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# Power utilities likely to gain from higher TNB and Pekat earnings

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**PETALING JAYA:** Companies in the power utilities sector are up for decent growth this year, according to UOB Kay Hian (UOBKH) Research.

This will mainly be driven by Tenaga Nasional Bhd's (TNB) higher regulatory returns under the regulatory period 4 (RP4) and Pekat Group Bhd's strong earnings momentum, said the research house.

TNB is expected to generate higher returns on the RP4 framework from this year until the end of 2027.

It noted that Pekat had seen higher order

book wins from the renewable energy and switchgear manufacturing segments, and that they are expected to deliver an above-market three-year earnings compounded annual growth rate of 40% from 2024 to 2027.

UOBKH Research maintained its "buy" call on Pekat and a target price of RM1.70, based on the sector's average price to earnings ratio of 21 times.

"Pekat is set to capitalise on the enormous growth in solar energy demand, backed by its proven track record of deliv-

ering rooftop solar photovoltaic systems and large scale solar projects.

"With a strong order book across the solar and earthing and lightning protection divisions, the group reiterated its bright prospects for 2025," UOBKH Research said.

For Malakoff Corp Bhd, the company is expected to resume earnings momentum in the second half of this year as management had conservatively booked in net realisable value losses of RM45mil of coal inventory in the first half of 2025.

UOBKH Research had a "buy" call with a target price of RM1.08 on Malakoff and its sum of parts valuation target assumes a 1,400MW power plant win.

"We expect Malakoff to potentially win two 1,400MW gas-fired power plants in the near term.

"The new thermal power plants are slated for commercial operations in 2029 to 2030. The potential wins will increase Malakoff's power generation capacity by 40% and help to replenish expiring power plants," it said.