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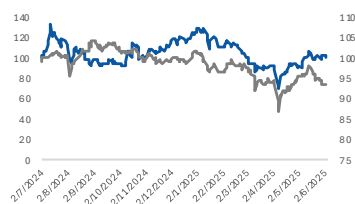
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Recommendation	BUY
Current Price:	RM0.70
Previous Target Price:	RM0.83
Target Price:	↔ RM0.83
Capital Upside/Downside:	18.6%
Dividend Yield (%):	1.6%
<b>Total Upside/Downside</b>	<b>20.1%</b>

Stock information	
Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0310 / UUEMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	608.3
Market Cap (RM' m)	425.8
52-Week Price Range (RM)	0.965-0.475
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	1.2
3M Average Value (RM' m)	0.7

Top 3 Shareholders	(%)
Datuk Dr Ting	46.9
Hin Wai Mun	7.6
Datuk Ting Meng Pheng	6.3

## Share Price Performance



	1M	3M	12M
Absolute (%)	11.1	7.7	N/A
Relative (%)	14.0	11.4	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM' m)	170.0	212.9	246.5
PATAMI (RM' m)	23.0	28.1	33.5
CNP (RM' m)	22.4	28.1	33.5
EPS - core (sen)	3.7	4.6	5.5
P/E(x)	19.0	15.2	12.7

# UUE Holdings Bhd

## Initial Foray into the Solar Sector

- **UUE is collaborating with Mr. Daryl Lai Yit Sheng in a 60:40 joint venture in Enerxite Sdn Bhd as an initial foray into the solar sector.**
- **We hold a Neutral view on the development due to lack of proven track record.**
- **Our forecasts remain unchanged, as we do not anticipate material impact on earnings from this venture for now.**
- **Reiterate BUY recommendation with an unchanged target price of RM0.83, based on 15x FY27F EPS of 5.5sen, and appraised with a three-star ESG rating.**

**Subscription details.** UUE is collaborating with Mr. Daryl Lai Yit Sheng (DLYS) in a 60:40 joint venture in Enerxite Sdn Bhd, to undertake EPCC of solar photovoltaic systems and investments in solar power plants. Prior to this, Enerxite is a wholly owned subsidiary of UUE with issued and paid-up capital of RM10, comprising 10 ordinary shares. Under the Subscription Agreements, UUE will subscribe for 599,990 new shares in Enerxite for a cash consideration of RM599,990, while DLYS will subscribe for 400,000 new shares for a cash consideration of RM400k. Upon completion, UUE will hold a 60% stake in Enerxite, with DLYS holding the remaining 40%. UUE will act as the primary capital contributor and corporate owner, providing strategic direction and corporate governance oversight. Meanwhile, DLYS will contribute technical expertise and industry knowledge. The subscription is expected to be completed within one month of the agreement becoming unconditional. UUE's investment, funded through internally generated funds, represents a minor capital outlay relative to its RM25m cash balance at end-FY25.

**Our Take.** We hold a **Neutral** view on UUE's foray into the solar sector. UUE's venture into solar EPCC offers diversification and potential earnings uplift for the Group. While DLYS brings technical expertise that could provide leverage, the solar EPCC segment, particularly the large-scale solar segment, is highly competitive and dominated by established players. Without a proven track record, it may be challenging for Enerxite to secure larger scale projects initially. Enerxite is likely to focus on the rooftop solar market, where barriers to entry are lower and project sizes are typically smaller. As such, we do not expect material earnings contribution from this venture in the near term until the Group establishes a credible track record.

**Earnings revision.** We are maintaining our earnings forecast at this stage, as we do not anticipate material impact on earnings from this venture.

**Valuation.** Reiterate **BUY** recommendation with an unchanged TP of **RM0.83** based on 15x FY27F EPS of 5.5sen and a three-star ESG rating. We continue to favour UUE for its (i) **specialisation in high-margin niche HDD solutions**, (ii) strong positioning as a **key beneficiary of TNB's grid upgrade plans**, supported by its established relationship with major customers, and (iii) strategic expansion into **subsea development**, which is anticipated to drive future margin expansion.

