Results Note

Thursday, 28 May, 2026

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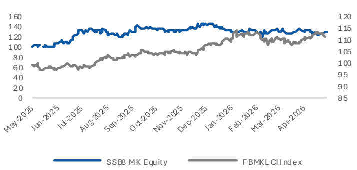
Recommendation:		**BUY**
Current Price:		RM 0.56
Previous Target Price:		RM 0.81
Target Price:	↓	RM 0.78
Capital Upside/Downside:		39.3%
Dividend Yield (%):		1.8%
Total Upside/Downside:		41.0%

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)	1,272.7
52-Week Price Range (RM)	0.425-0.645
Beta (x)	1.2
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	-2.6	27.3
Relative (%)	-0.9	-1.6	14.1

Earnings summary

FYE Jun (RM m)	**FY25**	**FY26F**	**FY27F**
Revenue (RM'm)	221.1	465.3	526.9
PATAMI (RM'm)	40.2	72.0	99.7
CNP (RM'm)	40.2	72.0	99.7
EPS - core (sen)	1.8	3.2	4.4
P/E (x)	31.6	17.7	12.8

Southern Score Builders Bhd

Margin Contraction Leading to Slight Underperformance

- **SSB8 reported a 3QFY26 Core Net Profit (CNP) of RM19.7m (+97.0% YoY; +90.3% QoQ), bringing 9MFY26 CNP to RM45.1m (+57.9% YTD). We deem the results to be below expectations, as it only accounts for 62.7% of our and 64.6% of consensus forecasts.**
- **We expect the Group to deliver resilient earnings growth amid prevailing macroeconomic uncertainties, supported by its sizeable outstanding order book of RM1.6bn. This translates to a healthy book-to-bill ratio of 3.5x based on FY26F revenue.**
- **We have moderated our margins assumptions to reflect ongoing cost pressures stemming from higher raw material and logistics costs. Consequently, our FY26F/FY27F/FY28F CNP forecasts are revised downwards by -4.7%/-4.1%/-4.5%, respectively.**
- **We maintain our BUY recommendation on SSB8 with lower TP of RM0.78 (from RM0.81), based on unchanged 17.6x P/E multiple applied to lower FY27F EPS of 4.4 sen (from 4.6 sen).**

Results Below Expectations. SSB8 reported a 3QFY26 Core Net Profit (CNP) of RM19.7m (+97.0% YoY; +90.3% QoQ), bringing 9MFY26 CNP to RM45.1m (+57.9% YTD). This accounted for 62.7% of our full-year estimate and 64.6% of consensus forecast. Although we expect the Group to deliver a stronger sequential performance in the final quarter, we deem the result to be below expectations. The shortfall was primarily attributable to slightly weaker-than-expected CNP margin across the Group's operations.

YTD. Revenue surged +124.2% to RM314.0m, while CNP grew at a comparatively slower pace of +57.9%, resulting in a -603bps contraction in CNP margin to 14.4%. The strong revenue growth was largely driven by SJEE, whose contributing rose to RM129.1m (+469.2%), supported by accelerated project progress following recent contract awards.

QoQ. CNP increased +90.3%, supported by a 400bps expansion in CNP margin to 14.8%. The improvement was driven by a higher contribution from the higher margin M&E segment, which accounted for 44.3% of total quarterly revenue compared to 30.1% in 2QFY26. Performance was further supported by a +61.2% increase in revenue from the turnkey construction services segment to RM59.4m, driven by ongoing piling and main building work for PV 22 Residences.

Outlook. We expect the Group to deliver resilient earnings growth amid prevailing macroeconomic uncertainties, supported by its **sizeable outstanding order book of RM1.6bn**. This translates to a healthy book-to-bill ratio of 3.5x based on FY26F revenue, providing strong earnings visibility through FY28. We remain positive on the Group's order book replenishment prospects, underpinned by expanding opportunities in the data centre segment, alongside recurring project flows from its related parties. The Group's YTD contract wins, derived entirely from the M&E segment, stands at RM456.1m, placing the Group in a strong position to achieve our yearly replenishment assumption of RM500m. 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 protect margins. Nevertheless, prolonged macroeconomic uncertainty and sustained cost pressures could weigh on execution efficiency and margin sustainability going forward.

Earnings Revision. Following the results, we have moderated our margins assumptions to reflect ongoing cost pressures stemming from higher raw material and logistics costs. Consequently, our FY26F/FY27F/FY28F CNP forecasts are revised downwards by -4.7%/-4.1%/-4.5%, respectively.

Valuation & Recommendation. We maintain our **BUY** recommendation on SSB8 with a lower TP of **RM0.78** (from RM0.81), based on unchanged 17.6x P/E multiple applied to a lower FY27F EPS of **4.4 sen** (from 4.6 sen), alongside a three-star ESG rating.

