

SKA Capital Berhad

Energised for Growth

Valuation / Recommendation

We derive a **fair value of RM0.575 per share for SKA Capital Berhad (SKA), based on a 10.7x P/E applied to our FY27E EPS of 5.41 sen**, implying a ~34% upside to its IPO price of RM0.43. Our target multiple represents a 30% discount to the FY27 average forward P/E of local power infrastructure engineering peers. We are positive on SKA for its (i) RM313.4m order book as at 21 September 2026, backed by a tender book of 5–7x for replenishment, (ii) ability to win substation jobs both as an EPCC contractor and as a civil and structural subcontractor, and (iii) strong positioning to benefit from TNB's grid investment upcycle and data centre-driven power demand.

Investment Highlights

Sizeable Order Book with Healthy Replenishment Prospects. SKA currently has an order book of RM313.4m (as at 21 Sep 2026), equivalent to 1.3x its FY25 revenue, of which RM233.8m is expected to be recognised in FY27E. Management guided that its average tender book is about 5–7x its current order book, with a historical win rate of 25–30%. This implies potential new awards of RM400m–RM550m a year (tender book of RM1.6bn–RM2.2bn at a 25%-win rate), roughly equal to or more than our FY27E revenue of RM435.6m.

A Two Way to Win Every Substation Tender. SKA can participate in substation tenders from two angles: i) directly as an EPCC contractor through Reltency Engineering, a TNB Green Lane contractor, and ii) as a civil and structural subcontractor to other EPCC bidders. This raises its chances of securing works on each project it undertakes. Unlike most peers, it undertakes civil and structural works in-house, supporting competitive pricing and tighter cost control.

Riding on TNB's Grid Investment Upcycle. TNB's transmission capex is set to rise from **RM15bn in 2025 to RM18bn in 2026, with RM18–20bn p.a. planned through 2031**, driven by the ASEAN Power Grid, data centres and renewable energy integration. With a track record spanning 11kV to 500kV substations, including data centre projects for global hyperscalers, SKA is well positioned to capture this pipeline.

Led by a Seasoned Management Team. SKA is helmed by Managing Director Dato' Subas Kumar A/L Ambairam, who founded the business in 2009 and has over 25 years of construction industry experience. He is supported by Rajsekaran A/L Ilangovan, Head of Reltency Engineering, who spent a decade with TNB's Transmission Division. This depth underpins the Group's ability to win tenders and deliver complex fast-track projects.

Financial Highlights. Revenue grew at a 2-year CAGR of 133.1% from RM44.4m in FY23 to RM241.4m in FY25, driven by civil and structural works for TNB-related substations and the Group's expansion into EPCC and underground utilities works. GP margin eased from 25.4% to 18.3% over the same period on a higher contribution from lower-margin EPCC works, before recovering to 24.3% in 5MFY26. We estimate core net profit to rise from RM33.1m in FY26E to RM46.0m in FY28E, driven by order book conversion and new contract wins.

Risk Factors for SKA Capital Berhad include: (i) dependence on a small number of major customers, particularly Transgrid Group and TNB, (ii) ability to replenish its order book through competitive tenders, and (iii) cost overruns and material price volatility on fixed-price contracts.

IPO Note – Non-Rated
Research Team Coverage / research@mersec.com.my
Tuesday, October 27, 2026

ACE Market
Construction Sector
SUBSCRIBE

IPO Price: RM0.430
Fair Value: RM0.575

Business Overview

SKA Capital Berhad ("SKA") is a Malaysia-based power infrastructure engineering solutions provider, offering substation engineering services (EPCC, civil and structural, and electrical and mechanical works), underground utilities engineering services, and trading of electrical equipment and construction materials. Over the last 17 years, the Group has delivered substation projects ranging from 11kV to 500kV for TNB, TNB contractors and data centre operators, supported by CIDB Grade G7 and TNB vendor registrations. SKA is seeking a listing on the ACE Market of Bursa Malaysia.

Listing Details

Listing date	11 November 2026
New Shares (m)	168.10
Offer for sale (m)	72.40
Fund to be raised (RM m)	72.27

Post Listing

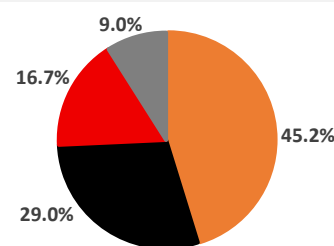
Ordinary shares (m)	895.5
Market cap (RM m)	385.1
Estimated free float (%)	26.9
P/E(x) (Based on prospectus)	13.31x

Top Shareholder

	%
Dato' Subas Kumar A/L Ambairam	65.84
Mohammed Afique Abdullah	7.31

Utilization of Proceeds

	RM'm
Working Capital	32.7
Performance Bond for Future Projects	21.0
Purchase of Machinery and Equipment	12.1
Estimated listing expenses	6.5



FYE Dec (RM'm)	FY25A	FY26E	FY27E	FY28E
Revenue	241.4	327.5	435.6	443.4
EBITDA	42.0	46.9	71.5	69.4
EBIT	41.1	45.6	69.2	65.9
PBT	39.3	43.6	67.9	64.5
Core Net Profit	28.9	33.1	48.5	46.0
Core EPS (sen)*	3.23	3.69	5.41	5.14
Core EPS Growth (%)	77.6%	14.3%	46.5%	-5.0%
Net DPS (sen)*	0.22	1.04	1.62	1.54
Net Div. Yield (%)*	0.5%	2.4%	3.8%	3.6%
BVPS (sen)*	3.9	15.7	21.5	26.9
PER (Using IPO price)	13.3	11.6	7.9	8.4
PBV (x) (Using IPO price)	10.9	2.7	2.0	1.6
Net Gearing	0.4	(1.0)	(0.8)	(1.1)

*Based on enlarged issued share capital.

Company Overview

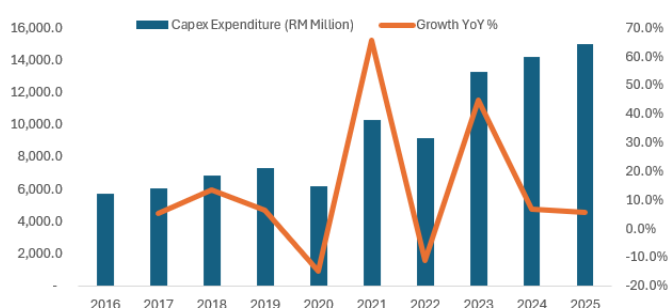
SKA Capital Berhad (“SKA” or “the Group” or “the Company”) is a power infrastructure engineering solutions provider serving the power utilities sector in Peninsular Malaysia. Its customers mainly comprise main contractors, project owners for power infrastructure projects and a utility company. Since securing its first substation project in 2009, the Group has undertaken substation projects of up to 500kV, including transmission substations for TNB and substations for data centres. The Group operates through three business segments: (i) **Substation Engineering Services**, (ii) **Underground Utilities Engineering Services** and (iii) **Trading of Electrical Devices, Electrical Equipment and Construction Materials**, which contributed 89.6%, 3.9% and 6.4% of revenue respectively in FY25.

The Substation Engineering Services segment covers EPCC (Engineering, Procurement, Construction and Commissioning) services, civil and structural engineering (C&S) services, and electrical and mechanical (E&M) engineering services. Projects are carried out on a build-only or design-and-build basis, with the Group acting as either main contractor or subcontractor. Its civil and structural works are led by SKA Rekabina, which also undertakes underground utilities works using open trenching and the HDD (Horizontal Directional Drilling) method. EPCC and electrical and mechanical works are undertaken by its 70%-owned subsidiary, Reltency Engineering, which also trades electrical devices and equipment. Both SKA Rekabina and Reltency Engineering are registered as CIDB Grade G7 contractors, allowing them to tender for projects of unlimited value in Malaysia.

