



AmInvestment Bank

YTL POWER

(YTLP MK, YTLP.KL)

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Company report

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YTLP Seraya hit by lower tariff and demand

BUY

(Maintained)

Rationale for report: Company Results

Price	RM3.60
Target Price	RM4.37
52-week High/Low	RM5.47/RM2.83

Key Changes

Target Price	⬇️
EPS	⬇️

YE to Jun	FY24	FY25F	FY26F	FY27F
Revenue (RMmil)	22,284.3	21,261.4	21,508.3	23,141.0
Net Profit (RMmil)	3,403.4	2,524.0	2,906.0	3,073.9
EPS (sen)	41.7	30.7	35.4	37.4
EPS growth (%)	67.8	(26.4)	15.1	5.8
Consensus net profit (RMmil)		2,847.0	3,159.0	3,302.0
DPS (sen)	7.0	7.5	8.0	8.5
PE (x)	8.6	11.7	10.2	9.6
EV/EBITDA (x)	8.0	7.6	6.8	6.2
Div yield (%)	1.9	2.1	2.2	2.4
ROE (%)	18.5	12.0	12.6	12.1
Net gearing (%)	127.6	70.0	54.4	39.3

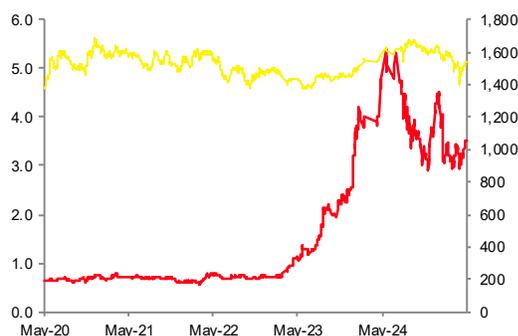
Stock and Financial Data

Shares Outstanding (million)	8,219.4
Market Cap (RM'mil)	29,589.8
Book value (RM/share)	2.46
P/BV (x)	1.5
ROE (%)	18.8
Net Gearing (%)	127.5

Major Shareholders	YTL Corp (55.6%) EPF (2.5%)
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Free Float (%)	44.4
Avg Daily Value (RMmil)	35.3

Price performance	3mth	6mth	12mth
Absolute (%)	+0.1	+6.3	-27.3
Relative (%)	+6.5	+11.9	-24.3



— YTLP MK — FBMKLCI Index

Investment Highlights

YTL Power's (YTLP) core net profit retreated by 21% YoY to RM1.9bil in 9MFY25 as YTLP Seraya in Singapore recorded lower tariffs and weaker demand. Comparing 3QFY25 against 2QFY25, YTLP Seraya's pre-tax profit tumbled by 30% to RM511.2mil. YTLP Seraya accounted for 80.5% of group pre-tax profit in 9MFY25. On a positive note, YTLP is on track towards commissioning 20MW of its 100MW AI DC in July or August 2025. We maintain BUY on YTLP with a target price of RM4.37/share. We like YTLP for the earnings turnaround at Wessex Water and upside potential from the data centre operations.

- **BUY with a lower TP of RM4.37/share vs. RM4.85/share previously.** Our TP is based on a CY26F PE of 12x, which is the five-year average. YTLP is presently trading at an undemanding FY26F PE of 10.2x.
- **YTLP's 9MFY25 core net profit (ex-impairments of RM159mil) was 13% below our forecast and 9% short of consensus.** YTLP was affected by lower tariffs and pre-tax profit margin in Singapore. We have reduced YTLP's FY25F net profit by 15% to account for this.
- **YTLP Seraya's pre-tax profit slumped by 31.5% YoY to RM2bil in 9MFY25.** According to the EMA (Energy Market Company of Singapore), average USEP (Uniformed Singapore Energy Price) was S\$122/MWh in 9MFY25, 29% lower than S\$172/MWh in 9MFY24. Apart from weaker tariffs, YTLP Seraya's sales volumes dropped due to competition from solar. Pre-tax profit margin of the division slipped to 21.7% in 9MFY25 from 26.1% in 9MFY24.
- **Wessex Water swings into the black.** This was driven by an increase in tariff and a fall in interest expense. The water and sewerage unit (mainly Wessex Water) registered a pre-tax profit of RM148.3mil in 9MFY25 vs. a loss of RM155.5mil in 9MFY24. Excluding impairments, the division's pre-tax profit surged to RM163.6mil in 3QFY25 from RM60.4mil in 2QFY25 on the back of stronger demand.
- **Data centres have secured more off-takers.** Sea Ltd will occupy 32MW of the data centre while 20MW of the AI data centre will be taken up by Nvidia. The group has also secured off-takers for another 136MW of the data centre.

