# Ranhill Utilities Berhad

(5272 | RANH MK) Main | Utilities

SHARIAH Compliant | ESG 4 Stars | FTSE4Good

Corporate Update

## 3QFY26 Results Review Overflowing Performance

**Maintain BUY.** We maintain our **BUY** recommendation on Ranhill Utilities with a higher sum-of-the-parts derived **TP** of **RM2.56** after upgrading our earnings estimates following a stronger performance from Ranhill SAJ, benefitting from stronger margins from the recent tariff revision. We expect Ranhill SAJ to continue contributing strongly to the group's earnings moving forward, attributable due to the growth of data centres in Johor and the upcoming economic growth prospects from the Johor-Singapore SEZ and Special Financial Zone. At its current price, Ranhill is trading at 12.4x FY27 PER, which we view as an attractive entry point.

**Above expectations.** Ranhill posted a core net profit of RM61.4m (+17.6%qoq) in 3QFY26, contributed mainly by Ranhil SAJ. While there is no comparable quarter in the last FY due to the change in financial year end from Dec to Jun, the comparison with 5QFY25 ending Mar-25 showed a 7.4x growth in bottom line year-on-year. The cumulative 9MFY26 came in above expectations at RM132.8m, making up 98.4% of our full-year estimates and exceeding consensus by +4.2%.

**Key takeaways.** Despite a -3.1%qoq reduction in the group's revenue to RM612.5m during the quarter, stronger margins from the water segment lifted the group's bottom line. Sequentially, revenue from water was flattish at RM467.0m (+0.6%qoq) but pretax margins improved to 16.9% from 12.6% in 1QFY26. The power segment came in weaker during the quarter, with a -36.7%qoq reduction in PBT to RM4.1m but this was negated by a stronger consultancy and services segment, which rose 3.7x qoq to RM6.7m.

**Earnings revision.** We are revising our earnings estimates for FY26E/FY27F higher by +41.6%/+41.7% on the back of a stronger performance by Ranhill SAJ, backed by the recent tariff adjustment starting Aug-25, stronger water demand and margins. While domestic users are largely unaffected except for those with higher utilisations (>35m3), the largest increase was for the non-domestic consumer segment (+31.7-+49.3%) while data centres will be charged a specific rate.

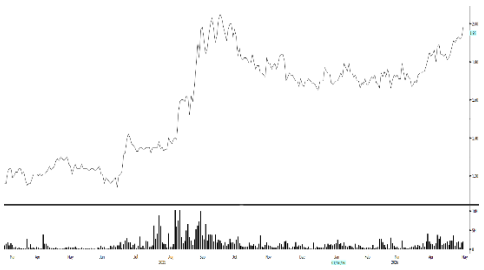
**RE opportunities.** Ranhill is exploring opportunities in the Corporate Renewable Energy Supply Scheme (CRESS) and the upcoming LSS Sabah 2026 tender, which will offer 250MW of solar capacity and 200MW/400MWh of BESS capacity, that could provide a new growth avenue for the group. They have also received a Letter of Intent to extend the Ranhill Sabah Energy I concession from 2029 to 2032, with a formal proposal to be submitted to ECoS by 31 July 2026. We view this as a modest positive as it could enhance medium-term earnings visibility.

## Maintain **BUY**

Revised Target Price **RM2.56**
(from RM2.29)

| RETURN STATISTICS | |
|---|---|
| Price @ 14th May 2026 (RM) | 1.98 |
| Expected share price return (%) | +29.3 |
| Expected dividend yield (%) | +0.5 |
| Expected total return (%) | +29.8 |

**SHARE PRICE CHART**



| Price performance (%) | Absolute | Relative |
|---|---|---|
| 1 month | 7.0 | 3.5 |
| 3months | 17.9 | 17.4 |
| 12 months | 52.3 | 38.2 |

**INVESTMENT STATISTICS**

| FYE Jun | 2025A | 2026F | 2027F |
|---|---|---|---|
| Revenue | 3,292.5 | 2,868 | 2,923 |
| Operating Profit | 183.2 | 362.3 | 376.9 |
| Profit Before Tax | 148.8 | 349.3 | 378.0 |
| Core PATAMI | 76.3 | 135.0 | 146.2 |
| Core EPS | 5.9 | 10.4 | 11.3 |
| DPS | 0.25 | 1.0 | 1.0 |
| Dividend Yield | 0.2% | 0.6% | 0.6% |

| KEY STATISTICS | |
|---|---|
| FBM KLCI | 1,745.58 |
| Issue shares (m) | 1288.64 |
| Estimated free float (%) | 26.86 |
| Market Capitalisation (RM'm) | 2,565.98 |
| 52-wk price range | RM1.13 - RM2.06 |
| 3-mth average daily volume (m) | 1.28 |
| 3-mth average daily value (RM'm) | 2.31 |
| **Top Shareholders (%)** | |
| SIPP Power Sdn Bhd | 34.32 |
| YTL Power International Bhd | 18.87 |
| United Overseas Bank Ltd | 9.09 |

