



# Robust prospects for utility sector on data centres

Sentiment	Neutral	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	English
Impressions	582,136	Circulation	291,068
PR Value	174,641	Page	7



## Robust prospects for utility sector on data centres

**PETALING JAYA:** The prospects of the utility sector are expected to remain robust, leveraging on steady electricity demand from data centres (DCs), stable fossil fuel prices and opportunities from the third-party access mechanism.

BIMB Securities Research, in a report, said the corporate earnings of utility-based companies for the fourth quarter of financial year 2024 (4Q24) were largely in line with its expectations.

Gas Malaysia Bhd has exceeded the research house's estimate due to higher natural gas volume sold year-on-year (y-o-y).

Malakoff Bhd posted lower-than-expected earnings during the quarter due to unplanned 14 days Tanjung Bin Energy plant outage due to high vibration issues, which translated to lower energy payment during the quarter, BIMB Research added.

The research house, which envisaged stable coal and gas prices moving forward, said Tenaga Nasional Bhd's (TNB) financial year 2024 (FY24) negative fuel margin nar-

rowed to RM154mil compared with losses of RM619mil in preceding years.

This is because the applicable coal price was deemed lower than the moving average price of coal stock for the year, said BIMB Research.

In contrast, Malakoff's fuel margin returned to the black to RM533mil versus losses of RM564mil in FY23, thanks to adoption of net realisable value mechanism.

Similarly, Gas Malaysia enjoyed a decent margin from a still-high Malaysian reference price movement, though average was lowered by 9.2% y-o-y.

PETRONAS Gas Bhd (PetGas) recorded flattish earnings amid slightly higher natural gas cost as it also utilised natural gas within operations for gas processing plants, utilities or other facilities.

Notably, the group's earnings remained steady partly offset by lower effective tax rate of 19.7% in FY24 versus 22.6% in FY23 due to one-off investment tax allowance recognition.

"Barring any circumstances such as

another geopolitical war event, we foresee these fossil fuel prices to continue to recover and normalise," added BIMB Research.

In addition, TNB benefited the most from ringgit strengthening with translation foreign exchange gain of RM492mil.

PetGas recorded lower financing cost by 29% y-o-y from its US dollar lease liabilities liquefied natural gas (LNG) regasification terminal in Pengerang, that also partly helped by early settlement of US dollar lease liabilities for the LNG Regasification Terminal in Sungai Udang.

BIMB Research also expects the demand for power from DCs to remain intact.

"So far, the total maximum demand from DCs under TNB stands at 5.9GW (38 projects) with 18 projects totalling 1.9GW completed as of FY24.

"Essentially, with the remaining of 4GW (or 20 projects) secured and the electricity supply agreement signed, we anticipate power growth projections in the near term to stay intact," it added.