Company profile

YTL Power (YTLP) is involved in power generation, water and sewerage management, mobile broadband services and data centre activities.

YTLP's earnings come from the sale of electricity in Singapore, provision of water and sewerage services in the United Kingdom and sale of broadband services in Malaysia. The group also operates data centres in Johor, Malaysia.

In FY24, 90% of YTLP's pre-tax profit came from the utility division in Singapore. The balance 10% came from the investment holding division, which comprise mainly share of earnings in PT Jawa, Indonesia and Attarat Power Plant in Jordan. Water and sewerage and mobile broadband services were in the red in FY24.

In Singapore, retail customers are YTLP's main clientele. In UK, the customers are mainly households. The mobile broadband network's customers are largely individuals.

YTLP has operations in Singapore, United Kingdom and Malaysia. YTLP also has presence in Indonesia and Jordan via associates.

YTLP's competitive advantage lies in its recurring and stable income in Singapore. Profit margin spreads for the retail contracts are locked-in for one to two years. Also, YTLP would be securing Nvidia's Blackwell chips ahead of its regional peers. The group is expected to receive the chips in 2Q2025.

Investment thesis and catalysts

We have a BUY on YTLP as its FY26F PE is undemanding at 10.2x. Long-term earnings growth is expected to be underpinned by the data centre unit in Johor.

Share price kickers are the commencement of operations at the AI data centre in Johor and stronger-than-expected earnings from the Singapore power unit.

Valuation methodology

We applied a CY26F PE of 12x to arrive at YTLP's target price of RM4.37/share. The PE of 12x is the five-year average for YTLP.

Risk factors

Key risks are a fall in pre-tax profit in Singapore, a delay in the operations of the AI data centre in Johor and losses in Wessex Water. Reputational risk would come in the form of a delayed resolution of MACC's investigation on 1Bestarinet.

EXHIBIT 1: EARNINGS SUMMARY (RM MIL)

FYE 30 June	2QFY25	3QFY25	% QoQ	9MFY24	9MFY25	% YoY
Revenue	5,680	4,890	-14	15,979	16,253	2
Operating cost	-4,123	-3,555	-14	-11,149	-12,080	8
EBITDA	1,557	1,335	-14	4,830	4,173	-14
Depreciation	-291	-291	0	-827	-899	9
OP. profit	1,266	1,044	-18	4,004	3,274	-18
Interest income	5	10	>100	37	20	-45
Finance cost	-416	-397	-5	-1,383	-1,206	-13
Associates	84	110	31	217	309	42
Exceptional items	0	-131		0	-159	
Pre-tax profit	939	635	-32	2,875	2,239	-22
Taxation	-166	-127	-23	-484	-447	-8
Profit after tax	773	508	-34	2,392	1,792	-25
Minority interests	-5	-19	(>100)	-0	-64	(>100)
Net profit	768	489	-36	2,392	1,728	-28
Core net profit	768	621	-19	2,392	1,886	-21
EPS (sen)	9.4	6.0		29.5	21.3	
DPS (sen)	0.0	0.0		3.0	4.0	
EBITDA margin	27.4%	27.3%		30.2%	25.7%	
OP. profit margin	22.3%	21.3%		25.1%	20.1%	
Pretax margin	16.5%	13.0%		18.0%	13.8%	
Core net margin	13.5%	12.7%		15.0%	11.6%	
Effective tax rate	17.6%	20.0%		16.8%	20.0%	

