Malaysia Company Update

5 February 2026

Utilities | Power

YTL Power (YTLP MK)

Buy (Maintained)

Stable Power With Gas Upside; Keep BUY

Target Price (Return):	MYR4.90 (53.2%)
Price (Market Cap):	MYR3.20 (USD7,023m)
ESG score:	2.9 (out of 4)
Avg Daily Turnover (MYR/USD)	24.2m/5.91m

- **Keep BUY, new MYR4.90 TP (from MYR4.77), 53% upside with c.3% FY26F (Jun) yield.** We expect YTL Power's power margins to hold steady this year on stable fuel cost, and see upside from another 5% water tariff hike and a new gas plant win. We also expect 110MW of data centres (DCs) to be commissioned by end-June. This report marks the transfer of coverage to Max Koh.
- **Stable Seraya.** We expect Power Seraya's PBT margins to hold steady at 17% in FY26-28 on stable fuel costs, as it locks in long-term contracts with retail customers. To be sure, Power Seraya has minimal exposure to pool prices, with 85% of its volume contracted to retail customers. Its retail tariffs remain one of the lowest in the country, which should ensure stable margins.
- **Upside from Wessex Water tariff hike.** Last April, Wessex Water saw a 20% upward tariff adjustment resulting in the turnaround of YTLP's water division. While we expect Wessex Water's earnings to remain stable, we see another 2% earnings upside as the regulator is contemplating another 5% tariff hike to account for higher interest costs and capex. The decision is expected to be known by 17 Mar.
- **Upside from new gas plant**. Given its track record as an independent power producer, we believe YTLP is a front-runner to win a bid to build a new gas plant as part of the Energy Commission's tender. Assuming YTLP wins a bid to build a 1,400MW gas plant (MYR5.6bn capex, 70% debt funding, WACC: 8.2%), we estimate a 12% project IRR and a 26 sen (+5%) accretion to our TP. We have also pencilled in 110MW of DC capacity to come online by end-FY26, which should contribute to 22% of group PBT this year.

  Earnings adjustments, valuation and risks. We cut FY26 earnings by 9% mainly to reflect the stronger MYR (vs GBP and SGD) and lower power margins. We raise FY27 earnings following adjustments to our DC rollout and Wessex Water's earnings estimates. We also introduce FY28 earnings in this report. We raise our TP by 3% to MYR4.90 as we adjust our DC rollout schedule and increase Wessex Water's contributions. Our TP implies an FY27 target P/E of 15x (at +1SD), which we deem as fair, given rising contributions from the DC segment, and stable water/power earnings. We maintain our 2% ESG discount due to YTLP's plans to increase non-coal capacity and purchase carbon credits. Downside risks: i) Lower retail tariffs for Power Seraya and higher fuel costs; and ii) delays in DC commissioning. YTLP is one of our energy sector Top Picks. YTLP will release its 2QFY26 results on 26 Feb. We expect 22% QoQ earnings growth on stronger contribution from Wessex Water and DCs, which should mitigate weaker power earnings.

Analysts

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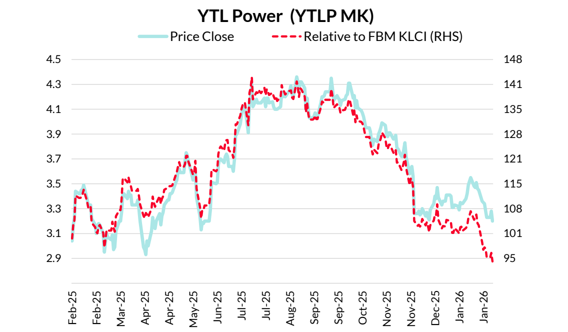
Share Performance (%)

	YTD	1m	3m	6m	12m
Absolute	(3.3)	(3.9)	(18.0)	(22.3)	5.3
Relative	(7.0)	(8.3)	(25.3)	(36.4)	(6.1)
52-wk Price low/high (MYR)					2.93 –4.36



Source: Bloomberg

Forecasts and Valuation	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Total turnover (MYRm)	22,321	21,807	23,839	24,880	26,250
Recurring net profit (MYRm)	3,328	2,699	2,553	2,858	2,946
Recurring net profit growth (%)	61.8	(18.9)	(5.4)	11.9	3.1
Recurring P/E (x)	8.21	10.12	10.70	9.56	9.27
P/B (x)	1.4	1.3	1.2	1.1	1.0
P/CF (x)	6.12	6.94	13.73	6.38	6.26
Dividend Yield (%)	1.9	2.2	2.7	3.0	3.0
EV/EBITDA (x)	5.92	7.27	8.57	8.00	8.18
Return on average equity (%)	18.1	13.1	11.5	11.9	11.3
Net debt to equity (%)	116.3	121.9	133.2	131.7	130.0

Source: Company data, RHB

Overall ESG Score: 2.9 (out of 4)

E Score: 2.5 (GOOD)
S Score: 3.3 (EXCELLENT)
G Score: 3.3 (EXCELLENT)
Please refer to the ESG analysis on the next page

Emissions And ESG

Trend analysis

Total emissions of YTLP increased by 46% YoY in FY25 due to the consolidation of Ranhill Group, which operates a 380MW gas plant in Sabah. GHG intensity increased to 0.27 this year compared to 0.19 last year, based on scope 1 and 2 GHG emissions, measured against revenue.

