Corporate Update

YTL Power International Berhad

(6742 | YTLP MK) Main | Utilities

3 Stars

FTSE4Good

Maintain BUY

Revised Target Price **RM5.98**
(from RM5.67)

FY26 Results Review: DC Results Accelerate

Maintain BUY with higher TP. We are maintaining our BUY recommendation on YTL Power with a revised **TP** of **RM5.98** after incorporating the valuation for Brabazon. Our revised TP implies an FY27F PER of 23.8x. At its current share price, YTLP is trading at 20.6x FY27F PER, which still provides an 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.

Slightly below expectations. YTL Power International (YTLP) posted a core net profit of RM326.2m (-61.6%yoy) in 4QFY26. For the cumulative 12MFY26, the group delivered a core net profit of RM1.98b (-4.4%yoy), which is slightly below our expectations at 92.5% of our full year estimates but above consensus by +5.7%. The lower bottom line was mainly attributable to PowerSeraya, arising from lower retail prices and generation units sold, coupled with the strengthening of the ringgit against the SGD, but the shortfall was slightly cushioned by stronger performances by Wessex Water, Ranhill Utilities and the data centre business. YTLP declared a dividend of 4 sen for the quarter, bringing the FY26 DPS to 8 sen, a dividend yield of 1.6%.

Key takeaways. While Power Seraya led the revenue growth in 4QFY26 with a +2.8%yoy growth to RM3.09b, PBT came in lower by -66.4%yoy to RM258.4m due to lower vesting margins, higher gas costs and the stronger ringgit against the SGD. The force majeure impact remains ongoing, but the group has been able to mitigate the impact on costs. Wessex Water saw a slight decline in revenue by -1.9%yoy to RM1.64b during the quarter due to the strengthening of the ringgit, but PBT was ultimately higher at RM162.3m (+73.8%yoy) mainly due to a price increase as allowed by Ofwat. Management expects relatively stable contributions going forward, although depreciation will rise alongside the substantially higher capex programme. Ranhill SAJ is expected to continue benefitting from higher tariffs and management currently studying the possibility of developing its own water treatment plant.

DC numbers ramping up. Data centre results accelerated in 4QFY26, benefitting from a full quarter contribution from the 150MW that came online. Revenue surged almost 8x yoy and double qoq to RM459.4m, with a much stronger PBT of RM244.6m (19.2x yoy, 4x qoq). However, this also included a catch-up adjustment relating to contractual annual escalation clauses that had not been fully recognised in earlier quarters. The adjustment accounted for c.30% of revenue and 50% of PBT. Excluding the adjustments, the underlying performance nevertheless remained strong, at an estimated revenue of c.RM320m and a PBT of c.RM122m. Online capacity is expected to remain at 150MW in 1QFY27, with an additional 40MW expected to be delivered by Nov/Dec-26. This total capacity is expected to climb to 258MW by the end of FY27.

RETURN STATISTICS	
Price @ 20th Aug 2026 (RM)	5.16
Expected share price return (%)	+15.9
Expected dividend yield (%)	+1.6
Expected total return (%)	+17.5

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	21.7	20.6
3months	23.4	23.8
12 months	21.7	11.6

INVESTMENT STATISTICS

FYE Jun	2026A	2027F	2028F
Revenue	22,023	22,618	22,884
Operating Profit	3,623	4,415	4,769
Profit Before Tax	2,398	3,090	3,330
Core PATAMI	1,983	2,478	2,670
Core EPS	20.1	25.1	27.1
DPS	8.0	8.0	8.0
Dividend Yield	1.6%	1.6%	1.6%

KEY STATISTICS	
FBM KLCI	1,736.71
Issue shares (m)	8450.78
Estimated free float (%)	32.90
Market Capitalisation (RM'm)	45,015.23
52-wk price range	RM2.51 - RM5.2
3-mth average daily volume (m)	10.44
3-mth average daily value(RM'm)	45.40
Top Shareholders (%)	
YTL Corp Bhd	45.58
Employees Provident Fund	12.99
Yeoh Tiong Lay & Sons Holdings	9.41

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DC expansion in Sedenak may be larger than expected. In our report yesterday, we estimated that YTLP's expansion into Sedenak Tech Park (STeP) West could add 1.3–1.5GW of data-centre capacity should it eventually take up the full 545 acres comprising the initial 145-acre site and optional 400 acres. Management clarified that the initial 145-acre parcel alone could accommodate up to 1.2GW of capacity, implying a significantly higher development density than we had assumed. On a purely theoretical basis, extrapolating the same density across the entire 545 acres would imply potential capacity of around 4.5GW. The substantially higher capacity potential suggests meaningful upside to the group's current 2.4GW DC portfolio ambition. YTLP is in the process of obtaining a credit rating and establishing a sukuk programme for its DC business. As for the potential IPO, management is considering a corporate listing rather than a REIT structure.

Earnings estimates and TP. While we make no changes to our earnings estimates, we are revising our **TP** to **RM5.98** from RM5.67 previously to factor in the valuation for the Brabazon development.

