

28 November 2025

YTL Power International

1QFY26 Below Expectation

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YTLPOWR's 1QFY26 results came in below expectations, with core profit of RM556.3m sliding 33% QoQ as PowerSeraya's earnings fell to a 2.5-year low amid weaker retail and pool prices. The Singapore unit is expected to face further margin compression as 40% of its favourable fuel-cost contracts expire by year-end. On a positive note, several phases of its data centre facilities were delivered in 1HFY26, while it has commenced design work for an additional 80MW-100MW colo facility. We trim FY26-FY27 earnings forecast by 7.6%-0.5%, and lower our TP to RM4.40. Reiterate **OUTPERFORM**.

1QFY26 results fell short of expectations, with core profit of RM556.3m accounting for only 21%/20% of house/street FY26 estimates. The shortfall was driven mainly by weaker-than-expected PowerSeraya earnings as retail and pool prices declined. No dividend was declared, as the company typically pays only in the 2H of the year.

QoQ, core profit slipped by one-third to RM556.3m on a 3% decline in revenue. This was due to: (i) PowerSeraya, which delivered a 2.5-year low profit of RM497.5m (-23%) amid lower retail and pool prices, and (ii) a 22% earnings contraction in the water & sewerage segment, despite revenue dipping only 4%. While data centre earnings were not disclosed, several facilities have been delivered: **JDC1**: 16MW capacity was "ready for service" (RFS) in Aug; lease payments commenced in Oct; **JDC2.1**: 20MW AI-powered went live in Oct; **JDC2.2**: 40MW delivered in end-Sep; **JDC4**: 20MW was RFS in Sep.

YoY, core profit fell 28% from RM776.3m, while revenue declined 6%, mainly due to softer PowerSeraya contributions. Losses at the telco unit widened significantly to RM135.1m (from RM24.6m) following the absence of construction profit. Positively, the water & sewerage division tripled earnings to RM225.0m, supported by the Wessex Water tariff hike.

Forecasts. We trim FY26-FY27 earnings forecast by 7.6%-0.5% to reflect the weaker PowerSeraya outlook, with margins expected to remain under pressure as 40% of favourable fuel-cost contracts expire by year-end. NDPS forecast is maintained at 8.0 sen. Meanwhile, the company expects its existing colo data centre assets to deliver RM1b in EBITDA by 2028.

Valuation. Following earnings revisions and an updated share base, our SoP-derived TP is cut to RM4.40 (from RM4.66). We make no ESG adjustments given YTLPOWR's 3-star ESG rating.

Investment case. We continue to like YTLPOWR 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: **RM3.56**
Target Price: **RM4.40** ↓

Share Price Performance



KLCI	1,614.36
YTD KLCI chg	-1.7%
YTD stock price chg	-19.2%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	YTLP MK Equity
Market Cap (RM m)	30,797.2
Shares Outstanding	8,626.7
52-week range (H)	4.55
52-week range (L)	2.85
3-mth avg. daily vol.	8,619,850
Free Float	33%
Beta	1.9

Major Shareholders

YTL Corp Bhd	46.1%
Employees Provident Fund Board	10.6%
Yeoh Tiong Lay & Son	9.5%

Summary Earnings Table

FY June (RM m)	2025A	2026F	2027F
Turnover	21,807	24,808	25,712
EBIT	4,823	4,338	4,403
PBT	3,153	3,174	3,310
Net Profit (NP)	2,398	2,488	2,595
Core Net Profit	2,900	2,488	2,595
Consensus (NP)	-	2,797	2,915
Earnings Revision (%)	-	-7.6	-0.5
Core EPS (sen)	33.6	28.8	30.1
Core EPS Growth (%)	-13.7	-14.2	4.3
NDPS (sen)	8.0	8.0	8.0
BV/Share (RM)	2.57	2.78	3.01
NTA/Share (RM)	1.41	1.48	1.66
Core PER (x)	11.8	12.3	11.8
PBV (x)	1.39	1.28	1.18
P/NTA (x)	2.52	2.40	2.14
Gearing (x)	0.98	0.92	0.82
Dividend Yield (%)	2.0	2.2	2.2

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Income Statement								
FYE June (RM m)	1Q	4Q	Q-o-Q	1Q	Y-o-Y	3M	3M	Y-o-Y
	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Turnover	5,360.3	5,553.7	-3%	5,683.5	-6%	5,360.3	5,683.5	-6%
EBITDA	1,339.5	1,653.6	-19%	1,727.7	-22%	1,339.5	1,727.7	-22%
Depreciation	-313.6	-307.4	2%	-480.5	-35%	-313.6	-480.5	-35%
EBIT	1,025.9	1,346.2	-24%	1,247.3	-18%	1,025.9	1,247.3	-18%
Interest expense	-407.5	-337.8	21%	-392.2	4%	-407.5	-392.2	4%
Associates	97.5	67.1	45%	115.4	-16%	97.5	115.4	-16%
Exceptional items	-55.8	-161.4	-65%	-305.7	-82%	-55.8	-305.7	-82%
Pretax profit	660.1	914.1	-28%	664.8	-1%	660.1	664.8	-1%
Taxation	-175.4	-182.8	-4%	-154.1	14%	-175.4	-154.1	14%
Profit after tax	484.7	731.3	-34%	510.6	-5%	484.7	510.6	-5%
Minority interest	15.8	-61.3	N/A	-40.0	N/A	15.8	-40.0	N/A
Net profit	500.6	670.0	-25%	470.6	6%	500.6	470.6	6%
Core profit	556.3	831.4	-33%	776.3	-28%	556.3	776.3	-28%
EPS (sen)	5.8	7.8	-25%	5.5	6%	5.8	5.5	6%
Core EPS (sen)	6.4	9.6	-33%	9.0	-28%	6.4	9.0	-28%
DPS (sen)	0.0	4.0	-100%	0.0	N/A	0.0	0.0	N/A
NTA/share (RM)	1.35	1.24	9%	1.08	25%	1.35	1.24	9%
EBITDA margin	25.0%	29.8%		30.4%		25.0%	30.4%	
EBIT margin	19.1%	24.2%		21.9%		19.1%	21.9%	
Pretax margin	12.3%	16.5%		11.7%		12.3%	11.7%	
Effective tax rate	26.6%	20.0%		23.2%		26.6%	23.2%	