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## Sum-of-Parts Valuation

| Concessions | Valuation method | Value (RMm) | Stake | Shares out | RM/share |
|---|---|---|---|---|---|
| RP 1 | DCF | 12.9 | 60.0% | 1,295.9 | 0.01 |
| RP 2 | DCF | 102.2 | 80.0% | 1,295.9 | 0.06 |
| RS 1 | DCF | 221.1 | 100.0% | 1,295.9 | 0.17 |
| Water (SAJ) | DCF | 3,926.1 | 80.0% | 1,295.9 | 2.42 |
| NRW | EV/EBITDA | 63.0 | 100.0% | 1,295.9 | 0.05 |
| Associates | PER | 178.4 | | 1,295.9 | 0.14 |
| RBSB & RWSB | EV/EBITDA | 208.3 | | 1,295.9 | 0.16 |
| **Gross value** | | **4,503.7** | | | **3.01** |
| | Group net cash/(debt) | (582.3) | | 1,295.9 | -0.45 |
| **Net value** | | **3,921.5** | | **1,295.9** | **2.56** |

## RANHILL UTILITIES: 3QFY26 RESULT SUMMARY

| FYE Jun (RMm) | 5Q25 | 2Q26 | 3Q26 | QoQ | YoY | 3Q, 4Q & 5Q of FY25 | 9M26 | YTD |
|---|---|---|---|---|---|---|---|---|
| **Revenue** | **513.1** | **632.1** | **612.5** | **-3.1%** | **19.4%** | **1,663.8** | **1,833.7** | **10.2%** |
| EBITDA | 144.1 | 203.9 | 230.4 | 13.0% | 59.9% | 474.8 | 434.3 | -8.5% |
| Depreciation & amortisation | (127.7) | (133.5) | (132.1) | -1.1% | 3.4% | (377.7) | (391.5) | 3.7% |
| **Operating profit** | **10.6** | **67.0** | **92.8** | **38.5%** | **774.0%** | **81.0** | **159.8** | **97.3%** |
| Net finance cost | (9.3) | (4.2) | (8.1) | 93.4% | -12.5% | (30.8) | (18.1) | -41.3% |
| Zakat | 0.0 | 0.0 | 0.0 | | | 0.0 | 0.0 | |
| Associates | 5.8 | 3.4 | 5.5 | 64.4% | -4.3% | 16.1 | 14.6 | -9.6% |
| **Pretax** | **7.1** | **66.2** | **90.2** | **36.3%** | **1163.0%** | **66.3** | **208.6** | **214.6%** |
| Tax | (5.9) | (5.9) | (17.7) | 202.1% | 202.1% | (24.0) | (50.4) | 110.6% |
| **PAT** | **1.3** | **60.3** | **72.5** | **20.3%** | **5510.3%** | **42.4** | **158.2** | **273.4%** |
| MI | (5.7) | 11.0 | 14.1 | 28.9% | -350.4% | 1.3 | 31.7 | 2322.1% |
| Net profit | 6.9 | 49.3 | 58.4 | 18.4% | 741.0% | 41.1 | 126.5 | 208.2% |
| **Core net profit** | **8.3** | **52.2** | **61.4** | **17.6%** | **636.1%** | **42.5** | **132.8** | **212.5%** |
| | | | | | | | | |
| Core EPS (sen) | 0.81 | 4.03 | 4.74 | 17.6% | -19.4% | 3.28 | 10.25 | 8.2% |
| DPS (sen) | 0.00 | 0.00 | 0.00 | | | 0.00 | 0.00 | |
| | | | | | | | | |
| EBITDA margin | 28.1% | 32.3% | 37.6% | | | 28.5% | 23.7% | |
| Operating profit margin | 2.1% | 10.6% | 15.1% | | | 4.9% | 8.7% | |
| Pretax margin | 1.4% | 10.5% | 14.7% | | | 4.0% | 11.4% | |
| Effective tax rate | 81.9% | 8.8% | 19.6% | | | 36.1% | 24.2% | |
| Core net profit margin | 1.6% | 8.3% | 10.0% | | | 2.6% | 7.2% | |
| Dividend payout ratio | - | - | - | | | - | - | |
| MI rate | - | 18.2% | 19.5% | | | 3.1% | 20.0% | |

