YTL Power International Berhad

(6742 | YTLP MK) Main | Utilities

Corporate Update

DC Momentum Builds

Maintain **BUY**

Revised Target Price **RM5.65**

(from RM5.63)

RETURN STATISTICS	
Price @ 28th May 2026 (RM)	4.15
Expected share price return (%)	+36.1
Expected dividend yield (%)	+1.9
Expected total return (%)	+38.0

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	5.7	7.6
3months	37.0	46.7
12 months	28.8	15.5

INVESTMENT STATISTICS

FYE Jun	2026E	2027F	2028F
Revenue	21,904	22,618	22,884
Operating Profit	3,822	4,415	4,769
Profit Before Tax	2,642	3,090	3,330
Core PATAMI	2,144	2,478	2,670
Core EPS	21.7	25.1	27.1
DPS	8.0	8.0	8.0
Dividend Yield	1.9%	1.9%	1.9%

KEY STATISTICS	
FBM KLCI	1,684.93
Issue shares (m)	8450.78
Estimated free float (%)	32.69
Market Capitalisation (RM'm)	35,529.84
52-wk price range	RM2.51 - RM4.42
3-mth average daily volume (m)	13.44
3-mth average daily value(RM'm)	47.67
Top Shareholders (%)	
YTL Corp Bhd	46.03
Employees Provident Fund	11.04
Yeoh Tiong Lay & Sons Holdings	9.50

Maintain BUY with higher TP. We are maintaining our **BUY** recommendation on YTL Power with a revised **TP** of **RM5.65** after incorporating our new TP for Ranhill Utilities. Our revised TP implies an FY27F PER of 22.5x. At its current share price, YTLP is trading at 18.4x FY27F PER, which still provides a very attractive entry point, in our view. We continue to like YTLP for its strategic expansion into data centre, which is now becoming a new growth area for the group.

Within expectations. YTL Power International (YTLP) posted a core net profit of RM446.5m (-19.1%yoy) in 3QFY26. For the cumulative 9MFY26, the group delivered a core net profit of RM1.54b (-20.6%yoy), which is within our expectations at 72.0% of our full year estimates but below consensus at 67.2%. The power generation business came in weaker as expected, but the quarter was supported by the stronger water and sewerage segment and the group's growing data centre business.

Key takeaways. Revenue in 3QFY26 posted a +4.0%yoy growth to RM5.08b, led by stronger performances from the water and sewerage and the data centre business. This was also the first quarter where the water and sewerage figures were segregated into Wessex Water and Ranhill and data centre as a new operating segment as its contribution has become substantial. The power generation segment generated a revenue of RM2.42b (-8.1%yoy) and a PBT of RM264.3m (-48.3%yoy), mainly due to lower retail and vesting margins, on top of lower generation units sold and the strengthening of the ringgit, though this was partially offset by higher pool prices. One of the plants was also under maintenance during the quarter. Another plant is up for maintenance in the next quarter, which will affect 4QFY26 numbers. Meanwhile, Wessex Water recorded a revenue of RM1.49b (+13.7%yoy), with a PBT of RM106.8m (from RM4.3m a year ago) while Ranhill delivered a revenue of RM455.2m (+35.5%yoy) and a PBT of RM73.3m (+158.7%yoy), both due to higher tariffs.

DCs start to contribute profit. There is more clarity now on YTLP's data centre (DC) business, which now has its own reporting segment. It generated a revenue of RM224.6m (+7.2x yoy) during the quarter, with a PBT of RM59.3m (5.2x yoy), indicating a pretax margin of 26.4%. As at 3QFY26, the total delivered capacity was 150MW, an increase of 40MW from 2QFY26. For the cumulative 9MFY26, data centre revenue and PBT were RM407.7m and RM101.2m respectively, translating into a pretax margin of 24.8%. The total secured capacity is now 298MW, of which management expects to deliver up to 288MW by FY27 and the remaining 10MW by FY28. In a briefing last month, management revealed plans to double its data centre capacity from 500MW to 1,000MW. This is expected to require additional land, and YTLP is in discussion with certain landowners.

Analyst

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Table 1: YTLP's quarterly DC breakdown

	1QFY26*	2QFY26*	3QFY26
Revenue	56.2	127.0	224.6
PBT	0.9	41.0	59.3
Margin %	1.6%	32.3%	26.4%
Delivered (MW)	46	110	150

**estimated figures*
Source: Company, MBSBR

Earnings estimates and TP. While we make no changes to our earnings estimates as they are within expectations, we made a slight upward revision to our **TP** to **RM5.65** from RM5.63 previously to factor in our new TP for Ranhill Utilities.

