Corporate Update

YTL Power International Berhad

(6742 | YTLP MK) Main | Utilities

3 Stars

FTSE4Good

Maintain **BUY**

Revised Target Price **RM4.51** (from RM5.61)

Wessex Water Fills the Gap

Maintain BUY. We maintain our BUY call with a revised SOP-derived TP of RM4.51 (from RM5.61 previously), post earnings adjustments and taking into account the impact of the group's fully diluted number of shares post warrants conversion. Our revised TP implies an FY26F PER of 20.7x. At its current share price, YTLP is trading at 16.6x FY26F PER, which still provides an attractive entry point, in our view. We continue to like YTLP for its strategic expansion into data centre and RE.

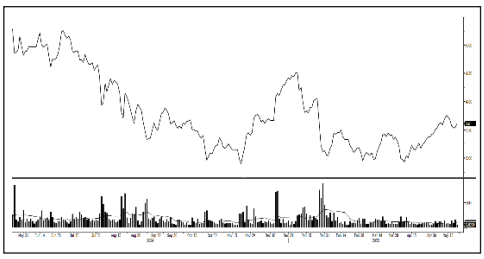
Below expectations. YTL Power's (YTLP's) 9MFY25 results came in below expectations. The group recorded a 3QFY25 core net profit of RM551.8m (-21.0%yoy), bringing the cumulative nine-month core net profit to RM1.95b (-18.6%yoy), after netting off a one-off impairment at Wessex Water. This made up 63.5% of our and 68.4% of consensus' full-year projections.

Key takeaways. The decline in core earnings was wider than expected - 5.2%yoy decline in quarterly revenue to RM4.89b, as earnings from Power Seraya continued to normalise, mainly due to lower pool and retail prices in Singapore, on top of the strengthening of the ringgit against the Singapore dollar, which led to a -39.3%yoy decline in PBT to RM511.2m. In a results briefing yesterday, management said the market is seeing competitive retail prices, on top of losing some demand to solar players. The water and sewerage division stepped up to cushion part of the weaker earnings, with a PBT of RM97.5m during the quarter, benefitting from stronger tariffs in the UK and the contribution from Ranhill Utilities, as compared to a loss of -RM51.2m in the same quarter last year. The division is expected to improve further starting next quarter with a 21% water tariff increase in the UK, notwithstanding the ongoing review by the Competition and Markets Authority (CMA) on the PR24. Meanwhile, the group's telco business continued to post losses, though at a narrower pace of -66.3%yoy to -RM41.4m.

Data centre updates. NVIDIA was recently quoted in news reports saying that YTLP's first supercomputer in Malaysia, deploying the GB200 on NVIDIA DGX Cloud is on track to go live by 3QCY25. YTLP is the only one in Malaysia with a partnership with NVIDIA to build a DGX Cloud, a cloud-based platform that provides access to AI infrastructure. This will take up the first 20MW that YTLP had allocated for AI from its 500MW DC in Kulai and management expects it to be ready by Aug-24. There are also change of plans for the 80MW DC that the group had initially designated for AI as it will now serve as a colocation DC due to a shift in market landscape that saw a rush for colocation space. YTLP has sealed a contract with a third

RETURN STATISTICS	
Price @ 22nd May 2025 (RM)	3.60
Expected share price return (%)	+25.3
Expected dividend yield (%)	+1.8
Expected total return (%)	+27.1

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	13.9	10.5
3 months	8.4	16.5
12 months	-32.9	-28.9

INVESTMENT STATISTICS

FYE June	2024A	2025E	2026A
Revenue	22,320.5	21,897	21,904
Operating Profit	6,084.1	4,534	3,822
Profit Before Tax	4,114.6	3,777	2,641
Core PATAMI	3,450.6	2,801	2,144
Core EPS	32.1	28.4	21.7
DPS	9.6	8.5	6.5
Dividend Yield	2.7%	2.4%	1.8%

KEY STATISTICS	
FBM KLCI	1,527.02
Issued shares (m)	8195.86
Estimated free float (%)	28.87
Market Capitalisation (RM'm)	29,724.86
52-wk price range	RM2.83 - RM5.46
3-mth average daily volume (m)	10.67
3-mth average daily value (RM'm)	34.75
Top Shareholders (%)	
YTL Corp Bhd	48.30
Yeoh Tiong Lay & Sons Holdings	9.82
Employees Provident Fund Board	6.93

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party for the 80MW, who will also be taking up the remaining 16MW from the first phase. Meanwhile, management continues to engage with interested parties on the AI space, with capabilities to set up a new facility within nine to 12 months.

Earnings estimates. We trim our FY25E/FY26F core earnings estimates by -8.7%/-5.4% to account for the weaker earnings expected from Power Seraya and stronger performance from Wessex Water.