Industry Overview

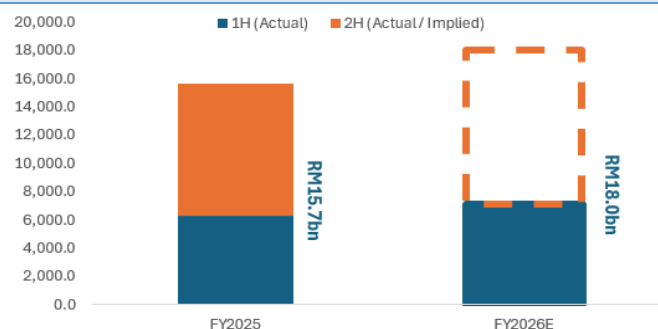
Power Infrastructure Spending on a Structural Uptrend. According to Providence Strategic Partners, Malaysia’s power infrastructure utilities market grew from RM5.7bn in 2016 to RM15.0bn in 2025, a CAGR of 11.4% (refer to Figure 1 below). The market is measured by capital expenditure on electricity generation, transmission and distribution. Apart from a brief dip in 2020 during the Movement Control Order (MCO), spending has trended firmly upwards, led by Tenaga Nasional Berhad (TNB), which owns and operates the National Grid in Peninsular Malaysia. For 2026, TNB has guided group capex of approximately RM18.0bn, and it had already spent RM7.1bn by 1HFY26 (refer to Figure 2 below). Importantly, TNB typically outsources the construction and installation of its substations and cable networks to third-party engineering contractors, which is precisely the segment in which SKA operates. Rising grid capex therefore translates into a larger pool of contracts for players like SKA. This link is already visible in SKA’s numbers. After SKA, through its wholly-owned subsidiary SKA Rekabina, acquired a 70% stake in Reltency Engineering, a registered TNB vendor, in February 2025, TNB became a direct customer, contributing RM43.0m or 17.8% of FY25 revenue, up from Nil in FY23-FY24. This comes on top of the TNB-related civil and structural works SKA undertakes as a subcontractor.

Figure 1: Capital Expenditure for Recurring Power Generation, Transmission and Distribution in Malaysia (2016-2025)



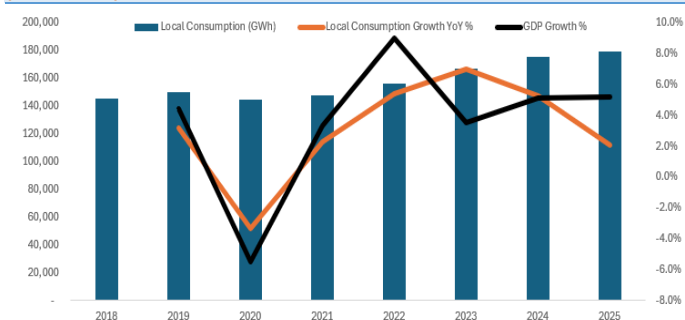
Source: Annual Reports 2016-2025, Tenaga Nasional Berhad, Sarawak Energy Berhad, Providence Analysis

Figure 2: TNB’s Group Capex, FY2025 vs FY2026E (RM Million)

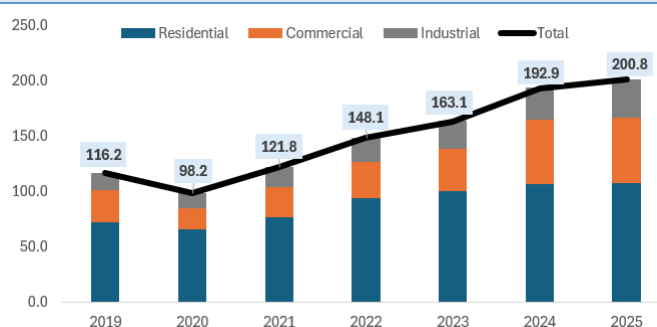


Source: TNB Analyst Briefing 4QFY2025 & 2QFY2026

Rising Electricity Demand Underpins Grid Investment. Electricity demand is the fundamental driver of grid spending. Based on DOSM data, Malaysia’s local electricity consumption grew from 145,188 GWh in 2018 to 179,379 GWh in 2025, a CAGR of 3.1%, broadly in line with average annual real GDP growth of 3.6% over the same period (refer to Figure 3 below). While electricity consumption growth moderated to 2.1% in 2025, it rebounded strongly to 6.9% YoY in 1HCY2026, outpacing real GDP growth of 5.4-6.0%. The momentum is evident in Peninsular Malaysia, SKA’s principal market, which accounts for close to 80% of electricity sold nationwide. Looking ahead, the development pipeline points to further growth. Property transactions grew from RM116.2bn in 2019 to RM200.8bn in 2025, a CAGR of 9.5%, with the industrial segment more than doubling to RM33.8bn (refer to Figure 4 below). Large industrial and commercial developments typically need dedicated substations and underground cable connections, the core of SKA’s work. Meanwhile, the existing network of 497 transmission substations and over 90,000 distribution substations in Peninsular Malaysia need continuous upgrading and replacement.

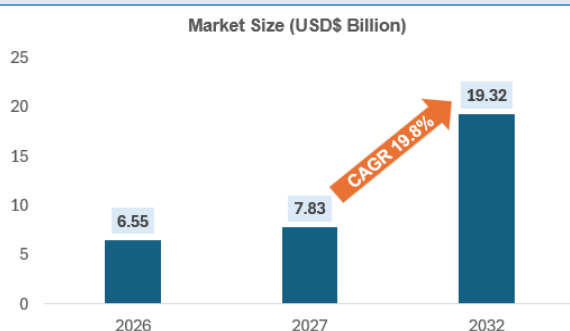
Figure 3: Malaysia's Local Electricity Consumption vs GDP Growth (2018-2025)


Source: Department of Statistics Malaysia (DOSM), Mercury Research

Figure 4: Value of Property Transactions in Malaysia by Segment (2019-2025, RM bn)


Source: NAPIC, IMR Report by Providence

Data Centres as a High-Growth Demand Pocket. Data centres are Malaysia's fastest-growing source of new electricity demand. According to Providence Strategic Partners, Malaysia had 54 data centres as of 2024, and this base is set to expand rapidly on the back of large hyperscaler investments (refer to Figure 7 below). Analysis from Mordor Intelligence also projects the Malaysian data centre market to nearly triple to USD19.3bn by 2032 (refer to Figure 5 below). This translates directly into power demand. As of June 2026, 35 data centres had been energised, 7 were expected to complete in 2026, 16 were under construction and 3 had secured electricity supply agreements, with a combined maximum demand of 8.35GW (refer to Figure 6 below). Each facility needs its own high-voltage substation and underground cable network to connect to the National Grid, which is precisely SKA's scope. SKA has already built a track record here. It completed works for the Kempas Lama data centre landing station in Johor (RM55.0m) and a 132kV data centre switching station in Selangor (RM14.6m), and it is undertaking underground utilities works for the Elmina data centre in Selangor (combined contract value of RM81.1m across two contracts, with RM64.8m outstanding). With more data centres in the pipeline, demand for the substation and underground utilities works that SKA specialises in should continue to grow, giving the Group a deepening pipeline of opportunities in the segment.

Figure 5: Malaysia Data Center Market Size and Share (2026-2032)


Source: Mordor Intelligence

Figure 6: Data Centre Projects in Malaysia by Stage (as at June 2026)

Energised	Expected Completion in 2026	Under Construction	ESA* Signed	Total
35	7	16	3	61 Projects / 8.35GW

Source: Providence Strategic Partners (IMR Report)

*ESA = Electricity Supply Agreement.

Figure 7: Major Data Centre Investment Commitments in Malaysia (RM bn)

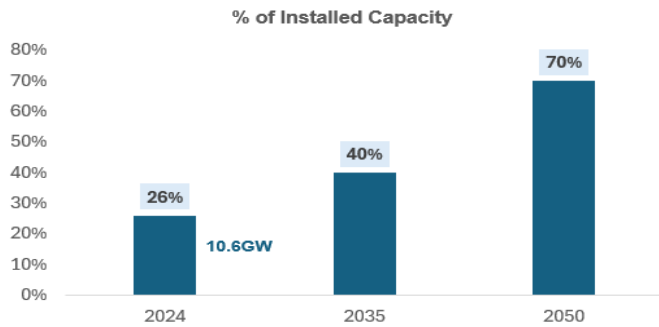
Investor	Committed Investment (RM bn)	Year Announced
Amazon Web Services (2024-2038)	29.2	2024
Microsoft	10.5	2024
Google	9.4	2024
Chindata (Johor)	2.5	2021
YTL Green Data Centre Park (Phase 1)	1.5	2022
GDS (Johor)	1.4	2022

Source: Providence Strategic Partners (IMR Report)



Energy Transition Adds a Further Layer of Grid Demand. Malaysia's energy transition is another structural driver of grid investment. Under the National Energy Transition Roadmap (NETR), the Government targets raising renewable energy's share of installed capacity from 26% (10.6GW) in 2024 to 40% by 2035 and 70% by 2050 (refer to Figure 8 below). This is being delivered through successive Large-Scale Solar (LSS) rounds of increasing size, most recently LSS6, which opened in July 2026 with 2,500MW of solar capacity and 1,250MW of battery energy storage systems (BESS) (refer to Figure 9 below). Budget 2026 adds further impetus through the ASEAN Power Grid and RM16.5bn of investments by government-linked companies. Each new renewable project needs substations and transmission lines to connect it to the National Grid. As renewable capacity scales up, so does demand for substation engineering works, adding a longer-term pipeline of opportunities on top of SKA's grid and data centre exposure.

