

EGP Energy Corporation (EGX SP)

Investor Call Takeaways And Grid Expansion Opportunities

Highlights

- We had a virtual call with EGP's management, joined by 19 investor clients on 26 Oct 26 to discuss tenders, Malaysia expansion, margins and maintenance.
- Management reiterated its 2026 earnings guidance of S\$11m-12m and 2027's S\$15m-16m, backed by an indicative S\$300m Singapore orderbook.
- Maintain BUY with a target price of S\$0.92, pegged to 13.8x 2027F PE, in line with the Southeast Asia EPCC peer average.

Analysis

- Investor questions centred on earnings visibility.** Clients asked about Singapore tender award dates, Malaysia's first contract and revenue contribution, overseas margins, alongside 2026-27 guidance and the weaker implied second-half earnings. They also questioned whether maintenance income is recurring. We read these questions as a focus on clearer award timelines, sustainable margins and the conversion of backlog into earnings.
- Malaysia JV positions EGP for EHV substation work.** EGP Energy Corporation (EGP) holds 60% of the JV with UUE Holdings' subsidiary Kum Fatt Engineering, which brings a Malaysia's Construction Industry Development Board (CIDB) G7 licence and local execution capability. The company continues to highlight that the JV would be targeting 132kV to 500kV substation projects, with Tenaga Nasional as the main focus alongside private sector work such as data centre intake substations. The first award is expected in 2027.
- Singapore orderbook provides visibility to 2031.** Management indicated a current backlog of around S\$300m, vs August's S\$296.2m, with contracts extending to 2031. Major substation tenders remain under negotiation, with validity to end-26 and possible 3-6-month extensions. Management attributed delays partly to changing grid priorities.
- Guidance intact.** Management kept its earnings guidance unchanged, indicating NPAT of S\$11m-12m for 2026 and S\$15m-16m for 2027.
- M&S revenue stays stable as T&D grows faster.** Discussions also centred around revenue mix and visibility. Management highlighted that maintenance and services (M&S) revenue is recurring and holds steady in absolute terms over each contract's life. The smaller M&S share of 2026 revenue reflects faster transmission and distribution (T&D) growth, not weaker maintenance demand.

Key Financials

Year to 31 Dec (\$m)	2024	2025	2026F	2027F	2028F
Net turnover	38	39	61	93	98
EBITDA	10	12	12	19	21
Operating profit	9	12	12	18	21
Net profit (rep./act.)	9	10	10	15	17
Net profit (adj.)	9	10	13	15	17
EPS (\$ cent)	5.2	4.6	5.8	6.7	7.5
PE (x)	12.7	14.2	11.1	9.6	8.5
P/B (x)	6.8	6.5	2.3	2.0	1.7
EV/EBITDA (x)	7.5	6.0	5.6	3.7	3.3
Dividend yield (%)	0.0	0.0	2.7	4.0	4.5
Net margin (%)	22.4	26.4	21.4	16.2	17.2
Net debt/(cash) to equity (%)	(125.6)	(152.3)	(117.7)	(114.3)	(110.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	69.3	53.5	23.0	22.0	21.9
Consensus net profit (\$m)	-	-	10	15	17
UOBKH/Consensus (x)	-	-	1.36	1.03	1.04

Source: EGP, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	S\$0.66
Target Price	S\$0.92
Upside	39.4%

Stock Data (16 Sep 26)

Sector	Industrials
Bloomberg ticker	EGX SP
Shares issued (m)	225.5
Market cap (\$m)	148.8
Market cap (US\$m)	116.1
3-mth avg daily t'over (US\$m)	0.3

Price Performance (%)

52-week high/low				S\$0.865/S\$0.545
1mth	3mth	6mth	1yr	YTD
(7.7)	29.4	n.a.	n.a.	n.a.

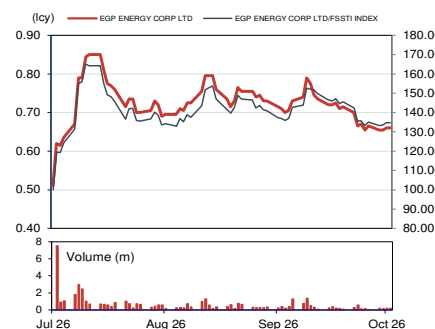
Major Shareholders (%)

Frankie Fan	39.4
Ng Tian Soo	26.5
Ho Teck Hong	7.5

Balance Sheet Metrics (2026F)

FY26 NAV/Share (\$)	0.29
FY26 Net Cash/ Share (\$)	0.34

Price Chart



Source: Bloomberg

Company Description

EGP provides engineering, procurement and construction services for power transmission and distribution infrastructure, alongside maintenance, servicing and testing. It focuses on high-voltage switchgear and transformers.

