YTL Power International Berhad

(6742 | YTLP MK) Main | Utilities

Corporate Update

2.4GW DC Capacity in the Pipeline

Maintain BUY. We are maintaining our BUY recommendation on YTL Power with an unchanged **TP** of **RM5.65**. Our TP implies an FY27F PER of 22.5x. At its current share price, YTLP is trading at 16.3x 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.

Campus shaping up. YTL Power International (YTLP) hosted a site visit to the YTL Green Data Centre Park in Kulai, and we are encouraged by the ongoing progress at the campus, which was bustling with construction activities. There are now four data centres up and running, one under testing phase and two under construction. Just 18 months ago in Dec-24, only one was operational. The DC Park has a healthy mix of four to five customers, most of whom are key global hyperscalers. As at 3QFY26, the total delivered capacity was 150MW, an increase of 40MW from 2QFY26. The total secured capacity is now 298MW, of which management expects to deliver up to 288MW by FY27 and the remaining 10MW by FY28.

Table 1: Status of YTLP's DCs in Kulai

	IT load	Status
JDC1	48MW	Completed and tenanted
JDC2	30MW	Completed and tenanted
JDC3	80MW	Completed and tenanted
JDC4	80MW	Under construction, expected completion by end-2026
JDC5	80MW	Construction completed, testing phase
JDC6	40MW	Completed and tenanted
JDC11	80MW	Under construction, expected completion by end-2027

Source: Company, MBSBR

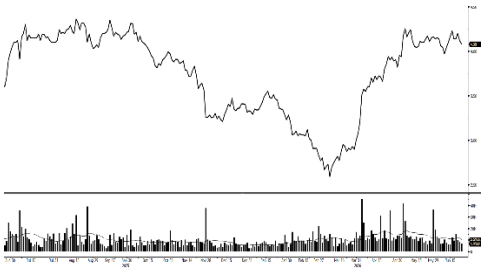
Doubling capacity in Johor. The group is now pushing beyond the initial 600MW target in Kulai, doubling it to 1.2GW. This will also require YTLP to build another consumer landing station (CLS) as the current 600MW is going to be maxed out. It is also currently securing the additional power supply from Tenaga Nasional. Out of the 1,640-acre land, about 250 acres have been set aside for DC developments and the remaining mainly for solar. The team is working closely with its customers and solution providers, including Nvidia in terms of planning for the next generation of chips and AI workloads. One of the key considerations is to future proof its DCs as GPU technology becomes increasingly power dense. The norm of 130kW to 140kW per rack could move closer to 240kW per rack in the next stage.

Maintain BUY

Unchanged Target Price **RM5.65**

RETURN STATISTICS	
Price @ 24th Jun 2026 (RM)	4.08
Expected share price return (%)	+38.5
Expected dividend yield (%)	+2.0
Expected total return (%)	+40.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	-1.4	0.1
3months	36.0	45.1
12 months	13.3	2.4

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	2.0%	2.0%	2.0%

KEY STATISTICS

FBM KLCI	1,682.13
Issue shares (m)	8450.78
Estimated free float (%)	32.43
Market Capitalisation (RM'm)	35,341.18
52-wk price range	RM2.51 - RM4.42
3-mth average daily volume (m)	13.66
3-mth average daily value(RM'm)	52.40
Top Shareholders (%)	
YTL Corp Bhd	46.03
Employees Provident Fund	11.04
Yeoh Tiong Lay & Sons Holdings	9.50

Analyst

Royce Tan Seng Hooi
royce.tan@mbsb.com
03-2173 8461

Larger 2.4GW DC pipeline. The bigger picture is an ambitious 2.4GW DC pipeline, beyond the 1.2GW in Kulai. We believe the most immediate plan out of Johor would be in Cyberjaya, where YTLP has an 11.03-acre land. This would be able to house a 70MW DC and management is in the midst of securing power for the site. Future includes about 1,000MW in the Klang Valley. Beyond Malaysia, the group is also actively looking for opportunities to expand to Thailand, Indonesia, Japan and the United Kingdom.

Co-location business remains hot. Management remains bullish in the colocation market over the next few years on the back of significant demand. DC delivery timeline remains the key advantage, which has seen construction timelines significantly shortened to 12 months, down from 24 months and 18 months previously. Back in April, management guided a construction rate of 100MW every 15 months.

Green power for DC. About 215MW of off-grid solar is expected to be commissioned by end-CY26, out of a longer-term plan of 600MW on site. It is currently being constructed by the group's 70%-owned SIPP Power Sdn Bhd.

Earnings estimates and TP. We make no changes to our earnings estimates and we maintain our SOTP-derived **TP** of **RM5.65**.

Table 2: YTLP's quarterly DC results 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

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**	

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)	12.7	14.4	18.8	16.3	15.1
DPS (sen)	7.0	8.0	8.0	8.0	8.0
Dividend yield (%)	1.7	2.0	2.0	2.0	2.0

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