

SKA Capital Berhad (SKACAP)

Riding The Grid Capex Upcycle

- SKA Capital Berhad is a power infrastructure engineering solutions provider with ~17 years of track record, principally involved in the (i) provision of substation engineering services encompassing EPCC, civil and structural as well as electrical and mechanical engineering works, (ii) underground utilities engineering services and (iii) trading of electrical devices, electrical equipment and construction materials
- We project 3-year earnings CAGR of 24.8%, with core PATMI expected to reach RM31.3m-RM42.3m over the next three years. This growth is underpinned by (i) TNB's committed capex of RM18.0bn for 2026, (ii) data centre-driven demand for substations and underground cabling and (iii) the Group's step-up into higher-value EPCC and underground utilities works.
- We assign a fair value of RM0.66 per share for SKACAP, indicating a 53.5% upside from the IPO price of RM0.43. This valuation is based on a PE ratio of 16.5x, pegged to FY27f EPS of 3.99 sen.

Investment highlights

Value-chain upgrade via Reltency Engineering. In Feb 2025, SKA Rekabina subscribed for a 70% equity interest in Reltency Engineering for RM5.0m, extending the Group beyond its legacy civil and structural works into higher-value engineering, procurement, construction and commissioning (EPCC) and electrical and mechanical engineering services for power substations. Unlike many EPCC contractors that rely on external subcontractors for civil and structural works, SKACAP can now undertake these works in-house within its EPCC packages, giving the Group greater control over cost and timelines as well as more flexibility when tendering. The impact was immediate, as EPCC and electrical and mechanical works contributed a combined RM96.8m or 40.1% of FY25 revenue, while Reltency's 13-year working relationship with TNB brought the national utility directly onto the Group's customer list.

Pivot into underground utilities with in-house HDD capability. SKA secured its first underground utilities engineering services project in 2025, securing an RM50.0m project involving the installation, testing and commissioning of 11kV underground cables and accessories, and the segment has since scaled from nil in FY24 to RM9.5m in FY25 and RM25.7m or 21.5% of 5M FPE26 revenue. The Group intends to channel RM12.1m of IPO proceeds into machinery and equipment, including five horizontal directional drilling (HDD) machines, allowing it to undertake horizontal directional drilling in-house rather than outsourcing to subcontractors. We view that insourcing HDD could protect SKACAP's margins and strengthen the Group's competitiveness in tendering for larger cable-laying packages.

Fig #1 RM12.1m IPO proceeds allocated for the purchase of machinery and equipment

	Estimated average cost per unit RM'000	Unit	Amount RM'000
Machinery and equipment			
Backhoe ⁽¹⁾	300	4	1,200
Excavators ⁽²⁾	420	5	2,100
Pick-up truck ⁽³⁾	130	5	650
Scaffolding ⁽⁴⁾	-	-	3,200
Cranes ⁽⁵⁾	600	4	2,400
HDD machines ⁽⁶⁾	500	5	2,500
Total			12,050

Source: SKA Capital Berhad

IPO Note – Not rated

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Non-Rated

Share price	RM0.43
Target price	RM0.66
Previous TP	-
Capital upside	53.5%
Dividend return	2.4%
Total return	55.9%

Company profile

Founded in 2009 and slated for listing on the ACE Market, SKA Capital Berhad is a power infrastructure engineering solutions provider offering substation engineering (EPCC, civil & structural, electrical & mechanical), underground utilities engineering and trading of electrical and construction materials in Peninsular Malaysia.

Stock information

Bursa Code	0480
Bloomberg ticker	SKACAP MK
Listing market	ACE
Share issued (m)	895.5
Market Cap (m)	385.1
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders

	%
Dato' Subas	65.8
Mohammed Afique Abdullah	7.3

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	21.7	31.3	35.8
EPS (sen)	2.4	3.5	4.0
P/E (x)	17.7	12.3	10.8

