



DESCRIPTION

SBS Nexus is a branding and marketing solutions specialist, providing offline and digital branding solutions.

Fair Value	RM0.27
IPO Price	RM0.25
Expected Return	+6.7%
Closing Application Date	7 Jan 2026
Indicative Listing Date	20 Jan 2026

Market	ACE
Bursa Code	0386
Bloomberg Ticker	SBS MK
Shariah-compliant	Yes

IPO DETAILS **Shares(m)**

Offer for Sale	49.0
Public Issue	122.5

UTILISATION OF PROCEEDS **RM (m)**

Business expansion	7.3
New headquarters	7.1
Repayment of borrowings	6.0
Working capital	5.0
Listing expenses	4.5
Branding and marketing	0.7
Total	30.6

KEY STOCK DATA

Market Capitalisation (RM m)	122.5
No. of Shares (m)	490.0

MAJOR SHAREHOLDERS

	%
Wong Chun Mun	30.0
Piah Yee Ling	12.0
Lai Kian Chuan	10.0

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Connecting Brands with Audiences

Investment Highlights

- § **Improving revenue quality.** SBS Nexus has consistently delivered revenue growth, reflecting a shift toward budget-rich customers and deeper cross-selling across its offline and digital branding solutions. Core profit is projected to grow at a 3-year CAGR of 20%.
- § **Expanding capabilities.** The Group plans to hire 50 employees to strengthen its in-house capabilities in content creation, graphic design, video production, and IT to reduce reliance on third-party providers, which in turn supports scalable margins.
- § **Broader market reach.** SBS Nexus is targeting the Malay market, leveraging its strength in branding and digital solutions to access additional client segments and diversify its revenue base.

Company Background

- § **Branding and marketing specialist.** SBS Nexus provides branding and marketing solutions across offline and digital channels. Its offerings include out-of-home media, public relations and event management, as well as online marketing, digital broadcasts, and mobile and web-based applications. The Group also organises business awards and networking events as part of its lead generation initiatives.

Industry Landscape

- § **Competitive and fragmented market.** The Malaysian branding and marketing industry is competitive and fragmented with low entry barriers. While major media groups such as Media Prima Bhd, Media Chinese International Ltd and Star Media Group Bhd command significantly larger revenues due to their ownership of proprietary media assets, they compete with SBS Nexus in the provision of branding and marketing services rather than on a like-for-like business model. In FY2024, SBS Nexus captured a 0.34% market share in the offline branding solutions and 0.31% in the digital branding solutions market in Malaysia. (Source: Smith Zander International, from company prospectus).

Valuation

- § **Fair value at RM0.27.** Our fair value of RM0.27 is derived from 10x price-to-earnings ratio (PER) pegged to its FY27F EPS of 2.7 sen. The 10x PER ascribed is in-line with the average PER of its peers including Media Prime, Star Media and Seni Jaya Corp. We note that SBS Nexus is smaller in size compared to the traditional media houses that owns strong brand names with wider reach. That said, SBS Nexus is still in its growth stage with commendable profitability.

Key Risks

- § **Key downside risks include:** (i) project-based revenue with limited order visibility due to the absence of long-term contracts, (ii) dependence on third-party suppliers and service providers for operations, (iii) exposure to SME advertising spend and competitive pressures in the branding and marketing industry and (iv) reliance on its 'ShangHai' house brand for visibility and lead generation.

KEY FINANCIAL SUMMARY

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F	CAGR
Revenue	19.95	29.92	36.03	43.98	50.52	26%
Gross Profit	11.25	14.96	15.65	18.29	23.05	20%
Profit Before Tax	7.28	10.08	10.96	8.69	17.21	24%
CoreNet Profit	5.56	7.60	8.22	11.02	13.08	24%
Core EPS (Sen)	1.13	1.55	1.68	2.25	2.67	24%
P/E (x)	22.03	16.12	14.90	11.12	9.37	
DPS (Sen)	0.78	1.02	0.34	0.40	0.80	
Dividend Yield (%)	3.10	4.08	1.34	1.60	3.20	

Source: Company, PublicInvest Research

Capturing Malay-speaking SME opportunities

Relocation to a larger headquarter

Investing in IT and equipment

Two decades of industry expertise

Integrated offline and digital services

Strength of ShangHai brand legacy

Revenue driven by project orders

SME spending and competition exposure

ShangHai brand reliance risk

Dependence on outsourced vendors

Commitment to ESG and compliance

Offline and digital branding solutions as the twin engine that fuels revenue growth

accommodate an anticipated increase of 50 employees, improving operational efficiency and reducing reliance on external facilities.

- § **Upgrading IT, equipment and software licenses.** The Group intends to invest in IT infrastructure to support a larger workforce, acquire higher-specification cameras and lighting equipment, and enhance software capabilities. It is also digitalising operational processes to enhance productivity and reduce dependency on third-party service providers.