Emissions (tCO2e)	Jun-23	Jun-24	Jun-25	Jun-26
Scope 1	3,921,000	4,160,000	5,505,000	na
Scope 2	150,000	153,000	476,000	na
Scope 3	45,000	50,000	384,000	na
Total emissions	4,116,000	4,363,000	6,365,000	na

Source: Company data, RHB

Latest ESG-Related Developments

Being a leading power generator in Singapore, YTL PowerSeraya is committed to reducing its emissions by 60% from the 2010 level by 2030.

Wessex Water also published its own detailed plan in mid-2021 to achieve net zero operational carbon emissions by 2030, alongside a goal to achieve full decarbonisation by 2040, a decade ahead of the UK government's 2050 target.

In FY25, YTLP's Scope 1 emissions rose 32% YoY mainly due to the full-year consolidation of Ranhill, which operates a 380MW gas plant in Sabah. Nevertheless, YTLP is on track to reducing emissions from: i) The commissioning of a 600MW gas plant in Singapore in 2028 to reduce emissions by 5%; ii) the purchase of carbon credits to offset 5% of taxable emissions in Singapore; iii) exploration of carbon capture projects at its Pulau Seraya Power Station plant.

ESG Unbundled

Overall ESG Score: 2.9 (out of 4)

Last Updated: 5 January 2026

E Score: 2.5 (GOOD)

The different business units are exposed to a number of environmental risks. In line with YTL Group's aim to become carbon neutral by 2050, the group has put into place strategies to reduce emissions by commissioning more non-coal power plants, building carbon capture projects, and purchasing carbon credits to offset emissions. Wessex Water also maintained 100% compliance in 2025 with no pollution incidents caused by stockpiles.

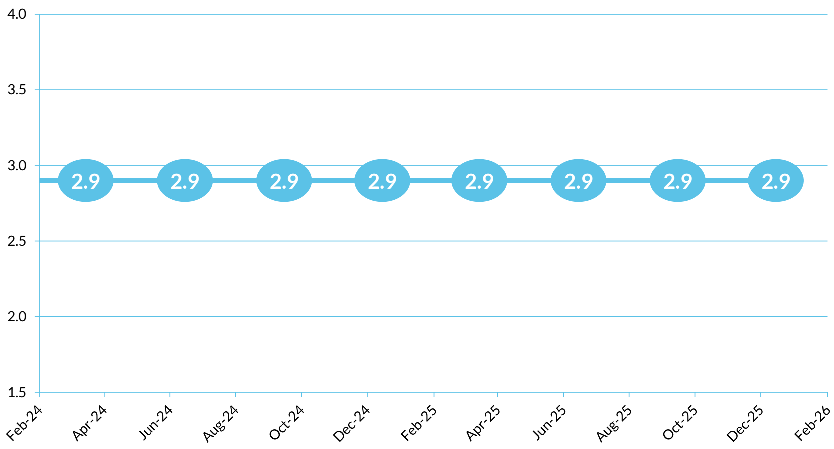
S Score: 3.3 (EXCELLENT)

YTL Power maintains good policies and competitive benefits for its employees. Further disclosures in this area could help improve the score. Health & Safety policies are in place, with good disclosure. In 2025, the company's lost time incident rate (LTI) reduced to 0.63 (vs 1.04 a year ago), which signifies improvement in safety performance and reduced workplace injuries. The group is very active in community engagement activities, through its business units.

G Score: 3.3 (EXCELLENT)

YTL Power's board size is within the average of the industry, the directors are skilled and experienced, and there is female representation within the board. YTL Power ensures timely and reliable information is provided to shareholders. Shareholder rights are also protected.

ESG Rating History



Source: RHB

Financial Exhibits

Asia
Malaysia
Utilities
YTL Power
YTLP MK
Buy

Valuation basis

SOP

Key drivers

i. Stronger contribution from Wessex Water and data centres;
ii. Winning the bid to build a new gas plant.

Key risks

i. Lower retail tariffs for Power Seraya and higher fuel costs;
ii. Delays in data centre commissioning.

Company Profile

YTL Power (YTLP) is an independent power producer (IPP) with a presence in Malaysia and Singapore and it provides water and sewerage services in UK. It has also ventured into the provision of internet services in Malaysia.

Financial summary (MYR)	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Recurring EPS	0.39	0.32	0.30	0.33	0.35
DPS	0.06	0.07	0.09	0.10	0.10
BVPS	2.35	2.48	2.70	2.93	3.18
Return on average equity (%)	18.1	13.1	11.5	11.9	11.3

Valuation metrics	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Recurring P/E (x)	8.21	10.12	10.70	9.56	9.27
P/B (x)	1.4	1.3	1.2	1.1	1.0
FCF Yield (%)	4.1	(8.7)	(15.8)	(7.4)	(7.5)
Dividend Yield (%)	1.9	2.2	2.7	3.0	3.0
EV/EBITDA (x)	5.92	7.27	8.57	8.00	8.18
EV/EBIT (x)	7.44	10.48	11.38	10.24	10.39

