

- **Maintain BUY with TP of RM0.80.** We value Southern Score (SSB8) at 16x CY27F PE, +1SD above 5-year KLCON Index PE average. The premium is justifiable underpinned by highly visible growth via RPT orderbook and exposure to a high growth DC sector.
- **Within expectation, M&E emerges as key growth lever.** SSB8's 1Q26 core net profit of RM12mil (after stripping RM3.5mil one-offs) is flat QoQ, accounting for 16% of our forecast and 20% of consensus. We compare on QoQ basis for meaningful comparison as SJEE was only consolidated in 3Q25. While main construction activity was soft (-10% YoY), this was partly offset by stronger recurring M&E contribution with SJEE's net profit doubling and accounting for 40% of group profit. In line with our thesis, M&E is now a recurring, higher-margin second engine that stabilises profitability.
- **Stronger construction revenue from 2Q onward, with DC growth engine in high gear.** We expect stronger sequential performance ahead, with 84% of our full-year earnings to be delivered in the next three quarters. The group's sizeable RM1bil outstanding orderbook keeps activity elevated, translating to a 7x construction revenue cover. This is led by PV22 (RM556 mil) and Platinum Melati (RM249), both of which are in heavy main-building phases that carry higher progress claims. Further acceleration is expected from data-center-related M&E packages worth RM187mil, where 3 out of 4 ongoing projects are still in early stages, positioning SJEE for progressively stronger billing as cycles intensify,
- **M&E profitability accelerates on DC rollouts.** SJEE's net profit more than doubled QoQ to RM8.7mil (from RM3.9mil), supported by rapid progress on DC jobs and a sharp margin expansion to 29% (vs 16% in 4Q25), partly due to one project reaching its tail end where profitability peaks after heavy early stage spend. Based on SSB8's 51% effective stake, SSB8 booked RM5mil (40% of net profit), affirming our initiation view that the M&E division is scaling into a recurring, high-growth, high-margin earnings engine that structurally lifts group profitability.

EXHIBIT 1: 1QFY26 EARNINGS SUMMARY

Figures in RM'mil	Quarterly Results				
	1Q25	4Q25	1Q26	QoQ %	YoY %
Revenue	39.5	81.0	83.9	4	113
EBIT	10.4	18.1	25.6	41	146
PBT	10.1	17.9	25.5	42	153
Taxation	(2.4)	(4.4)	(6.2)	41	155
Minority interest	-	1.9	4.3	126	NA
PATAMI	7.7	11.6	15.0	29	96
Exceptionals	-	-	(3.5)	NA	NA
Core Net Profit	7.7	11.6	11.5	(1)	50
EPS (sen)	0.3	0.5	0.5	(1)	50
DPS (sen)	-	-	-	NA	NA
Margin				PPT	PPT
EBIT Margin %	26%	22%	30%	8.1	4.2
PBT Margin %	26%	22%	30%	8.3	4.8
Effective Tax Rate %	-24%	-24%	-24%	0.2	(0.2)
Core Net Profit Margin %	19%	14%	14%	(0.7)	(5.7)
Segment					
Turnkey construction	39.5	38.0	37.4	(1.5)	(5.2)
Main construction	-	18.6	16.8	(10.0)	NA
M&E	-	23.6	29.6	25.6	NA
Supply of consumable	-	0.3	0.0	(92.0)	NA
Consultancy services	-	0.5	0.1	(81.3)	NA

Source: Company

Company profile

Southern Score Builders Berhad (SSB8) is a Malaysian construction management company listed on the ACE Market of Bursa Malaysia via a reverse takeover of G Neptune Berhad in November 2022.

Previously a GN3-listed entity, SSB8 now operates as a CIDB Grade 7 contractor with nearly 15 years of experience in high-rise residential and civil infrastructure projects. The Group adopts an asset-light model by outsourcing construction work, enabling scalability and maintaining a lean balance sheet.

Its project portfolio includes notable developments such as Vista Sentul Residences, PV9, PR1MA Jalan Jubilee, Platinum Arena, PV18, and Platinum Teratai. Southern Score also leverages the Industrialised Building System (IBS) to improve construction efficiency.

In 2025, the Group expanded into high-value sectors like data centre and healthcare infrastructure through the acquisition of a 51% stake in SJEE Engineering Sdn. Bhd., an M&E specialist with expertise in Building Information Modelling (BIM).

Investment thesis and catalysts

SSB8 presents a compelling investment case driven by its strategic pivot into high-margin mechanical & electrical (M&E) work for data centres via its 51%-owned SJEE, a proven Class A contractor with a strong track record. This segment alone is set to contribute 20% of PATMI and grow at 15-20% annually. Complementing this growth, SSB8 benefits from steady, high margin recurring jobs from related parties Radium and Platinum Victory. Its asset-light model enables fast scaling, strong cash conversion, and superior ROE. These factors position SSB8 as a rare, high-quality contractor in Malaysia with strong earnings visibility, robust margins, and scalable growth.

Valuation methodology

We value SSB8 using a forward P/E methodology, benchmarked against the Bursa Malaysia Construction Index (KLCON), consistent with how Malaysian construction peers are typically assessed. This sector-relative approach enables a fair comparison across industry players.

To support this, we cross-check SSB8's Price/Earnings-to-Growth (PEG) ratio against peers, which is appropriate given its strong earnings growth outlook supported by industry tailwinds. We also consider revenue cover as a proxy for forward visibility. To sanity check our growth assumptions, we examine Return on Equity (ROE).

