

27 April 2026

# YTL Power International

## Resetting for Growth

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YTLPOWR offers a compelling blend of defensive regulated assets and high-growth ventures. The data centre segment scales toward 1,000 MW, promising sizeable recurring income by 2028. While PowerSeraya faces near-term gas contract headwinds, its upcoming Singapore and Malaysia plants are medium-term catalysts. Furthermore, the Competition and Markets Authority (CMA)'s 1.7% tariff uplift in the UK bolsters Wessex Water's long-term valuation. Maintain **OUTPERFORM** with a higher TP of RM4.30 to reflect the Wessex Water tariff hike and the inclusion of the new Malaysian IPP and RANHILL (Not Rated).

**Data centre to power long-term growth.** YTLPOWR has significantly raised its ambitions, revealing an aggressive capacity target to grow its data centre campus to 1,000 MW by 2028, doubling its initial 500 MW target. It plans to roll out 200–300 MW annually using a colo model, specifically targeting global developers seeking stable alternatives to the Middle East amidst ongoing regional volatility. As of Feb 2026, YTLPOWR operates 110 MW of live capacity, with the full 278 MW facility expected to be operational by end-2027. We forecast the data centre segment to become a major earnings engine, contributing RM327m PBT in FY28 (based on 278 MW) compared to our estimate of RM120m PBT for FY26.

**Tariff uplift from Apr 2027 for Wessex Water.** On 26 Mar 2026, the Competition and Markets Authority (CMA) issued its [final determination](#) regarding the disputed price controls for five UK water companies. For Wessex Water, the CMA granted a 1.7% tariff uplift for the final three years of the AMP8 cycle (2027/28 to 2029/30). This raises the nominal tariff growth to 5.7% (comprising a 3.4% real increase plus a 2.3% inflation adjustment), from the initial 4.0% nominal rise proposed in the Asset Management Plan 8 (AMP8) cycle. To recap, Wessex suffered pre-tax losses of RM94.7m and RM86.5m in FY23 and FY24, respectively, as UK inflation spiked financing and operating costs. The hefty inflation-related adjustments in FY25 have already repositioned Wessex Water as a significant earnings contributor. While the latest CMA uplift only takes effect from Apr 2027, it provides long-term earnings sustainability and valuation support.

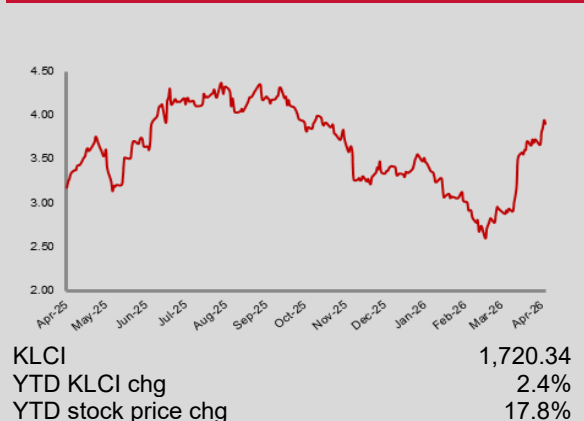
**Near-term headwinds at PowerSeraya but new generation on the card.** The upcoming 3QFY26 results will be a key testing ground for PowerSeraya, marking the first full-quarter following the expiry of its favourable 40% gas contract in Dec 2025. PowerSeraya has benefited from low input costs for the past three years. However, it now faces a phased transition to market rates. The remaining low-cost blocks are scheduled to expire as follows: 20% in late 2027, 20% by Aug 2028, and the balance in 2029. Despite near-term margin compression, we expect earnings to bottom in FY27. The new 600 MW hydrogen-ready CCGT is on track for a COD in Dec 2027, providing a timely earnings lift. Concurrently, YTLPOWR is poised to re-enter the Malaysian IPP space. Malaysia faces a potential 7,500 MW supply gap driven by data centre demand, compounded by the retirement of 4,300 MW of old capacity by 2030. Having already procured 1,400 MW capacity gas turbines, YTLPOWR is a prime candidate to bridge this national power deficit.

**Forecasts.** We maintain our FY26-FY27 earnings forecasts for now. Our forecasts currently reflect 188 MW of data centre capacity. The 1.7% bill uplift starting Apr 2027 has a negligible impact on our FY27

**OUTPERFORM** ↔

**Price:** RM3.90  
**Target Price:** RM4.30 ↑

### Share Price Performance



### Stock Information

Shariah Compliant	No
Bloomberg Ticker	YTLP MK
Market Cap (RM m)	33,702.0
Shares Outstanding	8,641.5
52-week range (H)	4.36
52-week range (L)	2.59
3-mth avg. daily vol.	12,282,400
Free Float	33%
Beta	1.6

