (1.1%) representing a smaller portion.

To sustain longer-term growth, the Group maintains a healthy tender book of approximately RM1.0bn, with contributions of 62.2% from SSB and 37.8% from SJEE. Historically, between 43.9% and 100.0% of yearly contract wins have been secured from related parties, namely Platinum Victory and Radium, reflecting strong execution track record and entrenched relationships that support consistent pipeline replenishment.

Year-to-date, the Group has secured RM219.6m in new contracts, driven entirely by data centre-related M&E jobs under SJEE. Backed by a robust tender pipeline and continued support from related-party clients, we forecast annual order book replenishment of RM500m over FY26–FY28, underpinning sustained earnings growth.

Figure 8: Outstanding Orderbook by Segment

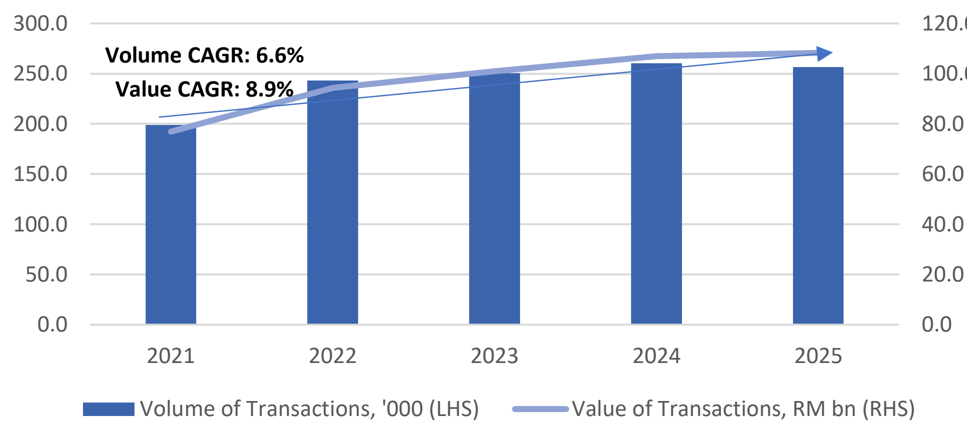


Source: Company, Apex Securities

Industry Overview

Residential Properties. The Malaysian residential property sector has shown steady growth, with transaction volume and value recording a five-year CAGR of 6.6% and 8.9% respectively from 2021 to 2025. This upward trajectory is anchored by consistent domestic demand, particularly within the mid-market segment, and is further bolstered by strategic government initiatives such as the Home Credit Guarantee Scheme (SJKP) and extended stamp duty exemptions for first-time homebuyers. Heading into 2026, the sector maintains a stable and cautiously optimistic outlook, supported by improving macroeconomic indicators and a projected national GDP growth of 4.0% to 4.5%. For SSB8, which specialises in high-rise residential construction, this provides a supportive backdrop for its core business. Furthermore, the industry's evolving shift toward "future-ready" and sustainable built environments directly aligns with the Group's strategic focus on innovation and the adoption of technology to enhance project outcomes.

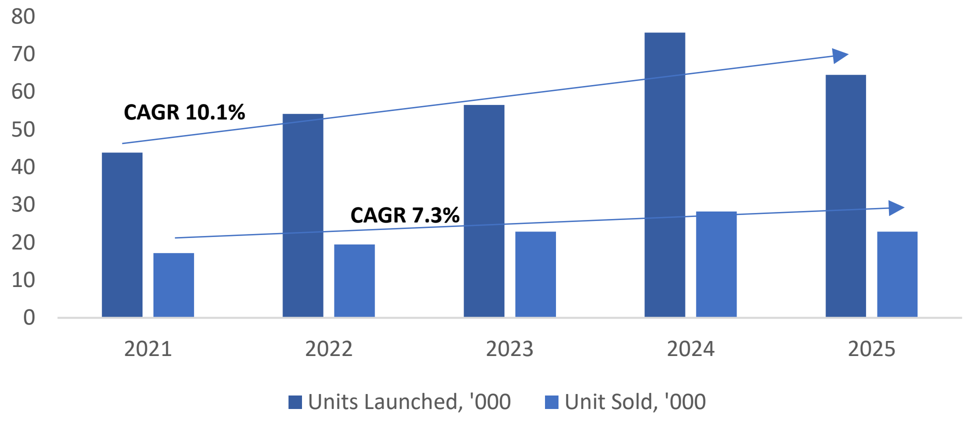
Figure 9: Volume and Value of Residential Property Transactions in Malaysia



Source: NAPIC, Apex Securities

The primary residential market in Malaysia has shown consistent growth, as evidenced by unit launches and units sold recording 10.1% and 7.3% CAGR, respectively, between 2021 and 2025. While new launches saw a slight moderation in 2025 with 64,487 units introduced, which was a 14.9% decrease from the preceding year, the overall five-year trajectory remains positive. A pivotal factor in maintaining this momentum was the reduction of the Overnight Policy Rate (OPR) to 2.75% in July 2025. This likely supported mortgage affordability and helped sustain buyer interest. For SSB8, the resilience of the primary market and the more favourable interest rate environment create a stable outlook for its high-rise residential construction contracts.

