



16 JUL, 2025

'OVER WEIGHT' CALL ON POWER INFRASTRUCTURE

New Straits Times, Malaysia



Page 1 of 2

HLIB RESEARCH ANALYSIS

'OVERWEIGHT' CALL ON POWER INFRASTRUCTURE

Firm selects MN Holdings, Southern Cable and SMRT Holdings as top picks

AZANIS SHAHILA AMAN
KUALA LUMPUR
bt@nst.com.my

THE power infrastructure sector is entering an up-cycle, driven by surging electricity demand and a strong pipeline of new supply projects, Hong Leong Investment Bank Bhd (HLIB Research) said. Malaysia logged a peak power demand of 21,049 megawatts

(MW) on May 28, a 10.4 per cent increase from a year earlier.

HLIB Research attributed this to organic growth and higher load requirements, particularly from data centres, where utilisation reached 485MW in March compared with 148MW a year ago.

"In response to the sharp rise in demand, the Energy Commission has called for tenders for new and existing gas-fired power capacities, scheduled for rollout between 2025 and 2029 to ensure a healthy reserve margin," it said.

It said renewable energy (RE) deployment remained a key policy focus, with national targets set at 31 per cent RE capacity by 2025 and 40 per cent by 2035.

"Amid this backdrop of rising demand and a strong pipeline of



Hong Leong Investment Bank Bhd says listed power infrastructure players who have access to capital and economies of scale are prime beneficiaries. NSTP FILE PIC

new power supply, we see a compelling multi-year investment opportunity in the domestic power infrastructure space."

Over the current Regulatory Period 4 (RP4), the research firm estimated Tenaga Nasional Bhd (TNB) would channel RM3 billion to RM3.5 billion annually from its base capital expenditure into grid infrastructure.

It said this was expected to generate RM6.7 billion to RM7.8 billion worth of jobs in the transmission substation segment, benefiting mechanical and electrical engineering players.

"TNB's RM90 billion grid investment plan implies another RM47 billion could be deployed under RP5 (2028-2030), exceeding RP4's RM42.8 billion. This

points toward sustained momentum in power infrastructure rollout.

"We reckon listed power infrastructure players who have access to capital and economies of scale are prime beneficiaries."

Overall, given the robust project pipeline and rising infrastructure requirements, HLIB Research believed the sector had not yet reached its cyclical peak.

"As such, we are 'overweight' on the power infrastructure sector. Our top picks are MN Holdings Bhd and Southern Cable Group Bhd, both key beneficiaries of grid expansion.

"We also favour SMRT Holdings Bhd for its strategic involvement in the digitalisation of Malaysia's distribution substation."