Source: Bursa Announcement

EXHIBIT 2: VALUATIONS

Target PE (x)	12
CY26F EPS	36.4
ESG premium	-
12-month TP (RM)	4.37

Source: AmlInvestment Bank

EXHIBIT 3: ESG MATRIX

	Environmental assessment	Parameters	Weightage	Rating					Rationale
1	GHG emissions	Net zero by 2050F	25%	*	*	*			Scope 1 emissions rose by 6.1% in FY24 due to higher power generation in Singapore
2	Exposure to renewables	More than 20% of generation mix or capacity	25%	*	*	*			Still small. Predominantly, gas power plant operator
3	Contribution of coal to earnings	Less than 20%	25%	*	*	*	*		Coal is estimated to account for 5.7% of FY24 core net profit - PT Jawa
4	Waste management	Volume of waste generated	25%	*	*	*			Waste generated rose to 225,901 tonnes in FY24 from 159,407 tonnes in FY23
	Weighted score for environmental assessment		100%	*	*	*	*		
	Social assessment								
1	Workers welfare	Learning and development hours	33%	*	*	*			17,218 hours by executive and 54,803 hours by non-executive in FY24
2	Work site safety	Injuries	33%	*	*	*	*	*	Zero work-related fatalities in FY24
3	Lost Time Injury Frequency	Below 1	33%	*	*	*			1.04 in FY24
	Weighted score for social assessment		100%	*	*	*	*		
	Governance assessment								
1	Related party transactions	Value of RPTs	40%	*	*	*			RM1,140.7mil in FY24 with fellow subsidiaries
2	Women in workforce	% in workforce	30%	*	*	*			27% of workforce were women in FY24
3	Remuneration to directors	Total value of remuneration or % of salary costs	30%	*	*	*			RM40.1mil in FY24
	Weighted score for governance assessment		100%	*	*	*			
	Environmental score		50%	*	*	*	*		
	Social score		30%	*	*	*			
	Governance score		20%	*	*	*			
	Overall ESG Score		100%	*	*	*			

Source: AmlInvestment Bank

EXHIBIT 4: CHANGE IN EARNINGS

RMmil	FY25F			FY26F			FY27F		
	Old	New	%	Old	New	%	Old	New	%
Revenue	22,244.4	21,261.4	(4.4)	23,088.9	21,508.3	(6.8)	24,357.3	23,141.0	(5.0)
Net earnings	2,980.0	2,524.0	(15.3)	3,271.3	2,906.0	(11.2)	3,337.7	3,073.9	(7.9)