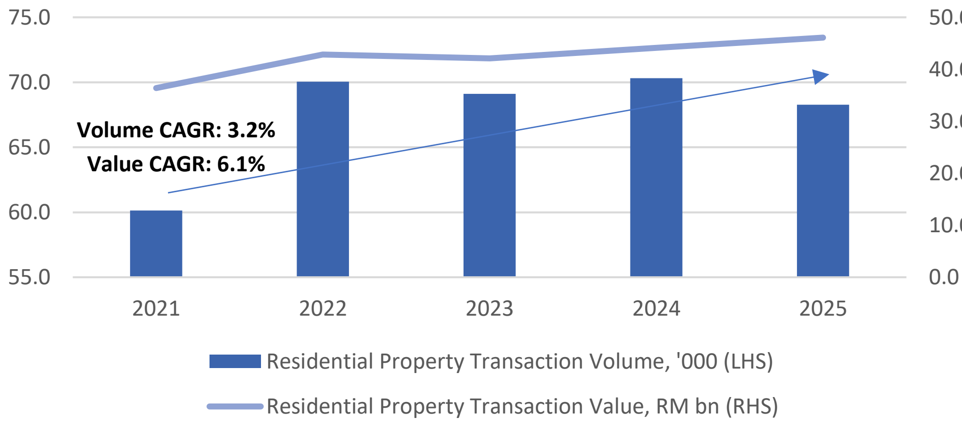
Figure 10: Residential Property Sales in Malaysia



Source: NAPIC, Apex Securities

Central Region. The residential property market in the Central Region has demonstrated consistent performance, with transaction volume and value recording CAGRs of 3.2% and 6.1% respectively. This disparity between value and volume growth indicates a trend toward higher-priced high-rise developments and steady price appreciation within the Klang Valley. These dynamics are supportive of SSB8, which maintains a heavy concentration of projects within this core region. The Group's portfolio is anchored in Kuala Lumpur and Selangor, featuring key developments such as the Platinum Melati Residences and the PV 22 Residences. By focusing on high-rise residential construction in these high-demand urban centers, the Group is strategically positioned to leverage the resilient transaction activity in the Central Region. Furthermore, the stable outlook for the Klang Valley residential sector supports continued earnings visibility for the Group as it executes its asset-light construction model.

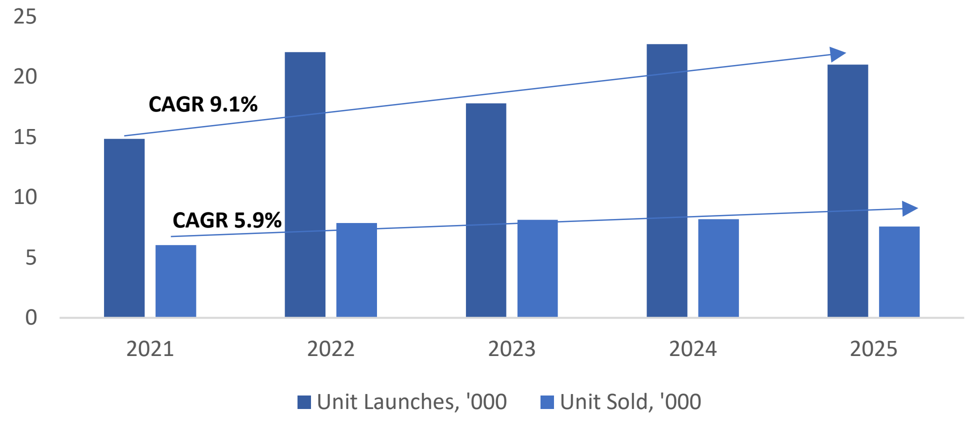
Figure 11: Volume and Value of Residential Property Transactions in Central Region



Source: NAPIC, Apex Securities

The residential market in the Central Region has seen supply outpace demand, with new launches growing at a 9.1% CAGR versus 5.9% for units sold from 2021 to 2025, reflecting an increasingly competitive landscape despite ongoing urbanisation. Nonetheless, the region remains Malaysia's most active property market, contributing nearly a quarter of total transaction volume and 40% of value in 2025. For SSB8, this sustained level of launches supports a steady pipeline of construction opportunities within its core Klang Valley focus, particularly in high-rise residential developments. While moderating sales growth points to a more selective buyer base, resilient transaction values and continued capital appreciation in prime areas underpin the long-term viability of its projects, supporting earnings visibility over the medium term.

