

22 August 2025

# YTL Power International

## Earnings Top, Higher Dividends

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YTLPOWER's FY25 results exceeded expectations with a core profit of RM2.90b (+7% vs. our forecast; +12% vs. consensus). The strong performance was driven by improved contributions from PowerSeraya on higher pool prices and stronger Wessex Water earnings boosted by tariff hikes. We raise FY26F earnings by 3% to reflect the uplift in Wessex. We maintain our **OUTPERFORM** rating with a lower TP of RM4.66.

**FY25 results above expectations.** YTLPOWER reported FY25 core profit of RM2.90b, coming in 7% above our forecast and 12% above consensus. The was due to stronger water & sewage earnings (Wessex Water), and higher PowerSeraya contributions in 4QFY25. A final NDPS of 4.0 sen was declared (ex-date 1 Oct; payment date 23 Oct), bringing FY25 NDPS to 8.0 sen, higher than FY24's 7.0 sen and our projection of 7.0 sen.

**Sequential momentum from power and water.** 4QFY25 core profit jumped 33% QoQ to RM831.4m on the back of a 14% revenue increase. The stronger performance was driven by: 1) PowerSeraya – earnings which rose 26%, boosted by higher pool prices in May as a competitor's plant outage tightened supply; and 2) water & sewerage – earnings surged 781% YoY to RM287.6m, driven by (i) RM130m contribution from **RANHILL (Not Rated)** on a government grant, and (ii) stronger Wessex Water on 21–24% tariff hikes (13% price revision plus inflation pass-through).

**FY25 review.** Despite the strong 4Q, FY25 core profit fell 14% YoY to RM2.90b due to a 29% decline in PowerSeraya earnings, pressured by lower pool and retail prices, and a stronger MYR against SGD. However, Wessex Water swung back to profitability with a PBT of RM435.8m (vs. LBT of RM86.5m in FY24), aided by tariff hikes and easing inflation-linked bond costs.

**Forecasts.** We lift FY26F earnings by 3% to reflect higher Wessex tariffs and raise NDPS to 8.0 sen (from 7.0 sen). We also introduce FY27F forecasts, expecting a 3% earnings dip as PowerSeraya's favourable fuel cost contract expires by this year-end, while NDPS is projected at 8.0 sen.

**Valuation.** Post-earnings revision, rollover to FY26F, and updated share base, our SoP-based TP is trimmed slightly to RM4.66 (from RM4.73). We make no ESG adjustments given YTLPOWER's 3-star ESG rating.

**Investment case.** We continue to like YTLPOWER for: (i) its earnings stability backed by various regulated assets globally, (ii) the resilient near-term earnings prospects of PowerSeraya backed by gas inventory locked in at low prices, and (iii) its longer-term growth potential driven by its data centre and digital banking ventures. Maintain **OUTPERFORM**.

**Risks to our recommendation include:** (i) stringent ESG standards in developed markets, (ii) regulatory risk in the power sector in Singapore, (iii) the new data centre business fails to take off, (iv) sustained losses at YES, and (v) the AI diffusion rules unfavourable to its AI data centre business.

# OUTPERFORM ↔

Price: **RM4.32**  
Target Price: **RM4.66** ↓

### Share Price Performance



KLCI 1,592.87  
YTD KLCI chg -3.0%  
YTD stock price chg -2.3%

### Stock Information

Shariah Compliant	No
Bloomberg Ticker	YTLP MK Equity
Market Cap (RM m)	36,987.5
Shares Outstanding	8,195.9
52-week range (H)	4.55
52-week range (L)	2.83
3-mth avg. daily vol.	12,429,350
Free Float	33%
Beta	2.0

### Major Shareholders

Ytl Corp Bhd	46.5%
Yeoh Tiong Lay & Son	9.7%
Cornerstone Crest Sdn Bhd	9.5%

### Summary Earnings Table

FY June (RM m)	2025	2026F	2027F
Turnover	21,807	24,808	25,712
EBIT	4,823	4,600	4,419
PBT	3,153	3,436	3,325
<b>Net Profit (NP)</b>	<b>2,398</b>	<b>2,694</b>	<b>2,607</b>
<b>Core Net Profit</b>	<b>2,900</b>	<b>2,694</b>	<b>2,607</b>
Consensus (NP)		2,827	2,962
Earnings Revision (%)		+2.9	New
Core EPS (sen)	31.8	31.5	30.5
Core EPS Growth (%)	-13.7	-7.1	-3.2
NDPS (sen)	8.0	8.0	8.0
BV/Share (RM)	2.59	2.83	3.06
NTA/Share (RM)	1.42	1.52	1.70
Core PER (x)	13.6	13.7	14.2
PBV (x)	1.67	1.53	1.41
P/NTA (x)	3.04	2.84	2.54
Gearing (x)	0.98	0.91	0.81
Dividend Yield (%)	1.6	1.9	1.9