*Source: Company, MBSBR*

## FINANCIAL SUMMARY

| Profit or Loss (RM'm) | 2022A | 2023A | 2025A | 2026F | 2027F |
|---|---|---|---|---|---|
| Revenue | 1,726.3 | 2,280.8 | 3,292.5 | 2,774.6 | 2,988.8 |
| Operating profit | 200.6 | 142.5 | 183.2 | 375.4 | 395.6 |
| PBT | 203.4 | 147.9 | 148.8 | 362.4 | 392.7 |
| Taxation | -61.2 | -43.9 | -55.6 | -107.6 | -116.6 |
| PAT | 95.3 | 57.9 | 75.7 | 191.1 | 207.1 |
| MI | 47.0 | 46.1 | 17.5 | 63.7 | 69.0 |
| PATAMI | 95.3 | 57.9 | 75.7 | 191.1 | 207.1 |
| Core PATAMI | 20.8 | 32.4 | 76.3 | 191.1 | 207.1 |
| | | | | | |
| EPS (sen) | 1.6 | 2.5 | 5.9 | 14.7 | 16.0 |
| PER (x) | 123.8 | 79.2 | 33.6 | 13.5 | 12.4 |
| DPS (sen) | 2.5 | 3.5 | 0.3 | 1.0 | 1.0 |
| Dividend yield (%) | 1.5 | 2.1 | 0.2 | 0.6 | 0.6 |

| Cash Flow (RM'm) | 2022A | 2023A | 2025A | 2026F | 2027F |
|---|---|---|---|---|---|
| PBT | 203.4 | 147.9 | 148.8 | 362.4 | 392.7 |
| Depreciation | 387.1 | 410.6 | 834.6 | 404.4 | 401.9 |
| Change in NWC | -118.1 | 104.8 | -9.6 | -12.5 | -3.4 |
| **Operating cash flow** | 130.0 | 228.8 | 1,029.1 | 146.0 | 167.0 |
| Capital expenditure | -49.4 | -38.7 | -81.9 | -30.0 | -30.0 |
| **Investing cash flow** | -89.8 | -62.6 | -72.8 | -30.0 | -30.0 |
| Debt raised/(repaid) | 89.5 | -137.9 | -307.9 | -94.4 | -94.4 |
| Dividends paid | -19.8 | -27.7 | -9.2 | -36.2 | -40.7 |
| **Financing cash flow** | 3.0 | -292.4 | -221.6 | -130.6 | -135.1 |
| **Net cash flow** | 43.2 | -126.3 | 81.0 | -14.6 | 1.9 |
| **Beginning cash flow** | 201.9 | 245.4 | 4.4 | 71.0 | 56.4 |
| **Ending cash flow** | 388.9 | 279.0 | 184.2 | 219.2 | 221.1 |

| Balance Sheet (RM'm) | 2022A | 2023A | 2025A | 2026F | 2027F |
|---|---|---|---|---|---|
| PPE | 250.6 | 314.6 | 299.4 | 333.0 | 316.4 |
| ROU assets | 1,470.3 | 1,273.0 | 1,827.9 | 1,173.0 | 873.0 |
| **Non-current assets** | 1,926.6 | 1,824.0 | 2,373.0 | 1,804.5 | 1,511.9 |
| Trade receivables | 552.0 | 506.8 | 583.5 | 581.2 | 594.8 |
| Cash & bank balances | 388.9 | 279.1 | 256.4 | 219.2 | 221.1 |
| **Current assets** | 1,357.8 | 1,155.6 | 1,251.7 | 1,185.0 | 1,204.2 |
| Long-term debt | 931.6 | 843.2 | 609.9 | 709.6 | 615.2 |
| **Non-current liabilities** | 1,293.8 | 1,203.3 | 1,202.8 | 969.7 | 575.3 |
| Short-term debt | 205.7 | 156.3 | 178.5 | 156.3 | 156.3 |
| Trade payables | 459.7 | 516.4 | 700.2 | 592.3 | 606.1 |
| **Current liabilities** | 1,033.5 | 765.4 | 1,376.8 | 841.2 | 855.1 |

| Profitability Ratios (%) | 2022A | 2023A | 2025A | 2026F | 2027F |
|---|---|---|---|---|---|
| Operating profit margin | 11.6 | 6.2 | 5.6 | 13.5 | 13.2 |
| PBT margin | 11.8 | 6.5 | 4.5 | 13.1 | 13.1 |
| PATAMI margin | 5.5 | 2.5 | 2.3 | 6.9 | 6.9 |
| Core PATAMI margin | 1.2 | 1.4 | 2.3 | 6.9 | 6.9 |
| ROA | 0.6 | 1.1 | 2.1 | 6.2 | 6.7 |
| ROE | 2.2 | 3.2 | 7.3 | 15.4 | 16.6 |

*Source: Bloomberg, MBSBR*

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**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