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Energy needs continue to grow

The Star, Malaysia



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PETALING JAYA: The power and utilities sector will continue to be driven by the energy transition backed by the National Energy Transition Roadmap's (NETR) aggressive 70% renewable energy (RE) mix target by 2050.

This necessitates a quadrupling in annual RE build-up to 2.2GW a year.

In addition, the influx of data centres and expiring coal power purchase agreements underpin demand for new capacity, said TA Research.

The research house has an "overweight" call on the sector with its top picks being Tenaga Nasional Bhd, Samaiden Group Bhd and Malakoff Corp Bhd.

It has a "buy" call for the stocks with target prices of RM17.30, RM1.38 and RM1.08, respectively.

In the water sub-segment, higher capital expenditure to accommodate data centres and potential demand from the Johor-Singapore Special Economic Zone raise possibilities of a water tariff hike.

This will potentially benefit Ranhill Utilities Bhd, on which TA Research has a "buy" call with a target price of RM1.40.

Petronas Gas Bhd, with a "buy" rating and a target price of RM20.21, is seen as a key proxy to a potential expansion in domestic gas supply infrastructure.