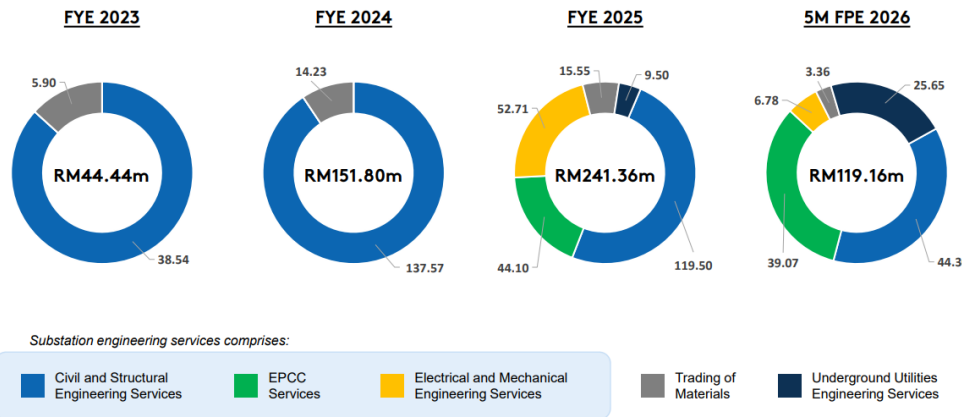
Timetable of IPO

Opening of application	20 Oct
Closing of application	27 Oct
Balloting of application	29 Oct
Allotment of the IPO shares	5 Nov
Listing on the ACE market	11 Nov



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Fig #2 Revenue contribution from EPCC, electrical and mechanical engineering and also underground utilities engineering services starting FY25



Source: SKA Capital Berhad

Positioned for data centre-driven power demand. SKA has an established delivery record in data centre-linked power infrastructure, having completed the Kempas Lama data centre landing station in Johor (RM55.0m, its largest contract to date) and a 132kV main switching station for a Selangor data centre (RM14.6m). Its ongoing Elmina projects (RM81.1m combined) involve underground utilities works for a data centre and substation, illustrating the pull-through from hyperscale investments into grid connection works. With TNB's RM18bn capex plan to fund large-scale grid modernization efforts and clean energy transitions across Malaysia, we believe this would create more tender opportunities for SKACAP.

Order book of RM313.4m provides two-year revenue visibility. As at 21 Sept 2026, SKA's outstanding order book stood at RM313.4m, of which RM79.6m is expected to be recognised over the remainder of FY26 and RM233.8m in FY27, providing two-year revenue visibility. The RM313.4m order book also represents ~2.2x of SKACAP's average past 3-years revenue of RM145.9m, based on FY23 to FY25. Again, with TNB's RM18bn capex commitment, coupled with the purchase of more machinery and equipment post-IPO and RM21.0m allocated as performance bond for future projects, we believe SKACAP is able to tender for more projects moving forward, including higher-voltage 500kV transmission substations, where the Group already has a track record dating back in 2014, and also the ongoing Bukit Batu and Gurun East 500/275kV substations currently underway

Fig #3 SKACAP's order book as at 21st September 2026

Business activities	As at 31 May 2026	As at the LPD	FYE 2026		FYE2027	
	(RM mil)		(RM mil)		(RM mil)	
Substation engineering services						
(i) Civil and structural engineering services	96.10	33.33	24.04	9.29		
(ii) Electrical and mechanical engineering services	-	-	-	-		
(iii) EPCC services	29.88	35.85	27.87	7.98		
Underground utilities engineering services	151.89	244.19	27.69	216.50		
Total	277.87	313.37	79.60	233.77		

Source: SKA Capital Berhad



Industry overview

According to the IMR report, the power infrastructure utilities market in Malaysia, measured by the capital expenditure incurred for recurring electricity generation, transmission and distribution, expanded from RM5.7bn in 2016 to RM15.0bn in 2025, representing a CAGR of 11.4%. Momentum is set to accelerate further, as TNB has committed a capex of RM18.0bn for 2026 (vs. regulated capex of RM12.0bn in 2025), of which RM7.1bn was incurred in 1H26, including RM3.3bn for strengthening the distribution and retail network and RM2.4bn for grid strengthening.

Demand is underpinned by a combination of structural drivers, namely (i) rising electricity consumption, which grew from 132,199 GWh in 2015 to 188,740 GWh in 2025, (ii) data centre build-out, with TNB having energised 35 data centres as of June 2026 and a cumulative 8.35 GW secured across energised, under-construction and contracted projects, and (iii) the energy transition under the NETR, which targets 70% renewable energy share of installed capacity by 2050, alongside the LSS6 round offering 2,500 MW of solar capacity and 1,250 MW of BESS. Each of these requires corresponding transmission and distribution substations and cabling to connect new load and generation to the National Grid.

