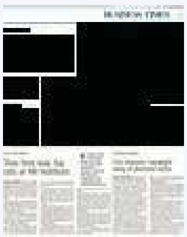
AUTHOR: No author available SECTION: BUSINESS TIMES AUDIENCE : 36,278 PAGE: 7
PRINTED SIZE: 415.00cm² REGION: KL MARKET: Malaysia PHOTO: Full Color ASR: MYR 13,836
WORDS: 449 ITEM ID: DP0121886262



08 SEP, 2026

‘OVERWEIGHT’ CALL KEPT ON ENERGY SECTOR

New Straits Times, Malaysia

GAINING MOMENTUM

‘OVERWEIGHT’ CALL KEPT ON ENERGY SECTOR

High electricity costs expected to boost solar demand, while data centres support earnings

KUALA LUMPUR

SOLAR adoption is expected to gain momentum amid higher electricity bills linked to the Middle East conflict, said RHB Investment Bank Bhd (RHB Research).

It said the Automatic Fuel Adjustment (AFA) surcharge limit has been set at 3.67 sen per kilowatt-hour (kWh) for September.

As a result, average monthly electricity bills were 12 per cent higher than before the war, when consumers received a 2.77 sen per kWh rebate.

“We believe the higher tariffs will drive solar adoption, benefiting companies involved in it,” it said in a note.

Meanwhile, RHB Research said the energy sector’s first-half 2026 earnings were broadly in line with expectations.

Of the 10 energy companies it covers, one outperformed, six met expectations and three fell short.

It said earnings at large-cap companies, with market capitalisation of at least RM2 billion, were broadly in line with expectations.

Tenaga Nasional Bhd’s (TNB) recurring earnings for the first half of 2026 rose five per cent year-on-year, supported by a nine per cent increase in electricity unit sales.

“Growth was mainly driven by the commercial sector, which includes electricity sales to data centres.

“TNB’s effective tax rate (ETR) also narrowed to 28 per cent in the second quarter of 2026, while management maintained its target of achieving an ETR of 23 to 24 per cent for the full year,” RHB Research said.

Meanwhile, YTL Power International Bhd reported earnings that were in line with RHB Research’s expectations but above consensus estimates, driven by a strong contribution from its data centre segment.

The segment contributed RM244 million in pre-tax profit in the fourth quarter of financial year 2026, up sharply from RM59 million in the third quarter of financial year 2026, as the company achieved full utilisation of its 150MW operating capacity.

“We expect the data centre contribution to accelerate further as YTL Power is on track to complete another 200MW capacity by June 2027.

“YTL Power has also agreed to acquire 58.7ha of land in Sedenak, Johor, for a new gigawatt-scale data centre campus,” it said.

RHB Research maintained its “overweight” stance on the energy sector, with YTL Power remaining its top pick.

“YTL Power is set to benefit from expanding data centre capacity, while TNB is the prime beneficiary of the National Energy Transition Roadmap, with its regulated framework providing a stable earnings base,” it said.

The research firm also favoured Samaiden Group Bhd and Solarvest Holdings Bhd, which it said were well positioned to benefit from new solar tenders.