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Utilities Overweight

The Sun, Malaysia



Source: TNB

**DEMAND** growth to remain strong in 2025. Electricity demand growth for 2025 has yet to be disclosed. However, TENAGA has raised its guidance for 2024 demand growth to 5.8–6.3%, compared to the 1.7% embedded in the IBR mechanism for RP3. This projection, exceeding the country’s GDP growth forecast of 4.8-5–3% (as revealed in Budget 2025), is notable, as electricity demand growth has historically lagged behind GDP growth since the 2000s. Looking ahead, demand growth in 2025 is expected to remain robust, driven by increasing demand from data centres.

This is supported by three consecutive quarters of record electricity demand, which grew 9.6% YoY, 6.3% YoY, and 6.1% YoY, with data centres requiring 150MW, 190MW, and 248MW of energy from Q1’24 to Q3’24, respectively. However, this represents only 15% of the completed 1,700MW capacity of data centres as of September 2024. Therefore, demand from this segment is expected to surge in the future. Additionally, there is a potential demand growth opportunity of 7,200MW, including 31 projects (equivalent to 4,700MW) for which electricity supply agreements (ESAs) are already signed.

All eyes on YTLPOWER’s AI data centre delivery as the Blackwell Nvidia chip housed in the 20MW AI-focused data centre is scheduled to be delivered in Q1’25 while the delivery of building for the remaining 80MW AI data centre will be ready by Q2’25. YTL AI, a separate entity from YTL DC, and partnered with Nvidia, is the off-taker for this AI-focused data centre. According to Nvidia’s website, YTL Communications holds the status of a Preferred Cloud Partner. On another front, PowerSeraya’s earnings are projected to decline gradually from their peak as retail prices normalize. – **Kenanga Research, Jan 6**