- **Guidance intact.** Management kept its earnings guidance unchanged, indicating NPAT of S\$11m-12m for 2026 and S\$15m-16m for 2027.
- **Initial overseas margins could be lower.** Local setup costs could weigh on net margins. Malaysia's 1-2-year defect liability period could bring paid maintenance earlier than Singapore's five years. A potential data centre investment alongside engineering, procurement and construction (EPC) work awaits approvals. Separately, utility robot deployments and a small government-linked company trial order offer diversification, with limited near-term earnings contribution.
- **Seven new substations in Singapore's infrastructure pipeline.** Energy Market Authority (EMA) announced its five-year Energy Infrastructure Plan on 26 Oct 26 at Singapore International Energy Week, covering generation, gas, the grid, solar, storage and imports. Up to S\$5.3b of grid investment over 2025-29 will support seven new transmission substations by 2031, vs four built in the previous five years.
- **Our view on how EGP benefits.** The substation pipeline should create transformer, switchgear and testing opportunities suited to EGP's BCA SY04 L6 qualification, multi-OEM sourcing and utility track record. Other energy infrastructure could add grid-connection work, while a larger installed base supports later M&S demand. EGP's opportunity centres on substation equipment and services within the broader grid investment plan. Demand for experienced high-voltage teams from data centre and semiconductor operators could support regional servicing opportunities.

Earnings Revision/Risk

- **Forecasts unchanged; execution remains key.** The plan strengthens our growth thesis. Our earnings forecasts are unchanged. We retain our adjusted earnings three-year earnings of 18% CAGR forecast over 2025-28. Tender delays, customer concentration, working capital and overseas execution remain key risks.

Valuation/Recommendation

- **Maintain BUY with an unchanged target price of S\$0.92**, implying 39.4% upside. Our target price remains pegged to 13.8x 2027F PE, in line with the Southeast Asia EPCC peer average used, while also taking into account stronger earnings visibility heading into 2027, backed by EGP's strong current orderbook around S\$300m.

Share Price Catalyst

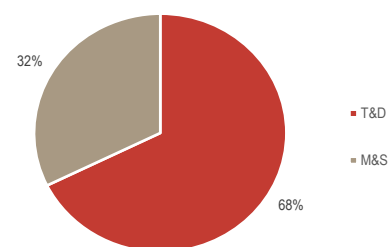
- Substation awards under the grid expansion plan and backlog conversion;
- the first Malaysian contract; and
- follow-on M&S wins from a growing installed base.

Peer Comparison

Company	Ticker	Trading	Price @	Market	PE		P/B		EV/EBITDA		ROE	Yield	EBITDA Margin	
		Curr	28 Oct 26	Cap	2026	2027	2026	2027	2026	2027	2026	2026	2026	2027
		(lcy)	(lcy)	(US\$m)	(x)	(x)	(x)	(x)	(x)	(%)	(%)	(%)	(%)	(%)
Kalpitaru Projects	KPIL IN	INR	1314.4	2,358	17.8	14.4	2.5	2.2	8.6	7.6	15.1	0.8	9.0	8.9
KEC Int'l	KECI IN	INR	338.95	948	13.3	9.3	1.4	1.2	7.8	6.3	10.5	1.5	6.8	7.4
Techno Electric & Engrg	TECHNOE IN	INR	846.6	1,034	17.5	14.6	2.1	1.9	13.0	10.2	12.5	1.0	14.5	15.3
Transrail Lighting	TRANSRAI IN	INR	430	608	12.4	11.0	2.1	1.7	6.4	5.2	19.4	0.7	11.1	11.4
MN Hldgs	MNHLDG MK	MYR	3.93	674	27.5	22.1	6.8	6.6	18.0	13.0	31.9	0.0	15.5	14.4
Cheeding Hldgs	CHEEDING MK	MYR	0.55	108	11.2	10.0	n.a.	n.a.	6.3	5.5	24.5	2.2	35.1	31.2
Pestec Int'l	PESTEC MK	MYR	0.045	28	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Demco	DEMCO TB	THB	3.64	81	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Average					16.6	13.6	3.0	2.7	10.0	8.0	19.0	1.0	15.3	14.8
EGP Energy	EGX SP	SGD	0.66	116	11.1	9.6	2.3	2.0	5.6	3.7	23.0	2.7	20.3	20.3

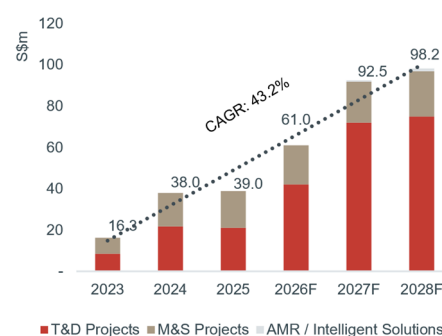
Source: Bloomberg, UOB Kay Hian.