Figure 8: Malaysia's Renewable Energy Capacity Targets under NETR (% of Installed Capacity)



Source: Providence Strategic Partners (IMR Report)

Figure 9: Recent Large-Scale Solar (LSS) Programmes

Programme	Capacity	Status
LSS5 (LSS-Energy Transition SuRiA)	2,000MWac	Scheduled to start operating in 2026
LSS PETRA 5+	2,000MWac	Bidding opened January 2025
LSS6	2,500MW solar + 1,250MW BESS (+150MW Bumiputera solar)	Bidding opened July 2026. Full COD by end-2029

Source: Providence Strategic Partners (IMR Report)

Industry Headwinds. The industry remains closely tied to public and private investment in power infrastructure, which depends on economic conditions, government policy and, in Peninsular Malaysia, TNB's project roll-out and capex. Any slowdown in TNB-related awards would reduce the number of tenders available and could intensify pricing competition among contractors. This risk is partly mitigated for SKA by its growing exposure to data centre projects, which are awarded mainly through direct negotiation with private developers. The industry also relies on foreign workers for civil, underground and substation works, leaving players exposed to changes in labour and visa policies. SKA employed 72 foreign workers as at the LPD (21 September 2026). In addition, contractors are exposed to fluctuations in steel and copper prices, as contracts generally do not provide for material price adjustments. Recent shipping disruptions in the Middle East have added to material and transportation cost risks, although SKA has not experienced any material adverse impact to date.

Investment Merits

Riding on TNB's Grid Investment Upcycle. SKA stands to benefit from a multi-year step-up in Malaysia's power grid investment. TNB's transmission capex rose from c.RM5bn previously to RM15bn in 2025, and is expected to reach RM18bn in 2026, with RM18–20bn p.a. planned through 2031. Demand is driven by (i) the ASEAN Power Grid, under which several new 500kV substations have been tendered and are expected to be awarded in the coming months, (ii) the rapid build-out of data centres in Johor, Selangor and Negeri Sembilan, each requiring dedicated substations and underground cable networks, and (iii) the integration of large-scale solar and battery storage into the grid. With over 17 years of experience and a track record spanning 11kV to 500kV substations, SKA is well positioned to capture a meaningful share of this expanding pipeline.

Two Way to Win Every Substation Tender. SKA's core differentiator is its dual-sided position in Malaysian substation tenders. Through Reltency Engineering, a TNB Green Lane contractor acquired in 2025, the Group bids directly for full EPCC packages. At the same time, SKA Rekabina provides civil and structural (C&S) pricing to other EPCC bidders. This means SKA can still secure the C&S portion even when another contractor wins the EPCC package, effectively raising its chances of participating in each project. Unlike most EPCC peers, which subcontract out C&S works, SKA undertakes these in-house, from earthworks and piling to testing and commissioning. Management believes this allows it to price more competitively while retaining better control over cost and delivery. This model is backed by its track record as the C&S contractor for Malaysia's existing 500kV substations, and by ongoing 500/275kV works at Gurun East and Bukit Batu.

Sizeable Order Book with Healthy Replenishment Prospects. SKA enters its listing with an order book of RM313.4m as at 21 September 2026, equivalent to 1.3x its FY25 revenue, of which RM79.6m and RM233.8m are expected to be recognised in FY26E and FY27E respectively. Behind this, management guided that its **tender book stands at 5–7x its order book, with a historical win rate of 25–30% for open tenders**. On our estimates, this implies potential new awards of RM400m–RM550m a year (tender book of RM1.6bn–RM2.2bn at a 25%-win rate), roughly equal to or more than our FY27E revenue of RM435.6m. This means SKA can win enough new jobs to replace the work it completes, keeping its order book steady or growing. This is already playing out, with SKA accepting RM89.3m worth of new contracts from Ibrahim & Sons on 23 October 2026. In addition, the RM21.0m of IPO proceeds earmarked for performance bonds will strengthen its capacity to take on larger EPCC contracts, including higher-value 500kV packages.

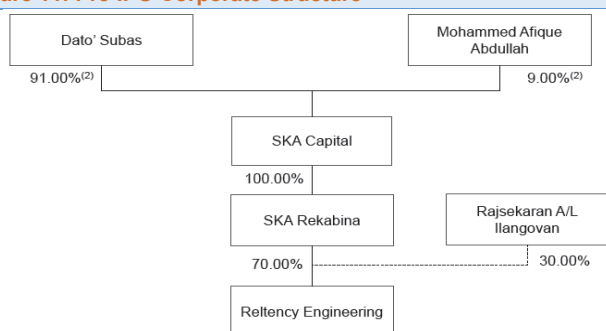
Led by a Seasoned Management Team. SKA is helmed by Managing Director Dato' Subas, who founded SKA Rekabina in 2009 and brings over 25 years of construction industry experience, including his previous tenure at Sunway Group. He is supported by Chief Financial Officer Mr. Suren, who has over 30 years of experience in accounting and financial reporting, and Rajasegaran, the founder of Reltency Engineering and a former TNB Johor head, who brings deep technical expertise in substation design and commissioning. This depth of experience matters in a technically demanding, tender-driven business. It underpins SKA's long-standing relationships with TNB and major EPCC contractors, and its ability to deliver complex fast-track projects, such as data centre substations completed within seven to twelve months.

Figure 10: IPO Details

	Offer for Sale (m)	Public Issue (m)	Total (m)	(%)
Retail Offering				
Bumiputera Public Investors	-	22.39	22.39	2.50
Non-Bumiputera Public Investors	-	22.39	22.39	2.50
Eligible Persons	-	8.96	8.96	1.00
Private Placement				
Bumiputera Investors approved by MITI	-	111.94	111.94	12.50
Selected Investors	72.40	2.41	74.81	8.35
Total	72.40	168.08	240.48	26.85

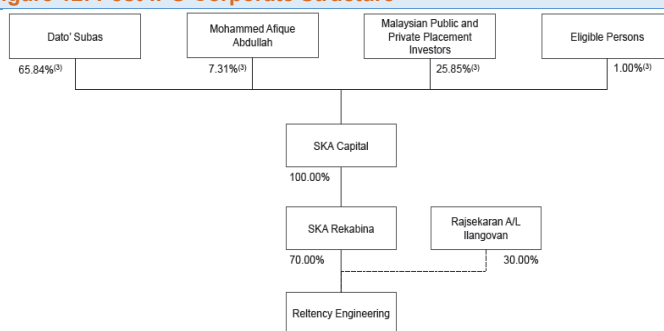
Source: SKA's IPO Prospectus

Figure 11: Pre-IPO Corporate Structure



Source: SKA's IPO Prospectus

Figure 12: Post-IPO Corporate Structure

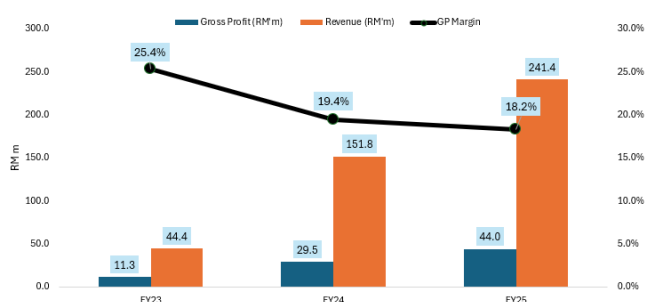


Source: SKA's IPO Prospectus

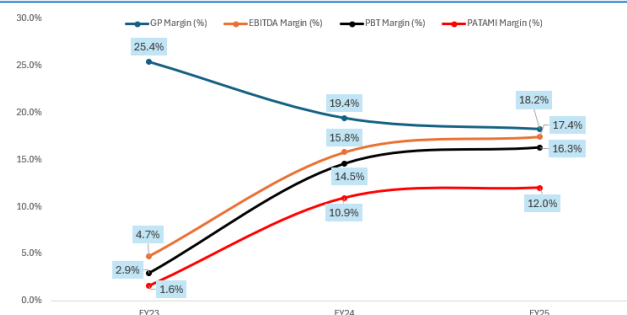
Financial Highlights

SKA's revenue expanded more than fivefold over the period under review, driven by new substation projects and the consolidation of Reltency Engineering. Topline rose from RM44.4m in FY23 to RM241.4m in FY25, a 2-year CAGR of 133.1% (refer to Figure 13 below). In FY24, revenue jumped 241.6% YoY to RM151.8m, mainly from higher substation engineering services revenue, specifically civil and structural (C&S) engineering works, following the commencement of the Kempas Lama Project (RM52.3m) and Data Centre Project (RM14.6m), as well as higher construction activity on the TRX Project. Revenue grew a further 59.0% YoY in FY25, mainly from the consolidation of Reltency Engineering Services Sdn Bhd, a TNB-registered EPCC contractor in which SKA acquired a 70% stake in February 2025. This added RM52.7m from electrical and mechanical engineering services and RM44.1m from EPCC services, both new substation engineering sub-segments for the Group. The Group also recorded RM9.5m from its first underground utilities projects in FY25. This was partially offset by lower civil and structural engineering revenue as the Kempas Lama and TRX projects neared completion.