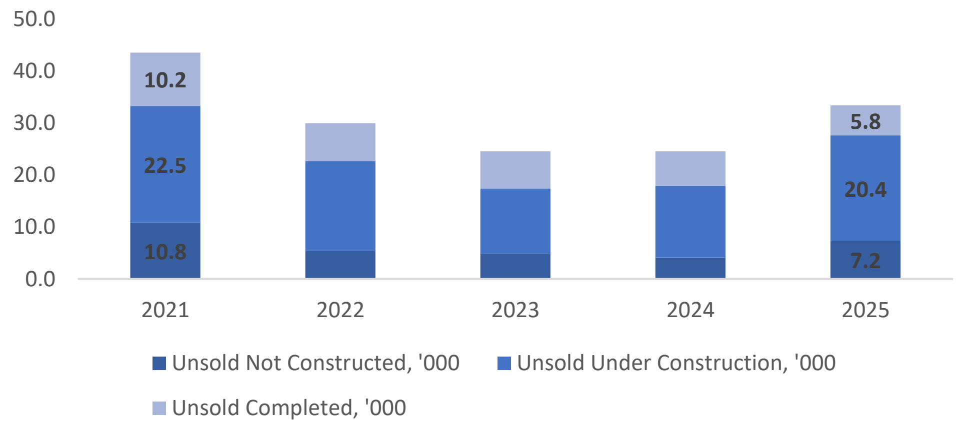
Figure 12: Sales Performance of Newly Launched Residential Properties in Central Region



Source: NAPIC, Apex Securities

The residential inventory landscape in the Central Region has improved meaningfully, with unsold units across all development stages declining between 2021 and 2025. Notably, unsold completed units (property overhang) recorded a sharp 13.4% CAGR decline, reflecting strong absorption rates and the successful clearing of legacy inventory, which in turn supports price stability and improves developer balance sheets. Unsold units not yet constructed also fell by 9.5% CAGR, suggesting stronger pre-sales traction and more disciplined project launches. Meanwhile, the more modest 2.5% decline in unsold units under construction indicates a steady replenishment of supply as new developments continue to come onstream to meet urban demand. For SSB8, these trends are supportive of a healthier operating environment. Improved inventory conditions typically encourage developers to launch new phases and projects, particularly in high-demand areas such as the Klang Valley where the Group has a strong presence. This reinforces a sustainable pipeline of construction opportunities, positioning the Group to benefit from continued order book replenishment while maintaining medium-term earnings visibility.

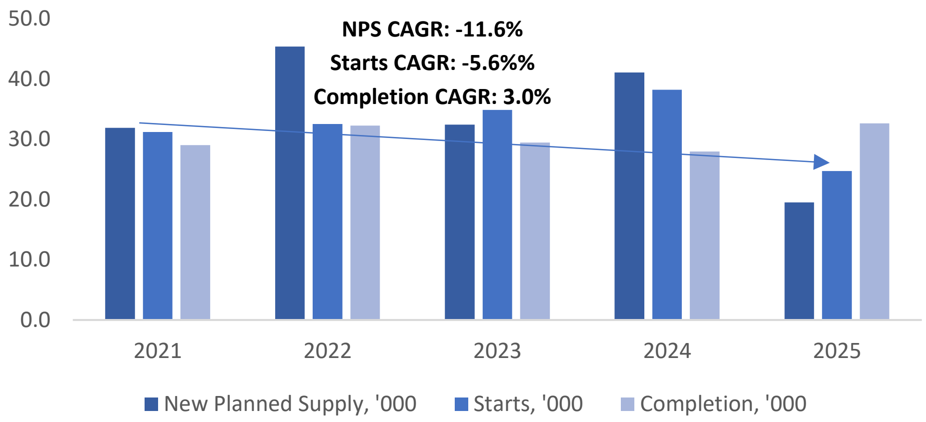
Figure 13: Unsold Residential Property in Central Region



Source: NAPIC, Apex Securities

The construction pipeline in the Central Region has undergone a period of consolidation, where a 3.0% CAGR in completions reflects the steady delivery of existing projects despite a sharp contraction in new planned supply (-11.6% CAGR) and construction starts (-5.6% CAGR). While this data indicates developer caution in response to elevated material costs and a strategic shift toward clearing inventory, the growth in completions confirms an active work environment for SSB8's ongoing high-rise projects. Although the reduction in new starts suggests a more competitive landscape for future tenders, the Group's asset-light model and established reputation provide a significant defensive advantage. Furthermore, as the market successfully absorbs current supply, any eventual reversal in the "starts" trajectory will serve as a fresh catalyst for SSB8 to replenish its order book within its core Klang Valley stronghold.

