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Southern Score Builders Bhd

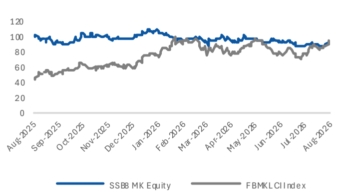
SSB8 Starts FY27 with RM146.5 Million Data Centre Win

Recommendation:		BUY
Current Price:		RM 0.55
Previous Target Price:		RM 0.78
Target Price:	↔	RM 0.78
Capital Upside/Downside:		41.8%
Dividend Yield (%):		1.8%
Total Upside/Downside:		43.6%

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)	1,238.6
52-Week Price Range (RM)	0.495-0.645
Beta (x)	1.1
Free float (%)	26.5
3M Average Volume (m)	1.3
3M Average Value (RM' m)	0.7

Top 3 Shareholders	(%)
Super Advantage Property Sdn Bhd	43.4
Gan Yee Hin	14.2
Urusharta Jamaah Sdn Bhd	3.9

Share Price Performance



	1M	3M	12M
Absolute (%)	4.8	-4.4	-8.4
Relative (%)	1.5	-3.2	-18.3

Earnings summary			
FYE Jun (RM m)	FY26F	FY27F	FY28F
Revenue (RM'm)	465.3	526.9	583.7
PATAMI (RM'm)	72.0	99.7	110.2
CNP (RM'm)	72.0	99.7	110.2
EPS - core (sen)	3.2	4.4	4.8
P/E(x)	17.2	12.4	11.2

- **SSB8 secured a RM146.5m data centre subcontract through its 51%-owned subsidiary, SJEE Engineering Sdn Bhd - the second-largest contract in the M&E division's history.**
- **Assuming a 18% net profit margin, the contract is expected to contribute c.RM13.5m in PAT (or c.13.5% of FY27F PAT) over FY27F-FY28F.**
- **The Group's remaining tender book stands at c.RM382m, pointing to a continued replenishment pipeline into FY27.**
- **Maintain our BUY recommendation on SSB8 with an unchanged TP of RM0.78, based on unchanged 17.6x P/E multiple applied to FY27F EPS of 4.4 sen.**

Secures RM146.5m Data Centre Contract. SSB8, through its 51%-owned subsidiary, SJEE Engineering Sdn Bhd ("SJEE"), has accepted a letter of award from a local construction company to undertake a Subcontract Works Electrical Package 3 Works (MV) for a data centre project, at a total subcontract sum of RM146.5m. The project commenced on 27 July 2026 and is expected to complete by 15 January 2028, a c.18-month execution window falling within FY27 and FY28.

Our View. We view this award **positively**, as it is the second-largest contract secured in the M&E division's history, trailing only the RM150.0m job won earlier in 2026. Together with two other data centre wins, the Group has now secured four data centre jobs in 2026 worth a cumulative RM383.0m, underscoring SJEE's deepening execution track record and client relationships in the high-tech and data centre space. More importantly, the award further reinforces SJEE's position as an increasingly established M&E contractor within Malaysia's fast-growing data centre ecosystem, improving earnings visibility beyond its traditional building construction business. Assuming an estimated 18% net profit margin and accounting for the Group's 51% effective stake in SJEE, we estimate the contract will contribute c.RM13.5m in PAT over its duration, or c.13.5% of our FY27F PAT.

Outlook. Excluding this Contract, the M&E division's order book stood at a record **RM339.2m** as at June 2026, on top of **RM456.1m** of order book replenishment already achieved in FY26. The Group's tender book stands at **c.RM382m**, indicating a continued pipeline of data centre and M&E opportunities to be converted into further order book wins over the coming quarters. Management has already begun expanding its M&E talent pool to capture further opportunities, and structural demand for data centres in Malaysia continues unabated. SJEE's track record of eight contract wins since June 2025, spanning both greenfield and continuation projects for repeat customers, suggests that the Group is capturing a growing share of this opportunity set, aided by its BIM capabilities and demonstrated execution on high-specification digital infrastructure. We remain constructive on the Group's order book replenishment prospects, supported by expanding data centre opportunities and recurring project flows from related parties.

Earnings Revision. No change to our earnings revision as this award falls within our orderbook replenishment assumption for FY27F of RM500m. We separately introduce FY29F CNP at RM143.5, with an orderbook replenishment assumption of RM600m. We believe a step-up in the replenishment run-rate is justified by: (i) the Group's demonstrated ability to scale contract wins, with cumulative M&E wins of RM456.1m; (ii) structural, multi-year growth in Malaysia's data centre and high-tech infrastructure capex cycle, where SJEE has built a differentiated execution track record across eight wins since June 2025; and (iii) management's stated intent to continue expanding its M&E talent pool and delivery capacity, positioning the Group to capture a broader base of opportunities as it approaches FY29F.

Valuation & Recommendation. We maintain our **BUY** recommendation on SSB8 with an unchanged TP of **RM0.78,** based on unchanged 17.6x P/E multiple applied to a FY27F EPS of **4.4 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.