The market is characterised by high barriers to entry, as tenderers must be registered TNB vendors, hold the requisite CIDB grade and specialisation, and demonstrate both project track record and financial strength. SKA commands an estimated 1.6% market share based on FY25 revenue of RM241.4m, in comparison to the capex incurred for recurring electricity generation, transmission and distribution in Malaysia of RM15.0bn.

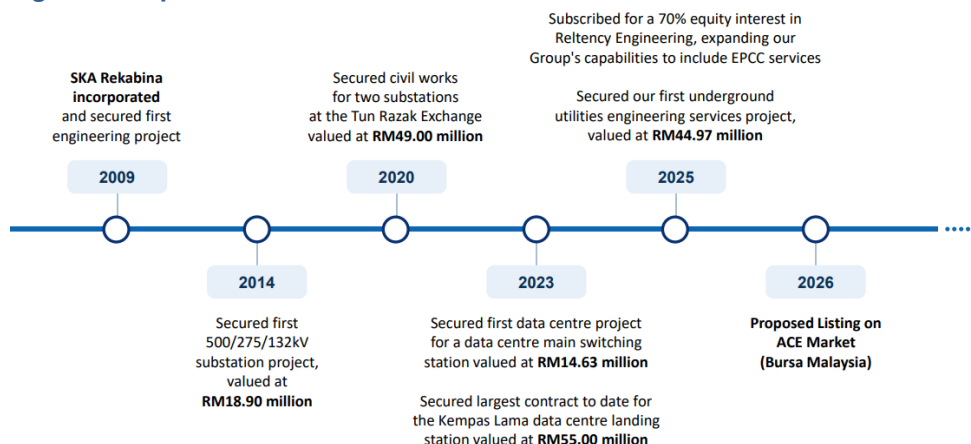
Company background

SKA Capital Berhad was incorporated on 6 Nov 2025 as the investment holding company for the Group's listing exercise, with its operating history dating back to Sept 2009 when SKA Rekabina Sdn Bhd was founded by Dato' Subas Kumar A/L Ambairam and Buminathan A/L Marimuthu. Through its wholly-owned SKA Rekabina and 70%-owned Reltency Engineering Services Sdn Bhd, the Group provides power infrastructure engineering solutions covering the full project lifecycle, from design and procurement to construction, installation, testing and commissioning.

The Group has delivered distribution and transmission-related projects across voltage levels ranging from 11kV to 500kV, completing 34 projects with a total contract value of RM483.2m from FY23 up to 21 Sept 2026. It is registered with CIDB as a Grade G7 contractor (unlimited tender value), registered as a TNB supplier and service contractor, and licensed by the Energy Commission as a Class A Electrical Contractor, supported by ISO 9001, ISO 14001 and ISO 45001 certifications. Headquartered in Kota Kemuning, Shah Alam, the Group serves customers across Peninsular Malaysia with a workforce of 148 employees.



Fig #4 Corporate milestones



Source: SKA Capital Berhad

Substantial Shareholders and Key Management

1. Dato' Subas Kumar A/L Ambairam – Managing Director, Promoter and Substantial Shareholder

Founded SKA Rekabina in 2009 and is responsible for overseeing the Group's overall business operations and spearheading its strategic direction. A mechanical engineering graduate, he has over 25 years of experience in the construction industry and will hold a 65.84% direct stake post-IPO.

2. Surentheran A/L M. Kanagalingam – Chief Financial Officer

Responsible for the Group's accounting and finance functions, including financial reporting, taxation, company secretarial matters, compliance and treasury management. A member of CPA Australia and the Malaysian Institute of Accountants, he brings over 30 years of audit, accounting and financial reporting experience.

3. Tan See Ling – Project Director

Oversees the Group's contract administration functions, including tender management, contract documentation, cost control and progress claim evaluation. She holds a Bachelor of Science in Building Construction Management and a Master of Science in Project Management, with 18 years of experience in quantity surveying, contracts and project management.

