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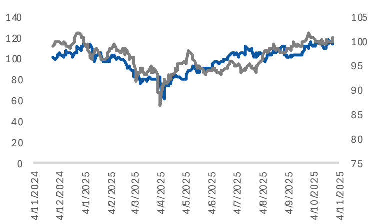
Recommendation	BUY
Current Price:	RM 0.58
Previous Target Price:	RM 0.58
Target Price: ↑	RM 0.67
Capital Upside/Downside:	15.5%
Dividend Yield (%):	1.2%
Total Upside/Downsid	16.7%

Stock information	
Board	ACE
Sector	Industrial
Bursa / Bloomberg Code	0310 / UUEMK
Syariah Compliant	Yes
ESG Rating	★★★
Shares issued (m)	912.4
Market Cap (RM' m)	529.2
52-Week Price Range (RM)	0.63-0.317
Beta (x)	N/A
Free float (%)	26.7
3M Average Volume (m)	2.0
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 (%)	-2.2	5.5	N/A
Relative (%)	-1.6	-0.8	N/A

Earnings Summary	FY25	FY26F	FY27F
Revenue (RM'm)	170.0	217.3	284.6
PATAMI (RM'm)	23.0	27.1	38.1
CNP (RM'm)	22.4	27.1	38.1
EPS - core (sen)	2.1	2.5	3.5
P/E (x)	28.3	23.4	16.7

UUE Holdings Bhd

Secures RM67.3m Sub-subcontract for HDD Works in Singapore

- **UUE has secured a SGD20.9m sub-subcontract (equivalent to c.RM67.3m) from Wee Guan Construction Pte Ltd for the installation of HDPE pipes using the HDD method in Singapore, with the contract period from 31 October 2025 to 31 December 2027. Following this award, UUE's outstanding order book has increased to RM521.9m (3.1x FY25 revenue).**
- **The contract marks UUE's largest contract value secured in Singapore since its listing and is expected to sustain the Group's earnings visibility through FY28.**
- **Earnings forecasts for FY26F-FY28F have been revised up by 0.7%/1.7%/1.5%, reflecting the stronger order book replenishment and improved earnings visibility.**
- **Upgrade to BUY with a higher TP of RM0.67 (from RM0.58), based on 19x FY27F EPS of 3.5sen and appraised with a three-star ESG rating.**

Secures SGD20.9m Subcontract. UUE's wholly owned subsidiary, Konnection Engineering Pte Ltd, has secured a SGD20.9m (equivalent to c.RM67.3m) sub-subcontract from Wee Guan Construction Pte Ltd, the subcontractor for the NDC409 Route A1 & A2 230kV cable project in Singapore. The scope involves the installation of high-density polyethylene (HDPE) pipes using the horizontal directional drilling (HDD) method, including the provision of materials, tools, labour, equipment, and other necessary accessories, with the contract period from 31 October 2025 to 31 December 2027. The project is commissioned by SP PowerAssets Limited, with LS Cable & System Singapore Branch as the main contractor.

Our Take. We view the contract award **positively**, as it marks UUE's largest contract value secured in Singapore since its listing and is expected to sustain the Group's earnings visibility through FY28. Assuming a conservative gross profit margin of 25%, the project is estimated to generate GP of RM16.8m over the 26-month contract period. This is expected to translate into c.RM1.7m in FY26F (3.0% of our pre-adjustment FY26F forecast), RM9.1m in FY27F (12.3% of our FY27F forecast), and RM6.0m in FY28F (7.0% of our FY28F forecast). Following this award, UUE's outstanding order book has increased to RM521.9m, equivalent to 3.1x FY25 revenue.

Outlook. With this win, Singapore projects now account for 21.4% of UUE's order book. HDD demand in Singapore remains robust, supported by recent wins such as the RM28.1m SP PowerAssets project and smaller HDD packages totalling RM111.5m, including the latest RM67.3m job. Execution has accelerated, with 10 HDD teams fully deployed since November and Lines 1 and 2 at the manufacturing facility running at c.70% utilisation, mainly for internal HDD works. We expect a meaningful earnings recovery from 4QFY26, underpinned by stronger execution and better cost absorption. The RM300m tender pipeline, with about 80% Singapore-based, and UUE's solid track record position it well for further wins in Singapore's HDD market.

Earnings revision. Following the new contract, UUE's FY26F order-book replenishment has exceeded our earlier RM273.5m assumption. We raise it to RM347.7m, while lowering margins for Singapore due to the full HDD scope, compared to earlier material- and service-based jobs. Replenishment forecasts for FY27F and FY28F are revised to RM126.7m and RM293.8m (from RM243.2m and RM246.0m, respectively), reflecting temporary human capital constraints as resources are channelled to ongoing projects. Consequently, earnings are raised by 0.7%/1.7%/1.5% for FY26F/FY27F/FY28F, respectively.

