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'OVERWEIGHT' CALL ON UTILITIES AND RE SECTOR

BIG ENABLERS

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New business opportunities available under NETR, says HLIB Research

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HONG Leong Investment Bank Bhd (HLIB Research) has retained its "overweight" call on the utilities and renewable energy (RE) sector, citing new business opportunities for utility companies and RE players under the National Energy Transition Roadmap (NETR).

The research firm expects a minimum of RM4.5 billion to RM4.7 billion in engineering, procurement, construction and

commissioning (EPCC) jobs going forward, including a 1.0 gigawatt (GW) hybrid solar farm and 500 megawatt of centralised large-scale solar and residential solar.

A 2.5GW hybrid hydro-solar farm could cost as much as RM10 billion, said HLIB Research, adding that Solarvest Holdings ('hold' call, RM1.20 target price) had the pedigree to execute the project.

"Though the 1.0GW hybrid solar power plant will be developed in collaboration with Itramas Corp Sdn Bhd (unlisted local solar EPCC and developer) and for-

eign players like China Machinery Engineering Wuxi Co Ltd and Hexa Renewables, other local players could still secure a slice of the pie," it said.

On the biomass front, intentions to develop biomass clusters could serve Samaiden Group Bhd well, given its strong track record. "Nevertheless, we take note of the lack of execution timeline shared for these projects," said HLIB Research.

Existing utilities companies Tenaga Nasional Bhd (TNB) and YTL Power International Bhd are accelerating their investment into RE, transmission and grid (TNB only), data centre (YTL Power only) and preparing for RE exports, which provide higher returns. RE EPCC players also benefit from a potentially higher de-



Tenaga Nasional Bhd is accelerating its investment into renewables, transmission and grid, and preparing for renewable energy exports.
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mand for solar power installations.

Its top picks for utility companies are TNB ('buy' call and RM12 target price) and YTL Power ('buy' rating and RM2.05 target price). For RE players, it is Samaiden ('buy' call and RM1.43 target price).

On Thursday, Economy Minister Rafizi Ramli launched the NETR, comprising 10 flagship catalytic projects worth RM25 bil-

lion to be developed in collaboration with the private sector.

This sets in motion the longer-term plans to lift RE capacity share from 25 per cent at present to 70 per cent by 2050.

The announcement forms Part One of the NETR, while Part Two will focus on establishing the low-carbon pathway, national energy mix and emissions reduction target, as well as identifying key enablers.