

## Team Coverage

(603) 7890 8888

[research\\_dept@apexsecurities.com.my](mailto:research_dept@apexsecurities.com.my)

<b>Recommendation:</b>	<b>BUY</b>
Current Price:	RM 0.54
Previous Target Price:	RM 0.81
Target Price:	↔ RM 0.81
Capital Upside/Downside:	50.0%
Dividend Yield (%):	1.9%
Total Upside/Downside:	<b>51.9%</b>

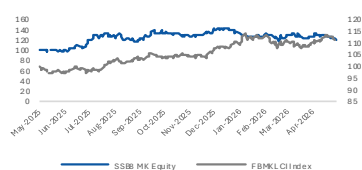
## Stock information

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)	1,227.2
52-Week Price Range (RM)	0.425-0.645
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 (%)	-3.6	-5.3	18.7
Relative (%)	-5.4	-3.9	6.9

## 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

## Solidifying its DC M&E Strength

- **SSB8 secures data centre subcontracting job worth RM47.5m through its 51%-owned subsidiary, SJEE Engineering Sdn Bhd.**
- **Assuming a PAT margin of 18%, the contract is expected to contribute c.RM4.4m (or 5.8% of FY26F PAT) over FY26F-FY27F.**
- **The Group adopts a back-to-back procurement strategy by locking in raw material prices upon contract award to mitigate raw material cost volatility.**
- **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 RM47.5m Data Centre Project.** Southern Score Builders Berhad (SSBB), through its 51%-owned subsidiary, SJEE Engineering Sdn Bhd (SJEE), has secured a RM47.5m subcontract for specialized data centre works from a local construction firm. The scope of work encompasses the comprehensive supply, installation, testing, and commissioning of electrical, extra-low voltage (ELV), telecommunications, and security systems. The project features a 14-month execution timeline, commencing on 7 May 2026 with targeted completion by 11 March 2027.

**Our View.** We view this latest contract award **positively** as it marks the Group's seventh win for FY26, further strengthening earnings visibility through FY27. Assuming an **estimated 18% PAT margin** and accounting for the Group's effective stake in its subsidiary, the project is slated to **contribute RM4.4m in PAT** over its duration, representing 5.8% of our FY26 forecast.

To safeguard profitability against recent volatility in raw material costs, the Group employs a proactive back-to-back procurement strategy, locking in material prices immediately upon contract award to effectively insulate its margins. Given the Group's established track record in successfully delivering high-specification digital infrastructure, we deem execution risk to be minimal. This contract brings **YTD wins to RM456.1m** and boosts the **total outstanding order book to a robust RM1.6bn**, 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 resilient earnings growth amid prevailing macroeconomic uncertainties, supported by its **sizeable outstanding order book**. This translates to a healthy book-to-bill ratio of 3.5x based on FY26F revenue, providing strong earnings visibility through FY28. We remain optimistic on the Group's order book replenishment prospects, driven by expanding opportunities in the data centre segment as well as recurring project flows from related parties, Platinum Victory and Radium Development Berhad.

**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
<b>Revenue</b>	<b>170.7</b>	<b>221.1</b>	<b>465.3</b>	<b>526.9</b>	<b>583.7</b>
<b>Gross Profit</b>	<b>49.0</b>	<b>71.1</b>	<b>139.4</b>	<b>184.5</b>	<b>204.2</b>
<b>EBITDA</b>	<b>40.8</b>	<b>58.5</b>	<b>123.1</b>	<b>168.7</b>	<b>186.7</b>
Depreciation & Amortisation	0.5	0.6	2.3	2.6	2.9
<b>EBIT</b>	<b>40.4</b>	<b>57.9</b>	<b>120.8</b>	<b>166.0</b>	<b>183.8</b>
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
<b>Pre-tax Profit</b>	<b>41.5</b>	<b>58.0</b>	<b>119.9</b>	<b>165.2</b>	<b>183.3</b>
Tax	-10.0	-14.3	-28.8	-39.7	-44.0
<b>Profit After Tax</b>	<b>31.5</b>	<b>43.7</b>	<b>91.1</b>	<b>125.6</b>	<b>139.3</b>
Minority Interest	0.0	-3.5	-15.6	-21.5	-23.9
<b>Net Profit</b>	<b>31.5</b>	<b>40.2</b>	<b>75.5</b>	<b>104.0</b>	<b>115.4</b>
Exceptionals	0.0	0.0	0.0	0.0	0.0
<b>Core Net Profit</b>	<b>31.5</b>	<b>40.2</b>	<b>75.5</b>	<b>104.0</b>	<b>115.4</b>