YTL Power Sum-Of-The-Parts (SOTP) Valuation

SOP Component	Enterprise Value (RM m)	Stake	Per share (RM)	Method
Wessex Water	33,020	100%	3.35	*1.1x EV/RCV*
Power Seraya	19,745	100%	2.00	*DCF (WACC: 8%)*
PT Jawa Power	853	20%	0.09	*DCF (WACC: 9%)*
Telco division	1,843	60%	0.19	*Asset Value*
Attarat Jordan *(Equity value)*	2,207	45%	0.22	*DCF (WACC: 9%)*
Ranhill Utilities *(Equity value)*	703	53%	0.07	*MIDF TP*
Data Centre *(Equity Value)*	7,763	100%/60%	0.79	*DCF (WACC: 7%)*
SG Hydro-CCGT 600MW *(Equity Value)*	1,785	100%	0.18	*DCF (WACC: 7%)*
Total enterprise value	**67,920**		**6.88**	
Less: Group net debt	-23,426		-2.37	
Total equity value	**44,494**		**4.51**	

Source: Company, MIDFR

YTL Power: 2QFY25 RESULT SUMMARY

FYE Jun (RMm)	3Q24	2Q25	3Q25	QoQ	YoY	9M24	9M25	YTD
Revenue	5,159.8	5,679.8	4,889.8	-13.9%	-5.2%	15,979.1	16,253.1	1.7%
Operating profit	1,166.3	1,271.5	922.8	-27.4%	-20.9%	4,040.7	3,135.9	-22.4%
Interest expense	(439.1)	(416.4)	(397.4)	-4.6%	-9.5%	(1,382.7)	(1,206.0)	-12.8%
Associates	91.9	83.6	109.8	31.3%	19.4%	217.4	308.9	42.0%
PBT	**819.2**	**938.7**	**635.2**	**-32.3%**	**-22.5%**	**2,875.5**	**2,238.7**	**-22.1%**
Tax	(137.7)	(165.6)	(127.1)	-23.3%	-7.7%	(483.5)	(446.8)	-7.6%
PAT	681.5	773.1	508.2	-34.3%	-25.4%	2,391.9	1,791.9	-25.1%
Minority Interest	(17.2)	5.4	18.8	247.7%	-209.0%	0.2	64.2	30919.3%
Net profit	698.7	767.7	489.4	-36.2%	-30.0%	2,391.7	1,727.7	-27.8%
Core net profit	**698.7**	**658.1**	**551.8**	**-16.1%**	**-21.0%**	**2,391.7**	**1,946.3**	**-18.6%**
Core EPS (sen)	8.62	8.01	6.72	-16.1%	-22.1%	29.52	23.71	-19.7%
	3.00	3.00	3.00			3.00	3.00	
Operating margin								
PBT margin	22.6%	22.4%	18.9%			25.3%	19.3%	
Tax rate	15.9%	16.5%	13.0%			18.0%	13.8%	
Core net profit margin	16.8%	17.6%	20.0%			16.8%	20.0%	

FYE Jun (RMm)	3Q24	2Q25	3Q25	QoQ	YoY	9M24	9M25	YTD
Revenue:	**5,159.8**	**5,679.8**	**4,889.8**			**15,979.1**	**16,253.1**	
Power generation	3,572.7	3,279.1	2,633.7	-19.7%	-26.3%	11,119.8	9,181.1	-17.4%
Water and sewerage	1,236.8	1,639.8	1,647.3	0.5%	33.2%	3,643.5	5,024.6	37.9%
Telco business	96.8	229.2	264.2	15.3%	173.1%	461.9	727.3	57.4%
Investment holding	253.6	531.7	344.6	-35.2%	35.9%	753.9	1,320.1	75.1%
PBT:	**819.2**	**938.7**	**635.2**			**2,875.5**	**2,238.7**	
Power generation	842.8	729.8	511.2	-30.0%	-39.3%	2,901.5	1,987.7	-31.5%
Water and sewerage	(51.2)	60.4	32.6	-45.9%	-163.7%	-155.5	148.3	-195.4%
Telco business	(123.1)	(59.4)	(41.4)	-30.2%	-66.3%	-260.6	(125.4)	-51.9%
Investment Holding	150.7	207.8	132.9	-36.1%	-11.8%	390.0	228.1	-41.5%
PBT Margin (%)				***ppts***	***ppts***			**ppts**
Power generation	23.6%	22.3%	19.4%	*-2.8*	*-4.2*	26.1%	21.7%	*-4.4*
Water and sewerage	-4.1%	3.7%	2.0%	*-1.7*	*6.1*	-4.3%	3.0%	*7.2*
Telco business	-127.2%	-25.9%	-15.7%	*10.2*	*111.5*	-56.4%	-17.2%	*39.2*
Investment Holding	59.4%	39.1%	38.6%	*-0.5*	*-20.9*	51.7%	17.3%	*-34.5*

Source: Company, MIDFR

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MIDF AMANAH INVESTMENT BANK: GUIDE TO RECOMMENDATIONS

STOCK RECOMMENDATIONS

BUY	Total return is expected to be >10% over the next 12 months.
TRADING BUY	The stock price is expected to rise by >10% within 3 months after a Trading Buy rating has been assigned due to positive news flow.
NEUTRAL	Total return is expected to be between -10% and +10% over the next 12 months.
SELL	Total return is expected to be <-10% over the next 12 months.
TRADING SELL	The stock price is expected to fall by >10% within 3 months after a Trading Sell rating has been assigned due to negative news flow.

SECTOR RECOMMENDATIONS

POSITIVE	The sector is expected to outperform the overall market over the next 12 months.
NEUTRAL	The sector is to perform in line with the overall market over the next 12 months.
NEGATIVE	The sector is expected to underperform the overall market over the next 12 months.

ESG RECOMMENDATIONS* - source Bursa Malaysia and FTSE Russell

☆☆☆☆	Top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆☆	Top 26-50% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆☆	Top 51%- 75% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell
☆	Bottom 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell

* ESG Ratings of PLCs in FBM EMAS that have been assessed by FTSE Russell in accordance with FTSE Russell ESG Ratings Methodology