

29 May 2026

YTL Power International

3QFY26 In Line

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YTLPOWER delivered a satisfactory 9MFY26 result. The 38% QoQ decline in 3QFY26 was widely expected, dragged down by PowerSeraya following the expiry of favourable fuel contracts in Dec 2025. Conversely, data centre's 3QFY26 pre-tax profit surged over 4x YoY as operational capacity scaled to 150MW (from 18MW), on track to hit 288MW by end-FY27. While keeping FY26 forecasts intact, we raise FY27 earnings by 7% to factor in the new data centre guidance. We maintain our **OUTPERFORM** call with a higher TP of RM4.55 (from RM4.30).

9MFY26 results in line. YTLPOWER's 9MFY26 core profit of RM1.56b accounted for 74% and 67% of our and consensus FY26 estimates, respectively. A first interim NDPS of 4.0 sen was declared in 3QFY26 (ex-date: 24 Jun; payment date: 10 Jul), matching the payout from 3QFY25.

QoQ. 3QFY26 core profit declined 38% QoQ to RM382.4m, primarily dragged down by PowerSeraya. The power generation unit saw its pre-tax profit plunging 40% QoQ to RM264.3m due to escalating input costs. This margin squeeze was driven by the expiration of 40% of its favourable fuel-cost contracts in Dec 2025 and a 10% cost escalation resulting from gas supply disruptions following a force majeure tied to the Middle East crisis. In addition, the telco unit reported a wider pre-tax loss of RM115.0m (vs. a loss of RM60.5m in 2QFY26). Conversely, the group segmented its data centre operations for the first time, reporting a higher pre-tax profit of RM59.3m as live capacity scaled up to 150MW (vs. RM41.0m at 110MW capacity).

YoY. 9MFY26 core profit contracted 25% to RM1.56b. This was largely due to the 40% earnings compression at PowerSeraya alongside a 148% widening of losses at the telco unit to RM310.6m. However, the downside was mitigated by a 295% surge in water and sewerage pre-tax earnings to RM586.2m, fuelled by tariff hikes at both Wessex Water and Ranhill SAJ. Additionally, the data centre segment's pre-tax profit jumped to RM101.2m (from RM11.4m YoY) as fresh capacity came on line.

Forecasts. While we leave our FY26 earnings forecasts intact, we upgrade our FY27 earnings estimate by 7%. This adjustment solely accounts for new data centre guidance, where a total capacity of 288MW is projected to go live by end-FY27. Our full-year NDPS forecast remains unchanged at 8.0 sen.

Valuation. Factoring in the updated data centre capacity of 298 MW, backed by our assumptions of RM79m enterprise value and RM30m capex per MW, we upgrade our SoP-derived TP to RM4.55 (see Page 3) from RM4.30. We make no ESG adjustments given YTLPOWER's 3-star ESG rating (see Page 5).

Investment case. We continue to like YTLPOWER 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.

OUTPERFORM ↔

Price: RM4.15
Target Price: RM4.55 ↑

Share Price Performance



KLCI	1,684.93
YTD KLCI chg	0.3%
YTD stock price chg	25.4%

Stock Information

Shariah Compliant	No
Bloomberg Ticker	YTLP MK
Market Cap (RM m)	35,880.0
Shares Outstanding	8,645.8
52-week range (H)	4.36
52-week range (L)	2.59
3-mth avg. daily vol.	13,267,250
Free Float	33%
Beta	1.6

Major Shareholders

YTL Corp Bhd	46.0%
Employees Provident Fund Board	12.2%
Yeoh Tiong Lay & Son	9.5%