Revenue Mix (1H26)



Source: EGP, UOB Kay Hian

Revenue By Business Segments



Source: EGP, UOB Kay Hian.

Profit & Loss

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Net turnover	39.0	61.0	92.5	98.2
EBITDA	11.9	12.6	19.1	21.8
Deprec. & amort.	0.2	0.3	0.5	0.7
EBIT	11.7	12.2	18.6	21.1
Total other non-operating income	0.9	0.0	0.0	0.0
Associate contributions	0.0	0.0	0.0	0.0
Net interest income/(expense)	0.1	0.1	0.1	0.1
Pre-tax profit	12.7	12.4	18.8	21.3
Tax	(2.2)	(2.1)	(3.3)	(3.7)
Minorities	0.0	0.0	0.0	0.0
Net profit	10.5	10.2	15.5	17.6
Net profit (adj.)	10.5	13.4	15.5	17.6

Cash Flow

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Operating	17.5	10.3	15.9	17.8
Pre-tax profit	12.5	12.0	18.3	20.6
Tax	(2.0)	(2.1)	(3.3)	(3.7)
Deprec. & amort.	0.2	0.3	0.5	0.7
Associates	0.0	0.0	0.0	0.0
Working capital changes	7.8	(0.4)	(0.4)	(0.6)
Non-cash items	(0.8)	0.6	0.9	1.0
Other operating cashflows	(0.1)	(0.1)	(0.1)	(0.1)
Investing	0.1	(0.6)	(1.6)	(2.2)
Capex (maintenance)	0.0	0.0	0.0	0.0
Investment	0.0	0.0	0.0	0.0
Proceeds from sale of assets	0.0	0.0	0.0	0.0
Others	0.0	(0.6)	(1.6)	(2.2)
Financing	(2.7)	33.1	(6.2)	(6.9)
Dividend payments	(2.5)	(4.0)	(6.0)	(6.7)
Proceeds from borrowings	0.0	0.0	0.0	0.0
Loan repayment	(0.1)	(0.2)	(0.2)	(0.2)
Others/interest paid	(0.0)	37.2	(0.0)	(0.0)
Net cash inflow (outflow)	14.9	42.8	8.1	8.7
Beginning cash & cash equivalent	20.3	35.1	78.0	86.0
Changes due to forex impact	0.0	0.0	0.0	0.0
Ending cash & cash equivalent	35.1	78.0	86.0	94.7

Historical figures and analyst forecasts are unchanged.
Source: EGP, UOB Kay Hian report dated 18 Sep 26.

Balance Sheet

Year to 31 Dec (\$m)	2025	2026F	2027F	2028F
Fixed assets	0.1	0.7	2.3	4.3
Other LT assets	2.2	2.1	2.0	1.8
Cash/ST investment	35.1	78.0	86.0	94.7
Other current assets	6.1	7.4	9.0	10.9
Total assets	43.6	88.2	99.3	111.8
ST debt	0.1	0.1	0.1	0.1
Other current liabilities	20.4	21.9	24.0	26.3
LT debt	0.1	0.1	0.1	0.1
Other LT liabilities	0.0	0.0	0.0	0.0
Shareholders' equity	22.9	66.1	75.1	85.2
Minority interest	0.0	0.0	0.0	0.0
Total liabilities & equity	43.6	88.2	99.3	111.7

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	32.6	20.3	20.3	21.7
Pre-tax margin	32.1	19.7	19.8	21.0
Net margin	26.8	21.4	16.2	17.2
ROA	26.2	15.0	16.0	16.0
ROE	52.7	22.2	21.3	21.1
Growth				
Turnover	2.6	56.5	51.6	6.2
EBITDA	24.7	6.0	52.1	14.2
Pre-tax profit	22.7	(2.5)	52.1	13.3
Net profit	21.9	(2.2)	51.5	13.5
Net profit (adj.)	21.9	28.3	15.4	13.5
EPS	(10.5)	28.3	15.4	13.5
Leverage				
Debt to total capital	0.9	0.3	0.3	0.3
Debt to equity	1.0	0.3	0.3	0.3
Net debt/(cash) to equity	(152.3)	(117.7)	(114.3)	(110.9)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.

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