4. Rajsekaran A/L Ilangovan – Head of Reltency Engineering

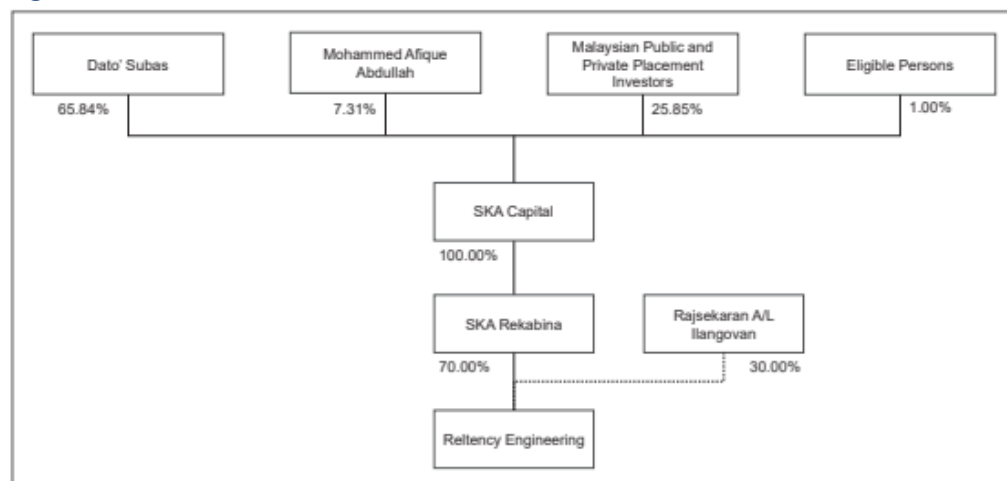
Oversees the management, business development and tendering activities of Reltency Engineering, in which he holds the remaining 30% stake. A Professional Engineer and 275kV Competent Electrical Engineer, he spent his early career at TNB's transmission division delivering 132kV and 275kV substation and transmission projects.

5. Buminathan A/L Marimuthu – Human Resources Director

Responsible for the Group's human resource and administrative functions, including workforce planning, recruitment, performance management, payroll administration, employee welfare and compliance with employment laws and regulations.



Fig #5 Post-IPO structure



Source: SKA Capital Berhad

Fig #6 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Purchase of machinery and equipment	12.1	16.7	Within 24 months
Performance bond for future projects	21.0	29.1	Within 36 months
Working capital	32.7	45.3	Within 24 months
Estimated listing expenses	6.5	9.0	Within 3 months
Total	72.3	100.0	

Source: SKA Capital Berhad

Business overview

Substation engineering solutions (89.6% of FY25 revenue)

The Group's core segment, encompassing EPCC services for power substations, civil and structural engineering works (foundations, buildings and switchyard structures) as well as electrical and mechanical engineering services. In FY25, civil and structural works contributed RM119.5m, followed by electrical and mechanical works of RM52.7m and EPCC services of RM44.1m. Key ongoing projects include the Genting Kelang GIS substation for TNB and several 275kV to 500kV substations for Transgrid Group in Johor and Kedah.

Underground utilities engineering services (3.9% of FY25 revenue).

Involves project planning and management, installation and commissioning of 11kV and 33kV underground cables and accessories via open trenching and HDD methods. Although only commenced in 2025, this segment now forms the largest share of the order book and carried the highest GP margin of 33.3% in 5M FPE26, positioning it as the Group's next leg of growth.

Trading of electrical devices, equipment and construction materials (6.4% of FY25 revenue).

Supplies electrical devices such as current transformers, electrical equipment such as insulated switchgears, and construction materials such as steel bars and quarry products, largely complementing its engineering projects.



Fig #7 Principal business activities and services provided

Principal business activities	Provision of power infrastructure engineering solutions		
Business segments	Substation Engineering Services	Underground Utilities Engineering Services	Trading Of Electrical Devices, Electrical Equipment And Construction Materials
Key Offerings	• EPCC Services • Civil and structural engineering services • Electrical and mechanical engineering services	• Project planning and management • Installation and commissioning • Open trenching and HDD	• Electrical devices: current transformers • Electrical equipment: insulated switchgears • Construction materials: steel bars, quarry products
Revenue contribution	FYE 2023: 86.73% FYE 2024: 90.63% FYE 2025: 89.62% 5M FPE 2026: 75.65%	FYE 2023: Nil FYE 2024: Nil FYE 2025: 3.94% 5M FPE 2026: 21.53%	FYE 2023: 13.27% FYE 2024: 9.37% FYE 2025: 6.44% 5M FPE 2026: 2.82%
Principal market	Peninsular Malaysia		

