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Power infrastructure jobs set to accelerate



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ENERGY

PETALING JAVA: Job flows in the power infrastructure sector are seen to be quickening this year, led mainly by projects by Tenaga Nasional Bhd (TNB).

Also data centres, with the oncoming large-scale solar five (LSS5) and LSS5+ projects are set to add a fresh leg of substation and line demand to the power grid.

According to Hong Leong Investment Bank Research (HLIB Research), earnings momentum in this sector will carry through for the 2026 year, led by mechanical and electrical (M&E) contractors and cable manufacturers.

It noted public-listed companies in the segment have a greater advantage since tighter financing conditions are increasingly constraining smaller unlisted players.

This effect should continue to skew project awards toward listed names with stronger balance sheets and funding access, it said.

"This is further reinforced by policy support – notably the Malaysian Investment Development Authority's cable import restrictions and TNB's preference for local contractors, which create barriers to entry for foreign competitors," HLIB Research said.

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TNB projects, data centres to drive sector growth

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research house said.

It estimates RM3bil to RM3.5bil of annual base capex directed towards the power grid.

In the data centre space, HLIB Research said it believes investments here will continue to be directed towards Malaysia, supported by the country's competitive cost structure and strategic location.

Based on data, there was also stronger commercial-sector power demand growth

of 7.7% in the first nine months of 2025, of which data centres had contributed 5.2% of this, which signals the rising need for high-voltage infrastructure.

HLIB Research maintained its "overweight" call on the sector for the first half of the year, noting that the value chain will see further earnings growth overall.

"M&E contractors such as Jati Tinggi Group Bhd see a strong order book cover of around 1.6 times to 5.2 times which pro-

vides clear earnings visibility over the next 12 to 24 months.

"For cable manufacturers Southern Cable Group Bhd, OSK Holdings Bhd, we understand that the current one-plus-one TNB contract has already utilised some 70% of the first-year allocation and is likely to be fully drawn down by the first quarter, with a one-year extension to follow," it said.

Furthermore, it noted the recent wave of fundraising activity among listed M&E contractors and cable manufacturers has seen proceeds being largely earmarked for working capital support for the M&E players or capacity expansion for the cable makers.

Elaborating further, it said the move by TNB to require M&E contractors to procure high-voltage cables rather than have them supplied by TNB further raises the financing bar, wherein the next wave of power infrastructure jobs is likely to be increasingly concentrated among listed firms.