Financial Highlights

Income Statement

FYE Jun (RM m)	FY25	FY26F	FY27F	FY28F	FY29F
Revenue	**221.1**	**465.3**	**526.9**	**583.7**	**627.3**
Gross Profit	**71.1**	**134.7**	**178.8**	**197.3**	**211.0**
EBITDA	**58.5**	**118.4**	**163.0**	**179.8**	**192.1**
Depreciation & Amortisation	0.6	2.3	2.6	2.9	3.1
EBIT	**57.9**	**116.1**	**160.3**	**176.9**	**189.0**
Net Finance Income/ (Cost)	-1.2	-0.9	-0.8	-0.5	-0.2
Associates & JV	0.0	0.0	0.0	0.0	0.0
Other Income/(Cost)	1.3	0.0	0.0	0.0	0.0
Pre-tax Profit	**58.0**	**115.3**	**159.6**	**176.4**	**188.8**
Tax	-14.3	-27.7	-38.3	-42.3	-45.3
Profit After Tax	**43.7**	**87.6**	**121.3**	**134.1**	**143.5**
Minority Interest	-3.5	-15.6	-21.5	-23.9	0.0
Net Profit	**40.2**	**72.0**	**99.7**	**110.2**	**143.5**
Exceptionals	0.0	0.0	0.0	0.0	0.0
Core Net Profit	**40.2**	**72.0**	**99.7**	**110.2**	**143.5**

Key Ratios

FYE Jun (RM m)	FY25	FY26F	FY27F	FY28F	FY29F
EPS (sen)	1.8	3.2	4.4	4.8	6.3
P/E (x)	30.8	17.2	12.4	11.2	8.6
P/B (x)	6.7	5.1	3.4	2.4	2.0
EV/EBITDA (x)	20.8	10.4	7.2	6.0	5.1
DPS (sen)	1.5	0.9	1.0	1.0	1.3
Dividend Yield (%)	2.7%	1.7%	1.8%	1.8%	2.3%
EBITDA margin (%)	26.5%	25.5%	30.9%	30.8%	30.6%
EBIT margin (%)	26.2%	25.0%	30.4%	30.3%	30.1%
PBT margin (%)	26.2%	24.8%	30.3%	30.2%	30.1%
PAT margin (%)	19.8%	18.8%	23.0%	23.0%	22.9%
NP margin (%)	18.2%	15.5%	18.9%	18.9%	22.9%
CNP margin (%)	18.2%	15.5%	18.9%	18.9%	22.9%
ROE (%)	21.6%	29.4%	27.0%	21.6%	22.9%
ROA (%)	13.0%	16.7%	17.8%	15.4%	17.0%
Gearing (%)	6.5%	4.7%	2.0%	0.6%	0.0%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

FYE Jun (RM m)	FY27F	FY28F	FY29F
Expected order book replenishment	500.0	500.0	600.0

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)	FY25	FY26F	FY27F	FY28F	FY29F
Cash	43.7	43.0	123.7	234.4	327.5
Receivables	246.8	348.9	395.2	437.8	470.5
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.1	0.1	0.1	0.1	0.1
Total Current Assets	**290.7**	**392.0**	**519.0**	**672.3**	**798.1**
Fixed Assets	2.0	22.9	25.6	28.5	31.6
Intangibles	15.4	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	**17.7**	**38.6**	**41.3**	**44.2**	**47.3**
Short-term debt	12.2	11.4	7.3	3.0	0.0
Payables	103.7	163.7	172.3	191.3	206.1
Other current liabilities	6.4	10.3	10.8	12.0	12.9
Total Current Liabilities	**122.3**	**185.4**	**190.4**	**206.3**	**219.0**
Long-term debt	0.0	0.0	0.0	0.0	0.0
Other non-current liabilities	0.2	0.2	0.2	0.2	0.2
Total Non-Current Liabilities	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Shareholder's equity	175.2	218.8	321.8	438.2	554.4
Minority interest	10.7	26.3	47.9	71.8	71.8
Total Equity	**185.9**	**245.1**	**369.7**	**510.0**	**626.2**

Cash Flow

FYE Jun (RM m)	FY25	FY26F	FY27F	FY28F	FY29F
Pre-tax profit	**58.0**	**115.3**	**159.6**	**176.4**	**188.8**
Depreciation & amortisation	0.6	2.3	2.6	2.9	3.1
Changes in working capital	-27.5	-38.3	-37.1	-22.5	-16.9
Others	-9.9	-14.5	-12.5	-14.1	-21.4
Operating cash flow	**21.3**	**64.8**	**112.6**	**142.8**	**153.6**
Net capex	-0.2	-23.3	-5.3	-5.8	-6.3
Others	-15.5	-20.0	0.0	0.0	0.0
Investing cash flow	**-15.7**	**-43.3**	**-5.3**	**-5.8**	**-6.3**
Dividends paid	-22.7	-21.6	-22.4	-22.0	-28.7
Others	-0.6	-0.7	-4.1	-4.3	-25.6
Financing cash flow	**-23.4**	**-22.3**	**-26.6**	**-26.3**	**-54.3**
Net cash flow	**-17.8**	**-0.8**	**80.8**	**110.7**	**93.1**
Forex	0.0	0.0	0.0	0.0	0.0
Others	-2.7	0.0	0.0	0.0	0.0
Beginning cash	67.8	43.7	43.0	123.7	234.4
Ending cash	**47.2**	**43.0**	**123.7**	**234.4**	**327.5**

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 **Friday, 07 Aug, 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.