Profitability improved markedly, with PATAMI margin from continuing operations expanding from 1.6% to 12.0% even as GP margin narrowed. Gross profit grew from RM11.3m in FY23 to RM44.0m in FY25, while GP margin eased from 25.4% to 18.3% (refer to Figure 14 below). In FY24, gross margins fell as the Group took on more lower margin projects to secure new work, while in FY25 they dipped further after the Group added lower margin segments, namely (i) electrical and mechanical (E&M) and (ii) EPCC services, with GP margins of these segments were 8.0% and 14.7%, respectively, below the Group's 3-year average GP margin of 21%. PBT growth outpaced revenue growth in both years (FY24 and FY25). In FY24, PBT surged from RM1.3m to RM22.1m, lifting PBT margin from 2.9% to 14.5%. This was mainly due to (i) administrative expenses fell 14.3% to RM5.0m despite revenue more than tripling, and (ii) lower net impairment losses of RM1.2m (FY23: RM4.2m). These were partially offset by RM1.2m higher finance costs. In FY25, PBT grew a further 77.8% to RM39.3m, ahead of revenue growth of 59.0%, mainly due to a RM6.9m net reversal of impairment, largely from the one-off RM7.2m recovery of amounts owed by related parties. Excluding net impairment movements in both years, PBT margin would have eased from 15.3% to 13.4%, as administrative expenses doubled to RM10.6m in FY25 on the inclusion of Reltency Engineering's staff costs and listing expenses, alongside higher finance costs. PATAMI from continuing operations grew from RM0.7m in FY23 to RM28.9m in FY25, with its margin expanding from 1.6% to 12.0%, further supported by a lower effective tax rate, which fell from 44.0% to 21.5%.

Figure 13: Revenue Trend (RM m) and YoY Growth (%)


Source: SKA's IPO Prospectus, Mercury Securities

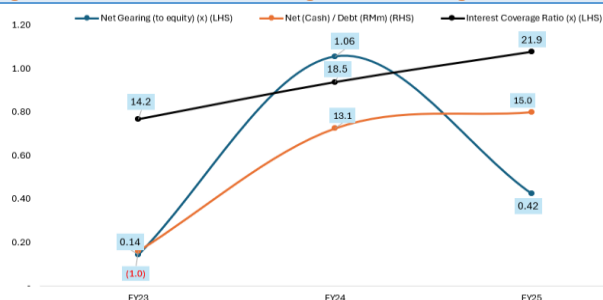
Figure 14: Profitability Margins (%)


Source: SKA's IPO Prospectus, Mercury Securities

*The PATAMI Margin is based on continuing operations

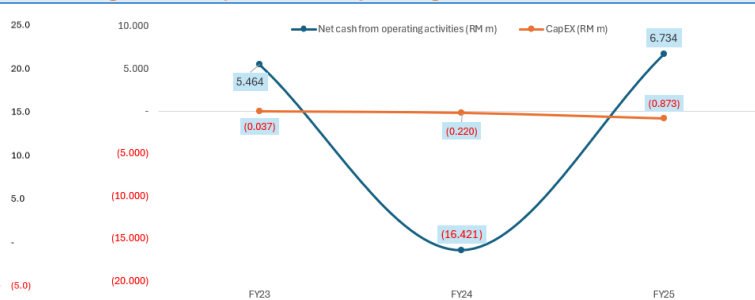
Leverage Rising with Scale, but Set to Ease Post-IPO. SKA's borrowings rose from RM2.2m in FY23 to RM38.8m in FY25, mainly from drawdowns of flexi trade loans and revolving credit to finance material purchases and working capital as project activity scaled up. Nearly all of these are short-term trade facilities, which are repaid through project collections and operating cash flow. Despite net debt edging up from RM13.1m in FY24 to RM15.0m in FY25, net gearing improved from 1.06x to 0.42x, as retained earnings grew from RM8.7m to RM29.1m. Debt servicing capacity also strengthened, with interest coverage rising from 14.2x in FY23 to 21.9x in FY25 as earnings outpaced finance costs (refer to Figure 15 below). The Group has complied with all its gearing covenants, and post-listing, pro forma gearing is expected to fall to 0.33x on the enlarged equity base from the Public Issue.

Operating Cash Flow Uneven, Reflecting Project Billing Cycles. SKA's operating cash flow swung from an inflow of RM5.5m in FY23 to an outflow of RM16.4m in FY24, before recovering to an inflow of RM6.7m in FY25 (refer to Figure 16 below). The FY24 outflow came mainly due to a RM34.1m increase in contract assets, as work done ran ahead of invoices issued to customers. The working capital gap was funded in FY24 by RM14.6m of net bank borrowings and RM3.0m from the issuance of new shares in SKA Rekabina. In FY25, although SKA generated an operating profit of RM34.5m, most of it was tied up in unbilled work (contract assets up RM44.8m) and uncollected billings (trade receivables up RM50.1m). This was largely offset by higher amounts owed to suppliers and subcontractors (payables up RM77.1m), leaving a net operating cash inflow of RM6.7m. This may suggest SKA's working capital was largely funded by its suppliers and subcontractors in FY25, which in turn makes timely collection from customers critical to avoid a cash squeeze once these payables are settled. With capex remaining minimal, SKA's main funding need lies in working capital, which will be supported by RM32.7m of IPO proceeds earmarked for working capital and RM21.0m for performance bonds.

Figure 15: Balance Sheet Strength and Leverage Profile


Source: SKA's IPO Prospectus, Mercury Securities

* Net gearing is calculated as net debt over total equity

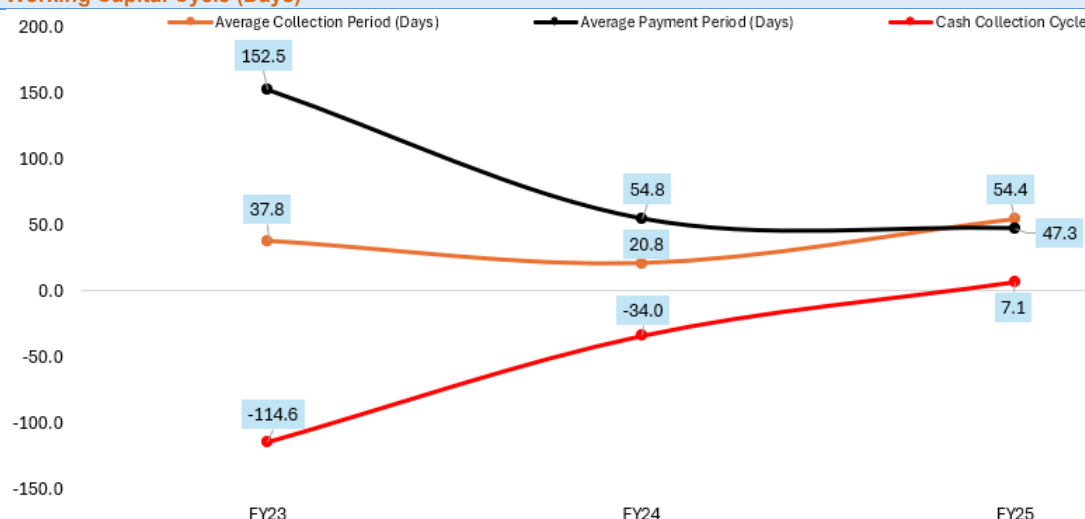
Figure 16: Capex vs. Net Operating Cash Flow


Source: SKA's IPO Prospectus, Mercury Securities



Working Capital Cycle Normalising as Supplier Payments Become Timelier. SKA's cash conversion cycle lengthened from -114.6 days in FY23 to 7.1 days in FY25 (refer to Figure 17 below). The deeply negative cycle in FY23 came from an average payment period of 152.5 days, as some suppliers and subcontractors had granted extended payment periods while some of the Group's trade facilities were not yet available. These amounts were fully settled in FY24 once the facilities were in place, and the payment period shortened further to 47.3 days in FY25 as payments became more timely. On the other side, the average collection period improved to 20.8 days in FY24 on better collections from civil and structural engineering customers, before lengthening to 54.4 days in FY25 due to longer payment processing by customers, mainly Transgrid Group and TNB, around the year end. Credit risk appears contained, with 81.1% of trade receivables outstanding as at 31 May 2026 collected by the LPD (21 Sept 2026) and bad debts written off falling from RM1.69m in FY23 to RM0.09m in FY25.

