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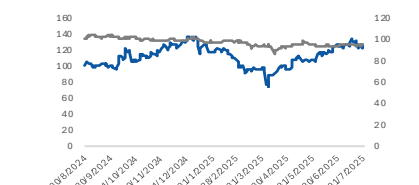
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Recommendation:	BUY
Current Price:	RM 0.83
Previous Target Price:	RM 1.06
Target Price:	↔ RM 1.06
Capital Upside/Downside:	27.7%
Dividend Yield (%):	1.7%
Total Upside/Downside:	29.4%

Stock information	
Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0310 / UUE MK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	608.3
Market Cap (RM' m)	501.8
52-Week Price Range (RM)	0.93-0.475
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	1.5
3M Average Value (RM' m)	1.2

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 (%)	0.0	31.0	N/A
Relative (%)	1.5	32.3	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	170.0	223.3	299.1
PATAMI (RM'm)	23.0	29.0	42.9
CNP (RM'm)	22.4	29.0	42.9
EPS - core (sen)	3.7	4.8	7.1
P/E (x)	22.4	17.3	11.7

UUE Holdings Bhd

Reassured Outlook with Strategic Expansions

- **Earnings are expected to improve in the coming quarters, supported by the resumption of projects in Singapore and continued progress of Malaysian HDD projects along the S-curve.**
- **Order book stood at an all-time high of RM421.7m, representing 2.5x FY25 revenue. Prospects in Singapore have strengthened following the upgrade of UUE's construction licence from BCA Grade L4 to L5 under category CR07, allowing the Group to tender for larger-scale contracts. The tender book currently amounts to RM 160m, with the majority from Malaysia.**
- **Gearing ratio rose to 0.41x (from 0.34x), mainly due to funding for the second HDPE manufacturing facility. The new plant will house six to nine additional HDPE extrusion lines, potentially expanding capacity by two to three times. Completion is targeted by June 2026, with earnings contribution expected to begin from FY27F onward.**
- **We maintain our earnings forecasts at this stage, as current developments remain in line with expectations.**
- **Maintain our BUY recommendation with an unchanged TP of RM1.06, based on 15x FY27F EPS of 7.3 sen and appraised with a three-star ESG rating.**

Following our recent engagement with UUE, we came away reassured of the company's outlook. Key takeaways are as follows:

Soft Start in 1QFY26. UUE recorded a core net profit of RM1.9m in 1QFY26, representing a YoY decline of 67.9%. The underperformance was primarily driven by many projects in Malaysia either nearing completion or still in the early stages of the S-curve phase, where revenue recognition tends to be lower. Additionally, project execution in Singapore faced delay due to permit processing issues, further impacting performance. Moving forward, management expects earnings to improve in the coming quarters. The company plans to scale up its HDD team in Singapore from two to ten units by 2HFY26, which could generate monthly revenue of SGD1.0-1.5m. Coupled with the continued progress of Malaysian HDD projects along the S-curve, these developments are expected to further support the recovery in overall performance.

HDPE Capacity Expansion. During the quarter, the Group's gearing ratio increased to 0.41x (from 0.34x in 4QFY25), primarily driven by funding requirements for the second manufacturing facility under its subsidiary, Premier Plastic Industry (PPI). Construction of the new plant is currently under way, with completion targeted by June 2026. The facility is expected to house six to nine additional HDPE extrusion lines, representing a potential 2-3x increase over the existing capacity of 1,400kg/hr. Focus will be on corrugated products, which consume less resin and are seeing growing demand from developers. We view this expansion as a strategic move to scale operations and diversify the Group's product offering, with meaningful earnings contribution anticipated from FY2027F, upon the successful commissioning of the plant.

Order Book at All-Time High. As of 31 May 2025, UUE's orderbook stood at RM421.7m (93% from electricity supply, remainder from Telco), representing 2.5x FY25 revenue. The Group's current tenderbook is about RM160m, with 84% of the opportunities located in Malaysia and the remaining 16% in Singapore. UUE's prospects in Singapore have strengthened following the upgrade of its construction licence from BCA Grade L4 to L5 under category CR07, allowing the Group to tender for larger-scale projects. Supported by ongoing public infrastructure spending, this higher licence tier is expected to open up additional contract opportunities and broaden UUE's regional revenue base.

Progress in Subsea Segment. UUE has signed a memorandum of understanding with ASEAN Cables, a leading Asia-Pacific provider of submarine cable installation, repair, and maintenance services covering Singapore, Malaysia, Thailand, the Philippines, Indonesia, and Brunei. The collaboration allows UUE to tap ASEAN Cables' extensive network and technical expertise for new subsea-infrastructure projects. To accelerate its entry into the segment, UUE

has invested RM7m of IPO proceeds in a Maxi HDD rig, in line with the expansion plan outlined in its IPO prospectus. Although still at an early stage, the venture diversifies UUE's business portfolio and is well-aligned with its long-term growth objectives.