Figure 14: Residential Construction Activity in Central Region



Source: NAPIC, Apex Securities

Data Centres. The rapid expansion of data centre development has emerged as a structural growth driver for Malaysia's construction and digital infrastructure ecosystem. While Budget 2026 focused on broader sustainability frameworks like carbon-tax readiness and renewable energy, these policies provide a supportive environment for energy-intensive hyperscale developments. Against this backdrop, multinational technology firms continue to scale their presence in Kuala Lumpur, Johor, and Selangor, driving strong demand for high-specification building and structural works. According to DC Byte, hyperscale data centre development in the Asia-Pacific region recorded a five-year CAGR of 32.9% between 2020 and 2025, positioning the region as a global leader in digital infrastructure growth.

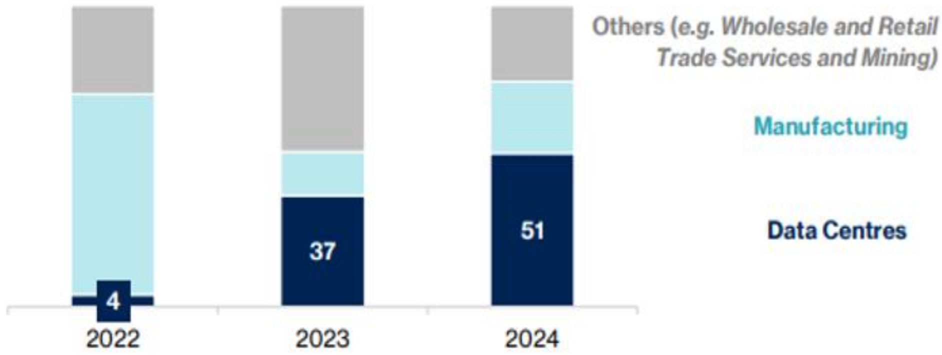
Since 2021, Malaysia has approved 143 data centre projects representing RM144.4bn in cumulative investments. Major commitments from global providers such as AWS (RM29.2bn), Microsoft (RM10.5bn), and Google (RM9.4bn) provide long-term demand visibility. This momentum has reshaped the nation's investment profile, with data centres overtaking manufacturing as the dominant recipient of Foreign Direct Investment (FDI). Consequently, live data centre capacity in Malaysia has grown significantly from 55MW in 2019 to 784MW as of 3Q 2025. These investments are central to the Digital Economy Blueprint (2021–2030) and the New Industrial Master Plan (NIMP), as localized data hosting reduces latency, enhances security, and supports the adoption of AI and automation across the domestic economy.

Given the Group's deep-rooted presence in the Klang Valley, the region's emergence as a premier data centre hub serves as a significant tailwind for future contract awards. In the current infrastructure cycle, each 1MW of data centre capacity typically requires a total construction investment of c.RM25m. Within this capital expenditure, roughly 15%, or RM4m per MW, is specifically allocated to specialized M&E works, which is the core competency of the Group's engineering arm. SSB8's experience in delivering high-specification urban projects, together with its growing M&E capabilities, positions it to participate in more complex data centre developments, particularly those requiring higher technical standards such as Tier 3 and Tier 4 facilities.