We ascribe a target P/E multiple of 16x on CY27F earnings, arriving at a target price of RM0.80/share. This multiple reflects +1 standard deviation above the 5-year forward P/E average of the KLCON index, justified by SSB8's superior growth profile, robust revenue cover, and high ROE.

Risk factors

- i. Reliance on related parties
- ii. Orderbook replenishment risk
- iii. Reliance on subcontractors
- iv. Exposure to public sector projects
- v. Data Centre development risks

EXHIBIT 2: VALUATIONS

Target PE (x)	16x
CY27 EPS	5.13sen
12-month target price	RM0.80

*May not add up due to rounding

EXHIBIT 3: 5-YEAR FORWARD PE OF BURSA MALAYSIA CONSTRUCTION INDEX

Source: Bloomberg, AmlInvestment Bank

EXHIBIT 4: FINANCIAL DATA

Income Statement (RMmil, YE 30 June)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	170.7	221.1	543.3	737.5	956.3
EBITDA	42.1	59.4	118.9	156.7	200.4
Depreciation/Amortisation	(0.5)	(0.6)	(0.9)	(1.3)	(1.9)
Operating income (EBIT)	41.7	58.8	118.0	155.3	198.5
Other income & associates	1.3	0.9	3.2	4.3	5.6
Net interest	(0.2)	(0.8)	0.4	3.2	4.6
Exceptional items	-	-	-	-	-
Pretax profit	41.5	58.0	118.4	158.5	203.2
Taxation	(10.0)	(14.3)	(28.4)	(38.1)	(48.8)
Minorities/pref dividends	-	3.5	17.0	19.9	22.1
Net profit	31.5	40.2	73.0	100.6	132.4
Core net profit	31.5	40.2	73.0	100.6	132.4
Balance Sheet (RMmil, YE 30 June)	FY24	FY25	FY26F	FY27F	FY28F
Fixed assets	1.7	2.0	3.9	6.3	9.3
Intangible assets	-	15.4	15.4	15.4	15.4
Other long-term assets	8.2	5.1	5.1	5.1	5.1
Total non-current assets	9.9	22.5	24.4	26.8	29.8
Cash & equivalent	59.8	38.9	132.3	180.4	246.9
Stock	-	-	-	-	-
Trade debtors	143.3	227.9	178.6	242.5	314.4
Other current assets	25.3	18.9	18.9	18.9	18.9
Total current assets	228.4	285.7	329.9	441.7	580.3
Trade creditors	55.1	86.9	64.9	88.9	115.7
Short-term borrowings	14.3	12.2	12.2	12.2	12.2
Other current liabilities	10.8	23.0	23.0	23.0	23.0
Total current liabilities	80.3	122.1	100.1	124.1	150.9
Long-term borrowings	-	-	-	-	-
Other long-term liabilities	0.3	0.2	0.2	0.2	0.2
Total long-term liabilities	0.3	0.2	0.2	0.2	0.2
Shareholders' funds	157.7	175.2	226.3	296.8	389.4
Minority interests	-	10.7	27.7	47.5	69.6
BV/share (RM)	0.07	0.08	0.11	0.15	0.20
Cash Flow (RMmil, YE 30 June)	FY24	FY25	FY26F	FY27F	FY28F
Pretax profit	41.5	58.0	118.4	158.5	203.2
Depreciation/Amortisation	0.5	0.6	0.9	1.3	1.9
Net change in working capital	(28.0)	(28.4)	27.3	(39.8)	(45.1)
Others	(24.3)	(28.9)	(129.7)	(1.9)	(77.9)
Cash flow from operations	(10.3)	1.4	16.9	118.2	82.0
Capital expenditure	(0.3)	(0.2)	(2.8)	(3.8)	(4.9)
Net investments & sale of fixed assets	-	-	-	-	-
Others	(0.5)	0.3	(12.9)	1.0	1.1
Cash flow from investing	(0.8)	0.1	(15.7)	(2.8)	(3.8)
Debt raised/(repaid)	4.3	(2.2)	-	-	-
Equity raised/(repaid)	-	-	-	-	-
Dividends paid	(22.7)	(22.7)	(21.9)	(30.2)	(39.7)
Others	(0.2)	2.4	-	-	-
Cash flow from financing	(18.5)	(22.5)	(21.9)	(30.2)	(39.7)
Net cash flow	(29.7)	(21.0)	(20.7)	85.2	38.5
Net cash/(debt) b/f	66.8	49.8	28.5	122.0	170.0
Net cash/(debt) c/f	37.1	28.8	7.8	207.2	208.5
Key Ratios (YE 30 June)	FY24	FY25	FY26F	FY27F	FY28F
Revenue growth (%)	74.3	29.5	145.8	35.7	29.7
EBITDA growth (%)	29.5	41.0	100.2	31.8	27.9
Pretax margin (%)	24.3	26.2	21.8	21.5	21.2
Net profit margin (%)	18.4	18.2	13.4	13.6	13.8
Interest cover (x)	50.9	48.5	153.6	202.2	258.4
Effective tax rate (%)	24.2	24.7	24.0	24.0	24.0
Dividend payout (%)	72.3	56.5	30.0	30.0	30.0
Debtors turnover (days)	306	376	120	120	120
Stock turnover (days)	-	-	-	-	-
Creditors turnover (days)	165	212	60	60	60

Source: Company, AmlInvestment Bank Bhd estimates

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