Valuation & Recommendation. We raise our target P/E multiple from 17x to 19x to reflect the stronger demand for HDD solutions in Singapore and the improved growth outlook for UUE. New TP of **RM0.67** (from RM0.58) is based on 19x FY27F EPS of 3.5sen and appraised with a three-star ESG rating. Upgrade UUE to **BUY** (from hold). 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.

KDN PP13226/06/2024 (035469)

Financial Highlights

Income Statement

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Revenue	**125.7**	**170.0**	**217.3**	**284.6**	**323.5**
Gross Profit	**37.8**	**47.0**	**57.6**	**75.1**	**86.1**
EBITDA	**26.7**	**36.5**	**46.2**	**60.9**	**68.3**
Depreciation & Amortisation	-3.7	-4.3	-8.3	-8.3	-8.4
EBIT	**23.1**	**32.1**	**38.0**	**52.6**	**59.9**
Net Finance Income/ (Cost)	-1.6	-1.9	-2.4	-2.6	-2.9
Associates & JV	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	**21.5**	**30.2**	**35.5**	**49.9**	**57.0**
Tax	-5.3	-7.2	-8.5	-11.9	-13.6
Profit After Tax	**16.2**	**23.0**	**27.1**	**38.1**	**43.5**
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	**16.2**	**23.0**	**27.1**	**38.1**	**43.5**
Exceptionals	-2.9	0.5	0.0	0.0	0.0
Core Net Profit	**19.1**	**22.4**	**27.1**	**38.1**	**43.5**

Key Ratios

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
EPS (sen)	1.7	2.1	2.5	3.5	4.0
P/E (x)	33.2	28.3	23.4	16.7	14.6
P/B (x)	10.1	5.6	3.2	2.7	2.4
EV/EBITDA (x)	23.9	17.6	12.5	9.5	8.4
DPS (sen)	0.5	0.0	0.0	0.7	0.8
Dividend Yield (%)	0.8%	0.0%	0.0%	1.2%	1.4%
EBITDA margin (%)	21.3%	21.5%	21.3%	21.4%	21.1%
EBIT margin (%)	18.3%	18.9%	17.5%	18.5%	18.5%
PBT margin (%)	17.1%	17.8%	16.3%	17.5%	17.6%
PAT margin (%)	12.9%	13.5%	12.5%	13.4%	13.4%
NP margin (%)	12.9%	13.5%	12.5%	13.4%	13.4%
CNP margin (%)	15.2%	13.2%	12.5%	13.4%	13.4%
ROE (%)	30.4%	19.8%	13.5%	16.4%	16.3%
ROA (%)	16.0%	12.5%	10.0%	12.2%	12.2%
Gearing (%)	36.4%	27.3%	16.4%	15.5%	14.7%
Net gearing (%)	7.5%	5.1%	Net Cash	Net Cash	Net Cash

Valuations	FY27F
Core EPS (RM)	0.03
P/E multiple (x)	19.0
Fair Value (RM)	**0.67**
ESG premium/discount	0.0%
Implied Fair Value (RM)	**0.67**

Source: Company, Apex Securities

Balance Sheet

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Cash and cash equivalents	18.1	25.1	91.6	91.4	100.6
Receivables	32.4	48.7	60.8	76.0	95.0
Inventories	3.5	8.2	9.0	9.9	10.9
Other current assets	40.7	64.6	76.5	100.5	113.4
Total Current Assets	**94.8**	**146.5**	**237.9**	**277.8**	**320.0**
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	32.3	35.2
Payables	17.4	20.8	20.9	27.2	31.4
Other current liabilities	8.8	8.1	9.7	10.6	11.1
Total Current Liabilities	**46.3**	**57.7**	**60.4**	**70.1**	**77.7**
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**	**10.7**
Shareholder's equity	62.9	113.1	201.0	231.5	266.2
Minority interest	0.0	0.0	0.0	0.0	0.0
Total Equity	**62.9**	**113.1**	**201.0**	**231.5**	**266.2**

Cash Flow

FYE Feb (RM m)	FY24	FY25	FY26F	FY27F	FY28F
Pre-tax profit	**21.5**	**30.2**	**35.5**	**49.9**	**57.0**
Depreciation & amortisation	3.7	4.3	8.3	8.3	8.4
Changes in working capital	17.4	42.0	23.2	33.0	28.1
Others	-35.6	-89.8	-52.4	-75.3	-67.0
Operating cash flow	**7.0**	**-13.2**	**14.6**	**16.0**	**26.6**
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	-7.6	-8.7
Others	0.7	32.5	60.3	-0.2	0.0
Financing cash flow	**-2.1**	**32.5**	**60.3**	**-7.8**	**-8.7**
Net cash flow	**-0.1**	**7.6**	**66.6**	**-0.2**	**9.2**
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	86.0	85.7
Ending cash	**12.2**	**19.4**	**86.0**	**85.7**	**95.0**

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

As of **Wednesday, 05 Nov, 2025**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.