Figure 15: Map of Data Centres in Malaysia

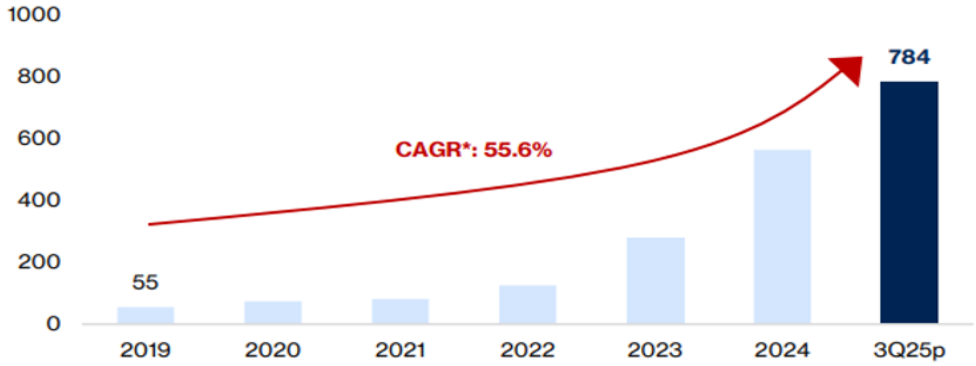
Source: Baxtel

Figure 16: Malaysia's Net FDI Inflows by Percentage across Different Industries



Source: DoSM, BNM

Figure 17: Malaysia's Data Centre Cumulative Live Capacity, MW



Source: DC Byte, BNM

Investment Highlights

Capitalising on the Data Centre Expansion Supercycle. The Group is rapidly transforming into a key beneficiary of Malaysia's data centre boom through its M&E specialist arm, SJEE Engineering. Unlike traditional residential projects, data centre works offer significantly shorter turnaround times of 12 to 18 months and command superior net margins of 15%. SJEE specifically targets Tier 3 and Tier 4 DCs, which require the highest levels of technical redundancy and expertise.

The Group is currently positioned to capture a significant portion of the capital expenditure from major hyperscalers. We estimate that the cost to build each MW at RM25m, with the M&E portion alone representing a tender size of c.RM4m per MW. Assuming a typical hyperscaler DC of 50MW capacity, this implies a potential M&E addressable market of RM200m per data centre. For the current financial year, we expect the Group to derive 40% of its revenue from the DC segment, providing a high-margin support to its earnings profile.

Robust Orderbook and Sustained Tender Momentum. The Group maintains a robust outstanding order book of RM1.4bn, providing clear earnings visibility through 2028. This pipeline is well diversified across turnkey construction, specialized M&E services and main building works. The depth of the current order book represents a healthy book-to-bill cover ratio of 3.0x based on FY26F revenue. This substantial backlog provides a defensive cushion, allowing management to remain selective in its bidding process and prioritize projects with optimal risk-reward profiles rather than pursuing volume at the expense of margins.

To sustain this momentum, we forecast a consistent annual order book replenishment target of RM500m over the next three years. A significant portion of these anticipated wins is expected to originate from the high-growth data centre sector and core residential developments, directly leveraging the Group's core technical strengths and developer relationships. The reliability of this replenishment is further safeguarded by the Group's asset-light business model. By focusing on project management and high-value engineering rather than heavy machinery ownership, the Group maintains the operational flexibility required to scale resources efficiently and deploy capital toward high IRR opportunities as new contracts are secured.

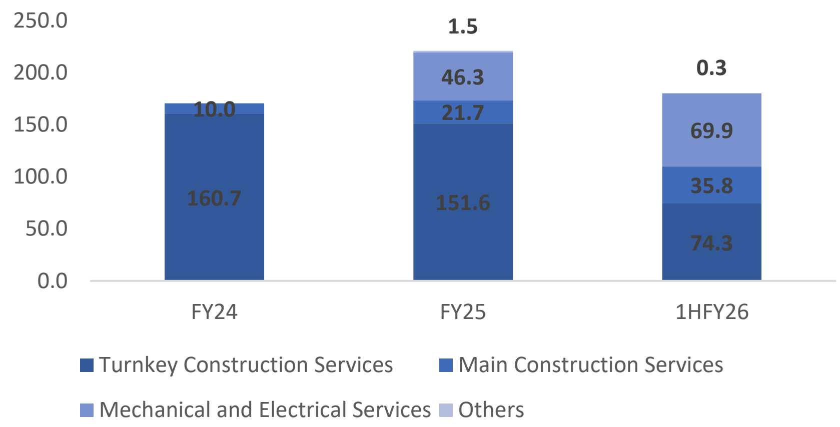
Synergistic Relationship with Related Parties. A core pillar of the investment thesis is the Group's strategic alignment with established property developers, specifically Platinum Victory and Radium Development Berhad. This deep-rooted relationship, stemming from the fact that SSB8's Managing Director founded the Platinum Victory Group, provides a consistent and predictable pipeline of turnkey construction projects. Such a partnership effectively mitigates the Group's order replenishment risk by providing access to high-value developments in prime Klang Valley locations without the uncertainty typically associated with competitive open tenders.

This synergistic model has recently been replicated with Radium Development Berhad, where the Group successfully secured its maiden infrastructure and medical-related construction contracts. These include specialized works for a private hospital sub-structure and detention pond upgrades, demonstrating the Group's ability to broaden its service offerings within a trusted ecosystem. With these related parties collectively targeting an annual Gross Development Value (GDV) of RM1bn in new launches, SSB8 benefits from a captive pipeline that serves as a defensive buffer against broader market volatility. This structural advantage ensures high utilization of the Group's construction management capabilities and provides long-term earnings visibility as it continues to execute its asset-light business model.

