

Team Coverage

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Recommendation:	BUY
Current Price:	RM 0.57
Previous Target Price:	-
Target Price:	RM 0.81
Capital Upside/Downside:	42.1%
Dividend Yield (%):	1.8%
Total Upside/Downside:	43.9%

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)	1,295.4
52-Week Price Range (RM)	0.375-0.645
Beta (x)	1.1
Free float (%)	26.5
3M Average Volume (m)	1.5
3M Average Value (RM' m)	0.9

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 (%)	-0.9	-10.2	14.0
Relative (%)	0.7	-10.8	2.1

Earnings summary

FYE Jun (RM m)	FY25	FY26F	FY27F
Revenue (RM'm)	221.1	465.3	526.9
PATAMI (RM'm)	40.2	75.5	104.0
CNP (RM'm)	40.2	75.5	104.0
EPS - core (sen)	1.8	3.3	4.6
P/E(x)	33.3	17.8	12.9

Southern Score Builders Bhd

DC Contracts Rolling In

- **SSB8 has secured two construction management services contracts worth a total of RM189.0m through its 51%-owned subsidiary, SJEE Engineering Sdn Bhd.**
- **Assuming a PAT margin of 18%, the contract is expected to contribute c.RM17.4m (or 23.0% of FY26F PAT) over FY26F-FY27F.**
- **Maintain BUY recommendation with an unchanged TP of RM0.81, based on 17.6x P/E multiple applied to its FY27F EPS of 4.6 sen, along with a three-star ESG rating.**

Secures RM189.0m Worth of Projects. Southern Score Builders Bhd (SSB8) has significantly bolstered its data centre portfolio by securing two specialized construction management contracts for a total of RM189.0m through its 51%-owned subsidiary, SJEE Engineering Sdn Bhd. Notably, both contracts were awarded by the same lead contractor, underscoring the Group's strong reputation and trust placed in its technical execution by key industry partners.

The first award, designated as Project A, involves the comprehensive supply, installation, testing and maintenance of electrical systems for a major data centre facility in Cyberjaya. With a subcontract value of RM150.0m, this represents the single largest contract ever secured by the Group's mechanical and electrical (M&E) division. The project is scheduled for a nine-month execution timeline, commencing on 2 March 2026 and reaching completion by 30 November 2026.

The second award, Project B, comprises RM39.0m in additional works for an existing data centre subcontract originally awarded in October 2024. These supplemental works carry the same specialized M&E scope and are expected to be completed by 30 October 2026, spanning an eight-month duration. Collectively, these wins highlight the Group's growing technical reputation in the high specification digital infrastructure space and demonstrate the rapid revenue recognition potential inherent in its specialised engineering segment.

Our View. We view these latest contract awards **positively** as they mark the Group's sixth win for FY26, significantly strengthening earnings visibility through FY27. **At an estimated 18% PAT margin, these projects are slated to contribute RM17.4m in PAT over its duration,** after accounting for the Group's effective share in its subsidiary. This contribution represents a substantial 23.0% of our FY26 forecast. Given the Group's successful track record in executing previous data centre technical works, we believe execution risk remains minimal. These latest wins bring YTD awards to RM408.6m and bolster the total outstanding order book to a robust RM1.6bn. This consistent win rate underscores the Group's competitive edge in the high growth technical infrastructure space and reinforces its multi-year growth trajectory.

Outlook. We expect the Group to deliver a resilient performance despite prevailing macroeconomic headwinds, underpinned by a **substantial RM1.6bn outstanding order book.** This represents a robust book-to-bill ratio of 3.4x based on FY26F revenue, providing clear earnings visibility through FY28. We remain optimistic regarding the Group's order book replenishment pipeline, particularly as it capitalizes on the accelerating data centre rollout and maintains a captive project flow from its strategic related parties, Platinum Victory and Radium Development.

Earnings Revision. No change to our earnings revision as this award falls within our orderbook replenishment assumption for FY26 of RM500m.

Valuation & Recommendation. We maintain our **BUY** recommendation on SSB8 with an unchanged TP of **RM0.81**, based on 17.6x FY27F EPS of 4.6 sen, along with a three-star ESG rating.

Risks. Rising material costs, labour shortages and oversupply of high-rise residential projects in the Klang Valley area.

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	139.4	184.5	204.2
EBITDA	40.8	58.5	123.1	168.7	186.7
Depreciation & Amortisation	0.5	0.6	2.3	2.6	2.9
EBIT	40.4	57.9	120.8	166.0	183.8
Net Finance Income/(Cost)	-0.8	-1.2	-0.9	-0.8	-0.5
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	119.9	165.2	183.3
Tax	-10.0	-14.3	-28.8	-39.7	-44.0
Profit After Tax	31.5	43.7	91.1	125.6	139.3
Minority Interest	0.0	-3.5	-15.6	-21.5	-23.9
Net Profit	31.5	40.2	75.5	104.0	115.4
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	31.5	40.2	75.5	104.0	115.4

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	14	18	3.3	4.6	5.1
P/E (x)	42.6	33.3	17.8	12.9	11.6
P/B (x)	8.5	7.2	5.4	3.5	2.6
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%	31.4%	31.4%
PAT margin (%)	18.4%	19.8%	19.6%	23.8%	23.9%
NP margin (%)	18.4%	18.2%	16.2%	19.7%	19.8%
CNP margin (%)	18.4%	18.2%	16.2%	19.7%	19.8%
ROE (%)	19.9%	21.6%	30.4%	27.5%	22.0%
ROA (%)	13.2%	13.0%	17.5%	18.4%	15.9%
Gearing (%)	9.1%	6.5%	4.6%	1.9%	0.5%
Net gearing (%)	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	44.1	128.8	244.6
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	393.2	524.1	682.6
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	11.4	7.0	2.6
Payables	61.6	103.7	161.4	169.5	187.9
Other current liabilities	4.3	6.4	10.1	10.6	11.8
Total Current Liabilities	80.3	122.3	182.9	187.2	202.2
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	222.4	330.1	452.5
Minority interest	0.0	10.7	26.3	47.9	71.8
Total Equity	157.7	185.9	248.7	378.0	524.3

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	41.5	58.0	119.9	165.2	183.3
Depreciation & amortisation	0.5	0.6	2.3	2.6	2.9
Changes in working capital	-28.0	-27.5	-40.7	-37.6	-23.1
Others	-12.6	-9.9	-14.5	-12.5	-13.9
Operating cash flow	1.4	21.3	67.1	117.7	149.3
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	-22.7	-23.4	-23.1
Others	4.2	-0.6	-0.8	-4.3	-4.5
Financing cash flow	-18.5	-23.4	-23.4	-27.7	-27.6
Net cash flow	-17.0	-17.8	0.3	84.7	115.9
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	44.1	128.8
Ending cash	18.6	47.2	44.1	128.8	244.6

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

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(a) nil.