YTL Power International Berhad

(6742 | YTLP MK) Main | Utilities

3 Stars

FTSE4Good

Corporate Update

Maintain BUY

Revised Target Price **RM5.67**
(from RM5.65)

Expanding its DC Footprint

Maintain BUY. We are maintaining our BUY recommendation on YTL Power with a revised **TP** of **RM5.67** after incorporating our new TP for Ranhill Utilities. Our TP implies an FY27F PER of 20.9x. At its current share price, YTLP is trading at 18x 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.

Collaboration with JLand. YTL Power International (YTLP), through its 70% subsidiary SIPP Power Sdn Bhd, has entered into a strategic partnership with JLG Technopark Sdn Bhd (subsidiary of Jland Group) for a proposed joint development at Sedenak Tech Park (STeP) West, which will feature a new gigawatt-scale data centre (DC) campus.

Potentially up to 1.5GW. SIPP Power will acquire c.145acres within STeP West, with an option to acquire up to a further 400 acres, potentially bringing the new DC campus to 545 acres. While there are no details yet on the price tag and the capacity, our back-of-the-envelope estimate points to about 1.3-1.5GW, assuming the entire 545 acres are taken up. The Green DC Park in Kulai sits on a 1,640 acre land, where 250 acres have been set aside for DC. We believe this may be increased to make way for the additional buildup.

3-4GW DC portfolio possible. We believe YTLP's DC portfolio in future may come up to about 3-4GW. Apart from the planned upsizing in Kulai from 600MW to 1.2GW, the potential 1.3-1.5GW in STeP, future plans include about 1GW in the Klang Valley, including Cyberjaya where YTLP has an 11.03 acre land, which would be able to house a 70MW DC. Beyond Malaysia, the group is also actively looking for opportunities to expand to Thailand, Indonesia, Japan and the United Kingdom.

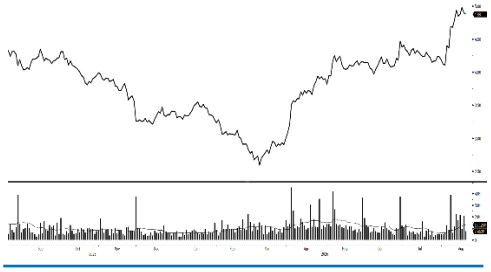
Co-location business remains hot. During a recent visit to the Green DC Park in Kulai in Jun-26, management remained bullish on the colocation market over the next few years on the back of significant demand. DC delivery timeline remains the key advantage, which has seen construction timelines significantly shortened to 12 months, down from 24 months and 18 months previously. Back in Apr-26, management guided a construction rate of 100MW every 15 months.

Earnings estimates and TP. We are making no changes to our earnings estimates and we are revising our SOTP-derived **TP** to **RM5.67** after incorporating our new TP for Ranhill Utilities.

Value unlocking avenues. Management previously indicated that it is in discussion to create its first sukuk financing for its data centres and it is also in the process of evaluating an IPO targeted in the near term for the next phase of its DC growth.

RETURN STATISTICS	
Price @ 20th Aug 2026 (RM)	4.88
Expected share price return (%)	+16.2
Expected dividend yield (%)	+1.6
Expected total return (%)	+17.8

SHARE PRICE CHART



Price performance (%)	Absolute	Relative
1 month	15.1	14.5
3months	16.7	17.8
12 months	13.0	3.6

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	1.6%	1.6%	1.6%

KEY STATISTICS	
FBM KLCI	1,731.32
Issue shares (m)	8450.78
Estimated free float (%)	32.90
Market Capitalisation (RM'm)	42,572.08
52-wk price range	RM2.51 - RM5.01
3-mth average daily volume (m)	10.47
3-mth average daily value(RM'm)	45.40
Top Shareholders (%)	
YTL Corp Bhd	46.03
Employees Provident Fund	11.04
Yeoh Tiong Lay & Sons Holdings	9.50

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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)*	1,958	53%	0.20	*MBSBR TP (RM2.84)*
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**		**8.12**	
Less: Group net debt	-24,421		-2.47	
Total equity value	**55,728**		**5.67**	

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)	15.2	17.2	22.5	19.4	18.0
DPS (sen)	7.0	8.0	8.0	8.0	8.0
Dividend yield (%)	1.4	1.6	1.6	1.6	1.16

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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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