Financial Highlights

SSB8 recorded strong growth between FY23 and FY25, with revenue increasing from RM97.9m to RM221.0m, representing a two-year CAGR of 50.2%. This performance underscores the Group's ability to successfully secure and deliver high-value projects across a diverse range of sectors, including residential developments and rapidly expanding data centre infrastructure. During the same period, profitability also saw a steady upward trajectory, with net profit growing at a CAGR of 26.1%. The sustained improvement in financial performance is primarily driven by the Group's success in securing large scale turnkey contracts and the operational synergies derived from its close relationship with related parties. Furthermore, the strategic acquisition of SJEE Engineering has provided a significant boost to earnings by allowing the Group to penetrate the high margin data centre M&E segment. This diversification into specialized technical infrastructure not only enhances overall margins but also positions the Group to benefit from the structural growth of Malaysia's digital economy.

Figure 18: Revenue Breakdown by Segment



Source: Company, Apex Securities

Earnings outlook. We project SSB8's FY26/27/28F core earnings to grow by 87.2%/37.6%/11.0%. This robust growth trajectory is underpinned by the progressive revenue recognition from an outstanding orderbook of RM1.4bn, alongside our assumption of RM500m in annual orderbook replenishment over the next three years. A primary driver of this earnings acceleration is the execution of higher-margin projects within the data centre segment, where revenue is typically recognized over compressed contract cycles of approximately 12 to 18 months. Simultaneously, the Group maintains a stable and predictable revenue base through its substantial exposure to residential property projects, which currently account for 79.8% of the total unbilled orderbook. This strategic balance allows the Group to enjoy long-term earnings visibility from its core construction activities while capturing immediate upside from the faster-turnaround, high-margin technical infrastructure space.

Dividends. While SSB8 does not have a formal dividend policy, we have assumed an annual dividend payout of 1 sen per ordinary share. This balances shareholder returns with the need to retain capital to support ongoing operations and future growth.

Peers Comparison

Figure 19: Selected Peers Engaged in Construction Services, listed on Bursa Malaysia

Company	Market Group	FYE	Price (RM)	Market Cap (RM' m)	P/E (x) 2025	P/E (x) 2026F	Dividend Yield (%)*	Revenue (RM' m)*	Core Net Profit (RM' m)*
Southern Score Builders Bhd	**ACE**	**Jun**	**0.59**	**1,340.8**	**33.3**	**17.8**	**2.5**	**221.1**	**43.7**
Binastra Corp Bhd	MAIN	Jan	2.00	2,183.0	18.8	16.7	1.5	946.6	90.2
Malaysian Resources Corp Bhd	MAIN	Dec	0.28	1,250.9	26.4	23.3	3.6	1,197.8	47.3
WCT Holdings Bhd	MAIN	Dec	0.39	600.2	12.5	9.3	N/A	1,973.0	52.5
KKB Engineering Bhd	MAIN	Dec	1.17	337.8	22.5	14.6	3.3	177.0	14.9
HSS Engineers Bhd	MAIN	Dec	0.32	162.7	11.9	7.1	4.3	222.3	13.7
Average ex-Southern Score Builders Bhd				**906.92**	**18.4**	**14.2**	**3.2**	**903.3**	**43.7**

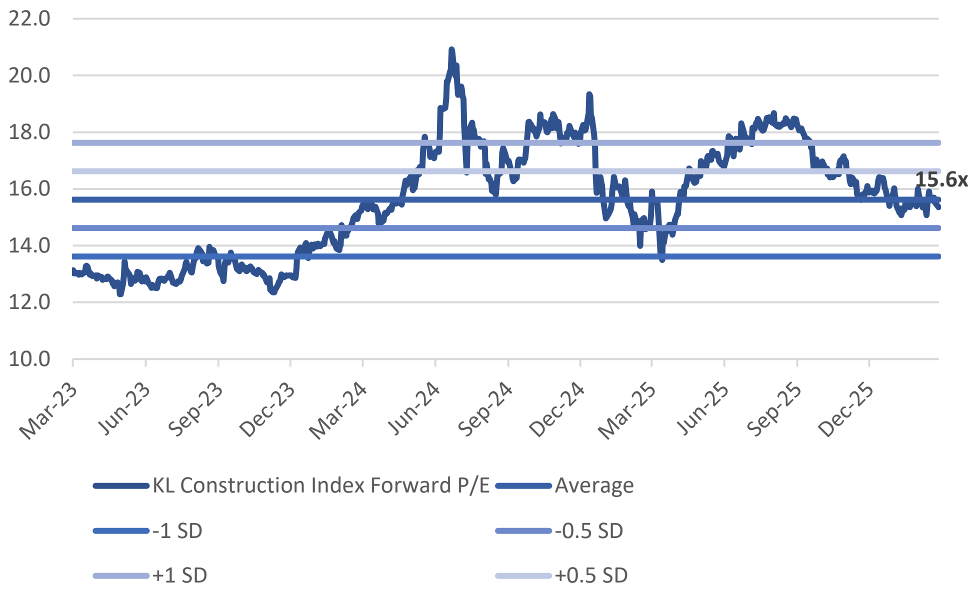
**Figure taken from last audited financial statement*