### 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	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
<b>Fair Value (RM)</b>	<b>0.81</b>
ESG premium/discount	0.0%
<b>Implied Fair Value (RM)</b>	<b>0.81</b>

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
<b>Total Current Assets</b>	<b>236.3</b>	<b>290.7</b>	<b>393.2</b>	<b>524.1</b>	<b>682.6</b>
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
<b>Total Non-Current Assets</b>	<b>1.9</b>	<b>17.7</b>	<b>38.6</b>	<b>41.3</b>	<b>44.2</b>
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
<b>Total Current Liabilities</b>	<b>80.3</b>	<b>122.3</b>	<b>182.9</b>	<b>187.2</b>	<b>202.2</b>
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
<b>Total Non-Current Liabilities</b>	<b>0.3</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
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
<b>Total Equity</b>	<b>157.7</b>	<b>185.9</b>	<b>248.7</b>	<b>378.0</b>	<b>524.3</b>

### Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
<b>Pre-tax profit</b>	<b>41.5</b>	<b>58.0</b>	<b>119.9</b>	<b>165.2</b>	<b>183.3</b>
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
<b>Operating cash flow</b>	<b>1.4</b>	<b>21.3</b>	<b>67.1</b>	<b>117.7</b>	<b>149.3</b>
Net capex	-0.3	-0.2	-23.3	-5.3	-5.8
Others	0.4	-15.5	-20.0	0.0	0.0
<b>Investing cash flow</b>	<b>0.1</b>	<b>-15.7</b>	<b>-43.3</b>	<b>-5.3</b>	<b>-5.8</b>
Dividends paid	-22.7	-22.7	-22.7	-23.4	-23.1
Others	4.2	-0.6	-0.8	-4.3	-4.5
<b>Financing cash flow</b>	<b>-18.5</b>	<b>-23.4</b>	<b>-23.4</b>	<b>-27.7</b>	<b>-27.6</b>
<b>Net cash flow</b>	<b>-17.0</b>	<b>-17.8</b>	<b>0.3</b>	<b>84.7</b>	<b>115.9</b>
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
<b>Ending cash</b>	<b>18.6</b>	<b>47.2</b>	<b>44.1</b>	<b>128.8</b>	<b>244.6</b>

## 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

**Disclaimer:** The report is for internal and private circulation only and shall not be reproduced either in part or otherwise without the prior written consent of Apex Securities Berhad. The opinions and information contained herein are based on available data believed to be reliable. It is not to be construed as an offer, invitation or solicitation to buy or sell the securities covered by this report.

Opinions, estimates and projections in this report constitute the current judgment of the author. They do not necessarily reflect the opinion of Apex Securities Berhad and are subject to change without notice. Apex Securities Berhad has no obligation to update, modify or amend this report or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

Apex Securities Berhad does not warrant the accuracy of anything stated herein in any manner whatsoever and no reliance upon such statement by anyone shall give rise to any claim whatsoever against Apex Securities Berhad. Apex Securities Berhad may from time to time have an interest in the company mentioned by this report. This report may not be reproduced, copied or circulated without the prior written approval of Apex Securities Berhad.

As of **Tuesday, 19 May, 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.