



# Solid 4Q24 performance for utilities across the board as demand grows

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RHB Research believes the current long-term DC growth story will be crucial to Malaysia's energy transition journey as demand for electricity from DCs are needed to support the continuous upgrade in the country's transmission and distribution infrastructure.—Bernama photo

## Solid 4Q24 performance for utilities across the board as demand grows



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**KUCHING:** Players within the utilities industry have registered a solid performance in the recently concluded fourth quarter of 2024 (4Q24) reporting period as energy demand continued to grow spurred by a pick-up in commercial and domestic segments.

In a report on March 14, the research team with RHB Investment Bank Bhd (RHB Research) reported that of the 9 utility players under their coverage, five had registered 4Q24 earnings that were within their estimates, while two had disappointed and another two had exceeded their expectations.

The two players that reported disappointing 4Q24 results were Malakoff Corp Bhd (Malakoff) who missed the mark due to a higher negative fuel margin and unplanned plant outage from its Tanjung Bin Energy (TBE) plant and Ranhill Utilities Bhd (Ranhill) who deliver lower-than-expected earnings.

On the other hand, Taliworks Corporation Bhd (Taliworks) beat expectations due to a tax

credit obtained in 4Q24, while BM Greentech Bhd (BMGreen) delivered better-than-expected earnings due to an improved performance from its bio-energy business and solar segment.

Overall, the rest of the players under the analyst's coverage benefited from increased electricity demand as it rose by 6.2 per cent y-o-y in FY24, primarily due to a pick-up from the commercial and domestic segments.

For the year ahead, RHB Research reckons that this steady electricity demand growth will remain solid in the near-term, supported by rising actual load utilisation from completed data centre (DC) projects.

"As at FY24, there are 18 DC projects completed with total cumulated capacity of 1.9GW, and we saw a slight uptick in actual load utilisation quarter on quarter (q-o-q) to 405MW as of December, 2024 from 248MW as of September, 2024," the research arm shared.

And despite market fears of US restrictions on artificial intelligence (AI) chips exports negatively impacting the current DC rush, RHB Research notes that Tenaga Nasional Bhd (TNB) sees no slowdown in the progress of DC development projects

and enquiries as the bulk of DC projects are non-AI related.

"Also, these projects are guided to be from either China or China-backed entities," they added.

In the long-run however, the analyst believes that Malaysia will need to navigate a delicate balance between attracting investment from China and complying with or being affected by US technology restrictions.

"We believe there will be increased scrutiny on DCs that China players are involved with – which may dampen investor confidence, and while we believe the non-AI DC projects should continue, the US' AI diffusion rules which aims to restrict export of advanced AI chips and technologies to certain entities could indirectly affect China-backed DCs in Malaysia.

"The might lead to challenges in acquiring cutting-edge hardware necessary for advanced AI applications," the analyst cautioned.

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