EXHIBIT 5: FINANCIAL DATA

Income Statement (RMmil, YE 30 Jun)	2023	2024	2025F	2026F	2027F
Revenue	21,890.5	22,284.3	21,261.4	21,508.3	23,141.0
EBITDA	4,953.2	6,613.2	5,825.7	6,169.9	6,369.5
Depreciation	(1,282.9)	(1,321.0)	(1,291.3)	(1,324.2)	(1,357.6)
Operating income (EBIT)	3,670.2	5,292.3	4,534.4	4,845.7	5,011.9
Other income & associates	332.3	264.8	267.5	270.1	272.8
Net interest	(1,553.0)	(1,743.7)	(1,636.9)	(1,605.0)	(1,572.8)
Exceptional items	0.0	202.0	0.0	0.0	0.0
Pretax profit	2,449.5	4,015.4	3,165.0	3,510.8	3,711.9
Taxation	(416.9)	(606.8)	(633.0)	(596.8)	(631.0)
Minorities/pref dividends	(4.6)	(5.2)	(8.0)	(8.0)	(7.0)
Profit from discount ops	0.0	0.0	0.0	0.0	0.0
Net profit	2,028.0	3,403.4	2,524.0	2,906.0	3,073.9
Core net profit	2,028.0	3,201.4	2,524.0	2,906.0	3,073.9
Balance Sheet (RMmil, YE 30 Jun)	2023	2024	2025F	2026F	2027F
Fixed assets	28,505.2	31,408.8	24,660.2	24,600.0	24,508.9
Intangible assets	9,410.7	10,079.5	10,008.6	9,937.6	9,866.7
Other long-term assets	6,159.7	8,986.9	7,022.4	7,209.4	12,106.0
Total non-current assets	44,075.6	50,475.2	41,691.2	41,747.1	46,481.5
Cash & equivalent	8,999.4	8,889.9	9,068.7	10,034.0	11,423.0
Stock	593.2	988.5	333.0	334.0	335.0
Debtors	4,182.2	5,062.3	5,112.9	5,164.0	5,215.7
Other current assets	1,281.0	1,340.0	1,704.0	1,705.0	1,706.0
Total current assets	15,055.7	16,280.7	16,218.5	17,237.0	18,679.7
Creditors	4,328.6	5,100.6	4,077.5	4,124.9	4,438.0
Short-term borrowings	4,001.9	2,009.6	2,009.6	2,009.6	2,009.6
Other current liabilities	697.0	1,858.7	790.7	791.7	792.7
Total current liabilities	9,027.6	8,968.8	6,877.7	6,926.1	7,240.2
Long-term borrowings	27,482.4	30,378.8	21,742.8	20,546.4	19,350.9
Other long-term liabilities	6,22.9	7,495.7	7,495.7	7,495.7	12,204.7
Total long-term liabilities	33,703.3	37,874.6	29,238.5	28,042.1	31,555.6
Shareholders' funds	16,771.6	20,054.1	21,926.2	24,140.5	26,483.0
Minority interests	-370.9	-140.8	-132.8	-124.8	-117.8
BV/share (RM)	2.06	2.46	2.67	2.94	3.22
Cash Flow (RMmil, YE 30 Jun)	2023	2024	2025F	2026F	2027F
Pretax profit	2,449.5	4,015.4	3,165.0	3,510.8	3,711.9
Depreciation	1,282.9	1,321.0	1,291.3	1,324.2	1,357.6
Net change in working capital	(198.2)	(565.6)	(418.2)	(4.8)	260.5
Others	(109.1)	(231.4)	(946.3)	(917.3)	(959.3)
Cash flow from operations	3,425.2	4,539.5	3,091.8	3,912.9	4,370.8
Capital expenditure	(2,316.8)	(3,372.5)	(1,190.7)	(1,193.1)	(1,195.5)
Net investments & sale of fixed assets	0.0	0.0	0.0	0.0	0.0
Others	(180.9)	374.1	259.8	266.5	273.7
Cash flow from investing	(2,497.8)	(2,998.4)	(931.0)	(926.6)	(921.9)
Debt raised/(repaid)	6,471.0	(811.5)	(1,330.3)	(1,329.3)	(1,328.3)
Equity raised/(repaid)	0.0	53.3	0.0	0.0	0.0
Dividends paid	(561.9)	(688.9)	(651.8)	(691.6)	(731.5)
Others	(5,446.0)	(151.0)	0.0	0.0	0.0
Cash flow from financing	463.1	(1,598.1)	(1,982.2)	(2,021.0)	(2,059.8)
Net cash flow	1,390.5	(57.0)	178.7	965.3	1,389.1
Net cash/(debt) b/f	6,784.2	8,727.5	8,729.1	8,907.8	9,873.1
Forex	552.7	58.6	0.0	0.0	0.0
Net cash/(debt) c/f	8,727.5	8,729.1	8,907.8	9,873.1	11,262.1
Key Ratios (YE 30 Jun)	2023	2024	2025F	2026F	2027F
Revenue growth (%)	22.9	1.8	-4.6	1.2	7.6
EBITDA growth (%)	118.5	33.5	-11.9	5.9	3.2
Pretax margins (%)	11.2	18.0	14.9	16.3	16.0
Net profit margins (%)	9.3	15.3	11.9	13.5	13.3
Interest cover (x)	3.2	3.8	3.6	3.8	4.0
Effective tax rate (%)	17.0	15.1	20.0	17.0	17.0
Net dividend payout (%)	23.0	16.0	23.3	21.6	21.7
Debtors turnover (days)	70	83	88	88	82
Stock turnover (days)	10	16	6	6	5

Source: Company, AmInvestment Bank estimates

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