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

Results Comparison

FYE Jun (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)
Revenue	133.7	59.8	*123.4*	96.3	*38.7*	314.0	140.0	*124.2*
EBITDA	36.8	16.1	*128.8*	19.8	*85.3*	82.3	41.6	*97.7*
Pre-tax profit	36.5	15.5	*134.9*	19.7	*85.2*	81.7	40.1	*103.6*
Net profit	19.7	10.0	*97.0*	10.4	*90.3*	45.1	28.6	*57.9*
Core net profit	19.7	10.0	*97.0*	10.4	*90.3*	45.1	28.6	*57.9*
Core EPS (sen)	0.9	0.4	*97.0*	0.5	*90.3*	2.0	1.3	*57.9*
EBITDA margin (%)	27.5	26.8	*0.66*	20.6	*6.91*	26.2	29.7	(3.51)
PBT margin (%)	27.3	25.9	*1.34*	20.4	*6.85*	26.0	28.6	(2.62)
Core net profit margin (%)	14.8	16.7	*(1.98)*	10.8	*4.00*	14.4	20.4	(6.03)

Source: Company, Apex Securities

Segmental Breakdown

FYE Jun (RM m)	3QFY26	3QFY25	yoy (%)	2QFY26	qoq (%)	9MFY26	9MFY25	yoy (%)
Revenue								
Turnkey construction servic	59.4	33.4	*78.1*	36.9	*61.2*	133.7	113.6	*17.7*
Main construction services	8.2	3.1	*163.9*	19.1	*(57.2)*	44.0	3.1	*1,321.4*
Mechanical and electrical se	59.2	22.7	*160.5*	40.3	*47.0*	129.1	22.7	*468.2*
Others	6.9	0.7	*951.8*	0.1	*4,554.7*	7.2	0.7	*992.5*
Total	**133.7**	**59.8**	***123.4***	**96.3**	***38.7***	**314.0**	**140.0**	***124.2***

Source: Company, Apex Securities

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**	**134.7**	**178.8**	**197.3**
EBITDA	**40.8**	**58.5**	**118.4**	**163.0**	**179.8**
Depreciation & Amortisation	0.5	0.6	2.3	2.6	2.9
EBIT	**40.4**	**57.9**	**116.1**	**160.3**	**176.9**
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**	**115.3**	**159.6**	**176.4**
Tax	-10.0	-14.3	-27.7	-38.3	-42.3
Profit After Tax	**31.5**	**43.7**	**87.6**	**121.3**	**134.1**
Minority Interest	0.0	-3.5	-15.6	-21.5	-23.9
Net Profit	**31.5**	**40.2**	**72.0**	**99.7**	**110.2**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**31.5**	**40.2**	**72.0**	**99.7**	**110.2**

Key Ratios

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	1.4	1.8	3.2	4.4	4.8
P/E (x)	40.5	31.6	17.7	12.8	11.6
P/B (x)	8.1	6.8	5.2	3.4	2.5
EV/EBITDA (x)	29.9	21.4	10.7	7.4	6.2
DPS (sen)	1.2	1.5	0.9	1.0	1.0
Dividend Yield (%)	2.2%	2.6%	1.7%	1.8%	1.7%
EBITDA margin (%)	23.9%	26.5%	25.5%	30.9%	30.8%
EBIT margin (%)	23.6%	26.2%	25.0%	30.4%	30.3%
PBT margin (%)	24.3%	26.2%	24.8%	30.3%	30.2%
PAT margin (%)	18.4%	19.8%	18.8%	23.0%	23.0%
NP margin (%)	18.4%	18.2%	15.5%	18.9%	18.9%
CNP margin (%)	18.4%	18.2%	15.5%	18.9%	18.9%
ROE (%)	19.9%	21.6%	29.4%	27.0%	21.6%
ROA (%)	13.2%	13.0%	16.7%	17.8%	15.4%
Gearing (%)	9.1%	6.5%	4.7%	2.0%	0.6%
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)	4.4
P/E multiple (x)	17.6
Fair Value (RM)	**0.78**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.78**

Source: Company, Apex Securities

Balance Sheet

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	67.8	43.7	43.0	123.7	234.6
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**	**392.0**	**519.0**	**672.5**
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	7.3	3.0
Payables	61.6	103.7	163.7	172.3	191.3
Other current liabilities	4.3	6.4	10.3	10.8	12.0
Total Current Liabilities	**80.3**	**122.3**	**185.4**	**190.4**	**206.3**
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	218.8	321.8	438.4
Minority interest	0.0	10.7	26.3	47.9	71.8
Total Equity	**157.7**	**185.9**	**245.1**	**369.7**	**510.2**

Cash Flow

FYE Jun (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**41.5**	**58.0**	**115.3**	**159.6**	**176.4**
Depreciation & amortisation	0.5	0.6	2.3	2.6	2.9
Changes in working capital	-28.0	-27.5	-38.3	-37.1	-22.5
Others	-12.6	-9.9	-14.5	-12.5	-13.9
Operating cash flow	**1.4**	**21.3**	**64.8**	**112.6**	**143.0**
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	-21.6	-22.4	-22.0
Others	4.2	-0.6	-0.7	-4.1	-4.3
Financing cash flow	**-18.5**	**-23.4**	**-22.3**	**-26.6**	**-26.3**
Net cash flow	**-17.0**	**-17.8**	**-0.8**	**80.8**	**110.8**
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	43.0	123.7
Ending cash	**18.6**	**47.2**	**43.0**	**123.7**	**234.6**

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.