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HLIB Research keeps 'buy' call on UUE



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RM1 TARGET PRICE

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KUALA LUMPUR: UUE Holdings Bhd's record RM700 million tender book could expand further as project call-ups from Tenaga Nasional Bhd (TNB), data centres and solar projects gather pace.

Hong Leong Investment Bank Bhd (HLIB Research) said UUE should benefit from rising demand for specialised underground utility works.

"Higher-voltage connections should bring larger contracts, while mechanical and electrical (M&E) contractors' focus on substation packages should channel more specialised underground works to UUE," it said in a report.

UUE's tender book stands at RM700 million, alongside an order book of RM515 million, equivalent to 2.4 times its financial year 2026 revenue.

HLIB Research said discussions with M&E contractors and TNB indicated more projects

could come to market in 2027 and 2028, providing more room for the tender book to expand.

With UUE's historical tender conversion rate of 20 per cent to 30 per cent, the growing pipeline should support further order book growth.

"Nearer term, we expect stronger quarter-on-quarter earnings in the coming quarter on better contributions from Malaysia and Singapore, with the latter benefiting from all 10 teams deployed since June, up from seven in the first quarter of 2026," it said.

HLIB Research said TNB's 1+1 bulk orders would provide an earnings base, while one-off projects should drive order book growth.

It expects project call-ups to become more prominent in the second half of 2026 and 2027 as TNB rolls out transmission projects and 5GW of newly approved data

centre capacity progresses towards Energy Supply Agreement signings.

"With upcoming TNB works concentrated in 132kV to 275kV infrastructure, contract values should also rise.

"The same applies to data centres, where new data centres today typically require connections of at least 132kV."

On solar, HLIB Research expects the Corporate Renewable Energy Supply Scheme to create more opportunities, particularly as projects serving power-hungry data centres could require larger 132kV to 275kV interconnections.

"UUE therefore stands to benefit in two ways: more jobs and larger contracts."

HLIB Research raised its financial years 2027 to 2029 project win assumptions to RM200 million annually and lifted earnings forecasts by three per cent, seven per cent and four per cent, respectively.

It maintained its "buy" call on UUE and raised its target price to RM1 from 85 sen.

INFO BOX

RM700M

UUE Holdings Bhd's tender book, a record amount