Competitive Advantages

- § **22 years of industry experience.** SBS Nexus started with flyer distribution and has grown into a multi-service branding and marketing provider. Its long history and broad customer base provide insights into evolving client needs. In FY2024 and 1HFY2025, it serviced 1,054 and 555 customers, respectively, spanning entrepreneurs, micro-SMEs, SMEs, and corporations across diverse industries.
- § **Comprehensive offline and digital solutions.** The Group positions itself as a one-stop branding and marketing provider, offering services across offline and digital channels. This breadth enables integrated campaigns, cross-selling, and continuity across different stages of a client's business lifecycle.
- § **Leverage on the 'ShangHai' house brand.** Acquired in 2017, the 'ShangHai' brand, established in 1979, is active in sharing Mandarin-language local entrepreneurship stories. SBS Nexus uses it for publications, digital broadcasts, and networking events, generating brand impact for clients and business leads for itself. In 1HFY2025, the 'ShangHai' Facebook page reached 4.7 million views and its YouTube channel 10 million views.

Key Risks

- § **Project-based revenue with limited visibility.** SBS Nexus does not operate with long-term customer contracts, with revenue largely driven by purchase orders and project-based engagements. This limits order book visibility and may result in fluctuations in revenue, profitability, and cash flows.
- § **Exposure to SME advertising spending and market competition.** The Group's customer base is primarily entrepreneurs and SMEs, whose marketing budgets are sensitive to economic conditions and business cycles. Combined with intense competition in the branding and marketing space, any sustained slowdown in SME spending could affect revenue growth and margin sustainability.
- § **Reliance on the 'ShangHai' house brand.** The Group's brand visibility and lead generation are closely tied to the 'ShangHai' house brand, particularly within the Mandarin-speaking SME segment. Any deterioration in brand perception, reduced engagement, or adverse publicity could weaken customer acquisition and demand for the Group's broader branding and marketing services.
- § **Operational dependence on outsourced vendors.** Key services such as printing, event execution, production support, and media placements rely on third-party suppliers and service providers. Cost inflation, capacity constraints, or service disruptions could impact delivery timelines and margins, particularly during periods of high activity.

Environment, Social and Governance (ESG)

- § **ESG Commitment:** SBS Nexus integrates sustainable practices across its operations, including energy-efficient appliances, LED lighting, responsible paper usage, and selection of eco-conscious suppliers. The Group also fosters a safe, inclusive, and diverse workplace through training, career development, and internship programs, earning recognition as "Most Supporting Employer" by UCSI University in 2022. Governance is maintained through policies on business ethics, anti-bribery, whistleblowing, and personal data protection, ensuring accountability and compliance in its business operations.

Financials

- § **Revenue.** SBS Nexus' revenue increased from RM11.6m in FY22 to RM29.9m in FY24, representing a two-year CAGR of c.61%. Growth was mainly driven by the continued expansion of the offline and digital branding solutions segments. In particular, digital-out-of-home media, mobile and web-based application development, and online marketing services, alongside higher contributions

from offline branding solutions such as out-of-home media and public relations and event management activities are expected to contribute to its future income. Revenue remains predominantly Malaysia-centric, accounting for more than 95% of total revenue across the period.

Table 1: Revenue segmentation by business segment

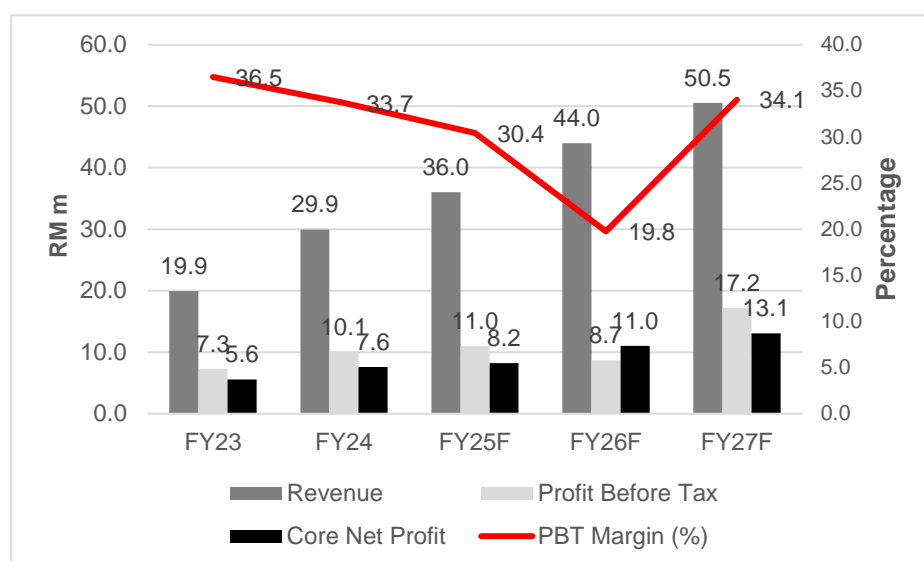
Business segment	FY24	FY23	FY24	6MFY25
	(%)	(%)	(%)	(%)
Digital branding solutions	58.4	50.4	57.4	59.5
Offline branding solutions	23.2	32.1	37.3	36.9
Business leads generation initiatives	18.4	17.5	5.3	3.6
Total	100.0	100.0	100.0	100.0