### Major Shareholders

YTL Corp Bhd	46.0%
Employees Provident Fund Board	11.4%
Yeoh Tiong Lay & Son	9.5%

### Summary Earnings Table

FY June (RM m)	2025	2026F	2027F
Turnover	21,807	24,039	24,908
EBIT	4,823	4,217	3,923
PBT	3,153	2,698	2,496
<b>Net Profit (NP)</b>	<b>2,398</b>	<b>2,115</b>	<b>1,957</b>
<b>Core Net Profit</b>	<b>2,900</b>	<b>2,115</b>	<b>1,957</b>
Consensus (NP)	-	2,270	2,630
Earnings Revision (%)	-	-	-
Core EPS (sen)	33.6	24.5	22.6
Core EPS Growth (%)	-13.7	-27.1	-7.5
NDPS (sen)	8.0	8.0	8.0
BV/Share (RM)	2.47	2.64	2.78
NTA/Share (RM)	1.42	1.43	1.60
Core PER (x)	11.9	15.9	17.2
PBV (x)	1.61	1.48	1.40
P/NTA (x)	2.80	2.72	2.44
Gearing (x)	1.21	1.14	1.04
Dividend Yield (%)	2.0	2.1	2.1

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numbers (due to a single-quarter effect). Furthermore, the expiry of gas contracts is already baked into our PowerSeraya projections, while the CODs for the 600 MW Singapore CCGT and 1,400 MW Malaysia IPP fall just beyond our current forecast horizon.

**Valuations.** We raise our SoP-based TP to RM4.30 (from RM3.80) to reflect: (i) the revised tariff uplift for Wessex Water, (ii) the inclusion of the new 1,400 MW Malaysia IPP (100% stake) at discount rate of 6.8%, (iii) the inclusion of **RANHILL** based on current market price, shifting it from “Other Investments”. We maintain our 500 MW data centre capacity assumption for valuation purposes, as the additional 500 MW is still in the planning phase. No adjustments have been made to our TP based on ESG considerations, which currently reflect a 3-star rating as assessed by us (see Page 5).

**Investment case.** We continue to like YTLPOWR for: (i) its earnings stability backed by various regulated assets globally, and, (ii) 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.

Malaysia Generation Installed Capacity Pipeline		
Upcoming Capacity	Capacity	COD
Nenggiri Hydro	300 MW	2027
Sungai Perak Hydro Life Extension	648 MW	2028
Paka CCGT Power	1,400 MW	Dec 2028
Retiring Capacity	Capacity	Expire
Kapar Energy Venture (gas & coal)	2,200 MW	Jul 2029
TNB Manjung 1-3 (coal)	2,100 MW	Aug 2030
Tanjung Bin Power (coal)	2,100 MW	Sep 2031
Jimah Energy Ventures (coal)	1,400 MW	Mar 2034
Manjung 4 (coal)	1,010 MW	Apr 2040
Tanjung Bin Energy (coal)	1,000 MW	Mar 2041
Manjung 5 (coal)	1,000 MW	Aug 2042
Jimah East (coal)	2,159 MW	Aug 2044

Source: Energy Commission, Tenaga

YTLPOWR's Sum-of-Parts Valuation			
Unit	Valuation		Basis
	(RM m)	(RM/share)	
Singapore IPP	13,301	1.54	FCFF @ 5.9% discount rate
Wessex	13,353	1.55	FCFF @ 5.9% discount rate; TG: 1%
Yes	2,006	0.23	FY25A book value
Data Centre	8,508	0.98	RM50m/MW, 400MW non-AI capacity RM100m/MW, 100MW AI capacity
Ranhill Utilities	1,354	0.16	57.1% equity stake at market price
New IPP	1,421	0.16	FCFF @ 6.8% discount rate
Other Investment	1,793	0.21	FY25A book value
Net Cash/(Debt)	-4,589	-0.53	Estimated FY26F
	37,147	4.30	
Issued Share	8,641		
<b>TP</b>	<b>RM4.30</b>		