Income statement (MYRm)	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Total turnover	22,321	21,807	23,839	24,880	26,250
Gross profit	6,084	5,433	5,562	6,403	6,661
EBITDA	7,083	6,226	5,911	6,772	7,050
Depreciation and amortisation	(1,448)	(1,906)	(1,461)	(1,482)	(1,502)
Operating profit	5,635	4,321	4,450	5,290	5,548
Net interest	(1,785)	(1,544)	(1,641)	(1,794)	(1,948)
Pre-tax profit	4,115	3,153	3,216	3,886	4,005
Taxation	(604)	(630)	(506)	(629)	(648)
Reported net profit	3,328	2,699	2,553	2,858	2,946
Recurring net profit	3,328	2,699	2,553	2,858	2,946

Cash flow (MYRm)	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Change in working capital	(781)	(169)	(1,775)	(69)	(91)
Cash flow from operations	4,464	3,935	1,990	4,280	4,363
Capex	(3,339)	(6,314)	(6,308)	(6,313)	(6,408)
Cash flow from investing activities	(2,916)	(6,852)	(6,308)	(6,313)	(6,408)
Dividends paid	(529)	(328)	(731)	(823)	(823)
Cash flow from financing activities	(1,596)	6,021	(4,345)	2,237	2,284
Cash at beginning of period	8,999	8,890	11,728	3,065	3,269
Net change in cash	(48)	3,104	(8,663)	204	239
Ending balance cash	9,010	11,485	3,065	3,269	3,508

Balance sheet (MYRm)	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Total cash and equivalents	9,125	11,783	3,120	3,323	3,563
Tangible fixed assets	31,400	36,008	40,905	45,786	50,742
Total investments	6,245	6,539	6,946	7,335	7,740
Total assets	66,784	74,355	71,338	77,028	82,928
Short-term debt	2,010	2,591	2,591	2,591	2,591
Total long-term debt	30,379	35,370	31,756	34,816	37,923
Total liabilities	46,780	52,887	47,890	51,146	54,512
Total equity	20,003	21,469	23,448	25,882	28,416
Total liabilities & equity	66,784	74,355	71,338	77,028	82,928

Key metrics	Jun-24	Jun-25	Jun-26F	Jun-27F	Jun-28F
Revenue growth (%)	2.0	(2.3)	9.3	4.4	5.5
Recurrent EPS growth (%)	61.8	(18.9)	(5.4)	11.9	3.1
Gross margin (%)	27.3	24.9	23.3	25.7	25.4
Operating EBITDA margin (%)	31.7	28.6	24.8	27.2	26.9
Net profit margin (%)	14.9	12.4	10.7	11.5	11.2
Dividend payout ratio (%)	15.6	22.0	28.6	28.8	27.9
Capex/sales (%)	15.0	29.0	26.5	25.4	24.4
Interest cover (x)	3.16	2.80	2.71	2.95	2.85

Source: Company data, RHB

Stable power and upside for Wessex Water

Power Seraya margins to remain stable. We expect Power Seraya's PBT margins to hold steady at c.17% in FY26-28F on stable fuel costs, as it locks in long-term contracts with retail customers. PBT had declined 33% YoY in 1QFY26 due to lower tariffs and a weaker MYR (vs SGD), but we expect margins to sustain as we expect the MYR to stabilise at the current level. Power Seraya is less exposed to the pool market (vs its Singapore peers) as 85% of its volumes are contracted to retail customers. Its retail electricity tariffs also remain the cheapest in the country (Figure 3), which should result in high customer retention and stable margins. Sensitivity test: Every 5% increase in the strength of the MYR (vs SGD) will reduce earnings by 4%. We have imputed SGD1:MYR3.15 in our current estimates for FY26-28.

Stable contribution from Wessex Water… For the 2025-2030 Price Review period (PR24), the Water Services Regulation Authority (Ofwat) approved a provisional 4.03% return (vs a 4.39% proposed rate) for YTLP's Wessex Water asset base, resulting in 20% tariff hikes (17% base tariff adjustment and 3% for inflation) effective Apr 2025. As a result, YTLP's water division reported a MYR436m profit in FY25 (vs a MYR101m loss a year earlier). Recall that Ofwat had approved a GBP4.2bn expenditure allowance for PR24.

… with upside from another 5% tariff hike? We see earnings upside for Wessex Water, as the Competition and Markets Authority (CMA) had also allowed for an additional 5% provisional tariff hike (effective Apr 2026) to be finalised by 17 Mar. The additional hike is to account for higher borrowing costs and capex to upgrade infrastructure works. Sensitivity test: Assuming Wessex Water gets the approved 5% hike, we estimate a 2% accretion to FY26-28 earnings. Meanwhile, we have also factored in the 13% tariff hikes for YTLP's 53%-owned Ranhill Utilities (RAHH MK, BUY, TP : MYR2.60), which came into effect last August.

