



26 JUN, 2026

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New Straits Times, Malaysia



TARGET PRICE OF RM4.60

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KUALA LUMPUR: CGS International has maintained its "add" call on YTL Power International Bhd with an unchanged target price of RM4.60, citing stronger revenue visibility and increasing contribution from long-term data centre contracts.

The research house said YTL Power is accelerating the expansion of its Johor data centre campus, supported by strong customer demand, faster construction timelines and plans to raise total capacity at its Kulai green data centre park to 1.2 gigawatts (GW) from 600 megawatts (MW).

Following a site visit on June 22, CGS said the initial development spans 663.68ha, with roughly 15 per cent of the land allocated for data centre development and the remainder for renewable energy infrastructure.

"Management remains upbeat on the colocation market outlook."

Contracted colocation capacity currently stands at 298MW, of which around 70 per cent has been completed and handed over to customers, it said.

YTL Power is targeting 500MW of committed capacity by end-2027 and has begun construction of an additional 200MW across its facilities.

CGS said YTL Power is also working with Tenaga Nasional Bhd to secure an additional 600MW of electricity supply to support the 1.2GW campus.

It also highlighted improved construction execution, noting that project delivery timelines have been reduced to about 18 months from 24 months previously, while new facilities are expected to take between 12 and 15 months to complete.