Source: Kenanga Research

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Income Statement						Financial Data & Ratios					
FYE Jun (RM m)	2023	2024	2025	2026F	2027F	FYE Jun	2023	2024	2025	2026F	2027F
Turnover	21890	22321	21807	24039	24908	<b>Growth (%)</b>					
EBITDA	4943	6860	6029	5804	5569	Turnover	22.6	2.0	-2.3	10.2	3.6
Depreciation	-1283	-1329	-1206	-1588	-1646	EBITDA	92.9	38.8	-12.1	-3.7	-4.1
Operating Profit	3660	5531	4823	4217	3923	Operating Profit	177.9	51.1	-12.8	-12.6	-7.0
Interest Expense	-1580	-1785	-1544	-1888	-1798	PBT	49.2	68.0	-23.4	-14.4	-7.5
Associate	332	265	376	369	370	Net Profit	316.6	68.8	-13.7	-27.1	-7.5
Exceptional Items	37	104	-502	0	0						
PBT	2450	4115	3153	2698	2496	<b>Profitability (%)</b>					
Taxation	-417	-604	-630	-540	-499	EBITDA	22.6	30.7	27.6	24.1	22.4
Minority Interest	-5	-46	-125	-43	-40	Operating Profit	16.7	24.8	22.1	17.5	15.7
Net Profit	2028	3464	2398	2115	1957	PBT	11.2	18.4	14.5	11.2	10.0
Core Net Profit	1991	3360	2900	2115	1957	Net Profit	9.3	15.5	11.0	8.8	7.9
						Effective Tax Rate	17.0	14.7	20.0	20.0	20.0
						ROA	3.1	3.9	2.6	5.3	5.0
						ROA	12.9	18.8	11.6	9.6	8.4
						<b>DuPont Analysis</b>					
						Net margin (%)	9.3	15.5	11.0	8.8	7.9
						Assets Turnover (x)	0.43	0.38	0.32	0.32	0.33
						Leverage Factor (x)	3.52	3.53	3.38	3.51	3.35
						ROE (%)	13.9	20.7	12.0	9.9	8.6
						<b>Leverage</b>					
						Debt/Asset (x)	0.54	0.53	0.48	0.51	0.49
						Debt/Equity (x)	1.90	1.88	1.62	1.78	1.65
						Net Debt/(Cash) (RM m)	-22,485	-23,554	-25,742	-25,869	-25,067
						Net Debt/Equity (x)	1.34	1.17	1.21	1.14	1.04
						<b>Valuations</b>					
						EPS (sen)	23.0	38.9	33.6	24.5	22.6
						NDPS (sen)	6.0	7.0	8.0	8.0	8.0
						BV/share (RM)	1.94	2.32	2.47	2.64	2.78
						NTA (RM)	1.05	1.30	1.42	1.43	1.60
						PER (x)	5.6	12.4	11.9	15.9	17.2
						Net Yield (%)	4.6	1.5	2.0	2.1	2.1
						PBV (x)	0.67	2.08	1.61	1.48	1.40
						P/NTA (x)	1.24	3.72	2.80	2.72	2.44
						EV/EBITDA (x)	22.0	9.5	10.0	10.3	10.6

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. (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>																	
CHEEDING HOLDINGS BHD	OP	0.720	0.700	-2.8%	574.0	Y	03/2026	4.3	5.3	30.8%	23.5%	16.9	13.7	6.4	48.6%	1.1	1.5%
GAS MALAYSIA BHD	MP	5.37	5.23	-2.6%	6,895.1	Y	12/2026	31.7	32.1	5.6%	1.3%	17.0	16.7	4.2	25.4%	25.3	4.7%
KJTS GROUP BHD	OP	0.905	1.37	51.4%	625.0	Y	12/2026	3.2	4.0	24.2%	23.9%	28.1	22.6	2.8	12.1%	0.6	0.7%
MALAKOFF CORP BHD	OP	0.855	1.00	17.0%	4,178.4	Y	12/2026	3.6	4.8	58.2%	32.9%	23.9	18.0	0.9	3.9%	2.9	3.4%
PEKAT GROUP BHD	OP	1.60	1.72	7.5%	1,131.3	Y	12/2026	8.5	9.2	22.4%	7.3%	18.7	17.5	2.9	18.6%	0.0	0.0%
PETRONAS GAS BHD	MP	18.18	18.80	3.4%	35,973.3	Y	12/2026	95.9	97.2	12.1%	1.4%	19.0	18.7	2.4	13.1%	72.0	4.0%
SAMAIDEN GROUP BHD	OP	1.32	1.94	47.0%	667.4	Y	06/2026	6.3	7.5	21.3%	18.8%	20.9	17.6	3.3	17.4%	1.1	0.8%
SOLARVEST HOLDINGS BHD	OP	2.85	3.45	21.1%	2,717.3	Y	03/2026	10.3	13.3	51.9%	29.5%	27.7	21.4	5.6	22.7%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.180	0.470	161.1%	180.1	Y	09/2026	1.3	2.0	-29.3%	53.8%	13.9	9.0	2.3	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	14.66	17.00	16.0%	85,455.2	Y	12/2026	85.6	88.1	2.9%	2.8%	17.1	16.6	1.3	7.8%	50.8	3.5%
YTL POWER INTERNATIONAL BHD	OP	3.90	4.30	10.3%	33,702.0	N	06/2026	24.5	22.6	-27.1%	-7.5%	15.9	17.2	1.5	9.6%	8.0	2.1%
<b>Sector Aggregate</b>					<b>172,099.2</b>					<b>-3.1%</b>	<b>1.3%</b>	<b>17.7</b>	<b>17.5</b>	<b>3.1</b>	<b>18.0%</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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