Sum-of-the-Parts Valuation

SOP Component	Enterprise Value (RM m)	Stake	Per share (RM)	Method
Wessex Water	38,236	100%	3.87	*1.1x EV/RCV*
Power Seraya	18,826	100%	1.91	*DCF (WACC: 8%)*
PT Jawa Power	1,535	20%	0.16	*DCF (WACC: 9%)*
Telco division	1,843	60%	0.19	*Asset Value*
Attarat Jordan *(Equity value)*	2,081	45%	0.21	*DCF (WACC: 9%)*
Ranhill Utilities *(Equity value)*	1,785	53%	0.18	*MBSBR TP (RM2.56)*
Data Centre *(Equity Value)*	13,833	100%/60 %	1.40	*DCF (WACC: 7%)*
SG Hydro-CCGT 600MW *(Equity Value)*	1,785	100%	0.18	*DCF (WACC: 7%)*
Total enterprise value	**79,904**		**8.10**	
Less: Group net debt	-24,421		-2.47	
Total equity value	**55,728**		**5.65**	

YTL Power: 3QFY26 Results Summary

FYE Jun (RMm)	3Q25	2Q26	3Q26	QoQ	YoY	9M25	9M26	YTD
Revenue	4,889.8	5,253.0	5,084.2	-3.2%	4.0%	16,253.1	15,697.5	-3.4%
Operating profit	922.8	896.4	752.1	-16.1%	-18.5%	3,135.9	2,618.7	-16.5%
Interest expense	(397.4)	(404.3)	(395.6)	-2.2%	-0.5%	(1,206.0)	(1,207.4)	0.1%
Associates	109.8	111.7	86.2	-22.8%	-21.5%	308.9	295.4	-4.4%
PBT	**635.2**	**603.8**	**442.7**	**-26.7%**	**-30.3%**	**2,238.7**	**1,706.6**	**-23.8%**
Tax	(127.1)	(141.5)	(100.7)	-28.8%	-20.7%	(446.8)	(417.6)	-6.5%
PAT	508.2	462.3	342.0	-26.0%	-32.7%	1,791.9	1,289.0	-28.1%
Minority Interest	18.8	25.7	16.2	-36.9%	-13.6%	64.2	26.1	-59.4%
Net profit	489.4	436.6	325.8	-25.4%	-33.4%	1,727.7	1,262.9	-26.9%
Core net profit	**551.8**	**604.7**	**446.5**	**-26.2%**	**-19.1%**	**1,946.3**	**1,544.8**	**-20.6%**
Core EPS (sen)	5.59	6.13	4.52	-26.2%	-19.1%	23.71	15.7	-34.0%
GDPS (sen)	4.00	-	4.00			3.00	7.0	
Operating margin	18.9%	17.1%	14.8%			19.3%	16.7%	
PBT margin	13.0%	11.5%	8.7%			13.8%	10.9%	
Tax rate	20.0%	23.4%	22.7%			20.0%	24.5%	
Core net profit margin	11.3%	11.5%	8.8%			10.6%	8.0%	

FYE Jun (RMm)	3Q25	2Q26	3Q26	QoQ	YoY	9M25	9M26	YTD
Revenue:	**4,889.8**	**5,253.0**	**5,084.2**	**-3.2%**	**4.0%**	**16,253.1**	**15,697.5**	**-3.4%**
Power generation	2,633.7	2,547.6	2,421.6	-4.9%	-8.1%	9,181.1	7,678.7	-16.4%
Water and sewerage:		2,012.7		-100.0%				
- Wessex Water	1,311.4		1,490.5		13.7%	4,016.7	4,747.3	18.2%
- Ranhill	335.8		455.2		35.5%	1,007.9	1,332.9	32.2%
Telco business	264.2	207.0	173.9	-16.0%	-34.2%	727.3	522.7	-28.1%
Data centre	31.4		224.6		615.5%	66.5	407.7	513.3%
Investment holding	313.2	485.7	318.3	-34.5%	1.6%	1,253.7	1,008.1	-19.6%
PBT:	**635.2**	**775.8**	**442.7**	**-42.9%**	**-30.3%**	**2,238.7**	**1,706.6**	**-23.8%**
Power generation	511.2	440.8	264.3	-40.0%	-48.3%	1,987.7	1,202.6	-39.5%
Water and sewerage		253.1		-100.0%				
- Wessex Water	4.3		106.8		2372.9%	72.6	415.4	472.1%
- Ranhill	28.3		73.3		158.7%	75.7	170.8	125.7%
Telco business	(41.4)	(60.5)	(115.0)	90.1%	177.6%	(125.4)	(310.6)	147.7%
Data centre	11.4		59.3		419.6%	19.4	101.2	421.8%
Investment Holding	121.5	142.4	54.0	-62.0%	-55.5%	208.7	127.2	-39.0%
PBT Margin (%)				**ppts**	**ppts**			**ppts**
Power generation	19.4%	17.3%	10.9%	-6.4	-8.5	21.7%	15.7%	-6.0
Water and sewerage		12.6%		-12.6				
- Wessex Water	0.3%		7.2%		6.8	1.8%	8.8%	6.9
- Ranhill	8.4%		16.1%		7.7	7.5%	12.8%	5.3
Telco business	-15.7%	-29.2%	-66.1%	-36.9	-50.4	-17.2%	-59.4%	-42.2
Data centre	36.4%		26.4%		-10.0	29.2%	24.8%	-4.4
Investment Holding	38.8%	29.3%	17.0%	-12.3	-21.8	16.6%	12.6%	-4.0