Figure 1: Wessex Water could see another 5% tariff hike in April

	Wessex Water's proposal	Ofwat's final determination	CMA's provisional status
WACC (%)	4.39%	4.03%	4.23%
Avg water bill (GBP)	642	594	622
Increase vs previous proposal (%)		-7%	5%
Water bill increase vs PR19 (%)	26%	17%	23%
Capex (GBPbn)	3.8	2.0	2.1
Opex (GBPbn)	1.6	2.2	2.3
Totex (Capex+ Opex) (GBPbn)	**5.4**	**4.2**	**4.4**

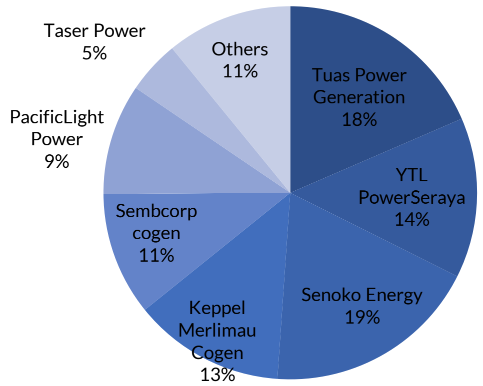
Source: Wessex Water, Ofwat, CMA, RHB

Upside from new gas build

Frontrunner to build a new gas plant. Last year, the Energy Commission (EC) called for an open bidding exercise to develop new gas-fired plants (with a 21-year tenure) with planned commissioning in 2030. Media reports had indicated 6-8GW of new capacity under the tender is to meet rising demand. We expect the winners to be announced in 1H26.

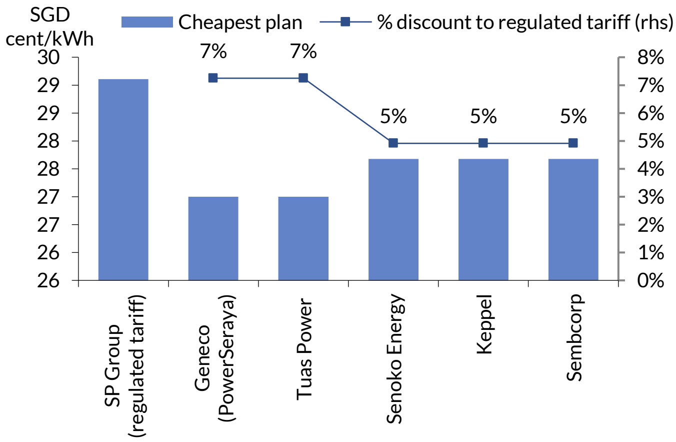
Given its track record, we believe YTLP is a frontrunner in this bid. Scenario test: Assuming YTLP wins a bid to build a 1,400MW gas plant (MYR5.6bn capex, 70% debt funding, WACC: 8.2%), we estimate a 12% project IRR and a 26 sen (+5%) accretion to our TP.

Figure 2: 1HCY25: YTL Power Seraya has the third-largest generation market share at 14%



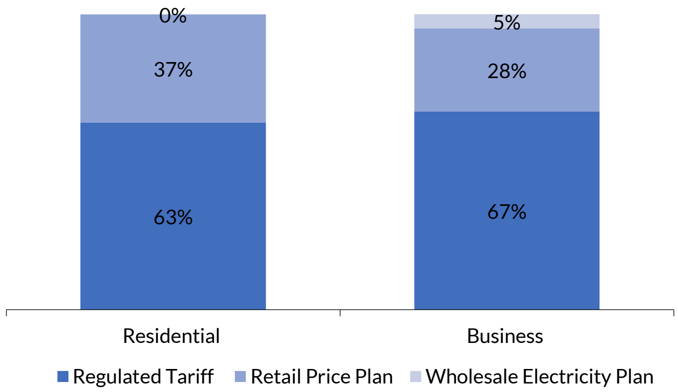
Source: Energy Market Authority, RHB

Figure 3: Geneco (retail arm of YTL Power Seraya) still offers among the lowest electricity tariffs in Singapore



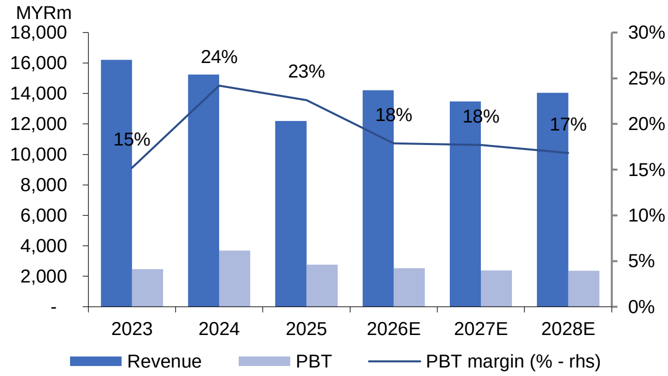
Source: Open Electricity Market, RHB

Figure 4: 37% of residential users opt for electricity retail price plans



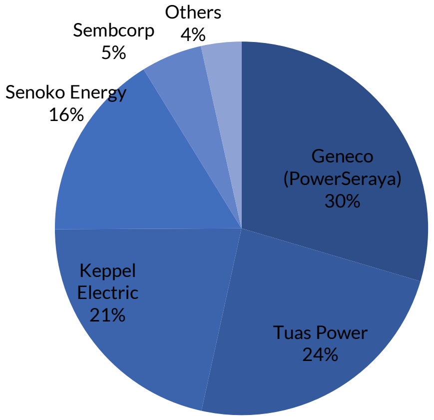
Source: Open Electricity Market, RHB

Figure 5: We expect power PBT margins to hold steady at the 17-18% levels in FY26F-28F



