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UUE to gain from fast-track DC requirements



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PETALING JAYA: UUE Holdings Bhd is expected to see stronger project wins and earnings as demand for underground power infrastructure gathers pace across Malaysia and Singapore.

Its growing tender pipeline should also support further order-book expansion, with data centres (DCs), Tenaga Nasional Bhd (TNB) and solar projects emerging as key sources of opportunities.

Hong Leong Investment Bank (HLIB) Research has raised its annual project win assumptions for financial year 2027 (FY27) to FY29 to RM200mil from RM160mil, RM180mil and RM180mil previously, respectively, lifting its earnings forecasts by 3%, 7% and 4%.

The research house noted that UUE's RM120mil financial year-to-date wins already represent 75% of its previous full-year assumption, with five months remaining.

"Our revised assumption is broadly in line with FY26's around RM196mil in one-off project wins, excluding the estimated

RM337mil from SP Group and TNB long-term contracts," it said.

HLIB Research maintained its "buy" call on UUE but raised its target price to RM1 from 85 sen, following the earnings upgrades.

It also raised its target price-to-earnings multiple to 22 times from 20 times to reflect Malaysia's accelerating power infrastructure build-up, based on FY28 earnings per share.

"We expect sub-contracting demand for UUE to strengthen through the second half of 2026 and beyond as project call-ups from TNB, DCs and solar gather pace," it said.

UUE's tender book has reached a record RM700mil, while its order book stands at RM515mil, equivalent to 2.4 times FY26 revenue.

HLIB Research said meetings with mechanical and electrical contractors and TNB pointed to more projects coming to market in 2027 and 2028.

With historical tender conversion at 20% to 30%, the expanding pipeline is expected

to support further order-book growth.

"Leading mechanical and electrical contractors' increasing focus on higher-value substation packages should also channel more of the smaller but highly specialised high-density polyethylene pipe laying works to UUE," HLIB Research said.

"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 added.

The research house expects one-off project call-ups to become more prominent from the second half of FY26 as TNB rolls out jobs and newly approved five-gigawatt Data Centre Task Force projects progress towards energy supply agreement signings.

"For UUE, this means more job call ups and larger contracts, while fast-track DC requirements support better margins," HLIB Research said.