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'Buy' call maintained for Tenaga Nasional Bhd

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MORE CONTRACTS

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KUALA LUMPUR: Hong Leong Investment Bank Bhd (HLIB) expects more contracts related to Tenaga Nasional Bhd and data centres to materialise.

The firm said Tenaga Nasional is projected to invest RM3 billion to RM3.5 billion annually under its base capital expenditure into grid infrastructure.

This could translate into RM6.7 billion to RM7.8 billion worth of job opportunities in the transmission substation segment for mechanical and electrical contractors.

"On the data centre front, we continue to see a robust pipeline, underpinned by expansion plans of existing clients and the anticipated entry of new data centre operators into Malaysia," it said.

HLIB said MN Holdings Bhd's recent contract wins from a US-based customer have lifted its order book to RM918 million, while financial year 2026 year-to-date wins stand at RM270 million.

"We understand this data centre project is for a Western-based hyperscaler and marks MN Holdings' first engagement with this customer. Unlike its traditional full-turnkey civil, lines and substation job, this recent job scope is narrower.

HLIB said it is encouraged by the customer's sizable investment pipeline, which could offer MN Holdings multi-year growth opportunities.

"Beyond Tenaga Nasional and data centres, the upcoming Large Scale Solar (LSS) 5 and LSS5+ programmes are expected to drive further demand for power infrastructure, opening additional avenues for contract wins.

"With a strong track record in serving these sectors, MN Holdings is well-positioned to capitalise on these emerging opportunities," it said.

HLIB maintained its 'Buy' call on the company with an unchanged target price of RM2.23.