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Income Statement								
FYE June (RM m)	4Q	3Q	Q-o-Q	4Q	Y-o-Y	12M	12M	Y-o-Y
	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Turnover	5,553.7	4,889.8	14%	6,341.4	-12%	21,806.8	22,320.5	-2%
EBITDA	1,653.6	1,349.0	23%	1,821.6	-9%	6,029.4	6,859.7	-12%
Depreciation	-307.4	-291.3	6%	-374.2	-18%	-1,206.2	-1,328.6	-9%
EBIT	1,346.2	1,057.7	27%	1,447.4	-7%	4,823.2	5,531.1	-13%
Interest expense	-337.8	-397.4	-15%	-402.6	-16%	-1,543.9	-1,785.3	-14%
Associates	67.1	109.8	-39%	47.4	42%	376.0	264.8	42%
Exceptional items	-161.4	-134.9	20%	147.0	-210%	-502.5	104.0	-583%
Pretax profit	914.1	635.2	44%	1,239.2	-26%	3,152.8	4,114.6	-23%
Taxation	-182.8	-127.1	44%	-120.7	51%	-629.6	-604.3	4%
Profit after tax	731.3	508.2	44%	1,118.4	-35%	2,523.2	3,510.3	-28%
Minority interest	-61.3	-18.8	227%	-46.0	33%	-125.5	-46.2	172%
Net profit	670.0	489.4	37%	1,072.4	-38%	2,397.7	3,464.1	-31%
Core profit	831.4	624.3	33%	925.4	-10%	2,900.2	3,360.1	-14%
EPS (sen)	7.8	5.7	37%	12.5	-38%	28.0	40.5	-31%
Core EPS (sen)	9.7	7.3	33%	10.8	-10%	33.9	39.3	-14%
DPS (sen)	4.0	4.0	0%	4.0	0%	8.0	7.0	14%
NTA/share (RM)	1.25	1.26	-1%	1.17	7%	1.25	1.26	-1%
EBITDA margin	29.8%	27.6%		28.7%		27.6%	30.7%	
EBIT margin	24.2%	21.6%		22.8%		22.1%	24.8%	
Pretax margin	16.5%	13.0%		19.5%		14.5%	18.4%	
Effective tax rate	20.0%	20.0%		9.7%		20.0%	14.7%	

Source: Company

Segmental Breakdown								
Segmental Breakdown (RM m)	4Q	3Q	Q-o-Q	4Q	Y-o-Y	12M	12M	Y-o-Y
	FY25	FY25	Chg	FY24	Chg	FY25	FY24	Chg
Segment revenue:								
Singapore IPP	3,004.7	2,633.7	14%	4,121.3	-27%	12,185.8	15,241.2	-20%
Water & Sewerage	2,039.0	1,647.3	24%	1,570.1	30%	7,063.6	5,213.7	35%
Telco Business	157.9	264.2	-40%	315.5	-50%	885.1	777.5	14%
Investment Holding	352.1	344.6	2%	334.4	5%	1,672.2	1,088.3	54%
<b>Group revenue</b>	<b>5,553.7</b>	<b>4,889.8</b>	<b>14%</b>	<b>6,341.4</b>	<b>-12%</b>	<b>21,806.8</b>	<b>22,320.5</b>	<b>-2%</b>
Segment result:								
Singapore IPP	644.9	511.2	26%	785.2	-18%	2,632.6	3,686.7	-29%
Water & Sewerage	287.6	32.6	781%	69.0	317%	435.8	-86.5	N/A
Mobile Broadband Network	-130.4	-41.4	215%	37.5	-448%	-255.8	-223.1	15%
Investment Holding	112.1	132.9	-16%	347.5	-68%	340.2	737.5	-54%
<b>Group PBT</b>	<b>914.1</b>	<b>635.2</b>	<b>44%</b>	<b>1,239.2</b>	<b>-26%</b>	<b>3,152.8</b>	<b>4,114.6</b>	<b>-23%</b>
PBT margin:								
Singapore IPP	21.5%	19.4%		19.1%		21.6%	24.2%	
Water & Sewerage	14.1%	2.0%		4.4%		6.2%	-1.7%	
Telco Business	-82.6%	-15.7%		11.9%		-28.9%	-28.7%	
Investment Holding	31.8%	38.6%		103.9%		20.3%	67.8%	
<b>Group PBT margin</b>	<b>16.5%</b>	<b>13.0%</b>		<b>19.5%</b>		<b>14.5%</b>	<b>18.4%</b>	

Source: Company

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YTLPOWR's Sum-of-Parts Valuation			
Unit	Valuation		Basis
	(RM m)	(RM/share)	
Singapore IPP	20,301	2.37	FCFF @ 5.9% discount rate
Wessex	11,813	1.38	FCFF @ 5.9% discount rate; TG: 1%
Yes	2,269	0.27	FY24A book value
Data Centre	8,508	0.99	RM50m/MW, 400MW non-AI capacity RM100m/MW, 100MW AI capacity
Other Investment	2,776	0.32	FY24A book value
Net Cash/(Debt)	-5,794	-0.68	Estimated FY25F
	<b>39,872</b>	<b>4.66</b>	
Issued Share	8,559		
<b>TP</b>	<b>RM4.66</b>		

