

Monthly Market Report – May 2026

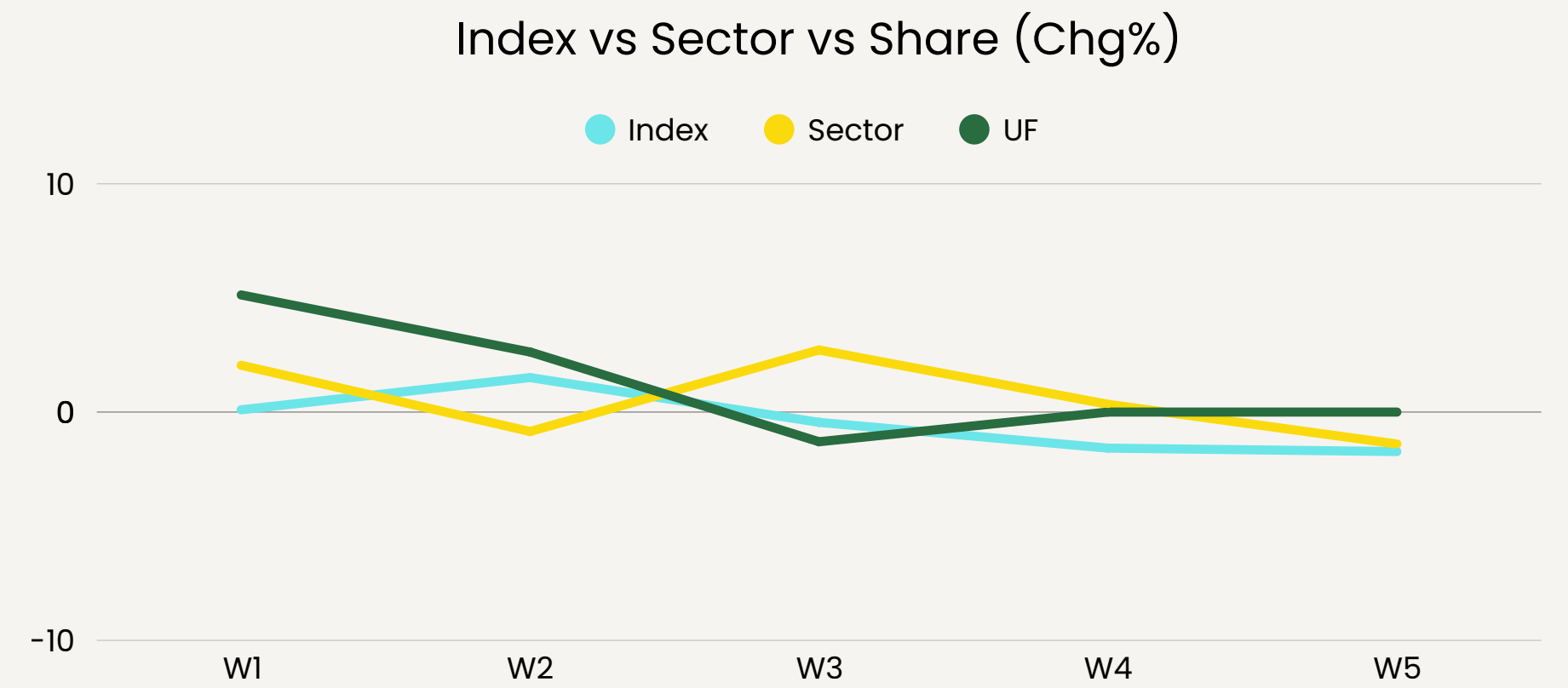
Market Snapshot

FBMKLCI	1748.06	+1.51%
Industrial Products & Services	196.31	+7.33%

Share Performance

Share Price	0.410	6.49%
Avg. Volume 6M	2.4k	
52W High	0.503	
52W Low	0.337	

Data as of 29 May 2026



Key Drivers of Share Performance

The Building Blocks Stay Strong

DOSM's May data release confirmed **construction grew 8.5% year-on-year to RM46.5 billion in Q1 2026**. The sub-sectors most directly tied to fire safety installation demand led the expansion: non-residential buildings grew 12.7% and special trade activities rose 24.6%, covering mechanical and electrical fit-out work where suppression, detection and emergency systems are installed. Selangor contributed RM10.9 billion, the largest state share nationally and UF's home market. JLL's 2Q2026 report reinforced the forward pipeline, noting **Malaysia's data centre capacity is on track to double to 2,055MW in 2026**, with industrial vacancy staying tight across Johor and Greater KL despite rising supply. But the same pipeline that benefits UF also draws more contractors and service providers into the space. How effectively UF converts this activity into captured orders, particularly in its home state, will be the more important measure than the headline construction numbers alone.

The Cost of Conflict

The Middle East conflict kept Brent crude above US\$100 per barrel through May, with the cost impact from Strait of Hormuz **shipping disruptions continuing to filter through global supply chains** well after the initial shock. For UF, the exposure may run across its cost base: metal components for extinguisher bodies, piping and hydrant fittings, chemical suppression agents, and inbound freight. Sustained input cost inflation compresses gross margins on products where selling prices are not easily adjusted in the short term. Bank Negara's May 7 statement gave this local weight, explicitly flagging rising commodity prices as a domestic inflation risk despite holding the OPR steady at 2.75%. How UF manages cost of goods while protecting pricing will be a key margin test heading into the second half of the financial year.

Investment Community Sentiment Observations

Market Observations: Domestic Fundamentals Hold as Foreign Funds Pull Back

- Bursa Malaysia faced persistent foreign fund outflows through May, with the FBMKLCI trading in a tight range and under downward pressure particularly in the second half of the month, as lingering Middle East tensions and cautious global sentiment kept risk appetite in check.
- The GDP 5.4% beat and DOSM's construction data provided a domestic counterweight. The Industrial Products & Services sector ended May as one of the outperformers, reflecting conviction in Malaysia's construction pipeline even as the broader index struggled for direction.
- Results season sharpened investor selectivity. Companies that delivered earnings quality were rewarded while those with profit compression faced selling pressure, reinforcing a market environment where revenue growth alone is no longer sufficient to sustain a re-rating.

Stock Observations: Recovery Despite the Miss, But Proof Still Required

- UF's Q4 results landed during the weakest week for Bursa in May, yet the share recovered 6.49% over the full month to close at RM0.410, suggesting investors looked through the profit miss and anchored on the intact revenue trajectory and broader sector momentum.
- The declaration of a first interim dividend of 0.8 sen per share (entitlement 26 June, payment 17 July) provided a concrete near-term return signal in a month where the broader market offered limited upside, helping to cushion the post-results sentiment.
- The industrial and construction pipeline confirmed in May creates a visible demand opportunity for UF, but the ACE Market environment rewards execution over narrative. With the construction boom attracting more players into fire safety installation, UF's ability to defend margins and market share in Selangor will be the real test heading into FY2027.

Genexis Markets Observations

More buildings, more opportunity. The challenge is to actively work on the pipeline.

Malaysia's construction momentum across non-residential buildings and industrial completions represents a growing and tangible addressable market for UF, but opportunity does not convert itself. Management should be proactively pursuing this pipeline and actively keeping investors in the loop. Beyond business development, there is a visible gap in UF's investor narrative, the stock currently lacks a story that gives investors a concrete reason to seek it out or hold a position. Building a clearer public-facing growth narrative, alongside regular updates on the solar JV's commissioning progress and any new strategic initiatives in development, would give the market something to track between earnings cycles and signal that UF's ambitions extend well beyond its core fire protection business.

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