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%)*
Brabazon	3,125	100%	0.32	*DCF (WACC: 8%)*
Total enterprise value	**83,222**		**8.43**	
Less: Group net debt	-24,175		-2.45	
Total equity value	**59,046**		**5.98**	

YTL Power: 4QFY26 Results Summary

FYE Jun (RMm)	4Q25	3Q26	4Q26	QoQ	YoY	12M25	12M26	YTD
Revenue	5,548.7	5,084.2	6,325.3	24.4%	14.0%	21,801.8	22,022.8	1.0%
Operating profit	1,314.4	752.1	1,004.7	33.6%	-23.6%	4,450.3	3,623.3	-18.6%
Interest expense	(339.0)	(395.6)	(401.2)	1.4%	18.4%	(1,584.6)	(1,608.6)	1.5%
Associates	96.3	86.2	88.1	2.2%	-8.6%	405.2	383.4	-5.4%
PBT	**1,071.7**	**442.7**	**691.5**	**56.2%**	**-35.5%**	**2,238.7**	**2,398.1**	**7.1%**
Tax	(191.8)	(100.7)	(220.2)	118.6%	14.8%	(638.6)	(637.7)	-0.1%
PAT	879.9	342.0	471.3	37.8%	-46.4%	1,791.9	1,760.4	-1.8%
Minority Interest	62.2	16.2	47.8	195.0%	-23.1%	126.4	73.9	-41.5%
Net profit	817.7	325.8	423.5	30.0%	-48.2%	1,727.7	1,686.4	-2.4%
Core net profit	**849.5**	**446.5**	**326.2**	**-26.9%**	**-61.6%**	**2,073.4**	**1,982.8**	**-4.4%**
Core EPS (sen)	8.61	4.52	3.30	-26.9%	-61.6%	23.71	3.3	-86.1%
GDPS (sen)	4.00	4.00	4.00			8.00	8.0	
Operating margin	23.7%	14.8%	15.9%			20.4%	16.5%	
PBT margin	19.3%	8.7%	10.9%			10.3%	10.9%	
Tax rate	17.9%	22.7%	31.8%			28.5%	26.6%	
Core net profit margin	15.3%	8.8%	5.2%			7.9%	7.7%	

FYE Jun (RMm)	4Q25	3Q26	4Q26	QoQ	YoY	12M25	12M26	YTD
Revenue:	**5,548.7**	**5,084.2**	**6,325.3**	24.4%	14.0%	**21,802.2**	**22,022.8**	1.0%
Power generation	3,009.4	2,421.6	3,094.4	27.8%	2.8%	12,190.5	10,773.1	-11.6%
Water and sewerage:								
- Wessex Water	1,669.8	1,490.5	1,638.2	9.9%	-1.9%	5,686.6	6,385.4	12.3%
- Ranhill	352.2	455.2	462.5	1.6%	31.3%	1,360.2	1,795.4	32.0%
Telco business	157.9	173.9	223.9	28.7%	41.8%	885.6	746.6	-15.7%
Data centre	57.6	224.6	459.4	104.6%	696.9%	124.1	867.1	598.5%
Investment holding	301.6	318.3	447.0	40.4%	48.2%	1,555.2	1,455.1	-6.4%
PBT:	**1,071.7**	**442.7**	**691.5**	56.2%	-35.5%	**3,310.4**	**2,398.0**	-27.6%
Power generation	769.5	264.3	258.4	-2.2%	-66.4%	2,757.2	1,460.9	-47.0%
Water and sewerage								
- Wessex Water	93.4	106.8	162.3	51.9%	73.8%	166.0	577.7	248.1%
- Ranhill	142.7	73.3	121.0	65.2%	-15.2%	218.3	291.7	33.6%
Telco business	(130.6)	(115.0)	(113.5)	-1.3%	-13.1%	(256.0)	(424.1)	65.7%
Data centre	12.7	59.3	244.3	311.8%	1822.2%	32.1	345.5	976.1%
Investment Holding	184.1	54.0	19.0	-64.8%	-89.7%	392.8	146.2	-62.8%
PBT Margin (%)				***ppts***	***ppts***			**ppts**
Power generation	25.6%	10.9%	8.3%	*-2.6*	*-17.2*	22.6%	13.6%	*-9.1*
Water and sewerage								
- Wessex Water	5.6%	7.2%	9.9%	*2.7*	*4.3*	2.9%	9.0%	*6.1*
- Ranhill	40.5%	16.1%	26.2%	*10.1*	*-14.3*	16.1%	16.2%	*0.2*
Telco business	-82.7%	-66.1%	-50.7%	*15.4*	*32.0*	-28.9%	-56.8%	*-27.9*
Data centre	22.0%	26.4%	53.2%	*26.8*	*31.1*	25.9%	39.8%	*14.0*
Investment Holding	61.0%	17.0%	4.3%	*-12.7*	*-56.8*	25.3%	10.0%	*-15.2*

Source: Company, MBSBR

FINANCIAL SUMMARY

Profit or Loss (RM'm)	2024A	2025A	2026A	2027F	2028F
Revenue	22,320.5	21,806.8	22,022.8	22,618.1	22,884.1
EBIT	6,084.1	4,320.7	3,623.3	4,415.0	4,769.0
PBT	4,114.6	3,152.8	2,398.1	3,090.1	3,330.1
Taxation	(604.3)	(629.6)	(637.7)	(587.1)	(632.7)
PAT	3,464.1	2,523.2	1,686.4	2,477.9	2,670.4
Core PATAMI	3,450.6	2,503.6	1,982.8	2,477.9	2,670.4
EPS (sen)	32.1	28.4	20.1	25.1	27.1
PER (x)	16.1	18.2	25.7	20.6	19.1
DPS (sen)	7.0	8.0	8.0	8.0	8.0
Dividend yield (%)	1.4	1.6	1.6	1.6	1.6

Cash Flow (RM'm)	2024A	2025A	2026A	2027F	2028F
PAT	3,421.9	2,523.2	1,686.4	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	2026A	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	2026A	2027F	2028F
EBIT margin	27.3%	20.8%	16.5%	19.5%	20.8%
PBT margin	18.4%	17.3%	10.9%	13.7%	14.6%
PATAMI margin	9.2%	15.5%	7.7%	9.8%	11.0%
Core PATAMI margin	8.3%	15.5%	9.0%	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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MBSB INVESTMENT BANK BERHAD: 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