Source: Kenanga Research

### Peer Table Comparison

Name	Rating	Last Price (RM)	Target Price (RM)	Upside (%)	Market Cap (RM'm)	Shariah Compliant	Current FYE	Core EPS (sen)		Core EPS Growth		PER (x) - Core Earnings		PBV (x)	ROE (%)	Net Div. Div. (sen)	Net Div Yld (%)
								1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	2-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.	1-Yr. Fwd.
<b>Stocks Under Coverage</b>																	
GAS MALAYSIA BHD	MP	4.30	3.93	-8.6%	5,521.2	Y	12/2025	31.1	32.1	-9.7%	3.5%	13.8	13.4	3.5	25.8%	24.9	5.8%
KJTS GROUP BHD	OP	1.68	2.12	26.2%	1,157.2	Y	12/2025	2.3	4.0	20.8%	71.1%	71.6	41.8	12.3	16.4%	0.5	0.3%
MALAKOFF CORP BHD	MP	0.950	0.770	-18.9%	4,642.6	Y	12/2025	4.5	4.3	-2.2%	-3.9%	21.3	22.1	1.0	4.9%	3.6	3.8%
PEKAT GROUP BHD	OP	1.58	1.68	6.3%	1,019.1	Y	12/2025	7.2	8.5	109.0%	17.5%	22.0	18.7	3.9	24.0%	0.0	0.0%
PETRONAS GAS BHD	MP	18.90	16.80	-11.1%	37,398.0	Y	12/2025	93.8	97.5	-0.1%	3.9%	20.1	19.4	2.6	13.1%	72.0	3.8%
SAMAIDEN GROUP BHD	OP	1.17	1.43	22.2%	526.9	Y	06/2025	4.9	5.9	12.7%	21.6%	23.9	19.7	4.7	21.0%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	2.40	2.71	12.9%	1,950.2	Y	03/2026	9.2	10.9	35.8%	18.7%	26.1	22.0	4.7	20.2%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.305	0.600	96.7%	305.2	Y	09/2025	1.9	2.4	3.3%	26.3%	16.1	12.7	3.9	27.9%	0.0	0.0%
TENAGA NASIONAL BHD	OP	13.64	17.20	26.1%	79,509.5	Y	12/2025	87.3	89.9	3.1%	3.0%	15.6	15.2	1.2	8.1%	43.2	3.2%
YTL POWER INTERNATIONAL BHD	OP	4.32	4.66	7.9%	36,987.5	N	06/2026	32.8	31.8	-7.1%	-3.2%	13.2	13.6	1.5	11.6%	8.0	1.9%
<b>SECTOR AGGREGATE</b>					<b>169,017.4</b>					<b>-0.5%</b>	<b>1.8%</b>	<b>16.3</b>	<b>16.1</b>	<b>3.9</b>	<b>17.3%</b>		<b>1.9%</b>

Source: Kenanga Research

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**Stock ESG Ratings:**

	Criterion	Rating			
<b>GENERAL</b>	Earnings Sustainability & Quality	★	★		
	Community Investment	★	★	★	
	Workers Safety & Wellbeing	★	★	★	
	Corporate Governance	★	★	★	
	Anti-Corruption Policy	★	★	★	
	Emissions Management	★	★	★	
<b>SPECIFIC</b>	Transition to Renewables	★	★		
	Reliable Energy & Fair Tariff	★	★	★	
	Effluent/Waste Management	★	★	★	
	Ethical Practices	★	★	★	
	Supply Chain Management	★	★	★	
	Customer Satisfaction	★	★	★	
<b>OVERALL</b>		★	★	★	

☆ denotes half-star  
 ★ -10% discount to TP  
 ★★ -5% discount to TP  
 ★★★ TP unchanged  
 ★★★★ +5% premium to TP  
 ★★★★★ +10% premium to TP

**Stock Ratings are defined as follows:**

**Stock Recommendations**

OUTPERFORM : A particular stock’s Expected Total Return is MORE than 10%  
 MARKET PERFORM : A particular stock’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERPERFORM : A particular stock’s Expected Total Return is LESS than -5%

**Sector Recommendations\*\*\***

OVERWEIGHT : A particular sector’s Expected Total Return is MORE than 10%  
 NEUTRAL : A particular sector’s Expected Total Return is WITHIN the range of -5% to 10%  
 UNDERWEIGHT : A particular sector’s Expected Total Return is LESS than -5%

**\*\*\*Sector recommendations are defined based on market capitalisation weighted average expected total return for stocks under our coverage.**

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