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026E	2027F	2028F
Revenue	22,320.5	21,806.8	21,903.8	22,618.1	22,884.1
EBIT	6,084.1	4,320.7	3,822.4	4,415.0	4,769.0
PBT	4,114.6	3,152.8	2,641.5	3,090.1	3,330.1
Taxation	(604.3)	(629.6)	(475.5)	(587.1)	(632.7)
PAT	3,464.1	2,523.2	2,144.4	2,477.9	2,670.4
Core PATAMI	3,450.6	2,503.6	2,144.4	2,477.9	2,670.4
EPS (sen)	32.1	28.4	21.7	25.1	27.1
PER (x)	12.9	14.6	19.1	16.5	15.3
DPS (sen)	7.0	8.0	8.0	8.0	8.0
Dividend yield (%)	1.7	1.9	1.9	1.9	1.9

Cash Flow (RM'm)	2024A	2025A	2026E	2027F	2028F
PAT	3,421.9	2,523.2	2,166.0	2,502.9	2,697.4
Depreciation	1,909.4	1,319.0	3,014.4	3,304.0	3,593.6
Change in NWC	(169.1)	(583.0)	(0.2)	(21.7)	(8.1)
Operating cash flow	6,156.1	6,566.9	4,706.1	5,335.2	5,832.9
Capital expenditure	(3,372.5)	(6,314.0)	(5,792.1)	(5,792.1)	(5,792.1)
Investing cash flow	(2,998.0)	(6,851.9)	(5,318.0)	(5,342.1)	(5,342.1)
Debt raised/(repaid)	(811.5)	6,108.1	2,461.0	2,337.9	2,221.0
Dividends paid	(529.4)	(328.4)	(643.3)	(743.4)	(801.1)
Financing cash flow	(1,598.5)	6,020.7	1,817.7	1,594.6	1,419.9
Net cash flow	(57.3)	3,104.0	1,205.9	1,587.7	1,910.7
Beginning cash flow	8,727.1	8,728.4	8,738.8	8,739.8	8,740.8
Ending cash flow	8,728.4	11,323.4	10,217.0	10,600.9	10,925.9

Balance Sheet (RM'm)	2024A	2025A	2026E	2027F	2028F
PPE	31,417.9	36,007.8	31,541.7	34,029.8	36,228.3
Others	20,135.5	19,635.4	17,048.7	17,048.7	17,048.7
Non-current assets	**51,553.4**	**55,643.2**	**50,730.4**	**53,218.4**	**55,416.9**
Trade receivables	5,081.6	4,808.1	4,607.7	4,758.0	4,814.0
Cash & bank balances	8,889.9	11,728.1	10,903.7	12,492.4	14,405.2
Current assets	**16,279.4**	**18,712.1**	**17,092.8**	**18,852.6**	**20,829.1**
Long-term debt	30,427.1	35,369.6	31,262.5	33,600.5	35,821.5
Non-current liabilities	**38,202.1**	**42,667.6**	**37,440.7**	**39,778.7**	**41,999.7**
Short-term debt	2,016.6	2,591.2	3,067.3	3,067.3	3,067.3
Trade payables	5,340.9	5,885.2	4,581.6	4,731.0	4,786.6
Current liabilities	**9,175.6**	**10,219.1**	**8,258.6**	**8,408.1**	**8,463.7**
Share capital	7,091.9	7,635.7	7,038.6	7,038.6	7,038.6
Reserves	12,965.1	13,566.5	15,414.1	17,148.7	19,018.0
Equity	**20,455.2**	**21,468.6**	**22,163.7**	**23,923.2**	**25,819.5**

Profitability Ratios (%)	2024A	2025A	2026E	2027F	2028F
EBIT margin	27.3%	20.8%	17.5%	19.5%	20.8%
PBT margin	18.4%	17.3%	12.1%	13.7%	14.6%
PATAMI margin	9.2%	15.5%	11.6%	9.8%	11.0%
Core PATAMI margin	8.3%	15.5%	11.5%	9.8%	11.0%
ROA	5.4%	4.4%	3.2%	3.4%	3.5%
ROE	16.7%	13.4%	9.6%	10.2%	10.2%

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