**Risks.** Heavy reliance on its top three customers. Risk of subcontractor non-performance. Inability to secure new contracts.

# Company Update

Wednesday, 04 Jun, 2025

## Financial Highlights

### Income Statement

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	125.7	170.0	212.9	246.5	277.5
Gross Profit	37.8	47.0	58.9	69.0	78.9
EBITDA	26.7	36.5	47.6	54.9	61.1
Depreciation & Amortisation	-3.7	-4.3	-8.3	-8.3	-8.4
EBIT	23.1	32.1	39.3	46.5	52.7
Net Finance Income/(Cost)	-1.6	-1.9	-2.4	-2.6	-2.8
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	21.5	30.2	36.8	43.9	49.9
Tax	-5.3	-7.2	-8.8	-10.5	-11.9
Profit After Tax	16.2	23.0	28.1	33.5	38.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	16.2	23.0	28.1	33.5	38.0
Exceptionals	-2.9	0.5	0.0	0.0	0.0
Core Net Profit	19.1	22.4	28.1	33.5	38.0

### Key Ratios

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.1	3.7	4.6	5.5	6.3
P/E (x)	22.3	19.0	15.2	12.7	11.2
P/B (x)	6.8	3.8	3.0	2.5	2.1
EV/EBITDA (x)	15.8	11.5	9.1	8.2	7.7
DPS (sen)	0.5	0.0	0.0	1.1	1.3
Dividend Yield (%)	0.7%	0.0%	0.0%	1.6%	1.8%
EBITDA margin (%)	21.3%	21.5%	22.3%	22.3%	22.0%
EBIT margin (%)	18.3%	18.9%	18.4%	18.9%	19.0%
PBT margin (%)	17.1%	17.8%	17.3%	17.8%	18.0%
PAT margin (%)	12.9%	13.5%	13.2%	13.6%	13.7%
NP margin (%)	12.9%	13.5%	13.2%	13.6%	13.7%
CNP margin (%)	15.2%	13.2%	13.2%	13.6%	13.7%
ROE (%)	30.4%	19.8%	19.9%	19.9%	19.2%
ROA (%)	16.0%	12.5%	13.3%	13.6%	13.4%
Gearing (%)	36.4%	27.3%	23.4%	21.1%	19.3%
Net gearing (%)	7.5%	5.1%	Net Cash	Net Cash	Net Cash

### Valuations

	FY27F
Core EPS (RM)	0.06
P/E multiple (x)	15.0
Fair Value (RM)	0.83
ESG premium/discount	0.0%
Implied Fair Value (RM)	0.83

Source: Company, Apex Securities

### Balance Sheet

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	18.1	25.1	41.9	60.8	82.6
Receivables	32.4	48.7	52.6	56.8	61.3
Inventories	3.5	8.2	8.8	9.5	10.3
Other current assets	40.7	64.6	74.7	85.3	95.1
Total Current Assets	94.8	146.5	177.9	212.3	249.2
Fixed Assets	13.7	23.3	24.3	25.3	26.4
Intangibles	10.9	10.0	9.3	8.8	8.4
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Total Non-Current Assets	24.6	33.3	33.6	34.1	34.8
Short-term debt	20.1	28.7	29.7	31.9	34.4
Payables	17.4	20.8	20.9	26.2	30.2
Other current liabilities	8.8	8.1	9.6	10.0	10.4
Total Current Liabilities	46.3	57.7	60.2	68.1	75.0
Long-term debt	2.8	2.1	3.3	3.5	3.8
Other non-current liabilities	7.4	6.8	6.8	6.8	6.8
Total Non-Current Liabilities	10.1	9.0	10.1	10.4	10.7
Shareholder's equity	62.9	113.1	141.2	168.0	198.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	62.9	113.1	141.2	168.0	198.4

