AUTHOR: MUHAMMED AHMAD HAMDAN AND S. BIRRUNTHA SECTION: BUSINESS TIMES
AUDIENCE : 36,278 PAGE: 1,3 PRINTED SIZE: 675.00cm² REGION: KL MARKET: Malaysia
PHOTO: Full Color ASR: MYR 22,504 WORDS: 939 ITEM ID: DP0121907101

10 SEP, 2026

CAPITALISING ON DATA CENTRE BOOM

New Straits Times, Malaysia

UP TO RM162b MARKET

CAPITALISING ON DATA CENTRE BOOM

Opportunities abound across construction, power infrastructure and technology supply chain

MUHAMMED AHMAD HAMDAN
AND S. BIRRUNTHA
KUALA LUMPUR
bt@nst.com.my

MALAYSIA'S data centre boom is spreading deeper into the economy, creating new opportunities across construction, power infrastructure and the technology supply chain, analysts said.

It is estimated that Malaysia's data centre capacity could reach eight to nine gigawatts (GW) by 2030, creating a RM128 billion to RM162 billion market for the domestic mechanical and electrical (M&E) sector.

CIMB Securities Sdn Bhd said about 3.8GW is under construction or backed by signed electricity supply agreements, while another 4GW to 5GW of incremental demand is expected by the end of the decade.

The ripple effect is also being felt elsewhere in the technology ecosystem, with company earnings tracked by RHB Investment Bank Bhd (RHB Research) more than tripling in the second quarter on stronger factory loadings.

At the same time, contractors involved in the power infrastructure needed for data centres are seeing their project pipelines grow.

THE BUILDING BLOCKS

For the construction industry, much of the opportunity lies in the M&E works needed to keep increasingly power-hungry data centres running.

CIMB Securities estimates the capital value of M&E equipment and construction at US$4 million to US$4.5 million for every megawatt (MW) of capacity.

While the cost per MW has remained broadly stable since the start of the data centre boom, rising power intensity from changing server architecture is resulting in larger job awards.

CIMB Securities said domestic companies have an advantage in navigating domestic regulatory requirements.

But the growing pie is attracting more players. A shortage of large-scale infrastructure projects elsewhere has pushed more well-funded contractors into the data centre market.

Kerjaya Prospek Group Bhd is among the latest entrants, having secured an RM858 million mechanical, electrical and plumbing fit-out contract for a data centre in Iskandar Puteri, Johor.

Some contractors are going a step further by developing data centre campuses together with their utility infrastructure.

CIMB Securities said this could lower execution risks for clients and improve the chances of contractors securing repeat work.

The research house maintained its "neutral" call on the construction sector, but described the domestic data centre pipeline as a silver lining.

It retained "buy" calls on Gamuda Bhd and IJM Corp Bhd for selective exposure to the sector.

POWERING THE BOOM

Hong Leong Investment Bank Bhd (HLIB Research) believes Malaysia's power infrastructure cycle is building faster than expected, driven by data centres, Tenaga Nasional Bhd's (TNB) capital expenditure and solar projects.

The growing pipeline can be seen at MN Holdings Bhd, whose tenderbook has reached a record RM5 billion. Tenders linked to TNB, data centres and solar projects are all at record highs.

Its existing order book stands at RM1.6 billion, providing visibility against HLIB Research's financial year 2027 revenue forecast of RM1.2 billion.

HLIB Research expects about RM1 billion of data centre and solar projects to be recognised during the year. More could be coming down the pipeline.

For MN Holdings alone, the data centre tender pipeline stands at RM1.6 billion, including about RM500 million linked to a major customer.

Data centres, however, are not the only game in town. MN Holdings' solar tenderbook has reached a record RM400 million, while TNB still has a sizeable portion of its financial year 2026 regulated capital expenditure programme to deploy.

The research house maintained its "buy" call on MN Holdings and raised its target price to RM4.65.

EARNINGS MORE THAN TRIPLE

While contractors prepare for the next wave of infrastructure spending, Malaysia's technology companies are already seeing an earnings recovery take shape.

Aggregate core earnings among the 12 companies tracked by RHB Research surged 206 per cent quarter-on-quarter to RM154.5 million in the second quarter from RM50.5 million previously.

But the headline number masks an uneven recovery. Aggregate earnings were still 25.8 per cent lower than a year earlier, dragged mainly by weakness among electronic manufacturing services (EMS) players.

Strip out the EMS outliers, and sector earnings rose 21.7 per cent year-on-year, reflecting what RHB Research described as a broad-based recovery and semiconductor upcycle.

Eight of the 12 companies delivered earnings within expectations, the firm said.

CIMB Securities estimates the capital value of M&E equipment and construction at US$4 million to US$4.5 million for every megawatt of capacity. NSTP FILE PIC

Inari Amertron Bhd and Cnergenz Bhd were the key outperformers on stronger revenue and margins.

On the flip side, SKP Resources Bhd and VS Industry Bhd missed forecasts due to weaker-than-expected revenue and margins, an unfavourable product mix and higher input costs.

RHB Research cut its overall financial year 2026 technology sector earnings forecast by 2.8 per cent.

Excluding EMS players, however, it raised its aggregate financial years 2026 and 2027 earnings forecasts by 2.5 and 5.1 per cent, respectively.

The research house maintained its "overweight" call on the technology sector and expects the momentum to continue into the second half.

WHO COULD BE NEXT?

As the earnings tide turns, RHB Research sees greater opportunities among technology stocks that have yet to fully catch up.

The sector is trading at about 25 times forward earnings, around its five-year mean, even as earnings are projected to grow by more than 30 per cent.

RHB Research's five top picks are Malaysian Pacific Industries Bhd, Pentamaster Corp Bhd, CTOS Digital Bhd, Coraza Integrated Technology Bhd and JHM Consolidation Bhd. **Additional reporting by Faiqah Kamaruddin**