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MN Holdings on track for stronger earnings

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Order book and DC projects to drive performance

CORPORATE

PETALING JAYA: MN Holdings Bhd is well-positioned for another year of strong growth, driven by its sizeable order book of more than RM1bil as well as a healthy pipeline of new projects from key clients.

In a report, Hong Leong Investment Bank (HLIB) Research said the group's substation engineering segment, which accounted for a large portion of recent contract wins, is expected to remain the primary earnings drive.

According to the research house, more Tenaga Nasional Bhd (TNB) and data centre (DC)-related contracts are expected to come on stream in the future.

"For TNB, we estimate annual investments of RM3.0bil to RM3.5bil from its (TNB's) base capital expenditure into grid infrastructure, translating into a RM6.7bil to RM7.8bil opportunity within the transmission substation segment for machinery and equipment players," HLIB Research noted.

Additionally, on the DC segment, the securities firm said it sees a robust pipeline underpinned by expansion plans of existing clients and the anticipated entry of new DC operators into Malaysia.

"In particular, we are encouraged by customer A's sizeable investment pipeline, which could offer MN Holdings multi-year growth opportunities.

"Beyond TNB and DC, the upcoming LSS5 and LSS5+ programmes are expected to drive further demand for power infrastructure, opening additional avenues for contract wins."

Hong Leong Investment Bank Research

"Beyond TNB and DC, the upcoming fifth large scale solar (LSS5) and LSS5+ programmes are expected to drive further demand for power infrastructure, opening additional avenues for contract wins," it said.

With that, HLIB Research said it will raise MN Holdings's earnings forecasts for the financial year ending 2026 (FY26) and FY27 respectively by 14.1% and 14.4%, respectively, by inputting a faster burn rate for its existing projects.

The research house is maintaining its buy call on the counter with a higher target price (TP) of RM1.90 from RM1.88.

Meanwhile, Philip Capital Research said MN Holdings's results for FY25 were above expectations, representing 128% of its and 132% of consensus full-year forecasts.

The research house said the positive earnings surprise was on the back of higher-than-expected margin driven by varia-

tion orders from DC projects.

On its impairment on contract assets of RM9.7mil, RM800,000 contract asset write-off and RM100,000 deposit covered, the sequential fourth quarter of financial year 2025 core net profit came in stronger at RM22.4mil on the back of higher revenue of RM179mil – driven by acceleration in progress for ongoing DC projects.

In line with that, Philip Capital Research said it is also reiterating its buy call on MN Holdings with a higher TP of RM1.82 from RM1.72.

"MN Holdings recently announced a fundraising exercise, which will enable the group to take on a larger pipeline of projects. We introduce our FY28 earnings forecast (plus 10%) underpinned by prospects across DC, TNB, and solar sectors," it said.

The research house added that it expects the group's earnings to remain robust in FY27 moving forward.