### Cash Flow

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	21.5	30.2	36.8	43.9	49.9
Depreciation & amortisation	3.7	4.3	8.3	8.3	8.4
Changes in working capital	17.4	42.0	13.1	9.8	10.7
Others	-35.6	-89.8	-32.5	-27.5	-30.5
Operating cash flow	7.0	-13.2	25.7	34.6	38.5
Capex	-3.0	-11.5	-8.7	-8.9	-9.1
Others	-1.9	-0.2	0.3	0.4	0.4
Investing cash flow	-4.9	-11.6	-8.3	-8.5	-8.7
Dividends paid	-2.8	0.0	0.0	-6.7	-7.6
Others	0.7	32.5	-0.6	-0.5	-0.4
Financing cash flow	-2.1	32.5	-0.6	-7.2	-8.0
Net cash flow	-0.1	7.6	16.8	18.9	21.8
Forex	0.6	-0.4	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	11.6	12.2	19.4	36.2	55.1
Ending cash	12.2	19.4	36.2	55.1	76.9

## ESG Matrix Framework:

### Environment

Parameters	Rating	Comments
Climate	★★★	Kum Fatt Engineering Sdn Bhd organised a tree planting initiative at their office premises, planting six trees as part of their effort to contribute to environmental sustainability.
Waste & Effluent	★★★	Ensure responsible waste management and disposal.
Energy	★★★	Invested RM346,200 in a solar energy project by Premier Plastic Sdn Bhd to reduce greenhouse gas emissions.
Water	★★★	Usage of rainwater at its factory which minimise water consumption.
Compliance	★★★	Adhere to all relevant environmental regulatory and legal requirements.

### Social

Diversity	★★★	Workforce is balanced with c.50% young employees and 50% experienced and mid-career professionals.
Human Rights	★★★	Compliant with the Employment Act 1955, ensuring employee rights are protected.
Occupational Safety and Health	★★★	Participated in the NASAM Happy Walk 2023, with 29 staff members joining stroke survivors to raise awareness about stroke recovery.
Labour Practices	★★★	Committed to providing fair and competitive compensation to all employees.

### Governance

CSR Strategy	★★★	Donated RM30,000 to Yayasan Sultanah Fatimah for the renovation of classrooms and to promote inclusive education at SJK(C) Chien Chi.
Management	★★★	Actively involved in UUE's sustainability initiatives.
Stakeholders	★★★	Contributed RM10,000 to Pertubuhan Kebajikan Komuniti Masyarakat Negeri Melaka to support 100 impoverished families by providing essential food supplies like rice, cooking oil, and sugar.

Overall ESG Scoring: ★★★

## Recommendation Framework:

**BUY:** Total returns\* are expected to exceed 10% within the next 12 months.

**HOLD:** Total returns\* are expected to be within +10% to -10% within the next 12 months.

**SELL:** Total returns\* are expected to be below -10% within the next 12 months.

**TRADING BUY:** Total returns\* are expected to exceed 10% within the next 3 months.

**TRADING SELL:** Total returns\* are expected to be below -10% within the next 3 months.

\*Capital gain + dividend yield

## Sector Recommendations:

**OVERWEIGHT:** The industry defined by the analyst is expected to exceed 10% within the next 12 months.

**NEUTRAL:** The industry defined by the analyst is expected to be within +10% to -10% within the next 12 months.

**UNDERWEIGHT:** The industry defined by the analyst, is expected to be below -10% within the next 12 months.

## ESG Rating Framework:

★★★★★ : Appraised with 3% premium to fundamental fair value

★★★★ : Appraised with 1% premium to fundamental fair value

★★★ : Appraised with 0% premium/discount to fundamental fair value

★★ : Appraised with -1% discount to fundamental fair value

★ : Appraised with -5% discount to fundamental fair value

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(a) nil.