Figure 17: Working Capital Cycle (Days)



Source: SKA's IPO Prospectus, Mercury Securities

*Average Collection Period and Payment Period is calculated on total basis

Revenue Estimated to Grow on Order Book Conversion and Grid Investment. SKA's revenue is estimated to increase from RM241.4m in FY25 to RM438.3m in FY29E, implying a 4-year CAGR of 16.1% (FY23–FY25: 2-year CAGR of 133.1%) (refer to Figure 18 below). FY26E revenue is expected to rise 35.7% YoY to RM327.5m, comprising (i) RM119.2m recognised in 5MFY26, (ii) an estimated RM110.9m from June to 21 September 2026, based on its order book as at 31 May 2026, (iii) RM79.6m of its RM313.4m order book as at the LPD (21 September 2026) scheduled for recognition in the remainder of FY26, and (iv) RM17.8m from new contracts secured after the LPD and trading of materials. Our estimates also factor in the RM89.3m worth of contracts from Ibrahim & Sons announced on Bursa Malaysia on 26 October 2026, which, with an 18-month completion period, will mostly be recognised in FY27E–FY28E. Growth is front-loaded, with FY27E revenue rising 33.0% YoY to RM435.6m as the bulk of its RM402.7m order book is recognised (current order book of RM313.4m + latest RM89.3m new contract secured), led by underground utilities works for TNB Distribution. Revenue then stabilizes at c.RM440m in FY28E–FY29E as the mix shifts back towards substation engineering services, supported by three key drivers. First, TNB's transmission capex, which is expected to rise from RM15bn in 2025 to RM18–20bn per annum through 2031, sustaining a healthy pipeline of substation tenders. Second, SKA's dual positioning in 500kV substation packages, participating both as EPCC contractor via Reltency and as civil and structural subcontractor to other EPCC bidders. Third, growing data centre-related substation and underground works. Our estimation **conservatively assumes a tender book of 5.0x its order book and a 25%-win rate**, both at the lower end of management's guidance of 5–7x for the tender book and 25–30% for the historical win-rate, translating into new contract wins of RM411.3m–RM515.4m per annum.

On profitability, we estimate GP margin to rose to 19.0% in FY26E (FY25: 18.2%), rising to 20.0% in FY27E before easing to 19.0% over FY28E–FY29E, below management's guidance of c.20–25%, as we inputted in conservative assumptions. We pencilled in; (i) higher direct labour costs to reflect revision in minimum wages, and (ii) inflationary pressure on material purchases, which accounted for 68% of FY25 cost of sales. These are partly mitigated by lower machinery rental expenses following the RM12.05m machinery purchase from IPO proceeds. EBITDA margin is expected at 14.3% in FY26E, weighed down by one-off listing expenses, before improving to 16.4% in FY27E and settling at c.15.5% in FY28E–FY29E. EBIT margin is forecast to trend slightly lower, from 15.9% in FY27E to 14.6% in FY29E, as depreciation rises with the new machinery being capitalised. Consequently, core net profit is estimated at RM33.1m in FY26E, RM48.5m in FY27E, RM46.0m in FY28E and RM44.5m in FY29E, translating into a core net margin of 10.1–11.1%, assuming a normalised effective tax rate of 24% throughout. The Group has a dividend policy targeting a payout ratio of at least 30% of its PATAMI. Assuming a 30% payout, this translates into net DPS of 1.04–1.62 sen and a dividend yield of 2.4–3.8% over FY26E–FY29E, based on the IPO price of RM0.43.



Figure 18: SKA's Historical and Forecasted Financials

	FY23A	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E
Revenue	44.4	151.8	241.4	327.5	435.6	443.4	438.3
Gross Profit	11.3	29.5	44.0	62.2	87.1	84.2	83.3
EBITDA	2.1	23.9	42.0	46.9	71.5	69.4	67.4
EBIT	1.4	23.3	41.1	45.6	69.2	65.9	63.8
PBT	1.3	22.1	39.3	43.6	67.9	64.5	62.4
Core Net Profit	0.6	16.3	28.9	33.1	48.5	46.0	44.5
Core EPS (sen)*	0.06	1.82	3.23	3.69	5.41	5.14	4.97
Core EPS Growth (%)	N.A.	2,788.7%	77.6%	14.3%	46.5%	-5.0%	-3.2%
Net DPS (sen)*	-	-	0.22	1.04	1.62	1.54	1.49
Net Div. Yield (%) *	0.0%	0.0%	0.5%	2.4%	3.8%	3.6%	3.5%
BVPS (sen)*	(0.7)	1.4	3.9	15.7	21.5	26.9	32.2
PER (Using IPO price)	682.7	23.6	13.3	11.6	7.9	8.4	8.6
PBV (x) (Using IPO price)	(58.2)	31.0	10.9	2.7	2.0	1.6	1.3
Net Gearing	0.1	1.1	0.4	(1.0)	(0.8)	(1.1)	(1.0)

*Based on enlarged issued share capital.

Figure 19: Mercury Securities' Key Assumptions for SKA

Mercury Assumptions	FY26E	FY27E	FY28E
Order Books Replenishment Rate (x)	1.61	0.96	0.99
Revenue Recognition Rate (%)	38.6%	46.5%	47.1%
Order Book Coverage Ratio (x)	1.59x	1.15x	1.13x
Estimated Tender Book Win Rate %	25%	25%	25%

Source: Based on Mercury Securities Estimate

Valuation

At the IPO price of RM0.43 per share, SKA is valued at a market capitalisation of RM385.1m, implying a 13.3x P/E based on FY25 PATAMI of RM28.9m. **We derive a fair value of RM0.575 per share, based on a 10.7x P/E applied to our FY27E core EPS of 5.41 sen, implying a 34% upside to its IPO price.** Our target multiple represents a 30% discount to the 15.2x FY27 average forward P/E of selected local power infrastructure and utilities engineering peers, namely MN Holdings, CBH Engineering Holding, Jati Tinggi Group, UUE Holdings and Cheeding Holdings. We believe the discount is warranted to reflect (i) SKA's smaller operating scale and earnings base relative to its peers, (ii) its still-maturing profitability profile as the Group scales up its EPCC capabilities following the acquisition of Reltency in 2025, and (iii) its customer concentration, with Transgrid Group contributing 54% of FY25 revenue. Nonetheless, we view these peers as an appropriate valuation reference given SKA's similar exposure to TNB's grid expansion and data centre-driven substation and underground utilities works.

Figure 20: Best Forward P/E Multiple of Local Peers (x)

Company	Bloomberg Ticker	Share Price	Market Cap (RM m)	Best Forward EPS Growth (%)			Best Forward P/E (x)			Net Dividend Yield (%)		
				2026	2027	2028	2026	2027	2028	2026	2027	2028
MN Holdings	MNHLDG MK	3.74	2,603.4	45.1	27.3	15.0	24.2	19.0	16.5	0.0	0.2	0.5
CBH Engineering Holding	CBHB MK	0.98	1,843.3	90.7	16.3	14.0	20.0	17.2	15.1	0.4	0.3	0.4
Jati Tinggi Group	JTGROUP MK	1.34	593.5	(97.3)	48.2	#N/A	21.8	14.7	#N/A	0.7	1.1	#N/A
UUE Holdings	UUE MK	0.74	670.7	(76.4)	(78.9)	5.8	3.4	16.0	15.1	#N/A	#N/A	#N/A
Cheeding Holdings	CHEEDING MK	0.49	386.7	#N/A	10.4	36.5	10.1	9.2	6.7	1.9	2.8	3.7
Simple Avg.			1,219.5	(9.5)	4.7	17.8	15.9	15.2	13.4	0.8	1.1	1.5

Source: Bloomberg, Mercury Securities

*Data as at 22 October 2026



Figure 21: Profitability Margin and Return Ratios Comparison

Company	Bloomberg Ticker	Share price	Mkt Cap	Margin (%)				%		
		(RM)	(RM m)	GP	EBITDA	PBT	PAT	ROE	ROA	ROC
MN Holdings	MNHLDG MK	3.74	2,603.4	20.1	15.5	15.0	10.6	31.9	16.7	31.6
CBH Engineering Holding	CBHB MK	0.98	1,843.3	33.5	28.1	29.1	22.0	32.5	24.6	32.2
Jati Tinggi Group	JTGROUP MK	1.34	593.5	14.1	8.9	7.0	5.1	12.2	5.5	12.6
UUE Holdings	UUE MK	0.74	670.7	25.0	11.8	8.3	4.7	8.0	4.8	5.7
Cheeding Holdings	CHEEDING MK	0.49	386.7	56.1	45.3	43.4	31.9	37.3	29.4	36.7
Simple Avg.				29.8	21.9	20.6	14.9	24.4	16.2	23.8
SKA Capital		0.43	385.1	18.2	17.4	16.3	12.0	121.3	22.8	49.3