Source: Bloomberg, Apex Securities

Valuation and Recommendation

We initiate coverage on SSB8 with a **BUY** recommendation and a target price of **RM0.81**. Our valuation is derived from a target P/E multiple of 17.6x applied to our FY2027F core earnings per share (EPS) of 4.6 sen. This valuation represents one standard deviation above the Malaysian construction sector's 3-year average P/E and a c.25% premium to peers' average. We believe this valuation premium is well-justified by the Group's strong fundamental profile. **Key catalysts include a healthy net cash balance sheet and a highly efficient asset-light business model that minimizes capital intensity**. Furthermore, SSB8's strategic exposure to the structurally high-growth data centre segment provides a significant competitive edge. This specialized focus, combined with a strong outstanding order book, supports superior earnings visibility and a high-growth trajectory that warrants a premium valuation compared to traditional construction peers.

Figure 20: Bursa Malaysia Construction Index One-year Forward P/E



Investment Risks

Fluctuations in Raw Material and Input Costs. Although the Group operates an asset-light model, it remains sensitive to the volatility of building material prices, particularly concrete and steel. The recent supply crunch between October and December 2025 serves as a prime example, where a 50% reduction in concrete availability forced the Group to pay a 30% premium to maintain project timelines. While current supply has normalized, any sustained increase in material costs or spikes in fuel prices could lead to margin compression. Furthermore, since 60 to 70% of SJEE's raw material costs consist of cables, the Group is also heavily exposed to fluctuations in global copper and aluminum prices.

Concentration Risk and Dependency on Related Parties. A significant portion of the Group's construction order book and annual replenishment targets are tied to projects from related parties, specifically Platinum Victory and Radium Development. While this relationship provides a defensive "captive" pipeline, it also creates a concentration risk. Any significant slowdown in the property launch cycles of these developers, or changes in their corporate strategies, could directly impact the Group's ability to replenish its order book. To mitigate this, the Group is actively diversifying into the data centre and pharmaceutical sectors to reduce its reliance on traditional residential development.

Execution Risks in Highly Regulated Sectors. The Group's strategic foray into the data centre and pharmaceutical engineering sectors through SJEE and NPS introduces higher technical and regulatory execution risks. Data centres require stringent adherence to Tier 3 and Tier 4 specifications, where any failure in M&E redundancy can lead to significant penalties. Similarly, NPS operates in the biotechnology and vaccine facility space, which is governed by rigorous international safety and quality standards. Any delays in commissioning or failure to meet these specialized technical requirements could lead to project cost overruns and potential reputational damage in these niche markets.

Financial Highlights

Income Statement

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**170.7**	**221.1**	**465.3**	**526.9**	**583.7**
Gross Profit	**49.0**	**71.1**	**139.6**	**184.4**	**204.3**
EBITDA	**40.8**	**58.5**	**123.3**	**168.6**	**186.8**
Depreciation & Amortisation	0.5	0.6	2.3	2.6	2.9
EBIT	**40.4**	**57.9**	**121.0**	**166.0**	**183.9**
Net Finance Income/ (Cost)	-0.8	-1.2	-0.9	-0.8	-0.6
Associates & JV	0.0	0.0	0.0	0.0	0.0
Other Income/ (Cost)	1.9	1.3	0.0	0.0	0.0
Pre-tax Profit	**41.5**	**58.0**	**120.1**	**165.1**	**183.2**
Tax	-10.0	-14.3	-28.8	-39.6	-44.0
Profit After Tax	**31.5**	**43.7**	**91.3**	**125.5**	**139.3**
Minority Interest	0.0	-3.5	-16.0	-22.0	-24.4
Net Profit	**31.5**	**40.2**	**75.3**	**103.5**	**114.9**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**31.5**	**40.2**	**75.3**	**103.5**	**114.9**