Source: Company Prospectus

Table 2: Gross profit margin by business segment

Business segment	FY24	FY23	FY24	6MFY25
	(%)	(%)	(%)	(%)
Digital branding solutions	56.7	62.2	52.3	35.0
Offline branding solutions	18.4	53.4	51.2	39.2
Business leads generation initiatives	51.3	45.2	15.8	3.6
Total	46.8	56.4	50.0	35.4

Source: Company Prospectus

Figure 2: Revenue and profitability


Source: Company Prospectus, PublicInvest Research

Profit growth despite slight margin compression

- § **Profitability.** Gross profit margins were recorded at 46.8%, 56.4%, and 50.0% from FY22 to FY24, reflecting higher outsourced service costs as project volumes increased. In FY24, the Group chose not to pass on rising costs to customers to maintain competitiveness, leading to a moderation in overall GP margin. Nevertheless, SBS Nexus' PAT rose from RM1.8m in FY22 to RM7.6m in FY24, representing a two-year CAGR of c.105%. Net profit margins improved from 13.6% in FY22 to 27.9% in FY23, before easing slightly to 25.4% in FY24, sustaining profitability despite margin normalisation. We expect its core net profit margin to stay in the range of 22% to 27% from FY25F to FY27F as it continues to scale up its business.
- § **Order book.** The Group's sales are conducted on a purchase order basis, and it does not enter into long-term customer contracts. As a result, the Group does not maintain a formal order book.
- § **Earnings forecast.** Moving into FY25F–FY27F, we expect SBS Nexus' earnings to expand at a 3-year CAGR of ~20.0% from FY24A to reach RM13.1m in FY27F.

Fair value of RM0.27, applying 10x PER on FY27F EPS

We anticipate that profit will grow in tandem with its revenue as some of its customers expand their businesses and increase marketing spend. Successful implementation of marketing plans can also lead to acquiring new customers through words of mouth. The potential to further grow its business is supported by a sizeable market size of offline and digital branding solutions and the growth in number of SMEs, which is the main target customers of the company.

- § **Dividend policy.** SBS Nexus currently does not have a formal dividend policy in place. That said, we expect the Group to announce dividends based on its profitability, capital expenditure requirement among others in the future. We expect dividend payout ratio of between 20% and 30% from FY25F to FY27F.
- § **Gearing ratio.** The Group's gearing ratio declined from 5.3x in FY2022 to 1.2x in FY2023 and further to 0.6x in FY2024. As at 30 June 2025, it stood at 0.5x, mainly due to growth in total equity from profitability, partially offset by dividend payments. Post-IPO, after utilisation of proceeds, the Group is expected to be almost ungeared, with pro forma gearing of 0.02x.

Valuation

- § **PER of 10x, in-line with Malaysian listed peers.** We ascribe a fair value of RM0.27 to SBS Nexus based on 10x PER, pegged to FY27F EPS of 2.7 sen. The 10x PER is in-line with the average of its Malaysian listed peers including Media Prima, Star Media and Seni Jaya Corp. While traditional media asset owners such as Media Prima and Star Media are able to command larger revenues due to their ownership of proprietary media assets, we note that SBS Nexus is still in its growth phase and has demonstrated its ability to generate net profit margin above 20% and ROE of double-digit.

Figure 3: Peer comparison

Company	Market Cap (RM m)	PER (x)	ROE (%)	Div Yield (%)
Media Prima	371.6	17.91	2.89	4.48
Star Media	242.8	4.54	9.79	2.99
Seni Jaya Corp	99.3	8.53	13.93	0
Average		10.33	8.87	2.49

Source: PublicInvest Research, Bloomberg (As at 2 Jan 2026)

IPO Details

SBS Nexus is seeking a listing on Bursa Malaysia's ACE Market with an enlarged issued and paid-up share capital of 490.0m shares. Based on the IPO price of RM0.25 per share, the Group's market capitalisation is expected to be RM122.5m.

Details of the IPO allocation, post-IPO share capital structure, and utilisation of proceeds are summarised in the tables below.