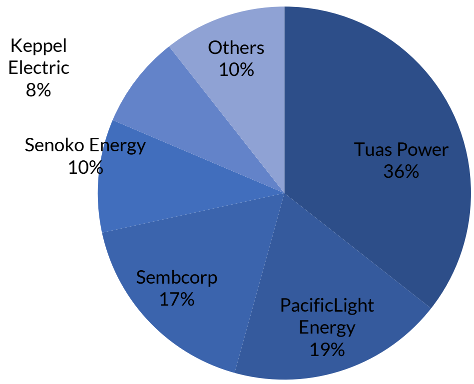
Source: Company data, RHB

Figure 6: Geneco (Power Seraya) has a dominant 30% share in the residential retail market



Source: Open Electricity Market, RHB

Figure 7: The business retail market is dominated by Geneco's peers



Source: Open Electricity Market, RHB

DC updates

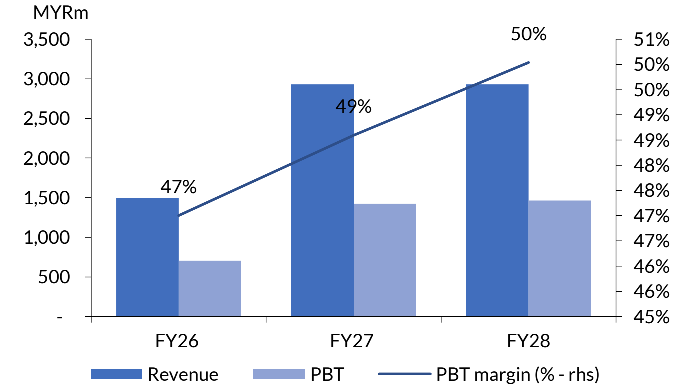
110MW capacity by end-FY26. Based on management's guidance, we expect 110MW of DC capacity to come online by end-FY26 (Jun 2026). Out of the total capacity, 10MW (Johor Data Centre 2 (JDC 2)) has been contracted out to Nvidia's DGX with commissioning in mid CY26. Management is currently in negotiations to secure another 10MW for DGX. Aside from that, we expect to see stronger contributions from 2Q26 onwards following the gradual commissioning of the remainder 100MW under the co-location business model. All in, we expect DCs to contribute 37% of group PBT by FY28 (vs 1% in FY25).

Figure 8: We estimate 170MW of DC capacity to operate by end-FY26

	Capacity (MW)				Estimated utilisation (%)			
Data centre	**FY25**	**FY26**	**FY27**	**FY28**	**FY25**	**FY26**	**FY27**	**FY28**
JDC 1.1	16	24	32	32	25%	83%	88%	95%
JDC 1.2		16	16	16		75%	95%	95%
JDC 2 (AI)		10	20	20		95%	95%	95%
JDC 3		80	80	80		63%	95%	95%
JDC 7		20	40	40		75%	90%	90%
Total	**16**	**110**	**188**	**188**		**78%**	**93%**	**94%**

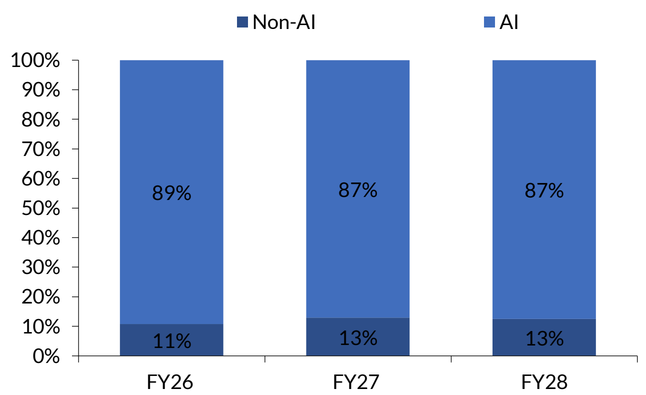
Source: Bloomberg, RHB

Figure 9: We forecast DC margins to improve with higher contributions from AI-DCs