Source: Company

Segmental Breakdown								
Segmental Breakdown (RM m)	1Q	4Q	Q-o-Q	1Q	Y-o-Y	3M	3M	Y-o-Y
	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Segment revenue:								
Singapore IPP	2,709.5	3,004.7	-10%	3,268.3	-17%	2,709.5	3,268.3	-17%
Water & Sewerage	2,121.7	2,039.0	4%	1,737.5	22%	2,121.7	1,737.5	22%
Telco Business	141.8	157.9	-10%	233.8	-39%	141.8	233.8	-39%
Investment Holding	387.3	352.1	10%	443.9	-13%	387.3	443.9	-13%
Group revenue	5,360.3	5,553.7	-3%	5,683.5	-6%	5,360.3	5,683.5	-6%
Segment result:								
Singapore IPP	497.5	644.9	-23%	746.7	-33%	497.5	746.7	-33%
Water & Sewerage	225.0	287.6	-22%	55.3	307%	225.0	55.3	307%
Mobile Broadband Network	-135.1	-130.4	4%	-24.6	449%	-135.1	-24.6	449%
Investment Holding	72.7	112.1	-35%	-112.6	N/A	72.7	-112.6	N/A
Group PBT	660.1	914.1	-28%	664.8	-1%	660.1	664.8	-1%
PBT margin:								
Singapore IPP	18.4%	21.5%		22.8%		18.4%	22.8%	
Water & Sewerage	10.6%	14.1%		3.2%		10.6%	3.2%	
Telco Business	-95.3%	-82.6%		-10.5%		-95.3%	-10.5%	
Investment Holding	18.8%	31.8%		-25.4%		18.8%	-25.4%	
Group PBT margin	12.3%	16.5%		11.7%		12.3%	11.7%	

Source: Company

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YTLPOWR's Sum-of-Parts Valuation			
Unit	Valuation		Basis
	(RM m)	(RM/share)	
Singapore IPP	18,428	2.14	FCFF @ 5.9% discount rate
Wessex	11,813	1.37	FCFF @ 5.9% discount rate; TG: 1%
Yes	2,269	0.26	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)	-5,814	-0.67	Estimated FY25F
	37,979	4.40	
Issued Share	8,627		
TP	RM4.40		

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.
Stocks Under Coverage																	
GAS MALAYSIA BHD	MP	4.22	4.45	5.5%	5,418.5	Y	12/2025	31.1	32.1	-9.7%	3.5%	13.6	13.1	3.4	25.8%	24.9	5.9%
KJTS GROUP BHD	OP	1.36	2.12	55.9%	937.2	Y	12/2025	2.3	4.0	20.8%	71.1%	57.9	33.9	9.9	16.4%	0.5	0.4%
MALAKOFF CORP BHD	OP	0.895	1.04	16.2%	4,373.8	Y	12/2025	2.8	4.3	-37.8%	51.1%	31.5	20.9	1.0	3.1%	2.3	2.6%
PEKAT GROUP BHD	OP	1.60	1.68	5.0%	1,130.0	Y	12/2025	7.2	8.5	109.0%	17.5%	22.2	18.9	3.9	24.0%	0.0	0.0%
PETRONAS GAS BHD	MP	17.86	18.70	4.7%	35,340.2	Y	12/2025	93.8	97.5	-0.1%	3.9%	19.0	18.3	2.5	13.1%	72.0	4.0%
SAMAIDEN GROUP BHD	OP	1.49	2.08	39.6%	743.7	Y	06/2026	6.9	8.4	24.0%	21.6%	21.5	17.7	6.0	29.8%	0.0	0.0%
SOLARVEST HOLDINGS BHD	OP	3.04	3.45	13.5%	2,855.5	Y	03/2026	10.3	14.3	51.9%	39.2%	29.5	21.2	6.0	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.200	0.470	135.0%	200.2	Y	09/2025	1.3	2.0	-29.3%	53.8%	15.4	10.0	2.5	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	13.28	17.10	28.8%	77,411.0	Y	12/2025	82.9	88.8	-2.0%	7.1%	16.0	15.0	1.2	7.7%	41.0	3.1%
YTL POWER INTERNATIONAL BHD	OP	3.56	4.40	23.6%	30,710.4	N	06/2026	30.3	31.6	-14.2%	4.3%	11.7	11.3	1.2	10.8%	8.0	2.2%
SECTOR AGGREGATE					159,120.5					-5.6%	6.8%	16.2	15.2	3.8	17.3%		1.8%

Source: Kenanga Research

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Stock ESG Ratings:

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

☆ 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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