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## Data centre boom to unlock RM10b construction jobs

The Malaysian Reserve, Malaysia



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**MALAYSIA'S** data centre infrastructure buildout is entering a new phase, with an estimated RM10 billion worth of construction contracts up for grabs across four upcoming hyperscale facilities.

The massive projects — each sized around 100 megawatts (MW)-150MW — are expected to generate a wave of awards in the coming months, lifting prospects for a wide range of contractors and subcontractors.

According to Maybank Investment Bank Bhd (Maybank IB), the jobs are being tendered by Eco World Development Group Bhd and Sime Darby Property Bhd, and will ultimately be leased to Pearl Computing, a firm “backed by an American search engine giant”.

Maybank IB maintains a ‘Positive’ view on the construction sector.

“We estimate that they will yield around RM10 billion of jobs and believe that they will be awarded to >1 winner,” said analyst Yin Shao Yang in a report dated July 16.

The tender results are expected to be known within two months, which could serve as a re-rating catalyst for winning contractors.

The two Eco World data centres will be located in Eco Business Park V in Puncak Alam, Selangor, while the two Sime Darby Property data centres will be located in Elmina Business Park in Sungai Buloh, Selangor.

The job packages are likely to be split between RM5 billion in core and shell works and another RM5 billion in mechanical,



Bloomberg

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electrical and plumbing (MEP) works.

The former will be awarded by Eco World and Sime Darby Property, while the latter falls under Pearl Computing.

### Gamuda in Pole Position

Gamuda Bhd is widely viewed as the front-runner to clinch multiple awards.

“Although Gamuda won the first job to build the first Pearl Computing-affiliated data centre in Malaysia...Gamuda does not expect to win all four tenders,” Maybank IB wrote.

“That said, we believe Gamuda is best positioned to win most of them as it has the largest industrialised building system (IBS) manufacturing capacity and experience in constructing and delivering data centres.”

Gamuda is currently building the first such facility in Elmina, a RM1.74 billion contract comprising RM815 million in

core works and RM928.6 million for MEP, translating to a benchmark of RM22 million per MW.

Its proven track record and automated precast capabilities give it an edge.

“We believe Gamuda, IJM Corp Bhd and Sunway Construction Group Bhd are all strong contenders as their IBS allows them to build data centres fast with precast panels,” Maybank IB said.

IJM and Sunway Construction are also in the running, both armed with IBS facilities and a pipeline of data centre experience.

Among the trio, Sunway Construction is seen as offering the most upside surprise.

“Although we believe Sunway Construction is the proverbial underdog, it offers the most upside if it wins more data centre jobs than expected,” the report said.

Maybank IB estimates that if Sunway Construction secures one more data centre job than anticipated, its financial year 2026 (FY26E) earnings per share (EPS) could rise to 31.3 sen and its target price (TP) to RM7.52, up from 28 sen and RM6.72 currently.

### High-margin, Earnings Accretive

Data centre contracts are also notably profitable due to their fast-track timelines and premium technical requirements.

Maybank IB estimates that a single data centre job could lift FY26E earnings by 7% for Gamuda and IJM, and up to 12% for Sunway Construction.

“We assume an average 6%-10% pretax margin for the data centre jobs,” it said.

Overall, the four projects could generate up to RM1 billion in pretax profit for the sector.

### MEP Specialists to Benefit Downstream

Roughly a year after core works begin, sub-contracting opportunities in MEP works are

expected to cascade down to niche players.

Maybank IB estimates around RM1.3 billion worth of MEP packages will be awarded by the main contractors.

MN Holdings Bhd, LFE Corp Bhd and Southern Score Builders Bhd are among the beneficiaries flagged.

MN in particular is a standout. “MN is a key proxy to Malaysia’s data centre infrastructure buildout with a record high RM1.2 billion orderbook and RM1.8 billion active tenders,” Maybank IB said.

“With strong execution and solid structural tailwinds, we reiterate our ‘Buy’ rating and RM1.69 TP.”

### Powering the Boom

The data centre push is also being enabled by Tenaga Nasional Bhd’s (TNB) expansion of the national grid, particularly in Selangor.

“The main reason three data centres are being built in Elmina Business Park and one in Eco Business Park V is TNB expanding the grid to this area,” said Maybank IB, adding that Malaysia’s stable power infrastructure remains a core draw for hyperscale tenants.

While there are some geopolitical risks — including potential US export restrictions on artificial intelligence (AI) chips to Malaysia — analysts remain confident the buildout will proceed as planned.

“All four data centres will be leased to Pearl Computing...which is probably why they do not fear the potential restriction in the shipment of AI chips to Malaysia,” the report noted.

With global hyper-scaler demand still strong and domestic readiness rising, Malaysia is poised to be a key node in the regional digital infrastructure race.

Gamuda remains Maybank IB’s top construction pick, underpinned by “its ability to win jobs across many countries”, and a robust RM37.2 billion orderbook — the largest among its peers. — *TMR*