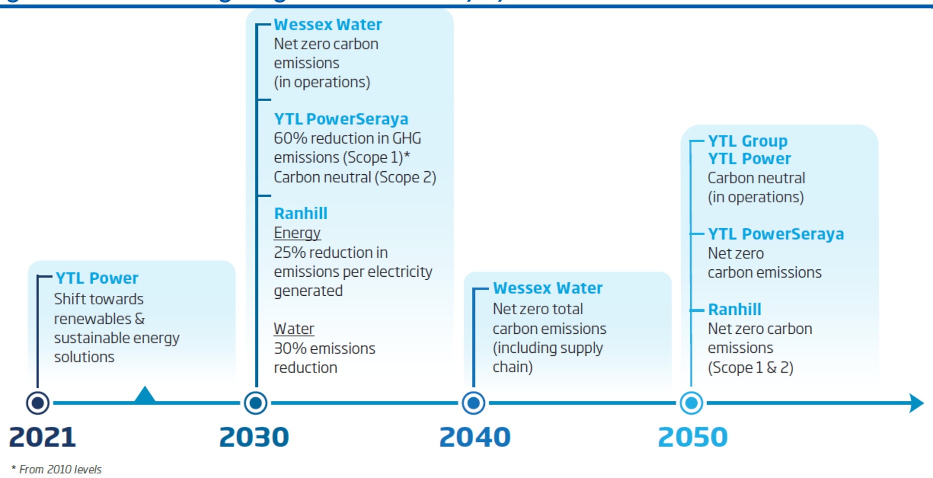
Source: Company data, RHB

Figure 10: We expect AI DCs to contribute to majority of DC earnings



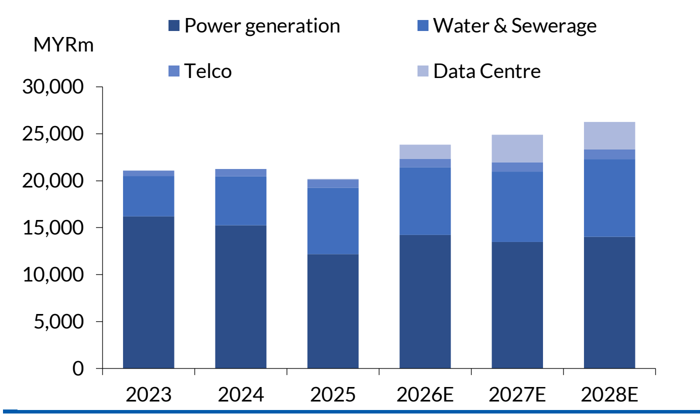
Source: Company data, RHB

Figure 11: YTLP is targeting carbon neutrality by 2050



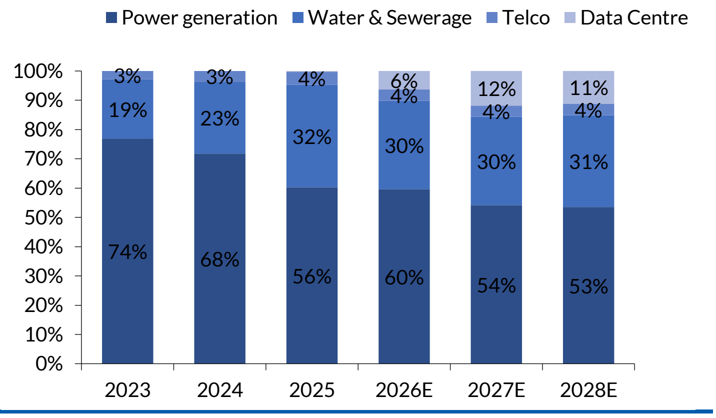
Source: Company data, RHB

Figure 12: We forecast a 6% revenue CAGR for FY25-28



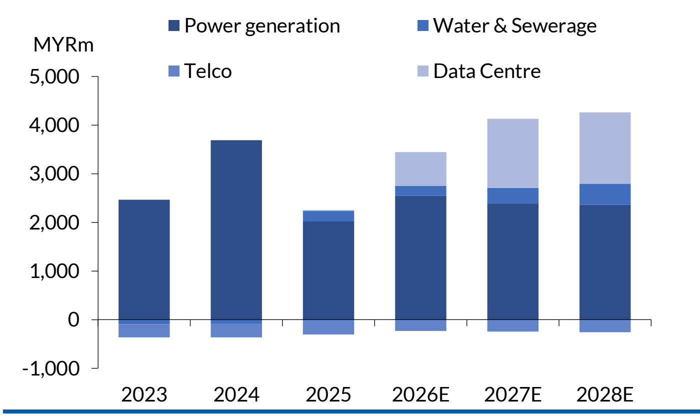
Source: Company data, RHB

Figure 13: We forecast DCs to contribute 6% of group revenue this year



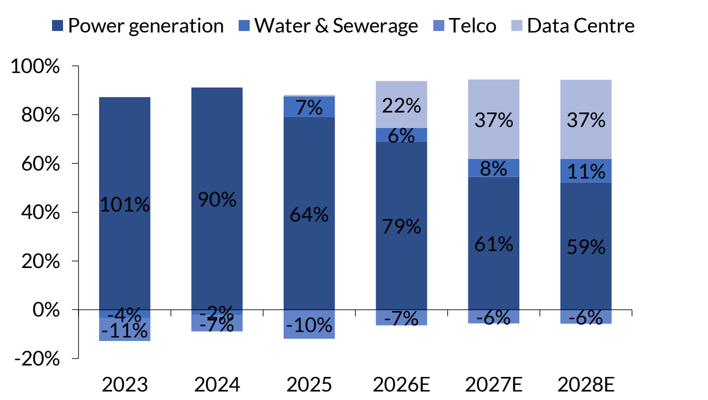
Source: Company data, RHB

Figure 14: We forecast an 8% PBT CAGR for FY25-28



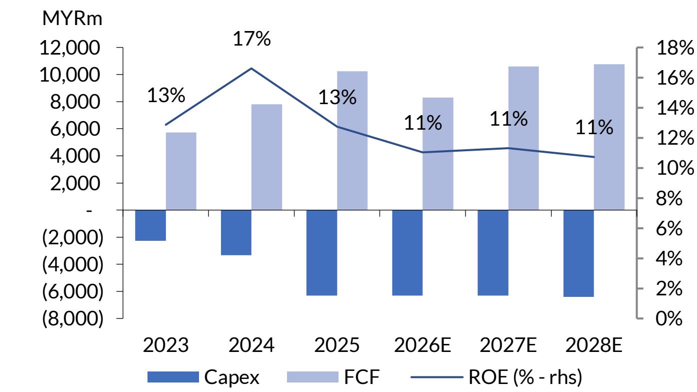
Source: Company data, RHB

Figure 15: We forecast DCs to contribute 22% of group PBT this year



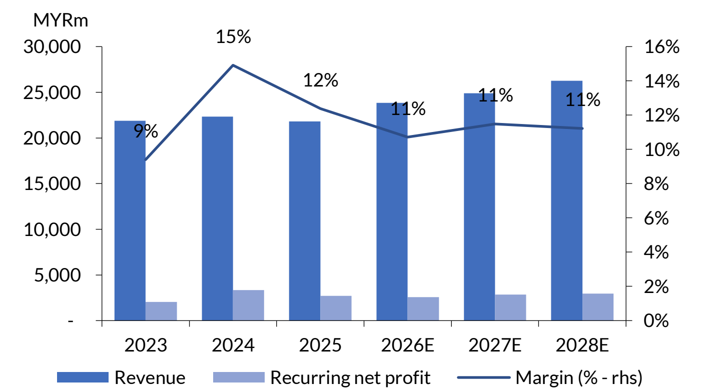
Source: Company data, RHB

Figure 16: We forecast ROE to sustain at 11% in FY26-28



Source: Company data, RHB

Figure 17: We forecast net margin to hold steady at 11-12%



Source: Company data, RHB

Changes in estimates

Figure 18: Changes in RHB estimates

	Old			New			% variation		
MYRm	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Revenue	**19,928**	**19,075**	**n/a**	**23,839**	**24,880**	**n/a**	**20%**	**30%**	**n/a**
EBITDA	6,227	6,121	n/a	5,911	6,772	n/a	-5%	11%	n/a
Recurring net profit	**2,793**	**2,690**	**n/a**	**2,553**	**2,858**	**n/a**	**-9%**	**6%**	**n/a**
DPS (sen)	7.1	6.9	n/a	7.5	8.4	n/a	-9%	6%	n/a

Source: Company data, RHB

Figure 19: RHB vs Bloomberg consensus estimates

	BBG consensus			RHB estimates			% variation		
MYRm	FY26	FY27	FY28	FY26	FY27	FY28	FY26	FY27	FY28
Revenue	**21,795**	**23,037**	**25,196**	**23,839**	**24,880**	**26,250**	**9%**	**8%**	**4%**
EBITDA	6,622	7,095	7,735	5,911	6,772	7,050	-11%	-5%	-9%
Recurring net profit	**2,535**	**2,671**	**2,886**	**2,553**	**2,858**	**2,946**	**1%**	**7%**	**2%**
DPS (sen)	7.4	7.8	8.3	7.5	8.4	8.4	1%	8%	1%

Source: Bloomberg, RHB

Changes to estimates. We cut FY26 earnings by 9% to reflect the stronger MYR (vs GBP and SGD) and lower margins for Power Seraya. We increase FY27F earnings following adjustments to our DC rollout and Wessex Water earnings estimates. We also introduce FY28 earnings in this report. Overall, we are forecasting a 3% earnings CAGR for the FY25-28 period. We expect YTLP to maintain its 3-year average 26% dividend payout ratio, which translates to a 2-3% yield at the current price.