Source: SKA Capital Berhad

Fig #8 SWOT analysis of SKACAP

Strength	Weakness
• Approximately 17-year track record across 11kV to 500kV projects • CIDB Grade G7, TNB-registered and Energy Commission Class A credentials • Integrated EPCC capability following Reltency Engineering acquisition • Ability to undertake civil and structural works in-house rather than outsourcing • RM313.4m order book, indicating 2.15x of 3-year average revenue	• High customer concentration with top customers at 96.2% of FPE26 revenue • Working capital intensive, with receivables turnover lengthening to 98 days in FPE26 • Reliance on subcontractors and foreign workers for project execution
Opportunity	Threat
• TNB's committed 2026 capex of RM18.0bn • Data centre build-out in across the country • Grid connection works from NETR, LSS6 and BESS rollout • In-house HDD capability to lift underground utilities margins	• Competitive tendering compressing project margins • Volatility in material prices, including steel and cables • LAD exposure and cost overruns from project delays

Source: M+ Research

Financials

Revenue and income highlights. The Group posted revenue of RM241.4m in FY25, growing RM89.6m or 59.0% YoY from RM151.8m in FY24, translating to a 2-year CAGR of 133.1% from RM44.4m in FY23. The growth was driven by the maiden contribution from electrical and mechanical (RM52.7m) and EPCC services (RM44.1m) following the consolidation of Reltency Engineering from Feb 2025, along with new underground utilities revenue of RM9.5m, which more than offset the RM18.1m decline in civil and structural works. Reported PATMI of RM28.9m was flattered by a RM7.2m one-off reversal of impairment on related-party balances; excluding this, core PATMI rose 24.6% YoY to RM21.7m. Momentum carried into FPE26, as revenue grew 45.4% YoY to RM119.2m while GP margin expanded to 24.3% from 15.6%, driven by the higher-margin



underground utilities segment (33.3%) and improved substation margins (22.3% vs 13.7%), lifting PATMI 163.2% YoY to RM13.5m.

Balance sheet. Total assets expanded from RM189.1m in FY25 to RM259.3m as at FPE26, led by higher trade receivables (RM106.1m including non-current portion) and contract assets (RM97.3m) in tandem with the scale-up in project activity. Equity attributable to owners strengthened to RM46.6m in FPE26 from RM33.1m in FY25, mainly on higher retained earnings. Total borrowings, excluding lease liabilities arising from rental commitments, stood at RM39.1m, mainly in flexi trade loans and revolving credit to finance trade purchases, with gearing ratio expected to improve from 0.78x in FPE26 to 0.33x on a pro forma basis post-IPO. Trade receivables turnover, however, lengthened to 98 days in FPE26 from 53 days in FY25, which we flag as a key monitoring point.

Cash flow. Net cash from operating activities rose to RM9.2m in FPE26, already above the RM6.7m recorded for the full FY25, as the RM43.7m increase in trade and other receivables was largely offset by a RM40.7m increase in trade and other payables. Investing outflow was minimal at RM0.7m, mainly fixed deposits pledged, while financing inflow was a modest RM0.6m, as flexi trade loan drawdowns were partly offset by repayments. Cash and cash equivalents grew to RM23.7m from RM14.6m at end-FY25, and we view the RM53.7m IPO allocation for working capital and performance bonds as timely given the lengthening receivable days.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 24.8%, with core PATMI expected to reach RM31.3m, RM35.8m and RM42.3m over the next three years. This growth is underpinned by (i) TNB's committed capex of RM18.0bn for 2026, (ii) data centre-driven demand for substations and underground cabling and (iii) the Group's step-up into higher-value EPCC and underground utilities works.

Fig #9 Financial Highlights

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	151.8	241.4	288.0	436.9	516.6
Adjusted EBITDA	25.1	34.7	50.4	58.5	70.1
Adjusted EBIT	24.5	33.8	49.1	56.2	66.4
Adjusted PBT	23.2	32.1	47.5	54.3	64.2
Adjusted PAT	17.2	23.6	34.1	38.9	46.0
PATMI – Core	17.5	21.7	31.3	35.8	42.3
PATMI – Reported	16.3	28.9	31.3	35.8	42.3
% change YoY – Core PATMI	271%	25%	44%	14%	18%
Core EPS (sen)	1.9	2.4	3.5	4.0	4.7
P/E (x)	22.1	17.7	12.3	10.8	9.1
EV/EBITDA (x)	13.0	9.4	6.5	5.6	4.7
DPS (sen)	-	-	1.0	1.2	1.4
Yield (%)	0%	0%	2%	3%	3%
BVPS (RM/share)	0.0	0.0	0.1	0.2	0.2
P/B (x)	30.2	11.6	3.1	2.6	2.2
ROE (%)	565%	95%	40%	26%	26%
Net Gearing (x)	1.0	0.5	CASH	CASH	CASH

M+Global Research



Valuations

We assign a fair value of RM0.66 per share for SKACAP, indicating a 53.5% upside from the IPO price of RM0.43. This valuation is based on a PE ratio of 16.5x, pegged to FY27f EPS of 3.99 sen.