Summary Earnings Table

FY June (RM m)	2025	2026F	2027F
Turnover	21,807	24,039	25,988
EBIT	4,823	4,217	4,088
PBT	3,153	2,698	2,661
Net Profit (NP)	2,398	2,115	2,086
Core Net Profit	2,900	2,115	2,086
Consensus (NP)	-	2,315	2,627
Earnings Revision (%)	-	-	+6.6
Core EPS (sen)	33.6	24.5	24.1
Core EPS Growth (%)	-13.7	-27.1	-1.4
NDPS (sen)	8.0	8.0	8.0
BV/Share (RM)	2.47	2.64	2.80
NTA/Share (RM)	1.42	1.43	1.61
Core PER (x)	11.9	17.0	17.2
PBV (x)	1.61	1.57	1.48
P/NTA (x)	2.80	2.89	2.58
Gearing (x)	1.21	1.14	1.04
Dividend Yield (%)	2.0	1.9	1.9

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Income Statement								
	3Q	2Q	Q-o-Q	3Q	Y-o-Y	9M	9M	Y-o-Y
FYE June (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Turnover	5,084.2	5,253.0	-3%	4,889.8	4%	15,697.5	16,253.1	-3%
EBITDA	372.8	1,409.4	-74%	1,349.0	-72%	3,121.8	4,375.8	-29%
Depreciation	-355.3	-329.5	8%	-291.3	22%	-998.4	-898.8	11%
EBIT	17.5	1,079.9	-98%	1,057.7	-98%	2,123.4	3,477.0	-39%
Interest expense	395.6	-404.3	N/A	-397.4	N/A	-416.2	-1,206.0	-65%
Associates	86.2	111.7	-23%	109.8	-21%	295.4	308.9	-4%
Exceptional items	-56.6	-183.6	-69%	-134.9	-58%	-295.9	-341.1	-13%
Pretax profit	442.7	603.8	-27%	635.2	-30%	1,706.6	2,238.7	-24%
Taxation	-100.7	-141.5	-29%	-127.1	-21%	-417.6	-446.8	-7%
Profit after tax	342.0	462.3	-26%	508.2	-33%	1,289.0	1,791.9	-28%
Minority interest	-16.2	-25.7	-37%	-18.8	-14%	-26.1	-64.2	-59%
Net profit	325.8	436.6	-25%	489.4	-33%	1,262.9	1,727.7	-27%
Core profit	382.4	620.1	-38%	624.3	-39%	1,558.8	2,068.8	-25%
EPS (sen)	3.8	5.1	-25%	5.7	-33%	14.6	20.0	-27%
Core EPS (sen)	4.4	7.2	-38%	7.2	-39%	18.0	23.9	-25%
DPS (sen)	4.0	0.0	N/A	4.0	0%	4.0	4.0	0%
NTA/share (RM)	1.42	1.31	8%	1.25	13%	1.42	1.31	8%
EBITDA margin	7.3%	26.8%		27.6%		19.9%	26.9%	
EBIT margin	0.3%	20.6%		21.6%		13.5%	21.4%	
Pretax margin	8.7%	11.5%		13.0%		10.9%	13.8%	
Effective tax rate	22.7%	23.4%		20.0%		24.5%	20.0%	

Source: Company

Segmental Breakdown								
	3Q	2Q	Q-o-Q	3Q	Y-o-Y	9M	9M	Y-o-Y
Segmental Breakdown (RM m)	FY26	FY25	Chg	FY25	Chg	FY26	FY25	Chg
Segment revenue:								
Singapore IPP	2,421.6	2,547.6	-5%	2,633.7	-8%	7,678.7	9,181.1	-16%
Water & Sewerage	1,945.8	2,012.7	-3%	1,647.3	18%	6,080.2	5,024.6	21%
Telco Business	173.9	207.0	-16%	264.2	-34%	522.7	727.3	-28%
Data Centre	224.6	127.0	77%	31.4	616%	407.7	66.5	513%
Investment Holding	318.3	358.7	-11%	344.6	-8%	1,008.1	1,253.7	-20%
Group revenue	5,084.2	5,253.0	-3%	4,921.2	3%	15,697.5	16,253.1	-3%
Segment result:								
Singapore IPP	264.3	440.8	-40%	511.2	-48%	1,202.6	1,987.7	-40%
Water & Sewerage	180.1	181.1	-1%	32.6	452%	586.2	148.3	295%
Mobile Broadband Network	-115.0	-60.5	90%	-41.4	178%	-310.6	-125.4	148%
Data Centre	59.3	41.0	45%	11.4	420%	101.2	19.4	422%
Investment Holding	54.0	1.4	3896%	132.9	-59%	127.2	208.7	-39%
Group PBT	442.7	603.8	-27%	646.7	-32%	1,706.6	2,238.7	-24%
PBT margin:								
Singapore IPP	10.9%	17.3%		19.4%		15.7%	21.7%	
Water & Sewerage	9.3%	9.0%		2.0%		9.6%	3.0%	
Telco Business	N/A	N/A		N/A		N/A	N/A	
Data Centre	26.4%	32.3%		36.4%		24.8%	29.2%	
Investment Holding	17.0%	0.4%		38.6%		12.6%	16.6%	
Group PBT margin	8.7%	11.5%		13.1%		10.9%	13.8%	