Source: Bloomberg, Mercury Securities

*Data as at 22 October 2026

This section is left blank intentionally



SWOT Analysis

S STRENGTHS	W WEAKNESS
Integrated Substation Capabilities. SKA offers end-to-end substation engineering, covering civil and structural, electrical and mechanical, and full EPCC works from 11kV to 500kV, mostly in-house through SKA Rekabina and Reltency Engineering. Both subsidiaries are CIDB Grade G7 contractors with unlimited tendering capacity. The Group is also a registered TNB supplier and service contractor and a Class A electrical contractor with the Energy Commission, which allows it to take on larger and more complex projects than most smaller competitors. Proven High-Voltage and Data Centre Track Record. Over about 17 years, SKA has worked on some of Peninsular Malaysia's largest transmission substations, including the 500/275kV Bukit Batu and Gurun East substations and the 275/132/33kV Cyberjaya South GIS substation. It has also delivered data centre-related works such as the RM55.0m Kempas Lama data centre landing station. From FY23 up to 21 September 2026, the Group completed 34 projects with a combined contract value of RM483.2m. Superior Profitability versus Peers. SKA recorded a PAT margin of 12.8% in FY25, the third highest among the 12 industry players identified by Providence. PBT margin also improved from 2.9% in FY23 to 16.3% in FY25 and 17.2% in 5M FPE26, reflecting its in-house execution model and growing scale.	High Customer Concentration. Major customers accounted for 98.7% of FY25 revenue. Transgrid Group alone contributed 63.8%, 96.6%, 54.1% and 39.1% of revenue in FY23, FY24, FY25 and 5M FPE26 respectively. Although this dependence is declining as the Group diversifies, losing or seeing a reduction in work from any single major customer could materially affect earnings. Cash Conversion Lags Profit Growth. As a project-based contractor, SKA must fund materials, subcontractors and labour before progress claims are certified and paid. Operating cash flow has consistently trailed earnings: it was negative RM16.4m in FY24 against a PAT of RM16.0m, and RM6.7m in FY25 against a PAT of RM30.8m. The current ratio stood at a tight 1.18x as at 31 May 2026. Rapid Scale-Up Tests Execution Capacity. Revenue grew more than fivefold, from RM44.4m in FY23 to RM241.4m in FY25, while the Group remains lean, with 148 employees and a three-person engineering team as at 21 September 2026. Sustaining this growth will require continued hiring and close management of subcontractors to avoid project delays and cost overruns.
T THREATS	O OPPORTUNITIES
Dependence on TNB Capex Roll-Out. As owner and operator of the National Grid in Peninsular Malaysia, TNB's project roll-out drives a large share of the industry's work. Any slowdown or deferral in TNB-related awards, whether due to economic conditions or policy changes, would reduce available tenders and intensify pricing competition among contractors. Material Price Volatility on Fixed-Price Contracts. SKA's projects use steel and copper-based materials, and its contracts generally do not allow for material price adjustments. Price spikes, such as those from recent shipping disruptions in the Middle East, may not be recoverable from customers and could compress margins. Labour Constraints and Competition. The industry relies on foreign workers for civil, underground and substation works, and SKA employed 72 foreign workers as at 21 September 2026. Tighter labour or visa policies could disrupt project execution. At the same time, competition from larger and better-capitalised contractors could pressure pricing and win rates.	Structural Upcycle in Grid Investment. Malaysia's power infrastructure utilities market grew at a CAGR of 11.4% to RM15.0bn in 2025, and TNB has committed RM18.0bn in capex for 2026, mainly to strengthen its distribution network and grid. With only a 1.6% market share, SKA has ample room to grow within this expanding market. Data Centre Boom. As of June 2026, data centre projects in Malaysia totalled 8.35GW of maximum demand across energised, upcoming, under-construction and contracted stages. Each requires dedicated substations and underground cable networks, positioning SKA to build on its existing data centre track record. Energy Transition and Regional Grid Integration. The NETR targets renewable energy reaching 70% of installed capacity by 2050, supported by successive LSS rounds such as LSS6 (2,500MW of solar plus 1,250MW of BESS) and the ASEAN Power Grid. New renewable and interconnection projects all need substations and transmission links, opening a longer-term pipeline for SKA.

Company Background

SKA Capital Berhad (“SKA” or “the Group” or “the Company”) was incorporated in Malaysia on 6 November 2025 as an investment holding company and converted into a public limited company on 25 February 2026 in conjunction with its listing. Its operating history traces back to SKA Rekabina Sdn Bhd, which was founded by Managing Director Dato’ Subas Kumar in September 2009 and became a wholly-owned subsidiary of SKA following the completion of a pre-listing restructuring in September 2026. In February 2025, SKA Rekabina subscribed for a 70% equity interest in Reltency Engineering Services Sdn Bhd, a TNB-registered EPCC contractor established in 2012, with the remaining 30% held by its Head, Rajsekaran A/L Ilangovan. The two subsidiaries play complementary roles. SKA Rekabina undertakes **civil and structural works, underground utilities works and trading of construction materials**, while Reltency Engineering provides **EPCC services for power substations, bidding directly for TNB projects, and trades electrical devices and equipment**.

Through its subsidiaries, the Group provides **power infrastructure engineering solutions** across three segments: (i) substation engineering services, comprising EPCC, civil and structural, and electrical and mechanical engineering works; (ii) underground utilities engineering services, using open trenching and horizontal directional drilling (HDD) methods; and (iii) trading of electrical devices, electrical equipment and construction materials. These segments contributed 89.6%, 3.9% and 6.4% of revenue respectively in FY25, with underground utilities rising to 21.5% in 5MFPE26. SKA undertakes projects on a build-only or design-and-build basis, acting as either main contractor or subcontractor to utility companies, main contractors and project owners, including data centre operators. During FY23 to 5MFPE26 and up to 21 September 2026, the Group completed 34 projects with a combined contract value of RM483.2m, all in Peninsular Malaysia. SKA Rekabina and Reltency Engineering are both registered as CIDB Grade G7 contractors with unlimited tendering capacity, while the Group is also a registered TNB supplier and service contractor and a Class A electrical contractor with the Energy Commission.

Figure 22: SKA at a Glance: 17 Years of Track Record from 11kV to 500kV



Source: Company

Figure 23: Group Structure and Principal Activities



Source: Company

Figure 24: Selected Completed Projects (Part 1)

	Data Centre Project, Selangor	The Light Project, Penang	Kempas Lama Project, Johor	Cyberjaya South GIS Project, Selangor
Scope	Civil works for a 132kV main switching station for a data centre	Civil works for a 275/132kV substation and 275kV substation	Civil and structural construction works for data centre landing station	Civil works for a 275/132/33kV GIS substation
Contract Value	RM14.63 million	RM19.03 million	RM55.00 million	RM39.88 million
Completion Date	October 2024	December 2024	April 2025	November 2025

Source: Company

Figure 25: Selected Completed Projects (Part 2)

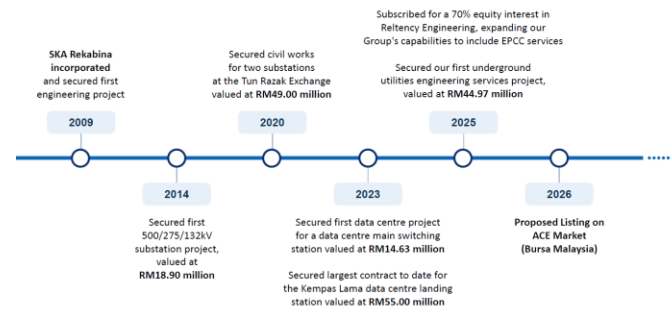
	Seri Iskandar West Project, Perak	TRX Project, Kuala Lumpur	Merching Project, Terengganu	Kemasek Project, Terengganu
Scope	Civil, mechanical and electrical works for a 275/132kV substation	Civil works for 2 Tun Razak Exchange substations	Electrical works for a 132kV switching station	Electrical works for a 132kV switching station
Contract Value	RM23.40 million	RM49.00 million	RM16.10 million	RM15.54 million
Completion Date	November 2025	December 2025	April 2026	May 2026

Source: Company

This section is left blank intentionally

Figure 26: Licences and Accreditations

Source: Company

Figure 27: Key Milestones

Source: Company

Figure 28: SKA's Ongoing Projects as at 21 September 2026 (Part 1)