2Q26 earnings expectations. We forecast 2Q26 earnings of MYR638m (-20% YoY, +22% QoQ), as we expect stronger contributions from Wessex Water and DCs to mitigate slower power earnings. Key guidance from management during the analyst briefing include DC take-up rates, and tariff expectations for Wessex Water.

Currency risk sensitivity test. YTLP is mainly exposed to USD movement risk, but management also hedges this with forward FX contracts. We have a MYR4.03:USD1 assumption for YTLP. We estimate that a 10bps movement will impact YTLP's net profit by 2%.

Valuation & Recommendation

Keep BUY, new MYR4.90 TP (53% upside), c.3% yield. We maintain our BUY recommendation with a higher TP of MYR4.90 (+3% from MYR4.77 previously) as we adjust our DC rollout schedule and increase Wessex Water contributions. Our TP implies an FY27 target P/E of 15x (at +1SD) – which we deem as fair, given rising contributions from the DC segment, and stable water/power earnings. Our TP also implies target FY27 EV/EBITDA of 11x. YTLP is one of our energy sector Top Picks alongside Tenaga Nasional (TNB MK, BUY, TP: MYR16.50), Solarvest (SOLAR MK, BUY, TP: MYR3.49), and Samaiden Group (SAMAIDEN MK, BUY, TP: MYR1.63).

Maintain ESG discount of 2%. We maintain a 2% ESG discount to YTLP's intrinsic value, premised on the company's ESG score of 2.9 (vs the country median of 3.0). The company has a carbon neutral target by 2050. Mid-term 2030 targets include reducing Power Seraya's Scope 1 emissions by 60% (vs 2010 levels), and 30% emission reduction for its water segment. In FY25, YTLP's Scope 1 emissions rose 32% YoY mainly due to the full-year consolidation of Ranhill, which operates a 380MW gas plant in Sabah. Nevertheless, YTLP is on track to reducing emissions from: i) Commissioning of a 600MW gas plant in Singapore in 2028 to reduce emissions by 5%; ii) the purchase of carbon credits to offset 5% of taxable emissions in Singapore; and iii) the exploration of carbon capture projects at its Pulau Seraya Power Station plant.

Key downside risks: i) Lower retail tariffs for Power Seraya and higher fuel costs; and ii) delays in DC commissioning.

