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Malaysia's utilities sector seen insulated from global energy shocks as CGS maintains 'overweight' call



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KUALA LUMPUR (March 17): Malaysia's utilities sector is seen as relatively insulated from current geopolitical energy shocks compared with many Asean peers, both from a system reliability and sector earnings perspective, according to CGS International Securities.

In a note on Tuesday, CGS International said that while the country's coal- and gas-heavy generation mix exposes the power system to global fuel price movements, the impact is mitigated by a regulated tariff framework with fuel-cost pass-through mechanisms, partially capped gas prices, and a strong domestic gas supply base.

"As such, higher coal and gas prices may translate into some upward tariff adjustments over time, but we see these as manageable, with limited direct earnings impact for utilities and low risks of power supply disruptions.

"The main exception is YTL Power International Bhd (KL:YTLPOWER), whose exposure to the Singapore merchant power market means earnings are more sensitive to fuel price movements," it added.

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CGS International said it estimates that approximately 85% of Malaysia's gas supply is sourced domestically (including around 5%–10% from the Malaysia–Thailand Joint Development Area (JDA), with the balance supplied via liquefied natural gas (LNG) imports.

"Over the past six years, Malaysia has primarily sourced its LNG imports from

Australia, which accounted for 96% of LNG imports in 2025, while Brunei has emerged as a secondary supplier.

"Notably, Malaysia has not imported LNG directly from the Middle East in recent years, limiting its exposure to potential geopolitical disruptions in that region," it said.

Overall, the securities firm said Malaysia's strong domestic supply base provides a high degree of insulation from global gas supply shocks, for now.

"Although reliance on LNG imports, we expect, will gradually increase as domestic gas fields mature and gas power plant installed capacity expands alongside the coal-to-gas transition for base-load under the National Energy Transition Roadmap (NETR).