We believe the ascribed P/E multiple of 16.5x is justified, given that SKACAP's peers involved in the provision of substation engineering services and underground utilities engineering services are trading at average forward and historical P/E multiples of between 16.5x and 32.2x, with median P/E multiples of between 18.1x and 24.3x.

Fig #10 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
SKA Capital Berhad	Ace	Dec	0.43	385.1	*17.7	**10.8	*94.9	*9.0
MN Holdings Bhd	MAIN	Jun	3.73	2,596.4	26.0	21.0	31.9	10.6
CBH Engineering Holding Bhd	ACE	Dec	0.91	1,702.2	22.7	18.5	32.5	22.0
Jati Tinggi Group Bhd	ACE	Nov	1.27	562.5	51.2	21.5	12.2	5.1
Cheeding Holdings Bhd	ACE	Mar	0.53	422.5	11.9	10.8	37.3	31.9
UUE Holdings Bhd	ACE	Feb	0.73	680.3	67.9	17.8	8.0	4.7
EITA Resources Bhd	MAIN	Sep	0.60	181.1	13.2	9.4	5.3	3.2
Avg ex-SKA Capital Berhad				1,024.2	32.2	16.5	21.2	12.9
Median P/E ex-SKA Capital Berhad					24.3	18.1		

Source: M+ Research (*FY25, **FY27f)

Investment risks

Customer concentration risk. The Group's major customers accounted for 96.2% to 99.96% of revenue during the period under review, with Transgrid Group alone contributing as much as 96.6% in FY24 and TNB contributing 17.8% in FY25. Any reduction in contract awards from these customers, or less favourable commercial terms, could materially impact earnings.

Order book replenishment risk. As a project-based contractor that secures work via competitive tenders, SKA's earnings sustainability hinges on its ability to replenish the order book, particularly for substation works. A lower tender success rate or project terminations could result in lumpy revenue and earnings volatility.

Project execution and cost overrun risk. Contracts are typically awarded at fixed contract values, exposing the Group to cost overruns from inaccurate estimates, material price increases or delays in obtaining work permits. Failure to complete projects within stipulated timelines may also trigger liquidated and ascertained damages (LAD) claims.

Working capital and receivables risk. Revenue is recognised on percentage of completion while billing depends on customer certification, resulting in sizeable contract assets and receivables. A further stretch in collection periods could weigh on operating cash flow and increase reliance on trade financing.

Subcontractor and labour dependency risk. The Group engages subcontractors directly and relies on skilled technical personnel and foreign workers to execute its projects. Poor workmanship, defects or labour shortages could lead to remedial costs, defect liability claims and reputational damage.



Environmental, Social and Governance (ESG) Practices

Environmental:

- Utilises LED lighting across offices, which consumes up to 90% less energy than traditional incandescent bulbs, and encourages switching off idle equipment after working hours.
- Promotes a paperless culture by adopting software for document storage and communication to reduce paper consumption.
- Scheduled waste is disposed of by licensed waste contractors, while scrap steel and aluminium from project sites are segregated and channeled to recycling companies.
- Not classified as a high-emission operation, with direct GHG emissions mainly arising from fuel consumption in engineering and construction activities.

Social:

- Established a safety and health committee, conducts hazard identification and risk assessments on operational sites, and provides safety training to employees.
- Provides on-the-job training and opportunities for external training programmes to develop a skilled and productive workforce.
- Upholds equal opportunity and a non-discriminatory workplace regardless of gender, age, ethnicity, religion or national origin.
- Organizes festive celebrations and team-building activities to promote work-life balance and employee engagement.

Governance:

- The Board has progressively adopted the principles of the Malaysian Code on Corporate Governance (MCCG), with four of five directors being independent non-executive directors.
- Established key governance policies, including the Code of Ethics and Conduct, Anti-Bribery and Corruption Policy, Whistleblowing Policy and Personal Data Protection Act Policy.
- Intends to disclose its ESG practices via a Sustainability Statement in its annual report, prepared in accordance with Bursa Securities' Sustainability Reporting Guide.

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Stock recommendation guide

BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned

