Power Infrastructure

Powering through the bottleneck

We stay OVERWEIGHT on Malaysia's power infrastructure sector, backed by three key themes that should drive earnings growth for M&E contractors and power cable manufacturers over the next three to five years. We believe the current upcycle is increasingly skewed towards M&E contractors and cable manufacturers, as the bottleneck sits at the MV-HV infrastructure layer. As project sizes grow larger, working capital is becoming a higher barrier to entry, which should increasingly concentrate project wins among listed players with stronger balance sheets and better access to capital. All in, we maintain BUY on MNH and SCGBHD, while initiating coverage on EIPower and UUE with BUY ratings.

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OVERWEIGHT (Maintain)

Sector coverage

Stock	Rating	CP	TP
OSK	BUY	1.95	2.85
SCGBHD	BUY	2.34	2.95
MNH	BUY	2.89	3.36
EIPower	BUY	0.66	0.88
UUE	BUY	0.48	0.74

Three drivers on a multi-year runway. We identify three key themes underpinning the sector's growth over the next three to five years: (i) Tenaga's higher capex spending, (ii) DC-led private-sector demand, and (iii) incremental solar-related infrastructure works. Tenaga's transmission-focused spending should continue to support 132kV-500kV project opportunities, while rising ESA signings and upcoming PMU capacity additions should drive stronger DC-related CLS demand into 2027-2028. Meanwhile, solar rollouts add another layer of demand, with LSS5/LSS5+ anchoring near-term jobs and LSS6/CRESS potentially extending the cycle from 2027 onwards.

Infrastructure layer to capture the cycle. We believe the current power infrastructure upcycle is increasingly skewed towards M&E contractors and cable manufacturers, rather than MEP players. The reason is straightforward – the bottleneck sits at the MV-HV infrastructure layer, where Tenaga's grid reinforcement, DC load connections and solar integration are driving the bulk of new project flows. This distinction matters because grid-exposed names capture a different earnings pool from last-mile MEP players, with higher barriers to entry and clearer exposure to large-ticket opportunities.

Higher HV mix to drive larger contract sizes. The combination of DC buildout and Tenaga's transmission-focused capex is shifting the project mix towards 132kV and 275kV works. This has been a key driver of M&E contractors' and cable manufacturers' orderbooks, given the larger contract sizes and better margin profiles of HV infrastructure jobs. We expect the HV opportunity pipeline to continue building into 2H26-FY27, with more than five 500kV PMU jobs expected to be rolled out.

Funding access is becoming the next differentiator. As project sizes grow larger, working capital is becoming a higher barrier to entry. Performance bonds, supplier down-payments and Tenaga's requirement for M&E contractors to procure HV cables are raising upfront funding needs. We believe this should increasingly concentrate project wins among listed players with stronger balance sheets and better access to capital, while smaller unlisted contractors may face greater execution constraints.

Paving the way for broader investor reach. Most of the power infrastructure stocks are concentrated in the ACE market, limiting investor exposure. We think this will gradually shift as earnings scale up and more players migrate to the Main Market. This trend is positive for the sector, in our view, as it broadens institutional investor participation and supports re-rating potential.

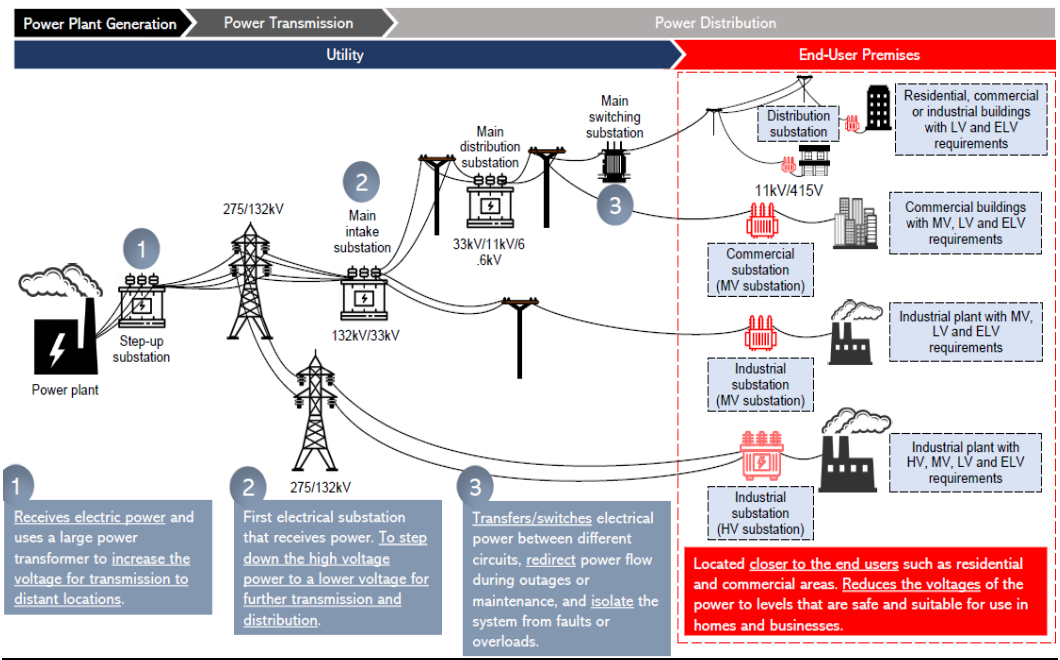
Maintain OVERWEIGHT. We maintain our OVERWEIGHT stance on the power infrastructure sector, underpinned by a multi-year capex upcycle that structurally favours listed grid-exposed players. We stay selective and prefer names with clearer order flow visibility, execution edge and funding capacity. **Maintain BUY on MNH and SCGBHD**, and **initiate coverage on EIPower and UUE with BUY ratings**.

Malaysia's power infrastructure landscape

Power infrastructure stocks have gained prominence on Bursa Malaysia within the mid and small cap space following Tenaga's announcement of higher capex under RP4, alongside headline news highlighting the strong pipeline of data centre (DC) developments in Malaysia. We see this upcycle continuing on the coming years on the back of structurally rising electricity demand from DCs, renewable energy (RE) integration, and regional power connectivity initiatives. Companies within the space are expected to deliver strong earnings growth and command greater investor attention, in our view.

Within the listed universe, listed power infrastructure players can broadly be grouped into three main segments: (i) mechanical and engineering (M&E) contractors, (ii) mechanical, electrical and plumbing (MEP) contractors, and (iii) power cable manufacturers.

Figure #1 Overview of power grid system



HE Group

Figure #2 Key players across the power infrastructure industry

Companies	Classification	Remarks
MN Holdings Berhad	M&E	Involves in underground utilities and substation engineering
Jati Tinggi Berhad	M&E	Involves in underground utilities and substation engineering
Cheeding Holding Berhad	M&E	Involves in overhead M&E works
CBH Engineering Holding Berhad	M&E	Involves in substation engineering
UUE Holdings Berhad	M&E	Involves in underground utilities
Critical Holdings Berhad	MEP	Involves the internal infrastructure within the consumer's building.
HE Group Berhad	MEP	Involves the internal infrastructure within the consumer's building
ES Sunlogy Berhad	MEP & M&E	Involves the internal infrastructure within the consumer's building and substation engineering
Kee Ming Group Berhad	MEP & M&E	Involves the internal infrastructure within the consumer's building and substation engineering
Southern Cable Group Berhad	Cable manufacturer	Possess LV-HV portfolio
Universal Cable (Under OSK Holdings Berhad)	Cable manufacturer	Possess LV-HV portfolio
Master Tec Group Berhad	Cable manufacturer	Possess LV and in the midst of launching MV portfolio

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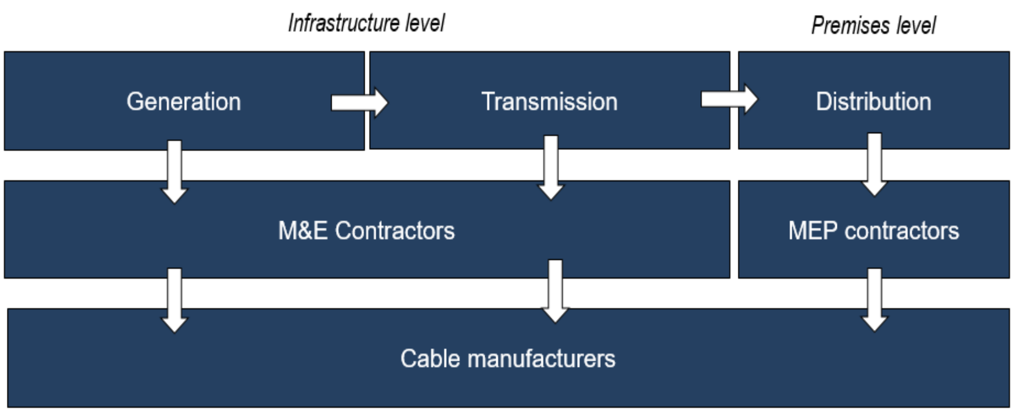
Infrastructure layer to capture the cycle. We see the investment opportunity skewing towards M&E contractors and cable manufacturers, rather than MEP players. The reason is straightforward – the current bottleneck sits at the medium voltage (MV) to high voltage (HV) infrastructure layer, where Tenaga's grid reinforcement, DC load connections and RE integration are driving the bulk of new project flows.

This distinction matters because M&E and MEP players sit at different points of the power chain and generally do not compete for the same scope. More importantly, they capture different parts of the earnings pool. M&E contractors are exposed to grid-level infrastructure with key clients including utilities players (Tenaga, Sarawak Energy), property developers and DC owners. Their role is largely focused on strengthening Malaysia's grid infrastructure or facilitating the connection of large power loads from the grid to demand sites.

Figure #3 Positioning across the power infrastructure value chain



HLIB Research

In contrast, MEP contractors operate primarily at the last-mile stage, focusing on internal electrical and mechanical distribution within facilities after power has reached the building. Their key clients are typically property developers and industrial plant owners, with limited involvement in Tenaga-related grid works. Most listed MEP companies also have more exposure to the semiconductor segment, while DC-related MEP jobs remain harder to penetrate due to foreign competition and limited local track record.

Not one broad power trade. While MEP players should still deliver growth, we believe the market will continue to reward names with direct grid exposure, where the bulk of upcoming large-ticket opportunities sit and barriers to entry are higher. Earnings growth for infrastructure-exposed names should also outpace MEP players, in our view – a divergence that has already become visible over the past two years since the start of the DC investment cycle. Share price performance has followed the same pattern, with grid-exposed names sharply outperforming on the back of a stronger growth profile.

Multi-year upside cycle for M&E and power cable manufacturers

We identify three themes that will drive earnings growth for M&E contractors and power cable manufacturers. Importantly, these are not short-cycle demand drivers, but multi-year investment plans that underpin sector growth over the next 3–5 years.

#Theme 1: Tenaga capex spending and increasing HV mix

Tenaga spending to stay robust. Our checks with Tenaga suggests c.75% of RP4 base capex is allocated to transmission infrastructure (132kV–500kV) to reinforce grid resiliency amid strong electricity demand. Within Tenaga's grid spending, we expect a sizeable portion to be driven by DC-related infrastructure. Current DC load utilisation stands at only c.1.0GW, versus signed Energy Supply Agreement (ESA) maximum demand of 8.3GW. This will require substation upgrades and new substations to support DC load growth, while maintaining grid stability for other end users.

Taking cue from Tenaga's latest regulated capex spending guidance of RM13bn and RM15bn for FY26–27 (vs RM12bn spent in FY25), we expect project awards to pick up from 2H26. In line with this trend, contractors with strong Tenaga exposure (MN Holdings and Jati Tinggi) are seeing Tenaga-related tenders reaching record levels. More importantly, we expect Tenaga's capex to step up further beyond RP4, with its RM90bn grid investment roadmap suggesting c.RM47bn could be deployed under RP5 in 2028–2030. This spending is expected to support DCs, the ASEAN Power Grid, and the planned addition of c.8GW gas-fired capacity by 2029-2030, keeping capex heavily skewed towards the transmission layer.

Higher HV mix to drive larger contract size. The combination of DC buildout and Tenaga's transmission-focused capex is shifting the power infrastructure project mix – more projects are moving into the 132kV and 275kV range, compared with the previous cycle where demand mainly came from 11kV–33kV works. The reason is straightforward: DCs require sizeable power supply, and the required connection voltage typically rises with IT load. For instance, a DC with 20MW–100MW capacity would typically require 132kV infrastructure, while projects above 100MW would require 275kV infrastructure (Figure #4).

This creates two main areas of demand: (i) Tenaga needs to build new HV main intake substations (also known as PMU) or upgrade existing HV PMUs as DC load grows and (ii) DC owners require HV consumer landing substations (CLS) to facilitate power connection to DC halls (Figure #5). The shift towards HV infrastructure has been a key driver of M&E contractors' and cable manufacturers' orderbooks, given the larger contract sizes and better margin profiles.

Figure #4 Power infrastructure rating requirements for DCs

Assuming a DC with a capacity of…
Substation engineering segment:
20MW and below: The required power infrastructure will typically be 33kV. (Substation contract value range from c.RM3m-5m)
20MW to 100MW: The required power infrastructure will typically be 132kV. (Substation contract value range from c.RM70-100m)
100MW and above: The required power infrastructure will typically be 275kV. (Substation contract value range >RM100m)

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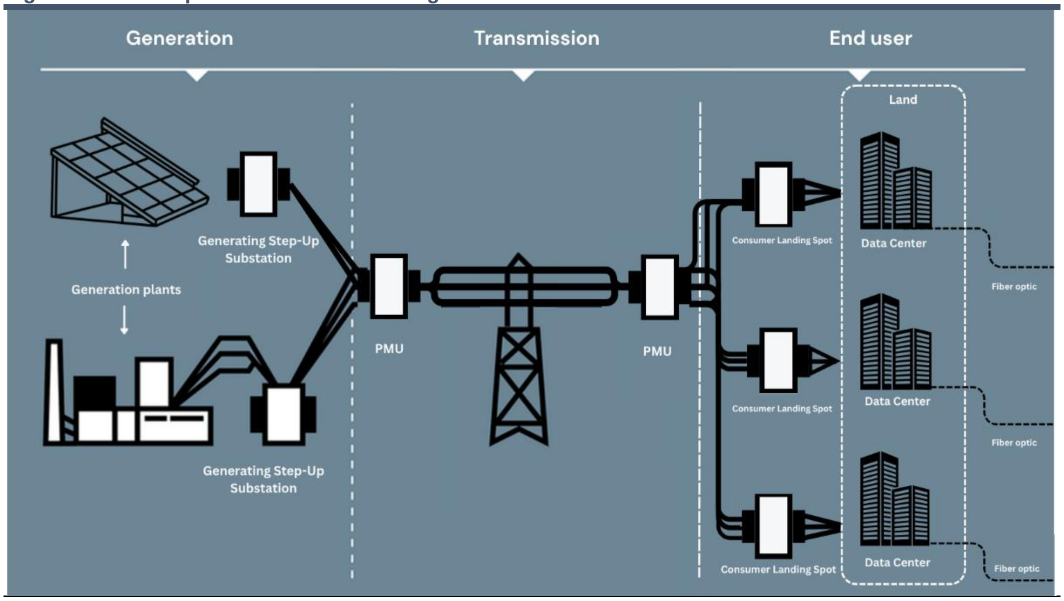
Figure #5 DC power connection arrangement



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We expect the pipeline of HV job opportunities to continue building into 2H26-2027. On top of strong call-ups for 132kV–275kV jobs, our channel checks indicate Tenaga could roll out more than five 500kV PMU jobs in 2026-2027 – a step-up versus a typical year, which usually sees one or none. This provides another orderbook growth avenue for M&E contractors, given the significantly larger contract size (>RM 500m). Entry barriers remain high in this space, given the limited pool of active 275kV and 500kV PMU builders in Malaysia, while Tenaga's approved vendor base remains predominantly local.

Figure #6 Planned 275kV & 500kV PMUs

PMUs planned	Remark
Nusajaya Selatan 275kV	Awarded
Sedenak West 500kV	Awarded
Gurun East 500kV	Awarded
Ujong Pasir 275kV	Awarded
Paka 500kV	Tendering
Nusajaya Utara 275kV	Yet to call for tender
Kulai East 500kV	Yet to call for tender
Tanjung Kupang 500kV	Yet to call for tender
SWS Pulai 500kV	Yet to call for tender
Kangkar Tebrau 500kV	Yet to call for tender
Permas Jaya 500kV	Yet to call for tender
Skudai 500kV	Yet to call for tender

Various, HLIB Research

Figure #7 List of 275kV & 500kV PMU contractors

275 kV	500kV
Transgrid Ventures	Transgrid Ventures
MN Holdings	MN Holdings
Jati Tinggi	Jati Tinggi
Hasilwan	Hasilwan
Mahkota Technologies	Mahkota Technologies
P.E.S.B Engineering	P.E.S.B Engineering
Bintai Kinden	Bintai Kinden
SPMSB	SPMSB

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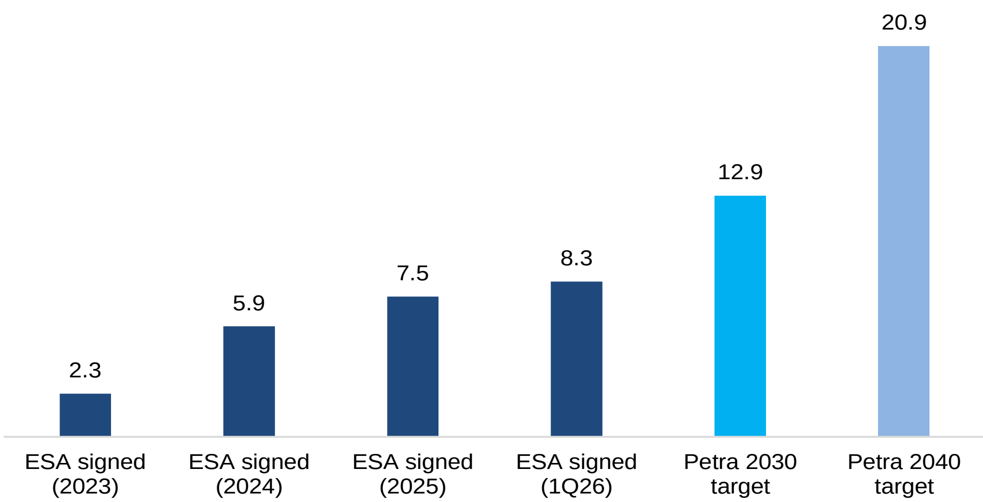
Note: This vendor list is non-exhaustive.

Theme 2: DC to drive power infrastructure demand

DCs to anchor private-sector power infrastructure demand. ESA signings as of 1QCY26 increased to 8.3GW (CY23: 2.3GW; CY24: 5.9GW) from 7.5GW in Dec-25. This implies a 0.8GW increase over the span of three months, higher than last year's average quarterly net addition. Within the private-sector space, we believe much of the job opportunities will be anchored by the DC sector, given their larger contract sizes and better margin profile. Power infrastructure demand from other private-sector segments (i.e. semiconductor and property developer) will remain relevant, but less prominent in our view.

Our recent checks with Tenaga indicates that there are currently c.138 ESA applications in the pipeline, with combined capacity of close to 10GW. In our view, Malaysia's DC momentum is being driven by a practical mix of cost-competitive land and electricity, proximity to Singapore and, most importantly, strong off-taker demand. Supporting examples include NEXTDC, where its 65MW KL1 facility was fully taken up even before its official launch. DayOne (previously known as GDS International) is also looking to upsize its Series C funding programme, with Malaysia being a key expansion market. Similarly, YTLP has announced plans to scale up its DC planned capacity to 1.2GW from 600MW. PETRA's anticipation of ESA signings to reach 12.9GW by 2030 and 20.9GW by 2040 appears achievable, and may even surpass the target judging from the ESA applications.

Figure #8 Signed ESA continues to rise (GW)



Tenaga, Petra, HLIB Research

Transition yard – a bridging model gaining traction. We note that a growing number of recent DC announcements have been concentrated in the Klang Valley rather than Johor. In our view, this reflects near-term grid capacity constraints in the southern state, rather than a shift in underlying demand. With each PMU carrying finite output capacity (500kV: c.2.8GW; 275kV: c.1.0GW), incremental demand will ultimately require new substations once existing nodes are filled.

In Johor, existing PMUs at Sedenak and Nusajaya are already mostly fully taken, prompting the rollout of "transition yard" solutions as an interim measure. These temporary connections (from overhead grid) bridge the 1.5–2.0 year lead time required for new PMU completion, with the load subsequently migrated back once the new PMU is commissioned. For M&E contractors, this introduces a parallel stream of smaller-ticket jobs (c.RM40–60m), alongside the larger-value PMU contracts (>RM150m).

Figure #9 CLS TAM per PMU

PMU Spec (Input / Output Voltage)	Maximum output	Assumed DC block size	Equivalent CLS opportunities	Indicative value per CLS	Total Addressable market
500kV/275kV	2.8 GW	200MW	14	c.RM120m	RM1.68bn
275kV/132 kV	1.0 GW	99MW	10	c.RM70m	RM700m

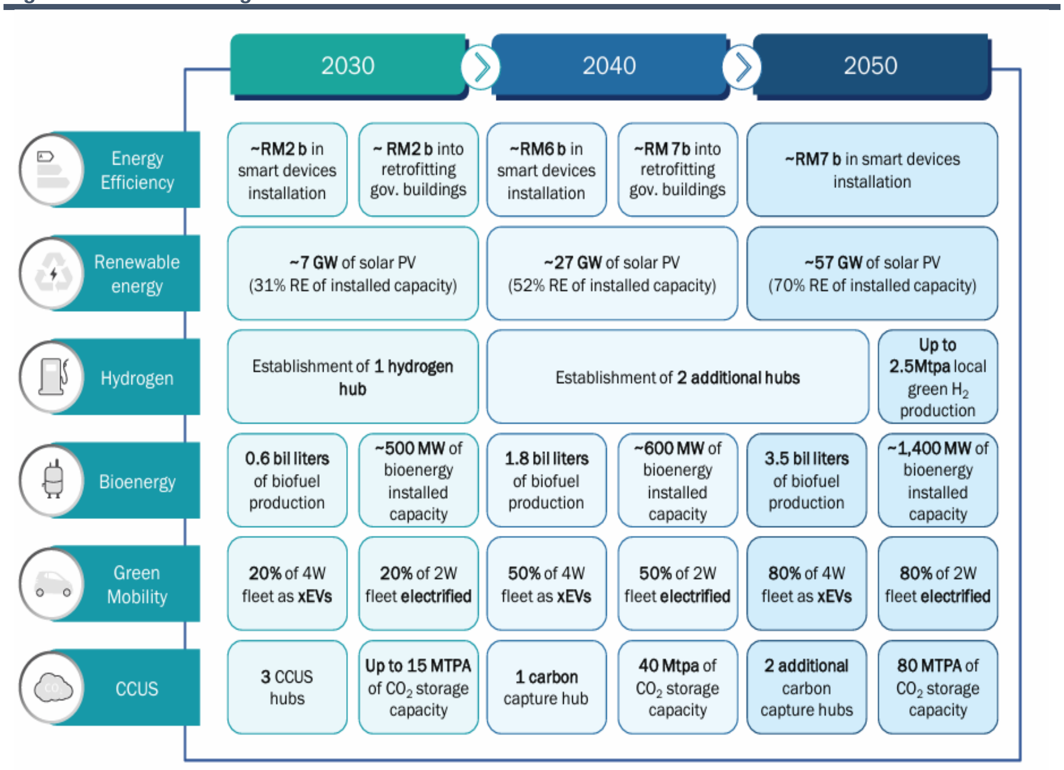
HLIB Research estimate

Big wave of CLS in 2027-2028? Tenaga's plan to build multiple PMUs in the southern DC hotpot (Nusajaya Utara 500kV, Nusajaya Selatan 275kV, Sedenak West 500kv) will provide the new output capacity for the DC operators. As these PMUs come online, this will pave the way for a new wave of DC build-outs and, in turn, a stronger ramp-up in CLS demand. Based on our estimates, one 500kV PMU could translate into up to ~14 CLS opportunities (~200MW per DC block), implying c.RM1.6bn of addressable value per node. Assuming three PMUs are commissioned by 2027–2028, this points to a potential c.RM4.0bn CLS opportunity pipeline by then.

Theme 3: Increasing opportunities from solar

Incremental power infrastructure demand from the solar sector. Strong power demand growth is beginning to compress Malaysia's grid reserve margin, with RE and BESS deployment acting as a near-term bridge before new gas-fired capacity comes onstream. Despite the recent strong award cycle (4GW from LSS5 and LSS5+), Malaysia's energy transition remains in its early innings. Installed solar capacity stood at 4.2GW as at Jul-25, representing 93% of total RE capacity. This sits well below the 57GW target set under the National Energy Transition Roadmap (NETR) by 2050, suggesting ample runway for further solar deployment, particularly as Malaysia's DC pipeline catalyses stronger RE procurement from MNCs.

Figure #10 NETR target



NETR

Each solar plant requires a substation (also known as an "interconnection facility") to charge out the power to the grid through connecting to the nearest PMU. For context, we estimate LSS5+ could generate c.RM480m in substation opportunities and c.RM800m in cable demand. In 2026, job flows from this segment will be mainly driven by LSS5 and LSS5+, while LSS6 and CRESS could translate into contract opportunities by 2027. This adds another layer of demand for M&E contractors and cable manufacturers, on top of the already strong pipeline from Tenaga and DC-related projects.

Figure #11 Potential power infrastructure contract value from LSS5+

	Number of winners: 13	Contract Value
Substation	2 x 275 kV IF	RM150m
	11 x 132 kV IF	RM330m
Power cable	RM400k per MW	RM800m
Total		RM1.2bn

HLIB Research estimates

Scale, funding and market access

Rising financial requirements to deter smaller players. The strong call-up of projects across Tenaga, DC and solar is widening the listed and non-listed gap, with access to capital becoming the key factor in capturing the upcycle. We note a rising wave of fund-raising among power infrastructure names to support working capital (M&E) and capacity expansion (cable makers) to take on more projects. **In our view, this implies that many smaller unlisted players could be facing financial bottlenecks in securing and executing new projects.** Our recent checks with M&E players also suggest that competition in Tenaga's high-voltage space is easing, as larger players shift focus towards pricing discipline rather than aggressively chasing jobs.

Figure #12 Order books and cover ratio

	Order book (RM'm)	Last FY covers
Kee Ming	250	4.0
Jati Tinggi	770	3.9
Critical Holdings	1,080	3.3
MN Holdings	1,717	3.2
UUE Holdings	536	3.2
CBH Engineering	581	2.7
HE Group	280	2.3
Cheeding Holdings	164	1.5
ES Sunlogy	300	0.9

Company data

Tenaga's move to require M&E contractors to procure high-voltage cables – rather than supplying them directly – further raises the financing threshold. For perspective, contractors are only able to bill for cable and equipment supply upon delivery to site, which requires upfront working capital. As such, we believe non-listed players will increasingly face hurdles in securing new jobs due to financial bottlenecks, and expect the next wave of power infrastructure projects from both Tenaga and the private sector to be more concentrated among listed players.

Figure #13 Working capital needs for a 275kV PMU job

Key Assumptions:
EPCC contract value for 275kV PMU: RM180m
Transformer cost: RM72m (40% of the contract)
Subcontractor cost: RM54m (30% of the contract)

At the point of securing LOA

Scenario 1		Scenario 2	
Without Bank Financing		Assuming Banks finance 80% of the performance bond	
Performance bond	RM18m	Performance bond	RM3.6m
Advance payment of subcontractors	RM5.4m	Advance payment of subcontractors	RM5.4m
Downpayment for transformer	RM7.2m	Downpayment for transformer	RM7.2m
Total	RM30.6m	Total	RM16.2m

HLIB Research estimates

Earnings scaling up – paving way for Main Market migration and broader investor reach. Much of the power infrastructure space remains concentrated in ACE-listed names, limiting investor exposure. We think this will gradually shift as earnings scale up and more players migrate to the Main Market. For example, leading M&E player MNH is applying to transfer to the Main Market, with several others having met the profit track record requirement. Smaller names should follow, particularly as job flows increasingly concentrate among listed players. This trend is positive for the sector, in our view, as it broadens institutional participation and supports re-rating potential.

Valuations & recommendation

OVERWEIGHT, but selective. We advocate a targeted exposure to segment leaders with the clearest execution edge and order flow visibility. Our preferred picks, namely **MNH, SCG, UUE and EIPower**, offer differentiated exposure across Tenaga-related works, DC infrastructure and cables, and should be best placed to capture the current capex cycle through stronger orderbook conversion and earnings visibility. We also expect the opportunity set to broaden over time, with second- and third-tier players benefiting as first-tier contractors run into capacity constraints. Overall, we maintain our OVERWEIGHT stance on the sector, underpinned by a multi-year capex upcycle that structurally favours listed players, as rising working capital intensity and funding requirements continue to raise barriers to entry. Maintain BUY on **MNH (TP: RM3.36)** and **SCGBHD (TP: RM2.95)**, and initiate coverage on **EIPower (TP: RM0.88)** and **UUE (TP: RM0.74)** with BUY ratings.

Figure #14 Peers exposure mapping

	Tenaga	Data center	Solar	Semiconductor
MN Holdings	√	√	√	
Jati Tinggi	√	√		
CBH Engineering		√		
UUE Holdings	√	√		
Critical Holdings		√		√
ES Sunlogy	√		√	√
HE Group				√
Kee Ming			√	√
Cheeding Holdings	√			

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Peer comparison table

Stock	Market cap (RM m)	Price (RM)	Target (RM)	Rating	FYE	P/E (x) CY26f	P/E (x) CY27f	P/B (x) CY26f	P/B (x) CY27f	DY (%) CY26f	DY (%) CY27f
M&E Contractors											
MNH	1928	2.89	3.36	BUY	June	19.6	17.3	5.8	4.4	0.0	0.0
CBH	1260	0.67	N/A	N/A	Dec	16.3	14.9	4.6	3.6	0.3	0.4
UUE	443	0.49	0.74	BUY	Feb	18.7	14.2	2.8	2.4	0.0	0.0
JTGROUP	261	0.59	N/A	N/A	Nov	13.1	9.2	2.5	2.4	2.3	3.3
Cable Manufacturers											
OSK	6129	1.95	2.85	BUY	Dec	9.8	8.9	0.8	0.8	3.3	3.6
SCGBHD	2955	2.34	2.95	BUY	Dec	20.2	17.5	3.4	2.9	0.8	0.9
MTEC	1000	0.98	N/A	N/A	Dec	N.A	N.A	N.A	N.A	0.0	0.0
MEP Contractors											
CHB	561	1.51	N/A	N/A	June	19.0	12.2	6.3	6.3	1.1	1.4
SUNLOGY	229	0.52	N/A	N/A	June	13.0	11.8	2.6	2.2	0.0	0.0
HEGROUP	203	0.29	N/A	N/A	Dec	N.A	N.A	N.A	N.A	0.0	0.0
Others											
EI Powers	466	0.67	0.88	BUY	Dec	18.8	15.0	4.4	3.5	0.0	0.0

MN Holdings

HLIB Research PP 9484/12/2012 (031413)
3 July 2026
Company update

Leader in the M&E space

MNH remains our preferred pick among the larger-cap M&E names within the sector. The group's deep experience across Tenaga, DC and solar gives it a more complete exposure than most listed M&E peers. Its targeted CP/Sukuk facilities should ease funding constraints and strengthen its ability to take on larger projects. Importantly, we see scope for upward earnings revisions to our FY27-FY28 forecasts, which currently embed some conservatism for potential project delays. Maintain BUY with a higher TP of RM3.36 (from RM3.28), based on 22x FY27 fully diluted EPS.

The cleanest proxy to the power infrastructure cycle. We see MNH as the prime beneficiary of the power infrastructure upcycle, backed by its strong execution track record across the mentioned three key themes – Tenaga, DC and solar. Its deep experience in delivering MV-HV substations and UUE works across these segments gives MNH a more complete exposure than most listed M&E peers, making it one of our preferred names. In DC, its track record in completing fast-tracked Chinese customer projects ahead of schedule is now translating into wins from Western DC customers. Tenaga's upcoming 500kV PMU wave should provide another growth avenue, supported by MNH's prior Tenaga wins and stronger financial capacity. In solar, MNH has established relationships with major EPCC players such as Samaiden and ERS.

Debottlenecking with debt. The market concern is no longer whether MNH has enough project opportunities, but whether it has the capacity to take on more jobs. In our view, the bottleneck is more financial than operational, given the need for performance bonds, supplier down-payments and subcontractor mobilisation costs. Management indicated that equity dilution is not the preferred route, with funding needs more likely to be addressed through the debt capital market. The targeted combination of commercial paper and Sukuk facilities of up to RM1bn should help ease working capital constraints for newly secured projects. MNH's recent equity and debt raising moves validate our earlier view that listed M&E contractors with stronger balance sheets and access to funding are better positioned than unlisted players to capture the current project upcycle.

Earnings upside still open. MNH's record RM1.7bn orderbook as at May-26 puts the group on track to deliver another record earnings in FY27. We see scope for revenue upside versus our RM1.06bn FY27 forecast, which already builds in some buffer for potential project delays. Smoother execution could therefore translate into upward revisions to our revenue and earnings forecasts, especially with 70% of the current orderbook, or RM1.19bn, expected to be delivered within FY27. We also see room for upside surprise to our RM650m FY27-28 orderbook replenishment assumption, especially since a single 500kV PMU job could exceed RM500m, on top of strong opportunities in DC and solar.

Forecast. Unchanged

Maintain BUY with a higher TP of RM3.36. We roll over our valuation base year to FY27, resulting in a higher TP of RM3.36 (from RM3.28) based on 22x fully diluted EPS. The valuation multiple is in line with what we apply to SCGBHD and sits within global power-related peers. All in, we favour the group for its strong exposure to high-growth sectors such as solar and DC. Additionally, MNH is well-positioned as a proxy to Malaysia's rising power demand and stands to benefit from Tenaga's capex upcycle.

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BUY (Maintain)

Target price (TP):	**RM3.36**
Previous TP:	RM3.28
Current price:	**RM2.89**

Capital upside	16.2%
Dividend yield	0.0%
Total expected return	16.2%

Sector classification

Power infrastructure

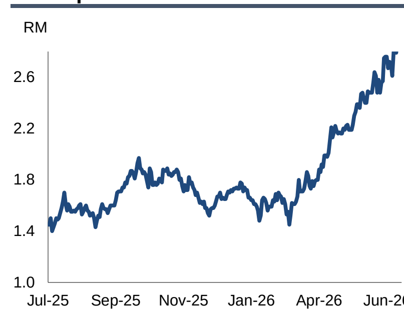
Company description

MN Holdings (MNH) is principally engaged in the provision of underground utilities and substation engineering services and solutions

Major shareholders

Toh Eng Keat	15.2%
Loy Siong Hay	13.4%
Dang Siong Diang	6.1%

Share price chart



Stock information

Bloomberg ticker	MNHLDG MK
Bursa stock code	0245
Issued shares (m)	667
Market capitalisation (RM m)	1,928
3M average volume ('000)	5,507
Shariah compliant	Yes
FTSE Russell ESG rating	N.A

Core earnings summary

FYE Jun	FY25	FY26f	FY27f
PATMI (RM m)	62.3	105.6	113.6
EPS (sen)	8.4	14.2	15.3
P/E (x)	34.5	20.3	18.9

Financial forecast table

Balance Sheet

FYE June (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	41.5	105.7	120.9	146.0	227.5
Receivables	55.9	113.7	195.2	296.1	349.2
Contract Asset	89.5	140.4	232.6	266.3	314.0
PPE	7.4	8.8	7.6	5.9	3.9
Others	11.9	24.1	23.8	23.6	23.3
Assets	**206.2**	**392.7**	**580.1**	**737.9**	**917.9**
Payables	55.6	119.6	201.4	245.7	291.0
Debt	19.8	9.1	9.1	9.1	9.1
Others	12.5	69.3	69.3	69.3	69.3
Liabilities	**87.9**	**198.0**	**279.8**	**324.1**	**369.4**
Shareholder's equity	118.4	194.6	300.3	413.8	548.4
Minority interest	0.0	0.0	1.0	2.0	3.0
Equity	**118.4**	**194.6**	**300.3**	**413.8**	**548.4**

Cash Flow Statement

FYE June (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	24.7	68.5	139.5	150.0	177.8
D&A	3.5	3.1	4.6	5.0	5.4
Working capital	-34.6	-12.2	-91.9	-90.4	-55.4
Taxation	-7.6	-20.3	-33.9	-36.5	-43.2
Others	5.8	25.0	0.0	0.0	0.0
CFO	**-8.2**	**64.1**	**18.3**	**28.1**	**84.6**
Capex	-3.3	-4.1	-3.1	-3.1	-3.1
Others	0.6	-19.6	0.0	0.0	0.0
CFI	**-2.8**	**-23.7**	**-3.1**	**-3.1**	**-3.1**
Shares issued	28.4	23.3	0.0	0.0	0.0
Dividends	0.0	-0.7	0.0	0.0	0.0
Others	6.2	-8.9	0.0	0.0	0.0
CFF	**34.6**	**13.7**	**0.0**	**0.0**	**0.0**
Beginning Cash	20.5	41.5	105.7	120.9	146.0
Net cash flow	**23.7**	**54.1**	**15.3**	**25.0**	**81.5**
Others	-2.8	10.1	0.0	0.0	0.0
Endinh Cash	41.5	105.7	120.9	146.0	227.5

Income Statement

FYE June (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	256.2	540.4	895.4	1065.4	1256.2
EBITDA	29.6	73.3	145.8	151.9	185.3
EBIT	26.1	70.2	141.2	151.9	179.9
Profit before tax	24.7	68.5	139.5	150.0	177.8
Tax	-7.6	-20.3	-33.9	-36.5	-43.2
Net profit	17.2	48.2	105.6	113.6	134.6
Minority interest	0.0	0.0	0.0	0.0	0.0
Reported PATMI	17.2	48.2	105.6	113.6	134.6
Exceptionals	1.9	0.0	0.0	0.0	1.0
Core PATMI	**19.1**	**62.3**	**105.6**	**113.6**	**134.6**
Consensus core PATMI			102.2	122.2	134.7
HLIB/ Consensus			103%	93%	100%

Valuation & Ratios

FYE June (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	2.6	8.4	14.2	15.3	18.1
P/E (x)	112.5	34.5	20.3	18.9	15.9
DPS (sen)	0.0	0.3	0.0	0.0	0.0
Dividend yield (%)	0.0	0.1	0.0	0.0	0.0
BVPS (RM)	0.2	0.3	0.4	0.6	0.7
P/B (x)	18.1	11.0	7.1	5.2	3.9
EBITDA margin (%)	11.6	13.6	16.3	14.3	14.7
EBIT margin (%)	10.2	13.0	15.8	14.3	14.3
PBT margin (%)	9.6	12.7	15.6	14.1	14.2
Net margin (%)	7.45	11.52	11.80	10.66	10.72
ROE (%)	16.1	32.0	35.2	27.4	24.5
ROA (%)	9.3	15.9	18.2	15.4	14.7
Net gearing	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Assumptions

FYE June (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Order replenishment	-	-	1250	650	650

Southern Cable Group

HLIB Research PP 9484/12/2012 (031413)
3 July 2026
Company update

Preferred cable proxy

SCGBHD remains our preferred pick within the power cable space. The group stands out with the largest capacity and one of the most complete LV-HV product portfolios, positioning it to capture demand across Tenaga, DC and solar. We also expect the growing MV-HV cable mix to become another earnings driver, supported by better pricing amid limited competition in the segment. Its planned capacity expansion to 65k km/year in 2027 (vs 55k km/year currently) should support both domestic demand and the US export growth runway. Maintain BUY with a higher TP of RM2.95 (from RM2.59), based on 22x FY27F EPS.

Leading cable proxy to the power infrastructure cycle. MIDA's import restrictions on power cables (up to 33kV), unless local variants or capacity are unavailable, places Malaysian cable manufacturers in a strong position to benefit from the power infrastructure wave. Among them, SCGBHD stands out with the largest capacity and one of the most complete LV-HV product portfolios, positioning the group to capture demand across Tenaga, DC and solar. Its in-house aluminium and copper furnaces also provide better production control and cost competitiveness, which is particularly relevant for fast-tracked DC jobs that require shorter delivery timelines. Within Tenaga, SCGBHD holds the top three market share under the 1+1 LT framework.

Capacity expansion. SCGBHD's planned capacity expansion will raise total capacity by c.18% from the current level to 65k km/year by FY27 through its newly built Plants A and B. Within these new plants, two new CCV lines (from current four) will lift MV-HV output and enable the group to produce 275kV power cables, which are likely to be qualified and commercialised in 2028. Separately, LV capacity expansion will support the US export business, which we estimate contributed c.9.8% of FY25 sales and is targeted to reach 30% over the longer term. SCGBHD currently exports three UL-certified LV products to the US, but we see room for the business to scale through new product applications (i.e. MV or HV) and customer segments.

Better product mix. Product mix improvement is becoming an important earnings driver for SCGBHD as MV-HV cable demand continues to grow. The group's MV-HV sales mix rose to c.36% in FY25 from 30% in FY24, and we see room for this mix to rise further on the back of growing solar and DC projects. In our view, the runway is more pronounced in HV space, where local supply remains limited to only three players – Power Cable, SCGBHD and OSK. Additionally, its planned expansion into 1,800 sq mm 132kV cables (vs current up to 800 sq mm) in 2H26 should strengthen its ability to capture DC demand, where larger conductor sizes are needed to support higher power load. A potential future restriction on 132kV cable imports, once local capacity ramps up, would be an additional upside catalyst for local cable players.

Forecast. Unchanged

Maintain BUY with a higher TP of RM2.95. We roll over our valuation base year to FY27, resulting in a higher TP of RM2.95 (from RM2.59) based on 22x FY27F fully diluted EPS. Overall, we like SCGBHD for its leading position in the power cable business in Malaysia. The growing power demand and the dropout of a major competitor bodes well for the group to capture more market share. While higher polymer prices could weigh on 2H26 margins, we believe this risk is largely understood by the market, with potential cushion from stronger HV cable sales and possible repricing by utility customers.

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BUY (Maintain)

Target price (TP):	RM2.95
Previous TP:	RM2.59
Current price:	RM2.34

Capital upside	26.0%
Dividend yield	0.9%
Total expected return	26.9%

Sector classification

Power infrastructure

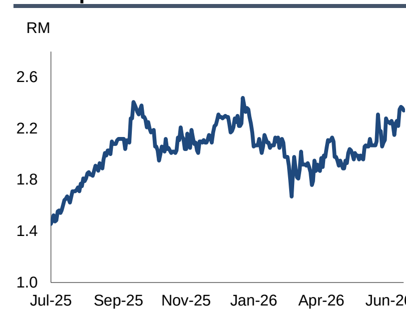
Company description

Southern Cable Group (SCGBHD) is a manufacturer of cables and wires used for power distribution and transmission, communications, building and construction, infrastructure, and manufacturing.

Major shareholders

Sino shield Sdn Bhd	26.0%
Employees Provident Fund	9.2%
Manulife Financial Corp	4.6%

Share price chart



Stock information

Bloomberg ticker	SCGBHD MK
Bursa stock code	0225
Issued shares (m)	1,263
Market capitalisation (RM m)	2,955
3M average volume ('000)	6,461
Shariah compliant	Yes
FTSE Russell ESG rating	★★★

Core earnings summary

FYE Dec	FY25	FY26f	FY27f
PATMI (RM m)	140.5	151.3	174.6
EPS (sen)	10.8	11.6	13.4
P/E (x)	21.7	20.1	17.5

Financial forecast table

Balance Sheet

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Cash	83.2	254.0	326.4	374.2	467.6
Receivables	315.3	498.7	540.1	621.1	677.0
Inventories	183.7	210.8	228.3	262.5	286.2
PPE	81.9	126.5	144.1	160.2	174.9
Others	57.1	62.7	61.0	59.2	57.4
Assets	**721.2**	**1152.8**	**1299.8**	**1477.3**	**1663.1**
Payables	89.8	124.2	135.0	155.3	169.3
Debt	215.7	235.7	235.7	235.7	235.7
Others	13.9	41.9	41.9	41.9	41.9
Liabilities	**319.4**	**401.8**	**412.6**	**432.9**	**446.9**
Shareholder's equity	401.8	751.0	887.2	1044.4	1216.2
Equity	**401.8**	**751.0**	**887.2**	**1044.4**	**1216.2**

Cash Flow Statement

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Profit before taxation	92.3	177.2	199.1	229.8	251.2
D&A	11.1	14.3	15.7	17.2	18.6
Working capital	-83.3	-166.7	-48.0	-95.0	-65.5
Taxation	-17.2	-32.8	-47.8	-55.1	-60.3
Others	8.3	18.1	0.0	0.0	0.0
CFO	**11.3**	**10.1**	**119.0**	**96.8**	**144.0**
Capex	-49.2	-61.8	-31.5	-31.5	-31.5
Others	0.0	-130.5	0.0	0.0	0.0
CFI	**-49.2**	**-192.3**	**-31.5**	**-31.5**	**-31.5**
Shares issued	1.0	2.0	3.0	4.0	5.0
Dividends	-13.1	-20.4	-15.1	-17.5	-19.1
Others	36.7	243.0	-3.0	-4.0	-5.0
CFF	**24.6**	**224.6**	**-15.1**	**-17.5**	**-19.1**
Net cash flow	**-13.3**	**42.4**	**72.3**	**47.8**	**93.4**
Others	0.5	128.4	0.0	0.0	0.0
Beginning cash	96.0	83.2	254.0	326.4	374.2
Ending cash	83.2	254.0	326.4	374.2	467.6

Income Statement

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Revenue	1347.0	1759.7	1905.7	2191.6	2388.8
EBITDA	113.0	204.2	227.5	259.7	282.6
EBIT	101.9	189.9	211.8	242.5	263.9
Profit before tax	92.3	177.2	199.1	229.8	251.2
Tax	-20.0	-45.8	-47.8	-55.1	-60.3
Net profit	72.3	131.4	151.3	174.6	190.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Reported PATMI	**72.3**	**131.4**	**151.3**	**174.6**	**190.9**
Exceptionals	1.8	9.0	0.0	0.0	0.0
Core PATMI	74.1	140.5	151.3	174.6	190.9
Consensus core PATMI			156.0	185.0	N.A
HLIB/ Consensus			97%	94%	N.A

Valuation & Ratios

FYE Dec	FY24	FY25	FY26F	FY27F	FY28F
Core EPS (sen)	5.7	10.8	11.6	13.4	14.7
P/E (x)	41.1	21.7	20.1	17.5	16.0
DPS (sen)	0.8	1.8	1.9	2.2	2.4
Dividend yield (%)	0.3%	0.8%	0.8%	0.9%	1.0%
BVPS (RM)	0.31	0.58	0.68	0.80	0.93
P/B (x)	7.6	4.1	3.4	2.9	2.5
EBITDA margin	8.4%	11.6%	11.9%	11.8%	11.8%
EBIT margin	7.6%	10.8%	11.1%	11.1%	11.0%
PBT margin	6.9%	10.1%	10.4%	10.5%	10.5%
Net margin	5.5%	8.0%	7.9%	8.0%	8.0%
ROE	18.4%	18.7%	17.1%	16.7%	15.7%
ROA	10.3%	12.2%	11.6%	11.8%	11.5%
Net gearing	33%	Cash	Cash	Cash	Cash

EI Power

HLIB Research PP 9484/12/2012 (031413)
3 July 2026
Initiating coverage

A niche DC proxy

We initiate coverage on EIPower with TP of RM0.88, based on 20x FY27 EPS. We see EIPower as a niche DC proxy, with rising DC buildout driving higher backup power complexity and larger project sizes. Its track record in serving Chinese, western and local DC players is a key competitive edge, as DC owners tend to prioritise delivery certainty over pricing. Successful penetration into Thailand's DC market could be a re-rating catalyst, positioning EIPower as one of the few Bursa-listed names with DC exposure beyond Malaysia. We project EIPower's FY26/27/28 core net profit to grow by 30%/25%/19%, translating into a 3-year CAGR of 25%.

Niche DC proxy in backup power systems. We see EIPower as a unique name with niche exposure to the DC theme. Its anchor business is mission-critical power solutions (86% of FY25 revenue), which covers EPCC works for diesel generation and fuel distribution systems. In simple terms, the group builds the core infrastructure that allows gensets to operate as part of a redundant power system in DC. The group is also involved in conventional power solutions (6.9%) and renewable energy power solutions (6.8%).

Backup power complexity rising with larger project sizes. DC's backup power is no longer just for safety system, but to prevent server downtime during grid outages. This, coupled with significantly higher power demand in DCs, drives a much larger scale of diesel genset deployment compared with conventional buildings. The implication for EIPower amid the DC wave is straightforward – DCs lift the contract value per project and support better margins, given the higher complexity of genset integration and fuel distribution systems. For context, contract values for DC average at RM15-20m; this scale is rarely seen in residential or conventional industrial projects (RM2-5m).

Riding on Malaysia DC wave. Since securing its first DC job in Bukit Jalil back in 2021, EIPower has built execution track record across Chinese hyperscalers (fast-tracked projects), Western DC operators (higher redundancy requirements) and local DC operators (Nvidia Cloud Partners). We see this as a key competitive edge, as DC owners tend to prioritise delivery certainty over pricing, given the high cost of execution delays. With Malaysia's ESA signing momentum still strong, we expect EIPower to benefit from the continued expansion of data centre capacity. PETRA's expectation for ESA signings to reach 12.9GW by 2030 and 20.9GW by 2040 points to a longer runway for the group.

Growing Thailand DC market. Outside Malaysia, we see EIPower's move into Thailand's DC market as a potential upside driver. Thailand has emerged as another key DC hotspot in SEA, with c.1.4GW of projects approved in 2025 (vs Malaysia's c.1.6GW). More importantly, we note that some of the approved DC projects in Thailand are names that are already EIPower's recurring customers in Malaysia. This gives the group a better chance of securing follow-on work. In our view, successful execution in Thailand would make EIPower one of the few Bursa-listed names with direct DC exposure outside Malaysia – a profile not commonly seen among local M&E contractors and cable players.

Forecast. We project EIPower's FY26/FY27/FY28 core net profit to grow by 30%/25%/19%, translating into a strong 3-year CAGR of 25%. The growth is expected to be predominantly driven by DC order wins, with our forecasts assuming orderbook replenishment of RM160m/RM180m/RM200m over FY26-FY28.

Initiate BUY with a TP of RM0.88. We initiate coverage on EIPower with a TP of RM0.88 based on 20x P/E pegged to FY27f EPS of 4sen. The multiple represents a slight discount to MNH and SCG's 22x, reflecting EIPower's smaller market cap and earnings base. That said, we believe the premium to general MEP peers is warranted, given its strong DC exposure and superior margin profile within a niche segment

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BUY (Initiate)

Target price (TP):	**RM0.88**
Previous TP:	N.A
Current price:	**RM0.66**

Capital upside	32.3%
Dividend yield	0.0%
Total expected return	32.3%

Sector classification

Power infrastructure

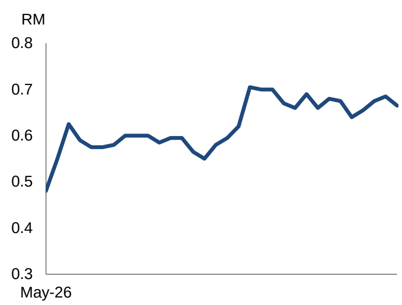
Company description

EI Power (EIPower) is involved in the EPCC of diesel generation and fuel distribution systems, serving mainly DC, industrial and commercial customers.

Major shareholders

Energy Ikon	51.0%
Siew Wei Foo	11.3%
Chin Khoon Wira Ooi	6.5%

Share price chart



Stock information

Bloomberg ticker	EIPOWER MK
Bursa stock code	0453
Issued shares (m)	700
Market capitalisation (RM m)	466
3M average volume ('000)	N.A
Shariah compliant	Yes
FTSE Russell ESG rating	N.A

Core earnings summary

FYE Dec	FY25	FY26f	FY27f
PATMI (RM m)	19.3	24.7	31.0
EPS (sen)	2.8	3.5	4.4
P/E (x)	24.1	18.8	15.0

Financial forecast table

Balance Sheet

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Cash	3.4	6.2	84.4	94.7	129.7
Receivables	33.5	21.5	32.2	50.5	55.2
Contract Asset	0.0	4.4	6.6	9.3	10.1
PPE	0.5	0.9	5.2	17.8	15.3
Others	1.0	14.4	14.5	14.5	14.5
Assets	**38.3**	**47.3**	**142.8**	**186.8**	**224.7**
Payables	11.8	16.1	27.3	40.3	44.0
Debt	10.8	7.5	7.5	7.5	7.5
Others	1.2	3.9	3.9	3.9	3.9
Liabilities	**23.8**	**27.5**	**38.7**	**51.7**	**55.4**
Shareholder's equity	14.5	19.8	104.1	135.1	169.3
Minority interest	0.0	0.0	1.0	2.0	3.0
Equity	**14.5**	**19.8**	**104.1**	**135.1**	**169.3**

Cash Flow Statement

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Profit before taxation	12.0	25.6	29.1	40.8	45.0
D&A	0.4	0.4	0.8	2.3	3.6
Working capital	-7.4	-2.0	-1.8	-8.0	-1.8
Taxation	-3.0	-6.3	-7.0	-9.8	-10.8
Others	-0.3	1.3	0.0	0.0	0.0
CFO	**1.8**	**19.1**	**21.1**	**25.3**	**35.9**
Capex	-0.1	-0.3	-5.0	-15.0	-1.0
Others	-7.3	2.2	0.0	0.0	0.0
CFI	**-7.3**	**1.9**	**-5.0**	**-15.0**	**-1.0**
Shares issued	0.0	0.0	62.2	0.0	0.0
Dividends	-3.0	-14.0	0.0	0.0	0.0
Others	3.7	-4.2	0.0	0.0	0.0
CFF	**0.7**	**-18.2**	**62.2**	**0.0**	**0.0**
Beginning Cash	8.2	3.4	6.2	84.4	94.7
Net cash flow	**-4.9**	**2.8**	**78.2**	**10.3**	**34.9**
Others	0.0	0.0	0.0	0.0	0.0
Endinh Cash	3.4	6.2	84.4	94.7	129.7

Income Statement

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	50.4	77.4	116.5	164.8	180.0
EBITDA	12.4	26.1	29.9	40.8	48.6
EBIT	12.0	25.6	29.1	40.8	45.1
Profit before tax	12.0	25.6	29.1	40.8	45.0
Tax	-3.0	-6.3	-7.0	-9.8	-10.8
Net profit	9.1	19.3	22.1	31.0	34.2
Minority interest	0.0	0.0	0.0	0.0	0.0
Reported PATMI	9.1	19.3	22.1	31.0	34.2
Exceptionals	0.0	0.0	2.6	0.0	0.0
Core PATMI	**9.1**	**19.3**	**24.7**	**31.0**	**34.2**
Consensus core PATMI			-	-	-
HLIB/ Consensus			N.A	N.A	N.A

Valuation & Ratios

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Core EPS (sen)	1.3	2.8	3.5	4.4	4.9
P/E (x)	51.4	24.1	18.8	15.0	13.6
DPS (sen)	0.0	0.3	0.0	0.0	0.0
Dividend yield (%)	0.0	0.4	0.0	0.0	0.0
BVPS (RM)	0.0	0.0	0.1	0.2	0.2
P/B (x)	32.1	23.5	4.5	3.4	2.7
EBITDA margin (%)	24.6	33.7	25.7	24.8	27.0
EBIT margin (%)	23.8	33.1	25.0	24.8	25.0
PBT margin (%)	23.8	33.1	25.0	24.8	25.0
Net margin (%)	17.96	25.00	21.24	18.81	19.00
ROE (%)	62.5	97.6	23.8	23.0	20.2
ROA (%)	23.7	40.9	17.3	16.6	15.2
Net gearing	51%	7%	Net Cash	Net Cash	Net Cash

Assumptions

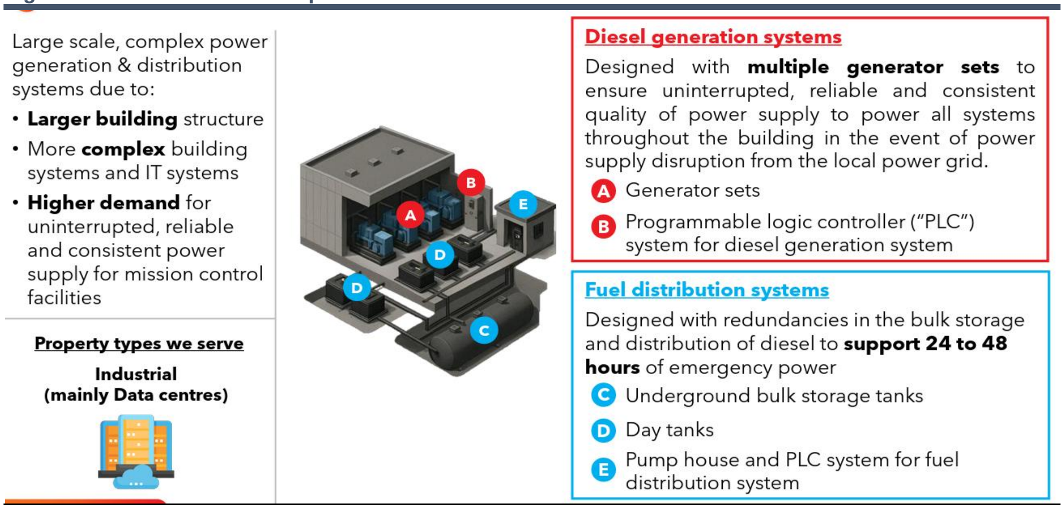
FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Order replenishment	-	-	180	180	180

Company overview

Listed on the ACE Market, EIPower is principally involved in three key segments: (i) mission-critical power solutions, (ii) conventional power solutions and (iii) renewable energy power solutions.

Mission critical power solutions (86.3% of FY25 revenue). This segment represents the group's anchor earnings contributor and has been its fastest-growing segment since FY22. In this segment, EIPower is involved in the EPCC of diesel generation and fuel distribution systems. In simple terms, the group builds the core infrastructure that allows these gensets to operate as part of a redundant power system (Figure#15). This segment mainly serves the DC space, where projects are typically larger in scale and require higher redundancy standards. To date, the group has delivered multiple DC jobs across Peninsular Malaysia, spanning Chinese hyperscalers and western DC operators. To note, EIPower does not supply diesel generator sets to DC projects.

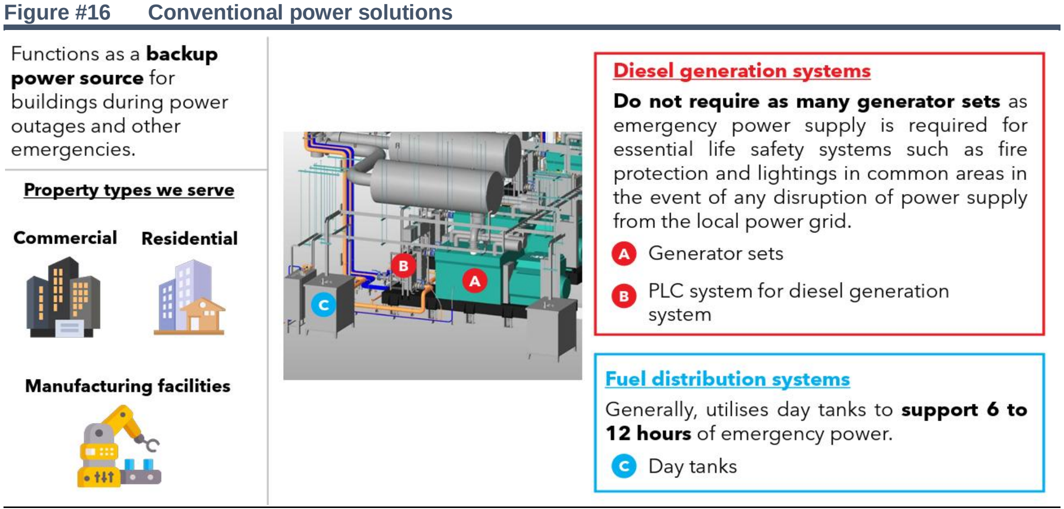
Figure #15 Mission critical power solutions



EI Power

Conventional power solutions (6.9%). This segment mainly serves smaller-scale backup power needs for commercial, industrial and residential buildings. Similar to its mission-critical power solutions segment, EIPower undertakes EPCC works for diesel generation and fuel distribution systems. The group has a strong presence across commercial malls, semiconductor plants and mixed-use developments.

Figure #16 Conventional power solutions



EI Power

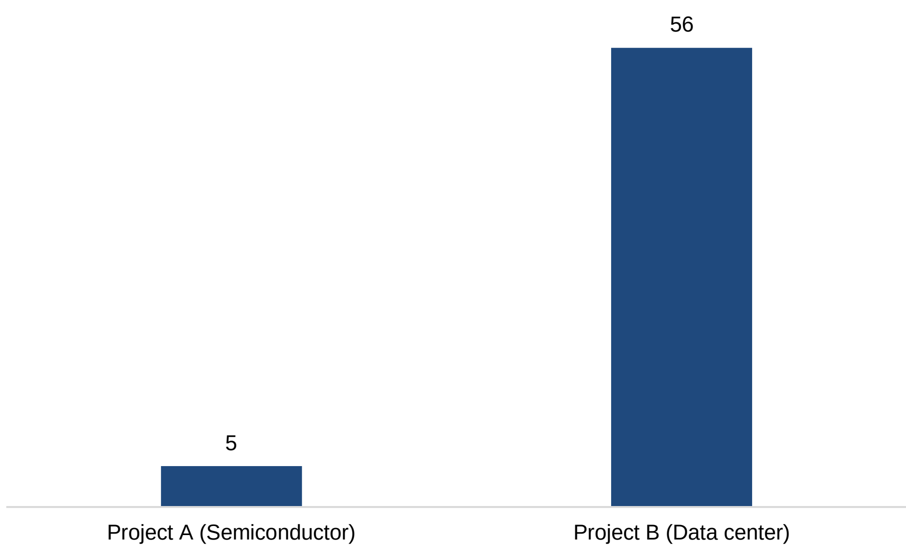
Renewable energy power solutions (6.8%). This segment is mainly involved in EPCC solar panels mounted on the rooftop of commercial & industrial (C&I) buildings. Contribution from this segment has been coming down since FY22 and we see limited growth prospects for this segment given the competitive landscape.

Investment merits

Backup power complexity rising with larger project sizes. Deploying diesel genset as a backup power is not new in Malaysia. Emergency power systems are required under the UBBL framework for hospitals, high-rise buildings, malls, large commercial developments and industrial/manufacturing facilities to keep key life-safety and fire-protection systems running during power outages.

What has changed with the emergence of DCs is the scale of backup power required. DC's backup power not just for safety system, but to prevent server downtime during grid outages. This, coupled with significantly higher power demand in DCs, drives a much larger scale of diesel genset deployment compared with conventional buildings. Tier 4 DCs, which typically adopt 2N or 2N+1 redundancy, further increase the number of gensets required. Longer backup duration of 24-48 hours, compared with 6-12 hours for conventional buildings, also requires larger fuel tanks and more complex fuel distribution systems.

Figure #17 Genset setup comparison – semiconductor plant vs DC



EI Power

The implication for EIPower amid the DC wave is straightforward – DCs lift the contract value per project and support better margins, given the higher complexity of genset integration and fuel distribution systems. For context, contract values for a DC averages at RM15-20m; this scale is rarely seen in residential or conventional industrial projects (RM2-5m), except for larger developments such as the Intel project. Reflecting this, contribution from mission critical power solutions has increased from 21.3% of revenue in FY22 to 86.0% in FY25, with PAT margin expanding alongside to 25.0% from 7.4% over the same period. We see room for this mix to increase further as DC project opportunities continue to outweigh conventional backup power jobs.

Proven DC delivery track record. Since securing its first DC job in Bukit Jalil back in 2021, EIPower has built a solid execution track record across Chinese hyperscalers (fast-tracked projects), western DC operators (higher redundancy requirements) and local DC operators (Nvidia Cloud Partners). We see this as a key competitive edge, as DC owners tend to prioritise delivery certainty over pricing, given the high cost of execution delays. More importantly, EIPower has secured repeat orders from the same Chinese, western and local DC customers for new phases and locations.

We see EIPower benefiting from Malaysia's strong ESA signing momentum. ESAs signed reached 8.3GW as of 1QCY26 (CY23: 2.3GW; CY24: 5.9GW), representing an accelerated 800MW increase in just three months from 7.5GW in Dec-25. PETRA's projection for ESA signings to reach 12.9GW by 2030 and 20.9GW by 2040 points to a larger multi-year opportunity pool for EIPower, especially with our channel checks suggesting ESA applications have already reached c.10GW.

Expanding to Thailand. Leveraging on its DC track record, EIPower is looking to penetrate Thailand's DC market. Thailand has quickly emerged as a key DC hotspot in ASEAN, with total approved DC capacity of 1.4GW in 2025, just behind Malaysia's 1.6GW (Figure #18). The Thai government has also been proactive in attracting DC investments through more attractive incentives, including 100% corporate income tax exemption for 5-8 years versus Malaysia's reduced tax rate. More importantly, some of the approved DC owners are already EIPower's existing customers – we estimate these existing customer-linked DC owners have a combined pipeline of c.300MW.

In our view, successful entry into Thailand could serve as a re-rating catalyst for EIPower. Listed power infrastructure names with direct DC exposure and regional reach remain scarce, and successful overseas penetration would strengthen EIPower's positioning in Bursa Malaysia as a niche DC proxy beyond Malaysia.

Figure #18 Announced DC investments by BOI

Announced on	DC owners	IT Planned	Location
May-26	Skyline Data Center and Cloud Services Co., Ltd (part of the UAE-based DAMAC Group)	200MW	Chachoengsao
	Bridge Data Centres IIO (Thailand) Co., Ltd.	134MW	Chonburi
Jan-26	True Internet Data Center Co., Ltd	223MW	Chonburi and Samut Prakan
	GSA Data Center 05 Co., Ltd	120mw	Rayong and Samut Prakan
	Stellar DC Co., Ltd	25MW	Bangkok
	Freyr Technology (Thailand) Co., Ltd	N.A	Rayong and Samut Prakan
Nov-25	Telehouse (Thailand) Co., Ltd	12MW	Bangkok
	Vistas Technology Co., Ltd (ZDC)	80MW	Chonburi Province
	NextGen Data Center and Cloud Services Co., Ltd.	84MW	Pathum Thani
	Zenith Data Center and Cloud Services Co., Ltd	200MW	Pathum Thani
Jun-25	Stratus Technology Co., Ltd.	203MW	Rayong Province
May-25	Vistas Technology Co.,Ltd. (Z DC)	50MW	Chonburi Province
	Bridge Data Centres III (Thailand) Co.,Ltd	80MW	Chonburi Province
	Digital Edge DC (Thailand) Co.,Ltd	96MW	Chonburi Province.
	Galaxy Peak Data Center Co.,Ltd.	160MW	Rayong Province
	Galaxy Data Center Pte. Ltd	150MW	Rayong Province.
Mar-25	China's Beijing Haoyang Cloud Data Technology Co., Ltd.	300MW	Rayong Province
	Singapore-based Empyrion Digital	12MW	Bangkok
	GSA Data Center 02 Co., Ltd	35 MW	Chonburi Province

BOI

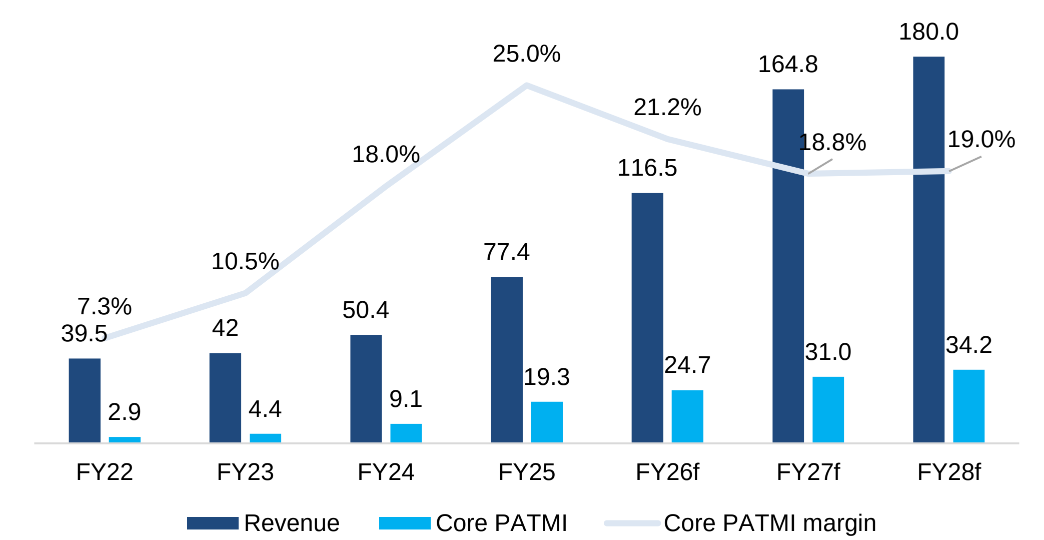
Financials

DCs driving impressive CAGR earnings growth. EIPower's earnings grew at a strong 3-year CAGR of 88% from FY22 to FY25, mainly driven its growing orderbook and better margins. The key driver was higher DC contribution under mission-critical power solutions, where revenue mix rose from 21.3% in FY21 to 86.3% in FY25. This also lifted its PAT margin to 25.0% in FY25, from 7.4% in FY21.

Buoyant orderbook and tenderbook. As of Jun-26, EIPower's orderbook stood at a record high of RM222.5m, with more than 90% tied to the higher-margin mission-critical power solutions segment. These projects typically have a 12-14 month completion timeline, giving the group decent earnings visibility into FY26-FY27. Despite the record orderbook, its tenderbook remains strong at c.RM480m, with 83% from Malaysia and the balance from Thailand.

Strong earnings growth. We project EIPower's FY26/FY27/FY28 core net profit to grow by 30%/25%/19%, translating into a strong 3-year CAGR of 25%. The growth is expected to be predominantly driven by DC order wins, with our forecasts assuming orderbook replenishment of RM160m/RM180m/RM200m over FY26-FY28. We have also conservatively inputted lower margin assumption to account for potential rising competition and a lower burn rate to account for possible project delays.

Figure #19 Projected earnings trend (RM'm)



HLIB Research

Valuation & recommendation

Initiate BUY with a TP of RM0.88. We believe P/E is the most appropriate valuation methodology for EIPower, given its consistent profitability and ability to capture the group's future earnings growth. We ascribe a 20x P/E multiple to EIPower, pegged to FY27 EPS of 4sen, deriving a TP of RM0.88. The multiple represents a slight discount to MNH and SCG's 22x, reflecting EIPower's smaller market cap and earnings base. That said, we believe the premium to general MEP peers is warranted, given its strong DC exposure and superior margin profile within a niche segment. Overall, we see EIPower as a niche proxy to the DC space. Its successful penetration into Thailand could also position the group as one of the few Bursa-listed names with direct DC exposure beyond Malaysia.

UUE Holdings

HLIB Research PP 9484/12/2012 (031413)
3 July 2026
Initiating coverage

Underground utilities specialist

We initiate coverage on UUE with a BUY call and TP of RM0.74, based on 20x FY28 EPS. We see UUE as an up-and-coming underground utilities player well placed to benefit from strong job flows from both Tenaga and the private sector. More importantly, we believe the market's perception of UUE as merely a 33kV-and-below Tenaga distribution capex proxy is misplaced, as the group's exposure to one-off DC-related and HV transmission works has been growing. FY27 will mark UUE's earnings inflection year, as the drag from its Singapore operations subsides and the segment returns to profitability. We project UUE's FY27/FY28/FY29 core net profit to grow by 420%/9%/10%, translating into a strong 3-year CAGR of 71%.

HDPE piping specialist. Unlike larger peers such as MNH and Jati, UUE differentiates itself through its focus on underground utilities works, particularly HDPE pipe installation, which is required before underground cable laying can take place. This segment typically carries better margins and shorter project turnaround compared with the cable-laying portion, though smaller in contract size. Beyond underground utilities, UUE also has an in-house HDPE pipe manufacturing plant, which supports cost control and supply reliability, while its presence in Singapore provides an additional growth avenue outside Malaysia.

Riding the subcontracting spillover. We see UUE as an up-and-coming underground utilities player that is well placed to gain market share amid strong order flow from both Tenaga and the private sector. We highlight that the current landscape, where larger M&E contractors' focus on higher-value substation works, will benefit UUE in two ways – (i) more opportunities in its core 33kV and below segment, and (ii) more HDPE pipe-laying opportunities for HV jobs, as M&E contractors typically subcontract this portion while focusing on larger-value scopes. Our findings suggest that most M&E contractors outsource HDPE pipe-laying works.

Not just a distribution spending proxy. In our view, the market perception of UUE as a 33kV-and-below Tenaga distribution spending proxy is misplaced. We highlight that the group's exposure to one-off projects has grown, including DC-related and HV transmission works. For context, UUE's one-off project orderbook mix increased from 13% in Feb-25 to 27% in Feb-26

Earnings from Singapore to turnaround. We believe UUE is entering an earnings inflection point in FY27, with its Singapore segment as the key driver. To recap, UUE's Singapore operations were a drag in FY25 due to permit delays. This issue has gradually subsided, with permits secured from 3QFY26 onwards. With five out of 10 Singapore teams deployed in 4QFY25, the segment managed to break even during the quarter. We expect contribution to improve in the coming quarters, as all 10 teams have been fully deployed since Jun-26. Backed by an unbilled orderbook of c.RM161m, we expect its Singapore revenue recognition to gain traction from here.

Forecast. We project UUE's FY27/FY28/FY29 core net profit to grow by 420%/9%/10%, translating into a strong 3-year CAGR of 71%. The growth is expected to be predominantly driven by stronger execution in Malaysia and Singapore, with our forecasts assuming orderbook replenishment of RM160m/RM180m/RM180m over FY26-FY28.

Initiate BUY with a TP of RM0.74. We initiate coverage on UUE with a TP of RM0.74 based on 20x P/E pegged to FY28f EPS of 3.7sen. The multiple represents a slight discount to MNH and SCG's 22x, reflecting UUE's smaller market cap and earnings base. That said, we believe the premium to general MEP peers is warranted, given its strong Tenaga exposure and superior margin profile.

Sam Jun Kit
jksam@hlib.hongleong.com.my
+603-2083 1723

BUY (Initiate)

Target price (TP):	**RM0.74**
Previous TP:	N.A
Current price:	**RM0.48**

Capital upside	52.5%
Dividend yield	0.0%
Total expected return	52.5%

Sector classification

Power infrastructure

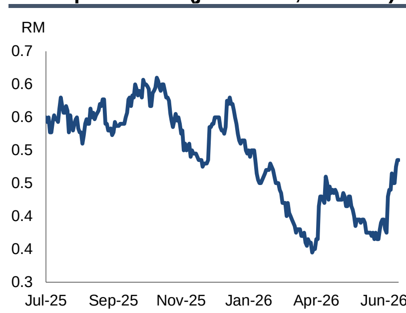
Company description

UUE Holdings (UUE) is principally involved in providing underground utilities engineering solutions for the power and telecommunications sectors in Malaysia and Singapore.

Major shareholders (max 3, min 1)

Hwang Ting Kok	44.9%
Mun Hin Wai	7.2%
Pheng Datuk Ting Meng	6.4%

Share price chart (just stock, no KLCI)



Stock information

Bloomberg ticker	UUE MK
Bursa stock code	0310
Issued shares (m)	912
Market capitalisation (RM m)	443
3M average volume ('000)	1,179
Shariah compliant	Yes
FTSE Russell ESG rating	N.A

Core earnings summary

FYE Feb	FY26	FY27f	FY28f
PATMI (RM m)	7.8	32.9	36.0
EPS (sen)	0.8	3.2	3.5
P/E (x)	64.1	15.2	13.9

Financial forecast table

Balance Sheet

FYE Feb	FY25	FY26	FY27f	FY28f	FY29f
Cash	25.1	15.6	27.1	48.3	72.7
Receivables	48.7	57.4	72.1	81.5	91.2
Contract Asset	64.6	89.7	109.6	119.1	128.4
PPE	23.1	52.8	54.4	55.8	57.0
Others	18.4	14.3	13.4	12.1	11.2
Assets	**179.8**	**229.7**	**276.6**	**316.8**	**360.4**
Payables	20.8	30.4	41.9	45.3	48.6
Debt	30.9	46.6	46.6	46.6	46.6
Others	14.9	19.5	22.0	22.7	23.5
Liabilities	**66.7**	**96.5**	**110.5**	**114.7**	**118.8**
Shareholder's equity	113.1	133.2	166.1	202.1	241.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Equity	**113.1**	**133.2**	**166.1**	**202.1**	**241.7**

Cash Flow Statement

FYE Feb	FY25	FY26	FY27f	FY28f	FY29f
Profit before taxation	30.2	17.4	43.3	47.4	52.0
D&A	4.3	5.0	5.9	5.6	5.4
Working capital	-41.9	-22.7	-22.1	-15.2	-15.3
Taxation	-6.4	-8.3	-10.4	-11.4	-12.5
Others	0.6	14.5	0.0	0.0	0.0
CFO	**-13.1**	**5.9**	**16.8**	**26.4**	**29.7**
Capex	-11.6	-12.6	-5.3	-5.3	-5.3
Others	-0.1	-0.4	0.0	0.0	0.0
CFI	**-11.8**	**-13.1**	**-5.3**	**-5.3**	**-5.3**
Shares issued	28.9	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0
Others	3.7	-3.1	0.0	0.0	0.0
CFF	**32.6**	**-3.1**	**0.0**	**0.0**	**0.0**
Net cash flow	**7.7**	**-10.3**	**11.5**	**21.1**	**24.4**
Forex	-0.4	0.0	0.0	0.0	0.0
Others	-0.3	0.8	0.0	0.0	0.0
Beginning cash	18.1	25.1	15.6	27.1	48.3
Ending cash	25.1	15.6	27.1	48.3	72.7

Income Statement

FYE Feb	FY25	FY26	FY27f	FY28f	FY29f
Revenue	170.0	209.0	288.4	313.5	337.8
EBITDA	51.3	57.3	78.1	79.9	92.4
EBIT	47.0	52.3	72.2	79.9	87.0
Profit before tax	30.2	17.4	43.3	47.4	52.0
Tax	-7.2	-8.2	-10.4	-11.4	-12.5
Net profit	23.0	9.2	32.9	36.0	39.5
Minority interest	0.0	-0.4	-0.4	-0.4	-0.4
Reported PATMI	23.0	9.2	32.9	36.0	39.5
Exceptionals	0.1	-0.1	0.2	0.0	0.0
Core PATMI	**22.9**	**7.8**	**32.9**	**36.0**	**39.5**
Consensus core PATMI			30.5	34.6	39.1
HLIB/ Consensus			108%	104%	101%

Valuation & Ratios

FYE Feb	FY25	FY26	FY27f	FY28f	FY29f
Core EPS (sen)	2.2	0.8	3.2	3.5	3.8
P/E (x)	21.9	64.1	15.2	13.9	12.7
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
BVPS (RM)	0.1	0.1	0.2	0.2	0.2
P/B (x)	4.4	3.8	3.0	2.5	2.1
EBITDA margin	30.2%	27.4%	27.1%	25.5%	27.3%
EBIT margin	27.6%	25.0%	25.0%	25.5%	25.7%
PBT margin	17.8%	8.3%	15.0%	15.1%	15.4%
Net margin	13.5%	3.7%	11.4%	11.5%	11.7%
ROE	20.2%	5.9%	19.8%	17.8%	16.4%
ROA	12.7%	3.4%	11.9%	11.4%	11.0%
Net gearing	0.05	0.23	0.12	Net Cash	Net Cash

Assumptions

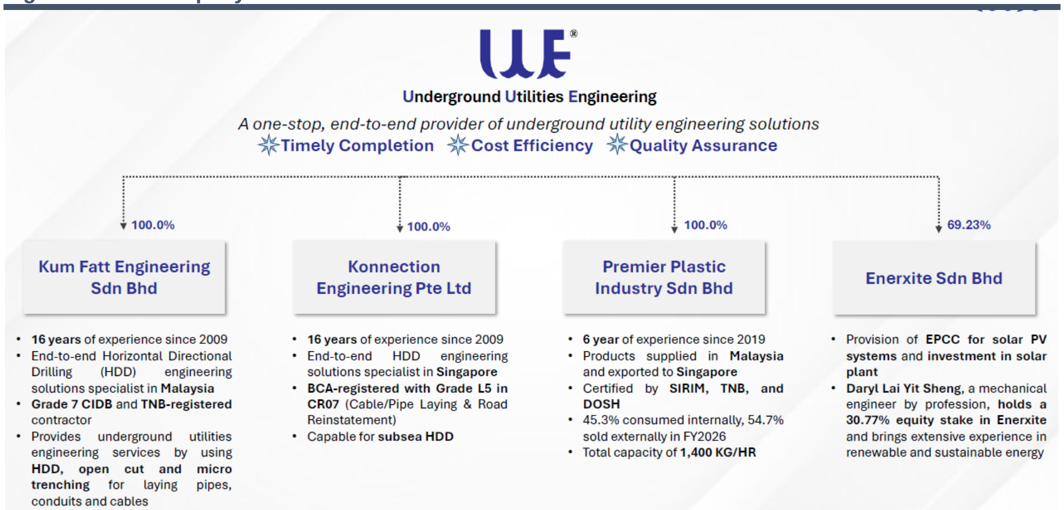
FYE Feb	FY25	FY26	FY27f	FY28f	FY29f
Order replenishment ('m)	-	-	160	180	180

Company overview

Listed on the ACE Market, UUE is principally involved in three key segments: (i) Underground utilities engineering solutions, (ii) Manufacturing and trading of HDPE (High-Density Polyethylene) pipes and (iii) Solar EPCC services.

Underground utilities engineering solutions (89.3% of FY25 revenue). Being the key earnings anchor, UUE is principally involved in EPCC works for underground utilities, mainly serving the power and telecommunications segments. Its customer base includes Tenaga, SP Power Global, CelcomDigi and other telecom players. Within power segment, UUE mainly undertakes HDPE pipe installation works for main contractors under Tenaga's 2+1 bulk order framework. Beyond recurring bulk-order works, the group also has a track record in one-off subcontracting projects on HDPE pipe installation for up to 275kV underground cable in Malaysia. Outside Malaysia, UUE provides similar services under a subcontracting arrangement, with experience in HDPE pipe installation for 230kV and 400kV underground cable projects.

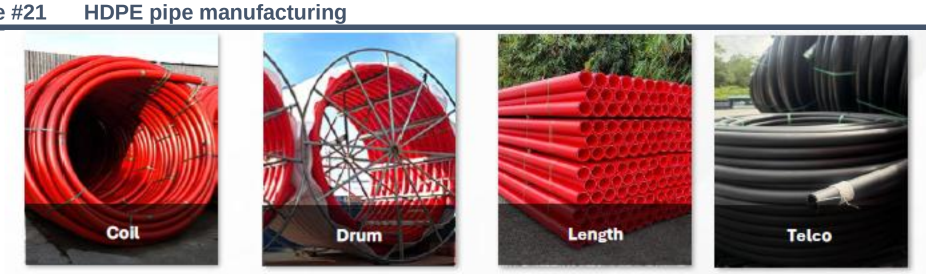
Figure #20 Company structure



UUE

Manufacturing and trading of HDPE pipes (10% of FY25 revenue). This segment complements UUE's main business by improving supply reliability and strengthening cost competitiveness. With one HDPE pipe manufacturing plant in Johor currently, the group has a production capacity of 1.4k kg/hour, covering pipes for both power and telecommunication applications, including sizes suitable for up to 400kV power cable works. About 45% of FY26 output is consumed internally, while the balance is supplied to external M&E contractors.

Figure #21 HDPE pipe manufacturing



UUE

Solar EPCC (0.7% of FY25 revenue). Through 69.2% owned Enerxite Sdn Bhd, this segment is mainly involved in EPCC solar panels mounted on the rooftop for the commercial & industrial (C&I) buildings. We see limited growth prospect for this segment given the competitive landscape.

Investment merits

Riding the subcontracting spillover. We see UUE as an up-and-coming underground utilities player that is well placed to gain market share amid strong order flow from both Tenaga and the private sector. Larger players such as MNH and Jati have started reallocating resources towards substation works and focusing on 132kV and above jobs. This should benefit UUE in two ways – (i) more opportunities in its core 33kV and below segment, where it already has a strong footing, and (ii) more HDPE pipe-laying opportunities for HV jobs, as M&E contractors typically subcontract this portion while focusing on larger-value scopes. We believe the group is well placed to capture these spillover opportunities given its positioning as a HDPE pipe-laying subcontractor. Our compilation below suggests that most M&E contractors outsource HDPE pipe-laying works – a lower-value but critical part of the groundworks.