Project Name	Scope	Customer	Commencement Date	Completion / Expected Completion Date	Contract Value (RM mil)	Balance Contract Value As at LPD (RM mil)	Completion (%) As at LPD
Genting Kelang GIS Project (BK)	Establishment of 132/33kV GIS substation	TNB	June 2025	October 2026	46.31	11.58	75.00
Iskandar Puteri West Project (Johor)	Civil, mechanical and electrical works for 275kV switching station	TVSB	June 2025	May 2027	35.01	5.25	85.00
Bukit Batu Project (Johor)	Civil works for 500/275kV substation	TVSB	June 2025	December 2026	31.50	4.73	85.00
Guram East Project (Kedah)	Civil, mechanical and electrical works for 500/275kV substation	TVSB	June 2025	February 2027	44.10	8.82	80.00
Pahang Project	Supply, installation, testing and commissioning works for an electricity supply project	ISESB	September 2025	December 2026	25.94	25.94	N.A.
Perak Project	Supply, installation, testing and commissioning works for an electricity supply project	ISESB	September 2025	December 2026	16.31	16.31	N.A.
Selangor Project	Establishment of 33kV main distribution substation and an 11kV electrical substation	KLIA	October 2025	October 2026	29.46	5.18	82.42
11kV Project	Installation, testing and commissioning of 11kV underground cables and accessories in Peninsular Malaysia	ISESB	December 2025	December 2027	50.03	31.52	37.00

Note: (1) LPD: 21 September 2026, being the latest practicable date prior to the issuance of the Prospectus.
 TNB – Tenaga Nasional Berhad; ISESB – Iskandar & Sons Engineering Sdn Bhd; TVSB – Transgrid Ventures Sdn Bhd; KLIA – Kuala Lumpur International Airport Sdn Bhd; N.A. – As at the LPD, the project has not commenced pending the requisite approvals from the relevant local authorities.

Source: Company

Figure 29: SKA's Ongoing Projects as at 21 September 2026 (Part 2)

Project Name	Scope	Customer	Commencement Date	Completion / Expected Completion Date	Contract Value (RM mil)	Balance Contract Value As at LPD (RM mil)	Completion (%) As at LPD
33kV Project	Installation, testing and commissioning of 33kV underground cables and accessories in Peninsular Malaysia	ISESB	December 2025	December 2027	44.97	28.33	37.00
Cyberjaya East Project (Selangor)	Civil works for Cyberjaya East substation	TVSB	December 2025	December 2026	22.71	3.41	85.00
11kV 1 Project	Installation, testing and commissioning of 11kV underground cables and accessories in Peninsular Malaysia	ISESB	January 2026	January 2028	17.59	17.59	N.A.
33kV 1 Project	Installation, testing and commissioning of 33kV underground cables and accessories in Peninsular Malaysia	ISESB	January 2026	January 2028	32.20	32.20	N.A.
Johor Project	EPCC works for a 33kV substation and 275kV/33kV H&D works	CSB	December 2025	October 2027	47.94	32.76	31.66
Elmina Project (Selangor)	Underground utilities works for data centre and substation	CSB	June 2026	April 2027	47.03	37.62	20.00
Elmina 1 Project (Selangor)	Underground utilities works for data centre and substation	CSB	June 2026	April 2027	34.02	27.22	20.00

Note: (1) LPD: 21 September 2026, being the latest practicable date prior to the issuance of the Prospectus.
 TNB – Tenaga Nasional Berhad; ISESB – Iskandar & Sons Engineering Sdn Bhd; TVSB – Transgrid Ventures Sdn Bhd; KLIA – Kuala Lumpur International Airport Sdn Bhd; N.A. – As at the LPD, the project has not commenced pending the requisite approvals from the relevant local authorities.

Source: Company

Figure 30: Key Management Team

Name and Designation	Age	Profile
Fazrin Azwar Bin Md. Nor Independent Non-Executive Chairman	60	- Appointed to the Board on 20 February 2026. - Advocate & Solicitor with over 30 years of legal and corporate experience; co-founded and was Managing Partner of Messrs. Rashidah Muzafar & Azwar (2005–2025), and has been a Consultant at Messrs. Zain Megat & Murad since March 2026. - Currently Independent Non-Executive Chairman of Benalec Holdings Berhad, Stratus Global Holdings Berhad and AMS Advanced Material Berhad.
Dato' Subas Kumar A/L Ambairam Managing Director	49	- Appointed to the Board on 6 November 2025; our Promoter and Substantial Shareholder (65.84% post-IPO). - Over 25 years of experience in the construction industry; Bachelor of Science in Mechanical Engineering from Robert Gordon University, Scotland. - Founded SKA Rekabina in 2009 and has led the Group's overall operations, strategic direction and expansion, including the subscription of a 70% stake in Reltency Engineering in 2025.
Kenneth Chin Kah Kiong Independent Non-Executive Director	53	- Appointed to the Board on 20 February 2026; Chairman of the Audit and Risk Management Committee. - Chartered Accountant (ACCA, MIA) with over 25 years of experience, including as Group Financial Controller and Executive Director of Benalec Holdings Berhad and CFO of Focus Point Holdings Berhad. - Currently Independent Non-Executive Director of Benalec Holdings Berhad and Focus Lumber Berhad.
Tunku Rozita binti Tunku Abdul Malek Independent Non-Executive Director	57	- Appointed to the Board on 20 February 2026; Chairman of the Remuneration Committee. - Over 30 years of experience in capital markets and asset management, including 17 years at CIMB Investment Bank, where she was Senior Vice President, Institutional Sales. - Formerly Managing Director of AmanahRaya-Kenedix REIT Manager; currently Independent Non-Executive Director of KAF Investment Funds Berhad.
Karina binti Idris Ahmad Shah Independent Non-Executive Director	57	- Appointed to the Board on 20 February 2026; Chairman of the Nomination Committee. - Advocate & Solicitor with about 30 years of legal experience across the Attorney General's Chambers, Iskandar Regional Development Authority and WCT Berhad. - Currently Independent Non-Executive Director of Mlabs Systems Berhad and Pantech Global Berhad.



Surentheran A/L M. Kanagalingam Chief Financial Officer	55	- Joined the Group as CFO in June 2025; oversees financial reporting, taxation, treasury and compliance. - Certified Practising Accountant (CPA Australia) and Chartered Accountant (MIA) with about 31 years of experience in audit and financial management. - Previously CFO of Domus Vita Incorporated, Canada (2018–2025), and Financial Controller of MM Packaging Malaysia.
Tan See Ling Project Director	45	- Joined SKA Rekabina in 2019 and was promoted to Project Director in 2025; oversees tender management, contract documentation, cost control and progress claims. - About 18 years of experience in quantity surveying and contract management. - Holds a BSc in Building Construction Management and an MSc in Project Management from Sheffield Hallam University, UK.
Rajsekaran A/L Ilangovan Head of Reltency Engineering	43	- Heads Reltency Engineering, overseeing its management, business development and tendering; holds the remaining 30% equity interest in Reltency. - Professional Engineer and 275kV Competent Electrical Engineer with about 21 years of experience. - Spent 10 years at TNB (2005–2015), rising to Project Manager for 132kV and 275kV substation and transmission projects, before joining Reltency in 2015.
Buminathan A/L Marimuthu Human Resources Director	45	- Joined SKA Rekabina in 2009; Human Resources Director since 2025. - About 27 years of experience in administration, accounts and human resources. - Oversees workforce planning, recruitment, payroll, employee welfare and compliance with employment laws.

Major Customers

Customer	Location of Customer	Main Services Provided	Length of Relationship as at FY25 (Years)	Revenue (RM '000)	% of Group's Total Revenue
Transgrid Group	Malaysia	Civil and structural, electrical and mechanical engineering services and trading of construction materials	16	130,506	54.07
Omega Engineering Sdn Bhd	Malaysia	Electrical and mechanical engineering services	1	52,470	21.74
Tenaga Nasional Berhad	Malaysia	EPCC services	1	42,982	17.81
Ibrahim & Sons Engineering Sdn Bhd	Malaysia	Underground utilities engineering services	1	9,500	3.94
Megatech Equipment Sdn Bhd	Malaysia	Sale of deformed steel bars and wire mesh	2	2,730	1.13
Subtotal				238,188	98.69
Group's Total Revenue				241,357	100.00

Source: SKA's IPO Prospectus

Major Suppliers

Supplier	Location of Supplier	Products/Services Procured	Length of Relationship as at FY25 (Years)	Purchases (RM '000)	% of Group's Total Purchases
PSI Incontrol Sdn Bhd	Malaysia	Equipment and IT monitoring systems	1	8,153	6.06
Hextar Supplies Sdn Bhd	Malaysia	Steel and hardware, and building materials	1	7,595	5.64
Supplier C	Thailand	Electrical equipment	1	7,537	5.60
Segenting Bersatu Sdn Bhd	Malaysia	Steel and hardware	1	4,884	3.63
Southern Cable Sdn Bhd	Malaysia	Cables	1	4,618	3.44
Subtotal				32,787	24.37
Total Purchases				134,563	100.00

