AUTHOR: No author available SECTION: STARBIZ AUDIENCE : 175,986 PAGE: 6
PRINTED SIZE: 178.00cm² REGION: KL MARKET: Malaysia PHOTO: Black/White ASR: MYR 9,019
WORDS: 357 ITEM ID: DP0121552944

03 AUG, 2026

Singapore Ops to bolster UUE earnings

The Star, Malaysia

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PETALING JAYA: UUE Bhd is expected to see stronger earnings contribution from its Singapore operations in the coming quarters, as all 10 teams have been fully deployed in the city-state since June 2026.

Hong Leong Investment Bank (HLIB) Research said the deployment marks a ramp-up from the six teams operating in Singapore during the first quarter of financial year 2027 (1Q27), which will improve the group's capacity to execute ongoing projects and capture new opportunities.

UUE provides underground utilities engineering solutions for the power and telecommunications sectors, with operations in Malaysia and Singapore.

In Malaysia, the research house said earnings visibility remains supported by its RM352mil order book, which is expected to be largely recognised over the next two years. Its approximately RM700mil tender pipeline across Malaysia and Singapore also provides strong replenishment potential, with further upside expected as more Tenaga Nasional Bhd (TNB)-related power maintenance unit projects move towards award in the second half of 2026.

> "Earnings visibility remains supported by its RM352mil order book."
>
> Hong Leong Investment Bank Research

UUE reported a core net profit of RM9.1mil for 1Q27, up 22.5% quarter-on-quarter and 387.4% year-on-year, exceeding both HLIB Research's and consensus expectations. The earnings outperformance was mainly driven by stronger-than-expected margins, supported by a more favourable project mix.

"Margin improvements were recorded across both Malaysia and Singapore, with Malaysia benefitting from higher contributions from better-margin one-off projects, while increased activity in Singapore lifted operating leverage. We raise our financial year 2027 (FY27), FY28 and FY29 earnings forecasts by 10%, 15% and 16%, respectively.

"All in, we maintain a 'buy', with a higher target price (TP) of RM0.85 from RM0.74," HLIB Research said in a report.

Meanwhile on the back of higher project margin assumptions, RHB Research raised its FY27 to FY29 earnings forecasts by 5%, 1% and 1%, respectively.

This was partly offset by adjustments to order book recognition timing, following the latest order book breakdown.

The research house said its FY27 forecast remains above management's guidance of an approximate RM250mil revenue and RM31mil to RM32mil in profit after tax, with further clarity expected from the analyst briefing tomorrow.