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## RHB Research maintains 'buy' recommendation on YTL Power

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### RM2.43 TARGET PRICE

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**KUALA LUMPUR:** RHB Investment Bank Bhd (RHB Research) has maintained a "buy" call on YTL Power International Bhd as it is optimistic on the potential Johor thematic play arising from its future development of data centre and solar assets in Kulai.

"We expect more data centre deals upon the successful delivery of Phase 1 of the project and expedition of solar assets riding on the implementation of the National Energy Transition Roadmap (NETR)," it said in a note yesterday.

For Phase 1, YTL Power is investing RM1.5 billion to build a Tier-III certified facility equipped with the ability to accommodate up to 72MW of capacity.

The three-storey building consists of two wings of data hall suites and mechanical and en-

gineering rooms and also eight data hall suites spread over two wings per floor (total of 24 data hall suites).

Sea (SEA US, NR) will be the anchor tenant for the 32MW (out of the 48MW) IT load hyperscale data centre.

Construction is ongoing and the first 8MW is expected to be put on stream by the first quarter of 2024 and the remaining 24MW is to come online progressively.

YTL Power is looking to secure a new client for the remaining 16MW.

"We are guided that the contract tenure is more than 10 years and the data centre in Phase 1 could potentially generate profit before tax of RM100 million," said the research house.

It expects more potential data centre deals upon the successful delivery of the Phase 1 project.

Meanwhile, although the data centre's electricity is currently supplied by Tenaga Nasional Bhd, as of now, RHB is of the view that YTL Power is likely to construct solar assets for the data centres to be powered in the future with green energy from its solar farm.

"This could attract more DC investors in the longer run. Any excess solar energy, if any, could be sold to the grid too," it added.

RHB Research has maintained a "buy" call and raised its target price to RM2.43 from RM2.21 previously.

YTL Power is an independent power producer with a presence in Malaysia and Singapore, and operates water and sewerage services in the United Kingdom.

It has also ventured into the provision of Internet services in Malaysia.