Source: Company

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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	10,700	1.24	RM79m EV per MW @ 298MW 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
	39,339	4.55	
Issued Share	8,641		
TP	RM4.55		

Source: Kenanga Research

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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																	
CHEEDING HOLDINGS BHD	OP	0.660	0.790	19.7%	526.2	Y	03/2027	5.1	5.6	1.2%	8.8%	12.9	11.9	2.9	25.8%	1.3	1.9%
GAS MALAYSIA BHD	MP	5.32	5.23	-1.7%	6,830.9	Y	12/2026	31.7	32.1	5.6%	1.3%	16.8	16.6	4.2	25.4%	25.3	4.8%
KAWAN RENERGY BHD	OP	0.555	0.730	31.5%	305.3	Y	10/2026	4.8	6.1	11.9%	27.8%	11.6	9.1	2.1	20.7%	1.4	2.5%
KJTS GROUP BHD	OP	0.735	1.34	82.3%	507.6	Y	12/2026	3.0	3.7	17.0%	21.6%	24.2	19.9	2.2	11.8%	0.6	0.8%
MALAKOFF CORP BHD	OP	0.905	1.00	10.5%	4,422.7	Y	12/2026	3.6	4.8	58.2%	32.9%	25.3	19.0	1.0	3.9%	2.9	3.2%
PEKAT GROUP BHD	OP	1.59	1.91	20.1%	1,126.2	Y	12/2026	8.7	10.0	24.4%	14.4%	18.3	16.0	2.7	18.6%	0.0	0.0%
PETRONAS GAS BHD	MP	17.16	18.80	9.6%	33,955.0	Y	12/2026	95.9	97.2	12.1%	1.4%	17.9	17.7	2.3	13.1%	72.0	4.2%
SAMAIDEN GROUP BHD	OP	1.25	1.94	55.2%	681.6	Y	06/2026	6.3	7.5	21.3%	18.8%	19.8	16.6	3.1	17.4%	1.1	0.9%
SOLARVEST HOLDINGS BHD	OP	2.82	3.36	19.1%	2,692.8	Y	03/2027	13.8	15.4	29.1%	11.6%	20.4	18.3	2.8	14.8%	0.0	0.0%
SWIFT ENERGY TECHNOLOGY BHD	OP	0.160	0.470	193.8%	160.1	Y	09/2026	1.3	2.0	-29.3%	53.8%	12.3	8.0	2.0	19.1%	0.0	0.0%
TENAGA NASIONAL BHD	OP	14.24	17.00	19.4%	83,007.0	Y	12/2026	85.6	88.1	2.9%	2.8%	16.6	16.2	1.3	7.8%	50.8	3.6%
YTL POWER INTERNATIONAL BHD	OP	4.15	4.55	9.6%	35,875.6	N	06/2026	24.5	24.1	-27.1%	-1.4%	17.0	17.2	1.6	9.6%	8.0	1.9%
SECTOR AGGREGATE					170,090.9					-3.1%	2.5%	17.4	16.9	2.3	15.7%		2.0%

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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