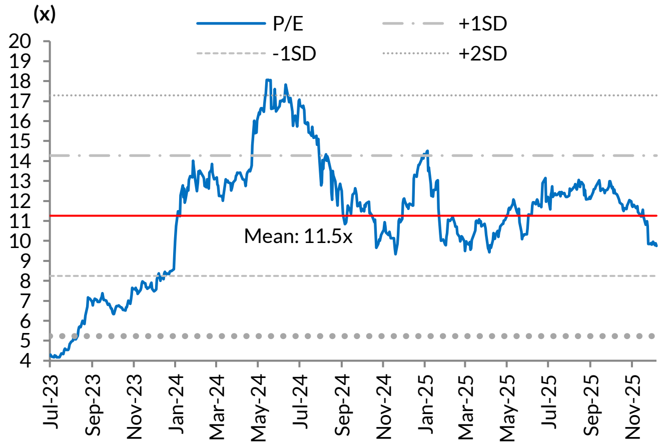
Key upside risks: i) Winning the bid to build a new gas plant; and ii) securing more DC off-takers.

Figure 20: SOP valuation

Segment	Value (MYRm)	Stake (%)	MYR/share	% of SOP value	Remarks
Power Seraya	21,717	100%	2.38	47%	DCF (WACC: 7.3%)
Wessex Water	17,227	100%	1.93	39%	DCF (WACC: 7.0%)
PT Jawa	731	20%	0.08	2%	1x PBV
Attarat	279	45%	0.03	1%	DCF (WACC: 8.5%)
Telco	746	60%	0.08	2%	0.8x PBV
Ranhill Utilities	1,788	53%	0.20	4%	RHB estimates
AI data centre	4,861	60%	0.52	10%	DCF (WACC: 8.6%)
Non-AI data centre	5,014	100%	0.52	10%	DCF (WACC: 8.0%)
Company net cash/(debt)	-9,943		-1.09	-22%	FY25 company net debt
Proceeds from warrants	3,317		0.36	7%	
Total	**45,737**				
No of shares (m)	9,140				
Intrinsic value (MYR)	5.00				
ESG discount (%)	2%				
TP (MYR)	**4.90**				

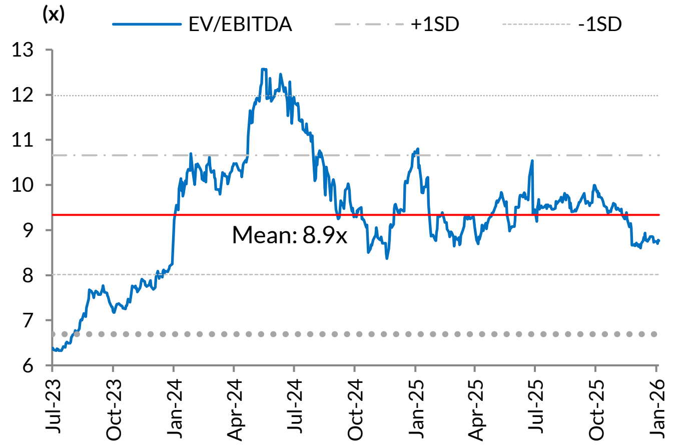
Source: RHB

Figure 21: YTLP is trading below its 3-year average



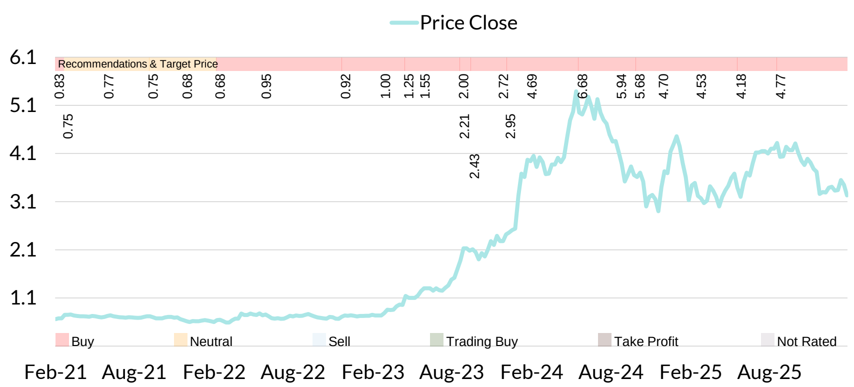
Source: Bloomberg, RHB

Figure 22: YTLP is trading below its 3-year EV/EBITDA average



Source: Bloomberg, RHB

Recommendation Chart



Source: RHB, Bloomberg

Date	Recommendation	Target Price	Price
2025-08-22	Buy	4.77	4.32
2025-05-23	Buy	4.18	3.39
2025-02-21	Buy	4.53	3.22
2024-11-27	Buy	4.70	3.42
2024-10-03	Buy	5.68	3.57
2024-08-21	Buy	5.94	3.75
2024-05-24	Buy	6.68	4.95
2024-02-23	Buy	4.69	4.02
2024-01-29	Buy	4.69	3.95
2023-12-11	Buy	2.95	2.51
2023-11-24	Buy	2.72	2.28
2023-11-01	Buy	2.43	2.18
2023-09-17	Buy	2.43	2.08
2023-08-24	Buy	2.21	1.75
2023-08-22	Buy	2.00	1.78

Source: RHB, Bloomberg

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