Expansion into Solar Energy. In June, UUE strategically ventured into the solar energy sector via Enerxite, a 60% joint venture with Daryl Lai, who brings extensive experience in the field. As of 30 June, Enerxite has secured an order book of RM1.9m, which is expected to contribute c.RM0.8m-1m to the Group's PBT, demonstrating early market traction. Enerxite plans to pursue larger scale utility solar and battery energy storage system contracts, which offer significantly higher contract values. While near-term earnings contribution is expected to remain modest given its current focus on rooftop solar, where project values are relatively small compared with the Group's core business, we believe this measured approach provides a solid platform for long-term growth, supported by the earnings potential of future large-scale contract wins.

Earnings revision. We maintain our earnings forecasts unchanged, as current developments are in line with expectations.

Valuation & Recommendation. We maintain our **BUY** recommendation with an unchanged target price of **RM1.06**, based on 15x FY27F EPS of 7.1 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. Risk of subcontractor non-performance. Inability to secure new contracts.

Company Update

Tuesday, 05 Aug, 2025

Financial Highlights

Income Statement

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	125.7	170.0	223.3	299.1	324.2
Gross Profit	37.8	47.0	60.1	81.5	88.1
EBITDA	26.7	36.5	48.7	67.3	70.3
Depreciation & Amortisation	-3.7	-4.3	-8.3	-8.3	-8.4
EBIT	23.1	32.1	40.4	59.0	61.9
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	38.0	56.3	59.0
Tax	-5.3	-7.2	-9.0	-13.4	-14.0
Profit After Tax	16.2	23.0	29.0	42.9	45.0
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	16.2	23.0	29.0	42.9	45.0
Exceptionals	-2.9	0.5	0.0	0.0	0.0
Core Net Profit	19.1	22.4	29.0	42.9	45.0

Key Ratios

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	3.1	3.7	4.8	7.1	7.4
P/E (x)	26.3	22.4	17.3	11.7	11.2
P/B (x)	8.0	4.4	3.5	2.8	2.4
EV/EBITDA (x)	19.0	13.9	10.2	7.2	6.5
DPS (sen)	0.5	0.0	0.0	1.4	1.5
Dividend Yield (%)	0.6%	0.0%	0.0%	1.7%	1.8%
EBITDA margin (%)	21.3%	21.5%	21.8%	22.5%	21.7%
EBIT margin (%)	18.3%	18.9%	18.1%	19.7%	19.1%
PBT margin (%)	17.1%	17.8%	17.0%	18.8%	18.2%
PAT margin (%)	12.9%	13.5%	13.0%	14.4%	13.9%
NP margin (%)	12.9%	13.5%	13.0%	14.4%	13.9%
CNP margin (%)	15.2%	13.2%	13.0%	14.4%	13.9%
ROE (%)	30.4%	19.8%	20.4%	24.3%	21.2%
ROA (%)	16.0%	12.5%	13.6%	16.6%	14.7%
Gearing (%)	36.4%	27.3%	23.3%	20.5%	18.5%
Net gearing (%)	7.5%	5.1%	Net Cash	Net Cash	Net Cash

Valuations

Core EPS (RM)	0.07
P/E multiple (x)	15.0
Fair Value (RM)	1.06
ESG premium/discount	0.0%
Implied Fair Value (RM)	1.06

Source: Company, Apex Securities

Balance Sheet

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash	18.1	25.1	38.9	51.2	86.5
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	78.8	106.3	113.7
Total Current Assets	94.8	146.5	179.1	223.7	271.8
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	29.8	32.5	35.4
Payables	17.4	20.8	20.9	27.7	37.0
Other current liabilities	8.8	8.1	9.8	10.8	11.1
Total Current Liabilities	46.3	57.7	60.5	71.0	83.5
Long-term debt	2.8	2.1	3.3	3.6	3.9
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	10.8
Shareholder's equity	62.9	113.1	142.1	176.4	212.4
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	62.9	113.1	142.1	176.4	212.4

Cash Flow

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	21.5	30.2	38.0	56.3	59.0
Depreciation & amortisation	3.7	4.3	8.3	8.3	8.4
Changes in working capital	17.4	42.0	17.0	24.5	3.2
Others	-35.6	-89.8	-40.7	-59.8	-17.5
Operating cash flow	7.0	-13.2	22.6	29.4	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	-8.6	-9.0
Others	0.7	32.5	-0.5	0.0	0.0
Financing cash flow	-2.1	32.5	-0.5	-8.6	-9.0
Net cash flow	-0.1	7.6	13.8	12.3	35.4
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	33.2	45.5
Ending cash	12.2	19.4	33.2	45.5	80.9

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.