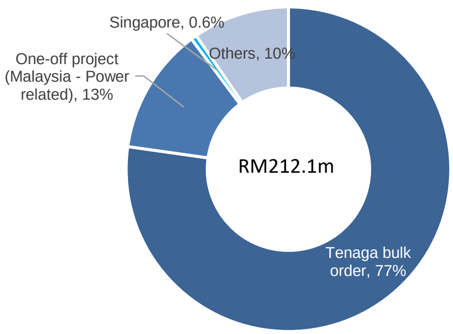
Figure #22 HDPE pipe-laying arrangement among M&E contractors

	HDPE pipe laying capabilities	Work Arrangements
MN Holdings	Yes	Mainly in house
Jati Tinggi	Yes	Combination of in-house and outsourcing
Kee Ming	Yes	Combination of in-house and outsourcing
Rosado	Yes	Mainly outsourcing
CBH	No	Mainly outsourcing
ES Sunlogy	No	Mainly outsourcing
Bintai Kinergy	No	Mainly outsourcing

HLIB Research

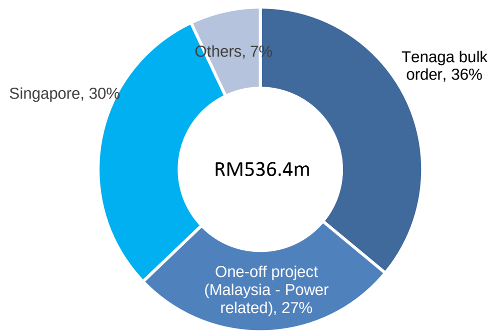
Perception needs to change. In our view, the market's perception of UUE as a 33kV-and-below Tenaga distribution spending proxy is misplaced. We highlight that the group's exposure to one-off projects has grown, including DC-related and HV transmission works. For context, UUE's one-off project orderbook mix increased from 13% in Feb-25 to 27% in Feb-26 – notable given its total orderbook more than doubled over the same period. We highlight that the group has secured several DC-related jobs, including a 275kV HDPE pipe-laying job in 2025 for a western hyperscale DC. Beyond the power segment, UUE has also secured fibre optic HDPE works for DCs in Nusajaya and Kulai.

Figure #23 Order book mix as of Feb-25



HLIB Research, UUE

Figure #24 Order book mix as of Feb-26

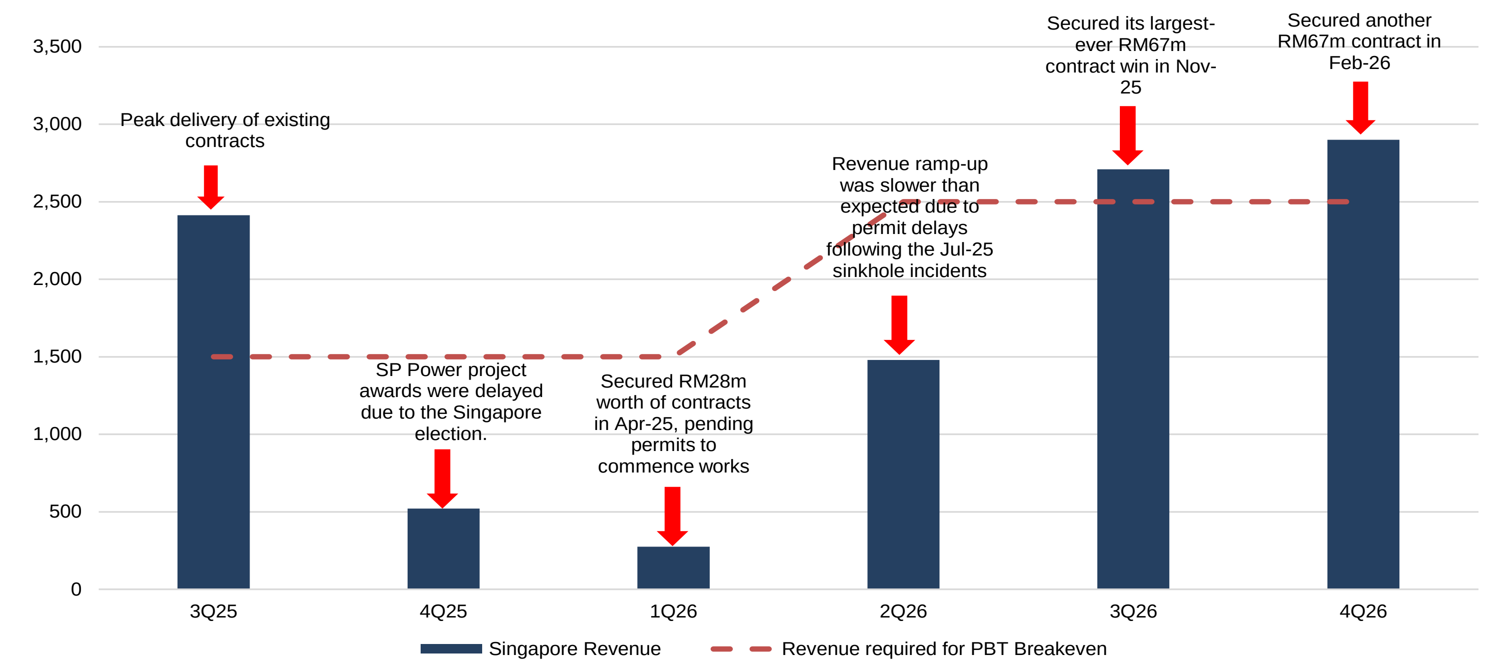


HLIB Research, UUE

Tenaga's plan to groom more local contractors for 132kV and 275kV substation projects could create a new subcontracting channel for UUE. While these smaller substation contractors may be able to take on the main M&E package, some may not have sufficient in-house capability or manpower for HDPE pipe-laying works. This creates room for UUE to penetrate given its track record and its clear positioning as a HDPE pipe-laying player. If successful, this would lift UUE's exposure to higher-voltage transmission-related jobs and improve its project mix beyond the traditional 33kV and below distribution works.

Singapore operations turning the corner. To recap, UUE's Singapore operations were a drag in FY25 due to a combination of project award and permit delays. After peak delivery in 3QFY25, revenue fell into an air pocket in 4QFY25 as SP Power project awards were delayed amid the Singapore election. This persisted until Apr-25, when the group secured RM28m worth of contracts. However, work commencement was slower than expected due to delays in permit approvals. As a result, UUE's 10 Singapore teams were largely idle, weighing on utilisation and earnings throughout FY26.

Figure #25 UUE's Singapore revenue trend (SGD)



**Higher revenue is required to achieve PBT breakeven from 2Q26 onwards mainly due to the expanded scope under new Singapore contracts which carry lower margins.*

HLIB Research

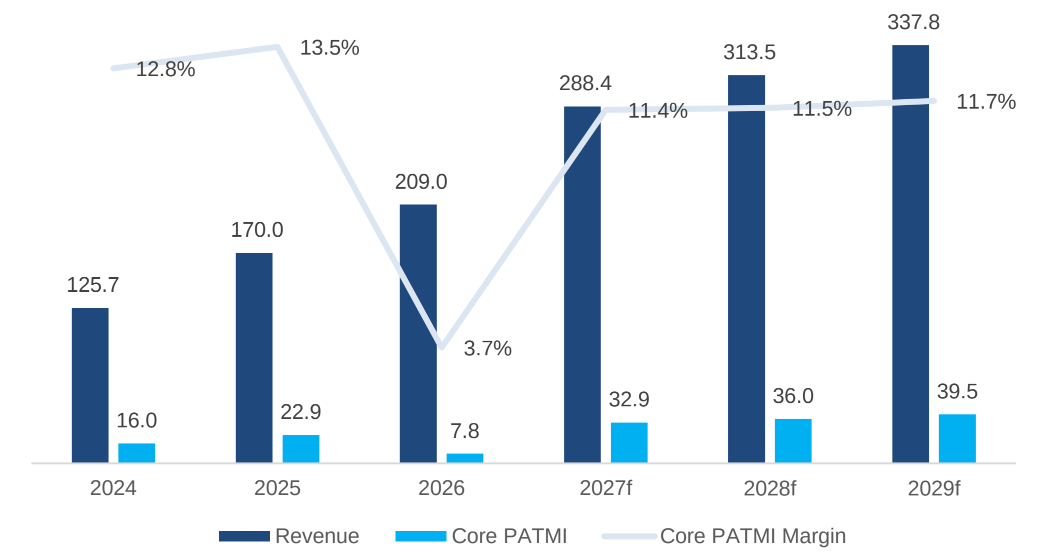
We believe this drag is now easing. Permit approvals have started to flow through from 3QFY26 onwards, allowing UUE to redeploy five out of its 10 Singapore teams in 4QFY26 and bring the segment back to breakeven. With all 10 teams fully deployed since Jun-26, we expect its Singapore contribution to improve in the coming quarters. Backed by an unbilled orderbook of c.RM161m, revenue recognition should gain traction from here. A normalisation in team deployment should support margin recovery, as Singapore works generally command better margins than UUE's core Malaysia operations.

Financials

Inflection point in FY27. After recording a lacklustre FY26 earnings due to losses in Singapore and operation and ESOS costs (RM12.5m), we project UUE's FY27/FY28/FY29 core net profit to grow by 420%/9%/10%, translating into a strong 3-year CAGR of 71%. The growth is expected to be predominantly driven by stronger execution in Malaysia and Singapore, with our forecasts assuming an orderbook replenishment of RM160m, RM180m, and RM180m over FY26-FY28.

Buoyant orderbook. As of Feb-26, UUE's orderbook stood at a record high of RM536.4m, with more than 36% tied to Tenaga bulk contracts, while the remainder is from SP Power, one-off power-related jobs and others. Tenaga bulk contracts are typically structured on a 2+1 basis, where the awarded contract value is drawn down over two years via call-ups, with an option to reissue same contract value once the initial amount is depleted. Other contracts generally run over a 1-2 year period. Its tenderbook stands at RM340m.

Figure #26 Projected earnings trend



HLIB Research

Valuation & recommendation

Initiate BUY with a TP of RM0.74. We believe P/E is the most appropriate valuation methodology for UUE, given its consistent profitability and ability to capture the group's future earnings growth. We ascribe a 20x P/E multiple to UUE, pegged to FY28 fully-diluted EPS of 3.7sen, deriving TP of RM0.74. The multiple represents a slight discount to MNH and SCG's 22x, reflecting UUE's smaller market cap and earnings base. That said, we believe the premium to general MEP peers is warranted, given its strong exposure in Tenaga and superior margin profile. Overall, we see UUE as a strong proxy to Malaysia and Singapore power infrastructure space. We expect FY27 to mark an earnings inflection for UUE, as its Singapore segment turns profitable.

Figure #27 Valuation table

Valuation	Basic	Fully Diluted
FY28 projected after tax earnings (RM'm)	36.0	36.0
+Net Interest savings	-	2.2
Adjusted FY26F projected earnings (RM'm)	36.0	38.2
Number of shares (m)	912.4	912.4
+ Number of warrents (m)	-	121.7
Number of fully diluted shares (m)	912.4	1,034.1
EPS	3.9	3.7
Fair Value (RM)	0.79	0.74

HLIB Research

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Stock rating guide

BUY	Expected absolute return of +10% or more over the next 12 months.
HOLD	Expected absolute return of -10% to +10% over the next 12 months.
SELL	Expected absolute return of -10% or less over the next 12 months.
UNDER REVIEW	Rating on the stock is temporarily under review which may or may not result in a change from the previous rating.
NON RATED	Stock is not or no longer within regular coverage.

Sector rating guide

OVERWEIGHT	Sector expected to outperform the market over the next 12 months.
NEUTRAL	Sector expected to perform in-line with the market over the next 12 months.
UNDERWEIGHT	Sector expected to underperform the market over the next 12 months.

The stock rating guide as stipulated above serves as a guiding principle to stock ratings. However, apart from the abovementioned quantitative definitions, other qualitative measures and situational aspects will also be considered when arriving at the final stock rating. Stock rating may also be affected by the market capitalisation of the individual stock under review.