isentia
AUTHOR: No author available SECTION: STARBIZ AUDIENCE : 175,986 PAGE: 7
PRINTED SIZE: 172.00cm² REGION: KL MARKET: Malaysia PHOTO: Black/White ASR: MYR 8,715
WORDS: 403 ITEM ID: DP0121642555

12 AUG, 2026

TNB spending boost to benefit MN Holdings

The Star, Malaysia

TNB spending boost to benefit MN Holdings

PETALING JAYA: MN Holdings Bhd stands to benefit from Tenaga Nasional Bhd's (TNB) stepped-up capital spending, following the former's latest RM122.3mil contract win from TNB for underground cable works, with more power infrastructure projects expected ahead.

According to Philip Capital Research, the utility giant is expected to actively roll out tenders, providing a steady pipeline of opportunities as existing awards convert into order books.

"MN's established track record in 132-kilovolt (kV) underground cable and substation works strategically positions the group for further wins," it said.

With the latest win already lifting MN's outstanding order book to RM1.8bil from RM1.3bil, it provides extended earnings visibility into financial year 2028 (FY28).

This firmly solidifies Philip Capital Research's view of TNB's expanding Regulatory Period 4 capital expenditure cycle. TNB accounts for 64% of MN's RM3.7bil tender book as of May 26.

Assuming a 7% net margin, the research firm estimated the TNB contract to contribute approximately RM7mil in net profit to the group's earnings.

The TNB contract win marks MN's maiden contract win for FY27, which accounts for 8% of its RM1.3bil order replenishment assumption. MN announced that its wholly-owned subsidiary, MN Utilities Engineering Sdn Bhd, secured a RM122.3mil contract from TNB via an 80:20 joint venture with Pembinaan Tajri Sdn Bhd.

The contract covers engineering, design, supply and erection works for a new 132kV underground cable system, with MN's 80% share amounting to RM97.8mil. The project commenced on Aug 10, and is expected to be completed by next November.

Hong Leong Investment Bank (HLIB) Research added that while profit margins are expected to be lower than its typical 16% to 18% for high-density polyethylene pipe-laying work, more than 60% of the contract value is expected to be recognised in the second year.

Looking ahead, HLIB Research said a large part of MN's record RM3.6bil tender book, particularly the RM2.3bil TNB portion, has been outstanding for six to eight months, with several awards potentially nearing conclusion. "MN has secured two TNB contracts worth RM116mil in FY27 to date, and we expect more wins over the remainder of FY27."

HLIB Research raised its target price to RM3.95 based on a 22 times price-to-earnings multiple applied to its fully diluted FY27 earnings per share forecast, sharing its "buy" call on the counter with Phillip Capital Research, which holds a target price of RM3.80 for the stock.