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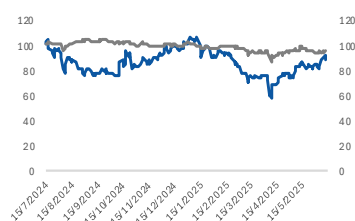
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Recommendation	BUY
Current Price:	RM 0.74
Previous Target Price:	RM 1.09
Target Price:	↔ RM 1.09
Capital Upside/Downside:	47.3%
Dividend Yield (%):	2.0%
Total Upside/Downside	49.3%

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)	447.1
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)	0.8

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 (%)	2.8	16.7	N/A
Relative (%)	6.4	16.2	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	170.0	232.7	303.8
PATAMI (RM'm)	23.0	31.8	44.3
CNP (RM'm)	22.4	31.8	44.3
EPS - core (sen)	3.7	5.2	7.3
P/E(x)	19.9	14.0	10.1

UUE Holdings Bhd

Awarded RM83.4m Subcontracts for TNB-linked Project

- **UUE has secured RM83.4m in subcontracts from Sutera Utama for delivering underground utility solutions for TNB-related projects in the Northern and Southern Regions of Peninsular Malaysia.**
- **YTD, UUE has secured seven new contracts, four contract renewals, and one work extension from projects with TNB, bringing outstanding order book to a record high of RM416m, equivalent to 2.4x of FY25 revenue.**
- **Given UUE's proven track record in executing HDD solutions, the Group is well-positioned to secure additional job flow from TNB as it intensifies efforts to drive the nation's energy transition.**
- **Maintain our BUY recommendation with an unchanged TP of RM1.09, based on 15x FY27F EPS of 7.3 sen and appraised with a three-star ESG rating.**

Secures RM83.4m Subcontracts. UUE's wholly-owned subsidiary, Kum Fatt Engineering Sdn. Bhd., has been awarded three subcontracts with a total value of RM83.4m from Sutera Utama Sdn. Bhd. The scope of these subcontracts involves delivering underground utility solutions, including the installation, testing, and commissioning of 11kV and 33kV aluminium XLPE underground cables and accessories within TNB's distribution network in the Northern and Southern Regions of Peninsular Malaysia. The contracts have a two-year period from the Notice to Start Work, with an option for a one-year extension.

Our Take. We view these contract awards **positively**, as they are expected to sustain UUE's earnings over the next two financial years. Based on a conservative GP margin of 25%, they are projected to generate an annual GP of c.RM10.4m, representing 15.2% of our forecast for FY26F. We anticipate no execution challenges, as the projects are expected to be completed within their stipulated timeframes, given UUE's proven track record of successful execution and timely delivery. These awards bumped UUE's outstanding order book to RM416m, representing 2.4x of FY25 revenue.

Outlook. The recent contract awards in the Northern Region further solidify UUE's strategic position, with the region now accounting for c.12.5% of the order book, making it the third-largest contributor after the Southern Region and East Region. YTD, UUE has secured seven new contracts, four contract renewals, and one work extension from projects with TNB, bringing outstanding order book to a record high of RM416m, underscoring the strong and sustained demand for HDD solutions. Backed by its proven track record in executing HDD solutions, the Group is well-positioned to secure additional job flow from TNB as it intensifies efforts to drive the nation's energy transition.

Earnings revision. No change to our earnings forecasts as the contract win is within our order book replenishment assumption of RM273.5m for FY26F.

Valuation & Recommendation. We maintain our **BUY** recommendation with an unchanged target of **RM1.09**, based on 15x FY27F EPS of 7.3 sen and appraised with a three-star ESG rating. We continue to favour UUE for its **(i) specialisation in HDD solutions**, a high-margin niche, **(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. Cost overruns. Inability to secure new contracts.

Company Update

Monday, 16 Jun, 2025

Financial Highlights

Income Statement

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	125.7	170.0	232.7	303.8	340.7
Gross Profit	37.8	47.0	63.8	83.3	94.7
EBITDA	26.7	36.5	52.5	69.2	76.9
Depreciation & Amortisation	-3.7	-4.3	-8.3	-8.3	-8.4
EBIT	23.1	32.1	44.2	60.9	68.5
Net Finance Income/ (Cost)	-1.6	-1.9	-2.4	-2.7	-2.9
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	21.5	30.2	41.8	58.2	65.6
Tax	-5.3	-7.2	-9.9	-13.9	-15.6
Profit After Tax	16.2	23.0	31.8	44.3	50.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	16.2	23.0	31.8	44.3	50.0
Exceptionals	-2.9	0.5	0.0	0.0	0.0
Core Net Profit	19.1	22.4	31.8	44.3	50.0

Key Ratios

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.1	3.7	5.2	7.3	8.2
P/E(x)	23.4	19.9	14.0	10.1	8.9
P/B(x)	7.1	4.0	3.1	2.5	2.0
EV/EBITDA(x)	16.9	12.4	8.4	6.2	5.2
DPS (sen)	0.5	0.0	0.0	1.5	1.6
Dividend Yield (%)	0.6%	0.0%	0.0%	2.0%	2.2%
EBITDA margin (%)	21.3%	21.5%	22.6%	22.8%	22.6%
EBIT margin (%)	18.3%	18.9%	19.0%	20.0%	20.1%
PBT margin (%)	17.1%	17.8%	18.0%	19.2%	19.2%
PAT margin (%)	12.9%	13.5%	13.7%	14.6%	14.7%
NP margin (%)	12.9%	13.5%	13.7%	14.6%	14.7%
CNP margin (%)	15.2%	13.2%	13.7%	14.6%	14.7%
ROE (%)	30.4%	19.8%	22.0%	24.6%	22.7%
ROA (%)	16.0%	12.5%	14.8%	16.9%	15.8%
Gearing (%)	36.4%	27.3%	22.9%	20.1%	18.0%
Net gearing (%)	7.5%	5.1%	Net Cash	Net Cash	Net Cash

Valuations

	FY27F
Core EPS (RM)	0.07
P/E multiple (x)	15.0
Fair Value (RM)	1.09
ESG premium/discount	0.0%
Implied Fair Value (RM)	1.09

Source: Company, Apex Securities

Balance Sheet

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	18.1	25.1	38.2	54.5	89.0
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	82.6	108.2	120.3
Total Current Assets	94.8	146.5	182.2	228.9	280.9
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	29.9	32.6	35.7
Payables	17.4	20.8	20.9	28.7	37.5
Other current liabilities	8.8	8.1	9.9	10.9	11.3
Total Current Liabilities	46.3	57.7	60.7	72.2	84.5
Long-term debt	2.8	2.1	3.3	3.6	4.0
Other non-current liabilities	7.4	6.8	6.8	6.8	6.8
Total Non-Current Liabilities	10.1	9.0	10.2	10.5	10.8
Shareholder's equity	62.9	113.1	144.9	180.4	220.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	62.9	113.1	144.9	180.4	220.4

Cash Flow

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	21.5	30.2	41.8	58.2	65.6
Depreciation & amortisation	3.7	4.3	8.3	8.3	8.4
Changes in working capital	17.4	42.0	20.7	21.7	8.2
Others	-35.6	-89.8	-48.9	-54.6	-29.1
Operating cash flow	7.0	-13.2	21.9	33.6	53.1
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	-8.9	-10.0
Others	0.7	32.5	-0.4	0.0	0.1
Financing cash flow	-2.1	32.5	-0.4	-8.9	-9.9
Net cash flow	-0.1	7.6	13.1	16.3	34.5
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	32.5	48.8
Ending cash	12.2	19.4	32.5	48.8	83.3

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.