Table 4: IPO allocation

Categories	No. of shares	% of enlarged share capital
Public Issue:		
Malaysian public (via balloting)^	24,500,000	5.0
Eligible persons	17,150,000	3.5
Placement to selected investors by MITI*	61,250,000	12.5
Placement to selected investors	19,600,000	4.0
Subtotal	122,500,000	25.0
Offer for sale:		
Placement to selected investors by MITI*	-	-
Placement to selected investors	49,000,000	10.0
Subtotal	49,000,000	10.0
Total	171,500,000	35.0

Source: Company Prospectus

^ 50.0% shall be set aside for Bumiputera investors

* Ministry of Investment, Trade and Industry of Malaysia

Table 5: Post-IPO share capital

	No. of shares
After the pre-IPO exercise	367,500,000
To be issued pursuant to the IPO	122,500,000
Enlarged share capital upon listing	490,000,000

Source: Company Prospectus

Table 6: Utilisation of IPO proceeds*

Details of Utilisation	RM m	%
Business expansion	7.3	23.7
Set-up of new headquarters	7.1	23.2
Repayment of borrowings	6.0	19.6
Working capital	5.0	16.4
Estimated listing expenses	4.5	14.7
Branding, marketing and promotional activities	0.7	2.4
Total	30.6	100.0

Source: Company Prospectus

* based on RM0.25 for 122,500,000 new shares issued

KEY FINANCIAL DATA

INCOME STATEMENT DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Revenue	19.95	29.92	36.03	43.98	50.52
Gross Profit	11.25	14.96	15.65	18.29	23.05
Operating Profit	7.73	10.59	11.50	8.74	17.26
Profit Before Tax	7.28	10.08	10.96	8.69	17.21
Income Tax	-1.72	-2.48	-2.74	-2.17	-4.13
Profit After Tax	5.56	7.60	8.22	6.52	13.08
Core Net Profit	5.56	7.60	8.22	11.02	13.08

Growth

Revenue	72%	50%	20%	22%	15%
PBT	201%	38%	9%	-21%	98%
Core net profit	251%	37%	8%	34%	19%

Source: Company, PublicInvest Research estimates

BALANCE SHEET DATA

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Property, Plant and Equipment	2.29	2.16	7.94	14.25	12.82
Receivables	12.83	15.66	13.84	15.67	17.84
Cash and Cash Equivalents	5.07	5.13	6.31	29.50	36.56
Other Assets	10.27	8.84	9.78	34.17	46.09
Total Assets	17.18	20.01	24.76	57.78	74.18
Shareholders' Equity	6.04	8.64	9.47	45.72	54.87
Payables	2.22	2.17	3.35	7.22	8.62
Borrowings	6.31	5.28	7.21	1.76	5.56
Other liabilities	2.61	3.92	4.74	3.08	5.14
Total Liabilities	11.13	11.37	15.29	12.06	19.31
Total Equity and Liabilities	17.18	20.01	24.76	57.78	74.18

Source: Company, PublicInvest Research estimates

PER SHARE DATA & RATIOS

FYE Dec (RM m)	2023A	2024A	2025F	2026F	2027F
Core EPS (sen)	1.13	1.55	1.68	2.25	2.67
NTA per share (sen)	1.01	1.56	1.74	9.14	11.00
DPS (sen)	0.78	1.02	0.34	0.40	0.80
Dividend payout ratio (%)	70.50	63.78	20.00	30.00	30.00
Dividend yield (%)	3.10	4.08	1.34	1.60	3.20
GP margin (%)	56.39	49.98	43.43	41.60	45.62
PBT margin (%)	36.50	33.68	30.43	19.77	34.06
Core net profit margin (%)	27.88	25.39	22.82	14.83	25.88
ROA (%)	32.37	37.97	33.21	19.07	17.63
ROE (%)	91.99	87.93	86.87	24.11	23.83

Source: Company, PublicInvest Research estimates

RATING CLASSIFICATION

STOCKS

OUTPERFORM	The stock return is expected to exceed a relevant benchmark's total of 10% or higher over the next 12 months.
NEUTRAL	The stock return is expected to be within +/- 10% of a relevant benchmark's return over the next 12 months.
UNDERPERFORM	The stock return is expected to be below a relevant benchmark's return by -10% over the next 12 months.
TRADING BUY	The stock return is expected to exceed a relevant benchmark's return by 5% or higher over the next 3 months but the underlying fundamentals are not strong enough to warrant an Outperform call.
TRADING SELL	The stock return is expected to be below a relevant benchmark's return by -5% or more over the next 3 months.
NOT RATED	The stock is not within regular research coverage.

SECTOR

OVERWEIGHT	The sector is expected to outperform a relevant benchmark over the next 12 months.
NEUTRAL	The sector is expected to perform in line with a relevant benchmark over the next 12 months.
UNDERWEIGHT	The sector is expected to underperform a relevant benchmark over the next 12 months.

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