



'OVERWEIGHT' RATING KEPT ON UTILITIES

Sentiment	Positive	Frequency	Daily
Outlet Country	Malaysia	Outlet Language	English
Impressions	135,966	Circulation	67,983
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RHB RESEARCH ANALYSIS

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Large-scale solar programmes could power RE growth with RM18b in contracts

KUALA LUMPUR

THE utilities sector, particularly renewable energy (RE), has a promising outlook, supported by robust growth potential and key drivers expected to strengthen its near-term performance.

RHB Investment Bank Bhd (RHB Research) in a note said solar power growth would continue, with large-scale solar (LSS) programmes (LSS5, LSS5+, and LSS6) rolling out back to back, possibly introducing RM18 billion in engineering, procurement construction and commissioning contracts.

Meanwhile, RHB Research believed long-term data centre (DC) growth was crucial to Malaysia's energy transition journey, as demand for electricity from DCs was needed to support the upgrade in the country's transmission and distribution infrastructure.

Up to financial year 2024, there were 18 DC projects completed with a total cumulated capacity of 1.9 GW, and it logged a slight

uptick in actual load utilisation quarter-on-quarter to 405MW (up to December 2024) from 248MW (up to September 2024).

The research firm said Tenaga Nasional Bhd (TNB) saw no slowdown in the progress of DC development projects and enquiries despite chip export restrictions from the United States, as the bulk of the DC projects are non-artificial intelligence (AI) related.

"These projects are guided to be from either China or China-backed entities."

In the long run, RHB Research said Malaysia needed to navigate a delicate balance between attracting investments from China and complying with or being affected by US tech restrictions.

"The long-term growth story related to DCs may face headwinds. While we believe non-AI DC projects should continue, the US' AI diffusion rules could affect China-backed DCs in Malaysia.

"We maintain our 'overweight' call on the sector with our top picks includes TNB, YTL Power International Bhd, and Solarvest Holdings Bhd."