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	1.4	1.8	3.3	4.6	5.1
P/E (x)	42.6	33.3	17.8	12.9	11.7
P/B (x)	8.5	7.2	5.7	3.9	2.9
EV/EBITDA (x)	31.5	22.6	10.8	7.5	6.3
DPS (sen)	1.2	1.5	1.0	1.0	1.0
Dividend Yield (%)	2.1%	2.5%	1.7%	1.7%	1.7%
EBITDA margin (%)	23.9%	26.5%	26.5%	32.0%	32.0%
EBIT margin (%)	23.6%	26.2%	26.0%	31.5%	31.5%
PBT margin (%)	24.3%	26.2%	25.8%	31.3%	31.4%
PAT margin (%)	18.4%	19.8%	19.6%	23.8%	23.9%
NP margin (%)	18.4%	18.2%	16.2%	19.7%	19.7%
CNP margin (%)	18.4%	18.2%	16.2%	19.7%	19.7%
ROE (%)	19.9%	21.6%	32.3%	30.4%	24.8%
ROA (%)	13.2%	13.0%	18.1%	19.5%	17.2%
Gearing (%)	9.1%	6.5%	5.1%	2.7%	1.3%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Expected order book replenishment			500.0	500.0	500.0

Valuations	FY27F
Core EPS (sen)	4.6
P/E multiple (x)	17.6
Fair Value (RM)	**0.81**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.81**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	67.8	43.7	29.2	94.0	187.1
Receivables	168.6	246.8	348.9	395.2	437.8
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.1	0.1	0.1	0.1
Total Current Assets	**236.3**	**290.7**	**378.3**	**489.3**	**625.0**
Fixed Assets	1.7	2.0	22.9	25.6	28.5
Intangibles	0.0	15.4	15.4	15.4	15.4
Other non-current assets	0.2	0.2	0.2	0.2	0.2
Total Non-Current Assets	**1.9**	**17.7**	**38.6**	**41.3**	**44.2**
Short-term debt	14.3	12.2	12.0	9.1	5.8
Payables	61.6	103.7	161.3	169.6	187.8
Other current liabilities	4.3	6.4	10.1	10.6	11.8
Total Current Liabilities	**80.3**	**122.3**	**183.4**	**189.3**	**205.4**
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	0.3	0.2	0.2	0.2	0.2
Total Non-Current Liabilities	**0.3**	**0.2**	**0.2**	**0.2**	**0.2**
Shareholder's equity	157.7	175.2	222.6	330.4	452.9
Minority interest	0.0	10.7	10.7	10.7	10.7
Total Equity	**157.7**	**185.9**	**233.3**	**341.1**	**463.6**

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**41.5**	**58.0**	**120.1**	**165.1**	**183.2**
Depreciation & amortisation	0.5	0.6	2.3	2.6	2.9
Changes in working capital	-28.0	-27.5	-40.8	-37.5	-23.2
Others	-12.6	-9.9	-17.6	-28.1	-35.3
Operating cash flow	**1.4**	**21.3**	**64.0**	**102.2**	**127.6**
Net capex	-0.3	-0.2	-23.3	-5.3	-5.8
Others	0.4	-15.5	-20.0	0.0	0.0
Investing cash flow	**0.1**	**-15.7**	**-43.3**	**-5.3**	**-5.8**
Dividends paid	-22.7	-22.7	-22.6	-23.3	-23.0
Others	4.2	-0.6	-12.7	-8.9	-5.7
Financing cash flow	**-18.5**	**-23.4**	**-35.3**	**-32.2**	**-28.7**
Net cash flow	**-17.0**	**-17.8**	**-14.5**	**64.8**	**93.1**
Forex	0.0	0.0	0.0	0.0	0.0
Others	5.2	-2.7	0.0	0.0	0.0
Beginning cash	30.4	67.8	43.7	29.2	94.0
Ending cash	**18.6**	**47.2**	**29.2**	**94.0**	**187.1**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Electricity	★★★	Expanded scope to include subcontractors' electricity consumption to get a fully picture of energy use.
Fuel	★★★	Diesel tanks at construction sites are fitted with meters to track fuel usage.
Compliance	★★★	In compliance with local environmental regulations.

Social

Quality Management System	★★★	Ensure QLASSIC scores of over 75% across its completed projects.
Human Rights	★★★	Prohibit the employment of child labour and any form of forced labour across all operations.
Occupational Safety and Health	★★★	Equips all personnel with essential personal protective equipment in its workplace.

Governance

Policies	★★★	Adopt anti-bribery and anti-corruption policy to promote ethical business conduct.
Board	★★★	50% of its Board members are women directors. Independent Directors also made up 50% of all Board members.
Whistleblowing	★★★	Adopts a Whistleblowing Policy that provides secure and confidential avenue to report suspected misconduct.

Overall ESG Scoring: ★★★

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

As of **Monday, 30 Mar, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.