Source: SKA's IPO Prospectus

Future Plans and Business Strategies

Securing More Underground Utilities Engineering Projects. SKA intends to leverage its established track record in civil and structural and EPCC services for substations to expand its revenue stream by securing more underground utilities engineering projects, carried out using open trenching and the horizontal directional drilling (HDD) method. By participating in more of these projects, the Group aims to establish its presence and demonstrate its capabilities, thereby expanding its offering in this segment. SKA currently carries out open trenching internally, while HDD works are outsourced to subcontractors. To support this plan, the Group intends to purchase machinery and equipment, including HDD machines, cranes, excavators, backhoes, pick-up trucks and scaffolding, funded by RM12.05m of IPO proceeds over 24 months. The purchase of HDD machines will allow the Group to undertake HDD works in-house, reducing its reliance on subcontractors.¹

Strengthening Internal Capabilities to Secure New Projects. To keep securing contracts, SKA must continue to demonstrate a proven project track record, strong financial standing, and the availability of skilled technical personnel and machinery. The Group intends to leverage its established track record, together with its licences and certifications, including registrations with CIDB, TNB and the Energy Commission, to undertake larger-scale projects, supporting further business growth and improved profitability. Recognising the positive outlook for the power infrastructure utilities market, SKA will continue to participate in tenders for projects across Peninsular Malaysia. The Group also intends to recruit project and engineering employees progressively in line with business growth, and expects its listed status to enhance its profile as a provider of power infrastructure engineering solutions.

Key Risks

Dependence on Major Customers. SKA's revenue is concentrated among a small number of customers, who collectively accounted for 99.9%, 100.0%, 98.7% and 96.2% of revenue in FY23, FY24, FY25 and 5M FPE26 respectively. In particular, Transgrid Group contributed 63.8%, 96.6%, 54.1% and 39.1% over the same periods, while TNB contributed 17.8% and 13.0% in FY25 and 5M FPE26. There is no assurance that these customers will continue to award new contracts, or that any new contracts will be on similarly favourable terms. Any reduction or loss of business from them could materially affect the Group's financial performance.

Order Book Replenishment. As a project-based business, SKA's future revenue depends on its ability to keep securing new contracts as its order book is progressively billed. Projects are awarded through competitive tenders, where success depends on pricing and tender strategy, internal capabilities, competitors' strategies and customers' evaluation criteria. There is no assurance that the Group will maintain its tender success rate, and it may have to adjust its pricing to remain competitive. The order book is also exposed to project terminations, suspensions and scope reductions.

Project Delays and Liquidated Ascertained Damages (LAD). SKA's projects must be completed within stipulated timelines, and delays may lead to cost overruns, legal liabilities and LAD claims from customers. As revenue is recognised by percentage of completion and billing is based on work certified by customers, any delay or postponement could also affect resource allocation for subsequent projects and defer revenue recognition, weighing on billings, operating cash flow and overall financial performance.

Cost Overruns and Material Price Volatility. SKA's contracts typically have a fixed contract value based on the tendered scope of works, and generally do not provide for fluctuations in material prices. The Group is exposed to price movements in steel and copper, which are used in its equipment and cables, while recent shipping disruptions in the Middle East have raised material and transportation cost risks. Inaccurate cost estimates, or external factors such as permit delays, adverse weather and disease outbreaks, could result in cost overruns and compress margins.

Reliance on Subcontractors. SKA engages subcontractors directly and remains responsible for ensuring their work meets customers' requirements. Non-performance, defects, poor workmanship, delays or non-compliance by subcontractors may require the Group to carry out remedial works at its own cost. Where claims cannot be enforced against subcontractors, for instance due to insolvency or disputes, the Group may face reputational harm, litigation or additional costs.

Dependence on Key Personnel. SKA's success depends on the continued efforts and experience of its Managing Director, Dato' Subas Kumar, and its key senior management, as well as skilled technical personnel such as engineers, chargemen and wiremen. The loss of any of them, or of a significant number of technical staff within a short period, without suitable and timely replacement, could impair operations and hinder the execution of its growth strategies.

Sustainability Review

Environmental (E)

1. Energy Conservation

- The Group uses light-emitting diodes (LEDs) for general illumination in its office, which use up to 90% less energy than traditional incandescent bulbs.
- It encourages employees to switch off lights and electronic equipment that are not in use after working hours.

2. Paperless Operations

- The Group promotes a paperless culture in its offices and has adopted software to reduce paper consumption in business processes such as document storage and communication.
- Lower paper consumption helps reduce deforestation, energy use in paper production and waste.

3. Waste Management

- Scheduled waste is collected, transported and disposed of by licensed waste contractors in accordance with regulatory standards.
- In support of circular waste practices, scrap construction materials generated at project sites, such as steel and aluminium, are segregated and collected for processing by recycling companies, supporting the recovery and reuse of materials where practicable.

4. Low-Emission Operating Profile

- The Group does not undertake emissions-intensive activities such as electricity generation, cement manufacturing, iron and steel production, or oil and gas extraction.
- Its direct greenhouse gas (GHG) emissions arise mainly from fuel consumption in its engineering and construction activities, while indirect emissions may arise from electricity consumption and transportation. Accordingly, its operations are not classified as high-emission.

Social (S)

1. Workplace Health and Safety

- The Group embeds health and safety measures across its business and value chain, aiming to provide a safe and healthy work environment for employees and subcontractors at all sites.
- It has set up a safety and health committee, developed a safety and health policy, provided safety training to employees, and conducts hazard identification, risk assessment and risk control on operational sites, in compliance with relevant safety and health regulations.

2. Talent Management

- The Group recognises the importance of a highly skilled and productive workforce in achieving its strategic priorities.
- It provides continuous on-the-job training and offers employees opportunities to attend external training programmes to enhance their knowledge, skills and capabilities.

3. Equal Opportunity and Diversity

- The Group is committed to a workplace rooted in mutual respect and inclusivity, free from discrimination.
- All employees are treated fairly and given equal access to privileges and opportunities regardless of gender, age, ethnicity, religion or national origin.

4. Work-Life Balance and Employee Welfare

- The Group seeks to progressively improve its work environment and prioritise employee welfare.
- It encourages work-life balance and aims to eliminate all forms of workplace discrimination.

Governance (G)

1. Ethical Business Conduct

- The Group's Code of Ethics and Conduct Policy sets out internal control policies and procedures covering conflicts of interest, money laundering, bribery and corruption prevention, and insider trading.
- Its Anti-Bribery and Corruption Policy sets out procedures to ensure compliance with applicable anti-bribery and corruption laws, including the Malaysian Anti-Corruption Commission (Amendment) Act 2018.



2. Whistleblowing and Data Protection

- The Group's Whistleblowing Policy allows stakeholders, including customers, employees, suppliers and the local community, to report suspected fraud, unethical actions or inappropriate business practices by its employees or external parties.
- Its Personal Data Protection Act Policy guides the processing of personal data for commercial and employment purposes, in compliance with the Personal Data Protection (Amendment) Act 2024.

3. Board Independence and Diversity

- The Board is chaired by an Independent Non-Executive Chairman, and four of its five members (80%) are Independent Non-Executive Directors. The Audit and Risk Management, Remuneration and Nomination Committees are all composed entirely of Independent Non-Executive Directors.
- The Board includes two female directors, representing 40% of its members and exceeding the 30% recommendation under the Malaysian Code on Corporate Governance (MCCG). As at 21 September 2026, the Board had adopted all relevant MCCG recommendations on the composition of the Board and its committees.

4. Sustainability Reporting

- Moving forward, the Group will disclose its ESG practices through the Sustainability Statement in its annual report, prepared in accordance with the Sustainability Reporting Guide issued by Bursa Securities.

Overall ESG Outlook. The Group's ESG approach centres on energy conservation, paperless operations, responsible waste management, workplace health and safety, talent development and equal opportunity. Its governance framework is underpinned by policies on ethics and conduct, anti-bribery and corruption, whistleblowing and personal data protection, alongside a Board in which four of its five members are independent. The Group's low-emission operating profile, together with the recycling of scrap steel and aluminium from its project sites, supports its environmental commitments. Its safety and health committee, site risk assessments and training programmes reinforce its social responsibilities. In addition, its planned Sustainability Statement under Bursa's Sustainability Reporting Guide should progressively strengthen its ESG disclosures. Collectively, these initiatives provide a framework for responsible operations and sustainable business growth.

This section is left blank intentionally

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended, and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities' website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my